

23

ANNUAL

24

REPORT



AGRICULTURE FINANCIAL
SERVICES CORPORATION



At AFSC, we work with producers and industry to grow and sustain agriculture in Alberta.

It starts with **our people**, **our foundation**—and continues with **our clients**, **our focus**.

We are determined to **pursue excellence** that supports the success of industry and producers.

We will be here this growing season and for growing seasons to come.



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Land Acknowledgment

As we commit to advancing reconciliation, we acknowledge that AFSC is located on the traditional territories and gathering places of many First Nations, as well as the Métis and Inuit whose footsteps have marked these lands for generations and whose presence continues to enrich our communities.

We express gratitude and respect for the land we live and work on and commit to advancing reconciliation. In the spirit of learning, we encourage our team members and producers to take time to find out whose traditional territories you are on.

LETTER OF TRANSMITTAL

June 12, 2024

The Honourable RJ Sigurdson
Minister of Agriculture and Irrigation
131 Legislature Building
10800 97 Avenue
Edmonton, Alberta T5K 2B6

Dear Minister Sigurdson:

On behalf of the Board of Directors, we are pleased to submit the 2023-24 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, 2024.

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 AND IRRIGATION



Agriculture is a pillar of Alberta’s culture and economy and AFSC continues to play a crucial role in strengthening the sector. As a trusted industry partner, AFSC has been there to help with a robust suite of lending, business risk management and insurance options, and producers have been able to lean on AFSC for support.

In the 2023-24 fiscal year, AFSC insured 17.8 million acres of annual crops and more than 8.5 million acres of perennial crops. AFSC also supported producers and agribusinesses in offsetting expenses related to establishing or expanding their operations. In total, AFSC approved \$504 million in loans. All together, through funding from Alberta’s government and other financial institutions, AFSC helped fund \$601 million in total project dollars. That’s more than half a billion dollars of helping producers and agricultural companies thrive in their operations.

I was pleased we were able to reopen AgriStability in August 2023 for late participation, giving producers more time to review their business risks and enrol for protection against declines in farming margins. I have heard feedback from our producers that changes could be made to the program to make it more responsive, equitable and timely. In 2023, I met with other ministers of agriculture across Canada to advocate for program improvements.

During the 2023 growing season, many farmers and ranchers saw unprecedented wildfires and dry conditions lead to declines in production and farming income. Business risk management programs like AgriInsurance and AgriStability were important tools to help our producers mitigate disaster situations. In particular, AFSC paid out \$326.5 million in Moisture Deficiency Insurance claims.

Alberta’s government also partnered with the federal government to commit \$165 million in drought relief funding through the 2023 Canada-Alberta Drought Livestock Assistance initiative. After Alberta’s successful advocacy, eligibility was expanded to 23 new regions. The initiative helped livestock producers manage extraordinary costs related to maintaining their breeding herds.

We know conditions have been uncertain for the past few years. We will continue to monitor the situation. We will work closely with AFSC and the federal government to protect the livelihoods of farmers and ranchers, so they can continue to put food on our tables, here in Alberta and around the world.

I look forward to working with our province’s producers and agribusinesses and with AFSC in the coming year.

Honourable RJ Sigurdson
Minister of Agriculture and Irrigation

MESSAGE FROM THE BOARD CHAIR



As we look back on yet another challenging, dry year, it reaffirms the important role that AFSC plays in serving and supporting our producers and agriculture industry. Together, our team draws on their expertise and experience to achieve our shared purpose - growing and sustaining agriculture in Alberta.

Through my role as board chair, I have the privilege of engaging frequently with ranchers and producers across the province. While our conversations may begin with a focus on commodity prices, growing conditions, or herd management, they often end on the topic of people and the impact of strong relationships.

Over the past year, AFSC has focused on the continued evolution of our culture and further development of values that help define how we work together and support each other – shaping who we are as a team and building a culture we can all be proud of. We care deeply about our clients and the industry we support, and living these values together, we continue to improve and challenge ourselves to be the best we can be.

It's this mindset of continuous improvement that inspires a spirit of innovation, curiosity and problem-solving at AFSC. We work to ensure that our programs evolve to meet the needs of our clients.

As Albertans, we know the agriculture industry is a cornerstone of our province, a driver of economic success that is weaved into the very fabric of our heritage. Despite the ever-changing landscape and challenges, one thing remains the same: the unwavering resilience of our producers. With an innate ability to persevere and adapt, they steadfastly navigate obstacles and seize opportunities as they arise.

Reflecting on the past year, I want to extend my heartfelt gratitude to the entire AFSC team, including our executive leadership team, for their steadfast commitment to the industry we hold dear. Our collective success is deeply rooted in the strong relationships we've cultivated over time, and seeing our team members offer unwavering support to producers is inspiring.

To my fellow board members, I wish to express sincere appreciation for the invaluable knowledge and passion you bring to the table. While 2024 is sure to bring its share of uncertainties, we know that there's a promising future in farming and we plan to be there, supporting producers through every challenge and triumph along the way.

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



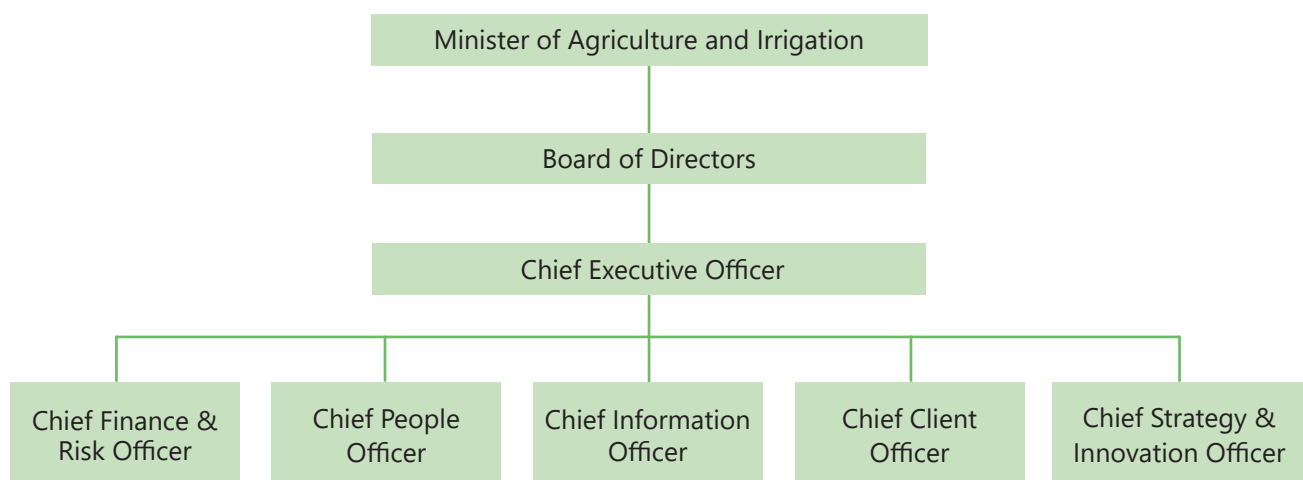
ABOUT AFSC

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, 2024 the Board of Directors consisted of seven board members appointed by the Minister of Agriculture and Irrigation. The board has a variety of skills and experience as professionals, entrepreneurs, primary agricultural producers, and agribusiness owners/operators.



Kelly Smith-Fraser,
Board Chair



Rodney Bradshaw



Ross Bricker



Renata Colic



Andre Harpe



Michael Howden



Chioma Ufodike

Board and Committee Structure

The AFSC Board of Directors has the flexibility to appoint members to committees. 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.

<p>Board Governance & Human Resources Committee</p>	<p>The Board Governance & Human Resources Committee assists the board in its oversight responsibilities on matters relating to AFSC’s corporate governance, corporate ethics, and human resources strategy.</p>
<p>Board Finance & Audit Committee</p>	<p>The Board Finance & Audit Committee assists the board in its oversight responsibilities on matters relating to AFSC’s: fiscal management and financial reporting, internal controls, internal and external audit, and compliance with relevant laws.</p>
<p>Board Risk Committee</p>	<p>The Board Risk Committee assists the board in its oversight responsibilities on matters relating to AFSC’s enterprise risk culture, appetite and tolerance, enterprise risk management framework, emerging risks, and program risks and changes.</p>

Executive Leadership Team

As of March 31, 2024 the Executive Leadership Team consisted of six Chief Officers.



Darryl Kay
Chief Executive Officer



Brian Brandon
Chief Information
Officer



Melanie Ducholke
Chief People Officer



Steve Janz
Chief Client Officer



Steve Lappin
Chief Finance
& Risk Officer



Mark Prefontaine
Chief Strategy &
Innovation Officer



2023-24 AT A GLANCE

Strategic Plan

AFSC operates with a rolling five-year strategic plan that is revisited annually to ensure we adapt and evolve to meet the needs of Alberta’s agriculture producers and industry. Our strategic plan responds to key environmental factors and ensures alignment with the Government of Alberta direction and priorities. The plan draws on five strategic objectives as directed by the AFSC board, including:

Enable success for digital business optimization	Prepare for the workforce of the future	Deliver an exceptional client experience	Inspire innovation in our products and how we conduct business	Maximize value to the Government of Alberta, AFSC stakeholders and all Albertans

AFSC’s strategic plan informs annual tactical planning to ensure progress toward identified goals while also providing our team members with 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 use a balanced scorecard approach to focus specifically on the perspectives of finance, client, people, and process, identifying specific measures that ensure we achieve the Corporation's strategic objectives. As a strategic tool, the balanced scorecard identifies where we will focus our efforts to drive performance around time, quality, and service, to propel us on a path towards the future state articulated in our strategic plan. Operational excellence, advancing our digital ambition and providing exceptional client experience remain cornerstones of this plan.

While the strategic plan provides direction for the next five years, AFSC reviews the economic environment, progress toward goals, government priorities, and client expectations on an annual basis to ensure our objectives still accurately reflect reality. In the coming year, we will continue to focus on operational excellence, refining our digital ambition to ensure we are agile, removing bottlenecks, and focusing on program sustainability and relevancy to be responsive to the needs of our clients and industry.

Economic Climate

The global economy faced significant challenges during the 2023-24 fiscal year. Supply chain disruptions and geopolitical tensions persisted, impacting production and economic growth worldwide. Shortages of critical components disrupted manufacturing processes, leading to delays in production and delivery. The interconnectedness of global markets highlighted the need for resilience and diversification.

Agriculture remained a vital sector, contributing significantly to economic stability. Producers received 4.6 per cent more farm cash receipts compared to the previous year, encouraging investment in modernizing equipment and sustainable practices.

Farmland values continued their upward trend, albeit at a slower pace. Alberta saw a 6.5 per cent increase in farmland values, reflecting sustained investor interest in agricultural assets. The delicate dance between growth and inflation remains a central theme.

Inflation rates rose due to increased demand, supply bottlenecks, and rising commodity prices. Central banks faced a delicate balancing act. While stimulating economic growth, they also had to address inflation concerns. The Bank of Canada responded by raising interest rates three times during the year, bringing the policy interest rate to five per cent at the end of the fiscal year.

The recent pandemic accelerated digitalization across industries. Organizations embraced remote work, e-commerce flourished, and emerging technologies reshaped business models. Artificial intelligence, blockchain, and automation became integral to strategies. The shift toward digital platforms opened new avenues for growth and efficiency, but it also required adaptation, upskilling and proactive risk management.

Canada's economic landscape reflected global trends but with unique nuances. The real gross domestic product (GDP) rebounded from a 1.1 per cent growth rate in 2023 to an expected 1.5 per cent in 2024. The recovery was driven by robust consumer spending, housing market activity, and government support programs.

Whether in global supply chains, Canadian farmlands, or Alberta's diverse economy, resilience and adaptability will continue to define success.

Annual Crops

Spring 2023 began with warm and dry conditions, the perfect conditions for wildfires. By May 6, a provincewide state of emergency was declared as wildfires continued to burn and spread. The province received much-needed rains in June and July, which extended into early August. Despite the difficult growing season, the provincial average for harvested yields was near the five-year average. Yields were notably higher in the northern regions of the province, while notably lower in the southern regions.

