



# **Office of the Superintendent of Financial Institutions**

**2009-2010**

**Departmental Performance Report**

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The Honourable James M. Flaherty  
Minister of Finance



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## Superintendent's Message



To date, Canada's economy, and its financial sector in particular, have withstood the shocks of global financial turmoil better than many of its G-20 partners. Canada's more positive experience has been attributed to a range of factors, including better risk management by our institutions, and strong regulation and supervision by OSFI.

Canadian financial institutions may have done a good job of managing risk, but the bar is constantly rising. As a result, OSFI has undertaken a number of reviews, in the areas of liquidity management, compensation, credit cards, US home equity lines of credit (HELOC), Alt-A mortgages, securitization, derivatives collateral management, and stress testing.

These reviews help OSFI, and financial institutions, identify where possible strengths and weaknesses are across the sector.

As part of ensuring that strong regulatory rules are in place, OSFI has taken an active role in international forums developing these rules. This work is being conducted under the leadership of the G-20 group of countries, with particular work streams led by the Basel Committee on Banking Supervision (BCBS) and the Financial Stability Board (FSB). The pace and extent of the reviews underway have required OSFI to significantly escalate its work in this area.

OSFI has also developed additional ways to promote robust risk management practices within financial institutions and pension plans. We continued to hold risk management seminars for deposit-taking institutions, life insurance companies, and property and casualty insurance companies. We also held the first of what will be an annual forum for private pension plan administrators. Feedback from participants at all these events was positive and indicated a desire that they continue. We continued to deepen the content of our supervisory colleges, including focusing on "living wills" (contingency plans and resolution plans by financial institutions), as well as participated in international supervisory colleges organized by other regulators.

Partnerships are also central to our effective functioning and management of risk. This past year, we continued to work closely with the Financial Institutions Supervisory Committee (FISC) on matters relating to the supervision of federally regulated financial institutions (FISC partners include OSFI, the Department of Finance, the Bank of Canada, the Canada Deposit Insurance Corporation, and the Financial Consumer Agency of Canada).

As always, our people are the most important element of OSFI's success. It is their experience and critical judgement that allow us to fulfill our mandate and respond to increased pressure and workloads due to the current challenging economic environment. I extend a sincere thank you to all employees for their continuing hard work and demonstration of commitment to OSFI's values: professionalism, integrity and respect for people.

## **SECTION I: DEPARTMENTAL OVERVIEW**

## **Raison d'être**

The Office of the Superintendent of Financial Institutions (OSFI) supervises and regulates all federally incorporated or registered deposit-taking institutions (e.g., banks), life insurance companies, property and casualty insurance companies, and federally regulated private pension plans.

OSFI safeguards depositors, policyholders and private pension plan members by enhancing the safety and soundness of federally regulated financial institutions and private pension plans. The work of OSFI contributes to the confidence of Canadians in Canada's financial system.

The Office of the Chief Actuary (OCA) is a separate unit within OSFI. The OCA provides high-quality, timely advice on the state of various public pension plans and on the financial implications of options being considered by policy makers. The work of the OCA contributes to the confidence of Canadians in Canada's public retirement income system.

## **Responsibilities**

OSFI's legislated mandate was implemented in 1996 and under the legislation, OSFI's mandate is to:

- supervise federally regulated financial institutions and private pension plans to determine whether they are in sound financial condition and meeting minimum plan funding requirements respectively, and are complying with their governing law and supervisory requirements;
- promptly advise institutions and plans in the event there are material deficiencies and take, or require management, boards or plan administrators to take, necessary corrective measures expeditiously;
- advance and administer a regulatory framework that promotes the adoption of policies and procedures designed to control and manage risk; and
- monitor and evaluate system-wide or sectoral issues that may impact institutions negatively.

In meeting this mandate, OSFI contributes to public confidence in the financial system.

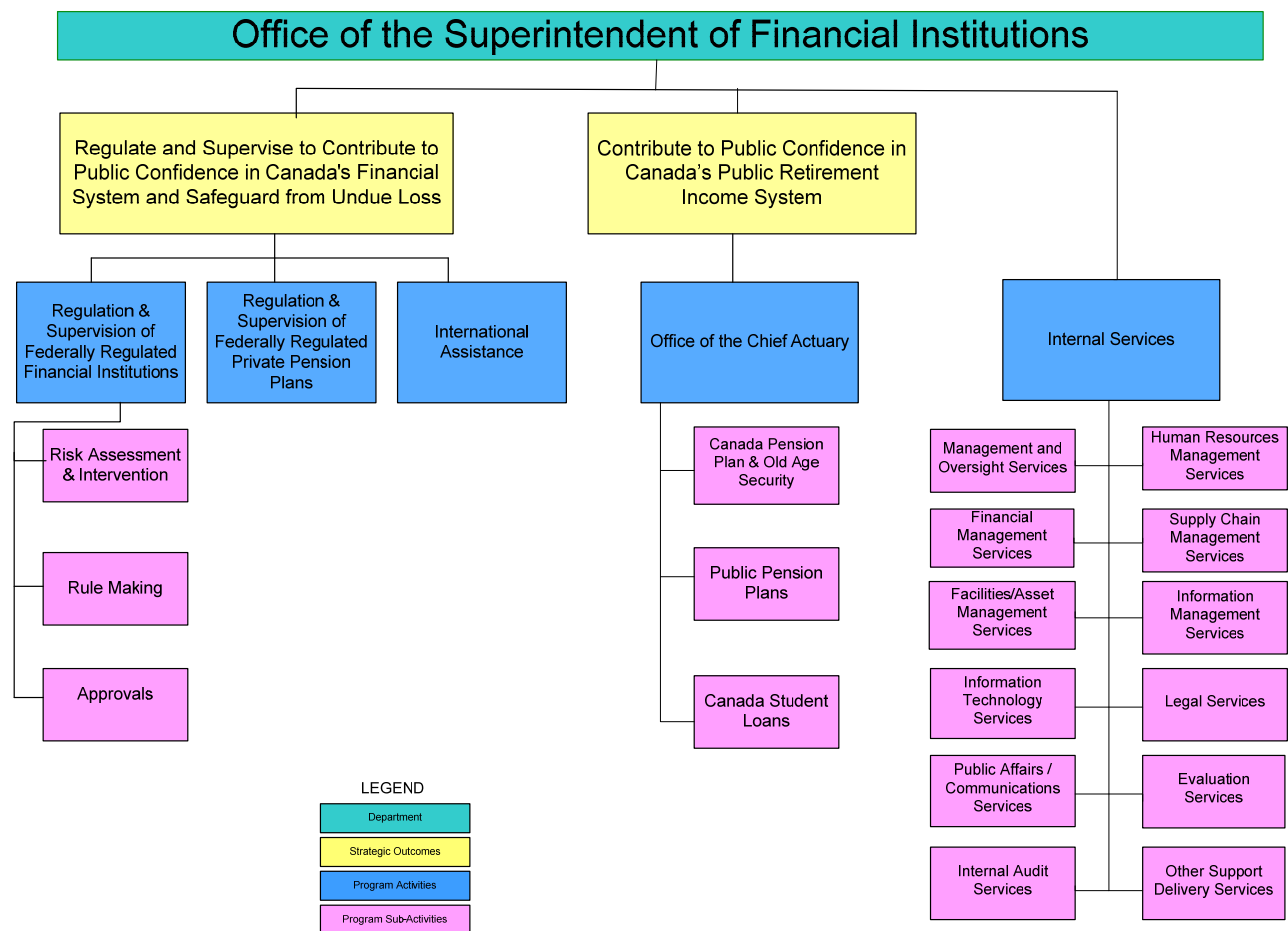
OSFI's legislation also acknowledges the need to allow institutions to compete effectively and take reasonable risks. It recognizes that management, boards of directors, and plan administrators are ultimately responsible and that financial institutions and pension plans can fail.

## Strategic Outcomes and Program Activity Architecture (PAA)

Primary to OSFI's mandate and central to its contribution to Canada's financial system are two strategic outcomes:

1. *To regulate and supervise to contribute to public confidence in Canada's financial system and safeguard from undue loss.*
2. *To contribute to public confidence in Canada's public retirement income system.*

The chart below illustrates OSFI's framework of program activities and program sub-activities, which roll-up and contribute to progress toward the strategic outcomes.



Note: OSFI revised its PAA during 2009-2010 and these changes will be reflected effective 2010-2011 fiscal year. These changes were made to clarify strategic outcome and program activity titles and descriptions.

## Performance Summary

The tables below identify OSFI's financial and human resources, planned and actual, for the 2009-2010 fiscal year.

### 2009–2010 Financial Resources (Millions)

Planned Spending	Total Authorities	Actual Spending
\$100.0	\$100.0	\$100.9

### 2009–2010 Human Resources (Full-Time Equivalents)

Planned	Actual	Difference
491	530	39

OSFI's total 2009-2010 spending of \$100.9 million is \$0.9 million (0.9%) higher than its planned spending of \$100.0 million. The incremental cost of 39 additional full-time equivalents (FTEs) was offset by significant savings as a result of the deferral to 2010-2011 of certain information technology projects pending the completion and approval of OSFI's Information Management and Information Technology Strategy during 2009-2010.

The table below presents a summary of OSFI's performance during the 2009-2010 fiscal year towards achieving its first strategic outcome.

Strategic Outcome 1: To regulate and supervise to contribute to public confidence in Canada's financial system and safeguard from undue loss.		
Performance Indicators	Targets	2009-2010 Performance
Percentage of knowledgeable observers who rate OSFI as doing a good or very good job at contributing to public confidence in Canada's financial services industry.	70%	<i>Last measured 2008-2009:</i> A strong majority (88%) of Chief Executive Officers (CEOs of FRFIs) believe OSFI performs well in contributing to public confidence in Canada's financial services industry. <i>Source: Report on Financial Institutions Survey 2008</i> <sup>1</sup>
Percentage of estimated recoveries on failed institutions (amount recovered per dollar of claim).	90%	Total weighted average recoveries were 92% at 2009-2010 year end, which meets the set target of 90%. <i>Source: Canada Deposit Insurance Corporation, Agents, Liquidators</i>
Percentage of estimated recoveries on pension plans that have terminated under-funded.	85%	One pension plan terminated under-funded in 2009-2010. The recovery rate for this plan was 100%. <i>Source: Internal data</i>

<sup>1</sup> OSFI provided The Strategic Counsel, an independent research firm, with a list of CEOs of federally regulated financial institutions. The research firm invited the CEOs to participate in either an online or a telephone survey, and 166 (61%) participated. OSFI does not know which CEOs participated. The report is available on [OSFI's Consultations and Surveys](#) Web page.



