



CDIC
Canada Deposit
Insurance Corporation



INNOVATIVE YET SECURE

Summary of the Corporate Plan 2016/2017 to 2020/2021

Including a Summary of the 2016/2017 Operating and Capital Budgets, and Borrowing Plan

Canada

CDIC'S FIVE-YEAR PLAN AT A GLANCE

Our operating environment

Overall, CDIC's membership maintained strong results in 2015. Nevertheless, the strains in the energy sector, rising consumer debt levels, and the potential for a slowdown in the Canadian housing market remain areas of concern for CDIC. Each of these could have a significant impact on membership performance. In the 2015 Budget, the federal government announced that Canada's domestic systemically important banks (D-SIBs) will be responsible for preparing their own resolution plans and for addressing how they could be resolved in the unlikely event that recovery actions fail. As Canada's bank resolution authority, CDIC will be responsible for directing the D-SIBs as they prepare their plans.

Internally, CDIC remains focused on balancing the need for prudent financial management while ensuring that it is adequately resourced to achieve its objectives and to contribute to government priorities.

CDIC's three corporate strategies and supporting initiatives

Modernize CDIC's deposit insurance program—To enhance its deposit insurance program, CDIC will: continue to implement a payout transformation plan focusing on payment channels and methods, and communications with depositors; review and update risk assessment processes, including creating stronger linkages with member intervention and resolution planning; continue to develop and roll out resolution plans for mid-sized members (leveraging D-SIB approach); provide recommendations to the Government in the context of legislative reviews; and implement CDIC's new three-year public awareness strategy, taking current Canadian banking habits into consideration, and communicating more broadly the Corporation's role with respect to large bank resolution.

Build preparedness to resolve domestic systemically important banks—CDIC will continue to implement best practices for large bank resolution and will enhance its capacity to respond to the failure of a D-SIB. CDIC will: continue to advance the resolvability of D-SIBs by guiding the development of bank-authored resolution plans and the process to assess the feasibility and credibility of those plans; continue to work with other federal safety net agencies to enhance Canada's resolution framework, and evaluate and plan for the impact of proposed new powers (including bail-in) on CDIC's operations; further develop CDIC's operational playbook, detailing roles, responsibilities and key decisions in a D-SIB resolution; and implement CDIC's outreach program to engage with key domestic and international resolution authorities, regulators, protection schemes and financial market infrastructure organizations, to advance resolution planning and preparedness.

Foster innovative thinking and adaptability—CDIC will support efforts to foster innovative thinking and adaptability. It will: implement CDIC's talent management strategy with a focus on empowering business leaders to be innovative, and on attracting, developing and retaining a well-trained and engaged work force; put in place an organizational model that integrates intervention and resolution capabilities, and supports a quick and effective response in any failure scenario; develop and implement a strategy to enhance CDIC's data management, including improving accessibility to, and security and governance of, CDIC's data assets; and implement a centralized governance process to manage key corporate initiatives and projects, to empower staff and generate stronger accountability over the successful completion of projects.

FINANCIAL AND RESOURCE PLANS

2016 premium rates

Approved premium rates for the 2016/2017 fiscal year are:

Category 1	5.5 basis points of insured deposits
Category 2	11.0 basis points of insured deposits
Category 3	22.0 basis points of insured deposits
Category 4	33.3 basis points of insured deposits

Key planning assumptions

The Plan reflects the following key assumptions:

- An increase in premium rates such that the Category 1 rate increases by 1 basis point in 2016/2017 to 5.5 basis points, and by 1 basis point per year for the following two years, after which the premium rates would remain stable.
- No failures of CDIC members will occur during the planning period, but the provision for insurance losses will increase in conjunction with an assumed annual growth in insured deposits of 2% in 2016/2017, 2.5% in 2017/2018, 3% in 2018/2019, and 3.25% thereafter.
- An average yield on cash and investments of 1.1% for 2016/2017, rising gradually to a yield of 1.5% in 2020/2021.

Forecast

Based on the assumptions above, for 2016/2017, CDIC projects net income after taxes to be \$398 million, based on total revenue of \$441 million (consisting of \$400 million in premium revenue and interest revenue of \$41 million). The Plan projects net operating expenses of \$44 million. Capital expenditures are expected to be approximately \$1.9 million.

OUR MANDATE

CDIC's mandate is to provide insurance against the loss of all or part of deposits and to promote and otherwise contribute to the stability of the financial system in Canada, for the benefit of those with deposits in CDIC member institutions while minimizing the Corporation's exposure to loss.

OUR VISION

Earning the trust of Canadians as a global leader in deposit insurance and resolution.

FOR MORE INFORMATION ABOUT CDIC

Visit our website at www.cdic.ca. You can also reach us by phone, e-mail, fax or letter:

Head office

Canada Deposit Insurance Corporation
50 O'Connor Street, 17th Floor
Ottawa, Ontario
K1P 6L2

Toronto office

Canada Deposit Insurance Corporation
1200-79 Wellington Street West
P.O. Box 156
Toronto, Ontario
M5K 1H1

Toll-free telephone service:

1-800-461-CDIC (2342)
Fax: 613-996-6095
Website: www.cdic.ca
E-mail: info@cdic.ca

STABLE YET MOBILE

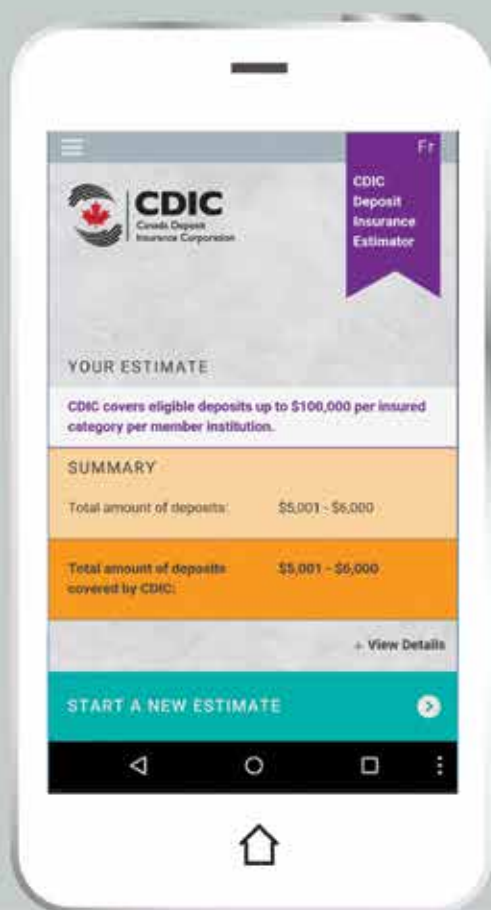
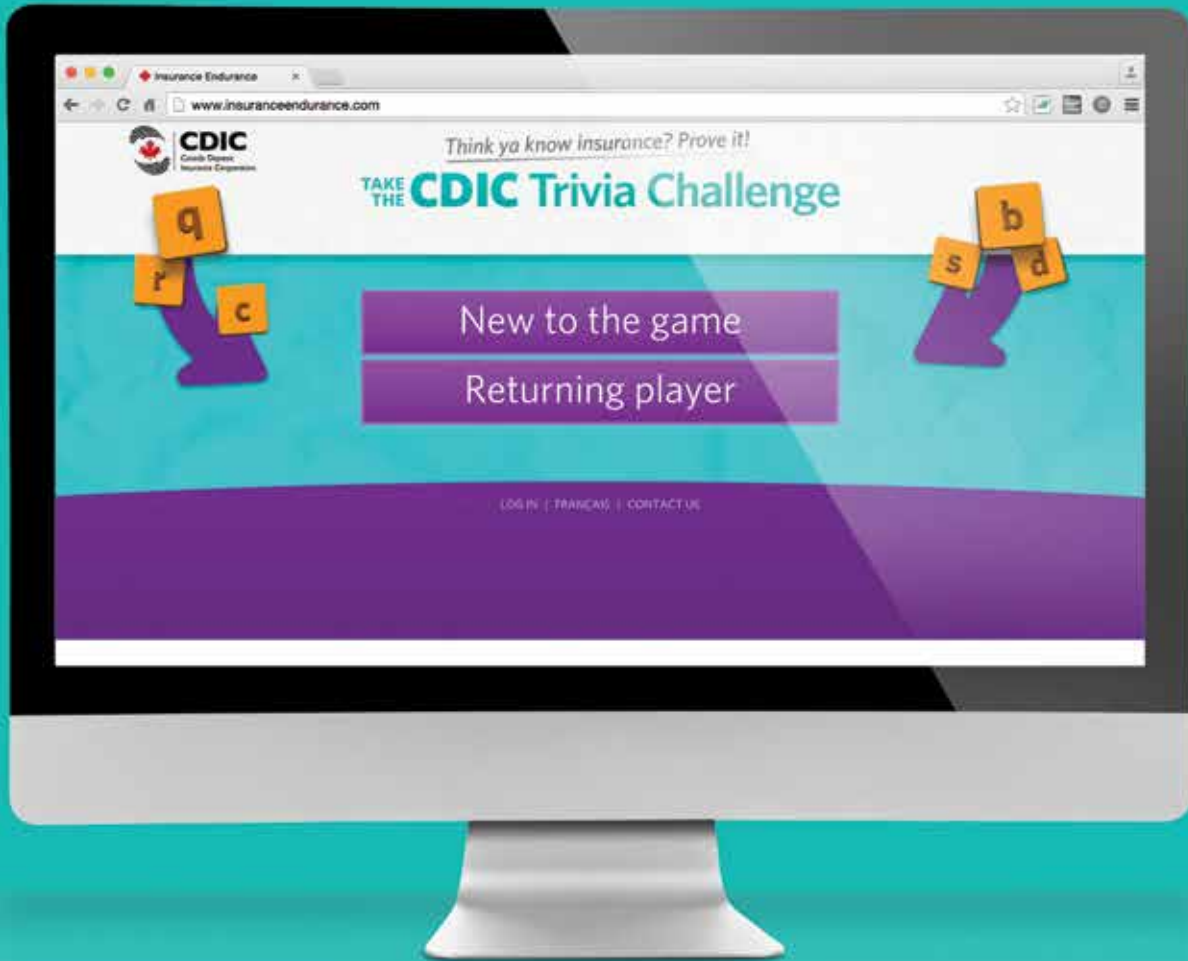


