CREDIT UNION
DEPOSIT GUARANTEE
CORPORATION

Alberta

40

Celebrating Forty Years

1974-2014

ANNUAL REPORT 2014

CREDIT UNION
DEPOSIT GUARANTEE
CORPORATION
Alberta

DEPOSIT GUARANTEE STATEMENT

The Credit Union Deposit Guarantee Corporation (the "Corporation") operates under the authority of the *Credit Union Act*, Chapter C-32, revised Statutes of Alberta, 2000. The Corporation guarantees the repayment of all deposits with Alberta credit unions including accrued interest. The *Credit Union Act* provides that the Province of Alberta will ensure that this obligation of the Corporation is carried out.

MANDATE

To guarantee deposits and provide risk-based regulatory oversight to enable a safe and sound credit union system in Alberta.

PRIMARY ROLES

- Provide a 100% guarantee of deposits held with Alberta credit unions.
- Regulate credit unions and enforce the *Credit Union Act*.
- Review, advise and direct credit unions on sound business practices.
- Monitor credit union performance and implement appropriate actions to improve performance and reduce risks.
- Establish individual credit union loan approval limits and provide an appropriate adjudication process for loans exceeding these limits.

CORPORATE VALUES

- Integrity
- Respect
- Accountability

CORE OPERATIONS

There are three interrelated core operations that contribute to fulfilling our mandate:

- guarantee deposits,
- regulate credit unions, and
- manage our business.

Table of Contents

Message from the Chair

On behalf of the Board of Directors and management, it is my pleasure to present the 2014 Annual Report for the Credit Union Deposit Guarantee Corporation.

In 2014 we celebrated the Corporation's 40th Anniversary. The credit union system in Alberta has undergone significant changes over this period, in both asset and capital growth. More importantly, the financial services sector has seen big changes in the delivery and scope of financial services, a wide range of new regulatory and legislative requirements, and increased emphasis on risk management and governance by boards of directors. To keep pace with these changes, the Corporation has continued to adapt our regulatory model for alignment with international and federal regulatory standards, appropriate for the size and risks facing Alberta credit unions.

The Board, working with the CEO and executive, has focused on providing strategic and risk management oversight of the Corporation. The Board regularly monitors and considers the implications of the evolving international regulatory standards, the competitive landscape and ongoing consolidation in the Alberta credit union system. In addition, we continue to enhance our approach to bring enterprise risk factors into our strategic planning process. Our discussions at the Board table as well as with our stakeholders have highlighted the complexities of the financial services environment and reinforced our view that the prudential regulation approach we have adopted is appropriate. The prudential approach is not static and will continue to evolve, such as the initiative we are working on to update the appropriate regulatory approach for Information Technology risks.

During 2014 the Board conducted its annual review of its deposit guarantee assessment rate taking into account our progress towards the fund size target of 1.5% of system deposits and borrowing. The Deposit Guarantee fund size target is at a prudent level to enable the Corporation to meet its obligations under the 100% deposit guarantee, in the normal course of business, without reliance on taxpayer support. The Board had to strike a balance between building the fund to the target level within a reasonable time frame while the system continues to grow and the financial impact of increasing the assessment rate on credit unions' competitiveness. The Board took the difficult decision to approve an increase of 2 basis points (from 14 to 16 basis points) in the assessment rate for 2014-15, after two years of maintaining the assessment rate at 14 basis points, the lowest level in 25 years.

The strong collaborative working relationships with Alberta Treasury Board & Finance, Credit Union Central Alberta Limited, and Alberta credit unions, is recognized as an important factor to enable us to effectively fulfill our mandate.

I would like to thank all of the directors for their valuable contributions during this past year.

In closing, I would like to sincerely thank all of the Corporation's employees and the management for all of their hard work and important contributions throughout the year, which were instrumental in our success during 2014.

Herb Der

Chair, Board of Directors

Message from the President & Chief Executive Officer

As I reflect on 40 years of the Corporation, what strikes me is the evolution and progress made by the Corporation. What started as the Credit Union Stabilization Corporation that after its first decade had to manage through a time of significant issues for the credit union system in Alberta is now a prudential regulator and guarantor of deposits in a safer and sounder system.

In fulfilling our mandate of guaranteeing Albertans' deposits with credit unions and enabling a safe and sound credit union system, we now follow the prudential regulation model where the Corporation provides oversight of risks taken by credit unions to see if they are being managed appropriately by credit union boards and management. We do this using a collaborative approach, emphasizing at all times that credit unions are run by their boards and management teams while operating within parameters set by legislation and sound business and financial practices standards and guidelines set by the Corporation.

Our management and employees have kept pace with the rapid changes taking place in the financial sector. This is an ongoing process and includes regular consultation with Alberta Treasury Board & Finance, Credit Union Central Alberta Limited as well as provincial, federal and global regulators. We equip our employees with tools and learning opportunities to enable them to effectively discharge their duties. The Corporation has been an active participant in meetings of the Credit Union Prudential Supervisors Association ("CUPSA") contributing to the review of matters that directly impact our regulatory responsibilities such as the framework for federally regulated credit unions, liquidity risk management, fund size framework, revised International Financial Reporting Standards ("IFRS") requirements and InformationTechnology governance.

We follow a rolling 3-year business planning cycle, incorporating enterprise risk factors into our strategic planning process. This includes identifying key areas of focus that the Board recognizes as being critical to our success in fulfilling our mandate.

During 2014 we commenced a number of initiatives to help us manage our business better. These include work on our human resources plan, information management practices, reviewing our business processes and updating our corporate policies. This work will continue in 2015 to help make us a more efficient and effective organization and where our employees, our most important resource, can continue to contribute and be better engaged.

Our achievements are the result of the hard work and effort of our employees and I want to thank each employee for the tremendous work they do in helping meet the Corporation's mandate. I sincerely appreciate their commitment to achieving our goals. I also wish to thank the Board of Directors for their guidance and support of our initiatives.

Tim Wiles, FCA

President and Chief Executive Officer

Corporate Governance Practices

The Board of Directors ("Board") and management have established governance practices that are consistent with best practices on governance and the Alberta Public Agencies Governance framework. We consider amendments to our practices, as appropriate.

The Board oversees the business and affairs of the Corporation and operates under formal Terms of Reference. The Board makes all major policy decisions for the Corporation. Many Board functions are carried out by the three committees of the Board, with committee recommendations considered by the Board.

The Terms of Reference for the Board and committees were reviewed. All Board and committee activities for 2014 were completed. Work plans for 2015 outlining planned activities for the Board and committees were developed.

Board Mandate

The Board is responsible for the stewardship of the Corporation and ensures its purposes and business activities as outlined in the *Credit Union Act* are fulfilled, as per its Terms of Reference.

- The Board holds a planning meeting annually for the development of a business plan. In accordance with the Bylaws, the final plan is approved by the Board and submitted to the President of Treasury Board and Minister of Finance for approval.
- The Board oversees the risks the Corporation faces related to Alberta credit unions. The risks of the Corporation are identified on a regular basis through an Enterprise Risk Management Framework, the planning process and at Board and committee meetings.
- The Board approves the communications policy for the Corporation, and major written communications such as the Annual Report.
- The Board administers the Mandate and Roles Document, between the President of Treasury Board and Minister of Finance and the Corporation.
- The Board reviews committee memberships and Terms of Reference annually.
- The Board approves and monitors the bylaws and policies of the Corporation.
- The Board reviews recommendations from the committees and establishes ad hoc task forces of the Board as needed.
- The Board establishes appropriate deposit guarantee rates assessed to the credit unions and fund size target.
- The Board approves CEO selection, evaluation, compensation and annual objectives.
- A process exists for the Corporation to make recommendations to amend the *Credit Union Act*.

Corporate Governance Practices

Composition of the Board

All the directors are appointed by the Lieutenant Governor in Council and are "unrelated" and independent of management. The Deputy Minister of Treasury Board & Finance is on the Board. Credit Union Central Alberta Limited provides names for government's consideration for the two credit union system nominated representatives on the board. The President of Treasury Board and Minister of Finance appoints the Chair and Vice Chair. The size of the Board is up to nine members as specified in the *Credit Union Act*.

Nomination of Directors

The Governance & Human Resources Committee reviews the skill sets of the Board and develops and maintains a Board Competency Matrix and a Board Succession Plan. New candidates for Board nomination are identified through the annual review of the Board Succession Plan.

In preparation for the search and selection process, the Governance & Human Resources Committee will set clear recruiting priorities. A review panel, consisting of representatives from the board, Department of Treasury Board & Finance and an independent third party will review prospective candidates.

Based on the work of the review panel, the Board will put forward a short-list for consideration by the President of Treasury Board and Minister of Finance who will make a decision on the Director appointment, advise the Board Chair and make this recommendation to the Lieutenant Governor in Council. The Board recognizes that the ultimate responsibility for developing and posting job profiles and making Board appointments rests with the Government of Alberta.

Position Descriptions

The Governance & Human Resources Committee reviews the position description for the Chair, Vice Chair, Board members, and the President & CEO.

