



Adjusting Our Sails

2025 Annual Report

Stabilization Central
— CREDIT UNION —

Table of Contents

Message from the Board Chair	03
Message from the CEO	05
Stabilization Services	07
Advisory Services	09
Master Bond Program	12
Corporate Governance	15
Board of Directors and Terms of Office	19
Committees	20
Director Compensation Disclosure	21
Senior Management Compensation Disclosure	24
Financial Statements	
Independent Auditor's Report	25
Statement of Financial Position	27
Statement of Income and Comprehensive Income	28
Statement of Changes in Equity	29
Statement of Cash Flows	30
Notes to the Financial Statements	31
Summarized Statements of Financial Position and Income (Loss) and Comprehensive Income (Loss) – (Unaudited)	47

Our Mission:

To provide stability & strength
to BC credit unions





Board Chair Message

*“The pessimist complains about the wind.
The optimist expects it to change. The leader
adjusts the sails.”*

– John Maxwell

This quote really sums up the developments this year in our system and for Stabilization Central. It’s been a time where we’ve all been adjusting our sails – or in this case, our strategies – in response to a perfect storm of significant change at an unprecedented pace. Consolidation, margin compression, regulatory expectations, consumer expectations, technology and cybersecurity threats – these are just a few of the winds swirling through and around our sector.

Stabilization Central’s vision remains clear and constant: to foster a resilient foundation for the credit union system, now and into the future. What’s shifting is the way in which we deliver on that promise.





Throughout 2025, the Board challenged itself and management to define the core strategic questions that will guide us, as we adjust the sails at Stabilization Central. We determined they are:

- Which programs and services are truly serving our members today? Will tomorrow's credit union system still need them?
- What are the emerging, new needs we should prepare to meet?
- Can we serve the broader Canadian credit union system, both to strengthen our sector and increase scale and efficiency?
- Are we the best entity to deliver what credit unions need? If so, how do we strengthen our governance, operations and delivery to maximize benefit to our members?
- Is there a future state where Stabilization Central is no longer needed? If so, how do we ensure the intellectual property and capital continues to benefit credit unions?

The Board has approved a strategy for 2026 that will continue exploring these questions and chart the future course of how we will support an evolving credit union sector. This will involve deep member engagement and will take place while still delivering our foundational programs and services.

We have also reviewed our governance practices to ensure our Board of Directors is prepared to provide oversight to this important work. This has

resulted in proposed Rule changes to ensure our governance structure evolves in tandem with system trends, and creation of dedicated Transformation Committee to stay closely engaged in management's strategic work. With a view to strengthening organizational stability, we also enhanced our succession planning to ensure strong long-term governance and operational effectiveness.

As regulatory and financial pressures increase and consolidation continues, credit unions are becoming increasingly siloed. A large credit union today likely has a different value proposition and needs than even its other large counterparts; their difference from a small credit union is even more pronounced. But I suggest we bear in mind that "large" is a relative term; within the Canadian financial services system, we are all still small players. The areas of collaboration may be evolving, but our ability and willingness to work together has never been more crucial.

Stabilization Central is - and will remain - a convener of that collaboration and mutual support. In smooth seas and through challenging conditions, we continue to build capacity and put our members' needs first, to ensure the system is strong, resilient and adaptable to shifting winds.

Darlene Hyde
Chair



CEO Message

Our theme for this report is “adjusting our sails,” which I think is particularly relevant in today’s credit union environment. Many forces of change are at work, including consolidation of credit unions, fast-evolving regulatory expectations, changing dynamics between credit unions and centrals, margin compression, and more. While our system has faced headwinds before, today’s pace of change can feel more like a hurricane.

We view ourselves as a stabilizing force – true to our name – to help credit unions navigate this time, and to set them up for future success as their environment changes.

Here’s what we’ve done this year to ensure we can provide the support our members need, today and into the future.

System Leadership and Collaboration

Our purpose is to build strength and stability among credit unions, but also to bring credit unions together to create strength and stability for each other. Intentional, purposeful collaboration has never been more important, and Stabilization Central takes pride in its reputation as a trusted facilitator for this work.

One example this year has been the collaboration to create a structure for a unique, tailored Federated Model, alongside 12 BC credit unions. We continue supporting work to test and determine whether this could be a path to sustainable success for small and mid-sized credit unions.

Two other collaboration programs have involved collective vendor evaluations. First, Stabilization Central helped form and lead the National Digital Banking Working Group to help a number of BC and Ontario credit unions evaluate, select and negotiate contracts with their optimal digital services provider. The other major collaboration initiative was creation of a vendor assessment program, where, on behalf of a group of credit unions, Stabilization Central conducts the initial assessment of vendors for a specific service. We then present the findings for the credit unions to overlay against their own risk appetite. It’s a three-way win: reduced administrative burden on credit unions; vendors receive one unified information request; and Stabilization Central has an opportunity to add more value to the credit union system.



Vision is a destination - a fixed point to which we focus all effort. Strategy is a route - an adaptable path to get us where we want to go.

–Simon Sinek

Prudent Management of Member Resources

I'm pleased to report that our overall financial performance in 2025 was stable, with our year-end financial position slightly improved over 2024. This was driven in large part by strong performance from our investment securities and careful management of expenditures. We also achieved a surplus in the Master Bond Program funds, even after fully replenishing significant losses experienced in 2023 and providing a member rebate.

Strong Stewardship of Member Programs

You'll see more detailed achievements under each program later in this report, but some program highlights include:

- Growth of our Advisory Services resources, and deep engagement on topics such as merger support, recovery planning and strategic planning.
- Supported a 26% increase in fidelity bond applications.
- Renewed the excess insurance program coverage at the same rate for credit unions.
- Supported several credit unions in addressing elevated intervention stage ratings, and helped resolve supervisory recommendations.
- Facilitated a CRO Working Group to build credit union risk management capacity.

Thoughtful Planning for the Future

2025 has been a year of engagement with members and deep introspection for our team. Thank you to all members for your input and support as we contemplate our future role in supporting you. In the perfect storm of pressures we are all facing, we are planning thoughtfully while also preparing to pivot as our environment and credit union needs change. Through 2026, while continuing to offer our traditional services, our team is also exploring new opportunities to ensure members are well-served. This includes:

- Researching potential markets outside BC for our products and services, to potentially expand our service to the system and contribute to long-term sustainability
- Engaging closely with members to identify their emerging needs, and ensure we are ready to respond and serve them.
- Continuously evaluating options for improving our current services, including considering new partnerships or transformation of programs.

This is a time of transformation for Stabilization Central, with our focus always on members and their needs. We know we bring value today, but we also strive for continuous improvement and evolution. This work can only succeed by continuing to gain insight from you, our members, as you proceed with your own transformation journeys.

We look forward to further engagement with you in the coming weeks and months. In the meantime, please contact me any time to share your perspective.



Bill Corbett,
Chief Executive Officer



Stabilization Services

**2025 Focus: Supporting Members,
Strengthening Risk Capabilities**

Following significant foundational work in 2024, our Stabilization Services entered 2025 well prepared for evolving regulatory expectations. Strong frameworks, an experienced team of consultants, and established relationships with regulators enabled us to anticipate supervisory focus areas and respond effectively, prepared for evolving regulatory expectations.

Our key accomplishments include:

- ✓ **Supporting credit unions in successfully meeting BCFSAs requirements** by strengthening their risk and governance infrastructure, and by driving timely remediation of regulatory findings.
- ✓ **Supporting several credit unions** in addressing elevated intervention stage ratings.
- ✓ **Helping successfully resolve 34 supervisory requirements** and recommendations, through close collaboration with boards, executive teams, and BC Financial Services Authority (BCFSA).
- ✓ **Supporting initiatives** to improve risk practices at small/mid-sized credit unions.
- ✓ **Continuing to take a leadership role with system partners** Central 1 Credit Union and the Canadian Credit Union Association (CCUA), including discussions on ways to improve the sustainability and success of the credit union system.
- ✓ **Leading the Crisis Preparedness Working Group**, supporting system-wide readiness and resilience alongside partners from the BC Ministry of Finance, BCFSA and Central 1 Credit Union.

Looking Ahead

In 2026 our focus remains much the same. We will continue to provide timely, effective remediation support to credit unions, helping them meet regulatory expectations and strengthen their risk and governance practices. We'll do this by maintaining a proactive stabilization approach, engaging earlier to address emerging risks and reduce the need for regulatory escalation.

We also plan to continue advancing system crisis preparedness initiatives, building on systemwide work to enhance readiness, coordination, and resilience in the face of emerging risks. All of this will take place with continuous collaboration with regulators and system partners.

Stabilization Central is a proactive guardian of the BC credit union system — working collaboratively with credit unions, regulators, and system partners to strengthen resilience, address risks early, and safeguard the long-term stability of the system in an increasingly complex environment.



Advisory Services

**2025 Focus: New Resources,
Deeper Engagement**

Advisory Services (formerly called Elective Services) began 2025 with a challenge – the departure of its leader to work directly with a member credit union. We turned that challenge into an opportunity, hiring a VP of Advisory and Regulatory Solutions, whose skillset directly aligned with our focus on building relationships, discovering new opportunities and further building the Advisory Services business line.

