

**Credit Union Deposit Insurance
Corporation of British Columbia
Financial Statements
As at March 31, 2025 and
for the year ended March 31, 2025**

Credit Union Deposit Insurance Corporation of British Columbia
Management Letter
For the year ended March 31, 2025

The financial statements of Credit Union Deposit Insurance Corporation of British Columbia ("CUDIC") were prepared by management in accordance with the financial reporting framework disclosed in note 2 to the financial statements, and include amounts based upon management's best estimates and judgments. In management's opinion, the financial statements have been properly prepared within the framework of the accounting policies summarized in the financial statements and incorporate, within reasonable limits of materiality, all information available at June 11, 2025.

Management is responsible for the integrity of the financial statements and has established systems of internal control to provide reasonable assurance that assets are safeguarded, and that reliable financial information is available on a timely basis. These systems include formal written policies and procedures, careful selection and training of qualified personnel, and appropriate delegation of authority and segregation of responsibilities within CUDIC.

The Board of Directors has established an Audit Committee to provide oversight in the fulfillment by management of these responsibilities. The Audit Committee, comprising directors who are not employees, meets with management and external auditors regarding the proper discharge of management's responsibilities with respect to financial statement presentation, disclosure, and recommendations on internal control.

The financial statements have been examined by BDO Canada LLP, CUDIC's independent external auditors. The external auditors' responsibility is to express their opinion on whether the financial statements, present fairly, in all material respects, CUDIC's financial position, statement of profit or loss, changes in equity, and cash flows in accordance with International Financial Reporting Standards. Their Auditor's Report, which follows, outlines the scope of their examination and their opinion.



Tolga Yalkin
Chief Executive Officer



Kelly Latzel
**Senior Vice President, Corporate
Services & Transformation**

Vancouver, BC
June 11, 2025



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Independent Auditor's Report

To the Directors of Credit Union Deposit Insurance Corporation of British Columbia

And to the Office of the Comptroller General, British Columbia

Opinion

We have audited the financial statements of Credit Union Deposit Insurance Corporation of British Columbia (the Entity), which comprise the Statement of Financial Position as at March 31, 2025, and the Statements of Profit or Loss, Changes in Equity and Cash Flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations (collectively IFRS Accounting Standards).

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Entity'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 management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 our 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity 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.

We 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 we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants

Vancouver, British Columbia

June 12, 2025


Credit Union Deposit Insurance Corporation of British Columbia

Statement of Financial Position

As at March 31, 2025 (in \$000s)

	March 31, 2025	March 31, 2024
Assets		
Cash	\$ 2,163	\$ 10
Accrued interest	5,826	4,847
Investments (note 4)	984,184	907,865
Intangible assets (note 5)	771	-
	<u>\$ 992,944</u>	<u>\$ 912,722</u>
Liabilities		
Accounts payable and accrued liabilities (note 7)	\$ 361	\$ 1,117
Due to BCFSa (note 7)	1,510	1,155
Income tax payable	3,904	-
Deferred tax liability (note 6)	1,569	-
	<u>7,344</u>	<u>2,272</u>
Equity		
Retained earnings	\$ 985,600	\$ 910,450
	<u>\$ 992,944</u>	<u>\$ 912,722</u>

Approved by the Board of Directors

 Chair

 Director

Credit Union Deposit Insurance Corporation of British Columbia

Statement of Profit or Loss

For the year ended March 31, 2025 (in \$000s)

	March 31, 2025	March 31, 2024
Revenue		
Assessment revenue (note 9)	\$ 30,377	\$ 41,069
Interest income (note 4)	33,846	30,130
	<u>64,223</u>	<u>71,199</u>
Expenses		
Administration (note 7)	11,424	10,368
Fund Management Fees (note 7)	571	518
Amortization (note 5)	41	-
Other	5	5
	<u>12,041</u>	<u>10,891</u>
Profit before undernoted	<u>52,182</u>	<u>60,308</u>
Increase (decrease) in fair value of investments	<u>27,933</u>	<u>(6,348)</u>
Profit before income taxes	<u>80,115</u>	<u>53,960</u>
Provision for income taxes (note 6)		
Current	3,396	1
Deferred	1,569	2,221
	<u>4,965</u>	<u>2,222</u>
Profit	<u>\$ 75,150</u>	<u>\$ 51,738</u>

