Canada Deposit Insurance Corporation
Société d'assurance-dépôts du Canada

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ANNUAL REPORT 1992

Canada

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Mission

The mission of CDIC is to provide deposit insurance and to contribute to the stability and competitiveness of the financial system in Canada in a professional and innovative manner, meeting the highest standards of excellence, integrity and achievement, for the benefit of depositors of member institutions while minimizing the Corporation's exposure to loss. We will provide an environment wherein employees are treated fairly and given opportunities and encouragement to develop their maximum potential.

Canada Deposit Insurance Corporation
Société d'assurance-dépôts du Canada

Grant L. Reuber
Chairman of the Board
Président du conseil d'administration

July 30, 1993

The Honourable Gilles Loiselle, P.C., M.P.
Minister of Finance
140 O'Connor Street
L'Esplanade Laurier
East Tower, 21st Floor
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, 1992.

During 1992 Mr. Ronald A. McKinlay was Chairman of the Corporation and Mr. Jean Pierre Sabourin was its President. The text of this Report, covering the year prior to my becoming Chairman, has been prepared by them.

Yours sincerely,

G.L. Reuber
Chairman

1200-79 Wellington St. W
P.O. Box 156
Aetna Tower
Toronto, Ontario
M5K 1H1

1200-79, rue Wellington ouest
C.P. 156
Tour Aetna
Toronto (Ontario)
M5K 1H1

Canada

"I believe that the Corporation is well positioned to manage out existing insolvencies and to contribute to the stability and competitiveness of the Canadian financial system in the future."

From a financial point of view, 1992 could be viewed as the worst year in the twenty-five year history of Canada Deposit Insurance Corporation. A loss of $861 million was incurred, and, as a result, the deficit grew by a commensurate amount to $1.45 billion, eliminating the financial gains achieved since 1986. But CDIC is an "insurer," in a business which, by definition, involves incurring losses when circumstances so require. The Corporation, accordingly, performed its role. Indeed, it performed it well, and in doing so mitigated possibly greater losses and provided for increased system stability in an unsettled time.

During the year, the Corporation settled the claims of over one million depositors which totalled some $14.1 billion.

The failure of Central Guaranty Trust Company, Canada's fourth largest trust company, which involved some 885,000 depositors, accounted for $10.6 billion of the claims settled. The failures of First City Trust Company and Shoppers Trust Company involved a further 209,000 depositors with claims totalling $3.5 billion.

As stated, although it is disappointing that a major loss was incurred during 1992, had it not been for the skill and tenacity of the CDIC officers and their professional advisers who dealt with the several major failures, the effect on the financial position of CDIC could have been dramatically worse. In his Review of Operations, the President and Chief Executive Officer comments in more detail concerning the processes followed to develop solutions which were calculated best to serve the statutory objects of the Corporation. These objects 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; and

to pursue the objects set out above for the benefit of persons having deposits with member institutions and in such manner as will minimize the exposure of the Corporation to loss.

Had the Corporation been required to pay out the insured deposits in all the institutions which failed in 1992, some $14.1 billion in cash could have been required. Obviously, this would have presented a major financing requirement. The size and the timing for such a financing were then factors— indeed potential problems—of wide significance that needed careful consideration and managing. However, notwithstanding the magnitude of the potential financing problem, CDIC was able to discharge its statutory deposit insurance obligations well within the $6 billion which it is authorized to borrow from the Consolidated Revenue Fund. There is no doubt that the member institution failures in 1992 were managed in a manner which "contributed to stability" and which "minimized the exposure of the Corporation to loss."

Member Failures During 1992

In the Corporation's annual report for 1991, it was noted, as subsequent events, that First City Trust Company, First City Mortgage Company and Shoppers Trust Company had failed early in 1992, but it was not possible at that time to speculate as to the extent of the losses, if any, which would be incurred by CDIC. Later in the year, Central Guaranty Trust Company also failed. Set out below is a summary of the deposit claims settled in 1992.

Summary of Deposit Claims Settled Included in CDIC 1992 Financial Statements for Indicated Member Institutions

	Depositors *# thousands*	Deposits *$ millions*
First City Trust Company and First City Mortgage Company	186	$3,000
Shoppers Trust Company	23	496
Central Guaranty Trust Company and Central Guaranty Mortgage Corporation	885	10,600
	1,094	$14,096

In its accounts for 1992 the Corporation provided total provisions of $823 million in connection with the above failures.

Central Guaranty Trust Company and Central Guaranty Mortgage Corporation (CGT)

In April 1992, based on reports from the Superintendent of Financial Institutions, who, by statute, examines federally incorporated member institutions on behalf of CDIC, the Board of Directors instructed the management of the Corporation to seek and find a solution to the problems of CGT which would best meet the objects of the Corporation.

By working with CGT in its thorough canvass of potential purchasers, and after having completed a detailed analysis of the various implications of a liquidation under judicial process, CDIC's management brought forward an offer which contemplated CDIC assisting with the transfer of the preponderance of the assets, all deposit liabilities and business operations of CGT to The Toronto-Dominion Bank. To catalyze the transaction, CDIC provided guarantees which may be called upon at future intervals and under circumstances specified in the agreements.

The transaction, which the T-D Bank's Chairman has described as the largest financial transaction in Canadian history, closed on January 1, 1993.

The amounts involved were clearly immense, as were the physical and organizational problems in carrying out the transaction. I have said in another forum, to illustrate the physical size of the matter, that had a forced liquidation of CGT been carried out under judicial process, the cost of the postage stamps to mail notices and cheques could have exceeded a million dollars.

It is a tribute to the professionalism of all involved on behalf of the Bank, CGT and CDIC that this massive transaction was negotiated and closed as expeditiously as it was.

Early Warning Not the Full Answer for Loss Prevention

The question has been asked as to what could have been done to prevent the failures and resultant losses experienced by CDIC during 1992; would earlier warning of the problems have helped to reduce significantly the losses?

Certainly, earlier warnings of these problems might have reduced somewhat our losses. In fact, such was the case with First City Trust Company where a collective effort by CDIC and regulators, over several years, was able to reduce, though not prevent, a significant loss.

However, it is a truism that prevention, or at least minimization of losses, can only be accomplished by member institutions avoiding as many bad loans as possible in the first place. This requires that good judgement and sound day-to-day management practices be followed within member institutions. The onus must be here—not with regulators and regulations.

Our experience has been that all CDIC members which have failed have had important management shortcomings. From an insurer's point of view then, in the interest of avoiding losses, and in the interest of the financial system in general, it is fundamental that members be well managed.

It has long been the accepted wisdom that fire prevention is better—for the insured and the insurer—than simply insuring and paying for damage. So it is with member institutions—prevention of losses is better than paying claims.

How then can loss prevention be achieved?

Standards of Sound Business and Financial Practices

As noted earlier, the objects of CDIC as set out in its statute provide, amongst other things, that the Corporation "be instrumental in the promotion of standards of sound business and financial practices for member institutions."

For several years CDIC has been developing, with the assistance and co-operation of the financial services industry, a set of Standards of Sound Business and Financial Practices. Although it was hoped that these Standards would have been available for application in 1992, our work on priority matters such as CGT necessarily diverted our efforts away from completing the Standards as scheduled.

The CDIC Act requires that these Standards be enacted as by-laws, and because the by-laws have the force of law and affect third parties, they must be approved by the Privy Council Office before they can be proclaimed and promulgated.

The Standards which are now being considered by the Privy Council Office are in discrete packages and deal with the following topics:

- Liquidity Management
- Interest Rate Risk Management
- Credit Risk Management
- Real Estate Appraisals
- Foreign Exchange Risk Management
- Securities Portfolio Management
- Internal Control
- Capital Management

It is important to note that the Standards do not direct how the above functions be managed, but rather they outline a framework within which management processes and practices should be established.

I believe that these Standards represent significant pioneering in the management of financial risks to which CDIC members are exposed, and should, when implemented by all member institutions to the extent appropriate, result in improved risk management and a consequential reduction in the number of member failures and losses to CDIC.

It is axiomatic that a bad loan or investment is created on the day on which the advance is made, although it may be some time before the actual loss becomes apparent. The trick then must be, to the extent possible, to avoid making bad loans and investments in the first place. The application throughout the industry of the CDIC Standards of Sound Business and Financial Practices should go a long way towards doing this.

Premium Levels

In my remarks which accompany the 1991 CDIC Annual Report, I said:

> "It could be appropriate to adjust premiums upwards in 1993. However, before crystallizing its recommendation to the Minister in 1993, CDIC will seek the views of its members and their industry associations."

Since 1986, premiums have been maintained at 1/10 of 1% of insured deposits. This is less than 1/3 of the rate charged by the Federal Deposit Insurance Corporation in the United States.

Considering all the circumstances and noting in particular that the Corporation lost $861 million in 1992 (which increased its deficit to $1.45 billion), the Board of Directors has decided to recommend to the Minister that premiums be increased to 1/8 of 1% for the 1993 premium year. The Board also recommended that the premium for 1994 and beyond be at the legislated rate of 1/6 of 1%. I expect that the Board will continue its practice of reviewing premiums annually with a view to recommending adjustments, if appropriate, in the light of circumstances prevailing in the future.