Our key accomplishments include:

- ✓ **Developing, updating and launching two new resources to support credit unions:** Commercial Lending Toolkit and an updated Third-Party Vendor Management Toolkit (previously called the Outsourcing Toolkit). Early indicators show the toolkits have been well-received, and have created another opportunity to connect with our members and discuss opportunities for further education and support.
- ✓ **Co-leading the work of the National Digital Banking Working Group,** alongside our partners from National Consulting Limited (NCL) and Credit Unions Future Committee (CFC). The result: a collaborative program that supported nearly 60 credit unions with vendor assessment, risk and governance capacity and contract negotiation as they sought the optimal supplier for their digital banking services.
- ✓ **Facilitating work on a Federated Model,** leading a working group of 12 BC credit unions exploring the opportunity for a unique collaborative operating model. Together, we developed a model tailored to the group's needs, and continue with detailed analysis of specifics like the governance structure, risk management infrastructure, and balance sheet management. Through 2026, we will continue to assess whether this is a promising potential path forward for small and mid-sized credit unions.
- ✓ **Supporting BC credit unions** to determine their best path forward. The result: a Merger Paths guide developed in partnership with our members. It discusses the core value proposition, opportunities and questions to weigh if considering a merger with any one of BC's four largest credit unions. It also provides guidance for those considering other strategic options, such as remaining independent, the proposed Federated Model, or other collaboration opportunities with other credit unions. This guide is now a resource every BC credit union can draw upon as they consider their strategic options.
- ✓ **Creating and facilitating a CRO working group** to increase collaboration and share ideas and risk mitigation strategies.
- ✓ **Adding to our Lessons Learned resource centre,** with a research paper on the history of Stabilization Central and ways it's stepped up for credit unions in challenging times. The intent is to reflect on past ways we and the system have collaborated to support one another, to inform new paths to collaborating and managing a changing financial services environment.
- ✓ **Completing several advisory services engagements** centered around merger support, recovery planning, strategic planning and information security, among others.
- ✓ **Looking for ways to assess potential merger opportunities** among others.
- ✓ **Engaging with members and the rest of the credit union system,** attending and presenting at Peer Group meetings and attending several industry forums and events.

Looking Ahead

In 2026 we are focused on two streams of work: continuing to support our members with the services they already rely on, and anticipating emerging needs in BC and beyond. We are seeking answers to two key questions:

1. Which current / new services would bring the greatest value to credit unions?
2. Can we offer them at a cost they are willing/able to pay?

As we continue to work with our network on ideas to help credit unions in risk, governance, strategic planning and BCFSAs regulatory guidelines, we are conducting further outreach in Q1 and Q2. First, with our members, to ensure we understand their needs and where we can best support them. Second, with credit unions and partners in other jurisdictions, to expand that support to strengthen the broader system, and potentially achieve greater scale and cost efficiency.

We will also continue to work with partners like CUES to deliver quality and timely materials to support credit unions across the system. Two new toolkits are under development, focused on governance, risk and strategic planning, in addition to updates that will ensure our existing resources remain current. Finally, we continue to seek new ideas from members about topics and resources that would add value for them.





Master Bond Program

**2025 Focus: Rebuilding from Losses,
Strengthening Delivery**

The Master Bond Program (MBP) remains financially strong, stable, and committed to supporting credit unions as fraud risks evolve. After significant losses in 2023, Stabilization Central has been exploring ways to recalibrate the program to ensure its long-term viability. We recognize that strong education, controls, and timely reporting are essential to protecting the MBP fund and ensuring the program continues to serve credit unions effectively.

The focus this year was to ensure that the MBP was stable, member-focused, and responsive, while also establishing a long-term vision for the program.

Top Accomplishments in 2025

Strong Financial Performance

- ✓ In 2025, the MBP had a net surplus of \$1.60 million, driven by lower-than-expected claims, strong investment returns, and reduced operating costs. This surplus will strengthen the program's ability to absorb future volatility and maintain long-term sustainability.

Securing Stable Excess Insurance Coverage

- ✓ Successfully renewed excess insurance program for 2026 with "as is" pricing and no wording changes, despite growth in assets and employee counts across the system. All insurers renewed their participation and maintained AM Best ratings of A and above (an indication of excellent financial strength and ability to meet their insurance obligations). This stability protects members from volatility and reinforces the program's financial resilience.

Strengthening Fidelity Bonding and MBP Program Delivery

- ✓ Processed more than 1,400 new fidelity bond applications, reflecting a 26% increase over 2024. This growth signals a positive hiring trend across the credit union system and demonstrates MBP's ability to support credit unions as they are onboarding new employees and directors.
- ✓ Completed the complex allocation-model project initiated in 2025 with Aon, resulting in a more balanced and equitable pricing methodology for all participating credit unions. This work directly supports fairness, transparency, and long-term program sustainability.

Improving Engagement and Communication with Members

- ✓ Supporting transparency, Stabilization Central held six dedicated meetings with credit unions to communicate the improvements in the MBP pricing methodology.
- ✓ These accomplishments helped MBP become more responsive, stable, and member focused while making sure that we have a long-term vision for our program.



Looking Ahead

The outlook for 2026 remains positive; however, we are looking at how the MBP will be responding to developments such as new regulatory expectations, AI, and Real Time Rail.

While claims show there is a significant decrease in severity, we have seen consistent online mobile banking claims which can severely impact the long-term viability of the MBP fund and programs. We also note that while we may have one year of no severe claims, they are unpredictable by nature, and will likely occur eventually.

2026 will be a year of supporting the changes to our underwriting model while emphasizing strong risk management. Our goal is to not discourage those that are looking for further improvement as we are partners for these best practices.

2025 and 2026 continue to show a strong trend of credit union mergers. With each merger comes changes to internal controls and onsite equipment, and we continue to update our records and processes accordingly.

As fraud schemes evolve, we also remain committed to staying informed by working closely with key stakeholders such as Central 1 Credit Union, CUMIS, and law enforcement to identify emerging trends and ensure the program remains responsive and well protected.

Finally, through 2026 we will begin planning our next three-year pricing allocation model with Aon, and update procedures and documents to ensure they serve our members well.



A hiker with a large backpack is walking across a wooden plank bridge over a stream in a forest. The scene is captured at sunrise, with a warm, golden glow illuminating the landscape. The hiker is wearing a blue jacket and dark pants. The background shows a dense forest of evergreen trees and a misty atmosphere. The sky is a mix of blue and orange, suggesting the sun is low on the horizon. The overall mood is serene and adventurous.

Corporate Governance

**2025 Focus: Strategic Evolution,
Sustainable Governance**

Stabilization Central recognizes it plays a crucial role in the credit union system, and is committed to strong governance oversight to ensure we are evolving in the way that best serves our members. We maintain the highest standards of governance practices, including the appropriate mix of experience, diversity of representation and ongoing training and development for Directors. In 2025, the Board achieved several significant accomplishments that strengthened Stabilization Central's strategic direction and enhanced value for our members.

Our key accomplishments include:

Comprehensive strategic review

- ✓ The Board dedicated substantial effort to reassessing the organization's long-term strategy. This included asking critical questions about Stabilization Central's current and future value to the credit union system. The goal was to ensure our strategic direction continues to align with member needs and system priorities. The result has been a more robust analysis of services and value added to the system – a stronger foundation from which we can deliver greater impact and make sound decisions in the future. This included asking critical questions about Stabilization Central.

Establishing a Transformation Committee

- ✓ The Board recognized that Stabilization Central, like our members, must continually evolve to remain responsive and relevant in a changing credit union system. To support this, the Board created a dedicated joint

Transformation Committee with management, to stay closely engaged and aligned with the organization's work to explore and pursue strategic change. This structure ensures Board oversight remains active and informed as the organization evolves, supporting more effective execution and continuity.

Evolving Our Governance Structure and Rules

- ✓ A comprehensive review of the organization's Rules was completed. At the 2026 AGM members will be asked to vote on recommended changes which include: consolidating the Vancouver Island and Lower Mainland regions (decreasing the number of elected Directors by one); and, increasing the number of appointed Directors by one, to support the Board's ability to fill skills or diversity gaps. The proposed changes aim to ensure our governance structure evolves alongside system trends, including consolidation, federal continuance, and leadership transitions. These updates strengthen our ability to respond to a changing environment and support long-term organizational resilience.

Implementing a strengthened succession planning framework

- ✓ A robust succession policy and planning process was implemented to ensure leadership continuity. This work enhances organizational stability and ensures Stabilization Central is well-positioned to maintain strong governance and operational effectiveness into the future.



Looking Ahead

Building on last year's achievements and lessons learned, the priority for 2026 is to continue evolving Stabilization Central's governance structure. This includes streamlining our committee framework and strengthening key processes to ensure ongoing effectiveness and clarity of oversight. A major focus will also be the review and implementation of BCFSA's newly updated governance guidelines, ensuring alignment with regulatory expectations while continuing to provide leadership and support for our members through this period of transition.

Above all, our Board of Directors remains committed to the highest standards of oversight, transparency, and accountability, as we and our members navigate an increasingly complex environment.



Board of Directors Structure and Composition

Stabilization Central's Board of Directors is composed of six elected representatives from regions across the province, reflecting credit unions grouped by asset size and geography and up to three independent, appointed directors.

