



Differential Premiums By-Law Manual

Table of Contents

Foreword.....	1
Summary of Criteria or Factors and Scores.....	2
Quantitative	2
Qualitative	2
Premium Categories and Rates	2
Differential Premiums By-law Filing Requirements	4
A. Purpose	4
B. Determining the Filings Required	4
i) New Member Institution Declaration	4
ii) Reporting Form.....	5
iii) Returns and Documents	7
iv) List of Subsidiaries that are CDIC Member Institutions.....	7
C. Filing Data and Calculations	8
D. Electronic Version.....	8
E. Filing Deadline	8
F. Where to submit	8
G. CDIC Contact Person	9

New Member Institution Declaration	10
Differential Premiums By-Law Reporting Form.....	11
1. Capital Adequacy Measures	11
2. Return on Risk-Weighted Assets (%).....	15
3. Mean Adjusted Net Income Volatility.....	17
4. Stress-tested Net Income	20
5. Efficiency Ratio (%)	21
6. Net Impaired Assets (Including Net Unrealized Losses on Securities) to Total Capital (%).....	23
Table 6A – Impaired Off-Balance Sheet Assets.....	24
Table 6B – Impaired OTC Derivative Contracts.....	25
7. Three-Year Moving Average Asset Growth (%).....	27
8. Real Estate Asset Concentration.....	31
Table 8.....	34
9. Aggregate Commercial Loan Concentration Ratio (%)	36
Table 9.....	40
10. Total Quantitative Score.....	42
Certification Page	43
Financial Statements	43
Data and System Requirements	43
Returns & Documents	44
1. Capital Adequacy Report (G3).....	44
2. Basel II Capital Adequacy Reporting - Credit, Market, and Operational Risk (BCAR) (Schedules 1, 39 and 40).....	44
3. Consolidated Statement of Income, Retained Earnings and AOCI (P3).....	44
4. Consolidated Monthly Balance Sheet (M4)	44

5. Return of Impaired Assets (E3).....	44
6. [Blank].....	44
7. Section III of the Mortgage Loans Report (E2).....	44
8. Section 6 of the Non-Mortgage Loans Report (A2).....	44
List of Subsidiaries that are CDIC Member Institutions	45
Subparagraph 15(4)(b)(i) Declaration.....	46
<u>Differential Premiums By-Law Office Consolidation to 2011</u>	Tab
2011 CDIC Differential Premiums By-Law Manual – Amendment Control Sheet.....	47



Foreword

The Board of Directors of the Canada Deposit Insurance Corporation (“CDIC”) is authorized by the CDIC Act to make by-laws respecting the determination of annual premiums for member institutions. Without restricting the generality of that authority, by-laws may be made:

- to establish a system of classifying member institutions into different categories;
- to set the criteria or factors to be taken into account in determining the category classification; and
- to fix the annual premium applicable to each category.

The CDIC *Differential Premiums By-law* (“By-law”) came into effect for the premium year beginning May 1, 1999. The By-law undergoes regular reviews (including a 2004 comprehensive review) and has been amended on numerous occasions following consultation with member institutions, their associations and regulators. The Office Consolidation of the By-law, including its amendments for 2011, is provided under the Tab titled “Differential Premiums By-law”.

The By-law draws upon the same sorts of elements employed in systems in other major jurisdictions. Most importantly, the CDIC differential premiums system follows the basic structure of other proven systems – namely, a mix of quantitative and qualitative criteria or factors.

Each member institution is classified into one of four premium categories. Except in special circumstances set out in the By-law (relating to new member institutions, subsidiaries of member institutions, a member institution that is a bridge institution and certain amalgamation scenarios), classification is based on a system that scores a member institution according to a number of criteria or factors grouped into two broad categories: quantitative measures (capital adequacy and other) and qualitative measures.

The following table summarizes the criteria or factors and scoring system under the By-law:

Summary of Criteria or Factors and Scores	
Criteria or Factors	Maximum Score
Quantitative:	
Capital Adequacy	20
<ul style="list-style-type: none"> • Assets to Capital Multiple • Tier 1 Risk-Based Capital Ratio • Total Risk-Based Capital Ratio 	
Other Quantitative	
<ul style="list-style-type: none"> • Return on Risk-Weighted Assets • Mean Adjusted Net Income Volatility • Stress-Tested Net Income • Efficiency Ratio • Net Impaired Assets (Including Net Unrealized Losses on Securities) to Total Capital • Three-Year Moving Average Asset Growth Ratio • Real Estate Asset Concentration • Aggregate Commercial Loan Concentration Ratio 	5 5 5 5 5 5 5
Sub-total: Quantitative Score	60
Qualitative:	
<ul style="list-style-type: none"> • Examiner's Rating • Other Information 	35 5
Sub-total: Qualitative Score	40
Total Score	100

The determination of the premium category based on a member institution's score and the historic premium rates associated with each premium category is set out in the following table. Members are advised annually of the rates in effect for the current premium year:

Premium Categories and Rates					
Score	Premium Category	Premium Rate			
		(basis points % of insured deposits)			
		2005-08	2009	2010	2011
≥ 80	1	1.389	1.852	2.315	2.778
≥ 65 but < 80	2	2.778	3.704	4.630	5.556
≥ 50 but < 65	3	5.556	7.408	9.259	11.111
< 50	4	11.111	14.815	18.519	22.222

The information found at the Tab titled “Filing Requirements” is designed to assist members in determining filing requirements under the By-law. CDIC will advise each member institution of its score, categorization and premium rate no later than July 14th of each premium year.

The CDIC Policy of Deposit Insurance contains a prohibition on members from disclosing premium rating information received in connection with the By-law. The prohibited information includes:

- The category in which the member institution is classified;
- The premium rate assigned to the member institution;
- The total score assigned to the member institution;
- Any score assigned to a member institution in respect of quantitative or qualitative factors or criteria;
- The examiner’s rating; and
- Any other information that is given to the member institution with respect to qualitative factors or criteria by CDIC or by the member institution’s regulator or examiner that would, in itself or pieced together with other information, enable the determination of the score assigned to the member institution in respect of any of those qualitative factors or criteria.

Questions relating to the Differential Premiums By-law or the filing of the forms may be directed as follows:

Differential Premiums By-law	Technical Support
<p style="text-align: center;">Ms. Sandra Chisholm Director, Insurance</p> <p style="text-align: center;">613 943-1976 schisholm@cdic.ca</p>	<p style="text-align: center;">Mr. Reg Neale Director of Information and Methodology</p> <p style="text-align: center;">613 943-0613 rneale@cdic.ca</p>



Differential Premiums By-law Filing Requirements

A. PURPOSE

This document describes the filing requirements for CDIC member institutions under the By-law and the methods available to complete the filings.

B. DETERMINING THE FILINGS REQUIRED

Under the By-law, certain member institutions will be required to file with CDIC one or more of the following:

- New Member Institution Declaration;
- Reporting Form;
- Returns and Documents supporting the Reporting Form; and
- List of subsidiaries that are CDIC Member Institutions.

The following sections describe whether a member is required to file particular documents. Each member institution should refer to the By-law to determine its specific filing requirement. For example, in most cases, but not all, a member institution that is a subsidiary of another member institution is exempt from filing requirements as well as a member institution that is a bridge institution.

i) New Member Institution Declaration

A “New Member Institution Declaration” certifies that a member institution meets the conditions to be classified in accordance with Paragraph 7(1)(a) of the By-law. Subject to certain exceptions, a member meets these conditions if it has been operating as a member institution for less than two fiscal years consisting of at least 12 months each, determined as of the end of the fiscal year ending in the year preceding the filing year.

A member that would otherwise meet the Paragraph 7(1)(a) condition but falls into one of the following categories is not required to file a “New Member Declaration”:

- it is a subsidiary of a member that has been operating as a member for at least two fiscal years of 12 months or more ending in the year preceding the filing year;

- it has a subsidiary that is a member that has been operating as a member for at least two fiscal years of 12 months or more ending in the year preceding the filing year;
- it has been formed by the amalgamation of one or more members, any one of which has been operating as a member for at least two fiscal years of 12 months or more ending in the year preceding the filing year; or
- it is a bridge institution.

A member institution that meets the conditions of Paragraph 7(1)(a) is required by Paragraph 7(1)(b) to file a “New Member Institution Declaration” by April 30th of the filing year. The form of Declaration is provided under the Tab titled “New Member Declaration”. It can also be obtained from the CDIC web site [www.cdic.ca].

ii) Reporting Form

The Reporting Form sets out the information required to calculate a member institution’s score for the quantitative factors set out under the By-law. It includes a section that summarizes the scores relating to each quantitative factor and a certification that the Reporting Form, completed in accordance with the By-law, contains correct information. The Reporting Form is provided under the Tab titled “Reporting Form”.

