SEPTEMBER 2021

Reporting Instructions: Financial and Capital Return

B.C. Trust Companies

BCFSA

Contents

1 Introduction

These reporting instructions provide guidance to B.C. trust companies for reporting the Financial and Capital Return ("FCR") to the Superintendent of Financial Institutions at BC Financial Services Authority ("BCFSA"), as required by the *Financial Institutions Act* ("FIA") and its Capital Requirements Regulation ("CRR").

2 Financial and Capital Return ("FCR")

2.1 SECTION 1000 – NON-CONSOLIDATED BALANCE SHEET – ASSETS

2.1.1 Cash and Investments

Line 1000-100: Cash and Investments

Include cash, demand and term deposits, securities issued or guaranteed by government (e.g., Treasury Bills and marketable bonds), debt security instruments other than subordinated debt security instruments (e.g., Bankers Acceptances, corporate bonds, and commercial paper), and other investments.

Line 1000-110: Allowance for Credit Losses on Investments

Allowance for expected credit losses on deposits and investments described above.

Line 1000-120: Accrued Interest and Dividends on Investments

Accrued interest and dividends on deposits and investments described above.

2.1.2 Loans

Line 1000-200: Real Estate Secured

Include the outstanding balance of mortgage loans and lines of credit fully secured by mortgages on real estate.

Line 1000-210: Otherwise Secured

Include the outstanding balance of loans and lines of credit that are otherwise secured. This would include all personal and commercial loans secured under the *Personal Property Security Act* ("PPSA").

Line 1000-220: Unsecured

Include the outstanding balance of all other unsecured loans and lines of credit, and overdrafts.

Line 1000-230: Allowance for Credit Losses on Loans

Allowance for expected credit losses on loans described above.

IFRS requires an expected loss allowance to be estimated for debt type financial assets that are not measured at fair value through profit or loss. All allowance for expected credit losses ("ECL") calculations must be based on a three-stage process which reflects the deterioration in credit quality of loans (Stage 1: 12-Month ECL, Stage 2: Lifetime ECL - Not Impaired, and Stage 3: Lifetime ECL - Credit Impaired).

Line 1000-240: Accrued Interest on Loans

Accrued interest on loans described above.

2.1.3 Other Assets

Line 1000-300: Premises and Equipment

Net book value, after accumulated depreciation and impairment, of the trust company's property, plant and equipment, such as land, buildings, leasehold improvements, furniture and equipment (computer and non-computer), vehicles, etc.

Line 1000-310: Right-of-Use Assets

Right-of-use assets, representing the right to use the underlying leased assets for the lease term, net of any accumulated depreciation and impairment. Report the associated liabilities for lease payments in the Lease Liabilities line on the balance sheet in Section 2000.

Line 1000-320: Goodwill and Intangible Assets

Goodwill and intangible assets recognized on the books of the trust company.

Goodwill is the excess of the amount paid to acquire an enterprise, over the book value assigned to assets acquired and liabilities assumed. Intangibles are assets that lack physical substance (e.g., brand names, copyrights, franchises, licenses, patents, software, subscription lists, and trademarks).

Line 1000-330: Subsidiary and Other Equity Investments

Equity investments (using the equity method of accounting for each investment) in corporations where the trust company's ownership and control is greater than or equal to 10% – except a corporation that carries on the business of banking, insurance business (other than an insurance agent or insurance adjuster), trust business, deposit business, or brokerage or securities dealer/underwriter.

If the equity method of accounting is not used to account for such equity investments on the trust company's books, the book value must be adjusted on the FCR to include the trust company's proportional ownership share of its equity investments' net income (loss) after income taxes and after adjusting for dividends received and for any goodwill and intangible assets impairment/amortization expenses (see text box). If the equity method of accounting is used, no adjustment is necessary.

Value of Equity Investment

The value of the investment using the equity method of accounting is calculated as follows:

Acquisition cost	$XXX
Add: Post-acquisition pro-rata share of net income (loss), including other impairment losses of the subsidiary at the reporting date	XXX
Less: Goodwill and intangible assets impairment/amortization	(XXX)
Less: Dividends received from subsidiary	(XXX)
Value of Equity Investment	**$XXX**

Line 1000-340: Deferred Income Tax Assets

Deferred income tax assets from differences between taxable and accounting income.

