

Rating Report

Province of Alberta

Morningstar DBRS

September 13, 2024

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Credit Ratings

Debt	Credit Rating	Credit Rating Action	Trend
Issuer Rating	AA	Confirmed	Stable
Long-Term Debt	AA	Confirmed	Stable
Short-Term Debt	R-1 (high)	Confirmed	Stable

Credit Rating Update

DBRS Limited (Morningstar DBRS) confirmed the Province of Alberta's (Alberta or the Province) Issuer Rating and Long-Term Debt credit rating at AA and Short-Term Debt credit rating at R-1 (high). All trends are Stable.

The Province recently released its first-quarter update, which forecasts a surplus of \$2.9 billion in 2024–25 (a marked improvement from the February 2024 budget that projected a surplus of \$0.4 billion). On a Morningstar DBRS-adjusted basis, this equates to 0.2% of GDP. Supported by the fiscal framework introduced in 2023, Alberta anticipates the continuation of small surpluses and declining debt-to-GDP over the medium term. We believe that the Province can maintain its fiscal performance if it adheres to the new fiscal framework, although continuing economic and commodity price volatility could present challenges.

Based on the first-quarter update, we expect Alberta's adjusted debt-to-GDP ratio to be 17.2% in 2024–25, down from 19.4% in 2023–24. Over the medium term, adjusted debt is projected to fall below 16.0% of GDP by 2026–27. We expect that a muted global economy could present headwinds to improving provincial debt metrics, although anticipated underspending on capital programs should partly mitigate this and reduce debt needs over the medium term.

Although subdued on a per-capita basis, the Province anticipates real GDP growth to rebound to 3.3% in 2025, up from a budgeted 2.9%, supported by ongoing business investment in oil and other industries and resilient residential construction.

Although unlikely in the near term, we could upgrade Alberta's credit ratings if there were a combination of material improvements in economic diversification and a significant strengthening of the government's balance sheet. We could take a negative credit rating action from a material decline in energy prices leading to materially weaker-than-expected financial risk metrics on a sustained basis.

Financial Information

(For the year ended March 31)	Q1 2025	2024	2023	2022	2021
Debt/GDP (%)	17.2	19.4	18.5	26.8	34.1
Surplus (deficit)/GDP (%)	0.2	0.6	2.3	0.9	(6.0)
Federal transfers/total revenue (%)	16.6	16.5	14.9	17.0	24.4
Interest costs/total revenue (%)	4.2	4.2	3.7	3.9	5.8
Real GDP growth (%)	3.3	1.8	5.0	4.6	(7.8)

Sources: The Province, Statistics Canada, and Morningstar DBRS calculations.

Issuer Description

Alberta is in Western Canada and has the third-largest provincial economy (based on nominal GDP) and fourth-largest population (4.9 million) in the country. The Province is home to much of Canada's oil and gas (O&G) industry and has the world's third-largest proven oil reserves, totalling approximately 171 billion barrels.

Credit Rating Considerations

Strengths

1. *Competitive tax regime*

Alberta has the most competitive tax system in the country. It does not levy a sales tax, health premium, capital tax, or payroll tax and has relatively low personal and corporate income tax rates. The United Conservative Party of Alberta's (UCP) legislated corporate income tax reductions further improved Alberta's tax competitiveness. The Province's competitive tax advantage could provide the government with flexibility to address fiscal imbalances.

2. *Strong demographics*

Alberta has a relatively young population, with a median age of 38.1 years as at July 1, 2023—among the lowest across all provinces. Furthermore, population growth remains positive, supported by natural increases and strong international immigration.

3. *Abundant O&G resources*

Alberta has a long-established energy industry and the world's third-largest proven reserves, which have contributed to high income levels, significant royalty revenue for the Province, and the potential for above-average economic growth.