Compensation

The Corporation is a Provincial corporation according to the *Financial Administration Act*. Compensation for directors of the Corporation is established by the *Committee Remuneration Order* which is approved by the Lieutenant Governor in Council. The Chair of the Board also receives an annual retainer.

Code of Business Conduct and Ethics

The Board has adopted a written Code of Conduct and Ethics Policy and Program for Directors and employees.

The Governance & Human Resources Committee monitors compliance with the Code on an annual basis. All directors and employees are required to annually acknowledge the Code and compliance with it. No departures from the Code have been identified.

Corporate Governance Practices

Board Committees

Board Committees are established to fulfill annual responsibilities and functions, and continue to enhance our governance practices.

Risk Management

The Risk Management Committee operates under formal Terms of Reference, which include:

- monitors significant credit union risks,
- monitors the lending approval processes and sample transactions based on sound lending principles, and
- approves credit union loans that exceed the CEO authorized limits, when necessary.

Audit and Finance

The Audit and Finance Committee functions are set out in section 81 and 87 of the *Credit Union Act* and it operates under formal Terms of Reference, which include:

- monitors the financial performance and recommends financial and investment policies,
- oversees financial and investment reporting, accounting standards and practices, internal controls and compliance, whistleblower policy and any reported concerns, and
- reviews auditor recommendations and scope of audit plans, and meets independently with internal and external auditors.

Governance and Human Resources

The Governance and Human Resources Committee operates under formal Terms of Reference, which include:

- oversees matters of Board governance and evaluation, maintains Board Governance Handbook and approves Corporate Bylaws and Policies, and
- develops and maintains Board Succession Plan, oversees orientation and education plan for directors, and administers performance questionnaires to evaluate the effectiveness of the Board, its committees, the Chair and the committee Chairs.

Board and Committee Meetings and Attendance

Board members' attendance at the 2014 Board meetings and the committee meetings in respect of which they are members is summarized below. An in-camera session (without management present) is held at least at the quarterly meeting.

	Board of Directors	Audit & Finance	Governance & Human Resources	Risk Management
Number of Meetings[5]	**5**	**4**	**4**	**4**
Attendance				
Herb Der[1]	5	2	3	4
Lynn Faulder	5		4	4
David Field[2]	5		4	4
Ray Gilmour	1			
Ross Goldsworthy[4]	5	4	4	
Peter Lindhout	5		4	4
Kim McConnell	5	4		4
Loraine Oxley[3]	5	4		4
John Vogelzang	5	3	3	

[1] Chair of the Board of Directors and ex-officio member of all committees
[2] Chair of the Risk Management Committee
[3] Chair of the Audit & Finance Committee
[4] Chair of the Governance & Human Resources Committee
[5] Does not include Conference Calls

Board of Directors

The Corporation is administered by a Board of Directors appointed by the Lieutenant Governor in Council of Alberta.

Herb Der, Chair

A nominated representative from the credit union system
Red Deer, Alberta
Joined: May 7, 2008

Ross Goldsworthy CGA, CPA (Delaware, USA), ICD.D, MBA, Vice Chair

President, R. Goldsworthy Consulting Ltd.
A corporate director
Calgary, Alberta
Joined: May 7, 2008

David Field, QC, ICD.D

A corporate director
Calgary, Alberta
Joined: July 14, 2010

Loraine Oxley, CA, ICD.D

A corporate director
Edmonton, Alberta
Joined: May 7, 2008

Lynn Faulder, ICD.D

A corporate director
Edmonton, Alberta
Joined: May 29, 2013

Ray Gilmour MBA, CMA, ICD.D, BSA

Deputy Minister of Treasury Board and Finance Government of Alberta
Edmonton, Alberta
Joined: May 7, 2014

Peter Lindhout, FICB, FCCUI

A nominated representative from the credit union system
St. Albert, Alberta
Joined: May 27, 2009

Kim McConnell

Founder and former CEO of AdFarm
A corporate director
Okotoks, Alberta
Joined: May 29, 2013

John Vogelzang

Former President and CEO of David Thompson Health region
A corporate director
Lacombe, Alberta
Joined: May 29, 2013

Executive & Management Team

Tim Wiles, FCA
President & Chief Executive Officer

Walker Rogers, AICB, ICD.D
Executive Vice President
Regulation & Risk Assessment

Elaine Friedrich, CA, ICD.D
Vice President
Finance, Governance
& Human Resources

Joel Borlé, MBA, ICD.D
Vice President
Strategy, Analysis
& Information Technology

Jennie Allen, CA
Assistant Vice President
Finance

John Dawson
Assistant Vice President
Regulation & Risk Assessment

Monica Fenton
Assistant Vice President
Governance & Human Resources

Kevin Kachulak
Assistant Vice President
Information Technology

Sue McCall
Assistant Vice President
Regulation & Credit Risk
Assessment

Sofie McCook
Assistant Vice President
Regulation & Risk Assessment

Chris Merriman
Assistant Vice President
Regulation & Risk Assessment

Jammi Rao, FRM
Assistant Vice President
Planning & Analysis

Management Discussion and Analysis

Operating Environment

The credit union system in Alberta operates in a competitive environment offering a variety of banking and wealth management services and competes directly with other regional and national banks. As the principal regulator of the credit union system, we recognize that our operating environment is dynamic, requiring proactive responses to changes in the risk environment through regulatory guidance and if necessary, intervention processes.

There were 31 credit unions as of December 31, 2014, down from 33 at the beginning of the year, due to 2 amalgamations during the year. As at December 31, 2014, the assets were $23.1 billion and equity was approximately $1.9 billion (8.2% of total assets). As of December 31, 2014, deposits guaranteed by the Corporation totaled $20.8 billion.

Mandate and Core Operations

Our mandate is to guarantee deposits and provide risk-based regulatory oversight to enable a safe and sound credit union system in Alberta.

There are three interrelated core operations that contribute to fulfilling our mandate:

- guarantee deposits,
- regulate credit unions, and
- manage our business.

The following is management's discussion and analysis of our operations, organized by each of our core operations.

Guarantee Deposits

The deposit guarantee covers 100% of Alberta credit union deposits. Deposits include chequing and savings accounts, RRSP deposits, RRIF deposits, TFSA deposits, foreign currency deposits and term deposits, including those with terms exceeding five years. This guarantee does not cover non-deposit investments, examples of which include common shares, investment shares, mutual funds and self-administered RRSPs that are not deposits (e.g. shares, mutual funds).

Communicating the deposit guarantee to credit union members is important for awareness of deposit protection and confidence in the credit union system. We provide a deposit guarantee brochure that is available on our public website and in all credit union branches to inform members about our deposit protection. Our 2014 Annual Report lists the names of all credit unions in Alberta which are covered by the deposit protection. All credit unions are responsible to inform members about the deposit guarantee on their contracts and statements.

The 100% deposit guarantee is an important contributor to stability and public confidence in Alberta's credit union system. It is part of a larger framework that includes the strong capital and liquidity positions established by credit unions, effective governance and risk management by boards and management, and prudent regulatory oversight.

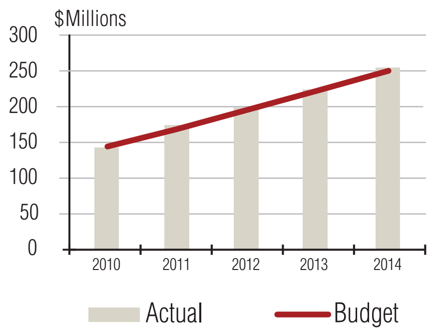
Management Discussion and Analysis

A Deposit Guarantee Fund ("Fund") is maintained to protect Alberta credit union depositors. This requires effective management of the Fund and the risks associated with it. The size of the Fund should be at a level that enables us to meet our deposit guarantee and other statutory obligations, in the normal course of business, without reliance on taxpayer support.

A fund target of 1.5% of deposits and borrowings has been established in accordance with an ex-ante funding approach and the policy set by the Board. The Board uses an actuarial model to guide it in setting the fund target. The model considers credit union assets, other financial/risk factors, and loss probabilities under various economic scenarios. The fund size is directly affected by the credit union system growth rate and financial assistance payouts.

During 2014, the fund size increased from $226 million (1.13% of system deposits and borrowings) to $258 million (1.23% of system deposits and borrowings).

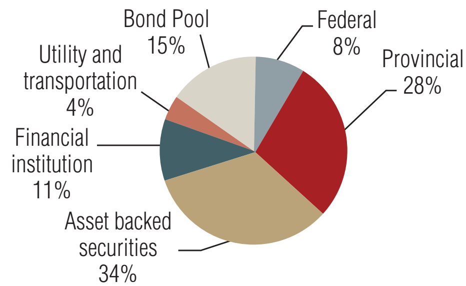
DEPOSIT GUARANTEE FUND



The Fund of $258 million at December 31, 2014 is mainly comprised of a portfolio of fixed income securities with a fair value of $252 million, as well as cash and other assets net of liabilities of $6 million.

