

24
25

ANNUAL
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

May 30, 2025

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 2024-25 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, 2025.

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 strong contributor to Alberta's economic growth and diversification and a fundamental part of our province's history. While our agriculture and agrifood sectors continue to grow, we know that producers have been managing challenges associated with dry conditions and increased costs and now face ongoing uncertainty from the threat of tariffs and market fluctuations.

Alberta's government supports the province's ag industry by listening to producers and taking action to ensure they remain resilient and strong during difficult times. We continue to invest in Agriculture Financial Services Corporation (AFSC) and the business risk management programs it delivers to ensure farmers have access to supports when they need them most.

2024 was a difficult growing season in some areas of the province, leading to declines in production and income for some producers. Business risk management programs like AgriInsurance and AgriStability help Alberta producers manage significant risks that are beyond their control and threaten the viability of their operation. Crop insurance remains a key tool for producers and in 2024-2025, AFSC insured more than 18 million acres of annual crops and 10 million acres of perennial crops, while AgriStability enrolment represents more than half of Alberta's farm cash receipts.

The average age of farmers continues to increase, and the Alberta government supports the future of agriculture through AFSC's Next Generation Loan program. In 2024, AFSC expanded eligibility for the Next Generation loan making it easier for producers to enter and re-enter the agriculture industry, giving greater opportunities to new and growing operations, making succession more appealing and encouraging new and young people to get into farming.

AFSC also helped producers and agribusinesses offset the cost of establishing or expanding their operations by approving \$588 million in loans. In addition, the corporation used funding from the Alberta government and other financial institutions to provide \$723 million in total project dollars. Through more than 1,500 loan transactions approved in 2024-2025, AFSC helped Alberta's producers and agribusinesses thrive.

After listening to feedback from producers in 2024, I was pleased to make changes to the AgriStability program. This included implementing a new option to align AgriStability reporting with tax filing. In addition to making the program more predictable, timely and easy to access, AgriStability will now be more responsive to each producer's unique situation. Finally, an accelerated deadline to submit program forms to AFSC will also lead to earlier payments.

We value the dedication and adaptability of Alberta's farmers and ranchers. Alberta's government continues to monitor conditions that affect them and will work closely with AFSC and the federal government to ensure Alberta producers can continue to put food on tables, here in the province and around the world.

Honourable RJ Sigurdson
Minister of Agriculture and Irrigation

MESSAGE FROM THE BOARD CHAIR



When I look back on the past year, I'm reminded that no matter the challenges our industry faces, the incredible resilience and dedication of producers is ever present as they persevere and embrace new opportunities along the way.

For over eight decades, AFSC has played an important role in the agriculture industry, listening to producers to understand, adapt and respond to their changing needs.

We grow and sustain the agriculture industry in Alberta because we understand its immense importance to our province and the world.

We wouldn't exist without our clients – they are the reason we're all here. Our team takes pride in understanding the big picture, using their experience, product knowledge and relationships to deliver real solutions that help producers succeed.

In my travels over the past year, it's also been rewarding to hear producers share their appreciation for recent program changes, emphasizing how these improvements have positively impacted their operations.

As agriculture grows more complex, our programs must continue to evolve to meet the shifting needs of our clients and industry. The future of agriculture depends on innovation and our commitment to continuous improvement fuels the curiosity and problem-solving necessary to ensure our programs progress.

I want to express my deepest gratitude to the entire AFSC team, including our executive leadership, for their unwavering dedication to this industry. Our success is built on strong relationships, and it's inspiring to see our team members provide critical support to producers.

To my fellow board members, I sincerely appreciate the expertise and passion you bring to our shared work. While 2025 will no doubt bring new challenges, we remain confident in the bright future of farming and are committed to standing alongside producers through every obstacle and achievement.

Kelly Smith-Fraser

Chair, Agriculture Financial Services Corporation Board of Directors



WHO WE ARE

Agriculture Financial Services Corporation (AFSC) is a provincial Crown corporation that works with producers to develop risk management plans that fit their operations, providing Alberta's farmers and agribusinesses with annual, perennial and hail insurance; farm and agribusiness loans; livestock price insurance; and farm income stabilization options.

With team members across Alberta, AFSC serves over 22,000 clients across all product lines and delivers insurance products that cover approximately 28 million acres in Alberta, covering approximately \$9 billion in crops and pasture. Further, AFSC supports clients by offering lending products, a portfolio that has grown to in excess of \$3 billion.

AFSC's sole focus on agriculture allows for an in-depth understanding of clients, their challenges, and solutions for their operations.



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

AFSC Client

This focus, strongly supported by the pursuit of operational excellence, positions us as an organization that wants to be easy to do business with—and an organization whose teams are dedicated to improving their experiences with one another and with our clients.

Board of Directors

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

On March 31, 2025 the Board of Directors consisted of eight 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



Ron Greidanus



Andre Harpe



Michael Howden



Chioma Ufodike



Shelley Vandenberg

Executive Leadership Team

As of March 31, 2025 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 Financial
& Risk Officer



Mark Prefontaine
Chief Strategy &
Innovation Officer

*Scott MacDonald joined AFSC in March 2025 as the new Chief Information & Digital Officer. The overlap between MacDonald and Brandon helped ensure a smooth and comprehensive leadership transition in Digital Services.



FULFILLING
OUR PURPOSE



FINDING THE WAY FORWARD TOGETHER

At AFSC, we believe that collaboration is key to innovation and growth. Working closely with Alberta's producers, industry groups, partners and stakeholders is essential to ensuring our products respond to the evolving needs of our clients and industry.

By fostering strong relationships and using our collective knowledge, we can work together to ensure that our offerings directly benefit and serve producers.

Expanding and updating the Next Generation Loan program

Agriculture is essential to Alberta's history, economy and future prosperity. Over the past 20 years, the number of young and middle-aged producers in agriculture has steeply declined, while the number of farmers over 55 has increased.

In 2024, changes to AFSC's Next Generation Loan program led to the expansion of eligibility, increasing limits to reflect increasing land values. These changes positively affect producers by making it easier to enter and re-enter the agriculture industry—giving greater opportunities to new and growing operations, making succession more appealing, and encouraging new and young entrants into farming.

“

The people at AFSC were willing and able to work with us as young farmers. They've been really good to work with and really want to see us succeed.

AFSC Client

Saving Alberta farmers time and money with changes to AgriStability

AgriStability is known as a low-cost risk management program where coverage is based on individual farm history. At the same time, AgriStability is viewed as a complex program that requires detailed record-keeping and associated professional fees. It is also viewed as being slow to pay.

The 2024 announcement of changes to AgriStability reduced the filing burden, increased dependability and predictability, and will result in files being processed sooner. Changes include:

- Introducing an optional reference margin
- Adding coverage notices for participants who have chosen the optional reference margin
- Shifting the supplementary form and information filing deadline to June 30

Starting in the 2025 program year, these changes will make the program more responsive, timely and predictable for producers.

Assessing crop damage with sky high technology

In 2024, Alberta's government invested in drone technology for faster, easier assessment of wildlife damage to crops.

During the growing and harvesting seasons, producers often experience crop loss or ruin from wildlife damage. To help producers address this issue, the Government of Alberta provided AFSC with additional funding to hire drone services for aerial assessments of crops.

Deploying drones is a practical, cost-effective way to assess damage while increasing efficiency in processing claims as adjusters are able to provide prompt assessments.

Helping farmers navigate risk management with The Dish

AFSC partnered with AgSmart and AgExpo to offer two more installments of The Dish in Olds and Lethbridge, respectively. This special event focused on equipping producers with diverse tools and strategies to navigate the complexities of risk management.

Presenters explored the changing face of agriculture, consumer preferences, and the role of technology and global trade in agriculture, analyzing implications on risk management and examining strategies and tools to mitigate business risk.

Collaborating with Olds College to drive innovation in agriculture

Collaboration between the Olds College of Agriculture and Technology and AFSC has been instrumental in driving agricultural innovation, providing technical solutions, and creating valuable training opportunities.

Together, remarkable progress has been made advancing knowledge, improving data collection and analysis, and integrating cutting-edge technologies to address real-world agricultural challenges.

Notable projects include drone-based classification of hail damage, analysis of soil moisture probe measurements to address moisture deficiency, and exploration of the relationships between soil moisture, weather patterns, and forage biomass.

Through this partnership, AFSC and Olds College look to contribute innovative technologies and methods that benefit producers, AFSC clients, and the agri-food industry in Alberta.



BUILDING GROWING BUSINESSES TOGETHER

AFSC is committed to our purpose of *working together, we grow and sustain the agriculture industry in Alberta*. As we work together, we strive to be a trusted partner in the industry and with clients—ensuring we are easy to do business with, and our clients have the flexibility and support they need.

Ensuring a consistent client experience with AFSC's Standards of Care

In 2024, we developed AFSC's Standards of Care, helping to shape the culture of our work environment and ensure each team member understands how to provide the high level of service we aspire to deliver for our clients.

In a survey conducted of clients who are actively engaged in our programs, as well as those who have exited them, the results showed that 80 per cent of respondents found AFSC easy to do business with.

The feedback gathered through these surveys offers valuable insights into areas where we can enhance our services, reinforcing our client-focused approach and ongoing commitment to making interactions with AFSC as seamless as possible.

Increasing efficiencies with more producer uptake in online solutions

With a focus on our digital goals, we continue to develop online solutions that make it easier for clients to do business. The number of clients using AFSC Connect, our client interaction platform, continues to rise—with 64 per cent of Land Reports, Harvest Production Reports, hail, and wildlife claims submitted digitally.

The increased use of AFSC's self-service channels allowed us to process claims more efficiently, getting funds to clients sooner. Continued growth in direct deposit led to 35 per cent of insurance and AgriStability payments being issued directly, getting money to our clients faster than ever before.

Showcasing our offerings for new and prospective clients

To make things easier for new and prospective AFSC clients, we added *New to AFSC* to the AFSC website homepage. This page showcases our four product lines and gives potential clients easy access to information that helps them learn about our key products and successfully start their relationship with us.

Helping producers do business on their terms

Farming isn't a 9-to-5 job — so it's important that producers can connect with us when it works best for them. Throughout 2024-25, clients continued to connect with our teams through several channels, including AFSC Connect, live chat, email, phone and in-person visits.

We continued to offer extended online chat hours to provide clients with online support leading up to our Land Report and Harvest Production Report deadlines.



