

August 1, 2021

# Canada's COVID-19 Emergency Response: Monthly Report to FINA – [BDC / EDC / CMHC / OSFI / Bank of Canada]\* Fourth Report, August 1, 2021

**\*Pursuant to the Motion adopted April 1, 2021:**

*That, in the same spirit as the referral motion of the House following the passage of the COVID-19 Emergency Measures Act (Royal Assent March 25, 2020) and the COVID-19 Emergency Measures Act No. 2 (Royal Assent April 11, 2020), the committee request the following organizations: BDC, EDC, CMHC, OSFI and the Bank of Canada, in both official languages, to provide to members of the Committee a report on the status of liquidity support measures resulting from the programs established in response to the fight against COVID-19 on a monthly basis and in the same format as formerly provided reports.*

# COVID-19 Economic Response Plan: Office of the Superintendent of Financial Institutions (OSFI)

MEASURE	DESCRIPTION	AVAIL.	STATUS
<b>Other Liquidity Support and Capital Relief</b>			
<b>Capital Relief – Domestic Stability Buffer (DSB)</b>	<p>The Domestic Stability Buffer (DSB) is a countercyclical measure that supports an effective capital regime, one where banks set aside capital in response to systemic vulnerabilities, while still having capacity to lend to creditworthy households and businesses to support the economic recovery. The DSB was lowered to 1.00% of risk weighted assets in <u>March 2020</u> in anticipation of a period of economic disruption due to the COVID-19 pandemic. This lower DSB level provided extra lending capacity (up to approximately \$300B) for Canada’s Domestic Systemically Important Banks (D-SIBs). This action was taken to support banks’ ability to supply credit to the economy during an expected period of disruption related to COVID-19 and market conditions.</p>	Ongoing	OSFI updates its guidance on the level of the DSB every 6 months. In <u>June of 2021</u> OSFI set the Domestic Stability Buffer at 2.50%, an increase of 1.5%, in recognition of ongoing vulnerabilities and strong capital ratios at the D-SIBs. This change will take effect on October 31, 2021.