



Advancing the business of
agriculture

2010-11
ANNUAL REPORT

Message from the President and CEO



It is a privilege to lead an organization that serves such an important and vibrant industry. The Canadian agriculture and agri-food industry is modern and internationally competitive. It provides one in eight jobs and contributes over 8% to this country's gross domestic product. Canada is the fourth largest exporter of agriculture and agri-food products in the world, with exports valued at \$35.3 billion and imports of \$28.1 billion. Agriculture is a huge industry.

On the global front, the economy is slowly improving, leading to increasing demand for agriculture and agri-food products. Market volatility continues to be an important factor as consumer demand has increased and production issues in Canada and other parts of the world have reduced supply. This, in turn, resulted in stronger commodity prices in the latter half of 2010. Grains and oilseeds as well as beef and pork prices increased due to strong demand and increasing profitability in these sectors. Profits for dairy and poultry producers remained stable. Excessive precipitation in parts of Western Canada presented unprecedented challenges for crop and forage production. FCC responded by implementing a customer support program to assist producers affected by this situation.

Despite the challenges, we believe there are opportunities and the future looks bright for agriculture – a view that is shared by many in the

industry. Three-quarters of the 9,000 producers and agribusiness operators we surveyed believe that their operations will be better off in five years. Their expectations for future growth are also higher. Producers and other agribusiness operators are innovative and forward-thinking. They have to be in order to run businesses that face unrelenting complexities – from commodity, disease and weather risk to food safety and traceability, global economics and human resources management. This industry is not for the faint of heart.

FCC is proud to be the only financial institution in Canada focused exclusively on the agriculture value chain. We are committed to helping our customers achieve their goals through good and challenging times. Our customers range from traditional agriculture (such as dairy, beef, hogs and grains and oilseeds) to wine producers, greenhouses, value-added agribusinesses, food processors and manufacturers. Each are industries in their own right that are very different from each other in terms of how they are impacted by market forces, regulations and consumer demands. Customers and stakeholders often tell us that they appreciate FCC's commitment to the industry through its various cycles and our understanding of its complexities.

Our purpose is to enhance rural Canada by providing specialized and personalized business and financial services and products to all of these unique aspects

of agriculture. We provide access to capital to all parts of the country, to all agriculture-related industries and sectors, all the time. Our products and services are tailored to the unique needs of agriculture and agri-food, including a new generation of producers: young farmers.

We believe the future of farming depends on our ability to attract young farmers with the skills needed to take over farms and other agribusinesses. Close to 8% of Canadian farms across all sectors are run by young farmers. FCC supports them at every stage with financing, learning opportunities and more. In 2010-11, young farmers borrowed \$1.6 billion from FCC to finance their dreams. Agriculture is a dynamic and progressive industry that needs our best and brightest. The more they flourish, the more they build a solid future for the industry.

Another way that we advance the business of agriculture is through our learning programs. We know from experience that management sophistication makes or breaks the success of businesses involved in agriculture. That's why we reinvest profits to develop the important management skills they need to navigate today's rapidly changing marketplace. We support them by sharing relevant information and knowledge through workshops, seminars, forums, and various publications and tools – all of which are offered free of charge, whether the participant is a customer or not. Last year, we hosted more than 85 educational workshops across the country on a number of timely topics, ranging from managing farm finances to succession planning.

We also think it's important to demonstrate our continued support for the rural communities where our customers and employees live and work. In 2010-11, the national FCC Drive Away Hunger program raised over 1.7 million pounds of food for Canadian food banks. This was a record for the program, and, more importantly, it went directly to food banks in your area. Together with our community partners, we are happy to make a difference. That's what this program is all about.

Every day, we rely on our employees to deliver these products and services – to make a difference to Canadian agriculture. We hire for expertise and

attitude, and then offer comprehensive development plans, including coaching on very specific behavioural expectations. We are proud to be one of the top 50 employers in Canada. Our employees are highly engaged, want to stay at FCC and do their absolute best. We know agriculture inside out. In short, as so many customers and stakeholders tell us, we "get" agriculture.

