DREAM. GROW. THRIVE.

Second Quarter Financial Report 2020-21

For the period ended September 30, 2020

FARM CREDIT CANADA

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Caution regarding forward-looking statements

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

Basis of preparation of financial information

FCC's condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Contact Corporate Communication at communications@fcc-fac.ca for more information

Management's Discussion & Analysis

Overview

Farm Credit Canada (FCC) is a financially self-sustaining federal commercial Crown corporation reporting to Canadians and Parliament through the Minister of Agriculture and Agri-Food. FCC provides financing and other services to almost 100,000 customers. We're a team of more than 2,000 employees operating from 99 field offices located primarily in rural Canada and our corporate office located in Regina, Saskatchewan.

This report was prepared in accordance with the Treasury Board of Canada Standard on Quarterly Financial Reports for Crown Corporations. The condensed quarterly Consolidated Financial Statements included in this report have not been audited or reviewed by an external auditor. This report should be read in conjunction with disclosures and information contained in FCC's Annual Report and Corporate Plan Summary.[1]

Economic and agriculture industry overview

The spread of COVID-19 caused significant challenges for the Canadian economy. Despite the significant challenges, to date the agriculture and agri-food sector has faced fewer challenges than other parts of the economy. Areas in the sector most affected by the public health restrictions and subsequent operational challenges include food manufacturing and agriculture enterprises that are highly dependent on labour where physical distancing may be difficult to maintain. FCC will continue to monitor developments and impacts.

FCC fulfils an essential service to the economy and has shifted the way work is completed to adapt to physical distancing so to continue to meet the needs of the agriculture and agri-food sector. Employee and customer safety are managed by adhering to guidance of local and national health authorities as well as government restrictions.

Canadian agriculture and agri-food are net exporters globally. As such, trade plays an important role in the stability of this sector and FCC is actively monitoring the following:

- African swine fever (ASF) continues to spread globally, increasing as a global risk as many countries limit imports from ASF-impacted suppliers.
- Canada and the United States are experiencing significant livestock build-up due to temporary plant closures, putting downward pressure on prices, while feed costs continue to rise. The outlook for profitability in the beef and hog sectors remains uncertain for the remainder of 2020.
- The Canada-United States-Mexico Agreement (CUSMA) took effect on July 1, 2020. CUSMA adds stability to the agriculture and agri-food sectors by preserving existing market access conditions. The overall impact to the dairy and poultry sectors will be determined over time.

[1] These documents are available at www.fcc-fac.ca/en/about-fcc/governance/reports.html

Enterprise risk management

FCC has an enterprise risk management framework to identify, manage and respond to risks effectively, consistently and in a co-ordinated manner. The corporation is exposed to four main categories of risk: financial, operational, strategic and reputation. Financial risks include the sub-categories of credit, market, and liquidity.

The FCC Board of Directors oversees the corporation's risk governance framework, which is supported by policies and committees that guide corporate decision-making. The Risk Committee of the Board reviews risk results through a quarterly risk report.

Enterprise Management Team members are accountable for setting the tone on the importance of managing risk in their functional areas, as well as developing and implementing sound risk management strategies and action plans to manage the corporation's risks in accordance with its risk appetite.

FCC's risk management process includes risk identification and assessment, measurement, control, monitoring and reporting. This is an ongoing process that considers the corporation's known identified risks as well as changes to both the internal and external environment that may introduce new risks.

Strategic and emerging risks to the corporation are identified and assessed annually by the Board and executive leadership during the strategic planning process. The related risk trends are reassessed each quarter thereafter.

To provide credit relief to the sector, a COVID-19 support program was launched in late March that provides options for payment deferrals, additional lending through credit lines and operating term loans, and increasing the maximum amount of credit that can be provided to FCC's largest customers. The program has been well utilized and is supported through the Government of Canada's enhancement to FCC's capital base.

Although this world-wide pandemic event has increased overall risk to FCC, FCC remains financially stable and is well positioned to respond to the needs of the sector.

