21/22 ANNUAL REPORT

AGRICULTURE FINANCIAL SERVICES CORPORATION

AFSC

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The thing I like most about working at AFSC is the clients. I have met so many producers during my short time here, and every one of them have made an impact in my life. I continue to learn new things every day. It's exciting because every operation is different and no two clients are the same.

AFSC Team Member

Vision

Building a strong, growing, diversified agriculture and agri-food sector in Alberta.

Mission

Providing leading, innovative, client-focused financial and risk-management solutions to grow agriculture in Alberta.

Purpose

Working together, we grow and sustain the agriculture industry in Alberta.

Values

RESPECT
We strive for equity and foster a welcoming, inclusive environment in which everyone is safe, valued, and heard.

INTEGRITY
We behave ethically and are honest and fair.

TRUST
We empower and assist one other. We communicate openly as we honour our commitments.

ACCOUNTABILITY
We are responsible for our actions and for contributing to the effectiveness of AFSC.

EXCELLENCE
We promote diversity to support innovation, utilizing collaboration and continuous improvement to achieve our goals.

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LETTER OF TRANSMITTAL

June 1, 2022

The Honourable Nate Horner
Minister of Agriculture, Forestry, and Rural Economic Development
228 Legislature Building
10800 97 Avenue
Edmonton, Alberta T5K 2B6

Dear Minister Horner:

On behalf of the Board of Directors, we are pleased to submit the 2021-22 annual report of Agriculture Financial Services Corporation (AFSC).

As required by Section 15 of the *Agriculture Financial Services Act (RSA 2000, c.A-12)*, the report contains a summary of the transactions and affairs of the Corporation, its revenues and expenditures for the fiscal year ended March 31, 2022.

The report also contains audited financial statements, comprising the statement of financial position, statement of operations, statement of cash flows, and notes to the financial statements.

Yours truly,

[Original signed by Kelly Smith-Fraser]

Chair of the Board of Directors

[Original signed by Darryl Kay]

Chief Executive Officer

MESSAGE FROM THE MINISTER OF AGRICULTURE, FORESTRY, AND RURAL ECONOMIC DEVELOPMENT

Agriculture is an essential part of Alberta's identity. We're known worldwide for our high-quality beef, our golden fields of wheat and canola, and the hard work and dedication of our farmers and ranchers.

Agriculture Financial Services Corporation (AFSC) is a key partner in our agriculture industry, ensuring our farmers, ranchers, and agri-entrepreneurs have the support they need to succeed and thrive.

AFSC has been an especially important partner over the past two years, as agriculture has faced one challenge after another. The COVID-19 pandemic's impacts are continuing to be felt across multiple sectors, but we have worked together to support the industry where possible.

Last year's dry conditions hit the industry hard, but AFSC stepped in with the Canada-Alberta Livestock Feed Assistance Initiative, ensuring producers had what they needed to keep their livestock fed. Through both phases of the program, we were able to get more than $350 million to producers.

I've been impressed with the work AFSC has done to make its services work for its clients, like quick-loan options, quicker turnaround times for claims, and direct deposit.

As we implement Alberta's Recovery Plan and focus on safely getting people back to work, building infrastructure, and diversifying the provincial economy, we are looking to the agriculture industry as the engine that will drive our economic recovery. AFSC will be an important partner as we work towards coming back even stronger than before.

Honourable Nate Horner
Minister, Agriculture, Forestry, and Rural Economic Development

MESSAGE FROM THE BOARD CHAIR

We often hear about the resiliency of agriculture producers and the determination needed to get through tough times and work within the ebbs and flows of the industry. This year the Alberta agriculture industry has proven this to be true.

In 2021 Alberta faced a drought with effects not felt in two decades. This extreme weather impacted both crop producers and livestock industries throughout the province. As a beef producer, I was very impressed with how AFSC administered the AgriRecovery program and was able to ensure that livestock producers had the much-needed funds to quickly purchase feed and sustain their herds. AFSC teams were able to implement this easy-to-navigate program and released funds in an incredibly timely manner, which helped reduce the stress producers were facing.

This year our board and executive team began monthly engagements with industry groups, allowing us to hear directly from these industries to increase our knowledge and make informed decisions for future planning. Last year's drought identified changes needed to our Moisture Deficiency Insurance, and by working directly with producers and industry groups our teams ensured the viability and value of the program to meet producers' needs for the 2022 growing season.

AFSC is the financial foundation of Alberta's agriculture industry. Our lending programs address the needs of Alberta's producers and agribusiness operators and many people on our lending team are producers who live and breathe the agriculture industry. With continued growth and expansion in agribusiness in Alberta, AFSC has proven to be a valuable partner. Our Next Generation Loan program provided over $423 million to young farmers last year, providing young producers the opportunity to begin or expand their agricultural operation.

As I look back on the year, I would like to extend my appreciation to everyone at AFSC and to the executive leadership team. As the board and executive team worked together to develop our future strategic plan, we defined AFSC's purpose that is at the forefront of our business: *"Working together, we grow and sustain the agriculture industry in Alberta."* The demands of several AgriRecovery responses and the exceptionally high volume of crop inspections, among other challenges, required commitment and agility, and provided opportunity for AFSC to fulfill our purpose in the ag industry.

I would like to thank my fellow board members for their contributions, knowledge, and support as I stepped into this new role in September 2021. Our diverse backgrounds and experiences have created productive board discussions and have helped guide me in this role. This will no doubt help us provide solutions for our clients that help them do what they do best – build, grow, and succeed.

Kelly Smith-Fraser
Chair, Agriculture Financial Services Corporation Board of Directors

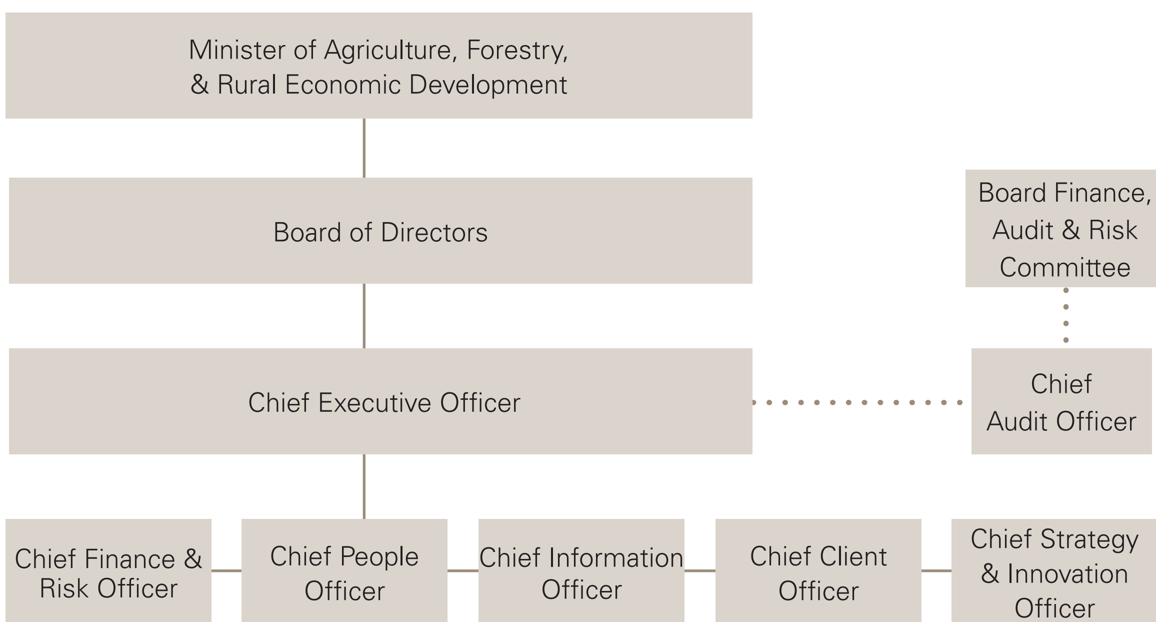
ABOUT AFSC

Agriculture Financial Services Corporation (AFSC) provides leading, innovative, client-focused financial and risk-management solutions to grow agriculture in Alberta. As a provincial Crown corporation, we've provided hail insurance to Alberta farmers for over 80 years. As we've matured into a diverse corporation, we remain dedicated to developing strong client relationships while managing risks within the agriculture industry.

AFSC's products and services address marketplace gaps, offering products that are not consistently or reliably available from other sources. We work with agricultural producers and agribusinesses to support and advance agricultural development, creating new opportunities for businesses and improving the quality of life for rural Albertans.

Corporate Governance

We operate under the authority of the *Agriculture Financial Services* Act and the *Agriculture Financial Services* Regulation as a provincial Crown corporation. We serve in a public policy role for the Government of Alberta.



Board of Directors

The AFSC Board of Directors provides leadership and direction to our organization, overseeing management and performance.

On March 31, 2022 the Board of Directors consisted of five board members appointed by the Minister of Agriculture, Forestry, and Rural Economic Development. The board has a variety of skills and experience as professionals, entrepreneurs, primary agricultural producers, and agribusiness owners/operators.

Kelly Smith-Fraser, Board Chair

Gerald Bouma

Rodney Bradshaw

Renata Colic

Chioma Ufodike

Board and Committee Structure

The AFSC Board of Directors has the flexibility to appoint members to committees; however, currently the board meets as a Committee of the Whole. Each committee has specific reporting requirements and operates under formal charters, updated annually. Board and committee responsibilities include strategic management, enterprise risk management, corporate governance and stewardship, communication with stakeholders, integrity and ethical conduct, and fiscal responsibilities and financial reporting.

Governance and Human Resources Committee	The Governance and Human Resources Committee assists the board in fulfilling its corporate governance and management oversight responsibilities
Finance, Audit and Risk (FAR) Committee	The FAR Committee oversees fiscal management and financial reporting, as well as internal/external audit plans, reports, and internal controls. They oversee and make recommendations on the adequacy, appropriateness, and effectiveness of AFSC's enterprise-wide risk management practices. This includes proposals for significant changes to existing businesses or new initiatives that will advance the long-term strategic vision of AFSC.

Executive Leadership Team

As of March 31, 2022 the Executive Leadership Team consisted of six Chief Officers.

Darryl Kay,
Chief Executive Officer

JJ Campbell,
Chief Information Officer

Karla Kochan,
Chief People Officer

Steve Janz,
Chief Client Officer

Steve Lappin,
Chief Finance
and Risk Officer

Walker Rogers,
Chief Strategy and
Innovation Officer

WE'LL FIND THE WAY FORWARD TOGETHER.

2021-22 AT A GLANCE

Strategic Plan

AFSC operates with a defined five-year strategic plan to ensure we adapt and evolve to meet the needs of Alberta's agriculture industry and the producers we serve. Our strategic plan responds to key environmental factors and recognizes that alignment with the Government of Alberta is critical; further, it draws on six strategic objectives as directed by the AFSC board, including:

- Deliver an exceptional client experience
- Prepare for the workforce of the future
- Inspire innovation in our products and how we conduct business
- Embrace and adapt to new technologies
- Refresh our brand
- Maximize value to the Government of Alberta and all stakeholders

Our strategic plan informs annual tactical planning to ensure progress and it allows AFSC team members to have a line of sight between their daily activities and their support of our greater purpose: *"Working together, we grow and sustain the agriculture industry in Alberta."*

Each year, we develop a balanced scorecard—focused on the perspectives of finance, client, people, and process—to identify the specific measures put in place to ensure we achieve the Corporation's strategic objectives. We use the balanced scorecard as a strategic tool, identifying the measures we will focus organizational effort on – measures that require a behavioural change to drive performance around time, quality, and service – to propel us on a path towards the future state articulated in our strategic plan. Continuous improvement, red tape reduction, and providing exceptional client experience remain cornerstones of this plan.

While the strategic plan provides direction for the next five years, our organization reviews the economic environment, progress made, government priorities, and client expectations annually to ensure the objectives outlined still accurately reflect our reality. As we look to the future, following a few difficult years of adapting to the pandemic and responding to severe weather challenges requiring AgriRecovery responses, we have updated our five-year plan to focus on two strategic priorities. Next year, we will align organizational effort to "enable success of digital business optimization" and "prepare for our workforce of the future." The addition of this new strategic objective focuses on advancing our digital delivery by reducing manual processes, increasing efficiencies and improving our prioritization processes. This allows us to continually improve our business model to best deliver our products. We will ensure we are agile, removing bottlenecks to be scalable and responsive to the needs of our clients and the industry we serve.

Economic Climate

This fiscal year, the emergence of various COVID-19 variants resulted in renewed pandemic containment measures. Because of these measures, supply chain imbalances, elevated inflation, and labour shortages became prevalent in many countries, including Canada. Despite these economic challenges, the Canadian economy showed recovery at the end of the year with an estimated real gross domestic product (GDP) growth of 4.6 per cent in 2021. As pandemic-related uncertainties to the sustained growth of the global economy fade, increasing geopolitical risk at the end of the fiscal year threatens already-stretched global supply chains and financial market stability.

The performance of the Alberta economy exceeded expectations in 2021. After a real GDP contraction of 7.9 per cent in 2020, Alberta's real GDP is estimated to have grown by 5.8 per cent in 2021. This economic growth was largely related to a rebound in economic activity associated with the removal of pandemic-related restrictions and sustained strength in commodity and oil prices. Oil prices at the end of the fiscal year were at levels not seen since the 2014 oil price crash. The West Texas Intermediate oil price increased from $61.41 USD per barrel at the beginning of the fiscal year to $100.53 per barrel on March 31, 2022.

Alberta's primary agriculture sector experienced extreme weather conditions resulting in low yields for many crops and feed shortages for livestock. Due to record-high commodity prices and strong demand, the agriculture sector remained resilient. Farm cash receipts increased by 20.8 per cent between 2020 and 2021 in Alberta. Strong farmland values continue to benefit Alberta landowners. In 2021, there was a 3.6 per cent increase in farmland values in Alberta compared to 8.3 per cent nationally. However, heading into the 2022 growing season, increasing interest rates and escalating farm input prices may affect farm profitability. The Bank of Canada increased the overnight lending rate in March 2022 from 0.25 per cent to 0.50 per cent with hints of additional hikes to combat inflation.

Annual Crops

For the 2021 growing season, year-over-year precipitation shortfall exceeded one-in-50 year lows in some areas. For the bulk of the province, deficits started accumulating in July 2020, as wet spring weather was replaced with a drying trend which ran through the fall and winter. The lack of moisture, coupled with the effects of the intense heat through to mid-July 2021, dissipated soil moisture reserves. Drought represented approximately 64 per cent of crop losses for 2021 and nearly $1.9 billion in total annual crop indemnities were paid, covering approximately 16 million acres.

- With lower-than-normal spring precipitation, seeding of spring crops got off to a swift start. For 2021, both unseeded and reseeded acres were down substantially from the previous year.
- Alberta's record-breaking heat, which peaked at the end of June and continued into early July, brought extremely warm air and drying winds to the province. The high temperatures either advanced the stage of crop development rapidly or stagnated some crops.
- By late summer, favourable weather conditions advanced harvesting operations by three to four weeks throughout the province.
- Dryland yields were significantly below average across all regions. The provincial dryland five-year yield index is estimated at 63 out of 100, indicating that yields are 37 per cent below the five-year average. Provincially, quality for all crops was above the five-year average, except for malting barley and oats.
- Soil moisture remained poor throughout much of the province at the end of the growing season. Provincial surface soil moisture by year end was rated as 35 per cent poor, 35 per cent fair, 27 per cent good and three per cent excellent.

Given the challenging growing conditions province-wide during 2021, the value of the AgriInsurance programs was significant for Alberta's agricultural producers as many clients triggered meaningful claims. AFSC's insurance indemnity payouts were one of the highest in our history and helped provide our clients with financial relief in an extremely trying year.

Perennial Crops

With widespread drought and extreme heat, 2021 tame hay and pasture growth was well below average compared to the past five years. Precipitation received through the growing season was below the long-term normal for most of Alberta, with pockets in all regions of the province experiencing rainfall shortages seen less than once in 12 to 50 years.

- Most of the dryland hay in the province (about 92 per cent) was from the first cut, as many producers did not harvest a second cut or harvested very little. Dryland yield for first-cut hay was estimated at 1.1 tons per acre, below the average of 1.5 tons per acre. For second-cut hay, the average was 0.9 tons per acre, compared to the five-year average of 1.2 tons per acre.
- As pastures went dormant at the end of the growing season, conditions were reported as 47 per cent poor, 32 per cent fair, 20 per cent good with only one per cent excellent. Livestock producers made use of every available feed source, including already reaped annual crop acres and some sparse regrowth on feed crops harvested early.
- Feed availability was variable across the province. At the end of the growing season, forage reserves were estimated at 20 per cent deficit, 26 per cent shortfall, 50 per cent adequate, and four per cent surplus, while feed grain supplies were 18 per cent deficit, 24 per cent shortfall, 52 per cent adequate and six per cent surplus.

