



Financial Institutions Act
CAPITAL REQUIREMENTS REGULATION
B.C. Reg. 315/90

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Consolidated Regulations of British Columbia

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Prepared by:
Office of Legislative Counsel
Ministry of Attorney General
Victoria, B.C.

Financial Institutions Act

CAPITAL REQUIREMENTS REGULATION

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Interpretation

- 1** (1) In this regulation:
- “**Act**” means the *Financial Institutions Act*;
- “**share**” does not include a non-equity share of a credit union.
- (2) For the purposes of sections 2 to 6, “**financial institution**” includes an extra-provincial trust corporation authorized to carry on deposit business whose primary jurisdiction, as defined in section 157 of the Act, is not Canada or a province designated under section 158 (5) of the Act.
- [am. B.C. Regs. 427/93, s. 1; 565/2004, s. 1.]

Determination of capital base

- 2** (1) For the purposes of the Act and this regulation, the capital base of a financial institution is the aggregate amount of its capital items of the types specified in section 3 adjusted by
- (a) applying any discounts under section 6 on capital items,
- (b) deducting, to the extent specified in section 5 (1), the total amount of its assets of the types specified in that section, and
- (c) taking into account the requirements respecting secondary capital set out in section 4.
- (2) Notwithstanding subsection (1), the capital base of an insurance association is the excess of total assets over total liabilities.
- [am. B.C. Regs. 427/93, s. 2; 488/98, s. 1.]

Special rules respecting the capital base of credit unions

- 2.1** (1) In this section:
- “**credit union**” does not include a central credit union;
- “**retained earnings**” includes that portion of a credit union’s contributed surplus which was, prior to the amalgamation of the credit union with one or more other credit unions or prior to the acquisition of assets by a credit union from another credit union under an asset transfer agreement, retained earnings of the credit union.
- (2) Subject to subsections (4) to (8), at least 35% of the capital base of a credit union as determined under section 2 (1) must consist of the credit union’s retained earnings.
- (3) Repealed. [B.C. Reg. 565/2004, s. 2 (b).]
- (4) If, on or after December 31, 2004, a credit union meets the requirement of subsection (2) but, at any time after that, its capital base as determined under section 2 (1) does not consist of at least 35% of retained earnings, then the capital

base of the credit union is an amount equal to the credit union's retained earnings divided by 35%.

- (5) Subsection (2) does not apply for a period of 10 years commencing immediately after a new credit union is issued a business authorization to carry on deposit business.
- (6) If the new credit union referred to in subsection (5) fails to meet the 35% requirement of subsection (2) at any time after the 10 year period, then the capital base of the credit union is an amount equal to the credit union's retained earnings divided by 35%.
- (7) Subsection (2) does not apply to an amalgamated credit union resulting from the amalgamation of a credit union with one or more other credit unions or the acquisition of assets by a credit union from another credit union under an asset transfer agreement, for 5 years from the date that the most recent business authorization to carry on deposit business was issued to one of the credit unions.
- (8) If an amalgamated credit union fails to meet the 35% requirement of subsection (2) within the time referred to in subsection (7), then the capital base of the credit union is an amount equal to the credit union's retained earnings divided by 35%.

[en. B.C. Reg. 337/96, s. 2; am. B.C. Regs. 565/2004, s. 2; 365/2007, s. 1.]

Components of capital base

- 3 For the purpose of the determination of the capital base of a financial institution, the following types of capital items are specified:
 - (a) fully paid share capital from shares of a class of shares that do not have any rights or special rights attached to them that give their holders
 - (i) priority over the holders of shares of one or more other classes
 - (A) on a distribution of assets on dissolution or winding up, or
 - (B) on the payment of dividends,
 - (ii) the right to redeem the shares or to call on the financial institution to purchase or otherwise acquire them from the holders, or
 - (iii) the right to convert the shares into or exchange them for shares of any class of shares other than a class of shares described in this paragraph;
 - (b) fully paid share capital from shares of a class of shares other than that described in paragraph (a) if, but only if,
 - (i) any rights or special rights as to payment of dividends to the holders of the shares so issued are non-cumulative,
 - (ii) any rights or special rights of the kind described in paragraph (a) (ii) that are attached to the shares are restricted so that the financial institution is not required under any circumstances to redeem, purchase or otherwise acquire the shares of that class at the rate of

