



# Ontario

Deposit Insurance  
Corporation of Ontario

Société ontarienne  
d'assurance-dépôts

Annual Report 2009



Protecting Your Deposits

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## DICO's Publications Available on the Website

- Annual Report
- Audit Committee Handbook
- Capital Adequacy Guideline
- Commercial Lending Practices
  - Watch List Accounts
  - Credit Risk Ratings
  - Industry Codes and Concentration Risk
- Deposit Insurance Brochure and FAQ
- DICO By-law # 3
- DICO By-law # 5
  - Assessment Workbook for Management
  - Assessment Workbook for Board of Directors
  - Assessment Workbook Module: Commercial Lending
- DICO By-law # 6
  - Application Guide By-law #6, Impaired Loans
- DICO Info (newsletter)
- Director's Handbook
- Examination Manual
- Guidance Note Investments
- Guidance Note Lending
- Guidance Note Liquidity
- Guidance Note Structural (Interest Rate) Risk
- Pre-Approved Advertising Messages
- Reference Manual (Sound Business and Financial Practices )
- Sector Outlook
- Sector Releases



Printed on recycled paper

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**Laura Talbot**  
*Chair of the Board*  
*Présidente du Conseil d'administration*

March 17, 2010

The Honourable Dwight Duncan  
Minister of Finance  
Frost Building South, 7<sup>th</sup> floor  
7 Queen's Park Crescent  
Toronto, Ontario  
M7A 1Y7

Dear Minister:

I have the honour to submit to you the Annual Report of the Deposit Insurance Corporation of Ontario for the year ended December 31, 2009, pursuant to Section 256 of the *Credit Unions and Caisses Populaires Act, 1994*.

Yours truly,

## Mission

To protect depositors and contribute to the stability of the Ontario Credit Union and Caisse Populaire sector.

## Vision

We will contribute to the soundness, stability and success of the Ontario Credit Union/Caisse Populaire sector by being an effective solvency regulator and deposit insurer.

## Values

In fulfilling our mandate and pursuing our Vision and Mission we will live by the following values:

### Excellence and Professionalism

- DICO will maintain a highly skilled and diverse workforce that promotes excellence and professionalism in how it conducts its affairs.

### Respect and Fairness

- Employees will treat everyone with mutual respect and fairness.
- DICO will act and support employees in a fair and consistent manner.

### Integrity and Trustworthiness

- Employees will adhere to the highest ethical standards in performing their duties and responsibilities including maintaining the confidentiality of sensitive information.

### Communications and Teamwork

- Employees will maintain open communications and work cooperatively amongst themselves and with partners towards the achievement of DICO's mandate.

### Financial Stewardship

- DICO will act as a responsible agency that continuously strives to be efficient and effective for the benefit of all stakeholders and will manage its operations effectively and in a cost efficient manner.

## DICO Staff

Giovanna Arnold•Adrienne Barber•Patricia Bazinet•Suzanne Boyer•Alla Brachman•Barry Brydges•John Burgman•Richard Dale•Gerry Daoust•  
Tony D'Errico•Bob Edmison•Brigitte Elie •Bill Foster•Carmen Gheorghe•Sharon Haslett•John Hutton•Entela Josifi•Yasmin Khoja•Steve Kokaliaris•Jim Maxwell•  
Alana McLeary•Niall O'Halloran•Danny Pianezza•Naile Piranaj•Andy Poprawa•Andy Rechtshaffen•Mercedes Ruano•James Stephenson•Suzanne Tucker•  
Nelson Verdecia•Grace Wen•Michael White• Richard White•Andrew Wright•Winnie Yu.

## Corporate Governance

The Deposit Insurance Corporation of Ontario is an agency of the Province of Ontario established in 1977 and operates under the *Credit Unions and Caisses Populaires Act, 1994*. The Act sets out DICO's objects, powers and duties as well as general terms for deposit insurance and other governing parameters. DICO functions within the legal framework established by the Act, Management Board of Cabinet Secretariat Directive on Agency Establishment and Accountability and other applicable laws. The Corporation is ultimately accountable to the Legislature through the Minister of Finance for the conduct of its affairs.

The Act requires that the DICO Board of Directors "shall manage the affairs or supervise the management of the affairs of the Corporation...". The Board of Directors is composed of up to nine persons all of whom are appointed by the Lieutenant-Governor-in-Council to serve for various terms of usually up to three years.

DICO follows a robust appointments process to ensure that it recruits the best qualified people to its Board. The Board's criteria for consideration of candidates for Board membership include:

- having experience in the financial services industry;
- understanding Credit Union/Caisse Populaire principles, sector structure and modus operandi;
- board experience, director training or background in business or academia;
- understanding business concepts, operations and financial reports;
- communicating effectively, strategic thinking and appropriate decision-making and judgement.

The Corporation has established a skills profile in addition to a position description for directors. DICO has also established a gender, experience, skills and geographic representation profile for the Board as a whole, to ensure that it maintains an appropriate balance of these attributes. All potential candidates for the Board are screened and

interviewed by a committee of the Board prior to being recommended for appointment to the Minister. DICO typically provides the Minister with more than one candidate. Once the Minister has made a selection, that recommendation is forwarded to the Cabinet for approval.

DICO follows best practices in corporate governance including:

- a formal director orientation process;
- continuous director development;
- Board succession planning;
- annual Board assessment and feedback;
- regular in-camera sessions; and
- annual strategic planning session.

The Board also establishes annual objectives for itself and measures its performance against those stated objectives. These include strategies for risk management and communication with stakeholders, executive management and management reporting and control.

DICO is a member and active participant in the Conference Board of Canada's Public Enterprise Governance Centre and the Risk Council, the Institute of Corporate Directors and others. These affiliations provide the Corporation with an insight into best and next practices for achieving excellence in governance.

## DICO's Board of Directors



**DICO'S BOARD OF DIRECTORS**  
(from left to right):

**Sitting:** Jane Davis,  
Laura Talbot, Leslie Thompson

**Standing:** Raymond Boucher,  
Paul Mullins, Colin Litton,  
Debra Curley, Robert Hammond,  
Carol Lemelin

### **LAURA TALBOT, MBA, CMA, FCMA, ICD.D/IAS.A, CHAIR OF THE BOARD**

Laura Talbot is Chair of the Deposit Insurance Corporation of Ontario Board, and President of the TalbotAllan Consulting Group. Previously she held senior executive roles with University of Waterloo, the Federal government, the Canadian Red Cross, several utilities and US Bank One. She has substantial governance experience, currently on the Boards and Committees of the: Desjardins Sécurité financière – assurance vie; Accounting Standards Oversight Council of the CICA; Canadian Partnership Against Cancer; Canadian Food Inspection Agency; Ontario Health Quality Council; SMAC Pension Committee; Fellows FCMA Council of Quebec; and a life member of Financial Executives International (Canada). She was previously Chair - Info Standards Development for the Ontario Accessibilities Act; Vice Chair of the CS COOP Board, Chair of the Society of Management Accountants of Canada (SMAC), amongst others. She holds a MBA from combined studies at the Universities of Ottawa/Manitoba; an ICD.D/IAS.A designation from the Institute of Corporate Directors following studies at the Rotman Business School; a CMA and FCMA from the Quebec Ordre of Certified Management Accountants. Ms. Talbot was appointed on March 20, 2002 and her term expires on February 18, 2011. She was appointed Chair of the Board effective March 22, 2009.

### **RAYMOND BOUCHER, B.A.**

Raymond Boucher has been involved with the caisses populaires movement for over 30 years. He was General Manager of Caisse Populaire de Kapuskasing Limitée for 20 years. He was on the board of L'Alliance des caisses populaires de l'Ontario for more than 18 years as president, vice-president and member of the executive committee. Mr. Boucher has also been involved on various committees of DICO from the late 1980s to 2004. He has acquired extensive experience in governance and an understanding of the issues surrounding the credit union/caisse populaire network. He is presently active in other community organizations such as the Board of "La Fondation de l'Université de Hearst" and is Chair of the Board of the "Services de Counselling Hearst Kapuskasing Smooth Rock Falls Counselling Services". Mr. Boucher was appointed on August 12, 2009 and his term expires on August 11, 2012.

### **DEBRA CURLEY, B.A., M.I.R., LLB.**

Debra Curley is a lawyer practicing management-side labour and employment law as an associate with Bennett Jones LLP. She was a Director of HEPCOE Credit Union from 1998 to 2005 and was also involved in the new corporate entity, Meridian Credit Union. Her vast experience includes corporate governance, management responsibilities, strategic planning and community partnership development. She was also Municipal Councilor for the Town of Port Elgin from 1994 to 1997. Ms. Curley was appointed on June 8, 2009 and her term expires on June 7, 2012.

### **JANE DAVIS, B SC (HON), MM, ICD.D**

Jane Davis is an experienced risk management and change management professional, with an extensive background in wealth management, brokerage, mutual funds, investment counselling and private banking. She also has sales experience in the corporate and commercial banking sectors so she understands the business management challenges. Ms. Davis has worked internationally in both wealth management and corporate banking risk management roles. She sits as an independent director on three corporate and one not-for-profit boards since obtaining her ICD designation in early

2006. Ms. Davis is also a member of five Investment Review Committees in the fund sector. She is also a Corporate Director for Growthworks and Chair of the Harvest Fund IRC. Ms. Davis was appointed on August 12, 2008 and her term expires on August 11, 2011.

**ROBERT HAMMOND, BA, MBA, FCIA**

Robert Hammond, an actuary by profession, spent 29 years with the Federal Department of Insurance and its successor organization, the Office of the Superintendent of Financial Institutions (OSFI). At various times he was responsible for the supervision of federally registered insurance companies, non-bank deposit-taking institutions, credit union centrals and pension plans. As Superintendent of Insurance and, subsequently, Deputy Superintendent at OSFI, he served on the Board of Directors of the Canada Deposit Insurance Corporation for ten years. From 1992 until retirement in 2003, he was CEO of the Canadian Payments Association, the organization responsible for operating Canada's clearing and settlement system and having credit union centrals, federations of caisses populaires and independent credit unions among its members. Mr. Hammond was appointed on May 30, 2006 and his term expires on June 16, 2012.

**CAROL LEMELIN, CMA**

Carol Lemelin was Chief Financial Officer for the The St. Lawrence Seaway Management Corporation with overall responsibilities including Finance, Information Technology & Telecommunications, Internal Audit, and Revenue & Forecasting. Mr. Lemelin was Chair of Caisse Populaire de Cornwall Inc., and also served in various capacities on the board of Caisse Populaire de Cornwall for several years. Mr. Lemelin was appointed on June 20, 2007 and his term expires on June 19, 2010.

**COLIN LITTON, FCA, ICD.D**

Colin Litton is a Fellow of the Institute of Chartered Accountants of Ontario and a Certified Director. He is a retired partner of KPMG and his career with the firm has included service in its South African, Australian and Canadian practices. During his career with KPMG he was primarily engaged in providing audit and advisory services to banks, pension and investment funds and other entities comprising the financial services industry. He was the Chair of the Deposit-taking Institutions Auditors Advisory Committee to the Superintendent of Financial Institutions Canada until his retirement from public practice in Canada. Mr. Litton was appointed on August 12, 2008 and his term expires on August 11, 2011.

**PAUL MULLINS, BA, LL.B, VICE CHAIR OF THE BOARD**

Paul Mullins is a lawyer who has had his own practice in Windsor and Essex County since 1971. He was a commissioner for the Federal Human Rights Tribunal. He is a Director and former President of Windsor Homes Coalition which provides low income housing to needy families. For over 24 years he served as a Director and/or Chair of the Board of United Communities Credit Union (formerly Woodslee Credit Union) which has 35,000 members and assets of over \$575 million. Mr. Mullins was appointed on June 17, 2004 and his term expires on March 7, 2013.

**LESLIE THOMPSON, MFA, MBA, FCSI, CMC, ICD.D**

Leslie Thompson is President of LESRISK, Debt and Risk Management Inc. She is an enterprise risk management consultant with experience as a senior executive with both financial institutions and government. Formerly, she was Vice President of Union Bank of Switzerland and The Chase Manhattan Bank. She also led the start-up operations of the Province of Ontario's treasury operations (now Ontario Financing Authority). Ms. Thompson also serves as corporate director on several boards in addition to DICO's including: the Ontario Municipal Employees' Retirement System (OMERS AC), Trustee, City of Toronto Sinking Fund Committee; Chair, Investment Advisory Committee, City of Toronto as well as community boards. Her qualifications include a Master of Business Administration, the Institute of Corporate Directors' Designation and she is a Fellow of the Canadian Securities Institute. Ms. Thompson was appointed on October 12, 2005 and her term expires on November 18, 2011.

**PATRICK DEUTSCHER, OBSERVER, MINISTRY OF FINANCE**

Patrick Deutscher is Chief Economist for Ontario and Assistant Deputy Minister of the Office of Economic Policy (OEP) in the Ministry of Finance. He was appointed to that post in 2006. Prior to that, he was Director of the Macroeconomic Analysis and Policy Branch of the OEP. Pat first joined the Ontario Treasury in 1981. He worked in the Office of Economic Policy until 1987 when he left to work on fiscal and economic policy with the Federal Department of Finance, subsequently returning to the Ontario Public Service (OPS). Earlier in his career he worked with Environment Canada and Imperial Oil. Pat was raised in Saskatchewan. He holds a Ph.D. in Economics from the University of Toronto.

# Ombudsman's Report



**Beryl Roberto**  
*Ombudsman*

The Office of the Ombudsman was established in April 2008 by the Board of Directors of the Deposit Insurance Corporation of Ontario (DICO), after a request by the Minister of Finance and following consultation with the Ontario credit union and caisses populaires sector. This initiative is intended to help meet the needs of insured institutions and their members for the purpose of reviewing complaints that have not been resolved at the operational level and to reach conclusions based on an independent review of the facts. Complaints must relate to regulatory issues between insured institutions and DICO or to disputes between depositors or borrowers related to institutions that are being liquidated. In the course of investigating complaints, the Ombudsman may make non-binding recommendations to DICO where deemed appropriate. The Ombudsman reports directly to the Board and is independent from operational programs.

DICO's website includes information regarding the mandate of the Ombudsman, complaint forms, contact information and circumstances under which the Ombudsman has no jurisdiction, such as when an insured institution is involved in an order for administration or liquidation.