For 2021, $156 million was paid out on over 7.49 million insured perennial crop acres province-wide, an average of $21/acre in perennial crop indemnity. AFSC continues to enhance our weather derivative insurance products to improve the risk management options for perennial crop producers.

“

The AFSC staff that I worked with were very responsive and helpful, they provided very detailed clear explanations of the claim process, status and assessment process. The staff conducted themselves in a very professional and friendly manner, I felt like they were our partner.

AFSC Client

Livestock

The 2021-22 fiscal year was not easy for livestock producers, who faced multiple hurdles that impacted their bottom line and participation in the Livestock Price Insurance (LPI) program. As with many countries around the globe, Alberta experienced a drought that challenged feed stores, water, new crop yields, and grass resources throughout the summer. Soil moisture dissipated quickly during the extremely hot and dry summer, forcing producers to take cattle off grass early, wean the calf crop, and head to market. In some cases, producers were forced to sell part of their cow herd. Producers scrambled to make it to fall before starting to feed their animals, however, for many producers that was not an attainable goal.

The race was on all summer to limit the cow herd liquidation in Canada and the United States. Many producers had no other option but to sell off, resulting in the Canadian beef cow herd shrinking one per cent to 3.5 million head and the Alberta herd trimmed 1.2 per cent to 1.42 million head. In the fall, cull cow prices bottomed out around $0.50/lbs due to the large volumes hitting the market but rebounded in early in 2022 with demand for trim cuts.

Moving into the fall run feeder and calf prices weakened quickly. In July and August auction market volumes were up 85 per cent for calves and yearlings. Cattle came to auction much earlier than the normal November fall run peak, with the highest volumes making their way to auction in October.

Feed grain prices were very high, particularly barley, as China continued to aggressively purchase grain commodities. With limited yields across western Canada, barley prices climbed, reaching never-before-seen highs of $455/tonne. It was not an option for cattle feeders to purchase feed at those prices. Corn shipments from the United States became crucial to the western Canadian feeding industry. In 2021, in order to keep cattle on growing rations, the volume of corn imported into Canada rose by 227 per cent compared to 2020. Any disruption to corn traveling north would have a significant impact on animal welfare, and unfortunately it was not smooth sailing. In the last quarter of this fiscal year, the Freedom Convoy protest and Canadian Pacific Rail strike notice prevented Western Canadian cattle feeders from receiving timely grain shipments due to border blockades and union negotiations. The average cost of gain on a steer calf was up 17.7 per cent from 2020 to an average of $129.85 and up 24 per cent on a yearling steer to $139.08, making margins extremely tight for cattle feeders.

The price of fed cattle throughout 2021 was very disappointing considering the incredible demand for beef. Export and domestic demand for beef has been, and continues to be, a great news story for the industry. In 2021, Canadian beef export volumes were up 20 per cent with a 27 per cent increase in value. With an abundance of cattle to work through, packing plants throughout Canada processed five per cent more cattle than in 2020, seven per cent more in Alberta alone.

Moving into the 2022 fiscal year, the risk of another drought continues to be a major concern. The cost of inputs, including fertilizer, fuel, and seed, continues to rise, along with Canada's inflation rate, reaching highs not seen in 30 years. Russia's invasion of Ukraine has had a significant impact on global spring seeding rates and leaves experts wondering how many acres in Ukraine will go unseeded, impacting the world's grain commodity supply. Because of these factors producers will continue to face much higher break-even points for their cattle and tight margins in 2022.

AgriRecovery Program

AgriRecovery is part of the Canadian Agricultural Partnership agreement, guiding federal and provincial governments in determining how and when to provide assistance to producers impacted by disasters when other existing programs may not offer coverage.

AgriRecovery is funded 60 per cent by the Government of Canada and 40 per cent by the Government of Alberta. Once a disaster has been declared, the federal and provincial governments assess the situation, including the amount of funding available from existing programs, and develop an appropriate response. Programs vary depending on the individual disaster. As the delivery agent for AgriRecovery in Alberta, AFSC works with the federal and provincial governments and is involved in the disaster assessment and any initiative development phases, as necessary.

AgriRecovery response to drought and high temperatures

On August 6, 2021, the Government of Alberta announced an AgriRecovery response to help address the extraordinary costs being incurred by Alberta's livestock producers due to reduced grazing capacity caused by prolonged dry weather and extreme high temperatures. The 2021 Canada-Alberta Livestock Feed Assistance Initiative provided support and cash flow for Alberta's livestock producers and beekeepers to cover extraordinary expenses incurred to feed livestock and support the management and maintenance of Alberta's breeding animals.

The AgriRecovery response endeavoured to maintain as much of the Alberta breeding herd as possible, which was expected to decrease as a result of the drought. Earlier in 2021, the focus of the AgriRecovery response was on ensuring as much feed as possible was taken to supplement lost grazing days. To this end, the low yield allowance was amended in crop insurance to encourage marginal crops to be taken for feed.

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Thank you to everyone to for bringing some financial relief after such a rough year. Thank you for all you do to make initiatives like this happen!

AFSC Client

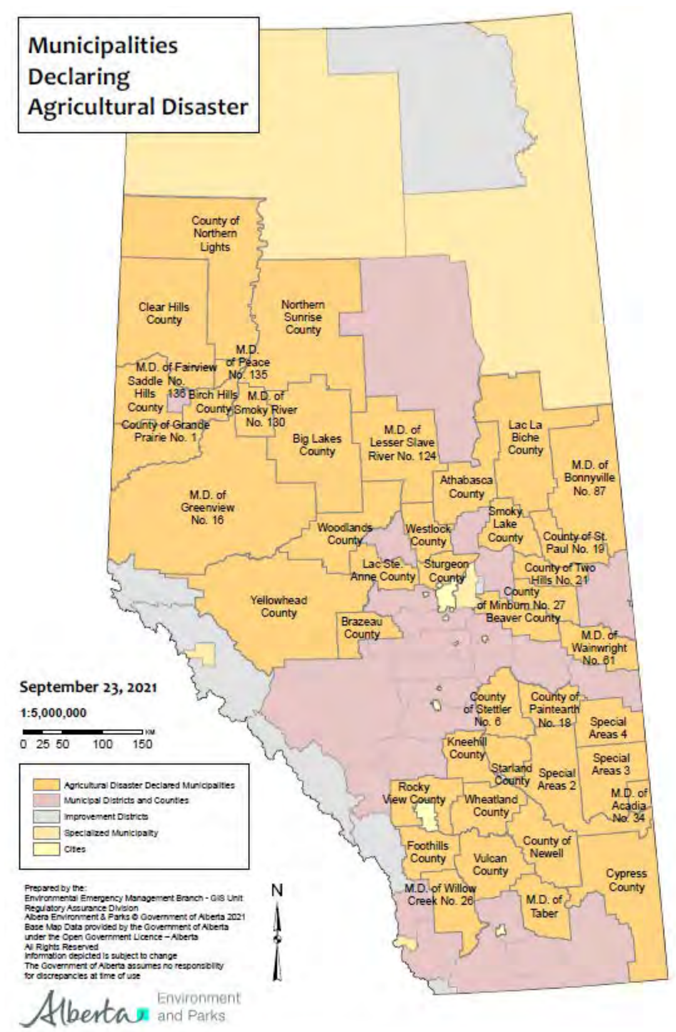
The drought was widespread across Canada and the United States, and subsidies available in the U.S.A. made it possible for American producers to purchase hay from Canada, contributing to increased feed prices within Canada. The drought extended across five Canadian provinces—from British Columbia to Ontario; this made feed supplies tight, further increasing the cost of feed for Alberta producers. In 2021, 43 counties in Alberta declared a municipal state of agricultural disaster.

To help manage these high feed costs, Alberta's agriculture minister announced support through AgriRecovery of $200 per head for grazing livestock. An initial payment of $94/head was based on the number of breeding females as of August 6, 2021. This was followed by a secondary payment up to $106 if the producer had expenses for feed, water, fencing, and transport that were not covered by the initial $94 payment. The second payment required proof of expenses using a feed-need model or receipts. Breeding animals for species other than cows were also eligible for the program using a conversion factor.

Horses 1.2; Cows/Bison 1.0; Elk/Yak/Musk Ox 0.5; Deer/Llama 0.25; and Sheep/Goats/Alpacas 0.2.

Applications for phase one of the 2021 Canada-Alberta Livestock Feed Assistance Initiative closed November 1, 2021. More than 14,000 applications were received, equaling approximately $180 million in payments to producers.

Applications for phase two of the 2021 Canada-Alberta Livestock Feed Assistance Initiative closed January 31, 2022. More than 11,000 applications were received, equaling approximately $172 million in payments.



WE'LL GROW THE FUTURE TOGETHER

BY SUPPORTING OUR CLIENTS

Client Experience

Our work revolves around our clients and serving Alberta's agriculture industry is our privilege. Our goal is to deliver an exceptional client experience, rooted in the actions of all our team members. AFSC team members are the drivers of our organization's success and a vital link in providing the high-level of service Alberta producers and business owners deserve. Each interaction clients have with AFSC should leave them feeling heard, valued, and respected.

In 2021-22, we continued to develop online solutions that provide enhanced access for clients to conduct their business. Almost 20,000 clients have used our client interaction platform, AFSC Connect, to manage their business with us.

Our clients continue to connect with us through different channels, including live chat, email, or calls to our Client Service Centre. In the last few years, we have seen an increase of nearly 5,000 interactions per month through chats, emails, and phone calls to our Client Service Centre. Additionally, we received 36 per cent (3,683) of our Land Reports, 40 per cent (4,358) of our Harvested Production Reports, and 37 per cent (2,618) of our AgriStability supplementary forms through the AFSC Connect platform.

In July 2021, we expanded our direct deposit functionality and had 11 per cent (8,463) of our clients select direct deposit as their payment method. During the 2021 Canada-Alberta Livestock Feed Assistance Initiative, 82 per cent (12,224) of phase one applications and 78 per cent (9,202) of phase two applications were filed online. With this additional functionality, we were able to deliver money to our clients faster than ever before.

Increased use of our self-service channels has allowed us to process claims more efficiently and get funds to our clients sooner.

In 2021-22, we conducted monthly transactional surveys and three annual client surveys focused on lending, insurance, and AgriStability. The surveys found that:

- 93 per cent of clients are satisfied with the assistance they receive from AFSC team members
- 84 per cent of clients are satisfied with AFSC's products
- 81 per cent of clients are satisfied with AFSC's online transactions

These results are key indicators of the positive client experience we offer our clients.

Easy process and I very much appreciate the help from a team member who called to ensure I was properly registered. That's pretty amazing service! Thank you.

AFSC Client

Everyone Has A Client Initiative

From 2019-2021, the *Everyone Has A Client* initiative highlighted our unified focus on client experience. AFSC's teams developed an enhanced understanding of how all roles throughout the organization support our clients, Alberta's producers. Our goal, together, is to provide the best experience for our producers.

As the agriculture industry continues to evolve, the need to be responsive and adjust to the needs of producers is critical. It is essential for AFSC's support areas to adopt the same level of agility to effectively support the needs of the delivery teams. In 2022-23, we will continue our pivot to *Everyone Is A Client*, identifying ways to ensure all AFSC has a clear line of sight to our producers.

Pillar 1 – A Renewed Client Focus: Our aim is to provide a unified focus on client experience by ensuring everyone at AFSC has a clear line of sight to our producers and understands our clients. During this past year, we focused on strengthening and enhancing relationships between our corporate and delivery teams. The Branch Partnership Program gave team members the opportunity to connect and learn more about our producers, each other, and the roles the team members play in the branches. We continue to build and grow our AFSC community as we strive to enrich our working relationships.

Pillar 2 – Business Excellence: Excellence is one of our core values and we will renew our commitment to everyone at AFSC receiving a response to their inquiry/ request within two business days. AFSC'S business excellence and client experience go hand-in-hand as we work together to grow and sustain agriculture in Alberta.

Pillar 3 – Continuous Improvement: *Everyone Is A Client* supports a culture of continuous improvement, seeking ways to enhance client experience. It includes expectations and value (measures) between corporate and delivery team roles.

Pillar 4 – Performance Management: A focus on continuous performance measurement ensures we deliver value to our clients and AFSC. *Everyone Is A Client* will be incorporated into corporate and delivery teams' activities, initiatives, and performance measures.

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I loved being part of the program and being able to learn a bit more about our branch roles. It has made me have a higher appreciation for our producers and branch team members.

AFSC Team Member

Programs at a Glance

Income Stabilization	2020*	2019	2018
Total Claims Processed	4,426	8,262	9,299
Total Payments ($,000)	$62,575.4	$102,714.2	$128,027.0
Per cent Alberta Farm Cash Receipts covered through AgriStability	62%	58%	61%
Insurance	**2021-22**	**2020-21**	**2019-20**
Annual and Perennial			
Total Insured Acres (million)	23,691	22,333	22,654
Total Coverage ($ billion, liability)	$9.06	$5.30	$4.90
Total Premium ($ million)	$631.1	$640.1	$665.8
Total Indemnities paid to date ($ million)	$2,529.6	$729.8	$780.5
Livestock Price Insurance			
Total Policies	994	2,208	2,393
Total Premium ($ million)	$8.6	$15.7	$17.5
Total Liability ($ million)	$318.2	$434.5	$831.6
Total Indemnities paid to date ($ million)	$1.6	$3.3	$115.1
Loss to Premium	18.0%	21.1%	658.4%
Lending	**2021-22**	**2020-21**	**2019-20**
Total Loans Authorized	1,524	1,844	1,637
Total Loan Authorizations ($ million)	$577.9	$667.3	$549.8
Loans Outstanding ($ billion)	$2.67	$2.52	$2.45

*AgriStability results reported on one year delay

Income Stabilization

AgriStability

Producers who participate in the AgriStability program receive compensation and support for their whole farming operation when they experience significant margin declines. These declines can include production shortfalls, falling commodity prices, and/ or rising input costs.

Key Program Details

- AgriStability is funded under the Canadian Agricultural Partnership agreement.
- The Government of Canada covers 60 per cent of AgriStability claim payments and administrative costs and the Government of Alberta funds the remaining 40 per cent.
- Eligible participants receive compensation when their program margin declines by more than 30 per cent of their support level in a fiscal year.
- The support level is based on the lesser of the average of production margins selected from three of the previous five years and the average of the corresponding allowable expenses.
- To participate, eligible applicants must report farming income (including losses) in Canada for income tax purposes.
- They must also have a minimum of six months of continuous farming activity, along with the completion of a production cycle. Enrolment is required by April 30 of the program year, and participants must pay an enrolment fee.

The April 30 enrolment deadline for the 2021 program year was extended to June 30, to allow producers additional time to enrol. This deadline was also extended for the 2019 and 2020 program years.

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AFSC staff are extremely easy to work with and we have had nothing but good experiences with AFSC. We can sleep at night knowing we are not going to lose the farm. When you are in it for the long run, it really pays to be in AgriStability.

AFSC Client

2021-22 Program Year Review

Producer tax information is required to process an AgriStability claim, so reporting under this program is a year behind other programs reported in the 2021-22 AFSC Annual Report. The AgriStability information we are reporting on is based on the 2020 production year.

Participants in the 2020 program year were paid $62.6 million in benefits resulting from 53 per cent of claims processed as of March 31, 2022. Of paid claims, 18 per cent of participants received payments, compared to the 19 per cent claims paid in 2019.

Participation in AgriStability, in terms of the number of applications received, continued to decline slightly this past year.

As of March 31, 2022, 8,349 claims were received for the 2020 program, compared to 8,600 claims for the 2019 program year.

Producers who participated in the 2020 AgriStability program year represented 62 per cent of Alberta's farm cash receipts. This is up from 58 per cent for the 2019 program year. The average support level for producers decreased from $381,384 to $319,821 in 2020.

AGRISTABILITY HIGHLIGHTS

	2020	2019
CLAIMS PROCESSED	*4,426	8,262
AVERAGE SUPPORT LEVEL	$319,821	$381,384
CLAIMS WITH PAYMENT	809	1,555
AVERAGE PAYMENT	$77,349	$66,054
TOTAL PAYMENT	$62,575,000	$102,714,000

*4,426 claims processed out of 8,349 total AgriStability claims as of March 31, 2022. Claims are processed with a one-year lag.

AgriInvest

AgriInvest is a matching deposit-based program for producers to access when they face margin declines. The program is simple, responsive, predictable, and bankable. It allows participants to predict government contributions to producer-managed accounts each year. AgriInvest funds, including the government contribution, can be withdrawn at any time with no pre-existing requirements.

