



## **SUMMARY OF THE CORPORATE PLAN 2017/2018 to 2021/2022**

Including a Summary of the 2017/2018 Operating  
and Capital Budgets, and Borrowing Plan



## MANDATE

CDIC provides insurance against the loss of all or part of deposits and promotes and otherwise contributes 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.

## VISION

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

## CDIC DEPOSIT INSURANCE COVERAGE

### What's covered?

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:

- 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

### What's an eligible deposit?

Eligible deposits include:

- 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

Deposits must be payable in Canada, in Canadian currency.

### What's not covered?

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.

## FOR MORE INFORMATION ABOUT CDIC

Visit CDIC's website at [www.cdic.ca](http://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](http://www.cdic.ca)  
E-mail: [info@cdic.ca](mailto:info@cdic.ca)

Catalogue number: CC392-1

## EXECUTIVE SUMMARY

### CDIC's operating environment

Overall, CDIC's membership and the Canadian financial system have continued to prove resilient to the many economic challenges experienced both domestically and abroad. CDIC's membership is exhibiting strong financial results, while maintaining healthy capital and liquidity levels. Notwithstanding this solid performance, economic growth in Canada has continued to slow, mainly due to the global weakness in oil and other commodities, as well as to faltering economic growth in China and Europe. High consumer indebtedness and elevated residential real estate prices in certain key markets have left Canadian households more vulnerable than in the past to a sharp and sustained decline in home prices, a rise in unemployment or interest rates, or other trigger events with potential impacts for CDIC's members.

### CDIC's strategic objectives and supporting programs

Given CDIC's mandate, operating environment and corporate risks, activities over the planning period will be focused in four areas and corresponding strategic objectives and programs:

#### 1. Member risk management and failure resolution preparedness

**Strategic objective:** *Enhance and integrate resolution planning and preparedness processes with risk assessment activities to manage risk effectively, and to be able to respond to the failure of any member, regardless of size.*

Our preparedness to intervene effectively in the event of a member failure requires strong capabilities within and between CDIC's risk management and resolution activities. CDIC undertakes simulations or tabletop exercises every year to test and enhance these capabilities and linkages. During the planning period, we will: make investments in modern technology to reimburse depositors impacted by a failure; advance preparation for the resolution of Canada's systemically important banks by implementing a robust process to assess and test how these banks could be resolved in a manner that protects CDIC's deposit insurance fund, taxpayers and stability in Canada's financial system; and build the capabilities to implement our new bail-in powers, which allow us to keep a failing bank open and operating for depositors.

#### 2. Deposit insurance program

**Strategic objective:** *Modernize key elements of CDIC's deposit insurance program (including processes, by-laws and legislation) to ensure that they continue to support the Corporation in the delivery of its mandate, and that they keep pace with the changing banking landscape, and meet the needs of depositors.*

To keep pace with changes in the regulatory environment, CDIC will implement a comprehensive by-law review program, including updates to our by-laws so they continue to reflect the Corporation's role as a deposit insurer and resolution authority. In the first year of this Plan, and given the evolution in the manner with which depositors interact with CDIC members, we will update the *Deposit Insurance Information By-law* that requires members to provide information about CDIC membership and deposit insurance. We will also review and update internal processes that support our deposit insurance program, to ensure that they remain effective and aligned with expected updates to by-laws and related legislation.

#### 3. Stakeholders

**Strategic objective:** *Strengthen engagement with depositors and other key stakeholders through activities to promote public awareness of deposit insurance and support CDIC's role as deposit insurer and resolution authority.*

Our public awareness campaign is an important tool to support financial stability in Canada. Results of CDIC's ongoing monitoring show that public awareness of deposit insurance protection and of CDIC has declined. We will devote significant effort over the planning period to increase public awareness on

both fronts. We will also work to enhance understanding of CDIC's role as resolution authority in the Canadian financial system. Given the breadth of our stakeholders (including international and domestic partners) and the important role they play in ensuring an effective deposit insurance and resolution program, we will put in place a robust engagement program to strengthen our relationships with them.

#### 4. People

**Strategic objective:** *Prepare CDIC for the work force of the future so that it can continue to attract and retain talented and engaged employees, taking into account changing demographics, evolving work force trends, and CDIC's environment, size and culture.*

CDIC's work force has grown and the demographics have shifted significantly to a younger profile over the past five years. With a stable set of committed professionals, we will focus on ensuring that employees continue to be engaged and enjoy their work environment. We will develop and implement our next three-year talent management strategy which will address demographic shifts, career management expectations, new workspace trends and supporting technologies.

### Financial and resource plans

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

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Two key planning assumptions contribute to the development of this Plan: 1) the assumed annual growth in insured deposits (4.5% for 2017/2018 reflecting current tendencies toward savings, and 3.0% annual growth each year thereafter); and 2) the assumed average yield on cash and investments (1.1% for 2017/2018, rising gradually to 1.3% in 2021/2022, consistent with the current low interest rate environment). The planned amounts for investment securities, the provision for insurance losses, and premium and investment revenue are directly impacted by these assumptions. The provision for insurance losses is assumed to increase annually by \$50 million based on the assumed growth in insured deposits described above.

For 2017/2018, CDIC projects after-tax net income to be \$469 million, based on total revenue of \$566 million (consisting of \$519 million in premium revenue and interest revenue of \$47 million), net operating expenses of \$47 million and an increase to the provision for insurance losses of \$50 million. Net income for 2016/2017 is forecasted to be \$270 million, resulting from revenue of \$462 million (consisting of \$421 million in premium revenue and interest income of \$41 million), net operating expenses of \$42 million and an increase to the provision for insurance losses of \$150 million.

The operating expense budget for 2017/2018 has increased to \$47 million compared to \$44 million in the prior year. This increase is primarily due to the funding required for CDIC's public awareness campaign, in support of an updated awareness target range of 60%–65%. Otherwise, many of the inflationary and contractual increases (e.g., salaries, rent, etc.) have been absorbed through reductions in other areas.

The Corporation forecasts that its *ex ante* funding will grow to 56 basis points of insured deposits by the end of the 2017/2018 fiscal year, compared to the minimum target range of 100 basis points that was set in 2011, which is expected to be met by the 2024/2025 fiscal year.

Approved premium rates for the 2017/2018 fiscal year are:

<b>Category 1</b>	6.5 basis points of insured deposits
<b>Category 2</b>	13.0 basis points of insured deposits
<b>Category 3</b>	26.0 basis points of insured deposits
<b>Category 4</b>	33.3 basis points of insured deposits



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**PART 1**  
**ABOUT CDIC**



In 50 years, the way we manage our data has changed, but not our goal to safeguard Canadians' savings.

The Canada Deposit Insurance Corporation (CDIC) was established in 1967 by the *Canada Deposit Insurance Corporation 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*. CDIC 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 applies a differential premiums structure that classifies each member annually into one of four premium categories.