TABLE OF CONTENTS

Part 1 - About CDIC	2
Who we are	3
What we do	3
Our members	4
Our Board of Directors and Executive Team	4
Part 2 - CDIC's five-year Plan	6
Operating environment	7
Corporate risks	8
Strategic objectives, expected outcomes and key corporate initiatives for the planning period	10
Part 3 - Financial and resource plans	14
Planning assumptions	15
Resource plans	16
Projected condensed consolidated financial statements and past results	20
Treasury Board <i>Directive on Travel, Hospitality, Conference and Event Expenditures</i>	25
Part 4 - Performance against past Plans	28
Highlights of CDIC's past performance	29
CDIC's Corporate Scorecard—2015/2016 to 2019/2020	29





INFORMATIVE YET FUN

PART 1 – About CDIC

WHO WE ARE

The Canada Deposit Insurance Corporation (CDIC) was established in 1967 by the *Canada Deposit Insurance Corporation Act* (the *CDIC Act*). The Corporation is an agent of Her Majesty in right of Canada and is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act*. The Corporation reports to Parliament through the Minister of Finance.

The Corporation is funded by premiums that are assessed on the insured deposits of member institutions as at April 30 of each year. CDIC utilizes a differential premiums structure consisting of four premium rate categories.

WHAT WE DO

CDIC insures eligible deposits made at banks and other financial institutions that are CDIC members. We work for Canadians—by insuring their savings in case a member institution fails. CDIC helps keep Canada’s financial system strong.

CDIC’s deposit insurance protection

\$100,000 deposit insurance coverage	
<p>What’s covered?</p> <p>CDIC insures eligible deposits held in each member institution up to a maximum of \$100,000 (principal and interest combined) separately in each of the following:</p> <ul style="list-style-type: none"> • deposits held in one name • joint deposits • trust deposits • Registered Retirement Savings Plans (RRSPs) • Registered Retirement Income Funds (RRIFs) • Tax-Free Savings Accounts (TFSAs) • deposits held for paying taxes on mortgaged property 	<p>What’s an eligible deposit?</p> <p>Eligible deposits include:</p> <ul style="list-style-type: none"> • savings accounts and chequing accounts • term deposits, such as Guaranteed Investment Certificates (GICs), of five years or less • money orders and bank drafts issued by CDIC members, and cheques certified by CDIC members <p>Deposits must be payable in Canada, in Canadian currency.</p>
<p>What’s not covered?</p> <p>CDIC deposit insurance does not protect all accounts and financial products. For example, mutual funds, stocks, and foreign currency deposits, including those in U.S. dollars, are not covered by CDIC.</p> <p>See CDIC’s website at www.cdic.ca for details.</p>	

CDIC actively manages deposit insurance risk

To manage its insurance risk, CDIC conducts regular risk assessments of its members and carries out ongoing monitoring of their financial results. In support of this process, CDIC relies on the Office of the Superintendent of Financial Institutions (OSFI) and the Autorité des marchés financiers (AMF) to conduct annual examinations of member institutions on its behalf.

In certain situations, CDIC conducts special and preparatory examinations of troubled member institutions to assess the Corporation's exposure to a loss and to ensure its full preparedness to protect depositors.

The last member failure occurred in 1996. In total, there have been 43 member failures since 1967.

OUR MEMBERS

CDIC membership includes most Canadian chartered banks, trust and loan companies, federally regulated credit unions, as well as retail associations governed by the *Cooperative Credit Associations Act*. At December 31, 2015, member institutions numbered 78.

OUR BOARD OF DIRECTORS AND EXECUTIVE TEAM

The Corporation's affairs are governed by a Board of Directors comprised of the Chairperson, five private sector Directors, the Governor of the Bank of Canada, the Deputy Minister of Finance, the Commissioner of the Financial Consumer Agency of Canada, and the Superintendent of Financial Institutions and a Deputy Superintendent or an officer of OSFI.

CDIC's Board has four standing committees—the Audit Committee, the Human Resources and Compensation Committee, the Governance and Nominating Committee, and the Executive Committee. For additional information on these committees and on how CDIC is governed, please see our website at www.cdic.ca.

History of premium rate changes

(shown as basis points of insured deposits)

1967	3.3
1986	10.0
1993	12.5
1994	16.7
1999	Differential Premiums System
1999/2000 to 2000/2001	Category 1 — 4.2 Category 2 — 8.3 Category 3 — 16.7 Category 4 — 16.7
2001/2002	Category 1 — 4.2 Category 2 — 8.3 Category 3 — 16.7 Category 4 — 33.3
2002/2003 to 2004/2005	Category 1 — 2.1 Category 2 — 4.2 Category 3 — 8.3 Category 4 — 16.7
2005/2006 to 2008/2009	Category 1 — 1.4 Category 2 — 2.8 Category 3 — 5.6 Category 4 — 11.1
2009/2010	Category 1 — 1.9 Category 2 — 3.7 Category 3 — 7.4 Category 4 — 14.8
2010/2011	Category 1 — 2.3 Category 2 — 4.6 Category 3 — 9.3 Category 4 — 18.5
2011/2012 to 2013/2014	Category 1 — 2.8 Category 2 — 5.6 Category 3 — 11.1 Category 4 — 22.2
2014/2015	Category 1 — 3.5 Category 2 — 7.0 Category 3 — 14.0 Category 4 — 28.0
2015/2016	Category 1 — 4.5 Category 2 — 9.0 Category 3 — 18.0 Category 4 — 33.3*

*Category 4 rates have been limited to the statutory maximum of one third of one percent.

