

**Office of the Superintendent of Financial Institutions**

**FUTURE-ORIENTED STATEMENT OF OPERATIONS**

**For the years ending March 31, 2023 and 2024**

## **Statement of Management Responsibility for the Future-Oriented Statement of Operations**

Responsibility for the compilation, content and presentation of the Future-Oriented Statement of Operations and accompanying notes for the years ending March 31, 2023 and 2024 rests with the Office of the Superintendent of Financial Institutions' (OSFI's) management, including the appropriateness of the underlying assumptions. This Future-Oriented Statement of Operations has been prepared by management based on the best information available and assumptions adopted as at December 13, 2022, in accordance with Canadian Public Sector Accounting Standards (PSAS) as issued by the Public Sector Accounting Board (PSAB).

The actual results achieved for the fiscal years covered in the accompanying Future-Oriented Statement of Operations will vary from the forecast information presented and these variations may be material.

The Future-Oriented Statement of Operations has not been audited.

**Michael Hammond CPA, CGA**  
Chief Financial Officer

**Peter Routledge**  
Superintendent of Financial Institutions

Ottawa, Canada  
January 16, 2023

# Office of the Superintendent of Financial Institutions

## FUTURE-ORIENTED STATEMENT OF OPERATIONS

For the years ending March 31, 2023 and 2024  
(unaudited)

(in thousands of Canadian dollars)	Note	Estimated results 2023	Planned results 2024
<b>Regulation and supervision of federally regulated financial institutions</b>			
Revenue	7	\$ 222,533	\$ 249,746
Expenses	7	222,533	249,746
Administrative monetary penalties revenue	8	50	50
Administrative monetary penalties revenue earned on behalf of the government		(50)	(50)
<b>Net results</b>		<b>-</b>	<b>-</b>
<b>Regulation and supervision of federally regulated private pension plans</b>			
Revenue	7	6,536	8,142
Expenses	7	6,536	8,142
<b>Net results</b>		<b>-</b>	<b>-</b>
<b>Actuarial valuation and advisory services</b>			
Revenue	7	13,308	16,064
Expenses	7	14,552	17,308
<b>Net results</b>		<b>(1,244)</b>	<b>(1,244)</b>
<b>Net results of operations before Government funding</b>		<b>(1,244)</b>	<b>(1,244)</b>
Government funding	5	1,244	1,244
<b>Surplus from operations</b>		<b>\$ -</b>	<b>\$ -</b>

The accompanying notes form an integral part of this Future-Oriented Statement of Operations.

## Office of the Superintendent of Financial Institutions

### NOTES TO THE FUTURE-ORIENTED STATEMENT OF OPERATIONS

Years ending March 31, 2023 and 2024 (in thousands of Canadian dollars)  
(unaudited)

#### 1. AUTHORITY AND OBJECTIVES

The Office of the Superintendent of Financial Institutions (OSFI) was established by the Office of the Superintendent of Financial Institutions Act (OSFI Act) in 1987. Pursuant to the Financial Administration Act (FAA), OSFI is a division of the Government of Canada for the purposes of that Act and is listed in schedule I.1 of the Act. The Government of Canada is OSFI's parent and the ultimate controlling party of OSFI.

OSFI regulates and supervises federally regulated financial institutions including banks, insurance companies and pension plans. By doing so, it builds public confidence in the Canadian financial system and contributes to a marketplace where banks can continue to make loans and take deposits, insurance companies can pay policyholders, and pension plans can continue to make payments to retirees.

More specifically, OSFI's mandate is:

##### **Fostering sound risk management and governance practices**

OSFI advances a regulatory framework designed to control and manage risk.

##### **Supervision and early intervention**

OSFI supervises federally regulated financial institutions and pension plans to determine whether they are in sound financial condition and meeting regulatory and supervisory requirements.

OSFI promptly advises financial institutions and pension plans if there are material deficiencies, and takes corrective measures or requires that they be taken to expeditiously address the situation.

##### **Environmental scanning linked to safety and soundness of financial institutions**

OSFI monitors and evaluates system-wide or sectoral developments that may have a negative impact on the financial condition of federally regulated financial institutions.

