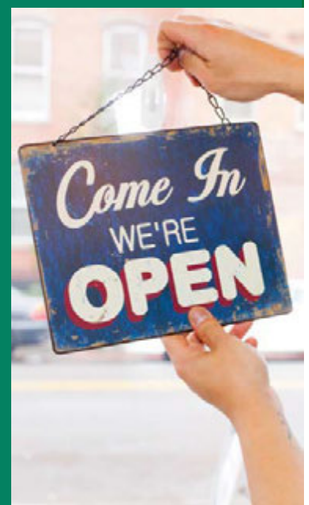
2012-13 Annual Report

Unique Financial Services

AFSC

INSURANCE • LENDING • INCOME STABILIZATION

Agriculture Financial Services Corporation



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We can help bring *your story* to life.

An award-winning microbrewery, The Grizzly Paw Brewing (GPB) Company's diverse and outstanding beverages have been savored by locals and tourists alike since 1996.

Nestled in bustling Canmore, Alberta, locally crafted beer and sodas are brewed, bottled and distributed from the heart of the Bow Valley. Since 2004, GPB products have stocked the shelves of select liquor stores across Alberta. With the help of a commerical loan from AFSC and their stunning new brewery nearing completion, the opportunities on the horizon for The Grizzly Paw Brewing Company are limitless.

Niall Fraser, Robert Flatt & Darren McJannet
Grizzly Paw Brewing Company, Canmore, AB

Letter of Transmittal

June 19, 2013

The Honourable Verlyn Olson
Minister of Agriculture and Rural Development
228 Legislature Building
10800 97 Avenue
Edmonton, Alberta T5K 2B6

Dear Minister Olson:

On behalf of the Board of Directors, we are pleased to submit the eighteenth 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, 2013.

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

Yours truly,

H.D. (Harry) Haney
Chairman

Brad Klak
President and Managing Director

MESSAGE FROM THE MINISTER OF AGRICULTURE AND RURAL DEVELOPMENT

Honourable Verlyn Olson, Q.C.
MLA, Wetaskiwin - Camrose

It is my pleasure to serve the people of Alberta as Minister of Agriculture and Rural Development. Alberta is respected across Canada for its progressive entrepreneurial spirit, continuous innovation and its prosperous economy. These characteristics have shaped our province into what it is today and are evident throughout our agriculture industry, where a very diverse group of producers manage risk, weather and world markets and produce top quality products that are in demand around the globe. Agriculture in Alberta generates over $10 billion in receipts, $9 billion in exports in 2012, and directly and indirectly employs 73,000 Albertans. For every on-farm primary producer, there are four off-farm jobs. Second only to oil and gas, Agriculture is Alberta's second largest industry.

The last year brought a number of surprises within the agriculture industry: record breaking hail across the province, market challenges for both the cattle and hog sectors, strong commodity prices and record farm cash receipts for Alberta producers. Meanwhile, the Canadian dollar remained strong and increased costs for feed, fertilizer and fuel, also had a significant impact on our industry.

Agriculture is and always has been subject to variability. Agriculture Financial Services Corporation (AFSC) plays a lead role in delivering programs that help producers deal with the variability and risk they face, and again this year they found ways to respond to the needs of producers. Through diverse business risk management programming that includes income stabilization, the most comprehensive suite of insurance programs in Canada, and the provision of timely and stable access to capital, AFSC insured a record number of acres and animals while collecting record premiums, and lending more than ever before. Through these efforts AFSC serves as the key driver of Alberta's rural development. Furthermore, AFSC is also working with ARD and the Government of Alberta to open new international markets for Alberta products and to generate increased foreign investment into Alberta.

On March 31, 2013, the Growing Forward Agreement under which we have been operating for the past five years expired, and efforts have been long underway to develop a replacement framework. Transitioning to the new national Growing Forward 2 (GF2) framework agreement has occupied a lot of my time this year, as well as that of AFSC and Agriculture and Rural Development representatives. The new framework agreement came into effect April 1, 2013, and is in place for the next five years. GF2 programs will place increasing focus on innovation, competitiveness and market development to ensure producers and processors have the tools and resources they need to continue to innovate and capitalize on emerging market opportunities.

I must congratulate AFSC for being chosen one of Canada's Top 100 Employers for 2013, one of Alberta's Top 60 Employers, and for being selected a Top Employer for Canadians over 40. These awards ultimately benefit our producers, through attracting and retaining the best and brightest staff now and in the future.

I would like to thank AFSC's Board, Management and staff for their help and hard work in supporting Alberta's agriculture industry and advancing agricultural best practices in Alberta and around the globe. Please accept my congratulations on another successful year.

Hon. Verlyn Olson, Q.C.
Minster, Agriculture & Rural Development

MESSAGE FROM AFSC'S CHAIRMAN

In 2012, while producers dealt with significant and familiar challenges, the Corporation sought further opportunities to support Alberta farmers and agribusinesses. This past year was notable for its persistent hail. Producers in every part of the province were affected by hail, and AFSC received a record number of hail claims. In fact, there were only twelve hail-free days during the growing season, underscoring the value of the business risk management products that AFSC offers, including the Hail Endorsement and Straight Hail Insurance. After AFSC adapted its processes, even with the high volume, most claims were processed with near-average turnaround times.

Looking back on the past year the Board of Directors is pleased to observe that AFSC exceeded its target for total leveraged investment in agri-industry businesses, again providing investment in rural businesses through AFSC lending. AFSC continued providing access to capital for farmers as well as agribusiness, value-added operations and commercial enterprises. AFSC supported the livestock industry through the Cattle Price Insurance Program when they faced challenges associated with the prolonged loss of production capacity when the Brooks processing facility was closed by the Canadian Food Inspection Agency.

For fiscal 2012-13 AFSC undertook a significant transformation effort by beginning the process of realigning its structure, people and processes across the organization to enable the organization to provide tailor-made solutions developed based on a holistic view of our clients and potential clients. As we continue to integrate our products and services and develop new products and methods for delivery, AFSC's clients can expect the same high level of client service they've experienced in the past, but with the addition of services that reflect the scope of a particular operation. I am proud to say this vision seeks to evolve a Corporation working cohesively together to deliver comprehensive products in the most effective and efficient manner – with a view to providing our clients the highest level of customer service and value possible.

In response to the transition that AFSC is undergoing, the Board has similarly transformed itself, and is ready to proceed with a new committee structure for 2013-14.

In 2013, the Board of Directors said goodbye to Mr. Tony Yelenik. On behalf of the Board of Directors I wish to thank Tony for both his commitment and his ongoing support of the Corporation. We all wish him the very best. On a more sombre note, Ken Skoberg, a member of the AFSC Board of Directors since 2007 and Chair of AFSC's Risk Management Programs Committee, passed away in April 2013. Ken was a dedicated member of our Board – one who made a significant contribution to the ongoing success of the organization. He will be missed as a friend and colleague.

Harry Haney

None of what happens at AFSC would be possible without a complete team – a dynamic and seasoned Board of Directors, an agile and diligent Executive Management Team, and the highly skilled AFSC staff who continually deliver and perform. Again, on behalf of AFSC's Board of Directors, I wish to say thank you for your continuing hard work in supporting our clientele. I am confident the challenges of 2013-14 will be met with the same resilience from our team.

H.D. (Harry) Haney
Chairman

What is AFSC?

At Agriculture Financial Services Corporation (AFSC), we seed and cultivate growth. By helping rural entrepreneurs manage risk, we build and secure prosperity for all Albertans.

AFSC delivers strategic financial services and partners with agricultural producers, agribusiness and commercial entities on behalf of the Alberta government to support and promote business development. AFSC's programs and products directly assist the Alberta government with seizing opportunities, managing risk, furthering agricultural development and improving the quality of life in rural Alberta. AFSC strives to address existing market gaps through its products and services, as the products AFSC delivers are not readily or consistently available to the agriculture industry and agribusiness from conventional sources.

AFSC's clients are AFSC's neighbours. AFSC makes its decisions differently, with understanding and compassion. With a focus on client needs for financing, insurance and income stability, AFSC gives each customer room to concentrate on what they do best: build and grow.

AFSC's lending programs support the development and expansion of agriculture, agribusiness, value-added enterprises and commercial operations, particularly in rural Alberta. Clients can access up to $5 million in debt capital through flexible and accessible programs to grow and sustain their businesses or to manage cash flows.

AFSC's experience and expertise can help Alberta compete on the world stage and become preferred suppliers to growing markets around the globe. Alberta must look beyond the United States to diversify export markets for its agricultural products; the expansion of incomes in Asia provides an opportunity for the diversification of markets for agricultural products. AFSC has business expertise to support Alberta's trade office in the region to facilitate and participate in market opportunities for Alberta producers and products.

It isn't easy to take risk in rural Alberta, but AFSC does it eagerly and confidently. Giving stability and assurance to Albertans, taking smart risks to help producers who need capital: that's good business, good government policy, and good for a way of life Albertans cherish.

That's why AFSC lends to businesses beyond the family farm. It's why AFSC helps international investors from Germany to Asia find opportunities in Alberta. It's why AFSC expands its reputation for creative insurance programs with products that will help Alberta in ways no one's even considered. It's why AFSC is a key contributor to the national conversation on the future of AgriStability programs.

AFSC has a long history of delivering programs mandated under statute and intergovernmental agreements that assist producers in managing risk, stabilizing incomes and recovering from disaster. AFSC offers some of the most comprehensive insurance programs in Canada for both crops and livestock, positioning Alberta as a leader in business risk management programming. AFSC assists in the development and delivery of agriculture insurance and income stabilization programming on behalf of the Alberta and Canadian governments.

We can help bring *your story* to life.

From pasture to plate, TK Ranch has pioneered a sustainable and profitable alternative to the conventional livestock industry. TK Ranch produces and directly markets their own brand of all-natural, grass-fed beef and lamb, heritage breed pasture raised pork, and free-range chicken.

With hard work, dedication, and the support of AFSC - the Biggs three-generation family ranch in Hanna, Alberta, is thriving and shows great promise for the future of the family farm.

Growing Forward

Growing Forward is the five-year multilateral agreement between the Federal, Provincial, and Territorial Governments that sets out the direction for the continued development of the agriculture industry and the management of agriculture risk in Canada. Specifically, Growing Forward provides direction for the following national programs: AgriInsurance, AgriStability, AgriInvest, AgriRecovery and the Wildlife Damage Compensation Program.

In Alberta, AFSC is responsible for the portions of the multilateral Growing Forward agreement related to the management of agriculture risk while Alberta Agriculture and Rural Development is responsible for the bilateral portions related to the development of the agriculture industry. The agreement expired March 31, 2013.

In 2012, AFSC insured over 14 million acres under annual crop insurance products. This represents 75 per cent of Alberta's total seeded acres. Annual crop insurance, excluding the Straight Hail Insurance Program, provided a total of $4.5 billion in insurance coverage and Alberta producers received $535 million in total indemnity payments.

During the same year, AFSC's perennial crop insurance products insured over 7 million acres in Alberta, 28 per cent of hay and pasture acres, providing $152 million in total insurance coverage and $4 million in total indemnity payments to Alberta's hay and pasture producers.

Growing Forward 2

Effective April 1, 2013 Alberta signed the Growing Forward 2 (GF2) agreement along with Federal, Provincial and Territorial Governments that sets out the continuing direction of the agriculture industry and management of agriculture risk in Canada over the next five years. Specifically, GF2 provides direction for the following national programs: AgriInsurance, AgriStability, AgriInvest, AgriRecovery and the Wildlife Damage Compensation Program.

In Alberta, AFSC is responsible for the portions of the multilateral GF2 agreement related to the management of agriculture risk, while Alberta Agriculture and Rural Development is responsible for the bilateral portions related to the development of the agriculture industry.

Changes were made to the AgriStability and AgriInvest Programs which will potentially reduce benefits to producers commencing with the 2013 Program Year.

Note: the discussion of programs below relates to features and benefits that were part of the Growing Forward Agreement, which concluded on March 31, 2013. Some features and benefits described below will change under the Growing Forward 2 Agreement, commencing April 1, 2013.

Overview of AFSC Programs

Insurance

Producers need tools to deal with weather, prices and global politics. Because of our roots, because of our knowledge and creativity, AFSC has achieved our government's goal to be a national leader in agricultural insurance.

AFSC has developed and is proud to offer some of the most comprehensive insurance programs in the country for both crops and livestock, positioning Alberta as a leader in agriculture insurance delivery. AFSC's insurance products provide AgriInsurance coverage through the Growing Forward Framework Agreement for annual and perennial crops, insuring against losses caused by designated natural perils. In addition, programs developed here in Alberta and delivered directly to Alberta agriculture producers expand the available insurance coverage beyond the AgriInsurance coverage.