CDIC BOARD OF DIRECTORS

as at December 31, 2015

Bryan P. Davies
Chair of the Board
(Private Sector Director)

Private Sector Directors	Ex Officio Directors	Alternates (for Ex Officio Directors)
<p>George Burger Business Executive Toronto, Ontario</p> <p>Susan Hicks Business Executive Moncton, New Brunswick</p> <p>Éric Pronovost Chartered Professional Accountant Trois-Rivières, Québec</p> <p>Shelley M. Tratch Lawyer Vancouver, British Columbia</p> <p>Angela Tu Weissenberger Economist Calgary, Alberta</p>	<p>Stephen Poloz Governor Bank of Canada</p> <p>Paul Rochon Deputy Minister Department of Finance</p> <p>Jeremy Rudin Superintendent of Financial Institutions Office of the Superintendent of Financial Institutions</p> <p>Jamey Hubbs Assistant Superintendent Deposit-Taking Supervision Sector Office of the Superintendent of Financial Institutions</p> <p>Lucie Tedesco Commissioner Financial Consumer Agency of Canada</p>	<p>Lawrence Schembri Deputy Governor Bank of Canada <i>(Alternate for the Governor of the Bank of Canada)</i></p> <p>Rob Stewart Assistant Deputy Minister Financial Sector Policy Branch Department of Finance <i>(Alternate for the Deputy Minister of Finance)</i></p>

CDIC EXECUTIVE TEAM

as at December 31, 2015

Michèle Bourque
President and Chief Executive Officer

<p>Dean A. Cosman Senior Vice-President Insurance and Risk Assessment</p>	<p>Michael Mercer Senior Vice-President Complex Resolution</p>	<p>Anthony Carty Vice-President Finance and Administration, and Chief Financial Officer</p>	<p>Chantal M. Richer Vice-President Corporate Affairs, and General Counsel</p>	<p>M. Claudia Morrow Chief, Office of the President, and Corporate Secretary</p>
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TRADITIONAL YET TRENDING

PART 2 – CDIC's five-year Plan

OPERATING ENVIRONMENT

CDIC continually monitors the economic environment and membership trends, and stays abreast of emerging issues that may have an impact on depositors, on CDIC’s membership, or directly on the Corporation. Key factors and risks that CDIC has taken into consideration in developing its strategic objectives for 2016/2017 to 2020/2021 are discussed below.

Economic and regulatory environment

Economic growth in Canada has slowed and continues to be impacted by the global weakness in oil and other commodities, faltering economic growth in China and Europe, and very volatile financial markets. Low oil prices have affected Canadian oil-producing provinces resulting in declines in investment spending and jobs. At the same time, the low value of the Canadian dollar has begun to stimulate export growth. High consumer indebtedness and elevated residential real estate prices within certain key markets have left Canadian households more vulnerable than in the past to stresses, such as a rise in unemployment or interest rate increases, with potential impacts for CDIC’s members.

Work continues on introducing a bail-in regime in Canada. This would allow for a non-viable domestic systemically important bank (D-SIB) to be recapitalized through the conversion of certain liabilities into regulatory capital, and would occur in conjunction with other resolution measures. The bail-in regime aims to limit public exposure if a D-SIB were to fail, by requiring the bank’s shareholders and creditors—rather than taxpayers—to absorb losses. As announced in the 2015 Federal Budget, Canada’s D-SIBs will be responsible for preparing their own resolution plans and for addressing how they could be resolved in the unlikely event that recovery actions fail. As Canada’s bank resolution authority, CDIC will have the responsibility for directing the D-SIBs as they prepare their plans.

Membership environment

Overall, CDIC’s membership continues to experience strong results. As a group, members have maintained adequate Basel III capital ratios and have successfully implemented the new leverage ratio and liquidity coverage ratio requirements since these came into effect in January 2015.

Despite reporting solid membership results, CDIC continues to monitor the potential effects of deteriorating economic conditions on its membership. Operational risks related to fraud and cyber security also continue to gain prominence. Furthermore, the delivery of financial services driven by consumer banking habits (such as mobile banking) is changing at a fast pace.

Small and mono-line (specializing in one line of business) member institutions remain susceptible to compressed interest rate spreads and competitive pressures, which directly affects their profitability and internal ability to generate capital. In some cases, members have attempted to offset these pressures through diversification into new business lines or by accelerating growth in uninsured lending, strategies that also present risks. These actions reinforce the need for continued monitoring of the membership, especially of higher risk members, as well as for more formal resolution planning.

Asset quality of the D-SIBs continues to be robust and profitability remains high. Nonetheless, risk assessment and resolution planning regarding these institutions remain essential for CDIC, given the complex profiles and systemic importance of these members.

CORPORATE RISKS

CDIC has in place an Enterprise Risk Management (ERM) program to identify and manage the key risks that can prevent the Corporation from achieving its objectives. The ERM program discusses nine significant risks across four broad categories.

Based on its most recent self-assessment, Management has concluded that the overall risk faced by the Corporation remains acceptable; however, *insurance powers risk*, *intervention risk*, and *technology risk* have been assessed as cautionary. These risks are discussed in greater detail below.

The cautionary ratings for *insurance powers risk* and *intervention risk* are largely attributable to D-SIB resolution. While CDIC has made progress in recent years to improve its ability to respond to a large bank failure, additional effort is necessary to ensure that a failing D-SIB could be resolved in an orderly fashion. These risks are expected to remain cautionary while the Corporation continues its work to improve the framework and preparedness related to the resolution of a D-SIB. This includes having robust resolution plans in place for all D-SIBs, testing the plans, and establishing additional arrangements for coordination with strategic stakeholders in resolution.

Technology risk is assessed as cautionary as CDIC is in the process of implementing its cyber security plan and engaging a cyber security partner to provide support and ongoing monitoring of cyber security risks.

Summary of Management’s assessment of CDIC’s significant risks

(as at December 31, 2015)

	Rating	Trend
Insurance risks		
Insurance powers risk: The risk that CDIC does not have the necessary powers to support the management of its insurance risk in accordance with CDIC’s statutory objects.	Cautionary	Decreasing
Assessment risk: The risk that CDIC does not promptly or systematically identify member institutions that pose an unacceptable level of insurance risk.	Acceptable	Stable
Intervention risk: The risk that CDIC cannot or does not take timely and effective action with respect to an unacceptable level of insurance risk posed by a member institution, or with respect to failed member institutions.	Cautionary	Stable
Operational risks		
People risk: The risk resulting from inadequacies in competency, capacity or performance, or from the inappropriate treatment, of CDIC personnel.	Acceptable	Stable
Information risk: The risk that timely, accurate and relevant data and information are not available to facilitate informed decision making and/or the exercise of effective oversight.	Acceptable	Stable
Technology risk: The risk that CDIC’s technical systems and capabilities do not appropriately support the achievement of its statutory objects and the conduct of its affairs.	Cautionary	Decreasing
Process risk: The risk resulting from the incorrect execution of, a breakdown in, or a gap in, a policy, procedure or control respecting CDIC’s processes.	Acceptable	Increasing
Financial risk		
Financial risk: The risk associated with managing CDIC’s assets and liabilities, both on- and off-balance sheet.	Acceptable	Stable
Reputation risk		
Reputation risk: The risk of an event significantly affecting stakeholders’ perceived trust and confidence in CDIC, and which could result in a financial and/or other loss to CDIC.	Acceptable	Stable

LEGEND

Ratings:

Acceptable—meaning that the residual risk is acceptable and appropriate risk management practices are in place.

Cautionary—meaning that the residual risk warrants close monitoring and/or that previously identified initiatives to enhance the management of the risk are not yet fully implemented.

Serious concern—meaning that significant gaps may exist in risk management practices and controls and immediate action is required from Management.

Trends:

Stable—residual risk is not expected to change over the next year.

Decreasing—residual risk is expected to decline over the next year.

Increasing—residual risk is expected to increase over the next year.

STRATEGIC OBJECTIVES, EXPECTED OUTCOMES AND KEY CORPORATE INITIATIVES FOR THE PLANNING PERIOD

Given CDIC’s operating environment, its current strategic direction remains appropriate with three strategic objectives for the planning period:

- Modernize CDIC’s deposit insurance program
- Build preparedness to resolve domestic systemically important banks
- Foster innovative thinking and adaptability

The following key corporate initiatives will be undertaken during the planning period to support the strategic objectives outlined above, and to address the risks described earlier in this section.