In 2017, CDIC celebrates its 50th anniversary. We continue to work for Canadians by insuring eligible deposits made at banks and other financial institutions that are CDIC members. (See the inside cover for a list of what's covered and what's not covered by CDIC.) While there have been 43 member failures since 1967, due to CDIC's protection Canadians did not lose any insured deposits related to those failures. We help to keep Canada's financial system strong.

CDIC is the resolution authority in Canada for all of its member institutions, including the six largest banks, known as domestic systemically important banks (D-SIBs). The Corporation also works with its federal partners and domestic and international stakeholders to strengthen collaboration and planning, to be ready in the unlikely event of a D-SIB failure in Canada.

CDIC members include most Canadian chartered banks, trust and loan companies, and federally regulated credit unions, as well as retail associations governed by the *Cooperative Credit Associations Act*. As at December 31, 2016, there were 80 member institutions.

## CDIC'S BOARD OF DIRECTORS AND EXECUTIVE TEAM

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

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 visit [www.cdic.ca](http://www.cdic.ca).



## CDIC Board of Directors

as at December 31, 2016

**Robert O. Sanderson**  
Chair of the Board

### Private sector Directors

**George Burger**  
Business Executive  
Toronto, Ontario

**Susan Hicks**  
Business Executive  
Moncton, New Brunswick

**Éric Pronovost**  
Chartered Professional  
Accountant  
Trois-Rivières, Québec

**Shelley M. Tratch**  
Lawyer  
Vancouver, British Columbia

**Angela Tu Weissenberger**  
Economist  
Calgary, Alberta

### Ex officio Directors

**Jamey Hubbs**  
Assistant Superintendent  
Deposit-Taking Supervision  
Sector  
Office of the Superintendent  
of Financial Institutions

**Stephen Poloz**  
Governor  
Bank of Canada

**Paul Rochon**  
Deputy Minister  
Department of Finance

**Jeremy Rudin**  
Superintendent of Financial  
Institutions  
Office of the Superintendent  
of Financial Institutions

**Lucie Tedesco**  
Commissioner  
Financial Consumer Agency  
of Canada

### Alternates (for ex officio Directors)

**Leah Anderson**  
Assistant Deputy Minister  
Financial Sector Policy Branch  
Department of Finance  
*(Alternate for the Deputy Minister  
of Finance)*

**Sylvain Leduc**  
Deputy Governor  
Bank of Canada  
*(Alternate for the Governor  
of the Bank of Canada)*

## Executive Team

as at December 31, 2016

**Michèle Bourque**  
President and Chief Executive Officer

**Dean A. Cosman**  
Senior  
Vice-President  
Insurance and  
Risk Assessment

**Michael Mercer**  
Senior  
Vice-President  
Resolution

**Anthony Carty**  
Vice-President  
Finance and  
Administration,  
and Chief  
Financial Officer

**Chantal M. Richer**  
Vice-President  
Corporate Affairs,  
and General  
Counsel

**M. Claudia Morrow**  
Chief, Office of  
the President, and  
Corporate Secretary

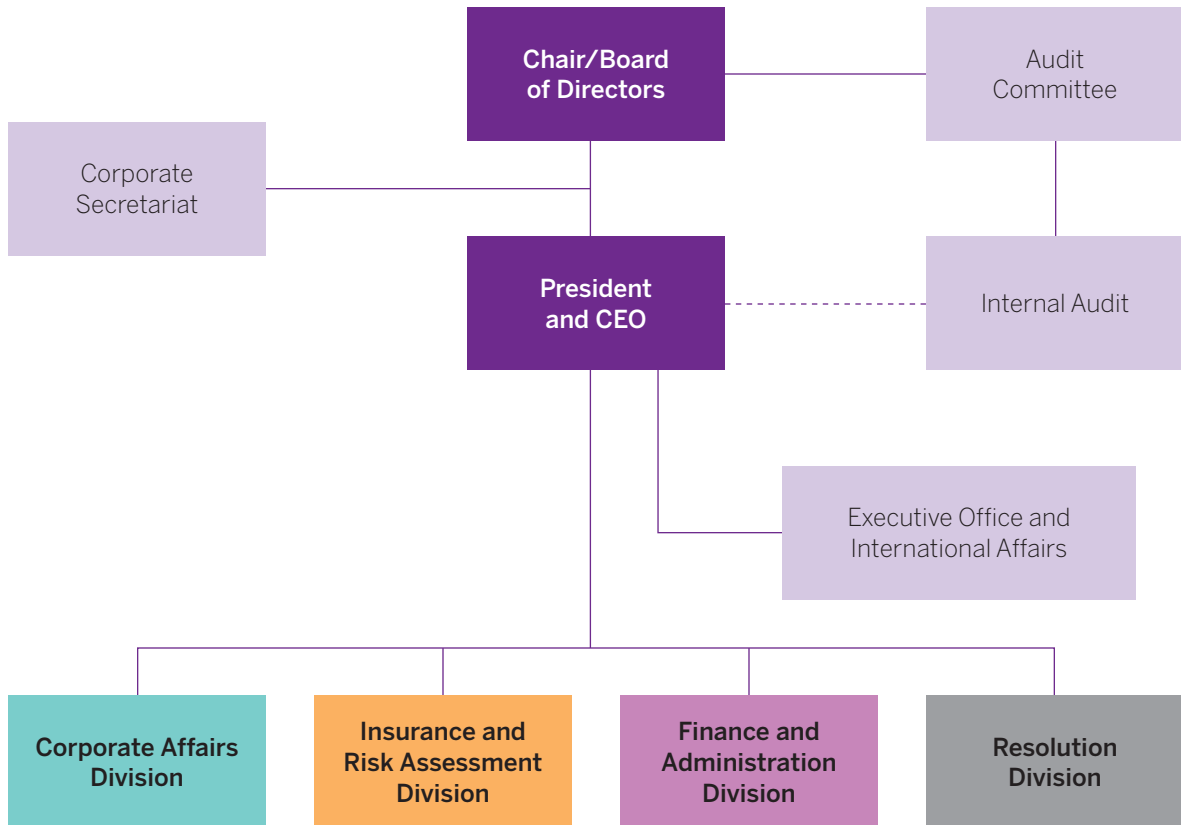




## HOW CDIC IS ORGANIZED

### CDIC's organizational structure

as at December 31, 2016



----- Denotes administrative reporting relationship





**PART 2**  
**CDIC'S FIVE-YEAR PLAN**



Our coverage limit has changed to \$100,000 from \$20,000, but not our guarantee of protection.