As of fiscal year-end 2025, the Board included three credit union chief executive officers, an executive vice president, a chief risk officer, a credit union director, and two independent directors with deep governance experience.

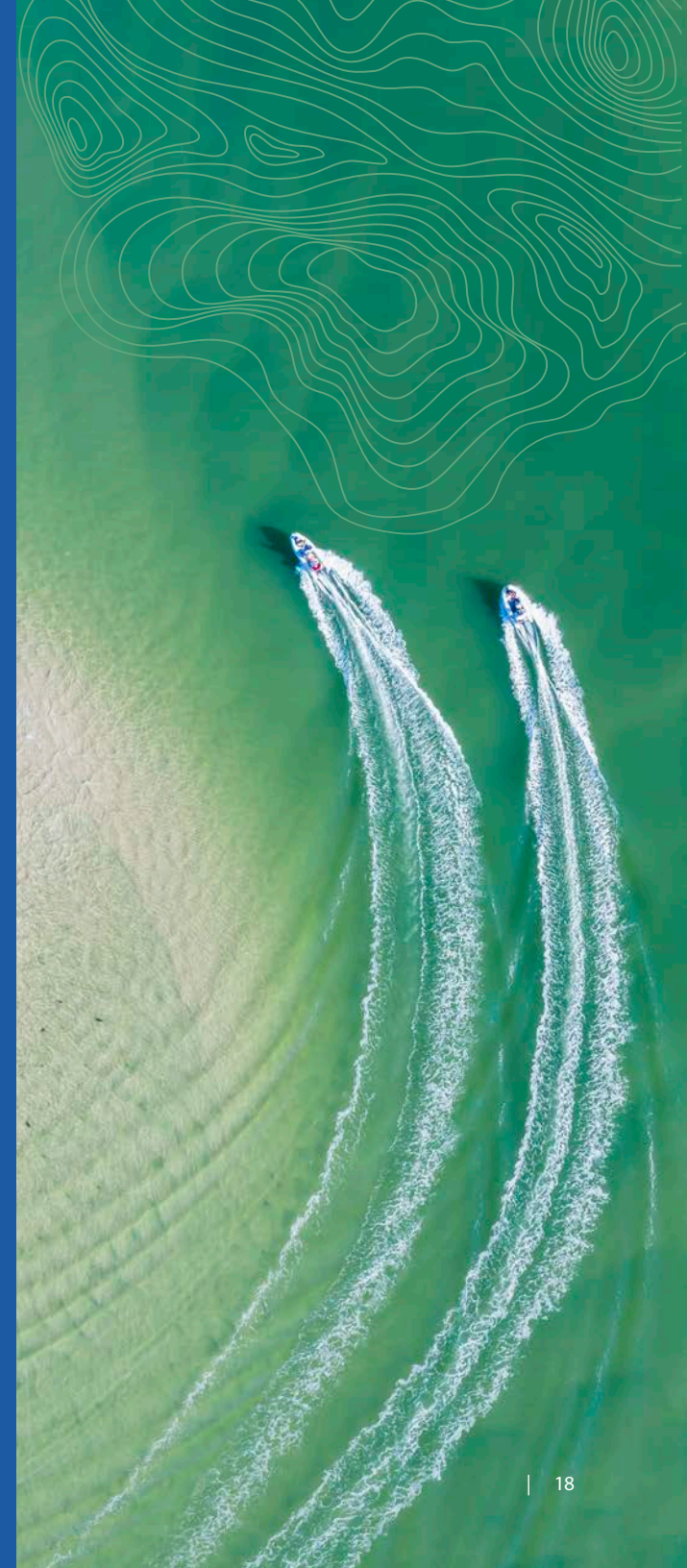
Collectively, our Directors bring extensive professional backgrounds in finance, accounting, risk, legal, governance, and insurance, ensuring strong and knowledgeable oversight. Many also contribute to the broader system through service on external boards, including Consumer Protection BC, Canadian Credit Union Association, World Council of Credit Unions, Institute of Corporate Directors, Canada Mortgage and Housing Corporation, CUSO Wealth Strategies, Metro Vancouver Transit Police, BC Provincial Health Services Authority, Engineers and Geoscientists BC, and TransLink.

All directors participate in the national Credit Union Director Achievement (CUDA) program, with five holding the Accredited Canadian Credit Union Director designation. Several directors also hold the ICD.D designation from

the Institute of Corporate Directors and the CCD designation from the Credit Union Executives Society. In addition, one director serves as National Academic Director for ICD responsible for developing-learning courses on sustainability and resilience. Directors' active involvement in these programs ensures they maintain the skills and knowledge necessary to fulfill their fiduciary and oversight responsibilities effectively.

Stabilization Central provides a comprehensive orientation program for new directors and places strong emphasis on ongoing professional development. Each director receives an education allowance of \$10,000 per three-year term to participate in courses, conferences, and workshops relevant to their governance duties. In addition, quarterly Board meetings include education sessions delivered by external experts on key industry topics. year term to participate in courses, conferences, and workshops relevant to their governance duties.

The Board's composition reflects the diversity of our membership. A broad range of perspectives strengthens discussion, enhances decision-making, and supports thoughtful consideration of emerging issues. Diversity is incorporated into the Board Matrix and is fundamental to the democratic nomination and election process.



Board of Directors and Terms of Office

Darlene Hyde

Chairperson

Director Since 2017

Current Term: 2023-2026

Governance Consultant

(Appointed Director)

Anita Braha

Director

Director Since 2014

Current Term: 2024-2027

Retired Barrister and Solicitor

(Appointed Director)

Bill Chan

Director

Director Since 2023

Current Term: 2023-2026

Director

VanCity Savings Credit Union

Elizabeth Hanlon

Director

Director Since 2024

Current Term: 2024-2027

Chief Risk Officer

Sunshine Coast Credit Union

Jody Burk

Vice Chairperson

Director Since 2022

Current Term: 2022-2028

Chief Executive Officer

StellerVista Credit Union

Linda Bowyer

Director

Director Since 2020

Current Term: 2023-2026

EVP, Inclusive Banking and Sustainable

Wealth, Vancity Savings Credit Union

and Former Chief Executive Officer

First Credit Union

Stefan Delloch

Director

Director Since 2025

Current Term: 2025–2028

Chief Executive Officer

Northen Savings Credit Union

Kelly Marshall

Director

Director Since 2015

Current Term: 2024-2027

Chief Executive Officer

Cascadia Credit Union

Committees

Committee	Members	Functions
Audit & Risk 4 meetings	Bill Chan, Chairperson Anita Braha Elizabeth Hanlon	The Audit & Risk Committee’s responsibilities include oversight of the activities of the external auditor, the assessment of accounting policies, and the adequacy of internal controls. They also oversee ERM, which includes ensuring the organization has effective risk management processes in place.
Governance & Conduct Review 4 meetings	Anita Braha, Chairperson Jody Burk Kelly Marshall	The Governance & Conduct Review Committee assists the Board in fulfilling its corporate governance responsibilities and is responsible for establishing policies and procedures to address conflicts of interest, uphold standards of conduct, and keep sensitive information confidential.
Human Resources 5 meetings	Linda Bowyer, Chairperson Jody Burk Darlene Hyde	The Human Resources Committee oversees Stabilization Central’s human resources policies and practices, including the CEO’s terms of employment. In addition, the Committee oversees the organization’s culture, ensuring employee wellness and a positive work environment are prioritized.
Investment & Loan 4 meetings	Kelly Marshall, Chairperson Anita Braha Bill Chan Bill Corbett (Management)*	The Investment & Loan Committee is responsible for ensuring there is an appropriate and prudent policy to govern the employment of the funds entrusted to the organization.
Master Bond Program 4 meetings	Jody Burk, Chairperson Stefan Delloch Kelly Marshall	The Master Bond Program Committee is responsible for ensuring effective and consistent oversight of the Master Bond Program.
Nominations & Elections 3 meetings	Stefan Delloch, Chairperson Jody Burk Elizabeth Hanlon	The Nominations & Elections Committee oversees the director election process, including ensuring that qualified candidates are nominated for director positions.
Stabilization Advisory Committee 3 meetings	Eliabeth Hanlon, Chairperson Linda Bowyer Anita Braha Jody Burk Bill Chan Stefan Delloch Darlene Hyde Kelly Marshall	The purpose of the Stabilization Advisory Committee is to oversee the organization’s credit union stabilization activities as well as the elective services business line.

*The CEO is a Voting Officer Member of the Investment & Loan Committee.

Director Compensation Disclosure

Stabilization Central provides directors with the following compensation:

- \$500 per Board meeting attended.
- \$250 per committee meeting attended.
- \$5,500 annual retainer for every director for non-meeting preparation time.
- \$9,200 honorarium for Board Chair; \$5,520 honorarium for Vice Chair.
- \$1,725 honorarium for chairing each of the committees.
- Reimbursement of expenses, including travel, accommodation, parking, meals for meetings, training, and expenses related to approved representation of the credit union.
- The Director Education Policy provides up to \$10,000 over a term (three-year period) for each director for training and to attend educational sessions and conferences. Per diems for education are not included in this amount.
- In 2025, a total of 9 Board meetings and 28 Committee meetings were held.
- Several informal Board Check in meetings were also held throughout the year.
- A two-day strategic planning session was held.
- New directors attended additional orientation sessions.

