CDIC
Canada Deposit
Insurance Corporation

Quarterly Financial Report
Third Quarter

December 31, 2016
Unaudited

Protecting the dreams of Canadians

Canada

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Narrative discussion

Third quarter – fiscal 2016/2017

This narrative discussion was prepared in accordance with the *Treasury Board Standard on Quarterly Financial Reports for Crown Corporations* (the "Treasury Board Standard"). It is not intended to be a full "Management's Discussion and Analysis". Disclosures and information in Canada Deposit Insurance Corporation's 2016 Annual Report are assumed to apply to the current quarter unless otherwise updated.

The condensed consolidated financial statements are unaudited and have been prepared in accordance with the Treasury Board Standard.

This narrative discussion and the accompanying financial statements were reviewed and approved by CDIC's Audit Committee.

Financial highlights

For the third quarter ended December 31, 2016, Canada Deposit Insurance Corporation ("CDIC" or "the Corporation") recognized net income of $104 million, arising principally from premium revenue recognized during the quarter of $105 million. Other items of significance were investment and other income of $10 million, and net operating expenses and income taxes of $11 million. In the same period last year, CDIC recognized net income of $92 million, based on premium revenue of $90 million, investment and other income of $10 million, net operating expenses and income taxes of $10 million and a recovery of $2 million from the estate of a failed member.

For the nine month period ended December 31, 2016, CDIC recognized net income of $166 million, based primarily on premium revenue of $315 million, investment and other income of $30 million, an increase to its provision for insurance losses ("provision") of $150 million and net operating expenses of $30 million. In the same period last year, CDIC recognized net income of $176 million, based on premium revenue of $271 million, investment and other income of $30 million, an increase to the provision of $100 million, net operating expenses and income taxes of $29 million and a recovery of $4 million.

The Corporation's $315 million in premium revenue for the nine month period represents an increase of $44 million from the same period in the prior year. The increase in premium rates was the primary factor leading to the higher revenue. Changes in the premium categorization of member institutions and the growth in insured deposits also contributed to the variance.

The Corporation's $30 million in investment and other income for the nine month period ended December 31, 2016 was relatively consistent with the same period in the prior year. This was due to the decline in the effective yield (1.08% and 1.17%, as at December 31, 2016 and 2015, respectively), which offset the growth of the investment portfolio.

Operating expenses and income taxes were $11 million for the third quarter and $30 million for the fiscal year to date, both are slighty higher than the same period in the prior year.

CDIC's provision increased $150 million to $1,450 million in the nine month period ending December 31, 2016, $100 million higher than what was included in the 2016/2017 Corporate Plan. This increase is primarily due to the growth in the level of insured deposits ($741 billion and $696 billion as at April 30, 2016 and 2015, respectively). There were no significant changes to the overall risk profile of CDIC's member institutions during the quarter.

CDIC's total assets as at December 31, 2016 were $3,857 million, an increase of $432 million (13%) from March 31, 2016, largely driven by the growth in CDIC's investment portfolio. The majority of the Corporation's assets are highly liquid investment securities.

As at December 31, 2016, CDIC's *ex ante* funding represented 50 basis points ($3,732 million) of insured deposits, as compared to the minimum target level of 100 basis points.

Risk analysis

In addition to monitoring the risks faced by CDIC's membership that drive changes in the provision for insurance losses, Management utilizes an Enterprise Risk Management (ERM) program to identify and manage its key corporate risks. The ERM program includes a detailed annual assessment of risks, as well as quarterly updates. The assessment includes Management's perspective on residual risk, which considers the potential impact of a risk event on the Corporation's financial position, reputation and/or ability to fulfill its mandate and statutory objects; the likelihood of such an event occurring; and the Corporation's mitigation activities to manage the specific risk.

Management's recent annual assessment indicated that the significant risks facing the Corporation as at December 31, 2016 remain acceptable. However, Management highlighted five areas that require additional attention, as discussed below.

- There are significant risks in the environment (e.g., weakness in oil and other commodities, slow growth in Canada, high consumer indebtedness, elevated residential real estate prices, etc.) that could lead to a series of member failures to which CDIC would need to respond.

