



ACCOUNTABILITY PROFILE

JOB TITLE:	Chairperson
ORGANIZATION:	Canada Deposit Insurance Corporation
LOCATION:	Flexible
PROFILE DATE:	June 5, 2024

Primary Focus

The Chairperson of Canada Deposit Insurance Corporation (CDIC)'s Board of Directors plays a vital role in maintaining public trust and confidence in the stability of Canada's financial system.

Working closely with the President and Chief Executive Officer (CEO), the Chairperson leads the Board in fulfilling its responsibilities including setting the strategic direction of the Corporation, overseeing effective risk management practices, monitoring the soundness of CDIC's member institutions, and ensuring the Corporation remains ready to intervene should any member show signs of distress.

The Chairperson represents CDIC to Parliament, key stakeholders, financial safety-net partners, and the public, as required, while collaborating with the CEO and senior management to lead the Board in the effective execution of the Corporation's mandate.

This position involves upholding good governance practices at a Crown corporation; balancing both public policy and business considerations in a decision-making environment that is complex and fluid; and ensuring both the Board and management are prepared to act quickly and effectively with limited information in a resolution event.

NATURE AND SCOPE

CDIC is a federal Crown corporation established in 1967 to protect deposits made with member financial institutions in case of failure. CDIC insures eligible deposits up to \$100,000 in member institutions, which include banks, federally-regulated credit unions, as well as trust and loan companies. This insurance provides confidence and stability to Canada's financial system by reassuring depositors that their funds are protected.

CDIC also works to promote financial stability and contributes to the overall health of the Canadian economy, particularly as the Government of Canada's resolution authority. Through this role, CDIC is responsible for monitoring member institutions for signs of distress, and acting early, quickly, and effectively to resolve them at any given time should they fail. CDIC is one of Canada's financial safety-net partners, along with the Office of the Superintendent of Financial Institutions, Bank of Canada, Department of Finance, and Financial Consumer Agency of Canada.

CDIC's mandate, objects, and powers are outlined in the CDIC Act. The Corporation is accountable to Parliament, through the Minister of Finance, for the conduct of its affairs. CDIC is funded by premiums paid by member institutions and does not receive public funds to operate.

Resolution Authority

CDIC anticipates and responds to risks that threaten the protection of insured depositors or depositor's trust and confidence in CDIC and the Canadian financial system.

Canada's last bank failure was in 1996, with the collapse of Security Home Mortgage Company based out of Calgary, Alberta. As nearly 30 years have passed since this event, and as the complexity of banking has increased exponentially with the advent of digital commerce, there is limited corporate memory and few, if any, precedents upon which CDIC may rely in the resolution, particularly for large "too big to fail" financial

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entities. The economic impact and resulting ramifications of certain failures underscore the criticality of ensuring CDIC's ongoing resolution readiness. Moreover, a poorly managed resolution (i.e. an inability to promptly provide access to or pay insured deposits or undertake the orderly restructuring of a troubled financial institution) may give rise to severe financial disruption and hardship (e.g. loss of deposits) to depositors and would reduce confidence in the banking system more broadly, leading to significant and long lasting impacts to the Canadian economy.

It is imperative that the Chairperson, through their leadership of the Board and their responsibility for oversight of CDIC's operations, ensures that CDIC is ready to act at any given time in a wide range of situations to ensure financial stability. CDIC must monitor the health of member institutions; identify irregularities and points of concern; hold and test current resolution plans; and work with the institution and financial safety-net partners to mitigate risk before members become distressed. Should a member reach the point of non-viability, however, CDIC's role as resolution authority comes into play, and the Corporation steps in to take the lead on a resolution. CDIC uses its credible and flexible powers, as outlined in the CDIC Act, to execute strategies to resolve failed member institutions, that are agile to a member's size, complexity, and importance to financial stability.

