BC Financial Services Authority

2025/26
Annual Service Plan Report

August 2026

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COLUMBIA

For more information on BC Financial Services Authority, please contact us at:

600-750 West Pender Street

Vancouver BC V6C 2T8

Phone: (604) 660-3555

Fax: (604) 660-3368

Toll Free: 1-866-206-3030

General Email: BCFSA@BCFSA.ca

Or visit our website at: www.bcfsa.ca

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Board Chair's Accountability Statement

The BC Financial Services Authority 2025/26 Annual Service Plan Report compares the organization's actual results to the expected results identified in the 2025/26 – 2027/28 Service Plan published in 2025. The Board is accountable for those results as reported.

Signed on behalf of the Board by:

Sandra Heath
Board Chair, BC Financial Services Authority
July 29, 2026

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Letter from the Board Chair & CEO

On behalf of the BC Financial Services Authority (BCFSA), we are pleased to submit our Annual Service Plan Report for the year ending March 31, 2026. The goals and objectives described in this report were established in our 2025/26 – 2027/28 Service Plan and align with the 2023 Mandate Letter.

The past year was a time of transition for BCFSA, shaped by economic uncertainty and a changing risk environment across the financial services sector. Through this period, we stayed focused on what matters most, and delivered our regulatory mandate effectively and proportionately. We strengthened risk-based supervision by modernizing our approach across segments, including publishing a new supervisory framework for pension plans, enhancing supervision in the credit union and insurance segments, and introducing new analytical tools to support the earlier identification of risk. We also continued to protect consumers by meeting complaint-handling service standards, expanding proactive conduct monitoring, and strengthening financial system preparedness through work on deposit insurance and payout readiness.

Strong relationships and open dialogue remained central to our approach. We worked closely with government, regulated sectors, and stakeholders to support effective regulation and a shared understanding of emerging risks. We were proud to host the Financial Services Sector Forum, which brought together participants from across the financial services sector to connect, share perspectives, and engage in thoughtful discussions on key risks and priorities. Over the year, we also made steady progress on important legislative priorities, including implementation of the *Mortgage Services Act* and readiness for the *Money Services Businesses Act*, through close collaboration with government and ongoing engagement with affected segments.

In a challenging economic environment, BCFSA remained focused on sound financial management of the organization. We took timely steps to manage financial pressures by deferring noncritical initiatives and reducing discretionary spending, while protecting core regulatory capacity and maintaining essential oversight, enforcement, and consumer protection activities.

Taken together, the results presented in this report reflect BCFSA's continued commitment to accountability, effectiveness, and maintaining public confidence in British Columbia's financial services sector.

Thank you.

Sandra Heath Chair, Board of Directors July 29, 2026	Tolga Yalkin Chief Executive Officer July 28, 2026

Purpose of the Annual Service Plan Report

This annual service plan report has been developed to meet the requirements of the *Budget Transparency and Accountability Act* (BTAA), which sets out the legislative framework for planning, reporting and accountability for government organizations. Under the BTAA, a Minister Responsible for a government organization is required to make public a report on the actual results of that organization's performance related to the forecasted targets stated in the service plan for the reported year.

Strategic Direction

The strategic direction set by Government in 2024 and the Board Chair's Mandate Letter from the Minister Responsible shaped the goals, objectives, performance measures and financial plan outlined in the BC Financial Services Authority 2025/26 – 2027/28 Service Plan and the actual results reported on in this annual report.

Purpose of the Organization

In support of the Government of British Columbia's priority to make a tangible difference in people's lives through growing the economy, BCFSA helps protect British Columbians during some of the most important financial decisions of their lives.

A properly functioning and efficient financial services sector in which British Columbians have trust and confidence is essential to the province's economy. BCFSA's mandate is to instill confidence in its regulated sectors by providing risk-based and proportionate regulation and protecting consumers. BCFSA must safeguard the interests of consumers such as depositors, policyholders, beneficiaries, pension plan members and those undertaking real estate transactions, while at the same time allowing the sector to innovate, take reasonable risks and compete effectively.

Through modern, effective and efficient oversight, enforcement, education and guidance, BCFSA works to make BC a place where people can continue to have confidence in the financial services they receive. BCFSA serves consumers by regulating financial services provided by regulated entities or individuals (collectively, "regulated bodies") and is accountable to consumers and people who live in BC through the Minister of Finance.

Economic Statement

Economic activity in British Columbia advanced in 2025, after modest growth in 2024, despite facing notable headwinds. Last year, homebuilding activity in the province continued at a steady pace, and lower interest rates and easing inflation supported household spending. Meanwhile, high uncertainty around the impacts of U.S. tariffs and significantly lower population growth tempered economic activity in B.C., and across many provinces. Overall, B.C.'s real GDP rose by 2.0 per cent in 2025, up from 1.2 per cent growth in 2024. B.C. was one of only two provinces that saw an increase in the rate of real GDP growth from 2024 to 2025. On an industry basis, B.C.'s economic growth in 2025 was led by real estate, rental and leasing; health care and social assistance services; mining, quarrying, and oil and gas extraction; and construction.

B.C.'s labour market moderated in 2025, amid slower population growth and trade-related economic uncertainty. Total employment rose by 1.1 percent (+32,200 jobs), while wages and salaries rose by 3.1 percent. The unemployment rate averaged 6.2 percent in 2025, up from 5.6 percent in 2024, as labour force growth outpaced job creation. Despite rising last year, B.C.'s unemployment rate remained below the national average of 6.8 percent. B.C. housing starts totaled 44,193 units in 2025, down 3.6 percent from 2024, but remained above the 10-year historical average. Meanwhile, B.C. home sales activity declined by 5.7 percent compared to 2024, with muted demand contributing to a 2.9 percent decrease in the average home price. Inflationary pressures continued to moderate in 2025, reflecting slower price growth for services and subdued inflation for goods. Shelter inflation was the largest contributor to headline inflation last year but slowed substantially for both rented and owned accommodation compared to recent years. Lower gasoline prices, partly due to the removal of the B.C. consumer carbon tax, also helped ease headline inflation. Overall, B.C.'s consumer price inflation averaged 2.1 percent in 2025, down from 2.6 percent in 2024. Lower inflation and easing interest rates supported robust retail sales, which grew by 6.4 percent in 2025. On the trade front, B.C.'s merchandise exports remained relatively flat as markets adjusted to shifting global trade conditions. Overall, the value of B.C.'s goods exports edged down 0.1 percent compared to 2024 as increased exports to non-U.S. destinations were offset by a continued decline in goods exports to the U.S.

Report on Performance: Goals, Objectives, and Results

The following goals, objectives and performance measures have been restated from the 2025/26 – 2027/28 service plan. For forward-looking planning information, including current and future performance targets, please see the latest service plan.

Goal 1: Enhance Risk-Based Supervision

Objective 1.1: Advance BCFSA's risk-based and proportionate supervision of the financial services sector and efforts to enhance the overall safety and soundness of the sector.