By ordinary resolution, the members in attendance at the Annual General Meeting held on April 29, 2021, approved an aggregate amount of \$200,000 to be available for compensation to directors (note: this is for all directors in total, not individually). For the 2025 fiscal year, the total remuneration for Stabilization Central directors was \$132,608 plus expenses of \$32,773.

The compensation received for each director is summarized below:

Name	Region	Attendance Board & Committees	Meeting Fees**	Expense Reimbursement	Education & Conferences
Darlene Hyde Chairperson	Appointee	23/23	\$9,200 Board Chair Honorarium \$5,500 Annual Retainer \$7,500 Per Diems* Total Compensation: \$22,200	\$881	\$0
Jody Burk Vice Chairperson	Kootenays	22/22	\$3,599 Vice Chair Honorarium \$1,011 MBP Committee Chair Honorarium \$714 SAC Chair Honorarium (January to May) \$5,500 Annual Retainer \$7,500 Per Diems Total Compensation: \$18,324	\$1,266	\$0
Linda Bowyer	Island	24/24	\$4,593 Vice Chair Honorarium (January to May) \$1,725 HR Committee Chair Honorarium \$5,500 Annual Retainer \$7,500 Per Diems Total Compensation: \$19,318	\$1,296	\$4,384
Anita Braha	Appointee	22/22	\$1,725 Governance Committee Chair Honorarium \$5,500 Annual Retainer \$8,000 Per Diems Total Compensation: \$15,225	\$1,296	\$4,350
Bill Chan	Large Lower Mainland	24/24	\$1,725 Audit & Risk Committee Chair Honorarium \$5,500 Annual Retainer \$6,750 Per Diems Total Compensation: \$13,975	\$795	\$0

Name	Region	Attendance Board & Committees	Meeting Fees	Expense Reimbursement	Education & Conferences
Stefan Delloch	Northline	15/15	\$1,011 Nominations & Elections Chair Honorarium \$3,571 Annual Retainer \$6,500 Per Diems Total Compensation: \$11,082	\$910	\$1,138
Elizabeth Hanlon	Lower Mainland	19/21	\$1,011 SAC Chair Honorarium \$714 Nominations & Elections Chair Honorarium (May to December) \$5,500 Annual Retainer \$5,750 Per Diems Total Compensation: \$12,975	\$922	\$10,000
Kelly Marshall	Okanagan	26/27	\$1,725 Investment & Loan Committee Chair Honorarium \$5,500 Annual Retainer \$8,500 Per Diems Total Compensation: \$15,725	\$1,839	\$3,500
Jim Zimmerman	Northline	5/7	\$605 MBP Committee Chair Honorarium (January to May) \$1,929 Annual Retainer \$1,250 Per Diems Total Compensation: \$3,784	\$196	\$0

**Travel per diems are paid to out of town directors.*

**Non-meeting per diems are paid to directors for time invested in professional development.*

***New directors must attend all committee meetings at least once and are compensated for this.*

Senior Management Compensation Disclosure

Stabilization Central Credit Union's compensation philosophy is to provide a competitive total program consistent with market-based practices for all personnel. Market data are gathered and a benchmark for employee compensation is established at a P50 level for the sector.

Key management personnel are defined as those persons having authority and responsibility for planning, directing, and controlling the activities of Stabilization Central. The amount of compensation paid to the key management personnel during 2025 was \$943,138 (December 31, 2024 - \$853,998).

Independent Auditor's Report

To the Board of Directors of Stabilization Central Credit Union of British Columbia

Opinion

We have audited the financial statements of Stabilization Central Credit Union of British Columbia (the Entity), which comprise:

- the statement of financial position as at December 31, 2025
- the statement of income and comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **“Auditor's Responsibilities for the Audit of the Financial Statements”** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises the information, other than the financial statements and the auditor's report thereon, included in the Annual Report.

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

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

We obtained the information, other than the financial statements and the auditor's report thereon, included in Annual Report as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement on this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

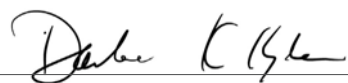
The logo for KPMG LLP, featuring the letters 'KPMG' in a stylized, handwritten font, followed by 'LLP' in a smaller, similar font, with a horizontal line underneath.

Chartered Professional Accountants
Vancouver, Canada
April 2, 2026

Statement of Financial Position

Year ended December 31, 2025, with comparative information for 2024	Notes	2025	2024
Assets			
Cash		\$ 1,039,818	\$ 1,928,925
Investment securities	5	43,236,467	41,717,151
Accounts receivable		137,206	424,762
Deferred tax assets	6	123,799	66,128
Property and equipment	7	329,578	413,137
Prepaid expenses		43,073	64,910
Other assets		128	128
		\$ 44,910,069	\$ 44,615,141
Liabilities			
Insurance contract liabilities			
Deferred revenue	8	\$ -	\$ 351,362
Master bond fund member rebate payable	8,9	-	669,507
Provision for master bond claims	8	276,749	367,580
		276,749	1,388,449
Accounts payable and accrued liabilities		587,877	642,591
Deferred tax liabilities	6	123,799	66,128
Lease obligation	10	269,156	359,331
		1,257,581	2,456,499
Equity			
Share capital	11	33,566	33,566
Contributed surplus		1,383,659	1,383,659
Retained earnings		42,235,263	40,741,417
		43,652,488	42,158,642
		\$ 44,910,069	\$ 44,615,141
Commitments	12		

Approved by the Directors:



Darlene Hyde, Chairperson
Stabilization Central Credit Union | 2025 Annual Report



Bill Chan, Chairperson — Audit & Risk Committee

See accompanying notes to the financial statements.

Statement of Income and Comprehensive Income

Year ended December 31, 2025, with comparative information for 2024	Notes	2025	2024
Financial income			
Interest income		\$ 787,023	\$ 751,337
Pooled fund distributions		1,907,326	1,491,192
Gains on disposal of financial instruments		207,694	55,251
Change in fair value of financial instruments		524,285	988,481
Total financial income		3,426,328	3,286,261
Financial expenses			
Interest paid on lease obligation	10	13,418	16,266
Net financial income		3,412,910	3,269,995
Insurance revenue			
Assessments	8	2,551,837	2,192,342
Insurance service expenses			
Claims paid	8	634,737	355,324
Change in provision for master bond fund	8	(90,831)	144,192
Master bond fund claims administration	8	372,151	365,736
Master bond fund member rebate	8,9	-	669,507
Total insurance service expenses		916,057	1,534,759
Net expenses from reinsurance contracts			
Insurance and brokerage			
Insurance premiums		372,114	410,436
Insurance brokerage fees		54,075	61,042
Net expenses from reinsurance contracts		426,189	471,478
Net insurance service results		1,209,591	186,105
Other income			
Total financial, insurance and other income		5,019,548	3,641,863
Operating expenses			
Salaries and benefits	13,14	1,038,478	1,097,834
Subcontract fees		297,071	371,112
Professional services		681,457	333,885
Office and occupancy		203,749	216,438
Directors remuneration	14	132,618	121,417
Strategic review expenses	15	493,737	227,661
Travel and meetings		152,593	107,767
Investment advisory fee		127,002	117,848
Corporate projects		239,581	222,079
Data processing and systems development		98,218	84,398
Other		61,198	101,789
Total operating expenses		3,525,702	3,002,228
Net income and comprehensive income		\$ 1,493,846	\$ 639,635

Statement of Changes in Equity

Year ended December 31, 2025, with comparative information for 2024		Share Capital		Contributed Surplus		Retained Earnings		Total Equity
Balance at January 1, 2025	\$	33,566	\$	1,383,659	\$	40,741,417	\$	42,158,642
Net income and comprehensive income		–		–		1,493,846		1,493,846
Balance at December 31, 2025	\$	33,566	\$	1,383,659	\$	42,235,263	\$	43,652,488
Balance at January 1, 2024	\$	33,566	\$	1,383,659	\$	40,101,782	\$	41,519,007
Net income and comprehensive income		–		–		639,635		639,635
Balance at December 31, 2024	\$	33,566	\$	1,383,659	\$	40,741,417	\$	42,158,642

See accompanying notes to the financial statements.

Statement of Cash Flows

Year ended December 31, 2025, with comparative information from 2024	2025	2024
Cash flows from (used in) operating activities		
Net income and comprehensive income	\$ 1,493,846	\$ 639,635
Adjustments for:		
Depreciation	89,580	99,805
Gain on disposal of financial instruments	(207,694)	(55,251)
Change in fair value of financial instruments	(524,285)	(988,481)
Interest income	(787,025)	(751,337)
Increase (decrease) in provision for master bond claims	(90,831)	144,192
	(26,409)	(911,437)
Net change in insurance and reinsurance contracts	274,500	1,871,358
Net change in prepaid expenses	21,837	(2,762)
Net change in accounts receivable	13,056	(405,133)
Change in other assets	-	(1)
Net change in unearned revenue	(351,362)	87,228
Net change in master bond fund member rebate	(669,507)	669,507
Net change in accounts payable and accrued liabilities	(54,714)	63,596
Net cash used in operating activities	(792,599)	1,372,356
Cash flows from (used in) investing activities		
Proceeds from sale of securities	8,773,088	7,709,986
Purchase of new securities	(9,531,609)	(8,482,191)
Interest received	758,209	705,401
Purchase of property and equipment	(6,021)	-
Net cash used in investing activities	(6,333)	(66,804)
Cash flows used in financing activities		
Lease obligation paid	(90,175)	(86,637)
Net cash used in investing activities	(90,175)	(86,637)
(Decrease)/Increase in cash	(889,107)	1,218,915
Cash - beginning of year	1,928,925	710,010
Cash - end of year	\$ 1,039,818	\$ 1,928,925

See accompanying notes to the financial statements.

