cdic

Canada Deposit
Insurance Corporation

Summary of the Corporate Plan

2018/2019 to 2022/2023

Including a Summary of the
2018/2019 Operating and Capital Budgets,
and Borrowing Plan

Canada

CDIC mandate

CDIC's mandate is to provide insurance against the loss of part or all 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, and to act as the resolution authority of its members.

Our 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, foreign currency deposits (including those in U.S. dollars), and digital and cryptocurrencies are not covered by CDIC.

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)
TTY: 613-943-6456
Fax: 613-996-6095
Website: **www.cdic.ca**
E-mail: info@cdic.ca

Catalogue number: CC392-1

Executive summary

CDIC's operating environment

Overall, CDIC's membership continues to show strong results. Nevertheless, the financial performance of many members exposes them to risks posed by high housing prices in certain key markets, high levels of household indebtedness, and an unproven ability of consumers to adapt to higher interest rates. Economic activity in Canada during 2017 continued to expand, in line with 2016's positive trend. However, a slow but sustained increase in household indebtedness persists. Canadian households remain vulnerable to a sharp and sustained decline in home prices, or to a rise in unemployment or interest rates, with potential impacts for CDIC's members. Since the risk of member failures exists, CDIC must continue its work to: improve its systems and processes; address domestic systemically important bank (D-SIB) resolvability issues; review its by-laws taking into consideration impacts on members; and evolve the organization to continue fulfilling its mandate in a changing environment.

CDIC's strategic objectives and outcomes

Activities over the planning period will focus on four strategic objectives, and corresponding outcomes and initiatives, as set out below:

1. Preparedness: Advancing resolution readiness

Outcomes:

- In the event of member failure, CDIC's people, systems and processes are ready to provide access to all insured deposits within seven days or less, through a streamlined, scalable and rapid solution.
- Resolvability of all member institutions, regardless of size, is supported by CDIC's robust risk assessment, and resolution planning and preparedness activities.

Our preparedness to intervene effectively in the event of a member failure requires that we have the necessary tools and processes in place to meet depositor expectations. Over the planning period, CDIC will assess future payout and depositor communication needs, with the aim of providing modern reimbursement and communication options to Canadian depositors. With respect to D-SIBs, CDIC will continue to advance these members towards the 2020 resolvability target by providing feedback on their 2018 planning submissions, and by implementing a bail-in regime in Canada (to allow CDIC to keep a failing bank open and operating for depositors). We will improve preparedness for crisis communications to support all resolution tools.

2. Deposit insurance program: Modernizing our insurance program

Outcome:

- Key elements of CDIC's deposit insurance program (including processes, by-laws and legislation) are modernized to support the Corporation in the delivery of its mandate, to adapt and respond to the changing banking landscape, and to meet the needs of depositors.

CDIC requires an effective framework of legislation, by-laws, guidance, funding and related procedures to support the delivery of its mandate. Given the Corporation's evolved role as a deposit insurer and resolution authority, a multi-year by-law review program was put in place, which will continue throughout the planning period. The by-law reviews will be guided by changes resulting from the ongoing deposit insurance review and the 2019 federal financial sector framework review. Similarly, the Premium Rate and *Ex Ante* Funding Strategy will also be examined to ensure it remains consistent with the results of the deposit insurance review.

3. Stakeholders: Strengthening confidence and trust

Outcomes:

- Public awareness and key stakeholders' understanding of CDIC's role as deposit insurer and resolution authority are strengthened and support confidence and trust in CDIC and the stability of the financial system.
- CDIC fosters a collaborative and productive relationship with member institutions.

Our public awareness campaign is an important tool to support financial stability in Canada. We will devote significant effort over the planning period to increase public and depositor awareness of CDIC and our deposit insurance program, by leveraging members and our research on depositor behaviour. Given the important role our stakeholders play in ensuring an effective deposit insurance and resolution program, we will also strengthen relationships with them through an integrated engagement process. We will increase transparency regarding CDIC's role as resolution authority, educate stakeholders, and build credibility and confidence in CDIC's ability to deliver its mandate.

4. Organization: Evolving the Corporation

Outcome:

- CDIC promotes innovation and adaptability in a modern work environment.

As CDIC advances to keep pace with change, its people must be supported. CDIC is committed to developing employees with the competencies required to support the evolution of our programs and systems. A transition plan will be implemented for upcoming changes to the Executive Team to preserve CDIC's strong culture of respect, diversity and adaptability. To respond to the rapidly changing technological environment, we will enhance our data safeguards and cyber security programs to protect depositor information. We will modernize our work environment (including new or renovated workspaces, tools and technology).

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.

Two key planning assumptions contribute to the development of this Plan: 1) the assumed annual growth in insured deposits (3.1% for 2018/2019 reflecting current tendencies toward savings, and 3.4% annual growth each year thereafter); and 2) the assumed average yield on cash and investments (1.29% for 2018/2019, rising gradually to 1.45% in 2022/2023, reflecting an environment of increasing interest rates). The planned amounts for investment securities, the provision for insurance losses, and premium and investment revenue are directly impacted by these assumptions.

For 2018/2019, CDIC projects after-tax net income to be $546 million, based on total revenue of $697 million (consisting of $636 million in premium revenue and interest revenue of $61 million), net operating expenses of $48 million, and an increase to the provision for insurance losses of $100 million. Net income for 2017/2018 is forecast to be $37 million, resulting from revenue of $581 million (consisting of $535 million in premium revenue and interest income of $46 million), net operating expenses of $45 million, and an increase to the provision for insurance losses of $500 million.

The operating expense budget for 2018/2019 has increased to $48.4 million, a $1.2 million increase compared to the prior year's budget of $47.2 million. This increase addresses initiatives related to CDIC's role as the resolution authority for all its member institutions (including the six D-SIBs, one of which is also a global systemically important bank) and the continued enhancement of CDIC's information security program. The Corporation's capital budget for 2018/2019 has increased to $2.5 million from $1.8 million due to the continued focus on enhancing CDIC's core systems.

