



SUMMARY OF THE CORPORATE PLAN

2020/2021 to 2024/2025

Including a Summary of the
2020/2021 Operating and Capital Budgets,
and Borrowing Plan

We protect your deposits



Canada

CDIC'S MANDATE

CDIC's mandate is composed of these four objects in the *Canada Deposit Insurance Corporation Act* (the *CDIC Act*):

- To provide insurance against the loss of part or all of deposits.
- To promote and otherwise contribute to the stability of the financial system in Canada.
- To pursue these objects for the benefit of persons having deposits with member institutions and in such manner as will minimize the exposure of the Corporation to loss.
- To act as the resolution authority for its members.

CDIC'S VISION

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

CDIC'S RISK PHILOSOPHY

CDIC is fundamentally focused on anticipating and being prepared to act against risks that threaten the protection of Canadian insured deposits and the stability of the financial system. Equally, CDIC is prepared to take informed and targeted risks that:

- Will assist in achieving its mandate and vision.
- It understands, can manage, and that are aligned with its strategic objectives.
- Instill confidence and trust in CDIC.

FOR MORE INFORMATION ABOUT CDIC

Visit the CDIC website or consult CDIC's 2019 Annual Report at www.cdic.ca. You can also reach CDIC 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



PROTECTING YOUR DEPOSITS

CDIC is a federal Crown corporation that protects your deposits for up to \$100,000 per insured category at financial institutions that are CDIC members. Coverage is free and automatic.

What's covered?

- Savings and chequing accounts
- Guaranteed Investment Certificates (GICs) and other term deposits
- Foreign currency deposits

What's not covered?

- Mutual funds, stocks, and bonds
- Exchange Traded Funds (ETFs)
- Cryptocurrencies



Not every deposit is eligible for CDIC protection. Visit www.cdic.ca to learn more.

Add up your coverage

We protect deposits in CDIC member institutions. If you deposit money in **savings accounts, chequing accounts, or GICs and other term deposits**, it is protected for up to \$100,000.



Want to know more?

CDIC is a federal Crown corporation, and is fully funded by CDIC members.

Visit our website
www.cdic.ca

Call us
1-800-461-2342

Follow us

Canada

EXECUTIVE SUMMARY¹

Overall condition of the Corporation

Canada Deposit Insurance Corporation (CDIC) exists to protect the deposits of Canadians, to promote financial stability, and to act as the resolution authority for its member institutions (banks, credit unions, and trust companies). Since its establishment in 1967 by the *Canada Deposit Insurance Corporation Act*, CDIC has stepped in following the failure of 43 member institutions. In fact, during the past five decades, we protected more than two million people holding about \$26 billion in insured deposits at these failed institutions.

CDIC's financial condition is strong, driven by rising revenues, stable expenses and a healthy balance sheet. Total assets amount to \$5,766 million as at December 31, 2019, and have grown 13% annually over the last five years. CDIC's *ex ante* fund is backed by a \$5,745 million investment portfolio. Member premiums fund 100% of CDIC's investment portfolio which supports CDIC's resolution responsibilities. Thus, all premium revenues contribute directly to CDIC's *ex ante* fund. CDIC has a premium strategy in place to realize its *ex ante* funding target of 1.0% of insured deposits in its 2025/2026 fiscal year.

Strategic issues

The Canadian economy grew at a moderate pace over the past year and CDIC's membership has maintained stable, consistent financial results, with strong profitability and healthy capital and liquidity ratios. However, risks in CDIC's operating environment have intensified. An accelerated pace of technological change is driving the digitalization of financial services. This trend is changing Canadians' expectations about their financial services, including what they expect from CDIC deposit insurance. In 1996, the year of the last failure of a CDIC member institution, Canadians expected to recover access to their deposits within weeks. Today, if one of CDIC's member institutions fails, Canadians will expect to recover access to their deposits within days.

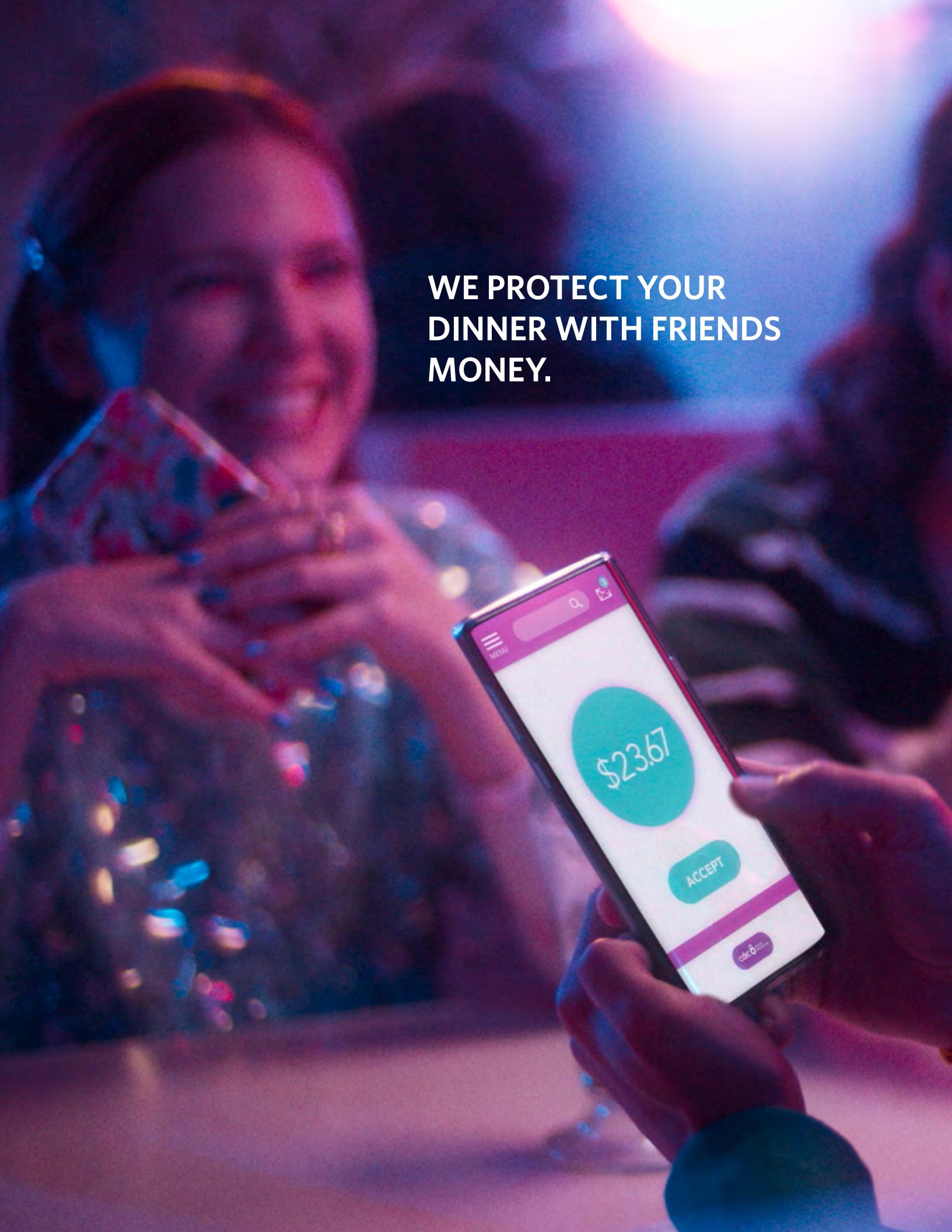
As the Bank of Canada has outlined, while the Canadian financial system is resilient, certain vulnerabilities, such as elevated household debt levels, remain. CDIC deposit insurance is a critical part of the Canadian financial system's resiliency and we aim to safeguard and enhance the quality of this protection.

Major objectives

CDIC's major objectives over the planning period are to reduce its risks in the following five areas:

1. **Strategic**—Transform CDIC's Enterprise Risk Management program.
2. **Preparedness**—Refine CDIC's capability to respond quickly and effectively to member institution failures.
3. **Operational**—Modernize CDIC's payout systems and enhance its information security practices.
4. **Organizational**—Implement the Organization and Culture Strategy and Plan.
5. **Reputational**—Increase public awareness of CDIC's deposit protection.

¹ Unless otherwise noted, all information in this Summary of the Corporate Plan is as at December 31, 2019.



WE PROTECT YOUR
DINNER WITH FRIENDS
MONEY.

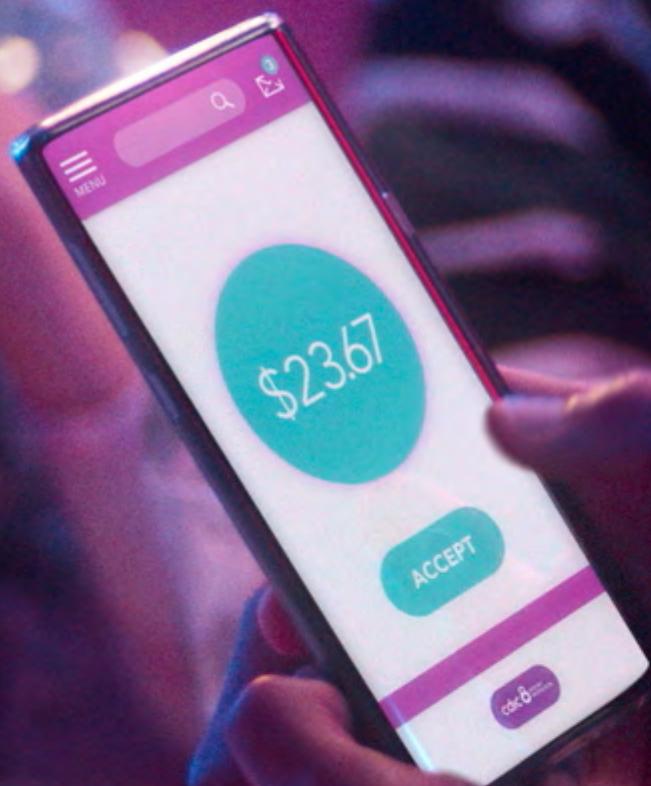


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WE PROTECT YOUR
CELEBRATION MONEY.