Bill C-48—CDIC Act Amendments

Bill C-48 contained several important amendments to the CDIC Act. It received Royal Assent on June 23, 1992, and most sections were subsequently proclaimed on August 28, 1992.

The two major provisions in the Bill relate to the Financial Institutions Restructuring Program (FIRP) and to an increase in CDIC's authorized borrowing level from the Consolidated Revenue Fund from $3 billion to $6 billion.

These amendments were commented on in the 1991 CDIC Annual Report. In summary, the FIRP provisions set out a process to allow CDIC to intervene in the affairs of a federal member institution when the Superintendent concludes that an institution is, or is about to become, non-viable. Intervention by CDIC, inter alia, not only requires the determination as to non-viability by the Superintendent, but also the prior approval of the Minister.

Safeguards are included in the legislation to ensure that those affected (primarily subordinated debtholders and shareholders) are fairly treated.

The FIRP legislation and the CDIC Standards of Sound Business and Financial Practices should provide two new and useful processes to deal with and avoid problem situations at an earlier stage than has heretofore been possible.

The Board of Directors

The members of the Board of Directors who are listed elsewhere in this report include four senior government officials, four persons chosen from the private sector, and the Chairman, for a total of nine members. Three of the government directors, with the approval of the Minister, may designate alternates "to attend in the director's absence," although in practice, alternates, in order to provide continuity, have attended meetings with their principals. No provision is made in the Act for the private sector directors to have alternates.

During the year, the Deputy Minister of Finance, Mr. F. W. Gorbet, left the government service and, as a consequence, retired from the CDIC Board. He provided wise counsel on important issues both to the Board as a whole and to me personally.

Mr. David Dodge, an Associate Deputy Minister of Finance, was appointed to succeed Mr. Gorbet as Deputy Minister, and hence joined the CDIC Board.

Mr. Paul Morton was appointed in February of 1988 as one of the first directors chosen from the private sector. As a lawyer and leading businessman, through his incisive and constructive wit and wisdom, he in a very meaningful way contributed to the work of the Board. His second term expired early in 1993.

Ms. Suzanne Labarge, a Deputy Superintendent of Financial Institutions, was appointed by the Minister as a director to fill the vacancy created by the resignation of Mr. R. M. Hammond. Previously, Ms. Labarge had served as an alternate director for the Superintendent of Financial Institutions and hence has developed a first-hand working knowledge of CDIC.

Mr. Michel Caron, an Associate Deputy Minister of Finance, was appointed as the alternate for the Deputy Minister. He has provided important insights to the Board, particularly during its lengthy and complex deliberations in connection with the Central Guaranty Trust Company matter.

Mr. Gordon King, who served for many years as an alternate director for the Deputy Minister of Finance, was assigned the task of managing the Deputy Minister's study on deposit insurance. It was considered that he should therefore cease to be an alternate but at the request of Mr. Dodge, I agreed that Mr. King could attend our meetings as an "observer."

Finally, late in the year, Mr. Keith Bell was appointed as an alternate director for the Superintendent of Financial Institutions. Mr. Bell has had many years of experience working with the Superintendent in the inspection and regulation of CDIC member institutions.

During 1992 CDIC was called upon to deal with some large and complex problems, including those of Central Guaranty Trust Company. As a result, and in order to carry out its duties in a responsible fashion, it was necessary for the Board of Directors to meet 19 times during the year. This represents a very substantial dedication of time by already busy people. Not only do directors have to attend meetings, most of which are held in Ottawa, they are also required to spend considerable additional time reviewing large amounts of analytical material sent to them prior to each meeting.

There is no doubt that the CDIC Board of Directors, which is made up of dedicated and able Canadians with diverse talents and qualifications, added much value to the work of the Corporation during the year.

Conclusion

Although the financial results for 1992 are a personal disappointment, by carrying out well its duties, CDIC safe-guarded depositors and contributed to the stability of the financial system in Canada in an important and significant manner.

As a result of the going-concern type solutions which CDIC catalyzed in connection with the problems of several major failing institutions, the deposits of over a million Canadians were protected, the jobs of several thousand employees of these failed institutions were maintained, and the banking arrangements for the vast majority of the borrowers and other customers were continued.

In addition to the dedicated work of the CDIC management and staff, the work of retained professional advisers—primarily lawyers and accountants—enhanced greatly the quality and effectiveness of the work of the Corporation.

The Real Estate Advisory Committee, under the able Chairmanship of Mr. W. C. Poole, continued to provide valuable advice to CDIC concerning the management and disposition of major real estate assets being administered on behalf of CDIC by liquidators and others. Given the large number of real estate assets which secure loans and claims receivable by the Corporation, and the current difficulties in that market, the importance of this contribution is indeed significant.

On December 29, 1992, after serving as the Chairman of Canada Deposit Insurance Corporation for over seven years, my appointment came to an end.

The seven years during which I have had the honour to be Chairman of the Board of Directors of CDIC have been interesting and challenging. I indeed appreciate the wide support which I have received from the Board, the officers and the employees of the Corporation. Mr. Sabourin, the President and Chief Executive Officer, and I developed an open and effective working relationship within which we were able to pool our experience and talents for the betterment of the Corporation.

For all this support I am truly grateful. Together we have accomplished much, and I believe that the Corporation is well positioned and structured to manage out existing insolvencies and to contribute to the stability and competitiveness of the Canadian financial system in the future.

Welcome

Early in January 1993, by Order of the Governor in Council, Dr. Grant L. Reuber, O.C., F.R.S.C., was appointed as Chairman of CDIC.

I know that Dr. Reuber will bring much wisdom to the direction of the affairs of CDIC and that he will have the same enthusiastic support from the directors, officers and staff of the Corporation as I have enjoyed.

Ronald A. McKinlay
Chairman to December 29, 1992

This year, Canada Deposit Insurance Corporation (CDIC/the Corporation) celebrated its 25th anniversary. The year was not an easy one.

"In 1992, CDIC undertook the largest and most complex interventions in its history and found solutions to meet its statutory objects."

Five member institutions failed: Shoppers Trust Company, First City Trust Company and its subsidiary First City Mortgage Corporation, and Central Guaranty Trust Company and its subsidiary Central Guaranty Mortgage Corporation. These failures resulted in the largest and most complex interventions ever undertaken by CDIC. Notwithstanding the extent of the difficulties, the Corporation found solutions that met its statutory objects.

No organization has unlimited resources. Accordingly, dealing with these interventions meant substantial redeployments, and CDIC suffered some setbacks in meeting all planned goals. Considering that CDIC's primary focus must be to provide deposit insurance protection in case of member institution failure, it was essential for us to shift our efforts to deal with this. Still, many of our planned goals were undertaken. Some were achieved in full and others in part.

CDIC supports the Government's ongoing initiative to require Crown corporations, through increased disclosure, to be more accountable for their performance. CDIC's 1991 Annual Report provided extensive information on the Corporation's objectives and goals for 1992. This review compares CDIC's actual performance during the year against its Plan, and highlights the objectives and goals for the 1993-97 planning period. This enhanced information is being provided to help readers better assess CDIC's overall performance, and place it in a longer-term context.

CORPORATE STATUS AND OBJECTS

In accordance with the requirements of the *Financial Administration Act*, each year the Corporation submits a five-year Corporate Plan to the Minister of Finance detailing its objectives and goals, strategies for achieving them and the resources required to carry out the Plan. The Plan sets out major assumptions and assesses actual performance against planned objectives and goals.

CDIC's strategic objectives and goals flow from its statutory objects.

THE YEAR IN REVIEW: OBJECTIVES AND GOALS FOR 1992

In its 1992-96 Corporate Plan, the Corporation established four strategic objectives:

- Manage the risk to the Deposit Insurance Fund
- Operate in an effective and financially efficient manner
- Strengthen relationships with stakeholders
- Strive to live our values

To achieve these objectives, we developed 101 departmental goals.

When establishing these goals in mid-1991, we were aware that CDIC might have to intervene in the affairs of two troubled member institutions during 1992 and that an increasing number of member institutions would need to be monitored. We therefore developed contingency plans accordingly. By the end of 1992, the Corporation also had to deal with three other problem members, including the largest financial institution failure confronted in Canadian history. Although the Corporation has the experience and structure to deal with institutions suffering difficulties, the timing and magnitude of these combined failures placed exceptional strain on CDIC's resources. The interventions mentioned above are explained in greater detail later in this review.

PERFORMANCE ASSESSMENT OF PLANNED OBJECTIVES AND GOALS

Eighty-five of the 101 departmental goals were scheduled to be achieved in 1992, and 59 were completed. Although 26 goals were not fully met as planned, in most cases significant headway was made. The following is a progress report.

Manage the Risk to the Deposit Insurance Fund

This strategic objective relates primarily to our statutory object of contributing to the stability and competitiveness of the financial system in Canada. We have identified the following critical success factors:

- Elimination of the Deposit Insurance Fund deficit and minimization of losses

- Development, implementation and compliance with standards of sound business and financial practices
- Effective working relationships with regulators
- Development and refinement of risk assessment and risk management functions
- Increased depositor confidence in the stability of the financial system

Specific Goals for 1992

Develop and implement formal risk management strategies

These strategies continue to be developed. They have been used in resolving problems in member institutions. We made considerable progress during the year and expect that this project will be completed during 1993.

