

Sector Outlook Report 4Q19



Ontario Credit Unions and Caisses Populaires

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Notes

The Sector Outlook is published on a quarterly basis and provides analysis and commentary about the economy and most recent financial results reported by credit unions and caisses populaires in the Ontario sector.

Throughout this document, unless specifically indicated otherwise, references to credit unions means both credit unions and caisses populaires.

Disclaimer

The information presented in this report has been prepared using unaudited financial filings submitted by credit unions to FSRA as of February 1, 2020 and as such accuracy and completeness cannot be guaranteed. Income Statement results are based on aggregate year-to-date annualized information for each credit union.

Electronic Publication

The Sector Outlook is available in PDF format (readable using Adobe Acrobat Reader) and can be downloaded from the Publications section on the Credit Unions and Caisses Populaires page on FSRA's website at www.fsrao.ca.

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Contents

| | |
|---|-----------|
| 1. Financial Highlights | |
| A. Income Statement | |
| B. Balance Sheet | |
| C. Capital ratios | |
| D. Key Measures and Ratios | |
| 2. Sector Key Financial Trends | |
| A. Table 1: Selected Growth Trends | |
| B. Table 2: Selected Performance Trends | |
| C. Table 3: Efficiency ratio and Return on Assets | |
| D. Table 4: Loan Growth | |
| E. Table 5: Loan Delinquencies: Greater than 30 days | |
| F. Table 6: Loan yields | |
| G. Table 7: Deposit Growth | |
| H. Table 8: Liquidity, Total Borrowings and Securitization | |
| 3. FSRA Observations 3Q-2019 and Economic Overview..... | 7 |
| 4. Housing Markets, Credit Union Sector Consolidation and Profitability..... | 9 |
| 5. Capital | 11 |
| 6. Liquidity | 12 |
| 7. Efficiency Ratio and Credit Quality | 13 |
| 8. Growth | 15 |
| 9. Sector Income Statements | 16 |
| 10. Sector Balance Sheet | 17 |

Financial Highlights

| | Sector | | | Credit Unions | | | Caisses Populaires | | |
|---|--------------------|---------|---------|--------------------|---------|---------|--------------------|---------|---------|
| | 4Q-2019* | 3Q-2019 | 4Q-2018 | 4Q-2019* | 3Q-2019 | 4Q-2018 | 4Q-2019* | 3Q-2019 | 4Q-2018 |
| Income Statement (% average assets) | | | | | | | | | |
| Net Interest Income | 1.80 ³ | 1.82 | 1.91 | 1.77 ³ | 1.79 | 1.87 | 2.05 ¹ | 1.96 | 2.15 |
| Loan Costs | 0.05 ² | 0.05 | 0.06 | 0.05 ² | 0.05 | 0.05 | 0.05 ³ | 0.01 | 0.08 |
| Other Income | 0.46 ¹ | 0.45 | 0.50 | 0.43 ¹ | 0.42 | 0.48 | 0.66 ¹ | 0.63 | 0.69 |
| Non-Interest Expense | 1.80 ² | 1.80 | 1.90 | 1.81 ² | 1.81 | 1.91 | 1.72 ² | 1.72 | 1.78 |
| Taxes | 0.08 ³ | 0.06 | 0.10 | 0.07 ² | 0.07 | 0.08 | 0.12 ³ | 0.01 | 0.23 |
| Net Income | 0.34 ³ | 0.37 | 0.37 | 0.28 ³ | 0.30 | 0.31 | 0.82 ³ | 0.84 | 0.75 |
| Balance Sheet (\$ billions; as at quarter end) | | | | | | | | | |
| Assets | 70.4 ¹ | 68.3 | 63.4 | 61.4 ¹ | 59.6 | 55.3 | 9.0 ¹ | 8.7 | 8.2 |
| Loans | 61.1 ¹ | 58.9 | 55.9 | 53.1 ¹ | 51.3 | 48.7 | 7.9 ¹ | 7.6 | 7.1 |
| Deposits | 55.6 ¹ | 55.0 | 51.0 | 48.2 ¹ | 47.7 | 44.3 | 7.4 ¹ | 7.3 | 6.7 |
| Members' Equity & Capital | 4.85 ¹ | 4.66 | 4.39 | 4.08 ¹ | 3.90 | 3.66 | 0.77 ¹ | 0.76 | 0.74 |
| Capital Ratios (%) | | | | | | | | | |
| Leverage | 6.82 ¹ | 6.76 | 6.84 | 6.55 ¹ | 6.46 | 6.52 | 8.65 ³ | 8.79 | 8.97 |
| Risk Weighted | 13.39 ¹ | 13.29 | 13.29 | 12.99 ¹ | 12.79 | 12.74 | 15.92 ³ | 16.54 | 16.90 |
| Key Measures and Ratios (% except as noted) | | | | | | | | | |
| Return on Regulatory Capital | 5.06 ³ | 5.46 | 5.24 | 4.22 ³ | 4.65 | 4.64 | 9.3 ³ | 9.52 | 8.17 |
| Liquidity Ratio | 10.7 ³ | 11.6 | 9.8 | 11.4 ³ | 12.3 | 10.2 | 5.8 ¹ | 6.5 | 6.6 |
| Efficiency Ratio (before dividends/rebates) | 78.4 ¹ | 78.7 | 77.7 | 81.0 ¹ | 81.1 | 80.2 | 64.0 ¹ | 65.1 | 63.6 |
| Efficiency Ratio | 81.5 ³ | 81.3 | 80.7 | 84.6 ³ | 83.8 | 83.5 | 64.7 ¹ | 66.8 | 64.6 |
| Mortgage Loan Delinquency>30 days | 0.44 ² | 0.41 | 0.43 | 0.46 ² | 0.43 | 0.44 | 0.34 ³ | 0.27 | 0.37 |
| Commercial Loan Delinquency>30 days | 1.16 ³ | 0.99 | 1.03 | 1.13 ³ | 0.98 | 1.07 | 1.38 ³ | 1.11 | 0.80 |
| Total Loan Delinquency>30 days | 0.67 ³ | 0.62 | 0.65 | 0.68 ³ | 0.63 | 0.65 | 0.64 ³ | 0.55 | 0.66 |
| Total Loan Delinquency>90 days | 0.29 ¹ | 0.31 | 0.26 | 0.27 ¹ | 0.32 | 0.24 | 0.41 ³ | 0.28 | 0.39 |
| Asset Growth (from last quarter) | 3.01 ¹ | 2.25 | 2.28 | 3.01 ¹ | 2.22 | 2.22 | 3.0 ¹ | 2.46 | 2.69 |
| Loan Growth (from last quarter) | 3.64 ¹ | 2.30 | 2.48 | 3.60 ¹ | 2.31 | 2.46 | 3.9 ¹ | 2.22 | 2.61 |
| Deposit Growth (from last quarter) | 1.17 ³ | 1.96 | 4.98 | 1.06 ³ | 1.79 | 3.14 | 1.90 ³ | 3.14 | 19.08 |
| Credit Unions (number) | 77 ² | 77 | 78 | 65 ² | 65 | 66 | 12 ² | 12 | 12 |
| Membership (thousands) | 1700 ¹ | 1,692 | 1,681 | 1515 ¹ | 1,504 | 1,487 | 186 ³ | 188 | 194 |
| Average Assets (\$ millions, per credit union) | 914 ¹ | 887 | 813 | 944 ¹ | 931 | 864 | 751 ¹ | 673 | 682 |
| | Better | Neutral | Worse | | | | | | |

