

Agriculture Financial Services Corporation

Annual Report 2010-2011



Unique Financial Services

AFSC

INSURANCE • LENDING • INCOME STABILIZATION



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2010 - 2011
Agriculture
Financial
Services
Corporation



Letter of Transmittal

June 15, 2011

The Honourable Jack Hayden
Minister of Agriculture and Rural Development
423 Legislature Building
Edmonton, Alberta T5K 2B6

Dear Minister Hayden:

On behalf of the Board of Directors, we are pleased to submit the sixteenth annual report of the Agriculture Financial Services Corporation.

As required by Section 15 of the Agriculture Financial Services Act (RSA 2000, c. A-12) the report contains a summary of the transactions and affairs of the Corporation, its revenues and expenditures for the fiscal year ended March 31, 2011.

The report also contains audited financial statements, comprised of the statements of financial position, statements of operations, statements of cash flows and notes to the financial statements.

Yours truly,

H.D. (Harry) Haney
Chairman

Brad Klak
President and Managing Director



ALBERTA
AGRICULTURE AND RURAL DEVELOPMENT

*Honourable Jack Hayden
MLA, Drumheller-Stettler*

MESSAGE FROM THE MINISTER OF AGRICULTURE AND RURAL DEVELOPMENT



Agriculture is an essential part of Alberta's economy and our largest renewable industry. This past year was another challenging one for our industry with a fluctuating Canadian dollar, variable profitability and unpredictable weather throughout 2010.

AFSC was instrumental in helping Alberta's producers endure a year of extremes. We experienced dry conditions in the north, flooding in the south, and delayed harvesting due to a cold, but thankfully long fall, which allowed us to get the crops in. Yields were above average in most areas of the province but the weather did have an impact on crop quality. The Business Risk Management programming and targeted initiatives responded, setting new records and exceeding goals. 2010 saw record liability protection for insured acres, the most Alberta Farm Cash receipts covered by AgriStability since 2003 and another record year of lending. By providing better access to capital for primary producers and rural businesses through AFSC, we again supported our resilient and sustainable agriculture and agri-foods sector, fulfilling the Premier's mandate to help agricultural entrepreneurs identify and realize new opportunities in value-added products and markets.

In 2010, the Government of Alberta also participated in three targeted, cost-shared AgriRecovery initiatives, responding to the needs of the agriculture industry and distributing much-needed disaster assistance to our producers for dry conditions, flooding, and feed-related transportation costs in the Peace region. We also expanded the Cattle Price Insurance Program to Alberta feeder and calf producers to help manage price risk.

I am grateful to AFSC's Board, management and staff for their ongoing dedication and commitment in support of the competitiveness and sustainability of the agriculture sector in Alberta. As agricultural policy evolves under the new Growing Forward 2 framework agreement for 2013, consultation continues with industry stakeholders on ways to ensure long-term, sustainable market opportunities.

A handwritten signature in black ink.

*Jack Hayden
Minister*



MESSAGE FROM THE AFSC CHAIR

The 2010 growing season saw a wide spectrum of tough conditions for Alberta's farmers and Agribusiness, including flooding, drought, and cool moist conditions in much of the province before a longer late fall that permitted harvest. Associated demands were placed on AFSC, and the Corporation delivered the expected results to Alberta's producers. AFSC programs assisted Minister Hayden with his mandate by developing and delivering risk management products and services towards a market-driven industry. AFSC also assisted in creating new opportunities for primary producers, agribusiness, and value-added and commercial ventures by meeting the demand for increased capital.



13.3 million annual and 8.0 million perennial crop acres were insured in 2010 with record total coverage of \$3.3 billion. AFSC insured 73 per cent of all annual crop acres in Alberta. AFSC exceeded all prior years' lending volumes and current year targets through \$407 million in lending this fiscal year, increasing investment in rural, farm, and agri-industry businesses. In expanding the Cattle Price Insurance Program (CPIP), initially CPIP-Fed, to feeders and calves, CPIP now provides more producers a known floor price for their cattle, while allowing them to sell at the highest price they can receive, and AFSC is developing a similar livestock insurance product for the hog sector. AFSC also processed over 16,000 AgriRecovery claims over three targeted initiatives. Affected producers saw \$67 million in relief payments from the Canada-Alberta Pasture Recovery Initiative (CAPRI), and \$17 million from the Canada-Alberta Excess Moisture Initiative (CAEMI) in very short time frames during spring and summer. Feed transportation assistance was provided to the Peace region's livestock producers through the 2010 Canada-Alberta Feed Transportation Assistance Initiative (CAFTAI). Additionally, AFSC paid over 17,500 total claims with \$139 million from AgriStability and \$373 million from AgriInsurance and related crop programs.

Fiscal constraints were dealt with efficiently by management in seconding staff to areas of high demand or need. Communication was necessarily heightened across all divisions by these circumstances but paid dividends towards an increasingly unified service offering to Alberta producers and agribusiness. Higher client satisfaction survey results were driven by engaged staff, as evidenced by recognition of AFSC as one of Canada's Top 100 Employers for 2011, (and one of Alberta's Top 50) by Mediacorp. In 2011, AFSC was also recognized with a 100 Best Workplaces in Canada award.

I regret the departure of Carol Haley, as she contributed much to our Board discussions right out of the gate. On behalf of the Board of Directors and AFSC, I would like to convey my best wishes to Carol Haley for the future.

My thanks to AFSC's Board of Directors and on their behalf, I extend my appreciation to management and staff who continue to rise to new challenges and deliver the right programs in the right way, to the benefit of Alberta's producers and business owners.

A handwritten signature in black ink, appearing to read "H. D. Haney". The signature is fluid and cursive, with a horizontal line underneath.

H. D. (Harry) Haney
Chairman

Overview of AFSC Programs

In contributing to broader Government of Alberta (GOA) goals, Agriculture Financial Services Corporation provides unique financial services to grow Alberta. Working closely with Alberta Agriculture and Rural Development, AFSC delivers programming to the benefit of Albertans and contributes to agricultural strategy and policy at provincial and federal levels. AFSC contributes to the agriculture economy by developing and providing unique Business Risk Management (BRM) solutions in the rural economy. AFSC also partners with Alberta's small businesses, farms, value-added industries and agribusinesses by providing unique capital and lending solutions in Alberta's rural economy.

Overview of AFSC Programs

AFSC offers a wide variety of risk management products and financial services to fit the business needs of farmers, the agriculture industry and small businesses in Alberta. Its products and services are not readily available from conventional sources to the industry. AFSC provides loans and guarantees to primary agriculture producers as well as emerging and expanding commercial operations. AFSC also delivers to primary agriculture producers BRM programs such as income stabilization, disaster assistance, insurance for crops, and CPIP. All available programs are described in detail below.

Growing Forward

Many of AFSC's key risk management products are governed by the federal-provincial-territorial Growing Forward Framework Agreement that is in effect from 2008/09 to 2012/13. The national agreement provides for a suite of BRM programs that include AgriInsurance, AgriStability, AgriInvest, AgriRecovery and the Wildlife Damage Compensation Program.

AgriStability (Agriculture Income Stabilization)

The AgriStability program is designed to provide support for farmers against a decline in farm margin for their whole farming operation. Compensation is provided for eligible participants when the program margin in a fiscal year declines more than 15 per cent of the Reference Margin. The Reference Margin is an average of the difference between allowable income and expenses, subject to Program Guideline adjustments, for three of the past five years immediately prior to the Program Year, where the highest and lowest margins are excluded.

Eligible participants must report farming income (or loss) in Canada for income tax purposes and have a minimum of six months consecutive farming activity along with the completion of a production cycle. Enrolment is required by April 30th of the Program Year and participants must remit an Enrolment Fee.

Allowable incomes are agricultural commodity sales including Production Insurance proceeds. Allowable expenses are commodity purchases along with direct input costs incurred in the farming operation. Both the Reference Margins and the Program Year Margin are adjusted for changes in inventories along with changes in accounts payable and receivable and purchased inputs. These adjustments are intended to establish a reasonable comparison between the reference period and the current program year. For farming operations that have undergone a structural change such as a change in ownership, size of operation or farming practices, the participant's production margins in the reference period will be adjusted to better reflect the Reference Margins and the current Program Year margin.

Participants who experience a margin decline during a production year can apply for an interim advance within 90 days of their fiscal year end and receive 50 percent of their estimated benefit. A final application is required to be filed for that year and any overpayment is required to be repaid.

A margin decline could result from circumstances such as production shortfalls, falling commodity prices or rising input costs.

AgriStability is funded in accordance with the federal-provincial-territorial Growing Forward Agreement. The Government of Canada funds 60 per cent of AgriStability claim payments and administrative costs, while the Government of Alberta (GOA) funds the remaining 40 per cent. The provincial enhancement for Alberta producers increases the maximum payment by \$2 million above the national program parameter and is fully funded by the GOA.



AgriRecovery

AgriRecovery is a framework under the Growing Forward Agreement focusing on specific regions or industries affected by a disaster, assisting producers in resuming business operations or with quick mitigation of disaster impacts. The purpose of AgriRecovery is to allow governments to provide timely assistance to producers impacted by disasters when existing programs may not provide coverage. Once a disaster has been declared, the federal and provincial governments assess the situation, including the amount of funding available from existing programs, and develop an appropriate response. AgriRecovery claim payments and administration costs are shared by the Government of Canada and the GOA in a 60:40 ratio.

AgriInvest

AgriInvest is a matching-deposit based program. Under AgriInvest producers can contribute a certain percentage of their allowable net sales each year into their AgriInvest account, which is then matched by a government contribution. These funds can be used to address small margin declines, to mitigate risk, or to make other investments. Once deposits are processed and government contributions are credited to the AgriInvest accounts, funds can be withdrawn at any time. The matching government contribution and administration costs are shared between the Government of Canada and Alberta in a 60:40 ratio. The program is delivered by the Government of Canada. The financial statements of AFSC reflect only the GOA share of contribution and claim payments.

AgriInsurance (Production Insurance)

AgriInsurance provides coverage for annual and perennial crops, insuring against losses caused by designated natural perils. AFSC insurance products are either production-based, considering on-farm production losses, or area-based, which may not reflect on-farm conditions.

Most crops grown in Alberta are eligible for insurance, including grains and oilseeds, sugar beets, fresh vegetables, pulse crops, specialty crops, honey, hay, pasture (native and improved) and crops grown for silage, swath-grazing and greenfeed. Producers select coverage levels from 50, 60, 70, or 80 per cent (90 per cent for sugar beets), and their share of the premium varies according to the coverage level selected. An endorsement for hail insurance or Spring Price Endorsement may also be purchased to top up coverage depending upon the type of insurance.

Production-based products include Crop Insurance, Processing Vegetable Insurance, Honey Insurance, Hay Insurance and Export Timothy Hay Insurance. When production falls below the crop's insured coverage and losses are caused by insured perils including drought, snow, excess

moisture, insect infestations, fire caused by lightning, hail, wind, plant disease, frost and wildlife damage, a claim may be filed. A producer's coverage reflects historical experience of production for various crops.

Area-based insurance products such as Silage Greenfeed, Corn Heat Unit (CHU), Satellite yield (SAT) and Moisture Deficiency (MDI) for pastures, and the Moisture Deficiency Endorsement (MDE) for Hay, offer limited peril coverage. Losses are triggered by events in the area, such as less than normal rainfall, spring soil moisture and heat. Area-based insurance may not reflect actual conditions experienced by the insured producer.

Benefits: The following additional benefits are included with insurance to eligible participants:

- Variable Price Benefit (VPB) pays when there is a loss and the fall market price increases 10 per cent to a maximum limit of 50 per cent above the spring insured price.
- Reseeding benefit pays for reseeded acres if approved by AFSC prior to reseeding.
- Unseeded acreage benefit may apply when land is too wet to seed in the spring.
- Unharvested acreage benefit applies if the producer is unable to harvest crops due to the early onset of winter.

Endorsements: In addition, the following endorsements are available for purchase with most insurance products, and more than one endorsement may apply to a single product.

- The Spring Price Endorsement (SPE) triggers when an eligible commodity's fall market price decreases from 10-50 per cent below the Spring Insurance Price. It pays on actual crop production up to its coverage. *Note: price drop is capped at 50 per cent.*
- The Hail Endorsement (HE) provides spot-loss coverage for crop damage caused by hail. Coverage is limited to the coverage provided under the insurance product and producers only pay 33-37 per cent of the hail premium rate depending upon the type of crop. *Note: Producers may also choose to supplement their coverage for hail losses by purchasing Straight Hail Insurance which is an unsubsidized insurance product.*
- The Moisture Deficiency Endorsement (MDE) is only available under Hay Insurance. Claims trigger when soil moisture and/or rainfall at a weather station(s) selected by the producer falls below 80 per cent of the long-term normal.

Funding: A Crop Insurance Fund is established to account for all revenue and expenses related to the insurance programs. In accordance with the federal-provincial-territorial Growing Forward Framework Agreement, premiums are to be shared among producers, the Government of Canada and the GOA in the ratio of 40:36:24 respectively. Because some of the enhancements made to AgriInsurance programs such as HE, SPE, and VPB are either fully funded by producers and

Overview of AFSC Programs

the GOA or cost shared to a lesser extent by the federal government, the actual share of premiums for producers, the Government of Canada and the GOA for 2010/11 was in the ratio of 39:29:32 respectively.

Wildlife Damage Compensation Program

The Wildlife Damage Compensation Program (WDCP) includes the following initiatives that provide compensation when crops are damaged due to protected species of wildlife and waterfowl.

- Spot-loss coverage for crops damaged by waterfowl, big game animals or upland game birds. The program applies to all commercially grown annual crops including hay. An inspection fee of \$25 per section (or a portion thereof) is required.
- Excreta Market Loss-Cleaning. This program provides compensation for reduced market value or for cleaning grain due to wildlife excreta.
- Wildlife Damage to Stacked Hay and/or Silage/Haylage stored in pits and tubes.

Eligibility requirements must be met and inspection fees may apply.

Funding: WDCP, available nationally, is provided by the Government of Canada and by the GOA at a 60/40 per cent ratio respectively, whereby a maximum of 80 per cent of the losses are compensated. The remaining 20 per cent of losses are covered exclusively by the GOA. This results in the Government of Canada funding 48 per cent of indemnities, and the GOA funding the remaining 52 per cent. The Government of Canada also funds 60 per cent of the administration and adjusting costs, and the Government of Alberta funds the remaining 40 per cent.



Straight Hail (Self sustainable and fully funded by producer premiums)

Straight Hail Insurance provides producers with spot-loss crop protection from hail damage or accidental fire and is available to producers, tenants, and landlords with a crop-share lease agreement.

The combined dollar coverage of all insured parties cannot exceed a crop's maximum dollar coverage per acre limit. Losses are paid based on percentage of hail damage to a crop. Participants can purchase Straight Hail Insurance throughout the growing season in any of the following ways, with two new delivery options for 2010:

- Auto-electing Straight Hail prior to April 30, when completing "elections" for Crop, Silage Greenfeed, Corn Heat Unit or Processing Vegetable Insurance. Straight Hail premium is discounted 2 per cent.
- Online via the internet (initially requires an access code obtained from an AFSC office) with the option to pay with a credit card or put it on account. Straight Hail premium is discounted 2 per cent.
- At any AFSC insurance office.
- From commissioned agents contracted by AFSC.

Livestock Price Insurance Products (Self sustainable and fully funded by producer premiums)

The Cattle Price Insurance Program (CPIP) is designed to be a simple and easy to understand tool Alberta beef producers can use to help manage risks they face feeding cattle. Reflective of the Alberta market, the program is a 'made in Alberta' solution to price, basis and currency risk. Only available online, these livestock price insurance products are tailored to every aspect of the beef production chain.