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), two of which are also global systemically important banks (G-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 or G-SIB failure in Canada.

CDIC members include most Canadian chartered banks, trust and loan companies, federal credit unions, and may include retail associations governed by the *Cooperative Credit Associations Act*. As at December 31, 2019, there were 86 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 "Protecting your deposits" above for a list of what's covered and what's not covered by CDIC.)

CDIC's Board of Directors and Corporate Officers

CDIC's affairs are administered by its Board, made up of a Chairperson, five other private sector Directors and five *ex officio* Directors (the Governor of the Bank of Canada, the Deputy Minister of Finance, the Commissioner of the Financial Consumer Agency of Canada (FCAC), the Superintendent of Financial Institutions, and a Deputy Superintendent of Financial Institutions or another officer of the Office of the Superintendent of Financial Institutions (OSFI) appointed by the Minister of Finance).

As at December 31, 2019, three standing committees support the Board in its activities: the Audit Committee, the Governance and Human Resources Committee, and the Risk Committee. For additional information on these committees and on how CDIC is governed, please visit www.cdic.ca.

Board of Directors composition

as at December 31, 2019

Robert O. Sanderson

Chair

Private sector Directors

J. Martin Castonguay

Chartered Professional Accountant
Montréal, Québec

Linda Caty

Lawyer
Carignan, Québec

David Dominy

Business Executive
Edmonton, Alberta

Andrew Krieger

Financial Executive
Toronto, Ontario

Wendy Millar

Financial Executive
Toronto, Ontario

Ex officio Directors

Stephen Poloz

Governor
Bank of Canada

Paul Rochon

Deputy Minister
Department of Finance

Judith Robertson

Commissioner
Financial Consumer Agency of Canada

Jeremy Rudin

Superintendent of Financial Institutions
Office of the Superintendent of Financial Institutions

Jamey Hubbs

Assistant Superintendent
Deposit-taking Supervision Sector
Office of the Superintendent of Financial Institutions

Alternates

(for ex officio Directors)

Paul Beaudry

Deputy Governor
Bank of Canada

Leah Anderson

Assistant Deputy Minister
Financial Sector Policy Branch
Department of Finance

Corporate Officers

as at January 14, 2020²

Peter D. Routledge

President and CEO

Chantal M. Richer

Chief Operating Officer

Gina Byrne

Chief Member Risk and Resolution Officer

Michael Mercer

Chief Data and Insurance Officer

Tara Newman

Head, Corporate Strategy and Risk Management & Chief Risk Officer

Camille Ringrose

Head, Finance and Operations &
Chief Financial Officer

Angela Roberge

Head, People and Culture & Chief Human Resources Officer

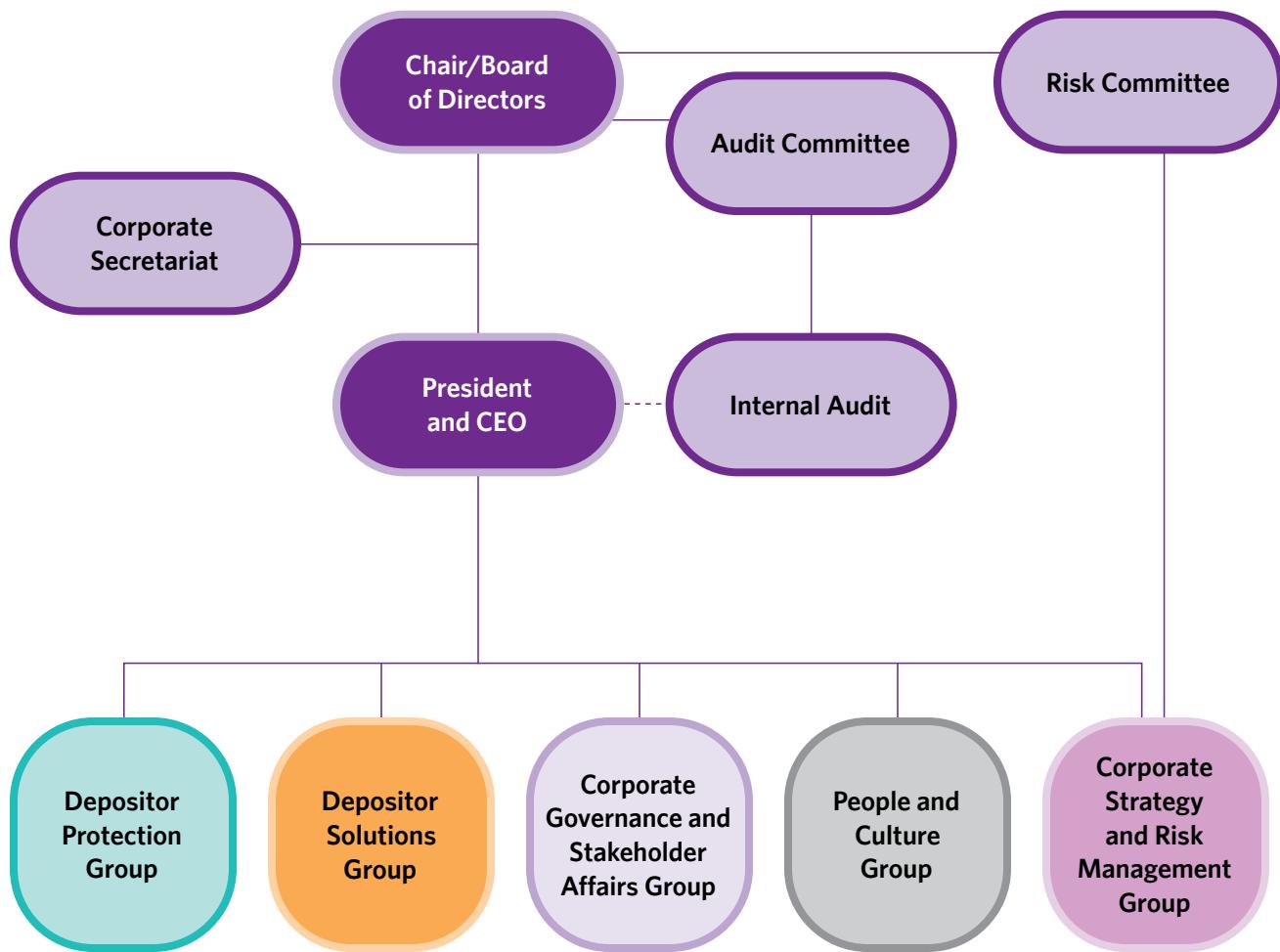
Christa Walker

General Counsel,
Corporate Secretary & Chief Legal Officer

² This section was updated to reflect a redesign in January 2020 of CDIC's organizational structure.



