Reaching For Our Export Potential

Quarterly Financial Report
March 31, 2015
Unaudited

EDC
Realize a World of Opportunity

Canada

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Caution regarding forward-looking statements
This document contains projections and other forward-looking statements regarding future events. Such statements require us to make assumptions and are subject to inherent risks and uncertainties. These may cause actual results to differ materially from expectations expressed in the forward-looking statements.

OVERVIEW

Export Development Canada (EDC) is Canada's export credit agency. Our mandate is to support and develop Canada's trade, and the capacity of Canadian companies to participate in and respond to international business opportunities. We provide insurance and financial services, bonding products, small business solutions as well as online credit risk management tools to Canadian exporters, investors and their international buyers. We place a particular emphasis on small and medium enterprises by developing tools to help them succeed in international markets. Each year more than 7,400 Canadian companies and their global customers in up to 200 markets worldwide use our knowledge and partnerships. EDC is a Crown corporation, wholly owned by the Government of Canada and accountable to Parliament through the Minister of International Trade. We are financially self-sustaining and do not receive parliamentary appropriations; our revenue is generated primarily by collecting interest on our loans, fees on our guarantee products and premiums on our insurance products.

Economic Environment

After experiencing economic and employment growth at the close of 2014, the first quarter of 2015 has seen a slowdown in U.S. economic indicators. The surge of the U.S. dollar coupled with the seasonal effect of drought along the U.S. West Coast and another abnormally cold and snowy start to the year in the Northeast has resulted in the weakening of new residential construction, retail sales and personal consumer expenditures. However, as regionalized weather effects wash through the economy and the U.S. dollar softens due to the pause in growth in the first quarter, U.S. economic growth is forecasted to be robust for the remainder of 2015.

For Canada, the first quarter pause in the U.S. economy, combined with the weakness of global commodity prices, will restrain growth. During February, Canadian merchandise exports to the U.S. were up by just under one per cent compared to the first quarter of 2014, with demand boosted by the weakness in the Canadian dollar offsetting the sharp decline in oil prices. Machinery and equipment, as well as automotive exports, have been the top performing export sectors boosted by increased competitiveness.

The deceleration of growth in China has hit the prices for a number of global commodities, including copper and iron ore, which will slow Canadian growth. However, the largest impact to the Canadian economy will come from lower energy prices which will reduce the overall value of Canadian energy exports. This, plus the lower Canadian dollar, will shift the centre of economic growth from energy producing provinces towards Ontario and Quebec.

The consumer side of the Canadian economy is constrained by higher debt levels. There is softening in the housing market and government spending is expected to be restrained. Consequently, for the remainder of 2015, Canadian economic growth will largely be driven by Canada's exports.

Business Facilitated

Business facilitated in our direct lending program increased by 30% when compared to the same period in 2014. This is primarily due to increases in business facilitated within the transportation sector. In addition, we benefited from favourable foreign exchange across the financing program as a result of the weakening of the Canadian dollar in relation to the U.S. dollar.

Business facilitated within our credit insurance program increased by 40% primarily due to the timing of insurance transactions for several large customers coupled with favourable foreign exchange impacts.

A decline in demand in China as a result of an economic slowdown and lower commodity prices, particularly gold, were the main contributors to the 63% reduction in business facilitated within our financial institutions insurance portfolio.

	For the three months ended	
(in millions of Canadian dollars)	**Mar 2015**	Mar 2014
Business Facilitated		
Direct lending	**4,207**	3,235
Project finance	**616**	422
Loan guarantees	**175**	147
Investments	**86**	79
Total financing and investments	**5,084**	3,883
Credit insurance	**14,417**	10,274
Financial institutions insurance	**1,433**	3,894
Contract insurance and bonding	**1,204**	1,088
Political risk insurance	**548**	697
Total insurance	**17,602**	15,953
Total business facilitated	**$22,686**	$19,836

SUMMARY OF FINANCIAL RESULTS

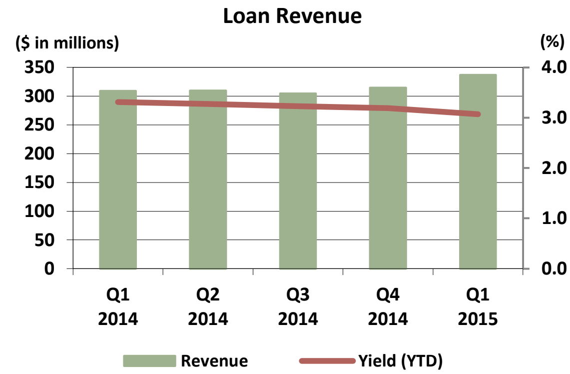
Financial Performance

	For the three months ended		
(in millions of Canadian dollars)	**Mar 2015**	Dec 2014	Mar 2014
Net financing and investment income	**319**	308	315
Net insurance premiums and guarantee fees*	**54**	59	53
	373	367	368
Other (income) expenses	**(74)**	(52)	(10)
Administrative expenses	**86**	92	74
Provision for (reversal of) credit losses	**22**	(37)	149
Claims-related expenses	**18**	38	121
Net income	**$321**	$326	$34
Period average U.S.$ equivalent of CAD 1.00	**0.81**	0.88	0.91

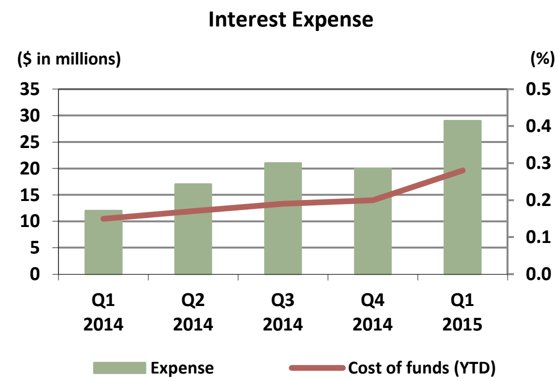
* *Includes loan guarantee fees.*

Net revenue from operations remained stable between quarters. Net income for the first three months of 2015 was consistent with the previous quarter and significantly higher than the first three months of 2014. We experienced fluctuations in provisioning requirements and claims-related expenses between these reporting periods. In addition, we continued to see volatility in the fair values of our financial instruments due to market conditions, the impact of which is included in other (income) expenses. These changes are further discussed beginning on page 7.

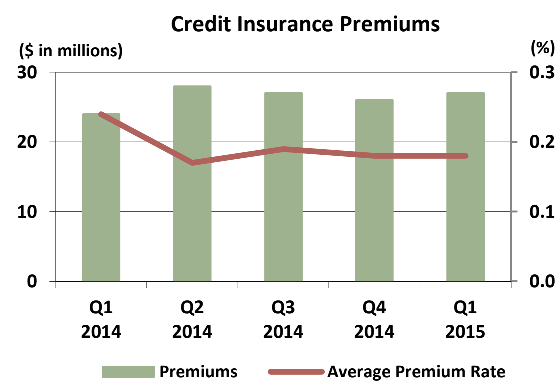
Loan revenue increased in the first quarter of 2015 primarily due to foreign exchange translation. The increase was tempered by lower yields, consistent with the current interest rate environment.