The following is a list of activities completed during 2009:

- a. Management implemented two recommendations from the Office of the Ombudsman:
  1. Enhance the complaint resolution process by adding to the website the contact information of staff at DICO who can assist with problem

resolution, including steps to escalate unresolved problems to the CEO prior to contacting the Ombudsman's Office; and

2. Enhance the educational process and develop an Acknowledgement of Terms of Supervision for insured institutions under supervision.
- b. Presented progress reports on current activities at each Board of Directors meeting.
- c. Followed-up on member inquiries: one from joint members of a liquidated institution that was quickly resolved by management of DICO; another from a business owner requiring clarification related to the complaint process for a specific third-party service provided by an insured institution. The advice to the latter was to first speak with the insured institution and if not resolved, then to seek guidance from the Financial Services Commission of Ontario.
- d. Responded to a complaint from a bank customer advising that DICO has no jurisdiction over federally chartered institutions and therefore, provided the names of the appropriate authorities that could assist.

Full co-operation and support was received from the Board, management and staff at DICO throughout the year.

Beryl Roberto  
*Ombudsman*

Tel: 416-325-9446

Email: [ombudsman@dico.com](mailto:ombudsman@dico.com)

## Sub-Committees of the Board

(as at December 31, 2009)

### AUDIT AND FINANCE COMMITTEE

This committee reviews and makes recommendations to the Board on investment policies and procedures. It reviews the monthly and annual financial statements of the Corporation and the results of the external auditors' audit of the annual financial statements. The committee also reviews recommendations made by the internal auditor regarding internal controls and procedures and ensures that appropriate action is taken.

- Colin Litton, *Chair*
- Raymond Boucher
- Carol Lemelin
- Leslie Thompson
- Laura Talbot, *ex-officio*

### GOVERNANCE & HUMAN RESOURCES COMMITTEE

This committee reviews and makes recommendations to the Board on policies relating to the Corporation's governance, human resources plans, compensation, employee benefits and related matters.

- Paul Mullins, *Chair*
- Robert Hammond
- Laura Talbot, *ex-officio*

### RISK MANAGEMENT COMMITTEE

This committee reviews the principal risks to the Corporation including deposit insurance risk exposure and makes recommendations to the Board relating to its Framework for Enterprise Risk Management including risk assessment and risk management policies, programs and guidelines.

- Leslie Thompson, *Chair*
- Debra Curley
- Jane Davis
- Robert Hammond
- Colin Litton
- Laura Talbot, *ex-officio*

### ATTENDANCE AT BOARD AND COMMITTEE MEETINGS 2009

	DICO Board	Audit & Finance Committee	Governance & Human Resources Committee	Risk Management Committee
Number of meetings held	6	4	4	4
Total # of members	7-9	3-4	2	4-5
Total scheduled attendance	49	11	8	14
Total actual attendance	48	11	8	14
% of Attendance	98%	100%	100%	100%

The number of directors on each committee has varied due to filling of vacancies during the year.

## Message from the Chair:

### *On the Right Course, Right from the Start*



**Laura Talbot**  
Chair of the Board of Directors

On behalf of the Board of Directors, I am pleased to present our annual report to the government and our other stakeholders. The Deposit Insurance Corporation of Ontario exists to protect depositors from loss of deposit funds placed with Ontario's credit unions and caisses populaires. I am pleased to report that DICO has met our primary mandate during the past year. No depositor has ever lost any deposit funds placed with an Ontario credit union or caisse populaire.

Despite the recent financial market turmoil and other economic stresses over the past year, confidence in Ontario's credit unions and caisses populaires has been maintained at a very high level. This is evidenced by the strong growth in deposits in the sector. DICO has played an important role in promoting confidence in and the stability of credit unions and caisses populaires by ensuring adherence to high standards of governance, capital and risk management.

The Deposit Insurance Reserve Fund (DIRF) has sustained significant insurance losses over the past two years, caused primarily by alleged illegal and fraudulent activities by former management and staff of several insured institutions. The losses have not been recovered from fidelity insurance. As a result, the fund is seriously underfunded; the Board is evaluating various options to recapitalize it, including recommending to the Minister an increase in insurance premiums or assessing a special levy.

### Amendments to the Act

During the year, the government proclaimed long awaited amendments to the *Credit Unions and Caisses Populaires Act* in order to modernize the governing statute and provide Ontario credit unions and caisses populaires with broader business powers while at the same time updating the regulatory regime. One outcome of these amendments was the expansion of DICO's mandate to include responsibility for prudential oversight and solvency regulation. These new responsibilities and powers are being taken very seriously by DICO's Board and staff. We have been busy ensuring that all the appropriate policies and procedures have been implemented to ensure an effective transition. We are confident that implementation of these new policies, processes and service standards will ensure the continued protection of depositors while permitting credit unions and caisses populaires to take advantage of their expanded business powers to better serve their members.

### Governance and Oversight

The Board of Directors continues to focus on aspects of governance important to strategic and effective operations of DICO. Over the course of the past year, the Board has enhanced its oversight processes in a number of important areas – strategic and succession planning, risk based performance management and reporting. Through a strong Committee system, the Board has also focused on important issues related to the transition to International Financial Reporting Standards (IFRS) for both the Agency and insured institutions, as well as a review of the state of the deposit insurance reserve fund and the differential premium system.

The Board of Directors continues to follow best practices in governance as set out in current literature on the subject including the Conference Board of Canada's publications. Details of our governance practices can be found in this annual report.

### Looking Forward

For 2010, DICO has identified a number of key priorities:

- Implementing an effective risk-based regulatory regime;
- Enhancing our proactive risk assessment and oversight capabilities;
- Promoting the implementation of enterprise risk management systems in insured institutions;
- Publishing guidelines and policy guidance with respect to emerging risks;
- Re-building a sustainable insurance DIRF, partly through recovering on past claims;
- Implementing a revised premium system;
- Implementing our strategic alliance agreements with our various stakeholders.

We believe that our long-term strategic direction properly responds to our mandate to enhance depositor confidence with due regard to the sector's goal to be more competitive and responsive to its members' needs. By exercising continued vigilance through our risk assessment and management programs, and by fostering the building of a solid insurance fund and a strong financial base at insured institutions, DICO believes that we will continue to protect depositors effectively, minimize the cost of depositor protection, and contribute to the stability of and confidence in Ontario's credit unions and caisses populaires. We look forward to working with our various stakeholders to achieve these goals.

**“ We believe that our long-term strategic direction properly responds to our mandate to enhance depositor confidence with due regard to the sector's goal to be more competitive and responsive to its members' needs. ”**

### Board Transition

I would like to take this opportunity to express my appreciation to all our Board members for their dedication and professionalism in working together in the interests of all stakeholders. All of our directors bring a high level of skill, expertise and experience to DICO's mandate and deliberations.

During the past year, David Yule of Toronto and André Auger of Sturgeon Falls retired from the Board after having served for seven and three years respectively. On behalf of the Board and staff I would like to thank both David and André for their valuable contribution and dedication to DICO.

In 2009, we welcomed Debra Curley of Toronto and Raymond Boucher of Kapuskasing to the Board. Both Debra and Raymond bring a wealth of credit union experience, skill and enthusiasm to our Board.

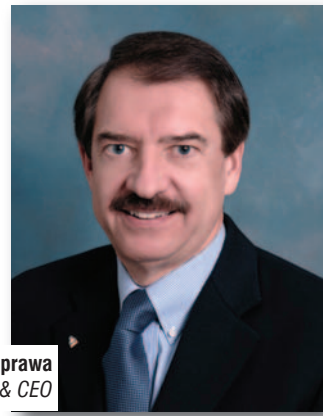
I also want to express my sincere appreciation to the Agency's management and staff, as well as the many stakeholders that we have worked with over the past year, for their support and guidance.

On behalf of the Board of Directors,

Laura Talbot, MBA, CMA, FCMA, ICD.D/IAS.A  
*Chair of the Board*

## Message from the CEO:

### ***New Legislation, New Responsibilities***



**Andrew (Andy) Poprawa**  
President & CEO

**The Ontario Legislature created the Deposit Insurance Corporation of Ontario in 1977 to ensure public confidence in Ontario credit unions and caisses populaires. DICO insures deposits at the province's 186 credit unions and caisses populaires and it promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. DICO receives no tax dollars as insured financial institutions fund its insurance fund and operations.**

The environment in which DICO operated during 2009 was characterised by a series of continuing financial and operational challenges. In spite of these challenges, the

Corporation continued to meet its mandate by fully protecting all depositors from loss of deposit funds. We remain focused on continuing to achieve that objective.

Ontario's credit unions and caisses populaires are impacted by the prevailing general economic conditions as well as those specific to deposit taking institutions. The significant stresses on the global banking system and a shift away from capital markets have resulted in a flight of funds back to traditional deposit taking institutions. This has meant strong growth of 6% in deposits over the past year as depositors prefer the safety of insured

institutions over other investment and savings alternatives.

The low interest rate environment throughout 2009 combined with relatively high operating costs and increasing loan losses have continued to negatively impact the overall profitability of the sector. While liquidity levels have rebounded from 2008 levels, yields on investments and loans are at historical lows. In addition, losses associated with higher risk business activities have further impacted profitability.

#### **2009 Failures**

During 2009 six credit unions went into liquidation and two were placed under the administration of the

**“The Corporation prides itself on ensuring that we operate within the highest standards of competence, professionalism and integrity.”**

Corporation. Four of these liquidations were initiated voluntarily by the institution's members in response to the plant closure of the sponsor employer or other similar

economic circumstances. The other credit unions were ordered into liquidation by DICO as a result of their financial distress. In both of these situations, DICO's decisive actions ensured that all depositors were protected from any loss of their deposit funds while public confidence in the sector was maintained.

Each of these situations was unique and required creative solutions to ensure the safety of deposits.

Unfortunately in two cases when the full extent of the problems was identified, the losses were material and the cost to the deposit insurance reserve fund was significant.

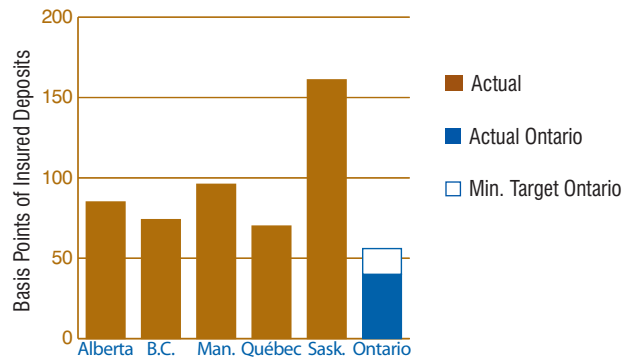
During 2009, DICO recorded over \$27.9 million in insurance losses before recoveries. This included an increase in our general provision for losses which now stands at \$5 million. One of the principal reasons for these large losses has been the inability of several of these failed credit unions to recover on fidelity insurance claims made as a result of alleged illegal and fraudulent activities of certain former management and directors. As liquidator and administrator of these failed institutions the Corporation is taking proactive steps to recover on these claims.

**Deposit Insurance Reserve Fund and Premiums**

Over the past two years DICO has incurred over \$53 million in insurance claims. As a result of these losses, the good progress we were making toward reaching our Deposit Insurance Reserve Fund target has experienced a serious set-back. At the end of 2009, our reserve fund stood at 38 basis points (on a consolidated basis) of insured deposits - well short of our target range of between 56 and 68 basis points based upon our actuarial model.

To address this situation, DICO’s Board and management have been exploring various options to rebuild the DIRF. Failing a reasonably quick and significant recovery on past claims, these options include the possibility of raising premiums or levying a special assessment. DICO plans to make a recommendation to the Minister on this issue by the middle of 2010.

**DEPOSIT INSURANCE RESERVE FUND  
COMPARISON WITH OTHER PROVINCIAL JURISDICTIONS**



**OUR STRATEGIES**

**Proactive and Balanced Risk-Based Regulation and Risk Management**

The recently proclaimed amendments to the *Credit Unions and Caisses Populaires Act* will have a significant impact on DICO’s operations. As the prudential regulator as well as the deposit insurer, the Corporation will now have not only the responsibility but the authority to respond to imprudent institutional and systemic risks and to ensure that prompt corrective action is taken as necessary. DICO has already instituted appropriate measures and resources to monitor and address any non-compliance with the Act and regulations.

**Sound Corporate Governance**

The Corporation prides itself on ensuring that we operate within the highest standards of competence, professionalism and integrity. To this end our governance and management processes ensure that DICO is accountable, transparent and fair in all of its dealings with its insured institutions as well as the public.

### **Effective Public and Stakeholder Awareness**

Providing clear, concise information regarding deposit insurance coverage and other important issues is a key element of DICO's ongoing efforts to ensure that public confidence in credit unions and caisses populaires is maintained. Our point of sale brochures and our comprehensive website are the primary tools to provide access to that information. During 2009, we answered almost 1,000 calls from the public on our deposit insurance hotline. For further information on our programs and to obtain further information about us, we invite stakeholders and readers to visit our website [www.dico.com](http://www.dico.com).

### **Strong Partnerships**

To ensure that we work together effectively with all stakeholders, DICO has entered into memoranda of understanding with the Minister of Finance, the Superintendent of the Financial Services Commission of Ontario (FSCO), Central 1 Credit Union, La Fédération des caisses populaires de l'Ontario, L'Alliance des caisses populaires de l'Ontario, FINTRAC, OSFI and the Superintendent of the Financial Institutions Commission of British Columbia. In addition, we have several advisory committees comprised of key senior executives within the sector, as well as Ministry of Finance and FSCO officials.

In the spirit of the co-operative movement we are also pleased to assist other jurisdictions around the world in developing sound regulatory and depositor protection regimes for co-operative financial institutions. We continue to chair the International Credit Union Regulators Network (ICURN) – a network of global credit union and caisse populaire regulators formed for the purpose of sharing information and experiences.

### **LOOKING AHEAD**

We expect the next few years to be challenging as competitive pressures intensify and the economic environment may be uncertain in a number of industries and geographic areas. Continued consolidation and restructuring within the sector is expected to address some of these challenges. The Board and staff of DICO are committed to providing protection, security and stability to the Ontario Credit Union and Caisse Populaire sector for the benefit of all its members. We look forward to the opportunity in 2010 and beyond of continuing to demonstrate our commitment.

In closing, I would like to express my appreciation to our employees, who are an extremely dedicated group of professionals and the major source of DICO's corporate strength. I appreciate, as well, the advice and support that I continue to receive from DICO's Board of Directors. In particular, I am grateful to our Board Chair, Laura Talbot, for her ongoing wise counsel and support.

Andrew (Andy) Poprawa, CA, C.Dir.  
*President & CEO*

# Management’s Discussion and Analysis

## Sector Overview

The Deposit Insurance Corporation of Ontario (DICO) provides deposit protection for all eligible deposits held at Ontario credit unions and caisses populaires. Deposit insurance is part of a comprehensive protection program in all Ontario credit unions and caisses populaires which is backed by provincial legislation. DICO insures most deposits up to \$100,000 subject to the eligibility criteria and maximum coverage limits. Deposits held in registered savings plans are fully insured with no maximum limit. For more details regarding the basic coverage that is available for all eligible deposits please visit our web site [www.dico.com](http://www.dico.com).