Each program has a specific premium cost sharing formula between participating producers and the federal and provincial governments. In accordance with the federal-provincial-territorial Growing Forward Framework Agreement for AgriInsurance, premiums for the majority of programs are to be shared among producers, the Government of Canada and the Government of Alberta in the ratio of 40:36:24 respectively. However, because the premium for some insurance programs and endorsements is either fully funded by producers, funded by the Government of Alberta, or cost-shared differently among producers and Governments, the effective share of total premium for producers, the Government of Canada and the Government of Alberta can vary. For 2012-13 the ratio was 39:29:32 respectively.

Production-Based Insurance Products

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 of 50, 60, 70, or 80 per cent (90 per cent for sugar beets) of their capacity to produce, and premium rates vary according to the crop, risk area and coverage level selected. Production insurance is based on producers' individual historical yield records. Producers can also choose to purchase the hail endorsement (HE) and spring price endorsement (SPE) along with insurance for most crops.

Claims are triggered when production falls below the crop's insured coverage and losses are caused by insured natural perils such as: drought, snow, excess moisture, insect infestations, fire caused by lightning, hail, wind, plant disease, frost and wildlife damage. Production-based insurance products are offered for cereals, oilseeds, pulses, potatoes, sugar beets, fresh vegetables, forage seed crops (pedigree alfalfa, creeping red fescue and pedigree timothy), processing vegetables, honey, hay and export timothy hay crops.

Area-Based Insurance Products

Area-based insurance products such as Silage Greenfeed, Corn Heat Unit (CHU), Satellite yield (SAT), Moisture Deficiency Insurance (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, or heat. Area-based insurance may not directly reflect conditions experienced by the insured producer. The following benefits are provided to AFSC clients through elected insurance products:

- Variable Price Benefit (VPB) pays when there is a production loss and the fall market price increases by 10 per cent or more compared to the spring insurance price. For indemnity calculations, the fall market price is subject to a maximum increase of 50 per cent above the spring insurance 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 may apply if the producer is unable to harvest crops due to the early onset of winter.

Endorsements

AFSC offers additional endorsements to its clients that are funded solely by producers and the Government of Alberta, and are not cost-shared with the federal government. The endorsements respond to specific needs, identified in many cases by producers themselves, to improve Alberta's risk management programs, resulting in the most comprehensive insurance coverage in Canada.

The following endorsements are available for purchase with most insurance products, and more than one endorsement may apply to a single product.

- Spring Price Endorsement (SPE) is price protection that triggers when an eligible commodity's fall market price decreases by more than 10 per cent below the spring insurance price. SPE premiums are cost-shared 50:50 between the Government of Alberta and producers. SPE is designed to help producers manage "within-year" price risk, and pays on actual crop production up to the selected coverage level. For indemnity calculations, the fall market price is capped at a maximum decrease of 50 per cent below the spring insurance price.

- Hail Endorsement (HE) provides spot-loss coverage for crop damage caused by hail, accidental fire, or fire by lightning. Coverage is limited to that provided under the insurance product, and producers only pay 33-37 per cent of the straight hail premium rate, depending on the type of crop.

- Moisture Deficiency Endorsement (MDE) is only available with Hay Insurance. Claims trigger when soil moisture and/or rainfall at a weather station(s) selected by the producer decrease below 80 per cent of the long-term normal.

Hail Insurance

Straight Hail Insurance provides producers with spot-loss crop protection from hail damage, accidental fire, or fire by lightning, and is available at any time once crops emerge. Coverage takes effect at noon the next day after a policy is written. AFSC's clients have the option to receive a two per cent premium discount when Straight Hail Insurance is purchased online. Producers who, prior to April 30, auto-elect straight hail coverage with their crop insurance are also eligible to receive a two per cent premium discount.

Losses are paid based on the percentage of hail damage to a crop. The Straight Hail insurance program is self-sustaining and fully funded by producer premiums.

During the 2012 crop year AFSC insured 5.6 million acres against hail damage, providing $626 million in straight hail insurance coverage and $58.5 million in total indemnity payments to eligible producers.

Livestock Price Insurance Programs (LPIP)

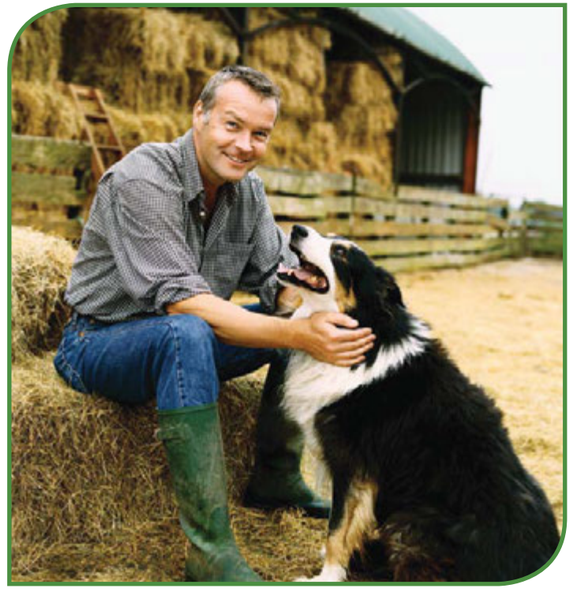
AFSC's Livestock Price Insurance Programs resulted from an industry-driven initiative designed to provide Alberta cattle and hog producers with an easy to use, made-in-Alberta risk management tool. These programs offer simple, bankable, market-driven and affordable ways to manage market price risk without limiting any upside price potential. The products were developed through funding from the Alberta Livestock and Meat Agency (ALMA) with premiums paid by producers and administration paid by the Government of Alberta.

Two different programs are currently available to Alberta producers: Cattle Price Insurance (CPIP) and Hog Price Insurance (HPIP). These livestock price insurance products are tailored to meet the needs of the beef and hog production chains and to equip producers with a tool to help manage risks faced daily in Canadian markets. Specifically, the following products are available:

- CPIP-Fed: Designed to insure cattle being finished in Alberta. Settlement is based on the average Alberta slaughter price. Coverage is available year-round with policy lengths between 12 to 36 weeks into the future.

- CPIP-Feeder: Tailored to insure feeder cattle (backgrounders) weighing 750-950 pounds at time of sale. Settlement is based on the average price of an 850 pound steer in Alberta, available for purchase year-round with policy lengths from 12 to 36 weeks into the future.

During 2012-13, LPIP producers purchased coverage on 124,000 fed cattle, 318,000 feeders, 39,000 calves, and 2,000 hogs.



- CPIP-Calf: Covers the price risk a cow-calf producer faces when selling 550-650 pound calves in the fall. Policy purchases are available in the spring for fall settlement which is based on the average price of a 550-650 pound steer calf in Alberta.

- HPIP: Year-round price protection for weaner and market hogs. Settlement is derived from an Alberta cash market-based formula. Policy lengths are between two and 10 months.

AgriStability (Agriculture Income Stabilization)

Producers need income stability programs to ensure disasters and wild market fluctuations beyond their control don't destroy their businesses or their appetite for risk and growth.

AgriStability provides participating producers compensation should they experience a significant decline in their margins due to factors beyond their control. The AgriStability program is designed to

As of March 31, 2013: 18,811 AgriStability 2011 claims were processed with payments totaling $30 million (2010: 23,924 claims with payments totaling $125 million). 2,153 2011 claims are still being processed. Producers participating in the 2011 AgriStability program in order to manage their risk represent 73 per cent (2010: 77 per cent) of Alberta's farm cash receipts.

provide support for farmers against a decline in farm margin for their whole farming operation. Margin declines result from circumstances such as production shortfalls, falling commodity prices or rising input costs.

AgriStability is funded in accordance with the Growing Forward Agreement, with the Government of Canada covering 60 per cent of AgriStability claim payments and administrative costs, while the GOA funds the remaining 40 per cent. The GOA offers, and fully funds, an enhancement for Alberta producers that raises the maximum AgriStability payment to $5 million, $2 million more than the national maximum of $3 million. This enhancement will remain in effect for the 2012 Program Year but will be eliminated beginning with the 2013 Program Years.

Compensation is provided for eligible participants when their program margin in a fiscal year declines by more than 15 per cent of their 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 current Program Year (after excluding the highest and the lowest margin years).

Under the program, allowable income includes proceeds from agricultural commodity sales and proceeds from production insurance. Allowable expenses include commodity purchases along with direct input costs incurred in the farming operation. Both the Reference Margins and the Current Program Year Margin (outside the Reference Period) are adjusted for changes in inventories along with changes in accounts payable and receivable and purchased inputs. Adjustments are intended to establish a reasonable comparison between the reference period and the current program year.

Should farming operations undergo 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 make the Reference Margins comparable to the Current Program Year Margin.

In order to participate, eligible applicants must report farming income (or loss) in Canada for income tax purposes and have a minimum of six months continuous farming activity along with the completion of a production cycle. Enrolment is required by April 30 of the Program Year and participants must remit an Enrolment Fee.

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 per cent of their estimated benefit. A final application is required to be filed for that year and any overpayment must be repaid.

AgriInvest

AgriInvest is a federally administered matching-deposit based program for producers facing margin declines. AFSC assists the federal government as necessary. AgriInvest savings accounts provide coverage for small margin declines and replace coverage for margin losses of up to 15 per cent. Funds, including government contribution, can be

withdrawn at any time by all participants with no pre-existing withdrawal requirements. The program is simple, responsive, predictable, and bankable, allowing participants to easily predict government contributions to producer-managed accounts each year. AgriInvest accounts opened at a participating financial institution of a producers' choice build as participants make deposits based on a percentage of Allowable Net Sales, and as matching contributions are received from federal, provincial, and territorial governments. Eligible producers have a deadline of 90 days from the date of notification to make a deposit to their AgriInvest account.

The matching government contribution and administration costs are shared between the governments of Canada and Alberta, in a 60:40 ratio.

Note: The included financial statements reflect only the Government of Alberta share of contribution and claim payments.

AgriRecovery

AgriRecovery is part of the Growing Forward framework, guiding federal and provincial governments in determining how and when to provide timely assistance to producers impacted by disasters when existing programs may not provide coverage. AgriRecovery is funded 60 per cent by the Government of Canada and 40 per cent by the Government of Alberta.

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. Programs vary depending on the individual disaster. As the delivery agent for AgriRecovery in Alberta, AFSC also works with both Federal and Provincial Governments and is necessarily involved in the disaster assessment and any initiative development phases. The Government of Alberta allocates no budget dollars to the AgriRecovery framework; disaster funding requires Treasury Board and Cabinet approval for each response.

During the fiscal year ending March 31, 2013, no AgriRecovery programs were announced.

Wildlife Damage Compensation Program

Wherever there is agricultural production there is a potential for conflict with wildlife. Compensation for damage to crops caused by wildlife is available to producers through AFSC. The Wildlife Damage Compensation Program (WDCP) is available nationally, and is cost shared in Alberta by the Government of Canada and by the Government of Alberta at a 60:40 ratio, whereby a maximum of 80 per cent of the losses are compensated. The remaining 20 per cent of losses are covered exclusively by Alberta.

Provincial and federal governments, through AFSC's WDCP compensate producers for spot-loss damage to eligible crops. WDCP includes the following initiatives that provide compensation when crops are damaged by 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 and hay. An inspection fee of $25 per section of land (640 acres or portion thereof) is required.
- Excreta Market Loss-Cleaning compensates 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.

To March 31, 2013, for the 2012 crop year, $3.5 million has been paid to producers for crop damage caused by wildlife.

Lending Services

Since 1972, AFSC has been supporting primary producers, commercial and agribusiness in Alberta through lending products that address market gaps. AFSC has partnered with producers and businesses to support rural development and a profitable agriculture sector in Alberta.

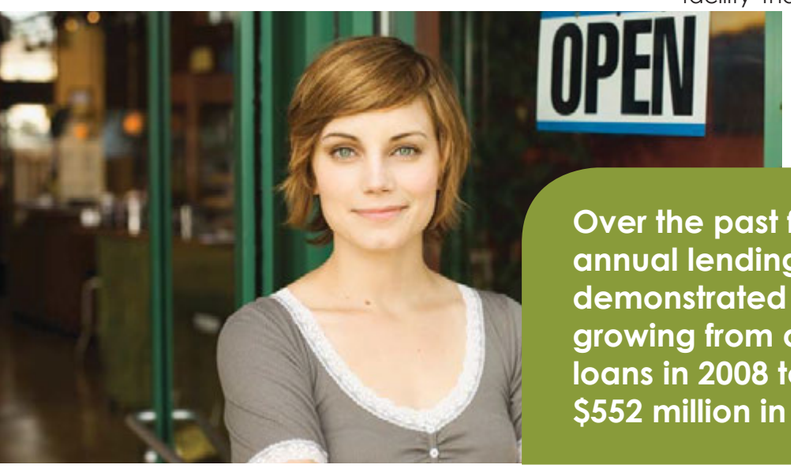
Producers need capital at two points in their growth: at the start-up phase and when they are ready to expand a successful business. If our customers can't find capital, ideas wither and Albertans lose. At AFSC, we partner with our customers to transform what conventional lenders, operating from afar, consider "high risk" into "smart risk."