<b>Strategic Outcome 1: To regulate and supervise to contribute to public confidence in Canada's financial system and safeguard from undue loss.</b>		
<b>Performance Indicators</b>	<b>Targets</b>	<b>2009-2010 Performance</b>
Percentage of respondents that rate the assistance / presentations provided as relevant to their work.	80%	88% of respondents rated the assistance / presentations as relevant to their work. <i>Source: Survey of International Advisory Group (IAG) program participants</i> <sup>2</sup>

The table below presents OSFI's planned and actual spending by program activity for Strategic Outcome 1, and a comparison to actual spending in the previous year. Note for both strategic outcomes (including table from page 10), the 2008-2009 comparative figures have been restated to display resources for Internal Services separate from other program activities in order to conform to the presentation adopted in the 2009-2010 Estimates cycle.

<b>Program Activity</b>	<b>2008-2009 Actual Spending</b>	<b>2009-2010</b>				<b><u>Alignment to Government of Canada Outcomes</u></b>
		<b>Main Estimates</b>	<b>Planned Spending</b>	<b>Total Authorities</b>	<b>Actual Spending</b>	
1.1 Regulation and Supervision of Federally Regulated Financial Institutions	\$46.7	\$48.6	\$48.6	\$48.6	\$52.8	<ul style="list-style-type: none"> <li>▪ Strong economic growth</li> <li>▪ A safe and secure world through international co-operation</li> </ul>
1.2 Regulation and Supervision of Federally Regulated Private Pension Plans	\$4.3	\$4.8	\$4.8	\$4.8	\$4.3	<ul style="list-style-type: none"> <li>▪ Strong economic growth</li> <li>▪ Income security for Canadians</li> </ul>
1.3 International Assistance	\$1.8	\$1.7	\$1.7	\$1.7	\$1.7	<ul style="list-style-type: none"> <li>▪ Strong economic growth</li> <li>▪ A safe and secure world through international co-operation</li> </ul>
<b>Total (millions)</b>	\$52.8	\$55.1	\$55.1	\$55.1	\$58.8	

OSFI's actual spending in 2009-2010 towards its Strategic Outcome 1 was \$58.8 million, \$3.7 million, or 6.8%, higher than planned. The increase is primarily in the Regulation and Supervision of Federally Regulated Financial Institutions program activity, and is largely driven by an increase of 27 FTEs in this program to respond to increasing work demands, primarily in the deposit-taking institutions group and the market, credit and operations risk areas. The increase is also attributed to normal economic and merit increases in employee compensation and the 15-basis-point increase in the Employee Benefit Plan rate as prescribed by Treasury Board Secretariat.

The increase in actual spending of \$6.0 million, or 11.4%, from the previous year is mainly attributed to OSFI's growth in full-time equivalents (34 FTEs) resulting from filling approved

<sup>2</sup> Surveys are provided to workshop participants when IAG staff are the primary presenters. IAG delivered 30 such workshops in 2009-2010, with 923 participants. A total of 776 surveys were completed, for a response rate of 84%.

vacancies, normal economic and merit increases and a 15-basis-point increase in the Employee Benefit Plan rate, as prescribed by Treasury Board Secretariat.

The table below presents a summary of OSFI's performance during the 2009-2010 fiscal year towards achieving its Strategic Outcome 2.

<b>Strategic Outcome 2: To contribute to public confidence in Canada's public retirement income system.</b>		
<b>Performance Indicators</b>	<b>Targets</b>	<b>2009–2010 Performance</b>
Actuarial reports fairly communicate the results of the work performed by the Chief Actuary and his staff.	Unanimous agreement	2009-2010 – N/A – no peer review in 2009-2010. The next independent peer review is scheduled for 2010-2011.  The external peer review panel's findings received in March 2008 were that the 23rd Actuarial Report (Canada Pension Plan (CPP)) fairly communicates the results of the work performed by the Chief Actuary and his staff.  <i>Source: Review of the Twenty-Third Actuarial Report on the Canada Pension Plan dated 19 March 2008, conducted by the CPP Actuarial Review Panel.</i>
Adequacy of professional experience of the Chief Actuary and his staff. <i>AND/OR</i> Compliance with Canadian and international professional standards.	Unanimous agreement  Unanimous agreement	2009-2010 – N/A – no peer review in 2009-2010. The next independent peer review is scheduled for 2010-2011.  The external peer review panel's findings received in March 2008 were that the 23 <sup>rd</sup> Actuarial Report (CPP) complies with all relevant professional standards and that the Chief Actuary and his staff have adequate professional experience.  <i>Source: Review of the Twenty-Third Actuarial Report on the Canada Pension Plan dated 19 March 2008, conducted by the CPP Actuarial Review Panel.</i>

The table below presents OSFI's planned and actual spending by program activity for Strategic Outcome 2, and a comparison to actual spending in the previous year.

<b>Program Activity</b>	<b>2008-2009 Actual Spending</b>	<b>2009-2010</b>				<b><u><a href="#">Alignment to Government of Canada Outcomes</a></u></b>
		<b>Main Estimates</b>	<b>Planned Spending</b>	<b>Total Authorities</b>	<b>Actual Spending</b>	
2.1 Office of the Chief Actuary institutions	\$3.6	\$4.3	\$4.3	\$4.3	\$4.2	▪ Income security for Canadians
<b>Total (Millions)</b>	\$3.6	\$4.3	\$4.3	\$4.3	\$4.2	

OSFI's actual spending in 2009-2010 towards its Strategic Outcome 2 was \$4.2 million, \$0.1 million, or 2.3%, lower than planned. The variance is mainly due to lower Human Resources costs as a result of unexpected vacancies during the fiscal year.

The increase in actual spending of \$0.6 million, or 17.4%, from the previous year is due to costs associated with hosting the 2009-2010 International Social Security Association conference, planned increases in employee compensation and an increase of 2.6 FTEs due to the full year impact of resources hired in the latter part of 2008-2009 and the return of staff temporarily struck off strength in the previous year.

<b>Program Activity supporting both Strategic Outcomes: Internal Services</b>						
<b>Program Activity</b>	<b>2008-2009 Actual Spending</b>	<b>2009-10</b>				<a href="#"><u>Alignment to Government of Canada Outcomes</u></a>
		<b>Main Estimates</b>	<b>Planned Spending</b>	<b>Total Authorities</b>	<b>Actual Spending</b>	
Internal Services	\$34.4	\$40.7	\$40.7	\$40.7	\$37.9	
<b>Total (millions)</b>	\$34.4	\$40.7	\$40.7	\$40.7	\$37.9	

OSFI's actual spending in 2009-2010 for Internal Services was \$37.9 million, \$2.8 million, or 6.9%, lower than planned. The variance is largely due to the deferral of certain information technology projects as a result of delays in procuring required software and to technical interdependencies that arose with other initiatives.

The increase in actual spending of \$3.5 million, or 10.2%, from the previous year is attributed to an increase in FTEs resulting from filling approved vacancies and new positions added to enhance the Corporate Services Sector, primarily in the Finance and Information Management/Information Technology Divisions, to support the significant growth in OSFI's staff complements in the past few years, normal economic and merit increases and a 15-basis-point increase in the Employee Benefit Plan rate.

## Contribution of Priorities to Strategic Outcomes

The table below presents a summary of status and contribution to strategic outcomes for OSFI's operational and managerial priorities in 2009-2010.

Operational Priorities	Type	Status	Links to Strategic Outcome(s)
<p><b>A. Enhanced Identification of Emerging Risks</b> – Continue to improve OSFI's ability to identify, monitor and report on emerging risks to federally regulated financial institutions through enhanced research, more focus on market information, comparative reviews in key areas and updates to internal processes as needed.</p> <p><u>Achievements:</u> Continued to strengthen the design and application of OSFI's Supervisory Framework, building on years of experience in its use. Reorganized OSFI's Supervision sector along industry lines to better focus risk assessment across large and small financial institutions. Planned and conducted comparative reviews for: credit cards, HELOC, Alt-A mortgages, securitization, derivatives collateral management, liquidity management, stress testing and compensation. Continued close monitoring of property and casualty insurance companies with significant auto insurance exposure.</p>	Previously committed	Successfully Met - Ongoing	<p>Strategic Outcome 1</p> <p>This priority contributes through enhancing identification, monitoring, and reporting on emerging risks to Canada's financial system and the federally regulated financial institutions and private pension plans that operate within it.</p>
<p><b>B. Institutional and Market Resilience</b> - Continue to participate in international discussions of key issues arising from global market turmoil, and work with FISC partners and the federally regulated financial services industry to maintain strong communications and preparedness.</p> <p><u>Achievements:</u> Continued active participation in international forums such as the FSB, the Senior Supervisors Group, BCBS, the International Association of Insurance Supervisors (IAIS), and other organizations to assess and agree on proposals to strengthen the financial sector regulation as a result of the crisis. Organized and hosted separate College of Supervisors for two of the big five Canadian banks, in line with FSB recommendations, which brought executives from each bank together with supervisors from several jurisdictions where they do business. Participated in several international supervisory colleges, and developed information-sharing agreements with a number of host-country supervisory authorities that regulate significant foreign operations of Canadian banks and insurers. Continued to work closely with OSFI's FISC partners to monitor the resilience of the financial sector and discuss critical issues. Developed industry guidance for stress testing building on BCBS, IAIS, and existing OSFI principles. Held three Risk Management Seminars: second annual for deposit-taking institutions; first annual for life insurance companies, and for property and casual insurance companies.</p>	Previously committed	Successfully Met - Ongoing	<p>Strategic Outcome 1</p> <p>This priority contributes by enhancing OSFI's ability to identify and respond to key issues arising from global economic events and developments in world financial markets, and preparedness for any domestic impacts.</p>

