



ANNUAL REPORT

2024

www.cudgc.ab.ca



DEPOSIT GUARANTEE STATEMENT

The Credit Union Deposit Guarantee Corporation guarantees the repayment of all deposits with Alberta credit unions, including accrued interest. Additionally, the *Credit Union Act* provides that the Government of Alberta will ensure that this obligation of the Corporation is carried out. This guarantee covers all deposits including foreign currency deposits and deposits with terms exceeding five years. It is not affected by a credit union changing its name, amalgamating, or entering into similar types of arrangements.

MANDATE

The statutory mandate of the Corporation is to guarantee deposits and provide risk-based regulatory oversight to enable a safe and sound credit union system in Alberta.



CORPORATE VISION & PURPOSE

VISION



Our vision is an Alberta credit union system that is safe, sound, and competitive within the evolving global financial services environment.

PURPOSE



Our purpose is to enable safety and soundness through providing financial institution regulation to jurisdictions within which we operate by being an employer of choice, taking an agile and collaborative approach, and leveraging technology.

CORPORATE VALUES

WE ACT
with Integrity

WE ARE
Curious

WE
Empower

WE ARE
Collaborative

WE ARE
Accountable

WE
Care

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The Corporation's annual report is for
the year ended December 31, 2024

MESSAGE FROM THE BOARD CHAIR



KEN MORRIS
ACUIC

I am pleased to introduce the 2024 Annual Report for the Credit Union Deposit Guarantee Corporation (CUDGC or the Corporation). As a self-funded public agency established by the Government of Alberta in 1974, this report celebrates 50 years of accountability to the Alberta credit union cooperative movement, it's members and the Minister of Finance to whom we report.

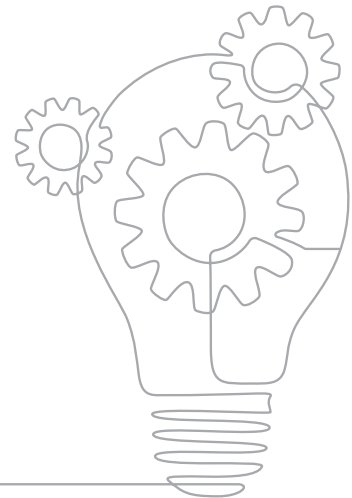
In November 2024, it was my pleasure to accept the Minister's appointment to Board Chair. On behalf of the Corporation, I'd like to recognize John McGowan for his years of public service, his commitment to leading our Board, and his dedication to providing oversight and mentorship to the Corporation.

During the year, we welcomed Harpreet Kohli, an experienced IT professional to our Board. We look forward to her contributions, and the contributions of all our Board members as we focus on building resilience to effectively govern through the changes the financial services, regulatory and cooperative industries will face in the coming years.

I look forward to working with my Board colleagues and the Corporation's capable team to serve our stakeholders over my three-year term.



“ ...this report celebrates 50 years of accountability to the Alberta credit union cooperative movement, it's members and the Minister of Finance to whom we report.”



MESSAGE FROM THE PRESIDENT & CHIEF EXECUTIVE OFFICER



JOEL BORLÉ
MBA, FICB, ICD.D

It is my pleasure to present the highlights of our corporation's activities and achievements.

For fifty years, our corporation has contributed to ensuring an Alberta credit union system that is safe, sound, and competitive within the evolving global financial services environment. Since the first Alberta credit union was established in 1927, over 500 credit unions have helped build resilient communities across our province.

In the late 1970's and early 1980's, credit union expansion collided with sector specific business losses and high interest rates. This led to the establishment of our corporation to oversee a recovery program that restored the health of our province's credit unions. Since that time, the credit union system has shown remarkable resilience with continued asset growth even while Alberta's business sectors faced economic headwinds and subdued sentiment.

Effective supervision and sound financial sector policies support Alberta credit unions as they adapt to economic cycles. In this regard, we focus on enhancing foundational risk monitoring and response practices by considering future states, embracing technology and strengthening partnerships.

The Corporation made significant progress on our strategic initiatives during 2024, which include contingency planning for the credit unions, evolving our regulatory oversight framework, working on developing our people & culture and creating an environmental, social and governance framework for the Corporation.

Each Alberta credit union is a financial cooperative, democratically controlled by its members and operated for the purpose of maximizing the economic benefits of its members. With continued member support, system cooperation, and effective oversight, we believe Alberta credit unions will remain stable and competitive in the years to come.



Deposit Guarantee Fund

1986: **\$19 million**
2024: **\$452.4 million**



Credit Union Assets

1986: **\$2.6 billion**
2024: **\$34 billion**



Number of Alberta Credit Unions

1986: **129**
2024: **12**



Number of Alberta Credit Union Members

1986: **641,127**
2024: **718,144**

EXECUTIVE LEADERSHIP



Joel Borlé, MBA, FICB, ICD.D

President & CEO

Joel was appointed President and Chief Executive Officer in August 2020 for a six-year term. With over thirty years in banking and financial services, Joel brings extensive knowledge and leadership experience to the role.

Throughout his career, Joel has focused on building strong connections and professional relationships. Prior to joining the Corporation in 2007, he held roles at Bank of Montreal and ATB Financial. With experience in commercial and retail lending, strategic planning, credit and sales operations, information technology, and project management Joel was well suited to lead the Corporation's Regulation and Risk Assessment and Business Services and Regulatory Practices teams before succeeding to his current role.

Joel holds an MBA from Dalhousie University and bachelor's degrees in science and commerce from the University of Alberta. He is a Fellow of the Institute of Canadian Bankers, a certified Project Management Professional and holds an ICD.D designation from the Institute of Corporate Directors.



Peter Baba, CFA

Vice President of Regulation & Risk Assessment

Peter Baba leads a team of credit and regulatory risk assessment specialists who monitor and direct the business practices of the Alberta credit union system to enable safety and soundness.

Peter joined the Corporation in January 2021 with over 33 years of experience in the financial services industry. He has a strong background in regulatory oversight and prudential supervision, balanced by practical experience in banking operations, lending, treasury and finance.

Prior to joining the Corporation, Peter spent eight years with the Government of Alberta as the Deputy Superintendent, Financial Institutions, Regulation. In this role he was responsible for overseeing the financial institutions regulated by the Province of Alberta.

Peter is a CFA® Charter holder and has a bachelor's degree in economics and a business certificate from the University of Alberta.



Jammi Rao, FRM, ICD.D

Vice President of Business Services, Risk & Regulatory Practices

Jammi has primary responsibility for establishing standards of sound business practices and managing enterprise and information technology risks. He joined the Corporation in 2013, bringing considerable knowledge and practical experience in managing credit and market risks.

Throughout his 40+ year career, Jammi has lived and worked in four different countries. He gained experience in retail banking, commercial lending, asset-liability management, investments, and treasury and capital markets through roles at Alberta Investment Management Corporation, TD Canada Trust, and Kuwait International Bank.

Jammi is highly educated with multiple degrees focused on statistics, mathematics, physics, and economics. He holds a MS from Nagpur University, India. Jammi is a certified Financial Risk Management professional and holds an ICD.D designation from the Institute of Corporate Directors. Jammi is a former board member of Goodwill Industries of Alberta and a current member of CIVIDA (formerly Capital Regional Housing).



Erin Stephen, CPA, CA

Vice President of Finance & Administration

Erin provides leadership in establishing policies and programs to cost-effectively manage Alberta's credit union deposit guarantee fund.

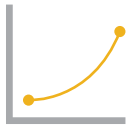
Erin joined the Corporation in May 2023 with 25 years of leadership experience in financial services. Since 2015, Erin has worked directly with federal and provincial regulated financial institutions in roles at PwC, ATB Financial and Canadian Western Bank. She leads performance driven teams to achieve innovation in strategy and governance, enterprise risk management, liquidity management, finance, internal audit and human resources. Prior to working with financial institutions, Erin was responsible for the financial reporting groups at a large Alberta municipality and a publicly traded potash company.

Erin holds a CPA, CA designation and was a 2020 recipient of CPA Alberta's Distinguished Service Award. Erin is passionate about public service and is currently serving as a public audit committee member of an Alberta school board and a financial advisor to the Alberta Urban and Northern Aboriginal Head Start program. She is a past president and youth director of her local Rotary Club.

HIGHLIGHTS



Total credit union assets **increased** by **1.17%** to **\$34.0 billion**



Total credit union equity **increased** by **1.57%** to **\$3.1 billion**, representing 9.1% of total assets



Credit union member deposits guaranteed by the Corporation **increased** by **2.53%** to **\$29 billion**

The deposit guarantee fund assessment rate applied to credit union deposits and borrowings was **unchanged** at **5 basis points**

The Corporation's deposit guarantee fund **increased** by **3.18%** to \$452.4 million

The number of Alberta credit unions regulated by the Corporation **declined to 12** following the historic merger of Servus and connectFirst credit unions on **May 1, 2024**



Credit union deposits held as statutory liquidity at Alberta Central **decreased** by **9.84%** to **\$2.3 billion**

REGULATED ENTITIES

Alberta Central, the central banking facility and trade association for Alberta's credit unions.

Alberta Credit Unions

1st Choice Savings and Credit Union Ltd.

ABCU Credit Union

Bow Valley Credit Union

Calgary Police Credit Union

Christian Credit Union

Khalsa Credit Union (Alberta) Limited

Lakeland Credit Union

Rocky Credit Union

Servus Credit Union

TransCanada Credit Union

Vermillion Credit Union

Vision Credit Union

MANAGEMENT DISCUSSION AND ANALYSIS

Introduction

This is Management's Discussion and Analysis (MD&A) of the consolidated results of operations and the financial position of the Corporation for the year ended December 31, 2024. The MD&A is current as at March 19, 2024. All amounts are reported in thousands of Canadian dollars, except where otherwise stated, and are derived from the financial statements prepared in accordance with International Financial Reporting Standards (IFRS). For further details about the amounts reported, see the Financial Statements.

