



Canada Deposit
Insurance Corporation

Quarterly Financial Report First Quarter

June 30, 2023
Unaudited

Canada 

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Narrative discussion

First quarter – fiscal 2023/2024

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 the Canada Deposit Insurance Corporation’s 2023 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 first quarter ended June 30, 2023, the Canada Deposit Insurance Corporation (“CDIC” or “the Corporation”) recognized a net income of \$40 million, based on premium revenue of \$222 million, investment income of \$39 million, an increase to the provision for insurance losses (“the provision”) of \$200 million, operating expenses of \$19 million and an income tax expense of \$2 million. For the same period in the prior year, CDIC recognized a net income of \$112 million, based on premium revenue of \$204 million, investment income of \$25 million, an increase to the provision of \$100 million, operating expenses of \$16 million and an income tax expense of \$1 million.

The Corporation’s \$222 million in premium revenue for the three-month period ended June 30, 2023, represents an increase of \$18 million over the same period in the prior year. The increase was mainly due to growth in insured deposits.

The Corporation’s \$39 million in investment income for the three-month period ended June 30, 2023, was \$14 million higher than in the same period in the prior year. The increase was mainly due to the growth in the investment portfolio (\$8,127 million and \$7,272 million as at June 30, 2023, and 2022, respectively) and an increase in the weighted average effective yield on investments (2.00% and 1.47%, as at June 30, 2023, and 2022, respectively).

The Corporation’s operating expenses for the three-month period ended June 30, 2023, were \$19 million, \$3 million higher than in the same period in the prior year. The increase is primarily due to the advancement of the payout modernization project and an increase in personnel costs to support the Corporation’s key initiatives.

The provision for insurance losses as at June 30, 2023, is \$2,300 million, \$200 million higher than the balance as at March 31, 2023, primarily due to an increase in exposure to losses and increased probabilities of default for certain member institutions.

CDIC’s total assets as at June 30, 2023, were \$8,391 million, an increase of \$232 million from March 31, 2023. The increase is primarily driven by premiums receivable for the first quarter of \$222 million. Premiums from CDIC’s member institutions are received in July and December each fiscal year.

CDIC established a near-term *ex ante* fund target to exceed 85 basis points of insured deposits by the 2026/2027 fiscal year. As at June 30, 2023, CDIC’s *ex ante* funding (\$8,371 million) represented 71 basis points of insured deposits (\$1,179 billion). The near-term *ex ante* fund target remains on track to exceed 85 basis points of insured deposits by the 2026/2027 fiscal year.

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 guides the development of our corporate strategies, decision making and the allocation of resources, and includes an assessment of key risks which is updated quarterly.

As of June 30, 2023, CDIC has appropriate risk mitigation strategies in place for significant risks facing the Corporation identified through this process. These risks are being assessed and monitored continuously by Management.

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	<p>Member institutions filed their annual Return of Insured Deposits by July 15, 2023, which established premium revenue for the year. Based on the filings, insured deposits as at April 30, 2023, held at member institutions totaled \$1,179 billion (April 30, 2022 - \$1,082 billion).</p> <p>Premium revenue for fiscal 2023/2024 is estimated to be \$889 million (2022/2023 - \$815 million).</p>
Board of Directors, Officers and Personnel	<p>Mr. Jeffrey Heath was appointed to CDIC's Board of Directors on May 31, 2023, for a four-year term.</p> <p>Ms. Helen R. del Val and Ms. Tashia Batstone were appointed to CDIC's Board of Directors on June 22, 2023, each for a four-year term.</p> <p>Mr. Martin Castonguay was re-appointed to CDIC's Board of Directors on June 22, 2023, for an additional three-year term.</p> <p>With these appointments, Mr. David Dominy resigned from CDIC's Board of Directors, effective June 22, 2023.</p> <p>On May 31, 2023, Mr. Nick Leswick was appointed as interim Deputy Minister of Finance, replacing Michael Sabia.</p> <p>On May 10, 2023, Ms. Isabelle T. Jacques resigned from her role as an alternate member of CDIC's Board of Directors in the stead of the Deputy Minister of Finance. On July 11, 2023, the Minister named Mr. Grahame Johnson as Ms. Jacques replacement on CDIC's Board.</p> <p>On April 28, 2023, Ms. Nadine Saryeddine was appointed Head, Enterprise Risk and Resiliency responsible for CDIC's Enterprise Risk Management program and Crisis Simulation Centre of Excellence.</p>
Programs and Initiatives	<p>Effective April 1, 2023, CDIC's deposit insurance coverage expanded to include separate coverage for eligible deposits held under the new First Home Savings Account ("FHSA") category, with a separate coverage limit of \$100,000, as with other categories.</p>

Financial results

Three-month period ended June 30, 2023, compared to three-month period ended June 30, 2022

The following table sets out CDIC's comparative results for the three-month period ended June 30, 2023, and 2022.

