

Sector Outlook Report 2Q19

Ontario Credit Unions and Caisses Populaires



5160 Yonge Street
16th Floor
Toronto ON
M2N 6L9
Telephone: 416 250 7250
Toll free: 1 800 668 0128

5160, rue Yonge
16^e étage
Toronto (Ontario)
M2N 6L9
Téléphone: 416 250 7250
Sans frais: 1 800 668 0128

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 July 28, 2019 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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Financial Highlights

	Sector			Credit Unions			Caisses Populaires		
	2Q-2019*	1Q-2019	2Q-2018	2Q-2019*	1Q-2019	2Q-2018	2Q-2019*	1Q-2019	2Q-2018
Income Statement (% average assets)									
Net Interest Income	1.78 ¹	1.77	1.97	1.77 ³	1.78	1.93	1.88 ¹	1.72	2.21
Loan Costs	0.05 ¹	0.06	0.06	0.06 ¹	0.08	0.06	-0.02 ³	-0.05	0.07
Other Income	0.45 ¹	0.42	0.50	0.43 ¹	0.40	0.47	0.65 ¹	0.59	0.70
Non-Interest Expense	1.81 ²	1.81	1.90	1.82 ²	1.82	1.91	1.75 ³	1.71	1.83
Taxes	0.05 ²	0.05	0.10	0.06 ³	0.05	0.08	0.02 ²	0.02	0.23
Net Income	0.32 ¹	0.27	0.42	0.26 ¹	0.22	0.37	0.78 ¹	0.64	0.79
Balance Sheet (\$ billions; as at quarter end)									
Assets	66.8 ¹	65.4	60.3	58.3 ¹	57.1	52.6	8.5 ¹	8.3	7.8
Loans	57.6 ¹	56.7	52.8	50.1 ¹	49.5	46.1	7.5 ¹	7.2	6.8
Deposits	53.9 ¹	52.6	47.6	46.9 ¹	45.8	42.0	7.0 ¹	6.8	5.5
Members' Equity & Capital	4.49 ¹	4.42	4.2	3.74 ¹	3.69	3.53	0.75 ¹	0.7	0.7
Capital Ratios (%)									
Leverage	6.68 ³	6.70	7.02	6.36 ³	6.38	6.71	8.91 ¹	8.90	9.12
Risk Weighted	13.19 ¹	13.17	13.80	12.65 ¹	12.61	13.15	16.71 ³	16.89	18.21
Key Measures and Ratios (% except as noted)									
Return on Regulatory Capital	4.8 ¹	4.04	5.99	4.04 ¹	3.41	5.47	8.73 ¹	7.15	8.56
Liquidity Ratio	11.0 ¹	9.8	10.4	11.7 ¹	10.2	10.8	6.20 ³	6.6	7.7
Efficiency Ratio (before dividends/rebates)	80.3 ¹	82.2	76.6	82.6 ¹	84.2	78.9	66.9 ¹	70.2	63.4
Efficiency Ratio	82.8 ¹	84.9	78.7	85.2 ¹	87.0	81.3	68.7 ¹	72.3	64.3
Mortgage Loan Delinquency>30 days	0.41 ²	0.41	0.44	0.43 ³	0.42	0.45	0.26 ¹	0.40	0.41
Commercial Loan Delinquency>30 days	0.85 ¹	0.96	0.78	0.84 ¹	0.94	0.72	0.95 ¹	1.07	1.18
Total Loan Delinquency>30 days	0.56 ¹	0.62	0.53	0.57 ¹	0.62	0.50	0.49 ¹	0.61	0.73
Total Loan Delinquency>90 days	0.30 ¹	0.31	0.30	0.30 ¹	0.31	0.27	0.29 ¹	0.33	0.56
Asset Growth (from last quarter)	2.19 ³	3.05	3.43	2.08 ³	3.30	3.46	2.90 ¹	1.39	3.24
Loan Growth (from last quarter)	1.63 ¹	1.42	3.80	1.37 ³	1.50	3.72	3.46 ¹	0.90	4.35
Deposit Growth (from last quarter)	2.50 ³	3.10	3.12	2.40 ³	3.32	3.53	3.20 ¹	1.70	0.07
Credit Unions (number)	77 ¹	78	79	65 ¹	66	67	12 ²	12	12
Membership (thousands)	1,698 ¹	1,686	1,649	1,509 ¹	1,497	1,462	189 ²	189	188
Average Assets (\$1 millions, per credit union)	868 ¹	838	764	911 ¹	878	784	657 ¹	638	648
*Trends are current quarter to last quarter	Better	Neutral	Worse						