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more than 10% of the issued and outstanding shares during any one year period, unless required to do so by or under an enactment or by a court order, and

- (iii) the shares do not have attached to them any rights or special rights that give their holders the right to convert the shares into, or exchange them for, shares of any class of shares other than a class of shares issued to raise capital described in paragraph (a) or in this paragraph;
- (c) contributed surplus;
- (d) in the case of a credit union, subordinated debt owed to the Credit Union Deposit Insurance Corporation of British Columbia or the central credit union designated as the stabilization authority under section 282 of the Act;
- (e) secondary capital of the kind and to the extent permitted under section 4;
- (f) retained earnings or deficit;
- (g) retained earnings or deficit, as they are determined by the equity method of accounting, of any other corporation that
 - (i) is one in which the financial institution has a 10% or greater share of ownership or control or both, and
 - (ii) is either
 - (A) a cooperative credit society or an association, as defined in the *Cooperative Credit Associations Act* (Canada), or
 - (B) a corporation that is not a cooperative credit society or association, as defined in the *Cooperative Credit Associations Act* (Canada), is not a central credit union and does not carry on one or more of the following kinds of business:
 - (I) banking;
 - (II) insurance business other than the business of an insurance agent or insurance adjuster;
 - (III) trust business, deposit business or both;
 - (IV) the business of a broker or underwriter of, or dealer in, securities;
- (h) Repealed. [B.C. Reg. 337/96, s. 1.]
- (i) reserves disclosed on the balance sheet of the financial institution that are not being held against
 - (i) future claims or potential claims on the financial institution, or
 - (ii) future losses or potential losses by the financial institution;
- (j) future income tax liabilities less future income tax assets.

[am. B.C. Regs. 98/92, s. 1; 427/93, s. 2; 337/96, s. 1; 181/2005, s. 1.]

Permitted secondary capital

- 4** (1) In subsection (3), “**indebtedness**” of a financial institution means indebtedness that is both
- (a) wholly unsecured against any specific property of the financial institution, and
 - (b) subordinated, in right of payment in the event of insolvency or winding up of the financial institution, to all of its indebtedness of any other type
- and includes an equity interest in the financial institution, other than an equity interest represented by shares described in section 3 (a) or (b).
- (2) Secondary capital of a financial institution may be counted in the determination of its capital base only to the extent that the secondary capital comprises an amount equal to 100% or less of the aggregate of all other capital items specified in section 3, and to that intent, the amount of secondary capital used in calculations to determine capital base shall be reduced as necessary to achieve that result.
- (3) The kind of secondary capital of a financial institution that, subject to subsection (2), may be included as a capital item under section 3 (e) is
- (a) capital raised by it under an equity share other than an equity share described in section 3 (a) or (b),
 - (b) capital raised by it under a security instrument that represents indebtedness but
 - (i) does not, under any circumstances during the term of the security instrument, require the financial institution to repay, redeem, purchase or otherwise acquire all or any part of the indebtedness
 - (A) until a fixed due date or fixed maturity date, or
 - (B) unless required to do so by or under an enactment or by a court order, and
 - (ii) is not convertible into or exchangeable for a security instrument of a type other than a type specified as a capital item under section 3, or
 - (c) in the case of a credit union, one half of the proportion of retained earnings or deficit in a central credit union or in the deposit insurance corporation, as the case may be, that is attributable to the credit union on the basis of the credit union’s relative share of the total assets of all credit unions.

[am. B.C. Regs. 98/92, s. 2; 427/93, s. 2; 337/96, s. 3; 40/2018, s. 1.]

Deductions from capital

- 5** (1) For the purposes of determining the capital base of a financial institution, the assets described in Column 1 of the Table of Assets and Deductions are to be deducted to the extent indicated opposite the asset in Column 2.
- (2) For the purposes of Item 5 of the Table of Assets and Deductions, an adequate capital base of a corporation that carries on deposit business, trust business or

both deposit business and trust business, or the business of banking, must be determined in accordance with the Act and this regulation as if that corporation is

- (a) a British Columbia credit union, if the corporation is a deposit business or both a trust business and a deposit business, or
- (b) a British Columbia trust company, if the corporation is a trust business.