## CDIC'S OPERATING ENVIRONMENT

### Economic and regulatory environment

Economic growth in Canada has continued to slow, mainly due to the global weakness in oil and other commodities, as well as to faltering economic growth in China and Europe. Persistently low oil prices have continued to affect Canadian oil-producing provinces, resulting in declines in investment spending and jobs. At the same time, the stimulative effect of the low value of the Canadian dollar was somewhat reduced during the first half of 2016 as the dollar appreciated. High consumer indebtedness and elevated residential real estate prices in certain key markets have left Canadian households more vulnerable than in the past to a sharp and sustained decline in home prices, a rise in unemployment or interest rates, or other trigger events with potential impacts for CDIC's members.

CDIC continues to support Canada's G20 commitment to improve the resolvability of systemically important banks. Canada's domestic systemically important banks (D-SIBs) prepared their inaugural set of resolution plans in late 2016. Through the planning period, as Canada's resolution authority, CDIC will guide D-SIBs to take the necessary actions to remove impediments that would otherwise hinder the Corporation's ability to resolve their failure in an orderly manner.

Legislation relating to the bank recapitalization (bail-in) regime received Royal Assent in June 2016. CDIC Management has been working with the Department of Finance and other safety net agencies to develop the necessary regulatory framework to support a bail-in (e.g., setting out the scope of bank liabilities that would be subject to bail-in, and the process by which affected persons could be compensated, should they be more disadvantaged as a result of a CDIC member institution resolution when compared to a liquidation). Regulations are under development and are expected to be in place early in the planning period. Once regulations are established, further work and consultations will be undertaken with respect to the operational aspects of executing a bail-in conversion. CDIC will also develop by-laws to set out procedural elements, as necessary.

In August 2016, the Department of Finance issued a consultation paper calling for the review of the federal financial sector framework. The review is necessary because of sunset provisions that require financial legislation to be reviewed by March 2019. This provides CDIC with the opportunity to strengthen its legislative authority in support of the delivery of its mandate in an evolving banking environment.

The Department of Finance released another consultation paper in September 2016 dealing with Canada's deposit insurance system, which touches on critical aspects of CDIC's program (e.g., coverage). This could lead to important modifications to Canada's deposit insurance program with potential impacts on CDIC's operations.

### Membership environment

Overall, CDIC's membership and the Canadian financial system have continued to prove resilient to the many economic challenges experienced both domestically and abroad. CDIC's membership is exhibiting strong financial results, with healthy capital and liquidity ratios.

Notwithstanding their overall solid performance, several members' business models are under pressure, leading to some expansion in higher risk sectors and the adoption of cost-reduction strategies in an effort to maintain or increase profitability. Competition for retail deposits also remains intense, with several members undertaking concerted strategies to diversify and grow their retail deposit base, further compressing historically low net interest margins. These pressures, combined with the build-up of risks in key real estate markets and a rising proportion of consumers susceptible to economic shocks, underscore the need for CDIC to focus on its risk monitoring and preparedness activities. Early identification of members posing a higher risk of failure enables CDIC to be prepared to deal with members in difficulty.



## Depositor environment

CDIC insures \$741 billion of deposits at 80 member institutions. As public awareness is an important pillar of an effective deposit insurance program, it is critical that depositors are aware of CDIC's deposit protection. Consumers who know about deposit insurance and CDIC make more informed investment decisions, thereby mitigating the risk of bank runs and contributing to financial stability in Canada. Over the past four years, public awareness has declined to 48% from its peak of 61% in 2012, when CDIC ended its advertising campaign on television. This downward trend is below our current awareness level target of ensuring that at least one in two Canadians is aware of CDIC's deposit protection. CDIC Management and its Board expressed some concern with this declining trend, and so a research study was conducted. Results suggested that our target awareness levels should be increased and changes made to our target audience to reduce the risk of bank runs. The study found that three demographic groups in particular may be predisposed to bank runs if they are not aware of CDIC's deposit protection—young Canadians, low-income households and women.

## Corporate environment

Changing demographics towards a younger employee profile have impacted the nature of our work force, and this is also expected to affect the work environment and tools that our employees need to do their jobs. CDIC's staff complement now comprises a younger demographic than the typical Canadian workplace. We continue to have a low turnover rate of 5% and close to best in class engagement levels of 70%. However, given our structure and relatively low headcount, we must continue to attract and retain an engaged work force.

## CORPORATE RISKS

CDIC maintains 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 includes a comprehensive annual assessment, as well as quarterly updates. Assessments are conducted on a residual risk basis that consider the following:

- the potential impact of the risk on the Corporation's financial position, reputation and/or ability to fulfill its mandate and statutory objects
- the likelihood of such an event occurring (external environment considerations)
- the Corporation's risk management activities

Management's assessment at December 31, 2016, highlighted five areas that require attention and for which mitigation strategies have been developed, as described below:

1. There are significant risks in the environment (e.g., weakness in oil and other commodities, slow growth in Canada, high consumer indebtedness, elevated residential real estate prices, etc.) that could lead to a series of member failures to which CDIC would need to respond.
2. CDIC's reimbursement system was initially developed 13 years ago. Given technology updates, changes to our deposit insurance program and new members, there is a risk that modifications to the system to accommodate future requirements and support faster reimbursements to depositors may be difficult.
3. Given our role as resolution authority, current government initiatives to update financial sector legislation and our deposit insurance program, there is a risk that CDIC's by-laws have not or will not keep pace with these changes.





4. In considering changes to our by-laws, we must also consider the impact on members. As such, regulatory burden for our members needs to be monitored by CDIC, given the recent increase in information requirements, our resolution planning efforts and higher premiums.
5. Declining public awareness of deposit insurance and CDIC is a concern as it exposes uninformed depositors to loss and increases the risk of bank runs.

The programs that will address CDIC's top risks are described below and include initiatives to: modernize key systems to support a rapid reimbursement to insured depositors; a comprehensive by-law review program to ensure that CDIC by-laws are updated; an engagement program to strengthen relationships with key stakeholders; and a public awareness campaign to increase awareness of CDIC and its deposit insurance program.

CDIC will monitor the progress on these programs, and continually assess their impact on risk and when the risks have been mitigated to an acceptable level. We will also ensure any new risks are identified. CDIC's Strategic Initiative Management Board, which oversees all of the Corporation's key projects, will be leveraged to monitor the above mitigation activities.

## STRATEGIC OBJECTIVES AND SUPPORTING PROGRAMS

Given CDIC's mandate, operating environment and corporate risks, over the planning period CDIC will pursue its strategic objectives and supporting programs in four areas:

1. Member risk management and failure resolution preparedness
2. Deposit insurance program
3. Stakeholders
4. People

Part 3 of this Plan includes the budgets that support these programs, against which progress will be reported in CDIC's 2017 and future Annual Reports.