- CDIC's reimbursement system was initially developed 13 years ago. Given technology updates, changes to deposit insurance programs and new members, there is a risk that modifications to the system to accommodate future requirements and support faster reimbursements to depositors may be difficult.

- Given CDIC's role as resolution authority, current government initiatives to update financial sector legislation and the deposit insurance program, there is a risk that CDIC's by-laws have not or will not keep pace with these changes.

- In considering changes to CDIC's by-laws, Management must also consider the impact on members. As such, regulatory burden for members needs to be monitored by CDIC, given the recent increase in information requirements, resolution planning efforts, and higher premiums.

- Declining public awareness of deposit insurance and CDIC is a concern as it exposes uninformed depositors to loss and increases the risk of bank runs.

CDIC has developed programs to address the risks in these five areas. The Corporation monitors the progress on these programs, and continually assesses their impact on risk and when the risks have been mitigated to an acceptable level.

Changes in operations, personnel and programs

The following describes any significant changes in operations, personnel and programs that have occurred during the current quarter.

Operations	There were no significant changes during this quarter.
Board of Directors, Officers and Personnel	Ms. Leah Anderson was designated as Alternate to the Associate Deputy Minister of Finance, Mr. Rob Stewart, effective December 5, 2016, pursuant to s.5(1)(b.1) of the *Canada Deposit Insurance Corporation Act*.
Programs and Initiatives	There were no significant changes during this quarter.

Financial results

Three months ended December 31, 2016, compared to three months ended December 31, 2015

The following table sets out CDIC's comparative results for the three months ended December 31, 2016 and 2015.

	For the three months ended December 31		Difference	
(C$ thousands)	**2016**	**2015**	Difference ($)	(%)
Premium revenue	105,200	89,865	15,335	17%
Investment and other income	10,165	10,003	162	2%
Net operating expenses	11,025	9,912	1,113	11%
Recovery of amounts previously written off	-	1,698	(1,698)	(100%)
Income tax (recovery) expense	(96)	(77)	19	25%
Net income	**104,436**	**91,731**	**12,705**	14%

Premium revenue

Premiums charged to member institutions are based on the total amount of insured deposits held by member institutions as of April 30 each year, and are calculated annually in accordance with the *CDIC Act* and CDIC's *Differential Premiums By-law*. Premium rates are a key determinant of the length of time it will take to reach the Corporation's minimum target level of *ex ante* funding of 100 basis points. Each year, CDIC considers various premium rate options. For 2016/2017, the approved Category 1 rate (the base rate) is 5.5 basis points of insured deposits, a 1.0 basis point increase over the 2015/2016 base rate. The amount recognized in each quarter represents one-fourth of the annual assessment amount.

Premium revenue of $105 million was recorded during the quarter ended December 31, 2016 compared to $90 million for the same period last year, a 17% increase. The increase in premium rates was the primary factor leading to the higher revenue. Growth in insured deposits and change in categorization of certain member institutions also contributed to the net variance in premium revenue. Insured deposits grew to $741 billion as at April 30, 2016, from $696 billion as at April 30, 2015, an increase of 6%.

Investment and other income

Investment and other income for the three month period ending December 31, 2016 was $10 million, consistent with the same period last year. This was the result of the decline in the investment yields during the period, which offset the growth in the investment portfolio.