The requirements for filing the Reporting Form are set out in sections 15 through 18 of the By-law.

Subject to exceptions respecting amalgamations that are set out in section 16, each member institution must file a Reporting Form by April 30th of the filing year unless:

- it is a “New Member Institution” as explained above;
- it is a subsidiary of a member institution that is not a “New Member Institution”;
- it is a member institution to which section 10 of the By-law applies; or
- it is a bridge institution.

A member institution that is a direct subsidiary of a member institution that started operating as a member after April 30th of the year preceding the filing year is required to file a Reporting Form if it was operating as a member institution for more than two fiscal years of at least 12 months ending in the year preceding the filing year.

A member institution that amalgamates with another member institution during the one-year period prior to May 1st of the filing year is subject to the following filing requirements:

- if the amalgamated institution produced fiscal year-end financial statements in the calendar year preceding the filing year, it must file the Reporting Form based on and consistent with those financial statements;

- if the amalgamated institution did not produce financial statements in the calendar year preceding the filing year, it must file the Reporting Forms based on and consistent with the fiscal year-end audited financial statements of each amalgamating member institution for the period ending in the calendar year preceding the filing year – except that, if an amalgamating member institution did not have year-end audited financial statements for the year preceding the filing year, the amalgamated institution must file Reporting Forms based on and consistent with audited financial statements of the amalgamating member institution as of the day preceding the date of amalgamation.

Section 15 of the By-law requires that the information contained in the Reporting Form be based on and consistent with audited financial statements prepared in accordance with generally accepted accounting principles, the principal source of which is the CICA Handbook.

In some cases, to calculate measures or ratios in the Reporting Form requires data from prior periods. If the member institution has restated the results of previous years, the restated values are to be used and any differences explained and provided with the Reporting Form. Under the provisions of the By-law, re-statement as a result of an amalgamation or acquisition will normally not qualify as a reason to revise a previous year's filing.

A member institution for which audited financial statements have not been issued by the filing deadline must complete the Reporting Form (and the Returns and Documents referred to below) using information based on and consistent with that reported in the member institution's unaudited financial statements for the relevant fiscal year and file that Reporting Form by the April 30th filing deadline. Once audited financial statements are issued, the member institution must either

- provide CDIC with a declaration confirming that the member institution's audited financial statements confirm the information that was previously provided and that no modifications are required to be made to the Reporting Form (or to the Returns and Documents referred to below); or
- file a revised Reporting Form (and Returns and Documents referred to below) if they have been revised to conform with the member institution's audited financial statements.

A form for this declaration is provided under the Tab titled **“Subparagraph 15(4)(b)(i) - Declaration”**.

If a member institution's confirmation or revised Reporting Form is received by CDIC not later than July 1st of the filing year, the member institution will be classified for the full year in the premium category corresponding to its score based on the revised Reporting Form or confirmation.

iii) Returns and Documents

Each member institution that is required under the By-law to file a Reporting Form (“filing member”) is also required, under section 15 or 16 of the By-law, to complete and file by April 30th of the filing year the following Returns and Documents in support of, and in conjunction with, the Reporting Form:

- the Capital Adequacy Report for fiscal years ending in 2007 or earlier (form provided under Tab 1);
- the Basel II Capital Adequacy Reporting - Credit, Market, and Operational Risk as at the end of each of the two fiscal years preceding the filing year (Schedules 1, 39 and 40 provided under Tab 2);
- the Consolidated Statement of Income, Retained Earnings & AOC for the fiscal year preceding the filing year (form provided under Tab 3);
- the Consolidated Monthly Balance Sheet as at the end of the fiscal year preceding the filing year (form provided under Tab 4);
- the Return of Impaired Assets as at the end of the fiscal year preceding the filing year (form provided under Tab 5);
- [Tab 6 – Blank]
- Section III of the Mortgage Loans Report as at the end of the fiscal year preceding the filing year or as at the calendar quarter-end preceding that year-end (form provided under Tab 7);
- Section 6 of the Non-Mortgage Loans Report as at the end of the fiscal year preceding the filing year or as at the calendar quarter-end preceding that year-end (form provided under Tab 8); and
- the audited financial statements on which the information provided in the Reporting Form and the Returns and Documents are based, unless previously submitted to CDIC.

iv) List of Subsidiaries that are CDIC Member Institutions

Each filing member is also required, under section 15 or 16 of the By-law, to file a list of its subsidiaries that are member institutions. A form for this listing is provided under the Tab titled “List of Subsidiaries”.

C. FILING DATA AND CALCULATIONS

All dollar amounts reported on the Reporting Form must be rounded to thousands (e.g., \$500,500 rounds up to \$501,000; \$500,499 rounds down to \$500,000). All measures, ratios and calculations to determine a quantitative score must be rounded to two decimal places (e.g., 1.235 rounds up to 1.24; 1.234 rounds down to 1.23).

D. ELECTRONIC VERSION

An electronic version of the Reporting Form and all supporting documents is annually made available for member institutions to download from CDIC's webpage. Instructions for accessing, downloading and transmitting these forms are forwarded to filing members. Institutions unable or unwilling to download the forms should communicate with the CDIC Technical Support contact to make alternate arrangements (see Section "G").

E. FILING DEADLINE

The filing deadline under the By-law is April 30th of each filing year. **Late filing may have significant financial consequences.**

Failure by a member institution to file the information required under the By-law within the specified deadline will result in that member, and any member institutions that are subsidiaries of that member, being classified in premium category 4.

A member institution that fails to file the information required under the By-law also may be subject to sanctions under the *Canada Deposit Insurance Corporation Act* for breach of the CDIC Policy of Deposit Insurance. These sanctions could include a premium surcharge, a compliance order after conviction of an offence under section 49 or termination of deposit insurance.

F. WHERE TO SUBMIT

All filings should be sent to:

Canada Deposit Insurance Corporation
50 O'Connor Street, 17th Floor
Box 2340, Station "D"
Ottawa, Ontario
K1P 5W5

G. CDIC CONTACT PERSON

Questions relating to the Differential Premiums By-law or the filing of the forms may be directed as follows:

Differential Premiums By-law	Technical Support
Ms. Sandra Chisholm Director, Insurance 613 943-1976 schisholm@cdic.ca	Mr. Reg Neale Director of Information and Methodology 613 943-0613 rneale@cdic.ca



CDIC
Canada Deposit
Insurance Corporation

SADC
Société d'assurance-dépôts
du Canada

New Member Institution Declaration

The Chief Financial Officer, or other authorized officer

[Name of officer]

by submitting this declaration to the Canada Deposit Insurance Corporation,

certifies that

[Name of member institution]

meets the conditions for classification as a member institution in accordance with Subsection 7(1)(a) of the *Canada Deposit Insurance Corporation Differential Premiums By-law* in respect of the premium year under the *Canada Deposit Insurance Corporation Act* commencing May 1, _____.



Differential Premiums By-Law Reporting Form

Name of member institution: _____

1. CAPITAL ADEQUACY MEASURES
1.1 Assets to Capital Multiple
<p>Formula:</p> $\frac{\text{Net on- and off - balance sheet assets}}{\text{Total Adjusted Net Tier 1 and Adjusted Tier 2 Capital}}$
<p>Complete the following:</p> $\frac{1.1.1 \text{ _____}}{1.1.2 \text{ _____}} = 1.1 \text{ _____}$
<p>Elements</p> <p>Use the instructions below to arrive at the elements of the formula. Refer to the <i>Basel II Capital Adequacy Reporting – Credit, Market and Operational Risk (BCAR)</i> form, completed in accordance with Guideline A-1 of the Guidelines as of the end of the fiscal year ending in the year preceding the filing year.</p>
<p>1.1.1 Net On- and Off-Balance Sheet Assets</p> <p>Indicate the net on- and off-balance sheet assets as set out for item “O” of Schedule 1 – Ratio and Assets to Capital Multiple Calculations of the BCAR form.</p>
<p>1.1.2 Total Adjusted Net Tier 1 and Adjusted Tier 2 Capital for Purposes of ACM</p> <p>Indicate the total adjusted net tier 1 and adjusted tier 2 capital for purposes of ACM as set out for item “R” of Schedule 1 – Ratio and Assets to Capital Multiple Calculations of the BCAR form.</p>
<p>1.1.3 Multiple Authorized by the Regulator</p> <p>For a federal member institution, indicate the assets to capital multiple authorized by the institution’s regulator. For a provincial member institution, indicate the borrowing multiple or non risk-weighted assets multiple authorized by the institution’s regulator.</p> <p style="text-align: right;">1.1.3 _____</p>

1.2 Tier 1 Risk-Based Capital Ratio (%)

Formula:

$$\frac{\text{Adjusted Net Tier 1 Capital}}{\text{Adjusted Risk - weighted Assets}} \times 100$$

Complete the following:

$$\frac{\mathbf{1.2.1} \text{ _____}}{\mathbf{1.2.2} \text{ _____}} \times 100 = \mathbf{1.2} \text{ _____ \%}$$

Elements

Use the instructions below to arrive at the elements of the formula.