Line 1000-350: All Other Assets

All other assets at book value that are not included in other lines in the Assets section of the balance sheet. Includes prepaid expenses, accounts receivable, and current income tax receivable.

Note: If prepaid expenses, receivables, etc. are in a net credit position, review the individual accounts. All accounts in a credit position are to be reported on the All Other Liabilities line on the balance sheet in Section 2000.

2.2 SECTION 2000 – NON-CONSOLIDATED BALANCE SHEET – LIABILITIES AND SHAREHOLDERS' EQUITY

2.2.1 Liabilities

Line 2000-100: Borrowings

All borrowings, such as bank loans, outstanding balance of lines of credit, bank overdrafts, mortgages payable, and other loans payable. Include accrued interest on all borrowings.

Line 2000-110: Lease Liabilities

Report lease liabilities for lease payments related to right-of-use assets, representing the right to use the underlying leased assets for the lease term, and reported in Section 1000.

Line 2000-120: Subordinated Debt

Include the outstanding balance of all subordinated debt.

Line 2000-130: Deferred Income Tax Liabilities

Deferred income tax liabilities from differences between taxable and accounting income.

Line 2000-140: All Other Liabilities

Include items, such as deferred income, employee deductions, trade accounts, current income tax payable, other accounts payable, and other liabilities not included in other lines in the Liabilities section of the balance sheet.

2.2.2 Shareholders' Equity

Line 2000-200: Common Shares

Include common shares issued and outstanding by the trust company. Also include accrued but unpaid dividends on shares that are payable in the form of common shares.

Line 2000-210: Preferred Shares

Include preferred shares issued and outstanding by the trust company. Also include accrued but unpaid dividends on shares that are payable in the form of preferred shares.

Line 2000-220: Contributed Surplus

Contributed surplus from share capital transactions and business combinations.

Retained Earnings (Deficit)

Include the trust company's retained earnings (deficit) and adjustments for subsidiaries and other equity investments (10% or greater ownership).

The trust company's retained earnings (deficit) must be adjusted by applying the equity method of accounting for all equity investments representing 10% or greater ownership. This adjustment must be calculated for each investment that represents a 10% or greater share of ownership or control in a corporation – except a corporation that carries on the business of banking, insurance business (other than an insurance agent or insurance adjuster), trust business, deposit business, or brokerage or securities dealer/underwriter.

Line 2000-230: Previous Year End

Retained earnings (deficit) of the trust company from previous year end (including adjustment for equity investments).

Line 2000-240: Adjustments to Previous Year End

Subsequent changes to the audited retained earnings (deficit) from previous year end, including retrospective changes to accounting policies and restatements for prior period(s).

Line 2000-250: Net Income (Loss): Year-to-Date

The trust company's cumulative net income (loss) for the period ending the reporting date and adjustment for equity investments.

If the equity method of accounting is not used to account for subsidiaries and other equity investments (10% or greater ownership) on the trust company's books, this line must be adjusted. The adjustment is made on the Revenues: Subsidiary and Other Equity Investments line on the comprehensive income statement in Section 3000.

Line 2000-270: Accumulated Other Comprehensive Income (Loss)

Include accumulated unrealized fair value gains (losses), and other unrealized gains (losses), net of income taxes, recognized in other comprehensive income (loss) for the trust company and adjustments for subsidiaries and other equity investments (10% or greater ownership).

Line 2000-280: All Other Equity

All other equity that is not included in other lines in the Shareholder's Equity section of the balance sheet.

2.3 SECTION 3000 – NON-CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

2.3.1 Revenues

Line 3000-100: Investments

Include interest income and dividends from investments.

Line 3000-110: Loan Interest

Include interest income from real estate secured, otherwise secured, and unsecured loans.

Line 3000-120: Estates, Trusts and Agencies

Report the total net fee and commission income earned during the period from the trust company's estate, trusts and agencies activities. Include net fees earned in the performance of services on behalf of individuals (personal trust services) such as estate planning, administration of estates, administration of trusts, and management of clients' investment portfolios on an agency basis (including mutual funds offered by the trust company). Also include net fees earned in the performance of services on behalf of corporations (corporate trust services) such as stock transfer and registrar services, corporate bond and debenture trusteeships, pension funds, and real estate services (both property management and brokerage related).

Line 3000-130: Commissions

Fees and commissions earned during the period from providing services other than those from estate, trusts and agencies activities.