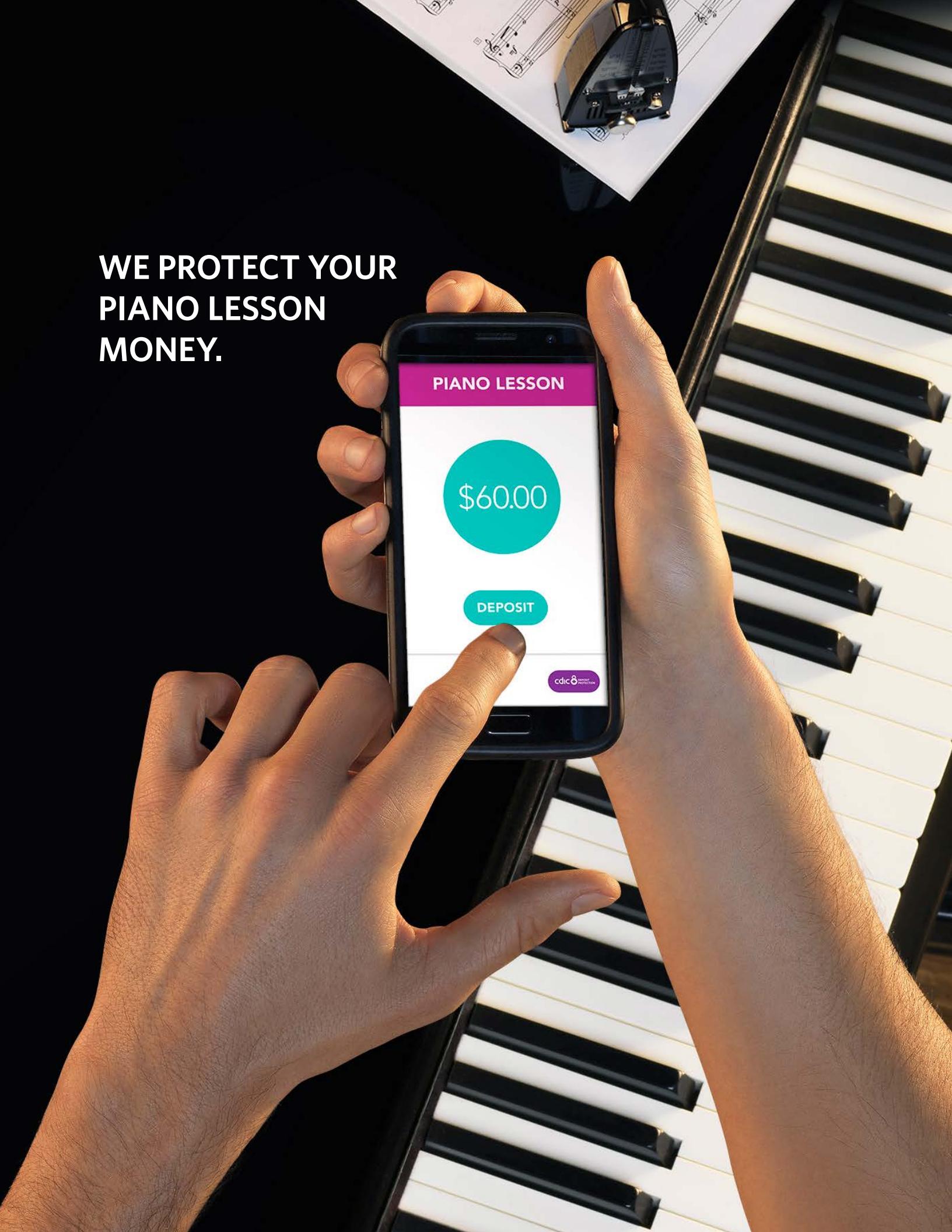
How CDIC is organized³



----- Denotes administrative reporting relationship

³ This diagram reflects the redesign in January 2020 of CDIC's organizational structure.

**WE PROTECT YOUR
PIANO LESSON
MONEY.**



PART 2 CDIC'S FIVE-YEAR PLAN

CDIC's operating environment

Economic and member environment

The Canadian economy grew at a modest pace over the past year, supported by a healthy labour market and some improvements in housing. CDIC's membership has maintained stable, consistent financial results, with strong profitability and healthy capital and liquidity ratios. However, consumer indebtedness remains high and real estate prices are elevated in several markets relative to local household income. In addition, uncertainty in international trade, the increasing possibility of a recession and growing geopolitical risks could lead to a potentially challenging environment for member institutions. Given these ongoing economic vulnerabilities, CDIC must stay focused on being ready to resolve failing or failed member institutions.

Regulatory environment

The *Canada Deposit Insurance Corporation Act* (the *CDIC Act*) was amended in June 2018 to modernize and enhance Canada's deposit insurance framework. The Government set two phases for the changes to come into force:

- On April 30, 2020, CDIC's deposit insurance will be extended to eligible deposits held in foreign currencies and eligible deposits with terms greater than five years, and coverage for travellers' cheques will be eliminated.
- Other changes will come into force on a future date to be fixed by order of the Governor in Council. There will be separate coverage up to \$100,000 for eligible deposits held under Registered Disability Savings Plans (RDSPs) and Registered Education Savings Plans (RESPs); removal of separate coverage for deposits in mortgage tax accounts; and new requirements for deposits held in trust.

CDIC's by-laws were amended as a result of the legislative changes. Significant effort is now underway to update CDIC's internal processes, and to work with member institutions and stakeholder communities (especially trustees) to ensure the changes can be effectively implemented so that eligible deposits are protected.

Emerging technologies in the financial services sector pose both challenges and opportunities with respect to disrupting established business models, cyber security and data privacy. The Government of Canada is continuing its review of open banking, and Canadians expect that any mechanism for sharing financial data would have a strong focus on security, privacy, and the stability of our financial sector.



Member environment

Overall, CDIC's membership continues to deliver stable, consistent financial results, with strong profitability and healthy capital and liquidity ratios. However, some pockets of vulnerabilities exist at some member institutions for reasons that include the prolonged low interest rate environment, a heavy reliance on brokered deposits, and/or non-diversified business models.

The risk of cyber events continues to present challenges for both member institutions and regulators. Significant work is underway amongst financial safety net agencies to ensure the Canadian financial system is resilient to cyber risks.

As at December 31, 2019, CDIC had 86 member institutions. Membership levels are expected to remain relatively stable over the coming year.

Depositor and public environment

Our public awareness campaign is an important tool to educate Canadians about deposit protection. This helps them make informed decisions about the protection of their savings and supports financial stability in Canada by lowering the risk of bank runs and contagion. Research shows that depositors who are aware of deposit protection are less likely to withdraw their funds in times of perceived or real stress, thus reducing the risk of a bank run.

In 2020/2021, CDIC will implement a new three-year Public Awareness Strategy and Plan which sets the goal of achieving a target of 60%-65% awareness of CDIC or of federal deposit protection by March 31, 2023. The new strategy and plan includes an integrated media strategy, with an increased emphasis on partnerships with member institutions and other stakeholders.

Corporate environment

Human resources overview

In January 2020, CDIC's organizational structure was redesigned to refine CDIC's capabilities to respond to member institution failures and deliver its mandate moving forward. This transformation vision touches every aspect of CDIC's work, with an enhanced focus on preparedness, leadership and culture. The new structure comprises five groups built around business lines, all aligned and committed to serving Canadians as one. The five groups are: the Depositor Protection Group; the Depositor Solutions Group; the Corporate Governance and Stakeholder Affairs Group; the People and Culture Group; and the Corporate Strategy and Risk Management Group.

CDIC's people continue to be highly engaged with relatively low turnover. Changing demographics and a competitive labour pool contribute to CDIC's focus on attracting and retaining top, diverse candidates. The Corporation is committed to maintaining an inclusive work force environment—the representation of women, members of visible minorities, persons with disabilities and Indigenous peoples is consistent with Canada's labour market.

CDIC's small size can increase the risk of employee turnover due to limited opportunities for advancement, especially in the younger work force. Our programs for development and career growth, flexibility in work-life balance and total rewards must be competitive and continue to evolve to respond to a multi-generational work force.



Recent employee survey results highlighted areas for improvement in CDIC's culture and organizational programs. CDIC developed the Organization and Culture Strategy and Plan to address and build on these findings.

Key initiatives

To ensure that CDIC continues to evolve to adapt to the changing landscape and expectations of depositors, CDIC is undertaking a number of key initiatives which will continue over the planning period. These initiatives will ensure that CDIC is in the best position to fulfill its statutory mandate and vision, whether today, tomorrow or in the future.

Payout modernization

One of CDIC's key risks is that a fast (i.e., on the day of failure) and accurate insurance payout cannot be assured where the deposit data necessary to calculate an insurance determination is missing or not sufficiently detailed. In response, CDIC has established a multi-year goal of modernizing its payout systems and processes to enhance the capability of reimbursing depositors in the event of a member institution failure. This initiative involves strengthening the data standards required to be followed by member institutions, modernizing our payout technologies and updating the way we communicate with depositors. The focus for the next fiscal year is to make necessary improvements to the data environment and existing mandate applications. This work will serve as the foundation for the next generation of depositor systems and processes.

Enterprise Risk Management

CDIC is exposed to a variety of risks that could impact its ability to meet its statutory mandate and protect depositors. To manage these risks, the Corporation must have an effective risk management approach that is supported by a strong risk culture. CDIC transformed its Enterprise Risk Management (ERM) program to ensure that risk management is an integral part of strategic and operational decision making. The ERM Framework provides an overview of CDIC's risk management approach to enable a common understanding of how CDIC manages risk; it provides employees with the information needed to manage risk effectively and consistently. The framework includes the risk appetite statement, risk governance structure and policies, and risk taxonomy, and it outlines the risk management process. The ERM program is closely linked to CDIC's Organization and Culture Strategy and Plan discussed below, as a key component of a successful ERM program is a strong risk culture.

In support of the enhanced ERM program, in 2019, a Simulation Centre of Excellence (CoE) was formed under the oversight of the Chief Risk Officer to take a systematic and enterprise-wide approach to setting testing priorities. The CoE is a dedicated and centralized testing function; it will allow CDIC to devote full-time resources to ensure CDIC's top risks are tested with enough frequency and optimal efficiency. CDIC's testing activities sit alongside ERM and will be used to drive continuous improvement in CDIC's response capabilities.



Organization and Culture Strategy and Plan

To support the above initiatives and ensure that CDIC continues to anticipate and respond to changes in its external operating environment, CDIC must evolve its culture and organizational programs. Evolving CDIC's culture and organizational programs and processes will ensure ongoing preparedness to respond to risks and that CDIC continues to attract and retain a highly skilled and engaged work force. The strategy and plan is in the early stages of implementation and will embed the newly developed promises and leadership commitments at CDIC. We illustrate our promises and commitments in the graphic below, as developed by employees for employees.



Corporate risks

CDIC's risk appetite

CDIC's risk philosophy is fundamentally focused on **anticipating** and **being prepared** to act against risks that threaten the protection of Canadian savings and the stability of the financial system. Equally, CDIC is prepared to take informed and targeted risks that:

- Will assist in achieving its mandate and vision.
- It understands, can manage, and that are aligned with its strategic objectives.
- Instill confidence and trust in CDIC.

The risks CDIC faces are varied, complex and often inter-related. In considering its risk appetite, CDIC takes a holistic approach to evaluating the impact of its actions across the risks to which it is exposed. Overall, CDIC has a balanced approach to risk appetite aligned with its statutory mandate. For example, CDIC is willing to take the risk of acting early to proactively promote the stability of the financial system and/or minimize its exposure to loss.