Given this, the Board plays a critical role in managing over \$1 trillion in credit risk on behalf of the federal government in the form of eligible deposits at Canadian banks and other member institutions. This level of risk, combined with the increasing complexity, scale and scope of member institutions, require a Chairperson that is prepared to lead the Board in times of crisis, in providing direction, advice and guidance to both Management and to Parliament, often with limited or imperfect information, time, and few precedents.

To succeed in this task, it is key that the Chairperson set a positive, open, and respectful Board culture that ensure directors are aligned and can work collaboratively when called upon to use their combined skills and experiences to make careful, rational, and well thought out decisions, that serve to balance CDIC's objects and ensure the stability of Canada's financial system. The Chairperson must also lead the Board in ensuring that an effective executive management team is in place within a resilient organizational structure to lead the organization both in times of stability and in crisis.

DIMENSIONS

Deposits Insured: CDIC's members report their insured deposits each year as at April 30. Any growth in insured deposits impacts all the key areas of CDIC's financial plan. The assumed growth for the planning period 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. As at Q4 2024, the total number of insured deposits was \$1,182 billion.

Ex Ante Funding: CDIC maintains ex ante funding to cover possible losses from resolving member institutions. The amount of ex ante funding is represented by the aggregate of CDIC's retained earnings and its provision for insurance losses. As at Q4 2024, the ex ante fund was \$9.1 billion.

In a resolution event, funding is also available through CDIC's authority to borrow under the CDIC Act. As at December 31, 2023, CDIC may borrow up to \$35 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 by the Governor in Council and the Minister of Finance out of the Consolidated Revenue Fund, if, in the Minister's opinion, it is necessary to promote the stability or maintain the efficiency of the financial system in Canada. Supplemental borrowing could also be authorized by Parliament through an appropriation act.

Provision for insurance losses: The provision for insurance losses represents CDIC's best estimate of future losses it expects to incur as a result of insuring deposits and in its role as resolution authority. The provision 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) CDIC's specific knowledge of its members. As at Q4 2024, the provision was estimated at \$2,250 million.

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Annual Operating Budget: CDIC does not receive funding from the Government to operate. CDIC is funded by premiums that are assessed on the insured deposits of member institutions. The fiscal 2024/2025 operating budget is \$90.3 million.

Total Employees (FTEs): As at Q4 2024, the total number of employees was 194. Note that, during a resolution, CDIC has the ability to deploy standby agents, consultants, and employees from other financial safety-net partners to assist in the execution a resolution, as needed.

Specific Accountabilities

The Chairperson's primary role is to provide effective leadership of the Board of Directors.

In particular, the Chairperson leads the Board in fulfilling its six key areas of responsibility, in line with all applicable laws, regulations, policies, and guidelines:

- Tone at the Top – The Board sets and reflects CDIC's culture and values through their words and actions, promoting trust and transparency throughout the Corporation. The Board provides informed, fearless, and impartial advice to the Minister and Parliament to guide decisions, while always ensuring to act honestly and in good faith. The Board upholds an open and welcome environment for directors to drive innovation, maintain agility, and build resilience within the organization;
- Strategy and Major Policies– The Board guides, approves, and monitors the success of CDIC's strategic plan, as well as other key corporate strategies including ESG. The Board also plays an integral role in informing and approving any major policy directions;
- Enterprise Risk Management – The Board ensures there is a clear framework in place for the Corporation to manage risks in accordance with its Risk Appetite Statement;
- Financial Reporting – The Board ensures reporting is timely and accurate, and in line with CDIC's mandate. The Board also ensures that internal control systems and practices are in place and working to safeguard the Corporation's resources;
- Leadership Development and Succession Planning – The Board assists in identifying and developing the right people to enable CDIC to meet its strategic plans and objects; and
- Corporate Governance – The Board communicates the needs and expectations of the Board widely, to ensure candidates have the appropriate skills, experience, information, and confidence to act decisively both in the normal course of business and in times of crisis. The Board also seeks ongoing feedback to ensure that governance practices exceed industry standards, and engages in educational opportunities to keep directors' skills sharp and to remain abreast of emerging trends.

