

June 30, 2025
Unaudited

Quarterly Financial Report

First Quarter

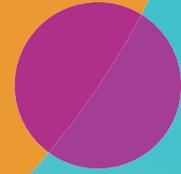


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Narrative discussion

First quarter – fiscal 2025/2026

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 2025 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 first quarter ended June 30, 2025, the Canada Deposit Insurance Corporation (“CDIC” or “the Corporation”) recognized a net income of \$376 million, based on premium revenue of \$290 million, investment income of \$70 million, a decrease to the provision for insurance losses of \$50 million, operating expenses of \$16 million and an income tax expense of \$17 million. For the same period in the prior year, CDIC recognized a net income of \$224 million, based on premium revenue of \$248 million, investment income of \$55 million, an increase to the provision for insurance losses of \$50 million, operating expenses of \$19 million and an income tax expense of \$10 million.

The Corporation’s \$290 million in premium revenue for the three-month period ended June 30, 2025, represents an increase of \$42 million over the same period in the prior year. The increase was due to growth in insured deposits and changes in premium categorization of certain member institutions.

The Corporation’s \$70 million in investment income for the three-month period ended June 30, 2025, was \$15 million higher than in the same period in the prior year. The increase was mainly due to growth in the investment portfolio (\$10,246 million and \$9,113 million as at June 30, 2025, and 2024, respectively) and an increase in the weighted average effective yield on investments (2.85% and 2.56%, as at June 30, 2025, and 2024, respectively).

The Corporation’s operating expenses for the three-month period ended June 30, 2025, were \$16 million, \$3 million lower than the same period in the prior year. The decrease is primarily due to lower data processing costs and professional fees.

The provision for insurance losses as at June 30, 2025, is \$2,100 million, \$50 million lower than the balance as at March 31, 2025, primarily due to the impact of the change in the discount rate and decreased probabilities of default, offset by an increase in exposure to losses.

CDIC’s total assets as at June 30, 2025, were \$10,564 million, an increase of \$318 million from March 31, 2025. The increase is primarily driven by premiums receivable for the first quarter of \$288 million.

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, 2025, CDIC’s ex ante funding (\$10,537 million) represented 82 basis points of insured deposits (\$1,291 billion). The Corporation is expecting to achieve the near-term 85 basis point target in the second half of the current fiscal year. With the current progression to achieving the near-term target, the Corporation is reviewing funding requirements to determine an updated fund size target and corresponding timeframe to achieve.

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 2025 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 Member institutions filed their annual Return of Insured Deposits. Based on the filings, insured deposits as at April 30, 2025, held at member institutions totaled \$1.29 trillion (April 30, 2024 - \$1.24 trillion).

Premium revenue for fiscal 2025/2026 is estimated to be \$1.158 billion (2024/2025 - \$986 million).

Board of Directors, Officers and Personnel Board of Directors

Effective May 14, 2025, Julien Brazeau was designated as alternate to CDIC's Board of Directors for the Deputy Minister of Finance.

Effective June 4, 2025, Frank Lofranco was designated as alternate to CDIC's Board of Directors for the Commissioner of the Financial Consumer Agency of Canada.

Officers

The following appointments were made to CDIC's senior leadership team during the quarter:

- Ms. Samantha Rahim was appointed to the role of Vice-President, Technology and Data.
- Ms. Sheila Salloum was appointed Vice-President, Member Risk and Resolution.
- Ms. Nadine Saryeddine was appointed to the role of Chief Risk Officer.
- Ms. Christa Walker was appointed Vice-President, Corporate Affairs, General Counsel and Corporate Secretary (previously Chief Legal Officer, Corporate Secretary and Head, Policy Integration).

Financial results

Three-month period ended June 30, 2025, compared to three-month period ended June 30, 2024

The following table sets out CDIC's comparative results for the three-month period ended June 30, 2025, and 2024.

(C\$ thousands)	For the three-month period ended		Variance	
	June 30 2025	2024	Increase (Decrease) (\$)	(%)
Premium revenue	289,561	247,599	41,962	17%
Investment income	70,018	55,563	14,455	26%
(Decrease) increase in provision for insurance losses	(50,000)	50,000	(100,000)	(200%)
Operating expenses	16,157	19,390	(3,233)	(17%)
Income tax expense	16,949	9,542	7,407	78%
Net income	376,473	224,230	152,243	68%

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*, which, during the 2025/2026 fiscal year, classified member institutions into one of five premium categories. The approved Category I rate (the base rate) is 7.5 basis points of insured deposits, unchanged from the 2024/2025 base rate. CDIC's premium revenue for fiscal 2025/2026, established from the Insured Deposits as at April 30, 2025, is estimated to be \$1,158 million. The amount recognized as premium revenue in each quarter represents one-fourth of the annual assessed amount.