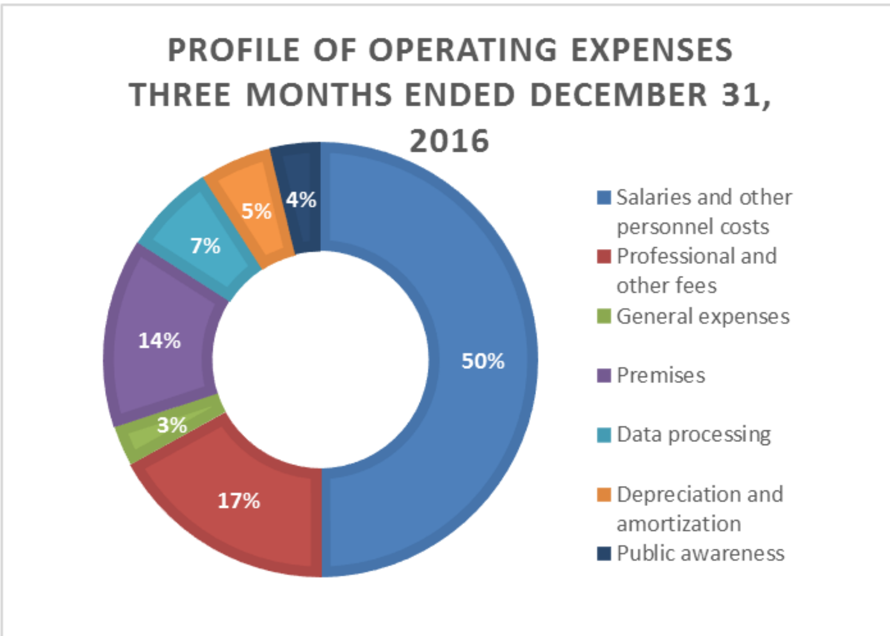
Provision for insurance losses

The provision represents Management's best estimate of the losses it expects to incur as a result of insuring deposits. The adequacy of the provision is assessed on a quarterly basis and, if necessary, adjustments are recorded.

In arriving at its estimate, Management considers the key inputs of its provisioning methodology: the level of insured deposits, the expectation of default derived from probability statistics, expected loss given default, supervisory information, economic indicators, and CDIC's specific knowledge of its members.

During the quarter ended December 31, 2016, there was no change to the provision of $1,450 million.

Operating expenses



Operating expenses for the three months ended December 31, 2016 totaled $11 million, slightly higher than the same period last year.

Nine months ended December 31, 2016, compared to nine months ended December 31, 2015

The following table sets forth CDIC's comparative results for the nine months ended December 31, 2016 and 2015.

	For the nine months ended December 31		Difference	
(C$ thousands)	**2016**	**2015**	($)	(%)
Premium revenue	315,201	270,882	44,319	16%
Investment and other income	30,303	29,878	425	1%
Increase in provision for insurance losses	150,000	100,000	50,000	50%
Net operating expenses	29,666	28,131	1,535	5%
Recovery of amounts previously written off	-	4,317	(4,317)	(100%)
Income tax expense	161	534	(373)	(70%)
Net income	**165,677**	**176,412**	**(10,735)**	(6%)

Premium revenue

Premium revenue of $315 million was recorded during the nine months ended December 31, 2016 compared to $271 million for the same period last year, a 16% increase. The increase in premium rates was the primary factor leading to the higher revenue. Changes in the categorization of member institutions and the growth in insured deposits also contributed to the variance.

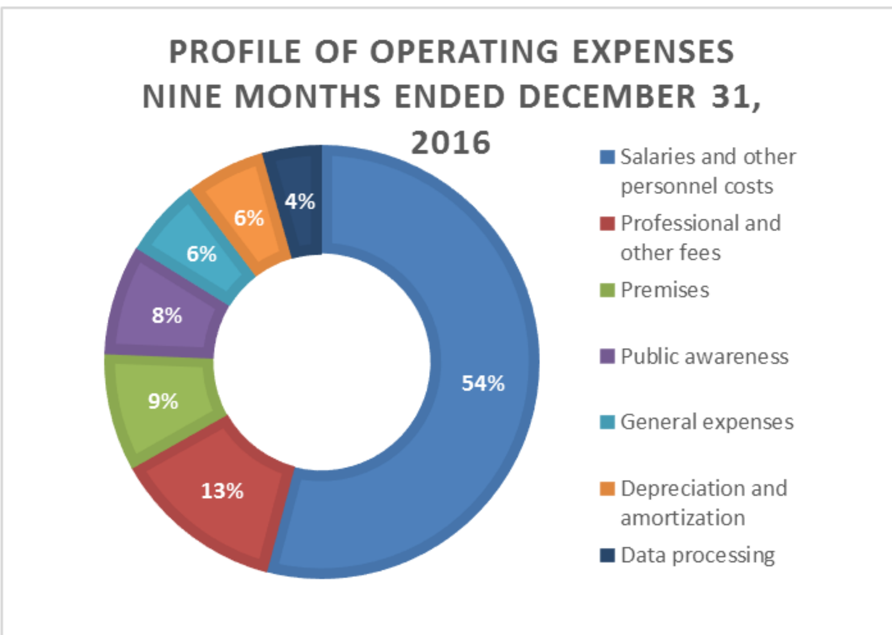
Investment and other income

Investment and other income for the nine month period was $30 million, consistent with the same period last year. This was the result of the decline in the investment yields during the period, which offset the growth in the investment portfolio.

