

## Message from the President and CEO



Spring 2020 marks the completion of my first full year as President and Chief Executive Officer of CDIC. It has been a year of transformation. I would like to thank my colleagues for embracing a vision for cultural renewal and for bolstering the competencies that we will draw on to protect Canadians' deposits through all economic conditions. And I want to thank our Board of Directors for articulating a clear course of action for CDIC and for their support for our Leadership team as we drive towards the Board's bold new direction.

Amid CDIC's transformation, the COVID-19 pandemic arrived, posing risks to the health of Canadians and to our economy. By virtue of the objects established by Parliament for CDIC, this Corporation has a limited but crucial role to play in protecting Canadians and providing them with the financial confidence to rebound. When considering how we will respond to the crisis, I am confident that CDIC's repositioning in 2019/2020 has established a firm foundation on which to fulfill our promises and commitments to Canadians in the unpredictable days ahead.

Let me summarize our transformation along five key themes.

**Culture.** Great organizations sustain themselves by defining their cultural values bottom-up and living them top-down. During the year, our staff members collaborated to define our cultural promises and commitments, and our Leadership will embed these in CDIC's culture by our top-down pursuit of them in the years to come. Our four key promises are:

- We serve Canadians.
- We are accountable.
- We work as one.
- We anticipate and respond.

**Strategic decision making.** Good strategic decision making at CDIC requires a deep understanding of how risks interplay with the objects in our mandate. And so, at the direction of our Board of Directors, we built an Enterprise Risk Management (ERM) Framework as the platform for better strategic decision making at CDIC. This framework underpins the dialogue between the Board and Management and ensures that CDIC's strategies and risk appetite are aligned across the organization.

**Organization.** To embed our culture and enable our ERM Framework, with the support of our Board, we restructured CDIC's organization. This included re-assembling teams within the organization into a structure that is better positioned against CDIC's objects and the evolving risks in our operating environment. Internal "pulse" surveys tell us that employees are feeling very positive about these changes and the organization is more confident as a result.

**Preparedness.** Our most important competency, as Canada's deposit insurer, is to be ready to manage through situations in which one or more of our member institutions transit through periods of financial instability or distress. The changes to our culture, strategic decision making and organization have

dramatically improved CDIC's preparedness to serve Canadians through the entirety of the economic cycle. As an example, we have made significant strides in the modernization of our insurance and payout processes, which will ultimately enhance our service to Canadians using modern, fast and secure technologies that will adapt to the evolving banking landscape. We have also completed our first formal evaluation of the resolution plans of Canada's domestic systemically important banks, a process that CDIC had undertaken annually on an informal basis for a number of years. And we have extended the resolution planning exercise to our medium-sized members to ensure the resolvability of all member institutions, regardless of size. These initiatives leave CDIC very well positioned to manage through the financial uncertainty that may attend Canada's COVID-19 recovery.

**Financial strength.** As Canada's deposit insurer and resolution authority, CDIC continues to build on its exceptional financial strength at a low cost to Canadians. Our premiums of 7.85 basis points of insured deposits remain near global lows. Despite our modest premiums, the growth of our *ex ante* fund, which is designed to cover possible insurance losses, remains on track. As at March 31, 2020, the minimum target level of the Corporation's *ex ante* funding was 100 basis points of insured deposits by fiscal year 2025/2026. This is so because CDIC has a very low expense base relative to its premiums. Our borrowing authority, combined with our *ex ante* fund, gives CDIC ample financial flexibility to serve Canadians effectively through all periods of financial instability.

We understand that it's important for Canadians to be aware they are protected so they can benefit from the confidence that CDIC deposit protection provides. That is why CDIC has leveraged its financial strength to increase its advertising and marketing presence, and why I have personally delivered messages through the news media and social media to reassure Canadians about the safety of their deposits.

The COVID-19 pandemic presents significant risks to Canadians and to our economy. We at CDIC remain optimistic that Canada will overcome this challenge, as our country has done when faced with different challenges throughout its history. CDIC's contribution to this effort is focused but it is important, and we stand ready to fulfill our responsibilities to Canadians.

While Canadians will face many challenges in the months and years ahead, we can take one concern off our list. We **do not** have to worry about the safety of our deposits when we save at a CDIC member institution, which includes banks and other federal deposit-taking institutions. For more than 50 years, Canadians have relied on CDIC to protect their savings. And through both good times and difficult times, no one has ever lost a dollar under CDIC protection.

I would also like to commend and thank the dedicated and talented CDIC team, who made a swift and effective transition to working from home under COVID-19 pandemic restrictions. Regardless of where we work, we continue to serve Canadians as one.

As we get through these challenging times together, please know that CDIC will keep your money safe, always.



Peter D. Routledge