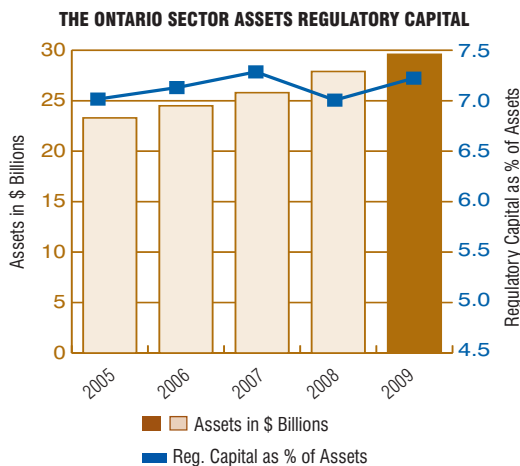
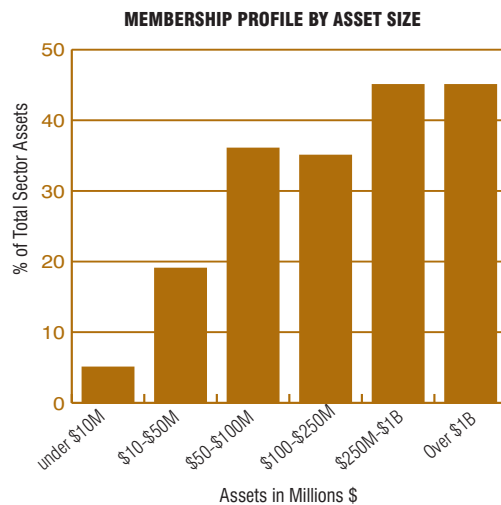
DICO fulfils its mandate in a complex and dynamic environment. The credit union and caisse populaire sector is well capitalized at an average of 7% of assets. It is also relatively stable although a number of competitive, economic and other pressures are impacting some individual insured institutions’ performance.

The economy, the performance of insured institutions and legislative and regulatory developments are continually monitored. The Ontario economy was hard hit by the global recession in 2009, with a significant decline in

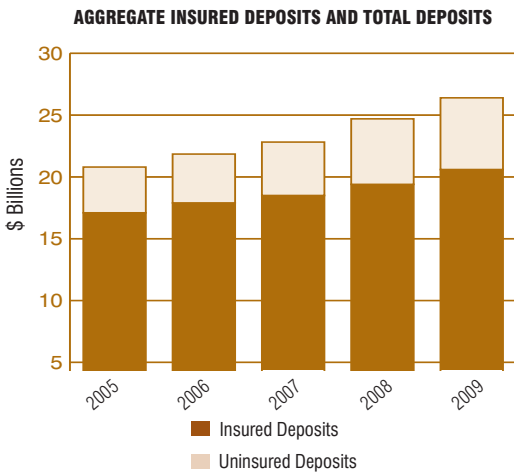
exports and higher levels of unemployment. The manufacturing and forestry sectors in particular faced significant declines which, in turn, have had an effect on the credit union/caisse populaire sector. While the Ontario economy has seen modest improvement in the second half of 2009, Ontario’s recovery is expected to be modest.

## Overview of Ontario Credit Unions and Caisses Populaires

Ontario’s economic environment has contributed to the credit union and caisse populaire sector’s performance over the past few years. Despite current market conditions, profitability and capital levels have improved modestly over the past year.

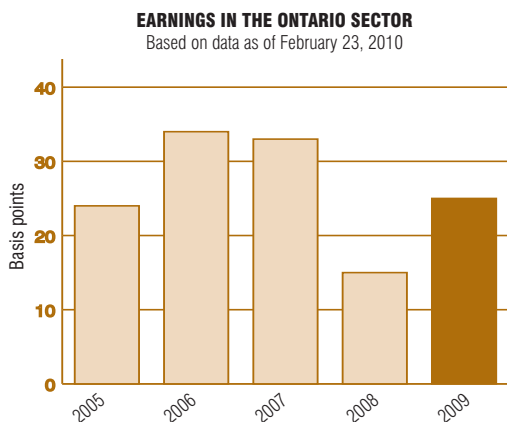


	2009	2008
Number of Insured Institutions	186	198
Total Assets (billions)	\$29.6	\$27.9
Total Deposits (billions)	\$26.4	\$24.9
Insured Deposits (billions)	\$20.6	\$19.3
% of Total Deposits	78%	78%
Regulatory Capital Ratio (leverage basis)	7.22%	7.15%
Asset Quality (loan costs % of average assets)	0.21%	0.16%
Profitability (net income % of average assets)	0.25%	0.15%



During 2009 the long term trend of consolidation continued. The number of active insured institutions declined by 12 to a total of 186, as a result of mergers or wind-ups. Today, about 50% of the assets of the Ontario movement are held by the largest 11 insured institutions while 5% of assets are held by the smallest 90 institutions. This distribution of assets creates an interesting dynamic within the industry.

Aggregate on-balance sheet assets and deposits exhibited slightly slower growth in 2009 with a year over year increase of 6% to \$29.6 billion. Growth in commercial loans remained fairly strong at 8% (compared to 13% in 2008) while aggregate residential mortgage loans showed slower growth at 2% (compared to 6% in 2008). At the end of 2009 liquidity rose to 14.35% compared to 12.67% in 2008.



Aggregate capital within the sector increased to 7.2% of assets of which almost 4% was retained earnings. At the end of 2009, all but two insured institutions met the prescribed statutory minimum capital requirements.

Throughout 2009 the sector's aggregate credit risk, as measured by aggregate loan costs and delinquency increased as market conditions changed. In addition to increasing loan delinquencies, the coverage ratio (loan allowances as a percentage of impaired loans) has declined to 51 per cent. Gross delinquency greater than 30 days increased to 152 basis points of total loans from 127 basis points in 2008 while loan costs increased to 21 basis points compared to 16 basis points during the same period.

Profitability during 2009 has increased to 25 basis points from 15 basis points in 2008. Despite this increase, a number of institutions experienced operating losses during 2009. These institutions are being closely monitored to ensure that either the underlying reasons for the losses are being rectified or that sufficient capital is being injected by members to support their continued viability.

The well-publicised difficulties with asset backed commercial paper (ABCP) and other complex financial instruments continue to affect certain credit markets. While conditions in the market place have improved in 2009, credit unions and caisses populaires which hold these instruments continue to experience an impact on capital from write-downs in valuations.

During 2009, adherence to the Standards of Sound Business and Financial Practices remained stable as measured by the results of the On-Site Examination program. **At the end of the year over 93% of insured institutions, including virtually all larger institutions, were in full compliance with all standards.**

DICO's 2009 Financial Scorecard (\$Millions)			
	DICO Target	DICO Actual	Consolidated Actual*
Insurance Fund	\$100.5	\$81.8	\$78.3
Gross Insurance Provisions	\$10.8	\$29.3	\$29.3
Recovery of Prior Years' Losses	-	-	\$1.4
Total Gross Operating Expenses	\$7.2	\$7.0	\$11.5
Total Net Operating Expenses	\$7.0	\$6.6	\$11.4
Return on investments	2.0%	0.68%	0.68%
*Consolidation of VIEs - institutions in liquidation			

DICO's Differential Premium System (DPS) is based on the aggregate risk profiles of institutions using quantitative and qualitative factors for five key components - capital, asset quality, adherence to standards of sound business and financial practices, earnings, and interest rate risk. The following table shows a further slippage to higher premium rate tiers over the past year. As a result, the average premium rate for deposit insurance has also increased.

Overall DPS Risk Ratings: 2005 to 2009 Distribution based on % of System Assets Rate per \$1,000 Insured Deposits						
Premium Rate \$	Risk Level	2005	2006	2007	2008	2009
0.90	Low	36%	34%	42%	32%	26%
1.00	Low	48%	53%	46%	56%	53%
1.15	Mod.	15%	6%	10%	9%	16%
1.40	High	1%	7%	2%	1%	3%
2.10	High	0%	0%	0%	2%	2%

In the context of a continuing low interest rate and competitive market environment, the Ontario credit union and caisse populaire sector has further consolidated and, at the same time, grown to expand services to communities across the province. While profitability in some insured institutions continues

to be a concern for their future viability in this competitive financial services marketplace, generally the sector remains relatively stable.

### Legislative and Regulatory Developments

Amendments to the *Credit Unions and Caisses Populaires Act* and revised Regulation came into force on October 1, 2009. This new regulatory framework provides credit unions and caisses populaires with broader powers to compete in the financial services marketplace. DICO's role, responsibilities and powers have been expanded to include solvency regulation with broader scope to protect depositors and members and to contribute to the stability of the sector.

Since the proclamation of the changes to the *Credit Unions and Caisses Populaires Act*, the transition to the new role has been accomplished effectively, with assistance from the Financial Services Commission of Ontario (FSCO) and the Ministry of Finance. During the transition period DICO held a number of regional information sessions related to the revisions of the Act and Regulations in conjunction with Central 1, La Fédération des Caisses populaires de l'Ontario Inc., L'Alliance des Caisses populaires de l'Ontario Limitée, The Association of Credit Unions of Ontario and other stakeholder groups.

## Financial Overview

### General Operating Environment

The Corporation's general operating environment was challenging during 2009. The overall condition and performance of many of its insured institutions deteriorated due to the low interest rate environment which reduced financial margins and from an increase in loan costs resulting from difficult economic conditions. The resulting lower profitability and an increase in deposit growth put pressure on capital levels of certain institutions. Thus the Corporation's overall exposure to risk increased during the year.

During 2009 the government proclaimed amendments to the *Credit Unions and Caisses Populaires Act, 1994* – the Corporation's governing statute. A number of the amendments had the impact of expanding the Corporation's mandate to include responsibility for assessing and mitigating solvency risks. These additional responsibilities as well as the current operating environment required DICO to increase its resources to meet ongoing operational demands. We expect that a higher level of resources will be required for the next two to three years.

### Risks to the Corporation

As outlined in the Overview of DICO's Assessment of Significant Risks elsewhere in this Annual Report, overall risks to the Corporation have increased. In particular, those risks that cannot be controlled or influenced such as economic environment and fraud risks have increased. As part of its comprehensive Enterprise Risk Management (ERM) Framework, DICO has increased its risk assessment and management capability to mitigate the effects of these increased risks. The Board is charged with the responsibility of ensuring adequate oversight over the ERM process.

### Board Governance

The Board of Directors of the Corporation is appointed by the government and is responsible and accountable for ensuring that DICO fulfills its mandate. The government sets out operating requirements for all agencies, boards and commissions through its directives. The Board governs the

Corporation through a rigorous set of board approved policies and holds management accountable for meeting performance standards as outlined in those policies and government directives. In addition, the Board contributes to the performance of the Corporation by providing management with guidance and direction on key issues such as strategic planning, risk management, performance measurement and human resources strategies.

### Organizational Capacity

As a deposit insurance and regulatory agency, DICO's primary resource to fulfill its mandate is its staff. During 2009 it was recognized that staff levels that were adequate over the past few years to meet organizational demands were insufficient given the new challenges faced by the Corporation. In order to ensure that DICO could fulfill its expanded mandate and deal with emerging risks, management recommended, and the Board approved, a slight increase in overall staffing levels as well as a reorganization to establish a new position to deal with regulatory responsibilities independent of risk assessment or risk management functions.

To protect its key resource, DICO has put in place key human resource strategies such as a retention policy and a plan to deal with a potential H1N1 flu pandemic.

### 2009 Financial Performance Review

This section provides a review of the Corporation's financial performance for 2009 that focuses on the Consolidated Statement of Operations and Changes in the Deposit Insurance Reserve Fund. Management's Discussion and Analysis (MD&A) should be read in conjunction with the Corporation's Consolidated Financial Statements and related notes for the year ended December 31, 2009 which begin on page 27.

The 2009 consolidated financial statements combine DICO's results and those of 15 institutions in liquidation (10 in 2008) that met the criteria of variable interest entities ("VIEs") under the Canadian Institute of Chartered Accountants' (CICA) Accounting Guideline 15. Details of this accounting policy are provided in Note 1(c) of the Notes to the Consolidated Financial Statements.

### Impact of Consolidation of Variable Interest Entities

The impact of the VIE consolidation on DICO’s balance sheet as at December 31, 2009 (after elimination of inter-company transactions) is a net increase in total assets of \$12 million and an increase in liabilities of \$15 million. Variable Interest Entities (VIEs) are credit unions in liquidation that are required to be consolidated under Canadian generally accepted accounting principles. The statement of operations reflects an increase in other income of \$1.2 million and an increase in net operating expenses of \$4.5 million. The net impact on DICO’s Deposit Insurance Reserve Fund (DIRF) is a reduction of \$3.4 million.

#### Highlights:

- Premium income increased \$1.7 million or 9% in 2009 to \$19.9 million, reflecting the increase in overall institutional insured deposits and higher average premium rate due to the increased risk profiles of some insured institutions.
- Other income decreased by \$2.9 million or 59%, mainly due to the combination of a lower interest yield and the decreased amount of DICO’s investment portfolio during 2009.
- Total operating expenses increased by \$3 million or 35% in 2009. Approximately 77% of this increase was attributable to the institutions in liquidation (VIEs) during 2009. A total of 15 VIEs were consolidated compared with 10 last year.
- The provision for insurance losses increased to \$27.9 million compared to \$24.4 million last year. It represented specific net provisions of \$25.4 million and an increase to the general provision of \$2.5 million. Financial conditions in the sector remain challenging.
- The Deposit Insurance Reserve Fund (DIRF) decreased by \$15 million in 2009 to \$81.8 million, before the consolidation of VIEs. The fund represents 40 basis points of insured deposits (on an unconsolidated basis), 10 basis points less than 2008. The decrease was primarily due to the significant increase in provision for insurance losses and unexpected low interest income. Interest yields in liquid securities continue to remain at their lowest levels in years.