Operational Priorities	Type	Status	Links to Strategic Outcome(s)
<p><b>C. Capital Adequacy</b> - Continue work on current Minimum Continuing Capital and Surplus Requirements (MCCSR) and the Minimum Capital Test (MCT) to develop improved risk-sensitive capital frameworks for life and property and casualty insurers, and in light of IFRS implementation. Continue monitoring post-implementation phase of Basel II Capital Accord.</p> <p><u>Achievements:</u> Continued to work through the MCCSR Advisory Committee (MAC) to develop and incorporate more advanced risk measurement techniques (such as internal company models) into the MCCSR. Held discussions with the life insurance MAC about possible improvements to the current internal model capital valuation methodology for segregated funds and about a fundamental review of the current valuation methodology for segregated funds requirements. Revised MCCSR Guideline in late 2009 for life insurance companies, particularly in relation to the capital treatment of unregistered reinsurance. Also issued a draft version in early 2010 to incorporate amendments related to implementation of IFRS. Continued review of MCCSR with respect to measurement of capital requirements for life insurance companies, including for mortality risk improvement. Developed conceptual frameworks for assessing solo / stand-alone capital adequacy for better evaluation of insurance holding company capital adequacy, and commenced consultations with key affected institutions. Published <i>Key Principles for the Future Direction of the Canadian Regulatory Capital Framework for Property &amp; Casualty (P&amp;C) Insurance</i> in conjunction with the Property and Casualty Minimum Capital Test (MCT) Advisory Committee. Operationalized a robust Internal Capital Adequacy Assessment Program (ICAAP) review process and related risk measurement techniques to strengthen OSFI's ability to assess capital adequacy. Took an active role in the Basel Committee on Banking Supervision development of new rules on risk management and capital regulation, including the July 2009 changes to trading book rules and the December 2009 proposals to strengthen the resilience of the banking sector through enhanced capital, leverage and liquidity rules, and also on the development of <i>Guiding principles for the revision of accounting standards for financial instruments</i> issued by the Basel Committee.</p>	Previously committed under multiple priorities	Successfully Met - Ongoing	<p>Strategic Outcome 1</p> <p>This priority contributes through increased focus on risks and their relation to the overall level of capital adequacy for FRFIs.</p>

Management and Program Priorities	Type	Status	Linkages to Strategic Outcomes
<p><b>D. People</b> - Ensure OSFI has the human resources available to fulfill its mandate, through improved long-range and integrated planning.</p> <p><u>Achievements:</u> Applied OSFI's Human Resources planning process to ensure key resource and skill gaps were prioritized, and action plans developed and monitored. Continued to implement and monitor training and development programs consistent with needs analyses to ensure workforce capacity and skills were in place to meet work plans. Increased the staff complement to continue to respond to external pressures and to recruit specialized skills in areas such as research, credit and capital, which included strengthening Capital Division's ability to deal with developments such as enhanced Basel rules on bank capital adequacy and increased use of models by insurance companies. Reviewed staffing needs to address gaps moving forward with IM/IT strategy. Conducted a review, and risk assessment of OSFI's executive compensation structure in light of the Expenditure Restraint Act. We enhanced OSFI's business continuity and pandemic plan capacity.</p>	Previously committed	Successfully Met - Ongoing	<p>Strategic Outcome 1 and 2</p> <p>This priority contributes by improving OSFI's ability to attract, motivate, develop and retain employees with highly specialized knowledge, skills and experience to perform its mandate.</p>
<p><b>E. Infrastructure Enhancements</b> - Develop long-term strategies for Information Management and Information Technology necessary to support OSFI's evolving supervisory and regulatory activities.</p> <p><u>Achievements:</u> Completed IM/IT Strategy outlining a multi-year roadmap to address 'end of life' technologies and the modernization of OSFI's application suite to increase business value and system flexibility and agility. Implemented portfolio management and optimized governance to provide oversight and accountability over IM/IT investments and ensure alignment with OSFI plans and priorities. Commissioned a review to be undertaken in 2010-2011 of OSFI's returns processing system, the Tri-Agency Database System, to confirm 'end of life' and to recommend a replacement strategy. Completed the Pension Systems Renewal project for Private Pension Plan Approvals activity. In 2010-2011, OSFI will begin development of enabling technology to support Pension Plan Supervisory processes.</p>	New	Successfully Met - Ongoing	<p>Strategic Outcome 1 and 2</p> <p>This priority contributes by ensuring OSFI has the appropriate infrastructure (including systems and processes) to perform its mandate effectively and efficiently.</p>
<p><b>F. Changes to International Financial Reporting Standards (IFRS)</b> - Prepare for the move to International Financial Reporting Standards (IFRS) in 2011, by determining the policy, data collection and reporting implications for OSFI. Work closely with federally regulated financial institutions to gain a clear understanding of their IFRS plans and readiness. (NOTE: This priority includes looking externally at the impact on FRES<sup>3</sup> and internally at the impact on OSFI's own financial reporting.).</p> <p><u>Achievements:</u> Addressed accounting and capital policy and reporting implications of moving to IFRS. Following extensive consultations with industry associations and other key stakeholders, an Advisory on the <i>Conversion to International Financial Reporting Standards (IFRSs)</i> by</p>	Previously committed	Successfully Met - Ongoing	<p>Strategic Outcome 1</p> <p>This priority contributes through OSFI's understanding of the implications of the accounting changes on its supervisory and monitoring processes, and ensuing positions on policy, process and reporting</p>

<sup>3</sup> Federally regulated entities (FREs) is a broader category than federally regulated financial institutions (FRFIs) and includes banks, foreign bank branches, bank holding companies, federally regulated trust and loan companies, cooperative credit associations, life insurance companies, foreign insurance companies, fraternal benefit societies, property and casualty insurance companies, and insurance holding companies, all of which must implement IFRS.

Management and Program Priorities	Type	Status	Linkages to Strategic Outcomes
<p><i>Federally Regulated Entities (FREs)</i> was published providing OSFI positions on accounting, capital and regulation treatments due to IFRS changes. Hosted industry risk management forums for deposit-taking institutions, life insurance companies, and property and casualty companies on the impact of IFRS on accounting and regulatory capital policies, expectations of FREs on IFRS implementation, and consequential reporting changes. Posted draft financial and regulatory reporting forms for FREs reflecting IFRS changes. Completed the selection of IFRS accounting and reporting solutions for OSFI and completed targeted milestones to ensure effective implementation. Completed the Information Management/Information technology (IM/IT) impact assessment for OSFI as a result of the move to IFRS. Commenced consultations on OSFI guidance requiring updates to reflect IFRS.</p>			<p>changes.</p>

## **Risk Analysis**

The functioning of liquidity and credit markets has improved since the global financial crisis intensified at the end of 2008. Policy makers around the world have acted vigorously to restore confidence in the global financial system and promote the flow of credit but significant risks remain. The strength of the Canadian financial regulatory and supervisory framework helped Canada's banking system weather the storm better than many global counterparts, as noted by the International Monetary Fund in its 2009 assessment of member countries. As 2009-2010 came to a close, key economic indicators in Canada pointed to recovery. Generally, the Canadian economy was less exposed to the crisis because private and public sector balance sheets were in better shape than in most countries. In addition, Canadian financial institutions benefited from relatively conservative lending and maintaining higher levels of capital.

During 2009-2010, OSFI worked with various domestic partners on the Financial Institutions Supervisory Committee (the Department of Finance, the Canada Deposit Insurance Corporation, the Bank of Canada, and the Financial Consumer Agency of Canada) to review lessons learned, and to discuss and coordinate issues related to the oversight of the financial sector.

OSFI continued active participation in international forums to develop and implement better practices. These include the BCBS, the Financial Stability Board, the International Association of Insurance Supervisors, the Joint Forum and the Senior Supervisors Group. Notably, the BCBS published consultative proposals to strengthen global capital and liquidity regulations in December 2009 with the goal of promoting a more resilient banking sector.

Throughout 2009-2010, OSFI continued the heightened level of monitoring and scrutiny of financial institutions and markets exercised in the prior year, while taking into account clear evidence of economic recovery and a decline in volatility and uncertainty in financial markets. We enhanced risk identification activities, strengthened the design and application of supervisory processes, targeted cross-sector reviews in areas identified as high risk, and introduced organizational changes to focus OSFI's resources better.

## **Enterprise Risk Management**

The environment within which OSFI operates presents an array of challenges to the achievement of its mandate and objectives. While many of these challenges are consistently present, the extent to which they present a risk to OSFI's objectives varies, depending on economic and financial conditions and the financial industry environment. OSFI's ability to achieve its mandate depends on the timeliness and effectiveness with which it identifies, evaluates, prioritizes, and develops initiatives to address areas where its exposure is greatest.

OSFI's Enterprise Risk Management (ERM) framework divides risks into external and internal categories. The external risk category consists of economic and financial conditions, the financial industry's environment, OSFI's legal environment and catastrophic events. External risks arise from events that OSFI can potentially influence but cannot control, but must be able to monitor and react to in order to mitigate the impact. The internal risk category consists of risks within OSFI's control that can broadly be categorized as people, processes, systems and culture.



OSFI's ERM program has identified several key risks to the achievement of its mandate and objectives.

## **External Risks**

### Global Economy and the Industry

The economy is recovering from recessionary conditions. This coupled with the rapidly changing and increasingly complex financial environment both domestically and internationally continues to pose challenges for financial institutions. Global financial events require that OSFI, like all financial sector regulators, be in a position to respond effectively to a constantly evolving economic and regulatory environment. To ensure an effective and efficient response, OSFI continues to rely on the work of its Emerging Risk Committee and initiatives such as cross-sector reviews in high risk areas and stress testing exercises.

International groups such as the Basel Committee and the G-20 are continuing to make recommendations for changes to regulatory frameworks. OSFI is closely participating and/or monitoring international discussions to help ensure that outcomes lead to a more resilient global financial system and are appropriate for the Canadian context.

Domestically, OSFI is participating in discussions led by the Department of Finance regarding the adaptation of the G-20 recommendations.

