

National System Results Regulatory Performance Report

Third Quarter 2022

November 2022



National Credit Union System Review

Third Quarter 2022

Highlights

Selected Aggregate System Performance Indicators (1)	As at Third Quarter			
	National Credit Union System (2)		Selected Banks (3)	
	2022	2021	2022	2021
Asset Growth	6.2%	4.2%	9.5%	0.7%
Risk-Weighted Capital (4)	14.4%	14.6%	16.9%	16.9%
Loan Delinquency > 90 days/Loans	0.22%	0.32%	n/a	n/a
Financial Margin (Annualized)	2.00%	1.92%	1.43%	1.36%
Return on Average Assets (Annualized) (5)	0.49%	0.51%	0.89%	0.85%
Operating Efficiency	71.4%	71.2%	52.2%	53.8%
Number of Credit Unions	209	223	n/a	n/a
Number of Locations	1,672	1,693	n/a	n/a
Membership	5,998,919	5,917,119	n/a	n/a

(1) Performance Indicators represent weighted averages

(2) Third quarter results are based on fiscal year-end of December 31st, with the exception of the Alberta System's year end of October 31st.

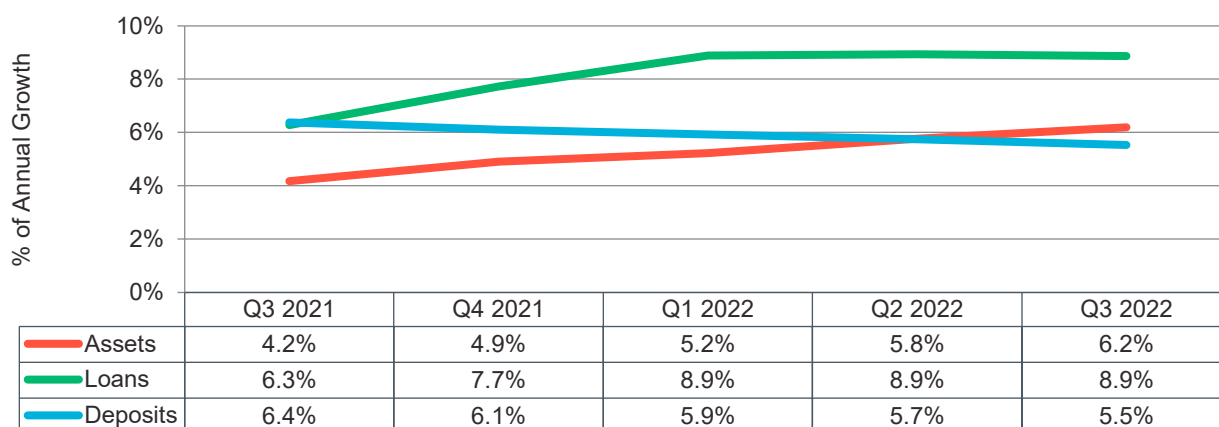
(3) Selected banks include BMO, BNS, CIBC, RBC & TD. Bank information includes foreign data.

(4) Risk-Weighted Capital - Approaches to measuring credit union capital vary from province to province. Caution should be used in interpreting these results as calculations are based on sum of data provided by provincial systems. Credit union data not available for Nova Scotia system, some New Brunswick credit unions and P.E.I. system.

(5) Return on average assets- credit union results are based on net income after dividends and taxes; selected bank results are based on net income attributable to common shareholders.

Growth

Growth Trends



Assets

Combined assets of credit unions across Canada (excluding Desjardins) increased by \$17.1 billion, or 6.2 per cent, over third quarter 2021 to reach \$293.2 billion. In comparison, asset growth a year ago was \$11.1 billion or 4.2 per cent.

Deposits

Credit union deposits grew by 5.5 per cent (\$13.1 billion), reaching \$250.5 billion at third quarter 2022. Gains were fueled by term deposits jumping 13.1 per cent. Demand and registered deposits recorded modest growth (2.3% and 1.0%, respectively).