- Generally, seeding was completed early, but dry conditions slowed plant growth.
- Conditions throughout the summer were dry in most areas, particularly in the south, with sporadic rain across other parts of the province.
- Average temperatures during the growing season were higher than normal.
- By the third week of October, most of the province's crops were in the bin. Based on a five-year average, crop yields were at, or above average, for the North East and North West regions, on par for the Peace; and below average in the South and Central.
- Conditions across the province resulted in variability in yields and quality, although, on a provincial level, both yields and grades were close to average compared to the past five years.

Annual AgrilInsurance products covered approximately \$9.5 billion in liability, spanning 17.8 million acres. During this period, AFSC paid out over \$1.5 billion for crop losses, including \$333 million disbursed for losses attributed to hail. Drought emerged as the main cause of non-hail losses in most claims.

Producers with cereal crops accounted for 44.8 per cent of the total indemnities paid; oilseed losses accounted for 34.5 per cent. The remaining 20.7 per cent was divided among various commodities.

Perennial Crops

Alberta's weather continued to pose challenges for producers throughout 2023, as soil moisture levels remained low for most of the year due to below-average precipitation. Reported yields indicate perennial crops were affected by dry spring conditions in 2023.

- During the growing season, both hay and pasture faced challenges in Alberta, resulting in a lag behind the five-year average due to dry conditions and warmer temperatures.
- Provincial average hay yields for both first and second cut were one ton per acre, while irrigated hay first cut yield average was two tons per acre and second cut was 1.6 tons per acre.
- Limited precipitation and higher temperatures during the growing season in Alberta led to below-average conditions for first cut hay. Consequently, production saw a significant decrease, with insufficient growth for a second cut.
- Last fall, a low feed supply was reported due to dry conditions, which was attributed to soil moisture levels across the province. About six per cent of producers were reported to have a surplus, 65 per cent had adequate feed supply, 15 per cent a shortfall and the remaining 11 per cent had a deficit of feedstock.

In the 2023 crop year, perennial crop insurance products covered more than 8.5 million acres, with a total liability of \$643 million. Producers received over \$348 million in losses, predominantly attributed to drought, resulting in a loss/premium ratio of 472 per cent.

Livestock

Drought, feed costs and high interest rates continued to take a toll on Alberta livestock producers in 2023-24, resulting in further depletion of the western Canadian cow herd and smaller producers looking to exit the sector. The Canadian beef cow herd declined 2.4 per cent in 2023, with inventory dipping to 3.5 million head as of January 1, 2024. This decline in cow numbers and calf volume brought record high prices in the calf and feeder markets, along with elevated cattle on feed volumes, which was a notable upward shift from the previous year.

In 2023, the industry saw calf and feeder prices hit record-high levels due to the lower availability of supplies. Feeder cattle imports were lower than in 2022, but Canada remained a net importer throughout 2023. Fed cattle finally saw a break in the backlog at the packers persisting from COVID-19, and leverage switched back to the producers during the summer months, where we saw limited available numbers, bringing record-high fed cattle prices as well. Available fed supplies began to increase again in the fall, which started to put pressure back on the market with price lows happening in early 2024.

While 2023-24 was filled with optimism for prices and some profits in all cattle sectors, high feed costs associated with another year of drought continued. Domestic consumer beef demand declined slightly in 2023-24, with high prices at the grocery store due to the decrease in available supply of cattle. However, demand remained historically high, with international beef demand continuing to grow as strong demand came from the US, Japan, and South Korea.

Prices are forecasted to be strong again throughout 2024-25 with no sign of heifers being retained for breeding purposes. There are already drought concerns due to lack of moisture across the province this spring. Continued drought will force producers to continue culling, further declining the cow herd inventory in Canada.



AgriRecovery

AgriRecovery is an FPT (federal-provincial-territorial) disaster relief framework, and part of the Sustainable Canadian Agricultural Partnership (Sustainable CAP). It guides 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 identified, 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 the initiative development phases as necessary.

AgriRecovery Response to Dry Conditions

The 2023 growing season was difficult for some farmers across Alberta, with hot, dry weather, wildfires, grasshoppers, irrigation issues and more, which significantly impacted their ability to grow forages for grazing and winter feed production. These conditions also hindered their ability to procure feed for their livestock both due to availability and significantly inflated prices.

Substantial portions of Alberta experienced extreme dry conditions throughout the 2023 growing season, which had had a significant negative impact on production of forages for grazing and winter feed production. Soil moisture reserves were reported as extremely low in these regions, resulting in stunted crops, early maturity, and a grasshopper infestation. In addition to poor soil moisture, dugouts dried out and producers needed to haul or drill for water.

In response to these challenges, the joint Canada-Alberta Drought Livestock Assistance Initiative was developed to assist Alberta livestock producers, with an overall commitment of \$165 million in relief.



AFSC is an important link to the agriculture community and provides valuable resources to ensure family farms can continue in these financially difficult times.

AFSC Client



SUPPORTING OUR CLIENTS

Client Experience

At AFSC, it is our privilege to serve Alberta's agriculture industry. Our goal is to deliver an exceptional client experience by providing a high level of service to Alberta's producers and agribusinesses. Each interaction clients have with AFSC should leave them feeling heard, valued, and respected.

In 2023-24, we provided enhanced online solutions for clients to conduct their business. AFSC Connect continues to gain popularity with our clients as a way to do their business online. In 2023-2024, 60 per cent of clients' land, harvested production and claim reports were filed online, compared to 49 per cent of land report and 50 per cent of harvested production reports the year prior. The move to online allows us to process claims more efficiently and get claim and benefit payments to our clients faster.

We issued 32 per cent (13,582) of our insurance and AgriStability payments through direct deposit this year, up from 22.4 per cent (6,361 payments) last year, delivering money to our clients faster than ever before.

In 2023-24, we conducted monthly transactional and client effort surveys based on the most recent transaction with AFSC. Overall, 85 per cent of clients are satisfied with AFSC's products and services.

84%	94%	82%
Clients satisfied with their most recent transaction with AFSC	Clients satisfied with the assistance they receive from AFSC team members	Clients satisfied with AFSC's online transactions



Our clients continue to connect with us through a variety of channels, including live chat, email, phone, and in-person. Our improved phone system allows team members to serve clients in a timely manner by answering calls regardless of location, while supporting neighbouring branches during times of peak call volume. Additionally, two pilot projects offered extended online (website) chat hours to provide additional support to clients filing land reports and harvested production reports.

Over the course of the year, we surveyed clients about their most recent transaction and 82 per cent of respondents found AFSC easy to do business with. These results are key indicators of the positive experience we continue to offer our clients.

“

To work with a team that understands agriculture is huge. It just makes the whole process easier.

AFSC Client

Programs at a Glance

Income Stabilization	2022*	2021	2020
Total Claims Processed	6,433	7,967	8,437
Total Payments (\$ million)	\$45.8	\$53.9	\$165.8
Per cent Alberta Farm Cash Receipts covered through AgriStability	54%	49%	57%
Insurance	2023-24	2022-23	2021-22
Annual and Perennial			
Total Insured Acres (million)	26.3	25.9	23.7
Total Coverage (\$ billion, liability)	\$10.2	\$10.9	\$9.1
Total Premium (\$ billion)	\$1.3	\$1.0	\$0.6
Total Indemnities paid to date (\$ billion)	\$1.9	\$1.3	\$2.8
Livestock Price Insurance			
Total Policies	1,668	1,354	994
Total Premium (\$ million)	\$10.8	\$11.8	\$8.6
Total Liability (\$ million)	\$521.8	\$480.5	\$318.2
Total Indemnities paid to date (\$ million)	\$0.3**	\$0.5	\$6.4
Loss to Premium	3.0%	4.0%	73.8%
Lending	2023-24	2022-23	2021-22
Total Loans Authorized	1,369	1,348	1,524
Total Loan Authorizations (\$ million)	\$503.5	\$487.5	\$577.9
Loans Outstanding (\$ billion)	\$3.0	\$2.8	\$2.7

*AgriStability results reported on one year delay

** Policies still set to expire at time of publishing.



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 Sustainable Canadian Agricultural Partnership (Sustainable CAP) 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 production margins selected from three of the previous five years with the highest and lowest years removed from the average.
- To participate, eligible applicants must report farming income (including losses) in Canada for income tax purposes.
- Applicants 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 enrolment deadline for the 2023 program year was April 30, 2023. Wildfires and extremely dry conditions affected many farmers and ranchers after the enrolment deadline, so AgriStability was reopened for late enrolment from August 4 to September 29, 2023.

2023-24 Program Year Review

Producer tax information is required to process an AgriStability claim. This means reporting under AgriStability is a year behind other programs reported in the 2023-24 AFSC Annual Report –and AgriStability information is based on the 2022 production year.

Participants in the 2022 program year were paid \$45.8 million in benefits resulting from 85 per cent of claims processed as of March 31, 2024. Of completed claims, eight per cent of participants received payments, compared to the six per cent of claims paid in 2021.

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

As of March 31, 2024, 6,433 claims were received for the 2022 program, compared to 7,967 claims for the 2021 program year.

Producers who participated in the 2022 AgriStability program year represented 54 per cent of Alberta's farm cash receipts. This is up from 49 per cent for the 2021 program year. The average support level for producers increased from \$449,187 to \$481,071 in 2022.

AgriStability Highlights

CLAIMS PROCESSED

*6,433	7,967
2022	2021

AVERAGE SUPPORT LEVEL

\$481,071	\$449,187
2022	2021

CLAIMS WITH PAYMENT

517	452
2022	2021

AVERAGE PAYMENT

\$88,663	\$119,264
2022	2021

TOTAL PAYMENT

\$45.8M	\$53.9M
2022	2021

*6,433 claims processed out of 7,613 total AgriStability claims as of March 31, 2024. Claims are processed with a one-year lag.

AgrilInvest

AgrilInvest 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. AgrilInvest funds, including the government contribution, can be withdrawn at any time with no pre-existing requirements.

Key Program Details

- Under Sustainable Canadian Agricultural Partnership (Sustainable CAP) 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 AgrilInvest accounts at participating financial institutions.
- Eligible producers have 90 days from the date of notification to make a deposit in AgrilInvest accounts.
- The matching government contributions and administrative costs are shared between the federal (60 per cent) and provincial (40 per cent) governments.

2022-23 Results

As of March 31, 2024, 16,922 Alberta producers deposited \$65.2 million in AgrilInvest accounts for the 2022 program year. The total value of 22,007 account balances with \$10 or more in their account is \$730.5 million. The average account balance is \$33,194.

AgrilInvest Highlights

ELIGIBLE PRODUCERS

21,557	21,309
2022	2021

CONTRIBUTION BY PRODUCERS

\$65.2M	\$60.7M
2022	2021

MAXIMUM MATCHABLE DEPOSITS

\$77.2M	\$69.8M
2022	2021

CONTRIBUTION BY GOVERNMENTS

\$65.2M	\$60.7M
2022	2021

NUMBER OF PRODUCER DEPOSITS

16,922	17,151
2022	2021

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

*Values as of March 31, 2024

AgriRecovery

AgriRecovery guides 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. It is part of the Sustainable Canadian Agricultural Partnership (Sustainable CAP) agreement.

The AgriRecovery program 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.

Two AgriRecovery responses were administered in 2023-24:

Canada-Alberta Bee Colony Replacement Assistance Initiative

Alberta beekeepers experienced abnormally high bee losses in the 2021-22 overwintering period due to extreme weather and varroa mite issues. The Alberta Beekeepers Commission estimated 2021-22 overwintering losses to be 50 per cent in Alberta, compared to 26 per cent during a normal year. Nationally, 2021-22 bee overwintering losses were 45.5 per cent, almost double the average annual loss of 25.8 per cent during the 2007-21 period. Beekeepers also faced challenges importing bee packages and queen bees from international sources due to COVID-19 restrictions. In response to these challenges, the joint Canada-Alberta Bee Colony Replacement Assistance Initiative was developed to assist Alberta beekeepers.

