



Canada Deposit
Insurance Corporation

Société d'assurance-dépôts
du Canada

ANNUAL REPORT 1990

The 1990 Annual Report of the Canada Deposit Insurance Corporation is published by the CDIC. For information and additional copies, please write to:

Canada Deposit Insurance Corporation
Department of Corporate Communications
50 O'Connor Street, Suite 1707
P.O. Box 2340, Station D
Ottawa, Ontario
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Canada Deposit
Insurance Corporation

Société d'assurance-dépôts
du Canada

R.A. McKinlay

Chairman of the Board

Président du conseil d'administration

March 28, 1991

The Honourable Gilles Loiseleur
President of Treasury Board and
Minister of State (Finance)
140 O'Connor Street
L'Esplanade Laurier
21st Floor, East Tower
Ottawa, Ontario
K1A 0G5

Dear Minister:

I have the honour to submit to you the Annual Report of the Canada Deposit Insurance Corporation
for the fiscal year ended December 31, 1990.

Yours very truly,

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P.O. Box 156
Toronto-Dominion Centre
Toronto, Ontario
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CORPORATE PROFILE

Status and Objects

The Canada Deposit Insurance Corporation (CDIC) was established in 1967 by the Canada Deposit Insurance Corporation Act (CDIC Act), R.S.C. 1985, c. C-3, as amended. The Corporation is for all purposes an agent of Her Majesty in right of Canada and is a Crown corporation named in Part I of Schedule III to the Financial Administration Act.

The objects of the Corporation are to provide insurance against the loss of part or all of deposits, to be instrumental in the promotion of standards of sound business and financial practices for member institutions, and to promote and otherwise contribute to the stability and competitiveness of the financial system in Canada. These objects are to be pursued for the benefit of persons having deposits with member institutions and in such a manner as will minimize the exposure of the Corporation to loss.

To fulfill its objects, CDIC may, among other things, acquire assets from a member institution; make or guarantee loans to a member; make or cause to be made inspections of member institutions; prescribe standards of sound business and financial practices for members; and act as liquidator, receiver or inspector of a member institution or subsidiary thereof.

Membership

Membership with CDIC is limited to banks, federally incorporated trust or loan companies and provincially incorporated trust or loan companies. To obtain membership, an application must be submitted and approved by the Board of Directors. Provincially incorporated institutions must be authorized by the province of incorporation to apply for deposit insurance.

Inspections

Under the terms of the Canada Deposit Insurance Corporation Act, the Superintendent of Financial Institutions, on behalf of CDIC, examines the affairs of the sixty-four (64) banks and fifty-two (52) federally incorporated trust companies and loan companies. The thirty-five (35) provincial member institutions are examined by persons designated by the Corporation for that purpose and the reporting thereof to CDIC as provided for under section 29 of its Statute.

Premiums

The Corporation is funded by premiums which are assessed on the insured deposits of member institutions as at April 30th of each year. Premium levels for the 1990 premium year continued at the rate of 1/10 of 1% of insured deposit liabilities of member institutions. This rate was recommended by CDIC's Board of Directors and was approved by the Governor in Council.

Authority and Relevant Laws

Canada Deposit Insurance Corporation Act
Canada Deposit Insurance Corporation General By-Law
Investment Companies Act
Cooperative Credit Associations Act
Part X of the Financial Administration Act

Deposit Insurance Protection

The maximum deposit insurance limit is established by the CDIC Act. The maximum basic insurance is \$60,000 per person in each member institution. The \$60,000 maximum applies to all of the insurable deposits that a person has with the same member. CDIC provides separate protection for joint deposits, trust deposits and deposits held in registered retirement savings plans (RRSPs) and registered retirement income funds (RRIFs).

Insurance Agreement

Deposit insurance protection is the same for all member institutions with the exception of deposits accepted in the Province of Quebec by provincially incorporated members. The Province of Quebec has a deposit insurance plan of its own under the administration of the Quebec Deposit Insurance Board (QDIB). Under the terms of an agreement between CDIC and QDIB, deposits made in Quebec with provincially incorporated members are insured by QDIB and deposits made outside Quebec with such members are insured by CDIC. The maximum repayment from both agencies would not exceed \$60,000. Deposits made with federally incorporated members are insured by CDIC regardless of the province in which the deposit was made.

Publications

Annual Report
Canada Deposit Insurance Corporation Act
Canada Deposit Insurance Corporation General By-Law
Standards of Sound Business and Financial Practices:

- Interest Rate Risk Management
- Liquidity Management
- Real Estate Appraisals (draft)
- Credit Risk Management (draft)

Information brochure
Membership brochure

Consumer Assistance

CDIC offers a toll-free information service which provides answers to commonly asked questions about deposit insurance: **1-800-461-CDIC**

Head Office

Canada Deposit
Insurance Corporation
50 O'Connor Street
Suite 1707
P.O. Box 2340
Station D
Ottawa, Ontario
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Canada Deposit
Insurance Corporation
3408 - 79 Wellington Street, W.
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Toronto-Dominion Centre
IBM Tower
Toronto, Ontario
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BOARD OF DIRECTORS

The Corporation is administered by a Board of Directors which consists of the Chairman appointed by Governor in Council, the persons who hold the offices of the Governor of the Bank of Canada, the Deputy Minister of Finance, the Superintendent of Financial Institutions and a Deputy Superintendent of Financial Institutions, as well as four private-sector members, also appointed by Governor in Council.

Board of Directors

R.A. McKinlay⁽¹⁾⁽²⁾ Chairman

J.W. Crow	Governor of the Bank of Canada	H.M. Caron, O.C. ⁽²⁾	Chairman, Executive Committee La Presse Montreal
F.W. Gorbet	Deputy Minister of Finance	E. Susan Evans ⁽²⁾	Vice-President, Law & Corporate Affairs and Corporate Secretary, Encor Inc. Calgary
M.A. Mackenzie ⁽¹⁾	Superintendent of Financial Institutions	P.G. Morton ⁽¹⁾	President, Security Investment Corporation Ltd. Toronto
R.M. Hammond ⁽²⁾	Deputy Superintendent of Financial Institutions	R.N. Robertson, Q.C.	Partner and Co-Chairman, Fasken Campbell Godfrey Fasken Martineau Davis Toronto, Montreal, Vancouver, Quebec City

1. Member of the Executive Committee
2. Member of the Audit Committee

CDIC COMMITTEES

Executive Management Committee (EMC)

Chairman

J.P. Sabourin
President and Chief Executive Officer

Member Ex Officio

R.A. McKinlay
Chairman of the Board

Members

J.R. Lanthier
Vice-President, Finance

L.T. Lederman
Corporate Secretary and General
Counsel

J. Richards
Vice-President, Field Operations

G. St-Pierre
Vice-President,
Insurance and Risk Assessment

B.C. Scheepers
Vice-President, Operations

Real Estate Advisory Committee

Chairman

William C. Poole
(retired) Senior Vice-President,
Realty Advisory Group of the Toronto-Dominion Bank

Members

Joseph Berman
Co-founder and formerly Director,
Cadillac-Fairview Corporation

David E. Howard
(retired) Chairman,
Citicom Inc.