Modernize CDIC’s deposit insurance program

CDIC will carry out a number of initiatives in support of modernizing its deposit insurance program.

Continue to implement a payout transformation plan focusing on payment channels and methods, and communications with depositors.

CDIC will continue to implement its payout transformation plan—an ongoing, multi-year initiative. The plan enhances CDIC tools and procedures for paying deposit insurance so that they continue to meet depositor expectations and respond to advances in technology. Next steps in the plan include developing strategies and tools to facilitate communications with depositors of failed institutions, a long-term strategy for trust account payment protocols, as well as a strategy to leverage member processes and systems for payments and communication.

Expected outcomes

- CDIC has the capability to reimburse depositors in a manner (including speed, convenience and security) that reflects depositor expectations and advancements in technology.
- CDIC has a robust risk assessment process that leverages data analytics and feeds into D-SIB resolution planning.
- Proposals to further improve CDIC’s deposit insurance program are grounded in thorough research and analysis.
- CDIC leverages technology and new tools to sustain awareness of the Corporation.

Review and update risk assessment processes, including creating stronger linkages with member intervention and resolution planning, and enhancements to data collection and analysis.

CDIC will review and update its risk assessment processes to support continued effective monitoring of changes in the risk profile of its members—and in the banking industry at large. CDIC will update processes and undertake an assessment of data analytics and reporting tools to enable these new processes. The Corporation will also seek to create stronger linkages between risk assessment information and the intervention and resolution planning processes of members.

Continue to develop and roll out resolution plans for mid-sized members (leveraging the D-SIB approach).

Building on its extensive work on developing resolution plans for the largest member institutions, CDIC will continue to develop resolution plans for mid-sized members. CDIC will work with the banks on this front and will closely coordinate its efforts with those of the Office of the Superintendent of Financial Institutions.

Provide recommendations to the Government in the context of legislative reviews.

CDIC will suggest proposals to the Department of Finance in support of ongoing legislative reviews, including the deposit insurance review.

Implement CDIC’s new three-year public awareness strategy, taking current Canadian banking habits into consideration, and communicating more broadly the Corporation’s role with respect to large bank resolution.

In the second year of its current public awareness strategy (2016/2017), CDIC will refine and update its advertising campaign. The target for awareness—one in two Canadians to be aware of CDIC—remains unchanged. The strategy will continue to leverage member institutions to promote awareness of CDIC. With respect to large bank resolution, CDIC will implement a plan to communicate the Corporation’s role to a wider audience. CDIC is also conducting a comprehensive review of its *Deposit Insurance Information By-law*, taking into consideration technological advances that impact Canadian consumers’ banking habits (such as how CDIC members transact and interact with depositors).

Build preparedness to resolve domestic systemically important banks

Since 2011, CDIC has been working to improve its ability to respond to the failure of its large, complex members. Over the planning period, work on this front will include several key initiatives.

Continue to advance the resolvability of D-SIBs by guiding the development of bank-authored resolution plans and the process to assess the feasibility and credibility of those plans.

CDIC has been working closely with its largest member institutions since 2012 to develop resolution plans and identify impediments to resolvability. In the 2015 Federal Budget, the Government announced that Canada’s D-SIBs are responsible for preparing resolution plans. As Canada’s bank resolution authority, CDIC will have responsibility for directing the D-SIBs in preparing their plans. During the planning period, CDIC will develop and implement an annual planning cycle with the D-SIBs that includes setting expectations and direction for the resolution plans, assisting the banks with preparing their plans for CDIC, and designing a resolvability assessment process that determines the feasibility of implementing the bank-authored plans.

Expected outcomes

- All D-SIBs have credible resolution plans in place by the end of the planning period.
- CDIC has a tested operational framework in place to respond to a D-SIB failure.
- CDIC has developed relationships with strategically important stakeholders, necessary to the resolution of a Canadian D-SIB.

Continue to work with other federal safety net agencies to enhance Canada’s resolution framework, and evaluate and plan for the impact of proposed new powers (including bail-in) on CDIC’s operations.

Canada continues to take steps to address “too big to fail” issues. CDIC works closely with the Department of Finance and other federal safety net agencies in an effort to ensure that the Corporation has the appropriate tools to meet its mandate. To support the development of a bail-in regime, CDIC is submitting policy papers and proposals to the Department of Finance, and will evaluate the impact of such a regime on its own operations.

Further develop CDIC’s operational playbook, detailing roles, responsibilities and key decisions in a D-SIB resolution, and validate through internal and external tabletop and testing exercises.

CDIC’s readiness to resolve any one of its largest member institutions in the event of failure remains a key focus of its work. Building on past accomplishments, the Corporation will further develop a number of elements of its bank resolution playbook, including governance, communication, resourcing, valuation and funding, and other areas as required, to reflect the development of the bail-in regime. At the same time, CDIC will continue working closely with banks to enhance their preparedness for resolution, and design testing programs to verify their resilience. As in past years, tabletop exercises with safety net partners, international counterparts and D-SIBs will test CDIC’s preparedness to execute a large bank resolution.

Implement CDIC’s outreach program to engage with key domestic and international resolution authorities, regulators, protection schemes and financial market infrastructure organizations, to advance resolution planning and preparedness.

CDIC will implement its outreach program to strengthen cooperative relationships in regions where Canadian financial institutions have a significant presence. As in past years, CDIC will host Crisis Management Groups bi-annually with domestic and international resolution authorities, to advance resolution planning and system-wide preparedness. The Corporation will continue to work with the Department of Finance and the Bank of Canada to develop resolution approaches for designated financial market infrastructures, as well as engaging with other key stakeholders, including provincial securities regulators and applicable financial services protection schemes.

Foster innovative thinking and adaptability

The following initiatives will support efforts to foster innovative thinking and adaptability at CDIC.

Implement CDIC’s talent management strategy with a focus on empowering business leaders to be innovative, and on attracting, developing and retaining a well-trained and engaged work force.

CDIC will focus on developing adaptable and innovative business leaders, and will build its organizational succession depth through the launch of a leadership development program. The program will be integrated with CDIC’s people processes. Training and feedback tools will be leveraged to help empower leaders to challenge the status quo, thrive in changing situations, and foster employee development and engagement. Throughout the planning period, employee engagement will be measured through surveys, with a goal of achieving above average levels.

Expected outcomes

- CDIC’s work force is innovative and adaptable.
- CDIC attracts, retains and develops engaged employees, and has a strong leadership cadre.
- CDIC invests strategically in its supporting functions while prudently managing its budget and key corporate risks.

Implement an organizational model that integrates intervention and resolution capabilities and supports a quick and effective response in any failure scenario.

For CDIC, readiness is vital. The Corporation needs to mobilize and execute quickly in any resolution scenario. To support readiness, CDIC has been examining staffing, structures and processes to enhance internal coordination and capabilities, thereby enabling the Corporation to respond more effectively and efficiently to an intervention or resolution event for any member, regardless of size. A new organizational model is expected to be implemented in early 2016 with transition and change management activities taking place throughout 2016/2017.

Develop and implement a strategy to enhance CDIC’s data management, including improving accessibility to, and security and governance of, CDIC’s data assets.

CDIC’s data assets continue to grow. To meet the evolving needs of the Corporation, and to consider data requirements more broadly, Management will develop and launch a strategy to enhance CDIC’s data management, with the expected results of better accessibility to, and security and governance of, these important assets.

Implement a centralized governance process to manage key corporate initiatives and projects, to empower staff and to generate stronger accountability over the successful completion of projects.

CDIC faces a growing need to respond rapidly to changes in its environment. Accordingly, CDIC will assign responsibility to a group of senior leaders to initiate, prioritize, and monitor corporate initiatives and projects. The group’s objectives will be to reduce duplication, promote adaptability, strengthen project reporting and coordination, and increase accountability over the successful completion of key projects. The work will also aim to empower leaders to make business decisions, to be innovative, to promote an enterprise-wide perspective and to foster collaboration across functions.