* Trends are current quarter to last quarter

Sector Key Financial Trends

Table #1 - Selected Growth Trends

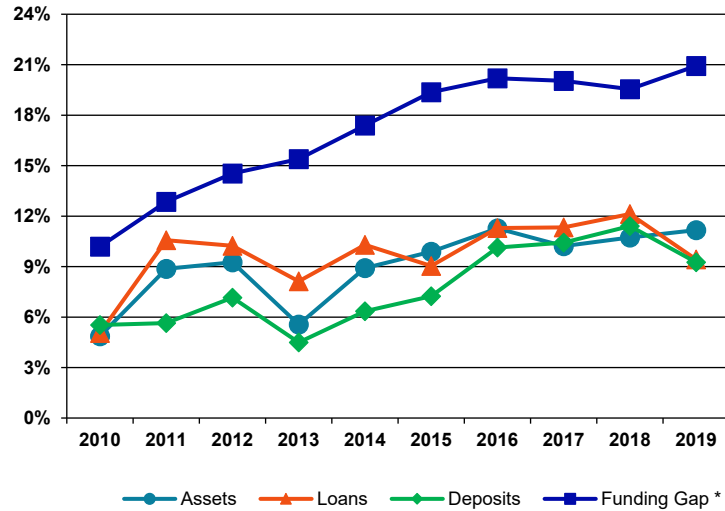


Table #2 - Selected Performance Trends

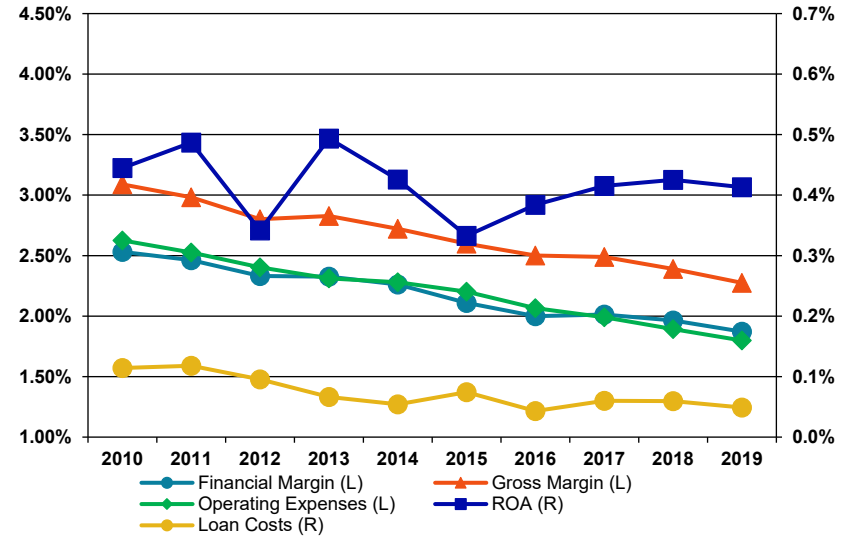


Table #3 - Efficiency Ratio and Return on Assets

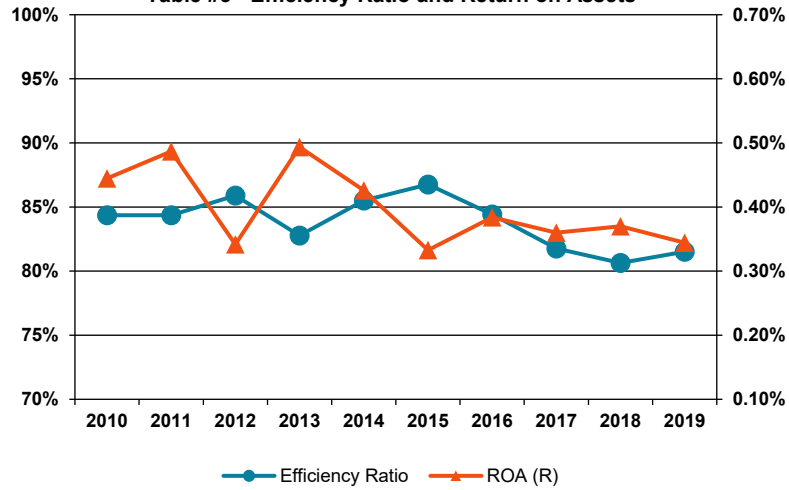
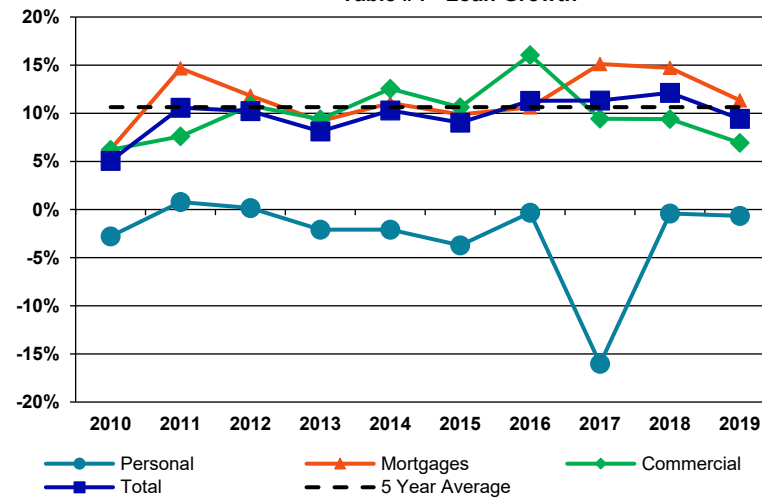


Table #4 - Loan Growth



Sector Key Financial Trends (Continued)