Caution regarding forward-looking statements

This annual report includes forward-looking statements. From time to time, the Corporation may make written and verbal forward-looking statements. Forward-looking statements include, but are not limited to, statements about our objectives and strategies, targeted and expected financial results and the outlook for the Corporation or for the Alberta economy. Forward-looking statements are typically identified by the words "believe", "expect", "anticipate", "intend", "estimate", "may increase", "may impact", "goal", "focus", "potential", "proposed" and other similar expressions, or future or conditional verbs such as "will", "should", "would" and "could".

By their very nature, forward-looking statements involve numerous assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that our predictions, forecasts, projections, expectations, and conclusions will not prove to be accurate, that our assumptions may not be correct, and that our mandate and strategic goals will not be achieved.

A variety of factors, many of which are beyond our control, may cause actual results to differ materially from the expectations expressed in the forward-looking statements. These factors include, but are not limited to, general business and economic conditions in Alberta and Canada including housing and commercial real estate market conditions and household and business indebtedness, the

volatility and level of liquidity in financial markets, fluctuations in interest rates, the volatility and level of various commodity prices, changes in monetary policy, changes in economic and political conditions, legislative and regulatory developments, the level of competition, the occurrence of natural catastrophes, outbreaks of disease or illness that affect local, national or international economies, changes in accounting standards and policies, information technology and cyber risk, the ability to attract and retain key personnel, reliance on third parties to provide components of business infrastructure, changes in tax laws, technological developments, unexpected changes in consumer spending and saving habits, the impact of bank failures or other adverse developments at banks that drive negative depositor sentiment regarding the stability and liquidity of financial institutions in general, and our ability to anticipate and manage the risks associated with these factors. It is important to note that the preceding list is not exhaustive of possible factors.

Additional information about these factors can be found in the Risk Management section of our MD&A. These and other factors should be considered carefully, and readers are cautioned not to place undue reliance on these forward-looking statements as a number of important factors could cause our actual results to differ materially from the expectations expressed in such forward-looking statements. Any forward-looking statements contained in this document represent our views as of the date hereof. The Corporation does not undertake to update any forward-looking statement, whether written or verbal, that may be made from time to time by us or on our behalf. The forward-looking statements contained in this document are presented for the purpose of assisting readers in understanding our financial position and results of operations as at and for the periods ended on the dates presented, as well as our strategic priorities and objectives, and may not be appropriate for other purposes.

About

The Credit Union Deposit Guarantee Corporation (Corporation) guarantees the repayment of all deposits with Alberta credit unions, including accrued interest.

The Alberta *Credit Union Act* provides that the Government of Alberta will ensure the guarantee obligation of the Corporation is carried out.

The deposit guarantee is an important contributor to stability and public confidence in Alberta's credit unions. It is part of a larger framework that includes strong capital and liquidity positions, effective governance and risk management, and prudent regulatory oversight.

Communicating the deposit guarantee to credit union members is important for awareness of deposit protection and confidence in the credit union system. A brochure is available on cudgc.ab.ca and in all credit union branches to inform members about deposit protection. Members are also informed about the guarantee in their financial product contract and statement.

The Corporation provides regulatory oversight to Alberta credit unions and Alberta Central aimed at maintaining a safe and sound credit union system in Alberta. The regulatory oversight framework is based on similar prudential models adopted by other Canadian provincial and federal financial institution regulators.

The Alberta *Credit Union Act* requires that we provide various regulatory approvals to credit unions or recommend them to the appropriate approval authority. These include, but are not limited to,

investment policy approvals, establishing lending limits, amalgamation requests, release from supervision, and special loan programs.

The Alberta *Credit Union Act* provides for the Corporation to have a credit adjudication function to aid credit unions, where needed. To promote sound asset growth for Alberta credit unions, the Corporation may be called upon to provide appropriate checks and balances on lending opportunities that exceed an individual credit union's lending limit. While this function is unique for a regulatory body, its history is rooted in complimenting the Corporation's role as a line of defense to assist Albertans yet maintain a line of sight into the credit risk management programs of the credit unions.

Corporate Governance

The Corporation's independent Board of Directors (Board) is committed to leadership in corporate governance. The governance system is comprised of governance policies, principles, culture, and practices. It is directed by establishing legislation and guided by the mandate and roles document, bylaws, and formal terms of reference for the Board and each of its committees. The following key governance links and documents are available on cudgc.ab.ca

- Alberta Public Agency Governance Policies
- Mandate and Roles Document
- Bylaws
- Terms of Reference
- Code of Conduct and Ethics Policy
- Safe Disclosure and Whistleblower Protection Program

Board and Committee Structure

Board of Directors | CHAIR Ken Morris | VICE CHAIR Paulina Hiebert

The Board is responsible for the stewardship of the Corporation on behalf of the Government of Alberta, providing independent and effective leadership over the business and affairs of the Corporation. The Board ensures the Corporation fulfills its purposes and business activities as outlined in section 144 of the *Credit Union Act*.

Audit and Finance Committee

CHAIR Laurene Beloin

Assists the Board in fulfilling its oversight responsibilities related to:

- the integrity of the accounting and financial reporting practices, and related internal controls.
- communication with internal and external auditors.
- management of deposit guarantee fund and credit risk.

Governance and Human Resources Committee

CHAIR Paulina Hiebert

Assists the Board in fulfilling its oversight responsibilities related to:

- governance and compliance.
- human resource management, culture, and compensation.
- talent management and executive succession planning.

Board Composition, Compensation and Recruitment

The Board is an Alberta Public Agency with regulatory functions. It is comprised of seven independent Board members who are appointed by the Lieutenant-Governor in Council. Board appointments are for a fixed term of up to three years, with the potential for reappointment to a maximum of ten years of continuous service.

The Lieutenant-Governor in Council approves the *Committee Remuneration Order* to establish the compensation rates payable to Chairs and directors for time spent on the business of the committee. Directors are considered related parties to the Corporation and compensation is disclosed in the financial statements. The *Public Sector Body Compensation Transparency Act* requires additional public disclosure that is available on cudgc.ab.ca

The Board is comprised of individuals with financial acumen, industry experience and professional qualifications to ensure breadth of competence and a diverse perspective. Two of the Board members are nominated by Alberta Central for appointment by the Lieutenant-Governor in Council to ensure credit union system representation.

When a vacancy occurs, a competency profile is provided to Alberta Central, or the Government of Alberta's Public Agency Secretariat, for coordination of a centralized recruitment and appointment process. All new directors receive a comprehensive orientation. The Board had one vacant position that was filled in September 2024, and another position that was vacant from November through December 2024 resulting from the retirement of our former Board Chair.

Ken Morris, ACUIC

Ken was appointed as Chair of the Board of Directors on November 7, 2024 and brings nearly 40 years of experience in the financial services industry. Thirty-four of those years were in management positions within the Credit Union System.

The roles Ken held include President & Chief Executive Officer of Encompass Credit Union/Wainwright (15 years), Board member with Alberta Central, member of the Celero Solutions Inc. Management Committee, Chair of the Alberta Credit Union Managers Association, and Chair of the Northern Region of Alberta Credit Unions. He also served on the Board of Concentra Financial which is now part of Equitable Bank.

Ken graduated with honours from the Credit Union Institute of Canada Management Studies Program with a specialty in lending, is a graduate of the Credit Union Director Achievement Program, and received his leadership certificate through the Queen's Leadership Program.

Ken resides in Wainwright where he enjoys spending time with his spouse, children and numerous grandchildren.



APPOINTED: November 21, 2017

CURRENT TERM EXPIRY:
November 6, 2027

BOARD CHAIR

MEMBER OF: Governance and
Human Resources Committee

Paulina Hiebert B. Comm, LL.B., MBA

Paulina is the Vice Chair of the Board and outgoing Chair of the Governance & Human Resources Committee. She is an accomplished director with years of C-suite and strategic planning experience with complex organizations. Paulina has extensive global experience in retail, financial services, banking, venture capital, and insurance sectors. She also has expertise in corporate governance, legal and regulatory oversight, stakeholder relations, finance, capital markets, mergers and acquisitions, international expansion, compliance, and risk management.

Paulina has served on the Board of Trustees of Boston Pizza Royalties Income Fund since 2019, and is the Chair of the Governance, Human Resources and Nominations Committee. She has also served on the Board of Governors of Trez Capital since 2021, and is a member of their Audit, Independent Review and Credit and Investment Review committees. She has been a member of the City of Edmonton Assessment Review Board since 2024.

Paulina holds a B. Comm and LL. B (with Distinction) from the University of Saskatchewan and an MBA (with Distinction) from the Ivey School of Business at the University of Western Ontario. She is a member of the Law Society of Alberta.



APPOINTED: November 29, 2016

CURRENT TERM EXPIRY: April 30, 2025

BOARD VICE CHAIR

MEMBER OF: Governance and Human Resources Committee (outgoing Chair; incoming Vice-Chair)

Laurene Beloin, MBA, ICD.D.

Laurene is the incoming Chair of the Governance & Human Resources Committee and outgoing Chair of the Audit & Finance Committee. She offers a demonstrated history of working in higher education, and has banking, finance, credit union and pension industry experience where she is currently a the Director of Client Relations and Communications.

Her roles in various industries allow her to bring skills to the Board such as operations management, business expansion, entrepreneurship, leadership, corporate training, and project management with a focus on change management and stakeholder relations.

Laurene graduated from the University of Toronto with a Certificate in Risk Management. She also has an MBA degree, and an ICD.D designation from the Institute of Corporate Directors, Rotman School of Management.