Key Program Details

- Under Canadian Agricultural Partnership guidelines, federal and provincial governments match each eligible producer's contributions by up to one per cent of their allowable net sales (ANS) to a maximum of $10,000 per year.
- The maximum account balance is limited to 400 per cent of the ANS of the current and prior two program years.
- Producers can open AgriInvest accounts at participating financial institutions.
- Eligible producers have 90 days from the date of notification to make a deposit in AgriInvest accounts.
- The matching government contributions and administrative costs are shared between the federal (60 per cent) and provincial (40 per cent) governments.

2020-21 Results

As of March 31, 2022, 16,536 Alberta producers deposited $52.2 million in AgriInvest accounts for the 2020 program year. The total value of 22,711 account balances with $10 or more in their account is $684.7 million. The average account balance is $30,147.

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This was my first year farming, with farming being so capital taxing I needed somewhat of a guarantee that I would be able to make my payments. So my insurance acted like a safety net. My adjuster was very polite and good to deal with as it being my first year he was patient and answered my questions.

AFSC Client

AGRIINVEST HIGHLIGHTS

	2020	2019
Eligible producers	20,731	21,788
Maximum matchable deposits	$61,917,000	$63,958,000
Number of producer deposits	16,536	18,133
Contribution by producers	$52,271,000	$57,395,000
Contribution by governments	$52,271,000	$57,395,000

Applications are processed using participants tax information, resulting in a one-year lag.

*Values as of March 31, 2022

Insurance

New for the 2021 crop year

- **Alberta Premium Reduction:** Insured clients received a 20 per cent reduction in crop insurance premiums for the 2021 crop year. The reduction in premiums was possible because of a healthy crop fund reserve.
- **Discontinuation of Spring Price Endorsement:** The Spring Price Endorsement was discontinued, a move to help support long-term program sustainability. Historically, the Spring Price Endorsement had a low rate of participation.
- **Field Pea Coverage:** Field Peas were split into two categories, offering separate pricing and yield coverage for yellow peas and green/other peas (e.g., maple, forage). Existing yield history was used to offer coverage initially and going forward the various categories will develop their own yield history for individual coverage.
- **Corn Silage:** The additional coverage that corn silage receives under the silage greenfeed program increased from $50/acre to $85/acre.
- **The Reseeding Benefit:** Major crops increased an average of $3 to $5 per acre, while some specialty crops saw significant increases.
- **Unseeded Acreage Benefit:** The benefit values for acres left unseeded due to excessive moisture were updated to reflect current costs covered by the benefit. An increase of between $8 to $28 per acre was implemented.
- **Honey Insurance:** To align with industry reporting deadlines, the Honey Insurance deadline moved to June 30 for clients to file their Report of Producing Hives and Report of Hive Yard Locations.
- **Bee Overwintering:** The deadline for Bee Overwintering Insurance moved to June 30. To reflect industry management of hives, single brood hives are now eligible for coverage under Bee Overwintering Insurance.
- **Wildlife Damage Compensation Program:** In a move to help support long-term program sustainability, the 20 per cent top-up for payments on claims was removed. The process to determine wildlife damage remains the same.
- **Fall Market Prices:** Sourcing for fall prices on oats and green/other peas changed. Market price methodologies can be viewed on AFSC.ca in the Cereal and Oilseed Insuring Agreement.
- **Weather stations:** Four new weather stations were added to the network of weather stations across Alberta, and two weather stations, Peace River and Hillsdown, were replaced.
- **Satellite Yield Insurance:** To reflect the current land use and ensure land is identified as pasture, the pasture mask for Satellite Yield Insurance was updated.

Production-based AgriInsurance Products

AFSC offers production-based, individualized insurance coverage for most dryland and irrigated crops grown in Alberta. Producers are compensated when their yields fall below their coverage because of natural perils beyond their control.

Key Program Details

- Producers are covered for several designated perils including drought, excess moisture, frost, and hail.
- For most annual crops, coverage is based on the client's individual insured yield records.
- Premium rates vary according to crop type, risk area, cropping practice, and selected coverage level.
- Producers can choose coverage levels of 50, 60, 70, or 80 per cent (90 per cent for sugar beets) of their individual normal yield.
- For hay crops, coverage is based on an indexing system in which individual yields are compared to the area's average yields for the crop type.
    - This comparison results in a coverage adjustment for each insured producer.
    - The coverage adjustment is then multiplied by the risk area's long-term normal yield to determine an individual's normal yield.

As with annual crops, hay producers can select yield coverage of 50, 60, 70, or 80 per cent of their individual normal yield. Hay producers have two price options for insurance.

Area-based AgriInsurance Products

AFSC offers area-based insurance products for annual feed crops, corn, and pasture. These products work well as an alternative for crops that are not intended to be combined or are not insurable under production-based insurance.

Key Program Details

- The parameters and payment triggers selected for area-based programs are based on weather events that occur near and around the producer's farm.
- There are times when the situation on a producer's farm is different than what is recorded at a particular weather station, with the satellite measurements, or with the proxy crop. As the payment indicators are not based on the producer's actual production, payments are intended to reflect probable losses on the insured's farm or ranch.
- AFSC offers these area-based programs: Satellite Yield Insurance and Moisture Deficiency Insurance for pasture; Silage Greenfeed Insurance for annual feed crops; Corn Heat Unit Insurance for irrigated corn; and Moisture Deficiency Endorsement for hay.

Additional Benefits – an Overview

Production-based and area-based AgriInsurance products have benefits that provide additional coverage. The cost of these benefits is included in the program's premium.

Reseeding Benefit provides compensation for acres damaged prior to June 20 by a designated peril. This is intended to partially compensate for the cost of reseeding the original crop (most annual crops).

Unseeded Acreage Benefit provides compensation for acres unseeded by June 20 due to excess moisture. This is intended to partially compensate for the direct and indirect cost of seed bed preparation (acres intended to be seeded to annual crops only).

Unharvested Acreage Benefit provides an advance payment on eligible acres of insured crops that remain unharvested after November 30 due to the onset of winter, when specified eligibility criteria are met (annual crops only).

Variable Price Benefit compensates producers for their production loss at market values if fall market prices for insured crops are 10 per cent or more above the original insured value. This benefit applies to most crops; excluded crops are normally grown under a fixed price contract.

Variable Price Benefit is limited to a 50 per cent increase (most annual and perennial crops).

Spot-Loss Fire Benefit is included on insured pasture acres under both Satellite Yield Insurance and Moisture Deficiency Insurance programs and protects against accidental fire and fire caused by lightning.

"

We have had AFSC crop insurance for 18 years, and in 2021 we saw some of the worst devastation in our farming career. With extreme heat and very little rain we watched our crops dry up early. We took the maximum coverage we could and realized early on this was a wise decision. We have great communication with our local office and when we were discussing variable price benefit with staff we realized how grateful we are to have AFSC crop insurance to help us out during a year like this.

AFSC Client

Annual Crop Insurance

Annual Crop Insurance provides a production guarantee based on a method referred to as individual coverage, in which individual yield records provide the basis for coverage. Producers also have the option to purchase Hail Endorsement with their crop insurance policies for an additional premium.

2021-22 Annual Crop Insurance Indemnities

As indicated in the 2021-22 At a Glance section, there were variable growing conditions throughout the province. Indemnities paid in 2021-22 were primarily a result of the varied growing conditions, drought, excess moisture, hail, and the in-year increase in commodity prices.

ANNUAL CROP INSURANCE HIGHLIGHTS

2021	2020
11,433 CONTRACTS	11,024 CONTRACTS
16,203,000 ACRES	14,925,000 ACRES
PREMIUM $351,801,000	PREMIUM $334,915,000
$8,619,612,000 LIABILITY	$4,956,219,000 LIABILITY
8,421 CONTRACTS WITH INDEMNITY	5,164 CONTRACTS WITH INDEMNITY
1,895,960,000 INDEMNITY	$420,217,000 INDEMNITY
538.9% LOSS/PREMIUM	125.5% LOSS/PREMIUM

Annual Crop Insurance Hail Endorsement

AFSC offers Hail Endorsement as an optional endorsement for Annual Crop Insurance. With Hail Endorsement, producers can customize their coverage to meet their operation's needs with supplemental coverage for an additional premium. This gives Alberta producers some of the most comprehensive insurance coverage in Canada.

Hail Endorsement provides spot-loss coverage for damage caused by hail, accidental fire, and fire caused by lightning for both production and area-based insurance.

Key Program Details

- Hail Endorsement provides spot-loss coverage on a crop-specific basis. The Hail Endorsement cannot be purchased at the 50 per cent coverage level for production-based insurance.
- Premiums for Hail Endorsement are significantly lower than Straight Hail Insurance premiums. Producers pay only 34.2 per cent to 38.3 per cent of the Straight Hail Insurance premium rate for the township, depending on the type of crop.
- Premiums are cost-shared among clients (58.3 per cent), the Government of Alberta (28.5 per cent), and the federal government (13.2 per cent).

The 2021 crop year saw an increased number of AFSC clients elect hail endorsement and more insured acres than the 2020 crop year. Correspondingly, liability was up over the previous year.

The Alberta Premium Reduction also applied to 2021 Hail Endorsement premiums. AFSC total premiums in 2021 were $298.7 million, but with the 20 per cent reduction, net premiums collected for Hail Endorsement were reduced to $239.1 million, making total premiums comparable to that of 2020.

Fewer contracts had claims, but overall losses were higher than 2020, with indemnities totaling $478.0 million for a loss to premium ratio of 199.9 per cent - up 83 points over last year.

HAIL ENDORSEMENT HIGHLIGHTS

	2021	2020
Contracts	10,208	9,681
Acres	14,516,000	13,185,000
Premium	$239,089,000	$237,097,000
Liability	$7,886,546,000	$4,470,421,000
Contracts with Indemnity	3,087	3,256
Indemnity	$477,966,000	$277,783,000
Loss/Premium	199.9%	117.2%

Perennial Crop Insurance

Perennial Crop Insurance provides a production-based guarantee for hay crops and area-based coverage for pastures. Producers can also choose to purchase the area-based Moisture Deficiency Endorsement with Hay Insurance.

2021-22 Year in Review

Of the 5,044 contracts, 89.7 per cent received $155.6 million in indemnities. This compared to $31.8 million paid out to 25.0 per cent of perennial crop insurance clients in 2020. This resulted in a 387.3 per cent loss-to-premium ratio in 2021, which is higher than the 63.7 per cent ratio in 2020.

The pasture programs (Satellite Yield Insurance and Moisture Deficiency Insurance) paid out $141.6 million in indemnities while Hay Insurance, including Moisture Deficiency Endorsement, paid $14.0 million.

PERENNIAL CROP INSURANCE HIGHLIGHTS

2021	2020
5,044 CONTRACTS	5,116 CONTRACTS
7,488,000 ACRES	7,408,000 ACRES
PREMIUM $40,173,000	PREMIUM $49,941,000
$444,776,000 LIABILITY	$348,068,000 LIABILITY
4,523 CONTRACTS WITH INDEMNITY	1,277 CONTRACTS WITH INDEMNITY
$155,601,000 INDEMNITY	$31,806,000 INDEMNITY
387.3% LOSS/PREMIUM	63.7% LOSS/PREMIUM

Straight Hail Insurance

Straight Hail Insurance provides producers with spot-loss crop protection from hail damage, accidental fire, or fire by lightning. Anyone with a vested interest in the seeded crop is eligible to purchase Straight Hail Insurance, whether they are a producer, tenant, or crop-share landowner. Coverage is available from the time the crop emerges until it is harvested or November 1, whichever is earlier. The Straight Hail Insurance program is fully-funded by producer premiums.

This past year, producers experienced greater losses than in the 2020 crop year, with $26.5 million paid out to 716 clients and a loss to premium ratio of 76.7 per cent, up six points from 2020. There was lower participation numbers in terms of the number of contracts, and although acres were fairly consistent with the prior year, the associated liability and premiums were greater.

STRAIGHT HAIL INSURANCE HIGHLIGHTS

	2021	2020
CONTRACTS	2,445	2,659
ACRES	2,724,000	2,701,000
PREMIUM	$34,537,000	$30,645,000
LIABILITY	$441,097,000	$395,602,000
CONTRACTS WITH INDEMNITY	716	767
INDEMNITY	$26,481,000	$21,681,000
LOSS/PREMIUM	76.7%	70.7%

Wildlife Damage Compensation Program

Crop damage caused by wildlife and waterfowl is a risk in agriculture. AFSC compensates producers on behalf of the provincial and federal governments for this type of damage through the Wildlife Damage Compensation Program.

The Wildlife Damage Compensation Program includes:

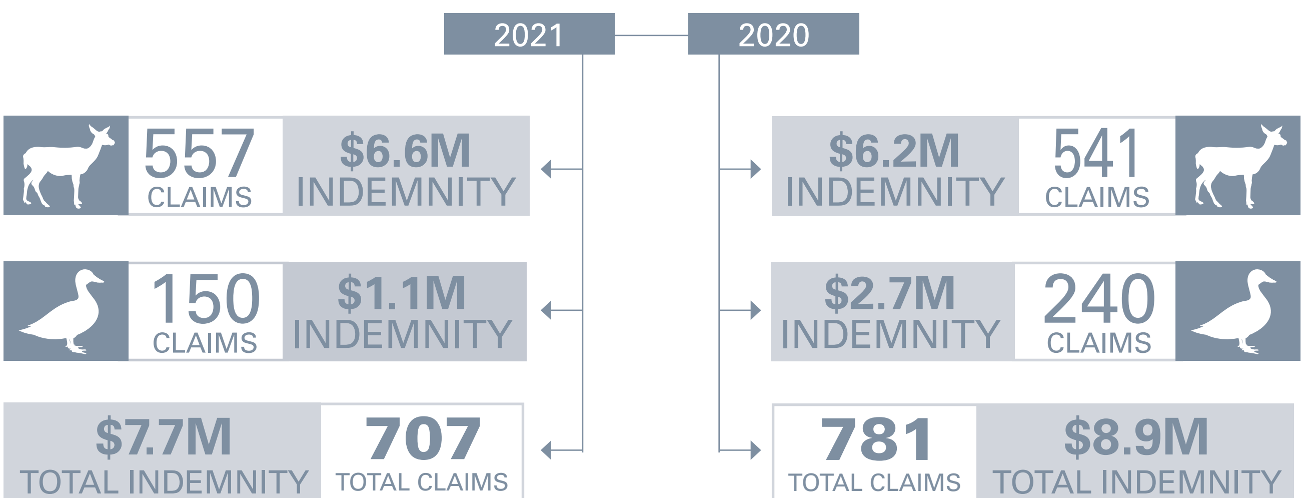
- Spot-loss coverage for unharvested crops damaged by waterfowl, big game animals, or upland game birds. The program applies to all commercially-grown annual crops and hay that can be insured under production-based and Straight Hail Insurance programs. Crops grown for pasture are not eligible;
- Excreta market-loss cleaning, which compensates producers for reduced market value or for the cost of grain cleaning due to wildlife excreta;
- Compensation for crops and silage in pits and tubes that are contaminated or eaten by wildlife; and
- Swath grazing, bale grazing and corn grazing are eligible up to October 31.

The Wildlife Damage Compensation Program is cost-shared in Alberta by the federal (60 per cent) and provincial (40 per cent) governments. It compensates for losses incurred to a maximum of 80 per cent. The federal government also funds 60 per cent of the administrative and inspection costs, while the Government of Alberta funds the remaining 40 per cent. Producers who wish to make a claim under the program are not required to have crop insurance.

2021-22 Year in Review

In 2021, 707 claims under the Wildlife Damage Compensation Program resulted in total indemnity payments of $7.67 million, down from $8.86 million in 2020. This reduction could largely be attributed to the elimination of the 20 per cent top-up payment, which was removed in 2021 to ensure long-term program sustainability. Previously, the federal and provincial government shared costs for the program up to 80 per cent, and the Alberta government had been providing a 20 per cent top up to 100 per cent.

WILDLIFE DAMAGE COMPENSATION PROGRAM HIGHLIGHTS



The Livestock Price Insurance Program

The Livestock Price Insurance (LPI) Program experienced another decline in the overall number of policies purchased, insured units, liability, and premiums collected. Drought across western Canada and the overwhelming export demand for feed grains pushed input prices to record highs. With a heavy back-end supply, due to the cow herd sell-off and record cattle on feed numbers, the LPI program was another competing expense for producers who were already facing extremely tight margins.

Key Program Details

- Producers purchased price protection on 64,200 fed cattle, 80,800 feeders, and 27,990 calves. Compared to the previous year, these head totals equaled about 24.4 per cent more fed cattle, but 11.2 per cent fewer feeders and 82.7 per cent fewer calves insured.
- Cumulatively, liability coverage amounted to just more than $318 million, premiums totaled $8.6 million, and indemnities totaling approximately $1.55 million (as of March 31, 2022) were paid to participating producers. Total indemnities at the end of the fiscal year paid to participants in calf (4.3 per cent), feeder (74.4 per cent), fed (21.3 per cent), and hog (0 per cent) programs*.
- Policies purchased in the 2020-21 fiscal year continued to expire into 2021-22 with additional payouts. Disruptions in the supply chain and large volumes of cattle being traded due to feed shortages led to over $3.3 million in LPI indemnities paid to participating Alberta producers, with 84.6 per cent of indemnities going to cow-calf producers.
- We continue to work on strategic initiatives to make LPI more relevant for Alberta producers and ensure its longevity within the industry. Multiple concurrent projects are underway, carried forward from the previous fiscal year, to capitalize on industry changes and producer feedback.