Issue by-laws respecting Standards of Sound Business and Financial Practices

As discussed in the 1991 Annual Report, CDIC is developing and implementing standards to ensure that all member institutions are managed and operated in a sound and prudent manner and that they employ suitable policies and procedures to address and control risks to which they are exposed.

To date, CDIC has issued publications concerning standards for liquidity management, interest rate risk management, credit risk management, real estate appraisals, foreign exchange risk management, securities portfolio management, capital management, and internal control.

Each standards by-law draft will set out the minimum policies, procedures and controls that member institutions need to have in place and apply to ensure that their business activities and exposure to risk are soundly and prudently managed.

The drafts of the standards outlined in our publications are already being implemented by many of our member institutions, even though the standards by-laws will have the force of law only when they are approved by the Privy Council Office for publication in the *Canada Gazette*. The process for approving these standards as by-laws is under way.

As part of the standards process, CDIC expects that regulators will examine the affairs of member institutions to ensure compliance. CDIC has developed a standards assessment and reporting framework setting out criteria that CDIC will apply as a basis for relying on the examination programs designed by regulatory authorities. This framework will assist regulators in forming opinions on whether CDIC's members are conducting their operations in accordance with the standards.

Compliance with standards will form part of our overall risk assessment efforts and should be helpful as an early warning signal. Once these standards are enacted as by-laws, a member that fails to comply will be closely monitored. In certain circumstances, the CDIC Act allows a premium surcharge to be applied and allows a member institution's policy of deposit insurance to be terminated for non-compliance where warranted.

Implementing the standards and monitoring compliance are valuable from a standpoint of reducing risk and improving CDIC's capacity to assess risk. The focus of this activity is to avoid problems rather than to identify them once they have occurred. Our experience leads us to conclude that insolvency is closely linked to management-related inadequacies and, more specifically, to the failure of deposit-taking institutions to use basic risk management techniques.

Prescribe a new form of application for deposit insurance and an updated form of policy of deposit insurance

During 1992, CDIC decided to incorporate the new forms of application and policy in a single by-law. We made substantial progress toward achieving this goal. A revised by-law draft was released in early 1993 for consultation and for comments from members, regulators and other interested parties.

Complete the development of the new Return of Insured Deposits

New instructions for completing the Return are close to being completed. A manual of terms and other issues related to the Return will be developed in 1993.

Longer-Term Goals

Establish a state-of-the-art risk assessment function

Establishing a comprehensive computer-supported risk assessment and risk monitoring system for member institutions is a key long-term goal for the Corporation. Development of the Member Institution Data Analysis System (MIDAS), a comprehensive member data base with financial analysis and reporting components, has begun. The initial phase of MIDAS should be ready in 1993, although full completion is not expected until 1994. An important element of the system is a financial analysis component that will allow computer simulation to provide additional enhancement and capabilities to the early warning system.

Future development of MIDAS will depend on the progress made by the Financial Information Committee (FIC) in finalizing and implementing common reporting forms and completing arrangements for data capture and transfer among these organizations. The Committee is made up of representatives of the Office of the Superintendent of Financial Institutions, the Bank of Canada, the Department of Finance and CDIC.

Continue the development of a premium surcharge by-law

The Corporation is authorized to assess and collect a premium surcharge from any member institution if, in the opinion of CDIC, that member is engaging in such practices as are prescribed in the by-law as warranting a premium surcharge.

This by-law was identified as a long-term goal to be met in 1993. Progress has been made in determining issues and alternative approaches. CDIC has recently begun consultations with the industry about potential criteria for inclusion in a premium surcharge by-law. This process of consultation is providing interested parties with the opportunity to ensure that the alternatives being examined are comprehensive, fully considered and suitable for the purpose.

Operate in an Effective and Financially Efficient Manner

While we recognize that this strategic objective is fundamental for any successful organization, given the emphasis placed by the Government on its restraint program, we decided to emphasize this goal as an ongoing priority for the Corporation.

We identified the following critical success factors:

- Recruitment, development and retention of competent, professional personnel
- Continued motivation and commitment to corporate values by all employees
- Implementation of formal policies and procedures and their communication to employees
- Commitment to the budgetary process and enhancement of the accountability of managers
- Assessment of performance against approved objectives

Specific Goals for 1992

Conduct preparatory reviews of important aspects of troubled member institutions, including reviews of information systems and of institutions' deposit bases

During 1992, the Corporation completed preparatory work related to several financially troubled member institutions. As well, we addressed many of the structural issues related to preparatory reviews. This included commencement of a comparative study of American and Canadian payout practices.

Refine and formalize the role of strategic planning and management

The Corporation continued to emphasize strategic planning and management. The strategic planning process was streamlined, and regular performance reports comparing the approved goals and budgets against actual results were provided to our Board of Directors.

Longer-Term Goals

Develop new system applications identified and ranked in the Information Resource Plan

During 1992, the Information Systems Department successfully undertook a project to expand and enhance the existing computer system. Planned applications are proceeding on schedule. The Corporation is reviewing its information resource plan and will make any required adjustments in 1993.

Work with court-appointed liquidators to complete the winding-up of the estates of insolvent members in the most cost-effective manner

During the year, the liquidation of the Continental Trust Company estate was completed. Considerable effort is being dedicated to complete the winding-up of a number of other estates. As a result of the substantial work performed in 1992, we expect that several estates will be completely wound up in 1993 and that the liquidators will be discharged by the court.

Strengthen Relationships with Stakeholders

CDIC places emphasis on consultation with member institutions and other interested parties. The Corporation attributes much of its success to this approach. Stakeholder relationships are identified as a major strategic objective.

The following critical success factors have been identified:

- Ongoing dialogue and consultation with key interested parties
- Continued increase in the level of public awareness of the Corporation
- Employees' perception that they are being treated fairly and with respect and that they are a valuable asset to the Corporation

Specific Goals for 1992

Continue to improve and enhance consultation processes with stakeholders

As noted, during 1992 CDIC consulted extensively with its stakeholders on a number of key issues.

Produce external bulletins informing member institutions, industry associations, regulators and members of Parliament of important deposit insurance issues

The production of external bulletins was eliminated because of budget restraints.

Continue to direct the national Public Awareness Program, which has placed significant emphasis on television, brochures and 1-800 information lines

The Corporation continued to place importance on informing Canadians about deposit insurance. The 1992 public awareness campaign featured a television commercial that encouraged viewers to call the CDIC toll-free lines for information on such topics as deposit insurance limits, eligibility requirements and membership of financial institutions. Run between February 8 and March 22, 1992, this advertisement evoked almost 20,000 calls, nearly triple the number of enquiries received during the same period in 1991.

CDIC's toll-free lines were busy throughout 1992. We fielded nearly 60,000 telephone inquiries from depositors. In addition, information officers responded to about 250 written requests for information, and almost 1.5 million CDIC information and membership brochures were distributed to individual depositors, either on request or through branches of member institutions.

Because of costs, the Corporation plans to scale down its public awareness campaign in 1993. Ongoing monitoring will take place with a view to ensuring that the public remains aware of deposit insurance and its terms and conditions.

With the anticipated introduction of a CDIC consumer information by-law in 1994, during 1993 CDIC staff, in consultation with industry representatives, will develop a deposit insurance information program for branch employees of member institutions to use when dealing with depositors.

Longer-Term Goals

Pursue administrative agreements with provincial regulators to strengthen the monitoring system for member institutions

We stated in the 1991 Annual Report that CDIC and the Office of the Superintendent of Financial Institutions were developing a strategic alliance agreement to clarify the relationship between them. The purpose of such an agreement was to enhance the ability of both organizations to carry out their respective mandates as efficiently and effectively as possible.

The agreement was executed in 1992. It aims to avoid duplication while promoting effective supervision of federally incorporated CDIC member institutions. The Superintendent of Financial Institutions, as primary regulator, and CDIC, as insurer, recognize that their governing legislative authority provides separate and distinct mandates. Both of us also recognize that we form part of a larger system and that we have links and common objectives with respect to the solvency of member institutions and the stability of Canada's financial system.

The agreement addresses the following topics: requests for incorporation; licensing and applications for deposit insurance; risk assessment and management processes; regulatory and insurance intervention processes; development and implementation of regulatory and insurance policies and other initiatives; human resource training and development; and other issues that affect both entities.

The Corporation plans to open discussions with provincial regulators to further enhance the monitoring system for member institutions.

Develop a member institution deposit insurance information program aimed at employees of member institutions

This educational program depended on the enactment of amendments to CDIC's legislation under Bill C-48. Consultation with industry associations and member institutions began during 1992. Work on a by-law is under way and an information program will be developed and implemented.

Establish a management accountability framework for the Federal Official Languages Program

A three-year official languages agreement is being developed and will be presented to Treasury Board officials in late February 1993. As well, we are developing a draft policy on official languages.

