

EFFECTIVE APRIL 2022

Reporting Instructions: Financial and Statistical Return

B.C. Credit Unions

BCFSA 

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1 Introduction

These reporting instructions provide guidance to B.C. credit unions (not including central credit unions) for reporting the Financial and Statistical Return (“FSR”) to the Superintendent of Financial Institutions at BC Financial Services Authority (“BCFSA”), as required by the *Financial Institutions Act* (“FIA”).

2 Financial and Statistical Return (“FSR”)

To simplify the presentation of the non-consolidated balance sheet and comprehensive income statement, selected lines (e.g., details of loans and leases) are moved to separate sections of the FSR and replaced with single lines representing subtotals and totals from those sections.

2.1 SECTION 1000 – NON-CONSOLIDATED BALANCE SHEET – ASSETS

2.1.1 Cash and Investments

[Line 1000-100: Cash and Deposits](#)

Total Cash and Deposits from Section 1100. Include cash, deposits with Central 1 Credit Union (“Central 1”), and other deposits.

[Line 1000-110: Investments](#)

Total Investments from Section 1110. Include guaranteed security instruments, debt security instruments, securities secured by mortgages, equity instruments, and other investments.

[Line 1000-120: Allowance for Credit Losses on Investments](#)

Allowance for expected credit losses on deposits and investments described above.

[Line 1000-130: Accrued Interest and Dividends on Investments](#)

Accrued interest and dividends on deposits and investments described above.

2.1.2 Loans and Leases

[Line 1000-200: Personal Loans and Leases](#)

Total Personal Loans and Leases from Section 1200. Include residential mortgages and other loans and leases to individuals for non-commercial purposes.

[Line 1000-210: Commercial Loans and Leases](#)

Total Commercial Loans and Leases from Section 1200. Include loans and leases to individuals for commercial purposes, and loans and leases to non-individuals.

[Line 1000-220: Allowance for Credit Losses on Loans and Leases](#)

Total Allowance for Credit Losses on Loans and Leases from Section 1230. Include allowance for expected credit losses on personal and commercial loans and leases.

[Line 1000-230: Accrued Interest on Loans and Leases](#)

Accrued interest on personal and commercial loans and leases.

2.1.3 Other Assets[Line 1000-300: Premises and Equipment](#)

Net book value, after accumulated depreciation and impairment, of the credit union's property, plant and equipment, such as land, buildings, leasehold improvements, furniture and equipment (computer and non-computer), automobiles, ATMs (owned or leased), etc.

[Line 1000-310: Right-of-Use Assets](#)

Right-of-use assets, representing the right to use the underlying leased assets for the lease term, net of any accumulated depreciation and impairment. Report the associated liabilities for lease payments on the Lease Liabilities line on the balance sheet in Section 2000.

[Line 1000-320: Property Acquired in Settlement of Loans and Leases](#)

Property, including land, buildings, vehicles, and any other property, acquired in settlement or partial settlement of loans and leases, and held for less than 7 years, net of any allowance for property losses and accumulated depreciation.

[Line 1000-330: Property Held for Investments](#)

Property, including land and buildings, acquired for investment purposes or acquired in settlement of loans and leases, and held for more than 7 years, net of any allowance for property losses and accumulated depreciation.

[Line 1000-340: Derivative Assets](#)

Derivative Assets from Section 1500. Amounts relating to derivative instruments, including unrealized gains (losses are to be offset against gains, only as permitted by the International Financial Reporting Standards ("IFRS")), margin requirements, and premiums paid.

[Line 1000-350: Goodwill and Intangible Assets](#)

Goodwill and intangible assets recognized on the books of the credit union.

Goodwill is the excess of the amount paid to acquire an enterprise, over the book value assigned to assets acquired and liabilities assumed. Intangibles are assets that lack physical substance (e.g., brand names, copyrights, franchises, licenses, patents, software, subscription lists, and trademarks).

[Equity Investments](#)[Line 1000-360: Less than 10% Ownership](#)

Equity investments (using the cost basis of accounting) in corporations where credit union ownership and control is less than 10%.

Line 1000-370: 10% or Greater Ownership

Total Value of Equity Investments – 10% or Greater Ownership from Section 1400. Equity investments of the credit union (using the equity method of accounting for each investment), representing 10% or greater share of ownership or control in a corporation – except a corporation that carries on the business of banking, insurance business (other than an insurance agent or insurance adjuster), trust business, deposit business, or brokerage or securities dealer/underwriter.

Line 1000-380: Deferred Income Tax Assets

Deferred income tax assets from differences between taxable and accounting income.

Line 1000-390: All Other Assets

All other assets at book value that are not included in other lines in the assets section of the balance sheet. Includes prepaid expenses, accounts receivable, cash shortages, and current income tax receivable.

Note: If prepaid expenses, receivables, etc. are in a net credit position, review the individual accounts. All accounts in a credit position are to be reported on the All Other Liabilities line on the balance sheet in Section 2000.

2.2 SECTION 2000 – NON-CONSOLIDATED BALANCE SHEET – LIABILITIES AND MEMBERS' EQUITY

2.2.1 Borrowings

Line 2000-100: Central 1 Borrowings

Total Central 1 Borrowings from Section 2100. Include Central 1 operating account (overdraft), and other borrowings from Central 1.

Line 2000-110: Other Borrowings

Total Other Borrowings from Section 2100. Include securitizations and other borrowings, except borrowings from Central 1.

Line 2000-120: Accrued Interest on Borrowings

Accrued interest on borrowings described above.

2.2.2 Deposits

Line 2000-200: Demand Deposits

Total Demand Deposits from Section 2200. Include chequing, savings, registered, and other demand deposits.

Line 2000-210: Term Deposits

Total Term Deposits from Section 2200. Include redeemable, non-redeemable, registered, and other term deposits.

Line 2000-220: Non-Equity Shares

Include active non-equity shares. Also include endowment shares.

[Line 2000-230: Accrued Interest/Dividends on Deposits/Non-Equity Shares](#)

Accrued interest on deposits and accrued dividends on non-equity shares. Also include accrued dividends on equity shares that are payable in cash or as a credit to a non-equity share or other deposit account. This line does not include accruals for patronage refunds.

Note: Accrued dividends that are payable as equity shares, must be reported on the Equity Shares line on the balance sheet in Section 2000.

2.2.3 Other Liabilities[Line 2000-300: Dormant Deposits](#)

Report dormant and inactive deposits on this line. Also include dormant non-equity shares.

[Line 2000-310: Derivative Liabilities](#)

Derivative Liabilities from Section 1500. Amounts relating to derivative instruments, including unrealized losses (gains are to be offset against losses, only as permitted by IFRS), deferred unrealized gains relating to reserves for credit and market risks, administration costs etc., and premiums received.

[Line 2000-320: Lease Liabilities](#)

Report lease liabilities for lease payments related to right-of-use assets, representing the right to use the underlying leased assets for the lease term, and reported in Section 1000.

[Line 2000-330: Subordinated Debt](#)

Include the outstanding balance due to the Credit Union Deposit Insurance Corporation of British Columbia ("CUDIC") or the Stabilization Central Credit Union of British Columbia ("SCCU") under a financial assistance subordinated debenture, and other subordinated debt owed to parties other than CUDIC or SCCU.

[Line 2000-340: Deferred Income Tax Liabilities](#)

Deferred income tax liabilities from differences between taxable and accounting income.

[Line 2000-350: All Other Liabilities](#)

Include items, such as deferred income, certified cheques, employee deductions, trade accounts, cash overages, current income tax payable, other accounts payable, accruals for patronage refunds (payable in cash or as a credit to a loan, or to a non-equity share or other deposit account), outstanding clearings (excluding manager's chequing accounts and related clearings), and other liabilities not included in other lines in the liabilities section of the balance sheet.

2.2.4 Members' Equity[Line 2000-400: Equity Shares](#)

Include active, dormant, and inactive membership shares, investment shares, transaction shares, preferred shares, and other equity shares. Also include accrued but unpaid dividends on equity shares and non-equity shares that are payable as equity shares, and accrued patronage refunds that are payable as equity shares.

[Line 2000-410: Contributed Surplus](#)

Contributed surplus from share capital transactions and business combinations.

[Line 2000-420: Retained Earnings \(Deficit\)](#)

Ending Balance of Retained Earnings (Deficit) from Section 2500. Include the credit union's retained earnings (deficit) and adjustments for subsidiaries and other equity investments (10% or greater ownership).