The key risks overseen by BCFSA include the safety and soundness of provincially-regulated financial institutions (PRFIs) and pension plans. Overseeing risks to consumers and ensuring their protection is also a key part of this mandate. A proportionate approach to supervision is required to protect consumers while recognizing that registrants vary in size and complexity. BCFSA's framework for risk-based supervision is informed by federal and international standards and adjusted for local market realities. BCFSA's supervisory priorities will directly contribute to managing the top risks faced by each segment.

Key results

- Published a Supervisory Framework for Pension Plans Registered in British Columbia, strengthening risk-based oversight, regulatory clarity, and consistency in supervisory outcomes across the sector.
- Advanced the credit union capital modernization project through significant policy development and extensive sector engagement, including a rule consultation, publishing a consultation summary report, and hosting a moderated stakeholder information session.
- Advanced the risk-based supervision of the credit union segment through enhanced forward-looking analysis and supervisory tools, strengthening early risk identification and proactive supervision.
- Launched a new analytical tool in the insurance segment, allowing enhanced visibility into industry data for natural catastrophe exposure.
- Reviewed the supervisory frameworks in the credit union, insurance and trust company segments for their continued use in 2026/27.

Summary of progress made in 2025/26

In 2025/2026, BCFSA made significant progress in advancing risk-based and proportionate supervision across the financial services sector, strengthening overall safety and soundness.

Key results include advancement of the credit union capital modernization project, with significant policy development and sector engagement through 2026. Modernizing BC's capital regime is an integral part of enhancing the safety and soundness of the credit union system. The capital rules that were developed over the past year are risk-sensitive and reflect BC's unique credit union system and operating environment, including diverse institutions serving urban, regional, and rural communities. By better aligning capital requirements with underlying risks, the project supports resilient credit unions that play a critical role in providing financial services and economic stability in communities across the province.

Additional key results include the publication of a new Supervisory Framework for Pension Plans Registered in British Columbia which prioritizes supervision of the highest risks to plan members. This enhances governance and accountability and supports proactive risk management and informed decision-making by plan administrators in the interests of beneficiaries. Under the new supervisory framework, all pension plans have been assigned a tier rating, enabling consistent risk segmentation and more targeted, effective supervision.

The supervisory frameworks in place for the credit union, insurance and trust segments were reviewed and confirmed to continue to achieve their purpose, with targeted enhancements implemented. These enhancements strengthen forward-looking analysis and supervisory tools, supporting a more proactive and effective supervisory approach.

In the insurance segment, a new analytical tool was introduced to utilize insurance industry exposure data for enhanced visibility into coverage levels and participation rates across key natural catastrophe perils, including earthquakes and floods. The insurance dashboard was also updated with new early-warning indicators to support proactive risk management.

Performance measures and related discussion

Performance Measure	2024/25 Actual	2025/26 Target	2025/26 Actual
1.1a Review Supervisory Framework at least annually for applicability, with revisions as required, to reflect changes in the financial services environment (e.g. new risks) and evolution in BCFSA tools and risk assessment processes or priorities.[1]	100% reviewed and revised as needed	100% reviewed and revised as needed	100% reviewed and revised as needed
1.1b Hold quarterly supervisory meetings with 100 percent of PRFIs in the fiscal year (includes in person and virtual meetings).[1]	100%	100%	100%
1.1c Develop a fair, proactive, forward looking, risk assessment for each PRFI that reflect key risks.[1]	100%	100%	100%

Data source: BCFSA Operational Data

[1]This performance measure was replaced or revised in the latest service plan BC Financial Services Authority 2026/27 - 2028/29 Service Plan.

BCFSA achieved all performance targets under this goal. BCFSA conducted at least one meeting per quarter with PRFIs, with more frequent meetings for higher risk PRFIs. Each PRFI has a comprehensive risk profile that was reviewed monthly, at minimum, which incorporated recent data, supervisory findings, and emerging risk indicators, all of which helped to ensure regulatory responses remain timely and targeted to current conditions.

Goal 2: Provide effective consumer protection

Objective 2.1: Modern, effective and efficient consumer protection regulation.

BCFSA protects consumers through the delivery of a range of oversight and enforcement measures to address any non-compliance in the segments. The goal of BCFSA's compliance and enforcement programs are to resolve non-compliance and complaints efficiently, using proportionate enforcement actions to ensure regulatory requirements are adhered to. Primary proactive monitoring activities include performing audits and examinations, undertaking data calls to identify and respond to emerging risks, and setting robust requirements for registration or licensing with BCFSA. In circumstances where there is non-compliance, BCFSA addresses the non-compliance through timely and risk-based enforcement measures.

Key results

- Expanded the use of administrative penalties to support timely and proportionate resolution of medium-risk complaint files, issuing 25 percent more administrative penalties than in 2024/25.
- Strengthened compliance insight through data-driven approaches, launching multiple data calls and surveys across segments to better inform compliance activities and enhance risk assessment.
- Developed a new oversight model for the insurance segment, including a risk model to support more targeted and consistent supervisory oversight.
- Pursued disciplinary action in cases of serious misconduct, issuing orders to resolve 24 real estate and 8 mortgage broker enforcement files where there was a high risk of consumer harm.
- Took urgent regulatory action to protect consumers, issuing two urgent and freeze orders in circumstances involving ongoing risk of harm, allowing BCFSA to immediately mitigate risks while further enforcement action was underway.

Summary of progress made in 2025/26

Throughout 2025/26, BCFSA strengthened consumer protection through a more targeted, efficient, and proportionate approach to compliance and enforcement across all regulated segments. Efforts focused on reducing complaint backlogs, improving timeliness, and aligning enforcement tools with the level of risk and potential harm.

For real estate, BCFSA continued to improve the efficiency of complaint and investigation resolution by expanding the use of administrative penalties and streamlined tools for low-to medium-risk and technical non-compliance. During the year, 75 administrative penalties were issued, 148 files were resolved through letters of advisement, and 145 files were addressed through the technical complaint resolution process. This approach allowed resources to be focused on higher-risk matters while maintaining fair and consistent regulatory outcomes.

Compliance strategies were refined to better address emerging risks. In the mortgage broker segment, activities were adjusted to strengthen insight into compliance gaps, with greater emphasis on higher-risk areas to support proportionate, risk-based supervision. In parallel, BCFSA advanced insurance oversight through the development of a dedicated oversight and risk model.

To strengthen risk assessment and inform compliance priorities, BCFSA conducted targeted data calls and surveys across the real estate, insurance, and mortgage services segments. This included the annual real estate brokerage data call (February 15–March 14, 2026), two insurance surveys (one focused on market conduct and the other focused on insurer relationships), and a Mortgage Broker Brokerage Readiness Assessment completed in October 2025. BCFSA also entered into an information sharing agreement with Greater Vancouver REALTORS to enhance access to real estate transaction data and regulatory insight.

BCFSA applied a risk-based approach to the review of real estate developer disclosure statements to support informed consumer decision-making. In 2025/26, 92 percent of high-risk disclosures were reviewed within 20 days, and 94 percent of low and medium-risk disclosures were reviewed within 30 days.

Objective 2.2: Support industry to adopt best practice conduct standards.

BCFSA provides industry with resources, knowledge, and education to support regulated bodies to understand regulatory requirements and obligations. These resources support regulated bodies to ensure they maintain high standards of conduct, at all times, in their practice. Many regulated bodies are required to complete continuing education courses as part of the licence or registration renewal cycle to ensure they maintain and enhance their skills, and they understand their role in the protection of the public.