Table #5 - Loan Delinquencies - Greater than 30 days

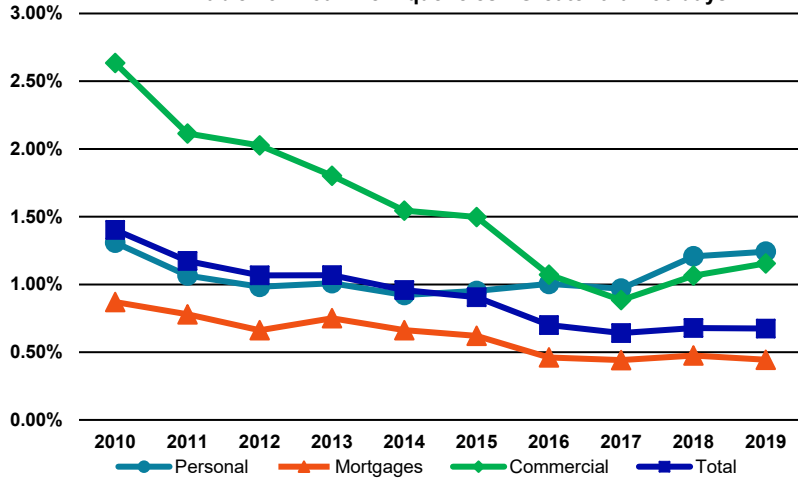


Table #6 - Loan Yields

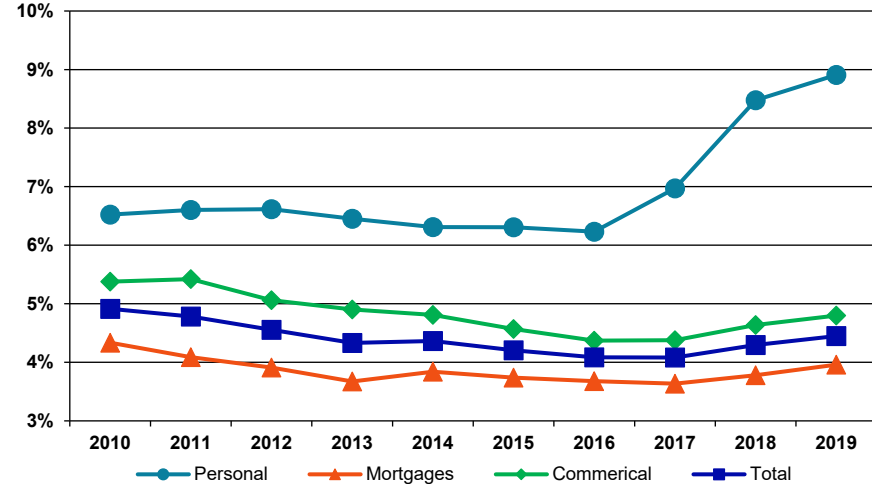


Table #7 - Deposit Growth

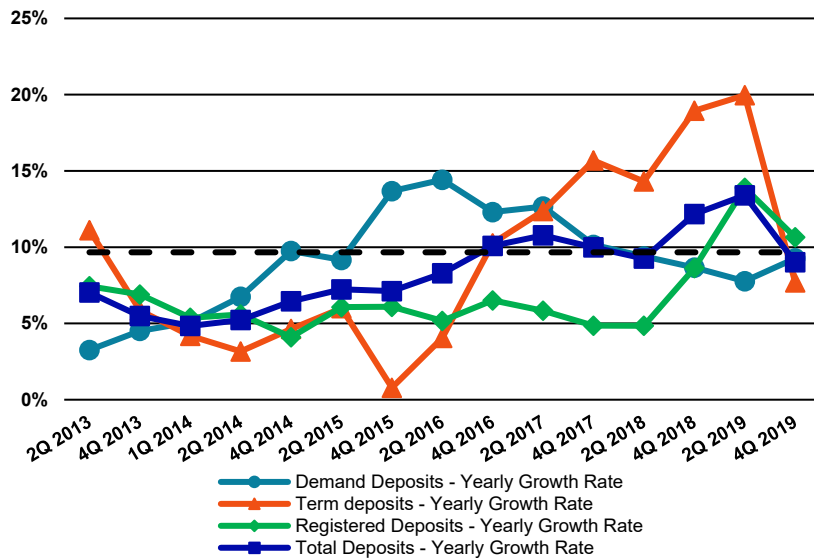
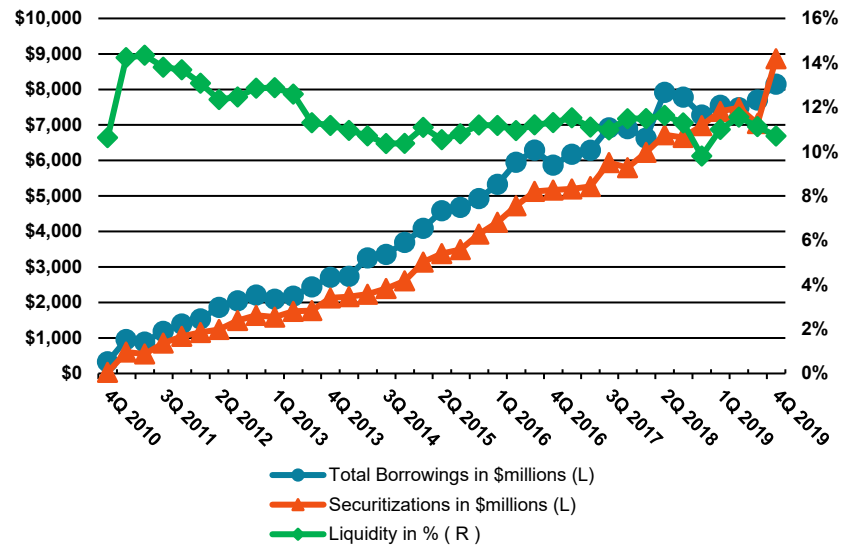


Table #8 - Liquidity, Total Borrowings and Securitization



FSRA Observations 4Q-2019

- Profitability this quarter at 34 bps is down by 3 bps year over year and quarter over quarter (from 37 bps); within the sector, increasing loan interest and investment income and improving non-interest expenses continue to be more than offset by higher interest expense on deposits and lower other income.
- Mortgage loan delinquency over 30 days increased by 1 bp year over year and was unchanged from last quarter at 44 bps; trends are significant because of the continued high rate of growth in mortgage loan assets which represent 55.3% of sector assets, the effects of potentially higher interest rates on mortgages when renewed and high household debt levels.
- Total loan delinquency over 30 days has deteriorated year over year to 67 bps (from 65bps) reflecting the impact of commercial loan performance of 116 bps (worse by 13 bps year over year and 17 bps quarter over quarter).
- Asset growth (10.9% year over year) continues to be led by residential mortgages (11.2%), perhaps more impacted by tightened lending rules at banks than by interest rate movements, slowing sales volumes and/or reduced prices in some markets.
- Loan growth (9.3% year over year and 3.6% quarter over last quarter) outpaced deposit growth (9.0% year over year and 1.2% quarter over quarter) leading to increased reliance on bank borrowings and securitization activities as sources of funding; this is a continuing trend but not to the same order of magnitude as in prior years.
- Liquidity increased 90 bps year over year to 10.7% as growth in liquid assets outpaced growth in deposits, borrowings and securitization transactions.
- Capital and capital ratios remain under pressure as growth in retained earnings (9.0%) has not been keeping pace with growth in assets (10.9%). To maintain minimum capital requirements and provide for future growth, credit unions have an increasing dependency on the issuance of investment shares (\$240 million, up 14.3% year over year) which remain a significant portion of their capital composition (39.6% in 4Q19 versus 38.3% in 4Q18).