Financial results

Net income overview

($ millions)

	Three months ended		Six months ended	
	Sept. 30, 2020	Sept. 30, 2019	**Sept. 30, 2020**	Sept. 30, 2019
Net interest income	**$ 327.8**	$ 303.6	**$ 639.5**	$ 594.2
Provision for credit losses	**3.2**	7.6	**(38.7)**	7.6
Non-interest income	**3.7**	3.8	**8.7**	7.8
Administration expenses	**(117.0)**	(107.5)	**(230.7)**	(217.2)
Fair value adjustment	**(2.4)**	(2.2)	**(4.2)**	(3.4)
Net income	**$ 215.3**	$ 205.3	**$ 374.6**	$ 389.0

Net income for the six-month period ended September 30, 2020, decreased by $14.4 million over the prior year. This was mainly due to an increase in provision for credit losses of $46.3 million and an increase in administration expense of $13.5 million, partially offset by an increase in net interest income of $45.3 million.

Net interest income for the six-month period ended September 30, 2020, increased by $45.3 million over the prior year primarily due to loan portfolio growth, higher loan fees and higher investments. The net interest margin for the six-month period ended September 30, 2020, decreased to 3.04% from 3.12% for the comparable period in 2019-20. The decrease was mainly due to a higher investment portfolio as a precautionary measure to increase liquidity in response to COVID-19.

The provision for credit losses for the six-month period ended September 30, 2020, was $46.3 million higher than the prior year. $15.0 million of the variance is related to a COVID-19 adjustment and $14.1 million is related to the provision for venture capital investments. The remaining variance is primarily due to increased risk in the portfolio due to current economic conditions.

Administration expenses increased $13.5 million year-over-year primarily due to increases in salaries, professional fees, and facilities, software and equipment, partially offset by decreases in travel and training and benefits.

Balance sheet overview

($ millions)

	Sept. 30, 2020	March 31, 2020
Total assets	**$ 43,741.2**	$ 41,424.2
Total liabilities	**36,124.2**	34,170.9
Equity	**7,617.0**	7,253.3
Total loans receivable	**40,756.6**	38,413.3
Allowance for credit losses – loans receivable	**278.3**	255.2

Total assets for the six-month period ended September 30, 2020, increased by $2,317.0 million over the prior year-end. The increase is primarily due to an increase of $2,343.3 million in loans receivable.

Total liabilities for the six-month period ended September 30, 2020, increased by $1,953.3 million over the prior year-end. The increase is primarily due to an increase of $1,973.8 million to borrowings, which is a result of funding growth in loans receivable.

Equity for the six-month period ended September 30, 2020, increased by $363.7 million over the prior year-end. The increase is primarily due to an increase of $374.7 million to retained earnings, which is directly attributable to net income.

Loans receivable

FCC experienced overall growth in loans receivable of $2,343.3 million since March 31, 2020, bringing its loans receivable to $40,756.6 million at September 30, 2020. Loans receivable growth of 6.1% for the six months ended September 30, 2020, was higher than the loans receivable growth of 4.9% for the first six months of the prior fiscal year. The increase in disbursement volume year-over-year, partially offset by the increase in repayments and the increase in opening loans receivable, resulted in a higher growth rate.

Allowance for credit losses - loans receivable for the six-month period ended September 30, 2020, increased by $23.1 million over the prior year-end. The increase is primarily due to an increase in the COVID-19 adjustment of $15.0 million.

Cash flow

Cash and cash equivalents decreased by $401.5 million since March 31, 2020, to $1,323.0 million at September 30, 2020, compared to an increase of $91.7 million for the first six months of the prior fiscal year. For the six-month period ended September 30, 2020, cash of $1,978.9 million and $397.9 million were used in operating activities and investing activities respectively, while $1,974.4 million was provided by financing activities.