##### **Taking a balanced approach**

OSFI acts to protect the rights and interests of depositors, policyholders, financial institution creditors and pension plan beneficiaries while having due regard for the need to allow financial institutions to compete effectively and take reasonable risks.

OSFI recognizes that management, boards of directors and pension plan administrators are ultimately responsible for risk decisions and that financial institutions can fail and pension plans can experience financial difficulties resulting in the loss of benefits.

The Office of the Chief Actuary provides a range of actuarial valuation and advisory services, under the Canada Pension Plan Act and the Public Pensions Reporting Act to the Canada Pension Plan (CPP) and some federal government departments, including the provision of advice in the form of reports tabled in Parliament.

##### **Revenue and spending authority**

Pursuant to Section 17 of the OSFI Act, the Minister of Finance may spend any revenues collected under Sections 23 and 23.1 of the OSFI Act to defray the expenses associated with the operation of OSFI. The Act also establishes a ceiling for expenses at \$40,000 above the amount of revenue collected to be drawn from the Consolidated Revenue Fund of Canada (CRF).

## Office of the Superintendent of Financial Institutions

### NOTES TO THE FUTURE-ORIENTED STATEMENT OF OPERATIONS

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#### 1. AUTHORITY AND OBJECTIVES (continued)

OSFI's revenues comprise assessments, service charges and fees. The expenses against which assessments may be charged include those in connection with the administration of the Bank Act, the Cooperative Credit Associations Act, the Green Shield Canada Act, the Insurance Companies Act, the Protection of Residential Mortgage or Hypothecary Insurance Act and the Trust and Loan Companies Act. The formula for the calculation of assessments is included in regulations.

Subsections 23(1.1) and 23(5) of the OSFI Act provide that assessments may be charged for the administration of the Pension Benefits Standards Act, 1985 (PBSA, 1985) and the Pooled Registered Pension Plans Act. The assessments for the administration of pension plans subject to the PBSA are set annually in accordance with the Assessment of Pension Plans Regulations.

Section 23.1 of the OSFI Act provides that the Superintendent may assess against a person a prescribed charge (service charge) and applicable disbursements for any service provided by or on behalf of the Superintendent for the person's benefit or the benefit of a group of persons of which the person is a member. "Person" includes individuals, corporations, funds, unincorporated associations, Her Majesty in Right of Canada or of a province, and a foreign government. The service charges are detailed in the regulations.

Pursuant to Section 16 of the OSFI Act, Parliament has provided annual appropriations to support the operations of the Office of the Chief Actuary (OCA).

#### 2. SIGNIFICANT ASSUMPTIONS

The Future-Oriented Statement of Operations has been prepared on the basis of the government priorities and the plans of the agency as described in OSFI's 2023-2024 Departmental Plan. The significant assumptions are as follows:

- (a) Expenses and revenues, including the determination of amounts internal and external to the government, are based on historical experience and trends, as well as known new requirements.
- (b) The employee benefits rate in 2022-2023 is the rate prescribed by the Treasury Board Secretariat (TBS) at the beginning of the 2022-2023 fiscal year, while the rate for 2023-2024 is the rate used for the 2023-2024 Annual Reference Level Update, as submitted to the TBS.
- (c) Salary economic adjustments for 2022-2023 and 2023-2024 represent OSFI's best estimates at the time this Future-Oriented Statement of Operations was prepared.
- (d) The results reflect management's current estimates and assumptions at the time of preparation, including the assumption that there will be no changes to OSFI's funding model. OSFI will be completing its budget planning exercise for 2023-2026 towards the end of the fourth quarter of 2022-2023. Any changes to current estimates arising from this process will be reflected in next year's Future-Oriented Statement of Operations.

## Office of the Superintendent of Financial Institutions

### NOTES TO THE FUTURE-ORIENTED STATEMENT OF OPERATIONS

Years ending March 31, 2023 and 2024 (in thousands of Canadian dollars)  
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#### 3. VARIATIONS AND CHANGES TO THE FORECASTED FINANCIAL INFORMATION

While every attempt has been made to reasonably forecast results for the remainder of the year ending March 31, 2023 and for the year ending March 31, 2024, actual results achieved for both years are likely to vary from the forecast information presented, and this variation could be material.

