

4711 Yonge Street
Suite 700
Toronto ON M2N 6K8
Telephone: 416-325-9444
Toll Free 1-800-268-6653
Fax: 416-325-9722

4711, rue Yonge
Bureau 700
Toronto (Ontario) M2N 6K8
Téléphone : 416 325-9444
Sans frais 1 800 268-6653
Télécopieur : 416 325-9722



SECTOR RELEASE

August 10, 2009

Number 58

To All Boards of Directors, Managers and CEOs

CHANGES TO REPORTING REQUIREMENTS

The Deposit Insurance Corporation of Ontario (DICO) announces two important changes to the reporting requirements of credit unions and caisses populaires that will take effect on October 1, 2009. The changes are:

1. Reporting requirements have been revised to reflect the amendments to the Act and regulations; and a new version of the eMir reporting software has been created for filings.
2. Effective with the October 2009 submissions, due on the 21st of November, 2009, all institutions will be required to file monthly.

Reason for the Change

The Government of Ontario has proclaimed amendments to the Credit Unions and Caisses Populaires Act, 1994 and corresponding regulations which will take effect on October 1, 2009. The amendments to the Act and regulations include changes in the calculation of regulatory capital and liquidity requirements. Modifications have been made to the existing Member Institution Return (MIR) and the Annual Member Institution Return (AMIR) to accommodate these changes. A new version of the eMir reporting software will be available for download from DICO's website on November 1, 2009. Please refer to Appendix A for a complete list of changes and supporting documentation. Copies of the revised Act and Regulations may be downloaded from the Government of Ontario's e-laws website (www.e-laws.gov.on.ca). DICO and the Financial Services Commission of Ontario (FSCO) will be providing additional information on the changes to the Act and regulations prior to October.

Monthly Reporting

In our December 2008 DICO INFO Bulletin we advised that DICO anticipated moving to monthly reporting for all institutions in the second quarter of 2009. The concept of monthly reporting is consistent with the practice of other credit union/caisse populaire jurisdictions across Canada. Given the current financial and economic climate and in particular, the volatility of the markets, we believe that

monthly reporting will better enable us to respond more effectively to rapidly changing conditions to protect depositors and enhance stability in the sector. In making this decision, DICO consulted with its Stakeholder Advisory Committee which includes representatives from Central 1, the Association of Credit Unions of Ontario, L'Alliance des caisses populaires and La Federation des caisses populaires, FSCO and the Ministry of Finance. All credit unions and caisses populaires in Ontario will be required to commence monthly filings effective with the October 31, 2009 month-end. This coincides with the proclaimed amendments to the Act, which take effect on October 1, 2009.

Monthly filings are to be submitted using the new version of the eMir software noted above. In order to reflect the new reporting regime, the names of DICO's reporting forms will be changed to **Monthly Information Return** (MIR) and **Annual Information Return** (AIR).

The due date for filing to DICO will be 21 days following each month-end (MIR) and 75 days following each institution's financial year-end (AIR). Please note that with this change, a MIR will also be required for the last month of your financial year.

Please contact your Regional Manager if you have any questions concerning these new reporting requirements.