### 1. Member risk management and failure resolution preparedness

***Modernize key systems and processes to support a more streamlined, scalable and rapid reimbursement to all insured depositors.***

CDIC's reimbursement system was initially developed 13 years ago. New members, more complex products, proposed changes to coverage under consideration, and our resolution authority function require us to evaluate the robustness of our system and its flexibility to accommodate future requirements. Over the planning period, we will invest in enhancing our payout capabilities and operational readiness by upgrading core systems and associated processes. At the same time, CDIC will assess future payout and depositor communication needs when determining its next generation of payout systems, with the aim of providing more modernized reimbursement and communication options to Canadian depositors.

#### **Strategic objective**

Enhance and integrate resolution planning and preparedness processes with risk assessment activities to manage risk effectively, and to be able to respond to the failure of any member, regardless of size.





**2017/2018 key outcomes:**

- Functionality of the legacy payout system is tested.
- Design and implementation of a modern payout system is initiated by March 31, 2018.

**Long-term outcome:**

- A modern payout system that supports depositor communications and electronic transfer payment options is in place and tested by March 31, 2020.

***Improve the overall resolvability of Canada's D-SIBs by assessing and further developing CDIC's resolution plan testing activities and our preparedness to respond to any member failure.***

As Canada's bank resolution authority, CDIC has responsibility for enhancing and testing the feasibility of the resolution plans put forward by Canada's large banks. Canada's D-SIBs provided their inaugural resolution plans in 2016/2017. CDIC will assess and provide feedback to the banks on their plans in 2017/2018 and, in doing so, set parameters regarding the removal of remaining impediments. Our expectation is that D-SIBs will have addressed the material impediments to implement these plans that will enable CDIC to consider these large institutions resolvable by March 31, 2020.

As in past years, simulations and tabletop exercises with safety net partners will enhance CDIC's preparedness to execute a resolution. Outreach activities will also continue throughout the planning period to strengthen cooperative relationships with domestic and international resolution authorities, and Crisis Management Group meetings will be held in the fall of 2017 to discuss cross-border impediments to resolvability. In addition, with our safety net partners, CDIC will review the sufficiency and structure of our financial assistance in the context of a large bank failure, and make recommendations if changes are deemed necessary.

**2017/2018 key outcomes:**

- Feedback is provided to D-SIBs on their resolution plans and expectations set with respect to timelines to meet resolvability targets.
- Based on CDIC's feedback, D-SIBs are expected to update plans and report on the status of initiatives to meet their resolvability targets by December 31, 2017.
- D-SIB resolution is tested through a simulation with the safety net agencies.

**Long-term outcomes:**

- D-SIBs meet resolvability targets by March 31, 2020.
- Testing exercises are conducted with all D-SIBs to evaluate crisis response capabilities.
- Periodic crisis simulation exercises are conducted with the CDIC Board to assess internal preparedness.

***Continue to advance a number of initiatives relating to the implementation of a bail-in regime in Canada, including the development of by-laws and other operational aspects of executing a bail-in conversion.***

CDIC is currently building the necessary capabilities to implement its new bail-in powers. Bail-in recapitalizes a non-viable bank by converting certain long-term debt to common shares while the institution remains open and operating. Bail-in regulations and regulations related to the resolution compensation process are expected to be implemented early in the planning period. CDIC is also undertaking work and consultations regarding the legal and operational aspects of executing a bail-in conversion.



**2017/2018 key outcome:**

- Support the Department of Finance in the development of bail-in regulations and regulations related to the resolution compensation process.

**Long-term outcomes:**

- Bail-in conversion mechanics and compensation mechanics are finalized by mid-2018.
- Any necessary by-laws are in place by March 31, 2020.

## 2. Deposit insurance program

### *Implement a comprehensive by-law review program to ensure that CDIC by-laws are updated to reflect the evolving banking landscape, as well as the Corporation's role as a deposit insurer and resolution authority.*

To keep pace with changes in the regulatory environment, deposit insurance, depositor expectations and expected changes to our systems, we will establish a schedule of by-law reviews with a target completion date of December 2019. Specifically, in the first year of this Plan, we will update the by-law that requires members to provide information about CDIC membership and deposit insurance. As public awareness of CDIC and deposit insurance protection continues to decline, informing Canadians will be a focus for CDIC in the coming years. Furthermore, to address system changes, we will update the by-law and specifications that outline member data and system requirements to enable us to perform a quick payout. We will also proactively review and update internal processes that support the delivery of our deposit insurance program to ensure that they continue to be effective, and that they are aligned with expected updates to by-laws and related legislation.

**Strategic objective**

Modernize key elements of CDIC's deposit insurance program (including processes, by-laws and legislation) to ensure that they continue to support the Corporation in the delivery of its mandate, and that they keep pace with the changing banking landscape, and meet the needs of depositors.

**2017/2018 key outcome:**

- Updates are made to CDIC's *Deposit Insurance Information By-law* by June 30, 2017, and to CDIC's *Differential Premiums By-law* by December 31, 2017.

*Note that additional by-laws may be required to support resolution planning (to be determined).*

**Long-term outcome:**

- All by-laws are reviewed and updated by December 31, 2019.



### 3. Stakeholders

#### *Increase depositor awareness of CDIC and our deposit insurance program, leveraging our research on depositor behaviour.*

Changes to our *Deposit Insurance Information By-law* are expected to come into force in 2018. While member requirements and CDIC activities are complementary and overlap to a certain extent, they work in different ways: members help inform depositors about what is protected and what is not; CDIC seeks to raise general awareness of deposit insurance protection and of CDIC itself. Public awareness helps mitigate the risk of bank runs by assuring Canadians that CDIC protects their savings.

#### **Strategic objective**

Strengthen engagement with depositors and other key stakeholders through activities to promote public awareness of deposit insurance and support CDIC's role as deposit insurer and resolution authority.

To mitigate declining public awareness levels, members will continue to play an important role in informing Canadians about our deposit insurance program. In addition, CDIC will implement its public awareness strategy to maintain confidence in the Canadian financial system, taking into account new research into depositor behaviour. CDIC will work toward an updated awareness target range of 60%–65% of Canadians who are aware of CDIC. (The previous target was one in two Canadians.) The new strategy will focus on a target audience of the general population with a skew towards 25- to 34-year-olds and those aged 65 and older (instead of the general population with a skew to the 50-plus age group, our previous target population). To reach increased awareness levels, we will augment our television, web and search engine marketing presence throughout the planning period.

#### **2017/2018 key outcome:**

- Awareness of CDIC is increased to 55%–60% by March 31, 2018.

#### **Long-term outcome:**

- Awareness of CDIC is increased to 60%–65% by March 31, 2020.