Credit Union Deposit Insurance Corporation of British Columbia
Statement of Changes in Equity
For the year ended March 31, 2025 (in \$000s)

	March 31, 2025	March 31, 2024
Equity		
Balance, beginning of year	\$ 910,450	\$ 858,712
Profit	<u>75,150</u>	<u>51,738</u>
Balance, end of year	<u>\$ 985,600</u>	<u>\$ 910,450</u>

Credit Union Deposit Insurance Corporation of British Columbia

Statement of Cash Flows

For the year ended March 31, 2025 (in \$000s)

	March 31, 2025	March 31, 2024
Cash provided by (used in)		
Operating activities		
Profit	\$ 75,150	\$ 51,738
Adjustments for		
Realized (gain) loss on sale of investments	(13,666)	23,148
Unrealized gain on changes in fair value of investments	(14,267)	(16,800)
Amortization of premiums/discounts (note 4)	(4,357)	(5,848)
Provision for current income taxes	3,396	1,299
Amortization of intangible assets (note 5)	41	-
	<u>46,297</u>	<u>53,537</u>
Changes in non-cash operating working capital		
Accounts payable and accrued liabilities	(756)	538
Due to BCFSA	355	(93)
Deferred tax (note 6)	1,569	2,221
Accrued interest	(979)	(1,148)
	<u>189</u>	<u>1,518</u>
Income taxes recovered	<u>508</u>	<u>1</u>
Investing activities		
Acquisition of investments	(4,041,809)	(2,958,074)
Proceeds from disposition of investments	3,997,780	2,903,021
Acquisition of intangible assets (note 5)	(812)	-
	<u>(44,841)</u>	<u>(55,053)</u>
Increase in cash	2,153	3
Cash – Beginning of year	<u>10</u>	<u>7</u>
Cash – End of year	\$ 2,163	\$ 10

Credit Union Deposit Insurance Corporation of British Columbia

Notes to Financial Statements

As at and for the year ended March 31, 2025

(Amounts expressed in thousands of dollars unless otherwise stated)

1. Reporting entity and nature of operations

The Credit Union Deposit Insurance Corporation of British Columbia (the "Corporation") is a statutory corporation continued under the *Financial Institutions Act* ("FIA") and administered by BC Financial Services Authority ("BCFSA"). The Corporation is domiciled in Canada with its head office at 600-750 West Pender Street, Vancouver, BC, V6C 2T8.

The mandate of the Corporation is to guarantee all credit union deposits as well as any non-equity shares issued before January 1, 2020 (collectively, "insured deposits"). For the purpose of this guarantee (the "deposit guarantee"), "credit union" means a corporation incorporated as a credit union under the *Credit Union Incorporation Act* ("CUIA"), the *Credit Union Act*, R.S.B.C. 1979, c. 79, or a former *Credit Unions Act*. A "credit union" for the purpose of the deposit guarantee also includes a credit union continued into British Columbia under section 15.1 of the CUIA but does not include a credit union continued under the laws of another jurisdiction under section 15.2 of the CUIA or a central credit union.

To meet this mandate, the Corporation undertakes functions set out in the FIA and maintains the deposit insurance fund (the "Fund") which is held for the benefit of the insured deposits in accordance with the FIA. The FIA states that the Corporation must hold the Fund in trust for the purposes of administering and operating the Fund.

BCFSA is the governing body responsible for establishing the Deposit Insurance Fund Target Policy which is adopted by the Corporation to administer the Fund. BCFSA is empowered to augment the Fund on behalf of the Corporation by annually assessing each credit union. Instead of, or in addition to any assessments, BCFSA may order each credit union to purchase debentures issued by the Corporation. No debentures were issued in the last fiscal year, and none were outstanding as at March 31, 2025.

BCFSA verifies the amounts of deposit guarantee payments and determines the manner in which financial assistance is made from the Fund. However, the Corporation determines the timing and form of deposit guarantee payments and whether financial assistance is provided from the Fund. The Corporation's actions are dependent on future events and outcomes. Outcomes that may require financial assistance include the restructuring or asset sale of a credit union or an amalgamation of credit unions.

2. Basis of preparation

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board.

The Board of Directors of CUDIC approved the contents of these financial statements on June 11, 2025.