LIVESTOCK PRICE INSURANCE PROGRAM HIGHLIGHTS

	2021-22	2020-21
POLICIES	994	2,208
PREMIUMS	$8,627,000	$15,719,000
LIABILITY	$318,178,000	$434,493,000
INDEMNITY	$1,552,000*	$3,312,000
LOSS TO PREMIUM	18.0%	21.0%

*Policies still set to expire at time of publishing.

Lending

AFSC's current suite of lending programs continues to assist Alberta's agriculture industry, with a focus on providing financial assistance to new and young producers, developing and mature producers, and agribusinesses.

AFSC's $30 million dollar lending limit has allowed us to continue to support larger agribusiness transactions and agricultural producers who want to start, grow, or develop their operations.

AFSC remains committed to supporting Alberta's recovery by providing access to much-needed capital to diversify and grow the province's economy and in turn, create jobs and build infrastructure. Our lending programs enable AFSC to attract investment to Alberta, create an agribusiness and economic development climate, and support growth in the agriculture and food-processing sectors.

Our lending programs continue to address market gaps and the requirements of Alberta's agri-entrepreneurs, who can now choose financial options that suit their individual needs.

In 2021-22, we provided more than $423 million in financing to clients under the age of 40. These loans will help young producers start and develop their farming operations. Additionally we authorized $14 million in loans to the agribusiness sector. Significant opportunities exist for agribusiness and agri-foods industries in our province and we remain committed to supporting these initiatives to help grow a strong and diversified Alberta.

2021-22 Year in Review

We authorized 1,524 new direct loans in the 2021-22 fiscal year, totaling $578 million, below the $667 million reported for 2020-21. This generated $634 million in investments in the province's agriculture and agribusiness sectors. AFSC's lending portfolio increased to $2.7 billion.

Next Generation Loan Program

The Next Generation Loan program facilitates intergeneration farm transitions and succession planning to provide new entrants and young agricultural producers with a consistent source of fixed-rate term loans to establish, grow, or re-finance their farming operation. The Young Producer Incentive helps reduce borrowing costs by offering up to a one per cent rate reduction for the first five years of the loan.

NEXT GENERATION LOAN AUTHORIZATIONS

2021-22 →

971 LOANS	**$423,325,000** LENDING
TOTAL PROJECT	**$457,714,000**

Developing Producer Loan Program

The Developing Producer Loan program helps existing agricultural producers invest, grow, and expand their operations.

DEVELOPING PRODUCER LOAN AUTHORIZATIONS

2021-22 →

373 LOANS	**$108,214,000** LENDING
TOTAL PROJECT	**$125,121,000**

Alberta Producer Loan Program

The Alberta Producer Loan program ensures existing agricultural producers have access to long-term financing to maintain and sustain their operations.

ALBERTA PRODUCER LOAN AUTHORIZATIONS

2021-22 →

22 LOANS	**$9,440,000** LENDING
TOTAL PROJECT	**$ 9,436,000**

Agribusiness Loan Program

The Agribusiness Loan program supports investment in Alberta's agribusiness sector to generate and maintain jobs or support the sales and export of products.

AGRIBUSINESS LOAN AUTHORIZATIONS

2021-22	23 LOANS	$13,823,000 LENDING
	TOTAL PROJECT	$18,322,000

Rural Business Loan Program

The Rural Business Loan program ensured Alberta's rural small and medium-sized enterprises had access to financing. This program was discontinued April 1, 2021.

RURAL BUSINESS LOAN AUTHORIZATIONS

2021-22	3 LOANS	$735,000 LENDING
	TOTAL PROJECT	$1,200,000

Revolving Loan Program

The Revolving Loan program enables producers to borrow through a self-serve online account that can be accessed at any time. Funds can be used for input costs such as feed, seed, fuel, and fertilizer. The program offers competitive fixed-rate terms for up to three years with no annual fees. Loans can be renewed upon expiry.

Over $22 million in revolving loans were approved in 2021-22, compared to the previous year's $32.2 million. This program continues to be useful for our clients who need convenience and flexibility in managing cash flow and the ability to continually re-advance funds as the loan is paid down.

REVOLVING LOAN AUTHORIZATIONS

2021-22	132 LOANS	$22,363,000 LENDING
	TOTAL PROJECT	$22,423,000

Lending Portfolio Performance

AFSC's three key performance indicators for the lending portfolio are loan authorizations, portfolio balance, and arrears:

- Total loan authorizations for 2021-22 were $578 million, compared to $667 million in 2020-21. This is a 13 per cent decrease from the year earlier. Lending limit increases approved in April 2021 continue to attract new borrowers and will help retain existing clients.
- The lending portfolio balance increased to $2.672 billion from $2.524 billion, representing a six per cent gain.
- Overall lending arrears as of March 31, 2022, were 3.2 per cent, outperforming the prior year's result of 4.9 per cent.

> "We highly, highly value a lending partner that has agricultural knowledge. You don't have to be the teacher, they can add to the conversation and understand what they are lending on.
>
> AFSC Client

WE'LL CULTIVATE RELATIONSHIPS TOGETHER.

BY SUPPORTING OUR COMMUNITY

Community Investment

AFSC is more than just risk-management for a farm or a loan for a new tractor; our organization's success is contingent on healthy and connected communities throughout Alberta. Through our partnerships and community investments, AFSC strives to ensure that the communities we live and work in are positively impacted by our presence.

We believe that investing in rural Alberta contributes to the well-being of these communities, and as such we support organizations, events, and initiatives that align with agriculture, education, outreach and training, and community well-being.

Highlights from the past year include:

Agriculture

AFSC partners with organizations that enrich the agriculture industry and supports events that encourage the development and advancement of agriculture, agribusiness and agri-food industry, and the next generation of agriculture in Alberta.

4-H Alberta

AFSC continues to support 4-H Alberta as a Gold Clover sponsor, helping to nurture the next generation's love for agriculture. 4-H encourages youth to develop life-long skills such as cooperation, leadership, interpersonal relations, critical thinking, decision making, public speaking, and community service. In addition to providing provincial post-secondary scholarships, AFSC financially supports provincial programs such as Uncover the Leader in You, Multi-Species Judging and Consumer Decision Making, Senior Symposium, Beef Heifer Show, Cleaver Kids, and more.

AFSC also contributes to local community 4-H Alberta Clubs through our 4-H Alberta Grassroots Fund. The 4-H Alberta Grassroots Fund provides financial support for 4-H clubs in Alberta to assist with programs and initiatives that align with AFSC's focus areas and can be used to support workshops, speaker/trainer fees, starting a new club, developing or purchasing resources and activities materials, and more. In early 2022, we granted $26,000 to 120 4-H clubs across the province, in turn supporting more than 3,900 Alberta youth.

Agriculture for Life

AFSC's partnership with Agriculture for Life (Ag for Life) allows us to work together to grow an increased public understanding of the role agriculture plays in Alberta's culture and economy. Typically, when not faced with the restrictions of a global pandemic, our team members volunteer their time through speaking engagements and supporting agriculture education in the classroom.

Women in Ag Award

In 2021, we established the AFSC Women in Ag recognition award program. Through the Women in Ag Awards, we highlight women as key players in the industry and celebrate their contributions to Alberta's agriculture and food sector. Award recipients receive a unique AFSC-branded award, a full attendance package for the Advancing Women in Agriculture Conference, and a private breakfast reception.

Education, Outreach, and Training

AFSC teams up with organizations that contribute to educating and increasing awareness and knowledge related to agriculture, financial literacy, and risk management to help maintain stable high-quality food development. These investments represent opportunities to meet where our clients and employees gather, working together to grow and sustain the agriculture industry in Alberta.

Young Agrarians

AFSC partners with the Young Agrarians to help deliver their Business Bootcamp, a 10-week online, community-based program, that gives new and aspiring farmers the space and skills to write (or rewrite) a business plan for a farm enterprise. A team of first-generation farmers and business experts – including representatives from AFSC – provide guidance to registrants as they get their farm off the ground.

Associations and Industry Groups

In 2021-22, we partnered with associations such as the Alberta Beekeepers Commission, Alberta Beef Producers, Alberta Sugar Beet Growers, Foothills Forage & Grazing Association, Grey Wooded Forage Association, and the Red Bow Agricultural Partnership group to support learning events which are key to the development and advancement of agriculture in Alberta.

Community Well-Being

AFSC empowers communities by contributing to organizations that offer programs and services that uniquely engage our local operating areas, build community capacity, and contribute to healthy, vibrant agricultural communities and workplace environments.

Alberta Association of Agricultural Societies

The Alberta Association of Agricultural Societies (AAAS) provides information, education, and support for 293 agricultural societies in Alberta and 58,000 volunteers. This year we partnered with AAAS to present Dr. Lisa Belanger's session Rebuilding Connection and Community at the AAAS Annual Convention. We believe agricultural societies and their unique community events play a vital role in improving the quality of life and mental well-being for persons living in and around rural communities. Rural Albertans depend on these societies to provide a gathering place to spend time with their family, friends, and others in the community.

$26,000 INVESTMENT IN **4-H ALBERTA** GRASSROOTS FUND
120 CLUBS & **3,900** YOUTHS

54 NOMINATIONS SUMMITED FOR THE **WOMEN IN AG AWARD** RESULTED IN **7** RECIPIENTS AWARDED

Canadian Foodgrains Bank

The Canadian Foodgrains Bank is a practical way Canadian farmers can help end hunger around the world and in their local communities by sharing their harvest with the less fortunate. In the 2021 crop year, AFSC sponsored 27 projects in 37 locations across Alberta, totaling 3,853 acres. We supported these efforts by providing $23,331 in Straight Hail Insurance for crops slated for donation through the Canadian Foodgrains Bank organization.

Do More Agriculture Foundation

The Do More Agriculture Foundation empowers, encourages, and supports producers to take care of their mental well-being. We partner with the Do More Agriculture Foundation annually to help remove the stigma around mental health in the agriculture community. This partnership helps build a community of support and resources for those impacted by mental health issues, which is a prevalent risk in the agriculture industry. We are proud to support this organization's groundbreaking work to lead the discussion to change the narrative around mental health in agriculture.

Meals in the Field

AFSC's support of the CFCW and Real Country 105.7 Meals in the Field initiative provides Alberta farmers with the opportunity to win a lunch or wellness break during the harvest season. This wellness break included a visit from CFCW and Real Country radio personalities and musical artists. During the events, we shared our appreciation for farm families and helped provide a well-deserved break and unique experience. We recognize farming is demanding work that takes drive, dedication, and determination. The Meals in the Field initiative allows AFSC to say thank you to farmers for everything they do to feed Albertans and the world.

Thanks for Farming Tour

Our partnership with the Thanks for Farming Tour (Lethbridge) allowed AFSC to say thank you to the agriculture community and support the well-being of Alberta's farmers and farm communities through a co-sponsorship of the tour's featured mental health speaker Chris Beaudry. Beaudry has been heavily involved in the field of mental health and healing since his involvement in the Humboldt Broncos bus crash in 2018. We also partnered with the Do More Agriculture Foundation, offering our exhibition space to them to share a variety of mental health resources and support in Alberta.

27 CANADIAN **FOODGRAINS** BANK PROJECTS
37 LOCATIONS & **3,853** ACRES

201.3 HOURS SPENT BY STAFF ON **CHARITABLE** PROJECTS

WE'LL MAKE A DIFFERENCE TOGETHER.

BY SUPPORTING OUR PEOPLE

People

Top Employer

AFSC has been named as one of Canada's Top 100 Employers 13 times and Alberta's Top 75 Employer for 14 consecutive years.

We are proud of all the incredible things we have accomplished that allow us to earn these awards year after year. We are so thankful for our people and look forward to competing in next year's competition.

Mental Health and Wellness

Our mental health strategy, "It's Okay to Not Be Okay," is designed to improve psychological health and safety within our workplace in alignment with the National Standard of Canada for Psychological Health and Safety. This involves an integrated approach working to prevent psychological harm, promote positive mental health, and support employees with mental health conditions. As we value our connection to communities and our clients, we included an additional goal to extend our mental health commitment to the broader community.

To support our strategy, we partnered with the Mental Health Commission of Canada (MHCC) in 2021 as the first organization to participate in a workplace mental health strategy pilot project. Through this partnership, we underwent an independent assessment of our organization to help determine the impact of the strategy in our first year and help prioritize our next steps. This assessment included education sessions with senior managers, engagement with our front-line managers, and a psychological health and safety audit to evaluate alignment with The National Standard for Psychological Health and Safety in the Workplace. As we work to fully implement our strategy, we are focused on establishing common language with respect to mental health, destigmatizing mental illness, and providing employees with the tools and resources to maintain positive mental health. This includes increasing employees' awareness and use of existing resources and encouraging conversations about mental health. To help reach this goal, we hold an annual corporate-wide Mental Health Week and provide the Working Mind mental health training to all employees.

To further support positive mental health among our people, we increased mental health benefits for our salary/ semi-monthly employees in 2022. We want to enable our employees to be able to access both the physical and mental wellness supports they may need to live a healthy life.

In 2021, we launched the AFSC Culture Committee, with members from across the organization who provide support and input to our Wellness Coordinator to further enhance our workplace culture. For 2022, the committee chose to focus on social connection and personal well-being, recognizing that the COVID-19 pandemic has reduced opportunities for both. In 2021-22 the committee implemented the following initiatives:

- Chasing Cattle: Weekly movement breaks where employees can participate in various activities such as yoga and strength-building
- Cultivating Calm: Monthly mindfulness sessions
- Sowing Support: An adopt-a-colleague program to match employees between our branches and central office to facilitate mentorship
- Hats Off to Our Team: A monthly recognition of various work areas of our organization, which will help increase gratitude between teams

Diversity, Equity & Inclusion

In February 2021, we launched the Diversity, Equity & Inclusion (DE&I) Strategy to build a foundation that ensures all employees feel a sense of belonging and value for who they are and are empowered to participate and contribute freely at work. This strategy involves four key objectives:

1. DE&I will be woven through all our management and leadership programs. Everyone must understand and model the DE&I objectives to make real progress.
2. We will achieve a positive shift in our workplace culture.
3. We will widen representation and build a talent pipeline of people from a variety of ethnic backgrounds based on our regional demographics.
   a. We will increase the representation and engagement of people with disabilities and mental health concerns. We will better attract and retain people with disabilities and mental health concerns to create an environment where people feel comfortable disclosing this information.
   b. We will build on our good work already done on gender equality. However, we recognize that we have more to do. We must build a talent pipeline at all stages and better understand the reasons why female representation falls at particular levels. We will also continue our work to address the gender pay gap through reconsidering our long-term approach to pay and rewards. We will seek to better understand the contributing factors to the gender pay gap.
   c. We will build an environment ensuring that our LGBTQ+ colleagues can be their authentic selves in the workplace. We will drive improvements in meeting the needs of our LGBTQ+ colleagues, starting with the capturing of data on gender identity and expression.
4. Attract, engage, and retain individuals from a range of generations, faith and belief systems and socio-economic and educational backgrounds. We are committed to ensure that we can all maximize our potential.

The DE&I Council was created prior to the development of the strategy and consists of individuals who represent the broader AFSC community. The Council guides and advises the Corporation on activities important to our people and, in partnership with the People and Culture team, continues to drive the direction for diversity, equity, and inclusion activities in the Corporation.

578 EMPLOYEES

Longest Years of Service **47**

Average Age of Employees **46**

$281,754

SPENT ON TRAINING

Other key initiatives that are underway as part of the Diversity, Equity & Inclusion Strategy include:

- Unbiased Language Guidelines: Review all policies, learning material, market material, job postings, and job descriptions for biased language and replace it with unbiased language. Encourage the understanding and use of unbiased language by all our employees.
- Unbiased Hiring Practices: Implement diverse hiring practices, including diverse interview panels for a variety of perspectives and ensuring an objective scoring method to avoid groupthink.
- DE&I Calendar of Holidays and Events: Celebrate and acknowledge different cultures to honour diverse groups of employees and build inclusion and a sense of belonging.
- Land Acknowledgement Plaques: Display recognition of Treaty lands and the Traditional Territories of Indigenous Peoples as a small act of reconciliation and to create a more welcoming space for Indigenous clients and employees. Plaques will be displayed alongside artwork by Indigenous artists as an eye-catching way to open conversations around Treaties. This initiative occurred in response to a request from an Indigenous member of the DE&I Council.