Provision for insurance losses

CDIC's provision for insurance losses increased $150 million to $1,450 million during the nine months ended December 31, 2016. The increase in the provision was primarily a result of the growth in insured deposits.

Operating expenses



Operating expenses for the nine months ended December 31, 2016 totalled $30 million, slightly higher than the same period last year.

Forecast results for fiscal 2016/2017, compared to Corporate Plan

This section includes future-oriented financial information that is based on certain assumptions. Actual results may differ from the forecasted information presented and such differences may be material.

	2016/2017		Difference	
(C$ millions)	**Forecast**	**Planned**	($)	(%)
Premium revenue	421	400	21	5%
Investment and other income	41	41	-	-
Increase in provision for insurance losses	150	50	100	200%
Net operating expenses	42	44	(2)	(5%)
Income tax recovery	-	1	(1)	(100%)
Net income	**270**	**348**	(78)	(22%)

Premium revenue

CDIC's 2016/2017 to 2020/2021 Corporate Plan (the "Corporate Plan") sets out planned premium revenue of $400 million for fiscal 2016/2017, compared with Management's current forecast revenue of $421 million for the year. The Corporate Plan was based on certain assumptions regarding increases in the level of insured deposits and the classification of members under the Differential Premiums system. Results to date have differed from the assumptions, resulting in a variance between the planned and forecast amounts.

Investment and other income

Forecast investment and other income is as planned. The higher than planned premium revenue will result in an increased investment portfolio, offsetting the lower than planned yields (forecast yield for fiscal 2016/2017 is 1.09% versus 1.10% in the Corporate Plan).

Provision for insurance losses

For fiscal 2016/2017, the Corporate Plan assumed a $50 million increase in the provision to $1,350 million. The provision increased by $150 million to $1,450 million during the nine months ended December 31, 2016, primarily driven by growth in insured deposits.

Net operating expenses

Net operating expenses for fiscal 2016/2017 are forecasted at $42 million, $2 million below the amount included in the Corporate Plan. This projected variance is primarily due to a slower than anticipated pace of hiring.

Ex ante funding

Sound funding arrangements are critical to the effectiveness of a deposit insurance system and the maintenance of public confidence. CDIC maintains *ex ante* funding to cover possible deposit insurance losses. The amount of such funding is represented by the aggregate of the Corporation's retained earnings and the provision. The minimum target level of the Corporation's *ex ante* funding is 100 basis points of insured deposits. The Corporation reviews this target funding level regularly to ensure it remains appropriate.

CDIC's *ex ante* funding level was $3,732 million as at December 31, 2016, or 50 basis points of insured deposits.

As noted earlier, premium rates were increased for 2016/2017 in order to accelerate CDIC's progression to the minimum *ex ante* funding target. In addition, CDIC's Corporate Plan assumes further increases (1 basis point increase per year to the base rate through to, and including, 2018/2019). It is currently forecast that CDIC will reach the minimum *ex ante* funding target level in 2024/2025.

Available liquid funds

The following table sets out the liquid funds available to CDIC.

(C$ millions)	**December 31, 2016**	**March 31, 2016**
Available liquid funds:		
Cash	1	1
Fair value of high-quality, liquid investment securities	3,846	3,449
Availability of borrowings:		
Borrowings authorized under the CDIC Act, either from market sources or from the Consolidated Revenue Fund	22,000	20,000
Total available funds	**25,847**	**23,450**

CDIC's portfolio of investment securities is limited to high-quality, liquid securities: obligations of the Government of Canada and its agent Crowns, and obligations of Provincial Governments / Municipal Financing Authorities. Additional funds are available through CDIC's authority to borrow under the *CDIC Act*. As at December 31, 2016, the Corporation can borrow up to $22 billion. The borrowing limit is adjusted annually on December 31 to reflect the growth of insured deposits. Additional borrowings, if required, could be authorized by Parliament through an appropriation act.