Under the initiative, eligible Alberta commercial beekeepers could receive up to \$210 per colony, \$140 per bee package or \$35 per queen bee purchased between January 1, 2022, and May 1, 2023. Eligibility was determined based on the number of colonies put up for winter in the fall of 2021 minus the number of viable colonies in the spring of 2022. The initiative was announced on June 22, 2023, and registered commercial beekeepers with 100 or more colonies were encouraged to apply before July 31, 2023.

As of April 18, 2024, all applications received by the deadline were completed with 68 producers receiving \$3.3 million in support. The average payment per application was \$48,530.

2023 Canada-Alberta Drought Livestock Assistance Initiative

Many Alberta livestock producers faced additional costs due to the impact of drought and excessive heat during the 2023 growing season. Drought conditions negatively impacted pasture grazing capacity, forage availability and access to traditional water sources. The joint Canada-Alberta Drought Livestock Assistance AgriRecovery initiative committed \$165 million in funding to support drought relief for Alberta livestock producers.

The initiative compensated eligible producers who experienced extraordinary costs in providing alternative feed or grazing sources for female breeding livestock between June 1, 2023, and October 31, 2023. Eligibility was geographically determined, targeting municipalities with drought conditions identified as D2 or worse (severe drought, one in 10-year event) on the Canadian Drought Monitor. On October 30, 2023, the initiative opened to producers with livestock in 44 eligible regions. On January 25, 2024, the initiative expanded to include an additional 23 regions. Producers with livestock in eligible regions were encouraged to apply before the extended application deadline of February 22, 2024.

As of May 13, 2024, all applications had been completed with 7,924 claims processed.



INSURANCE

New for the 2023 crop year

Moisture Deficiency Insurance: Feedback from producers prompted a shift to a monthly payment schedule to provide more timely payments to clients.

Satellite Yield Insurance: AFSC discontinued Satellite Yield Insurance due to technical issues in acquiring necessary program information. Clients could switch to Moisture Deficiency Insurance with no change to their dollar coverage and their continuous participation discount.

Reseeding Benefit: The Reseeding Benefit compensation levels moved to an annual review to ensure values are more relevant and reflective of current input prices.

Weather Stations: Four weather stations (Comrey, Vernon Lake, Steeveville, and Red Coat) were added to the network of weather stations across Alberta. Two weather stations were replaced (Iron Springs and Altawan); the new stations are Picture Butte and Sage Creek.

Straight Hail Insurance: Maximum values for all crops were increased and the criteria for market gardens was updated. Market gardens can now be insured up to a maximum of 60 acres, with no requirement on the number of crops to be grown in the garden.

Wildlife Damage Compensation Program: Bear Damage to Hives was added as an eligible loss under the Wildlife Damage Compensation Program as a three-year pilot project. Compensation for eligible claims include losses for honey, bee hives (colonies) and beehive equipment.

Production-based AgriInsurance Products

AFSC offers personalized, production-based insurance coverage for the vast majority of dryland and irrigated crops cultivated in Alberta. Producers receive compensation when their yields decline below their coverage levels due to natural perils beyond their control.

Key Program Details

- Producers are protected against several designated perils including drought, excess moisture, frost, and hail.
- Coverage for most annual crops is determined based on the client's individual insured yield records. Premium rates vary depending on crop type, risk area, cropping practice, and selected coverage level.
- Producers have the flexibility to choose coverage levels of 50, 60, 70, or 80 per cent of their individual normal yield.
 - Sugar beet insurance allows for coverage up to 90 per cent.
 - Processing vegetable insurance offers coverage options of 70 or 80 per cent.

For hay crops, coverage is determined using an indexing system where individual yields are compared to the average yields for the specific crop type in the area.

- 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.

Hay producers have the flexibility to select yield coverage of 50, 60, 70, or 80 per cent of their individual normal yield and have the option of two price options for insurance. Export timothy hay producers, specifically, can opt for coverage levels of 70 or 80 per cent and are provided with one high price option.

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 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: 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.

Annual Crop Insurance Highlights

CONTRACTS

12,102	11,967
2023	2022

ACRES

17.8M	17.4M
2023	2022

PREMIUM

\$769.2M	\$598.2M
2023	2022

LIABILITY

\$9.5B	\$10.3B
2023	2022

CONTRACTS WITH INDEMNITY

5,098	5,761
2023	2022

INDEMNITY

\$1.2B	\$622.1M
2023	2022

LOSS/PREMIUM

152.4%	104.0%
2023	2022

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.

Annual 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).

Annual 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).

Annual 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).

Annual and Perennial Water Allocation Restriction Benefit provides compensation for yield losses due to drought for crops under irrigation insurance when water allocations are restricted by an authorized regulatory body and additional conditions are met by the Insured.

Annual and Perennial 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).

Pasture Spot-Loss Fire Benefit is included on insured pasture acres under the Moisture Deficiency Insurance program which protects against accidental fire and fire caused by lightning.

Annual Crop Insurance

Annual Crop Insurance provides a production guarantee based on individual coverage, using individual yield records as the basis for coverage determination. For an additional premium, producers can purchase Hail Endorsement with their crop insurance policies.

2023-24 Annual Crop Insurance Indemnities

As indicated in the *2023-24 At a Glance* section, there were variable growing conditions throughout the province. Indemnities paid in 2023-24 (excluding spot loss hail) were primarily a result of drought for the majority of these claims.

Hail Endorsement

AFSC offers hail endorsement as an option endorsement for Annual Crop Insurance. 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. With Hail Endorsement, producers can customize their coverage to meet their operation's needs. It provides supplemental coverage, which clients can opt to purchase for an additional premium. This product gives Alberta producers some of the most comprehensive insurance coverage in Canada.

Key Program Details

- Hail Endorsement provides spot-loss coverage on a crop-specific basis. The Hail Endorsement is not available 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 between 40.3 per cent to 45.2 per cent of the Straight Hail Insurance premium rate for the township, depending on the type of crop.
- Premiums are cost-shared between the client (58.3 per cent), the Government of Alberta (27.9 per cent), and the Government of Canada (13.8 per cent).

The 2023 crop year saw a slight increase in the number of AFSC clients who elected hail endorsement, insured acres, dollar liability, and premium from 2022. Total claims in 2023 were lower than 2022, dropping to 3,008—and total indemnity followed suit, dropping to just under \$333 million. However, the total loss to premium ratio dropped to 74.6 per cent for the 2023 crop year, a reduction of 82.8 points when compared to 157.4 per cent in the 2022 crop year.

Hail Endorsement Highlights

CONTRACTS

10,633	10,515
2023	2022

ACRES

15.5M	15.1M
2023	2022

PREMIUM

\$446.6M	\$371.7M
2023	2022

LIABILITY

\$8.6B	\$9.2B
2023	2022

CONTRACTS WITH INDEMNITY

3,008	3,445
2023	2022

INDEMNITY

\$333.0M	\$585.2M
2023	2022

LOSS/PREMIUM

74.6%	157.4%
2023	2022

Perennial Crop Insurance Highlights

CONTRACTS

5,496	5,539
2023	2022

ACRES

8.5M	8.5M
2023	2022

PREMIUM

\$73.8M	\$59.1M
2023	2022

LIABILITY

\$642.8M	\$561.4M
2023	2022

CONTRACTS WITH INDEMNITY

4,626	3,574
2023	2022

INDEMNITY

\$348.4M	\$120.3M
2023	2022

LOSS/PREMIUM

472.1%	203.7%
2023	2022

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.

2023-24 Year in Review

Satellite Yield Insurance was removed from AFSC's perennial risk suite in 2023. Satellite Yield Insurance clients could switch to Moisture Deficiency Insurance with no change to their dollar coverage and their continuous participation discount.

Of the 5,496 perennial contracts, 84.2 per cent received \$348.4 million in indemnities. This compared to \$120.3 million paid out to 64.5 per cent of perennial crop insurance clients in 2022. This resulted in a 472.1 per cent loss-to-premium ratio in 2023, which is more than double the 203.7 per cent ratio in 2022.

Overall, Perennial Crop Insurance programs had consistent levels of participation, but a much higher number of contracts received indemnities compared to 2022.

The pasture insurance program (Moisture Deficiency Insurance) paid \$326.5 million in indemnities while Hay Insurance, including Moisture Deficiency Endorsement, paid \$21.9 million.



I would definitely recommend using the Moisture Deficiency Insurance program because it just provides a back stop for disasters that happen. It just gives you a little bit of peace of mind.

AFSC Client

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 can be purchased from the time the crop emerges until July 31. Straight Hail Insurance program is fully funded by producer premiums.

Straight Hail Insurance saw notably fewer claims for spot loss hail indemnities paid out in 2023. The premium to loss ratio was down to 63.9 per cent in 2023 from 104.2 per cent in 2022, with losses of just over \$28 million paid to 669 producers, compared to total premiums collected equaling \$44.1 million. There were 2,513 policies sold on three million acres for the year with a total liability over \$612 million, slightly lower than 2022 values of 3,093 policies, 3.7 million acres, and \$628 million respectively.

Straight Hail Insurance Highlights

CONTRACTS

2,513	3,093
2023	2022

ACRES

3.0M	3.7M
2023	2022

PREMIUM

\$44.1M	\$44.1M
2023	2022

LIABILITY

\$612.9M	\$628.1M
2023	2022

CONTRACTS WITH INDEMNITY

669	984
2023	2022

INDEMNITY

\$28.1M	\$46.0M
2023	2022

LOSS/PREMIUM

63.9%	104.2%
2023	2022

Wildlife Damage Compensation Program

Crop damage caused by wildlife and waterfowl is a risk in agriculture. On behalf of the provincial and federal governments, AFSC compensates producers 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, upland game birds or wild boar at large. 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 damage from bears to honey and hive equipment.
- Compensation for crops and silage in pits and tubes that are contaminated or eaten by wildlife.
- 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 Government of Canada also funds 60 per cent of the administrative and inspection costs, while the Government of Alberta funds the remaining 40 per cent. Producers are not required to have crop insurance to make a claim under this program.

In 2023, the Wildlife Damage Compensation Program saw slightly fewer claims than 2022, with 684 claims in 2023 compared to 748 in 2022. Despite fewer claims, indemnities saw a 17 per cent increase with indemnity payments of \$13 million, up from \$11.1 million in 2022.

Wildlife Damage Compensation Program Highlights

WILDLIFE CLAIMS	
684	748
2023	2022

WATERFOWL CLAIMS	
64	76
2023	2022

WILDLIFE INDEMNITY	
\$13.0M	\$11.1M
2023	2022

WATERFOWL INDEMNITY	
\$557,428	\$660,247
2023	2022

TOTAL CLAIMS	
748	824
2023	2022

TOTAL INDEMNITY	
\$13.6M	\$11.8M
2023	2022



Livestock Price Insurance Program

The Livestock Price Insurance (LPI) program experienced general growth in the overall number of policies purchased and liability. The program saw a decline in the number of insured units, along with a slight decline in premiums collected. Alberta cattle markets saw record-high prices across all classes of cattle over the past year. Fed cattle reached record highs as packers started to catch up on supply after several years of backlogs due to COVID-19. Calf and feeder prices hit record highs as well.

LPI price increases are primarily due to the declining cow herd in Canada, which was extenuated by another year of severe drought. LPI continued to be a competing expense for producers, who already faced extremely tight margins due to consecutive years of drought and record-high input prices, in addition to inflation and high interest rates. Finishing operations used other more cost-effective risk management options available to them with a strong futures market.