AFSC offers loans to farms, agribusinesses, value added enterprises and commercial enterprises as well as loan guarantees and capital sourcing services. Flexible terms and long-term fixed interest rates make AFSC's products accessible, provide stability for farm and business planning and help operators manage future cash flows in an industry where income and expenses can be volatile. AFSC's loans are generally secured by land, buildings and equipment, with various repayment schedules offered. AFSC's clients can prepay or pay out any loan without incurring a penalty.

AFSC lending products, particularly the Alberta Farm Loan Program, were developed to assist producers in obtaining required capital to start, develop and grow their operations. Like any business, agricultural producers face many challenges to making a profit, and AFSC remains committed to supporting its client's success; its lending products are developed with that objective.

AFSC offers loans up to $5 million per borrower or connected borrower to assist a wide range of producers and businesses. AFSC's clients can choose the right financial option to suit their needs:

- **Alberta Farm Loan Program** assists with working capital needs, land and equipment purchases, or existing debt refinancing. The Beginning Farmer Incentive helps new farmers get started by reducing borrowing costs by an additional 1.5 per cent for the first five years of the loan.
- **Revolving Loan Program** was launched in March 2012 in response to client demand. The program meets the needs of Alberta's primary producers by enabling borrowing through a self-selecting, reusable loan facility that reduces the need for repeated transactions and provides faster service. The program offers fixed rate loans for terms up to three years; loans are renewable upon expiry.



Over the past five fiscal years, AFSC's annual lending approvals have demonstrated consistent growth, growing from approving $280 million in loans in 2008 to approving more than $552 million in 2013.

By setting leveraging targets AFSC maximizes the economic impact of the loans provided. Over $552 million in loans AFSC delivered across Alberta in 2012-13 were leveraged to generate $753 million in economic activity.

- **Value-Added and Agribusiness Program** provides both service firms supporting agriculture and agriculture-focused value-added enterprises with fixed-rate loans to acquire land or equipment, to refinance debt, or to provide working capital.
- **Commercial Loan Program** assists both rural and urban commercial businesses in growing their operations by providing fixed rate loans.
- **Disaster Assistance Benefit Program** delivered support under the existing Value-Added and Commercial Loan programs following the devastating wildfires in Slave Lake in May 2011. This initiative provided the additional benefit of being interest and payment-free for the initial 24 months to assist eligible enterprises in recovering from disaster. This successful program ended on December 31, 2012 with 162 approved loans totaling $111 million.
- **Specific Loan Guarantee Program** provides guarantees in support of operating loans to other lenders to facilitate the client's access to working capital.

Repayment options offer clients a choice of various fixed and renewable rates and terms, for a maximum period of 20 years. The interest rate can be fixed over the entire life of the loan, providing long-term or renewable short-term stability and the ability to manage cash flow risk. AFSC lending programs are funded by interest and fee revenue generated from borrowers, and through contributions received from the Government of Alberta (GOA).

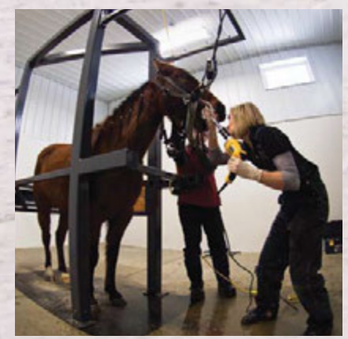
The decisions AFSC makes about new products, new industries, or new markets will come back to one essential question. Will this seed growth in Alberta?

It's the same question AFSC asks its customers, its neighbours. Alberta: how are you growing?

In the past fiscal year, AFSC had a total outstanding loan portfolio of $1.8 billion and more than 11,000 lending clients.

A state-of-the-art equine veterinary facility, Delaney Veterinary Services are dedicated to the well-being of their patients. Many travel from across Western Canada to receive medical care at the Sherwood Park, Alberta facility. With the help of an agribusiness loan from AFSC, Dr. Delaney and Dr. Shoemaker refinanced and completed their new cutting-edge facility. Now they ensure that their clientele, ranging from champion performance horses to a young girl's best friend, receive the best care available.

Lana Delaney and Ryan Shoemaker
Delaney Veterinary Services, Sherwood Park AB



We are pleased to share management's discussion and analysis, which offers a detailed look at AFSC's 2012-13 operations in support of our industry stakeholders.

The statistical information contained in this section reflects actual transactions up to March 31, 2013. In some instances the information contained in this section could be different from figures used in the financial statements because the latter includes accounting adjustments such as accruals.

Alberta Agriculture Industry 2012-13

Annual Crop Conditions in Alberta

Spring seeding progressed in a timely manner with minimal delays. Seeding was 94 per cent complete by May 31. June temperatures were cool but good to excellent moisture conditions prevailed in most areas which resulted in high crop condition ratings. Warmer weather and sporadic precipitation in July maintained the high crop ratings. August brought warm, dry weather which benefited crop development allowing harvest to get underway in a timely manner. Fifteen per cent of the province was harvested by August 31. Favourable weather during September allowed harvest to proceed at a good pace with 96 per cent of the harvest completed by October 1, approximately two weeks earlier than average.

Yields were average to slightly above average which was disappointing to producers who had anticipated higher volumes based upon the growing conditions. Heat stress in July and August, disease (sclerotinia and aster yellows) and insects (bertha army worm) had a greater effect on yield than anticipated. Crop quality was generally good though green seed content in canola was an issue.

Perennial Crop Conditions in Alberta

Hay and pastures got off to a good start with good moisture as 82 per cent of hay and pasture crops were rated in good/excellent condition. Cool conditions in June slowed crop development resulting in the start of first-cut haying to be delayed by approximately 10 days. 90 per cent of forage crops were rated in good/excellent condition at the end of June.

First-cut haying was completed by early August with good yields and average quality. Forage conditions declined slowly during July and August due to the warmer, drier conditions with 75 per cent rated in good/excellent condition at the end of August. An open fall allowed second-cut haying to proceed quickly with average yields and very good quality.

AFSC collected $709.8 million in crop insurance premiums and covered $5.3 billion of risk through insurance for Alberta producers (not including livestock insurance).

During 2012-13, the Livestock Price Insurance Programs (LPIP) provided producers $598 million in coverage, generated $8.5 million in premiums and paid indemnities to March 31, 2013 of $15.8 million.

Livestock

Alberta's livestock industry contributes significantly to the Alberta economy. In Alberta (for the 2012 calendar year January to December), farm cash receipts from the sales of cattle and calves combined equaled $3.4 billion (2011 $3.2 billion). Alberta hog farm cash receipts at $412 million (2011 $416 miillion) were the third largest contributor to livestock cash receipts, behind cattle and calves and dairy products.

Alberta continues to dramatically lead the rest of the country in total herd size. This province's inventories, at five million head, account for 40 per cent of total Canadian cattle inventories as of January 2013. In 2012, while the national cow herd saw its first year-over-year average percentage increase in numbers of cattle in seven years (0.5 per cent), Alberta saw an increase of 0.9 per cent.

The Alberta livestock industry continued the trend from 2011 with very strong cattle prices continuing in 2012, reinforcing the message that the livestock industry remains strong. The cow-calf producers saw prices down slightly from the highs of 2011, but remained profitable nonetheless. Background and feedlot operations also saw prices drop back from those in 2011. The need for strong prices became increasingly important in 2012 as feed costs climbed to record highs, pushing profitable operations toward very tight margins. Hog prices in Alberta were also high in 2012 but, similar to cattle feeders, hog producers also faced tight margins, with the record high feed value component of their production costs.

Lending

Farm lending volumes increased again in 2012 as a result of producers remaining optimistic in most agricultural sectors. Many producers continue to take advantage of the customized loan programs and flexible repayment options offered by AFSC. Strong agricultural commodity prices, along with demand from producers desiring expansion of their land base to gain efficiencies, also drove increases in farmland values. AFSC's Alberta Farm Loan program continues to provide access to capital for Alberta producers wanting to start, develop or grow their business.

Farmland values increased an average of 7.2 per cent in Alberta during the second half of 2012, following growth of 5.7 per cent and 4.5 per cent the previous two reporting periods.

AFSC's Commercial and VAAP (Value-Added and Agribusiness) loan programs volumes increased as a result of Alberta entrepreneurs continuing to be innovative and diversifying beyond primary production.

Assistance for Alberta's Agriculture Sector in 2012-13

A broad range of products and services provided by AFSC supported Alberta producers who were dealing with varied conditions in 2012-13.

Calendar-year 2012 program payments in Alberta are expected to increase 12.9 per cent to $769.2 million, largely due to higher payments under Crop and Hail insurance (up 56 per cent). Other payments to producers were substantially lower primarily due to higher grain and livestock prices and good production throughout the 2011 calendar year. 2012 Farm Cash Receipts rose 14.1 per cent from 2011 to a record $12.0 billion, the highest in Canada, up from $10.5 billion in 2011.

AgriStability

AgriStability claims are normally processed on a one year lag basis. In the 2011 production year, many Southern Alberta municipalities experienced excessively moist conditions on their crop and pasture acres with commodity prices remaining high. Input costs have remained relatively stable. This resulted in benefits being provided to approximately 10 per cent of participants for the 2011 claim year as of March 31, 2013, with 17 per cent of participants receiving benefits for 2010, one year earlier. Total 2011 claim payments for the 20,964 participants are forecasted to be $45 million. Early forecasts for 2012 claim payments are estimated at $101 million, in keeping with similar above average crop yields, increasing commodity prices, and higher livestock prices and feed costs as realized in the previous two years.

While program participation is declining, the average support level for producers has increased from $125,806 in 2010 to $136,687 in 2011. This is an indication that farm cash receipts have recovered and that many farms are consolidating to become larger. Some producers have experienced a decline in reference margins and have become ineligible for support due to successive loss years.

Income Stabilization - AgriStability (All data as at March 31, 2013) / (Including Alberta Initiatives)

Claim Year	2011	2010
Number of Claims Processed	18,811	23,924
Suport Level ($,000)	2,152,000	2,558,000
Average Support Level $	136,687	125,806
Number of Claims with Payment	1,863	4,114
Payment $,000	30,275	125,527
Average Total Payment $	16,251	30,512

*** 18,811 processed of 20,964 total 2011 AgriStability claims at March 31, 2013.**

AgriInvest

For the 2011 program year, 29,140 producers in Alberta with a combined Allowable Net Sales (ANS) of $5.1 billion participated in AgriInvest of which 21,650 were eligible to deposit one and a half per cent of their ANS, subject to a maximum of $22,500 per producer to be matched by the Government of Canada and Government of Alberta. 20,590 producers made their 2011 program year AgriInvest deposits at a financial institution by the deadline.

In Alberta, for the 2010 Program year, of the $72.7 million potential deposits, only $61.5 million was actually deposited, leaving approximately 15.5 per cent of funds with government. For the 2011 Program year, of the $77.1 million potential deposits, only $58.4 million has been deposited to date. Although approximately 24 per cent of funds are not yet deposited, many participants are still within deadlines to contribute.

AFSC had over 19,000 crop insurance contracts in 2012, covering over 21 million acres.

Producers can withdraw funds at any time for any reason including to cover margin declines or to invest in certain activities to improve farm income. Since the inception of AgriInvest in 2007, Alberta producers have withdrawn $233.8 million in government funds. At March 31, 2013, 32,292 producers had $390 million on deposit in their AgriInvest accounts. Alberta cost-shares matching government contributions to producer accounts at a 40 per cent level, with the financial statements herein reflecting only the GOA share of the contribution and administration.

AgriInvest

Claim Year	2011	2010
Number of Producers Eligible	21,650	22,737
Total Value of Maximum Matchable Deposits $,000	77,164	72,749
Number of producers depositing	20,590	22,073
Total Value of Contributions by Producer $,000	58,419	61,498
Total Value of Contributions by Government $,000	58,419	61,498

AgriInsurance

Annual Crops

Insurance and endorsements are made available to Alberta's producers to protect themselves from financial losses beyond their control. 2012 was a very good year for Alberta's agricultural producers.

Precipitation was generally adequate during the entire growing season and the cool spring temperatures warmed into July and August allowing harvest to get underway in a timely manner. As a result, production losses were lower than what might be normally expected. Prices increased significantly during the production period, principally as a result of a severe drought in the Midwest portion of the United States. The price increases triggered the Variable Price Benefit on most crops including all types of wheat and barley. Losses for these crops were paid at the higher Fall Price.

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

AgriInsurance for Annual Crops

Year	2012	2011
Contracts	12,732	12,825
Acres (,000)	14,262	13,538
Premium ($,000)	429,721	398,726
Liability ($,000)	4,547,661	3,790,961
Contracts with Indemnity	4,209	5,548
Indemnity ($,000)	140,835	129,560
Loss/Premium (%)	32.8	32.5

Perennial Crops

Alberta forage producers insured slightly more than 1 million acres more than they insured in 2011. The good moisture conditions experienced during the production year resulted in good yields and reduced loss experience. The Variable Price Benefit triggered for hay and pasture crops. Those producers who did suffer a loss were compensated at the higher Fall Price.