Refer to the *Basel II Capital Adequacy Reporting – Credit, Market and Operational Risk* (BCAR) form, completed in accordance with Guideline A-1 of the Guidelines as of the end of the fiscal year ending in the year preceding the filing year.

1.2.1 Adjusted Net Tier 1 Capital

Indicate the adjusted net tier 1 capital as set out for item “A” of Schedule 1 – Ratio and Assets to Capital Multiple Calculations of the BCAR form.

1.2.2 Adjusted Risk-Weighted Assets

Indicate the adjusted risk-weighted assets as set out for item “D” of Schedule 1 – Ratio and Assets to Capital Multiple Calculations of the BCAR form.

1.3 Total Risk-Based Capital Ratio (%)

Formula:

$$\frac{\text{Total Capital}}{\text{Adjusted Risk - weighted Assets}} \times 100$$

Complete the following:

$$\frac{1.3.1 \text{ _____}}{1.3.2 \text{ _____}} \times 100 = 1.3 \text{ _____ } \%$$

Elements

Use the instructions below to arrive at the elements of the formula.

Refer to the *Basel II Capital Adequacy Reporting – Credit, Market and Operational Risk* (BCAR) form, completed in accordance with Guideline A-1 of the Guidelines as of the end of the fiscal year ending in the year preceding the filing year.

1.3.1 Total Capital

Indicate the total capital as set out for item “B” of Schedule 1 – Ratio and Assets to Capital Multiple Calculations of the BCAR form.

1.3.2 Adjusted Risk-Weighted Assets

Indicate the adjusted risk-weighted assets as determined for element 1.2.2.

1.3.3 Required Total Risk-Based Capital Ratio

Indicate the total risk-based capital ratio, or other similar ratio using risk-weighted assets, that is required by the member institution’s regulator for that institution.

If the regulator does not assign a required ratio, indicate “N/A” (“not applicable”).

1.3.3 _____

Score

Use the scoring grid below to determine the member institution's capital adequacy score. If all the results for the member institution correspond to the range of results set out opposite a score, that score is the score to be assigned to the institution. If the results for the member institution do not all correspond to the range of results set out opposite a score, the lowest of the scores set out opposite each of the results that correspond to the institution's results is the score to be assigned to the institution.

Range of Results

Assets to Capital Multiple	Tier 1 Risk-Based Capital Ratio	Total Risk-Based Capital Ratio	Score
Assets to capital multiple (1.1) is ≤ the multiple authorized by the regulator (1.1.3)	Tier 1 risk-based capital ratio (1.2) is ≥ 7%	Total risk-based capital ratio (1.3) is: when the member institution does not indicate "N/A" for the required total risk-based capital ratio (1.3.3) and the required ratio is > 8%, ≥ 125% of the required ratio and in all other cases, ≥ 10%	20
Assets to capital multiple (1.1) is ≤ the multiple authorized by the regulator (1.1.3)	Tier 1 risk-based capital ratio (1.2) is ≥ 4% and < 7%	Total risk-based capital ratio (1.3) is: when the member institution does not indicate "N/A" for the required total risk-based capital ratio (1.3.3) and the required ratio is > 8%, ≥ 100% and < 125% of the required ratio and in all other cases, ≥ 8% and < 10%	13
Assets to capital multiple (1.1) is > the multiple authorized by the regulator (1.1.3)	Tier 1 risk-based capital ratio (1.2) is < 4%	Total risk-based capital ratio (1.3) is: when the member institution does not indicate "N/A" for the required total risk-based capital ratio (1.3.3) and the required ratio is > 8%, < 100% of the required ratio and in all other cases, < 8%	0
1.4 Capital Adequacy Score			

2. RETURN ON RISK-WEIGHTED ASSETS (%)

Formula:

$$\frac{\text{Net Income or Loss}}{\left(\begin{array}{l} \text{Adjusted risk - weighted assets as of} \\ \text{the end of the preceding fiscal year} \end{array} + \begin{array}{l} \text{Adjusted risk - weighted assets as of} \\ \text{the end of the fiscal year ending} \\ \text{in the second year preceding the} \\ \text{filing year} \end{array} \right) / 2} \times 100$$

Complete the following:

$$\frac{2.1 \text{ _____}}{(2.2 \text{ _____} + 2.3 \text{ _____}) / 2} \times 100 = 2 \text{ _____} \%$$

Elements

Use the instructions below to arrive at the elements of the formula.

Refer to the following documents:

(a) the *Consolidated Statement of Income, Retained Earnings and AOCI*, Reporting Manual, "Income Statement" tab, completed in accordance with that Manual as of the fiscal year ending in the year preceding the filing year; and

(b) the *Basel II Capital Adequacy Reporting – Credit, Market and Operational Risk* (BCAR) form, completed in accordance with Guideline A-1 of the Guidelines as of the end of the fiscal year ending in the year preceding the filing year.

2.1 Net Income or Loss

The net income or loss (the latter to be reported as a negative number) is the amount set out in item 34 of the *Consolidated Statement of Income, Retained Earnings and AOCI*.

2.2 Adjusted Risk-Weighted Assets as of the End of the Preceding Fiscal Year

Indicated the adjusted risk-weighted assets as determined for element 1.2.2

2.3 Adjusted Risk-Weighted Assets as of the End of the Fiscal Year Ending in the Second Year Preceding the Filing Year

Calculate the adjusted risk-weighted assets as of the end of the fiscal year ending in the second year preceding the filing year in the same manner as for element 2.2.

If the member institution did not report its adjusted risk-weighted assets using BCAR form as of the end of the fiscal year ending in the second year preceding the filing year, it must report the same amount as for element 2.2.

If the member institution does not have a fiscal year ending in the second year preceding the filing year, it must report "zero", unless it is an amalgamated institution described below.

If the member institution is an amalgamated member institution formed by an amalgamation involving one or more member institutions and does not have a fiscal year ending in the second year preceding the filing year, it must report the same amount as for element 2.2.

Score

Use the scoring grid below to determine the member institution's score.

Range of results	Score
Return on risk-weighted assets (2) is $\geq 1.15\%$	5
Return on risk-weighted assets (2) is $\geq 0.75\%$ and $< 1.15\%$	3
Return on risk-weighted assets (2) is $< 0.75\%$ or a negative number (where 2.1 is a negative number)	0
2.4 Return on risk-weighted assets score	

3. MEAN ADJUSTED NET INCOME VOLATILITY

If a member institution has been operating as a member institution for less than five fiscal years consisting of at least 12 months each (with the fifth fiscal year ending in the year preceding the filing year), it must indicate "N/A" ("not applicable") for elements 3, 3.1, 3.2 and 3.8 and fill in any of elements 3.3 to 3.7 that apply to it.

If a member institution formed by an amalgamation involving only one member institution has been operating as a member institution for less than three fiscal years consisting of at least 12 months each (with the third fiscal year ending in the year preceding the filing year), in addition to filling in the applicable elements as an amalgamated member institution, it must also fill in the applicable elements for the amalgamating member institution.

If a member institution formed by an amalgamation involving two or more member institutions has been operating as a member institution for less than three fiscal years consisting of at least 12 months each (with the third fiscal year ending in the year preceding the filing year), it must indicate "N/A" ("not applicable") for elements 3, 3.1, 3.2 and 3.8 and fill in any of elements 3.3 to 3.7 that apply to it.

Formula:

$$\frac{\text{Semi - deviation of the net income or loss}}{\text{Mean net income or loss}}$$

Complete the following:

$$\frac{3.1 \text{ _____}}{3.2 \text{ _____}} = 3 \text{ _____}$$

Elements

Use the instructions below to arrive at the elements of the formula.