(3) In the following Table of Assets and Deductions:

“back to back placement” means a transaction whereby the financial institution places new issues of shares or indebtedness that qualify for inclusion under section 3 of the regulation with other financial institutions or banks in exchange for issues of securities of those other institutions that also qualify for inclusion under section 3;

“investment”, for the purpose of Items 5 to 7 of this Schedule, includes an investment by a financial institution in the following:

- (a) equity that has been included in the financial institution’s financial statements;
- (b) indebtedness that qualifies for inclusion under section 3 of the regulation as a capital item;

“substantial investment” means an investment of a financial institution in equity in another corporation if the investment, including the other corporation’s retained earnings or deficit assigned to the financial institution under the equity method of accounting, is an amount that is 10% or more of the equity of the other corporation.

Table of Assets and Deductions

Item	Column 1 Type of Asset	Column 2 Deduction
1	Goodwill and other intangible assets that on January 1, 1997 were included in the carrying value of an investment in another entity, if that investment is valued under the equity method of accounting.	To be deducted on a straight line basis over the lesser of the following: (a) the current amortization period applied to the goodwill and other tangible assets; (b) 10 years.
2	Goodwill and other intangible assets that are acquired after January 1, 1997 and included in the carrying value of an investment in another entity, if that investment is valued under the equity method of accounting.	To be deducted on a straight line basis over a maximum of 5 years.
3	Goodwill and other intangible assets that are not included in the carrying value of an investment in another entity.	To be deducted immediately, to the full extent.

Item	Column 1 Type of Asset	Column 2 Deduction
4	An asset acquired as a result of a back-to-back placement.	To be deducted to the full extent.
5	An investment in a corporation, in which the financial institution has a substantial investment, that (a) is not a cooperative credit society or an association, each as defined in the <i>Cooperative Credit Associations Act</i> (Canada), or a central credit union, and (b) carries on trust business, deposit business or both or the business of banking.	To be deducted to the extent of an amount that is at least equal to the amount that constitutes an adequate capital base for the corporation.
6	An investment in a corporation, in which the financial institution has a substantial investment, that (a) carries on insurance business, other than as an insurance agency, or the business of a (i) broker, (ii) underwriter, or (iii) dealer in securities, or (b) is a venture capital corporation.	To be deducted to the full extent.
7	An investment in a corporation, in which the financial institution has a substantial investment, that (a) carries on a mutual fund investment or a type of business or activity listed in section 2 of the Prescribed Types of Business Regulation, or (b) is a corporation in respect of which the superintendent has given written consent under section 141 (2) (c) of the Act and that carries on a business reasonably ancillary to the business of the financial institution.	To be deducted only to the extent that the aggregate of the financial institution's investment in all such corporations exceeds 2% of the financial institution's total assets.

[en. B.C. Reg. 365/2007, s. 2; am. B.C. Regs. 219/2019; 208/2021, App. 5, s. 1.]

Requirement to discount certain capital items in determining capital base

- 6** For the purpose of the determination of the capital base of a financial institution,
- (a) any of the financial institution's capital items of a type specified in section 3 (a), (b), (d) or (e) that the financial institution is required under any circum-

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stances to repay, redeem, purchase or otherwise acquire at any time before dissolution or winding up of the financial institution, and

- (b) the amount of any accrued but unpaid dividend or interest associated with a capital item of a type specified in section 3 (a), (b), (d) or (e)

shall be included in the financial institution's capital base at a value that has been discounted on the following basis:

Years to date of repayment, redemption, purchase or other acquisition	Discount	Proportion to be included in capital base
5 years or more, or no specified date of redemption, purchase or other acquisition	Nil	100%
4 or more but less than 5	20%	80%
3 or more but less than 4	40%	60%
2 or more but less than 3	60%	40%
1 or more but less than 2	80%	20%
less than 1	100%	0%

[am. B.C. Reg. 427/93, ss. 2 and 3.]

Capital base adequacy – extraprovincial corporations – designated jurisdictions

- 7 The amount that under section 67 (1) of the Act constitutes a minimum adequate capital base of an extraprovincial corporation whose primary jurisdiction, as defined in section 157 of the Act, is Canada or a province designated under section 158 (5) of the Act, is the amount that constitutes an adequate capital base of that corporation under the laws of its primary jurisdiction.

[en. B.C. Reg. 565/2004, s. 3.]