We measure our success by what our customers say about us. It is not an overstatement to say we love our customers, and I'm happy to say that they love us back. Six out of 10 FCC customers give us perfect scores when we poll them on various aspects of the customer experience. And, when our customers are successful, we are successful. With 100,000 customers and 18 consecutive years of growth, FCC is strong and stable. In 2010-11, the FCC loan portfolio grew to \$21.3 billion from \$19.8 billion in 2009-10. A total of \$6,153 million in disbursements was extended to over 31,565 customers across Canada. New lending to the industry exceeded \$5 billion.

A trustworthy and stable financial partner that understands the business of agriculture has never been more important. We are very proud to work with the people involved in this industry. Agriculture is more than a career. Those who work in the industry manage complex operations. They are resilient, agile and innovative. They respond to changing consumer demands, advances in technology, integration and globalization. They build strong relationships with employees, suppliers along the value chain, government, trade associations and stakeholders to get their goods and services to market. They recognize that they are a part of something big, and they passionately give it their all each and every day.

At FCC, we know the industry and we love it too. We're here to support our farmers and other agribusinesses and help them succeed every step of the way.



Greg Stewart, President and CEO

Canada produces
4.41 million tonnes
of potatoes a year.



Message from the Board Chair



Agriculture is a very important contributor to the Canadian economy. Dynamic, integrated and constantly changing, agriculture businesses are innovative and span the full value chain. From inputs and primary agriculture to processing, this industry is vibrant and growing.

FCC serves Canadian agriculture by giving back to the industry in ways big and small. This year, FCC approved more loans to young farmers, offered more learning events to producers and agribusiness operators and provided support to rural communities.

Today's producers work within a complex industry. They keep pace with technology changes and equip themselves with the most up-to-date information, programs and tools. FCC's highly trained staff and

customized loan products and services for agriculture make FCC a perfect choice to serve the industry's financing needs.

FCC reports to Parliament through the Minister of Agriculture and Minister for the Canadian Wheat Board. The corporation's mission is to enhance rural Canada by providing specialized business and financial services to the full agriculture value chain.

I am very proud to serve on the FCC Board with my fellow Directors. The Board provides strategic direction and holds management accountable for demonstrating transparency, accountability and ethical conduct. We ensure that FCC fulfils its mandate in the best interest of farmers and agribusinesses, as well as the organization. We also ensure that as a Crown corporation, FCC acts in the best interest of all Canadians.

I've met many FCC employees throughout my term as Board Chair. Their dedication to our customers, passion for agriculture, knowledge and enthusiasm are second to none. On behalf of the Board, I thank them for their work.

I am confident that the year ahead will see FCC continue to play an instrumental role to advance the business of agriculture.

Respectfully submitted on behalf of the Board of Directors,

A handwritten signature in black ink that reads "Gill O. Shaw". The signature is written in a cursive, flowing style.

Gill O. Shaw, Board Chair



Soybean oil paint is non-toxic and environmentally friendly.

Message from the Agriculture Minister



Canada's agriculture industry fuels economic growth, creates jobs and feeds families here in Canada and around the world.

The Government of Canada is committed to supporting the growth and prosperity of agriculture. Farm Credit Canada (FCC) shares in this vision as it continues to serve an increasingly complex industry by providing financing and loan products tailored to the unique needs of its customers. Fair interest rates, an unwavering commitment to producers, and investments in new knowledge and management skills make FCC an essential player on the agriculture landscape.

I congratulate FCC on its 18th consecutive year of growth and its work advancing the business of agriculture, and serving the communities where its customers and employees live and work in all regions across Canada.

In addition to serving farm families, each year, FCC partners with schools, businesses, community groups and customers to fight hunger in our country. FCC Drive Away Hunger is recognized as a leading program that raises support for Canada's food bank community. Since 2004, the program has collected over 5.2 million pounds of food to help feed people in need.

Through the FCC AgriSpirit Fund, the corporation awarded \$1 million in funding in 2010 for 104 capital projects that enhance rural communities.

Recognizing that young farmers are the lifeblood of a healthy, vibrant industry, FCC offers support to help them succeed.

Our Government is proud of the great work and valuable commitment that FCC and its employees make each day to the success of Canadian agriculture.

Together, we look forward to another productive and profitable year.

Gerry Ritz, Agriculture Minister