

2024 Annual Report

You protect  
what matters.  
So do we.



Canada

# About CDIC

The Canada Deposit Insurance Corporation (CDIC) was established as a federal Crown corporation in 1967 by an act of Parliament.

CDIC's mission is to protect depositors. The Corporation provides deposit insurance, resolves its member institutions in the event they fail, and promotes and contributes to financial stability.

CDIC automatically protects eligible deposits up to \$100,000 per insured category, at each member institution. Members include banks, federally regulated credit unions, and trust and loan companies. CDIC has handled 43 member failures to date, protecting \$26 billion in insured deposits held by more than two million depositors. The last member failure was in 1996.

CDIC operations are funded by premiums paid by its members. It receives no public funds to operate.

**CDIC's vision: Guaranteeing the safety of your insured deposits to protect financial futures in Canada.**

## For more information about CDIC

Visit the CDIC website at [www.cdic.ca](http://www.cdic.ca). You can also reach CDIC by phone, e-mail 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: 1-800-465-7735

Website: [www.cdic.ca](http://www.cdic.ca)

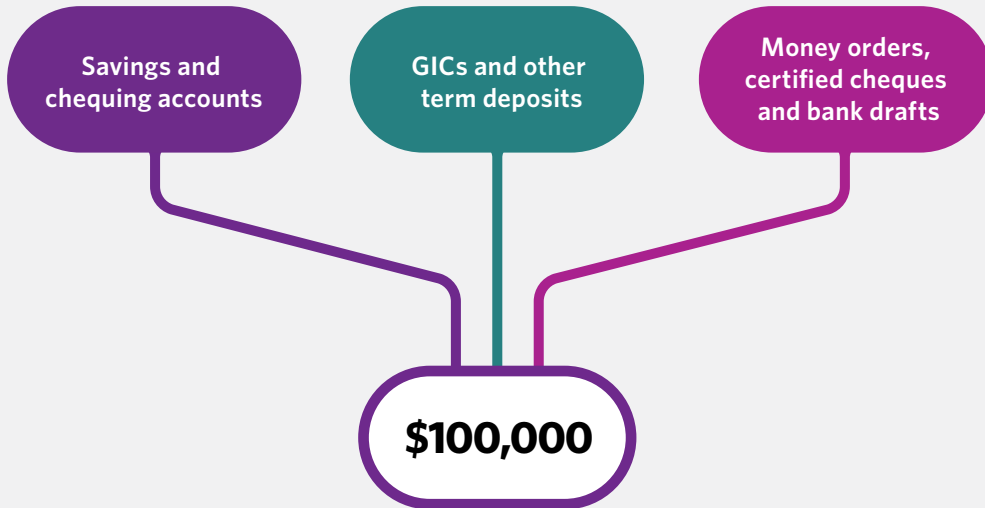
E-mail: [info@cdic.ca](mailto:info@cdic.ca)



**Catalogue number:** CC391-1E-PDF

# CDIC Deposit Insurance Coverage

Eligible deposits can be held in Canadian dollars or in a foreign currency, and include:




★ per category

- One name ★
- More than one name ★
- In trust ★
- FHSA ★



- ★ RESP
- ★ RDSP
- ★ RRIF
- ★ RRSP
- ★ TFSA

 **COVERED**

 **What's not covered?**

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

## Five-year financial and statistical summary

<i>For the years ending March 31</i>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Selected statement of financial position items</b> (C\$ millions)					
Cash and investments	<b>9,115</b>	8,139	7,284	6,493	5,735
Provision for insurance losses	<b>2,250</b>	2,100	1,900	2,650	2,250
Retained earnings	<b>6,849</b>	6,031	5,383	3,842	3,480
<b>Selected statement of comprehensive income items</b> (C\$ millions)					
Premiums	<b>891</b>	815	772	739	668
Investment income	<b>189</b>	125	93	90	86
Total revenue	<b>1,080</b>	940	865	829	754
Operating expenses	<b>86</b>	81	68	60	51
Increase (decrease) in provision for insurance losses	<b>150</b>	200	(750)	400	200
Income tax expense	<b>26</b>	11	6	7	9
Total comprehensive income	<b>818</b>	648	1,541	362	494
<b>Member institutions</b> (number)					
Domestic banks and subsidiaries	<b>53</b>	53	53	53	54
Subsidiaries of foreign financial institutions	<b>13</b>	16	15	15	15
Domestic trust and loan companies and associations	<b>15</b>	15	15	15	15
Federally regulated credit unions	<b>3</b>	2	2	2	2
Total number of institutions	<b>84</b>	86	85	85	86
<b>Total insured deposits<sup>a</sup></b> (C\$ billions)					
	<b>1,182</b>	1,082	1,025	968	852
Growth rate of insured deposits (%)	<b>9.3</b>	5.6	5.9	13.6	5.5
<b>Ex ante funding</b> (C\$ billions)					
	<b>9.1</b>	8.1	7.3	6.5	5.7
Basis points of insured deposits	<b>77</b>	75	71	67	67
<b>Borrowing limit</b> (C\$ billions) <sup>b</sup>					
	<b>35</b>	32	30	28	25
Basis points of insured deposits	<b>296</b>	277	293	289	293
<b>Permanent employees</b> (number) <sup>c</sup>					
	<b>194</b>	176	167	165	135

a Insured deposits are calculated as at April 30 of each year. The amounts presented for the years ended March 31 are therefore reflective of the prior year's April 30 calculation and include insured deposits of new member institutions during the fiscal year, where applicable.

b Under the CDIC Act, CDIC has the authority to access additional funds through borrowing, subject to ministerial approval. The borrowing limit is indexed to the growth of the volume of insured deposits.

c Represents the number of full-time, permanent employees at year end.

## Our Vision

**Guaranteeing the safety of your insured deposits to protect financial futures in Canada.**

CDIC exists to protect insured deposits at member institutions. We put the interests of depositors first through the execution of our mandate to provide deposit insurance, act as resolution authority for our members, and promote the stability of Canada's financial system.

## Our year at a glance—in 2023/2024...

We focused on three strategic objectives:

- Resolution readiness
- Depositor trust and confidence
- Organizational strength

We continued to fulfill our objectives, while maintaining the public's trust and confidence that their eligible deposits are protected.

## What was achieved?

***We strengthened our risk assessment, resolution planning and readiness to protect depositors during a period of increasing market uncertainty...***

- In a heightened risk environment, we focused on the risk assessment of our member institutions and continued to enhance our stress-testing toolkit by integrating liquidity and solvency stress testing into our risk assessments.
- We maintained resolution plans for our members, including domestic systemically important banks (D-SIBs).
- We conducted deposit data testing activities on our members with a focus on enhancing the quality of deposit liability data. We also engaged with nominee brokers to test their compliance with our data standard requirements.
- We continued to improve our technology—through CDIC's payment modernization initiative—to provide depositors with timely access to their insured deposits, in the rare event a member should fail.
- Our Simulations Centre of Excellence conducted five exercises to test areas of highest risk to CDIC's preparedness, with a focus on lessons learned in response to the 2023 banking failures in the United States, Switzerland and the United Kingdom.

***We anticipated and responded to a shifting financial landscape to secure the trust and confidence of depositors and promote financial stability...***

- We consulted with stakeholders to inform CDIC's Deposit Insurance Study. The study is assessing how well CDIC's coverage framework is keeping pace with the evolving savings needs and expectations of depositors and identifying opportunities to continue to strengthen the deposit insurance protection framework.
- We were actively engaged in advancing priorities of the International Association of Deposit Insurers (IADI), including participating in IADI governance reform efforts and developing a lessons learned paper on the 2023 global banking turmoil for deposit insurance systems.
- We launched the first Federal-Provincial Deposit Insurance Forum with participation from the leaders of each provincial deposit insurer to share insights and best practices on deposit insurance and resolution.
- We held our Annual Public Meeting virtually on October 12, 2023, which more than doubled in participation of stakeholders from last year, with over 60% of attendees attending the meeting for the first time.

***We strengthened our organizational resilience to address factors that can impact our operating environment, including our technology and risk strategies...***

- Our work in embedding and expanding our enterprise risk management (ERM) framework ensures that we balance strong central oversight and control of risk with clear accountability for, and ownership of, risk within our business lines.
- Through our Cyber Security Strategy, we have strengthened our IT systems by implementing automated patch and vulnerability management systems and onboarding new third-party service partners to broaden our threat monitoring and incident response capabilities.
- We also completed the remaining cloud migration of data and applications, implementing the strategic review of CDIC's IT operating model.

***Our ability to achieve our vision is made possible through our people and strong, inclusive culture...***

- Through our Environmental, Social, and Governance (ESG) Strategy, we committed to review our emissions footprint and the sustainability of our operations to inform emissions reduction efforts that could contribute to the Government of Canada's efforts to reach net-zero emissions by 2050.
- We are nurturing a culture representative of the people we serve. As of 2023/2024, we meet or exceed targets for representation of women, visible minorities and people with disabilities in our work force, with 67% of Corporate Officers identifying as women. We have initiatives in place to build our representation in other designated groups.
- For two consecutive years, CDIC employees have certified CDIC as a Great Place to Work™ and, for the first time, CDIC was named a National Capital Region's Top Employer in early 2024. Creating an employer brand of distinction enables CDIC to attract top talent from across the National Capital Region and beyond.

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Messages from the Chair  
and the President and CEO





## Message from the Chair

During the last year, Canada's economy could be described as fragile. Interest rates stayed high, per capita GDP declined, housing costs kept rising, and there were volatile events around the world. This heightened risk environment has become the new norm. Despite this, CDIC delivered on its mandate and proved that it's always ready to act. In today's uncertain and rapidly changing world, such steadfastness is paramount.

The year began following the largest period of stress the U.S. and European banking systems have experienced since the 2007–2008 global financial crisis. Witnessing the failure of numerous banks south of the border, and how they were handled by authorities, was unnerving but insightful. Once again, Canada's financial system remained reassuringly strong and resilient. The events reminded people that in the unlikely event their bank fails, CDIC stands ready to protect their insured deposits up to \$100,000 per eligible category, per member institution.

Although the banking crisis remained outside of Canada's borders, CDIC never let down its guard. We saw these banking failures as an opportunity to learn from the experience and adapt the lessons to our own unique context. This report describes how CDIC protected depositors and promoted financial stability in the face of these external shocks and pressures. It explains how we fine-tuned our resolution planning and testing, systems, and policies in the wake of the international banking crisis. It also outlines the high level of engagement and cooperation among financial safety net members, made up of five federal organizations—CDIC, the Department of Finance, the Office of the Superintendent of Financial Institutions, the Bank of Canada, and the Financial Consumer Agency of Canada. An excellent example of this is CDIC's Board of Directors, which includes representatives across our financial safety net.

The Board was more engaged than ever in confronting last year's challenges and planning for future ones. We participated in a wide range of tabletop exercises and simulations. We advanced CDIC's Enterprise Risk Management framework to better identify preparedness, strategic, operational, and organizational risks. We also launched an Environmental, Social, and Governance (ESG) Strategy to enrich the organization's business lines, from workplans to work culture.

One of my priorities as Chair of the Board is to ensure effective governance. Maintaining diversity and fresh perspectives within our Board, including a balance between public and private sector members, is of utmost importance. I'm pleased to share that we welcomed three new private sector directors this year: Jeff Heath, a former treasury and risk management executive; Helen del Val, mediator, adjudicator, and retired lawyer; and Tashia Batstone, President and CEO of FP Canada. They have each been appointed for a four-year term.

Two of our Board members have also been reappointed, each for a three-year term: Martin Castonguay, a retired Chartered Professional Accountant, and Andrew Kriegler, President and CEO at Canadian Investment Regulatory Organization. I'm grateful for their continued insights and expertise.

I would also like to thank our outgoing directors—Judith Robertson, former Commissioner of the Financial Consumer Agency of Canada, and David Dominy, Chairman and CEO of 3D Capital Inc.—for their invaluable contributions over the last several years and wish them all the best in their future endeavours.

As I reflect on the past year, I'm particularly grateful for the hard work and dedication of CDIC's employees. I also want to extend a special thank you to President and CEO Leah Anderson for her steady leadership. It's a unique challenge to prepare for a financial crisis you hope never comes. The past year has demonstrated that CDIC not only has the right people, but that they're ready to protect depositors in any environment.

Warm regards,



Robert O. Sanderson



## Message from the President and CEO

As I reflect on the past year, I'm struck by the dynamics of global risks and their implications for the Canadian economy, the financial sector, and CDIC. The direct impacts of the pandemic finally receded, but its lingering effects were compounded by a range of new and growing vulnerabilities.

Some of these vulnerabilities materialized in March 2023 when banks in the U.S. and Europe began to fail. During this period of turmoil, Canada's financial system remained safe for depositors thanks to the strong oversight, regulation, and risk management of CDIC's member institutions. This safety was reinforced by Canada's financial sector partners, including the Office of the Superintendent of Financial Institutions, the Financial Consumer Agency of Canada, the Bank of Canada, and Finance Canada.

The international banking crisis prompted governments worldwide, including in Canada, to review regulatory, supervisory, and resolution policies at the national and international levels. Deposit insurance—typically a back-burner topic—became a headline and a key focus of discussions on consumer protection and financial stability.

CDIC focused on lessons learned to reinforce depositor protection and confidence, and to bolster our resolution preparedness.

CDIC adopted a new vision statement last year to guide our work: guaranteeing the safety of your insured deposits to safeguard financial futures in Canada. This vision reflects our unwavering focus on depositors and the central role deposit insurance plays in consumer protection. Our 2023/2024 achievements reflect this vision. As set out in this report:

- We strengthened our risk assessments, resolution planning, and readiness to protect your insured deposits during a period of increasing market uncertainty.
- We anticipated and responded to a shifting financial landscape to secure your trust and confidence in the financial system, and to promote its stability.
- We strengthened our organizational resilience to address factors that can impact our operating environment, including our technology and risk strategies.

- We evolved our Public Awareness Strategy to increase our reach of key groups and to promote your confidence in the financial system.
- We continued to grow CDIC's strong, inclusive culture.

Over the year, CDIC also forged closer ties with our provincial and global partners. In December 2023, I hosted the inaugural Federal-Provincial Deposit Insurance Forum with my provincial deposit insurer colleagues. The discussion was insightful and focused on risks and best practices related to deposit insurance, resolution preparedness, and Canada's financial stability. In addition, I was appointed by the International Association of Deposit Insurers (IADI) in March 2024 to chair the review of the global standard for deposit insurance systems. Guided by lessons learned from the international banking failures, the review will ensure the standard remains relevant, adaptable, and effective in the face of ongoing and rapid changes to financial systems worldwide.

The foundation for CDIC's achievements is our team. CDIC has exceptionally talented people, who are passionate about our mission to protect depositors, work hard and pull together to get the job done, and strive to make our workplace welcoming and inclusive for all. Together, we have made CDIC a Great Place to Work and a Top Employer in the National Capital Region.

The corporate performance and results outlined in this report demonstrate CDIC's readiness to protect your insured deposits—whatever the future brings.

Sincerely,

A handwritten signature in black ink that reads "Leah Anderson". The signature is written in a cursive, flowing style.

Leah Anderson



Part 1  
**Management's  
Discussion and Analysis**

## **CDIC's operating environment**

CDIC continually assesses the opportunities and challenges of an evolving economic and regulatory landscape to respond to emerging risks faced by our members and, ultimately, strengthen our position to protect depositors.

### **Economic environment**

In 2023, global economic growth slowed owing primarily to a tightening of monetary policy across major economies. While the pace of inflation has stabilized in response to increased interest rates, high debt-servicing costs continued to place a strain on household and business balance sheets and cash flows. At the same time, elevated borrowing costs weighed on business investment, notwithstanding modest improvements in labour market conditions.

Despite the challenging conditions of higher interest rates and persistent inflationary pressures, overall CDIC's membership remained resilient, while posting acceptable profitability and loan performance and adequate liquidity and capital ratios.

Global growth is expected to slow further in 2024 due to weaker consumption stemming from tight monetary policy environment and is projected to strengthen in 2025 as the effects of past monetary tightening fade and global financial conditions ease. While households and businesses may continue to face challenges in a higher interest rate environment, CDIC continues to monitor the resilience of its member institutions and remains focused on being ready to resolve member institutions, if necessary.

### **Regulatory environment**

During 2023/2024, CDIC concluded its review and consultation on the Differential Premium System (DPS) in response to changes in the financial regulatory, risk and operating environment. A number of strategic changes will be implemented to modernize the DPS and make it more effective in sending an early warning signal—with financial consequences—to the management and boards of directors of member institutions concerning the risk of failure and resolvability of their institution. These changes will ensure the DPS remains fit for purpose for years to come and improve CDIC's effectiveness in determining risk-based premiums, placing it in a stronger position to protect depositors in the event of member failure.

Working collaboratively with its regulatory partners, CDIC launched the first Federal-Provincial Deposit Insurance Forum with participation from the heads of each provincial deposit insurer, to share insights and best practices on deposit insurance and resolution in the evolving risk environment. Owing to the success and level of engagement brought forward by participants, the Forum will convene annually going forward with rotating Chairs among the jurisdictions.

## **CDIC's corporate environment**

The financial sector is constantly evolving as risk dynamics and financial innovation continue to challenge traditional business models of banking and influence how depositors save and invest. CDIC's work focuses on anticipating changes and responding to events in the financial sector to better protect depositors and promote financial stability.

### **Lessons from international developments**

The 2023 banking crisis in the United States and Europe exposed vulnerabilities to the global banking sector, leading Canadian regulators to take important steps to promote the stability of the Canadian financial system. Following an announcement in Budget 2023, amendments were made to the *Canada Deposit Insurance Corporation Act* to allow the Minister of Finance to temporarily increase the deposit insurance coverage limit in the event of a market disruption. The temporary measure was not used and was sunset in April 2024, with the Minister of Finance set to publish a report on its effectiveness in promoting financial stability.

While the events stemming from international markets were contained in those countries, these events offered important lessons on how risk factors, amplified by the role of social media, can quickly materialize, and spread throughout the financial sector. Over the past year, CDIC has focused on ensuring its tools remain fit for purpose as the financial landscape continues to evolve.

