DREAM. GROW. THRIVE.

Third Quarter Financial Report 2020-21

For the period ended December 31, 2020

FARM CREDIT CANADA

Table of Contents

Management's Discussion & Analysis

Financial Statements

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 Canadian agriculture and agri-food sector experienced several disruptions in 2020 due to COVID-19, resulting in economic stress. Plant closures, labour availability, lower commodity prices, market uncertainty, food service closures and a shift to online purchasing led to increased demand for capital. Despite the market uncertainty, the agriculture and agri-food sector has performed better than the Canadian economy. Farm cash receipts increased 8.4% for the first three quarters of 2020, as increased opportunities for grains, oilseeds and pulses have offset revenue declines in other areas. Food manufacturing GDP is expected to decline approximately 2% as compared to a 5.2% decline for the overall economy. High COVID-19 case counts across the country will continue to cause uncertainty due to lockdowns, and outbreaks could result in further plant closures. The rollout of COVID-19 vaccines in 2021 is raising optimism for an economic recovery in 2021 and stronger demand for the food service sector. 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 to continue to fulfil the needs of the agriculture and agri-food sector. Employee and customer safety are managed by adhering to the guidance of local and national health authorities as well as government restrictions.

FCC is actively monitoring the following emerging trends:

- COVID-19 infections and the ability of Canada and major trading economies to recover, with particular attention on the reopening of food services in Canada and the United States.
- The value of the Canadian dollar and the competitiveness of agriculture and food exports in the global economy.
- Impacts of climate change on land productivity domestically and globally. Specifically, the occurrence and severity of weather impacts on crop production and pasture conditions.
- U.S. challenge of Canada United States Mexico Trade Agreement and its ability to sell dairy products in Canada.
- Market access challenges for Canadian canola exports to China and pea exports to India.
- Expansion of the Chinese hog herd as herds recover from the effects of African swine fever.

[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 risk, 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		Nine months ended	
	Dec. 31, 2020	Dec. 31, 2019	**Dec. 31, 2020**	Dec. 31, 2019
Net interest income	**$ 335.3**	$ 302.7	**$ 974.8**	$ 896.9
Provision for credit losses	**32.7**	1.0	**(6.0)**	8.5
Non-interest income	**7.4**	(9.8)	**16.0**	(1.9)
Administration expenses	**(118.3)**	(113.8)	**(349.0)**	(331.0)
Fair value adjustment	**(2.2)**	(1.9)	**(6.4)**	(5.3)
Net income	**$ 254.9**	$ 178.2	**$ 629.4**	$ 567.2

Net income for the nine-month period ended December 31, 2020, increased by $62.2 million over the prior year. This was mainly due to an increase in net interest income of $77.9 million and an increase in non-interest income of $17.9 million, partly offset by an increase in administration expense of $18.0 million and an increase in provision for credit losses of $14.5 million.

Net interest income for the nine-month period ended December 31, 2020, increased by $77.9 million over the prior year primarily due to loan portfolio growth, higher loan fees, higher margin, and higher investment income. The net interest margin for the nine-month period ended December 31, 2020, decreased to 3.06% from 3.11% 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 nine-month period ended December 31, 2020, was $14.5 million higher than the prior year. The variance is primarily due to the provision for venture capital investments of $15.4 million.

Non-interest income for the nine-month period ended December 31, 2020, increased by $17.9 million over the prior year primarily due to an increase in net income from investment in associates of $19.4 million.

Administration expenses increased $18.0 million year-over-year primarily due to increases in salaries, professional fees, marketing and promotion, and facilities, software and equipment, partly offset by decreases in travel and training and benefits.

The quarter-over-quarter variances are primarily due to the same factors explained above, except for the provision for credit losses. The provision for credit losses for the three-month period ended December 31, 2020, was $31.7 million lower than the same period in the prior year primarily due to a portion of the COVID-19 payment deferrals ending with most customers able to resume payments, and security within the portfolio continues to remain strong.