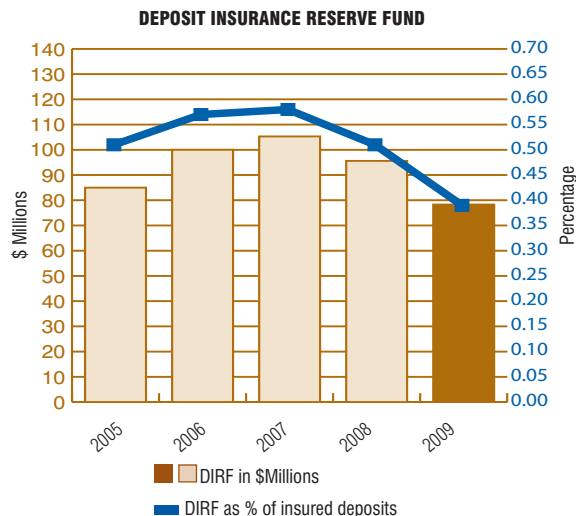
### Deposit Insurance Reserve Fund (DIRF)

For the year ended Dec 31 (\$ thousands unless indicated)	Actual 2009	Actual 2008	Actual 2007	Change from 2008		Target 2009
	\$	\$	\$	\$	%	\$
DIRF - Consolidated	<b>78,285</b>	95,638	105,308	(17,353)	-18.14%	
% of Sector Insured Deposits	<b>0.38%</b>	0.50%	0.57%	-0.12%	-23.31%	
DIRF (before VIEs consolidation)	<b>81,750</b>	97,015	106,238	(15,265)	-15.7%	<b>100,457</b>
% of Sector Insured Deposits	<b>0.40%</b>	0.50%	0.57%	-0.10%	-20.0%	<b>0.50%</b>
Estimated Sector Insured Deposits (\$ billions)	<b>20.6</b>	19.3	18.5	1.3	6.74%	<b>20.0</b>

The Deposit Insurance Reserve Fund as at December 31, 2009 on a consolidated basis was \$78.3 million, down \$17.3 million or 18% from \$95.6 million a year ago. It represented 38 basis points of the sector’s insured deposits, 12 basis points lower than last year. The fund fluctuates based on claims experienced.

The DIRF was reduced by the significant charges for insurance loss provisions and the increased operating expenses of 15 institutions in liquidation (VIEs). In 2009, total income amounted to \$22.0 million, against net operating expenses of \$11.4 million and a net provision for insurance losses of \$27.9 million, resulting in a net loss for the year of \$17.3 million.

The DIRF is supplemented by a \$250 million liquidity line of credit authorized by the Minister of Finance and administered by the Ontario Financing Authority.



## Premium income

For the year ended Dec 31 (\$ thousands unless indicated)	Actual 2009	Actual 2008	Actual 2007	Change from 2008		Target 2009
	\$	\$	\$	\$	%	\$
Premium Income	<b>19,947</b>	18,229	17,414	1,718	9.4%	<b>19,100</b>
Avg premium rate per thousand of insured deposits	<b>\$1.02</b>	\$0.98	\$0.97	\$0.04	4%	<b>\$0.99</b>

Premium income for the year increased by \$1.7 million, or 9%, to \$19.9 million. The increase was primarily attributable to the growth in insured deposits (7%) and an increase in the risk profiles of some insured institutions. The average premium rate charged in 2009 was \$1.02 per thousand of insured deposits (\$0.98 in 2008).

Differential premium rates in effect for 2009 remained unchanged from 2008. Premiums are based on the total amount of insured deposits held by insured institutions as of their fiscal year ends, calculated in accordance with the Differential Premium Risk Classification System as defined by the Regulation.

Premium Class	1	2	3	4	5
Risk Ratings	Low	Low	Medium	High	High
Premium Rate	\$0.90	\$1.00	\$1.15	\$1.40	\$2.10

## Other Income

For the year ended Dec 31 (\$ thousands unless indicated)	Actual 2009	Actual 2008	Actual 2007	Change from 2008		Target 2009
	\$	\$	\$	\$	%	\$
Other income - DICO	<b>755</b>	3,976	5,044	(3,221)	-81.0%	<b>2,132</b>
Other income - VIEs	<b>1,284</b>	951	404	333	35.0%	-
Total Other income - Consolidated	<b>2,039</b>	4,927	5,448	(2,888)	-58.6%	<b>2,132</b>

Other income, which is comprised mainly of interest income, was \$2.0 million (including \$1.3 million interest income of VIEs), a decrease of \$2.9 million, or 59% from 2008. The decrease was due primarily

to the low average yields earned during the year and the investment portfolio decreased by \$32 million from last year. The Ontario Financing Authority (OFA) manages the Corporation's investment portfolio under an investment management agreement. The portfolio is invested 100% in high quality money market securities and the average yield for the twelve months of 2009 was 0.68% (3.37% in 2008).

## Provision for Deposit Insurance Losses

For the year ended Dec 31 (\$ thousands unless indicated)	Actual 2009	Actual 2008	Actual 2007	Change from 2008		Target 2009
	\$	\$	\$	\$	%	\$
Provision for insurance losses	<b>29,322</b>	27,825	11,000	1,497	5.4%	<b>10,800</b>
Less: Recovery / Reversal of previous losses	<b>(1,377)</b>	(3,430)	(396)	(2,053)	-59.9%	-
Net Provision for insurance losses	<b>27,945</b>	24,395	10,604	3,550	14.6%	<b>10,800</b>

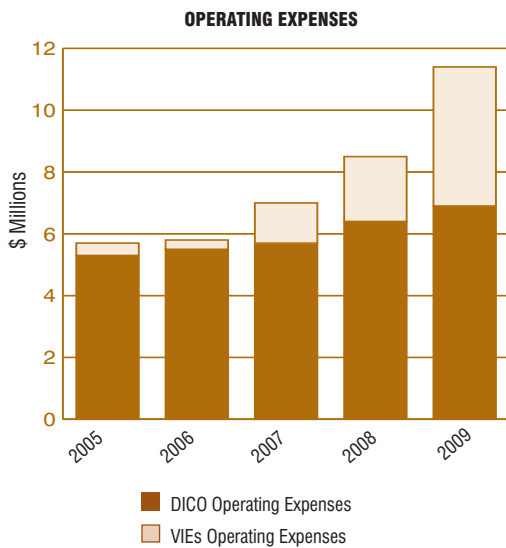
In 2009, DICO recorded a net provision of \$27.9 million for insurance losses which consisted of \$26.8 million of specific provisions and a \$2.5 million increase in the general accrual for insurance losses. The total increase was offset by the reversal of consolidated VIEs' previous net losses of \$1.4 million.

The specific increase in loss provisions of \$26.8 million represented management's best estimate of the cost for resolving the failure of three institutions. These institutions failed primarily due to alleged illegal and fraudulent activities by former directors and officers for which fidelity insurance claims have not yet been recovered. Management believes that there will be recoveries from legal actions and other mitigating actions taken. Such recoveries will be recorded when realized.

**Operating expenses**

For the year ended Dec 31 (\$ thousands unless indicated)	Actual 2009	Actual 2008	Actual 2007	Change from 2008		Target 2009
	\$	\$	\$	\$	%	\$
Gross operating expense- DICO	7,045	6,359	5,743	686	10.8%	7,247
Gross operating expense- VIEs	4,453	2,131	1,282	2,322	109.0%	-
Gross operating expense- Consolidated	11,498	8,490	7,025	3,008	35.4%	7,247

Gross consolidated operating expenses, including salaries and benefits, totaled \$11.5 million for the year 2009, an increase of \$3.0 million compared to last year’s consolidated expenses of \$8.5 million. The increase was primarily due to the increased expenses of VIEs totalling \$2.3 million, reflecting the increased number of institutions in liquidation consolidated during the year (total of 15 in 2009 vs 10 in 2008). DICO’s gross operating expenses before VIEs consolidation were \$7.0 million, \$0.2 million better than target and \$0.7 million higher than actual last year due to increased activities in 2009.



**Summary Review of Consolidated Statement of Financial Position**

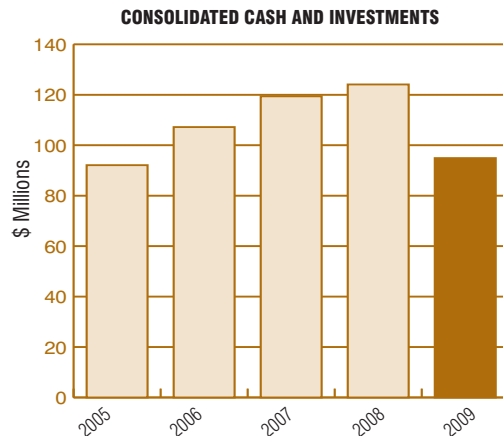
Consolidated total assets decreased by \$15.5 million, or 12% from 2008 to \$119.2 million at December 31, 2009. This was mainly due to the drawdown of DICO’s investments for the purpose of making

deposit insurance payments to depositors during 2009. Cash and investments were reduced by \$29 million. The reduction was offset in large part by the increased loans receivable (net of allowances) of the VIEs of \$12.6 million and the increase in capital assets (net of accumulated depreciation) of \$0.7 million.

Consolidated total liabilities increased by \$1.9 million, or 5%, from last year to \$40.9 million. The increase was largely due to the increase in membership shares and deposits of \$1.2 million consolidated from the VIEs.

**Cash and Investments**

With the adoption of the new accounting standards related to financial instruments effective January 1, 2007, DICO has elected to classify all investments as “available-for-sale”, and are measured at fair market value with unrealized gains and losses recorded in the consolidated statement of comprehensive income until the investment is sold. As at December 31, 2009, cash and investments decreased to \$94.9 million compared with \$124.1 million last year. DICO’s investment policy is to invest in shorter term, low-risk securities in order to meet its possible liquidity needs in the event of an institutional failure. The Corporation’s investment portfolio showed a weighted average effective yield of 0.28% as at December 31, 2009, compared to 2.09% at the end of 2008.



All investments are highly liquid, fixed rate contracts and are R1 Mid or better on the DBRS scale.

Investments must comply with the requirements of both the Income Tax Act and Regulation 237/09 of the *Credit Unions and Caisses Populaires Act, 1994*.

### **Loans**

When insured institutions are placed in liquidation and DICO is appointed as liquidator, DICO has the obligation to realize on the assets of the estate of each institution. The major component of the assets of these institutions is loans. As of December 31, 2009, a total of 15 liquidated institutions were consolidated, with loans (net of allowances \$34.5 million) amounting to \$18.2 million. The general process for determining the loan allowances by the institution's management is through identification and determination of losses related to specific loan portfolios. It inherently requires the use of management's best judgements and estimates.

### **Accrual for deposit insurance losses**

The accrual for deposit insurance losses includes both provisions for specific losses and a general accrual for losses. After consolidating the VIEs in liquidation, the accrued deposit insurance losses as of December 31, 2009 were \$28.8 million. This amount includes a specific accrued provision of \$23.8 million for institutions in liquidation and a general accrual for losses of \$5.0 million, which reflects management's best estimate of losses on insured deposits arising from the inherent risk in insured institutions.

### **Transition to International Financial Reporting Standards (IFRS)**

In February 2008, the Canadian Accounting Standard Board (AcSB) confirmed that IFRS will replace Canadian GAAP for publicly accountable enterprises for fiscal years beginning on or after January 1, 2011. The Corporation's first annual IFRS financial statements will be for the year ending December 31, 2011 and will include the comparative period for 2010.

The Corporation has developed and implemented a detailed plan for the transition to IFRS in 2011. The plan involves reviewing the application of the new accounting standards to DICO's business, assessing its information and data needs and preparing ongoing reports to the Audit & Finance Committee of the Board. The Corporation has engaged KPMG to assist in identifying appropriate accounting treatment under the new standards.

## DICO's Risk Management

DICO's risks are managed in the context of our Enterprise Risk Management Framework (ERM) – a well defined set of Board approved risk management policies and practices to ensure that the Board, the Risk Management Committee of the Board and management understand and respond to the risks to which we are exposed. The ERM is reviewed in detail annually and is a primary driver in the development of DICO's operational business plan and budget each year.

OVERVIEW OF DICO'S ASSESSMENT OF SIGNIFICANT RISKS		
DESCRIPTION OF RISK	RISK LEVEL	RISK TREND
<b>DEPOSIT INSURANCE RISKS: DICO's risk of loss resulting from:</b>		
<b>Risk Assessment / Monitoring Risk:</b> The risk that DICO does not promptly or systematically identify insured institutions that pose an unacceptable level of insurance risk resulting in financial loss.	MODERATE	—
<b>Risk Management / Intervention Risk:</b> The risk that DICO does not take appropriate action with respect to an unacceptable level of insurance risk posed by an insured institution resulting in financial loss.	MODERATE	—
<b>Failure / Loss Management Risk:</b> The risk that DICO does not take appropriate action to manage insured institutions that are under Administration or in Liquidation resulting in increased financial loss.	MODERATE	—
<b>Failure of Bonding Insurance to cover fraud losses:</b> The risk that material fraud in an institution will expose its members and the DIRF to loss.	HIGH	—
<b>Economic Environment Risk:</b> The risk to DICO that insured institutions are negatively impacted by regional, provincial and national economic factors.	MODERATE	^
<b>DICO'S CORPORATE RISKS</b>		
<b>Strategic Risks:</b> DICO's risk of loss resulting from failure of the overall Regulatory Framework and DICO's strategies to address significant and / or emerging risks including: <ul style="list-style-type: none"> <li>• Political Risks</li> <li>• Strategic Direction Risk</li> <li>• Regulatory Framework Risk / The Act / Government Policy Risk</li> <li>• Reputation Risk</li> <li>• Communications Risk</li> </ul>	LOW/ MODERATE	—
<b>Regulatory Risks:</b> The risk that DICO fails to address non-compliance by insured institutions which leads to harm to depositors, members and shareholders including: <ul style="list-style-type: none"> <li>• Prudential Standards Risk</li> <li>• Non-Compliance Risk</li> </ul>	MODERATE	—
<b>Financial Risks:</b> DICO's risk of loss associated with managing its assets and liabilities including: <ul style="list-style-type: none"> <li>• Adequacy of the Deposit Insurance Reserve Fund Risk</li> <li>• Liquidity Risk</li> <li>• Investment / Market Risk</li> <li>• Internal Controls Risk</li> </ul>	MODERATE	^
<b>Operational Risks:</b> DICO's risk of loss resulting from inadequate or ineffective internal processes, people and systems, or from external events including: <ul style="list-style-type: none"> <li>• Business Continuity Risk</li> <li>• Technology Risk</li> <li>• Human Resources Risk</li> </ul>	LOW / MODERATE	—
<b>Compliance Risks:</b> DICO's risk of loss resulting from failure to comply with all applicable legislation and directives including: <ul style="list-style-type: none"> <li>• <i>Credit Unions and Caisses Populaires Act Risk</i></li> <li>• Management Board Directives Risk</li> <li>• <i>Income Tax Act Risk</i></li> <li>• Human Resources Legislation Risk</li> <li>• Other legislative Risk</li> </ul>	LOW	—