Set up a flexible and accessible language training program to meet the needs of the Corporation and its employees

This program is well under way. Under the Language of Work Financial Assistance Program, the Corporation negotiated with Treasury Board for some reimbursement of costs incurred for second language training. The second language skills of numerous employees were assessed, and 36 employees participated in language training.

Strive to Live our Values

The Corporation's values provide one of the cornerstones of the strategic planning process at CDIC. This process and the concept of corporate values are still relatively new to the Corporation; therefore, we decided to highlight them through this strategic objective.

The critical success factors are as follows:

- Adequate resources to carry out our statutory objects and our objectives
- Appropriate management training and development
- Recognition for performance in keeping with our values
- Continued commitment to the corporate mission, vision and values

Specific Goals for 1992

Develop an internal communications strategy aimed at employees

Effective communication is one of CDIC's values, and we placed considerable emphasis on this goal in 1992. An internal newsletter is now distributed weekly to all employees, and a press clippings synopsis is provided daily via electronic mail. We conducted an employee communications survey and focus group testing in 1992 to determine employee satisfaction with internal communications. The results of these initiatives were positive and were distributed throughout the Corporation.

Implement consistent human resources policies and procedures

We have dedicated much effort to developing human resources policies and procedures. In 1993, we anticipate that the vast majority of these policies and procedures will be finalized and communicated to all of our employees.

Complete a management skills assessment and define training and development needs

This program will provide a master framework for ongoing management development in accordance with the Corporation's training and development policy. A draft of the policy has been developed. Once it is approved, we will finalize the management skills program.

Review the current Job Evaluation and Classification System

During the year, we retained a consulting firm to undertake a major review of our current evaluation and classification system. We are reviewing the results of this study and we expect that the project will be completed during 1993.

Longer-Term Goals

Promote pride in job ownership, which includes providing the budgetary support to fulfil responsibilities, resulting in the empowerment of employees

In 1992, an empowerment seminar was held for the CDIC management. Employees are being encouraged to delegate responsibilities, using the Corporation's mission, vision and values statements as guiding principles.

We also introduced a new budget policy in 1992. Department heads have always been accountable for their overall budgets, but now they have the authority to shift budgetary line items if there are good business reasons for doing so. This change reflects the fact that budgets are often prepared well in advance of actual expenditures. Given the dynamic environment, it may be necessary to deviate from a specific line-by-line budget.

We will develop further programs as organizational needs arise.

Further emphasize performance in the remuneration system in order to attract and retain achievement-oriented employees

Due to restraints, we have changed the priority of this program. The new time frame extends well into 1994, and the concept will be expanded to include, or focus on, various types of reward systems. The relative youth of our employees and the lack of opportunities for advancement given our relatively small size make it necessary to develop innovative ways to attract and retain achievement-oriented employees.

Establish a Career Development and Succession Planning System

This program will follow the training and development policy once it is approved. We are investigating software packages relating to a skills inventory profile.

MEMBER INSTITUTION FAILURES

As mentioned above, CDIC intervened in the affairs of five member institutions during the year because it was determined that depositors—and therefore the Corporation—were exposed to loss. These interventions are explained in some detail below because of the impact on CDIC's deficit and operations.

Shoppers Trust Company

In early December 1991, Shoppers was subject to a special review by CDIC as a result of serious concerns raised by the Ontario Ministry of Financial Institutions (OMFI) during its 1991 examination of the company. Following CDIC's review, which indicated that the company's capital was insufficient, OMFI restricted the company's investment and deposit-taking activities.

As a result of the company's weak financial condition and the actions of OMFI, all the company's directors resigned. On March 6, 1992, the Superintendent of Financial Institutions for Ontario took control of Shoppers' assets. On March 23, 1992, the Ontario Court of Justice granted a provisional winding-up order for Shoppers.

At that time, Shoppers had deposit liabilities of some \$496 million, 99% of which were insured by CDIC. CDIC subsequently negotiated with the National Trust Company of Canada for the latter to assume the insured deposits of approximately 23,000 customers, and the actual transfer took place on April 23, 1992. Approximately 800 depositors holding some \$5 million in uninsured deposits were not reimbursed.

The payout of Shoppers was unique in that it was the first time that CDIC used an automated advanced insurance payment program. This program provided early payment to insured depositors who, on account of hardship, required quick access to their demand deposits. CDIC provided general information about the payout to the public through a special toll-free number that operated for 30 days following the closure of the institution.

First City Trust Company and First City Mortgage Corporation

Prior to CDIC's active involvement in the resolution of Central (discussed below), significant CDIC resources were dedicated to seeking a solution for First City. The sale of First City and its subsidiary to a unit of North American Life Assurance Company on July 9, 1992, was the culmination of these efforts. At the time the transaction closed, the company had some \$3.2 billion in consolidated assets (at book value) and was Canada's seventh largest trust company. Although there was little publicity surrounding the closing, this transaction was an important event for CDIC since a lot of groundwork occurred well before 1992.

First City was closely monitored for some time by CDIC, provincial regulators and the Superintendent of Financial Institutions, who was CDIC's agent responsible for the examination of First City.

Throughout 1990, the company tried to change its structure in order to eventually comply with its regulatory obligations, but these attempts met with only limited success. Despite the provision of additional capital from its parent throughout 1990 and 1991, First City's financial condition continued to deteriorate.

As a result of mounting concern on the part of its regulators and CDIC, and recognizing its continued financial deterioration, the company engaged an investment banking firm in September 1991 to seek the sale, merger or recapitalization of the company. Concurrent with this process, CDIC embarked on its two-track approach, which involved both pursuing possible going-concern solutions and making preparations for a liquidation of the company should a liquidation be necessary.

During this period, we undertook a detailed review of First City's consolidated asset portfolio. This special assessment was performed in conjunction with the Superintendent's annual examination. At the same time, our Operations Division conducted a review of the company's total deposit liabilities, made up of approximately 380,000 accounts involving some 186,000 depositors. We used the information provided from this process, as well as other relevant information, to assess the appropriateness of pursuing either a going-concern solution or liquidation in light of CDIC's objects.

Throughout, CDIC worked closely with First City and its provincial and federal regulators.

During September and October 1991, the investment banker retained by First City contacted 44 companies to solicit interest in a sale, merger or recapitalization of the company. On December 20, 1991, North American Life provided a letter of intent to purchase First City. Following extensive negotiations among CDIC, North American and First City, our Board of Directors approved the required financial assistance on January 13, 1992, and the transaction closed on June 30, 1992.

In the transaction, North American injected $51 million into First City (now called North American Trust Company). CDIC made available $175 million in senior notes to a newly formed parent of First City, NAL Trustco Inc., secured by its investment in First City. The $175 million senior notes bear annual interest at a slightly higher rate than CDIC's cost of funds and have a term of 12 years. This $175 million was injected by the purchaser into the capital of First City.

One innovative component of this transaction was that CDIC entered into a deficiency coverage agreement with First City. This agreement allows the company to claim up to $300 million over a 10-year coverage period on income (limited to three years) and capital (limited to 90%) losses experienced on certain components of the company's asset portfolio as at December 31, 1991. First City is eligible to receive a payment from CDIC only after it has applied eligible losses against all the general reserves existing on its balance sheet as at December 31, 1991.

Once the deficiency amount has been fully used, further eligible losses may be applied against the redemption amount of a series of junior notes held by the former shareholders and debt holders (book value of $34 million), and subsequently against the redemption value of the $175 million CDIC senior notes. CDIC also provided other related guarantees totalling some $70 million.

We were also able to reduce CDIC's financial involvement by negotiating the participation of both the Quebec Deposit Insurance Board and the Alberta government in sharing part of CDIC's exposure to losses during the deficiency coverage period.

Central Guaranty Trust Company and Central Guaranty Mortgage Corporation

In the spring of 1992, CDIC began an extensive process to seek a solution to the financial difficulties of Central, which at the time was Canada's fourth largest trust company. From the outset of its involvement, CDIC worked with interested parties to develop and review various options that would meet its statutory objects.

When considering the extent to which a particular solution may meet its objects, CDIC considers, in addition to cost, the effect of its actions on the Canadian financial system. We weigh issues such as the stability and competitiveness of the financial system against the market discipline imposed by specific courses of action. Further, we consider the equitable treatment of depositors in each potential solution. As mentioned previously, to identify a wide range of options, CDIC follows a two-track approach, attempting to pursue possible going-concern solutions while at the same time making the necessary preparations for a formal liquidation of the company should a liquidation be necessary.

CDIC's strategy in assessing its options requires that we obtain detailed knowledge of the company's financial position by using both internal and external resources to assess the company's business operations and solvency. This requires a detailed review of the company and close monitoring of the company's day-to-day cash position.

In mid-1992, CDIC completed a review of Central's consolidated asset portfolio. Our Field Operations Division assembled a team of professionals with expertise in real estate and consumer and commercial lending to undertake the review. The results formed the basis of CDIC's assessment of its financial exposure in the event of a formal liquidation of Central. By the same token, they also served as necessary background information to CDIC's assistance for a sale.

In early June 1992, the services of an investment banking firm were retained by Central with CDIC's concurrence. Expressions of interest for Central were solicited from some 45 organizations, which included CDIC member institutions and a number of other financial services organizations. At the completion of the bidding process, two expressions of interest were received, both conditional upon some form of CDIC assistance.