ACCESSIBLE YET SAFE

PART 3 – Financial and resource plans



The Corporation's financial plan focuses on ensuring that CDIC has the capacity, skills and resources available to carry out its mandate effectively throughout the planning period.

The financial and resource plans that follow reflect the operating environment and key risks, as well as the initiatives that CDIC will undertake to achieve its objectives and expected outcomes, as described in Part 2. CDIC's financial statements (included below) have been prepared in accordance with International Financial Reporting Standards (IFRS).

CDIC expects to maintain a stable financial position throughout the planning period; however, legislative requirements and other initiatives can have a significant impact on the Corporation's resources. If CDIC is required to intervene in the affairs of a member institution, or if new initiatives need to be undertaken that cannot be absorbed by revising priorities, Board approval may be sought for additional resources and budget.

PLANNING ASSUMPTIONS

Ex ante funding

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 its provision for insurance losses. The minimum target level is 100 basis points and reflects the size and complexity of CDIC's member institutions, as well as international best practices. This target is reviewed regularly to ensure it remains appropriate. Additional work is underway to assess how potential changes in the regulatory environment (such as a bail-in regime) could impact the sufficiency of the *ex ante* funding target. CDIC's *ex ante* funding level as at December 31, 2015, was 48 basis points of insured deposits.

The Corporation's *ex ante* funding forms one part of CDIC's funding envelope. Additional funding is available through CDIC's authority to borrow under the *Canada Deposit Insurance Corporation Act* (the *CDIC Act*). As at December 31, 2015, the Corporation may borrow up to \$20 billion, subject to approval by the Minister of Finance. This borrowing limit is adjusted annually to reflect the growth in insured deposits. Supplemental borrowing, if required, could be authorized by Parliament through an appropriation act.

Premiums

Premium rates are a key determinant of the length of time it will take the Corporation to reach its minimum target level of *ex ante* funding.

CDIC developed a Premium Rate and *Ex Ante* Funding Strategy (the 2011 Strategy) following discussions with CDIC's Board of Directors and consultation with member institutions and other interested parties. A key goal of the 2011 Strategy was to develop a plan that would result in a credible progression to the 100 basis point minimum *ex ante* funding target.

The 2011 Strategy proposed five years of measured increases in premium rates until an approximate long-term average rate based on historical analysis (7.5 basis points for Category 1) is achieved. The first of these measured increases was approved for the 2014/2015 fiscal year (2014 premium year).

CDIC's 2016/2017 to 2020/2021 Corporate Plan continues to follow the premium rate progression proposed in the 2011 Strategy. *Therefore, for planning purposes, CDIC has assumed an increase to premium rates such that the Category 1 rate (the base rate) will increase by 1 basis point in 2016/2017 to 5.5 basis points, and by 1 basis point per year for two years, after which the premium rates would remain stable.*

Provision for insurance losses

The provision for insurance losses represents CDIC's best estimate of losses that are likely to occur as a result of insuring deposits of member institutions. It is estimated by assessing the aggregate risk of CDIC's member institutions based on: (i) the level of insured deposits; (ii) the expectation of default derived from probability statistics and the Corporation's specific knowledge of its members; and (iii) an expected loss given default. *The Plan assumes that no failures of CDIC members will occur during the planning period, but that the provision for insurance losses will increase in conjunction with an assumed annual growth in insured deposits of 2% in 2016/2017, 2.5% in 2017/2018, 3% in 2018/2019, and 3.25% thereafter.* Insured deposit growth is affected by a variety of factors including: overall economic growth; interest rates; disposable income growth; and the manner in which income and financial savings are allocated among a variety of financial instruments.

Investment revenue

Significant financial risks that arise from transacting and holding financial instruments include credit, liquidity and market risks. Formal policies are in place for all significant financial risks to which CDIC is exposed. These policies are reviewed at least annually to ensure that they continue to be appropriate and prudent, and that they comply with the *Minister of Finance Financial Risk Management Guidelines for Crown Corporations*.

CDIC's assets are dominated by high quality, liquid investments on which interest income is earned. *Investment revenue during the planning period is based on an assumed average yield on cash and investments of 1.1% for 2016/2017, rising gradually to a yield of 1.5% in 2020/2021.*

RESOURCE PLANS

Operating budget—2016/2017 to 2020/2021

CDIC is a self-funded Crown corporation and does not receive government appropriations. The approach taken to developing the 2016/2017 operating expense budget, similar to that for 2015/2016, was to absorb inflationary and contractual increases (e.g., salaries, rent, etc.) through reductions in other areas. CDIC is committed to maintaining its operating budget for 2016/2017 at 2015/2016 levels.

A summary of the operating budget for the planning period is shown below (see Figure 1).

Figure 1

Operating budget (C\$ millions)								
	Actual	Approved Plan	Forecast			Plan		
	2014/ 2015	2015/ 2016	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021
OPERATING EXPENSES								
Salaries and other personnel costs	21.3	24.3	22.4	23.9	24.6	25.4	26.1	26.9
Other operating expenses:								
Professional fees	5.3	5.6	4.5	5.5	5.6	5.7	5.8	5.9
General expenses	5.6	6.1	5.8	6.4	6.5	6.6	6.8	6.9
Premises	3.4	3.6	3.7	3.9	4.0	4.0	4.1	4.2
Public awareness	2.9	2.7	2.7	2.7	2.8	2.8	2.9	2.9
Data processing	2.2	2.2	2.2	2.1	2.1	2.2	2.2	2.3
Total operating expenses	40.7	44.5	41.3	44.5	45.6	46.7	47.9	49.1
Less cost recovery (OSFI)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Net operating expenses*	40.5	44.3	41.1	44.3	45.4	46.5	47.7	48.9

* For planning purposes, net operating expenses have an assumed annual growth of 2.5% starting in fiscal 2017/2018. For 2017/2018 to 2020/2021, actual budgets may vary materially from those presented above.

Human resource requirements

For 2016/2017, the Corporation's work force will remain relatively stable at 136 permanent positions, compared to 137 in 2015/2016. A slight decrease to CDIC's total number of full-time equivalents (FTEs) is assumed for the remainder of the planning period (from 2017/2018 to 2020/2021) as some of the current term positions are not expected to be renewed. CDIC participates in the federal public service pension and benefits plans. Employees of CDIC are not unionized.

Capital budget—2016/2017 to 2020/2021

The budget for capital expenditures in 2016/2017 is \$1.9 million. CDIC's capital budget over the planning period is summarized in the table below (see Figure 2).

Figure 2

Capital budget (C\$ thousands)								
	Actual	Approved Plan	Forecast		Plan			
	2014/ 2015	2015/ 2016	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021
Furniture and equipment	240	100	100	100	100	100	100	100
Computer hardware	287	500	470	500	500	500	500	500
Software development costs	503	725	555	1,000	1,000	1,000	1,000	1,000
Leasehold improvements	—	—	—	300	300	300	300	300
Total	1,030	1,325	1,125	1,900	1,900	1,900	1,900	1,900

For planning purposes, total capital expenditures are assumed to remain at \$1.9 million each year starting in fiscal 2017/2018. For 2017/2018 to 2020/2021, actual budgets may vary materially from those presented above.

CDIC's capital budget is dominated by the capitalization of software development costs and hardware that meet specific criteria. The \$0.6 million increase in the 2016/2017 capital budget is primarily due to enhancements that are required to be made to systems that support the Corporation's mandate applications (risk assessment and intervention systems), data analytics and productivity tools.

Cost containment measures

As a Crown corporation, CDIC was asked to follow the spirit and intent of the Deficit Reduction Action Plan (DRAP), a cost-saving initiative of the 2011 Federal Budget. As part of the DRAP, CDIC did not have specific reduction targets for 2015/2016 or the preceding implementation years. However, in last year's Corporate Plan, CDIC committed to demonstrating fiscal restraint by absorbing inflationary and contractual increases (e.g., salaries, rent, etc.) through reductions in other areas. CDIC also planned to reduce variable expenses, such as travel, hospitality, consulting, legal fees and advertising, to minimize the financial impact of new priorities on its operating budget. The total of these variable expenses is currently forecast to be \$0.9 million below Plan for 2015/2016.