Sector Key Financial Trends

Table #1 - Selected Growth Trends

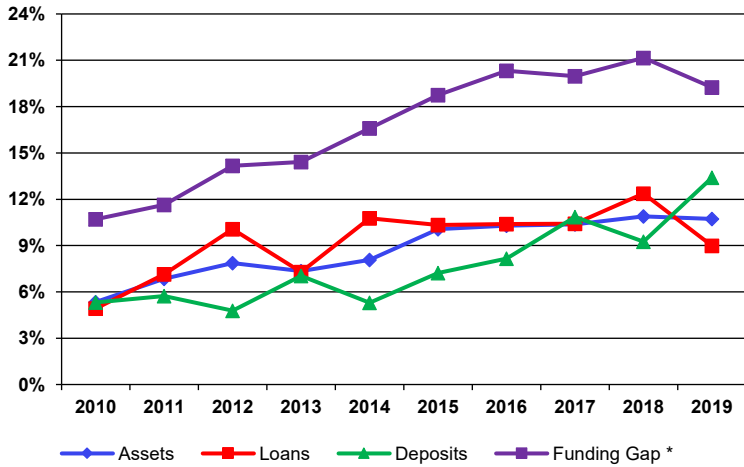


Table #2 - Selected Performance Trends

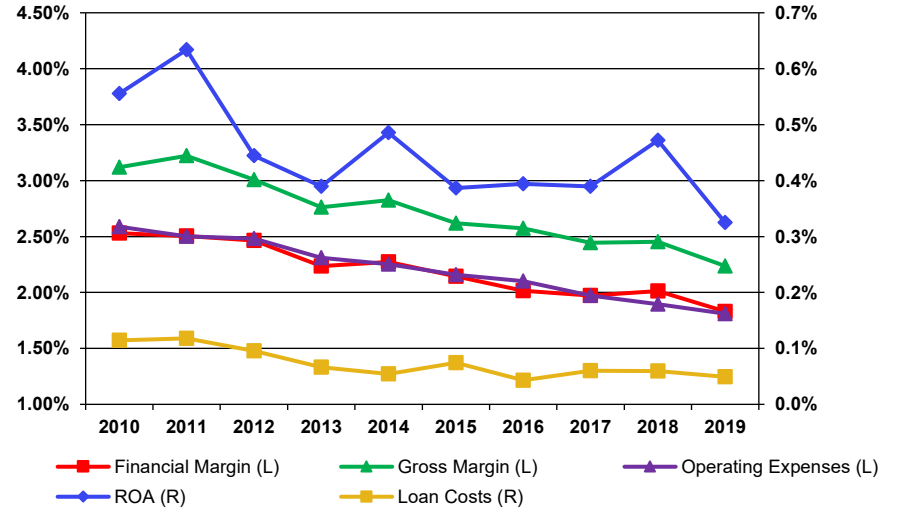


Table #3 - Efficiency Ratio and Return on Assets

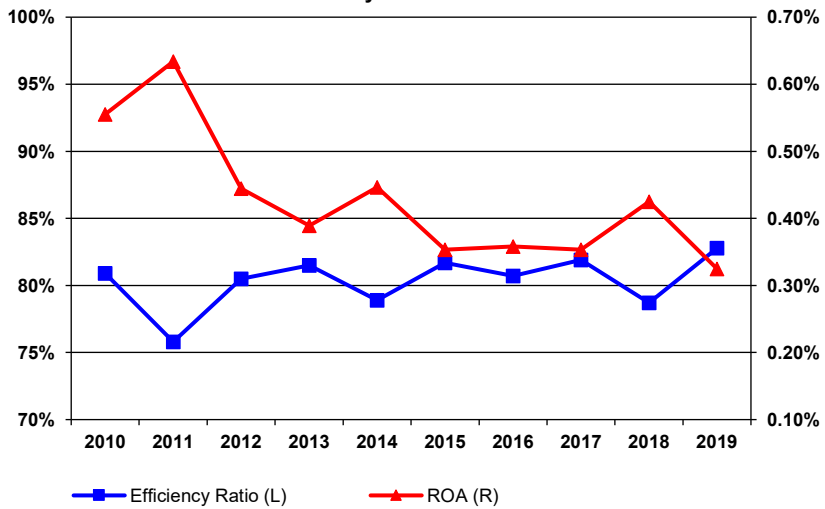
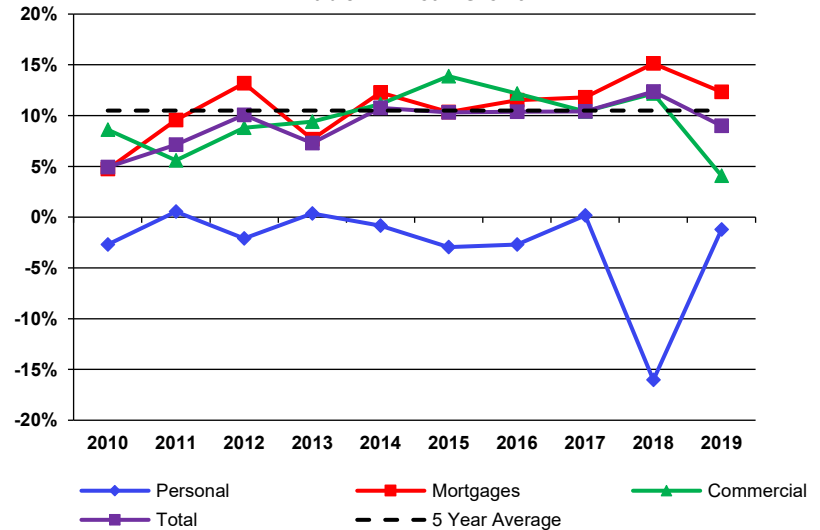


Table #4 - Loan Growth



Sector Key Financial Trends (Continued)