3.1 Semi-deviation of the Net Income or Loss

Determine the semi-deviation of the net income or loss using the formula

$$\sqrt{\frac{((3.3 - 3.2)^2 + (3.4 - 3.2)^2 + (3.5 - 3.2)^2 + (3.6 - 3.2)^2 + (3.7 - 3.2)^2)}{(n - 1)}}$$

If 3.3 is \geq 3.2, indicate "0" for (3.3 – 3.2), otherwise calculate as indicated.

If 3.4 is \geq 3.2, indicate "0" for (3.4 – 3.2), otherwise calculate as indicated.

If 3.5 is \geq 3.2, indicate "0" for (3.5 – 3.2), otherwise calculate as indicated.

If 3.6 is \geq 3.2, indicate "0" for (3.6 – 3.2), otherwise calculate as indicated.

If 3.7 is \geq 3.2, indicate "0" for (3.7 – 3.2), otherwise calculate as indicated.

If a member institution has been operating as a member institution for seven or more fiscal years consisting of at least 12 months each, “n” will be equal to 5.

If a member institution has been operating as a member institution for six fiscal years consisting of at least 12 months each, “+ (3.7 – 3.2)²” must be removed from the formula and “n” will be equal to 4.

If a member institution has been operating as a member institution for five fiscal years consisting of at least 12 months each, “+ (3.6 – 3.2)² + (3.7 – 3.2)²” must be removed from the formula and “n” will be equal to 3.

3.2 Mean Net Income or Loss

Determine the mean net income or loss (the latter to be reported as a negative number) using the formula

$$\frac{(3.3 + 3.4 + 3.5 + 3.6 + 3.7)}{n}$$

If a member institution has been operating as a member institution for seven or more fiscal years consisting of at least 12 months each, “n” will be equal to 5.

If a member institution has been operating as a member institution for six fiscal years consisting of at least 12 months each, “+ 3.7” must be removed from the formula and “n” will be equal to 4.

If a member institution has been operating as a member institution for five fiscal years consisting of at least 12 months each, “+ 3.6 + 3.7” must be removed from the formula and “n” will be equal to 3.

Net income or loss (the latter to be reported as a negative number) after tax for each of the last five fiscal years.

Indicate the net income or loss as determined for element 2.1 for the fiscal year ending in the year preceding the filing year.

3.3 _____

Indicate the net income or loss after tax from the audited financial statements for the fiscal year preceding the fiscal year referred to in element 3.3.

3.4 _____

Indicate the net income or loss after tax from the audited financial statements for the fiscal year preceding the fiscal year referred to in element 3.4.

3.5 _____

Indicate the net income or loss after tax from the audited financial statements for the fiscal year preceding the fiscal year referred to in element 3.5.

3.6 _____

Indicate the net income or loss after tax from the audited financial statements for the fiscal year preceding the fiscal year referred to in element 3.6.

3.7 _____

Indicate the number of fiscal years that the member institution has been operating as a member institution (if less than 7) _____

A member institution must report net income or loss for the last five fiscal years.

If a member institution has been operating as a member institution for less than three fiscal years of at least 12 months each and it is a member institution formed by an amalgamation involving only one member institution, it must report the net income or loss of the amalgamating member institution for the three fiscal years or less preceding the amalgamation, as applicable.

If a member institution has been operating as a member institution for less than five fiscal years of at least 12 months each, it must report "N/A" ("not applicable") for the elements corresponding to the fiscal years for which it was not operating as a member institution.

Score	
Use the scoring grid below to determine the member institution's score.	
Range of Results	Score
Mean adjusted net income volatility (3) is ≥ 0 and ≤ 0.4	5
Mean adjusted net income volatility (3) is > 0.4 and ≤ 1.0	3
Mean adjusted net income volatility (3) is > 1.0	0
Mean adjusted net income volatility (3) is negative or the mean net income or loss (3.2) is "zero"	0
3.8 Mean adjusted net income volatility score	

4. STRESS-TESTED NET INCOME

If a member institution has reported "N/A" ("not applicable") in element 3.8, it must report "N/A" for elements 4A, 4B and 4.3.

Formulas:

$$\left(\begin{array}{c} \text{Net income} \\ \text{or loss} \end{array} \right) - \left(1.4 \times \begin{array}{c} \text{Semi - deviation of} \\ \text{the net income or loss} \end{array} \right) = \left(\begin{array}{c} \text{Stress - tested net income} \\ \text{using 1.4 semi - deviations} \end{array} \right)$$

$$\left(\begin{array}{c} \text{Net income} \\ \text{or loss} \end{array} \right) - \left(2.8 \times \begin{array}{c} \text{Semi - deviation of} \\ \text{the net income or loss} \end{array} \right) = \left(\begin{array}{c} \text{Stress - tested net income} \\ \text{using 2.8 semi - deviations} \end{array} \right)$$

Complete the following:

Stress-tested net income using 1.4 semi-deviations:

$$4.1 \text{ _____} - (1.4 \times 4.2 \text{ _____}) = 4A \text{ _____}$$

Stress-tested net income using 2.8 semi-deviations:

$$4.1 \text{ _____} - (2.8 \times 4.2 \text{ _____}) = 4B \text{ _____}$$

Elements

Use the instructions below to arrive at the elements of the formulas.

4.1 Net Income or Loss

Net income or loss as determined for element 2.1.

4.2 Semi-deviation of the Net Income or Loss

The semi-deviation of the net income or loss as determined for element 3.1.

Score

Use the scoring grid below to determine the member institution's score.

Range of Results	Score
Stress-tested net income using 2.8 semi-deviations (4B) is ≥ 0	5
Stress-tested net income using 1.4 semi-deviations (4A) is ≥ 0 , but Stress-tested net income using 2.8 semi-deviations (4B) is < 0	3
Stress-tested net income using 1.4 semi-deviations (4A) is < 0	0
4.3 Stress-tested net income score	

5. EFFICIENCY RATIO (%)

Formula:

$$\frac{\text{Total non - interest expenses}}{\text{Net interest income} + \text{Non - interest income}} \times 100$$

Complete the following:

$$\frac{5.1 \text{ _____}}{5.2 \text{ _____} + 5.3 \text{ _____}} \times 100 = 5 \text{ _____} \%$$

Elements

Use the instructions below to arrive at the elements of the formula.

Refer to the *Consolidated Statement of Income, Retained Earnings and AOCI*, Reporting Manual, "Income Statement" tab, completed in accordance with that Manual for the fiscal year ending in the year preceding the filing year.

5.1 Total Non-Interest Expenses

Indicate the total non-interest expenses, as set out for item 26 of the *Consolidated Statement of Income, Retained Earnings and AOCI*, less any charges for impairment included under items 25(l)(i) and (ii) of that Statement.

5.2 Net Interest Income

Determine the net interest income by adding (a) and (b):

- | | | |
|-----|---|-------|
| (a) | Net interest income as set out for item 14 of the <i>Consolidated Statement of Income, Retained Earnings and AOCI</i> | _____ |
| (b) | Taxable equivalent adjustment (if any) | _____ |
| | Total (insert as element 5.2 of the formula) | _____ |

5.3 Non-Interest Income

Determine the non-interest income by adding (a) and (b):

- | | | |
|-----|---|-------|
| (a) | Non-interest income as set out for item 21 of the <i>Consolidated Statement of Income, Retained Earnings and AOCI</i> | _____ |
| (b) | Taxable equivalent adjustment (if any) | _____ |
| | Total (insert as element 5.3 of the formula) | _____ |

Score

Use the scoring grid below to determine the member institution's score.

Range of Results	Score
Efficiency ratio (5) is ≥ 0 or $\leq 65\%$	5
Efficiency ratio (5) is $> 65\%$ and $\leq 85\%$	3
Efficiency ratio (5) is $> 85\%$ or a negative number	0
5.4 Efficiency ratio score	

6. NET IMPAIRED ASSETS (INCLUDING NET UNREALIZED LOSSES ON SECURITIES) TO TOTAL CAPITAL (%)

Formula:

$$\frac{\text{Net impaired on - balance sheet assets} + \text{Net impaired off - balance sheet assets} + \text{Net unrealized losses on securities}}{\text{Total Capital}} \times 100$$

Complete the following:

$$\frac{6.1 \text{ _____} + 6.2 \text{ _____} + 6.3 \text{ _____}}{6.4 \text{ _____}} \times 100 = 6 \text{ _____} \%$$

Elements

Use the instructions below to arrive at the elements of the formula.