CDIC has taken a risk-based approach in developing its Plan to ensure alignment with CDIC's key risks, which supports the organization in achieving its mandate and vision. Factors in the operating environment (discussed earlier in this Plan) inform Management's assessment of key corporate risks under the new ERM program, which, in turn, indicate the areas of focus and desired outcomes for each initiative over the planning period as shown in the diagram below.



Risk taxonomy

CDIC categorizes its risks according to the taxonomy below.

Strategic	Preparedness	Operational	Financial	Organizational
Strategic risk	Assessment risk	Information and technology risk	Liquidity risk	Culture risk
External risk	Resolution risk	Security risk	Market risk	People risk
Execution risk	Legal powers risk	Natural and physical hazard risk	Credit risk	Succession planning risk
	Member compliance risk	Fraud risk	Funding risk	
		Compliance and legal risk		
Reputational				

The initiatives that address these key risks are described on the following pages under CDIC's five strategic objectives. CDIC will monitor the progress of its initiatives and will continually assess their impact on risk and determine when the risks have been mitigated to an acceptable level. The Corporation will also ensure that any new risks are identified.



Strategic objectives and outcomes

CDIC's objectives over the planning period are to reduce its risks in the following five areas:

1. Strategic
2. Preparedness
3. Operational
4. Organizational
5. Reputational

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 2020 and future Annual Reports, are included in Part 3 of this Plan.

Strategic key risks (Sub-category: Strategic)

- CDIC's ERM Framework fails to enable CDIC to identify, assess and monitor corporate risks adequately, and to set appropriate strategic objectives to enable CDIC to fulfill its mandate.
- A lack of oversight, coordination and prioritization could impact CDIC's ability to execute and deliver on its key initiatives.

Strategic objective: Transform CDIC's Enterprise Risk Management program

Planned initiatives	Desired outcomes
<p>Develop a more robust and mature ERM program to ensure that all risks are appropriately identified, assessed, managed and reported on, supported by a corporate planning process which clearly aligns key risks and strategic initiatives and a proper governance structure. Execution risk associated with implementing the key strategic initiatives will be closely monitored and reported through a Program Management Control Framework.</p>	<p>2020/2021 key deliverables:</p> <ul style="list-style-type: none"> ▪ Finalize and then operationalize ERM Guideline and policies. ▪ More robust reporting to CDIC's Leadership Council, Risk Committee and the Board. ▪ Complete internal process review and update operational risk management policies. <p>Desired long-term outcome/result indicator:</p> <p>By March 31, 2021, CDIC has an enhanced ERM program that is supported by a strong risk culture and enables risk-informed decision making consistent with CDIC's risk appetite.</p>



Preparedness key risks (Sub-categories: Resolution; Member compliance)

- CDIC fails to take timely action in responding to one or more failing or failed member institutions consistent with its mandate.
- External stakeholders fail to adopt regulatory changes associated with new legislation and associated by-laws resulting in reduced deposit insurance coverage or delays in effecting a timely payout of trust deposits.

Preparedness objective: Refine CDIC's capability to respond quickly and effectively to member institution failures

Planned initiatives	Desired outcomes
<p>Enhance CDIC's resolution readiness by:</p> <ul style="list-style-type: none"> i) undertaking intensive, early stage preparatory activities for troubled members, supported by efficient, targeted risk assessment; ii) maintaining simple, clear, implementable resolution plans for all small and mid-size members commensurate with their risk and resolvability profile; and iii) maturing the D-SIB/G-SIB planning efforts into a credible, sustainable model for crisis readiness amongst the industry and safety net stakeholders. 	<p>2020/2021 key deliverable:</p> <ul style="list-style-type: none"> CDIC defines and is operating within an acceptable level of resolution preparedness (risk tolerance) for all member institutions commensurate with their risk and resolvability profile. <p>Desired long-term outcome/result indicator: CDIC operates within its established risk tolerance, identifying member risks earlier and taking the necessary preparatory actions to implement the orderly resolution of troubled members for the benefit of depositors and the stability of the financial system.</p>
<p>Review and strengthen CDIC's capacity to manage the operational risks posed by multiple member institution failures.</p>	<p>2020/2021 key deliverable:</p> <ul style="list-style-type: none"> Refine CDIC's crisis model for responding to multiple member institution failures, including cross-training of necessary internal and standby resources. <p>Desired long-term outcome/result indicator: Through continuous testing exercises, CDIC can demonstrate that it has the operational capacity to respond to large scale and/or simultaneous failures of multiple member institutions.</p>



Planned initiatives	Desired outcomes
<p>Engage internally and with external stakeholders to ensure that regulatory changes are effectively implemented by coming into force date.</p>	<p>2020/2021 key deliverables:</p> <ul style="list-style-type: none"> Lead the Brokered Deposit Advisory Group (BDAG) which includes key industry groups. Develop industry best practices concerning the organization and transmission of broker client data to CDIC member institutions. Develop and implement, in consultation with the industry, a comprehensive nominee broker deposit compliance framework that includes systems development, guidance, enforcement, and a monitoring and testing program. Monitor broker progress towards compliance with the revised coverage rules and assess and consider options to deal with any residual coverage risk. <p>Desired long-term outcome/result indicator:</p> <p>CDIC can validate through testing and other means that all member institutions and other stakeholders are compliant with the <i>CDIC Act</i> and by-law requirements thereby protecting depositors, and Management has assessed the implementation of the new legislative framework to ensure insured deposits continue to be appropriately protected.</p>
<p>Advance preparedness activities through the newly created Simulation Centre of Excellence by implementing a risk-based simulation testing program.</p>	<p>2020/2021 key deliverable:</p> <ul style="list-style-type: none"> At least one simulation test per quarter, as aligned with risk areas, with varying levels of participation from the CDIC Board, Management, safety net partners and CDIC employees. <p>Desired long-term outcome/result indicator:</p> <p>Test exercise findings are incorporated into the annual ERM cycle and drive continuous improvement in CDIC's response capabilities and overall readiness.</p>



Operational key risks (Sub-category: Information and Technology)

- CDIC has ineffective or inadequate processes which could result in delays in effecting a payout in the event of member institution failure.
- A cyber event affecting the Corporation's data could result in a breach, impacting CDIC's ability to deliver on its mandate.

Operational objective: Modernize CDIC's payout systems and enhance its information security practices

Planned initiatives	Desired outcomes
<p>Invest significant resources to modernize CDIC's payout capabilities and related processes to protect depositors and facilitate access to insured deposits on the day of failure.⁴</p>	<p>2020/2021 key deliverable:</p> <ul style="list-style-type: none"> CDIC defines strategy details and commences implementation of a payout execution strategy, including key vendor selection and industry alignment. <p>Desired long-term outcome/result indicator:</p> <p>By 2025, CDIC has implemented data standards, processes and supporting technologies to enable depositors to access their insured deposits on the date of their member institution failure.</p>
<p>Enhance CDIC's information security to ensure the protection of CDIC's information and infrastructure assets by leveraging new technologies and industry best practices.</p>	<p>2020/2021 key deliverables:</p> <ul style="list-style-type: none"> Enhanced secure and resilient information security program is in place, ensuring that best practices (including privacy protection) and emerging risks are identified and mitigated. Strategic partnerships are created to enhance CDIC's security capabilities. <p>Desired long-term outcome/result indicator:</p> <p>By March 2025, the Corporation has made enhancements to its information security and privacy framework to ensure that CDIC has the standards and guidelines in place to continue to protect its systems and information and to respond to a data breach, including a cyber event.</p>

⁴ In order for CDIC to provide access to insured deposits on the day of failure, significant changes must also be made to the Canadian payments system. For more information on that initiative, which is being led by Payments Canada, see: <https://modernization.payments.ca>.



Organizational key risk (Sub-category: Culture)

- Inability to implement key change management initiatives, such as the Organization and Culture Strategy and Plan, may result in CDIC's culture not aligning with its operating environment which could affect the Corporation's ability to fulfill its mandate effectively.