Table #5 - Loan Delinquencies - Greater than 30 days

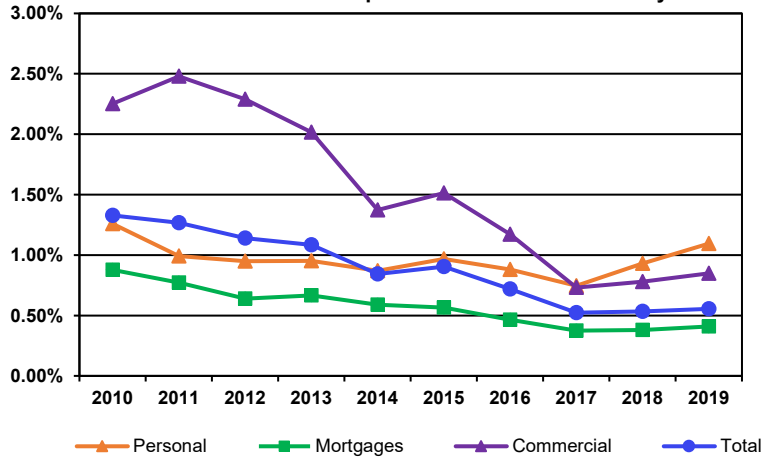


Table #6 - Loan Yields

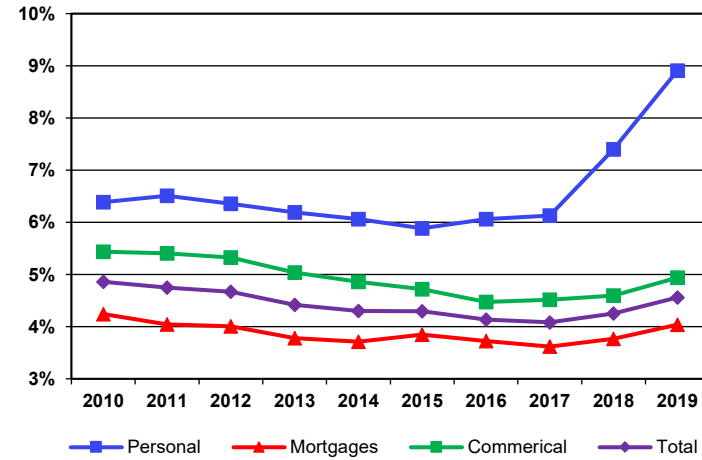


Table #7 - Deposit Growth

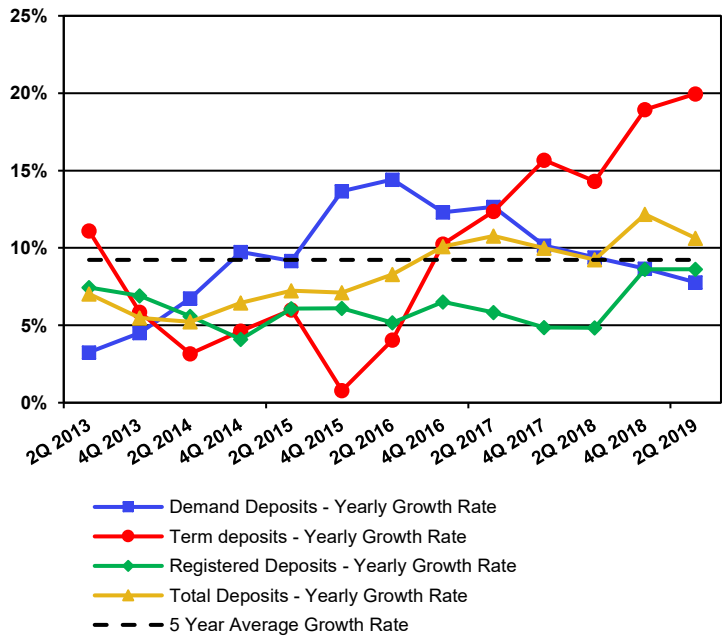
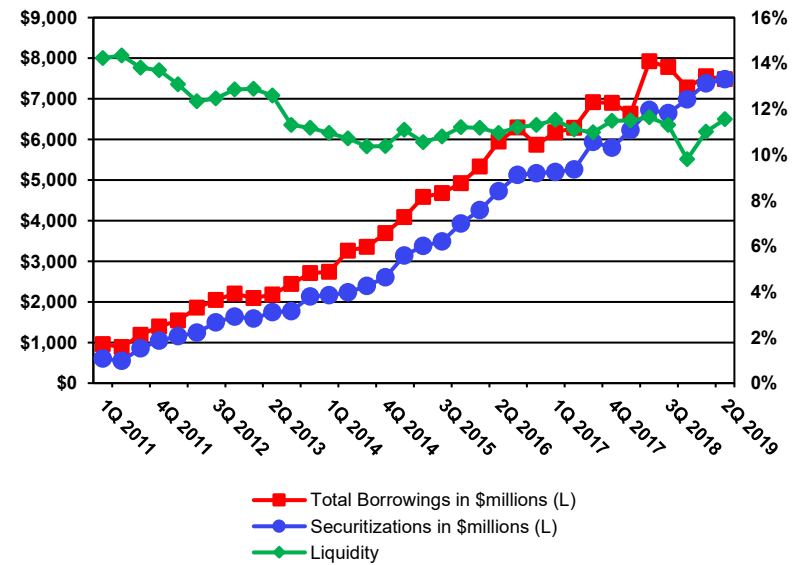


Table #8 - Liquidity, Total Borrowings and Securitization



FSRA Observations 2Q-2019

- Profitability this quarter at 32 bps is down by a meaningful 10 bps year over year (from 42 bps) but improved 5 bps from 27 bps recorded last quarter; thematic within the sector, increased loan interest and improving non-interest expenses were more than offset by higher interest expense on deposits and lower other income.
- Mortgage loan delinquency over 30 days decreased by 3 bps year over year and was unchanged at 41 bps quarter over quarter; portfolio results are significant because of the continued high rate of growth in mortgage loan assets which represent 54.8% of total 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 slightly year over year to 56 bps (from 53bps) reflecting commercial loan performance of 85 bps (worse by 7 bps).
- Asset growth (10.7% year over year) continues to be led by residential mortgages (12.3%), perhaps impacted by tightened lending rules at banks; it appears interest rate movements and slowing sales volumes and/or reduced prices in some markets have not had a negative impact on sector growth.
- In recent years, loan growth has outpaced deposit growth leading to reliance on securitization as a source of funding.
- Liquidity increased 60 bps year over year to 11.0% as growth in liquid assets outpaced growth in deposits, borrowings and securitization transactions.
- Capital and capital ratios remain under pressure as growth in loans outpaces growth in retained earnings.