- CPIP-Fed: Designed to insure cattle being finished in Alberta. Settlement is based on the average Alberta slaughter price.
- CPIP-Feeder: Tailored to insure cattle weighing 750 – 950 pounds at time of sale. Settlement is based on the average price of an 850 pound steer in Alberta.
- CPIP-Calf: Covers the price risk a cow calf producer faces selling 550-650 calves in the fall.

Loans and Guarantees

AFSC offers loans for farms, agribusinesses, value added and commercial enterprises, as well as loan guarantees and capital sourcing services. Flexible terms and long-term fixed interest rates provide stability for farm and business planning as well as managing future cash flows in industries where income and expenses can be volatile. AFSC's farm and commercial loan programs offer competitive and in some cases preferred interest rates with flexible terms and conditions. AFSC finances loans with terms and fixed interest rates up to 20 years. Various repayment schedules are offered, including monthly, semi-annual, quarterly and annual frequencies. In addition, customers have the ability to prepay or pay in full any loan without penalty. AFSC loans are generally secured by land, buildings, and equipment.

AFSC lending products, particularly the Alberta Farm Loan Program were developed to assist producers get the necessary capital they require to start, develop and grow their farm operation. Despite high levels of optimism, producers still face many challenges such as rising input costs and the ability to make a profit in their farm business. AFSC remains committed to support borrower's success and all lending products are developed with that objective.

AFSC's lending limit is up to \$5 million to any individual or entity, to assist an even wider range of producers and businesses.

Higher lending limits will assist producers in expanding their farm operations, starting a new agribusiness or developing a value-added enterprise.

- **Alberta Farm Loan Program (AFLP)**

The AFLP provides access to a consistent source of capital with competitive interest rates and flexible terms and conditions to individuals and companies involved in primary agriculture in Alberta. The program was enhanced in 2007 to enable producers to borrow and invest in an agribusiness enterprise. A unique feature of the AFLP is an incentive which is in the form of an interest rate reduction to qualifying borrowers for up to a maximum of five years.

- **Value Added & Agribusiness Program (VAAP)**

AFSC continued to support the value added and agribusiness industries through this unique loan program, which provides innovative financing solutions with reasonable interest rates and flexible terms and conditions. Business owners can use VAAP loans to start, expand, purchase, or upgrade facilities, equipment or other capital assets. The VAAP also covers working capital expenditures, including training costs that support new or expanded products or services, or change of ownership.

- **Commercial Loan Program**

The Commercial Loan Program provides an alternative source of loan capital to individuals and businesses involved in commercial enterprises in Alberta. This program promotes economic growth for most sectors and industries as well as the general growth and diversification of Alberta's economy. With a maximum lending limit of \$5 million, participants take advantage of competitive fixed interest rates in addition to flexible terms and conditions.

- **Specific Loan Guarantee Program**

This program enables eligible farm or commercial applicants to obtain financing from other financial institutions supported by a loan guarantee from AFSC. In addition to standard guarantees to support a loan, AFSC can also arrange guarantees to support a letter of credit, bid bonds or performance guarantees.

- **Capital Sourcing**

The Capital Sourcing Program encourages the expansion of agriculture, agribusiness, value added enterprises and commercial operations in Alberta by working with other financial institutions to access financial capital. This ensures AFSC customers get the capital they need to develop or expand their businesses. Capital sourcing services can be provided as a stand-alone fee-based service or in conjunction with other AFSC loan programs.

AFSC lending programs are funded by interest and fee revenue generated from borrowers and through contributions received from the GOA.



We are pleased to share management's discussion and analysis, which offer a detailed look at our 2010-11 operations in support of our industry stakeholders.

Alberta Agriculture Industry 2010-11

Annual Crop Conditions in Alberta

In 2009, world-wide production met the demand for most crops, leaving most markets weak at the start of 2010. Wheat prices were projected to drop 25 per cent and feed grains 20 per cent, while oilseed prices were expected to hold. In January when spring insurance prices were set it appeared that Alberta producers were in for a difficult year. The picture started to improve in June as global weather conditions reduced crop production, changing demands in the commodity market place and driving prices for most commodities steadily upward.

Seeding in Alberta got off to an early start under drier than usual conditions. The Peace region finished seeding and harvesting early as the area remained dry throughout the summer, resulting in lower than expected yields with better than normal grades.

In the rest of the province, it began raining in May, delaying the completion of seeding until mid-June. Weather throughout the growing season was generally cool with overcast skies and a frost in September. This combination of conditions slowed crop development and pushed harvesting into November, when producers reported above average crop yields with some quality loss. In southern Alberta below average yields and quality were reported for some specialty crops.

Perennial Crop Conditions in Alberta

Prior to mid April soil moisture was low across most of the province and conditions were very dry as they had been in 2008 and 2009. The end of April and May marked a turning point as rains began to fall, making most areas (except the Peace) too wet. Frequent rains and cool weather delayed hay harvesting and reduced the quality of above average yields. The moisture improved pasture crops quickly in most regions, resulting in good to excellent growth. Hay and Pasture yields were down in the Peace Region due to a lack of moisture.

Livestock

Beef livestock producers saw prices stabilize in 2009 and generally increase throughout 2010. The central and northern areas of the province experienced continued drought conditions on pastures causing some producers to reduce their herds during 2009. Other producers who maintained their herd level struggled with high feed costs. The most southern area of the province had high death losses in 2010 calf production due to wet and heavy snow fall in early spring.

The hog industry remained volatile with fluctuating prices and feed costs through both 2009 and 2010. Early fall of 2010

saw significant price drops that eventually rebounded by year end. Markets and prices rebounded for specialty livestock like elk and bison.

Lending

Farm lending volumes increased again in 2010 by reaching more producers for more purposes. Loan volume rose due to AFSC's increased loan maximum of \$5 million. The Alberta Farm Loan Program (AFLP) continued to prove to be a success in providing greater access to debt capital to Alberta producers. More inter-generational farm transfers also occurred as many older producers began to scale back and allow the younger generation to take a more active role on the farm. In 2010 producers continued to remain optimistic in most agricultural sectors as land prices remained strong and pricing in most crop commodity and livestock sectors were positive. Increased lending to the agribusiness sector was made possible by the VAAP program. Alberta producers and entrepreneurs continue to be innovative and strive to diversify beyond primary production.

Assistance for Alberta's Agriculture Sector in 2010-11

A broad range of products and services provided by AFSC supported Alberta producers who were dealing with the varied conditions in 2010-11.

AgriStability

AgriStability claims are normally processed on a one year lag basis. In the 2009 production year, many Alberta municipalities experienced drought conditions on their crop and pasture acres with fluctuating commodity prices and input costs. 2009 saw below average crop yields with declining prices and rising input costs in the spring. Most types of livestock saw market prices stabilize, although feed costs remained high in certain areas.

Benefits were provided to 25 per cent of participants for the 2009 claim year as of March 31, 2011, as compared to 14 per cent of participants for 2008, one year earlier. 2009 claim payments for the 26,620 participants are forecasted to total \$187 million. Early forecasts for 2010 claim payments are estimated at \$209 million, in keeping with above average crop



yields of reduced quality, increasing commodity prices, and higher livestock prices and feed costs realized. Program participation is declining for the following reasons:

1. Some producers are seeing a decline in reference margins;
2. Coverage available under the program is declining as the top tier is no longer available;
3. Farms are consolidating and becoming larger. Although there are fewer participants, the overall percentage of farm cash receipts covered under the program has increased from 76 per cent to 81 per cent.

Income Stabilization – AgriStability (as at March 31, 2011) (Including Alberta Initiatives)						
Claim Year	Number of Claims Processed	Support Level \$,000	Average Support Level \$	Number of Claims with Payment	Payment \$,000	Average Total Payment \$
2009	22,045 *	1,785,121	95,661	5507	\$139,505	\$25,332
2008	28,726	2,216,595	90,381	4028	\$105,732	\$26,249

* 22,045 processed of 26,620 total 2009 AgriStability Claims at March 31, 2011.

AgriRecovery

AFSC developed and delivered three AgriRecovery responses to Alberta producers encompassing pasture drought, excess moisture and flooding of acres in the south, and a feed transportation initiative for some northern regions.

The Canada-Alberta Pasture Recovery Initiative (CAPRI) was announced on May 31, 2010. Benefits were provided to owners of eligible breeding livestock impacted by a lack of pasture. The payment allowed time for pastures to recover from the successive years of drought conditions that had been experienced up to the spring of 2010.

2010 Canada-Alberta Pasture Recovery Initiative (as at March 31, 2011)			
CAPRI	Year	Number of Claims with Payment	Payment \$,000
	2010 CAPRI Total	13,715	\$67,183

The Canada-Alberta Excess Moisture Initiative (CAEMI) was announced on July 8, 2010. Benefits of \$30/acre were provided to producers to maintain and restore acres for the subsequent production year that were either lost due to flooding or were unable to be seeded due to excess moisture. These payments were provided predominantly to the southern municipalities of Alberta.

2010 Canada-Alberta Excess Moisture Initiative (as at March 31, 2011)			
CAEMI	Year	Number of Claims with Payment	Payment \$,000
	2010 CAEMI Total	2,222	\$17,410

The Canada-Alberta Feed Transportation Assistance Initiative (CAFTAI) was announced on February 21, 2011 and will provide a rebate (based on \$0.22/tonne/mile or \$0.10/head/mile) for excess transportation costs incurred to bring feed to the farm or to take breeding livestock from the farm to feed in select northern municipalities affected by drought. This program is projected to pay \$24 million in support to producers in the next quarter.

2010 Canada-Alberta Feed Transportation Assistance Initiative (as at March 31, 2011)			
CAFTAI	Year	Number of Claims with Payment	Payment \$,000
	2010 CAFTAI Total	17	\$37

AgrilInvest

For the 2009 program year, over 31,100 producers in Alberta with a combined Allowable Net Sales (ANS) of \$5.2 billion were eligible to participate in AgrilInvest by depositing one and a half per cent of their ANS, subject to a maximum of \$22,500 per producer to be matched by the Governments of Canada and Alberta. 20,830 producers made their 2009 program year AgrilInvest deposits at a financial institution by the deadline.

Producers can withdraw funds at any time for any reason including margin declines or invest in certain activities to improve farm income. Since the inception of AgrilInvest in 2007, Alberta producers have withdrawn \$142.2 million. At March 31, 2011, 32,349 producers had \$251.5 million on deposit in their AgrilInvest accounts. Alberta cost-shares matching government contributions to producer accounts at a 40 percent level, with the financial statements herein reflecting only the GOA share of the contribution and administration.

AgrilInvest				
Program Year	Number of Producers	Total Value of Contributions by Government \$,000	Total Value of Contributions by Producer \$,000	Total Contributions \$,000
2009	20,830	\$54,075	\$59,429	\$113,504
2008	23,411	\$60,346	\$62,859	\$123,205

AgrilInsurance

Annual Crops

Insurance and endorsements are made available to Alberta's producers to protect them from financial losses beyond their control. In 2010 producers faced uncertain commodity prices and chose to insure more crops, increasing the number of acres insured and coverage. This Insurance proved invaluable. Many hail storms hit throughout the province, excess moisture and drought reduced yields, and some crops suffered quality loss. As prices for most commodities increased dramatically, producers saw the value of the VPB, since their insurance claims were paid at the higher fall market price.

AgrilInsurance Products for Annual crops include: Crop, Silage Greenfeed, Corn Heat Unit, Processing Vegetables, Honey and Bee Overwintering Insurance.

AgrilInsurance for Annual Crops							
Year	Contracts	Acres ,000	Premium \$,000	Risk \$,000	Contracts with Indemnity	Indemnity \$,000	Loss / Premium %
2010	13,297	13,292	306,270	3,128,167	5,348	191,176	62.4%
2009	13,049	12,930	315,495	2,656,514	6,958	257,095	81.5%

Perennial Crops

Alberta's forage producers increased insured hay and pasture acres overall in 2010. Higher hay prices and a greater number of insured acres increased coverage. The VPB also benefited forage producers who suffered a loss. More than \$6 million was paid on hay and pasture claims in Alberta, mainly due to lack of moisture in the Peace region.

Perennial insurance programs include Hay insurance and the Moisture Deficiency Endorsement, Export Timothy Hay, and Satellite Yield and Moisture Deficiency Insurance for pasture.

AgrilInsurance for Perennial Crops							
Year	Contracts	Acres ,000	Premium \$,000	Risk \$,000	Contracts with Indemnity	Indemnity \$,000	Loss / Premium %
2010	7,258	7,993	29,928	174,090	828	6,539	21.8%
2009	5,846	6,786	18,739	101,874	5,285	57,220	305.4%

Spring Price Endorsement (SPE)

Low commodity prices in the spring were of great concern to Alberta farmers, who wondered whether prices would drop even further. Given this concern, producers purchased SPE on 34 per cent of the crops that were eligible, increasing coverage substantially. However, by fall, the only commodities with price drops sufficient to trigger SPE were dry beans and mustard, as most commodity prices actually increased sufficiently to trigger the VPB benefit.

Spring Price Endorsement							
Year	Contracts	Acres ,000	Premium \$,000	Risk \$,000	Contracts with Indemnity	Indemnity \$,000	Loss / Premium %
2010	4,217	4,466	65,611	1,099,085	201	4,315	6.6%
2009	2,992	1,775	28,152	359,115	2,764	87,387	310.4%

Hail Endorsement and Straight Hail Insurance

In the spring, as commodity prices increased and crop yields looked good, producers bought and/or increased their hail insurance. Unlike 2009, when there were a few very large storms damaging a limited area, in 2010 hail storms occurred very often throughout the province, resulting in 4,857 payable hail claims (compared to 3,607 last year).

Hail Endorsement - Subsidized premium and linked with AgriInsurance programs							
Year	Contracts	Acres ,000	Premium \$,000	Risk \$,000	Contracts with Indemnity	Indemnity \$,000	Loss / Premium %
2010	11,265	11,614	135,058	2,795,322	3,258	137,268	101.6%
2009	11,128	11,369	127,607	2,391,221	2,431	141,632	111.0%

Straight Hail Insurance - 100% Producer funded premiums							
Year	Contracts	Acres ,000	Premium \$,000	Risk \$,000	Contracts with Indemnity	Indemnity \$,000	Loss / Premium %
2010	5,932	5,239	41,686	553,917	1,599	27,370	65.7%
2009	5,208	4,564	35,342	508,119	1,176	30,149	85.3%

Livestock Price Insurance Programs

After CPIP-Fed was introduced in the fall of 2009, CPIP-Feeder was added in 2010, and CPIP-Calf in March 2011. High cattle prices and strong markets have reduced demand in these products at this time. AFSC is implementing a marketing campaign to increase awareness and help producers understand how these programs could be used as tools to manage their risk. A similar program for the hog sector is being developed for mid 2011.

Livestock Price Insurance Programs						
CPIP	Contracts	Premium \$,000	Risk \$,000	Indemnity \$,000	Loss / Premium %	
2010-11 Fed /Feeder / Calf	192	1,249	63,266	92	7.4%	
2009-10 - Fed	505	2,502	147,669	3	0.1%	

Wildlife/Waterfowl Damage Compensation

The number of wildlife claims increased in 2010 as harvest was delayed and crops remained out well into November in some areas. Severe winter conditions made stored hay and haylage/silage stored in pits and tubes vulnerable to wildlife damage, and possibly eligible for compensation under the Stacked Hay program.

