Operating budget | Capital budget | Borrowing plan

2013-14 to 2017-18

Corporate Plan Summary

Farm Credit Canada
Advancing the business of agriculture

Canada

Table of contents

1.0 | Executive summary

Agriculture is a modern and economically important industry. Farmers and agribusiness operators are sophisticated business owners who work in this complex industry, which is affected by volatile markets, international finance, evolving consumer trends, human resource challenges and many other factors.

Given widespread uncertainty in the global marketplace, a trustworthy and stable financial partner has never been more important. Farm Credit Canada (FCC) continues to demonstrate an unwavering commitment to the agriculture and agri-food industry.

FCC is a financially self-sustaining Crown corporation, providing financial and business services to more than 100,000 primary producers, value-added operators, suppliers and processors along the agriculture value chain.

FCC's purpose is to enhance rural Canada by providing specialized and personalized business and financial services and products to family farms, farming operations and small and medium-sized businesses related to farming. FCC is dedicated to agriculture and takes a long-term view.

As a federal commercial Crown corporation, FCC understands the importance of remaining financially viable through all economic cycles to support customers through both good and challenging times. FCC has met or exceeded its financial targets for almost two decades and is strong and stable. This stellar financial performance will enable the corporation to serve the needs of the agriculture and agri-food industry well into the future.

Strategic and Operating Review

The federal government introduced a Strategic and Operating Review in its 2011 budget to examine direct program spending as appropriated by Parliament. Although FCC does not receive appropriations from the Government of Canada, FCC will continue to abide by the spirit and intent of the Strategic and Operating Review. The corporation will continue its track record of high performance and efficiency, and conduct itself in a manner that is mindful of the current climate of fiscal constraint.

Strategic planning process

The FCC strategic planning process engages the Board of Directors and the Senior Leadership Team in developing the corporation's business strategy. This process provides an opportunity to consider trends that may impact FCC, assess the current state and develop strategies to fulfil FCC's mission and reach its vision. FCC uses a balanced scorecard approach to monitor and measure progress in achieving its strategy.

Enterprise risk management is integrated with the strategic planning process to ensure that the identification, assessment and evaluation of risk is considered from a strategic vantage point. Effective risk management enables FCC to fulfil its mandate, create value for stakeholders and ensure long-term viability.

The corporate plan for the 2013-14 to 2017-18 planning period is an output of the strategic planning process, and outlines how the corporation will achieve its vision, mission and value proposition.

To achieve its vision and mission, FCC has chosen four areas of focus, called strategic themes, as follows:

- financial and risk management
- customer and agriculture industry
- efficiency and execution
- employee experience

Financial and risk management

FCC needs to be financially sustainable to serve customers and the industry through all cycles. FCC pays an annual dividend to its shareholder, the Government of Canada. A number of financial strategies and initiatives are included in the corporate plan to ensure that FCC continues to safeguard its strong financial position.

Ensuring corporate understanding and management of significant risks to maintain long-term business viability is crucial. FCC employs an enterprise risk management (ERM) approach to manage risks across the organization in a consistent, coordinated manner. Over the next five years, FCC plans to mature its enterprise risk management imbedding financial industry best practices where appropriate.

Customers and agriculture industry

FCC is focused on advancing the business of agriculture in Canada. The corporation provides financial and business products and services tailored to the unique needs of the industry.

FCC prides itself on providing customers with an extraordinary experience. We have customer service standards that all employees are expected to adhere to. These are designed to create a consistent, intentional experience for all customers, wherever they access FCC products and services. The desired result is that customers feel that FCC is relationship-oriented, flexible, knowledgeable about agriculture and committed to the industry.

At FCC, the customer experience goes beyond loans, insurance and software. The corporation also has a major program to educate customers and others involved in the industry. This includes publications, learning events and workshops on a range of subjects that help producers and agribusinesses run successful operations. FCC plans to enhance these services over the next five years.

In collaboration with industry, FCC is supporting a multi-year campaign called "Agriculture More Than Ever" to enhance perceptions of agriculture in Canada. The value and worthiness of the industry needs to be better understood and celebrated among consumers and industry stakeholders in order to help the industry grow its talent pool, attract more capital, accelerate innovation, build public understanding and reach its full potential. Changing perceptions requires a significant effort and long-term commitment. FCC is proud to play a role in promoting this message within the industry and beyond.

Efficiency and execution

FCC prides itself on running a highly efficient organization. Continuously improving corporate processes is a practice that enhances agility and efficiency. Effective processes make it easy for employees to do business and provide a better customer experience. FCC continually seeks better ways for employees to perform their work to simplify interactions for customers. FCC has started to develop an enterprise information management program to manage information more effectively. Specifically, savings will be achieved through greater employee efficiency (less time spent by employees finding information and recreating information) and reduced IT storage costs as a result of the disposal of redundant and outdated information. Additionally, this will help ensure the right information is available at the right time to inform decision making. The program will also support compliance, and reduce costs and risks associated with storage. Over the five-year planning period, the corporation will continue to review internal processes, procedures and systems to optimize performance.

Employee experience

Research and experience show that highly engaged employees provide superior service to customers. This is why FCC is committed to sustaining a climate that fosters a positive employee experience. FCC is well-known for its cultural practices, which outline explicit behavioural expectations for employees at all levels, including senior management and the Board of Directors.

Central to the employee experience is the quality of leadership. FCC provides training and coaching to managers at all levels to ensure that every employee reports to a manager with strong leadership skills.

In addition, the corporation emphasizes the importance of continuous learning to ensure that employees remain current with industry trends and their professions.

~~~

Pursuing initiatives under each of the above strategic themes will result in the successful implementation of the 2013-14 to 2017-18 Corporate Plan. This will allow FCC to remain self-sustaining and dedicated to the Canadian agriculture industry's success through all economic cycles.
~~~

2.0 | Mandate

2.1 Corporate mandate / mission

FCC is Canada's leading provider of financial and business services tailored to the agriculture industry.

FCC's mandate/mission is described in the Farm Credit Canada Act as follows:

The purpose of the corporation is to enhance rural Canada by providing specialized and personalized business and financial services and products to farming operations, including family farms, and to those businesses in rural Canada, including small and medium-sized businesses, that are businesses related to farming. The primary focus of the activities of the corporation is on farming operations, including family farms.

FCC fulfils its mandate/mission by offering loans and services to the agriculture and agri-food industry. Other offerings include management software, learning programs and knowledge to help customers and others involved in agriculture make sound decisions. FCC's main focus remains primary producers, who represent 85 per cent of the portfolio. The corporation also serves agribusinesses along the value chain – from suppliers to processors.

In addition to the Farm Credit Canada Act, FCC is governed by or subject to the following federal legislation:

Access to Information Act
Canada Human Rights Act
Canada Labour Code
Canadian Environmental Assessment Act, 2012
Canadian Multiculturalism Act
Conflict of Interest Act
Employment Equity Act
Employment Insurance Act
Federal Accountability Act
Financial Administration Act
Official Languages Act
Privacy Act
Public Servants Disclosure Protection Act

FCC complies with other federal and provincial legislation, such as land titles, farm debt mediation, personal property security acts, environmental protection, bankruptcy, insurance, occupational health and safety and securities.

2.2 Public policy role

FCC's public policy role is central to its ability to achieve its mandate/mission. Serving agriculture through all cycles and tailoring products and services to the unique needs of the industry are some of the ways that FCC fulfils its public policy role. Successful producers and agribusiness owners require information to make good decisions and plan for the future in this dynamic and complex industry. That is why FCC supports those involved in the industry with value-added knowledge that contributes to their future growth.

FCC has created a public policy statement that outlines the many ways the corporation fulfils its mandate/mission as outlined below.

FCC serves all of agriculture, all the time – all sectors, all across Canada.
The corporation provides financing to Canadian primary producers. This includes operations of all sizes and producers of all ages.

FCC provides financing to agribusiness and agri-food operations, such as suppliers and processors that serve primary producers. A healthy value chain provides producers with stable purchasing and selling options.

FCC recognizes that knowledge is key to the future success of Canadian agriculture. FCC provides workshops, publications and learning forums as educational offerings to the industry and encourages knowledge sharing internally and externally.

The corporation works with every sector across the country, primarily in rural areas.

FCC is dedicated to advancing the business of agriculture and takes the long-term view.
The corporation understands that agriculture is cyclical and that cycles impact even the best producers and agribusiness operators. For that reason, FCC consistently works with and supports its customers and agriculture sectors through the highs and lows.

As a commercial Crown corporation, FCC ensures that primary producers and agribusiness operators have choices in the marketplace through all cycles.

The corporation is profitable and financially self-sustaining, which enables it to create innovative products and services tailored to the dynamic business needs of agriculture.

FCC is visionary and operates in a sustainable manner.
The corporation is committed to the success of young farmers and agribusiness entrepreneurs because it is good for the industry's future.[1]

FCC conducts business in a socially and environmentally sustainable manner, paying attention to the needs of customers, employees, communities, the agriculture industry and society. FCC provides environmental information and products to customers and is working to reduce its environmental footprint.

FCC gives back to the communities where its customers and employees live and work.

The corporation hires and develops employees who are passionate and knowledgeable about Canadian agriculture.

Examples that demonstrate how FCC fulfilled its public policy role in 2011-12 are provided below.

Highlights
FCC currently has more than 100,000 customers.[2] In 2011-12, 40,459 customers received loans or other financial products through one of FCC's 100 offices, located primarily in rural areas across Canada. Below is the breakdown of customer loans by area for 2011-12:

Western - 11,138
Prairie - 13,054
Ontario - 10,721
Quebec - 4,121
Atlantic - 1,425

Of these customers, 38,280 are primary producers, and 2,179 are agribusiness or agri-food operators.

The corporation offers loans, management software, information and learning opportunities tailored to the unique needs of the agriculture industry.

FCC Management Software allows producers to track detailed management information to enhance decision-making.

FCC alliance relationships are established by contract with other agricultural or financial organizations such as equipment dealers and manufacturers, crop input retailers, co-operatives, and livestock operations. Through these partnerships, FCC provides financing to producers at point of sale, at locations where producers want to do business. In 2011-12, alliance lending through these third party alliance partnerships accounted for just over $2.0 billion.

[1] FCC defines young farmers as those under 40 years of age.

[2] FCC currently has more than 100,000 customers, which include all customers with active loan balances who are primary borrowers, co-borrowers or guarantors for personal and corporate loans, including primary production, agribusiness and agri-food, and alliances.

The FCC customer support program helps producers manage when unexpected challenges arise. In 2011-12, FCC assisted customers affected by excess moisture in Manitoba and southeastern Saskatchewan with flexible solutions tailored to individual producer situations. FCC also helps customers who experience a personal crisis, such as fire or critical illness, with the FCC Ag Crisis Fund. In 2011-12, FCC helped 179 customers with $248,750 in funds.

FCC offers young farmers customized loan products. In 2011-12, FCC disbursed over $1.9 billion in loans to help young farmers build their dreams.

FCC shares knowledge with customers, stakeholders and the industry in a variety of ways. FCC provides learning events and publications annually to over 27,000 participants and all customers receive these publications. In 2011-12, FCC launched multimedia learning through its website, resulting in 55,000 video views and downloads occurred.

FCC offers in-depth analysis of various issues and opportunities affecting Canadian agriculture.

FCC is environmentally responsible in its business practices. The corporation adheres to established bio-security protocols, ensuring that employees practice disease prevention when visiting farms and agribusiness operations.

FCC assesses environmental risk as part of credit risk analysis. Lending employees assess environmental risk, and work with customers to complete questionnaires, site inspections and assessment reports as part of the loan approval process. In 2011-12, FCC conducted over 500 quality assurance tests of its environmental assessments.

FCC has a focus on improving its internal environmental performance. In 2011-12, FCC measured its greenhouse gas emissions in 58 locations across the country (representing 73 per cent of leased square footage). FCC also launched FCC Think Green, an environmental footprint reduction program. Green Champions and employee volunteers from across the organization will help implement the program.

Giving back to the communities where FCC customers and employees live and work is one of our corporate values. FCC gives back in a number of ways. Examples from 2011-12 include:

- As part of FCC Drive Away Hunger, employees worked with customers and community partners to collect 2.4 million pounds of food for food banks across the country. FCC also donated $25,000 to Food Banks Canada to support the National Food Sharing System. In 2012-13, FCC Drive Away Hunger raised 1.4 million pounds of food and over $760,000 for food banks in Canada. Since 2004, FCC Drive Away Hunger has raised over 9.2 million pounds of food and over $760,000 cash for local food banks.[3]
- FCC AgriSpirit Fund provided $1 million to 120 rural community enhancement projects across Canada. A list of all 2011 recipients is available at www.AgriSpirit.ca.
- FCC Regina Spirit Fund provided $100,000 in funding to 14 Regina charity and non-profit organizations. FCC's headquarters are in Regina, which is where 600 of FCC's more than 1,500 permanent employees work. [4]
- FCC Expression Fund provided $50,000 to nine projects that will contribute to the vitality of official language minority communities. A list of selected projects can be found at www.fccexpressionfund.ca.
- FCC provided $100,000 in funding to 10 projects through the FCC Ag Safety Fund, to increase the number of people trained in agriculture safety. The fund was developed

[3] All cash that was collected between 2004 and 2011 was converted into the number of pounds of food that could be purchased with that amount of money.
[4] Includes permanent full-time and part-time employees

in partnership with the Canadian Agriculture Safety Association.

- FCC partnered with Agriculture in the Classroom in 2011-12 to launch the first-ever Canadian Agriculture Literacy Week in 286 schools across the country. This hands-on program encourages children to learn about and celebrate agriculture by reading books about farming, watching videos and meeting with farmers.

2.3 Alignment with government priorities

FCC is committed to supporting the priorities outlined in Minister Ritz's Statement of Priorities letter. Below is a list of products and services that respond to the priorities in the Minister's letter and further strengthen the agriculture industry.

FCC provides access to capital

Access to capital allows producers and agribusinesses to adopt innovative practices and business models that enable them to expand, lower production costs, develop new products, and compete in global markets. FCC ensures access to capital by providing a wide range of financial and business products and services tailored to the unique needs of the industry. These include long-term mortgages, short-term credit, leasing and venture capital.

FCC works to reduce financing gaps in the agriculture industry. For instance, after the 2008 financial crisis, when credit for the floor plan financing market tightened, there has been a gap in this market. Individual equipment dealers and dealer associations have approached FCC about developing an inventory financing product to help fill this gap. They are seeking alternative, flexible options for financing. As a result, FCC has developed a new inventory financing product, which offers financing on equipment that is carried by dealers. FCC is working on the rollout plan and approach to be launched in late 2012.

FCC also offers venture capital that addresses the need for alternative financing in the agriculture industry. FCC's provision of venture capital via a private sector-led general partner, AVRIO, is consistent with the Government's Economic Action Plan 2012 commitment to provide $400 million to increase the capital and expertise available to growing, innovative firms, in a manner that incents private-sector investments and management of venture capital funds.

Minister Ritz expressed that a healthy marketplace competition and a choice of financing are necessary for Canadian farmers and agribusinesses to be successful through all economic cycles. FCC's presence in the marketplace ensures farmers have choice. FCC has partnered with credit unions to address market and policy issues of mutual interest including agricultural policy, market trends, government agricultural support programs and emerging risks to producers (e.g. debt and trade developments). FCC and credit unions are collaboratively identifying opportunities for partnership through such things as loan syndication, the provision of complementary services to producers and the development of mechanisms to facilitate co-operation at the local level.

FCC and the Canadian banks work together as financing partners for farms and agribusinesses. Financial institutions often lead financing syndicates; FCC participates financially as well as provides input to both the syndicate and the customer, based on FCC's agriculture industry expertise.

FCC advances the business of agriculture through learning programs, the development of young farmers and the Agriculture More Than Ever campaign

FCC believes that sound financial management is the key to running a successful operation. To help advance Canadian producers' business management skills, FCC will continue to offer management workshops, learning forums and publications to ensure farmers of all ages can access the training and information needed to succeed in the future. FCC will remain focused on ensuring employees are equipped with appropriate knowledge and tools so they can help customers make sound business decisions, and positively impact the customer experience.

Young farmers are very important to the agriculture industry of the future and FCC is proud to support young farmers. Products and services, like the FCC Transition Loan and Young Farmer Loan, help with intergenerational transfer and assist farmers entering the industry. In the spring of 2012, FCC launched the Young Farmer Loan with the full support of Minister Ritz.

In 2012-13, FCC launched “Agriculture More Than Ever”, a multi-year campaign to improve perceptions of agriculture in Canada. The value of the industry and its contribution to Canada’s economy as a whole needs to be better understood and celebrated among consumers and industry stakeholders in order to help the industry grow its talent pool, attract more capital, accelerate innovation and reach its full potential. Agriculture More Than Ever provides an opportunity for the industry to change outdated perceptions by ensuring that the real story is told about agriculture and agri-food. This campaign supports the Government of Canada's commitment to agriculture and farmers. Agriculture More Than Ever is about sharing the facts: that agriculture is an important industry, full of success stories and great promise. Momentum is building, as FCC is currently working with 90 official industry partners as of October 31, 2012. FCC’s ultimate goal is for this to become a grassroots cause that is championed by the industry.

FCC supports government policy through collaboration with AAFC, EDC, BDC and other government agencies

FCC collaborates with Export Development Canada (EDC) and the Business Development Bank of Canada (BDC) to support access to international markets for Canadian agribusiness. To improve access to international financing and risk management tools, FCC and EDC draw on each other's expertise, knowledge, processes and products for customers who require export and global investment solutions. FCC and BDC connect regularly to exchange information on a variety of topics such as existing and potential joint deals, referrals for business services and records management activities.

FCC employees and their counterparts at Agriculture and Agri-Food Canada (AAFC) regularly exchange information on a range of topics important to the agriculture industry. FCC and AAFC employees connect in person, through telephone calls and webinars, at trade shows and industry events and by sharing research methods and modelling techniques. FCC is providing support to AAFC as it assesses the pressures facing hog producers. This includes providing information on the performance of the FCC hog portfolio and potential impacts of the current situation on Canadian hog producers. FCC is working with AAFC on the Canadian Wheat Board file.

FCC supported the development of Growing Forward 2 by providing input on several aspects of the policy framework and by attending regular information calls. In 2011-12, AAFC was provided access to FCC's 9,000 member Vision Panel survey results during the Growing Forward 2 consultation process. This year, during the strategic planning process, FCC revised its *customer experience* strategic theme and renamed it *customer and agriculture industry*. With this revision, a new critical outcome statement focusing on both the industry and FCC customers was developed. This new theme aligns with policy objectives outlined in AAFC's Growing Forward 2. FCC plans to continue supporting Growing Forward 2.

Above all, FCC continues to remain self-sustaining and profitable. As a federal commercial Crown corporation, FCC understands the importance of remaining financially viable through all economic cycles, in order to support customers through good and challenging times. While remaining mindful of the fiscal constraints and the outcomes of the Strategic and Operating Review, FCC will carefully balance the resources required to support a growing enterprise, while continuing to control costs and increase efficiency to sustain its excellent financial performance and the ability to service the industry in the future. Section 2.4 provides further details.

2.4 Strategic and Operating Review

The federal government introduced a Strategic and Operating Review in Budget 2011 to examine direct program spending as appropriated by Parliament. FCC will continue to abide by the spirit and intent of the Strategic and Operating Review. Although FCC does not receive financial appropriations from the Government of Canada, the corporation will continue its track record of efficiency and strong financial performance, and conduct itself in a manner that is mindful of the current climate of fiscal constraint.

FCC froze its budget for 2012-13 at $312.2 million. Unexpected costs related to FCC’s pension plan and an excise tax assessment have increased the 2012-13 forecast to $322.0 million (section 6 provides further information). The budget for 2013-14 is $350 million; this includes the addition of the resources required to support FCC's portfolio growth. The agriculture sector is experiencing a period of expansion and demand for FCC’s products and services continues to grow. In addition to agriculture-driven growth, FCC continues to implement industry best practices for risk management, internal controls and corporate social responsibility. FCC will remain mindful of the fiscal constraints and the outcome of the Strategic and Operating Review. Above all, FCC will carefully balance the resources required to support a growing enterprise while continuing to focus on expense control.

In 2012-13, FCC began implementing a capital management framework (section 5.4). The framework will install processes to review and assess the risk of FCC’s operations, relative to both economic capital requirements and the prescribed minimum capital requirements using methodologies generally consistent with Basel II standards. The framework also will allow FCC to better assess the level of capital required to sustain the business. It is expected that the capital framework will be implemented by the end of fiscal 2012-13.

The Board of Directors has reviewed and revised FCC's dividend policy. The new dividend policy will consider capital requirements when establishing the dividend. In August 2012, the FCC Board approved the revised dividend policy and declared a dividend of $56.4 million, payable by March 31, 2013. FCC has paid $77.5 million in dividends since 2009. FCC projects that its dividends will be $256.1 million over the plan period – an increase of $163 million over the prior five-year plan (section 6).

To summarize, the corporation will continue its track record of efficiency and strong financial performance, and conduct itself in a manner that is mindful of the current climate of fiscal constraint. As a federal commercial Crown corporation, FCC understands the importance of remaining financially viable through all economic cycles to support customers during both good and challenging times. FCC has met or exceeded its financial targets for almost two decades and is strong and stable. FCC’s stellar financial performance will enable the corporation to serve the needs of the agriculture industry well into the future and will contribute to the Strategic and Operating Review through its ongoing generation of net income.

3.0 | Corporate profile

FCC is a financially self-sustaining federal Crown corporation, reporting to Parliament through the Minister of Agriculture and Agri-Food. FCC provides financing and other services to more than 100,000 primary producers, value-added operators, suppliers and processors along the agriculture value chain. Operating from 100 offices located primarily in rural communities, its more than 1,500 permanent employees are passionate about the business of agriculture.

FCC's roots date back to 1929, when the Canadian Farm Loan Board (CFLB) was established to provide long-term mortgage credit to farmers. In 1959, the Farm Credit Act established FCC as an agent Crown corporation named in Part 1 of Schedule III of the Financial Administration Act, making FCC the successor of the CFLB.

In 1993, the Farm Credit Corporation Act was proclaimed into law, providing an expanded mandate and broader lending administrative powers. Under the new mandate, FCC could provide financial services to farming operations, including individuals, farming corporations and farm syndicates, under the authority of one act.

In 2001, The Farm Credit Canada Act received royal assent, allowing FCC to offer an even broader range of services to producers and agribusiness operators.

3.1 Why FCC exists

FCC's 2020 Vision

The following vision keeps employees focused on the future state.

The full agriculture value chain believes FCC is advancing the business of agriculture by providing financial products, services and knowledge tailored to producers and agribusiness operators. Our customers are advocates of FCC and can't imagine doing business without us. We are a socially and environmentally responsible corporation. We are an *employer of choice everywhere we operate. We make it easy for customers and employees to do business. We are financially strong and stable, and invest significantly in the agriculture and agri-food industry.*

Some portions of sections 3.2 and 3.3 (below) are written in the first person because they are pulled directly from the FCC customer value proposition, the corporate value proposition, and FCC's cultural practices.

3.2 Customer value proposition

FCC's customer value proposition outlines what customers and prospects can expect from a relationship with FCC:

FCC proudly serves Canadian agriculture as the leading provider of financing to the industry since 1959.

We focus on the primary producer as well as suppliers and processors along the agricultural value chain.

We provide our customers with flexible, competitively priced financing, equity, insurance, management software, information and learning.

These services help our customers make sound business decisions and experience greater success.

We take time to get to know our customers, their individual needs, goals and vision for the future. We work with them through challenges and help them pursue opportunities.

We're easy to do business with.

Agriculture. We know it. We love it. We're in it for the long run.

3.3 Corporate citizenship

Corporate values

FCC's committed to advancing the business of agriculture. FCC does this by setting its sights high, working to benefit its customers, and helping its employees achieve their full potential. FCC's corporate values represent its core beliefs:

Act with integrity
We are ethical and honest. We treat customers, colleagues and all stakeholders with respect.

Focus on the customer
We care about our customers, and we pride ourselves on providing them with an extraordinary experience based on personal relationships, flexibility and industry knowledge.

Achieve excellence
We share a commitment to high performance, accountability and efficiency in order to achieve excellence.

Work together
We believe in the power of teamwork. Whether delivering service tailored to customer needs or designing solutions to benefit the industry, we work together as one team.