AFSC understands farming better than any other financial institution. You can have almost every product you need at one place. That sets AFSC apart from everyone else. I encourage my family and anyone who's in agriculture to look at doing business with AFSC.

AFSC Client

**CLIENTS SATISFIED WITH AFSC'S
PRODUCTS AND SERVICES**

79%

**CLIENTS SATISFIED WITH THEIR
HAIL CLAIM EXPERIENCE**

86%

**CLIENTS SATISFIED WITH THEIR
POST-HARVEST CLAIM EXPERIENCE**

83%

**CLIENTS SATISFIED WITH THE
ASSISTANCE THEY RECEIVE FROM
AFSC TEAM MEMBERS**

91%



STRENGTHENING COMMUNITIES TOGETHER

Investing in our communities is more than just a commitment—it's a reflection of our values and how we show up for the agriculture industry. AFSC is focused on building trust, fostering meaningful relationships and supporting the long-term resilience of rural communities.

Our community investment efforts are based on three pillars:

- Agriculture
- Education, outreach & training
- Community well-being

Whether through corporate sponsorships or grassroots programs, AFSC's approach is rooted in creating spaces for belonging, sparking conversations, and contributing to a more connected, resilient future for Alberta's producers.

Elevating women in agriculture

What began in October as a call for nominations resulted in a journey of impact grounded in connection, recognition and the voices of women who are shaping Alberta's agricultural future.

AFSC's Women in Ag Awards is a platform to elevate women's leadership, inspire future generations and foster pride in the ag industry. This year, 38 nominees and eight winners were honoured at The Notables Gala, an evening of celebration, connection, and storytelling.

Our commitment to elevating women in the agriculture industry extends beyond the Women in Ag Awards to our continued support of the Advancing Women in Agriculture West Conference, as well as two rural gatherings led by women, for women: Emerge and Ladies Livestock Lessons.

Growing the next generation of agriculture

AFSC is committed to helping the next generation of agricultural leaders thrive. From hands-on learning to mentorship, our sponsorship activities support young people to build their skills, confidence, and network.

- **Bridging the Gap: Farm Transition Workshops** – Held in four Alberta locations and attended by approximately 500 participants, these workshops provided practical tools and encouraged conversations about succession planning.
- **Virtual Fireside Chat** – Facilitated by The Do More Ag Foundation, the conversation focused on the emotional aspects of farm transitions, including intergenerational dynamics and personal well-being. More than 250 people joined our online discussion.
- **Next Gen Ag Leaders Club** – We offered discounted conference access to emerging leaders during the Alberta Association of Agricultural Societies convention, hosting a dedicated mixer event and delivering a full-conference presentation on lending, tailored for the next generation of producers.
- **Next Gen Breakfast Club** – This networking breakfast, developed for the Alberta Beef Industry Conference, connected 65 post-secondary students with AFSC team members and industry leaders to explore careers in agriculture.
- **4-H Ag Next Gen Tour** – This travel-based experiential learning opportunity allowed 11 4-H members, selected for their leadership and interest in agricultural careers, to explore Alberta agriculture.
- **4-H Alberta Grassroots Fund** – Our 4-H Alberta Grassroots Fund allowed us to connect with 4-H in local communities in ways that clubs find meaningful by funding activities, programs, events or initiatives that align with our community investment pillars.
- **Support for 4-H Alberta, Outstanding Young Farmers and Young Agrarians Business Bootcamp** – Through year-round partnerships, we helped develop knowledge, leadership and community among Alberta's emerging ag leaders.



Very informative, a starting block on where to go and to get a person thinking.

Farm Transition Workshop Attendee

Community Investment Highlights

4-H ALBERTA GRASSROOTS FUND

\$53,000	INVESTMENT
SUPPORTED 4-H CLUBS	129
5,784	ALBERTA YOUTH SUPPORTED

CANADIAN FOODGRAINS BANK PROJECTS SPONSORSHIP

REGISTERED PROJECTS	24
33	LOCATIONS
ACRES	3,466
\$39,076	IN STRAIGHT HAIL INSURANCE

WOMEN IN AGRICULTURE AWARD

38	NOMINATIONS
RECIPIENTS AWARDED	8

AFSC TEAM MEMBER SUPPORT

428	HOURS SPENT BY TEAM MEMBERS ON CHARITABLE PROJECTS
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Supporting mental health and community well-being

AFSC's role in rural Alberta extends beyond business and includes a deep responsibility to support the health and well-being of the people who sustain our agriculture industry.

- **Do More Agriculture Foundation** – Through our partnership with the Do More Agriculture Foundation, we supported four mental health events across Alberta, reaching more than 500 attendees. Sessions focused on burnout, men's mental health, and the emotional impact of farm succession.
- **Canadian Agricultural Safety Association** – As a BeGrainSafe Week sponsor, we supported ongoing farm safety education in Alberta.
- **Canadian Foodgrains Bank Projects** – Through sponsorship of 24 community-led projects across 33 sites and 3,446 acres, we helped strengthen local food systems and reinforce food security efforts across Alberta.
- **Charitable contributions** – Through donations to AgKnow, CMHA Alberta and the Centre for Suicide Prevention, we reinforced AFSC's long-term commitment to rural mental well-being.



EMPOWERING OUR TEAM

At the heart of AFSC's success is a team of dedicated and talented individuals who drive innovation, foster collaboration, and make meaningful contributions every day to Alberta's producers.

We continue to strengthen and support our team by investing in professional development, enhancing workplace culture, and prioritizing well-being. Through new initiatives, leadership programs, and a culture of support, we create an environment where everyone can thrive, grow, and reach their full potential.

Living our values together

Every day, the AFSC team makes a difference in the lives of producers and the agriculture industry. Our purpose – *working together, we grow and sustain the agriculture industry* - guides everything we do. Our values and behaviours define how we work together and support each other, building a culture we can be proud of.

In 2024, AFSC introduced new values and behaviour statements throughout the organization, engaging team members in divisional meetings to help create understanding and commitment. Our values are:

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

Each value is accompanied by five behaviours, offering our team members guidance to understand what living that particular value looks like.

In addition, sharing stories across the organization has been a powerful way to celebrate and showcase how our values are being lived and where we have learned from our mistakes. These stories have inspired team members, helping them connect their work to our values and see them in action.

Preparing for our workforce of the future

In 2024, the new AFSC Leadership Training Program began, focused on performance excellence—building a performance culture and leadership capacity in current leaders and in support of identified leaders as part of succession planning.

The program, created in collaboration with and delivered by the University of Alberta, focuses on two learning streams:

- **Frontline Leader Program (FLT)**
 - Focused on supervisory skills for day-to-day operations
- **Leadership Development Program (LDP)**
 - LDP-I: For current, new, or aspiring leaders
 - LDP-II: For advanced leaders

To date, two cohorts of FLT training with 49 leaders are complete or in progress. The first cohort of LDP-I training was completed with 38 participants.



The concepts are tied directly to what we do, and I was able to glean a better understanding of myself, my leadership style, and my team and the tools and techniques I may look to weave into my leadership to improve team dynamics and performance.

AFSC Team Member

Enhancing the benefit experience for our team

A strong employee benefits plan is a key tool for attracting top talent and fostering long-term commitment.

In 2024-25, we continued the Benefit Review Project to ensure our benefits program meets the evolving needs of our team members. The primary focus was the salary benefit plan, with wage benefits scheduled for review in 2025.

A comprehensive review resulted in adjustments and enhancements to our benefits program in January 2025, including changes to dental coverage, paramedical coverage, and flexible Health Spending Account credits.

Prioritizing the well-being and mental health of our team

One in five Canadians experiences a mental health problem or illness each year, yet 52 per cent of people with mental health concerns don't receive the help they need. Access to mental health support and stigma both contribute to this problem.

Through our *It's Okay to Not Be Okay* Mental Health Strategy, AFSC focuses on being a champion for mental health and providing a psychologically safe and healthy workplace, preventing psychological harm and promoting positive mental health. We know that not all mental illness is avoidable, and believe those with mental illness deserve respect, empathy, accommodations, and support.

All AFSC team members take *The Working Mind* training, a program that promotes mental health awareness and understanding. This training counteracts stigma, provides a shared language to encourage open dialogue about mental health, and supports team members' resiliency by teaching coping skills. In addition, our people leaders complete further in-depth training, learning skills to help and support others.

Each of our team members have access to resources, coaching, and counselling through our employee and family assistance program as well as recently bolstered mental health support through our benefits program.



OUR WORK AT A GLANCE

At AFSC, our people are proud to support Alberta farmers. Many of us are farmers too and we understand the late nights and early mornings spent in the fields and barns throughout the province.

We've been partners in the agriculture industry for over 85 years, working alongside producers and agribusinesses to build a strong, growing and diverse industry with support through our loan, crop insurance, livestock price insurance and farm income disaster programs.

Our risk management programs are delivered in partnership by the provincial and federal governments through the Sustainable Canadian Agricultural Partnership.

This agreement is Canada's and Alberta's commitment to agriculture, reflecting input from across the sector and focuses on delivering programs that are responsive to the needs of producers.



AFSC is a critical part of our farming team. Our farm has appreciated all the support and knowledge the team at AFSC has continually provided to our farming operations. Growing forward & succeeding together.

AFSC Client

Programs at a Glance

Income Stabilization	2023*	2022	2021
Total Claims Processed	6,597	7,589	8,086
Total Payments (\$ million)	\$49.3	\$71.4	\$61.9
Per cent Alberta Farm Cash Receipts covered through AgriStability	54%	55%	55%
Insurance	2024-25	2023-24	2022-23
Annual and Perennial			
Total Insured Acres (million)	28.9	26.3	25.9
Total Coverage (\$ billion, liability)	\$9.1	\$10.2	\$10.9
Total Premium (\$ billion)	\$1.3	\$1.3	\$1.0
Total Indemnities paid to date (\$ billion)	\$1.2	\$1.9	\$1.3
Livestock Price Insurance			
Total Policies	2,525	1,669	1,354
Total Premium (\$ million)	\$33.6	\$10.8	\$11.8
Total Liability (\$ million)	\$1,655.4	\$522.0	\$480.5
Total Indemnities paid to date (\$ million)	\$0.1	\$0.6	\$0.5**
Loss to Premium	0.3%	5.9%	4.0%
Lending	2024-25	2023-24	2022-23
Total Loans Authorized	1,508	1,369	1,348
Total Loan Authorizations (\$ million)	\$587.6	\$503.5	\$487.4
Loans Outstanding (\$ billion)	\$3.1	\$3.0	\$2.8

*AgriStability results reported on one year delay

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



INCOME STABILIZATION

AgriStability

Producers who take part 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

- 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.
- Producers must also have a minimum of six months of continuous farming activity, along with the completion of a production cycle.