## 2009 Performance - Balanced Scorecard Results

<b>STRATEGIC OBJECTIVE: PROACTIVE AND BALANCED RISK-BASED REGULATION AND RISK MANAGEMENT</b>		
<b>MEASURE: Compliance with the Regulations (capital, liquidity, etc) and Sound Business and Financial Practices</b>		
<b>TARGET: Improvement in levels of compliance</b>		
<b>KEY STRATEGIES</b>	<b>KEY PERFORMANCE INDICATORS (MEASURE / TARGET)</b>	<b>ACHIEVEMENT</b>
<b>1.1 Effective Risk &amp; Regulatory Compliance Assessment</b>	<ul style="list-style-type: none"> <li>• Identification of non-compliance</li> <li>• Identification of all high-risk institutions within 90 days of reporting / examination</li> <li>• Changes to institutional e-reporting implemented</li> <li>• Enterprise Risk Management (ERM) initiated for all large institutions</li> </ul>	<ul style="list-style-type: none"> <li>✓</li> <li>✓</li> <li>✓</li> <li>*</li> </ul>
<b>1.2 Effective Risk Management (Intervention)</b>	<ul style="list-style-type: none"> <li>• Appropriate program / process for all insured institutions that meet defined risk-based criteria</li> <li>• Improved risk rating of institutions in Watchlist or Supervision (Graduation from programs)</li> </ul>	<ul style="list-style-type: none"> <li>✓</li> <li>✓</li> </ul>
<b>1.3 Effective Failure Resolution</b>	<ul style="list-style-type: none"> <li>• Specific failure resolution strategies for small, mid-size and large institutions</li> <li>• Maintaining public confidence</li> <li>• Protection of depositors</li> <li>• Lowest net cost to Deposit Insurance Reserve Fund (DIRF)</li> </ul>	<ul style="list-style-type: none"> <li>✓</li> <li>✓</li> <li>✓</li> <li>✓</li> </ul>
<b>1.4 Depositor Payout and Liquidations</b>	<ul style="list-style-type: none"> <li>• Depositors paid according to entitlement within 30 days</li> <li>• Maximize recovery of assets of institutions in liquidation</li> </ul>	<ul style="list-style-type: none"> <li>✓</li> <li>✓</li> </ul>
<b>1.5 Establish and Publish Prudential Standards for Class 2 Institutions</b>	<ul style="list-style-type: none"> <li>• Clear and concise standards and guidelines published</li> </ul>	<ul style="list-style-type: none"> <li>✓</li> </ul>
<b>1.6 Utilize Authorities under the Act to Enforce Compliance</b>	<ul style="list-style-type: none"> <li>• Level of compliance</li> <li>• Consistent application and process for issuing orders</li> </ul>	<ul style="list-style-type: none"> <li>✓</li> <li>✓</li> </ul>
<b>1.7 Implement New Regulatory Role</b>	<ul style="list-style-type: none"> <li>• New policies and procedures implemented</li> <li>• Role and expectations communicated to insured institutions</li> </ul>	<ul style="list-style-type: none"> <li>✓</li> <li>✓</li> </ul>
<b>1.8 Implement New Differential Premium System (DPS)(if approved)</b>	<ul style="list-style-type: none"> <li>• Assisted in development of revised regulation</li> <li>• Approval of new DPS by government</li> <li>• Implement new risk-based equitable DPS</li> </ul>	<ul style="list-style-type: none"> <li>*</li> <li>*</li> <li>*</li> </ul>
<b>1.9 Collection and Publication of Information</b>	<ul style="list-style-type: none"> <li>• All user needs satisfied</li> </ul>	<ul style="list-style-type: none"> <li>✓</li> </ul>
<b>1.10 Reliance on Insured Institutions</b>	<ul style="list-style-type: none"> <li>• Awareness by auditors of responsibilities to perform audits</li> <li>• Awareness by auditors of "duty of care" to depositors and DICO</li> </ul>	<ul style="list-style-type: none"> <li>*</li> <li>*</li> </ul>
<b>STRATEGIC OBJECTIVE: SOUND CORPORATE GOVERNANCE</b>		
<b>MEASURE: Fulfilling Mandate</b>		
<b>TARGET: Meeting corporate objectives and compliance with relevant statutes</b>		
<b>KEY STRATEGIES</b>	<b>KEY PERFORMANCE INDICATORS (MEASURE / TARGET)</b>	<b>ACHIEVEMENT</b>
<b>2.1 Sound Governance of DICO</b>	<ul style="list-style-type: none"> <li>• Compliance with DICO's policies and procedures</li> <li>• Compliance with the Act, Management Board Secretariat (MBS) and government directives</li> </ul>	<ul style="list-style-type: none"> <li>✓</li> <li>✓</li> </ul>
<b>2.2 Update Framework for Enterprise Risk Management</b>	<ul style="list-style-type: none"> <li>• Identification and management of all material risks</li> <li>• Integration into business planning process</li> <li>• Optimum allocation of resources</li> </ul>	<ul style="list-style-type: none"> <li>✓</li> <li>✓</li> <li>✓</li> </ul>
<b>2.3 Progress towards Target Deposit Insurance Reserve Fund (DIRF) (56bp to 68bp)</b>	<ul style="list-style-type: none"> <li>• DIRF target of \$100.5 million, or 50 bp of insured deposits</li> <li>• Risk level (preservation of capital), liquidity (within requirements) return (in excess of benchmark)</li> </ul>	<ul style="list-style-type: none"> <li>X</li> <li>✓</li> </ul>
✓ Achieved      X Not Achieved      * In progress/Deferred		

<b>2.4 Maintain Appropriate Contingency Financing Arrangements (Government Guarantee, Line of Credit)</b>	<ul style="list-style-type: none"> <li>Government line of credit approved</li> </ul>	✓
<b>2.5 Implement Information Technology (IT) Strategic Plan</b>	<ul style="list-style-type: none"> <li>Reliable and effective IT support in place for all major corporate operations (less than 2% downtime)</li> <li>Plan targets met</li> </ul>	✓ ✓
<b>2.6 Planning and Accountability</b>	<ul style="list-style-type: none"> <li>Effective planning and accountability: Corporate Plan; Balanced Scorecard; Annual Report; Annual Meeting</li> <li>Stakeholder feedback</li> </ul>	✓ ✓
<b>2.7 Maintain Effective Ombudsman Function</b>	<ul style="list-style-type: none"> <li>Number and type of complaints</li> <li>All complaints resolved</li> </ul>	✓ ✓
<b>2.8 Revised Comprehensive Human Resources (HR) Strategy</b>	<ul style="list-style-type: none"> <li>Ability to attract, retain and motivate competent staff</li> <li>Regulatory skills training for all appropriate staff</li> <li>Succession and staffing plans</li> <li>Employee satisfaction (above benchmark)</li> </ul>	✓ ✓ ✓ ✓
<b>2.9 Operate DICO Effectively and Efficiently</b>	<ul style="list-style-type: none"> <li>Ability to attract, retain and motivate competent staff</li> <li>Completion of business plan</li> <li>Operate within budget</li> <li>Effective systems / processes and controls</li> </ul>	✓ ✓ ✓ ✓
<b>2.10 Compliance with Directives, Standards and Acts</b>	<ul style="list-style-type: none"> <li>Compliance level as measured by audits</li> </ul>	✓

**STRATEGIC OBJECTIVE: EFFECTIVE PUBLIC & STAKEHOLDER AWARENESS**  
**MEASURE: Level of Transparency and Accessibility of All Appropriate Information**  
**TARGET: Increased level of awareness by stakeholders**

KEY STRATEGIES	KEY PERFORMANCE INDICATORS (MEASURE / TARGET)	ACHIEVEMENT
<b>3.1 Comprehensive Website: Updated Information for depositors, Public, Insured Institutions and Other Stakeholders Re New Role</b>	<ul style="list-style-type: none"> <li>Ready access to all appropriate information about DICO's mandate and operations</li> <li>User survey</li> </ul>	✓ ✓
<b>3.2 Maintain Toll-free Telephone Access</b>	<ul style="list-style-type: none"> <li>Available access to appropriate information within service standards</li> </ul>	✓
<b>3.3 "Point of Sale" Information</b>	<ul style="list-style-type: none"> <li>Informative brochures for depositors</li> <li>Quick Reference Guides for insured institutions' staff</li> <li>Decals for display at all institutions</li> </ul>	✓ ✓ ✓
<b>3.4 Communications</b>	<ul style="list-style-type: none"> <li>Communications Plan Strategy &amp; Plan developed and implemented</li> <li>Key messages developed for corporate spokespeople</li> <li>Effective regional meetings conducted</li> <li>Survey results</li> </ul>	✓ ✓ ✓ ✓

**STRATEGIC OBJECTIVE: STRONG PARTNERSHIPS**  
**MEASURE/TARGET: Partners' (Stakeholders and DICO) Satisfaction as Measured by Direct Feedback**

KEY STRATEGIES	KEY PERFORMANCE INDICATORS (MEASURE / TARGET)	ACHIEVEMENT
<b>4.1 Strategic Alliances with the Ministry, La Fédération, L'Alliance, Central 1, Regulators: FSCO, FINTRAC, OSFI, BC FICOM</b>	<ul style="list-style-type: none"> <li>Effective working relationships (feedback from strategic alliance partners)</li> </ul>	✓
<b>4.2 Stakeholder Consultations</b>	<ul style="list-style-type: none"> <li>Annual Meeting</li> <li>Awareness of stakeholder issues and support for DICO's initiatives</li> </ul>	✓ ✓
<b>4.3 Interprovincial, National and International Networks</b>	<ul style="list-style-type: none"> <li>Shared expertise and effective working relationships</li> </ul>	✓
<b>4.4 External Experts and Other Professionals</b>	<ul style="list-style-type: none"> <li>Adequacy of potentially required external resources</li> </ul>	✓

✓ Achieved    X Not Achieved    \* In progress/Deferred

## 2010 Performance - Balanced Scorecard Overview

<b>STRATEGIC OBJECTIVE: PROACTIVE AND BALANCED RISK-BASED REGULATION AND RISK MANAGEMENT</b> <b>MEASURE: Compliance with the Regulations (Capital, Liquidity etc.) and Sound Business and Financial Practices</b> <b>TARGET: Improvement in levels of compliance</b>	
KEY STRATEGIES	KEY PERFORMANCE INDICATORS (MEASURE / TARGET)
<b>1.1 Effective Risk &amp; Regulatory Compliance Assessment</b>	<ul style="list-style-type: none"> <li>• Identification of non-compliance</li> <li>• Identification of all high-risk institutions within 90 days of reporting / examination</li> <li>• Enterprise Risk Management (ERM) initiated for all large institutions</li> </ul>
<b>1.2 Effective Risk Management (Intervention)</b>	<ul style="list-style-type: none"> <li>• Appropriate program / process for all insured institutions that meet defined risk-based criteria</li> <li>• Improved risk rating of institutions in Watchlist or Supervision (Graduation from programs)</li> </ul>
<b>1.3 Effective Failure Resolution</b>	<ul style="list-style-type: none"> <li>• Specific failure resolution strategies for small, mid-size and large institutions</li> <li>• Maintaining public confidence</li> <li>• Protection of depositors</li> <li>• Lowest net cost to Deposit Insurance Reserve Fund (DIRF)</li> </ul>
<b>1.4 Depositor Payout and Liquidations</b>	<ul style="list-style-type: none"> <li>• Depositors paid according to entitlement within 30 days</li> <li>• Maximize recovery of assets of institutions in liquidation</li> </ul>
<b>1.5 Establish and Publish Prudential Standards for Class 2 Insured Institutions</b>	<ul style="list-style-type: none"> <li>• Clear and concise standards and guidelines published</li> </ul>
<b>1.6 Utilize Authorities under the Act to Enforce Compliance</b>	<ul style="list-style-type: none"> <li>• Level of compliance</li> <li>• Consistent application and process for issuing orders</li> </ul>
<b>1.7 Implement New Regulatory Role</b>	<ul style="list-style-type: none"> <li>• New policies and procedures implemented</li> <li>• Role and expectations communicated to insured institutions</li> </ul>
<b>1.8 Implement New Differential Premium System (DPS)</b>	<ul style="list-style-type: none"> <li>• Review completed</li> </ul>
<b>1.9 Collection and Publication of Information</b>	<ul style="list-style-type: none"> <li>• All user needs satisfied</li> </ul>
<b>1.10 Reliance on Insured Institution</b>	<ul style="list-style-type: none"> <li>• Awareness by auditors of responsibilities to perform audits</li> <li>• Awareness by auditors of “duty of care” to depositors and DICO</li> </ul>
<b>STRATEGIC OBJECTIVE: SOUND CORPORATE GOVERNANCE</b> <b>MEASURE: Fulfilling Mandate</b> <b>TARGET: Meeting corporate objectives and complying with relevant Statutes</b>	
KEY STRATEGIES	KEY PERFORMANCE INDICATORS (MEASURE / TARGET)
<b>2.1 Sound Governance of DICO</b>	<ul style="list-style-type: none"> <li>• Compliance with DICO’s policies and procedures</li> <li>• Compliance with the Act, Management Board Secretariat (MBS) and government directives</li> </ul>
<b>2.2 Maintain effective DICO Enterprise Risk Management (ERM) Framework</b>	<ul style="list-style-type: none"> <li>• Identification and management of all material risks</li> <li>• Integration into business planning process</li> <li>• Optimum allocation of resources</li> </ul>
<b>2.3 Adequate Deposit Insurance Reserve Fund (DIRF)(56bp to 68bp)</b>	<ul style="list-style-type: none"> <li>• DIRF plan of \$85.5 million, or 40 bp of insured deposits (unconsolidated)</li> <li>• Progress towards target range of 56 to 68 bp</li> <li>• Risk level (preservation of capital), liquidity (within requirements), return (in excess of benchmark)</li> </ul>
<b>2.4 Maintain Appropriate Contingency Financing Arrangements (Government Guarantee, Line of Credit)</b>	<ul style="list-style-type: none"> <li>• Government line of credit in place</li> <li>• Appropriate administrative procedures in place for timely access to funds</li> <li>• Adequate liquidity to manage various failure scenarios</li> </ul>

<b>2.5 Implement Information Technology (IT) Strategic Plan</b>	<ul style="list-style-type: none"> <li>Reliable and effective IT support in place for all major corporate operations (less than 2% downtime)</li> <li>Plan targets met</li> </ul>
<b>2.6 Planning and Accountability</b>	<ul style="list-style-type: none"> <li>Effective planning and accountability: Corporate Plan; Balanced Scorecard; Annual Report; Annual Meeting</li> <li>Stakeholder feedback</li> </ul>
<b>2.7 Maintain Effective Ombudsman Function</b>	<ul style="list-style-type: none"> <li>Number and type of complaints</li> <li>All complaints resolved</li> </ul>
<b>2.8 Revised Comprehensive Human Resources (HR) Strategy</b>	<ul style="list-style-type: none"> <li>Ability to attract, retain, motivate competent staff</li> <li>Regulatory skills training for all appropriate staff</li> <li>Succession and staffing plans</li> <li>Employee satisfaction (above benchmark)</li> </ul>
<b>2.9 Operate DICO Effectively and Efficiently</b>	<ul style="list-style-type: none"> <li>Completion of business plan</li> <li>Operate within budget</li> <li>Effective systems / processes and controls</li> </ul>
<b>2.10 Compliance with Directives, Standards and Acts</b>	<ul style="list-style-type: none"> <li>Compliance level as measured by audits</li> </ul>

