

CDIC's 2024 Annual Public Meeting

Our unwavering focus to protect depositors

November 6, 2024, 2:00 p.m. to 3:00 p.m. ET

Speakers:

Angela Roberge, Moderator

Bob Sanderson, Chair of the Board of Directors

Leah Anderson, President and CEO

Gina Byrne, VP, Member Risk and Resolution

Nadine Saryeddine, Head, Enterprise Risk and Resiliency

Introduction - Angela Roberge

Good afternoon. Thank you for joining the Canada Deposit Insurance Corporation or CDIC's Annual Public Meeting.

My name is Angela Roberge. I'm the Vice-President of Corporate Affairs and I'll be your moderator today.

I would like to start by acknowledging that CDIC's headquarters rest on the unceded territory of the Anishinaabe Algonquin Nation. Wherever you find yourself today, I encourage you to think about the Indigenous Peoples who have called these lands home for time immemorial.

The theme of our meeting is "Our unwavering focus to protect depositors." It's an opportunity for us to take stock of the past year and tell you how CDIC is protecting your deposits and promoting financial stability in a dynamic and complex operating environment.

But first, a few housekeeping items, starting with the meeting platform. If you encounter any technical issues during the broadcast, click on the "Technical Support" link at the top right of your screen. To access floor audio without translation or interpretation, click the "Floor Audio" button on the bottom left.

Simultaneous translation and interpretation are offered on both the English and French language feeds. To access sign language interpretation, click on the ASL or LSQ button.

I'd like to thank all those who submitted questions in advance. If you haven't done so already, don't worry. You can still submit questions by typing them in the "Ask a Question" box on the right side of your screen.

We will address a handful of your questions today and those with the broadest interest. The rest of the Q & As will be posted on our website in the coming days, along with today's webcast and speaking notes, in both official languages.

Now, for our agenda. We will kick off our meeting with remarks from:

- Bob Sanderson, Chair of the Board of Directors
- Leah Anderson, President and CEO
- Gina Byrne, Vice President of Member Risk and Resolution, and
- Nadine Saryeddine, Head of Enterprise Risk and Resiliency

We will also share a few videos to illustrate CDIC's work and activities. Then, we will open the floor to your questions.

Finally, I want to highlight that our public meeting is taking place during Financial Literacy Month. As usual, CDIC has aligned its activities with the Financial Consumer Agency of Canada's 2024 campaign "Money on your Mind. Talk about it!"

I encourage you to keep an eye out on your social feeds for exciting content from CDIC, FCAC and others on various financial topics, tools and resources throughout November.

It's now my pleasure to introduce our first speaker: Bob Sanderson, Chair of the Board of Directors for the past eight years.

Prior to joining our Board, Bob's career spanned four decades specializing in insolvency and restructuring. He's a fellow of both the Institute of Chartered Professional Accountants of Ontario and British Columbia, and the Insolvency Institute of Canada. He was also an invaluable member of CDIC's Advisory Panel on Resolution.

Welcome, Bob.

Bob Sanderson

Thank you, Angela.

Good afternoon, everyone. On behalf of CDIC's Board of Directors, I would like to thank you for joining us today.

As Angela mentioned, it has been my honour and privilege to serve as Chair of the Board for the past eight years. As I approach the end of my term and the process for the appointment of a new Chair moves forward, I'm encouraged by the progress that has been achieved, but also observe—it is never done.

There is always much to do. We cannot rest on our laurels. The environment is constantly changing, and we must adapt and improve with it.

The opportunity to contribute to the evolution of Canada's financial safety net has been humbling. I'm proud to say that CDIC is stronger and more resilient today than it was when I joined as Chair in 2016.

Each year I've been with CDIC has been unlike the last. The past year was no exception, and I'm confident the future will unfold differently yet again.

Economic uncertainty persists. People across Canada have been challenged in a variety of ways, from housing affordability to the cost of living. The financial sector continues to evolve. New and different non-financial risks have gained prominence – requiring our approach to resolution to continually adapt. Operating in this heightened risk environment has become the new norm.

And yet, CDIC stands ready to respond to any type of crisis and protect depositors —tomorrow, next week, or the next year. In today's uncertain and rapidly changing world, such reliability is paramount and the reason I took on this role!

Here's a [video](#) to illustrate how CDIC maintains readiness for the future.

A crisis-response organization like CDIC requires strong governance. The role of the Board of Directors is to provide both leadership and stewardship of the corporation.

We approve the strategic direction and outcomes each year. We hold the CEO accountable for executing against this direction and for effectively fulfilling the corporation's mandate, while ensuring the prudent use of financial resources. And we ensure CDIC stays on top of emerging risks and opportunities.

The Board is involved in many aspects of work, but I will highlight two key areas.