(C\$ thousands)	For the three-month period ended		Variance	
	June 30		Increase (Decrease)	
	2023	2022	(\$)	(%)
Premium revenue	222,238	203,680	18,558	9%
Investment and other income	38,933	25,190	13,743	55%
Increase in provision for insurance losses	200,000	100,000	100,000	100%
Operating expenses	19,292	16,360	2,932	18%
Income tax expense	1,602	861	741	86%
Net income	40,277	111,649	(71,372)	(64%)

Premium revenue

Premiums charged to member institutions are based on the total amount of insured deposits held by member institutions as at April 30 each year and are calculated annually in accordance with the *CDIC Act* and CDIC's *Differential Premiums By-law*. For 2023/2024, the approved Category I rate (the base rate) is 7.5 basis points of insured deposits, unchanged from the 2022/2023 base rate. CDIC's premium revenue for fiscal 2023/2024, established from the Insured Deposits as at April 30, 2023, is estimated to be \$889 million. The amount recognized as premium revenue in each quarter represents one-fourth of the annual assessed amount.

Premium rates are a key determinant of the length of time it will take to reach the Corporation's *ex ante* fund target. CDIC established a near-term *ex ante* fund target to exceed 85 basis points of insured deposits by the 2026/2027 fiscal year. The near-term target will guide CDIC's annual premium rate setting and related communication to member institutions on forward premium levels.

In addition, CDIC launched a public consultation to seek input on proposed changes to modernize and improve the effectiveness of the Differential Premium System (DPS). The objective of the review is to modernize and improve the effectiveness of the system and process which determines the risk-based premiums payable by members to CDIC on an annual basis. Revisions to the DPS may result in changes to the quantum and composition of premium rates in the future.

Premium revenue of \$222 million was recorded during the three-month period ended June 30, 2023, compared to \$204 million for the same period in the prior year, an increase of 9%. Growth in insured deposits contributed to the increase in premium revenue.

Investment and other income

The Corporation's \$39 million in investment and other income for the three-month period ended June 30, 2023, was \$14 million higher than in the same period in the prior year. The increase was mainly due to growth in the investment portfolio (\$8,127 million and \$7,272 million as at June 30, 2023, and 2022, respectively) and an increase in the weighted average effective yield on investments (2.00% and 1.47%, as at June 30, 2023, and 2022, respectively).

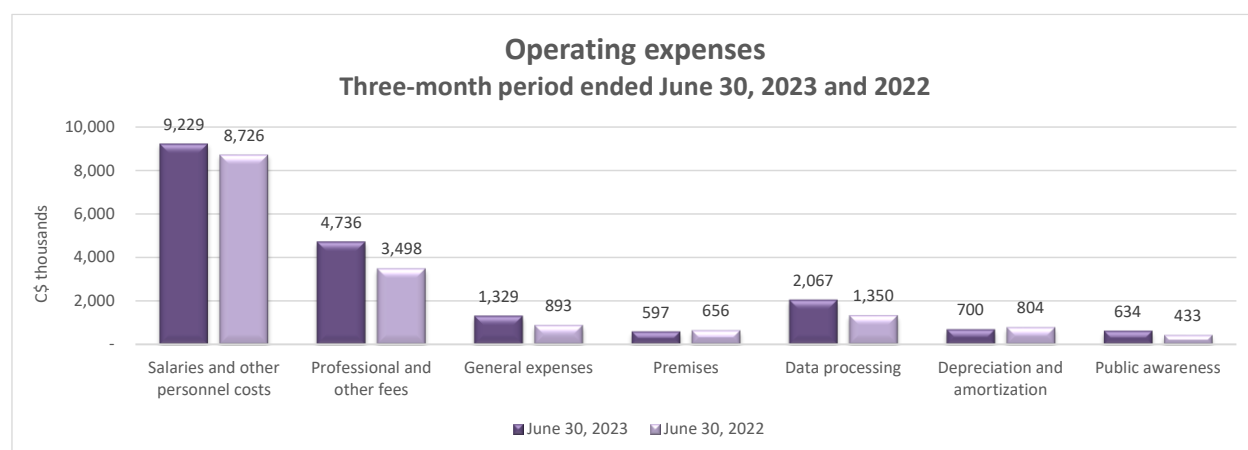
Provision for insurance losses

The provision represents Management's best estimate of the losses it expects to incur as a result of insuring deposits and in its role as resolution authority. 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 exposure to losses, the probability of default derived from actual default statistics, expected loss given default, supervisory information, economic indicators, and CDIC's specific knowledge of the risk profile of its members.