Key results

- Developed and delivered transitional education for the implementation of the *Mortgage Services Act* (MSA).
- Developed and delivered the Legal Update course for mortgage broker registrants and all levels of real estate services licensees.
- Launched a knowledge base of regulatory resources for the mortgage services segment with updated guidelines, information and regulatory instruments.

- Developed and delivered two new Applied Practice Courses for real estate services focused on managing brokers and strata managers.

Summary of progress made in 2025/26

In 2025/26, BCFSA supported industry adoption of best-practice conduct standards through a combination of mandatory education, targeted guidance, and early engagement to support regulatory change. Education and outreach efforts were focused on strengthening professionalism, improving understanding of regulatory expectations, and supporting consistent conduct across regulated sectors.

BCFSA successfully developed and delivered all required continuing education for mortgage brokers, including annual Legal Update courses and transition-related education to support implementation of the MSA. Transition education for principal brokers and mortgage brokers was rolled out in phases, supported by virtual classroom sessions and guidance materials designed to clarify new requirements and promote readiness ahead of the Act's coming-into-force date.

In the real estate services segment, BCFSA expanded applied practice education by developing and launching new courses for managing brokers and strata managers. These courses strengthened governance, oversight, and accountability at the brokerage level, supporting higher professional standards and improved consumer outcomes. Pilot delivery of these courses allowed BCFSA to test content and delivery approaches while gathering feedback to inform future refinement.

Objective 2.3: Work collaboratively with the provincial government to improve financial crisis preparedness and ensure a sustainable and effective deposit insurance program is in place.

The Credit Union Deposit Insurance Corporation (CUDIC) is a statutory corporation continued under the *Financial Institutions Act* and administered by BCFSA. CUDIC is responsible for administering and operating the credit union deposit insurance fund (or the "Fund"), which guarantees the deposits and non-equity shares (issued before January 1, 2020) of British Columbia incorporated credit unions. As part of maintaining the Fund and guarantee, CUDIC proactively plans for unlikely credit union failures, which requires depositors to be paid out from the Fund. The CUDIC Deposit Payout Program is the framework that governs the payout process. Financial crisis preparedness requires BCFSA and CUDIC to work across the entire credit union segment and with other regulatory agencies. BCFSA and CUDIC are committed to working collaboratively with the provincial government to maintain preparedness and confidence in the credit union segment, in the face of changes such as credit union consolidations and federal continuance[1], new technologies, climate impacts, and economic landscape.

[1] Federal continuance refers to a BC incorporated credit union continuing under the federal framework and becoming regulated by the Office of the Superintendent of Financial Institutions (OSFI). Following federal continuance, deposits are no longer insured by CUDIC and instead become eligible for coverage by the Canada Deposit Insurance Corporation (CDIC).

Key results

- Completed a review of the Deposit Insurance Fund size strengthening confidence in fund adequacy.
- Advanced six tabletop exercises related to crisis preparedness to strengthen operational readiness and better detect and address challenges early. Two tabletop exercises were Payout Program specific, focused on exceptions management and registered plans.
- Completed a credit union resolution playbook built upon resolution tool summaries and outcomes of the six tabletop exercises.
- Updated the Deposit Data Requirement Regulatory Statement and the associated CUDIC Payment Assessment and Insurance Determination portal system.

Summary of progress made in 2025/26

In 2025/26, BCFSA worked collaboratively with government and sector partners to strengthen financial crisis preparedness and support a sustainable and effective deposit insurance program. Through CUDIC, BCFSA conducted a Deposit Payout Program tabletop exercise to strengthen operational readiness and validate processes for the effective transfer of registered plans in a payout scenario. BCFSA also advanced its review of the Deposit Insurance Fund size, completing analysis to assess fund adequacy and inform future decision-making. These activities supported preparedness, clarified operational processes, and reinforced confidence in the credit union system.

Performance measures and related discussion

Performance Measure	2024/25 Actual	2025/26 Target	2025/26 Actual
2.1a Risk-assess complaints within 5 business days of receipt.[1]	83%	75%	100%
2.1b Monitor conduct activities to proactively identify and prevent harmful business practices.[1]	158 monitoring activities	130 monitoring activities	156 monitoring activities
2.1c Process completed applications (requiring no further investigation) for new real estate licensees within 15 business days of receipt.[1]	38%	90%	74%
2.1d Review and respond to real estate development and strata rental disclosures within 20 business days of receipt.[1]	96%	90%	92%
2.2 Develop and deliver mortgage broker relicensing continuing education that is required for relicensing.[1]	100% of courses developed and delivered	100% of courses developed and delivered	100%
2.3a Review the Differential Premium System and adjust as appropriate.[2]	N/A	N/A	N/A
2.3b Review and set Deposit Insurance Fund Size.[1]	N/A	Commence next review cycle	Complete
2.3c Review and update the CUDIC Deposit Payout Program as required.[1]	95% of material updated	Continuous Improvement	Continuous Improvement

Data source: BCFSA Operational Data

[1]This performance measure was replaced or revised in the latest service plan [BC Financial Services Authority 2026/27 - 2028/29 Service Plan].

[2]The target for this performance measure was set as N/A as the next revision to the methodology is projected to start with consultations in late 2026.

With the exception of processing times for real estate licensing applications, consumer protection performance measures were met or exceeded. Overall results demonstrate BCFSA's continued commitment to proactively monitoring market activity and applying proportionate regulatory responses when non-compliance was identified.

For performance measure 2.1b, BCFSA conducted 156 monitoring activities that consisted of: 11 code of conduct assessments for credit unions, 16 monitoring activities for insurance (Canadian Council of Insurance Regulators Cooperative Supervisory Activities, Code of Conduct and Managing General Agents survey), 102 real estate audits and post enforcement monitoring/follow-up and 27 examinations and post enforcement monitoring/follow-up for mortgage services.

BCFSA did not meet its target for processing real estate licensing applications, primarily due to applicants not having completed the education requirements at the time of application submission. BCFSA received 1,328 first time applications, of which 1,281 were closed with no defects. 950 (74 percent were closed within 15 days with no defects, 15 percent of the applications were closed beyond 15 days, and the remaining 10 percent had missing information, suitability, and other application deficiencies.

Goal 3: Stakeholders are consistently and purposefully engaged by BCFSA

Objective 3.1: Maintain strong and active collaboration with stakeholders.

BCFSA is focused on engaging with stakeholders, which enables the organization to have a better understanding of how to develop and advance its regulatory priorities and to continually monitor risks in the sector. BCFSA continues to proactively communicate with regulated bodies to provide a clear understanding of BCFSA's regulatory agenda.

Objective 3.2: Stakeholder engagement strategy is operationalized.

BCFSA is building its capacity in external engagement and has expanded existing tools and strategies to encompass a cross-financial services sector approach where all segments are engaged consistently. BCFSA has developed and operationalized a stakeholder engagement strategy and continued to advance deliverables against that strategy.

Objective 3.3: Optimize communications to strengthen stakeholder relationships and grow consumer brand awareness.