Kenneth Rotenberg
Chairman of the Board,
Rostland Corporation

Herbert I. Stricker
President,
Heathcliffe Development Limited

Standards Sub-Committee

Chairman

R.M. Hammond
Deputy Superintendent,
Insurance and Pensions Sector,
Office of the Superintendent of Financial Institutions

Vice-Chairman

G. St-Pierre
Vice-President,
Insurance and Risk Assessment,
CDIC

Members

J. Martin Castonguay
Partner, Deloitte & Touche,
Montreal

R.C. (Mac) McDonald
Senior Manager (Corporate Banking),
Royal Bank of Canada

U. Menke
Senior Corporate Advisor,
Office of the Superintendent
of Financial Institutions

J.R. Moffat
Managing Partner and Associate
General Counsel,
Royal Trust

K.E. Mylrea
Director,
Policy Development and Standards,
CDIC

Standards Advisory Group

Marcel Cazavan
(retired) Chairman,
General Trustco of Canada

Alan R. Marchment
(retired) Chairman,
President and Chief Executive Officer,
Guaranty Trustco Ltd.

Graeme K. Rutledge
Senior Partner,
Deloitte & Touche

Robert A. Utting
(retired) Vice Chairman,
Royal Bank of Canada

Standards Committee Secretary:

Ms. Gillian Strong
Legal Counsel,
CDIC

CHAIRMAN'S REMARKS

During 1990 the Canadian economy, as well as the economies of many other countries, experienced significant changes culminating in a recession environment towards the latter part of the year. The political scene, both nationally and internationally, also experienced dramatic events including the Gulf War which began early in the New Year and which thankfully was concluded at the end of February.

Reflecting this economic downturn, the 1990 annual reports of many members showed depressed profits and, in some cases, material losses.

However, and in spite of these unsettling developments, CDIC reduced its deficit by \$208 million. This is the fourth consecutive year in which a major deficit reduction has been achieved. In 1986 the deficit was \$1,245 million. As of December 31, 1990 it had been reduced to \$643 million.

Outlook

It would be unrealistic to expect any insurance company not to suffer claims from time to time and CDIC is no exception. However, experience has shown that by working co-operatively with regulators and with the management of member institutions having problems, rehabilitations have been achieved and where best efforts failed, losses have been minimized. There is no doubt that generally, our members are better placed to weather the current recession than they were to manage the downturn of the early 1980s.

The world-wide financial marketplace is undergoing a period of accelerating change. This brings both uncertainties and opportunities. New markets, new structures, new products, globalization, securitization and increasing speed of funds transfer, systems technology changes, coupled with new financial institutions legislation in many jurisdictions, all taken together, present challenges and risks to member institutions.

These challenges and risks can best be met by sound management practices. In this regard, it is accurate to say that in virtually every CDIC member institution failure, there have been major inadequacies in risk management techniques. It is our expectation that the promulgation and application of our Standards of Sound Business and Financial Practices by member institutions will result in lessened risks and enhanced opportunities.

Our canvass of economic forecasts currently available leads to the conclusion that the recession may abate during the second half of 1991, but that the improvement thereafter may be gradual.

Many of our members have material exposures to real estate and many of these exposures relate to Ontario domiciled loans. It is generally accepted that real estate valuations, from a lender's perspective, vary inversely with interest rate levels. The recent decline in these rates is beginning to show some positive effect in the real estate markets and could, all other things being equal, which they are not, allow one to conclude that the recession may have bottomed out.

Concerning the financial outlook for CDIC itself, for several years its Corporate Plans have provided that both the deficit and the borrowings from the Consolidated Revenue Fund will be eliminated in 1994. The 1991 Plan reiterated this target. Barring unforeseen events, our target for elimination of both the deficit and borrowings by 1994 is still realistic.

Canadian Commercial Bank and Northland Bank Litigation Settlement

By way of background, subsequent to the failure in 1985 of the Canadian Commercial Bank and the Northland Bank, litigation was commenced, or contemplated, against the auditors, directors and certain officers of these banks by the Liquidators, the Government of Canada (as represented by the Department of Finance) and CDIC, seeking recovery of damages claimed to have been incurred due to the conduct of the defendants.

In August 1988, at the initiative of CDIC and with the support of the Minister of Finance, the Honourable Michael Wilson, efforts were undertaken to settle this litigation and thereby avoid the cost, uncertainty and delay associated with formal litigation in the courts.

By way of an Order in Council, Mr. Justice L. W. Houlden of the Supreme Court of Ontario, Court of Appeal, was appointed to facilitate a settlement of this litigation.

The settlement process was itself complex and lengthy. Due in significant degree to the skill and dedication of Justice Houlden, along with that of the senior counsel involved whose names are too numerous to list here, a settlement of much of the litigation was achieved in November 1990 and subsequently confirmed by the Alberta and Manitoba courts supervising the liquidations of the two banks. The litigation against the directors and officers of the Northland Bank was not settled and is being pursued.

The total value of the settlement paid to the Liquidators is over \$130 million, of which it is expected that some \$48 million will accrue to CDIC. That matters of this size and complexity could be settled speaks volumes for the Canadian way of doing things and it is a credit to all involved.

Premium Levels

In accordance with the provisions of the CDIC Act and considering the financial outlook for the Corporation, the Board recommended to the Minister of State - Finance, the Honourable Gilles Loiselle, that the premiums for the 1991 premium year be continued at the rate of 1/10 of 1% of insured deposits in member institutions. The Act provides that premium levels can be as high as 1/6 of 1%, although to date the maximum has not been utilized.