Form section	Field Number	Current field description	New field description	Type of change
Balance Sheet - Assets	A02	Deposits with leagues	Deposits with leagues, Central 1 Credit Union, CUCC, FCDQ, or CCD	field description
Balance Sheet - Assets	A06	Deposits with, or debt obligations of, CUCC, CCD, or a liquidity pool	Debt obligations of leagues, C1CU, CUCC, FCDQ, CCD, or DICO	field description
Balance Sheet - Assets	A07	Government guaranteed securities	T-Bills or other debt obligations issued by the Government of Canada or a province	field description
Balance Sheet - Assets	A11	Market value of deposits and securities with a maturity > 100 less than 3 Yrs	not applicable	deletion
Balance Sheet - Assets	A12	(Excess)/Deficiency of market value over book (A11)	not applicable	deletion
Balance Sheet - Assets	A13	Subtotal - book value	not applicable	deletion
Balance Sheet - Assets	A14	Market value of bonds etc. not qualifying for liquidity	Market value of all other deposits, bonds, debentures, and other debt obligations	field description
Balance Sheet - Assets	A20	Investments in unconsolidated subsidiaries and corporations	Investments in unconsolidated subsidiaries that are financial institutions.	field description
Balance Sheet - Assets	A20.1	Investments in unconsolidated subsidiaries and corporations (not deducted from regulatory capital with FSCO approval)	not applicable	deletion
Balance Sheet - Assets	A30	Appraisal increases prior to December 1990	not applicable	deletion
Balance Sheet - Assets	A36	Deferred taxes	Income taxes recoverable / deferred tax debits	field description
Balance Sheet - Liabilities & Equity	E28	Patronage shares and other capital	Non-redeemable portion of patronage shares and other capital	field description
Balance Sheet - Liabilities & Equity	E29	Investments by a stabilization authority or DICO (tier 1)	Investments by DICO	field description
Balance Sheet - Liabilities & Equity	E31	Capital guarantees	not applicable	deletion
Balance Sheet - Liabilities & Equity	E33	Non-redeemable portion of tier 2 investment capital	not applicable	deletion
Balance Sheet - Liabilities & Equity	E36	Patronage shares and other capital	Redeemable portion of patronage shares and other capital	field description
Balance Sheet - Liabilities & Equity	E37.1	Accumulated Other Comprehensive Income - Investments	Accumulated Other Comprehensive Income - Equity investments	field description
Balance Sheet - Liabilities & Equity	E39	Capital guarantees	Other Tier 2 capital amounts specified in the Capital Adequacy Guideline.	field description
Balance Sheet - Liabilities & Equity	E40	Redeemable portion of tier 2 investment capital	not applicable	deletion
Balance Sheet - Liabilities & Equity	E41	Amortized portion of tier 2 capital	not applicable	deletion
Balance Sheet - Liabilities & Equity	E42	Sinking and purchase funds	not applicable	deletion
Regulatory Compliance	E45.1	In dollars, what do you calculate your Regulatory Capital to be?	not applicable	Formula change
Regulatory Compliance	E46	Are you a member of a liquidity pool?	not applicable	deletion
Regulatory Compliance	E47	Do you have a line of credit with a liquidity pool, financial institution, Credit Union Central of Canada or Caisse centrale Desjardins for 2% or more of total deposits, shares and earnings that is revocable only after 30 days notice to the credit union.	Do you have a line of credit with a financial institution, Credit Union Central of Canada, Central 1 Credit Union, La Fédération des caisses Desjardins du Québec or La caisse centrale Desjardins du Québec for 2% or more of total deposits that is revocable only after 30 days notice to the credit union?	field description
Regulatory Compliance	E48	Compliance with Liquidity	Did the credit union fall out of compliance with the liquidity rules as defined in Ontario Regulation 76/95 or the credit union's own policy at any time during the reporting period?	field description
Regulatory Compliance	E48.1	new field	What is the credit union's policy minimum for "assets held for liquidity" expressed as a percentage of deposits and borrowings?	New field
Regulatory Compliance	E48.2	new field	What was the dollar amount of the credit union's liquid assets at the end of the reporting period? (autofilled from A10 if Class 1. Manual input if Class 2.)	New field
Regulatory Compliance	E48.3	new field	Deposits and borrowings (autofilled from balance sheet).	New field (auto-filled)
Regulatory Compliance	E48.4	new field	Liquidity (%), expressed as a percentage of deposits and borrowings	New field (auto-filled)
Regulatory Compliance	E49	Regulatory capital ratio (%). Please provide an explanation in field E51.1 if the value in this field differs from the credit union's internal calculations.	not applicable	Formula change
Regulatory Compliance	E50	Capital to risk weighted assets ratio % (BIS II) - Class 2 CUs must forward calculation schedule with Return	Capital to risk weighted assets ratio % (BIS II) - (Class 2 CUs must keep a record of calculation schedule)	Other - Data entry previously required, now auto-filled.
Regulatory Compliance	E51	Net Liquidity ratio (%) -- oReg 21. Please provide an explanation in field E51.1 if the value in this field differs from the credit union's internal calculations.	not applicable	deletion
Regulatory Compliance	E51.1	Please provide an explanation if any of the pre-filled values in fields E49, E50, E51 or E51.2 differ from the credit union's internal calculations.	Please provide an explanation if any of the pre-filled values in fields E48.4, E49, or E50 differ from the credit union's internal calculations.	field description
Regulatory Compliance	E51.2	Gross Liquidity ratio (%) -- oReg 17. Please provide an explanation in field E51.1 if the value in this field differs from the credit union's internal calculations.	not applicable	deletion
Income Statement - non-interest expenses	C33.1	new field	Number of service locations	New field
Income Statement - Comprehensive Income	C52.1	Unrealized Gains and (Losses) - Investments (Net of Tax)	Unrealized Gains and (Losses) - Equity Investments (Net of Tax)	field description
Dividends and Economic Impact	H01	Dividend declared year-to-date on membership shares	not applicable	deletion
Dividends and Economic Impact	H02	Dividend declared year-to-date on non-membership shares	not applicable	deletion
Dividends and Economic Impact	H03	Patronage dividend declared year-to-date	not applicable	deletion
Dividends and Economic Impact	H04	Interest declared year-to-date on loan rebates	not applicable	deletion
Dividends and Economic Impact	H05	Dividend declared year-to-date on membership shares	not applicable	deletion
Dividends and Economic Impact	H06	Dividend declared year-to-date on non-membership shares	not applicable	deletion
Dividends and Economic Impact	H07	Patronage dividend declared year-to-date	not applicable	deletion
Dividends and Economic Impact	H08	Interest declared year-to-date on loan rebates	not applicable	deletion

