



# Sector Outlook Report 3Q-2024

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 mean 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 Oct 21<sup>st</sup>, 2024 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](http://www.fsrao.ca).

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Ce document est également disponible en français.

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Quarter Ended Sept 30, 2024

## Financial highlights

	Sector		
	3Q-2024	2Q-2024	3Q-2023
<b>Income Statement (% average assets)</b>			
Net Interest Income	1.53	1.54	1.54
Loan Costs	0.05	0.05	0.02
Other Income	0.35	0.35	0.36
Non-Interest Expense	1.59	1.60	1.64
Taxes	0.03	0.03	0.04
Net Income	0.21	0.21	0.20
<b>Balance Sheet (\$ billions; as at quarter end)</b>			
Assets	98.8	98.1	94.4
Loans	85.6	85.1	83.2
Deposits	77.6	76.7	73.1
Members' Equity & Capital	7.08	6.94	6.66
<b>Capital Ratios (%)</b>			
Leverage	6.90	6.80	6.76
Risk Weighted	13.75	13.55	13.29
<b>Key Measures and Ratios (% except as noted)</b>			
Return on Regulatory Capital	2.99	2.95	2.76
Liquidity Ratio	12.3	12.4	10.6
Efficiency Ratio (before dividends/rebates)	85.4	86.3	84.0
Efficiency Ratio	86.5	87.0	87.5
Mortgage Loan Delinquency>30 days	0.72	0.63	0.43
Commercial Loan Delinquency>30 days	1.28	1.60	0.83
Total Loan Delinquency>30 days	0.88	0.90	0.55
Total Loan Delinquency>90 days	0.48	0.54	0.24
Asset Growth (from last quarter)	0.68	0.97	1.56
Loan Growth (from last quarter)	0.64	0.86	2.38
Deposit Growth (from last quarter)	1.19	0.85	1.77
Credit Unions (number)	55	57	58
Membership (thousands)	1,761	1,767	1,766
Average Assets (\$ millions, per credit union)	1,796	1,721	1,628