Credit Union Deposit Insurance Corporation of British Columbia

Notes to Financial Statements

As at and for the year ended March 31, 2025

(Amounts expressed in thousands of dollars unless otherwise stated)

2. Basis for preparation (continued)

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency, and expressed in thousands of dollars.

Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future impacted periods.

Information regarding the area of estimation uncertainty in applying accounting policies that has the most significant effect on the amounts recognized in the financial statements is described in note 3(a)(viii) Provision for credit union assistance.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise indicated.

(a) Financial instruments

Under IFRS 9 Financial Instruments ("IFRS 9"), the Corporation classifies its financial assets in the following measurement categories: fair value through other comprehensive income ("FVOCI"); fair value through profit or loss ("FVTPL"); or amortized cost. Management determines the classification of its financial instruments at the time of initial recognition. The Corporation uses trade date accounting for regular way contracts when recording financial asset transactions. A "regular way contract" refers to a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the period established by regulation or convention in the marketplace concerned.

Credit Union Deposit Insurance Corporation of British Columbia

Notes to Financial Statements

As at and for the year ended March 31, 2025

(Amounts expressed in thousands of dollars unless otherwise stated)

3. Significant accounting policies (continued)

(a) Financial instruments (continued)

The accounting policies under IFRS 9 related to Corporation's financial assets and liabilities are as follows:

(i) *Initial recognition and measurement*

Financial assets and financial liabilities are initially recognized at their fair value at acquisition. Accounts payable are recognized on the date on which they are originated.

Investments are recognized on the trade date at which the Corporation becomes a party to the investment's contractual provisions.

(ii) *Financial assets*

Classification and subsequent measurement

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective and would include investments held by the Corporation.

Classification and subsequent measurement of debt instruments depends on:

- the business model for managing the asset; and
- the cash flow characteristics of the assets.

Based on these factors, the Corporation classifies its debt instruments into one of the following three measurement categories:

- **Amortized cost:** Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI"), and that are not designated at FVTPL, are measured at amortized cost. The carrying amount of these assets is adjusted by any expected credit loss ("ECL") allowance. The Corporation has no financial instruments measured at amortized cost;
- **FVTPL:** Financial assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized in the statement of profit or loss and presented within changes in fair value of investments in the period in which it arises. Interest income from these financial assets is calculated using the yield on investments; and

Credit Union Deposit Insurance Corporation of British Columbia

Notes to Financial Statements

As at and for the year ended March 31, 2025

(Amounts expressed in thousands of dollars unless otherwise stated)

3. Significant accounting policies (continued)

(a) Financial instruments (continued)

- FVOCI: Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent SPPI, and that are not designated at FVTPL, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income ("OCI"), except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses on the instrument's amortized cost, which are recognized in the statement of profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity and recognized in interest income. The Corporation has no financial instruments measured at FVOCI.

(iii) *Business model*

The business model reflects how the Corporation manages the assets in order to generate cash flows. That is, whether the Corporation's objective is solely to collect the contractual cash flows from the assets or is it to collect both the contractual cash flows and cash flows arising from the provision of services. If neither of these is applicable (for example, financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Corporation in determining the business model for a group of assets include: past experience on how the cash flows for these assets were collected; how the asset's performance is evaluated and reported to key management personnel; how risks are assessed and managed; the frequency and volume of, and the reason for, sales; volume of sales in prior periods; and the expectations about future sales activity.

(iv) *Impairment*

The Corporation assesses on a forward-looking basis the ECL associated with its assets carried at amortized cost and FVOCI. The Corporation recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating 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 about past events, current conditions, and forecasts of future economic conditions.

(v) *Equity instruments*

Equity instruments are instruments that meet the definition of equity from the issuer's perspective. That is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. The Corporation has no equity instruments.

Credit Union Deposit Insurance Corporation of British Columbia

Notes to Financial Statements

As at and for the year ended March 31, 2025

(Amounts expressed in thousands of dollars unless otherwise stated)

3. Significant accounting policies (continued)

(a) Financial instruments (continued)

(vi) *Financial liabilities*

The Corporation designates accounts payable due to BCFSa and credit facilities as financial liabilities. In both the current and prior period, financial liabilities are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method except for credit facilities. Financial liabilities are derecognized when they are extinguished (that is, when the obligation specified in the contract is discharged or cancelled or expires).