[Line 2000-430: Accumulated Other Comprehensive Income \(Loss\)](#)

Ending Balance of Accumulated Other Comprehensive Income (Loss) from Section 2600. Include accumulated unrealized fair value gains (losses), actuarial gains (losses) on pension plans, revaluation surplus, and other unrealized gains (losses), net of income taxes, recognized in other comprehensive income (loss) for the credit union and adjustments for subsidiaries and other equity investments (10% or greater ownership).

2.3 SECTION 3000 – NON-CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

2.3.1 Net Interest Income

[Line 3000-100: Interest Income](#)

Total Interest Income from Section 3100. Include interest income and dividends from investments, interest income from loans and leases, and other interest income.

[Line 3000-110: Interest Expense](#)

Total Interest Expense from Section 3100. Include interest expense on borrowings, interest expense on deposits, dividends on non-equity shares, and other interest expense.

[Line 3000-120: Net Interest Income](#)

Net Interest Income equals Total Interest Income minus Total Interest Expense.

2.3.2 Other Income

[Member Services](#)

Income (net of expenses) from member services of the credit union. Revenues and expenses from subsidiaries and other equity investments (10% or greater ownership) are not included in this section but are included in the Income (Loss) from Subsidiaries (Equity Investments – 10% or Greater Ownership) lines.

Report details of net member service income on the following lines:

[Line 3000-150: Deposit Account Services](#)

Net of revenues and costs for deposit account services provided by the credit union, i.e., service charges, account activities charges, stop payments, returned cheques charges, trustee fees paid to Central 1 for registered deposit products, net revenues (expenses) from ATM transactions, EFTPOS, foreign currency exchange, fees from retail services plans, income from safety deposit box services, commissions for other payment services (including transfer of funds, sale of drafts, money orders and travelers' cheques), service fee revenue net of expenses on debit/credit card transactions, and deposit agent commissions.

[Line 3000-160: Loan and Lease Fees](#)

Net of revenues and costs for lending and leasing services provided by the credit union, i.e., appraisal fees, loan application fees, loan renewal fees, mortgage discharge fees, standby charges, acceptance fees, finder's fees, loan administration fees, realized gains (losses) on sale of loans and leases, loan and lease securitization set up costs and fees, realized gains (losses) on credit union originated securitized assets, and other loan and lease related fees and costs. Mortgage prepayment fees must be recorded here, unless they are related to the

modification to the terms of the mortgage, in which case the fees are recognized over the expected remaining term of the original mortgage using the effective interest rate method and reported as loan interest income.

Note: All loan origination fees that are considered adjustments to loan yield are recognized using the effective interest rate method and are reported on the appropriate Interest Income from Loans and Leases lines in Section 3100.

Line 3000-170: Wealth Management and Trust Services

Net of revenues and costs for wealth management and trust related services provided by the credit union, i.e., commissions and fees earned from acting as selling agents of units or other interests in mutual (investment) funds, and fees/costs generated from estate and trust management and administration, as well as from acting as agents for customers. Also include fees/costs from custodial services, retirement savings plan services (i.e., application, management, administration, and termination), and other related revenues and costs from financial planning and trust services.

Line 3000-180: Other Member Services

Net revenues (expenses) from foreign currency exchange, the net amount of cash overages and shortages, and any other member services income, net of related costs, not included in other Member Services income lines.

Gains (Losses) on Financial Instruments

Gains (net of losses) including realized and unrealized gains (losses), and impairment losses on financial instruments.

Line 3000-190: Trading Gains (Losses) on Financial Instruments

Realized gains (losses) from sale of financial instruments, including securities, interest rate swaps, forwards, futures, foreign exchange, equity, and other derivative contracts.

Note: Realized gains (losses) on credit union originated securitized assets are to be included in the Loan and Lease Fees line in the Member Services section.

Line 3000-200: Fair Value Gains (Losses) on FVTPL Financial Instruments

Fair value adjustments for instruments measured at fair value through profit or loss ("FVTPL"), including securities, interest rate swaps, forwards, futures, foreign exchange, equity, and other derivative contracts.

Line 3000-210: Impairment Losses (Recoveries) on Loans and Leases

Impairment expense provisions for credit losses on loans and leases.

Line 3000-220: Other Impairment Losses (Recoveries)

Impairment expense provisions on investments, and on other financial instruments, excluding impairment losses (recoveries) on loans and leases.

Line 3000-230: Gains (Losses) on Sale of Other Assets

Gains (net of losses) on disposal of the credit union's premises and equipment, property held for investments, property acquired in settlement of loans and leases, and other assets, not including financial instruments.

Line 3000-240: Other Non-Interest Income

Net proceeds (income less expense) from property held for investments, including property write-downs or write-offs occurring subsequent to acquisition by the credit union, depreciation expense on property held for investments, and any changes in the fair value of property held for investments. Also include income from rent

received on premises and equipment, fair value decreases in premises and equipment, dividends on savings/loan insurance, income from equity investments (less than 10% ownership), and any other income not included on other lines in this section.

Note: Gains (losses) on the disposal of property held for investments are included in the Gains (Losses) on Sale of Other Assets line in this section.

[Line 3000-300: Net Interest and Other Income](#)

Net Interest and Other Income equals Net Interest Income plus Total Other Income.

2.3.3 Operating Expenses

[Line 3000-400: Salaries and Benefits](#)

All salaries and benefits of credit union staff, including salary bonuses or other remuneration.

[Line 3000-410: Data Processing/Information Technology](#)

Expenses for data processing operations, such as service bureau billings, maintenance, license fees for hardware or software, computer paper and other supplies, line charges, and other related expenses. Include income derived from sale of such services.

Note: Data processing salary expenses must be included in the Salaries and Benefits line, amortization of computer hardware/software must be included in the Depreciation/Amortization line, and data processing consulting fees from external consultants must be included in the Professional Services line.

[Line 3000-420: Premises and Equipment](#)

Costs of occupying or operating the credit union's premises and equipment, such as property/contents insurance, property taxes, rent, utilities, repairs and maintenance, janitor services, ATMs, etc. Include contract costs for leased ATMs.

Note: Gains (losses) on the disposal of premises and equipment are included in the Gains (Losses) on Sale of Other Assets line in the Other Income section.

[Line 3000-430: Depreciation/Amortization](#)

Depreciation expense on premises and equipment, and amortization expense on intangible assets, including amortization of computer hardware/software. Include depreciation expense on right-of-use assets.

Note: Depreciation expense on property held for investments must be reported on the Other Non-Interest Income line in the Other Income section. Also, depreciation expense on property acquired in settlement of loans and leases must be reported on the Property Acquired in Settlement of Loans and Leases line in this section.

[Line 3000-440: Property Acquired in Settlement of Loans and Leases](#)

Expenses for all repossessed goods and properties, including property write-downs or write-offs occurring subsequent to acquisition by the credit union, related depreciation expense, changes in the fair value of property acquired in settlement of loans and leases, legal and commission fees, property management fees, professional fees, property appraisals, property taxes, repairs and maintenance, utilities, insurance, etc., net of any related income, such as rent.

Note: Gains (losses) on the disposal of property acquired in settlement of loans and leases are included in the Other Income section in the Gains (Losses) on Sale of Other Assets line.

[Line 3000-450: Advertising and Promotion](#)

Advertising and promotion related expenses. Include sponsorships made to charities, foundations, and community where it offers the credit union significant visibility, business reciprocity opportunities, and aligns with the credit union's business development objectives.

Note: Donations to charities, foundations, and the community are included in the Charitable/Community Donations line in the Distribution to Members and Donations section.

[Line 3000-460: Professional Services](#)

Legal, audit, and consulting fees. Consulting fees include those provided by external consultants for data processing, accounting, strategic business planning, special projects, etc.

[Line 3000-470: Other Operating Expenses](#)

Non-financial expenses not included in other lines in this section, i.e., insurance (bonding and other), bank service charges, courier fees, savings/loan insurance, director/committee remuneration and expenses, staff travel, staff training/recruitment, stationery and supplies, postage, telephone and communication, collection, BCFSAs fees, CUDIC/SCCU assessment fees, Central 1 dues, filing fees, capital tax expense, etc.

[Line 3000-500: Operating Income \(Loss\)](#)

Operating Income (Loss) equals Net Interest and Other Income minus Total Operating Expenses.

2.3.4 Income (Loss) from Subsidiaries (Equity Investments – 10% or Greater Ownership)[Line 3000-510: Revenue Allocation from Subsidiaries](#)

Amounts that have been charged by the credit union to the subsidiary, such as management fees, rent, etc. If the amount charged by the credit union to the subsidiary represents a recovery of a cost (i.e., if the credit union rents a building and sublets a portion to its subsidiary), then the recovery from the subsidiary is to be credited against the appropriate credit union expense account. Also, include dividends received from subsidiaries and other equity investments (10% or greater ownership).