Economic Overview

The Bank of Canada (the “Bank”) held its overnight rate at 1.75% at its meeting on July 10th, 2019, unchanged since October 24th, 2018.

In its report, the Bank stated that following temporary weakness in late 2018 and early 2019, growth in the second quarter appears to be stronger than predicted due to some temporary factors, including the reversal of weather-related slowdowns in the first quarter and a surge in oil production. Consumption is being supported by a healthy labour market. It said exports rebounded in the second quarter and will grow moderately as foreign demand continues to expand. However, ongoing trade conflicts and competitiveness challenges are dampening the outlook for trade and investment. The Bank now projects real GDP growth to average 1.3 percent in 2019 and about 2 percent in 2020 and 2021.

Inflation remains around the 2 percent target, with some recent upward pressure from higher food and automobile prices. Core measures of inflation are also close to 2 percent. CPI inflation will likely dip this year because of the dynamics of gasoline prices and some other temporary factors. As slack in the economy is absorbed and these temporary effects wane, inflation is expected to return sustainably to 2 percent by mid-2020.

Although this recent data shows the Canadian economy is returning to potential growth, the outlook is clouded by persistent trade tensions. Taken together, the degree of accommodation being provided by the current policy interest rate remains appropriate. As Governing Council continues to monitor incoming data, it will pay particular attention to developments in the energy sector and the impact of trade conflicts on the prospects for Canadian growth and inflation.

In June 2019, Statistics Canada reported the amount Canadians owe relative to their income held steady in the first quarter as debt and income grew at similar rates. The agency said on a seasonally adjusted basis first quarter household credit market debt as a proportion of household disposable income remained at 177.6 per cent.

Housing Markets

Bank of Canada reports that at the national level, the housing market is stabilizing, although there are still significant adjustments underway in some regions. It considers a material decline in longer-term mortgage rates is supporting housing activity.

The Toronto Real Estate Board reported that in the GTA, July 2019 sales increased by 24.3% and average prices increased by 3.2%, each compared to the year earlier month. The Board attributes the increased average selling prices to tightened demand as annual growth in sales far exceeded annual growth in new listings. It notes the single detached market segment, considered the most impacted by OSFI stress testing, experienced a slower pace of price growth than other segments.

Credit Union Sector Consolidation

There has been continued consolidation within the Ontario sector over the last twelve months with the number of institutions decreasing by 2 to 77; average asset size increased to \$868 million. The number of credit unions declined by two to 65 with average assets of \$911 million; caisse populaires remained at 12 with average assets of \$657 million. Consolidations should result in larger, more stable entities capable of achieving economies of scale.

Profitability

2Q-2019 vs 2Q-2018

As shown in Tables 2 and 3 on page 2, return on average assets for the sector decreased to 32 bps (down 10 bps or 24%) from the same quarter a year earlier as higher interest and investment income (up 17 bps to 3.58%), improved non-interest expenses (down 9 bps to 1.81%) and lower taxes (down 5 bps to 5 bps) were more than offset by higher interest and dividend expense (up 35 bps to 1.79%) and lower other income (down 5 bps to 45 bps).

Within the sector, return on average assets for credit unions decreased to 26 bps (down 11 bps or 30%) as improvements in interest and investment income (up 20 bps to 3.60%) and non-interest expenses (down 9 bps to 1.82%) were more than offset by higher interest and dividend expense (up 36 bps to 1.83%) and lower other income (down 4 bps to 43 bps).

Caisses profitability was 78 bps (slight decrease from 79 bps) mainly reflecting improvements in loan costs (down 9 bps to a recovery of 2 bps), improved non-interest expenses (down 8 bps to 1.75%) and lower taxes (down 21 bps to 2 bps), offset by higher interest and dividend expense (up 31 bps to 1.53%) and lower other income (down 5 bps to 65 bps).

Out of 77 credit unions, seven had negative returns on assets. FSRA closely monitors credit unions that are unprofitable, identifies core challenges and works with the credit unions to develop strategies to resolve the situation with the intention of returning them to profitability.

1Q 2019 Ontario Sector vs Canadian Sector*

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

Ontario sector profitability of 27 bps was below that of the Canadian sector of 39 bps. Although net interest income of 1.77% (vs 1.98%) and other income of 0.42% (vs 0.51%) were worse, non-interest expenses of 1.81% (vs 1.93%) and taxes of 5 bps (vs. 11 bps) were better.

Capital

2Q-2019 vs 2Q-2018

Sector capital increased to \$4.5 billion (up \$266 million or 6.3%) from the year earlier quarter comprised of:

- Retained earnings of \$2.7 billion (up \$209 million or 8.3%);
- Investment and patronage shares of \$1.7 billion (up \$64 million or 3.9%); and
- Membership shares of \$65 million (up \$1 million or 2.3%).

Within the sector, credit union capital increased to \$3.7 billion (up \$212 million or 6.2%) and consisted of:

- Retained earnings of \$2.1 billion (up \$135 million or 7.0%);
- Investment and patronage shares of \$1.6 billion (up \$78 million or 5.0%); and
- Membership shares of \$64 million (up \$2 million or 2.4%).

Caisses capital increased to \$750 million (up \$52 million or 7.6%) comprised of:

- Retained earnings of \$670 million (up \$74 million or 12.3%);
- Investment and patronage shares of \$73 million (down \$14 million or 15.8%); and
- Membership shares of \$2 million (down 2.2%).

As a percent of risk weighted assets, sector capital was 13.19%, down 61 bps from the year earlier quarter, as growth in risk weighted assets continued to outpace growth in capital. Credit union capital was 12.65% (down 50 bps) and caisses capital was 16.71% (down 150 bps). Leverage for the sector was 6.68% (down 34 bps) reflecting credit union leverage of 6.36% (down 35 bps) and caisses leverage of 8.91% (down 21 bps).