The Chairperson is responsible for the proper functioning of the Board, in accordance with the Board Charter, by presiding at its meetings, organizing, and managing the business of the Board, and overseeing the work of its Committees. The Chairperson ensures the Board stays focused on strategic issues, facilitates effective and timely decision-making, and facilitates information flow between meetings. The Chairperson also acts a liaison, optimizing and coordinating input and communications between the Board and its committees.

To succeed in this role, the Chairperson must develop and maintain working relationships with a variety of stakeholders in order for the Board to fulfill its responsibilities, including the Minister of Finance, the CEO, senior management, and financial safety-net partners. The Chairperson serves as the Board liaison with these stakeholders, particularly in a resolution event where effective relationships become paramount to the execution of efficient and effective decisions and actions.

Organizational Structure

CDIC reports to Parliament through the Minister of Finance. The President reports directly to the Chairperson. While the Corporate Secretary primarily reports to the CEO, they have a dotted-line reporting relationship with the Chairperson.

Challenges, Issues, and Initiatives

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The position of Board Chair with a Crown corporation, and particularly with CDIC, comes with its own unique set of challenges.

- Government Relations – Balancing the expectations and interests of the government with the Corporation’s operational autonomy and mandate can be delicate, and requires strong leadership to uphold the Corporation’s public policy objectives, particularly in times of crisis.
- Public Accountability – As a public entity, decisions and actions by the Corporation are subject to heightened scrutiny, particularly during a resolution. The Corporation must maintain transparency, through effective reporting and communications strategies, to maintain the trust of depositors.
- Compliance – Navigating the complexity of government directives, policies, and processes to determine what the Corporation must comply with, and where there is flexibility for internal solutions, requires ongoing research, guidance, and advice.
- Strategic Decision-Making – Leading the Board in making strategic decisions that align with the Corporation’s mandate can be challenging, given the composition of the Board. It is key that the Chairperson ensure that the Board leaves their day-to-day roles behind when they come to the table, and consider the information they have before them, which may be imperfect, to make decisions as opposed to relying on insider knowledge or speculation.
- Stakeholder Management – Managing relationships with diverse stakeholders, including government officials, member institution representatives, and Management, and ensuring alignment with interests and support for CDIC’s objectives, can require significant time and effort.
- Succession Planning – Ensuring continuity of leadership at the Board and Management levels requires the development, implementation, and ongoing monitoring of succession plans. It also requires building good working relationships with the Privy Council Office and the Department of Finance to ensure appointments are made in a timely manner and add to the Board skills cadre.

Overall, being the Chairperson of CDIC’s Board requires strong leadership, negotiation and diplomacy skills, and the ability to navigate complex relationships and environments effectively.

Working Environment and Conditions

i. Pressures

This job involves the pressures of ensuring the good governance of a Crown corporation as well as providing broad oversight, advice and leadership that could significantly affect member institutions and the public.

The Chairperson must be prepared to contend with the extraordinary circumstances, incomplete information and timescale demands associated with an institutional failure under full public scrutiny, media, and stakeholders, while sustaining the confidence in the resiliency of Canada’s financial system.

ii. Sensory Attention

This job involves a significant degree of sensory attention at all times given the significance of CDIC’s mandate, its diverse Board, and varied stakeholders.

Considerable and sustained attention is required to monitor domestic and international events having potential impact on the stability and resiliency of Canada’s financial system.

iii. Demands

Although this position is part-time, it may involve intense working hours, frequent meetings and events outside of core business hours and the need to respond to events on an urgent basis, and travel. As such, the time commitment required for success in the position, as well as the stamina and mental acuity to advance the work of CDIC, is significant.