The enrolment deadline for the 2024 program year was April 30, 2024. In 2023, late participation was allowed in consideration of the wildfires and drought that had affected many farmers and ranchers.

2024-25 Program Year Review

Because producer tax information is needed to process an AgriStability claim, annual reporting under this program is a year behind other programs. Reporting for the 2024-25 annual report is actually based on the 2023 production year.

Participants in the 2023 program year were paid \$49.3 million in benefits resulting from 91 per cent of claims processed as of March 31, 2025. Of completed claims, seven per cent of participants received payments, compared to the nine per cent who received payments in 2022.

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

As of March 31, 2025, 7,232 claims were received for the 2023 program, compared to 7,638 claims for the 2022 program year.

Producers who participated in the 2023 AgriStability program year represented 54 per cent of Alberta's farm cash receipts. This is down from 55 per cent for the 2022 program year. The average support level for producers increased from \$526,366 to \$569,534 in 2023.

AgriStability Highlights

CLAIMS PROCESSED

6,597	7,589
2023	2022

AVERAGE SUPPORT LEVEL

\$569,534	\$526,366
2023	2022

CLAIMS WITH PAYMENT

484	708
2023	2022

AVERAGE PAYMENT

\$101,761	\$100,836
2023	2022

TOTAL PAYMENT

\$49.3M	\$71.4M
2023	2022

AgrilInvest

AgrilInvest is a matching deposit-based program that producers can access when they face margin declines. The program is simple, responsive, predictable, and bankable. The program 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 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.

2023-24 Results

As of March 31, 2025, 16,953 Alberta producers deposited \$68.8 million in AgrilInvest accounts for the 2023 program year. The total value of the 21,718 account balances with \$10 or more in their account is \$746.5 million. The average account balance is \$34,373.

AgrilInvest Highlights

ELIGIBLE PRODUCERS

22,127	21,861
2023	2022

MAXIMUM MATCHABLE DEPOSITS

\$84.1M	\$78.8M
2023	2022

NUMBER OF PRODUCER DEPOSITS

16,953	17,541
2023	2022

CONTRIBUTION BY PRODUCERS

\$68.8M	\$69.1M
2023	2022

CONTRIBUTION BY GOVERNMENTS

\$68.8M	\$69.1M
2023	2022



INSURANCE

Annual Crop Insurance

AFSC provides a full suite of insurance programs for clients to insure their annual crops. There is production-based coverage under Crop Insurance and Honey Insurance; area-based coverage under Silage Greenfeed Insurance, Lack of Moisture, and Corn Heat Unit Insurance; proxy-based programs under New Crop Insurance Initiative and Silage Greenfeed Barley Proxy; and coverage for processing crops contracted under Processing Vegetable Insurance and bee mortality losses under Bee Overwintering Insurance.

Key Program Details

- Crop Insurance and Honey Insurance protect clients for production losses when their reported crop production is below the client's individual coverage level for the same crop due to a designated peril.
- Area-based Silage Greenfeed Lack of Moisture Insurance and Corn Heat Unit Insurance considers events that happen off-farm, such as precipitation and/or heat measured at a specific weather station(s). When the precipitation and/or heat are lower than the long term normal for the weather station(s), the clients are compensated accordingly.
- Proxy-based New Crop Insurance Initiative (NCII) offers coverage on new and non-traditional crops that are not insurable under other insurance programs. NCII compensates clients when the reported production of crops insured by the client under their Crop Insurance program is less than coverage. Silage Greenfeed Barley Proxy Insurance compensates clients when the combined production of feedgrain crops (barley, oats, mixed grain, spring rye, and spring triticale) insured by clients across the province under the Crop Insurance program is below coverage.
- Processing Vegetable Insurance insures processing crops, currently peas and corn, which are contracted to a licensed processor and compensates clients when the crop's production is less than the coverage due to a designated peril, or if the crop is bypassed and not harvested by the processor.
- Bee Overwintering Insurance protects clients against mortality losses for bees overwintered in Alberta in excess of normal losses caused by designated perils specific to this insurance program.

Annual Crop Insurance Highlights

CONTRACTS	
12,412	12,102
2024	2023

ACRES	
18.1M	17.7M
2024	2023

PREMIUM	
\$767.4M	\$769.0M
2024	2023

LIABILITY	
\$8.3B	\$9.5B
2024	2023

CONTRACTS WITH INDEMNITY	
7,007	5,305
2024	2023

INDEMNITY	
700.1M	\$1.2B
2024	2023

LOSS/PREMIUM	
91.2%	160.2%
2024	2023

Hail Endorsement Highlights

CONTRACTS	
10,739	10,633
2024	2023

ACRES	
15.5M	15.5M
2024	2023

PREMIUM	
\$417.8M	\$446.6M
2024	2023

LIABILITY	
\$7.3B	\$8.6B
2024	2023

CONTRACTS WITH INDEMNITY	
2,277	3,009
2024	2023

INDEMNITY	
\$274.4M	\$333.5M
2024	2023

LOSS/PREMIUM	
65.7%	74.7%
2024	2023

The Crop insurance program boasts the highest participation rate by Alberta producers, with 10,291 subscriptions and 17.2 million acres insured for the 2024 crop year. The next highest are the two Silage Greenfeed Insurance programs—Lack of Moisture and Barley Proxy options—with 1,841 subscriptions and 0.7 million acres. These programs cover the vast majority of annual crops grown by Alberta producers.

Hail Endorsement

Hail Endorsement provides producers with spot-loss coverage for damage to insurable crops caused by hail, accidental fire, or fire by lightning. Hail Endorsement can be purchased on a crop-by-crop basis along with annual crop insurance policies.

2024-25 Year in Review

In 2024, Alberta experienced several significant and localized hailstorms that caused extensive damage to annual crops. The most notable events occurred in early August in areas generally south and east of Calgary, resulting in nearly 52 per cent of the indemnities paid out by the Hail Endorsement program in the 2024 crop year.

The frequency and intensity of storms producing hail was low in comparison to previous insurance years as AFSC recorded the lowest number of claims since 2002. Additionally, AFSC's loss to premium ratio was the lowest noted since 2018.



Perennial Crop Insurance Highlights

CONTRACTS	
7,046	5,496
2024	2023
ACRES	
10.7M	8.5M
2024	2023
PREMIUM	
\$118.6M	\$73.8M
2024	2023
LIABILITY	
\$754.8M	\$642.8M
2024	2023
CONTRACTS WITH INDEMNITY	
6,280	4,630
2024	2023
INDEMNITY	
\$198.1M	\$348.6M
2024	2023
LOSS/PREMIUM	
167.1%	472.4%
2024	2023

Perennial Crop Insurance

AFSC Perennial Crop Insurance consists of three programs: Hay Insurance, Moisture Deficiency Insurance, and Export Timothy Hay Insurance. Hay Insurance provides a production guarantee on alfalfa, legume and grass hay. Moisture Deficiency Insurance compensates producers for loss of pasture forage in periods of drought or extreme heat. Export Timothy Hay Insurance provides a production guarantee on timothy hay harvested for export markets.

2024-25 Year in Review

After a 27 per cent increase in MDI participation in 2023-24, the 2024 growing season began with similar concerns about spring moisture reserves. These concerns were largely alleviated when significant rainfall arrived across much of the province in the first week of May.

Throughout the growing season, pasture and hay conditions varied across the province, mostly affected by dry periods and intense heat at times. Provincially, the hay production average was 118 per cent of normal, although drought did affect forage crop productivity leading to claims in regions of northwestern and central Alberta.

In the 2024 crop year, perennial crop insurance products covered more than 10.7 million acres, with a total liability of \$755 million. Producers received \$198 million in losses, predominantly attributed to drought, resulting in a loss to premium ratio of 167.1 per cent.

Straight Hail Insurance

Straight Hail Insurance provides producers with spot-loss crop protection from hail damage, accidental fire, and fire by lightning.

Key Program Details

- Anyone with a vested interest in the seeded crop, whether that's a producer, tenant or crop share landlord, is eligible to purchase a policy.
- Coverage can be purchased from the time the crop emerges until July 31.
- Straight Hail Insurance is fully funded by producer premiums.

The 2024 crop year saw a notable increase in the number of contracts, insured acres, premium, and liability. Despite the increase in coverage, Straight Hail claims remained similar to the prior year, resulting in a decrease in the premium to loss ratio to 53.2 per cent in 2024, from 64 per cent in 2023, with losses over \$28 million paid to over 600 producers.

Straight Hail Insurance Highlights

CONTRACTS	
2,845	2,513
2024	2023
ACRES	
3.9M	3.0M
2024	2023
PREMIUM	
\$54.1M	\$44.0M
2024	2023
LIABILITY	
\$742.6M	\$612.7M
2024	2023
CONTRACTS WITH INDEMNITY	
655	670
2024	2023
INDEMNITY	
\$28.8M	\$28.2M
2024	2023
LOSS/PREMIUM	
53.2%	64.0%
2024	2023

Wildlife Damage Compensation Program

Damage to crops from wildlife and waterfowl is a risk in agriculture. The Wildlife Damage Compensation Program compensates producers for this type of damage.

Key Program Details:

The Wildlife Damage Compensation Program provides producers with access to the following:

- Spot-loss coverage for unharvested crops damaged by waterfowl, big game animals, or upland game birds. The program applies to all commercially grown annual crops and hay that can be insured under AgrilInsurance 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.
- Damage to swath grazing, bale grazing and corn grazing, up to October 31.

Producers who wish to make a claim under the Wildlife Damage Compensation Program do not have to have crop insurance. Compensation is provided for losses incurred up to a maximum of 80 per cent.

Wildlife Damage Compensation Program Highlights

WILDLIFE CLAIMS		WILDLIFE INDEMNITY	
676	715	\$9.7M	\$13.4M
2024	2023	2024	2023
WATERFOWL CLAIMS		WATERFOWL INDEMNITY	
121	64	\$1.1M	\$0.6M
2024	2023	2024	2023
TOTAL CLAIMS		TOTAL INDEMNITY	
797	779	\$10.8M	\$14.0M
2024	2023	2024	2023



Livestock Price Insurance Program

Livestock Price Insurance (LPI) is a risk management program that provides producers with the opportunity to purchase price protection on livestock in the form of an insurance policy. LPI is available in British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick, Prince Edward Island, and Nova Scotia. The program provides producers with protection against unexpected drops in prices on cattle and hogs over a defined period of time.

