CDIC
Canada Deposit
Insurance Corporation

Quarterly Financial Report
Second Quarter
September 30, 2015
Unaudited

Always ready to protect
your savings

Canada

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Narrative discussion

Second quarter – fiscal 2015/2016

This narrative discussion was prepared in accordance with the *Treasury Board Standard on Quarterly Financial Reports for Crown Corporations* (the "Treasury Board Standard"). It is not intended to be a full "Management's Discussion and Analysis". Disclosures and information in Canada Deposit Insurance Corporation's 2015 Annual Report are assumed to apply to the current quarter unless otherwise updated.

The condensed consolidated financial statements are unaudited and have been prepared in accordance with the Treasury Board Standard.

This narrative discussion and the accompanying financial statements were reviewed and approved by CDIC's Audit Committee.

Financial highlights

For the second quarter ended September 30, 2015, the Canada Deposit Insurance Corporation (CDIC or the Corporation) recognized net income of $143 million, arising principally from a decrease to the provision for insurance losses (the “provision”) of $50 million; other items of significance were premium revenue of $91 million, investment and other income of $10 million, and net operating expenses and income taxes of $7 million. In the same period last year, CDIC recognized net income of $73 million, based on premium revenue of $70 million, investment and other income of $10 million and net operating expenses and income taxes of $7 million.

For the six month period ended September 30, 2015, CDIC recognized net income of $85 million, based on premium revenue of $181 million, investment and other income of $20 million, an increase to the provision of $100 million and net operating expenses of $16 million. In the same period last year, CDIC recognized net income of $94 million, based on premium revenue of $140 million, investment and other income of $20 million, an increase to the provision of $50 million and net expenses of $16 million.

The Corporation’s $181 million in premium revenue for the six-month period represents an increase of $41 million from the same period in the prior year, and was primarily the result of an increase in premium rates. Growth in insured deposits held at member institutions and changes to the categorization of certain members also contributed to the increase in premium revenue.

The Corporation’s $20 million in investment and other income for the six-month period ended September 30, 2015 was consistent with the same period in the prior year. This was due to the decline in the effective yield (1.24% and 1.40%, as at September 30, 2015 and 2014) which offset the growth of the investment portfolio.

Operating expenses and income taxes were $10 million for the second quarter and $19 million for the fiscal year to date, consistent with the same periods in the prior year.

CDIC’s provision increased $100 million to $1,350 million for the six-month period ended September 30, 2015. The increase is due to a refinement by external credit rating agencies of various inputs into the methodology used to calculate the provision and an increase in the level of insured deposits ($696 billion and $684 billion as at April 30, 2015 and 2014 respectively).

CDIC’s total assets as at September 30, 2015 were $3,245 million, an increase of $185 million (6%) from March 31, 2015, largely driven by the growth in CDIC’s investment portfolio. The majority of the Corporation’s assets are highly liquid investment securities.

As at September 30, 2015, CDIC’s *ex ante* funding represented 46 basis points ($3,235 million) of insured deposits, as compared to the minimum target level of 100 basis points.

Risk analysis

In addition to monitoring the risks faced by CDIC’s membership that drive changes in the provision for insurance losses, Management utilizes an Enterprise Risk Management (ERM) program to identify and manage its key corporate risks. The ERM program includes a detailed annual assessment of risks, as well as quarterly updates. The assessment of significant risks includes Management’s perspective on residual risk which considers the potential impact of a risk event on the Corporation’s financial position, reputation and/or ability to fulfill its mandate and statutory objects; the likelihood of such an event occurring; and the Corporation's risk management activities to manage the specific risk.

Management's recent annual assessment indicated that the significant risks facing the Corporation as at September 30, 2015 remain acceptable. However, Management continues to assess its insurance powers, intervention and technology risks as cautionary, as discussed below.

Both insurance powers and intervention risks are rated as cautionary while CDIC continues its work to improve resolution processes and tools as they relate to the resolution of a Canadian domestic systemically important bank. Initiatives to mitigate these cautionary risks are complex and require multi-year efforts, with strong dependencies on a wide variety of stakeholders.