Give back to the community
We take corporate social responsibility seriously. We believe in giving back to the communities where our customers and employees live and work, striving to reduce our impact on the environment and contributing to the success of the agriculture industry.

Corporate social responsibility

FCC takes corporate social responsibility (CSR) seriously. It's part of FCC's 2020 vision and guides how FCC operates. In 2011-12, FCC released its first annual CSR report.

FCC gives back to the communities where its customers and employees live and work, strives to reduce its environmental impact and contributes to the success of Canadian agriculture industry.

Being socially responsible is important to our customers, employees, communities and the Government of Canada. FCC is committed to conducting business in a responsible and sustainable manner, and to being accountable to its stakeholders through sound corporate governance practices.

FCC's corporate social responsibility framework is comprised of five focus areas: agriculture and food, community, customers, employees and environment. See Section 5.3 for a detailed description of these five focus areas.

Cultural practices

In addition to the corporate values, FCC's cultural practices explicitly outline the behaviours employees and Board members are expected to demonstrate with colleagues, customers, partners, suppliers and stakeholders.

FCC's cultural practices:

- We hold ourselves and each other accountable for our impact on business results and our impact on people.
- We hold ourselves and each other accountable for delivering on commitments, agreements and promises.
- We hold ourselves and each other accountable for building and sustaining committed partnerships.
- We hold ourselves and each other accountable for creating a safe environment where people can speak up without fear.
- We measure our success by how others perceive and respond to our leadership, not by our personal point of view.
- We talk straight in a responsible manner. We are committed to the success of others – we do not engage in conspiracies against people.
- We listen for contributions and commitment. We do not listen against people or ideas.
- We are highly coachable. We actively seek and listen to coaching.

- We clean up and recover quickly.[5]
- We acknowledge others often and celebrate both small and large successes.

3.4 Employee value proposition

FCC is a high-performance organization, with talented and dedicated employees who are passionate about contributing to the success of Canadian agriculture. FCC works in partnership to deliver an extraordinary customer experience.

Just as FCC has a customer value proposition so that customers and prospects know what to expect, the corporation has created an employee value proposition so that employees know what to expect.

FCC's commitment to employees:

- leadership that inspires, provides clarity, and helps employees feel valued and supported
- a positive culture based on respect and trust where employees can feel safe to speak up responsibly – regardless of role or title
- opportunities to learn, grow and take on new challenges as part of an industry-leading organization
- processes, systems, knowledge and tools that make it easy for employees to do their job
- recognition for employee accomplishments, ideas and demonstrated commitment to work in partnership with others
- competitive salaries, pension and benefits

Employees' commitment to FCC:

- do their best every day – go the extra mile to show customers that they care about their needs, they value their business and that FCC is easy to do business with
- be committed to the success of each person and team at FCC – "One team. One customer." Make decisions as if they owned the organization: "Think like an owner"
- be personally accountable for the results they create, for acting with integrity and for their impact on others
- display a positive attitude toward change; actively support corporate decisions and initiatives
- demonstrate leadership in improving our internal processes and service delivery by generating and sharing ideas
- take ownership for continually developing their knowledge and abilities

3.5 Corporate governance

Board of Directors

The FCC Board of Directors represents the Canadian agriculture and business community. Their expertise contributes significantly to the vision and strategic development of the corporation. The Board ensures that FCC remains focused on its vision, mission, values and the fulfilment of the corporation's public policy role.

Board members are appointed by the Governor-in-Council upon the recommendation of the Minister of Agriculture and Agri-Food. Except for the President and CEO, Board members are independent of management. They bring a combination of senior agriculture, business and financial experience to the task of governing an organization that serves an increasingly complex industry.

FCC's Board is currently comprised of 12 members, including the President and CEO and Chair. The Board and committees typically meet five times each year. Four of these meetings are regular business meetings held at FCC's corporate office in Regina. The remaining

[5] When disagreements occur, we seek to understand our colleague's perspective and clean up and recover (apologize) for any impact.

meeting is the Board's strategic planning meeting, which is typically held in August. Each year, this meeting is held in a different part of the country to give the Board an opportunity to meet with employees, customers and stakeholders from different parts of the country, providing them with a better appreciation of the issues facing agriculture across Canada. For the last several years, this meeting has also been held in conjunction with the corporation's annual public meeting.

The Board is responsible for the overall governance of the corporation. It ensures that FCC business activities are in the best interests of the corporation and the Government of Canada as required by the Farm Credit Canada Act and the Financial Administration Act. Directors exercise a stewardship role, participate in the strategic planning process and approve the corporation's strategic direction and corporate plan. The Board also exercises its responsibility to oversee and ensure that risks associated with FCC's business have been identified and that appropriate systems, controls and policies are implemented to manage them.

The President and CEO is responsible to the Board for day-to-day operations of the organization.

The roles and responsibilities of the Chair, Board members, the President and CEO and all Board committees are set out in written profiles and charters (available upon request). These documents articulate the Board's responsibility in six major areas:

- integrity - legal and ethical conduct
- strategic planning and risk management
- financial reporting and public disclosure
- leadership development
- government relations and corporate social responsibility
- corporate governance

There are three sub-committees of the Board: Audit, Human Resources and Corporate Governance.

Audit Committee members are independent of management. All committee members are financially literate and most members are considered to be financial experts.

The Audit Committee oversees FCC's financial performance and ensures the integrity, effectiveness and accuracy of the corporation's financial reporting, control systems and audit functions.

In addition to meetings with management, this committee meets regularly with representatives of the Office of the Auditor General and FCC's internal auditors without management present.

The **Human Resources Committee** reviews all major human resources policy matters. The committee is responsible for advising the Board with respect to the skills and characteristics essential to the position of the President and CEO, and how to assess his performance. It also works with the President and CEO to create an annual development plan.

The Human Resources Committee is responsible for reviewing the corporation's compensation structure, succession plan and corporate learning programs for employees, and the executive perquisites program.

The **Corporate Governance Committee** reviews and makes recommendations to the Board with respect to sound governance practices. It also oversees the corporation's strategic planning process, enterprise risk management and FCC's corporate social responsibility program. The committee also acts as the Board's nominating committee.

The Corporate Governance Committee regularly reviews the number, structure and mandate of Board committees, and is responsible for conducting Board evaluations concerning the performance of directors, committees and the Board as a whole. The Corporate Governance Committee also oversees the FCC policies on ethics, conflict of interest and code of conduct for employees and directors.

Members of the Board of Directors

Full biographies are available at www.fcc.ca

Dale Johnston
Owner/operator, mixed farming operation
Ponoka County, Alberta
Appointed June 23, 2011
Appointed Board Chair December 13, 2012

Greg Stewart, P.Ag., C.Dir.
President and CEO, FCC
Farm Credit Canada
Regina, Saskatchewan
Appointed January 1, 2008
Reappointed January 1, 2013

Donald Bettle
Former dairy farmer
Former chairman,
Canadian Atlantic Dairy Export Co-op
Passekeag, New Brunswick
Appointed January 25, 2007
Reappointed February 10, 2010
Reappointed November 1, 2012

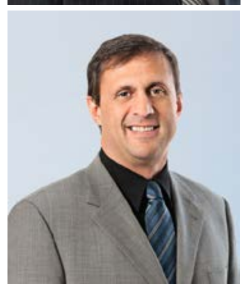
Sylvie Cloutier, BA Comm.
President and CEO, The Quebec Food Processors Council
Bromont, Quebec
Appointed April 5, 2012

Caroline Granger
President and CEO,
The Grange of Prince Edward Vineyards and Estate Winery
Hillier, Ontario
Appointed June 27, 2007
Reappointed August 6, 2010

Brad Hanmer, B.Sc.Ag.
Co-owner/operator, commercial grain and pedigreed seed farm
Govan, Saskatchewan
Appointed January 25, 2007
Reappointed February 10, 2010
Reappointed November 1, 2012

Ron Hierath
Realtor, residential and agricultural sales
Lethbridge, Alberta
Appointed January 25, 2007
Reappointed February 10, 2010

John Klippenstein, FMCA
COO, Klippenstein Management Services
Steinbach, Manitoba
Appointed July 30, 2008
Reappointed December 15, 2011



Ross Ravelli
Owner, Ravelli Farms Ltd.
Dawson Creek, British Columbia
Appointed February 10, 2010
Reappointed November 22, 2012

Jason Skinner, M.Sc., P.Ag.
CEO, North West Terminal Ltd.
Wilkie, Saskatchewan
Appointed February 12, 2009
Reappointed March 1, 2012

Doris Priddle, MBA
Owner and manager, Priddle Farms Inc.
Campbellville, Ontario
Appointed November 26, 2012

(One Board position is vacant)

Executive Management Team (EMT)

Bound by the code of conduct and ethics, FCC executive and senior management adheres to the highest ethical standards of business, professional and personal conduct. All executives, with the exception of the President and CEO, are paid within the salary ranges and compensation policies approved by the Board of Directors. The Governor-in-Council establishes CEO compensation.

EMT is responsible for corporate decision-making, including the strategic vision, investment strategy, allocation of enterprise resources and resolution of major strategic issues.

Greg Stewart, P.Ag., C. Dir.
President and Chief Executive Officer

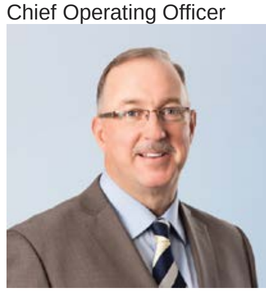
Rick Hoffman, MBA, CMA
Executive VP and Chief Financial Officer

Rémi Lemoine, MBA, CCP
Executive VP and Chief Operating Officer

Lyndon Carlson, P.Ag.
Senior VP, Marketing

Kellie Garrett, MA, MC, ICD.D
Senior VP, Strategy, Knowledge and Reputation

Michael Hoffort, P.Ag.
Senior VP, Portfolio and Credit Risk



Greg Honey
Senior VP, Human Resources

Paul MacDonald
Senior VP and Chief Information Officer

Senior Leadership Team (SLT)

SLT consists of the President and CEO, Executive Vice-Presidents, Senior Vice-Presidents, Vice-Presidents, the Senior Director, Culture, Learning and Employee Experience, and the General Counsel and Corporate Secretary. This team provides input to setting corporate priorities to achieve strategic objectives consistent with the mandate and approved direction.

Governance framework

In addition to the Board of Directors, Executive Management Team (EMT) and Senior Leadership Team (SLT), FCC has established a governance framework, including a number of committees, to guide corporate decision-making.

Asset Liability Committee directs FCC's asset/liability management function, including establishing and maintaining portfolio risk management policies and procedures, loan pricing direction, integration with corporate strategies and achievement of portfolio return targets.

Credit Committee reviews and makes lending decisions on agribusiness and agri-food loan applications from customers with a total exposure in excess of $15 million for established operations and in excess of $7.5 million for start-up operations. The committee reviews loans in primary production from customers with total exposure in excess of $20 million for established operations and in excess of $10 million for start-up operations.

Credit Policy Committee oversees the development of lending policies to ensure that the credit risk management policies reflect FCC's credit risk tolerance, industry best practices, and compliance with federal, provincial and regional laws and regulations.

Employee Experience Committee provides direction and guidance on key aspects of the FCC employee experience, orientation and change management.

Enterprise Risk Management (ERM) Steering Committee reviews and recommends FCC's ERM framework, policies and strategies, and subsequent enhancements to EMT. The committee also reviews and recommends the annual top corporate risk action plans.

Horizon Committee provides strategic direction to EMT on compensation and performance management issues. The committee also evaluates all jobs in relation to FCC's classification system.

Pension Committee provides advice to the Board's Human Resources Committee regarding monitoring the approved governance structure for the pension plan.

Reputation Steering Committee acts as a focal point for co-ordination of reputation issues and provides a corporate approach and enterprise-wide perspective on FCC's reputation. The committee provides counsel and advice on reputation risks, and monitors and reports progress to the President and CEO, EMT and the Board of Directors.

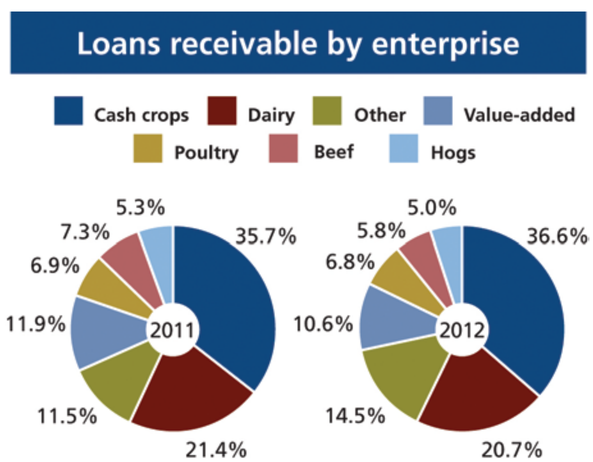
Strategy Execution Team approves corporate projects that enable the execution of the business strategy.

Venture Capital Investment Committee adjudicates on all venture capital investment recommendations, and monitors the performance of the FCC's venture capital portfolio.

3.6 FCC loan portfolio

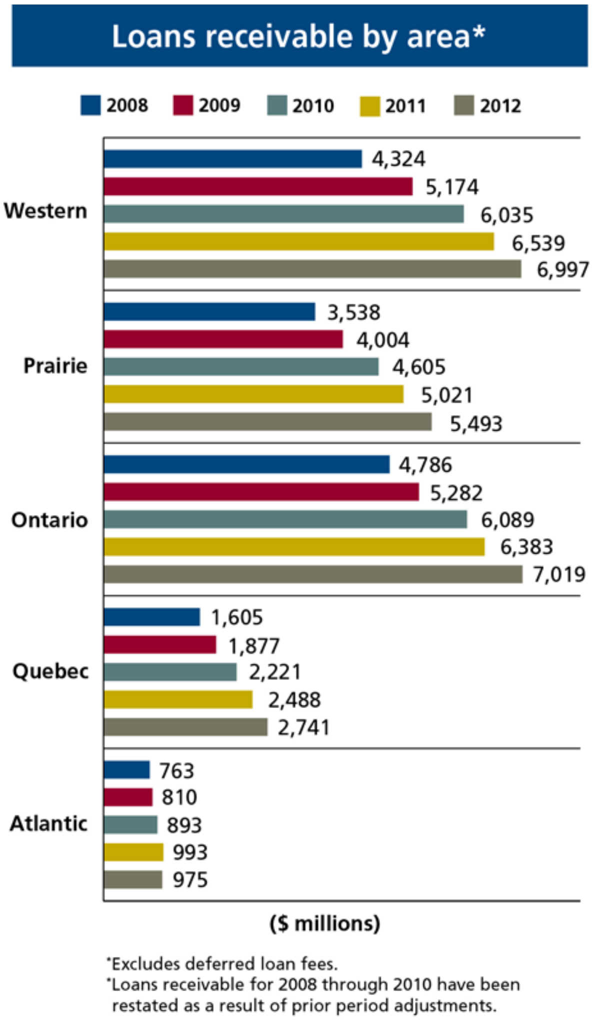
Portfolio by enterprise

FCC lends to all agriculture enterprises, which diversifies the lending portfolio and reduces enterprise-specific risks. These practices align to FCC's customer experience and financial strength by effectively managing risk to ensure FCC's long-term viability.



Portfolio by geographic area

By lending to all areas of agriculture across Canada, FCC is able to spread risk geographically while promoting agriculture as a strong and vibrant industry. From coast to coast, FCC has over 100 offices to serve its customers.



3.7 Financial services industry

The agriculture market is served by chartered banks, credit unions, provincial lending agencies, equipment manufacturer financing programs and independent financing institutions. Nationally the main players are FCC, the chartered banks and credit unions.

According to the Office of the Superintendent of Financial Institutions, Canada currently has:

- six major chartered banks
- 17 domestic banks
- 54 foreign bank branches and subsidiaries
- 48 trust companies
- 79 life insurance companies
- over 800 credit unions and caisses populaires

Provincial government Crown corporations or agencies that serve agriculture include:

- ATB Financial (formerly Alberta Treasury Branch)
- Alberta's Agriculture Financial Services Corporation
- La Financière agricole du Québec
- Manitoba Agricultural Services Corporation
- Nova Scotia Farm Loan Board
- P.E.I. Lending Agency

Market share

According to Statistics Canada, farm debt outstanding increased by 6.3 per cent to $69.6 billion in 2011. FCC increased its market share by 0.5 per cent to 28.7 per cent. FCC's portion of Canada's outstanding farm debt at $20.0 billion remained second only to the chartered banks at $24.9 billion.

FCC's market share has consistently grown since 2001. Market share growth is an endorsement from producers of our commitment to the industry, our products and our knowledgeable employees.

FCC's market share gain of .05 per cent in 2011 was its lowest annual market share gain in a decade. Over the past two years, there has been increased interest in agricultural lending by other financial institutions and private individuals. The latter category includes lending by family members and shareholders.

FCC continues to look for opportunities to partner with other financial services organizations in providing products and services to the agriculture industry in Canada.

4.0 | Strategic issues

4.1 External economic and business environment

Unprecedented global food demand

Agriculture is a high-growth industry, but it hasn't always been this way. For several thousand years, food supply and demand were in equilibrium. World population growth was limited by individual capacity to grow food.

Since the industrial revolution, productivity changes have redistributed wealth and advanced food production. In the last 50 years, medicine and hygiene changes have resulted in unprecedented human population growth. As Asia continues to flourish, its population is expected to grow. Last year, the world's population reached seven billion. In the next 20 years, it is expected to surpass nine billion.

The issue facing the planet is how to feed a 29 per cent increase in population with limited resources (land, water, nutrients, etc.). Agriculture has a key role to play in finding solutions. However, there is no simple way to address this challenge, as it involves multi-national governments, economies and resources. Power and control over resources is shifting, as economies contend with debt crises in the Western world. The economic troubles in Europe, unemployment in the U.S., conflict in the Middle East, and the rise of the Asian middle classes all affect agriculture value chains in Canada. Volatile financial global markets also are creating new risks.

The current and future environment will see all producers benefit from strong demand. Likewise, the pitfalls of economic volatility and other issues will reduce the competitiveness of some enterprises.

The health of the world economy affects Canadian agriculture

The Canadian economy will remain dependent on the strength of export markets, especially for commodities and natural resources. Foreign demand has led to a strong Canadian dollar and the long-term outlook for Canadian currency remains very good; however, there is a weak outlook for the world economy. Consumer spending is expected to drive growth in gross domestic product (GDP) because efforts to reduce government spending should have a negative impact on economic growth.

Canada's real GDP grew at an annual rate of 1.9 per cent in the first quarter of 2012, and the International Monetary Fund (IMF) predicts that annual growth for Canada in 2012 and 2013 will be 2.1 and 2.2 per cent, respectively. While these numbers are below the average growth rate of 2.6 per cent posted in Canada from 2000-2008 (prior to the recession), the Canadian economy is faring well on a number of fronts.

The World Economic Forum in Geneva has rated Canada's financial system as the strongest in the world for the past five consecutive years. Unemployment remains lower than in other industrialized countries, and the federal government is on track to balance its budget by 2016. The Bank of Canada's overnight rate remains at historically low levels. The Bank has hinted that it could increase its key interest rate, but a deteriorating outlook for the world economy has delayed movement in this direction. At the same time, Canadian households continue to accumulate debt at a pace that exceeds the increase in their disposable income.

Trade

The landscape of Canada's international trade agreements continues to change. Canada launched trade negotiations with Japan, and is currently negotiating agreements with India, South Korea and the European Union. Canada also continues to participate in Trans-Pacific Partnership (TPP) talks.

The emergence of a middle class in Southeast Asian economies is increasing food demand. Establishing a market presence in these countries through a free trade agreement will yield advantages for Canadian agribusinesses. Increased market access in mature markets like Japan (where food imports represent 60 per cent of domestic consumption[6]) also would be positive. However, trade negotiations will likely increase competition for Canadian producers, especially in supply managed sectors. A trade agreement with Europe or TPP membership could trigger increases in imports of dairy products and may lead to calls for changes in the Canadian dairy market.

The U.S. remains Canada's largest trading partner. While IMF projections for U.S. economic growth are similar to Canada, the overall economic outlook is different. The U.S. government is running a large deficit and has accumulated major debt. The political environment does not suggest that these issues will be resolved in the near future.

Unemployment remains high in the U.S. At the current recovery pace, it will take until the fall of 2015 to regain the jobs lost during the 2008-09 recession. The housing market may finally have stabilized after years of declining prices, but is not likely to experience a rebound. The U.S. market accounted for 49 per cent of Canadian agriculture and agri-food exports in 2011, compared to 63 per cent in 2001.[7] Continued slow growth in the U.S. and strong growth in emerging markets such as China and India are likely to extend trade diversification away from the U.S. market.

International financial stability

Most of Europe tipped back into recession towards the end of 2011. The IMF predicts that the entire European economy will shrink by 0.3 per cent in 2012. It is important to look beyond the situation in Greece, because the European crisis is more than a public debt problem. It has exposed governance issues in Europe as well as profound economic disparities between Germany and other European countries, including Greece, Italy and Spain. According to the U.S. Federal Reserve, the level of uncertainty in Europe is equal to that observed at the height of the 2008 financial crisis, and the region may enter a deeper recession in 2013. A solution to the European crisis will take time, so volatility is likely to continue.

The European crisis impacts Canadian producers and agri-businesses in several ways. Canadian agri-food exports to the EU amounted to just over $3 billion in 2011, representing seven per cent of Canadian exports. A deeper European recession would lower the income of their consumers and therefore lower demand for Canadian agricultural exports. Risks to the global economy usually trigger an increase in the value of the U.S. dollar as investors seek assets perceived as safe. Investors are also looking at the Canadian dollar denominated assets given the relative strength of the Canadian economy. This may result in a

[6] Ministry of Health, Labour and Welfare, Japan

[7] Statistics Canada, based on NAICS Codes

Canadian dollar that trades within a few cents of parity to the U.S. dollar.

The impact of deeper European recession on Asian markets is an important factor to monitor. Spillovers to that region through a weaker demand from European consumers could slow down income growth of the middle class in Asia, leading to declines in demand for red meats, grains and oilseeds, and generally pushing prices down. Asian central banks and governments have some tools to smooth out bumps in growth. These tools include changing bank reserves, interest rates, and tax incentives to encourage consumers to make large purchases and businesses to invest.

The United States and Europe are still struggling to fully recover from the financial crisis of 2008. Risks to the world economy remain high because of the delicate financial situation and poor growth prospects of European countries. The financial crisis in Europe could slow down the world economy if long-term sustainable solutions aren't found.

Canadian agriculture is somewhat insulated from the direct impacts of a deeper European recession, but would not be able to escape commodity price decreases if the Asian economy also slows down and volatility due to uncertainty continues.

Canada's farm debt

Total Canadian farm debt reached nearly $70 billion in 2011.[8] Debt has steadily increased since 1995, (at an average annual rate of six per cent), pushed by declining interest rates and intensifying pressures to remain competitive in a more globalized world. This steady increase in farm debt levels has been accompanied by steady increases in the value of farm capital, which increased by five per cent in 2011.

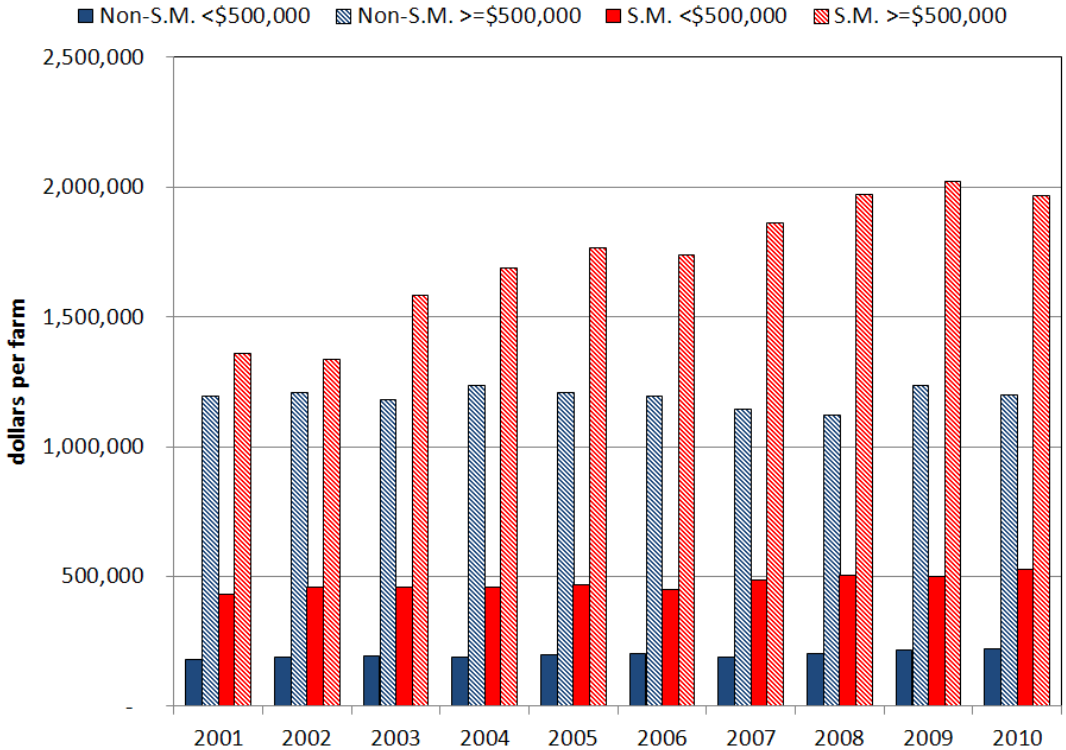
Stripping out the impact of inflation on farm debt, the increase in farm debt has come almost entirely from farms in supply-managed sectors with annual gross receipts of more than $500,000. Farm debt is expected to continue to grow. Strong crop receipts are fueling optimism and leading to investments. Low financing costs help farm businesses invest to capture economies of scale and to increase productivity and efficiency.