## **CDIC's Deposit Insurance Study**

In February 2023, CDIC's President & CEO announced the launch of a Deposit Insurance Study (DIS). This study is organized around three primary research themes:

- changes to the deposit environment
- structure and coverage of CDIC deposit insurance framework
- consumer awareness and understanding

The scope of the DIS was broadened to consider 2023 bank failures in the United States and Europe. CDIC is working collaboratively with its members, industry stakeholders, and domestic and international regulatory partners to support its research and analysis.

CDIC will continue to engage stakeholders as work advances to enhance the deposit insurance framework and promote financial stability.

## Part 1: Management's Discussion and Analysis

As part of CDIC's membership in and commitment to the International Association of Deposit Insurers (IADI), CDIC was actively involved in advancing IADI's key priorities, including participating in governance reform and developing a lessons learned paper related to the events that took place internationally, which was published by IADI in December 2023.

Looking forward to 2024, IADI's key priority is undertaking a review of the *Core Principles for Effective Deposit Insurance Systems* to ensure they remain relevant and effective. CDIC's President and CEO, Leah Anderson has been appointed by the Executive Council as Chair of the High-level Steering Group.

### Financial sector innovation

Digitalization and financial innovation, including the role of artificial intelligence, are transforming the way Canadians interact with and manage their money as new financial products and services offer speed and convenience to depositors. For this reason, CDIC evolved its public awareness campaign to increase its reach to key groups to promote a stronger confidence in understanding what type of deposits are (and are not) covered by CDIC. As a result, awareness among the general population remains near record levels at 63%. CDIC continues to work to increase awareness among targeted groups of the public including women, where awareness levels are lowest at 53%.

To better support depositors and keep pace with the use of payment technology, CDIC remained focused on the development of its payment modernization initiative, which aims to improve timely payout to depositors and equip members and nominee brokers with modern and enhanced tools for safe and secure data transfer and storage. CDIC also advanced its Enterprise Technology Strategy to support the Corporation's own digital transformation and enhanced cyber posture.

Working closely with its financial safety net partners, CDIC also participated in the Department of Finance's financial sector review on the digitalization of money.

### CDIC's workplace environment

CDIC takes pride in its people and the ability to nurture a strong, inclusive culture. With competition for talent at an all-time high, CDIC is developing new strategies to attract top talent, while also working to retain and engage existing staff. A key part of this work is supporting professional development and building capabilities across the organization to enhance employee engagement.

For two consecutive years, CDIC employees have certified CDIC as a Great Place to Work™ and, for the first time, CDIC was awarded National Capital Region's Top Employer in early 2024. Creating an employer brand of distinction enables CDIC to attract top talent from across the National Capital Region and beyond.



## Diversity, Equity, and Inclusion Strategy

CDIC is dedicated to having a work force representative of the Canadians it serves. Diverse voices make CDIC a better organization. Through its Diversity, Equity, and Inclusion Strategy, the Corporation recognizes that building an inclusive environment requires committed leadership. CDIC meets or exceeds targets for representation of women, visible minorities, and people with disabilities in its work force. In addition, 67% of CDIC's Corporate Officers identify as women. CDIC also has initiatives in place to build representation in other designated groups.

## Sustainability

In 2023, CDIC's Environmental, Social, and Governance (ESG) Strategy was approved by CDIC's Board to promote transparency and accountability for its actions. The ESG Strategy will help CDIC track its environmental impact to inform ways in which the organization can increase the sustainability of its operations over time.

## **CDIC's Environmental, Social and Governance (ESG) Strategy**

CDIC will operate sustainably through responsible, intentional, and inclusive actions for the benefit of our employees, communities, and depositors.

In 2023, the CDIC Board approved the Corporation's ESG strategy, which proactively focuses on anticipating and responding to developments and trends in the economic, financial, environmental, and social landscape to promote transparency and accountability for its actions.

CDIC will advance initiatives under each pillar of the ESG strategy going forward to strengthen the Corporation's governance framework that supports the delivery of CDIC's mandate.

For more information, please see Appendix A on the Taskforce on Climate-related Financial Disclosures (TCFD) Report.

## CDIC membership

CDIC member institutions include banks, federally regulated credit unions, as well as trust and loan companies. As at March 31, 2024, CDIC had 84 member institutions<sup>1</sup>.

CDIC has the authority to resolve a troubled member institution using either payout or non-payout resolution tools. Non-payout resolution options include, but are not limited to, assisting or forcing the sale of a troubled member; providing direct financial assistance; creating a bridge bank to continue operations of the non-viable member until a buyer can be found; and, in the case of a domestic systemically important bank (D-SIB), temporarily taking control of the bank and converting certain debt instruments into common shares to recapitalize it through a conversion of eligible debt (i.e., a "bail-in").

Under a payout resolution, CDIC protects depositors by promptly reimbursing depositors their insured deposits, in the rare event of a member institution failure.

## CDIC Risk and Data Assessments

CDIC monitors the health and risks of its members as part of its work to support a stable and resilient financial system. Over the last year, CDIC focused on strengthening its capacity for the early identification of risks, including emerging non-financial risk factors, among member institutions. As part of this effort, CDIC evolved its liquidity and solvency stress testing of member institutions which supports assessments of members' resilience to adverse economic and financial conditions.

Alongside its risk assessments, CDIC also validates that data and record-keeping requirements are being robustly met among member institutions and nominee brokers to ensure fast and accurate insurance payout, if required. In 2023, CDIC conducted extensive data testing activities for more than 80 members to take a deeper dive into the quality and integrity of the data provided by our members. At the same time, CDIC also engaged with the 30 largest nominee brokers on a prioritized basis to perform baseline testing on nominee broker data requirements.

Combined, these multi-year data testing and compliance initiatives will continue to support CDIC's early and continuous identification of risks and financial conditions of member institutions.

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<sup>1</sup> Note: HSBC Canada, which merged with RBC on March 28th 2024, is not consolidated with RBC in this report and remains classified as a non-domestic systemically important bank (D-SIB)

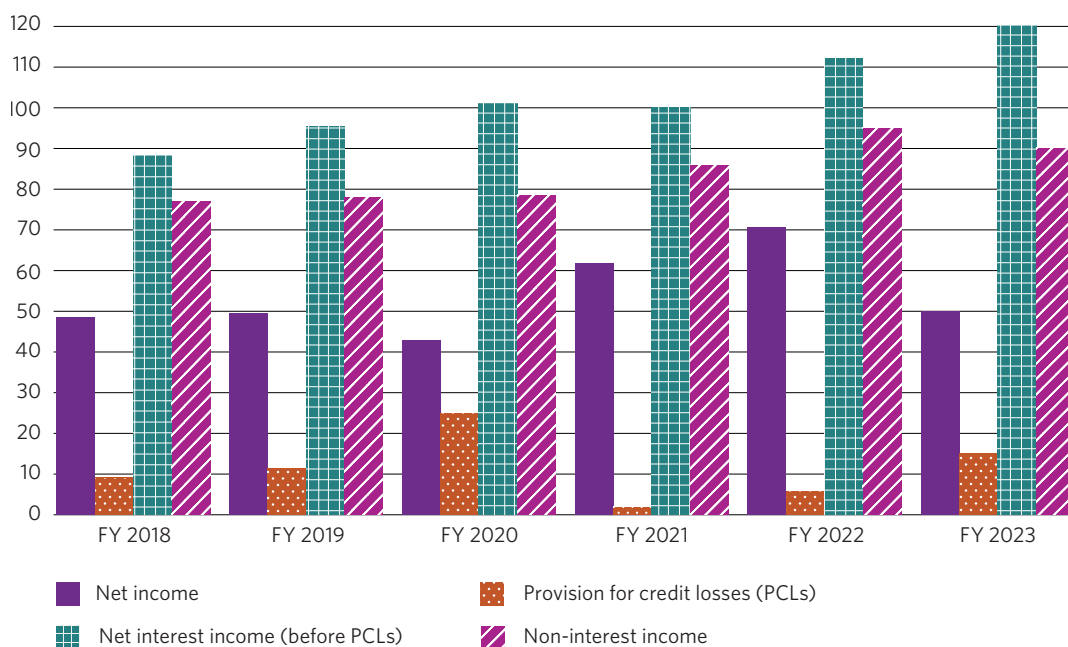
## Insured deposits

As at April 30, 2023, (the annual date on which insured deposits are calculated for insurance premiums), deposits insured by CDIC increased by 9.3% year over year to \$1,185 billion. Insured deposits continue to be a highly valued, cost-effective and stable source of funding for member institutions.

## Member institution financial results

CDIC's membership delivered solid financial results, maintaining adequate capital and liquidity ratios. From a macroeconomic perspective, tightening financial conditions and household indebtedness among persistent inflationary pressures continued to subject the banking sector to risk. These risks underscored the need for CDIC to maintain its focus on monitoring the risk environment and assessing the data quality of its members and nominee brokers to be prepared to respond rapidly if members experience financial difficulty.

### Net income and provisions for CDIC members, 2018-2023 (C\$ billions)



CDIC members earned a total net income of \$50.3 billion in 2023. Lower profits for the membership were attributable to higher provisions for credit losses (PCLs) and lower non-interest income. Net interest margins decreased year-over-year while non-interest expenses remained elevated.

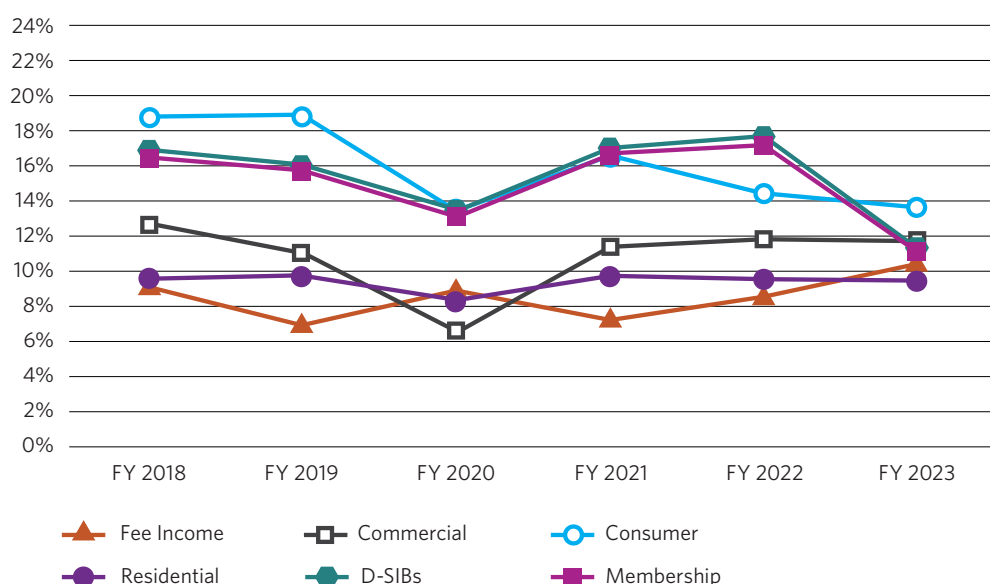
PCLs of \$14.7 billion increased 162.5% year over year, driven mainly by deteriorating macroeconomic conditions.

## Part 1: Management's Discussion and Analysis

Net interest income increased by 7.1% (\$7.9 billion) in 2023 as higher loan volumes were offset by a decline in net interest margins. Non-interest income decreased 3.0% (\$2.8 billion), driven largely by lower revenue from trading.

The membership's return on average shareholders' equity (ROAE), a broad-based measure looking at institutions' profitability, was 11.3%, down from 17.2% last year. ROAE decreased across the membership as net income was impacted by higher provisions for expected credit losses. Relative to other peer groups, the D-SIBs saw the highest ROAE fall due to the higher provisions for expected credit losses and higher cost of funds. As shown in the graph opposite, the ROAE varies by peer group, due to the type of lending and the degree of leverage utilized.

### Return on average shareholders' equity (ROAE) by peer group, 2018-2023

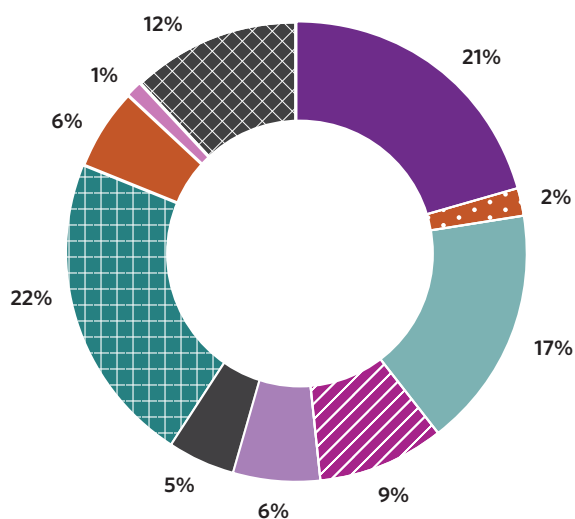


### Asset composition, growth and quality

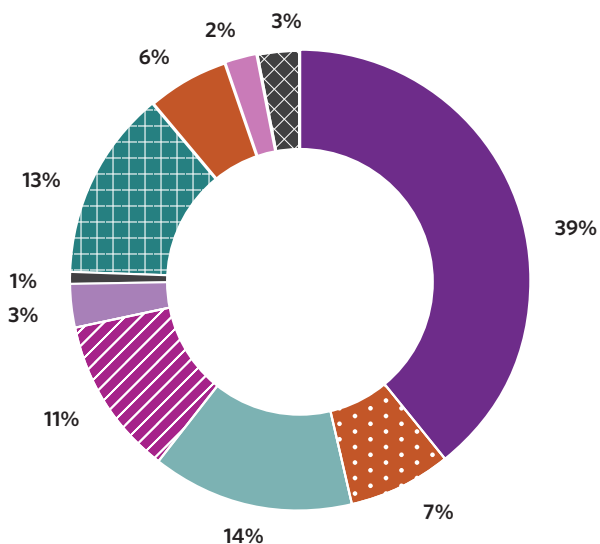
The membership's total asset base grew 4.9% year-over-year to \$8.5 trillion, driven by the increase in residential mortgages, securities, commercial loans and personal and consumer loans. Residential mortgages, one of the largest asset classes on the balance sheets of CDIC members, totalled approximately \$1.9 trillion, or 22.0% of the membership's on-balance sheet assets. Other significant asset classes included securities (22.0% of total assets, 24.0% of which were Canadian government-issued securities), commercial loans (16.0%), personal and consumer loans (9.0%), and reverse repurchase agreements (11.0%).

The D-SIB group is broken out from the rest of CDIC's membership due to its size and the disproportionately large impact these institutions have on the overall composition of the Canadian financial sector. The D-SIB peer group also has a diversified asset composition with a lower reliance on residential mortgage lending relative to other CDIC members.

**Asset mix—D-SIBs peer group (%),\***  
**2023 (C\$8.1 trillion)**



**Asset mix—all other peer groups (%),\***  
**2023 (C\$465 billion)**



- Residential mortgage loans
- Derivatives related amounts
- Commercial mortgage loans
- Securities
- Commercial loans
- Cash and equivalents
- Personal and consumer loans
- Other loans and bankers' acceptances
- Other assets
- Reverse repurchase agreements

\* As at member's fiscal year end  
 Note: Total may not add to 100% due to rounding

The overall performance of the membership's assets in 2023 deteriorated compared to last year, with the gross impaired loan ratio increasing to 0.46% of total loans (2022: 0.33%). This measure is now closer to historical levels of -0.44%-0.49% (2017-2019).

### Liquidity levels

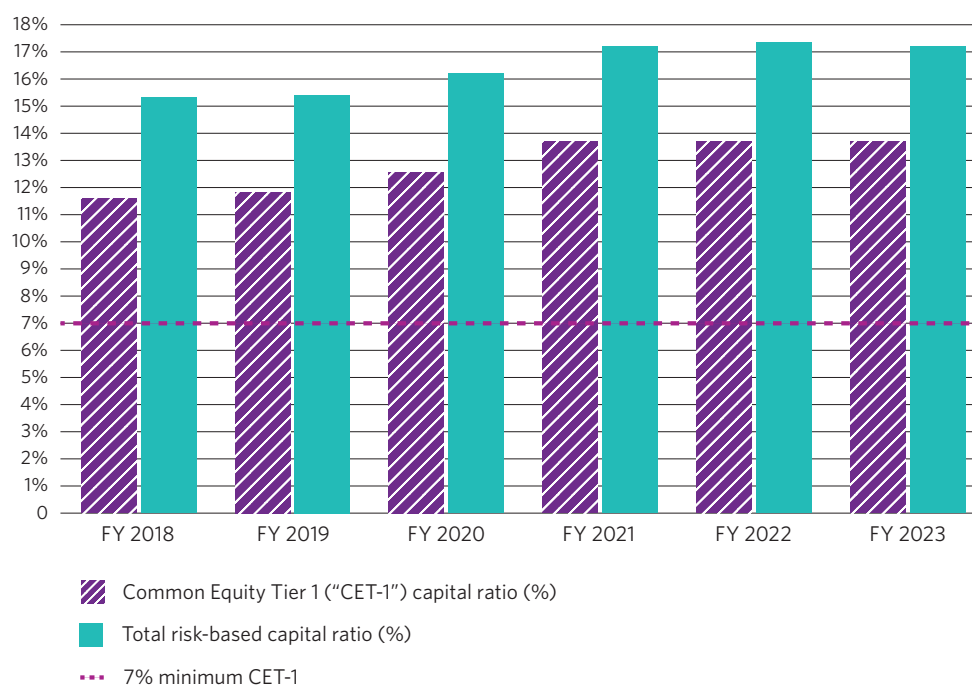
The membership maintained satisfactory levels of liquid assets as of December 31, 2023, and all CDIC member institutions complied with regulatory expectations as set out in the Liquidity Adequacy Requirements of the Office of the Superintendent of Financial Institutions (OSFI). Viewed on a combined basis, these metrics and assessments, which include several qualitative considerations, provide CDIC with broad and deep perspectives of the liquidity adequacy of its members. Overall, members continue to maintain satisfactory level of liquidity.