Stronger forward-looking communications support BCFSA's efforts to build stronger relationships with its external stakeholders and ensure adherence to regulatory measures. BCFSA's communication initiatives support increased consumer awareness of BCFSA and its mandate, better equip consumers to make informed decisions, and ultimately promote confidence in the sector.

Key results

- Delivered the Financial Services Sector Forum, bringing together 400 participants from across the financial services sector to discuss emerging risks, regulatory priorities, and confidence in the sector.
- Consulted on 100 percent of Regulatory Roadmap items that were pursued in 2024/25; 77 percent of the planned regulatory initiatives set out in the 2025/26 Regulatory Roadmap were executed within two quarters of the anticipated timeline.

- Launched eight consultations, engaging stakeholders in the credit union, insurance, trust, pensions, real estate and real estate development marketing segments.
- Conducted the first pensions roundtable and continued roundtable discussions with industry stakeholders in the credit union and real estate segments.
- Conducted an annual consumer awareness survey in October 2025 to measure and understand awareness of BCFSA. The results of the survey showed that unaided recall of BCFSA rose from 11 to 14 percent in 2025, continuing a three-year upward trend from 9 percent in 2023.

Summary of progress made in 2025/26

In 2025/26, BCFSA demonstrated a consistent and purposeful approach to communications and engagement through targeted outreach, structured consultations, and improved access to information. Key initiatives—including the Financial Services Sector Forum, a pensions roundtable, and multiple credit union consultations—provided opportunities for dialogue on emerging risks and regulatory priorities. Insights gathered through these engagements were incorporated into regulatory guidance and organizational initiatives, reinforcing a feedback-driven approach.

BCFSA continued to advance its stakeholder engagement strategy by expanding the use of segment roundtables, technical working groups, and direct senior leadership engagement with industry associations and key regulated entities across the financial services sector. Engagement and communications practices were increasingly informed by an equity, diversity, inclusion, and accessibility lens, supporting more inclusive participation and clearer, more accessible information for diverse audiences. Communications efforts were strengthened through a proactive media relations approach, including the publication of 57 news releases, consumer alerts, and industry communications, as well as a 2026 fraud prevention campaign delivered across multiple digital channels using plain language, inclusive visuals, and accessible design standards. These efforts are reflected in rising public awareness, with the 2025 Consumer Awareness Survey showing continued growth in recognition of BCFSA, supporting sustained confidence in the sector.

As outlined in more detail under Goal 4, engagement with the mortgage services sector was a significant focus for BCFSA in 2025/26. This included 11 technical working group meetings, which brought together industry experts to consult on key implementation considerations and support clarity in regulatory expectations. Engagement was further strengthened through multiple information sessions reaching more than 1,000 participants, as well as targeted outreach and speaking opportunities by senior leadership.

BCFSA also maintained active engagement with other regulators to share best practices, strengthen alignment, and respond to emerging risks, including through leadership roles with the Real Estate Regulators of Canada, the Canadian Council of Insurance Regulators, and the Credit Union Prudential Supervisors Association.

Performance measures and related discussion

Performance Measure	2024/25 Actual	2025/26 Target	2025/26 Actual
3.1a Consult on significant regulatory projects with sector participants and assess the accuracy of roadmap planning by reporting on whether activities occur within two quarters of when planned on the roadmap.[1]	100% of roadmap items consulted; 75% of activities happening within two quarters	100% of roadmap items consulted; 75% of activities happening within two quarters	100% of roadmap items consulted; 77% of activities happening within two quarters
3.2a Operationalize stakeholder engagement strategy.[1]	Further implemented strategic segment roundtables; used technical working groups	Expand segment roundtables to pensions and mortgage brokers segments; continue to use technical working groups	Expanded segment roundtables to include pensions. The mortgage services roundtable is scheduled for FY26/27
3.2b Deliver cross-sector event.[1]	Developed sector event strategy with planning initiated for the next biennial cross-sector forum scheduled in fall 2025	Deliver cross-sector event	Execution on sector event strategy and successfully delivered Financial Services Sector Forum
3.3a Conduct an annual consumer awareness survey to track and understand awareness of BCFSA and its mandate.[1]	11% of survey respondents have an awareness of BCFSA	13% of survey respondents have an awareness of BCFSA	14% of survey respondents have an awareness of BCFSA

Data source: BCFSA Operational Data
[1]This performance measure was replaced or revised in the latest service plan [BC Financial Services Authority 2026/27 - 2028/29 Service Plan].

BCFSA achieved all performance targets under this goal with the exception of holding a mortgage services roundtable. For the mortgage services segment, given the significant level of structured engagement already underway and scheduled through October 2026 (discussed in detail above and in Goal 4), BCFSA deferred the mortgage services roundtable until after MSA implementation. Holding the roundtable post-implementation is expected to better support regulatory interpretation and strategic discussion under the new Act.

Goal 4: Timely Response to Legislative Changes and Priorities

Objective 4.1: Work with government to implement the *Mortgage Services Act*.

The MSA modernizes the mortgage broker industry in BC and greatly expands BCFSA's tools to regulate the mortgage services segment. The MSA allows, BCFSA to set standards of conduct and enhance disclosure and reporting obligations through new rule-making powers. It also allows BCFSA to leverage enhanced compliance and enforcement tools and issue more dissuasive penalties for misconduct or other forms of non-compliance. The MSA is responsive to several recommendations set out in the Cullen Commission Final Report on Money Laundering in BC which was released on June 15, 2022 (the "Cullen Commission Final Report").

Objective 4.2: Work with government to implement the *Money Services Businesses Act*.

The MSBA will introduce provincial regulation of a wide variety of money services businesses operating in BC. BCFSA will monitor and regulate these services, complementing the existing federal regulatory requirements and oversight by the Financial Transactions and Reports Analysis Centre of Canada ("FINTRAC"). BCFSA will work to ensure that only suitable individuals and businesses are registered to participate in the industry. The provincial regulation of money services businesses was a key recommendation set out in the Cullen Commission Final Report.

Key results

- Launched transition education for all mortgage broker registrants, supported by three virtual classroom sessions and two information sessions, reaching more than 1,000 participants.
- Ongoing engagement with a mortgage services industry-focused Technical Working Group to identify and resolve implementation challenges.
- Launch of the Knowledge Base to support mortgage brokers with regulatory guidance.
- Continued to work with government to support the development of the regulations under the MSBA.
- Developed educational materials for the Knowledge Base and required guidance pertaining to the administration of the MSBA.

Summary of progress made in 2025/26

BCFSA was responsive to a changing regulatory environment and to government priorities in relation to protection of consumers of financial services in BC. BCFSA continued to work closely with the government to support its legislative agenda including the MSA and the MSBA.

The rules and regulations under the MSA were approved by the Government on July 14, 2025, with an in-force date of October 13, 2026. Following Government approval, BCFSA notified all registrants of the transition period and initiated execution of its MSA implementation plan, focusing on education, engagement, systems' readiness, and guidance.