(vii) *Assessment revenue*

BCFSa has established a Fund target in relation to the total amount of insured deposits, based on the Deposit Insurance Fund Target Policy (see note 9). Assessments are recognized as revenue when earned at a point of time and collection is reasonably assured.

(viii) *Provision for credit union 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 an outflow of economic benefits will be required to settle the obligation.

The provision for financial assistance represents the Corporation's best estimate of the consideration required to settle this obligation and is determined in accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets. The Corporation does not have any provisions as of March 31, 2025.

The estimate considers the risks and uncertainties surrounding the obligation. The provision is estimated by assessing the aggregate risk of the provincial regulated credit unions based on:

- the level of insured deposits;
- the expectation of default derived from probability statistics;
- an expected loss given default; and
- the Corporation's specific knowledge of the credit unions.

The Corporation may make a provision for financial assistance when the need for financial assistance becomes likely and the amount for specific credit unions can reasonably be estimated. These provisions are recorded when it is probable that payment out of the Fund will be required and the amount can be reasonably estimated.

Credit Union Deposit Insurance Corporation of British Columbia

Notes to Financial Statements

As at and for the year ended March 31, 2025

(Amounts expressed in thousands of dollars unless otherwise stated)

3. Significant accounting policies (continued)

(a) Financial instruments (continued)

(viii) *Provision for credit union assistance (continued)*

The estimate is based on an expected loss calculation and is subject to uncertainty surrounding amount and timing of losses. As such, actual losses may differ significantly from estimates. No payments or accruals were made in relation to credit union assistance and deposit insurance claims in the current or prior year.

(b) Intangible assets

Intangible assets are recorded at cost, which includes amounts that are directly related to acquisition, design, construction, development, improvement, or betterment of the assets. Cost includes overhead directly attributable to construction, development, and interest costs that are directly attributable to the acquisition or construction of the asset.

The cost, less residual value, of the intangible assets is amortized on a straight-line basis over their estimated useful lives as follows:

Systems and software	2-10 years
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Intangible assets are subject to impairment tests whenever there is an indication that their carrying amounts may not be recoverable. Where the carrying amount of an asset exceeds its recoverable amount, which is the higher of value of use and fair value less costs to sell, the asset is written down accordingly. Value in use is calculated on a discounted cash-flow basis.

The recoverable amount is most sensitive to the discount rate used in the discounted cash-flow model as well as to the expected future cash flows and the growth rate. To arrive at cash flow projections, the Corporation uses estimates of economic and market information over the forecast period.

An impairment loss is charged to the statement of comprehensive income, except to the extent it reverses gains previously recognized in other comprehensive income.

(c) Income taxes

Income tax expense comprises current and deferred taxes. Current and deferred taxes are recognized in statement of profit or loss except to the extent that they relate to items recognized directly in equity or OCI. Current tax is the expected tax payable or receivable on the taxable income or loss for the year. It is calculated using tax rates enacted or substantively enacted at the reporting date and any adjustments to tax payable in previous years.

Credit Union Deposit Insurance Corporation of British Columbia

Notes to Financial Statements

As at and for the year ended March 31, 2025

(Amounts expressed in thousands of dollars unless otherwise stated)

3. Significant accounting policies (continued)

(c) Income taxes (continued)

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

A deferred tax asset is recognized for unused tax losses, tax credits, and deductible temporary differences to the extent that it is probable that they can be utilized against available future taxable profits. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

A deferred tax liability is recognized for unrealized gains on investments.

4. Investments

The Corporation is permitted to make any investment that a pension plan can make under the *Pension Benefits Standards Act*. Accordingly, the Corporation's investment policy permits investment in debt securities issued or insured by a federal, provincial, or municipal government of Canada. Investments are managed on both a segregated basis and in pooled funds by British Columbia Investment Management Corporation ("BCI"), the Corporation's investment manager. The fair value of investments was as follows:

	March 31, 2025	March 31, 2024
Bonds		
Canadian	\$ 631,908	\$ 551,328
Provincial	231,819	304,531
Municipal	58,193	-
Pooled funds		
Money market	62,264	52,006
	<u>\$ 984,184</u>	<u>\$ 907,865</u>

The Corporation's exposure to credit and interest rate risks related to its investments is disclosed in note 12.