Outlook against Corporate Plan Summary

FCC is projected to meet all year-end financial targets as outlined in the Corporate Plan Summary for 2020-21 to 2024-25. The outlook however, remains uncertain as the long-term impacts of COVID-19 and further support needs to the industry remain unclear. FCC continues to monitor the situation and evaluate the impact of COVID-19 on portfolio growth, credit quality and net income .

Measure	Outlook
Net income	On track with Corporate Plan
Return on equity	On track with Corporate Plan
Efficiency ratio	On track with Corporate Plan
Total capital ratio	On track with Corporate Plan

Statement of management responsibility

Management is responsible for the preparation and fair presentation of these consolidated quarterly financial statements in accordance with the Treasury Board of Canada Standard on Quarterly Financial Reports for Crown Corporations, and for such internal controls as management determines is necessary to enable the preparation of consolidated quarterly financial statements that are free from material misstatement. Management is also responsible for ensuring all other information in this quarterly report is consistent, where appropriate, with the consolidated quarterly financial statements.

Based on our knowledge, these unaudited consolidated quarterly financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the corporation, as at the date of and for the periods presented in the consolidated quarterly financial statements.

Michael Hoffort, P.Ag.
President and Chief Executive Officer

Ross Topp, CPA, CA
Executive Vice-President and Chief Financial Officer

Regina, Canada
November 10, 2020

Condensed Consolidated Financial Statements
Consolidated Balance Sheet

(Unaudited) (thousands of Canadian dollars)		Sept. 30, 2020		March 31, 2020
Assets				
Cash and cash equivalents	$	**1,323,020**	$	1,724,503
Short-term investments		**1,142,992**		756,369
Accounts receivable and prepaid expenses		**36,955**		39,378
Derivative financial assets		**9,724**		12,469
		2,512,691		2,532,719
Loans receivable – net (Notes 2 and 3)		**40,478,344**		38,158,149
Finance leases receivable – net		**134,347**		99,744
Investment in associates		**51,214**		39,499
Venture capital investments – net		**74,853**		83,004
Post-employment benefit assets		**185,983**		178,398
		40,924,741		38,558,794
Equipment and leasehold improvements		**25,184**		26,847
Computer software		**26,657**		31,536
Equipment under operating leases		**62,443**		80,227
Right-of-use assets		**175,428**		180,120
Other assets		**14,013**		13,972
		303,725		332,702
Total assets	$	**43,741,157**	$	41,424,215
Liabilities				
Accounts payable and accrued liabilities	$	**59,241**	$	78,392
Derivative financial liabilities		**460**		535
		59,701		78,927
Borrowings (Note 4)				
Short-term debt		**12,549,261**		9,952,320
Long-term debt		**22,984,342**		23,607,441
		35,533,603		33,559,761
Transition loan liabilities		**198,108**		195,223
Post-employment benefit liabilities		**148,039**		148,694
Lease liabilities		**176,449**		180,353
Other liabilities		**8,240**		7,981
		530,836		532,251
Total liabilities		**36,124,140**		34,170,939
Equity				
Contributed capital		**500,000**		500,000
Retained earnings		**7,105,940**		6,731,232
Accumulated other comprehensive income		**10,347**		21,237
Equity attributable to shareholder of parent entity		**7,616,287**		7,252,469
Non-controlling interest		**730**		807
		7,617,017		7,253,276
Total liabilities and equity	$	**43,741,157**	$	41,424,215

The accompanying notes are an integral part of the condensed consolidated financial statements.

