



**Quarterly Financial Report
Third Quarter**

December 31, 2023

Unaudited

Canada

Table of contents

Narrative discussion.....	2
Financial highlights.....	3
Risk analysis.....	4
Changes in operations, personnel and programs.....	5
Financial results	6
<i>Ex ante</i> funding.....	10
Available liquid funds.....	11
Management representation	12
Condensed financial statements and notes	13
Condensed statement of financial position.....	13
Condensed statement of comprehensive income	14
Condensed statement of changes in equity.....	15
Condensed statement of cash flows	16
Notes to the condensed financial statements.....	17
1 - General information.....	17
2 - Significant accounting policies.....	18
3 - Investment securities	18
4 - Right-of-use assets and lease liabilities	19
5 - Intangible assets	21
6 - Provision for insurance losses	21
7 - Operating expenses	22
8 - Related party transactions.....	22

Narrative discussion

Third 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 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, 2023, the Canada Deposit Insurance Corporation (“CDIC” or “the Corporation”) recognized a net income of \$241 million, based on premium revenue of \$223 million, investment and other income of \$49 million, operating expenses of \$23 million and an income tax expense of \$8 million. For the same period in the prior year, CDIC recognized a net income of \$113 million, based on premium revenue of \$204 million, investment and other income of \$33 million, an increase to the provision for insurance losses of \$100 million, operating expenses of \$21 million and an income tax expense of \$3 million.

For the nine-month period ended December 31, 2023, CDIC recognized a net income of \$474 million, based on premium revenue of \$668 million, investment and other income of \$134 million, an increase to the provision for insurance losses of \$250 million, operating expenses of \$62 million and an income tax expense of \$16 million. For the same period in the prior year, CDIC recognized a net income of \$436 million, based on premium revenue of \$611 million, investment and other income of \$89 million, an increase to the provision for insurance losses of \$200 million, operating expenses of \$56 million and an income tax expense of \$7 million.

The Corporation’s \$668 million in premium revenue for the nine-month period ended December 31, 2023, represents an increase of \$57 million over the same period in the prior year. The increase was mainly due to growth in insured deposits.

The Corporation’s \$134 million in investment income for the nine-month period ended December 31, 2023, was \$45 million higher than in the same period in the prior year. The increase was mainly due to the growth in the investment portfolio (\$9,064 million and \$8,098 million as at December 31, 2023, and 2022, respectively) and an increase in the weighted average effective yield on investments (2.39% and 1.85%, as at December 31, 2023, and 2022, respectively).

The Corporation’s operating expenses for the nine-month period ended December 31, 2023, were \$62 million, \$6 million higher than for the same period in the prior year. The increase is primarily due to an increase in personnel costs to support the Corporation’s key initiatives as well as an increase in data processing costs to support the advancement of the payout modernization and data collection modernization projects.

The provision for insurance losses as at December 31, 2023, is \$2,350 million, \$250 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 December 31, 2023, were \$9,125 million, an increase of \$966 million from March 31, 2023, mainly driven by the growth in CDIC’s investment portfolio.

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 December 31, 2023, CDIC’s *ex ante* funding (\$8,854 million) represented 75 basis points of insured deposits (\$1,182 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 part of the ERM framework, management is continually assessing and evaluating the risk mitigation strategies for significant risks facing the Corporation. Key risks that may materially affect CDIC's ability to deliver on its strategic objectives are identified in CDIC's 2023 Annual Report and remain the most significant risks.

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 There were no significant changes during this quarter.

Financial results

Three-month period ended December 31, 2023, compared to three-month period ended December 31, 2022

The following table sets out CDIC's comparative results for the three-month period ended December 31, 2023, and 2022.

(C\$ thousands)	For the three-month period ended December 31		Variance Increase (Decrease)	
	2023	2022	(\$)	(%)
Premium revenue	222,847	203,681	19,166	9%
Investment and other income	49,500	33,184	16,316	49%
Increase in provision for insurance losses	-	100,000	(100,000)	(100%)
Operating expenses	23,251	21,085	2,166	10%
Income tax expense	7,806	2,781	5,025	181%
Net income	241,290	112,999	128,291	114%

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 \$891 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.

CDIC concluded its review of the Differential Premiums System (DPS) with the publication of final framework changes on July 31, 2023. The changes will 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 are expected to come into force for the premium year ended April 30, 2025, and may result in changes to the quantum and composition of premium rates in the future.

Premium revenue of \$223 million was recorded during the three-month period ended December 31, 2023, compared to \$204 million for the same period in the prior year, a 9% increase. Growth in insured deposits contributed to the increase in premium revenue.