Refer to the following documents:

- (a) the *Return of Impaired Assets*, Reporting Manual, “Impaired Assets” tab, completed in accordance with that Manual as of the end of the fiscal year ending in the year preceding the filing year;
- (b) the *Consolidated Monthly Balance Sheet*, Reporting Manual, “Balance Sheet” tab, completed in accordance with that Manual as of the end of the fiscal year ending in the year preceding the filing year; and
- (c) the *Basel II Capital Adequacy Reporting – Credit, Market and Operational Risk* (BCAR) form, completed in accordance with Guideline A-1 of the Guidelines as of the end of the fiscal year ending in the year preceding the filing year.

6.1 Net Impaired On-Balance Sheet Assets

Indicate the net impaired on-balance sheet assets as set out for the total of the column “Carrying Amount” in the *Return of Impaired Assets*. If the result is negative, report “zero”.

6.2 Net Impaired Off-Balance Sheet Assets

Calculate the net impaired off-balance sheet assets by subtracting the total of the column “Specific allowance for impairment” in Table 6A from the total of the column “Credit equivalent” in that Table. If the result is negative, report “zero”.

6.3 Unrealized Losses on Securities

Indicate the unrealized losses on investment book securities set out in the column “Total” for item 6 (Unrealized gain/loss on investment book securities) of Section I – Memo Items of the *Consolidated Monthly Balance Sheet*. If the result is a gain, report “zero”.

6.4 Total Capital

Total capital as determined for element 1.3.1.

Table 6A – Impaired Off-balance Sheet Assets

(Complete Table 6A as of the end of the fiscal year ending in the year preceding the filing year, referring to Schedule 39 – Off-balance Sheet Exposures Excluding Derivatives and Securitization Exposures and Schedule 40 – Derivative Contracts of the BCAR form, to Guideline A-1 of the Guidelines and to the *Instructions to OSFI Capital Adequacy Return* (effective Q1 2008).)

Impaired Instruments	Notional principal amount a	Credit conversion factor b	Credit equivalent (a x b)	Specific allowance for impairment
Direct credit substitutes – excluding credit derivatives		100%		
Transaction-related contingencies		50%		
Short-term self-liquidating trade-related contingencies		20%		
Sale & repurchase agreements		100%		
Forward asset purchases		100%		
Forward forward deposits		100%		
Partly paid shares and securities		100%		
NIFs & RUFs		50%		
Undrawn commitments – excluding securitization exposure		0%		
		20%		
		50%		
Impaired OTC Derivative Contracts				
Credit derivative contracts			*	
Interest rate contracts			*	
Foreign exchange & gold contracts			*	
Equity-linked contracts			*	
Precious metals (other than gold) contracts			*	
Other commodity contracts			*	
		Total		
			Use these totals to calculate element 6.2	

*Fill in the total amounts of the contracts under the heading “Credit equivalent amount” from Table 6B.

Table 6B – Impaired OTC Derivative Contracts

(Complete Table 6B as of the end of the fiscal year ending in the year preceding the filing year, referring to Schedule 39 - Off-balance Sheet Exposures Excluding Derivatives and Securitization Exposures and Schedule 40 – Derivative Contracts of the BCAR form, to Guideline A-1 of the Guidelines and to the *Instructions to OSFI Capital Adequacy Return* (effective Q1 2008).)

Impaired OTC Derivative Contracts (in thousands of dollars)	Credit derivative contracts	Interest rate contracts	Foreign exchange & gold contracts	Equity- linked contracts	Precious metals (other than gold) contracts	Other commodity contracts
---	-----------------------------------	-------------------------------	--	--------------------------------	---	---------------------------------

Replacement cost (market value)

a. Contracts held for trading purposes
(all contracts before permissible netting)

Gross positive replacement cost						
Gross negative replacement cost						

b. Contracts held for other than trading
(all contracts before permissible netting)

Gross positive replacement cost						
Gross negative replacement cost						

c. Contracts subject to permissible netting
(included in a and b above)

Gross positive replacement cost						
Gross negative replacement cost						
Net positive replacement cost						

d. Total contracts – after permissible netting

Gross positive replacement cost						
---------------------------------	--	--	--	--	--	--

Potential credit exposure

Contracts not subject to permissible netting						
--	--	--	--	--	--	--

Contracts subject to permissible netting						
--	--	--	--	--	--	--

Credit equivalent amount

(after taking into account collateral and guarantees)

Contracts not subject to permissible netting						
--	--	--	--	--	--	--

Contracts subject to permissible netting						
--	--	--	--	--	--	--

Total Impaired OTC Derivative Contracts (carry forward to “Credit equivalent” column in Table 6A)						
--	--	--	--	--	--	--

Score	
Use the scoring grid below to determine the member institution’s score.	
Range of results	Score
Net impaired assets (including net unrealized losses on securities) to total capital (6) is < 20%	5
Net impaired assets (including net unrealized losses on securities) to total capital (6) is ≥ 20% and < 40%	3
Net impaired assets (including net unrealized losses on securities) to total capital (6) is ≥ 40%	0
6.5 Net impaired assets (including net unrealized losses on securities) to total capital score	

7. THREE-YEAR MOVING AVERAGE ASSET GROWTH (%)

If a member institution has been operating as a member institution for less than six fiscal years consisting of at least 12 months each (with the sixth fiscal year ending in the year preceding the filing year), it must indicate "N/A" ("not applicable") for element 7 but still fill in any of elements 7.1 to 7.4 that apply to it.

If a member institution formed by an amalgamation involving only one member institution has been operating as a member institution for less than four fiscal years consisting of at least 12 months each (with the fourth fiscal year ending in the year preceding the filing year), in addition to filling in the applicable elements as an amalgamated member institution, it must also fill in the applicable elements for the amalgamating member institution.

If a member institution formed by an amalgamation involving two or more member institutions has been operating as a member institution for less than four fiscal years consisting of at least 12 months each (with the fourth fiscal year ending in the year preceding the filing year), it must indicate "N/A" ("not applicable") for elements 7 and 7.5 but fill in any of elements 7.1 to 7.4 that apply to it.

If a member institution acquires assets in the fiscal year ending in the year preceding the filing year as a result of a merger with or the acquisition of a regulated deposit-taking institution or as a result of the acquisition of the deposit-taking business of a regulated institution, and the value of those acquired assets on the date of their acquisition exceeds 10% of the value of the consolidated assets of the member institution immediately before that merger or acquisition, the member institution must include the value of those acquired assets in elements 7.1 to 7.3.

Formula:

$$\left(\left[\frac{\text{Assets Year 2} + \text{Assets Year 3} + \text{Assets Year 4}}{3} \right] - \left[\frac{\text{Assets Year 1} + \text{Assets Year 2} + \text{Assets Year 3}}{3} \right] - 1 \right) \times 100$$

Complete the following:

$$\left(\left[\frac{7.2 \underline{\hspace{2cm}} + 7.3 \underline{\hspace{2cm}} + 7.4 \underline{\hspace{2cm}}}{3} \right] - \left[\frac{7.1 \underline{\hspace{2cm}} + 7.2 \underline{\hspace{2cm}} + 7.3 \underline{\hspace{2cm}}}{3} \right] - 1 \right) \times 100 = 7 \underline{\hspace{2cm}}$$

Elements

Use the instructions below to arrive at the elements of the formula.

Refer to Section I of the *Consolidated Monthly Balance Sheet*, Reporting Manual, "Balance Sheet" tab, completed in accordance with that Manual as of the end of the fiscal year indicated under the heading "Assets for Years 1 to 4" below and

(a) for fiscal years ending in 2007 or earlier, to the Capital Ratio Calculations (CAR 1), of the *Capital Adequacy Return*, Reporting Manual, "Capital Adequacy" tab, completed in accordance with Guideline A of the Guidelines as of the end of the fiscal year indicated under the heading "Assets for Years 1 to 4" below; and

(b) for fiscal years ending in 2008 or later, to the *Basel II Capital Adequacy Reporting – Credit, Market and Operational Risk* (BCAR) form, completed in accordance with Guideline A-1 of the Guidelines as of the end of the fiscal year indicated under the heading "Assets for Years 1 to 4" below.

Assets for Years 1 to 4

For fiscal years ending in 2007 or earlier, the total of

(a) the amount of net on- and off-balance sheet assets set out for item "W" of the CAR 1 form;

(b) the total of the amounts set out in the column "Total" for items 3(a)(i)(A)(I) to (IX) (Securitized Assets – Off-Balance Sheet – Institution's own assets – Traditional securitizations) of Section I – Memo Items of the *Consolidated Monthly Balance Sheet*; and

(c) if applicable, the value of assets, acquired by the member institution in the fiscal year ending in the year preceding the filing year as a result of a merger or acquisition referred to in the fourth paragraph under the heading "THREE-YEAR MOVING AVERAGE ASSET GROWTH (%)", for years 1, 2 and 3 below, where the value of those assets on the date of their acquisition exceeds 10% of the value of the consolidated assets of the member institution immediately before that merger or acquisition.