Keeping Our People Safe

AFSC's Occupational Health and Safety program integrates sound health and safety practices into everyday business processes, engaging employees to feel empowered through open and productive discussions and to accept responsibility to protect themselves, their coworkers and communities, and the environment.

The Occupational Health and Safety program has implemented and sustained:

- Health and Safety Policy: Demonstrates management's commitment by providing a definite plan of action designed to prevent incidents and provide a physically and psychologically safe and healthy workplace.
- Joint Occupational Health and Safety Committees: Brings together representatives from across AFSC to identify and help resolve health and safety issues in the workplace.
- Safety Training: Provides health and safety orientations to raise awareness and expectation surrounding the program. The program encourages people to be aware of their roles and responsibilities and to work together to identify and solve health and safety concerns.

In 2021, we successfully achieved our Certificate of Recognition (COR), an active commitment to ensuring AFSC's health and safety program has been evaluated by an external auditor and meets provincial standards.

14 YEARS
Alberta's Top 75 Employer

13 YEARS
Canada's Top 100 Employer

WE'LL STRENGTHEN ALBERTA TOGETHER.

BY SUPPORTING OUR STAKEHOLDERS

Continuous Improvement

Continuous improvement is a culture that encourages everyone to look for improvements by continually reviewing how our work is done, how processes are carried out, and how technology is used to ensure that products and services are delivered effectively and efficiently.

AFSC provides a safe working environment that creates team engagement and daily connections. We have seen continued success using virtual information centres and huddles into 2022, using the platform to:

- Provide a line-of-sight for all levels of the organization on problems, possible solutions, and improvements underway
- Provide a tool for process improvement and waste reduction, aimed at improving and streamlining our client experience while generating organizational efficiencies
- Empower teams to bring forward, discuss, and action ideas and opportunities
- Promote team discussions around mental health and wellbeing

Our Continuous Improvement team conducted virtual process reviews throughout the year, using platforms such as MS Teams to collaborate with remote cross-functional teams.

Our Continuous Improvement team focused on:

- AgriRecovery (Canada-Alberta Livestock Feed Assistance Initiative) preparedness: This cross-collaborative initiative focused on process and system readiness, training and rollout planning, and identifying the desired client experience.
- Insurance Program Workflow Review: Our Continuous Improvement team planned and led a cross-collaborative insurance program workflow review, which took a deep-dive into processes used to deliver all insurance products and created a future-state vision to support the enablement of digital optimization.
- Branch Deposits and Records Process-Review: This review focused on eliminating unnecessary process steps while maintaining effective internal controls and risk coverage.
- AgriStability Missing Information Process Review: This review focused on reducing client wait time and unnecessary process steps.

As an organization, we are continually working to collect and analyze information to optimize our products and processes and align them with AFSC's strategic goals.

Red Tape Reductions

In 2019, the Government of Alberta introduced the *Red Tape Reduction Act (The Act)*. The Act mandates that every department within the Government of Alberta must reduce their regulatory and administrative requirements. AFSC, in alignment with the Government of Alberta, has committed to reducing regulatory requirements by one-third by March 31, 2023.

- Regulatory requirements are the pieces of information that external clients must provide on AFSC forms to access AFSC's products/services.
- Administrative requirements are the processes and steps that external clients must take to access AFSC products/services. The Government of Alberta has also committed to reducing administrative requirements but there is no set goal/target.

In 2020, the AFSC Red Tape Reduction Team (RTR Team) set out to review the entirety of the form portfolio within the Corporation. Any form that a client must complete to access a product or service was reviewed for requirements and documented. In total, the RTR Team found 3,765 requirements within the form portfolio.

For 2020-21, the goal set by the Government of Alberta was for departments to reduce the requirement total by 12 per cent; the RTR Team not only met but exceeded this goal.

For the 2021-22 year, the goal was to increase the total reduction to 20 per cent. As of March 31, 2022 AFSC's total Red Tape Reduction is at 24.9 per cent, or 396 requirement reductions, exceeding the Government of Alberta's goal. This remains 3.7 per cent ahead of the provincial average in total reduction percentage.

As the project enters the final year, the AFSC RTR Team will look to reduce the remaining 8.1 per cent or approximately 300 requirements. The benefits of the RTR initiative are twofold. First, the achievement of these reductions will save time, money, and effort for Alberta producers and external clients using AFSC's products and services. Second, the initiative results in a reduction of back-end processing leading to improved turnaround times and enhanced client experience. Overall, the project continues to be a success through the concerted effort of AFSC staff.

Finally, AFSC's RTR success continues to be a highlight for the Government of Alberta. In February 2021, Associate Minister Fir invited CEO Darryl Kay to participate in a video highlighting successes of the project. The video was released during Red Tape Awareness Week.

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RED TAPE REDUCTION INITIATIVES

Enterprise Risk Management

Enterprise Risk Management at AFSC continues to evolve as we implement a forward-looking, integrated, and holistic risk management approach. Through this approach, key risks and opportunities that the organization encounters are identified, analyzed, evaluated, and monitored.

From this process, our Enterprise Risk Management team produces a suite of risk reports which enables board oversight and drives effective management decision-making to either accept more risk or mitigate existing risk. Through a partnership with all the functions within AFSC, this standardized and coordinated approach allows us to pursue the realization of our vision, mission, and strategic goals.

The risk categories we monitor against our risk appetites and associated tolerance levels include credit, compliance, operational, insurance, financial, information, information technology, and investment risk. This active monitoring ensures that risks are managed and escalated as required.

> The commitment that AFSC has to innovation and growth encourages me that we will continue to change and adapt to the newer technologies available to our producers, making their business with AFSC more straightforward.
>
> AFSC Team Member

$388,435

SAVED THROUGH CONTINUOUS IMPROVEMENT INITIATIVES

Whistleblower Protection Program

Purpose of the Program

On January 1, 2016, AFSC launched the Whistleblower Protection Program. The Program provides a confidential and anonymous mechanism for AFSC staff and members of the public to disclose actions or events that they believe may constitute a form of wrongdoing as it concerns the affairs of AFSC. Disclosures of alleged wrongdoing are assessed by the Program's Designated Officer against the definition of "Wrongdoing" found in the *Public Interest Disclosure (Whistleblower Protection) Act*. The 2012, c. P39.5 (the "PID Act"). It is important to note that what constitutes a Wrongdoing under the PID Act may be significantly different than what a person unfamiliar with the PID Act may believe is a wrongdoing.

- Establish and maintain whistleblower policies and procedures that comply with the PID Act that are designed to promote public confidence in the administration of AFSC;
- Facilitate the disclosure and investigation of "Wrongdoing" as defined in the PID Act which are, in brief, significant and serious matters in, or relating to, AFSC that an employee believes may be unlawful, dangerous to the public or injurious to the public interest;
- Promote ethical behavior by AFSC employees, managers, and staff members;
- Deter and detect improper activity within AFSC to positively impact the reputation, effectiveness, and finances of our organization;
- Enhance the working environment for our employees, managers, and staff members; and
- Protect from retaliatory action any employee, manager, staff member or other individual, who, in good faith, discloses improper activity occurring within AFSC. Protection from retaliation is also known as "whistleblower" protection.

Program Annual Report

The following are the statistics that are required to be kept by the designated officer with respect to the Program pursuant to section 32 of the PID Act:

Disclosures Received	Disclosures Acted Upon	Disclosures Not Acted Upon	Investigations Commenced	Findings of Wrongdoing	Disclosures Closed
3	5	0	0	0	4*

*There were two disclosures carried forward from March 31, 2021, fiscal year end, both were closed within fiscal 2021-22 with no finding of wrongdoing. In addition, there is one disclosure of alleged wrongdoing open as of fiscal year-end. This disclosure does not have an impact on the March 31, 2022 financial statements.

Financials at a Glance

Overall, we recorded revenue of $1.372 billion and expenses of $3.449 billion, which resulted in a net deficit of $2.077 billion. The deficit was mainly due to higher losses relative to premiums for the AgriInsurance program. This was mostly due to dry conditions negatively impacting crop production.

Our assets decreased from $5.635 billion to $3.985 billion of which $2.686 billion (67 per cent of all assets) represents Loans receivables. Our liabilities increased from $2.770 billion to $3.197 billion.

The surplus carried over decreased to $788.1 million. Included in the surplus balance is $611.6 million in the Crop Insurance Fund.

AgriStability Statistical Summaries

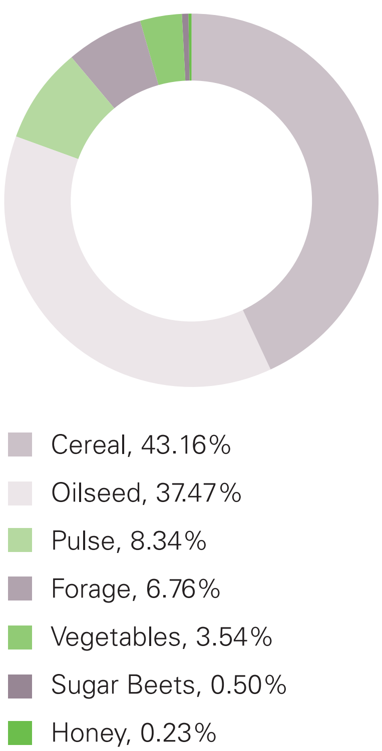
Program Year	Number of Claims Processed	Support Level $,000	Average Support Level $	Number of Participants with Payment	Total Payment $,000	Average Payment $
2020	4,426	$871,182	$317,024	809	$62,575	$77,349
2019	8,262	$2,503,784	$381,384	1,555	$102,714	$66,054
2018	9,299	$2,650,220	$369,111	1,255	$128,027	$102,014
2017	9,485	$2,483,355	$318,788	837	$59,213	$70,744
2016	10,445	$2,615,869	$301,611	2,462	$222,383	$90,326
2015	11,831	$2,568,084	$261,729	803	$57,029	$71,020

*4,426 claims processed out of 8,349 total AgriStability claims as of March 31, 2022. Claims are processed with a one-year lag.

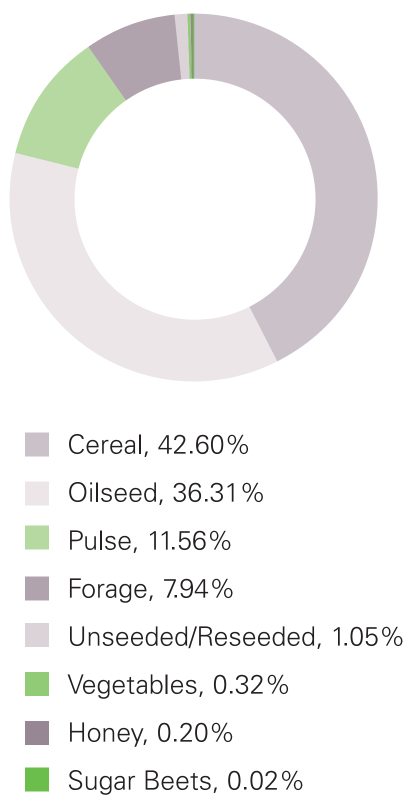
AgriInsurance Statistical Summaries

Crop Year	Number of Contracts	Acres ,000	Liability $,000	Premium $,000	Loss $,000	Loss/ Premium %
2021	16,477	23,691	9,064,388	631,062	2,529,526	400.8%
2020	16,140	22,333	5,304,288	640,108	729,806	114.0%
2019	16,600	22,654	4,901,949	66,800	780,536	117.20%
2018	16,685	22,125	4,831,054	654,576	569,428	87.00%
2017	16,938	21,860	4,527,779	694,617	437,104	62.90%
2016	18,056	22,993	4,669,386	750,114	499,919	66.60%

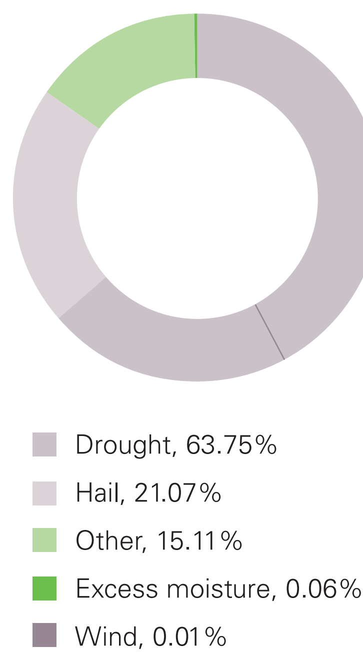
2021 Risk



2021 Loss



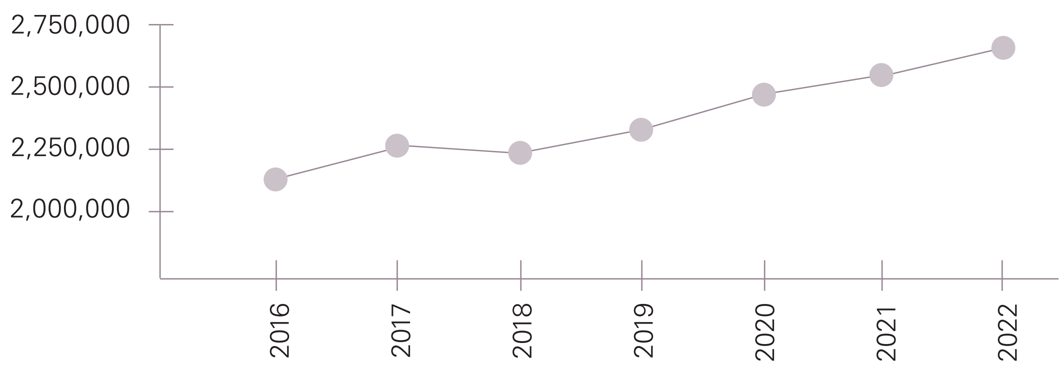
2021 Cause of Loss



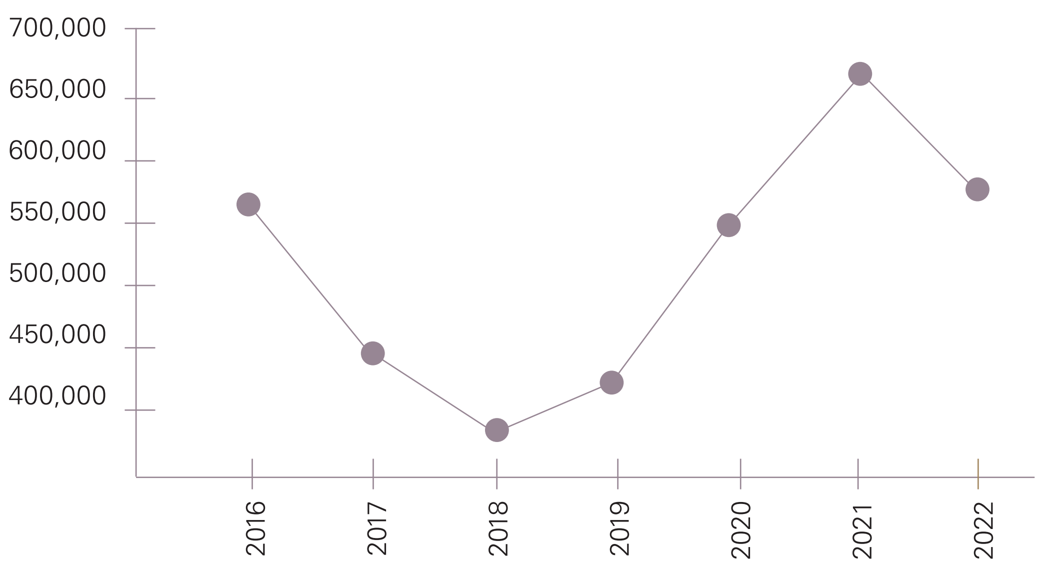
Lending Statistical Summaries

March 31	New Loan Approvals $,000	Loans Outstanding $,000
2022	577,899	2,672,398
2021	667,341	2,523,578
2020	549,795	2,448,269
2019	429,806	2,304,982
2018	384,957	2,247,876
2017	443,522	2,251,215
2016	562,053	2,177,536

Loans Outstanding



New Loan Approvals



Management's Responsibility for Financial Reporting

The accompanying financial statements of Agriculture Financial Services Corporation (the Corporation) and all other information relating to the Corporation contained in this annual report have been prepared and presented by management, who is responsible for the integrity and fair presentation of the information.

These financial statements are prepared in accordance with Canadian generally accepted accounting standards. The financial statements necessarily include some amounts that are based on informed judgments and best estimates of management. The financial information contained elsewhere in this annual report is consistent with that in the financial statements.

Management is responsible for maintaining a system of internal controls designed to provide reasonable assurance as to the reliability of financial information, and to ensure corporate assets are safeguarded and liabilities are recognized. The internal control systems are augmented by periodic reviews by the Corporation's internal and external auditors.