Core Competencies

i. Political Savvy

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The Chairperson must navigate the intersection of corporate interests and government priorities effectively. It involves understanding government dynamics, building relationships, engaging in strategic communication with stakeholders, anticipating policy directions and changes, balancing interests, and predicting public perceptions in order to achieve strategic goals and ensure the Corporation's success within the broader political context.

ii. Business Acumen

The Chairperson must be financially literate, and have expertise about the highly complex and technical industry in which CDIC operates. They must consider the ever-changing environment in which the Corporation's member institutions operate, including internal challenges and external pressures, and develop strategies for effectively dealing with them should they become distressed and/or move to resolution. They must foster a culture of innovation and adaptability within the Corporation, championing changes to operational processes and workflows to enhance productivity, drive efficiency, and improve cost effectiveness.

iii. Timely Decision Making

The Chairperson must use data and analytics to inform decisions, using key metrics and performance indicators to evaluate options and predict outcomes. They must ensure that decisions align with the Corporation's mandate, vision, and long-term strategic objectives, while also considering the interests of stakeholders, the potential risks, and the broader political context. In order to achieve this, they must be open to alternative perspectives and willing to shift dialogue and related decisions at the Board table in response to new information, changing circumstances or unexpected events.

iv. Intellectual Horsepower

The Chairperson must be able to think critically, by analyzing complex issues, identifying underlying patterns, and evaluating multiple perspectives to come to decisions and direction. They must be inquisitive, and ready to apply creativity and ingenuity to address challenges and obstacles, devising innovative solutions to achieve outcomes. They should be continually seeking new knowledge and staying abreast of new developments to incorporate new insights into Board discussions.

v. Strategic Agility

The Chairperson must be able to swiftly adapt to changing circumstances, in order to seize opportunities and mitigate risks. They should navigate complexity deftly, embracing change and positioning the Corporation for sustained success in a dynamic and evolving financial environment.

vi. Conflict Management

The Chairperson must be able to facilitate open communication at the Board table and between the Board and Management; resolve disputes efficiently; and foster collaboration to maintain a harmonious, respectful, and productive Board environment.

vii. Interpersonal Savvy

The Chairperson should be able to adeptly navigate interpersonal relationships, leverage influence, and demonstrate a high level of emotional intelligence to drive rapport and trust with Board members, Management, and stakeholders through effective communication and rapport-building skills.

viii. Priority Setting

The Chairperson needs to be able to guide Management in strategically focusing resources on initiatives that align with the Corporation's most important short and long-term objectives, and that manage the most risk effectively.

ix. Negotiating

The Chairperson should be well versed in deal making, identifying the interests and priorities of all parties involved in a decision, and striving to achieve outcomes that satisfy everyone's needs and objectives, while still remaining aligned with CDIC's mandate, vision, and objects. They achieve this through effective communication and persuasion skills to build consensus and to find solutions.

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x. Managing Vision and Purpose

The Chairperson must set clear direction, inspiring Board members, management, and stakeholders alike. They must drive innovation to achieve meaningful and sustainable outcomes aligned with the Corporation's mandate and long-term goals.

Ethics and Values

The reputation of CDIC depends in large part on the integrity of the members of its Board and its employees. Compliance with appropriate standards of conduct is fundamental to the preservation of CDIC's authorities, reputation and image and the success of its operations. The actions of the Chairperson must enhance public confidence and trust in the integrity, objectivity, and impartiality of CDIC and promote transparency and disclosure.

The Chairperson is expected to exercise his or her duties honestly and in good faith with a view to the best interests of CDIC while preserving depositor confidence, to comply with CDIC's *Code of Conduct*, and to maintain the highest standards of integrity in the performance and exercise of his or her responsibilities.

The Chairperson must abide by applicable provisions in the Conflict of Interest Act, related government guidelines, CDIC's Conflicts of Interest Code, and any other relevant conflicts provisions in force, including those in the CDIC Act related to eligibility and personal financial holdings.