Summary of field changes

Change in field description	15
Change in formula	2
Fields added	5
Fields deleted	21
Other	1

A02 - Deposits with Leagues, Central 1 Credit Union, CUCC, FCDQ, or CCD

Total deposits held with leagues, Central 1 Credit Union, CUCC, FCDQ, or CCD cashable within 100 days. Credit amounts should be reported in field E14 or E15 (borrowings repayable within 100 days) as applicable.

Rule: This field can accept zero or positive values rounded to the nearest Canadian dollar only. Negative balances may be reported in field E14.

A06 - Debt obligations of leagues, C1CU, CUCC, FCDQ, CCD, or DICO

Investments consisting of the debt obligations of leagues, C1CU, CUCC, FCDQ, or DICO that mature in 100 days or less.

Rule: This field can accept zero or positive values rounded to the nearest Canadian dollar only. This field can be blank if there is nothing to report.

A07 - T-Bills or other debt obligations issued by the Government of Canada or a province

Treasury bills, bonds, debentures and other obligations guaranteed by the Governments of Canada, Canadian provinces or Territories or any agency thereof that mature in 100 days or less.

Rule: This field can accept zero or positive values rounded to the nearest Canadian dollar only. This field can be blank if there is nothing to report.

A14 - Market value of all other deposits, bonds, debentures, and other debt obligations

Deposits, bonds, debentures and other debt obligations not captured in field A10. This would include, for example, term deposits and Government of Canada debt obligations maturing in greater than 100 days.

Rule: This field can accept zero or positive values rounded to the nearest Canadian dollar only. This field can be blank if there is nothing to report. The value in this field should be greater than or equal to the value in field A17.

A36 - Income taxes recoverable / deferred tax debits

Deferred tax debits that will not be realized in the following fiscal year and/or income taxes recoverable that cannot be realized through a loss carry-back to earlier years.

Rule: This field can accept zero or positive values rounded to the nearest Canadian dollar only. This field can be blank if there is nothing to report.

E28 - Non-redeemable portion of patronage shares and other capital

Patronage shares are shares paid to members for doing business with the credit union. Generally, the amount of patronage shares paid is in direct proportion to the amount of business conducted by the member. The amount reported in this field represents the portion of patronage shares that are not redeemable within the following 12 month period.

Rule: This field can accept zero or positive values rounded to the nearest Canadian dollar only. This field can also be blank, if you have nothing to report.

E29 - Investments by DICO

The amount of qualifying investment shares purchased by DICO.

Rule: This field can accept zero or positive values rounded to the nearest Canadian dollar only. This field can be blank, if you have nothing to report.

E36 - Redeemable portion of patronage shares and other capital

Patronage shares are shares paid to members for doing business with the credit union. Generally, the amount of patronage shares paid is in direct proportion to the amount of business conducted by the member. The amount reported in this field represents the portion of patronage shares that are redeemable within the following 12 month period.

Rule: This field can accept zero or positive values rounded to the nearest Canadian dollar only. This field can be blank, if you have nothing to report.

E37.1 - Accumulated other comprehensive income - Equity Investments

The accumulated net unrealized gains (losses) on available-for-sale equity investments.