CDIC Management

On May 31, 1990, Mr. Charles de Léry completed his six-year term of office as President and Chief Executive Officer of CDIC. During his tenure the Corporation was reorganized and grew significantly. At its meeting in June 1990, the Board of Directors formally recognized with appreciation the contribution that Mr. de Léry had made to CDIC during his term of office.

On June 1, 1990, Mr. J.P. Sabourin, M.B.A., was appointed President and Chief Executive Officer by way of an Order in Council. Prior to his present appointment, Mr. Sabourin was employed in various capacities with the Corporation for some fourteen years and most recently as Executive Vice-President and Chief Operating Officer.

At its meeting on November 7, 1990, the Board of Directors appointed Ms. Johanne R. Lanthier, C.G.A., as Vice-President, Finance and in that capacity, she assumed the duties of the chief financial officer of the Corporation.

On December 21, 1990, the Minister of Justice, the Honourable A. Kim Campbell, P.C., Q.C., M.P., advised Mr. L. T. Lederman, the Corporate Secretary and General Counsel of CDIC, that he had been appointed a Queen's Counsel (Q.C.) in recognition of his professional eminence in the law.

Also during the year, eight employees received professional designations or postgraduate degrees. These promotions, honours and designations reflect the initiative of our employees and the CDIC policy of providing opportunities and encouragement for career development within the Corporation.

Development of Standards and Loss Prevention

In 1989, the Board of Directors established a Sub-Committee and charged it with the responsibility of developing Standards of Sound Business and Financial Practices for member institutions in accordance with the relevant provisions of the CDIC Act. This committee, whose members are listed elsewhere in this Report, was chaired by Mr. R. M. Hammond, a Deputy Superintendent of Financial Institutions. The Corporation is most grateful to the Chairman and members of this committee for their dedication and for the high quality of the Standards which they have produced. Present expectations are that this major project will be concluded before the end of 1991.

Throughout the development process, the Sub-Committee has been assisted by industry executives and there has been wide consultation with member institutions, regulators and professional and industry associations. Indications to date are that the Standards have been well received.

The Standards, which are described more fully in the President's Review of Operations, are intended to require that member institutions have management processes in place which should, to a significant degree, preclude the development of major financial problems that could threaten a member. The thrust of these standards is therefore directed towards problem prevention. As far as financial institutions are concerned, we believe that CDIC is pioneering with this approach, but of course the concept of loss prevention has been practiced by insurers in other fields for many years.

International Conference on Deposit Insurance

In September 1990, Mr. Sabourin and I attended an International Conference on Deposit Insurance hosted by the Federal Deposit Insurance Corporation (FDIC) in Washington, D.C. The purpose of the Conference, which was attended by representatives from 27 countries, was to provide a forum for the exchange of ideas and experiences concerning deposit insurance issues. I presented a paper on "Deposit Insurance in Canada". Our approach to Standards of Sound Business and Financial Practices, which was outlined in the paper, attracted some interest, as did the fact that we are able to carry out our work with a relatively small organization.

Financial Institutions Restructuring Program (FIRP)

Late in 1986, as a result of a collective effort by the Departments of Finance and Justice and CDIC and with the full support of the Minister, a special Act of the Parliament of Canada was passed to provide the legislative framework to effect the transfer of the operations of the Bank of British Columbia to the Hongkong Bank of Canada.

CDIC believes that the concepts used to resolve the problems of the Bank of British Columbia should be made available for general application by way of an appropriate amendment to the CDIC Act. A significant amount of work has already been done in the area of policy review and drafting of the relevant amendment to the CDIC Act.

Appreciation

Much was accomplished by CDIC during the 1990 year of which the significant deficit reduction achieved is the ultimate measure. Some potentially major problems have been averted due, in significant degree, to the dedication of the CDIC employees at all levels. These satisfactory results could not have been achieved without the much appreciated co-operation which CDIC received from the federal agencies and from the provincial regulatory authorities, concerned with financial institutions.

I know the Board of Directors is most appreciative of the quality of the work of the employees of the Corporation, and it is aware of the extra efforts they put forward to make things happen.

The Real Estate Advisory Committee, chaired by Mr. W. Poole, is marking its sixth year of providing advice of great value to CDIC. Given the present state of the real estate industry in Ontario and elsewhere in Canada, we will continue to rely on their wisdom to assist us with real estate-related problems.

At the end of the year there remained 17 failed member institutions being administered by liquidators on behalf of CDIC which, in most cases, is a very significant creditor. The Corporation continues to be grateful to these professionals as well as to those in the legal profession across Canada who have provided high quality service during the year and which has again resulted in material reductions in the general provision for loss.

During the year the Board met 14 times, including meetings in Quebec City, Halifax and Toronto. It is considered that the practice of holding a few out-of-Ottawa meetings each year furthers the nation-wide awareness of the role of the Corporation and enables its directors and senior officers to meet business, professional and government leaders, as well as representatives of member institutions located in these centres.

Given the significant contribution which the Board of Directors has made to the very satisfactory results of CDIC in recent years, it is my strong opinion that the concept of boards or advisory committees having both public and private sector representation would have productive application in other areas of the government service.

Finally, on my own behalf, I wish to express genuine gratitude to the CDIC Board of Directors. The Corporation is indeed fortunate to have a Board made up of such dedicated and able people drawn equally from the public and private sectors. This blend of talents and experience continues to add much to the senior policy formulation at CDIC, as well as to the resolution of major operating matters which are brought to the Board for its consideration.

The 28th day of March 1991.

A handwritten signature in black ink, appearing to read 'R. McKinlay', written in a cursive style.

Ronald A. McKinlay
Chairman

PRESIDENT'S REVIEW OF OPERATIONS - 1990

Foreword

The past year has been one of challenge and change at CDIC. In addition to the difficulties and uncertainties in the economy, the Corporation experienced a number of major organizational changes. I am particularly pleased, therefore, to report that the Corporation continues well on track in achieving its major plans and objectives. Indeed, it has perhaps never been better positioned to be able to perform its responsibilities than it is now. Our strengths developed through our experience, our skills, our systems and our teamwork have been, and continue to be, improved and consolidated. We are now, as well, building on them through greater emphasis on coordinated planning.

This Review of Operations will give highlights of this planning – both for 1990 and for 1991. The goal is to provide the reader with more information, presented in a more systematic way. Accordingly, these plans and objectives, and the terminology and approach set out here, are primarily those established in CDIC's Corporate Plan prepared in accordance with the Financial Administration Act.