APPOINTED: November 29, 2016

CURRENT TERM EXPIRY:
September 24, 2026

MEMBER OF: Audit and Finance Committee (outgoing Chair)

Governance and Human Resources Committee (incoming Chair)

Jim McKillop, FCPA, FCA, ICD.D

Jim is a seasoned financial executive with unique experiences in the areas of corporate governance, strategic planning, major systems development, real estate management, merger management, procurement, regulation and all areas of financial management in the financial services, food, telecommunications and mining industries.

Jim retired from ATB Financial where he was Chief Financial Officer (CFO) from 2004 through to 2015. Prior to joining ATB Financial, he was CFO for Lilydale Foods. Jim spent eleven years in the telecommunications industry in various senior roles with TELUS and a mobile phone operator in the Czech Republic. He also spent nine years in the mining industry with Echo Bay Mines.

In addition to his work with the Corporation, Jim chairs the Fort Edmonton Management Company Board of Directors, is Chair of the Advisory Board for Righteous Gelato, and is President of the Varscona Theatre.

Jim is a Fellow of the Chartered Professional Accountants (FCPA) and holds an ICD.D designation from the Institute of Corporate Directors. He lives in St. Albert, Alberta and enjoys spending time with his wife Laurel, three daughters and five grandchildren.



APPOINTED: November 29, 2016

CURRENT TERM EXPIRY: April 30, 2025

MEMBER OF: Governance and Human Resources Committee (outgoing member)

Audit and Finance Committee (incoming Chair)

Camille Bérubé, FCUIC, ICD.D

Camille is an appointed nominee of the Board of Directors from the Alberta Credit Union System. He is currently a co-owner of a consulting firm. Prior to being self-employed he was the Chief Executive Officer of the Beaumont Credit Union where he gained experience in finance, strategic planning, management consulting and board governance. Camille also brings 20 years of municipal government experience to the Board, having served as Mayor of Beaumont for 16 years.

Camille has a Bachelor of Arts from the University of Alberta and holds a designation as a Fellow of the Credit Union Institute of Canada (FCUIC). He holds an ICD.D from the Institute of Corporate Directors, Rotman School of Management.



APPOINTED: May 1, 2021

CURRENT TERM EXPIRY: September 24, 2027

MEMBER OF: Governance and Human Resources Committee (outgoing Vice Chair)

Audit and Finance Committee (incoming Vice Chair)

Harpreet Kohli, CISM, CISA, CISSP

Harpreet is a cybersecurity executive, board member, speaker, and coach. She currently serves as the Associate Vice President of Identity and Access Management (IAM) at Cooperators, one of Canada’s leading multiline insurance companies.

Harpreet brings decades of expertise in security and technology leadership and has extensive experience in building and optimizing cybersecurity programs within highly regulated industries, including utilities and financial services. In her current role, she oversees the IAM function and leads efforts to protect Cooperators’ information and technology assets while influencing the company’s investment in security innovation.

Harpreet also serves on the board of directors at Concordia University of Edmonton as a member of the Risk and Audit Committee and the Finance committee.

Beyond her corporate contributions, Harpreet coaches technology and cybersecurity leaders on O’Reilly, a leading North American media and training platform. She is also a regular speaker at conferences, addressing cybersecurity topics relevant to executives and leaders, helping them navigate the evolving landscape of Artificial Intelligence and increasingly stringent data protection and privacy laws.

Harpreet holds several globally recognized security certifications. She has a Master’s in Electronics and Communication Engineering from India and a Master of Information Systems Security Management from Canada.



APPOINTED: September 25, 2024

CURRENT TERM EXPIRY: September 24, 2027

MEMBER OF: Audit and Finance Committee

Board Development and Effectiveness

Directors are provided with access to ongoing professional development to enhance their industry knowledge and continue building skills and competencies that are relevant to their governance role. In addition, the Board completes annual awareness training to affirm compliance with the Code of Conduct and Ethics Policy.

During the year, Board members participated in regular strategy sessions, often facilitated by subject matter experts. All Board members can participate in additional professional development activities and attend industry conferences, when held in North America.

Professional Development	Industry Conferences
<ul style="list-style-type: none"> • Environmental, Social and Governance Certificate Certification • Institute of Corporate Directors Designation • Just for Chairs Program 	<ul style="list-style-type: none"> • AIMCo Investment Forum • Alberta Central Lead • Canadian Credit Union Association • Institute of Corporate Directors • International Credit Union Regulators Network • World Credit Union

The Board undertakes an annual effectiveness survey, the results of which inform the Board and Committee priorities and the Board Competency and Skills Matrix. The Board continues to demonstrate sound governance structure and practices with strong Board and Management engagement.

During 2024, the Board completed several priorities in their workplan, some of which will continue in 2025. Priorities included ongoing enhancement or development in the following areas:

- Board governance practices and metrics based on principles set out in the Board and Board-CEO Charters, based on evolving best practices
- Board’s Information Technology Governance oversight approach
- Board’s Environmental, Social and Governance oversight approach
- Policies to ensure effective oversight of Alberta Central and any proposed merged entities
- New Board member orientation program
- Board member education program to ensure Directors can adapt to meet the needs of the Corporation

The updated new Board member orientation program was successfully delivered, and the Board Chair continues to meet annually with each director to review ongoing educational requirements.

Board directors who are not members of a committee may attend a committee meeting as guests. Directors attended the following regular and special meetings during the year:

	Board of Directors	Audit & Finance Committee	Governance & Human Resources Committee
Regular meetings held	4	3	2
Special meetings held	6	1	-
Total meetings	10	4	2
John McGowan ¹ , Past Chair	9	3	1
Ken Morris, Chair	10	4	2
Paulina Hiebert, Vice-Chair	9	3	2
Laurene Beloin	9	4	2
Camille Bérubé	9	2	2
Harpreet Kohli ²	1	1	1
Jim McKillop	8	2	2

¹ Mr. McGowan retired on October 31, 2024.

² Ms. Kohli was appointed on September 25, 2024.

Sustainability

During the year, the Board furthered its dedication to strong governance practices by approving a Sustainability Policy. The Sustainability Policy includes three commitments:

1. **Maintain trust and inspire confidence by ensuring high standards of governance, ethics and integrity that enable execution of its oversight duties. To achieve this commitment, the Corporation will focus on:**
 - upholding strong corporate governance practices supported by a Board of Directors with diverse experiences and perspectives;
 - maintaining high ethical standards and operating in a manner that reflects its values and upholds the integrity and reputation of the organization; and



- maintaining strong data privacy and cybersecurity programs to operate effectively and safeguard stakeholder information.
2. **Support employees to do their best work by creating a values-driven culture that fosters diversity, inclusion, engagement, empowerment and effectiveness. To achieve this commitment, the Corporation will focus on:**
 - attracting, developing and retaining top talent within a culture that aligns with its vision, purpose, and core values;
 - providing a diverse, equitable, inclusive and supportive work environment for all employees; and
 - encouraging employees to actively support community initiatives that are aligned with its core values.
 3. **Contribute to a sustainable future by responsibly managing the impacts its operations and supporting Alberta credit unions to remain resilient against emerging risks. To achieve this commitment, the Corporation will focus on:**
 - collaborating with Alberta Central to support credit unions in developing greater resilience to, and understanding of, evolving ESG risks;
 - using resources in a responsible manner, integrating environmental considerations into its operations and aspiring to work with partners and suppliers who demonstrate sustainable business practices; and,
 - further embedding environmental and social considerations into Enterprise Risk Management practices, as required.

Public Interest Disclosure

There were no disclosures received under the *Public Interest Disclosure (Whistleblower Protection) Act* in 2024 or 2023. The Act provides employees with a clear process for disclosing concerns about significant and serious matters (wrongdoing) in the Alberta public service sector and strengthens protection from reprisal. All disclosures received careful and thorough review by an independent third party to determine if action and reporting is required under the Act.

Performance Results

(\$ thousands unless otherwise stated)

The Corporation carries out four primary activities to achieve its statutory mandate to enable a safe and sound credit union system in Alberta:

- Guarantee deposits
- Regulate credit unions
- Manage our business
- Adjudicate credit

The Corporation regularly monitors the adequacy of the Deposit Guarantee Fund (Fund) to fulfill the 100% deposit guarantee and provide financial assistance to the Alberta credit union system, if required.

The Fund is an ex ante fund, meaning that assessment premiums are collected regularly over time to accumulate highly liquid cash and securities to meet potential future obligations and cover ongoing operational costs. An assessment rate review is completed every three years, and a 2022 review concluded that a rate of 5 bps applied to credit union deposits and borrowings remains adequate. Assessment premiums are collected from Alberta credit unions on a quarterly basis. Total premiums collected during the year were \$14,179, an increase of \$441 over 2023. The Corporation's objective is to preserve assessment revenues as investment principal.

The size of the Fund is maintained at a level that enables the Corporation to meet its obligations and carry out its operations in the normal course of business, without reliance on Alberta taxpayer support. A Fund study is completed on a periodic basis to assess the adequacy of the deposit guarantee fund to withstand a range of economic and event scenarios over a 20-year time horizon. Although subject to management judgement and estimates, the results of the recent 2023 study confirm that the current fund size target of 1.50% is sufficient to withstand economic shocks and changes to the credit union landscape. A study will be completed again in 2025.

Investment revenue is earned through investment management activities designed to provide a rate of return that balances return objectives and risk tolerances with respect to asset allocation and term structure. A Statement of Investment Policies & Goals (SIPG) directs our investment manager. Compliance with the SIPG and performance of the investment manager is regularly monitored. The Corporation periodically reviews the portfolio asset mix to identify ways to enhance portfolio performance and manage risk, resulting in updates to the SIPG as necessary.

Over 90% of the Corporation's securities are considered investment grade. Debt securities held in a segregated fund averaged an effective annual market yield of 4.32% in 2024, while debt securities held as units in a bond pool averaged an effective annual market yield of 4.30%. The portfolio continued to recover from recent market losses and realized net gains of \$8,130 in 2024 and \$1,634 in 2023.