Balance sheet overview

($ millions)

	Dec. 31, 2020	March 31, 2020
Total assets	**$ 44,354.4**	$ 41,424.2
Total liabilities	**36,487.1**	34,170.9
Equity	**7,867.3**	7,253.3
Total loans receivable	**41,282.3**	38,413.3
Allowance for credit losses – loans receivable	**232.7**	255.2

Total assets for the nine-month period ended December 31, 2020, increased by $2,930.2 million over the prior year-end. The increase is primarily due to an increase of $2,869.0 million in loans receivable.

Total liabilities for the nine-month period ended December 31, 2020, increased by $2,316.2 million over the prior year-end. The increase is primarily due to an increase of $2,320.5 million to borrowings, which is a result of funding growth in loans receivable.

Equity for the nine-month period ended December 31, 2020, increased by $614.0 million over the prior year-end. The increase is primarily due to an increase of $629.5 million to retained earnings, which is directly attributable to net income.

Loans receivable

FCC experienced overall growth in loans receivable of $2,869.0 million since March 31, 2020, bringing loans receivable to $41,282.3 million at December 31, 2020. Loans receivable growth of 7.5% for the nine months ended December 31, 2020, was higher than the loans receivable growth of 5.7% for the first nine months of the prior fiscal year. The increase in disbursement volume year-over-year, partly 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 nine-month period ended December 31, 2020, decreased by $22.5 million over the prior year-end. The decrease is primarily due to improvements in credit risk as a portion of the COVID-19 payment deferrals has ended with most customers able to resume payments, and security within the portfolio continues to remain strong.

Cash flow

Cash and cash equivalents decreased by $219.8 million since March 31, 2020, to $1,504.7 million at December 31, 2020, compared to an increase of $107.2 million for the first nine months of the prior fiscal year. For the nine-month period ended December 31, 2020, cash of $2,288.5 million and $266.5 million were used in operating activities and investing activities respectively, while $2,336.4 million was provided by financing activities. The overall variance is primarily due to portfolio growth.

Outlook against Corporate Plan Summary

FCC is projected to meet or exceed 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	Ahead of 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., ICD.D
President and Chief Executive Officer

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

Regina, Canada
February 25, 2021

Condensed Consolidated Financial Statements
Consolidated Balance Sheet

(Unaudited) (thousands of Canadian dollars)	**Dec. 31, 2020**	March 31, 2020
Assets		
Cash and cash equivalents	**$ 1,504,679**	$ 1,724,503
Short-term investments	**1,002,640**	756,369
Accounts receivable and prepaid expenses	**36,810**	39,378
Derivative financial assets	**4,759**	12,469
	2,548,888	2,532,719
Loans receivable – net (Notes 2 and 3)	**41,049,606**	38,158,149
Finance leases receivable – net	**138,783**	99,744
Investment in associates	**56,377**	39,499
Venture capital investments – net	**79,590**	83,004
Post-employment benefit assets	**186,855**	178,398
	41,511,211	38,558,794
Equipment and leasehold improvements	**26,022**	26,847
Computer software	**23,527**	31,536
Equipment under operating leases	**55,582**	80,227
Right-of-use assets	**176,162**	180,120
Other assets	**13,080**	13,972
	294,373	332,702
Total assets	**$ 44,354,472**	$ 41,424,215
Liabilities		
Accounts payable and accrued liabilities	**$ 69,771**	$ 78,392
Derivative financial liabilities	**385**	535
	70,156	78,927
Borrowings (Note 4)		
Short-term debt	**13,281,506**	9,952,320
Long-term debt	**22,598,803**	23,607,441
	35,880,309	33,559,761
Transition loan liabilities	**199,845**	195,223
Post-employment benefit liabilities	**151,295**	148,694
Lease liabilities	**177,435**	180,353
Other liabilities	**8,092**	7,981
	536,667	532,251
Total liabilities	**36,487,132**	34,170,939
Equity		
Contributed capital	**500,000**	500,000
Retained earnings	**7,360,718**	6,731,232
Accumulated other comprehensive income	**5,843**	21,237
Equity attributable to shareholder of parent entity	**7,866,561**	7,252,469
Non-controlling interest	**779**	807
	7,867,340	7,253,276
Total liabilities and equity	**$ 44,354,472**	$ 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 Dec. 31, 2020	Three months ended Dec. 31, 2019	Nine months ended Dec. 31, 2020	Nine months ended Dec. 31, 2019
Interest income	**$ 401,056**	$ 448,278	**$ 1,193,285**	$ 1,326,740
Interest expense	**65,794**	145,572	**218,487**	429,874
Net interest income	**335,262**	302,706	**974,798**	896,866
Provision for credit losses	**32,718**	984	**(6,000)**	8,563
Net interest income after provision for credit losses	**367,980**	303,690	**968,798**	905,429
Net insurance income	**5,855**	5,136	**17,658**	15,159
Net income (loss) from investment in associates	**3,491**	(13,997)	**3,654**	(15,769)
Net foreign exchange loss	**(1,188)**	(618)	**(3,863)**	(488)
Other expense	**(799)**	(281)	**(1,412)**	(842)
Net interest income and non-interest income	**375,339**	293,930	**984,835**	903,489
Administration expenses				
Salary and benefits	**70,534**	69,298	**211,609**	203,482
Other	**47,722**	44,491	**137,390**	127,492
Total administration expenses	**118,256**	113,789	**348,999**	330,974
Net income before fair value adjustment	**257,083**	180,141	**635,836**	572,515
Fair value adjustment	**(2,302)**	(1,893)	**(6,457)**	(5,260)
Net income	**$ 254,781**	$ 178,248	**$ 629,379**	$ 567,255
Net income attributable to:				
Shareholder of parent entity	**$ 254,778**	$ 178,235	**$ 629,486**	$ 567,214
Non-controlling interest	**3**	13	**(107)**	41