After consideration, Central's Board of Directors elected to proceed with exclusive negotiations with one of these two—The Toronto-Dominion Bank (TD)—for the sale of the bulk of its consolidated assets and the assumption of all deposit liabilities.

Although CDIC was not committed to a specific course of action, CDIC management worked with Central and TD through the late summer and early fall of 1992 to structure a transaction and to determine the extent of the Corporation's potential financial involvement. When this process was completed, an analysis of the options was provided to our Board of Directors for consideration.

Consistent with our practice, the Corporation concurrently developed a going-concern solution and plans to deal with a liquidation of the company and its subsidiary. We also explored the possibility of applying the newly enacted CDIC legislation (Bill C-48) relating to the financial institutions' restructuring process.

The preparation for liquidation included a comprehensive review of the company's total deposit liability profile and information systems. To put the magnitude of the process into perspective, as at July 31, 1992, Central and its subsidiary held approximately $10.6 billion of deposits, of which $9.8 billion were insured, in some 1.7 million accounts representing 885,000 customers.

Recognizing the potential logistical problems of effecting a payout of this size, our Operations Division developed plans for alternative processes, including a plan to disburse insurance payments by tranche in order to minimize disruption to depositors and obviate the need for an elaborate advanced insurance payment program. In case Central was to be liquidated, we also developed a communications plan to advise the media, the general public and CDIC's member institutions of significant events as they occurred.

Throughout the process of developing these options, our Insurance and Risk Assessment Division prepared regular comprehensive reports and analyses for CDIC's executive management, our Board of Directors and agencies with whom CDIC was working closely.

On October 9, 1992, after assessing the options available, CDIC's Board of Directors resolved to facilitate the TD/Central transaction. This approval was subject to settling definitive terms and conditions for the transaction that were satisfactory to CDIC. These issues were subsequently resolved, and the transaction closed as planned at midnight on January 1, 1993.

Pursuant to the transaction, CDIC provided to TD capital and income (limited to three years), a deficiency coverage up to $990 million on performing residential mortgages and personal loans and a $500 million pool of performing commercial loans acquired by TD. The coverage is limited to 95% of the losses suffered by TD.

Similar deficiency coverage of up to $1.5 billion was provided for another $1.5 billion of performing commercial assets acquired by TD. All income losses incurred within a three-year period are eligible for this coverage. Capital claims are limited by a deductible amount varying between 5% and 10% of any losses incurred by TD.

CDIC also guaranteed that TD will earn the equivalent of a 2% gross spread between term assets acquired and term deposit liabilities assumed. Additional guarantees and indemnities were necessary in respect of the payout by Central for certain post-closing adjustments, any undisclosed deposit liabilities, and a percentage of any losses in respect of the fiduciary business assumed. (CDIC is receiving an annual fee for the latter item.)

To complete the transaction, it was necessary for a provisional liquidator to convey Central's assets. In this connection, CDIC made a commitment to the court that the Corporation would ensure that the remaining creditors would not be treated differently than the way they would have been treated in the event of a liquidation of Central.

The company and its subsidiary have provided CDIC with an indemnity for any sums paid to TD.

As TD assumed more deposit liabilities than the value of the assets it purchased, Central and its subsidiary were required to make a cash payment to TD of the difference (some $1.36 billion) at closing. This payment was financed by a secured loan from CDIC which will be repaid from the disposal of the residual assets, a process that is being managed by an administrator appointed with the concurrence of CDIC. The funds required for this loan were borrowed from the Consolidated Revenue Fund, using part of CDIC's borrowing capacity under section 42 of the *Canada Deposit Insurance Corporation Act*.

Summary of Interventions

In total, CDIC's interventions during 1992 resulted in protecting close to 1.1 million depositors holding approximately $14 billion in deposits with five failed members. The Corporation has recorded, in its financial statements, a provision for loss of $823 million relating to these interventions. Further financial information is provided in the financial statements included in this report.

ORGANIZATIONAL ISSUES

Human Resources Levels

As a matter of policy, CDIC conducts its affairs with a relatively lean in-house staff who have a mix of skills and training and who function in teams. Employees have expertise in accounting, banking, bankruptcy proceedings, law, human resources, information systems and administration. CDIC supplements these resources, as needed, by contracts with outside experts.

As part of an initiative to reduce costs, CDIC reduced its human resources level to 94 employees, a total reduction of 10% from the approved 1992 human resources level of 106 positions. During the year, we experienced an 18% employee turnover rate. Although this rate may be considered high, we expect that CDIC will continue to experience high employee turnover given the increasing performance demands being placed on our remaining employees, the imposition of salary restraints and the limited opportunities for advancement within the organization.

We expect to achieve some further reductions in our human resources level during 1993.

We are considering ways of further reducing our employee complement during the next few years. As a target, the Corporation stated in the Corporate Plan that it expects to reduce the human resources level to 80 positions by the end of 1997. However, we stated also that these plans assume that CDIC's interventions into the affairs of member institutions in difficulty will be substantially reduced in the future.

FINANCIAL RESULTS 1992

A five-year financial and statistical summary and a table of key comparative indicators are included on pages 40 and 41 of this report.

Highlights

Claims in Respect of Insured Deposits

The Corporation paid approximately $493 million to reimburse the insured depositors of Shoppers Trust Company.

Recoveries of Claims

During the year, CDIC recovered some $263 million from the estates of insolvent member institutions. The court discharged the liquidator of Continental Trust Company in late December, thereby completing the winding-up of this estate.

The 1993-97 Corporate Plan indicates that $272 million is expected to be recovered from the proceeds of the sale of assets of failed members. More recent financial projections indicate that recoveries will be approximately $400 million in 1993, with an additional $806 million to be collected over the next four years.

Loans to Member Institutions

During 1992, CDIC advanced $179 million to member institutions to reduce or avert a threatened loss to the Corporation. CDIC also received $19 million in loan repayments during the year.

To facilitate the transaction between The Toronto-Dominion Bank, Central Guaranty Trust Company and Central Guaranty Mortgage Corporation (CGM), CDIC agreed to lend $1,360 million to CGM. CGM subsequently changed its name to Adelaide Capital Corporation. The 1993-97 Corporate Plan estimated that $365 million of this loan would be repaid to the Corporation in 1993. Recent projections indicate that $310 million likely will be repaid in 1993, and a further $860 million will be repaid over the next four years.

Allowance for Losses on Claims and Loans Receivable and Provision for Guarantees

In 1992, the Corporation allowed for an additional amount of $344.5 million against its existing claims and loans receivable and wrote off $285 million from the allowance in respect of certain allowances made in past years. As a result, the amount of the allowance for losses on claims and loans receivable is now $416.5 million. A provision of $615 million was recorded to reflect our best estimate of the cost of guarantees or indemnities that CDIC has provided to certain member institutions.

Financing

To meet its obligations, CDIC relies on two sources of funding (in addition to recoveries from estates): premium assessments and loans from the Consolidated Revenue Fund (CRF).

Premium Assessments

The CDIC Act provides for an annual assessment of premiums. The rate is set by the Governor in Council on the recommendation of the Minister of Finance. The maximum rate allowed by the legislation is one-sixth of one percent of member institutions' insured deposits. Since 1988, member institutions have been assessed annual premiums at one-tenth of one percent of insured deposits.

In April 1993, the Governor in Council fixed the premium rate for the premium year beginning May 1, 1993, at one-eighth of one percent of insured deposits. The CDIC Board of Directors has also resolved not to seek an Order in Council setting the premium rate for 1994. Accordingly, by operation of the CDIC Act, the premium rate will be fixed automatically at the maximum rate allowable—that is, one-sixth of one percent of insured deposits—for the premium year commencing May 1, 1994.

Premiums assessed in 1992 amounted to $302 million (1991—$290 million). Since its inception in 1967, the Corporation has assessed premiums totalling $2.092 billion.

Loans from the Consolidated Revenue Fund

The CDIC Act allows for the Governor in Council to authorize the Minister of Finance to advance amounts from the CRF to the Corporation by way of interest-bearing loans. The maximum amount to be provided to CDIC under this provision is $6 billion.

During the year, CDIC borrowed $2.105 billion from the CRF and repaid $270 million of outstanding loans, leaving a balance outstanding of $3.650 billion at year end. These additional loans were required to finance the deposit insurance payouts and interventions that occurred in 1992. Projections in the Corporate Plan indicate that $3 billion in CRF loans will be outstanding at year-end 1993. More recent projections indicate that the loan balance will be slightly lower at $2.576 billion.

Taking into consideration the revised premium rates, we estimate that the loans from the CRF could be completely repaid in about six years. However, these projections, as readers will appreciate, are sensitive to many factors beyond the Corporation's control.

Deposit Insurance Fund

As a result of the loss provisions charged to CDIC's operations in 1992, the deficit in the Deposit Insurance Fund increased to $1.45 billion. This is substantially higher than the 1991 actual of $590 million and the 1992 Amended Corporate Plan forecast of $638 million. At the time the 1992 Amended Corporate Plan was prepared (in mid-1992), the Corporation did not have sufficient information to assess its losses resulting from the previously mentioned failures.