Livestock Price Insurance Program Highlights

POLICIES	
1,668	1,354
2023	2022

PREMIUMS	
\$10.8M	\$11.8M
2023	2022

LIABILITY	
\$521.8M	\$480.5M
2023	2022

INDEMNITY	
\$281,019*	\$487,141
2023	2022

LOSS TO PREMIUM	
3.0%	4.0%
2023	2022

*Policies still set to expire at the time of publishing

Key Program Details

- Producers purchased price protection on 11,595 fed cattle, 105,160 feeders, 105,799 calves, and 400 hogs. Compared to the previous year, these head totals equaled about 70.6 per cent fewer fed cattle, 20.2 per cent fewer feeders, 84.4 per cent more calves insured, and 77.8 per cent fewer hogs.
- Cumulatively, liability coverage amounted to just over \$521 million, premiums totaled \$10.8 million, and indemnities totaling approximately \$281,000 (as of March 31, 2024) were paid to participating producers. Total indemnities at the end of the 2023-24 fiscal year paid to participants were: calf (0 per cent), feeder (20 per cent), fed (80 per cent), and hog (0 per cent) programs*.
- Policies purchased in the 2022-23 fiscal year continued to expire into 2023-24 with additional payouts. Over \$487,000 in LPI indemnities were paid to participating Alberta producers, with 5.6 per cent of indemnities going to feeder producers, 93.4 per cent going to fed producers, and 1.1 per cent of indemnities going to hog producers.
- AFSC continues 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.
- LPI - Calf coverage started off the 2024 sales season with a bang. LPI – Calf Alberta coverage on offer Feb 1, 2024 was \$50/cwt higher than the top coverage offered in all of 2023. Premium as a percentage of coverage has remained extremely comparable to 2023 with better coverage on offer. LPI expects to compete with other risk management strategies, especially with more and more producers using forward contracts for all classes of cattle.



LENDING

AFSC's 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. We remain committed to supporting Alberta businesses by providing access to essential capital to diversify and grow the province's economy and in turn, create jobs and build infrastructure.

Our current 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 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.

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

In 2023-24, we provided more than \$321 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 over \$12 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.

2023-24 Year in Review

In the 2023-24 fiscal year, we authorized 1,369 new direct loans, totaling \$503.5 million, better than the \$487.5 million reported in 2022-23. This generated \$601 million in investments in the province's agriculture and agribusiness sectors. This past fiscal year AFSC's lending portfolio increased to over \$2.9 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	
805	\$321.2M
Loans	Lending

Developing Producer Loan Program

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

DEVELOPING PRODUCER LOAN AUTHORIZATIONS	
397	\$141.6M
Loans	Lending

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	
29	\$5.7M
Loans	Lending

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	
19	\$12.9M
Loans	Lending

Revolving Loan Program

The Revolving Loan program enables producers to borrow through a self-serve online account, accessible 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 2023-24, compared to \$16 million in 2022-23. 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	
119	\$22.1M
Loans	Lending

Lending Portfolio Performance

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

- Total loan authorizations for 2023-24 were \$503.5 million, compared to \$487 million in 2022-23. This is a 3 per cent increase from the prior year. Lending limit increases approved in April 2021 continue to attract new borrowers and help retain existing clients.
- The lending portfolio balance increased to \$2.980 billion from \$2.816 billion, representing a 5.8 per cent gain.
- Overall lending arrears as of March 31, 2024 were 3.3 per cent, lower than the prior year’s result of 3.6 per cent.



The relationship with AFSC has been great, they have gotten to learn our needs and have helped us with loans to increase infrastructure and equipment at our farm.

AFSC Client



SUPPORTING OUR COMMUNITY

Community Investment

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

We believe 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 the agriculture, agribusiness and agri-food industry, and the next generation of agriculture in Alberta.

4-H Alberta

AFSC continues to support 4-H Alberta, helping to nurture the next generation's love for agriculture by supporting provincial programs such as the Ag Next Gen Tour, Senior Symposium, and the Cleaver Kids Program.

In 2023, 13 senior 4-H members took part in AFSC's Ag Next Gen Tour, which helped them gain insights into the diversity of careers in agriculture and the food, culture, and lifestyle of Alberta's diverse regions.

AFSC also contributes to community 4-H clubs through our 4-H Alberta Grassroots Fund. The fund provides financial support for 4-H clubs to assist with programs and initiatives. In early 2024, we gave \$21,525 to 133 4-H clubs, supporting more than 2,700 Alberta youth.

Women in Ag Award

AFSC recognizes the key role women play in agriculture through our Women in Ag Award. We received 32 nominations for this year's Women in Ag Award and we were pleased to highlight eight amazing women at The Notables, a special Women in Ag Award reception.

Education, Outreach and Training

AFSC is dedicated to advancing the future of agriculture by fostering leadership, promoting awareness, and enhancing education in critical areas like financial literacy and risk management.

In 2023-24, we worked to help equip Alberta's producers with the knowledge and tools they need to excel in an ever-changing industry. We focused on sharing valuable insights and practical tools with producers on key topics such as perennial risk management and farm succession planning.

We also teamed up with other organizations who work to increase agriculture, financial literacy, and risk management knowledge.

For 2023-24, our partners included:

- Advancing Women in Agriculture Conference
- AgSmart
- AgExpo
- Agriculture for Life
- Young Agrarians

Community Well-Being

AFSC empowers communities by contributing to organizations that offer programs and services that build community capacity and contribute to healthy, vibrant agricultural communities and workplace environments.

Alberta Association of Agricultural Societies

AFSC supported Alberta's agricultural societies through its participation in the Alberta Association of Agricultural Societies (AAAS) Annual Convention. In 2023, we launched the AFSC Nex Gen Leader Club, which will help build the next generation of ag leader. Through this initiative, ag societies could send members under 40 to the convention at a reduced rate. We also partnered with AAAS to present a session on men's suicide prevention at the annual convention.

Canadian Agriculture Safety Association

AFSC is committed to the well-being of Alberta's farming communities, and we recognize the inherent risks associated with grain handling and storage. To help raise awareness of these risks, we partnered with the Canadian Agricultural Safety Association (CASA).

Through our support of CASA's BeGrainSafe program, we've helped provide rural firefighters with training on how to safely extract a person entrapped in grain and provide training for producers and their families on safe grain handling.

Community Investment Highlights

4-H ALBERTA GRASSROOTS FUND

\$21,525	INVESTMENT
SUPPORTED 4-H CLUBS	133
2,700	ALBERTA YOUTH SUPPORTED

CANADIAN FOODGRAINS BANK PROJECTS SPONSORSHIP

REGISTERED PROJECTS	22
31	LOCATIONS
ACRES	3,214
\$33,574	IN STRAIGHT HAIL INSURANCE

WOMEN IN AGRICULTURE AWARD

32	NOMINATIONS
RECIPIENTS AWARDED	8

AFSC TEAM MEMBER SUPPORT

516	HOURS SPENT BY TEAM MEMBERS ON CHARITABLE PROJECTS
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Canadian Foodgrains Bank

In the 2023 crop year, AFSC sponsored 22 registered projects in 31 locations across Alberta, totaling 3,214 acres. AFSC supported these efforts by providing \$33,574 in Straight Hail Insurance for crops slated for donation through the Canadian Foodgrains Bank organization.

Do More Agriculture Foundation

AFSC, in collaboration with Do More Ag, presented a variety of fireside chats, in-person presentations and important discussions throughout 2023-24. These presentations helped foster open conversations surrounding mental wellness and provide valuable support resources for individuals within the farming and ranching community.

Together with Do More Ag, AFSC is committed to promoting mental health awareness and well-being among agricultural stakeholders.

Meals in the Field

AFSC's support of the 840 CFCW and Real Country 910 Meals in the Field initiative, coupled with our homegrown AFSC Farmer Feed initiative, provided Alberta farmers with the opportunity to win a lunch or wellness break during the harvest season. The Meals in the Field initiative allows AFSC to say thank you to farmers for everything they do to feed Albertans and the world.



SUPPORTING OUR PEOPLE

Top Employer

AFSC has been named as one of Canada's Top 100 Employers 15 times and Alberta's Top Employer for 16 consecutive years. The people we work alongside are the foundation of the great work we're able to do as we work together to grow and sustain the agriculture industry in Alberta.

Mental Health and Wellness

AFSC is committed to being a champion for mental health. This includes being a psychologically safe workplace where we promote mental health, destigmatize mental illness and form a peer community of support. We continued to work on weaving mental health into our culture at AFSC in 2023-24 as we look to ensure every team member has the support they need.

AFSC Culture

AFSC strives to be a diverse, inclusive employer where each team member is valued and heard. We value trust, integrity, accountability, respect, inclusion, equity, and diversity. We believe that when we empower and support one another we can achieve great things.

Culture Committee

Our Culture Committee continued to drive connection and well-being across AFSC. In 2023-24, the committee created ongoing opportunities for personal well-being and connection for team members, including speakers, celebration of team members, break activities, support for team building activities, and other collaborative initiatives.

Through our Financial Aid Program, funds were available for team members in financial need due to emergency situations, tragedy, illness, or accident.

Diversity, Equity & Inclusion

AFSC's Diversity, Equity & Inclusion (DE&I) Strategy aims to build a foundation that ensures all team members feel a sense of belonging, are valued for who they are, and are empowered to participate and contribute freely at work.

Our DE&I Council, made up of members from across AFSC, supports the overall strategy that aims to cultivate an inclusive workplace and promote a positive and fair culture where opportunities are open to all.

Key Initiatives

- **Biased language review:** Reviewed all policies, learning material, market material, job postings, and job descriptions for biased language and replaced with unbiased language.
- **Diverse hiring practices:** Implemented diverse interview panels to add perspective and an objective scoring method to avoid groupthink.
- **Cultural awareness:** Provided formal acknowledgement of different cultures and days of recognition to honour diverse groups of people and raise awareness of issues.
- **Diversity learning opportunities:** Engaged speakers for organizational-wide presentations for National Day for Truth and Reconciliation, Black History Month, and International Women's Day, as well as related to disability and 2SLGBTQIA+ inclusion.
- **Land Acknowledgement:** Created a land acknowledgement guide and resources offering guidance for team members.
- **Unconscious bias and DE&I training for all AFSC team members:** Offered a multi-year program that teaches team members to recognize forms of discrimination and support a more inclusive workplace.
- **Employee Resource Groups (ERGs):** ERGs are led by team members with shared experiences and those who wish to support as allies. Currently, AFSC has four ERGs focused on building networks and development opportunities for parents/families, women, team members who are 35 and younger, and those in the later stages of their careers.

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 & Safety Policy:** This plan of action is designed to prevent incidents and promote a physically and psychologically safe and healthy workplace.
- **Health & 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 of roles, responsibilities, and working together to identify and solve health and safety concerns.

In 2023, we maintained our certification and continuous improvement initiatives for the coming year including a site-specific hazard assessment process, solid Health & Safety Committee representation, and a communication plan for leadership to increase safety awareness.

AFSC's commitment toward our health and safety management system is demonstrated by the retention of our provincial Certificate of Recognition (COR). By ensuring the system is evaluated annually through comprehensive internal and external audits, AFSC guarantees that the health and safety management system meets the provincial standards and makes continual improvements.

Improving AFSC's Culture

Workplace culture can have a significant impact on team members, influencing psychological health and safety in the workplace and people's sense of inclusion. Over the past few years, we've focused on enhancing our strategic plan and uniting our team behind our purpose, "Working together, we grow and sustain the agriculture industry in Alberta." Our next step was to focus on how we work together to fulfill our strategic goals and purpose.

Our initial culture review work was driven by senior and executive teams and focused on using survey data to examine our existing culture, what was working well, and potential improvement opportunities. From there, external perspective identified the need for greater cohesion across the organization, including revisiting our values to ensure they were clearly actionable and offered relevant guidance.

Over 90 team members engaged in focus group conversations, focused on defining how we work together and support each other, and shaping who we are as a team to build a culture we can be proud of. Our values represent what we practice today and where we aspire to be, and include:

- People are Our Foundation
- Clients are Our Focus
- Excellence is Our Aspiration

While each value stands alone, they build upon each other – shaping a culture where our team members feel valued, heard, and can contribute positively to the success of AFSC.