**STRATEGIC OBJECTIVE: EFFECTIVE PUBLIC & STAKEHOLDER AWARENESS**

**MEASURE: Level of Transparency and Accessibility of All Appropriate Information**

**TARGET: Increased level of awareness by stakeholders**

KEY STRATEGIES	KEY PERFORMANCE INDICATORS (MEASURE / TARGET)
<b>3.1 Comprehensive Website: Updated Information for Depositors, Public, Insured Institutions &amp; Other Stakeholders</b>	<ul style="list-style-type: none"> <li>Ready access to all relevant information about DICO's mandate and operations</li> <li>User survey</li> </ul>
<b>3.2 Maintain Toll-free Telephone Information Service</b>	<ul style="list-style-type: none"> <li>Available access to appropriate information within service standards</li> </ul>
<b>3.3 "Point of Sale" Information</b>	<ul style="list-style-type: none"> <li>Informative brochures for depositors</li> <li>Quick Reference Guides for insured institutions' staff</li> <li>Decals for display at all institutions</li> </ul>
<b>3.4 Communications</b>	<ul style="list-style-type: none"> <li>Communications Plan Strategy &amp; Plan developed and implemented</li> <li>Key messages developed for corporate spokespeople</li> <li>Annual Meeting April 29, 2010</li> <li>Effective regional meetings conducted, as required</li> <li>Survey results</li> </ul>

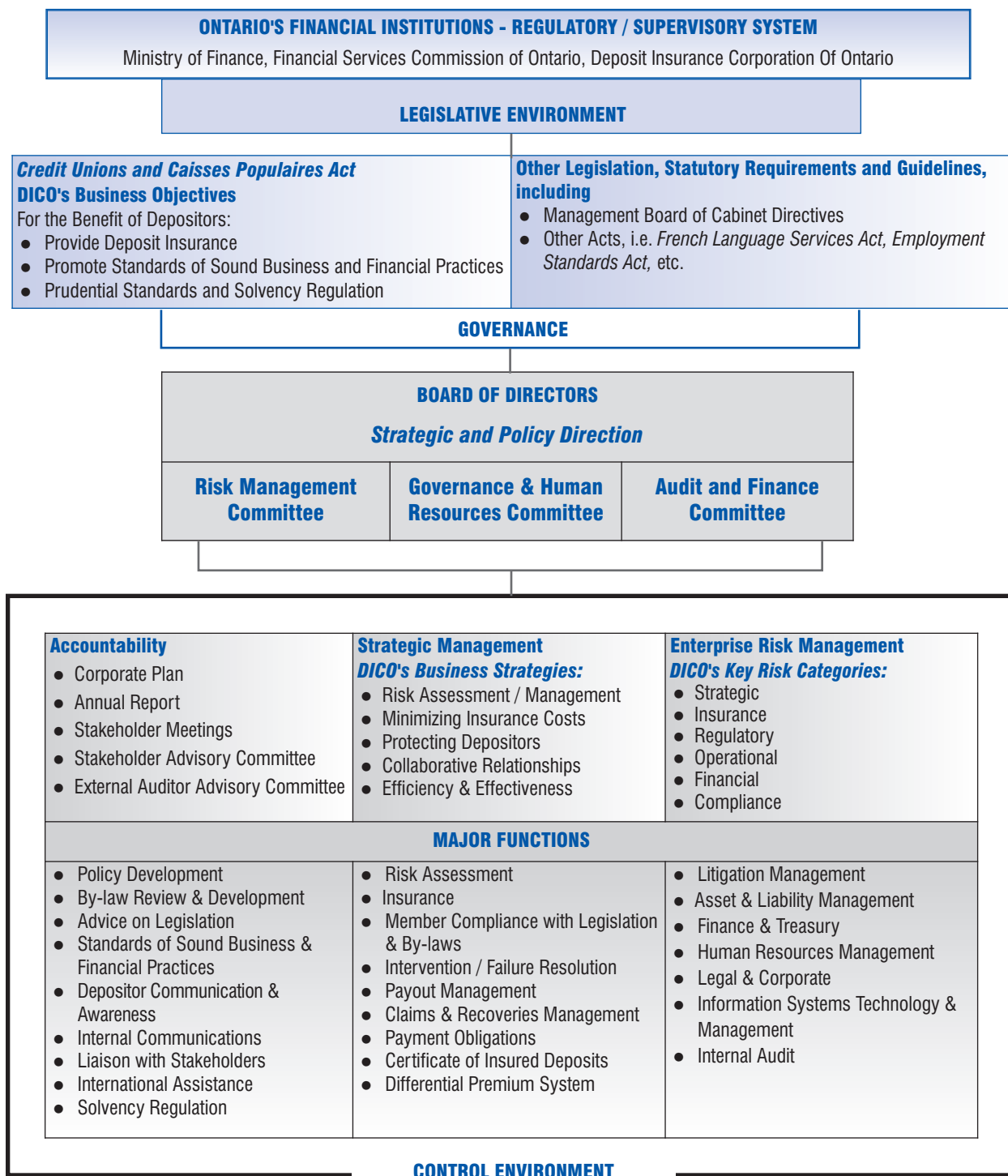
**STRATEGIC OBJECTIVE: STRONG PARTNERSHIPS**

**MEASURE/TARGET: Partners' (Stakeholders and DICO) Satisfaction as Measured by Direct Feedback**

KEY STRATEGIES	KEY PERFORMANCE INDICATORS (MEASURE / TARGET)
<b>4.1 Strategic Alliances with the Ministry, La Fédération, L'Alliance, Central 1, Regulators: FSCO, FINTRAC, OSFI, BC FICOM</b>	<ul style="list-style-type: none"> <li>Memoranda of Understanding in place</li> <li>Effective working relationships</li> <li>Feedback from strategic alliance partners</li> </ul>
<b>4.2 Stakeholder Relations</b>	<ul style="list-style-type: none"> <li>Awareness of stakeholder issues and support for DICO's initiatives</li> <li>Consultation process</li> <li>Regional meetings, if necessary</li> <li>Annual Meeting April 29, 2010</li> <li>Advisory Committees</li> </ul>
<b>4.3 Interprovincial, National and International Networks</b>	<ul style="list-style-type: none"> <li>Shared expertise and effective working relationships</li> </ul>
<b>4.4 External Experts and Other Professionals</b>	<ul style="list-style-type: none"> <li>Adequacy of potentially required external resources</li> </ul>

# DICO's Business Model 2010

DICO has developed a business model to encapsulate the way in which the Corporation conducts its business in light of its legislation and overall environment. This business model reflects DICO's position as an integral part of Ontario's financial safety net, with its own legislated mandate. DICO's Board of Directors and management activities are considered under the umbrella category of governance. This also reflects the importance of strategic management and enterprise risk management. The importance of accountability is also highlighted in the business model, as are the major functions of the Corporation in fulfilling its mandate.



## Management's Responsibility

The Deposit Insurance Corporation of Ontario's management is responsible for the integrity and fair presentation of the financial statements included in the annual report. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

The Corporation maintains systems of internal accounting controls of high quality consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is accurate and reliable and that the Corporation's assets and liabilities are adequately accounted for and assets safeguarded.

The consolidated financial statements have been reviewed by the Corporation's Audit and Finance Committee and have been approved by its Board of Directors. In addition, the financial statements have been examined by KPMG LLP, the auditors, whose report follows.

Andrew (Andy) Poprawa, CA, C.Dir.  
*President & CEO*

James Maxwell  
*Chief Administrative  
and Financial Officer*

Toronto, Canada  
January 22, 2010

## Auditors' Report



KPMG LLP

### To the Board of Directors of Deposit Insurance Corporation of Ontario

We have audited the Consolidated Statement of Financial Position of Deposit Insurance Corporation of Ontario as at December 31, 2009 and the Consolidated Statements of Operations and Changes in the Deposit Insurance Reserve Fund, Comprehensive Income and Cash Flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

Toronto, Canada  
January 22, 2010

Deposit Insurance Corporation of Ontario  
**Consolidated Statement of Financial Position**

December 31, 2009, with comparative figures for 2008 (in thousands of dollars)

	2009	2008
<b>Assets</b>		
Cash (note 2)	\$ 8,986	\$ 6,125
Investments (note 3)	85,885	117,939
Loans (net of allowance of \$34,477 (2008 - \$5,603)) (note 4)	18,231	5,622
Premiums receivable	3,714	3,433
Interest and other receivables	203	496
Deposit insurance advances recoverable	517	160
Capital assets (net of accumulated amortization of \$3,171 (2008 - \$3,237))	1,617	875
<b>Total Assets</b>	<b>\$ 119,153</b>	<b>\$134,650</b>
<b>Liabilities</b>		
Payables and accruals	\$ 4,127	\$ 3,644
Member shares and deposits of institutions in liquidation (note 5)	4,176	1,276
Deferred premium income	3,776	3,465
Accrual for deposit insurance losses (note 6)	28,773	30,589
<b>Total Liabilities</b>	<b>40,852</b>	<b>38,974</b>
<b>Equity</b>		
Deposit Insurance Reserve Fund	78,285	95,638
Accumulated other comprehensive income	16	38
<b>Total Equity</b>	<b>78,301</b>	<b>95,676</b>
<b>Total Liabilities and Equity</b>	<b>\$ 119,153</b>	<b>\$134,650</b>

Lease Commitments (note 7)

Contingencies (note 13)

See accompanying notes to consolidated financial statements.

**On behalf of the Board:**

\_\_\_\_\_

Director

\_\_\_\_\_

Director

Deposit Insurance Corporation of Ontario

## Consolidated Statement of Operations and Changes in the Deposit Insurance Reserve Fund

Year ended December 31, 2009, with comparative figures for 2008 (in thousands of dollars)

	2009	2008
<b>Income</b>		
Premium income	\$ 19,947	\$ 18,229
Other income	2,039	4,927
	<u>21,986</u>	<u>23,156</u>
<b>Operating expenses - DICO:</b>		
Salaries and benefits	4,519	4,028
Operating expenses	2,526	2,331
Recovery of operating expenses	(104)	(59)
	<u>6,941</u>	<u>6,300</u>
<b>Operating and interest expenses - institutions in liquidation</b>	<u>4,453</u>	<u>2,131</u>
	<u>11,394</u>	<u>8,431</u>
<b>Excess of income over operating expenses</b>	<u>10,592</u>	14,725
Provision for insurance losses (note 6)	27,945	24,395
<b>Excess of total expenses over income</b>	<u>(17,353)</u>	<u>(9,670)</u>
Deposit Insurance Reserve Fund, beginning of year	95,638	105,308
<b>Deposit Insurance Reserve Fund, end of year</b>	<u>\$ 78,285</u>	<u>\$ 95,638</u>

See accompanying notes to consolidated financial statements.

## Consolidated Statement of Comprehensive Income (Loss)

Year ended December 31, 2009, with comparative figures for 2008 (in thousands of dollars)

	2009	2008
<b>Excess of total expenses over income</b>	<b>\$ (17,353)</b>	\$(9,670)
Other comprehensive income:		
Unrealized losses on available-for-sale investments arising during the year	(22)	(181)
<b>Comprehensive income (loss)</b>	<b>\$ (17,375)</b>	\$(9,851)

### Statement of Accumulated Other Comprehensive Income

Year ended December 31, 2009, with comparative figures for 2008

	2009	2008
Accumulated other comprehensive income, beginning of year (note 3)	\$ 38	\$ 219
Sale of available-for-sale investment from opening balance of accumulated other comprehensive income	(38)	(219)
Net unrealized gains on available-for-sale investments arising during the year	16	38
Net change during the year	(22)	(181)
<b>Accumulated other comprehensive income, end of year</b>	<b>\$ 16</b>	\$ 38

See accompanying notes to consolidated financial statements.

## Deposit Insurance Corporation of Ontario

**Consolidated Statement of Cash Flows**

Year ended December 31, 2009, with comparative figures for 2008 (in thousands of dollars)

	2009	2008
<b>Cash received from (applied to)</b>		
<b>Operations:</b>		
Excess of total expenses over income	\$ (17,353)	\$ (9,670)
Items charged to operations not affecting cash		
Provision for losses	27,945	24,395
Loss on disposal of capital assets	99	1
Unrealized losses on available-for-sale investments arising during the year	(22)	(181)
Amortization	205	195
Provision for bad debts	(352)	-
Net adjustment with new/close out institutions during the year	(28)	(17)
	<b>10,494</b>	<b>14,723</b>
Changes in:		
Loans	(12,609)	1,493
Premiums receivable	(281)	(468)
Interest and other receivables	293	135
Payables and accruals	483	405
Membership shares and deposits of institutions in liquidation	2,900	(12,048)
Deferred premium income	311	386
	<b>(8,903)</b>	<b>(10,097)</b>
Total changes due to new institutions during the current year	<b>(25,098)</b>	242
Net advances by deposit insurer	41,824	9,980
Net deposit insurance advances	<b>(46,844)</b>	<b>(9,968)</b>
Total net deposit insurance recoveries/(advances) (note 6)	<b>(30,118)</b>	254
	<b>(28,527)</b>	<b>4,880</b>
<b>Investing activities:</b>		
Purchase of investments held at year end	<b>(85,885)</b>	(117,939)
Proceeds on sale of investments	117,939	110,011
Purchase of capital assets	(668)	(203)
Proceeds on sale of capital assets	2	-
	<b>31,388</b>	<b>(8,131)</b>
<b>Increase (decrease) in cash position during the year</b>	<b>2,861</b>	<b>(3,251)</b>
Cash position, beginning of year	6,125	9,376
<b>Cash position, end of year</b>	<b>\$ 8,986</b>	<b>\$ 6,125</b>
Supplementary cash flow information:		
Loan guarantee fee paid during the year	\$ 2	\$ 7
Interest received during the year	\$ 1,677	\$ 4,521

Cash position is defined as cash and short-term investments less any borrowings.

See accompanying notes to consolidated financial statements.