Recent projections indicate that the deficit could be eliminated in about five years, barring any major new claims on the Deposit Insurance Fund.

Administrative Expenses

Administrative expenses for 1992 were $28.7 million, compared with the 1992 amended operating budget of $25.7 million. All excess costs were a direct result of CDIC's involvement with member institutions that failed during the year. Of the $28.7 million spent in 1992, $12.1 million (42%) was incurred because of these insolvencies, leaving $16.6 million in general administrative expenses.

For the 1993 operating budget, we changed our budgeting practice. In our base operating budget, we no longer include costs directly related to dealing with the affairs of troubled member institutions.

Had this practice been in effect in 1992, the administrative expenses (exclusive of intervention costs) of $16.6 million would compare with a base operating budget of $17.5 million. When necessary, CDIC will now estimate expenditures for member institution intervention and request specific Board of Directors' approval before the intervention takes place. These costs will be accounted for as special projects.

According to the *Financial Administration Act*, any substantial deviation from the Corporation's approved budget plan requires the approval of the Minister of Finance and the President of the Treasury Board.

The approved 1993 operating budget totals $16.7 million.

Asset/Liability Management

The Asset/Liability Management Committee continues to manage CDIC's debt with a view to minimizing potential adverse effects of fluctuating interest rates. In January 1992, we took advantage of favourable interest rates and restructured CDIC's entire debt portfolio. This refinancing resulted in savings of $12.5 million despite a $48 million interest penalty, which is being amortized over the life of the existing debentures.

The 1992 annual weighted cost of funds for CDIC was 7.2%, compared with 10.2% in 1991.

THE CHALLENGES AHEAD — OBJECTIVES AND GOALS FOR 1993

In line with our corporate mission, vision and values, we have established four strategic objectives for the 1993-97 Corporate Plan:

- Manage the Deposit Insurance Fund prudently
- Actively assess and manage risks created by member institutions
- Operate in an effective and financially efficient manner
- Strengthen relationships with stakeholders

All these strategic objectives flow from our statutory objects. To achieve these strategic objectives, we have identified the following critical success factors and major goals for 1993:

Manage the Deposit Insurance Fund Prudently

Key Success Factors

- Elimination of the Deposit Insurance Fund deficit over time
- Elimination or minimization of claims against the Deposit Insurance Fund

Short-Term Goals

- Conduct a review of, and make recommendations on, the financing of the Deposit Insurance Fund
- Complete the development of a CDIC premium surcharge by-law

Long-Term Goal

- Participate in, and provide input on, the deposit insurance review being undertaken by the Department of Finance

Actively Assess and Manage Risks Created by Member Institutions

Key Success Factors

- Implementation of, and compliance with, standards of sound business and financial practices
- Effective working relationships with regulators
- Development and refinement of risk assessment and risk management functions
- Increased depositor confidence in the stability of the financial system

Short-Term Goals

- Complete the development of a standards assessment program for examiners with respect to the standards of sound business and financial practices
- Complete the development of a consumer information by-law
- Continue to define, develop and implement the risk management function according to the risk management strategy adopted

Long-Term Goal

- Implement a state-of-the-art risk assessment function

Operate in an Effective and Financially Efficient Manner

Key Success Factors

- Recruitment, development and retention of competent, professional personnel

- Continued employee motivation and commitment to the Corporation's values
- Implementation of formal policies and procedures and their communication to employees
- Commitment to the budgetary process and enhancement of the accountability of managers
- Assessment of performance against approved objectives

Short-Term Goals

- Complete the new instructions and manual of terms for the Return of Insured Deposits
- Develop appropriate systems and records to better control costs in the area of telecommunications equipment usage, etc.
- Review and, if necessary, amend the CDIC security manual
- Develop and implement an administrative policy manual

Long-Term Goals

- Develop applications in accordance with the Information Resource Plan
- Improve supervision of estates in liquidation and implement structural and functional changes to ensure supervision is not compromised by any further insolvencies
- Develop a manual on insolvency information and procedures

Strengthen Relationships with Stakeholders

Key Success Factors

- Continuation of ongoing dialogue with key stakeholders
- Expansion and maintenance of the level of public awareness of the Corporation
- Strengthening of employees' feeling of fair treatment and value to the Corporation

Short-Term Goals

- Continue to pursue administrative agreements with provincial regulators
- Strengthen relationships with employees by continuing to develop a targeted communications program
- Develop a comprehensive public relations program aimed at increasing awareness of deposit insurance
- Enhance relationships with member institutions, industry associations, and government bodies through developing and implementing a targeted communications program
- Establish a management accountability framework for the federal Official Languages Program

- Complete the production of work instruments in both official languages, as provided in the *Official Languages Act*

Long-Term Goals

- Review the employee benefits program and implement approved recommendations
- Implement consistent human resources policies and procedures
- Establish a career/succession planning system

In total, CDIC plans to complete 54 short-term departmental goals during 1993. Twenty-three long-term goals are to be achieved over the five-year planning period. Performance of these planned objectives and goals will be discussed in our 1993 Annual Report.

CONCLUSION

The Corporation once again achieved its statutory objects over the past year. Since inception in 1967, we have intervened in the affairs of 34 member institutions and, in one form or another, have protected depositors holding approximately $20 billion. In total, these interventions have resulted in CDIC incurring approximately $3.3 billion in net costs. We believe that CDIC has performed well in its insurance role and has contributed significantly to the stability of the financial system in Canada.

Our employees can and should be proud of their achievements. They are all to be congratulated for jobs well done. I thank them for their continued support, dedication and loyalty to CDIC.

The end of the year marked the retirement of our Chairman and colleague, Ronald A. McKinlay. During his seven years at CDIC, Mr. McKinlay was instrumental in helping to build a hard-working organization with strong values. On behalf of all the employees, I express sincere gratitude to him for helping us to meet challenges head on, and, in times of adversity, for reminding us that enjoying what you do is a prerequisite to completing the task at hand with success.

Jean Pierre Sabourin
President and Chief Executive Officer

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.*

Our Values

Professionalism and Excellence,
Integrity and Trustworthiness,
Communication and Teamwork,
Respect and Fairness

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 61 banks and 51 federally incorporated trust companies and loan companies. The 30 provincial member institutions are examined by persons designated by the Corporation for that purpose.

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 1992 premium year continued at the rate of 1/10 of 1% of insured deposit liabilities of member institutions. (The premium rate for 1993 has been set at 1/8 of 1% of insured deposit liabilities of member institutions.)

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.

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*

Other Legislation

CDIC has also received ancillary powers, in two federal statutes, beyond those found in its own governing legislation. Under the *Investment Companies Act* the Corporation may make short-term loans as a lender of last resort to Canadian-controlled finance companies as defined in that Act. Under the *Cooperative Credit Association Act* the Corporation may make short-term loans to an association, as defined in the legislation, to enable it to meet its requirements for liquid funds needed to discharge its maturing debt obligations, and to a deposit protection agency, also defined in the legislation, to enable it to meet its requirements for liquid funds for its operations.

When acting on the authority provided under either of these two statutes, CDIC does not insure the debt instruments of sales finance companies or the deposits or debt instruments of associations and deposit protection agencies. Loans must be made for the narrow purposes set out in the legislation, and are funded through a separate authority allowing CDIC to borrow from the federal government's Consolidated Revenue Fund, which to date has advanced nothing under either Act.

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.

Ronald A. McKinlay[(1)(2)]
Chairman to December 29, 1992

H. Marcel Caron[(2)]
Chairman,
Executive Committee,
La Presse

John W. Crow
Governor of the Bank
of Canada

David A. Dodge
Deputy Minister of
Finance

E. Susan Evans[(2)]
Calgary, Alberta

Suzanne B. Labarge[(2)]
Deputy Superintendent
of Financial Institutions

Michael A. Mackenzie[(1)]
Superintendent of
Financial Institutions

Paul G. Morton[(1)]
President,
Security Investment
Corporation Ltd.

Ronald N. Robertson
Partner,
Fasken Campbell Godfrey,
Fasken Martineau Davis

Mr. Grant L. Reuber was appointed Chairman of the Board on January 8, 1993.

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

CDIC Committees*

Real Estate Advisory Committee

Chairman

William C. Poole
Former 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
Former Chairman,
Citicom Inc.

Kenneth Rotenberg
Chairman of the Board,
Rostland Corporation

Herbert I. Stricker
President,
Adelphi Holdings
Incorporated

Standards Sub-Committee

Chairman

Guy St-Pierre
Vice-President,
Insurance and
Risk Assessment,
CDIC

Members

J. Martin Castonguay
Partner,
Deloitte & Touche

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

John R. Moffat
Financial Consultant

Kenneth E. Mylrea
Director,
Policy Development,
Standards and Economics,
CDIC

Standards Advisory Group

Members

Marcel Cazavan
Former Chairman,
General Trustco
of Canada

Alan R. Marchment
Former Chairman,
President and Chief
Executive Officer,
Guaranty Trustco Ltd.