Credit Union Deposit Insurance Corporation of British Columbia

Notes to Financial Statements

As at and for the year ended March 31, 2025

(Amounts expressed in thousands of dollars unless otherwise stated)

4. Investments (continued)

Interest income is comprised of:

	March 31, 2025	March 31, 2024
Interest earned	\$ 29,489	\$ 24,282
Amortization premiums/discounts	<u>4,357</u>	<u>5,848</u>
Interest income	<u>\$ 33,846</u>	<u>\$ 30,130</u>

5. Intangible assets

March 31, 2025	Systems and Software
Cost	
Opening balance	\$ -
Additions	<u>812</u>
Closing balance	<u>\$ 812</u>
Accumulated amortization	
Opening balance	\$ -
Amortization	<u>41</u>
Closing balance	<u>\$ 41</u>
Net book value	<u>\$ 771</u>

During the year ended March 31, 2025, the Corporation recognized \$812 intangible assets for the internally developed system Payment Assessment & Insurance Determination. The development of the system was completed and put to use in September 2024.

Credit Union Deposit Insurance Corporation of British Columbia

Notes to Financial Statements

As at and for the year ended March 31, 2025

(Amounts expressed in thousands of dollars unless otherwise stated)

6. Income taxes

Under the *Income Tax Act*, the Corporation pays income taxes on its taxable income at the statutory rate prescribed for deposit insurance corporations. To maintain status as a deposit insurance corporation under the *Income Tax Act*, 50% of the cost of the Corporation's investment property must be held in eligible securities, defined as bonds or other fixed income securities either issued by Canadian federal, provincial, or municipal governments, or guaranteed by the federal government.

The provision for income taxes is comprised of:

	March 31, 2025	March 31, 2024
Current tax expense	\$ 3,396	\$ 1
Deferred tax expense	1,569	2,221
	<u>\$ 4,965</u>	<u>\$ 2,222</u>

The Corporation also has an aggregate of \$27,230 capital losses that can be carried forward indefinitely to reduce future capital gains, the benefit of which has not been recorded.

Income tax expense differs from the amount that would be consistent with tax computed by applying the combined federal and provincial statutory income tax rate of 11.0% (2024 – 11.0%) to income before income taxes.

The tax effect of the temporary difference that gives rise to a deferred tax liability is presented below:

	March 31, 2025	March 31, 2024
Deferred tax liability		
- unrealized gain on investments	\$ 1,569	\$ -

Credit Union Deposit Insurance Corporation of British Columbia

Notes to Financial Statements

As at and for the year ended March 31, 2025

(Amounts expressed in thousands of dollars unless otherwise stated)

6. Income taxes (continued)

The reasons for the differences in current tax expense are outlined below:

	March 31, 2025		March 31, 2024	
	Rate	Amount	Rate	Amount
Income before income taxes		\$ 80,115		\$ 53,960
Expected income tax	11.0%	8,813	11.0%	5,936
Reconciling items:				
Impact of changes in fair value of investments		(1,569)		(2,221)
Non-taxable credit union assessments		(3,341)		(4,518)
Prior year tax adjustment		(507)		804
Current expected income taxes		\$ 3,396		\$ 1

7. Related party transactions

(a) Expenses

As the Corporation is administered by BCFSA, administrative expenses relating to the Corporation's mandate are charged by BCFSA to the Corporation at cost. The allocation of a percentage of salaries to the Corporation is calculated based on an estimate of the activities performed by BCFSA team members on tasks pertinent to the mandate of the Corporation. Other expenses, including occupancy costs, are allocated to the Corporation at cost according to the Corporation's proportionate share of activities. These transactions are conducted in the normal course of business at amounts established and agreed to by both parties.

In the current year, total expenses charged to the Corporation by BCFSA amounted to \$12,236 (2024 – \$10,368). \$812 was capitalized as intangible assets in current year (note 5). The balance remaining payable to BCFSA as at March 31, 2025 was \$1,510 (2024 – \$1,155).

The Corporation is related to BCI, the Corporation's investment manager, which is a British Columbia provincial Crown corporation. Investment management fees of \$571 (2024 – \$518) were incurred during the year from BCI. The balance payable to BCI as at March 31, 2025 was \$31 (2024 – \$216) and is included in accounts payable and accrued liabilities.