Wildlife losses - 100% government funded (no premium)						
Year	Wildlife		Waterfowl		Total	
	# of Claims	Indemnity \$,000	# of Claims	Indemnity \$,000	# of Claims	Indemnity \$,000
2010	489	3,558	339	3,013	828	6,571
2009	732	9,322	140	675	872	9,997

Management Discussion and Analysis

Lending

AFSC had another busy year in its lending business throughout Alberta's farm and business communities. New direct loans approved totaled more than \$407 million for the year ending March 31, 2011, and assisted over 1,650 clients in Alberta. This lending also facilitated investment of \$730 million in the province's agriculture, value-added and rural economies. The former record of \$372.5 million in loans made in 2009 was surpassed this year.

In providing access to capital for Albertans and encouraging economic diversification, AFSC maintained its strong level of lending to primary producers, agri-industry and value added sectors.

Given the \$407 million in direct lending in 2010-11, the forecast for 2011-12 includes a similarly high estimate. This is significant at a time of economic slow down, challenges in agri-industry and the credit squeeze. AFSC has been active in supporting both new and existing clients during this challenging time to sustain and grow their business enterprises.

During the year, Primary Producers, Agribusinesses, Value-added operations and Commercial Enterprises all took advantage of AFSC's lending limits to gain enhanced access to capital.

The total amount of investment leveraged by loans is an important indication of AFSC's contribution to growth in Alberta, and the 2010-11 lending investment contributed significantly to the Alberta economy. For the fiscal year ending March 31, 2011, AFSC's lending contribution resulted in leveraging over \$730 million total project dollars.



In 2010-11, the loan portfolio reached over \$1.4 billion as compared to \$1.3 billion for the previous year. AFSC's loan portfolio continues to have comparatively low levels of arrears and allowances for doubtful accounts.

AFSC authorized loans under its various programs that leveraged into \$518 million to the Agri-Industry (Farm-Business and Agribusiness enterprises) and \$672 million for rural-based ventures. These results are substantially greater than the expected outcomes projected in the Ministry Business Plan and reflect the positive impact of AFSC's loan programs on these important segments of the Alberta economy.

(2010-11 lending data as at March 31, 2011; 2009-10 lending data at March 31, 2010).

Direct Loans	Approvals 2010 - 2011			Approvals 2009 - 2010		
	No.	Lending \$,000	Project Outlay \$,000	No.	Lending \$,000	Project Outlay \$,000
Farm Loans	1,397	282,889	336,258	1,394	242,866	280,394
Commercial Loans	178	70,795	173,306	235	80,359	188,427
VAAP Loans	82	53,604	220,509	83	47,356	102,565
Total Direct Loans	1,657	407,288	730,073	1,712	370,581	571,386

Community Investment

AFSC understands the importance of providing grassroots support to communities across Alberta. It is who we are and what we do. Because we are connected to more than 50 communities across the province, AFSC, through its community investment support, plays a visible role in the growth and sustainability of rural Alberta. By investing in Alberta's rural communities, AFSC demonstrates its ability to be a corporation that cares.

AFSC's support reaches much further than the 50-plus offices we have across the province. In fact, directly and indirectly, AFSC's contributions to communities touch numerous projects, organizations and individuals in Alberta. Let's take a look at how AFSC and our staff invested time and money in 2010-11.

The majority of AFSC's community investment initiatives were injected directly into community organizations and their events. This included organizations such as the Chamber of Commerce, Rotary, 4-H, the Lions Club, the Legion, various senior's organizations, food banks, local agricultural societies, fire fighters, and schools. Events supported consisted of tradeshow and conferences, agriculture tours and seminars, farm safety days, community suppers, farmer appreciation days, local community events, and educational events including awards and scholarships.

The Canadian Foodgrains bank is another important organization supported by AFSC. The Canadian Foodgrains Bank was established in 1983 as a practical way for Canadian farmers to share their abundant harvests with the less fortunate of the world. Its primary purpose is to serve as a centralized grain banking and distribution system to alleviate world hunger. In 2010-11 AFSC sponsored 20 locations in Alberta which totaled 3,445 acres. AFSC supported these efforts by providing Straight Hail insurance free of charge on crops donated by partnering communities in Alberta.

Customer Service Commitment

AFSC continues to evolve a culture of performance that ensures staff have the knowledge and tools they require to deliver excellent customer service. Our employees are the strength of our organization and the vital link to providing the expected high level of service to Alberta's producers and business owners. The 2010-11 year was focused on reviewing and improving existing processes as well as developing new tools to ensure that AFSC remains a great place to work.

As part of our commitment to customer service excellence, the Corporation is dedicated to ensuring all staff clearly understand what is expected of them, receive regular feedback and have a clear line of sight toward their chosen career path within the organization. This was accomplished through the implementation of a new electronic performance appraisal system, the development of job ladders for all career streams and the use of a quarterly review process.

Employee training and development continue to be priorities. AFSC offers targeted training and leadership development opportunities to assist employees at all levels of the organization to achieve their career goals. As a result many employees have been with the organization over 20 years.

Succession Planning has been a top priority this year and next as the organization began to see the first of our baby boomers retiring. In addition to the requirement for succession plans across the organization, solutions for ensuring longer notice periods from our retirees to enable ample planning and knowledge transfer are now in place.

AFSC is proud to have been selected as a Top 100 Employer in Canada, 2011 Best Workplace in Canada, Top Employer in Alberta and Top Employer for Family Friendly Benefits, and will continue to build upon this success in order to meet and exceed our clients' expectations in the years ahead.



Goals and Corporate Performance

AFSC's 2010-11 Corporate Tactical Plan contains the goals, strategies, priorities and action plan to achieve the goals. These goals and priorities are set by the Board of Directors and senior management consistent with overall Government of Alberta direction through the Minister of Agriculture and Rural Development. AFSC has four performance measures linked with Goal 1 and Goal 4 in the Agriculture and Rural Development Business Plan 2010-13, which are published in the Department of Agriculture and Rural Development's Annual Report.

Many AFSC Corporate strategies are client-focused, designed to better service customers – the producers on the ground and related rural and agribusinesses clients. Accordingly, each year AFSC obtains feedback from its customers including satisfaction levels with all programs offered by AFSC by surveying its clients. Further feedback from customers is utilized by executive management team for monitoring the effectiveness of its program delivery and internal management processes, and to identify areas for further improvements.

The AFSC client survey was conducted by an independent firm in January and February, 2011. A total of 1,686 AFSC clients participating in AgriStability, Lending, AgriInsurance, Canada Alberta Excess Moisture Initiative, and Canada Alberta Pasture Recovery Initiative were randomly contacted by telephone. Client anonymity is assured through the use of an independent survey and information obtained is protected by provisions in the Freedom of Information and Protection of Privacy Act.

A key performance target was exceeded when an average 91 percent of all surveyed customers from AgriStability, Insurance and Lending indicated they were satisfied with service by AFSC, a slight increase from last year (89.8 percent). This year, an average 87 per cent of all surveyed clients indicated they would recommend AFSC's programs or services to their family or friends.

Claim turnaround times are a key performance measure, as it is important to AFSC clients, government and other stakeholders. Given this importance, aggressive claim turnaround targets were set for both AgriInsurance and AgriStability.

AgriInsurance has two key performance targets. The first measure is the time between the claim being filed and completion of the on-farm inspection by the adjuster. Meeting the target is dependent upon the timing and number of claims filed by clients for crop losses.

The second measure is the time between the adjuster completing the on-farm inspection and the claim payment.



AgriStability also has two key performance targets. The first measure is the time between receipt of complete information and the payment of claims received by August 15, and the second measure is the time between receipt of complete information and the payment of claims received after August 15. Meeting these targets depends upon the number of claims filed early versus claims received on or near the September 30 filing deadline and the number and magnitude of additional programs to administer.

In 2010, the actual turnaround time of 53 days for AgriStability claims received before August 15 failed to meet the target of 30 days. Not meeting this target was due to processing 16,709 additional AgriRecovery claims alongside 12,349 AgriStability 2009 program year claims received by August 15, 2010. For the remaining 14,271 AgriStability claims filed after August 15, the actual turnaround time of 49 days more than met the target of 65 days between receipt of complete information and payment.

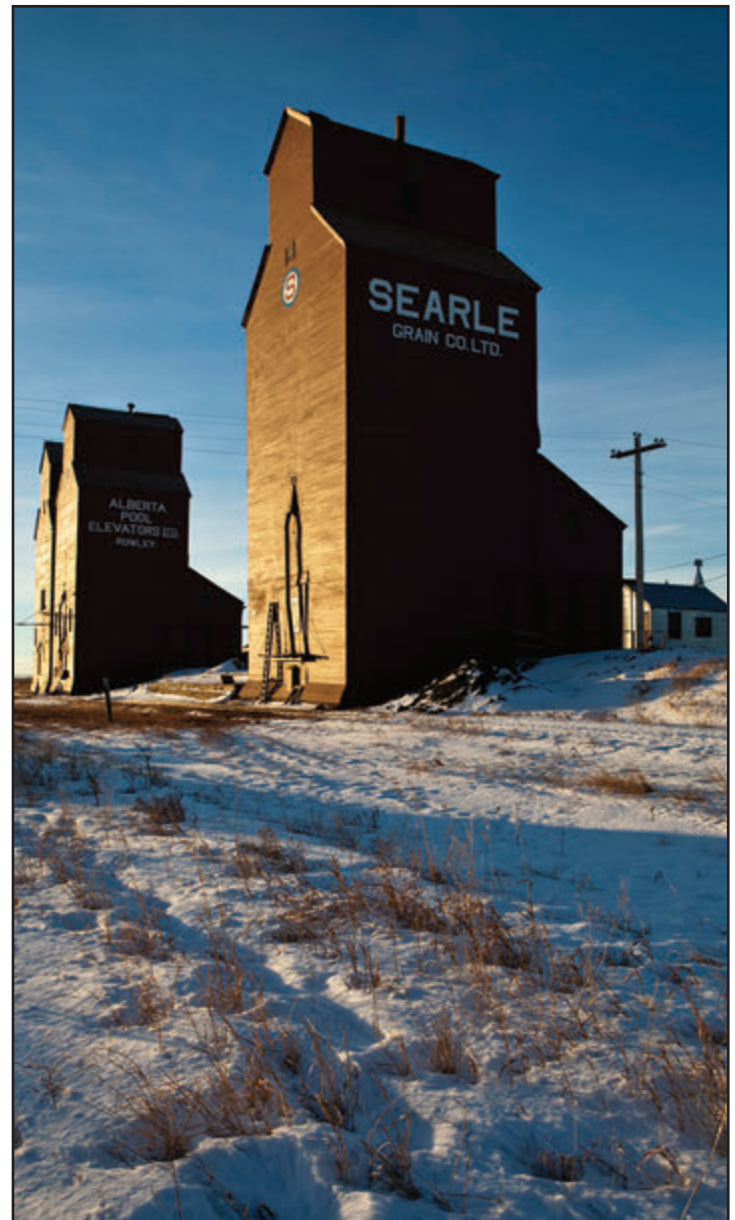
For Hail Endorsement (HE) and Straight Hail (SH) claims, the 23 day turnaround time between claim filing to inspection failed to meet the target of 18 days. Compared to the prior year when the target was met, in 2010 34 per cent more hail insurance claims were filed, with over 5,800 total assessments of HE/SH claims. There were 4,830 hail inspection requests the prior year. However, this year's time between claim inspection to claim payment of 12 days was well under the target of 22 days.

For AgriInsurance postharvest claims, the actual turnaround time of 39 days between claim filing to inspection failed to meet the target of 20 days. Not meeting this target is a result of later than normal claim filing due to wet fall conditions that delayed harvest. However, the time between claim inspection to claim payment turnaround averaged 24 days, well below the target of 30 days.

The ratio of direct loan dollars compared to project dollars leveraged exceeded the target of 1.3 times this year at 1.6 times, with \$407 million in direct loan approvals representing \$730 million in total project dollars. This reflects AFSC's role as a catalyst or enabler for investment in Alberta. Lending arrears based on loan value were 2.3 per cent for the entire portfolio. This shows AFSC's loan portfolio is well-managed relative to general economic conditions and other similar business entities. When surveyed by an independent firm this past year, 97 per cent of lending customers agreed that AFSC financing has helped establish or grow their farm or business.

Much work occurred in delivering new system development and enhancements projects on time and on budget. Measuring the effectiveness of project management shows 92 percent were delivered on budget, and 70 percent were delivered on time, close to the 75 percent target set for both.

Lastly AFSC conducted a staff survey via an independent firm, measuring a variety of factors. This showed 84 percent of employees were proud to work for AFSC and recommended AFSC to others, were satisfied with the organization, inspired to do their best, and preferred to stay with AFSC. 79 per cent acknowledged appropriate job fit, learning, development, quality of supervision, balance of work and personal life, input into decisions, career growth, confidence in the senior leadership and meaningful recognition. This exceeded 75 per cent target levels in both categories. The results indicate the majority of AFSC staff are inspired to do their best in the service of producers and when connecting with customers.



Enterprise Risk Management

The business activities of AFSC involve risk. To mitigate this risk, the Board of Directors sets goals and strategic priorities for the upcoming fiscal year, to which departmental tactical plans are clearly linked. Risk management is vital to protecting AFSC's customers, business interests and long-term viability. The Corporation has a comprehensive Enterprise Risk Management plan to mitigate identified risks to acceptable levels. The Board of Directors and its Committees have oversight responsibility for the Enterprise Risk Management plan and practices. The Executive Management Team is responsible for managing corporate-wide enterprise risk. Management at all levels is responsible for the ongoing monitoring of risks and implementing appropriate measures to mitigate them.

The plan ensures that risk-taking activities and practices are appropriate to meet customer needs while fulfilling AFSC's corporate strategy and goals.

The following discussion identifies some of the key risks the Corporation faces and how these risks are managed.

Strategic Planning

At its annual strategic planning retreat, the Board of Directors reviews the Corporate vision, mission, goals and strategic priorities following an economic and agricultural scan presented by experts outside this Corporation. During the planning retreat, the Board of Directors also reviews the mandates of the Corporation and its core programs and deals with strategies to address key risks.

Credit Risk

Credit risk is the possibility that a debtor will not pay amounts owing to AFSC, thus resulting in a loss. Security requirements for a loan or guarantee depend on the risk involved in each individual operation. Adequate security is required for new and emerging businesses as well as for enterprises needing specialized or customized equipment. To mitigate credit risk, lending staff monitor loan accounts continually to ensure prompt response to any financial difficulties customers may encounter. These measures do not eliminate risk, but they do diminish the risk of significant losses. The breakdown of our loan portfolio by sector is provided in Note 15 to the financial statements to highlight the areas of credit risk exposure by industry.

AFSC invests surplus funds generated by Production and Hail Insurance operations. To lessen the risk of loss of investment, the majority of funds are invested in bonds of federal or provincial governments or securities of corporations that have superior credit ratings. The investments are managed by Alberta Investment Management Corporation, an Alberta Crown Corporation. Investment in asset backed securities is

a smaller portion of the portfolio and consists of securities with AAA rating and relatively lower levels of risk.

Payments to some CAIS/AgriStability participants resulted in overpayments when information provided to AFSC by participants proved to be incorrect or not supported. This creates a risk of potential non-repayment of the overpayments. The Corporation may set off overpayments against any payments to customers.

AFSC provides insurance coverage on crops, effective at the acceptance of their application for insurance, with or without payment of premiums in full. Non-collection of outstanding insurance premiums is a risk. To minimize this risk, a discount is offered for early payment of insurance premiums and arrangements made for a payment schedule for all customers not taking advantage of the discount. Insurance staff closely monitors outstanding premiums and promptly take collection action when required.

AFSC accepts insurance coverage on credit, and offers a discount for premium payments received the earlier of June 25 or within 15 days of the billing date (Exception: Livestock Price Insurance products, must be paid within 15 days). Clients facing financial difficulties may ask to make arrangements for a payment schedule, and unless specific payments arrangements have been approved, insurance is not renewed when there are outstanding premiums from a prior year.

