Capital Modernization Project

Capital Reporting Requirements

Consultation Summary Report

BCFSA

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Contents

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1 Introduction

On April 9, 2026, BCFSA launched a public consultation on the draft capital reporting requirements for B.C. credit unions. The consultation closed on May 21, 2026. Specifically, BCFSA consulted on a new Capital Adequacy Return (CAR) and an updated Financial and Statistical Return (FSR) templates, and CAR and FSR reporting instructions. This Capital Reporting Requirements Consultation Summary Report (Report) summarizes the feedback received during the consultation and outlines next steps.

BCFSA has completed its review of the consultation feedback and considered all the responses it received. Overall feedback suggested that, despite increased complexity, credit unions feel prepared to implement the new CAR and FSR reporting templates within the established timelines, and that the templates are generally clear and operationally feasible. Some interest holders noted that parallel reporting had provided a useful opportunity to assess systems and processes to meet the proposed reporting requirements and emphasized the importance of ongoing support from BCFSA to ensure consistent interpretation and effective implementation of the new reporting templates.

The Minister of Finance consented to adopt the Credit Union Capital Requirements Rules (Rules). The Rules will come into effect on January 1, 2027, with the full implementation of the new regime set for January 1, 2029. Under Regulatory Statements, BCFSA issued the final CAR and FSR templates and reporting instructions in July 2026. Credit unions are required to report under the new reporting requirements starting in January 2027. Parallel reporting will conclude at the end of 2026 (i.e. the quarter ending December 31, 2026 will be the final submission for all credit unions). See **Appendix A** for more information about these reporting requirements, including reporting frequency and due dates.

For further information about the consultation, please see BCFSA's website: Capital Modernization Project.

2 Background

In June 2022, BCFSA launched the Capital Modernization Project (Project), a multi-year initiative to modernize the capital framework of B.C.'s credit unions. Capital requirements are in place to protect depositors and the soundness of the credit union segment by determining the quality and quantity of capital B.C. credit unions are required to hold. The goals of the Project are to strengthen the risk management practices and loss-absorbing capacity of the province's credit unions.

3 Consultation process overview

The consultation was open for public comment from April 9, 2026 to May 21, 2026. Participants were invited to share their feedback on the draft capital reporting requirements for B.C. credit unions. Specifically, BCFSA consulted on the new CAR template and reporting instructions and on the capital related changes and other updates made to the FSR template and reporting instructions. Feedback for the public consultation came from BCFSA's online consultation feedback form (See **Appendix B**) and email submissions.

To support informed participation and raise awareness of the public consultation, BCFSA shared information and resources with interested parties in advance and throughout the consultation period. Some of the engagement activities BCFSA undertook included:

- Notifying B.C. credit unions of the opening of the consultation period via an email advisory
- Hosting two information sessions for interest holders to provide additional information about the capital reporting requirements for B.C. credit unions and answer questions during a Q&A period
- Publishing consultation webpage updates with a variety of resources explaining the changes
- Sending participation reminders to B.C. credit unions via email

4 Summary of feedback

INTEREST HOLDER FEEDBACK TABLE

This section provides more detailed information on feedback from interest holders and BCFSA's responses.

What we heard	BCFSA's response
THEME: GENERAL FEEDBACK	
Overall, credit unions' feedback suggested that while both the CAR and FSR reporting templates introduce increased complexity, credit unions feel well prepared to implement them within the provided timelines. Credit unions commented that parallel reporting and the transition period have been valuable in enabling updates to processes, systems, and controls. Credit unions noted that key challenges relate to greater data granularity, new data requirements, and system and process enhancements, but viewed these challenges as manageable and largely one-time in nature. Credit unions found the templates are generally well-defined and operationally feasible, with no significant requests for clarification. They emphasized the importance of continued support from BCFSA, including clear data definitions, detailed guidance, and relevant examples to ensure consistent interpretation.	BCFSA appreciates the acknowledgement that the CAR and FSR reporting templates are generally clear and operationally feasible, and that the transition timeline and parallel reporting have supported implementation readiness. BCFSA recognizes the operational complexities credit unions highlighted and will continue to support the industry throughout implementation. BCFSA is committed to continuing to work with credit unions post-implementation to address emerging issues and ensure the framework operates as intended.