Challenges

1. *Economic concentration and constrained market access*

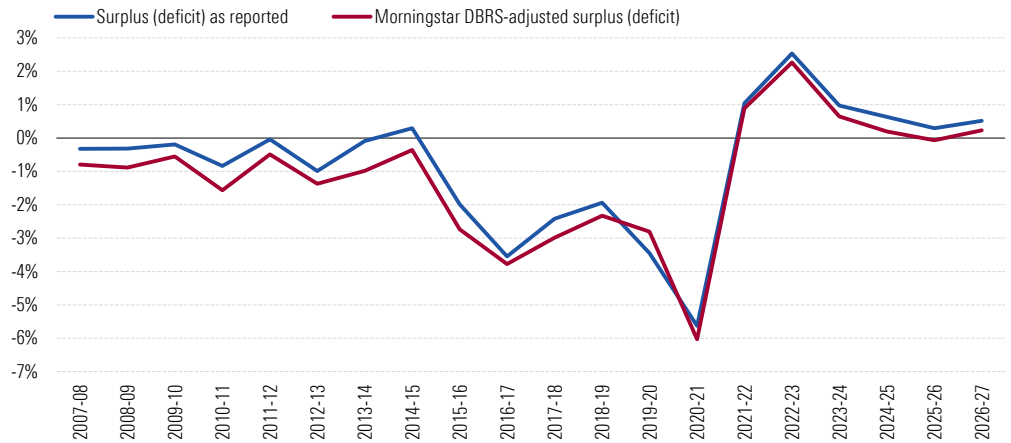
A high reliance on the energy sector adds considerable volatility to economic and fiscal performance. Furthermore, Western Canada's energy industry faces other significant challenges that will likely limit investment and growth, such as rising environmental concerns, regulatory uncertainty, and expectations that growth in global oil demand will subside over the coming decade.

2. Labour negotiations

While Alberta has been successful in achieving affordable wage settlements in recent collective bargaining agreements and demonstrating progress toward its goal of aligning per capita spending with comparable provinces, this may be challenging to sustain in light of cost of living and retention pressures.

2024–25 Interim Results

Exhibit 1 Operating Result (Share of GDP)



Sources: The Province, Morningstar DBRS, and Statistics Canada.

The Province recently released its first-quarter update, which forecasts a surplus of \$2.9 billion in 2024–25 (a marked improvement from the February 2024 budget that projected a surplus of \$0.4 billion). On a Morningstar DBRS-adjusted basis, this equates to 0.2% of GDP. Supported by the fiscal framework introduced in 2023, Alberta anticipates the continuation of small surpluses and declining debt-to-GDP over the medium term. The Province remains committed to spending control, diversification away from resource revenues, and contributions to the Alberta Heritage Savings Trust Fund (the Heritage Fund).

Based on the first-quarter update, Alberta forecasts total revenue to increase by 2.0% in 2024–25, with healthy growth across most categories offsetting lower other own-source revenues. This update assumes an average West Texas Intermediate (WTI) oil price of USD 76.5 per barrel (/bbl) for 2024–25, slightly up from USD 74/bbl at budget. At the time of writing, WTI is around USD 66.3/bbl. The budget estimated that a USD 1/bbl change in the price of WTI could affect provincial revenue by approximately \$630 million.

The Province projects total spending (Morningstar DBRS-adjusted) to be \$75.3 billion in 2024–25, an increase of 4.8% over the previous year. Alberta forecasts debt-servicing costs to rise by 1.9% year over year (YOY), with efforts to repay maturing debt through budget surpluses and healthy returns on investment assets mitigating the impact of relatively higher interest rates. Interest costs are expected to remain stable at 4.2% of total revenue in 2024–25.

Exhibit 2 Budget Summary

(CAD millions)	2024–25	2023–24	2022–23	2021–22	2020–21
	Q1 Update	Actual	Actual	Actual	Actual
Revenue	76,210	74,732	76,143	68,322	43,137
Expense					
Program expense	70,075	67,298	61,673	61,766	57,613
Interest expense	3,208	3,149	2,829	2,641	2,486
Surplus (deficit) as reported	2,927	4,285	11,641	3,915	(16,962)
Morningstar DBRS Adjustments					
Nonrecurring items	-	-	-	866	443
Capital investment	(4,963)	(4,197)	(3,910)	(4,045)	(4,287)
Amortization	2,940	2,764	2,666	2,613	2,627
Adjusted surplus (deficit)	904	2,852	10,397	3,349	(18,179)
Share of nominal GDP (%)	0.2	0.6	2.3	0.9	(6.0)

Sources: Morningstar DBRS and the Province.