AFSC enters into reinsurance arrangements with private sector reinsurance companies to reduce the Corporation's exposure to insurance program risk. AFSC, through its reinsurance broker, mitigates credit risk related to non-recoverability of reinsurance proceeds from private reinsurance companies by selecting reinsurance companies with superior credit ratings. AFSC minimizes the concentration of credit risk for the reinsurance contracts within the portfolio by engaging a wide range of reinsurance companies.

Interest Rate Risk

Interest rate risk is the impact that future changes in interest rates have on cash flows and fair value of assets and liabilities. To mitigate interest rate risk, AFSC focuses on matching the repayment timing of amounts borrowed with the repayment timing of loans made. AFSC allows its borrowers to repay loans in part or in full at any time without penalty. Repayment of loans by customers in part or in full prior to the contract date is a normal feature of our lending programs. The Corporation strives to minimize the gap between loan repayment and debt repayment on a regular basis. As loan repayments before maturity is not determinable with reasonable certainty, gaps are identified and dealt with when new borrowings are made. The gap position as of March 31, 2011 is presented in Note 15 to the financial statements. At March 31, 2011, there was a reasonable gap between the amount of loan and debt repayments due within the one year period. The Corporation has plans to bridge this gap through new borrowing that would

result in reducing interest rate risk.

AFSC's Investment Policy of surplus funds related to AgrilInsurance, hay and pasture insurance, and hail insurance program operations further mitigates interest rate risk. The investment policy is approved by the Board of Directors and compliance with the policy is reported to the Board Audit Committee at least twice a year. Duration of investments are set to match management's best estimate of when investments need to be liquidated to meet financial commitments.

Liquidity Risk

Liquidity risk is the potential for financial loss if AFSC cannot meet its financial commitments for cash. As an integral part of liquidity management, the Corporation uses sound cash management practices through cash flow statements, with the objective of maintaining sufficient funds to meet business needs at all times. AFSC mitigates liquidity risks by retaining adequate bank balances in operating accounts. These accounts yield a reasonable rate of return through the GOA Consolidated Cash Investment Trust Fund. The investment portfolio of surplus funds in insurance operations is structured in such a way that a portion of the portfolio is accessible at short notice to fund claim payments. Additionally, the Corporation has access to advances from the GOA to meet short-term cash flow needs.

Insurance Risk

Insurance risk is the potential for financial loss if AgrilInsurance claims exceed program premiums and reserves in a year. AFSC mitigates insurance risk by setting premium rates to break even with claim payments over a longer term of 25 years through the application of sound actuarial principles. The major insurance programs are certified by independent actuarial firms for long-term sustainability and reasonableness of premium setting methodology.

To mitigate risks inherent in the insurance business, the Corporation carries reinsurance for its AgrilInsurance risks through reinsurance funds of the federal and provincial governments, described in more detail in Note 2 (e) to the financial statements. A summary of transactions in the two reinsurance funds is Note 17 to the financial statements.

In order to further mitigate risks inherent in the insurance business, management has secured private sector reinsurance arrangements. This limits the Corporation's exposure to insurance program losses in the event that insurance claims exceed a threshold level determined in relation to premiums.

The Corporation implemented price risk protection insurance for the cattle sector. The program was launched in 2009 and is relatively new. The program is yet to build adequate reserves to be able to absorb unexpected levels of claims. In order to limit the risk exposure under the program, the Corporation entered into both Quota Share and Stop Loss reinsurance with private sector reinsurance companies. Under Quota Share

reinsurance, risks associated with the program are shared with private sector reinsurance companies along with associated revenue, while Stop Loss reinsurance provides coverage in case crop losses exceed a threshold level determined in relation to premiums.

Operational Risk

Operational risk refers to the risk of loss resulting from insufficient or failed internal processes. AFSC's Enterprise Risk Management plan provides a framework and common understanding of risk and mitigation measures. In addition, corporate policies and procedures are in place to ensure adequate internal controls to reduce the exposure to operational risks.

Formal processes are in place to monitor compliance with policies and procedures. Managers oversee operational risk in their respective work areas. Finance, Human Resources, Administrative Services and Information Technology manage operational risks specific to their areas as follows:

Business Manager: operational risks inherent in businesses and processes

Finance: credit, interest rate, liquidity and financial controls

Human Resources: employee recruitment, retention, succession planning and employee discipline

Administrative Services: physical facilities and assets, employee safety and security, corporate liability and business continuity

Information Technology: computer information processing systems, electronic information, security, data integrity, disaster recovery and storage, retrieval, and destruction of electronic information.

As part of overall Corporate Enterprise Risk Management, the Internal Audit department plans and conducts operational and functional audits based on risk assessments. This department also examines internal process controls and compliance with policies and procedures regularly. External auditors review the effectiveness of internal controls annually. Both external and internal auditing groups report their findings to the Board Audit Committee. The management team takes timely action in addressing the internal and external audit recommendations. Management presents progress reports on implementation of audit recommendations to the Board Audit Committee periodically.

Financial Highlights

NOTE: Please read the following information in conjunction with AFSC's financial statements and attached notes.

Overall, the Corporation recorded revenue of \$902 million and expenses of \$707 million resulting in a surplus of \$195 million. The surplus for the year was mainly due to lower crop losses relative to premiums and other income in insurance operations.

The Corporation's assets increased from \$2,583 million to \$2,786 million of which \$1,397 million or 50 per cent represents the loan portfolio. The liabilities of the Corporation increased from \$1,730 million to \$1,738 million, mainly as a result of additional borrowing made to finance new loans.

The surplus balance carried over increased to \$1,048 million. Included in the surplus balance is \$947 million in the Crop Insurance Fund made up of an \$851 million surplus representing the national program, a \$71 million surplus representing Alberta initiatives, and a surplus of \$25 million representing the Crop Reinsurance Fund of Alberta.



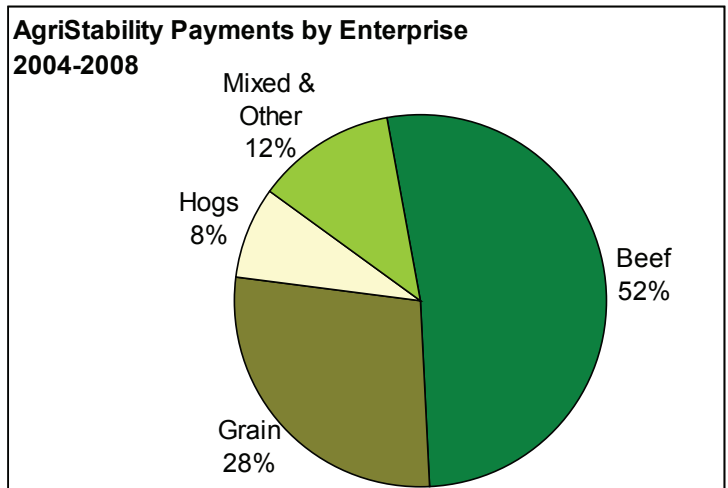
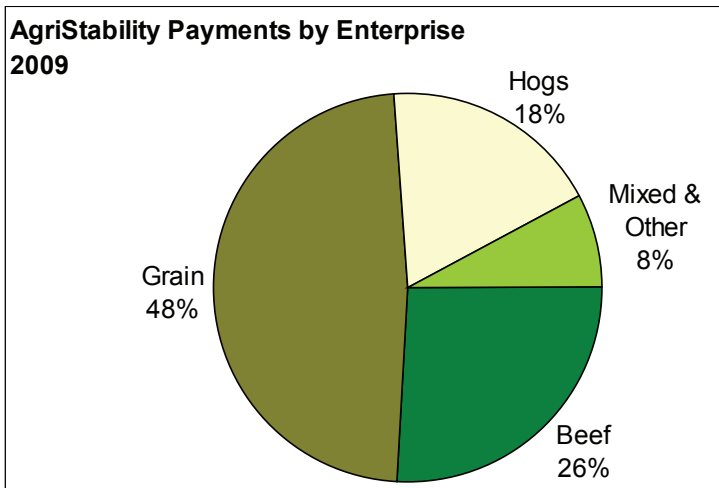
SOUTH ELEVATION

Income Stabilization - AgriStability - Including Alberta Initiatives (as at March 31, 2011)

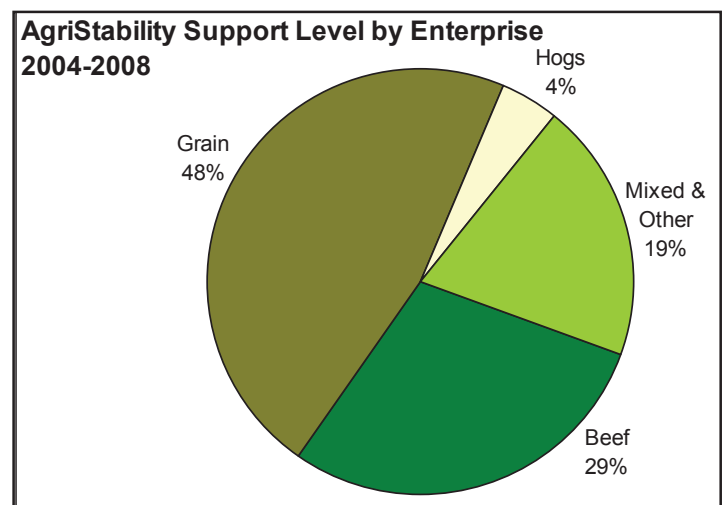
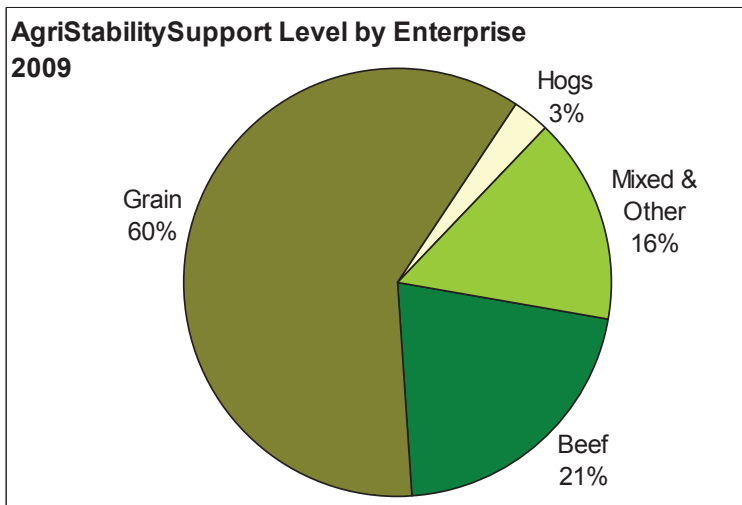
Claim Year	Number of Claims Processed	Support Level \$,000	Average Support Level \$	Number of Claims with Payment	Payment \$,000	Average Total Payment \$
2009	22,045	1,785,121	95,661	5,507	\$139,505	\$25,332
2008	28,726	2,216,595	90,381	4,028	\$105,731	\$26,249
2007	31,737	2,347,123	88,856	4,959	\$146,123	\$29,466
2006	31,475	2,260,673	77,439	11,058	\$249,170	\$22,533
2005	31,524	2,391,120	79,468	12,167	\$251,396	\$20,662
2004	31,201	2,693,910	87,841	16,588	\$325,896	\$19,646

Five Year Average (2004-2008) AgriStability Payments by Enterprise / Sector

Sectors Below Represent >50 per cent of gross farming income reported from identified commodities.



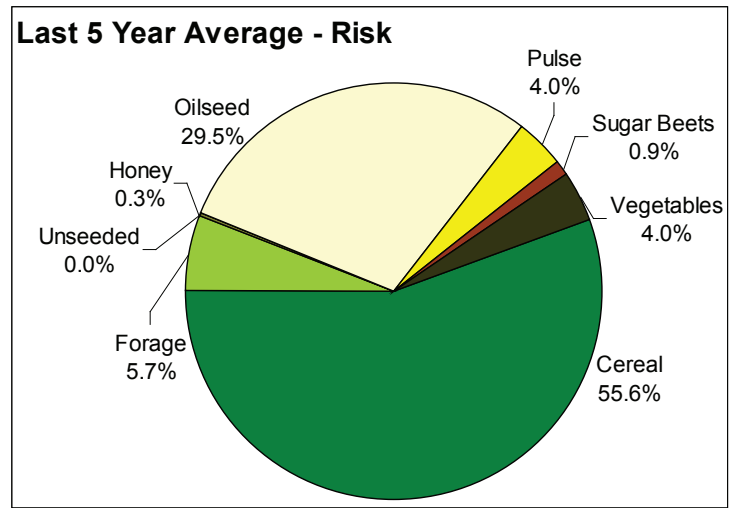
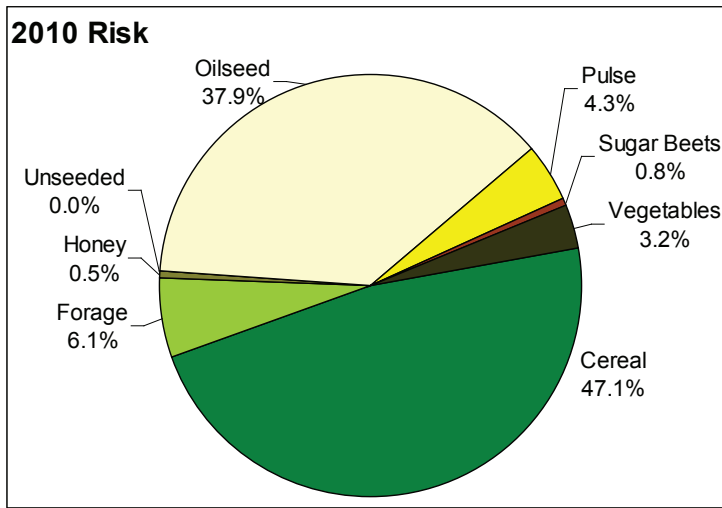
Support Level = Reference Margin Averages



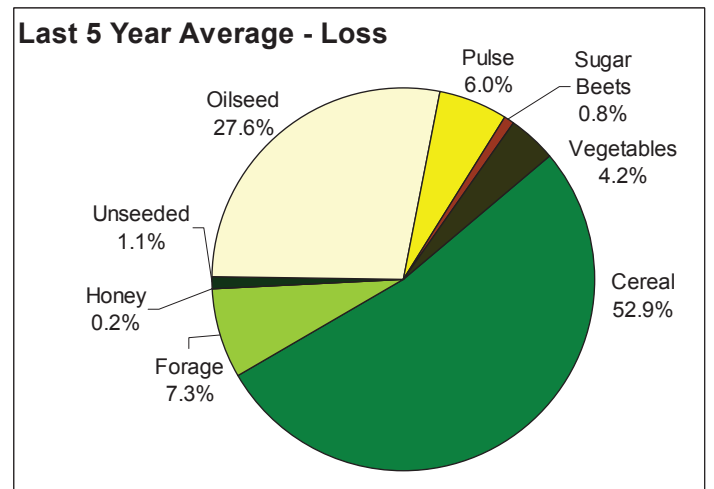
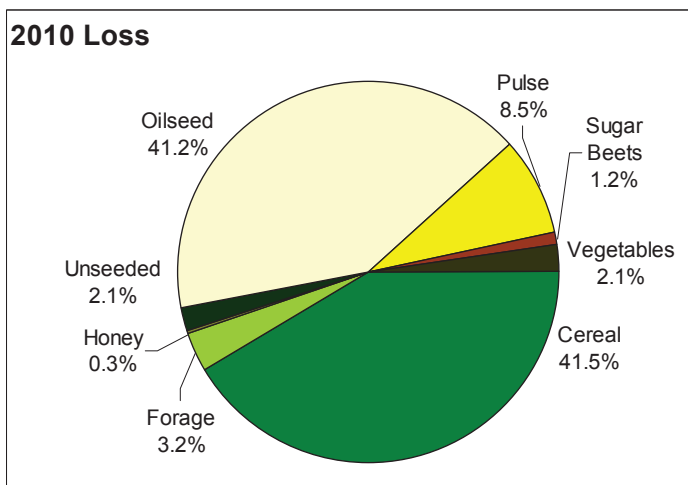
Agrilinsurance for Annual and Perennial Crops (as at March 31, 2011)