In the 2013 Speech from the Throne and the November 2013 Update of Economic and Fiscal Projections, the Government of Canada extended its fiscal restraint by freezing the federal government's overall operating budget for two more years (2014/2015 and 2015/2016). The Treasury Board of Canada Secretariat (TBS) asked CDIC to follow the spirit and intent of this freeze in managing its own operating budget. For 2015/2016, CDIC's net operating expenses are forecast to be \$41.1 million, or \$3.2 million below Plan, as shown in Figure 1.

Borrowing plan

CDIC's funding activities are governed by section 10.1 of the *CDIC Act* and section 127 of the *Financial Administration Act*. The activities must also comply with the *Minister of Finance Financial Risk Management Guidelines for Crown Corporations*.

Pursuant to section 10.1(1) of the *CDIC Act*, at the Corporation's request, the Minister of Finance may lend money to CDIC from the Consolidated Revenue Fund (CRF) on such terms and conditions that the Minister may establish. If needed, CDIC would access funds from the CRF through the Crown Borrowing Program, and in accordance with the *Crown Borrowing Program Standby Credit Facility Service Agreement* with the Department of Finance.

Section 10.1(2) of the *CDIC Act* provides that the Corporation can also borrow by means other than the CRF, including the issuance and sale of bonds, debentures, notes or any other evidence of indebtedness.

In accordance with section 127(3) of the *Financial Administration Act*, CDIC requires the approval of the Minister of Finance to enter into any particular transaction to borrow money, including the time, terms and conditions of the transaction.

As at December 31, 2015, CDIC had no debt outstanding.

The planning assumption is that no borrowing will be necessary; however, if an intervention were required (or a member institution were to fail), various funding options, including borrowing, would be available.

Funding of intervention strategies would require a case-by-case analysis to determine optimal funding strategies. CDIC's investment portfolio may or may not be used as a first call on liquidity, depending on the circumstances. Considerations in developing a funding strategy would include, among others, future liquidity requirements, asset/liability matching, and unwanted market signalling that could result from the liquidation of CDIC's portfolio.

Short-term borrowing authorities for 2016/2017

CDIC has in place credit facilities with its banker for up to \$10 million for cash management purposes. The credit facility is specifically exempt from the credit enhancement fee that applies to other borrowings. CDIC does not anticipate drawing on its credit facility over the planning period. This line of credit carries no cost to the Corporation until it is used.



PROJECTED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND PAST RESULTS

The tables that follow present CDIC's expected performance from 2015/2016 to 2020/2021, as well as actual results for the year 2014/2015 (see Figures 3 to 6).

Figure 3

Projected condensed consolidated statement of financial position as at March 31

(C\$ millions)

	Actual	Approved Plan	Forecast		Plan			
	2014/ 2015	2015/ 2016	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021
ASSETS								
Cash	2	1	1	1	1	1	1	1
Investment securities	3,042	3,415	3,414	3,812	4,299	4,883	5,494	6,135
Capital assets	12	10	10	10	9	9	9	9
Other assets	4	5	—	—	—	—	—	—
TOTAL ASSETS	3,060	3,431	3,425	3,823	4,309	4,893	5,504	6,145
LIABILITIES								
Trade and other payables	5	7	5	5	5	5	5	5
Provision for insurance losses	1,250	1,300	1,350	1,350	1,400	1,450	1,500	1,550
Other liabilities	4	3	4	4	4	4	4	4
Total liabilities	1,259	1,310	1,359	1,359	1,409	1,459	1,509	1,559
EQUITY								
Retained earnings	1,801	2,121	2,066	2,464	2,900	3,434	3,995	4,586
TOTAL LIABILITIES AND EQUITY	3,060	3,431	3,425	3,823	4,309	4,893	5,504	6,145

Figure 4

Projected condensed consolidated statement of comprehensive income for the year ended March 31

(C\$ millions)

	Actual	Approved Plan	Forecast		Plan			
	2014/ 2015	2015/ 2016	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021
REVENUE								
Premium*	279	371	362	400	484	575	593	613
Investment income	40	42	40	41	48	59	72	87
	319	413	402	441	532	634	665	700
EXPENSES								
Operating	40	44	41	44	45	47	48	49
Recovery of amounts previously written off	(3)	—	(4)	—	—	—	—	—
Increase in provision for insurance losses	50	50	100	—	50	50	50	50
	87	94	137	44	95	97	98	99
Net income before income taxes	232	319	265	397	437	537	567	601
Income tax recovery (expense)**	—	1	—	1	(1)	(3)	(6)	(10)
NET INCOME	232	320	265	398	436	534	561	591
Other comprehensive income***	—	—	—	—	—	—	—	—
TOTAL COMPREHENSIVE INCOME	232	320	265	398	436	534	561	591

* The increase in premium revenue is due to planned increases to premium rates and the assumed growth in insured deposits.

** The Corporation's primary source of taxable income is its interest income. From this amount, allowable expenditures are deducted in order to arrive at its net income for tax purposes. Under the provisions of the *Income Tax Act* the Corporation's premium revenue and changes in the provision for insurance losses are not taxable.

*** Other comprehensive income includes items that will not be reclassified to net income, including the actuarial gain or loss on defined benefit obligations. These amounts are not material and, due to rounding, the amounts are shown as zero.

Figure 5

**Projected condensed consolidated statement of changes in equity
for the year ended March 31**

(C\$ millions)

	Actual	Approved Plan	Forecast		Plan			
	2014/ 2015	2015/ 2016	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021
RETAINED EARNINGS AND TOTAL EQUITY								
Balance at beginning of fiscal year	1,569	1,801	1,801	2,066	2,464	2,900	3,434	3,995
Total comprehensive income	232	320	265	398	436	534	561	591
Ending balance	1,801	2,121	2,066	2,464	2,900	3,434	3,995	4,586

Figure 6

Projected condensed consolidated statement of cash flows for the year ended March 31

(C\$ millions)

	Actual	Approved Plan	Forecast		Plan			
	2014/ 2015	2015/ 2016	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021
OPERATING ACTIVITIES								
Net income	232	320	265	398	436	534	561	591
Add (deduct) items not involving cash:								
Investment income	(40)	(42)	(40)	(41)	(48)	(59)	(72)	(87)
Tax expense (recovery)	—	(1)	—	(1)	1	3	6	10
Other	3	2	2	2	2	1	2	1
Change in working capital:								
Increase in provision for insurance losses	50	50	100	—	50	50	50	50
Change in other working capital items	(4)	—	—	—	—	—	—	—
Interest received	56	42	41	41	48	59	72	87
Income tax (paid) received	2	1	1	1	(1)	(3)	(6)	(10)
Net cash generated by operating activities	299	372	369	400	488	585	613	642
INVESTING ACTIVITIES								
Acquisition of property, plant and equipment, and intangible assets	(1)	(1)	(1)	(2)	(2)	(2)	(2)	(2)
Purchase of investment securities	(4,785)	(4,800)	(4,800)	(5,200)	(5,700)	(6,300)	(6,900)	(7,500)
Proceeds from sale or maturity of investment securities	4,488	4,429	4,431	4,802	5,214	5,717	6,289	6,860
Net cash used in investing activities	(298)	(372)	(370)	(400)	(488)	(585)	(613)	(642)
Net change in cash	1	—	(1)	—	—	—	—	—
Cash, beginning of year	1	1	2	1	1	1	1	1
Cash, end of year	2	1	1	1	1	1	1	1

2014/2015 actual to Plan

Statement of financial position

Total assets as at March 31, 2015, were \$3,060 million, a \$37 million increase compared to the planned amount of \$3,023 million. The variance was primarily the result of larger than planned growth in CDIC's investment portfolio.

Total liabilities as at March 31, 2015, were \$1,259 million, compared to the planned amount of \$1,208 million. The variance was primarily due to an unplanned increase of \$50 million to the provision for insurance losses in the first quarter of 2014/2015 (from \$1,200 million to \$1,250 million), as the Corporate Plan had assumed no changes to the provision in 2014/2015.

