

September 7, 2016  
File No.: 100-20  
Ref. No.: 2109

**To: All CEOs/General Managers of British Columbia Authorized Credit Unions**

**Re: IFRS 9 Readiness Self-Assessment Follow Up**

In our letter dated [April 12, 2016](#), the Financial Institutions Commission (FICOM) asked BC credit unions to complete the [International Financial Reporting Standards \(IFRS\) 9 Readiness Self-Assessment](#) questionnaire. All submissions have been received and FICOM would like to thank the credit unions for their contributions.

FICOM is pleased to share the results of the survey with all credit unions. A summary of all responses received is provided in Appendix 1 (attached).

Based on survey responses, IFRS 9 implementation projects are in early stages and credit unions are unable to fully assess the full impact of the changes. Approximately one third of participating credit unions have finalized their project plans and have started implementation; twenty seven per cent are currently in the process of developing a formal project plan; and the remainder plan to utilize the implementation guides and tools currently being developed by the National IFRS 9 Readiness for Credit Unions working groups.

FICOM expects to issue BC Regulatory Guidance for IFRS 9: Financial Instruments in summer 2017. In order for FICOM to consider providing “transitional relief” for credit unions’ regulatory capital, FICOM intends to conduct a second IFRS 9 Readiness Self-Assessment survey in December 2016. This survey will include a quantitative impact study to gather information and assess the impact on regulatory capital. FICOM will work closely with industry associations and other provincial regulators to assess the overall impact of IFRS 9.

Furthermore, FICOM is working on revising the Credit Union Financial & Statistical Return (FSR) that will incorporate technical amendments necessary under IFRS 9. FICOM expects to release the revised FSR forms and completion guide in spring 2017 for consultation.

FICOM encourages all credit unions to continue to devote time and resources to IFRS 9 implementation project. Boards and audit committees are expected to continue to oversee and monitor the implementation process.

Please direct any questions to Tiffany Mak, Senior Analyst, Financial & Regulatory Reporting by email at [Tiffany.Mak@ficombc.ca](mailto:Tiffany.Mak@ficombc.ca) or by phone at 604 660-2707.

Sincerely,

A handwritten signature in blue ink, appearing to read "Stanley Chang".

Stanley Chang  
Managing Director  
Financial & Regulatory Reporting

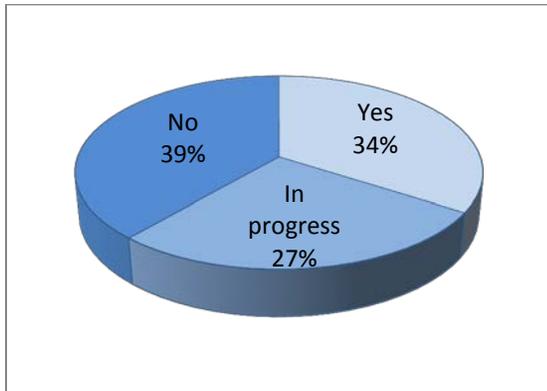
Enclosure

cc: CFOs/Finance Managers  
Board Chairs

TS/db

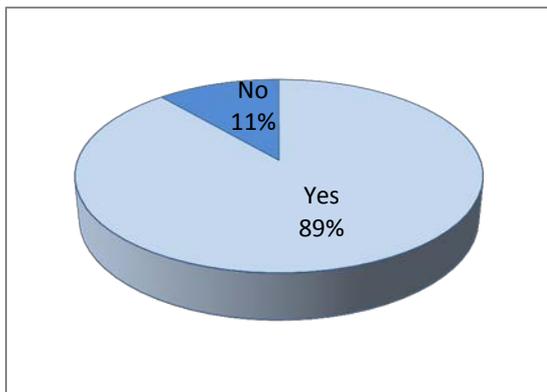
**Summary of responses received for the IFRS 9 Readiness Self-Assessment questionnaire**

- Question #1 - Has the credit union developed an IFRS 9 implementation project plan?



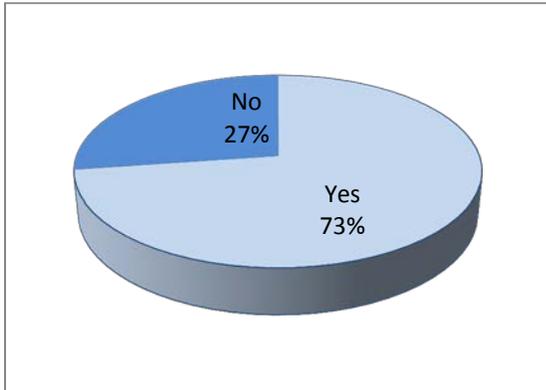
Approximately one third (34%) of credit unions have completed their project plans. Twenty seven per cent (27%) are currently in the process of developing a formal project plan with expected completion in 2016, and the remainder (39%) indicated they will develop plans using forthcoming implementation guides which will be issued by the National IFRS 9 Readiness for Credit Unions working groups. Preliminary guides are expected to be available in September 2016 with final drafts in early 2017.