Consolidated Statement of Income

(Unaudited) (thousands of Canadian dollars)	Three months ended Sept. 30, 2020	 Sept. 30, 2019	Six months ended Sept. 30, 2020	 Sept. 30, 2019
Interest income	**$ 400,301**	$ 446,733	**$ 792,229**	$ 878,462
Interest expense	**72,432**	143,140	**152,693**	284,302
Net interest income	**327,869**	303,593	**639,536**	594,160
Provision for credit losses	**3,180**	7,600	**(38,718)**	7,579
Net interest income after provision for credit losses	**331,049**	311,193	**600,818**	601,739
Net insurance income	**5,923**	4,038	**11,803**	10,023
Net (loss) income from investment in associates	**(608)**	(566)	**163**	(1,772)
Net foreign exchange (loss) gain	**(1,012)**	486	**(2,675)**	130
Other expense	**(627)**	(192)	**(613)**	(561)
Net interest income and non-interest income	**334,725**	314,959	**609,496**	609,559
Administration expenses				
Salary and benefits	**69,481**	66,143	**141,075**	134,184
Other	**47,553**	41,355	**89,668**	83,001
Total administration expenses	**117,034**	107,498	**230,743**	217,185
Net income before fair value adjustment	**217,691**	207,461	**378,753**	392,374
Fair value adjustment	**(2,378)**	(2,207)	**(4,155)**	(3,367)
Net income	**$ 215,313**	$ 205,254	**$ 374,598**	$ 389,007
Net income attributable to:				
Shareholder of parent entity	**$ 215,395**	$ 205,243	**$ 374,708**	$ 388,979
Non-controlling interest	**(82)**	11	**(110)**	28

The accompanying notes are an integral part of the condensed consolidated financial statements.

Consolidated Statement of Comprehensive Income

(Unaudited) (thousands of Canadian dollars)	Three months ended Sept. 30, 2020	Three months ended Sept. 30, 2019	Six months ended Sept. 30, 2020	Six months ended Sept. 30, 2019
Net income	**$ 215,313**	$ 205,254	**$ 374,598**	$ 389,007
Other comprehensive income				
Transfer of net realized gains on derivatives designated as cash flow hedges to net income	**(5,475)**	(5,475)	**(10,890)**	(10,890)
Total comprehensive income	**$ 209,838**	$ 199,779	**$ 363,708**	$ 378,117
Total comprehensive income attributable to:				
Shareholder of parent entity	**$ 209,920**	$ 199,768	**$ 363,818**	$ 378,089
Non-controlling interest	**(82)**	11	**(110)**	28

The accompanying notes are an integral part of the condensed consolidated financial statements.

Consolidated Statement of Changes in Equity

(Unaudited) (thousands of Canadian dollars)		Balance June 30, 2020		Net income		Other comprehensive income		Dividend paid		Contributions from non-controlling interest		Balance Sept. 30, 2020
Contributed capital	$	**500,000**	$	**-**	$	**-**	$	**-**	$	**-**	$	**500,000**
Retained earnings		**6,890,545**		**215,395**		**-**		**-**		**-**		**7,105,940**
Net gains (transfer of net gains) on derivatives previously designated as cash flow hedges		**15,822**		**-**		**(5,475)**		**-**		**-**		**10,347**
Total accumulated other comprehensive income		**15,822**		**-**		**(5,475)**		**-**		**-**		**10,347**
Total equity attributable to parent		**7,406,367**		**215,395**		**(5,475)**		**-**		**-**		**7,616,287**
Non-controlling interest		**784**		**(82)**		**-**		**-**		**28**		**730**
Total	$	**7,407,151**	$	**215,313**	$	**(5,475)**	$	**-**	$	**28**	$	**7,617,017**

(Unaudited) (thousands of Canadian dollars)		Balance June 30, 2019		Net income		Other comprehensive income		Dividend paid		Contributions from non-controlling interest		Balance Sept. 30, 2019
Contributed capital	$	183,725	$	-	$	-	$	(183,725)	$	-	$	-
Retained earnings		6,385,868		205,243		-		(211,075)		-		6,380,036
Net gains (transfer of net gains) on derivatives previously designated as cash flow hedges		37,602		-		(5,475)		-		-		32,127
Total accumulated other comprehensive income		37,602		-		(5,475)		-		-		32,127
Total equity attributable to parent		6,607,195		205,243		(5,475)		(394,800)		-		6,412,163
Non-controlling interest		699		11		-		-		72		782
Total	$	6,607,894	$	205,254	$	(5,475)	$	(394,800)	$	72	$	6,412,945

The accompanying notes are an integral part of the condensed consolidated financial statements.