A copy of a Summary of the current Corporate Plan (1991-1995) is available on request.

The Year in Review - Plans and Objectives, 1990

In last year's Corporate Plan (1990-1994), we established five broad corporate goals:

- *To have no claims on the Deposit Insurance Fund.*
- *To operate in an effective and financially efficient manner.*
- *To eliminate the Deposit Insurance Fund deficit by 1994.*
- *To increase and maintain public awareness of deposit insurance.*
- *To strengthen relationships with member institutions.*

These goals were very broad and not easy to measure. Accordingly, as intermediate steps to their achievement, 30 measurable objectives were set. At year end, 22 of these had been accomplished or were on target.

Major accomplishments during the past year included:

Standards

The initial phases of the development of standards of sound business and financial practices ("Standards") were completed. A major and complex initiative, mandated by the last round of amendments to the CDIC Act in 1987, these Standards attempt to reflect proper "practice" in such areas as: Interest Rate Risk Management, Liquidity Management, Credit Risk Management, Real Estate Appraisals, Capital Management, Foreign Exchange Risk Management, Internal Controls and the Role of the Board of Directors and Management. The theme for these Standards has been to reflect the existing practice of leading institutions, not to create artificial yardsticks or yet another layer of regulatory requirements. Accordingly, consultation with member institutions and regulators has been a paramount consideration. Out of the eight Standards thus far completed, two Standards (Interest Rate Risk Management and Liquidity Management) have been issued to member institutions, and six are in different stages of development.

The implementation of these Standards is of great importance. They should constitute a very helpful tool both for CDIC and for the industry. Since our experience shows that insolvency is closely linked to management-related inadequacies, more specifically the failure to utilize basic risk management techniques, the earlier these inadequacies can be detected and either remedied or dealt with, the better.

The response to our consultations, especially from such stakeholders as member institutions, industry associations and regulators, has been positive and encouraging. We expect that all Standards will be finalized in the latter part of 1991, well before our original target date for completion.

Copies of those Standards that have been issued and discussion drafts of others are available on request.

Risk Monitoring

A study to assist in the operation of CDIC's Monitoring Department was completed, and the formulation of supporting objectives and strategies was begun.

Work was done on the development of a model to aid in assessing CDIC's risk as an insurer. Part of this project involved the identification of pertinent financial data on member institutions; and to this end CDIC has worked with the other agencies in the Financial Institutions Supervisory Committee to develop common requirements for standardized data reporting.

Primary Regulators

In essence, the similarities in the responsibilities of CDIC and the primary regulators, and their necessary interrelationships in assessing and dealing with risk, require a close coordination and reliance on one another's work. In this regard, administrative agreements between CDIC and the federal regulator, and between CDIC and the various provincial regulators are contemplated.

Debt Management

The Corporation has formalized its debt management policy and established interest rate risk limits. With the application of the new policy on debt management, and the formation of an Asset/Liability Management Committee, CDIC has insulated itself in large measure from the effect of fluctuations in interest rates. By strengthening our risk management policy, we believe the results will provide further assurance that the deficit will be eliminated, as planned, during 1994, barring a significant loss as a result of member institution failure.

Return of Insured Deposits

New instructions on the filing of the CDIC Return of Insured Deposits and on the examination framework associated with it were developed and issued.

Coordination and Liaison

Relationships with stakeholders were enhanced through the formation of committees and regularly scheduled meetings.

Meetings with federal and provincial regulators are now scheduled at least quarterly, and in some cases monthly.

Ongoing dialogue occurs with member and other industry associations. More specifically, a CDIC consultative committee has been formed to provide a forum for ongoing consultation with The Canadian Bankers' Association and the Trust Companies Association of Canada.

Public Awareness

Pre- and post-campaign surveys clearly indicate that CDIC's second Public Awareness Campaign, held early in 1990, met its objective of increasing and maintaining public awareness of deposit insurance.

The 1991 Campaign, now in progress, gives every indication of success as well, featuring as it does a new, personalized, and more prominent membership sign.

By-Laws

The development process for by-laws respecting such matters as application for membership, policy of deposit insurance, premium surcharge, and trust and joint account disclosure, was advanced significantly during the year. We expect that these by-laws will be finalized in the latter part of 1991 and implemented thereafter.

Effectiveness and Efficiency

A number of objectives were set to help achieve effective and efficient operations.

Progress was made in developing the systems and controls necessary to support CDIC's corporate infrastructure. Initiatives such as the enhancement of services in the areas of information systems, human resources, corporate communications, linguistic services, insurance and compliance, field operations, records management, corporate planning, and internal audit were undertaken and have now largely been accomplished.

One measure of effective and efficient operations is CDIC's ability to manage its affairs within the approved Operating and Capital Budgets. In this regard, CDIC's 1990 operating expenses of \$12.3 million were significantly below the budget of \$17.3 million. In large measure this was due to reduced legal fees resulting from the settlement of anticipated litigation. Actual capital expenditures for 1990 totalled \$450 thousand, again significantly below the budget of \$824 thousand.

The Challenges Ahead - Plans and Objectives, 1991

In this year's Corporate Plan (1991-1995), CDIC has restated its five goals from 1990 into three.

These are:

- *To manage the risk to the Deposit Insurance Fund.*
- *To operate in an effective and financially efficient manner.*
- *To strengthen relationships with stakeholders.*

In the context of these, we have also redefined the Corporation's objectives, strategies and critical paths to provide criteria for measuring performance against the Corporate Plan.

The major objectives for 1991 will be to:

- *Implement and monitor the Standards of sound business and financial practices.*
- *Continue the development of a monitoring system for problem member institutions, including early-warning capability.*
- *Finalize the development and implementation of by-laws.*
- *Develop and implement a corporate mission statement and strategic management system, together with appropriate performance indicators.*
- *Develop and implement an automated commitment control system for budgeting control and planning purposes.*
- *Finalize the development and codification of corporate policies and associated procedures in the form of a Policy and Procedures Manual.*

Financial Results for the Year 1990

A five-year financial and statistical summary, together with key comparative indicators have been included in this year's report and are highlighted on pages 21-22. The purpose of such indicators is to provide the reader with a review of the actual results as against the Corporate Plan.