Technology risk is assessed as cautionary as CDIC is in the process of implementing its cyber security plan and engaging a cyber security partner; this should be completed by the end of the fiscal year.

The Corporation considers itself well-positioned to adequately address these risks.

Changes in operations, personnel and programs

The following describes any significant changes in operations, personnel and programs that have occurred during the current quarter.

Operations	There were no significant changes during the quarter.
Board of Directors, Officers and Personnel	Mr. Dean Cosman was appointed Senior Vice-President, Insurance and Risk Assessment effective September 8, 2015. Mr. Michael Mercer was appointed Senior Vice-President, Complex Resolution effective September 8, 2015. Mr. Tom Vice was appointed Interim Chief Financial Officer effective September 8, 2015. Mr. Anthony Carty was appointed Vice-President, Finance and Administration and Chief Financial Officer on August 17, 2015, effective October 5, 2015.
Programs and Initiatives	There were no significant changes during this quarter.

Financial results

Three months ended September 30, 2015, compared to three months ended September 30, 2014

The following table sets out CDIC's comparative results for the three months ended September 30, 2015 and 2014.

	For the three months ended September 30		Difference	
(C$ thousands)	**2015**	**2014**	($)	(%)
Premium revenue	90,509	69,837	20,672	30%
Investment and other income	10,004	10,166	(162)	(2%)
Decrease in provision for insurance losses	50,000	-	50,000	*
Net operating expenses	9,229	9,269	(40)	(0%)
Recovery of amounts previously written off	2,603	2,876	(273)	(9%)
Income tax expense	396	270	126	47%
Net income	**143,491**	**73,340**	**70,151**	96%

* Not meaningful

Premium revenue

Premiums charged to member institutions are based on the total amount of insured deposits held by member institutions as of April 30 each year, and are calculated annually in accordance with the *CDIC Act* and CDIC's *Differential Premiums By-law*. Premium rates are a key determinant of the length of time it will take to reach the minimum target level of *ex ante* funding (100 basis points). Each year, CDIC considers various premium rate options. For 2015/2016, the approved Category 1 rate (the base rate) is 4.5 basis points of insured deposits, a 1.0 basis point increase over the 2014/2015 base rate. The amount recognized in each quarter represents one-fourth of the annual assessment amount.

Premium revenue of $91 million was recorded during the quarter ended September 30, 2015 compared to $70 million for the same period last year, a 30% increase. The increase in premium rates was the primary factor leading to the higher revenue. Changes in the categorization of member institutions and the growth in insured deposits also contributed to the growth in premium revenue. Insured deposits grew to $696 billion as at April 30, 2015, from $684 billion as at April 30, 2014, an increase of 2%.

Investment and other income

Investment and other income for the quarter was $10 million, consistent with the same period last year. While the investment portfolio grew during the year ($327 million or 11% compared to the balance as at September 30, 2014), the effective yield declined to 1.24% compared to 1.40% as at September 30, 2014.

Provision for insurance losses

The provision represents Management's best estimate of the losses it expects to incur as a result of insuring deposits. The adequacy of the provision is assessed on a quarterly basis and, if necessary, adjustments are recorded.

In arriving at its estimate, Management considers the key inputs of its provisioning methodology: the level of insured deposits, the expectation of default derived from probability statistics, expected loss given default, supervisory information, economic indicators, and CDIC's specific knowledge of its members.