Organizational objective: Implement the Organization and Culture Strategy and Plan

Planned initiatives	Desired outcomes
<p>Continue implementation of CDIC's Organization and Culture Strategy and Plan to drive transformation efforts through redesigning human capital processes, including performance management, total rewards, leadership and talent development programs and succession planning practices, to ensure organizational alignment, effectiveness and a strong leadership bench to guide CDIC in managing its risks.</p>	<p>2020/2021 key deliverable:</p> <ul style="list-style-type: none"> Implement year two of CDIC's three-year Organization and Culture Strategy and Plan, including: undertaking a compensation review; redesigning its 360-degree feedback leadership program; and revamping talent management and succession planning processes. Develop key metrics to conduct a culture effectiveness assessment to measure the degree of transformation. <p>Desired long-term outcome/result indicator:</p> <p>By March 31, 2022, CDIC has fully implemented its Organization and Culture Strategy and Plan supporting CDIC's culture transformation and can demonstrate that the Corporation can attract, develop and retain an engaged, adaptable, high-performing and diverse work force to meet the demands of CDIC's environment.</p>

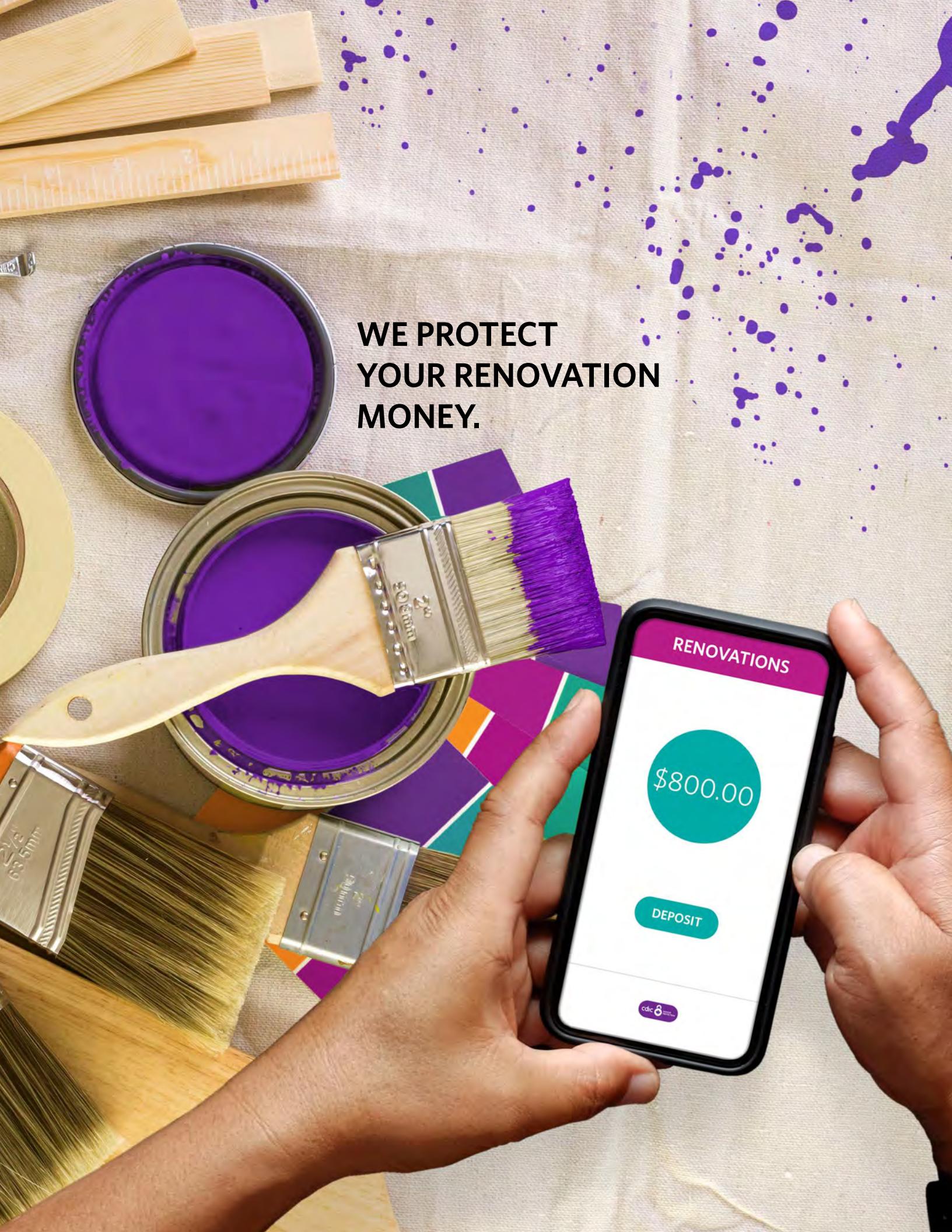
Reputational key risk

- Failure to raise public awareness of CDIC and federal deposit protection to the target range of 60%–65% could fail to mitigate the risk of a depositor run, in the event of a troubled member institution.

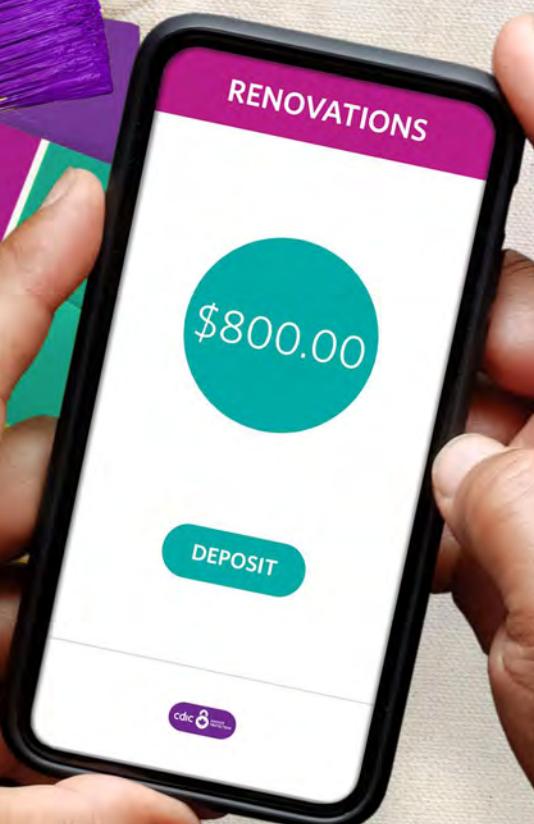
Reputational objective: Increase public awareness of CDIC's deposit protection

Planned initiatives	Desired outcomes
<p>Implement a new three-year public awareness strategy to increase public awareness of CDIC or of federal deposit protection.</p>	<p>2020/2021 key deliverable:</p> <ul style="list-style-type: none"> Steadily increase public awareness levels to at least 60% awareness of CDIC or of federal deposit protection by March 31, 2021. <p>Desired long-term outcome/result indicator:</p> <p>By March 31, 2023, results from quarterly national surveys indicate awareness levels rising to target levels of 60%–65% awareness of CDIC or of federal deposit protection.</p>





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YOUR RENOVATION
MONEY.**



PART 3 FINANCIAL AND RESOURCE PLANS

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

CDIC expects to maintain a stable financial position throughout the planning period; however, a member institution failure or intervention, 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, Board approval may be sought for additional resources and budget.

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

The key elements of CDIC's financial plan are its: insured deposit levels; *ex ante* funding; premiums; provision for insurance losses; investment revenue; and operating and capital budgets. Each of these is described in detail below.

Planning assumptions

Insured deposits

Insured deposit growth impacts all the key areas of CDIC's financial plan. The assumed 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 by consumers. *For the planning period, the assumed annual growth in insured deposits is 9% in 2020/2021 (reflecting annual growth and the impact of coverage changes) and 3% thereafter.*

The Government of Canada recently amended the *Canada Deposit Insurance Corporation Act* (the *CDIC Act*) to modernize and enhance Canada's deposit insurance framework, through the introduction of new insurance coverage (see the "Regulatory environment" section above for more information). These amendments will result in an increase in the amount of deposits insured by CDIC due to the new insurance coverage for foreign currency deposits, Registered Disability Savings Plans (RDSPs) and Registered Education Savings Plans (RESPs); however, the magnitude of the increase can only be estimated at this time.



Ex ante funding and liquidity

CDIC maintains *ex ante* funding to cover possible losses resulting from resolving member institutions. 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. CDIC's *ex ante* funding level as at December 31, 2019, was 65 basis points of insured deposits and is supported by a \$5.7 billion investment portfolio.

As detailed below (see "Borrowing plan"), additional funding is available through CDIC's authority to borrow under the *CDIC Act*, subject to approval by the Minister of Finance. Supplemental borrowing, if required, could be authorized either by Parliament through an appropriation act, or by the Minister of Finance out of the Consolidated Revenue Fund. *It is assumed that no borrowing will be necessary to resolve member institutions 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.

During the 2018/2019 fiscal year, CDIC concluded a five-year program of moderate premium rate increases designed to enable the Corporation to achieve its target *ex ante* fund level over a reasonable period of time. Management estimates that *ex ante* funding will reach the minimum target in the Corporation's 2025/2026 fiscal year, assuming premiums stay flat to current rates, and concludes that current premium rates are appropriate. *Therefore, for planning purposes, CDIC has assumed that the Category 1 rate (the base rate) will remain stable at 7.5 basis points throughout the planning period.*

CDIC applies a differential premiums structure that classifies each member annually into one of four premium categories, based on a scoring of quantitative and qualitative factors. Premium Category 1 has the lowest premium rate; Premium Category 4 has the highest rate. In 2019/2020, the rate ranged from 7.5 to 33.3 basis points of insured deposits.

Approved premium rates for 2020/2021 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



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 exposure to losses; (ii) the expectation of default derived from probability statistics; (iii) an expected loss given default; and (iv) the Corporation's specific knowledge of its members. *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 the forecasted growth in exposure. The provision estimate also assumes that there will be no material changes in the risk profile of the membership. All other inputs into the provision for insurance losses are based on information as at December 31, 2019.*

Investment revenue

Significant financial risks that arise from transacting and holding financial instruments include credit, liquidity and market risks. Formal policies are in place to manage 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 1.6% for 2020/2021, rising gradually to a yield of 1.8% in 2024/2025.*

Resource plans

Operating budget—2020/2021 to 2024/2025

CDIC is a self-funded Crown corporation and does not receive government appropriations. The 2020/2021 operating budget reflects an increase in operating expenditures of \$12.2 million to \$62.2 million. The increase will serve to:

1. Modernize CDIC's payout capabilities and related processes.
2. Continue implementation of the Organization and Culture Strategy and Plan.
3. Maintain and enhance information security to ensure the protection of CDIC's information and infrastructure assets.
4. Support the implementation of changes to the *CDIC Act* with respect to deposit insurance coverage changes.
5. Develop a more robust and mature Enterprise Risk Management (ERM) program.