The Corporation forecasts that its *ex ante* funding will grow to 63 basis points of insured deposits by the end of the 2018/2019 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 2018/2019 fiscal year are:

Category 1	**7.5** basis points of insured deposits
Category 2	**15.0** basis points of insured deposits
Category 3	**30.0** basis points of insured deposits
Category 4	**33.3** basis points of insured deposits

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Part 1 About CDIC

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*. 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.

CDIC is the resolution authority for all of its member institutions, including the six largest banks, known as domestic systemically important banks (D-SIBs), one of which is also a global systemically important bank (G-SIB). 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 or G-SIB failure in Canada.

CDIC members include most Canadian chartered banks, trust and loan companies, federally regulated credit unions, as well as retail associations governed by the *Cooperative Credit Associations Act*. As at December 31, 2017, there were 82 member institutions.

While there have been 43 member institution failures since 1967, due to CDIC's protection Canadians did not lose any insured deposits related to those failures. 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.)

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 three standing committees—the Audit Committee, the Human Resources and Compensation Committee, and the Governance and Nominating Committee. For additional information on these committees and on how CDIC is governed, please visit **www.cdic.ca**.

CDIC Board of Directors

as at December 31, 2017

Robert O. Sanderson
Chair of the Board

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

Executive Team

as at December 31, 2017

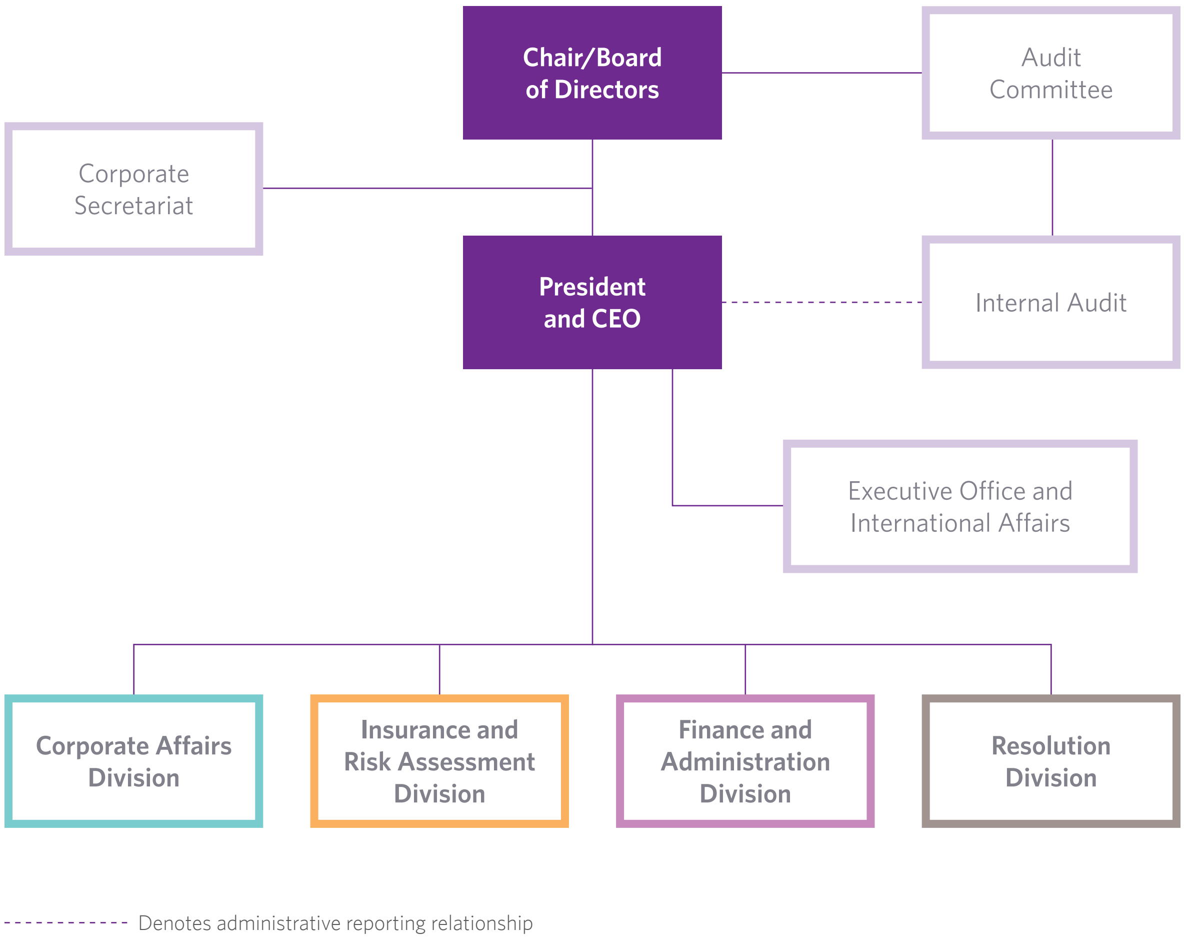
Michèle Bourque
President and Chief Executive Officer

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, 2017



Part 2 CDIC's five-year Plan

CDIC's operating environment

Economic environment

Economic activity in Canada during the first nine months of 2017 continued to expand, prolonging its 2016 positive trend. This expansion was driven by growth in domestic consumption and exports, the latter aided by the continued depreciation of the Canadian dollar that started in mid-2016 and lasted until May 2017. (The Canadian dollar has since appreciated and export growth has returned to normal levels.) After beginning the year in a stable position, oil prices underwent a sustained increase in the latter half of 2017. This was accompanied by an improved employment situation in provinces such as Alberta and Ontario, as well as nationally. There continues to be a slow but sustained increase in household indebtedness. A high level of existing consumer debt and a renewed increase in real estate prices in certain key markets continue to leave Canadian households vulnerable to a sharp and sustained decline in home prices, or a rise in unemployment or interest rates, with potential impacts for CDIC's members. Economic conditions for the membership have generally improved over the past year and, in mid-2017, the Bank of Canada raised interest rates on two separate occasions for a combined increase of 50 basis points. However, in December 2017 rates held steady, indicating that the Bank's outlook remains cautious.