Investment and other income

The Corporation's \$49 million in investment and other income for the three-month period ended December 31, 2023, was \$16 million higher than in the same period in the prior year. The increase was

mainly due to growth in the investment portfolio (\$9,064 million and \$8,098 million as at December 31, 2023, and 2022, respectively) and an increase in the weighted average effective yield on investments (2.39% and 1.85%, as at December 31, 2023, and 2022, respectively).

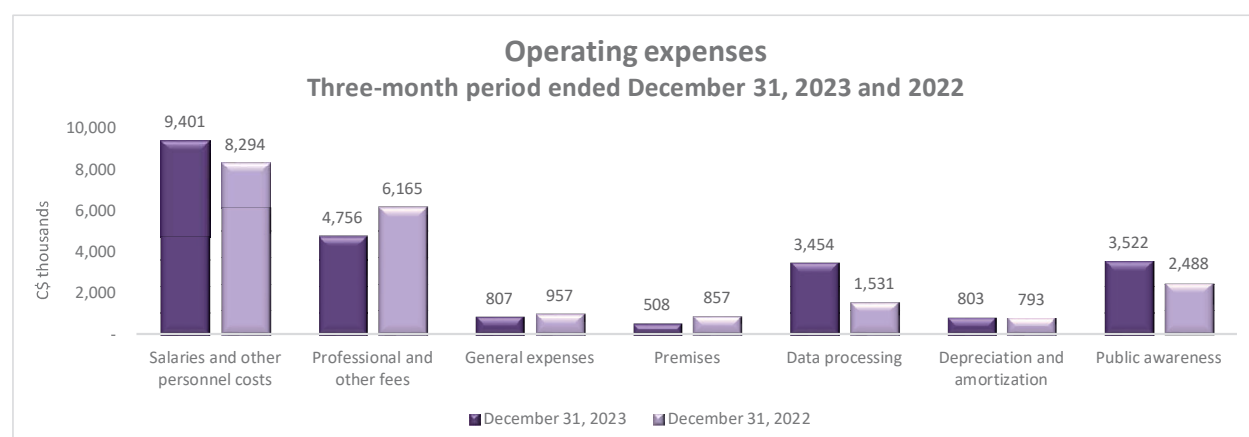
Provision for insurance losses

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.

For the third quarter ended December 31, 2023, CDIC’s provision for insurance losses remains unchanged from the previous quarter at \$2,350 million.

Operating expenses



The Corporation’s operating expenses for the three-month period ended December 31, 2023, were \$23 million, \$2 million higher than for the same period in the prior year mainly due to increases in personnel, data processing costs and public awareness spend, partially offset by decreases in professional fees and premises costs. The increase in data processing costs is primarily due to the advancement of the payout modernization and data collection modernization projects.

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 December

31, 2023, the Corporation recognized an income tax expense of \$8 million, \$5 million higher than in the same period in the prior year.

Nine-month period ended December 31, 2023, compared to nine-month period ended December 31, 2022

The following table sets out CDIC's comparative results for the nine-month period ended December 31, 2023, and 2022.

<i>(C\$ thousands)</i>	For the nine-month period ended		Variance	
	December 31		Increase (Decrease)	
	2023	2022	(\$)	(%)
Premium revenue	667,981	611,041	56,940	9%
Investment and other income	134,369	88,760	45,609	51%
Increase in provision for insurance losses	250,000	200,000	50,000	25%
Operating expenses	62,452	56,153	6,299	11%
Income tax expense	16,397	7,275	9,122	125%
Net income	473,501	436,373	37,128	9%

Premium revenue

Premium revenue of \$668 million was recorded during the nine-month period ended December 31, 2023, compared to \$611 million for the same period in the prior year, a 9% increase. Growth in insured deposits contributed to the increase in premium revenue year over year.

