

SUMMARY OF THE CORPORATE PLAN

2021/2022 to 2025/2026

Including a Summary of the 2021/2022
Operating and Capital Budgets, and Borrowing Plan

We protect your deposits

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 the global leader in deposit insurance and resolution.

CDIC'S RISK PHILOSOPHY

CDIC will continuously improve its preparedness to take action against risks that threaten the protection of insured deposits and the stability of the Canadian financial system. CDIC is prepared to accept informed and targeted risks that will:

- Assist in fulfilling CDIC's statutory objects assigned to it by Parliament.
- Drive the development and execution of strategic objectives.
- Support operational resilience.
- Instill confidence and trust in CDIC.

FOR MORE INFORMATION ABOUT CDIC

Visit the CDIC website or consult CDIC's 2020 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

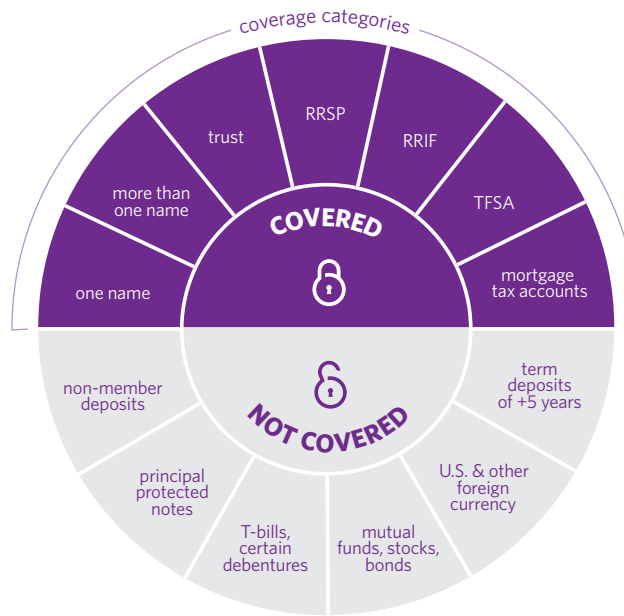
Canada Deposit Insurance Corporation
1200-79 Wellington Street West
P.O. Box 156
Toronto, Ontario
M5K 1H1

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



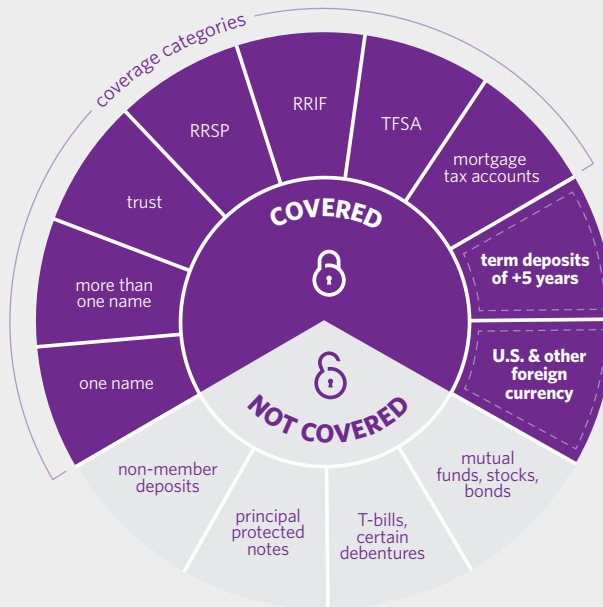
PROTECTING YOUR DEPOSITS: CHANGES TO CDIC'S COVERAGE

Before April 30, 2020



As of April 30, 2020

- U.S. and other foreign currency, and term deposits with a maturity of more than 5 years are eligible for CDIC deposit protection within each coverage category.



As of April 30, 2022

- Separate coverage for eligible deposits in RDSPs and RESPs.
- Removal of separate coverage for mortgage tax accounts (these deposits will be combined with eligible deposits in other categories).