Member environment

Overall, CDIC's membership continues to exhibit financial strength as reflected by healthy capital and liquidity ratios, strong asset quality and robust profitability. Notwithstanding these strengths, the financial performance of many members remains vulnerable to risks posed by high housing prices in certain key markets, elevated levels of household indebtedness and an unproven ability on the part of consumers to adapt to higher interest rates. Some of CDIC's members also exhibit a high degree of concentration by geography or business line, leaving them more exposed in the event of a downturn in their markets.

Competition for deposits remains intense in an environment of interest rates that are low by historical standards and a favourable demographic backdrop for savings. Several of CDIC's members have implemented new products and strategies and, in some cases, have launched direct-to-consumer platforms in an effort to improve the diversity and reduce the cost of their deposit funding.

The heightened sensitivity of depositors to reputational concerns at member institutions, combined with the build-up of vulnerabilities noted earlier, underscore the need for CDIC to remain focused on assessing current and emerging risks in its membership. The early identification of members posing a higher risk of failure enables CDIC to be prepared to deal with members experiencing difficulties.

Royal Bank of Canada (RBC), one of Canada's largest banks, was designated as a global systemically important bank (G-SIB) in 2017. This means additional requirements for this member and more visibility for CDIC, including greater expectations of transparency around resolution planning and resolvability, as reflected in CDIC's planned activities over the next five years.

Legislative environment

The legislative environment continues to evolve and a number of initiatives could impact CDIC and its members. CDIC's role as resolution authority was added to its objects in June 2017. CDIC is accountable for resolving all members, including domestic systemically important banks (D-SIBs; one of which is also a G-SIB), in a manner that brings credibility, public confidence and stability to the financial system. In addition, legislative amendments were introduced that will give CDIC the authority to require D-SIBs to develop resolution plans. This new authority will provide a statutory basis for the resolution planning process, which began with D-SIBs submitting resolution plans at CDIC's request in late 2016. The Corporation assessed these plans, delivered feedback to the D-SIB boards and discussed expectations toward achieving a comprehensive plan for resolvability by 2020.

In 2016, Parliament introduced a legislative framework for a bank recapitalization (bail-in) regime. Bail-in is an important tool. It allows CDIC, as the resolution authority for Canada's D-SIBs, to ensure that failing D-SIBs remain open for Canadians, in a manner that protects taxpayers and the Canadian economy. Bail-in recapitalizes a non-viable bank by converting certain long-term debt to common shares while the institution remains open and operating. Thus, losses are covered by the bank's shareholders and certain investors, not taxpayers or depositors. CDIC worked with the Department of Finance and other safety net agencies to develop the regulations to support the bail-in regime. These were pre-published for consultation in the *Canada Gazette* in June 2017 and are expected to be finalized in early 2018. Work is ongoing at CDIC to ensure that the bail-in tool can be operationalized by 2020.

The 2017 Federal Budget stated the Government's intent to introduce legislative amendments to modernize and enhance the Canadian deposit insurance framework so that it continues to meet its objectives, including supporting financial stability. This deposit insurance review is ongoing and could lead to important modifications to Canada's deposit insurance program that will need to be reflected within CDIC's systems, processes and communications.

Depositor and public environment

Public awareness is a key element of effective deposit insurance regimes. As of December 2017, public awareness of CDIC deposit protection was 49%. Research suggests that 60%–65% awareness of CDIC deposit protection is the optimal target to help depositors make informed decisions about protecting their savings and prevent them from unwittingly putting their money at risk, and to mitigate the risk of bank runs. In 2017/2018, a new three-year public awareness strategy was launched, with the goal of reaching more Canadians and to work toward achieving the new target by March 31, 2020.

Depositor behaviours and expectations have evolved with respect to the information they need to make informed decisions and to have confidence in the safety of their savings. These change in times of crisis. Over the planning period, CDIC will continue to assess and adapt its preparedness and communication strategies to changing depositor requirements and expectations.

Amendments were also made to our *Deposit Insurance Information By-law* in 2017, with the result that CDIC members will play an increased role in informing the public about deposit insurance. The amendments will come into force in the fall of 2018.

Corporate environment

Technological advancements, cyber threats and social media continue to impact both the banking sector and CDIC's operations. For example, open banking is being considered in Canada, cyber security remains a concern, and social media is playing a growing role in the dissemination of information, which can have both a stabilizing and destabilizing effect. All of these trends and developments need to be monitored closely and leveraged appropriately. CDIC must stay abreast of these changes and consider them in its strategic objectives and supporting activities.

With respect to its people, the most recent employee survey highlighted a low turnover rate and high engagement at CDIC. However, given the size of the organization, limited opportunities for advancement and higher turnover trends among a younger work force may put pressures on CDIC's ability to attract and retain engaged employees. As our programs and systems evolve, building and maintaining key competencies and knowledge through employee and leadership development will be important. The organization will also undergo some changes during the planning period—most notably in its Executive Team and the expiry of the leases for its two offices—to which it will need to adapt.