The investment portfolio is recorded at fair value and represents 94% of total assets for the Corporation. Of the investments, 100% of the segregated portfolio and 99% of the Universe Fixed Income Pool ("Bond Pool") are investment grade. The investments are invested in the categories as shown in the chart. All asset backed securities are rated AAA.

INVESTMENTS – MARKET VALUE

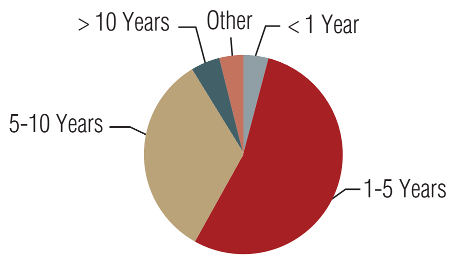


The investment policy is reviewed annually by the Audit and Finance Committee, which makes recommendations to the Board on any investment policy changes. An external investment manager, Alberta Investment Management Corporation ("AIMCo"), manages investments in accordance with our investment policy.

Management Discussion and Analysis

The investment portfolio term to maturity is being maintained within policy limit levels. Approximately 53% of the portfolio is due within 5 years. With the expectation that interest rates will edge higher over the next few years, the portfolio will be actively managed by AIMCo on a shorter duration bias compared to the benchmark portfolio.

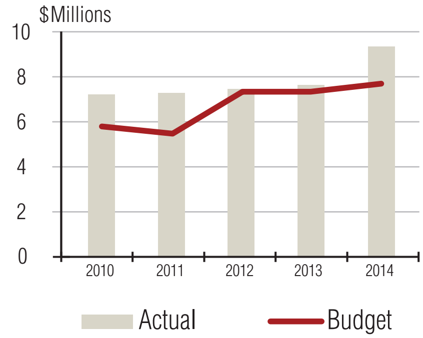
INVESTMENTS – TERM TO MATURITY



Note: The "Other" category in the above graph represents repurchase agreements.

The principal sources of revenue to build the Fund are investment income and quarterly assessments received from credit unions. Investment income for the year is higher than the budgeted amount as a result of higher net gains on sale. As of December 31, 2014, the average effective yield for securities held in the segregated portfolio was 2.0% (2013: 2.4%) and in the Bond Pool was 3.0% (2013: 3.4%).

INVESTMENT INCOME



Determination of the annual deposit guarantee assessment rate must be pragmatic, equitable and strike a balance between fund size/growth targets and the financial impact on credit unions. The assessment rate is reviewed annually to maintain that balance. During 2014, our review indicated that due to strong credit union system deposit growth we were not on track to meet our fund target of 1.5% of deposits and borrowings by 2017. The Board approved an increase of 2 basis points ("bps") in the annual assessment rate to 16 bps starting November 1, 2014 which balances the need to continue to grow the Fund and the financial impact on credit unions.

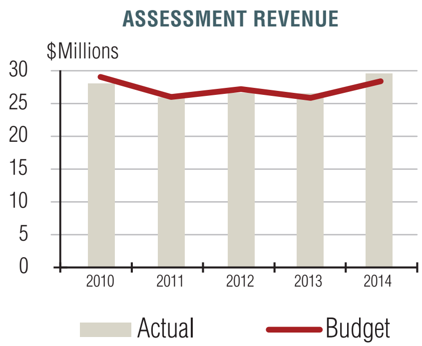
In the unlikely event that an Alberta credit union becomes insolvent, we can access several sources to pay depositors claims:

- the assets of the credit union;
- the Fund of $258 million at the end of 2014, and
- the ability to increase the quarterly assessment rate and, with appropriate approvals, charge a one-time special or prescribed assessment.

Management Discussion and Analysis

Additionally, the *Credit Union Act* provides that the Government of Alberta will ensure that our deposit guarantee obligation is carried out.

Assessment revenue is calculated on credit union deposits and borrowings multiplied by the assessment rate. Over the last few years, the assessment revenue has increased to nearly $30 million in 2014.



Regulate Credit Unions

Our goal is to be proactive and preventative in our supervisory approach in monitoring and regulating Alberta credit unions to ensure a safe and sound credit union system.

Among other things, all our actions under regulation of credit unions are aimed at ensuring that all credit unions operate above the minimum legislated and supervisory levels of capital. This capital provides a buffer for any serious losses and reduces the likelihood of payouts from the Fund.

This work consists of a comprehensive group of processes and activities aimed at maintaining a safe and sound credit union system in Alberta in accordance with the *Credit Union Act*. This framework is based on a similar prudential model adopted by other Canadian provincial and federal financial institution regulators.

Performance Measures

Guarantee Deposits	Target	2014 Results
Fund size target	Targets as a % of deposits and borrowings determined in 2012: **2012** 1.11%, **2013** 1.21%, **2014** 1.29%, **2015** 1.37%, **2016** 1.44%, **2017** 1.50%	Actual and budget fund sizes are as follows: Actual: **2012** 1.07%, **2013** 1.13%, **2014** 1.23% Budget: **2015** 1.25%, **2016** 1.32%, **2017** 1.45%
Investment return versus Investment policy benchmark	25 basis points over the rolling 4-year average benchmark	34 basis points over the rolling 4-year average benchmark

CELEBRATING FORTY YEARS 1974-2014

Management Discussion and Analysis

The cornerstone of regulatory oversight is continuous monitoring and assessment of credit unions' capital and liquidity standards, financial performance, governance effectiveness, risk management practices, internal control frameworks, and compliance with the *Credit Union Act*. A risk-based approach is used to allocate resources for monitoring which involves the review of a large amount and variety of data from each credit union including board and audit committee packages, internal and external audit reports, regulatory filings, etc. These reviews are supplemented by ongoing contact with credit union boards and management, regular site visits and periodic compliance testing. When monitoring processes identify problems, an appropriate intervention strategy is developed and implemented to promptly reduce the risk to an acceptable level. In the event a credit union is no longer financially viable, a credit union board must consider resolution strategies including an amalgamation or arrangement with another credit union, and/or dissolution.

A specialized program within the regulatory framework is the oversight of credit risk, which involves establishing lending limits for credit unions, and monitoring of credit union loan portfolios, aggregate system credit risk, underwriting quality and compliance controls. Monitoring is accomplished through the post review of credit transactions approved by credit unions within their lending limits, on-site testing of compliance controls, and analysis of trends and key risk indicators. This program also includes credit adjudication, a function other Canadian regulators do not perform (but which is required by the *Credit Union Act*), involving the review, assessment and approval or decline of credit applications that exceed credit unions' lending limits. Our approach to credit adjudication is being augmented to include an alternative approach that allows credit unions to determine their own lending limits subject to our approval of their credit policies and risk tolerances.

The *Credit Union Act* requires that we provide various regulatory approvals to credit unions (or recommend them to the appropriate approval authority). These include investment policy approvals, establishing lending limits, amalgamation requests, release from supervision, and special loan programs, etc.

In 2014, we released general guidance to all credit unions regarding investment policies, business dealings with non-members and annual financial statement requirements.

We introduced supervisory capital buffers in 2012 that align as appropriate with Basel principles. The buffers are being implemented over three years 2013-15 and credit unions are on track to meet the enhanced capital requirements. These capital buffers are in addition to legislative minimum requirements and are intended to provide additional loss absorbing capacity for credit unions as well as early warning signs for intervention if warranted. Credit unions with less than $1 billion in assets are required to hold additional capital of 2.5% of risk weighted assets above the minimum 8% legislated

Management Discussion and Analysis

requirements. Credit unions with more than $1 billion in assets are required to hold additional capital of 3.5% of risk weighted assets above the minimum 8% legislated requirements.

During 2014, we undertook a new initiative to enhance the existing processes for conducting risk assessments of credit unions' IT risk governance practices and capabilities. As an outcome of the IT risk governance review pilot that we conducted, we determined the criteria to be used to assess credit unions' in this key risk area which will be formalized and rolled out to credit unions during 2015.

Additionally, during the year, we introduced various internal tools to assist our employees in carrying out their regulatory functions.

Manage Our Business

Managing our business refers to our strategies, functions and activities, all of which contribute to a strong and successful organization with respect to our people, processes and technology.

We employ 41 individuals who are our most important asset to help us meet the increasing complexities of today's financial environment. Our people have strong judgment, technical, communication and analytical skills that enable them to make professional judgments involved in guaranteeing deposits, regulating credit unions and managing our business. Several of the initiatives described below were aimed at improving processes and internal policies to assist all of our employees to be engaged and deliver on our mandate.