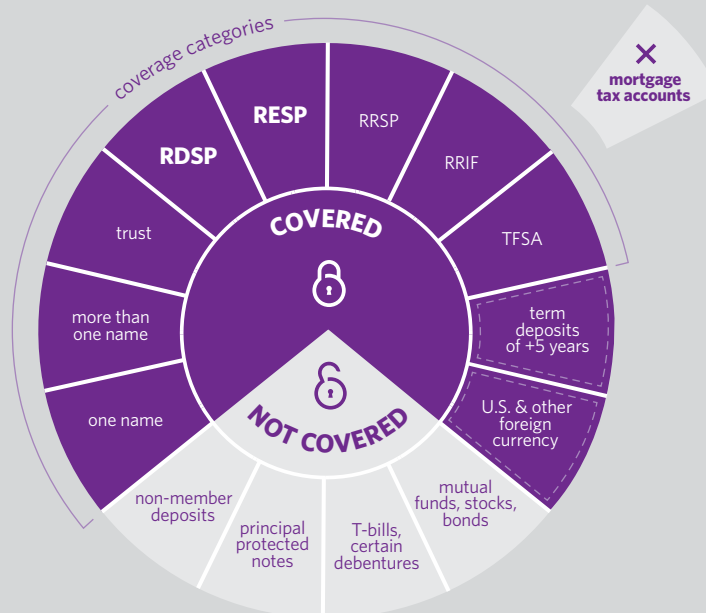




TABLE OF CONTENTS

PART 1 ABOUT CDIC	1
CDIC's Board of Directors and Corporate Officers	1
CDIC's organizational structure	3
PART 2 CDIC'S FIVE-YEAR PLAN	5
CDIC's operating environment	5
Corporate risks	8
CDIC's strategic response	10
PART 3 FINANCIAL AND RESOURCE PLANS	13
Planning assumptions	13
Resource plans	15
Projected condensed consolidated financial statements and past results	17
PART 4 PERFORMANCE AGAINST PAST PLANS	25
Highlights of CDIC's past performance	25
CDIC's Corporate Scorecard—2020/2021	26



PART 1 ABOUT CDIC

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 member institution failure in Canada.

CDIC members include most Canadian chartered banks, trust and loan companies, and federal credit unions, and may include retail associations governed by the *Cooperative Credit Associations Act*. As at December 31, 2020, there were 85 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: changes to CDIC coverage" 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, 2020, 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, 2020