Agriculture has become attractive to the Canadian financial industry in recent years, which is reflected by a more competitive agriculture lending marketplace. The growing size and complexity of agriculture loans increases risk and return. It also means that there is an opportunity for increased lender collaboration, including syndications. Canada's exports beyond the U.S. to European and Asian markets means that lenders are facing additional credit and market-currency risks and opportunities.

Canadian farm debt is increasing at a faster rate than farm debt in the United States – six per cent compared to 3.2 per cent annually. There are several reasons why farm debt in Canada and the U.S. are not entirely comparable including supply managed industries that allow producers to take on additional debt because of steady, predictable returns. Agricultural production in the U.S. is also more vertically integrated, and short-term debt associated with vertical integration is difficult to pick up in farm debt surveys. Finally, Canada's shorter growing season may force Canadian producers to invest more in the management of production control risks, increasing debt levels.

[8] Statistics Canada. Table 002-0008 - Farm debt outstanding, classified by lender, annual (dollars), *CANSIM (database)*

Total per farm liabilities based on revenue class for supply and non-supply managed enterprises (adjusted for inflation)



Source: Canadian Farm Financial Database

Land values

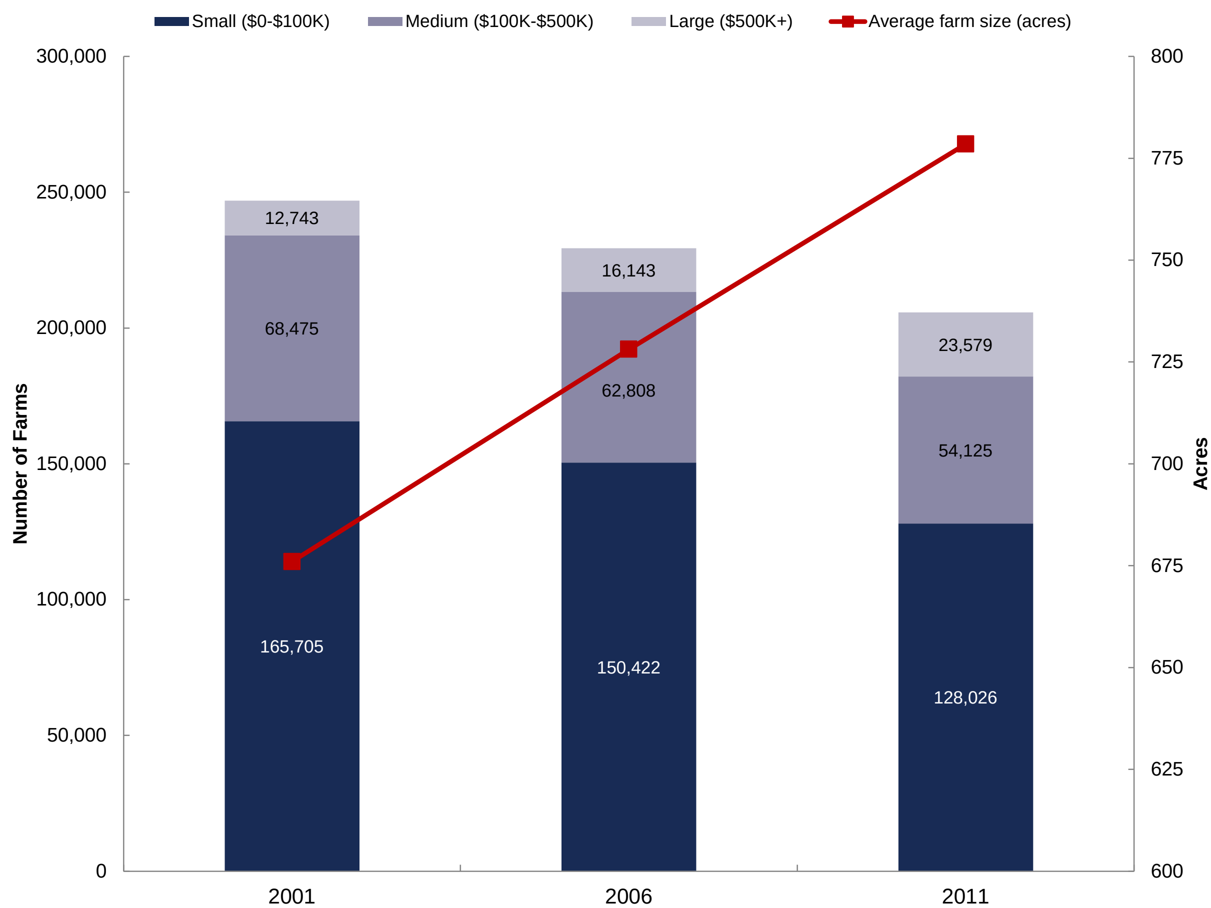
The average value of Canadian farmland increased 6.9 per cent during the second half of 2011, following an average increase of 7.4 per cent in the first half of 2011. Canadian farmland values have risen steadily over the past decade. The last time the average value decreased was by 0.6 per cent in 2000. Increases in farmland values were driven by stronger crop receipts and low interest rates. The demand for lifestyle, or hobby farms near urban centres, continues to place upward pressures on land values.

Structure of farms

Consolidation in Canadian agriculture is still occurring. The number of small and medium-sized farms (as defined by gross farm receipts) is declining, while the number of large farms is increasing slightly.

Consolidation explains the increase in average farm size observed over the last 10 years. One implication of fewer but larger farms includes a greater ability to harness innovation for productivity gains, as high-output farms are relatively capital intensive. However, the industry may be exposed to risk resulting from a more significant portion of production coming from fewer farms.

The 2011 Canadian Census of Agriculture reveals that the average age of Canadian producers is climbing, reaching 54 years in 2011 compared to 50 in 2001. The proportion of farmers aged 55 and older is higher than ever. This aging is not entirely separate from the aging of the Canadian population overall. Because of this, the average age of farmers may continue to increase for some time before flattening out or decreasing.



Source: 2011 Census of Agriculture (developed by Statistics Canada)

Purposeful sustainable agriculture

By 2050, the world's population is expected to exceed nine billion. Developing countries will lead the population increase. To meet the food demands of nine billion people worldwide and of increasing income levels (and therefore changing food buying demand) in developing countries, a 70 per cent increase in crop production is required by 2050.[9] Global ecosystems are under pressure, and water is in limited supply. At the same time, both rapidly industrializing nations and developed nations need access to energy, minerals and metals. Canada's abundant natural resources are receiving attention from Asian markets and resulting in more export opportunities.

For the banking and agri-finance sector, these trends are adding lending risk and new portfolio liabilities, as a result of carbon emissions exposure. Strong demand is expected for loans to purchase equipment and facilities that can bolster productivity or enhance sustainable farming or operating practices, including carbon, water and energy management and bio-energy production.

Canadian agriculture is positioned well in this environment, but also faces challenges. The industry has access to ample resources –

[9] Food and Agricultural Organization of the United Nations (FAO), September 23, 2009, "How to feed the world in 2050", page 2

productive land, water and minerals. Producers have access to capital that allows them to retool or expand to meet increasing demands. At the same time, Canada's economic strength has eroded some of the trade benefits associated with a low currency.

This environment will see all producers benefit from strong demand. Likewise, the pitfalls of the economic volatility and the societal pressures will result in challenges for some enterprises when markets subside.

Optimism for Canadian agriculture

The growth in population, wealth and consumption of the middle classes in rapidly developing countries is driving demand for agriculture and agri-food products. Optimism in Canadian agriculture has never been higher. In 2011, 77 per cent of FCC Vision Panel respondents indicated that their business was better off now than they felt it was five years ago – up 10 percentage points from 2010. Expectations for the future are also positive. In the same survey, 80 per cent of FCC Vision Panel respondents expect their farm or business to be better off five years from now. Nearly 70 per cent of optimism survey respondents would recommend a career in primary agriculture, and 79 per cent would recommend employment in an agriculture-related field.

This strong endorsement for agriculture is critical as competition for skilled labour is expected to intensify across all sectors of the Canadian economy. This optimism is driven by a combination of low interest rates and high crop prices. Movement of these variables to lower historical averages could trigger decreases in optimism.

The future of agriculture

With aging populations, Western countries must assign an increasing portion of their budgets to finance health care and related programs. A societal emphasis on health and wellness is more deeply affecting the agriculture and agri-food industry. Among other things, the impact of agricultural practices on the health of people, communities, livestock and the environment is the subject to increasing scrutiny, criticism and regulation.

Global agriculture is increasingly dominated by large multi-national corporations in the supply, processing, manufacturing and retail sectors. Very large farms and vertically integrated companies are emerging. The concentration and control of big agribusiness has raised concerns about competitiveness among growers on both the U.S. and Canadian sides of the border.

More and more, large food manufacturers (such as Nestlé, PepsiCo) and large retailers (such as Wal-Mart and McDonald's) are affecting the industry's future. This was illustrated in recent announcements by large retailers that require their pork producers to start moving to open housing sow systems by 2017. Meeting the procurement requirements of large food distributors with major contracts will become more challenging and potentially, more costly.

Shifting values and shifting influence

In general, the middle classes of developing nations are enjoying increased discretionary income and, therefore, improved lifestyles. They have reason to be relatively optimistic about the future. On the other hand, the middle classes in some developed nations are feeling the effects of high unemployment, flat or declining incomes, loss of wealth and government austerity, which includes fewer social program benefits.

The advent of social networks has changed how news is created and consumed. Public pressure from viral lobbying was a major factor in both Tim Horton's and McDonald's decisions to change product sourcing criteria.

Data, connectivity, and productivity

The world has embarked on a mission to connect everyone on the planet. Worldwide, there are about two billion Internet users and five billion mobile subscribers. In 2012, it is predicted that 1.43 billion people will be using social media (with 900 million on Facebook alone). A parallel mission is to embed intelligence that automates tools and processes.

About 80 per cent of Canadians use the Internet; 45 per cent use it as their main means of banking. Canada leads the world in terms of time spent online. One-third of producers have smart phones, the same as the general population. The use of GPS and precision agriculture will continue to grow as operations seek to reduce input costs and boost efficiency of labour. Micro sensors, cameras, robotics, expert systems and analytics software are enabling a harvest of data from the fields, farms and livestock producers.

More information and automation will likely increase demand for personalized and customized products and services. It also means that more real-time service will be necessary, such as online customer support.

The social media world allows organizations to engage more directly with stakeholders. At the same time, it also gives detractors the ability to publicly criticize and pressure corporations. This is no different for FCC and its customers. Therefore, reputation management is a significant strategy worth pursuing.

FCC and agriculture sectors

FCC lends to a wide variety of agriculture sectors including beef, dairy, poultry, grains and oilseeds, hog, greenhouse and agribusiness and agri-food. FCC has a diversified portfolio and an in-depth understanding of various agriculture enterprises. The following highlights the key sectors FCC regularly monitors.

Beef	
Definition	In Canada, cattle are raised for beef production; however, some of the by-products are used for leather and other consumer goods. The Canadian cattle industry is comprised of cow-calf and feedlot operations. Cow-calf refers to producers who keep a permanent herd to produce and sell calves. Feedlots raise feeder cattle to a finished weight of approximately 1,300 pounds. Finished cattle are either exported as live cattle or processed into beef. Canada exports beef around the world, whereas, exports of live cattle go primarily to the U.S. Feed is the most significant input for cow-calf operations, whereas most significant input for feedlot operations is the purchase of both feed and feeder cattle. Cow-calf producers generally feed animals hay and grass, which requires a significant land base. Corn is the primary feed source for feedlot operations in Eastern Canada, while in Western Canada, barley is generally used.
Recent trend	World population and incomes continue to grow, especially in developing countries. Demand is increasing for higher value proteins and industry margins are improving. This trend is expected to continue in the short term, as the countries continue to be the main drivers of global economic growth. Conversely, per capita beef consumption in Canada has been declining for more than 10 years.[10] The cattle industries in Canada and the U.S. are closely integrated, due to strong trade relations and logistics. However, the size of the industry in the U.S. is significantly larger than in Canada. As a result, trends in Canada's cattle industry are largely driven by U.S. trends. Cattle inventories in both countries declined between 2005 to 2011, primarily due to weak prices and, more recently, drought in the U.S. The combination of lower inventories and increased world demand for beef has increased cattle prices, in particular, calf prices relative to the previous 10-year average. As a result, margins for cow-calf producer have been very strong. Conversely, feedlot margins have weakened due to high prices for calves and feed.
Disruptive trend	In 2011, the federal government made significant progress in improving potential market access abroad for Canadian products. In the first half of 2012, the beef sector benefited when Korea and the United Emirates opened markets to Canadian beef. Ongoing and future trade negotiations could create further opportunities for the beef sector in global markets.
Current state	For the first half of 2012, cattle prices were running higher than averages of one year ago.[11] In September 2012, CFIA temporarily suspended the operating license of XL Foods' processing plant in Brooks, Alberta. The plant slaughters approximately one-third of the Canadian cattle production. Operations resumed in October 2012, however, XL Foods is facing reputation and other health safety perceptions that could impact the larger Canadian beef sector.
Future state	Canadian beef cattle inventories are expected to continue to decline in Eastern Canada. This is partly due to limited feed availability because of summer 2012 drought conditions will mean higher winter feed costs for cow-calf operations. This will negatively impact cattle numbers in 2013, Statistics Canada reports. Conversely, in Western Canada, the beef herd is likely to remain constant or start a slow expansion, due to a good supply of feed and strong cattle prices. Increased heifer[12] retention in 2012 also suggests that the beef herd will start expanding. Feed costs are expected to remain strong as world stocks for feed grains are relatively low. The reduction in herd size in the United States may put temporary downward pressure on cattle prices. However, cattle prices should increase in 2013 as suggested by futures contracts on October 5, 2012 from the CME Group.[13] The Canadian cattle industry will continue to deal with strong feed grain prices. The effect of the health and safety concerns associated with the XL Foods recall are not yet fully understood at this time.

[10] Statistics Canada. Table 002-0011 - Food available in Canada, annual (kilograms per person, per year unless otherwise noted), CANSIM (database)
[11] Canfax 2012
[12] A young cow over one year old that has not produced a calf
[13] Formerly known as Chicago Mercantile Exchange

Dairy cattle and milk production	
Definition	Dairy operators produce table milk as well as other milk products, such as butter, ice cream, cheese, yogurt and other processed products. Domestically, the industry has a strong reputation for producing safe, high-quality dairy products. Internationally, Canada's dairy industry is also known for producing high-quality genetics. The Canadian dairy sector operates under a supply management system, based on planned domestic production, administered pricing and import controls. Therefore, products are primarily used domestically and only a small component is sold internationally. Imports above a predetermined level are restricted, with tariff levels in excess of 200%. Each year, the Canadian Dairy Commission (CDC) reviews and establishes support prices for butter and skim milk powder for the year to come. Support prices determine the price paid by processors for milk used in the production of butter, skim milk powder, cheese, yogurt, ice cream and other processed foods. The CDC does not; however, set the price the processor charges for the final product.
Recent trend	Over the last 20 years, population growth has resulted in increased demand for dairy products. At the same time, per capita consumption of dairy products has declined. The CDC determines support prices based on the results of a cost of production study, arguments presented by various stakeholders, an evaluation of processor margins, economic indicators (such as the consumer price index), and CDC experience and knowledge of the industry. Margins in the dairy industry are expected to remain stable in the short term.
Disruptive trend	Recent trade talks have resulted in media coverage about the future of supply management. At this point, its coverage is based purely on speculation. Producers remain prudent about how they manage their operations so that they remain positioned for future success.
Current state	Cash receipts for the dairy sector were 2.7% higher in 2012 than 2011 (through July), according to Statistics Canada.[14] Dairy production remains controlled under Canada's supply management system, ensuring consistent and predictable returns for dairy operators.
Future state	Per capita dairy consumption in Canada has been declining slowly over the last several years[15] due to changing demographics, including a diversifying population. As Canada continues to become more multicultural, this trend may continue. Major Canadian trade negotiations continue in both the Comprehensive Economic and Trade Agreement (CETA) and the Trans-Pacific Partnership (TPP). According to Foreign Affairs and International Trade Canada, both the EU and Canada are aiming to complete negotiations in 2012.[16] The likelihood of Canada dismantling supply management is low, despite the current attention to supply management in trade negotiations.[17] The dairy sector remains strong in Canada, in part, because of the supply management system.

[14] Statistics Canada – Table 003-0008 - Cash receipts from milk and cream sold off farms, monthly (dollars), CANSIM (database)
[15] Statistics Canada. Table 002-0019 - Food available by major groups in Canada, annual (kilograms per person, per year unless otherwise noted), CANSIM (database)
[16] Foreign Affairs and International Trade Canada – Canada-European Union: Comprehensive Economic and Trade Agreement (CETA) Negotiations
[17] The George Morris Centre, 2012

Poultry	
Definition	Most poultry producers are specialized. They may produce table or hatching eggs, or a specific weight or maturity of chicken or turkey. The Canadian poultry sector operates under a supply management system, which matches production to Canadian demand. Provincial marketing boards balance the supply and demand of poultry products in each province. Therefore, products are primarily used domestically and only a small component is sold internationally. Imports above a predetermined level are restricted, with tariff levels in excess of 150%. Domestically, the industry has a strong reputation of producing safe, high-quality poultry and egg products. Under a supply management system, the poultry farmers collectively negotiate minimum farm gate prices, based on cost of production for poultry and eggs. The negotiated price is the price processors pay for the product; however, the negotiated price does not set the price the processor charges for the end product. As a result, farmers obtain a fair return on their products, processors have a reliable supply of product and Canadian consumers can purchase high-quality poultry and eggs.
Recent trend	Overall demand for poultry products has increased, due to population growth and relatively unchanged per capita consumption. Because poultry producers receive a negotiated support price based on the cost of production, positive margins in the poultry industry are expected to remain stable in the short term.
Disruptive trend	Consumers are increasingly preoccupied with food safety, and some interest groups are expressing concern about the treatment of poultry. Codes of practice, industry regulations, advances in traceability and transparency are all part of ensuring a sustainable supply-managed industry in Canada.
Current state	Per capita poultry and egg consumption in Canada has remained relatively constant over the last several years. Household consumption of eggs decreased slightly in the first half of 2012 compared to 2011, although overall egg sales increased slightly. The monthly average value of eggs sold for consumption increased 8.9% (through June 2012) compared to levels one year prior.[18] The average price received for eggs by producers also increased year over year in 2012.[19] Per capita chicken consumption has been relatively flat for the last 10 years. AAFC reports that the year over year price received by producers has remained fairly stable as of September 2012. Monthly chicken slaughters are down 1.6% when comparing September 2012 to September 2011.
Future state	Trade negotiations are expected to continue for both the Comprehensive Economic and Trade Agreement (CETA) and the Trans-Pacific Partnership (TPP). The likelihood of Canada dismantling supply management is low even given the current attention to supply management given trade negations.[20] It is expected that poultry operations such as layers will be investing in new facilities or retrofitting existing facilities to ensure production practices are in line with evolving consumer expectations. The poultry sector is expected to remain stable into the near future given it falls under Canada's supply management system. Increases in overall production will therefore be driven by increase in the Canadian population.

[18] Statistics Canada. Table 003-0022 - Production and disposition of eggs, monthly (layers unless otherwise noted) CANSIM (database)
[19] Statistics Canada. Table 003-0022 - Production and disposition of eggs, monthly (layers unless otherwise noted) CANSIM (database)
[20] The George Morris Centre, 2012. "Does Canada Need to Dismantle Supply Management in the Trans-Pacific Partnership?"

Grains and oilseeds	
Definition	In Western Canada, popular crops include wheat, durum, barley, flax, canola and lentils. In Eastern Canada, the most common crops are winter wheat, corn and soybeans. These crops are used around the world as seed, food production inputs, animal feed or for biofuels. Most Canadian crop production is exported as commodities. The most significant inputs for the production of grains and oilseeds include fertilizer, fuel and pesticides. Although these inputs are important, production is also highly dependent on weather conditions.
Recent trend	Growing world demand for grains and oilseeds, and the adoption of efficiencies have offset higher crop input prices. In the short term, margins are expected to be above the historical average. Crop input prices have also increased relative to the previous five-year average. To offset the higher cost of fertilizer, fuel and pesticides, producers are adopting new more efficient technologies. These technologies include new pest control chemistries and GPS-enabled equipment that is more fuel efficient and allows for variable rate fertilizer application, reducing impact on the environment. The trend of higher input prices is expected to continue in the short term. As a result, it is anticipated that producers will continue to seek out and benefit from further efficiencies. The adoption of these technologies has also contributed to the trend toward larger farms, due to the efficiency gains.
Disruptive trend	In 2012, changes to wheat and barley marketing options are top of mind for Western Canadian grain producers. Implications to the grain-handling sector are being closely watched as well. Land values and ownership are very much on the minds of crop producers. Unprecedented land values in parts of Canada are affecting producers' decisions to expand or, in some cases, to exit farming.
Current state	Weather conditions in 2012 have had a negative impact on crop production.[21] Canola Overall canola production is expected to be 8.1% lower than 2011, despite an increase in harvested acres. Producers in Western Canada are expected to have a smaller canola crop due to lower than expected yields. Wheat Wheat production is expected to increase 5.8% in 2012 compared to 2011 even though average yields are expected to decrease. The increase in production is largely due to an increase in harvested area, in particular from Manitoba, which suffered from excess moisture in 2011. Soybean Due to increased yields, soybean production in Quebec is expected to increase in 2012. Yields in Ontario are expected to decrease due to dry growing conditions. Corn Due to increased harvested area grain corn production is expected to be up 8.3% in 2012 compared to 2011. Yields in Quebec are expected to be up compared to last year, while yields in Ontario are expected to be down 11.5% from 2011.
Future state	For the upcoming year both corn and soybean inventory are near record low.[22] Corn, soybean and wheat prices will be well above their historical averages for the 2012-13 marketing year. Fertilizer prices are not expected to increase beyond seasonal fluctuations in 2013 and 2014 due to the expectation of low natural gas prices.