People Highlights

OUR PEOPLE

592

TEAM MEMBERS

LONGEST YEARS OF SERVICE

42

46

AVERAGE AGE OF TEAM MEMBERS

OUR ACCOMPLISHMENTS

16

YEARS AS ALBERTA'S TOP 75 EMPLOYER

YEARS AS CANADA'S TOP 100 EMPLOYER

15

OUR LEARNING

\$267,990

SPENT ON TRAINING



SUPPORTING OUR STAKEHOLDERS

Enterprise Risk Management

AFSC's Enterprise Risk Management is evolving and integrating into strategic decision-making processes. Our focus is on identifying, assessing, and mitigating risks effectively to protect and enhance stakeholder value.

In collaboration with various functions across AFSC, we foster a collaborative environment where risk management is everyone's responsibility. The Enterprise Risk Management team produces quarterly risk reports, enabling board oversight and driving effective management decision-making aligned with strategic objectives and risk appetites.

On a day-to-day basis, Enterprise Risk Management monitors risk categories including credit, compliance, operational, insurance, financial, information, information technology, and investment risk. This ensures effective risk management and timely escalation when needed.

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 team members 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, SA 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 a team member believes may be unlawful, dangerous to the public or injurious to the public interest;
- Promote ethical behavior by AFSC team 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 team members; and
- Protect from retaliatory action any team 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
1	1	0	0	0	1



FINANCIALS AT A GLANCE

Overall, we recorded revenue of \$1.876 billion and expenses of \$2.479 billion, which resulted in a net deficit of \$602 million. The deficit was mainly due to higher losses relative to premiums for the AgriInsurance program. This was mainly due to dry conditions negatively impacting crop production.

Our assets decreased from \$3.671 billion to \$3.595 billion of which \$3.003 billion (84 per cent of all assets) represents loans receivable. Our liabilities increased from \$3.182 billion to \$3.708 billion.

The surplus of \$489.4 million carried over decreased to a net loss of \$112.9 million.

AgriStability Statistical Summaries

Program Year	Claims Processed	Average Support Level	Claims with Payment	Total Payment
2022	6,433	\$481,071	517	\$45.8M
2021	7,967	\$449,187	452	\$53.9M
2020	8,437	\$429,480	1,513	\$165.8M
2019	8,614	\$395,789	1,710	\$118.9M
2018	9,337	\$370,755	1,271	\$133.9M

AgrilInsurance Statistical Summaries

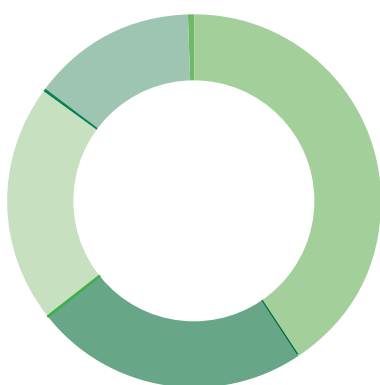
Crop Year	Contracts	Acres	Liability	Premium	Indemnity	Loss/ Premium
2023	17,598	26.3M	\$10.2B	\$1.3B	\$1.9B	143.8%
2022	17,506	25.9M	\$10.9B	\$1.0B	\$1.3B	129.0%
2021	16,477	23.7M	\$9.1B	\$623.0M	\$2.8B	436.6%
2020	16,140	22.3M	\$5.3B	\$640.1M	\$729.8M	114.0%
2019	16,600	22.7M	\$4.9B	\$665.8M	\$780.5M	117.2%

2023 Risk



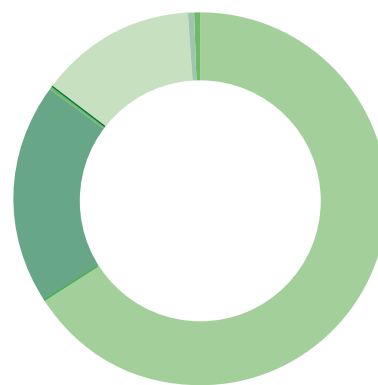
- Cereal, 44.75%
- Oilseed, 34.56%
- Forage, 7.82%
- Pulse, 7.63%
- Vegetables, 4.32%
- Honey, 0.48%
- Sugar Beets, 0.41%
- Essential Oils, Herbs & Spices, 0.03%

2023 Loss



- Cereal, 40.71%
- Forage, 23.77%
- Oilseed, 20.53%
- Pulse, 14.24%
- Honey, 0.33%
- Vegetables, 0.31%
- Sugar Beets, 0.08%
- Unseeded/Reseeded, 0.03%

2023 Cause of Loss

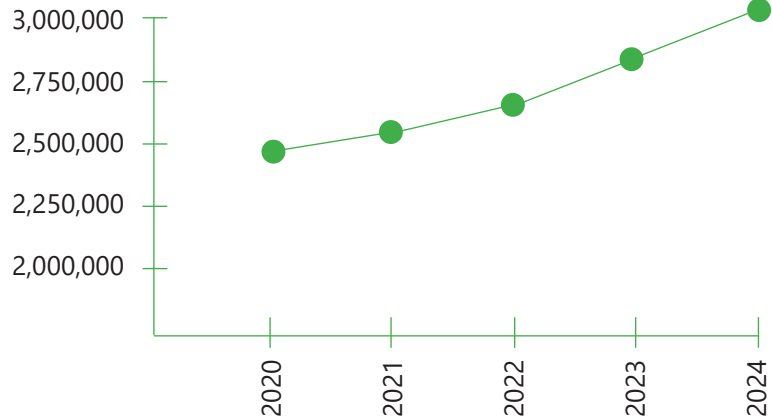


- Drought, 66.14%
- Hail, 19.29%
- Other, 13.78%
- Excess moisture, 0.51%
- Insect Infestation, 0.18%
- Frost, 0.08%
- Wind, 0.01%
- Plant Disease, 0.01%

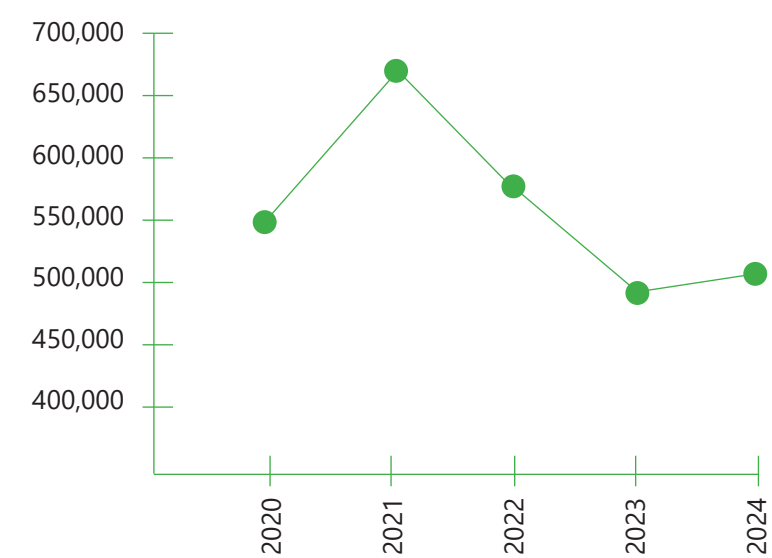
Lending Statistical Summaries

March 31	New Loan Approvals	Outstanding Balance
2024	\$503.5M	\$3.0B
2023	\$487.5M	\$2.8B
2022	\$577.9M	\$2.7B
2021	\$667.3M	\$2.5B
2020	\$549.8M	\$2.4B

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 Finance and Audit Committee, composed of Directors who are not employees of the Corporation. The Board Finance and 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 Finance and Audit Committee.



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FINANCIAL

STATEMENTS



AGRICULTURE FINANCIAL SERVICES CORPORATION

FINANCIAL STATEMENTS

MARCH 31, 2024

Independent Auditor's Report

Statement of Financial Position

Statement of Operations

Statement of Change in (Net Debt) Net Financial Assets

Statement of Cash Flows

Notes to the Financial Statements

Schedule of Operations

Schedule of Salaries and Benefits

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 Agriculture Financial Services Corporation (the Corporation), which comprise the statement of financial position as at March 31, 2024, and the statements of operations, change in (net debt) 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, 2024, and the results of its operations, its change from net financial assets to net debt, 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.

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

May 28, 2024
Edmonton, Alberta



AGRICULTURE FINANCIAL SERVICES CORPORATIONSTATEMENT OF FINANCIAL POSITIONAS AT MARCH 31, 2024

(in thousands)

	<u>2024</u>	<u>2023</u>
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 259,494	\$ 297,638
Accounts receivable (Note 5)	6,316	7,300
Due from Government of Alberta	59,592	49,597
Due from Government of Canada	242,654	182,355
Loans receivable (Note 6)	3,003,332	2,838,773
Investments (Note 7)	-	279,138
	<u>3,571,388</u>	<u>3,654,801</u>
LIABILITIES		
Accounts payable and other accrued liabilities (Note 8)	82,251	8,804
Due to other Provincial Governments (Note 9)	10,626	7,260
Indemnities payable (Note 10)	454,389	376,100
Borrowing from Government of Alberta (Note 11)	3,137,756	2,777,241
Deferred revenue (Note 12)	15,629	10,137
	<u>3,700,651</u>	<u>3,179,542</u>
Net (Debt) Financial Assets	<u>(129,263)</u>	<u>475,259</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 13)	15,146	9,627
Prepaid expenses	8,422	7,062
	<u>23,568</u>	<u>16,689</u>
Net (liabilities) assets before spent deferred capital contributions	<u>(105,695)</u>	<u>491,948</u>
Spent deferred capital contributions (Note 12)	<u>7,158</u>	<u>2,508</u>
Net (Liabilities) Assets	<u>\$ (112,853)</u>	<u>\$ 489,440</u>
Net (Liabilities) Assets Accumulated (deficit) surplus	<u>\$ (112,853)</u>	<u>\$ 489,440</u>

Contingencies, Contractual Obligations and Commitments (Note 15)

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 FA 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, 2024

(in thousands)

	2024		2023
	Budget	Actual (Schedule 1)	Actual
Revenues (Note 2a):			
Premiums from insured persons	\$ 612,850	\$ 618,886	\$ 510,766
Interest	111,320	114,733	99,641
Contribution from Government of Alberta	418,713	511,626	387,069
Contribution from Government of Canada	425,431	565,820	405,323
Investment income	14,339	(8,793)	(14,597)
Fees and other income	15,069	74,143	30,730
	<u>1,597,722</u>	<u>1,876,415</u>	<u>1,418,932</u>
Expenses (Note 2b):			
AgrilInsurance	416,081	1,971,592	1,363,512
Agriculture Income Support	104,980	326,928	189,777
Lending	115,778	121,961	96,932
Hail Insurance	26,283	34,457	47,171
Livestock Insurance	12,946	8,568	8,079
Wildlife Damage Compensation	10,195	15,202	12,072
	<u>686,263</u>	<u>2,478,708</u>	<u>1,717,543</u>
Annual (deficit) surplus	<u>\$ 911,459</u>	<u>(602,293)</u>	<u>(298,611)</u>
Accumulated surplus at beginning of year		<u>489,440</u>	<u>788,051</u>
Accumulated (deficit) surplus at end of year		<u>\$ (112,853)</u>	<u>\$ 489,440</u>

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

AGRICULTURE FINANCIAL SERVICES CORPORATIONSTATEMENT OF CHANGE IN (NET DEBT) NET FINANCIAL ASSETSYEAR ENDED MARCH 31, 2024

(in thousands)

	2024		2023
	Budget	Actual	Actual
Annual (deficit) surplus	\$ 911,459	\$ (602,293)	\$ (298,611)
Acquisition of tangible capital assets (Note 13)	(4,249)	(7,774)	(1,544)
Amortization of tangible capital assets (Note 13)	3,572	2,224	3,350
(Gain) on disposal of tangible capital assets	-	(255)	(125)
Proceeds on sale tangible capital assets	-	286	212
(Increase) in prepaid expenses	-	(1,360)	(229)
Increase (decrease) in spent deferred capital contributions	-	4,650	(680)
Increase (decrease) in net financial assets in the year	910,782	(604,522)	(297,627)
Net financial assets, beginning of year	475,259	475,259	772,886
Net (debt) financial assets, end of year	<u>\$ 1,386,041</u>	<u>\$ (129,263)</u>	<u>\$ 475,259</u>