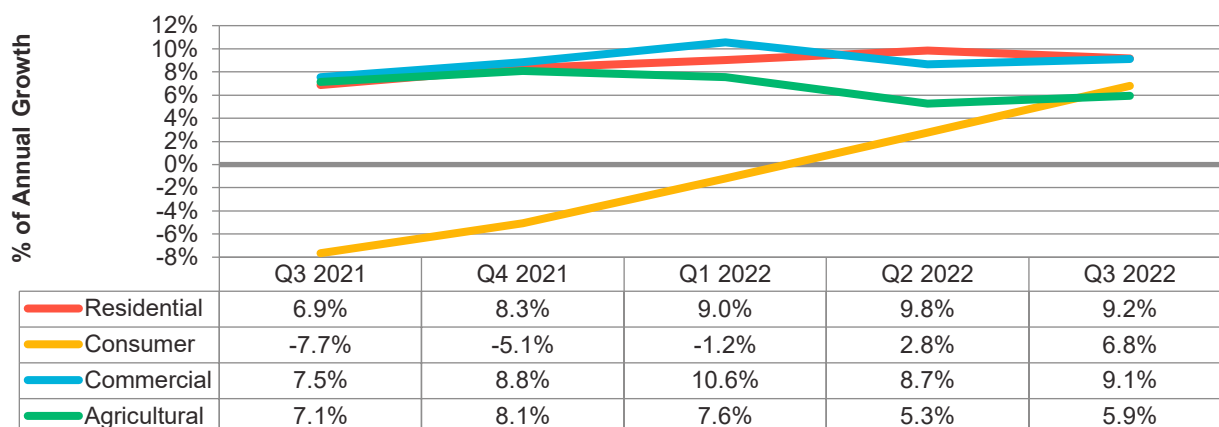
Product	% of Deposit Mix		Change (\$ thousands)	% Change in Outstanding Loans
	Q3 2022	Q3 2021		
Demand	49.5%	51.1%	2,830,401	2.3%
Term	34.2%	31.9%	9,879,458	13.1%
Registered	16.1%	16.8%	403,569	1.0%
Other Deposits	0.2%	0.2%	18,634	3.3%

Loans

Total loans, before allowances, grew 8.9 per cent (\$19.9 billion) to reach \$243.8 billion as of third quarter 2022.

Loan growth outpaced deposit growth (8.9% and 5.5%, respectively). Loans as a percentage of total deposits are currently at 97.3 per cent, up from 94.3 per cent reported a year ago.

Loan Growth

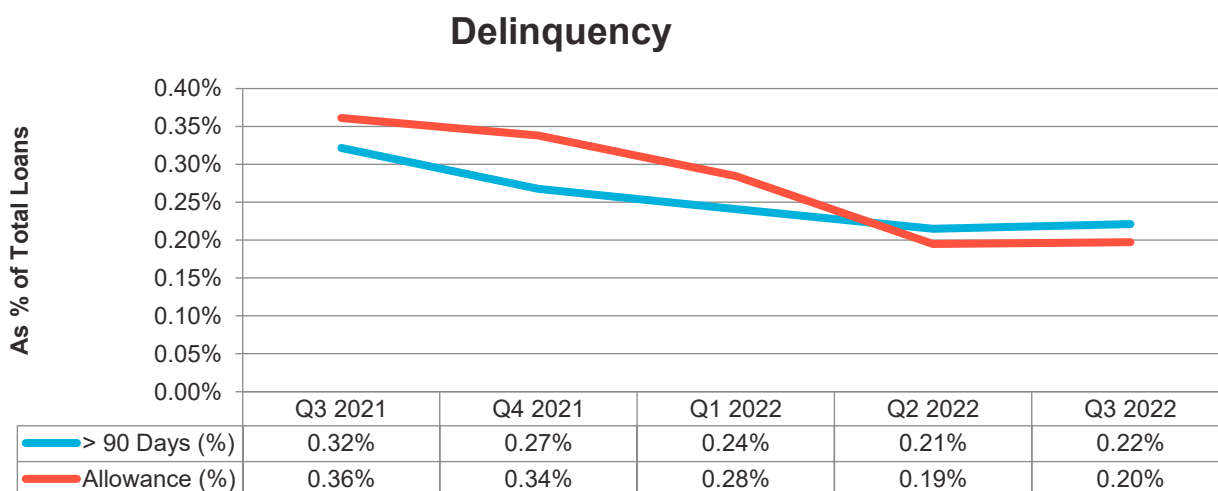


Residential mortgage lending recorded gains of 9.2 per cent, or \$12.3 billion, with its share of the loan portfolio at 60.2 per cent. Commercial mortgages and loans increased by \$6.1 billion, representing 9.1 per cent gain from a year ago. The commercial loans' portion of the total loan portfolio was 30.0 per cent. Agricultural loans grew 5.9 per cent and hold 4.4 per cent of total loans. For a second consecutive quarter, consumer loans recorded positive growth, increasing 6.8 per cent from third quarter 2021 accounting for 4.2 per cent of all loans.

Product	% of Loan Portfolio		Change (\$ thousands)	% Change in Outstanding Loans
	Q3 2022	Q3 2021		
Residential Mortgage Loans	60.2%	60.0%	12,310,216	9.2%
Consumer Loans	4.2%	4.3%	657,666	6.8%
Commercial Loans	30.0%	30.0%	6,118,707	9.1%
Agricultural Loans	4.4%	4.6%	607,062	5.9%
Other Loans	1.1%	1.1%	188,204	7.5%

Credit Risk

Loan delinquency decreased by 10 basis points from a year ago. As of third quarter 2022, loan delinquency (>90 days) as a percentage of total loans was 0.22 per cent, compared to 0.32 per cent a year ago. Loan loss allowances as a percentage of total loans was 0.2 per cent, down from 0.36 per cent at third quarter 2021.