2024-25 Year in Review

Outlook for the 2024-25 program year was optimistic. With a reduced supply of cattle in North America, prices were expected to be strong.

Prices were slightly weaker than expected early in the fall season, but by the end of September a counter seasonal rally took fall calf prices to record levels. All weight classes of cattle stayed strong through the fall, hitting record levels in early 2025.

The pork industry saw continued pressure with high operating and feed costs in addition to the ever-present threat of disease.

In November and December, tariff threats from Canada's primary trading partner for beef and pork, the United States, drove volatility higher in the marketplace, affecting the dollar and the futures price. This motivated many producers to purchase LPI policies as a way to protect their risk.

Livestock Price Insurance Program Highlights

POLICIES

2,525	1,669
2024	2023

PREMIUMS

\$33.6M	\$10.8M
2024	2023

LIABILITY

\$1.7B	\$522.0M
2024	2023

INDEMNITY

\$106,296	\$638,850
2024	2023

LOSS TO PREMIUM

0.3%	5.9%
2024	2023

*Policies still set to expire at the time of publishing

LPI participation in 2024-25 increased substantially for all cattle products early in the season as a method to protect against a potential tariff on livestock products.

- Producers purchased price protection on 111,780 fed cattle, 293,498 feeders, 138,608 calves, and 2,600 hogs. Compared to the previous year, these head totals equaled about 864 per cent more fed cattle, 179 per cent more feeders, 31 per cent more calves insured, and 550 per cent fewer hogs.
- Cumulatively, liability coverage amounted to more than \$1.6 billion, premiums totaled \$33.6 million, and indemnities totaling approximately \$106 thousand (as of March 31, 2025) were paid to participating producers. At the end of the fiscal year, total indemnities paid to participants in the following programs were: calf (4.2 per cent), feeder (95.8 per cent), fed (0 per cent), and hog (0 per cent).*
- Policies purchased in the 2023-2024 fiscal year continued to expire into 2024-25 with additional payouts. Nearly \$639 thousand in LPI indemnities were paid to participating Alberta producers, with 19.97 per cent of indemnities going to feeder producers, and 80.03 per cent going to Fed producers.
- We continue to work on strategic initiatives to make LPI more relevant for Alberta producers and ensure its longevity within the industry. Concurrent projects are underway, carried forward from the previous fiscal year, to capitalize on industry changes and producer feedback.
- In 2024, LPI expanded to eastern Canada with Prince Edward Island, New Brunswick, and Nova Scotia joining the program.



LENDING

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

We are 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 lending programs help create an agribusiness and economic development climate, supporting growth in the agriculture and food-processing sectors while addressing funding gaps in the market to provide producers and agribusinesses access to capital.

In addition, 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.

2024-25 Year in Review

In the 2024-25 fiscal year, we authorized 1,508 new direct loans, totaling \$587.6 million, a noted increase over the \$503.5 million reported in 2023-24. This generated \$723.3 million in investments in the province's agriculture and agribusiness sectors, increasing AFSC's lending portfolio to over \$3.1 billion.

Lending Portfolio Performance

In 2024-25, we authorized 890 Next Generation loans totaling over \$403 million in financing to assist new, young and returning producers establish and grow their operations and support the succession of farming operations from one generation to the next.

As program improvements, on September 1, 2024, AFSC expanded eligibility criteria for the Next Generation loan program to include individuals over the age of 40 and increased lifetime principal eligible for incentivized payments from \$1 million to \$1.5 million per individual.

Lending Highlights

NEXT GENERATION LOAN AUTHORIZATIONS	
890	\$403M
LOANS	LENDING
DEVELOPING PRODUCER LOAN AUTHORIZATIONS	
433	\$128M
LOANS	LENDING
ALBERTA PRODUCER LOAN AUTHORIZATIONS	
19	\$8M
LOANS	LENDING
AGRIBUSINESS LOAN AUTHORIZATIONS	
21	\$23M
LOANS	LENDING
REVOLVING LOAN AUTHORIZATIONS	
145	\$25M
LOANS	LENDING

These changes provided an additional 77 Next Generation producers with access to capital to set up and grow their operations at lower interest rates- allowing them to retain working capital and improve their equity positions.

Additionally, we authorized over \$22 million in loans to the agribusiness sector. Significant opportunities exist for agribusiness and agri-foods industries in our province, and we are committed to supporting these initiatives to help grow a strong and diversified Alberta.

Overall, the lending portfolio balance grew five per cent in 2024-25 to over \$3.1 billion. Next Generation loans account for 54 per cent of the portfolio demonstrating AFSC’s commitment to this key market segment. Total funds disbursed trended 12 per cent ahead of last fiscal year. This positive trend shows increased financial support to producers and agribusinesses across the province.

Portfolio arrears of 2.6 per cent at fiscal year-end is lower compared to last fiscal year, proving the effectiveness of AFSC’s due diligence and risk management practices.



WHISTLEBLOWER PROTECTION PROGRAM

Purpose of the Program

On January 1, 2016, AFSC launched the Whistleblower Protection Program. It provides a confidential and anonymous mechanism for AFSC staff and members of the public to disclose actions or events that they believe may constitute a form of wrongdoing as it concerns the affairs of AFSC.

Disclosures of alleged wrongdoing are assessed by the program’s Designated Officer against the definition of “wrongdoing” found in the Public Interest Disclosure (Whistleblower Protection) Act. It is important to note that what constitutes a wrongdoing under the Act may be significantly different than what a person unfamiliar with the Act may believe is a wrongdoing.

2024-25 in review

Disclosures Received	Disclosures Acted Upon	Disclosures Not Acted Upon	Investigations Commenced	Findings of Wrongdoing	Disclosures Closed
2	2	0	0	0	2



FINANCIALS AT A GLANCE

Overall, we recorded revenue of \$1.70 billion and expenses of \$1.75 billion, which resulted in a net deficit of \$52 million. The deficit was due to higher losses relative to premiums for the AgriInsurance program. This was mainly due to dry conditions negatively impacting crop production.

Our assets increased from \$3.60 billion to \$3.74 billion of which \$3.16 billion (84 per cent of all assets) represents loans receivables. Our liabilities increased from \$3.71 billion to \$3.90 billion.

The carried over net loss of \$112.9 million increased to a net loss of \$164.9 million.

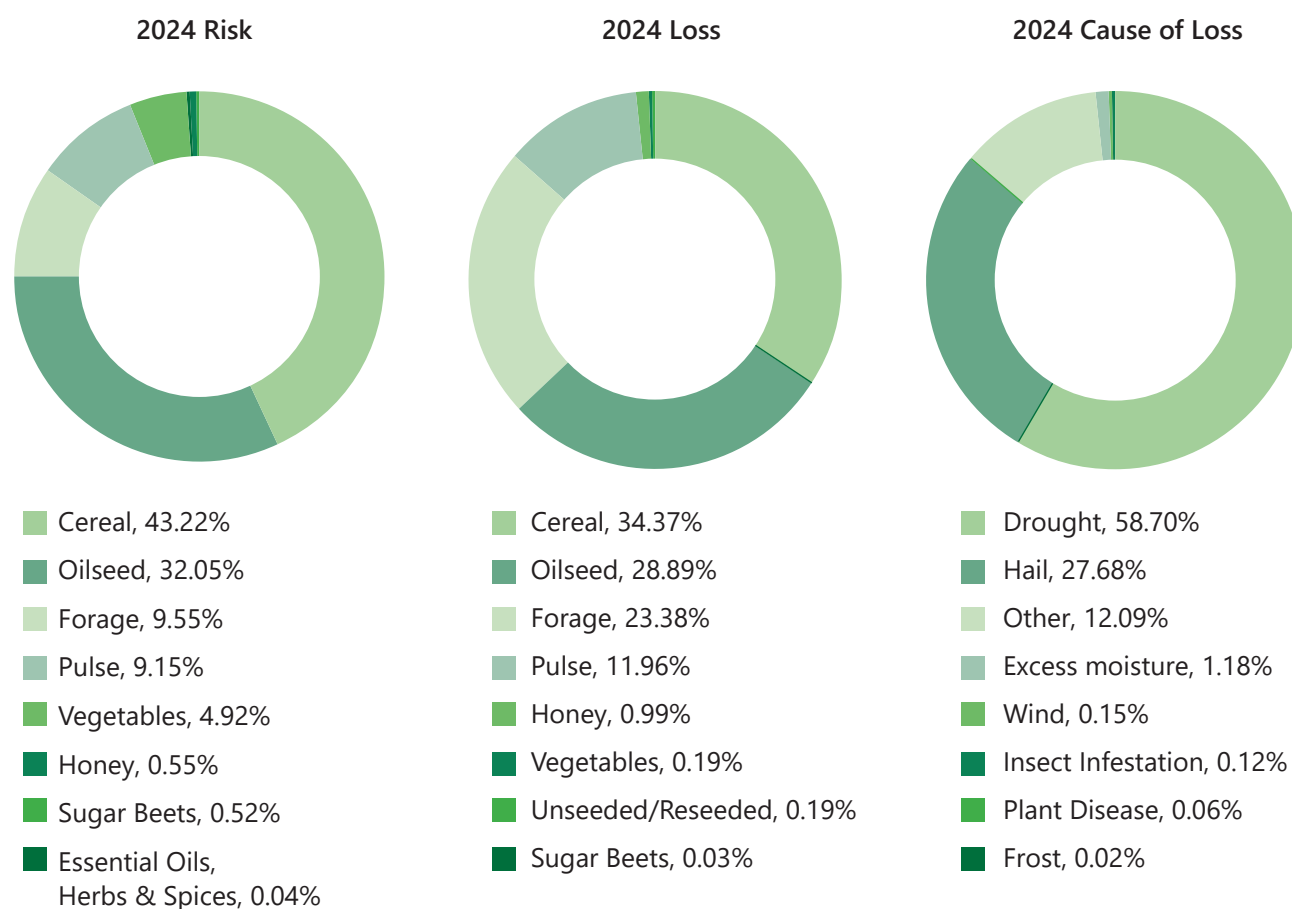
AgriStability Statistical Summaries

Program Year	Claims Processed	Average Support Level	Claims with Payment	Total Payment
2023	6,597	\$569,534	484	\$49.3M
2022	7,589	\$526,366	708	\$71.4M
2021	8,086	\$455,728	474	\$61.9M
2020	8,502	\$431,579	1,544	\$172.0M
2019	8,648	\$396,573	1,726	\$120.2M