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				
	2018/ 2019	2019/ 2020	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025
OPERATING EXPENSES								
Salaries and other personnel costs	20.5	24.8	25.2	27.6	28.3	29.0	29.7	30.5
Other operating expenses:								
Professional fees	5.0	6.1	6.8	14.0	13.6	13.8	14.1	14.4
General expenses	5.7	6.5	8.3	8.6	8.8	8.9	9.1	9.3
Premises	3.8	4.2	2.4	2.2	2.2	2.3	2.3	2.4
Public awareness	5.4	5.8	5.8	6.0	6.0	6.0	6.0	6.0
Data processing	2.4	2.8	2.6	4.0	4.1	4.2	4.2	4.3
Total operating expenses	42.8	50.2	51.1	62.4	63.0	64.2	65.4	66.9
Less cost recovery (OSFI)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
NET OPERATING EXPENSES*	42.6	50.0	50.9	62.2	62.8	64.0	65.2	66.7

*For planning purposes, net operating expenses have an assumed annual growth of 2% to 2.5% starting in fiscal 2021/2022, except for professional fees to adjust consulting fees related to payout modernization. For 2021/2022 to 2024/2025, actual budgets may vary materially from those presented above.

Human resource requirements

For 2020/2021, the Corporation's work force is expected to be between 145 and 155 permanent positions. The increase in permanent positions will help address initiatives such as the Organization and Culture Strategy and Plan, the ERM program, system modernization and the implementation of regulatory changes. CDIC participates in the federal public service pension and benefits plans. Employees of CDIC are not unionized.



Capital budget—2020/2021 to 2024/2025

The budget for capital expenditures in 2020/2021 is \$4.0 million, an increase of \$0.9 million from the previous year (see Figure 2). The increase to the capital budget is primarily to enhance and modernize CDIC's core mandate systems.

Figure 2

Capital budget (C\$ thousands)								
	Actual	Approved Plan	Forecast	Plan				
	2018/ 2019	2019/ 2020	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025
Software development costs	1,257	1,600	1,244	3,000	2,000	2,000	2,000	2,000
Computer hardware	127	250	200	150	150	150	150	150
Furniture and equipment	—	1,000	1,500	500	100	100	100	100
Leasehold improvements	—	250	400	350	100	100	100	100
TOTAL	1,384	3,100	3,344	4,000	2,350	2,350	2,350	2,350

For 2021/2022 to 2024/2025, actual budgets may vary materially from those presented above.



Projected condensed consolidated financial statements and past results

The tables that follow present CDIC's expected performance from 2019/2020 to 2024/2025, as well as actual results for the year 2018/2019 (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					
	2018/ 2019	2019/ 2020	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025	
ASSETS									
Cash	2	1	1	1	1	1	1	1	1
Investment securities	5,034	5,719	5,730	6,486	7,277	8,104	8,969	9,874	
Capital assets	7	15	8	9	9	9	9	8	
Right-of-use assets	—	6	12	11	9	8	7	6	
Other assets	1	—	—	—	—	—	—	—	
TOTAL ASSETS	5,044	5,741	5,751	6,507	7,296	8,122	8,986	9,889	
LIABILITIES									
Trade and other payables	6	5	5	5	5	5	5	5	5
Provision for insurance losses	2,050	2,150	2,000	2,000	2,100	2,150	2,250	2,350	
Lease liabilities	—	6	13	11	10	9	8	7	
Other liabilities	3	5	4	5	5	5	5	5	
Total liabilities	2,059	2,166	2,022	2,021	2,120	2,169	2,268	2,367	
EQUITY									
Retained earnings	2,985	3,575	3,729	4,486	5,176	5,953	6,718	7,522	
TOTAL LIABILITIES AND EQUITY	5,044	5,741	5,751	6,507	7,296	8,122	8,986	9,889	



Figure 4

Projected condensed consolidated statement of comprehensive income for the year ended March 31 (C\$ millions)								
	Actual	Approved Plan	Forecast	Plan				
	2018/ 2019	2019/ 2020	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025
REVENUE								
Premium*	645	665	668	728	752	777	803	830
Investment income	66	85	86	100	114	130	148	166
	711	750	754	828	866	907	951	996
EXPENSES								
Operating	43	50	51	62	63	64	65	67
Recovery of amounts previously written off	(1)	—	—	—	—	—	—	—
Increase (decrease) in provision for insurance losses	—	100	(50)	—	100	50	100	100
	42	150	1	62	163	114	165	167
Net income before income taxes	669	600	753	766	703	793	786	829
Income tax expense**	(6)	(9)	(9)	(9)	(13)	(16)	(21)	(25)
NET INCOME	663	591	744	757	690	777	765	804
Other comprehensive income***	—	—	—	—	—	—	—	—
TOTAL COMPREHENSIVE INCOME	663	591	744	757	690	777	765	804

*The increase in premium revenue is due to the estimated growth in insured deposits as a result of modernization and enhancement of Canada's deposit insurance framework.

**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				
	2018/ 2019	2019/ 2020	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025
RETAINED EARNINGS AND TOTAL EQUITY								
Balance at beginning of the fiscal year	2,322	2,984	2,985	3,729	4,486	5,176	5,953	6,718
Net income	663	591	744	757	690	777	765	804
Other comprehensive income	—	—	—	—	—	—	—	—
Total comprehensive income	663	591	744	757	690	777	765	804
ENDING BALANCE	2,985	3,575	3,729	4,486	5,176	5,953	6,718	7,522



Figure 6

Projected condensed consolidated statement of cash flows for the year ended March 31 (C\$ millions)									
	Approved Plan			Forecast	Plan				
	Actual	2018/ 2019	2019/ 2020		2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025
OPERATING ACTIVITIES									
Net income	663	591	744	757	690	777	765	804	
Add (deduct) items not involving cash:									
Investment income	(66)	(85)	(86)	(100)	(114)	(130)	(148)	(166)	
Tax expense	6	9	9	9	13	16	21	25	
Loss on retirement and disposal of property, plant and equipment	—	—	—	—	—	—	—	—	—
Other	1	—	—	—	—	—	—	—	—
Change in working capital:									
Increase (decrease) in provision for insurance losses	—	100	(50)	—	100	50	100	100	
Change in other working capital items	(1)	—	—	—	—	—	—	—	—
Interest received	92	85	86	100	114	130	148	166	
Income tax paid	(6)	(9)	(9)	(9)	(13)	(16)	(21)	(25)	
Net cash generated by operating activities	689	691	694	757	790	827	865	904	
INVESTING ACTIVITIES									
Acquisition of property, plant and equipment, and intangible assets	(1)	(3)	(3)	(4)	(2)	(2)	(2)	(2)	
Purchase of investment securities	(1,994)	(1,970)	(2,001)	(2,064)	(2,097)	(2,133)	(2,171)	(2,210)	
Proceeds from sale or maturity of investment securities	1,307	1,282	1,310	1,313	1,310	1,309	1,309	1,309	
Net cash used in investing activities	(688)	(691)	(694)	(755)	(789)	(826)	(864)	(903)	
FINANCING ACTIVITIES									
Principal payment of lease liabilities	—	—	(2)	(2)	(1)	(1)	(1)	(1)	
Incentive in connection with the recognition of finance lease under IFRS 16	—	—	1	—	—	—	—	—	
Net cash used in financing activities	—	—	(1)	(2)	(1)	(1)	(1)	(1)	
Net change in cash	1	—	(1)	—	—	—	—	—	
Cash, beginning of year	1	1	2	1	1	1	1	1	
CASH, END OF YEAR	2	1	1	1	1	1	1	1	1



2018/2019 actual to Plan

Statement of financial position

Total assets as at March 31, 2019, were \$5,044 million, \$15 million higher than the planned amount of \$5,029 million. This slight increase is primarily due to the higher than planned premium revenue that also contributed to the increase in investment securities, resulting in higher investment income than planned.

Total liabilities as at March 31, 2019, were \$2,059 million, \$151 million lower than the planned amount of \$2,210 million mainly due to the lower than planned provision for insurance losses, as detailed below.

Statement of comprehensive income

Actual **net income** for the 2018/2019 fiscal year was \$663 million compared to a planned net income of \$546 million. This \$117 million positive variance is mainly due to:

- No change to the provision for insurance losses compared to the \$100 million included in the Plan. The calculation of the planned provision for insurance losses only assumes an estimated growth in insured deposits, with all other factors—including the change in the provision methodology, economic inputs, categorization and risk profiles of member institutions and probabilities of default—remaining constant, contributing to the variance.
- Premium revenue that was \$9 million higher than planned mainly due to the addition of new member institutions and changes in the categorization and risk profile of certain member institutions.
- Net operating expenses that were \$5 million below Plan of \$48 million primarily due to vacancies within senior-level positions, together with changes in CDIC's sick leave program that resulted in the reversal of employee benefits.

2019/2020 forecast to Plan

Forecasted net income (as at December 31, 2019) for 2019/2020 was \$744 million, compared to a planned net income of \$591 million. This \$153 million positive variance was primarily due to the provision for insurance losses which was expected to be \$2,150 million at the end of the 2019/2020 fiscal year. However, as at December 31, 2019, the provision for insurance losses is forecasted to decrease to \$2,000 million.