## Capital ratios

Overall membership capital levels through 2023 remained well above the Basel III minimum requirements. The membership’s average Common Equity Tier 1 (CET-1) capital ratio was 13.6%, as at each member’s Q4 2023 (relative to the OSFI minimum requirement of 7.0%), down from 13.8% at each member’s Q4 2022. The average total capital ratio for the membership was 17.1%, down from 17.3% in 2022.

Further, under the terms of OSFI’s Leverage Requirements Guideline, all institutions are required to maintain a capital adequacy leverage ratio that meets or exceeds 3.0%. As of each member’s Q4 2023, the average leverage ratio of the membership was 4.4%, with D-SIBs having the lowest leverage ratio of the membership at 4.3% and the Consumer peer group having the highest leverage ratio of the membership at 12.6%.

### CDIC Membership capital ratios, 2018-2023



## Management of enterprise risk

CDIC employs an enterprise risk management (ERM) framework that emphasizes and balances strong central oversight and control of risk with clear accountability for and ownership of risk within business lines. The Board oversees CDIC’s ERM program, and the Board’s risk oversight mandate is accomplished through its Risk Committee. The Management Risk Committee (MRC) serves as CDIC’s oversight committee, with its primary function to assist management in fulfilling its accountabilities to identify, assess, manage, and monitor CDIC’s key risks.

## Key risks to CDIC

CDIC actively identifies and monitors risks that are present within the current operating environment. Key risks are those that may materially affect CDIC's ability to deliver on its mandate and are subject to greater oversight from the MRC and Risk Committee of the Board. CDIC's key risks include:

- **Preparedness risk:** The ongoing changes to the financial sector, business models and risk profiles of CDIC's members that could impact CDIC's state of preparedness to payout insured deposits or act as the resolution authority for its member institutions. This risk is mitigated through CDIC's strategies to be *Resolution Ready* and to reinforce *Depositor Trust and Confidence*. Initiatives include CDIC's continuous monitoring of its membership and environment, maintaining strong collaboration with partners, and strengthening its readiness to respond to a variety of stress scenarios.
- **Strategic risk:** The changing environment due to financial innovation (e.g., digitalization and transformation of financial services) could affect CDIC's ability to achieve its strategies and related initiatives. As part of its *Depositor Trust and Confidence* strategy, CDIC will continue its ongoing collaboration with its financial safety net partners in respect of various financial sector issues, including assessing opportunities to continue to modernize the federal deposit insurance framework, and deepen public awareness of deposit insurance protection, to ensure that the current deposit insurance framework continues to adequately respond to the evolving financial sector landscape.
- **Operational risk:** Top operational risks include cyber threats, which are increasing in frequency and sophistication against government agencies using advanced tools and technology, risks associated with upgrading infrastructure for performance and resilience, and people risk related to maintaining talent and resource capacity to deliver on strategic initiatives. Operational risk is mitigated through CDIC's strategies related to Trust and Confidence and Organizational Strength. For example, CDIC continues to strengthen its cyber security posture through its Cyber Security Plan, prioritizing the payment modernization initiative, and enhancing its employment brand awareness, skills training, and employee value proposition.

## CDIC's strategic response—a look ahead to 2024/2025

CDIC's decision-making is driven by its mandate, its operating environment, and the top risks it faces. In response to these factors, CDIC continues its focus on strategic and operational priorities. It also proactively prepares and adapts to shifts in the economic, financial, environmental, and social landscape to deliver a robust deposit insurance and resolution regime.

## Part 1: Management's Discussion and Analysis

CDIC will pursue the following three strategic objectives, as set out in the Corporation's 2024/2025 to 2028/2029 Corporate Plan:

### 1. Resolution readiness

Resolution readiness involves having the necessary data, processes, tools, systems, and financial capacity, as well as the right people, to allow CDIC to resolve a member institution, if necessary. CDIC's role as resolution authority and to protect depositors and support financial stability, intensifies during times of economic hardship or uncertainty.

In the face of continued economic uncertainty, CDIC will maintain its focus on being resolution ready. This strategic objective is underpinned by two key outcomes:

- CDIC identifies risks within its membership and the financial system and is ready to resolve member institutions for the benefit of depositors.
- CDIC provides depositors with fast and efficient access to their deposits in the event of a member failure.

### 2. Depositor trust and confidence

Depositor confidence in the safety of their insured deposits is essential to depositor protection and the stability of the financial sector. CDIC will continue to reinforce depositor trust and confidence in insurance protection by anticipating and responding to environmental changes and innovation in the financial sector.

CDIC's work to reinforce trust and confidence in deposit protection among depositors and within the financial system is underpinned by two key outcomes:

- CDIC anticipates and responds to the evolving financial sector risk and saving needs of depositors.
- People are aware of deposit insurance protection and can make informed decisions about their deposits.

### 3. Organizational strength

Organizational strength involves addressing internal and external factors that can impact CDIC's operating environment, including its technologies, people, and culture. CDIC will enhance the efficiency and effectiveness of its systems, technology, operations, and skills training to ensure that it can continue to fulfill its mandate in an increasingly complex context.

This objective is underpinned by two key outcomes:

- CDIC reflects the diversity of the people it serves and is an employer of choice.
- CDIC's enterprise technology and cyber capabilities are resilient.



## 2024/2025 to 2028/2029 financial plan

The financial projections included in CDIC's 2024/2025 to 2028/2029 Corporate Plan are based on a number of assumptions and estimates available at the time of developing the Plan and, accordingly, actual results may vary materially from the figures below. Key financial assumptions include the following:

- A growth of 5.6% in insured deposits during fiscal 2024/2025.
- The premium rates as well as the distribution of members across the differential premium categories will remain unchanged from fiscal 2023/2024.
- Investment income is based on an assumed average yield on cash and investments of 3% for fiscal 2024/2025.
- No member institution failures are assumed during the planning period.
- The provision for insurance losses is forecasted to increase at a similar rate to that of the assumed growth in insured deposits, although other inputs into the calculation, such as the default probabilities, were kept constant.

### 2024/2025 fiscal year

**Total comprehensive income** is planned at \$928 million for the 2024/2025 fiscal year.

**Total revenues** are planned to be \$1,214 million in the 2024/2025 fiscal year, including \$941 million of premium revenue and \$273 million of investment income.

Planned **premium revenue** of \$941 million is \$50 million higher than fiscal 2023/2024 premium revenue of \$891 million. The increase is primarily as a result of the expected growth in insured deposits.

Expected **investment income** of \$273 million is \$84 million higher than investment income of \$189 million in fiscal 2023/2024, resulting from the impact of a higher assumed average yield on investments as well as growth in the investment portfolio due to higher premium revenue.

**Operating expenses** are planned to be \$90 million in fiscal 2024/2025, compared to \$86 million actual operating expenses in fiscal 2023/2024. The fiscal 2024/2025 budget increased mainly due to an increase in personnel costs to support the Corporation's key initiatives and costs relating to the data collection modernization project.

**Cash and investments** are planned to be \$10.2 billion at the end of the 2024/2025 fiscal year due to the investment of premiums received.

The **provision for insurance losses** is planned to be \$2.55 billion at the end of the 2024/2025 fiscal year based on the calculations using assumptions as at September 30, 2023.

The near term **ex ante fund** target remains on track to exceed 85 basis points of insured deposits by the 2026/2027 fiscal year-end.

## Performance against Plan

As at the end of Q4 (March 31, 2024), performance against the majority of CDIC's planned corporate activities from the 2023/2024 Corporate Plan completed as scheduled. Overall, all ten of CDIC key initiatives progressed on track throughout the year. Of the 17 activities underlying the ten key initiatives, 5 activities were completed, 11 are multi-year initiatives proceeding to the next steps and one activity remains in progress.

### CDIC's Corporate Scorecard—2023/2024

(as at March 31, 2024)

## Be Resolution Ready

Initiative	2023/2024 Activities / Outcomes	Year-end results
<b>Early and continuous identification of risks within the membership</b>	Stress testing model development and evaluation of non-financial risks on member institutions including in risk assessments.	Completed.
	Begin development of a valuation program to support CDIC's resolution authority.	Completed.
	Collaborate with the Bank of Canada and the Office of the Superintendent of Financial Institutions to further planning and financial forecasting for the Data Collection Modernization Initiative (DCM).	Completed—2023/2024 activities completed with next steps ongoing (multi-year initiative).
	Multi-year data testing and compliance plans for member institutions and Nominee Brokers (NBs) results in faster CDIC payout capability.	Completed—2023/2024 activities completed with next steps ongoing (multi-year initiative).
<b>Strengthen resolution frameworks, policies, and plans</b>	Assessment of resolution tools for small and medium sized members (SMSBs) completed.	Completed.
	Maintain resolution plans and manuals at an individual member and system level.	Completed—2023/2024 activities completed with next steps ongoing (multi-year initiative).
	Conduct simulations with internal and external stakeholders to enhance crisis readiness.	Completed—2023/2024 activities completed with next steps ongoing (multi-year initiative).
<b>Modernize funding and premium framework for deposit insurance and resolution</b>	Modernize <i>ex ante</i> funding and Differential Premium System (DPS) Frameworks.	Completed—2023/2024 activities completed with next steps ongoing (multi-year initiative).

## Reinforce trust in depositor protection

Initiative	2023/2024 Activity / Outcome	Year-end results
<b>Anticipate and respond to digitalization and transformation of financial services</b>	Assess characteristics of new and emerging savings products and their eligibility for deposit insurance.	Completed—2023/2024 activities completed with next steps ongoing (multi-year initiative).
	Examine opportunities to modernize and simplify the deposit insurance coverage framework and to strengthen disclosure framework.	Completed—2023/2024 activities completed with next steps ongoing (multi-year initiative).
<b>Advance the multi-year payout modernization program</b>	Launch Phase 1 and further develop Phase 2 portal and payments platform for release in 2024/25.	In progress with Phase 2 under development.
<b>Launch renewed 3-year public awareness strategy with continued emphasis on deepening awareness and leveraging partnerships</b>	Maintain public awareness of CDIC deposit protection in the 60%-65% range and improve awareness among targeted groups through the renewed Public Awareness strategy.	Completed—Public awareness was maintained in the 60%-65% range, with awareness slightly reduced for targeted groups.

## Strengthen organizational resilience

Initiative	2023/2024 Activity / Outcome	Year-end results
<b>Growing our people and culture / Prepare for the Workplace of Tomorrow</b>	Build CDIC employment brand awareness to expand talent reach and create a best-in-class employee experience.	Completed—2023/2024 activities completed with next steps ongoing (multi-year initiative).
	Implementation of benefit review and salary re-architecture.	Completed.
<b>Enhance cyber security maturity</b>	Mature cyber-security practices and resiliency of technology services.	Completed—2023/2024 activities completed with next steps ongoing (multi-year initiative).
<b>Continue to implement a multi-year Enterprise Technology Strategy</b>	Complete remaining cloud migration of data and applications and implement from the strategic review of CDIC's IT operating model.	Completed—2023/2024 activities completed with next steps ongoing (multi-year initiative).
<b>Develop an Environmental, Social, and Governance (ESG) Strategy</b>	Develop and publish CDIC's ESG Strategy.	Completed.

## Financial overview

This section of CDIC's Management's Discussion and Analysis provides a narrative context in which to interpret the Corporation's financial position, financial performance, and cash flows. It should be read in conjunction with CDIC's fiscal 2023/2024 financial statements and notes.

CDIC's statutory objects are to:

- Provide insurance against the loss of part or all of deposits in member institutions.
- Promote and otherwise contribute to the stability of the financial system in Canada.
- Pursue these objects for the benefit of depositors of member institutions and in such manner as will minimize the exposure of the Corporation to loss.
- Act as the resolution authority for its member institutions.

The Corporation's financial position, financial performance and cash flows are influenced by the pursuit of these objects.

### Basis of preparation

As a publicly accountable corporation, CDIC prepares its financial statements using International Financial Reporting Standards (IFRS Accounting Standards) as per the requirements of the Canadian Accounting Standards Board.

The Corporation's financial statements do not reflect the assets, liabilities or operations of failed member institutions in which CDIC has intervened but does not have control.

### Financial highlights

CDIC earned total comprehensive income of \$818 million for the year ended March 31, 2024.

Premium revenue was \$891 million for the year, an increase of \$76 million (9%) from the previous fiscal year. The increase in premium revenue was mainly due to growth in insured deposits.

Investment income was \$189 million for the year, an increase of \$64 million (51%) from the previous fiscal year. The increase was mainly due to higher yields and growth in the investment portfolio.

Operating expenses were \$86 million for the year, \$4 million (5%) higher than the previous fiscal year, primarily due to the payout and data collection modernization projects and an increase in personnel costs to support the Corporation's key initiatives.

The Corporation's asset base continued to grow during the year. Total assets were \$9.1 billion as at March 31, 2024, an increase of \$976 million (12%) over the previous fiscal year. The majority of the Corporation's assets are investment securities, which was the primary driver of the total asset increase from the previous fiscal year.

## Part 1: Management's Discussion and Analysis

The Corporation's provision for insurance losses was \$2.25 billion as at March 31, 2024, \$150 million (7%) higher than the previous fiscal year. This increase is mainly due to increases in exposure to losses and probability of defaults.

The Corporation's premium revenue is not taxable for income tax purposes. However, the investment and other income is subject to income taxes. Income tax expense was \$26 million for the year, an increase of \$15 million (133%) higher than previous fiscal year, mainly due to an increase in investment income.

The Corporation's *ex ante* funding is designed to cover possible deposit insurance losses. The balance stood at \$9.1 billion or 77 basis points of insured deposits as at March 31, 2024, an increase of 2 basis points from March 31, 2023.

### Statement of financial position

#### Assets

The total assets of the Corporation increased to \$9.1 billion as at March 31, 2024, from \$8.2 billion as at March 31, 2023, representing an increase of 12%. The following table summarizes CDIC's assets.

As at March 31 (C\$ thousands)	2024	2023
Cash	11,820	15,712
Investment securities	9,102,982	8,123,679
Trade and other receivables	1,348	472
Prepayments	1,979	1,636
Right-of-use assets	6,281	7,416
Property, plant and equipment	3,509	3,452
Intangible assets	7,123	6,934
<b>Total assets</b>	<b>9,135,042</b>	<b>8,159,301</b>

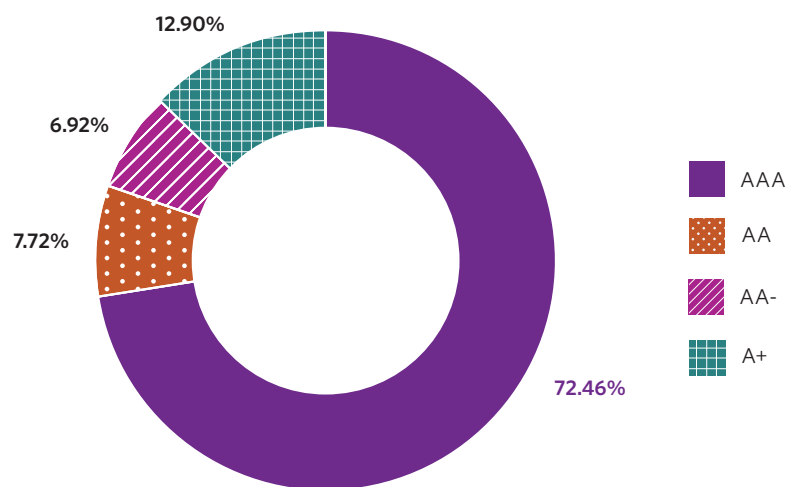
#### Investment securities

CDIC's \$9.1 billion investment portfolio forms the majority of its assets. The Corporation's investment strategy is based on two key principles:

- Limit credit and market risk to preserve capital.
- Use the investment portfolio as a funding source for intervention activities.

These principles require that CDIC maintain a conservatively structured portfolio. CDIC's treasury activity follows the *Financial Risk Management Guidelines for Crown Corporations* issued by the Minister of Finance. CDIC's Board financial risk policies further limit risk by setting a maximum amount and term that can be invested in each qualifying instrument.

**Investment securities credit profile, as at March 31, 2024**



CDIC is restricted under these policies to the obligations of the Government of Canada and agent Crowns and the obligations of provincial governments or municipal financing authorities. Investment securities are restricted to securities having a minimum credit rating of A- with a term no greater than five years. The Corporation invests in a ladder-style structure, requiring investments to be distributed evenly, within tolerance bands, over five, one-year time rungs.

CDIC's investments as at March 31, 2024, carry a weighted average effective yield of 2.44% (March 31, 2023: 1.90%).

**Liabilities**

The total liabilities of the Corporation increased to \$2.3 billion as at March 31, 2024, from \$2.1 billion as at March 31, 2023, representing an increase of 7%. The following table summarizes the liabilities of the Corporation.

<i>As at March 31 (C\$ thousands)</i>	<b>2024</b>	<b>2023</b>
Trade and other payables	12,213	13,579
Current tax liability	14,120	4,954
Lease liabilities	7,558	8,816
Employee benefits	1,343	1,291
Provision for insurance losses	2,250,000	2,100,000
Deferred tax liability	585	148
<b>Total liabilities</b>	<b>2,285,819</b>	<b>2,128,788</b>

## Provision for insurance losses

CDIC's provision for insurance losses is estimated based on a number of assumptions. The \$2.25 billion provision for insurance losses as at March 31, 2024, represents CDIC's best estimate of the future losses it is likely to incur as a result of resolving non-viable member institutions. The provision increased by \$150 million in 2023/2024 primarily due to increases in exposure to losses and probability of defaults.

The derivation of default probabilities includes both historical and forward-looking perspectives of potential for failure. Moody's Investors Service and Standard & Poor's default statistics are used to derive an historically based view of default. Moody's Analytics, a provider of market-based quantitative credit risk products for financial institutions and credit risk investors, is used to provide a forward-looking perspective of the probability of default estimate.

The Corporation calculates its expected losses as a result of any member institution failures on a present value basis. The loss given default is expressed as a percentage of exposure to losses and reflects: (i) the cumulative unweighted average of losses sustained from member institution failures in Canada since 1987, plus an adjustment for measurement uncertainty; and (ii) recent losses sustained in other jurisdictions.