What we heard	BCFSA's response
Credit unions asked whether benchmarking or aggregated results will be shared back with them, including any learnings or clarifications.	BCFSA will continue to support credit unions and share any further guidance or clarifications required during and after the transition to the new CAR and updated FSR templates. Also, BCFSA plans to update the Credit Union Performance (CUP) Report with the CAR and FSR changes effective January 2027. Credit unions will be able to see benchmarking or aggregated results using the CUP Report based on the information sharing agreements between credit unions.
THEME: REPORTING REQUIREMENTS AND TIMELINES	
Credit unions asked if the new CAR reporting template will replace the Capital Modernization Parallel Reporting – Self-Assessment Tool (SAT) effective January or if SAT reporting will continue into 2027 and beyond.	Parallel reporting with the SAT template will only continue for the remainder of 2026. The final SAT submission will be for the period ending Dec. 31, 2026. Then, credit unions will begin capital reporting using the new CAR template for the period ending Jan. 31, 2027, and onwards. See **Appendix A**.
Credit unions asked for clarification on when the new CAR and FSR templates will be implemented.	The effective date of the new CAR and FSR reporting templates is Jan. 1, 2027. Credit unions must use the new CAR and FSR templates beginning with the filing period ending Jan. 31, 2027, and onwards. Note: Credit unions will continue to use the current CAR and FSR reporting templates for the remainder of 2026. The final submissions using the current CAR and FSR templates will be for the period ending Dec. 31, 2026, including the annual filings for 2026. The final Annual Supplemental Information (ASI) to the FSR for all credit unions will be for the period ending Dec. 31, 2026. Then, BCFSA will gather this data in the new FSR template. See **Appendix A**.

What we heard	BCFSA's response
Credit unions asked for clarification on the reporting frequency and dues dates and asked BCFSA to consider extending the due dates to 30 days after month end. Credit unions asked if credit unions with assets $500 million or less will be required to file the new CAR every other quarter.	CAR and FSR reporting frequency and dues dates remain the same as the current requirements: Credit unions with up to and including $500 million in assets are required to submit the CAR quarterly within 20 days of each quarter end. Credit unions with more than $500 million in assets are required to submit the CAR monthly within 20 days of each month end. All credit unions are required to submit the CAR annually within 90 days of their fiscal year end. All credit unions are required to submit the FSR monthly within 20 days of each month end and annually within 90 days of their fiscal year end.
Credit unions asked if the Residential Mortgage Loans Report (RMLR) filing requirements will be removed once the CAR reporting comes into effect in January 2027.	BCFSA plans to remove the RMLR filing requirements this year and will notify credit unions.
THEME: CLARIFICATIONS – TEMPLATES AND REPORTING INSTRUCTIONS	
Credit unions asked for clarification on FSR lines: 1100-115: Cheques and Items in Transit Assets 2000-301: Cheques and Items in Transit Liabilities	BCFSA updated the FSR reporting instructions to clarify: Included in line 1100-115, report a positive or debit balance of cheques and other items in transit from manager's chequing account(s) and other related clearing account(s) administered in the member chequing sub-ledger, or other general ledger accounts. Included in line 2000-301, report a negative or credit balance of cheques and other items in transit from manager's chequing account(s) and other related clearing account(s) administered in the member chequing sub-ledger, or other general ledger accounts. When offsetting is permitted by IFRS, credit unions may report the net debit or credit balance of transit items.

<table>
<tr><th>What we heard</th><th>BCFSA's response</th></tr>
<tr><td>Credit unions asked BCFSA to confirm the following FSR lines refer to repurchase agreements specifically:

1230-115 Allowance for Credit Losses on Loans and Leases – Other; and

1240-115 Credit Impaired Loans and Leases – Other.</td><td>BCFSA updated the FSR reporting instructions to clarify:

Included in lines 1230-115 and 1240-115, report only allowance related to and credit impaired loans to credit unions and reverse repurchase agreements.</td></tr>
<tr><td>Credit unions asked BCFSA to confirm that both newly added Sections 2220: Top 10 Depositors by Type and 2230: Deposit Maturity by Depositor Type do not include accrued interest and non-equity shares.