CDIC's provision for insurance losses increased from the previous quarter by \$200 million to \$2,300 million as at June 30, 2023 primarily due to an increase in exposure to losses and increased probabilities of default for certain member institutions.

Operating expenses



The Corporation's operating expenses for the three-month period ended June 30, 2023, were \$19 million, \$3 million higher than for the same period in the prior year mainly due to advancement of the payout modernization project and an increase in personnel costs to support the Corporation's key initiatives.

Income taxes

The Corporation is subject to federal income tax. The Corporation's primary source of taxable income is its interest income from its investment portfolio. From this amount, allowable expenditures are deducted in order to arrive at its net income for tax purposes. Under the provisions of the *Income Tax Act*, the Corporation's premium revenue is not taxable and the change in the provision for insurance

losses is not deductible for tax purposes. In addition, recoveries of amounts previously written off are not taxable because the Corporation did not previously claim a deduction for tax purposes.

For quarterly reporting, CDIC uses an effective tax rate to compute its tax liability or tax asset in accordance with IAS 34 – *Interim Financial Reporting*. During the three-month period ended June 30, 2023, the Corporation recognized an income tax expense of \$2 million.

Forecast results for fiscal 2023/2024, 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.

(C\$ millions)	2023/2024		Variance	
	Forecast	Planned	Increase (Decrease) (\$)	(%)
Premium revenue	889	861	28	3%
Investment and other income	186	174	12	7%
Increase in provision for insurance losses	350	150	200	133%
Operating expenses	90	90	-	-
Income tax expense	24	21	3	14%
Net income	611	774	(163)	(21%)

Premium revenue

CDIC's 2023/2024 to 2027/2028 Corporate Plan (the "Corporate Plan") sets out planned premium revenue of \$861 million for fiscal 2023/2024, compared with Management's current forecasted revenue of \$889 million for the year, which is \$28 million higher than the Corporate Plan. 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 at the time of the plan was developed. Results to date have differed from the assumptions, resulting in a variance between the planned and forecasted amounts.

Investment and other income

The forecasted investment and other income are \$186 million, compared to the planned amount of \$174 million, a variance of \$12 million. This increase is mainly driven by higher investment yields compared to those assumed when developing the Corporate Plan.

Provision for insurance losses

The forecasted provision for insurance losses as at March 31, 2024, is \$2,450 million, compared to the planned amount of \$2,250 million. This increase is mainly due to changes in assumptions since the Plan amounts were developed in December 2022.

Operating expenses

Operating expenses for fiscal 2023/2024 are forecasted at \$90 million, consistent with the planned amount.

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 for insurance losses.

Premium rates are a key determinant of the length of time it will take to reach the Corporation's *ex ante* fund target. CDIC established a near-term *ex ante* fund target to exceed 85 basis points of insured deposits by the 2026/2027 fiscal year. The near-term target will guide CDIC's annual premium rate setting and related communication to the member institutions on forward premium levels.

CDIC's *ex ante* funding level was \$8,371 million as at June 30, 2023, or 71 basis points of insured deposits.

Available liquid funds

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

<i>(C\$ millions)</i>	June 30, 2023	March 31, 2023
<i>Available liquid funds:</i>		
Cash	20	16
Fair value of high-quality, liquid investment securities	7,770	7,862
<i>Availability of borrowings:</i>		
Borrowings authorized under the CDIC Act, either from market sources or from the Consolidated Revenue Fund	32,000	32,000
Total available funds	39,790	39,878
Insured deposits (as at April 30, 2023 and 2022 respectively)	1,179,201	1,081,987
Total basis points of insured deposits	337	369

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. Additional funds are available through CDIC's authority to borrow under the *CDIC Act*. As of June 30, 2023, the Corporation can borrow up to \$32 billion. The borrowing limit is adjusted annually on December 31 to reflect the growth of insured deposits. Supplemental borrowing, if required, could be authorized either by Parliament through an appropriation act, or by the Minister of Finance out of the Consolidated Revenue Fund.