In preparing this Future-Oriented Statement of Operations, OSFI has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Factors that could lead to material differences between the Future-Oriented Statement of Operations and the actual financial statements include but are not limited to:

- (a) The timing and amounts of acquisitions of tangible capital assets may affect amortization expense.
- (b) Actual vacancy rates, vacation usage, and salary economic adjustments that differ from planned.
- (c) Differences between estimated and actual renewal rates for leases of office space that expire before March 31, 2024.
- (d) Further changes to the operating budget to respond to risks emanating from the economy, the financial system and regulatory reforms.
- (e) Fluctuations in the discount rates used to calculate actuarial gains/losses on the severance and sick leave liabilities.
- (f) Changes in OSFI's or the OCA's responsibilities, as determined by the Minister of Finance or Parliament.

Once the 2023-2024 Departmental Plan is tabled in Parliament, OSFI will not be updating the forecasts for any changes in financial resources made in ensuing supplementary estimates. Variances will be explained in the Departmental Results Report.

## Office of the Superintendent of Financial Institutions

### NOTES TO THE FUTURE-ORIENTED STATEMENT OF OPERATIONS

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#### 4. SIGNIFICANT ACCOUNTING POLICIES

The Future-Oriented Statement of Operations of OSFI has been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS) as issued by the Public Sector Accounting Board (PSAB). The accounting policies used in the financial statements are based on the PSAS applicable as at September 30, 2022. The policies set out below are consistently applied to all periods presented.

The principal accounting policies of OSFI are set out below:

##### a) Impairment of financial assets

OSFI assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

For financial assets carried at amortized cost, OSFI first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If OSFI determines that there is objective evidence of impairment for an individual financial asset it must be assessed for impairment either individually, or in a group of financial assets with similar credit risk characteristics. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment. If there is objective evidence that an impairment loss has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. The impairment assessment must be based on the best estimates available in light of past events, current conditions, and taking into account all circumstances known at the date of the preparation of the financial statements. If a future write-off is later recovered, the recovery is credited to the Statement of Operations.

##### b) Tangible capital assets

Tangible capital assets are stated at historical cost, net of accumulated amortization and/or accumulated impairment losses, if any. Historical cost includes the costs of replacing parts of property and equipment when incurred, if the recognition criteria are met. Repair and maintenance costs are recognized in the Statement of Operations as incurred.

Amortization is recorded using the straight-line method over the estimated useful lives of the assets as follows:

<b>Assets</b>	<b>Useful Life</b>
Leasehold improvements	Lesser of useful life or remaining term of the lease
Furniture and fixtures	7 years
Office equipment	4 years
Informatics hardware	3 to 5 years
Informatics software	5 to 10 years

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### NOTES TO THE FUTURE-ORIENTED STATEMENT OF OPERATIONS

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#### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Internally developed and externally purchased software are capitalized as tangible capital assets. Software acquired separately is measured on initial recognition at cost. The cost of internally developed software consists of directly attributable costs necessary to create, produce, and prepare the software to be capable of operating in the manner intended by OSFI. Amortization of the assets begins when development is complete and the assets are available for use. Costs incurred during the pre-development or post-implementation stages are expensed in the period incurred.

The assets' residual values, useful lives and methods of amortization are reviewed at each financial year end, and adjusted prospectively if appropriate.

##### c) Impairment of non-financial assets

OSFI assesses at each reporting date whether there are any internal indicators that an asset may be impaired (e.g., damaged assets or assets no longer being used). If any indication exists, or when annual impairment testing for an asset is required, OSFI estimates the asset's recoverable amount. When a non-financial asset no longer contributes to OSFI's ability to provide goods and services, or the value of future economic benefits associated with the non-financial asset is less than its net book value, the cost of the non-financial asset is reduced to reflect the decline in the asset's value. Any writedowns are reflected in the Statement of Operations in the period the decline is recognized.