The Corporation forecasts that its *ex ante* funding will grow to 67 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 2025/2026.

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, 2019, the Corporation may borrow up to \$25 billion, subject to approval by the Minister of Finance. This borrowing limit is adjusted annually on December 31 to reflect the growth in insured deposits. Supplemental borrowing, if required, could be authorized either by Parliament through an appropriation act, or by the Governor in Council and the Minister of Finance if, in the Minister's opinion, it is necessary to promote the stability or maintain the efficiency of the financial system in Canada.

As at December 31, 2019, CDIC had no debt outstanding.

The planning assumption is that no additional borrowing will be necessary; however, if an intervention were required for a failing member institution, or a member institution were to fail, then 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.

Leases

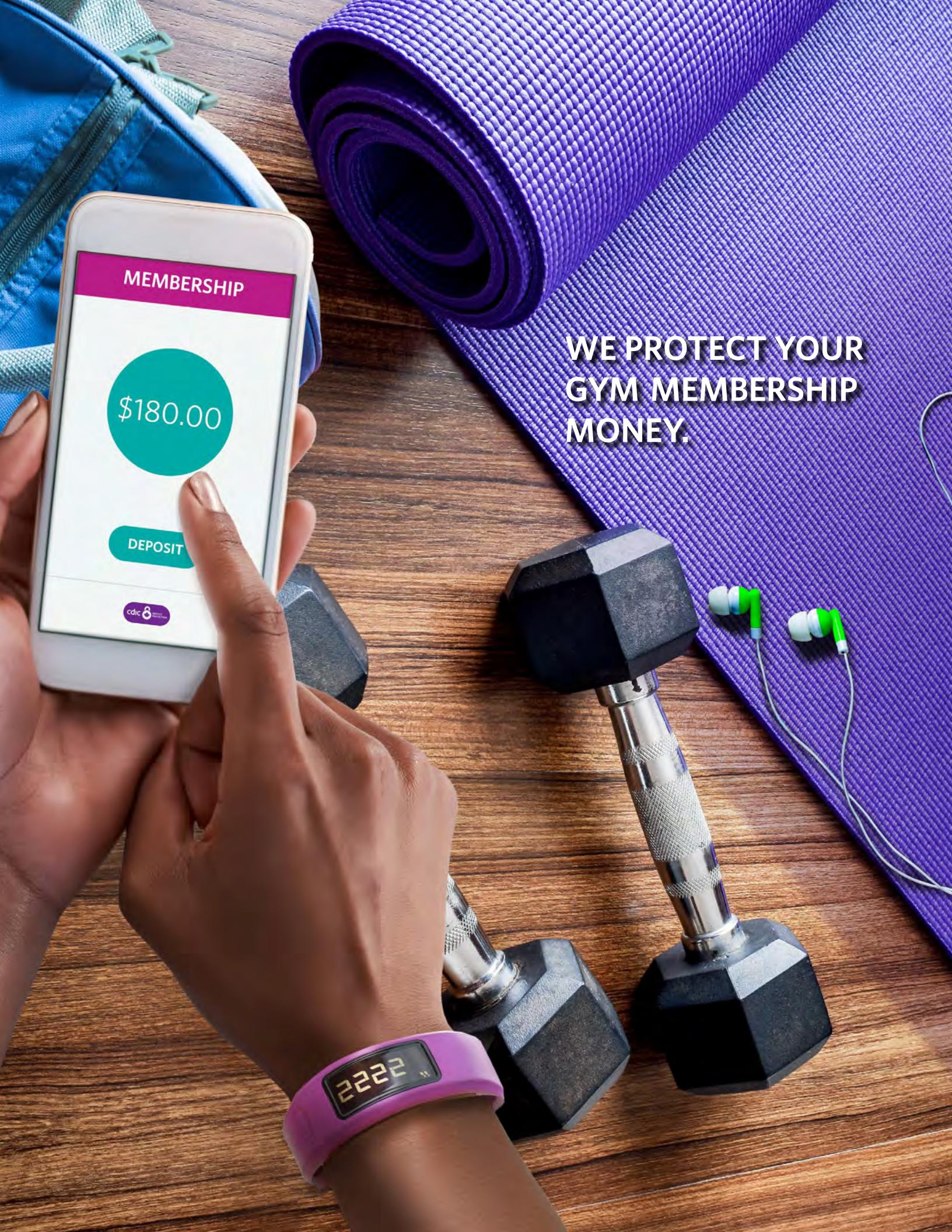
Paragraph 10 (b) of the *Crown Corporation General Regulations, 1995* requires CDIC to seek approval from the Minister of Finance on the specific terms and conditions of lease transactions which exceed the lesser of \$10 million or five percent of the total assets of CDIC.

CDIC does not have any new leases or renewals that exceed the ministerial threshold.

Short-term borrowing authorities for 2020/2021

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.





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PART 4 PERFORMANCE AGAINST PAST PLANS

CDIC's previous Corporate Plan (2019/2020 to 2023/2024) identified four corporate strategic objectives. These strategies, set out below, reflected the Corporation's assessment of its operating environment and risks, and supported its business objects:

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

Highlights of CDIC's past performance

Key corporate initiatives and outcomes were identified to support these strategies. CDIC's Corporate Scorecard tracks the progress of key corporate initiatives linked to its objectives and priorities. Progress against most of CDIC's 2019/2020 corporate strategic objectives and initiatives was proceeding as planned as at December 31, 2019, except for the following initiatives:

- Increase public and depositor awareness of CDIC and its deposit insurance program, by leveraging members and key media consumed by the public, and by conducting research on depositor behaviour and expectations. The decrease in public awareness could be due to seasonal awareness trends, sampling and less market presence than in previous quarters as CDIC sought to manage a four-month advertising blackout occasioned by the federal election.
- Enhance the work environment, including adapting CDIC's policies, practices and technology to align with work force changes and trends.

The Corporate Scorecard below provides information on the actions CDIC is taking to address these two exceptions, as well as an update on the four corporate strategic objectives identified in the previous Corporate Plan (2019/2020 to 2023/2024).



CDIC's Corporate Scorecard—2019/2020

(as at December 31, 2019)

Preparedness: Advancing resolution readiness

Outcomes

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

Key corporate initiatives	Status	Update
Implement key design features of the modernized reimbursement process, scalable for concurrent failures, with a focus on strengthening deposit data standards and technology enhancements to ensure privacy and security, depositor communication and electronic reimbursement capabilities.	ON TARGET	CDIC continued with the implementation of system enhancements to its intervention systems. These improvements have resulted in CDIC being better positioned to respond to depositor expectations during resolution. Building on a successful Proof of Concept (PoC), a new Customer Relationship Management (CRM) application was introduced. This application significantly improves CDIC's ability to track and monitor day-to-day interactions with insured depositors and will be further refined to improve the overall depositor experience at time of failure. A commercial off-the-shelf data validation and analysis tool was moved into production replacing an older custom-built application. This tool allows CDIC to analyze large volumes of data rapidly by assessing such things as data quality and completeness. Furthermore, the tool provides the flexibility to change analytical parameters without the need for system developers. Additional PoCs continue in various stages of development and will improve CDIC's capabilities to engage with stakeholders, while ensuring the protection of personal and private data. Over the next fiscal year, this initiative will continue to evolve as CDIC defines its vision for payout timelines.

Legend

ON TARGET—Planned progress on schedule and within budget

SLIPPAGE—Slippage in terms of time to completion, budget and/or target variances

CANCELLED—Cancelled or deferred



CDIC's Corporate Scorecard—2019/2020

(as at December 31, 2019)

Key corporate initiatives	Status	Update
Guide and direct domestic systemically important banks (D-SIBs) to reach the 2020 resolvability target through formal assessment and testing of resolution plans and timely remediation of identified impediments.	ON TARGET	<p>CDIC delivered feedback to the management and the boards of the D-SIBs on their 2018 resolution plans to ensure that the member institutions are on track to achieve resolvability by 2020.</p> <p>The <i>Resolution Planning By-law</i> came into force in May 2019. To maintain a high level of transparency on the assessment process which follows the principles of procedural fairness, CDIC provided the D-SIBs with the assessment framework that CDIC will use to assess the resolution plans under the by-law. The first resolution plans pursuant to the by-law were submitted by the D-SIBs in December 2019 and will be reviewed in accordance with this revised assessment process.</p>
Advance preparedness for member institution failure through a risk-based testing and readiness program that requires an appropriate level of preparedness for all member institutions, and that considers evolving risks (such as cyber attacks) and associated impacts on intervention approaches. Strengthen crisis communications for all aspects of CDIC's resolution toolkit.	ON TARGET	<p>CDIC continues to advance its baseline/overall readiness through the ongoing multi-year update of its Resolution Playbook, with a focus in 2019 on its receivership manual, updated liquidation procedures and resource planning. Key changes were required in Q2 to established payout and liquidation processes to address amendments to the <i>Joint and Trust Account Disclosure By-law</i>.</p> <p>Through the continued development of resolution plans for its mid-sized member institutions, CDIC has increased its readiness to assess and execute resolution actions in a crisis.</p> <p>Key elements of the Crisis Communications Program were tested, including member institution failure scenarios, spokesperson readiness, key messages, traditional and social media monitoring and website management. CDIC continues to refine its D-SIB communications strategies.</p>

Legend

ON TARGET—Planned progress on schedule and within budget

SLIPPAGE—Slippage in terms of time to completion, budget and/or target variances

CANCELLED—Cancelled or deferred



CDIC's Corporate Scorecard—2019/2020

(as at December 31, 2019)

Deposit insurance program: Modernizing the 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 anticipate and adapt to the changing banking landscape; and to meet the needs of depositors.