\* Trends are current quarter to last quarter

Better<sup>1</sup>

Neutral<sup>2</sup>

Worse<sup>3</sup>

Not Meaningful<sup>4</sup>

## Sector key financial trends

Table #1 - Selected Growth Trends

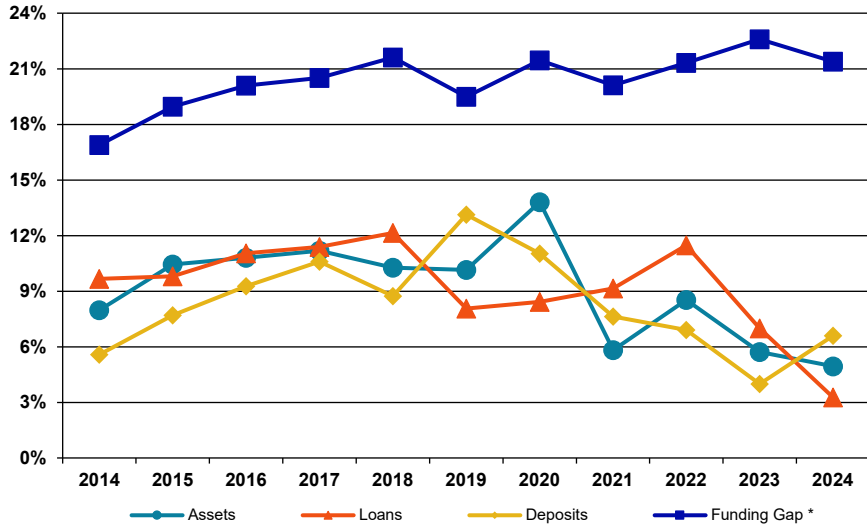


Table #2 - Selected Performance Trends

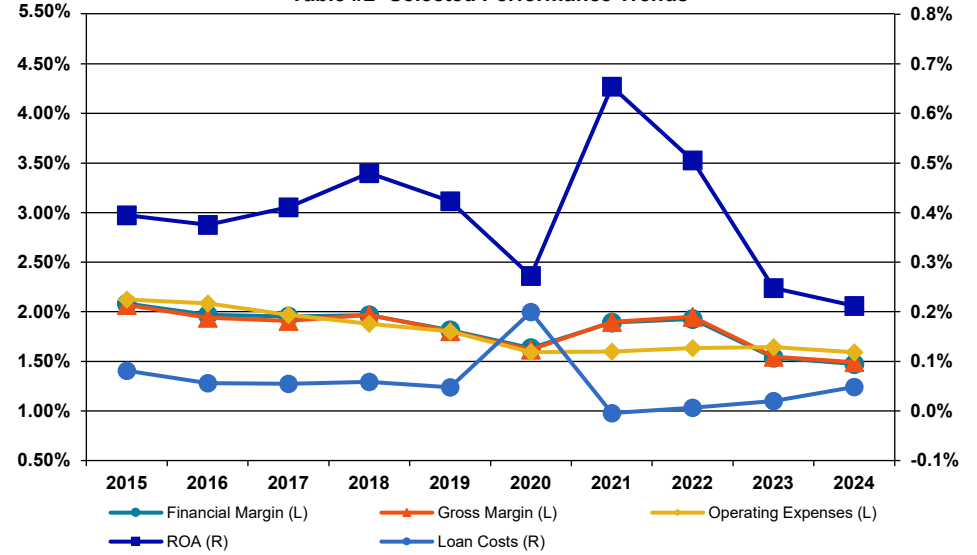


Table #3 - Efficiency Ratio and Return on Assets

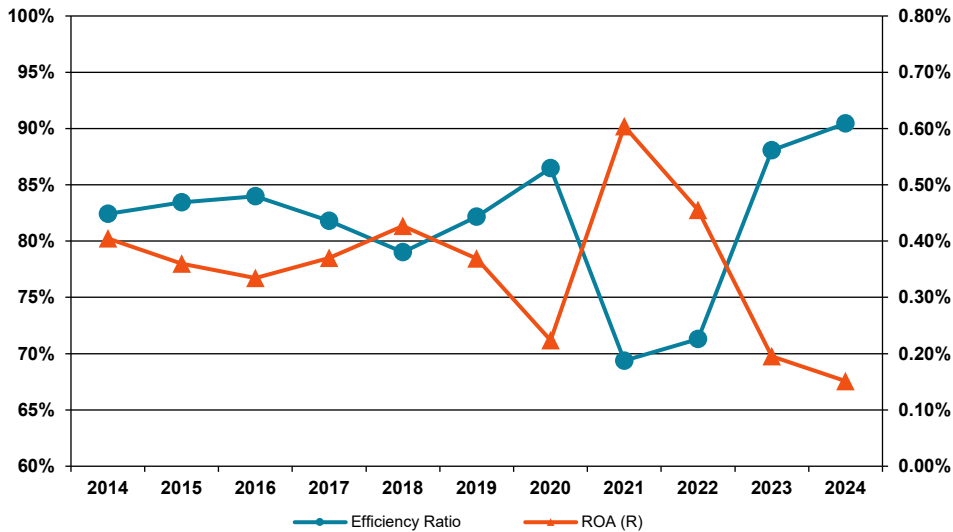
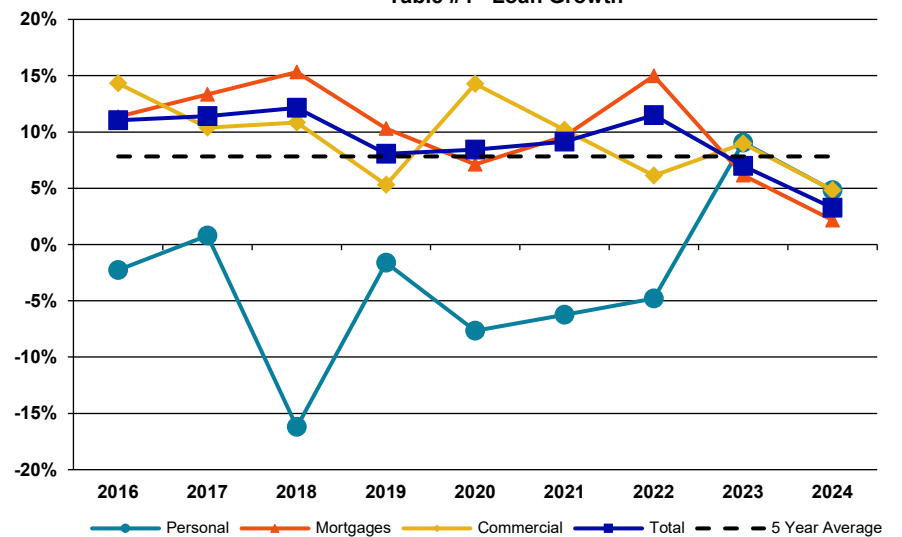
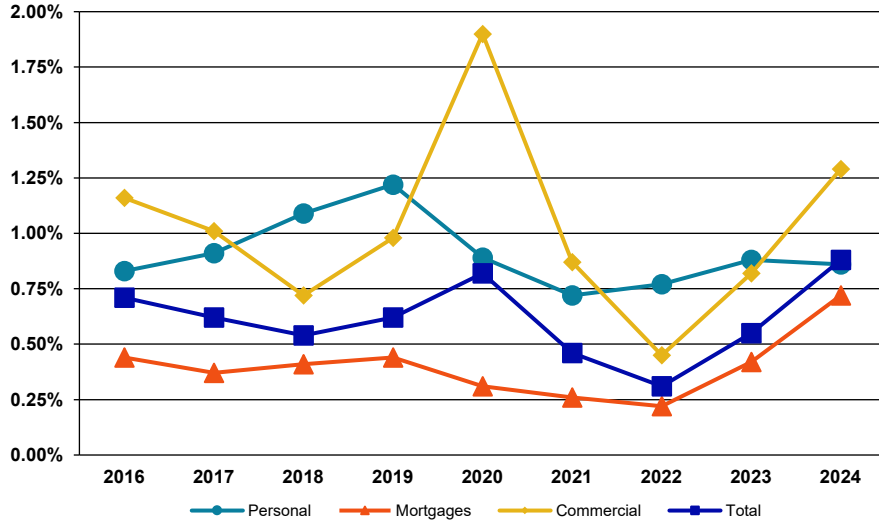