Notes to the Financial Statements

Year ended December 31, 2025

1. General Information

Stabilization Central Credit Union of British Columbia (Stabilization Central) is located in Canada with a registered office at Suite 100, 1095 West Pender Street, Vancouver, British Columbia, V6E 2M6, Canada. Stabilization Central was incorporated under the Credit Union Incorporation Act (British Columbia) and designated as a stabilization authority under the Financial Institutions Act (British Columbia).

The purpose of Stabilization Central is to provide stability and strength to BC credit unions which are also required to be members of Stabilization Central. Stabilization Central accomplishes this by mitigating risk in the system through proactive support as well as through its delegated authority from the BC Financial Services Authority (BCFSA) to supervise credit unions.

Stabilization Central administers two funds:

(a) Stabilization Fund

Stabilization Central maintains the Stabilization Fund to provide or arrange stabilization support and other assistance for member credit unions that encounter challenges, including financial assistance for deposit protection purposes. Operations are financed by earnings on the Stabilization Fund's equity and member assessments, if required. The last assessment on the Stabilization Fund was in 2002.

Stabilization Central has entered into a Credit Union Financial Assistance Agreement (CUFAA) with the Credit Union Deposit Insurance Corporation of British Columbia (CUDIC) and BCFSA. The terms of this agreement require that Stabilization Central shall maintain a fund of at least \$30.0 million for British Columbia credit unions' stabilization and deposit insurance purposes (Committed Fund).

(b) Master Bond Fund

The Master Bond Fund provides fidelity bonding protection for all credit unions in British Columbia and their subsidiaries. Stabilization Central self-insures 100% of the risk for the first \$1.0 million of individual credit union losses to a maximum annual aggregate loss of \$5.0 million. Stabilization Central maintains the Master Bond Fund to settle claims within the retained limits. Excess insurance is secured with commercial carriers to insure single losses to \$60 million and aggregate losses to \$120 million. All carriers are "A" rated or better through AM Best. Operations are financed by member assessments and by earnings on the Master Bond Fund's equity.

2. Basis of Presentation

(a) Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards.

The policies set out below have been consistently applied to all the periods presented in Stabilization Central's annual financial statements.

The annual financial statements were authorized for issue by the Board of Directors on April 2, 2026.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for investment securities and other assets which are measured at fair value through profit or loss (FVTPL).

(c) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is Stabilization Central's functional currency.

(d) Use of estimates and judgments

In preparing the financial statements in accordance with IFRS Accounting Standards, management must exercise judgments and make estimates and assumptions that affect the application of accounting policies and the carrying amounts of assets and liabilities, net income and related disclosures. Actual results may differ materially from those estimates. Areas for which management must make subjective or complex estimates and judgments include the provision for master bond claims, discount rate used for calculating the net present value of lease obligations and calculation of expected credit loss (ECL).

Information about assumptions made in measuring insurance and reinsurance contracts is included in Note 3(h).

While management makes its best estimates and assumptions, actual results may differ materially from those estimates and assumptions. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

3. Material Accounting Policy Information

The material accounting policies used in the preparation of these financial statements are summarized below:

(a) Financial assets and financial liabilities

Recognition and initial measurement

Stabilization Central initially recognizes financial assets on the date on which they are acquired and recognizes financial liabilities on the date on which they are issued. Regular way purchases and sales of financial assets are recognized on the settlement date at which Stabilization Central commits to purchase or sell the assets. A financial asset or liability is measured initially at fair value, plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issuance. For a financial asset or liability measured at FVTPL, transaction costs are recognized immediately in profit or loss.

Classification and subsequent measurement

i) Business model assessment

The objective of the business model in which an asset is held is assessed at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice e.g. whether management's strategy focuses on earning contractual interest revenue, or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to Stabilization Central's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how Stabilization Central's stated objectives for managing the financial assets are achieved and how cash flows are realized.

ii) Contractual cash flows characteristics assessment

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time, and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as for profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest (SPPI), Stabilization Central considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

If the contractual terms of a financial asset give rise to contractual cash flows that are not SPPI, it is classified as at FVTPL.

iii) Financial assets

All financial assets are initially recorded at fair value and subsequently classified as measured at amortized cost, FVOCI or FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

A financial asset is measured as at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

All other financial assets that do not meet the criteria for classification as subsequently measured at either amortized cost or FVOCI, are measured at FVTPL with all changes in fair value recognized in profit or loss.

iv) Financial liabilities

Stabilization Central classifies its financial liabilities as measured at amortized cost and subsequently measured at amortized cost using the effective interest method.

(b) Derecognition

Stabilization Central derecognizes a financial asset when the contractual rights to the cash flows for the financial asset expire, or when it transfers the right to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. When Stabilization Central neither transfers nor retains substantially all the risks and rewards of ownership related to a financial asset, it derecognizes the financial asset that it no longer controls.

In transactions in which Stabilization Central neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset but it retains control over the asset, Stabilization Central continues to recognize the asset to the extent of its continuing involvement in that asset, determined by the extent to which it is exposed to changes in the value of the transferred asset.

On derecognition of a financial asset, the difference between the carrying value of the asset and the sum of the consideration received and any cumulative gain or loss that has been recognized in other comprehensive income is recognized as profit or loss.

Where Stabilization Central enters into a transaction whereby it transfers assets but retains all or substantially all the risks and rewards of ownership, the transferred assets are not derecognized. Transfers of assets where Stabilization Central retains all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

On derecognition of a financial liability, the difference between the carrying value extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Stabilization Central derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expired.

(c) Cash

Cash is carried at amortized cost in the statement of financial position.

(d) Investment securities

Investment securities are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. These securities comprise segregated government bonds and

mutual fund units which do not give rise to contractual cash flows that are SPPI on the principal amount outstanding. As such, they are initially classified and subsequently measured as FVTPL. Subsequent to the initial recognition, unrealized gains and losses on investment securities are recognized in the statement of income.

(e) Other assets

Stabilization Central also holds Class B shares and Class C shares of Central 1 Credit Union and Class A shares of BlueShore Financial, which effective January 1, 2025 is a division of Beem Credit Union. These investments are included under other assets. Stabilization Central holds these investments for the purpose of accessing services. These investments do not give rise to contractual cash flows that are SPPI on the principal amount outstanding. As such, they are classified and measured at FVTPL with changes in fair value recognized in the statement of income.

(f) Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are classified as other financial liabilities. They are recognized initially at fair value along with any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest rate method.

(g) Property and equipment

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

Depreciation is recognized in the statement of income on a straight-line basis over the estimated useful lives of each part of an item of property and equipment, since this most closely reflects the pattern of consumption of future economic benefits embodied in the asset. The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment and is recognized net within other income in the statement of income.

The estimated useful lives for the current and comparative years of significant items of property and equipment are as follows:

Furniture, fixtures and equipment	3 to 10 years
Leaseholds	Lesser of the useful life of the leaseholds or the term of the lease
Right-of-use assets	Term of the lease

Depreciation methods, useful lives and residual values are reassessed at the end of each reporting period and adjusted as appropriate.

(h) Insurance and reinsurance contracts

Contracts under which Stabilization accepts significant insurance risk are classified as insurance contracts. Contracts held by Stabilization, for which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts.

All references in these accounting policies to “insurance contracts” and “reinsurance contracts” include contracts issued or initiated by Stabilization, unless otherwise stated. All insurance contracts and all reinsurance contracts are classified as contracts without direct participation features.

These contracts are measured under the simplified premium allocation approach (PAA). Under the PAA, the insurance revenue for each period is the amount of expected assessment receipts for providing services in the period. When measuring liabilities for incurred claims and remaining coverage, the PAA is similar to the previous accounting treatment.

Separating components from insurance and reinsurance contracts

IFRS 17 requires the separation of the following components from an insurance or reinsurance contract and accounts, at inception, as if they were stand-alone financial instruments.

- derivatives embedded in the contract whose economic characteristics and risks are not closely related to those of the host contract, and whose terms would not meet the definition of an insurance or reinsurance contract as a stand-alone instrument; and
- distinct investment components: i.e. investment components that are not highly interrelated with the insurance components and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or under the same jurisdiction.

None of the insurance contracts issued by Stabilization has integrated the derivatives, investment, other goods or service components. Therefore, the separation of components does not apply.

Aggregation and recognition of insurance and reinsurance contracts

i) Insurance contracts

Under IFRS 17, Insurance contracts are required to be aggregated into groups for measurement purposes. Groups of insurance contracts are to be determined by identifying portfolios of insurance contracts subject to similar risks and managed together, and dividing each portfolio into cohorts and each cohort into three groups based on the profitability of contracts:

- any contracts that are onerous on initial recognition;
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts in the annual cohort. .