[Line 3000-520: Subsidiaries' Net Income \(Loss\)](#)

The credit union's proportional ownership share of the subsidiaries' year-to-date net income (loss) after income taxes, calculated using the equity method of accounting.

If the equity method of accounting is not used to account for subsidiaries and other equity investments (10% or greater ownership) on the credit union's books, the credit union's net income (loss) must be adjusted on the FSR to include the credit union's proportional ownership share of its subsidiaries' net income (loss) calculated after income taxes, dividends received, and goodwill and intangible asset impairment/amortization expenses.

The adjustment is made on this line, and it is equal to the total dollar amount of the Post Acquisition Net Income (Loss): Year-to-Date line in Section 1400 – Equity Investments.

Note: If the credit union's share of losses of the subsidiary equals or exceeds its value of investment in the subsidiary, the credit union should discontinue recognising its share of further losses. After the credit union's value of investment is reduced to zero, additional losses are recognised by a provision only to the extent that the credit union has incurred legal or constructive obligations or made payments on behalf of the subsidiary. If the subsidiary subsequently reports profits, the credit union should resume recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

[Line 3000-550: Net Operating Income \(Loss\)](#)

Net Operating Income (Loss) equals Operating Income (Loss) plus Total Income (Loss) from Subsidiaries (Equity Investments – 10% or Greater Ownership).

2.3.5 Distribution to Members and Donations[Line 3000-560: Dividends on Equity Shares](#)

Year-to-date accrual of equity share dividends expense.

[Line 3000-570: Patronage Refunds](#)

Year-to-date accrual of patronage refunds expense.

[Line 3000-580: Charitable/Community Donations](#)

Donations to charities, foundations, and the community. The donation applicants must be recognized as a charity or non-profit organization and have a charter to that effect.

Note: Sponsorships made to charities, foundations, and community where it offers the credit union significant visibility, business reciprocity opportunities, and aligns with the credit union's business development objectives, are included in the Advertising and Promotion line in the Operating Expenses section.

2.3.6 Net Income (Loss)[Line 3000-600: Provision for Income Taxes](#)

Year-to-date accrual of income tax expense (recovery).

Note: Income taxes for subsidiaries must be included in the calculation for the Subsidiaries' Net Income (Loss) line on the comprehensive income statement in Section 3000.

[Line 3000-640: Income \(Loss\) from Discontinued Operations, Net of Tax](#)

Income (loss) from discontinued operation, including gains (losses) on sale of discontinued operations, reported net of tax.

[Line 3000-650: Net Income \(Loss\)](#)

Net Income (Loss) equals Net Operating Income (Loss) minus Total Distribution to Members and Donations minus Provision for Income Taxes plus Income (Loss) from Discontinued Operations.

2.3.7 Comprehensive Income (Loss)[Line 3000-700: Other Comprehensive Income \(Loss\)](#)

Other comprehensive income (loss) for the credit union and adjustments for subsidiaries and other equity investments (10% or greater ownership).

If the equity method of accounting is not used to account for subsidiaries and other equity investments (10% or greater ownership) on the credit union's books, the credit union's other comprehensive income (loss) must be adjusted to include the credit union's proportional share of its subsidiaries' other comprehensive income (loss).

The adjustment is made on this line, and it is equal to the total dollar amount of the Post Acquisition Accumulated Other Comprehensive Income (Loss): Year-to-Date line in Section 1400 – Equity Investments.

[Line 3000-750: Total Comprehensive Income \(Loss\)](#)

Total Comprehensive Income (Loss) equals Net Income (Loss) plus Other Comprehensive Income (Loss).

2.4 CASH AND INVESTMENTS**2.4.1 Section 1100 – Cash and Deposits**[Line 1100-100: Cash on Hand](#)

Include cash on hand (cash that is physically on the premises of the credit union), cash in transit, cash in ATMs, and any foreign currency held (valued at the current exchange rate).

[Line 1100-110: Cash Deposits Held in Trust](#)

Include cash deposits held in trust with Central 1.

[Central 1 Credit Union](#)[Line 1100-120: Central 1 Operating Account](#)

Central 1 operating account, net of manager's chequing account(s) and other related clearing account(s) administered in the member chequing sub-ledger, or other general ledger accounts.

Note: A negative or credit balance is reported on the Central 1 Operating Account (Overdraft) line in Section 2100 – Borrowings.

[Line 1100-130: Central 1 Deposits](#)

Include deposits held with Central 1, except Central 1 operating account. This line does not include Central 1 equity shares.

[Line 1100-140: Other Deposits](#)

Include all demand and term deposits that are on deposit with a deposit taking institution or central bank, and a federally or provincially chartered trust company. This line does not include Central 1 deposits.

2.4.2 Section 1110 – Investments

Liquid assets held in trust with Central 1, as statutory liquidity, should be reported on the appropriate lines in this section together with other liquid assets in the credit union's books.

[Guaranteed Security Instruments](#)

Federal, provincial and municipal securities, including Treasury Bills and marketable bonds, held by the credit union, debt securities of crown corporations and other government entities that are guaranteed unconditionally as to principal and interest.

[Line 1110-100: Government of Canada](#)

Securities issued or guaranteed by the federal government. This line does not include securities secured by mortgages and guaranteed by Canada Mortgage and Housing Corporation ("CMHC").

[Line 1110-110: Provincial Governments](#)

Securities issued or guaranteed by provincial and territorial governments.

Line 1110-120: Municipalities

Securities issued or guaranteed by municipalities. This line does not include credit union loans to municipalities.

Line 1110-130: Other Guaranteed Securities

Securities issued or guaranteed by other government entities.

Debt Security Instruments

Debt security instruments, other than subordinated debt security instruments, held by the credit union (e.g., bankers' acceptances, corporate bonds, and commercial paper).

Line 1110-140: Financial Institutions

Debt securities issued or guaranteed by a bank, or a financial institution.

Line 1110-150: Other Debt Securities

Corporate bonds, commercial paper, and other debt securities not issued or guaranteed by a bank, or a financial institution.

Securities Secured by Mortgages*Line 1110-160: Guaranteed by CMHC*

Securities that are secured by mortgages and guaranteed by the CMHC, including the *National Housing Act* Mortgage Backed Securities ("NHA-MBS") and Canada Mortgage Bonds ("CMB"). This line does not include securitized mortgages originated by the credit union that do not qualify for de-recognition under IFRS.

Line 1110-170: Other Mortgage Backed Securities

Securities that are secured by mortgages and not guaranteed by CMHC. This line does not include securitized mortgages originated by the credit union that do not qualify for de-recognition under IFRS.

Equity Instruments*Line 1110-180: Equity Shares – Financial Institutions*

Common and preferred shares, and other equity instruments of financial institutions. This line does not include equity shares of Central 1 and SCCU.

Line 1110-190: Other Equity Instruments

Other common and preferred shares, and other equity instruments.

Other Investments*Line 1110-200: Equity Shares – Credit Union Centrals*

Investment in equity shares of Central 1 and SCCU.

Line 1110-210: CUDIC Debentures

Include the principal investment in CUDIC debentures.

Line 1110-220: CMB Principal and Interest Reinvestment

Eligible reinvestment assets held in principal and interest reinvestment accounts, as required under the CMB program.

Line 1110-230: All Other Investments

Other investments not reported on other lines in the Investments section.

2.5 LOANS AND LEASES

2.5.1 Section 1200 – Loans and Leases

Report the outstanding balance of lines of credit, including credit cards, and the outstanding balance of loans and leases in separate columns.

The definition and classification of loans and leases is developed to be consistent with the Capital Requirements Regulation (“CRR”) of the FIA.