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 assessment of key corporate risks, updated on a quarterly basis. 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, 2017, highlighted seven risks that require attention and for which mitigation strategies have been developed, as described in its activities for the planning period. Following are the risks being monitored by CDIC:

1. Rising interest rates, the introduction of stricter lending guidelines and a correction in overvalued real estate markets, coupled with extended households, could impact CDIC members and lead to member failures.
2. Our mandate applications could need greater flexibility and increased modernization to provide access to all deposits within seven days of a failure, to meet changing depositor expectations and to stay abreast of new technologies.
3. CDIC's risk assessment approach could be ineffective in highlighting new risks or triggering a timely launch of preparedness activities, given the expected increased speed of failures and new failure scenarios.
4. Increasing requirements of members could adversely impact our ability to introduce new measures, should these be required.
5. Below target public awareness levels could contribute to depositors making uninformed financial decisions and/or withdrawing deposits from a troubled member institution (a bank run).

6. D-SIB resolvability issues could remain unaddressed by CDIC's 2020 resolvability target date.
7. Operational changes arising from the deposit insurance review are not implemented as quickly as possible and could affect CDIC's ability to meet depositor expectations.

The initiatives that address these key risks are described on the following pages under CDIC's four strategic objectives. They include initiatives to: modernize our reimbursement process; advance D-SIBs towards the 2020 resolvability target; accelerate the roll-out of the comprehensive by-law review program; strengthen relationships with key stakeholders; and increase awareness of CDIC's deposit insurance program.

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

Strategic objectives and outcomes

Given CDIC's mandate, operating environment and corporate risks, over the planning period CDIC will pursue the following strategic objectives:

1. Preparedness: Advancing resolution readiness
2. Deposit insurance program: Modernizing our insurance program
3. Stakeholders: Strengthening confidence and trust
4. Organization: Evolving the Corporation

These strategic objectives and related outcomes will be delivered through a number of initiatives outlined below. The budgets that support these outcomes, against which progress will be reported in CDIC's 2018 and future Annual Reports, are included in Part 3 of this Plan.

1. Preparedness: Advancing resolution readiness

Outcomes

- In the event of member failure, CDIC's people, systems and processes are ready to provide access to all insured deposits within seven days or less, through a streamlined, scalable and rapid solution.
- Resolvability of all member institutions, regardless of size, is supported by CDIC's robust risk assessment, and resolution planning and preparedness activities.

Advance D-SIBs toward the 2020 resolvability target through review and provision of feedback on their 2018 planning submissions, and the implementation of a bail-in regime in Canada. Crisis communications for all resolution tools will also be addressed.

As Canada's bank resolution authority, CDIC guides the development, maintenance and testing of resolution plans for Canada's D-SIBs. CDIC has worked with D-SIBs over the past several years to refine resolution strategies and identify impediments to achieving an orderly resolution in the unlikely event they were to fail. Responsibility for the development and maintenance of plans was transitioned to the D-SIBs with their first comprehensive plans submitted in 2016/2017. CDIC's 2017 feedback on the first set of plans was provided to D-SIB boards, and banks were directed to address the remaining resolvability impediments by March 2020, including validating the plans through testing of operational capabilities.

With respect to the bail-in regime, regulations supporting bail-in and the new compensation regime are expected to be in place in 2018. CDIC's work in this area will focus on ensuring that the bail-in and compensation regime can be operationalized by March 31, 2020.

CDIC will also strengthen its crisis communications strategies and plans for all resolution tools with a focus on D-SIB resolution scenarios. This will comprise an overall communications strategy for the resolution of D-SIBs, including communications and media plans, training, regular testing, and leveraging of standby agreements with service providers.

2018/2019 key deliverables:

- Plans are reviewed and feedback is provided to the D-SIBs on their 2018 resolution plans.
- Integration of CDIC's bail-in execution work into the resolution planning process commences.
- CDIC's contingency advertising crisis framework is updated and an overall crisis communications strategy for D-SIBs is in place by March 31, 2019.

Long-term outcomes:

- Resolvability targets are met by D-SIBs by March 31, 2020.
- CDIC has a bail-in approach that can be executed by March 31, 2020.
- More detailed crisis communications plans for D-SIBs are in place.

Implement key design features of a modernized reimbursement process with a focus on strengthening deposit data standards and technology enhancements to facilitate online authentication, depositor communication and electronic reimbursement capabilities.

In 2017/2018, requirements for CDIC's next generation reimbursement system will be defined and a plan for initiation will be developed. In 2018/2019, we will begin to execute elements of this plan. It will include building a system with the flexibility to accommodate future requirements, such as new members, more complex products and future changes to coverage further to the deposit insurance review. Over the planning period, CDIC will assess future payout and depositor communication needs, with the aim of providing more modernized reimbursement and communication options to Canadian depositors by March 31, 2020.

2018/2019 key deliverable:

- By March 31, 2019, commence implementation of the multi-year plan developed in 2017/2018 to roll out a new payout solution.

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.

Implement a multi-year tabletop and simulation program that tests preparedness for reimbursement and other resolution tools and that involves the CDIC Board, member institutions and other safety net agencies.

Joint testing exercises are necessary in order to assess the preparedness of all aspects of a resolution, including the tools and communications strategy. Approaches will be developed for D-SIB plans in 2018/2019, and testing will be conducted throughout 2019/2020. Coordination with other safety net agencies and stakeholders, as well as with the D-SIBs, will be a key component of this testing program.

2018/2019 key deliverable:

- Testing approaches are developed for D-SIB plans, to be conducted through 2019/2020.

Long-term outcome:

- Regular simulation exercises are conducted with the CDIC Board, member institutions and other safety net agencies to assess preparedness.

2. Deposit insurance program: Modernizing our insurance program

Outcome

- Key elements of CDIC's deposit insurance program (including processes, by-laws and legislation) are modernized to support the Corporation in the delivery of its mandate; to adapt and respond to the changing banking landscape; and to meet the needs of depositors.

Accelerate the roll-out of the comprehensive by-law review program.