The Corporation's operating expenses increased by \$689 or 9% from the prior year to \$8,664.

Thirty-four per cent, or \$234, of the increase resulted from an increase in salaries as vacancies were filled and base salary increases were provided to staff under the Alberta public sector employers' non-union compensation guidelines. Professional fees related to outsourced activities, such as recruitment, contributed 19% (\$134) to the overall increase. The remaining increase is primarily attributed to an increase in office-related expenses and an increase in the Corporation's capitalization threshold.

The following table summarizes our performance measured against our 2024-2026 Business Plan.

Performance measures	Target	Actual
Guarantee Deposits		
Actual rate of return on the investment portfolio	An average annual net return of at least 3%	4.83%
Maintain the Fund size within operating range	1.40% to 1.60% of system deposits and borrowings, monitored on a monthly basis	1.58%
Regulate credit unions and Adjudicate credit		
Credit union feedback	Bi-annual credit union survey <i>regulatory effectiveness</i> score of 80% on each of five areas: 1. guidance and information materials 2. monitoring the credit union system 3. processing regulatory approvals 4. processing credit applications 5. proactively dealing with emerging issues	Next survey scheduled for 2025. 2023 scores: 1. 100% 2. 100% 3. 92% 4. 73% 5. 83%
System health	Regular review of system health indicators. No more than 5% of system assets under supervision or administration Provisions for financial assistance less than 1% of the Fund.	Complete 0.08% 0.00%
Manage our Business		
Employee engagement	Bi-annual employee engagement survey score greater than 75%	Next survey scheduled for 2025. 2023 baseline score established at 68%.
Adherence to budget	5% +/- within approved budget	-9% less than approved budget
Environmental, Social and Governance	Disclosure of IFRS S1 & S2 standards comparable to peers	Canadian Sustainability Disclosure Standards (CSDS) 1 and 2 are effective for annual periods beginning on or after January 1, 2025
Material operational incidents	No material operational incidents	No material operational incidents

Supplementary Five-Year Financial Information

The following table summarizes select information pertaining to the performance of the Corporation and the Credit Union System over the past five years.

For the years ended December 31 | \$ thousands unless otherwise stated

	2024	2023	2022	2021	2020
Select Statement of Financial Position information					
Securities	\$ 445,401	\$ 418,691	\$ 390,317	\$ 417,937	\$ 420,296
Deposit guarantee fund	\$ 452,420	\$ 438,458	\$ 429,692	\$ 425,652	\$ 413,167
Select Statement of Comprehensive Income information					
Assessment revenue	\$ 14,179	\$ 13,738	\$ 12,933	\$ 12,155	\$ 11,564
Net gain (loss) on securities	\$ 8,130	\$ 1,634	\$ (3,897)	\$ 6,790	\$ 19,590
Operating expenses	\$ 8,664	\$ 7,975	\$ 6,755	\$ 6,407	\$ 6,444
Gain (loss) from changes in fair value	\$ 6,573	\$ 9,495	\$ (32,622)	\$ (14,681)	\$ 15,475
Total comprehensive income (loss)	\$ 10,477	\$ 18,350	\$ (23,755)	\$ (204)	\$ 30,972
Select Credit Union System Information					
Number of active credit unions	12	13	13	14	16
Total credit union available capital as a % of risk weighted assets ¹	15.73%	15.22%	16.00%	16.84%	16.82%
Total credit union deposits ²	\$ 28.8	\$ 28.0	\$ 26.4	\$ 24.7	\$ 23.5
Ex ante fund as a % of credit union deposits and borrowings	1.58%	1.53%	1.53%	1.70%	1.78%
Total credit union liquidity held at Alberta Central ^{2,3}	\$ 3.3	\$ 3.1	\$ 2.6	\$ 2.8	\$ 2.9
Unclaimed credit union member account balances under management	\$ 4,773	\$ 4,124	\$ 2,713	\$ 2,658	\$ 2,530

¹ As at October 31

² \$ billions

³ Alberta credit unions are required by Alberta Central bylaws to maintain a minimum of nine percent of their deposit liabilities as statutory liquidity

Future Outlook

Several economic and business trends are expected to impact the Corporation and its stakeholders in the coming years. Management monitors and assesses environmental factors in an ongoing manner and regularly engages with our regulatory partners and government stakeholders to discuss the potential impact of these factors on the credit union system, as well as the broader financial system. We are a member of the Credit Union Prudential Supervisory Association which provides us with access to financial system participants and an avenue to collaborate in macro risk surveillance and regulatory response activities.

The Board and Executive meet annually to assess emerging risks and opportunities to inform the development of a three-year Business Plan that aims to maintain corporate performance and assure sustainability of the credit union system.

Trends identified and considered in the formulation of the Corporation's 2025-2027 Business Plan include:

- Continued advocacy for modernization of the Alberta legislative framework within which we operate.
- The need for a comprehensive stakeholder communications strategy.
- The importance of maintaining a positive risk-informed culture.
- Continuation of the Corporation's collaborative approach to credit union oversight.
- Exploration of alternative operating models to effectively resource high-risk areas requiring regulatory attention.
- Consideration of behavioral economics in risk management activities.

Enterprise Risk Management

The Corporation strives to maintain an integrated and disciplined approach to risk management as an ongoing effort to manage our own business. Our internal Risk Management framework is different than the Regulatory Oversight framework we deploy to oversee credit union and Alberta Central risk management practices.

During the year, the Board approved an Enterprise Risk Appetite to guide the development of a comprehensive program that encompasses risk culture, risk governance, risk appetite, and risk management policies, processes, and tools.

Key strategic risks that the Corporation manages include:

Financial Risk arising from adverse impacts to, or size of, the fund such as through market, liquidity or credit events thus resulting in insufficient funds available in the event of a payout or the need to provide funding to a credit union in distress. Financial risk also arises through potential inappropriate spending or lack of expense management throughout the organization.

Preparedness Risk which arises when the Corporation lacks the framework and appropriate levels of monitoring to detect adverse changes in the financial condition of our regulated entities or risks to the safety and soundness of the Alberta credit union system. It also arises when the Corporation lacks the tools to respond quickly and effectively in the resolution of a failing credit union.

Strategic Risk arising from the Corporation's potential inability to implement appropriate business plans and strategies, make decisions, allocate resources, or adapt to changes in its business environment.

Operational Risk arising from potential problems due to inadequate or failed internal processes, people, and systems, or from external events. Operational risk includes legal risk i.e., potential unfavorable legal proceedings. Exposure to operational risk results from either normal day-to-day operating activities (such as internal controls, physical security, data/information security, information technology systems, modeling, outsourcing, etc.) or a specific, unanticipated event (such as court interpretations of a contract liability, natural disasters, loss of a key person, etc.)

Cyber Risk which arises from the disruption, destruction, failure or damage from unauthorised access, modification, or malicious use of information technology and related data assets.

Executive Compensation Discussion and Analysis

Our Executive Compensation philosophy is rooted in enabling leadership to effectively regulate and support an Alberta credit union system that is safe and sound in an evolving global financial services environment.

We aim to provide a fair and competitive total compensation package that aligns with three principles, while adhering to the expectations outlined in our statutory mandate.

- A target pay of market median with flexibility to consider certain modifiers to account for critical roles or talent
- A compensation framework that includes base salary and short-term incentives
- A peer comparator group that includes banking and financial services companies, as well as other public and private organizations in Alberta and across Canada with whom we compete for talent

The following schedule provides additional details on management compensation, as generally expected for Alberta public agencies:

(audited)	2024				2023	
	Base Salary	Other cash benefits ¹	Other non-cash benefits ²	Total	Total	
Board Chair ³	\$ 42	\$ -	\$ -	\$ 42	\$ 42	
Board members	100	-	-	100	122	
President & Chief Executive Officer	306	70	10	386	364	
Executive Vice Presidents						
Vice President Business Services, Risk & Regulatory Practices	234	35	10	279	264	
Vice President Finance & Administration ⁴	233	39	10	282	199	
Vice President Regulation & Risk Assessment	234	40	10	284	269	

¹ Other cash benefits include one-time lump sum payments, employer contributions to the retirement savings plans, life and disability insurance, parking, and allowances for wellness, vehicle (President & Chief Executive Officer) and transportation (other executive).

² Other non-cash benefits include employer's portion of payroll contributions and premiums for workers compensation, health, and dental insurance.

³ The Board Chair retired on October 31, 2024, and a current Board member was appointed as Chair on November 7, 2024. Compensation disclosed includes both the former and current Board Chairs.

⁴ The Vice President Finance & Administration position was vacant from November 1, 2022 until May 4, 2023.

FINANCIAL STATEMENTS



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Management's Responsibility for Financial Reporting

The financial statements of the Credit Union Deposit Guarantee Corporation (Corporation) and related financial information presented in this annual report is prepared by management who are responsible for the integrity and fair presentation of the information presented, which includes the financial statements, management's discussion and analysis (MD&A), and other information. The financial statements were prepared in accordance with International Financial Reporting Standards.

The financial statements, MD&A and related financial information presented in this annual report reflect amounts determined by management, based on informed judgments and estimates as to the expected future effects of current events and transactions, with appropriate consideration to materiality. The financial information represented elsewhere in this annual report is fairly presented and consistent with that in the financial statements.

In discharging its responsibility, management designs and maintains the necessary accounting and financial reporting systems and related internal controls to provide reasonable assurance that financial records are complete and accurate, and that assets are appropriately safeguarded. These systems include written policies and procedures, the careful selection and training of qualified staff, defined division of responsibilities and accountability for performance, and the written communication of policies and guidelines of business conduct and risk management throughout the Corporation.