The budget included a \$2.0 billion provision for contingencies and disaster assistance in 2024–25, which is available to absorb unforeseen expenditure pressures. Based on the first-quarter report, the Province has already used \$0.6 billion, which largely reflects costs associated with wildfires and related disaster assistance. In 2023–24, the contingency was \$1.5 billion, which Alberta used in its entirety to cover wildfire-fighting efforts and agriculture disaster support.

For 2024–25, the first-quarter update points to capital spending of \$8.5 billion, up slightly from \$8.3 billion at the time of the budget. Over the medium term, the budget points to annual capital spending of \$8.4 billion in both 2025–26 and 2026–27.

Medium-Term Outlook

The Province has not updated its multiyear forecast, but the original 2024 budget pointed to ongoing surpluses of \$1.4 billion and \$2.6 billion for 2025–26 and 2026–27, respectively. On a Morningstar DBRS-adjusted basis, this equates to a roughly balanced position. This outlook remains very sensitive to the outlook for energy prices, broader economic growth environment, and the government's ability to manage cost pressures, particularly for public-sector compensation.

2023–24 Results

Alberta reported a surplus of \$4.3 billion in 2023–24, up from the budgeted surplus of \$2.4 billion. On an adjusted basis, after including capital expenditures as incurred rather than as amortized, this equates to a surplus of \$2.9 billion, or 0.6% of GDP.

Adjusted revenue declined by 1.9% YOY, as lower resource revenue (-23.6%; moderated from previous year highs) and net income from government business enterprises (-50.1%) offset increases in tax revenues (+1.0%), federal transfers (+8.6%), and other own-source revenues (+43.6%).

Adjusted expenditures were up 9.3% YOY. Expenses across most categories increased because of inflation and volume pressures. Debt servicing costs increased by 11.3% YOY resulting from high interest rates and a slightly higher debt burden.

Debt Profile

Exhibit 3 Debt-to-GDP Ratios

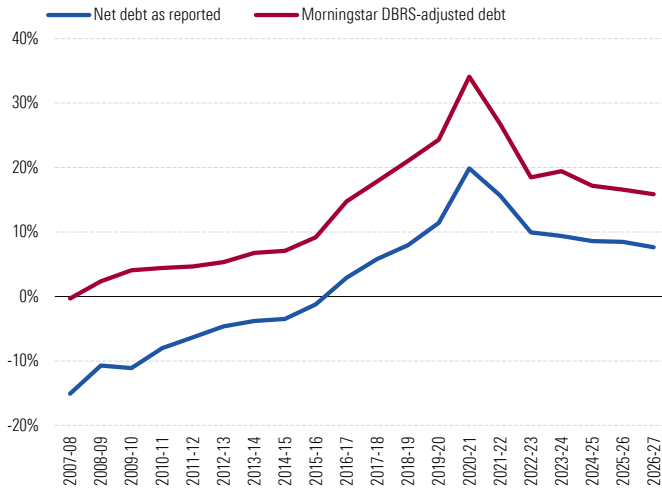
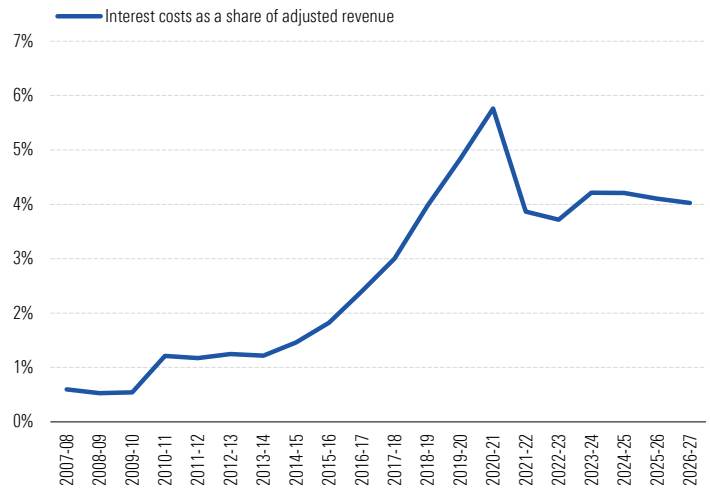


Exhibit 4 Interest Costs as a Share of Adjusted Revenue



Sources: Statistics Canada, Morningstar DBRS, and the Province.