Key actions included the launch of transition education for mortgage broker registrants, supported by virtual classroom sessions and pilot delivery to test content and delivery approaches. BCFSA engaged closely with industry through an MSA Implementation Technical Working Group, holding multiple meetings to identify and resolve implementation issues and support shared understanding of new requirements. A dedicated Knowledge Base was launched to provide accessible regulatory guidance, and development work began to update core regulatory systems to support the new framework. BCFSA also strengthened readiness monitoring through the launch of an MSA Readiness Survey and ongoing outreach, supporting a structured and informed transition to the new regulatory regime.

In addition to the work on mortgage services, BCFSA continued to work with the Ministry of Finance to support the development of the regulations for the new regulatory regime for money services businesses. While the government is responsible for the regulations, BCFSA team members continued to support the Ministry of Finance to realize its policy goals in respect of the money services segment by contributing insight as to how legislative requirements may be operationalized, as well as subject matter expertise regarding the money services segment.

BCFSA continued to advance preparatory work for the MSBA by establishing a detailed project structure and foundational materials. Core regulatory processes, including registration, suitability assessment, reporting, compliance and enforcement, were mapped and documented to support implementation. In parallel, BCFSA began developing a dedicated knowledge base, compiling guidance and reference materials to support future administration of the Act.

Performance measures and related discussion

Performance Measure	2024/25 Actual	2025/26 Target	2025/26 Actual
4.1 Execute an implementation project plan for a phased approach to the *Mortgage Services Act*.[1]	Transition plan completed.	Transitional education and licensing education are developed.	Transitional education and licensing education have been developed.
4.2 Execute an implementation project plan for the MSBA.[1]	BCFSA supported government in the development of the regulations.	Registration requirements and education developed to support implementation.	BCFSA continues to support government in the development of initial regulations and to advance preparatory implementation.

Data source: BCFSA Operational Data
[1]This performance measure was replaced or revised in the latest service plan BC Financial Services Authority 2026/27 - 2028/29 Service Plan.

Performance under Goal 4 reflects continued progress in responding to legislative changes and priorities related to the *Mortgage Services Act* and the *Money Services Businesses Act*. During 2025/26, BCFSA advanced implementation activities through registrant education, stakeholder engagement, guidance development, and internal readiness work to support new regulatory frameworks. Performance targets were met as planned and demonstrate steady advancement toward implementation of these two regulatory regimes.

Financial Report

For the auditor's report and audited financial statements, see Appendix B. These documents can also be found on the BC Financial Services Authority website.

Discussion of Results

In fiscal year 2025/26, economic and market conditions have tightened, and the industries BCFSA oversees are operating under heightened pressure and uncertainty. BCFSA does not rely on taxpayer funding; the vast majority of revenues come from licensing, registration, and related fees directly from regulated industries. The BCFSA revenue declines experienced this fiscal year were mainly driven by a sustained softening in the local real estate market, which has resulted in lower volumes across licensing renewals, new applications, filings, and education courses.

In response to the changing business environment, management conducted a financial sustainability review during the fiscal year and addressed the emerging fiscal constraints by deferring non-critical projects, streamlining processes, and reducing costs where prudent, while protecting core regulatory capacity.

Financial Summary

($000s)	2024/25 Actual	2025/26 Budget	2025/26 Actual	2025/26 Variance
Revenues				
Fees, Licenses & Recoveries	65,948	68,338	63,241	(5,097)
Education	10,751	12,078	10,103	(1,975)
Total Revenue	**76,699**	**80,416**	**73,344**	**(7,072)**
Expenses				
Salaries and Benefits	55,789	58,296	58,928	632
Other	25,488	28,120	21,189	(6,931)
Total Expenses	**81,277**	**86,416**	**80,117**	**(6,299)**
Annual Surplus (Deficit)	**(4,578)**	**(6,000)**	**(6,773)**	**(773)**
Total Liabilities	**12,063**	**9,366**	**14,354**	**4,988**
Capital Expenditures	**296**	**3,532**	**2,383**	**(1,149)**
Accumulated Surplus	**54,281**	**48,554**	**47,508**	**(1,046)**

[1]The above financial information was prepared based on current Generally Accepted Accounting Principles.

Variance and Trend Analysis

The Financial Summary table shows an unfavourable $7.1M variance to budgeted revenues in 2025/26, and a $3.4M reduction in total revenues compared to 2024/25, primarily due to a slowdown in the fees and other revenues collected from the real estate segment.

Salaries and benefit expenses were $0.6M higher than budget and $3.1M above 2024/25 actuals, due to the annual salary increase (up to 3 percent) and one-time restructuring-related severance costs.

Other expenses, primarily professional services, information systems, building occupancy charges and legal fees, were reduced significantly by $6.9M compared to budget and $4.3M compared to 2024/25 actuals. Most savings were achieved through the deferral of non-critical projects, reduced use of external consultants, and tightened controls on discretionary spending and travel. These actions reflect management's commitment to prudent financial stewardship in a challenging and dynamic environment, while continuing to support core operations and regulatory responsibilities.

Risks and Uncertainties

In accordance with BCFSA's Enterprise Risk Management Policy and Framework, BCFSA proactively identifies, assesses, and manages enterprise risks to maintain public confidence and deliver its regulatory mandate.

The financial services sector, both in British Columbia and globally, continues to evolve rapidly. A further deterioration in the broader economic environment and market conditions could place greater pressure on BCFSA's revenues and increase the challenge of containing operating costs.

BCFSA is also exposed to inflationary pressures, which continue to drive increases in operating expenses, which may accelerate in the coming year given geopolitical developments including trade disruptions, energy market volatility, and associated impacts on labour and operating costs. A high proportion of the total cost base is long-term, such as salary commitments, occupancy, and amortization which limits financial flexibility. Additionally, BCFSA revenues are largely derived from licensing, registration and filings across the segments we regulate and are influenced by market conditions and policy decisions outside BCFSA's control.

Appendix A: Progress on Mandate Letter Priorities

<table>
<tr><th>The following is a summary of progress made on priorities as stated in the 2025 Mandate Letter from the Minister Responsible. 2025 Mandate Letter Priority</th><th>Status as of March 31, 2026</th></tr>
<tr><td>Advance BCFSA's risk-based and proportionate supervision of financial services sectors and efforts to enhance consumer protection by continuing to:
Consider the interests and concerns of rural communities; and
Identify opportunities to improve the collection and reporting of regulatory data.</td><td>Work on this priority continues by focusing BCFSA's regulatory efforts on the areas of greatest risk to consumers and market integrity, while tailoring oversight to the size, complexity, and risk profile of each regulated entity. For example, the credit union capital modernization project is bringing forward a capital regime that is specifically targeted to the structure of the BC economy and credit union system. BCFSA has also launched multiple data calls and surveys across segments to better inform compliance activities and enhance risk assessment (refer to specific actions taken under Goal 1 and 2 for additional information).</td></tr>
<tr><td>Continue to engage and work with government, other regulators and sector participants to identify and respond to regulatory issues in the financial services sector, including AI, cyberthreats, digital banking, interprovincial trade barriers and tariffs.</td><td>Work on this priority continues by actively engaging with government, fellow regulators, and sector participants to identify and respond to emerging regulatory issues across the financial services sector (refer to specific actions taken under Goal 3 for additional information).</td></tr>
</table>

The following is a summary of progress made on priorities as stated in the 2025 Mandate Letter from the Minister Responsible. 2025 Mandate Letter Priority	Status as of March 31, 2026
• Support government initiatives to improve financial crisis preparedness and in particular, ensure BC's deposit insurance program continues to be sustainable and effective.	• Work on this priority continues through day-to-day operations, including strengthening supervision, stress testing, and early-intervention tools, particularly for deposit-taking institutions. Through enhanced oversight of credit unions and stewardship of the Credit Union Deposit Insurance Corporation, BCFSA helps ensure BC's deposit insurance program remains well-capitalized, risk sensitive, and resilient during periods of stress (see Objective 2.3 for additional information).
• Support the Ministry of Finance in developing and implementing government policy objectives in the financial sector including reducing trade barriers and responding to tariffs and other global threats.	• Work on this priority continues by working with government and translating financial sector policy objectives into effective regulatory and supervisory actions. This includes working collaboratively to reduce internal trade barriers through regulatory alignment and modernization, while strengthening oversight frameworks that help institutions respond to tariffs and other global threats.