### Capital Adequacy

OSFI continues its assessment and update of the Minimum Continuing Capital and Surplus Requirements (MCCSR) and the Minimum Capital Test (MCT) to reflect lessons learned from the financial turmoil and to take account of the direction of international efforts such as those of the International Association of Insurance Supervisors (IAIS) to develop new capital guidance. As Canada has been at the forefront of insurance regulation, adjustments to the MCCSR and the MCT are necessary to ensure that Canada's capital rules remain effective and among the international leaders in this field. In 2009-2010, OSFI continued to participate in a number of IAIS initiatives including the development of a Common Assessment Framework for internationally active insurance groups.

Initiatives mandated by the G-20, coupled with the market events of 2008-2009, have required more focus on the measurement of risks and their relation to the overall level of capital adequacy. As a result, the BCBS introduced proposals in July and December of 2009 to strengthen the resilience of the global banking system to future stress. The proposals feature a combination of measures such as introducing standards for liquidity buffers that can be drawn down in periods of stress, strengthening the quality of bank capital, improving the risk coverage of the capital framework and introducing a non-risk based supplementary measure. During 2009-2010, OSFI worked actively with BCBS regulators and Canadian banks to assess the combined impact of the BCBS proposals. As well, OSFI engaged in international dialogues on the merits of Financial Stability Board sponsored initiatives on the use of capital buffers to lean against excessive credit growth and asset price bubbles. OSFI has fully briefed the Bank of Canada and

Department of Finance on these developments to facilitate coordination of their efforts at maintaining the elements of the Canadian system that proved strong during the financial crisis.

### Accounting

Canada is adopting International Financial Reporting Standards (IFRS) in 2011. As a reliance-based regulator, it is critical that OSFI understands the implications of changes to financial statements to perform accurate risk assessments of financial institutions. OSFI continues to assess the effects on institutions of the move to IFRS and it continues to work closely with national and international organizations to present its views on these issues.

OSFI continues working with the financial institutions that it regulates to ensure that they are ready to adopt the International Financial Reporting Standards.

In fall 2009, OSFI hosted industry information sessions and numerous consultations were held with key stakeholders throughout 2009-2010 to facilitate consultations and information sharing. OSFI continues to receive biannual IFRS Progress Reports from institutions in order to monitor industry "readiness" as well as industry impacts. A key OSFI IFRS Advisory on OSFI's expectations and requirements on the conversion to IFRSs was released in March 2010. More recently draft revisions to OSFI core accounting guidelines were posted for comment.

### Pension Environment

Financial challenges continued throughout 2009 for private pension plans, along with intensive public debate about retirement income issues. Going into 2010, markets recovered some of their 2008 losses, but long-term interest rates remained low. Nevertheless, at year-end 2009, the solvency position of federally regulated defined benefit pension plans had improved modestly from the record lows of year-end 2008.

The global financial market turmoil of 2008 and economic slowdown that followed drew attention to the pressures on pension plans in a volatile environment. The Government of Canada responded with both temporary funding relief for defined benefit plans and a country-wide consultation on enhancing the legislative and regulatory framework for federally regulated private pension plans. This consultation led to the October 2009 announcement of reforms to the framework, and the subsequent tabling in Parliament of a number of amendments to the *Pension Benefits Standards Act, 1985* (PBSA) in late March 2010.

Continuing uncertainty in the environment highlighted the importance of effective risk management by pension plan administrators. Accordingly, in 2009 OSFI surveyed a number of pension plans about their stress testing practices.

In an innovative effort to remain responsive to stakeholders, OSFI held its first pension industry forum in Toronto in February 2010. Over 120 plan administrators and other pension professionals attended. Participant evaluation of this forum was both positive and useful, and will help guide future communications with the industry.

## **Internal Risks**

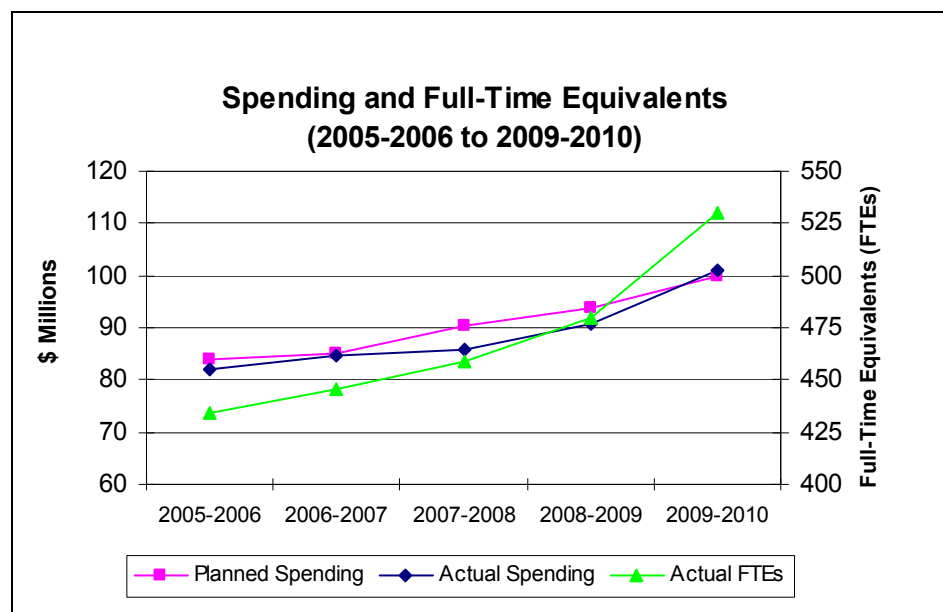
### **People Risks**

Given the increasing complexity and volatility of the economy, OSFI must have employees with highly specialized knowledge, skills and experience to ensure effective regulation and supervision of financial institutions. During the past year OSFI focused on increasing the number of staff with special knowledge of accounting, modelling, credit, market and operational risks, and continued to recruit and reassign staff to fill any identified gaps. In addition, market conditions, normal turnover and retirement rates mean that a continuous learning environment is necessary to enable employees to meet the challenges of the constantly changing environment. Attracting, motivating, developing and retaining skilled staff is and will continue to be a top priority for OSFI. OSFI continued targeted recruitment strategies in 2009-2010, including significant hiring in the Supervision sector in Toronto.

### **Aging Systems**

As is the case in many government departments, OSFI's IM/IT systems are aging. An IT governance approach has been agreed to and an IM/IT strategy has been developed to address broad based risks associated with our IT infrastructure. The nature of the potential risk has, as a result, shifted away from planning/strategy development to implementation. Initiatives are well underway to upgrade key systems, such as those which support Pension supervisory efforts. These initiatives will be implemented over the next few years through a risk-based implementation plan.

## Expenditure Profile



The table above presents a five year trend of OSFI’s planned and actual spending, and actual full-time equivalents (FTEs). OSFI’s human resources costs typically account for approximately 75% of its spending, which explains the correlation between the spending and FTE trend lines. In the latter half of 2006-2007, OSFI focused aggressively on filling vacancies and added resources in support of the new Capital Adequacy Framework (Basel II Capital Accord), Anti-Money Laundering/Anti-Terrorist Financing activities, international work on conceptual changes to accounting standards, and in the Private Pension Plans area. During 2007-2008, OSFI increased its FTEs by 2.9% from the previous year in order to direct more resources on enhanced identification of emerging risks and on monitoring institutional and market resilience in response to the prevailing global economic and financial market events. OSFI further increased its staff complement by 4.6% in 2008-2009 to focus more effort on higher risk institutions and products, and the early detection of problem loan portfolios. OSFI strengthened its workforce in light of the continuing turmoil by hiring employees with current industry experience and special knowledge of credit, market and operational risks. In 2009-2010, OSFI’s FTEs increased by 10.4% driven by the full year impact of new resources hired during the previous year and due to new positions added to enhance the Corporate Services Sector, primarily in the IM/IT and Finance Divisions, to support the significant growth in staff complement in the past few years and the early hire of supervisory resources previously planned for 2010-2011.

OSFI’s total actual spending rose by 3.1% in 2006-2007, 1.4% in 2007-2008, and 5.9% in 2008-2009. During this period, OSFI also completed several major enabling technology projects in support of information management, Basel II, enhanced reporting and analytics (business intelligence), and commenced in 2006-2007 the first phase of its Pensions Processes and Systems Renewal Initiative. The first phase was largely completed during 2008-2009. The second phase of this project began in 2009-2010 and is expected to be completed in 2011-2012. Total spending in 2009-2010 increased by 11.2% over the prior year. The increase is attributed to a 10.4%

increase in FTEs, normal economic and merit increases in employee compensation and the 15-basis-point increase in the Employee Benefit Plan rate as prescribed by TBS.

## Voted and Statutory Items

(Dollars)

Vote # or Statutory Item (S)	Truncated Vote or Statutory Wording	2007-2008 Actual Spending	2008-2009 Actual Spending	2009-2010 Main Estimates	2009-2010 Actual Spending
30	Operating expenditures	\$602,927	\$581,726	\$872,555	\$938,824
<b>Total</b>		\$603	\$602,927	\$581,726	\$872,555

This table summarizes Parliament's voted appropriations, or funds, to OSFI. OSFI receives an annual parliamentary appropriation pursuant to section 16 of the *OSFI Act* to support its mandate relating to the Office of the Chief Actuary.

In 2009-2010, OSFI was granted \$872,555 (2008-2009: \$853,001) in the Main Estimates. Subsequently, OSFI was granted an additional \$52,689 related to adjustments for collective agreements, bringing the total parliamentary appropriation to \$925,244. This appropriation is to defray the expenses associated with the provision of actuarial services to various public sector employee pension and insurance plans, including the Canadian Armed Forces, the Royal Canadian Mounted Police, the federally appointed judges and Members of Parliament. Additionally, OSFI participated in the federal government program to enhance student employment in the public service and was granted an amount of \$13,580 (bringing the total year appropriation to \$938,824) to help cover the costs of hiring additional students into the organization. On the accrual basis of accounting, OSFI fully utilized its appropriation in fiscal year 2009-2010.