Graeme K. Rutledge
Senior Partner,
Deloitte & Touche

Robert A. Utting
Former Vice-Chairman,
The Royal Bank of Canada

Standards Committee Secretary

Ms. Gillian Strong
Legal Counsel,
CDIC

Executive Management Committee (EMC)

Chairman

Jean Pierre Sabourin
President and Chief
Executive Officer

Members

Johanne R. Lanthier
Vice-President,
Finance

Lewis T. Lederman
Corporate Secretary
and General Counsel

John Richards
Vice-President,
Field Operations

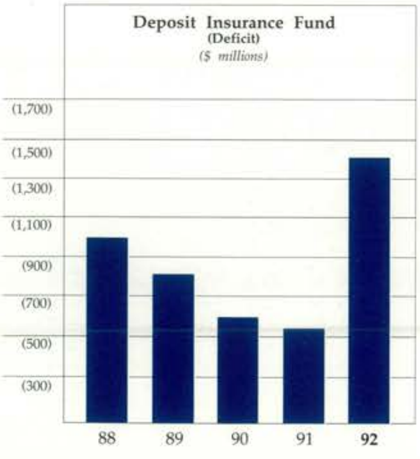
Guy St-Pierre
Vice-President,
Insurance and
Risk Assessment

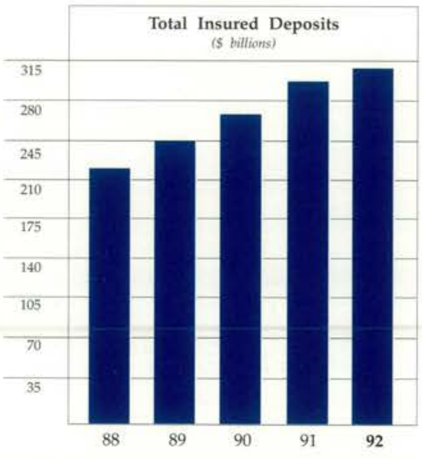
Bert C. Scheepers
Vice-President,
Operations

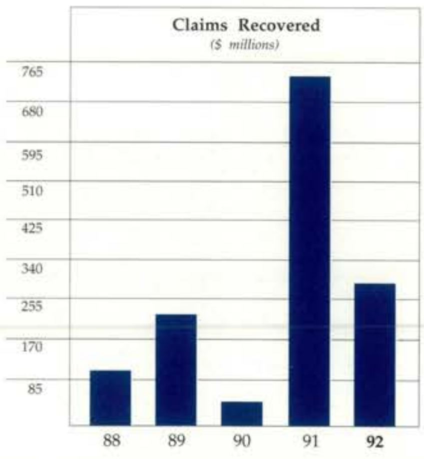
** as at April 30, 1993*

Five-Year Financial and Statistical Summary

	1992	1991	1990	1989	1988
			($ millions unless otherwise indicated)		
Insurance Program					
Deposit Insurance Fund (deficit)	(1,451)	(590)	(643)	(851)	(1,017)
Total insured deposits ($ billions)	302	290	270	245	216
Premiums assessed	302	290	271	245	216
Assets and Liabilities					
Claims paid	493	1,408	-	4	-
Claims recovered	263	728	49	198	110
Loans disbursed	1,539	39	43	-	80
Loans recovered	19	96	13	15	22
Additional loans from the Consolidated Revenue Fund (repayments)	1,835	590	(150)	(320)	461
Operations					
Administrative operating expenses	29	28	12	12	8
Member Institutions					
Number of Federal Institutions - Banks	61	64	64	65	65
Number of Federal Institutions - Trust and Loan Companies	51	50	52	56	55
Number of Provincial Institutions	30	32	35	33	36
Number of Insolvencies	5	4	-	-	-
Employees					
Number of employees	94	92	65	63	48

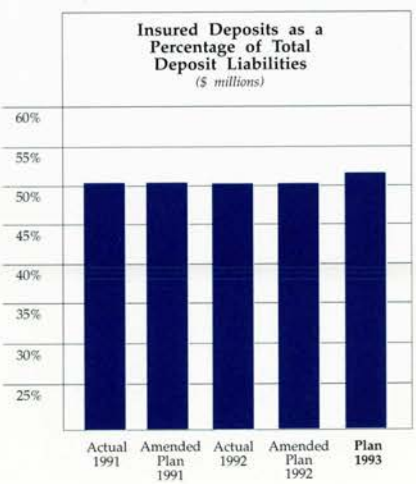


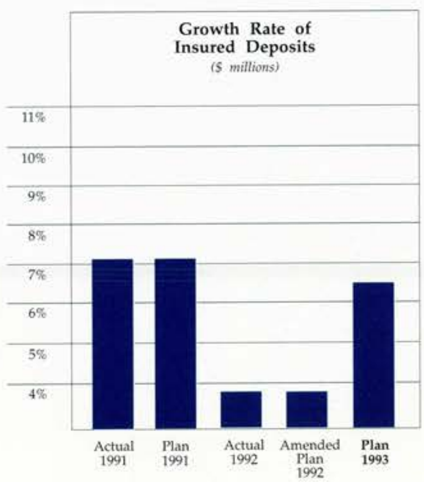


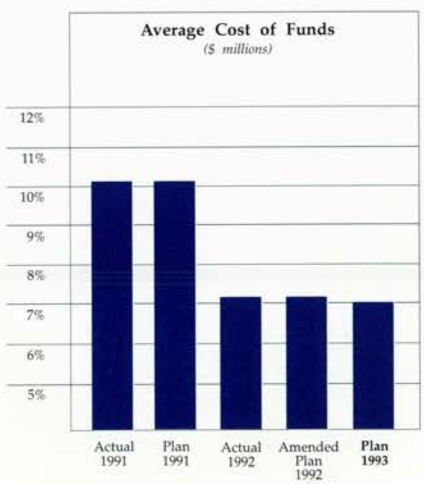


Key Comparative Indicators

	Plan 1993	Amended Plan 1992	Actual 1992	Amended Plan 1991	Actual 1991
		($ millions unless otherwise indicated)			
Financial					
Deposit Insurance Fund (deficit)	(558)	(638)	(1,451)	(536)	(590)
Loans from the Consolidated Revenue Fund	3,000	3,822	3,715	1,909	1,904
Premiums	403	303	302	290	290
Recoveries of claims	272	581	263	699	728
Recoveries of loans	365	99	19	81	96
Interest expense on loans from the Consolidated Revenue Fund	244	185	177	170	168
Operating budget	17	26	29	25	28
Others					
Insured deposits as a percentage of total deposit liabilities	51.0%	50.8%	50.8%	50.9%	50.9%
Growth rate of insured deposits	6.5%	3.8%	3.8%	7.3%	7.3%
Average cost of funds	7.0%	7.2%	7.2%	10.2%	10.2%







Management Responsibility for Financial Statements

May 21, 1993

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 and recommending the annual report and financial statements to the Board of Directors.

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 the contingencies disclosed in note 3 of the financial statements where we have not yet been able to estimate the exposure to loss, we are not aware of any other situation at this time where the Corporation is exposed to a material loss.

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

J.P. Sabourin
President and Chief Executive Officer

Johanne 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, 1992 and the statements of operations and deposit insurance fund, 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, 1992 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 audit 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.

I wish to draw to your attention that, as described in Note 3 to the financial statements, the Corporation is facing exposure to losses which could be material. No provision for losses has been taken in the financial statements in respect to this exposure, as the Corporation is not in a position at this time to estimate it. However, if these losses materialize, they could have a significant impact on future years' operating results.

L. Denis Desautels

L.Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
May 21, 1993

Balance Sheet

as at December 31, 1992

	1992	1991
	(in thousands of dollars)	
Assets		
Cash and investments	$ 321,068	$ 201,742
Premiums and other accounts receivable	5,191	3,582
Deferred interest expense	24,455	-
Capital assets	2,043	1,541
	352,757	206,865
Loans receivable (Note 4)	1,566,974	47,400
Claims receivable (Note 4)	1,381,997	1,431,755
	2,948,971	1,479,155
Allowance for losses on claims and loans receivable (Note 5)	(416,500)	(357,000)
	2,532,471	1,122,155
	$2,885,228	$1,329,020
Liabilities		
Accounts payable	$ 5,705	$ 15,088
Provision for guarantees (Note 6)	615,000	-
Loans from Consolidated Revenue Fund (Note 7)	3,715,180	1,903,910
	4,335,885	1,918,998
Contingent liabilities (Note 3)		
Deposit Insurance Fund		
Deficit at year end	(1,450,657)	(589,978)
	$2,885,228	$1,329,020

Approved by the Board:

Chairman

Director

Statement of Operations and Deposit Insurance Fund

for the year ended December 31, 1992

	1992	1991
	(in thousands of dollars)	
Revenues		
Premiums	$ 302,371	$ 290,473
Interest on loans receivable	-	3,384
Interest on investments	3,212	5,482
Other interest	2,273	9,498
	307,856	308,837
Expenses		
Provision for losses on guarantees (Note 6)	615,000	-
Interest on loans from the Consolidated Revenue Fund (Note 7)	176,950	167,604
Provision for losses on claims and loans receivable (Note 5)	344,532	61,000
Administrative expenses (Note 10)	28,652	27,649
Other interest	3,401	-
	1,168,535	256,253
Gain (loss) from operations	(860,679)	52,584
Deficit, beginning of year	(589,978)	(642,562)
Deficit, end of year	$ (1,450,657)	$ (589,978)

Statement of Changes in Financial Position

for the year ended December 31, 1992

	1992	1991
	(in thousands of dollars)	
Operating Activities		
Gain (loss) from operations	$ (860,679)	$ 52,584
Non-cash items included in gain (loss) from operations		
Provision for losses on guarantees	615,000	-
Provision for losses on claims and loans receivable	344,532	61,000
Other	(63,501)	47,336
Loans disbursed	(1,538,705)	(39,050)
Loans recovered	19,131	96,414
Claims paid	(492,981)	(1,408,139)
Claims recovered	262,539	728,038
Cash used in operating activities	(1,714,664)	(461,817)
Investing Activities		
Purchase of capital assets - net	(1,010)	(867)
Financing Activities		
Loans from the Consolidated Revenue Fund:		
Advances	2,105,000	1,375,000
Repayments	(270,000)	(785,000)
Cash provided by financing activities	1,835,000	590,000
Cash and Investments		
Increase during the year	119,326	127,316
Balance, beginning of year	201,742	74,426
Balance, end of year	$ 321,068	$ 201,742

December 31, 1992

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. These 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, and providing guarantees or 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 in which the Corporation has intervened.