## Notes to Consolidated Financial Statements

Year ended December 31, 2009

### GENERAL

Deposit Insurance Corporation of Ontario (“DICO” or “the Corporation”) is an "Operational Enterprise" Agency of the Province of Ontario established without share capital under the provisions of the *Credit Unions and Caisses Populaires Act, 1994* (“the Act”).

The statutory objects of the Corporation under the Act are to:

- provide deposit insurance to depositors of Ontario credit unions and caisses populaires;
- promote and contribute to the stability of the sector;
- provide insurance while minimizing exposure to loss;
- collect and publish statistics; and
- perform the duties specified in the Act and as directed by the Minister.

The Act empowers the Corporation to assess its insured institutions deposit insurance premiums to meet the Corporation's requirements for insurance funding and administrative costs. The premium rates are set out in the regulation to the Act. The Corporation reviews the adequacy of the premium rate annually and advises the government accordingly.

Effective October 1, 2009, the government proclaimed amendments to the Act which had the effect of transferring a number of statutory responsibilities from the Financial Services Commission of Ontario (FSCO) to DICO. In addition, some administrative and governance responsibilities have been transferred from the regulatory agencies (FSCO and DICO) to credit unions and caisses populaires.

Effective January 1, 2009, the Minister of Finance approved a \$250 million line of credit with the Ontario Financing Authority which expires on December 31, 2013. Under the revolving credit

facility arrangement, interest cost on any outstanding debt obligation is charged at an annual rate equal to the Province's cost of funds for borrowings with a three month term, determined by the OFA at the time of the borrowing, plus an additional 0.40 percent per annum.

### 1. Summary of Significant Accounting Policies

The accompanying Consolidated Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP). To facilitate a better understanding of our consolidated financial statements, the Corporation has disclosed its significant accounting policies as summarized below.

#### (A) Basis of consolidation:

These consolidated financial statements include the assets and liabilities and results of operations of all variable interest entities (VIEs) where the Corporation is the primary beneficiary after elimination of inter-company transactions and balances.

#### (B) Financial instruments:

##### *Changes in accounting policy:*

i) Prior year changes in accounting policies  
Effective January 1, 2008, the Corporation adopted three new disclosure standards that were issued by the Canadian Institute of Chartered Accountants CICA. They include Handbook Section 1535, Capital Disclosures, Handbook Section 3862, Financial Instruments – Disclosures and Handbook Section 3863, Financial Instruments - Presentation.

ii) Current year changes in accounting policies  
The Corporation adopted an amendment in a standard issued by the (CICA): Section 3862 Financial Instruments – Disclosures. This requires the corporation to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs making the measurements.

The fair value hierarchy is defined in levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

#### (C) Variable Interest Entities:

VIEs include entities in which the equity investors do not have a controlling financial interest or the equity investment at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support by other parties. AcG-15 requires the consolidation of a VIE by its primary beneficiary defined as the party that receives the majority of expected residual returns and/or that absorbs the majority of the entity's expected losses. As liquidator of the estates of credit unions in liquidation, it has been determined that these rules require the Corporation to consolidate credit unions in liquidation if claims by DICO against the estate represent more than 50% of the total liabilities of the credit unions during the year. The assets and liabilities of the credit unions which meet the criteria for consolidation were recorded in the Corporation's books at their respective fair values as of December 31, 2009 and 2008.

#### (D) Premium income:

Premiums are based on a Differential Premium Risk Classification System as defined by regulation applied to insured deposits held by insured institutions. Premium income is calculated based on the Annual Member Institution Return submitted by the insured institution, which is due 75 days after its fiscal year end. Premium income is recognized when earned.

#### (E) Provision for losses:

The provision for losses includes allowances against deposit insurance advances to insured institutions in liquidation and an accrual for losses for which advances have not been made at the date of the Consolidated Statement of Financial Position.

Funds advanced in respect of deposit insurance and loans to insured institutions are initially recorded at cost. Deposit insurance advances recoverable are presented on the Consolidated Statement of Financial Position net of allowances thereon.

The accrual for deposit insurance losses includes both provisions for specific losses and a general accrual for losses. Specific provisions for losses in respect of insured deposits are estimated by management and recorded when conditions exist, in management's opinion, that will likely result in losses to the Corporation.

The general accrual for losses reflects management's best estimate of losses on insured deposits arising from the inherent risk in insured institutions. The provision is established by assessing the aggregate risk in insured institutions based on current market and economic conditions, the likelihood of losses and the application of historic loss experience. Future economic conditions are not predictable with certainty and actual losses may vary, perhaps substantially, from management's estimates.

#### (F) Pension benefits:

Pension benefits include a defined contribution pension plan covering all of DICO's regular, non-contractual employees as well as supplemental arrangements, which provide pension benefits in excess of registered pension plan limits. Earnings are charged with the cost of pension benefits earned by employees as service is rendered. Pension expense is determined by a fixed percentage of the employees' income plus the matching of the employees' contribution to a maximum of 4%. The Corporation assumes no actuarial or investment risk.

#### (G) Future non-pension post-retirement benefits:

Future non-pension post-retirement benefits relate to the Corporation's extended health, dental and life benefits for both active employees for whom a full eligibility date was determined and existing qualified retirees. The Corporation accrues obligations under these plans as the employees render the service necessary to earn the future benefits. The accrued benefits obligation is actuarially determined using

the projected benefit method prorated on service. Cumulative gains and losses in excess of the accrued benefit obligation at the beginning of the year are amortized over the expected average remaining service of active members.

**(H) Investments:**

Investments are classified, based on management's intentions, as available-for-sale. They are measured at fair value with unrealized gains and losses recorded in other comprehensive income until realized or sold. Interest earned is calculated using the effective interest rate.

**(I) Capital assets:**

Capital assets are recorded at cost less accumulated amortization. Amortization of furniture and equipment is provided by the diminishing-balance method at the rate of 20 per cent per annum. Computer and related equipment and software are amortized over three years on a straight-line basis. Leasehold improvements are amortized on a straight-line basis over the term of the lease.

**(J) Goodwill and Intangible assets:**

In February 2008, Canada's Accounting Standard's Board (AcSB) issued CICA Handbook Section 3064, Goodwill and Intangible Assets, replacing Section 3062, Goodwill and Intangible Assets, and Section 3450, Research and Development Costs. Section 3064 establishes revised standards for the recognition, measurement, presentation, and disclosure of goodwill and intangible assets. The new Section also provides guidance for the treatment of pre-production and start-up costs and requires that these costs be expensed as incurred. This Section applies to any company's fiscal year beginning on or after October 6, 2008. DICO's application of this policy only began to be incurred commencing July 2009, thus retrospective application was not necessary.

**(K) Income Taxes:**

The Corporation uses the asset and liability method of accounting for income taxes. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial

statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment.

**(L) International Financial Reporting Standards (IFRS):**

The Canadian Accounting Standards Board (AcSB) has confirmed January 1, 2011 as the date IFRS will replace current Canadian standards and interpretations as Canadian generally accepted accounting principles (Canadian GAAP) for publicly accountable enterprises. DICO will be required to prepare its December 31, 2011 financial statements including comparative information in compliance with IFRS. In order to prepare for the conversion to IFRS, the Corporation has developed an implementation strategy and timetable plan. The Corporation has also established a cross-functional IFRS team and is providing training to key employees. DICO is currently assessing the potential impact of the transition to IFRS on its consolidated financial statements, disclosures, and broader financial reporting systems and controls. Final findings and conclusions of the overall impact will be determined during 2010.

**2. Cash**

	December 31, 2009	December 31, 2008
	Amount (thousands)	Amount (thousands)
Cash	\$1,313	\$1,721
Cash of institutions in liquidation	\$7,673	\$4,404
Total	\$8,986	\$6,125

**3. Investments**

The Corporation's investments are financial instruments, classified as available-for-sale and are measured at fair value with unrealized gains and losses recorded in the Consolidated Statement of Comprehensive Income until the investment is sold.

Investments have terms to maturity of 90 days or greater on the date of purchase. As of December 31, 2009, they have a weighted-average yield of 0.28% (2008: 2.09%). In compliance with the Corporation's investment policy and relevant statutes, all investments are highly liquid fixed rate contracts and are R1 MID or better on the DBRS scale.

	December 31, 2009			December 31, 2008		
	Amount (thousands)	Weighted Average Effective Yield	Weighted Average Days to Maturity	Amount (thousands)	Weighted Average Effective Yield	Weighted Average Days to Maturity
Treasury bills – Canada	\$ 61,300	0.17%	91	\$ 76,686	0.88%	92
Bankers' acceptances	11,197	0.56%	66	20,847	1.55%	14
Fixed income-Canada Housing Trust 1 CDA MTG BD Ser 12 Fltg	13,388	0.40%	258	20,406	3.76%	257
<b>Total</b>	<b>\$ 85,885</b>	<b>0.28%</b>	<b>114</b>	<b>\$ 117,939</b>	<b>2.09%</b>	<b>107</b>

The Corporation has contracted with the Ontario Financing Authority to manage its investment portfolio. The composition of DICO's investments reflects the nature of the Corporation's potential insurance obligations and is structured to comply with the requirements under both the Income Tax Act and Regulation 237/09 of the *Credit Unions and Caisses Populaires Act, 1994*.

#### Fair value hierarchy:

The Corporation uses a fair value hierarchy to categorize the inputs used in valuation techniques to measure fair value. All of the Corporation's financial instruments were valued using quoted market prices (Level 1) and were classified as "Available-for-sale".

#### 4. Loans (net of allowance)

Loans (net of allowance) of \$18,231,000 (2008 - \$5,622,000) are comprised of loans of the estates of credit unions in liquidation as a result of the consolidation of these estates being treated as variable interest entities.

The majority of the aggregate allowance of \$34,477,000 (2008 - \$5,603,000) for impaired loans was established by the management of credit unions

now in liquidation based on their own analysis or based on an independent contracted advisor's recommendation prior to DICO's appointment as liquidator. DICO has accepted the allowances as established. A total of 6 new institutions were placed in liquidation during 2009. The general process for determining the loan allowances by institution's management is through identification and determination of losses related to specific loan portfolios. It inherently requires the use of management's best judgments and estimates. The liquidator uses the proceeds of the realized assets of each estate, supplemented as necessary by advances from DICO, to pay all depositors and creditors of the estate. The balance of realization proceeds are used to firstly repay DICO's advances and thereafter are distributed on a pro-rata basis to the members of the estate.

#### 5. Member Shares and Deposits of institutions in liquidation

Member shares and deposits of institutions in liquidation of \$4,176,000 (2008 - \$1,276,000) are comprised of \$3,515,000 (2008 - \$806,000) in member shares and preferred shares and \$661,000 (2008 - \$470,000) in deposits. DICO has an obligation to insure the amounts on deposit up to the prescribed amounts. DICO has no obligation to insure member shares but as liquidator has the responsibility to distribute any residual funds to members once the liquidation is complete.

#### 6. Accrual for deposit insurance losses

The provision for losses includes specific provisions for known or likely losses from specific insured institutions not included in their financial statements and a general accrual for losses not identified with specific institutions. That portion of the provision for losses recorded in the year and in previous years which has not yet required payment by the Corporation is shown in liabilities on the Consolidated Statement of Financial Position as "Accrual for deposit insurance losses".

	2009	2008
	(thousands)	
Accrual for deposit insurance losses, beginning of year	\$ (30,589)	\$ (5,826)
Increase in accrual for current year's deposit insurance losses	(13,022)	(25,075)
Increase in accrual for prior year's deposit insurance losses	(14,923)	680
Total net provision for insurance losses for the year	(27,945)	(24,395)
Increase in deposit insurance advances recoverable	(357)	(114)
Less: Accrual for deposit insurance losses, end of year	(28,773)	(30,589)
Net deposit insurance (advances)/recoveries	\$ (30,118)	\$ 254

Specific provisions for losses in respect of insured deposits are estimated by management and recorded when conditions exist, in management's opinion, that will likely result in losses to the Corporation.

The general accrual for losses included in "Accrual for deposit insurance losses" amounted to \$5,000,000 (2008 - \$2,500,000) and is calculated in accordance with the methodology as described in note 1(E).

## 7. Lease Commitments

The operating lease for the Corporation's premises has been renewed commencing August 6, 2007 and ending August 5, 2017. The terms of the lease waive basic rent for the first twelve months. The aggregate lease obligations under the new lease are allocated over the term of the lease on a straight-line basis. Future minimum rents for the next 8 years are summarized as follows:

Years	Rent per annum
Aug 6, 2008 – Aug 5, 2010	\$187,000
Aug 6, 2010 – Aug 5, 2012	\$206,000
Aug 6, 2012 – Aug 5, 2017	\$218,000

In addition, the Corporation is required to pay property taxes and common area maintenance costs which are currently approximately \$256,000 per annum.

## 8. Income Taxes

The Corporation is subject to income taxes on its income as defined under the Income Tax Act. It has accumulated losses for income tax purposes of \$19,857,000. They expire as follows:

Originating Taxation Year	Expiring Taxation Year	Amount (thousands)
2003	2010	4,124
2004	2014	3,790
2005	2015	2,833
2006	2026	1,102
2007	2027	258
2008	2028	1,846
2009	2029	5,904
		<u>\$19,857</u>

The Corporation has determined that realization of the future income tax assets does not meet the more-likely-than-not criterion for recognition and, therefore, a valuation allowance has been recorded against future income tax assets.

## 9. Pension Plan

The Corporation operates a defined contribution pension plan for its employees. The pension expense charged to income for 2009 was \$354,000 (2008 - \$333,000).

## 10. Future non-pension post-retirement benefits

The Corporation accounts for the current value of future non-pension post-retirement benefits. The accrued benefit liability as at December 31, 2009, as actuarially determined, is \$1,523,000 (2008 - \$1,438,000). The annual benefit cost, including current service cost, interest and amortization of gains and losses was \$128,000 (2008 - \$194,000). Actuarial valuation for the Corporation's plan is required every three years. The most recent actuarial valuation was conducted as of December 31, 2008 and the date of the next required valuation is December 31, 2011.

The assumptions used in the actuarial valuation of the future benefits obligations consisted of: interest rate of 6.75% (2008 - 6.75%), rate of compensation increase of 3.5% (2008 - 3.5%) and initial weighted

average trend rate in health and dental costs of 6.1% (2008 - 6.1%), grading down to 5% per annum by 2029. The Corporation measures its accrued benefit obligations as at December 31<sup>st</sup>.