Definitions of Loans and Leases

- a *residential mortgage* is “a loan to an individual secured by a mortgage on land or on the lessee’s interest in a lease of land on which land, in either case, there are one or more buildings that are used or will be used, to the extent of at least 80% of the floor space, for residential purposes and
 - (a) that are owner occupied or are intended to be owner occupied and are ready for occupancy,
 - (b) that are under construction and are intended to be occupied by the borrower on completion, or
 - (c) that are residential rental dwellings, consisting of not more than 4 units, ready for occupancy, and includes
 - (d) a loan to an individual secured by a mortgage on a hobby farm or on a recreational property or on the lessee’s interest in a lease on either”
- a *farm mortgage* is “a loan secured by a mortgage on farmland, owned by an individual who is a farmer whose residence is on the land”
- *personal loans* include:
 - (a) residential mortgages, as defined,
 - (b) farm mortgages, as defined, and
 - (c) loans to individuals, except loans to individuals defined as commercial loan
- a *personal lease* is a lease made to an individual for non-commercial purposes

Definitions of Loans and Leases

- a *commercial loan* is
 - “(a) a loan to an individual
 - (i) to finance commercial activity or a commercial investment, or
 - (ii) dependent on commercial sources for its repayment,
 other than a loan for the purchase of securities or for the operation of a small business so long as the debt can be serviced from independent employment income,
 - (b) a loan to an entity, partnership or joint venture for any purpose, or
 - (c) accounts receivable acquired in the course of factoring,
 but does not include
 - (d) a residential mortgage,
 - (e) a farm mortgage,
- a *commercial lease* is
 - “(a) a lease made to an individual for a commercial activity, or
 - (b) a lease made to an entity, partnership or joint venture for any purpose”

Note the following items must be included in the appropriate loan and lease classification above:

- agreements for sale;
- loans and leases (not originated by the credit union) purchased without recourse in a regular way purchase/sale transaction;
- securitized loans and leases originated by the credit union that have been determined to be a “financing” under IFRS but do not meet IFRS de-recognition criteria; and
- loans to subsidiaries (10% or greater ownership), or loans to corporations where the credit union has an ownership interest.

Personal – Real Estate Secured

Line 1200-100: Insured includes:

- residential mortgage loans and lines of credit fully secured by mortgages on land that have been approved or insured under the *National Housing Act* (Canada) (“NHA”), or by an insurer authorized to conduct mortgage insurance business under the NHA to the extent that such loans are guaranteed by the Government of Canada;
- the guaranteed portion of the Sagen (previously Genworth) insured loans that is 90% guaranteed by the federal government under the Government Guarantee Agreement. The 10% non-guaranteed portion of these loans should be included in the uninsured line; and
- personal insured securitizations originated by the credit union that do not meet IFRS de-recognition criteria.

Line 1200-110: Uninsured includes:

- uninsured residential mortgage loans and lines of credit fully secured by mortgages on land;
- eligible farm mortgage loans, certificate of title loans, and interim construction mortgage financing on residential property, which qualify under the definition of a residential mortgage;

- the 10% non-guaranteed portion of the Sagen insured loans that is not guaranteed by the federal government under the Government Guarantee Agreement; and
- personal uninsured securitizations originated by the credit union that do not meet IFRS de-recognition criteria.

Personal – Otherwise Secured

Line 1200-120: Loans

All other personal loans and lines of credit that are fully secured by deposits and government securities, or otherwise secured. This would include personal loans secured under the *Personal Property Security Act* (“PPSA”), and the guaranteed portion of Canada Student Loans.

Line 1200-130: Leases

Personal leases made to individuals for non-commercial purposes.

Line 1200-140: Personal – Unsecured

Include all other unsecured personal loans and lines of credit, personal overdrafts, credit card account balances, and the portion of Canada Student Loans that is not guaranteed.

Note: Overdrafts are included in the Loans/Leases column. Credit card account balances are included in the Lines of Credit column.

Commercial – Real Estate Secured

Line 1200-200: Insured

Commercial mortgage loans and lines of credit fully secured by mortgages on real estate that have been insured under the *National Housing Act* (Canada) (“NHA”) or by an insurer authorized to conduct mortgage insurance business under the NHA to the extent that such loans are guaranteed by the Government of Canada.

Line 1200-210: Residential

Uninsured commercial mortgage loans and lines of credit on residential property, not qualifying as residential mortgages.

Residential property includes any property that would qualify for a residential or farm mortgage as defined in the CRR (see *Definitions of Loans and Leases* text box above).

Note: A residential rental property of four or fewer rental units is considered a residential property, and a residential rental property of more than four rental units is considered a commercial property.

Line 1200-220: Progressive Draws/Interim Financing

All progressive draws/interim financing, including construction mortgages, not qualifying as residential mortgages.

Line 1200-230: Other Real Estate Secured

All other commercial loans and lines of credit secured by a mortgage on real estate. This line also includes the certificate of title loans and Business Improvement Loans (real estate secured) under the *Canada Small Business Financing Act*.

Commercial – Otherwise Secured*Line 1200-240: Loans*

All other commercial loans and lines of credit that are fully secured by deposits and government securities, or otherwise secured. This would include all commercial loans secured under the *Personal Property Security Act* (“PPSA”). This line also includes Business Improvement Loans (Otherwise Secured) under the *Canada Small Business Financing Act*.

Line 1200-250: Leases

Commercial leases made to an individual for a commercial activity, or made to an entity, partnership or joint partnership for any purpose.

Line 1200-260: Commercial – Unsecured

Include all other unsecured commercial loans and lines of credit, commercial overdrafts, and credit card account balances.

Note: Overdrafts are included in the Loans/Leases column. Credit card account balances are included in the Lines of Credit column.

Memo Items to Section 1200 – Loans and Leases

Memo items provide additional details for the personal and commercial loans and leases reported in Section 1200.

Securitizations

Personal and commercial securitizations originated by the credit union that do not meet IFRS de-recognition criteria. Report securitizations details on the following lines:

Line 1200-400: Personal – Insured

Line 1200-410: Personal – Uninsured

Line 1200-420: Personal – Leases

Line 1200-430: Commercial – Insured

Line 1200-440: Commercial – Uninsured

Line 1200-450: Commercial – Leases.

Line 1200-470: Credit Cards

Report the aggregate outstanding balance of personal and commercial credit cards.

Line 1200-480: Syndicated Loans

Report the aggregate outstanding balance of syndicated loans that the credit union has included in its loan portfolio (on balance sheet portion), whether originated by the credit union as lead lender or syndicated from other financial institutions.

Line 1200-490: Mortgage Broker Originated Loans

Report the aggregate outstanding balance of mortgages and other loans originated by mortgage brokers and included in the credit union’s loan portfolio. This line must also include mortgage renewals if a mortgage broker is involved in the renewal process.

2.5.2 Section 1210 – Unfunded Loans and Leases

All approved but unfunded lines of credit, including credit cards, and loans and leases.

Include only the amounts which have not been put on the credit union's books. The existing loans on the credit union's books which are pending maturity or refinancing must not be included here. Also include the unfunded portion of re-advanceable loans if approval of new advance is not required.

Unfunded lines of credit, including credit cards, are the undrawn portion of authorized line of credit limits, as calculated in the following example (see text box).

Example: Unfunded Lines of Credit ("LOC") Calculation

| | |
|----------------------------|--------------------|
| Authorized LOC limit | \$10,000,000 |
| Outstanding balance of LOC | <u>7,560,100</u> |
| Unfunded LOC | <u>\$2,439,900</u> |

The above calculation would be prepared for each line of credit and aggregated into the respective unfunded personal and commercial lines in this section.

Report unfunded lines of credit (including credit cards) and unfunded loans and leases in separate columns.

Report unfunded loans and leases details on the following lines:

Line 1210-100: Personal – Real Estate Secured

Line 1210-110: Personal – Otherwise Secured

Line 1210-120: Personal – Unsecured

Commercial – Real Estate Secured broken out into the following lines:

- *Line 1210-200: Progressive Draws/Interim Financing*
- *Line 1210-210: All Other Real Estate Secured*

Line 1210-220: Commercial – Otherwise Secured

Line 1210-230: Commercial – Unsecured.

2.5.3 Section 1220 – Loans and Leases in Arrears

Delinquency of all loans and leases, both principal and accrued interest, are to be broken out into personal and commercial categories. The total amount outstanding, not just the delinquent payments, should be reported on these lines. Also report the total outstanding balance of delinquent lines of credit, including credit cards, in this section.

Include delinquent loans and leases details in the following lines:

Lines 1220-100 to 1220-160: Personal – Real Estate Secured, Otherwise Secured, or Unsecured loans and leases in delinquency categories *1-30 Days, 31-60 Days, 61-90 Days, 91-180 Days, 181-365 Days, Over 365 Days*, and subtotal for over 90 days delinquent personal loans and leases; and

Lines 1220-200 to 1220-260: Commercial – Real Estate Secured, Otherwise Secured, or Unsecured loans and leases in delinquency categories *1-30 Days, 31-60 Days, 61-90 Days, 91-180 Days, 181-365 Days, Over 365 Days*, and subtotal for over 90 days delinquent commercial loans and leases.