Performance Measures

Regulate Credit Unions	Target	2014 Results
Percent of financial assistance paid that was preventable	0%	0%
Credit union feedback from a written survey and ongoing qualitative feedback received during various interactions with credit unions throughout the year	The target for this performance measure will be established when an updated survey has been developed	Survey to be conducted in 2015
Service Level Agreements ("SLAs") for credit turn around adjudication decisions:		
• new applications	Average 3 business days or less	1.53 days
• renewals	Average 10 business days or less	3.04 days
• changes	Average 10 business days or less	4.60 days
• loan transaction reviews	Average 15 business days or less	9.15 day

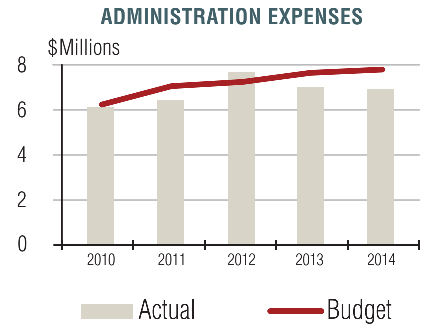
Management Discussion and Analysis

In addition to our people, we have some functions/activities that include maintaining effective governance practices, improving business processes, and managing information in a disciplined, consistent manner. These address risks related to our business processes and systems and it optimizes the value of our information assets.

During 2014, we implemented a number of internal initiatives including developing a 3-year HR Plan, improving information management practices, reviewing our business processes, and revising our corporate policies. These initiatives were planned taking into account the areas our employees identified as the main contributors to our poor engagements scores. Specific actions relating to these initiatives will continue into 2015 to improve employee engagement, and will focus on leadership development, process improvement, career planning and talent development.

We also participated in the Alberta Young Leaders Program. This program was launched in 2014 and focuses on development of future leaders within the Alberta credit union system.

The 2014 administration expenses are lower than budget mainly due to lower than planned personnel costs (as a result of the timing in filling vacant positions) and professional fees.



In 2014 we reached a milestone, celebrating our 40th anniversary. The Corporation was established in 1974 as The Credit Union Stabilization Corporation, and in 1989, when the new *Credit Union Act* was proclaimed, we became the Credit Union Deposit Guarantee Corporation. A tribute to 4 decades of guaranteeing deposits and regulating credit unions was held in December 2014 and attended by current employees and directors.

Performance Measures

Manage Our Business	Target	2014 Results
High employee engagement	>80% on employee engagement survey which is completed every two years	42% on 2014 employee engagement survey
Effectiveness and efficiency of key processes and programs	Complete the current state assessment and determine desired target level under the Capability Maturity Model (CMM) for Information Management and People Management processes	We commenced by piloting the CMM. During 2015, we will establish the benchmark maturity level for these processes and action plans to progress towards this level
Effective employee development	95% of the individual development plans completed	94% of the individual development plans completed

Outlook for 2015

Assessment revenue is expected to be $35.6 million in 2015, an increase over 2014 as a result of an increase in the Board-set assessment rate from 14 bps to 16 bps.

Investment income is forecasted to be $8.8 million in 2015, as gains on sales of investments are not anticipated at the same level as in 2014.

Investments are recorded at fair value, which at December 31, 2014 was $6.8 million higher than amortized cost. The fair value will vary depending on interest rates and cannot be predicted.

The 2015 administration expenses are forecasted to be maintained at the 2014 budgeted levels. As a provincial agency, we must prudently manage our costs and support the Government of Alberta in cost containment efforts during the current challenging environment.

Credit unions are continuing to work towards the new supervisory capital buffer requirements and to improve liquidity management, governance, and risk management. This is aligned with our ongoing prudential regulatory oversight of credit unions.

Alberta Credit Unions

Regulated credit unions in Alberta as of December 31, 2014

1st Choice Savings and Credit Union Ltd.

Beaumont Credit Union Ltd.

Bow Valley Credit Union Ltd.

Calgary Police Credit Union Ltd.

Canada Safeway Limited Employees Savings and Credit Union Ltd.

CHEC Credit Union Ltd.

Christian Credit Union Ltd.

City Plus Credit Union Ltd.

Connect First Credit Union Ltd.[1]

Eckville District Savings and Credit Union Ltd.

Edson Savings and Credit Union Ltd.

Inglewood Savings and Credit Union Ltd.

Khalsa Credit Union (Alberta) Limited

Lakeland Credit Union Ltd.

Legacy Savings and Credit Union Ltd.

Lethbridge Legion Savings and Credit Union Ltd.

Mountain View Credit Union Ltd.

Pegasus Savings and Credit Union Ltd.

Pincher Creek Credit Union Ltd.

River City Credit Union Ltd.

Rocky Credit Union Ltd.

S.G.E. Savings and Credit Union Ltd.

Servus Credit Union Ltd.

Shell Employees Credit Union Ltd.

Stanco Credit Union Ltd.

Transcanada Credit Union Ltd.

University Hospitals Staff Credit Union Ltd.

Vermilion Credit Union Ltd.

Vision Credit Union Ltd.[2]

Wainwright Credit Union Ltd.

Wetaskiwin Credit Union Ltd.

[1] First Calgary Financial Credit Union Ltd. and Chinook Credit Union Ltd. amalgamated on November 1, 2014 to form Connect First Credit Union Ltd.
[2] Batte River Credit Union Ltd. and Caisse Horizon Credit Union Ltd. amalgamated on May 1, 2014 to form Vision Credit Union Ltd.

Management Responsibility for Financial Statements

The accompanying financial statements of the Credit Union Deposit Guarantee Corporation and the information related to the financial statements in this *Annual Report* are the responsibility of Management. The financial statements have been prepared in accordance with International Financial Reporting Standards. The financial statements include some amounts, the most significant one being the provision for financial assistance, that are necessarily based on Management's best estimates and judgments.

The financial statements have been approved by the Board of Directors. Financial information presented elsewhere in this *Annual Report* is consistent with that contained in the financial statements.

In discharging its responsibility for the integrity and fair presentation of the financial statements, Management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and proper records are maintained. In addition, the internal and external auditors have free access to the Audit & Finance Committee of the Board, which oversees Management's responsibilities for maintaining adequate control systems and the quality of financial reporting and which recommends the financial statements to the Board of Directors.

These financial statements have been audited by the Corporation's auditor, the Auditor General of Alberta, and his report is included herein.

Tim Wiles, FCA
President & Chief Executive Officer

Elaine Friedrich, CA, ICD.D
Vice President, Finance, Governance & HR

Independent Auditor's Report

AUDITOR GENERAL *Alberta*

To the Directors of the Credit Union Deposit Guarantee Corporation

Report on the Financial Statements

I have audited the accompanying financial statements of the Credit Union Deposit Guarantee Corporation, which comprise the statement of financial position as at December 31, 2014, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Credit Union Deposit Guarantee Corporation as at December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

March 4, 2015
Edmonton, Alberta

Statement of Financial Position

As at December 31

(thousands of dollars)	Notes	2014	2013
ASSETS			
Cash and cash equivalents	4	$ 7,699	$ 7,509
Assessments receivable	5	5,550	4,600
Accrued interest receivable and prepaid expenses		1,257	1,113
Investments	6	251,952	216,446
Property and equipment	7	299	412
Intangible assets	7	148	171
TOTAL ASSETS		**$ 266,905**	**$ 230,251**
LIABILITIES			
Accounts payable and accrued liabilities	8	$ 363	$ 690
Provision for financial assistance	9	50	-
Current tax liability	10	380	155
Deferred lease inducements	11	166	266
Deferred tax liability	10	1,432	312
Unclaimed credit union balances	12	1,481	1,361
TOTAL LIABILITIES		**$ 3,872**	**$ 2,784**
EQUITY			
Deposit guarantee fund		$ 257,630	$ 226,267
Accumulated other comprehensive income		5,403	1,200
TOTAL EQUITY		**$ 263,033**	**$ 227,467**
TOTAL LIABILITIES AND EQUITY		**$ 266,905**	**$ 230,251**

The accompanying notes are part of these financial statements.

Approved by the Board: March 4, 2015

Original signed by
Herb Der, Director

Original signed by
Loraine Oxley, Director

Statement of Comprehensive Income

For the Years Ended December 31

(thousands of dollars)	Notes	2014	2013
NET INCOME			
Revenue			
Assessment revenue	13	$ 29,485	$ 27,043
Investment income	13	9,282	7,674
		38,767	**34,717**
Expenses			
Administration expenses	14	6,844	6,952
Provision for (Recovery of) financial assistance	9	44	(10)
		6,888	**6,942**
Income before income taxes		31,879	27,775
Income tax expense	10	516	173
NET INCOME		**31,363**	**27,602**
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX			
Items that will be reclassified to net income			
Net unrealized gain (loss) on available-for-sale financial instruments			
Other comprehensive income (loss)		6,429	(5,706)
Income tax (expense) recovery		(1,350)	1,198
Transfer of net gain		(1,109)	(444)
Income tax expense		233	93
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX		**4,203**	**(4,859)**
COMPREHENSIVE INCOME		**$ 35,566**	**$ 22,743**

The accompanying notes are part of these financial statements.

Statement of Changes in Equity

For the Years Ended December 31

(thousands of dollars)	Deposit Guarantee Fund	Accumulated Other Comprehensive Income	Total Equity
Balance as at December 31, 2012	**$ 198,665**	**$ 6,059**	**$ 204,724**
Net income	27,602	-	27,602
Other comprehensive loss, net of tax	-	(4,859)	(4,859)
Balance as at December 31, 2013	**226,267**	**1,200**	**227,467**
Net income	31,363	-	31,363
Other comprehensive income, net of tax	-	4,203	4,203
Balance as at December 31, 2014	**$ 257,630**	**$ 5,403**	**$ 263,033**

The accompanying notes are part of these financial statements.