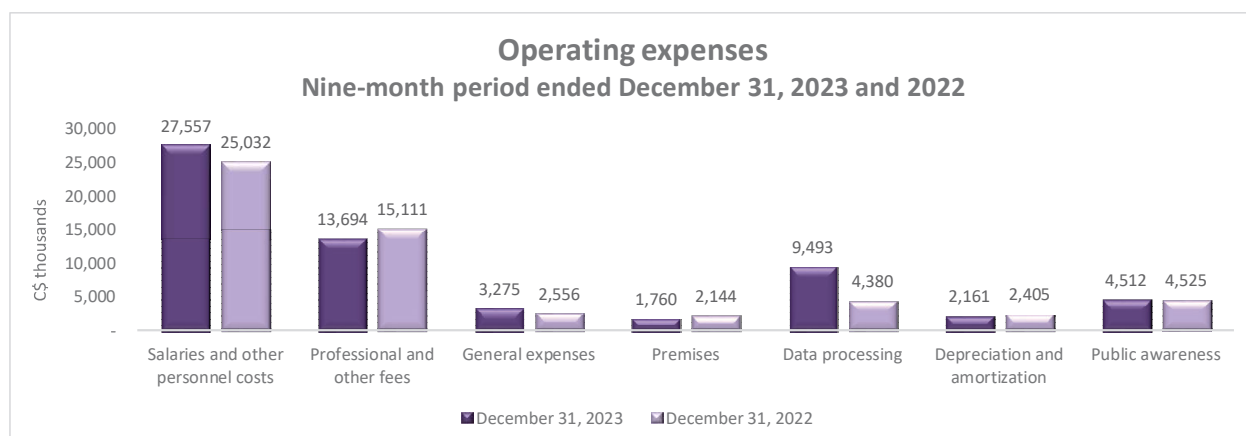
Investment and other income

The Corporation's \$134 million in investment and other income for the nine-month period ended December 31, 2023, was \$45 million higher than in the same period in the prior year. The increase was mainly due to the growth in the investment portfolio and an increase in the weighted average effective yield on investments.

Provision for insurance losses

CDIC's provision for insurance losses increased by \$250 million to \$2,350 million during the nine-month period ended December 31, 2023, 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 nine-month period ended December 31, 2023, were \$62 million, \$6 million higher than for the same period in the prior year. The increase is primarily due to an increase in personnel costs to support the Corporation's key initiatives as well as an increase in data processing costs to support the advancement of the payout modernization and data collection modernization projects.

Income taxes

As described previously, CDIC uses an effective tax rate for quarterly reporting to compute its tax liability or tax asset in accordance with IAS 34 – *Interim Financial Reporting*. During the nine-month period ended December 31, 2023, the Corporation recognized an income tax expense of \$16 million, \$9 million higher than for the same period in the prior year mainly due to the increase in investment income.

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	891	861	30	3%
Investment and other income	188	174	14	8%
Increase in provision for insurance losses	250	150	100	67%
Operating expenses	89	89	-	-
Income tax expense	25	21	4	19%
Net income	715	775	(60)	(8%)

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 \$891 million for the year, which is \$30 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 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

Forecasted investment and other income are \$188 million, compared to the planned amount of \$174 million, a variance of \$14 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 \$2,350 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 currently forecasted to be \$89 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 member institutions on forward premium levels.

CDIC's *ex ante* funding level was \$8,854 million as at December 31, 2023, or 75 basis points of insured deposits. The near-term *ex ante* fund target remains on track to exceed 85 basis points of insured deposits by the 2026/2027 fiscal year.

Available liquid funds

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

<i>(C\$ millions)</i>	December 31, 2023	March 31, 2023
<i>Available liquid funds:</i>		
Cash	41	16
Fair value of high-quality, liquid investment securities	8,887	7,862
<i>Availability of borrowings:</i>		
Borrowings authorized under the CDIC Act, either from market sources or from the Consolidated Revenue Fund	35,000	32,000
Total available funds	43,928	39,878
Insured deposits (as at April 30, 2023 and 2022 respectively)	1,182,127	1,081,987
Total basis points of insured deposits	372	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 December 31, 2023, the Corporation can borrow up to \$35 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 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 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 quarterly financial statements.

These condensed quarterly financial statements have not been audited or reviewed by an external auditor.

Based on our knowledge, these unaudited condensed 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 quarterly financial statements.



Leah Anderson
President & Chief Executive
Officer

Ottawa, Canada
February 15, 2024



Jordan Rosenbaum
Chief Financial Officer & Head,
Business Integration

Ottawa, Canada
February 15, 2024

Condensed financial statements and notes

Condensed statement of financial position

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

	Notes	December 31, 2023	March 31, 2023
ASSETS			
Cash		41,392	15,712
Investment securities	3	9,064,027	8,123,679
Trade and other receivables		171	472
Prepayments		2,098	1,636
Right-of-use assets	4	6,587	7,416
Property, plant & equipment		3,286	3,452
Intangible assets	5	7,408	6,934
TOTAL ASSETS		9,124,969	8,159,301
LIABILITIES			
Trade and other payables		30,813	13,579
Current tax liability		7,943	4,954
Lease liabilities	4	7,876	8,816
Deferred premium revenue		222,847	-
Employee benefits		1,347	1,291
Provision for insurance losses	6	2,350,000	2,100,000
Deferred tax liability		129	148
Total liabilities		2,620,955	2,128,788
EQUITY			
Retained earnings		6,504,014	6,030,513
TOTAL LIABILITIES AND EQUITY		9,124,969	8,159,301