Growth in retained earnings has not been keeping pace with the growth in assets. To maintain minimum capital requirements and provide for future growth, credit unions have an increasing dependency on the issuance of investment shares which remain a significant portion of their capital composition (37.7% in 2Q19 versus 38.6% in 2Q18).

2Q-2019 vs 1Q-2019

Sector capital increased by \$74 million (1.7% from \$4.4 billion) from last quarter, primarily from an increase in retained earnings of \$82 million (3.1% from \$2.6 billion) offset by a reduction in investment shares of \$10 million (0.6% from \$1.7 billion); membership shares were unchanged.

Sector capital as a percent of risk weighted assets increased 2 bps (from 13.17%) in the previous quarter. Credit union capital increased 4 bps (from 12.61%) offset by caisses' capital that decreased 18 bps (from 16.89%). Leverage for the sector decreased 2 bps (from 6.70%) reflecting decreases at credit unions of 2 bps (from 6.38%) and an increase at caisses of 1 bp (from 8.90%).

Liquidity (including Securitization)

2Q-2019 vs 2Q-2018

As shown in Tables 7 and 8, sector deposits increased by \$6.4 billion (up 13.4% to \$53.9 billion), securitizations increased by \$209 million (up 3.1% to \$7.0 billion) and borrowings decreased by \$7 million (down 1.5% to \$502 million), a net increase of \$6.6 billion (up 7.1% to \$61.4 billion) from the year earlier. However, liquid assets increased \$1.4 billion (up 24.0% to \$7.1 billion) resulting in an increase in liquidity to 11.0% (up 60 bps from 10.4% in 1Q18).

Deposits at credit unions increased by \$4.9 billion (up 11.6% to \$46.9 billion), securitizations increased by \$110 million (up 1.70% to \$6.5 billion) and borrowings increased by \$342 million (up 640% to \$396 million), a net increase of \$5.3 billion (up 11.0% to \$53.8 billion). However, liquid assets increased \$1.4 billion (up 26.2% to \$6.6 billion) resulting in an increase in liquidity to 11.7% (up 0.9% from 10.8%).

Deposits at caisses increased by \$1.5 billion (up 27.4% to \$7.0 billion), securitizations increased by \$99 million (up 23.7% to \$516 million) and borrowings decreased \$350 million (down 76.8% to \$106 million), a net increase of \$1.3 billion (up 19.8% to \$7.7 billion). Liquid assets increased by \$8 million (up 1.5% to \$499 million) resulting in a decrease in liquidity to 6.2% (down 1.5% from 7.7%).

In 2Q19, there were 33 credit unions (21 credit unions, 12 caisse populaires) with combined total assets of \$59.3 billion (89% of sector assets) participating in securitization programs.

2Q-2019 vs 1Q-2019

Sector deposits increased by \$1.3 billion (up 2.5% from \$52.6 billion), securitizations decreased by \$22 million (down 0.3% from \$7.0 billion) and borrowings decreased by \$43 million (down 8.0% from \$545 million), a net increase of \$1.3 billion (up 2.1% from \$60.2 billion) from last quarter. Liquid assets increased by \$473 million (up 7.1% from \$6.6 billion) and due to their faster rate of growth, liquidity increased 1.2% (from 9.8%).

Efficiency Ratio (before dividends/interest rebates)

2Q-2019 vs 2Q-2018

As shown in Table 3, sector efficiency ratio deteriorated to 80.3% (up 370 bps from 76.6%) from the year earlier quarter. Credit unions worsened to 82.6% (up 370 bps from 78.9%) and caisses to 66.9% (up 350 bps from 63.4%).

2Q-2019 vs 1Q-2019

Compared to last quarter, sector efficiency improved by 190 bps (from 82.2%) reflecting improvements at credit unions of 160 bps (from 84.2%) and caisses of 330 bps (from 70.2%).

1Q-2019 Ontario Sector vs. Canadian Sector

Although non-interest expense as a percent of average assets for the Ontario sector (1.81%) was 12 bps better than the Canadian sector (1.93%), the efficiency ratio (82.2%) was 710 bps worse than the Canadian sector (75.1%). This gap is wider than in 1Q-2018 when the spread was 580 bps with Ontario at 77.1% and the Canadian Sector at 71.3%.

Credit Quality (delinquency greater than 30 days)

2Q-2019 vs 2Q-2018

As shown in Table 5, total loan delinquency increased to 56 bps (up 3 bps from 53 bps) from the year earlier quarter. Credit unions reflected an increase to 57 bps (up 7 bps from 50 bps) and caisses decreased to 49 bps (down 24 bps from 73 bps).

Residential mortgage loan delinquency decreased to 41 bps (down 3 bp from 44 bps) in the year earlier quarter. Credit unions reflected a decrease to 43 bps (down 2 bps from 45 bps) and caisses decreased to 26 bps (down 15 bps from 41 bps).

Commercial loan delinquency increased to 85 bps (up 7 bp from 78 bps) from the year earlier. Within the sector, commercial loan delinquency increased at credit unions to 84 bps (up 12 bps from 72 bps) and decreased at caisses to 95 bps (down 23 bps from 118 bps).

2Q-2019 vs 1Q-2019

Compared to last quarter, total delinquency for the sector decreased by 6 bp (from 62 bps) reflecting decreases at credit unions of 5 bps (from 62 bps) and at caisses by 12 bps (from 61 bps).

Residential mortgage loan delinquency for the sector was unchanged at 41 bps reflecting an increase at credit unions of 1 bp (from 42 bps) offset by decreases at caisses of 14 bps (from 40 bps).