[21] Statistics Canada – Production of principal field crops, September 2012
[22] USDA World Agriculture Supply Demand Estimate (WASDE), October 2012

Hog sector	
Definition	In Canada, hogs are raised to produce pork; however, some of the by-products are used for leather and other consumer goods. Hogs are typically raised to a market weight of 110 to 120 kilograms, at which time they are exported live, primarily to the U.S. Hogs also are slaughtered and processed into pork for sale domestically and around the world. Feed and feeder pig prices are the most significant inputs for hog operations. Corn and wheat are the primary feed sources for operations in Eastern Canada, while in Western Canada, these operations generally use barley and wheat.
Recent trend	World population and incomes continue to grow, increasing demand for higher value proteins (relative to the past five-year average) and margins. This trend is expected to continue in the short term as the emerging economies continue to be some of the fastest growing world economies. The hog industry in Canada and the U.S. are closely integrated due to strong trade relations. However, the size of the industry in the U.S. is significantly larger than in Canada. As a result, trends in Canada's hog industry are largely dictated by trends in the U.S. The price of feed has increased relative to the previous 10-year average, due to strong demand for grains and oilseeds resulting in lower margins.
Disruptive trend	As the price of feed is a key determinant of profitability in the livestock sector, the industry is closely monitoring commodity price volatility with a focus on managing price risk. Based on industry and consumer demand, and animal welfare trends in Europe and the United States, hog gestation stalls may be replaced in the future by group housing.
Current state	The past several years have been very challenging for Canadian hog producers. Hog inventories were 1.5% higher on July 1, 2012 compared to 2011 levels.[23] Weather conditions have negatively impacted crop production in the U.S., Eastern Canada and other parts of the world, putting upward pressure on feed prices and reducing profitability in the hog sector. Feed costs have increased significantly year over year (on average 13% higher in the West and 16% higher in the East) during the summer of 2012 compared to the same period last year. Hog prices declined during the summer of 2012 by 20% to 30%.[24] However, the annual average price of hogs, compared to September levels the year prior, have remained essentially unchanged. Traditionally, the hog industry experiences cyclical ups and downs. The current situation is much more severe, resulting in producers exiting the industry and depopulating their herds. Losses range from $30 to $50/market hog depending upon the structure of the operation. Producers who grow their own feed grains or have diversified operations where hogs are not the sole source of revenue will be able to withstand the current situation better than those reliant on purchasing feed. FCC will continue to support the pork industry as it deals with high feed costs and lower-than-anticipated hog prices. FCC has launched a customer support program to help producers through unexpected challenges. FCC works with clients to provide flexible timing for payments on their existing loans.
Future state	Assuming world economic recovery continues, hog prices are expected to improve, with stronger seasonal demand and reduced supply in the spring of 2013. This will help support positive margins. Feed grain prices are unlikely to decline significantly as the world stock- to-use ratio remains low. Barring any supply disruptions and normal growing conditions, crop prices are expected to subside after the North American harvest in 2013.

[23] Statistics Canada. Table 003-0004 - Number of hogs on farms at end of quarter, quarterly (head), CANSIM (database)
[24] Agriculture and Agri-food Canada – Economic and Market Information – Red Meat Market Information

Greenhouse sector	
Definition	Popular plants grown in greenhouses include tomatoes, cucumbers, peppers and fresh-cut flowers. Greenhouses are primarily located in Southern Ontario and B.C., but are also present in other provinces. Most greenhouse production is consumed domestically or exported to the U.S. The most significant inputs for the production of greenhouse products include fertilizer, natural gas and water. Greenhouse production minimizes the risk associated with weather and allows for year-round production; however, significant investment is required to build a greenhouse.
Recent trend	World population and incomes continue to grow, especially in developing countries such as Brazil, Russia, India and China, increasing demand for food. In addition, Canadians and Americans continue to demand year-round access to fresh vegetables. These trends are supporting margins in the greenhouse vegetable industry, and are expected to continue in the short term. The prices of greenhouse inputs, with the exception of natural gas, have also increased relative to the previous five-year average. To offset higher input costs, producers are adopting new, more efficient technologies, such as sophisticated equipment that is both more energy efficient and reduces water use, which also decreases environmental impact. The trend of low natural gas prices is expected to continue in the short term and further support margins. The adoption of these technologies has also resulted in a trend in larger greenhouses, due to efficiency gains which will continue in the future. Increasing world demand for greenhouse products and the adoption of efficiencies has offset higher input prices. In the short term, margins will likely be above the historical average.
Disruptive trend	Energy is a key input cost in Canada's greenhouse industry. However, as natural gas prices trended lower in 2011, some operations have moved away from previous plans to expand renewable energy capabilities. Leading-edge technology is generally considered a necessary part of operation in this sector. Greenhouse owners are updating existing infrastructure as a result.
Current state	In 2012 greenhouse operations experienced increased profit margins for both floriculture and vegetable production. Increase in profit was partly due to low natural gas prices which is a major input in the industry. Average natural gas prices through September 2012 were 40% lower than levels a year ago.[25] A large increase in the U.S. tomato supply from domestic production and Mexican imports combined with the strong Canadian dollar is pushing down Canadian tomato prices and reducing profitability for some Canadian greenhouse growers.
Future state	Natural gas prices are expected to rise above 2012 levels, thus reducing profitability in the greenhouse sector. Greenhouse operators are expected to remain profitable in 2013, although margins will be tighter than in 2012. Any trade action by the U.S, government to curtail the volume of Mexican tomato imports could further support North American prices and increase Canadian greenhouse profitability.

[25] Statistics and Data Development Branch, Economics and Competitiveness Division, Alberta Agriculture and Rural Development

Agribusiness and agri-food	
Definition	Agribusiness enterprises predominantly provide inputs to primary producers, whereas agri-food enterprises purchase and process the output of primary producers. Agribusinesses often import or produce goods and services for sale to primary producers. Examples include farm input suppliers, wholesaler distributors, veterinarians and equipment manufacturers. Outputs from producers are primarily purchased by agri-food companies, such as flour mills, crushing facilities, rendering plants, bakeries and processing facilities. Some agribusinesses also purchase primary agriculture production. Examples include sawmills and ethanol plants. For both agribusiness and agri-food, input requirements vary significantly from industry to industry. However, exchange rates and fuel prices have major impacts on most agribusiness and agri-food industries.
Recent trend	The food processing sector in Canada is largely dependent on the domestic market. According to Industry Canada data, 67% of Canadian agri-food exports are destined for the U.S. market. This reliance on the U.S. market is not surprising given the close geographic proximity and historical weakness of the Canadian dollar. In addition, in 2011 over 50% of agri-food exports were from Ontario and Quebec, and the logistical advantages for these provinces to export to the U.S. are high. Canadian firms are lagging behind other developed countries in terms of increasing productivity.[26] Canadian firms need to increase productivity to be more competitive on the world market.
Disruptive trend	One of the most commonly cited issues in the agribusiness and agri-food sector is the growing regulatory challenge that agribusinesses face in bringing products to market and then moving them into global markets. This sector is working to make sense of the changing landscape of Canada's grain handling industry, seeking to understand the opportunities and challenges posed by alternative wheat and barley marketing options.
Current state	The continued strength of the Canadian dollar challenges the competitiveness of agribusinesses in foreign markets. Foreign businesses are more competitive in a strong dollar environment. In addition, exports are at a disadvantage with a strong Canadian dollar. Despite these challenges, strong foreign demand resulted in stronger exports. Canadian food exports jumped 11% from January to July 2012 when compared to the same period in the prior year. The strength of the Canadian dollar also lowers importing costs, allowing Canadian businesses to import machinery at a lower price and increase productivity, thus improving competitiveness.
Future state	The Canadian dollar is expected to remain near parity, despite global economic uncertainty. Canadian agri-food enterprises will continue to improve productivity. The Bank of Canada predicts that Canadian firms will continue to face competitiveness challenges into the future.

Conclusion

Demand for agricultural products continues to rise, which is resulting in strong demand for capital in most sectors. The agriculture value chain is evolving rapidly with increased technology, innovation and larger operations. Pressure on agriculture producers and financiers for transparency and accountability is manifesting in social media, corporate social responsibility and risk management.

FCC's commitment to Canadian agriculture is unwavering. FCC has a role to play in promoting sustainable and responsible producer practices. We will continue to monitor and respond to economic conditions in order to remain financially viable and self-sustaining, through all cycles. FCC remains financially strong with significant equity and loan loss reserves, a low debt-to-equity ratio and high-quality risk management practices. Risk levels will be diligently monitored to ensure that they continue to be within acceptable tolerances. FCC expects to meets its financial targets in 2013-14.

[26] Bank of Canada's Monetary Policy Report, July 2012

4.2 2012-13 Planned performance and expected results

4.2.1 Summary of results – 2012-13 corporate scorecard

The following page summarizes the corporate measures, targets and projected results for the 2012-13 fiscal year (as of October 2012).

Financial and risk management

Measures	2012-13 Plan targets	2012-13 Projected results
Net income	$445.0 million	Ahead
Return on equity (ROE)	13.9%	Ahead
Debt-to-equity ratio	6.2:1	On track
Portfolio growth	6.1%	Ahead
Risk scoring and pricing system (RSPS) Primary Production	≥ 790 pts	Ahead
RSPS Agribusiness and Agri-food	≥ 750 pts	Ahead
ERM maturity measure	Establish measure	On track
Media favourability index	7 points above global average for financial institutions	On track

Customer and agriculture industry

Measures	2012-13 Plan targets	2012-13 Projected results
Customer Experience Index	61.0%	Ahead
Total lending to young farmers	$1.74 billion	Ahead
Number of learning program participants	11,500	On track

Efficiency and execution

Measures	2012-13 Plan targets	2012-13 Projected results
Efficiency ratio	37.1%	On track
Employee engagement (easy to do business indicators)	Greater than or equal to the average of the top 50 employers	On track

Employee experience

Measures	2012-13 Plan targets	2012-13 Projected results
Employee engagement index	Greater than or equal to the average of the top 50 employers	On track
Employee engagement index – employee experience indicators	Greater than or equal to the average of the top 50 employers	On track
Leadership index – subset of employee engagement survey data leadership indicators	Greater than the average of the top 50 employers	On track

4.2.2 Operational and financial highlights

For the years ending March 31

Operational	2012	2011	2010	2009	2008
Loans receivable portfolio					
Number of loans	126,496	120,070	114,439	106,867	98,066
Loans receivable ($ millions)	23,202.3	21,401.3	19,816.2	17,130.3	15,011.2
Net portfolio growth (per cent)	8.4	8.0	15.7	14.1	10.6
Loans receivable in good standing (per cent)	98.5	97.9	97.7	97.5	97.4
New lending					
Number of loans disbursed	45,578	42,021	41,418	31,037	32,561
Net disbursements ($ millions)	7,116.8	6,153.2	6,585.6	5,068.4	4,285.0
Average size of loans disbursed ($)	156,150	146,432	159,003	163,302	131,600

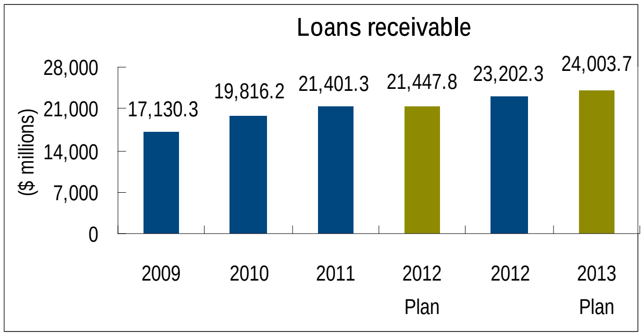
Financial	2012	2011	2010	2009	2008
Balance sheet ($ millions)					
Total assets	23,829.0	21,870.7	20,286.3	17,802.7	15,470.5
Total liabilities	20,720.8	19,189.3	17,941.2	15,519.2	13,693.5
Equity	3,108.2	2,681.4	2,345.1	2,283.5	1,777.0
Income statement ($ millions)					
Net interest income	797.3	750.1	609.9	508.0	434.4
Provision for credit losses	1.8	35.6	91.4	70.0	5.0
Other income	51.1	16.0	10.3	6.2	14.4
Administration expenses	283.5	273.8	255.2	231.4	197.6
Fair value adjustment	2.0	3.5	6.6	(1.7)	(41.1)
Net income	565.1	460.2	280.2	211.1	205.1

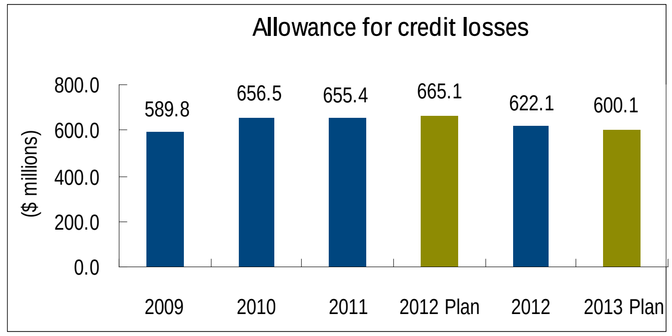
Key results

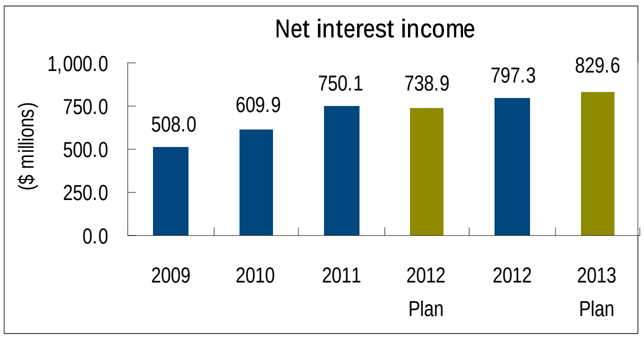
In 2011-12, FCC's portfolio continued to grow, increasing by $1.8 billion or 8.4 per cent. Net income and return on equity continued to grow, based on growth in net interest income and other income, a lower provision for credit losses and a large gain on the sale of a venture capital investment. This is offset slightly by increased administration expenses and a lower fair value adjustment. As the financial results indicate, FCC continues to build a strong financial foundation, which helps to ensure the continued ability to fund investments and growth in the industry.

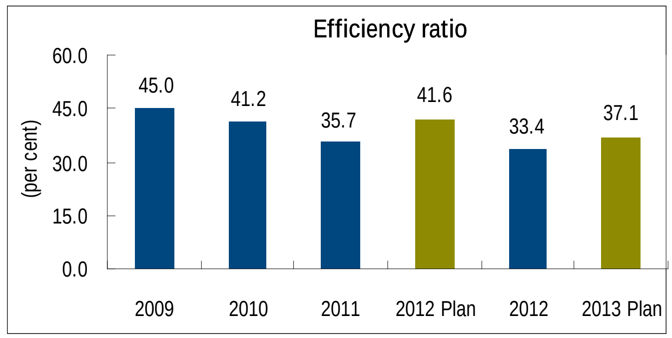
- In 2011-12, portfolio growth exceeded plan by $1.8 billion and represented growth of 8.4 per cent over 2010-11. The primary driver behind the growth in loans receivable was net disbursements, which were $7.1 billion.
- The allowance for credit losses was lower than plan at $622.0 million, based on a change in estimate due to refinement of the underlying assumptions used to calculate the allowance and improved portfolio health. These are offset slightly by an increase required to support growth in loans receivable.
- Net interest income was $58.4 million higher than plan, increasing to $797.3 million due to the increased lending volume and a higher than plan net interest margin.
- The 2011-12 efficiency ratio of 33.4 per cent was favourable to plan due to the higher than plan net interest income and non-interest income, coupled with lower than plan administration expenses.

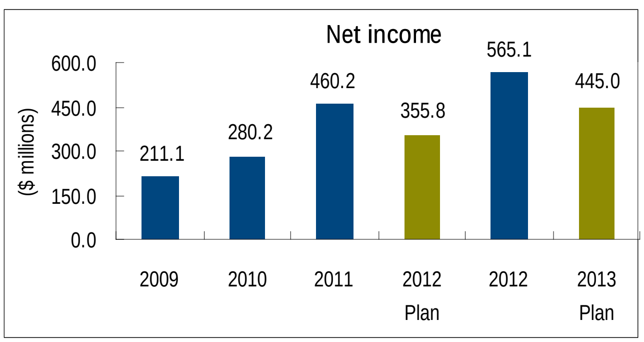
- Net income was $209.3 million above plan, mainly due to increased net interest income and non-interest income, compounded by decreased provision and administration expenses.
- Return on equity exceeded plan targets due to increased net income.

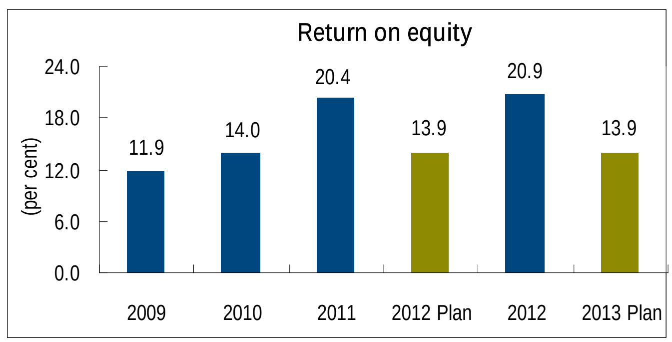












5.0 | Strategic themes, objectives and performance measures

5.1 Strategic planning process

The FCC strategic planning process engages the Board of Directors and the Senior Leadership Team (SLT) to develop the corporation's business strategy. This process includes:

- reviewing the operating environment
- establishing the future direction, objectives and success measures
- assessing the current state
- developing strategies and initiatives to move FCC toward its vision

The business strategy is used in the development of divisional plans. All employees receive a brief summary of the objectives, initiatives and measures, also known as the corporate scorecard, which is incorporated in annual team and employee objectives.

This corporate plan is an output of the strategic planning process, outlining how the corporation will achieve its vision, mission and value proposition.

Strategy development

FCC uses a modified balanced scorecard approach to develop strategic plans, monitor implementation, and measure progress against the corporate strategy. The corporate scorecard is based on Kaplan and Norton's balanced scorecard, which balances attention on four perspectives: financial, customers, internal processes/efficiency and learning. The FCC scorecard includes the following strategic themes: financial and risk management, customer and agriculture industry, efficiency and execution and employee experience.

At the start of the strategy process, FCC looks at the needs of customers, employees, stakeholders and the public. Leaders and subject matter experts across the corporation work to envision possible futures for FCC and the agriculture industry. SLT then looks at potential gaps in our current strategy. These gaps are addressed during the creation of the new business strategy.

Strategy creation starts with defining the desired outcomes by examining FCC's vision, mission, values, cultural practices and strategic playing field (strategic planning assumptions and boundaries) and the business operating environment review. These are used to develop the desired critical outcomes for each of the four strategic themes.

Corporate measures and one to five-year targets are developed. They define how FCC will measure achievement of the objectives set out in the strategy. The current state is then discussed, based on a review of the operating environment, risks and strengths, weaknesses, opportunities and threats assessment.

Then, corporate objectives and initiatives are developed to realize the five-year measures and targets, followed by action plans that will be implemented and monitored through the corporate scorecard.

5.2 Enterprise risk management

FCC has an enterprise risk management (ERM) program to manage risks in a consistent and coordinated manner. Effective risk management enables FCC to fulfil its mandate, protect and create value for stakeholders and maintain long-term business viability.

ERM is incorporated in the strategic planning process to ensure that risk identification, assessment and evaluation take place within FCC's strategic context. The top enterprise risks are identified and analyzed through scanning and other means. Senior leaders provide input to the selection of the top risks. The Executive Management Team (EMT) then proposes the corporation's top risks to the Board of Directors for approval. EMT members are accountable for creating risk mitigation plans and monitoring progress, which is reported to the Board on a quarterly basis through the corporate scorecard.

The corporation has a governance framework that includes a number of policies and committees to guide corporate decision-making. The Board of Directors provides oversight for this internal corporate governance framework. The committees are responsible for developing and monitoring aspects of FCC's overall risk management policies, processes and practices. Internal committees report regularly to the President and CEO, and to EMT. Internal committees also report to the Board of Directors, most often through the Corporate Governance Committee, Audit Committee and Human Resources Committee.

The Board of Directors has the overall responsibility for overseeing risk management and ensuring that policies, control systems and practices are in place to manage key business and financial risks. The Corporate Governance Committee assists the Board to fulfil its responsibilities by:

- reviewing and providing oversight concerning the corporation's enterprise risk management process and its integration with the corporation's strategic planning process
- providing ongoing review and oversight of management's initiatives to mitigate key risks

Risks

FCC's risk spectrum spans five main categories of risks.

Credit risk is the potential for financial loss due to the failure of a borrower or other counterparty to repay a loan or meet financial obligations to the corporation. This is the most significant risk that the corporation faces.

Like all other financial institutions involved in lending operations, credit risk is the most significant risk faced by FCC. The overall responsibility for credit risk lies with the Board of Directors. The Asset/Liability Committee (ALCO), Credit Committee, Credit Policy Committee, and several divisions and units perform various functions at different levels to efficiently manage credit risk and build FCC's robust credit risk management framework.

Credit risk assessment process begins at the line management level and ends up at Credit Committee – senior management level. FCC employs a two dimensional credit assessment process. Assessment is carried out for the entire credit portfolio on a transactional basis as well as on a portfolio basis. At FCC, credit assessment is an ongoing process. The entire credit portfolio is assessed monthly, and the reports pertaining to the health of the portfolio are submitted to ALCO.

Assessment tools and models are in place to quantify risks, establish the required allowance for loan and lease losses, and monitor capital adequacy. FCC also closely monitors the agriculture and agri-food operating environments to ensure that the corporation's lending policies, activities and practices are appropriate and account for risk and opportunity in the marketplace.

Market risk is potential loss as a result of adverse changes in underlying market factors, such as interest rates and foreign exchange rates.

At FCC, market risk is governed through several market risk management policies duly approved by the Board. The Board has delegated authority to ALCO for implementing these market risk management policies and monitoring activities pertaining to market risk management. The Treasury division is responsible for market risk management activities and frequently reporting market and liquidity positions to ALCO and the Board.

FCC has clear and well-defined market risk limits as a part of its market risk management policies. These limits are rigorously monitored and exceptions (if any) are reported to ALCO as well as to the Board.

Market risk policies include limits around the variability of net interest income and market value of portfolio equity relative to interest rate changes.

Liquidity risk is minimized through the use of a liquid investment portfolio, funding through the Crown Borrowing Framework and access to an operating line of credit.

Operational risk relates to the potential of direct and/or indirect loss due to inadequate or failed internal processes, people, systems and/or external events, and failure to comply with or adapt to legislative or regulatory requirements or litigation.

FCC is committed to preserving customer and shareholder value by proactively managing operational risk. Managers are responsible to manage operational risk by ensuring that appropriate policies and procedures are in place within their business units, and that internal controls are operating effectively.

FCC is formalizing its internal control framework to advance the risk-based culture at FCC. The internal control framework will formalize the requirements for the design, implementation, operation and monitoring of internal controls within the corporation.

Incidents of fraud may affect customer and public perceptions of FCC and impact their willingness to do business with the corporation. FCC reduces exposure to fraud risk by implementing a Board-approved fraud risk management policy and delivering fraud awareness training to employees.

To ensure that the corporation can sustain operations in the event of a business disruption, FCC actively updates and tests its business continuity management program.

Enterprise security is addressed through a cross-divisional security co-ordination team that promotes security policies, best practices and incident handling strategies that optimize privacy and protection of human, physical, information (customer, corporate and employee) and technology assets.

Strategic risk refers to risks related to the external environment and the corporation's ability to develop and implement effective business strategies.

Executive management develops corporate strategy annually with oversight provided by the Board of Directors. Progress on the strategic plan is monitored through quarterly reporting to senior management and the Board of Directors. The external environment is monitored (including the Canadian financial marketplace and the agriculture industry) to discern if strategic changes are required to address emerging risks. FCC regularly communicates with the federal government to ensure alignment of the corporation's activities with government priorities.

Reputation risk is the risk that key stakeholders and other publics may develop negative perceptions about FCC that could adversely affect the corporation's reputation and its ability to attract and retain customers, business partners and employees.

As a federal Crown corporation, FCC is accountable to all Canadians. To avoid real or perceived reputational damage, FCC has a robust governance structure in place, including policies and procedures to guide employee conduct in interactions with colleagues, customers, industry partners, suppliers, media and the general public.

Consideration of integrity and the potential impact on FCC's reputation from conducting business with any particular individual is part of the lending process. The loan application process requires customers to sign a declaration stating that they know of no reason why FCC may have any concern with their business.

5.3 Corporate social responsibility (CSR)

FCC strives to be a responsible corporate citizen in all areas of its operations. The corporation works in a socially and environmentally sustainable manner when interacting with customers, employees, communities, the agriculture industry and society as a whole. FCC believes that socially responsible practices are prudent business practices.

Governance and transparency are principles that guide FCC's CSR framework. The corporation acts with integrity and is accountable to stakeholders in accordance with all laws and with high ethical standards.

FCC's CSR framework is comprised of the following five areas:

Agriculture and food

FCC supports the development of a sustainable, competitive and innovative Canadian agriculture industry by providing knowledge and education, and by supporting initiatives and forming partnerships that advance the business of agriculture.

Community

FCC fosters strong and vibrant communities where its customers and employees live and work, with a focus on rural Canada.