Statement of Cash Flows

For the Years Ended December 31

(thousands of dollars)	2014	2013
Operating activities		
Assessments received	$ 28,535	$ 26,717
Investment income received	7,327	6,670
Financial assistance recovered (paid)	6	(228)
Interest and bank charges paid	(3)	(2)
Income taxes (paid) recovered	(288)	120
Paid to suppliers and employees	(6,962)	(6,649)
Net cash flows from operating activities	**28,615**	**26,628**
Investing activities		
Purchase of investments, net	(28,369)	(27,547)
Purchase of property and equipment	(54)	(23)
Purchase of intangible assets, net	(2)	(68)
Net cash flows used in investing activities	**(28,425)**	**(27,638)**
Increase (Decrease) in cash	190	(1,010)
Cash and cash equivalents at beginning of year	7,509	8,519
Cash and cash equivalents at end of year	**$ 7,699**	**$ 7,509**

The accompanying notes are part of these financial statements.

Notes to Financial Statements

Notes to Financial Statements

(Thousands of dollars)

NOTE 1 NATURE OF ORGANIZATION

The Credit Union Deposit Guarantee Corporation the ("Corporation") operates under the authority of the *Credit Union Act*, Chapter C-32, revised Statutes of Alberta, 2000. The mandate of the Corporation is to provide risk-based regulatory oversight and a deposit guarantee to enable a safe and sound credit union system in Alberta.

To fulfill its mandate the Corporation undertakes functions set out in the *Credit Union Act* and maintains the Deposit Guarantee Fund. The Corporation receives assessment revenue from credit unions to support the Deposit Guarantee Fund.

The *Credit Union Act* provides that the Government of Alberta ("Province") will ensure that the obligations of the Corporation are carried out. As at December 31, 2014, credit unions in Alberta held deposits, including accrued interest, totaling $20.8 billion (2013: $19.9 billion).

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 Corporation provides financial assistance, support and direction in planning, policy and operational matters for supervised credit unions.

NOTE 2 BASIS OF PRESENTATION

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and were approved by the Board of Directors on March 4, 2015. Statements and notes are in Canadian dollars which is the Corporation's functional currency and rounded to the nearest thousand, unless stated otherwise.

The Corporation's financial statements include estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The most significant areas requiring the use of estimates are the provision for (recovery of) financial assistance (Note 9: Provision for Financial Assistance), assessments receivable (Note 5: Assessments Receivable), and the fair value of investments (Note 19: Fair Value of Financial Instruments). Actual results may differ from these estimates depending upon certain future events and uncertainties.

The Corporation presents its Statement of Financial Position in order of liquidity.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES

Basis of Measurement

The historical cost basis of measurement, except for available-for-sale financial assets that are measured at fair value in the Statement of Financial Position, is used in preparation of the financial statements.

Financial Instruments

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification

Classification depends on the purpose for which the financial instruments were acquired or issued, characteristics and the Corporation's designation of such instruments.

Classifications are:

Loans and receivables	Loans and receivables are recorded at amortized cost. Interest received is accounted for using the effective interest method.	Cash and cash equivalents Assessments receivable Accrued interest receivable
Available-for-sale	Available-for-sale financial assets are recorded at fair value with unrealized gains and losses included in accumulated other comprehensive income until realized when the cumulative gain or loss is transferred to net income. Investments are recognized initially on the trade date at which the Corporation becomes a party to the contractual provisions of the instrument. Subsequent to initial recognition, they are measured at fair value.	Investments
Available-for-sale (Continued)	Changes other than impairment losses are recognized in comprehensive income and presented within equity. For available-for-sale financial assets that do not have quoted market prices, cost represents reasonable fair value for these assets.	
Financial liabilities	Financial liabilities are recorded at amortized cost which is a reasonable estimate of the fair value of these instruments.	Accounts payable and accrued liabilities Provision for financial assistance Long-term unclaimed credit union balances

Impairment of Financial Assets

Financial assets are assessed for indicators of impairment on a quarterly basis. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of Financial Assets (Continued)

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- the probability that the borrower will enter bankruptcy or financial re-organization.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

When a financial asset is considered to be impaired, cumulative losses previously recognized in other comprehensive income are transferred to net income in the period. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through net income. The carrying amount of the investment at the date the impairment is reversed will not exceed what the amortized cost would have been had the impairment not been recognized.

Effective Interest Method

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

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating investment income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including other premiums or discounts) through the expected life of the financial instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Transaction Costs

Transaction costs related to financial assets and liabilities are expensed as incurred as these do not represent material amounts.

Property and Equipment and Intangible Assets

Property and equipment and intangible assets are recorded in the Statement of Financial Position at historical cost, less accumulated depreciation, amortization and impairment losses.

Cost includes the expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property and equipment have materially different useful lives, they are accounted for as separate items (major

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment and Intangible Assets (Continued)

components) of property and equipment. Assets which are fully depreciated are maintained on the books at original cost less accumulated depreciation and show zero net book value until they are disposed of at which time they are removed from the books.

Depreciation and impairment losses are recognized in net income. Depreciation and amortization have been calculated on the following basis:

Furniture and equipment	Five year straight line
Computer equipment	Three year straight line
Leasehold improvements	Straight line over lease term
Intangible assets[1]	
Software without maintenance agreement	Three year straight line
Software with maintenance agreement	Five year straight line

[1]Intangible assets include the purchase of computer software

Gains and losses on disposal of property and equipment and intangible assets are determined by comparing the proceeds from disposal with the carrying amount of the property and equipment and intangible assets, and are recognized net of depreciation and amortization as part of administration expenses.

Provision for Financial Assistance

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that the outflow of economic benefits will be required to settle the obligation. The amount, timing and form of financial assistance that may be required for credit unions are dependent on future events and outcomes. Outcomes that may require financial assistance are stabilization, amalgamations, arrangements, liquidations or dissolutions. The Corporation provides for a provision for financial assistance based on three main components, as follows:

1. Where the need for financial assistance becomes likely and the amount for specific credit unions can reasonably be estimated.
2. Where the amount can be reasonably estimated and arises from indemnity agreements entered into with credit unions due to outcomes described above.
3. Where the Corporation has determined there is the potential for financial assistance based on an analysis of the inherent risks in the credit union system.

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. Depending on the probability of loss occurring, contingent liabilities may be disclosed in the notes to the financial statements. Contingent liabilities may be established based on potential individual credit union assistance payments and/or an assessment of the inherent risk in the credit union system.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provision for Financial Assistance (Continued)

Provisions and contingencies for financial assistance consist of the calculation of potential liabilities and contingencies to meet the IFRS standards. Calculations include management's judgment based on historical information and other factors. Credit union analysis includes a review of all credit unions based on key financial and risk information including risk ratings and contingencies related to amalgamations or arrangements and any indemnity agreements.

Revenue Recognition

Assessment Revenue

Credit union deposit guarantee assessments and special assessments are classified as revenue and are recognized when:

- The amount of revenue can be measured reliably; and
- It is probable that the economic benefit will flow to the Corporation.

Credit union deposit guarantee assessments are recognized when earned. These regular assessments are determined quarterly, and accrued monthly. Credit union payments are received four times per year.

Special assessments are recognized when earned. Special assessments would be charged only if, in the opinion of the Corporation's Board, the deposit guarantee fund is, or is about to be, significantly below the target level. Special assessments require Ministerial approval prior to being charged.

Investment and Dividend Income

Investment and dividend income from a financial asset is recognized when it is probable that the economic benefits will flow to the Corporation and the amount of income can be measured reliably. Investment income is accrued on a time basis, by reference to principal outstanding at the applicable effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Dividend income is recognized when it is known that a dividend has been declared.

Employee Benefits

Defined Contribution Plan

The Corporation has a defined contribution plan and pays fixed contributions to a separate entity with no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense on the Statement of Comprehensive Income in the periods during which services are rendered by employees.

Termination Benefits

The Corporation recognizes termination benefits only when there is evidence that the employee is leaving the Corporation. Termination amounts are either paid with the final pay or are accrued to be paid at the appropriate time.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee Benefits (Continued)

Short-term Employee Benefits

Short-term employee benefit obligations are measured at cost on an undiscounted basis and are expensed as the related service is provided.

Leases

Operating leases are leases whose terms do not transfer the risks and rewards of ownership to the lessee. Operating lease payments, net of any lease inducements, are recognized on a straight-line basis over the lease term.

Income Taxes

The Corporation is a deposit insurance corporation for income tax purposes and pays income taxes on its taxable income at the statutory rate prescribed for deposit insurance corporations. Its taxable income excludes deposit guarantee assessments and financial assistance recoveries and no deduction may be made for financial assistance payments.

