



Canada Deposit
Insurance Corporation

Summary of the Corporate Plan

2022/2023 to 2026/2027

Including a Summary of the 2022/2023
Operating and Capital Budgets,
and Borrowing Plan

We protect your future.

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 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 2021 Annual Report at www.cdic.ca. You can also reach CDIC by phone, e-mail or letter:

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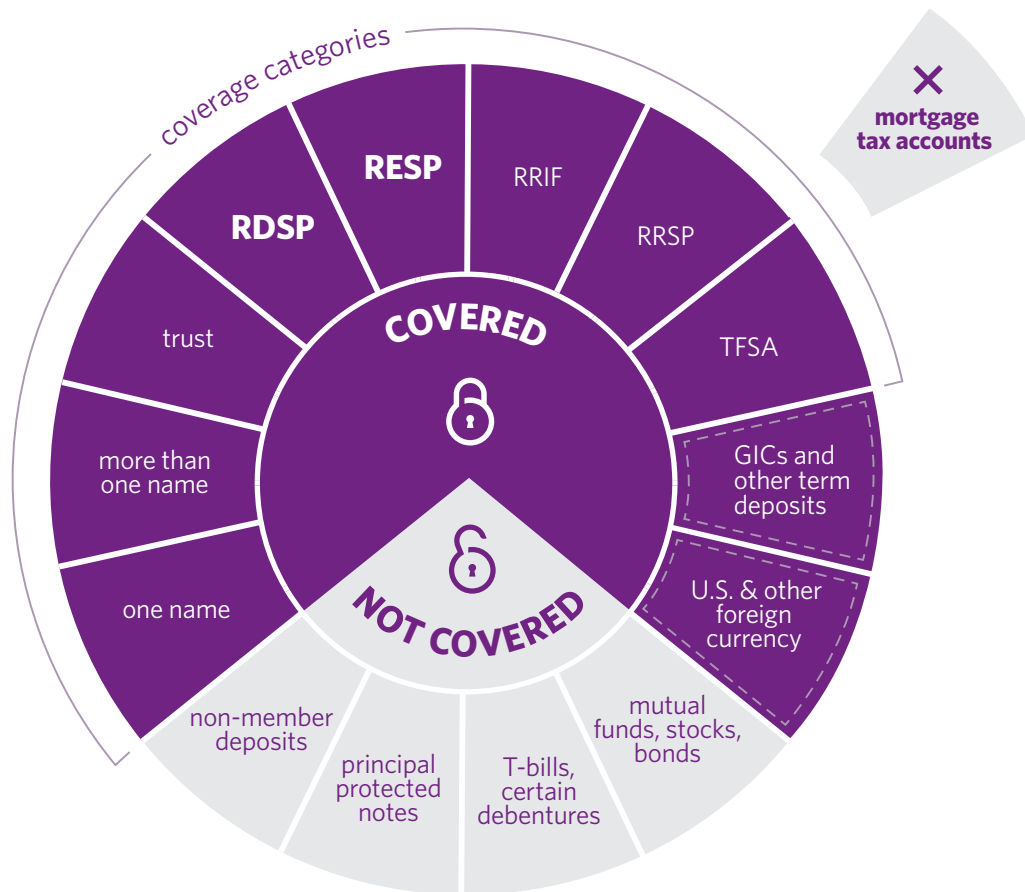
Website: www.cdic.ca

E-mail: info@cdic.ca



Catalogue number: CC392-1E-PDF

Protecting your deposits: changes to CDIC's coverage



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).



We protect your future.

Table of contents

Executive summary	2
<hr/>	
Part 1 About CDIC	5
<hr/>	
CDIC's Board of Directors and Corporate Officers	5
CDIC's organizational structure	7
Part 2 CDIC's five-year Plan	9
<hr/>	
CDIC's operating environment	9
Internal corporate environment	11
Corporate risks	12
CDIC's strategic response	12
Part 3 Financial and resource plans	15
<hr/>	
Planning assumptions	15
Resource plans	17
Projected condensed consolidated financial statements and past results	19
Part 4 Performance against past Plans	27
<hr/>	
Highlights of CDIC's past performance	27
CDIC's Corporate Scorecard—2021/2022	28

Executive summary

The Canada Deposit Insurance Corporation (CDIC) helps safeguard the stability of the financial system by providing deposit insurance against the loss of eligible deposits at member institutions in the event of failure and ensuring the orderly resolution of troubled member institutions.

Canada's economy is improving, with most key economic measures returning to pre-pandemic levels. CDIC's member institutions are in stable financial condition. Despite this resilience, the recovery remains subject to potential headwinds as the COVID-19 pandemic persists, COVID support programs are wound down, and many businesses face further obstacles from climate events, geopolitical dynamics and supply chain disruptions. CDIC will continue to focus on strengthening its readiness to respond to a variety of scenarios.

Alongside these conditions, the accelerating pace of digitalization and innovation in the financial sector is resulting in new financial products, services and players, which are fundamentally changing the financial sector landscape. CDIC needs to be forward looking and proactively ensure that the deposit insurance and resolution frameworks remain fit for purpose, maintain depositor confidence, and reinforce financial sector resilience as the innovation landscape continues to rapidly evolve.