Consolidated Statement of Changes in Equity

(Unaudited) (thousands of Canadian dollars)		Balance March 31, 2020		Net income		Other comprehensive income		Dividend paid		Contributions from non-controlling interest		Balance Sept. 30, 2020
Contributed capital	**$**	**500,000**	**$**	**-**	**$**	**-**	**$**	**-**	**$**	**-**	**$**	**500,000**
Retained earnings		**6,731,232**		**374,708**		**-**		**-**		**-**		**7,105,940**
Net gains (transfer of net gains) on derivatives previously designated as cash flow hedges		**21,237**		**-**		**(10,890)**		**-**		**-**		**10,347**
Total accumulated other comprehensive income		**21,237**		**-**		**(10,890)**		**-**		**-**		**10,347**
Total equity attributable to parent		**7,252,469**		**374,708**		**(10,890)**		**-**		**-**		**7,616,287**
Non-controlling interest		**807**		**(110)**		**-**		**-**		**33**		**730**
Total	**$**	**7,253,276**	**$**	**374,598**	**$**	**(10,890)**	**$**	**-**	**$**	**33**	**$**	**7,617,017**

(Unaudited) (thousands of Canadian dollars)		Balance March 31, 2019		Net income		Other comprehensive income		Dividend paid		Contributions from non-controlling interest		Balance Sept. 30, 2019
Contributed capital	$	183,725	$	-	$	-	$	(183,725)	$	-	$	-
Retained earnings		6,202,132		388,979		-		(211,075)		-		6,380,036
Net gains (transfer of net gains) on derivatives previously designated as cash flow hedges		43,017		-		(10,890)		-		-		32,127
Total accumulated other comprehensive income		43,017		-		(10,890)		-		-		32,127
Total equity attributable to parent		6,428,874		388,979		(10,890)		(394,800)		-		6,412,163
Non-controlling interest		677		28		-		-		77		782
Total	$	6,429,551	$	389,007	$	(10,890)	$	(394,800)	$	77	$	6,412,945

The accompanying notes are an integral part of the condensed consolidated financial statements.