The system of internal controls is also supported by our internal audit function, which carries out periodic internal audits of all aspects of the Corporation's operations. The independent internal auditor has full and free access to the Audit Committee and to the external auditors. The Audit and Finance Committee, appointed by the Board of Directors, is comprised entirely of independent directors who are not officers or employees of the Corporation. The Audit and Finance Committee is responsible for reviewing the financial statements and annual report, including the MD&A, and recommending them to the Board of Directors for approval. Other key responsibilities of the Audit and Finance Committee include meeting with management, the Internal Auditor, and the external auditors to discuss the effectiveness of certain internal controls over the financial reporting process and the planning and results of the external audit.

The Audit and Finance Committee also serves as a Special Loans Committee which provides oversight for the credit risk management functions of the Corporation. The Audit Committee meets regularly with the Vice President, Finance & Administration, Internal Auditor, and the external auditors without management present.

The Auditor General of Alberta has performed an independent external audit of these financial statements, in accordance with Canadian generally accepted auditing standards, and their report follows. The Auditor General has full and free access to, and meets periodically with, the Audit & Finance Committee to discuss their audit and any resulting matters.

[ORIGINAL SIGNED BY JOEL BORLÉ]

[ORIGINAL SIGNED BY ERIN STEPHEN]

Joel Borlé, MBA, FICB, ICD.D

President & Chief Executive Officer

Erin Stephen, CPA, CA

Vice President, Finance & Administration

Independent Auditor's Report



To the Directors of the Credit Union Deposit Guarantee Corporation

Report on the Financial Statements

Opinion

I have audited the financial statements of the Credit Union Deposit Guarantee Corporation (the Corporation), which comprise the statement of financial position as at December 31, 2024, and the statement of comprehensive income, changes in equity, and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2024, and its financial performance, and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Corporation in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

Management is responsible for the other information. The other information comprises the information included in the *Credit Union Deposit Guarantee Corporation 2024 Annual Report*, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed on this other information, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
-

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

[ORIGINAL SIGNED BY W. DOUG WYLIE FCPA, FCMA, ICD.D]

W. Doug Wylie FCPA, FCMA, ICD.D
Auditor General

March 19, 2025
Edmonton, Alberta

Statement of Financial Position

As at December 31 (\$ thousands)

		2024		2023
Assets				
Cash resources				
Interest bearing deposits with Alberta	\$	2,477	\$	2,374
Interest bearing deposits with financial institutions		1,586		1,042
		4,063		3,416
Securities				
	Note 3			
Issued or guaranteed by Canada		162,727		140,495
Issued or guaranteed by a province		138,853		109,924
Other securities		143,821		168,272
		445,401		418,691
Other				
Assessments receivable	Note 4	2,379		2,306
Current income tax receivable	Note 5	405		1,878
Deferred income tax asset	Note 5	169		2,705
Other assets	Note 6	1,983		1,982
Property, equipment, and intangibles	Notes 7 & 8	1,812		873
		6,748		9,744
Total Assets	\$	456,212	\$	431,851
Liabilities and Equity				
Liabilities				
Accounts payable and accrued liabilities	\$	559	\$	476
Lease liability	Note 8	1,049		1,210
		1,608		1,686
Equity				
Deposit guarantee fund		452,420		438,458
Accumulated other comprehensive income (loss)		2,184		(8,293)
		454,604		430,165
Total Liabilities and Equity	\$	456,212	\$	431,851

The accompanying notes are an integral part of these financial statements.

Statement of Comprehensive Income

For the year ended December 31 (\$ thousands)

		2024	2023
Revenue			
Assessment	Note 4 \$	14,179	\$ 13,738
Interest		205	214
Net gain on securities	Note 3	8,130	1,634
		22,514	15,586
Expense			
Salaries and employee benefits	Note 9	5,855	5,621
Other operating	Note 10	2,809	2,354
		8,664	7,975
Net income before income taxes			
		13,850	7,611
Income tax recovery	Note 5	112	1,155
Net income			
		\$ 13,962	\$ 8,766
Other comprehensive income			
<i>Items that may be subsequently reclassified to net income</i>			
Unrealized gains from changes in fair value	Note 3 \$	6,573	\$ 9,495
Deferred income tax expense	Note 5	(1,117)	(1,614)
Reclassification of loss to net income		5,021	10,469
		10,477	18,350
Comprehensive income			
		\$ 24,439	\$ 27,116

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Equity

For the year ended December 31 (\$ thousands)

		2024		2023
Deposit guarantee fund				
Balance at beginning of period	\$	438,458	\$	429,692
Net income		13,962		8,766
Balance at end of period	\$	452,420	\$	438,458
Accumulated other comprehensive income (loss)				
Balance at beginning of period	\$	(8,293)	\$	(26,643)
Other comprehensive income, net of tax		10,477		18,350
Balance at end of period	\$	2,184	\$	(8,293)
Equity	\$	454,604		430,165

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows

For the year ended December 31 (\$ thousands)

	2024	2023
Cash flows from operating activities		
Net income	\$ 13,962	\$ 8,766
<i>Adjustments for non-cash and other items:</i>		
Depreciation and amortization	Note 7 289	222
Net losses on debt securities	2,098	6,759
Deferred income taxes	389	530
Interest payments related to lease liabilities	41	1
<i>Changes in operating assets and liabilities:</i>		
Assessments receivable	(72)	739
Current income taxes	1,473	(1,008)
Other assets	2	(383)
Accounts payable and accrued liabilities	80	66
Net cash provided by operating activities	\$ 18,262	\$ 15,692
Cash flows from investing activities		
Securities, purchased	\$ (156,756)	\$ (142,387)
Securities, sales and maturity proceeds	140,572	129,361
Property, equipment and intangibles, purchased	(1,275)	(81)
Net cash (used in) provided by investing activities	\$ (17,459)	\$ (13,107)
Cash flows from financing activities		
Rent incentives	\$ 55	\$ 388
Repayment of lease liabilities	\$ (170)	\$ (137)
Interest payments related to lease liabilities	\$ (41)	\$ (1)
Net cash used in financing activities	\$ (156)	\$ 250
Change in cash resources	\$ 647	\$ 2,835
Cash resources at beginning of the period	3,416	581
Cash resources at end of the period	\$ 4,063	\$ 3,416
<i>Supplemental disclosure</i>		
Interest received	\$ 10,725	\$ 9,033
Interest paid	\$ 41	\$ 1
Income taxes recovered	1,000	1,011
Income taxes paid	-	334

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

For the year ended December 31, 2024 and 2023 (\$ thousands)

1. Nature of operations and basis of presentation

a. Reporting entity

The Credit Union Deposit Guarantee Corporation (the Corporation) guarantees deposits and provides risk-based regulatory oversight to enable a safe and sound credit union system in Alberta. The Corporation was established as a public agency without share capital in right of Alberta in 1974 and operates under the authority of the *Credit Union Act, Revised Statutes of Alberta, 2000, Chapter C-32* (the Act). The Act provides that the Government of Alberta (Alberta) will ensure that the obligations of the Corporation are carried out.

The Corporation regulates and provides oversight of the business practices of Alberta credit unions and the Credit Union Central Alberta Ltd. (Alberta Central) by adopting measures to minimize the risk and size of claims under the deposit guarantee. In the event a credit union experiences financial difficulty, the Corporation provides advisory services and stabilization assistance, as prescribed by the Act. In certain situations, the Corporation may supervise or administer the business and affairs of the credit union. The Corporation also administers unclaimed member deposit account balances that are transferred from credit unions to the Corporation after ten years of inactivity.

The Corporation is recognized as a government business enterprise and is funded by premiums assessed against Alberta credit unions and income from debt securities. The Corporation is governed by a Board of Directors (Board) appointed by the Lieutenant-Governor in Council (LGIC). The address of the Corporation's office is 2000, 10104 – 103 Avenue, Edmonton, Alberta, T5J 0H8.

The Corporation is subject to Canadian federal and Alberta provincial income taxes. Since the Corporation was established primarily to provide or administer a stabilization, liquidity, or mutual aid fund for credit unions and to assist in the payment of any losses suffered by members of credit unions in liquidation, it is considered a Deposit Insurance Corporation for tax purposes and subject to a special rate of tax.

b. Basis of preparation

The financial statements include the assets, liabilities, and results of operations of the Corporation and are prepared on an historical cost measurement basis, except the revaluation of financial instruments classified as fair value through profit or loss, or as fair value through other comprehensive income.

The financial statements are presented in Canadian dollars which is the Corporation's functional currency. All values are rounded to the nearest thousand dollars, except where otherwise indicated.

c. Statement of compliance

The financial statements are prepared in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board (IASB) and related interpretations as issued by the IFRS Interpretation Committee. The financial statements also comply with the financial disclosures required under Sections 154(3) and 83(3) of the Act.

The Board authorized the financial statements for issuance on March 19, 2025.

The material accounting policies used in the preparation of these financial statements are summarized below and in the following notes.

d. Use of estimates and judgements

In applying the Corporation's accounting policies, management exercises judgment and makes estimates in determining amounts recognized in these financial statements. Key areas of judgements and estimates include the fair value of financial instruments, valuation of deferred tax assets and liabilities, impairment of financial instruments classified as fair value through other comprehensive income, and provisions for financial assistance. Actual results could differ from these estimates, and the impact of any such difference will be recorded in future periods.

e. Accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, except as noted. To facilitate a better understanding of the financial statements, material accounting policies are disclosed in the notes.

Note	Topic	Note	Topic
2	Financial instruments	9	Employee future benefits
3	Securities	10	Other operating expenses
4	Assessment revenue	11	Provisions, contingent liabilities, and commitments
5	Income taxes	12	Related party transactions
6	Other assets	13	Risk management
7	Property, equipment, and intangibles	14	Capital management
8	Right-of-use asset and lease liability	15	Comparative figures

f. Changes in accounting policies

The Corporation adopted, where applicable, the following standards and amendments the IASB issued with no material impact to the financial statements.