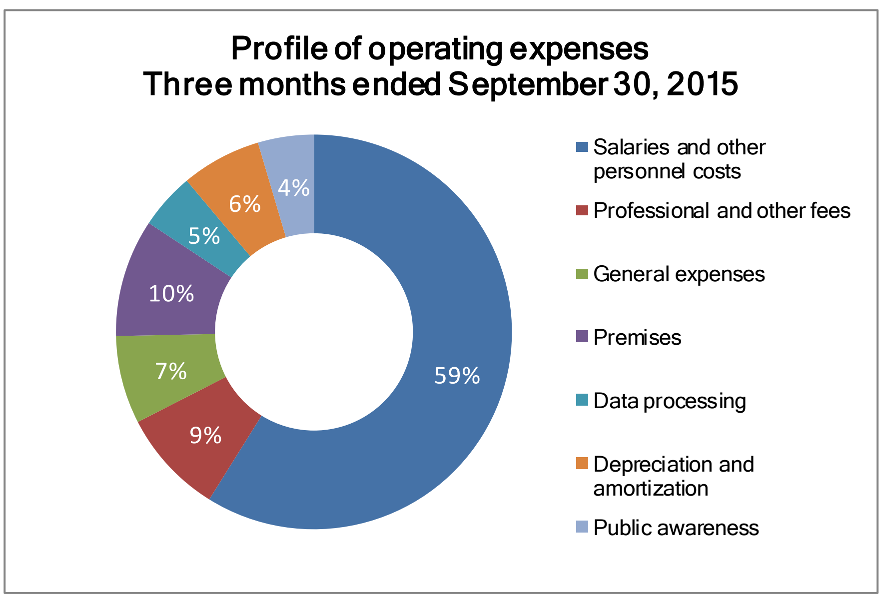
During the second quarter, CDIC's provision decreased by $50 million to $1,350 million. The decrease is due to changes in the categorization of certain members, and changes in members' expectation of default.

Recovery of amounts previously written off

Claims receivable from the estates of failed member institutions are written off when there is no realistic likelihood of repayment. However, when funds are subsequently received, or when receipt is virtually certain, the recovery is recognized in the condensed consolidated statement of comprehensive income as a recovery of amounts previously written off.

During the second quarter, CDIC recognized a recovery of $2.6 million from the estate of a failed member institution.

Operating expenses



Operating expenses for the three months ended September 30, 2015 totalled $9 million, consistent with the same period last year.

Six months ended September 30, 2015, compared to six months ended September 30, 2014

The following table sets forth CDIC’s comparative results for the six months ended September 30, 2015 and 2014.

	For the six months ended September 30		Difference	
(C$ thousands)	**2015**	**2014**	($)	(%)
Premium revenue	181,017	139,682	41,335	30%
Investment and other income	19,875	20,053	(178)	(1%)
Increase in provision for insurance losses	100,000	50,000	50,000	100%
Net operating expenses	18,203	18,623	(420)	(2%)
Recovery of amounts previously written off	2,603	2,876	(273)	(9%)
Income tax expense	611	401	210	52%
Net income	**84,681**	**93,587**	**(8,906)**	(10%)

Premium revenue

Premium revenue of $181 million was recorded during the six months ended September 30, 2015 compared to $140 million for the same period last year, a 30% increase. The increase in premium rates was the primary factor leading to the higher revenue. Changes in the categorization of member institutions and the growth in insured deposits also contributed to the variance.