The increasingly digital world of finance has implications, too, for Canadian depositors' access to their money and the security of their data against cyber threats. To maintain depositor confidence, CDIC is transforming its technological capabilities to increase the speed and convenience of access to insured funds in the event of a member failure. CDIC also needs to continue to further augment and enhance its cybersecurity program.

CDIC is also confronting an evolving workplace environment. COVID-19 has accelerated technological and cultural changes for all organizations. In the coming months, CDIC will implement its plan for employees to return to the office as part of a new, hybrid work environment. CDIC will need to adapt its technology, operations and skills training across the organization to ensure that it can continue to attract and retain top talent that represents Canada's diverse mosaic, in order to maintain the capacity to fulfill its mandate and serve Canadians.

In parallel, given important and impactful developments in Environmental, Social and Governance (ESG), CDIC will continue to embed ESG principles and initiatives into its operations and preparedness activities in an effort to foster long-term sustainability and resiliency, as well as diversity and inclusion.

Given its operating and risk environment, CDIC will focus on three strategic objectives for the 2022/2023 to 2026/2027 planning period while maintaining a primary focus on core, mandate-related deposit insurance and resolution readiness activities, as the Corporation works to assess and proactively adapt to a shifting economic, financial, environmental and social landscape.

1. Be resolution ready.

To do so, CDIC will:

- Continue to strengthen its capabilities for early and continuous identification of risks facing member institutions.
- Modernize the funding and premium framework for deposit insurance through its review of the Differential Premium System and *ex ante* funding framework.
- Strengthen resolution frameworks, policies and plans, including by expanding the Centre of Excellence test plan to involve external stakeholders in simulations.

2. Reinforce trust in depositor protection.

To do so, CDIC will:

- Advance the multi-year Payout Modernization project, which is designed to enable prompt and convenient reimbursement of insured deposits.
- Maintain public awareness and confidence in the protection of deposits through the Public Awareness Strategy.
- Anticipate and respond to digitalization and transformation of financial services to strengthen depositor protection and promote financial stability.

3. Strengthen organizational resilience.

To do so, CDIC will:

- Enhance cybersecurity through the development of a comprehensive, multi-year cyber risk management strategy.
- Continue to develop and implement a multi-year Enterprise Technology Strategy.
- Prepare for the Workplace of Tomorrow, including returning to the corporate offices via a hybrid model.
- Reinforce ESG principles within the organization and its activities.

In fiscal 2022/2023, CDIC's operating budget will be \$88.2 million, and its capital budget will be \$6.5 million. CDIC's operating and capital budgets are expected to decrease over the planning period once the Payout Modernization project and other key initiatives are completed.

CDIC maintains *ex ante* funding to cover possible deposit insurance losses. The amount of such funding is represented by the aggregate of CDIC's retained earnings and the provision for insurance losses. CDIC's *ex ante* fund totalled \$7.2 billion (69 basis points of insured deposits) as of December 31, 2021.



Part 1
About CDIC

We protect your future.

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, 2021, there were 85 member institutions.

Since its creation in 1967, CDIC has handled the failure of 43 member institutions, the last in 1996. Throughout the past 50-plus years, CDIC has protected \$26 billion in insured deposits directly affecting more than 2 million Canadians. We continue to work for Canadians by insuring eligible deposits made at banks and other financial institutions that are CDIC members. (See www.cdic.ca for more information on CDIC coverage.)

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, 2021, 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, 2021