2.5.4 Section 1230 – Allowance for Credit Losses on Loans and Leases

Report specific and total allowance for credit losses on loans and leases in separate columns on the following lines:

Line 1230-100: Personal

Line 1230-110: Commercial.

2.5.5 Section 1240 – Credit Impaired Loans and Leases

Report loans and leases that have objective evidence of impairment at the reporting date, and the related specific allowance for lifetime expected credit losses.

Report the outstanding balance of credit impaired loans and leases and the specific allowance in separate columns on the following lines:

Line 1240-100: Personal

Line 1240-110: Commercial.

2.5.6 Section 1250 – Allowance for Credit Losses on Loans and Leases (Stages) – Quarterly Section

IFRS requires an expected loss allowance to be estimated for debt type financial assets that are not measured at fair value through profit or loss. All allowance for expected credit losses (“ECL”) calculations must be based on a three-stage process which reflects the deterioration in credit quality of loans and leases:

- *Stage 1: 12-Month ECL*

Covers loans and leases that have low risk or have not deteriorated significantly in credit quality since initial recognition;

- *Stage 2: Lifetime ECL - Not Impaired*

Covers loans and leases that have deteriorated significantly in credit quality since initial recognition, but do not have objective evidence of a credit loss event; and

- *Stage 3: Lifetime ECL - Credit Impaired*

Covers loans and leases that have objective evidence of impairment at the reporting date.

Reconciliation of changes in the allowance for credit losses accounts for both personal and commercial loans and leases are to be broken out into Stage 1, Stage 2, and Stage 3 based on the ECL model and reported as follows.

Line 1250-100 and Line 1250-200: Beginning Balance (from previous year end)

Beginning balance of allowance for credit losses on loans and leases from previous year end.

Line 1250-110 and Line 1250-210: Year-to-Date: Provision for Credit Losses

Year-to-date provision for credit losses on loans and leases. The provision for credit losses must be separated into Stage 1, Stage 2, and Stage 3 based on the ECL model from above.

Line 1250-120 and Line 1250-220: Year-to-Date: Loans and Leases Written Off

Year-to-date amount of loans and leases written off.

Line 1250-130 and Line 1250-230: Year-to-Date: Recoveries of Loans and Leases Written Off

Year-to-date amount of recoveries of loans and leases previously written off.

Line 1250-140 and Line 1250-240: Year-to-Date: Other Items

Year-to-date amount of other adjustments. This line includes transfers between different ECL stages, such as a move from 12-month expected credit losses to lifetime expected credit losses when there is a significant deterioration in credit quality since initial recognition.

Line 1250-150 and Line 1250-250: Ending Balance

Equals the beginning balance (from previous year end), plus year-to-date provision, minus write-offs, plus recoveries of previous write-offs and other items.

2.5.7 Section 1260 – Commercial Risk Rating – Quarterly Section

Report the aggregate number and dollar amount of all funded loans and leases in the credit union's commercial portfolio broken out into the respective commercial risk rating categories on the following lines:

Line 1260-100: Risk Rating 1 (Excellent)

Line 1260-110: Risk Rating 2 (Very Good)

Line 1260-120: Risk Rating 3 (Satisfactory)

Line 1260-130: Risk Rating 4 (Less than Satisfactory)

Line 1260-140: Risk Rating 5 (Poor).

2.6 EQUITY INVESTMENTS – 10% OR GREATER OWNERSHIP**2.6.1 Section 1400 – Equity Investments – 10% or Greater Ownership**

Include subsidiaries and other equity investments of the credit union (using the equity method of accounting for each investment), representing 10% or greater share of ownership or control in a corporation, other than a corporation that carries on the business of:

- banking;
- insurance business (other than an insurance agent or insurance adjuster);
- trust business, deposit business, or both; and
- broker, underwriter, or dealer in securities.

If the equity method of accounting is not used to account for such equity investments on the credit union's books, the book value must be adjusted on the FSR. If the equity method of accounting is used, no adjustment is necessary.

Under the equity method of accounting, the credit union initially records its investment in the subsidiary at the original cost of the investment. The recorded value of the investment is then adjusted to include the credit union's pro-rata share of the net income earned (or losses incurred) by the subsidiary since the date of the acquisition, less goodwill and intangible assets impairment/amortization expense, and less dividends received from the subsidiary.

Amounts funded by the credit union to its subsidiaries by way of a loan are not included here but reported in the appropriate commercial loan category in Section 1200.

If the credit union's share of losses of the subsidiary equals or exceeds its value of investment in the subsidiary, the credit union should discontinue recognising its share of further losses. After the credit union's value of investment is reduced to zero, additional losses are recognised by a provision only to the extent that the credit union has incurred legal or constructive obligations or made payments on behalf of the subsidiary. If the subsidiary subsequently reports profits, the credit union should resume recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Credit unions with investments in subsidiaries are required to ensure that all asset and liability values of subsidiaries are determined in accordance with IFRS for each reporting period and that any impairment in values is properly reflected in investment carrying values.

Value of Equity Investment

The value of the investment using the equity method of accounting is calculated as follows:

| | |
|--|--------------|
| Acquisition cost..... | \$XXX |
| Add: Post-acquisition pro-rata share of net income (loss), including other impairment losses of the subsidiary at the reporting date | XXX |
| Less: Goodwill and intangible assets impairment/amortization..... | (XXX) |
| Less: Dividends received from subsidiary..... | (XXX) |
| Value of Equity Investment..... | \$XXX |

For each line in this section break out the details by type of subsidiary (insurance, property/real estate development, and wealth management/trust services) and other equity investments (10% or greater ownership) in separate columns. Report details of equity investments as follows.

Line 1400-100: Acquisition Cost

The credit union's original acquisition cost, including goodwill and intangible assets, of the equity investments (10% or greater ownership).

Note: Loans to subsidiaries are not included in this line. These loans are reported as commercial loans in Section 1200.

Post Acquisition Net Income (Loss)

Line 1400-110: To Previous Year End

Include the credit union's proportional ownership share of its subsidiaries' net income (loss) after income taxes and after adjusting for dividends received and for any goodwill and intangible assets impairment/amortization expenses (whether booked or arising upon consolidation), from the date of acquisition to the previous year end, as calculated using the equity method of accounting.

Line 1400-120: Year-to-Date

Include the credit union's proportional ownership share of its subsidiaries' year-to-date net income (loss) after income taxes and after adjusting for dividends received and for any goodwill and intangible assets impairment/amortization expenses (whether booked or arising upon consolidation), from the previous year end to the reporting date.

Post Acquisition Accumulated Other Comprehensive Income (Loss)*Line 1400-130: To Previous Year End*

Include the credit union's proportional ownership share of its subsidiaries' accumulated other comprehensive income (loss), from the date of acquisition to the previous year end, as calculated using the equity method of accounting.

Line 1400-140: Year-to-Date

Include the credit union's proportional ownership share of its subsidiaries' year-to-date other comprehensive income (loss), from the previous year end to the reporting date.

2.7 DERIVATIVE FINANCIAL INSTRUMENTS**2.7.1 Section 1500 – Derivatives – Quarterly Section**

Report the notional amounts separated into the respective maturity categories (maturing within 1 year, 1 to 5 years, and over 5 years), and the positive or negative fair values resulting in a net receivable/ payable without taking into account netting, including accrued interest. Then, adjust for netting, as permitted under IFRS.

Report derivative contract details on the following lines:

1500-100: Interest Rate Contracts

Include interest rate swaps, forward rate agreements, purchased options, and similar derivative contracts.

1500-110: Foreign Exchange Rate Contracts

Include agreements for the purchase or sale of a fixed amount of a foreign currency at a fixed-exchange rate on a specified date, or an option to purchase or sell.

1500-120: Equity Contracts

Include futures, forwards, swaps, purchased options, and similar contracts based on both individual equities as well as on equity indices.

1500-130: All Other Contracts

All other derivative contracts not reported on other lines in this section.

1500-150: Adjustment for Master Netting Agreements

Impact of enforceable master netting agreements to allow offsetting of derivative contracts, as permitted by IFRS.

Note: Credit unions should apply netting of derivative assets and liabilities in this section if the same netting is applied on the credit union's balance sheet.

2.8 BORROWINGS

2.8.1 Section 2100 – Borrowings

Central 1 Credit Union

Line 2100-100: Central 1 Operating Account (Overdraft)

Central 1 operating account, net of manager's chequing account(s) and other related clearing account(s) administered in the member chequing sub-ledger, or other general ledger accounts, where net result is a borrowing balance (credit).