Economic Overview

The Bank of Canada (the “Bank”) met January 22nd, 2020 and maintained its overnight rate at 1.75%, unchanged since October 2018.

The Bank said the global economy is showing signs of stabilization and some recent trade developments have been positive. However, there also remains a high degree of uncertainty and geopolitical tensions have re-emerged.

In its release, the Bank said “The Canadian economy has been resilient but indicators since the October Monetary Policy Report have been mixed. The Bank now estimates growth of 0.3 percent in the fourth quarter of 2019 and 1.3 percent in the first quarter of 2020. Exports fell in late 2019, and business investment appears to have weakened after a strong third quarter. Job creation has slowed and indicators of consumer confidence and spending have been unexpectedly soft. In contrast, residential investment was robust through most of 2019, moderating to a still-solid pace in the fourth quarter. Some of the slowdown in growth in late 2019 was related to special factors that include strikes, poor weather, and inventory adjustments. The weaker data could also signal that global economic conditions have been affecting Canada’s economy to a greater extent than was predicted. Moreover, during the past year Canadians have been saving a larger share of their incomes, which could signal increased consumer caution. This could dampen consumer spending but help to alleviate financial vulnerabilities at the same time.”

In assessing incoming data, the Bank will be paying particular attention to developments in consumer spending, the housing market, and business investment.

According to data released December 13th, 2019 by Statistics Canada, household debt to disposable income increased to 175.9 percent in the three months ended September 2019 up slightly from a revised 175.4 percent in the previous quarter. Debt reportedly grew at an annualized rate of 1.2 percent in the quarter, outstripping a 0.9 percent gain in incomes.

Housing Markets

In its January, 2020 Monetary Policy report, the Bank noted (a) while the level of housing activity has remained solid across most of Canada, recent indicators suggest that residential investment growth has slowed; (b) house price growth has continued to improve, with strength in Central and Eastern Canada offsetting weakness in the Prairies and where in Vancouver, it has stabilized in recent months and (c) mortgage credit growth has edged higher in recent months.

The Toronto Real Estate Board reported that 2019 sales volume in the GTA increased by 12.6% and average prices increased by 4.0%, each compared to the year earlier. The Board notes the annual supply of new listings continues to be of concern, down 2.4% year over year and basically flat over the last ten years. It reports that many sources consider the lack of a diverse supply of ownership and rental housing continues to hamper affordability in the GTA.

Credit Union Sector Consolidation

In 2019 the number of institutions decreased by 1 to 77; average asset size increased to \$914 million. Two credit unions amalgamated resulting in 65 with average assets of \$944 million; caisses populaires remained at 12 with average assets of \$751 million. Effective January 1, 2020, two credit unions amalgamated (resulting in 64) and 11 caisses populaires amalgamated (resulting in 2) further reducing the number of institutions to 66. Such consolidations should result in larger, more stable entities capable of achieving economies of scale.

Profitability

4Q-2019 vs 4Q-2018

As shown in Tables 2 and 3, return on average assets for the sector decreased to 34 bps (down 3 bps or 8%) from the same quarter a year earlier as higher interest and investment income (up 15 bps to 3.64%) and improved non-interest expenses (down 10 bps to 1.80%) were more than offset by higher interest and dividend expense (up 26 bps to 1.84%) and lower other income (down 4 bps to 46 bps).

Within the sector, return on average assets for credit unions decreased to 28 bps (down 3 bps or 10%) as improvements in interest and investment income (up 17 bps to 3.66%) and non-interest expenses (down 10 bps to 1.81%) were more than offset by higher interest and dividend expense (up 27 bps to 1.89%) and lower other income (down 5 bps to 43 bps).

Caisses profitability was 82 bps (up 7 bps or 9%) mainly reflecting improvements in taxes (down 11 bps to 12 bps), non-interest expenses (down 6 bps to 1.72%) and interest and investment income (up 5 bps to 3.51%), offset by higher interest and dividend expense (up 14 bps to 1.45%) and lower other income (down 3 bps to 66 bps).

Out of 77 credit unions, three had negative returns on assets. FSRA closely monitors those that are unprofitable, identifies core challenges and works with the credit unions to develop strategies to restore profitability.

3Q 2019 Ontario Sector vs Canadian Sector*

*Most recent report by Canadian Credit Union Association; including Ontario sector

Ontario sector profitability of 37 bps was 3 bps below that of the Canadian sector of 40 bps.

Capital

4Q-2019 vs 4Q-2018

Sector capital increased to \$4.9 billion (up \$459 million or 10.4%) from the year earlier quarter comprised of:

- Retained earnings of \$2.9 billion (up \$236 million or 9.0%);
- Investment and patronage shares of \$1.9 billion (up \$240 million or 14.3%); and
- Membership shares of \$64 million (down \$1 million or 2.1%)

Within the sector, credit union capital increased to \$4.1 billion (up \$425 million or 11.6%) and consisted of:

- Retained earnings of \$2.2 billion (up \$179 million or 9.0%);
- Investment and patronage shares of \$1.9 billion (up \$245 million or 15.2%); and
- Membership shares of \$62 million (down \$1 million or 1.0%).

Caisses capital increased to \$771 million (up \$34 million or 4.6%) comprised of:

- Retained earnings of \$700 million (up \$58 million or 8.9%);
- Investment and patronage shares of \$69 million (down \$4 million or 6.2%); and
- Membership shares of \$1 million (down \$1 million or 34.9%).

As a percent of risk weighted assets, sector capital was 13.39%, up 10 bps from the year earlier quarter, as growth in capital outpaced growth in risk weighted assets. Credit union capital was 12.99% (up 25 bps) and caisses capital was 15.92% (down 98 bps). Leverage for the sector was 6.82% (down 2 bps) reflecting credit union leverage of 6.55% (up 3 bps) and caisses leverage of 8.65% (down 32 bps).

4Q-2019 vs 3Q-2019

Sector capital increased by \$188 million (4.0% from \$4.7 billion) from last quarter from issuances of investment shares of \$139 million (7.8% from \$1.8 billion) and increases in retained earnings of \$51 million (1.8% from \$2.8 billion); membership shares decreased by \$1 million (1.2% from \$65 million).