Premium Revenue. 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.

Interest Revenue. The Corporation charges interest on loans it disburses, directly or indirectly, in accordance with the specific terms of the loan agreements. This interest continues to accrue to the benefit of the Corporation but is not recognized in the accounts when an insolvent member institution is placed in liquidation or when there is a reasonable doubt as to the ultimate collectibility of the interest. In such cases, cash receipts are recognized as a reduction of the loan principal until such time as the loans are retired. Subsequent cash receipts are recognized as interest revenue on a cash basis.

Losses on Claims and Loans Receivable. The allowance for losses on claims and loans receivable reflects the Corporation's best estimate of losses in respect of claims against insolvent member institutions arising from payments made to insured depositors and loans made to member institutions and others under a loan agreement.

Losses on Guarantees. In facilitating the restructuring of certain member institutions, CDIC may provide certain guarantees to member institutions. The amount estimated to be required to cover these guarantees is recorded as a charge against current operations and is reflected on the balance sheet as a provision for guarantees.

General Provision for Losses. The Corporation does not recognize in its accounts a general provision for losses on insured deposits or a related expense for losses in respect of member institutions for whom it has not made loans or advances or given specific guarantees.

3. *Contingent Liabilities*

Exposure to Losses From Member Institutions. By the nature of its business as insurer of deposits, the Corporation is exposed to losses resulting from the operations of its member institutions. The financial condition of certain member institutions remains of concern, which exposes the Corporation to losses that could be material. The Corporation cannot, at this time, determine its exposure to loss in respect of these member institutions. In accordance with the accounting policy set out in note 2, no general provision for loss has been recorded for these possible losses.

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.

4. *Claims and Loans Receivable*

Under the general powers of subsection 10(1) of the CDIC Act, the Corporation made secured loans to member institutions and others through the provisions of loan agreements.

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 disbursed by the Corporation. The Corporation is asserting claims against all the insolvent member institutions that have been placed in liquidation.

5. Allowance for Losses on Claims and Loans Receivable

	1992	1991
	(in thousands of dollars)	
Balance, beginning of year	$ 357,000	$ 296,000
Current charge to operations	344,532	61,000
Losses recognized in current year	(285,032)	-
Balance, end of year	$ 416,500	$ 357,000

6. Provision for Guarantees

During the year, the Corporation provided $2.86 billion (1991: Nil) in guarantees to certain member institutions under deficiency coverage agreements. These guarantees were provided in respect of potential principal and income losses on eligible assets of these member institutions. The estimated loss on these guarantees is $615 million. The guarantees will be in force, on a diminishing basis, for a ten (10) year period ending in the year 2002.

7. Loans from the Consolidated Revenue Fund

With Governor in Council approval, the Corporation can borrow up to $6 billion from the Consolidated Revenue Fund.

As at December 31, 1992, the Corporation has $3,715 million in outstanding loans including accrued interest of $65 million (1991: $1,904 million including accrued interest of $89 million).

These loans bear interest at various annual rates ranging from 6.390% to 7.496% and are repayable according to the following schedule:

Year	Amount *(in millions of dollars)*
1993	$ 2,335
1994	340
1995	585
1996	455
	$3,715

8. Income Taxes

The Corporation is subject to federal income tax and has available losses which can be carried forward to reduce future years' earnings.

Such losses total $960.5 million and expire as follows:

Year	Amount (in millions of dollars)
1993	$ 88.5
1994	82.9
1995	136.7
1996	144.4
1997	143.3
1998	141.3
1999	223.4
	$960.5

9. Insured Deposits

Deposits insured by the Corporation, on the basis of returns received from member institutions, as at April 30, 1992 and 1991, were as follows:

	1992	1991
	(in billions of dollars)	
Federal Institutions	$ 280	$ 268
Provincial Institutions	22	22
	$ 302	$ 290

10. Administrative Expenses

	1992	1991
	(in thousands of dollars)	
Inspection, legal and other fees	$ 9,978	$ 8,082
Salaries and other personnel costs	6,098	4,744
Data processing of claims	5,229	7,627
Public awareness program	3,070	3,958
General expenses	2,219	1,977
Premises	2,058	1,261
	$ 28,652	$ 27,649

11. Subsequent Event

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 1993 at one-eight of one percent of insured deposits. The premium rate in 1992 was one-tenth of one percent of insured deposits.

12. Comparative Figures

Certain of the 1991 figures have been reclassified to conform with the presentation adopted for 1992.

Federally Incorporated Banks

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

Federally Incorporated Trust and Loan Companies

AGF Trust Company
Bank of Montreal Mortgage Corporation
Bank of Nova Scotia Trust Company (The)
Bayshore Trust Company
Canada Trust Company (The)
Canada Trustco Mortgage Company
Central Guaranty Mortgage Corporation
Central Guaranty Trust Company
CIBC Mortgage Corporation
CIBC Trust Corporation
Citizens Trust Company
Co-operative Trust Company of Canada
Confederation Trust Company
Equitable Trust Company (The)
Evangeline Savings and Mortgage Company
Evangeline Trust Company
General Trust Corporation of Canada
Granville Savings and Mortgage Corporation
HongkongBank Mortgage Corporation
Household Trust Company
Income Trust Company
International Trust Company (The)
Laurentian Bank of Canada Mortgage Corporation

Laurentian Bank Savings and Mortgage Corporation
League Savings & Mortgage Company
Merchant Private Trust Company (The)
Metropolitan Trust Company of Canada
Montreal Trust Company of Canada
Morguard Mortgage Investment Company of Canada
MTC Mortgage Investment Corporation
Mutual Trust Company (The)
NAL Mortgage Company
Natcan Trust Company
Peace Hills Trust Company
Peoples Trust Company
Premier Trust Company (The)
Prenor Trust Company of Canada
Regional Trust Company (The)
Royal Bank Mortgage Corporation
Royal Trust Corporation of Canada
Scotia Mortgage Corporation
Security Home Mortgage Investment Corporation
Seel Mortgage Investment Corporation
Settlers Savings and Mortgage Corporation
Sun Life Savings and Mortgage Corporation
Sun Life Trust Company
TD Mortgage Corporation
TD Pacific Mortgage Corporation
TD Trust Company
Trust Company of the Bank of Montreal (The)
Victoria and Grey Mortgage Corporation

Provincially Incorporated Trust and Loan Companies

Aetna Trust Company
Bonaventure Trust Inc.
Cabot Trust Company
Civil Service Loan Corporation
Community Trust Company Ltd.
Desjardins Trust Inc.
Dominion Trust Company (The)
Effort Trust Company (The)
Family Trust Corporation
Firstline Trust Company
Fortis Trust Corporation
General Trust of Canada
Home Savings & Loan Corporation
Huronia 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 American Trust Company
North West Trust Company
Pacific & Western Trust Corporation
Royal Trust Company (The)
Savings and Investment Trust

Consumer Assistance

CDIC offers a toll-free information service which provides answers to commonly asked questions about deposit insurance.

1-800-461-CDIC
1-800-461-2342

Head Office

Canada Deposit Insurance Corporation
50 O'Connor Street
17th Floor
P.O. Box 2340, Station D
Ottawa, Ontario
K1P 5W5

Toronto Office

Canada Deposit Insurance Corporation
1200-79 Wellington Street, W.
P.O. Box 156
Toronto-Dominion Centre
Aetna Tower
Toronto, Ontario
M5K 1H1

Publications

Annual Report

Canada Deposit Insurance Corporation Act

Canada Deposit Insurance Corporation General By-Law

Summary of Corporate Plan

Standards of Sound Business and Financial Practices:

- Liquidity Management
- Interest Rate Risk Management
- Credit Risk Management
- Real Estate Appraisals
- Foreign Exchange Risk Management
- Securities Portfolio Management
- Capital Management
- Internal Control

Information brochure

Membership brochure

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