Line 2100-110: Central 1 Borrowings

All term borrowings and the outstanding balance of lines of credit from Central 1, excluding Central 1 operating account (overdraft).

Other Borrowings

Line 2100-200: Securitizations: NHA-MBS/CMB

NHA-MBS and CMB securitization transactions that have been determined to be a “financing” under IFRS.

Line 2100-210: Securitizations: Other Securitizations

Securitizations, other than the NHA-MBS/CMB programs, that have been determined to be a “financing” under IFRS.

Line 2100-220: All Other Borrowings

Include chartered bank loans, mortgages payable, government loans, and other loans payable that are not reported on other lines in this section. This line does not include Central 1 borrowings or securitizations.

2.8.2 Section 2110 – Borrowing Facilities

Report all credit facilities established by the credit union with Central 1 and any other financial institutions. Credit facility includes basic credit facility, capital markets facility, and any other credit facility established with other regulated financial institutions.

Line 2110-100: Central 1 Credit Union

Borrowing Limit is all approved borrowing facilities with Central 1.

Maximum Utilized is the highest balance of the borrowing utilized within the month related to borrowing facilities with Central 1.

Average Balance is the monthly average balance of the borrowing utilized related to borrowing facilities with Central 1.

Line 2110-110: Other Financial Institutions

Number of Facilities is the number of borrowing facilities with financial institutions other than Central 1.

Borrowing Limit is the sum of all approved borrowing facilities with financial institutions, other than Central 1.

Maximum Utilized is the aggregate highest balance of the borrowing utilized within the month related to borrowing facilities with financial institutions, other than Central 1.

Average Balance is the aggregate monthly average balance of the borrowing utilized related to borrowing facilities with financial institutions, other than Central 1.

2.9 DEPOSITS

2.9.1 Section 2200 – Deposits

Demand Deposits

Report demand deposit accounts on the following lines. Foreign currency demand accounts must be included in the appropriate chequing or savings lines below (converted to Canadian dollar equivalent at the reporting date).

Line 2200-100: Chequing

Include demand chequing deposits. Lines of credit or overdrafts utilized, which are recorded on the credit union's books as chequing accounts with debit balances, must be added back to this line and included in the appropriate loan classification lines in Section 1200 – Loans and Leases.

Line 2200-110: Regular Savings

Include demand saving deposits where there are no chequing privileges.

Line 2200-120: High Interest Savings

Include demand saving deposits where higher interest rates apply.

Line 2200-130: Registered Plans

Include all demand registered plans which receive a variable rate of interest, including Registered Retirement Savings Plans (“RRSPs”), Registered Retirement Income Funds (“RRIFs”), Registered Education Savings Plans (“RESPs”), Tax-Free Savings Accounts (“TFSA”), and other registered plans.

Line 2200-140: Other Demand Deposits

Include all other demand accounts not reported on other lines in the Demand Deposits section.

Term Deposits

Report term deposit accounts on the following lines. Foreign currency term accounts must be included in the appropriate term deposits lines below (converted to Canadian dollar equivalent at the reporting date).

Line 2200-200: Redeemable

Include redeemable or cashable regular interest rate, premium interest rate, and special bid interest rate term deposits.

Line 2200-210: Non-Redeemable

Include regular interest rate, premium interest rate, and special bid interest rate term deposits that are not redeemable or cashable.

Line 2200-220: Registered Plans

Include term registered plans which receive a fixed rate of interest, including RRSPs, RRIFs, RESPs, TFSA, and other registered plans.

Line 2200-230: Other Term Deposits

Include all other term deposits not reported on other lines in the Term Deposits section.

[Memo Items to Section 2200 – Deposits](#)

Memo items provide additional details for the demand and term deposits reported in Section 2200.

[Deposits in Foreign Currency](#)

Line 2200-300: US Dollar

Aggregate outstanding balance of deposits held in US currency (converted to Canadian dollar equivalent at the reporting date).

Line 2200-310: Other Foreign Currency

Aggregate outstanding balance of deposits held in other (non-US) foreign currencies (converted to Canadian dollar equivalent at the reporting date).

2.9.2 Section 2210 – Deposits by Depositor Type

Depositor type describes the holder of the account (i.e., an individual, or a corporation) and not the type of the account or product as described in Section 2200. The following definitions for depositor type are consistent with BCFSAs' liquidity reporting requirements.

Report deposit account details by depositor type on the following lines:

[Line 2210-100: Retail Deposits](#)

Deposits placed with the credit union by natural persons (i.e., individuals), and exclude deposits placed by broker dealers.

[Line 2210-110: Brokered Deposits](#)

Retail, small business, and wholesale deposits sourced from unaffiliated third parties or acquired through deposit agents.

[Wholesale Deposits](#)

Deposits placed with the credit union by non-natural persons (i.e., legal entities, trade unions and other associations, sole proprietorships and partnerships), and exclude deposits placed by broker dealers. Deposits from legal entities, large non-financial corporations, financial institutions, government and public sector enterprises, and small businesses are captured in wholesale deposit categories).

Line 2210-120: Small Business

Deposits that are managed by the credit union as retail deposits, and the aggregate balance by a depositor is less than \$1.5 million.

Line 2210-130: Government and Public Sector Enterprises

Deposits from governments (federal and provincial), municipalities, and other deposits from public sector enterprises (e.g., universities, schools, hospitals, etc.).

Line 2210-140: Financial Institutions

Deposits from financial institutions, including banks, securities firms, investment firms, insurance companies, etc.

Line 2210-150: Non-Financial Corporations

Include deposits from non-financial corporations that are not categorized as small business deposits, and all other deposits not reported on other wholesale deposits lines.

Foreign currency accounts must be included in the appropriate lines above (converted to Canadian dollar equivalent at the reporting date).

2.10 RETAINED EARNINGS AND AOCI

2.10.1 Section 2500 – Retained Earnings (Deficit)

Reconciliation of changes in retained earnings (deficit) reported as follows.

Line 2500-100: Beginning Balance (from previous year end)

Beginning balance of the credit union's retained earnings (deficit) from previous year end and adjustment for equity investments.

If the equity method of accounting is not used to account for subsidiaries and other equity investments (10% or greater ownership) on the credit union's books, this line must be adjusted. This adjustment must be calculated for each equity investment representing 10% or greater share of ownership or control in a corporation – except a corporation that carries on the business of banking, insurance business (other than an insurance agent or insurance adjuster), trust business, deposit business, or brokerage or securities dealer/underwriter. The adjustment is equal to the total dollar amount of the Post Acquisition Net Income (Loss): To Previous Year End line in Section 1400 – Equity Investments.

Line 2500-110: Adjustments to Previous Year End

Subsequent changes to the audited retained earnings (deficit) from previous year end, including retrospective changes to accounting policies and restatements for prior period(s).

Line 2500-120: Year-to-Date: Net Income (Loss)

The credit union's cumulative net income (loss) for the period ending the reporting date and adjustment for equity investments.

If the equity method of accounting is not used to account for subsidiaries and other equity investments (10% or greater ownership) on the credit union's books, this line must be adjusted. The adjustment is made on the Subsidiaries' Net Income (Loss) line on the comprehensive income statement in Section 3000. The adjustment is equal to the total dollar amount of the Post Acquisition Net Income (Loss): Year-to-Date line in Section 1400 – Equity Investments.

Line 2500-130: Year-to-Date: Other Items, Net of Tax

Other year-to-date changes in retained earnings (deficit) not included in net income (loss), such as direct transfer from accumulated other comprehensive income (loss), etc.

Line 2500-150: Ending Balance

Equals the beginning balance (from previous year end), plus adjustments to previous year end, plus year-to-date net income (loss), plus other year-to-date items, net of taxes.

2.10.2 Section 2600 – Accumulated Other Comprehensive Income (Loss)

Reconciliation of changes in accumulated other comprehensive income (loss) reported as follows.

Line 2600-100: Beginning Balance (from previous year end)

Beginning balance of the credit union's accumulated other comprehensive income (loss) from previous year end and adjustment for equity investments.

If the equity method of accounting is not used to account for subsidiaries and other equity investments (10% or greater ownership) on the credit union's books, this line must be adjusted. The adjustment is equal to the total dollar amount of the Post Acquisition Accumulated Other Comprehensive Income (Loss): To Previous Year End line in Section 1400 – Equity Investments.

Line 2600-110: Adjustments to Previous Year End

Subsequent changes to the audited accumulated other comprehensive income (loss) from previous year end, including retrospective changes to accounting policies and restatements for prior period(s).