Table #4 - Loan Growth

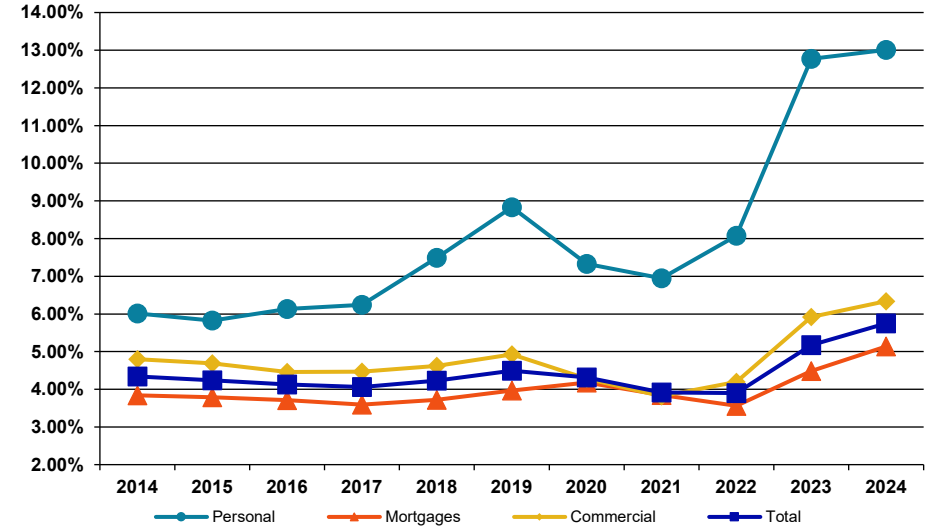


## Sector key financial trends (continued)

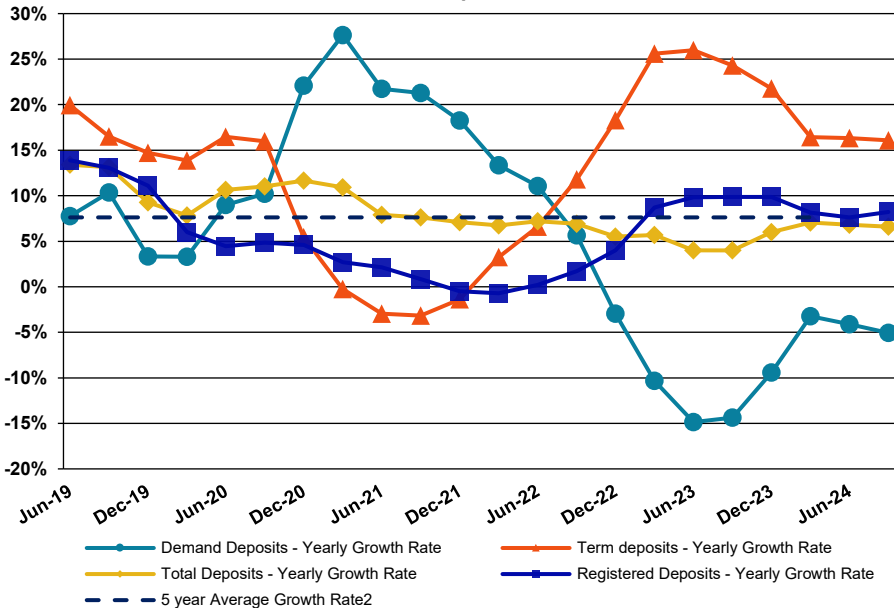
**Table #5 - Loan Delinquencies - Greater than 30 days**



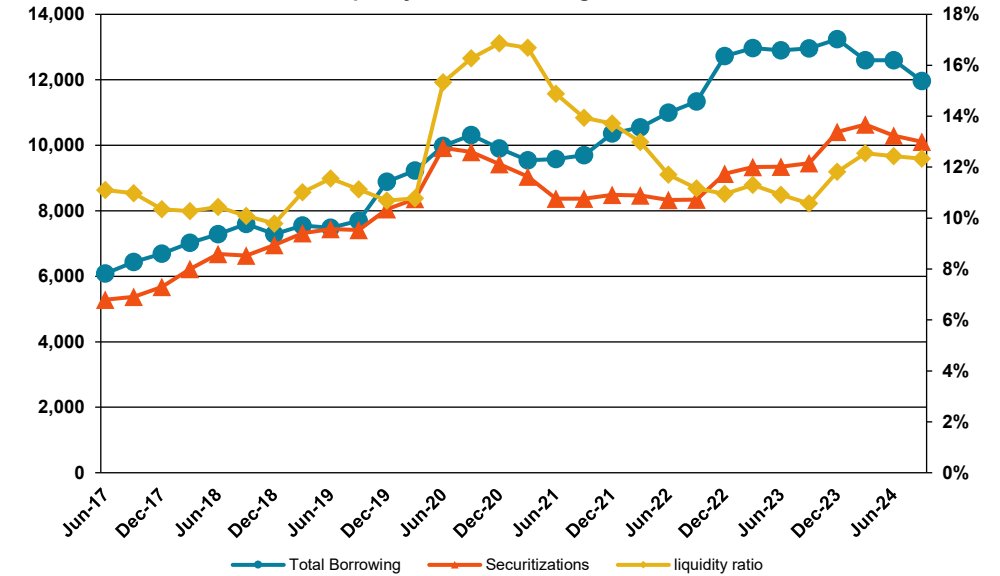
**Table #6 - Loan Yields**



**Table #7 - Deposit Growth**



**Table #8 - Liquidity, Total Borrowings and Securitization**



## FSRA observations 3Q-2024

- The sector included 55 institutions in 3Q-2024, 2 less than last quarter and 3 less than in the year-earlier quarter.
- Profitability, as measured by Return on Average Assets (ROAA) in 3Q-2024 was 21 bps, and remained flat compared with last quarter. ROAA is 1 bps higher from last year but the methodology change of ROAA accounts for 5 bps to ROAA level, hence YoY ROAA actually dropped by 4 bps on a comparable basis. Year over Year, higher loan interest and investment income were more than offset by higher interest expense in Q3 2024, loan interest income increased by 41bp while funding cost increased by 49bp, however, financial margin has shown signs of stabilization recently. The elevated interest rate levels, and inverted curve, the difference in interest rate sensitivity between loan portfolios and deposits in the past year all contributed to the squeezed margins observed. The BOC has shifted its focus to downside risk and cut bank rates for 4 times, we expect the deterioration of financial margin will moderate; it will start to improve from 2025 depending on the magnitude and pace of rates cut from BOC at the short end of yield curve and restoration of yield curve toward normal shape.
- Over 30-day delinquency on residential mortgages (which at \$54.6 billion represent 55.3% of sector assets) was 72 bps, up 29 bps year over year 9 bps from last quarter. 30-day delinquency on commercial loans (which at \$25.6 billion represent 25.9% of sector assets) was 128 bps, up 46 bps year over year and down 31 bps from last quarter. Total loan delinquency was 88 bps, up 33 bps year over year and down 2 bps quarter over quarter. We expect the credit risk increase will moderate in the remainder of 2024 but it can potentially increase further as employment and business sentiment in Canada continue to soften, that being said, the overall monetary policy is still restrictive but the recent interest rate cuts and outlook for more cuts will help alleviate the borrower's pressure.

- At the end of 3Q-2024, sector assets totaled \$98.7 billion, reflecting a year-over-year increase of \$4.4 billion (up 4.6%). Residential mortgage loans grew \$963 million (up 1.8%); recent growth is below historical rates as housing prices and volumes remain weak. Commercial loans grew \$1.1 billion (up 4.7%), and cash/investments increased \$2.0 billion (up 21.0%).
- Liquidity ratio at 12.3% for the end of 3Q-2024 was 175 bps higher than the liquidity ratio for the same period in the prior year at 10.6%.
- Year-over-year growth in retained earnings (1.9%) lagged growth in total assets (4.6%) due to a deterioration of financial margin and profitability in the past year. The duration gap between asset and liability widened during an extended period of low interest rates to maintain margin, hence the sector was particularly susceptible to the rapid interest hikes and inverted yield curve; the sector was incapable of adjusting its asset and liability structure fast enough to accommodate the pace of changes, consequently, sector financial margin was squeezed. Other Tier 1 & Tier 2 capital including investment shares (up \$218.6 million or 7.9% year over year) represents a significant source of capital (\$3.0 billion or 42.4% of capital in 3Q-2024, compared to 41.8% in 3Q-2023).

## Economic overview

### Bank of Canada

Since June 2024, the Bank of Canada reduced the policy rate 4 times bringing it to 3.75%, with the Bank Rate at 4% and the deposit rate at 3¾%. The Bank is continuing its policy of balance sheet normalization.