The actual spending in the table above is calculated using a modified cash basis of accounting, in accordance with Treasury Board's *Guide to the Preparation of Part III of the Estimates* and the Receiver General's *Public Accounts Instruction Manual*. OSFI, however, operates on a full accrual accounting basis according to Canadian Generally Accepted Accounting Principles (GAAP) for publicly accountable Canadian reporting entities. This difference in accounting bases gives rise to variances between OSFI's use of funds and appropriated funds.

## **SECTION II: ANALYSIS OF PROGRAM ACTIVITIES BY STRATEGIC OUTCOME**

## **Strategic Outcome 1**

*To regulate and supervise to contribute to public confidence in Canada's financial system and safeguard from undue loss.*

A properly functioning financial system, in which consumers and other stakeholders (inside and outside Canada) have a high degree of confidence, makes a material contribution to Canada's economic performance. OSFI is the primary regulator and supervisor of all federally registered financial institutions, numbering 431 at March 31, 2010. The achievement of OSFI's strategic outcomes, which are shared by partners within government and the private sector, provides an essential foundation for a productive and competitive economy.

OSFI safeguards depositors, policyholders and private pension plan members by enhancing the safety and soundness of federally regulated financial institutions and private pension plans.

Three program activities support this strategic outcome:

1. Regulation and Supervision of Federally Regulated Financial Institutions (FRFIs)
2. Regulation and Supervision of Federally Regulated Private Pension Plans
3. International Assistance

The performance indicator for Strategic Outcome 1, last measured in 2008-2009, indicates a strong majority of Chief Executive Officers (CEOs) of FRFIs believe OSFI performs well in contributing to public confidence in Canada's financial services industry. In 2009-2010, OSFI continued: to improve its ability to identify, monitor and report on emerging risks; to participate in international discussions of key issues arising from global market turmoil; to work on current Minimum Continuing Capital and Surplus Requirements (MCCSR) and the Minimum Capital Test (MCT) to develop improved risk-sensitive capital frameworks for life and property and casualty insurers; monitoring post-implementation phase of Basel II Capital Accord; and to invest in the human resources and infrastructure needed to successfully deliver on its mandate.

### **1.1 Program Activity: Regulation and Supervision of Federally Regulated Financial Institutions**

This program is central to OSFI achieving its mandate. It is the largest program activity within OSFI, utilizing the bulk of its financial and human resources. Costs for this program are recovered through assessments, service charges and user fees paid by federally regulated financial institutions. Costs are also recovered via Memoranda of Understanding, as "cost-recovered services" between OSFI and some provinces for which OSFI provides supervision of their institutions on contract.

Sub-Activity	2009-2010 Financial Resources (\$ millions)			2009-2010 Human Resources (FTEs)		
	Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
Risk Assessment and Intervention	\$34.5	\$34.5	\$35.7	195	228	33
Rule Making	\$9.4	\$9.4	\$12.1	63	61	(2)
Approvals	\$4.7	\$4.7	\$5.0	31	27	(4)
<b>Total</b>	<b>\$48.6</b>	<b>\$48.6</b>	<b>\$52.8</b>	<b>289</b>	<b>316</b>	<b>27</b>

The related expected results, performance indicators, targets, status and summary of performance for the three interrelated activities in this program activity are identified in the summary below.

Program Activity 1.1: Regulation and Supervision of Federally Regulated Financial Institutions				
Expected Results	Performance Indicators	Targets	Performance Status	Performance Summary
Protect depositors and policyholders while recognizing that all failures cannot be prevented.	Percentage of estimated recoveries on failed institutions <sup>4</sup> (amount recovered per dollar of claim) <i>Source: Canada Deposit Insurance Corporation, Agents, Liquidators</i>	90%	Exceeded	Total weighted average recoveries were 92% at 2009-2010 year end.
Sub-Activity 1.1.1: Risk Assessment and Intervention				
Accurate risk assessments.	Percentage of knowledgeable observers who agree that their institution's Composite Risk Rating is appropriate. <i>Source: Report on Financial Institutions Survey 2008</i>	70%	Exceeded	<i>Last measured in 2008-2009: 87% of financial institution CEOs believe that their institution's Composite Risk Rating is appropriate.</i>
Timely and effective intervention and feedback.	Time to issue Supervisory Letter (within prescribed target days) <i>Source: Internal</i>	80% (of letters are issued within 45 days)	Mostly Met	76% of supervisory letters were issued within the 45-day standard in 2009-2010, a slight improvement over the previous year at 73%.

<sup>4</sup> This measure is a proxy for whether OSFI intervened early enough to prevent undue loss to depositors and/or policyholders. Estimated recovery is the amount on the dollar per claim each policyholder or depositor would receive upon the completion of the liquidation. Expectation > \$0.90.



<b>Program Activity 1.1: Regulation and Supervision of Federally Regulated Financial Institutions</b>				
<b>Expected Results</b>	<b>Performance Indicators</b>	<b>Targets</b>	<b>Performance Status</b>	<b>Performance Summary</b>
<b>Sub-Activity 1.1.2: Rule Making</b>				
Regulations, guidelines and other rules that balance prudential considerations and the need for institutions to compete.	Percentage of knowledgeable observers who rate OSFI as good or very good at developing regulations, guidelines and other rules that strike an appropriate balance between prudential considerations and the need for institutions to compete. <i>Source: Report on Financial Institutions Survey 2008</i>	50% <sup>5</sup>	Exceeded	<i>Last measured in 2008-2009:</i> 63% of financial institution CEOs rate OSFI as good or very good at developing regulations and guidance that strike an appropriate balance between prudential considerations and the need for institutions to compete.
Regulations, guidelines and other rules which are clear and scrutinized by industry.	Percentage of knowledgeable observers who rate OSFI as good or very good at developing regulations, guidelines and other rules for industry that are clear and easy to understand. <i>AND/OR</i>	75%	Mostly Met	<i>Both last measured in 2008-2009:</i> 61% of financial institution CEOs rate OSFI as good or very good at developing regulations and guidelines that are clear and easy to understand.
	Percentage of knowledgeable observers who rate OSFI as good or very good at consulting with industry on the development of regulations, guidelines and other rules. <i>Source for both: Report on Financial Institutions Survey 2008</i>	60%	Exceeded	77% of financial institution CEOs rate OSFI as good or very good at consulting with the financial services industry when developing regulations and guidelines.
<b>Sub-Activity 1.1.3: Approvals</b>				
Regulatory approvals result in prudentially sound decisions that are transparent.	Percentage of knowledgeable observers who understand somewhat or very well the basis upon which OSFI makes its decisions as part of the approval process. <i>Source: Report on Financial Institutions Survey 2008</i>	85%	Mostly Met	<i>Last measured in 2008-2009:</i> 82% of financial institution CEOs understand somewhat or very well the basis upon which OSFI makes decisions.
Regulatory approvals which are timely.	Percentage of completed applications for regulatory approvals that are processed within established performance	90%	Exceeded	97% of approvals subject to the deeming provision were processed prior to the date on which they would have been

<sup>5</sup> The objective is to achieve a balanced opinion (50% target) of Knowledgeable Observers. A 0% result could indicate OSFI is too harsh on financial institutions in its development of regulations, guidelines and other rules, and 100% could indicate OSFI is too lenient.

Program Activity 1.1: Regulation and Supervision of Federally Regulated Financial Institutions				
Expected Results	Performance Indicators	Targets	Performance Status	Performance Summary
	standards. <i>Source: Internal</i>			deemed approved. All other performance standards established under the <i>User Fee Act</i> and the <i>Policy on Service Standards for External Fees</i> were met or exceeded in the year under review.

### Benefits for Canadians

OSFI's risk assessment and intervention activity helps safeguard depositors and policyholders. OSFI also supports the government's priority for a safe and secure world by contributing to the fight against terrorism financing and money laundering. OSFI's focus relates to guidance and, on behalf of Financial Transactions Reports Analysis Centre of Canada (FINTRAC), the supervisory review of the operation of financial institution programs to comply with anti-money laundering / anti-terrorism financing requirements.

Throughout 2009-2010, OSFI continued the heightened level of monitoring and scrutiny of financial institutions and markets exercised in the prior year, while taking into account clear evidence of economic recovery and a decline in volatility and uncertainty in financial markets. We performed enhanced risk identification activities, strengthened the design and application of supervisory processes, targeted cross-sector reviews in areas identified as high risk, and introduced organizational changes along industry lines to focus OSFI's resources better.

OSFI continued to promote sound risk management practices through its rule-making activities. As the International Monetary Fund noted in its March 2009 assessment of member countries, Canada's strong regulatory and supervisory framework was one of the factors responsible for the resilience of the Canadian banking system compared to global competitors during the financial turmoil of the past few years.

OSFI's approvals activities are designed to ensure FRFIs receive required approvals in a timely manner, so as to minimize interruption of their business activities. However, OSFI carefully considers each transaction to ensure that they are prudentially sound. During 2009-2010, the financial crisis continued to have an effect on OSFI's approval process. The state of the global economy, the 2011 implementation of International Financial Reporting Standards, impending changes to international capital requirements and the requirement for internal capital adequacy assessments have increased the processing time and complexity of many approvals. Despite these challenges, in 2009-2010, OSFI made every effort so that applicants were not impeded from following viable business strategies, and that requests for regulatory approvals were processed on a consistent and timely basis.

## Performance Analysis

### Risk Assessment and Intervention

OSFI saw positive results from its intervention activities with a greater number of institutions no longer requiring corrective measures than institutions that were newly staged in 2009-2010.