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 Dec. 31, 2020	Three months ended Dec. 31, 2019	Nine months ended Dec. 31, 2020	Nine months ended Dec. 31, 2019
Net income	**$ 254,781**	$ 178,248	**$ 629,379**	$ 567,255
Other comprehensive income				
Transfer of net realized gains on derivatives designated as cash flow hedges to net income	**(4,504)**	(5,475)	**(15,394)**	(16,365)
Total comprehensive income	**$ 250,277**	$ 172,773	**$ 613,985**	$ 550,890
Total comprehensive income attributable to:				
Shareholder of parent entity	**$ 250,274**	$ 172,760	**$ 614,092**	$ 550,849
Non-controlling interest	**3**	13	**(107)**	41

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 Sept. 30, 2020		Net income		Other comprehensive income		Contributions from non-controlling interest		Balance Dec. 31, 2020
Contributed capital	$	500,000	$	-	$	-	$	-	$	500,000
Retained earnings		7,105,940		254,778		-		-		7,360,718
Net gains (transfer of net gains) on derivatives previously designated as cash flow hedges		10,347		-		(4,504)		-		5,843
Total accumulated other comprehensive income		10,347		-		(4,504)		-		5,843
Total equity attributable to parent		7,616,287		254,778		(4,504)		-		7,866,561
Non-controlling interest		730		3		-		46		779
Total	$	7,617,017	$	254,781	$	(4,504)	$	46	$	7,867,340

(Unaudited) (thousands of Canadian dollars)		Balance Sept. 30, 2019		Net income		Other comprehensive income		Contributions from non-controlling interest		Balance Dec. 31, 2019
Contributed capital	$	-	$	-	$	-	$	-	$	-
Retained earnings		6,380,036		178,235		-		-		6,558,271
Net gains (transfer of net gains) on derivatives previously designated as cash flow hedges		32,127		-		(5,475)		-		26,652
Total accumulated other comprehensive income		32,127		-		(5,475)		-		26,652
Total equity attributable to parent		6,412,163		178,235		(5,475)		-		6,584,923
Non-controlling interest		782		13		-		11		806
Total	$	6,412,945	$	178,248	$	(5,475)	$	11	$	6,585,729

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 Dec. 31, 2020
Contributed capital	**$**	**500,000**	**$**	**-**	**$**	**-**	**$**	**-**	**$**	**-**	**$**	**500,000**
Retained earnings		**6,731,232**		**629,486**		**-**		**-**		**-**		**7,360,718**
Net gains (transfer of net gains) on derivatives previously designated as cash flow hedges		**21,237**		**-**		**(15,394)**		**-**		**-**		**5,843**
Total accumulated other comprehensive income		**21,237**		**-**		**(15,394)**		**-**		**-**		**5,843**
Total equity attributable to parent		**7,252,469**		**629,486**		**(15,394)**		**-**		**-**		**7,866,561**
Non-controlling interest		**807**		**(107)**		**-**		**-**		**79**		**779**
Total	**$**	**7,253,276**	**$**	**629,379**	**$**	**(15,394)**	**$**	**-**	**$**	**79**	**$**	**7,867,340**