Stabilization Central currently only issues bonding insurance contracts for its members. This single product, with a consistent term for all certificates has similar risks and is managed as one, which eliminates the need for such grouping and is placed in a single portfolio.

An insurance contract issued by Stabilization Central is recognized from the earliest of:

- the beginning of its coverage period (i.e. the period during which Stabilization provides services in respect of any premiums within the boundary of the contract);
- when the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and
- when facts and circumstances indicate that the contract is onerous.

ii) Reinsurance contracts

Stabilization Central has established Reinsurance contracts to cover 100% of the risk for the first \$1.0 million of individual credit union losses to a maximum annual aggregate loss of \$5.0 million. Stabilization Central maintains the Master Bond Fund to settle claims within the retained limits.

Excess insurance is secured with commercial carriers to insure single losses to \$60 million and aggregate losses to \$120 million. All carriers are “A” rated or better through AM Best. Operations are financed by member assessments and by earnings on the Master Bond Fund’s equity. The reinsurance contract is recognized evenly throughout the term of the contract.

Measurement

i) Insurance contracts

Stabilization Central uses the PAA to simplify the measurement of contracts as the coverage period all contracts is one year or less, and Stabilization Central reasonably expects that the resulting measurement of the asset for the remaining coverage would not differ materially from the result of applying the accounting policies.

On initial recognition of each insurance contract, the carrying amount of the liability for the remaining coverage is measured at the premiums received on initial recognition minus any insurance acquisition cash flows allocated at that date and adjusted for any amount arising from the derecognition of any assets or liabilities previously recognized for cash flows.

On initial recognition of each contract, Stabilization Central expects that the time between providing each part of the services and the related premium due date is no more than a year. Accordingly, Stabilization Central has chosen not to adjust the liability for the remaining coverage, to reflect the time value of money and the effect of financial risk.

Subsequently, the carrying amount of the liability for the remaining coverage is increased by any premiums received and decreased by the amount recognized as insurance revenue for services provided.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then Stabilization Central recognizes a loss in profit or loss and increases the liability for the remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to the remaining coverage exceed the carrying amount of the liability for the remaining coverage.

Stabilization Central recognizes the liability for incurred claims of insurance contracts at the amount of the fulfilment cash flows relating to incurred claims. The claims are expected to be paid in one year or less from the date the claims are incurred, therefore future cash flows are not discounted. The provision for master bond claims includes an estimate of the costs of investigating and settling claims discovered prior to the reporting date, based on a detailed review of claim files and on claims settlement experience.

ii) Reinsurance contracts

Stabilization Central applies the same accounting policies to measure its reinsurance contracts, adapted where necessary to reflect features that differ from those of insurance contracts.

Presentation

Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. Assessments received in advance arising before the recognition of the related group of contracts are included in deferred revenue.

Stabilization Central disaggregates amounts recognized in the statement of income into an insurance service result, comprising insurance revenue and insurance service expenses.

Income and expenses from reinsurance contracts are presented separately from income and expenses from insurance contracts.

Stabilization Central does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

Insurance revenue and insurance service expenses exclude any investment components and are measured as follows.

Insurance revenues

Stabilization Central measures the assessment revenue received under the PAA. The insurance revenue for each period is the amount of expected assessment receipts for providing services in the period. Stabilization Central allocates the expected assessment receipts to each period on a straight-line basis over the term of the assessment period.

Insurance service expenses

Insurance service expenses arising from insurance contracts include incurred claims, claim administration expenses and adjustments to the liabilities for incurred claims. These are recognized in the statement of income generally as they are incurred.

Net expenses from reinsurance contracts

Net expenses from reinsurance contracts comprise an allocation of reinsurance premiums and brokerage fee paid less amounts recovered from reinsurers. Stabilization Central recognizes reinsurance premiums paid in the statement of income on a straight-line basis as the services are received.

Derecognition and contract modification

Stabilization derecognizes a contract when it is extinguished – i.e., when the specified obligations in the contract expire or are discharged or cancelled. If a contract is derecognized because its terms are modified, then the CSM is also adjusted for the premium that would have been charged had it been entered into a contract with the new contract's terms at the date of modification, less any additional premium charged for the modification.

Presentation

Insurance contracts that are assets and those that are liabilities, and reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. Stabilization disaggregates amounts recognized in the statement of income and comprehensive income into an insurance service result, comprising insurance revenue and insurance service expenses, and income and expenses from reinsurance contracts. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

(i) Leases

As a lessee

A lessee recognizes a right-of-use (ROU) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard, and lessors continue to classify leases as finance or operating leases.

The lease liabilities are initially measured at the present value of the lease payments that are not paid on the commencement date, discounted using Stabilization Central's weighted average incremental borrowing rate (IBR) on that date. The IBR is the rate of interest that Stabilization Central would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment.

The ROU assets are initially measured at cost on the lease commencement date. They comprise the initial lease liability, lease payments made at or before the commencement date, initial direct costs, and estimated costs to dismantle and remove the underlying assets or to restore the underlying assets to the conditions required by the contracts.

The ROU assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful lives of the ROU assets or the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property and equipment. Subsequent to the initial measurement, Stabilization Central will measure the ROU assets at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liability.

Stabilization Central has elected to apply recognition exemptions to short-term leases and leases of low-value items. Short-term leases are leases for which the lease term as determined under IFRS 16 is 12 months or less. These recognition exemptions allow Stabilization Central to continue recognizing these leases as operating leases and the related lease payments as an expense on a straight-line basis over the lease term.

As a lessor

For all transactions where Stabilization Central is a lessor, it determines at the inception of the lease whether the lease is an operating or finance lease.

To classify each lease, the group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to the ownership of the underlying asset. If this is the case the lease is considered as finance lease; if not, then it is an operating lease.

Acting as a lessor, Stabilization Central only has operating lease arrangements in place. The lease payments received under these lease agreements are recognized as income on a straight-line basis over the lease term as part of other income.

(j) Financial income revenue recognition

Interest income and pooled fund distributions are recognized when earned, collectible, and the amount can be reasonably estimated.

Interest income presented in the statement of income includes interest income on deposits, classified as amortized cost, calculated on an effective interest basis as well as interest income on government bonds held at FVTPL. During the year, certain amounts previously presented as distributions from underlying funds were determined to represent interest income and have been reclassified accordingly. The reclassification had no impact on total comprehensive income.

Pooled fund distributions include investment income from pooled funds classified as FVTPL.

Gains on the disposal of financial instruments recorded in the statement of income include gains from the disposal of securities.

The change in fair value of financial instruments includes the fair value changes for securities held at FVTPL.

(k) Post-employment benefits

Stabilization Central is a participating member of the BC Credit Union Employees' Pension Plan (the Plan), a multi-employer defined benefit plan in which plan assets and liabilities are pooled and the actuary does not determine an individual employer's own unfunded liability. Each member credit union is exposed to the actuarial risks of the other employers with the result that, in management's opinion, there is no reasonable way to allocate any defined benefit obligations. The Plan is therefore accounted for on a defined contribution basis.

(l) Income taxes

Income tax expense comprises current and deferred taxes. Current and deferred taxes are recognized in profit or loss except to the extent that they relate to items recognized directly in equity.

Current tax

Current tax is the enacted tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to taxes payable in respect of previous years.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if:

- there is a legally enforceable right to offset current tax liabilities against current tax assets;
- they relate to income taxes levied by the same tax authority on the same taxable entity; or

- they relate to income taxes levied by the same tax authority on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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

4. New Standards and Interpretations Not Yet Adopted

IFRS 18 - Presentation and Disclosure in Financial Statements

On April 9, 2024, the IASB issued IFRS 18, Presentation and Disclosure in Financial Statements, a new standard that replaces IAS 1, Presentation of Financial Statements. IFRS 18 applies for annual periods beginning on or after January 1, 2027. The new accounting standard introduces the following key requirements:

- Entities are required to classify all income and expenses into five categories in the statement of income and comprehensive income, namely operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present newly-defined operating profit subtotal.
- management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The management is still in the process of assessing the impact of the new accounting standard, particularly with respect to the structure of Stabilization Central's statement of income, the statement of cash flows and the additional disclosures required for MPMs. Stabilization Central is also assessing the impact on how information is grouped in the financial statements.

5. Investment Securities

Investment securities classified as FVTPL included in the statement of financial position are as follows:

	Dec 31, 2025	Dec 31, 2024
Fair value		
Pooled bond funds	\$ 4,531,012	\$ 3,983,903
Pooled equity funds	4,775,318	4,078,496
Pooled balanced funds	10,768,336	10,346,255
Government bonds	23,161,801	23,308,497
Total	\$ 43,236,467	\$ 41,717,151
Average cost		
Pooled bond funds	\$ 4,429,719	\$ 3,867,899
Pooled equity funds	5,277,961	4,590,791
Pooled balanced funds	10,057,557	10,101,058
Government bonds	22,345,782	22,556,240
Total	\$ 42,111,019	\$ 41,115,988

6. Provision for Income Tax

(a) Income tax expense

Stabilization Central is a deposit insurance corporation for income tax purposes and pays income taxes on its taxable income at the applicable tax rate. Income for tax purposes excludes Stabilization Fund and Master Bond Fund assessments made against its member credit unions as well as related financial assistance given to or paid on behalf of member credit unions.