Premium revenue of \$290 million was recorded during the three-month period ended June 30, 2025, compared to \$248 million for the same period in the prior year, a 17% increase. Growth in insured deposits and changes in premium category of certain member institutions contributed to the increase in premium revenue.

Investment income

The Corporation's \$70 million in investment income for the three-month period ended June 30, 2025, was \$15 million higher than in the same period in the prior year. The increase was mainly due to growth in the investment portfolio and an increase in the weighted average effective yield on investments (2.85% and 2.56%, as at June 30, 2025, and 2024, respectively).

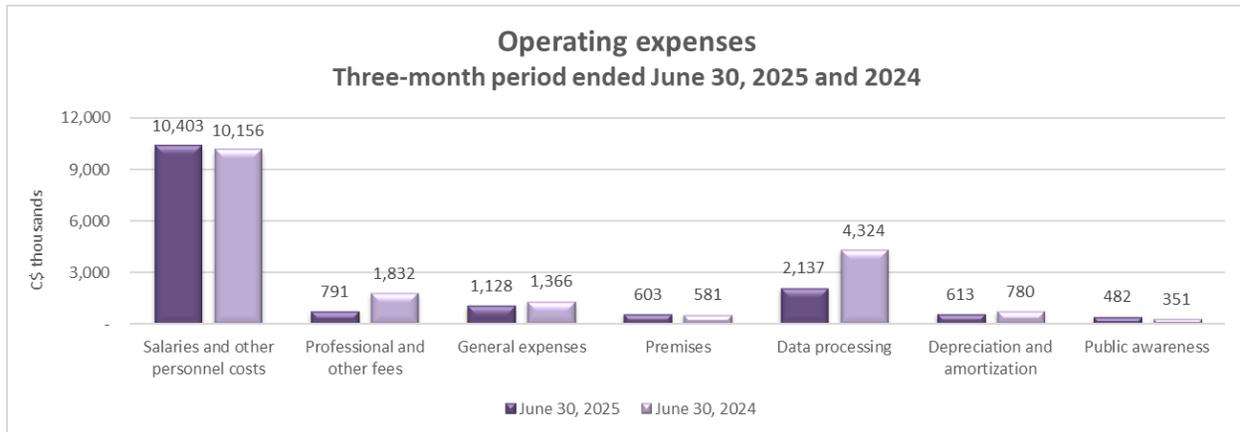
Provision for insurance losses

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 decreased from the previous quarter by \$50 million to \$2,100 million as at June 30, 2025, primarily due to the impact of the change in the discount rate and decreased probabilities of default, offset by an increase in exposure to losses.

Operating expenses



The Corporation's operating expenses for the three-month period ended June 30, 2025, were \$16 million, \$3 million lower than in the same period of the prior year. The decrease is primarily due to lower data processing costs and professional fees.

Income taxes

The Corporation is subject to federal income tax. The Corporation's primary source of taxable income is interest income from its investment portfolio. From this amount, allowable expenditures are deducted in order to arrive at 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.

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, 2025, the Corporation recognized an income tax expense of \$17 million.

Forecast results for fiscal 2025/2026, 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)	2025/2026		Variance	
	Forecast	Planned	Increase (Decrease) (\$)	(%)
Premium revenue	1,158	1,029	129	13%
Investment income	312	296	16	5%
Increase in provision for insurance losses	50	50	-	-
Operating expenses	81	82	(1)	(1%)
Income tax expense	58	54	4	7%
Net income	1,281	1,139	142	12%

Premium revenue

CDIC's 2025/2026 to 2029/2030 Corporate Plan (the "Corporate Plan") sets out planned premium revenue of \$1,029 million for fiscal 2025/2026, compared with Management's current forecasted revenue of \$1,158 million for the year, which is \$129 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 income

Forecasted investment income is \$312 million, compared to the planned amount of \$296 million, a variance of \$16 million, mainly due to higher premium revenue and forecasted yield on investments than planned.