Alberta's debt has declined in the years following the pandemic, supported by improved fiscal performance and debt repayment. As at March 31, 2024, the net debt-to-GDP ratio was 9.4%, down from a peak of 19.9% in 2020–21. On a Morningstar DBRS-adjusted basis, debt is defined as tax-supported debt, debt borrowed by or on behalf of provincial Crown corporations, and unfunded pension liabilities, less assets in the Heritage Fund. In 2023–24, Morningstar DBRS-adjusted debt was 19.4%, down from 34.1% in 2020–21.

The Province ensures that 100% of the Heritage Fund net income is retained within the fund. We net Heritage Fund assets against tax-supported debt; therefore, any faster growth in this pool of assets would be favourable for our calculation of adjusted debt.

Alberta aims to maintain a prudent debt structure. The Province targets a relatively smooth maturity profile, while all foreign currency-denominated debt is hedged back to Canadian dollars. Between fiscal years 2024–25 and 2026–27, upcoming maturities amount to \$25.0 billion, which the Province will fund using cash and advance new borrowings, net of cash.

In recent years, the Province has used extra liquidity to repay debt. As at March 31, 2024, Alberta is in a net negative cash position of \$0.6 billion, after allocations to the Heritage Fund of \$2.0 billion and \$1.7 billion set aside to offset new borrowing requirements. The Province also maintains capacity on its short-term borrowing programs. As of June 30, 2024, the total short term paper outstanding was \$9.7 billion, with \$7.7 billion outstanding in the Canadian market and \$2 billion Canadian equivalent outstanding in

the US market. The Canadian market consists of promissory notes and provincial T-bills with U.S. commercial paper making up all of the issuance into the U.S. market. As at March 31, 2024, unfunded pension liabilities totalled \$7.9 billion and continue to decline as plan membership matures.

Credit Unions and ATB Financial

Credit union deposits are guaranteed by the Province through the Credit Union Deposit Guarantee Corporation and represent a potential liability of \$28.3 billion as at March 31, 2024, compared with \$27.0 billion the previous year. In addition, the deposits of ATB Financial amounted to \$40.6 billion as at March 31, 2024, and are also guaranteed by the Province. These are not included in our calculation of tax-supported debt. Credit unions and ATB Financial have significant assets to mitigate the risk of loss to the Province and are well capitalized with very manageable loan losses.

Alberta Indigenous Opportunities Corporation (AIOC)

For 2024–25, Alberta has committed up to \$3.0 billion in potential support through loan guarantees to the AIOC, up from \$2.0 billion in the prior year. We treat the AIOC as a government-related entity and include any loan guarantees in our calculation of adjusted debt. If fully used, this would add about 0.5 percentage points to our measure of the debt-to-GDP ratio.

Outlook

Based on the first-quarter update, we expect Alberta's adjusted debt-to-GDP ratio to be 17.2% in 2024–25. Over the medium term, we project adjusted debt to fall below 16.0% of GDP by 2026–27. This is the lowest debt-to-GDP burden among all Canadian provinces.

Economy

Exhibit 5 Economic Growth (Annual)

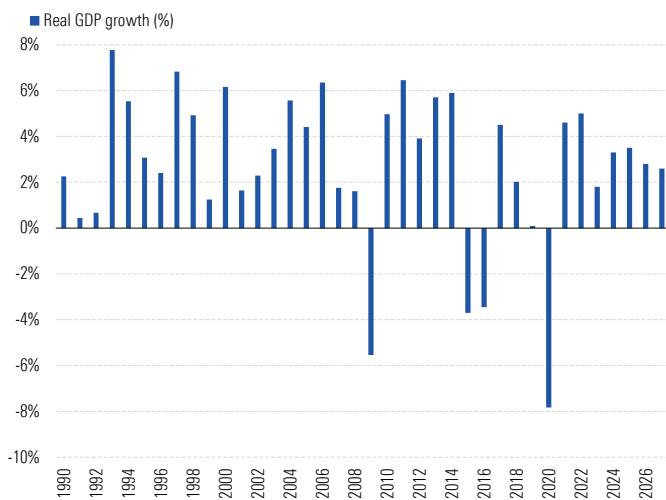
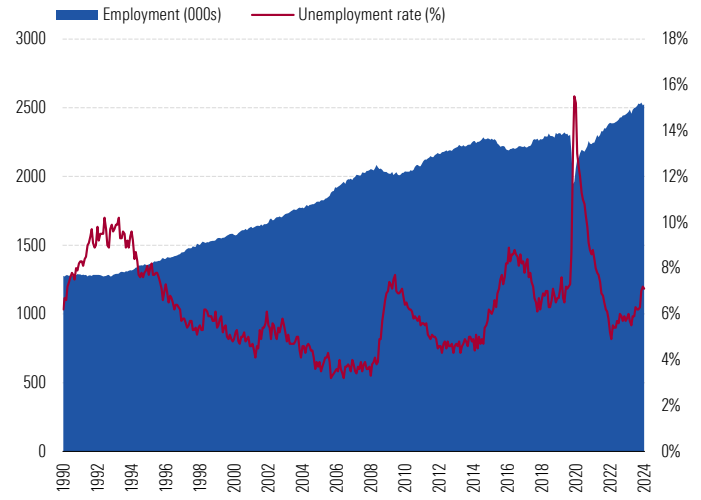