## *Ex ante* funding

Sound funding arrangements are critical to the effectiveness of a deposit insurance system and the maintenance of public confidence. CDIC has developed an *ex ante* funding strategy to cover possible deposit insurance losses. The amount of such funding is represented by the aggregate of the Corporation's retained earnings and its provision for insurance losses. CDIC's funding strategy involves the accumulation of resources during strong economic times to address future potential losses, avoiding as much as possible significant increases in premium rates during periods of economic stress when CDIC's member institutions are dealing with financial headwinds.

The Corporation has determined that it is prudent to maintain an amount of advance or *ex ante* funding to absorb losses. During 2022/2023, the Corporation conducted a review of the *ex ante* funding framework and established a near-term fund target to exceed 85 basis points of insured deposits by the 2026/2027 fiscal year-end.

The actual level of *ex ante* funding as at March 31, 2024, was \$9.1 billion, or 77 basis points of insured deposits. The near term *ex ante* fund target remains on track to exceed 85 basis points of insured deposits by the 2026/2027 fiscal year-end.

CDIC primarily utilizes two methodologies to assess the optimal level of *ex ante* funding. The first of these is referred to as "discretionary analysis." Under this methodology, the Corporation considers the profile of its membership and determines the ability of a specific level of funding to address the hypothetical failure of member institutions.

## Part 1: Management's Discussion and Analysis

The second methodology is referred to as "loss estimation." This methodology utilizes statistical techniques to estimate theoretical loss scenarios. Multiple loss scenarios are developed that permit a calibration of funding levels. The inputs to a loss estimation scenario include the level of insured deposits, probability of default statistics and loss given default assumptions.

As part of its regular assessment of sufficiency, the Corporation stress-tests model assumptions. The purpose of these stress tests is to evaluate how funding requirements could be impacted by changes in model inputs. The stress tests primarily assess how changes in probability of default and loss given default affect funding requirements.

*Ex ante* funding comprises one component of CDIC's entire funding envelope. The Corporation maintains an investment portfolio roughly equivalent to the *ex ante* fund and, in addition, has the ability to borrow from the Government of Canada or from capital markets. The borrowing limit increases with the growth in insured deposits and, as at March 31, 2024, CDIC had the legislative authority to borrow up to \$35 billion, subject to ministerial approval. 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. If such additional borrowing is obtained by the Corporation to resolve a member institution failure, the borrowed amount will be recovered by levying higher premium revenue from CDIC's member institutions.

The following table sets out the liquid funds available to CDIC as at March 31, 2024.

<i>As at March 31 (C\$ millions)</i>	<b>2024</b>	<b>2023</b>
<i>Available liquid funds:</i>		
Cash	12	16
Fair value of high quality, liquid investment securities	8,894	7,862
<i>Availability of borrowings:</i>		
Borrowings authorized under the CDIC Act, either from market sources or from the Consolidated Revenue Fund	35,000	32,000
<b>Total available funds</b>	<b>43,906</b>	<b>39,878</b>
<b>Insured deposits</b>	<b>1,182,476</b>	<b>1,081,987</b>
<b>Total basis points of insured deposits</b>	<b>371</b>	<b>369</b>



## Statement of comprehensive income

CDIC's total comprehensive income for fiscal 2023/2024 totalled \$818 million, an increase of \$171 million from 2022/2023. The Corporation's financial performance is summarized in the following table.

<i>For the year ended March 31 (C\$ thousands)</i>	<b>2024</b>	<b>2023</b>
<b>Revenue</b>		
Premium	891,089	814,723
Investment income	188,833	125,274
Other	232	153
<b>Expenses</b>		
Net operating expenses	85,638	81,211
Increase in the provision for insurance losses	150,000	200,000
Income tax expense	25,834	11,075
Net income	818,682	647,864
Other comprehensive income	28	107
<b>Total comprehensive income</b>	<b>818,710</b>	<b>647,971</b>

## Premium revenue

In the 2023/2024 fiscal year, premium revenue increased by \$76 million (9%) to \$891 million. Growth in insured deposits contributed to the increase in premium revenue. Insured deposits increased to \$1.182 trillion as at April 30, 2023, from \$1.082 trillion as at April 30, 2022, an increase of 9%.

Premiums charged to member institutions are based on the total amount of insured deposits held by members as of April 30 each year and are calculated in accordance with the *CDIC Act* and the *CDIC Differential Premiums By-law*, which classifies member institutions into one of four premium categories. Classification is based on a mix of quantitative and qualitative factors.

CDIC concluded its review of the Differential Premiums System (DPS) with the publication of final framework changes on July 31st, 2023. The changes will modernize and improve the effectiveness of the system and process which determines the risk-based premiums payable by members to CDIC on an annual basis. Revisions to the DPS will come into effect upon completion of requisite by-laws and processes.

The 2023/2024 premium rates are consistent with CDIC's existing strategy that would see the Corporation exceed its near term target *ex ante* funding level by the 2026/2027 fiscal year-end. Premium rates, expressed as basis points of insured deposits, are presented below.

## Part 1: Management's Discussion and Analysis

### Premium category

(basis points of insured deposits)

	2023/2024	2022/2023
<b>Category 1</b>	7.5	7.5
<b>Category 2</b>	15.0	15.0
<b>Category 3</b>	30.0	30.0
<b>Category 4</b>	33.3	33.3

CDIC's premium revenue for fiscal 2023/2024 amounting to \$891 million is approximately 7.5 basis points of insured deposits.

The distribution of member institutions among premium categories is set out in the following table.

### Distribution of member institutions by premium category

(% of members)

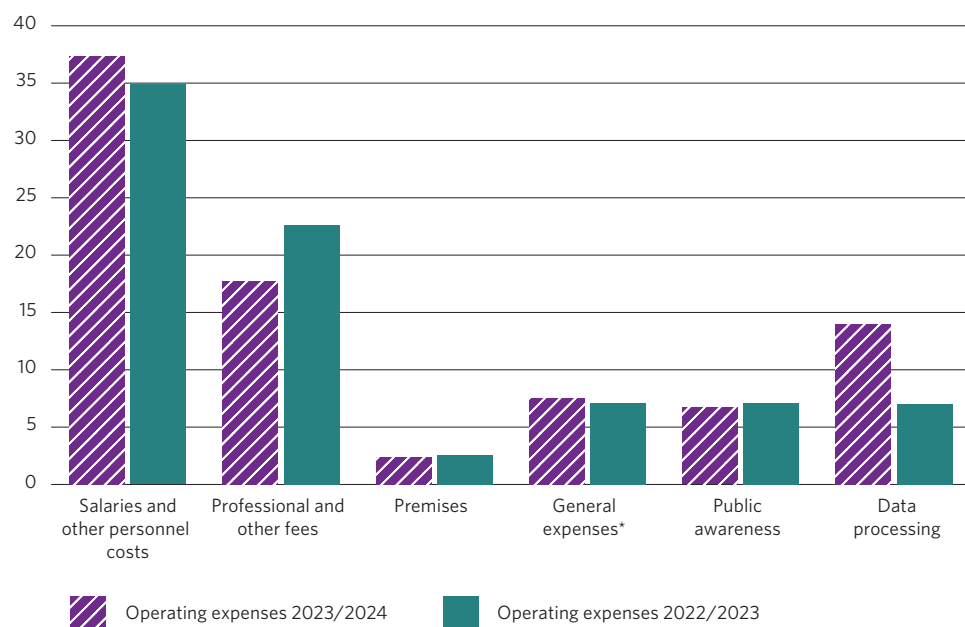
Premium	2023/2024	2022/2023	2021/2022	2020/2021	2019/2020
<b>1</b>	<b>88</b>	92	91	89	83
<b>2</b>	<b>10</b>	6	6	10	14
<b>3</b>	<b>1</b>	2	3	1	3
<b>4</b>	<b>1</b>	—	—	—	—

### Investment income

Investment income was \$189 million for the year, an increase of \$64 million (51%) from the previous fiscal year. The increase was mainly due to a higher average yield (2.44% and 1.90%, as at March 31, 2024, and 2023, respectively) and growth in the investment portfolio as a result of increased premium revenue.

### Operating expenses

(C\$ millions)



\*General expenses include depreciation and interest expense on lease liabilities.

Operating expenses increased by \$4 million (5%) to \$86 million in fiscal 2023/2024 from fiscal 2022/2023. The increase was primarily driven by an increase in personnel costs (\$3 million) to support the Corporation's key initiatives and the payout modernization program (\$1 million) and data collection modernization project (\$1 million).

### Income tax expense

The Corporation is subject to federal income tax. The Corporation's source of taxable income is its interest income. From this amount, allowable expenditures are deducted to arrive at its net income for tax purposes. Under the provisions of the *Income Tax Act*, the Corporation's premium revenue is not taxable and the change in the provision for insurance losses is not deductible for tax purposes. In addition, recoveries of amounts previously written off are not taxable because the Corporation did not previously claim a deduction for tax purposes.

The Corporation's income tax expense increased by \$15 million (133%) to \$26 million in fiscal 2023/2024 from fiscal 2022/2023, mainly due to increased investment income.

## Statement of cash flows

CDIC's cash flows are summarized in the following table.

<i>For the year ended March 31 (C\$ thousands)</i>	<b>2024</b>	<b>2023</b>
Increase in cash from operating activities	974,141	884,568
Decrease in cash from investing activities	(976,686)	(890,100)
Decrease in cash from financing activities	(1,347)	(1,482)
Net decrease in cash balance	(3,892)	(7,014)
<b>Cash, end of year</b>	<b>11,820</b>	<b>15,712</b>

## Comparison with 2023/2024 to 2027/2028 Corporate Plan

The following discussion compares the Corporation's actual financial results for fiscal 2023/2024 with the Corporate Plan for the same year.

### Statement of financial position

**Total assets** as at March 31, 2024, were \$9.1 billion, consistent with the planned amount.

**Total liabilities** as at March 31, 2024, were \$2.3 billion, consistent with the planned amount.

### Statement of comprehensive income

**Total revenue** during the year was \$1,080 million, \$45 million (4%) higher than the planned amount of \$1,035 million. This increase is due to higher than planned premium revenue (\$30 million) and investment income (\$15 million).

**Operating expenses** for the year were \$86 million, \$3 million (4%) lower the planned amount of \$89 million mainly due to lower than planned personnel costs and professional fees, partially offset by increased costs for the payout modernization and data collection modernization projects relative to the planned amount.

**Total comprehensive income** for the year ended March 31, 2024, was \$818 million compared to planned total comprehensive income of \$775 million. The variance of \$43 million (6%) is mainly due to higher than planned premium revenue and investment income.

**Part 1:** Management's Discussion and Analysis

<i>(C\$ millions)</i>	<b>2024/2025 Corporate Plan<sup>a</sup></b>	<b>2023/2024 Actual results</b>	<b>2023/2024 Corporate Plan<sup>a</sup></b>
<b>Statement of financial position</b>			
<i>(as at March 31)</i>			
Cash and investments	10,174	<b>9,115</b>	9,053
Capital assets	10	<b>11</b>	13
Right-of-use assets	5	<b>6</b>	6
Other current assets	—	<b>3</b>	—
<b>Total assets</b>	<b>10,189</b>	<b>9,135</b>	<b>9,072</b>
Trade and other payables	5	<b>12</b>	5
Provision for insurance losses	2,550	<b>2,250</b>	2,250
Lease liabilities	6	<b>8</b>	8
Other non-current liabilities	5	<b>16</b>	5
Retained earnings	7,623	<b>6,849</b>	6,804
<b>Total liabilities and equity</b>	<b>10,189</b>	<b>9,135</b>	<b>9,072</b>
<b>Statement of comprehensive income</b>			
<i>(for the year ended March 31)</i>			
<b>Revenue</b>			
Premiums	941	<b>891</b>	861
Investment and other income	273	<b>189</b>	174
	1,214	<b>1,080</b>	1,035
<b>Expenses</b>			
Net operating expenses	90	<b>86</b>	89
Increase in provision for insurance losses	150	<b>150</b>	150
	240	<b>236</b>	239
Net income before income tax	974	<b>844</b>	796
Income tax expense	(46)	<b>(26)</b>	(21)
<b>Total comprehensive income</b>	<b>928</b>	<b>818</b>	<b>775</b>

a The Corporate Plans 2023/2024 to 2026/2027 and 2024/2025 to 2028/2029 were developed based on information as at December 31, 2022, and September 30, 2023, respectively.



Part 2  
**Financial Statements**

## Management responsibility for financial statements

June 5, 2024

The accompanying financial statements of the Canada Deposit Insurance Corporation and the information related to the financial statements in this Annual Report are the responsibility of Management. The financial statements have been prepared in accordance with International Financial Reporting Standards. The financial statements include some amounts, the most significant one being the provision for insurance losses, which are necessarily based on Management's best estimates and judgment.


The financial statements have been approved by the Board of Directors. Financial information presented elsewhere in this Annual Report is consistent with that contained in the financial statements.

In discharging its responsibility for the integrity and fairness of the financial statements, Management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are duly authorized, that assets are safeguarded, and that proper records are maintained in accordance with the *Financial Administration Act* and regulations, as well as the *Canada Deposit Insurance Corporation Act* and regulations, and by-laws of the Corporation. Internal audits examine and evaluate the application of the Corporation's policies and procedures and the adequacy of the system of internal controls. In addition, the internal and external auditors have free access to the Audit Committee of the Board of Directors, which oversees Management's responsibilities for maintaining adequate control systems and the quality of financial reporting, and which recommends the financial statements to the Board of Directors.

These financial statements have been audited by the Corporation's auditor, the Auditor General of Canada, and her report is included herein.



Leah Anderson  
President and Chief Executive Officer



Jordan Rosenbaum  
Chief Financial Officer & Head, Business Integration

## Independent Auditor's Report



Office of the  
Auditor General  
of Canada

Bureau du  
vérificateur général  
du Canada

### INDEPENDENT AUDITOR'S REPORT

To the Minister of Finance

#### Report on the Audit of the Financial Statements

##### *Opinion*

We have audited the financial statements of Canada Deposit Insurance Corporation (the Corporation), which comprise the statement of financial position as at 31 March 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

##### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### *Other Information*

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## Independent Auditor's Report

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### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

## Independent Auditor's Report

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Report on Compliance with Specified Authorities

#### *Opinion*

In conjunction with the audit of the financial statements, we have audited transactions of Canada Deposit Insurance Corporation coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are Part X of the *Financial Administration Act* and regulations, the *Canada Deposit Insurance Corporation Act* and regulations, the by-laws of Canada Deposit Insurance Corporation, and the directive issued pursuant to section 89 of the *Financial Administration Act*.

In our opinion, the transactions of Canada Deposit Insurance Corporation that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Financial Administration Act*, we report that, in our opinion, the accounting principles in IFRSs have been applied on a basis consistent with that of the preceding year.

#### *Responsibilities of Management for Compliance with Specified Authorities*

Management is responsible for Canada Deposit Insurance Corporation's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable Canada Deposit Insurance Corporation to comply with the specified authorities.

## Independent Auditor's Report

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*Auditor's Responsibilities for the Audit of Compliance with Specified Authorities*

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the financial statements are in compliance with the specified authorities referred to above.



Dennis Fantinic, CPA  
Principal  
for the Auditor General of Canada

Ottawa, Canada  
5 June 2024

## Financial statements and notes

### Canada Deposit Insurance Corporation

#### Statement of financial position

As at March 31 (audited) (C\$ thousands)

	Notes	2024	2023
<b>ASSETS</b>			
Cash		11,820	15,712
Investment securities	4	9,102,982	8,123,679
Trade and other receivables		1,348	472
Prepayments		1,979	1,636
Right-of-use assets	5	6,281	7,416
Property, plant and equipment	6	3,509	3,452
Intangible assets	7	7,123	6,934
<b>TOTAL ASSETS</b>		<b>9,135,042</b>	<b>8,159,301</b>
<b>LIABILITIES</b>			
Trade and other payables		12,213	13,579
Current tax liability		14,120	4,954
Lease liabilities	5	7,558	8,816
Employee benefits	16	1,343	1,291
Provision for insurance losses	8	2,250,000	2,100,000
Deferred tax liability		585	148
<b>Total liabilities</b>		<b>2,285,819</b>	<b>2,128,788</b>
<b>EQUITY</b>			
Retained earnings		6,849,223	6,030,513
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>9,135,042</b>	<b>8,159,301</b>

Contingencies and commitments (Note 15)

The accompanying notes form an integral part of these financial statements.

Approved by the Board of Directors on June 5, 2024

Director



Director



**Canada Deposit Insurance Corporation**

Statement of comprehensive income

For the year ended March 31 (audited) (C\$ thousands)

	Notes	2024	2023
<b>REVENUE</b>			
Premium	12	891,089	814,723
Investment income	4	188,833	125,274
Other		232	153
		1,080,154	940,150
<b>EXPENSES</b>			
Operating expenses	13	85,638	81,211
Increase in the provision for insurance losses	8	150,000	200,000
		235,638	281,211
Net income before income taxes		844,516	658,939
Income tax expense	11	25,834	11,075
<b>NET INCOME</b>		<b>818,682</b>	<b>647,864</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Items that will not be reclassified to net income:			
Actuarial gain on defined benefit obligations		37	143
Income tax effect		(9)	(36)
Other comprehensive income, net of tax		28	107
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>818,710</b>	<b>647,971</b>

The accompanying notes form an integral part of these financial statements.

**Canada Deposit Insurance Corporation**

Statement of changes in equity

For the year ended March 31 (audited) (C\$ thousands)

	Retained earnings and total equity
<b>Balance, March 31, 2022</b>	<b>5,382,542</b>
Net income	647,864
Other comprehensive income	107
Total comprehensive income	647,971
<b>Balance, March 31, 2023</b>	<b>6,030,513</b>
Net income	818,682
Other comprehensive income	28
Total comprehensive income	818,710
<b>Balance, March 31, 2024</b>	<b>6,849,223</b>

The accompanying notes form an integral part of these financial statements.