In the first quarter of 2015, interest expense increased due to the need to fund some loan disbursements in emerging markets in local currencies where interest rates are much higher. In addition, higher funding requirements for U.S. fixed rate debt as well as foreign exchange translation contributed to the increase. Cost of funds increased due to these funding requirements in addition to lower revenue from the currency swaps related to our capital. Refer to Note 14 for further details.



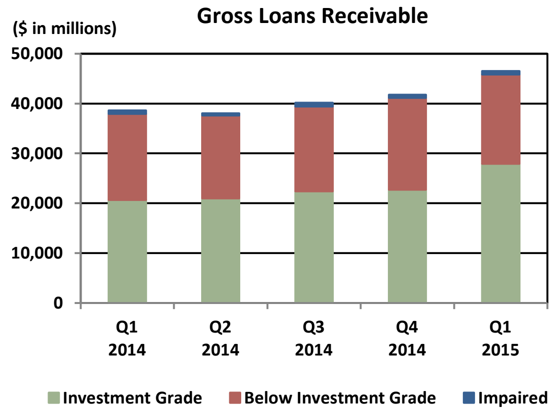
The average credit insurance premium rate has remained consistent over the past year. The higher rate in the first quarter of 2014 is due to timing of insurance transactions for lower premium rate customers.



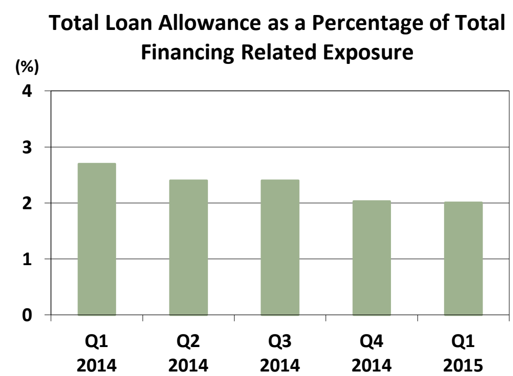
Financial Position

as at *(in millions of Canadian dollars)*	**Mar 2015**	Dec 2014	Mar 2014
Total assets	**54,993**	49,004	46,138
Total liabilities	**46,466**	40,788	38,862
Equity	**8,527**	8,216	7,276
Gross loans receivable	**46,541**	41,791	38,615
Total allowances	**1,894**	1,757	2,148
Period-end U.S.$ equivalent of CAD 1.00	**0.79**	0.86	0.90

Gross loans receivable have increased when compared to prior periods mainly due to the weakening of the Canadian dollar as well as net loan disbursements.



Total allowance as a percentage of total financing related exposure remained consistent with the prior quarter. The decline since the first quarter of 2014 is primarily due to upward credit migration in 2014.



Impact of Foreign Exchange Translation on Financial Results

Our foreign currency-denominated results are impacted by exchange rate fluctuations. The depreciation of the Canadian dollar had a favourable impact on our first quarter financial results and financial position. The following table reflects the estimated impact of foreign exchange translation had the Canadian dollar remained stable relative to the U.S. dollar:

	Compared to	
(in millions of Canadian dollars)	Mar 2014	Dec 2014
Financial Results		
Decrease in comprehensive income	33	25
Decrease in business facilitated	1,886	1,440
Financial Position		
Decrease in loans receivable	5,052	3,281
Decrease in loans payable	5,797	3,765

Risk Management

Our business activities expose us to a wide variety of risks including strategic, financial and operational risks. We manage our risks by seeking to ensure that business activities and transactions provide an appropriate balance of return for the risks assumed and remain within our risk appetite. For a more comprehensive discussion on our risk management, please refer to pages 65-73 of our 2014 Annual Report. Refer to Note 12 of the accompanying financial statements for details on financial instrument risks.

FIRST QUARTER HIGHLIGHTS

	Three months ended	
(in millions of Canadian dollars)	**Mar 2015**	Dec 2014
Income before provisions and claims-related expenses	**361**	327
Provision for (reversal of) credit losses	**22**	(37)
Claims-related expenses	**18**	38
Net income	**$321**	$326

Net income of $321 million is in line with the previous quarter, although we experienced variances in the following items:

Provision for credit losses was $22 million for the quarter, an increase of $59 million from the prior quarter, mainly due to the impact of the decline in the value of collateral associated with our secured aerospace portfolio used in the allowance calculation. The collateral values were adjusted in the first quarter of 2015 to reflect the age of the aircraft and other market conditions. In addition, we experienced downward credit migration compared to upward credit migration in the prior quarter. Refer to Note 16 for further details.

Other income was $74 million for the first three months of 2015 compared to $52 million in the prior quarter. The variance is largely due to the volatility associated with our financial instruments carried at fair value. Refer to Note 18 for further details.

Claims-related expenses for the first quarter were $18 million, a decrease of $20 million when compared to the prior quarter. In the fourth quarter of 2014, we experienced a reduction in our recoverable insurance claims due to losses in our political risk insurance program.

Prior Year Comparison

Net income for the first three months of 2015 was $287 million higher than the net income reported for the same period in 2014. The increase is primarily due to lower provisions for credit losses in our loans portfolio and a reduction in claims-related expenses. Fluctuations in the fair value of our financial instruments, the impact of which is included in other income, also contributed to the increase in net income. Refer to Note 18 for further details.

Provision for credit losses of $22 million in the first three months of 2015 was $127 million lower than the same period in 2014. In 2015, the impacts related to downward credit migration and collateral values associated with our secured aerospace portfolio used in the allowance calculation were less significant than in 2014.

Claims-related expenses of $18 million for the first three months of the year were $103 million lower than the same period in 2014. In the first quarter of 2014, there was an actuarial increase in the net allowance for claims primarily due to heightened risk in our political risk insurance portfolio.

Corporate Plan Comparison

Financial Performance

	Three months ended		Year ended
(in millions of Canadian dollars)	**Mar 2015 Actual Results**	Mar 2015 Corporate Plan	Dec 2015 Corporate Plan
Net financing and investment income	**319**	281	1,148
Net insurance premiums and guarantee fees*	**54**	52	237
Other (income) expenses	**(74)**	(2)	(6)
Administrative expenses	**86**	86	356
Provision for credit losses	**22**	111	191
Claims-related expenses	**18**	15	59
Net income	**321**	123	785
Other comprehensive income (loss)	**(10)**	39	154
Comprehensive income	**$311**	$162	$939

Includes loan guarantee fees.