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

AgriInsurance for Perennial Crops

Year	2012	2011
Contracts	6,384	5,937
Acres (,000)	7,486	6,424
Premium ($,000)	20,990	15,908
Liability ($,000)	152,347	95,901
Contracts with Indemnity	948	1,457
Indemnity ($,000)	3,964	6,376
Loss/Premium (%)	18.9	40.1

Spring Price Endorsement (SPE)

Although spring prices were high in 2012 relative to historical prices, producers were optimistic that prices would not drop significantly from spring to fall to trigger an SPE claim. As a result, most producers chose to not purchase the product. Prices did remain strong based largely upon the drought experienced in the American mid-west. As a result, the spring price endorsement did not trigger on any of the major crops but did trigger on five minor crops namely: black dry beans, pinto dry beans, kabuli chickpeas, lentils, and confectionary sunflowers.

Spring Price Endorsement (SPE)

Year	2012	2011
Contracts	1,030	1,710
Acres (,000)	581	1,128
Premium ($,000)	10,882	20,064
Risk ($,000)	196,462	316,719
Contracts with Indemnity	120	-
Indemnity ($,000)	2,201	0
Loss/Premium (%)	20.2	0

Hail Endorsement and Straight Hail Insurance

Acres insured under both the hail endorsement and the straight hail programs in 2012 were slightly higher than 2011 levels. In 2012 Alberta experienced many large hail storms. The first major storm occurred on June 5 in the Taber/Burdett area. The second major storm occurred on July 1 and covered many areas including Wimborne and Didsbury-East across the Red Deer River. In addition to these large events there were many storms throughout the season, with only 11 days during the June – September period with no hail reported. Storms occurred from the Peace River area to the Canada/US border. There were a total of approximately 11,500 hail claims filed on 6,890 contracts. The number of total payable hail claims was the highest in AFSC history with a total indemnity payable of $450.3 million.

Hail Endorsement - subsidized premium and linked with AgriInsurance programs

Year	2012	2011
Contracts	10,933	10,891
Acres (,000)	12,544	11,816
Premium ($,000)	201,039	178,023
Liability ($,000)	4,095,255	3,394,225
Contracts with Indemnity	4,664	3,487
Indemnity ($,000)	391,808	179,917
Loss/Premium (%)	194.9	101.1

Straight Hail Insurance - 100% Producer-funded premiums

Year	2012	2011
Contracts	5,808	5,617
Acres (,000)	5,588	5,127
Premium ($,000)	47,178	43,561
Liability ($,000)	625,903	577,273
Contracts with Indemnity	2,226	1,484
Indemnity ($,000)	58,506	25,512
Loss/Premium (%)	124.0	58.6

Livestock Price Insurance Products (LPIP)

(Self Sustainable and fully-funded by producer premiums)

2012 was a volatile year for livestock prices in Alberta and with the record high cost of feed, producers began to look at the LPIP suite of risk management programs as one method of protecting their bottom line.

Total policies sold in 2012 showed a substantial increase from 2011. As the market price dropped, the insurance policies performed as intended, generating indemnity payments for losses with substantial payments made under the Cattle Price Insurance programs.

Education of producers on the design of the LPIP suite of programs continues to be a high priority for AFSC. The 2012 marketing plan involved AFSC staff attendance at numerous producer meetings, which increased awareness of the programs and their use as a tool to manage price risk. The ever increasing volatility of the futures and cash markets associated with each of the LPIP products, coupled with increased awareness of the programs through education and marketing, contributed to greatly increased producer participation.

Livestock Price Insurance Programs (LPIP) - at March 31, 2013

LPIP 2012-13	Policies	Premium ($,000)	Risk ($,000)	Indemnity ($,000)	Loss/Premium (%)
CPIP Fed	289	1,750	175,951	1,457	83.3
CPIP Feeder	1,004	6,241	385,984	13,412	214.9
CPIP Calf	273	489	35,948	946	193.5
HPIP	6	11	311	0.3	3.2
Totals	**1,572**	**8,491**	**598,194**	**15,815.3**	**186.3**
LPIP 2011-12	Policies	Premium ($,000)	Risk ($,000)	Indemnity ($,000)	Loss/Premium (%)
CPIP Fed	102	753	38,496	2,084	276.8
CPIP Feeder	117	358	21,006	239	66.9
CPIP Calf	33	51	2,768	32	62.9
HPIP *1	6	10	323	-	0.0
Totals	**258**	**1,172**	**62,593**	**2,355**	**201.1**
LPIP 2010-11	Policies	Premium ($,000)	Risk ($,000)	Indemnity ($,000)	Loss/Premium (%)
CPIP Fed	185	1,235	62,800	665	53.9
CPIP Feeder	5	11	382	-	0.0
CPIP Calf	2	3	83	-	0.0
Totals	**192**	**1,249**	**63,265**	**665**	**53.3**
LPIP 2009-10	Policies	Premium ($,000)	Risk ($,000)	Indemnity ($,000)	Loss/Premium (%)
CPIP-Fed	505	2,502	147,669	93	3.7

***1** *for eight months of sales within 2011-12*

Wildlife/Waterfowl Damage Compensation

Total payments and claim numbers under the wildlife damage compensation program decreased slightly from 2011 to 2012. This was generally due to an early harvest with good harvesting weather. However, with the long, hard winter, wildlife damage to stacked hay and silage was higher than average. The area most affected in 2012 was the Northern half of the province, where the winter conditions were the hardest. (Data Includes claims for Wildlife Excreta / Market Loss)

Wildlife losses - 100% government funded (no premiums)

	Wildlife		Waterfowl		Total	
Year	**# of Claims**	**Indemnity $,000**	**# of Claims**	**Indemnity $,000**	**# of Claims**	**Indemnity $,000**
2012	375	3,130	108	413	**483**	**3,543**
2011	435	4,767	128	1,019	**563**	**5,786**

Lending

AFSC had another successful year in its lending division. New direct loans approved totaled more than $552 million for the year ending March 31, 2013 with assistance to more than 2,215 businesses in Alberta. This lending facilitated an investment of over $752 million in the province's agriculture, value-added and rural economies. The former record, of $490 million in loans approved by March 31, 2012, was surpassed this year.

In its continued commitment to provide access to capital for Albertans and recognizing the unique needs of its borrowers, AFSC maintained its strong level of lending to primary producers, agri-industry and value-added sectors.

In March, 2012 the Government of Alberta announced a new Revolving Loan Program (RLP) in response to client demand. The RLP will enable eligible Alberta agriculture producers to have a new and contemporary delivery method for accessing debt capital to develop, expand and grow their farming operations.

In 2012-13, AFSC's total lending arrears were only 2.1 per cent, based on the value of the entire portfolio.

The total amount of investment leveraged by loans shows AFSC's contribution and commitment to growth in Alberta and its economy. For the fiscal year ending March 31, 2013, AFSC's lending contribution resulted in leveraging over $752 million total project dollars.

In 2012-13, AFSC's lending portfolio reached over $1.7 billion, as compared to $1.6 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 $500 million to the agri-industry (farm business and agri-business enterprises) and $673 million for rural based ventures. These results continue to have a positive impact on the Alberta economy and further solidify that AFSC loan programs are working for Albertans.

(2012-13 lending data as at March 31, 2013; 2011-12 lending data at March 31, 2012)

Direct Loans	Approvals 2012-2013			Approvals 2011 - 2012		
	No.	**Lending ($,000)**	**Project Outlay ($,000)**	**No.**	**Lending ($,000)**	**Project Outlay ($,000)**
Farm Loans	1,857	384,929	446,523	1, 593	301,250	352,308
Commercial Loans	250	115,392	198,244	267	132,449	229,606
VAAP Loans	103	52,577	94,462	114	56,314	202,334
Total Direct Loans	2,210	552,898	739,229	1,974	490,013	784,248

Frank and Stephen Cholak
Circle Cee Charolais Farms, Lamont AB

We can help bring *your story* to life.

With genetics that are exported worldwide,

Circle Cee Charolais Farms are seasoned players in the purebred cattle industry. Their frozen embryos, semen and live cattle are delivered across the globe. After forty years in business, this father and son partnership based in Lamont focus their breeding program on superior performance and carcass traits to help their customers gain an edge. And as our client, AFSC supports the continual growth of the Cholak's operation.

AFSC: "C" is for Corporation

Community Investment

At AFSC, every idea has a place to grow.

Our own people are farmers and rural dwellers. We don't see rural postings as a stepping stone to a better job in the city. We like being close to the entrepreneurs and businesses we support. We're one of the top employers in Canada because we love helping our customers succeed.

With more than 50 offices located across Alberta, AFSC has a broad reach across the province. It is important to staff that work and live in these communities to have their employer, AFSC, invest in the organizations and events that are vital to those same communities.

AFSC's support reaches much further than the communities where we have staff. Through contributions to community projects, organizations and events, AFSC supports hundreds of events each year. In 2012-13, local and corporate community investment initiatives were directed at organizations such as the Chamber of Commerce, Alberta 4-H, Family and Community Support Services, the 1st Lacombe Scouts, agricultural societies, food banks, seniors' organizations and schools.

The year also saw AFSC supporting several major trade shows with a newly designed booth, staff and in some instances, expert speakers. These included shows such as the Peace Country Classic, Cattleman's Corral and Crop Visions, Northlands Farm and Ranch Show, Alberta Beef Industry Conference, the Banff Pork Seminar, Growing the North Conference, Agri-Trade and Ag Expo. Support was also given to numerous agricultural conferences, agriculture tours and seminars, farm safety days, community suppers, farmer appreciation days, and local community and educational events including awards and scholarships, to name a few.

The Canadian Foodgrains bank is another important organization supported by AFSC. The Canadian Foodgrains Bank provides a practical way for Canadian farmers to share their harvest with the less fortunate. This past year, AFSC sponsored over 20 locations in Alberta which totaled more than 3000 acres. AFSC supported these efforts by providing Straight Hail Insurance free of charge on crops donated by partnering communities in Alberta.

Through its community investment program, AFSC plays a role in the growth and sustainability of rural Alberta.

AFSC has ranked as one of Canada's Top 100 Employers for the past four years, and Top Employer in Alberta for the past five.

Customer Service Commitment

AFSC is proud to have been selected as one of Canada's Top 100 Employers for 2013, one of Alberta's Top 60 Employers, and Top Employer for Canadians over 40, and will continue to build upon this success in order to meet and exceed its clients' expectations in the years ahead.

AFSC continues to evolve its culture of performance ensuring that staff have the knowledge and tools they require to deliver excellent customer service. Employees are the strength of AFSC and the vital link to providing the expected high level of service to Alberta's producers and business owners. The 2012-13 year was focused again on improving existing processes as well as developing new tools to ensure that AFSC remains a great place to work.

After developing a Corporate Values document in 2011-12, in 2012-13 the groundwork was laid for increased collaboration by determining how best to support career paths across the organization.

Employee growth through training and development continues to be a priority for 2013 with a future focus on cross-training and cross-functional career opportunities. 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. The average number of years of service (for all AFSC staff) is 10.34 years.

Management Discussion & Analysis

Goals & Corporate Performance

AFSC's 2012-13 Corporate Plan contained additional strategies and an action plan to achieve its goals.

Several AFSC Corporate strategies are client-focused, designed to better serve customers, both the producers on the ground and related rural and agri-businesses clients. Accordingly, each year AFSC obtains feedback from its customers, including satisfaction levels with all programs offered by AFSC, by surveying its clients. Customer feedback is utilized by management for monitoring the effectiveness of program delivery and management processes and to identify areas for continuous improvement.

The AFSC client survey was conducted by an independent firm in February and March, 2013. A total of 1,522 AFSC clients participating in AgriStability, Lending, and AgriInsurance were randomly contacted by telephone. Client anonymity is assured through the use of an independent survey firm 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 92 per cent of all surveyed customers from AgriStability, Insurance and Lending indicated they were satisfied with service by AFSC, slightly increased from last year. This year, an average 90 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 they are important to AFSC clients, government and other stakeholders. Given this importance, aggressive claim turnaround targets were set for both AgriInsurance and AgriStability.

AFSC's external client survey reported that an average 92 per cent of our clients were satisfied with all services received from AFSC staff in 2012-13.

AgriInsurance has two key turnaround 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.

Similary, AgriStability has two key turnaround performance targets. The first measure is the time between receipt of complete information and the payment of claims received before 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 as well as the number and magnitude of additional programs to administer.

In 2012, the actual turnaround time was 46 days (72 days in 2011) for 2011 AgriStability claims received prior to August 15 and 58 days (43 days for 2011) for 2011 claims received after August 15. The improvement in claim processing turnaround time prior to August 15 is due to early system implementation and increased staff availability, but remains below the target of 30 days. Claims processed after August 15 meets the target of 65 days but is longer than 2011 turnaround times due to a process change for scanning documents which is intended to expedite claims on a go forward basis.

For Hail Endorsement (HE) and Straight Hail (SH) claims, the 27 day turnaround time between claim filing to inspection failed to meet the target of 18 days, due to widespread hail in 2012 and highest claim numbers ever seen by AFSC. However, this year's time between claim inspection to claim payment of 8 days was well under the target of 22 days.