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

Condensed statement of comprehensive income

For the three and nine-month periods ended December 31, 2023, and 2022 (C\$ thousands)

	Notes	For the three-month period ended December 31		For the nine-month period ended December 31	
		2023	2022	2023	2022
REVENUE					
Premium		222,847	203,681	667,981	611,041
Investment income		49,497	33,151	134,364	88,617
Other income		3	33	5	143
		272,347	236,865	802,350	699,801
EXPENSES					
Operating expenses	7	23,251	21,085	62,452	56,153
Increase in the provision for insurance losses	6	-	100,000	250,000	200,000
		23,251	121,085	312,452	256,153
Net income before income taxes		249,096	115,780	489,898	443,648
Income tax expense		7,806	2,781	16,397	7,275
TOTAL COMPREHENSIVE INCOME		241,290	112,999	473,501	436,373

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

Condensed statement of changes in equity

For the three and nine-month periods ended December 31, 2023, and 2022 (C\$ thousands)

FOR THE THREE-MONTH PERIOD ENDED DECEMBER 31

	Retained earnings and total equity
Balance, September 30, 2023	6,262,724
Total comprehensive income	241,290
Balance, December 31, 2023	6,504,014
Balance, September 30, 2022	5,705,916
Total comprehensive income	112,999
Balance, December 31, 2022	5,818,915

FOR THE NINE-MONTH PERIOD ENDED DECEMBER 31

Balance, March 31, 2023	6,030,513
Total comprehensive income	473,501
Balance, December 31, 2023	6,504,014
Balance, March 31, 2022	5,382,542
Total comprehensive income	436,373
Balance, December 31, 2022	5,818,915

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

Condensed statement of cash flows

For the three and nine-month periods ended December 31, 2023, and 2022 (C\$ thousands)

	For the three-month period ended		For the nine-month period ended	
	December 31		December 31	
	2023	2022	2023	2022
OPERATING ACTIVITIES				
Total Comprehensive Income	241,290	112,999	473,501	436,373
Add (deduct) items not involving cash				
Depreciation and amortization	803	793	2,161	2,405
Loss on disposal of property, plant and equipment	-	-	-	114
Gain on lease modification	-	(7)	-	(10)
Investment income	(49,497)	(33,151)	(134,364)	(88,617)
Interest expense on lease liabilities	35	42	109	125
Income tax expense	7,806	2,781	16,397	7,275
Employee benefit expense	32	33	95	100
Defined benefit payment	-	-	(39)	(108)
Change in working capital:				
Decrease in trade and other receivables	32	411	301	536
Increase in prepayments	(429)	(267)	(462)	(440)
Increase in trade and other payables	21,996	23,878	17,234	20,832
Increase in deferred premium revenue	219,665	200,157	222,847	203,682
Increase in the provision for insurance losses	-	100,000	250,000	200,000
Interest received	51,517	44,143	139,854	114,208
Interest paid on lease liabilities	(35)	(42)	(109)	(125)
Income tax paid	(2,814)	(374)	(13,427)	(3,508)
Net cash generated by operating activities	490,401	451,396	974,098	892,842
INVESTING ACTIVITIES				
Purchase of property, plant and equipment and intangible assets	(301)	(1,289)	(1,551)	(2,916)
Purchase of investment securities	(890,004)	(755,370)	(2,539,658)	(1,970,791)
Proceeds from sale or maturity of investment securities	414,575	327,752	1,593,820	1,109,437
Net cash used in investing activities	(475,730)	(428,907)	(947,389)	(864,270)
FINANCING ACTIVITIES				
Principal payment of lease liabilities	(405)	(435)	(1,029)	(1,163)
Net cash used in financing activities	(405)	(435)	(1,029)	(1,163)
Net increase in cash	14,266	22,054	25,680	27,409
Cash, beginning of period	27,126	28,081	15,712	22,726
Cash, end of period	41,392	50,135	41,392	50,135

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

Notes to the condensed 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.

Budget Implementation Act 1 (BIA 1) 2023, An Act to implement certain provisions of the budget (Bill C-47) received Royal Assent on June 22, 2023.