“The Bank continues to expect the global economy to expand at a rate of about 3% over the next two years. Growth in the United States is now expected to be stronger than previously forecast while the outlook for China remains subdued. Growth in the euro area has been soft but should recover modestly next year. Inflation in advanced economies has declined in recent months, and is now around central bank targets. Global financial conditions have eased since July, in part because of market expectations of lower policy interest rates. Global oil prices are about \$10 lower than assumed in the July Monetary Policy Report (MPR).”

“In Canada, the economy grew at around 2% in the first half of the year and we expect growth of 1¾% in the second half. Consumption has continued to grow but is declining on a per person basis. Exports have been boosted by the opening of the Trans Mountain Expansion pipeline. The labour market remains soft—the unemployment rate was at 6.5% in September. Population growth has continued to expand the labour force while hiring has been modest. This has particularly affected young people and newcomers to Canada. Wage growth remains elevated relative to productivity growth. Overall, the economy continues to be in excess supply.”

“GDP growth is forecast to strengthen gradually over the projection horizon, supported by lower interest rates. This forecast largely reflects the net effect of a gradual pick up in consumer spending per person and slower population growth. Residential investment growth is also projected to rise as strong demand for housing lifts sales and spending on renovations. Business investment is expected to strengthen as demand picks up, and exports should remain strong, supported by robust demand from the United States.

Overall, the Bank forecasts GDP growth of 1.2% in 2024, 2.1% in 2025, and 2.3% in 2026. As the economy strengthens, excess supply is gradually absorbed.”

“CPI inflation has declined significantly from 2.7% in June to 1.6% in September. Inflation in shelter costs remains elevated but has begun to ease. Excess supply elsewhere in the economy has reduced inflation in the prices of many goods and services. The drop in global oil prices has led to lower gasoline prices. These factors have all combined to bring inflation down. The Bank’s preferred measures of core inflation are now below 2½%. With inflationary pressures no longer broad-based, business and consumer inflation expectations have largely normalized.”

“The Bank expects inflation to remain close to the target over the projection horizon, with the upward and downward pressures on inflation roughly balancing out. The upward pressure from shelter and other services gradually diminishes, and the downward pressure on inflation recedes as excess supply in the economy is absorbed.

“With inflation now back around the 2% target, Governing Council decided to reduce the policy rate by 50 basis points to support economic growth and keep inflation close to the middle of the 1% to 3% range. If the economy evolves broadly in line with our latest forecast, we expect to reduce the policy rate further. However, the timing and pace of further reductions in the policy rate will be guided by incoming information and our assessment of its implications for the inflation outlook. We will take decisions one meeting at a time. The Bank is committed to maintaining price stability for Canadians by keeping inflation close to the 2% target. The next scheduled date for announcing the target overnight rate is Dec 11, 2024.

As inflation moderates, the mid to long term yield is expected to drop accordingly as inflation expectation re-anchored to lower level, it will push down both the margin loan yield and funding cost for the sector while average asset yield and funding cost will remain at higher level due to time lag of policy effects and interest sensitivity of balance sheet. As Bank of Canada has shifted its focus to downside risk and cut bank rate by 1.25% in merely 4 months by Q3 2024. In Q3 2024 the yield curve shape will become much less “inverted”, interest

rate spread between 2 and 10 years changed from -25bp to 14bp (positive slope) while 10 year yield dropped by 12bp during the quarter reflection lower inflation expectation. The trend will help restore CU's financial margin in percentage but the sector will face challenge with assets growth as economy growth outlook remain weak. We expect the average loan yield and funding cost of the credit union sector in Ontario continue to climb slowly in 2024 and early 2025 due to time lag of rate cuts before heading downward. The sector's financial margins will remain under pressure in the near future but will slowly improve in 2025.

## Household debt

Statistics Canada reported on Sept 12, 2024, that the amount Canadians owe relative to their income continue to improve, it dropped from 181.1% in Q3 2023 to 177% by Q3 2024.

The household debt service ratio, measured as total obligated payments of principal and interest on credit market debt as a proportion of household disposable income remain almost flat, inched 1bp from 14.98% at the end of 2023 to 14.97% in the second quarter of 2024.

Household credit market debt as a proportion of household disposable income dropped for the fifth consecutive quarter and was down from 180.0% in the second quarter of 2023 to 174.6% in the second quarter of 2024, as growth in household disposable income once again outpaced the growth in credit market debt.

The improvement we observed in Canadian household debt to disposable income indicate that Canadian are deleveraging amid higher debt cost and uncertain employment outlook. We expect the delinquency and impairment in Ontario's credit union sector to continue as a key risk area in the rest of 2024 and in 2025, however, lower household debt to disposable income level and lower interest rate level will alleviate the loan payment pressure and the deterioration of credit risk will moderate in a longer term.

## Ontario economic outlook

Ontario’s real gross domestic product (GDP) increased 0.3% in the second quarter (April, May, June) of 2024, after advancing 0.7% in the first quarter.

Nominal GDP rose 1.5%, following a 0.8% increase in the previous quarter.

Economy-wide prices, as measured by the implicit price index for GDP, increased 1.2% in the second quarter.

Economic production, measured on an industry basis, rose 0.4% in the second quarter as a gain in service sector output (+0.7%) was partially offset by a decline in the goods sector (-0.6%).

### Ontario economic accounts summary (per cent change)

Component	2022	2023	2023 Q3	2023 Q4	2024 Q1	2024 Q2
Real GDP	3.9	1.4	0.1	0	0.7	0.3
Nominal GDP	9.2	4.3	1.2	1.1	0.8	1.5

Ontario’s economic activity as measured by real GDP shows clear signs of softness accompanied by a decelerating inflation rate which is in line with the observation as noted by BOC’s Monetary Policy Report.