(b) Deferred tax assets and liabilities

Deferred tax assets related to non-capital losses carried forward of \$2,229,011 (2024 – \$2,233,566) were not recognized as it is not probable that these losses will be utilized by Stabilization Central in the foreseeable

future. At the end of the year \$123,799 (2024 - \$66,128) of deferred tax assets were recognized representing the benefit of non-capital losses recognized to the extent of deferred tax liabilities recognized. The \$2,229,011 of losses will expire as follows:

Year	Amount
2027	\$ 37,666
2028	6,542
2029	76,151
2030	87,876
2031	102,759
2032	38,124
2033	273,749
2034	157,517
2035	50,101
2037	103,011
2038	118,730
2039	92,854
2040	184,279
2041	94,490
2042	261,746
2043	261,497
2044	220,384
2045	61,535
	\$ 2,229,011

(c) Effective tax rate

Stabilization Central's effective tax rate differs from the amount that would be computed by applying the federal and provincial statutory rates of 11.00% (2024 – 11.00%).

	Dec 31, 2025	Dec 31, 2024
Income taxes otherwise recoverable based on reported profit or loss using the statutory rate of 11.00% (2024 - 11.00%)	\$ 164,323	\$ 70,360
Adjustments for effect of:		
Assessments to members excluded from income for tax purposes	(280,702)	(241,158)
Assistance to members expense	60,930	56,047
Non-taxable trading gain and dividend income	(37,439)	(45,040)
Non-taxable unrealized trading gain	(57,671)	(108,733)
Deferred income tax for fixed assets	9,854	10,979
Allowance against unused tax losses	61,535	216,534
Other	79,170	41,011
Income tax expense	\$ -	\$ -

7. Property and Equipment

	Furniture & Fixtures		Equipment		Leasehold Improvements		Right of use Asset		Total	
Cost										
Balance at Jan 1 2025	\$	89,038	\$	90,340	\$	171,397	\$	809,771	\$	1,160,546
Acquisition		-		6,021		-		-		6,021
Balance at Dec 31 2025	\$	89,038	\$	96,361	\$	171,397	\$	809,771	\$	1,166,567
Balance at Jan 1 2024	\$	89,038	\$	90,340	\$	171,397	\$	809,771	\$	1,160,546
Acquisition		-		-		-		-		-
Balance as at Dec 31 2024	\$	89,038	\$	90,340	\$	171,397	\$	809,771	\$	1,160,546
Depreciation										
Balance at Jan 1 2025	\$	62,784	\$	88,944	\$	170,551	\$	425,130	\$	747,409
Depreciation		4,954		2,803		846		80,977		89,580
Balance as at Dec 31 2025	\$	67,738	\$	91,747	\$	171,397	\$	506,107	\$	836,989
Balance at Jan 1 2024	\$	57,830	\$	83,231	\$	162,391	\$	344,152	\$	647,604
Depreciation		4,954		5,713		8,160		80,978		99,805
Balance as at Dec 31 2024	\$	62,784	\$	88,944	\$	170,551	\$	425,130	\$	747,409
Carrying Value										
Balance as at Dec 31 2025	\$	21,300	\$	4,614	\$	-	\$	303,664	\$	329,578
Balance as at Dec 31 2024	\$	26,254	\$	1,396	\$	846	\$	384,641	\$	413,137

8. Insurance Contract Assets and Liabilities

Changes in master bond claim assets and liabilities for the years ended December 31, 2025 and 2024 are analyzed as follows:

	Dec 31, 2025			Dec 31, 2024		
	Liabilities for Incurred Claims	Risk Adjustment	Total	Liabilities for Incurred Claims	Risk Adjustment	Total
Opening insurance contract liabilities (assets)						
Assessment receivable	\$ –	\$ –	\$ –	\$ (1,852,816)	\$ –	\$ (1,852,816)
Deferred revenue	351,362	–	351,362	264,134	–	264,134
Master bond fund member rebate payable	669,507	–	669,507	–	–	–
Provision for master bond claims	359,199	8,381	367,580	217,897	5,491	223,388
Net opening balance	1,380,068	8,381	1,388,449	(1,370,785)	5,491	(1,365,294)
Changes in the statement of income						
Insurance revenue	(2,551,837)	–	(2,551,837)	(2,192,342)	–	(2,192,342)
Incurred claims and other insurance service expenses	918,128	(2,071)	916,057	1,531,869	2,890	1,534,759
Insurance service result and total change in the statement of income (loss)	(1,633,709)	(2,071)	(1,635,780)	(660,473)	2,890	(657,583)
Cash flows						
Assessments recieved	2,200,475	–	2,200,475	3,462,879	–	3,462,879
Claims paid	(634,737)	–	(634,737)	(355,324)	–	(355,324)
Master bond fund member rebate	(669,507)	–	(669,507)	669,507	–	669,507
Master bond fund claims administration	(372,151)	–	(372,151)	(365,736)	–	(365,736)
Total cash flows	524,080	–	524,080	3,411,326	–	3,411,326
Net closing balance	\$ 270,439	\$ 6,310	\$ 276,749	\$ 1,380,068	\$ 8,381	\$ 1,388,449
Closing insurance contract liabilities (assets)						
Provision for master bond claims	\$ 270,439	\$ 6,310	\$ 276,749	\$ 359,199	\$ 8,381	\$ 367,580
Deferred revenue	–	–	–	351,362	–	351,362
Master bond fund member rebate payable	–	–	–	669,507	–	669,507
	\$ 270,439	\$ 6,310	\$ 276,749	\$ 1,380,068	\$ 8,381	\$ 1,388,449

As at December 31, 2025 and 2024, the terms for all related insurance contracts are also ended. Therefore, there was no liability of remaining coverage (LRC) at year end, as Stabilization Central opted to apply PAA for their accounting, eliminating the need for discounting. The above risk adjustment represents the reserve risk, representing the estimated capital required to support the uncertainty around the liability for incurred claims (LIC).

9. Master Bond Fund Member Rebate

In 2024, Stabilization Central approved repayment of excess MBP assessments that had been previously accumulated in the amount of \$669,507 to be returned to its members. As at December 31, 2025 \$nil (2024 – \$669,507) was payable. The amount was paid out to the members in the same proportion that was used for original assessment of 2025.

10. Leases

Stabilization Central leases its head office premises for a term of 10 years with an option to renew the lease after that date. Lease payments are to be negotiated after five years to reflect market rentals.

The right-of-use asset related to the leased premises does not meet the definition of investment property and is classified as property and equipment (see note 7).

For the year ended December 31, 2025, Stabilization Central has recognized interest on the lease liability of \$13,418 (2024 – \$16,266) in the statement of income.

The following table presents the analysis of undiscounted lease payments and lease obligation included in the statement of financial position.

	Dec 31, 2025	Dec 31, 2024
Less than one year	\$ 100,625	\$ 100,056
One to five years	281,408	382,032
	382,033	482,088
Less: Interest expense to be recognized over the lease term	(22,702)	(36,119)
Lease liabilities included on the statement of financial position	359,331	445,969
Less: current portion included in accounts payable and accrued liabilities	(90,175)	(86,638)
	\$ 269,156	\$ 359,331

11. Share Capital

(a) Authorized

Stabilization Central may issue an unlimited number of Class A voting shares at a par value of \$1 per share. Class A shares are held by member credit unions only, with each member's shareholding based on its consolidated assets. Class A voting rights are based on the number of members of individual credit unions and not the number of Stabilization Central shares held.

Stabilization Central may issue an unlimited number of Class B non-voting shares at a par value of \$1 per share.

(b) Issued

	Dec 31, 2025	Dec 31, 2024
25,100 Class A shares	\$ 25,100	\$ 25,100
8,466 Class B shares	8,466	8,466
	\$ 33,566	\$ 33,566

12. Commitments

CUFAA agreement

During the term of the CUFAA agreement (Note 1(a)), Stabilization Central shall replenish the Committed Fund to \$30.0 million within 90 days.

Stabilization Central's liability under this agreement shall be limited in the aggregate to \$30.0 million.

Stabilization Central is required to report the status of the Committed Fund at least annually and otherwise as requested by BCFSA from time to time.

13. Post-Employment Benefits

Stabilization Central is one of several employers participating in the 1.75% Defined Benefit Division of the BC Credit Union Employees' Pension Plan ("Plan"). The Plan is a contributory, multi-employer, multidivisional registered pension plan governed by a Board of Trustees which is responsible for overseeing the management of the Plan, including the investment of the assets and administration of the benefits.

At least once every three years, an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of the funding levels. The most recent actuarial valuation of the Plan was conducted as at December 31, 2024. This latest actuarial valuation indicated a going concern surplus of \$87.5 million and a solvency surplus of \$258.0 million.

As at the date of the most recent actuarial valuation, the Plan covered about 3,200 active members, 1,700 inactive members, and approximately 1,700 retired plan members for a total membership count of 6,600, with a market value of assets of \$1.2 billion.

The next formally scheduled actuarial valuation date will be performed as at December 31, 2027. The results of the 2027 valuation are expected to be finalized by the end of September 2028.