Provision for insurance losses

The forecasted provision for insurance losses is consistent with the planned amount.

Operating expenses

Operating expenses for fiscal 2025/2026 are currently forecasted to be \$81 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.

CDIC's *ex ante* funding level was \$10,537 million as at June 30, 2025, or 82 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, 2025	March 31, 2025
<i>Available liquid funds:</i>		
Cash	18	13
Fair value of high-quality, liquid investment securities	10,345	10,355
<i>Availability of borrowings:</i>		
Borrowings authorized under the CDIC Act	36,000	36,000
Total available funds	46,363	46,368

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, 2025, the Corporation can borrow up to \$36 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.



Gina Byrne
Chief Operating Officer

Ottawa, Canada
August 14, 2025



Jordan Rosenbaum
Chief Financial Officer

Ottawa, Canada
August 14, 2025

[UNAUDITED]

Condensed financial statements and notes

Condensed statement of financial position

As at June 30, 2025, and March 31, 2025 (C\$ thousands)

	Notes	June 30, 2025	March 31, 2025
ASSETS			
Cash		18,243	13,398
Investment securities	3	10,245,910	10,221,103
Premiums receivable		288,321	-
Trade and other receivables		6	355
Prepayments		2,511	2,166
Right-of-use assets	4	4,842	5,142
Property, plant & equipment		3,175	3,175
Intangible assets		309	414
Deferred tax asset		626	626
TOTAL ASSETS		10,563,943	10,246,379
LIABILITIES			
Trade and other payables		9,514	11,073
Current tax liability		8,864	17,340
Lease liabilities	4	5,948	6,266
Deferred premium revenue		1,413	-
Employee benefits		1,460	1,429
Provision for insurance losses	5	2,100,000	2,150,000
Total liabilities		2,127,199	2,186,108
EQUITY			
Retained earnings		8,436,744	8,060,271
TOTAL LIABILITIES AND EQUITY		10,563,943	10,246,379

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

[UNAUDITED]

Condensed statement of comprehensive income

For the three-month periods ended June 30, 2025, and 2024 (C\$ thousands)

	Notes	For the three-month period ended	
		June 30, 2025	June 30, 2024
REVENUE			
Premium		289,561	247,599
Investment income		70,018	55,563
		359,579	303,162
EXPENSES			
Operating expenses	6	16,157	19,390
(Decrease) increase in the provision for insurance losses	5	(50,000)	50,000
		(33,843)	69,390
Net income before income taxes		393,422	233,772
Income tax expense		16,949	9,542
TOTAL COMPREHENSIVE INCOME		376,473	224,230

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

[UNAUDITED]

Condensed statement of changes in equity

For the three-month periods ended June 30, 2025, and 2024 (C\$ thousands)

	Retained earnings and total equity
Balance, March 31, 2025	8,060,271
Total comprehensive income	376,473
Balance, June 30, 2025	8,436,744
Balance, March 31, 2024	6,849,223
Total comprehensive income	224,230
Balance, June 30, 2024	7,073,453

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

[UNAUDITED]

Condensed statement of cash flows

For the three-month periods ended June 30, 2025, and 2024 (C\$ thousands)

	For the three-month period ended	
	June 30, 2025	June 30, 2024
OPERATING ACTIVITIES		
Total comprehensive income	376,473	224,230
Add (deduct) items not involving cash:		
Depreciation and amortization	613	780
Investment income	(70,018)	(55,563)
Interest expense on lease liabilities	27	32
Income tax expense	16,949	9,542
Employee benefit expense	31	32
Change in working capital:		
Increase in premiums receivable	(288,321)	(247,204)
Decrease in trade and other receivables	349	1,279
Increase in prepayments	(345)	(121)
Decrease in trade and other payables	(1,559)	(3,498)
Increase in deferred premium revenue	1,413	402
(Decrease) increase in the provision for insurance losses	(50,000)	50,000
Interest received	64,266	56,331
Interest paid on lease liabilities	(27)	(32)
Income tax paid	(25,425)	(20,468)
Net cash generated by operating activities	24,426	15,742
INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets	(204)	(10)
Purchase of investment securities	(825,505)	(766,040)
Proceeds from sale or maturity of investment securities	806,450	755,040
Net cash used in investing activities	(19,259)	(11,010)
FINANCING ACTIVITIES		
Principal payment of lease liabilities	(322)	(320)
Net cash used in financing activities	(322)	(320)
Net increase in cash	4,845	4,412
Cash, beginning of period	13,398	11,820
Cash, end of period	18,243	16,232

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.