For AgriInsurance postharvest claims, the actual turnaround time of 43 days between claim filing to inspection failed to meet the target of 20 days. However, the time between claim inspection to claim payment turnaround averaged 30 days, meeting the target of 30 days.

The ratio of direct loan dollars compared to project dollars leveraged was 1.36 times direct loan dollars this year based on $552 million in direct loans representing $753 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 2.1 per cent for the entire portfolio. This shows AFSC's loan portfolio is well-managed relative to general economic conditions and similar to other business entities. When surveyed by an independent firm this past year, 95 per cent of lending customers surveyed felt that AFSC's lending products were effective.

Much work occurred in delivering new system development and enhancement projects on time and on budget. Measuring the effectiveness of project management shows 75 per cent were delivered on budget and 79 per cent were delivered on time, surpassing the 75 per cent target set for both.

Lastly, AFSC conducted a staff survey via an independent firm, measuring a variety of factors. Even through transition work involving input from 300 staff that will inform AFSC's future structure, AFSC maintained an engagement index of 77 per cent on our 2012 Employee Survey, with 86 per cent of staff satisfied overall in their work, 81 per cent proud to

tell people they work for AFSC, 73 per cent inspired to give their very best, and 70 per cent preferring to stay with AFSC. Through staff engagement, AFSC continues to create a better experience for its clients in the service of producers and when connecting with customers.

Enterprise Risk Managment

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 from outside the Corporation. During the planning retreat, the Board 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

AFSC provided new lending to assist 2,210 Alberta clients in 2012-13, the vast majority rural businesses.

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 AFSC's loan portfolio by sector is provided in Note 13 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 decrease 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. AFSC also invests in asset-backed securities (AAA rating) and senior bank notes (A rating and higher). Both of these investments consist of securities with relatively low 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 the customer's 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 with the exception of Livestock Price Insurance products, which 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 AFSC's lending programs. The Corporation strives to minimize the gap between loan repayment and debt repayment on a regular basis. As loan repayments before maturity are not determinable with reasonable certainty, gaps are identified and dealt with when new borrowings are made. The gap position as of March 31, 2013 is presented in Note 13 to the financial statements. At March 31, 2013, 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.

Interest rate risk is further mitigated by AFSC's Investment Policy for surplus funds related to AgriInsurance, hay and pasture insurance, and hail insurance program operations. 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 AgriInsurance 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 AgriInsurance risks through reinsurance funds of the federal and provincial governments, described in more detail in Note 2 (j) to the financial statements. A summary of transactions in the two reinsurance funds is under Note 15 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 has yet to build adequate reserves to be able to absorb unexpected levels of claims.

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. The 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 $1,002 million and expenses of $927 million resulting in a net surplus of $75 million. The surplus for the year was mainly due to lower crop losses relative to premiums. The surplus has decreased from the previous year as a result of record hail endorsement losses.

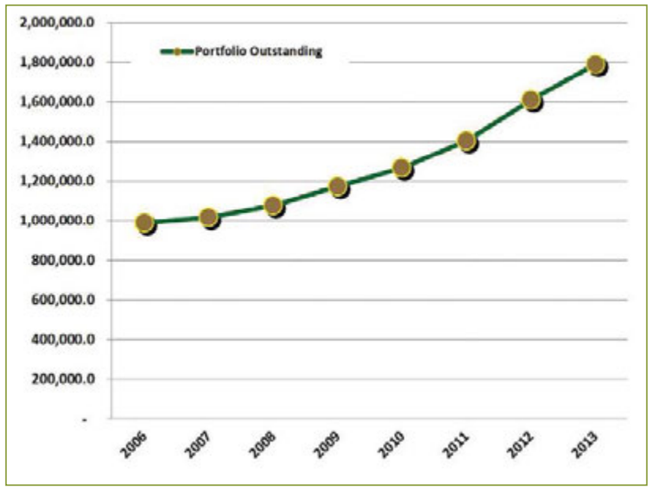
The Corporation's assets increased from $3,253 million to $3,473 million of which $1,777 million or 51 per cent represents the loan portfolio. The liabilities of the Corporation increased from $1,903 million to $2,061 million mainly as a result of additional borrowing made to finance new loans.

The surplus balance carried over increased to $1,411 million. Included in the surplus balance is $1,333 million in the Crop Insurance Fund made up of a $1,272 million surplus representing the national program, a $31 million surplus representing Alberta initiatives, and a surplus of $30 million representing the Crop Reinsurance Fund of Alberta.

Lending Statistical Summaries (March 31, 2006 - March 31, 2013)

March 31	New Loan Approvals ($,000)	Portfolio Outstanding ($,000)
2013	552,898	1,789,700
2012	490,013	1,610,286
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

Total Loan Portfolio Outstanding 2006 to 2013 ($,000)



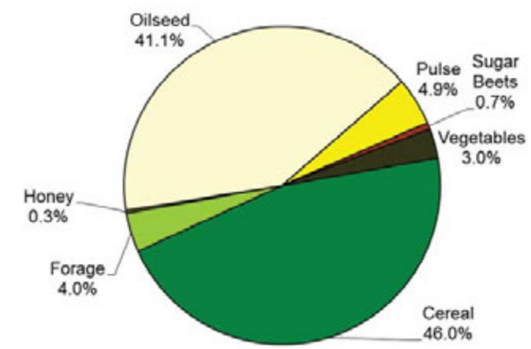
Total Loan Dollars Approved (New Lending) 2006 to 2013 ($,000)

AgriInsurance Statistial Summaries

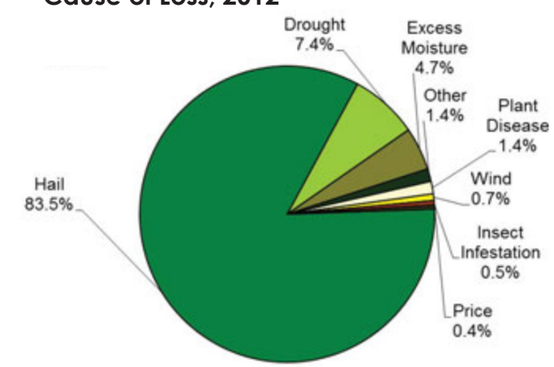
AgriInsurance for Annual and Perennial Crops (as at March 31, 2013)

Crop Year	Number of Contracts	Acres ,000	Risk $,000	Premium $,000	Loss $,000	Loss / Premium %
2012	19,116	21,748	4,700,007	662,633	538,808	81.3
2011	18,762	19,961	3,886,862	612,720	315,853	51.5
2010	20,554	21,285	3,302,273	536,840	357,879	66.7
2009	18,895	19,717	2,758,388	489,993	544,098	111.0
2008	19,083	19,235	2,763,187	452,252	264,591	58.5
2007	18,719	17,560	2,292,314	306,790	242,608	79.1

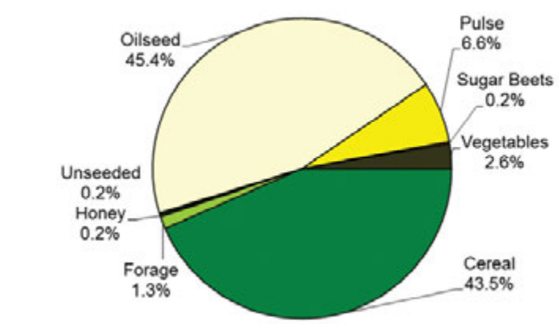
Total Insured Risk, 2012



Cause of Loss, 2012



Total Loss Dollars, 2012



AgriStability Statistical Summaries

Income Stabilization - AgriStability including Alberta Initiatives (as at March 31, 2013)

Claim Year	Numbers of Claims Processed	Support Level $,000	Average Support Level $	Participants with Payments (#)	Total Payment $,000	Average Payment $
2011	18,811	2,152,416	136,687	1,863	30,275	16,251
2010	23,924	2,557,887	125,806	4,114	125,527	30,512
2009	26,846	2,589,040	111,409	7,841	226,979	28,948
2008	28,859	2,257,563	91,700	4,053	114,012	28,130
2007	31,789	2,382,042	90,031	4,971	146,018	29,374
2006	31,478	2,262,258	77,485	11,058	247,822	22,411

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 provides leadership and direction to the Corporation and oversees 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, 2013, the Board of Directors consisted of twelve Directors. There are eleven 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. The Board ensures that public policy is considered in all decisions. Board members also participate in seminars and conferences to further enhance their skills in dealing with corporate business issues and governance.

Board Development activities benefit the Corporation by enhancing knowledge through annual training and development, on a rotational basis. Aligned with AFSC's corporate values, this allows for sound business decisions, being progressive and encouraging innovation, while taking responsibility for the client experience.

AFSC Corporate Governance

Board Committee Membership and Responsibilities as at March 31, 2013

For effective conduct of its affairs the Board of Directors utilized four committees to oversee certain functions, each with its own reporting requirements and operating under formal terms of reference updated annually. The Board of Directors has the flexibility to appoint members to the Subcommittees.

Minister of Agriculture and Rural Development:
Honourable Verlyn Olson

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

Darcy Davis
Bill Daye
Brad Klak, *President and Managing Director*
Carol Haley
Pat James
Mel McNaughton
Ian Reynolds
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

Board Committee Membership

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
Carol Haley
Pat James
Mel McNaughton
Ian Reynolds
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
Ian Reynolds
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 maintained.

Risk Management Programs Committee
Ken Skoberg, Chair

Bill Daye
Darcy Davis
Carol Haley
Pat James
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 Culture
Jeff Haley, Strategic Relations Manager
Merle Jacobson, Chief Operating Officer
Darryl Kay, Chief Financial Officer
Krish Krishnaswamy, Senior Vice-President, Corporate Affairs
Wayne McDonald, Vice-President, Innovation & Product Development
Kelly Rich, Vice-President, Sales and Markets

Management's Responsibility for Financial Reporting

Unique Financial Services

AFSC

INSURANCE • LENDING • INCOME STABILIZATION

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 public sector 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 Independent 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.

Brad Klak, MBA, ICD.D.
President and Managing Director

Darryl Kay, B. Comm., C.A.
Chief Financial Officer

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, 2013, 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 my 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, 2013, and the results of its operations, its remeasurement gains and losses, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]
Auditor General

May 30, 2013

Edmonton, Alberta

AGRICULTURE FINANCIAL SERVICES CORPORATION

FINANCIAL STATEMENTS

MARCH 31, 2013

AGRICULTURE FINANCIAL SERVICES CORPORATION

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2013
(dollars in thousands)

	2013	2012
ASSETS		
Cash	$ 261,039	$ 277,559
Accounts receivable (Note 3)	10,877	12,081
Due from Government of Alberta	110,445	52,866
Due from Government of Canada	147,835	178,072
Loans receivable (Note 4)	1,777,381	1,601,350
Investments (Note 5)	1,119,771	1,084,846
Tangible capital assets (Note 6)	45,190	46,528
	$ 3,472,538	$ 3,253,302
LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	$ 22,839	$ 16,755
Indemnities payable (Note 8)	202,743	189,912
Borrowing from Government of Alberta (Note 9)	1,808,219	1,683,078
Deferred revenue (Note 10)	27,578	12,976
	2,061,379	1,902,721
Net assets at beginning of year	1,350,581	1,048,366
Adjustment to opening net assets (Note 2)	(14,205)	-
Net operating results	74,783	302,215
Net assets at end of year	1,411,159	1,350,581
	$ 3,472,538	$ 3,253,302

Contingencies and contractual obligations (Note 12)

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

Darryl Kay, Chief Financial Officer

AGRICULTURE FINANCIAL SERVICES CORPORATION

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2013
(dollars in thousands)

	2013 Budget	2013 Actual (Schedule 1)	2012 Actual
Revenues:			
Premiums from insured persons	$ 272,996	$ 314,114	$ 283,147
Interest	96,020	80,485	79,269
Contribution from Government of Alberta	329,365	306,878	285,278
Contribution from Government of Canada	292,294	245,737	237,470
Investment income	34,159	30,598	29,067
Fees and other income	15,231	24,189	15,574
	1,040,065	1,002,001	929,805
Expenses:			
AgriInsurance	372,247	616,863	372,649
Agriculture Income Support	226,288	112,142	123,274
Lending	115,244	103,987	90,244
Hail Insurance	42,302	64,111	30,934
Livestock Insurance	6,298	24,859	4,725
Wildlife Damage Compensation	8,984	5,256	5,764
	771,363	927,218	627,590
Net operating results	$ 268,702	$ 74,783	$ 302,215

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

AGRICULTURE FINANCIAL SERVICES CORPORATION

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2013

(dollars in thousands)

	2013	2012
Operating activities:		
Net operating results	$ 74,783	$ 302,215
Non-cash items included in operating results		
Amortization of capital assets	8,582	8,167
Amortization of premiums and discounts	5,694	3,973
Allowance for doubtful accounts and for losses	10,102	10,162
Gain on sale of investments	(2,972)	(3,043)
Gain on disposal of capital assets	(46)	(1)
Changes in assets and liabilities relating to operations	(7,259)	(124,979)
Net cash provided by operating activities[1]	88,884	196,494
Investing activities:		
Proceeds from repayments of loans receivable	316,571	242,117
Loan disbursements	(502,915)	(451,409)
Purchase of investments	(524,675)	(750,631)
Proceeds on disposal of investments	483,866	367,265
Net cash utilized by investing activities	(227,153)	(592,658)
Capital activities:		
Purchase of tangible capital assets	(7,244)	(5,546)
Proceeds on disposal of tangible capital assets	46	128
Net cash utilized by capital activities	(7,198)	(5,418)
Financing activities:		
Borrowing from the Government of Alberta	355,000	775,721
Repayment of borrowing from the Government of Alberta	(226,053)	(464,425)
Net cash provided by financing activities	128,947	311,296
Net decrease in cash during the year	(16,520)	(90,286)
Cash at beginning of year	277,559	367,845
Cash at end of year	$ 261,039	$ 277,559

(1) Net cash provided by operating activities includes $68,397 (2012 $57,209) 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, 2013

(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, AgriInsurance, livestock price 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 Public Sector Accounting Standards (PSAB).