**Canada Deposit Insurance Corporation**

Statement of cash flows

For the year ended March 31 (audited) (C\$ thousands)

	2024	2023
<b>OPERATING ACTIVITIES</b>		
Net income	818,682	647,864
Adjustments for:		
Depreciation and amortization	2,952	3,143
Loss on disposal of property, plant and equipment	—	114
Gain on lease modification	—	(2)
Investment income	(188,833)	(125,274)
Interest expense on lease liabilities	142	163
Income tax expense	25,834	11,075
Employee benefit expense	129	134
Change in working capital:		
(Increase) decrease in trade and other receivables	(876)	270
Increase in prepayments	(343)	(562)
(Decrease) increase in trade and other payables	(1,366)	3,815
Increase in the provision for insurance losses	150,000	200,000
Investment income received	184,242	149,235
Employee benefit payment	(40)	(161)
Interest paid on lease liabilities	(142)	(163)
Income tax paid	(16,240)	(5,083)
Net cash generated by operating activities	974,141	884,568
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment, and intangible assets	(1,974)	(4,210)
Purchase of investment securities	(3,033,722)	(3,413,564)
Proceeds from sale or maturity of investment securities	2,059,010	2,527,674
Net cash used in investing activities	(976,686)	(890,100)
<b>FINANCING ACTIVITIES</b>		
Principal payment of lease liabilities	(1,347)	(1,482)
Net cash used in financing activities	(1,347)	(1,482)
Net decrease in cash	(3,892)	(7,014)
Cash, beginning of year	15,712	22,726
<b>Cash, end of year</b>	<b>11,820</b>	<b>15,712</b>

The accompanying notes form an integral part of these financial statements.

# Notes to the financial statements

March 31, 2024

## 1 General information

The Canada Deposit Insurance Corporation (CDIC, or the Corporation) was established in 1967 by the *Canada Deposit Insurance Corporation Act* (the CDIC Act). It is a Crown corporation without share capital named in Part I of Schedule III to the *Financial Administration Act* and is funded by premiums assessed against its member institutions and investment income. The Corporation is subject to federal income tax pursuant to the provisions of the *Income Tax Act*. The address of the registered office is 50 O'Connor Street, 17th Floor, in Ottawa, Ontario.

The objects of the Corporation are: to provide insurance against the loss of part or all of deposits in member institutions; to promote and otherwise contribute to the stability of the financial system in Canada; to pursue these objects for the benefit of depositors of member institutions and in such manner as will minimize the exposure of the Corporation to loss; and to act as the resolution authority for its member institutions.

The Corporation has the power to do all things necessary or incidental to the furtherance of its objects, including, but not limited to: acquiring assets from and providing guarantees or loans to member institutions and others; making or causing to be made inspections of member institutions; acting as liquidator, receiver or inspector of a member institution or a subsidiary thereof; establishing a bridge institution and acquiring shares and/or assets and assuming liabilities of member institutions; and converting some of the debt of a failing domestic systemically important bank (D-SIB) into common shares in order to recapitalize the bank and allow it to remain open and operating.

The Corporation is an agent of His Majesty in right of Canada for all purposes of the CDIC Act. As a result, all obligations incurred by the Corporation in the course of carrying out its mandate are obligations of Canada.

In July 2015, the Corporation was issued a directive (P.C. 2015-1107) pursuant to section 89 of the *Financial Administration Act* to align its travel, hospitality, conference and event expenditure policies, guidelines and practices with Treasury Board policies, directives and related instruments on travel, hospitality, conference and event expenditures, in a manner that is consistent with its legal obligations. The Corporation is in compliance with the directive.

On April 16th, 2024, the federal government announced its intention to undertake a review of the federal deposit insurance framework in Budget 2024. This work will be led by the Department of Finance Canada, in collaboration with CDIC and other financial sector agencies. The government will hold consultations in 2024 and explore what changes to the depositor protection framework, if any, are necessary to best support the evolving needs of Canadians and uphold financial stability.

*Budget Implementation Act 1 (BIA 1) 2023, An Act to implement certain provisions of the budget (Bill C-47)* received Royal Assent on June 22, 2023.



## Part 2: Financial Statements

The BIA 1 introduces certain legislative measures announced by the Government in Budget 2023, including changes to the *Canada Deposit Insurance Corporation Act*. Legislative amendments include:

- An authority for the Minister to increase temporarily the deposit insurance limit where, in the Minister's opinion, it is necessary to promote the stability and maintain the efficiency of the financial system in Canada will be expired as of April 29, 2024; and
- An authority for CDIC to administer any contract related to deposit insurance that the Minister enters into with any entity under section 60.2 of the *Financial Administration Act*.

The federal government announced its intention to create the First Home Savings Account (FHSA) in Budget 2022. The Fall Economic Statement Implementation Act, 2022 received Royal Assent on December 15, 2022, and enacts the legislative amendments necessary to introduce the FHSA, including amendments to the CDIC Act. Effective April 1, 2023, CDIC's deposit insurance coverage expanded to include separate coverage for eligible deposits held under the new FHSA category, with a separate coverage limit of \$100,000, as with other categories.

These financial statements were approved and authorized for issue by the Corporation's Board of Directors on June 5, 2024.

### Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards) and are presented in Canadian dollars (C\$).

The financial statements have been prepared on the historical cost basis, except for the lease liability (Note 5), provision for insurance losses (Note 8), and certain employee benefits (Note 16) which are measured at their present value. Historical cost is generally based on the fair value of the consideration given in exchange for assets and the amount of cash expected to be paid to satisfy a liability.

The material accounting policy information set out in Note 2 were consistently applied to all the periods presented.

## 2 Material accounting policy information

### Basis of consolidation

The Corporation presented consolidated financial statements in the prior fiscal year, as a result of the consolidation of a structured entity, Adelaide Capital Corporation (ACC). During the current fiscal year, CDIC ceased having control over ACC and therefore no longer presents consolidated financial statements. The impact of deconsolidation of ACC was immaterial.

The Corporation's financial statements do not reflect the assets, liabilities or operations of failed member institutions in which CDIC has intervened but does not have control.

## Judgments

The preparation of financial statements in accordance with IFRS Accounting Standards requires Management to exercise judgment in applying the Corporation's accounting policies. The following are the significant judgments made in the process of applying the Corporation's accounting policies.

### **Investment securities**

The Corporation holds a significant amount of investment securities. Based on an analysis of the facts and circumstances, Management has determined that: (i) the investment securities are held in order to collect contractual cash flows; and (ii) the contractual terms of the investment securities give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Therefore, the Corporation measures the investment securities at amortized cost using the effective interest method.

The Corporation calculates a loss allowance for expected credit losses (ECLs) on investment securities that are measured at amortized cost. The measurement of ECLs on the Corporation's financial assets is an area that requires the use of complex models and significant assumptions and judgments that are driven by numerous factors, changes in which can result in different levels of allowances.

Elements of the ECL model that are considered accounting judgments and estimates include:

- Determining criteria for significant increase in credit risk.
- Developing appropriate models and assumptions for the measurement of ECLs.
- Determining the economic variables most highly correlated to CDIC's portfolios of financial assets.
- Establishing the number and relative weightings of forward-looking macroeconomic scenarios and their effect on economic inputs in the ECL model.

See "Financial instruments" below for further details.

## Estimates and assumptions

The preparation of financial statements in accordance with IFRS Accounting Standards requires the use of estimates and assumptions. Estimates and assumptions are reviewed on an ongoing basis. Revisions are recognized in the period in which the estimates or assumptions are revised, and any future periods affected.

### **Provision for insurance losses**

Estimating CDIC's provision for insurance losses involves significant estimation and requires Management to make assumptions.

The provision for insurance losses represents CDIC's best estimate of the losses it is likely to incur as a result of resolving the failure of member institutions as at CDIC's financial position date. The provision is estimated by assessing the aggregate risk of the Corporation's members 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. See "Provision for insurance losses" below for further details on how the provision is measured. See Note 8 for the Corporation's calculation of the provision for insurance losses.

Actual results could differ significantly from these estimates, including the timing and extent of losses the Corporation incurs as a result of future failures of member institutions. This could require a material adjustment to the carrying amount of the provision for insurance losses.

### **Capital assets**

Capital assets, comprising property, plant and equipment, and intangible assets with finite useful lives, are depreciated or amortized over their useful lives. The carrying amounts of the Corporation's capital assets are included in Notes 6 and 7.

## **Financial instruments**

### **Recognition and initial measurement**

All financial assets and financial liabilities are recognized initially at fair value plus directly attributable transaction costs.

Purchases of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the settlement date—that is, the date the asset is delivered to or by CDIC.

### **Classification**

#### **A) Financial assets**

The Corporation's financial assets include cash, investment securities, and trade and other receivables.

Subsequent to initial recognition, a financial asset is measured at amortized cost if it meets both of the following conditions:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If a financial asset does not meet both of the conditions above, it is measured at fair value.

All of the Corporation's financial assets meet the conditions outlined above; therefore, they are measured at amortized cost.

## **B) Financial liabilities**

The Corporation's financial liabilities include trade and other payables.

Subsequent to initial recognition, all of the Corporation's financial liabilities are measured at amortized cost.

### **Amortized cost measurement**

Amortized cost is the amount at which a financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method or any difference between that initial amount and the maturity amount, and minus any reduction for impairment or non-collectability.

### **Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurements are categorized within a fair value hierarchy:

- **Level 1**—Fair values are based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2**—Fair values are determined using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- **Level 3**—Fair values are determined using inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

### **Identification and measurement of impairment**

The Corporation calculates a loss allowance for expected credit losses (ECLs) on investment securities and premiums receivable that are measured at amortized cost. CDIC recognizes 12-month ECLs for financial instruments unless there has been a significant increase in credit risk since initial recognition, in which case lifetime ECLs are recognized. The amount of ECLs, if any, is updated at each reporting date to reflect changes in credit risk since initial recognition and is disclosed in Note 4 in accordance with IFRS 7 *Financial Instruments: Disclosures*.

### **Expected credit loss approach and assessment**

#### **Investment securities**

For investment securities, ECLs are the difference between all contractual cash flows that are due to the Corporation in accordance with the contract and all the cash flows expected to be received, discounted at the original effective interest rate. If a significant increase in credit risk has occurred since initial recognition, impairment is measured as lifetime ECLs. Otherwise, impairment is measured as 12-month ECLs, which represent the portion of lifetime ECLs expected to occur based on default events that are possible within 12 months after the reporting date. If credit

## Part 2: Financial Statements

quality improves in a subsequent period such that the increase in credit risk since initial recognition is no longer considered significant, the loss allowance reverts to being measured based on 12-month ECLs.

All the investment securities held by the Corporation are debt instruments, issued or guaranteed by the Government of Canada or provincial governments, with a minimum credit rating of A-.

### Cash

Cash includes cash on hand and demand deposits.

### Investment securities

Investment securities are debt instruments, issued or guaranteed by the Government of Canada or provincial governments. Investment securities are measured in the statement of financial position at amortized cost, plus accrued interest.

Interest income on investment securities is recognized using the effective interest method.

### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any impairment losses. Depreciation is charged on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives, residual values and depreciation methods are reviewed annually at the end of the year, with the effect of any changes in estimate being accounted for on a prospective basis. The following useful lives are used in the calculation of depreciation:

- **Leasehold improvements**—the shorter of the term of the lease and the useful life of the leasehold improvement
- **Furniture and equipment**—five to ten years
- **Computer hardware**—three to five years

Depreciation expense is included in operating expenses in the statement of comprehensive income.

An item of property, plant and equipment is derecognized upon disposal or retirement when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss on disposal or retirement of an item is determined as the difference between the net proceeds on disposal, if any, and the carrying amount of the asset and is recognized in the statement of comprehensive income when the item is derecognized.

Items of property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in operating expenses in the statement of comprehensive income.

## Intangible assets

The Corporation records an internally generated intangible asset arising from the development of software once a project has progressed beyond a conceptual, preliminary stage to that of application development. Development costs that are directly attributable to the design and testing of an application are capitalized if all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use.
- The intention to complete the intangible asset and use it.
- The ability to use the intangible asset.
- How the intangible asset will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use the intangible asset.
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally generated intangible assets is the sum of directly attributable costs incurred from the date when the intangible asset first meets the recognition criteria listed above.

Subsequent to initial recognition, internally generated intangible assets are measured at cost less accumulated amortization and any impairment losses and are amortized on a straight-line basis over their estimated useful lives, which range from three to eight years. The estimated useful lives, residual values and depreciation methods are reviewed annually at the end of the year, with the effect of any changes in estimate being accounted for on a prospective basis. Amortization of intangible assets is included in operating expenses in the statement of comprehensive income.

An internally generated intangible asset is derecognized upon disposal or retirement when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss on disposal or retirement of an item is determined as the difference between the net proceeds on disposal, if any, and the carrying amount of the asset and is recognized in the statement of comprehensive income when the item is derecognized.

The Corporation considers potential indicators of impairment at the end of each reporting period. If any indication of impairment exists, the recoverable amount of the asset is estimated to determine the extent of the loss. Intangible assets that are not yet available for use are tested for impairment annually, irrespective of the presence of indicators, by comparing carrying amounts to recoverable amounts. Impairment losses are included in operating expenses in the statement of comprehensive income.

## Trade and other payables

Trade and other payables are measured at amortized cost in the statement of financial position. The carrying amounts of trade and other payables approximate fair value due to their short term to maturity.

## Provision for insurance losses

Provisions are to be recognized when the Corporation has a present obligation as a result of a past event, it is probable that the Corporation will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The Corporation has a stand-ready obligation to provide insurance against the loss of part or all of deposits in a member institution and to act as the resolution authority in the event of failure. The provision for insurance losses represents the Corporation's best estimate of the consideration required to settle this obligation and is determined in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. The estimate takes into account the risks and uncertainties surrounding the obligation.

The Corporation's calculation of the provision for insurance losses, includes default probabilities with both historical and forward-looking perspectives of potential for failure. Moody's Investors Service and Standard & Poor's default statistics are used to derive an historically based view of default. Moody's Analytics, a provider of market-based quantitative credit risk products for financial institutions and credit risk investors, is used to provide a forward-looking perspective of the probability of default estimate.

The Corporation calculates its expected losses as a result of any member institution failures on a present value basis. The loss given default is expressed as a percentage of exposure to losses and reflects: (i) the cumulative unweighted average of losses sustained from member institution failures in Canada since 1987, plus an adjustment for measurement uncertainty; and (ii) recent losses sustained in other jurisdictions.

Increases to the provision for insurance losses are recognized as an expense in the statement of comprehensive income, while decreases to the provision are recognized as income in the statement of comprehensive income.

## Premium revenue

Premium revenue is recognized at the fair value of the consideration received against deposit insurance services and reported as income proportionately over the fiscal year. Premiums are legislated by the CDIC Act and are determined annually based on the amount of insured deposits held by member institutions as at April 30 of the current fiscal year, and they are payable in two equal installments on July 15 and December 15.

Premium rates are fixed annually considering the Corporation's financial condition, the economic environment, the risk profile of the membership, and the actual and projected size of the Corporation's *ex ante* funding relative to the target level. No refunds are permitted under the CDIC Act except for instances of overpayment.

## Leases

At the inception of a contract, the Corporation determines if a contract, or part of a contract, contains a lease. A contract contains a lease if it conveys the right to use an identified asset for a period of time in exchange for consideration. The Corporation uses the following criteria to assess whether a contract conveys the right to control the use of an identified asset:

- The Corporation has the right to obtain substantially all of the economic benefits from the use of the identified assets.
- The supplier does not have the substantive right to substitute the asset through the period of use.
- The Corporation has the right to direct the use of the identified asset.

For a contract that contains multiple lease components or one or more lease components and non-lease components, the Corporation allocates, at inception, the consideration in the contract to each lease or non-lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease component.

At the commencement of a lease, the Corporation recognizes a right-of-use asset and a lease liability.

### **Right-of-use assets**

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date, and the cost of dismantling and removing the asset, including the cost of restoring the site less any lease incentives received. These recognized assets are depreciated on a straight-line basis over the shorter of its estimated useful life consistent with those of property, plant and equipment and the lease term, unless the Corporation is reasonably certain to obtain ownership of the leased asset at the end of the lease term.

### **Lease liabilities**

Lease liabilities are measured at the present value of lease payments to be made over the lease term discounted using the interest rate implicit in the lease, unless it cannot be readily determined, in which case the Corporation's incremental borrowing rate is used. The lease payments include fixed payments less any lease incentives, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option or penalties for terminating a lease reasonably certain to be exercised or terminated by the Corporation. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

The lease liability is subsequently measured at amortized cost using the effective interest method. The carrying amount of the lease liability is remeasured to reflect any reassessment or lease modifications specified, or to reflect revised in-substance fixed lease payments.



### **Short-term leases and leases of low-value assets**

The Corporation applies the short-term lease recognition exemption to contracts with no purchase option with a lease term of 12 months or less from the commencement date of the contract. The Corporation also applies the low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

### **Public Service Pension Plan**

All eligible employees of the Corporation participate in the Public Service Pension Plan, a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation to cover current service cost. Pursuant to legislation currently in place, the Corporation has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Pension Plan. Consequently, contributions are recognized as an operating expense in the year when employees have rendered service and represent the total pension obligation of the Corporation.

### **Income taxes**

Income tax expense represents the sum of the current and deferred tax expenses.

Current tax is recognized in net income except to the extent that it relates to items recognized in other comprehensive income or directly in equity. The tax currently payable/receivable is based on taxable income for the year. Taxable income differs from income as reported in the statement of comprehensive income because of items of income and expense that are taxable or deductible in other years and items that are never taxable or deductible.

Deferred tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position. Deferred tax is calculated using tax rates and income tax laws that have been enacted or substantively enacted at the end of the reporting period, and which are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled. Deferred tax relating to actuarial gains and losses on defined benefit obligations is recognized directly in retained earnings as other comprehensive income.

### **3 Application of new and revised International Financial Reporting Standards (IFRS Accounting Standards)**

New and revised IFRS Accounting Standards issued

#### **IFRS 17 Insurance Contracts (IFRS 17)**

IFRS 17 was issued in May 2017 and establishes recognition, measurement, presentation and disclosure requirements of insurance contracts. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. The standard was stated to be effective for annual periods beginning on or after January 1, 2021.