Additionally, to confirm if total deposits in Section 2230: Deposit Maturity by Depositor Type should equal total demand plus term deposits in the FSR balance sheet in lines 2000-200 plus 2000-210.</td><td>BCFSA confirms that Sections 2220 and 2230 do not include accrued interest and non-equity shares and total deposits in Section 2230 should be the same as total demand and term deposits of the credit union reported in the FSR balance sheet.</td></tr>
<tr><td>Credit unions asked for clarification on reporting dividends on equity shares. They noted that all dividends on equity shares are reported in the FSR income statement under Distribution to Members and Donations, which differs from International Financial Reporting Standards (IFRS) where such dividends are treated as distributions of retained earnings which do not affect net income.</td><td>BCFSA assesses total distribution of dividends to members whether treated as expense or distributions of retained earnings depending on the classification of shares. Based on feedback and the new capital requirements for inclusion of equity shares in Tier 1 capital, BCFSA updated the FSR template and reporting instructions as follows:

• Separated line Equity Shares into three lines: Membership Shares, Other Shares Classified as Liabilities, and Other Shares Classified as Equity;

• Updated line Dividends on Shares and clarified in the reporting instructions to only include year-to-date declared dividends on shares treated as expense in this line; and

• Added new line Dividends on Shares, Net of Tax in Section 2500 – Retained Earnings for reporting year-to-date declared dividends on shares treated as distributions of retained earnings, net of taxes.</td></tr>
</table>

What we heard	BCFSA’s response
Credit unions asked BCFSA to confirm that Section 1210: Unfunded Loans and Leases explicitly excludes unfunded loans to credit unions.	BCFSA confirms that Section 1210 does not include loans to credit unions, as these loans are specific only to Central 1 Credit Union (Central 1) and already reported to BCFSA in other submissions specific to Central 1.
Credit unions asked for clarification on whether the definition for Commercial Risk Rating 3 (Satisfactory) is intended to be indicative rather than prescriptive, and whether flexibility in interpretation is expected. They noted that the definition for Risk Rating 3 (Satisfactory) includes reference to “new and/or limited management capability.” In practice, a satisfactory rating may also be assigned to borrowers with experienced management teams, based on overall credit metrics and risk profile. The current wording may unintentionally narrow the interpretation of this category.	BCFSA recognizes that the assignment of risk ratings requires the application of sound professional judgment, taking into account the full range of borrower-specific factors, including financial performance, risk profile, and management capability. The risk rating characteristics provided in the guidance are intended to support consistent interpretation, but not to limit the ability of institutions to apply informed judgment based on the totality of available information. In this context, the reference to “new and/or limited management capability” under Risk Rating 3 (Satisfactory) is indicative rather than prescriptive, and a satisfactory rating may appropriately be assigned to borrowers with experienced management teams where overall credit conditions warrant it. However, there are specific areas within the guidance where a more prescriptive approach is intended, and these expectations should be followed to promote consistency and comparability across institutions. Specifically, Risk Rating 4 and 5 provisions are intended to ensure a minimum level of supervisory consistency and should be applied as written.

5 Consultation Outcomes and Next Steps

BCFSA extends its gratitude to all participants in the consultation process. The feedback received was generally positive: the templates and instructions were clear and a few minor clarifications were requested. Where appropriate, BCFSA made minor adjustments to the materials to provide additional clarity. Interest holders noted that parallel reporting had been a useful exercise for credit unions to assess if any changes to their systems and processes were needed for the proposed reporting requirements.

The Minister of Finance provided consent to adopt the Credit Union Capital Requirement Rules. BCFSA has issued Regulatory Statements that provide the final capital reporting requirements (i.e., CAR template and reporting instructions, and related changes to the FSR template and reporting instructions). These reporting requirements for B.C. credit unions will come into effect on January 1, 2027. Credit unions are encouraged to continue with their preparations for the proposed framework and assess any changes needed to systems or processes for the new reporting requirements. Parallel reporting concludes at the end of 2026.

BCFSA will continue to support the credit unions as they prepare for implementation. The Project page on BCFSA's website will be the primary source of information throughout the transition. BCFSA will share information, including guidance and regulatory information, at various points to support a smooth, measured transition to the new Rules.

APPENDIX A: REPORTING REQUIREMENTS AND TIMELINES

The table (below) provides the required reporting for CAR and FSR with due dates during 2027. Credit unions will continue to use the current CAR and FSR reporting templates for the remainder of 2026. The final submissions using the current CAR and FSR templates will be for the period ending December 31, 2026, including the annual filings for 2026. Credit unions must use the new CAR and updated FSR templates beginning with the filing period ending January 31, 2027, and onwards. CAR and FSR reporting frequency and dues dates remain the same as the current requirements.