Sector capital as a percent of risk weighted assets increased 10 bps (from 13.29%) in the previous quarter. Credit union capital increased 20 bps (from 12.79%) offset by caisses' capital that decreased 62 bps (from 16.54%). Leverage for the sector increased 6 bps (from 6.76%) reflecting increases at credit unions of 9 bps (from 6.46%) and a decrease at caisses of 14 bps (from 8.79%).

Liquidity (including Securitization)

4Q-2019 vs 4Q-2018

As shown in Tables 7 and 8, sector deposits increased by \$4.6 billion (up 9.0% to \$55.6 billion), securitizations increased by \$356 million (up 5.1% to \$7.3 billion) and borrowings increased by \$1.2 billion (up 17.1% to \$1.5 billion), a net increase of \$6.2 billion (up 10.6% to \$64.5 billion) from the year earlier. However, liquid assets increased \$1.2 billion (up 21.2% to \$6.9 billion) resulting in an increase in liquidity to 10.7% (up 900 bps from 9.8% in 4Q18).

Deposits at credit unions increased by \$3.9 billion (up 8.8% to \$48.2 billion), securitizations increased by \$281 million (up 4.3% to \$6.8 billion) and borrowings increased by \$1.3 billion (up 152.1% to \$1.3 billion), a net increase of \$5.4 billion (up 10.7% to \$56.4 billion). However, liquid assets increased \$1.2 billion (up 23.3% to \$6.4 billion) resulting in an increase in liquidity to 11.4% (up 120 bps from 10.2%).

Deposits at caisses increased by \$692 million (up 10.3% to \$7.4 billion), securitizations increased by \$75 million (up 17.7% to \$497 million) and borrowings decreased \$25 million (down 12.1% to \$182 million), a net increase of \$742 million (up 10.1% to \$8.1 billion). Liquid assets decreased by \$7 million (down 1.5% to \$478 million) resulting in a decrease in liquidity to 5.8% (down 80 bps from 6.6%).

In 4Q19, there were 33 institutions (21 credit unions, 12 caisse populaires) with combined total assets of \$62.8 billion (89% of sector assets) participating in securitization programs.

4Q-2019 vs 3Q-2019

Sector deposits increased by \$0.6 billion (up 1.2% from \$55.0 billion), securitizations increased by \$261 million (up 3.7% from \$7.1 billion) and borrowings increased by \$0.9 billion (up 145.3% from \$623 million), a net increase of \$1.8 billion (up 2.9% from \$62.7 billion) from last quarter. However, liquid assets decreased by \$73 million (down 1.0% from \$6.8 billion) resulting in a 40 bps decrease in liquidity (from 11.1%).

Efficiency Ratio (before dividends/interest rebates)

4Q-2019 vs 4Q-2018

As shown in Table 3, sector efficiency ratio deteriorated to 78.4% (up 70 bps from 77.7%) from the year earlier quarter. Credit unions worsened to 81.0% (up 80 bps from 80.2%) and caisses to 64.0% (up 40 bps from 63.6%).

4Q-2019 vs 3Q-2019

Compared to last quarter, sector efficiency improved by 30 bps (from 78.7%) reflecting improvements at credit unions of 10 bps (from 81.1%) and caisses of 110 bps (from 65.1%).

3Q-2019 Ontario Sector vs. Canadian Sector

Although non-interest expense as a percent of average assets for the Ontario sector (1.80%) was 9 bps better than the Canadian sector (1.89%), the efficiency ratio (78.7%) was 350 bps worse than the Canadian sector (75.2%). This gap is an improvement from 3Q-2018 when the spread was 500 bps with Ontario at 75.9% and the Canadian Sector at 70.9%.

Credit Quality (delinquency greater than 30 days)

4Q-2019 vs 4Q-2018

As shown in Table 5, total loan delinquency increased to 67 bps (up 2 bps from 65 bps) from the year earlier quarter. Credit unions reflected an increase to 68 bps (up 3 bps from 65 bps) however caisses decreased to 64 bps (down 2 bps from 66 bps).

Residential mortgage loan delinquency increased to 44 bps (up 1 bp from 43 bps) in the year earlier quarter. Credit unions reflected an increase to 46 bps (up 2 bps from 44 bps) and caisses decreased to 36 bps (down 1 bps from 37 bps).

Commercial loan delinquency increased to 116 bps (up 13 bps from 103 bps) from the year earlier. Within the sector, commercial loan delinquency increased at credit unions to 113 bps (up 6 bps from 107 bps) and at caisses to 138 bps (up 58 bps from 80 bps).

4Q-2019 vs 3Q-2019

Compared to last quarter, total delinquency for the sector increased by 5 bp (from 62 bps) reflecting increases at credit unions of 5 bps (from 63 bps) and at caisses by 9 bps (from 55 bps).

Residential mortgage loan delinquency for the sector was unchanged at 44 bps reflecting unchanged credit unions at 46 bps and increases at caisses of 2 bps (from 34 bps).

Commercial loan delinquency for the sector increased by 17 bps (from 99 bps) from the previous quarter reflecting increases at credit unions of 15 bps (from 98 bps) and at caisses of 27 bps (from 111 bps).

Growth

4Q-2019 vs 4Q-2018

Compared to the previous year, total sector assets increased to \$70.4 billion (up \$6.9 billion or 10.9%). This was largely due to growth in residential mortgage loans to \$38.9 billion (up \$3.9 billion or 11.2%), growth in commercial loans to \$17.4 billion (up \$1.1 billion or 7.0%) and increased cash/investments of \$8.1 billion (up \$1.4 billion or 21.0%). Within the sector, credit union total assets increased to \$61.4 billion (up \$6.1 billion or 11.0%) reflecting growth in residential mortgage loans to \$33.8 billion (up \$3.0 billion or 9.9%), growth in commercial loans to \$15.5 billion (up \$1.3 billion or 8.9%) and increased cash/investments of \$7.3 billion (up \$1.4 billion or 24.6%). Caisses total assets increased to \$9.0 billion (up \$827 million or 10.1%) mainly attributed to growth in residential mortgage loans to \$5.1 billion (up \$894 million or 21.2%) offset by a decrease in commercial loans to \$1.9 billion (down \$125 million or 6.2%).

Note that in 1Q-2019 about \$400 million of commercial loans were reclassified as residential mortgages, the impacts of which are reflected in the consolidated sector and caisses populaires results.