Funding

Deficit Elimination

CDIC has a substantial debt and a large accumulated deficit as a result of numerous member institution failures during the 1980s. A summary of the payments, recoveries and estimated losses for these institutions was included in CDIC's Annual Report for 1989.

Our overall objective is to eliminate the deficit by 1994. This having been achieved, CDIC will begin to establish an appropriate Deposit Insurance Fund to meet future needs. This should enable the level of premiums assessed against member institutions to be reduced over time.

Prevention/Mitigation of Future Losses

CDIC's first line of defence against future loss is the prevention of member failure or the mitigation of the harm flowing from it. The prudence of member institutions and their ongoing profitability are, of course, fundamental. Adherence to sound business and financial practices is a necessary base for this. On the other hand, any significant deviation from such sound practices should serve as an important, and a relatively early, warning of trouble. Hopefully, it can be an early enough warning that CDIC can either play a role in rehabilitating a member institution or in mitigating the harm from a failure.

Premiums

Since 1988, member institutions have been assessed annual premiums at 1/10 of 1% of deposits. This has yielded total premiums for these three years of \$732 million. With Governor in Council approval, however, premiums can indeed be increased up to 1/6 of 1%.

As mentioned previously, our objective is to eliminate the deficit by 1994, and we therefore see no need to increase the present rate, at this time.

Premiums assessed in 1990 totalled \$271 million. This represented an increase of \$26 million over 1989, significantly above our projections.

Since its inception in 1967, the Corporation has assessed premiums totalling \$1.5 billion.

Insured Deposits

Insured deposits as a percentage of total deposit liabilities increased from 44% in 1989 to 48% in 1990. Although many factors have undoubtedly contributed to this, we believe that such an increase was due to increased savings in registered products, high yields on interest-bearing assets relative to the stock market and, to a certain extent, CDIC's Public Awareness Program.

Deficit Reduction

The year 1990 saw CDIC's deficit reduced by \$208 million, from \$851 million to \$643 million. This substantially surpassed our Corporate Plan projections of a reduction to \$760 million. We still project total elimination of the current deficit in 1994. However, if CDIC were to incur significant losses in the future, the question of premium levels would need to be revisited. Simply put, sound funding, and continued depositor confidence in the deposit insurance system must be maintained.

Recoveries on Outstanding Claims in Member Institutions in Liquidation

During 1990, CDIC recovered some \$49 million in claims relating to insolvent member institutions, as compared to forecasted recoveries of \$51 million.

We projected that during 1990, the liquidation of three estates would be completed. However, due to some continuing litigation, only one – the liquidation of London Loan Limited – was completed, with the court discharging the Liquidator. At the date of liquidation in 1985, CDIC repaid the insured depositors of London Loan approximately \$24 million. Estimated recoveries were projected to be in the order of \$14 million. CDIC's actual recoveries were in fact \$5 million greater – \$19 million in total. Accordingly, our actual loss of principal was \$5 million.

During 1991, it is expected that the liquidation of three estates will be completed and the Liquidators discharged. We project that CDIC will receive \$30 million from further distributions during 1991 and will, within the next five years, recover approximately \$500 million from the proceeds of liquidation of the remaining seventeen estates.

Organizational Issues

There have been a number of significant accomplishments since the corporate reorganization following the 1987 CDIC Act amendments.

To be successful over the long term, and indeed to be able to react to the rapid changes which currently pervade the financial marketplace, an organization such as CDIC must have the flexibility to deal with unforeseen problems and with unexpected opportunities. CDIC has at its disposal the human resources, the funding, and the management information systems to give it this flexibility. Furthermore, our structure and strategies, and our contingency plans are continually evaluated and, where necessary, enhanced to ensure a fit with the environment in which we operate.

The Corporation, as a fundamental part of its strategy, does not assemble all of the resources in-house to handle all aspects of all matters that come before it, or to handle peak volumes. Rather, it seeks to continuously balance internal and external capabilities, with any particular mix at any particular time depending, among other things, on the nature, timing and volume of the work.

In this regard, CDIC is a relatively small organization, and employs as at December 31, 1990, 65 people. As set out in our approved Corporate Plan (1991-1995), it is contemplated that additional human resources will be required in 1991 and in future, mostly in the areas of information systems and insurance and risk assessment.

Conclusion

The success of CDIC's endeavours is due to the hard work and dedication of our people, and reflects the strong guidance and wisdom provided by our Chairman, R.A. McKinlay, and our past President and Chief Executive Officer, C.C. de Léry. Our employees have once again met the test, and are commended for their efforts and continued commitment to excellence.

As mentioned in the Chairman's Remarks, I assumed the position of President and Chief Executive Officer on June 1, 1990. I welcome the opportunity to provide leadership and form part of a team that will participate in CDIC's future and meet challenges that lie ahead.

The 28th day of March 1991.

A handwritten signature in black ink, consisting of a stylized 'J' and 'S' intertwined, enclosed within an oval shape.

Jean Pierre Sabourin
President and Chief Executive Officer

FIVE-YEAR FINANCIAL AND STATISTICAL SUMMARY

1990 1989 1988 1987 1986

(\$ millions unless otherwise indicated)

Insurance Program

Deposit Insurance Fund (deficit)	(643)	(851)	(1,017)	(1,108)	(1,245)
Total insured deposits (\$ billions)	270	245	216	199	188
Premiums assessed	271	245	216	200	217

Assets and Liabilities

Payment of claims in respect of insured deposits	-	4	-	117	98
Recoveries of claims	49	198	110	154	144
Additional loans from the Consolidated Revenue Fund (repayments)	(150)	(320)	461	282	16

Operations

Total revenues	3	3	2	4	9
Total expenses	12	12	8	9	8
Net earnings (loss) from investment and administrative operations	(9)	(9)	(6)	(5)	1

Member Institutions

Number of Federal Institutions	116	121	120	125	123
Number of Provincial Institutions	35	33	36	37	40
Number of Insolvencies	-	-	-	1	1

Employees

Number of employees	65	63	48	45	33
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KEY COMPARATIVE INDICATORS

	Plan 1990	Actual 1990	Plan 1989	Actual 1989
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(\$ millions unless otherwise indicated)

Financial

Deposit Insurance Fund (deficit)	(760)	(643)	(936)	(851)
Loans from the Consolidated Revenue Fund	1,194	1,283	1,191	1,439
Premiums	262	271	229	245
Recoveries of claims	51	49	353	198
Interest expense on loans from the Consolidated Revenue Fund	137	146	147	171
Operating budget	17	12	17	12

Others

Insured deposits as a percentage of total deposit liabilities	45%	48.3%	42%	43.9%
Growth rate of insured deposits	7%	10.4%	6%	13.6%
Average cost of funds	10.2%	10.9%	9.9%	10.8%

MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

February 28, 1991

The accompanying financial statements of the Canada Deposit Insurance Corporation and all information in this annual report are the responsibility of management and the financial statements have been approved by the Board of Directors. The financial statements include some amounts that are necessarily based on management's best estimates and judgement.