Exhibit 6 Labour Market (Annual)



Sources: Statistics Canada and the Province.

Real GDP grew by 1.8% in 2023 in response to high inflation, elevated interest rates, and dampened global growth. For 2025, the Province anticipates real GDP growth will rebound to 3.3%, supported by robust business investment and resilient residential construction, although this is muted on a per capita basis.

Alberta's growing population, in conjunction with declining interest rates, should support consumer spending and add some tailwind to residential construction. The Province is now projecting a historically high population growth of 4.6% in 2024 and 3.2% in 2025. However, this rapid pace of growth is presenting infrastructure challenges while pushing up the unemployment rate. As of August 2024, the unemployment rate was 7.7%, seasonally adjusted, above the national rate of 6.6%, and up 2.0% from August 2023. Housing starts have been rising in recent years, with more than 42,000 starts forecast annually in 2024 and 2025.

Over the medium term, investment in O&G extraction, as well as in other industries, will boost business activity. In addition, further rate cuts should increase retail sales. However, a slowdown in global economic growth could present risks to Alberta's economic outlook.

Economic Statistics					
Economic Data	2025E	2024	2023	2022	2021
Nominal GDP (CAD billions)	486.9	461.6	440.0	459.3	376.4
Growth rate (%)	5.5	4.9	(4.2)	22.0	24.9
Real GDP (CAD billions)	373.8	361.2	349.7	343.5	327.1
Growth rate (%)	3.5	3.3	1.8	5.0	4.6
Population (thousands)	5,068	4,911	4,695	4,511	4,432
Population growth (%)	3.2	4.6	4.1	1.8	0.5
Labour Market					
Employment (thousands)	2,613	2,535	2,461	2,376	2,260
Growth rate (%)	3.1	3.0	3.6	5.2	5.4
Average weekly earnings (CAD)	1,369	1,324	1,283	1,257	1,226
Growth rate (%)	3.4	3.2	2.1	2.5	1.9
Unemployment rate (%)	6.8	7.0	5.9	5.8	8.6
Other Indicators					
Housing starts	42,900	42,500	36,022	36,544	31,935
Retail sales (CAD millions)	111,257	106,568	101,979	97,807	91,534
Inflation rate (CPI)	2.3	3.0	3.3	6.5	3.2
Household income per capita (CAD)	54,315	52,981	51,841	50,714	47,039

E = estimate.

Sources: Statistics Canada/Haver Analytics, the Province, and Morningstar DBRS estimates and projections.

Environmental, Social, and Governance (ESG) Considerations

Environmental

The following environmental factor had a relevant effect on the credit analysis: carbon and greenhouse gas (GHG) costs. Alberta is the largest emitter of GHGs among all provinces, and second on a per capita basis. In 2022, GHG emissions were 269.9 megatonnes of carbon dioxide—a 63.0% increase from 1990, according to Environment and Climate Change Canada. Alberta regulates industry emissions and imposes an industrial carbon tax on heavy emitters. According to the Province, this tax has resulted in a decline in the intensity of emissions in the O&G sector. Although Alberta is accelerating its emissions reduction efforts, the goal to reach net zero remains divergent from federal emissions reduction targets. Given Alberta's reliance on the energy sector, GHG emissions will continue to present a challenge in the future.