As this is a multi-employer plan, the assets and liabilities are pooled, and the actuary does not determine an individual employer's own unfunded liability. It is not possible to determine the portion of the deficit related to Stabilization Central.

During the year ended December 31, 2025, Stabilization Central made contributions to the Plan in respect of its employees totaling \$91,367 (December 31, 2024 – \$101,956). Such contributions are included in the salaries and benefits expense in the statement of income.

14. Related Party Transactions

Transactions with key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of Stabilization Central. The amount of total compensation paid to the key management personnel during 2025 was \$943,138 (December 31, 2024 - \$853,998).

The fees paid to the Board of Directors were \$132,618 for the year ended December 31, 2025 (December 31, 2024 – \$121,417).

15. Strategic Review Expenses

In 2025, Stabilization Central initiated its strategic review (previously known as resilience program), a program with a goal of investing in the innovation of the future of Stabilization Central and the credit union system. For the year ended December 31, 2025 the amount spend on this program was \$493,737 (2024 - \$227,661).

16. Capital Management

Stabilization Central's management seeks to maintain capital adequate to support its stabilization activities through returns on its investment portfolio, rather than by member assessments.

In order to support the activities of the Master Bond Fund, management seeks to maintain capital in the form of share capital, contributed surplus, retained earnings, and accumulated OCI at an appropriate level. Stabilization Central relies on a combination of member assessments and investment returns on assets attributable to the Master Bond Fund to offset the insurance and operating expenses, and over the medium term, to provide for the growth of members' equity at a rate commensurate with the long-term requirements of the Master Bond Fund.

17. Financial Instruments – Fair Value

Certain financial instruments are recognized in the statement of financial position at fair value, including investment securities classified at FVTPL. The fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants that takes place in the principal (or most advantageous) market at the measurement date under current market conditions. The fair value of financial instruments is best evidenced by unadjusted quoted prices in active markets. When there is no quoted price in an active market, valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs are used to derive the fair value.

Financial instruments are recorded at fair value upon initial recognition, which is normally equal to the fair value of the consideration given or received. Where financial instruments are measured at fair value subsequent to initial recognition, fair value is determined as described above. The use of valuation techniques to determine the fair value of a financial instrument requires management to make assumptions such as the amount and timing of future cash flows, discount rates, and the use of appropriate benchmarks and spreads.

For all financial assets and liabilities, the carrying amounts approximate fair value, due to the immediate or short-term nature of these balances.

Investment securities are reflected at fair value on a recurring basis in the statement of financial position. The fair value of Stabilization Central's deposits with regulated financial institutions is disclosed in Note 5.

Stabilization Central measures fair value using the following hierarchy, which reflects the significance of the inputs used in making the measurements:

Level 1:

Inputs that are quoted at market price (unadjusted) in an active market for an identical instrument.

Level 2:

Inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3:

Inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instruments' valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect the differences between the instruments.

Transfers into and out of Levels 1, 2, and 3 occur when there are changes to the relevant inputs that are consistent with the characteristics of the asset or liability. For the years ended December 31, 2025 and December 31, 2024, Stabilization Central had no transfers into and out of Levels 1, 2, and 3.

The fair value measurements of government bonds have been categorized as Level 2 fair values based on observable market sales data. The fair value of all other financial instruments recognized at fair value on the statement of financial position or otherwise disclosed is determined by the use of Level 1 inputs in the fair value hierarchy.

The carrying value of cash, accounts receivable, and accounts payable and accrued liabilities approximates their fair value given their short-term nature. These financial instruments are classified as Level 2 in the fair value hierarchy because while prices are available, there is no active market for these instruments.

18. Risk Management

The nature of Stabilization Central’s holdings of financial instruments exposes Stabilization Central to insurance, credit, liquidity, and market risk.

(a) Insurance risk

The principal risk Stabilization Central faces under insurance contracts is that the actual claims and benefit payments or the timing thereof differ from expectations. Therefore, the objective of Stabilization Central is to ensure sufficient capital is available to meet its obligations arising from future claim payments.

The principal risk Stabilization Central faces under insurance contracts is that the actual claims and benefit payments or the timing thereof differ from expectations. Therefore, the objective of Stabilization Central is to ensure sufficient capital is available to meet its obligations arising from future claim payments.

Stabilization Central manages its insurance risk exposure through imposing underwriting limits and deductibles as described in Note 1, by placing stop loss coverage, and by regular review of actual claim experience and assessment analysis.

Stabilization Central accepts insurance risk through its insurance contracts with its members, where it assumes the risk of losses under fidelity bonding protection. These risks impact the amount, timing and certainty of cash flows arising from the insurance contract.

(b) Credit risk

Credit risk is the risk of loss or opportunity cost resulting from the default or failure of a borrower, endorser, guarantor, or issuer to fulfil their financial obligations as they come due.

Stabilization Central’s key exposure to credit risk is in connection with its government bonds and its accounts receivable. The maximum exposure to credit risk is the carrying value of these instruments in the financial statements. The fair value of the instruments is discussed in Note 5. As at December 31, 2025, Stabilization Central was invested in debt securities with the following credit quality:

Ratings	Dec 31, 2025	Dec 31, 2024
AA (high)	\$ –	1,658,283
AA	9,814,498	9,841,713
AA (low)	10,522,166	9,429,914
A (high)	2,825,137	2,378,587
Total	\$ 23,161,801	23,308,497

Stabilization Central has engaged professional investment managers to manage its investment portfolio in accordance with Stabilization Central's Investment & Lending Policy, which is subject to annual review by the Board of Directors. Stabilization Central's Investment & Lending Policy specifies the amount that may be invested in approved asset classes and provides restrictions on the credit quality of each issuer of securities that may be acquired.

(c) Liquidity risk

Liquidity risk is the risk of financial loss if Stabilization Central is unable to generate sufficient cash or its equivalent in a timely and cost-effective manner to meet its obligations as they come due. As the provider of bonding protection for credit unions under the Master Bond Fund, Stabilization Central is required to ensure that it has adequate funds available to settle claims as they come due. Stabilization Central monitors its financial obligations closely and maintains a significant proportion of its investment portfolio in highly liquid pooled funds, which may be liquidated to meet these obligations if required.

Stabilization Central's financial liabilities are normally settled within three months of the year-end.

(d) Market risk

Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The table below summarizes Stabilization Central's exposure to interest rate risk, by remaining term to maturity as at December 31, 2025:

	Dec 31, 2025	Dec 31, 2024
Term to maturity		% of total debt securities
Less than 1 year	4.85%	7.69%
1 to 5 years	48.85%	37.54%
5 to 10 years	46.30%	52.95%
Greater than 10 years	0.00%	1.82%
Total	100.00%	100.00%

Stabilization Central has determined that a fluctuation in interest rates of 1% is reasonably possible, considering the economic environment in which Stabilization Central operates. As at December 31, 2025, had interest rates increased or decreased by 1%, with all other factors remaining constant, net assets attributable to redeemable units would have decreased or increased by approximately \$1,116,398 and \$1,044,623, respectively. In practice, actual results may differ from this sensitivity analysis, and the difference could be material.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As at December 31, 2025 and 2024, Stabilization Central primarily invests in pooled funds denominated in Canadian dollars. Accordingly, Stabilization Central is not exposed to significant currency risk.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Price risk is moderated by Stabilization Central through careful selection of pooled funds and diversification of pooled fund investments. As at December 31, 2025, had the fair value of Stabilization Central's investment securities increased or decreased by 10%, with all other factors remaining constant, Stabilization Central's total equity would have increased or decreased by approximately \$4,323,647 (December 31, 2024 – \$4,171,715). In practice, actual results may differ from this sensitivity analysis, and the difference could be material.

Summarized Statements of Financial Position and Income (Loss) and Comprehensive Income (Loss) - (Unaudited)

(Expressed in thousands of dollars)

As at December 31, 2025 and 2024	Year 2025			Year 2024
	Stabilization Fund	Master Bond Fund	Total	Total
Assets				
Investment securities	\$ 37,103	\$ 7,173	\$ 44,276	\$ 43,646
Others	630	4	634	969
	\$ 37,733	\$ 7,177	\$ 44,910	\$ 44,615
Liabilities and equity				
Liabilities	\$ 916	\$ 341	\$ 1,258	\$ 2,456
Equity	36,816	6,896	43,652	42,159
	\$ 37,733	\$ 7,177	\$ 44,910	\$ 44,615
Net financial income	\$ 2,776	\$ 637	\$ 3,413	\$ 3,270
Net insurance service results	–	1,210	1,210	186
Other income	397	–	397	186
	3,173	1,847	5,020	3,642
Operating expenses				
Salaries and benefits	1,038	–	1,038	1,098
Professional services	614	68	682	334
Subcontract fees	297	–	297	371
Office and occupancy	184	20	204	216
Corporate projects	149	90	239	222
Travel and meetings	146	6	152	108
Directors remuneration	116	16	132	121
Investment advisory fee	86	41	127	118
Data processing and systems development	98	–	98	84
Other	53	9	62	102
Non-Operating expenses				
Strategic review expenses	494	–	494	228
	3,275	250	3,525	3,002
Net income and comprehensive Income (Loss) and Comprehensive Income (Loss)	\$ (102)	\$ 1,597	\$ 1,494	\$ 640