

April 1, 2020

VIA EMAIL

To: CEOs/General Managers, BC Authorized Credit Unions

RE: COVID-19 – Loan Payment Deferrals

The BC Financial Services Authority (BCFSA) will permit loans with payment deferrals for members experiencing financial hardships, due to the COVID-19 pandemic, as performing loans. For reporting purposes, personal and commercial loans with payment deferrals will not be considered in arrears or past due. However, BCFSA expects all credit unions extending payment deferrals to clearly document the arrangements with their members.

Effective immediately, credit unions submitting Financial and Statistical Returns can exclude loans with payment deferral arrangements, due to hardship from COVID-19, from the Loans and Leases in Arrears section. This favourable treatment is appropriate for the duration of the deferral period, up to a maximum of six (6) months. If any terms of the revised arrangements are not met, the entire balance of the loan must be reported as delinquent and included in Loans and Leases in Arrears. Similarly, these deferred loans may be reported as current in the Capital Adequacy Return.

BCFSA will consult with credit unions to determine what information is needed to understand the risks of loan deferral programs. To facilitate potential data requests, BCFSA has provided BC credit unions with the minimum data requirements (refer to Appendix A).

During this time, BC credit unions are encouraged to assess the credit quality of their loan portfolios and maintain sound credit risk management practices. Any provisions for losses on loans must be based on International Financial Reporting Standards. Please maintain regular communication with your BCFSA Relationship Manager regarding the condition of loan portfolios during this uncertain time.

If you have any questions or concerns, please contact Sandra Vogt, Acting Director, Financial Reporting and Standards at sandra.vogt@bcfsa.ca or 604 218 6548, or your BCFSa Relationship Manager.

Regards,

A handwritten signature in blue ink that reads "Frank Chong". The signature is written in a cursive style with a large, sweeping initial 'F'.

Frank Chong

VP and Deputy Superintendent, Financial Institutions Regulation

Enclosure: APPENDIX A – Minimum Data Expectations

cc: CFOs/Finance Managers, BC Credit Unions

APPENDIX A – Minimum Data Expectations

The following are the minimum data fields for each loan with deferral arrangements due to COVID-19:

Data field	Description
Loan type	Commercial, personal
Principal amount	Balance of loan principal at deferral inception date
Current amount	Total balance outstanding at current date (principal and interest)
Security	Fully secured (by property or deposits), partially secured, unsecured
Duration of deferral period	Days
Expiry of deferral period	MM-DD-YY
Payment type being deferred	Interest only; principal only; principal and interest, etc.
Treatment of interest	Member paying; capitalized; waived; other
Change in amortization period	Period of amortization extension (months)
Change in payment once payment resumes	\$ increase in payment
Currently deferred or problematic (at deferral inception date)?	Yes – skipped or deferred payments or delinquent prior to COVID-19 No – in good standing
Relief amount	\$ relief in loan payments under arrangement (interest and principal)
Signed loan amendment for deferral arrangement	Yes, no
Have the deferral arrangements expired?	Yes, no
Loan currently in good standing (post-deferral inception date)?	Yes – All terms of deferral arrangement are being met, including payment upon expiry of deferral No – One or more terms of deferral arrangement are not being met, including non-payment upon expiry of deferral