In April 2024, the federal government announced its intention to undertake a review of the federal deposit insurance framework in Budget 2024. This work will be led by the Department of Finance Canada, in collaboration with CDIC and other financial sector agencies. The government is holding consultations to explore what changes to the depositor protection framework, if any, are necessary to best support the evolving needs of Canadians and uphold financial stability.

These condensed quarterly financial statements were approved and authorized for issue by the Corporation's Audit Committee on August 14, 2025.

Basis of preparation

These condensed quarterly financial statements, presented in Canadian dollars, have been prepared in accordance with the Treasury Board of Canada's Directive on Accounting Standards: GC 5200 Crown Corporations Quarterly Financial Reports 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, 2025.

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 – Material accounting policy information

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, 2025.

Critical accounting judgments and key sources of estimation uncertainty

The preparation of quarterly financial statements in accordance with International Financial Reporting Standards (IFRS Accounting Standards) 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, 2025.

3 - Investment securities

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

As at June 30, 2025 (C\$ thousands)	Amortized cost	Unrealized gain	Fair values			Total
			Level 1	Level 2	Level 3	
Bonds	10,245,910	98,820	7,823,853	2,520,877	-	10,344,730
Total investment securities	10,245,910	98,820	7,823,853	2,520,877	-	10,344,730

As at March 31, 2025 (C\$ thousands)	Amortized cost	Unrealized gain	Fair values			Total
			Level 1	Level 2	Level 3	
Bonds	10,221,103	133,612	7,847,798	2,506,917	-	10,354,715
Total investment securities	10,221,103	133,612	7,847,798	2,506,917	-	10,354,715

[UNAUDITED]

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

<i>(C\$ thousands)</i>	June 30, 2025	March 31, 2025
AAA	7,758,153	7,753,833
AA	488,079	431,743
AA-	759,253	1,500,229
A+	1,240,425	535,298
Total investment securities	10,245,910	10,221,103
Weighted average effective yield (%)	2.85	2.75

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, 2025 (March 31, 2025: 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.

Carrying value of right-of-use-assets

<i>(C\$ thousands)</i>	Leased office		
	space	Equipment	Total
Balance, March 31, 2025	5,139	3	5,142
Additions	-	4	4
Depreciation	(301)	(3)	(304)
Balance, June 30, 2025	4,838	4	4,842

Carrying value of lease liabilities

<i>(C\$ thousands)</i>	Leased office		
	space	Equipment	Total
Balance, March 31, 2025	6,263	3	6,266
Additions	-	4	4
Finance charges	27	-	27
Lease payments	(346)	(3)	(349)
Balance, June 30, 2025	5,944	4	5,948

Interest expense on lease liabilities amounting to \$27 thousand was recorded in the statement of comprehensive income during the three-month period ended June 30, 2025.

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The amount recognized for short-term leases and low-value assets during the three-month period ended June 30, 2025 was insignificant. Cash payments for the interest portion of \$27 thousand and the principal portion of \$322 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	1,480	4	1,484
Later than one year and not later than five years	4,544	-	4,544
Later than five years	278	-	278
Total	6,302	4	6,306

5 - Provision for insurance losses

The provision for insurance losses represents the Corporation's best estimate of the future outflow of economic resources it expects to incur as a result of the Corporation's object to provide insurance against the loss of part or all deposits in member institutions and its role as the resolution authority of its member institutions. 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, 2025	2,150,000
Decrease in the provision	(50,000)
Balance, June 30, 2025	2,100,000

6 - Operating expenses

The following table provides details of operating expenses of the Corporation for the three-month periods ended June 30, 2025, and 2024.

<i>(C\$ thousands)</i>	For the three-month period ended	
	June 30, 2025	June 30, 2024
Salaries and other personnel costs	10,403	10,156
Professional and other fees	791	1,832
General expenses	1,101	1,334
Premises	603	581
Data processing	2,137	4,324
Depreciation and amortization	309	474
Depreciation on right-of-use assets	304	306
Interest expense on lease liabilities	27	32
Public awareness	482	351
Total operating expenses	16,157	19,390

7 – 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.