Credit Union Deposit Insurance Corporation of British Columbia

Notes to Financial Statements

As at and for the year ended March 31, 2025

(Amounts expressed in thousands of dollars unless otherwise stated)

7. Related party transactions (continued)

(b) Administration expenses

	March 31, 2025	March 31, 2024
CUDIC operations	\$ 1,892	\$ 1,615
Share of Credit Union regulatory costs	5,924	4,538
Share of overhead support costs	4,420	4,215
Total expenses charged by BCFSA	12,236	10,368
Capitalized costs (note 5)	(812)	-
Total	\$ 11,424	\$ 10,368

8. Commitments and contingencies

The Corporation has no commitments. However, as the Corporation is administered by BCFSA and BCFSA allocates a portion of its costs to the Corporation, commitments entered by BCFSA may result in future allocations to the Corporation.

9. Depositor protection

The investments comprise the Corporation's retained earnings. In addition, the Corporation has entered into the Credit Union Financial Assistance Agreement (the "\$30,000 Committed Fund") with Stabilization Central Credit Union ("SCCU") established on January 1, 2015. Utilization of the SCCU's funding is to take place before the Corporation's Fund is accessed for claims on the deposit insurance guarantee or for financial assistance purposes. The Corporation's interest in the securities, monies and other assets in the \$30,000 Committed Fund is secured by a Specific Security Agreement. These combine to form the depositor protection fund (an ex-ante fund) to pay for potential deposit insurance claims, to provide financial assistance when required and to provide liquidity in the event of the wind-up of a credit union. In May 2022, BCFSA approved a Fund size target range of 1.20% to 1.45% and a target point of 1.30% of insured deposits.

During the fiscal year, assessment revenue of \$30,377 was recorded based on a weighted average assessment rate of 4.31 basis points ("bps") using year-end British Columbia credit union deposits. (2024 – \$41,069, 6.01 bps).

At March 31, 2025, the Corporation's retained earnings represented 1.40% (2024 – 1.30%) of British Columbia credit union deposits and non-equity shares (issued before January 1, 2020) of \$70,639,022 (2024 – \$70,165,856). Combined with the \$30,000 Committed Fund, the depositor protection fund represented 1.44% (2024 – 1.34%) of insured deposits, which is within the Fund size target range of 1.20% to 1.45% (2022 – 1.05% to 1.35%).

Credit Union Deposit Insurance Corporation of British Columbia

Notes to Financial Statements

As at and for the year ended March 31, 2025

(Amounts expressed in thousands of dollars unless otherwise stated)

10. Credit facilities

The Corporation has a \$250 unsecured line of credit for operating purposes with Central 1 Credit Union, which bears interest at the prime rate.

The Corporation also has a liquidity line of credit with the British Columbia Ministry of Finance to support deposit insurance operations. The maximum available (\$200,000) is limited to the lesser of: (i) the maximum authorized by the directors of the Corporation; (ii) the Lieutenant Governor in Council pursuant to section 53 of the FIA; or (iii) 80% of the fair market value of the Corporation's investments.

Advances under each line of credit are not secured, and confirmation of investment holdings is required prior to advances. Any advances would be required to be repaid from the sale proceeds of the Corporation's investments.

11. Fair value of financial instruments

The fair values of the Corporation's cash, accounts payable, accrued liabilities, and other amounts due to BCFSA approximate their carrying values due to their short-term nature.

Financial instruments measured at fair value in the financial statements are categorized according to the basis of their measurement using a fair value hierarchy:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – valuation technique using inputs other than quoted prices in Level 1 that are observable for the asset or liability either directly or indirectly; or

Level 3 – valuation technique using inputs for the asset or liability that are not based on observable market data.

The Corporation's investments are measured at fair value and are classified as Level 2 in the fair value hierarchy. During the years ended March 31, 2025, and 2024, no financial instruments were transferred between levels and there were no financial instruments measured using unobservable market data (Level 3).

12. Financial risk management

Investments are exposed to financial risks including credit risk, liquidity risk, and market risk.