OSFI assesses internally developed software not yet in use for impairment on an annual basis.

##### d) Employee benefits

###### Short-term benefits

Short-term benefits are recorded in the Statement of Operations when an employee has rendered the service. Unpaid short-term compensated leave that has vested at the reporting date is accrued at the reporting date and not discounted. OSFI contributes to the Government of Canada sponsored Public Service Health Care Plan and Dental Service Plan for employees. These contributions represent the total obligation of OSFI with respect to these plans.

###### Pension benefits

Substantially all of the employees of OSFI are covered by the public service pension plan (the Plan), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and OSFI to cover current service cost. Pursuant to legislation currently in place, OSFI has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, contributions are recognized as an expense in the year when employees have rendered service and represent the total pension obligation of OSFI.

###### Severance

On termination of employment, employees are entitled to certain benefits provided for under their conditions of employment through a severance benefits plan. The cost of these benefits is accrued as the employees render their services necessary to earn severance benefits. The severance benefits are based upon the final salary of the employee.

The projected accrued benefit obligation is determined using an accrued benefit method which incorporates management's best estimate of salary, retirement age and discount rate.



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### NOTES TO THE FUTURE-ORIENTED STATEMENT OF OPERATIONS

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#### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Other benefits

The Government of Canada sponsors a variety of other benefit plans from which former employees may benefit upon retirement. The Public Service Health Care Plan and the Pensioners' Dental Service Plan are the two major plans available to OSFI retirees. These are defined benefit plans sponsored by the Government of Canada. Contributions are required by OSFI to cover current service cost. Pursuant to legislation currently in place, OSFI has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, contributions are recognized as an expense in the year when employees have rendered service and represent the total obligation of OSFI with respect to these plans.

##### Sick leave

Employees are eligible to accumulate sick leave until retirement or termination. Unused sick leave is not eligible for payment on retirement or termination, nor can it be used as vacation. All sick leave is an accumulating non-vesting benefit. A liability is recorded for sick leave balances expected to be taken in excess of future allotments.

The cost of sick leave as well as the present value of the obligation is determined using an actuarial valuation.

##### e) Leases

Leases in which a significant portion of the risks and rewards of ownership related to the leased property are substantially retained by the lessor shall be accounted for as operating leases. OSFI records the costs associated with operating leases in the Statement of Operations in the period in which they are incurred. Any lease incentives received from the lessor are charged to the Statement of Operations on a straight-line basis over the period of the lease.

OSFI does not have borrowing authority and therefore cannot enter into lease agreements that are classified as leased tangible assets. OSFI has established procedures to review all lease agreements and identify if the proposed terms and conditions would result in a transfer to OSFI of substantially all the benefits and risks incidental to ownership.

##### f) Statement of operations

The format of the Future-Oriented Statement of Operations has been designed to show the revenues and expenses by each of OSFI's business lines. It is considered that this format best represents the nature of the activities of OSFI. Expenses have also been disclosed by nature in Note 7 of this Future-Oriented Statement of Operations.

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#### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### g) Revenue recognition

OSFI recognizes revenue so as to recover its expenses. Any amounts that have been billed for which costs have not been incurred are classified as unearned on the statement of financial position. Revenue is recorded in the accounting period in which it is earned (service provided) whether or not it has been billed or collected. At the end of the period, amounts may have been collected in advance of the incurrence of costs or provision of services, or alternatively, amounts may not have been billed or collected and are owed to OSFI.

Base assessments – Revenue from federally regulated financial institution base assessments is recognized based on actual costs incurred as services are charged based on cost recovery and all costs are considered recoverable. Base assessments are typically billed annually based on an estimate of the current fiscal year's operating costs (an interim assessment) and an adjustment related to the final accounting of the previous year's assessment for actual costs incurred. Assessments are calculated prior to December 31 of each year, in accordance with Section 23(1) of the OSFI Act and the Assessment of Financial Institutions Regulations, 2017. Differences between billed estimates and actual cost incurred at the end of the period are recorded as accrued base assessments or unearned base assessments.