The BIA 1 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 quarterly financial statements were approved and authorized for issue by the Corporation's Audit Committee on February 15, 2024.

Basis of preparation

These condensed 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 quarterly financial statements should be read in conjunction with the audited financial statements as at and for the year ended March 31, 2023.

These condensed 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

On July 6th, 2023, a bankruptcy order for Adelaide Capital Corporation (ACC) was issued and CDIC ceased its control of ACC. As of this date, CDIC no longer consolidates ACC in the Corporations' financial statements; the impact of deconsolidation is not material.

Notwithstanding the above, the accounting policies applied by the Corporation in these condensed quarterly financial statements are the same as those applied by the Corporation in its audited 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 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 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 December 31, 2023 (C\$ thousands)	Amortized cost	Unrealized loss	Fair values			Total
			Level 1	Level 2	Level 3	
Bonds	9,064,027	(176,745)	6,475,125	2,412,157	-	8,887,282
Total investment securities	9,064,027	(176,745)	6,475,125	2,412,157	-	8,887,282

As at March 31, 2023 (C\$ thousands)	Amortized cost	Unrealized loss	Fair values			
			Level 1	Level 2	Level 3	Total
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)	December 31, 2023	March 31, 2023
AAA	6,614,502	5,863,319
AA+	-	339,098
AA	657,906	285,483
AA-	619,243	669,871
A+	1,172,376	965,908
Total investment securities	9,064,027	8,123,679
Weighted average effective yield (%)	2.39	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 December 31, 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	89	-	89
Balance, December 31, 2023	12,836	78	12,914
Accumulated depreciation			
Balance, March 31, 2023	5,355	54	5,409
Depreciation	909	9	918
Balance, December 31, 2023	6,264	63	6,327
Carrying amounts			
Balance, March 31, 2023	7,392	24	7,416
Balance, December 31, 2023	6,572	15	6,587

Carrying value of lease liabilities

<i>(C\$ thousands)</i>	Leased office		
	space	Equipment	Total
Balance, March 31, 2023	8,792	24	8,816
Additions	89	-	89
Finance charges	109	-	109
Lease payments	(1,129)	(9)	(1,138)
Balance, December 31, 2023	7,861	15	7,876

Interest expense on lease liabilities amounting to \$109 thousand was recorded in the statement of comprehensive income during the nine-month period ended December 31, 2023. The amount recognized for short-term leases and low-value assets during the nine-month period ended December 31, 2023, was insignificant. Cash payments for the interest portion of \$109 thousand and the principal portion of \$1,029 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	1,397	11	1,408
Later than one year and not later than five years	4,961	4	4,965
Later than five years	1,948	-	1,948
Total	8,306	15	8,321

5 - Intangible assets

<i>(C\$ thousands)</i>	Software	Software Under Development	Total
Cost			
Balance, March 31, 2023	16,084	5,191	21,275
Additions—internal development		1,164	1,164
Transfers	2,909	(2,909)	-
Retirements and disposals	-	-	-
Balance, December 31, 2023	18,993	3,446	22,439
Accumulated amortization			
Balance, March 31, 2023	14,341	-	14,341
Amortization	690	-	690
Retirements and disposals	-	-	-
Balance, December 31, 2023	15,031	-	15,031
Carrying amounts			
Balance, March 31, 2023	1,743	5,191	6,934
Balance, December 31, 2023	3,962	3,446	7,408

6 - Provision for insurance losses

The provision for insurance losses represents the Corporation's best estimate of the future outflow of economic benefits it expects to incur as a result of insuring deposits and in its role as resolution authority.

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
Increase in the provision	50,000
Balance, September 30, 2023	2,350,000
Change in the provision	-
Balance, December 31, 2023	2,350,000

7 - Operating expenses

The following table provides details of total operating expenses of the Corporation for the three and nine-month periods ended December 31, 2023.

(C\$ thousands)	For the three-month period ended December 31		For the nine-month period ended December 31	
	2023	2022	2023	2022
Salaries and other personnel costs	9,401	8,294	27,557	25,032
Professional and other fees	4,756	6,165	13,694	15,111
General expenses	772	915	3,166	2,431
Premises	508	857	1,760	2,144
Data processing	3,454	1,531	9,493	4,380
Depreciation and amortization	497	444	1,243	1,344
Depreciation on right-of-use assets	306	349	918	1,061
Interest expense/(recovery) on lease liabilities	35	42	109	125
Public awareness	3,522	2,488	4,512	4,525
Total operating expenses	23,251	21,085	62,452	56,153

8 – 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.