Line 3000-140: Subsidiary and Other Equity Investments

The trust company's proportional ownership share of the subsidiaries and other equity investments' year-to-date net income (loss) after income taxes, calculated using the equity method of accounting.

If the equity method of accounting is not used to account for subsidiaries and other equity investments (10% or greater ownership) on the trust company's books, the trust company's net income (loss) must be adjusted on the FCR to include the trust company's proportional ownership share of its equity investments' net income (loss) calculated after income taxes, dividends received, and goodwill and intangible asset impairment/amortization expenses.

Line 3000-150: Other Revenues and Gains (Losses)

All other income that is not included in other lines in the Revenues section of the income statement. Include realized gains (losses) on sale of financial instruments, unrealized fair value gains (losses) on financial instruments measured at fair value through profit or loss ("FVTPL"), and gains (losses) on disposal of the trust company's premises and equipment, and other assets.

2.3.2 Operating Expenses

Line 3000-200: Salaries and Benefits

All salaries and benefits of trust company staff, including salary bonuses or other remuneration. Also include the cost of temporary help.

Line 3000-210: Premises and Equipment

Costs of occupying or operating the trust company's premises and equipment, such as property/ contents insurance, property taxes, rent, utilities, repairs and maintenance, janitor services, etc.

Line 3000-220: Depreciation/Amortization

Depreciation expense on premises and equipment, and amortization expense on intangible assets, including amortization of computer hardware/software. Include depreciation expense on right-of-use assets.

Line 3000-230: Accounting and Legal Fees

Include fees for audit, accounting, and legal services.

Line 3000-240: Impairment Losses (Recoveries)

All charges for loan impairment as a result of deterioration in credit quality, net of recoveries on loans previously written off. Also include impairment expense provisions on investments.

Line 3000-250: Other Expenses

All other expenses that are not included in other lines in the Operating Expenses section of the income statement. Include items, such as insurance, bank service charges, courier fees, director/committee remuneration and expenses, staff travel, staff training/recruitment, stationery and supplies, postage, telephone and communication, BCFSA fees, etc.

Line 3000-300: Net Operating Income (Loss)

Net Operating Income (Loss) equals Total Revenues minus Total Operating Expenses.

2.3.3 Net Income (Loss)

Line 3000-310: Dividends on Equity Shares

Year-to-date accrual of equity share dividends expense.

Line 3000-320: Provision for Income Taxes

Year-to-date accrual of income tax expense (recovery).

Note: Income taxes for subsidiaries must be included in the calculation for the Revenues: Subsidiary and Other Equity Investments line on the comprehensive income statement in Section 3000.

Line 3000-350: Net Income (Loss)

Net Income (Loss) equals Net Operating Income (Loss) minus Dividends on Equity Shares minus Provision for Income Taxes.

2.3.4 Comprehensive Income (Loss)

Other Comprehensive Income (Loss)

Other comprehensive income (loss) for the trust company and adjustments for subsidiaries and other equity investments (10% or greater ownership).

If the equity method of accounting is not used to account for subsidiaries and other equity investments (10% or greater ownership) on the trust company's books, the trust company's other comprehensive income (loss) must be adjusted to include the trust company's proportional share of its subsidiaries' other comprehensive income (loss).

Line 3000-400: Fair Value Reserves

Fair value gains and losses on financial instruments measured at fair value through other comprehensive income ("FVTOCI").

Line 3000-410: Other Gains and Losses

Other gains and losses, such as effective portion of fair value gains and losses on hedging instruments used in cash flow hedges, remeasurements of net defined benefit liability (asset), including actuarial gains and losses, changes in revaluation surplus related to trust company own use property, measured at fair value using the revaluation model, etc.

Line 3000-420: Income Taxes

Income taxes related to fair value reserves, and other gains (losses) described above.

Line 3000-500: Total Comprehensive Income (Loss)

Total Comprehensive Income (Loss) equals Net Income (Loss) plus Total Other Comprehensive Income (Loss).

2.4 SECTION 4000 – LOANS IN ARREARS

Delinquency of all loans, both principal and accrued interest, are to be reported on the appropriate lines. The total amount outstanding, not just the delinquent payments, should be reported.

Include delinquent loans details broken out into Real Estate Secured, Otherwise Secured, or Unsecured Loan categories on the following lines:

Line 4000-100: 30 – 90 Days
Line 4000-110: Over 90 Days.