FCC focuses donations on hunger, agriculture safety and education, volunteerism and community enhancement projects.

Customers

FCC is committed to customer success, and focuses on primary producers as well as suppliers and processors along the agricultural value chain. The corporation provides customers with flexible and competitively-priced financing, equity, insurance, management software, information and learning.

Employees

FCC fosters a culture of accountability, high performance and diversity, and delivers a stellar employee experience.

Environment

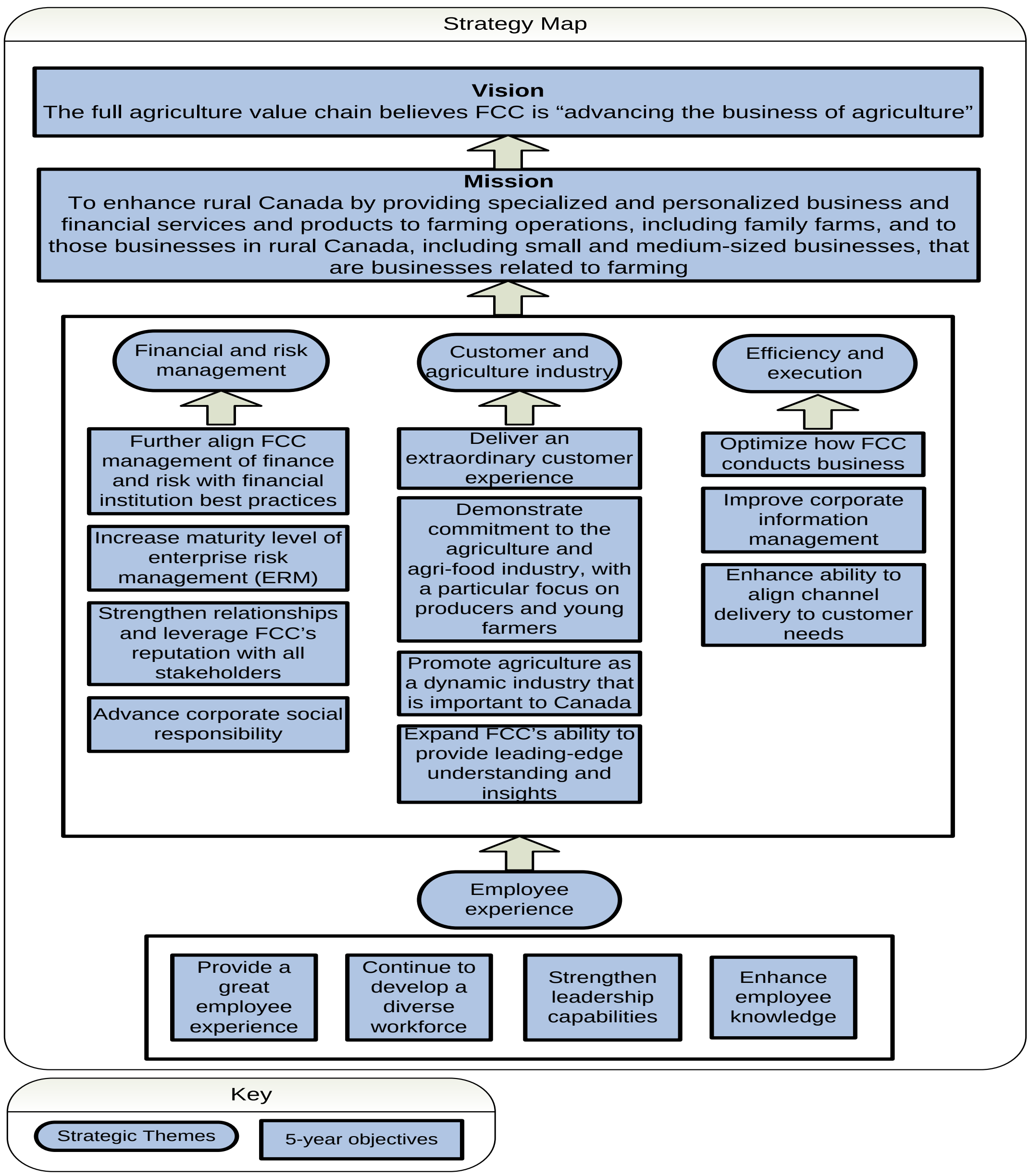
The corporation improves environmental performance and supports the industry with tools and knowledge.

5.4 Corporate strategy map

FCC uses a corporate scorecard to monitor and measure progress against its strategy. To achieve its vision and deliver on its mission, FCC has developed objectives and strategies that are categorized under four strategic themes:

- financial and risk management
- customer and agriculture industry
- efficiency and execution
- employee experience

The FCC corporate strategy map illustrates how the 15 five-year strategic objectives within the strategic themes contribute to achieving the FCC vision and mission. The employee experience theme and its related objectives provide the foundation for the other three themes and their objectives.



Strategic theme: Financial and risk management

***Critical outcome**: In 2020, excellent risk and financial management ensure ongoing viability. FCC has a solid reputation and a strong balance sheet, with a diversified agriculture, agribusiness and agri-food portfolio. FCC stays within its risk appetite and tolerances, maintains an appropriate level of capital and achieves a return on equity of 12 per cent or higher.*

Summary of results to March 31, 2012: Over the past decade, FCC has grown its portfolio from $6.6 billion to more than $23 billion, and its return on equity from 8.7 per cent in 2001-02 to 20.9 per cent in 2011-12. FCC has a diversified agriculture, agribusiness and agri-food portfolio, with lending in all provinces and sectors of agriculture. FCC continuously monitors the effectiveness of its portfolio diversification and evaluates its risk management practices, instilling confidence that its strong financial performance will continue well into the future. FCC has exceeded most targets under the financial and risk management theme, and projections show that the corporation is well on its way to achieving its long-term strategy, while remaining financially viable and self-sustaining.

Strategic objective	Performance measures	2013-14 target	2014-15 target	2015-16 target	2016-17 target	2017-18 target
Further align FCC management of finance and risk with financial institution best practices	Net income	$466.8	$490.3	$545.0	$603.6	$668.7
	Return on equity	13.0%	12.2%	12.1%	12.0%	12.0%
	Capital adequacy measure[27]	Greater than or equal to 100% (credit only)[28]	Greater than or equal to 100%	Greater than or equal to 100%	Greater than or equal to 100%	Greater than or equal to 100%
	Initiatives: Implement capital management framework phase 2 Enhance FCC's credit risk management tools and strategic pricing capabilities Develop a comprehensive strategy for FCC to share loan transactions with other financial institutions and manage loan portfolio risk					
Increase maturity level of enterprise risk management (ERM)	ERM maturity measure[29]	2.9	3.4	3.4	3.4	3.4
	Initiatives: Implement phase 2 ERM framework Expand application of internal control framework Improve enterprise security					
Strengthen relationships and leverage FCC's reputation with all stakeholders	Media favourability index[30]	7 points above global average for financial institutions	7 points above global average for financial institutions	7 points above global average for financial institutions	7 points above global average for financial institutions	7 points above global average for financial institutions
	Initiatives: Implement phase 2 of integrated multi-stakeholder strategy Implement phase 2 of social media strategy to further engage stakeholders					
Advance corporate social responsibility	Initiatives: Enhance CSR maturity Implement phase 2 of the greenhouse gas emission reduction strategy					

[27] Capital adequacy measure: This measure tracks available capital over required capital. In the first two years, only credit capital will be used in the denominator and be extended to include other risk types in years following.
[28] Year one target will measure credit capital adequacy only.
[29] ERM maturity measure: KPMG Model – The calculation is based on advances in ERM maturity that would be achieved from implementing recommendations from the KPMG ERM Maturity Review conducted in 2012.
[30] Media favourability index: Leger Marketing measures FCC favourability quarterly, based on volume, qualitative factors and other criteria. Performance is relative to the global average for financial institutions.

Strategic theme: Customer and agriculture industry

***Critical outcome**: In 2020, Canadian agriculture is respected as an innovative, sustainable industry. FCC makes tools available to the whole industry to improve farm business management. FCC provides financing to producers from all sectors of agriculture through all economic cycles. FCC continues to deliver an extraordinary experience to customers. The Customer Experience Index score indicates that two out of three customers (65 per cent) rate their experience with FCC as five out of five.*

Summary of results to March 31, 2012: FCC has defined the customer experience as its key differentiator. The desired result is that customers feel that FCC is relationship-oriented, flexible, knowledgeable about agriculture and committed to the industry. FCC's strong emphasis on how employees deliver service has led to rising customer experience scores (from 53.97 per cent in 2006-07 to 63.56 per cent in 2011-12). This indicates that FCC continues to deliver an extraordinary experience to customers and is on track to meet the 2020 target of 65 per cent of customers rating their experience with FCC as five out of five.

Strategic objective	Performance measures	2013-14 target	2014-15 target	2015-16 target	2016-17 target	2017-18 target
Deliver an extraordinary customer experience	Customer experience index[31]	61.5%	62.0%	62.5%	63.0%	63.5%
	Initiatives: Implement strategy to further enhanced the customer experience Optimize credit decision processes					
Demonstrate commitment to the agriculture and agri-food industry, with a particular focus on producers and young farmers	Total lending to young farmers	$2.10 billion	$2.20 billion	$2.35 billion	$2.48 billion	$2.60 billion
	Initiatives: Enhance programs to support young farmers Increase collaboration with AAFC, industry associations and other stakeholders Invest in agricultural innovation					
Promote agriculture as a dynamic industry that is important to Canada	Media favourability index for AMTE	Greater than or equal to FCC media favourability score	Greater than or equal to FCC media favourability score	Greater than or equal to FCC media favourability score	Greater than or equal to FCC media favourability score	Greater than or equal to FCC media favourability score
	Initiatives: Encourage and create positive dialogue about Canadian agriculture in partnership with industry stakeholders					
Expand FCC's ability to provide leading-edge understanding and insights	Initiatives: Offer employees additional insights to share with the agriculture industry Provide sense-making on relevant industry opportunities and challenges					

[31] Customer experience index: This number is derived from customer surveys in areas such as satisfaction, loyalty, advocacy, ease of doing business and service resolution.

Strategic theme: Efficiency and execution

***Critical outcome**: In 2020, FCC continues to be recognized as a highly efficient, effective and agile organization that is easy to do business with. The corporation has an efficiency ratio of 42 per cent or lower.*

Summary of results to March 31, 2012: FCC continues to identify ways to maximize corporate performance. There are two key measures that indicate that FCC is heading in the right direction: FCC's efficiency ratio and its "easy to do business" indicators. FCC's efficiency ratio continues to improve (from nearly 60 per cent in 1999 to 33.4 per cent in 2012). FCC consistently attains its "easy to do business" indicators (increased from 74 per cent in 2007 to 83 per cent in 2012), which is to be greater than the average of the top 50 Canadian employers. This indicator measures how efficiently and effectively employees feel that they can accomplish their work. In addition, the Business Process and Technology Transformation Program (BK) will enhance speed, reduce manual effort and provide the corporation with the capability to enhance agility in the technology arena.

Strategic objective	Performance measures	2013-14 target	2014-15 target	2015-16 target	2016-17 target	2017-18 target
Optimize how FCC conducts business	Efficiency ratio[32]	38.6%	38.6%	37.6%	36.5%	35.3%
	Employee engagement index - easy to do business indicators[33]	Greater than the average of the top 50 employers	Greater than the average of the top 50 employers	Greater than the average of the top 50 employers	Greater than the average of the top 50 employers	Greater than the average of the top 50 employers
	Initiatives: Implement new property valuation software Implement enhanced collaboration capabilities Research and develop technology portfolio management and optimization strategy					
Improve corporate information management	Initiative Improve FCC's information management governance, standards and related processes					
Enhance ability to align channel delivery to customer needs	Easy to do business – CEI measure	62.0%	62.5%	63.0%	63.5%	64.0%
	Initiatives: Implement interactive and online services program to enhance user experience Develop mobility strategy					

[32] Efficiency ratio: definition in section 5.4.3

[33] Employee engagement index – easy to do business indicators: FCC compares its performance to the average of the top 50 employers as measured by the Aon-Hewitt Best Employers in Canada annual study. Easy to do business indicators include co-workers, physical work environment, resources, work processes and work tasks.

Strategic theme: Employee experience

***Critical outcome**: In 2020, FCC continues to be an employer of choice, with a culture that inspires employees to deliver an extraordinary customer experience. FCC's employee engagement score is greater than the average engagement score of the top 50 Canadian employers.*

Summary of results at March 31, 2012:
Research consistently shows that engaged employees deliver better customer service. This is why ensuring a positive employee experience is so important. FCC has already met the 2020 critical outcome and plans to sustain this performance in the future. This is evidenced by the fact that the employee engagement index and related scores have consistently been above the engagement score of the 50 top employers in Canada.

Strategic objective	Performance measures	2013-14 target	2014-15 target	2015-2016 target	2016-17 target	2017-18 target
Provide a great employee experience	Employee engagement index[34]	Greater than the average of the top 50 employers	Greater than the average of the top 50 employers	Greater than the average of the top 50 employers	Greater than the average of the top 50 employers	Greater than the average of the top 50 employers
	Employee index: subset of employee engagement survey data with respect to employee experience indicators	Greater than the average of the top 50 employers	Greater than the average of the top 50 employers	Greater than the average of the top 50 employers	Greater than the average of the top 50 employers	Greater than the average of the top 50 employers
	Initiatives: Implement year two of the culture strategy					
Continue to develop a diverse workforce	Diversity measure[35]	Reduce diversity gap by 12	Reduce diversity gap by 12	Reduce diversity gap by 12	Reduce diversity gap by 12	Reduce diversity gap by 12
	Initiatives: Enhance workforce through the employment equity plan and diversity strategy					
Strengthen leadership capabilities	Leadership index: subset of employee engagement survey data with respect to leadership indicators	Greater than the average of the top 50 employers	Greater than the average of the top 50 employers	Greater than the average of the top 50 employers	Greater than the average of the top 50 employers	Greater than the average of the top 50 employers
	Initiatives: Enhance leadership effectiveness					
Enhance employee knowledge	Initiatives: Implement Lending Essentials program changes Increase employee understanding and accountability for enterprise risk management across FCC					

[34] Employee engagement index: FCC compares its performance to the average of the top 50 employers as measured by the Aon-Hewitt Best Employers in Canada annual study.
[35] Diversity measure: Based on the Goal Setting Report in the Workplace Equity Information Management System of Human Resources and Skills Development Canada

5.4.1 Financial and risk management

FCC is committed to remaining financially viable and self-sustaining in the long term while investing significantly in the agriculture industry and forging valuable partnerships. The critical outcome that FCC is striving to attain for this theme is:

In 2020, excellent risk and financial management ensure ongoing viability. FCC has a solid reputation and a strong balance sheet with a diversified agriculture, agribusiness and agri-food portfolio. FCC stays within its risk appetite and tolerances, maintains an appropriate level of capital and achieves a return on equity of 12 per cent or higher.

FCC's strong financial position enables it to create innovative products and services that meet the dynamic needs of the agriculture industry, and ensures that producers and agribusiness operators have choices in the marketplace.

The five-year objectives under this theme will enable the corporation to achieve its critical outcomes:

- further align FCC management of finance and risk with financial institution best practices
- increase maturity level of enterprise risk management (ERM)
- strengthen relationships and leverage FCC's reputation with all stakeholders
- advance corporate social responsibility

Further align FCC management of finance and risk with financial institution best practices

In this uncertain and volatile business environment, FCC must ensure that its financial and risk management practices keep pace with its business and the financial industry. After the farm crisis of the 1980s, FCC committed to operate as a financially self-sustaining federal Crown corporation. FCC has been financially profitable for 19 years and pays an annual dividend to its shareholder, the Government of Canada. FCC will continue to safeguard its reputation and strong financial position so that it can maintain its ability to serve the industry through all economic cycles and to meet the expectations of its shareholder.

In order to achieve this objective, FCC will manage portfolio size in relation to risk, returns, expenses and capital requirements. The traditional performance measures (net income and return on equity) for this objective indicate FCC's progress towards this critical outcome. In 2012-13, FCC developed a capital management framework from which a capital adequacy measure was derived. This framework uses international best practices in bank management to assess the capital needs of the corporation. Through the capital adequacy measure FCC can ensure it has enough equity and other forms of capital on hand to remain solvent if a severe downturn in the agriculture industry were to occur.

Corporate measures	2013-14 target	2014-15 target	2015-16 target	2016-17 target	2017-18 target
Net income	$466.8 M	$490.3 M	$545.0 M	$603.6 M	$668.7 M
Return on equity	13.0%	12.2%	12.1%	12.0%	12.0%
Capital adequacy measure[36]	Greater than or equal to 100%	Greater than or equal to 100%	Greater than or equal to 100%	Greater than or equal to 100%	Greater than or equal to 100%

[36] Capital adequacy measure.This measure tracks available capital over required capital. In the first two years, only credit capital will be used in the denominator and be extended to include other risk types in years following.

Implement capital management framework phase 2

The corporation's objectives with respect to managing capital are as follows:

- Ensure the capability to withstand market fluctuations intrinsic to the agriculture industry while continuing to support customers through all economic cycles.
- Generate a sufficient rate of return from operations to remain financially self-sustaining, and to fund growth and strategic initiatives.
- Comply with the Farm Credit Canada Act, which restricts the total direct and contingent liabilities of the corporation to 12 times its equity, or up to 15 times with prior approval.

The majority of the work on FCC's capital management framework was completed in 2012-13, including development of a corporate-level measurement for capital, using established financial industry best practices. In 2013-14, FCC will continue to monitor capital adequacy based on economic capital and financial industry (Basel II) methodology, and ensure an adequate level of capital to support future growth. The corporation will also determine how economic capital can be used to better manage FCC's risks, optimize risk/return decisions and to evaluate performance.

Enhance FCC's credit risk management tools and strategic pricing capabilities

The risk scoring and pricing framework (RSPS) allows FCC to price loans based on a customer's profile. This initiative will enhance the current process tool.

Develop a comprehensive strategy for FCC to share loan transactions with other financial institutions and manage loan portfolio risk

FCC has occasionally participated in the purchase and sale of lending portfolios. Through this initiative FCC will develop a strategy to foster partnership opportunities with other financial institutions (e.g. by sharing loan transactions) and manage loan portfolio concentration risk and portfolio growth. This initiative is also designed to improve internal processes to enhance FCC's ability to participate in loan syndications.

Increase maturity level of enterprise risk management (ERM)

Since the financial crisis of 2008, ERM has been a greater priority for financial institutions in general. Companies have recognized the need to develop strong risk management systems to maintain financial stability.

FCC employs an ERM approach to manage risks across the organization in a consistent, coordinated manner. ERM is not a single function within an organization, but rather a common approach to inter-related management functions. By understanding and focusing on management of significant risks, FCC can maintain its reputation, and ensure ongoing viability (as described in the critical outcome statement for the financial and risk management strategic theme).

FCC has developed an ERM maturity measure that it will use to gauge progress on this objective. The measure is based on a maturity model that provides an indication of how mature FCC's ERM practices are in the following five areas: risk governance, risk assessment, risk quantification, risk monitoring and reporting, and risk and control optimization.

Corporate measures	2013-14 target	2014-15 target	2015-16 target	2016-17 target	2017-18 target
ERM maturity measure[37]	2.9	3.4	3.4	3.4	3.4

Implement phase 2 ERM framework
In 2013-14, FCC will continue to implement changes to ERM governance so that it is consistent with industry practice. A risk management policy framework will be implemented to ensure consistency among risk policies across the organization, and the risk appetite framework will be implemented. The actions taken as a result of this initiative will have a direct, positive impact on the FCC ERM maturity measure and achievement of the objective.

Expand application of internal control framework
The first phase of the internal control initiative was completed in 2012-13. This phase included prioritization of the corporation's key processes. In 2013-14, the internal control framework will be applied to these processes. Business unit testing and reporting on effectiveness of controls will also commence. Ongoing application of the framework will be supported by developing the criteria for annual process reviews.

Improve enterprise security
Financial institutions around the world face an increased threat of security and cyber attacks. FCC will continue to implement an enhanced security program that will mitigate and manage the impact of security incidents on the customer and agriculture industry, employee experience, operational efficiency, financial strength and reputation.

The Enterprise Security Program was designed to address the most signficant security risk areas and mitigate them to acceptable levels.

Activities are being undertaken to reduce the number of risk incidents, their severity and/or their impact in the following areas: governance, policy, roles and responsibilities, information classification, IT security, human resources, facilities and administration, and assurance monitoring. In 2013-14, FCC will focus on activities related to IT security services and will continue to implement assurance monitoring. Awareness and training for employees will also continue.

Strengthen relationships and leverage FCC's reputation with all stakeholders

FCC's reputation is an important asset. Customers want to deal with companies that have high values and standards. They need to have confidence in the financial institutions they deal with, especially at a time when financial institutions are under increased scrutiny regarding their ethics, financial stability, risk management practices and lending policies.

FCC enjoys a positive reputation among those in the agriculture and agri-food industry. There is an opportunity to further leverage FCC's reputation with a wider range of stakeholders. Diverse and positive relationships help FCC build reputation capital, which can be drawn upon in the event of a negative event or crisis.

FCC plans to develop an integrated stakeholder strategy. By taking deliberate actions to ensure that FCC has a strong reputation, FCC will ensure it achieves the critical outcome stated in section 5.4.1, and that it can continue to serve the agriculture industry in good times and challenging times.

Many factors contribute to reputation, including brand, goodwill, track record, integrity, quality of management, transparency and openness, and products and services. Reputation management

[37] ERM maturity measure: KPMG Model – The calculation is based on advances in ERM maturity that would be achieved from implementing recommendations from the KPMG ERM Maturity Review conducted in 2012.

entails building positive relationships with stakeholders who may influence the corporation's future. Results from a 2010 Léger study show that FCC has a very positive reputation with producers across the country, who rank FCC fifth among well-known Canadian brands.

The measure used to track FCC's reputation and progress on this objective is an external media favourability index, which measures media coverage about the corporation. FCC's overall favourability score for fiscal 2011-12 was 64 out of 100, compared to the global average for financial institutions of 51.

Corporate measures	2013-14 target	2014-15 target	2015-16 target	2016-17 target	2017-18 target
Media favourability index[38]	7 points above global average for financial institutions	7 points above global average for financial institutions	7 points above global average for financial institutions	7 points above global average for financial institutions	7 points above global average for financial institutions

Implement phase 2 of integrated multi-stakeholder strategy
FCC currently has mechanisms in place for sharing information with key government stakeholders, such as elected officials. In 2013-14, FCC will enhance its approach to managing and building relationships with an expanded set of government and industry stakeholders.

Implement phase 2 of social media strategy to further engage stakeholders
Effective social media use creates opportunities to enhance FCC's reputation by providing a means to engage in communication with audiences, including customers and prospects, employees, media and other stakeholders. In 2012-13, FCC began implementation of its social media strategy. In the first phase, a policy was rolled out to all employees and a Twitter account was launched. In the next phase, FCC will expand its use of social media to engage in more dialogue with diverse stakeholders.

[38] Media favourability index: Leger Marketing measures FCC favourability quarterly, based on volume, qualitative factors and other criteria. Performance is relative to the global average for financial institutions.

Advance corporate social responsibility

Corporate social responsibility (CSR) drives how FCC operates and is an important part of its public policy role. Beyond being the right thing to do, being socially responsible positively contributes to FCC's reputation, employee engagement and customer experience. In 2012-13, FCC released its second CSR report.

FCC's vision for 2020 emphasizes a desire to be socially and environmentally responsible.

Over the planning period, FCC will advance corporate social responsibility by:

- enhancing risk management practices
- contributing to a positive reputation and employee experience
- understanding stakeholder expectations
- strengthening the communities in which we operate
- creating a diverse workplace

- recruiting and retaining employees
- reducing the environmental impact of its internal operations

Enhance CSR maturity

The purpose of this initiative is to advance CSR maturity at FCC. A maturity model will be selected to allow FCC to assess its current level of performance in five CSR focus areas – agriculture and food, community, customers, employees, and the environment. Measures, targets and initiatives will then be set to advance FCC's CSR maturity. FCC will also enhance its current stakeholder engagement process to identify issues that are material to our stakeholders. The application of this process will also be used to enhance FCC's CSR reporting.

Implement phase 2 of the greenhouse gas emission reduction strategy

More and more agricultural groups and financial institutions are measuring their greenhouse gas emissions, implementing sustainability targets and reporting on their progress. FCC recognizes the importance of environmental sustainability, and is developing more ways to support its care of the environment. FCC recently updated its CSR strategy, which includes a commitment to reduce the direct environmental impact of FCC operations.