First, we oversee the Enterprise Risk Management Framework, which identifies and manages preparedness, strategic, operational, and organizational risks. The framework aims to foster a strong risk culture that optimizes risk.

To ensure preparedness, the Board regularly participates in tabletop exercises that simulate crisis decision-making, which are conducted by CDIC's Simulations Center of Excellence. You will hear more about our risk framework and simulations from Nadine later.

It is also vital that our Board has a diversity of views, skills, and perspectives. This includes having representatives from both the private and public sectors.

This year, we welcomed a new private sector director, Tanya van Biesen. Tanya currently serves as President and CEO of VersaFi, where she works with leaders across the finance sector to accelerate equity in finance for women and gender-diverse individuals.

We also welcome Shereen Miller, the new Commissioner for the Financial Consumer Agency of Canada or FCAC, to our Board—effective tomorrow.

I'm confident the Board will benefit from their insights and expertise.

I would also like to thank the former FCAC Commissioner Judith Robertson, Interim Commissioner Werner Liedtke, and our former private sector member, Linda Caty, for all their contributions. I wish them all the best in their future endeavours.

I encourage everyone tuning in today to use this opportunity to ask any questions you might have about CDIC, our Board, or deposit protection.

And now, I will turn to Leah Anderson, President and CEO, to share her perspectives on the past year and what it means to protect depositors in the face of new and emerging risks.

Leah has been leading CDIC through uncertain times since 2021. Before that, she had a long and distinguished career as a senior executive at the Department of Finance.

Leah, over to you.

Leah Anderson

Thank you, Bob. I also want to thank our audience for joining us today.

We have a range of member institution leaders and industry stakeholders on the line, as well as members of the public. To begin, I would like to share what CDIC is all about with our members of the public.

Whether you're a student trying to pay off your student loans, a young professional saving up for a down payment on a house, or a soon-to-be retiree, CDIC knows your financial security is crucial to achieving your life's plans and goals. Our mission is to guarantee the safety of your insured deposits so your money is always there when you need it.

We do this by:

- Providing deposit insurance
- Resolving our member financial institutions in the event they fail, and
- Promoting the stability of Canada's financial system

As I reflect on the past year, I'm struck by the complexity of risks, continued pace of innovation, and evolution of products and services in the financial sector.

The macro-economic environment impacts the financial performance of our members, as well as the potential risks faced by CDIC as a deposit insurer and resolution authority.

Globally, the International Monetary Fund forecasts stable but underwhelming global growth in its latest World Economic Outlook. It also warns about the acceleration of risks—from wars to trade protectionism—even as central banks lower interest rates.

Domestically, interest rates dropped by 50 basis points in October. This is against a backdrop of risks in commercial and residential real estate markets, and a high level of household debt. These sectors require effective risk management and oversight by our members and their boards. Our members also face a range of non-financial risks, such as cyber vulnerabilities, that can manifest into financial risks.

At the same time, we're seeing rapid changes in the financial services sector and the way depositors manage their money. This is driven in part by technological innovations, including AI-based financial tools.

CDIC's work to protect depositors in this multi-faceted operating environment is risk-informed and grounded in three strategic objectives: depositor trust and confidence, resolution readiness, and organizational strength.

I'll start with our first strategic objective: depositor trust and confidence. Trust is the foundation of all relationships, particularly when they involve people's hard-earned savings.

CDIC advertises to build depositor trust and confidence because studies show that public awareness of deposit insurance is one of the best mitigants against bank run behaviour. Knowing your money is safe, in turn, promotes public confidence in the stability of the financial system.

We also know from our research that people who are aware of CDIC are significantly more confident in Canada's banking system, and more likely to purchase products from a bank with CDIC protection.

Our public awareness campaigns leverage traditional, digital and social media. We also partner with social media influencers and other financial safety net organizations, like FCAC, to maximize our impact.

Our goal is to maintain public awareness levels between 60 and 65 percent. I'm pleased to report that as of September 30th, general public awareness of deposit insurance remained above target at 66 percent. We also reached a record high among women under 50—a key demographic that traditionally has lower awareness—with 56 percent awareness.

There has been significant growth in financial product distribution channels in recent years. While this presents new savings opportunities, it's important for depositors to understand when CDIC protection applies on the financial products they're buying so they can make informed financial decisions.

CDIC's disclosure by-law requires our members and their financial intermediaries to inform depositors about their CDIC membership and deposit protection at the point of sale.

Our members must also display CDIC's purple lock logo on their branch doors, ATMs, and mobile banking applications. This logo lets depositors know if their financial institution is, in fact, a CDIC member.

To promote understanding of proper disclosure, we engage with our members and new stakeholders on a regular basis, through events, webinars, and training tools.

To illustrate the importance of public awareness and proper disclosure, here's a [video](#) of CDIC employees reading and answering some of the top questions we get from depositors.