On June 25, 2020, IASB's Board issued amendments to IFRS 17 and deferred the effective date to annual reporting periods beginning on or after January 1, 2023. The Corporation has assessed the standard and amendments and concluded IFRS 17 is not applicable to the Corporation's financial statements.

**IAS 1—Presentation of Financial Statements and IFRS Practice Statement 2—**In February 2021, the IASB issued Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) with amendments that are intended to guide preparers in deciding which accounting policies to disclose in their financial statements. The amendments were adopted on April 1, 2023 with no significant impact to the financial statements.

**IAS 8—Accounting Policies, Changes in Accounting Estimates and Errors—**In February 2021, the IASB issued Definition of Accounting Estimates, amendments to IAS 8. The amendments guide entities to distinguish between accounting policies and accounting estimates. The amendments were adopted on April 1, 2023 with no impact on its financial statements.

## 4 Investment securities

	Remaining term to maturity			
	90 days or less	91 days to 1 year	1 to 5 years	Total
<i>As at March 31, 2024 (C\$ thousands)</i>				
Bonds	748,779	1,203,888	7,150,315	9,102,982
Weighted average effective yield (%)	2.30	1.99	2.53	2.44
<b>Total investment securities</b>	<b>748,779</b>	<b>1,203,888</b>	<b>7,150,315</b>	<b>9,102,982</b>
<b>Weighted average effective yield (%)</b>	<b>2.30</b>	<b>1.99</b>	<b>2.53</b>	<b>2.44</b>

	Remaining term to maturity			
	90 days or less	91 days to 1 year	1 to 5 years	Total
<i>As at March 31, 2023 (C\$ thousands)</i>				
Bonds	688,139	1,069,646	6,325,952	8,083,737
Weighted average effective yield (%)	2.46	2.22	1.77	1.88
Treasury bills	39,942	—	—	39,942
Weighted average effective yield (%)	4.42	—	—	4.42
<b>Total investment securities</b>	<b>728,081</b>	<b>1,069,646</b>	<b>6,325,952</b>	<b>8,123,679</b>
<b>Weighted average effective yield (%)</b>	<b>2.57</b>	<b>2.22</b>	<b>1.77</b>	<b>1.90</b>

The carrying amounts in the above tables include accrued interest.

## Fair value of investment securities

The following tables provide the estimated fair value of the Corporation's investment securities. Fair values are measured and disclosed in relation to the fair value hierarchy (as discussed in Note 2) that reflects the significance of inputs used in determining the estimates.

As at March 31, 2024 (C\$ thousands)	Amortized cost	Unrealized loss	Fair values			Total
			Level 1	Level 2	Level 3	
Bond	9,102,982	(208,690)	6,436,373	2,457,919	—	8,894,292
<b>Total investment securities</b>	<b>9,102,982</b>	<b>(208,690)</b>	<b>6,436,373</b>	<b>2,457,919</b>	<b>—</b>	<b>8,894,292</b>

As at March 31, 2023 (C\$ thousands)	Amortized cost	Unrealized loss	Fair values			Total
			Level 1	Level 2	Level 3	
Bond	8,083,737	(261,324)	5,629,815	2,192,598	—	7,822,413
T-Bill	39,942	—	39,942	—	—	39,942
<b>Total investment securities</b>	<b>8,123,679</b>	<b>(261,324)</b>	<b>5,669,757</b>	<b>2,192,598</b>	<b>—</b>	<b>7,862,355</b>

The Corporation's total investment income was \$188,833 thousand for the year ended March 31, 2024 (2023: \$125,274 thousand). The Corporation did not recognize any fee income or expense for the year ended March 31, 2024 (2023: nil).

The Corporation did not record any loss allowances on its investment securities at March 31, 2024 (2023: nil).

## 5 Right-of-use assets and lease liabilities

The Corporation leases office space in Ottawa and Toronto, the term of which ends in September 2030 and October 2026, respectively, each with an option to renew for an additional five years. The extension options for the Ottawa and Toronto offices are exercisable solely at the discretion of the Corporation. The Corporation also leases equipment under a five-year term ending in May 2025.

Carrying value of right-of-use assets

<i>(C\$ thousands)</i>	Leased office space	Equipment	Total
<b>COST</b>			
<b>Balance, March 31, 2022</b>	<b>12,624</b>	<b>78</b>	<b>12,702</b>
Additions	87	—	87
Adjustments	36	—	36
<b>Balance, March 31, 2023</b>	<b>12,747</b>	<b>78</b>	<b>12,825</b>
Additions	89	—	89
<b>Balance, March 31, 2024</b>	<b>12,836</b>	<b>78</b>	<b>12,914</b>
<b>ACCUMULATED DEPRECIATION</b>			
<b>Balance, March 31, 2022</b>	<b>3,999</b>	<b>43</b>	<b>4,042</b>
Depreciation	1,356	11	1,367
<b>Balance, March 31, 2023</b>	<b>5,355</b>	<b>54</b>	<b>5,409</b>
Depreciation	1,214	10	1,224
<b>Balance, March 31, 2024</b>	<b>6,569</b>	<b>64</b>	<b>6,633</b>
<b>CARRYING AMOUNTS</b>			
Balance, March 31, 2023	7,392	24	7,416
<b>Balance, March 31, 2024</b>	<b>6,267</b>	<b>14</b>	<b>6,281</b>

Carrying value of lease liabilities

<i>(C\$ thousands)</i>	Leased office space	Equipment	Total
<b>Balance, March 31, 2022</b>	<b>10,142</b>	<b>34</b>	<b>10,176</b>
Additions	87	—	87
Adjustments	35	—	35
Finance charges	163	—	163
Lease payments	(1,635)	(10)	(1,645)
<b>Balance, March 31, 2023</b>	<b>8,792</b>	<b>24</b>	<b>8,816</b>
Additions	89	—	89
Finance charges	142	—	142
Lease payments	(1,479)	(10)	(1,489)
<b>Balance, March 31, 2024</b>	<b>7,544</b>	<b>14</b>	<b>7,558</b>

## Part 2: Financial Statements

Interest expense on lease liabilities of \$142 thousand (2023: \$163 thousand) was recorded in the statement of comprehensive income during the year ended March 31, 2024. The Corporation recognized no expenses related to short-term leases and the amount recognized for low-value assets during the year ended March 31, 2024 was insignificant. Cash payments for the interest portion of \$142 thousand (2023: \$163 thousand) and the principal portion of \$1,347 thousand (2023: \$1,482 thousand) of the lease liability were recognized in the statement of cash flows under operating activities and financing activities, respectively.

### Maturity analysis for lease liabilities (undiscounted)

<i>(C\$ thousands)</i>	Leased office space	Equipment	Total
Not later than one year	1,397	11	1,408
Later than one year and not later than five years	4,890	2	4,892
Later than five years	1,669	—	1,669
<b>Total</b>	<b>7,956</b>	<b>13</b>	<b>7,969</b>

## 6 Property, plant and equipment

<i>(C\$ thousands)</i>	Computer hardware	Furniture and equipment	Leasehold improvements	Total
<b>COST</b>				
<b>Balance, March 31, 2022</b>	<b>4,187</b>	<b>2,536</b>	<b>5,795</b>	<b>12,518</b>
Additions	46	583	32	661
Retirements and disposals	—	(148)	(420)	(568)
<b>Balance, March 31, 2023</b>	<b>4,233</b>	<b>2,971</b>	<b>5,407</b>	<b>12,611</b>
Additions	104	100	606	810
Retirements and disposals	—	(553)	—	(553)
<b>Balance, March 31, 2024</b>	<b>4,337</b>	<b>2,518</b>	<b>6,013</b>	<b>12,868</b>
<b>ACCUMULATED DEPRECIATION</b>				
<b>Balance, March 31, 2022</b>	<b>3,819</b>	<b>1,514</b>	<b>3,579</b>	<b>8,912</b>
Depreciation	146	167	385	698
Retirements and disposals	—	(117)	(334)	(451)
<b>Balance, March 31, 2023</b>	<b>3,965</b>	<b>1,564</b>	<b>3,630</b>	<b>9,159</b>
Depreciation	107	197	449	753
Retirements and disposals	—	(553)	—	(553)
<b>Balance, March 31, 2024</b>	<b>4,072</b>	<b>1,208</b>	<b>4,079</b>	<b>9,359</b>
<b>CARRYING AMOUNTS</b>				
Balance, March 31, 2023	268	1,407	1,777	3,452
<b>Balance, March 31, 2024</b>	<b>265</b>	<b>1,310</b>	<b>1,934</b>	<b>3,509</b>

## 7 Intangible assets

<i>(C\$ thousands)</i>	Software under development		Total
	Software	development	
<b>COST</b>			
<b>Balance, March 31, 2022</b>	<b>15,834</b>	<b>1,893</b>	<b>17,727</b>
Additions—internal development	40	3,508	3,548
Transfers	210	(210)	—
<b>Balance, March 31, 2023</b>	<b>16,084</b>	<b>5,191</b>	<b>21,275</b>
Additions—internal development	—	1,164	1,164
Transfers	2,909	(2,909)	—
<b>Balance, March 31, 2024</b>	<b>18,993</b>	<b>3,446</b>	<b>22,439</b>
<b>ACCUMULATED AMORTIZATION</b>			
<b>Balance, March 31, 2022</b>	<b>13,267</b>	<b>—</b>	<b>13,267</b>
Amortization	1,074	—	1,074
<b>Balance, March 31, 2023</b>	<b>14,341</b>	<b>—</b>	<b>14,341</b>
Amortization	975	—	975
<b>Balance, March 31, 2024</b>	<b>15,316</b>	<b>—</b>	<b>15,316</b>
<b>CARRYING AMOUNTS</b>			
Balance, March 31, 2023	1,743	5,191	6,934
<b>Balance, March 31, 2024</b>	<b>3,677</b>	<b>3,446</b>	<b>7,123</b>

## 8 Provision for insurance losses

The provision for insurance losses represents CDIC's best estimate of the future outflow of economic resources it expects to incur as a result of the Corporation's object to provide insurance against the loss of part or all deposits in member institutions and its role as the resolution authority of its member institutions. The estimate is based on an expected loss calculation and is subject to uncertainty surrounding amount and timing of losses. As such, actual losses may differ significantly from estimates.

Changes in the provision for insurance losses are summarized as follows:

<i>As at March 31 (C\$ thousands)</i>	Provision for insurance losses
<b>Balance, March 31, 2023</b>	<b>2,100,000</b>
Increase in provision	150,000
<b>Balance, March 31, 2024</b>	<b>2,250,000</b>

## Part 2: Financial Statements

The increase in the provision is primarily due to increases in exposure to losses and probability of defaults. The provision for insurance losses is calculated at its present value using a pre-tax, risk-free discount rate. The discount rate used in the calculation of the provision at March 31, 2024, was 3.51% (2023: 3.02%). The impact of the change in discounting during the year resulted in a decrease to the provision of \$91 million (2023: \$96 million), which is composed of \$49 million (2023: \$58 million) due to the change in discount rate and \$42 million (2023: \$38 million) due to the discounting impact of the increase in exposure to losses and probability of default. Discount rate sensitivity analysis is performed by the Corporation as its impact on the provision for insurance losses is considered significant. An increase of 25 basis points in the discount rate will decrease the provision by \$27 million (2023: \$25 million decrease) while a decrease of 25 basis points in the discount rate will increase the provision by \$28 million (2023: \$26 million increase).

## 9 Financial instruments and financial risk management

### Classification and measurement of financial instruments

The table below sets out the carrying amounts of the Corporation's financial assets and financial liabilities, all of which are measured at amortized cost in accordance with IFRS 9.

<i>As at March 31 (C\$ thousands)</i>	<b>2024</b>	<b>2023</b>
Cash	11,820	15,712
Investment securities	9,102,982	8,123,679
Trade and other receivables	1,348	472
<b>Financial assets</b>	<b>9,116,150</b>	<b>8,139,863</b>
Trade and other payables	12,213	13,579
<b>Financial liabilities</b>	<b>12,213</b>	<b>13,579</b>

See Note 4 for additional information on the maturity and composition of the Corporation's investment securities.

### Fair value of financial instruments

With the exception of investment securities, the carrying amounts of the Corporation's financial instruments measured at amortized cost approximate their fair values. The fair values of the Corporation's investment securities are disclosed in Note 4.



## Financial risk management objectives

The Corporation's assets consist primarily of its investment securities. CDIC's investment strategy is based on two key principles: providing liquidity for intervention activities; and limiting credit and market risk to preserve principal. CDIC has a comprehensive risk management framework to evaluate, monitor and manage its risks. All risks, financial and other, are managed in accordance with an Enterprise Risk Management (ERM) Framework.

Formal policies are in place for all significant financial risks to which CDIC is exposed. The policies are reviewed at least annually in order to ensure that they continue to be appropriate and prudent. Significant financial risks that arise from transacting and holding financial instruments include credit, liquidity and market risks.

### Credit risk

Credit risk is defined as the risk of loss attributable to counterparties failing to honour their obligation to CDIC, whether on- or off-balance sheet. CDIC's maximum exposure to credit risk is the carrying amount of cash, investment securities, and trade and other receivables held in the statement of financial position. None of the trade and other receivables are past due.

CDIC's *Board Credit Risk Policy* sets out, among other things, that the Board of Directors shall approve investment dealers, securities vendors, agents acting on behalf of CDIC, and others with whom the Corporation is authorized to transact with respect to financial transactions. Investments are to be held with approved creditworthy counterparties that must have a minimum credit rating from an external credit rating agency (Standard & Poor's or Moody's). CDIC cannot exceed Board-approved limits for transactions, by transactor, either individually or on a combined basis.

The Corporation's financial risk policies limit investments to the obligations of the Government of Canada and agent Crowns and the obligations of provincial governments or municipal financing authorities. Risk is further limited by setting a maximum amount for each investment. In addition, CDIC adheres to the *Minister of Finance Financial Risk Management Guidelines for Crown Corporations* in order to minimize its credit risk.

The following table summarizes the credit quality of CDIC's investment securities by credit rating.

<i>As at March 31 (C\$ thousands)</i>	<b>2024</b>	<b>2023</b>
AAA	6,596,557	5,863,319
AA+	—	339,098
AA	702,300	285,483
AA-	629,661	669,871
A+	1,174,464	965,908
<b>Total investment securities</b>	<b>9,102,982</b>	<b>8,123,679</b>

## Part 2: Financial Statements

CDIC may at times intervene in one capacity or another, in providing financial assistance to a troubled financial institution, either in the form of a loan, by guarantee or otherwise. The Corporation could also have to make payment to insured depositors in the event of a member institution failure. The latter action results in claims receivable by the Corporation. Realization on its claims is largely dependent on the credit quality and value of assets held within the estates of failed member institutions, thus exposing CDIC to additional credit risk. The Corporation remains closely involved in the asset realization process of these failed institutions in order to mitigate credit risk and minimize any potential loss to CDIC. As at March 31, 2024, CDIC has not provided any new financial assistance to a troubled financial institution either in the form of a loan, by guarantee or otherwise.

### Liquidity risk

Liquidity risk is defined as the risk that funds will not be available to CDIC to honour its cash obligations, whether on- or off-balance sheet, as they arise.

Exposure to liquidity risk relates firstly to funding ongoing day-to-day operations. Potential cash requirements could also arise to fund payouts of insured deposits in the case of a member institution failure or to provide financial assistance for other member intervention activities. The Corporation's liquidity risk is subject to extensive risk management controls and is managed within the framework of policies and limits approved by the Board. The Board receives reports on risk exposures and performance against approved limits annually.

The *Board Liquidity Risk Policy* sets out, among other things, Management's responsibilities in managing the Corporation's portfolio of investment securities while respecting: 1) the parameters established under all of the financial risk policies; and 2) CDIC's mandate and statutory objects. The maturity profile of the portfolio is to be matched against maturing debt, if any, or any other cash outflow requirements and is also to comply with Board-approved term to maturity portfolio allocations.

The Corporation also has authority to borrow funds from the capital markets or from the Consolidated Revenue Fund. CDIC currently may borrow up to \$35 billion (2023: \$32 billion), subject to ministerial approval. Under the CDIC Act, the borrowing limit is adjusted annually to reflect the growth of insured deposits. If existing borrowing authorities are insufficient, CDIC could apply to Parliament, through an appropriation act. Further borrowing could also be provided through the *Financial Administration Act*, if necessary, to promote the stability or maintain the efficiency of the financial system in Canada. No amounts had been borrowed as at March 31, 2024 and 2023, respectively.

### Market risk

Market risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (due to changes in interest rates, foreign exchange rates and other price risks).

Principal exposures to market risk relate to the Corporation holding financial assets or liabilities where values are influenced by market conditions, such as its portfolio of investment securities. CDIC's main exposure to market risk is through interest rate risk.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation is exposed to interest rate risk relating to its investment securities. CDIC manages its interest rate exposures with the objective of enhancing interest income within established risk tolerances while adhering to approved policies.

Since the Corporation’s investment securities are measured at amortized cost, changes in market interest rates do not have a significant impact on the Corporation’s net income. However, they would impact the fair value of CDIC’s investment securities. The Corporation manages this interest rate risk by obtaining fair value information for the investment securities for internal reporting and financial risk management purposes. Interest rate stress scenarios are performed on a regular basis on the Corporation’s investment securities to evaluate the potential impact of possible changes in market interest rates on the fair value of its investments. As a result, the Corporation obtains a clear picture of the extent of this Interest rate risk exposure. The Corporation reports interest rate risk on a quarterly basis to the Chief Financial Officer and annually to the Audit Committee of the Board.

The following table shows the estimated impact that a 25 basis point increase and a 50 basis point decrease in market interest rates would have had on the disclosed fair value of the Corporation’s investment securities at the end of the fiscal year.

<i>For the year ended March 31</i>	<b>2024</b>	<b>2023<sup>a</sup></b>
25 basis point increase	\$50 million decrease	\$43 million decrease
50 basis point decrease	\$102 million increase	\$88 million increase

a Prior year comparative has been adjusted to conform to current year presentation.