The Auditor General of Alberta has carried out an independent external audit of these financial statements in accordance with Canadian generally accepted auditing standards, and has expressed his opinion in the accompanying Auditor's Report.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. The Board of Directors exercises this responsibility through the Board Audit Committee, composed of Directors who are not employees of the Corporation. The Board Audit Committee meets with the internal auditors and the external auditors-both in the presence and in the absence of management to discuss their audit, including any findings as to the integrity of financial reporting processes and the adequacy of our systems of internal controls. The internal and external auditors have full and unrestricted access to the Board Audit Committee.

Financial Statements

AGRICULTURE FINANCIAL SERVICES CORPORATION

FINANCIAL STATEMENTS

MARCH 31, 2022

Independent Auditor's Report

To the Board of Directors of the Agriculture Financial Services Corporation

Report on the Financial Statements

Opinion

I have audited the financial statements of the Agriculture Financial Services Corporation (the Corporation), which comprise the statement of financial position as at March 31, 2022, and the statements of operations, change in net financial assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2022, and the results of its operations, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Corporation in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 financial statements and my auditor's report thereon. The *Annual Report* is expected to be made available to me after the date of this auditor's report.

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

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I will perform on this other information, I conclude that there is a material misstatement of this other information, I am required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Corporation'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 an intention exists to liquidate or to cease operations, or there is no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the 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 my 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 my 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 Corporation'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 Corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I 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 I identify during my audit.

Report on other legal and regulatory requirements

In accordance with the *Auditor General Act*, I report the following legislative non-compliance of the Agriculture Financial Services Corporation. As explained in Note 2(s), certain salary increases were determined to be non-compliant with the Government of Alberta *Salary Restraint Regulation (AR 80/2021).*

[Original signed by W. Doug Wylie FCPA, FCMA, ICD.D]
Auditor General

June 2, 2022
Edmonton, Alberta

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2022
(in thousands)

	2022	2021
FINANCIAL ASSETS		
Cash and cash equivalents	$ 356,674	$ 354,286
Accounts receivable (Note 4)	5,032	3,274
Due from Government of Alberta	54,659	29,807
Due from Government of Canada	155,713	130,310
Loans receivable (Note 5)	2,685,673	2,520,276
Investments (Note 6)	709,278	2,569,034
	3,967,029	5,606,987
LIABILITIES		
Accounts payable and other accrued liabilities (Note 7)	10,693	13,058
Due to other Provincial Governments (Note 8)	4,836	3,768
Indemnities payable (Note 9)	566,128	256,144
Borrowing from Government of Alberta (Note 10)	2,604,281	2,480,111
Deferred revenue (Note 11)	8,205	7,307
	3,194,143	2,760,388
Net Financial Assets	772,886	2,846,599
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 12)	11,520	20,575
Prepaid expenses	6,833	7,615
	18,353	28,190
Net assets before spent deferred capital contributions	791,239	2,874,789
Spent deferred capital contributions (Note 11)	3,188	9,535
Net Assets	$ 788,051	$ 2,865,254
Net Assets		
Accumulated surplus	$ 788,051	$ 2,865,254

Contingencies, Contractual Obligations and Commitments (Note 14)

The accompanying notes and schedules are part of these financial statements.

[Original signed by Kelly Smith-Fraser]
Chair of the Board of Directors

[Original signed by Chioma Ufodike]
Board FAR Chair

[Original signed by Darryl Kay]
Chief Executive Officer

[Original signed by Steve Lappin]
Chief Financial & Risk Officer

AGRICULTURE FINANCIAL SERVICES CORPORATION

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2022
(in thousands)

	2022 Budget	2022 Actual (Schedule 1)	2021 Actual
Revenues:			
Premiums from insured persons	$ 320,980	$ 324,133	$ 319,096
Interest	97,559	92,530	95,127
Contribution from Government of Alberta	215,306	421,598	293,618
Contribution from Government of Canada	213,011	487,536	256,816
Investment income	58,093	32,216	71,042
Fees and other income	14,975	13,793	59,362
	919,924	1,371,806	1,095,061
Expenses:			
AgriInsurance	349,846	2,796,053	722,992
Agriculture Income Support	89,188	525,424	123,663
Lending	101,142	79,567	95,163
Hail Insurance	24,966	30,430	27,157
Livestock Insurance	19,732	8,098	69,253
Wildlife Damage Compensation	9,851	9,437	31,140
	594,725	3,449,009	1,069,368
Annual (deficit) surplus	$ 325,199	(2,077,203)	25,693
Accumulated surplus at beginning of year		2,865,254	2,839,561
Accumulated surplus at end of year		$ 788,051	$ 2,865,254

The accompanying notes and schedules are part of these financial statements.

AGRICULTURE FINANCIAL SERVICES CORPORATION

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

YEAR ENDED MARCH 31, 2022

(in thousands)

	2022		2021
	Budget	Actual	Actual
Annual (deficit) surplus	$ 325,199	$ (2,077,203)	$ 25,693
Acquisition of tangible capital assets (Note 12)	(7,573)	(899)	(4,124)
Amortization of tangible capital assets (Note 12)	6,790	9,934	12,227
(Gain) on disposal of tangible capital assets	-	(30)	-
Proceeds on sale tangible capital assets	-	50	-
Decrease (increase) in prepaid expenses	-	782	(1,720)
Decrease in spent deferred capital contributions	-	(6,347)	(6,076)
(Decrease) increase in net financial assets in the year	324,416	(2,073,713)	26,000
Net financial assets, beginning of year	2,846,599	2,846,599	2,820,599
Net financial assets, end of year	$ 3,171,015	$ 772,886	$ 2,846,599

The accompanying notes and schedules are part of these financial statements.

AGRICULTURE FINANCIAL SERVICES CORPORATION

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2022

(in thousands)

	2022	2021
Operating transactions:		
Annual (deficit) surplus	$ (2,077,203)	$ 25,693
Non-cash items included in operating results		
Amortization of tangible capital assets (Note 12)	9,934	12,227
Deferred capital contribution recognized as revenue (Note 11)	(7,127)	(8,180)
Amortization of premiums and discounts	845	1,472
Allowance for doubtful accounts and for losses	(13,920)	(1,603)
Loss (gain) on sale of investments	958	(19,878)
(Gain) on capital assets	(30)	(560)
Increase (decrease) in net deferred revenue	898	(310)
Decrease (increase) in prepaid expenses	782	(1,720)
Decrease in accounts receivable	10,110	35,828
(Decrease) increase in environment liabilities	(1,076)	1,001
Increase (decrease) in indemnities payable	309,984	(202,492)
(Decrease) increase in accounts payable and other accrued liabilities	(2,265)	4,145
(Increase) decrease in due from provincial and federal governments	(46,855)	113,719
Cash applied to operating transactions[1]	(1,814,965)	(40,658)
Investing transactions:		
Proceeds from repayments of loans receivable	449,220	484,967
Loan disbursements	(602,012)	(571,705)
Purchase of investments	(1,173,907)	(1,028,804)
Proceeds on disposal of investments	3,021,457	1,092,293
Cash applied to (received from) investing activities	1,694,758	(23,249)
Capital transactions:		
Acquisition of tangible capital assets	(899)	(3,564)
Proceeds on disposal of tangible capital assets	50	-
Cash applied to capital transactions	(849)	(3,564)
Financing transactions:		
Borrowing from the Government of Alberta	2,204,296	865,725
Contributions restricted for capital (Note 11)	780	2,104
Repayment of borrowing from the Government of Alberta	(2,079,296)	(831,450)
Borrowing from the Government of Canada	-	51,646
Repayment of borrowing from the Government of Canada	(2,336)	(26,357)
Cash provided by financing transactions	123,444	61,668
Increase (decrease) in cash and cash equivalents	2,388	(5,803)
Cash and cash equivalents at beginning of year	354,286	360,089
Cash and cash equivalents at end of year	$ 356,674	$ 354,286

(1) Net cash applied to by operating activities includes $65,371 (2021 $65,653) of interest paid.

The accompanying notes and schedules are part of these financial statements.

AGRICULTURE FINANCIAL SERVICES CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

(in thousands)

Note 1 Authority and Purpose

The Agriculture Financial Services Corporation (AFSC, the “Corporation”) operates under the authority of the *Agriculture Financial Services Act*, Chapter A-12 RSA 2000. The Corporation is exempt from income taxes under the *Income Tax Act.*

The Corporation provides income stabilization, disaster assistance, AgriInsurance, livestock price insurance and loans and guarantees to primary agriculture producers in Alberta. Loans and guarantees are also provided to commercial Alberta businesses.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards (PSAS).

Basis of Financial Reporting:

(a) Revenue Recognition

Premiums from insured persons are recorded as revenue when earned over the insurance policy contract term for AgriInsurance and Hail Insurance programs. A corresponding premium contribution from the Governments of Canada and Alberta is also recognized on policies sold under the AgriInsurance programs and is included in Contributions from the Governments of Canada and Alberta. Premiums received by the Corporation in advance of the related policy term are recorded as deferred revenue until earned.

For the Livestock Price Insurance program, premiums are recorded as revenue when a policy is sold.

Government transfers from the Governments of Canada and Alberta are referred to as government contributions. Contributions from the Governments of Canada and Alberta for estimated compensation payments to participants under Agriculture Income Support programs such as AgriStability (formerly the Canadian Agriculture Income Stabilization (CAIS)), AgriInvest, AgriRecovery and Wildlife Damage Compensation are recognized in the period in which the program payments to producers are determinable. Overpayments of compensation payments under the AgriStability program are recovered through repayment or the reduction of future eligible payments under the program or other programs administered by the Corporation. Overpayments are repayable to the Governments of Canada and Alberta.

Contributions received from the Governments of Canada and Alberta that are restricted for the acquisition of tangible capital assets are recognized as deferred revenue when received and recognized as revenue over the useful life of the acquired tangible capital assets.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(a) Revenue Recognition (continued)

Interest income on loans receivable is recognized as earned over the period of loan repayment except for impaired loans. At the date impairment is assessed, interest on arrears is derecognized and is not accrued until the loan reverts to performing status or is terminated. When an impaired loan is reverted to performing status, interest is accrued and recognized from the date of change in status of the loan. Interest previously unrecognized is recognized only when payment is received.

Investment income is recognized in the period in which the income is earned. Gains or losses on the value on investments are recognized when realized on disposition.

Fees which are primarily from lending activities and AgriStability applications are recognized on processing of the related application. AgriStability program application fees received in advance of the program commencement date are recorded as deferred revenue until earned.

(b) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year are expensed. Interest expense includes debt servicing costs such as amortization of discounts and premiums, and issuance costs.

Identifiable administrative expenses for all of the programs administered by the Corporation are charged directly to the specific program. Where the direct charging of the administrative expenses to specific programs is not possible, these expenses are allocated to each program on a basis approved by management.

(c) Valuation of Financial Assets and Liabilities

The Corporation’s financial assets and liabilities include cash and cash equivalents, accounts receivables, prepaid expenses, due from Government of Alberta, due from Government of Canada, loans receivable, investments, accounts payable and other accrued liabilities, due to other Provincial Governments, indemnities payable, borrowing from the Government of Alberta and deferred revenue. All financial instruments are held at cost or amortized cost. The effective interest method is used to recognize interest income or expense. Transaction costs related to all financial instruments are expensed as incurred.

Since no financial assets or liabilities are recorded at fair value and there were no material foreign currency transactions, these statements do not present a Statement of Remeasurement Gains and Losses as the Corporation has no remeasurement gains or losses.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(d) Measurement Uncertainty

There is an inherent degree of uncertainty associated with the measurement of certain amounts recognized or disclosed in the financial statements. In the preparation of the financial statements, management is required to make estimates and assumptions that affect the reported amount of assets, liabilities, net assets and related disclosures. Estimates of material amounts relate to Indemnities payable and Allowances for doubtful accounts and for losses on Accounts receivable and Loans receivable. Accordingly, actual results could differ from these and other estimates thereby impacting future financial statements. Disclosure of the nature and circumstances giving rise to the uncertainty, have been disclosed in the relevant notes in the financial statements (See Notes 4, 5, and 9).

(e) Non-Financial Assets

Non-financial assets are limited to tangible capital assets and prepaid expenses.

(f) Cash and Cash Equivalents

Cash and cash equivalents consists of bank balances. Interest is earned on bank balances as part of funds managed by the Government of Alberta and is included in investment income.

(g) Loans Receivable and Allowances for Doubtful Accounts and for Losses

Loans receivable are recorded at cost or amortized cost less any amount for provision for credit losses. Amounts included in the cost of loan receivable include principal not due, arrears of principal and interest, accrued interest and capitalized other costs.

The Corporation records valuation allowances to reduce the cost of impaired loans to their net realizable value. A loan is classified as impaired when collection of principal and interest is no longer reasonably assured. Two types of allowances are established for loans receivable.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(g) Loans Receivable and Allowances for Doubtful Accounts and for Losses (continued)

Specific allowance – this allowance is established after a loan-by-loan review of accounts meeting prescribed criteria indicative of a potential deterioration in the credit quality of debt. The specific allowance for each loan is determined as the difference between the loan principal amount outstanding and the discounted net present value of the related security net of the cost of realization. Changes in net realizable value of security subsequent to the recording of the initial allowance are adjusted through the specific allowance.

General allowance – two types of general allowance are recorded. The first type is for estimated probable losses relating to deterioration in the full recoverability of individual loan accounts which have not yet met management's criteria for setting up a specific allowance at the Statement of Financial Position date. A methodology is applied to determine the Corporation's risk exposure to probable losses on individual loan accounts not subject to a specific allowance. The second type is for the aggregate amount owing for individual loans under a specific program or industry sector or a geographical area. In determining the allowance, management considers economic and market conditions and uncertainties affecting recoverability of such loans.

Loans are written off against the related allowance for doubtful accounts and for losses if there is no realistic prospect of future recovery. Any recovery of amounts previously written off is recognized on receipt of proceeds.

(h) Concessionary Loans and Loan Discounts

A loan is considered to have concessionary terms when at inception of the loan, the net present value of expected future cash flows is less than present book value. Book values of concessionary loans are reduced to their net present values by loan discounts expensed in the year in which loans are disbursed and amortized to interest revenue over the period of the concessionary term in proportion to loan repayments received.

(i) Investments

Investments are carried at cost or amortized cost unless there is an other than temporary decline in the value of the investments; then the investments are written down to recognize the loss. Premiums and discounts on investments are amortized to investment income using the effective interest rate method over the period to maturity of the related investment. Gains and losses realized on disposal of investments are included in investment income.

(j) Borrowing from Government of Alberta

Borrowing is carried at amortized cost. Premiums and discounts on borrowing are amortized to interest expense using the effective yield method over the period to maturity.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(k) Tangible Capital Assets including Capital Leases

Tangible capital assets of the Corporation are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. An asset acquired, other than computer software, with a life of more than one year and a cost of $5 or more is capitalized. Computer software acquired from external sources at a cost of $100 or more and software developed by the Corporation costing $500 or more are capitalized.

Leases that, from the point of view of the lessee, transfer substantially all the benefits and risks incidental to the ownership of the asset to the Corporation are considered capital leases. These are accounted for as an asset and an obligation. Capital lease obligations are recorded at the present value of the minimum lease payments excluding executory costs. The discount rate used to determine the present value of the lease payments is the Corporations incremental borrowing rate.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Corporation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the Statement of Operations.

(l) AgriStability, AgriInvest and AgriRecovery Program

Payments under the programs to participants, administration expenses and corresponding contributions from the Governments of Canada and Alberta are recorded at 100% for AgriStability and AgriRecovery programs because the programs are delivered by the Corporation and at 40% for AgriInvest program because the program is delivered by Agriculture and Agri-Food Canada.

(m) Reinsurance

The Corporation carries reinsurance to cover AgriInsurance risks through two levels of government. Two crop reinsurance funds were established. On behalf of the Province, the Corporation administers the provincial fund called the Crop Reinsurance Fund of Alberta. The Government of Canada holds the federal fund called the Crop Reinsurance Fund of Canada for Alberta. The Crop Reinsurance Fund of Alberta is included as part of the AgriInsurance net assets of the Corporation. Contributions to and withdrawals from the Funds are made in accordance with terms and conditions of the agreement between the Governments of Canada and Alberta (see Note 17).

In addition, the Corporation carries two different types of reinsurance through private reinsurance companies for the Hail and Livestock insurance programs. This includes both Excess of loss and Quota share reinsurance. Excess of loss is a type of reinsurance in which the reinsurer indemnifies the ceding company for losses that exceed a specified limit.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(m) Reinsurance (continued)

Quota share is a type of pro rata reinsurance contract in which the insurer and reinsurer share premiums and indemnities according to a fixed percentage. To reflect the objective of reinsurance as cost recovery, all reinsurance transactions, including brokerage commissions, ceded premiums and indemnities recovered, are disclosed in Schedule 1 as Net reinsurance expenses or fees and other income if the indemnities recovered are greater than the ceded premiums. Disclosure of the actual amounts relating to brokerage fees, ceded premiums and indemnity recoveries have been disclosed in the financial statement notes (see Note 18).