- Amendments to IFRS 16 *Leases* regarding lease liability in a sale and leaseback. The Corporation has not entered into any sale and leaseback agreements.
- Amendments to IAS 1 *Presentation of Financial Statements* regarding classification of liabilities as current or non-current and non-current liabilities with covenants.
- Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* regarding Supplier Finance Arrangements.

g. Future accounting changes

The IASB issued the following amendments that are not yet effective. The Corporation will adopt the amendments in the effective period and is assessing the impact on our future financial statements.

Effective for annual periods beginning on or after January 1, 2025:

- Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* regarding lack of exchangeability. The Corporation does not conduct foreign activities, therefore this amendment is not expected to be applicable.

Effective for annual periods beginning on or after January 1, 2026:

- Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* regarding nature-dependent electricity contracts, classification and measurement, gain or loss on derecognition, derecognition of lease liabilities and transaction price.
- Amendments to IFRS 10 *Consolidated Financial Statements* regarding the determination of a 'de facto agent'.
- Amendments to IAS 7 *Statement of Cash Flows* regarding the cost method.

Effective for annual periods beginning on or after January 1, 2027:

- IFRS 18 *Presentation and Disclosure in the Financial Statements*
- IFRS 19 *Subsidiaries without Public Accountability - Disclosures*

2. Financial instruments

Financial instruments include cash resources, interest-bearing deposits with financial institutions, securities, and certain other assets and liabilities. Interest-bearing deposits with financial institutions are designated as fair value through profit loss (FVTPL). The Corporation holds a significant amount of debt securities, which exposes the Corporation to credit, market, and liquidity risk. Note 14 discusses how the Corporation manages these risks.

Classification and Measurement

The Corporation classifies and measures its financial assets in three ways: amortized cost, fair value through other comprehensive income (FVOCI) and FVTPL.

Classification and measurement are based on the Corporation's business models for managing financial assets, which use observable factors and relevant objective evidence. An assessment of contractual terms of the financial asset determines if the contractual cash flows represent solely payments for principal and interest (SPPI).

The Corporation's business models for financial asset management fall into three categories:

- Hold to collect: Objective is to collect the contractual cash flows. Sales may occur, but they are incidental and expected to be immaterial or infrequent.
- Hold to collect and sell: Objective is to collect the contractual cash flows and sell the related financial asset.
- Other fair value (neither of the above): Objective is to manage the financial assets on a fair value basis.

The following table presents the business models used to classify and measure the Corporation's financial assets:

Financial asset	Business model
Cash resources, including interest-bearing deposits with Alberta and financial institutions	Hold to collect
Securities measured at FVTPL	Other fair value
Securities measured at FVOCI	Hold to collect and sell
Other assets	Hold to collect

Financial assets are measured at amortized cost if managed within the hold to collect business model and the contractual cash flows pass the SPPI test.

Financial assets are classified as:

- FVOCI when managed within the hold to collect and sell business model and contractual cash flows pass the SPPI test. FVOCI financial assets are measured at fair value, with gains and losses arising due to changes in fair value recognized in other comprehensive income. Interest income and impairment losses are recognized in net income.
- FVTPL when not held for trading and the criteria for classification as amortized cost or FVOCI is not met. A gain or loss on FVTPL financial assets is recognized in net income in the period in which it arises.

The Corporation elected, at initial recognition, to irrevocably designate equity investments at FVOCI. The fair value changes are recognized in other comprehensive income, with any gain or loss on sale not reclassified to net income. Related dividend income is recognized in net income in the period in which it arises.

The Corporation's financial liabilities are classified and measured at amortized cost.

Fair Value

Fair value is the price that would be received in the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In estimating the fair value of an asset or liability, the Corporation considers the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of their inputs to the fair value measurement in its entirety. The fair value hierarchy is determined as follows:

- Level 1 fair value measurement is based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. For multi-client pools, securities held in pools with quoted price in active markets are classified as Level 2 as the pool units themselves are not listed in an active market, and therefore, cannot be classified as Level 1.
- Level 2 fair value measurement is based on inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly. This level includes units of multi-client pools holding public equity, debt securities, and derivative contracts that would otherwise be classified as Level 1 or Level 3.
- Level 3 fair value measurement is based on unobservable inputs for the asset or liability.

The fair value of units held in multi-client pools is derived from the fair value of the underlying financial instruments held by the pool. The valuation technique and key inputs used for other Level 2 securities are based on a vendor hierarchy:

- Using either spread pricing or curve pricing when direct quotes are not available. Spread pricing involves using interpolated spreads from liquid bonds and applying those to the valuation of illiquid bonds. Curve pricing involves using a variety of different generic quotes and terms to maturity to generate a curve of data points that would then be used to value securities using a linear interpolation.
- Using market observations to calculate evaluated prices for a variety of security types with a three-pronged approach in the valuation algorithms: direct observations, historical tracking and observed comparable prices. The results are then weighted and aggregated based on the reliability of each input to arrive at a final evaluated price for that security.

Impairment of Financial Assets

The Corporation recognizes an expected credit loss (ECL) for financial assets classified as FVOCI and amortized cost.

For financial assets classified as FVOCI, a model is used to calculate an unbiased and probability-weighted loss allowance. The amount is determined by evaluating factors including a range of possible outcomes, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date. The factors include past events, current conditions, and forecasts of future economic conditions.

The Corporation completes a quarterly assessment to determine whether the financial assets classified as FVOCI have experienced a significant increase in credit risk. Since these assets are investment grade with low credit risk, the Corporation measures loss allowance using a 12-month ECL, instead of a lifetime ECL.

A simplified approach of the ECL model is applied to trade receivables that do not contain a significant financing component. The simplified approach does not require tracking of changes in credit risk but does require the recognition of lifetime ECLs. The Corporation applies the simplified approach and uses a provision matrix as a practical expedient for determining ECLs on trade receivables.

Effective Interest Method

The Corporation uses the effective interest method to recognize investment income or expense, including premiums or discounts earned on financial instruments.

The effective interest method is applied to calculate the amortized cost and periodic income allocation related to a financial instrument. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including other premiums or discounts) throughout the expected life of the financial

instrument to the net carrying amount on initial recognition. When appropriate, a shorter period may replace the expected life of the financial instrument.

Transaction Costs

Transaction costs related to financial assets and liabilities are not considered material and are expensed as incurred.

3. Securities

The Corporation manages a portfolio of high-quality investment securities to provide a deposit guarantee to Alberta credit union members. The securities consist of direct ownership in a segregated fund and a single multi-client pooled fund (bond pool).

Participants in the bond pool are not a party to the contracts and have no control over the management of the pool and the selection of securities in the pool. The Corporation's investment manager controls the creation of the pool and the management and administration of the pool, including security selection.

The Corporation's units in the bond pool represent less than 1% of the bond pool's outstanding units. The bond pool has a market-based unit value that is used to allocate income to participants and to value purchases and sales of pool units.

The carrying value of the Corporation's securities is recorded on a fair value basis, net of an allowance for credit losses of \$20 (2023: \$20).

Term to maturity

The analysis of securities at carrying value, by fair value classification and term to maturity, is as follows:

	2024 Term to maturity				Total fair value
	Within 1 year	1 - 5 years	Greater than 5 years	No specific maturity	
<i>Debt securities classified as FVOCI¹</i>					
Issued or guaranteed by Canada	\$ -	\$ 67,602	\$ 95,125	\$ -	\$ 162,727
Issued or guaranteed by a province	-	68,722	70,131	-	138,853
Financial institutions	-	20,446	-	-	20,446
Asset backed securities	779	47,250	-	-	48,029
	779	204,020	165,256	-	370,055
<i>Debt securities classified as FVTPL</i>					
Bond pool ²	(16,003)	34,697	51,672	4,880	75,246
	(16,003)	34,697	51,672	4,880	75,246
<i>Equity securities designated as FVOCI</i>					
Common shares	-	-	-	100	100
	-	-	-	100	100
Total securities	\$ (15,224)	\$ 238,717	\$ 216,928	\$ 4,980	\$ 445,401

	2023 Term to maturity				
	Within 1 year	1 - 5 years	Greater than 5 years	No specific maturity	Total fair value
<i>Debt securities classified as FVOCI¹</i>					
Issued or guaranteed by Canada	\$ -	\$ 53,695	\$ 86,800	\$ -	\$ 140,495
Issued or guaranteed by a province	-	40,473	69,451	-	109,924
Financial institutions	-	53,180	-	-	53,180
Asset backed securities	16,692	26,361	-	-	43,053
	16,692	173,709	156,251	-	346,652
<i>Debt securities classified as FVTPL</i>					
Bond pool ²	(13,237)	44,430	40,746	-	71,939
	(13,237)	44,430	40,746	-	71,939
<i>Equity securities designated as FVOCI</i>					
Common shares	-	-	-	100	100
	-	-	-	100	100
Total securities	\$ 3,455	\$ 218,139	\$ 196,997	\$ 100	\$ 418,691

¹The fair value measurement of debt securities classified as FVOCI include \$6,573 of unrealized gains (2023: \$9,495 of unrealized gains).

²Certain securities within the bond pool were sold under short term repurchase agreements with a simultaneous agreement to purchase them back at a specified price on a future date. This resulted in a financial liability at year end.

