

**CIC ASSET MANAGEMENT INC.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**March 31, 2024**

## **Independent Auditor's Report**

To the Members of the Legislative Assembly, Province of Saskatchewan

### *Opinion*

We have audited the consolidated financial statements of CIC Asset Management Inc. (the "Entity") which comprise:

- the consolidated statement of financial position as at March 31, 2024,
- the consolidated statement of comprehensive income for the year then ended,
- the consolidated statement of changes in equity for the year then ended,
- the consolidated statement of cash flows for the year then ended, and
- notes to the consolidated financial statements, comprising a summary of material accounting policy information

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at March 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "*Auditor's Responsibilities for the Audit of the Financial Statements*" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *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 IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of 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 Entity'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 management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our 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 our 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 the financial statements.

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

We 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 our 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity 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.
- 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 we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

The image shows the handwritten signature of KPMG LLP in black ink. The letters are bold and slanted, with a horizontal line underneath the signature.

Chartered Professional Accountants

Regina, Canada

May 17, 2024

**CIC Asset Management Inc.**  
**Consolidated Statement of Financial Position**  
**As at March 31**  
**(thousands of dollars)**

	Note	2024	2023
<b>ASSETS</b>			
Current			
Cash and cash equivalents	5	\$ 17,695	\$ 16,498
Short-term investments	7	44,468	8,168
Interest receivable		3,025	874
Accounts receivable		10	19
		<b>65,198</b>	25,559
Restricted cash and cash equivalents	6	4,508	4,508
Investments	7	56	36,341
		<b>\$ 69,762</b>	<b>\$ 66,408</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>			
Current			
Trade and other payables		\$ 370	\$ 64
Due to Crown Investments Corporation of Saskatchewan (CIC)	8	4,957	4,957
		<b>5,327</b>	5,021
Provisions	9	54,548	58,627
		<b>59,875</b>	63,648
Shareholder's equity			
Retained earnings		9,887	2,760
		<b>\$ 69,762</b>	<b>\$ 66,408</b>

Commitments and contingencies 11

(See accompanying notes)

On behalf of the Board:

*Cecily Ogilvie*

Director

*Jean Massier*

Director

**CIC Asset Management Inc.**  
**Consolidated Statement of Comprehensive Income (Loss)**  
**For the Year Ended March 31**  
**(thousands of dollars)**

	Note	2024	2023
<b>REVENUES</b>			
Interest and other		\$ 3,543	\$ 1,841
<b>EXPENSES</b>			
Operating		198	165
<b>EARNINGS BEFORE THE FOLLOWING</b>		<b>3,345</b>	<b>1,676</b>
Recovery of (provision for) environmental remediation liabilities	9	3,753	(8,240)
Recovery of loan losses		14	510
Change in the fair value of financial assets		15	(145)
<b>NET INCOME (LOSS) ATTRIBUTABLE TO CIC</b>		<b>7,127</b>	<b>(6,199)</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>			
<b>ATTRIBUTABLE TO CIC</b>		<b>\$ 7,127</b>	<b>\$ (6,199)</b>

(See accompanying notes)

**CIC Asset Management Inc.**  
**Consolidated Statement of Changes in Equity**  
**For the Year Ended March 31**  
**(thousands of dollars)**

<b>Attributable to CIC</b>				
		Share Capital (Note 10)	Retained Earnings	Total Equity
<b>Balance at April 1, 2022</b>	\$	-	\$ 8,959	\$ 8,959
Net loss		-	(6,199)	(6,199)
<b>Balance at March 31, 2023</b>	\$	-	\$ 2,760	\$ 2,760
<b>Balance at April 1, 2023</b>	\$	-	\$ 2,760	\$ 2,760
Net income		-	7,127	7,127
<b>Balance at March 31, 2024</b>	\$	-	\$ 9,887	\$ 9,887

(See accompanying notes)

**CIC Asset Management Inc.**  
**Consolidated Statement of Cash Flows**  
**For the Year Ended March 31**  
**(thousands of dollars)**

	Note	2024	2023
<b>OPERATING ACTIVITIES</b>			
Net income (loss)		\$ 7,127	\$ (6,199)
Adjustments to reconcile net income to cash			
from operating activities	12	(7,325)	6,034
Net change in non-cash working capital balances			
related to operations	13	315	185
<b>Net cash from operating activities</b>		<b>117</b>	<b>20</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of investments		(16,032)	(74,494)
Proceeds from collection and sale of investments		16,046	72,433
Interest received		1,392	1,090
<b>Net cash from (used in) investing activities</b>		<b>1,406</b>	<b>(971)</b>
<b>FINANCING ACTIVITIES</b>			
Loan repayment to CIC		-	(4,000)
Provisions settled	9	(326)	(75)
<b>Net cash used in financing activities</b>		<b>(326)</b>	<b>(4,075)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR</b>		<b>1,197</b>	<b>(5,026)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>		<b>16,498</b>	<b>21,524</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>		<b>\$ 17,695</b>	<b>\$ 16,498</b>