AgrilInsurance Statistical Summaries

Crop Year	Contracts	Acres	Liability	Premium	Indemnity	Loss/ Premium
2024	19,458	28.9M	\$9.1B	\$1.3B	\$1.2B*	89.9%*
2023	17,598	26.3M	\$10.2B	\$1.3B	\$1.9B	148.5%
2022	17,506	25.9M	\$10.9B	\$1.0B	\$1.3B	129.0%
2021	16,477	24.0M	\$9.1B	\$623M	\$2.8B	436.6%
2020	16,140	22.3M	\$5.3B	\$640.1M	\$729.8M	114.0%

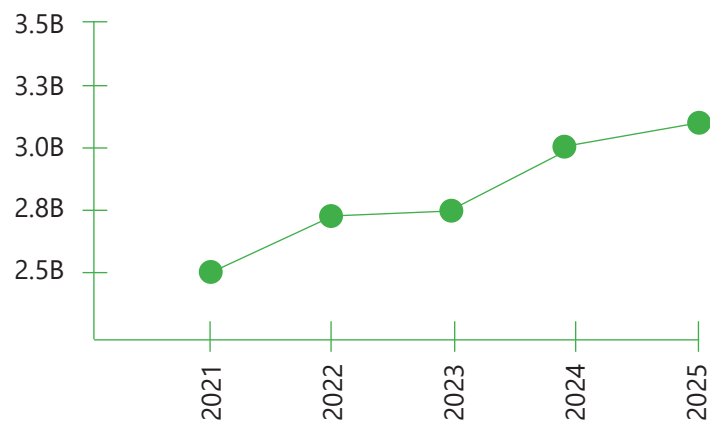
* Represents indemnities paid as of March 31, 2025. Estimated total claims for the 2024 crop year are \$1.3B, resulting in a loss/premium ratio of 101.8%.



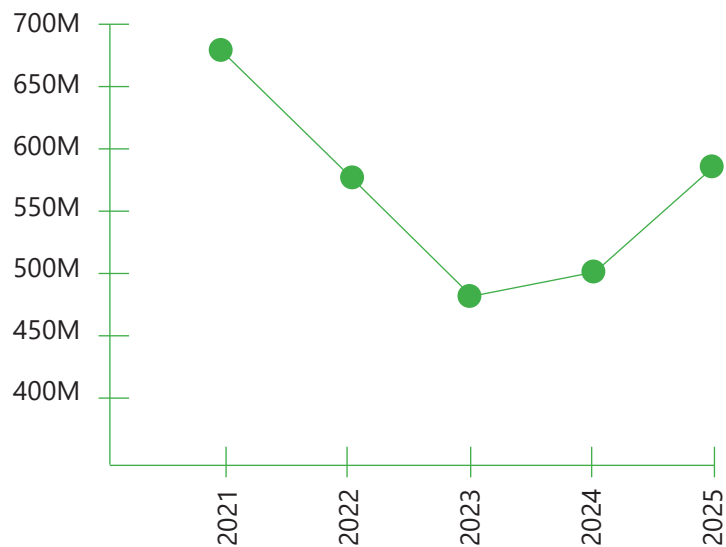
Lending Statistical Summaries

March 31	New Loan Approvals	Outstanding Balance
2025	\$587.6M	\$3.1B
2024	\$503.6M	\$3.0B
2023	\$487.5M	\$2.8B
2022	\$577.9M	\$2.7B
2021	\$667.3M	\$2.5B

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 and Notes

For the year ended March 31, 2025

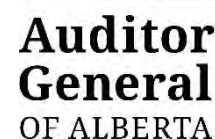
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Independent Auditor's Report

To the Board of Directors of the Agriculture Financial Services Corporation

Report on the Financial Statements

Opinion

I have audited the financial statements of the Agriculture Financial Services Corporation (the Corporation), which comprise the statement of financial position as at March 31, 2025, and the statements of operations, change in net debt, 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, 2025, and the results of its operations, its changes in 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

June 2, 2025
Edmonton, Alberta

Agriculture Financial Services Corporation

Statement of Financial Position

As at March 31, 2025 | In Thousands of Dollars

	2025	2024
Financial assets		
Cash and cash equivalents	\$ 322,138	\$ 259,494
Accounts receivable (Note 5)	17,245	6,316
Due from Government of Alberta	13,061	59,592
Due from Government of Canada	193,868	242,654
Loans receivable (Note 6)	3,155,782	3,003,332
	<u>3,702,094</u>	<u>3,571,388</u>
Liabilities		
Accounts payable and other accrued liabilities (Note 7)	25,776	82,251
Due to other Provincial Governments (Note 8)	18,994	10,626
Indemnities payable (Note 9)	461,617	454,389
Borrowing from Government of Alberta (Note 10)	3,340,136	3,137,756
Deferred revenue (Note 11)	38,464	15,629
	<u>3,884,987</u>	<u>3,700,651</u>
Net debt	<u>(182,893)</u>	<u>(129,263)</u>
Non-financial assets		
Tangible capital assets (Note 12)	25,188	15,146
Prepaid expenses	7,872	8,422
	<u>33,060</u>	<u>23,568</u>
Net liabilities before spent deferred capital contributions	<u>(149,833)</u>	<u>(105,695)</u>
Spent deferred capital contributions (Note 11)	15,099	7,158
Net liabilities	<u>\$ (164,932)</u>	<u>\$ (112,853)</u>
Net liabilities		
Accumulated deficit	<u>\$ (164,932)</u>	<u>\$ (112,853)</u>

Contingencies, Contractual Obligations and Commitments (Note 14)

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

[Original signed by Kelly Smith-Fraser]

Chair of the Board of Directors

[Original signed by Chioma Ufodike]

Board Finance & Audit 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

For the Year Ended March 31, 2025 | In Thousands of Dollars

	2025		2024
	Budget	Actual	Actual
	(Note 19)	(Schedule 1)	
Revenues (Note 2a)			
Premiums from insured persons	\$ 695,470	\$ 638,913	\$ 618,886
Interest	135,507	130,756	114,733
Contribution from Government of Alberta	466,059	437,687	511,626
Contribution from Government of Canada	480,493	450,714	565,820
Investment income (loss)	-	-	(8,793)
Fees and other income	27,663	41,168	74,143
	<u>1,805,192</u>	<u>1,699,238</u>	<u>1,876,415</u>
Expenses (Note 2b)			
AgriInsurance	472,033	1,432,370	1,971,592
Agriculture Income Support	89,688	125,855	326,928
Lending	135,570	129,809	121,961
Hail Insurance	30,501	37,257	34,457
Livestock Insurance	14,759	13,060	8,568
Wildlife Damage Compensation	11,153	12,966	15,202
	<u>753,704</u>	<u>1,751,317</u>	<u>2,478,708</u>
Annual deficit	<u>\$ 1,051,488</u>	(52,079)	(602,293)
Accumulated (deficit) surplus at beginning of year		(112,853)	489,440
Accumulated deficit at end of year		<u>\$ (164,932)</u>	<u>\$ (112,853)</u>

The accompanying notes and schedules are part of these financial statements

Agriculture Financial Services Corporation

Statement of Change in Net Debt

For the Year Ended March 31, 2025 | In Thousands of Dollars

	2025		2024
	Budget	Actual	Actual
	(Note 19)		
Annual deficit	\$ 1,051,488	\$ (52,079)	\$ (602,293)
Acquisition of tangible capital assets (Note 12)	(4,366)	(13,331)	(7,774)
Amortization of tangible capital assets (Note 12)	2,368	3,225	2,224
Gain on disposal of tangible capital assets	-	(298)	(255)
Proceeds on sale tangible capital assets	-	362	286
Decrease (increase) in prepaid expenses	-	550	(1,360)
Increase in spent deferred capital contributions (Note 11)	-	7,941	4,650
Decrease in financial assets	1,049,490	(53,630)	(604,522)
Net (debt) financial assets at beginning of year	(129,263)	(129,263)	475,259
Net debt at end of year	<u>\$ 920,227</u>	<u>\$ (182,893)</u>	<u>\$ (129,263)</u>

The accompanying notes and schedules are part of these financial statements

Agriculture Financial Services Corporation

Statement of Cash Flows

For the Year Ended March 31, 2025 | In Thousands of Dollars

	2025	2024
Operating Transactions		
Annual deficit	\$ (52,079)	\$ (602,293)
Non-cash items included in annual deficit:		
Amortization of tangible capital assets (Note 12)	3,225	2,224
Deferred capital contribution recognized as revenue (Note 11)	(1,843)	(1,297)
Amortization of premiums and discounts	2,775	(13,772)
Allowance for doubtful accounts and for losses	6,230	5,639
Loss on sale of investments	-	12,904
Net gain on disposal of capital assets	(298)	(255)
Increase in net deferred revenue	22,835	5,492
Decrease (increase) in prepaid expenses	550	(1,360)
Increase in accounts receivable	(15,331)	(599)
Increase (decrease) in environment liabilities	501	(993)
Increase in indemnities payable	7,228	78,289
(Decrease) increase in accounts payable and other accrued liabilities	(57,373)	73,812
Decrease (increase) in due from provincial and federal governments	103,684	(64,775)
Cash provided by (applied to) operating transactions ¹	20,104	(506,984)
Capital Transactions		
Acquisition of tangible capital assets	(13,331)	(7,774)
Proceeds on sale/disposal of tangible capital assets (Note 12)	362	286
Cash applied to capital transactions	(12,969)	(7,488)
Investing Transactions		
Proceeds from repayments of loans receivable	422,315	348,075
Loan disbursements	(576,590)	(515,628)
Purchase of investments	-	(150,552)
Proceeds on disposal of investments	-	415,639
Cash (applied to) provided by investing activities	(154,275)	97,534
Financing Transactions		
Borrowing from the Government of Alberta	4,943,432	5,194,591
Contributions restricted for capital (Note 11)	9,784	5,947
Repayment of borrowing from the Government of Alberta	(4,743,432)	(4,819,590)
Repayment of borrowing from the Government of Canada	-	(2,154)
Cash provided by financing activities	209,784	378,794
Increase (decrease) in cash and cash equivalents	62,644	(38,144)
Cash and cash equivalents at beginning of year	259,494	297,638
Cash and cash equivalents at end of year	\$ 322,138	\$ 259,494

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

¹ Net cash applied to by operating activities includes \$54,459 (2024 \$58,603) of interest paid. The difference between the interest reported on Schedule 1 and interest paid of \$51,199 (2024 \$35,566) is as a result of upfront interest paid that is netted out of our short-term borrowing.

