

# Capital Adequacy Return Template and Reporting Instructions

## Summary of Changes – 2021 Revision

This document outlines the changes made to the Capital Adequacy Return (“CAR”) template and reporting instructions during the 2021 revision. The revised CAR is effective April 2022.

### Capital Adequacy Return (“CAR”) Template and Reporting Instructions

#### Requirements

- **Added new** quarterly reporting frequency applicable to credit unions with up to \$500 million in assets and monthly reporting frequency applicable to credit unions with more than \$500 million in assets
- **Added note** that credit unions reporting the CAR quarterly must develop the capability to produce the CAR report on a monthly basis, if requested by BCFSA
- **Clarified** that when a credit union crosses the \$500 million in assets threshold, the credit union has one year to implement the requirements of its new category and submit the CAR monthly

#### Section 6000 – Capital Adequacy Ratio

- **Added new** section to help with the CAR % calculation

#### Section 6010 – Capital Base

##### Deductions from Capital

- **Clarified** that the initial fair value gains or losses on the credit union’s own use property should be included in the Other Deductions from Capital line

#### Section 6020 – Balance Sheet Assets

- **Clarified** risk-weighted amount calculation for on balance sheet assets

##### Cash and Investments

- **Clarified** that liquid assets held in trust with Central 1 Credit Union (“Central 1”), as statutory liquidity, should be reported on the appropriate lines in this section
- **Clarified** that Cash Deposits Held in Trust with Central 1 are included in the Deposits with Deposit Taking Institutions line
- **Merged** Central 1 Operating Account line into Central 1 Deposits line
- **Separated** line Debt Security Instruments into Financial Institutions and Other Debt Securities, as they have different risk-weighting factors
- **Added new line** Equity Instruments

## Capital Adequacy Return (“CAR”) Template and Reporting Instructions

- **Added new line** CMB Principal and Interest Reinvestment

### Loans and Leases

- **Merged** Securitizations: Personal and Commercial Real Estate Secured: Insured line into the appropriate Personal or Commercial Real Estate Secured: Insured lines
- **Clarified** if the percentage of fair market value (“FMV”) cannot be calculated for an uninsured residential mortgage loan, the loan must be included in the Personal: Real Estate Secured: Uninsured: Residential > 75% of FMV line
- **Separated** Otherwise Secured: Guaranteed by Government or Fully Secured by Deposits and Government Securities line into Personal and Commercial lines
- **Separated** Otherwise Secured: Fully Secured by Deposits with DTI or OECD Central Bank line into Personal and Commercial lines
- **Merged** Personal Otherwise Secured: Leases, Personal Otherwise Secured: All Others, and Personal Unsecured lines into All Other Personal Loans and Leases line, as they have the same 0.75 risk-weighting factor

### Other Assets

- **Clarified** that the initial fair value gains or losses on the credit union’s own use property included in deductions from capital should be deducted from the Premises and Equipment line, to adjust the net book value reported
- **Clarified** that goodwill and intangible assets in subsidiaries, and investments included in deductions from capital should be deducted from the Equity Investments line, to adjust the value of equity investment reported

## Section 6030 – Off Balance Sheet Exposures

- **Clarified** risk-weighted amount calculation for off balance sheet exposures
- **Moved** the Credit Conversion Factors (“CCF”) table from the Appendix to this section
- **Added new lines** for Letters of Credit to capture details for different CCF
- **Added new lines** for Other Exposures to capture details for different CCF

## Section 6040 – Derivatives

- **Added new section** to help with risk-weighted exposure calculation for derivative contracts
- **Added new** Current Exposure Method Add-on Factors table to help reporting the appropriate add-on factors in this section
- **Added new lines** for Equity Contracts and Other Derivative Contracts

## Section 6050 – Concentration Risk Adjustments

- **Clarified** risk-weighted amount calculation for concentration risk adjustments