- Question #2 – Has a project team and/or manager been appointed to lead the IFRS 9 project?



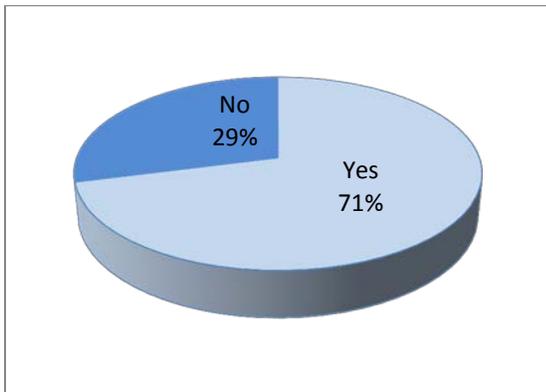
The majority (89%) of credit unions have assigned an IFRS 9 project lead and team. The remaining credit unions (11%) will assemble a team while the project plan is being developed.

- Questions #3 – Has management initiated processes to facilitate board and/or finance committee oversight of the IFRS 9 transition?



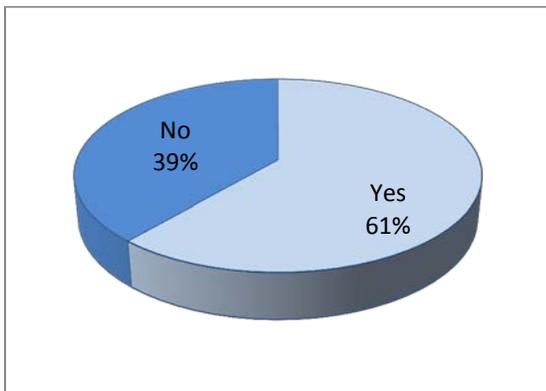
Seventy three per cent (73%) of credit unions discussed IFRS 9 changes and implications with their boards. Board communication will continue with the introduction of project plans and progress reports on implementation. The remaining credit unions (27%) had preliminary discussions with their boards or will approach them after project plans are finalized.

- Question #4 – Has the credit union engaged a consultant to advise board and management about options and issues related to the implementation of IFRS 9?



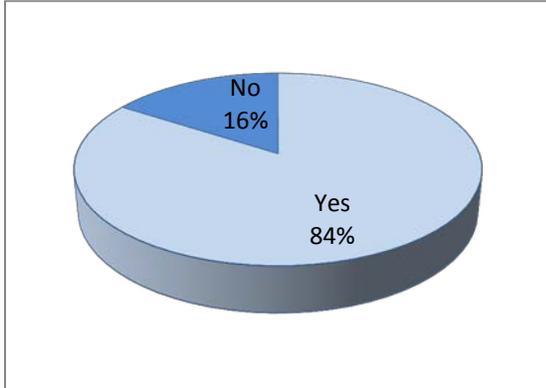
Majority of the credit unions (62%) indicated they are consulting with external auditors on IFRS 9 options and issues, and that they will determine whether an external consultant would be required later in the project. Only a small number of credit unions (9%) confirmed they would be engaging external consultants. The remaining credit unions (29%) indicated they will not engage an external consultant at this stage.

- Question #5 – Has the credit union made plans to develop processes for measuring impairment and assessing classification?



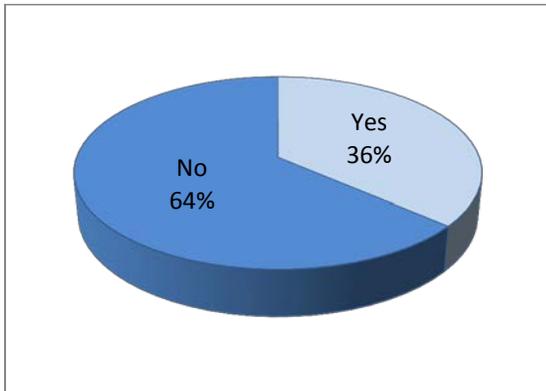
More than half of the credit unions (61%) have already completed or started developing IFSR 9 project plans. These credit unions also indicated that updating internal processes to reflect the changes necessary to comply with the new standards are included in the plans. The remaining credit unions (39%) will develop these processes as part of their project plans.

- Question #6 – Have board, management and staff taken readiness training sessions or webinars regarding IFRS 9?



The majority (84%) of credit unions have taken IFRS 9 training sessions and most (75%) indicated that they participate in the CCUA IFRS 9 Readiness webinars. The remaining credit unions have (16%) not undertaken formal training but are exploring available training options.

- Question #7 – Have any consultations been done with your banking and financial reporting system providers to ensure these systems are ready?



Over one third of the credit unions (36%) have begun discussions with their IT teams and system providers, but indicated that the projects are in too early of a stage to identify required systems changes. The remaining credit unions (64%) will identify system requirements in future project phases.