#### *Build a robust engagement program to strengthen relationships with key stakeholders.*

Given the breadth of CDIC's stakeholders (domestic and international), ongoing by-law reviews, outreach activities, and members' involvement in awareness efforts and resolution planning, the Corporation will continue its efforts to strengthen relationships with stakeholders, including CDIC members, industry associations, regulators and others. Specifically in 2017/2018, CDIC will establish a systematic approach to identify, engage and manage stakeholder interactions and, in particular, will monitor the impact of our initiatives on our members and partners.

#### **2017/2018 key outcomes:**

- The stakeholder engagement approach is implemented by March 31, 2018.
- A semi-annual CDIC newsletter is introduced to key stakeholders to increase awareness of CDIC's activities.

#### **Long-term outcome:**

- Engagement activities are implemented throughout the planning period.



### *Enhance the level of understanding of CDIC's role as resolution authority in the Canadian financial system.*

CDIC will gradually enhance understanding of its role in resolution through an expanded approach to communication, specifically by providing general information about CDIC's role and activities as resolution authority. This will include posting additional information about resolution on the CDIC website, as well as conducting outreach activities with other stakeholders. Domestic and international outreach activities will also continue throughout the planning period.

#### **2017/2018 key outcome:**

- More information is available on the CDIC website to increase transparency of CDIC's resolution authority role by March 31, 2018.

#### **Long-term outcome:**

- An inventory of resolution resource information is maintained on the CDIC website to promote understanding of the Corporation's role.

## 4. People

### *Develop a new three-year talent management strategy, leveraging research on the work force of the future, including the impact of changing demographics and emerging workplace trends.*

CDIC's work force has grown and demographics have shifted significantly over the past five years to a younger profile. With a stable set of committed professionals, we will focus on ensuring that employees continue to be engaged and enjoy their work environment. Leveraging research that was completed in 2016/2017 on the work force of the future, we will develop and implement our next three-year talent management strategy. The strategy will address the demographic shifts in our work force, career management expectations, workspace trends and supporting technologies. It will help refine CDIC's value proposition for new and existing employees to meet the generational, gender and diversity needs of today's work force.

#### **Strategic objective**

Prepare CDIC for the work force of the future so that it can continue to attract and retain talented and engaged employees, taking into account changing demographics, evolving work force trends, and CDIC's environment, size and culture.

The Corporation's head office lease is due for renewal in 2020. Results of the work force study will provide important input to decisions related to location, design and tools, to ensure that the CDIC work environment is modernized and responds to the needs of a new generation of employees.

#### **2017/2018 key outcomes:**

- A new talent management strategy is adopted and ready for implementation by March 31, 2018.
- A detailed plan with respect to the lease for CDIC's head office premises is in place by March 31, 2018.

#### **Long-term outcomes:**

- A modernized work force that reflects emerging trends and changes in demographics is in place by March 31, 2021.
- CDIC has a refreshed work environment by September 30, 2020.





PART 3  
FINANCIAL AND  
RESOURCE PLANS



In 50 years, our dreams have changed, but not the need to insure and protect our means to achieve them.



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 corporate risks, as well as the supporting programs that the Corporation will undertake to achieve its strategic objectives 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 changes and other initiatives could have a significant impact on CDIC 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 losses from resolving member institutions which forms one part of CDIC's funding envelope. 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 of insured deposits and reflects the size and complexity of CDIC's member institutions, and international best practices. Management has reviewed the minimum *ex ante* funding target to assess the potential impact from the recent introduction of a bail-in regime in Canada on the loss model and concluded that the minimum target remains appropriate. CDIC's *ex ante* funding level as at December 31, 2016, was 50 basis points of insured deposits and is supported by a \$3.8 billion investment portfolio.

Additional funding is available through CDIC's authority to borrow under the *Canada Deposit Insurance Corporation Act* (the *CDIC Act*). As at December 31, 2016, the Corporation may borrow up to \$22 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. *It is assumed that no borrowing will be necessary during the planning period.*

### 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 its Premium Rate and *Ex Ante* Funding Strategy (the 2011 Strategy) following consultation with member institutions and other interested parties and a thorough review by CDIC's Board of Directors. 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 2017/2018 to 2021/2022 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 one basis point in 2017/2018 to 6.5 basis points, and by one basis point in the following year, after which 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 4.5% in 2017/2018 and 3.0% thereafter. All other inputs into the provision for insurance losses are based on information as at December 31, 2016.* 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. The 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 investment portfolio consists of 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 2017/2018, rising gradually to a yield of 1.3% in 2021/2022, consistent with the current low interest rate environment.*

## RESOURCE PLANS

### Operating budget—2017/2018 to 2021/2022

CDIC is a self-funded Crown corporation and does not receive government appropriations. The cost-conscious approach was adopted again this year in developing the 2017/2018 operating expense budget, whereby many of the inflationary and contractual increases (e.g., salaries, rent, etc.) were absorbed through reductions in other areas. The budget for public awareness has increased by \$2.3 million to fund the public awareness campaign, in support of an updated awareness target range of 60%–65%.



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

**Figure 1**

<b>Operating budget</b> (C\$ millions)								
	Actual	Approved Plan	Forecast		Plan			
	2015/ 2016	2016/ 2017	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021	2021/ 2022
<b>OPERATING EXPENSES</b>								
Salaries and other personnel costs	22.0	23.9	21.9	23.8	24.4	25.0	25.6	26.3
Other operating expenses:								
Professional fees	3.9	5.5	5.9	5.7	5.8	5.9	6.0	6.2
General expenses	5.5	6.4	5.3	6.5	6.6	6.8	6.9	7.0
Premises	3.6	3.9	3.6	3.9	4.0	4.0	4.0	4.0
Public awareness	3.0	2.7	3.0	5.0	5.0	5.0	5.0	5.0
Data processing	2.2	2.1	2.1	2.5	2.6	2.6	2.7	2.7
Total operating expenses	40.2	44.5	41.8	47.4	48.4	49.3	50.2	51.2
Less cost recovery (OSFI)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
<b>Net operating expenses*</b>	<b>40.0</b>	<b>44.3</b>	<b>41.6</b>	<b>47.2</b>	<b>48.2</b>	<b>49.1</b>	<b>50.0</b>	<b>51.0</b>

\* For planning purposes, net operating expenses have an assumed annual growth of 2% starting in fiscal 2018/2019. For 2018/2019 to 2021/2022, actual budgets may vary materially from those presented above.

## Human resource requirements

For 2017/2018, the Corporation's work force will increase to 137 permanent positions from 136 in 2016/2017. A slight decrease to CDIC's total number of full-time equivalents is assumed for the remainder of the planning period (from 2018/2019 to 2021/2022) 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—2017/2018 to 2021/2022

The budget for capital expenditures in 2017/2018 is \$1.75 million. CDIC's capital budget over the planning period is summarized in the following table (see Figure 2).