4Q-2019 vs 3Q-2019

Total assets for the sector increased by \$2.1 billion (3.0% from \$68.3 billion) from last quarter reflecting growth of \$1.5 billion (4.0% from \$37.4 billion) in residential mortgage loans, increases in commercial loans of \$617 million (3.7% from \$16.8 billion) and decreased cash/equivalent balances by \$0.2 billion (2.5% from \$8.3 billion). Within the sector, total assets in credit unions increased by \$1.8 billion (3.0% from \$59.6 billion) reflecting increases of \$1.4 billion (4.2% from \$32.4 billion) in residential mortgage loans and \$457 million (3.0% from \$15.1 billion) in commercial loans, offset by decreases of \$136 million (1.8% from \$7.4 billion) in cash/investments. Caisses total assets increased by \$262 million (3.0% from \$8.7 billion) reflecting growth of \$126 million (2.5% from \$5.0 billion) in residential mortgage loans and in commercial loans of \$161 million (9.2% from \$1.7 billion).

3Q-2019 Ontario Sector vs. Canadian Sector

Ontario sector total assets growth rate of 10.1% was above the Canadian sector's (5.9%) attributable to growth in residential mortgages loans of 10.3% (vs 4.8%), commercial loans of 5.3% (vs 5.0%) and agricultural loans of 3.8% (vs 6.8%).

Sector Income Statements

| % of Average Assets (except as noted) | Sector | | | Credit Unions | | | Caisses Populaires | | | Canadian Sector ¹ |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------------------|----------------|----------------|------------------------------|
| | 4Q-2019 | 3Q-2019 | 4Q-2018 | 4Q-2019 | 3Q-2019 | 4Q-2018 | 4Q-2019 | 3Q-2019 | 4Q-2018 | 3Q-2019 |
| Interest and Investment Income | | | | | | | | | | |
| Loan Interest | 3.38% | 3.39% | 3.29% | 3.41% | 3.42% | 3.32% | 3.20% | 3.19% | 3.06% | - |
| Investment Income | 0.26% | 0.24% | 0.20% | 0.25% | 0.23% | 0.17% | 0.31% | 0.26% | 0.39% | - |
| Total Interest and Investment Income | 3.64% | 3.62% | 3.49% | 3.66% | 3.65% | 3.49% | 3.51% | 3.45% | 3.46% | 3.64% |
| Interest and Dividend Expense | | | | | | | | | | |
| Interest Expense on Deposits | 1.45% | 1.46% | 1.21% | 1.49% | 1.49% | 1.24% | 1.23% | 1.22% | 1.02% | 1.61% |
| Rebates/Dividends on Share Capital | 0.07% | 0.06% | 0.07% | 0.08% | 0.05% | 0.07% | 0.03% | 0.07% | 0.04% | - |
| Dividends on Investment/Other Capital | 0.02% | 0.02% | 0.03% | 0.02% | 0.02% | 0.04% | 0.00% | 0.00% | 0.00% | - |
| Other Interest Expense | 0.27% | 0.27% | 0.26% | 0.28% | 0.28% | 0.27% | 0.20% | 0.20% | 0.24% | - |
| Total | 0.38% | 0.35% | 0.37% | 0.40% | 0.36% | 0.38% | 0.23% | 0.27% | 0.28% | 0.00% |
| Total Interest & Dividend Expense | 1.84% | 1.81% | 1.58% | 1.89% | 1.85% | 1.62% | 1.45% | 1.49% | 1.31% | |
| Net Interest & Investment Income | 1.80% | 1.82% | 1.91% | 1.77% | 1.79% | 1.87% | 2.05% | 1.96% | 2.15% | |
| Loan Costs | 0.05% | 0.05% | 0.06% | 0.05% | 0.05% | 0.05% | 0.05% | 0.01% | 0.08% | 0.06% |
| Net Interest & Investment Income after Loan Costs | 1.75% | 1.77% | 1.85% | 1.71% | 1.74% | 1.81% | 2.00% | 1.94% | 2.07% | |
| Other (non-interest) Income | 0.46% | 0.45% | 0.50% | 0.43% | 0.42% | 0.48% | 0.66% | 0.63% | 0.69% | 0.51% |
| Net Interest, Investment & Other Income | 2.21% | 2.22% | 2.35% | 2.14% | 2.16% | 2.29% | 2.66% | 2.57% | 2.76% | |
| Non-Interest Expenses | | | | | | | | | | |
| Salaries & Benefits | 1.01% | 1.01% | 1.06% | 1.03% | 1.04% | 1.09% | 0.84% | 0.81% | 0.84% | |
| Occupancy | 0.16% | 0.17% | 0.18% | 0.17% | 0.17% | 0.18% | 0.13% | 0.13% | 0.15% | |
| Computer, Office & Other Equipment | 0.18% | 0.18% | 0.19% | 0.18% | 0.17% | 0.18% | 0.22% | 0.22% | 0.23% | |
| Advertising & Communications | 0.10% | 0.10% | 0.12% | 0.10% | 0.10% | 0.11% | 0.13% | 0.14% | 0.14% | |
| Member Security | 0.08% | 0.08% | 0.08% | 0.08% | 0.08% | 0.09% | 0.07% | 0.09% | 0.07% | |
| Administration | 0.15% | 0.16% | 0.16% | 0.15% | 0.16% | 0.15% | 0.17% | 0.17% | 0.19% | |
| Other | 0.11% | 0.10% | 0.11% | 0.10% | 0.09% | 0.10% | 0.16% | 0.17% | 0.17% | |
| Total Non-Interest Expenses | 1.80% | 1.80% | 1.90% | 1.81% | 1.81% | 1.91% | 1.72% | 1.72% | 1.78% | 1.92% |
| Net Income/(Loss) Before Taxes | 0.41% | 0.41% | 0.45% | 0.33% | 0.35% | 0.38% | 0.94% | 0.85% | 0.98% | |
| Taxes | 0.08% | 0.06% | 0.10% | 0.07% | 0.07% | 0.08% | 0.12% | 0.01% | 0.23% | |
| Net Income/(Loss) | 0.34% | 0.37% | 0.37% | 0.28% | 0.30% | 0.31% | 0.82% | 0.84% | 0.75% | 0.39% |
| Average Assets (Millions) | \$66,974 | \$65,938 | \$60,435 | \$58,437 | \$57,508 | \$52,586 | \$8,537 | \$8,430 | \$7,848 | \$239,731 |

¹Summary results as reported by Canadian Credit Union Association; includes Ontario Sector