Adoption of new Accounting Standards:

Effective April 1, 2012 the Corporation adopted PS 3450, Financial Instruments. No adjustment to financial assets and liabilities was required. These statements do not present a Statement of Re-measurement Gains and Losses as the Corporation has no re-measurement gains or losses.

In addition, effective April 1, 2012 the Corporation adopted PS 3410, Government Transfers. As a result, the Corporation changed its policy for recording contributions received from the Federal and Provincial governments that are restricted for the acquisition of tangible capital assets. Previously, restricted capital contributions were recorded as revenue when the tangible capital assets were acquired. As a result of this policy change, restricted capital contributions are recognized as deferred revenue upon receipt and transferred to revenue over the useful life of capital assets. This policy has been adopted retroactively without restatement of comparatives. As a result, the opening net assets have decreased by $14,205.

(a) Cash

Cash consists of bank balances. Interest is earned on bank balances as part of funds managed by the Government of Alberta and is included in investment income.

(b) Loans Receivable and Allowances for Doubtful Accounts and for Losses

Loans are recorded at the lower of cost and net recoverable value. Amounts included in the cost of loan receivable include principal not due, arrears of principal and interest, accrued interest and capitalized other costs.

The Corporation records valuation allowances to reduce the cost of impaired loans to their net realizable value. A loan is classified as impaired when collection of principal and interest is no longer reasonably assured. Two types of allowances are established for loans receivable.

Specific allowance – a specific allowance is established after a loan-by-loan review of accounts meeting prescribed criteria indicative of a potential deterioration in the credit quality of debt. The specific allowance for each loan is determined as the difference between the loan principal amount outstanding and the discounted net present value of the related security net of the cost of realization. Changes in net realizable value of security subsequent to the recording of the initial allowance are adjusted through the specific allowance.

AGRICULTURE FINANCIAL SERVICES CORPORATION

(dollars in thousands)

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) Loans Receivable and Allowances for Doubtful Accounts and for Losses (continued)

General allowance – two types of general allowance are recorded. The first type is for estimated potential losses relating to a deterioration in the full recoverability of individual loan accounts which have not yet met management's criteria for setting up a specific allowance at the balance sheet date. A methodology is applied to determine the Corporation's risk exposure to potential losses on individual loan accounts not subject to a specific allowance. The second type is for the aggregate amount owing for individual loans under a specific program or industry sector or a geographical area. In determining the allowance management considers economic and market conditions and uncertainties affecting recoverability of such loans.

Loans are written off against the related allowance for doubtful accounts and for losses if there is no realistic prospect of future recovery. Any recovery of amounts previously written off is recognized on receipt of proceeds.

Concessionary Loans and Loan Discounts

A loan is considered to have concessionary terms when at inception of the loan, the net present value of expected future cash flows is less than present book value. Book values of concessionary loans are reduced to their net present values by loan discounts expensed in the year in which loans are disbursed and amortized to interest revenue over the period of the concessionary term in proportion to loan repayments received.

(c) 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 effective interest rate method over the period to maturity of the related investment. Gains and losses realized on disposal of investments are included in investment income.

(d) Tangible Capital Assets including Capital Leases

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 or more is capitalized. Computer software acquired from external sources at a cost of $100 or more and software developed by the Corporation costing $500 or more are capitalized.

Leases that, from the point of view of the lessee, transfer substantially all the benefits and risks incidental to the ownership of the asset to the Corporation are considered capital leases. These are accounted for as an asset and an obligation. Capital lease obligations are recorded at the present value of the minimum lease payments excluding executor costs. The discount rate used to determine the present value of the lease payments is the Corporations incremental borrowing rate.

AGRICULTURE FINANCIAL SERVICES CORPORATION

(dollars in thousands)

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(e) Borrowing from Government of Alberta

Borrowing is carried at amortized cost. Premiums and discounts on borrowing are amortized to interest expense using the effective yield method over the period to maturity.

(f) Financial Instruments

AFSC's financial instruments include cash, receivables, loans receivable, investments, accounts payable and accrued liabilities, indemnities payable, borrowing from the Government of Alberta and deferred revenue. All Financial instruments are held at cost or amortized cost. The effective interest method is used to recognize interest income or expense. Transaction costs related to all financial instruments are expensed as incurred.

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, prepayment (in part or full) with no penalties applicable to all loans, 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.

(g) Measurement Uncertainty

There is an inherent degree of uncertainty associated with the measurement of certain amounts recognized or disclosed in the financial statements. In the preparation of the financial statements, management is required to make estimates and assumptions that affect the reported amount of assets, liabilities, net assets and related disclosures. Estimates of material amounts relate to Indemnities payable and Allowances for doubtful accounts and for losses on Accounts receivable and Loans receivable. Accordingly, actual results could differ from these and other estimates thereby impacting future financial statements. Disclosure of the nature and circumstances giving rise to the uncertainty, have been disclosed in the relevant notes in the financial statements (See Notes 3, 4 and 8).

(h) Revenue Recognition

Premiums from insured persons are recorded as revenue when earned over the insurance policy contract term for AgriInsurance, Livestock Price and Hail Insurance programs. A corresponding premium contribution from the Governments of Canada and Alberta is also recognized on policies sold under the AgriInsurance programs and is included in Contributions from the Governments of Canada and Alberta. Premiums received by the Corporation in advance of the related policy term are recorded as deferred revenue until earned.

AGRICULTURE FINANCIAL SERVICES CORPORATION

(dollars in thousands)

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(h) Revenue Recognition (continued)

Contributions from the Governments of Canada and Alberta for estimated compensation payments to participants under Agriculture Income Support Programs such as AgriStability (formerly the Canadian Agriculture Income Stabilization (CAIS)), AgriInvest, AgriRecovery and Wildlife Damage Compensation are recognized in the period in which the program payments to producers are determinable. Overpayments of compensation payments under the AgriStability program are recovered through repayment or the reduction of future eligible payments under the program or other programs administered by the Corporation. Overpayments are repayable to the Governments of Canada and Alberta.

Contributions received from the Governments of Canada and Alberta that are restricted for the acquisition of tangible capital assets are recognized as deferred revenue when received and recognized as revenue over the useful life of the acquired tangible capital assets.

Interest income on loans receivable is recognized as earned over the period of loan repayment except for impaired loans. At the date impairment is assessed, arrears of interest is derecognized and is not accrued until the loan reverts to performing status or is terminated. When an impaired loan is reverted to performing status, interest is accrued and recognized from the date of change in status of the loan. Interest previously unrecognized is recognized only when payment is received.

Investment income is recognized in the period in which the income is earned. Gains or losses on the value on investments are recognized when realized on disposition.

Fees which are primarily from lending activities and AgriStability applications are recognized on processing of the related application. AgriStability program application fees received in advance of the program commencement date are recorded as deferred revenue until earned.

(i) AgriStability, AgriInvest and AgriRecovery Program

Payments under the programs to participants, administration expenses and corresponding contributions from the Governments of Canada and Alberta are recorded at 100% for AgriStability and AgriRecovery programs because the programs are delivered by the Corporation and at 40% for AgriInvest program because the program is delivered by Agriculture and Agri-Food Canada.

(j) Reinsurance

The Corporation carries reinsurance to cover AgriInsurance 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 AgriInsurance net assets of the Corporation. Contributions to and withdrawals from the Funds are made in accordance with terms and conditions of the agreement between the Governments of Canada and Alberta (see Note 15).

AGRICULTURE FINANCIAL SERVICES CORPORATION

(dollars in thousands)

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(j) Reinsurance (continued)

In addition, the Corporation carries reinsurance through private reinsurance companies for AgriInsurance and Hail 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.

(k) AgriInsurance Net Assets Balance Restriction

In accordance with the Federal/Provincial Agricultural Policy Framework Implementation Agreement, amounts in the AgriInsurance net assets are restricted for AgriInsurance purposes only.

(l) 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.

(m) Transactions with Related Parties

The Government of Alberta significantly influences the programs delivered by the Corporation and is a major contributor to the funding of the programs. Therefore, the Government is considered a related party. All related party transactions with the Government of Alberta have been recorded at the exchange amount which is the consideration paid or received as agreed to by the related party (see Note 14).

(n) Net Assets / Net Liabilities

Net assets / net liabilities represents the difference between the carrying value of assets held by the Corporation and its liabilities.

Canadian public sector accounting standards require a “net debt” presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as “net debt” or “net financial assets” as an indicator of the future revenues required to pay for past transactions and events. The Corporation operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

AGRICULTURE FINANCIAL SERVICES CORPORATION

(dollars in thousands)

Note 3 Accounts Receivable

	2013	2012
AgriStability & Canadian Agricultural Income Stabilization (CAIS) programs:		
Overpayments	$ 19,361	$ 21,106
Administration fees	613	870
Premiums from insured persons		
AgriInsurance program	7,368	9,021
Hail insurance program	196	402
Other	3,226	2,293
	30,764	33,692
Allowances for doubtful accounts		
At beginning of year	(21,611)	(19,104)
Decrease (increase) for this year	1,469	(3,156)
Write offs, net of recoveries	255	649
At end of year	(19,887)	(21,611)
	$ 10,877	$ 12,081

Included in the allowances for doubtful accounts is $19,361 (2012 $21,106) representing the amount of overpayments under AgriStability and CAIS programs in recognition of the Corporation's role as an agent for collection. Also included in the allowances is $526 (2012 $505) for premiums from insured persons. The allowance for doubtful accounts is subject to measurement uncertainty as it is an estimate based on management's assessment of collectability of outstanding balance. Actual write-offs realized in future periods could be materially different from management's estimates.

AGRICULTURE FINANCIAL SERVICES CORPORATION

(dollars in thousands)

Note 4 Loans Receivable

Loans receivable are comprised of the following:

	2013			2012
	Farm	Commercial	Total	Total
Performing loans - non concessionary	$ 1,349,231	$ 396,309	$ 1,745,540	$ 1,567,244
Performing loans - concessionary	10,373	-	10,373	15,128
Impaired loans	6,564	27,223	33,787	27,914
	1,366,168	423,532	1,789,700	1,610,286
Accrued interest	23,368	1,831	25,199	25,427
Loan discount	(126)	-	(126)	(195)
	1,389,410	425,363	1,814,773	1,635,518
Allowances	(14,255)	(23,137)	(37,392)	(34,168)
Net carrying value	$ 1,375,155	$ 402,226	$ 1,777,381	$ 1,601,350

Impaired loans balance includes $1,480 (2012 $1,222) for properties held for sale acquired as a result of foreclosure actions.

All loans have fixed interest rates for the term of loan or renewal period.

Loans have blended repayments during the term. Loans can be repaid in full or part during the term without any penalty.

Allowances for doubtful accounts for loans are as follows:

	Farm	Commercial	2013	2012
At beginning of year	$ 14,797	$ 19,371	$ 34,168	$ 30,680
Increase (decrease) for the year	(374)	11,943	11,569	7,056
Write-offs	(168)	(8,177)	(8,345)	(3,568)
At end of year	$ 14,255	$ 23,137	$ 37,392	$ 34,168
Specific allowance	$ 2,351	$ 15,096	$ 17,447	$ 13,742
General allowance	11,904	8,041	19,945	20,426
	$ 14,255	$ 23,137	$ 37,392	$ 34,168

Valuation allowances of receivables are based on management's best estimate. Actual losses realized may vary significantly from management's estimate.

Loans receivable are secured by tangible assets consisting predominantly of land followed by buildings, equipment and other assets. The estimated values of such assets are $3,326,428 (2012 $2,956,675).