Capital base adequacy – deposit taking extraprovincial trust corporations from non-designated jurisdictions

- 7.1 (1) For the purposes of this section, the calculated value of the risk-weighted assets of an extraprovincial trust corporation authorized to carry on deposit business whose primary jurisdiction, as defined in section 157 of the Act, is not Canada or a province designated under section 158 (5) of the Act, must be determined by reference to sections 14 to 17, 19 and 20.
- (2) The amount that under section 67 (1) of the Act constitutes a minimum adequate capital base of an extraprovincial trust corporation referred to in subsection (1), is the amount determined by multiplying the calculated value from time to time of the corporation's risk-weighted assets by 8%.

[en. B.C. Reg. 565/2004, s. 3.]

Capital base adequacy – extraprovincial insurance corporations from non-designated jurisdictions

- 7.2 The amount that under section 67 (1) of the Act constitutes a minimum adequate capital base of an extraprovincial insurance corporation whose primary jurisdiction,

as defined in section 157 of the Act, is not Canada or a province designated under section 158 (5) of the Act, is the amount that constitutes an adequate capital base of that corporation under the laws of its primary jurisdiction.

[en. B.C. Reg. 565/2004, s. 3.]

Capital base adequacy – general insurance companies

- 8** The amount that under section 67 (1) of the Act constitutes a minimum adequate capital base of an insurance company that is authorized to carry on one or more classes of general insurance business but is not authorized to carry on life insurance business, is 100% of the minimum adequate capital base amount determined in accordance with the Minimum Capital Test (MCT) guidelines as established and published, and amended from time to time, by the Superintendent of Financial Institutions Canada for federally regulated property and casualty insurance companies.

[en. B.C. Reg. 565/2004, s. 4.]

Capital base adequacy – life insurance companies

- 8.1** The amount that under section 67 (1) of the Act constitutes a minimum adequate capital base of an insurance company that is authorized to carry on life insurance business is the amount required to maintain the minimum Total and Core Ratios determined in accordance with the Life Insurance Capital Adequacy Test (LICAT) guideline as established and published, and amended from time to time, by the Superintendent of Financial Institutions Canada.

[en. B.C. Reg. 40/2018, s. 2.]

Capital base adequacy – credit unions and extraprovincial credit unions from non-designated jurisdictions

- 9** (1) For the purposes of this section, the calculated value of the risk-weighted assets of a credit union or extraprovincial credit union whose primary jurisdiction, as defined in section 157 of the Act, is not Canada or a province designated under section 158 (5) of the Act, must be determined by reference to sections 14 to 17, 19 and 20.
- (2) The amount that under section 67 (1) of the Act constitutes an adequate capital base of a credit union or extraprovincial credit union referred to in subsection (1) is the amount determined by multiplying the calculated value from time to time of the credit union's or extraprovincial credit union's risk-weighted assets by 6%.

[en. B.C. Reg. 565/2004, s. 5.]

Restrictions on credit unions maintaining only the minimum level of adequate capital

- 10** (1) In this section, “**credit union**” includes an extraprovincial credit union from a non-designated jurisdiction.
- (2) If the amount of a credit union's capital base does not, at all times after its financial year end, comprise at least 8% of the calculated value of the credit

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union's risk-weighted assets, then, unless it first receives the written approval of the superintendent, the credit union must not

- (a) locate one or more additional offices,
- (b) directly or indirectly acquire or acquire control of more than 10% of the voting shares in any corporation,
- (c) make or invest in commercial loans or, in respect of commercial activity, give guarantees or indemnities if, as a result, the aggregate amount outstanding under all such loans, investments, guarantees and indemnities would exceed 7.5% of the total amount of the credit union's assets, or
- (d) acquire land for investment purposes, except in settlement or partial settlement of loans, if, as the result of the acquisition, the aggregate book value of land held by the credit union would exceed 2% of the credit union's assets.

(3) The superintendent must not give approval under subsection (2) unless the superintendent is satisfied that

- (a) the approval will assist the credit union to improve its capital base, and
- (b) the approval is not likely to increase the risk of claims against the fund.

[en. B.C. Reg. 365/2007, s. 3; am. B.C. Regs. 219/2019; 208/2021, App. 5, s. 1.]