Fair value hierarchy

The analysis of cash and securities at carrying value, by fair value classification and measurement, is as follows:

	2024 Fair value hierarchy			
	Level 1	Level 2	Level 3	Total fair value
<i>Debt securities classified as FVOCI</i>				
Issued or guaranteed by Canada	\$ 162,727	\$ -	\$ -	\$ 162,727
Issued or guaranteed by a province	-	138,853	-	138,853
Financial institutions	-	20,446	-	20,446
Asset backed securities	-	48,029	-	48,029
	162,727	207,328	-	370,055
<i>Debt securities classified as FVTPL</i>				
Bond pool	-	75,246	-	75,246
	-	75,246	-	75,246
<i>Equity securities designated as FVOCI</i>				
Common shares	-	-	100	100
	-	-	100	100
Total securities	\$ 162,727	\$ 282,574	\$ 100	\$ 445,401

2023 Fair value hierarchy				
	Level 1	Level 2	Level 3	Total fair value
<i>Debt securities classified as FVOCI</i>				
Issued or guaranteed by Canada	\$ 140,495	\$ -	\$ -	\$ 140,495
Issued or guaranteed by a province		109,924	-	109,924
Financial institutions		53,180	-	53,180
Asset backed securities		43,053	-	43,053
	140,495	206,157	-	346,652
<i>Debt securities classified as FVTPL</i>				
Bond pool	-	71,939	-	71,939
	-	71,939	-	71,939
<i>Equity securities designated as FVOCI</i>				
Common shares	-	-	100	100
	-	-	100	100
Total securities	\$ 140,495	\$ 278,096	\$ 100	\$ 418,691

In 2024 and 2023, there were no transfers of financial instruments between Levels 1 and 2 or into and out of Level 3.

Investment income

Interest on debt securities and other investment income, including dividends on equity securities, is recognized when the amount of revenue can be reliably measured, and it is probable that the economic benefit will flow to the Corporation. The net gain on securities is comprised of the following amounts:

	2024	2023
Interest on debt securities	\$ 12,272	\$ 10,942
Other investment income	190	190
Realized loss on debt securities	(6,051)	(12,613)
Unrealized gain on bond pool	1,718	3,122
Impairment recovery (loss)	1	(7)
Total net gain on securities	\$ 8,130	\$ 1,634

4. Assessment revenue

The Corporation levies a quarterly assessment to credit unions to guarantee deposits and provide risk-based regulatory oversight. Assessments are recognized as revenue monthly when the amount of revenue can be reliably measured, and it is probable that the economic benefit will flow to the Corporation.

The assessment rate in effect during the year was 0.05% (2023: 0.05%) and was applied to credit union deposit and borrowings that totaled \$28,754,122 (2023: \$28,044,032). The assessment rate is reviewed, at a minimum, every three years.

5. Income taxes

As a Deposit Insurance Corporation, the Corporation is subject to a special statutory rate of tax. Under the provisions of the *Income Tax Act*, the Corporation's assessment revenue is not taxable and the change in provision for financial assistance is not deductible for tax purposes. In addition, recoveries of amounts previously written off are not taxable since the Corporation did not previously claim a deduction for tax purposes.

The Corporation follows the tax liability method of accounting for federal and provincial income taxes whereby current income taxes are recognized for the estimated income taxes payable or recoverable for the current period. Deferred tax assets and liabilities represent the cumulative amount of tax applicable to temporary differences between the carrying amount of the assets and liabilities, and their values for tax purposes. All deferred tax assets and liabilities are expected to be realized in the normal course of operations.

Deferred taxes and liabilities are measured using enacted or substantively enacted tax rates anticipated to apply to taxable income in the years in which those temporary differences are anticipated to be recovered or settled. Changes in deferred taxes related to a change in tax rates are recognized in income in the period of the tax rate change.

The following table sets out the details of the income tax recognized in the statement of comprehensive income.

	2024		2023	
Net income				
Current income tax recovery	\$	501	\$	1,685
Deferred income tax (expense) recovery		(389)		(530)
	\$	112	\$	1,155
Other comprehensive income				
Deferred income tax expense related to debt securities measured at fair value through other comprehensive income	\$	(1,117)	\$	(1,614)
	\$	(1,117)	\$	(1,614)
Total income taxes	\$	(1,005)	\$	(459)

The following table provides a reconciliation of the Corporation's recognized income tax recovery to the income tax expense based on the special statutory rate of tax of 17% (2023: 17%).

	2024		2023	
Net income before income taxes	\$	13,850	\$	7,611
Expected income tax expense at the statutory rate	\$	(2,335)	\$	(1,294)
Non-deductible adjustments:				
Assessment revenue		2,410		2,335
Adjustment arising from prior year tax filings		96		141
Other		(39)		(27)
Total income tax recovery	\$	112	\$	1,155

Deferred income tax balances are comprised of the following:

	2024		2023	
Deferred income tax on debt securities classified as FVOCI	\$	702	\$	995
Deferred income tax on debt securities classified as FVTPL		(444)		1,702
Deferred income taxes on property, equipment, and intangibles		(89)		8
Total deferred income tax asset	\$	169	\$	2,705

6. Other assets

Other assets reported on the Statement of Financial Position is comprised of:

	2024		2023	
Accrued interest receivable	\$	1,822	\$	1,638
Prepaid expenses		161		344
Total other assets	\$	1,983	\$	1,982

7. Property, equipment, and intangibles

Property and equipment are carried at cost less accumulated depreciation. Software intangibles are carried at cost less accumulated amortization. Depreciation, amortization, impairment losses, and gains and losses on disposal are recognized in net income.

Computer equipment, furniture, other equipment, software intangibles, leasehold improvements, and right-of-use assets are depreciated or amortized on a straight-line basis over their estimated useful lives or lease term, consistent with the period over which expected economic benefits are obtained from the asset.

Property, equipment and intangibles reported on the Statement of Financial Position is comprised of:

	Computer Equipment	Furniture & equipment	Software intangibles ¹	Leasehold improvements	Right-of-use assets	Total
<i>Useful life</i>	<i>3 years</i>	<i>5 years</i>	<i>3 years or 5 years</i>	<i>Lease term</i>	<i>Lease term</i>	
Cost						
Balance as at December 31, 2022	\$ 303	\$ 386	\$ 383	\$ 653	\$ 450	\$ 2,175
Total additions	75	6	-	-	1,193	1,274
Total disposals	-	(71)	-	-	(819)	(890)
Balance as at December 31, 2023	378	321	383	653	824	2,559
Total additions	59	79	925	212	-	1,275
Total disposals	-	-	-	-	(47)	(47)
Balance as at December 31, 2024	\$ 437	\$ 400	\$ 1,308	\$ 865	\$ 777	\$ 3,787
Accumulated depreciation and amortization						
Balance as at December 31, 2022	\$ (255)	\$ (385)	\$ (380)	(652)	(312)	\$ (1,984)
Total depreciation/ amortization	(35)	(1)	(1)	-	(185)	(222)
Total disposals	-	70	-	-	450	520
Balance as at December 31, 2023	(290)	(316)	(381)	(652)	(47)	(1,686)
Total depreciation/ amortization	(47)	(6)	(79)	(16)	(141)	(289)
Total disposals	-	-	-	-	-	-
Balance as at December 31, 2024	\$ (337)	\$ (322)	\$ (460)	\$ (668)	\$ (188)	\$ (1,975)
Net book value						
At December 31, 2023	\$ 88	\$ 5	\$ 2	\$ 1	\$ 777	\$ 873
At December 31, 2024	\$ 100	\$ 78	\$ 848	\$ 197	\$ 589	\$ 1,812

¹ Software without a maintenance agreement is amortized over three years and software with a maintenance agreement is amortized over five years.

8. Right-of-use asset and lease liability

At the start of a contract, the Corporation assesses if the contract is or contains a lease. If the contract conveys the right to control the use of an identified asset for a period in exchange for consideration, a right-of-use asset and a lease liability are recognized.

Right-of-use assets are measured at cost and depreciated on a straight-line basis to the end of the useful life of the right-of-use asset or the lease term. Remeasurements are recorded to the carrying amount of the right-of-use asset or, if that carrying amount is zero, to net income.

The lease liability is measured at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or the incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined.

All exercised lease options (termination and extension) are assessed to determine required modifications to the right-of-use assets and lease liabilities.

If the contract contains a short-term or nominal value lease, no asset or liability is recorded on the statement of financial position. Instead, payments are recognized in net income.

A six-month early entry period on the extension of a finance lease term of a single right-of-use asset for its office ended in March 2024. The right-of-use asset has a net book value of \$589 (2023: \$777) and lease liability of \$1,049 (2023: \$1,210). Depreciation expense related to the right-of-use asset of \$141 (2023: \$185) and lease interest (occupancy) expense of \$49 (2023: \$12) is recorded in the statement of comprehensive income. Contractual obligations related to the lease are further described in note 11.

9. Employee future benefits

The Corporation maintains a defined contribution plan for its employees and a retirement compensation arrangement plan for an eligible employee who is a member of the key management personnel. Payments are remitted monthly to plan administrators.

Employees are not required to make minimum contributions to the plan but participation in the plan is compulsory for all permanent employees. All contributions made by the Corporation on behalf of the employees are recognized as employee benefits expense in the periods during which services are rendered by the employee. The Corporation does not have any defined benefit plans.

The Corporation's contribution to the retirement savings plans totaled \$580 (2023: \$516).

10. Other operating expenses

		2024		2023
Professional fees		\$ 1,183	\$	1,049
Office		518		229
Depreciation and amortization	Note 7	320		300
Occupancy		289		222
Employee expenses		169		175
Board and committee fees		126		164
Employee travel		121		118
Board and committee expenses		77		92
Other		6		5
Total other operating expense		\$ 2,809	\$	2,354

II. Provisions, contingent liabilities, and commitments

a. Provisions and contingent liabilities for financial assistance

The Corporation guarantees the repayment of deposits held with Alberta credit unions by providing insurance against the loss of those deposits and adopting measures designed to minimize the risk and size of claims under that guarantee. See note 4 for deposits held with Alberta credit unions.