(See accompanying notes)

## Notes to Consolidated Financial Statements

### March 31, 2024

#### 1. General information

CIC Asset Management Inc. (“AMI” or “the Corporation”) is a corporation domiciled in Canada. The address of AMI’s registered office and principal place of business is 400 - 2400 College Avenue, Regina, SK, S4P 1C8. AMI has a mandate to prudently monitor and review the remaining portfolio of investments. The consolidated financial statements of AMI comprise AMI and its subsidiary with principal activities as described in Note 3(a).

#### 2. Basis of preparation

##### a) Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board (hereinafter referred to as IFRS). The consolidated financial statements were authorized for issue by the Board of Directors on May 17, 2024.

##### b) Basis of measurement

The consolidated financial statements have been prepared using the historical cost basis except for the financial instruments and provision that are accounted for according to the financial instrument and provision categories defined in Note 3.

##### c) Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars, which is AMI’s functional currency.

##### d) Accounting estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant items subject to estimates and assumptions include the carrying amounts of investments, the fair value of financial instruments, provisions for environmental remediation liabilities, and disclosure of contingent liabilities. These significant areas are further described in Notes 7, 9, 11 and 15.

##### e) Accounting judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements that affect the application of accounting policies. Material items subject to judgement are included in the accounting policies listed in Note 3.

##### f) Application of revised accounting standards

The corporation adopted the following accounting amendments during the year ended March 31, 2024. They did not have a material effect on its financial performance and financial position.

**IAS 1, *Presentation of Financial Statements*** – Disclosure of Accounting Policies, requiring entities to disclose material, instead of significant, accounting policy information.

**IAS 8, *Accounting Policies – Changes in Accounting Estimates and Errors***, clarifying the definition of “accounting policies” and “accounting estimates”.



**Notes to Consolidated Financial Statements**  
**March 31, 2024**

**3. Material accounting policies**

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements. The accounting policies have been consistently applied by AMI's subsidiary.

**a) Basis of consolidation**

**Subsidiary**

The Corporation consolidates the accounts of 101069101 Saskatchewan Ltd., a wholly-owned share capital subsidiary.

**b) Financial instruments**

AMI classifies its financial instruments into fair value through profit or loss or amortized cost.

Financial assets and liabilities are not offset to report the net amount on the consolidated statement of financial position unless there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

All financial instruments are measured at fair value on initial recognition. Transaction costs are included in the initial carrying amount of financial instruments, except for financial instruments at fair value through profit or loss in which case the transaction costs are expensed as incurred. Measurement in subsequent periods depends on the classification of the financial instrument.

**Financial instruments at fair value through profit or loss**

The Corporation classifies cash and cash equivalents, certain investments, and restricted cash as fair value through profit or loss. Financial instruments classified as fair value through profit or loss are subsequently measured at fair value with changes in fair value recognized in net earnings.

**Financial instruments at amortized cost**

The Corporation classifies interest receivable, accounts receivable, certain investments, trade and other payables, and amounts due to CIC as amortized cost. Amortized cost financial instruments are subsequently measured at amortized cost using the effective interest method, less any provision for impairment losses.

**Determination of fair value**

Fair values are approximate amounts at which financial instruments could be exchanged between willing parties based on current markets for instruments with similar characteristics, such as risk, principal and remaining maturities. Fair values are estimates using present value and other valuation techniques which are significantly affected by the assumptions used concerning the amount and timing of estimated future cash flows and discount rates that reflect varying degrees of risk. Therefore, due to the use of judgement and future-oriented information, aggregate fair value amounts should not be interpreted as being realizable in an immediate settlement of the instruments.

**Notes to Consolidated Financial Statements**  
**March 31, 2024**

**3. Material accounting policies (continued)**

**c) Impairments**

**Financial assets**

The Corporation recognizes loss allowances for expected credit losses (ECLs) on financial assets measured at amortized cost. The Corporation measures loss allowances for investments, interest receivable and accounts receivable at an amount equal to lifetime ECL.