Capital base adequacy – trust companies and non-deposit taking extraprovincial trust corporations from non-designated jurisdictions

11 For the purposes of section 67 (1) of the Act, the amount that constitutes a minimum adequate capital base of a trust company or extraprovincial trust corporation authorized to carry on trust business only, whose primary jurisdiction, as defined in section 157 of the Act, is not Canada or a province designated under section 158 (5) of the Act, is the amount determined by multiplying the total value of all assets the trust company or extraprovincial trust corporation holds in trust by 0.5%.

[en. B.C. Reg. 565/2004, s. 6.]

Meaning of “extraprovincial trust corporation” in sections 15 to 20

12 In sections 15 to 20, “**extraprovincial trust corporation**” means an extraprovincial trust corporation authorized to carry on deposit business whose primary jurisdiction, as defined in section 157 of the Act, is not Canada or a province designated under section 158 (5) of the Act.

[en. B.C. Reg. 565/2004, s. 7.]

13 Repealed. [B.C. Reg. 565/2004, s. 8.]

Assets to be risk-weighted in determining capital adequacy

14 (1) In this section and in section 15:

“**commercial lease**” means

- (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;

“commercial loan” means

- (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,
 - (f) a loan that under section 5 (1) (b) must be deducted from the capital base of the lender if the lender is a credit union, or
 - (g) loans itemized in items 10 to 14 in Column 1 in the Table of On Balance Sheet Items;

“deposit taking institution” means

- (a) Repealed. [B.C. Reg. 565/2004, s. 9 (b).]
- (b) a credit union,
- (c) a bank,
- (d) a corporation that is a subsidiary of a bank and is a loan company to which the *Trust and Loan Companies Act* (Canada) applies,
- (e) an extraprovincial trust corporation that is authorized to carry on deposit business,
- (f) either of the following as defined in the *Cooperative Credit Associations Act* (Canada): a cooperative credit society; an association,
- (g) a corporation incorporated under the laws of another province as a credit union or as a caisse populaire, or
- (h) a deposit taking institution in a foreign jurisdiction approved by the superintendent;

“farm mortgage” means a loan secured by a mortgage on farm land, owned by an individual who is a farmer whose residence is on the land;

“OECD country” means a country that is a signatory to the Convention on the Organization for Economic Cooperation and Development signed in Paris on December 14, 1960, as amended from time to time;

“residential mortgage” means 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,

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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.
- (2) In a determination under section 9 of the amount that constitutes an adequate capital base of a credit union or of an extraprovincial trust corporation, its assets shall be risk-weighted in accordance with this section and sections 15 to 20.
- (3) Subject to sections 15 to 20, for the purposes of section 9, the calculated value of the risk-weighted assets of an extraprovincial trust corporation or of a credit union shall be the sum of
- (a) the total of the amounts determined in respect of on balance sheet items by the multiplication of the value of each category of assets itemized in Column 1 of the following Table of On Balance Sheet Items by the corresponding weighting factor itemized in Column 2 of that table, plus
 - (b) the total amount of risk-weighted exposure in respect of off balance sheet items determined by reference to section 4, "Off Balance Sheet" instruments of the Capital Adequacy Requirement guidelines as established and published, and amended from time to time, by the Superintendent of Financial Institutions Canada for use by Canadian banks and federally regulated trust and loan companies to meet capital adequacy standards.

Table of On Balance Sheet Items

Item	Column 1 Asset Category	Column 2 Weighting Factor
1	Cash.	0.0
2	Security instruments issued or guaranteed by the Government of Canada, by a province, by a municipality, or by a central government of an OECD country.	0.0
3	Loans to the Government of Canada, to a province, to a municipality or to a central government of an OECD country, and accrued interest under the loans.	0.0