The Corporation records income taxes based on the tax liability method which is the amount expected to be paid to or recovered from the taxation authorities

Current Tax

The current tax liability is based on taxable income for the year. Taxable income differs from net income as reported in the Statement of Comprehensive Income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Corporation's current tax liability is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable income. Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of temporary taxable differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Corporation expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Corporation intends to settle its current tax assets and liabilities on a net basis.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comprehensive Income and Accumulated Other Comprehensive Income ("AOCI")

Comprehensive income is comprised of net income and other comprehensive income. For the Corporation, other comprehensive income includes net unrealized gains and losses on investments classified as available-for-sale.

Amounts recognized in other comprehensive income will eventually be transferred to the Statement of Comprehensive Income and reflected in net income as gains or losses once available-for-sale investments are realized.

Comprehensive income and its components are disclosed in the Statement of Comprehensive Income. The Statement of Changes in Equity present the continuity of AOCI. The cumulative amount of other comprehensive income recognized, AOCI, represents a component of equity on the Statement of Financial Position.

Changes in Accounting Policies

There are a few IFRS changes that came into effect in 2014 that were relevant to the Corporation.

IAS 32 – Financial Instruments: Presentation, Offsetting Financial Assets and Financial Liabilities

This standard establishes principles for presenting financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities. It applies to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of related interest, dividends, losses and gains; and the circumstances in which financial assets and financial liabilities should be offset. The International Accounting Standards Board ("IASB") issued Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) in December 2011 clarifying the offsetting criteria. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014 and are to be applied retrospectively. The adoption of this standard has not impacted the presentation or disclosure in the financial statements and has not impacted the financial results of the Corporation.

IAS 36 – Impairment of Assets

This standard ensures that assets are carried at no more than their recoverable amount, and defines how recoverable amount is determined. On May 29, 2013, the IASB issued Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36) to clarify that the scope of the disclosure of information is limited to the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. Amendments are to be applied retrospectively for annual periods beginning on or after January 1, 2014. The Corporation has determined that there are no assets that are impaired therefore the adoption of this standard has not impacted the disclosure or the financial results of the Corporation.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Standards and Interpretations not yet adopted

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2014, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Corporation, except for potentially IFRS 9 – Financial Instruments. On July 24, 2014, the IASB issued the final version of IFRS 9 – Financial Instruments to replace the classification and measurement, impairment and hedge accounting phases of IAS 39 – Financial Instruments: Recognition and Measurement. This version adds a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income ("FVTOCI") category for certain debt instruments, a substantially-reformed approach to hedge accounting, and additional guidance on how to apply the business model and contractual cash flow characteristics test. The Standard supersedes all previous versions of IFRS 9, is applied retrospectively and is effective for periods beginning on or after January 1, 2018. The impact of the adoption of this standard on the Corporation's financial statements has not been determined at this time.

NOTE 4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are on deposit in the Consolidated Cash Investment Trust Fund ("CCITF") of the Province which is managed with the objective of providing competitive interest income while maintaining appropriate security and liquidity of capital. The portfolio is comprised of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at December 31, 2014, securities held in CCITF have a rate of return of 1.2% per annum (2013: 1.2%).

NOTE 5 ASSESSMENTS RECEIVABLE

Assessments receivable refer to an accrued balance that will be owed by credit unions for the fourth quarter assessment to be charged by the Corporation. The annual assessment rate, which had been 0.14% of total credit union deposits and borrowings since November 1, 2012, was increased to 0.16% effective November 1, 2014. Assessments are based on credit union quarter ends with the December receivable being an accrual based on October results. Invoices are not issued until February of the following year. Variances between the accruals made and actual billed are minimal. The invoices are paid within a week of processing as payment from each credit union is processed via electronic fund transfers to their Credit Union Central Alberta accounts and a lump sum is then transferred to the Corporation's account.

NOTE 6 INVESTMENTS

The fair value of the Corporation's financial instruments is summarized below:

(thousands of dollars)	December 31, 2014 Fair Value	December 31, 2014 Cost	December 31, 2013 Fair Value	December 31, 2013 Cost
Directly held				
Securities issued or guaranteed by:				
Canada	$ 21,563	$ 21,291	$ 40,820	$ 41,122
Provinces	70,403	67,201	49,552	48,567
Financial institutions	84,629	83,081	53,319	52,535
Utility and transportation	9,780	9,697	12,053	12,176
Asset backed securities and other[1]	27,041	26,615	27,904	27,615
Bond Pool	38,536	37,228	32,798	32,913
Total	**$ 251,952**	**$ 245,113**	**$ 216,446**	**$ 214,928**

[1]Other securities total $115 (2013: $115) and are shares of Credit Union Central Alberta Limited at $100 (2013: $100) and Concentra Financial Services Association at $15 (2013: $15).

NOTE 7 CAPITAL ASSETS

Property and Equipment

(thousands of dollars)	Furniture & Equipment	Computer Equipment	Leasehold Improvements	Total
Cost				
Balance at December 31, 2013	$ 415	$ 328	$ 648	$ 1,391
Additions	-	54	-	54
Disposals	-	(109)	-	(109)
Balance at December 31, 2014	**415**	**273**	**648**	**1,336**
Accumulated depreciation				
Balance at December 31, 2013	370	286	323	979
Disposals	-	(109)	-	(109)
Depreciation and amortization expense	16	29	122	167
Balance at December 31, 2014	**386**	**206**	**445**	**1,037**
Net book value	**$ 29**	**$ 67**	**$ 203**	**$ 299**

As at December 31, 2014, the cost of fully depreciated capital assets that are still in use are as below:

(thousands of dollars)	2014	2013
Furniture and equipment	$ 338	$ 331
Computer equipment	176	195
Total fully depreciated capital assets	**$ 514**	**$ 526**

NOTE 7 CAPITAL ASSETS (Continued)

Intangible Assets

(thousands of dollars)	2014	2013
Cost	$ 443	$ 441
Accumulated amortization	(295)	(270)
Net book value	**$ 148**	**$ 171**

As at December 31, 2014, the cost of fully amortized intangible assets is $259 (2013: $258).

NOTE 8 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable refers to trade payables. Trade payables are outstanding invoices to vendors, payable upon receipt. Accrued liabilities refer to obligations to employees, consisting of primarily accrued vacation liability (and incentive pay in 2013), or to vendors where no invoice has been received.

(thousands of dollars)	2014	2013
Accounts payable	$ 35	$ 21
Accrued liabilities	328	669
Total accounts payable and accrued liabilities	**$ 363**	**$ 690**

NOTE 9 PROVISION FOR FINANCIAL ASSISTANCE

The Corporation monitors credit unions experiencing financial difficulty and has a contingent responsibility to provide financial assistance in the outcomes referred to in Note 3: Provision for Financial Assistance.

The current year provision is based on expected loss calculation and is subject to uncertainty surrounding amount. The expected timing of outflows of economic benefit are dependent on future events. As such, actual losses may differ significantly from estimate.

(thousands of dollars)	2014	2013
Change in financial assistance provision	$ 50	$ (238)
Financial assistance payments	-	238
Recoveries	(6)	(10)
Provision for (Recovery of) financial assistance	**$ 44**	**$ (10)**

NOTE 10 INCOME TAXES

Current Tax liability

(thousands of dollars)	2014	2013
Income tax payable	$ 536	$ 176
Income tax installments	(156)	(21)
Current tax liability	**$ 380**	**$ 155**

NOTE 10 INCOME TAXES (Continued)

Deferred Tax Liability

The table below is the analysis of deferred tax assets/(liabilities) as presented in the Statement of Financial Position and the related income tax recovery/(expense) recognized in net income and in other comprehensive income ("OCI").

	2014				2013			
(thousands of dollars)	Opening Balance	Recognized in Net Income	Recognized in OCI	Total	Opening Balance	Recognized in Net Income	Recognized in OCI	Total
Capital assets	$ (4)	$ 1	$ -	$ (3)	$ (11)	$ 7	$ -	(4)
Deferred revenue	11	(4)	-	7	15	(4)	-	11
Available-for-sale financial instruments[1]	(319)	-	(1,117)	(1,436)	(1,610)	-	1,292	(319)
Total	**$ (312)**	**$ (3)**	**$ (1,117)**	**$ (1,432)**	**$ (1,606)**	**$ 3**	**$ 1,292**	**$ (312)**

[1]This represents deferred income tax/(expense) recovery on the unrealized gain/(loss) on available-for-sale financial instruments. .

NOTE 10 INCOME TAXES (Continued)

Income Tax Expense

The Corporation's statutory income tax rate is 21% (2013: 21%). Income taxes differ from the expected result that would have been obtained by applying the combined federal and provincial tax rate to income before taxes for the following reasons:

At December 31, 2014, the non-depreciated property and equipment values for income tax purposes are lower than the related book values by approximately $14 (2013: $21). The resulting deferred tax liability is reflected in the Statement of Financial Position. The Corporation's future effective income tax rate is 21% (2013: 21%).