2.5 SECTION 4010 – ESTATES, TRUSTS AND AGENCIES REVENUES BY SERVICE LINES

Total Services to Individual Clients

Report net fee and commission income earned during the period from the trust company's estate, trusts, and agencies services to individual clients on the following lines:

Line 4010-100: Estate Work
Line 4010-110: Personal Trust Administration
Line 4010-120: Other Personal Services.

Total Services to Institutional Clients

Report net fee and commission income earned during the period from the trust company’s estate, trusts, and agencies services to institutional clients on the following lines:

Line 4010-200: Acting as Corporate Trustee
Line 4010-210: Transfer Agent and Registrar
Line 4010-220: Administration Only Services
Line 4010-230: Other Corporate Services.

2.6 SECTION 4020 – ASSETS HELD IN TRUST

Assets held in trust are assets managed by the trust company which are beneficially owned by clients and are therefore not reported on the balance sheet of the trust company. Trust assets should be reported at market value, and may consist of cash, stocks, bonds, mortgages, land, buildings, jewellery, art, etc.

Report assets held in trust on the following lines:

Line 4020-100: Cash (CAD)
Line 4020-110: Cash (Foreign Currency)
Line 4020-120: Guaranteed Investment Certificates (GICs)
Line 4020-130: Bonds
Line 4020-140: Equities
Line 4020-150: Real Estate
Line 4020-160: Other Assets.

Note: Report portfolio investments held in trust in Line 4020-160: Other Assets when distinct asset categories within the portfolio are not readily available.

2.7 SECTION 4030 – OTHER

Line 4030-100: Internal Capital Target

Report the internal capital target ($ and/or %) set by the trust company.

2.8 SECTION 6000 – CAPITAL ADEQUACY

Line 6000-100: Capital Base is the sum of capital items (primary and secondary capital) after applying discounts, less deductions from capital, as specified by the CRR and reported in Section 6010.

Line 6000-110: Assets Held in Trust equals Total Assets Held in Trust by the trust company, as reported in Section 4020.

Line 6000-120: Capital Required equals 0.5% of all assets the trust company holds in trust, as specified by the CRR.

Line 6000-150: Capital Excess (Shortfall)

The formula for the calculation of the Capital Excess (Shortfall) is as follows:

Capital Excess (Shortfall) = Capital Base – Capital Required

2.9 SECTION 6010 – CAPITAL BASE

Capital included in the capital base must have the following fundamental characteristics:

- permanent;
- free of fixed charges against earnings (i.e., there is no obligation to pay dividends); and
- subordinate in its priority on liquidation to the rights of other creditors of the trust company.

Capital components are either primary capital or secondary capital, depending on the fundamental characteristics. Total secondary capital eligible for inclusion in the capital base cannot be more than total primary capital. Some capital items will be discounted. Other items are deducted from total capital to arrive at the capital base.

2.9.1 Primary Capital

Equity Shares

Classes of equity shares that meet the following criteria (equity shares with no redemption rights or equity shares with limited redemption rights) qualify as primary capital:

- *equity shares with no redemption rights*
  - the shares have no right of redemption;
  - there is no contractual obligation to pay dividends; or
  - there is no priority over other classes of equity shares on payment of dividends.
- *equity shares with limited redemption rights*
  - any right to dividends is non-cumulative;

- redemption rights attached to the shares are such that the trust company is not required to redeem, purchase, or otherwise acquire the shares of this class at the rate of more than 10% of issued and outstanding shares during any one year; and
- the shares may only be converted to other shares that would qualify as primary capital.

Report all classes of equity shares that qualify as primary capital on the following lines:

Line 6010-100: Common Shares
Line 6010-110: Preferred Shares
Line 6010-120: Other.

The amount of equity shares included in the capital base is discounted if there is a fixed date for repayment or redemption. See instructions in the Capital Items Subject to Discounting section.

Line 6010-130: Retained Earnings (Deficit)

The trust company's retained earnings (deficit) must be adjusted by applying the equity method of accounting (see text box) for all equity investments representing 10% or greater ownership. This adjustment must be calculated for each investment that represents a 10% or greater share of ownership or control in a corporation – except a corporation that carries on the business of banking, insurance business (other than an insurance agent or insurance adjuster), trust business, deposit business, or brokerage or securities dealer/underwriter.