(Unaudited) (thousands of Canadian dollars)		Balance March 31, 2019		Net income		Other comprehensive income		Dividend paid		Contributions from non-controlling interest		Balance Dec. 31, 2019
Contributed capital	$	183,725	$	-	$	-	$	(183,725)	$	-	$	-
Retained earnings		6,202,132		567,214		-		(211,075)		-		6,558,271
Net gains (transfer of net gains) on derivatives previously designated as cash flow hedges		43,017		-		(16,365)		-		-		26,652
Total accumulated other comprehensive income		43,017		-		(16,365)		-		-		26,652
Total equity attributable to parent		6,428,874		567,214		(16,365)		(394,800)		-		6,584,923
Non-controlling interest		677		41		-		-		88		806
Total	$	6,429,551	$	567,255	$	(16,365)	$	(394,800)	$	88	$	6,585,729

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 Dec. 31, 2020	Dec. 31, 2019	Nine months ended Dec. 31, 2020	Dec. 31, 2019
Operating activities				
Net income	**$ 254,781**	$ 178,248	**$ 629,379**	$ 567,255
Adjustments to determine net cash (used in) provided by operating activities:				
Net interest income	**(335,262)**	(302,706)	**(974,798)**	(896,866)
Provision for credit losses	**(32,718)**	(984)	**6,000**	(8,563)
Fair value adjustment	**2,302**	1,468	**6,457**	4,835
Net (income) loss from investment in associates	**(3,491)**	13,997	**(3,654)**	15,769
Amortization and depreciation	**9,685**	9,063	**28,944**	27,220
Net unrealized foreign exchange losses	**17,241**	3,685	**55,981**	7,369
Net cash outflow from loans receivable	**(652,334)**	(401,399)	**(2,983,390)**	(2,089,469)
Net cash outflow from finance leases receivable	**(3,049)**	(18,116)	**(35,414)**	(53,527)
Net change in other operating assets and liabilities	**16,389**	4,579	**(4,892)**	34,629
Interest received	**490,154**	521,799	**1,216,009**	1,315,421
Interest paid	**(73,225)**	(140,614)	**(229,093)**	(402,592)
Cash used in operating activities	**$ (309,527)**	$ (130,980)	**$ (2,288,471)**	$ (1,478,519)
Investing activities				
Net cash inflow (outflow) from short-term investments	**$ 138,928**	$ (40,415)	**$ (246,838)**	$ (5,320)
Acquisition of venture capital investments	**(8,500)**	(2,080)	**(16,300)**	(11,955)
Proceeds on disposal and repayment of venture capital investments	**3,400**	118	**6,800**	1,310
Disbursements to investment in associates	**(3,005)**	(463)	**(14,558)**	(8,255)
Repayments from investment in associates	**1,332**	-	**1,332**	10,833
Purchase of equipment and leasehold improvements	**(2,855)**	(3,301)	**(5,352)**	(5,567)
Purchase of computer software	**(600)**	(4,572)	**(2,945)**	(12,417)
Proceeds on disposal of equipment under operating leases	**2,692**	3,534	**11,356**	13,200
Cash provided by (used in) investing activities	**$ 131,392**	$ (47,179)	**$ (266,505)**	$ (18,171)
Financing activities				
Long-term debt issued	**$ 2,645,000**	$ 1,525,000	**$ 6,827,000**	$ 6,930,000
Long-term debt repaid	**(2,149,831)**	(1,376,000)	**(4,678,865)**	(4,763,796)
Short-term debt issued	**2,835,468**	2,373,240	**8,693,672**	6,711,785
Short-term debt repaid	**(2,964,842)**	(2,323,835)	**(8,494,570)**	(6,868,185)
Principal repayment of lease liabilities	**(3,709)**	(4,842)	**(10,799)**	(11,555)
Dividend paid	**-**	-	**-**	(394,800)
Cash provided by financing activities	**$ 362,086**	$ 193,563	**$ 2,336,438**	$ 1,603,449
Change in cash and cash equivalents	**$ 183,951**	$ 15,404	**$ (218,538)**	$ 106,759
Cash and cash equivalents, beginning of period	**1,323,020**	862,262	**1,724,503**	770,517
Effects of exchange rate changes on the balances of cash held and due in foreign currencies	**(2,292)**	24	**(1,286)**	414
Cash and cash equivalents, end of period	**$ 1,504,679**	$ 877,690	**$ 1,504,679**	$ 877,690
Cash and cash equivalents consists of:				
Cash	**$ 1,204,212**	$ 831,729	**$ 1,204,212**	$ 831,729
Short-term investments	**300,467**	45,961	**300,467**	45,961