Net income for the first three months of 2015 was $198 million higher than the Corporate Plan primarily due to changes in provisioning requirements in our loans portfolio, fluctuations in the fair values of our financial instruments and an increase in net financing and investment income.

We recorded a **provision charge** of $22 million for the first three months of 2015, $89 million lower than the Corporate Plan. The updates to the collateral values for our secured aerospace portfolio resulted in a lower provision charge than anticipated and new loan disbursements were of higher credit quality than projected in the Plan.

Other income was $74 million for the first three months of 2015, $72 million higher than the Corporate Plan. The variance is largely due to unrealized gains on our financial instruments carried at fair value. Due to the difficulty in estimating unrealized fair value gains and losses on these financial instruments, a forecast is not included in the Corporate Plan.

Net financing and investment income for the first three months of 2015 was $319 million, $38 million higher than anticipated in the Corporate Plan. The main contributors to the increase were higher loan interest revenue due to a larger loan book and foreign exchange translation.

Other comprehensive income for the first three months of 2015 decreased by $49 million when compared with the Corporate Plan due to the re-measurement of pension assets and liabilities. The discount rate used to value our pension obligation decreased in the first three months of the year, while the Corporate Plan had projected that it would increase.

Financial Position

as at *(in millions of Canadian dollars)*	**Mar 2015 Actual Results**	Mar 2015 Corporate Plan	Dec 2015 Corporate Plan
Cash and marketable securities	**6,339**	5,051	6,148
Derivative instruments	**548**	722	722
Loans receivable	**46,332**	39,486	41,857
Allowance for losses on loans	**(1,277)**	(1,154)	(1,133)
Other financing and leasing assets	**1,019**	1,218	1,271
Other assets	**2,032**	425	559
Total Assets	**$54,993**	$45,748	$49,424
Loans payable	**41,984**	36,914	40,156
Derivative instruments	**2,460**	425	425
Allowance for losses on loan commitments	**41**	38	43
Premium and claims liabilities	**658**	634	523
Other liabilities	**1,323**	689	452
Equity	**8,527**	7,048	7,825
Total Liabilities and Equity	**$54,993**	$45,748	$49,424

Loans receivable were $6.8 billion above the Corporate Plan mostly due to the weakening of the Canadian dollar which resulted in a $5.1 billion increase as the majority of our loan portfolio is denominated in U.S. dollars. In addition, net disbursements for both 2014 and 2015 were $1.6 billion higher than projected in the Corporate Plan as a result of increased financing activity.

Loans payable were $5.1 billion higher than the Corporate Plan as a result of foreign exchange translation and the funding required for the increase in loans receivable.

Net derivative instruments were $2.2 billion lower than Plan due to changes in rates used for their valuation and exchange rate fluctuations beyond levels anticipated in the Plan.

NON-IFRS PERFORMANCE MEASURES

Claims Ratio – Credit Insurance Program

The claims ratio expresses net claims incurred as a percentage of net written premium. Net claims incurred include claims paid net of estimated recoveries and changes in actuarial liabilities. This ratio only includes credit insurance activities.

Reinsurance assumed and ceded reflects various partnerships we have with private insurers and reinsurers in offering and managing insurance capacity.

Net claims incurred include claims paid net of recoveries and estimated recoveries of $24,190 thousand (2014 – $6,902 thousand) and an increase in actuarial liabilities of $5,936 thousand (2014 – $2,925 thousand).

The increase in the claims ratio is due to higher net claims incurred than was experienced in the prior year mainly due to an increase in claims paid for 2015. We had net claims paid of $20 million relating to losses in the resources sector in the first quarter of 2015.

	Three months ended	
(in thousands of Canadian dollars)	**Mar 2015**	Mar 2014
Direct premiums	**24,686**	22,929
Reinsurance assumed	**290**	784
Reinsurance ceded	**(1,677)**	(1,820)
Net written premium	**$23,299**	$21,893
Direct net claims incurred	**30,267**	8,798
Net claims incurred – reinsurance assumed	**238**	1,029
Net claims incurred – reinsurance ceded	**(379)**	-
Net claims incurred	**$30,126**	$9,827
Claims ratio %	**129.3%**	44.9%

STATEMENT OF MANAGEMENT RESPONSIBILITY

Management is responsible for the preparation and fair presentation of these condensed 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 condensed consolidated quarterly financial statements that are free from material misstatement. Management is also responsible for ensuring all other information in this quarterly financial report is consistent, where appropriate, with the condensed consolidated quarterly financial statements.

These condensed consolidated quarterly financial statements have not been audited or reviewed by an external auditor.

Based on our knowledge, these unaudited condensed consolidated quarterly financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the corporation, as at March 31, 2015 and for the periods presented in the condensed consolidated quarterly financial statements.

Benoit Daignault, President and CEO	Ken Kember, Senior Vice-President and Chief Financial Officer

Ottawa, Canada
April 30, 2015

Export Development Canada

Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at

(in millions of Canadian dollars)

	Notes	**Mar 2015**	Dec 2014	Mar 2014
Assets				
Cash		**18**	69	119
Marketable securities:				
At fair value through profit or loss		**6,230**	6,391	5,280
At amortized cost		**91**	85	82
Derivative instruments	6	**548**	371	713
Assets held-for-sale		**360**	364	123
Loans receivable	2,3	**46,332**	41,586	38,444
Allowance for losses on loans	4	**(1,277)**	(1,163)	(1,440)
Investments at fair value through profit or loss		**794**	689	567
Equipment available for lease		**-**	-	363
Net investment in aircraft under finance leases		**72**	68	74
Recoverable insurance claims	5	**34**	33	97
Reinsurers' share of premium and claims liabilities	7	**113**	88	80
Other assets		**1,413**	156	1,372
Property, plant and equipment		**54**	56	59
Intangible assets		**58**	56	45
Building under finance lease		**153**	155	160
Total Assets		**$54,993**	$49,004	$46,138
Liabilities and Equity				
Accounts payable and other credits		**735**	134	181
Dividend payable		**-**	-	379
Loans payable:				
Designated at fair value through profit or loss		**34,894**	32,616	32,708
At amortized cost		**7,090**	5,422	3,684
Derivative instruments	6	**2,460**	1,377	709
Obligation under finance lease		**165**	166	169
Retirement benefit obligations		**263**	258	118
Allowance for losses on loan commitments	4	**41**	44	40
Premium and claims liabilities	7	**658**	618	706
Loan guarantees		**160**	153	168
		46,466	40,788	38,862
Financing commitments (Note 2) and contingent liabilities (Note 8)				
Equity				
Share capital	9	**1,333**	1,333	1,333
Retained earnings		**7,194**	6,883	5,943
		8,527	8,216	7,276
Total Liabilities and Equity		**$54,993**	$49,004	$46,138

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

These financial statements were approved for issuance by the Board of Directors on April 30, 2015.