Item	Column 1 Asset Category	Column 2 Weighting Factor
4	Deposits in a deposit taking institution or in a central bank of an OECD country other than a cooperative credit society or association as defined in the <i>Cooperative Credit Associations Act</i> (Canada) or a central credit union described in item 7, plus accrued interest under the deposits.	0.2
5	Non-equity shares plus accrued dividends in credit unions.	0.2
6	Deposits with a cooperative credit society or an association, as defined in the <i>Cooperative Credit Associations Act</i> (Canada) whose capital base if determined under this regulation would exceed 10% of what the calculated value of its risk-weighted assets would be if determined under this regulation.	0.0
7	Deposits with a central credit union that has a capital base in excess of 10% of the calculated value of its risk-weighted assets, as determined by reference to this section and sections 15 to 20.	0.0
8	Debt security instruments, other than subordinated debt security instruments, issued or guaranteed by a bank, a financial institution, or an extraprovincial corporation.	0.2
9	Commercial paper that has one of the following Dominion Bond Rating Service ratings or equivalent:	
	(a) AAA to AA (low) or R1 (high)	0.2
	(b) A (high) to A (low) or R1 (middle)	0.5
	(c) BBB (high) to BB (low) or R1 (low) to R2 (low)	1.0
	(d) below BB (low) or below R2 (low)	1.5
	(e) unrated	1.0
10	Loans fully secured by deposits with a deposit taking institution or by a central bank of an OECD country, and accrued interest under the loans.	0.2
11	Loans fully secured by deposits with the extraprovincial trust corporation or credit union, and accrued interest under the loans.	0.0
12	Loans fully secured by security instruments issued by the government of Canada, by a province, by a municipality or by the central government of an OECD country and accrued interest under the loans.	0.0
13	Loans guaranteed by the government of Canada, by a province, by a municipality or by the central government of an OECD country and accrued interest under the loans, to the extent that the loans and interest are guaranteed.	0.0
14	Loans fully secured by mortgages on land that are approved or insured under the <i>National Housing Act</i> (Canada), or an insurer authorized to conduct mortgage insurance business under the Act, to the extent that such loans are guaranteed by the government of Canada, and accrued interest under the loans.	0.0

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Item	Column 1 Asset Category	Column 2 Weighting Factor
15	Uninsured residential or farm mortgages other than those itemized in items 14 and 16, and accrued interest under the loans.	0.35
15.1	Loans secured by residential property where the outstanding amount of the loan, together with any prior or equal ranking encumbrances plus any accrued interest under the loan is less than or equal to 75% of the fair market value of the property at the date of the loan.	0.35
16	Uninsured residential or farm mortgages if the outstanding amount of the loan, together with any prior or equal ranking encumbrances plus any accrued interest under the loans is in excess of 75% of the fair market value of the property at the date of the mortgage.	0.75
17	Loans or leases to individuals other than <ul style="list-style-type: none"> (a) commercial loans or commercial leases, (b) residential mortgages, or (c) farm mortgages, and accrued interest on the loans and leases.	0.75
18	Commercial loans, other than those itemized in item 15.1, and commercial leases and accrued interest on the loans and leases.	1.0
18.1	The unsecured portion of any loan (other than mortgages described in items 14 and 15) that is past due for more than 90 days, net of specific provisions, will be risk-weighted at <ul style="list-style-type: none"> (a) when specific provisions are less than 20% of the outstanding loan (b) when specific provisions are no less than 20% of the outstanding amount of the loan. 	1.5 1.0
18.2	A mortgage described in item 15 that is past due for more than 90 days, net of specific provisions, will be risk-weighted at <ul style="list-style-type: none"> (a) when specific provisions are less than 20% of the outstanding mortgage (b) when specific provisions are no less than 20% of the outstanding mortgage. 	1.0 0.5
19	Equity shares in a cooperative credit society or association as defined in the <i>Cooperative Credit Associations Act</i> (Canada), or a central credit union and debentures issued by Credit Union Deposit Insurance Corporation of British Columbia.	1.0
20	Fixed business assets, including premises, land, buildings, leasehold improvements, equipment or comparable assets at book value.	1.0

Item	Column 1 Asset Category	Column 2 Weighting Factor
21	Equity investment in another corporation, plus share of the retained earnings of the corporation calculated by the equity method of accounting, where the financial institution has a share of ownership or control of greater than 10% and to the extent the investment has not been deducted from the capital base.	1.0
22	Equity investment in another corporation which has been deducted from the capital base of the financial institution to the extent deducted.	0.0
23	Equity investment in another corporation where the financial institution has a share of ownership and control of less than 10%.	1.0
24	At book value, land (a) used for investment or revenue purposes, or (b) acquired in settlement or partial settlement of loans and held for more than 7 years.	1.5
25	Land acquired in settlement or partial settlement of loans and held for less than 7 years, at book value.	1.0
26	Deferred charges.	1.0
27	Prepaid expenses.	1.0
28	All other assets recorded on the books of the financial institution.	1.0
29	Loans by a central credit union to a member credit union that are fully secured by assets of the member credit union pledged to the central credit union, and accrued interest on those loans.	0.2

[am. B.C. Regs. 98/92, s. 6; 337/96, s. 5; 488/98, s. 3; 394/2003, s. (a); 495/2003; 565/2004, s. 9; 181/2005, ss. 2 and 3; 365/2007, s. 4.]