If such an investment is valued on the books of the trust company using the equity method of accounting, then no adjustment is necessary. Otherwise, an adjustment must be calculated.

Equity Method of Accounting

The value of the investment using the equity method of accounting and the adjustment are calculated as follows:

Acquisition cost	$XXX
Add: Post-acquisition pro-rata share of net income (loss), including other impairment losses of the subsidiary at the reporting date	XXX
Less: Goodwill and intangible assets impairment/amortization	(XXX)
Less: Dividends received from subsidiary	(XXX)
Value of Equity Investment	$XXX
Less: Book value (according to trust company's records)	(XXX)
Adjustment to retained earnings	**$XXX**

Line 6010-140: Contributed Surplus

Contributed surplus from share capital transactions and business combinations.

Line 6010-150: Deferred Income Tax (Assets)/Liabilities

Deferred income tax resulting from differences between taxable and accounting income.

Deferred income tax assets are to be deducted from capital, and deferred income tax liabilities are to be added to capital. If the trust company has both on the balance sheet, a net debit balance must be deducted from capital and a net credit balance is added to capital.

Line 6010-160: Other Primary Capital

Reserves, not being held for future or potential claims and losses, and other primary capital not reported on other lines in the Primary Capital section.

Line 6010-170: Dividends to Be Paid as Primary Capital

Accrued but unpaid dividends on primary and secondary capital that will be paid in the form of equity shares that qualify as primary capital.

2.9.2 Secondary Capital

Equity Shares

Report all classes of equity shares that do not qualify as primary capital on the following lines:

Line 6010-200: Common Shares
Line 6010-210: Preferred Shares
Line 6010-220: Other.

Equity shares eligible for inclusion in the capital base are discounted if there is a fixed date for repayment or redemption. See instructions in the Capital Items Subject to Discounting section.

Line 6010-230: Other Debt Capital

Subordinated and other debt capital must meet the following requirements to be included in capital:

- the trust company is not required to repay, redeem, purchase, or otherwise acquire all or part of the debt prior to maturity; and
- the debt is not convertible into or exchangeable into a security instrument that does not qualify as capital.

If there is a fixed date for repayment or redemption of the debt, the amount included in the capital base is discounted. See instructions in the Capital Items Subject to Discounting section.

Line 6010-240: Other Secondary Capital

Other secondary capital not reported on other lines in the Secondary Capital section.

Line 6010-250: Dividends to Be Paid as Secondary Capital

All accrued but unpaid dividends on primary and secondary capital that will be paid in the form of equity shares that qualify as secondary capital.

Line 6010-290: Total Eligible Secondary Capital

The total secondary capital eligible for inclusion in the capital base is limited to an amount equal to the total primary capital.

Total Eligible Secondary Capital is the lesser of

- the Total Secondary Capital; or
- the Total Primary Capital.

2.9.3 Deductions from Capital

Line 6010-300: Goodwill and Intangible Assets (Trust Company)

Deductions from capital for goodwill and intangible assets are set out in the CRR. To determine the required deduction from capital, the current book value of goodwill and intangible assets must be compared with the maximum unamortized balance permitted by the CRR.

Note: The maximum amortization periods as set out in the CRR to determine the deductions from capital are for capital calculation purposes only, and an accounting change is not required in the trust company's books.

Goodwill and intangible assets (in the trust company's books) are to be deducted immediately to the full extent. The following examples are provided for clarity (see text boxes).

Example 1: Deduction from Capital – Software

This example outlines a deduction from capital calculation for a trust company that has intangible assets to be deducted immediately to the full extent.

The trust company purchased computer software on January 1, 2020, for $500,000 and the software has a definite useful life of 5 years. The software will be amortized on the trust company's books over 5 years.

Per Regulation:

Unamortized software – January 1, 2020 ....$500,000

As at December 31, 2021:

Minimum software amort. ($500,000 × 100%)............$500,000

Maximum unamortized software............ ($500,000 - $500,000) $0

Per Trust Company Books:

Unamortized software – January 1, 2020 ....$500,000

divided by..5 years

Amortization per year $100,000

As at December 31, 2021:

Software amort. ($100,000 × 2 years) $200,000

Unamortized software............................ ($500,000 - $200,000) $300,000

Deduction from Capital – 2021 ....$300,000

Example 2: Deduction from Capital – Software

This example uses the same assumptions as in Example 1, except the software is determined to have an indefinite useful life. The software will not be amortized until its life is determined to be no longer indefinite.