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 Kriegler

Financial Executive
Toronto, Ontario

Wendy Millar

Financial Executive
Toronto, Ontario

Ex officio Directors

Tiff Macklem

Governor
Bank of Canada

Michael Sabia

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 December 31, 2020

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

Angela Roberge

Chief Human
Resources Officer &
Chief of Staff

Tara Newman

Head, Corporate
Strategy and Risk
Management &
Chief Risk Officer

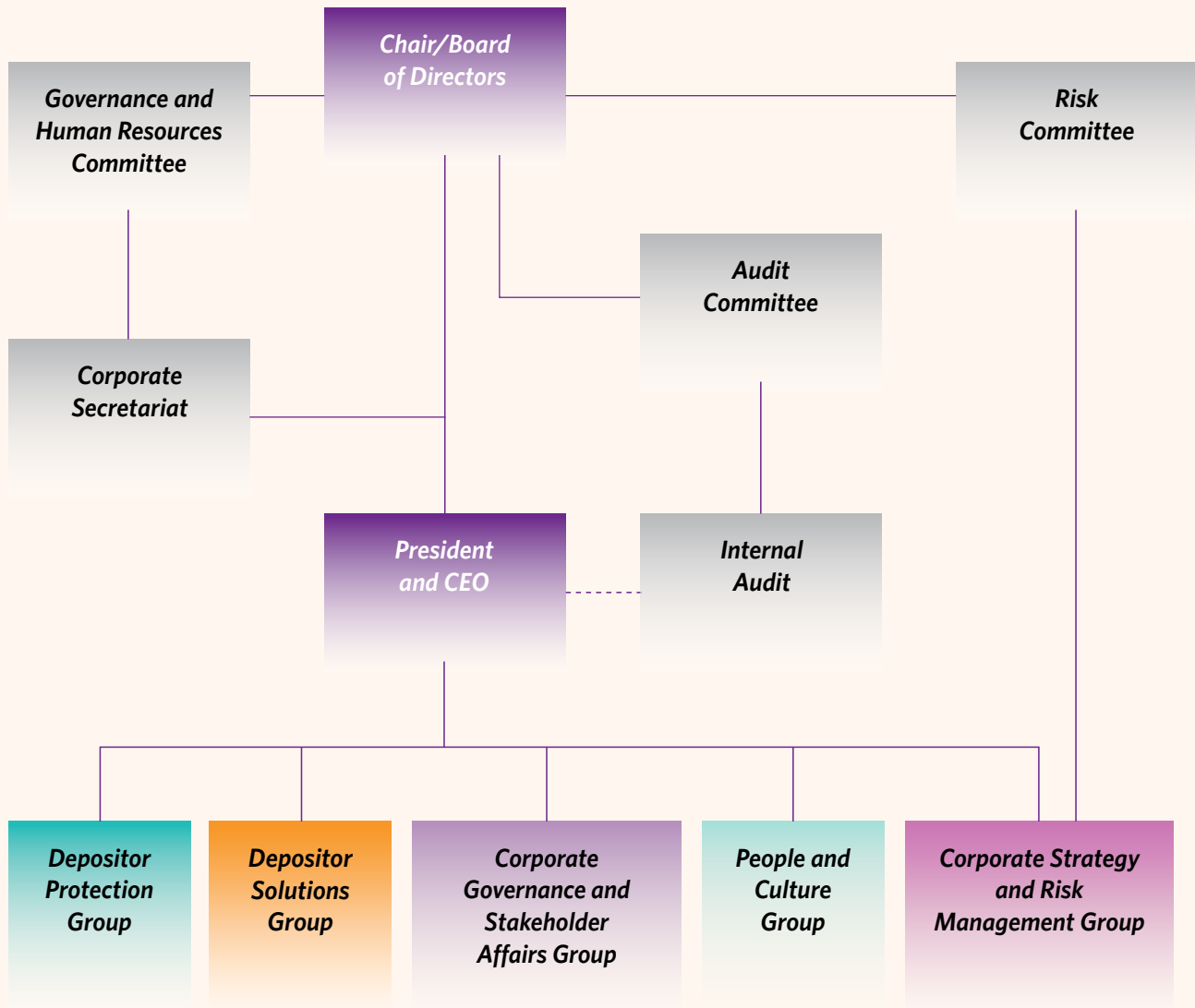
Camille Ringrose

Head, Finance and
Operations & Chief
Financial Officer

Christa Walker

General Counsel,
Corporate
Secretary & Chief
Legal Officer

CDIC's organizational structure



----- Denotes administrative reporting relationship



PART 2 CDIC'S FIVE-YEAR PLAN

PART 2 CDIC'S FIVE-YEAR PLAN

CDIC's financial condition is strong, driven by rising revenues, stable expenses and a healthy balance sheet. Total assets amounted to \$6,540 million as at December 31, 2020, and have grown 14% annually over the last five years. CDIC's *ex ante* fund is backed by a \$6,513 million investment portfolio. Member premiums fund 100% of CDIC's investment portfolio which supports CDIC's resolution responsibilities.

CDIC's operating environment

External environment

The scale and unpredictability of the COVID-19 pandemic, together with the domestic and global economic impact in its wake, make it by far the single greatest feature in CDIC's external environment. It has and will continue to impact CDIC's membership, its people and operations, and the expectations of depositors, while providing new opportunities in a time of accelerated change.

Economic and member environment

Over the past year, the Canadian economy experienced a sharp drop and then rapid bounce-back in growth after initial COVID-19 blanket containment measures were lifted and the benefits from unprecedented fiscal and monetary stimuli accrued. Specific sectors remain impacted, particularly those industries affected by physical distancing restrictions and public confidence. While the economy appears to be transitioning to a recovery phase, it has remained subject to targeted restrictions to manage further pandemic waves and uncertain timing for vaccines.

Overall, CDIC's member institutions continue to deliver good financial results, stable funding and liquidity positions, and healthy capital levels. Since the beginning of the pandemic, CDIC has observed a higher level of deposit growth at its membership, mostly by D-SIBs. Government income support programs and the behaviour of Canadian households contributed to the growth in deposits, as evidenced by an increase in the household savings rate.

CDIC's membership could also be affected by multiple pre-pandemic issues, such as high consumer indebtedness or geopolitical dynamics. The path of Canada's economic recovery is subject to many variables and the impact over time and across CDIC's membership remains uncertain. CDIC continues to be flexible in adapting its operations as necessary to be ready to protect Canadians.

As at December 31, 2020, CDIC had 85 member institutions. Membership levels are expected to remain relatively stable over the coming year.

Digital acceleration

In recent years and with the COVID-19 pandemic, the accelerated pace of new technology adoption has changed every aspect of life for Canadians—including how they communicate, bank and access their money. Fintech, digital currencies and the concept of open banking present opportunities as well as challenges with respect to cyber security and data privacy. Depositor expectations have evolved alongside technological advances to include access to real-time information. CDIC continues to adapt to ensure that it meets these expectations.

Depositor awareness

Public awareness of CDIC and federal deposit protection helps Canadians make informed financial decisions and build confidence in the financial system. CDIC's public awareness target range is 60%–65%. CDIC has made progress in increasing this awareness with its target audiences where awareness is lowest, including younger Canadians (aged 18–34), women and low-income Canadians. A survey of over 2,000 Canadians conducted for CDIC in December 2020 showed that awareness of CDIC and/or federal deposit protection was 60.8%, an increase of 3.3 percentage points over the prior year period. The survey also showed that trust in the savings protection provided by the Government of Canada is 11 percentage points higher than it was in December 2018.

Internal corporate environment

People

Strengthening its state of preparedness is one of CDIC's main strategies over the planning period. As a counter-cyclical safety net organization, CDIC must build capacity and capabilities to be ready to resolve multiple troubled member institutions and address any systemic disruption, while maintaining its own operational resiliency.

To allow flexibility, the Human Resources plan follows a phased approach to CDIC's capacity build, drawing talent from both the private and public sectors for a variety of skill sets. Included in the phased approach is a reliance on term positions to allow for personnel elasticity, should the risks in the operating environment improve over the planning period.

The COVID-19 pandemic has had a profound effect on all workplaces and employees. CDIC staff have been working from home since March 2020, and the Corporation expects this will continue for the foreseeable future well into 2021. The pandemic has enabled CDIC to accelerate change initiatives tied to important trends in technology, skills, talent mobility and diversity. Envisioning and preparing for this "future of work" is essential for CDIC to ensure that its people and culture continue to thrive.