(thousands of dollars)		2014		2013
Expected income taxes on pre-tax net income at the statutory rate	$	6,695	$	5,834
Add (deduct) tax effect of:				
Non-taxable assessments		(6,191)		(5,679)
Non-deductible provision for financial assistance		9		(2)
Other	$	3	$	(2)
Current tax	**$**	**516**	**$**	**151**
Adjustments		-		22
Total income taxes	**$**	**516**	**$**	**173**

NOTE 11 DEFERRED LEASE INDUCEMENTS

Deferred lease inducements consist of tenant improvement allowance and four months free rent from the commencement of the current lease for the office premises. The amount is recorded at amortized cost and is recognized as an offset against monthly office lease payments over the term of the lease.

(thousands of dollars)	2014	2013
Tenant improvement allowance	$ 133	$ 213
Free rent	33	53
Total deferred lease inducements	**$ 166**	**$ 266**

NOTE 12 UNCLAIMED CREDIT UNION BALANCES

The unclaimed credit union balances are members' monies transferred from credit unions, after ten years of inactivity, to the Corporation. The amounts earn monthly interest calculated using the prescribed rate by the *Credit Union Act*. The interest rate used in 2014 is 1% (2013: 1%).

(thousands of dollars)	Balance
Balance as of December 31, 2012	$ 998
Amount transferred from credit unions	361
Interest	10
Amounts paid out	(8)
Balance as of December 31, 2013	**$ 1,361**
Amount transferred from credit unions	119
Interest	13
Amounts paid out	(12)
Balance as of December 31, 2014	**$ 1,481**

NOTE 13 REVENUE

Assessment Revenue

The Corporation charges quarterly deposit guarantee assessments to credit unions to carry out its legislated mandate. In 2014, the Corporation earned $29,485 (2013: $27,043) from deposit guarantee assessments charged to credit unions. Assessments received by the Corporation from the largest credit union represent 61% of the total assessments received.

Investment Income

Investment income is as follows:

(thousands of dollars)	2014	2013
Investment and dividend income	**$ 8,173**	**$ 7,230**
Gain on sale of investments	1,109	593
Loss on sale of investments	-	(149)
Net gain on sale of investments	**1,109**	**444**
Total investment income	**$ 9,282**	**$ 7,674**

For 2014, no adjustments for impairment losses (2013: Nil) were required.

NOTE 14 ADMINISTRATION EXPENSES

(thousands of dollars)	2014	2013
Salaries and benefits	$ 5,148	$ 5,040
Lease payments	459	487
Professional fees	187	347
Office	188	242
Depreciation and amortization	192	204
Other	302	186
Board and committee fees	168	176
Staff travel	147	144
Board and committee expenses	53	126
Total administration expenses	**$ 6,844**	**$ 6,952**

NOTE 15 RETIREMENT BENEFIT PLANS

The Corporation maintains a defined contribution plan for its employees where the cost is charged to net income or expenses when recognized. For 2014, there was a change in the amount contributed whereby the Corporation contributes 9% (2013: 6%) of the employees' gross salary including any paid vacation pay to each employee's RRSP and the employee contributes 3%. Participation is compulsory for all employees. The RRSP deductions are remitted monthly to the administrator of the group plan.

The total expense recognized in the Statement of Comprehensive Income of $366 (2013: $213) represents contributions payable to these plans by the Corporation. As at December 31, 2014, no contributions (2013: Nil) were outstanding in respect of the 2014 reporting period.

The Corporation does not have any defined benefit plans nor are there any post-retirement benefits.

NOTE 16 RELATED PARTY TRANSACTIONS

Included in these financial statements are transactions with Alberta Investment Management Corporation ("AIMCo"), an Alberta Crown Corporation, and departments related to the Corporation by virtue of common control or influence by the Province. Routine operating transactions and outstanding balances with any related parties, which are settled at prevailing market prices under normal trade terms and conditions, no more or less favorable than with non-government parties dealing with arm's length, are incidental and not disclosed. Management fees paid to AIMCo is $177 (2013: $195), which includes $38 (2013: $35) for the Bond Pool.

The Board of Directors, senior management and their immediate family members are also deemed to be related parties. The Board Chair for the Corporation reports directly to the President of Treasury Board and Minister of Finance. As at the reporting date, there were no business relationships or transactions, other than compensation, between the Corporation, Board members and its senior management. The required directors' and management remuneration disclosure is in the table below. As at December 31, 2014, the balance of compensation payable was $24 (2013: $128).

NOTE 16 RELATED PARTY TRANSACTIONS (Continued)

(thousands of dollars)	2014 Salary[1,2]	2014 Other Cash Benefits[1,5]	2014 Other Non-Cash Benefits[1,6]	2014 Total	2013 Salary[2]	2013 Other Cash Benefits[5]	2013 Other Non-Cash Benefits[6]	2013 Total
Chair[4,7]	$ 36	$ -	$ -	$ 36	$ 41	$ -	$ -	$ 41
Board members[4,7,8]	132	-	-	132	135	-	-	135
Current senior management:								
President & CEO[3]	300	26	34	360	250	50	13	313
Executive Vice President, Regulation & Risk Assessment	222	48	37	307	200	53	24	277
Vice President, Finance, Governance & Human Resources	205	45	40	290	183	50	26	259
Vice President, Strategy, Analysis & Information Technology	186	44	37	267	171	47	22	240
Total remuneration	**$ 1,081**	**$ 163**	**$ 148**	**$ 1,392**	**$ 980**	**$ 200**	**$ 85**	**$ 1,265**

[1]Effective January 1, 2014, the Total Rewards Program was implemented eliminating the Incentive Pay Program. Employees received a one-time salary adjustment and an increase in the employer portion of the RRSP Contribution. The last bonus payment relating to 2013 was received in 2014.
[2]Salary includes regular base pay.
[3]The President & Chief Executive Officer commenced in March 2013.
[4]The Chair for the Board of Directors retired and a new Chair and three new Directors were appointed in the second quarter of 2013.
[5]Other cash benefits include bonus, computer grant and other allowances.
[6]Employer's share of all employee benefits and contributions or payments made on behalf of employees including Canada Pension Plan, Employment Insurance, group Registered Retirement Savings Plan, dental coverage, medical benefits, group life insurance, accidental disability and dismemberment insurance and professional memberships. The total amount contributed to senior management RRSPs in the defined contribution plan was $93 (2013: $34).
[7]The Chair receives a retainer paid monthly for an annual amount of $10. The Chair and Board members are paid on a per diem basis for preparation and meeting time. The Deputy Minister of Treasury Board & Finance of the Province is a Board member but receives no remuneration from the Corporation.
[8]The minimum and maximum amounts paid to directors were $14 (2013: $4) and $36 (2013: $34), respectively. The average amount paid to directors was $21 (2013: $18).

NOTE 17 COMMITMENTS

The Corporation is a lessee under an operating lease related to a five-year agreement for office space with an option to renew for an additional five years. This agreement expires on August 31, 2016.

The following represents the minimum payments over the next five years.

Not later than one year	$ 602
Later than one year and not later than 5 years	$ 401
Later than 5 years	$ -

NOTE 18 RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Corporation is exposed to risks of varying degrees of significance which could affect its ability to meet its obligation to guarantee deposits at credit unions. The main objectives of the Corporation's risk management processes are to properly identify risks and maintain adequate capital in relation to these risks.

Investment/Market Risk

In accordance with the Corporate Investment Policy, the Corporation manages investment risk by maintaining a conservative portfolio, and engages AIMCo, an experienced independent fund manager to manage the portfolio. Compliance with the policy is monitored by the fund manager and is reported to the Board of Directors on a quarterly basis.

While the majority of funds are invested in high quality Canadian fixed income and debt related investments, a portion of the investments are maintained in a Bond Pool which includes certain derivative contracts. Derivative contracts are financial contracts, the value of which is derived from the value of underlying assets, indices, interest rates or currency rates. Derivative contracts held indirectly through pooled funds are used to enhance return, manage exposure to interest rate risk and foreign currency risk and for asset mix management purposes. The Bond Pool includes derivative contracts with a total net negative fair value of $5 (2013: ($133)).

Market risk relates to the possibility that investments will change in value due to future fluctuations in market prices and interest rates. As investments are carried at fair value, they are exposed to fluctuations in fair value. The Corporation is exposed to interest rate fluctuation as a result of normal market risk. This can affect cash flows, term deposits and fixed income securities at the time of maturity and re-investment of individual instruments. To mitigate the interest rate risk, the Corporation's portfolio is positioned defensively on interest rates with shorter duration relative to its benchmark with a view that the current low yield environment is not sustainable, especially in Canada. A one percent increase or decrease is used when reporting interest rates to represent management's assessment of a possible reasonable change in interest rates. Any changes would impact cash flow, term deposits and fixed income securities at the time of maturity and re-investment of

NOTE 18 RISKS ARISING FROM FINANCIAL INSTRUMENTS

(Continued)

Investment/Market Risk (Continued)

individual instruments. An increase or decrease of one percent would result in a decrease or increase of $11,878 (2013: $10,014) in the fair value of total investment if all other variables are constant.