Per Regulation:

Maximum unamortized software............ ($500,000 - $500,000) $0

Per Trust Company Books:

No impairment loss was recognized during the period.

Fair value of software – December 31, 2021..$500,000

Deduction from Capital – 2021 ....$500,000

Line 6010-310: Goodwill and Intangible Assets (Included in Equity Investments)

Goodwill and intangible assets included in the carrying value of an investment in another entity (using the equity method of accounting) are to be deducted on a straight-line basis over a maximum of five years.

These types of goodwill and intangible assets would commonly apply to the trust company's subsidiary companies. The following example is provided for clarity (see text box).

Example 3: Deduction from Capital – Goodwill

This example outlines a deduction from capital calculation for a trust company that has an equity investment (valued under the equity method of accounting) in a wholly owned subsidiary, and goodwill (acquired on January 1, 2018) is included in the carrying value of the investment:

Per Regulation:

Unamortized goodwill – January 1, 2018....................$450,000

divided by...5 years

Minimum amortization year..$90,000

As at December 31, 2021:

Minimum goodwill amort. ($90,000 × 4 years)............$360,000

Maximum unamortized goodwill .... ($450,000 - $360,000) $90,000

Per Trust Company Books:

Fair value of goodwill – December 31, 2021:

Fair value of goodwill – January 1, 2021 ....$350,000

Less: Goodwill impairment loss – 2021 ....$37,500 ....$312,500

Deduction from Capital – 2021 ....$222,500

Line 6010-320: Subsidiary and Other Equity Investments

Investments of 10% or more in the shares of a corporation that carries on banking, trust, or deposit business (plus investments in the debt of such a corporation that qualifies as a capital item) must be deducted from capital to the extent of an amount that is at least equal to the amount that constitutes an adequate capital base for such corporation.

Investments of 10% or more in the shares of a corporation that carries on an insurance or venture capital business (plus investments in the debt of such a corporation that qualifies as a capital item) must be deducted from capital.

Insurance business does not include an insurance agency or insurance adjuster. *Venture capital corporations* are defined in the FIA Section 141. They include corporations whose activities are limited to providing corporate debt and equity financing, and financial and management consulting services to other corporations in which the venture capital corporation has a financial interest or is contemplating acquiring a financial interest.

Line 6010-330: Excess Investment in Prescribed Businesses

The aggregate amount of investments of 10% or more in the shares of a corporation which carries on business activities detailed in sections 6.2(1)(e) and (f) of the Investment and Lending Regulation (see text box) and section 141(2)(c) of the FIA (plus investments in the debt of such corporations that qualifies as a capital item) which exceeds 2% of the trust company's total assets must be deducted from capital.

Prescribed business activities in the Investment and Lending Regulation

The following are the prescribed business activities listed in Sections 6.2(1)(e) and (f) of the Investment and Lending Regulation:

- mutual fund investment;
- investment counseling;
- portfolio management;
- issuing and operation of credit cards and related services;
- real property acquisition, holding, development, selling or management;
- factoring;
- financial leasing;
- data processing or information services/systems;
- business management and advisory services;
- business of a financial agent;
- sale of tickets (lottery, transit or other); and
- acting as agent.

Section 141(2)(c) of the FIA

Section 141(2)(c) of the FIA refers to the investment in any corporation that carries on a business reasonably ancillary to the business of a financial institution, and which has received prior written consent of the Authority.

Line 6010-340: Other Deductions from Capital

Deductions from capital not reported in other lines in the Deductions from Capital section.

Line 6010-500: Total Capital Base

Equals Total Primary Capital plus Total Eligible Secondary Capital minus Total Deductions from Capital.

2.9.4 Capital Items Subject to Discounting

The following capital items (including related accrued interest, unpaid cumulative dividends, and declared dividends) must be discounted if they have a fixed date for repayment or redemption:

- Equity Shares; and
- Other Debt Capital.

To calculate the discount, multiply the gross amount by the appropriate discount percentage from the following table.

Years to date of repayment, redemption, purchase, or other acquisition	Discount	Proportion to be included in capital base
5 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%

BC Financial
Services Authority

600-750 West Pender Street
Vancouver, B.C. V6C 2T7

604 660 3555
Toll free 866 206 3030
info@bcfsa.ca