Herbert M. Clarke
Director

Benoit Daignault
Director

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(in millions of Canadian dollars)

		For the three months ended		
	Notes	**Mar 2015**	Dec 2014	Mar 2014
Financing and investment revenue:				
Loan	13	**337**	315	309
Finance lease		**1**	1	1
Operating lease		**-**	12	18
Marketable securities		**14**	13	9
Investments		**1**	1	1
Total financing and investment revenue		**353**	342	338
Interest expense	14	**29**	20	12
Leasing and financing related expenses		**5**	14	11
Net Financing and Investment Income		**319**	308	315
Loan Guarantee Fees		**9**	10	8
Insurance premiums and guarantee fees		**51**	54	49
Reinsurance assumed		**2**	2	2
Reinsurance ceded		**(8)**	(7)	(6)
Net Insurance Premiums and Guarantee Fees	15	**45**	49	45
Other (Income) Expenses	18	**(74)**	(52)	(10)
Administrative Expenses	19	**86**	92	74
Income before Provision and Claims-Related Expenses		**361**	327	304
Provision for (Reversal of) Credit Losses	16	**22**	(37)	149
Claims-Related Expenses	17	**18**	38	121
Net Income		**321**	326	34
Other comprehensive income (loss):				
Pension plan re-measurement		**(10)**	(76)	-
Comprehensive Income		**$311**	$250	$34

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(in millions of Canadian dollars)

		For the three months ended		
	Notes	**Mar 2015**	Dec 2014	Mar 2014
Share Capital	9	**1,333**	1,333	1,333
Retained Earnings				
Balance beginning of period		**6,883**	6,633	7,038
Net income		**321**	326	34
Other comprehensive income (loss)				
Pension plan re-measurement		**(10)**	(76)	-
Dividends		**-**	-	(1,129)
Balance end of period		**7,194**	6,883	5,943
Total Equity at End of Period		**$8,527**	$8,216	$7,276

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(in millions of Canadian dollars)

	For the three months ended		
	Mar 2015	Dec 2014	Mar 2014
Cash Flows from (used in) Operating Activities			
Net income	**321**	326	34
Adjustments to determine net cash from (used in) operating activities			
Provision for (reversal of) credit losses	**22**	(37)	149
Actuarial change in the net allowance for claims on insurance	**(8)**	(12)	106
Depreciation and amortization	**7**	13	15
Realized (gains) and losses	**(7)**	(8)	(3)
Changes in operating assets and liabilities			
Change in accrued interest and fees receivable	**(23)**	(6)	(17)
Change in fair value of marketable securities	**(24)**	(14)	-
Change in fair value of loans payable	**73**	82	(13)
Change in derivative instruments	**(25)**	(41)	(26)
Other	**(657)**	118	(1,263)
Loan disbursements	**(4,432)**	(4,223)	(3,743)
Loan repayments and principal recoveries from loan asset sales	**2,953**	3,615	3,106
Net cash used in operating activities	**(1,800)**	(187)	(1,655)
Cash Flows from (used in) Investing Activities			
Disbursements for investments	**(68)**	(50)	(36)
Receipts from investments	**17**	17	20
Finance lease repayments	**2**	4	4
Purchases of marketable securities at fair value through profit or loss	**(16,610)**	(12,212)	(15,825)
Sales/maturities of marketable securities at fair value through profit or loss	**17,251**	11,101	14,543
Purchases of marketable securities at amortized cost	**(10)**	(21)	-
Sales/maturities of marketable securities at amortized cost	**10**	20	-
Net cash from (used in) investing activities	**592**	(1,141)	(1,294)
Cash Flows from (used in) Financing Activities			
Issue of long-term loans payable - designated at fair value through profit or loss	**3,834**	923	4,232
Repayment of long-term loans payable - designated at fair value through profit or loss	**(2,969)**	(1,404)	(2,814)
Issue of long-term loans payable at amortized cost	**1,179**	1,132	1,435
Repayment of long-term payable at amortized cost	**-**	(11)	-
Issue of short-term loans payable - designated at fair value through profit or loss	**4,111**	7,650	4,866
Repayment of short-term loans payable - designated at fair value through profit or loss	**(4,999)**	(7,029)	(4,016)
Disbursements from sale/maturity of derivative instruments	**-**	(16)	(17)
Receipts from sale/maturity of derivative instruments	**-**	13	-
Dividend paid	**-**	-	(750)
Net cash from financing activities	**1,156**	1,258	2,936
Effect of exchange rate changes on cash	**1**	-	5
Net increase (decrease) in cash	**(51)**	(70)	(8)
Cash			
Beginning of period	**69**	139	127
End of period	**$18**	$69	$119
Operating Cash Flows from Interest			
Cash paid for interest on loans payable	**$31**	$41	$20
Cash received for interest on currency swaps related to capital	**$16**	$16	$17
Cash received for interest on loan assets and marketable securities	**$310**	$305	$274

Notes to the Condensed Consolidated Financial Statements

1. Significant Accounting Policies

Basis of Presentation

Our condensed consolidated financial statements comply with the *Standard on Quarterly Financial Reports for Crown Corporations* issued by the Treasury Board of Canada.

These condensed interim consolidated financial statements follow the same accounting policies and methods of computation as our audited consolidated financial statements for the year ended December 31, 2014. They should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2014 and the accompanying notes as set out on pages 84-139 of our 2014 Annual Report.

Application of New and Revised International Financial Reporting Standards

(a) New standards, amendments and interpretations

The narrow-scope amendment to IAS 19 relating to employee contributions for defined benefit plans became effective in the first quarter of 2015. EDC's existing accounting policies were compliant with the amended standard; therefore, no accounting policy changes were required. There were no other standards, interpretations, amendments or improvements issued by the IASB requiring mandatory adoption during the quarter.

(b) Standards, amendments and interpretations not yet in effect

There were no standards or amendments issued by the IASB in the first quarter assessed as having a possible effect on EDC in the future.

Other upcoming standards – The IASB is currently working on projects related to insurance contracts, leases, the conceptual framework and principles of disclosure. Revisions to these standards could potentially have a significant impact on EDC's financial statements in future years.

Use of Estimates and Key Judgments

The preparation of financial statements requires the use of estimates and key judgments. Judgment is required in the selection of accounting policies, and their application requires the use of estimates and assumptions to arrive at the reported carrying values of our assets and liabilities. Areas where management has made use of significant estimates and exercised judgement include the allowance for losses on loans, loan commitments and loan guarantees, equipment available for lease and assets-held-for-sale, premium and claims liabilities, recoverable insurance claims, retirement benefit obligations and financial instruments measured at fair value. Refer to page 89 of our 2014 Annual Report for details.