In 2019, CDIC set out to transform its people and culture programs, as part of a multi-year strategy. CDIC continues to be committed to an inclusive working environment and promotes a work force and culture that is representative of the Canadians it serves.

our promises



our leadership commitments

- see the big picture
- put people first
- understand and manage risk
- set a clear course
- agile and resilient
- bold and courageous

values and ethics code for the public sector

respect for democracy, respect for people, integrity, stewardship, excellence

Processes

In 2020, CDIC continued to enhance its processes around member risk monitoring and resolution preparedness. CDIC implemented a graduated preparedness “early warning and early action” framework that links its level of preparedness using a risk-based approach to the risks presented by its member institutions. It completed an in-depth data quality review on a larger subset of the CDIC membership. CDIC also realized the results of a multi-year resolution planning initiative for D-SIBs after its *Resolution Planning By-law* formalized the requirements for the development, submission and maintenance of resolution plans.

CDIC faces risks that are varied, complex and inter-related. To identify and manage these risks proactively, CDIC continues to enhance its Enterprise Risk Management (ERM) Framework to ensure that risk management is an integral part of its culture and strategic and operational decision making.

Technology

CDIC’s technology strategy development focuses on “building for a flexible future.” CDIC will transform itself to enhance digital interactions with member institutions, depositors, partners and employees in a “digital first” approach.

Corporate risks

CDIC’s risk philosophy and approach

CDIC will continuously improve its preparedness to take action against risks that threaten the protection of insured deposits and the stability of the Canadian financial system. CDIC is prepared to accept informed and targeted risks that will:

- Assist in fulfilling CDIC’s statutory objects assigned to it by Parliament.
- Drive the development and execution of strategic objectives.
- Support operational resilience.
- Instill confidence and trust in CDIC.

CDIC’s ERM Framework sets out a risk management approach to enable a common understanding of how CDIC manages risk and provides employees with the information needed to manage risk effectively in a consistent manner. The Framework applies to every employee at CDIC, all of whom are expected to manage risk and ensure that CDIC’s strategies and overall risk appetite are aligned across the organization.

Enterprise risk appetite statement

CDIC recognizes that risk avoidance is not realistic or practical, and that it cannot control, prevent or prepare for all risks, nor can it afford to do so at any cost. As a result, CDIC has adopted a balanced risk appetite that flows from its statutory mandate. This means that CDIC considers the interplay between all of the risks it faces and accepts some risks in order to avoid or mitigate other risks.

CDIC has a low risk appetite for any risk exposure that could threaten its protection of insured depositors and its promotion of financial stability. Its mandate drives all major decisions in the organization.

At the same time, CDIC cannot be execution ready to resolve *all* of its member institutions at *all* times. This would result in an excessive and unnecessary financial cost for Canadians, the Corporation and its member institutions. Instead, CDIC takes a balanced risk approach, maintaining a low risk appetite for being unaware of changes in the condition of its member institutions, complemented by a high risk appetite for early actions that support an orderly resolution of a troubled member institution. This means CDIC maintains an “early warning and early action” framework that links its level of preparedness using a risk-based approach to the risks presented by its member institutions.

In the pursuit of its statutory objects, CDIC is willing to accept higher risks that allow it to remain nimble and capable of responding quickly to changes in the financial system and CDIC member institutions. CDIC will pursue proactive resolution options, foster an inclusive culture, and take on operational strategies that support innovation and the continuous enhancement of its people, tools, processes, data, and systems. These activities may require the acceptance of a certain degree of financial and/or operational risk.

CDIC strives to earn the trust of Canadians, as the global leader in deposit insurance and resolution. It has a low risk appetite for any negative impact on its reputation, with depositors or any of its other key stakeholders.

Risk taxonomy

CDIC categorizes its risks according to the taxonomy below.

Strategic	Preparedness	Operational	Financial	Organizational
Strategic risk	Assessment risk	Information, cyber 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				

CDIC's strategic response

Under CDIC's ERM Framework, risks in the operating environment drive CDIC's development of strategy, initiatives, associated outcomes and budget, as shown in the diagram below.



To address its key risks, CDIC has identified three main strategies over the short, medium and long term that align with its risk framework.

1. Advance CDIC's readiness to respond effectively to a crisis.

CDIC must grow its strong state of preparedness to respond if one or more members experience difficulties. This goes with being part of Canada's financial safety net during times of economic uncertainty. CDIC must be prepared to safeguard the savings of Canadians and the stability of the financial system.

Preparedness involves having the necessary processes, tools, systems, financial capacity and the right people to allow CDIC to act in concert with its financial safety net partners and for its stakeholders. In line with its unique mandate, CDIC's people resourcing strategies include flexibility to adjust if the economic environment improves.

Initiatives supporting this strategy include:

- Strengthening and testing CDIC's overall resolution preparedness, ensuring that CDIC can effectively utilize its full suite of resolution tools.
- Foreseeing emerging risks to depositor protection and financial stability before they materialize.
- Developing a comprehensive stakeholder engagement strategy to ensure a proactive, coordinated and consistent approach to engaging with external stakeholders critical to achieving CDIC's mandate.