The financial statements have been prepared by management in accordance with generally accepted accounting principles. Financial information presented elsewhere in the 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 authorized, assets are safeguarded and proper records are maintained in accordance with the Financial Administration Act and regulations as well as the Canada Deposit Insurance Corporation Act and by-laws of the Corporation. The system of internal control is augmented by internal audit which conducts periodic reviews of different aspects of the Corporation's operations. In addition, the internal and external auditors have free access to the audit committee of the Board, which oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting.

In accordance with its Statutory Objects, the Corporation monitors the operations of its member institutions with varying degrees of intensity, as circumstances warrant. Except for two institutions referred to in note 8 of the financial statements where we have not yet been able to estimate the extent of loss, if any, we are not aware of any other situations at this time where the Corporation is exposed to a material loss.

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



Jean Pierre Sabourin
President and Chief Executive Officer



Johanne R. Lanthier
Vice-President, Finance



AUDITOR GENERAL OF CANADA

VÉRIFICATEUR GÉNÉRAL DU CANADA

AUDITOR'S REPORT

To the Minister of Finance

I have audited the balance sheet of the Canada Deposit Insurance Corporation as at December 31, 1990 and the statements of deposit insurance fund, investment and administrative operations and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part X of the Financial Administration Act and regulations, the Canada Deposit Insurance Corporation Act and the by-laws of the Corporation.

Kenneth M. Dye, F.C.A.
Auditor General of Canada

Ottawa, Canada
February 28, 1991

BALANCE SHEET

as at December 31, 1990

Assets

1990

1989

(in thousands of dollars)

Cash and Treasury bills	\$ 74,426	\$ 85,490
Premiums and other accounts receivable	7,451	4,116
Assets acquired from insolvent member institutions	219	316
Furniture, equipment and leasehold improvements	1,053	1,070
	83,149	90,992
Loans to member institutions and others (Note 3)	104,765	111,021
Claims against insolvent member institutions (Note 4)	751,653	891,154
	856,418	1,002,175
General provision for loss (Notes 5 and 8)	(296,000)	(502,000)
	560,418	500,175
	<u>\$ 643,567</u>	<u>\$ 591,167</u>

Liabilities

1990

1989

(in thousands of dollars)

Accounts payable	\$ 3,414	\$ 3,312
Loans from the Consolidated Revenue Fund (Note 6)	<u>1,282,715</u> 1,286,129	<u>1,438,654</u> 1,441,966

Deposit Insurance Fund

Deficit at year end	<u>(642,562)</u>	<u>(850,799)</u>
	<u>\$ 643,567</u>	<u>\$ 591,167</u>

Approved by the Board:



Chairman



Director

STATEMENT OF DEPOSIT INSURANCE FUND

for the year ended December 31, 1990

	1990	1989
	<i>(in thousands of dollars)</i>	
Deficit, beginning of year	\$ (850,799)	\$ (1,017,105)
Insurance operations		
Premiums (Note 7)	271,449	244,909
Interest on loans to member institutions and others	9,040	20,112
Other interest	3,771	3,270
	<u>284,260</u>	<u>268,291</u>
Interest on loans from the Consolidated Revenue Fund	145,595	171,164
Provision for loss adjustment	(78,694)	(77,733)
Other interest	11	-
	<u>66,912</u>	<u>93,431</u>
Gain from insurance operations	217,348	174,860
Net loss from investment and administrative operations	(9,111)	(8,554)
Gain from operations for the year	<u>208,237</u>	<u>166,306</u>
Deficit, end of year	<u>\$ (642,562)</u>	<u>\$ (850,799)</u>

STATEMENT OF INVESTMENT AND ADMINISTRATIVE OPERATIONS

for the year ended December 31, 1990

1990 **1989**
(in thousands of dollars)

Interest revenue

Treasury bills	\$ 3,198	\$ 3,583
Other	8	21
	<u>3,206</u>	<u>3,604</u>

Expenses

Inspection, legal and other fees	2,487	3,280
Salaries and other personnel costs	3,534	3,045
Public awareness program	4,062	3,436
General and administrative	1,411	1,205
Premises	636	660
Data Processing	187	532
	<u>12,317</u>	<u>12,158</u>

Net loss from investment and administrative operations	<u>\$ (9,111)</u>	<u>\$ (8,554)</u>
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STATEMENT OF CHANGES IN FINANCIAL POSITION

for the year ended December 31, 1990

1990 1989
(in thousands of dollars)

Operating Activities

Gain from operations for the year	\$ 208,237	\$ 166,306
Non-cash items included in gain:		
Amortization	451	302
Provision for loss adjustment	(78,694)	(77,733)
Increase in receivables and payables	(3,233)	(1,124)
Increase (decrease) in accrued interest on loans from the Consolidated Revenue Fund	(5,939)	12,168
Realization (acquisition) of assets from insolvent member institutions - net	97	(169)
Loans to member institutions and claims against insolvent member institutions - net	18,451	244,173
Cash provided by operating activities	139,370	343,923

Investing Activities

Purchase of capital assets - net	(434)	(781)
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Financing Activities

Decrease in loans from the Consolidated Revenue Fund	(150,000)	(320,000)
Cash and Treasury bills:		
Increase (decrease) during the year	(11,064)	23,142
Balance, beginning of year	85,490	62,348
Balance, end of year	<u>\$ 74,426</u>	<u>\$ 85,490</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 1990

1. Authority and Objective

The Corporation was established in 1967 by the Canada Deposit Insurance Corporation Act (the CDIC Act). It is a Crown corporation named in Part I of Schedule III to the Financial Administration Act.

The objects of the Corporation are to provide insurance against the loss of part or all of deposits, to be instrumental in the promotion of standards of sound business and financial practices for member institutions, and to promote and otherwise contribute to the stability and competitiveness of the financial system in Canada. The aforementioned objects are to be pursued for the benefit of depositors of member institutions and in such manner so as to minimize the exposure of the Corporation to loss.