Commercial loan delinquency for the sector decreased by 11 bps (from 96 bps) from the previous quarter reflecting decreases at credit unions of 10 bps (from 94 bps) and at caisses of 12 bps (from 107 bps).

Growth

2Q-2019 vs 2Q-2018

Compared to the previous year, total sector assets increased to \$66.8 billion (up \$6.5 billion or 10.7%). This was largely due to growth in residential mortgage loans to \$36.6 billion (up \$4.0 billion or 12.3%), growth in commercial loans to \$16.3 billion (up \$0.6 billion or 4.1%) and increased cash/equivalents of \$8.2 billion (up \$1.5 billion or 22.8%). Within the sector, credit unions increased total assets to \$58.3 billion (up \$5.7 billion or 10.9%) reflecting growth in residential mortgage loans to \$31.7 billion (up \$3.1 billion or 10.8%), growth in commercial loans to \$14.6 billion (up \$0.9 billion or 6.4%) and increased cash/equivalents of \$7.3 billion (up \$1.5 billion or 25.9%). Caisses total assets increased to \$8.5 billion (up \$756 million or 9.7%) mainly attributed to growth in residential mortgage loans to \$4.9 billion (up \$925 million or 23.4%) offset by a decrease in commercial loans to \$1.7 billion (down \$241 million or 12.5%).

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

2Q-2019 vs 1Q-2019

Total assets for the sector increased by \$1.4 billion (2.2% from \$65.4 billion) from last quarter reflecting growth of \$682 million (1.9% from \$35.9 billion) in residential mortgage loans, increases in commercial loans of \$193 million (1.2% from \$16.1 billion) and increases cash/equivalent balances of \$0.5 billion (6.4% from \$7.6 billion). Within the sector, total assets in credit unions increased by \$1.2 billion (2.1% from \$57.1 billion) reflecting increases of \$546 million (1.8% from \$31.2 billion) in residential mortgage loans, \$86 million (0.6% from \$14.5 billion) in commercial loans and \$510 million (7.5% from \$6.8 billion) in cash/equivalents. Caisses total assets increased by \$241 million (2.9% from \$8.3 billion) reflecting growth of \$136 million (2.9% from \$4.7 billion) in residential mortgage loans and in commercial loans of \$107 million (6.7% from \$1.6 billion).

1Q-2019 Ontario Sector vs. Canadian Sector

Ontario sector total assets growth rate of 12.1% was above the Canadian sector's (7.4%) attributable to growth in residential mortgages loans of 15.0% (vs 7.3%), commercial loans of 5.7% (vs 5.4%) and agricultural loans of 10.6% (vs 11.1%).

Sector Income Statements

% of Average Assets (except as noted)

	Sector			Credit Unions			Caisses Populaires			Canadian Sector ¹
	2Q-2019	1Q-2019	2Q-2018	2Q-2019	1Q-2019	2Q-2018	2Q-2019	1Q-2019	2Q-2018	1Q-2019
Interest and Investment Income										
Loan Interest	3.37%	3.36%	3.17%	3.40%	3.39%	3.21%	3.15%	3.17%	2.93%	3.37%
Investment Income	0.21%	0.15%	0.23%	0.20%	0.17%	0.19%	0.26%	0.07%	0.51%	0.30%
Total Interest and Investment Income	3.58%	3.52%	3.41%	3.60%	3.56%	3.40%	3.41%	3.24%	3.44%	3.67%
Interest and Dividend Expense										
Interest Expense on Deposits	1.44%	1.40%	1.12%	1.47%	1.42%	1.14%	1.21%	1.22%	0.94%	1.43%
Rebates & Dividends on Share Capital	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.07%	0.07%	0.04%	0.00%
Dividends on Investment Capital & Other Capital	0.01%	0.01%	0.02%	0.01%	0.01%	0.03%	0.02%	0.00%	0.00%	0.09%
Other Interest Expense	0.28%	0.28%	0.25%	0.29%	0.28%	0.25%	0.21%	0.23%	0.25%	0.17%
Total	0.35%	0.35%	0.32%	0.36%	0.36%	0.33%	0.31%	0.30%	0.29%	0.26%
Total Interest Expense and Dividends Expense	1.79%	1.75%	1.44%	1.83%	1.78%	1.47%	1.53%	1.52%	1.22%	1.69%
Net Interest & Investment Income	1.78%	1.77%	1.97%	1.77%	1.78%	1.93%	1.88%	1.72%	2.21%	1.98%
Loan Costs	0.05%	0.06%	0.06%	0.06%	0.08%	0.06%	(0.02%)	(0.05%)	0.07%	0.06%
Net Interest & Investment Income after Loan Costs	1.73%	1.71%	1.91%	1.71%	1.70%	1.87%	1.91%	1.77%	2.14%	1.92%
Other (non-interest) Income	0.45%	0.42%	0.50%	0.43%	0.40%	0.47%	0.65%	0.59%	0.70%	0.51%
Net Interest, Investment & Other Income	2.19%	2.13%	2.41%	2.13%	2.10%	2.34%	2.55%	2.36%	2.84%	2.43%
Non-Interest Expenses										
Salaries & Benefits	1.01%	1.03%	1.07%	1.04%	1.06%	1.10%	0.81%	0.82%	0.87%	1.10%
Occupancy	0.15%	0.16%	0.19%	0.16%	0.16%	0.19%	0.13%	0.13%	0.19%	0.15%
Computer, Office & Other Equipment	0.19%	0.19%	0.18%	0.19%	0.19%	0.18%	0.22%	0.22%	0.19%	-
Advertising & Communications	0.11%	0.10%	0.11%	0.10%	0.10%	0.10%	0.14%	0.13%	0.15%	-
Member Security	0.09%	0.08%	0.08%	0.08%	0.09%	0.08%	0.11%	0.04%	0.08%	0.68%
Administration	0.16%	0.14%	0.15%	0.16%	0.14%	0.15%	0.18%	0.18%	0.19%	-
Other	0.10%	0.11%	0.11%	0.10%	0.10%	0.10%	0.16%	0.19%	0.16%	-
Total Non-Interest Expenses	1.81%	1.81%	1.90%	1.82%	1.82%	1.91%	1.75%	1.71%	1.83%	1.93%
Net Income/(Loss) Before Taxes	0.38%	0.32%	0.51%	0.31%	0.27%	0.44%	0.80%	0.65%	1.01%	0.50%
Taxes	0.05%	0.05%	0.10%	0.06%	0.05%	0.08%	0.02%	0.02%	0.23%	0.11%
Net Income/(Loss)	0.32%	0.27%	0.42%	0.26%	0.22%	0.37%	0.78%	0.64%	0.79%	0.39%
Average Assets (millions)	\$65,183	\$64,224	\$58,845	\$56,858	\$56,018	\$51,243	\$8,325	\$8,205	\$7,601	\$228,143