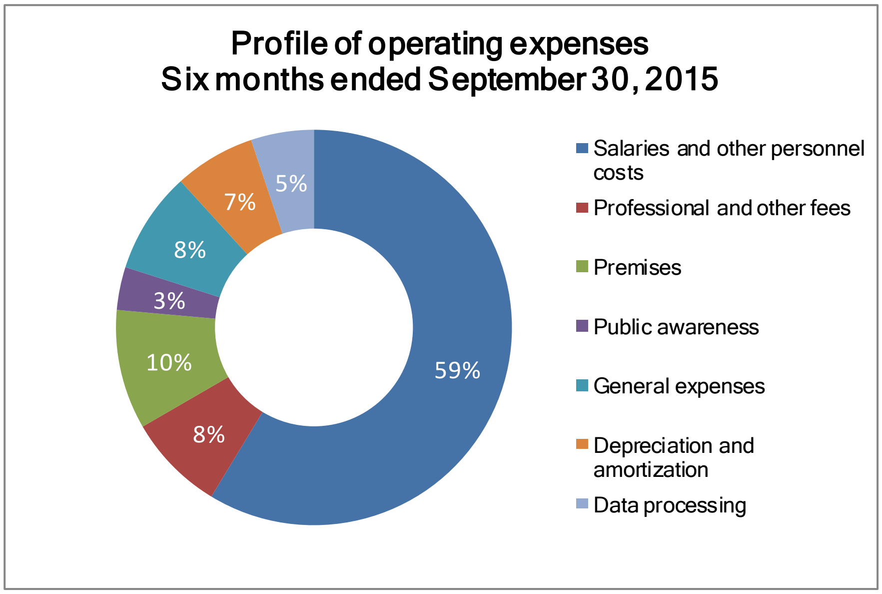
Investment and other income

Investment and other income for the half-year was $20 million, consistent with the same period last year. While the investment portfolio grew during the year ($327 million or 11% compared to the balance as at September 30, 2014), the effective yield declined to 1.24% compared to 1.40% as at September 30, 2014.

Provision for insurance losses

CDIC’s provision for insurance losses increased $100 million to $1,350 million during the six-months ended September 30, 2015. During the first quarter, an external credit rating agency refined its approach to determining its expected default estimates, resulting in the increase to the provision, along with the growth in insured deposits, and the changes in categorization of certain members.

Operating expenses



Operating expenses for the six months ended September 30, 2015 totalled $18 million, consistent with the same period last year.

Forecast results for fiscal 2015/2016, compared to Corporate Plan

This section includes future-oriented financial information that is based on certain assumptions. Actual results may differ from the forecasted information presented and such differences may be material.

(C$ millions)	2015/2016 Forecast	2015/2016 Planned	Difference ($)	Difference (%)
Premium revenue	362	371	(9)	(2%)
Investment and other income	40	42	(2)	(5%)
Increase in provision for insurance losses	100	50	50	100%
Net operating expenses	41	44	(3)	(7%)
Income tax recovery	-	1	(1)	(100%)
Net income	**261**	**320**	(59)	(18%)

Premium revenue

CDIC's 2015/2016 to 2019/2020 Corporate Plan (the "Corporate Plan") sets out planned premium revenue of $371 million for fiscal 2015/2016, compared with Management's current forecast revenue of $362 million for the year. The Corporate Plan was based on certain assumptions regarding increases in the level of insured deposits and the classification of members under the Differential Premiums system. Results to date have differed from the assumptions, resulting in a variance between the planned and forecast amounts.

Investment and other income

Forecast investment and other income is less than originally planned due to the forecast yield being lower than what was included in the Corporate Plan (forecast yield at September 30, 2015 for fiscal 2015/2016 was 1.28% versus 1.30% in the Corporate Plan), and the lower premium revenue which will result in a lower than planned investment portfolio.

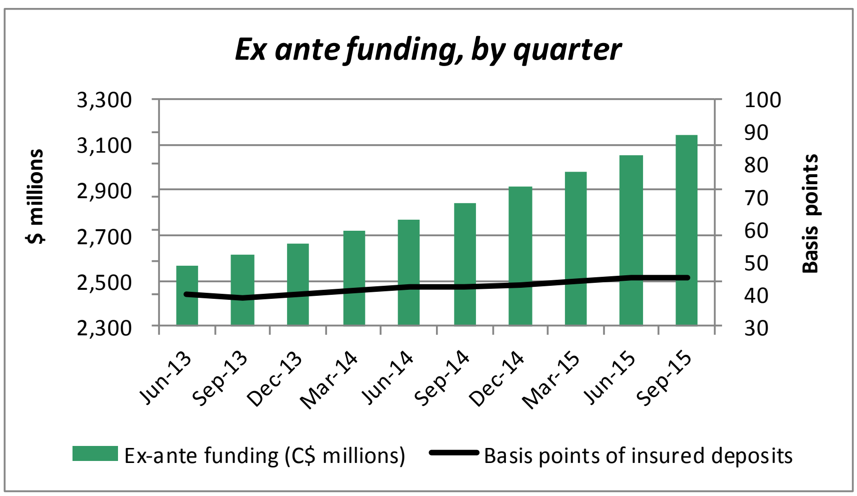
Provision for insurance losses

The Corporate Plan assumed a $50 million increase in the provision to $1,300 million. The Corporate Plan did not contemplate the previously discussed refinement of the credit rating agency's methodology. The provision is currently forecast to remain flat at $1,350 million for the remainder of the fiscal year.