Pension plan assessments are earned from registered pension plans. Assessment rates are set annually by regulation based on budgeted expenses, pension plan membership and actual results from previous years. Pension plan assessments are charged in accordance with Section 23(1.1) and 23(5) of the OSFI Act. Revenue from pension plan assessments is recognized based on actual costs incurred as services are charged based on cost recovery and all costs are considered recoverable. Differences between the amounts billed to industry and actual cost incurred at the end of the period are recorded as accrued pension plan assessments or unearned pension plan assessments.

User fees and charges include revenue earned pursuant to the Charges for Services Provided by the Office of the Superintendent of Financial Institutions Regulations, 2002 – as amended from time to time – in respect of legislative approvals and approvals for supervisory purposes, and surcharges assessed to federally regulated financial institutions assigned a “stage” rating pursuant to the Guide to Intervention for Federal Financial Institutions. Assessment surcharges are charged in accordance with the Assessment of Financial Institutions Regulations, 2017. Revenue from user fees is recognized at the completion of the service.

Administrative monetary penalties are penalties levied to financial institutions when they contravene a provision of a financial institutions Act and are charged in accordance with the Administrative Monetary Penalties (OSFI) Regulations. Penalties levied are not available to reduce the net costs that OSFI assesses the industry (i.e., they are non-respondable) and are remitted to the CRF when collected. OSFI assesses its Administrative monetary penalties revenue against specific criteria in order to determine if it is acting as principal or agent. OSFI has concluded that it is acting as a principal for Administrative monetary penalty revenue.

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### NOTES TO THE FUTURE-ORIENTED STATEMENT OF OPERATIONS

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#### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Cost-recovered services represent revenue earned from sources other than those listed above. These services are provided in accordance with the terms and conditions agreed to by the transacting parties. Revenue from cost-recovered services is recognized based on actual costs incurred and all costs are considered recoverable. Revenue and the matching expenses from cost recovered services not specifically related to the Regulation and supervision of federally regulated pension plans or Actuarial valuation and advisory Services are grouped with the Regulation and supervision of federally regulated financial institutions on the Future-Oriented Statement of Operations. This includes costs recovered from other government entities such as the Canada Mortgage and Housing Corporation for OSFI's supervisory oversight in accordance with the National Housing Act.

##### h) Government funding

Government funding, including parliamentary appropriations, is recognized in the period that the appropriation was authorized, and any eligibility criteria met. Parliamentary appropriations for operating purposes are considered to be without stipulations restricting their use and are recognized as revenue when the appropriations are authorized.

##### i) Significant judgments, estimates and assumptions

The preparation of OSFI's Future-Oriented Statement of Operations requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability, in which case the impact will be recognized in the financial statements of a future fiscal period.

In the process of applying its accounting policies, management has made certain judgments. The following specific judgments have the most significant effect on the amounts recognized in the Future-Oriented Statement of Operations:

- Recognition of internally developed software;
- Lease classification;
- Estimated useful lives of tangible capital assets;
- Actuarial assumptions used to value sick leave and severance obligations;
- Likelihood of occurrence for contingent liabilities;
- Estimates for the allowance for doubtful accounts; and
- Estimates related to accrued salary increases.

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### NOTES TO THE FUTURE-ORIENTED STATEMENT OF OPERATIONS

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#### 5. RELATED PARTY TRANSACTIONS

OSFI is related, in terms of common ownership, to all Government of Canada departments, agencies and crown corporations. OSFI enters into transactions with these entities in the normal course of business and on normal trade terms. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

For the year ending March 31, 2023, OSFI forecasts purchases of goods and services of \$51,015 (2024 - \$54,673) and earned revenue of \$14,664 (2024 - \$17,390) from transactions with other government entities. Although most transactions are not individually significant, OSFI forecasts the following individually significant transactions:

Entity	Nature	2022-2023	2023-2024
		Expenditure	Expenditure
Treasury Board Secretariat	Pension contributions, other employee benefits and other services	\$ 36,176	\$ 40,426
Public Services and Procurement Canada	Rent and other services	\$ 11,870	\$ 11,467

  

Entity	Nature	2022-2023	2023-2024
		Revenue	Revenue
Employment and Social Development Canada	Actuarial valuation and advisory services	\$ 7,093	\$ 7,857

OSFI receives an annual parliamentary appropriation pursuant to Section 16 of the OSFI Act to support its mandate relating to the OCA. OSFI was granted \$1,244 for 2022-2023 and expects to be granted \$1,244 for 2023-2024, which have been recognized into net results and shown on the Future-Oriented Statement of Operations. There are no unfulfilled conditions or contingencies attached to this appropriation.