Environmental regulation is affecting the outlook for Alberta's economy and finances. Investment in Alberta's energy sector has been significantly affected by increased federal environmental regulation, price volatility, and the ongoing global transition to renewable energy from fossil fuels. These trends could materially weigh on the outlook for employment, incomes, GDP growth, and broader provincial finances. Additionally, Alberta's economy is highly susceptible to the resource sector and is vulnerable to import and export price shocks. However, we believe both of these considerations are already captured in our assessment of Alberta's critical rating factors through the *Rating Canadian Provincial and Territorial Governments* methodology.

Social

There were no social factors that had a significant or relevant effect on the credit analysis. A relatively high GDP per capita among peers reflects Alberta's skilled and productive workforce. Respect for human rights is also strong, and access to quality healthcare and other basic services is widespread.

Governance

There were no governance factors that had a significant or relevant effect on the credit analysis. Canada scores highly in the Worldwide Governance Indicators for both rule of law and control of corruption. Like Canada, Alberta has effective and transparent governing institutions, providing a favourable environment for investment and limited scope for corruption.

ESG Checklist

ESG Factor	ESG Credit Consideration Applicable to the Credit Analysis: Y/N	Extent of the Effect on the ESG Factor on the Credit Analysis: Relevant (R) or Significant (S)*	
Environmental		Overall:	
		Y	R
Emissions, Effluents, and Waste	Do we consider that the costs or risks for the issuer or its clients result, or could result, in changes to an issuer's financial, operational, and/or reputational standing?	N	N
Carbon and GHG Costs	Does the issuer face increased regulatory pressure relating to the carbon impact of its or its clients' operations resulting in additional costs and/or will such costs increase over time affecting the long-term credit profile?	Y	R
Resource and Energy Management	Does the scarcity of sourcing key resources hinder the production or operations of the issuer, resulting in lower productivity and therefore revenues?	N	N
Land Impact and Biodiversity	Is there a financial risk to the issuer due to the loss of biodiversity and/or the mitigation of such loss, including land conversion and rehabilitation?	N	N
Climate and Weather Risks	In the near term, will climate change and adverse weather events potentially disrupt issuer or client operations, causing a negative financial impact?	N	N
	In the long term, will the issuer's or client's business activities and infrastructure be materially affected financially by physical and/or transition risks under key IPCC climate scenarios?	N	N
Climate and Weather Risks:		N	N
Passed-through Environmental credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by environmental factors (see respective ESG checklist for such issuer)?	N	N
Social		Overall:	
		N	N
Social Impact of Products and Services	Do we consider that the social impact of the issuer's products and services pose a financial or regulatory risk to the issuer?	N	N
	Do changes in consumer behaviour or secular social trends pose a financial or regulatory risk to the issuer?	N	N
Social Impact of Products and Services:		N	N
Human Capital and Human Rights	Is the issuer exposed to staffing risks, such as the scarcity of skilled labour, uncompetitive wages, or frequent labour relations conflicts, that could result in a material financial or operational impact?	N	N
	Do violations of rights create a potential liability that can negatively affect the issuer's financial wellbeing or reputation?	N	N
Human Capital and Human Rights:		N	N
Product Governance	Does failure in delivering quality products and services cause damage to customers and expose the issuer to financial and legal liability?	N	N
Data Privacy and Security	Has misuse or negligence in maintaining private client or stakeholder data resulted, or could it result, in financial penalties or client attrition to the issuer?	N	N
Occupational Health and Safety	Would the failure to address workplace hazards have a negative financial impact on the issuer?	N	N
Community Relations	Does engagement, or lack of engagement, with local communities pose a financial or reputational risk to the issuer?	N	N
Access to Basic Services	Does a failure to provide or protect with respect to essential products or services have the potential to result in any significant negative financial impact on the issuer?	N	N
Passed-through Social credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by social factors (see respective ESG checklist for such issuer)?	N	N
Governance		Overall:	
		N	N
Bribery, Corruption, and Political Risks	Do alleged or actual illicit payments pose a financial or reputational risk to the issuer?	N	N
	Are there any political risks that could affect the issuer's financial position or its reputation?	N	N
Bribery, Corruption, and Political Risks:		N	N
Business Ethics	Do general professional ethics pose a financial or reputational risk to the issuer?	N	N
Corporate / Transaction Governance	Does the issuer's corporate structure allow for appropriate board and audit independence?	N	N
	Have there been significant governance failures that could negatively affect the issuer's financial wellbeing or reputation?	N	N
	Does the board and/or management lack a formal framework to assess climate related financial risks to the issuer?	N	N
Corporate / Transaction Governance:		N	N
Passed-through Governance credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by governance factors (see respective ESG checklist for such issuer)?	N	N
Consolidated ESG Criteria Output:		Y	R