The following is a summary of progress made on priorities as stated in the 2025 Mandate Letter from the Minister Responsible. 2025 Mandate Letter Priority	Status as of March 31, 2026
• Collaborate with government to improve the effectiveness of BC's Anti-Money Laundering Regime.	• Work on this priority continues through a number of BCFSA actions: ○ The implementation of the *Mortgage Services Act* will strengthen oversight of mortgage services through enhanced suitability, conduct supervision, and alignment with broader financial crime prevention objectives. ○ The implementation of the *Money Services Businesses Act* will enhance the oversight and suitability of future registrants in the money services segment. ○ BCFSA is strengthening its anti-financial crime approach, beginning with work to create a sector-wide financial crime response plan tailored to BCFSA's mandates, with work underway in 2025-26 to review BCFSA's actions and tools.

Appendix B: Auditor’s Report and Audited Financial Statements

BC Financial Services Authority
Financial Statements
As at March 31, 2026, and
for the year ended March 31, 2026

BC Financial Services Authority

Management Report

For the year ended March 31, 2026

The financial statements of BC Financial Services Authority ("BCFSA") 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 May 27, 2026.

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 BCFSA.

The Board of Directors has established an Audit and Finance Committee to provide oversight in the fulfillment by management of these responsibilities. The Audit and Finance 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 the Office of the Auditor General of British Columbia, BCFSA's independent external auditors. The external auditors' responsibility is to express their opinion on whether the financial statements present fairly, in all material respects, BCFSA's financial position, results of operations, changes in net financial assets and cash flows in accordance with Canadian public sector accounting standards. Their Auditor's Report, which follows, outlines the scope of their examination and their opinion.

Tolga Yalkin
Chief Executive Officer

Chris Spiker
Director, Finance

Vancouver, BC
May 27, 2026

Office of the
Auditor General
of British Columbia

623 Fort Street
Victoria, British Columbia
V8W 1G1

250.419.6100

oag.bc.ca

Independent Auditor's Report

To the Board of Directors of BC Financial Services Authority, and
To the Minister of Finance, Province of British Columbia

Opinion

I have audited the accompanying financial statements of BC Financial Services Authority ("the entity"), which comprise the statement of financial position as at March 31, 2026, and the statements of operations, changes in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the entity as at March 31, 2026, and the results of its operations, change in its net financial assets, and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

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

Other accompanying information

Management is responsible for the other information accompanying the financial statements. The other information comprises the information included in the Annual Service Plan Report but does not include the financial statements and my auditor's report thereon. The Annual Service Plan Report is expected to be made available to me after the date of this auditor's report.

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

In connection with my audit of the financial statements, my responsibility is to read the other information that I have obtained prior to the date of my auditor's report and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained during the audit or otherwise appears to be materially misstated.

When I read the Annual Service Plan Report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance.

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

Those charged with governance are responsible for the oversight of the financial reporting process. Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 when the entity will continue its operations for the foreseeable future.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the 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.

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

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

B Parrish

Bridget Parrish, CPA, CA
Auditor General of British Columbia

Victoria, British Columbia, Canada
May 28, 2026

BC Financial Services Authority

Statement of Financial Position

As at March 31, 2026 (in $000s)

		March 31, 2026		March 31, 2025
Financial Assets				
Cash and cash equivalents	**$**	**32,102**	$	33,614
Accounts receivable (note 3)		**11,292**		13,374
Due from government/other government organizations (note 4)		**111**		370
		43,505		47,358
Liabilities				
Accounts payable and accrued liabilities		**8,356**		7,155
Deferred revenue		**2,368**		2,469
Employee future benefits (note 5)		**1,327**		1,216
Due to government/other government organizations (note 4)		**2,303**		1,223
		14,354		12,063
Net financial assets		**29,151**		35,295
Non-financial assets				
Tangible capital assets (note 8)		**16,751**		17,073
Prepaid expenses		**1,606**		1,913
		18,357		18,986
Accumulated surplus	**$**	**47,508**	$	54,281

Commitments (note 9)

Approved by the Board of Directors

Chair

Director

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

BC Financial Services Authority

Statement of Operations

For the year ended March 31, 2026 (in $000s)

	Annual Budget (note 12)	**March 31, 2026**	March 31, 2025
Revenues			
Licensing, registration, and other fees	$ 51,035	**$ 48,591**	$ 49,079
Recovery	13,451	**11,281**	12,444
Education	12,078	**10,103**	10,751
Other	3,852	**3,369**	4,425
	80,416	**73,344**	76,699
Expenses (note 10)			
Regulatory operations	73,459	**69,127**	69,041
CUDIC administration	12,957	**10,990**	12,236
	86,416	**80,117**	81,277
Annual deficit	(6,000)	**(6,773)**	(4,578)
Accumulated surplus – Beginning of year	54,554	**54,281**	58,859
Accumulated surplus – End of year	$ 48,554	**$ 47,508**	$ 54,281

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

BC Financial Services Authority

Statement of Changes in Net Financial Assets

For the year ended March 31, 2026 (in $000s)

	Annual Budget (note 12)	**March 31, 2026**	March 31, 2025
Annual deficit	$ (6,000)	**$ (6,773)**	$ (4,578)
Acquisition of tangible capital assets	(3,532)	**(2,383)**	(296)
Amortization of tangible capital assets	2,765	**2,705**	2,812
	(6,767)	**(6,451)**	2,516
Acquisition of prepaid expenses	(1,667)	**(1,442)**	(1,667)
Use of prepaid expenses	539	**1,749**	539
	(1,128)	**307**	(1,128)
Decrease in net financial assets	(7,895)	**(6,144)**	(3,190)
Net financial assets – Beginning of year	35,295	**35,295**	38,485
Net financial assets – End of year	$ 27,400	**$ 29,151**	$ 35,295

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

BC Financial Services Authority

Statement of Cash Flows

For the year ended March 31, 2026 (in $000s)