2. Enhance organizational resiliency by transforming CDIC's culture and workplace.

As at many organizations, the global pandemic represents an opportunity for CDIC to learn and break away from existing organizational constructs, by taking the best options from the different ways of working that CDIC employees have adopted in 2020. This means continuing to foster a people-first organization that supports balancing work and personal life.

CDIC also will enhance employee mental health and wellness programs to build and sustain resiliency by continuing the cultural transformation that began in 2019 with its multi-year Organization and Culture Strategy and Plan. This involves envisioning and planning for the next long-term strategy addressing the future of work. Among other things, the strategy will bring to bear new leadership

skills, employee choice and flexibility, and changes to the physical workplace. In addition, CDIC will ensure that its enterprise technology strategy, data systems and operational processes are able to support productivity, flexibility and accessibility, while safeguarding privacy and security.

Initiatives supporting this strategy include:

- Expanding CDIC's Organization and Culture Strategy and Plan to promote employee resilience and inclusion and adapt proactively to the future of work.
- Implementing a multi-year enterprise technology strategy with a focus on flexibility, data governance and security, continued Cloud migration to support the future of work, and digital transformation.

3. Innovate to meet evolving depositor expectations.

In 2019, CDIC's Board approved a bold, multi-year modernization program to enhance the systems and processes that underpin CDIC's insurance determination and reimbursement process. Modernization will also address CDIC's need to support new channels of payment delivery and communications between CDIC and depositors, to better inform and serve Canadians in the event of member non-viability.

Looking to the future, CDIC must continue to embrace innovation and technological advances. It must keep step with the financial industry in order to deliver a timely and accurate insurance determination and payout in the event of a member failure. This means expanding CDIC's insurance payment options beyond mailed cheque payments, supported by the deposit data necessary to calculate insurance eligibility. It also means considering new ways of promoting public awareness and understanding new innovative trends in the financial sector.

As such, other initiatives supporting this strategy include:

- Conducting comprehensive multi-year reviews of CDIC's differential premiums and *ex ante* funding frameworks.
- Implementing a new three-year strategy to promote public awareness of CDIC and federal deposit protection.
- Enhancing CDIC's understanding of emerging financial sector trends, products and technologies.



PART 3 FINANCIAL AND RESOURCE PLANS

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 advance significant projects in the planning period, including payout modernization and increased preparedness activities required to anticipate and respond to a member failure. 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 of the key areas of CDIC's financial plan. The assumed growth is affected by a variety of factors, including: overall economic conditions; interest rates; disposable income growth; and the way in which income and financial savings are allocated by consumers among a variety of financial instruments. *For the planning period, the assumed annual growth in insured deposits is 3.5% in 2021/2022.*

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 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, 2020, was 65 basis points of insured deposits and is supported by a \$6.5 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 during the planning period.*

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 no failures of CDIC members during the planning period as any costs associated with such an event would depend on the circumstances at the time. The provision for insurance losses will increase in conjunction with the forecasted growth in exposure. All other inputs into the provision for insurance losses are based on information as at December 31, 2020.*

Premiums

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

Each year, CDIC considers various premium rate options to enable it to achieve its target *ex ante* funding level of 100 basis points over a reasonable time period, in addition to other factors. 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 2020/2021, the rate ranged from 7.5 to 33.3 basis points of insured deposits.

Approved premium rates for 2021/2022 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

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 1.1% for fiscal 2021/2022, followed by a gradual decrease to a yield of 0.97% in fiscal 2025/2026.*

Resource plans

Operating budget—2021/2022 to 2025/2026

CDIC is a self-funded Crown corporation and does not receive government appropriations. The 2021/2022 operating budget reflects an increase in operating expenditures of \$5.9 million to \$68.1 million, mainly due to:

- An increase in personnel costs to strengthen CDIC's ability to anticipate and be ready to resolve member institutions and to modernize CDIC's payout capabilities and related processes.
- Expertise required from external pre-qualified professional services firms to advance CDIC's preparedness to take action in any member failures.
- An increase in CDIC's public awareness activities to counter uncertainty and build confidence in the financial system in difficult economic times.

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				
	2019/ 2020	2020/ 2021	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025	2025/ 2026
OPERATING EXPENSES								
Salaries and other personnel costs	25.4	27.6	27.2	32.1	31.6	31.1	31.7	29.7
Other operating expenses:								
Professional fees	6.8	14.0	12.2	14.9	15.2	14.5	10.8	11.0
General expenses	8.2	8.6	7.1	7.5	9.7	12.1	11.1	11.0
Premises	2.3	2.2	2.2	2.6	2.7	2.7	2.8	2.8
Public awareness	5.7	6.0	8.0	7.0	7.0	7.0	7.0	7.0
Data processing	2.8	4.0	3.6	4.4	4.5	4.6	4.7	4.8
Total operating expenses	51.2	62.4	60.3	68.5	70.7	72.0	68.1	66.3
Less: cost recovery	(0.2)	(0.2)	(0.2)	(0.4)	(0.4)	(0.2)	(0.2)	(0.2)
NET OPERATING EXPENSES*	51.0	62.2	60.1	68.1	70.3	71.8	67.9	66.1

*For planning purposes, net operating expenses have an assumed annual growth of 2% to 2.5% starting in fiscal 2022/2023 except for public awareness and cost recovery. These have also been adjusted for planned decreases in the areas of payout modernization, personnel costs from preparedness-related activities and increase in the amortization from capital investments, to reflect the changing environment in future years. For 2022/2023 to 2025/2026, actual budgets may vary materially from those presented above.