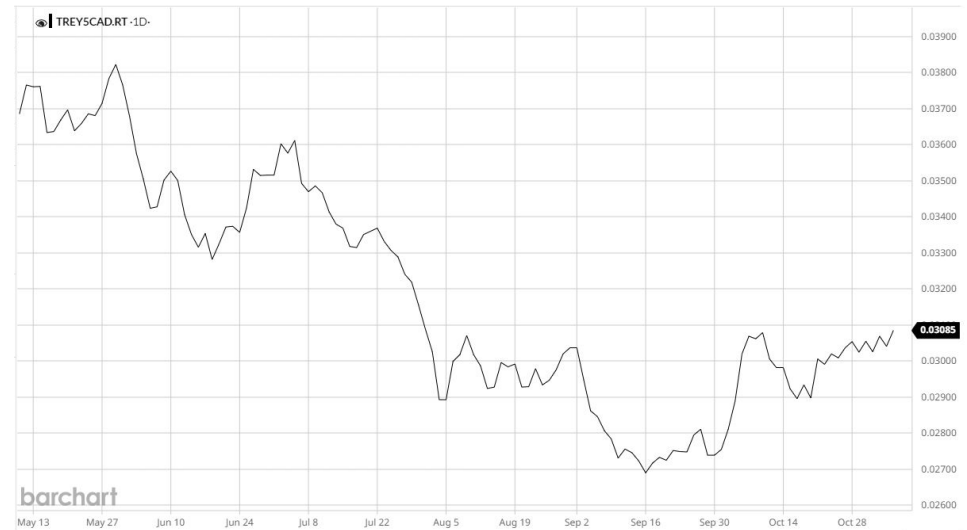
Household consumption declined 0.2% led by durable and non-durable, total business investment edged down 0.1%. Among them, residential construction investment declined for the fourth quarter, down 2.4%. Government spending rose 2.1% which is the only driver behind growth. Both the drop in durables and business investment are indications of low

confidence in the economic growth outlook. However, as interest rates continue to decline, real GDP growth is projected to increase to 1.7 percent in 2025, and to 2.3 percent in both 2026 and 2027.

While a gloomy economic outlook will negatively impact the loan demand from both consumers and businesses in the near future, looking forward, an economic recovery in 2026 or 2027 will help with the CU sector’s loan growth.

**Table 1.3**  
**Nominal GDP by income**  
**(Per cent change)**

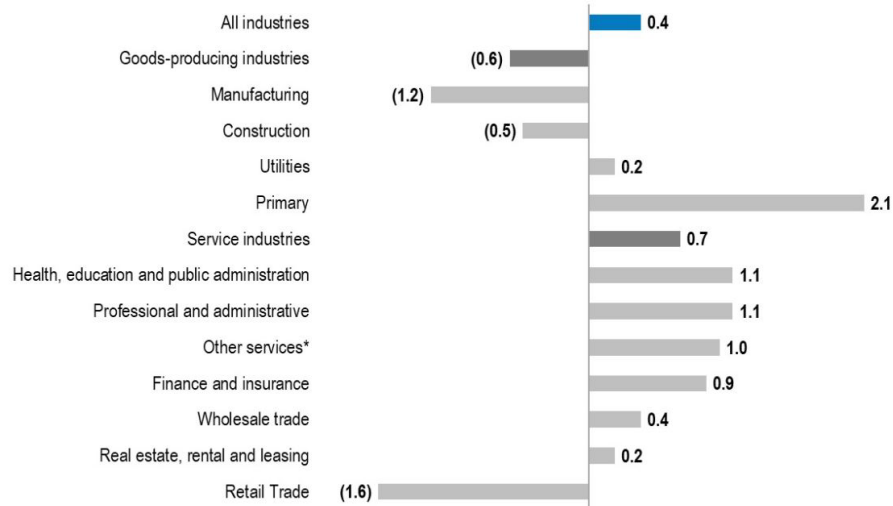
Component	2022	2023	2023 Q3	2023 Q4	2024 Q1	2024 Q2
Nominal GDP	9.2	4.3	1.2	1.1	0.8	1.5
Compensation of employees	8.8	6.6	1.2	0.8	1.3	2.0
Net operating surplus	(5.9)	(12.8)	4.7	4.6	(8.6)	3.3
Net mixed income	9.5	9.5	3.0	3.6	1.9	2.6



The compensation of employees was higher than nominal GDP growth in the first 2 quarters of 2024, indicating that productivity per capita in Ontario was deteriorating while inflationary pressure remains although it has improved evidently compared with the last 2 years. Unemployment sits at 6.9% compared with 6% one year ago, it is expected to slowly improve as the service sector together with agriculture which accounts for 82% of total employment in Ontario has shown signs of recovery despite the lower productivity and decelerating manufacturing/construction activities. (Source: [Ontario Economic and Fiscal Outlook Report.](#))

## Real GDP change by industry, 2024Q2

(Per cent)



## Changes in the Ontario Ministry of Finance Key Economic Forecast Assumptions: 2024 Budget Compared to the 2024 Ontario Economic Outlook and Fiscal Review (FES)

(Per Cent Change)

	2024p		2025p		2026p		2027p	
	2024 Budget	2024 FES	2024 Budget	2024 FES	2024 Budget	2024 FES	2024 Budget	2024 FES
<b>Real Gross Domestic Product</b>	0.3	0.9	1.9	1.7	2.2	2.3	2.2	2.3
<b>Nominal Gross Domestic Product</b>	2.7	3.8	3.9	3.9	4.3	4.4	4.1	4.4
Compensation of Employees	4.3	5.5	4.4	4.8	4.1	4.4	4.1	4.1
Net Operating Surplus — Corporations	(4.7)	(6.2)	3.5	4.5	7.9	4.5	6.0	5.6
Nominal Household Consumption	3.5	5.0	4.1	4.2	4.3	4.5	4.2	4.3
<b>Other Economic Indicators</b>								
Employment	0.8	1.4	1.7	1.5	1.4	1.4	1.4	1.2
Job Creation (000s)	63	111	136	120	114	114	115	99
Unemployment Rate (Per Cent)	6.7	6.9	6.6	6.9	6.4	6.3	6.2	6.0
Consumer Price Index	2.6	2.5	2.0	2.1	2.0	2.0	2.0	2.0
Housing Starts (000s) <sup>1</sup>	87.9	81.3	92.3	86.5	94.4	93.2	95.8	95.3
Home Resales	4.0	2.0	16.0	13.4	1.2	5.5	1.2	1.2
Home Resale Prices	(0.2)	0.3	3.1	4.7	4.0	4.0	4.0	4.0

Following a 125bp consecutive bank rate cuts from BOC, the CAD 5-year bond yield has inched up from 2.7% in September to 3.1%, same pattern can be observed across other mid to long-term buckets, reflecting higher inflation expectations as a result of recent rate cuts. It will directly impact the CU sector's loan yield and funding cost.

The breakdown of real GDP change is quite telling too, the manufacturing, construction, and retail trades have taken a toll from the high interest rate level. Meanwhile, the service and agriculture sectors have shown a recovery. The Ontario Economic Outlook from MOF anticipates strong growth in all accounts from GDP, and job creation to housing starts while keeping inflation at bay.