2. Loans Receivable

(in millions of Canadian dollars)	**Mar 2015**	Dec 2014	Mar 2014
Performing:			
Past due	**79**	12	24
Current year and beyond	**45,740**	41,119	37,885
Performing gross loans receivable	**45,819**	41,131	37,909
Impaired (Note 3)	**722**	660	706
Gross loans receivable	**46,541**	41,791	38,615
Accrued interest and fees receivable	**183**	163	175
Deferred loan revenue and other credits	**(392)**	(368)	(346)
Loans receivable	**$46,332**	$41,586	$38,444

The breakdown of our gross loans receivable by credit grade is as follows:

(in millions of Canadian dollars)		**Mar 2015**		Dec 2014		Mar 2014
	$	**% of total**	$	% of total	$	% of total
Investment grade	**27,918**	**60**	22,689	54	20,659	53
Below investment grade	**17,901**	**38**	18,442	44	17,250	45
Individually impaired loans (Note 3)	**722**	**2**	660	2	706	2
Total gross loans receivable	**$46,541**	**100**	$41,791	100	$38,615	100

The following table shows our outstanding financing commitments by type:

(in millions of Canadian dollars)	**Mar 2015**	Dec 2014	Mar 2014
Signed loan commitments	**16,908**	16,593	14,533
Letters of offer	**5,268**	3,682	4,701
Confirmed lines of credit	**125**	122	134
Total financing commitments	**$22,301**	$20,397	$19,368

3. Individually Impaired Loans

The following table shows the carrying amount of loans specifically identified as impaired:

(in millions of Canadian dollars)	**Mar 2015**	Dec 2014	Mar 2014
Gross loans receivable			
Sovereign	**108**	104	82
Commercial	**614**	556	624
	722	660	706
Less: Deferred loan revenue and other credits	**40**	36	18
Individual allowance	**388**	351	405
Carrying amount of individually impaired loans	**$294**	$273	$283

The following reflects the movement in individually impaired loans receivable during the period:

(in millions of Canadian dollars)	**Mar 2015**	Mar 2014
Balance at January 1	**660**	599
Loans classified as impaired	**10**	97
Disbursements on loan guarantees called	**3**	2
Loans written off	**-**	(6)
Principal repayments	**-**	(8)
Foreign exchange translation	**49**	22
Balance at March 31	**$722**	$706

4. Allowance for Losses on Loans, Loan Commitments and Loan Guarantees

The composition of the allowance for losses on loans, loan commitments and loan guarantees is as follows:

(in millions of Canadian dollars)	**Mar 2015**	Dec 2014	Mar 2014
Base allowance			
Investment grade exposure	**129**	104	98
Non-investment grade exposure	**852**	804	992
Total base allowance	**981**	908	1,090
Counterparty concentration			
Investment grade exposure	**14**	6	8
Non-investment grade exposure	**30**	31	66
Total counterparty concentration	**44**	37	74
Total collective allowance*	**1,025**	945	1,164
Allowance for individually impaired loans, loan commitments and loan guarantees	**401**	363	435
Total allowance for losses on loans, loan commitments and loan guarantees	**$1,426**	$1,308	$1,599

* *Includes allowance on finance leases of $1 million (December 2014 – $2 million and March 2014 – $10 million).*

The allowance for credit losses on loans, loan commitments and loan guarantees is as follows:

(in millions of Canadian dollars)	**Mar 2015**	Dec 2014	Mar 2014
Allowance for losses on loans	**1,277**	1,163	1,440
Allowance for losses on loan commitments	**41**	44	40
Allowance for losses on loan guarantees*	**108**	101	119
Total	**$1,426**	$1,308	$1,599

* *Included in the liability for loan guarantees.*

For the three months ended March 2015, changes to the allowance for losses on loans, loan commitments and guarantees were as follows:

(in millions of Canadian dollars)	**Collective**	**Individual**	**Mar 2015 Total**	Collective	Individual	Mar 2014 Total
Balance at beginning of year	**945**	**363**	**1,308**	1,029	379	1,408
Provision for credit losses on loans, loan commitments and loan guarantees	**9**	**13**	**22**	105	44	149
Write-offs	**-**	**-**	**-**	-	(6)	(6)
Recovery of amounts written-off in prior Years	**-**	**1**	**1**	-	-	-
Foreign exchange translation	**71**	**24**	**95**	30	18	48
Total	**$1,025**	**$401**	**$1,426**	$1,164	$435	$1,599

5. Recoverable Insurance Claims

(in millions of Canadian dollars)	**Mar 2015**	Mar 2014
Balance at January 1	**33**	96
Claims paid	**32**	14
Claims paid – reinsured policies	**-**	3
Claims recovered	**(7)**	(2)
Change in recoverable portion of cumulative claims paid	**(26)**	(15)
Foreign exchange translation	**2**	1
Balance at March 31	**$34**	$97

6. Derivative Instruments

We use a variety of derivative instruments to manage costs, returns and levels of financial risk associated with our funding, investment and risk management activities. Refer to page 109 of the 2014 Annual Report for a description of derivative instruments that we currently use and for information on how we manage credit, interest and foreign exchange risks arising from the use of derivatives.

All derivative counterparties must have a minimum credit rating of A- and any exception must be approved by the Board of Directors. At March 31, 2015, we held derivatives with four counterparties who have a rating below this requirement, consistent with 2014. The derivative transactions had a positive fair value of $8 million (March 2014 – $13 million) for two counterparties and a negative fair value of $63 million (March 2014 – $6 million) for the remaining two counterparties. These exceptions have been approved by the Board of Directors. We do not anticipate any significant non-performance by these counterparties.

The following table provides the fair values for each category of derivative financial instrument:

(in millions of Canadian dollars)			**Mar 2015**			Dec 2014			Mar 2014
	Positive	**Negative**	**Total**	Positive	Negative	Total	Positive	Negative	Total
Cross currency interest rate swaps	**217**	**2,405**	**(2,188)**	170	1,339	(1,169)	517	632	(115)
Interest rate swaps	**192**	**8**	**184**	141	21	120	191	35	156
Foreign exchange swaps	**139**	**38**	**101**	60	7	53	3	22	(19)
Credit default swaps – protection purchased	**-**	**9**	**(9)**	-	10	(10)	1	20	(19)
Foreign exchange forwards	**-**	**-**	**-**	-	-	-	1	-	1
Total derivative instruments	**548**	**2,460**	**(1,912)**	371	1,377	(1,006)	713	709	4
Impact of netting agreements	**(285)**	**(285)**	**-**	(188)	(188)	-	(295)	(295)	-
Total	**$263**	**$2,175**	**$(1,912)**	$183	$1,189	$(1,006)	$418	$414	$4
Applicable collateral			**(70)**			(64)			(155)
Net amount			**$(1,982)**			$(1,070)			$(151)

7. Premium and Claims Liabilities

The table below presents our premium and claims liabilities for our credit insurance (CI), contract insurance and bonding (CIB) and political risk insurance (PRI) programs:

(in millions of Canadian dollars)				**Mar 2015**				Dec 2014				Mar 2014
	CI*	**CIB**	**PRI**	**Total**	CI*	CIB	PRI	Total	CI*	CIB	PRI	Total
Insurance	**135**	**84**	**439**	**658**	126	82	410	618	145	66	495	706
Reinsurance	**(2)**	**(1)**	**(110)**	**(113)**	-	(2)	(86)	(88)	(8)	(1)	(71)	(80)
Net liability	**$133**	**$83**	**$329**	**$545**	$126	$80	$324	$530	$137	$65	$424	$626

* *Includes financial institutions insurance.*

The premium and claims liabilities are comprised of the following components:

(in millions of Canadian dollars)	**Mar 2015**	Dec 2014	Mar 2014
Deferred insurance premiums	**91**	96	89
Allowance for claims on insurance	**567**	522	617
Total premium and claims liabilities	**658**	618	706
Reinsurers' share of allowance for claims on insurance	**(99)**	(73)	(68)
Prepaid reinsurance	**(14)**	(15)	(12)
Reinsurers' share of premium and claims liabilities	**(113)**	(88)	(80)
Net premium and claims liabilities	**$545**	$530	$626

8. Contingent Liabilities

As explained on page 88 of the 2014 Annual Report, we are subject to a limit imposed by the *Export Development Act* on our contingent liability arrangements. The limit is currently $45.0 billion. Our position against this limit is provided below:

(in millions of Canadian dollars)	**Mar 2015**	Dec 2014	Mar 2014
Insurance in force:			
Credit insurance	**8,542**	8,665	7,853
Financial institutions insurance	**3,440**	3,797	5,317
Contract insurance and bonding	**8,722**	8,379	8,347
Political risk insurance	**1,631**	1,564	1,708
Reinsurance ceded*	**(250)**	(250)	(150)
Insurance in force	**22,085**	22,155	23,075
Loan guarantees	**2,184**	2,108	2,108
Total	**$24,269**	$24,263	$25,183

* *Represents treaty reinsurance agreements covering most bonding obligors and the credit insurance portfolio, including most foreign bank exposures.*

9. Share Capital

EDC's authorized share capital is $3.0 billion consisting of 30 million shares with a par value of $100 each. The number of shares issued and fully paid is 13.3 million (2014 – 13.3 million).

10. Capital Management

EDC has a capital management process in place to ensure that we are appropriately capitalized and that our capital position is identified, measured, managed and regularly reported to the Board of Directors. We are not subject to externally imposed capital requirements.

Our primary objective with respect to capital management is to ensure that EDC has adequate capital to support the evolving needs of Canadian exporters and investors while remaining financially self-sustaining.

The following table represents the breakdown of EDC's supply of capital:

(in millions of Canadian dollars)	**Mar 2015**	Dec 2014	Mar 2014
Allowance for losses on loans	**1,277**	1,163	1,440
Allowance for losses on loan commitments	**41**	44	40
Allowance for losses on loan guarantees	**108**	101	119
Allowance for claims on insurance	**567**	522	617
Reinsurers' share of allowance for claims on insurance	**(99)**	(73)	(68)
Share capital	**1,333**	1,333	1,333
Retained earnings	**7,194**	6,883	5,943
Supply of capital	**$10,421**	$9,973	$9,424

11. Fair Value of Financial Instruments

Fair value represents our estimation of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. For a full description of our controls, policies and valuation techniques surrounding fair value of financial instruments refer to Note 29 on page 124 of the 2014 Annual Report.

As with any estimate, uncertainty is inherent due to the unpredictability of future events. In the case of estimating the fair value of our financial instruments, this uncertainty is magnified due to the large number of assumptions used and the wide range of acceptable valuation techniques. Estimates of fair values are based on market conditions at a certain point in time, and may not be reflective of future market conditions. Therefore, the estimates of the fair value of financial instruments outlined as follows do not necessarily reflect the actual values that may occur should the instruments be exchanged in the market.

(in millions of Canadian dollars)		**Mar 2015**		Dec 2014
	Carrying value	**Fair value**	Carrying value	Fair value
Assets				
Performing fixed rate loans*	**10,183**	**10,682**	9,087	9,479
Performing floating rate loans*	**34,579**	**35,546**	31,065	31,940
Total performing loans receivable*	**44,762**	**46,228**	40,152	41,419
Impaired loans	**294**	**294**	273	273
Loans receivable and accrued interest and fees	**45,056**	**46,522**	40,425	41,692
Marketable securities:				
At fair value through profit or loss	**6,230**	**6,230**	6,391	6,391
At amortized cost	**91**	**87**	85	85
Derivative instruments	**548**	**548**	371	371
Investments at fair value through profit or loss	**794**	**794**	689	689
Recoverable insurance claims	**34**	**34**	33	33
Other assets	**1,413**	**1,412**	156	155
Liabilities				
Accounts payable and other credits	**735**	**742**	134	140
Loans payable:				
Designated at fair value through profit or loss	**34,894**	**34,894**	32,616	32,616
At amortized cost	**7,090**	**7,141**	5,422	5,432
Derivative instruments	**2,460**	**2,460**	1,377	1,377
Loan guarantees	**160**	**125**	153	119

* *Performing loans receivable includes accrued interest and fees receivable net of loan allowance, deferred loan revenue and other credits.*

Unobservable Inputs – Investments at Fair Value Through Profit or Loss

In the process of assessing the fair value for certain investment instruments, estimates determined in a manner consistent with industry practice are employed in the models which cannot be directly observed in the market. EDC’s unobservable estimates are outlined in the following table:

(in millions of Canadian dollars)

Valuation technique	**Unobservable input**	**Range (weighted average)**	**Fair value at Mar 2015[(1)]**
Sales Multiple	Multiple of Sales	0.5 – 5.2 (2.7)	8
	Liquidity Discount	15% – 30% (25%)	3
EBITDA Multiple[(2)]	Multiple of EBITDA	4.0 – 7.0 (6.4)	10
	Discount Rate	25% – 30% (26%)	7
Discounted cash flows	Discount rate	0% – 18% (4%)	19

[(1)] The valuation of an investment may use multiple unobservable inputs and therefore its fair value can be included multiple times in the fair value amounts.
[(2)] Earnings before interest, taxes, depreciation and amortization.

Fair Value Hierarchy

The following table presents the fair value hierarchy of our financial instruments based on whether the inputs to those techniques are observable or unobservable.