In 2012-13, FCC began implementing a greenhouse gas reduction strategy. The first phase of the strategy included collecting environmental data and developing prioritized actions to reduce FCC's environmental footprint. The second phase will help FCC understand and manage its environmental performance and the operating costs of its facilities and locations.

5.4.2 Customer and agriculture industry

The critical outcome that FCC has identified for this theme is as follows:

In 2020, Canadian agriculture is respected as an innovative, sustainable industry. FCC makes tools available to the whole industry to improve farm business management. FCC provides financing to producers from all sectors of agriculture through all economic cycles. FCC continues to deliver an extraordinary experience to customers. The Customer Experience Index score indicates that two out of three customers (65 per cent) rate their experience with FCC as five out of five.

FCC is advancing the business of agriculture. The objectives and initiatives under this theme align with the principles of federal agriculture policy by supporting producer skill and knowledge development, industry promotion, and services and products for young farmers.

FCC has defined the customer experience as its key differentiator. FCC's customer experience includes standards that are expected of all employees. These are designed to create a consistent, intentional experience for all customers, wherever they access FCC products and services. The desired result is that customers feel that FCC is relationship-oriented, flexible, knowledgeable about agriculture and committed to the industry.

FCC will enhance the customer experience and equip producers with financial and business management tools by pursuing the following five-year strategic objectives:

- deliver an extraordinary customer experience
- demonstrate commitment to the agriculture and agri-food industry, with a particular focus on producers and young farmers
- promote agriculture as a dynamic industry that is important to Canada
- expand FCC's ability to provide leading-edge understanding and insights

Deliver an extraordinary customer experience

By delivering an extraordinary customer experience, FCC will maintain strong customer acquisition and retention. Progress on this objective is measured through FCC's Customer Experience Index. The customer experience is measured every month to gauge how FCC is perceived across Canada. Each survey measures an array of factors, including satisfaction, loyalty, ease of doing business and service resolution. In order to be considered extraordinary, only perfect scores are measured.

Customer feedback is analyzed and shared with field offices so that they can continuously improve. More than six out of 10 customers give FCC perfect scores when rating their experience with the corporation. FCC intends to improve this level of customer satisfaction. FCC continually coaches its relationship managers based on local CEI scores. The corporation is currently updating its customer experience strategy to incorporate anticipated changes in the operating environment over the past few years.

Corporate measures	2013-14 target	2014-15 target	2015-16 target	2016-17 target	2017-18 target
Customer experience index	61.5%	62.0%	62.5%	63.0%	63.5%

Implement strategy to further enhance the customer experience
The purpose of this initiative is to implement the refreshed customer experience strategy that was completed in 2012-13. This initiative will further enhance the consistency and the quality of the customer experience by focusing how FCC strengthens customer relationships. Implementation will reflect the changing business needs of each customer segment. Refreshed processes will be communicated with employees and partners during the fiscal year.

Optimize credit decision processes
As FCC's customers become larger and more sophisticated and complex, FCC employees need to be able to make effective credit decisions prudently and promptly, while delivering a positive customer experience. Through this initiative, FCC will review existing credit adjudication process and systems, and credit decision-making authorities while maintaining effective internal controls and strong credit quality.

Demonstrate commitment to the agriculture and agri-food industry, with a particular focus on producers and young farmers

This objective is important to fulfilling FCC's public policy role. FCC is committed to serving Canadian agriculture over the long term. FCC demonstrates this commitment by providing steady access to capital and knowledge that contributes to a competitive advantage for Canadian producers.

FCC uses the total lending to young farmers measure to indicate progress on this objective. New entrants to primary production and the agribusiness and agri-food sectors are vital to ensure the future of Canadian agriculture, which is tracked by total lending to young farmers and entrepreneurs.

Corporate measures	2013-14 target	2014-15 target	2015-16 target	2016-17 target	2017-18 target
Total lending to young farmers	$2.10 B	$2.20 B	$2.35 B	$2.48 B	$2.60 B

Enhance programs to support young farmers
Although the average age of producers continues to increase, renewal in agriculture needs the next generation of producers. FCC plays a vital role in supporting renewal by continuing to offer management workshops, learning forums and publications. These offerings help to ensure farmers of all ages can access the training and information they need to succeed in the future. FCC helps to build the industry of the future by supporting young farmers – defined as farmers under 40 years of age. In 2012, FCC launched a new Young Farmer Loan. The products allows young farmers to borrow up to $500,000 with waived loan processing fees and interest rates that are capped at prime plus 0.5 per cent for the variable rate product.

FCC products and services, like the Transition and Young Farmer loans, help with the intergenerational transfer of farms and assist young farmers enter the industry.

As well, FCC supports young farmers by:

- offering courses in farm transition
- sponsoring the Canadian Young Farmers Forum
- sponsoring Canada’s Outstanding Young Farmer Program
- partnering with the Association des jeunes ruraux du Québec and the Fédération de la relève agricole for rural youth and young adults
- partnering with 4-H Canada and all of its provincial organizations across the country
- sponsoring the FCC Business Planning Awards for students in agriculture degree and diploma programs

Over the next five years, FCC will seek to enhance these offerings by staying connected to the needs of new entrants to agriculture.

Increase collaboration with AAFC, industry associations and other stakeholders
FCC is committed to supporting the priorities of the Government of Canada. This includes increased collaboration with AAFC, EDC and BDC, as well as other government agencies and industry associations.

FCC and AAFC counterparts connect regularly to exchange information on a range of topics important to the agriculture industry. FCC and AAFC employees connect in person, through telephone calls and webinars, at trade shows and industry events and by sharing research methods and modelling techniques. FCC is providing support to AAFC as they explore options that may be of assistance to hog producers. This includes providing information on the performance of our hog portfolio and potential impacts of the current situation on Canadian hog producers and sharing profitability data and margin estimates.

FCC regularly supports the Growing Forward 2 agriculture policy framework development by providing input on several aspects of the policy and by attending regular information calls specific to the policy. In 2011-12 AAFC was provided with access to FCC's 9,000 member Vision Panel survey results during the Growing Forward 2 consultation process. This year during the strategic planning process, FCC revised its *customer experience* strategic theme and renamed it the *customer and agriculture industry* theme. With this revision, a new critical outcome statement focusing on both the industry and the customer was developed. This new customer and agriculture industry theme aligns with policy objectives outlined AAFC's GF2. FCC plans to remain focused on the Growing Forward 2 agriculture policy framework and will continue to provide support as required.

FCC collaborates with Export Development Canada (EDC) and the Business Development Bank of Canada (BDC) to support access to international markets for Canadian agribusiness. To improve access to international financing and risk management tools, FCC and EDC draw on each other's expertise, knowledge, processes and products for customers who require export and global investment solutions. FCC and BDC connect regularly to exchange information on a variety of topics such as existing and potential joint deals, referrals for business services and records management activities.

FCC already has strong ties with industry associations and intends to strengthen such partnerships. In 2013-14, FCC will enhance its industry association strategy, designing an integrated approach to managing and building relationships with industry stakeholders. This will include the use of research data and information to help associations promote agriculture.

Invest in agricultural innovation
Very few players are investing in agricultural opportunities due to a significant contraction in the venture capital market in Canada since 2000. In the past decade, consolidation and exits have reduced the number of active venture capital players by over 60 per cent.[39] As an industry, agriculture continues to be mostly overlooked by the remaining Canadian venture capitalists.

FCC has provided venture capital since 2002. Investments in nutraceuticals, bio-products, and food and plant technologies have added value to primary production. For every dollar invested by FCC over the past decade, it has attracted another $1.50 in co-investment by other parties.

FCC's goal is to grow its venture capital portfolio to $150 million by the end of the planning period from $64.1 million as of March 31, 2012. FCC's objective is to use this capital to attract other investment so that a broader range of agricultural businesses can be offered capital at the commercialization stage of their ventures. This will also serve to diversify the venture capital portfolio and reduce investment risk.

Promote agriculture as a dynamic industry that is important to Canada

The critical outcome for the customer and agriculture industry theme states: *Canadian agriculture is respected as an innovative, sustainable industry.* This objective links to the critical outcome as it is intended to change long-standing perceptions of agriculture.

Optimism in Canadian agriculture has never been higher. In 2011, 77 per cent of FCC Vision Panel members indicated their business was better off than it was five years ago, up 10 percentage points from 2010. Expectations for the future were also positive, with 80 per cent of respondents believing their farm or business will be better off in five years. However, when FCC surveyed Canadians who are not involved in the agriculture industry on their perceptions, the results were very different from those involved in the industry.

Changing perceptions requires a significant effort and long-term commitment. FCC can play an important role in promoting this messaging within the industry and beyond.

Agriculture is a complex, dynamic industry. The agriculture and agri-food industry is a major contributor to Canada's economy. The value and worthiness of the industry needs to be better understood and celebrated among consumers and industry stakeholders to help the industry grow its talent pool, attract more global capital and accelerate innovation.

This objective is intended to increase the perception of the agricultural industry within Canada. To track progress on this objective, a media favorability index specifically tracking Agriculture More Than Ever will be used.

Corporate measures	2013-14 target	2014-15 target	2015-16 target	2016-17 target	2017-18 target
Media favourability index for AMTE	Greater than or equal to FCC media favourability score	Greater than or equal to FCC media favourability score	Greater than or equal to FCC media favourability score	Greater than or equal to FCC media favourability score	Greater than or equal to FCC media favourability score

[39] Consultation on Budget 2012 Venture Capital funding – FCC Approach to Venture Capital, section 1.1.

Encourage and create positive dialogue about Canadian agriculture in partnership with industry stakeholders
This includes Agriculture More Than Ever, a multi-year industry campaign to improve perceptions of agriculture in Canada. The intent is to stimulate positive discussion about Canadian agriculture with industry stakeholders, producers and the public.

In the short term, the initiative is focused on sharing the research findings with the industry to build awareness about how the industry is perceived. In doing this, the desire is to create industry champions and share positive stories about Canadian agriculture.

Over the longer term, the goal is to improve perceptions about agriculture across Canada, in order to attract people to pursue careers in agriculture, and promote innovation and investment in the industry – both of which will be necessary to meet the demands of feeding a growing world population.

Expand FCC's ability to provide leading-edge understanding and insights

Today's producers and agribusiness operators not only need expertise in crop and livestock production, but must deal with complex financial management, human resource issues, partnerships, diversification and international markets.

Management sophistication is a major predictor of success for primary producers and agribusiness and agri-food operators. FCC strives to provide knowledge and learning that enhances their ability to succeed. FCC continuously updates these offerings as new needs become apparent. These offerings are tailored to the unique needs of agriculture and constitute part of how FCC fulfils its public policy role. FCC also directly contributes to the desired critical outcome for the customer and agriculture industry theme by equipping producers with financial and business management tools that improve their ability to be profitable and competitive.

For FCC, the pace and complexity of change in the agriculture industry demands diligent efforts to keep employees knowledgeable about leading technologies and management philosophies. The corporation has a learning culture that emphasizes the importance of continuously keeping abreast of developments in the agriculture and finance industries.

In order for FCC to continue to provide value through knowledge to increasingly sophisticated customers, it must ensure that employees have the technical skills and competencies required. FCC hires employees with agriculture and/or financial backgrounds who are committed to making a difference to the industry. The corporation also researches and develops unique tools to help customers anticipate and understand changes in agriculture. This knowledge is shared with customers, stakeholders and the industry.

FCC supplements employee knowledge with publications targeted to producers and agribusiness and agri-food operators. For example, FCC's Knowledge Insider reviews relevant industry trends and provides thought-provoking ideas for individual producers and agribusiness operators to consider incorporating in their own businesses.

Offer employees additional insights to share with the agriculture industry
The purpose of this initiative is to ensure that employees are equipped with appropriate knowledge and tools so that they can help customers make sound business decisions, reinforce FCC's unique position in the marketplace and positively impact customer experience.

Knowledge will be targeted to customer needs and situations. FCC will continue to fill knowledge gaps by producing leading edge publications, videos, podcasts and webinars. New technology platforms will support knowledge flow within FCC to ensure that knowledge efficiently transfers from the people that have it to those who need it.

Provide sense-making on relevant industry opportunities and challenges

This is a new initiative in 2013-14. The challenge for FCC in keeping up with emerging industry issues and opportunities is that employees are already faced with information overload and a steady pace of change. Through this initiative, FCC will leverage its existing information sources and provide insights that can be used to help make sense of important issues.

5.4.3 Efficiency and execution

The critical outcome that FCC is striving to attain for this theme is:

In 2020, FCC continues to be recognized as a highly efficient, effective and agile organization that is easy to do business with. The corporation has an efficiency ratio of 42 per cent or lower.

The strategic theme of efficiency and execution is about regularly challenging all areas of the corporation to seek better ways to do business. The following three strategic objectives will be pursued to achieve this outcome:

- optimize how FCC conducts business
- improve corporate information management
- enhance ability to align channel delivery to customer needs

Optimize how FCC conducts business

FCC understands that continuously improving and re-engineering corporate processes and functions will enhance corporate agility.

Efficient and effective processes make it easy for employees to do business and support a better customer experience.

FCC continually seeks better ways for employees to perform their work and to simplify interactions for customers. The corporation continues to review internal processes, procedures and systems to optimize performance. FCC is implementing its business process and transformation program which includes the automation of the purchase and post-sale process redesign.

The federal government introduced a Strategic and Operating Review in it's 2011 budget to examine direct program spending as appropriated by Parliament. Although FCC does not receive financial appropriations from the Government of Canada, the corporation will continue its track record of efficiency and strong financial performance. FCC will conduct itself in a manner that is mindful of the current climate of fiscal constraint, and will also continue to focus on reducing controllable costs.

In 2012-13, FCC implemented several efficiency initiatives, including:

- the Business Process and Technology Transformation Program (BK)
- the optimization program
- a new enterprise governance model
- the Alliance process redesign with external alliances

The benefits of these initiatives are reflected in the operating plan.

FCC uses an efficiency ratio (administration expense as a percentage of revenue) to measure how well resources are used to generate income.

The measure of how easy it is for employees to do business is derived from the annual employee engagement survey. FCC uses five drivers – co-workers, physical work environment, resources, work processes and work tasks – to measure how easy it is for employees to do their work.

Corporate measures	2013-14 target	2014-15 target	2015-16 target	2016-17 target	2017-18 target
Efficiency ratio	38.6%	38.6%	37.6%	36.5%	35.3%
Employee engagement index - easy to do business indicators	Greater than the average of the top 50 employers	Greater than the average of the top 50 employers	Greater than the average of the top 50 employers	Greater than the average of the top 50 employers	Greater than the average of the top 50 employers

Implement new property valuation software
This initiative will deliver FCC a one-stop loan security (i.e. collateral) valuation tool that will replace the current valuation system. The valuation system will be integrated with new systems, have built-in internal controls, create more efficient processes, and directly support front-line lenders and appraisers in more efficiently executing FCC's lending processes and managing risk.

Implement enhanced collaboration capabilities
In 2013-14, IT will deploy technology, which will centralize access to enterprise information and applications on the corporate network. This will allow employees to work more collaboratively and efficiently by enabling them to capture and share information and tacit knowledge, manage data and publish reports. Improved video-conferencing capabilities will also be implemented in strategic locations and to key employee groups.

Research and develop technology portfolio management and optimization strategy
A new strategy will be developed with the goal of ensuring that FCC maximizes its efficient use of IT resources and reduces costs while continuing to provide the technology necessary to support the corporation's business model and strategy.

This initiative includes developing a process and policy around system/software upgrades, consolidation of tools and determining and making appropriate use of alternative technologies. It also involved implementing a framework for making technology purchase decisions, specifically when to buy versus rent, and when to customize versus purchase off-the-shelf products.

Improve corporate information management

Managing corporate information will help FCC become more efficient and effective. Specifically, savings will be achieved through greater employee efficiency (less time spent by employees finding information and recreating information) and reduced IT storage costs as a result of the disposal of redundant and outdated information. Additionally, this will help ensure the right information is available at the right time to inform decision making. FCC has started to develop an enterprise information management program to meet this corporate need. In 2013-14, the corporation will undertake a corporate initiative to accomplish this objective.

Improve FCC's information management governance, standards and related processes
Through this initiative FCC will develop a comprehensive enterprise-wide program to ensure the efficient management of business-critical information. This will create efficiency by ensuring information can be accessed in a timely manner, which will support compliance and reduce costs and risk associated with storage of unnecessary data.

Enhance ability to align channel delivery to customer needs

Alternative delivery channels will create efficiencies in how FCC does business, thereby contributing to the critical outcome while providing additional choice to customers. This objective seeks to expand the channels used by FCC and alliances in serving customers in order to seamlessly integrate new channels. Current channels include field offices, customer service centres, e-business and alliances.

In 2012-13, the following initiative under this objective was completed:

- Implement integrated channel delivery strategy

The Customer Experience Index has a sub-index that measures how easy it is to do business with FCC. FCC has been working to provide the appropriate channel to ensure it is easy for customers to do business with the corporation. Using this index will allow FCC to track progress on how easy the customers view this process in this area.

Corporate measures	2013-14 target	2014-15 target	2015-16 target	2016-17 target	2017-18 target
Easy to do business – CEI measure	62.0%	62.5%	63.0%	63.5%	64.0%

Implement interactive and online services program to enhance user experience
The Interactive and Online Services (I&OS) program will execute a significant shift in FCC's online presence - redesigning and delivering a highly usable interactive customer experience. It will provide innovative business capabilities and create a preferred source of personalized support and knowledge for users.

The program will enhance FCC Management Software's online presence. It will also establish and implement policies and processes for the creation, publishing and management of content, and establish the technological and development foundation for the web. It will totally redesign the public site for improved user experience both on the traditional web and mobile devices.

Enhancements will be made to learning, interactive software forums, recruitment and tools, redesign and develop the secure services platform to enable self-service to customers, alliance, equipment dealers and FCC relationship managers.

This is the second phase of the overall initiative. The first phase included the selection of a vendor who helped FCC define the business requirements for the overall web channel.

Develop mobility strategy
Information technology will create capabilities that enable employees to access selected corporate, customer and partner information from a variety of mobile devices. This will allow employees to efficiently access needed information and rationalize devices.

5.4.4 Employee experience

The critical outcome that FCC is striving to attain for this theme is:

In 2020, FCC continues to be an employer of choice, with a culture that inspires employees to deliver an extraordinary customer experience. FCC's employee engagement score is greater than the average of the top 50 Canadian employers.

Employees are the ones who drive a positive customer experience and research shows that engaged employees deliver better customer service. This is why ensuring a positive employee experience is so important to FCC. The following strategic objectives will be pursued towards achieving this outcome:

- provide a great employee experience
- continue to develop a diverse workforce
- strengthen leadership capabilities
- enhance employee knowledge

Provide a great employee experience

The corporation has taken specific steps each year to improve and enhance both the employee experience and the drivers that support it. This includes taking steps to enhance the working environment and exhibiting values, such as trust, respect, teamwork and high performance.

FCC strives to be an employer of choice and in 2012, the corporation ranked number six in the national 50 Best Employers in Canada study. FCC believes that being a top employer helps it attract and retain top-notch employees with the competencies required to meet the needs of customers.

FCC will continue to participate in an annual employee engagement survey to track progress in the employee experience area, stated objectives and critical outcome.

Engagement is the state of intellectual and emotional involvement employees have with an organization and is a measure of their energy and passion. Since engagement is correlated to recruitment and retention, it is critical that it be measured and managed. This will lead to additional actions that directly address employee concerns and opportunities for improving engagement.

FCC will also monitor and analyze a sub-index of the results that measures the employee experience in areas such as career opportunities, learning and development, intrinsic motivation, managing performance and work-life balance.

Corporate measures	2013-14 target	2014-15 target	2015-16 target	2016-17 target	2017-18 target
Employee engagement index	Greater than the average of the top 50 employers	Greater than the average of the top 50 employers	Greater than the average of the top 50 employers	Greater than the average of the top 50 employers	Greater than the average of the top 50 employers
Employee index: subset of employee engagement survey data with respect to employee experience indicators	Greater than the average of the top 50 employers	Greater than the average of the top 50 employers	Greater than the average of the top 50 employers	Greater than the average of the top 50 employers	Greater than the average of the top 50 employers

Implement year two of the culture strategy
FCC's culture by design is a significant factor in employee engagement. In 2013-14, FCC will begin to roll out a new culture program that was designed in 2012-13. FCC's culture of recognition will be strengthened by the introduction of an e-learning program on the topic of recognition for all staff.

Continue to develop a diverse workforce

Organizations are becoming more aware of the importance of building a diverse workforce. Research has shown that harnessing and maximizing diverse talent offers substantial benefits to organizations in terms of productivity, profitability and competitive advantage.

FCC's long-term goal extends beyond maintaining compliance with the Employment Equity Act. We believe that employment equity is a business advantage that nurtures innovation and enriches our culture. We believe that providing employment opportunities to diverse candidates across Canada positions us for long-term financial sustainability. We are also committed to providing a work environment that supports the productivity, personal goals and respect of all employees.

FCC has identified employment equity gaps in each designated group. These gaps have been consolidated into a total number that represents the employment equity gap corporate wide. FCC will track its progress in this area and has targeted to reduce the corporate wide gap by 12 each year.

Enhance workforce through the employment equity plan and diversity strategy
FCC understands that a diverse workforce is extremely important. The corporation strives to have a workforce that represents the diversity of our customers right across Canada and reflects the Canadian workforce as a whole.

Through this initiative, FCC will continue to implement its employment equity plan. The plan specifies the policies and practices needed in the short term to hire, train, promote and retain persons from the four designated groups. This will help FCC correct the under-representation of individuals from the designated groups by occupational group.

Following the Canadian Human Rights Commission's assessment in 2013, FCC will develop a response to their employment equity progress report.

Corporate measures	2013-14 target	2014-15 target	2015-16 target	2016-17 target	2017-18 target
Diversity measure[40]	Reduce diversity gap by 12	Reduce diversity gap by 12	Reduce diversity gap by 12	Reduce diversity gap by 12	Reduce diversity gap by 12

[40] Diversity measure: Based on the Goal Setting Report in the Workplace Equity Information Management System of Human Resources and Skills Development Canada

Strengthen leadership capabilities

Being an employer of choice requires exceptional leadership. Inspiring employees requires strong and consistent leadership in the areas of communication, strategy, team leadership, culture and change (FCC's five leadership principles). FCC recognizes that strong leaders support a great employee experience and lead to increased ability to attract and retain the skills needed to carry out FCC's strategy. Also, by building better leaders, FCC will ensure that employees remain highly engaged.

This objective and the following initiative link directly to the critical outcome for this theme, as employees who experience great leadership, are more engaged. A leadership index (sub-index of employee engagement survey data) has been developed to gauge employee perceptions regarding leadership at FCC.

Corporate measure	2013-14 target	2014-15 target	2015-16 target	2016-17 target	2017-18 target
Leadership index – subset of employee engagement survey data with respect to leadership indicators	Greater than the average of the top 50 employers	Greater than the average of the top 50 employers	Greater than the average of the top 50 employers	Greater than the average of the top 50 employers	Greater than the average of the top 50 employers

Enhance leadership effectiveness

Since 2009, FCC has had a leadership framework that defines its approach to effective leadership. This approach is founded in the behaviours FCC leaders must exhibit in order for the organization to achieve all of its strategic objectives.

In 2013-14, FCC will continue to enhance leadership by implementing a revised version of the Leadership Excellence Program with enhanced content related to The Five Leadership Principles Program and FCC's cultural practices.

A leadership objective is included in performance management for FCC people managers.

Enhance employee knowledge

FCC is committed to developing employees to meet increasingly complex customer knowledge needs. The goal is to foster an environment where learning is encouraged, management provides support, and success in meeting learning objectives is measured and recognized.

This objective relates to ongoing industry knowledge development for employees, with a particular focus on what is needed to best serve the customer. FCC believes that keeping on top of trends and developments that impact agriculture is very important to customer success.

This objective and initiative contribute to the critical outcome for the employee experience theme by focusing on learning and development, which is an element of the subset of employee engagement survey data.

Implement Lending Essentials program changes

FCC has an extensive training program to develop the skills necessary for front-line employees to serve customers. In this phase of the initiative, FCC will continue implementing learning enhancements. This includes the development of specific learning plans for Loan Administration Centre employees and employees in the Agribusiness and Agri-food area.