For fiscal years ending in 2008, the total of

(a) the amount of net on- and off-balance sheet assets set out for item "N" of Schedule 1 – Ratio and Assets to Capital multiple Calculations of the BCAR form;

(b) the total of the amounts set out in the column "Total" for items 3(a)(i)(A)(I) to (IX) (Securitized Assets – Unrecognized – Institution's own assets – Traditional securitizations) of Section I – Memo Items of the *Consolidated Monthly Balance Sheet*; and

(c) if applicable, the value of assets, acquired by the member institution in the fiscal year ending in the year preceding the filing year as a result of a merger or acquisition referred to in the fourth paragraph under the heading "THREE-YEAR MOVING AVERAGE ASSET GROWTH (%)", for years 1, 2 and 3 below, where the value of those assets on the date of their acquisition exceeds 10% of the value of the consolidated assets of the member institution immediately before that merger or acquisition.

For fiscal years ending in 2009, the total of

- (a) the amount of net on- and off-balance sheet assets set out for item "O" of Schedule 1 – Ratio and assets to Capital Multiple Calculations of the BCAR form;
- (b) the total of the amounts set out in the column "Total" for items 2(a)(i)(A)(I) to (IX) (Securitized Assets – Unrecognized – Institution's own assets – Traditional securitizations) of Section I – Memo Items of the *Consolidated Monthly Balance Sheet*; and
- (c) if applicable, the value of assets, acquired by the member institution in the fiscal year ending in the year preceding the filing year as a result of a merger or acquisition referred to in the fourth paragraph under the heading "THREE-YEAR MOVING AVERAGE ASSET GROWTH (%)", for years 1, 2 and 3 below, where the value of those assets on the date of their acquisition exceeds 10% of the value of the consolidated assets of the member institution immediately before that merger or acquisition.

For fiscal years ending in 2010 or later, the total of

- (a) the amount of net on- and off-balance sheet assets set out for item "O" of Schedule 1 – Ratio and Assets to Capital Multiple Calculations of the BCAR form;
- (b) the total of the amounts set out in the column "Total" for items I(a)(i)(A)(I) to (IX) (Securitized Assets – Unrecognized – Institution's own assets – Traditional securitizations) of Section I – Memo Items of the *Consolidated Monthly Balance Sheet*; and
- (c) if applicable, the value of assets, acquired by the member institution in the fiscal year ending in the year preceding the filing year as a result of a merger or acquisition referred to in the fourth paragraph under the heading "THREE-YEAR MOVING AVERAGE ASSET GROWTH (%)", for years 1, 2 and 3 below, where the value of those assets on the date of their acquisition exceeds 10% of the value of the consolidated assets of the member institution immediately before that merger or acquisition.

Year 1: as of the end of the fiscal year ending in the fourth year preceding the filing year	7.1 _____
Year 2: as of the end of the fiscal year ending in the third year preceding the filing year	7.2 _____
Year 3: as of the end of the fiscal year ending in the second year preceding the filing year	7.3 _____
Year 4: as of the end of the fiscal year ending in the first year preceding the filing year	7.4 _____

Indicate the number of fiscal years consisting of at least 12 months that the member institution has been operating as a member institution (if less than six) _____

A member institution must report assets for the last four fiscal years.

If a member institution has been operating as a member institution for less than four fiscal years of at least 12 months each and it is a member institution formed by an amalgamation involving only one member institution, it must report the assets of the amalgamating member institution for the four fiscal years or less preceding the amalgamation, as applicable.

If a member institution has been operating as a member institution for less than four fiscal years consisting of at least 12 months each, it must indicate "N/A" ("not applicable") for the elements corresponding to the fiscal years for which it was not operating as a member institution.

Score	
Use the scoring grid below to determine the member institution's score.	
Range of Results	Score
Three-year moving average asset growth is \leq 20% (including negative results)	5
Three-year moving average asset growth is $>$ 20% but \leq 40%	3
Three-year moving average asset growth is $>$ 40%	0
7.5 Three-year moving average asset growth score	

8. REAL ESTATE ASSET CONCENTRATION

Threshold Formula:

$$\frac{\text{Total Mortgage Loans}}{\text{Total Mortgage Loans} + \text{Total Non-Mortgage Loans} + \text{Total Securities} + \text{Total Acceptances}} \times 100$$

Complete the following:

$$\frac{\text{8.1} \underline{\hspace{2cm}}}{\text{8.1} \underline{\hspace{2cm}} + \text{8.2} \underline{\hspace{2cm}} + \text{8.3} \underline{\hspace{2cm}} + \text{8.4} \underline{\hspace{2cm}}} \times 100 = \underline{\hspace{2cm}}\%$$

Elements

Use the instructions below to arrive at the elements of the threshold formula.

Refer to Section I of the *Consolidated Monthly Balance Sheet*, Reporting Manual, "Balance Sheet" Tab, completed in accordance with that Manual as of the end of the fiscal year ending in the year preceding the filing year.

8.1 Total Mortgage Loans

The total mortgage loans is the total of the amounts set out in the column "Total" for item 3 (b) (Mortgages, less allowance for impairment) of Section I of the *Consolidated Monthly Balance Sheet*, before deducting any allowance for impairment.

8.2 Total Non-Mortgage Loans

The total non-mortgage loans is the total of the amounts set out in the column "Total" for items 3(a)(i) to (v), (vii) and (viii) (Non-Mortgage Loans, less allowance for impairment) of Section I of the *Consolidated Monthly Balance Sheet*.

8.3 Total Securities

The total securities is the total of the amounts set out in the column "Total" for item 2(a) (Securities issued or guaranteed by Canada/Canadian Province/Canadian Municipal or School Corporation) and item 2(b) (Other securities, less allowance for impairment) of Section I of the *Consolidated Monthly Balance Sheet*.

8.4 Total Acceptances

The total acceptances is the total of the amounts set out in the column "Total" for item 4 (Customers liability under acceptances, less allowance for impairment) of Section I of the *Consolidated Monthly Balance Sheet*.

If the result of the threshold formula is less than 10%, score five for element 8.5 and do not complete the rest of section 8.

If that result is greater than or equal to 10%, complete the rest of section 8.

Fill in Table 8 using the definitions and instructions below.

Refer to Section III of the *Mortgage Loans Report*, Reporting Manual, "Mortgage Loans" Tab, completed in accordance with that Manual as of the end of the fiscal year ending in the year preceding the filing year. A member institution may complete these calculations using the information reported in the Mortgage Loans Report filed at its year-end or, if not filed at its year-end, at the calendar quarter-end preceding that year-end.

Fill in Table 8 for each of the following types of mortgages.

Residential Properties Mortgage Loans

Mortgage loans of this type, secured by properties located in Canada, are to be classified in accordance with the instructions in the Reporting Manual.

Calculate the total mortgage loans of this type by adding together the amounts set out for "Total Residential" in the columns "Insured Gross Mortgage Loans Outstanding" and "Uninsured Gross Mortgage Loans Outstanding", respectively, in the first Table of Section III of the *Mortgage Loans Report*, before deducting any allowance for impairment.

Land Banking and Development Mortgage Loans

Mortgage loans of this type, secured by properties located in Canada, are to be classified in accordance with the instructions in the Reporting Manual.

Calculate the total mortgage loans of this type by adding together the amounts set out for item 1(b)(ii)(C) (Land Banking & Development) in the columns "Insured Gross Mortgage Loans Outstanding" and "Uninsured Gross Mortgage Loans Outstanding", respectively, in the first table of Section III of the *Mortgage Loans Report*, before deducting any allowance for impairment.

Hotel and Motel Properties Mortgage Loans

Mortgage loans of this type, secured by properties located in Canada, are to be classified in accordance with the instructions in the Reporting Manual.

Calculate the total mortgage loans of this type by adding together the amounts set out for item 1(b)(ii)(E) (Hotels/Motels) in the columns "Insured Gross Mortgage Loans Outstanding" and "Uninsured Gross Mortgage Loans Outstanding", respectively, in the first table of Section III of the *Mortgage Loans Report*, before deducting any allowance for impairment.