Agriculture Financial Services Corporation

Notes to the Financial Statements

For the Year Ended March 31, 2025 | In Thousands of Dollars

Note 1 Authority and Purpose

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

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

Note 2 Summary of Significant Accounting Policies and Reporting Practices

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

Basis of Financial Reporting:

(a) Revenues

All revenues are reported on the accrual basis of accounting.

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, insurance premiums from persons are recognized over the period of coverage of the respective insurance product.

Revenues from transactions with no performance obligations are recognized at their realizable value when the Corporation has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event that gives rise to an asset. For the Corporation, this typically includes fees from Lending program activities or AgriStability administrative cost sharing.

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

Government Transfers

Transfers from all governments are referred to as government transfers.

Government transfers and associated externally restricted investment income are recognized as deferred contributions when 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. 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).

Agriculture Financial Services Corporation

Notes to the Financial Statements

For the Year Ended March 31, 2025 | In Thousands of Dollars

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(a) Revenues (continued)

Interest on Loans Receivable

Interest income on loans receivable is recognized as it is earned over the period of the loan, except when impaired. At the date of impairment, interest no longer accrues 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

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.

(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.

(c) Valuation of Financial Assets and Liabilities

The Corporation's financial assets and liabilities are measured as follows:

Financial Statement Component	Measurement
Cash and cash equivalents	Cost
Accounts receivable	Lower of cost or net recoverable value
Due from Government of Alberta	Cost
Due from Government of Canada	Cost
Loans receivable	Lower of cost or net recoverable value
Accounts payable and other accrued liabilities	Cost
Due to other provincial governments	Cost
Indemnities payable	Cost
Borrowing from the Government of Alberta	Amortized cost
Deferred revenue	Cost

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. Transaction costs are a component of cost for financial instruments measured using cost or amortized cost.

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.

Agriculture Financial Services Corporation

Notes to the Financial Statements

For the Year Ended March 31, 2025 | In Thousands of Dollars

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)**(d) Financial Assets**

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets are the Corporation's financial claims on external organizations and individuals, as well as cash.

Cash and Cash Equivalents

Cash comprises of cash on hand and demand deposits in the Consolidated Liquidity Solution (CLS), the Province's cash pooling structure.

Accounts Receivable

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

Loans Receivable and Allowances for Doubtful Accounts and for Losses

Loans receivable are recognized at the lower of cost or net recoverable value. Amounts included in the cost of loan receivable include principal not due, arrears of principal and interest, accrued interest and other capitalized costs.

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

- **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.

Agriculture Financial Services Corporation

Notes to the Financial Statements

For the Year Ended March 31, 2025 | In Thousands of Dollars

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(d) Financial Assets (continued)

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 that are expensed in the year in which the loans are disbursed. They are amortized to interest revenue over the period of the concessionary term in proportion to loan repayments received.

(e) Liabilities

Liabilities are present obligations of the Corporation to external organizations and individuals arising from past transactions or events occurring before year end, the settlement of which is expected to result in the future sacrifice of economic benefits. They are recognized when there is an appropriate basis of measurement and management can reasonably estimate the amounts.

Borrowing from the Government of Alberta

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

(f) Non-Financial Assets

Non-financial assets are acquired, constructed, or developed assets that do not normally provide resources to discharge existing liabilities. Instead, non-financial assets are employed to deliver government services, consumed in the normal course of operations, and are not for sale in the normal course of operations. The Corporation's non-financial assets include tangible capital assets and prepaid expenses.

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. Cost 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. Work in progress, which includes facilities and improvements projects and development of information systems is not amortized until after a project is complete (or substantially complete) and the asset is put into service.

Leases of tangible capital assets which transfer substantially all the benefits and risks of ownership are considered capital leases. These are accounted for as an asset and an obligation. Capital lease liabilities 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 Corporation's incremental borrowing rate.

Agriculture Financial Services Corporation

Notes to the Financial Statements

For the Year Ended March 31, 2025 | In Thousands of Dollars

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(f) Non-Financial Assets (continued)

The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	25 - 40 Years
Furniture and fixtures	5 - 10 Years
Vehicles	5 - 10 Years
Computer equipment and software	2 - 10 Years
Leasehold improvements	Lesser or lease term or useful life

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.

(g) 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, allowances for doubtful accounts, losses on accounts receivable and loans receivable, and liabilities for contaminated sites. 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 included in the relevant notes in the financial statements (See Accounts receivable (Note 5), Loans receivable (Note 6), Indemnities payable (Note 9), and Contingencies, Contractual Obligations, and Commitments (Note 14)).

(h) 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.

(i) Reinsurance

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

Agriculture Financial Services Corporation

Notes to the Financial Statements

For the Year Ended March 31, 2025 | In Thousands of Dollars

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(i) Reinsurance (continued)

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 18).

(j) AgrilInsurance Accumulated Surplus Restriction

In accordance with the Federal/Provincial Agricultural Policy Framework, the AgrilInsurance accumulated surpluses or deficit is restricted for AgrilInsurance purposes only (see Schedule 1).

(k) Transactions with Related Parties

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

(l) 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.

Note 3 Change in Accounting Policy

The Corporation assessed the following accounting standards previously adopted.

▪ PS 3400 Revenue

Effective April 1, 2023, the Corporation adopted the PS 3400 Revenue standard for recognition of insurance premiums with persons. An additional evaluation was conducted on the suitability of PS 3100 Restricted Assets and Revenues, given the external restrictions of some programs. It was determined that PS 3100 does not introduce any incremental restrictions on revenue recognition and given the nature of the transaction, application of PS 3400 Revenue is appropriate.

Agriculture Financial Services Corporation

Notes to the Financial Statements

For the Year Ended March 31, 2025 | In Thousands of Dollars

Note 4 Future Changes in Accounting Standards

On April 1, 2026, the Corporation will adopt the following new conceptual framework and 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.

Note 5 Accounts Receivable

Accounts receivable are comprised of the following:

	2025	2024
Premiums from insured persons		
Livestock Insurance program	\$ 11,619	\$ 2,926
AgrilInsurance program	5,366	2,758
Hail Insurance program	511	376
AgriStability & Agriculture Income Support programs		
Overpayments	526	781
Administration fees	440	565
Other	80	89
	<u>18,542</u>	<u>7,495</u>
Allowances for doubtful accounts		
At beginning of year	(1,179)	(1,562)
(Increase) decrease for the year	(103)	682
Write offs	(15)	(299)
	<u>(1,297)</u>	<u>(1,179)</u>
	<u>\$ 17,245</u>	<u>\$ 6,316</u>

Included in the allowances for doubtful accounts is \$526 (2024 \$781) 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.

Agriculture Financial Services Corporation

Notes to the Financial Statements

For the Year Ended March 31, 2025 | In Thousands of Dollars

Note 6 Loans Receivable

Loans receivable are comprised of the following:

	2025			2024
	Farm	Commercial	Total	Total
Performing loans - non concessionary	\$ 2,960,516	\$ 147,655	\$ 3,108,171	\$ 2,953,131
Performing loans - concessionary	142	-	142	266
Impaired loans	852	22,913	23,765	26,653
	<u>2,961,510</u>	<u>170,568</u>	<u>3,132,078</u>	<u>2,980,050</u>
Accrued interest	41,419	678	42,097	37,549
Loan discount	(1)	-	(1)	(3)
	<u>3,002,928</u>	<u>171,246</u>	<u>3,174,174</u>	<u>3,017,596</u>
Allowances for doubtful accounts	(6,214)	(12,178)	(18,392)	(14,264)
Net carrying value	<u>\$ 2,996,714</u>	<u>\$ 159,068</u>	<u>\$ 3,155,782</u>	<u>\$ 3,003,332</u>

All loans have fixed interest rates for the loan term 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.

Allowances for doubtful accounts for loans are as follows:

	2025			2024
	Farm	Commercial	Total	Total
At beginning of year	1,522	12,742	14,264	9,918
Increase for the year	4,687	1,410	6,097	5,723
Write offs	5	(1,974)	(1,969)	(1,377)
At end of year	<u>\$ 6,214</u>	<u>\$ 12,178</u>	<u>\$ 18,392</u>	<u>\$ 14,264</u>
Specific allowance	49	11,709	11,758	11,625
General allowance	6,165	469	6,634	2,639
	<u>\$ 6,214</u>	<u>\$ 12,178</u>	<u>\$ 18,392</u>	<u>\$ 14,264</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 \$6,635,336 (2024 \$6,200,994).

Agriculture Financial Services Corporation

Notes to the Financial Statements

For the Year Ended March 31, 2025 | In Thousands of Dollars

Note 6 Loans Receivable (continued)

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

	2025	2024
Effective annual interest rate		
Less than or equal to 2%	\$ 186,801	\$ 211,200
2.01% to 3.00%	404,596	537,287
3.01% to 4.00%	496,924	652,305
4.01% to 5.00%	1,140,526	905,086
5.01% to 6.00%	709,672	512,053
6.01% to 7.00%	160,552	133,174
7.01% to 8.00%	20,749	9,900
Over 8%	12,257	19,042
	<u>3,132,077</u>	<u>2,980,047</u>
Accrued interest	42,097	37,549
Allowance for doubtful accounts for loans	<u>(18,392)</u>	<u>(14,264)</u>
	<u>\$ 3,155,782</u>	<u>\$ 3,003,332</u>
Weighted average annual interest rate	4.34%	4.08%

Note 7 Accounts Payable and Other Accrued Liabilities

Accounts payable and other accrued liabilities are comprised of the following:

	2025	2024
Due to reinsurers Livestock & Hail Insurance programs	\$ 10,471	\$ 1,951
Supplies and services	7,547	5,832
Salaries, wages, and employee benefits	5,187	5,066
Reinsurance premiums to Government of Canada	2,010	69,342
Environmental liability	<u>561</u>	<u>60</u>
	<u>\$ 25,776</u>	<u>\$ 82,251</u>

For contaminated sites where the Corporation has accepted responsibility for future monitoring and remediation, a provision for future costs of \$561 (2024 \$60) is accrued based on environmental assessments.