**Figure 2**

### Capital budget

(C\$ thousands)

	Actual	Approved Plan	Forecast	Plan				
	2015/ 2016	2016/ 2017	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021	2021/ 2022
Furniture and equipment	78	100	260	100	100	100	100	100
Computer hardware	392	500	650	500	300	300	300	300
Software development costs	480	1,000	480	1,150	1,000	1,000	1,000	1,000
Leasehold improvements	—	300	420	—	100	3,000	3,000	100
<b>Total</b>	<b>950</b>	<b>1,900</b>	<b>1,810</b>	<b>1,750</b>	<b>1,500</b>	<b>4,400</b>	<b>4,400</b>	<b>1,500</b>

For 2018/2019 to 2021/2022, actual budgets may vary materially from those presented above.

CDIC's capital budget is typically dominated by the capitalization of software development costs and hardware that meet specific criteria. Software development costs are primarily related to enhancing CDIC's core systems, data analytics and productivity tools. Capital expenditures during 2015/2016 were \$0.9 million compared to the planned amount of \$1.3 million. The \$0.4 million variance was primarily due to less than planned spending for software development costs, mainly CDIC's core systems. The 2017/2018 capital budget has decreased slightly compared to the 2016/2017 Plan; no leasehold improvements are planned for the year, with expenditures planned for the two-year period 2019/2020 to 2020/2021 of \$3.0 million each year.



## PROJECTED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND PAST RESULTS

The tables that follow present CDIC's expected performance from 2016/2017 to 2021/2022, as well as actual results for the year 2015/2016 (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				
	2015/ 2016	2016/ 2017	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021	2021/ 2022
<b>ASSETS</b>								
Cash	1	1	1	1	1	1	1	1
Investment securities	3,410	3,812	3,835	4,355	4,977	5,623	6,293	6,995
Capital assets	10	10	9	9	9	11	15	14
Other assets	4	—	—	—	—	—	—	—
<b>TOTAL ASSETS</b>	<b>3,425</b>	<b>3,823</b>	<b>3,845</b>	<b>4,365</b>	<b>4,987</b>	<b>5,635</b>	<b>6,309</b>	<b>7,010</b>
<b>LIABILITIES</b>								
Trade and other payables	5	5	5	5	5	5	5	5
Provision for insurance losses	1,300	1,350	1,450	1,500	1,550	1,600	1,650	1,700
Other liabilities	4	4	4	5	5	5	5	5
Total liabilities	1,309	1,359	1,459	1,510	1,560	1,610	1,660	1,710
<b>EQUITY</b>								
Retained earnings	2,116	2,464	2,386	2,855	3,427	4,025	4,649	5,300
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>3,425</b>	<b>3,823</b>	<b>3,845</b>	<b>4,365</b>	<b>4,987</b>	<b>5,635</b>	<b>6,309</b>	<b>7,010</b>





Figure 4

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

(C\$ millions)

	Actual	Approved Plan	Forecast			Plan		
	2015/ 2016	2016/ 2017	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021	2021/ 2022
<b>REVENUE</b>								
Premium*	361	400	421	519	617	637	655	675
Investment income	40	41	41	47	55	64	75	86
	401	441	462	566	672	701	730	761
<b>EXPENSES</b>								
Operating	40	44	42	47	48	49	50	51
Recovery of amounts previously written off	(5)	—	—	—	—	—	—	—
Increase in provision for insurance losses	50	—	150	50	50	50	50	50
	85	44	192	97	98	99	100	101
Net income before income taxes	316	397	270	469	574	602	630	660
Income tax recovery (expense)**	—	1	—	—	(2)	(4)	(6)	(9)
<b>NET INCOME</b>	<b>316</b>	<b>398</b>	<b>270</b>	<b>469</b>	<b>572</b>	<b>598</b>	<b>624</b>	<b>651</b>
Other comprehensive income***	—	—	—	—	—	—	—	—
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>316</b>	<b>398</b>	<b>270</b>	<b>469</b>	<b>572</b>	<b>598</b>	<b>624</b>	<b>651</b>

\* 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				
	2015/ 2016	2016/ 2017	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021	2021/ 2022
<b>RETAINED EARNINGS AND TOTAL EQUITY</b>								
Balance at beginning of the fiscal year	1,800	2,066	2,116	2,386	2,855	3,427	4,025	4,649
Total comprehensive income	316	398	270	469	572	598	624	651
<b>Ending balance</b>	<b>2,116</b>	<b>2,464</b>	<b>2,386</b>	<b>2,855</b>	<b>3,427</b>	<b>4,025</b>	<b>4,649</b>	<b>5,300</b>



Figure 6

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

(C\$ millions)

	Actual	Approved Plan	Forecast	Plan				
	2015/ 2016	2016/ 2017	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021	2021/ 2022
<b>OPERATING ACTIVITIES</b>								
Net income	316	398	270	469	572	598	624	651
Add (deduct) items not involving cash:								
Investment income	(40)	(41)	(41)	(47)	(55)	(64)	(75)	(86)
Tax expense (recovery)	—	(1)	—	—	2	4	6	9
Other	2	2	2	—	—	—	—	—
Change in working capital:								
Increase in provision for insurance losses	50	—	150	50	50	50	50	50
Change in other working capital items	1	—	—	—	—	—	—	—
Interest received	75	41	41	47	55	64	75	86
Income tax (paid) received	—	1	—	—	(2)	(4)	(6)	(9)
Net cash generated by operating activities	404	400	422	519	622	648	674	701
<b>INVESTING ACTIVITIES</b>								
Acquisition of property, plant and equipment, and intangible assets	(1)	(2)	(2)	(2)	(2)	(4)	(4)	(2)
Purchase of investment securities	(2,065)	(5,200)	(2,083)	(2,180)	(2,283)	(2,308)	(2,334)	(2,361)
Proceeds from sale or maturity of investment securities	1,661	4,802	1,663	1,663	1,663	1,664	1,664	1,662
Net cash used in investing activities	(405)	(400)	(422)	(519)	(622)	(648)	(674)	(701)
Net change in cash	(1)	—	—	—	—	—	—	—
Cash, beginning of year	2	1	1	1	1	1	1	1
<b>Cash, end of year</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>



## 2015/2016 actual to Plan

### **Statement of financial position**

**Total assets** as at March 31, 2016, were \$3,425 million, relatively consistent with the planned amount of \$3,431 million.

**Total liabilities** as at March 31, 2016, were \$1,309 million, relatively consistent with the planned amount of \$1,310 million.

### **Statement of comprehensive income**

**Total revenue** during the year was \$401 million, or \$12 million below Plan. CDIC's primary sources of revenue are premiums and investment income:

- *Premiums:* Actual premium revenue was \$361 million, compared to the planned amount of \$371 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 these assumptions, resulting in the variance.
- *Investment income:* Actual investment income was \$40 million, compared to the planned amount of \$42 million. The variance was primarily attributable to a lower investment yield compared to the yield included in the Plan.