¹As reported by Canadian Credit Union Association including Ontario Sector

*Totals may not agree due to rounding

Sector Balance Sheets

As at \$millions

	Sector			Credit Unions			Caisses Populaires		
	2Q-2019	1Q-2019	2Q-2018	2Q-2019	1Q-2019	2Q-2018	2Q-2019	1Q-2019	2Q-2018
Assets									
Cash and Investments	8,171	7,677	6,653	7,293	6,783	5,794	878	894	859
Personal Loans	2,309	2,292	2,338	1,671	1,656	1,684	638	637	654
Residential Mortgage Loans	36,595	35,913	32,573	31,727	31,181	28,630	4,868	4,732	3,943
Commercial Loans	16,319	16,126	15,680	14,621	14,535	13,741	1,698	1,591	1,939
Institutional Loans	105	99	108	39	39	41	67	60	67
Unincorporated Association Loans	103	104	91	85	87	81	18	18	10
Agricultural Loans	2,162	2,133	2,052	1,987	1,958	1,886	175	175	166
Total Loans	57,594	56,669	52,841	50,131	49,455	46,062	7,463	7,213	6,779
Total Loan Allowances	161	152	137	140	128	107	20	23	30
Capital (Fixed) Assets	650	636	494	600	583	456	50	53	38
Intangible and Other Assets	558	552	489	392	393	355	165	159	134
Total Assets	66,811	65,381	60,340	58,276	57,086	52,560	8,536	8,295	7,780
Liabilities									
Demand Deposits	21,530	20,608	19,978	18,346	17,547	17,875	3,184	3,061	2,103
Term Deposits	19,567	19,399	16,311	17,570	17,472	14,536	1,997	1,927	1,775
Registered Deposits	12,850	12,624	11,283	10,991	10,790	9,636	1,859	1,834	1,648
Other Deposits	0	0	0	0	0	0	0	0	0
Total Deposits	53,947	52,631	47,572	46,907	45,809	42,046	7,040	6,822	5,526
Borrowings	502	545	509	396	409	54	106	136	456
Securitized Assets	6,983	7,005	6,774	6,467	6,521	6,357	516	485	417
Other Liabilities	884	779	1,256	761	654	571	123	124	685
Total Liabilities	62,317	60,960	56,111	54,532	53,394	49,028	7,785	7,567	7,083
Members' Equity & Capital									
Membership Shares	65	65	64	64	64	62	2	2	2
Retained Earnings	2,731	2,649	2,522	2,061	1,998	1,926	670	651	596
Other Tier 1 & 2 Capital	1,695	1,705	1,631	1,622	1,632	1,544	73	73	87
AOCI	3	2	12	(3)	(0)	(1)	6	3	13
Total Members' Equity & Capital	4,495	4,421	4,229	3,744	3,693	3,532	750	728	698
Total Liabilities, Members' Equity & Capital	66,811	65,381	60,340	58,276	57,086	52,560	8,536	8,295	7,780