Key corporate initiatives	Status	Update
Implement changes from the deposit insurance review, including engaging with member institutions and other key stakeholders.	ON TARGET	<p>CDIC established a Brokered Deposit Advisory Group (BDAG) to support implementation of the new <i>CDIC Act</i> and supporting by-law requirements affecting the brokered deposit industry. Through BDAG, CDIC will facilitate discussion among industry stakeholders (i.e., through targeted working groups) to develop viable approaches and solutions and confirm capabilities for a comprehensive implementation of the new requirements.</p> <p>CDIC also initiated extensive and ongoing internal work to prepare for the coming into force of the new <i>CDIC Act</i> and by-law requirements. This work includes: updating CDIC's internal systems and processes (i.e., for premiums and payout) to reflect these changes; developing responses to enquiries from member institutions and other stakeholders on the new rules; developing a compliance approach to enhance broker adherence to the new rules; and updating communication tools to raise awareness of the changes to the deposit insurance framework.</p>

Legend

ON TARGET—Planned progress on schedule and within budget

SLIPPAGE—Slippage in terms of time to completion, budget and/or target variances

CANCELLED—Cancelled or deferred



CDIC's Corporate Scorecard—2019/2020

(as at December 31, 2019)

Key corporate initiatives	Status	Update
Conclude the by-law modernization initiative and develop a program for the regular and timely review of all by-laws.	ON TARGET	As part of the by-law modernization initiative, in 2019 CDIC developed and amended a number of key by-laws. As part of its commitment to ongoing timely reviews of all by-laws, the Corporation will continue to schedule regular reviews of key by-laws on an as-needed basis and will continue to report quarterly to the Board on any by-law initiatives. In that vein, CDIC initiated a multi-year comprehensive review of the <i>Differential Premiums By-law</i> and framework in 2019.
Assess the progression of <i>ex ante</i> funding toward the minimum target in light of insurance coverage changes and evolving membership risks.	ON TARGET	CDIC assessed the progression of <i>ex ante</i> funding toward the minimum target of 100 basis points of insured deposits and considers such progression reasonable. The assessment was part of an annual evaluation of the sufficiency of <i>ex ante</i> funding and incorporated a revised forecast of the time it is expected to take for the <i>ex ante</i> fund to reach the minimum target. The revised forecast included an estimate of the impact on total insured deposits of expanded coverage for foreign currency deposits and the elimination of term limits on insured products. Current estimates suggest that <i>ex ante</i> funding will reach the minimum target in the Corporation's 2025/2026 fiscal year.
Strengthen focus and understanding of key emerging issues in order to best position CDIC, as a deposit insurer and resolution authority, to adapt to modern banking trends and contribute to financial stability.	ON TARGET	CDIC continues to keep abreast of emerging trends and latest developments in financial services and regulation. CDIC identifies and discusses emerging issues at the Management and Board levels before they become key risks or policy issues. In May 2019, CDIC held its second Biennial Conference, where academics, practitioners and policy makers discussed topics of relevance for CDIC and financial stability more generally, such as deposit stability, fintech and cyber risk. In addition, research is currently being conducted to explore potential implications for CDIC of (private and public) digital currencies.

Legend

ON TARGET—Planned progress on schedule and within budget

SLIPPAGE—Slippage in terms of time to completion, budget and/or target variances

CANCELLED—Cancelled or deferred



CDIC's Corporate Scorecard—2019/2020

(as at December 31, 2019)

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 in the stability of the financial system.
- CDIC fosters a collaborative and productive relationship with member institutions and Canadian financial safety net partners.

Key corporate initiatives	Status	Update
Increase public and depositor awareness of CDIC and its deposit insurance program, by leveraging members and key media consumed by the public, and by conducting research on depositor behaviour and expectations.	SLIPPAGE	While CDIC completed year two of its three-year public awareness strategy at 55% which met its awareness target for March 31, 2019, awareness dipped to 51% in the December 2019 quarterly survey. This decrease could be due to seasonal awareness trends, sampling and less market presence than in previous quarters as CDIC sought to manage a four-month advertising blackout occasioned by the federal election.

Legend

ON TARGET—Planned progress on schedule and within budget

SLIPPAGE—Slippage in terms of time to completion, budget and/or target variances

CANCELLED—Cancelled or deferred



CDIC's Corporate Scorecard—2019/2020

(as at December 31, 2019)

Key corporate initiatives	Status	Update
Strengthen relationships with key stakeholders through an integrated engagement process that is responsive to key findings of a member institution survey, and to the results of other consultations and engagement activities.	ON TARGET	<p>Last year, CDIC successfully conducted its first ever member institution survey to gauge effectiveness of the Corporation's interactions with CDIC member institutions. Survey results showed that members have a good understanding of CDIC's role in the safety net and its processes, and that the expertise and helpfulness of CDIC staff is highly valued. The Corporation communicated its actions in response to the survey results to the Board in June 2019 and is monitoring progress against these actions to ensure further strengthening of relationships. CDIC also communicated with the member institutions on survey results and key actions in September 2019.</p> <p>In addition, CDIC consulted extensively on matters related to the operationalization of the changes to the coverage framework that will result from amendments to the <i>CDIC Act</i> to modernize and enhance the deposit insurance framework. The Corporation consulted extensively with its member institutions on the proposed new Data and System Requirements specification document and will offer implementation support through its newly established BDAG, as mentioned above.</p>
Increase stakeholder understanding of CDIC's role as resolution authority for all members, including a global systemically important bank (G-SIB), and build credibility and confidence in CDIC's ability to deliver on its mandate.	ON TARGET	<p>A renewed website featuring an enhanced section on resolution was launched, and various speeches and communications (e.g., news releases, corporate video and social media content) were conducted as part of the enhanced resolution authority communications plan implementation. Planned activities include digital video presentations, an information campaign to depositors about updates to coverage, and the introduction of a chat function on the website to respond to depositor questions.</p>

Legend

ON TARGET—Planned progress on schedule and within budget

SLIPPAGE—Slippage in terms of time to completion, budget and/or target variances

CANCELLED—Cancelled or deferred



CDIC's Corporate Scorecard—2019/2020

(as at December 31, 2019)

Organization: Evolving the Corporation

Outcome

- CDIC has an engaged, innovative, adaptable and high-performing work force and a work environment that supports the changing needs of the organization and its employees.

Key corporate initiatives	Status	Update
Foster CDIC's strong culture of respect, diversity, innovation, adaptability and excellence through continued focus on employee skills and leadership development, to support the evolution of the Corporation's programs and organization.	ON TARGET	A new three-year human capital management strategy and plan (referred to as the Organization and Culture Strategy and Plan) was developed to position CDIC to respond to changes in its internal and external operating environment. The strategy and plan includes foundational culture work revising CDIC's values and leadership competencies, along with evolving human resource programs, and investments in training and technology. CDIC's comprehensive diversity and inclusion strategy has also ensured that the Corporation leads by example through staff education and awareness and revision of policies, programs and governance materials to ensure inclusiveness. Regular multicultural events are also hosted and supported.
Conduct a comprehensive review of CDIC's Enterprise Risk Management (ERM) program.	ON TARGET	The ERM transformation project is proceeding as planned. The ERM Framework, risk philosophy and the draft risk appetite tolerance by risk category was approved by the Risk Committee in December 2019. The updated risk taxonomy was provided to the Risk Committee for information purposes. In addition, the identification of CDIC's key risks through the ERM Framework is now directly integrated into the development of the Corporate Plan, presented to the Risk Committee and Board and approved in December.

Legend

ON TARGET—Planned progress on schedule and within budget

SLIPPAGE—Slippage in terms of time to completion, budget and/or target variances

CANCELLED—Cancelled or deferred



CDIC's Corporate Scorecard—2019/2020

(as at December 31, 2019)

Key corporate initiatives	Status	Update
Enhance the work environment, including adapting CDIC's policies, practices and technology to align with work force changes and trends.	SLIPPAGE	CDIC initiated the procurement process to select a partner to assist in the development of information management governance on Microsoft 365 (SharePoint Online and other related tools) and the migration of documents. The objective is to strengthen and modernize existing processes, supporting technologies and information security. The project is behind schedule but commenced in the latter part of 2019. By year end, the Corporation will complete a renovation project of its existing Ottawa premises to accommodate a growing work force and to modernize its audio-visual and conferencing tools and technology to facilitate collaboration and remote working. In addition, CDIC continues to prioritize software as a service (SaaS) Cloud-based solution for the introduction of new technologies, such as the upgrade of its Treasury Management system and the modernization of its expense claim management system to leverage new technologies.
Review CDIC's data assets and ensure that they are streamlined, effective and secure.	ON TARGET	CDIC established an internal Data Management Strategy that consolidates and shares its data assets through a modernized data warehouse and business intelligence platform, supported by an appropriate governance structure and security protocols. CDIC continues to strengthen its cyber and information security programs by developing a framework employing best practices, implementing new security tools to mitigate cyber risks and creating a Cyber Incidents Response Plan. CDIC also has an ongoing employee training campaign to increase awareness of existing and emerging cyber risks.

Legend

ON TARGET—Planned progress on schedule and within budget

SLIPPAGE—Slippage in terms of time to completion, budget and/or target variances

CANCELLED—Cancelled or deferred



