

September 27, 2013
File No.: 71000-10
Ref. No.: 0529

To: All CEOs and General Managers, BC Credit Unions

Re: Capital Adequacy Return – New Filing Requirements

In April 2013, the Financial Institutions Commission (FICOM) conducted a review of the Capital Adequacy Return (CAR) and Financial & Statistical Return (FSR) filings. As a result of the review observations and recommendations, FICOM will implement two key changes to improve the quality and reliability of future CAR and FSR filings.

First, credit unions will be required to seek an external audit opinion on their CAR and FSR at fiscal year-end. These independent verification procedures are necessary for FICOM to gain assurance over the underlying data used to prepare both returns.

Second, the CAR and FSR will be prepared on a consolidated basis. Under the current filing requirements, credit unions prepare their consolidated financial statements, but the CAR and FSR are not prepared on a consolidated basis. This change to consolidate reporting will align with FICOM's supervisory approach.

The scheduled changes to the CAR and FSR are anticipated to come into effect for year ending on, or after, September 30, 2015.

FICOM will provide details, including revised completion guides, in mid-2014. The completion guides and reporting details will be available for comment prior to implementation.

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- Superintendent of Financial Institutions
 - Superintendent of Pensions
 - Superintendent of Real Estate
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Credit unions are encouraged to submit their comments regarding these changes to Stanley Chang, Director, Information Management, at stanley.chang@ficombc.ca by **November 15, 2013**. Mr. Chang is also available to answer your questions by email or by telephone at 604 660.1916.

Yours truly,

A handwritten signature in black ink that reads "Frank Chong". The signature is written in a cursive, flowing style.

Frank Chong
Executive Director
Supervisory Support & Policy

pc: Board Chairs, BC Credit Unions
SC/sm