Line 2600-120: Year-to-Date: Other Comprehensive Income (Loss)

The credit union's cumulative other comprehensive income (loss) for the period ending the reporting date and adjustment for equity investments.

If the equity method of accounting is not used to account for subsidiaries and other equity investments (10% or greater ownership) on the credit union's books, this line must be adjusted. The adjustment is made on the Other Comprehensive Income (Loss) line on the comprehensive income statement in Section 3000. The adjustment is equal to the total dollar amount of the Post Acquisition Accumulated Other Comprehensive Income (Loss): Year-to-Date line in Section 1400 – Equity Investments.

Line 2600-130: Year-to-Date: Other Items, Net of Tax

Other year-to-date changes in accumulated other comprehensive income (loss) not included in other comprehensive income (loss), such as direct transfer to retained earnings (deficit), etc.

Line 2600-150: Ending Balance

Equals the beginning balance (from previous year end), plus adjustments to previous year end, plus year-to-date other comprehensive income (loss), plus other year-to-date items, net of taxes.

2.11 INTEREST INCOME AND INTEREST EXPENSE

2.11.1 Section 3100 – Interest Income

Interest Income and Dividends from Deposits and Investments

Include interest income from deposits reported in Section 1100 and interest and dividend income from investments reported in Section 1110, and categorized in the following lines:

Line 3100-100: Central 1 Deposits

Line 3100-110: Other Deposits

Line 3100-120: Guaranteed Security Instruments

Line 3100-130: Debt Security Instruments

Line 3100-140: Securities Secured by Mortgages

Line 3100-150: Equity Instruments

Line 3100-160: All Other Investments.

Note: Fair value adjustments for instruments measured at FVTPL should be reported on the Fair Value Gains (Losses) on FVTPL Financial Instruments line on the comprehensive income statement in Section 3000.

Interest Income from Loans and Leases

Include interest income from personal and commercial loans and leases, and lines of credit ("LOC"), including credit cards, reported in Section 1200, and categorized in the following lines:

Personal:

- Line 3100-200: Real Estate Secured (excluding LOC)*
- Line 3100-210: Otherwise Secured (excluding LOC and Leases)*
- Line 3100-220: Leases*
- Line 3100-230: Unsecured (excluding LOC)*
- Line 3100-240: Lines of Credit*

Commercial:

- Line 3100-250: Real Estate Secured (excluding LOC)*
- Line 3100-260: Otherwise Secured (excluding LOC and Leases)*
- Line 3100-270: Leases*
- Line 3100-280: Unsecured (excluding LOC)*
- Line 3100-290: Lines of Credit.*

Line 3100-300: Interest Rate/Foreign Exchange Contracts

Interest income received or receivable less interest expense paid or payable from interest rate swaps, forward rate agreements, futures, options, and other derivatives, and fees received or paid are reported in this line.

2.11.2 Section 3110 – Interest Expense

Interest Expense on Borrowings

Include interest expense on borrowings reported in Section 2100, and categorized in the following lines:

- Line 3110-100: Central 1 Operating Account (Overdraft)*
- Line 3110-110: Central 1 Borrowings*
- Line 3110-120: Other Borrowings: Securitizations*
- Line 3110-130: All Other Borrowings.*

Interest Expense on Deposits

Include interest expense on deposits reported in Section 2200, and categorized in the following lines:

Demand Deposits:

- Line 3110-200: Chequing*
- Line 3110-210: Regular Savings*
- Line 3110-220: High Interest Savings*
- Line 3110-230: Registered Plans*
- Line 3110-240: Other Demand Deposits*

Term Deposits:

- Line 3110-250: Redeemable*
- Line 3110-260: Non-Redeemable*
- Line 3110-270: Registered Plans*
- Line 3110-280: Other Term Deposits.*

Note: Term Deposits - Non-Redeemable line includes interest expense on index-linked term deposits.

Line 3110-300: Non-Equity Share Dividends

Dividend expense on non-equity shares reported on the balance sheet in Section 2000.

[Line 3110-310: Interest Expense on Lease Liabilities](#)

Interest expense on lease liabilities related to right-of-use assets reported on the balance sheet in Section 2000.

[Line 3110-320: Interest Expense on Subordinated Debt](#)

Interest expense on subordinated debt reported on the balance sheet in Section 2000.

2.12 AOCI AND OCI**2.12.1 Section 2610 – Accumulated Other Comprehensive Income (Loss) – Quarterly Section**

Accumulated gains and losses presented in other comprehensive income for the credit union and any subsidiaries and other equity investments (10% or greater ownership) and reported in Section 2600, are categorized in accordance with IFRS and reported as follows.

[Items that may be reclassified subsequently to net income \(loss\):](#)[*Line 2610-100: Fair Value Reserve \(Debt Instruments\)*](#)

Accumulated fair value gains and losses on debt instruments measured at fair value through other comprehensive income (“FVTOCI”).

[*Line 2610-110: Cash Flow Hedges*](#)

Effective portion of fair value gains and losses on hedging instruments used in cash flow hedges.

[*Line 2610-120: Other Gains and Losses \(Reclass\)*](#)

Other gains and losses that may be reclassified subsequently to net income (loss).

[*Line 2610-130: Income Taxes \(Reclass\)*](#)

Income taxes related to items that may be reclassified subsequently to net income (loss).

[Items that will not be reclassified to net income \(loss\):](#)[*Line 2610-140: Fair Value Reserve \(Equity Instruments\)*](#)

Accumulated fair value gains and losses on equity instruments measured at FVTOCI.

[*Line 2610-150: Remeasurements of Defined Benefit Plans*](#)

Remeasurements of net defined benefit liability (asset), including accumulated actuarial gains and losses.

[*Line 2610-160: Revaluation Surplus \(Credit Union Own Use Property\)*](#)

Accumulated revaluation surplus on any of the credit union’s property designated as an own use property under IFRS, whether or not any other less significant portions of the property are used for non-credit union use, measured at fair value using the revaluation model.

[*Line 2610-170: Revaluation Surplus \(Other\)*](#)

Accumulated revaluation surplus related to premises and equipment and intangible assets, other than credit union own use property, measured at fair value using the revaluation model.

[*Line 2610-180: Other Gains and Losses \(No Reclass\)*](#)

Other gains and losses that will not be reclassified subsequently to net income (loss).

Line 2610-190: Income Taxes (No Reclass)

Income taxes related to items that will not be reclassified subsequently to net income (loss).

2.12.2 Section 3610 – Other Comprehensive Income (Loss) – Quarterly Section

Gains and losses presented in other comprehensive income for the credit union and any subsidiaries and other equity investments (10% or greater ownership) and reported in Section 2600, are categorized in accordance with IFRS and reported as follows.

Items that may be reclassified subsequently to net income (loss):*Line 3610-100: Fair Value Reserve (Debt Instruments)*

Fair value gains and losses on debt instruments measured at FVTOCI.

Line 3610-110: Cash Flow Hedges

Effective portion of fair value gains and losses on hedging instruments used in cash flow hedges.

Line 3610-120: Other Gains and Losses (Reclass)

Other gains and losses that may be reclassified subsequently to net income (loss).

Line 3610-130: Income Taxes (Reclass)

Income taxes related to items that may be reclassified subsequently to net income (loss).

Items that will not be reclassified to net income (loss):*Line 3610-140: Fair Value Reserve (Equity Instruments)*

Fair value gains and losses on equity instruments measured at FVTOCI.

Line 3610-150: Remeasurements of Defined Benefit Plans

Remeasurements of net defined benefit liability (asset), including actuarial gains and losses.

Line 3610-160: Revaluation Surplus (Credit Union Own Use Property)

Changes in revaluation surplus related to credit union own use property, measured at fair value using the revaluation model.

Line 3610-170: Revaluation Surplus (Other)

Changes in revaluation surplus related to premises and equipment and intangible assets, other than credit union own use property, measured at fair value using the revaluation model.

Line 3610-180: Other Gains and Losses (No Reclass)

Other gains and losses that will not be reclassified subsequently to net income (loss).

Line 3610-190: Income Taxes (No Reclass)

Income taxes related to items that will not be reclassified subsequently to net income (loss).

2.13 OTHER

2.13.1 Section 4000 – Off Balance Sheet Assets Under Administration

Off balance sheet assets under administration are assets that are managed and administered by the credit union on behalf of clients. These client assets are not recorded on the credit union's balance sheet.

[Line 4000-100: Loans and Leases](#)

Aggregate outstanding balances of loans and leases that are treated as a “sale” under IFRS and removed from the credit union’s balance sheet but still serviced by the credit union. This line does not include loan and lease securitizations that are treated as a “financing” under IFRS and remain on the credit union’s balance sheet.