Net operating expenses

Net operating expenses are forecast at $41 million, 3 million below the Corporate Plan. This projected variance is primarily due to a slower than anticipated pace of hiring for vacant positions.

Ex ante funding



Sound funding arrangements are critical to the effectiveness of a deposit insurance system and the maintenance of public confidence. CDIC maintains *ex ante* funding to cover possible deposit insurance losses. The amount of such funding is represented by the aggregate of the Corporation's retained earnings and the provision. The minimum target level of the Corporation's *ex ante* funding is 100 basis points of insured deposits. The Corporation reviews this target funding level regularly to ensure it remains appropriate.

CDIC's *ex ante* funding level was $3,235 million as at September 30, 2015, or 46 basis points of insured deposits. Based on the level of insured deposits as at April 30, 2015, the 100 basis point minimum target would equate to $6,960 million of *ex ante* funding.

As noted earlier, premium rates were increased for 2015/2016 in order to accelerate CDIC's progression to the minimum *ex ante* funding target. In addition, CDIC's Corporate Plan assumes further increases (1 basis point increase per year to the base rate through to, and including, 2018/2019). It is currently forecast that CDIC will reach the minimum *ex ante* funding target level in 2024/2025.

Available liquid funds

The following table sets out the liquid funds available to CDIC.

(C$ millions)	**September 30, 2015**	**March 31, 2015**
Available liquid funds:		
Cash	2	2
Fair value of high-quality, liquid investment securities	3,270	3,095
Availability of borrowings:		
Borrowings authorized under the CDIC Act, either from market sources or from the Consolidated Revenue Fund	20,000	20,000
Total available funds	**23,272**	**23,097**

CDIC's portfolio of investment securities is limited to high-quality, liquid securities: obligations of the Government of Canada and its agent Crowns, and obligations of Provincial Governments / Municipal Financing Authorities. Additional funds are available through CDIC's authority to borrow under the *CDIC Act*. As at September 30, 2015, the Corporation can borrow up to $20 billion. The borrowing limit is adjusted annually on December 31 to reflect the growth of insured deposits. Additional borrowings, if required, could be authorized by Parliament through an appropriation act.

Management representation

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 are 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.

The 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 the date of and for the periods presented in the condensed consolidated quarterly financial statements.

M Bourque

Michèle Bourque

President and Chief Executive Officer

Ottawa, Canada
November 10, 2015

Anthony Carty

Vice-President, Finance and Administration and Chief Financial Officer

Ottawa, Canada
November 10, 2015

Condensed consolidated financial statements

Condensed consolidated statement of financial position

(in thousands of Canadian dollars)

	Notes	September 30, 2015	March 31, 2015
ASSETS			
Cash		1,840	1,584
Investment securities	*4*	3,228,287	3,042,059
Current tax asset		-	180
Trade and other receivables	*5*	73	1,521
Amounts recoverable from estates		3,380	2,876
Prepayments		214	198
Property, plant and equipment		5,559	5,886
Intangible assets		5,474	5,772
TOTAL ASSETS		**3,244,827**	**3,060,076**
LIABILITIES			
Trade and other payables		3,127	4,651
Current tax liability		427	-
Deferred premium revenue		1,141	-
Deferred lease inducement		1,129	1,186
Employee benefits		2,969	2,889
Provision for insurance losses	*6*	1,350,000	1,250,000
Deferred tax liability		726	723
Total liabilities		**1,359,519**	**1,259,449**
EQUITY			
Retained earnings		1,885,308	1,800,627
TOTAL LIABILITIES AND EQUITY		**3,244,827**	**3,060,076**

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

Condensed consolidated statement of comprehensive income

(in thousands of Canadian dollars)