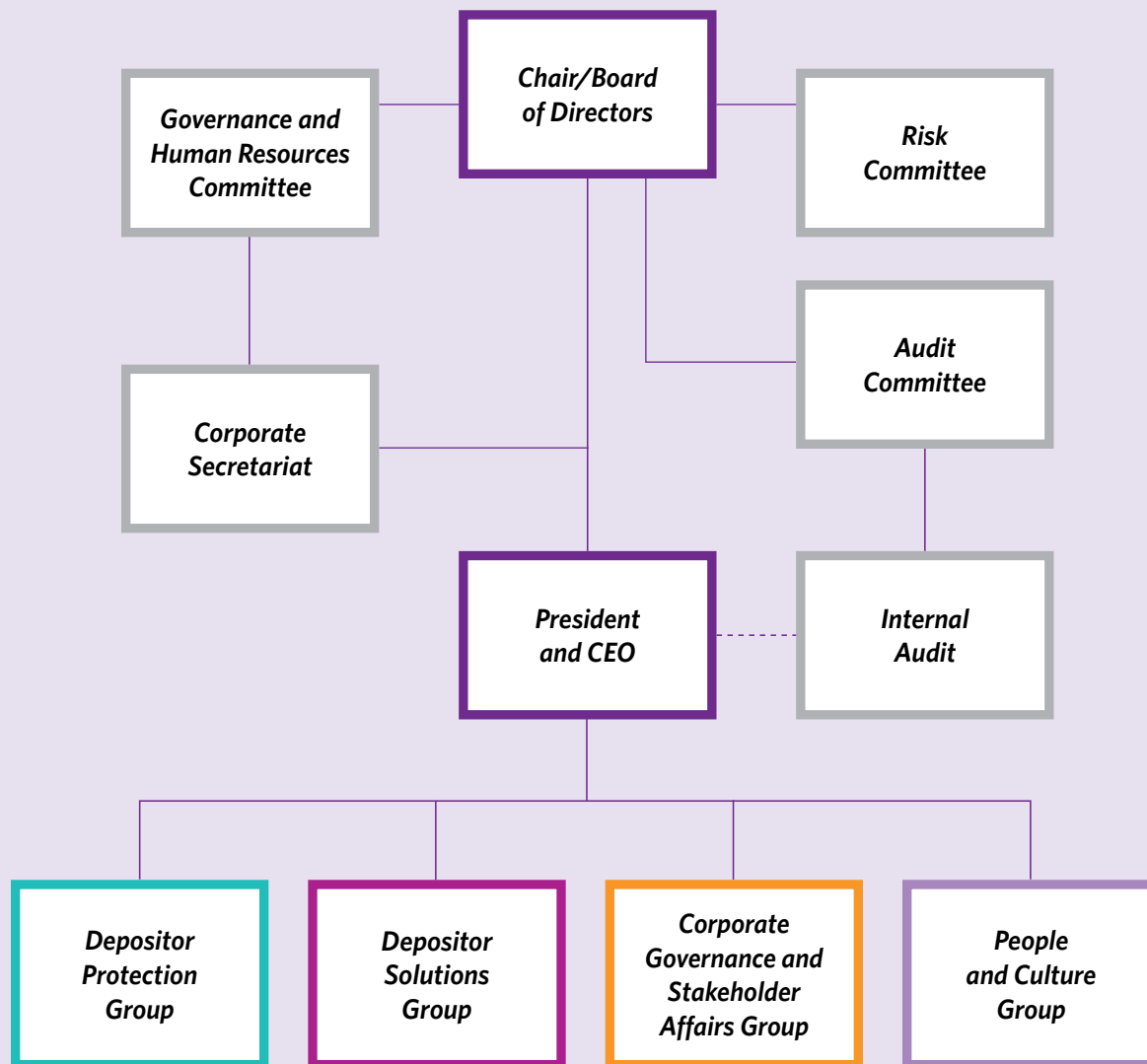
Robert O. Sanderson Chair		
Private sector Directors	Ex officio Directors	Alternates (for ex officio Directors)
J. Martin Castonguay Chartered Professional Accountant Montréal, Québec	Tiff Macklem Governor Bank of Canada	Sharon Kozicki Deputy Governor Bank of Canada
Linda Caty Lawyer Carignan, Québec	Michael Sabia Deputy Minister Department of Finance	Isabelle Jacques Assistant Deputy Minister Financial Sector Policy Branch Department of Finance
David Dominy Business Executive Edmonton, Alberta	Judith Robertson Commissioner Financial Consumer Agency of Canada	Frank Lofranco Deputy Commissioner Supervision and Enforcement Financial Consumer Agency of Canada
Andrew Kriegler Financial Executive Toronto, Ontario	Peter Routledge Superintendent of Financial Institutions Office of the Superintendent of Financial Institutions	
[Vacant]	Jamey Hubbs Assistant Superintendent Deposit-taking Supervision Sector Office of the Superintendent of Financial Institutions	

Corporate Officers

as at December 31, 2021

Leah Anderson President and CEO		
Chantal M. Richer Chief Operating Officer	Gina Byrne Chief Member Risk and Resolution	Michael Mercer Chief Data and Insurance Officer
Camille Ringrose Head, Finance and Operations & Chief Financial Officer	Angela Roberge Chief Human Resources Officer & Chief of Staff	Christa Walker General Counsel, Corporate Secretary & Chief Legal Officer

CDIC's organizational structure



----- Denotes administrative reporting relationship



Part 2
CDIC's
five-year Plan

We protect your future.

Part 2

CDIC's five-year Plan

CDIC's financial condition is strong. Total assets amounted to \$7.3 billion as at December 31, 2021. CDIC's *ex ante* fund is backed by a \$7.2 billion investment portfolio. Member premiums fund 100% of CDIC's investment portfolio which supports CDIC's resolution responsibilities.

CDIC's operating environment

External environment

Over the past year, the Canadian economy continued to improve with most key economic measures steadily returning towards pre-pandemic levels. While the number of business and consumer insolvencies remain historically low, household indebtedness continues to be high and imbalances persist in key housing markets.

The economy and financial system have shown resilience throughout the pandemic; however, there are several potential headwinds which may slow down the recovery. These include the removal of COVID-related support measures for business and individuals, the persistence of the virus and its consequential health and social restrictions, geopolitical dynamics, ongoing supply chain disruptions, and the economic consequences of climate events.