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

AGRICULTURE FINANCIAL SERVICES CORPORATIONSTATEMENT OF CASH FLOWSYEAR ENDED MARCH 31, 2024

(in thousands)

	<u>2024</u>	<u>2023</u>
Operating transactions:		
Annual deficit	\$ (602,293)	\$ (298,611)
Non-cash items included in operating results		
Amortization of tangible capital assets (Note 13)	2,224	3,350
Deferred capital contribution recognized as revenue (Note 12)	(1,297)	(1,517)
Amortization of premiums and discounts	(13,772)	(1,500)
Allowance for doubtful accounts and for losses	5,639	(5,394)
Loss on sale of investments	12,904	22,764
Gain on disposal of capital assets	(255)	(125)
Increase in net deferred revenue	5,492	1,932
Increase in prepaid expenses	(1,360)	(229)
Increase in accounts receivable	(599)	(2,853)
Decrease in environment liabilities	(993)	-
Increase (decrease) in indemnities payable	78,289	(190,028)
Increase (decrease) in accounts payable and other accrued liabilities	73,812	(2,385)
(Increase) decrease in due from provincial and federal governments	(64,775)	1,644
Cash applied to operating transactions ⁽¹⁾	<u>(506,984)</u>	<u>(472,952)</u>
Investing transactions:		
Proceeds from repayments of loans receivable	348,075	400,264
Loan disbursements	(515,628)	(545,932)
Purchase of investments	(150,552)	(276,605)
Proceeds on disposal of investments	415,639	682,482
Cash provided by investing activities	<u>97,534</u>	<u>260,209</u>
Capital transactions:		
Acquisition of tangible capital assets	(7,774)	(1,544)
Proceeds on disposal of tangible capital assets	286	212
Cash applied to capital transactions	<u>(7,488)</u>	<u>(1,332)</u>
Financing transactions:		
Borrowing from the Government of Alberta	5,194,591	2,893,591
Contributions restricted for capital (Note 12)	5,947	837
Repayment of borrowing from the Government of Alberta	(4,819,590)	(2,718,591)
Repayment of borrowing from the Government of Canada	(2,154)	(20,798)
Cash provided by financing transactions	<u>378,794</u>	<u>155,039</u>
Decrease in cash and cash equivalents	(38,144)	(59,036)
Cash and cash equivalents at beginning of year	<u>297,638</u>	<u>356,674</u>
Cash and cash equivalents at end of year	<u>\$ 259,494</u>	<u>\$ 297,638</u>

⁽¹⁾ Net cash applied to by operating activities includes \$58,603 (2023 \$60,495) 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, 2024

(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, AgrilInsurance, 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

Revenues from transactions with performance obligations are recognized when the Corporation provides the promised goods and/or services to a payor. For the Corporation, premiums from insured persons are considered exchange transactions with performance obligations and are recorded as revenues when earned over the insurance policy contract term for AgrilInsurance, Livestock Price and Hail Insurance programs. Premiums from Moisture Deficiency Insurance agreements are recognized over the period of coverage.

Cash received for goods and/or services not yet provided before year end is recognized as unearned revenue and recorded in accounts payable and other accrued liabilities.

Government Transfers

Transfers from all governments are referred to as government transfers or government contributions.

Government transfers and associated externally restricted investment income are recognized as deferred contributions if the eligibility criteria for use of the transfer, or the stipulations together with the Corporation's actions and communications as to the use of the transfer, create a liability. These transfers are recognized as revenue as the stipulations are met and, when applicable, the Corporation complies with its communicated use of these transfers.

Stipulations for use of these transfers is generally the fulfillment of the performance obligation in the underlying insurance program contracts with insured persons.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

AGRICULTURE FINANCIAL SERVICES CORPORATIONNOTES TO THE FINANCIAL STATEMENTSMARCH 31, 2024

(in thousands)

(a) Revenue Recognition (continued)

Transfers 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 over the period of the underlying contract term. 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. Transfers received 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.

All other government transfers, without stipulations for the use of the transfer, are recognized as revenue when the transfer is authorized, and the Corporation meets the eligibility criteria (if any).

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 considered revenue arising from exchange transactions and 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 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.

AGRICULTURE FINANCIAL SERVICES CORPORATIONNOTES TO THE FINANCIAL STATEMENTSMARCH 31, 2024

(in thousands)

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(c) 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, net debt 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 5, 6, and 10).

(d) Valuation of Financial Assets and Liabilities

The Corporation's financial assets and liabilities include cash and cash equivalents, accounts receivable, 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 these financial instruments are held at cost or amortized cost except for account receivables which are recognized at the lower of cost or net recoverable value. The effective interest method is used to recognize interest revenue 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.

(e) Cash and Cash Equivalents

Cash and cash equivalents includes demand deposits in the Consolidated Liquidity Solution (CLS). Effective July 4, 2022, the CLS replaces the Consolidated Cash Investment Trust Fund (CCITF) as the Province's cash pooling structure. A CLS participant is paid interest on monthly basis on their cash balance at an interest rate based on a twelve week rolling average of the Province's three month cost of borrowing.

(f) Accounts Receivable

Accounts receivable are recognized at the lower of cost or net recoverable value. A valuation allowance is recognized when recovery is uncertain.

(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 other capitalized costs.

AGRICULTURE FINANCIAL SERVICES CORPORATIONNOTES TO THE FINANCIAL STATEMENTSMARCH 31, 2024

(in thousands)

Note 2 Significant Accounting Policies and Reporting Practices (continued)

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

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.

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.

AGRICULTURE FINANCIAL SERVICES CORPORATIONNOTES TO THE FINANCIAL STATEMENTSMARCH 31, 2024

(in thousands)

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(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.

(k) Non-Financial Assets

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

(l) Tangible Capital Assets including Capital Leases

Tangible capital assets are recognized at cost less accumulated amortization, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of assets. Costs includes overhead directly attributed to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset. Capital Assets shall be amortized on a straight-line basis over the estimated useful life of the Capital Assets. The estimated useful life of the Capital Assets shall be from the fiscal year in which the assets are first put to use.

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.

(m) Agriculture Income Support (AgriStability, AgriInvest and AgriRecovery)

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.

(n) Reinsurance

The Corporation carries reinsurance to cover AgrilInsurance 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 AgrilInsurance net debt of the Corporation. Contributions to and withdrawals from the Funds are made in

AGRICULTURE FINANCIAL SERVICES CORPORATIONNOTES TO THE FINANCIAL STATEMENTSMARCH 31, 2024

(in thousands)

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(n) Reinsurance (continued)

accordance with terms and conditions of the agreement between the Governments of Canada and Alberta (see Note 18).

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.

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 19).

(o) AgriInsurance Accumulated Surplus Restriction

In accordance with the Federal/Provincial Agricultural Policy Framework Implementation Agreement, the AgriInsurance accumulated deficit of \$312,576 (2023 surplus \$300,879) is restricted for AgriInsurance purposes only (see Schedule 1).

(p) 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.

(q) 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 17).

(r) Environmental Liabilities

Contaminated sites are a result of contamination of a chemical, organic or radioactive material or live organisms that exceed an environmental standard, being introduced into soil, water or sediment. The Corporation recognizes a liability for the sites no longer in productive use where the contamination has exceeded the relevant environmental standards and where the Corporation has accepted responsibility.

AGRICULTURE FINANCIAL SERVICES CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2024

(in thousands)

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(s) 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.

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.

Note 3 Change in Accounting Policy

On April 1, 2023, the Corporation adopted the following accounting standards approved by the Public Sector Accounting Board.

- **PS 3400 Revenue** Effective April 1, 2023, the Corporation has adopted PS 3400 Revenue standard for recognition of AgrilInsurance, Agriculture Income Support, Livestock Price and Hail Insurance premiums. Prior period impact was deemed immaterial as only the Livestock Price Insurance program was affected. The Corporation used the prospective application to adopt the new standard. As a result, 2023 comparatives are not restated. The current year's unearned revenue has been deferred to the next fiscal year and the Livestock Price Insurance unearned revenue is now included in note 12.
- **PS 3160 Public Private Partnership** This accounting standard provides guidance on how to account for public private partnerships between public and private sector entities, where the public sector entity procures infrastructure using a private sector partner. The Corporation does not have any partnerships within the scope of this standard.
- **PSG 8 Purchased Intangibles** This accounting standard provides guidance on how to account for intangibles purchased through an exchange transaction that meet the asset definition and general recognition criteria. The Corporation does not have any intangibles within the scope of this standard.

Note 4 Future Changes in Accounting Standards

On April 1, 2026, the Corporation will adopt the following new conceptual framework accounting standard approved by the Public Sector Accounting Board:

- **The Conceptual Framework for Financial Reporting in the Public Sector**
The Conceptual Framework is the foundation for public sector financial reporting standard setting. It replaces the conceptual aspects of Section PS 1000 Financial Statement Concepts and Section PS 1100 Financial Statement Objectives. The Conceptual Framework highlights considerations fundamental for the consistent application of accounting issues in the absence of specific standards.
- **PS 1202 Financial Statement Presentation**
Section PS1202 sets out general and specific requirements for the presentation of information in general purpose financial statements. The financial statement presentation principles are based on the concepts within the Conceptual Framework.

Management is currently assessing the impact of the Conceptual Framework and the standard on the financial statements.

AGRICULTURE FINANCIAL SERVICES CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2024

(in thousands)

Note 5 Accounts Receivable

	<u>2024</u>	<u>2023</u>
Premiums from insured persons		
Livestock Insurance program	\$ 2,926	\$ 2,905
AgriInsurance program	2,758	1,639
Hail Insurance program	376	80
AgriStability & Agriculture Income Support programs:		
Overpayments	781	713
Administration fees	565	362
Due from reinsurers		
Livestock & Hail Insurance programs	-	1,553
Other	89	1,610
	<u>7,495</u>	<u>8,862</u>
Allowances for doubtful accounts		
At beginning of year	(1,562)	(2,397)
Decrease for the year	682	1,305
Write offs	(299)	(470)
At end of year	<u>(1,179)</u>	<u>(1,562)</u>
	<u>\$ 6,316</u>	<u>\$ 7,300</u>

Included in the allowances for doubtful accounts is \$781 (2023 \$713) 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 6 Loans Receivable

Loans receivable are comprised of the following:

	<u>2024</u>			<u>2023</u>
	<u>Farm</u>	<u>Commercial</u>	<u>Total</u>	<u>Total</u>
Performing loans - non concessionary	\$ 2,790,411	\$ 162,720	\$ 2,953,131	\$ 2,797,262
Performing loans - concessionary	266	-	266	492
Impaired loans	2,828	23,825	26,653	18,329
	<u>2,793,505</u>	<u>186,545</u>	<u>2,980,050</u>	<u>2,816,083</u>
Accrued interest	36,802	747	37,549	32,614
Loan discount	(3)	-	(3)	(6)
	<u>2,830,304</u>	<u>187,292</u>	<u>3,017,596</u>	<u>2,848,691</u>
Allowances for doubtful accounts for loans	<u>(1,522)</u>	<u>(12,742)</u>	<u>(14,264)</u>	<u>(9,918)</u>
Net carrying value	<u>\$ 2,828,782</u>	<u>\$ 174,550</u>	<u>\$ 3,003,332</u>	<u>\$ 2,838,773</u>

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

Loans have blended repayments during the term. A significant number of loans in the portfolio can be repaid in full or part during the term without any penalty.

AGRICULTURE FINANCIAL SERVICES CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2024

(in thousands)

Note 6 Loans Receivable (continued)

Allowances for doubtful accounts for loans are as follows:

	<u>Farm</u>	<u>Commercial</u>	<u>2024</u>	<u>2023</u>
At beginning of year	\$ 1,686	\$ 8,232	\$ 9,918	\$ 16,126
(Decrease) increase for the year	(167)	5,890	5,723	(5,028)
Write-offs	3	(1,380)	(1,377)	(1,180)
At end of year	<u>\$ 1,522</u>	<u>\$ 12,742</u>	<u>\$ 14,264</u>	<u>\$ 9,918</u>
Specific allowance	\$ 320	\$ 11,305	\$ 11,625	\$ 6,172
General allowance	1,202	1,437	2,639	3,746
	<u>\$ 1,522</u>	<u>\$ 12,742</u>	<u>\$ 14,264</u>	<u>\$ 9,918</u>

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

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 \$6,200,994 (2023 \$5,819,674).