Consolidated Statement of Cash Flows

(Unaudited) (thousands of Canadian dollars)	Three months ended Sept. 30, 2020	Sept. 30, 2019	Six months ended Sept. 30, 2020	Sept. 30, 2019
Operating activities				
Net income	**$ 215,313**	$ 205,254	**$ 374,598**	$ 389,007
Adjustments to determine net cash (used in) provided by operating activities:				
Net interest income	**(327,869)**	(303,593)	**(639,536)**	(594,160)
Provision for credit losses	**(3,180)**	(7,600)	**38,718**	(7,579)
Fair value adjustment	**2,378**	2,207	**4,155**	3,367
Net loss (income) from investment in associates	**608**	566	**(163)**	1,772
Amortization and depreciation	**9,657**	9,094	**19,259**	18,157
Net unrealized foreign exchange losses	**16,809**	3,134	**38,740**	3,684
Net cash outflow from loans receivable	**(903,201)**	(487,133)	**(2,331,056)**	(1,688,070)
Net cash outflow from finance leases receivable	**(17,953)**	(20,814)	**(32,365)**	(35,411)
Net change in other operating assets and liabilities	**(30,582)**	12,462	**(21,281)**	30,050
Interest received	**304,867**	348,100	**725,855**	793,622
Interest paid	**(68,948)**	(132,354)	**(155,868)**	(261,978)
Cash used in operating activities	**$ (802,101)**	$ (370,677)	**$ (1,978,944)**	$ (1,347,539)
Investing activities				
Net cash (outflow) inflow from short-term investments	**$ (46,886)**	$ (22,597)	**$ (385,766)**	$ 35,095
Acquisition of venture capital investments	**(3,265)**	(7,989)	**(7,800)**	(9,875)
Proceeds on disposal and repayment of venture capital investments	**-**	377	**3,400**	1,192
Disbursements to investment in associates [1]	**(2,940)**	(2,419)	**(11,553)**	(7,792)
Repayments from investment in associates [1]	**-**	10,423	**-**	10,833
Purchase of equipment and leasehold improvements	**(1,505)**	(1,202)	**(2,497)**	(2,266)
Purchase of computer software	**(929)**	(4,643)	**(2,345)**	(7,845)
Proceeds on disposal of equipment under operating leases [2]	**3,954**	4,515	**8,664**	9,666
Cash (used in) provided by investing activities	**$ (51,571)**	$ (23,535)	**$ (397,897)**	$ 29,008
Financing activities				
Long-term debt issued	**$ 1,907,000**	$ 2,630,000	**$ 4,182,000**	$ 5,405,000
Long-term debt repaid	**(1,146,000)**	(1,855,000)	**(2,529,034)**	(3,387,796)
Short-term debt issued	**2,784,700**	2,268,618	**5,858,204**	4,338,545
Short-term debt repaid	**(2,682,060)**	(2,263,277)	**(5,529,728)**	(4,544,350)
Principal repayment of lease liabilities	**(3,575)**	(3,388)	**(7,090)**	(6,713)
Cash provided by financing activities	**$ 860,065**	$ 382,153	**$ 1,974,352**	$ 1,409,886
Change in cash and cash equivalents	**$ 6,393**	$ (12,059)	**$ (402,489)**	$ 91,355
Cash and cash equivalents, beginning of period	**1,316,086**	874,315	**1,724,503**	770,517
Effects of exchange rate changes on the balances of cash held and due in foreign currencies	**541**	6	**1,006**	390
Cash and cash equivalents, end of period	**$ 1,323,020**	$ 862,262	**$ 1,323,020**	$ 862,262
Cash and cash equivalents consists of:				
Cash	**$ 1,168,635**	$ 783,507	**$ 1,168,635**	$ 783,507
Short-term investments	**154,385**	78,755	**154,385**	78,755

[1] In 2019-20, investments in associates were shown as a net cash inflow of $3,041 as at September 30, 2019.

[2] Comparative figures in 2019 were reclassified. See Note 7 in the March 31, 2020, annual report.

The accompanying notes are an integral part of the condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements (Unaudited)

1. Significant accounting policies

Basis of presentation

The condensed consolidated interim financial statements (interim financial statements) comply with the Standard on Quarterly Financial Reports for Crown Corporations issued by the Treasury Board of Canada.

These interim financial statements do not include all of the information required for complete annual financial statements and should be read in conjunction with the annual audited financial statements for the year ended March 31, 2020.

Unless otherwise stated, all dollar amounts presented in the Notes to the Condensed Consolidated Financial Statements are in thousands of Canadian dollars, which is the functional currency of Farm Credit Canada (FCC).

Accounting policies

The accounting policies adopted in the preparation of these interim financial statements are consistent with those followed in the annual, audited financial statements for the year ended March 31, 2020.

Accounting standards issued but not yet effective

FCC has reviewed the new standards and amendments that have been issued by the International Accounting Standards Board (IASB) but are not yet effective and determined that the following may have an impact on FCC in the future. Management is in the process of assessing the impact of this standard on FCC's financial statements and accounting policies. A number of other new standards, amendments and improvements that have been issued but are not yet effective are not listed below as FCC determined that they will not have a significant impact on the consolidated financial statements.