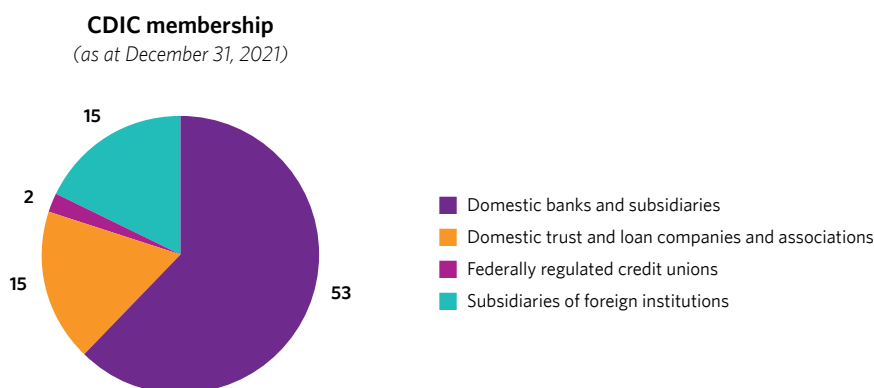
CDIC will therefore continue to focus on strengthening its capacity for early identification of risks and resolution preparedness activities to maintain heightened readiness, and is reviewing the differential premium system and *ex ante* funding framework. These activities ensure that CDIC is responsive to the uncertain economic risk environment and support financial system resilience and stability.

Member environment

Overall, the CDIC membership's financial condition is stable with adequate levels of capitalization, funding and liquidity. Asset quality concerns surrounding elevated impairments and write-offs due to COVID-19 closures have not materialized.

Members continue to face near-term risks including elevated household indebtedness in a rising rate environment, correction of housing market imbalances, and inflationary pressures. Increased geopolitical and climate risks may also impact the financial position and risk profile of CDIC members over the planning period. CDIC continues to monitor and proactively assess how both financial and non-financial risks could impact member institutions and, in turn, CDIC's exposure to risk.

As at December 31, 2021, CDIC had 85 member institutions. Membership levels are expected to remain relatively stable over the coming year.



Digitalization of the financial sector

In addition to the current economic environment, CDIC faces shifts within the financial industry. The accelerating pace of digital change and financial innovation by members and non-members is transforming members' business strategies, products and services. While these industry changes provide increased speed and convenience for Canadian depositors, they may also impact behaviours, knowledge and awareness of which financial products are deposit-insured. The effectiveness of current resolution strategies, tools and processes could also be affected. This presents both opportunities and possible challenges for CDIC.

CDIC is modernizing its capabilities to bolster depositor confidence in the event of a member failure and to increase CDIC's operational resiliency. The Payout Modernization project, which began in 2021, will enable CDIC to upgrade its payout technology and increase the speed of access to insured deposits as well as enhance communication with depositors at the time of failure. Timely and accurate payouts, and enhanced depositor communication, will help instill confidence and maintain stability in the financial sector, should a failure occur.

The accelerating pace of change and new technology adoption in the financial sector is also leading to growth in the number of new financial players and products being offered to Canadians. In this complex environment, CDIC will focus on consumer awareness of which financial products CDIC protects and those it does not. This will help Canadians make informed decisions about the safety of their money.

The potential introduction of open banking and central bank digital currencies and the continued evolution of the financial sector could impact the relationship between CDIC's member institutions and depositors, and the foundational role of deposits within the banking system. CDIC must anticipate and respond to these developments to ensure that the deposit insurance and resolution frameworks remain fit for purpose and maintain depositor confidence.

Sustainability

Climate change is an important issue confronting Canada and the world. It represents a risk to all aspects of the economy including the financial sector and CDIC's member institutions. Transition to a low-carbon economy will require disclosures of standardized information about climate-related risks and opportunities facing organizations.

To meet Canadians' expectations and direction from the Government, CDIC is also taking steps to green its operations and will continue to incorporate Environmental, Social and Governance (ESG) principles within the organization through an inclusive employment experience and the incorporation of enhanced governance practices and policies. Additionally, to support a more sustainable financial sector and in line with Budget 2021, CDIC will implement the recommendations of the Task Force on Climate-related Financial Disclosures, starting in 2022.

Stakeholders

To better understand stakeholder expectations of CDIC, the Corporation conducted a stakeholder perception audit in the fall of 2021. The results confirmed that CDIC has strong and productive stakeholder relationships in place. Opportunities to expand stakeholder engagement efforts were also noted, to ensure that stakeholders across the financial ecosystem better understand CDIC's role within the financial safety net, including the tools at its disposal, and how the Corporation's strategic direction will support depositor confidence and protect financial stability.

Internal corporate environment

People

CDIC is dedicated to a work force and culture that is representative of the Canadians it serves. It recognizes that building an inclusive environment requires leadership from CDIC executives. CDIC already meets or exceeds representation of women and visible minorities in its work force, and 85% of its Corporate Officers are women. It also has initiatives in place to build representation in other designated groups. Inclusion will remain at the heart of CDIC's course for the Future of Work.

CDIC staff have been working from home as their primary place of work since March 2020. CDIC expects this situation to persist until the spring of 2022, although its offices remain accessible to employees with appropriate safety protocols in place.

As with other organizations, CDIC has worked to address the rapid changes to the workplace brought on by the COVID-19 pandemic, including ongoing health and safety protocols, augmented mental health supports, vaccination mandates and virtual work environments.

To further support CDIC's employees in managing work-life balance and to retain talent in the face of these factors, wellness programs have been enhanced and an emphasis on flexibility has been encouraged. The Corporation also regularly gauges employee engagement through surveys and focus groups to ensure that concerns are addressed and opportunities for improvement are pursued.