Report	Submission	Filing Period Ending	Due Date
Filings using the current templates* * "Current template" means the CAR template, FSR template, and ASI webform which are currently in effect and used through Dec. 31, 2026.			
CAR/FSR reporting for all credit unions	Last monthly/quarterly filing using the current templates	Dec. 31, 2026	Jan. 20, 2027
Parallel Reporting for all credit unions	Last quarterly submission using the Self Assessment Tool (SAT)	Dec. 31, 2026	Jan. 30, 2027
Annual CAR/FSR reporting for all credit unions & Audit report on the annual CAR	Last annual filing using the current templates	Dec. 31, 2026	March 31, 2027
Annual Supplemental Information (ASI) to the FSR for all credit unions	Last annual filing using the current webform	Dec. 31, 2026	March 31, 2027
Filings using the new templates* * "New template" means the new CAR template and the updated FSR template effective Jan. 2027.			
FSR reporting for all credit unions	Monthly filing using the new template	Jan. 31, 2027 and onwards	Feb. 20, 2027
CAR reporting for credit unions with over $500 million in assets	Monthly filing using the new template	Jan. 31, 2027 and onwards	Feb. 20, 2027
CAR reporting for credit unions with $500 million or less in assets	Quarterly filing using the new template	March 31, 2027 and onwards	April 20, 2027
Annual CAR/FSR reporting for all credit unions & Audit report on the annual CAR	Annual filing using the new templates	Dec. 31, 2027 and onwards	March 30, 2028

APPENDIX B: FEEDBACK FORM

BC Financial Services Authority

Consultation Feedback Survey - Proposed Capital Reporting Requirements for B.C. Credit Unions

Introduction

Have your say!

As part of the Capital Modernization project, BC Financial Services Authority (BCFSA) is requesting feedback from credit unions and other interest holders on its proposed capital reporting requirements for B.C. credit unions.

The proposed reporting requirements include new and updated templates and reporting instructions for the Capital Adequacy Return (CAR) and Financial and Statistical Return (FSR). BCFSA anticipates that the proposed reporting requirements would come into effect on January 1, 2027 in conjunction with the proposed Capital Rules.

To support review and feedback, BCFSA has provided a Consultation Package containing the following proposed reporting template and instructions:

- Draft CAR template;
- Draft CAR reporting instructions;
- Draft FSR template; and
- Draft FSR reporting instructions.

The consultation is open until May 21, 2026.

Your responses to the survey questions will remain confidential. Results will be reported on in aggregate only. For any open-text questions, please do not make comments that could identify you or anyone else.

Thank you for participating in BCFSA's Consultation on its proposed capital reporting requirements for B.C. credit unions. If you have any questions or experience any difficulties while accessing the survey, please email us at: engage@bcfsa.ca.

Collection Notice

BCFSA collects, uses, and discloses personal information in accordance with the Freedom of Information and Protection of Privacy Act (British Columbia) and its Privacy Policy.

Any personal information will be collected under section 26(c) of the Freedom of Information and Protection of Privacy Act (British Columbia) for the purpose of supporting the development and implementation of amendments to the guideline. If you have any questions about BCFSA's collection of personal information, please contact BCFSA's Privacy Officer at foi@bcfsa.ca.

Disclaimer

BCFSA will not disclose personal information using. This survey is voluntary, and a response is encouraged, but not required. Please do not provide any third-party information (i.e. talk about others) in your responses to the survey.

1) Full Name*

2) Credit Union*

3) Email*

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4) Do you anticipate any barriers or challenges to implementing the proposed Capital Adequacy Return (CAR) reporting template?

Yes

No

Comments:

5) Do you have any feedback or request for further clarification on the draft CAR reporting template and instructions? Please specify the line numbers your questions relate to.

6) Do you anticipate any barriers or challenges to implementing the proposed Financial and Statistical (FSR) reporting template?

Yes

No

Comments:

7) Do you have any feedback or request for further clarification on the draft FSR reporting template and instructions? Please specify the line numbers your questions relate to.

8) Are there any other considerations about the draft CAR/FSR reporting templates and instructions that you would like to share?

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