**d) Provisions**

A provision is recognized if, as a result of a past event, AMI has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain. Provisions are measured at the best estimate to settle them at the consolidated financial statement date.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

**Environmental remediation**

A provision for environmental remediation is accrued when the occurrence of an environmental expenditure, related to present or past activities of AMI, is considered probable and the costs of remedial activities can be reasonably estimated. These estimates include costs for investigations and remediation at identified sites. These provisions are based on management's best estimate considering current environmental laws and regulations and are recorded at fair value. AMI reviews its estimates of future environmental expenditures on an ongoing basis.

**e) Revenue recognition**

Interest earned on investments is recognized on an accrual basis except where uncertainty exists as to ultimate collection. In cases where collectability of interest is not reasonably assured, interest is recorded when it is received, and accrued interest receivable is offset by deferred interest.

Gains or losses on the sale of investments and the recovery of loan losses are recorded in net earnings. Recoveries of loan losses are not recognized in excess of cumulative loan losses.

**4. Status of CIC Asset Management Inc.**

The Corporation was incorporated under *The Business Corporations Act (Saskatchewan)* on November 14, 1979, as a wholly-owned subsidiary of CIC, a provincial Crown corporation. The Corporation is an agent of His Majesty in Right of the Province of Saskatchewan and is not subject to federal and provincial income taxes. Certain of the Corporation's investments are subject to federal and provincial income taxes.

**Notes to Consolidated Financial Statements**  
**March 31, 2024**

**5. Cash and cash equivalents**  
(thousands of dollars)

	<u>2024</u>	<u>2023</u>
Cash	\$ 1,695	\$ 498
Short-term investments	<u>16,000</u>	<u>16,000</u>
	<u>\$ 17,695</u>	<u>\$ 16,498</u>

The weighted average interest rate for short-term investments included in cash and cash equivalents at March 31, 2024 was 5.0 per cent (2023 – 5.0 per cent). They include redeemable guaranteed investment certificates.

**6. Restricted cash**

Restricted cash is in trust for the future remediation and monitoring costs associated with the Meadow Lake Pulp Limited Partnership site, subject to the order of the Court of King's Bench of Saskatchewan. There were no changes to restricted cash during the year.

**7. Investments**  
(thousands of dollars)

	<u>2024</u>	<u>2023</u>
<b>Short-term investments</b>		
Guaranteed investment certificates (GIC) - amortized cost (a)	\$ 44,300	\$ 8,000
Investment in Townsgate property - amortized cost (b)	<u>168</u>	<u>168</u>
	<u>44,468</u>	<u>8,168</u>
<b>Long-term investments</b>		
Guaranteed investment certificates - amortized cost (a)	-	36,300
Equity investment - fair value through profit or loss (c)	<u>56</u>	<u>41</u>
	<u>56</u>	<u>36,341</u>
<b>Total investments</b>	<u>\$ 44,524</u>	<u>\$ 44,509</u>

- a) The Corporation holds two GICs maturing in the next 12 months with interest rates of 5.4 per cent and 6.4 per cent (2023 -182-day GIC with an interest rate of 4.6 per cent and a two-year GIC with an interest rate of 5.4 per cent).
- b) CIC AMI obtained all legal titles associated with the Townsgate property, located in Weyburn, SK, as a result of a Final Order of Foreclosure, issued by the Court of King's Bench for Saskatchewan on April 4, 2023.
- c) The Corporation holds a security interest in Muskowekwan Resources Ltd.'s assets including shares in Encanto Potash Corporation. On March 31, 2024, the shares were valued at \$56 thousand (March 31, 2023 - \$41 thousand) representing the fair market value.

**Notes to Consolidated Financial Statements**  
**March 31, 2024**

**8. Due to CIC**

Amounts due to CIC are non-interest bearing and payable on demand.

**9. Provisions**

(thousands of dollars)

	<b>2024</b>	<b>2023</b>
<b>Environmental Remediation</b>		
<b>Balance, beginning of year</b>	\$ 58,627	\$ 50,462
(Decrease) increase in provisions	(3,753)	8,240
Settlement of provisions	(326)	(75)
<b>Balance, end of year</b>	<b>\$ 54,548</b>	<b>\$ 58,627</b>

The following are included in the provision for environmental remediation liabilities:

- a) The Corporation is committed to undertake necessary environmental clean-up activities on certain properties. The Corporation has accrued \$36.0 million (2023 - \$32.7 million) to carry out clean-up activities and associated costs related to an indemnity for environmental liabilities predating 1986 at the Prince Albert pulp mill site. The Environmental Remediation Reserve Estimate (ERRE) has been routinely updated to account for regulatory changes, inflation, and other site-specific information that may warrant material changes to the ERRE which has resulted in the increase in the provision. The Corporation has recorded the estimated cost of its assumed obligations related to the Prince Albert pulp mill site. The timing to complete this remediation is indeterminable at this time.
- b) The Corporation has accrued \$18.5 million (2023 - \$25.9 million) to carry out clean-up activities related to an indemnity for environmental liabilities predating 1986 at the ERCO Worldwide chemical plant. The Environmental Remediation Reserve Estimate (ERRE) has been routinely updated to account for regulatory changes, inflation, and other site-specific information that may warrant material changes to the ERRE. In addition, a third-party review has been completed to estimate the allocation of responsibilities between CIC AMI and ERCO for the environmental liability associated with the areas of potential environmental concern at the site, which impacted the costing estimates. As a result, the provision balance has decreased over the previous year to reflect shared responsibilities. This is partially offset by an increase in the provision due to inflation. The timing to complete this remediation is indeterminable at this time.

**10. Share capital and capital disclosures**

As a wholly-owned subsidiary of CIC, the Corporation's share capital currently consists of funds invested by CIC in the amount of \$Nil (2023 - \$Nil). CIC holds 1 common share with no par value.

The Corporation's objectives when managing capital are to ensure adequate capital to support the operations of the Corporation, and to ensure adequate returns to the shareholder.

**Notes to Consolidated Financial Statements**  
**March 31, 2024**

**11. Commitments and contingencies**

Included in restricted cash is \$4.5 million which has been placed in trust under order of the Court of King's Bench of Saskatchewan, related to potential environmental remediation of a landfill site previously operated by Meadow Lake Pulp Limited Partnership and decommissioned by the Corporation. The \$4.5 million is the estimate of the costs which may be required for final remediation of the site, as determined by third party experts. The Corporation's obligation to incur these costs is contingent on the findings from ongoing groundwater monitoring at the location, which is expected to continue for the next twelve months; at which time the Corporation will either incur the remediation costs, continue groundwater monitoring, or the funds will be released from trust if results from groundwater monitoring indicate further remediation is not required. Due to uncertainty regarding the future findings of groundwater monitoring, the \$4.5 million held in trust has not been included as a liability in these consolidated financial statements.

**12. Adjustments to reconcile net income to cash from operating activities**  
(thousands of dollars)

	<b>Note</b>	<b>2024</b>		<b>2023</b>	
(Recovery of) provision for environmental remediation liabilities	9	\$	<b>(3,753)</b>	\$	8,240
Recovery of credit losses			<b>(14)</b>		(510)
Interest income			<b>(3,543)</b>		(1,841)
Change in fair value of financial assets at fair value through profit or loss			<b>(15)</b>		145
		\$	<b>(7,325)</b>	\$	6,034

**13. Net change in non-cash working capital balances related to operations**  
(thousands of dollars)

	<b>2024</b>		<b>2023</b>	
Decrease in accounts receivable	\$	<b>9</b>	\$	251
Increase (decrease) in trade and other payables		<b>306</b>		(66)
	\$	<b>315</b>	\$	185

**Notes to Consolidated Financial Statements**  
**March 31, 2024**

**14. Related party transactions**

Included in these consolidated financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to AMI by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as related parties). AMI has elected to take a partial exemption under IAS 24 - *Related Party Disclosures* which allows government related entities to limit the extent of disclosures about related party transactions with government or other government related entities.

These transactions are in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

CIC provides management services to the Corporation without charge. The Corporation estimates \$0.2 million (2023 - \$0.2 million) of CIC's senior management time is expended on the Corporation.

**15. Financial instruments and financial risk management**

(thousands of dollars)

**Financial instruments**

The classification of the Corporation's financial instruments is as follows:

Financial Instruments	Classification (i)	2024		2023	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial Assets</u>					
Cash and cash equivalents	FVTPL	\$ 17,695	\$ 17,695	\$ 16,498	\$ 16,498
Interest receivable	AC	3,025	3,025	874	874
Accounts receivable	AC	10	10	19	19
Restricted cash	FVTPL	4,508	4,508	4,508	4,508
Investments	AC	44,468	45,258	44,468	44,797
Investments	FVTPL	56	56	41	41
<u>Financial Liabilities</u>					
Trade and other payables	AC	370	370	64	64
Due to CIC	AC	4,957	4,957	4,957	4,957

i) Classification details are:

FVTPL - fair value through profit or loss  
AC - amortized cost

**Notes to Consolidated Financial Statements**  
**March 31, 2024**

**15. Financial instruments and financial risk management** (continued)  
(thousands of dollars)

**a) Fair value hierarchy**

Fair value measurements are categorized into levels within a fair value hierarchy based on the nature of inputs used in the valuation.