Crop Year	Number of Contracts	Acres ,000	Risk \$,000	Premium \$,000	Loss \$,000	Loss / Premium %
2010	20,555	21,285	3,302,257	536,865	339,298	63.2 %
2009	18,895	19,717	2,758,388	489,993	543,333	110.9 %
2008	19,083	19,235	2,763,187	452,252	264,356	58.5 %
2007	18,719	17,560	2,292,314	306,790	242,608	79.1 %
2006	20,092	18,046	1,742,509	338,856	138,515	40.9 %
2005	22,558	19,588	1,341,279	319,523	161,332	50.5 %

Total Insured Risk versus Total Average Risk



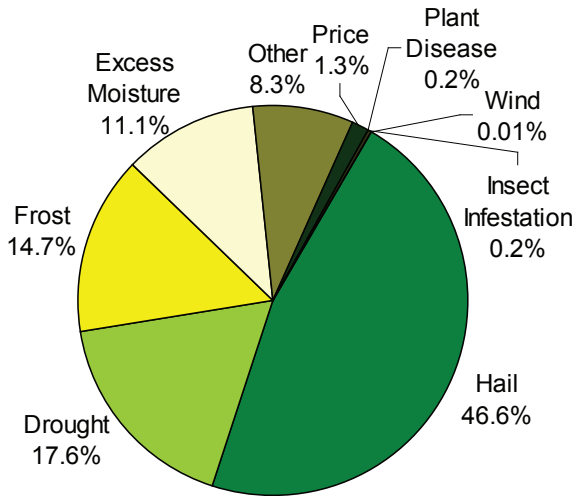
Total Loss Dollars versus Total Average Loss Dollars



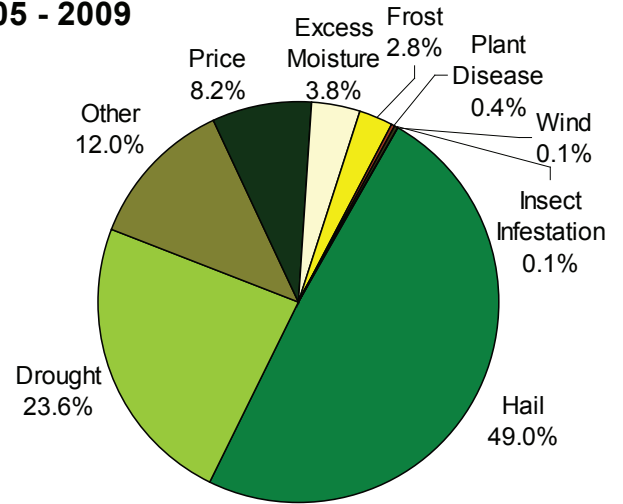
Five year averages are from 2005-2009, not including the current year (2010).

Cause of Loss in 2010 versus Five Year Average Cause of Loss (2005 - 2009)

Cause of Loss
2010



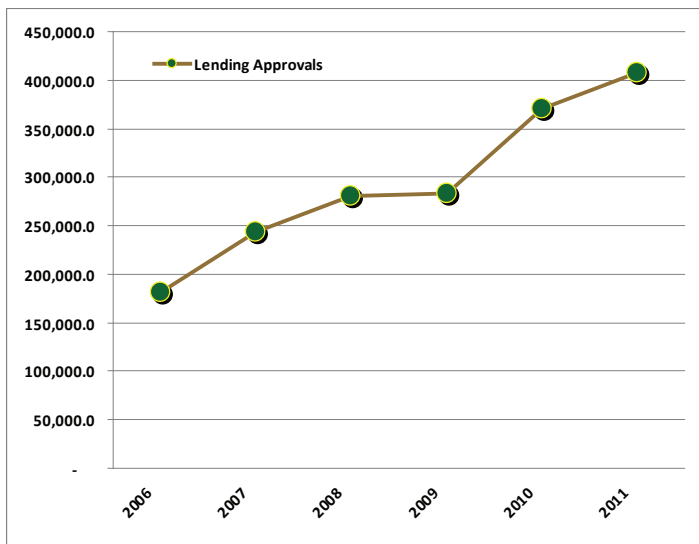
Cause of Loss
2005 - 2009



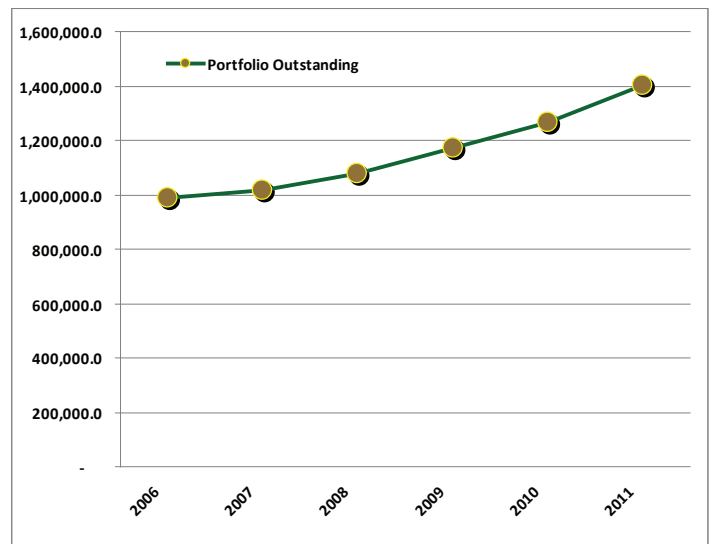
Fiscal Year Ending March 31, 2006 to March 31, 2011 - Total Loans Approved (New Lending), Total Loan Portfolio Outstanding

March 31	New Loan Approvals (\$,000)	Portfolio Outstanding (\$,000)
2011	407,438	1,403,323
2010	370,581	1,265,653
2009	282,610	1,174,018
2008	280,000	1,078,149
2007	243,400	1,017,374
2006	181,900	989,403

New Lending Approvals, 2006 to 2011 (\$,000)



Total Lending Portfolio Outstanding 2006 to 2011 (\$,000)



AFSC operates under the authority of the *Agriculture Financial Services Act* and the *Agriculture Financial Services Regulation* as a provincial Crown corporation. AFSC serves in a public policy role for the Government of Alberta (GOA). The Board of Directors provide leadership and direction to the Corporation and oversee management and performance.

Mandate

The Board of Directors is responsible to the Minister of Alberta Agriculture and Rural Development. The roles and responsibilities of the Board of Directors are set out in the *Agriculture Financial Services Act* and in a Memorandum of Understanding (MOU) between the Minister and the Board of Directors.

The Corporation is accountable to its stakeholders to manage its program operations in compliance with the regulations and applicable agreements.

Composition of the Board of Directors

As of March 31, 2011, the Board of Directors consisted of nine Directors. There are eight independent Directors and the President and Managing Director. The Minister of Agriculture and Rural Development appoints all Board Directors to the Board of Directors. The Board Directors have varied skills and experience and are entrepreneurs, primary agricultural producers, and agribusiness owners/operators. The Board Chair and four Committee Chairs are all independent members.

Governance

Members of the Board of Directors adhere to the Board Governance Handbook. New Board members are provided with orientation as soon as they assume their duties. The Board Code of Conduct and Ethics is reviewed annually, with each Board Director annually confirming compliance in writing. The Board, its Committees and individual Board Directors assess performance annually through a structured evaluation process. The Board continually identifies areas of potential

development to enhance effectiveness in governance and in pursuing strategies to achieve continuous improvement. The Board and Committees meet as often as required, and hold in-camera sessions. Board members also participate in seminars and conferences to further enhance their skills in dealing with corporate business issues and governance.

Board Committee Membership and Responsibilities as at March 31, 2011

For effective conduct of its affairs the Board of Directors utilizes four committees to oversee certain functions, each with its own reporting requirements and Terms of Reference updated annually.

Minister of Agriculture and Rural Development:
Honourable Jack Hayden

AFSC Board of Directors:
H.D. (Harry) Haney, *Chair*

Darcy Davis
Bill Daye
Brad Klak, *President and Managing Director*
Mel McNaughton
Ken Skoberg
Gail Surkan
John Van Tryp
Tony Yelenik

AFSC Directors' Responsibilities

Strategic Management
Enterprise Risk Management
Corporate Governance and Stewardship
Communication with Stakeholders
Integrity and Ethical Conduct
Fiscal Responsibilities and Financial Reporting



Governance and Human Resources Committee

Harry Haney, Chair

Bill Daye
Brad Klak
Ken Skoberg
Gail Surkan

The Governance and Human Resources Committee makes recommendations to the Board with respect to governance practices, committee structure and membership, enterprise risk management, corporate performance, strategic management of human resources, and corporate communication.

Audit Committee

Bill Daye, Chair

Darcy Davis
Mel McNaughton
Tony Yelenik

The Audit Committee oversees the fiscal management, financial reporting, annual budgets/quarterly forecasts, quarterly/annual financial statements, as well as internal/external audit plans, reports, and internal controls. The Committee is also responsible for enterprise risk management relating to the above items.

Credit Committee

Gail Surkan, Chair

Harry Haney
Brad Klak
Mel McNaughton
John Van Tryp

The Credit Committee oversees lending operations, in addition to portfolio performance and credit risk exposure. The Committee ensures that lending programs are appropriate and sound lending principles are adhered to.

Risk Management Programs Committee

Ken Skoberg, Chair

Bill Daye
Darcy Davis
Brad Klak
John Van Tryp
Tony Yelenik

The Risk Management Programs Committee reviews changes to existing risk management programs, development of new programs, and oversees risk management program delivery.

AFSC Executive Management Team

Brad Klak, President and Managing Director
Brian Brandon, Chief Information Officer
Donna Bryden, Vice-President, Human Resources and Community Relations
Merle Jacobson, Vice-President, Risk Management
Krish Krishnaswamy, Vice-President, Finance and Corporate Affairs
Kelly Rich, Vice-President, Lending



The accompanying financial statements of Agriculture Financial Services Corporation and all other information relating to the Corporation contained in this annual report have been prepared and presented by management who are responsible for the integrity and fair presentation of the information.

These financial statements are prepared in accordance with Canadian generally accepted accounting standards. The financial statements necessarily include some amounts that are based on informed judgments and best estimates of management. The financial information contained elsewhere in this annual report is consistent with that in the financial statements.

Management is responsible for maintaining a system of internal controls designed to provide reasonable assurance as to the reliability of financial information and to ensure corporate assets are safeguarded and liabilities are recognized. The internal control systems are augmented by periodic reviews by the Corporation's internal and external auditors.

The Auditor General of Alberta has been engaged to perform an independent external audit of these financial statements in accordance with Canadian generally accepted auditing standards and has expressed his opinion in the accompanying Auditor's Report.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. The Board of Directors exercises this responsibility through the Board Audit Committee, composed of Directors who are not employees of the Corporation. The Board Audit Committee meets with the internal auditors and the external auditors both in the presence and in the absence of management to discuss their audit including any findings as to the integrity of financial reporting processes and the adequacy of our systems of internal controls. The internal and external auditors have full and unrestricted access to the Board Audit Committee.

A handwritten signature in black ink, appearing to read "Brad Klak", positioned above a horizontal line.

Brad Klak
President and Managing Director

A handwritten signature in black ink, appearing to read "R. (Krish) Krishnaswamy", positioned above a horizontal line.

R. (Krish) Krishnaswamy, B. Comm., C.M.A.
Vice-President, Finance and Corporate Affairs



To the Board of Directors of the Agriculture Financial Services Corporation

Report on the Financial Statements

I have audited the accompanying financial statements of Agriculture Financial Services Corporation, which comprise the statement of financial position as at March 31, 2011, and the statements of operations, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Agriculture Financial Services Corporation as at March 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Edmonton, Alberta

Original signed by Merwan N. Saher

June 1, 2011

CA

Auditor General

AGRICULTURE FINANCIAL SERVICES CORPORATION

MARCH 31, 2011

Statement of Financial Position

Statement of Operations

Statement of Cash Flows

Notes to the Financial Statements

Schedule of Operations

Schedule of Salaries and Benefits

AGRICULTURE FINANCIAL SERVICES CORPORATION

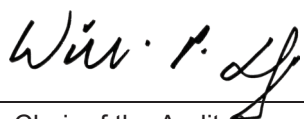
STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2011
(dollars in thousands)

	2011	2010
ASSETS		
Cash	\$ 367,845	\$ 271,980
Accounts receivable (Note 4)	14,238	14,818
Due from Government of Alberta	19,944	171,891
Due from Government of Canada	236,367	318,582
Loans receivable (Note 5)	1,397,154	1,264,022
Investments (Note 6)	701,471	496,564
Tangible capital assets (Note 7)	49,275	45,625
	<u>\$ 2,786,294</u>	<u>\$ 2,583,482</u>
LIABILITIES AND SURPLUS		
Accounts payable and accrued liabilities (Note 8)	\$ 15,029	\$ 17,946
Indemnities payable (Note 9)	339,708	486,248
Notes payable (Note 10)	1,371,656	1,211,200
Unearned revenue (Note 11)	11,535	15,095
	<u>1,737,928</u>	<u>1,730,489</u>
Surplus	1,048,366	852,993
	<u>\$ 2,786,294</u>	<u>\$ 2,583,482</u>

Contingencies and commitments (Note 14)

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



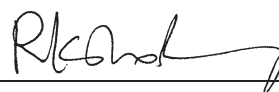
Bill Daye, Chair of the Audit Committee



Harry Haney, Chair of the Board



Brad Klak, President and Managing Director



R. "Krish" Krishnaswamy, Vice-President,
Finance and Corporate Affairs

AGRICULTURE FINANCIAL SERVICES CORPORATION

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2011

(dollars in thousands)

	2011		2010
	<u>Budget</u> (Note 3(a))	<u>Actual</u> (Schedule 1)	<u>Actual</u>
Revenues:			
Premiums from insured persons	\$ 240,707	\$ 257,378	\$ 221,455
Interest	82,364	73,324	72,177
Contribution from Government of Alberta	336,296	285,142	340,649
Contribution from Government of Canada	305,185	236,287	353,676
Investment income	20,406	35,616	26,784
Fees and other income	12,055	15,113	13,057
	<u>997,013</u>	<u>902,860</u>	<u>1,027,798</u>
Expenses:			
Agrilnsurance	363,005	405,086	598,523
Agriculture Income Support	293,398	171,469	374,848
Lending	94,116	85,997	82,187
Hail Insurance	39,275	32,461	35,127
Livestock Insurance	10,085	2,063	2,497
Wildlife Damage Compensation	5,732	10,411	7,195
	<u>805,611</u>	<u>707,487</u>	<u>1,100,377</u>
Surplus (deficit) for the year	<u>\$ 191,402</u>	195,373	(72,579)
Surplus at beginning of year		852,993	925,572
Surplus at end of year		<u>\$ 1,048,366</u>	<u>\$ 852,993</u>

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

AGRICULTURE FINANCIAL SERVICES CORPORATION

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2011

(dollars in thousands)

	<u>2011</u>	<u>2010</u>
Operating transactions:		
Surplus (deficit) for the year	\$ 195,373	\$ (72,579)
Non-cash items included in surplus	14,170	28,334
Changes in assets and liabilities relating to operations	<u>84,220</u>	<u>(25,945)</u>
Net cash provided (utilized) by operating activities ⁽¹⁾	<u>293,763</u>	<u>(70,190)</u>
Investing transactions:		
Proceeds from repayments of loans receivable and sale of properties	217,935	229,712
Loan disbursements	(356,977)	(327,053)
Purchase of investments	(570,396)	(565,718)
Proceeds on disposal of investments	371,465	537,150
Purchase of tangible capital assets	(11,159)	(11,266)
Proceeds on disposal of tangible capital assets	<u>56</u>	<u>15</u>
Net cash utilized by investing activities	<u>(349,076)</u>	<u>(137,160)</u>
Financing activities:		
Borrowing from the Government of Alberta	1,069,865	299,026
Repayment of borrowing from the Government of Alberta	<u>(918,687)</u>	<u>(209,356)</u>
Net cash provided by financing activities	<u>151,178</u>	<u>89,670</u>
Net increase (decrease) in cash from operating, investing and financing activities	95,865	(117,680)
Cash at beginning of year	<u>271,980</u>	<u>389,660</u>
Cash at end of year	<u>\$ 367,845</u>	<u>\$ 271,980</u>

⁽¹⁾ Net cash provided by operating activities includes \$52,907 (2010 \$51,845) of interest paid.