As the organization plans for a transition to a hybrid work environment—a combination of in-person and remote work—CDIC will continue to adjust its systems, premises and processes to suit the new opportunities this change presents.

Ensuring that it offers a flexible, inclusive work experience and environment to meet the needs of its employees will allow CDIC to better serve Canadians and help to attract and retain a talented, diverse team.

Processes and systems

The number and complexity of cyber threats are increasing. While CDIC has successfully shifted to a remote work environment, the rise of security threats is a long-term trend that requires heightened vigilance, a proactive response and enhanced resilience. CDIC is committed to safeguarding the privacy and security of the data that is necessary to fulfil its mandate and that is entrusted to the Corporation by its stakeholders.

Technology

CDIC's multi-year technology strategy focuses on supporting key corporate objectives through a digital-first approach. CDIC will enhance digital interactions with member institutions, depositors, partners and employees through fully leveraging Cloud-based infrastructure and applications that facilitate greater scalability and efficiency.

Corporate risks

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.

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.

CDIC's strategic response

CDIC's decision making is driven by its mandate, its operating environment and the key risks it faces. In response to these factors, CDIC will continue its focus on core mandate work and key short-term priorities, while proactively preparing and adapting to shifts in the economic, financial, environmental and social landscape that may have longer-term impacts on CDIC's deposit insurance and resolution frameworks.

As a result, CDIC has identified three main strategies over the short, medium and long term that align with its risk framework.

1. Be resolution ready.

In the face of continued economic uncertainty, CDIC will maintain its focus on increasing resolution readiness to respond to a variety of resolution scenarios to support the resilience and stability of the financial system in Canada. As a counter-cyclical organization, CDIC's role within Canada's financial safety net intensifies during times of economic hardship or uncertainty. Being resolution ready 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 its stakeholders.

Initiatives supporting this strategy include:

- Continuing to strengthen the Corporation's capabilities for early and continuous identification of risks facing member institutions.
- Modernizing the funding and premium framework for deposit insurance and resolution.
- Strengthening resolution frameworks, policies and plans.

2. Reinforce trust in depositor protection.

In anticipation of the acceleration of digitalization and innovation within the financial sector, CDIC is transforming its technological capabilities through the Payout Modernization project. This activity is crucial to strengthening the confidence of member institutions and depositors by increasing the speed and convenience of access to insured funds in the event of a member failure. CDIC will also anticipate and respond to innovation in the financial sector to ensure that the deposit insurance and resolution frameworks remain fit for purpose and maintain depositor confidence.

Initiatives supporting this strategy include:


- Advancing the ongoing multi-year Payout Modernization project.
- Maintaining public awareness and confidence through the ongoing Public Awareness Strategy.
- Continuing to anticipate and respond to the digitalization and transformation of financial services.

3. Strengthen organizational resilience.

COVID-19 has accelerated technological and cultural changes for all organizations. CDIC will continue adapting its systems, technology, operations and skills training to ensure that it can continue to fulfill its mandate while being prepared for the workplace of the future. The Corporation will augment its cybersecurity program to respond to the growing number and complexity of cyber risks, and will continue to embed Environmental, Social and Governance (ESG) principles into its operations and preparedness activities.

Initiatives supporting this strategy include:

- Enhancing cybersecurity.
- Continuing to develop and implement a multi-year Enterprise Technology Strategy, to ensure CDIC has modern infrastructure and services in place.
- Preparing for the Workplace of Tomorrow, including returning to the corporate offices via a hybrid model.
- Reinforcing ESG principles within the organization.

A family of four is shown in a bright, modern home, likely during a move. A man in a dark blue shirt is kneeling and smiling, interacting with a young girl in a white shirt who is playing with bubble wrap. A woman in a red and black plaid shirt is kneeling next to a large open cardboard box, looking inside. A young boy in a blue shirt is kneeling on the floor, playing with a toy train set. The room has light-colored walls, a wooden floor, and large windows in the background showing greenery outside.

Part 3 **Financial and resource plans**

We protect your future.

Part 3

Financial and resource plans

The Corporation's financial plan focuses on ensuring that CDIC has the capacity, skills and capabilities available, through its resources, systems and funding, 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 Summary. 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; provision for insurance losses; premiums; 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 6.5% in 2022/2023.

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, 2021, was 69 basis points of insured deposits and is supported by a \$7.2 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 (CRF). 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 2022/2023 to 2026/2027 Corporate 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, 2021.

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. A review of the differential premiums system and *ex ante* funding framework is underway, which may result in changes to premium rates in the future. 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 2021/2022, the rate ranged from 7.5 to 33.3 basis points of insured deposits.

Approved premium rates for 2022/2023 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 2022/2023, followed by minor increases in yield of 1.3% in fiscal 2026/2027.

Resource plans

Operating budget—2022/2023 to 2026/2027

CDIC is a self-funded Crown corporation and does not receive government appropriations. The 2022/2023 operating budget reflects an increase in operating expenditures of \$20 million to \$88.2 million, mainly due to:

- The accounting treatment for CDIC's Payout Modernization project. Costs that were previously budgeted as capital expenditures will be accounted for as operating expenses to ensure compliance with IFRS.
- An increase in personnel costs to support CDIC's key initiatives, specifically in the areas of enterprise technology and cybersecurity.