Human resource requirements

For 2021/2022, the Corporation's work force is expected to be between 165 and 175 permanent positions. Also included in its phased approach are term positions to allow for personnel elasticity should the risks in the operating environment improve over the planning period. CDIC participates in the federal public service pension and benefits plans. Employees of CDIC are not unionized.

Capital budget—2021/2022 to 2025/2026

The budget for capital expenditures in 2021/2022 is \$12.4 million, an increase of \$8.4 million from the previous year (see Figure 2). The increase to the capital budget is primarily to enhance and modernize CDIC's payout systems.

Figure 2

Capital budget

(C\$ thousands)

	Actual	Approved Plan		Plan				
	2019/ 2020	2020/ 2021	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025	2025/ 2026
Software development costs	1,176	3,000	1,200	10,750	12,750	6,100	2,000	2,000
Computer hardware	154	150	350	150	150	150	150	150
Furniture and equipment	222	500	925	700	500	250	250	250
Leasehold improvements	775	350	500	750	500	100	100	100
TOTAL	2,327	4,000	2,975	12,350	13,900	6,600	2,500	2,500

For 2022/2023 to 2025/2026, 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 2020/2021 to 2025/2026, as well as actual results for the year 2019/2020 (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				
	2019/ 2020	2020/ 2021	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025	2025/ 2026
ASSETS								
Cash	4	1	1	1	1	1	1	1
Investment securities	5,731	6,486	6,494	7,255	8,041	8,872	9,747	10,664
Capital assets	7	9	8	18	28	28	25	22
Right-of-use assets	12	11	11	8	7	6	5	4
Other assets	1	—	—	—	—	—	—	—
TOTAL ASSETS	5,755	6,507	6,514	7,282	8,077	8,907	9,778	10,691
LIABILITIES								
Trade and other payables	8	5	5	5	5	5	5	5
Provision for insurance losses	2,250	2,000	2,600	2,700	2,800	2,900	2,950	3,050
Lease liabilities	13	11	12	9	8	7	6	5
Other liabilities	4	5	5	5	5	5	5	5
Total liabilities	2,275	2,021	2,622	2,719	2,818	2,917	2,966	3,065
EQUITY								
Retained earnings	3,480	4,486	3,892	4,563	5,259	5,990	6,812	7,626
TOTAL LIABILITIES AND EQUITY	5,755	6,507	6,514	7,282	8,077	8,907	9,778	10,691

Figure 4
**Projected condensed consolidated statement of comprehensive income
for the year ended March 31**

(C\$ millions)

	Actual	Approved Plan	Forecast	Plan				
	2019/ 2020	2020/ 2021	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025	2025/ 2026
REVENUE								
Premium*	668	728	739	765	802	830	859	889
Investment income	86	100	90	76	62	73	85	99
	754	828	829	841	864	903	944	988
EXPENSES								
Operating	51	62	60	68	70	72	68	66
Increase in provision for insurance losses	200	—	350	100	100	100	50	100
	251	62	410	168	170	172	118	166
Net income before income taxes	503	766	419	673	694	731	826	822
Income tax (expense)/recovery**	(9)	(9)	(7)	(2)	2	—	(4)	(8)
NET INCOME	494	757	412	671	696	731	822	814
Other comprehensive income***	—	—	—	—	—	—	—	—
TOTAL COMPREHENSIVE INCOME	494	757	412	671	696	731	822	814

*The increase in premium revenue is due to the estimated 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				
	2019/ 2020	2020/ 2021	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025	2025/ 2026
RETAINED EARNINGS AND TOTAL EQUITY								
Balance at beginning of the fiscal year	2,986	3,729	3,480	3,892	4,563	5,259	5,990	6,812
Net income	494	757	412	671	696	731	822	814
Other comprehensive income	—	—	—	—	—	—	—	—
Total comprehensive income	494	757	412	671	696	731	822	814
ENDING BALANCE	3,480	4,486	3,892	4,563	5,259	5,990	6,812	7,626

Figure 6
**Projected condensed consolidated statement of cash flows
for the year ended March 31**

(C\$ millions)