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

AGRICULTURE FINANCIAL SERVICES CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2011

(dollars in thousands)

Note 1 Authority and Purpose

The Agriculture Financial Services Corporation (the "Corporation") operates under the authority of the *Agriculture Financial Services Act*, Chapter A-12 RSA 2000.

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

Note 2 Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with Canadian generally accepted accounting standards.

(a) Cash

Cash consists of balances in accounts with the Consolidated Cash Investment Trust Fund which is managed by the Government of Alberta to provide competitive interest income while maintaining maximum security and liquidity of funds.

(b) Investments

Investments are carried at cost or amortized cost unless there is an other than temporary decline in the value of the investments; then the investments are written down to recognize the loss. Premiums and discounts on investments are amortized to investment income using the straight-line method over the period to maturity of the related investment. Gains and losses realized on disposal of investments are included in investment income.

(c) Tangible Capital Assets

Assets acquired by right are not included. Tangible capital assets of the corporation are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. An asset acquired, other than computer software, with a life of more than one year and a cost of \$5,000 or more is capitalized. Computer software acquired from external sources at a cost of \$100,000 or more and software developed by AFSC costing \$500,000 or more are capitalized.

(d) Notes Payable

Notes payable are carried at amortized cost. Premiums and discounts on notes payable are amortized to interest expense using the effective yield method over the period to maturity.

AGRICULTURE FINANCIAL SERVICES CORPORATION

(dollars in thousands)

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(e) Fair Value of Assets and Liabilities

Because of the relatively short period to maturity, short-term financial instruments are valued at cost and adjusted for any applicable allowance for doubtful accounts. This is considered to be equivalent to fair value and applies to Cash, Accounts receivable, Due from Government of Alberta, Due from Government of Canada, Accounts payable and accrued liabilities and Indemnities payable. Fair values of Investments and Notes payable are disclosed in their respective notes.

(f) Reinsurance

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

In addition, the Corporation carries reinsurance through private insurance companies for AgrilInsurance programs and for the Livestock Insurance programs. Amounts recoverable from private reinsurers on premiums and indemnities are recorded in Accounts receivable.

Reinsurance recoveries are reported gross; they are included in fees and other revenue. Reinsurance expenses are reported at gross amounts and are separately disclosed in Schedule 1.

(g) Loan Discounting

Loans made under the Alberta Disaster Assistance Loan Program, Alberta Farm Income Disaster Program, and amounts previously deferred under the Indexed Deferral Plan are discounted when they involve significant concessionary elements. The amounts discounted are amortized to revenue over the lives of the concessionary terms.

(h) Revenue Recognition

All revenues including Contributions from the Governments of Canada and Alberta are recognized on an accrual basis. For the Canadian Agricultural Income Stabilization (CAIS), AgriStability, AgriInvest and AgriRecovery programs, government contributions are based on program benefit payments to producers. For AgrilInsurance and Livestock programs, it is based on premiums collected from producers.

AGRICULTURE FINANCIAL SERVICES CORPORATION

(dollars in thousands)

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(h) Revenue Recognition (continued)

Interest revenue on loans receivable is recognized on an accrual basis unless the ultimate collectability of the loan is in doubt. When a loan is classified as impaired, interest revenue is no longer recognized. An impaired loan is a loan in which there is risk of loss to the Corporation for full and timely collection of the debt. Impairment may be due to a security deficiency, inadequate cash flow, economic factors in a specific segment of the industry or a catastrophic event.

Loan fees are recognized when received or at the time of loan disbursement. Other fees are recorded when the Corporation completes the applicable service.

(i) Pensions

The Corporation participates in multi-employer pension plans with related government entities. Pension costs included in these statements are comprised of the cost of employer contributions for the current year service of employees.

(j) Allowances for Doubtful Accounts and for Losses

Allowances are established for specifically identified potential losses on loans and guarantees. When a loan is identified as impaired, a specific allowance is established. Specific allowances are established to reduce the recorded investment in the loan to the discounted fair value of the security and net of the estimated costs to collect. Specific allowances are determined in this manner because the amounts and timing of future cash flows cannot be estimated with reasonable reliability. The allowance for doubtful accounts is adjusted for the change in the present value of the security held.

In addition to the specific allowance, the Corporation establishes a general allowance for doubtful accounts not meeting the specific allowance criteria. The general allowance is management's estimate of loss on loan balances based on assessed risk for each account or program. Risk for each account is determined based on credit risk score, arrears, certain amendments to loan terms and shortfalls of security covering loan balances.

(k) Transactions with Related Parties

The Governments of Canada and Alberta significantly influence the programs delivered by the Corporation and are major contributors to the funding of the programs. Therefore, both governments are considered related parties. All related party transactions with the Governments of Canada and Alberta have been recorded at the amount of consideration paid or received as agreed to by the related party (see Note 16).

AGRICULTURE FINANCIAL SERVICES CORPORATION

(dollars in thousands)

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(l) AgriStability, AgriInvest and AgriRecovery Program

Indemnities and administration expenses for the AgriStability and the AgriRecovery programs and corresponding contributions from the Governments of Canada and Alberta are recorded at 100% because the programs are delivered by the Corporation. Indemnities and administration expenses under the AgriInvest program and corresponding Government of Alberta contributions are recorded at 40% reflecting the Government of Alberta's share of program payments and costs because the program is delivered by Agriculture and Agri-Food Canada.

Note 3 Financial Structure

(a) Budget

The Board of Directors approved the Corporation's budget in January 2010. Provincial funding for the approved budget of \$336,296 was authorized by the Legislative Assembly.

(b) AgriInsurance Fund Balance Restriction

In accordance with the Federal/Provincial Agricultural Policy Framework Implementation Agreement, the AgriInsurance fund is restricted to being used for AgriInsurance purposes.

Note 4 Accounts Receivable

	<u>2011</u>	<u>2010</u>
AgriStability & Canadian Agricultural Income Stabilization (CAIS) programs:		
Overpayments	\$ 20,056	\$ 22,438
Administration fees	1,584	2,025
Premiums from insured persons		
AgriInsurance program	8,381	10,450
Hail insurance program	817	301
Prepaid expenses	1,371	1,351
Other	1,133	93
	<u>33,342</u>	<u>36,658</u>
Less allowances for doubtful accounts (Note 13)	<u>(19,104)</u>	<u>(21,840)</u>
	<u>\$ 14,238</u>	<u>\$ 14,818</u>

AGRICULTURE FINANCIAL SERVICES CORPORATION

(dollars in thousands)

Note 4 Accounts Receivable (continued)

If the overpayment under CAIS or AgriStability program is not repaid or converted to a loan, the Corporation will pursue collection. Collection will include the recovery of the overpayment from future payments under the programs delivered by the Corporation as well as programs administered by the Governments of Canada and Alberta. Overpayment amounts collected in the future are repayable to the Governments of Canada and Alberta.

The Allowances for doubtful accounts of \$19,104 (2010 \$21,840) for estimated losses on premiums receivable and overpayments and is subject to measurement uncertainty. The allowance estimate is based on an assessment of the ability to collect the outstanding balance.

Note 5 Loans Receivable

Loans receivable are comprised of the following:

	2011			2010
	Farm	Commercial	Total	Total
Recorded investment	\$ 1,115,040	\$ 288,283	\$ 1,403,323	\$ 1,265,653
Specific allowance	(2,330)	(11,514)	(13,844)	(7,544)
General allowance	(12,677)	(4,159)	(16,836)	(17,135)
	<u>1,100,033</u>	<u>272,610</u>	<u>1,372,643</u>	<u>1,240,974</u>
Accrued interest	23,005	1,769	24,774	24,086
Accrued incentives	-	-	-	(661)
Loan discounts	(263)	-	(263)	(377)
Net carrying value	<u>\$ 1,122,775</u>	<u>\$ 274,379</u>	<u>\$ 1,397,154</u>	<u>\$ 1,264,022</u>

Impaired loans included in the preceding schedule:

	2011			2010
	Farm	Commercial	Total	Total
Recorded investment	\$ 8,819	\$ 18,668	\$ 27,487	\$ 13,501
Specific allowance	(2,330)	(11,514)	(13,844)	(7,544)
Net carrying value	<u>\$ 6,489</u>	<u>\$ 7,154</u>	<u>\$ 13,643</u>	<u>\$ 5,957</u>

The impaired loans balance includes properties held for sale which have been acquired as a result of foreclosures, quit claims and other actions. There is a specific allowance of \$2,257 (2010 \$2,582) on loan balance outstanding of \$2,418 (2010 \$2,709).

AGRICULTURE FINANCIAL SERVICES CORPORATION

(dollars in thousands)

Note 5 Loans Receivable (continued)

Included in the above loans receivable balance are loans with concessionary terms which, before discounting, have principal amounts outstanding of:

	<u>2011</u>	<u>2010</u>
Alberta Disaster Assistance Loan Program	\$ 16,106	\$ 19,970
Alberta Farm Income Disaster loans	2,864	5,823
Indexed Deferral Plan	<u>22</u>	<u>37</u>
	<u>\$ 18,992</u>	<u>\$ 25,830</u>

Included in Loans receivable is a specific allowance of \$13,844 (2010 \$7,544) and a general allowance of \$16,836 (2010 \$17,135) that are subject to measurement uncertainty. The amount established for specific and general allowances of \$30,680 to cover estimated losses on loans (see Note 2(h)) could change substantially in the future, if factors considered by management in establishing these estimates were to change significantly.

Loans receivable are secured by tangible assets consisting predominantly of land followed by buildings, equipment and other assets. The estimated values of such tangible securities are \$2,585,709 (2010 \$2,395,611).

Fair values of loans receivable are not disclosed. Loans receivable consists of developmental loans with uncommon terms such as interest rate rebates/incentives, concessionary interest rates, provision for prepayments with no penalties, fixed interest rates with longer terms and loans with relatively higher financial risks. Determining the fair values of loans receivable with sufficient reliability is not practical due to the absence of verifiable information from established financial markets for such loans.

Note 6 Investments

	<u>2011</u>	<u>2010</u>
Bonds and debentures:		
Government of Canada, direct and guaranteed	\$ 384,414	\$ 135,757
Other provincial, direct and guaranteed	<u>94,534</u>	<u>180,247</u>
	478,948	316,004
Corporate securities	<u>217,544</u>	<u>175,209</u>
	696,492	491,213
Accrued interest	<u>4,979</u>	<u>5,351</u>
	<u>\$ 701,471</u>	<u>\$ 496,564</u>

The fair value of investments at March 31, 2011 is \$698,705 (2010 \$503,384). Fair value is based on quoted market prices excluding accrued interest.

AGRICULTURE FINANCIAL SERVICES CORPORATION

(dollars in thousands)

Note 7 Tangible Capital Assets

	Land	Building	Furniture and Fixtures	Computer Equipment and Software	2011 Totals	2010 Totals
	Indefinite	25 - 40 years	5 - 10 years	2 - 10 years		
Cost						
Beginning of year	\$ 347	\$ 10,026	\$ 5,608	\$ 71,729	\$ 87,710	\$ 81,976
Additions	-	50	1,442	9,667	11,159	11,266
Disposals and writedowns	-	-	(133)	(2,143)	(2,276)	(5,532)
	<u>347</u>	<u>10,076</u>	<u>6,917</u>	<u>79,253</u>	<u>96,593</u>	<u>87,710</u>
Accumulated amortization						
Beginning of year	-	3,312	3,142	35,631	42,085	40,943
Amortization expense	-	366	610	6,513	7,489	6,656
Disposals and writedowns	-	-	(133)	(2,123)	(2,256)	(5,514)
	<u>-</u>	<u>3,678</u>	<u>3,619</u>	<u>40,021</u>	<u>47,318</u>	<u>42,085</u>
Net book value at						
March 31, 2011	<u>\$ 347</u>	<u>\$ 6,398</u>	<u>\$ 3,298</u>	<u>\$ 39,232</u>	<u>\$ 49,275</u>	
March 31, 2010	<u>\$ 347</u>	<u>\$ 6,714</u>	<u>\$ 2,466</u>	<u>\$ 36,098</u>		<u>\$ 45,625</u>

Computer equipment and software costs include \$1,005 (2010 \$3,387) of costs incurred that are not amortized because they are still in the development stage. Amortization is recorded on a straight-line basis over the estimated useful lives of the assets.

Note 8 Accounts payable and accrued liabilities

	2011	2010
Accounts payable - general	\$ 1,163	\$ 3,806
Human Resources	5,723	5,439
Supplies, services and capital purchases	6,661	6,932
Due to Crop Reinsurance Fund of Canada for Alberta	1,282	800
Allowance for loan guarantees	200	969
	<u>\$ 15,029</u>	<u>\$ 17,946</u>

AGRICULTURE FINANCIAL SERVICES CORPORATION

(dollars in thousands)

Note 9 Indemnities Payable

	<u>2011</u>	<u>2010</u>
	(Note 2(l))	(Note 2(l))
AgriStability (previously CAIS program), AgriInvest, AgriRecovery and related programs	\$ 310,422	\$ 449,301
AgriInsurance	27,480	30,818
Wildlife compensation	1,351	4,687
Hail insurance	455	1,442
	<u>\$ 339,708</u>	<u>\$ 486,248</u>

Estimated indemnities payable of \$339,708 and corresponding contributions and receivables from the Governments of Canada and Alberta are subject to measurement uncertainty because they could change significantly in the future, if factors considered by management in establishing the estimates were to change significantly.

AgriStability, AgriInvest and AgriRecovery

Estimated payable represents claims payable for claim years from 2003 to 2010.

For the Claim Year 2010

AgriStability and AgriInvest indemnities payable includes estimated payments for the 2010 claim year of \$220,676. The vast majority of 2010 claims are not received because the deadline for submission of complete information is after the end of the fiscal year. The program payments are triggered when the participants claim year program margin falls below their support level. Indemnities payable includes 100% estimated payments of \$196,760 for claims under the AgriStability program and only the Government of Alberta's 40% share of claims under the AgriInvest program of \$23,916.

The two factors impacting estimated indemnities payable for the 2010 claim year are the number of participants and estimated program margins. The estimated number of participants for the 2010 claim year is based on the number of farm operations participating in the program during the 2009 claim year. The estimated program margins are based on forecasted changes in eligible income and expenses between 2009 and 2010. Based on historical experience of variability between forecasts and actual results of key assumptions, the estimated indemnities for the 2010 claim year of \$230,555 would range from \$152,732 to \$303,312.

Estimated payments for the 2010 claim year also include payments under one-time AgriRecovery programs implemented in the current fiscal year to provide compensation to producers affected by drought, excess moisture and higher feed transportation costs amounting to \$25,301.