Concentration risk adjustment – commercial loans and leases

- 15**
- (1) If the capital base of an extraprovincial trust corporation is less than \$15 million and the value of its commercial loans and commercial leases is more than 5% of the aggregate value of its unweighted assets, then an additional weighting factor of 1.0 shall be applied to the proportion of that value exceeding 5%.
 - (2) If the capital base of an extraprovincial trust corporation is \$15 million or more and the unweighted aggregate value of its commercial loans and commercial leases exceeds 20% of the aggregate value of its unweighted assets, then an additional weighting factor of 1.0 shall be applied to the proportion of value exceeding 20%.
 - (3) If the unweighted aggregate value of a credit union's commercial loans and commercial leases exceeds 30% of the aggregate value of its unweighted assets,
 - (a) an additional weighting factor of 0.5 shall be applied to the proportion of value exceeding 30% but not exceeding 35%, and

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- (b) an additional weighting factor of 1.0 shall be applied to the proportion of value exceeding 35%.

[am. B.C. Regs. 394/2003, s. (b); 565/2004, s. 10; 173/2017.]

Concentration risk adjustment – total investment in land

- 16** Where the unweighted value of all investments in land itemized in item 24 of section 14 exceeds 5% of the aggregate value of the extraprovincial trust corporation's or credit union's unweighted assets, an additional weighting factor of 1.0 shall be applied to the proportion of value exceeding 5%.

[am. B.C. Regs. 565/2004, s. 11; 181/2005, s. 4.]

Concentration risk adjustment – single land parcels

- 17** Where the unweighted value of investment in a single parcel of land held by an extraprovincial trust corporation or credit union exceeds 1% of the aggregate value of its unweighted assets, an additional weighting factor of 1.0 shall be applied to the proportion of value exceeding 1%.

[am. B.C. Reg. 565/2004, s. 12.]

- 18** Repealed. [B.C. Reg. 427/93, s. 5.]

Concentration risk adjustment – 3rd and subsequent mortgages

- 19** Where the unweighted value of all investments in third or subsequent mortgages held by an extraprovincial trust corporation or a credit union exceeds 2% of the aggregate value of its unweighted assets, an additional weighting factor of 1.0 shall be applied to the proportion of value exceeding 2%.

[am. B.C. Reg. 565/2004, s. 12.]

Reporting of risk-weighted capital

- 20** Within 90 days after the end of its financial year in each year, an extraprovincial trust corporation or credit union shall file with the superintendent a report made up to the financial year end, showing, to the superintendent's satisfaction,

- (a) the ratio of the extraprovincial trust corporation's or credit union's capital base, as determined under sections 3 to 6, to the calculated value of the extraprovincial trust corporation or credit union risk-weighted assets, as ascertained by reference to sections 9 and 14 to 20,
- (b) the values given, in calculating that ratio, to the extraprovincial trust corporation's or credit union's capital items of each type specified in section 3,
- (c) the values and discounted values given, in calculating that ratio, to the extraprovincial trust corporation's or credit union's assets of each type specified in section 6, and
- (d) the value and the risk weighting given, in calculating that ratio, in accordance with sections 14 to 20 to each category of assets, including both on and off balance sheet items.

[am. B.C. Reg. 565/2004, ss. 11 to 13.]

Reporting of adequate capital

- 21** Within 90 days after the end of its financial year in each year,
- (a) an insurance company authorized to carry on one or more classes of general insurance business,
 - (b) an insurance company authorized to carry on life insurance business,
 - (c) an insurance company authorized to carry on both or one or more classes of general insurance and life insurance,
 - (d) a trust company, and
 - (e) an extraprovincial corporation authorized to carry on business in British Columbia

shall file with the superintendent a report made up to the financial year end showing, to the superintendent's satisfaction, the particulars of the calculation of the amount that constitutes an adequate capital base for that insurance company, trust company or extraprovincial corporation.

[am. B.C. Reg. 565/2004, s. 14.]

Time for filing

- 22** A financial institution or extraprovincial corporation shall file the reports required under sections 20 and 21 concurrently with the report required under section 127 or 163 of the Act.