CDIC requires an effective framework of legislation, by-laws, guidance and related procedures in support of its strategic objectives and the delivery of its mandate. In 2017/2018, a by-law review program was established in light of the Corporation's evolved role as a deposit insurer and resolution authority, and in consideration of the changing banking landscape. In 2018/2019, new requirements under the *CDIC Deposit Insurance Information By-law* will come into force. We will also develop the *Resolution Planning By-law* and related compliance framework to support our role as resolution authority for all domestic banks in Canada, and conduct a review of the *CDIC Data and System Requirements By-law*. Further by-law reviews throughout the planning period will be guided by changes resulting from the deposit insurance review and the 2019 federal financial sector framework review. The goal is for all by-laws to be reviewed and updated where necessary, by December 31, 2019.

2018/2019 key deliverables:

- Finalize CDIC's *Resolution Planning By-law* and related compliance approach by December 31, 2018.
- Update the *CDIC Data and System Requirements By-law*, taking into account the deposit insurance review by March 31, 2019.
- Complete updating of the *Joint and Trust Account Disclosure By-law* to ensure appropriate disclosure and record keeping to improve the trust deposit payout process.

Long-term outcome:

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

Review the Premium Rate and* Ex Ante *Funding Strategy to ensure it remains consistent with CDIC's coverage and membership and with the Corporation's role as resolution authority for its member institutions.

In 2011, CDIC developed a Premium Rate and *Ex Ante* Funding Strategy to establish a credible progression toward the minimum *ex ante* funding target of 100 basis points of insured deposits. Many elements of CDIC's funding framework are currently under consideration within the deposit insurance review and, as a result, CDIC Management has initiated a review of the existing strategy that will conclude in 2018/2019.

2018/2019 key deliverable:

- The 2011 Strategy is reviewed, updated and approved by the Board by December 2018.

Long-term outcome:

- The minimum target *ex ante* fund is reached in 2024/2025.

3. Stakeholders: Strengthening confidence and trust

Outcomes

- Public awareness and key stakeholders' understanding of CDIC's role as deposit insurer and resolution authority are strengthened and support confidence and trust in CDIC and the stability of the financial system.
- CDIC fosters a collaborative and productive relationship with member institutions.

Increase public and depositor awareness of CDIC and our deposit insurance, by leveraging members, key media consumed by the public, and our research on depositor behaviour.

Public awareness of deposit insurance promotes confidence in the financial system and mitigates the risk of bank runs by assuring Canadians that CDIC protects their savings. To alleviate declining public awareness levels over the past several years, a new three-year public awareness strategy was launched in 2017/2018 to increase awareness of CDIC deposit insurance among the general population, with a focus on 25- to 34-year-olds and those aged 65 and older. CDIC will continue to implement and evolve this public awareness strategy, taking into account new research and analysis on depositor behaviour. We will work toward a target range of 60%–65% of Canadians who are aware of CDIC. To reach increased awareness levels, we will continue to leverage key media consumed by the public, such as television, digital and print, and we will modernize our communications strategies through the use of social media. Members will continue to play an important role in informing Canadians about our deposit insurance program through changes to our *Deposit Insurance Information By-law* that will come into force in 2018/2019. These changes will include new communications products visible in member branches, online banking platforms and ATMs.

2018/2019 key deliverable:

- Awareness of CDIC among Canadians is increased beyond 55% and toward the long-term target of 60%–65%.

Long-term outcome:

- Awareness of CDIC deposit protection is increased to at least 60%–65% by March 31, 2020, and maintained at this level throughout the balance of the planning period.

Strengthen relationships with key stakeholders through an integrated engagement process, including results from a member survey.

Given the breadth of CDIC's domestic and international stakeholders, ongoing by-law reviews, outreach activities, and members' involvement in awareness efforts and resolution planning, the Corporation will continue to build stakeholder engagement into its internal processes. The upcoming changes to the Executive Team in 2018 present a new opportunity to reach out to members and other stakeholders to promote CDIC's role in deposit insurance and resolution. CDIC will implement a systematic approach developed in 2017/2018 to identify, engage and manage stakeholder interactions and, in particular, will monitor the impact of these initiatives on our members and partners.

2018/2019 key deliverable:

- Seek the views of member institutions on CDIC and its approach through a member survey.

Long-term outcome:

- Engagement activities that take membership survey results into consideration are implemented during the planning period.

Increase transparency regarding CDIC's role as resolution authority for all members (including a G-SIB), to educate stakeholders and build credibility and confidence in CDIC's ability to deliver on its mandate.

Expectations regarding CDIC's role in resolution and resolution planning have increased over the last few years. In 2017, CDIC's role as resolution authority for all of its members, including Canada's largest banks, was formally added to its legislation. As noted above, RBC, one of Canada's largest banks, was also designated as a global systemically important bank (G-SIB), which will further increase expectations of transparency around resolution planning. To build trust and confidence in CDIC, more information on resolution, including coordination among its safety net partners, will be provided to the public and stakeholders through an enhanced resolution authority communications plan. This will include posting additional information about resolution on the CDIC website and other media, as well as conducting outreach activities with the general public and other stakeholders.

2018/2019 key deliverable:

- Enhanced resolution authority communications plan is implemented.

Long-term outcome:

- Enhanced information on resolution is regularly updated and disseminated.

4. Organization: Evolving the Corporation

Outcome

- CDIC promotes innovation and adaptability in a modern work environment.

Implement a plan to develop employees with the competencies required to support the evolution of our programs and systems and the change in leadership, to preserve CDIC's strong culture of respect, diversity and adaptability.

In order to adapt to evolving programs, systems and depositor expectations, we will continue to focus on our ability to attract and retain engaged employees by building and maintaining key competencies and knowledge, through employee and leadership development, and succession planning. There will be changes to the Executive Team in 2018, and it will be important for these changes to be managed appropriately to preserve CDIC's strong culture of respect, diversity and adaptability. While staff engagement levels in the last survey were above best-in-class, employees expressed an interest in being challenged with opportunities to develop and grow. We will support employee development and career growth to maintain a highly skilled work force with maximized bench strength.