- *Level 1* - fair values are based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- *Level 2* - fair values are determined using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- *Level 3* - fair values are determined using inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

(in millions of Canadian dollars)				**Mar 2015**				Dec 2014
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Assets								
Performing fixed rate loans	**-**	**10,221**	**461**	**10,682**	-	9,027	452	9,479
Performing floating rate loans	**-**	**35,208**	**338**	**35,546**	-	31,633	307	31,940
Total performing loans receivable	**-**	**45,429**	**799**	**46,228**	-	40,660	759	41,419
Impaired loans	**-**	**294**	**-**	**294**	-	273	-	273
Loans receivable and accrued interest and fees	**-**	**45,723**	**799**	**46,522**	-	40,933	759	41,692
Marketable securities:								
At fair value through profit or loss	**3,386**	**2,844**	**-**	**6,230**	3,019	3,372	-	6,391
At amortized cost	**87**	**-**	**-**	**87**	85	-	-	85
Derivative instruments	**-**	**468**	**80**	**548**	-	299	72	371
Investments at fair value through profit or loss	**1**	**-**	**793**	**794**	2	-	687	689
Recoverable insurance claims	**-**	**-**	**34**	**34**	-	-	33	33
Other assets	**1,360**	**52**	**-**	**1,412**	107	48	-	155
Liabilities								
Accounts payable and other credits	**685**	**57**	**-**	**742**	87	53	-	140
Loans payable:								
Designated at fair value through profit or loss	**-**	**34,573**	**321**	**34,894**	-	32,324	292	32,616
At amortized cost	**-**	**7,141**	**-**	**7,141**	-	5,432	-	5,432
Derivative instruments	**-**	**2,460**	**-**	**2,460**	-	1,377	-	1,377
Loan guarantees	**-**	**125**	**-**	**125**	-	119	-	119

The following table summarizes the reconciliation of Level 3 fair values between the beginning of year and the end of the first quarter of 2015 for the financial instruments carried at fair value:

(in millions of Canadian dollars)					**Mar 2015**
	Recoverable insurance claims	**Investments at fair value through profit or loss**	**Loans payable designated at fair value through profit or loss**	**Derivative instruments**	**Total**
Balance at beginning of year	**33**	**687**	**(292)**	**72**	**500**
Decrease in recoverable insurance claims	**(1)**	**-**	**-**	**-**	**(1)**
Accrued interest	**-**	**-**	**(4)**	**4**	**-**
Unrealized gains (losses) included in other (income) expenses	**-**	**9**	**2**	**(2)**	**9**
Purchases of assets/issuances of liabilities	**-**	**69**	**-**	**-**	**69**
Return of capital	**-**	**(11)**	**-**	**-**	**(11)**
Foreign exchange translation	**2**	**39**	**(27)**	**6**	**20**
Balance at end of period	**$34**	**$793**	**$(321)**	**$80**	**$586**
Total gains (losses) for the first three months of 2015 included in comprehensive income for instruments held at the end of the quarter	**$(1)**	**$15**	**$2**	**$(2)**	**$14**

Changes in valuation methods may result in transfers into or out of levels 1, 2 and 3. In the first three months of 2015, there were no transfers between levels.

The fair value of Level 3 financial instruments is in whole or in part based on unobservable inputs. In preparing financial statements, appropriate levels for these unobservable input parameters are chosen so that they are consistent with prevailing market evidence or management judgment. For the quarter ended March 31, 2015, a sensitivity analysis was performed using possible alternative assumptions to recalculate the fair value of our Level 3 financial instruments.

In order to perform our sensitivity analysis, we adjusted the yield curve and volatility assumptions used to value our Level 3 loans payable and derivative assets. The results of our analysis on our Level 3 loans payable ranged from an unfavourable change of $5 million to a favourable change of $11 million. On our Level 3 derivative assets the impact ranged from an unfavourable change of $7 million to a favourable change of $3 million.

In order to perform our sensitivity analysis for our Level 3 investments, we adjusted the unobservable inputs. The unobservable inputs used to value our Level 3 investments include one or more of the following: multiple of sales, liquidity discount, multiple of EBITDA and discount rate. When multiple unobservable inputs are shocked, no netting is considered, resulting in the highest favourable or unfavourable change. The results of our analysis on our Level 3 investments ranged from an unfavourable change of $34 million to a favourable change of $66 million.

12. Financial Instrument Risks

The principal risks that we are exposed to as a result of holding financial instruments are credit, market and liquidity risk. For a full description of our objectives, policies and processes for managing financial instrument risk refer to management's discussion and analysis on pages 68 to 72 and notes related to our derivative instruments and debt instruments of the 2014 Annual Report.

Credit Risk

Credit risk is the risk of loss incurred if a counterparty fails to meet its financial commitments. We are exposed to credit risk on financial instruments under both our loans program and our treasury activities.

Concentration of Credit Risk

The following table provides a breakdown, by the country in which the risk resides, of the maximum exposure to credit risk of financial instruments. The exposure includes gross loans receivable, loan guarantees, investments at fair value through profit or loss, marketable securities, derivative assets and cash. The concentration of credit risk exposure provided below also includes the impact of unfunded loan participations and loan default insurance, which we use to mitigate credit risk within the loan portfolio.

(in millions of Canadian dollars)	**Mar 2015 Exposure**		Dec 2014 Exposure		Mar 2014 Exposure	
Country	**$**	**%**	$	%	$	%
United States	**15,837**	**28**	14,414	28	12,538	26
Canada	**7,885**	**14**	7,441	15	7,568	16
Brazil	**3,474**	**6**	3,230	6	2,389	5
Australia	**2,661**	**5**	2,882	6	2,126	4
United Kingdom	**2,591**	**5**	2,074	4	2,140	5
Mexico	**2,482**	**4**	2,557	5	2,926	6
Chile	**2,193**	**4**	1,995	4	1,720	4
India	**1,675**	**3**	1,690	3	1,572	3
Saudi Arabia	**1,579**	**3**	1,180	2	831	2
Germany	**1,341**	**2**	809	2	958	2
Other	**14,688**	**26**	13,232	25	12,716	27
Total	**$56,406**	**100**	$51,504	100	$47,484	100

The concentration of credit risk by industry sector for our financial instruments is as follows:

(in millions of Canadian dollars)	**Mar 2015 Exposure**		Dec 2014 Exposure		Mar 2014 Exposure	
Industry	**$**	**%**	$	%	$	%
Commercial:						
Extractive	**15,868**	**28**	14,789	29	13,070	28
Aerospace	**12,778**	**23**	11,715	23	11,016	23
Surface transportation	**5,519**	**10**	4,228	8	4,733	10
Financial institutions	**5,410**	**9**	5,269	10	4,280	9
Information and communication technology	**4,291**	**8**	4,039	8	3,244	6
Infrastructure and environment	**3,370**	**6**	3,065	6	3,632	8
Other	**2,789**	**5**	2,552	5	2,389	5
Total commercial	**50,025**	**89**	45,657	89	42,364	89
Sovereign	**6,381**	**11**	5,847	11	5,120	11
Total	**$56,406**	**100**	$51,504	100	$47,484	100