AGRICULTURE FINANCIAL SERVICES CORPORATION

(dollars in thousands)

Note 4 Loans Receivable (continued)

The composition of the Loans receivable balance by range of effective annual interest rates is as follows:

Effective annual Interest Rate	2013	2012
Less than 2%	$ 75,733	$ 49,486
2.01% to 3.00%	159,931	99,198
3.01% to 4.00%	389,715	254,903
4.01% to 5.00%	460,190	488,066
5.01% to 6.00%	327,593	289,792
6.01% to 7.00%	299,276	302,989
7.01% to 8.00%	87,167	122,862
Over 8%	15,168	28,222
Allowance for doubtful accounts	(37,392)	(34,168)
	$ 1,777,381	$ 1,601,350
Weighted average annual interest rate	4.67%	4.99%

Note 5 Investments

	2013	2012
Bonds and debentures:		
Government of Canada, direct and guaranteed	$ 516,450	$ 489,677
Other provincial, direct and guaranteed	180,011	304,425
	696,461	794,102
Corporate securities:		
Asset backed securities, AAA rated	222,665	238,936
Senior bank notes	193,872	44,928
	416,537	283,864
	1,112,998	1,077,966
Accrued interest	6,773	6,880
	$ 1,119,771	$ 1,084,846

The fair value of investments at March 31, 2013 is $1,132,523 (2012 $1,091,768). Fair value is based on quoted market prices excluding accrued interest.

AGRICULTURE FINANCIAL SERVICES CORPORATION

(dollars in thousands)

Note 5 Investments (continued)

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

	Term to Maturity [1]				
	Within 1 Year	1 to 5 Years	6 to 10 Years	2013	2012
Bonds and debentures	$ 272,214	$ 387,494	$ 36,753	$ 696,461	$ 794,102
Yield [2]	1.05%	1.41%	1.93%	1.30%	1.53%
Corporate Securities	-	416,537	-	416,537	283,864
Yield [2]	-	1.73%	-	1.73%	2.29%
	272,214	804,031	36,753	1,112,998	1,077,966
Accrued interest	1,401	5,036	336	6,773	6,880
	$ 273,615	$ 809,067	$ 37,089	$ 1,119,771	$ 1,084,846

[1] Term to maturity classifications are based on contractual maturity date of the security.

[2] Yield represents the rate which discounts future cash receipts to the carrying amount.

Note 6 Tangible Capital Assets

	Land	Building	Furniture and Fixtures	Computer Equipment and Software	2013	2012
Estimated Useful Life	Indefinite	25 - 40 years	5 - 10 years	2 - 10 years		
Cost						
At beginning of year	$ 347	$ 9,987	$ 7,561	$ 83,575	$ 101,470	$ 96,593
Additions	-	-	264	6,980	7,244	5,546
Disposals	-	-	(6)	(1,215)	(1,221)	(670)
	347	9,987	7,819	89,340	107,493	101,469
Accumulated amortization						
At beginning of year	-	3,973	4,252	46,717	54,942	47,318
Amortization expense	-	363	319	7,900	8,582	8,167
Disposals	-	-	(6)	(1,215)	(1,221)	(544)
	-	4,336	4,565	53,402	62,303	54,941
Net book value at March 31, 2013	$ 347	$ 5,651	$ 3,254	$ 35,938	$ 45,190	
Net book value at March 31, 2012	$ 347	$ 6,015	$ 3,309	$ 36,857		$ 46,528

Computer equipment and software costs include $4,656 (2012 $1,752) of costs incurred that are not amortized because they are still in the development stage.

AGRICULTURE FINANCIAL SERVICES CORPORATION

(dollars in thousands)

Note 7 Accounts Payable and Accrued Liabilities

	2013	2012
Supplies and services	$ 15,348	$ 10,026
Salaries, wages and employee benefits	6,281	5,932
Reinsurance Premiums to Government of Canada	543	797
Other	667	-
	$ 22,839	$ 16,755

Note 8 Indemnities Payable

	2013 (Note 2(i))	2012 (Note 2(i))
AgriStability (previously CAIS program), AgriInvest, AgriRecovery and related programs		
Current claim year	$ 131,419	$ 127,523
Prior claim years	36,713	45,452
	168,132	172,975
AgriInsurance	25,955	14,627
Livestock price insurance	6,363	1,566
Wildlife compensation	1,315	731
Hail insurance	978	13
	$ 202,743	$ 189,912

Estimated indemnities payable of $202,743 and corresponding contributions and receivables from the Governments of Canada and Alberta are subject to measurement uncertainty because they could change materially in the future, if factors and assumptions considered by management in establishing the estimates were to change significantly.

Estimated indemnities for the current claim year for AgriStability and AgriInvest program are based on a variety of factors such as number of participants, estimated reference margins, estimated claim year margins based on projected forecast commodity prices, crop yields, inventory changes and forecast changes in eligible income and expenses on an aggregate basis for different types of agriculture industry. Based on the above key assumptions and using a statistical model for projections estimated indemnities for the current year would be in the range of $93,734 to $156,094.

Estimated indemnities for prior claim years under AgriStability, AgriInvest and AgriRecovery programs are based on potential payments for claims not yet processed.

Indemnities for Livestock Price Insurance Program are based on estimated payments using forward contract prices applicable to policies sold during the fiscal year with settlement dates beyond the end of fiscal year.

AGRICULTURE FINANCIAL SERVICES CORPORATION

(dollars in thousands)

Note 9 Borrowing from Government of Alberta

All borrowings from the Government of Alberta bear interest rates which are fixed for the term of the borrowing. Repayment of principal is on maturity with the exception of a small number of borrowings which require blended repayments during the term.

The composition of outstanding borrowing from the Government of Alberta by range of effective annual interest rate is as follows:

	2013	2012
Effective annual Interest Rate		
Less than 2%	$ 383,000	$ -
2.01% to 3.00%	734,238	208,000
3.01% to 4.00%	574,751	734,238
4.01% to 5.00%	99,027	594,751
5.01% to 6.00%	-	125,080
	1,791,016	1,662,069
Accrued interest	14,266	14,753
Unamortized premium	2,937	6,256
	$ 1,808,219	$ 1,683,078
Weighted average annual interest rate	3.98%	4.07%

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

Year ending March 31,	2014	$ 83,393
	2015	45,479
	2016	108,642
	2017	65,506
	2018	68,780
	Thereafter	1,419,216
		$ 1,791,016

The estimated fair value of borrowings as at March 31, 2013 is $1,945,413 (2012 $1,793,700). Fair value is an approximation of market value to the holder.

AGRICULTURE FINANCIAL SERVICES CORPORATION

(dollars in thousands)

Note 10 Deferred Revenue

	2013	2012
Premiums from insured persons	$ 6,939	$ 8,215
AgriStability Fees	4,627	4,761
Restricted capital contributions	16,012	-
	$ 27,578	$ 12,976

Premiums from insured persons represent premiums received from producers for AgriInsurance programs. AgriStability fees represents fees collected for the program relating to the next fiscal year. Restricted capital contributions represent contributions received from the Federal and Provincial governments that are restricted for the acquisition of tangible capital assets.

Note 11 Pensions

The Corporation participates in the multi-employer Alberta Management Employees Pension Plan and the Alberta Public Service Pension Plan. The Corporation also participates in the multi-employer Supplementary Retirement Plan for Alberta Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $5,479 for the year ended March 31, 2013 (2012 $4,677).

At December 31, 2012, the Alberta Management Employees Pension Plan reported a deficiency of $303,423 (2011 deficiency $517,726) and the Alberta Public Service Pension Plan reported a deficiency of $1,645,141 (2011 deficiency $1,790,383). At December 31, 2012, the Supplementary Retirement Plan for Alberta Public Service Managers had a deficiency of $51,870 (2011 deficiency $53,489). The Corporation's share of these pension plans' deficiency is not determinable.

Note 12 Contingencies and Contractual Obligations

Contingent Liability

	2013	2012
Loan guarantees	$ 1,944	$ 5,620
Less allowances for losses	(150)	(150)
	1,794	5,470
Legal actions	397	397
Total contingencies	$ 2,191	$ 5,867

In the normal course of operations, the Corporation enters into agreements which may contain features that meet the definition of a loan guarantee. The majority of loan guarantees relate to loans made by other financial institutions with repayment guaranteed by the Corporation.

The Corporation is involved in legal matters where damages are being sought. These matters may give rise to contingent liabilities. Accruals have been made in specific instances where it is likely that losses will be incurred based on a reasonable estimate.

AGRICULTURE FINANCIAL SERVICES CORPORATION

(dollars in thousands)

Note 12 Contingencies and Contractual Obligations (continued)

The Corporation has been named in one (2012 one) claim of which the outcome is not determinable. For this claim, there are specified amounts totaling $397 (2012 $397). The resolution of the indeterminable claim may result in a liability, if any, that may be significantly lower than the claimed amount.

Contractual Obligations

	2013	2012
Approved, undisbursed loans	$ 153,436	$ 127,041
Reinsurance	25,441	23,723
Operating leases	3,609	2,372
Total commitments	$ 182,486	$ 153,136

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

Note 13 Financial Instruments and Financial Risk Management

Financial instruments comprise the majority of AFSC's assets and liabilities. AFSC is exposed to credit, interest and liquidity risks in respect to its use of financial instruments.

Credit Risk

Credit risk is the possibility that a debtor will not pay amounts owing to AFSC, resulting in a loss to the Corporation.

AFSC's maximum possible exposure to credit risk is as follows:

	2013	2012
Loans receivable	$1,777,381	$1,601,350
Investments	1,119,771	1,084,846
Due from Government of Canada	147,835	178,072
Due from Government of Alberta	110,445	52,866
Accounts receivable	10,877	12,081
Loan guarantees	1,944	5,620
Total commitments	$3,168,253	$2,934,835

Loans receivable - 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.

AGRICULTURE FINANCIAL SERVICES CORPORATION

(dollars in thousands)

Note 13 Financial Instruments and Financial Risk Management (continued)

Investments - AFSC invests surplus funds generated by Production and Hail Insurance operations. To decrease 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. AFSC also invests in asset-backed securities (AAA rating) and senior bank notes (A rating and higher). Both of these investments consist of securities with relatively low levels of risk.

Due from the Government of Alberta and the Government of Canada – AFSC is not exposed to significant credit risk as payment in full is typically collected when due.

Accounts receivable - 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 the customer's 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.

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

	2013		2012	
	Dollar	Percentage	Dollar	Percentage
Loans receivable by individual sector:				
Grain and Oilseeds	$ 832,017	47%	$ 750,021	47%
Cattle	442,863	25%	408,455	26%
Accommodations and Other Services	110,349	6%	77,447	5%
Manufacturing	87,934	5%	85,826	5%
Trade - Retail and Wholesale	69,063	4%	61,187	4%
Other Livestock	66,545	4%	67,168	4%
Commercial and Industrial	52,096	3%	47,918	3%
Transportation and Warehousing	33,598	2%	25,134	1%
Professional Services	26,055	1%	30,864	2%
Other	94,253	5%	81,498	5%
Allowance	(37,392)	-2%	(34,168)	-2%
	$ 1,777,381	100%	$ 1,601,350	100%

AGRICULTURE FINANCIAL SERVICES CORPORATION

(dollars in thousands)

Note 13 Financial Instruments and Financial Risk Management (continued)

Interest Rate Risk

Interest rate risk is the impact future changes in interest rates have on cash flows and fair values of financial assets and liabilities. AFSC's interest rate exposure relates to investments, loans receivable, and borrowing from the Government of Alberta.

Investments – Interest rate risk on investments is mitigated by AFSC's Investment Policy for surplus funds. 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 may be needed to be liquidated to meet financial commitments.

Loans receivables – Loans receivable balances consist of loans with interest rates fixed either until maturity date or for a term with a renewable option. 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. Impact of interest rate changes on performance of loan portfolio and cash flows could be significant as a result of changes in market interest rates and borrower's repayment preferences.

Borrowing from the Government of Alberta - The interest rates on borrowings are fixed until maturity. For a vast majority of borrowings, principal repayments are due in full on maturity date with no prepayment option. The Government of Alberta provides an annual contribution to the Corporation that includes an amount to bridge the gap between interest revenue from the loan portfolio and interest on borrowings annually through the budget process. Cash inflows are matched with outflows through additional borrowing as required from the Government of Alberta. Management has assessed that the interest rate risk related to borrowing is not significant.

The following position of the Corporation's loan portfolio and borrowing provides additional information on interest rate risk.

	Scheduled Repayment[1]				Not[2] Interest Rate Sensitive	2013	2012
	Within 1 Year	1 to 5 Years	6 to 10 Years	Over 10 Years		Total	Total
Loan balances	$ 168,575	$ 545,399	$ 505,968	$ 558,324	$ (885)	$ 1,777,381	$ 1,601,350
Yield	4.74%	4.68%	5.18%	4.21%	-	4.77%	4.86%
Borrowing from							
Government of Alberta	$ 83,393	$ 288,407	$ 652,064	$ 767,152	$ 17,203	$ 1,808,219	$ 1,683,078
Yield[3]	3.91%	3.85%	3.68%	3.20%	-	3.72%	3.88%
Net gap	$ 85,182	$ 256,992	$ (146,096)	$ (208,828)	$ (18,088)	$ (30,838)	$ (81,728)

(1) For loan balances, scheduled repayments of principal are based on amortization of loans for the remaining term up to maturity at applicable interest rates. For borrowing from the Government of Alberta, scheduled repayments reflect contractual repayment of principal.