(n) AgriInsurance Accumulated Surplus Restriction

In accordance with the Federal/Provincial Agricultural Policy Framework Implementation Agreement, the AgriInsurance accumulated surplus of $611,624 (2021 $2,710,916) is restricted for AgriInsurance purposes only (see Schedule 1).

(o) Pensions

The Corporation participates in multi-employer pension plans with related government entities. Pension costs included in these statements are comprised of the cost of employer contributions for the current year service of employees.

(p) Transactions with Related Parties

The Government of Alberta (the Government) significantly influences the programs delivered by the Corporation and is a major contributor to the funding of the programs. Therefore, the Government is considered a related party. All related party transactions with the Government of Alberta have been recorded at the exchange amount which is the consideration paid or received as agreed to by the related party (see Note 16).

(q) Environmental Liabilities

Contaminated sites are a result of contamination of a chemical, organic or radioactive material or live organisms that exceeds an environment standard, being introduced into soil, water or sediment. The Corporation recognizes a liability for the sites no longer in use where the contamination has exceeded the relevant environmental standards and where the Corporation has accepted responsibility. Included in Accounts Payable and Other Accrued Liabilities (Note 7) is a liability of $1,053 for the estimated remaining remediation (2021 $2,129).

(r) Net Debt Model

Net debt model has been adopted for the presentation of the financial statements. Net financial asset or net debt is measured as the difference between the Corporation’s financial assets and liabilities.

AGRICULTURE FINANCIAL SERVICES CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

(in thousands)

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(r) Net Debt Model (continued)

A net financial asset balance indicates the extent of the Corporation's dependence on government transfers and operating revenues to net assets resulting from settlement of its financial assets and liabilities.

(s) Legislative Non-compliance

Following a review of salary increases, it was determined that certain increases were non-compliant with the Government of Alberta *Salary Restraint Regulation*. As a result of this review, it was determined that salaries, wages and employee benefits exceeded the Government of Alberta *Salary Restraint Regulation* (AR80/2021) by $60 for the year ended March 31, 2022 and $117 (2021). The increases were prospectively adjusted to comply with the terms of the Government of Alberta *Salary Restraint Regulation* (AR 80/2021) effective October 1, 2021.

Note 3 Future Changes in Accounting Standards

The Public Sector Accounting Board has approved the following accounting standards:

- **PS 3280 Asset Retirement Obligations (effective April 1, 2022)**
  This standard provides guidance on how to account for and report liabilities for retirement of tangible capital assets.
- **PS 3400 Revenue (effective April 1, 2023)**
  This standard provides guidance on how to account for and report on revenue, specifically, it differentiates between revenue arising from exchange transactions and non-exchange transactions.
- **PS 3160 Public Private Partnership (effective April 1, 2023)**
  This standard provides guidance on how to account for and report public private partnerships between public and private sector entities, where the public sector entity procures infrastructure using a private sector partner.

The Corporation has not yet adopted these standards. Management is currently assessing the impact of these standards on the financial statements.

AGRICULTURE FINANCIAL SERVICES CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

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(in thousands)

Note 4 Accounts Receivable

	2022	2021
Due from reinsurers		
Livestock & Hail Insurance programs	$ 2,384	$ 386
AgriStability & Agriculture Income Support programs:		
Overpayments	1,728	1,141
Administration fees	315	397
Premiums from insured persons		
Livestock Insurance program	1,525	1,846
AgriInsurance program	932	1,046
Hail Insurance program	112	49
Other	433	126
	7,429	4,991
Allowances for doubtful accounts		
At beginning of year	(1,717)	(4,525)
(Increase) decrease for the year	(762)	2,145
Write offs	82	663
At end of year	(2,397)	(1,717)
	$ 5,032	$ 3,274

Included in the allowances for doubtful accounts is $1,728 (2021 $1,141) representing the amount of overpayments under AgriStability and Agriculture Income Support programs in recognition of the Corporation's role as an agent for collection. The allowance for doubtful accounts is subject to measurement uncertainty as it is an estimate based on management's assessment of collectability of outstanding balances.

Note 5 Loans Receivable

Loans receivable are comprised of the following:

	2022			2021
	Farm	Commercial	Total	Total
Performing loans - non concessionary	$ 2,464,623	$ 187,324	$ 2,651,947	$ 2,489,712
Performing loans - concessionary	699	-	699	888
Impaired loans	2,408	17,344	19,752	32,978
	2,467,730	204,668	2,672,398	2,523,578
Accrued interest	28,647	762	29,409	29,172
Loan discount	(8)	-	(8)	(11)
	2,496,369	205,430	2,701,799	2,552,739
Allowances for doubtful accounts for loans	(3,435)	(12,691)	(16,126)	(32,463)
Net carrying value	$ 2,492,934	$ 192,739	$ 2,685,673	$ 2,520,276

All loans have fixed interest rates for the term of loan or renewal period.

Loans have blended repayments during the term. Loans can be repaid in full or part during the term without any penalty.

AGRICULTURE FINANCIAL SERVICES CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

(in thousands)

Note 5 Loans Receivable (continued)

Allowances for doubtful accounts for loans are as follows:

	Farm	Commercial	2022	2021
At beginning of year	$ 6,330	$ 26,133	$ 32,463	$ 41,959
(Decrease) increase for the year	(2,877)	(11,805)	(14,682)	542
Write-offs	(18)	(1,637)	(1,655)	(10,038)
At end of year	$ 3,435	$ 12,691	$ 16,126	$ 32,463
Specific allowance	$ 543	$ 9,137	$ 9,680	$ 18,269
General allowance	2,892	3,554	6,446	14,194
	$ 3,435	$ 12,691	$ 16,126	$ 32,463

Valuation allowances of loans receivable are based on management's best estimate. Actual losses realized may vary significantly from management's estimate.

Due to the COVID-19 pandemic, an allowance has been included in the specific allowance for $819 (2021 $3,853) and in the general allowance for $372 (2021 $7,160).

Loans receivable are secured by tangible assets consisting predominantly of land followed by buildings, equipment and other assets. The estimated values of such assets are $5,964,840 (2021 $5,703,140).

The composition of the Loans receivable balance by range of effective annual interest rates is as follows:

	2022	2021
Effective Annual Interest Rate		
Less than or equal to 2%	$ 244,567	$ 219,253
2.01% to 3.00%	732,654	524,083
3.01% to 4.00%	865,112	824,279
4.01% to 5.00%	652,551	718,936
5.01% to 6.00%	132,447	172,077
6.01% to 7.00%	42,860	61,127
7.01% to 8.00%	1,937	3,057
Over 8%	262	755
	2,672,390	2,523,567
Accrued interest	29,409	29,172
Allowance for doubtful accounts for loans	(16,126)	(32,463)
	$ 2,685,673	$ 2,520,276
Weighted average annual interest rate	3.50%	3.68%

AGRICULTURE FINANCIAL SERVICES CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

(in thousands)

Note 6 Investments

	2022	2021
Bonds and debentures:		
Government of Canada, direct and guaranteed	$ 293,267	$ 1,106,676
Other provincial, direct and guaranteed	74,207	275,521
	367,474	1,382,197
Corporate securities:		
Asset backed securities, AAA rated	197,383	691,567
Senior bank notes	141,912	482,211
	339,295	1,173,778
	706,769	2,555,975
Accrued interest	2,509	13,059
	$ 709,278	$ 2,569,034

The fair value of investments at March 31, 2022 is $680,213 (2021 $2,602,642). Fair value is based on quoted market prices excluding accrued interest.

The following provides a breakdown of the investment portfolio by term to maturity.

	Term to Maturity (1)			
	Within 1 Year	1 to 5 Years	2022	2021
Bonds and debentures	$ 39,339	$ 328,135	$ 367,474	$ 1,382,197
Yield (2)	1.80%	2.44%	2.37%	0.74%
Corporate Securities	10,703	328,592	339,295	1,173,778
Yield (2)	2.35%	2.92%	2.90%	0.87%
	50,042	656,727	706,769	2,555,975
Accrued interest	66	2,443	2,509	13,059
	$ 50,108	$ 659,170	$ 709,278	$ 2,569,034

(1) Term to maturity classifications are based on contractual maturity date of the security.

(2) Yield represents the rate which discounts future cash receipts to the carrying amount.

Note 7 Accounts Payable and Other Accrued Liabilities

	2022	2021
Supplies and services	$ 5,956	$ 7,548
Salaries, wages and employee benefits	4,585	5,410
Reinsurance Premiums to Government of Canada	18	18
Other	134	82
	$ 10,693	$ 13,058

(in thousands)

Note 8 Due to (from) Other Provincial Governments

Due to provincial governments represents amounts collected from and paid to other provincial governments relating to the Western Livestock Price Insurance program which was implemented in April 2014. The program provides producers with protection against an unexpected drop in prices on cattle and hogs. The Corporation entered into an agreement with the other provincial governments to deliver this program to producers in British Columbia, Saskatchewan and Manitoba. Any premiums, indemnities or expenses collected on behalf of producers outside of Alberta are recorded as Due to provincial governments in the financial statements. The Corporation’s Statement of Operations includes premiums, indemnities and administration expenses for Alberta producers only.

Breakdown of the amounts owing is as follows:

	2022	2021
Premiums collected	$ 45,105	$ 41,897
Indemnities paid	(36,400)	(35,022)
Administration costs receivable	(151)	(147)
Reinsurance premiums	(17,055)	(15,910)
Reinsurance recoveries and ceded losses	13,337	12,950
	$ 4,836	$ 3,768

Note 9 Indemnities Payable

	2022	2021
AgriStability (previously CAIS program), AgriInvest, AgriRecovery and related programs (Note 2(l))		
Current claim year	$ 120,443	$ 148,051
Prior claim years	142,100	89,431
	262,543	237,482
AgriInsurance	299,240	17,288
Livestock Price Insurance	2,947	105
Wildlife Compensation	1,398	1,203
Hail Insurance	-	66
	$ 566,128	$ 256,144

Estimated indemnities payable of $566,128 and corresponding contributions and receivables from the Governments of Canada and Alberta are subject to measurement uncertainty because they could change materially in the future, if factors and assumptions considered by management in establishing the estimates were to change significantly.

(in thousands)

Note 9 Indemnities Payable (continued)

Estimated indemnities for the current claim year for the AgriStability and AgriInvest programs are based on a variety of factors such as number of participants, estimated reference margins, estimated claim year margins based on projected forecast commodity prices, crop yields, inventory changes and forecast changes in eligible income and expenses on an aggregate basis for different types of agriculture industry.

There are some inherent limitations to the model such as the intrinsic uncertainty in agriculture market forecasts as well as uncertainty in forecasting participation. Applying macro adjustments may not be reflective of the sample of participants and the model cannot forecast disasters as it is biased to prior year results.

Based on the above key assumptions and using a statistical model for projections, estimated indemnities for the current year would be in the range of $90,542 to $150,219. In four out of the past five years, actual indemnities have fallen outside the range.

Estimated indemnities for prior claim years under AgriStability, AgriInvest and AgriRecovery programs are based on probable payments for claims not yet processed.

Estimated indemnities payable for the AgriInsurance program are based upon number of claims remaining to be paid and average claim payment amounts. The indemnities payable also includes claims deferred by producers. Based on that information the projected estimated indemnities would be in the range of $231,036 to $367,442.

Indemnities for Livestock Price Insurance program are based on estimated payments using forward contract prices applicable to policies sold during the fiscal year with settlement dates beyond the end of fiscal year.

Note 10 Borrowing from Government of Alberta

All borrowings from the Government of Alberta bear interest rates which are fixed for the term of the borrowing.

The composition of outstanding borrowing from the Government of Alberta by range of effective annual interest rate is as follows:

	2022	2021
Effective annual Interest Rate		
Less than or equal to 2%	$ 596,432	$ 385,000
2.01% to 3.00%	1,397,000	1,397,000
3.01% to 4.00%	400,721	400,721
4.01% to 5.00%	202,862	289,294
	2,597,015	2,472,015
Accrued interest	14,374	15,519
Unamortized premium	(7,108)	(7,423)
	$ 2,604,281	$ 2,480,111
Weighted average annual interest rate	2.41%	2.67%

(in thousands)

Note 10 Borrowing from Government of Alberta (continued)

Principal repayments due in each of the next five years and thereafter are as follows:

Year ending March 31,	2023	$ 517,863
	2024	294,431
	2025	120,000
	2026	120,000
	2027	215,721
	Thereafter	1,329,000
		$ 2,597,015

The estimated fair value of borrowings as at March 31, 2022 is $2,567,912 (2021 $2,575,394). Fair value is an approximation of market value to the holder.

Note 11 Deferred Revenue and Spent Deferred Capital Contributions

	2022	2021
Deferred revenue	$ 8,205	$ 7,307
Spent deferred capital contributions	3,188	9,535
	$ 11,393	$ 16,842

Deferred revenue

	2022				2021
	Government of Canada	Non-government	Government of Alberta	Total	Total
Balance at beginning of year	$ -	$ 7,307	$ -	$ 7,307	$ 7,616
Received during year	-	8,205	-	8,205	7,307
Less amounts recognized	-	(7,307)	-	(7,307)	(7,616)
Balance at end of year	$ -	$ 8,205	$ -	$ 8,205	$ 7,307

Spent deferred capital contributions

	2022				2021
	Government of Canada	Non-government	Government of Alberta	Total	Total
Balance at beginning of year	$ 5,546	$ 291	$ 3,698	$ 9,535	$ 15,611
Transferred capital assets received	468	-	312	780	2,104
Less amounts recognized as revenue	(4,218)	(97)	(2,812)	(7,127)	(8,180)
Balance at end of year	$ 1,796	$ 194	$ 1,198	$ 3,188	$ 9,535

AGRICULTURE FINANCIAL SERVICES CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

(in thousands)

Note 11 Deferred Revenue and Spent Deferred Capital Contributions (continued)

Deferred revenue represents premiums received from producers for AgriInsurance programs, fees collected for the AgriStability program relating to the next fiscal year. Spent deferred capital contributions represent contributions received from the federal and provincial governments that are restricted for the acquisition of tangible capital assets.

Note 12 Tangible Capital Assets

	Land	Building	Furniture and Fixtures	Vehicles	Computer Equipment and Software		
Estimated Useful Life	Indefinite	25 - 40 years	5 - 10 years	5 - 10 years	2 - 10 years	2022	2021
Historical Cost							
At beginning of year	$ 2,267	$ 10,210	$ 12,740	$ 5,851	$ 111,759	$ 142,827	$ 141,803
Additions	-	-	-	130	769	899	4,124
Disposals including write-downs	(20)	-	(684)	(301)	(2,933)	(3,938)	(3,100)
	2,247	10,210	12,056	5,680	109,595	139,788	142,827
Accumulated amortization							
At beginning of year	-	6,731	11,215	4,467	99,839	122,252	113,125
Amortization expense	-	184	358	422	8,970	9,934	12,227
Effect of disposals including write-downs	-	-	(684)	(301)	(2,933)	(3,918)	(3,100)
	-	6,915	10,889	4,588	105,876	128,268	122,252
Net book value at March 31, 2022	$ 2,247	$ 3,295	$ 1,167	$ 1,092	$ 3,719	$ 11,520	
Net book value at March 31, 2021	$ 2,267	$ 3,479	$ 1,525	$ 1,384	$ 11,920		$ 20,575

Computer equipment, vehicles and software costs include $1,282 (2021 $1,908) of costs incurred that are not amortized because they are still being deployed or are still in the development stage. Furniture and fixtures also includes leasehold improvements with NBV $835 (2021 $1,060) amortized over the life of the lease.

Note 13 Pensions

The Corporation participates in the multi-employer Alberta Management Employees Pension Plan and the Alberta Public Service Pension Plan. The Corporation also participates in the multi-employer Supplementary Retirement Plan for Alberta Public Service Managers.

The Corporation does not have sufficient plan information to follow the standards for defined benefit accounting, and therefore, follows the standards for defined contribution accounting. Accordingly, pension expense recorded for the plans is comprised of employer contributions to the plan that are required for its employees during the year, which are calculated based on actuarially pre-determined amounts that are expected to provide the plan's future benefits. The expense for these pension plans is equivalent to the annual contributions of $4,505 for the year ended March 31, 2022 (2021 $4,696).

(in thousands)

Note 13 Pensions (continued)

At December 31, 2021, the Alberta Management Employees Pension Plan reported a surplus of $1,348,160 (2020 surplus $809,850), the Alberta Public Service Pension Plan reported a surplus of $4,588,479 (2020 surplus $2,223,582) and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of $20,982 (2020 deficiency $59,972). The Corporation's share of these pension plans' deficiency is not determinable. The Corporation is not responsible for future funding of the plan deficits other than through contribution increases.