2018/2019 key deliverable:

- An enhanced employee development plan, including an updated core training program, is designed and launched.

Long-term outcome:

- The enhanced employee development plan is fully implemented and completed by March 31, 2021.

Modernize our work environment (including new or renovated workspaces, tools and technology) and enhance our data safeguards and cyber security programs to protect depositor information.

During the planning period, there will be changes to CDIC's head office, tools and technology, and the results of these changes must meet the needs of a new generation of employees and build a modernized work environment. We will also enhance our data, information and cyber security programs to keep pace with an ever changing technological environment, to safeguard the data and information that CDIC collects and manages.

2018/2019 key deliverables:

- A plan for the lease for CDIC's premises is in place by March 31, 2019.
- CDIC's cyber security program and information security protocols are strengthened and tested by March 31, 2019.

Long-term outcome:

- A modernized work environment that leverages technology and productivity tools to enhance collaboration and efficiency is in place by October 31, 2020.

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.

CDIC expects to maintain a stable financial position throughout the planning period; however, legislative changes and other initiatives could 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.

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 of this Plan. CDIC's financial statements (included below) have been prepared in accordance with International Financial Reporting Standards (IFRS).

Planning assumptions

Ex ante funding

CDIC maintains *ex ante* funding to cover possible losses from resolving member institutions; this forms one part of CDIC's funding envelope. The amount of *ex ante* 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, as well as 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, 2017, was 55 basis points of insured deposits and is supported by a $4.4 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, 2017, the Corporation may borrow up to $23 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 2018/2019 to 2022/2023 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 2018/2019 to 7.5 basis points, 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 3%. All other inputs into the provision for insurance losses are based on information as at December 31, 2017*. 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 1.29% for 2018/2019, rising gradually to a yield of 1.45% in 2022/2023, consistent with an increasing interest rate environment*.

Resource plans

Operating budget—2018/2019 to 2022/2023

CDIC is a self-funded Crown corporation and does not receive government appropriations. CDIC has adopted a cost-conscious approach in the development of operating budgets for the past several years and has, therefore, absorbed many of the inflationary and contractual increases through reduction in other areas. The 2018/2019 operating budget reflects an increase in personnel and professional fees in order to: advance new initiatives related to CDIC's role as the resolution authority for all its member institutions, including domestic systemically important banks (D-SIBs), one of which is also a global systemically important bank (G-SIB); continue to advance its preparedness and data analytics initiatives; and continue to enhance CDIC's information and cyber security programs. These costs could not be absorbed through reductions in other areas, resulting in an increase of $1.2 million in CDIC's operating budget.

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

Figure 1

Operating budget
(C$ millions)

	Actual	Approved Plan	Forecast	Plan				
	2016/2017	2017/2018	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
OPERATING EXPENSES								
Salaries and other personnel costs	22.0	23.8	23.1	24.8	25.4	26.1	26.7	27.4
Other operating expenses:								
Professional fees	5.4	5.7	4.2	6.0	6.1	6.2	6.4	6.5
General expenses	5.5	6.5	6.3	6.4	6.5	6.7	6.8	6.9
Premises	3.4	3.9	3.9	3.9	4.0	4.1	4.1	4.2
Public awareness	3.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Data processing	2.0	2.5	2.5	2.5	2.7	2.7	2.8	2.9
Total operating expenses	41.3	47.4	45.0	48.6	49.7	50.8	51.8	52.9
Less cost recovery (OSFI)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
NET OPERATING EXPENSES*	**41.1**	**47.2**	**44.8**	**48.4**	**49.5**	**50.6**	**51.6**	**52.7**

*For planning purposes, net operating expenses have an assumed annual growth of 2% to 2.5% starting in fiscal 2019/2020. For 2019/2020 to 2022/2023, actual budgets may vary materially from those presented above.

Human resource requirements

For 2018/2019, the Corporation's work force will increase by one permanent position from the 2017/2018 level of 137 permanent positions. The addition of ten term positions (two of which are leave replacements) increases the full-time equivalents to 148 for the remainder of the planning period. CDIC participates in the federal public service pension and benefits plans. Employees of CDIC are not unionized.

Capital budget—2018/2019 to 2022/2023

The budget for capital expenditures in 2018/2019 is $2.5 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				
	2016/2017	2017/2018	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
Furniture and equipment	234	100	50	100	100	100	100	100
Computer hardware	419	500	500	250	300	300	300	300
Software development costs	491	1,150	1,395	2,000	1,000	1,000	1,000	1,000
Leasehold improvements	392	—	—	100	3,000	3,000	100	100
TOTAL	**1,536**	**1,750**	**1,945**	**2,450**	**4,400**	**4,400**	**1,500**	**1,500**

For 2019/2020 to 2022/2023, 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 2016/2017 were $1.5 million compared to the planned amount of $1.9 million. The $0.4 million variance was primarily due to postponing spending for software development costs, mainly for CDIC's core systems. These costs relate to enhancing CDIC's core systems to address changes in technology as well as depositors' expectations. The impact of postponing spending in 2016/2017 has been an increase in the forecast for 2017/2018 and the 2018/2019 capital budget.