#### 6. EMPLOYEE BENEFITS - PENSION BENEFITS

Substantially all of the employees of OSFI are covered by the public service pension plan (the Plan), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and OSFI. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. OSFI's general contribution rate forecasted for the end of 2022-2023 is 9.800 % (2023-2024 - 9.930%). Total contributions of \$14,572 (2023-2024 - \$16,200) are expected to be recognized as an expense during the year.

The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of 2 percent of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with Canada/Québec Pension Plan benefits and they are indexed to inflation.

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#### 7. REVENUE AND EXPENSES BY MAJOR CLASSIFICATION

	<u>2023</u>	<u>2024</u>
<b>Revenue</b>		
Base assessments	\$ 218,705	\$ 245,920
Cost-recovered services	14,836	17,590
Pension plan assessments	6,536	8,142
User fees and charges	2,300	2,300
<b>Total revenue earned from responsible sources</b>	<u>242,377</u>	<u>273,952</u>
<b>Expenses</b>		
Personnel	186,210	208,334
Professional services	26,797	27,204
Rentals	16,541	18,139
Amortization	3,814	5,632
Machinery and equipment	3,725	8,160
Travel	1,956	1,836
Information	1,891	2,007
Communications	1,528	1,941
Repairs and maintenance	792	948
Others	278	790
Materials and supplies	89	205
<b>Total expenses</b>	<u>243,621</u>	<u>275,196</u>
<b>Net results of operations before government funding and non-responsible administrative monetary penalties revenue</b>	<b>(1,244)</b>	<b>(1,244)</b>
Government funding	1,244	1,244
Administrative monetary penalties revenue	50	50
Administrative monetary penalties earned on behalf of the government	(50)	(50)
<b>Surplus from operation</b>	<u>\$ -</u>	<u>\$ -</u>
<b>Full-Time Equivalent number of employees</b>	<u>1,038</u>	<u>1,121</u>

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#### 7. REVENUE AND EXPENSES BY MAJOR CLASSIFICATION (continued)

##### Personnel expenses

	<u>2023</u>	<u>2024</u>
Wages and salaries	\$ 145,300	\$ 163,209
Other benefits	25,971	28,327
Post-employment benefits other than severance	14,572	16,200
Severance benefits	352	578
Other personnel costs	15	20
<b>Total</b>	<b>\$ 186,210</b>	<b>\$ 208,334</b>

#### 8. ADMINISTRATIVE MONETARY PENALTIES

Administrative monetary penalties levied by OSFI are remitted to the CRF. The funds are not available for use by OSFI and are not included in the balance of the Cash Entitlement. As a result, the penalties do not reduce the amount that OSFI assesses the industry in respect of its operating costs. Refer to Note 4(g) for further information on OSFI's accounting policy as it relates to administrative monetary penalty revenue.

For the year ending March 31, 2023, OSFI is forecasting to levy \$50 (2024 - \$50) in administrative monetary penalties.

#### 9. PARLIAMENTARY AUTHORITIES

OSFI is funded mainly through assessments on the financial institutions and pension plans that it regulates and supervises, and a user-pay program for selected services as explained in Note 4(g). Revenues are accounted for on the same basis as expenses, that is, full accrual accounting in accordance with PSAS.

OSFI was granted a parliamentary appropriation of \$1,244 for 2022-2023 and expects to be granted \$1,244 for 2023-2024 for actuarial services relating to public sector employee pension and insurance plans. The appropriation represents approximately 0.5% of OSFI's annual budget and is recognized as Government Funding in the Future-Oriented Statement of Operations.