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

These unaudited 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 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).

These interim financial statements are as at and for the three and nine months ended December 31, 2020 and were approved and authorized for issue by the Audit Committee of the Board of Directors on February 25, 2021.

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
Interest Rate Benchmark Reform – Phase 2	In August 2020, the IASB issued amendments to IFRS 9 – Financial Instruments, IFRS 7 – Financial Instruments: Disclosure, IFRS 4 – Insurance Contracts and IFRS 16 – Leases, to address the reform related to interest benchmark rates. The amendments include updating the effective interest rate used to measure certain financial instruments to reflect an alternative benchmark rate, disclosure relating to how the transition to the alternative benchmark rate is being managed and disclosure about the additional risks arising from the interest rate benchmark reform. FCC is assessing the impact of this standard and the extent of the impact of the adoption is unknown at this time.	April 1, 2021

2. Loans receivable – net

($ thousands)	Term to maturity: Within 1 year	1 - 5 years	Over 5 years	Dec. 31, 2020	March 31, 2020
Floating	$ 3,858,084	$ 12,606,894	$ 320,009	$ 16,784,987	$ 16,220,498
Fixed	4,754,026	14,153,413	5,630,110	24,537,549	22,220,880
Loans receivable – gross	$ 8,612,110	$ 26,760,307	$ 5,950,119	41,322,536	38,441,378
Deferred loan fees				(40,192)	(28,078)
Loans receivable – total				41,282,344	38,413,300
Allowance for credit losses (Note 3)				(232,738)	(255,151)
Loans receivable – net				**$ 41,049,606**	**$ 38,158,149**

3. Allowance for credit losses – loans receivable

As at Dec. 31, 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	7,016	(6,743)	(273)	-
Transfer to stage 2	(4,888)	16,627	(11,739)	-
Transfer to stage 3	(3)	(4,817)	4,820	-
Changes due to new loans originated	21,667	10,455	2,015	34,137
Loans receivable derecognized during the period	(5,599)	(8,352)	(10,077)	(24,028)
Net remeasurement of loss allowance	(13,752)	(21,853)	20,831	(14,774)
Writeoffs	-	(222)	(18,075)	(18,297)
Recoveries of amounts previously written off	-	60	403	463
Losses covered under Hog Industry Loan Loss Reserve Program	2	(8)	92	86
Total allowance	**$ 30,061**	**$ 143,387**	**$ 59,290**	**$ 232,738**

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 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)		Dec. 31, 2020		March 31, 2020
Government of Canada debt				
Floating-rate borrowings	**$**	**4,715,829**	$	2,990,733
Fixed-rate borrowings		**7,755,826**		6,417,486
		12,471,655		9,408,219
Capital markets debt				
USD fixed-rate promissory notes[1]		**524,533**		525,385
Retail and institutional fixed-rate notes		**285,318**		18,716
		809,851		544,101
Total	**$**	**13,281,506**	$	9,952,320

[1] $412.0 million USD (March 31, 2020 – $370.1 million USD)

Long-term debt

($ thousands)		Dec. 31, 2020		March 31, 2020
Government of Canada debt				
Floating-rate borrowings	**$**	**12,215,375**	$	13,212,981
Fixed-rate borrowings		**10,383,350**		10,105,409
		22,598,725		23,318,390
Capital markets debt				
Retail and institutional fixed-rate notes		**78**		289,051
Total	**$**	**22,598,803**	$	23,607,441