In cases where a credit union is experiencing financial difficulty, the Corporation implements an intervention strategy that may result in placing the credit union under supervision. The amount, timing and form of financial assistance that may be required for credit unions is dependent on future events and outcomes. Outcomes that may require financial assistance are stabilization, amalgamation, arrangement, liquidation, or dissolution.

Key factors impacting the assessment of the requirement for financial assistance include:

- Whether the Corporation has a present legal or constructive obligation
- Credit union capital, liquidity and other risk management practices
- Forward-looking information and the construction of scenarios
- Estimated realizable amount of future cash flows

The Corporation exercises judgement in determining whether a past event or transaction may result in the recognition of a provision or the disclosure of a contingent liability.

Provisions are recognized in the financial statements when management determines that it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated, considering all relevant risks and uncertainties.

Management, as well as internal and external experts, may be involved in estimating any provision amounts. The actual costs of resolving these obligations may be materially higher or lower than the recognized provision, and the impact of any such differences will be recognized in future periods. Management has determined that a provision for financial assistance is not required.

b. Contingent liabilities

A contingent liability for financial assistance arises from a liability of sufficient uncertainty with respect to the probability and amount of the expected outflows such that it does not qualify for recognition as a provision. The determination of a contingent liability requires the exercise of judgement as the precise amount, method and timing is dependent on future events. Depending on the probability of loss occurring, contingent liabilities may be disclosed in the notes to the financial statements.

In the ordinary course of business, the Corporation enters contractual arrangements under which an agreement may be made to guarantee or indemnify another party. These arrangements are typically in the form of a contract that contingently requires the Corporation to make payments to a third party in the case that another party:

- fails to perform under an obligating agreement, or
- fails to pay indebtedness when due.

The likelihood of occurrence of contingent events that would trigger payment under the variable terms of these arrangements is either remote or difficult to predict. Management has determined that there are no contingent liabilities requiring disclosure.

c. Lease commitments

The following table represents the estimated payments for the office lease over the remaining term of the five-year lease.

	Lease and interest		Lease operating	
2025	\$	265	\$	273
2026		267		273
2027		280		273
2028		282		273
2029		47		45
Total	\$	1,141	\$	1,137

12. Related party transactions

The Corporation renders services on behalf of Alberta and Alberta credit union members to manage deposit account balances that are transferred to the Corporation from a credit union after ten years of inactivity. These balances, net of any cumulative publication costs, become the property of Alberta where no valid claim has been made after 20 years of management. At December 31, the unclaimed credit union member account balances under administration were \$4,773 (2023: \$4,124).

The Corporation receives investment management services from Alberta Investment Management Corporation (AIMCo), an Alberta government organization. During the year, the Corporation paid investment management fees to AIMCo in the amount of \$624 (2023: \$572).

The Corporation is related to its key management personnel (executive management) and the key management personnel appointed by Alberta (President & Chief Executive Officer and Board). Compensation payments related to the transactions presented below are outstanding in the amount of \$19 (2023: \$19).

Total compensation is presented below for key management personnel.

Key board and executive management personnel	2024		2023	
Board Chair ¹	\$	42	\$	42
Board Members		100		122
President & Chief Executive Officer		386		364
Vice President Business Services, Risk & Regulatory Practices		279		264
Vice President Finance & Administration ²		282		199
Vice President Regulation & Risk Assessment		284		269
Total compensation	\$	1,373	\$	1,260

¹ The Board Chair retired on October 31, 2024, and a current Board member was appointed as Chair on November 7, 2024. Compensation disclosed includes both the former and current Board Chairs.

² The Vice President Finance & Administration position was vacant from November 1, 2022 until May 4, 2023.

One Board position was vacant through September 25, 2024, and a second Board position was vacated on October 31, 2024, and remains vacant. Compensation to board members ranged from \$1 (2023: \$6) to \$24 (2023: \$42) with an average of \$14 (2023: \$23). Board member expenses were \$77 (2023: \$92).

The President & Chief Executive Officer and Vice Presidents received the following benefits as part of total compensation:

Key executive management personnel	2024		2023	
President & Chief Executive Officer				
Short-term employee benefits ¹	\$	24	\$	23
Post-employment benefits		55		52
		79		75
Vice President Business Services & Regulatory Practices				
Short-term employee benefits ¹		13		13
Post-employment benefits		32		31
		45		44
Vice President Finance & Administration				
Short-term employee benefits ¹		18		32
Post-employment benefits		32		21
		50		53
Vice President Regulation & Risk Assessment				
Short-term employee benefits ¹		18		22
Post-employment benefits		32		26
	\$	50	\$	48

¹ Short-term benefits include employer premiums and other allowances.

13. Risk management

The nature of the Corporation's financial instruments exposes the Corporation to credit, market, and liquidity risk. The Corporation's financial assets consist primarily of debt securities. The Corporation's investment policy includes three key objectives, among others:

- Preserve the principal of investments.
- Provide the required liquidity to meet short- and long-term needs.
- Provide a rate of return that balances return objectives and risk tolerances with respect to asset allocation and term structure.

In 2024, the average market yields for debt securities are:

- Segregated fund 4.32% (2023: 3.77%).
- Bond pool 4.30% (2023: 4.78%).

All risks, financial and other, are managed in accordance with an Enterprise Risk Management framework. The Corporation's risk objectives, policies and risk management practices are reviewed at least annually, and are not materially changed from the previous year.

a. Credit Risk

The Corporation's maximum exposure to credit risk is the carrying amount of cash, debt securities, and assessments receivable recognized in the statement of financial position. None of the assessments receivable are past due.

Debt securities are exposed to various risks. Counterparty default risk is defined as the risk of loss attributable to counterparties failing to honour their obligation to the Corporation. Downgrade risk can generate losses when issuers of debt securities are downgraded by credit rating agencies, leading to a fall in the fair value of the debt obligations. Credit spread risk is the potential for changes in the present value of an asset due to an increase in the credit spread of the debt security. Credit spreads may increase due to concerns with the individual issue or with the broader credit market.

The Corporation manages credit risk through adherence to board-approved policy for the acquisition of investments. Investments are to be held with approved creditworthy counterparties that must have a minimum credit rating from a recognized external credit rating agency. The credit quality of financial assets is generally assessed by reference to external credit ratings. The securities in the bond pool are primarily of investment grade quality, with limited exposure to derivative instruments designated as cash flow hedges of \$20,132 (2023: \$19,082). Securities are managed by AIMCo in accordance with their statement of investment policies and guidelines. Unrated debt securities consist primarily of private placements. The carrying value of the Corporation's debt securities by credit quality rating are as follows:

Credit quality rating	2024	% of total	2023	% of total
Investment grade (from AAA to BBB-)	\$ 466,508	99.5%	\$ 438,914	99.7%
Speculative grade (from BB+ to BB-)	1,510	0.3%	1,348	0.3%
Unrated	742	0.2%	-	-
Total	\$ 468,760	100%	\$ 440,262	100%

The Corporation's credit risk management practices include a credit spread sensitivity analysis. If credit spreads widen by one percent, and all other variables are held constant, the potential loss in fair value of the Corporation's debt securities would be approximately 3.6% (2023: 3.7%).

b. Market risk

Market risk is the risk of loss that may arise as a result of adverse changes in interest rates or other market factors. The Corporation takes minimal market risk in investment activities and is exposed to interest rate fluctuations in the normal course of financial asset maturity and re-investment. This can affect cash flows, term deposits and fixed income securities.

The Corporation's interest rate risk management practices include an interest rate sensitivity analysis. An increase or decrease of a one percent change in interest rates would result in a decrease or increase of \$22,431 (2023: \$21,042) in the fair value of total securities portfolio if all other variables are constant.

c. Liquidity risk

Liquidity risk is the risk of having insufficient financial resources to meet the Corporation's funding obligations. The Corporation's principal funding sources are premiums assessed against Alberta credit unions and income from debt securities.

The Corporation's primary exposure to liquidity risk relates to funding day-to-day operations. Potential cash requirements could also arise to stabilize credit unions experiencing financial difficulties or to fund the repayment of deposits held with credit unions in the case of a credit union failure. The Corporation's liquidity risk is subject to extensive risk management policies and limits designed to minimize the risk and size of claims against the deposit guarantee fund and approved by the Board. The Act provides that the Government of Alberta will ensure that the obligations of the Corporation are carried out.

The maturity profile of the Corporation's debt securities is measured and monitored monthly. The 2024 term to maturity for 55% (2023: 55%) of the debt securities held in the segregated fund is five years or less. The Corporation's units in the bond pool can be liquidated in a timely manner.

14. Capital management

The Corporation's capital is comprised of ex ante funding accumulating in a deposit guarantee fund of \$452,420 (2023: \$438,458) and an accumulated comprehensive income of \$2,184 (2023: \$8,293 loss). There is no change in what the Corporation considers as capital.

The Corporation's objective is to establish an ex ante fund that is maintained within an operating range of 1.40% to 1.60% of total credit union deposits and borrowings. The ex ante fund is 1.58% (2023: 1.53%) of total credit union deposits and borrowings.

The Corporation manages its capital through prudent investment and expenditure policy, as well as fund adequacy assessments. Capital management practices are consistent with prior years.

The Corporation is not subject to externally imposed capital requirements.

15. Comparative figures

Certain comparative amounts are reclassified to conform to the current period's presentation.

Credit unions provide traditional banking services to Canadians across the country, but they are different from other financial institutions in three ways:

- They are owned by their customers, generally referred to as members
- They operate on a not-for-profit basis, which means profits are typically reinvested into the credit union, distributed as dividends to members or donated to the community
- They are run as a co-operative business, founded by an association of persons seeking to satisfy common needs

COOPERATIVE PRINCIPLES

Voluntary membership

Democratic member control

Members' economic participation

Autonomy and independence

Education, training, and information

Cooperation among cooperatives

Concern for community





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