FCC will also formalize the review cycle for all learning programs and implement an evaluation process to assess whether new employees are meeting learning requirements.

Increase employee understanding and accountability for enterprise risk management across FCC

Effective ERM relies on having all employees understand risk appetite so that they can serve as effective risk managers. Through this initiative FCC will coordinate risk awareness and training activities across the company to ensure they are delivered in a consistent manner.

6.0 | Financial plan

Farm Credit Canada is a self-sustaining Crown corporation, projecting growth and continued viability through sound financial and risk management practices.

Uncertainties still exist relative to the current global economy and its recovery from the recession. These factors - along with a rapidly evolving agriculture value chain and increased competitive activity - have increased the risk and volatility associated with some of the key variables used in creating the financial plan. Therefore, it is important to understand these key variables and their impact on the financial results (see Sensitivity and scenario analysis). FCC monitors these key variables throughout the year to ensure timely management of the potential impacts.

Caution regarding forward-looking statements

The corporate plan includes forward-looking financial information based on certain assumptions that reflect management's planned course of action with the most probable set of economic conditions. By their nature, assumptions are subject to inherent risks and uncertainties. There is significant risk that actual results may vary, and that the differences may be material. Some factors that could cause such differences include changes in general economic and market conditions, including but not limited to interest rates.

Sensitivity and scenario analysis

FCC employs a financial model to determine the five-year plan targets, based on inputs received from various divisions throughout the organization. The model has been tested and has proven to generate consistent projections. The input assumptions for this financial plan are consistent with historical experience and were approved by management and the Board of Directors.

In addition to the financial plan projections provided in this document, the corporation runs a wide range of alternate sensitivity and scenario analyses. These analyses assist in financial planning, risk management and resource allocation by testing financial strength across a range of financial plan assumptions. This information assists in ensuring that the corporation is making prudent financial and risk management decisions over the long term, including situations where the financial results may be less favourable than the projections provided in this document.

The table below shows the impact of changes to key variables on projected net income. The table provides the impact on net income for 2013-14 for each variable.

Major drivers ($ millions)	Change	2014 Plan
Loan disbursements *	+/- 10%/year	+/- 14.0
New lending margins **	+/- 10 bps/year	+/- 5.5
New lending mix (F/V)	+/- 10% fixed	+/- (0.4)
Interest rate curves **	+/- 100 bps	+/- 0.5

* assumes that disbursements are made throughout the year.

** bps is basis points

6.1 Operating budget

The operating budget provides details of our forecasted revenues and expenses for the fiscal year ended March 31, 2014, and is submitted for Treasury Board approval in accordance with Section 123 of the Financial Administration Act. The table below summarizes financial targets for 2012-13 and 2013-14.

Fiscal year ending March 31 ($ millions)		2014 Plan
Portfolio growth		
	Loans receivable	26,242.9
	Loans receivable growth rate (per cent)	6.1
	Net disbursements	7,614.0
	Loan renewal rate (per cent)	97.0
	Prepayment rate (per cent)	6.8
Performance by non-lending business line		
	Venture capital	
	Investments - total capital outstanding	111.0
	Investments - fair market value	117.2
	Co-investment ratio ($ co-invested per FCC $)	1.5
	FCC Management Software	
	Net sales revenue	2.0
	FCC Insurance	
	Insurance premium income	22.7
	Net insurance income	11.4
Profitability		
	Net interest income	887.8
	Net interest margin (per cent)	3.33
Credit quality		
	Impaired loans	367.6
	Provision for credit losses	103.9
	Allowance for credit losses	669.2
Efficiency		
	Administration expenses	350.0
	Efficiency ratio (per cent)	38.6
Funding and liquidity		
	Borrowings	22,665.4
Capital management		
	Total capitalization	4,542.8
	Gross assets not requiring debt financing (per cent)	16.4
	Debt-to-equity ($ of debt per $1 equity)	6.1
Shareholder return		
	Net income	466.8
	Return on equity (per cent)	13.0
	Return on assets (per cent)	1.76
	Dividends	47.8

6.1.1 Discussion of expected results – 2012-13 forecast versus 2011-12 actual, prior plan and 2013-14 financial plan

Profitable growth

Loans receivable

Relative to 2011-12 actual results, the portfolio is forecast to grow by $1,537.7 million or 6.6 per cent in 2012-13 due to new lending of $7,448.8 million. Comparing to the 2012-13 plan, the forecast loans receivable of $24,740.0 million is 3.1 per cent higher. This is due to higher than anticipated disbursements in both 2011-12 and 2012-13 of $754.9 million and $687.2 million respectively which is offset slightly by higher prepayments and principal payments.

Loans receivable is projected to grow by 6.1 per cent, increasing from $24,740.0 million forecast for 2012-13 to $26,242.9 million in 2013-14. The increase in loans receivable reflects the projected lending through the primary production financing, agribusiness and agri-food financing and alliances business lines.

Net disbursements

2012-13 forecast net disbursements are $332.0 million higher than levels experienced in 2011-12 and $687.2 million higher than the 2012-13 plan. Higher than anticipated growth in the farm debt market, the continued lower interest rate environment and continued growth in farmland values are contributing to the higher volumes. The 0.4 per cent increase in the net prepayment ratio is also driven by increased competition and voluntary payments from customers.

Net disbursements are projected to increase by $165.2 million from the forecast level of $7,448.8 million in 2012-13 to $7,614.0 million in 2013-14. This is the primary driver of the portfolio growth in 2013-14. Primary production financing and lending to agribusiness and agri-food are expected to increase by $168.1 million and $47.1 million respectively while Alliance lending is projected to decrease slightly by $50.0 million. Alliance lending volumes are largely driven by external market factors such as commodity and moisture conditions. In 2012-13, these factors were favourable and drove higher than anticipated lending volumes. Overall, lending to primary producers represents 86.7 per cent of total net disbursements in 2013-14.

Both renewals and prepayments are projected to decrease slightly in 2013-14 from 97.3 per cent and 6.9 per cent in 2012-13 to 97.0 per cent and 6.8 per cent.

Performance by non-lending business lines

Venture Capital

FCC Ventures continues to address the need for venture capital in the agriculture industry. At the end of 2012-13, the corporation is forecasting $90.6 million in capital outstanding. In addition, every $1.00 invested by FCC is expected to attract $1.6 from co-investors.

Total capital outstanding, including investments made through the Avrio Ventures Limited Partnership, is expected to increase slightly to $111 million at the end of 2013-14. This anticipates new investments of $49.7 million, offset by repayments and divestures.

The fair value of the venture capital investments is projected to increase from $82.9 million in 2012-13 to $117.2 million in 2013-14. This reflects the plan assumptions with respect to the new investments and increases in the fair value of investments.

FCC Management Software

FCC Management Software is focused on developing, promoting and improving farm management software for the Canadian agriculture industry. FCC Management Software supports the business of agriculture by providing valuable solutions to farmers that will help ensure their success and viability. Its products include AgExpert Analyst and Field Manager PRO. The forecast net sales revenue of $2.0 million is higher than 2011-12 actual results but slightly below the 2012-13 plan of $2.3 million. In 2013-14, net sales revenue is anticipated to remain flat at $2.0 million.

FCC Insurance

FCC has offered loan life and accident insurance since 1960, providing protection for customers, their families and businesses. Insurance premium revenue is forecast to be $21.2 million in 2012-13, which is $1.0 million higher than 2011-12 actual results and equal to the 2012-13 plan. The increase is primarily driven by the growth in the portfolio.

In 2013-14, insurance premium revenue is planned to be $22.7 million, representing an increase of $1.5 million from forecast levels. Net insurance revenue after taking into account claims paid is projected to grow from $11.0 million in 2012-13 to $11.4 million due to growth in the portfolio and offset by a slight increase in claims paid.

Profitability

Net interest income and net interest margin

Net interest income is required to cover risk of credit losses and administration expenses as well as yield a sufficient profit to enable the corporation to remain financially viable and fulfill its role in supporting agriculture.

The 2012-13 net interest income forecast of $852.8 million is $55.5 million higher than 2011-12 actual results and $23.2 million higher than the 2012-13 plan. The continued growth in the loan portfolio, as discussed previously, is the primary driver of these increases. Net interest margin is forecast at 3.38 per cent, which is slightly lower than prior year actual of 3.44 per cent and the plan of 3.41 per cent. The decrease is being driven by increases in FCC's funding costs on variable rate assets and a continued low interest rate environment which are compressing the interest rate spread.

Net interest income is expected to increase from $852.8 million forecast for 2012-13 to $887.8 million for 2013-14. The 6.1 per cent growth in loans receivable is the major contributor to this growth. The revenue from increased volume is being offset slightly by a decrease in the net interest margin from 3.38 per cent to 3.33 per cent. This is due to the same factors noted above.

Credit quality

Impaired loans

Impaired loans of $346.5 million in 2012-13 are $61.4 million higher than 2011-12 actual results. The increase is due to growth in the loan portfolio coupled with a slight increase in impaired loans as a percentage of loans receivable. Relative to the 2012-13 plan, the 2012-13 forecast is $59.4 million higher due to both a higher portfolio growth and an increase in total impaired loans as a percentage of loans receivable. In 2011-12 there was a prior period adjustment that increased impaired loans that would not have been reflected in the prior plan.

Impaired loans are expected to be $367.6 million in 2013-14, an increase of $21.1 million over the forecast for 2012-13 of $346.5 million. This increase is due to the larger portfolio in 2013-14 compared to 2012-13.

Allowance for credit losses
The allowance for credit losses represents management's best estimate of incurred losses in the loan and leases portfolio at the balance sheet date. The allowance is made up of two components:

1. Individual allowance – provides for management's best estimates regarding incurred losses on specific loans and leases that have become impaired. It is the difference between the carrying value of the loan or lease and the discounted estimated future cash flows.

2. Collective allowance – provides for management's best estimate of incurred losses that exist in the loans and leases portfolio that have not been individually identified as impaired. Analysis to determine the collective component considers loans and leases that have shown some deterioration in credit quality and is based on historical loss experience adjusted for current market conditions.

The 2012-13 forecast allowance for credit losses of $630.9 million is higher than the 2011-12 actual allowance of $622.0 million, due to continued portfolio growth which is offset by an improvement in the health of the portfolio. The forecast allowance is also higher than the 2012-13 plan of $600.1 million due to the effects of prior period adjustments increasing the allowance compounded by higher than plan portfolio growth.

The allowance for credit losses is projected to grow from the forecast of $630.9 million in 2012-13 to $669.2 million at the end of 2013-14. The allowance as a percentage of ending loans receivable is projected to remain flat at 2.55 per cent as the overall risk within the portfolio is not anticipated to change significantly. The increase is being driven entirely by the growth in loans receivable.

Provision for credit losses
Once the allowance for credit losses and writeoffs are determined by management, the provision for credit losses is charged against net income by an amount necessary to bring the allowance for credit losses to the appropriate level.

To bring the allowance to the appropriate level in 2012-13, the provision for credit losses is forecast at $70.0 million which is higher than the 2011-12 actual provision of $1.8 million and lower that the 2012-13 plan of $99.4 million. In 2011-12, the allowance as a percentage of loans receivable decreased from 3.1 per cent to 2.7 per cent due to a refinement in underlying assumptions used to calculate the allowance and improved health of the portfolio. As such, a very small provision was required to bring the allowance to the required level. A larger provision is required in 2012-13 because, although the health of the portfolio is still expected to improve, it is not projected to be as significant as what was experienced in 2011-12. The decrease from the prior plan is due to the prior period adjustments and portfolio growth as mentioned above.

In 2013-14, the required provision is projected to be $103.9 million due to an increase in the projected size of the portfolio. The allowance as a percentage of ending loans receivable is anticipated to remain flat.

Efficiency

Administration expenses

A key element to FCC remaining financially viable is prudent cost management and operational efficiency. As discussed in Section 2.4, FCC will abide by the spirit and intent of the Strategic and Operating Review. The corporation will continue its track record of efficiency and strong financial performance. FCC will also continue to focus on delivering services in an efficient manner, while focusing on revenue-generating activities and ongoing organizational cost management. At the same time, additional expenditures on non-revenue-generating activities will be required to ensure robust internal controls, fraud prevention and security in an ever changing agriculture and financial service industries.

In 2012-13, administration expenses are forecast to be $322.0 million. This represents an increase of $38.5 million from 2011-12 actual expenses of $283.5 million. This increase is largely driven by increased pension costs related to the defined benefit pension plan, increases required to support growth in the business and general inflationary pressures. The increase in pension costs is mostly due to the increase in the defined benefit pension and other post-employment obligations as a result of falling interest rates. The increase in the pension costs, coupled with an increase in excise tax resulting from a GST audit are the primary drivers of the $9.8 million increase in administration expenses relative to the 2012-13 plan projection of $312.2 million. Excluding the pension and excise tax impacts, the administration expense forecast is expected to be $4.6 million lower than the planned level of $312.2 million for 2012-13.

In 2013-14, expenses are expected to increase to $350.0 million from the 2012-13 forecast level of $322.0 million. A significant driver of this is further increases to pension costs related to the defined benefit pension plan. Pension costs are rising as a result of changes in accounting for pension plans as outlined in Section 6.2.1 Future Accounting Changes, continued declines in interest rates and increased participation rates. It should be noted that the defined benefit pension plan is now closed to new members. Portfolio growth and general inflationary increases are also contributing to the increase in administration expenses.

Modest staffing increases are forecast for 2013-14. Staffing increases in 2013-14 will be managed carefully with the need to support the growing portfolio and provide an extraordinary customer experience.

Efficiency ratio

The forecast efficiency ratio of 37.1 per cent is higher than 2011-12 actual of 33.4 per cent, but equal to last year's plan. In 2011-12, a large one-time gain on the sale of a venture capital investment coupled with lower administration expenses drove a decrease in the efficiency ratio

As a result of the increased administration expenses and lower net interest margin the efficiency ratio is expected to increase in 2012-13 to 38.6 per cent

Funding and liquidity

Cash provided by (used in) operating activities

After adjusting net income for non-cash items, FCC expects to use $1,011.4 million in support of operating activities in 2013-14. Cash used in operating activities is projected to decrease by $12.9 million from 2012-13.

Cash provided by (used in) investing activities
Cash used in investing activities is anticipated to be $75.9 million in 2013-14 which is a decrease of $161.9 million from the $237.8 million used in the 2012-13 forecast. This change is driven by a decrease in cash used for temporary investments of $166.2 million and higher proceeds on the disposal of venture capital investments of $16.5 million. These are offset by increased venture capital investments of $10.4 million and capital assets and equipment under operating leases of $6.1 million and $4.3 million respectively.

Cash provided by (used in) financing activities
Cash provided by financing activities is projected to decrease from the 2012-13 forecast of $1,145.7 million to $1,074.1 million in 2013-14. The decrease is driven primarily by the slight decrease in loans receivable growth from the 2012-13 forecast of 6.6 per cent to 6.1 per cent in 2013-14.

Capital management

Debt to equity
The forecast debt-to-equity ratio of 6.6 to 1 is lower than the 2011-12 actual of 7.1 to 1, but above the 2012-13 plan of 6.2 to 1. In 2013-14, the debt-to-equity ratio decreases further to 6.1 to 1. The continued improvement of this measure reflects funding a larger portion of the portfolio through equity versus debt. This ratio is projected to remain well below the maximum 12 to 1 debt-to-equity ratio set under the Farm Credit Canada Act.

Shareholder return

Net income
Net income is projected to reach $477.8 million in 2012-13 which is $87.3 million lower than 2011-12 and $32.8 million higher than the 2012-13 plan. Higher provision for credit losses and increased administration expenses compounded by decreased other income are driving the decrease from 2011-12. These decreases are offset by higher net interest income and fair value adjustment. Higher net interest income, a lower provision for credit losses, higher other income and lower administration expenses are driving the increase from last year's plan.

In 2013-14, net income is projected to decrease to $466.8 million from the 2012-13 forecast of $477.8 million. This decrease is primarily due to reduced net interest margin, a higher provision for credit losses and increased administration expenses required to support a larger portfolio. These are offset slightly by higher net interest income due to portfolio growth, other income and fair value adjustments.

Return on equity
Return on equity measures the return on the investment the Government of Canada has made in the corporation. It also measures FCC's efficiency at using its existing equity base to generate income.

In 2011-12, return on equity is forecast at 15.3 per cent, which is lower than 2011-12 actual of 20.9 per cent. The decrease is primarily due to a higher amount of equity, lower net interest margin and other income plus higher administration expenses. The forecast is higher than the return on equity projected in the 2012-13 plan of 13.9 per cent. The increase is due to higher net income as discussed above.

In 2013-14, return on equity is projected to decrease from 15.3 per cent to 13.0 per cent. The decrease is mainly due an increase in equity and the slight decrease in net income.

Return on assets
Return on assets measures the utilization of assets to generate income. The 2012-13 projected return on assets of 1.94 per cent is lower than 2011-12 actual of 2.47 per cent but higher than the 2012-13 plan of 1.84 per cent. The decrease from 2011-12 is being driven by a decrease in the net interest margin from 3.44 per cent to 3.38 per cent and lower other income. Compared to the 2012-13 plan, net interest margin is lower but is offset by increased disbursement volumes resulting in the higher return on assets.

In 2013-14, return on assets is projected to decrease to 1.76 per cent from 1.94 per cent forecast in 2012-13. The decrease is due to lower net interest margin.

Dividend
The corporation pays dividends to its shareholder, the Government of Canada, at the discretion of the Board of Directors. The current policy as approved by the Board of Directors is to pay an annual dividend to the Government of Canada calculated as an amount up to 10 per cent of net income (attributable to the shareholder of the parent entity) for the prior fiscal year. The recommended percentage of income will be based on current and future capital needs as determined through FCC's capital management framework. FCC is currently in the process of implementing a capital management framework. When fully implemented, it will allow FCC to monitor and assess capital adequacy based on economic capital and Basel II methodology while ensuring an adequate level of capital to support future growth.

The 2012-13 forecast includes a dividend of $56.4 million which is higher than both prior year actual and plan of $17.5 million and $16.1 million respectively. The increase is due to changes made to FCC's dividend policy in 2012-13. Dividends decrease slightly in 2013-14 to $47.8 million due to the projected decrease in 2012-13 net income relative to 2011-12 actual results.

6.2 Capital budget

The 2013-14 capital budget is submitted for Treasury Board approval in accordance with Section 124 of the Financial Administration Act.

Capital spending is not anticipated to exceed $29.1 million in 2013-14 which is an increase from both 2011-12 actual results of $17.8 million and the 2012-13 forecast of $23.0 million. FCC's capital projections are primarily made up of purchases relating to regular furniture, fixture and equipment replacements, planned leasehold improvements and hardware and software purchases.

In 2013-14, expenditures relating to office furniture and equipment, and leasehold improvements are increasing to support the continued growth in the business.

Farm Credit Canada
Consolidated Balance Sheet
2013-14 Corporate Plan
(millions of dollars)

As at March 31	2012 Actuals	2013 Forecast	2014 Plan
Assets			
Cash and cash equivalents	$ 904.2	$ 800.7	$ 800.4
Temporary investments	83.8	250.0	250.0
Accounts receivable	16.4	21.2	25.4
Derivative financial assets	67.9	67.3	56.6
	1,072.3	1,139.2	1,132.4
Loans receivable	23,202.3	24,740.0	26,242.9
Allowance for credit losses	622.0	630.9	669.2
Loans receivable (net)	22,580.3	24,109.1	25,573.7
Finance leases receivable	9.5	15.4	20.7
Venture capital investments	53.5	82.9	117.2
	22,643.3	24,207.4	25,711.6
Equipment and leasehold improvements	26.7	19.0	21.6
Computer software	40.1	44.2	45.5
Equipment under operating lease	28.3	42.6	55.8
Other assets	18.3	19.6	21.0
	113.4	125.4	143.9
Total assets	$ 23,829.0	$ 25,472.0	$ 26,987.9
Liabilities			
Accounts payable and accrued liabilities	$ 59.6	$ 77.3	$ 84.0
Derivative financial liabilities	0.1	0.0	0.0
	59.7	77.3	84.0
Borrowings			
Short-term debt	9,568.7	10,245.1	10,687.4
Long-term debt	10,772.7	11,298.4	11,978.0
	20,341.4	21,543.5	22,665.4
Other liabilities	319.7	330.3	330.9
	20,720.8	21,951.1	23,080.3
Equity			
Contributed surplus	547.7	547.7	547.7
Retained earnings	2,340.8	2,762.2	3,177.0
Accumulated other comprehensive income	203.5	182.7	148.9
Equity attributable to shareholder of the parent entity	3,092.0	3,492.6	3,873.6
Non-controlling interests in special purpose entity	16.2	28.3	34.0
	3,108.2	3,520.9	3,907.6
Total liabilities and shareholder's equity	$ 23,829.0	$ 25,472.0	$ 26,987.9

Farm Credit Canada
Consolidated Statement of Operations
2013-14 Corporate Plan
(millions of dollars)

Fiscal year ending March 31	2012 Actuals	2013 Forecast	2014 Plan
Loans and leases	$ 1,047.3	$ 1,098.4	$ 1,143.3
Investments	13.1	13.9	15.7
Total interest income	1,060.4	1,112.3	1,159.0
Short-term debt	51.2	59.5	58.4
Long-term debt	211.9	200.0	212.8
Total interest expense	263.1	259.5	271.2
Net interest income	797.3	852.8	887.8
Provision for credit losses	1.8	70.0	103.9
Net interest income after provision for credit losses	795.5	782.8	783.9
Insurance income			
Premiums	20.2	21.2	22.7
Claims expense	(8.3)	(10.2)	(11.3)
	11.9	11.0	11.4
Other income	39.2	3.8	7.6
Total other income	51.1	14.8	19.0
Net income and non-interest income	846.6	797.6	802.9
Administration expenses	283.5	322.0	350.0
Income before fair value adjustment	563.1	475.6	452.9
Fair value adjustment	2.0	2.2	13.9
Net income	$ 565.1	$ 477.8	$ 466.8
Net income (loss) attributable to:			
Shareholder of the parent entity	$ 564.3	$ 477.8	$ 462.6
Non-controlling interest in special purpose entity	0.8	0.0	4.2

Farm Credit Canada
Consolidated Statement of Comprehensive Income
2013-14 Corporate Plan
(millions of dollars)

Fiscal year ending March 31	2012 Actuals	2013 Forecast	2014 Plan
Net income	$ 565.1	$ 477.8	$ 466.8
Other comprehensive income			
Net gains on derivatives designated as cash flow hedges	39.2	2.2	(10.6)
Transfer of net realized (gains) losses on derivatives designated as cash flow hedges to net income	(18.4)	(23.3)	(23.2)
Change in net gains (losses) on derivatives designated as cash flow hedges	20.8	(21.1)	(33.8)
Net unrealized (losses) gains on available-for sale financial assets	0.9	0.3	0.0
Net actuarial (losses) gains on defined benefit pension plans	(144.5)	0.0	0.0
Total other comprehensive income	(122.8)	(20.8)	(33.8)
Total comprehensive income	$ 442.3	$ 457.0	$ 433.0
Total comprehensive income (loss) attributable to:			
Shareholder of parent entity	$ 441.5	$ 457.0	$ 428.8
Non-controlling interest in special purpose entity	0.8	0.0	4.2

Farm Credit Canada
Consolidated Statement of Changes in Shareholder's Equity
2013-14 Corporate Plan
(millions of dollars)

Fiscal year ending March 31	2012 Actuals	2013 Forecast	2014 Plan
Contributed surplus	$ 547.7	$ 547.7	$ 547.7
Retained earnings			
Balance, beginning of year	1,938.5	2,340.8	2,762.2
Net income	564.3	477.8	462.6
Other comprehensive income	(144.5)	0.0	0.0
Dividends paid	(17.5)	(56.4)	(47.8)
Balance, end of year	2,340.8	2,762.2	3,177.0
Accumulated other comprehensive income			
Balance, beginning of year	181.8	203.5	182.7
Net unrealized (losses) gains on available-for-sale flow hedges	20.8	(21.1)	(33.8)
Net gains on derivatives designated as cash temporary investments	0.9	0.3	0.0
Balance, end of year	203.5	$ 182.7	148.9
Total equity attributable to parent	$ 3,092.0	$ 3,492.6	$ 3,873.6
Non-controlling interests in special purpose entity			
Balance, beginning of year	13.4	16.2	28.3
Net income	0.8	0.0	4.2
Distributions to non-controlling interest	2.0	12.1	1.5
Balance, end of year	16.2	28.3	34.0
Total	$ 3,108.2	$ 3,520.9	$ 3,907.6

Farm Credit Canada
Consolidated Statement of Cash Flows
2014-18 Corporate Plan
(millions of dollars)

Fiscal year ending March 31	2012 Actuals	2013 Forecast	2014 Plan
Operating activities			
Net Income	$ 564.3	$ 477.8	$ 462.6
Adjustments to determine net cash provided by (used in) operating activities:			
Net interest income	(797.3)	(852.8)	(887.8)
Provision for credit losses	1.8	70.0	103.9
Fair value adjustment	0.0	(2.2)	(13.9)
Gain on the sale of venture capital investment in associate	(34.0)	(1.7)	(5.7)
Depreciation (1)	1.0	(1.7)	2.9
Other	1.0	0.0	0.0
Net cash outflow from loans receivable	(1,836.7)	(1,570.9)	(1,544.4)
Finance leases receivable	(4.2)	(5.9)	(5.3)
Interest received	1,059.1	1,101.2	1,153.1
Interest paid	(250.8)	(259.5)	(271.2)
Changes in operating assets and liabilities	20.5	34.3	7.4
Cash used in operating activities	(1,283.9)	(1,011.4)	(998.5)
Investing activities			
Net cash inflow (outflow) from temporary investments	200.4	(166.2)	0.0
Acquisition of venture capital investments	(9.5)	(39.3)	(49.7)
Proceeds on disposal of venture capital investments	50.5	12.8	29.3
Capital purchases	(17.7)	(23.0)	(29.1)
Purchase of equipment under operating leases	(14.0)	(22.1)	(26.4)
Interest and dividends received	2.3	0.0	0.0
Cash used in investing activities	212.0	(237.8)	(75.9)
Financing activities			
Change in long-term debt	93.7	1,563.1	944.9
Change in short-term debt	1,298.8	(361.0)	177.0
Dividends paid	(17.5)	(56.4)	(47.8)
Cash provided by financing activities	1,375.0	1,145.7	1,074.1
Change in cash and cash equivalents	303.1	(103.5)	(0.3)
Cash and cash equivalents, beginning of year	601.8	904.2	800.7
Effects of exchange rate changes on the balances of cash held and due in foreign currencies	(0.7)	0.0	0.0
Cash and cash equivalents, end of year	$ 904.2	$ 800.7	$ 800.4

(1) Includes the depreciation of equipment and leasehold improvements and equipment under operating leases and the amortization of computer software. Also includes amortization of accumulated other comprehensive income, bond premium or discount, deferred revenue fees and deferred initial direct leasing costs.