	March 31, 2026	March 31, 2025
Cash provided by (used in)		
Operating activities		
Annual deficit	$ (6,773)	$ (4,578)
Items not involving cash		
Amortization of tangible capital assets	2,705	2,812
	(4,068)	(1,766)
Changes in non-cash assets and liabilities		
Accounts receivable	2,082	(763)
Deferred revenue	(101)	(739)
Prepaid expenses	307	(1,128)
Accounts payable, accrued liabilities, and future employee benefits	1,312	3,247
Due to/from government/other government organizations	1,339	(55)
	4,939	562
Investment activities		
Change in investments, net	-	25,000
Capital activities		
Acquisition of tangible capital assets	(2,383)	(296)
(Decrease)/increase in cash	(1,512)	23,500
Cash and cash equivalents – Beginning of year	33,614	10,114
Cash and cash equivalents – End of year	$ 32,102	$ 33,614

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

1. Nature of operations

BC Financial Services Authority ("BCFSA") is a Vancouver-headquartered Crown regulatory agency of the Government of British Columbia. BCFSA oversees the financial services sector which includes pension plans, mortgage services, real estate services, real estate development, credit unions, insurance and trust companies. BCFSA is working with the Ministry of Finance to establish regulatory oversight of money services businesses ("MSBs") in B.C. BCFSA also administers the Credit Union Deposit Insurance Corporation of British Columbia ("CUDIC").

BCFSA was created effective June 4, 2019, pursuant to the *Financial Services Authority Act*. On November 1, 2019, BCFSA assumed the regulatory accountabilities of Financial Institutions Commission ("FICOM") which was originally established as part of the Ministry of Finance in 1989 to contribute to the safety and stability of the British Columbia financial sector. On August 1, 2021, the assets, liabilities, and accountabilities of Real Estate Council of British Columbia and the Office of the Superintendent of Real Estate were transferred to BCFSA under a restructuring.

BCFSA is exempt from income taxes under the *Income Tax Act*.

2. Summary of significant accounting policies

Basis of accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards ("PSAS"), as issued by the Canadian Public Sector Accounting Board ("PSAB").

Revenue recognition

BCFSA recognizes revenue in accordance with PSAS 3400 – Revenue and PSAS 3100 – Restricted Assets and Revenue. Revenue from exchange transactions, or revenue based on performance obligations, is recognized when the performance obligation is satisfied. Revenue from the issuance of a license or registration is recognized at the point in time when the license or registration is issued. Unilateral revenue, or revenue without performance obligations, is recognized when the authority to claim or retain an inflow of economic resources exists and collection is reasonably certain. Revenue from an annual filing fee, which is payable for a given operating period, is recognized at the commencement of the operating period to which the fee relates. Course fees are recorded as revenue when the service is provided, the amount to be received can be reasonably estimated, and collection is reasonably assured. Administrative penalties are initially deferred and recognized as revenue when they are expended in accordance with the requirements set out in relevant legislation.

Cash and cash equivalents

Cash and cash equivalents include cash in banks and on hand and demand deposits that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

2. Summary of significant accounting policies – continued

Government transfers

Government transfers are recognized as revenue when the transfer is authorized, and any eligibility criteria have been met but is reduced by any stipulations that result in a liability. Amounts deferred as a result of stipulations are recognized in the period the stipulations are met.

Trusts

BCFSA administers CUDIC, a related party of BCFSA that guarantees 100 per cent of deposits and non-equity shares (issued before January 1, 2020) of BCFSA authorized credit unions.

BCFSA appoints the majority of the board members for the Real Estate Compensation Fund Corporation ("RECFC"). RECFC provides protection for members of the public who have entrusted real estate licensees (or unlicensed individuals related to the brokerage) with money that was either misappropriated or wrongfully converted, intentionally not paid over, or accounted for, or obtained by the fraud of a licensee or individual. BCFSA appoints three of the five members of RECFC's Board of Directors. BCFSA collects fees on behalf of RECFC and recovers the costs incurred to collect these fees.

Both CUDIC and RECFC meet the definition of a trust under administration and are not consolidated in BCFSA's financial statements. The trusts' assets, liabilities and equity balances are disclosed separately in note 11.

Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the 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 tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

Furniture and equipment	5 years
Personal computer hardware	4 years
Computer servers and infrastructure hardware	5 years
Systems and software	2-10 years
Tenant improvements	lease term

Tangible capital assets are written down when conditions indicate that they no longer contribute to BCFSA's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. Any write-downs are accounted for as expenses in the statement of operations as impairment losses. Impairments recorded are never reversed.

2. Summary of significant accounting policies – continued

Employee future benefits

a) Retirement allowance

Liabilities are recorded for employee retirement allowance benefits as employees render services to earn the benefits. The actuarial determination of the accrued benefit obligations uses the projected benefit method prorated based on service.

The cumulative unrecognized actuarial gains and losses on retirement allowance benefits are amortized over the expected average remaining service period of active employees covered under the plan. The discount rate used to measure the obligations is based on a government entity's cost of borrowing from the Ministry of Finance.

b) Defined contribution plans and multi-employer benefit plans.

BCFSA and its employees contribute to the Public Service Pension Plan (the "Pension Plan"), a multi-employer defined benefit pension plan governed by the *BC Public Sector Pension Plans Act*. Defined contribution plan accounting is applied to multi-employer defined benefit plans and accordingly, contributions are expensed when they become payable.

Prepaid expenses

Prepaid expenses, which include rent, subscriptions for licenses, and memberships, are expensed over the periods expected to benefit from them in the statement of operations.

Expenses

Expenses are recorded on an accrual basis. The cost of all goods consumed and services received during the year is expensed in the statement of operations.

Financial instruments

BCFSA's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and amounts due from/due to government and other government organizations. Financial instruments are initially recorded and subsequently measured at cost.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

The fair values of the BCFSA's financial instruments generally approximate their carrying amounts due to their short terms to maturity.

2. Summary of significant accounting policies – continued

Measurement uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements as well as the reported amounts of revenue and expenses during the reporting period.

Significant areas requiring the use of estimates include the valuation of accounts receivable, estimated useful lives of tangible capital assets, contingent liabilities, future costs to settle employee benefit obligations, and cost recovery from the administration of CUDIC.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Actual results could differ from the estimates.

Future accounting standards

a) Conceptual Framework

The Conceptual Framework was issued in December 2022 and established concepts on how to provide a meaningful foundation for formulating consistent reporting standards. Standards comprise the principles and other guidance applicable in specific situations or more generally in preparing financial reports. This is required to be applied prospectively for annual periods beginning on or after April 1, 2026 with early adoption permitted.

BCFSA is currently assessing the impact of the Conceptual Framework and plans to adopt the framework as of the required effective date.

b) PSAS 1202 – Statement Presentation

PSAS 1202 was issued in December 2022 and established general and specific requirements for presentation of information in general purpose financial statements. The financial statement presentation principles are based on the concepts in the Conceptual Framework, and particularly respond to the financial statement objectives set out in Chapter 6 of the Conceptual Framework.

This is required to be applied prospectively for annual periods beginning on or after April 1, 2026 with early adoption permitted. Prior period amounts would need to be restated to conform to the new presentation requirements for comparative information.

BCFSA is currently assessing the impact of PSAS 1202 and plans to adopt the new standard as of the required effective date.