As a result of the COVID-19 outbreak, declared a global pandemic on March 11, 2020, global financial markets and world economies have experienced significant volatility. Given the extent of the crisis, and varying levels of response and recovery of countries across the globe, additional uncertainty remains and will continue to exist with regards to fair value measurement of the pension plans investments.

Note 14 Contingencies, Contractual Obligations and Commitments

Contingent Liability

	2022	2021
Loan guarantees	$ 1,146	$ 1,170

The Corporation has been named in two (2021 one) claims of which the outcome is not determinable. Specified amount total is $308 (2021 $15). The resolution of the indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

Contractual Obligations

	2022	2021
Operating leases	$ 8,416	$ 9,374
Reinsurance	6,673	6,641
Other contracts	7,726	13,338
Total contractual obligations	$ 22,815	$ 29,353

Reinsurance, operating leases and contracts due in each of the next five years and thereafter are as follows:

Year ending March 31,	2023	$ 13,454
	2024	3,937
	2025	2,782
	2026	1,390
	2027	688
	Thereafter	564
		$ 22,815

AGRICULTURE FINANCIAL SERVICES CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

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(in thousands)

Note 14 Contingencies, Contractual Obligations and Commitments (continued)

The Corporation entered into a quota share reinsurance contract which is a pro rata reinsurance contract in which the insurer and the reinsurer share in premiums and indemnities according to a fixed percentage. The fixed percentages are 27.5% for Livestock insurance and 30% for Hail insurance.

The operating lease contractual obligations are for accommodations with terms up to seven years.

Commitments

	2022	2021
Approved, undisbursed loans	$ 275,550	$ 301,947

Note 15 Financial Instruments and Financial Risk Management

Financial instruments comprise the majority of the Corporation’s assets and liabilities. The Corporation is exposed to credit, interest and liquidity risks in respect to its use of financial instruments.

Credit Risk

Credit risk is the possibility that a debtor will not pay amounts owing to the Corporation, resulting in a loss to the Corporation.

The Corporation’s maximum possible exposure to credit risk is as follows:

	2022	2021
Loans receivable	$ 2,685,673	$ 2,520,276
Investments	709,278	2,569,034
Due from Government of Canada	155,713	130,310
Due from Government of Alberta	54,659	29,807
Accounts receivable	5,032	3,274
Loan guarantees	1,146	1,170
Total	$ 3,611,501	$ 5,253,871

Loans receivable - Security requirements for a loan or guarantee depend on the risk involved in each individual operation. Adequate security is required for new and emerging businesses as well as for enterprises needing specialized or customized equipment. To mitigate credit risk, lending staff monitor loan accounts continually to ensure prompt response to any financial difficulties customers may encounter. Interest rates for loans and interest rates for borrowing are both set by the Government of Alberta. In order to mitigate the exposure of interest rate fluctuations, the Corporation maintains a balance of short term funds.

AGRICULTURE FINANCIAL SERVICES CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

(in thousands)

Note 15 Financial Instruments and Financial Risk Management (continued)

Investments – the Corporation invests surplus funds generated by Production Insurance operations. To decrease the risk of loss of investment, the majority of funds are invested in bonds of federal or provincial governments or securities of corporations that have superior credit ratings. The investments are managed by Alberta Investment Management Corporation, an Alberta Crown Corporation. The Corporation also invests in asset-backed securities (AAA rating) and senior bank notes (A rating and higher). Both of these investments consist of securities with relatively low levels of risk.

Due from the Government of Alberta and the Government of Canada – the Corporation is not exposed to significant credit risk as payment in full is typically collected when due.

Accounts receivable - Payments to some AgriStability/Agriculture Income Support program participants resulted in overpayments when information provided to the Corporation by participants proved to be incorrect or not supported. This creates a risk of potential non-repayment of the overpayments. The Corporation may set off overpayments against any payments to customers.

The Corporation provides insurance coverage on crops, effective at the acceptance of the customer's application for insurance, with or without payment of premiums in full. Non-collection of outstanding insurance premiums is a risk. To minimize this risk, a discount is offered for early payment of insurance premiums and arrangements are made for a payment schedule for all customers not taking advantage of the discount. Insurance staff closely monitors outstanding premiums and promptly take collection action when required.

The following breakdown of the Loans receivable provides an indication of the concentration of credit risk in the loan portfolio. Further information is provided throughout these statements which disclose other concentrations of credit risk.

	2022		2021	
	Dollar	Percentage	Dollar	Percentage
Loans receivable by individual sector:				
Grain and oilseeds	$ 1,500,662	56%	$ 1,402,862	56%
Cattle	869,724	32%	819,474	32%
Other livestock	102,712	4%	87,850	3%
Accommodations and other services	74,423	3%	90,684	4%
Manufacturing	52,818	2%	46,775	2%
Trade - retail and wholesale	23,181	1%	24,416	1%
Other	78,279	3%	80,678	3%
Allowance	(16,126)	-1%	(32,463)	-1%
	$ 2,685,673	100%	$ 2,520,276	100%

AGRICULTURE FINANCIAL SERVICES CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

(in thousands)

Note 15 Financial Instruments and Financial Risk Management (continued)

Interest Rate Risk

Interest rate risk is the impact future changes in interest rates have on cash flows and fair values of financial assets and liabilities. The Corporation's interest rate exposure relates to investments, loans receivable, and borrowing from the Government of Alberta.

Investments – Interest rate risk on investments is mitigated by the Corporation's Investment Policy for surplus funds. The investment policy is approved by the Board of Directors and compliance with the policy is reported to the Board Audit Committee at least twice a year. Duration of investments are set to match management's best estimate of when investments may be needed to be liquidated to meet financial commitments. These investments are normally held to maturity so changes in interest rates do not affect value of the investments as they are carried at amortized cost.

Loans receivables – Loans receivable balances consist of loans with interest rates fixed either until maturity date or for a term with a renewable option. The Corporation allows its customers to prepay their loans without any prepayment penalties. In the normal course of business, loan customers prepay their loans in part or in full prior to the contractual maturity date. Impact of interest rate changes on performance of loan portfolio and cash flows could be significant as a result of changes in market interest rates and borrower's repayment preferences.

Borrowing from the Government of Alberta - The interest rates on borrowings are fixed until maturity. For a vast majority of borrowings, principal repayments are due in full on maturity date with no prepayment option. Cash inflows are matched with outflows through additional borrowing as required from the Government of Alberta. Management has assessed that the interest rate risk related to borrowing is not significant.

The following position of the Corporation's loan portfolio and borrowing provides additional information on interest rate risk.

	Scheduled Repayment[1]				Not Interest Rate Sensitive[2]	2022	2021
	Within 1 Year	1 to 5 Years	6 to 10 Years	Over 10 Years		Total	Total
Loan balances	$ 197,454	$ 665,510	$ 680,684	$ 1,116,710	$ 25,315	$ 2,685,673	$ 2,520,276
Yield	3.34%	3.50%	3.63%	3.47%	-	3.51%	3.70%
Borrowing from Government of Alberta	$ 517,863	$ 750,152	$ 1,329,000	$ -	$ 7,266	$ 2,604,281	$ 2,480,111
Yield [3]	2.71%	2.59%	2.36%	-	-	2.56%	2.60%
Net gap	$ (320,409)	$ (84,642)	$ (648,316)	$ 1,116,710	$ 18,049	$ 81,392	$ 40,165

(1) For loan balances, scheduled repayments of principal are based on amortization of loans for the remaining term up to maturity at applicable interest rates. For borrowing from the Government of Alberta, scheduled repayments reflect contractual repayment of principal.

(2) Includes impaired loans, specific and general allowance, accrued interest and unamortized loan discount.

(3) Yield represents the rate which discounts future cash receipts to the carrying amount.

AGRICULTURE FINANCIAL SERVICES CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

(in thousands)

Note 15 Financial Instruments and Financial Risk Management (continued)

Liquidity Risk

Liquidity risk relates to the Corporation's ability to access sufficient funds to meet its financial commitments.

The Corporation's primary liquidity risk relates to its liability for insurance claims. Insurance claims are funded firstly with current year premiums collected, which normally exceeds cash requirements. In addition, the investment portfolio of surplus funds in insurance operations is structured in such a way that a portion of the portfolio is accessible at short notice to fund claim payments. The Corporation also carries private sector reinsurance for Livestock Price Insurance and Hail Insurance providing significant protection against catastrophic losses. If all of the above are exhausted, the AgriInsurance program has a reinsurance agreement with the Government of Canada and the Government of Alberta to provide additional funding for claim payments. Additionally, the Corporation has access to advances from the Government of Alberta to meet short-term cash flow needs.

Note 16 Related Party Transactions

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's consolidated financial statements. Related parties also include key management personnel and their close family members. Any amounts incurred were in the normal course of business and have been excluded from this schedule.

The Corporation had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	2022	2021
Revenues:		
Grants	$ 421,598	$ 293,618
Expenses:		
Accommodation	$ 528	$ 560
Other services	2,665	2,421
Interest	65,233	67,469
	$ 68,426	$ 70,450
Payable to:		
Ministry of Agriculture, Forestry and Rural Economic Development	$ 650	$ 587
Ministry of Treasury Board and Finance	2,604,281	2,480,111
Receivable from:		
Ministry of Agriculture, Forestry and Rural Economic Development	54,659	29,807
Deferred Revenue from:		
Ministry of Agriculture, Forestry and Rural Economic Development	1,198	3,698
	$ 2,660,788	$ 2,514,203

(in thousands)

Note 17 Crop Reinsurance Funds

The contributions, withdrawals and accumulated net asset positions of the AgriInsurance Reinsurance Fund of Alberta and the AgriInsurance Reinsurance Fund of Canada for Alberta are as follows (see Note 2(m)):

	AgriInsurance Reinsurance Fund of Alberta		AgriInsurance Reinsurance Fund of Canada for Alberta	
	2022	2021	2022	2021
Opening net assets	$ 33,641	$ 33,641	$ 34,530	$ 34,530
Contributions	-	-	-	-
Closing net assets	$ 33,641	$ 33,641	$ 34,530	$ 34,530

The closing net assets balance in the AgriInsurance Reinsurance Fund of Alberta is consolidated in the AgriInsurance Fund in Schedule 1.

Note 18 Reinsurance Expense

	Hail Insurance	Livestock Insurance	2022	2021
Brokerage				
Brokerage rebate	$ (184)	$ (307)	$ (491)	$ -
Excess loss				
Reinsurance expense	967	1,556	2,523	3,483
Recoveries	-	-	-	(51,704)
Quota Share				
Ceded premiums and commissions	9,088	1,921	11,009	13,329
Ceded losses	(7,975)	(1,373)	(9,348)	(7,334)
Net reinsurance expense (recoveries)	$ 1,896	$ 1,797	$ 3,693	$ (42,226)

For 2020-21, livestock reinsurance recoveries are consolidated in the Livestock Insurance Fees and other income on Schedule 1.

Note 19 Budget

The budget reported in the Statement of Operations was included in the 2021-22 Government Estimates.

Note 20 Comparative Figures

The 2021 figures have been reclassified where necessary to conform to 2022 presentation.

AGRICULTURE FINANCIAL SERVICES CORPORATION
SCHEDULE OF OPERATIONS
YEAR ENDED MARCH 31, 2022
(dollars in thousands)

	2022	2021	2022	2021	2022
	AgriInsurance	**AgriInsurance**	**Agriculture Income Support**	**Agriculture Income Support**	**Lending**
	Note 2(n)	Note 2(n)			
Revenues:					
Premiums from insured persons	$ 281,387	$ 273,004	$ -	$ -	$ -
Interest	407	439	13	93	92,035
Contribution from Government of Alberta	191,109	211,208	226,195	61,416	-
Contribution from Government of Canada	192,068	189,052	288,900	51,324	-
Investment income	31,728	69,985	219	359	98
Fees and other income	62	31	10,116	10,741	3,266
	696,761	743,719	525,443	123,933	95,399
Expenses:					
Indemnities	2,754,272	681,501	507,845	111,232	-
Salaries, wages and employee benefits	25,138	25,735	9,864	8,451	15,671
Supplies and services	12,459	10,736	4,570	3,546	11,693
Amortization of tangible capital assets	4,105	4,920	2,515	2,684	1,651
Interest	-	-	-	-	65,233
Reinsurance (Note 18)	-	-	-	-	-
Allowance for doubtful accounts and for losses (Note 4 & 5)	79	100	630	(2,250)	(14,681)
	2,796,053	722,992	525,424	123,663	79,567
Annual (deficit) surplus	(2,099,292)	20,727	19	270	15,832
Accumulated surplus at beginning of year	2,710,916	2,690,189	2,781	2,511	88,226
Accumulated surplus at end of year	$ 611,624	$ 2,710,916	$ 2,800	$ 2,781	$ 104,058

Schedule 1

2021 Lending	2022 Hail Insurance	2021 Hail Insurance	2022 Livestock Insurance	2021 Livestock Insurance	2022 Wildlife Damage Compensation	2021 Wildlife Damage Compensation	2022 Total	2021 Total
$ -	$ 34,116	$ 30,315	$ 8,630	$ 15,777	$ -	$ -	$ 324,133	$ 319,096
94,458	55	62	20	75	-	-	92,530	95,127
4,083	-	-	580	798	3,714	16,113	421,598	293,618
-	-	-	847	1,128	5,721	15,312	487,536	256,816
343	115	193	53	190	3	(28)	32,216	71,042
3,946	183	180	98	44,295	68	169	13,793	59,362
102,830	34,469	30,750	10,228	62,263	9,506	31,566	1,371,806	1,095,061
-	26,481	21,731	4,715	67,094	8,497	28,868	3,301,810	910,426
16,933	301	990	858	1,136	540	1,376	52,372	54,621
6,012	452	570	455	692	258	679	29,887	22,235
2,179	1,300	1,896	221	331	142	217	9,934	12,227
69,497	-	-	-	-	-	-	65,233	69,497
-	1,896	1,965	1,797	-	-	-	3,693	1,965
542	-	5	52	-	-	-	(13,920)	(1,603)
95,163	30,430	27,157	8,098	69,253	9,437	31,140	3,449,009	1,069,368
7,667	4,039	3,593	2,130	(6,990)	69	426	(2,077,203)	25,693
80,559	49,141	45,548	11,958	18,948	2,232	1,806	2,865,254	2,839,561
$ 88,226	$ 53,180	$ 49,141	$ 14,088	$ 11,958	$ 2,301	$ 2,232	$ 788,051	$ 2,865,254

Schedule 2

AGRICULTURE FINANCIAL SERVICES CORPORATION
SCHEDULE OF SALARIES AND BENEFITS
YEAR ENDED MARCH 31, 2021
(in thousands)

	2022				2021
	Base Salary[1]	Other Cash Benefits[2]	Other Non-cash Benefits[3]	Total	Total
Chair of Board[4]	$ 23	$ -	$ -	$ 23	$ 19
Board Members[5]	42	-	1	43	67
Executive Members					
Chief Executive Officer[6]	262	18	56	336	349
Chief Strategy & Innovation Officer	235	1	60	296	312
Chief Client Officer[7]	240	1	52	293	313
Chief Financial & Risk Officer[8]	223	1	47	271	133
Chief Information Officer	199	5	39	243	271
Chief People Officer	151	10	40	201	269

(1) Base salaries include remuneration for Chair and Board for attendance at meetings and base pay for employees.
(2) Other cash benefits include vacation payments and lump sum payments including severance. There were no bonuses paid during the year.
(3) Other non-cash benefits include employer's share of all employee benefits and contributions or payments made on behalf of employees, including health care, dental, medical and vision care, group life insurance benefits, pension and supplementary retirement plan, employment insurance, accidental death/dismemberment and long-term disability insurance, workers' compensation and professional memberships.
(4) The Chair of the Board was divided between two individuals (April 1, 2021 – September 7, 2021 and September 8, 2021 – March 31, 2022). The position was held by the Deputy Minister, Agriculture, Forestry, Rural Economic Development for April 1, 2021 – September 7, 2021. The 2021 amount relates to the position being divided between two individuals (April 1, 2020 – April 11, 2020 and April 12, 2020 – October 8, 2020). The Chair of the Board for the remainder of 2020-21 was held by the Deputy Minister, Agriculture, Forestry, Rural Economic Development.
(5) The amounts relate to six Board Members for two months, five Board Members for four months and four Board Members for six months during 2021-22. The 2021 amount relates to six Board Members for six months and five Board Members for six months.
(6) The Chief Executive Officer amount for 2021 was divided between two individuals (one for April 1, 2020 – June 30, 2020 and the other October 1, 2020 – March 31, 2021). The period in between was handled by a contracted employee.
(7) The amounts relate to eleven months during 2020-21.
(8) The amounts relate to six months during 2020-21.

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