Note 8 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. 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. In April 2024, the Corporation entered into an additional agreement for two years beginning May 28, 2024, through to March 31, 2026, with New Brunswick, Nova Scotia and Prince Edward Island. Any premiums, indemnities or expenses collected on behalf of producers outside of Alberta are recorded as Due to provincial governments in the financial statements.

Agriculture Financial Services Corporation

Notes to the Financial Statements

For the Year Ended March 31, 2025 | In Thousands of Dollars

Note 8 Due to Other Provincial Governments (continued)

The Corporation's Statement of Operations includes premiums, indemnities and administration expenses for Alberta producers only.

Due to other provincial governments are comprised of the following amounts owing:

	2025	2024
Premiums collected	\$ 69,114	\$ 56,767
Reinsurance recoveries and ceded losses	14,126	13,943
Administration costs receivable	(334)	(209)
Reinsurance premiums	(25,625)	(21,869)
Indemnities paid	(38,287)	(38,006)
	<u>\$ 18,994</u>	<u>\$ 10,626</u>

Note 9 Indemnities Payable

Indemnities payable are comprised of the following amounts:

	2025	2024
AgriStability, AgriInvest, AgriRecovery and related programs		
Current claim year	\$ 234,820	\$ 285,150
Prior claim years	<u>61,620</u>	<u>69,894</u>
	296,440	355,044
AgriInsurance	160,812	95,939
Livestock Price Insurance	3,291	2,848
Wildlife Compensation	936	525
Hail Insurance	<u>138</u>	<u>33</u>
	<u>\$ 461,617</u>	<u>\$ 454,389</u>

Estimated indemnities payable of \$461,617 (2024 \$454,389) and corresponding contributions and receivables from the Governments of Canada and Alberta are subject to measurement uncertainty. This is 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.

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.

Agriculture Financial Services Corporation

Notes to the Financial Statements

For the Year Ended March 31, 2025 | In Thousands of Dollars

Note 9 Indemnities Payable (continued)

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 \$175,260 to \$258,632. In four out of the past five years, actual indemnities have fallen outside the range.

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

Estimated indemnities payable for the AgriInsurance program are based upon 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 \$119,337 to \$202,289.

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

Note 10 Borrowing from Government of Alberta

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

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

	2025	2024
Effective annual interest rate		
Less than or equal to 2%	\$ 215,000	\$ 215,000
2.01% to 3.00%	1,665,000	1,189,000
3.01% to 4.00%	1,292,584	437,152
4.01% to 5.00%	174,431	1,305,863
	<u>3,347,015</u>	<u>3,147,015</u>
Accrued interest	1,829	(22)
Unamortized premium	<u>(8,708)</u>	<u>(9,237)</u>
	<u>\$ 3,340,136</u>	<u>\$ 3,137,756</u>
Weighted average annual interest rate	2.94%	3.53%

Agriculture Financial Services Corporation

Notes to the Financial Statements

For the Year Ended March 31, 2025 | In Thousands of Dollars

Note 10 Borrowing from Government of Alberta (continued)

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

Year ending March 31, 2026	\$ 1,571,432
2027	215,721
2028	160,000
2029	258,000
2030	304,000
Thereafter	<u>837,862</u>
	<u>\$ 3,347,015</u>

The estimated fair value of borrowings as at March 31, 2025 is \$3,340,771 (2024 \$3,137,970). Fair value is an approximation of market value to the holder.

Borrowing from Government of Alberta includes \$250 million borrowing to the Government of Alberta from the AgriInsurance Reinsurance Fund of Alberta.

Note 11 Deferred Revenue and Spent Deferred Capital Contributions

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.

	2025	2024
Deferred revenue	\$ 38,464	\$ 15,629
Spent deferred capital contributions	<u>15,099</u>	<u>7,158</u>
	<u>\$ 53,563</u>	<u>\$ 22,787</u>

	2025				2024
	Government of Canada	Non-government	Government of Alberta	Total	Total
Deferred revenue					
Balance at beginning of year		\$ 15,629		\$ 15,629	\$ 10,137
Cash received during year		38,464		38,464	15,629
Amount recognized as revenue		<u>(15,629)</u>		<u>(15,629)</u>	<u>(10,137)</u>
Balance at end of year	<u>\$ -</u>	<u>\$ 38,464</u>	<u>\$ -</u>	<u>\$ 38,464</u>	<u>\$ 15,629</u>
Spent deferred capital contributions					
Balance at beginning of year	\$ 4,255	\$ 30	\$ 2,873	\$ 7,158	\$ 2,508
Transferred capital assets received	5,861	1	3,922	9,784	5,947
Amount recognized as revenue	<u>(1,096)</u>	<u>(6)</u>	<u>(741)</u>	<u>(1,843)</u>	<u>(1,297)</u>
Balance at end of year	<u>\$ 9,020</u>	<u>\$ 25</u>	<u>\$ 6,054</u>	<u>\$ 15,099</u>	<u>\$ 7,158</u>

Agriculture Financial Services Corporation

Notes to the Financial Statements

For the Year Ended March 31, 2025 | In Thousands of Dollars

Note 12 Tangible Capital Assets

	Land	Buildings	Furniture & Fixtures	Vehicles	Computer Equipment & Software	2025	2024
Estimated useful life	Indefinite	25-40 yrs	5-10 yrs	5-10 yrs	2-10 yrs	Total	Total
Historical cost							
Beginning of year	\$ 2,427	\$ 10,210	\$ 11,429	\$ 5,991	\$101,370	\$131,427	\$129,057
Additions	-	260	489	1,278	11,304	13,331	7,774
Disposals and writedowns	-	-	(1,463)	(768)	(586)	(2,817)	(5,404)
	2,427	10,470	10,455	6,501	112,088	141,941	131,427
Accumulated amortization							
Beginning of year	-	7,284	10,849	3,799	94,349	116,281	119,431
Amortization expense	-	195	252	775	2,003	3,225	2,224
Disposals and writedowns	-	-	(1,460)	(711)	(582)	(2,753)	(5,374)
	-	7,479	9,641	3,863	95,770	116,753	116,281
Net book value at March 31, 2025	<u>\$ 2,427</u>	<u>\$ 2,991</u>	<u>\$ 814</u>	<u>\$ 2,638</u>	<u>\$ 16,318</u>	<u>\$ 25,188</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>

Computer equipment, vehicles, software costs, furniture and fixtures include \$12,493 (2024 \$6,154) of costs incurred for assets under development. Furniture and fixtures includes leasehold improvements with net book value \$463 (2024 \$433) amortized over the life of the lease.

Note 13 Pensions

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

The Corporation does not have sufficient plan information to follow the standards for defined benefit accounting, and therefore, follows the standards for defined contribution accounting. Accordingly, pension expense recorded for the plans is comprised of employer contributions to the plan that are required for its employees during the year, which are calculated based on actuarially pre-determined amounts that are expected to provide the plan's future benefits. The expense for these pension plans is equivalent to the annual contributions of \$4,609 for the year ended March 31, 2025 (2024 \$4,250).

At December 31, 2024, the Alberta Management Employees Pension Plan reported a surplus of \$1,865,997 (2023 surplus \$1,316,313), the Alberta Public Service Pension Plan reported a surplus of \$6,473,956 (2023 surplus \$4,542,500) and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of \$25,325 (2023 deficiency \$21,343). The Corporation's share of these pension plans' is not determinable. The Corporation is not responsible for future funding of the plan deficit other than through contribution increases.

Agriculture Financial Services Corporation

Notes to the Financial Statements

For the Year Ended March 31, 2025 | In Thousands of Dollars

Note 14 Contingencies, Contractual Obligations and CommitmentsContingent Liability

The Corporation is involved in legal matters where damages are being sought. The Corporation has also entered into agreements with financial institutions guaranteeing loan repayment. These matters and guarantees may give rise to contingent liabilities.

The Alberta Farm Development Loan program provided producers with guarantees on financing obtained from other institutions. The program was discontinued in 2007 and only one loan guarantee is outstanding.

	2025	2024
Loan guarantees	\$ 22	\$ 56

The Corporation has been named in two (2024 nil) claims of which the outcome is not determinable. The specified total of these two (2024 nil) claims is \$1,087 (2024 nil). The resolution of the indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

Contractual Obligations

Contractual obligations are obligations of the Corporation to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	2025	2024
Reinsurance	\$ 10,148	\$ 9,292
Operating leases	6,185	6,160
Other contracts	18,823	21,510
	<u>\$ 35,156</u>	<u>\$ 36,962</u>

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

Year ending March 31,	2026	\$ 21,608
	2027	6,041
	2028	4,572
	2029	2,713
	2030	222
	Thereafter	-
		<u>\$ 35,156</u>

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 50% for Livestock insurance and 27% for Hail insurance.

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

Agriculture Financial Services Corporation

Notes to the Financial Statements

For the Year Ended March 31, 2025 | In Thousands of Dollars

Note 14 Contingencies, Contractual Obligations and Commitments (continued)Commitments

Commitments are obligations the Corporation has agreed to undertake which have not yet been recognized. The Corporation has entered into lending contracts with producers that may result in the disbursement of funds in the future.

	2025	2024
Approved, undisbursed loans	<u>\$ 262,776</u>	<u>\$ 242,098</u>

Note 15 Financial Instruments and Financial Risk Management

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

Credit Risk

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

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

	2025	2024
Loans receivable	\$ 3,155,782	\$ 3,003,332
Due from Government of Canada	193,868	242,654
Accounts receivable	17,245	6,316
Due from Government of Alberta	13,061	59,592
Loan guarantees	22	56
	<u>\$ 3,379,978</u>	<u>\$ 3,311,950</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.

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.

Agriculture Financial Services Corporation

Notes to the Financial Statements

For the Year Ended March 31, 2025 | In Thousands of Dollars

Note 15 Financial Instruments and Financial Risk Management (continued)

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.

	2025		2024	
	Dollar	Percentage	Dollar	Percentage
Loans receivable by individual sector				
Grain and oilseeds	\$ 1,804,968	57%	\$ 1,688,475	56%
Cattle	1,029,607	32%	987,949	32%
Other livestock	81,834	2%	86,266	2%
Manufacturing	51,308	2%	47,771	2%
Accommodations and other services	36,189	1%	49,036	2%
Trade - retail and wholesale	18,865	1%	22,174	1%
Other	151,403	5%	135,925	5%
Allowance	(18,392)	0%	(14,264)	0%
	<u>\$ 3,155,782</u>	<u>100%</u>	<u>\$ 3,003,332</u>	<u>100%</u>

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 loans receivable, and borrowing from the Government of Alberta.