For the year ended March 31, 2026 (in $000s)

3. Accounts receivable

	March 31, 2026	March 31, 2025
Regulated Entities/Individuals	**$ 9,320**	$ 10,632
Penalties and Enforcement	**1,932**	2,125
Recoverable from CUDIC	**1,171**	1,510
Other	**63**	1
	12,486	14,268
Provision for uncollectible amounts	**(1,194)**	(894)
	$ 11,292	$ 13,374

4. Due to/from government and other government organizations

Due From:

	March 31, 2026	March 31, 2025
Provincial Governments	**$ 32**	**$** 71
Federal Government of Canada	**79**	299
	$ 111	$ 370

Due To:

	March 31, 2026	March 31, 2025
Provincial Governments	**$ 524**	$ 162
Federal Government of Canada	**1,779**	1,061
	$ 2,303	$ 1,223

For the year ended March 31, 2026 (in $000s)

5. Employee future benefits

a) Retirement allowance

Information about BCFSA's retirement allowance is as follows:

	March 31, 2026	March 31, 2025
Accrued benefit obligation – Beginning of year	**$ 979**	$ 778
Current year benefit cost	**93**	78
Interest cost	**37**	37
(Gain) loss on accrued benefit obligation	**(19)**	86
Accrued benefit obligation – End of year	**1,090**	979
Unamortized actuarial gain	**237**	237
Liability – End of year	**$ 1,327**	$ 1,216

The significant actuarial assumptions adopted in measuring BCFSA's retirement allowance were as follows:

	March 31, 2026	March 31, 2025
At beginning of period		
Discount rate	**3.78%**	3.60%
Rate of compensation increase	**3.00%**	3.00%
Expected Average Remaining Service Life (years)	**18**	19

The most recent full actuarial valuation was prepared as of March 31, 2026, with the next full valuation expected to be prepared as of March 31, 2028.

b) Public Service Pension Plan

Employer contributions to the Pension Plan of $3,978 were expensed during the period. Every three years, an actuarial valuation is performed to assess the financial position of the Pension Plan and to report on the adequacy of employer and employee contribution rates. The most recent actuarial valuation for the Pension Plan at March 31, 2023, indicated a funding surplus of approximately $4,491,000 for basic pension benefits. The valuation does not attribute portions of the surplus to individual employers. The Pension Plan covers approximately 79,532 active members as at March 31, 2025, of which approximately 377 were employees of BCFSA.

6. Inter-entity transactions

BCFSA administers CUDIC, which guarantees 100 per cent of deposits and non-equity shares (issued before January 1, 2020) of BCFSA authorized credit unions. A director on the BCFSA board of directors is also a director of the CUDIC board of directors. BCFSA has the ability to exercise control over CUDIC. BCFSA provides administrative services to CUDIC on a cost recovery basis. Recovery from CUDIC for the year ended March 31, 2026 was $10,990 (2025 - $12,236)

7. Risk management

As a result of its financial instruments, BCFSA is exposed to credit risk and liquidity risk. A qualitative analysis of those risks is provided below.

Credit risk

Credit risk is the risk of financial loss arising from a counterparty's failure to meet its contractual obligations. BCFSA's accounts receivable are primarily due from credit unions, pension plans, related parties, and insurance companies, which are considered low risk. BCFSA also holds receivables related to penalties and enforcement orders, which carry higher credit risk. BCFSA mitigates this risk through ongoing monitoring of receivable balances and by establishing an allowance for doubtful accounts based on management's best estimate of uncollectible amounts. As at March 31, 2026, the allowance for doubtful accounts was $1,194 (note 3). Cash is held with a Schedule I Canadian financial institution and is not subject to significant credit risk.

Liquidity risk

Liquidity risk is the risk that BCFSA will not be able to meet its financial operating obligations as they become due.

BCFSA manages liquidity risk by maintaining sufficient cash balances and through the predictable timing of its operating cash inflows, which consist primarily of licensing, registration, and other fee revenue. As at March 31, 2026, BCFSA held significant cash and cash equivalents, and all financial assets and liabilities were due within one year.

Management considers liquidity risk to be low, and BCFSA does not anticipate any difficulty in meeting its financial obligations as they come due.

For the year ended March 31, 2026 (in $000s)

8. Tangible capital assets

March 31, 2026	Systems and Software	Tenant Improve-ments	Information Technology Hardware	Office Furniture	Capital projects in progress	**Total Assets**
Cost						
Opening balance	$ 20,240	$ 3,506	$ 1,690	$ 1,060	$ -	**$ 26,496**
Additions	-	-	82	-	2,301	**2,383**
Closing balance	20,240	3,506	1,772	1,060	2,301	**28,879**
Accumulated amortization						
Opening balance	6,729	754	1,317	623	-	**$ 9,423**
Amortization	2,119	290	173	123	-	**2,705**
Closing balance	8,848	1,044	1,490	746	-	**12,128**
Net book value	**$ 11,392**	**$ 2,462**	**$ 282**	**$ 314**	**$ 2,301**	**$ 16,751**

March 31, 2025	Systems and Software	Tenant Improve-ments	Information Technology Hardware	Office Furniture	Capital projects in progress	**Total Assets**
Cost						
Opening balance	$ 20,240	$ 3,465	$ 1,597	$ 898	$ -	**$ 26,200**
Additions	-	41	93	162	-	**296**
Closing balance	20,240	3,506	1,690	1,060	-	**26,496**
Accumulated amortization						
Opening balance	4,623	465	1,026	497	-	**$ 6,611**
Amortization	2,106	289	291	126	-	**2,812**
Closing balance	6,729	754	1,317	623	-	**9,423**
Net book value	**$ 13,511**	**$ 2,752**	**$ 373**	**$ 437**	**$ -**	**$ 17,073**

9. Commitments

Major contract commitments and operating lease payments for the years ending March 31 are as follows:

	2027	**2028**	**2029**	**2030**	**2031**	**2032-2037**
Contract commitments	$ 8,907	2,511	2,068	1,779	304	-
Operating leases	1,202	1,231	1,256	1,271	1,299	4,760
Total commitments	**$ 10,109**	**3,742**	**3,324**	**3,050**	**1,603**	**4,760**

For the year ended March 31, 2026 (in $000s)

10. Expenses by type

The following is a summary of expenses by type:

	March 31, 2026	March 31, 2025
Compensation and benefits	**$ 58,929**	$ 55,789
Professional services	**8,114**	11,317
Office and administrative	**10,369**	11,359
Amortization	**2,705**	2,812
	$ 80,117	$ 81,277

11. Trust assets

BCFSA acts as the administrator of CUDIC and RECFC. The assets, liabilities, and operating results of CUDIC and RECFC have not been included in the statement of financial position or in the statement of operations. The balances of CUDIC were as follows:

	March 31, 2026	March 31, 2025
Assets	**$ 1,028,589**	$ 992,944
Liabilities	**1,634**	7,344
Equity	**$ 1,026,955**	$ 985,600

The balances of RECFC were as follows:

	March 31, 2026	March 31, 2025
Assets	**$ 25,952**	$ 26,535
Liabilities	**2,222**	1,261
Equity	**$ 23,730**	$ 25,274

12. Budgeted figures

Budgeted figures have been provided for comparison purposes and are from the budget approved by the Board of Directors of BCFSA on February 10, 2025.