**Net operating expenses** for the year were \$40 million, or \$4 million below Plan. This was mainly due to a slower pace of hiring than planned to fill vacancies within the Corporation, as well as lower than planned expenses for professional fees.

**Total comprehensive income** for the year was \$316 million, compared to planned total comprehensive income of \$320 million, a decrease of \$4 million. This variance was mainly attributable to the lower than planned premium revenue, offset in part by lower net operating expenses.

## 2016/2017 forecast to Plan

Forecasted net income (as at December 31, 2016) for 2016/2017 is \$270 million, compared to a planned net income of \$398 million. This \$128 million negative variance is largely due to the following:

- An increase of \$150 million to the provision for insurance losses, with no change included in the Plan. This variance is due primarily to the significant growth in insured deposits. The 2016/2017 to 2020/2021 Corporate Plan included an assumed growth in insured deposits of 2% compared to an actual growth of 6%. This growth in insured deposits can be attributed to overall economic growth and stability, a change in member institution business strategies, and the manner in which income and financial savings are allocated among a variety of financial instruments. Additional factors contributing to the variance in the provision for insurance losses include the categorization and risk profile of certain member institutions.
- \$21 million higher than planned premium revenue due to the growth in insured deposits.
- \$2 million less in net operating expenses, mainly in personnel costs, due to a slower than planned pace of hiring.

The Corporation forecasts that its *ex ante* funding will grow to 52 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 2016/2017 capital expenditures forecast is \$1.8 million, compared to planned expenditures of \$1.9 million.



## Borrowing plan

CDIC's funding activities are governed by section 10.1 of the *CDIC Act* and section 127 of the *Financial Administration Act*. These 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, 2016, 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 be used as a first call on liquidity, depending on the funding strategy. Considerations in developing a funding strategy would include, among others, future liquidity requirements and asset/liability matching.

## Short-term borrowing authorities for 2017/2018

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.

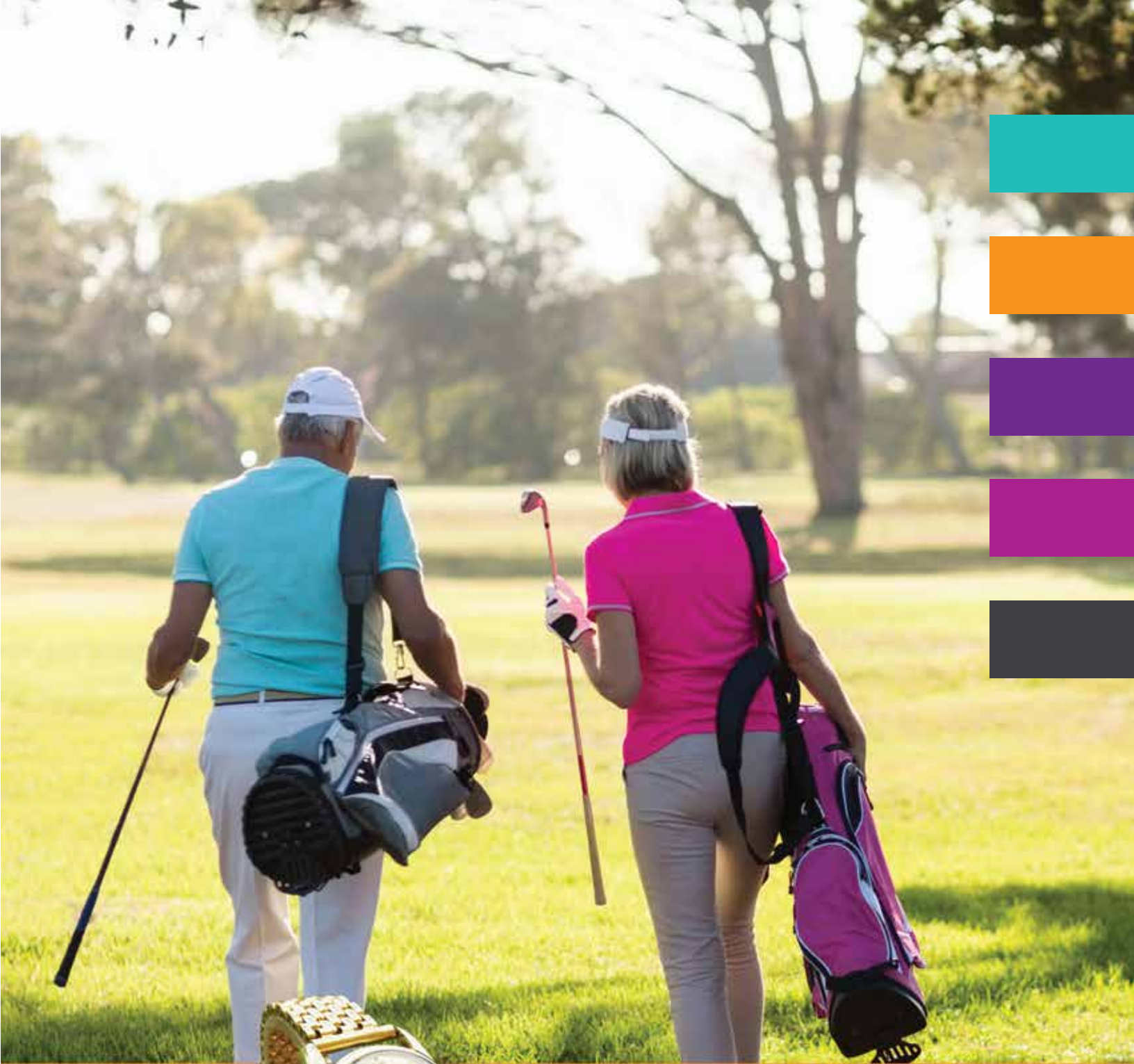
## REPORT ON ANNUAL EXPENDITURES FOR TRAVEL, HOSPITALITY AND CONFERENCES

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.

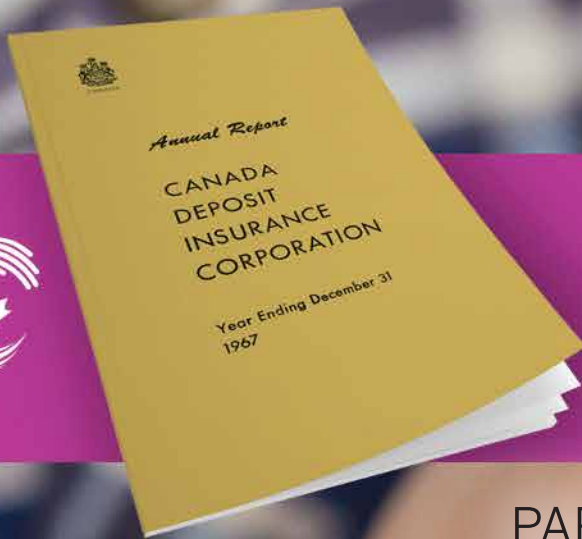
Changes to CDIC's processes and systems, including its chart of accounts, have been made in order to track and report accurately on each of travel, hospitality and conference fees. The total annual expenditures for travel, hospitality and conference fees for the Corporation will be disclosed on its website, starting with the 2016/2017 fiscal year. Beginning in 2017/2018, travel and hospitality expenditures incurred by CDIC's Board of Directors will also be disclosed on the CDIC website.