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

(3) Yield represents the rate which discounts future cash receipts to the carrying amount.

Financial Statements

AGRICULTURE FINANCIAL SERVICES CORPORATION

(dollars in thousands)

Note 13 Financial Instruments and Financial Risk Management (continued)

Liquidity Risk

Liquidity risk relates to AFSC's ability to access sufficient funds to meet its financial commitments.

AFSC's primary liquidity risk relates to its liability for insurance claims. Insurance claims are funded firstly with current year premiums collected, which normally exceeds cash requirements. In addition, 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. The Corporation also carries private sector reinsurance for AgriInsurance and Hail Insurance providing significant protection against catastrophic losses. If all of the above are exhausted, the AgriInsurance program has a reinsurance agreement with the Government of Canada and the Government of Alberta to provide additional funding for claim payments. Additionally, the Corporation has access to advances from the Government of Alberta to meet short-term cash flow needs.

Note 14 Related Party Transactions

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements. Related parties also include management in the Corporation.

The Corporation had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	2013	2012
Revenues:		
Grants	$ 302,065	$ 284,023
Other	4,813	1,255
	$ 306,878	$ 285,278
Expenses:		
Accommodation	$ 799	$ 819
Other services	1,579	1,411
Interest	66,157	57,472
	$ 68,535	$ 59,702
Payable to:		
Ministry of Agriculture and Rural Development	$ 500	$ 500
Ministry of Finance	1,808,219	1,683,078
Ministry of Service Alberta	4	8
Receivable from:		
Ministry of Agriculture and Rural Development	110,445	51,610
Ministry of Municipal Affairs	-	1,255
Deferred Revenue from:		
Ministry of Agriculture and Rural Development	6,405	-
	$ 1,925,573	$ 1,736,451

AGRICULTURE FINANCIAL SERVICES CORPORATION

(dollars in thousands)

Note 15 Crop Reinsurance Funds

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

	AgriInsurance Reinsurance Fund of Alberta		AgriInsurance Reinsurance Fund of Canada for Alberta	
	2013	2012	2013	2012
Opening net assets	$ 27,549	$ 24,967	$ 28,226	$ 25,644
Contributions	2,830	2,582	2,830	2,582
Closing net assets	$ 30,379	$ 27,549	$ 31,056	$ 28,226

The net assets balance in Crop Reinsurance fund of Alberta is consolidated in AgriInsurance Fund in Schedule 1.

Note 16 Comparative Figures

The 2012 figures have been reclassified where necessary to conform to 2013 presentation.

Financial Statements

AGRICULTURE FINANCIAL SERVICES CORPORATION
SCHEDULE OF OPERATIONS
YEAR ENDED MARCH 31, 2013
(dollars in thousands)

Schedule 1

	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	AgriInsurance Note 2(k)	AgriInsurance Note 2(k)	Agriculture Income Support	Agriculture Income Support	Lending	Lending	Hail Insurance	Hail Insurance	Livestock Insurance	Livestock Insurance	Wildlife Damage Compensation	Wildlife Damage Compensation	Total	Total
Revenues:														
Premiums from insured persons	$ 259,074	$ 238,987	$ -	$ -	$ -	$ -	$ 46,549	$ 42,989	$ 8,491	$ 1,171	$ -	$ -	$ 314,114	$ 283,147
Interest	442	553	662	892	79,298	77,719	77	104	6	1	-	-	80,485	79,269
Contribution from Government of Alberta	225,959	209,619	59,867	62,227	16,481	8,815	-	-	1,898	1,766	2,673	2,851	306,878	285,278
Contribution from Government of Canada	205,379	188,785	37,783	45,992	-	-	-	-	-	-	2,575	2,693	245,737	237,470
Investment income	28,594	26,824	629	1,176	1,161	1,074	245	185	(23)	28	(8)	(220)	30,598	29,067
Fees and other income	64	10	11,734	11,492	3,047	2,837	9,065	430	233	700	46	105	24,189	15,574
	719,512	664,778	110,675	121,779	99,987	90,445	55,936	43,708	10,605	3,666	5,286	5,429	1,002,001	929,805
Expenses:														
Indemnities	552,193	315,791	92,019	99,077	-	-	58,506	25,512	22,623	2,263	4,614	5,195	729,955	447,838
Salaries, wages and employee benefits	22,987	19,532	13,229	13,274	17,448	17,854	1,225	914	1,225	1,163	374	245	56,488	52,982
Supplies and services	11,482	10,022	5,841	5,677	5,567	5,090	1,880	1,815	585	477	241	208	25,596	23,289
Amortization of tangible capital assets	2,152	1,889	2,555	2,507	2,683	2,572	739	761	426	408	27	30	8,582	8,167
Interest	-	-	-	-	66,719	57,722	-	-	-	-	-	-	66,719	57,722
Reinsurance	27,966	25,171	-	-	-	-	1,810	1,845	-	414	-	-	29,776	27,430
Allowance for doubtful accounts and for losses (Note 3 & 4)	83	244	(1,502)	2,739	11,570	7,006	(49)	87	-	-	-	86	10,102	10,162
	616,863	372,649	112,142	123,274	103,987	90,244	64,111	30,934	24,859	4,725	5,256	5,764	927,218	627,590
Net operating results	102,649	292,129	(1,467)	(1,495)	(4,000)	201	(8,175)	12,774	(14,254)	(1,059)	30	(335)	74,783	302,215
Net assets at beginning of year	1,239,041	946,912	11,778	13,273	71,015	70,814	24,254	11,480	3,029	4,088	1,464	1,799	1,350,581	1,048,366
Adjustment to opening net assets (Note 2)	(8,954)		(5,146)	-	-	-	-	-	-	-	(105)	-	(14,205)	-
Adjusted net assets at beginning of year	1,230,087	946,912	6,632	13,273	71,015	70,814	24,254	11,480	3,029	4,088	1,359	1,799	1,336,376	1,048,366
Net assets at end of year	$ 1,332,736	$ 1,239,041	$ 5,165	$ 11,778	$ 67,015	$ 71,015	$ 16,079	$ 24,254	$ (11,225)	$ 3,029	$ 1,389	$ 1,464	$ 1,411,159	$ 1,350,581

Schedule 2

AGRICULTURE FINANCIAL SERVICES CORPORATION

SCHEDULE OF SALARIES AND BENEFITS

YEAR ENDED MARCH 31, 2013

(dollars in thousands)

	2013				2012
	Base Salary[1]	Other Cash Benefits[2]	Other Non-cash Benefits[3]	Total	Total
Chairman of Board	$ 81	$ -	$ 1	$ 82	$ 74
Board members[4]	265	-	6	271	251
President and Managing Director	475	42	154	671	573
Vice-Presidents					
Senior Vice-President, Corporate Services	249	20	77	346	305
Chief Operating Officer	240	27	73	340	309
Vice-President, Human Resources & Culture	228	22	70	320	279
Vice-President, Sales & Markets	222	21	67	310	276
Vice-President, Innovation & Product Development[5]	65	39	21	125	-
Chief Information Officer[5]	63	12	20	95	-
Chief Financial Officer[5]	60	-	20	80	-

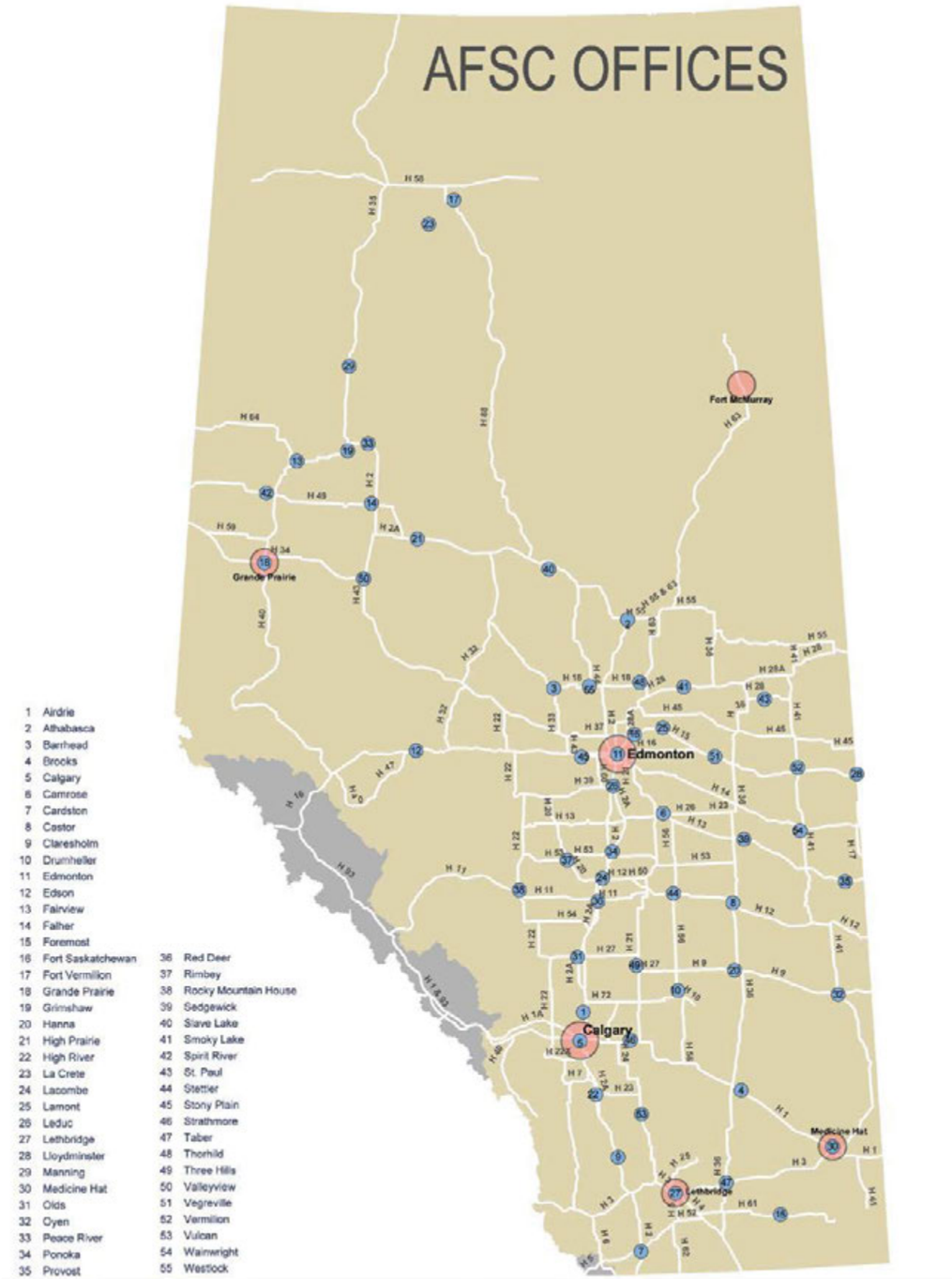
(1) Base salaries are fees for Chair and Board members and base pay for employees.

(2) Other cash benefits include vacation payments and lump sum payments. There were no bonuses paid during the year.

(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 eleven Board members during 2012/13 (ten in 2011/12).

(5) Positions commenced December 1, 2012.



AFSC Office Locations

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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
4924 - 50th Avenue
Barrhead AB T7N 1A4
Insurance Phone: (780) 674-8782
Lending Phone: (780) 674-8785
Fax: (780) 674-8787

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 2V4
AgriStability Analyst:
Phone: (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 Phone:
(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 Phone:
(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

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

LA CRETE
10105 94th Avenue
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 REGIONAL OFFICE
County of Lethbridge Building
200 - 905 - 4th Avenue S.
Lethbridge AB T1J 0P4
AgriStability Analyst Phone:
(403) 382-4383
Insurance Phone: (403) 381-5240
AgriStability & Insurance Fax:
(403) 382-4527
Lending Phone: (403) 381-5102
Lending Fax: (403) 381- 5178

LIOYDMINSTER (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 Phone:
(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 Phone:
(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) 624-6387
Fax: (780) 624-6493

AFSC Office Locations

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

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

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

RED DEER REGIONAL OFFICE
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

RIMBEY
PO Box 888
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

SLAVE LAKE (part time location)
108 4TH Avenue
Slave Lake AB T0G 2A2
Phone: (780) 849-7331
Fax: (780) 849-7333

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

SPIRIT RIVER
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

ST. PAUL
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

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

STRATHMORE
(includes Blackfoot Reserve)
325 - 3rd Avenue
Strathmore AB T1P 1B4
AgriStability Analyst Phone:
(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 Phone:
(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
810 - 14th Avenue
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 Phone:
(780) 349-6253
Insurance Phone: (780) 349-4544
Lending Phone: (780) 349-4529
Fax: (780) 349-5240

Agriculture Financial Services Corporation
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5718 - 56 Avenue
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