**Currency risk and other price risks**

The *Board Market Risk Policy* sets out, among other things, Management’s responsibility not to expose the Corporation to any material equity, foreign exchange or commodity related positions. CDIC cannot engage in trading financial instruments other than to meet its liquidity requirements, which are funding day-to-day operations and funding intervention solutions respecting member institutions. Expanded coverage of insured deposits to include foreign currency deposits creates an indirect exposure to foreign exchange risk. Foreign currency deposits would be converted to Canadian dollars at prescribed rates on the date of a member failure and aggregated with other deposits to determine the quantum of insured deposits. Such exposure is unhedged. The Corporation’s exposure to other price risk and currency risk is insignificant.

## 10 Capital management

The Corporation's capital is comprised of *ex ante* funding. CDIC is not subject to externally imposed capital requirements. There has been no change in what the Corporation considers as capital, and management of capital was performed on a basis consistent with that of the preceding year.

The Corporation has determined that it is prudent to maintain an amount of advance or *ex ante* funding to absorb losses. The amount of such funding is represented by the aggregate of the Corporation's retained earnings and its provision for insurance losses. During the 2022/2023 fiscal year, the corporation conducted a review of the *ex ante* funding framework and established a near-term *ex ante* fund target to exceed 85 basis points of insured deposits by the 2026/2027 fiscal year-end.

At March 31, 2024, the near term *ex ante* fund target remains on track to exceed 85 basis points of insured deposits by the 2026/2027 fiscal year-end.

### *Ex ante* funding

<i>As at March 31 (C\$ thousands)</i>	Actual	
	2024	2023
Retained earnings	6,849,223	6,030,513
Provision for insurance losses	2,250,000	2,100,000
<b>Total <i>ex ante</i> funding</b>	<b>9,099,223</b>	<b>8,130,513</b>
<b>Total basis points of insured deposits</b>	<b>77</b>	<b>75</b>

## 11 Income taxes

The Corporation is subject to federal income tax. CDIC'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 is not taxable and the change in the provision for insurance losses is not deductible for tax purposes. In addition, recoveries of amounts previously written off are not taxable since the Corporation did not previously claim a deduction for tax purposes.

## Part 2: Financial Statements

The following table sets out details of income tax expense recognized in net income.

<i>For the year ended March 31 (C\$ thousands)</i>	2024	2023
Current income tax:		
Current income tax expense	25,391	11,240
Adjustments in respect of current income tax of previous years	15	12
Deferred tax:		
Relating to the origination of temporary differences	428	(177)
<b>Income tax expense recognized in net income</b>	<b>25,834</b>	<b>11,075</b>

The following table presents a reconciliation of the Corporation's recognized income tax expense to income tax expense based on the Canadian federal tax rate.

<i>For the year ended March 31 (C\$ thousands)</i>	2024	2023
Net income before income taxes	844,516	658,939
Expected income tax at the 25% federal tax rate (2023: 25%)	211,129	164,735
Non-deductible adjustments:		
Premium revenue	(222,772)	(203,681)
Increase in non-deductible provision for insurance losses	37,500	50,000
Other	(23)	21
<b>Income tax expense recognized in net income</b>	<b>25,834</b>	<b>11,075</b>

## 12 Premium revenue

Under CDIC's *Differential Premiums By-law*, members are classified into four different categories based on a system that scores them according to a number of criteria or factors. The premium rates in effect for the 2023/2024 fiscal year are as follows:

### Premium category

*(basis points of insured deposits)*

<i>For the year ended March 31</i>	2024	2023
Category 1	7.5	7.5
Category 2	15.0	15.0
Category 3	30.0	30.0
Category 4	33.3	33.3

## Part 2: Financial Statements

Premium revenue of \$891,089 thousand was recorded during the year ended March 31, 2024 (2023: \$814,723 thousand). Premium revenue is higher year over year mainly due to an increase in total insured deposits held at member institutions.

### 13 Operating expenses

The following table provides details of total operating expenses of the Corporation for the years ended March 31, 2024 and March 31, 2023.

<i>For the year ended March 31 (C\$ thousands)</i>	<b>2024</b>	<b>2023</b>
Salaries and other personnel costs	37,364	34,880
Professional and other fees	17,726	22,647
General expenses	4,414	3,795
Premises	2,371	2,489
Data processing	13,958	6,993
Depreciation and amortization	1,728	1,776
Depreciation on right-of-use assets	1,224	1,367
Interest expense on lease liabilities	142	163
Public awareness	6,711	7,101
<b>Total operating expenses</b>	<b>85,638</b>	<b>81,211</b>

### 14 Related party disclosures

The Corporation is related in terms of common ownership to all Government of Canada departments, agencies and Crown corporations. The Corporation has transacted with related parties through both the provision and receipt of various services. Such transactions were conducted in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The following disclosure is in addition to the related party disclosure provided elsewhere in these financial statements. All material related party transactions are either disclosed below or in the relevant notes.

During the year ended March 31, 2024, CDIC recognized an amount of \$3,969 thousand (2023: \$3,357 thousand) against pension expenses paid into the Public Service Pension Plan. All eligible employees of the Corporation participate in the Public Service Pension Plan, a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. See Note 16 for further details.

## Key Management personnel

Key Management personnel include all members of the Board of Directors and Corporate Officers who have the authorities and responsibilities for planning, directing and controlling the activities of the Corporation.

Compensation of key Management personnel was as follows:

<i>For the year ended March 31 (C\$ thousands)</i>	<b>2024</b>	<b>2023</b>
Wages, bonuses and other short-term benefits	2,568	2,694
Post-employment benefits	720	784
<b>Total key Management personnel remuneration</b>	<b>3,288</b>	<b>3,478</b>

## 15 Contingencies and commitments

There were no claims pending against the Corporation as at March 31, 2024.

The Corporation has commitments for contractual arrangements for services. As at March 31, 2024, these future commitments are \$29,285 thousand (2023: \$39,138 thousand).

## 16 Employee benefits

<i>For the year ended March 31 (C\$ thousands)</i>	<b>2024</b>	<b>2023</b>
Defined benefit obligations	1,343	1,291
<b>Employee benefits</b>	<b>1,343</b>	<b>1,291</b>

The Corporation's employees receive a number of employee benefits, including membership in the Public Service Pension Plan and defined benefit plans. The defined benefit obligations are post-employment benefits that are outside of the Public Service Pension Plan.



Part 3  
**Corporate Governance**



## More about governance

For additional information on how CDIC is governed, including Board and committee charters and Directors' biographies, please visit [www.cdic.ca](http://www.cdic.ca).

CDIC is committed to a strong governance framework. This section of the Annual Report presents information about the CDIC Board of Directors, including its Committees and Director attendance, and outlines how CDIC works to meet the public's expectations regarding good governance.

CDIC completed a comprehensive review of the Corporation's governance structure and practices in early 2022 to ensure they continue to be forward-looking and worthy of the public's trust. As a Crown corporation with a public purpose at its heart, CDIC is committed to fulfilling its mandate in a manner that reflects the expectations of depositors, the Government, and Parliament, and to this end, undertakes continuous review and updates to ensure its structure, policies and processes reflect good governance and best practices.

## Board of Directors

CDIC's Board of Directors is made up of:

- A Chairperson
- Six other private sector Directors
- And six *ex officio* Directors:
  - The Chief Executive Officer (CEO) of CDIC
  - 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
  - A Deputy Superintendent of Financial Institutions or another officer of the Office of the Superintendent of Financial Institutions (OSFI) as appointed by the Minister of Finance

In accordance with the CDIC Act, the *ex officio* Directors, except for the CEO and the Deputy Superintendent of Financial Institutions, may designate individuals as Alternates, who are deemed to be members of the Board of Directors when acting on their behalf.

CDIC's Board of Directors is responsible for the overall stewardship of the Corporation and ensures that significant business risks are identified and well managed. The Board's commitment to effective stewardship and its overall mandate are outlined in its Charter. An overview of the composition of CDIC's Board of Directors and of its supporting committees follows.

## Annual Public Meeting

In accordance with the Financial Administration Act (FAA)<sup>2</sup>, CDIC held its Annual Public Meeting (APM) as a live webcast on October 12, 2023. CDIC CEO Leah Anderson was joined by CDIC's Board Chair, Robert O. Sanderson, to discuss how CDIC is protecting depositors and promoting financial stability through deposit insurance protection and resolution preparedness. The APM is an opportunity for CDIC to update depositors and other stakeholders on its activities and to answer any questions from members of the public. CDIC plans to hold its next APM in the fall of 2024.

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2 Financial Administration Act, s. 113.1



## Board of Directors composition

as at March 31, 2024



**Robert O. Sanderson**  
Chair  
June 2016–July 2025

### Private sector Directors



**Tashia Batstone**  
Chartered Professional  
Accountant  
St. John's, NFLD  
June 2023–June 2027



**J. Martin Castonguay**  
Chartered Professional  
Accountant  
Montreal, Quebec  
May 2019–May 2026



**Linda Caty**  
Lawyer  
Carignan, Quebec  
June 2018–June 2024



**Jeffrey Heath**  
Business Executive  
Toronto, Ontario  
May 2023–May 2027



**Andrew Kriegler**  
Financial Executive  
Toronto, Ontario  
Sept 2018–Sept 2025



**Helen Ray del Val**  
Lawyer  
Vancouver, BC  
June 2023–June 2027

### Ex officio Directors



**Tiff Macklem**  
Governor  
Bank of Canada  
Effective June 2020



**Chris Forbes**  
Deputy Minister Finance  
Effective Sept 2023



**Judith Robertson**  
Commissioner  
FCAC  
Effective August 2019



**Peter Routledge**  
Superintendent of Financial  
Institutions  
OSFI  
Effective June 2021



**Ben Gully**  
Deputy Superintendent  
OSFI  
Effective October 2022



**Leah Anderson**  
President and CEO  
CDIC  
Effective June 23, 2022

### Alternates (for ex officio Directors)



**Carolyn Rogers**  
Senior Deputy Governor  
Bank of Canada  
*Designated as Alternate:  
June 2022*



**Grahame Johnson**  
Assistant Deputy  
Minister, Finance  
*Designated as Alternate:  
June 2023*



**Frank Lofranco**  
Deputy Commissioner  
FCAC  
*Designated as Alternate:  
September 2021*

## Board committees

Three standing committees support the Board in its activities: the Audit Committee, the Governance and Human Resources Committee, and the Risk Committee.

### Audit Committee

The Audit Committee assists with the Board's oversight of the integrity of CDIC's financial statements; the financial reporting process; the oversight of annual operating and capital budgets, including budgeting for significant projects; the systems of internal accounting and financial controls; the performance of CDIC's internal audit function; and the performance of any special examinations pursuant to the *Financial Administration Act*. This committee is composed of:

- **J.M. Castonguay (Chair)** Member since June 2019; Chair since August 2021
- **T. Batstone** Member since August 2023
- **H. R. del Val** Member since August 2023
- **J. Heath** Member since August 2023
- **J. Robertson** Member since September 2019

### Governance and Human Resources Committee

The Governance and Human Resources Committee assists with the Board's oversight of corporate governance issues, ensuring that appropriate processes, structures and information necessary for effective direction are in place to contribute to the success of CDIC. This includes oversight of Director education and learning opportunities to ensure Board members are aware of emerging trends in governance and can adapt appropriately. The Committee also assists with; succession planning for the Board Chairperson, private sector Directors, the President and CEO, and senior Management; the review and recommendation of annual objectives for, and the performance and annual evaluation of, the President and CEO; and key human resources and compensation policies, processes and strategies, including those relating to employee business conduct and ethical behaviour. The Committee was recently given responsibility for the organization's approach to Environmental, Social, and Governance commitments. This committee is composed of:

- **L. Caty (Chair)** Member since March 2019; Chair since August 2021
- **T. Batstone** Member since August 2023
- **J.M. Castonguay** Member since September 2019
- **A. Kriegler** Member since August 2023
- **P. Routledge** Member since August 2021
- **R.O. Sanderson** Member since March 2019

## Risk Committee

The Risk Committee assists with the Board's oversight of CDIC's Enterprise Risk Management Framework as well as CDIC's identification, assessment, management and recording of top risks, including strategic, preparedness, operational, financial, organizational and reputational risks, which could impact CDIC's ability to carry out its mandate. The Committee also provides oversight for assessments of member risk, recommending strategies for risk mitigation, preparedness, and resolution to the Board. This committee is composed of:

- **A. Kriegler (Chair)** Member since March 2019; Chair since January 2023
- **L. Caty** Member since March 2019
- **H. R. del Val** Member since August 2023
- **B. Gully** Member since July 2022
- **J. Heath** Member since August 2023
- **T. Macklem** Member since July 2020



## Board and committee meetings and attendance

(April 1, 2023, to March 31, 2024)

Board members' attendance at the Board and committee meetings in respect of which they are members is summarized below.

	Board committees			
	Board of Directors <sup>b</sup>	Audit Committees <sup>c</sup>	Governance and Human Resources Committee	Risk Committee
<b>Number of meetings<sup>a</sup></b>	8	5	4	4
<b>Attendance</b>				
<b>Private sector Directors</b>				
R.O. Sanderson—Chair	8	5	4	4
T. Batstone <sup>f</sup>	5	4	3	N/A
J.M. Castonguay	8	5	4	N/A
L. Caty	8	N/A	4	4
H. R. del Val <sup>f</sup>	5	4	N/A	3
J. Heath <sup>f</sup>	7	4	N/A	3
A. Kriegler <sup>f</sup>	8	1	3	4
<b>Ex officio Directors (Alternates)</b>				
Bank of Canada: T. Macklem (TM) (C. Rogers [CR])	6 (TM) 3 [CR]	N/A	N/A	4 (TM)
Canada Deposit Insurance Corporation: L. Anderson	8	4	4	4
Department of Finance: M. Sabia (MS); Chris Forbes (CF) <sup>d</sup> (I. Jacques [IJ] <sup>e</sup> ; G. Johnson [GJ])	3 [GJ]	N/A	N/A	N/A
Financial Consumer Agency of Canada: J. Robertson (JR) (F. Lofranco [FL])	7 (JR) 6 [FL]	4 (JR)	N/A	N/A
Superintendent of Financial Institutions: P. Routledge	5	N/A	4	N/A
Deputy Superintendent of Financial Institutions: B. Gully	7	N/A	N/A	3
<b>Directors who departed during the year</b>				
D. Dominy <sup>f</sup>	1	1	1	1

a Also includes meetings attended virtually.

b Includes Board Tabletop Simulation Sessions and a Board Strategic Planning Session.

c The Chair is invited to Audit Committee and Risk Committee meetings as an observer but is not a committee member.

d Mr. Michael Sabia, former Deputy Minister of Finance, resigned from his position, effective May 31, 2023. Mr. Chris Forbes was appointed as Deputy Minister to hold office during pleasure, effective September 11, 2023.

e Ms. Isabelle T. Jacques resigned from her role as an alternate member of CDIC's Board of Directors, effective May 23, 2023. On July 11, 2023, the Minister named Mr. Grahame Johnson as Ms. Jacques' replacement on CDIC's Board.

f Mr. Jeffrey Heath was appointed to CDIC's Board of Directors on May 31, 2023, and Ms. Helen R. del Val and Ms. Tashia Batstone were appointed to CDIC's Board of Directors on June 22, 2023, each for a four-year term. With these appointments, Mr. David Dominy resigned from CDIC's Board of Directors, effective June 22, 2023. Mr. Heath and Ms. del Val were subsequently appointed as members of the Audit and Risk Committees, while Ms. Batstone was appointed as a member of the Audit and Governance and Human Resources Committees. Subsequently, Mr. Kriegler became a member of the Governance and Human Resources Committee and was no longer a member of the Audit Committee, effective August 1, 2023.

g On February 29, 2024, Ms. Judith Robinson went on leave from her role as Commissioner of the Financial Consumer Agency of Canada. Mr. Lofranco continues to serve as an alternate until further notice.

Board member	Education/ Designations	Accounting	Comms	Crisis	Financial services	Governance/ Leadership	IT/ Fintech	Law	M&A/ Insolvency	Regulatory	Risk mgmt	Talent mgmt
<b>Sanderson, Robert</b> Chair, CDIC	BA, FCPA, FCA, FIIC, FCIRP (ret)	✓		✓	✓	✓			✓	✓	✓	✓
<b>Anderson, Leah</b> CEO, CDIC	MA		✓	✓	✓	✓	✓			✓	✓	✓
<b>Batstone, Tashia</b> CEO, FP Canada	BComm, MBA, CPA, ICD.D	✓	✓	✓	✓	✓				✓	✓	✓
<b>Castonguay, J. Martin</b> Director	BSc, BComm, CPA, ICD.D	✓		✓	✓	✓			✓	✓	✓	✓
<b>Caty, Linda</b> Director	LLB		✓	✓	✓	✓		✓		✓	✓	✓
<b>del Val, Helen</b> Director	BA, LLB			✓	✓	✓		✓		✓	✓	✓
<b>Forbes, Chris</b> Deputy Minister, Department of Finance	BA, MA			✓	✓	✓				✓	✓	✓
<b>Gully, Ben</b> Deputy Superintendent— Supervision Sector, OSFI	MA, MSc, PhD			✓	✓	✓				✓	✓	✓
<b>Heath, Jeff</b> Director	BComm, CPA	✓		✓	✓	✓				✓	✓	✓
<b>Kriegler, Andrew</b> President and CEO, CIRO	BSc, MBA			✓	✓	✓				✓	✓	✓
<b>Macklem, Tiff</b> Governor, Bank of Canada	BA, MA, PhD		✓	✓	✓	✓	✓			✓	✓	✓
<b>Robertson, Judith</b> Commissioner, FCAC	BA, MBA, CFA	✓	✓		✓	✓	✓			✓	✓	✓
<b>Routledge, Peter</b> Superintendent, OSFI	BA, MBA		✓	✓	✓	✓			✓	✓	✓	✓

## Directors' fees

### 2023/2024—Fees for private sector Directors

<b>R.O. Sanderson</b>	\$124,000
<b>T. Batstone</b>	\$16,363
<b>J.M. Castonguay</b>	\$21,780
<b>L. Caty</b>	\$22,620
<b>H. R. del Val</b>	\$16,783
<b>David Dominy</b>	\$4,153
<b>J. Heath</b>	\$18,369
<b>A. Kriegler</b>	\$19,680
<b>Total</b>	<b>\$243,748</b>

## Corporate Officers

CDIC has six Corporate Officers. The President and CEO is appointed by the Governor in Council, which also approves compensation for this position. CEO performance objectives are set and evaluated annually by the Board of Directors and submitted to the Minister of Finance. The Board of Directors appoints the remaining five Corporate Officers.