That bodes well for the sector both in terms of loan growth as well as delinquency as the employment situation slowly improves by 2025, meanwhile, the Ontario CU Sector's capital level is robust and improving which allows room to meet the growing demand in the future, and restore profitability as financial margin as the yield level and curve shape continue to improve.

## **Mortgage rule change**

As announced on September 16, 2024, the federal government is expanding eligibility for 30 year amortizations for insured mortgages to all first-time homebuyers and all purchasers of new builds, and increasing the \$1 million price cap for insured mortgages to \$1.5 million, effective December 15, 2024.

The changes in mortgage rules have a profound impact on Ontario's Credit Union Sector.

These measures should offer a lift to Canadian home sales and prices next year. However, their impact will be blunted by an array of factors, including the affordability erosion induced by their implementation.

Mitigating the impacts of these policies may be positive from a financial stability perspective, as the measures will likely encourage households to take on more debt in the longer term, and insured borrowers have typically been more prone to bouts of financial stress. Consequently the credit risk might potentially increase in the longer term.

## **Canada housing markets**

Based on the October 2024 Market Watch, Greater Toronto Area (GTA) home sales increased year-over-year in September. Buyers were starting to take advantage of more affordable market conditions brought about by interest rate cuts and lower home prices.

“As buyers take advantage of changes to mortgage lending guidelines and borrowing costs trend lower, home sales will steadily increase in relation to population growth. With every rate cut, a growing number of GTA households will afford a long-term investment in home ownership, including first-time buyers,” said Toronto Regional Real Estate Board (TRREB) President Jennifer Pearce.

GTA REALTORS® reported 4,996 home sales through TRREB’s MLS® System in September 2024 – up by 8.5 per cent compared to 4,606 sales reported in September 2023. New listings entered into the MLS® System amounted to 18,089 – up by an even greater 10.5 per cent year-over-year. On a seasonally adjusted basis, September sales increased on a monthly basis compared to August, along with new listings.

The MLS® Home Price Index Composite benchmark was down by 4.6 per cent year-over-year in September 2024. The average selling price, at \$1,107,291 was down by a lesser one per cent compared to the September 2023 average of \$1,118,215. On a seasonally adjusted basis, the average selling price edged up slightly compared to August.

“The annual improvement in September home sales was more than matched by the increase in new listings over the same period. This resulted in a better-supplied market and increased negotiating power for buyers re-entering the market. The ability to negotiate on price, led to moderate year-over-year price declines, particularly in the more affordable condo apartment and townhouse segments, which are popular with first time buyers,” said TRREB Chief Market Analyst Jason Mercer.

“We are pleased with the positive changes to mortgage lending guidelines announced over the past month. The ability for existing mortgage holders to shop around for the best rate without facing the stress test will result in more affordable renewals. Longer amortization periods and the ability to insure mortgages for purchases over \$1 million dollars will give home buyers more options as the GTA housing market recovers.

TRREB has long been calling for these changes to give buyers more flexibility as they navigate their home-buying journey,” said TRREB CEO John DiMichele.

Based on CMHC’s 2024 Mortgage Consumer Survey, the report revealed that Consumers renewing their mortgage increased (62% vs 58% in 2023) whereas repeat buyers and first-time buyers decreased. Significantly more mortgage consumers were impacted this year by rising interest rates (65% vs 50% in 2023). However, most consumers had strategies in place to avoid defaulting on their mortgages. Lastly, nearly three times as many buyers this year said high interest rates made them delay buying a home (13% vs 5% in 2023). First-time homebuyers and newcomers were the most likely to postpone.

A slowly recovered housing market as mortgage rates dropped across all terms driven by rate cuts and lower inflation expectations will help with loan growth for the sector, meanwhile, the recent change in mortgage lending guidelines will also drive up the demand. However, delinquency has increased from a historically low level during the last year but shows signs of moderation in recent months. We expect the outlook for lower interest rates and longer amortization will drive down the default ratio for the sector.

## Profitability

### 3Q-2024 vs 3Q-2023

As shown in Tables 2 and 3, the return on average assets in 3Q-2024 was 21 bps, ROAA is 1 bps higher from last year but methodology change of ROAA accounts for 5 bps to ROAA level, hence YoY ROAA actually dropped by 4 bps on comparable basis. Year over Year, higher loan interest and investment income were more than offset by higher interest expense in Q3 2024, loan interest income increased by 41bp while funding cost increased by 49bp.

8 of 55 credit unions had negative returns on assets. FSRA closely monitors those that are unprofitable, identifies core challenges and works with credit unions to develop strategies to restore profitability.

### 3Q-2024 vs 2Q-2024

Sector profitability remained flat from last quarter reflecting increases in loan interest of 3 bps (from 4.37%) most offset by increased interest expense on deposits of 2 bps (from 2.69%).

### 2Q-2024 Ontario Sector vs 2Q-2024 Canadian Sector\*

Ontario sector profitability of 21 bps was 1 bp higher than the Canadian sector's of 21 bps.

\*As reported by Canadian Credit Union Association, including Ontario sector

## Capital

### 3Q-2024 vs 3Q-2023

Sector capital increased to \$7.1 billion (up \$419 million or 6.3%) from the year-earlier quarter and was comprised of:

- Retained earnings of \$4.0 billion (up \$73.9 million or 1.9%);
- Investment and patronage shares of \$3.0 billion (up \$218.6 million or 7.9%); and

- Membership shares of \$54.5 million (down \$1.5Mil or -2.7%).

As a percent of risk-weighted assets, sector capital was 13.8%, up 46 bps from the year-earlier quarter. Leverage was 6.9%, up 14 bp from the year-earlier quarter.

### 3Q-2024 vs 2Q-2024

Sector capital increased by \$135.1 million (2.0% from \$6.9 billion) from last quarter as retained earnings increased by 67.3 million (1.7% from 3.9 billion), Investment shares and other Tier One or Tier Two capital were up 0.4 million or 0.01%.

Compared to the previous quarter, sector capital as a percent of risk-weighted assets was up 20 bps (from 13.6%); leverage was also up 10 bps (from 6.8%).

