

Financial and Capital Return Template and Reporting Instructions

Summary of Changes – 2021 Revision

This document outlines the changes made to the Financial and Capital Return (“FCR”) template and reporting instructions during the 2021 revision. The revised FCR is effective September 2021.

Financial and Capital Return (“FCR”) Template and Reporting Instructions

Section 1000 & 2000 – Non-consolidated Balance Sheet

- **Added new line** for Allowance for Credit Losses on Investments to comply with IFRS 9
- **Clarified** IFRS requirements for expected credit losses (“ECL”) calculations
- **Added new line** for Right-of-Use Assets to comply with IFRS 16
- **Added new line** for Goodwill and Intangible Assets to separate from other assets
- **Clarified** that equity investments of the trust company, reported on the Subsidiary and Other Equity Investments line, exclude equity investment in 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
- **Added new line** for Lease Liabilities to comply with IFRS 16
- **Moved line** Subordinated Debt from the Capital section to the Liabilities section
- **Replaced** the Capital section with the Shareholders’ Equity section
- **Added new line** for Adjustments to Previous Year End in Retained Earnings (Deficit)

Section 3000 – Non-consolidated Comprehensive Income Statement

- **Included** 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 in the Other Revenues line
- **Included** depreciation expense on right-of-use assets in the Depreciation/Amortization line
- **Included** impairment expense provisions on investments in the Impairment Losses line
- **Deleted line** Extraordinary Items/Capital Gain or Loss and included in the Other Revenues line
- **Added new lines** for Fair Value Reserves and Other Gains and Losses to replace Unrealized and Realized Gains and Losses lines in the Other Comprehensive Income section

Other

- **Added new section** for Estates, Trusts and Agencies Revenues by Service Lines (Section 4010) for details of net fee and commission income earned by services provided
- **Added new section** for Assets Held in Trust (Section 4020) for details by asset types
- **Added new line** for Internal Capital Target (\$ and/ or %) set by the trust company

Capital Adequacy

- **Clarified** fundamental characteristics of capital included in capital base
- **Clarified** criteria that qualify equity shares as primary capital
- **Clarified** that retained earnings (deficit) of the trust company must be adjusted by applying the equity method of accounting for equity investments representing 10% or greater ownership -excluding equity investment in 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
- **Replaced** the Subordinated Debt line with the Other Debt Capital line and clarified requirements for debt capital to be included in the capital base
- **Added new lines** for Dividends to be Paid as Primary and Secondary Capital in the form of equity shares