OSFI also:

- improved its ability to identify emerging risks through the development of economic, market and credit risk indicators. The Emerging Risk Committee met regularly to review these indicators and identify any additional supervisory work needed to assess the risks and impacts to financial institutions;
- improved effectiveness and focus on common risks by re-organizing along industry lines;
- focussed on the capital position of foreign-owned institutions operating in Canada through close monitoring of the parent's financial position, meetings with home regulators, and further identification of institutions with reliance on the parent for capital support;
- operationalized a robust Internal Capital Adequacy Assessment Program (ICAAP) review process and related risk measurement techniques to strengthen OSFI's ability to assess capital adequacy at deposit-taking institutions;
- worked closely with banks to monitor the implications of revised standards for banks and for their respective capital and liquidity management programs;
- encouraged insurance companies to review regularly their risk management practices with an eye to emerging risks and the impact these may have on their solvency. In 2009-2010, OSFI asked a selected number of insurers and reinsurers that represent a significant portion of the Life and P&C insurance business for each industry to complete a stress test based on a standardized scenario. OSFI is using the results to determine whether there are any significant changes in the risk profile of each insurer;
- expanded risk management seminars to the Life and P&C insurance sectors. The goal is to communicate OSFI's expectations related to key risk management areas, to provide updates on relevant regulatory policies/issues and to share information on issues being discussed internationally by regulators;
- continued the practice of organizing Colleges of Supervisors. In 2009-2010 OSFI hosted separate colleges for two of the big five Canadian banks, in line with FSB recommendations, which brought executives from each bank together with supervisors from several jurisdictions where they do business;
- worked with various domestic partners on the Financial Institutions Supervisory Committee (the Department of Finance, the Canada Deposit Insurance Corporation, the Bank of Canada, and the Financial Consumer Agency of Canada) to review lessons learned, and to discuss and coordinate issues related to the oversight of the financial sector;
- considered where OSFI can improve its supervisory regime and is actively taking steps to do so. For example, in this past year, we created a specialized group to address corporate governance and compensation across the institutions; and
- continued active participation in international forums to develop and implement better practices. These include the BCBS, the Financial Stability Board, the International Association of Insurance Supervisors, the Joint Forum and the Senior Supervisors Group. Notably, the BCBS published consultative proposals to strengthen global capital and liquidity regulations in December 2009 with the goal of promoting a more resilient banking sector.

## Rule Making

### OSFI:

- issued a Stress Testing Guideline applicable to all federally regulated entities. The guideline reflects developing international standards that emphasize the importance of stress testing for senior management in making business strategy, risk management and capital management decisions;
- undertook its annual update of the Minimum Continuing Capital and Surplus Requirements (MCCSR) guideline and continued discussions with the life insurance industry on how to update the existing approach to measuring life insurance regulatory capital requirements. This work included a Quantitative Impact Study to evaluate the impact of proposed modifications to the MCCSR's standard approach;
- continued to work with the Minimum Capital Test (MCT) Advisory Committee, which developed and proposed a set of high level key principles to guide the development of a new capital framework for property and casualty insurers. OSFI endorsed the key principles, which were issued in final form in January 2010;
- following a January 2009 submission from the Insurance Bureau of Canada, OSFI began development of a new capital framework for its standardized MCT approach with the objective of improving the fairness, effectiveness and efficiency of the MCT/BAAT;
- with respect to the move to International Financial Reporting Standards, OSFI addressed policy and reporting implications by holding numerous discussions early in the year with industry, auditors, standard setters and other stakeholders. The result was an Advisory on the Conversion to International Financial Reporting Standards (IFRS) by Federally Regulated Entities, which was issued in final form in March 2010;
- following a comprehensive consultation process, OSFI issued a paper in March 2010, Reforming OSFI's Regulatory and Supervisory Regime for Reinsurance that finalizes its approach to reinsurance issues;
- continued to participate in the development of sound rules at the international level. As an example, OSFI played an active role in the development of BCBS proposals to develop and issue new rules for sound risk management and capital regulation. Areas addressed included, for example, liquidity risk, stress testing and guiding principles for the revision of accounting standards for financial instruments;
- participated in the Basel Committee comment letters to, and discussions with, the IASB and IAASB on key accounting and auditing standard setting initiatives;
- continued to actively participate in the work of the International Association of Insurance Supervisors (IAIS). OSFI contributed to the development of IAIS standards and/or guidance papers relating to:
  - valuation of assets and liabilities for solvency purposes
  - treatment of non-regulated entities in group-wide supervision
  - cross-border cooperation on crisis management
  - structure of capital resources for solvency purposes
  - use of Supervisory Colleges
- participated in the preparation of a paper on systemic risk in the insurance sector ([IAIS position paper on key financial stability issues](#)), which responded to requests from the G-20 and the Financial Stability Board; and
- continued its active membership in the Joint Forum, which works to achieve consistency of supervisory approaches on issues of common interest across financial sectors and national

borders. Work over the past year included participation in two work streams: 1) the differentiated nature and scope of regulation and 2) risk aggregation.

### Approvals

OSFI:

- spent a considerable amount of time dealing with technical issues related to the insuring in Canada of risks by foreign insurance companies under the “Foreign Companies” part of the *Insurance Companies Act*. In May 2009, OSFI released a revision to the [\*Insurance in Canada of Risks\*](#) advisory, in an effort to provide greater certainty on circumstances where OSFI will consider that a foreign entity has insured in Canada risks;
- in keeping with OSFI’s and the Government of Canada’s commitment to enhance accountability and transparency relating to services provided, OSFI has performance standards establishing time frames for processing applications for regulatory approval and for other services. In 2009-2010, OSFI met or exceeded all of these standards; and
- hosted its eighth annual Legislation and Approvals Seminar in October 2009, attended by approximately 130 representatives of financial institutions and professional advisors.

### **Lessons Learned**

#### Risk Assessment and Intervention

The continued stress in the global financial markets has highlighted the ongoing importance of OSFI’s supervisory work, and various factors which facilitate this work. The importance of having a clear mandate in times of uncertainty, which has allowed OSFI to maintain focus on its statutory responsibilities and this mandate, has been confirmed. Similarly, the need to have a flexible, learning culture that can adjust to shifting risks has also been confirmed.

Areas where there have been lessons learned include: OSFI’s supervisory methodology (the Supervisory Framework), levels of human resources, and communication with the institutions it supervises. Enhancements are currently being made to the Supervisory Framework in light of developments internationally, and OSFI is also taking steps to mitigate the challenges it now faces to maintain adequate staffing levels. The consistency between verbal messages given to institutions during supervisory work, and subsequent written reports, is under review.

#### Rule Making

Recent events have demonstrated that regulatory policies encouraging prudent practices by financial institutions, along with robust supervision leads to positive outcomes – the Canadian financial sector has fared relatively well as compared to that in many other jurisdictions. However, OSFI has also observed the need for a fine balance between policies that may be unduly restrictive, thereby limiting innovation and competitiveness, and those that may be insufficient to discourage overly risky behaviour. While finding the right balance is difficult, OSFI has attempted to achieve such balance through ongoing consultations with the institutions it regulates, along with continued participation in various international forums to put forward positions that recognize the need for financial institutions to thrive in a competitive environment, while not taking risks that cannot be reasonably mitigated.

### Approvals

In these challenging times, OSFI strives to keep applicants informed of developments that could affect their approval request, as soon as possible after such development occurs and on an on-going basis. OSFI was able to keep up with on-going demand for approvals despite significant personnel changes within the Approvals Group. The challenge of planning for succession, filling vacancies and training new staff is considerable. To ensure that we continue to process applications efficiently and meet OSFI's established performance standards, OSFI continues to evaluate the effectiveness of the case management system to further streamline the process.

## 1.2 Program Activity: Regulation and Supervision of Federally Regulated Private Pension Plans

This program activity incorporates risk assessment and intervention, rule-making and approvals related to federally regulated private pension plans under the *Pension Benefits Standards Act*. The costs for this program are recovered from pension plan fees based on the number of members in each federally regulated pension plan.

2009-2010 Financial Resources (\$ millions)			2009-2010 Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
\$4.8	\$4.8	\$4.3	27	30	3

OSFI's actual spending in this program was \$0.5 million lower than plan due to fewer requirements for Professional Services to address problem pension plans, lower usage of information management/information technology consulting resources and fewer on-site examinations than planned.

The related expected results, performance indicators, targets, status and summary of performance for this program activity are identified in the summary below.

Program Activity 1.2: Regulation and supervision of federally regulated private pension plans				
Expected Results	Performance Indicators	Targets	Performance Status	Performance Summary
Protect the financial interests of federally regulated private pension plan members and beneficiaries.	Percentage of estimated recoveries on pension plans that have terminated under-funded. <i>Source: Internal Data</i>	85%	Exceeded	One pension plan terminated under-funded in 2009-2010. The recovery rate for this plan was 100%.
Regulations, guidelines and other rules which are clear and balanced.	Percentage of knowledgeable observers who rate OSFI as being good or very good at developing regulations, guidelines and other rules that are clear and easy to understand. <i>AND/OR</i>	75%	Mostly Met	<i>Both last measured in 2008-2009:</i> 60% of plan administrators rate OSFI as being good or better.
	Percentage of knowledgeable observers who rate OSFI as being good or very good at developing regulations, guidelines and other rules that strike an appropriate balance between interests of plan	50% <sup>7</sup>	Exceeded	61% of plan administrators rate OSFI as good or better.

**Program Activity 1.2: Regulation and supervision of federally regulated private pension plans**

Expected Results	Performance Indicators	Targets	Performance Status	Performance Summary
	sponsors and plan members. <i>Source for both: Pension Plans Survey 2009<sup>6</sup></i>			
Regulatory approvals which are timely and transparent.	Percentage of knowledgeable observers who rate the transparency, that is, the rationale for OSFI's recommendations and decisions of the Pensions Approvals process, as good or very good. <i>Source: Pension Plans Survey 2009 AND/OR</i> Percentage of completed applications for regulatory approvals that are processed within established benchmarks. <i>Source: Internal</i>	60%  90%	Exceeded  Data not available as benchmarks were being established in 2009/2010.	<i>Last measured in 2008-2009: 61% of plan administrators rate OSFI as being good or better.</i>  Not applicable – indicator will be measured in 2010/2011

**Benefits for Canadians**

OSFI supports the government's priority for income security for Canadians. OSFI supervises some 1,379 federally regulated private pension plans in Canada, which cover 612,000 active members as at March 31, 2009. OSFI works to promote responsible pension plan governance and actuarial practices. OSFI's actions and decisions affect plan members as well as the sponsors and administrators of the plans.