* A Relevant Effect means that the impact of the applicable ESG risk factor has not changed the rating or rating trend on the issuer.
 A Significant Effect means that the impact of the applicable ESG risk factor has changed the rating or trend on the issuer.

Government and Elections

Party in Power	UCP (majority)	Current Distribution of Seats in the Legislature	
Premier	Danielle Smith	UCP	48
Finance Minister	Nate Horner	New Democratic Party	37
Next Election	May 2027	Independent/Vacant	1/1

Financial Tables

Statement of Operations					
	2024-25	2023-24	2022-23	2021-22	2020-21
(CAD millions unless otherwise noted)	Q1	Actual	Actual	Actual	Actual
Revenue					
Tax Revenue					
Personal income tax	16,062	15,160	13,925	13,335	11,257
Corporate income tax	7,083	6,882	8,103	4,718	3,037
Education property tax	2,733	2,526	2,537	2,478	2,483
Other	3,142	2,054	1,798	2,868	2,742
Subtotal	29,020	26,622	26,363	23,399	19,519
Natural Resource Revenue					
Bitumen royalty	15,099	14,518	16,879	11,605	2,006
Crude oil royalty	2,901	2,972	3,968	1,947	466
Natural gas	1,314	1,057	3,595	2,227	465
Other	623	865	961	498	214
Subtotal	19,937	19,412	25,403	16,277	3,151
Net Income from Government Business Enterprises					
Alberta Gaming, Liquor and Cannabis Commission	2,302	2,370	2,397	2,055	1,659
ATB Financial	251	337	428	586	211
Balancing Pool	73	160	144	96	(113)
Alberta Petroleum Marketing Commission	(591)	(1,637)	(487)	2,059	(1,854)
Other	(1)	7	(1)	14	14
Subtotal	2,034	1,237	2,481	4,810	(83)
Other Own-Source Revenue					
Investment income	3,320	4,581	1,334	3,579	2,643
Premiums, fees, and licenses	5,417	5,565	4,672	4,520	4,021
Other revenue	3,865	4,979	4,527	4,142	3,355
Subtotal	12,602	15,125	10,533	12,241	10,019
Federal Transfers					
Canada Health Transfer	6,164	5,964	5,507	5,503	4,838
Canada Social Transfer	1,996	1,908	1,864	1,796	1,744
Other	4,457	4,464	3,992	4,296	3,950
Subtotal	12,617	12,336	11,363	11,595	10,532
Total revenue as reported	76,210	74,732	76,143	68,322	43,137
Growth rate (%)	2.0	(1.9)	11.4	58.4	(6.7)
Morningstar DBRS Adjustments					
Nonrecurring revenue	-	-	-	-	-
Adjusted total revenue	76,210	74,732	76,143	68,322	43,137
Growth rate (%)	2.0	(1.9)	11.4	58.4	(11.5)

	2024–25	2023–24	2022–23	2021–22	2020–21
Expense	Q1 ¹	Actual	Actual	Actual	Actual
Program Expense					
Health	-	27,447	25,486	25,143	23,970
Education	-	16,359	15,220	14,308	14,134
Social services	-	8,035	7,222	5,992	5,919
Agriculture, resource management, and economic development	-	4,165	3,990	5,480	3,225
Protection of persons and property	-	3,454	2,059	2,006	1,966
Transportation, communication, and utilities	-	2,189	2,447	2,110	1,506
General government	-	3,503	3,015	3,070	2,811
Other	-	2,146	2,234	3,657	4,082
Subtotal	70,075	67,298	61,673	61,766	57,613
Debt servicing costs	3,208	3,149	2,829	2,641	2,486
Total expense as reported	73,283	70,447	64,502	64,407	60,099
Growth rate (%)	4.0	9.2	0.1	7.2	3.0
Morningstar DBRS Adjustments					
Nonrecurring expenditures	-	-	-	(866)	(443)
Capital investment	4,963	4,197	3,910	4,045	4,287
Amortization	(2,940)	(2,764)	(2,666)	(2,613)	(2,627)
Adjusted total expenditures	75,306	71,880	65,746	64,973	61,316
Growth rate (%)	4.8	9.3	1.2	6.0	4.6

¹ Alberta's first-quarter report does not provide an expense breakdown comparable with previous years.