As at December 31, 2014, securities directly held (excluding the Bond Pool) have an average effective yield of 2.0% (2013: 2.4%) based on fair value.

The Corporation owns units in the Bond Pool representing approximately 0.6% of the Bond Pool's outstanding units. The Bond Pool is comprised of Canadian fixed-income instruments and debt related derivatives. As at December 31, 2014, securities held by the Bond Pool have an average effective market yield of 3.0% per annum (2013: 3.4% per annum). The investment in units of the Bond Pool can be liquidated with one week's notice.

Capital/Funding Risk

The Corporation is not subject to externally imposed regulatory capital requirements. The capital of the Corporation consists of equity in the Deposit Guarantee Fund. Accumulated other comprehensive income is not included in the calculation of capital. The Corporation's capital target is for the Deposit Guarantee Fund to reach 1.5% of total credit union deposits and borrowings. As at December 31, 2014, the fund is at 1.23% (2013: 1.13%) of total credit union deposits and borrowings. The Corporation manages equity through the following: quarterly reporting to the Board of Directors through its committees on financial results and equity, setting budgets and reporting variances to those budgets, establishing the Corporate Investment Policy, monitoring and reporting, and reviewing the adequacy of the Deposit Guarantee Fund annually in conjunction with the review of assessment rates for credit unions.

Credit Risk

Credit risk related to securities arises from the possibility that the counter-party to an instrument fails to discharge its contractual obligation to the Corporation or the possibility of a decline in the value of a debt security following a rating downgrade as well as the risk of failing to receive assessment receivable from the credit unions.

To mitigate credit risk, the Corporation has established specific rules with respect to the credit ratings of counter-parties so that they do not fall below an acceptable threshold. The Corporation only invests in issuers of debt instruments with a credit rating of A for federal and provincial investments, AA for financial institutions, AAA for asset backed securities and A for utility and transportation from recognized credit rating agencies: Standard & Poors ("S&P") or Dominion Bond Rating Service ("DBRS"). DBRS is used to rate most fixed income investments, followed by S&P. The Bond Pool continues to limit its credit exposure to counter-parties with a credit standing A plus unless there is a Credit Support Annex in place. In that instance, counter parties with a rating of A minus may be accepted.

NOTE 18 RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Credit Risk (Continued)

To maintain assurance on the collectability of the assessment receivable, the Corporation monitors the financial strength of the credit unions on a monthly basis.

Assessments receivable from credit unions are unrated and the outstanding balances are collected within a week of the invoice date (see Note 5: Assessments Receivable). Historically, there have been no issues to collect the assessment receivable from any credit union.

The table below shows the credit risk exposure, by bond rating, at the end of the reporting period.

(thousands of dollars)		2014			2013	
Bond Rating	**Fair Value**	**Book Value**	**% of Total**	**Fair Value**	**Book Value**	**% of Total**
A	$ 3,335	$ 3,417	1.3%	$ 3,332	$ 3,417	1.6%
AA	65,167	63,805	25.9%	50,253	49,536	23.2%
AAA	48,489	47,791	19.3%	71,675	71,622	33.1%
AAL	49,012	47,557	19.4%	18,653	18,992	8.6%
AH	47,298	45,199	18.8%	39,620	38,333	18.3%
Bond Pool	38,536	37,229	15.3%	32,798	32,913	15.2%
Total	**$ 251,837**	**$ 244,998**	**100.0%**	**$ 216,331**	**$ 214,813**	**100.0%**

Note: Excludes Credit Union Alberta Central Limited ($100) and Concentra Financial Services Association ($15) shares as there is no credit risk associated with these equities.

Liquidity Risk

Liquidity risk is the risk of having insufficient financial resources to meet the Corporation's cash and funding requirements in support of the guarantee of deposits at credit unions. Management expects that the Corporation's principal sources of funds will be cash generated from credit union deposit guarantee assessments and interest earned on its investments to meet its financial obligation to guarantee deposits at the credit unions. The Corporation's Investment Policy provides for a minimum of $3 million (2013: $3 million) of investments to be held in cash or financial instruments maturing within one year. All the Corporation's investments are classified as available-for-sale and can readily be sold should the need arise.

NOTE 18 RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Liquidity Risk (Continued)

The term structure is presented in the table below. The Bond Pool structure is based on principle amount, net of obligations under repurchase agreements.

	Securities		Bond Pool	
	2014	2013	2014	2013
Under 1 year to 5 years[1]	56%	58%	38%	39%
Over 5 years	44%	42%	62%	61%

[1] The amount due within 1 year in securities is 3% (2013:3%) and in the Bond Pool is (17%) (2013: (3%)) which includes 12% (2013: 6%) of bonds and (29%) (2013: (9%)) of repurchase agreements.

NOTE 19 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair Value Hierarchy

The table below provides a summary of management's best estimate of the relative reliability of data or inputs used to measure the fair value of the Corporation's financial assets that are carried at fair value on a recurring basis. The measure of reliability is determined based on the following three levels:

Level 1: The fair value is based on quoted prices in active markets.

Level 2: The fair value is based on inputs other than quoted prices that are observable market data. Generally included in this category would be Government of Canada bonds, provincial government bonds, municipal bonds and chartered bank deposit notes.

Level 3: The fair value is based on inputs that are not based on observable market data.

(thousands of dollars)	December 31, 2014				December 31, 2013			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Cash (CCITF - fixed income securities)	$ 1,080	$ 6,622	$ -	$ 7,702	$ 849	$ 6,676	$ -	$ 7,525
Fixed income securities, directly held	21,563	191,738	115	213,416	40,820	142,713	115	183,648
Bond Pool	-	38,536	-	38,536	-	32,798	-	32,798
Total	**$ 22,643**	**$ 236,896**	**$ 115**	**$ 259,654**	**$ 41,669**	**$ 182,187**	**$ 115**	**$ 223,971**

NOTE 19 FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Fair Value Hierarchy Continued)

There were no transfers (2013: Nil) between Level 1 and 2 nor were there changes to the Level 3 assets in the period; therefore a continuity schedule has not been provided.

Valuation Technique and Inputs

Fair value is calculated using independent pricing sources and Canadian investment dealers. The calculation of fair value is based on market conditions or estimates at a point in time and may not be reflective of future fair value. Fair value is an estimated amount of the consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The valuation technique and key inputs used for Level 2 securities for fixed income securities and the Bond Pool 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 3-pronged approach in the valuation algorithms: direct observations, historical tracking and observed comparables. The results are then weighted and aggregated based on the reliability of each input to arrive at a final evaluated price for that security.

Fair Value Classification of Bond Pool

The Corporation owns units in the Bond Pool and is considered to have exposure to the risks and benefits of those units in the pool and not the underlying investments. The classification of the Bond Pool is therefore determined based on the level that represents the most significant portion of the underlying investments in the entire pool. As a result, the value of the Bond Pool is categorized as Level 2.

Fair Value Measurement of Shares

The shares in Credit Union Alberta Central Limited ($100) and Concentra Financial Services Association ($15) have no specific maturity, are not quoted nor traded in an active market, the shares are issued and redeemed at par value, and there is no observable market data with which to reliably measure a fair value. On this basis, the shares are classified as Level 3 as available-for-sale and the cost (i.e. par value) is considered to be the fair market value of the shares. There are no identifiable observable inputs and thus no inputs from which to determine the relationship to or sensitivity of fair market value to changes in unobservable inputs. During the year, there were no changes to the valuation of the shares (i.e. profit, loss, purchase, sales or transfers).

NOTE 20 COMPARATIVE FIGURES

Certain 2013 figures have been reclassified, where necessary, to conform to 2014 presentation.

The Public Interest Disclosure (Whistleblower Protection) Act

The Credit Union Deposit Guarantee Corporation as a provincial corporation of the Government of Alberta must adhere to the *Public Interest Disclosure (Whistleblower Protection) Act*. The *Act* requires that government bodies disclose, in their annual reports, any activities regulated by this legislation.

The Public Interest Disclosure (Whistleblower Protection) Act came into effect in June, 2013. This law gives employees 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 receive careful and thorough review to determine if action is required under the *Act*, and must be reported in the Corporation's annual report in accordance with Section 32 of the *Act*.

The following is a summary of disclosures received by Credit Union Deposit Guarantee Corporation for the fiscal year ended December 31, 2014:

Information Required Annually (Per Section 32 of the Act)	**Fiscal Year 2014**
The number of disclosures received, and the number acted on and not acted on.	NIL
The number of investigations commenced as a result of a disclosure.	NIL
In the case of an investigation that results in a finding or wrongdoing, a description of the wrongdoing and any recommendations made or corrective measures taken in relation to the wrongdoing or the reasons why no corrective measure was taken.	NIL

CREDIT UNION
DEPOSIT GUARANTEE
CORPORATION
Alberta

Suite 2000, 10104 – 103 Avenue
Edmonton, Alberta T5J 0H8

Tel 780-428-6680
Fax 780-428-7571
Email mail@cudgc.ab.ca
Website www.cudgc.ab.ca