Standard	Details	Date of initial application
IFRS 17 – Insurance contracts	In May 2017, the IASB issued IFRS 17, which provides a single principle-based standard to account for all types of insurance contracts. IFRS 17 provides updated information about the obligations, risks and performance of insurance contracts and increases transparency in financial information reported by insurance companies, which will give investors and analysts more confidence in understanding the insurance industry. It also introduces consistent accounting for all insurance contracts based on a current measurement model. FCC is assessing the impact of this standard and the extent of the impact of the adoption is unknown at this time.	April 1, 2023

2. Loans receivable – net

($ thousands)	Term to maturity Within 1 year	1 - 5 years	Over 5 years	Sept. 30, 2020	March 31, 2020
Floating	$ 4,170,430	$ 12,295,891	$ 359,366	$ 16,825,687	$ 16,220,498
Fixed	4,256,774	14,258,392	5,450,889	23,966,055	22,220,880
Loans receivable – gross	$ 8,427,204	$ 26,554,283	$ 5,810,255	40,791,742	38,441,378
Deferred loan fees				(35,127)	(28,078)
Loans receivable – total				40,756,615	38,413,300
Allowance for credit losses				(278,271)	(255,151)
Loans receivable – net				$ 40,478,344	$ 38,158,149

3. Allowance for credit losses – loans receivable

As at Sept. 30, 2020 ($ thousands)	Stage 1	Stage 2	Stage 3	Total
Allowance for credit losses, beginning of year	$ 25,618	$ 158,240	$ 71,293	$ 255,151
Transfer to stage 1	5,226	(5,115)	(111)	-
Transfer to stage 2	(4,068)	12,968	(8,900)	-
Transfer to stage 3	(2)	(4,230)	4,232	-
Changes due to new loans originated	15,329	8,468	1,327	25,124
Loans receivable that have been derecognized during the period	(2,351)	(5,008)	(7,434)	(14,793)
Net remeasurement of loss allowance	(9,073)	18,731	7,547	17,205
Writeoffs	-	(103)	(4,612)	(4,715)
Recoveries of amounts previously written off	-	48	218	266
Losses covered under Hog Industry Loan Loss Reserve Program	1	(8)	40	33
Total allowance	$ 30,680	$ 183,991	$ 63,600	$ 278,271

As at March 31, 2020 ($ thousands)	Stage 1	Stage 2	Stage 3	Total
Allowance for credit losses, beginning of year	$ 31,780	$ 115,402	$ 50,828	$ 198,010
Transfer to stage 1	33,669	(32,976)	(693)	-
Transfer to stage 2	(11,523)	39,075	(27,552)	-
Transfer to stage 3	(107)	(17,208)	17,315	-
Changes due to new loans originated	25,376	12,573	34,997	72,946
Loans receivable that have been derecognized during the period	(13,764)	(9,788)	(9,934)	(33,486)
Net remeasurement of loss allowance	(36,411)	91,543	34,999	90,131
Writeoffs	-	(2,529)	(29,757)	(32,286)
Recoveries of amounts previously written off	-	143	1,368	1,511
Losses covered under Hog Industry Loan Loss Reserve Program	(2)	5	(278)	(275)
Changes to allowance model parameters	(3,400)	(38,000)	-	(41,400)
Total allowance	$ 25,618	$ 158,240	$ 71,293	$ 255,151

4. Borrowings

Short-term debt

($ thousands)		Sept. 30, 2020		March 31, 2020
Government of Canada debt				
Floating-rate borrowings	$	**4,192,580**	$	2,990,733
Fixed-rate borrowings		**7,478,292**		6,417,486
		11,670,872		9,408,219
Capital markets debt				
USD fixed-rate promissory notes[1]		**570,883**		525,385
Retail and institutional fixed-rate notes		**307,506**		18,716
		878,389		544,101
Total	$	**12,549,261**	$	9,952,320

[1] $428.0 million USD (March 31, 2020 – $370.1 million USD)

Long-term debt

($ thousands)		Sept. 30, 2020		March 31, 2020
Government of Canada debt				
Floating-rate borrowings	$	**12,875,540**	$	13,212,981
Fixed-rate borrowings		**10,108,802**		10,105,409
		22,984,342		23,318,390
Capital markets debt				
Retail and institutional fixed-rate notes		**-**		289,051
Total	$	**22,984,342**	$	23,607,441