Rule: This field can accept zero, negative or positive values rounded to the nearest Canadian dollar only. This field can be blank, if you have nothing to report.

E39 - Other Tier 2 capital amounts specified in the Capital Adequacy Guideline

This represents the amount of qualifying Tier 2 capital instruments defined in the Capital Adequacy Guideline for Ontario's Credit Unions and Caisses Populaires.

Rule: This field can accept zero or positive values rounded to the nearest Canadian dollar only. This field can be blank, if you have nothing to report.

E45.1 - In dollars, what do you calculate your Regulatory Capital to be?

The value in this field is pre-filled based on the following formula:

IF Tier 1 capital <=0 Then E45.1 = Tier 1 capital

IF Tier 1 capital >=0 Then E45.1 = Tier 1 + Min(Tier 1, Tier 2)

Tier 1 capital = E30 + IF(E37.1 <0, E37.1,0) - A20 - A35.

Tier 2 capital = E32 + E34 + E36 + IF(E37.1 >0, E37.1,0) + E39 + IF (Class 1,Min(L93, 0.75%*A43), Min(L93, 1.25%*E45))

E47 - Do you have a line of credit with a financial institution, Credit Union Central of Canada, Central 1 Credit Union, La Fédération des caisses Desjardins du Québec for 2% or more of total deposits that is revocable only after 30 days notice to the credit union?

Check the appropriate box.

Rule: This is a mandatory field and must be answered with either a "YES" or "NO".

E48 - Did the credit union fall out of compliance with the liquidity rules as defined in Ontario Regulation 76/95 or the credit union's own policy at any time during the reporting period?

Check the appropriate box.

Rule: This is a mandatory field and must be answered with either a "YES" or "NO"

E48.1 - What is the credit union's policy minimum for "assets held for liquidity" expressed as a percentage of deposits and borrowings?

Class 2 credit unions are required to establish a prudent minimum level of liquidity in policy, expressed as a percentage of deposits and borrowings. For Class 1 credit unions, the minimum "regulatory" requirement is 7% of deposits and borrowings.

Rule: This is a mandatory field and must contain a positive value. This field cannot be left blank.

E48.2 - What was the dollar amount of the credit union's liquid assets at the end of the reporting period?

This value represents the credit union's liquid assets as defined in O. Reg 76/95 S. 19 or S. 20.

Rule: This field accepts values greater than or equal to zero only. This field cannot be left blank. The value in this field cannot exceed the credit union's total cash and investments (field A26).

E48.3 - Deposits and borrowings

The value in this field is auto-filled based on the following formula: $E11 + E17$

E48.4 - Liquidity (%), expressed as a percentage of deposits and borrowings.

The value in this field represents the credit union's liquid assets divided by the sum of deposits and borrowings. The value in this field is auto filled based on the following formula: $(E48.2 \div E48.4) \times 100$

E49 - Regulatory capital ratio (%).

The value in this field is pre-filled based on the following formula:

$E45.1 \div (A43-A20-A35) \times 100$. If the pre-filled value in this field differs from the credit union's internal calculations, an explanation should be provided in field E51.1

E50 - Capital to risk weighted assets ratio (BIS II %) (Class 2 CUs must keep a record of calculation schedule)

Rule: This field is a mandatory field for Class 2 institutions. The value in this field cannot be less than the regulatory capital ratio (field E49) unless the credit union is in deficit. This field must be blank for Class 1 institutions. The value in this field is auto filled based on the following formula: $E45.1 \div E45$

E51.1 - Please provide an explanation if any of the pre-filled values in fields E48.4, E49 or E50 differ from the credit union's internal calculations.

This is a text field and may be null if the values in fields E48.4, E49 or E50 agree with the credit union's internal calculations.

C33.1 - Number of service locations

The total number of physical locations where members can obtain products and/or services. Head/Corporate offices should be included in the total if products and/or services are provided to members at these locations. Do not include ATMs in the total for this field.

Rule: The value in this field accepts values greater than zero only. This is a mandatory field and cannot be left blank.

C52.1 Unrealized Gains and (Losses) - Equity Investments (Net of Tax)

The year to date net unrealized gains (losses) on available-for-sale equity investments, net of taxes.

Rule: This field can accept zero, positive, or negative values rounded to the nearest Canadian dollar only. This field can also be blank, if you have nothing to report.