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

	<u>2024</u>	<u>2023</u>
Effective Annual Interest Rate		
Less than or equal to 2%	\$ 211,200	\$ 213,161
2.01% to 3.00%	537,287	652,487
3.01% to 4.00%	652,305	797,869
4.01% to 5.00%	905,086	788,573
5.01% to 6.00%	512,053	290,328
6.01% to 7.00%	133,174	53,644
7.01% to 8.00%	9,900	14,591
Over 8%	19,042	5,424
	<u>2,980,047</u>	<u>2,816,077</u>
Accrued interest	37,549	32,614
Allowance for doubtful accounts for loans	<u>(14,264)</u>	<u>(9,918)</u>
	<u>\$ 3,003,332</u>	<u>\$ 2,838,773</u>
Weighted average annual interest rate	4.08%	3.75%

AGRICULTURE FINANCIAL SERVICES CORPORATIONNOTES TO THE FINANCIAL STATEMENTSMARCH 31, 2024

(in thousands)

Note 7 Investments

The fair value of investments at March 31, 2024 is nil (2023 \$264,643). Fair value is based on market prices excluding accrued interest.

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

	Term to Maturity ⁽¹⁾		2024	2023
	Within 1 Year	1 to 5 Years		
Bonds and debentures	\$ -	\$ -	\$ -	\$ 148,381
Yield ⁽²⁾	0.00%	0.00%	0.00%	3.52%
Corporate Securities	-	-	-	129,699
Yield ⁽²⁾	0.00%	0.00%	0.00%	4.50%
	-	-	-	278,080
Accrued interest	-	-	-	1,058
	\$ -	\$ -	\$ -	\$ 279,138

⁽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 8 Accounts Payable and Other Accrued Liabilities

	2024	2023
Reinsurance premiums to Government of Canada	\$ 69,342	\$ 18
Supplies and services	5,832	2,902
Salaries, wages and employee benefits	5,066	4,831
Due to reinsurers Livestock & Hail Insurance programs	1,951	-
Environmental liability	60	1,053
	\$ 82,251	\$ 8,804

For 2022-23, amounts due to reinsurers for Livestock & Hail Insurance programs are included in accounts receivable.

AGRICULTURE FINANCIAL SERVICES CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2024

(in thousands)

Note 9 Due to Other Provincial Governments

Due to provincial governments represents amounts collected from and owed to other provincial governments relating to the 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:

	<u>2024</u>	<u>2023</u>
Premiums collected	\$ 56,767	\$ 49,358
Reinsurance recoveries and ceded losses	13,943	13,449
Administration costs receivable	(209)	(176)
Reinsurance premiums	(21,869)	(18,568)
Indemnities paid	<u>(38,006)</u>	<u>(36,803)</u>
	<u>\$ 10,626</u>	<u>\$ 7,260</u>

Note 10 Indemnities Payable

	<u>2024</u>	<u>2023</u>
AgriStability, AgriInvest, AgriRecovery and related programs (Note 2(m))		
Current claim year	\$ 285,150	\$ 161,968
Prior claim years	<u>69,894</u>	<u>122,790</u>
	355,044	284,758
AgriInsurance	95,939	90,509
Livestock Price Insurance	2,848	5
Wildlife Compensation	525	777
Hail Insurance	<u>33</u>	<u>51</u>
	<u>\$ 454,389</u>	<u>\$ 376,100</u>

Estimated indemnities payable of \$454,389 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.

Estimated indemnities for the current claim year for the AgriStability and AgriInvest programs are based on a variety of factors such as the 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.

AGRICULTURE FINANCIAL SERVICES CORPORATIONNOTES TO THE FINANCIAL STATEMENTSMARCH 31, 2024

(in thousands)

Note 10 Indemnities Payable (continued)

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 \$202,253 to \$263,146. In three 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 the 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 \$75,639 to \$116,239.

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 11 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:

	<u>2024</u>	<u>2023</u>
Effective annual Interest Rate		
Less than or equal to 2%	\$ 215,000	\$ 215,000
2.01% to 3.00%	1,189,000	1,372,000
3.01% to 4.00%	437,152	400,721
4.01% to 5.00%	<u>1,305,863</u>	<u>784,294</u>
	3,147,015	2,772,015
Accrued interest	(22)	12,024
Unamortized premium	<u>(9,237)</u>	<u>(6,798)</u>
	<u>\$ 3,137,756</u>	<u>\$ 2,777,241</u>
Weighted average annual interest rate	3.53%	3.08%

AGRICULTURE FINANCIAL SERVICES CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2024

(in thousands)

Note 11 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, 2025	\$ 1,251,432
2026	120,000
2027	215,721
2028	160,000
2029	258,000
Thereafter	<u>1,141,862</u>
	<u>\$ 3,147,015</u>

The estimated fair value of borrowings as at March 31, 2024 is \$3,137,970 (2023 \$2,774,137). Fair value is an approximation of market value to the holder.

Borrowing from Government of Alberta includes \$200 million owing to the Government of Alberta from the AgrilInsurance Reinsurance Fund of Alberta.

Note 12 Deferred Revenue and Spent Deferred Capital Contributions

	<u>2024</u>	<u>2023</u>			
Deferred revenue	\$ 15,629	\$ 10,137			
Spent deferred capital contributions	<u>7,158</u>	<u>2,508</u>			
	<u>\$ 22,787</u>	<u>\$ 12,645</u>			
 Deferred revenue	<u>2024</u>			<u>2023</u>	
	<u>Government of Canada</u>	<u>Non-government</u>	<u>Government of Alberta</u>	<u>Total</u>	<u>Total</u>
Balance at beginning of year	\$ -	\$ 10,137	\$ -	\$ 10,137	\$ 8,205
Received during year	-	15,629	-	15,629	10,137
Less amounts recognized	-	<u>(10,137)</u>	-	<u>(10,137)</u>	<u>(8,205)</u>
Balance at end of year	<u>\$ -</u>	<u>\$ 15,629</u>	<u>\$ -</u>	<u>\$ 15,629</u>	<u>\$ 10,137</u>
 Spent deferred capital contributions	<u>2024</u>			<u>2023</u>	
	<u>Government of Canada</u>	<u>Non-government</u>	<u>Government of Alberta</u>	<u>Total</u>	<u>Total</u>
Balance at beginning of year	\$ 1,433	\$ 97	\$ 978	\$ 2,508	\$ 3,188
Transferred capital assets received	3,537	30	2,380	5,947	837
Less amounts recognized as revenue	<u>(715)</u>	<u>(97)</u>	<u>(485)</u>	<u>(1,297)</u>	<u>(1,517)</u>
Balance at end of year	<u>\$ 4,255</u>	<u>\$ 30</u>	<u>\$ 2,873</u>	<u>\$ 7,158</u>	<u>\$ 2,508</u>

AGRICULTURE FINANCIAL SERVICES CORPORATIONNOTES TO THE FINANCIAL STATEMENTSMARCH 31, 2024

(in thousands)

Note 12 Deferred Revenue and Spent Deferred Capital Contributions (continued)

Deferred revenue represents premiums received from producers for AgriInsurance and Livestock Price Insurance programs and 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 13 Tangible Capital Assets

	Land	Building	Furniture and Fixtures	Vehicles	Computer Equipment and Software	2024	2023
Estimated Useful Life	Indefinite	25 - 40 years	5 - 10 years	5 - 10 years	2 - 10 years		
Historical Cost							
At beginning of year	\$ 2,247	\$ 10,210	\$ 11,698	\$ 5,130	\$ 99,772	\$ 129,057	\$ 139,787
Additions	180	-	12	1,823	5,759	7,774	1,544
Disposals including write-downs	-	-	(281)	(962)	(4,161)	(5,404)	(12,274)
	<u>2,427</u>	<u>10,210</u>	<u>11,429</u>	<u>5,991</u>	<u>101,370</u>	<u>131,427</u>	<u>129,057</u>
Accumulated amortization							
At beginning of year	-	7,100	10,863	4,106	97,362	119,431	128,267
Amortization expense	-	184	238	655	1,147	2,224	3,350
Effect of disposals including write-downs	-	-	(252)	(962)	(4,160)	(5,374)	(12,187)
	<u>-</u>	<u>7,284</u>	<u>10,849</u>	<u>3,799</u>	<u>94,349</u>	<u>116,281</u>	<u>119,430</u>
Net book value at March 31, 2024	<u>\$ 2,427</u>	<u>\$ 2,926</u>	<u>\$ 580</u>	<u>\$ 2,192</u>	<u>\$ 7,021</u>	<u>\$ 15,146</u>	
Net book value at March 31, 2023	<u>\$ 2,247</u>	<u>\$ 3,111</u>	<u>\$ 835</u>	<u>\$ 1,023</u>	<u>\$ 2,411</u>		<u>\$ 9,627</u>

Computer equipment, vehicles and software costs include \$6,154 (2023 \$78) 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 net book value \$433 (2023 \$609) amortized over the life of the lease.

Note 14 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 \$4,250 for the year ended March 31, 2024 (2023 \$4,276).

AGRICULTURE FINANCIAL SERVICES CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2024

(in thousands)

Note 14 Pensions (continued)

At December 31, 2023, the Alberta Management Employees Pension Plan reported a surplus of \$1,316,313 (2022 surplus \$924,735), the Alberta Public Service Pension Plan reported a surplus of \$4,542,500 (2022 surplus \$4,258,721) and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of \$21,343 (2022 deficiency \$25,117). The Corporation's share of these pension plans' deficiency is not determinable. The Corporation is not responsible for future funding of the plan deficit other than through contribution increases.

Note 15 Contingencies, Contractual Obligations and Commitments

Contingent Liability

	2024	2023
Loan guarantees	\$ 56	\$ 69

The Corporation has not been named in any claims (2023 three). The specified amount total is nil (2023 \$444). The resolution of the indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

Contractual Obligations

	2024	2023
Reinsurance	\$ 9,292	\$ 8,533
Operating leases	6,160	7,965
Other contracts	21,510	9,787
Total contractual obligations	\$ 36,962	\$ 26,285

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

Year ending March 31,	2025	\$	20,179
	2026		7,144
	2027		4,408
	2028		2,944
	2029		2,287
	Thereafter		-
		\$	36,962

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 51.0% for Livestock insurance and 30% for Hail insurance.

AGRICULTURE FINANCIAL SERVICES CORPORATIONNOTES TO THE FINANCIAL STATEMENTSMARCH 31, 2024

(in thousands)

Note 15 Contingencies, Contractual Obligations and Commitments (continued)

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

Commitments

	<u>2024</u>	<u>2023</u>
Approved, undisbursed loans	<u>\$ 242,098</u>	<u>\$ 268,683</u>

Note 16 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:

	<u>2024</u>	<u>2023</u>
Loans receivable	\$ 3,003,332	\$ 2,838,773
Due from Government of Canada	242,654	182,355
Due from Government of Alberta	59,592	49,597
Accounts receivable	6,316	7,300
Loan guarantees	56	69
Investments	-	279,138
Total	<u>\$ 3,311,950</u>	<u>\$ 3,357,232</u>

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 CORPORATIONNOTES TO THE FINANCIAL STATEMENTSMARCH 31, 2024

(in thousands)

Note 16 Financial Instruments and Financial Risk Management (continued)

Investments – the Corporation invests surplus funds generated by Insurance operations. To decrease the risk of loss of investment, most of the 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 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 offset 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.