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's *Directive on Accounting Standards: GC 5200 Crown Corporations Quarterly Financial Reports*, and for such internal controls as Management determines is 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.

These condensed consolidated quarterly 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 these condensed consolidated quarterly financial statements.



Leah Anderson
President & Chief Executive
Officer

Ottawa, Canada
August 10, 2023



Jordan Rosenbaum
Chief Financial Officer & Head,
Business Integration

Ottawa, Canada
August 10, 2023

Condensed consolidated financial statements and notes

Condensed consolidated statement of financial position

As at June 30, 2023, and March 31, 2023 (C\$ thousands)

	Notes	June 30, 2023	March 31, 2023
ASSETS			
Cash		20,497	15,712
Investment securities	3	8,127,321	8,123,679
Premiums receivable		221,584	-
Trade and other receivables		435	472
Current tax asset		1,208	-
Prepayments		2,500	1,636
Right-of-use assets	4	7,111	7,416
Property, plant & equipment		3,356	3,452
Intangible assets		7,175	6,934
TOTAL ASSETS		8,391,187	8,159,301
LIABILITIES			
Trade and other payables		9,592	13,579
Current tax liability		-	4,954
Lease liabilities	4	8,505	8,816
Deferred premium revenue		830	-
Employee benefits		1,322	1,291
Provision for insurance losses	5	2,300,000	2,100,000
Deferred tax liability		148	148
Total liabilities		2,320,397	2,128,788
EQUITY			
Retained earnings		6,070,790	6,030,513
TOTAL LIABILITIES AND EQUITY		8,391,187	8,159,301

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

Condensed consolidated statement of comprehensive income

For the three-month period ended June 30, 2023, and 2022 (C\$ thousands)

	Notes	For the three-month period ended	
		June 30, 2023	June 30, 2022
REVENUE			
Premium		222,238	203,680
Investment income		38,933	25,138
Other income		-	52
		261,171	228,870
EXPENSES			
Net operating expenses	6	19,292	16,360
Increase in the provision for insurance losses	5	200,000	100,000
		219,292	116,360
Net income before income taxes		41,879	112,510
Income tax expense		1,602	861
TOTAL COMPREHENSIVE INCOME		40,277	111,649

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

Condensed consolidated statement of changes in equity

For the three-month period ended June 30, 2023, and 2022 (C\$ thousands)

	Retained earnings and total equity
Balance, March 31, 2023	6,030,513
Total comprehensive income	40,277
Balance, June 30, 2023	6,070,790
Balance, March 31, 2022	5,382,542
Total comprehensive income	111,649
Balance, June 30, 2022	5,494,191

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

Condensed consolidated statement of cash flows

For the three-month period ended June 30, 2023, and 2022 (C\$ thousands)

	June 30, 2023	June 30, 2022
OPERATING ACTIVITIES		
Total comprehensive income	40,277	111,649
Add (deduct) items not involving cash		
Depreciation and amortization	700	804
Loss on disposal of property, plant and equipment	-	27
Investment income	(38,933)	(25,138)
Interest expense on lease liabilities	38	43
Income tax expense	1,602	861
Employee benefit expense	31	33
Change in working capital:		
Increase in premiums receivable	(221,584)	(203,627)
Decrease in trade and other receivables	37	56
Increase in prepayments	(864)	(299)
Decrease in trade and other payables	(3,987)	(3,625)
Increase in deferred premium revenue	830	160
Increase in the provision for insurance losses	200,000	100,000
Interest received	46,724	41,585
Interest paid on lease liabilities	(38)	(43)
Income tax paid	(7,764)	(1,567)
Net cash generated by operating activities	17,069	20,919
INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets	(540)	(798)
Purchase of investment securities	(787,953)	(490,993)
Proceeds from sale or maturity of investment securities	776,520	464,465
Net cash used in investing activities	(11,973)	(27,326)
FINANCING ACTIVITIES		
Principal payment of lease liabilities	(311)	(449)
Net cash used in financing activities	(311)	(449)
Net increase (decrease) in cash	4,785	(6,856)
Cash, beginning of period	15,712	22,726
Cash, end of period	20,497	15,870

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

Notes to the condensed consolidated financial statements

I - General information

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

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

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

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

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

The Deposit Insurance Review that was announced in the 2014 Budget to modernize and enhance Canada's deposit insurance framework received Royal Assent on June 21, 2018. Changes to expand and strengthen deposit protection were made in two phases and came into force on April 30, 2020 and April 30, 2022. The changes have required and will continue to require changes to the Corporation's processes.