In 50 years, the way we see our retirement has changed, but not our confidence in the future.



The way we communicate has changed, but the message is still the same—Canadians' deposits are protected.

## PART 4 PERFORMANCE AGAINST PAST PLANS





CDIC's previous Corporate Plan (2016/2017 to 2020/2021) 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 the failure of domestic systemically important banks**
- **Foster innovative thinking and adaptability**

## 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, 2016, with the exception of the following initiatives:

- Continue to implement a payout transformation plan focusing on payment channels and methods, and on communications with depositors.
- Review and update risk assessment processes, including creating stronger linkages with member intervention and resolution planning, and enhancements to data collection and analysis.
- Implement year two of CDIC's three-year public awareness strategy, taking current and future Canadian banking habits into consideration, and communicating more broadly the Corporation's role with respect to large bank resolution.

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



## CDIC'S CORPORATE SCORECARD—2016/2017 TO 2020/2021

(as at December 31, 2016)

### Corporate strategy: Modernize CDIC's deposit insurance program

#### Corporate targets:

- 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 domestic systemically important bank (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.

Key corporate initiatives	Status	Update
Continue to implement a payout transformation plan focusing on payment channels and methods, and on communications with depositors.	▼	This initiative is experiencing slippage in terms of time to completion as challenges have been encountered with some original plans to update processes. Progress has been made in establishing requirements which could facilitate transfer to a payout agent; however, more work is required to determine if this would be an efficient option. An updated vision for CDIC's payout process of the future and system modernization will be delivered by the end of this fiscal year with requirements setting and implementation for upgrading commencing in the 2017/2018 fiscal year.
Review and update risk assessment processes, including creating stronger linkages with member intervention and resolution planning, and enhancements to data collection and analysis.	▼	An updated risk assessment methodology originally to be completed by December 31, 2016, is expected to be implemented beginning in April 2017, including new internal member ratings and enhanced reporting. Stronger linkages to intervention and resolution planning remain under development and will be assessed as part of a tabletop exercise in the fourth quarter of 2016/2017.
Continue to develop and roll out resolution plans for mid-sized members.	▲	The development of mid-sized member resolution plans is progressing as planned. Some plans are being updated this fiscal year, while others will be completed in 2017/2018.
Provide recommendations to the Government in the context of legislative reviews.	▲	CDIC developed a number of policy proposals with respect to the Department of Finance's review of financial legislation, and will be working closely with the Department of Finance to advance these proposals.  Moreover, CDIC continues to work with Department of Finance officials on the Government's deposit insurance review. Specifically, CDIC participated in stakeholder consultations during the fall of 2016.
Implement year two of CDIC's three-year public awareness strategy, taking current and future Canadian banking habits into consideration, and communicating more broadly the Corporation's role with respect to large bank resolution.	▼	Although awareness levels have been stable over the past year, they remain below the target awareness level of 50% (one in two Canadians). A research study into optimal awareness targets and audiences highlighted risks associated with low awareness levels. Results of the study and a proposed supporting strategy to change our target audience and targets were presented to the Board in the fall of 2016. Management continues to work on refining its public awareness strategy to increase awareness levels.

#### 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—2016/2017 TO 2020/2021

(as at December 31, 2016)

### Corporate strategy: Build preparedness to resolve the failure of domestic systemically important banks

#### Corporate targets:

- 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.

Key corporate initiatives	Status	Update
	▲ ▼ ●	
Continue to advance the resolvability of failing D-SIBs by guiding the development of bank-authored resolution plans and the process to assess the feasibility and credibility of those plans.	▲	The six D-SIBs delivered their inaugural resolution plans in early December 2016. Management is undertaking an assessment of the plans and will present its results to the Board in March 2017, as planned.
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 the bank recapitalization regime) on CDIC's operations.	▲	Management is working closely with colleagues at the Department of Finance and the other safety net agencies on the development of the bank recapitalization (bail-in) regime, including the drafting of required regulations and related stakeholder consultations.
Further develop CDIC's operational playbook, detailing roles, responsibilities and key decisions in a failing D-SIB resolution scenario, and validate it through internal and external tabletop and testing exercises.	▲	Management continues to develop elements of its operational playbook, including its funding approach, and roles and responsibilities. Work on decision-making frameworks is planned during the final quarter of the fiscal year. D-SIBs continue to evaluate their operational capabilities and ability to execute key aspects of their resolution plans.
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.	▲	Management continues to make progress with its outreach program and is in ongoing dialogue relevant to CDIC's resolution activities with key U.S., European and domestic regulators. A memorandum of understanding covering crisis coordination was finalized with the Investment Industry Regulatory Organization of Canada. In addition, Crisis Management Group meetings held in September 2016 provided a venue for updating international regulatory stakeholders on D-SIB resolution planning progress.

#### 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—2016/2017 TO 2020/2021

(as at December 31, 2016)

### Corporate strategy: Foster innovative thinking and adaptability

**Corporate targets:**

- 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.

Key corporate initiatives	Status	Update
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.	▲	The leadership development program was rolled out in 2016 and the results are being reviewed to assess and identify future training and development opportunities for the senior management group. A work force study was completed in the fall of 2016. The findings will inform the development of the next talent management strategy.
Implement an organizational model that integrates intervention and resolution capabilities and supports a quick and effective response in any failure scenario.	▲	CDIC's intervention group has transferred to the Resolution Division (RD). Clear roles and responsibilities are being developed to align risk assessment, planning and preparedness activities, and legal and communications responsibilities are now centralized in RD. A tabletop exercise planned for the fourth quarter of 2016/2017 will be used to validate the new operational model.
Develop and implement a strategy to enhance CDIC's data management, including improving accessibility to, and security and governance of, CDIC's data assets.	▲	A governance structure for CDIC's data management strategy has been established. An information portal is being tested during the fourth quarter of 2016/2017. A preliminary set of requirements for the design and implementation of a new data warehouse is being developed.
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.	▲	An executive-level committee was formed to monitor CDIC's key projects. The monitoring process began in July 2016 and results are being reported monthly to the oversight committee (CDIC's Executive Team) and, at a minimum, quarterly to the CEO. This committee also provides input to Enterprise Risk Management activities.

**Legend**

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