AGRICULTURE FINANCIAL SERVICES CORPORATION

(dollars in thousands)

Note 9 Indemnities Payable (continued)

For the Claim Year 2009 and Prior Years

Indemnities payable includes estimated payments of \$60,769 for claims received but not processed and estimates for additional payment as a result of revision of claims for the 2009 and prior claim years (2009 \$49,605 for the 2008 and prior claim years). The estimates for the 2009 claim year are based on the number of claims received but not yet processed and the estimated average payment per claim.

Other

Indemnities payable also includes estimated payments of \$3,676 for related programs (2010 \$8,943). The related programs were approved and entirely funded by the Government of Alberta.

AgriInsurance

Indemnities includes estimated payments of \$27,480 (2009 \$30,818) for claims received but not processed for the 2010 crop year. The estimates are based on the number of claims received but not yet processed and the estimated average payment per claim.

Livestock Insurance Program

Indemnities payable are based on estimated payments using forward contract prices applicable for policies sold during the fiscal year with settlement dates beyond the end of the fiscal year. The premium revenue for the year was \$1,249 (2010 \$2,502) with a coverage of \$63,266. Indemnities paid during the year were \$92 (2010 \$3). The estimated liability as at March 31, 2011 was \$0 (2010 \$0).

AGRICULTURE FINANCIAL SERVICES CORPORATION

(dollars in thousands)

Note 10 Notes Payable

Notes payable to the Government of Alberta are comprised of the following:

<u>Remaining Term to Maturity</u>	<u>Effective Interest Rate</u>	<u>2011</u>	<u>Effective Interest Rate</u>	<u>2010</u>
Within 1 year	0.89% - 4.13%	\$ 105,000	0.22% - 5.93%	\$ 291,063
1 to 5 years	2.06% - 7.64%	275,797	2.06% - 7.64%	273,998
6 to 10 years	3.58% - 5.93%	710,681	3.58% - 5.93%	375,239
Over 10 years	4.90% - 4.97%	259,294	4.90% - 4.97%	259,294
Accrued interest		13,660		12,709
Unamortized premium (discount)		7,224		(1,103)
		<u>\$ 1,371,656</u>		<u>\$ 1,211,200</u>

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

Year ending March 31, 2012	\$ 84,425
2013	\$ 96,053
2014	\$ 83,393
2015	\$ 45,479
2016	\$ 108,642

The approximate fair value at March 31, 2011 is \$1,419,451 (2010 \$1,260,342). Fair value is an approximation of market value to the holder.

Note 11 Unearned Revenue

Unearned revenue is comprised of \$11,535 (2010 \$15,095) of premiums received from producers for AgriInsurance programs and fees for the AgriStability program relating to the next fiscal year.

Note 12 Pensions

The Corporation participates in the multi-employer Management Employees Pension Plan and Public Service Pension Plan. The Corporation also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of \$4,379 for the year ended March 31, 2011 (2010 \$3,789).

At December 31, 2010, the Management Employees Pension Plan reported a deficiency of \$397,087 (2009 deficiency \$483,199) and the Public Service Pension Plan reported a deficiency of \$2,067,151 (2009 deficiency \$1,729,196). At December 31, 2010, the Supplementary Retirement Plan for Public Service Managers had a deficiency of \$39,559 (2009 deficiency \$39,516). The Corporation's share of these pension plans' surplus or deficiency is not determinable.

AGRICULTURE FINANCIAL SERVICES CORPORATION

(dollars in thousands)

Note 13 Allowances for Doubtful Accounts and for Losses

	Accounts Receivable (Note 4)	Farm Lending Loans Receivable (Note 5)	Commercial Lending Loans Receivable (Note 5)	Loan Guarantees (Note 14)	2011 Total	2010 Total
Allowances at beginning of year	\$ 21,840	\$ 13,435	\$ 11,245	\$ 969	\$ 47,489	\$ 35,117
Increase (decrease) for the year	(2,435)	1,540	6,516	(769)	4,852	20,435
Write-offs, net of recoveries	(301)	32	(2,088)	-	(2,357)	(8,065)
Allowances at end of year	<u>\$ 19,104</u>	<u>\$ 15,007</u>	<u>\$ 15,673</u>	<u>\$ 200</u>	<u>\$ 49,984</u>	<u>\$ 47,487</u>

Note 14 Contingencies and Commitments

Contingent Liability

	2011	2010
Loan guarantees	\$ 7,791	\$ 12,355
Less allowances for losses (Note 8)	(200)	(969)
	<u>7,591</u>	<u>11,386</u>
Legal actions	197	180
Total contingencies	<u>\$ 7,788</u>	<u>\$ 11,566</u>

The majority of loan guarantees relate to loans made by other financial institutions with repayment guaranteed by the Corporation.

Legal actions represent amounts claimed or amounts claimed in excess of what was accrued. The outcome of the legal actions is not determinable at this time.

A contingent liability may exist for additional site remediation and reclamation costs in respect of a property held for sale in addition to \$2,135 (2010 \$2,130) included in Accounts payable and accrued liabilities. Due to uncertainty surrounding the environmental obligations, it is not possible to determine the amount of the contingent liability.

Commitments

	2011	2010
Approved, undisbursed loans	\$ 90,382	\$ 58,930
Reinsurance	29,108	25,307
Estimated farm loan incentives	-	1,657
Operating leases	<u>2,125</u>	<u>1,613</u>
Total commitments	<u>\$ 121,615</u>	<u>\$ 87,507</u>

The operating lease commitments are for accommodations with terms up to five years.

AGRICULTURE FINANCIAL SERVICES CORPORATION

(dollars in thousands)

Note 15 Credit Risk and Interest Risk

(a) Credit Risk

Credit risk is the risk that a debtor may not pay amounts owing thus resulting in a loss.

The following breakdown of the Loans receivable provides an indication of the concentration of credit risk on the loan portfolio. Further information is provided throughout these statements which discloses other concentrations of credit risk.

	<u>2011</u>	<u>2010</u>
Loans receivable by sector:		
Grain and Oilseeds	\$ 654,368	\$ 577,292
Cattle	387,752	382,200
Manufacturing	76,534	64,129
Other Livestock	61,535	63,073
Accommodations and Other Services	61,434	53,693
Trade - Retail and Wholesale	50,946	47,083
Commercial and Industrial	25,195	21,918
Professional Services	21,445	22,310
Transportation and Warehousing	13,010	11,759
Other	75,615	45,244
Allowance	<u>(30,680)</u>	<u>(24,679)</u>
	<u>\$ 1,397,154</u>	<u>\$ 1,264,022</u>

AGRICULTURE FINANCIAL SERVICES CORPORATION

(dollars in thousands)

Note 15 Credit Risk and Interest Risk (continued)

(b) Interest Risk

Loans Receivable and Notes Payable

Interest rate risk is the impact future changes of interest rates has on cash flows and fair values of assets and liabilities. The gap position presented in the following table is determined as at the close of business on March 31, 2011. The Corporation allows its customers to prepay their loans without any prepayment penalties. In the normal course of business, loan customers prepay their loans in part or in full prior to the contractual maturity date. Therefore, the following position of the Corporation's lending operations may change significantly due to loan customer payment preferences and the Corporation's risk management practices.

	Scheduled Repayment ⁽¹⁾				Not ⁽²⁾ Interest Rate Sensitive	2011	2010
	Within 1 Year	1 to 5 Years	6 to 10 Years	Over 10 Years		Total	Total
Loan balances	\$ 138,108	\$ 410,117	\$ 396,789	\$ 453,793	\$ (1,653)	\$ 1,397,154	\$ 1,264,022
Yield	5.22%	5.37%	5.61%	5.22%	-	5.39%	5.65%
Notes payable							
Government of Alberta	\$ 144,425	\$ 333,566	\$ 613,487	\$ 259,294	\$ 20,884	\$ 1,371,656	\$ 1,211,200
Yield ⁽³⁾	4.34%	4.38%	4.56%	5.06%	-	4.46%	4.80%
Net gap	\$ (6,317)	\$ 76,551	\$ (216,698)	\$ 194,499	\$ (22,537)	\$ 25,498	\$ 52,822

⁽¹⁾ For loan balances, scheduled repayments of principal and interest are based on amortization of loans for the remaining term up to maturity at applicable interest rates. For notes payable, scheduled repayments reflect contractual payments of interest and repayment of principal. The interest rates are fixed until maturity. Repayment is either by semi-annual, annual installments or full repayment at maturity of principal.

⁽²⁾ Includes specific and general allowance, accrued interest and unamortized loan discount.

⁽³⁾ For notes payable yield represents the rate which discounts future cash receipts to the carrying amount.

Investments

The above gap position does not include the investment portfolio, which is disclosed separately below. Investments are not included because investments relate to insurance program cash flows which are managed separately from lending program cash flows.

AGRICULTURE FINANCIAL SERVICES CORPORATION

(dollars in thousands)

Note 15 Credit Risk and Interest Risk (continued)
(b) Interest Risk (continued)

The following provides a breakdown of the investment portfolio by term to maturity.

	Term to Maturity ⁽¹⁾			2011	2010
	Within 1 Year	1 to 5 Years	6 to 10 Years	Total	Total
Bonds and debentures	\$ 7,421	\$ 429,250	\$ 42,277	\$ 478,948	\$ 316,004
Yield ⁽²⁾	1.28%	2.09%	3.47%	2.20%	2.70%
Corporate Securities	50,983	166,561	-	217,544	175,209
Yield ⁽²⁾	1.76%	3.30%	-	2.94%	2.55%
	58,404	595,811	42,277	696,492	491,213
Accrued interest	835	4,038	106	4,979	5,351
	<u>\$ 59,239</u>	<u>\$ 599,849</u>	<u>\$ 42,383</u>	<u>\$ 701,471</u>	<u>\$ 496,564</u>

⁽¹⁾ For investments, term to maturity classifications are based on contractual maturity date of the security.

⁽²⁾ For investments, yield represents the rate which discounts future cash receipts to the carrying amount.

Note 16 Related Party Transactions

Information is provided throughout these statements to disclose significant related party transactions the Corporation entered into, except for the following:

	2011	2010
Interest expense - Government of Alberta	\$ 53,093	\$ 49,458
Administration expense - Government of Alberta	\$ 1,494	\$ 1,407
Administration expense - Government of Canada	\$ 1,686	\$ 1,700

Note 17 Crop Reinsurance Funds

The contributions, withdrawals and accumulated surplus positions of the Crop Reinsurance Fund of Alberta and Crop Reinsurance Fund of Canada for Alberta are as follows (see Note 2(f)):

	Crop Reinsurance Fund of Alberta		Crop Reinsurance Fund of Canada for Alberta	
	2011	2010	2011	2010
Opening surplus	\$ 22,907	\$ 20,924	\$ 23,584	\$ 21,601
Contributions	2,060	1,983	2,060	1,983
Closing surplus	<u>\$ 24,967</u>	<u>\$ 22,907</u>	<u>\$ 25,644</u>	<u>\$ 23,584</u>

Note 18 Comparative Figures

The 2010 figures have been reclassified where necessary to conform to 2011 presentation.

AGRICULTURE FINANCIAL SERVICES CORPORATION
SCHEDULE OF OPERATIONS
YEAR ENDED MARCH 31, 2011
(dollars in thousands)

	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	<u>AgrilInsurance</u>	<u>AgrilInsurance</u>	<u>Agriculture Income Support</u>	<u>Agriculture Income Support</u>	<u>Lending</u>	<u>Lending</u>
Revenues:						
Premiums from insured persons	\$ 214,993	\$ 184,950	\$ -	\$ -	\$ -	\$ -
Interest	505	362	807	991	71,907	70,763
Contribution from Government of Alberta	190,089	167,252	77,016	160,120	10,403	7,178
Contribution from Government of Canada	152,658	147,082	78,576	203,168	-	-
Investment income	32,874	25,954	1,820	503	859	267
Fees and other income	241	33	11,519	10,219	2,739	2,209
	<u>591,360</u>	<u>525,633</u>	<u>169,738</u>	<u>375,001</u>	<u>85,908</u>	<u>80,417</u>
Expenses:						
Indemnities	354,087	549,287	152,632	341,134	-	-
Salaries, wages and employee benefits	17,685	16,304	13,539	13,701	16,486	16,555
Supplies and services	9,062	8,794	5,346	5,581	5,794	6,090
Amortization of tangible capital assets	1,502	1,615	2,426	2,455	2,437	1,845
Interest	-	-	-	-	53,993	49,458
Reinsurance	22,741	22,359	-	-	-	-
Allowance for doubtful accounts and for losses (Note 13)	9	164	(2,474)	11,978	7,287	8,240
	<u>405,086</u>	<u>598,523</u>	<u>171,469</u>	<u>374,849</u>	<u>85,997</u>	<u>82,188</u>
Surplus (deficit) for the year	186,274	(72,890)	(1,731)	152	(89)	(1,771)
Surplus at beginning of year	760,638	833,528	15,004	14,851	70,903	72,673
Surplus at end of year	<u>\$ 946,912</u>	<u>\$ 760,638</u>	<u>\$ 13,273</u>	<u>\$ 15,003</u>	<u>\$ 70,814</u>	<u>\$ 70,902</u>

Schedule 1

2011	2010	2011	2010	2011	2010	2011	2010
Hail Insurance	Hail Insurance	Livestock Insurance	Livestock Insurance	Wildlife Damage Compensation	Wildlife Damage Compensation	Total	Total
\$ 41,136	\$ 34,003	\$ 1,249	\$ 2,502	\$ -	\$ -	\$ 257,378	\$ 221,455
105	51	-	-	-	10	73,324	72,177
-	-	2,339	2,465	5,295	3,634	285,142	340,649
-	-	-	-	5,053	3,426	236,287	353,676
49	2	10	(13)	4	71	35,616	26,784
427	428	51	45	136	123	15,113	13,057
41,717	34,484	3,649	4,999	10,488	7,264	902,860	1,027,798
27,370	30,089	92	3	9,608	6,543	543,789	927,056
1,077	831	538	785	425	341	49,750	48,517
1,688	2,172	329	441	348	226	22,567	23,304
759	525	335	185	30	31	7,489	6,656
-	-	-	-	-	-	53,993	49,458
1,537	1,509	769	1,083	-	-	25,047	24,951
30	-	-	-	-	53	4,852	20,435
32,461	35,126	2,063	2,497	10,411	7,194	707,487	1,100,377
9,256	(642)	1,586	2,502	77	70	195,373	(72,579)
2,224	2,867	2,502	-	1,722	1,653	852,993	925,572
\$ 11,480	\$ 2,225	\$ 4,088	\$ 2,502	\$ 1,799	\$ 1,723	\$ 1,048,366	\$ 852,993

AGRICULTURE FINANCIAL SERVICES CORPORATION

SCHEDULE OF SALARIES AND BENEFITS

YEAR ENDED MARCH 31, 2011

(dollars in thousands)

	2011			2010	
	Base Salary ⁽¹⁾	Other Cash Benefits ⁽²⁾	Other Non- cash Benefits ⁽³⁾	Total	Total
Chairman of Board	\$ 83	\$ -	\$ -	\$ 83	\$ 71
Board members ⁽⁴⁾	223	-	-	223	233
President and Managing Director	333	38	77	448	409
Vice-Presidents					
Vice-President, Finance & Corporate Affairs	209	1	50	260	273
Vice-President, Lending Operations	174	10	42	226	328
Vice-President, Risk Management	205	19	49	273	266
Vice-President, Human Resources & Community Relations	195	4	47	246	247

⁽¹⁾ Base salaries are fees for Chair and Board members and base pay for employees.

⁽²⁾ Other cash benefits include vacation payments and lump sum payments. There were no bonuses paid in 2011.