Industrial Properties Mortgage Loans

Mortgage loans of this type, secured by properties located in Canada, are to be classified in accordance with the Reporting Manual.

Calculate the total mortgage loans of this type by adding together the amounts set out for item 1(b)(ii)(D) (Industrial Buildings) in the columns “Insured Gross Mortgage Loans Outstanding” and “Uninsured Gross Mortgage Loans Outstanding”, respectively, in the first table of Section III of the *Mortgage Loans Report*, before deducting any allowance for impairment.

Single Family Dwelling Properties Mortgage Loans

Mortgage loans of this type, secured by properties located in Canada, are to be classified in accordance with the Reporting Manual.

Calculate the total mortgage loans of this type by adding together the amounts set out for item 1(a)(i) (Single Detached) and item 1(a)(ii)(A) (Condominiums) in the columns “Insured Gross Mortgage Loans Outstanding” and “Uninsured Gross Mortgage Loans Outstanding”, respectively, in the first table of Section III of the *Mortgage Loans Report*, before deducting any allowance for impairment.

Residential Interim Construction Mortgage Loans

Mortgage loans of this type, secured by properties located in Canada, are to be classified in accordance with the Reporting Manual.

Calculate the total mortgage loans of this type by adding together the amounts set out for the element “Of Which Residential Interim Construction Mortgages” in the columns “Insured Gross Mortgage Loans Outstanding” and “Uninsured Gross Mortgage Loans Outstanding”, respectively, in the first table of Section III of the *Mortgage Loans Report*, before deducting any allowance for impairment.

Second or Subsequent Mortgage Loans

Mortgage loans of this type, secured by properties located in Canada, are to be classified in accordance with the Reporting Manual.

The total mortgage loans of this type is the amount set out for item 1 (Second and Subsequent Mortgages) in the column “Amounts Outstanding” in the second table of Section III of the *Mortgage Loans Report*, before deducting any allowance for impairment.

Real Estate Under Power of Sale or Foreclosed Properties

Properties of this type, located in Canada, are to be classified in accordance with the Reporting Manual.

Calculate by adding together

(a) for foreclosed properties located in Canada the amount set out in the column “Total” for items 3(a) (Foreclosed long-lived assets acquired in the liquidation of a loan – held for sale) of Section I - Memo Items of the *Consolidated Monthly Balance Sheet*; and

(b) for real estate under power of sale, the amount set out in the column “Total” for item 4 (Power of Sale Loans related to Real Estate) of Section I – Memo of the *Consolidated Monthly Balance Sheet*.

Table 8

A	B	C	D	E
Type	Amount	Percentage of Total Mortgage Loans (Amount from column B ÷ Total Mortgage Loans*) x 100	Range of Results	Score**
Residential Properties Mortgage Loans			< 50% = 0 ≥ 50% and < 75% = 3 ≥ 75% = 5	
Land Banking and Development Mortgage Loans			> 7% = 0 > 5% and ≤ 7% = 3 ≤ 5% = 5	
Hotel and Motel Properties Mortgage Loans			> 10% = 0 > 5% and ≤ 10% = 3 ≤ 5% = 5	
Industrial Properties Mortgage Loans			> 15% = 0 > 10% and ≤ 15% = 3 ≤ 10% = 5	
Single Family Dwelling Properties Mortgage Loans			< 35% = 0 ≥ 35% and < 50% = 3 ≥ 50% = 5	
Residential Interim Construction Mortgage Loans			> 8% = 0 > 5% and ≤ 8% = 3 ≤ 5% = 5	
Second or Subsequent Mortgage Loans			> 10% = 0 > 5% and ≤ 10% = 3 ≤ 5% = 5	
Real Estate Under Power of Sale or Foreclosed Properties			> 8% = 0 > 5% and ≤ 8% = 3 ≤ 5% = 5	

* *“Total Mortgage Loans” used in the calculation in column C must correspond to the amount of the Total Mortgage Loans determined for element 8.1.*

** *Fill in the score in column E for a type of mortgage loan or property set out in column A that corresponds to the percentage set out in column C, in accordance with the appropriate range set out in column D.*

Score	
Use the scoring grid below to determine the member institution's score.	
Range of Results	Score
Lowest score in Column E of Table 8 is 0	0
Lowest score in Column E of Table 8 is 3	3
All scores in Column E of Table 8 are 5	5
Result of the threshold formula is <10% of Total Assets	5
8.5 Real Estate Asset Concentration Score	

9. AGGREGATE COMMERCIAL LOAN CONCENTRATION RATIO (%)

If the result of the threshold formula in section 8 is greater than 90%, indicate a score of five for element 9.4 and do not complete section 9.

If the result of the threshold formula in section 8 is equal to or less than 90%, complete section 9.

Formula:

$$\frac{\text{Aggregate Commercial Loan Concentration}}{\text{Total Capital}} \times 100$$

Complete the following:

$$\frac{9.1 \text{ _____}}{9.2 \text{ _____}} \times 100 = 9 \text{ _____ } \%$$

Elements

Refer to Section 6 of the *Non-Mortgage Loan Report*, Reporting Manual, "Non-Mortgage Loans" Tab. Use the instructions below to arrive at the elements of the formula. A member institution may complete these calculations using the information reported in the *Non-Mortgage Loan Report* filed at its year-end or, if not filed at its year-end, at the calendar quarter-end preceding that year-end.

9.1 Aggregate Commercial Loan Concentration

The aggregate commercial loan concentration is the total of column B in Table 9, expressed in thousands of dollars.

9.2 Total Capital

The total capital as determined for element 1.3.1. expressed in thousands of dollars.

Fill in Table 9 following the instructions and using the definitions below.

Fill in Table 9 by reporting for each industry sector the total of the commercial loans held by the member institution in respect of all persons operating in that sector, using consolidated financial information.

Loans

Loans are as described in the *Non-Mortgage Loan Report*.

Person

Means a natural person or an entity.

Entity

Has the same meaning as in section 2 of the *Bank Act*.

Industry Sectors

For the purpose of completing Table 9, commercial loans shall be grouped according to the classifications used for completing the *Non-Mortgage Loan Report* and using the 12 industry sectors in the list below.

Industry Sector List

Calculate the commercial loans for each of the industry sectors in accordance with the following list and insert the total on the appropriate line in column A in Table 9. Refer to the *Non-Mortgage Loan Report*, Reporting Manual, "Non-Mortgage Loans" Tab.

Agriculture

Commercial loans of this type are to be classified in accordance with the Reporting Manual.

Calculate the total by adding together the amounts in the columns "Resident, Loan Balances, TC" and "Non-Resident, Loan Balances, TC" and subtracting the amount in the column "Total, Allowance for Impairment, TC" all as set out for item 6.(b)(i) (Agriculture) in the *Non-Mortgage Loan Report*.

Fishing & Trapping

Commercial loans of this type are to be classified in accordance with the Reporting Manual.

Calculate the total by adding together the amounts in the columns "Resident, Loan Balances, TC" and "Non-Resident, Loan Balances, TC" and subtracting the amount in the column "Total, Allowance for Impairment, TC" all as set out for item 6.(b)(ii) (Fishing & Trapping) in the *Non-Mortgage Loan Report*.

Logging & Forestry

Commercial loans of this type are to be classified in accordance with the Reporting Manual.

Calculate the total by adding together the amounts in the columns "Resident, Loan Balances, TC" and "Non-Resident, Loan Balances, TC" and subtracting the amount in the column "Total, Allowance for Impairment, TC" all as set out for item 6.(b)(iii) (Logging & Forestry) in the *Non-Mortgage Loan Report*.

Mining, Quarrying & Oil Wells

Commercial loans of this type are to be classified in accordance with the Reporting Manual.

Calculate the total by adding together the amounts in the columns "Resident, Loan Balances, TC" and "Non-Resident, Loan Balances, TC" and subtracting the amount in the column "Total, Allowance for Impairment, TC" all as set out for item 6.(b)(iv) (Mining, Quarrying & Oil Wells) in the *Non-Mortgage Loan Report*.

Manufacturing

Commercial loans of this type are to be classified in accordance with the Reporting Manual.

Calculate the total by adding together the amounts in the columns "Resident, Loan Balances, TC" and "Non-Resident, Loan Balances, TC" and subtracting the amount in the column "Total, Allowance for Impairment, TC" all as set out for item 6.(b)(v) (Manufacturing) in the *Non-Mortgage Loan Report*.

Construction / Real Estate

Commercial loans of this type are to be classified in accordance with the Reporting Manual.