	Notes	For the three months ended September 30 2015	For the three months ended September 30 2014	For the six months ended September 30 2015	For the six months ended September 30 2014
REVENUE					
Premium		90,509	69,837	181,017	139,682
Investment income		10,000	10,162	19,870	20,024
Other		4	4	5	29
		100,513	80,003	200,892	159,735
EXPENSES					
Operating	*7*	9,229	9,269	18,203	18,623
Recovery of amounts previously written off		(2,603)	(2,876)	(2,603)	(2,876)
(Decrease)/increase in provision for insurance losses		(50,000)	-	100,000	50,000
		(43,374)	6,393	115,600	65,747
Net (loss) income before income taxes		143,887	73,610	85,292	93,988
Income tax expense		396	270	611	401
INCOME		**143,491**	**73,340**	**84,681**	**93,587**

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

Condensed consolidated statement of changes in equity

(in thousands of Canadian dollars)

	Retained earnings and total equity
FOR THE THREE MONTHS ENDED SEPTEMBER 30	
Balance, June 30, 2015	**1,741,817**
Net loss and total comprehensive income	143,491
Balance, September 30, 2015	**1,885,308**
Balance, June 30, 2014	**1,588,776**
Net income and total comprehensive loss	73,340
Balance, September 30, 2014	**1,662,116**
FOR THE SIX MONTHS ENDED SEPTEMBER 30	
Balance, March 31, 2015	**1,800,627**
Net loss and total comprehensive income	84,681
Balance, September 30, 2015	**1,885,308**
Balance, March 31, 2014	**1,568,529**
Net income and total comprehensive loss	93,587
Balance, September 30, 2014	**1,662,116**

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

Condensed consolidated statement of cash flows

(in thousands of Canadian dollars)

	For the three months ended September 30		For the six months ended September 30	
	2015	2014 (restated) Note 3	2015	2014 (restated) Note 3
OPERATING ACTIVITIES				
Net income	143,491	73,340	84,681	93,587
Add (deduct) items not involving cash				
Depreciation and amortization	604	567	1,204	1,162
Investment income	(10,000)	(10,162)	(19,870)	(20,024)
Tax expense	396	270	611	401
Employee benefit expense	77	91	155	181
Defined benefit payment	-	(59)	(75)	(75)
Change in working capital:				
Increase/(decrease) in provision for insurance losses	(50,000)	-	100,000	50,000
Decrease in premiums receivable	90,456	69,810	-	-
Decrease/(increase) in prepayments	108	(118)	(16)	(140)
Decrease in trade and other receivables	1,442	32	1,448	1
Increase in amounts recoverable from estates	(504)	(2,876)	(504)	(2,876)
Decrease in trade and other payables	(478)	(2,072)	(1,524)	(2,187)
Increase in deferred premium revenue	991	938	1,141	1,020
Decrease in deferred lease inducement	(28)	(28)	(57)	(57)
Interest received	18,818	12,733	35,053	27,529
Income tax paid	-	-	-	-
Net cash generated by operating activities	195,373	142,466	202,247	148,522
INVESTING ACTIVITIES				
Purchase of property, plant and equipment and intangible assets	(319)	(310)	(577)	(639)
Purchase of investment securities	(361,122)	(1,418,483)	(591,614)	(2,748,555)
Proceeds from sale or maturity of investment securities	167,128	1,276,086	390,200	2,600,026
Net cash used in investing activities	(194,313)	(142,707)	(201,991)	(149,168)
Net increase/(decrease) in cash	1,060	(241)	256	(646)
Cash, beginning of period	780	294	1,584	699
Cash, end of period	**1,840**	**53**	**1,840**	**53**

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

Notes to the condensed consolidated financial statements

1–General information

The Canada Deposit Insurance Corporation (CDIC or the Corporation) was established in 1967 by the *Canada Deposit Insurance Corporation Act* (the *CDIC Act*). It is a Crown corporation without share capital named in Part I of Schedule III to the *Financial Administration Act* and is funded by premiums assessed against its member institutions. The Corporation is subject to federal income tax pursuant to the provisions of the *Income Tax Act.* The address of the registered office is 50 O'Connor Street, 17th Floor, Ottawa, Ontario.