	Actual	Approved Plan	Forecast	Plan				
	2019/ 2020	2020/ 2021	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025	2025/ 2026
OPERATING ACTIVITIES								
Net income	494	757	412	671	696	731	822	814
Add (deduct) items not involving cash:								
Investment income	(86)	(100)	(90)	(76)	(62)	(73)	(85)	(99)
Tax expense/(recovery)	9	9	7	2	(2)	—	4	8
Other	4	—	—	—	—	—	—	—
Change in working capital:								
Increase in provision for insurance losses	200	—	350	100	100	100	50	100
Change in other working capital items	2	—	—	—	—	—	—	—
Interest received	113	100	90	76	62	73	85	99
Income tax paid	(6)	(9)	(7)	(2)	2	—	(4)	(8)
Net cash generated by operating activities	730	757	762	771	796	831	872	914
INVESTING ACTIVITIES								
Acquisition of property, plant and equipment, and intangible assets	(2)	(4)	(3)	(12)	(14)	(7)	(3)	(3)
Purchase of investment securities	(2,362)	(2,064)	(2,397)	(2,406)	(2,431)	(2,465)	(2,506)	(2,548)
Proceeds from sale or maturity of investment securities	1,637	1,313	1,636	1,650	1,650	1,642	1,638	1,638
Net cash used in investing activities	(727)	(755)	(764)	(768)	(795)	(830)	(871)	(913)
FINANCING ACTIVITIES								
Principal payment of lease liabilities	(2)	(2)	(1)	(3)	(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)	(3)	(1)	(1)	(1)	(1)
Net change in cash	2	—	(3)	—	—	—	—	—
Cash, beginning of year	2	1	4	1	1	1	1	1
CASH, END OF YEAR	4	1	1	1	1	1	1	1

2019/2020 actual to Plan

Statement of financial position

Total assets as at March 31, 2020, were \$5,755 million, \$14 million higher than the planned amount of \$5,741 million. This slight increase is primarily due to the higher than planned premium revenue, which also contributed to the increase in investment securities, as well as higher than planned right-of-use assets from exercising the renewal option for the Ottawa office.

Total liabilities as at March 31, 2020, were \$2,275 million, \$109 million higher than the planned amount of \$2,166 million mainly due to the variance in the provision for insurance losses.

Statement of comprehensive income

Actual **net income** for the 2019/2020 fiscal year was \$494 million compared to a planned net income of \$591 million. This \$97 million negative variance is mainly due to the increase in the provision for insurance losses.

2020/2021 forecast to Plan

Forecasted net income (as at December 31, 2020) for 2020/2021 is \$412 million, compared to a planned net income of \$757 million. This \$345 million negative variance is primarily due to the provision for insurance losses which is expected to be \$2,600 million at the end of the 2020/2021 fiscal year compared to a planned amount of \$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 target range of 100 basis points, which is expected to be met by fiscal 2027/2028.

Borrowing plan

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

As at December 31, 2020, CDIC had no debt outstanding. If CDIC was required to resolve a member institution (or a member institution were to fail), then various funding options, including borrowing, would be available.

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.

CDIC 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 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, 2020, the Corporation may borrow up to \$28 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.

The planning assumption is that no additional borrowing will be necessary.

Funding of resolution 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 2021/2022

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 as and when required.

Leases

The *Crown Corporation General Regulations, 1995* require 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 5% of the total assets of CDIC.

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



PART 4 PERFORMANCE AGAINST PAST PLANS

PART 4 PERFORMANCE AGAINST PAST PLANS

CDIC's previous Corporate Plan (2020/2021 to 2024/2025) identified five 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. 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.

Highlights of CDIC's past performance

In response to the uncertain impacts of the COVID-19 pandemic, CDIC undertook several strategic review exercises to adapt its operations and response to the pandemic. Although some deliverables or deadlines were extended to create flexibility, progress against most of CDIC's fiscal 2020/2021 corporate strategic objectives and initiatives was proceeding as planned as at December 31, 2020.

CDIC's Corporate Scorecard provides information on the specific measures adjusted in response to the COVID-19 pandemic and includes details on all key corporate initiatives.

The Corporate Scorecard reflects progress made towards CDIC's planned initiatives as set out in the 2020/2021 to 2024/2025 Corporate Plan, which groups initiatives according to the five strategic objectives set out in that Plan. As at December 31, 2020, CDIC's corporate objectives and initiatives remain **on track**. However, since some deliverables or deadlines were extended to create flexibility, some **partial delays** have been accepted as part of CDIC's COVID-19 response prioritization.

