Annual Information Meeting
May 2, 2018

Réunion d’information annuelle
Le 2 mai 2018

40th Anniversary
40e anniversaire
Don Dalicandro

Chair of the Board, P. Eng., MBA, C.Dir.

Président du Conseil, ingénieur, MBA, C.Dir.
I. Board Overview

II. Operational Overview

III. Question and Answer Period
DICO’s Board of Directors
Conseil d’administration de la SOAD

From L to R

Top Row: Don Dalicandro, Gail Di Cintio, Steve Blakely, John Ferreira, Jim Houston

Bottom Row: Helen Young, Carmen Rossiter, Monique Tremblay
Board and Management
Conseil et direction

Stewardship and Oversight

Operational

Board
Strategy
Management
Journey to Reengineer our Strategic Planning Process
• Enhanced Risk Focus – Internal
  o Examination Process
  o Information Technology
  o Resources
  o FSRA
2017 Highlights - Oversight
2017 – Faits saillants – Surveillance

- Enhanced Risk Focus – External
  - Sector Diversification of Revenue Strategies
  - Sector Funding Models
  - Information Technology and Fintech
  - Changing Economic Factors
• Governance Improvements
  o Streamlined Board Activities
  o Expanded Stakeholder Engagement
  o Continuous Learning and Assessment
Key Strategies for 2018

Principales stratégies pour 2018

• Strategic Process Reengineering Journey – Part Two

• Continuous Improvement of Governance Practices

• FSRA
• President and CEO, Guy Hubert

• Senior Leadership Team
  (Michelle Séguin, Randy Nanek, Brian Mullan)

• DICO Management and Staff
Operational Overview
Guy Hubert
President and CEO
Président et chef de la direction
State of the Sector
État du secteur

- Nine CU on the watchlist, no Supervision or Administration
- No new liquidation (3 finalized in 2017)
- Risk rating stable, slight up tick in “Moderate-High” and “High” category
- At $100,000, insured deposits $32B or 72% of total deposits
State of the DIRF

Fonds de réserve

DIRF Projections ($)

DIRF Projections as a % of Current Insured Deposits

$ millions

DIRF ($)  

DIRF % Current Coverage of Insured Deposits

Ontario  
Deposit Insurance  
Corporation of Ontario  
Société ontarienne  
d'assurance-depôts
2017 Organizational Changes

2017 Changements organisationnel

- Continued organizational transition
- Enhanced skillset
- Cultural shift
2017 Highlights
2017 – Faits saillants

• Updated web-based reporting tool
• Benchmarked examination methodology
• Developed Liquidity & Securitization Guidance Notes
• Provided input to MOF on their consultation paper on Proposed Capital Adequacy Framework (Basel III)
• Operationalized changes to CUCPA
2017 Highlights
2017 – Faits saillants

Legislative CUCPA Reviews

• Implementation: Phase 1 – Completed
• Phase 2 – TBD

Phase 1: Implemented January 1, 2018
  o Increase deposit insurance coverage to $250,000 (2018)
  o Permit inter-provincial credit union loan syndications
  o Permit wholly owned insurance brokerages
  o Remove differentiated rules for smaller credit unions (Class 1 & 2)

Phase 2:
  o Consideration of capital rules based on BASEL III principles
  o Enhance corporate governance and consumer protection
Sector Developments
Développements du secteur

- Impact of funding model changes
- Banking platforms and data security
- Diversification of revenues
- Sustainability
IT Survey
Sondage TI

CUs with IT Governance Policies

- 70%

CUs with IT Security Policies

- 81%

CUs that have experienced cyber security attacks

- 32%
Key Strategies for 2018

Principales stratégies pour 2018

• Reframing our Resolution strategies
• Developing a Recovery Plan framework for credit unions
• Sector consultation – new Guidance Notes
  o Retail Mortgage Lending Guidance Note
  o IT Governance Guidance Note
Key Strategies for 2018

Principales stratégies pour 2018

• Implementing improvements to examination methodology

• Enhanced data analytics

• Continue providing assistance with Phase 2 of CUCPA review.

• Support FSRA-related transition activities.
Questions and Discussions
Questions et dialogue
Closing Remarks
Remarques de clôture

Don Dalicandro
Chair of the Board, P. Eng., MBA, C.Dir.
Président du Conseil, ingénieur, MBA, C.Dir.
Thank you.

Merci.