Statement of Financial Position (CAD millions)					
	2024–25	2023–24	2022–23	2021–22	2020–21
	Q1	Actual	Actual	Actual	Actual
Financial Assets					
Cash and investments	-	5,461	5,770	11,955	16,412
Equity in government enterprises	-	862	1,846	1,766	(822)
Portfolio investments	-	47,310	40,335	33,406	32,509
Other financial assets	-	33,256	31,539	30,999	29,987
Total financial assets	-	86,889	79,490	78,126	78,086
Liabilities					
Accounts payable and accrued liabilities	-	16,303	15,529	13,430	14,422
Unfunded pension liabilities	-	7,904	8,272	8,287	8,636
Debt	-	99,793	97,116	110,399	111,702
Other	-	4,253	4,187	2,645	3,163
Total liabilities	-	128,253	125,104	134,761	137,923
Net assets (debt)	-	(41,364)	(45,614)	(56,635)	(59,837)
Nonfinancial liabilities	-	61,515	60,624	59,268	57,110
Net assets before spent deferred capital contributions	-	20,151	15,010	275	(2,727)
Spend deferred capital contributions	-	3,964	3,696	3,523	3,034
Accumulated surplus (deficit)	-	16,187	11,314	(3,248)	(5,761)
Net debt as a share of nominal GDP (%)	8.6	9.4	9.9	15.7	19.9

Debt Profile (CAD millions)					
	2024–25	2023–24	2022–23	2021–22	2020–21
	Q1	Actual	Actual	Actual	Actual
Tax-supported debt					
Notes, bonds, and debentures	93,459	96,913	93,874	107,105	108,347
Capital leases	243	243	232	247	268
Public-private partnerships	2,885	2,637	3,010	3,047	3,087
Loan guarantees	149	149	108	93	87
Coal phase-out agreements	530	610	687	761	834
Less: Heritage Fund assets (market value)	(25,587)	(22,900)	(21,227)	(18,715)	(18,546)
Less: self-supporting debt ¹	-	-	-	-	-
Net tax-supported debt	71,679	77,652	76,684	92,538	94,077
Calculation of Adjusted Debt					
Net tax-supported debt	71,679	77,652	76,684	92,538	94,077
Unfunded pension liabilities	7,550	7,904	8,272	8,287	8,636
Adjusted debt	79,229	85,556	84,956	100,825	102,713
Share of nominal GDP (%)	17.2	19.4	18.5	26.8	34.1
Foreign Currency Exposure (net of hedges) (%)					
Canadian dollars	100.0	100.0	100.0	100.0	100.0
Other	-	-	-	-	-
Fixed/Floating Rate Exposure (net of hedges) (%)					
Fixed rate	93.0	92.6	84.0	85.0	83.0
Floating and maturing within 12 months	7.0	7.4	16.0	15.0	17.0

¹ Loans made to ATB Financial.

Credit Rating History

	Current	2023	2022	2021	2020	2019
Issuer Rating	AA	AA	AA (low)	AA (low)	AA (low)	AA
Long-Term Debt	AA	AA	AA (low)	AA (low)	AA (low)	AA
Short-Term Debt	R-1 (high)	R-1 (high)	R-1 (middle)	R-1 (middle)	R-1 (middle)	R-1 (high)

Previous Report

- *Province of Alberta: Rating Report*, September 22, 2023.

Related Research

- *Rating Canadian Provincial and Territorial Governments*, April 15, 2024.
- *Alberta's 2024 Budget: Savings on Tap*, March 1, 2024.

Notes:

All figures are in Canadian dollars unless otherwise noted.

For the definition of Issuer Rating, please refer to Rating Definitions under Rating Policy on dbrs.morningstar.com.

Generally, Issuer Ratings apply to all senior unsecured obligations of an applicable issuer, except when an issuer has a significant or unique level of secured debt.

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