CDIC's Corporate Scorecard—2020/2021

(as at December 31, 2020)

Strategic	Transform CDIC's Enterprise Risk Management program	
Key initiatives and outcomes	Status	Update
<p>Implement Enterprise Risk Management (ERM) program.</p> <p>2020/2021 key deliverables:</p> <ul style="list-style-type: none"> Finalize and then operationalize ERM Framework and policies. Provide more robust reporting to CDIC's Leadership Council, the Risk Committee and the Board. Complete internal process review and update operational risk management policies. 	<p>On track</p>	<ul style="list-style-type: none"> ERM implementation is progressing, with enhanced ERM reporting, updated risk appetite statements, accelerated prioritization of resolution risks for Risk Register and ERM training. Enterprise Program Management Office build is progressing.
	<p>Progressing, but partial delays this fiscal year are possible due to COVID-19 response prioritization.</p>	<ul style="list-style-type: none"> Management operational risk policy review and strategic reviews on operational risk areas will commence this year and continue into next fiscal year.
Preparedness	Refine CDIC's capability to respond quickly and effectively to member institution failures	
Key initiatives and outcomes	Status	Update
<p>Enhance CDIC's resolution readiness:</p> <ol style="list-style-type: none"> Intensive, early stage preparatory activities for troubled members. Resolution plans for all small and mid-size members. Maturing the domestic and global systemically important bank (D-SIB/ G-SIB) resolution planning efforts. <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 failure risk and resolvability profile. 	<p>On track</p>	<ul style="list-style-type: none"> Resolution readiness activities are progressing according to plan.
	<p>Progressing, but partial delays this fiscal year are possible due to COVID-19 response prioritization.</p>	<ul style="list-style-type: none"> Work with D-SIBs and G-SIBs will continue during the year; submission and assessment of the next resolution plans have been delayed due to COVID-19 response prioritization.

CDIC's Corporate Scorecard—2020/2021

(as at December 31, 2020)

Preparedness (continued)	Refine CDIC's capability to respond quickly and effectively to member institution failures	
Key initiatives and outcomes	Status	Update
<p>Strengthen CDIC's capacity to manage multiple member 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>On track</p>	<ul style="list-style-type: none"> Completed assessment of baseline level of preparedness to manage multiple member failures and undertook measures to close the identified gaps: <ul style="list-style-type: none"> Backups for key roles identified. Identification of employees to provide swing capacity in an intervention completed. Training and awareness plan established. Broad participation in testing activities. Additional work is planned in Q4 to address findings from simulations.
<p>Engage stakeholders on regulatory implementation (Brokered Deposit Advisory Group (BDAG)) and nominee broker data compliance efforts.</p> <p>2020/2021 key deliverables:</p> <ul style="list-style-type: none"> Lead the 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 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>On track</p>	<ul style="list-style-type: none"> Coming into force of the new legislative data requirements for deposit insurance coverage of nominee broker deposits was delayed by a year (to April 30, 2022) by the Government due to COVID-19. Key priorities and commitments to support industry transition towards the new insurance regime remain on track. BDAG initiatives, including development of a nominee broker compliance framework, are progressing according to plan.

CDIC's Corporate Scorecard—2020/2021

(as at December 31, 2020)

Preparedness (continued)	Refine CDIC's capability to respond quickly and effectively to member institution failures	
Key initiatives and outcomes	Status	Update
<p>Advance preparedness through Centre of Excellence crisis simulations 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. 	On track	<ul style="list-style-type: none"> Testing exercises met and exceeded for Q1, Q2 and Q3.
Operational	Modernize CDIC's payout systems and enhance its information security practices	
Key initiatives and outcomes	Status	Update
<p>Modernize payout systems.</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. 	On track	<ul style="list-style-type: none"> Establishment of Modernization Program Office will be completed in Q4 according to plan. Project continues to advance according to plan, with vendor to be selected and onboarded prior to fiscal year end.
<p>Enhance CDIC's information security.</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. 	On track	<ul style="list-style-type: none"> Information security initiatives, such as the cyber framework and modern workplace project are generally proceeding according to plan and will be substantially completed during Q4. Some delays in Cloud migration due to COVID-19 response prioritization, although the overall initiative will be completed during the 2021/2022 fiscal year as planned.

CDIC's Corporate Scorecard—2020/2021

(as at December 31, 2020)

Organizational	Implement the Organization and Culture Strategy and Plan	
Key initiatives and outcomes	Status	Update
<p>Continue implementation of CDIC's Organization and Culture Strategy and Plan:</p> <p>a) Develop key metrics to conduct a culture effectiveness assessment to measure the degree of transformation.</p> <p>b) Redesign the 360° feedback leadership program and revamp talent management and succession planning.</p> <p>c) Undertake compensation review.</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 the 360° 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>On track</p>	<ul style="list-style-type: none"> Development of key metrics for culture effectiveness assessment complete. 360° feedback leadership program launched. Performance management plan redesign complete. Organizational alignment and cascading goals (Objectives and Key Results) launched. Redesigned succession planning program proceeding according to plan. Learning and development options proceeding according to plan. Phase 1 of compensation review complete. New bonus program build completed—a hybrid incentive model comprised of both individual and corporate performance factors.
Reputational	Increase public awareness of CDIC's deposit protection	
Key initiatives and outcomes	Status	Update
<p>Maintain at least 60% public awareness of CDIC/deposit insurance 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 federal deposit protection by March 31, 2021. 	<p>On track</p>	<ul style="list-style-type: none"> Achieved 2020/2021 key deliverable of 60%–65% awareness this fiscal year. Reached 61% awareness in December 2020 and on track to maintain target range of 60%–65% by March 31, 2021.