Statement of comprehensive income

Total revenue during the year was \$319 million, or \$32 million above Plan. CDIC's primary sources of revenue are premiums and investment income:

- **Premiums:** Actual premium revenue was \$279 million, compared to the planned amount of \$250 million. The Corporate Plan was based on certain assumptions regarding the classification of members under the Differential Premiums System, as well as the growth in insured deposits. Actual results have differed from the assumptions, resulting in the variance between the planned and actual amounts.
- **Investment income:** Actual investment income was \$40 million, compared to the planned amount of \$37 million. The Corporate Plan assumed both a lower yield on the portfolio than was actually achieved and a smaller total investment portfolio on which to earn investment income.

Net operating expenses for the year were \$40 million, or \$2 million below Plan. This was mainly due to a slower pace of hiring than planned for vacancies within the Corporation.

Total comprehensive income for the year was \$232 million, compared to planned total comprehensive income of \$246 million, a decrease of \$14 million. This variance is mainly attributable to the higher than planned premium revenue and the unplanned increase in the provision for insurance losses.

2015/2016 forecast to Plan

Projected net income for 2015/2016 is \$265 million, compared to a planned net income of \$320 million. This \$55 million negative variance is largely due to the following:

- An increase in CDIC's provision for insurance losses of \$100 million compared to a planned increase of \$50 million. The \$50 million variance is due primarily to the impact of a refinement in external credit rating agency inputs, along with the growth in insured deposits and the changes in categorization of certain members.
- \$9 million lower than projected premium revenue as compared to Plan, due mainly to a lower growth in insured deposits than assumed in the Corporate Plan, combined with changes to certain member institutions' premium categories.
- \$2 million less in projected investment income as compared to Plan, due to the actual yield being lower than the assumed rate in the Corporate Plan.
- A \$4 million recovery of amounts previously written off for claims receivable from the estate of a failed member institution.

The Corporation forecasts that its *ex ante* funding will grow to 49 basis points of insured deposits by the end of the fiscal year, compared to the minimum target range of 100 basis points, which is expected to be met by fiscal 2024/2025.

The 2015/2016 operating expense budget of \$44.3 million reflects additional funding required to support the deposit insurance review initiative, as well as those aimed at furthering preparedness and resolution capabilities for Canada’s domestic systemically important banks (D-SIBs), and ensuring that CDIC is well-positioned for the future with succession candidates in place for key senior roles. Net operating expenses are forecast at \$41.1 million, or \$3.2 million below Plan. This projected variance is primarily due to a slower pace of hiring than expected for certain vacancies.

The 2015/2016 capital expenditures forecast is \$1.1 million, compared to planned expenditures of \$1.3 million. This \$0.2 million variance is primarily due to the delay in the development of one of CDIC’s mandate applications.

TREASURY BOARD DIRECTIVE ON TRAVEL, HOSPITALITY, CONFERENCE AND EVENT EXPENDITURES

On July 16, 2015, Crown corporations, including CDIC, were directed by the Governor in Council to align their policies, guidelines and practices with TBS policies, directives and related instruments on travel, hospitality, conference and event expenditures in a manner that is consistent with their legal obligations. They were also directed to report on the implementation of this Order in Council in their next Corporate Plan. An overview of CDIC’s strategy and progress to align its policies, guidelines and practices with TBS instruments is provided below.

Progress on implementation

CDIC reviewed its related policies and practices and concluded that they were already aligned with those of TBS in all material aspects. However, to further comply with the TBS *Directive on Travel, Hospitality, Conference and Event Expenditures*, CDIC developed a new Travel, Hospitality, Conferences and Events Policy that is aligned, in both content and structure, with the Directive. There were no aspects of the TBS travel, hospitality, conference and event requirements that were not compatible with CDIC’s legal obligations.

Key changes in CDIC’s Policy are described below:

- Travel will be pre-approved in accordance with updated approval authorities.
- The reimbursement of meals and incidentals will transition to *per diem* rates.
- Eligibility for travel using business class airfare will be aligned with TBS policies.

The amended Policy was approved by the CDIC Board of Directors in October 2015, with plans to have supporting procedures implemented by March 31, 2016. Going forward, procedures, guidelines and controls will be developed and updated on a regular basis to support the Policy.

Transparency and communications

Since 2010, CDIC has proactively disclosed on its website travel and hospitality expenses for its Executive Team. The Corporation reviews its disclosures on a regular basis and makes changes when warranted.

Report on annual expenditures for travel, hospitality and conferences

Changes to CDIC's processes and systems, including its chart of accounts, will need to be made in order to track and report accurately on each of travel, hospitality and conference fees. Beginning in 2016/2017, the total annual expenditures for each of travel, hospitality and conference fees for the Corporation will be disclosed on its website. A preliminary report on annual expenditures for travel, hospitality and conferences is set out below (see Figure 7).

Figure 7

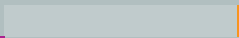
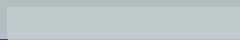
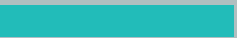
Annual expenditures for travel, hospitality and conferences									
<i>(C\$ millions)</i>									
	Actual three-year average (2012/2013 to 2014/2015)*	Actual 2014/ 2015	Budget 2015/ 2016	Forecast 2015/ 2016	2016/ 2017	Plan			
						2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021
Travel	0.9	0.9	1.2	1.1	1.2	1.3	1.3	1.3	1.3
Hospitality	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Conference fees	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total	1.2	1.2	1.5	1.4	1.5	1.6	1.6	1.6	1.6

* Actual costs from 2012/2013 to 2014/2015 are high level estimates only, as the general ledger structure and financial coding processes and procedures in place during those years may not have been consistent with the definitions in the TBS *Directive on Travel, Hospitality, Conference and Event Expenditures*. The amounts were coded and presented in a manner that was in accordance with IFRS, and also for internal management reporting purposes.

Note: Actual and forecast figures are estimates only, and have been rounded up to the nearest \$100,000. Actual costs may vary significantly. CDIC undertakes a detailed planning process to develop its operating budget for the following year and, thereafter, assumes a 2% annual increase to account for inflation. Factors that could also result in actual costs varying significantly from these forecast figures include, but are not limited to: changes in CDIC's staffing levels; changes to the nature or scope of CDIC's operations; requirement for CDIC to intervene in the affairs of one of its member institutions; and CDIC's outreach activities with international resolution authorities, regulators, protection schemes and financial market infrastructure organizations.



MULTIFUNCTIONAL YET SIMPLE





PROTECTIVE YET SHARING

PART 4 – Performance against past Plans

CDIC’s previous Corporate Plan (2015/2016 to 2019/2020) identified three corporate strategies that reflected the Corporation’s assessment of its operating environment and risks, and that supported its business objects:

- Modernize CDIC’s deposit insurance program
- Build preparedness to resolve domestic systemically important banks (D-SIBs)
- Foster an environment of innovation and excellence

HIGHLIGHTS OF CDIC’S PAST PERFORMANCE

Key targets and supporting initiatives were identified to support these strategies. As detailed in the Corporate Scorecard on the following pages, progress against most of CDIC’s corporate targets and initiatives is proceeding as planned as at December 31, 2015, with the exception of the following initiatives:

- Roll out a payout transformation plan focusing on payment channels and methods, and communications with depositors.
- Augment resources to strengthen internal D-SIB resolution preparedness and accelerate resolution planning.
- Strengthen all aspects of CDIC’s information management program.

The Scorecard includes additional information on the status of these and other key corporate targets and initiatives.

CDIC’S CORPORATE SCORECARD – 2015/2016 TO 2019/2020

(as at December 31, 2015)

Key corporate initiatives	Status	Update
<p>Corporate strategy: Modernize CDIC’s deposit insurance program</p>	<p>On track</p>	<p>Corporate targets:</p> <ul style="list-style-type: none"> • By the end of the planning period, CDIC has the capability to reimburse depositors in a manner (including speed, convenience, security and communication) that reflects depositor expectations and advancements in technology. • By 2017/2018, build a more robust risk assessment process that leverages data analytics and intervention plans for selected members. • Continue to participate in the Government’s review of Canada’s deposit insurance framework, putting forward to the Department of Finance sound recommendations to ensure adequate protection is provided to Canadians. This could include implementing any required changes to the deposit insurance program. • Over the planning period, CDIC will leverage technology to promote awareness of CDIC, including communicating any changes arising from the deposit insurance review.