Management representation

Management is responsible for the preparation and fair presentation of these condensed consolidated quarterly financial statements in accordance with the *Treasury Board of Canada Standard on Quarterly Financial Reports for Crown Corporations* and for such internal controls as Management determines are necessary to enable the preparation of condensed consolidated quarterly financial statements that are free from material misstatement. Management is also responsible for ensuring all other information in this quarterly financial report is consistent, where appropriate, with the condensed consolidated quarterly financial statements.

The financial statements have not been audited or reviewed by an external auditor.

Based on our knowledge, these unaudited condensed consolidated quarterly financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Corporation, as at the date of and for the periods presented in the condensed consolidated quarterly financial statements.

M. Bourque

Michèle Bourque

President and Chief Executive Officer

Ottawa, Canada
February 16, 2017

Anthony Carty
Vice-President, Finance and Administration and Chief Financial Officer

Ottawa, Canada
February 16, 2017

Condensed consolidated financial statements and notes

Condensed consolidated statement of financial position

As at December 31, 2016 (C$ thousands)

	Notes	December 31, 2016	March 31, 2016
ASSETS			
Cash		847	919
Investment securities	*3*	3,843,918	3,410,247
Trade and other receivables		466	204
Amounts recoverable from estates		2,882	3,469
Prepayments		272	193
Property, plant & equipment		4,862	5,263
Intangible assets		3,861	4,918
TOTAL ASSETS		**3,857,108**	**3,425,213**
LIABILITIES			
Trade and other payables		15,773	4,734
Current tax liability		295	85
Deferred premium revenue		105,195	-
Deferred lease inducement		988	1,073
Employee benefits		2,567	2,474
Provision for insurance losses	*4*	1,450,000	1,300,000
Deferred tax liability		347	581
Total liabilities		**1,575,165**	**1,308,947**
EQUITY			
Retained earnings		2,281,943	2,116,266
TOTAL LIABILITIES AND EQUITY		**3,857,108**	**3,425,213**

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

Condensed consolidated statement of comprehensive income

For the period ended December 31, 2016 (C$ thousands)

	Notes	For the three months ended December 31 2016	For the three months ended December 31 2015	For the nine months ended December 31 2016	For the nine months ended December 31 2015
REVENUE					
Premium		105,200	89,865	315,201	270,882
Investment income		10,163	9,984	30,301	29,854
Other		2	19	2	24
		115,365	99,868	345,504	300,760
EXPENSES					
Net operating expenses	*5*	11,025	9,912	29,666	28,131
Recovery of amounts previously written off		-	(1,698)	-	(4,317)
Increase in the provision for insurance losses	*4*	-	-	150,000	100,000
		11,025	8,214	179,666	123,814
Net income before income taxes		104,340	91,654	165,838	176,946
Income tax (recovery) expense		(96)	(77)	161	534
TOTAL COMPREHENSIVE INCOME		**104,436**	**91,731**	**165,677**	**176,412**

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

Condensed consolidated statement of changes in equity

For the period ended December 31, 2016 (C$ thousands)

	Retained earnings and total equity
Balance, September 30, 2016	**2,177,507**
Total comprehensive income	104,436
Balance, December 31, 2016	**2,281,943**
Balance, September 30, 2015	**1,885,308**
Total comprehensive income	91,731
Balance, December 31, 2015	**1,977,039**
FOR THE NINE MONTHS ENDED DECEMBER 31	
Balance, March 31, 2016	**2,116,266**
Total comprehensive income	165,677
Balance, December 31, 2016	**2,281,943**
Balance, March 31, 2015	**1,800,627**
Total comprehensive income	176,412
Balance, December 31, 2015	**1,977,039**

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

Condensed consolidated statement of cash flows

For the period ended December 31, 2016 (C$ thousands)