6.2.1 Future accounting changes

Certain accounting standards are in issue that are not required to be adopted until future accounting periods. As at September 30, 2012, the following standards were in issue but not yet effective:

Standard	Details of amendment	Annual periods commencing on or after
IFRS 7 – Financial Instruments: Disclosures	The amended standard was issued together with the amended IAS 32 - Financial Instruments: Presentation to enhance disclosures about the offsetting of financial assets and financial liabilities. No significant changes are anticipated as a result of this standard.	January 1, 2015
IFRS 9 – Financial Instruments	The new standard provides requirements for classifying and measuring financial assets and liabilities. This standard is the first in a three-phase project in progress by the International Accounting Standards Board (IASB) to replace IAS 39 – Financial Instruments: Recognition and Measurement in its entirety. It is anticipated that this standard will result in a change in classification of the corporation's temporary investments from available for sale to fair value through profit and loss.	January 1, 2015
IFRS 10 – Consolidated Financial Statements	The new standard replaces the consolidation requirements in IAS 27 – Consolidated and Separate Financial Statements and SIC-12 – Consolidation – Special Purpose Entities. It establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. No significant changes are anticipated as a result of this standard.	January 1, 2013
IFRS 12 – Disclosure of Interests in Other Entities	The new standard establishes disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. It is anticipated that this standard will result in increased disclosure on venture capital investments.	January 1, 2013
IFRS 13 – Fair Value Measurement	The new standard establishes new guidance on fair value measurement and disclosure requirements. It is anticipated that this standard will result in increased disclosure on fair value measurement.	January 1, 2013
IAS 19 – Employee Benefits	The standard was amended to improve the recognition, presentation and disclosure of defined benefit plans. The amendments revised the calculation of finance costs that are included in net income. It is anticipated that finance costs will increase, offset by an increase in other comprehensive income.	January 1, 2013

IAS 28 – Investments in Associates and Joint Ventures	This standard was reissued as Investments in Associates and Joint Ventures, as a result of the new standards IFRS 10 – Consolidated Financial Statements, IFRS 11 – Joint Arrangements and IFRS 12 – Disclosure of Interests in Other Entities. No significant changes are anticipated as a result of this standard.	January 1, 2013
IAS 32 – Financial Instruments: Presentation	The amended standard was issued together with the amended IFRS 7 – Financial Instruments: Disclosures to clarify the guidance on the offsetting of financial assets and financial liabilities. No significant changes are anticipated as a result of this standard.	January 1, 2014

Management is in the process of assessing the impact of these standards on the corporation's financial statements and accounting policies, but currently does not anticipate any significant financial statement impacts, beyond increased or changed disclosure, with the exception of IAS 19 – employee benefits which is expected to increase pension expense and post-employment benefit costs.

6.3 Borrowing plan summary

FCC requests authority to borrow from the Crown Borrowing Framework and from the capital markets in order to meet its forecasted funding requirements.

Authority is requested to:

a) Borrow short-term financing from the Crown Borrowing Framework and/or domestic money markets, and bank lines of credit or loan agreements. Total short-term borrowing outstanding will not exceed a maximum limit of $10.0 billion in 2013-14.

b) Borrow medium and long-term financing from the Crown Borrowing Framework and/or domestic Medium and Long-Term Note program. Total medium and long-term borrowing outstanding will not exceed a maximum limit of $20.0 billion in 2013-14.

c) Borrow short-term U.S. dollar financing from domestic money markets for the purposes of match funding U.S. dollar assets. Total short-term U.S. dollar borrowings outstanding will not exceed a maximum limit of $200 million in 2013-14.

Canadian dollar capital market borrowings will only be used in the event that Crown Borrowing Framework borrowing is not available for a prolonged period and will be subject to approval by the Minister of Finance.

Total short-term borrowing outstanding of $10.0 billion is required to meet 2013-14 financing needs.

Total medium and long-term borrowing outstanding of $20.0 billion is required to meet 2013-14 financing needs.

7.0 | Reference information

7.1 Products and services

FCC cares about customers and takes the time to listen, learn and understand their businesses. The corporation offers a combination of financing, insurance, management software, information and learning products and services, and focuses on creating extraordinary customer experiences.

Primary production financing

FCC provides loans tailored to the unique needs of primary producers in the agricultural industry. Customers include those who are primarily engaged in growing crops and raising animals. These activities include industries such as: crop production, greenhouse production, cattle, hogs, dairy and poultry. FCC employees build relationships with customers to ensure the right combination of terms, security and payment schedules meet their customers current and future needs.

Agribusiness and agri-food financing

FCC provides loans to those who buy from and sell to primary producers, including equipment manufacturers and dealers, input providers and processors along the agriculture value chain. FCC employees offer customized financial solutions to agribusiness and agri-food customers, on a foundation of service excellence, teamwork and trusted partnerships.

Financing for equipment, crop inputs and livestock at point of sale

FCC provides loans to customers at the point of sale through alliance relationships with crop input retailers and livestock marketers as well as both loans and leases through equipment dealers. These convenient finance programs provide a benefit to both our alliance partners as well as our customers.

FCC Learning

FCC offers management training, information and learning to customers. Live event and online multimedia topics include managing farm finances, human resources, succession planning and others. In addition, FCC partner programs offer learning opportunities by partnering with industry associations, groups and businesses. In 2011-12, 11,457 people attended 172 FCC Learning events and 15,666 people participated in 93 FCC partner program.

FCC offers all producers and agribusiness operators complimentary access to all learning events where participants can build management skills and experience hands-on training. Employees encourage young farmers to participate in these opportunities.

New in 2011-12, FCC launched a series of online learning videos, audio podcasts and webinars to help Canadian producers gain knowledge and get inspired. The offering is available at www.fcc.ca/multimedia

In 2011-12, the FCC Forum customer event series was held in 10 locations across Canada. These forums feature highly acclaimed speakers presenting on the theme of "think inspiration."

Every week, customers receive the latest news through the FCC Express – Canada's most-read agriculture e-newsletter according to a 2011 Ipsos Reid study. The Express is delivered at no cost to over 38,000 subscribers and customers each week.

Customers can learn more about farm management strategies by reading AgriSuccess, FCC's bi-monthly publication. This national farm management magazine is free and offers tips and insight from industry experts and producers.

FCC Management Software

FCC offers software designed for Canadian producers. Current software offerings include: AgExpert Analyst, Field Manager PRO, Field Manager PRO 360 and Field Manager Commercial .

AgExpert Analyst allows customers to track income and expenses, inventory and capital assets, and to prepare financial statements, including GST returns. The accounting software is designed specifically for Canadian agriculture, and provides reporting features that are relevant to producers.

Field Manager PRO is a crop recordkeeping and planning system that provides customers with access to their crop production data.

Field Manager PRO 360 is used to track field records and has geographic information system (GIS) capabilities. With Field Manager PRO 360, growers have access to satellite imagery of their farms and can do their own mapping as well as upload and use GIS files from their equipment.

With Field Manager Commercial, food processing companies, packing houses and agronomists can track and filter their grower data. The software helps to save time, increase reporting accuracy, and create auditable records. The electronic records provide proof of good agronomic practices, and agronomists can use it to gather and sort valuable grower information. At a time when traceability requirements are increasing, Field Manager Commercial, Field Manager PRO and Field Manager PRO 360 help to minimize tracking efforts by managing field records from planning through storage.

FCC Insurance

FCC offers loan life and accident insurance that is tailored to agriculture, allowing customers to protect themselves, their businesses and families.

FCC Ventures

FCC Ventures is the corporation's venture capital business line created to address the need for non-traditional financing in Canada's agriculture industry.

FCC venture capital financing is delivered through two limited partnership funds managed by Avrio Ventures (Avrio Fund I and Avrio Fund II).

The investment objectives of the Avrio funds are focused on mezzanine and equity financing of businesses in the commercialization-to-growth stage or recapitalization of mature businesses in the industrial bio-products, nutraceutical ingredient, food and agricultural technology sectors.

FCC is currently examining further investment opportunities in funds managed by Avrio Ventures and other venture capital fund managers.

Avrio Ventures provides services across Canada with offices in Montreal, Toronto and Calgary.

FCC Online Services

Using FCC Online services, customers can check their portfolio, request funds from their AdvancerPlus loan and review information on Canada's agriculture sectors, financial market trends and farmland values online.

7.2 Loans and leasing

Customized loans

1-2-3 Grow Loan
Customers can manage their cash flow with interest-only payments until they get a return on their investment.

Advancer Loan
The Advancer is a pre-approved, secured loan with the flexibility to re-advance funds for capital purchases at the discretion of the borrower.

AdvancerPlus Loan
AdvancerPlus is a revolving, pre-approved loan that borrowers can access at any time for their day-to-day operating expenses.

American Currency Loan
The American Currency Loan is useful to customers who derive revenue in U.S. dollars. The loan allows them to borrow and make payments in U.S. currency.

Capacity Builder Loan
Producers may purchase quota or breeding livestock with pre-approved financing for up to 18 months with the option to capitalize interest.

Cash Flow Optimizer Loan
This loan offers interest-only payments, and allows customers to reinvest funds into other areas of their operation. The borrower chooses when to make principal payments.

Construction Loan
Customers may defer their principal payments while they build or expand, with interim financing for up to 18 months on construction projects.

Energy Loan
The Energy Loan helps customers convert to renewable energy sources like biogas, geo-thermal, wind or solar power.

Enviro-Loan
The Enviro-Loan allows customers to defer principal payments while constructing, improving or expanding their environmental facilities.

Flexi-Loan
Customers may defer principal payments for up to one year and take advantage of opportunities or ease cash flow during adverse conditions.

Performer Loan
The Performer Loan rewards customers with lower interest rates when their business achieves preset financial goals and ratios.

Spring Break Loan
Spring Break provides customers with an opportunity to match their payment schedule to the forestry harvesting season.

Start Now – Pay Later Loan
This loan allows customers to manage their cash flow with deferred payments to get their operation up and running.

Syndicate Loan
A syndicated loan is a relatively large loan to a single borrower structured by a lead manager (or managers) and the borrower. Funds are provided by a group of banks rather than a single lender.

Transition Loan
A Transition Loan provides flexibility in the transfer of farm assets, by allowing disbursements to be made to the seller over time.

Young Farmer Loan
The Young Farmer Loan is a new loan product available to farmers under the age of 40 to help start or grow their business. Key features include no loan processing fees and special interest rates. FCC is making $500 million of financing available through this new product.

Standard loans

Closed rates

These rates are fixed for the term of the personal property or mortgage loan.

Fixed rates

Fixed mortgage rates are set for the term of the loan with a 10 per cent prepayment option included.

Open rates

Open rates offer the benefit of prepayment without penalty, with a fixed rate for the term of the personal property loan.

Variable rates

Variable rates offer maximum flexibility with a rate that floats as interest rates rise and fall. Customers may prepay any amount at any time for personal property loans or Open Variable Rate mortgage loans. They may also prepay up to 10 per cent any time for standard variable rate mortgage loans.

Equipment leases

FCC Leasing

Customers may lease new or used equipment at select dealerships, and benefit from less investment up front and increased flexibility.

7.3 Glossary of terms

Agribusiness and agri-food financing
Includes customers who are suppliers or processors who are selling to, buying from and otherwise serving primary producers. These include equipment manufacturers and dealers, food processors, input providers, wholesalers and distributors.

Alliances
Relationships established by contract between FCC and other agricultural or financial organizations designed to pool talents and offer expanded customer services.

Allowance for credit losses
Management's best estimate of credit losses incurred on a loan and lease receivable portfolio. Allowances are accounted for as deductions on the balance sheet from loans and leases receivable, respectively.

Arrears
All amounts that are past due by more than $500 on a loan, including impaired loans.

Basel II
Is the second of the Basel Accords, which are recommendations on banking laws and regulations issued by the Basel Committee on Banking Supervision.

Basis point
One hundredth of one per cent, used when describing applicable interest rates or the yield of an investment (1 bps = 0.01 per cent).

Corporate social responsibility (CSR)
A company's commitment to operating in an economically, socially and environmentally sustainable manner, while recognizing the interests of its stakeholders, including investors, customers, employees, business partners, local communities, the environment and society at large, as defined by Canadian Business for Social Responsibility.

Counterparty
The other party involved in a financial transaction, typically another financial institution.

Counterparty risk
The risk that the counterparty will not be able to meet its financial obligations under the terms of the contract or transaction into which it has entered.

Credit rating
A classification of credit risk based on investigation of a company's financial resources, prior payment pattern and history of responsibility for debts incurred.

Crown borrowing framework
Funds provided to FCC by the federal government.

Customer support program
Plans developed to proactively assist customers who may experience loan repayment difficulties during downturns in a particular segment of the agriculture industry. Individual plans can include deferred payments or flexible repayment schedules for defined periods of time.

Debt-to-equity ratio
The level of debt expressed as dollars of debt per one dollar of total equity, excluding accumulated other comprehensive income.

Derivative financial instrument
A financial instrument where value is based on and derived from an underlying price, interest rate, exchange rate or price index. Use of derivatives allows for the transfer, modification or reduction of current or expected risks from changes in interest rates and foreign exchange rates. Types of derivative contracts include interest rate swaps, interest rate options, currency swaps and forward contracts.

Effective interest rate method
A method of calculating the amortized cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period.

Efficiency ratio
A measure of how well resources are used to generate income calculated as administration expense as a percentage of revenue. Revenue is composed of net interest income, net insurance income and other income.

Embedded derivative
An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract, with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

Enterprise
Specific type of agricultural operation (dairy, cash crops, beef, etc.).

Enterprise risk management (ERM)
The enterprise-wide application of co-ordinated activities that direct and control an organization with respect to risk.

Fair value
The amount an independent party would pay to purchase or sell a financial instrument in the marketplace. It can be estimated as the present value of cash flows, adjusted for risk.

Foreign exchange risk
The risk of financial loss due to adverse movements in foreign currencies.

Hedge
A risk management technique used to protect against adverse price, interest rate or foreign exchange movements through elimination or reduction of exposures by establishing offsetting or risk-mitigating positions.

Impaired loans
Loans where, in management's opinion, there is no longer reasonable assurance of the timely collection of the full amount of principal and interest. Any loan where a payment is 90 days past due is classified as impaired unless the loan is fully secured.

Interest and currency rate swaps
Contractual agreements for specified parties to exchange currencies or interest payments for a specified period of time based on notional principal amounts.

Interest expense
Expense to the corporation incurred on debt.

Interest income
Income earned on loans receivable, cash and investments.

Interest rate risk (IRR)
The risk that a change in interest rates adversely impacts the corporation's net interest income and economic value.

Leverage
The relationship between total liabilities and the equity of a business.

Loan renewal rate
Percentage ratio of principal dollars renewed to principal dollars matured.

Market value of portfolio equity (MVPE)
The net present value of assets less liabilities. It is used to measure the sensitivity of the corporation's net economic worth to changes in interest rates.

Mezzanine financing
A hybrid of debt and equity financing that is typically used to finance the expansion of existing companies. Mezzanine financing is often debt capital that gives the lender the right to convert to an ownership equity interest if the loan is not paid off in time and in full.

Net disbursements
Disbursements represent the release of funds against approved loans. Net disbursements exclude refinancing of existing FCC loans.

Net Interest Income (NII)
The difference between the interest earned on assets, such as loans and securities, and interest expense on borrowings.

Net interest income margin
Net interest income expressed as a percentage of average total assets.

Notional amount
The amount considered as principal when calculating interest and other payments for derivative contracts. This amount traditionally does not change hands under the terms of the derivative contract.

Other comprehensive income (OCI)
Represents gains and losses due to changes in fair value that are temporarily recorded outside of net income in a section of shareholder's equity called Accumulated Other Comprehensive Income (AOCI).

Prepayments
Prepayments are defined as unscheduled principal payments prior to interest term maturity.

Primary production financing
Refers to customers who have loans from FCC and are primarily engaged in growing crops and raising animals. These activities include industries such as: crop production, greenhouse production, cattle, hogs, dairy and poultry. These also include, but are not limited to, vineyards, forestry (cultivation, growing and harvesting of trees), aquaculture (growing of fish, both ocean and inland) and part-time farming.

Principal not due (PND)
The principal balance owing on loans. PND is a useful measure of growth between business lines, geographic areas and enterprises. It excludes items such as arrears and interest accruals that are normally included in loans receivable.

Provision for credit losses
Charged to the income statement by an amount necessary to bring the allowance for credit losses to a level determined appropriate by management.

Return on equity (ROE)
Net income attributable to shareholder of parent entity expressed as a percentage of total average equity excluding accumulated other comprehensive income.

Risk scoring and pricing system (RSPS)
A tool used to evaluate the type and potential impact of risks present in each loan or finance lease to ensure FCC is adequately compensated for the risk in its portfolio. The pricing component of RSPS calculates the risk price (risk adjustment), which is the portion of the loan margin required to cover the risk of loss.

Special Purpose Entity (SPE)
An entity that the corporation has created for a narrow and well-defined objective for which the corporation has rights to obtain the majority of the benefits and therefore may be exposed to risks incident to the activities of the SPE.

Value-added
Agricultural businesses on the input or output side of primary production that produce, transport, store, distribute, process or add value to agricultural commodities.

Variable interest entity
An entity that by design does not have sufficient equity at risk to permit it to finance its activities without additional subordinated financial support, or in which equity investors do not have the characteristics of a controlling financial interest.

7.4 Office locations (as of December 31, 2012)

British Columbia
Abbotsford, Dawson Creek, Duncan, Kelowna, Surrey

Alberta
Barrhead, Brooks, Calgary, Camrose, Drumheller, Edmonton, Falher, Grande Prairie, High River (S), LaCrete, Leduc, Lethbridge, Lloydminster, Medicine Hat, Olds, Red Deer, Stettler (S), Vegreville, Vermilion, Westlock

Saskatchewan
Assiniboia, Carlyle, Humboldt, Kindersley, Meadow Lake (S), Moose Jaw, Moosomin (S), North Battleford, Prince Albert, Regina, Rosetown, Saskatoon, Swift Current, Tisdale, Weyburn, Wynyard (S), Yorkton

Manitoba
Arborg, Brandon, Carman, Dauphin, Killarney (S), Morden, Neepawa, Portage la Prairie, Shoal Lake (S), Steinbach, Stonewall (S), Swan River, Virden, Winnipeg

Ontario
Casselman, Chatham, Clinton, Essex, Frankford, Guelph, Kanata, Kingston, Lindsay, Listowel, London, Mississauga, North Bay, Owen Sound, Simcoe, Stratford, Thornton, Vineland, Walkerton, Woodstock, Wyoming

Quebec
Alma, Blainville, Drummondville, Gatineau (S), Granby, Joliette, Lévis, Rivière-du-Loup, Salaberry-de-Valleyfield, Sherbrooke, Ste-Marie, St-Hyacinthe, St-Jean-sur-Richelieu, Trois-Rivières, Victoriaville

New Brunswick
Grand Falls, Moncton, Sussex (S), Woodstock

Newfoundland and Labrador
Mount Pearl

Nova Scotia
Kentville, Truro

Prince Edward Island
Charlottetown, Summerside

Corporate Office
1800 Hamilton Street, P.O. Box 4320
Regina, SK S4P 4L3
Telephone: 306-780-8100
Fax: 306-780-5167

FCC Management Software
1800 Hamilton Street, P.O. Box 4320
Regina, SK S4P 4L3
1-800-667-7893
Telephone: 306-721-7949
Fax: 306-721-1981

FCC Ventures
1800 Hamilton Street, P.O. Box 4320
Regina, SK S4P 4L3
Telephone: 306-780-5708
Fax: 306-780-8757

Government and Industry Relations
Tower 7 Floor 10 Room 319
1341 Baseline Road
Ottawa, ON K1A 0C5
Telephone: 613-773-2940
Fax: 613-960-7024

(S) Satellite office – limited hours

www.fcc.ca
csc@fcc-fac.ca

Customer toll-free number
Extended hours: 1-888-332-3301

FCC's venture capital investments are managed by:

AVRIO VENTURES
www.avrioventures.com
info@avrioventures.com

Calgary
Crowfoot Business Centre
600 Crowfoot Crescent NW Suite 235
Calgary, AB T3G 0B4
Telephone: 403-215-5490
Fax: 403-215-5495

Montreal
1155 René Lévesque Blvd. W.
Suite 2500
Montreal, QC H3B 2K4
Telephone: 514-868-1079

7.5 Contacts

If you require more information about Farm Credit Canada's corporate plan or wish to provide feedback, please contact:

Corporate Office
Farm Credit Canada
1800 Hamilton Street, P.O. Box 4320
Regina SK S4P 4L3
Telephone: 1-888-332-3301 extended hours
www.fcc.ca

Josie Ricci Mackay, Director
Strategy and Enterprise Risk Management
Telephone: 306-780-8019
Fax: 306-780-5456
josie.riccimackay@fcc-fac.ca

Noel Fahlman-Gress, Strategist
Strategy and Enterprise Risk Management
Telephone: 306-780-8334
Fax: 306-780-5456
noel.fahlmangress@fcc-fac.ca

Anne Boswall, Director
Government and Stakeholder Relations
Farm Credit Canada
Tower 7 - Floor 10 - Room 319
1341 Baseline Road
Ottawa, Ontario K1A 0C5
Telephone: 613-773-2940
Fax: 613-960-7024
anne.boswall@fcc-fac.ca

Si vous désirez obtenir de plus amples renseignements sur le Plan d'entreprise de FAC ou fournir des commentaires, veuillez communiquer avec:

Siège social
1800, rue Hamilton, C.P 4320
Regina SK S4P 4L3
Téléphone: 1-888-332-3301 heures de service prolongées

Noel Fahlman-Gress, Stratège
Stratégie et gestion du risque d'entreprise
Téléphone: 306-780-8334
Télécopieur: 306-780-5456
noel.fahlmangress@fac-fcc.ca