Projected condensed consolidated financial statements and past results

The tables that follow present CDIC's expected performance from 2017/2018 to 2022/2023, as well as actual results for the year 2016/2017 (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				
	2016/2017	2017/2018	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
ASSETS								
Cash	2	1	1	1	1	1	1	1
Investment securities	3,831	4,355	4,373	5,020	5,696	6,398	7,133	7,905
Capital assets	9	9	8	8	7	9	11	10
Right-of-use assets*	—	—	—	—	9	8	7	6
Other assets	3	—	—	—	—	—	—	—
TOTAL ASSETS	**3,845**	**4,365**	**4,382**	**5,029**	**5,713**	**6,416**	**7,152**	**7,922**
LIABILITIES								
Trade and other payables	5	5	5	5	5	5	5	5
Provision for insurance losses	1,600	1,500	2,100	2,200	2,250	2,300	2,350	2,400
Lease liabilities*	—	—	—	—	9	8	7	6
Other liabilities	4	5	4	5	5	5	5	5
Total liabilities	1,609	1,510	2,109	2,210	2,269	2,318	2,367	2,416
EQUITY								
Retained earnings	2,236	2,855	2,273	2,819	3,444	4,098	4,785	5,506
TOTAL LIABILITIES AND EQUITY	**3,845**	**4,365**	**4,382**	**5,029**	**5,713**	**6,416**	**7,152**	**7,922**

**IFRS 16 Leases* is effective for annual periods beginning on or after January 1, 2019. The impact of the implementation of this accounting standard has been estimated and disclosed as right-of-use assets and lease liabilities.

Figure 4

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

(C$ millions)

	Actual	Approved Plan	Forecast	Plan				
	2016/ 2017	2017/ 2018	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023
REVENUE								
Premium*	421	519	535	636	658	680	704	728
Investment income	40	47	46	61	71	83	96	110
	461	566	581	697	729	763	800	838
EXPENSES								
Operating	41	47	45	48	49	51	52	53
Recovery of amounts previously written off	—	—	(1)	—	—	—	—	—
Increase in provision for insurance losses	300	50	500	100	50	50	50	50
	341	97	544	148	99	101	102	103
Net income before income taxes	120	469	37	549	630	662	698	735
Income tax expense**	—	—	—	(3)	(5)	(8)	(11)	(14)
NET INCOME	**120**	**469**	**37**	**546**	**625**	**654**	**687**	**721**
Other comprehensive income***	—	—	—	—	—	—	—	—
TOTAL COMPREHENSIVE INCOME	**120**	**469**	**37**	**546**	**625**	**654**	**687**	**721**

*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				
	2016/2017	2017/2018	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
RETAINED EARNINGS AND TOTAL EQUITY								
Balance at beginning of fiscal year	2,116	2,386	2,236	2,273	2,819	3,444	4,098	4,785
Total comprehensive income	120	469	37	546	625	654	687	721
ENDING BALANCE	**2,236**	**2,855**	**2,273**	**2,819**	**3,444**	**4,098**	**4,785**	**5,506**

Figure 6

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

(C$ millions)

	Actual	Approved Plan	Forecast	Plan				
	2016/2017	2017/2018	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
OPERATING ACTIVITIES								
Net income	120	469	37	546	625	654	687	721
Add (deduct) items not involving cash:								
Investment income	(40)	(47)	(46)	(61)	(71)	(83)	(96)	(110)
Tax expense	—	—	—	3	5	8	11	14
Other	2	—	—	—	—	—	—	—
Change in working capital:								
Increase in provision for insurance losses	300	50	500	100	50	50	50	50
Change in other working capital items	1	—	—	—	—	—	—	—
Interest received	71	47	46	61	71	83	96	110
Income tax paid	—	—	—	(3)	(5)	(8)	(11)	(14)
Net cash generated by operating activities	454	519	537	646	675	704	737	771
INVESTING ACTIVITIES								
Acquisition of property, plant and equipment, and intangible assets	(2)	(2)	(2)	(2)	(4)	(4)	(2)	(2)
Loss on retirement and disposal of property, plant and equipment	1	—	—	—	—	—	—	—
Purchase of investment securities	(1,989)	(2,180)	(2,072)	(2,181)	(2,210)	(2,238)	(2,271)	(2,305)
Proceeds from sale or maturity of investment securities	1,537	1,663	1,537	1,537	1,539	1,538	1,536	1,536
Net cash used in investing activities	(453)	(519)	(537)	(646)	(675)	(704)	(737)	(771)
Net change in cash	1	—	—	—	—	—	—	—
Cash, beginning of year	1	1	1	1	1	1	1	1
CASH, END OF YEAR	**2**	**1**	**1**	**1**	**1**	**1**	**1**	**1**

2016/2017 actual to Plan

Statement of financial position

Total assets as at March 31, 2017, were $3,845 million, a $22 million variance compared to the planned amount of $3,823 million. The variance related primarily to the higher than planned premium revenue received and reinvested during the year.

Total liabilities as at March 31, 2017, were $1,609 million, $250 million higher than the planned amount of $1,359 million due to the higher than planned provision for insurance losses.

Statement of comprehensive income

Total revenue during the year was $461 million, or $20 million above Plan. CDIC's primary sources of revenue are premiums and investment income:

- *Premiums:* Actual premium revenue was $421 million, compared to the planned amount of $400 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, relatively consistent with the planned amount of $41 million.

Net operating expenses for the year were $41 million, or $3 million below Plan. This was mainly due to a slower pace of hiring than planned for vacancies within the Corporation, as well as lower than planned expenses for professional fees.

Total comprehensive income for the year was $120 million, compared to planned total comprehensive income of $398 million, a decrease of $278 million. This variance was mainly attributable to the increase in the provision for insurance losses, offset in part by higher premium revenue.

2017/2018 forecast to Plan

Forecasted net income (as at December 31, 2017) for 2017/2018 is $37 million, compared to a planned net income of $469 million. This $432 million negative variance was due to:

- An increase of $500 million to the provision for insurance losses, with only $50 million included in the Plan. The increase was due primarily to the occurrence of events that negatively impacted the risk profiles and/or increased the expected default derived from probability statistics of certain member institutions.
- $16 million higher than planned premium revenue due to the change in categorization and risk profile of certain member institutions.