Both CDIC's operating and capital budgets are expected to decrease over the planning period once the Payout Modernization project and other key initiatives are completed. 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				
	2020/ 2021	2021/ 2022	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025	2025/ 2026	2026/ 2027
OPERATING EXPENSES								
Salaries and other personnel costs	28.1	32.1	31.2	35.4	34.1	32.9	32.6	33.6
Other operating expenses:								
Professional fees	11.0	14.9	19.8	27.5	18.2	9.0	9.2	9.4
General expenses	7.2	7.5	6.7	7.9	11.5	8.3	8.2	7.9
Premises	2.2	2.6	2.5	2.4	2.4	2.5	2.5	2.6
Public awareness	8.1	7.0	6.1	7.0	7.0	7.0	7.0	7.0
Data processing	3.4	4.4	4.9	8.3	9.4	9.1	9.3	9.5
Total operating expenses	60.0	68.5	71.2	88.5	82.6	68.8	68.8	70.0
Less: cost recovery	(0.2)	(0.4)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)
NET OPERATING EXPENSES*	59.8	68.1	70.9	88.2	82.3	68.5	68.5	69.7

*The 2022/2023 to 2023/2024 budgets reflect a higher operating expense base due to the delivery of significant Corporate Plan priorities. 2024/2025 onwards reflect decreased operating expenses as the Corporate Plan priorities are completed. For 2022/2023 to 2026/2027, actual budgets may vary materially from those presented above.

Human resource requirements

For 2022/2023, the Corporation's work force is expected to be between 219 and 225 permanent and term positions. The increase in positions is necessary to bolster preparedness activities and to support key, multi-year initiatives such as Payout Modernization and the Cyber Risk Management Strategy. CDIC participates in the federal public service pension and benefits plans. Employees of CDIC are not unionized.

Capital budget—2022/2023 to 2026/2027

The budget for capital expenditures in 2022/2023 is \$6.5 million, a decrease of \$5.9 million from the previous year (see Figure 2). The decrease is due to Payout Modernization costs that were budgeted as capital expenditures in the fiscal 2021/2022 Corporate Plan now being included in the operating budget.

Figure 2

Capital budget (C\$ thousands)

	Actual	Approved Plan	Forecast	Plan				
	2020/ 2021	2021/ 2022	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025	2025/ 2026	2026/ 2027
Software development costs	953	10,750	2,721	3,338	1,114	250	250	—
Computer hardware	231	150	90	150	150	75	75	75
Furniture and equipment	776	700	250	1,200	100	100	100	100
Leasehold improvements	371	750	250	1,800	150	150	150	150
TOTAL	2,331	12,350	3,311	6,488	1,514	575	575	325

Costs that were previously budgeted as capital expenditures will be accounted for as operating expenses to ensure compliance with IFRS. For 2022/2023 to 2026/2027, 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 2022/2023 to 2026/2027, as well as actual results for the year 2020/2021 (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				
	2020/ 2021	2021/ 2022	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025	2025/ 2026	2026/ 2027
ASSETS								
Cash	2	1	12	5	2	2	2	2
Investment securities	6,490	7,255	7,270	8,096	8,978	9,914	10,898	11,931
Capital assets	7	18	10	14	11	9	7	5
Right-of-use assets	10	8	7	6	5	4	3	2
Other assets	3	—	—	—	—	—	—	—
TOTAL ASSETS	6,512	7,282	7,299	8,121	8,996	9,929	10,910	11,940
LIABILITIES								
Trade and other payables	8	5	5	5	5	5	5	5
Provision for insurance losses	2,650	2,700	2,500	2,600	2,750	2,900	3,000	3,150
Lease liabilities	10	9	9	8	7	6	5	4
Other liabilities	2	5	5	5	5	5	4	3
Total liabilities	2,670	2,719	2,519	2,618	2,767	2,916	3,014	3,162
EQUITY								
Retained earnings	3,842	4,563	4,780	5,503	6,229	7,013	7,896	8,778
TOTAL LIABILITIES AND EQUITY	6,512	7,282	7,299	8,121	8,996	9,929	10,910	11,940

Figure 4

Projected condensed consolidated statement of comprehensive income
for the year ended March 31
(C\$ millions)

	Actual	Approved Plan	Forecast		Plan			
	2020/ 2021	2021/ 2022	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025	2025/ 2026	2026/ 2027
REVENUE								
Premium	739	765	772	822	862	900	938	977
Investment income	90	76	92	89	101	114	128	143
	829	841	864	911	963	1,014	1,066	1,120
EXPENSES								
Operating	60	68	71	88	82	68	68	70
Increase in provision for insurance losses	400	100	(150)	100	150	150	100	150
	460	168	(79)	188	232	218	168	220
Net income before income taxes	369	673	943	723	731	796	898	900
Income tax (expense)/recovery	(7)	(2)	(5)	—	(5)	(12)	(15)	(18)
NET INCOME	362	671	938	723	726	784	883	882
Other comprehensive income	—	—	—	—	—	—	—	—
TOTAL COMPREHENSIVE INCOME	362	671	938	723	726	784	883	882