Credit Union Deposit Insurance Corporation of British Columbia

Notes to Financial Statements

As at and for the year ended March 31, 2025

(Amounts expressed in thousands of dollars unless otherwise stated)

12. Financial risk management (continued)

Credit risk

Credit risk relates to the possibility that a loss may occur from the failure of another party to comply with the terms of contract. The Corporation is subject to credit risk in the bond portfolio, which is limited to the investment policy established by the Corporation permitting investment in debt securities issued or insured by a federal, provincial, municipal government of Canada or Canadian or provincial government-related entities. The credit risk within the pooled funds is managed by the investment manager in accordance with its individual policies.

Liquidity risk

Liquidity risk relates to the possibility that the Corporation does not have sufficient cash or cash equivalents to fulfill its financial obligations as they come due. All the Corporation's investments are measured at FVTPL and are readily redeemable or saleable and can be sold if the need arises. The Corporation's principal sources of funds are investments, assessment revenue, and interest income.

To further manage liquidity, the Corporation has lines of credit (see note 10).

Market risk

Market risk relates to the possibility that investments will change in value due to future fluctuations in market prices. Investments are carried on the statement of financial position at fair value and are exposed to fluctuations in fair value. Changes in unrealized gains (losses) of investments are recorded in the statement of profit or loss.

Market risk is comprised of the following three types of risk:

1. Currency risk

Currency risk relates to the possibility that the investments will change in value due to future fluctuations in foreign exchange rates. At March 31, 2025 and March 31, 2024, all investments were denominated in Canadian dollars.

2. Interest rate risk

Interest rate risk relates to the possibility that fixed income investments will change in value due to future fluctuations in market interest rates. As fixed income investments are carried at their fair value, the carrying value of investments has exposure to interest rate risk. The Corporation is also exposed to interest rate risk on investment returns on reinvestment following maturity or sale. BCI monitors duration and re-pricing risk of fixed income investments.

Credit Union Deposit Insurance Corporation of British Columbia

Notes to Financial Statements

As at and for the year ended March 31, 2025

(Amounts expressed in thousands of dollars unless otherwise stated)

12. Financial risk management (continued)

Market risk (continued)

2. Interest rate risk (continued)

The effective yield and duration of fixed income investments are described below:

					March 31, 2025
	Weighted average rate(%)	Less than one year	1 to 3 Years	3 to 5 Years	Total
Bonds					
Canadian	2.56	\$ 32,314	\$ 306,494	\$ 293,100	\$ 631,908
Provincial	2.66	-	110,076	121,743	231,819
Municipal	2.68	-	50,106	8,087	58,193
	2.60	\$ 32,314	\$ 466,676	\$ 422,930	\$ 921,920

Interest rate sensitivity is based on the modified duration measure of the portfolio as at fiscal year end. As at March 31, 2025, a one percent increase or decrease in interest rate would result in a decrease or increase, respectively of \$24,607 or 2.50% in the fair value of total investments including money market investments of \$62,264.

					March 31, 2024
	Weighted average rate(%)	Less than one year	1 to 3 Years	3 to 5 Years	Total
Bonds					
Canadian	4.00	\$ -	\$ 355,628	\$ 195,700	\$ 551,328
Provincial	4.13	-	128,672	175,859	304,531
	3.81	\$ -	\$ 484,300	\$ 371,559	\$ 855,859

Interest rate sensitivity is based on the modified duration measure of the portfolio as at fiscal year end. As at March 31, 2024, a 1% increase or decrease in interest rate would have resulted in a decrease or increase, respectively of \$22,061 or 2.43% in the fair value of total investments including money market investments of \$52,006.

Credit Union Deposit Insurance Corporation of British Columbia

Notes to Financial Statements

As at and for the year ended March 31, 2025

(Amounts expressed in thousands of dollars unless otherwise stated)

12. Financial risk management (continued)

Market risk (continued)

3. Other price risk

Other price risk relates to the possibility that the fair value or future cash flows from financial instruments will change due to market fluctuations (other than due to currency or interest rate movements). The Corporation's investments are not exposed to other price risk.

13. Capital management

The Corporation's capital management objective is to maintain the Fund combined with the \$30,000 Committed Fund to a target range of 1.20% to 1.45% of insured deposits with a target point of 1.30% (see note 9). BCFSA determines the rate of annual assessment with the view to growing the Fund and maintaining it within the target range.