	For the three months ended December 31		For the nine months ended December 31	
	2016	**2015**	**2016**	**2015**
OPERATING ACTIVITIES				
Net income before income taxes	104,436	91,731	165,677	176,412
Add (deduct) items not involving cash				
Depreciation and amortization	592	601	1,781	1,805
Investment income	(10,163)	(9,984)	(30,301)	(29,854)
Income tax (recovery) expense	(96)	(77)	161	534
Employee benefit expense	68	78	203	233
Defined benefit payment	(10)	-	(110)	(75)
Change in working capital:				
(Increase) decrease in trade and other receivables	(407)	(49)	(262)	1,399
Decrease (increase) in amounts recoverable from estates	-	-	587	(504)
Decrease (increase) in prepayments	138	(43)	(79)	(59)
Increase in trade and other payables	11,711	10,719	11,039	9,195
Increase in deferred premium revenue	102,433	89,152	105,195	90,293
Decrease in deferred lease inducement	(28)	(28)	(85)	(85)
Increase in the provision for insurance losses	-		150,000	100,000
Interest received	15,180	16,118	49,214	52,899
Income tax recovered (paid)	-	124	(176)	124
Net cash generated by operating activities	223,854	198,342	452,844	402,317
INVESTING ACTIVITIES				
Purchase of property, plant and equipment and intangible assets	(265)	(260)	(323)	(839)
Purchase of investment securities	(401,048)	(614,256)	(1,295,490)	(1,207,596)
Proceeds from sale or maturity of investment securities	175,930	415,154	842,897	805,354
Net cash used in investing activities	(225,383)	(199,362)	(452,916)	(403,081)
Net decrease in cash	(1,529)	(1,020)	(72)	(764)
Cash, beginning of period	2,376	1,840	919	1,584
Cash, end of period	**847**	**820**	**847**	**820**

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

Notes to the condensed consolidated financial statements

1– General information

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

The objects of the Corporation are to provide insurance against the loss of part or all of deposits in member institutions and to promote and otherwise contribute to the stability of the financial system in Canada. These objects are to be pursued for the benefit of depositors of member institutions and in such manner as will minimize the exposure of the Corporation to loss.

The Corporation has the power to do all things necessary or incidental to the furtherance of its objects, including acquiring assets from and providing guarantees or loans to member institutions and others. Among other things, it may make or cause to be made inspections of member institutions, act as liquidator, receiver or inspector of a member institution or a subsidiary thereof, and establish a bridge institution.

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

These condensed consolidated quarterly financial statements were approved and authorized for issue by the Corporation's Audit Committee on February 16, 2017.

Basis of preparation

These condensed consolidated quarterly financial statements, presented in Canadian dollars, have been prepared in accordance with the *Treasury Board Standard on Quarterly Financial Reports for Crown Corporations* and do not include all of the information required for full annual financial statements. These condensed consolidated quarterly financial statements should be read in conjunction with the audited consolidated financial statements as at and for the year ended March 31, 2016, in CDIC's 2016 Annual Report.

The condensed consolidated quarterly financial statements have been prepared on the historical cost basis, except for the provision for insurance losses and the defined benefit obligations, which are measured at their present value. Historical cost is generally based on the fair value of consideration given in exchange for an asset and the amount of proceeds received in exchange for a liability.

2 – Significant accounting policies

Except as described below, the accounting policies applied by the Corporation in these condensed consolidated quarterly financial statements are the same as those applied by the Corporation in its consolidated financial statements as at and for the year ended March 31, 2016.

Critical accounting judgments and key sources of estimation uncertainty

The preparation of quarterly financial statements requires Management to make judgments and estimations that affect the application of accounting policies and the reported amounts of assets and liabilities. Actual results may differ from these estimates.

In preparing these condensed consolidated quarterly financial statements, the significant judgments made by Management in applying the Corporation's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended March 31, 2016.

Defined benefit obligations

At year end, the Corporation's defined benefit liability is measured at its present value, based on an actuarial valuation. Actuarial gains or losses arising from the actuarial valuation are recognized immediately in retained earnings as other comprehensive income.

As at December 31, 2016 and 2015, no actuarial valuations were prepared. As a result, no actuarial gains or losses were recognized.

3 – Investment securities

Information on the maturity and composition of the Corporation's investment securities is included in the tables below.