⁽³⁾ Other non-cash benefits include employer's share of all employee benefits and contributions or payments made on behalf of employees, including health care, dental, medical and vision care, group life insurance benefits, pension and supplementary retirement plan, employment insurance, accidental death/dismemberment and long-term disability insurance, workers' compensation and professional memberships. No amount is included in other non-cash benefits for an automobile provided to the President and Managing Director.

⁽⁴⁾ The amounts relate to eight Board members during 2010/11 (eight in 2009/10).

AIRDRIE

97 East Lake Ramp NE
Airdrie AB T4A 0C3
Insurance Phone: (403) 948-8543
Lending Phone: (403) 948-8529
Fax: (403) 948-1418

ATHABASCA

Provincial Building
100 - 4903 - 50th Street
Athabasca AB T9S 1E2
Insurance Phone: (780) 675-4007
Lending Phone: (780) 675-8160
Fax: (780) 675-3827

BARRHEAD

Provincial Building Main Floor
PO Box 4533
6203 - 49th Street
Barrhead AB T7N 1A4
Insurance Phone: (780) 674-8282
Lending Phone: (780) 674-8216
Fax: (780) 674-8362

BROOKS

Provincial Building
220 - 4th Avenue W
Brooks AB T1R 0G1
Insurance Phone: (403) 362-1262
Lending Phone: (403) 362-1216
Fax: (403) 362-8078

CALGARY

Deerfoot Atrium North
Suite 150 6815 - 8th Street NE
Calgary AB T2E 7H7
Phone: (403) 297-6281
Fax: (403) 297-8461

CAMROSE

PO Box 5000 Stn M
4910 - 52nd Street
Camrose, AB T4V 4E8
AgriStability Analyst: Ph. (780) 679-1319
Fax: (780) 679-1758
Insurance Phone: (780) 679-1739
Fax: (780) 679-1758
Lending Phone: (780) 679-1229
Fax: (780) 679-1300

CARDSTON

Provincial Building
576 Main Street
PO Box 1228
Cardston AB T0K 0K0
Insurance Phone: (403) 653-5154
Lending Phone: (403) 653-5138
Fax: (403) 653-5156

CASTOR

4902 - 50th Avenue
PO Box 719
Castor AB T0C 0X0
Phone: (403) 882-3770
Fax: (403) 882-2746

CLARESHOLM

Provincial Building
109 - 46th Avenue W
PO Box 1227
Claresholm AB T0L 0T0
Insurance Phone: (403) 625-3534
Lending Phone: (403) 625-1462
Fax: (403) 625-2862

DRUMHELLER

111 Railway Avenue W
Drumheller AB T0J 0Y0
Phone: (403) 823 3042
Fax: (403) 823-5083

EDMONTON

Room 100
J.G. O'Donoghue Building
7000-113 Street
Edmonton AB T6H 5T6
Phone: (780) 427-2140
Fax: (780) 415-1218

EDSON

PO Box 11
Provincial Building
111 54 Street
Edson AB T7E 1T2
Phone: (780) 723-8233
Fax: (780) 723-8575

FAIRVIEW

PO Box 1188
Provincial Building
10209 - 109th Street
Fairview AB T0H 1L0
AgriStability Analyst Ph. (780) 835-2295
Insurance Phone: (780) 835-2703
Lending Phone: (780) 835-4975
Fax: (780) 835-3994

FALHER

PO Box 658
701 Main Street
Falher AB
T0H 1M0
Insurance & Lending:
Phone: (780) 837-2521
Fax: (780) 837-8223

FOREMOST

PO Box 37
218 Main Street
Foremost AB T0K 0X0
Phone: (403) 867-3666
Fax: (403) 867-2038

FORT SASKATCHEWAN

8818 - 111th Street
Fort Saskatchewan, AB T8L 3T4
Lending Phone 780-997-6483

FORT VERMILION

5101 River Road
Fort Vermilion, AB T0H 1N0
Insurance Phone (780) 927-4209
Lending Phone: (780) 927-3715
Fax: (780) 927-3838

GRANDE PRAIRIE

102 - 10625 Westside Drive
Grande Prairie AB T8V 8E6
AgriStability Analyst Ph. (780) 538-5234
Lending Phone: (780) 538-5220
Insurance Phone (780) 538-5355
Fax: (780) 532-2560

GRIMSHAW

PO Box 802
5306 - 50th Street
Grimshaw AB T0H 1W0
Insurance & Lending:
Phone: (780) 332-4494
Fax: (780) 332-1044

HANNA

PO Box 7 (Insurance)
PO Box 349 (Lending)
Provincial Building
401 Centre Street
Hanna AB T0J 1P0
Insurance Phone: (403) 854-5525
Lending Phone: (403) 854-5505
Fax: (403) 854-2590

HIGH PRAIRIE

Provincial Building
PO Box 1259
5226 - 53rd Avenue
High Prairie AB T0G 1E0
Phone: (780) 523-6507
Fax: (780) 523-6569

HIGH RIVER

PO Box 5208
129 - 4th Avenue SW
High River AB T1V 1M4
Insurance & Lending:
Phone: (403) 652-8313
Fax: (403) 652-8306

AFSC Office Locations

LACOMBE CENTRAL OFFICE

5718 - 56 Avenue
Lacombe AB T4L 1B1
Phone: (403) 782-8200

LACOMBE DISTRICT OFFICE

Bay 105 - 4425 Heritage Way
Lacombe AB T4L 2P4
Phone: (403) 782-6800
Fax: (403) 782-6753

LA CRETE

9501 100th Street
La Crete AB T0H 2H0
Lending Phone: 780-928-2849

LAMONT

PO Box 487
5014 - 50th Avenue
Lamont AB T0B 2R0
Insurance Phone: (780) 895-2266
Lending Phone: (780) 895-2459
Fax: (780) 895-7755

LEDUC

6547 Sparrow Drive
Leduc AB T9E 7C7
Insurance Phone: (780) 986-4088
Lending Phone: (780) 986-0999
Fax: (780) 986-1085

LETHBRIDGE

County of Lethbridge Building
200 - 905 - 4th Avenue S.
Lethbridge AB T1J 0P4
AgriStability Analyst Ph. (403) 382-4383
Insurance Phone: (403) 381-5240
AgriStability & Insurance Fax:
(403) 382-4527
Lending Phone: (403) 381-5102
Lending Fax: (403) 381- 5178

LLOYDMINSTER (part time location)

Phone: (780) 853-8260
Fax: (780) 853-1982

MANNING

PO Box 147
116 - 4th Avenue SW
Manning AB T0H 2M0
Phone: (780) 836-3573
Fax: (780) 836-2844

MEDICINE HAT

111 - 7 Strachan Bay SE
Medicine Hat AB T1B 4Y2
AgriStability Analyst Ph. (403) 488-4507
Insurance & AgriStability Fax:
(403) 488-4516
Insurance Phone (403) 488-4509
Lending Phone: (403) 488-4508
Lending Fax: (403) 488-4518

OLDS

Provincial Building
101 - 5030 - 50th Street
Olds AB T4H 1S1
AgriStability Analyst Ph. (403) 556-4263
Insurance Phone: (403) 556-4334
Lending Phone: (403) 556-4222
Fax: (403) 556-4255

OYEN

PO Box 426
201 Main Street
Oyen AB T0J 2J0
Phone: (403) 664-3677
Fax: (403) 664-2687

PEACE RIVER

Bag 900 -23
9809 - 98th Avenue
Peace River AB T8S 1J5
Insurance & Lending:
Phone: (780) 617-7225
Fax: (780) 617-7229

PONOKA

PO Box 4426
Provincial Building
250 - 5110 - 49th Avenue
Ponoka AB T4J 1S1
Insurance Phone: (403) 783-7071
Lending Phone: (403) 783-7011
Fax: (403) 783-7925

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PO Box 716
Provincial Building
5419 - 44th Street
Provost AB T0B 3S0
Insurance & Lending:
Phone: (780) 753-2150
Fax: (780) 753-2876

RED DEER

Unit #1 - 7710 Gaetz Avenue
Red Deer AB T4P 2A5
Insurance Phone: (403) 340-5379
Insurance Fax: (403) 340-7999
Lending Phone: (403) 340-5326
Lending Fax: (403) 340-7004

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4934 - 50 Street
Rocky Mountain House AB T4T 1B1
Lending: 403-846-0006

RIMBEY

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Provincial Building
5025 - 55th Street
Rimbey AB T0C 2J0
Insurance & Lending:
Phone: (403) 843-4516
Fax: (403) 843-4150

SEDGEWICK

PO Box 266
4701 - 48th Avenue
Sedgewick AB T0B 4C0
Phone: (780) 384-3880
Fax: (780) 384-2156

SMOKY LAKE

PO Box 602
Provincial Building
108 Wheatland Avenue
Smoky Lake AB T0A 3C0
Phone: (780) 656-3644
Fax: (780) 656-3669

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Provincial Building
1st Floor 4602 - 50th Street
Spirit River AB T0H 3G0
Insurance Phone: (780) 864-3896
Lending Phone: (780) 864-4244
Fax: (780) 864-2529

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5025 - 49th Avenue
Provincial Building
PO Box 406
St. Paul AB T0A 3A4
Insurance Phone: (780) 645-6221
Lending Phone: (780) 645-6453
Fax: (780) 645-2848

STETTLER

PO Box 1807 (Insurance)
Bag 600 (Lending)
5020 50th Street
Stettler AB T0C 2L0
Insurance Phone: (403) 740-4200
Lending Phone: (403) 740-4209
Fax: (403) 740-4210

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Provincial Building
4709 - 44th Avenue
Stony Plain AB T7Z 1N4
AgriStability Analyst Ph. (780) 968-4952
Insurance Phone: (780) 963-0600
Lending Phone: (780) 963-4720
Fax: (780) 963-1251

STRATHMORE (inc. Blackfoot Reserve)

325 - 3rd Avenue
Strathmore AB T1P 1B4
AgriStability Analyst Ph. (403) 361-9637
Insurance Phone: (403) 934-3616
Lending Phone: (403) 934-5353
Fax: (403) 934-5018

TABER

Provincial Building
5011 - 49th Avenue
PO Box 4
Taber AB T1G 1V9
Insurance Phone: (403) 223-7900
Lending Phone: (403) 223-7920
Fax: (403) 223-7985

THORHILD

County Administration Building
PO Box 400
801 - 1st Street
Thorhild AB T0A 3J0
Phone: (780) 398-3933
Fax: (780) 398-2087

THREE HILLS

Provincial Building
160 - 3rd Avenue S
Three Hills AB T0M 2A0
Insurance Phone: (403) 443-8515
Lending Phone: (403) 443-8510
Fax: (403) 443-7519

VALLEYVIEW

Provincial Building
5102 - 50th Avenue
PO Box 1046
Valleyview AB T0H 3N0
Phone: (780) 524-3838
Fax: (780) 524-4565

VEGREVILLE

PO Box 1440
Vinet's Village Mall
Suite 138 4925 - 50th Avenue
Vegreville AB T9C 1S6
AgriStability Analyst Phone:
(780) 603-2332 Ext. 2
Insurance & Lending:
Phone: (780) 603-2332
Fax: (780) 632-3385

VERMILION

PO Box 10
Provincial Building
4701 - 52nd Street
Vermilion AB T9X 1J9
AgriStability Analyst Ph. (780) 853-8238
Insurance & Lending:
Phone: (780) 853-8266
Fax: (780) 853-1982

VULCAN

PO Box 847
102 - 1st Street S
Vulcan AB T0L 2B0
Insurance Phone: (403) 485-2766
Lending Phone: (403) 485-5141
Fax: (403) 485-2947

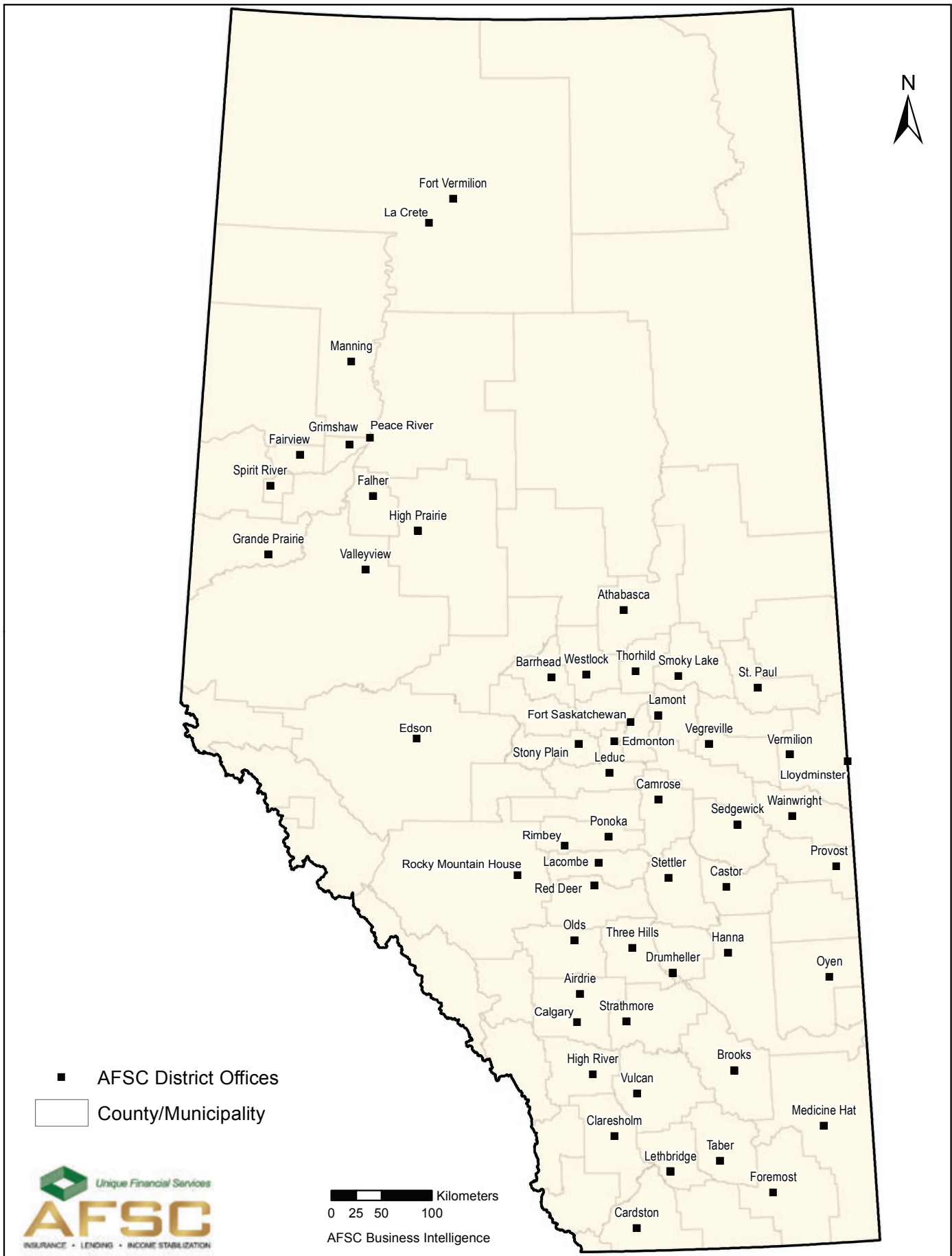
WAINWRIGHT

Provincial Building
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Wainwright AB T9W 1R2
Insurance Phone: (780) 842-7547
Lending Phone: (780) 842-7542
Fax: (780) 842-4948

WESTLOCK

Provincial Building
2 - 10003 - 100th Street
Westlock AB T7P 2E8
AgriStability Analyst Ph. (780) 349-6253
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