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.

Agriculture Financial Services Corporation

Notes to the Financial Statements

For the Year Ended March 31, 2025 | In Thousands of Dollars

Note 15 Financial Instruments and Financial Risk Management (continued)

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

	Scheduled Repayment ⁽¹⁾				Not Interest Rate Sensitive ⁽²⁾	2025	2024
	Within 1 Year	1 to 5 Years	6 to 10 Years	Over 10 Years		Total	Total
Loan balances	\$ 193,148	\$ 701,530	\$ 730,687	\$ 1,482,154	\$ 48,263	\$ 3,155,782	\$ 3,003,332
Yield	4.41%	4.60%	4.81%	4.96%	0.00%	4.72%	4.41%
Borrowing from the							
Government of Alberta	1,571,432	937,721	751,431	86,431	(6,879)	3,340,136	3,137,756
Yield ⁽³⁾	2.76%	2.69%	3.29%	4.37%	0.00%	2.80%	2.80%
Net gap	<u>\$(1,378,284)</u>	<u>\$ (236,191)</u>	<u>\$ (20,744)</u>	<u>\$ 1,395,723</u>	<u>\$ 55,142</u>	<u>\$ (184,354)</u>	<u>\$ (134,424)</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.

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 AgriInsurance program has a reinsurance agreement with the Government of Canada and the Government of Alberta to provide additional funding for claim payments. Additionally, the Corporation has access to advances from the Government of Alberta to meet short-term cash flow needs.

Note 16 Related Party Transactions

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's consolidated financial statements. Related parties also include key management personnel and their close family members.

Agriculture Financial Services Corporation

Notes to the Financial Statements

For the Year Ended March 31, 2025 | In Thousands of Dollars

Note 16 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:

	2025	2024
Revenues		
Grants	\$ 437,687	\$ 511,626
Interest income	23,565	26,415
	<u>\$ 461,252</u>	<u>\$ 538,041</u>
Expenses		
Interest	\$ 105,658	\$ 94,169
Other services	1,017	1,261
Accommodation	502	502
	<u>\$ 107,177</u>	<u>\$ 95,932</u>
Payable to		
Ministry of Treasury Board and Finance	\$ 3,340,136	\$ 3,137,756
Ministry of Agriculture and Irrigation	650	650
Post-secondary institutions	-	87
	<u>\$ 3,340,786</u>	<u>\$ 3,138,493</u>
Receivable from		
Ministry of Agriculture & Irrigation	\$ 13,061	\$ 59,592
Ministry of Treasury Board and Finance	866	1,512
	<u>\$ 13,927</u>	<u>\$ 61,104</u>
Deferred revenues		
Ministry of Agriculture & Irrigation	\$ 6,054	\$ 2,873
	<u>\$ 6,054</u>	<u>\$ 2,873</u>

Agriculture Financial Services Corporation

Notes to the Financial Statements

For the Year Ended March 31, 2025 | In Thousands of Dollars

Note 17 Crop Reinsurance Funds

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

	AgrilInsurance Reinsurance Fund of Alberta		AgrilInsurance Reinsurance Fund of Canada for Alberta	
	2025	2024	2025	2024
Opening (deficit) surplus	\$ (206,448)	\$ 33,641	\$ 73	\$ 34,530
Contributions	62,556	39,078	68,242	50,243
	(143,892)	72,719	68,315	84,773
Withdrawals	(156,784)	(279,167)	-	(84,700)
Closing (deficit) surplus	<u>\$ (300,676)</u>	<u>\$ (206,448)</u>	<u>\$ 68,315</u>	<u>\$ 73</u>

AgrilInsurance Reinsurance Fund of Alberta

Contributions to and withdrawals from the AgrilInsurance Fund of Alberta are consolidated with the AgrilInsurance Fund in the Corporation. The transactions and balances are calculated according to the Sustainable Canadian Agriculture Partnership Agreement. The deficit of \$300,676 in the AgrilInsurance Fund of Alberta is funded by the Government of Alberta. Borrowing from the Government of Alberta on the Corporation's Statement of Financial Position includes \$250 million in amounts owing to the Government of Alberta from the AgrilInsurance Reinsurance Fund of Alberta to fund the current net debt an additional \$51 million in borrowing is required to fund the entire deficit. Withdrawals include \$8,423 (2024 \$2,282) of interest resulting from the notes payable owed to the Government of Alberta.

AgrilInsurance Reinsurance Fund of Canada for Alberta

Contributions to the AgrilInsurance reinsurance Fund of Canada for Alberta are recorded as reinsurance expense by the Corporation. In the previous fiscal year 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.

Agriculture Financial Services Corporation

Notes to the Financial Statements

For the Year Ended March 31, 2025 | In Thousands of Dollars

Note 18 Reinsurance Expense

	Hail Insurance	Livestock Insurance	2025	2024
Brokerage				
Brokerage rebate	\$ (254)	\$ (238)	\$ (492)	\$ (293)
Excess loss				
Reinsurance expense	2,650	3,456	6,106	4,173
Quota share				
Ceded premiums and commissions	13,397	7,503	20,900	15,345
Ceded losses	(8,675)	(886)	(9,561)	(9,260)
Net reinsurance expense	<u>\$ 7,118</u>	<u>\$ 9,835</u>	<u>\$ 16,953</u>	<u>\$ 9,965</u>

Note 19 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 \$1,051,488 surplus.

Note 20 Approval of Financial Statements

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

Agriculture Financial Services Corporation

Schedule of Operations

For the Year Ended March 31, 2025 | In Thousands of Dollars

	Agriculture Insurance		Agriculture Income Support		Lending	
	2025	2024	2025	2024	2025	2024
	Note 2(j)	Note 2(j)				
Revenues						
Premiums from insured persons	\$ 568,843	\$ 566,927	\$ -	\$ -	\$ -	\$ -
Interest	1,830	1,394	111	98	128,514	113,067
Contribution from Government of Alberta	370,858	367,877	60,796	136,805	-	-
Contribution from Government of Canada	393,909	381,571	47,907	173,970	-	-
Investment income	-	(8,793)	-	-	-	-
Fees and other income	14,851	49,161	17,032	16,058	4,956	4,381
	<u>1,350,291</u>	<u>1,358,137</u>	<u>125,846</u>	<u>326,931</u>	<u>133,470</u>	<u>117,448</u>
Expenses						
Indemnities	1,309,698	1,926,061	110,351	312,363	-	-
Salaries, wages and employee benefits	30,587	28,352	11,025	10,250	18,901	17,144
Supplies and services	13,556	14,229	4,365	4,155	6,530	6,470
Amortization of tangible capital assets	1,640	971	286	96	1,045	738
Interest	8,423	2,282	-	-	97,235	91,887
Reinsurance (Note 17 & 18)	68,242	-	-	-	-	-
Allowance for doubtful accounts and losses	224	(303)	(172)	64	6,098	5,722
	<u>1,432,370</u>	<u>1,971,592</u>	<u>125,855</u>	<u>326,928</u>	<u>129,809</u>	<u>121,961</u>
Annual deficit	(82,079)	(613,455)	(9)	3	3,661	(4,513)
Accumulated (deficit) surplus at beginning of year	(312,576)	300,879	2,815	2,812	105,494	110,007
Accumulated deficit at end of year	<u>\$ (394,655)</u>	<u>\$ (312,576)</u>	<u>\$ 2,806</u>	<u>\$ 2,815</u>	<u>\$ 109,155</u>	<u>\$ 105,494</u>

Hail Insurance		Livestock Insurance		Wildlife Damage Compensation		Total	
2025	2024	2025	2024	2025	2024	2025	2024
\$ 53,446	\$ 43,507	\$ 16,624	\$ 8,452	\$ -	\$ -	\$ 638,913	\$ 618,886
221	123	77	51	3	-	130,756	114,733
-	-	709	701	5,324	6,243	437,687	511,626
-	-	1,029	1,043	7,869	9,236	450,714	565,820
-	-	-	-	-	-	-	(8,793)
3,123	3,192	1,065	1,211	141	140	41,168	74,143
56,790	46,822	19,504	11,458	13,337	15,619	1,699,238	1,876,415
28,811	28,132	1,482	1,932	11,466	13,585	1,461,808	2,282,073
386	296	1,098	1,080	466	667	62,463	57,789
723	514	612	551	952	930	26,738	26,849
217	193	9	206	28	20	3,225	2,224
-	-	-	-	-	-	105,658	94,169
7,118	5,341	9,835	4,624	-	-	85,195	9,965
2	(19)	24	175	54	-	6,230	5,639
37,257	34,457	13,060	8,568	12,966	15,202	1,751,317	2,478,708
19,533	12,365	6,444	2,890	371	417	(52,079)	(602,293)
65,555	53,190	22,724	19,834	3,135	2,718	(112,853)	489,440
\$ 85,088	\$ 65,555	\$ 29,168	\$ 22,724	\$ 3,506	\$ 3,135	\$ (164,932)	\$ (112,853)

Agriculture Financial Services Corporation

Schedule of Salaries and Benefits

For the Year Ended March 31, 2025 | In Thousands of Dollars

	2025			2024	
	Base Salary ⁽¹⁾	Other Cash Benefits ⁽²⁾	Other Non- cash Benefits ⁽³⁾	Total	Total
Chair of Board	\$ 23	\$ -	\$ -	\$ 23	\$ 25
Board Members ⁽⁴⁾	74	-	2	76	61
Executive Members					
Chief Executive Officer	292	23	86	401	370
Chief Client Officer	263	1	62	326	313
Chief Information Officer	254	2	59	315	301
Chief Strategy & Innovation Officer	254	1	59	314	300
Chief Financial & Risk Officer	248	1	58	307	290
Chief People Officer	235	7	53	295	278
Chief Information & Digital Officer ⁽⁵⁾	20	-	7	27	-

⁽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⁾ There were seven (7) Board Members for two (2) months and eight (8) Board Members for ten (10) months in 2024 with eight (8) Board Members for 2025.

⁽⁵⁾ The 2025 Chief Information & Digital Officer position is a newly titled position taking over for the Chief Information Officer. The individual was in place for one month in 2025.