RECONCILIATION OF ACCRUED BENEFIT OBLIGATION TO THE ACCRUED BENEFIT LIABILITY	FISCAL YEAR ENDING December 31, 2009 (thousands)	FISCAL YEAR ENDING December 31, 2008 (thousands)
Accrued benefit obligation	\$ 1,645	\$ 1,513
Employer contributions during year	-	-
Unamortized net actuarial loss	(122)	(75)
Accrued benefit liability	\$ 1,523	\$ 1,438

CHANGE IN BENEFIT OBLIGATIONS	FISCAL YEAR ENDING December 31, 2009 (thousands)	FISCAL YEAR ENDING December 31, 2008 (thousands)
Accrued benefit obligation, beginning of the year	\$1,513	\$ 1,901
Current service cost	25	55
Interest cost	102	106
Actuarial loss (gain)	47	(510)
Benefit payments	(42)	(39)
Accrued benefit obligation, end of year	\$1,645	\$ 1,513

During the year, the Corporation implemented a human resources retention plan for key management personnel for the purpose of ensuring effective transition and succession planning. Total accrued retention benefits were \$209,000 at December 31, 2009.

## 11. Directors' expense

During the year the directors received an aggregate remuneration of \$126,000 (2008 - \$100,000). Total directors' expenses were \$61,000 (2008 - \$55,000). The remuneration for the Chair is a minimum of \$2,000 per month which includes a per diem rate of \$500. The per diem rate for all other Board members is \$350 plus an annual retainer of \$3,500.

The increase in directors' expenses and remuneration related to an increase in the number of directors as the Government filled vacancies, a program of stakeholder outreach by the Board and an increased number of meetings.

## 12. Compensation:

The following information about remuneration paid to DICO employees is provided based on the same criteria under which credit unions disclose the remuneration of officers and employees under the *Credit Unions and Caisses Populaires Act, 1994*.

Employee	Position held	Compensation	Taxable Benefits
Brydges, Barry	Vice President, Insurance & Risk Management	\$177,248	\$ 8,938
Foster, C.W.D.	Vice President, Asset Management & Recoveries	\$179,114	\$11,556
Maxwell, James	Chief Administrative & Financial Officer	\$149,344	\$16,349
Poprawa, Andrew	President and CEO	\$229,561	\$ 8,905

## 13. Contingencies

The Corporation is involved in various legal actions in the normal course of business, when acting in the capacity of administrator or liquidator. At the end of 2009 there were no actions brought against the Corporation by third parties. Accordingly, no provisions have been made in these financial statements.

## 14. Risks arising from financial instruments

### Credit risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Corporation's investment securities. The Corporation minimizes its credit risk by investing in high quality financial instruments and by limiting the amount invested in any one counterparty. All investments in the Deposit Insurance Reserve Fund (DIRF) are limited to those permitted by legislation, by the terms of the line of credit agreement with the Ontario Financing Authority and to any limits made by the Corporation's investment policy.

The Corporation establishes an allowance for doubtful accounts that represents its estimate of deposit insurance losses in insured institutions. The main components of this allowance are a specific provision that relates to individually significant exposures, and a general provision established in respect of losses that have been incurred but not yet identified. The general provision is determined based on historical data of payment statistics for similar financial assets.

### Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations to depositors as they fall due. The Corporation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Corporation's reputation.

Typically the Corporation ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days, including the servicing of financial obligations, if any; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Corporation maintains a line of credit approved by the Minister of Finance: \$250 million that can be drawn down to provide liquidity to DICO as deposit insurer of insured institutions in the Province of Ontario. The terms of the line of credit require DICO to liquidate its DIRF investments before it can borrow above \$20 million. The facility is effective from January 01, 2009 to December 31, 2013. Interest would be payable at an annual rate equal to the Province's cost of funds for borrowings for a three month term, plus total of 0.40 percent, as determined by the Ontario Financing Authority at the commencement of each three month period.

### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect income or the value of the holdings of financial instruments. The Corporation does not have any dealings with foreign currency. DICO's primary investment objective is to preserve capital and provide necessary liquidity to pay claims and ongoing operating expenses.

### Fair value sensitivity analysis for fixed rate instruments

The Corporation accounts for any fixed rate financial assets as available-for-sale. Therefore a change in interest rates at the reporting date would not affect net income with respect to these fixed rate instruments. A change of 100 basis points in interest rates would have increased or decreased equity by \$620,000 (2008: \$866,000).

### Capital management

The Board's policy is to enhance the financial soundness of the credit union and caisse populaire sector. As of December 31, 2009, the Corporation has a deposit insurance reserve fund of \$78 million which represents 38 basis points (on a consolidated basis) of the sector's insured deposits.

## 15. Fair Value Disclosure

The fair value of financial assets and liabilities which include cash and short-term investments, loans, premiums receivable, interest and other receivables, payables and accruals, member shares and deposits approximate their carrying amounts. The fair value of accrual for deposit insurance losses has not been determined because it is not practicable to determine fair value with sufficient reliability.

## 16. Comparative figures

Certain comparative figures for 2008 have been reclassified to conform with the financial statement presentation adopted for 2009.

## Deposit Insurance Corporation of Ontario's Insured Institutions

at December 31, 2009

### Credit Unions (153)

3M Employees' (London) Credit Union Limited  
 Adjala Credit Union Limited  
 Air - Toronto Credit Union Limited  
 Airline Financial Credit Union Limited  
 All Trans Financial Services Credit Union Limited  
 Alterna Savings and Credit Union Limited  
 Anishinabek Nation Credit Union Inc.  
 APPLE Community Credit Union Limited  
 Arnstein Community Credit Union Limited  
 Auto Workers Community Credit Union Limited  
 Bay Credit Union Limited  
 Bayshore Credit Union Ltd.  
 Brewers Warehousing Employees (Hamilton) Credit Union Limited  
 Brewers Warehousing Employees (Kitchener) Credit Union Limited  
 Buduchnist Credit Union Limited  
 C.N. (London) Credit Union Limited  
 C.N.R. Employees (Lakehead Terminal) Credit Union Limited  
 Campbell's Employees' (Toronto) Credit Union Limited  
 Canadian Transportation Employees' Credit Union Ltd.  
 Canal City Savings and Credit Union Limited  
 Cataract Savings & Credit Union Limited  
 CCB Employees' Credit Union Limited  
 City Savings & Credit Union Limited  
 Communication Technologies Credit Union Limited  
 Community First Credit Union Limited  
 Community Saving & Credit Union Limited  
 Copperfin Credit Union Limited  
 Creative Arts Savings & Credit Union Limited  
 Croatian (Toronto) Credit Union Limited  
 Crown Cork & Seal Employees Credit Union Limited  
 Desjardins Credit Union Inc.  
 Domtar Newsprint Employees (Trenton) Credit Union Limited  
 DUCA Financial Services Credit Union Ltd.  
 Dundalk District Credit Union Limited  
 Dunnville and District Credit Union Limited  
 Durham Educational Employees' Credit Union Limited  
 Education Credit Union Limited  
 Equity Credit Union Inc.  
 Espanola & District Credit Union Limited  
 Estonian (Toronto) Credit Union Limited  
 ETCU Financial Credit Union Limited  
 Federal Employees (Kingston) Credit Union Limited  
 Fiberglas Employees (Guelph) Credit Union Limited  
 Finnish Credit Union Limited  
 FirstOntario Credit Union Limited  
 Food Family Credit Union Limited  
 Fort Erie Community Credit Union Limited  
 Fort York Community Credit Union Limited  
 Frontline Financial Credit Union Limited  
 G.S.W. (Fergus) Credit Union Limited  
 Ganaraska Credit Union Ltd.  
 Goderich Community Credit Union Limited  
 Golden Horseshoe Credit Union Limited  
 Goodyear Employees (Bowmanville) Credit Union Limited  
 Grey Bruce Health Services Credit Union Limited  
 Hald - Nor Community Credit Union Limited  
 Hamilton Community Credit Union Limited  
 Hamilton Municipal Employees' Credit Union Limited  
 Hamilton Teachers' Credit Union Limited  
 Health Care Credit Union Limited  
 Heritage Savings & Credit Union Inc.  
 Hir-Walk Employees' (Windsor) Credit Union Limited  
 Holy Angel's & St. Anne's Parish (St. Thomas) Credit Union Limited  
 Italian Canadian Savings & Credit Union Limited  
 Kawartha Credit Union Limited  
 Kellogg Employees Credit Union Limited  
 Kingston Community Credit Union Limited  
 King-York Newsmen Toronto Credit Union Limited  
 Korean (Toronto) Credit Union Limited  
 Korean Catholic Church Credit Union Limited  
 Krek Slovenian Credit Union Ltd.  
 L.I.U.N.A. Local 183 Credit Union Limited  
 Lambton Financial Credit Union Limited  
 Lasco Employees' (Whitby) Credit Union Limited  
 Latvian Credit Union Limited  
 Libro Credit Union Limited  
 London Civic Employees' Credit Union Limited  
 London Fire Fighters' Credit Union Limited  
 Margosa Credit Union Limited  
 McMaster Savings and Credit Union Limited  
 Media Group Financial Credit Union Limited  
 Member Savings Credit Union Limited  
 MemberOne Credit Union Limited  
 Mennonite Savings and Credit Union (Ontario) Limited  
 Meridian Credit Union Limited  
 Miracle Credit Union Ltd.  
 Moore Employees' Credit Union Limited  
 Motor City Community Credit Union Limited  
 Municipal Employees (Chatham) Credit Union Limited  
 Northern Credit Union Limited  
 Northern Lights Credit Union Limited  
 Northridge Savings & Credit Union Limited  
 ONR Employees' (North Bay) Credit Union Limited  
 Ontario Civil Service Credit Union Limited  
 Ontario Educational Credit Union Limited  
 Ontario Provincial Police Association Credit Union Limited  
 Oshawa Community Credit Union Limited  
 Ottawa Police Credit Union Limited  
 Ottawa Women's Credit Union Limited

[Pace Savings & Credit Union Limited](#)  
[Parama Lithuanian Credit Union Limited](#)  
[Pedeco \(Brockville\) Credit Union Limited](#)  
[Peek Frean Employees' \(Toronto\) Credit Union Limited](#)  
[PenFinancial Credit Union Limited](#)  
[Peoples Credit Union Limited](#)  
[Peterborough Community Credit Union Limited](#)  
[Polish Alliance \(Brant\) Credit Union Limited](#)  
[Prime Financial Savings & Credit Union Limited](#)  
[Prosperity One Credit Union Limited](#)  
[Provincial Alliance Credit Union Limited](#)  
[QuintEssential Credit Union Limited](#)  
[R.B.W. Employees' \(Owen Sound\) Credit Union Limited](#)  
[Railway Employees' \(Sarnia\) Credit Union Limited](#)  
[Resurrection Credit Union Limited](#)  
[Rochdale Credit Union Limited](#)  
[Saugeen Community Credit Union Limited](#)  
[Scarborough Hospitals Employees' Credit Union Limited](#)  
[Sheridan Park Credit Union Limited](#)  
[Slovenia Parishes \(Toronto\) Credit Union Limited](#)  
[Smiths Falls Community Credit Union Limited](#)  
[So-Use Credit Union Limited](#)  
[Southlake Regional Health Centre Employees' Credit Union Limited](#)  
[Southwest Regional Credit Union Ltd.](#)  
[St. Stanislaus-St. Casimir's Polish Parishes Credit Union Limited](#)  
[Starnews Credit Union Limited](#)  
[State Farm \(Toronto\) Credit Union Limited](#)  
[Sudbury Credit Union Limited](#)  
[Sunnybrook Credit Union Limited](#)  
[Superior Credit Union Limited](#)  
[Sydenham Community Credit Union Limited](#)  
[Taiwanese - Canadian Toronto Credit Union Limited](#)  
[Talka Lithuanian Credit Union Limited](#)  
[Thamesville Community Credit Union Limited](#)  
[The Fire Department Employees Credit Union Limited](#)  
[The Police Credit Union Limited](#)  
[The Toronto Electrical Utilities Credit Union Limited](#)  
[Thorold Community Credit Union Limited](#)  
[Thunder Bay Elevators Employees' Credit Union Limited](#)  
[Toronto Catholic School Board Employees Credit Union Limited](#)  
[Toronto Municipal Employees' Credit Union Limited](#)  
[Twin Oak Credit Union Ltd.](#)  
[Ukrainian Credit Union Limited](#)  
[Unigasco Community Credit Union Limited](#)  
[United Communities Credit Union Limited](#)  
[United Employees Credit Union Limited](#)  
[United Ukrainian Credit Union Limited](#)  
[Unity Savings and Credit Union Limited](#)  
[Utilities Employees' \(Windsor\) Credit Union Limited](#)  
[Victory Community Credit Union Limited](#)  
[Virtual One Credit Union Limited](#)  
[Windsor Family Credit Union Limited](#)  
[Your Credit Union Limited](#)  
[Your Neighbourhood Credit Union Limited](#)

## [Caisses Populaires \(33\)](#)

[Caisse populaire Azilda Inc.](#)  
[Caisse populaire Coniston Inc.](#)  
[Caisse populaire d'Alban Limitée](#)  
[Caisse populaire d'Alfred Limitée](#)  
[Caisse populaire de Bonfield Limitée](#)  
[Caisse populaire de Cochrane Limitée](#)  
[Caisse populaire de Cornwall Inc.](#)  
[Caisse populaire de Field Limitée \(La \)](#)  
[Caisse populaire de Hawkesbury Limitée](#)  
[Caisse populaire de Hearst Limitée](#)  
[Caisse populaire de Kapuskasing Limitée](#)  
[Caisse populaire de la Vallée](#)  
[Caisse populaire de Mattawa Limitée](#)  
[Caisse populaire de Mattice Limitée](#)  
[Caisse populaire de New Liskeard Limitée \(La \)](#)  
[Caisse populaire de Noëlville Limitée](#)  
[Caisse populaire de North Bay Limitée](#)  
[Caisse populaire de Timmins Limitée \(La \)](#)  
[Caisse populaire de Verner Limitée](#)  
[Caisse populaire d'Earlton Limitée \(La \)](#)  
[Caisse populaire des Voyageurs Incorporée](#)  
[Caisse populaire d'Orléans Inc.](#)  
[Caisse populaire Nouvel-Horizon Inc.](#)  
[Caisse Populaire Pointe-aux-Roches-Técumseh Inc.](#)  
[Caisse populaire Rideau d'Ottawa Inc.](#)  
[Caisse Populaire St. Charles Limitée](#)  
[Caisse populaire St-Jacques de Hanmer Inc.](#)  
[Caisse populaire Sturgeon Falls Limitée](#)  
[Caisse populaire Trillium Inc.](#)  
[Caisse populaire Val Caron Limitée](#)  
[Caisse populaire Vermillon](#)  
[Caisse populaire Vision Inc.](#)  
[Caisse populaire Welland Limitée](#)

## [Leagues](#)

[L'Alliance des caisses populaires de l'Ontario Inc.](#)  
[Fédération des caisses populaires de l'Ontario Inc.\(La \)](#)