The objects of the Corporation are to provide insurance against the loss of part or all of deposits in member institutions and to promote and otherwise contribute to the stability of the financial system in Canada. These objects are to be pursued for the benefit of depositors of member institutions and in such manner as will minimize the exposure of the Corporation to loss.

The Corporation has the power to do all things necessary or incidental to the furtherance of its objects, including acquiring assets from and providing guarantees or loans to member institutions and others. Among other things, it may make or cause to be made inspections of member institutions, act as liquidator, receiver or inspector of a member institution or a subsidiary thereof, and establish a bridge institution.

The Corporation is an agent of Her Majesty in right of Canada for all purposes of the *CDIC Act*. As a result, all obligations incurred by the Corporation in the course of carrying out its mandate are obligations of Canada.

These condensed consolidated quarterly financial statements were approved and authorized for issue by the Corporation's Audit Committee on November 10, 2015.

Basis of preparation

These condensed consolidated quarterly financial statements, presented in Canadian dollars, have been prepared in accordance with the *Treasury Board Standard on Quarterly Financial Reports for Crown Corporations* and do not include all of the information required for full annual financial statements. These condensed consolidated quarterly financial statements should be read in conjunction with the audited consolidated financial statements as at and for the year ended March 31, 2015, in CDIC's 2015 Annual Report.

The condensed consolidated quarterly financial statements have been prepared on the historical cost basis, except for the provision for insurance losses and the defined benefit obligations, which are measured at their present value. Historical cost is generally based on the fair value of consideration given in exchange for an asset and the amount of proceeds received in exchange for a liability.

2–Significant accounting policies

Except as described below, the accounting policies applied by the Corporation in these condensed consolidated quarterly financial statements are the same as those applied by the Corporation in its consolidated financial statements as at and for the year ended March 31, 2015.

Critical accounting judgments and key sources of estimation uncertainty

The preparation of quarterly financial statements requires Management to make judgments and estimations that affect the application of accounting policies and the reported amounts of assets and liabilities. Actual results may differ from these estimates.

In preparing these condensed consolidated quarterly financial statements, the significant judgments made by Management in applying the Corporation's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended March 31, 2015.

Recovery of amounts previously written off

Claims receivable from the estates of failed member institutions are written off when there is no realistic prospect of recovery. However, when funds are subsequently received, or are virtually certain of being received, CDIC recognizes the recovery in the condensed consolidated statement of comprehensive income.

Defined benefit obligations

At year end, the Corporation's defined benefit liability is measured at its present value, based on an actuarial valuation. Actuarial gains or losses arising from the actuarial valuation are recognized immediately in retained earnings as other comprehensive income.

As at September 30, 2015 and 2014, no actuarial valuations were prepared. As a result, no actuarial gains or losses were recognized.

3–Restatement of condensed consolidated statement of cash flows for the three and six months ended September 30, 2014

The Corporation reviewed the presentation and classification of its cash flows during 2014/2015, and reclassified certain items between investing and operating activities, to reflect their nature more accurately. The Corporation removed the amortization of premiums and discounts from its investing activities which resulted in an adjustment to the investment income cash flows included within its operating activities. The Corporation has restated the condensed consolidated statement of cash flows for the three and six months ended September 30, 2014, to conform to current period presentation. The changes are summarized in the following table:

For the three months ended *(C$ thousands)*	September 30, 2014	Adjustment	September 30, 2014 (restated)
OPERATING ACTIVITIES			
Investment income received	10,766	1,967	12,733
INVESTING ACTIVITIES			
Purchase of investment securities	(1,442,414)	23,931	(1,418,483)
Proceeds from sale or maturity of investment securities	1,301,984	(25,898)	1,276,086

For the six months ended *(C$ thousands)*	September 30, 2014	Adjustment	September 30, 2014 (restated)
OPERATING ACTIVITIES			
Investment income received	22,816	4,713	27,529
INVESTING ACTIVITIES			
Purchase of investment securities	(2,865,744)	117,189	(2,748,555)
Proceeds from sale or maturity of investment securities	2,721,928	(121,902)	2,600,026

4–Investment securities

Information on the maturity and composition of the Corporation's investment securities is included in the tables below.