The Corporation forecasts that its *ex ante* funding will grow to 57 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 2017/2018 capital expenditures forecast is $1.9 million, compared to planned expenditures of $1.8 million, as detailed in Figure 2. This variance is due in part to projects planned in the 2016/2017 fiscal year but carried forward into 2017/2018 and to additional enhancements to CDIC's core systems.

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, 2017, 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 upon 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 2018/2019

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 CDIC until it is used. As such, CDIC requests authority from the Minister of Finance to borrow up to a maximum of $10 million through an operating line of credit.

Treasury Board *Directive on Travel, Hospitality, Conference and Event Expenditures*

In July 2015, the Corporation was issued a directive (P.C. 2015-1107) pursuant to section 89 of the *Financial Administration Act*, to align its travel, hospitality, conference and event expenditure policies, guidelines and practices with Treasury Board policies, in a manner that is consistent with its legal obligations, and to report on the implementation of this directive in the Corporation's Corporate Plan. CDIC is in compliance with the directive.

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 and, beginning in the first quarter of 2017/2018, the travel and hospitality expenses for the Chair of the Board of Directors and the private sector Directors. The Corporation reviews its disclosures on a regular basis and makes changes when warranted.

Commencing with the 2016/2017 fiscal year, the total annual expenditures for each of travel, hospitality and conference fees for the Corporation is disclosed on its website.

Part 4 Performance against past Plans

CDIC's previous Corporate Plan (2017/2018 to 2021/2022) identified four corporate strategic objectives, similar to those presented in this Plan. These strategies reflected the Corporation's assessment of its operating environment and risks, and supported its business objects:

- **Member risk management and failure resolution preparedness**
- **Deposit insurance program**
- **Stakeholders**
- **People**

Highlights of CDIC's past performance

Key corporate initiatives and outcomes 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, 2017, with the exception of the following initiatives:

- Modernize key systems and processes to support a more streamlined, scalable and rapid reimbursement to all insured depositors.
- Increase depositor awareness of CDIC and our deposit insurance program, leveraging our research on depositor behaviour.

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

CDIC's Corporate Scorecard—2017/2018 to 2021/2022

(as at December 31, 2017)

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.

Key corporate initiatives	Status ▲ ▼ ●	Update
Modernize key systems and processes to support a more streamlined, scalable and rapid reimbursement to all insured depositors.	▼	CDIC's mandate applications are being enhanced to address current business gaps related to federal credit unions, trusts and payment holds. Some delays in closing gaps have occurred due to a higher level of complexity than originally expected. The delivery approach has been adjusted to minimize the impact on the schedule. In parallel, analysis is being conducted to explore appropriate payment services in order to define the next generation of payout solutions.
Improve the overall resolvability of Canada's domestic systemically important banks (D-SIBs) by assessing and further developing CDIC's resolution plans, testing activities and our preparedness to respond to any member failure.	▲	Management met with the boards of directors of all Canadian D-SIBs to outline the feedback on their 2016 resolution plans and discuss expectations regarding the resolvability targets. Feedback letters were sent to the D-SIB CEOs along with expectations for plan enhancements in late 2017 and early 2018. Crisis Management Groups with key domestic and international regulators were held in September and October 2017. Plan enhancements and proposed resolution plan testing programs were received from all of the D-SIBs in December 2017. CDIC will undertake its assessment of these submissions prior to the end of the fiscal year.
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.	▲	An industry working group was formed to address bail-in mechanics, with workshops held in the summer and fall of 2017. Work continues on developing compensation mechanics. CDIC has continued to work with the Department of Finance on developing an approach regarding the sale of debt to retail investors.

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—2017/2018 to 2021/2022

(as at December 31, 2017)

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.

Key corporate initiatives	Status ▲ ▼ ●	Update
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.	▲	The by-law review program is progressing as planned: • The amended *Deposit Insurance Information By-law* was approved by CDIC's Board of Directors in September 2017. • CDIC's *Differential Premiums By-law* has been updated and is awaiting Ministerial approval. • The development of a *Resolution Planning By-law* is underway. • A review of the *Data and Systems Requirements By-law* has been initiated.

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—2017/2018 to 2021/2022

(as at December 31, 2017)

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.

Key corporate initiatives	Status ▲ ▼ ●	Update
Increase depositor awareness of CDIC and our deposit insurance program, leveraging our research on depositor behaviour.	▼	Public awareness of CDIC deposit insurance is close to 50%, which is below the newly established target of 60%–65%. CDIC launched its new three-year public awareness strategy and plan on April 1, 2017, with an interim target of at least 55% by March 31, 2018. The new strategy includes television advertising and digital and social media channels, and will leverage member institutions through new requirements under the *Deposit Insurance Information By-law*.
Build a robust engagement program to strengthen relationships with key stakeholders.	▲	The first CDIC newsletter is scheduled to be issued by the end of March 2018. A stakeholder engagement process was designed and implemented to facilitate the proactive identification and tracking of engagement activities. These activities are reported and discussed at each meeting of CDIC's Senior Executive Team.
Enhance the level of understanding of CDIC's role as resolution authority in the Canadian financial system.	▲	The information available on CDIC's website with respect to its resolution authority role has been enhanced, and various outreach (e.g., speeches) and communications (e.g., news releases) activities have been conducted. Future deliverables will include the development of a resolution focused micro-site.

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—2017/2018 to 2021/2022

(as at December 31, 2017)

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.

Key corporate initiatives	Status ▲ ▼ ●	Update
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.	▲	An environmental scan has been conducted, and background information and data points reviewed to assist in identifying new areas of focus, as well as areas of continued attention needed for CDIC's talent management strategy (TMS). Since the current TMS remains relevant and appropriate, and changes in CDIC's Executive Team are expected in 2018, the TMS has been extended for an additional year.

Legend

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