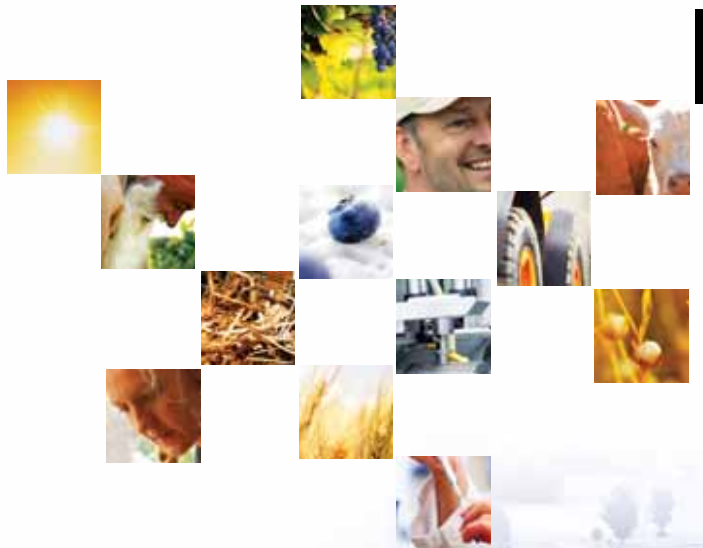




THE YEAR IN 10 MINUTES  
Time is short. So is this report.





## THE YEAR IN 10 MINUTES

Time is short. So is this report.

Who isn't short on time?

That's why we thought you would enjoy this short version of our annual report.



## Who we are

Farm Credit Canada (FCC) helps primary producers and others involved in agriculture to grow, diversify and prosper.

Operating out of 100 offices located primarily in rural Canada, our 1,200 dedicated employees are passionate about the business of agriculture.

We proactively serve the changing needs of the industry, offering customers a variety of customized loans and business services.

FCC is a financially self-sustaining federal Crown corporation. We lend to all sectors of agriculture – primary producers, value added and businesses that provide inputs to the industry. We raise funds through domestic and international capital markets. We reinvest profits in agriculture, developing loans and services to benefit agriculture.

Our portfolio of \$12.3 billion and 13 consecutive years of growth are a reflection of our customers' continued confidence in FCC.



## Why we exist

### Vision

Visionary leaders and trusted partners in finance and management services tailored to agriculture – leveraging our people’s specialized knowledge and passion to create an extraordinary customer experience.

### Mission

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 shall be on farming operations, including family farms.

### Public Policy

We fulfil our public policy role of enhancing rural Canada by offering loans and services to the agricultural community. Our commitment extends to customers throughout rural Canada with services provided in both official languages. Founded on providing lending services to primary producers, FCC’s depth of support now extends to financing the inputs to and outputs from primary production.

FCC is built on solid business principles, which includes assuming an appropriate level of risk.

Our commitment to agriculture is unwavering. We are dedicated to supporting the industry by working with our customers to see them through challenges and to help them take advantage of opportunities.

## The FCC Value Proposition

### *What you can expect from us*

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.



## What we do

We care about our customers and take time to listen, learn and understand their goals. We tailor a combination of solutions, providing financing, equity, insurance, management software, information and learning through our seven business lines. At the end of the day, we want customers to say, "Wow, that was easy. FCC really cares about my success."

### AgProduction

We lend money to primary producers. These include those who produce raw commodities like crops, beef, hogs, poultry, sheep, dairy, fruits, vegetables and alternative livestock or crops.

### AgValue

We lend money to those who buy from and sell to primary producers. These are the equipment manufacturers and dealers, input providers, truckers and processors along the agriculture value chain.

### AgExpert

We offer Canada's leading management software for agricultural producers – AgExpert Analyst and AgExpert Field Manager. These allow producers to easily produce financial statements, manage their business and track and report important field and crop records.

### Alliances

We provide lending services where our customers do business, through a team of equipment dealers, input, livestock and manufacturer partners.

### AgriSuccess

We advance farm management practices through information and learning. These include workshops such as managing farm finances, human resources, succession planning and others. We also offer two free publications – our online e-newsletter AgriSuccess Express and AgriSuccess Journal.

### Agri-Assurances

We offer loan life and accident insurance tailored to agriculture.

### FCC Ventures

We provide equity financing to agriculture-related businesses. These include commercial-scale primary producers, food processors, equipment manufacturers and ag-biotechnology companies.

### Additional FCC offerings:

#### FCC Bonds

We offer a safe investment option for Canadians. FCC Bonds are eligible for use in Registered Retirement Saving Plans (RRSPs), Registered Retirement Income Funds (RRIFs) and Registered Education Savings Plans (RESPs) in addition to a regular investment portfolio. They are available at major brokerage firms and are completely secured by the Government of Canada.

#### Online Services

We make it easy for customers to do business with us. Customers can check their entire portfolio online, review farmland values reports, use our online Farm Finance Kit, watch commodity futures prices, the weather and news, 24 hours a day, seven days a week.

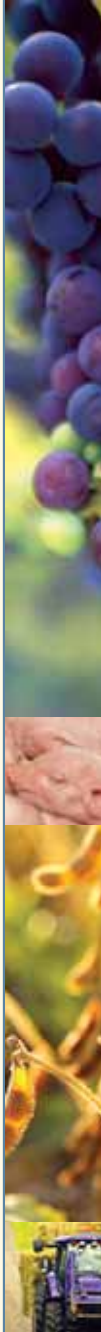
#### CanadianFarmersMarket.com

Promoting Canadian agriculture and helping customers market their products are important to us. That's why we promote customer products and services by bringing buyers and sellers together on CanadianFarmersMarket.com. Consumers can purchase Canadian products online, direct from the producer, while learning what Canadian agriculture has to offer.