	Remaining term to maturity September 30, 2015			
(C$ thousands)	90 days or less	91 days to 1 year	1 to 5 years	Total
Treasury bills	53,258	-	-	53,258
Weighted average effective yield (%)	0.77	-	-	0.77
Bonds	288,410	434,579	2,452,040	3,175,029
Weighted average effective yield (%)	1.13	1.16	1.28	1.25
Total investment securities	**341,668**	**434,579**	**2,452,040**	**3,228,287**
Weighted average effective yield (%)	**1.08**	**1.16**	**1.28**	**1.24**

	Remaining term to maturity March 31, 2015			
(C$ thousands)	90 days or less	91 days to 1 year	1 to 5 years	Total
Treasury bills	21,260	29,816	-	51,076
Weighted average effective yield (%)	0.63	0.98	-	0.83
Bonds	165,887	426,586	2,398,510	2,990,983
Weighted average effective yield (%)	2.01	1.20	1.32	1.34
Total investment securities	**187,147**	**456,402**	**2,398,510**	**3,042,059**
Weighted average effective yield (%)	**1.85**	**1.19**	**1.32**	**1.33**

The following table includes the fair value measurement of the Corporation's investment securities.

	September 30, 2015			March 31, 2015
(C$ thousands)	Amortized cost	Gross unrealized gains	Fair value	Fair value
Treasury bills	53,258	23	53,281	51,157
Bonds	3,175,029	41,672	3,216,701	3,044,292
Other	-	-	-	-
Total investment securities	**3,228,287**	**41,695**	**3,269,982**	**3,095,449**

The following table summarizes the credit quality of CDIC's investment securities by credit rating.

Credit rating *(C$ thousands)*	**September 30, 2015**	**March 31, 2015**
AAA	2,929,514	2,755,067
AA+	56,290	56,815
AA	146,486	105,437
AA-	-	43,237
A+	95,997	81,503
Total investments	**3,228,287**	**3,042,059**

The carrying amounts in the above tables include accrued interest.

5–Trade and other receivables

(C$ thousands)	**September 30, 2015**	**March 31, 2015**
Accounts receivable	73	53
Other receivables	-	1,468
Total trade and other receivables	**73**	**1,521**

At March 31, 2015 other receivables consisted of a note receivable due on June 30, 2015.

6–Provision for insurance losses

The provision for insurance losses represents the Corporation's best estimate of the future outflow of economic benefits resulting from the Corporation's duty to insure deposits held by member institutions in the event of failure. The estimate is based on an expected loss calculation and is subject to uncertainty surrounding amount and timing of losses. As such, actual losses may differ significantly from estimates.

Changes in the provision for insurance losses are summarized as follows:

(C$ thousands)	**Provision for insurance losses**
Balance, March 31, 2015	**1,250,000**
Increase in provision	150,000
Balance, June 30, 2015	**1,400,000**
Decrease in provision	(50,000)
Balance,September 30, 2015	**1,350,000**

7–Operating expenses

	For the three months ended September 30		For the six months ended September 30	
(C$ thousands)	**2015**	**2014**	**2015**	**2014**
Salaries and other personnel costs	5,433	5,044	10,680	10,232
Professional and other fees	792	1,294	1,451	2,226
General expenses	722	761	1,609	1,645
Premises	889	869	1,780	1,730
Data processing	424	349	935	945
Depreciation and amortization	604	567	1,204	1,162
Public awareness	421	412	640	764
	9,285	9,296	18,299	18,704
Expense recoveries	(56)	(27)	(96)	(81)
Total operating expenses	**9,229**	**9,269**	**18,203**	**18,623**

8–Related party transactions

The Corporation is related in terms of common ownership to all Government of Canada departments, agencies and Crown corporations. The Corporation has transacted with related parties through both the provision and receipt of various services. Such transactions were conducted in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.