The Corporation has the power to do all things necessary or incidental in the furtherance of its objects including the acquisition of assets from or guarantee of loans to a member institution. It may make or cause to be made inspections of member institutions, prescribe standards of sound business and financial practices, and act as liquidator, receiver or inspector of a member institution or a subsidiary thereof.

2. Significant Accounting Policies

Basis of Preparation. These financial statements have been prepared in accordance with generally accepted accounting principles.

These financial statements do not reflect the assets, liabilities or operations of member institutions whose operations the Corporation is financing in order to secure an orderly wind-down.

The policies adopted are set out below.

Premium Recognition. Premiums are recognized when assessed and are based on insured deposits with member institutions as at April 30 of each year. Premiums are collectible in two equal instalments, on June 30 and December 31 of the year.

General Provision for Loss. The general provision for loss reflects the Corporation's best estimate of losses in respect of only those member institutions against which the Corporation has or is certain to have a financial claim. This estimate includes consideration of losses expected in respect of claims against insolvent member institutions arising from payments made to insured depositors and of loans made to member institutions and others under an agency or loan agreement.

Claims against insolvent member institutions and loans to member institutions and others, may be written off in full or in part when, in the opinion of the Corporation, there is reasonable certainty that the claims and loans will not be fully realized. This would generally occur when a period of three years has elapsed since the intervention by the Corporation. The Corporation is required to exercise judgement in arriving at its decision to write off all or a portion of its claims and loans. Also the amount written-off depends largely on the availability of reliable information regarding the amount the Corporation expects to lose with respect to a particular insolvent member institution.

Interest Income Recognition. The Corporation charges interest on loans advanced, directly or indirectly, by it in accordance with the specific terms of the loan agreements. It ceases to recognize interest income when an insolvent member institution is placed in liquidation or when there is a reasonable doubt as to the ultimate collectibility of the interest. When reasonable doubt is present, interest revenue is recognized only as cash is received.

3. Loans to Member Institutions and Others

Under the general powers of subsection 10(1) of the CDIC Act, the Corporation has, under the provisions of loan agreements, made secured loans to member institutions and others. The outstanding loan balance as at December 31, 1990, for three (3) loans made prior to 1990, is \$76.3 million (December 31, 1989: \$111 million). The Corporation is presently accruing interest on \$58.75 million of these loans. No interest is being accrued on the remaining \$17.6 million since the ultimate collectibility of the interest is doubtful.

During the year, the Corporation entered into a new loan agreement to assist in the orderly winding-down of a member institution. In accordance with this agreement, advances were made during the year. As at December 31, 1990, a secured loan of \$28.5 million is outstanding. The Corporation is not accruing interest on this loan since it is unlikely that interest will be recovered from this institution.

4. Claims Against Insolvent Member Institutions

Claims against insolvent member institutions arise through the subrogation of the rights and interests of the depositor when the Corporation pays that depositor's claim. The Corporation also asserts a claim against insolvent member institutions in liquidation, arising out of loans previously advanced by the Corporation. The Corporation has asserted claims against all its insolvent member institutions which were placed in liquidation.

5. General Provision for Loss

The following table provides details of the calculation of the general provision for loss as reflected on the balance sheet:

	1990	1989
	<i>(in thousands of dollars)</i>	
Balance, beginning of year	\$ 502,000	\$ 584,000
Provision for loss adjustment	<u>(78,694)</u>	<u>(77,733)</u>
	423,306	506,267
Less write-offs:		
Claims against insolvent member institutions	90,812	4,267
Loans to member institutions and others	<u>36,494</u>	<u>-</u>
	127,306	4,267
Balance, end of year	<u>\$ 296,000</u>	<u>\$ 502,000</u>

Last year, the Corporation stated that it was a claimant in a number of judicial actions arising out of the collapse or insolvency of various member institutions. During the year, certain major actions were settled. These settlements account for the major portion of the \$78.694 million adjustment in 1990.

6. Loans from the Consolidated Revenue Fund

With the approval of the Governor in Council, the Corporation can borrow up to \$3 billion from the Consolidated Revenue Fund.

As at December 31, 1990, the Corporation has \$1,283 million in outstanding loans including accrued interest of \$58 million (1989: \$1,439 million including accrued interest of \$64 million).

These loans bear interest at various annual rates ranging from 9.95% to 12.64% and are repayable according to the following schedule:

<i>(in thousands of dollars)</i>	
1991	\$ 276,000
1992	414,000
1993	395,000
1994	140,000
Accrued interest at December 31, 1990	58,000
	<u>\$1,283,000</u>

7. Premiums

At the request of the Corporation and in accordance with paragraph 21(1)(b) of the CDIC Act, the Governor in Council fixed the premium rate for the premium year 1990, at one-tenth of one percent of insured deposits, the same rate as in 1989.

8. Contingent Liabilities

Exposure to loss in respect of member institutions

The financial condition of two related member institutions, one of which has substantial insured deposits, deteriorated during the year, which significantly increased the Corporation's exposure to loss. The Corporation is currently examining options to assist in a sale or a wind-down of these member institutions in a manner to meet its Statutory Objects. Presently, the Corporation does not have adequate information to estimate reasonably the amount of any loss that may result from a sale or wind-down. The loss, if any, will be accounted for as a charge to the Deposit Insurance Fund when it can be reasonably estimated.

In addition, during the year, the Corporation has provided an underlying guarantee of a \$17 million secured liability of these members to their bank.

Litigation

The Corporation is a defendant in a number of judicial actions arising out of the collapse or insolvency of various member institutions. The Corporation does not believe it has any liability as a result of these actions and has therefore not provided for any potential claims.

9. Income Taxes

The Corporation is subject to federal income taxes although it is not subject to taxation on premiums assessed and may not take a deduction for claims paid.