*Totals may not agree due to rounding

Sector Balance Sheets

As at \$millions

| | Sector | | | Credit Unions | | | Caisses Populaires | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|--------------------|--------------|--------------|
| | 4Q-2019 | 3Q-2019 | 4Q-2018 | 4Q-2019 | 3Q-2019 | 4Q-2018 | 4Q-2019 | 3Q-2019 | 4Q-2018 |
| Assets | | | | | | | | | |
| Cash and Investments | 8,123 | 8,329 | 6,714 | 7,280 | 7,416 | 5,842 | 843 | 913 | 871 |
| Personal Loans | 2,282 | 2,310 | 2,343 | 1,660 | 1,673 | 1,696 | 622 | 637 | 647 |
| Residential Mortgage Loans | 38,898 | 37,418 | 34,972 | 33,780 | 32,426 | 30,748 | 5,118 | 4,992 | 4,224 |
| Commercial Loans | 17,441 | 16,824 | 16,300 | 15,535 | 15,078 | 14,269 | 1,906 | 1,745 | 2,031 |
| Institutional Loans | 123 | 109 | 102 | 51 | 51 | 39 | 72 | 59 | 63 |
| Unincorporated Association Loans | 97 | 86 | 94 | 76 | 67 | 86 | 21 | 19 | 8 |
| Agricultural Loans | 2,222 | 2,172 | 2,061 | 2,035 | 1,995 | 1,886 | 188 | 177 | 176 |
| Total Loans | 61,063 | 58,919 | 55,873 | 53,138 | 51,291 | 48,724 | 7,926 | 7,628 | 7,149 |
| Total Loan Allowances | 160 | 161 | 147 | 136 | 140 | 122 | 23 | 22 | 26 |
| Capital (Fixed) Assets | 706 | 668 | 508 | 652 | 615 | 468 | 54 | 53 | 40 |
| Intangible and Other Assets | 643 | 563 | 498 | 435 | 389 | 352 | 208 | 174 | 147 |
| Total Assets | 70,376 | 68,318 | 63,446 | 61,368 | 59,572 | 55,264 | 9,008 | 8,746 | 8,181 |
| Liabilities | | | | | | | | | |
| Demand Deposits | 22,738 | 22,447 | 20,810 | 19,249 | 19,046 | 17,810 | 3,489 | 3,402 | 3,000 |
| Term Deposits | 19,948 | 19,653 | 18,522 | 17,945 | 17,672 | 16,575 | 2,003 | 1,981 | 1,947 |
| Registered Deposits | 12,963 | 12,906 | 11,715 | 11,055 | 11,027 | 9,954 | 1,908 | 1,879 | 1,761 |
| Other Deposits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Deposits | 55,648 | 55,006 | 51,047 | 48,249 | 47,745 | 44,339 | 7,399 | 7,261 | 6,707 |
| Borrowings | 1,527 | 623 | 295 | 1,345 | 534 | 89 | 182 | 89 | 207 |
| Securitizations | 7,340 | 7,079 | 6,984 | 6,843 | 6,596 | 6,562 | 497 | 483 | 422 |
| Other Liabilities | 1,008 | 945 | 726 | 848 | 797 | 617 | 159 | 148 | 108 |
| Total Liabilities | 65,523 | 63,653 | 59,051 | 57,286 | 55,672 | 51,607 | 8,237 | 7,981 | 7,444 |
| Members' Equity & Capital | | | | | | | | | |
| Membership Shares | 64 | 65 | 65 | 62 | 63 | 63 | 1 | 2 | 2 |
| Retained Earnings | 2,863 | 2,812 | 2,627 | 2,163 | 2,122 | 1,984 | 700 | 690 | 642 |
| Other Tier 1 & 2 Capital | 1,923 | 1,784 | 1,683 | 1,854 | 1,711 | 1,609 | 69 | 73 | 73 |
| AOCI | 3 | 4 | 20 | 2 | 5 | 1 | 1 | (1) | 19 |
| Total Members' Equity & Capital | 4,853 | 4,665 | 4,394 | 4,082 | 3,900 | 3,657 | 771 | 764 | 737 |
| Total Liabilities, Members' Equity & Capital | 70,376 | 68,318 | 63,446 | 61,368 | 59,572 | 55,264 | 9,008 | 8,746 | 8,181 |

* Totals may not agree due to rounding

Sector Balance Sheets

| | Sector % Increase/(Decrease) from | | | Credit Unions % Increase/(Decrease) from | | | Caisses Populaires % Increase/(Decrease) from | | |
|---|--------------------------------------|-------------|--------------|---|-------------|--------------|--|-------------|--------------|
| | 4Q-2019 \$millions | 3Q-2019 | 4Q-2018 | 4Q-2019 \$millions | 3Q-2019 | 4Q-2018 | 4Q-2019 \$millions | 3Q-2019 | 4Q-2018 |
| Assets | | | | | | | | | |
| Cash and Investments | 8,123 | -2.5% | 21.0% | 7,280 | -1.8% | 24.6% | 843 | -7.6% | -3.2% |
| Personal Loans | 2,282 | -1.2% | -2.6% | 1,660 | -0.8% | -2.1% | 622 | -2.4% | -3.9% |
| Residential Mortgage Loans | 38,898 | 4.0% | 11.2% | 33,780 | 4.2% | 9.9% | 5,118 | 2.5% | 21.2% |
| Commercial Loans | 17,441 | 3.7% | 7.0% | 15,535 | 3.0% | 8.9% | 1,906 | 9.2% | -6.2% |
| Institutional Loans | 123 | 12.3% | 20.3% | 51 | 0.7% | 31.0% | 72 | 22.4% | 13.6% |
| Unincorporated Association Loans | 97 | 13.0% | 3.3% | 76 | 12.6% | -11.7% | 21 | 14.1% | 163.3% |
| Agricultural Loans | 2,222 | 2.3% | 7.8% | 2,035 | 2.0% | 7.9% | 188 | 6.1% | 6.8% |
| Total Loans | 61,063 | 3.6% | 9.3% | 53,138 | 3.6% | 9.1% | 7,926 | 3.9% | 10.9% |
| Total Loan Allowances | 160 | -1.2% | 8.3% | 136 | -2.3% | 12.2% | 23 | 6.3% | -9.9% |
| Capital (Fixed) Assets | 706 | 5.7% | 38.9% | 652 | 5.9% | 39.2% | 54 | 3.4% | 35.7% |
| Intangible and Other Assets | 643 | 14.2% | 29.1% | 435 | 11.7% | 23.6% | 208 | 19.8% | 42.2% |
| Total Assets | 70,376 | 3.0% | 10.9% | 61,368 | 3.0% | 11.0% | 9,008 | 3.0% | 10.1% |
| Liabilities | | | | | | | | | |
| Demand Deposits | 22,738 | 1.3% | 9.3% | 19,249 | 1.1% | 8.1% | 3,489 | 2.6% | 16.3% |
| Term Deposits | 19,948 | 1.5% | 7.7% | 17,945 | 1.5% | 8.3% | 2,003 | 1.1% | 2.9% |
| Registered Deposits | 12,963 | 0.4% | 10.7% | 11,055 | 0.3% | 11.1% | 1,908 | 1.5% | 8.4% |
| Other Deposits | 0 | 0.0% | 0.0% | 0 | 0.0% | 0.0% | 0 | 0.0% | 0.0% |
| Total Deposits | 55,648 | 1.2% | 9.0% | 48,249 | 1.1% | 8.8% | 7,399 | 1.9% | 10.3% |
| Borrowings | 1,527 | 145.3% | 417.1% | 1,345 | 152.1% | 1416.5% | 182 | 104.3% | -12.1% |
| Securitizations | 7,340 | 3.7% | 5.1% | 6,843 | 3.7% | 4.3% | 497 | 2.9% | 17.7% |
| Other Liabilities | 1,008 | 6.6% | 38.9% | 848 | 6.4% | 37.4% | 159 | 7.6% | 47.1% |
| Total Liabilities | 65,523 | 2.9% | 11.0% | 57,286 | 2.9% | 11.0% | 8,237 | 3.2% | 10.6% |
| Members' Equity & Capital | | | | | | | | | |
| Membership Shares | 64 | -1.2% | -2.1% | 62 | -0.4% | -1.0% | 1 | -28.0% | -34.9% |
| Retained Earnings | 2,863 | 1.8% | 9.0% | 2,163 | 2.0% | 9.0% | 700 | 1.4% | 8.9% |
| Other Tier 1 & 2 Capital | 1,923 | 7.8% | 14.3% | 1,854 | 8.3% | 15.2% | 69 | -5.7% | -6.2% |
| Accumulated Other Comprehensive Income | 3 | -19.6% | -83.0% | 2 | -58.7% | 180.8% | 1 | -295.8% | -92.9% |
| Total Members' Equity & Capital | 4,853 | 4.0% | 10.4% | 4,082 | 4.6% | 11.6% | 771 | 0.9% | 4.6% |
| Total Liabilities, Members' Equity & Capital | 70,376 | 3.0% | 10.9% | 61,368 | 3.0% | 11.0% | 9,008 | 3.0% | 10.1% |