Level 1 - Quoted prices are readily available from an active market.

Level 2 - Inputs, other than quoted prices included in level 1 that are observable either directly or indirectly.

Level 3 - Inputs are not based on observable market data.

AMI's financial instruments are categorized within this hierarchy as follows:

	2024			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 1,695	\$ 16,000	\$ -	\$ 17,695
Restricted cash	4,508	-	-	4,508
Investments - AC	-	45,258	-	45,258
Investments - FVTPL	-	-	56	56

	2023			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 498	\$ 16,000	\$ -	\$ 16,498
Restricted cash	4,508	-	-	4,508
Investments - AC	-	44,797	-	44,797
Investments - FVTPL	-	-	41	41

Changes in Level 3 investments carried at fair value are as follows:

	2024	2023
Balance, beginning of year	\$ 41	\$ 186
Change in fair value of assets held at the end of the year	15	(145)
<b>Balance, end of year</b>	<b>\$ 56</b>	<b>\$ 41</b>

**Notes to Consolidated Financial Statements**  
**March 31, 2024**

**15. Financial instruments and financial risk management** (continued)  
(thousands of dollars)

**Financial risk management**

**b) Market risk**

AMI is exposed to market risk (interest rates), credit risk and liquidity risk. AMI mitigates the risks through Board-approved policies, limits on use and amount of exposure, internal monitoring, and compliance reporting to management and the Board.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing return. The Corporation manages the following market risk:

**Interest rate risk**

AMI is exposed to changes in interest rates in its cash and cash equivalents, certain investments, and restricted cash. Based on year end balances, it is estimated that a 100-basis point increase or decrease in interest rates would increase or decrease annual profit or loss by \$0.3 million (2023 - \$0.3 million).

**c) Credit risk**

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration of credit risk relates to groups of customers or counterparties that have similar economic or industry characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. AMI maintains credit policies and limits in respect to certain investments.

The carrying amount of financial assets represents the maximum credit exposure as follows:

	<b>2024</b>	<b>2023</b>
Cash and cash equivalents	\$ 17,695	\$ 16,498
Short-term investments	44,468	8,168
Interest receivable	3,025	874
Accounts receivable	10	19
Restricted cash	4,508	4,508
Investments - AC	-	36,300
Investments - FVTPL	56	41
	<b>\$ 69,762</b>	<b>\$ 66,408</b>

The allowance for expected credit losses recognized in the year is impacted primarily by remeasurements, which comprise changes in forward-looking macroeconomic conditions, partial repayments, and unwinding of the time value discount due to the passage of time. During the year ended March 31, 2024, there were no significant changes to the models used to estimate expected credit losses.



**Notes to Consolidated Financial Statements**  
**March 31, 2024**

**15. Financial instruments and financial risk management** (continued)  
(thousands of dollars)

The following table reconciles the opening and closing allowance for credit losses (thousands of dollars):

	<b>2024</b>	<b>2023</b>
<b>Amortized cost investments</b>		
Gross carrying value of amortized cost investments	\$ 60,224	\$ 60,238
Opening allowance for expected credit losses	15,770	15,630
(Recovery of) allowance for expected credit losses	(14)	140
Allowance written off	-	-
<b>Closing allowance for expected credit losses</b>	<b>15,756</b>	<b>15,770</b>
<b>Net carrying value of amortized cost investments</b>	<b>\$ 44,468</b>	<b>\$ 44,468</b>
<b>Interest receivable</b>		
Gross carrying value of interest receivable	\$ 3,077	\$ 926
Opening allowance for expected credit losses	52	52
Allowance for expected credit losses	-	-
Allowance written off	-	-
<b>Closing allowance for expected credit losses</b>	<b>52</b>	<b>52</b>
<b>Net carrying value of interest receivable</b>	<b>\$ 3,025</b>	<b>\$ 874</b>

CIC AMI recorded a recovery of \$0.01 million in credit losses during the year (2023 – recovery of credit losses of \$0.5 million).

**d) Liquidity risk**

Liquidity risk is the risk that AMI is unable to meet its financial commitments as they become due. AMI is a subsidiary of CIC and as such has access to capital markets through the General Revenue Fund. AMI, through its diversified holdings and capital allocation, can allocate resources to ensure that all financial commitments made are met.

Where necessary AMI can borrow funds from CIC, adjust dividend rates, or be provided with equity injections to solve any liquidity issues.

AMI's only contractual obligations are trade and other payables. All trade and other payables are due in the next fiscal year.