13. Loan Revenue

	Three months ended		
(in millions of Canadian dollars)	**Mar 2015**	Dec 2014	Mar 2014
Loan interest			
Floating rate	**190**	172	163
Fixed rate	**104**	97	101
Loan fee revenue	**41**	39	42
Impaired revenue	**-**	-	2
Other	**2**	7	1
Total loan revenue	**$337**	$315	$309

14. Interest Expense

(in millions of Canadian dollars)	Three months ended **Mar 2015**	 Dec 2014	 Mar 2014
Loans payable designated at fair value through profit or loss and related derivatives			
Short-term payables	**9**	6	7
Long-term payables – floating	**21**	20	20
Long-term payables – fixed*	**(4)**	(3)	(10)
Loans payable carried at amortized cost			
Long-term payables – fixed	**18**	13	11
Total interest expense on loans payable and related derivatives	**44**	36	28
Interest income on currency swaps related to capital	**(15)**	(16)	(17)
Other	**-**	-	1
Total interest expense	**$29**	$20	$12

* *Includes interest on instruments with cash flows that offset the cash flows of some long-term payables carried at amortized cost.*

Our interest expense includes not only the cost of the loans payable issued by EDC and the related derivatives, but also the impact of the currency swaps used to reduce the foreign currency risk of our capital. These currency swaps are set up with the objective to offset U.S. dollar assets and liabilities. As a result, they include a Canadian dollar receivable component and a U.S. dollar payable component, each carrying a floating interest rate.

15. Net Insurance Premiums and Guarantee Fees

The following tables present our net insurance premiums and guarantee fee revenue for our credit insurance (CI), financial institutions insurance (FII), contract insurance and bonding (CIB) and political risk insurance (PRI) programs:

(in millions of Canadian dollars)	Three months ended														
					Mar 2015					Dec 2014					Mar 2014
	CI	**FII**	**CIB**	**PRI**	**Total**	CI	FII	CIB	PRI	Total	CI	FII	CIB	PRI	Total
Direct premiums	**26**	**4**	**14**	**7**	**51**	26	6	14	8	54	23	6	12	8	49
Reinsurance assumed	**-**	**-**	**1**	**1**	**2**	-	-	1	1	2	1	-	1	-	2
Reinsurance ceded	**(2)**	**-**	**(2)**	**(4)**	**(8)**	(1)	(1)	(1)	(4)	(7)	(2)	-	(1)	(3)	(6)
Net insurance premiums and guarantee fees	**$24**	**$4**	**$13**	**$4**	**$45**	$25	$5	$14	$5	$49	$22	$6	$12	$5	$45

16. Provision for (Reversal of) Credit Losses

	Three months ended		
(in millions of Canadian dollars)	**Mar 2015**	Dec 2014	Mar 2014
Credit migration	**11**	(21)	78
Changes in portfolio composition*	**10**	(12)	65
Updates to independent variables:			
Decreased concentration threshold	**1**	-	6
Other	**-**	(4)	-
Provision for (reversal of) credit losses	**$22**	$(37)	$149

* *Represents provision requirements (reversals) as a result of repayments, performing loan sales, disbursements and new financing commitments. Also includes the impact of changes in collateral values for our secured loans as these impacts should be considered in conjunction with the impact of the repayments on these loans throughout the year.*

	Three months ended		
(in millions of Canadian dollars)	**Mar 2015**	Dec 2014	Mar 2014
Provision for (reversal of) credit losses on loans	**25**	(29)	156
Provision for (reversal of) losses on loan commitments	**(5)**	5	(9)
Provision for (reversal of) losses on loan guarantees	**2**	(13)	2
Provision for (reversal of) credit losses	**$22**	$(37)	$149

17. Claims-Related Expenses

	Three months ended		
(in millions of Canadian dollars)	**Mar 2015**	Dec 2014	Mar 2014
Claims paid	**32**	18	14
Claims paid – reinsured policies	**-**	2	3
Claims recovered	**(7)**	(3)	(2)
Actuarial increase (decrease) in the net allowance for claims on insurance	**(8)**	(12)	106
Decrease in recoverable insurance claims	**1**	33	-
Total claims-related expenses	**$18**	$38	$121

18. Other (Income) Expenses

	Three months ended		
(in millions of Canadian dollars)	**Mar 2015**	Dec 2014	Mar 2014
Net unrealized (gain) loss on derivatives related to loans payable	**(64)**	(87)	26
Net unrealized (gain) loss on loans payable designated at fair value through profit or loss	**45**	71	(38)
Net realized and unrealized gain on marketable securities at fair value through profit or loss	**(27)**	(16)	(4)
Net realized and unrealized gain on investments at fair value through profit or loss	**(16)**	(19)	(1)
Foreign exchange translation (gain) loss	**(9)**	(2)	10
Other	**(3)**	1	(3)
Total other (income) expenses	**$(74)**	$(52)	$(10)

We have designated the majority of our loans payable at fair value through profit or loss in order to follow the same accounting treatment as their related derivatives. In general, these derivatives are entered into to manage interest and foreign exchange rate risks on the related loans payable. For the three months ended March 31, 2015, the net unrealized gain on our loans payable and associated derivatives totalled $19 million compared to a gain of $16 million for the previous quarter. In accordance with IFRS, our debt is valued on the basis of our credit rating (AAA) while the related derivatives are valued based on the credit risk of the resulting exposure. During the three months ended March 31, 2015, the credit adjusted rates relevant to the valuation of derivatives had larger decreases than the rates applicable to loans payable, leading to gains on our derivatives compared to losses on our loans payable.

Our marketable securities portfolio is highly sensitive to long-term U.S. Treasury rates. For the three months ended March 31, 2015, the net realized and unrealized gain on marketable securities was $27 million compared to a gain of $16 million for the previous quarter, which is a reflection of the continued decrease in long-term U.S. Treasury rates.

19. Administrative Expenses

	Three months ended		
(in millions of Canadian dollars)	**Mar 2015**	Dec 2014	Mar 2014
Salaries and benefits	**45**	47	41
Pension, other retirement and post-employment benefits	**13**	10	9
Occupancy	**7**	7	7
Amortization and depreciation	**6**	6	6
Other	**15**	22	11
Total administrative expenses	**$86**	$92	$74

Retirement benefit obligations included in pension, other retirement and post-employment benefits above are as follows:

	Three months ended		
(in millions of Canadian dollars)	**Mar 2015**	Dec 2014	Mar 2014
Pension benefit expense	**9**	6	6
Other post-employment benefit and severance expense	**4**	4	3
Total	**$13**	$10	$9

20. Related Party Transactions

The Government of Canada is the sole shareholder of Export Development Canada. We enter into transactions with other government departments, agencies and Crown corporations and our Pension Plan in the normal course of business, under terms and conditions similar to those that apply to unrelated parties.