Calculate the total by adding together the amounts in the columns "Resident, Loan Balances, TC" and "Non-Resident, Loan Balances, TC" and subtracting the amount in the column "Total, Allowance for Impairment, TC" all as set out for item 6.(b)(vi) (Construction / Real Estate) in the *Non-Mortgage Loan Report*.

Transportation, Communication & Other Utilities

Commercial loans of this type are to be classified in accordance with the Reporting Manual.

Calculate the total by adding together the amounts in the columns "Resident, Loan Balances, TC" and "Non-Resident, Loan Balances, TC" and subtracting the amount in the column "Total, Allowance for Impairment, TC" all as set out for item 6.(b)(vii) (Transportation, Communication & Other Utilities) in the *Non-Mortgage Loan Report*.

Wholesale Trade

Commercial loans of this type are to be classified in accordance with the Reporting Manual.

Calculate the total by adding together the amounts in the columns "Resident, Loan Balances, TC" and "Non-Resident, Loan Balances, TC" and subtracting the amount in the column "Total, Allowance for Impairment, TC" all as set out for item 6.(b)(viii) (Wholesale Trade) in the *Non-Mortgage Loan Report*.

Retail

Commercial loans of this type are to be classified in accordance with the Reporting Manual.

Calculate the total by adding together the amounts in the columns "Resident, Loan Balances, TC" and "Non-Resident, Loan Balances, TC" and subtracting the amount in the column "Total, Allowance for Impairment, TC" all as set out for item 6.(b)(ix) (Retail) in the *Non-Mortgage Loan Report*.

Service

Commercial loans of this type are to be classified in accordance with the Reporting Manual.

Calculate the total by adding together the amounts in the columns "Resident, Loan Balances, TC" and "Non-Resident, Loan Balances, TC" and subtracting the amount in the column "Total, Allowance for Impairment, TC" all as set out for item 6.(b)(x) (Service) in the *Non-Mortgage Loan Report*.

Multiproduct Conglomerates

Commercial loans of this type are to be classified in accordance with the Reporting Manual.

Calculate the total by adding together the amounts in the columns "Resident, Loan Balances, TC" and "Non-Resident, Loan Balances, TC" and subtracting the amount in the column "Total, Allowance for Impairment, TC" all as set out for item 6.(b)(xi) (Multiproduct Conglomerates) in the *Non-Mortgage Loan Report*.

Others (Private Not for Profit Institutions, Religious, Health & Educational Institutions)

Commercial loans of this type are to be classified in accordance with the Reporting Manual.

Calculate the total by adding together the amounts in the columns "Resident, Loan Balances, TC" and "Non-Resident, Loan Balances, TC" and subtracting the amount in the column "Total, Allowance for Impairment, TC" all as set out for item 6.(b)(xii) (Others (Private Not for Profit Institutions, Religious, Health & Educational Institutions)) in the *Non-Mortgage Loan Report*.

Table 9

Instructions		
Insert 10% of total capital as determined for element 1.3.1: 9.3 _____		
In column A below, report the amount calculated in accordance with the instructions for each industry sector.		
In column B below, for each industry sector that has an amount reported in column A that		
(a) exceeds the amount reported at element 9.3, report the amount by which it exceeds the amount reported at element 9.3; and		
(b) does not exceed the amount reported at element 9.3, report "zero".		
Industry Sector	Column A	Column B Column A minus element 9.3 If negative, report "0"
Agriculture		
Fishing & Trapping		
Logging & Forestry		
Mining, Quarrying & Oil Wells		
Manufacturing		
Construction / Real Estate		
Transportation, Communication & Other Utilities		
Wholesale Trade		
Retail		
Service		
Multiproduct Conglomerates		
Others (Private Not for Profit Institutions, Religious, Health & Educational Institutions)		
Total of Column B		
		Carry total of column B forward to element 9.1

Score	
Use the scoring grid below to determine the member institution's score.	
Range of Results	Score
Result of the threshold formula in section 8 is > 90%	5
Aggregate commercial loan concentration ratio (9) is < 150%	5
Aggregate commercial loan concentration ratio (9) is \geq 150% and < 350%	3
Aggregate commercial loan concentration ratio (9) is \geq 350%	0
9.4 Aggregate commercial loan concentration ratio score	

10. TOTAL QUANTITATIVE SCORE

Using the scores from each of the preceding sections, fill in the scoring grid below to determine the total quantitative score.

Factor	Element	Score
Capital Adequacy	1.4	
Return on Risk-Weighted Assets	2.4	
Mean Adjusted Net Income Volatility	3.8	
Stress-tested Net Income	4.3	
Efficiency Ratio	5.4	
Net Impaired Assets (Including Net Unrealized Losses on Securities) to Total Capital	6.5	
Three-Year Moving Average Asset Growth	7.5	
Real Estate Asset Concentration	8.5	
Aggregate Commercial Loan Concentration Ratio	9.4	
Subtotal		
<p>If elements 3.8, 4.3 and 7.5 are all "N/A", fill in the result determined in accordance with the following formula:</p> <p style="text-align: center;">(Subtotal / 45) x 15</p> <p>If none of elements 3.8, 4.3 and 7.5 are "N/A", fill in "zero"</p> <p>If only element 7.5 is "N/A", fill in the result determined in accordance with the following formula:</p> <p style="text-align: center;">(Subtotal / 55) x 5</p>		
Total Quantitative Score		

The information provided in this Reporting Form is based on:

_____ audited financial statements

_____ unaudited financial statements

Certification

The Chief Financial Officer, or other authorized officer,

(Name of Officer)

by submitting this Reporting Form to the Canada Deposit Insurance Corporation, certifies that the information provided in this Reporting Form is correct and that it has been completed in accordance with the *Canada Deposit Insurance Corporation Differential Premiums By-law*.

Date

Name of Member Institution

Certification Relating to the *Canada Deposit Insurance Corporation Data and System Requirements By-law*

_____, an authorized officer of _____
Name of Individual *Name of Member Institution*

hereby certifies that the Member Institution, on or before the filing date of this Reporting Form,

_____ meets

_____ does not meet

the requirements of subsections 3(1) and 4(1), (3), (4) and (5) of the *Canada Deposit Insurance Corporation Data and System Requirements By-law*.



Returns & Documents

The following forms are available from OSFI's website at:
<http://www.osfi-bsif.gc.ca>

1. [Capital Adequacy Report \(G3\) \(no longer on OSFI's website – for pdf, click here\)](#)
2. [Basel II Capital Adequacy Reporting - Credit, Market, and Operational Risk \(BCAR\) \(Schedules 1, 39 and 40\)](#)
3. [Consolidated Statement of Income, Retained Earnings and AOCI \(P3\)](#)
4. [Consolidated Monthly Balance Sheet \(M4\)](#)
5. [Return of Impaired Assets \(E3\)](#)
6. [Blank]
7. [Section III of the Mortgage Loans Report \(E2\)](#)
8. [Section 6 of the Non-Mortgage Loans Report \(A2\)](#)



CDIC
Canada Deposit
Insurance Corporation

SADC
Société d'assurance-dépôts
du Canada

List of Subsidiaries that are CDIC Member Institutions

The Chief Financial Officer, or other authorized officer,

[Name of Officer]

by submitting this declaration to the Canada Deposit Insurance Corporation,
certifies that the institutions listed below are subsidiaries of

[Name of member institution]

and are member institutions of Canada Deposit Insurance Corporation.

Names of subsidiaries that are CDIC member institutions:



Subparagraph 15(4)(b)(i) Declaration

The Chief Financial Officer, or other officer,

[name of officer]

by submitting this declaration to the Canada Deposit Insurance Corporation certifies that the enclosed audited financial statements of

[name of member institution]

confirm the information that was previously provided to CDIC and that no modifications are required to be made to the Reporting Form or to the Returns and Documents as submitted in respect of the premium year under the *Canada Deposit Insurance Corporation Act* commencing May 1, _____.

Dated: _____



CDIC
Canada Deposit
Insurance Corporation

SADC
Société d'assurance-dépôts
du Canada

2011 CDIC Differential Premiums By-Law Manual Amendment Control Sheet

Tab	Remove	Insert
Foreword	Pages 1 and 2	Pages 1 and 2 (March 2011)
Reporting Form	Pages 11 to 42	Pages 11 to 43 (March 2011)
<u>Differential Premiums By-law</u>	All content	Cover Page and Office Consolidation on Differential Premiums By-law (January 2011)
Manual Updates	Amendment Control Sheet	Amendment Control Sheet (March 2011)