The Corporation has available losses which can be carried forward to reduce future years' earnings otherwise subject to taxation. Such losses total \$782 million and expire as follows:

Originating Taxation Year	Expiring Taxation Year	Amount <i>(in thousands of dollars)</i>
1984	1991	\$ 44,000
1985	1992	81,000
1986	1993	85,000
1987	1994	167,000
1988	1995	165,000
1989	1996	156,000
1990	1997	84,000
		<u>\$ 782,000</u>

10. Insured Deposits

Deposits insured by the Corporation, on the basis of returns received from member institutions, as at April 30, 1990 and 1989, were as follows:

	1990	1989
	<i>(in billions of dollars)</i>	
Federal Institutions	\$248	\$225
Provincial Institutions	<u>22</u>	<u>20</u>
	<u>\$270</u>	<u>\$245</u>

11. Long-Term Operating Lease Commitments

The Corporation has entered into a ten(10)-year operating lease for its premises commencing October 1, 1990 with an option for one renewal term of five (5) years. Minimum lease payments are as follows:

Year Ending December 31	Amount
1991	\$ 589,000
1992	652,000
1993	670,000
1994	676,000
1995	694,000
1996 to 2000	<u>3,594,000</u>
	<u>\$6,875,000</u>

12. Comparative Figures

Certain of the 1989 figures have been reclassified to conform with the presentation adopted for 1990.

CDIC MEMBER INSTITUTIONS

FEDERALLY INCORPORATED

BANKS

ABN AMRO Bank Canada	Hanil Bank Canada
ANZ Bank Canada	Hongkong Bank of Canada
Banca Commerciale Italiana of Canada	Industrial Bank of Japan (Canada) (The)
Banca Nazionale Del Lavoro of Canada	International Commercial Bank of Cathay (Canada)
Banco Central of Canada	Israel Discount Bank of Canada
Bank Hapoalim (Canada)	Korea Exchange Bank of Canada
Bank Leumi Le-Israel (Canada)	Laurentian Bank of Canada
Bank of America Canada	Manufacturers Hanover Bank of Canada
Bank of Boston Canada	Mellon Bank Canada
Bank of Credit and Commerce Canada	Mitsubishi Bank of Canada
Bank of Montreal	Mitsui Taiyo Kobe Bank (Canada)
Bank of New York Canada	Morgan Bank of Canada
Bank of Nova Scotia (The)	National Bank of Canada
Bank of Tokyo Canada (The)	National Bank of Greece (Canada)
Banque Nationale de Paris (Canada)	National Westminster Bank of Canada
Barclays Bank of Canada	NBD Bank, Canada
BT Bank of Canada	Overseas Union Bank of Singapore (Canada)
Canadian Imperial Bank of Commerce	Paribas Bank of Canada
Canadian Western Bank	Republic National Bank of New York (Canada)
Chase Manhattan Bank of Canada (The)	Royal Bank of Canada
Chemical Bank of Canada	Sanwa Bank Canada
Cho Hung Bank of Canada*	Security Pacific Bank Canada
Citibank Canada	Société Générale (Canada)
Crédit Lyonnais Canada	Sottomayor Bank Canada*
Credit Suisse Canada	Standard Chartered Bank of Canada
Dai-Ichi Kangyo Bank (Canada)	State Bank of India (Canada)
Daiwa Bank Canada	Sumitomo Bank of Canada
Deutsche Bank (Canada)	Swiss Bank Corporation (Canada)
Dresdner Bank Canada	Tokai Bank Canada
First Interstate Bank of Canada	Toronto-Dominion Bank (The)
First National Bank of Chicago (Canada) (The)	Union Bank of Switzerland (Canada)
Fuji Bank Canada	United Overseas Bank (Canada)

*New member institutions during 1990.

CDIC MEMBER INSTITUTIONS

FEDERALLY INCORPORATED

TRUST COMPANIES AND LOAN COMPANIES

AGF Trust Company	Merchant Trust Company (The)
Bank of Montreal Mortgage Corporation	Metropolitan Trust Company of Canada
Bayshore Trust Company	Montreal Trust Company of Canada
Canada Trust Company (The)	Morgan Trust Company of Canada
Canada Trustco Mortgage Company	Morguard Mortgage Investment Company of Canada
CanWest Trust Company	Mutual Trust Company (The)
Central Guaranty Mortgage Corporation	National Bank Mortgage Corporation
Central Guaranty Trust Company	Peace Hills Trust Company
CIBC Mortgage Corporation	Peoples Trust Company
Citibank Canada Mortgage Corporation	Premier Trust Company (The)
Citizens Trust Company	Prenor Trust Company of Canada
Co-operative Trust Company of Canada	Regional Trust Company (The)
Equitable Trust Company (The)	Royal Bank Mortgage Corporation
Evangeline Savings and Mortgage Company	Royal Trust Corporation of Canada
Evangeline Trust Company	Scotia Mortgage Corporation
First City Mortgage Company	Security Home Mortgage Investment Corporation
Focus National Mortgage Corporation	Seel Mortgage Investment Corporation
General Trust Corporation of Canada	Settlers Savings and Mortgage Corporation
Granville Savings and Mortgage Corporation	Standard Loan Company
Guardcor Loan Company	Standard Trust Company
HongkongBank Mortgage Corporation	Sun Life Savings and Mortgage Corporation
Household Trust Company	Sun Life Trust Company
Income Trust Company	TD Mortgage Corporation
International Trust Company (The)	TD Pacific Mortgage Corporation
Laurentian Bank of Canada Mortgage Corporation	Victoria and Grey Mortgage Corporation
League Savings & Mortgage Company	Wellington Trust Company

CDIC MEMBER INSTITUTIONS

PROVINCIALY INCORPORATED

TRUST COMPANIES AND LOAN COMPANIES

Aetna Trust Company
Bonaventure Trust Inc.*
Cabot Trust Company
Community Trust Company Ltd.
Confederation Trust Company
Counsel Trust Company
Desjardins Trust Inc.
Dominion Trust Company (The)
Effort Trust Company (The)
Family Trust Corporation
First City Trust Company
Firstline Trust Company
Fortis Trust Corporation*
General Trust of Canada
Guardian Trust Company
Home Savings & Loan Corporation
Huronian Trust Company
Inland Trust and Savings Corporation Limited

Investors Group Trust Co. Ltd.
Landmark Savings and Loan Association
Laurentian Trust of Canada Inc.
London Trust & Savings Corporation
Mackenzie Trust Company
Monarch Trust Company
Montreal Trust Company
Municipal Savings & Loan Corporation (The)
Municipal Trust Company (The)
National Trust Company
North West Trust Company
Pacific & Western Trust Corporation
Royal Trust Company (The)
Saskatchewan Trust Company
Savings and Investment Trust
Security Trust Company
Shoppers Trust Company

*New member institutions during 1990.