## Liquidity (including securitization)

### 3Q-2024 vs 3Q-2023

As shown in Tables 7 and 8, sector deposits increased by \$4.5 billion (up 6.2% to \$73.1 billion); securitizations dropped by \$1.2 billion (down 12.4% to \$8.3 billion); and borrowings were up by \$178 million (up 5.1% to \$3.6 billion). Total liability saw a net increase of \$3.9 billion (up 4.5% to \$92.0 billion) from the year earlier. Liquid assets increased \$2.0 billion (up 21.4% to \$11.7 billion) resulting in an increase in liquidity to 12.3% (up 175 bps from 10.6 % in 3Q-2023).

In 3Q-2024, 23 institutions with total assets of \$78.8 billion (or 79.8% of sector assets) participated in securitization programs.

### 3Q-2024 vs 2Q-2024

Sector deposits increased by \$912 million (up 1.2% from \$73.1 billion), securitizations decreased by \$188.2 million (down 2.2% to \$8.3 billion), while borrowings decreased by \$450.5 million (down 10.9% from \$4.3 billion) from last quarter. Liquid assets increased by \$118.0 million (up 1.0% from \$11.6 billion) but the total liquidity ratio shows an 11 bp drop (from 12.43%).

## Efficiency ratio (before dividends/interest rebates)

### 3Q-2024 vs 3Q-2023

As shown in Table 3, the sector efficiency ratio deteriorated to 85.5% (up 1.3 percentage points from 84.3%) from the year-earlier quarter.

### 3Q-2024 vs 2Q-2024

Compared to last quarter, sector efficiency improved by 85 bps to 85.4%.

### 2Q-2024 Ontario Sector vs 2Q-2024 Canadian Sector\*

Non-interest expense as a percent of average assets for the Ontario sector (1.6%) was 23 bps lower than the Canadian sector (1.8%). However, the Ontario sector efficiency ratio (86.3%) was 75 bps higher than the Canadian sector (85.5%).

## Credit quality (delinquency greater than 30 days)

### 3Q-2024 vs 3Q-2023

As shown in Table 5, total loan delinquency increased to 88 bps (up 33 bps from 55 bps) compared to the year-earlier quarter. Residential mortgage loan delinquency increased to 72 bps (up 29 bps from 43 bps) and commercial loan delinquency increased to 128 bps (up 46 bps from 83 bps).

### 3Q-2024 vs 2Q-2024

Compared to last quarter, total loan delinquency dropped by 2 bps to 88 bps, within which, residential mortgage delinquency increased by 9 bps (from 63 bps) but commercial delinquency dropped by 32 bps (from 1.6%).

## Growth

### 3Q-2024 vs 3Q-2023

Total sector assets increased to \$98.8 billion (up \$4.4 billion or 4.6%) compared to the year-earlier quarter. This reflects increases in residential mortgage loans to \$54.8 billion (up \$963 million or 1.8%) and commercial loans to \$25.7 billion (up \$1.1 billion or 4.7%), cash/investments of \$11.7 billion (up \$2.0 billion or 21.0%).

### 3Q-2024 vs 2Q-2024

Total sector assets increased by \$663.0 million (0.7% from \$98.1 billion) from last quarter reflecting an increase in residential mortgage loans of \$90 million (0.2% from \$54.5 billion), an increase in commercial loans of \$418.8 million (1.7% from \$25.3 billion), and cash/investments of \$118 million (up 1.0% from \$11.6 billion).

### 2Q-2024 Ontario Sector vs 2Q-2024 Canadian Sector\*

Ontario sector growth in total assets (5.5%) exceeded the Canadian sector's growth (3.8%) reflecting higher growth in residential mortgage loans of 3.9% (compared to 3.1% from the Canadian sector); and commercial loans of 5.7% (compared to 6.4%).

## Sector income statements

% of Average Assets (except as noted)	Ontario Sector			Canadian Sector <sup>1</sup>
	3Q-2024	2Q-2024	3Q-2023	2Q-2024
<b>Interest and Investment Income</b>				
Loan Interest	4.40%	4.37%	3.99%	4.14%
Investment Income	0.42%	0.44%	0.40%	0.60%
<b>Total Interest and Investment Income</b>	<b>4.82%</b>	<b>4.81%</b>	<b>4.40%</b>	<b>4.74%</b>
<b>Interest and Dividend Expense</b>				
Interest Expense on Deposits	2.71%	2.69%	2.21%	2.73%
Rebates/Dividends on Share Capital	0.00%	0.00%	0.00%	0.00%
Dividends on Investment/Other Capital	0.03%	0.04%	0.03%	0.04%
Other Interest Expense	0.54%	0.55%	0.55%	0.26%
<b>Total</b>	<b>0.58%</b>	<b>0.58%</b>	<b>0.59%</b>	<b>0.30%</b>
<b>Total Interest &amp; Dividend Expense</b>	<b>3.29%</b>	<b>3.27%</b>	<b>2.86%</b>	<b>0.30%</b>
<b>Net Interest &amp; Investment Income</b>	<b>1.53%</b>	<b>1.54%</b>	<b>1.54%</b>	<b>1.76%</b>
Loan Costs	0.05%	0.05%	0.02%	0.07%
<b>Net Interest &amp; Investment Income after Loan Costs</b>	<b>1.48%</b>	<b>1.48%</b>	<b>1.52%</b>	<b>1.69%</b>
Other (non-interest) Income	0.35%	0.35%	0.36%	0.45%
<b>Net Interest, Investment &amp; Other Income</b>	<b>1.83%</b>	<b>1.84%</b>	<b>1.88%</b>	<b>2.14%</b>
<b>Non-Interest Expenses</b>				
Salaries & Benefits	0.89%	0.90%	0.92%	1.05%
Occupancy	0.12%	0.12%	0.13%	0.12%
Computer, Office & Other Equipment	0.18%	0.18%	0.18%	
Advertising & Communications	0.06%	0.06%	0.07%	0.15%
Member Security	0.07%	0.08%	0.08%	0.35%
Administration	0.20%	0.19%	0.19%	0.16%
Other	0.06%	0.07%	0.08%	
<b>Total Non-Interest Expenses</b>	<b>1.59%</b>	<b>1.60%</b>	<b>1.64%</b>	<b>1.83%</b>
<b>Net Income/(Loss) Before Taxes</b>	<b>0.25%</b>	<b>0.24%</b>	<b>0.24%</b>	<b>0.26%</b>
Taxes	0.03%	0.03%	0.04%	0.06%
<b>Net Income/(Loss)</b>	<b>0.21%</b>	<b>0.21%</b>	<b>0.20%</b>	<b>0.20%</b>
<b>Average Assets (Billions)</b>	<b>\$97</b>	<b>\$97</b>	<b>\$93</b>	<b>\$307</b>