	<u>2024</u>		<u>2023</u>	
	<u>Dollar</u>	<u>Percentage</u>	<u>Dollar</u>	<u>Percentage</u>
Loans receivable by individual sector:				
Grain and oilseeds	\$ 1,688,475	56%	\$ 1,570,950	55%
Cattle	987,949	32%	944,547	33%
Other livestock	86,266	2%	75,817	3%
Accommodations and other services	49,036	2%	61,319	2%
Manufacturing	47,771	2%	58,594	2%
Trade - retail and wholesale	22,174	1%	24,719	1%
Other	135,925	5%	112,745	4%
Allowance	(14,264)	-	(9,918)	0%
	<u>\$ 3,003,332</u>	<u>100%</u>	<u>\$ 2,838,773</u>	<u>100%</u>

AGRICULTURE FINANCIAL SERVICES CORPORATIONNOTES TO THE FINANCIAL STATEMENTSMARCH 31, 2024

(in thousands)

Note 16 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 the 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. In prior years, the Corporation has allowed customers to prepay their loans without any prepayment penalty. On most new loans, customers now can pay a maximum of 25% of the loan balance without prepayment penalty. 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 because 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 ⁽²⁾ Interest Rate Sensitive	2024	2023
	Within 1 Year	1 to 5 Years	6 to 10 Years	Over 10 Years		Total	Total
Loan balances	\$ 181,077	\$ 682,495	\$ 717,490	\$ 1,361,010	\$ 61,260	\$ 3,003,332	\$ 2,838,773
Yield	4.12%	4.30%	4.49%	4.62%	-	4.41%	3.97%
Borrowing from							
Government of Alberta	\$ 1,251,432	\$ 753,721	\$ 1,055,431	\$ 86,431	\$ (9,259)	\$ 3,137,756	\$ 2,777,241
Yield ⁽³⁾	2.99%	2.67%	2.66%	5.95%	-	2.80%	2.71%
Net gap	<u>\$ (1,070,355)</u>	<u>\$ (71,226)</u>	<u>\$ (337,941)</u>	<u>\$ 1,274,579</u>	<u>\$ 70,519</u>	<u>\$ (134,424)</u>	<u>\$ 61,532</u>

(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 CORPORATIONNOTES TO THE FINANCIAL STATEMENTSMARCH 31, 2024

(in thousands)

Note 16 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 the above are exhausted, the AgrilInsurance 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 17 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. All transactions were incurred in the normal course of business and have been excluded from this schedule.

AGRICULTURE FINANCIAL SERVICES CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2024

(in thousands)

Note 17 Related Party Transactions (continued)

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:

	<u>2024</u>	<u>2023</u>
Revenues:		
Grants	\$ 511,626	\$ 387,069
Interest Income*	26,415	14,599
	<u>\$ 538,041</u>	<u>\$ 401,668</u>
Expenses:		
Interest	\$ 94,169	\$ 75,765
Other services	1,261	1,609
Accommodation	502	513
	<u>\$ 95,932</u>	<u>\$ 77,887</u>
Payable to:		
Ministry of Treasury Board and Finance	\$ 3,137,756	\$ 2,777,241
Ministry of Agriculture & Irrigation	650	650
Post secondary institutions	87	65
Ministry of Service Alberta & Red Tape Reduction	-	1
	<u>\$ 3,138,493</u>	<u>\$ 2,777,957</u>
Receivable from:		
Ministry of Agriculture & Irrigation	\$ 59,592	\$ 49,597
Interest Income	1,512	1,434
	61,104	51,031
Deferred Revenue from:		
Ministry of Agriculture & Irrigation	<u>\$ 2,873</u>	<u>\$ 978</u>

*Last year financial statements did not include \$14,599 of interest income earned from a related party.

Note 18 Crop Reinsurance Funds

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

	AgrilInsurance Reinsurance Fund of Alberta		AgrilInsurance Reinsurance Fund of Canada for Alberta	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Opening surplus	\$ 33,641	\$ 33,641	\$ 34,530	\$ 34,530
Contributions	39,078	-	50,243	-
	72,719	33,641	84,773	34,530
Withdrawals	(279,167)	-	(84,700)	-
Closing net (debt) assets	<u>\$ (206,448)</u>	<u>\$ 33,641</u>	<u>\$ 73</u>	<u>\$ 34,530</u>

AGRICULTURE FINANCIAL SERVICES CORPORATIONNOTES TO THE FINANCIAL STATEMENTSMARCH 31, 2024

(in thousands)

Note 18 Crop Reinsurance Funds (continued)

AgrilInsurance Reinsurance Fund of Alberta

Contributions to and withdrawals from the AgrilInsurance Fund of Alberta consolidated with the AgrilInsurance Fund in the Corporation. The transactions and balances are calculated according to the Sustainable Canadian Agriculture Partnership Agreement. Borrowing from the Government of Alberta on the Corporation's Statement of Financial Position includes \$200 million in amounts owing to the Government of Alberta from the AgrilInsurance Reinsurance Fund of Alberta to fund the current deficit. Withdrawals include \$2,282 (2023 nil) of interest resulting from the notes payable owed to the Government of Alberta.

AgrilInsurance Reinsurance Fund of Canada for Alberta

Net contributions to and withdrawals from the AgrilInsurance Reinsurance Fund of Canada for Alberta are recorded as other income by the Corporation. The Government of Canada holds the AgrilInsurance Fund of Canada for Alberta.

Note 19 Reinsurance Expense

	<u>Hail Insurance</u>	<u>Livestock Insurance</u>	<u>2024</u>	<u>2023</u>
Brokerage				
Brokerage rebate	\$ (184)	\$ (109)	\$ (293)	\$ (202)
Excess loss				
Reinsurance expense	2,159	2,014	4,173	3,782
Recoveries	-	-	-	(1,387)
Quota Share				
Ceded premiums and commissions	11,833	3,512	15,345	14,496
Ceded losses	<u>(8,467)</u>	<u>(793)</u>	<u>(9,260)</u>	<u>(14,527)</u>
Net reinsurance expense	<u>\$ 5,341</u>	<u>\$ 4,624</u>	<u>\$ 9,965</u>	<u>\$ 2,162</u>

For 2022-23, hail reinsurance recoveries of \$1,821 are consolidated in the Hail Insurance fees and other income on Schedule 1.

Note 20 Budget

The full financial plan was submitted to the Minister of Agriculture and Irrigation. The budget reported in the Statement of Operations reflects the original \$911,459 surplus.

Note 21 Comparative Figures

The 2023 figures have been reclassified where necessary to conform to 2024 presentation.

Note 22 Approval of Financial Statements

The Board of Directors approve the financial statements of Agriculture Financial Services Corporation.

AGRICULTURE FINANCIAL SERVICES CORPORATION
SCHEDULE OF OPERATIONS
YEAR ENDED MARCH 31, 2024
(dollars in thousands)

	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>
	<u>Agrinsurance</u>	<u>Agrinsurance</u>	<u>Agriculture Income Support</u>	<u>Agriculture Income Support</u>	<u>Lending</u>
	Note 2(o)	Note 2(o)			
Revenues:					
Premiums from insured persons	\$ 566,927	\$ 455,374	\$ -	\$ -	\$ -
Interest	1,394	921	98	68	113,067
Contribution from Government of Alberta	367,877	295,822	136,805	85,681	-
Contribution from Government of Canada	381,571	304,851	173,970	92,189	-
Investment income	(8,793)	(14,597)	-	-	-
Fees and other income	49,161	10,396	16,058	11,851	4,381
	<u>1,358,137</u>	<u>1,052,767</u>	<u>326,931</u>	<u>189,789</u>	<u>117,448</u>
Expenses:					
Indemnities	1,926,061	1,323,019	312,363	177,749	-
Salaries, wages and employee benefits	28,352	26,622	10,250	8,506	17,144
Supplies and services	14,229	12,902	4,155	3,681	6,470
Amortization of tangible capital assets	971	999	96	182	738
Interest	2,282	-	-	-	91,887
Reinsurance (Note 19)	-	-	-	-	-
Allowance for doubtful accounts and for losses	(303)	(30)	64	(341)	5,722
	<u>1,971,592</u>	<u>1,363,512</u>	<u>326,928</u>	<u>189,777</u>	<u>121,961</u>
Annual (deficit) surplus	(613,455)	(310,745)	3	12	(4,513)
Accumulated surplus at beginning of year	<u>300,879</u>	<u>611,624</u>	<u>2,812</u>	<u>2,800</u>	<u>110,007</u>
Accumulated (deficit) surplus at end of year	<u>\$ (312,576)</u>	<u>\$ 300,879</u>	<u>\$ 2,815</u>	<u>\$ 2,812</u>	<u>\$ 105,494</u>

Schedule 1

2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
Lending	Hail Insurance	Hail Insurance	Livestock Insurance	Livestock Insurance	Wildlife Damage Compensation	Wildlife Damage Compensation	Total	Total	Total
\$ -	\$ 43,507	\$ 43,603	\$ 8,452	\$ 11,789	\$ -	\$ -	\$ 618,886	\$ 510,766	\$ 510,766
98,514	123	93	51	45	-	-	114,733	99,641	99,641
-	-	-	701	597	6,243	4,969	511,626	387,069	387,069
-	-	-	1,043	878	9,236	7,405	565,820	405,323	405,323
-	-	-	-	-	-	-	(8,793)	(14,597)	(14,597)
4,367	3,192	3,485	1,211	516	140	115	74,143	30,730	30,730
102,881	46,822	47,181	11,458	13,825	15,619	12,489	1,876,415	1,418,932	1,418,932
-	28,132	46,008	1,932	2,509	13,585	10,813	2,282,073	1,560,098	1,560,098
16,650	296	448	1,080	897	667	739	57,789	53,862	53,862
7,811	514	514	551	480	930	491	26,849	25,879	25,879
1,734	193	201	206	205	20	29	2,224	3,350	3,350
75,765	-	-	-	-	-	-	94,169	75,765	75,765
-	5,341	-	4,624	3,983	-	-	9,965	3,983	3,983
(5,028)	(19)	-	175	5	-	-	5,639	(5,394)	(5,394)
96,932	34,457	47,171	8,568	8,079	15,202	12,072	2,478,708	1,717,543	1,717,543
5,949	12,365	10	2,890	5,746	417	417	(602,293)	(298,611)	(298,611)
104,058	53,190	53,180	19,834	14,088	2,718	2,301	489,440	788,051	788,051
\$ 110,007	\$ 65,555	\$ 53,190	\$ 22,724	\$ 19,834	\$ 3,135	\$ 2,718	\$ (112,853)	\$ 489,440	\$ 489,440

Schedule 2

AGRICULTURE FINANCIAL SERVICES CORPORATION
SCHEDULE OF SALARIES AND BENEFITS
YEAR ENDED MARCH 31, 2024
(in thousands)

	2024			2023	
	Base Salary ⁽¹⁾	Other Cash Benefits ⁽²⁾	Other Non- cash Benefits ⁽³⁾	Total	Total
Chair of Board	\$ 25	\$ -	\$ -	\$ 25	\$ 31
Board Members	60	-	1	61	56
Executive Members					
Chief Executive Officer	276	17	77	370	373
Chief Client Officer	252	1	60	313	297
Chief Information Officer B ⁽⁴⁾	243	2	56	301	203
Chief Strategy & Innovation Officer ⁽⁵⁾	243	1	56	300	294
Chief Financial & Risk Officer	235	1	54	290	276
Chief People Officer B ⁽⁶⁾	223	5	50	278	259
Chief Information Officer A ⁽⁷⁾				-	227
Chief People Officer A ⁽⁸⁾				-	128

(1) Base salaries include remuneration for the Chair and Board Members 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 2023 Chief Information Officer B position was held by one acting individual for five and a half months and one incumbent for four months.

(5) The 2023 amount for the Chief Strategy & Innovation Officer position was held by one permanent individual for one month, three rotating interim positions for five months and one incumbent for six months.

(6) The 2023 amount for the Chief People Officer B position was held by one acting individual for six months and one incumbent for six months.

(7) The 2023 amount for the Chief Information Officer A position was held by one permanent individual for two and a half months. The amount includes \$150 in severance benefit payment.

(8) The 2023 amount for the Chief People Officer A position was held by one individual for less than one month. The amount includes \$100 in severance benefit payment.