	Remaining term to maturity			
As at December 31, 2016 (C$ thousands)	**90 days or less**	**91 days to 1 year**	**1 to 5 years**	**Total**
Treasury bills	40,937	-	-	40,937
Weighted average effective yield (%)	0.48	-	-	0.48
Bonds	442,636	256,263	3,104,082	3,802,981
Weighted average effective yield (%)	1.05	1.32	1.07	1.09
Total investment securities	**483,573**	**256,263**	**3,104,082**	**3,843,918**
Weighted average effective yield (%)	**1.00**	**1.32**	**1.07**	**1.08**

	Remaining term to maturity			
As at March 31, 2016 (C$ thousands)	**90 days or less**	**91 days to 1 year**	**1 to 5 years**	**Total**
Treasury bills	13,239	-	-	13,239
Weighted average effective yield (%)	0.50	-	-	0.50
Bonds	129,220	611,670	2,656,118	3,397,008
Weighted average effective yield (%)	1.06	1.18	1.18	1.18
Total investment securities	**142,459**	**611,670**	**2,656,118**	**3,410,247**
Weighted average effective yield (%)	**1.01**	**1.18**	**1.18**	**1.17**

The following table includes the fair value measurement of the Corporation's investment securities.

As at December 31, 2016 (C$ thousands)	Amortized cost	Unrealized gains	Fair values Level 1	Level 2	Level 3	Total
Treasury bills	40,937	-	40,937	-	-	40,937
Bonds	3,802,981	1,650	3,397,321	407,310	-	3,804,631
Total investment securities	**3,843,918**	**1,650**	**3,438,258**	**407,310**	**-**	**3,845,568**

As at March 31, 2016 (C$ thousands)	Amortized cost	Unrealized gains	Fair values Level 1	Level 2	Level 3	Total
Treasury bills	13,239	-	13,239	-	-	13,239
Bonds	3,397,008	38,357	2,922,822	512,543	-	3,435,365
Total investment securities	**3,410,247**	**38,357**	**2,936,061**	**512,543**	**-**	**3,448,604**

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

Credit rating *(C$ thousands)*	December 31, 2016	March 31, 2016
AAA	3,726,686	3,244,970
AA+	25,302	-
AA	-	113,072
AA-	82,336	-
A+	9,594	52,205
Total investments	**3,843,918**	**3,410,247**

The carrying amounts in the above tables include accrued interest.

4 – Provision for insurance losses

The provision for insurance losses represents the Corporation's best estimate of the future outflow of economic benefits resulting from the Corporation's duty to insure deposits held by member institutions in the event of failure. The estimate is based on an expected loss calculation and is subject to uncertainty surrounding amount and timing of losses. As such, actual losses may differ significantly from estimates.

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

(C$ thousands)	**Provision for insurance losses**
Balance, March 31, 2016	**1,300,000**
Increase in the provision	150,000
Balance, June 30, 2016	**1,450,000**
Change in the provision	-
Balance, September 30, 2016	**1,450,000**
Change in the provision	-
Balance, December 31, 2016	**1,450,000**

5 – Operating expenses

	For the three months ended **December 31**		For the nine months ended **December 31**	
(C$ thousands)	**2016**	**2015**	**2016**	**2015**
Salaries and other personnel costs	5,508	5,466	16,053	16,145
Professional and other fees	1,874	780	3,794	2,247
General expenses	377	645	1,859	2,254
Premises	750	981	2,594	2,761
Data processing	415	450	1,296	1,386
Depreciation and amortization	592	601	1,781	1,805
Public awareness	1,554	1,017	2,412	1,657
	11,070	9,940	29,789	28,255
Expense recoveries	(45)	(28)	(123)	(124)
Total operating expenses	**11,025**	**9,912**	**29,666**	**28,131**

6 – Related party transactions

The Corporation is related in terms of common ownership to all Government of Canada departments, agencies and Crown corporations. The Corporation has transacted with related parties through both the provision and receipt of various services. Such transactions were conducted in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

7 – Comparative figures

The Corporation reviewed the presentation and classification in the condensed consolidated statement of cash flows and reclassified certain items between operating and investing activities, to reflect their nature more accurately. The Corporation reclassified the purchase of interest on bonds cash flows from its operating activities to the purchase of investment securities cash flows included within its investing activities. As a result, the Corporation has reclassified the cash flows for the three and nine months ended December 31, 2015, in the amount of $1.6 and $3.3 million respectively, in the condensed consolidated statement of cash flows to conform to current year presentation.