*Totals may not agree due to rounding

Sector Balance Sheets

As at \$millions

	Sector % Increase/(Decrease) from			Credit Unions % Increase/(Decrease) from			Caisses Populaires % Increase/(Decrease) from		
	2Q-2019 \$millions	1Q-2019	2Q-2018	2Q-2019 \$millions	1Q-2019	2Q-2018	2Q-2019 \$millions	1Q-2019	2Q-2018
Assets									
Cash and Investments	8,171	6.4%	22.8%	7,293	7.5%	25.9%	878	-1.8%	2.2%
Personal Loans	2,309	0.7%	-1.2%	1,671	0.9%	-0.8%	638	0.2%	-2.4%
Residential Mortgage Loans	36,595	1.9%	12.3%	31,727	1.8%	10.8%	4,868	2.9%	23.4%
Commercial Loans	16,319	1.2%	4.1%	14,621	0.6%	6.4%	1,698	6.7%	-12.5%
Institutional Loans	105	6.5%	-2.4%	39	-0.1%	-5.6%	67	10.8%	-0.5%
Unincorporated Association Loans	103	-0.9%	14.1%	85	-1.7%	5.2%	18	2.6%	88.5%
Agricultural Loans	2,162	1.3%	5.4%	1,987	1.5%	5.4%	175	-0.4%	5.3%
Total Loans	57,594	1.6%	9.0%	50,131	1.4%	8.8%	7,463	3.5%	10.1%
Total Loan Allowances	161	6.1%	17.4%	140	9.6%	31.6%	20	-13.0%	-32.7%
Capital (Fixed) Assets	650	2.1%	31.5%	600	2.8%	31.7%	50	-5.6%	30.1%
Intangible and Other Assets	558	1.1%	13.9%	392	-0.3%	10.5%	165	4.3%	23.0%
Total Assets	66,811	2.2%	10.7%	58,276	2.1%	10.9%	8,536	2.9%	9.7%
Liabilities									
Demand Deposits	21,530	4.5%	7.8%	18,346	4.6%	2.6%	3,184	4.0%	51.4%
Term Deposits	19,567	0.9%	20.0%	17,570	0.6%	20.9%	1,997	3.6%	12.5%
Registered Deposits	12,850	1.8%	13.9%	10,991	1.9%	14.1%	1,859	1.4%	12.8%
Other Deposits	0	0.0%	0.0%	0	0.0%	0.0%	0	0.0%	0.0%
Total Deposits	53,947	2.5%	13.4%	46,907	2.4%	11.6%	7,040	3.2%	27.4%
Borrowings	502	-8.0%	-1.5%	396	-3.2%	640.4%	106	-22.4%	-76.8%
Securitized Assets	6,983	-0.3%	3.1%	6,467	-0.8%	1.7%	516	6.5%	24.0%
Other Liabilities	884	13.6%	-29.6%	761	16.4%	33.3%	123	-1.0%	-82.0%
Total Liabilities	62,317	2.2%	11.1%	54,532	2.1%	11.2%	7,785	2.9%	9.9%
Members' Equity & Capital									
Membership Shares	65	0.1%	2.3%	64	0.1%	2.4%	2	1.8%	-2.2%
Retained Earnings	2,731	3.1%	8.3%	2,061	3.2%	7.0%	670	2.9%	12.3%
Other Tier 1 & 2 Capital	1,695	-0.6%	3.9%	1,622	-0.6%	5.0%	73	-0.2%	-15.8%
AOCI	3	13.4%	-77.2%	(3)	1493.9%	344.7%	6	120.7%	-54.7%
Total Members' Equity & Capital	4,495	1.7%	6.3%	3,744	1.4%	6.0%	750	3.0%	7.6%
Total Liabilities, Members' Equity & Capital	66,811	2.2%	10.7%	58,276	2.1%	10.9%	8,536	2.9%	9.7%

*Totals may not agree due to rounding

Sector Balance Sheets

As a percentage of Total Assets

	Sector			Credit Unions			Caisses Populaires			Canadian Sector ¹
	2Q-2019	1Q-2019	2Q-2018	2Q-2019	1Q-2019	2Q-2018	2Q-2019	1Q-2019	2Q-2018	1Q-2019
Assets										
Cash and Investments	12.2%	11.7%	11.0%	12.5%	11.9%	11.0%	10.3%	10.8%	11.0%	13.9%
Personal Loans	3.5%	3.5%	3.9%	2.9%	2.9%	3.2%	7.5%	7.7%	8.4%	4.8%
Residential Mortgage Loans	54.8%	54.9%	54.0%	54.4%	54.6%	54.5%	57.0%	57.0%	50.7%	50.1%
Commercial Loans	24.4%	24.7%	26.0%	25.1%	25.5%	26.1%	19.9%	19.2%	24.9%	24.4%
Institutional Loans	0.2%	0.2%	0.2%	0.1%	0.1%	0.1%	0.8%	0.7%	0.9%	1.2%
Unincorporated Association Loans	0.2%	0.2%	0.2%	0.1%	0.2%	0.2%	0.2%	0.2%	0.1%	0.0%
Agricultural Loans	3.2%	3.3%	3.4%	3.4%	3.4%	3.6%	2.0%	2.1%	2.1%	3.8%
Total Loans	86.2%	86.7%	87.6%	86.0%	86.6%	87.6%	87.4%	87.0%	87.1%	84.3%
Total Loan Allowances	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.3%	0.4%	-0.3%
Capital (Fixed) Assets	1.0%	1.0%	0.8%	1.0%	1.0%	0.9%	0.6%	0.6%	0.5%	1.0%
Intangible and Other Assets	0.8%	0.8%	0.8%	0.7%	0.7%	0.7%	1.9%	1.9%	1.7%	1.1%
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	32.2%	31.5%	33.1%	31.5%	30.7%	34.0%	37.3%	36.9%	27.0%	35.3%
Term Deposits	29.3%	29.7%	27.0%	30.1%	30.6%	27.7%	23.4%	23.2%	22.8%	33.5%
Registered Deposits	19.2%	19.3%	18.7%	18.9%	18.9%	18.3%	21.8%	22.1%	21.2%	15.5%
Other Deposits	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%
Total Deposits	80.7%	80.5%	78.8%	80.5%	80.2%	80.0%	82.5%	82.2%	71.0%	84.5%
Borrowings	0.8%	0.8%	0.8%	0.7%	0.7%	0.1%	1.2%	1.6%	5.9%	6.3%
Securitized Assets	10.5%	10.7%	11.2%	11.1%	11.4%	12.1%	6.0%	5.8%	5.4%	0.0%
Other Liabilities	1.3%	1.2%	2.1%	1.3%	1.1%	1.1%	1.4%	1.5%	8.8%	2.1%
Total Liabilities	93.3%	93.2%	93.0%	93.6%	93.5%	93.3%	91.2%	91.2%	91.2%	92.9%
Members' Equity & Capital										
Membership Shares	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.6%
Retained Earnings	4.1%	4.1%	4.2%	3.5%	3.5%	3.7%	7.8%	7.8%	7.7%	5.5%
Other Tier 1 & 2 Capital	2.5%	2.6%	2.7%	2.8%	2.9%	2.9%	0.9%	0.9%	1.1%	1.1%
AOCI	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.2%	0.0%
Total Members' Equity & Capital	6.7%	6.8%	7.0%	6.4%	6.5%	6.7%	8.8%	8.8%	9.0%	7.2%
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