As you heard in the video, being ready for the risk of a bank failure is part of what we do – to ensure the protection of deposits and to contribute to financial stability.

That brings me to CDIC's second strategic objective: resolution readiness. At its core, this means having the right people, with access to the right data and systems, and the right preparedness practices to execute a swift and orderly resolution of a failing member.

To ensure readiness, we regularly test and fine-tune our strategies, tools and systems. We work closely with the Office of the Superintendent of Financial Institutions or OSFI and other financial safety net partners to detect and address risks early within our membership and the financial system. And if a member should fail, we can intervene in a number of ways to protect depositors and promote financial stability.

Over the past year, CDIC continued to:

- Assess member risks
- Fine-tune our resolution planning in response to the risk environment
- Conduct simulations of a wide range of crises to test our resolution tools, systems, and decision-making
- Test deposit data with our members and the deposit broker community, and
- Test our current payout system

I will now hand it over to Gina Byrne, Vice President of Member Risk and Resolution, to tell you more about our resolution preparedness work and activities.

Gina Byrne

Thanks, Leah.

CDIC monitors the financial soundness and performance of our members on an ongoing basis. This gives us the foresight we need to ramp up our preparedness planning.

We assess the health of our members based on a mix of quantitative and qualitative criteria. This includes member financial reports, market data, and environmental scans.

If a member does fail, we can intervene using a range of resolution tools and powers under the CDIC Act. Here's a [video](#) to explain.

Over the past year, CDIC continued to modernize our data collection and analytics capabilities, in partnership with OSFI and the Bank of Canada, to better identify risks within our membership and across the financial system.

Canada's six largest banks continued to make progress on testing their resolution capabilities, which allows them to demonstrate that they can execute their resolution plan, including the operational aspects of bail-in.

For our small and mid-size members, CDIC developed resolution plans that would allow us to act early and quickly to protect depositors and preserve financial stability whenever needed.

CDIC also continued to advance its resolution preparedness through various multilateral working groups.

Along with other G-20 countries, Canada is an active member of the Financial Stability Board or FSB, which sets the international standards for the resolution of large banks. CDIC complies with

FSB's guidelines for resolving financial institutions in an orderly manner. This includes the level of cooperation needed between countries to resolve banks with cross-border activities.

CDIC and OSFI also host crisis management groups, comprised of domestic and key foreign authorities, for Canada's six largest banks—two of which are designated global systemically important banks. These groups help to enhance preparedness and cross-border coordination in normal times and increase the ability of authorities to act quickly and coordinate effectively during a crisis.

In addition, CDIC has bilateral information sharing arrangements with key jurisdictions in which our largest members operate, including the U.S. and the U.K. These arrangements formalize our willingness to consult, cooperate, and exchange information regarding the resolution of large financial institutions. They also improve CDIC's understanding of the intricacies of cross-border resolutions and help us analyze and plan for contingencies in such events.

I will now turn it over to Nadine Saryeddine, Head of Enterprise Risk and Resiliency, to tell you how we integrate risk into our work and test our resolution tools.

Nadine Saryeddine

Thanks, Gina.

As my colleagues have highlighted, risk is inherently present in all CDIC activities.

We recognize that we can't control, prevent, or prepare for all risks—nor can we afford to do so at any cost. Instead, we consider the interplay between all the risks we face and accept some to avoid or mitigate others.

In short, we encourage measured risk-taking that's based on informed analysis to fulfill our mandate and achieve our objectives.

Bob mentioned our Enterprise Risk Management or ERM framework earlier. This framework provides central oversight and management of CDIC's risks, with clear accountability and ownership across business lines.

Over the past year, we've continued to refine our policies, processes and controls to ensure our risks are aligned with our corporate strategies and the risk appetites set by the Board.

CDIC's risk appetite statements articulate the amount of risk we're willing and not willing to take to achieve our strategic objectives. Our top risks are regularly reviewed based on factors in our internal and external environments.

Having strong risk management practices alone, however, isn't enough. We must also prepare for worst-case scenarios. This is where simulations come into play.

In the absence of bank failures, CDIC conducts simulations of a wide range of crisis scenarios in a safe and controlled environment to ensure our plans and people are always ready to respond.

We were the first resolution authority in Canada, and among the first in the world, to establish a Simulations Center of Excellence back in 2019.

The center devotes full-time resources to running tests, fire drills and tabletops, and building specialized in-house simulation expertise. Its primary objective is to ensure our resolution tools, business lines, and decision-making processes are regularly tested, with a focus on areas of highest risk.

Participants typically include CDIC's staff, Board of Directors, financial safety net agencies, and other external stakeholders. While exercises focus mainly on our resolution tools, we also regularly test corporate risks through exercises that target our business continuity planning, cyber response and third-party risks.