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

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

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

These condensed consolidated quarterly financial statements were approved and authorized for issue by the Corporation's Audit Committee on August 10, 2023.

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 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, 2023.

These condensed consolidated quarterly financial statements have been prepared on the historical cost basis, except for the lease liability, provision for insurance losses and certain employee benefits which are measured at their present value. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and the amount of cash expected to be paid to satisfy a liability.

2 - Significant accounting policies

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 audited consolidated financial statements as at and for the year ended March 31, 2023.

Critical accounting judgments and key sources of estimation uncertainty

The preparation of quarterly financial statements in accordance with IFRS 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, 2023.

3 – Investment Securities

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

As at June 30, 2023 (C\$ thousands)	Amortized cost	Unrealized loss	Fair values			Total
			Level 1	Level 2	Level 3	
Bond	8,127,321	(357,095)	5,627,971	2,142,255	-	7,770,226
Total investment securities	8,127,321	(357,095)	5,627,971	2,142,255	-	7,770,226

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

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

(C\$ thousands)	June 30, 2023	March 31, 2023
AAA	5,893,522	5,863,319
AA+	-	339,098
AA	619,937	285,483
AA-	658,045	669,871
A+	955,817	965,908
Total investment securities	8,127,321	8,123,679
Weighted average effective yield (%)	2.00	1.90

The carrying amounts in the above tables include accrued interest.

The Corporation did not record any loss allowances on its investment securities as at June 30, 2023 (March 31, 2023: nil).

4 - Right-of-use assets and lease liabilities

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

Carrying value of right-of-use-assets

<i>(C\$ thousands)</i>	Leased office space	Equipment	Total
Cost			
Balance, March 31, 2023	12,747	78	12,825
Additions	-	-	-
Balance, June 30, 2023	12,747	78	12,825
Accumulated depreciation			
Balance, March 31, 2023	5,355	54	5,409
Depreciation	302	3	305
Balance, June 30, 2023	5,657	57	5,714
Carrying amounts			
Balance, March 31, 2023	7,392	24	7,416
Balance, June 30, 2023	7,090	21	7,111

Carrying value of lease liabilities

<i>(C\$ thousands)</i>	Leased office space	Equipment	Total
Balance, March 31, 2023	8,792	24	8,816
Finance charges	38	-	38
Lease payments	(346)	(3)	(349)
Balance, June 30, 2023	8,484	21	8,505

Interest expense on lease liabilities amounting to \$38 thousand was recorded in the statement of comprehensive income during the three months ended June 30, 2023. The Corporation recognized no expenses related to short-term leases and the amount recognized for low-value assets during the first quarter ended June 30, 2023, was insignificant. Cash payments for the interest portion of \$38 thousand and the principal portion of \$311 thousand of the lease liability were recognized in the statement of cash flows under operating activities and financing activities, respectively.

Maturity analysis for lease liabilities (undiscounted)

<i>(C\$ thousands)</i>	Leased office space	Equipment	Total
Not later than one year	1,393	11	1,404
Later than one year and not later than five years	4,782	10	4,792
Later than five years	2,825	-	2,825
Total	9,000	21	9,021

5 - 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 object 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 the amount and timing of losses. As such, actual losses may differ significantly from estimates.

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

<i>(C\$ thousands)</i>	Provision for insurance losses
Balance, March 31, 2023	2,100,000
Increase in the provision	200,000
Balance, June 30, 2023	2,300,000

6 - Operating expenses

The following table provides details of total operating expenses of the Corporation for the three-month period ended June 30, 2023.

<i>(C\$ thousands)</i>	June 30, 2023	June 30, 2022
Salaries and other personnel costs	9,229	8,726
Professional and other fees	4,736	3,498
General expenses	1,291	850
Premises	597	656
Data processing	2,067	1,350
Depreciation and amortization	394	449
Depreciation on right-of-use assets	306	355
Interest expense on lease liabilities	38	43
Public awareness	634	433
Total operating expenses	19,292	16,360

7 - Related party transactions

The consolidated financial statements incorporate the financial statements of the Corporation and the financial statements of Adelaide Capital Corporation (ACC), a structured entity controlled by the Corporation. Balances and transactions between the Corporation and ACC have been eliminated on consolidation and are not disclosed in this Note.

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.