As at March 31, 2024, CDIC's Corporate Officers are:

- **Leah Anderson**, President and Chief Executive Officer
- **Gina Byrne**, Vice-President, Member Risk & Resolution
- **Michael Mercer**, Vice-President, Depositor Solutions, Chief Data and Insurance Officer
- **Angela Roberge**, Vice-President, Corporate Affairs, & Chief of Staff
- **Jordan Rosenbaum**, Chief Financial Officer & Head, Business Integration
- **Christa Walker**, Chief Legal Officer, Corporate Secretary, & Head, Policy Integration



## Corporate Officer compensation

### 2023/2024 compensation range disclosure for Corporate Officers, as at March 31, 2024

Cash compensation <sup>[1], [2]</sup>	President and CEO	Category 1 Officers	Category 2 Officers
Base salary range	\$307,700-\$362,000	\$216,667-\$325,000	\$200,000-\$300,000
Incentive program range	0%-26%	0%-17%	0%-13%
Total compensation range per fiscal year	\$307,700-\$456,120	\$216,667-\$380,250	\$200,000-\$339,000

### Perquisites program

Item	President and CEO	Category 1 Officers
Car allowance expense reimbursement <sup>3</sup>	\$12,000	—
Health care spending account and financial planning services expense reimbursement <sup>4</sup>	\$12,000	\$10,000
Comprehensive medical exams	\$3,648	\$3,648
Total	\$27,648	\$13,648

## Treasury Board directive on travel, hospitality, conference and event expenditures

### Disclosure of expenditures for travel, hospitality and conferences

Since 2010, CDIC has proactively disclosed on its website the travel and hospitality expenses for its senior executives, and the details are available within 30 days after the month of the reimbursement.

Since the first quarter of 2017/2018, CDIC has also published the travel and hospitality expenses for the Chair of the Board of Directors and the private sector Directors.

Commencing with the 2016/2017 fiscal year, the Corporation has disclosed the total annual expenditures for each of travel, hospitality and conference fees for the Corporation. The Corporation reviews its disclosures on a regular basis and makes changes when warranted.

These disclosures can be viewed on our website at [www.cdic.ca](http://www.cdic.ca)<sup>5</sup>.

[1] The cash compensation does not report the actual salary and incentives paid to Officers but rather the range for their respective positions.

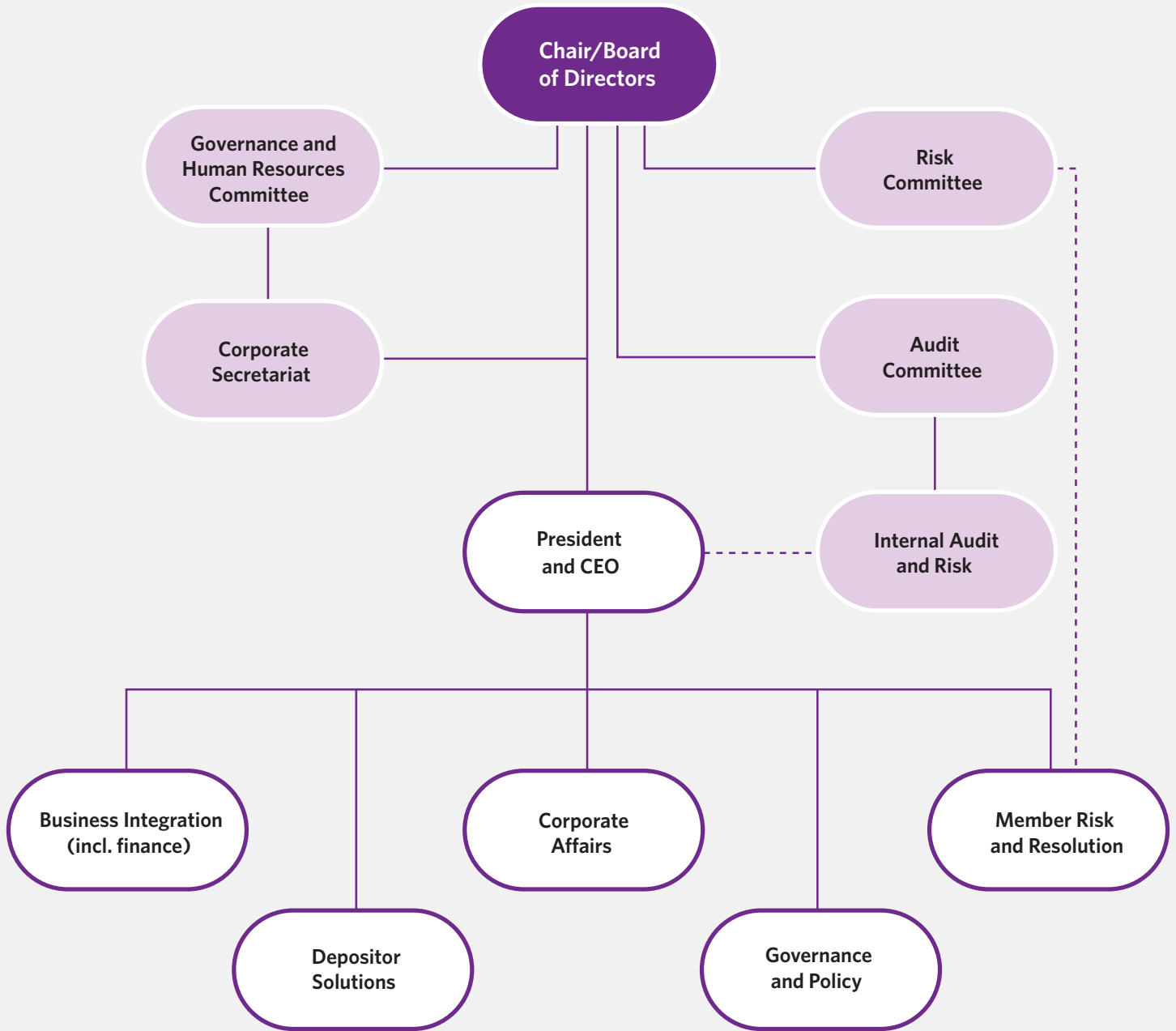
[2] As at March 31, 2024, Category 1 Officer roles included Vice President, Corporate Affairs and Chief of Staff, Vice President, Member Risk and Resolution, Vice President, Depositor Solutions, Chief Data and Insurance Office. Category 2 Officer roles included: Chief Financial Officer & Head of Business Integration, Chief Legal Officer, Corporate Secretary, & Head, Policy Integration.

<sup>3</sup> These amounts represent the maximum allowance if receipts are submitted.

<sup>4</sup> These amounts represent the maximum allowance if receipts are submitted

<sup>5</sup> See: [www.cdic.ca/about-us/reports-and-disclosure/disclosure/report-on-annual-expenses-for-travel-hospitality-and-conferences/](http://www.cdic.ca/about-us/reports-and-disclosure/disclosure/report-on-annual-expenses-for-travel-hospitality-and-conferences/)

## CDIC's organizational structure



----- Denotes administrative reporting relationship



# Appendix

## Appendix A—2024 Taskforce on Climate-related Financial Disclosures Report

### Summary

The Task Force on Climate-Related Financial Disclosures (TCFD) was created by the Financial Stability Board and sets out a standardized framework for climate-related financial disclosures.

The TCFD published recommendations for disclosure with four core elements:



#### **Governance**

The organization's governance around climate-related risks and opportunities.

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#### **Strategy**

The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.

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#### **Risk Management**

The processes used by the organization to identify, assess, and manage climate-related risks.

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#### **Metrics and Targets**

Disclosure of Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions. Disclosure of the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Recognizing that reducing its climate-related impact is important, CDIC places a focus on environmental considerations in respect of its operations. Our offices are located in LEED certified buildings with easy access to public transportation. CDIC's hoteling model and hybrid work options, combined with our move towards electronic records and paperless work also put us on the path to becoming a more environmentally friendly workplace. These activities will reduce CDIC's GHG emissions impact over the long term.

In 2022/2023 CDIC published its inaugural disclosures to align with TCFD recommendations. This report provides an update on CDIC's environmental metrics which will continue to evolve over time.

### **Pillar 1: Governance**

CDIC has a well-established governance framework. CDIC's Board of Directors is responsible for the overall stewardship of the Corporation and ensures that significant business risks are identified and well managed.

The Board of Directors has delegated oversight of CDIC's Environmental, Social and Governance (ESG) strategy and framework to the Governance and Human Resources Committee.

Designated members of CDIC's Executive Team are accountable for ESG and a working group has been established to develop and implement CDIC's approach to climate-related risks and opportunities.

### **Pillar 2: Strategy**

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 strategic and operational priorities, while proactively preparing and adapting to shifts in the economic, financial, environmental, and social landscape to deliver on its mandate as deposit insurer and resolution authority for CDIC member institutions.

CDIC's Greenhouse Gas Emissions (GHG) inventory has been developed and will continue to evolve over time. The GHG inventory will serve as a baseline for informing emission reduction efforts that could contribute to the Government of Canada's commitment to achieve net zero emissions by 2050.

### **Pillar 3: Risk Management**

As outlined earlier in the annual report CDIC employs an Enterprise Risk Management (ERM) governance structure that emphasizes and balances strong central oversight and control of risk with clear accountability for, and ownership of, risk.

CDIC prioritizes risk mitigation in areas of highest risk to the achievement of CDIC's mandate and continuity of business operations. At this time, climate risk has not been identified as a high or material risk to the execution of CDIC's public purpose mandate, or the continuity of its operations.

As our understanding evolves—via information, data and lessons learned—around the materiality of climate-related risks to the execution of CDIC's mandate and operations, CDIC's ERM framework will evolve with it and consider how the unique characteristics of climate risk may be integrated into our current ERM framework.

## Pillar 4: Metrics and Targets

CDIC released its inaugural set of TCFD disclosures in the 2022/2023 annual report using data as at March 31, 2022 as the reporting baseline. This report covers emissions based on data for the fiscal year ended March 31, 2023.

We have measured our operational emissions by defining boundaries for our Scope 1, 2 and 3 GHG profile considering relevancy, data availability, and feasibility of performing the calculations. In summary:

**Scope 1 Emissions** are direct emissions generated from activities owned or controlled by an organization, such as fuel combustion. As CDIC does not own facilities or fleets, Scope 1 emissions are not applicable.

**Scope 2 Emissions** are indirect emissions generated from consumption of purchased electricity, heat, or steam. CDIC indirectly emits GHG emissions through the purchase of electricity, heating, and cooling from its leased office spaces in Ottawa and Toronto. CDIC's Scope 2 operational emissions are calculated using electricity consumption (kWh), gas and fuel consumption (M3), chilled water use, and HVAC leaks data.

### Total Carbon Emissions (tonnes of CO<sub>2</sub>e)

<i>For the year ended March 31</i>	2023	2022
Energy consumed in leased office spaces	38.3	49.4

**Scope 3 Emissions** are other indirect emissions from upstream and downstream activities that an organization contributes to but does not control. These could include supplier emissions, purchased goods and services, business travel and investments.

Development of CDIC's Scope 3 emissions inventory (including, but not limited to purchased goods/services, capital goods and travel) is currently under development.

CDIC has separately calculated emissions associated with its investment holdings. CDIC's approach to calculating financed emissions associated with its investments was in accordance with the Partnership for Carbon Accounting Financials (PCAF) standard. The PCAF methodology provides a global, standardized GHG accounting and reporting approach, to enable financial institutions to assess and disclose the greenhouse gas emissions of loans and investments. CDIC's investment portfolio is composed of Government of Canada Bonds, Canada Mortgage Bonds and Provincial Bonds. During the 2022/2023 fiscal year CDIC expanded its investment portfolio holdings to also include Green Bonds by approved issuers.

**Financed Emissions for the year ended March 31**

	Value of Holdings (\$CAD Billion)	Total Carbon Emissions (thousands tonnes of CO <sub>2</sub> e)	Finance Emissions per \$1,000 invested
2022	\$7.3	1,856	0.25
2023	\$8.1	1,902	0.23

CDIC is not responsible for regulating climate risk at member institutions. As such, member institutions climate risk profiles and associated GHG emissions are out of scope and not contemplated under CDIC’s Scope 3 emissions.



### Glossary

**Bail-in:** A tool that CDIC can use to resolve a domestic systemically important bank (D-SIB) if it fails or is about to fail. In a bail-in resolution, CDIC would take temporary control or ownership of a failing D-SIB and convert all or some of its eligible liabilities into common shares to recapitalize the bank and help restore it to viability. During a bail-in resolution, a D-SIB would remain open and operating, maintaining the services it provides to its customers. (*Régime de recapitalization interne*)

**Basel III:** Refers to the Basel III Accord, which was developed by the Basel Committee on Banking Supervision, in a response to deficiencies in financial regulation revealed by the global financial crisis. It is meant to strengthen bank capital requirements and introduces new regulatory requirements on bank liquidity and bank leverage. (*Accord de Bâle III*)

**Basis point:** One basis point is equivalent to 0.01%. (*Point de base*)

**Deposit:** As defined in the *Canada Deposit Insurance Corporation Act* (the CDIC Act), a deposit is the unpaid balance of money received or held by a CDIC member institution from or on behalf of a person in the usual course of deposit-taking business for which the member:

- (a) is obliged to give credit to that person's account or is required to issue an instrument for which the member is primarily liable; and
- (b) is obliged to repay on a fixed day or on demand by that person or within a specified period following demand by that person, including any interest that has accrued or which is payable to that person. (*Dépôt*)

**Domestic systemically important bank (D-SIB):**<sup>6</sup> A bank designated by the Superintendent of Financial Institutions whose distress or failure could have significant adverse effects on the Canadian financial system. Banks designated as such are subject to more intensive supervision and additional requirements to minimize the likelihood of failure. (*Banque d'importance systémique nationale (BISN)*)

**Eligible deposit:** Eligible deposits are held at a CDIC member institution and can include: savings and chequing accounts; Guaranteed Investment Certificates (GICs) and other term deposits; and foreign currency (e.g., U.S.\$). CDIC insures eligible deposits separately (up to \$100,000, including principal and interest) for each of the nine insured categories. (Products that are not eligible deposits include, for example: mutual funds, stocks and bonds, Exchange Traded Funds (ETFs) and cryptocurrencies.) (*Dépôt assurable*)

**Environmental, Social and Governance:** ESG criteria are a set of principles that are being adopted by organizations and investors to foster long-term sustainability. These factors measure the sustainability and ethical impact of a business or company. (*Principes environnementaux, sociaux et de gouvernance (ESG)*)

**Ex ante funding:** The accumulation of a reserve or fund to cover deposit insurance claims in anticipation of the failure of a member institution which, in the case of CDIC, is the aggregate of the retained earnings and the provision for insurance losses. (*Financement ex ante*)

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<sup>6</sup> The six designated D-SIBs are the Bank of Montreal, Bank of Nova Scotia, Canadian Imperial Bank of Commerce, National Bank of Canada, Royal Bank of Canada and Toronto-Dominion.



## Appendix

**Ex officio:** Holding a second position or office by virtue of being appointed to a first. For example, when individuals are appointed to certain senior Government positions (Governor of the Bank of Canada, Superintendent of Financial Institutions, Deputy Minister of Finance, or Commissioner of the Financial Consumer Agency of Canada), they automatically become members of CDIC's Board of Directors, and continue as Directors as long as they hold those positions. (*Nommé (ou membre) d'office*)

**Global systemically important bank (G-SIB):** A bank that is designated to be so interconnected to the world's financial markets that its failure could pose a threat to the international financial system. The Financial Stability Board, in consultation with the Basel Committee on Banking Supervision, designates banks with the highest systemic risk scores as G-SIBs, based on size, interconnectedness, substitutability, complexity and cross-jurisdictional activities. A G-SIB must meet a higher risk-based capital ratio to enhance its resilience and is subject to additional regulatory oversight and requirements for group-wide resolution planning and resolvability assessments. The resolvability of each G-SIB is reviewed annually using a high-level FSB Resolvability Assessment Process conducted by senior policy makers within the firms' Crisis Management Groups. (*Banque d'importance systémique mondiale (BISM)*)

**International Financial Reporting Standards (IFRS):** Standards for accounting and reporting, developed and revised by the International Accounting Standards Board (IASB) to support reliable and relevant reporting that is understandable and comparable across international jurisdictions. IFRS have increasingly replaced national financial reporting standards. (*Normes internationales d'information financière (IFRS)*)

**Member institution:** A bank, trust company, loan company, federal credit union, or an association governed by the Cooperative Credit Associations Act whose deposits are insured by CDIC. (*Institution membre*)

**Payout:** The process undertaken by CDIC to make deposit insurance payments to the insured depositors of a failed member institution. (*Remboursement des dépôts assurés*)

**Premiums:** The amount that is payable to CDIC by a member institution for deposit insurance coverage. It is calculated annually as a percentage of the total eligible insured deposits that are held by the institution as of April 30. CDIC has a differential premiums system in which institutions are classified in one of four premium categories. Institutions classified in the best premium category pay the lowest premiums. (*Primes*)

**Provision for loss:** The amount set aside on a balance sheet to provide for anticipated or possible loss or expenditure. CDIC maintains a provision for insurance losses that reflects the organization's best estimate of the losses it is likely to incur as a result of insuring deposits at member institutions. (*Provision pour pertes*)

**Task Force on Climate-related Financial Disclosures (TCFD):** The TCFD was created in 2015 by the Financial Stability Board to develop consistent climate-related financial risk disclosures for use by companies, banks and investors in providing information to stakeholders. (*Groupe de travail sur la divulgation de l'information financière relative aux changements climatiques (GTIFCC)*)

**Tier 1 capital ratio:** The ratio of a bank's core equity capital to its risk-weighted assets. (*Ratio de fonds propres de catégorie 1*)