[Line 4000-110: Syndicated Loans](#)

Include the aggregate outstanding balance of syndicated loans administered by the credit union as lead lender and syndicated to other financial institutions (off balance sheet portion).

Note: The on balance sheet portion of these loans retained by the credit union are reported on the Syndicated Loans line in the Memo items to Section 1200 – Loans and Leases.

[Line 4000-120: Mutual and Segregated Funds](#)

Report asset balances of third-party mutual funds that are managed and administered by the credit union for its members. This line does not include the asset balance of mutual funds managed and administered by a subsidiary of the credit union.

[Line 4000-130: Trusts and Estates](#)

Aggregate value of trust assets that are managed and administered by the credit union as a trustee, executor or administrator for its members, including estate settlements and family estates. This line does not include the value of trust assets that are managed and administered by a subsidiary of the credit union.

[Line 4000-140: Other Off Balance Sheet Assets](#)

Other assets under administration by the credit union not reported on other lines in this section.

2.13.2 Section 4100 – Interest Rate Risk / On Balance Sheet Repricing – Quarterly Section

On balance sheet repricing data is extracted from a monthly full balance sheet matching report. Please note repricing is not maturity. This section does not include off balance sheet hedging. Off balance sheet hedging instruments must be included only in the next section.

Report on balance sheet repricing details (assets, liabilities and equity, and the weighted average yield and cost) on the following lines:

[Line 4100-100: Non-Interest Rate Sensitive](#)

Total of non-interest rate sensitive assets, liabilities and equity.

[Line 4100-110: Variable Rate](#)

Total of all assets and liabilities with interest rates that adjust with market interest rates.

[Fixed Rate](#)

Total of all assets and liabilities with interest rates repricing within period specified as follows:

Line 4100-120: 0 - 3 Months
Line 4100-130: 4 - 6 Months
Line 4100-140: 7 - 12 Months
Line 4100-150: 1 - 2 Years
Line 4100-160: 2 - 3 Years
Line 4100-170: 3 - 4 Years
Line 4100-180: Over 4 Years.

2.13.3 Section 4110 – Interest Rate Risk / Off Balance Sheet Hedging – Quarterly Section

Information on interest rate swaps is critical to the measurement of interest rate risk exposure.

For each line in this section report the following columns:

Notional Principal \$ Credit Union Pays / Receives Interest On for the total notional principal repricing in various time periods which the credit union pays or receives interest on; and

Interest % Credit Union Pays / Receives for the weighted average rates of notional principal repricing in various time periods which the credit union pays or receives interest on.

Report off balance sheet hedging details within periods specified in the following lines:

Line 4110-100: 0 - 3 Months
Line 4110-110: 4 - 6 Months
Line 4110-120: 7 - 12 Months
Line 4110-130: 1 - 2 Years
Line 4110-140: 2 - 3 Years
Line 4110-150: 3 - 4 Years
Line 4110-160: Over 4 Years.

The following example is provided for clarity (see text box).

Example: Report Off Balance Sheet Hedging

If the credit union originates a 5-year mortgage and hedges it with a similar term interest rate swap in which the credit union pays fixed (5-year) and receives a 3-month floating rate, the credit union has effectively converted a 5-year instrument into a 3-month instrument.

This hedge is recorded in the off balance sheet subsection as follows:

- First, the notional dollar principal of the swap is recorded under the "Notional Principal \$ Credit Union Pays Interest On" column in the "Over 4 Years" row. The fixed interest rate the credit union pays is recorded under the "Interest % Credit Union Pays" column in the same "Over 4 Years" row. Next year, when four years are remaining, the notional dollar and the interest rate are placed in the "3 - 4 Years" row.
- Second, the dollar value of the notional principal is recorded under the "Notional Principal \$ Credit Union Receives Interest On" column in the "0 - 3 Months" row. The floating interest rate the credit union receives is recorded under the "Interest % Credit Union Receives" column in the same "0 - 3 Months" row.

2.13.4 Section 4200 – Lending Policy Limits – Quarterly Section

This section enables the credit union and BCFSAs to monitor compliance with lending policy limits established in the credit union's Investment and Lending Policy ("ILP") approved by its Board of Directors.

For each line in this section report the following columns:

Lending Policy Caps: Criteria describes how the limits are set in the ILP (e.g., maximum \$ amount or % of total assets); and

Lending Policy Caps: \$ or % for the dollar limit or percentage limit set for the cap in the ILP.

Also report for each line in this section (except single member/connection caps) the following columns:

Approved Cap is the dollar equivalent of the approved limit as per the ILP (e.g., maximum \$ amount or \$ amount of set % of total assets as at the reporting date), including funded and unfunded loans and leases as specified in the ILP;

Utilized \$ is the aggregate balance of the appropriate loans, lines of credit, or leases for the cap as at the reporting date, including funded and unfunded, as specified in the ILP; and

Utilized % is the utilized dollar amount divided by the approved cap dollar amount.

Report lending policy caps details on the following lines, as established in the credit union's ILP.

Commercial Caps

Line 4200-100: Single Member/Connection Cap

Portfolio Caps:

Line 4200-110: Commercial Loans

Line 4200-120: Commercial Leases

Loan Type Caps:

Line 4200-130: Lines of Credit

Line 4200-140: Unsecured Loans

Line 4200-150: Interim/Construction Mortgage

Line 4200-160: Restricted.

The following example on reporting is provided for clarity (see text box).

Example: Reporting Lending Policy Limits

The credit union has the following lending policy limits in its ILP:

- commercial single member cap is \$1,500,000; and
- commercial loan portfolio cap is 18% of total assets.

This example assumes the credit union's total assets are \$850,000,000 and its commercial loan portfolio is \$75,000,000 (funded and unfunded) as at the reporting date. Report the Lending Policy Limits section as follows:

Approved Cap \$ = 18% of \$850,000,000

Example: Reporting Lending Policy Limits

Utilized \$ = \$75,000,000

| Lending Policy Limits | Criteria* | Lending Policy Caps | | Approved Cap \$ | Utilized \$ | Utilized % |
|------------------------------|-------------------------|---------------------|-----------|-----------------|-------------|------------|
| | | \$ | % | | | |
| Section 4200 | 10 | 20 | 30 | 40 | 50 | 60 |
| | *maximum \$ amount or % | | | A | B | C = B / A |
| Commercial Caps | | | | | | |
| Single Member/Connection Cap | 100 | max. 1.5 million | 1,500,000 | | | |
| Portfolio Caps: | | | | | | |
| Commercial Loans | 110 | 18% of total assets | | 153,000,000 | 75,000,000 | 49.02% |
| Commercial Leases | 120 | N/A | | | | 0.00% |

Note: Any categories that are not applicable to the credit union should be reported as N/A in the Criteria column.

Note: In accordance with FIA section 127(2), the credit union must file a copy of its ILP amendments within 5 days after the board’s approval of the ILP changes. Submitting this section of the FSR **does not** satisfy this requirement. The amended ILP filing must be separate from the FSR. However, the first FSR with the reporting date after the ILP amendment date must reflect the changes of the amended ILP criteria in this section.

2.13.5 Section 4400 – Other Statistics

[Line 4400-100: Staff – Full Time Equivalent \(#\)](#)

All full time and part time staff of the credit union (do not include staff of the credit union’s subsidiaries).

The total staff complement must be reported on this line as a full time equivalent rounded to one decimal place. This calculation is illustrated by the following example (see text box).

Example: Staff – Full Time Equivalent Calculation

This example assumes full time staff work 150 hours per month.

| | |
|-------------------------------------|-------------|
| Full time staff | 10.0 |
| Part time staff | 1.7 |
| Staff – Full time equivalent | 11.7 |

Part time staff calculated as follows:

| | Hours worked |
|--------------|--------------|
| Employee A | 48 |
| Employee B | 120 |
| Employee C | 84 |
| Total | 252 |

Total hours worked divided by full time hours (150 hours) equals 1.68.

[Line 4400-110: Membership \(#\)](#)

The number of members, including active and inactive, of the credit union as at the reporting date.

[Line 4400-120: Service Location \(#\)](#)

The number of locations of the credit union as at the reporting date. The number of locations is based on the number of branches with different addresses. Where there is an administrative office and a branch at the same address, the number of locations counts as one. A standalone administrative office, ATM, or call centre does not count as a location.

[Line 4400-130: Internal Capital Target \(%\)](#)

Report the internal capital target set by the credit union.



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