CDIC has conducted 27 testing exercises since the center's formation five years ago. That includes four simulations this year alone.

One was a bail-in resolution scenario that tested communication points and sequencing of messages between key domestic stakeholders. Later this month, we will test our readiness for a payout and liquidation of a mid-sized member.

Although our test plans are set annually, the center revisits them every quarter to ensure they align with CDIC's top risks and priorities.

I will now turn it back to Leah.

Leah Anderson

Thank you, Nadine. I think we can all agree there's no such thing as being too prepared when it comes to keeping deposits safe.

CDIC carries out all the work we've talked about today through prudent management of financial resources.

As mentioned in our videos, 100 percent of our operations are funded by premiums paid by our members. We don't receive any public funds to operate.

Premium revenues contribute directly to CDIC's deposit insurance fund, called the ex ante fund, which covers losses in the event of a member failure. Our operating expenses are generally paid by the revenue we earn from our investment portfolio.

As of March 31st, CDIC's net income was \$818 million. This is higher than last year mainly due to increases in premium revenue and investment income, as well as a lower provision for insurance losses.

Our operating expenses were \$86 million. This includes the Government of Canada's expenditure reduction expectations.

Finally, our ex ante fund was \$9.1 billion, representing 77 basis points of insured deposits.

This brings me to CDIC's third and final strategic objective: organizational strength, which—in today's digital landscape—is closely linked to cyber strength.

Cyber events have become the norm, requiring constant vigilance and proactive measures to safeguard systems and data. In 2024, CDIC continued to advance our information technology management infrastructure and cyber resilience. Thanks to our Cyber Security Strategy, we have significantly reduced our cyber vulnerabilities.

We will continue to build on that foundation with a new three-year strategy that includes investments to further strengthen CDIC's incident detection and response capabilities, as well as data protection and integrity—for our organization and members alike.

Organizational strength is also about people. None of the work we've talked about today would be possible without CDIC's employees. Ours are exceptionally skilled and take a lot of pride in protecting depositors and promoting financial stability.

CDIC understands that fostering an inclusive culture of belonging and respect is not only the right thing to do, but it also strengthens performance and leads to better decision-making and resiliency.

Our Diversity, Equity and Inclusion program and Accessibility Plan are comprehensive and based on feedback from employees and stakeholders. I'm very proud that our workforce meets or exceeds the representation of women, racialized minorities, and persons with disabilities. And that more than two-thirds of our corporate officers identify as women.

For the last two years, CDIC achieved a Great Place to Work Certification, benchmarking us against best-in-class across the country. We were also named one of the National Capital Region's Top Employers earlier this year.

This has helped us attract top talent. At the same time, we recognize the importance of making a positive impact beyond our work. In 2024, CDIC launched its Environmental, Social and Governance strategy to make our operations more sustainable for the benefit of our employees, communities, and people living in Canada.

Our partnership with Indspire—a national, Indigenous registered charity that invests in the education of First Nations, Inuit, and Métis people—is a great example. CDIC contributes by funding bursaries that provide Indigenous women with financial assistance to pursue a higher education. We're proud of this

partnership and encourage our members and stakeholders to join us in supporting Indigenous education initiatives.

I hope this meeting deepens your understanding of CDIC, deposit protection, and what we do to promote Canada's financial system stability.

I want to end with CDIC's latest ads, which were launched on September 9th. They're a true culmination of all the work we do. The ads feature CDIC as an everyday hero with the tagline: "we protect your deposits, that's what we do."

[Video 1: CDIC Ad](#)

[Video 2: CDIC Ad](#)

Angela Roberge

Well, there you have it. Not all heroes wear capes...but ours wear purple!

Thank you, everyone. What a busy and eventful year.

Before we go to the questions, Bob would like to add some final thoughts.

Bob Sanderson

As Angela observed, we had a busy year. This was all made possible by the hard work and unwavering commitment of our staff. All day. Every day.

Your expertise and professionalism are unparalleled.

So please take a bow! Angela, back to you.

Angela Roberge

Thank you, Bob. We have some time left for questions.

Before we start, just a quick note that some of the questions we received in advance contained personal information. Because this is a public forum, we can't answer those questions now. But rest assured, our staff will reach out to you directly.

With that – Leah, I'll start with you.

Conclusion

That concludes our 2024 Annual Public Meeting. Thank you to everyone who joined us this afternoon and sent us questions.

As a quick reminder, we will post a recording of this meeting and our responses to your questions on our website in the coming days. For regular updates and information, follow us on social media.

One final note: if you could please take a moment to fill out a short survey that'll appear on your screen once the broadcast ends, it would be much appreciated. Your feedback is important and will help us prepare for future events.

Thanks, everyone.