<sup>1</sup>Summary results as reported by Canadian Credit Union Association, including Ontario Sector

\*Totals may not agree due to rounding

## Sector balance sheets

As at \$millions

	Sector		
	3Q-2024	2Q-2024	3Q-2023
<b>Assets</b>			
Cash and Investments	11,676	11,558	9,653
Personal Loans	2,167	2,150	2,077
Residential Mortgage Loans	54,603	54,513	53,639
Commercial Loans	25,646	25,228	24,503
Institutional Loans	154	155	154
Unincorporated Association Loans	41	44	46
Agricultural Loans	3,013	2,992	2,744
<b>Total Loans</b>	<b>85,625</b>	<b>85,083</b>	<b>83,163</b>
Total Loan Allowances	230	227	199
Capital (Fixed) Assets	684	665	669
Intangible and Other Assets	1,008	1,019	1,114
<b>Total Assets</b>	<b>98,762</b>	<b>98,099</b>	<b>94,400</b>
<b>Liabilities</b>			
Demand Deposits	25,633	25,895	27,148
Term Deposits	35,558	34,555	30,675
Registered Deposits	16,410	16,239	15,244
<b>Total Deposits</b>	<b>77,601</b>	<b>76,688</b>	<b>73,067</b>
Borrowings	3,679	2,310	3,501
Securitized Assets	8,282	10,290	9,458
Other Liabilities	2,124	1,870	1,717
<b>Total Liabilities</b>	<b>91,685</b>	<b>91,157</b>	<b>87,743</b>
<b>Members' Equity &amp; Capital</b>			
Membership Shares	55	55	56
Retained Earnings	4,007	3,940	3,933
Other Tier 1 & 2 Capital	3,000	3,000	2,781
AOCI	15	(53)	(113)
<b>Total Members' Equity &amp; Capital</b>	<b>7,076</b>	<b>6,941</b>	<b>6,657</b>
<b>Total Liabilities, Members' Equity &amp; Capital</b>	<b>98,762</b>	<b>98,099</b>	<b>94,400</b>

\* Totals may not agree due to rounding

## Sector balance sheets

	Sector % Increase/(Decrease) from		
	3Q-2024 \$Millions	2Q-2024	3Q-2023
<b>Assets</b>			
Cash and Investments	11,676	1.4%	21.4%
Personal Loans	2,167	1.2%	4.8%
Residential Mortgage Loans	54,603	0.5%	2.2%
Commercial Loans	25,646	1.8%	4.8%
Institutional Loans	154	-0.9%	0.2%
Unincorporated Association Loans	41	-5.8%	-9.9%
Agricultural Loans	3,013	0.7%	9.8%
<b>Total Loans</b>	<b>85,625</b>	<b>0.9%</b>	<b>3.3%</b>
Total Loan Allowances	230	1.9%	16.0%
Capital (Fixed) Assets	684	3.5%	2.9%
Intangible and Other Assets	1,008	-0.1%	-8.6%
<b>Total Assets</b>	<b>98,762</b>	<b>1.0%</b>	<b>4.9%</b>
<b>Liabilities</b>			
Demand Deposits	25,633	-0.5%	-5.1%
Term Deposits	35,558	3.1%	16.1%
Registered Deposits	16,410	1.6%	8.2%
<b>Total Deposits</b>	<b>77,601</b>	<b>1.6%</b>	<b>6.6%</b>
Borrowings	3,679	-10.9%	5.1%
Securitized Assets	8,282	-2.2%	-12.4%
Other Liabilities	2,124	13.9%	24.0%
<b>Total Liabilities</b>	<b>91,685</b>	<b>0.9%</b>	<b>4.8%</b>
<b>Members' Equity &amp; Capital</b>			
Membership Shares	55	0.7%	-0.9%
Retained Earnings	4,007	2.3%	2.5%
Other Tier 1 & 2 Capital	3,000	0.0%	7.9%
Accumulated Other Comprehensive Income	15	-128.5%	-113.3%
<b>Total Members' Equity &amp; Capital</b>	<b>7,076</b>	<b>2.3%</b>	<b>6.7%</b>
<b>Total Liabilities, Members' Equity &amp; Capital</b>	<b>98,762</b>	<b>1.0%</b>	<b>4.9%</b>

\* Totals may not agree due to rounding

## Sector balance sheets

As a percentage of Total Assets	Sector			Canadian Sector <sup>1</sup>
	3Q-2024	2Q-2024	3Q-2023	2Q-2024
<b>Assets</b>				
Cash and Investments	11.8%	11.8%	10.2%	14.5%
Personal Loans	2.2%	2.2%	2.2%	3.6%
Residential Mortgage Loans	55.3%	55.6%	56.8%	49.4%
Commercial Loans	26.0%	25.7%	26.0%	25.9%
Institutional Loans	0.2%	0.2%	0.2%	0.7%
Unincorporated Association Loans	0.0%	0.0%	0.0%	0.0%
Agricultural Loans	3.1%	3.1%	2.9%	3.9%
Total Loans	86.7%	86.7%	88.1%	83.5%
Total Loan Allowances	0.2%	0.2%	0.2%	-0.3%
Capital (Fixed) Assets	0.7%	0.7%	0.7%	0.7%
Intangible and Other Assets	1.0%	1.0%	1.2%	1.5%
<b>Total Assets</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Liabilities</b>				
Demand Deposits	26.0%	26.4%	28.8%	34.9%
Term Deposits	36.0%	35.2%	32.5%	33.9%
Registered Deposits	16.6%	16.6%	16.1%	15.1%
Total Deposits	78.6%	78.2%	77.4%	84.0%
Borrowings	3.7%	2.4%	3.7%	5.9%
Securitizations	8.4%	10.5%	10.0%	
Other Liabilities	2.2%	1.9%	1.8%	2.9%
Total Liabilities	92.8%	92.9%	92.9%	92.8%
<b>Members' Equity &amp; Capital</b>				
Membership Shares	0.1%	0.1%	0.1%	0.5%
Retained Earnings	4.1%	4.0%	4.2%	5.7%
Other Tier 1 & 2 Capital	3.0%	3.1%	2.9%	1.1%
AOCI	0.0%	-0.1%	-0.1%	0.0%
Total Members' Equity & Capital	7.2%	7.1%	7.1%	7.2%
<b>Total Liabilities, Members' Equity &amp; Capital</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>