**Performance Analysis**

Risk Assessment, Supervision and Intervention

OSFI:

- continued to monitor carefully the condition of private pension plans and, to the extent possible, that of their sponsors, and intervened when necessary to protect promised benefits;
- intervened with respect to high-risk pension plans, including taking measures to enforce minimum funding requirements and ensure timely remittance of contributions;
- continued initiatives during 2009-2010 to modernize the tools it uses to monitor and supervise pension plans. In particular, the initiative to upgrade the pension supervisory systems that support OSFI's risk assessment framework is well underway and will be implemented over the next few years; and

<sup>6</sup> OSFI provided TNS Canadian Facts/The Antima Group, an independent research firm, with a list of administrators and professionals of the federally regulated private pension plans it regulates. The research firm invited the administrators and professionals to participate in either an online or a telephone survey-247 pension plan administrators and 30 professionals participated resulting in a response rate of 34.7%. OSFI does not know which administrators or professionals participated. The report is available at [OSFI's Consultations and Surveys](#).

<sup>7</sup> The objective is to achieve a balanced opinion (50% target) of Knowledgeable Observers. A 0% result could indicate OSFI is too harsh in its development of regulations, guidelines and other rules, and 100% could indicate OSFI is too lenient.



- surveyed selected pension plans regarding their use of stress testing. Over 67% of plans surveyed perform some kind of stress testing.

### Rules and Guidance

#### OSFI:

- the Government of Canada tabled legislative changes to the PBSA in late March 2010. OSFI supported the efforts to bring some of the regulatory changes into effect in time for the filing of year-end 2009 regulatory returns;
- in keeping with the objectives of promoting transparency and improving stakeholders' understanding of OSFI's expectations, OSFI issued an instruction guide and standardized approval request form setting out its expectations for filing and reporting requirements where a defined benefit pension plan has terminated;
- continued to promote responsible pension plan governance and actuarial practices by working closely with the Canadian Institute of Actuaries (CIA) and the Canadian Association of Pension Supervisory Authorities (CAPSA);
- continued to review and update previously published policy advisories, and post them to a new area of the pensions page of the OSFI Web site under Regulated Entities/Pensions Plans/Pension Policy Advisories; and
- held its first pension industry forum in Toronto in February 2010. Over 120 plan administrators and other pension professionals attended. Participant evaluation of this forum was very positive.

### Approvals

#### OSFI:

- implemented new automated systems to support the pension approvals function and published additional approval instruction guides to the pension industry; and
- continued to refine processes to improve timeliness while ensuring complex transactions are carefully considered. As a result, OSFI has cut the number of outstanding requests for approval by 34% and eliminated the backlog.

### **Lessons Learned**

- Pension plans continued to face financial challenges in the past year, despite significant market improvements. Recent experience demonstrates the importance of robust risk management, and OSFI will continue to encourage administrators to adopt sound practices, including disclosing issues to plan members, using regular scenario testing as a risk management tool, and developing possible responses that are consistent with their risk tolerance.
- Working with the Government on the implementation of regulatory reforms has highlighted the importance of balancing the interests of plan sponsors, beneficiaries and all affected parties in the development and implementation of pension policy.

### 1.3 Program Activity: International Assistance

This program activity incorporates activities related to providing help to other countries that are building their supervisory and regulatory capacity. This technical assistance is provided by the International Advisory Group (IAG). The costs for this program are recovered via Memoranda of Understanding between OSFI and organizations such as the Canadian International Development Agency (CIDA).

2009-2010 Financial Resources (\$ millions)			2009-2010 Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
\$1.7	\$1.7	\$1.7	5	5	0

The related expected results, performance indicators, targets, status and summary of performance for this program activity are identified in the summary below.

Program Activity: 1.3 International Assistance				
Expected Results	Performance Indicators	Targets	Performance Status	Performance Summary
Emerging market economies are more informed about current approaches to regulatory and supervisory systems, and deploy them to the extent possible.	Percentage of respondents that rate the assistance / presentations provided as relevant to their work. <i>Source: Survey of International Advisory Group (IAG) program participants</i> <sup>8</sup>	80%	Exceeded	88% of respondents rated the assistance / presentations as relevant to their work.
Technical assistance (e.g., workshops, advice, on-site needs assessments)	Percentage of respondents who rate OSFI trainers as competent or highly competent.	90%	Exceeded	99% of respondents rated OSFI trainers as competent or highly competent.

#### Benefits for Canadians

This program activity supports the government of Canada's priority for a safe and secure world through international cooperation. Canada and other G-7 governments recognize that upgrading the supervisory capacity of emerging market supervisory authorities can enhance the stability of the global financial system. Canada played an important role in this regard during 2009-2010, in part through OSFI's technical assistance program, which helps selected emerging market economies to improve the supervisory systems for their financial institutions in line with

<sup>8</sup> Surveys are provided to workshop participants when IAG staff are the primary presenters. IAG delivered 30 such workshops in 2009-2010, with 923 participants. A total of 776 surveys were completed, for a response rate of 84%.

international banking and insurance supervisory standards. This assistance also benefits Canadian financial institutions, as it strengthens supervisory regimes and increases confidence in jurisdictions in which some of Canada's financial institutions operate. In 2009-2010, IAG delivered or participated in 47 programs that provided technical assistance to over 1,500 participants.

### **Performance Analysis**

IAG delivered bilateral or multilateral programs, sometimes in partnership with other technical assistance providers, in 30 different jurisdictions. In some cases the training was provided directly to qualifying regulatory agencies. In other instances, IAG delivered regional training programs in partnership with other organizations, such as: the Financial Stability Institute; the International Association of Insurance Supervisors; the Caribbean Regional Technical Assistance Centre; the South East Asian Central Banks Research and Training Centre; the Toronto Leadership Centre for Financial Sector Supervision and the Association of Supervisors of Banks of the Americas.

### **Lessons Learned**

The programs provided by the International Assistance Group must continually evolve and keep pace with domestic and international developments, and new guidance from international organizations and the governments of participating countries.

## Strategic Outcome 2

*To contribute to public confidence in Canada's public retirement income system.*

This strategic outcome is supported by the OCA. The OCA is continuously involved in preparing various experience studies and research covering a wide range of social security, demographic and economic issues that may affect the financial status of pension or benefits plans. Some of these studies also serve to support policy makers in developing and analysing various policy options in the context of plan reforms. The information presented in these studies could benefit private sector organizations that evaluate social security or private pension plan schemes.

In 2009-2010, the OCA maintained the tradition of continual improvements to actuarial methods by applying more extensive and sophisticated stochastic analysis, as recommended by the Canada Pension Plan (CPP) Peer Review Panel.

The most recent external peer review was completed in March 2008, and the next CPP actuarial report will be published in 2010, with the independent peer review scheduled for 2010-2011. The external peer review panel's findings received in March 2008 reports that work on the 23<sup>rd</sup> Actuarial Report (CPP) fairly communicated the results of the work performed by the Chief Actuary and his staff. The achievement of OSFI's second strategic outcome provides an essential contribution to income security for Canadians.

### 2.1 Program Activity: Office of the Chief Actuary

This program provides a range of actuarial services, under legislation, to the CPP and some federal government departments. It conducts statutory actuarial valuations of the CPP, Old Age Security (OAS) and Canada Student Loans programs, and pension and benefits plans covering the Federal Public Service, the Canadian Forces, the Royal Canadian Mounted Police (RCMP), federally appointed judges, and Members of Parliament. The OCA is funded by fees charged for its actuarial valuation and advisory services and by an annual parliamentary appropriation.

2009-2010 Financial Resources (\$ millions)			2009-2010 Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
\$4.3	\$4.3	\$4.2	31	29	(2)

Program Activity 2.1 is supported by three distinct Sub-Activities: Canada Pension Plan and Old Age Security, Public Pension Plans, and Canada Student Loans. The related expected results, performance indicators, targets, status and summary of performance are identified in the summary table below.

<b>Program Activity 2.1: Office of the Chief Actuary</b>				
<b>Expected Results</b>	<b>Performance Indicators</b>	<b>Targets</b>	<b>Performance Status</b>	<b>Performance Summary</b>
Stewards of Canada's public retirement income system are provided with professional actuarial services and advice in regard to the Canada Pension Plan (CPP) <sup>9</sup> and federally legislated public pension and benefit plans.	Adequacy of professional experience of the Chief Actuary and his staff. <i>AND/OR</i> Compliance with Canadian and international professional standards.	Unanimous agreement  Unanimous agreement	2009-2010 - N/A 2008-2009 - N/A 2007-2008 - Met All  2009-2010 - N/A 2008-2009 - N/A 2007-2008 - Met All	The external peer review panel's findings received in March 2008 reports that work on the 23 <sup>rd</sup> Actuarial Report (CPP) complies with all relevant professional standards and that the Chief Actuary and his staff have adequate professional experience.
<b>Sub-Activity 2.1.1: Canada Pension Plan and Old Age Security</b>				
High quality actuarial valuations inform CPP and OAS stakeholders and Canadians of the current and projected financial status of the CPP and OAS.	Reviews are comprehensive (methods, assumptions, analysis). <i>AND/OR</i> Percentage of the recommendations within the scope and influence of the OCA that are implemented before the next peer review.	Unanimous agreement  80%	2009-2010 - N/A 2008-2009 - N/A 2007-2008 - Met All  2009-2010 - N/A 2008-2009 - N/A 2007-2008 - Met All	The external peer review received in March 2008 found the reviews are comprehensive. <sup>9</sup>  The OCA has begun implementing recommendations and plans to complete 80% by the next independent peer review scheduled for 2010-2011.
CPP and OAS Triennial Actuarial Reports	Timeliness of tabling in Parliament of Reports on Canada Pension Plans & Old Age Security.	100% by the deadline	<b>CPP:</b> 2009-2010 - N/A 2008-2009 - N/A 2007-2008 - Met All  <b>OAS:</b> 2009-2010 - N/A 2008-2009 - Met All 2007-2008 - N/A	The last CPP triennial review was tabled October 29, 2007 prior to the deadline of December 31, 2007.  The OAS report as at 31 December 2006 was tabled in Parliament on June 17, 2008 prior to the deadline of June 30, 2008.
<b>Sub-Activity 2.1.2: Public Pension Plans</b>				
Accurate and high quality actuarial valuations of Public Pension and Insurance Plans provided to departments to inform design, funding and administration of plans.	Reviews are comprehensive (methods, assumptions, analysis). <i>AND/OR</i> Actuarial opinion is appropriate.	Unanimous agreement  Unanimous agreement	2009-2010 - Met All 2008-2009 - N/A 2007-2008 - Met All  2009-2010 - Met All	The Office of the Auditor General (OAG) report received February 2010 found that the reviews are comprehensive.