#### Corporate Social Responsibility

We care about the communities where our customers and employees live and work. This year, we created a Corporate Social Responsibility (CSR) framework comprised of six categories:

1. corporate governance and management systems;
2. human resources management;
3. community investment and involvement;
4. environment, health and safety;
5. human rights; and
6. customers.





## How we behave

### Corporate Values

FCC's corporate values represent our core beliefs:

#### Focus on the customer

We succeed when our customers succeed. To help them, we listen and work to understand their needs.

#### Act with integrity

We treat people – colleagues and customers – with respect, balancing business decisions with individual needs.

#### Working together

We believe in the power of teamwork. We work together with customers to design services tailored to their needs. We partner with other organizations to benefit our customers.

#### Give back to the community

We believe in giving back to our communities – the communities where our customers and employees live and work.

#### Achieving excellence

We are committed to one thing – the success of the Canadian agriculture industry. We set our sights high, strive to learn more and work to build a business that benefits our customers and helps our employees achieve their potential.

## Cultural practices make perfect

### *Well, almost*

Being perfect isn't the goal. It's about developing and encouraging employees to be the best they can be, whether they work in a field office or hold an executive title. Our cultural practices supplement our corporate values by explicitly outlining the behaviour expected of FCC staff at all times with colleagues, customers, partners, suppliers and stakeholders.

We hold ourselves and each other accountable for:

- our impact on business results and our impact on people;
- delivering on commitments, agreements and promises;
- building and sustaining committed partnerships; and
- 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.

We acknowledge others often and celebrate both small and large successes.







# Corporate Social Responsibility Highlights

For the year ending March 31, 2006

According to the Conference Board of Canada, corporate social responsibility (CSR) is about “transparently pursuing long-term corporate objectives in a manner that balances corporate decision-making, behaviour and performance with the evolving values, norms and expectations of society.”

The following summary was adapted from the Globe and Mail's Report on Business second annual CSR Ranking to measure FCC's progress in six key decision-making, behaviour and performance priority areas.

	2004-05	2005-06
<b>Corporate Governance and Management</b>		
Statement of social responsibility	not yet	not yet
Statement of corporate values	yes	yes
Code of business conduct	not yet	yes
Board Chair and company CEO are separate functions	yes	yes
<b>Human Resources Management</b>		
Conducts employee engagement surveys:	yes	yes
• Included in Globe and Mail's Best Employers list for last three years		
• Increased engagement score from 81 (2005) to 84 (2006)		
Provides employees with education and development	yes	yes
Conducts annual market compensation reviews	yes	yes
Policy on diversity and employment equity	yes	yes
Public reports on diversity issues	yes	yes
Offers employees diversity training	yes	yes
Benefits include additional maternity and paternity benefits	yes	yes
Percentage of women on the Board	42	42
Percentage of women on senior management team	14	14
<b>Community Investment</b>		
Policy statement on community donations is available to the public	yes	yes
Calculates donations based on one per cent of profits	yes	yes – 1.19%
Programs are in place to support employee giving and volunteering	yes	yes
<b>Environment, Health and Safety</b>		
Corporate environmental management systems in place, including policies, programs and performance analysis	not yet	not yet
Reports on resource use (energy, materials, water)	not yet	not yet
External reporting on lending environmental risk management	in progress	in progress
Lending environmental risk management policy and processes, including environmental risk assessment (and bio-security)	yes	yes
Offers loans that reduce the environmental impact	yes	yes
Environmental reporting, including policy, programs and initiatives, performance and compliance data	in progress	in progress
<b>Human Rights</b>		
Human Rights policy and code of conduct	yes	yes
Policy/code of conduct governing the supply chain of procured items	not yet	not yet
<b>Customers</b>		
Conduct customer satisfaction surveys	yes	yes
Helps customers market their products:	yes	yes
• 310 customers with 361 listings on CanadianFarmersMarket.com		
Loans to meet the needs of new entrants into agriculture	yes	yes – 9
Offers industry-related training:	yes	yes
• AgriSuccess delivered 90 events		

# Operational and Financial Highlights

For the year ending March 31, 2006

In 2005-06 FCC experienced another year of exceptional growth with our portfolio growing by \$1.2 billion or 10.4 per cent. The number of disbursements continued to increase with net disbursements reaching \$3.3 billion. Our equity continues to grow with increases in net interest income offset by an increase in administration expense. The corporation continues to build its strong financial foundation, ensuring sufficient resources for continued growth and viability while supporting customers during all economic cycles.

## Operational

	2006	2005
<b>Loans Receivable Portfolio</b>		
Number of loans	88,559	85,650
Loans receivable (\$ millions)	12,310.2	11,150.0
Net portfolio growth (per cent)	10.4	11.1
Loans receivable in good standing (per cent)	97.5	96.9
<b>New Lending</b>		
Number of loans disbursed	28,634	27,948
Net disbursements (\$ millions)	3,317.3	3,067.2
Average size of loans disbursed (\$)	115,852	109,747

## Financial

	2006	2005
<b>Balance Sheet (\$ millions)</b>		
Total assets	12,576.3	11,405.0
Total liabilities	11,312.5	10,320.5
Equity	1,263.8	1,084.5
<b>Income Statement (\$ millions)</b>		
Net interest income	388.4	351.9
Provision for credit losses	62.4	95.2
Other income	6.6	5.0
Administration expenses	163.0	143.7
Net income	169.6	118.0



1-888-332-3301 [www.fcc-fac.ca](http://www.fcc-fac.ca)

*Cette publication est aussi offerte en français.*

Canada