* Totals may not agree due to rounding

Sector Balance Sheets

As a percentage of Total Assets

| | Sector | | | Credit Unions | | | Caisses Populaires | | | Canadian Sector ¹ |
|---|---------------|---------------|---------------|---------------|---------------|---------------|--------------------|---------------|---------------|------------------------------|
| | 4Q-2019 | 3Q-2019 | 4Q-2018 | 4Q-2019 | 3Q-2019 | 4Q-2018 | 4Q-2019 | 3Q-2019 | 4Q-2018 | 3Q-2019 |
| Assets | | | | | | | | | | |
| Cash and Investments | 11.5% | 12.2% | 10.6% | 11.9% | 12.4% | 10.6% | 9.4% | 10.4% | 10.6% | 10.2% |
| Personal Loans | 3.2% | 3.4% | 3.7% | 2.7% | 2.8% | 3.1% | 6.9% | 7.3% | 7.9% | 4.2% |
| Residential Mortgage Loans | 55.3% | 54.8% | 55.1% | 55.0% | 54.4% | 55.6% | 56.8% | 57.1% | 51.6% | 55.4% |
| Commercial Loans | 24.8% | 24.6% | 25.7% | 25.3% | 25.3% | 25.8% | 21.2% | 20.0% | 24.8% | 18.5% |
| Institutional Loans | 0.2% | 0.2% | 0.2% | 0.1% | 0.1% | 0.1% | 0.8% | 0.7% | 0.8% | 1.1% |
| Unincorporated Association Loans | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% | 0.2% | 0.2% | 0.2% | 0.1% | 0.4% |
| Agricultural Loans | 3.2% | 3.2% | 3.2% | 3.3% | 3.3% | 3.4% | 2.1% | 2.0% | 2.1% | 4.0% |
| Total Loans | 86.8% | 86.2% | 88.1% | 86.6% | 86.1% | 88.2% | 88.0% | 87.2% | 87.4% | 83.6% |
| Total Loan Allowances | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% | 0.3% | 0.2% | 0.3% | -0.2% |
| Capital (Fixed) Assets | 1.0% | 1.0% | 0.8% | 1.1% | 1.0% | 0.8% | 0.6% | 0.6% | 0.5% | 0.7% |
| Intangible and Other Assets | 0.9% | 0.8% | 0.8% | 0.7% | 0.7% | 0.6% | 2.3% | 2.0% | 1.8% | 5.7% |
| Total Assets | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Liabilities | | | | | | | | | | |
| Demand Deposits | 32.3% | 32.9% | 32.8% | 31.4% | 32.0% | 32.2% | 38.7% | 38.9% | 36.7% | 37.4% |
| Term Deposits | 28.3% | 28.8% | 29.2% | 29.2% | 29.7% | 30.0% | 22.2% | 22.6% | 23.8% | 28.1% |
| Registered Deposits | 18.4% | 18.9% | 18.5% | 18.0% | 18.5% | 18.0% | 21.2% | 21.5% | 21.5% | 14.4% |
| Other Deposits | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.1% |
| Total Deposits | 79.1% | 80.5% | 80.5% | 78.6% | 80.1% | 80.2% | 82.1% | 83.0% | 82.0% | 80.0% |
| Borrowings | 2.2% | 0.9% | 0.5% | 2.2% | 0.9% | 0.2% | 2.0% | 1.0% | 2.5% | 8.6% |
| Securitized Assets | 10.4% | 10.4% | 11.0% | 11.2% | 11.1% | 11.9% | 5.5% | 5.5% | 5.2% | 0.0% |
| Other Liabilities | 1.4% | 1.4% | 1.1% | 1.4% | 1.3% | 1.1% | 1.8% | 1.7% | 1.3% | 2.7% |
| Total Liabilities | 93.1% | 93.2% | 93.1% | 93.3% | 93.5% | 93.4% | 91.4% | 91.3% | 91.0% | 91.3% |
| Members' Equity & Capital | | | | | | | | | | |
| Membership Shares | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% | 0.0% | 0.0% | 0.0% | 0.9% |
| Retained Earnings | 4.1% | 4.1% | 4.1% | 3.5% | 3.6% | 3.6% | 7.8% | 7.9% | 7.9% | 7.6% |
| Other Tier 1 & 2 Capital | 2.7% | 2.6% | 2.7% | 3.0% | 2.9% | 2.9% | 0.8% | 0.8% | 0.9% | 0.1% |
| AOCI | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.2% | 0.0% |
| Total Members' Equity & Capital | 6.9% | 6.8% | 6.9% | 6.7% | 6.5% | 6.6% | 8.6% | 8.7% | 9.0% | 8.6% |
| Total Liabilities, Members' Equity & Capital | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

¹As reported by Canadian Credit Union Association including Ontario Sector

* Totals may not agree due to rounding