Figure 5

Projected condensed consolidated statement of changes in equity
for the year ended March 31
(C\$ millions)

	Actual	Approved Plan	Forecast	Plan				
	2020/ 2021	2021/ 2022	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025	2025/ 2026	2026/ 2027
RETAINED EARNINGS AND TOTAL EQUITY								
Balance at beginning of the fiscal year	3,480	3,892	3,842	4,780	5,503	6,229	7,013	7,896
Net income	362	671	938	723	726	784	883	882
Other comprehensive income	—	—	—	—	—	—	—	—
Total comprehensive income	362	671	938	723	726	784	883	882
ENDING BALANCE	3,842	4,563	4,780	5,503	6,229	7,013	7,896	8,778

Figure 6

Projected condensed consolidated statement of cash flows
for the year ended March 31
(C\$ millions)

	Actual	Approved Plan	Forecast	Plan				
	2020/ 2021	2021/ 2022	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025	2025/ 2026	2026/ 2027
OPERATING ACTIVITIES								
Net income	362	671	938	723	726	784	883	882
Add (deduct) items not involving cash:								
Investment income	(90)	(76)	(92)	(89)	(101)	(114)	(128)	(143)
Tax expense/(recovery)	7	2	5	—	5	12	15	18
Other	4	—	—	—	—	—	—	—
Change in working capital:								
Increase in provision for insurance losses	400	100	(150)	100	150	150	100	150
Change in other working capital items	—	—	—	—	—	—	—	—
Interest received	123	76	92	89	101	114	128	143
Income tax paid	(12)	(2)	(5)	—	(5)	(12)	(15)	(18)
Net cash generated by operating activities	795	771	788	823	876	934	983	1,032
INVESTING ACTIVITIES								
Acquisition of property, plant and equipment, and intangible assets	(2)	(12)	(4)	(6)	(2)	(1)	(1)	(0)
Purchase of investment securities	(2,844)	(2,406)	(2,839)	(2,874)	(2,927)	(2,984)	(3,033)	(3,082)
Proceeds from sale or maturity of investment securities	2,051	1,650	2,066	2,051	2,051	2,052	2,052	2,051
Net cash used in investing activities	(796)	(768)	(777)	(829)	(878)	(933)	(982)	(1,031)
FINANCING ACTIVITIES								
Principal payment of lease liabilities	(1)	(3)	(1)	(1)	(1)	(1)	(1)	(1)
Net cash used in financing activities	(1)	(3)	(1)	(1)	(1)	(1)	(1)	(1)
Net change in cash	(2)	—	10	(7)	(3)	—	—	—
Cash, beginning of year	4	1	2	12	5	2	2	2
CASH, END OF YEAR	2	1	12	5	2	2	2	2

2020/2021 actual to Plan

Statement of financial position

Total assets as at March 31, 2021, were \$6,512 million, \$5 million higher than the planned amount of \$6,507 million. This slight increase is primarily due to higher than planned premium revenue, which also contributed to the increase in investment securities.

Total liabilities as at March 31, 2021, were \$2,670 million, \$649 million higher than the planned amount of \$2,021 million mainly due to the variance in the provision for insurance losses.

Statement of comprehensive income

Actual **net income** for the 2020/2021 fiscal year was \$362 million compared to a planned net income of \$757 million. This \$395 million negative variance is mainly due to a higher than planned provision for insurance losses.

2021/2022 forecast to Plan

Forecasted net income (as at December 31, 2021) for 2021/2022 is \$938 million, compared to a planned net income of \$671 million. This \$267 million favourable variance is primarily due to the lower provision for insurance losses than planned.

The Corporation forecasts that its *ex ante* funding will grow to 71 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 2029/2030.

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, 2021, 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 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, 2021, the Corporation may borrow up to \$30 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.

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.

A photograph of a smiling couple in wedding attire. The groom, wearing glasses and a dark suit with a light blue shirt and tie, has his arm around the bride's shoulder. The bride is wearing a white strapless wedding dress and a necklace. They are standing in front of a green brick wall and a purple curtain.

Part 4
**Performance
against past
Plans**

We protect your future.

Part 4

Performance against past Plans

CDIC's previous Corporate Plan (2021/2022 to 2025/2026) identified three 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:** Advance CDIC's readiness to respond effectively to a crisis.
2. **Organizational:** Enhance organizational resiliency by transforming CDIC's culture and workplace.
3. **Preparedness/organization:** Innovate to meet evolving depositor expectations.

Highlights of CDIC's past performance

There were nine initiatives being tracked for the 2021/2022 fiscal year associated with the above three objectives. CDIC's Corporate Scorecard monitors results on a quarterly basis for activities associated with these initiatives. As of the end of Q2 (September 30, 2021), good progress is being made on the nine Corporate Plan initiatives for the 2021/2022 fiscal year. Some deliverables or deadlines were extended to create flexibility as a result of COVID-19 response reprioritization.