LEGEND

- ▲ Planned progress on schedule and within budget
- ▼ Slippage in terms of time to completion, budget and/or target variances
- Cancelled or deferred

CDIC'S CORPORATE SCORECARD – 2015/2016 TO 2019/2020 (CONTINUED)

(as at December 31, 2015)

Key corporate initiatives	Status ▲ ▼ ●	Update
Roll out a payout transformation plan focusing on payment channels and methods, and communications with depositors.	▼	Progress is being made across all payout transformation work streams. Meetings are underway with member institutions to establish a transfer process that would eliminate the use of cheques to reimburse depositors. The target date for completion is March 31, 2016; however, work is likely to extend beyond this date, depending on the outcome of discussions with the member institutions on how their own processes and systems could be leveraged for payments and communications.
Review and update risk assessment processes, including enhancements to data collection and analysis.	▲	CDIC's review of its risk assessment methodology is progressing well. The review is being conducted to ensure that member risks continue to be assessed in line with industry best practices and that intervention activities are prioritized appropriately. The expected completion date is April 2016, after which any recommendations will be implemented.
Actively participate in the deposit insurance review by providing input on CDIC's position and expert research, and implementing any required changes to its program.	▲	CDIC has undertaken research and formulated policy positions, and has analyzed and taken steps to assess the impact of possible changes to Canada's deposit insurance framework. Work is underway to finalize various research papers resulting from an extensive analytics project based on membership data.
Develop intervention plans for selected members, leveraging domestic systemically important bank (D-SIB) resolution planning processes and preparedness.	▲*	Intervention/resolution planning was undertaken in 2015/2016 for two mid-sized members, with the expected results being the completion of an intervention plan for one of these members by March 31, 2016. During the year, the anticipated timing of receipt of the member's recovery plan, a key input to the intervention plan, was moved by the Office of the Superintendent of Financial Institutions to early in CDIC's 2016/2017 fiscal year. As a result, while an initial intervention plan for this member is expected to be completed by the end of the fiscal year, the plan will require further development once this information is received.
Implement a new three-year public awareness strategy, which focuses on cost-effective activities, and which targets the general population (especially those aged 50 and over) and financial advisors.	▲	CDIC is delivering on its new strategy with an ad campaign that launched in late October 2015. A renewed website was launched on December 16, 2015, on schedule. A detailed plan to communicate CDIC's role as resolution authority is being finalized.

*This initiative involves external parties. Although CDIC's work has progressed in this area, the corporate initiative may not be met due to delays outside of the Corporation's control.

LEGEND

- ▲ Planned progress on schedule and within budget
- ▼ Slippage in terms of time to completion, budget and/or target variances
- Cancelled or deferred

Key corporate initiatives	Status ▲ ▼ ●	Update
<p>Corporate strategy: <i>Build preparedness to resolve domestic systemically important banks</i></p>	<p>On track</p>	<p>Corporate targets: During the planning period, CDIC will:</p> <ul style="list-style-type: none"> Develop and implement a multi-year plan to establish and validate robust resolution strategies for each D-SIB. Implement a multi-year plan outlining the initiatives and operational framework required to achieve appropriate preparedness for a D-SIB resolution. Deepen relationships with strategically important stakeholders, by engaging with domestic and international organizations necessary to the resolution of a Canadian D-SIB.
<p>Advance the resolvability of D-SIBs by working closely with banks on the development of credible resolution plans and the assessment of various structural and operational simplification options.</p>	<p>▲</p>	<p>Resolution plan guidance was developed and distributed to the D-SIBs and key stakeholders for comment in December 2015. CDIC is awaiting feedback from the D-SIBs and partner agencies prior to releasing the final guidance document in early 2016. In addition, resolvability reports were completed for all six D-SIBs.</p>
<p>Continue to work with other federal safety net agencies to enhance Canada’s resolution framework.</p>	<p>▲*</p>	<p>CDIC is participating in policy development related to the bail-in regime and this work will continue.</p>
<p>Augment resources to strengthen internal D-SIB resolution preparedness and accelerate resolution planning.</p>	<p>▼</p>	<p>Given recent changes to its Executive Team, CDIC has experienced some delay in staffing positions related to preparedness for the resolution of a D-SIB. Remaining positions are expected to be filled by June 30, 2016, with consideration for how best to align preparedness resources across the Corporation (i.e., for all types of member failure resolutions).</p>
<p>Further develop CDIC’s operational playbook, detailing roles, responsibilities and key decisions in a D-SIB resolution, and validate through internal and external simulation/testing exercises.</p>	<p>▲</p>	<p>An interim operational playbook was created. The work is now progressing to advance the governance and resourcing (including third party) components of the playbook. Significant progress has been made in preparing for a March 2016 inter-agency simulation exercise. All safety net agencies have confirmed their participation and the exercise preparations are nearing completion.</p>
<p>Establish and implement an outreach program to engage with key domestic and international resolution authorities, regulators, protection schemes, and financial market infrastructure organizations, and put in place bilateral agreements to encourage information sharing and coordination.</p>	<p>▲</p>	<p>CDIC has engaged substantively all high and medium priority targets and is processing the information gathered. Memoranda of Understanding were signed with the Bank of England on September 14, 2015, and with the Prudential Regulation Authority of England on December 2, 2015.</p>

*This initiative involves external parties. Although CDIC’s work has progressed in this area, the corporate initiative may not be met due to delays outside of the Corporation’s control.

CDIC'S CORPORATE SCORECARD – 2015/2016 TO 2019/2020 (CONTINUED)

(as at December 31, 2015)

Key corporate initiatives	Status ▲ ▼ ●	Update
<p>Corporate strategy: <i>Foster an environment of innovation and excellence</i></p>	On track	<p>Corporate targets: <i>Throughout the planning period, CDIC will:</i></p> <ul style="list-style-type: none"> ▪ <i>Foster an environment of continuous improvement and innovation among its employees.</i> ▪ <i>Focus on recruitment, retention and succession planning for key roles within the Corporation.</i> ▪ <i>Stay abreast of environmental changes that affect the Corporation.</i> ▪ <i>Invest strategically in the Corporation's supporting functions while prudently managing its budget and key corporate risks.</i>
Implement a new three-year talent management strategy focused on succession planning, empowering business leaders, and on attracting, developing and retaining a well-trained and engaged work force.	▲	A leadership development program is being finalized and will be rolled out in the first quarter of 2016/2017 to further develop leaders and prepare successors for key positions. In addition, recruitment strategies have been broadened to attract talent through interchanges and term positions, and steps have been taken to share information with other jurisdictions on recruitment best practices.
Continue to develop CDIC's Emerging Risk function, creating a stronger link with its Enterprise Risk Management (ERM) function.	▲	A strategic direction has been developed for the Emerging Risk function to ensure it continues to meet the needs of the Corporation and in a manner that complements CDIC's ERM program.
Implement a new investment management model and enhance investment management practices.	▲	The necessary system upgrades and some technical training have been completed. Final training is scheduled for January 2016.
Reinforce and centralize financial management processes and controls.	▲	Net operating expenses for 2015/2016 are forecast to be within the approved budget. Internal audit recommendations to enhance controls are being addressed on time and no significant control weaknesses have been identified.
Strengthen all aspects of CDIC's information management (IM) program.	▼	Though slightly behind schedule, IM training requirements and plans are being finalized. A revised retention and disposition schedule is expected to be approved by the end of January 2016.
Implement CDIC's information systems (IS) strategic plan which focuses on ensuring efficiency of service delivery, updating intervention systems, and strengthening security.	▲	A vendor has been selected to implement CDIC's cyber security solution and work has commenced with a project completion date of March 2016. In addition, IS has launched a project to modernize and upgrade the Corporation's data warehouse.

LEGEND

- ▲ Planned progress on schedule and within budget
- ▼ Slippage in terms of time to completion, budget and/or target variances
- Cancelled or deferred