<sup>9</sup> The OCA is required by law to produce an actuarial report on the CPP every three years, and the CPP Peer Review is also conducted triennially. The most recent review was completed March 2008, and the next CPP actuarial report will be published in 2010, with the independent peer review scheduled for 2010-2011.

Program Activity 2.1: Office of the Chief Actuary				
Expected Results	Performance Indicators	Targets	Performance Status	Performance Summary
			2008-2009 – N/A 2007-2008 – Met All	
Public Sector Triennial Actuarial Reports	Timeliness of tabling in Parliament of Reports on Public Pension Plans.	100% by the deadline	2009-2010 – Met All 2008-2009 – Met All 2007-2008 – Met All	The following triennial actuarial reports as at 31 March 2008 were tabled in Parliament on time: <ul style="list-style-type: none"> <li>▪ Canadian Forces (Regular Forces) was tabled 19 November 2009</li> <li>▪ RCMP was tabled 23 October 2009</li> <li>▪ Public Service was tabled 19 November 2009</li> <li>▪ Public Service Death Benefit Account was tabled 6 November 2009</li> <li>▪ Regular Force Death Benefit Account was tabled 19 November 2009</li> </ul> The Actuarial report on the pension plan for the Canadian Forces – Reserve Force was sent to the Minister late but was tabled on time on 25 November 2009.
<b>Sub-Activity 2.1.3: Canada Student Loans</b>				
Independent valuation of the Canada Student Loans Program informs the Departments of Finance and HRSDC of the future costs and provision rates of the program.	The OCA is the service provider of choice to HRSDC.	Annual renewal of the MOU with HRSDC	2009-2010 – Met All 2008-2009 – Met All 2007-2008 – Met All	The MOU with HRSDC was renewed in 2009-10. The Bill C-10 ( <i>Budget Implementation Act, 2009</i> ) assented to March 12, 2009 makes the CSLP annual report statutory thus OCA remains the mandatory service provider for actuarial valuations of the program as per section 19.1 of the <i>Canada Student Financial Assistance Act</i> .
Actuarial Report on the Canada Student Loans Program	Timeliness of the Report on the Canada Student Loans Program provided to HRSDC.	100% by the deadline set by HRSDC	2009-2010 – Met All 2008-2009 – Met All 2007-2008 – Met All	The 1 <sup>st</sup> statutory Actuarial Report on the CSLP was sent to the Minister 5 June 2009.

## Benefits for Canadians

Canada has set in place a public pensions system that is expected to be sustainable and affordable well into the future in the face of changing demographic conditions. While OSFI does not supervise public pensions, the OCA does do statutory actuarial reports on various public pension programs, to come to conclusions about sustainability under certain assumptions. In this way, the OCA provides appropriate checks and balances on the future costs of the different pension plans and social programs that fall under its responsibilities.

## Performance Analysis

### 24th Actuarial Report on the Canada Pension Plan (CPP)

The OCA supported the federal-provincial CPP committee's triennial financial review, which was completed in May 2009. Bill C-51 – *Economic Recovery Act* was introduced before the House of Commons in the fall of 2009 following the completion of the review. Part 2 of this bill contained changes to the CPP recommended by the federal and provincial ministers of finance.

As required by the legislation, the Chief Actuary prepared the [24th Actuarial Report on the CPP](#), as a supplement to the 23<sup>rd</sup> Actuarial report on the CPP as at 31 December 2006, to show the effects of Part 2 of Bill C-51 on the long-term financial status of the CPP.

### Canada Student Loans Program (CSLP) Actuarial Review

The first statutory [Actuarial Report on the Canada Student Loans Program as at 31 July 2008](#) was tabled before Parliament on June 8, 2009 in accordance with the *Budget Implementation Act*, 2009, which deems the annual CSLP reports as statutory. The previous CSLP reports were provided to ministers and released to the public.

### Public Sector Insurance and Pension Plans

The OCA completed and provided to the President of the Treasury Board for tabling before Parliament six actuarial reports in 2009-2010 with respect to the public sector insurance and pension plans. To better monitor and understand emerging risks with respect to Public Sector Pension Plans, the OCA is integrating Asset Liability Modelling (ALM) into various actuarial projects.

### Other

The OCA maintained the tradition of continual improvements to actuarial methods by applying more extensive research and sophisticated methods toward developing actuarial assumptions, as recommended by the CPP Peer Review Panel and the Office of the Auditor General's review.

## Lessons Learned

The OCA conducts statutory actuarial valuations of the CPP, Old Age Security program, Canada Student Loans Program, and federal public sector employee pension and insurance plans, to inform Parliamentarians, decision-makers and members of these pension plans of the future projected costs and sustainability of the programs. The large amount of data received from service providers such as the Public Works and Government Services Canada, the Department of

National Defence, Royal Canadian Mounted Police, and Human Resources and Skills Development Canada creates data reliability and completeness challenges for the OCA. To help reduce the misinterpretation of the information and improve the quality of the data pertinent to OCA's work, but not necessarily to the administration of these pension plans, the OCA is constantly communicating with and challenging the data providers. The OCA must maintain the tradition of continual improvements to its actuarial reports. As such, the rigorous validation and correction of data processes currently in place must be reviewed yearly to ensure that the data substantiating the content of the actuarial valuations is sufficient and reliable.

## Internal Services

Internal Services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. These groups are: Management and Oversight Services; Public Affairs/Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Facilities/Asset Management Services; Supply Chain Management Services; Evaluation Services; Internal Audit Services; and Other Support Delivery Services. Internal Services include only those activities and resources that apply across an organization and not to those provided specifically to a program.

2009-2010 Financial Resources (\$ millions)			2009-2010 Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
\$40.7	\$40.7	\$37.9	139	151	12

Internal Services FTEs were 12 higher than planned due to the enhancement of the Corporate Services Sector, primarily in the Finance and Information Management /Information Technology Divisions, to support the significant growth in OSFI's staff complement in the past few years. Overall costs are lower due to the deferral to 2010-2011 of certain information technology projects pending the completion and approval of OSFI's Information Management and Information Technology Strategy during 2009-2010.

## Performance Analysis

During 2009-2010, OSFI continued to focus on enhancing its Human Resources planning processes through improved long-range and integrated planning which will ensure it has the human resources available with the right skills to fulfil its mandate. OSFI also focused on developing long-term strategies for Information Management and Information Technology necessary to support OSFI's evolving supervisory and regulatory activities.



## **SECTION III: SUPPLEMENTARY INFORMATION**

## Financial Highlights

OSFI is funded mainly through asset-based, premium-based or membership-based assessments on the financial institutions and private pension plans that OSFI regulates and supervises, and a user-pay program for selected services. OSFI also receives revenues for cost-recovered services and a parliamentary appropriation for actuarial services relating to public sector employee pension and insurance plans.

OSFI operates on a full accrual accounting basis according to GAAP for publicly accountable Canadian reporting entities. Overall, OSFI recovered all its expenses for the fiscal year 2009-2010. The tables and charts below provide highlights from OSFI's balance sheet and statement of operations and comprehensive income, as presented in its audited financial statements. As such, there are differences between these tables and those presented in other sections of the Departmental Performance Report, which are prepared on the modified cash basis of accounting. Typically the differences result from the accounting treatment of capital expenditures and accounts receivable.

Further details on OSFI's finances are detailed in its Audited Financial Statements, which are published in the Annual Report. OSFI's annual reports can be accessed on its Web site under [About OSFI/ Reports/ Annual Reports](#).

(\$ millions)

<b>Condensed Balance Sheet</b>				
At End of Year (March 31, 2010)		<b>% Change</b>	<b>2009–2010</b>	<b>2008–2009</b>
<b>ASSETS</b>				
<b>Total Assets</b>			\$65.8	\$62.3
<b>TOTAL ASSETS</b>		5.6%	\$65.8	\$62.3
<b>LIABILITIES AND EQUITY OF CANADA</b>				
<b>Total Liabilities</b>		10.1%	\$38.3	\$34.8
<b>Total Equity of Canada</b>		0.0%	\$27.5	\$27.5
<b>TOTAL LIABILITIES AND EQUITY OF CANADA</b>		5.6%	\$65.8	\$62.3

The change in OSFI's total assets is predominantly related to OSFI's Cash Entitlement account. Cash increased primarily due to receipts related to a Specified Purpose Account for insurance company liquidations.

The change in OSFI's total liabilities is mainly attributed to increases in accounts payable and accrued liabilities related to liquidation recoveries owing to the Property & Casualty industry (that will be distributed in 2010-2011) and unearned pension plan fee revenues. The unearned revenues represent amounts collected in advance of the incurrence of costs, in accordance with billing formulae in the *Pension Benefits Standards Regulations, 1985*.

(\$ millions)

<b>Condensed Statement of Operations and Comprehensive Income</b>			
At End of Year (March 31, 2010)	% Change	2009-2010	2008-2009
REVENUES			
<b>Total Revenues</b>	10.8%	\$103.3	\$93.3
EXPENSES			
<b>Total Expenses</b>	10.8%	\$103.3	\$93.3
<b>NET RESULTS OF OPERATIONS AND COMPREHENSIVE INCOME</b>	0%	\$0	\$0

OSFI matches its revenue to its operating costs. The increase of 10.8% in OSFI's expenses is largely related to the growth in full-time equivalents as explained in the "Expenditure Profile" section of this report.

## Financial Statements

OSFI's Audited Financial Statements, which are published in the Annual Report can be accessed on its Web site under [About OSFI / Reports / Annual Reports](#).

## List of Supplementary Information Tables

All electronic supplementary information tables listed in the 2009–10 Departmental Performance Report can be found on the Treasury Board of Canada Secretariat's website at: <http://www.tbs-sct.gc.ca/dpr-rmr/2009-2010/index-eng.asp>.

Table: Sources of Respendable and Non-Respendable Revenue

Table: User Fees/External Fees

Table: Green Procurement

Table: Internal Audits

## Other Items of Interest

- Link to page with [OSFI's 2009-2010 Annual Report](#)