CDIC's Corporate Scorecard—2021/2022

(as at September 30, 2021)

1. Advance CDIC's readiness to respond effectively to a crisis.		
Initiative	2021/2022 activity/outcome	Q2 update
Strengthen and test CDIC's overall resolution preparedness, ensuring that CDIC can effectively utilize its full suite of resolution tools.	Develop implementable crisis response plans.	<ul style="list-style-type: none"> Resolution planning and payout preparedness activities completed, as planned.
	Operational readiness to respond to large-scale and/or simultaneous failures of multiple member institutions.	<ul style="list-style-type: none"> Activities to strengthen and test CDIC's preparedness to respond to a potential system-wide event continued to proceed as planned. CDIC conducted three simulation exercises as of September 30, 2021, as planned.
	A transparent brokered deposit compliance framework and continuous engagement with industry support stakeholders to achieve compliance with the new CDIC Act trust deposit coverage requirements when they come into force.	<ul style="list-style-type: none"> Engagement with nominee brokers and self-regulatory organizations continued to progress. Guidance was issued to the membership on <i>Data and System Requirements By-law</i> compliance.
Foresee emerging risks to depositor protection and financial stability before they materialize.	Risk assessment and forward-looking stress testing activities enable CDIC to detect vulnerabilities at an earlier stage.	<ul style="list-style-type: none"> Key priorities to support risk assessment and stress testing remained on track. CDIC continued to collaborate with Financial Institution Supervisory Committee partners on various initiatives.
	Continued enhancement of CDIC's Enterprise Risk Management (ERM) Framework and risk culture.	<ul style="list-style-type: none"> CDIC continued to enhance its ERM Framework; work remained on track.
Develop a comprehensive external stakeholder engagement strategy.	CDIC has a strategy in place to engage with external stakeholders.	<ul style="list-style-type: none"> CDIC's new CEO undertook outreach activities with key stakeholders. Perception audit of key stakeholders launched in September 2021.

CDIC's Corporate Scorecard—2021/2022

(as at September 30, 2021)

2. Enhance organizational resiliency by transforming CDIC's culture and workplace.		
Initiative	2021/2022 activity/outcome	Q2 update
Expand CDIC's Organization and Culture Strategy and Plan to promote employee resilience and inclusion and adapt proactively to the future of work.	Develop the next long-term Organization and Culture Strategy and Plan by March 31, 2022.	<ul style="list-style-type: none"> The new Organization and Culture Strategy and Plan was delivered one year in advance, in March 2021.
	Establish strategic partnerships with mental health and diversity and inclusion experts to augment support for all employees and to continue to foster an inclusive environment in a hybrid work environment.	<ul style="list-style-type: none"> CDIC secured mental health and diversity and inclusion partnerships. This activity was completed and the target exceeded.
Implement a multi-year Enterprise Technology Strategy to support the future of work, and CDIC's digital transformation.	Develop an Enterprise Data Strategy.	<ul style="list-style-type: none"> Development of an Enterprise Data Strategy progressed according to plan.
	Continue to move forward on a multi-year Enterprise Technology Strategy with a focus on Cloud migration, data environment, governance and security.	<ul style="list-style-type: none"> A high-level Cybersecurity Strategy was developed; work continues to proceed as planned. Cloud migration-related activities continued to progress. Data environment-related activities continued to progress. The timeline for completing portions of this activity was extended due to COVID-19 response prioritization.
	Continue deployment of solutions that promote collaboration and connectivity to enhance CDIC's future of work initiative.	<ul style="list-style-type: none"> Planned activities to strengthen and modernize technologies were completed; work is ongoing to support a hybrid work environment.

CDIC's Corporate Scorecard—2021/2022

(as at September 30, 2021)

3. Innovate to meet evolving depositor expectations.		
Initiative	2021/2022 activity/outcome	Q2 update
Modernize payout capabilities and related processes to protect depositors and facilitate a faster reimbursement.	Establish a Payout Modernization Roadmap and commence a multi-year phased build.	<ul style="list-style-type: none"> Payout Modernization design and delivery roadmap was completed. The multi-year phased build has commenced.
Conduct comprehensive reviews of CDIC's differential premiums and ex ante funding frameworks.	Provide CDIC's Board of Directors with a draft recommendation for a modernized differential premiums framework.	<ul style="list-style-type: none"> Substantial work on a recommendation for the framework was completed; work continues to proceed.
	Scoping for the ex ante funding review has been finalized and initial work towards the recommendations has begun.	<ul style="list-style-type: none"> Extensive analysis was conducted on the ex ante fund and its target; work continues to proceed as planned.
Implement a new three-year strategy to promote public awareness of CDIC and federal deposit protection.	Achieve 60%–65% awareness of CDIC or federal deposit insurance.	<ul style="list-style-type: none"> Public awareness was 61.3%, within the target range. CDIC launched a new advertising campaign following the federal election with a view to increasing awareness among women.
Enhance CDIC's understanding of emerging financial sector trends, products and technologies.	Scoping for the emerging research has been finalized and initial work towards recommendations begun by fiscal 2022/2023.	<ul style="list-style-type: none"> Provided CDIC's perspective on the ongoing work of financial safety net partners. Work conducted on International Association of Deposit Insurers paper.