Capital

At third quarter 2022, the risk-weighted capital ratio was 14.4 per cent (data not available for Nova Scotia, Prince Edward Island, and some New Brunswick provincial credit unions). Approaches to measuring credit union capital vary from province to province. Caution is required when interpreting these results as calculations are based on the sum of data provided by provincial sectors.

Retained earnings as a percentage of risk-weighted assets was 10.8 per cent at third quarter 2022, comparable to 10.9 per cent recorded a year ago.

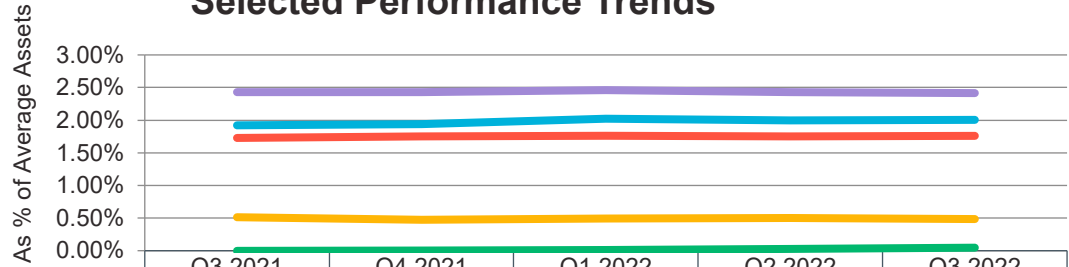
Profitability

Credit unions earned \$1.036 billion (after dividends and taxes) in the first nine months of 2022; representing 0.49 per cent of average assets (annualized), slightly lower than 0.51 per cent reported a year ago. Before dividends and taxes, year-to-date profits were \$1.4 billion at third quarter; representing 0.66 per cent of average assets, compared to 0.70 per cent reported last year.

Operating expenses as a percentage of average assets increased slightly from a year ago. Operating expenses were 1.76 per cent of average assets at third quarter 2022, in comparison to 1.73 per cent a year ago.

The operating efficiency ratio for third quarter 2022 was 71.4 per cent, comparable to 71.2 per cent reported in the same period in 2021.

Selected Performance Trends



	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
ROA	0.51%	0.47%	0.49%	0.50%	0.49%
Financial Margin	1.92%	1.94%	2.02%	2.00%	2.00%
Gross Margin	2.43%	2.43%	2.46%	2.43%	2.42%
Operating Expenses	1.73%	1.75%	1.76%	1.75%	1.76%
Loan Costs	0.00%	0.00%	0.01%	0.02%	0.05%

Canadian Credit Union System Financial Highlights 3Q 2022

Performance Indicators (1)	National Credit Union System Year to Date		Selected Banks (2)
	Q3 2022	Q3 2021	Q3 2022
PROFITABILITY (% of Average Assets - Annualized)			
Total Interest Income	3.06%	2.85%	2.14%
Total Interest Expenses	1.06%	0.93%	0.71%
Financial Margin	2.00%	1.92%	1.43%
Total Other Income	0.46%	0.51%	1.29%
Total Operating Expenses	1.76%	1.73%	1.42%
Return on Average Assets (3)	0.49%	0.51%	0.89%
Operating Efficiency	71.43%	71.15%	52.24%
SELECT BALANCE SHEET ACTIVITY			
Financial Position (\$ millions)			
Assets	\$293,160	\$276,055	\$6,940,133
Loans (before allowances)	243,797	223,915	3,348,342
Deposits	250,461	237,329	4,619,850
Annual Growth			
Asset Growth	6.2%	4.2%	9.5%
Loan Growth (before allowances)	8.9%	6.3%	13.2%
Deposit Growth	5.5%	6.4%	8.9%
CREDIT RISK			
Delinquency > 30 Days < 90 Days (% of total loans)	0.20%	0.22%	n/a
Delinquency > 90 Days (% of total loans)	0.22%	0.32%	n/a
OTHER INDICATORS			
Number of Credit Unions	209	223	n/a
Credit Union Locations	1,672	1,693	n/a
Membership	5,998,919	5,917,119	n/a
Assets per credit union (\$ millions)	\$1,402.68	\$1,237.91	n/a
Median Assets (\$ millions)	n/a	n/a	n/a

(1) Performance Indicators represent weighted averages.

(2) Selected banks include BMO, BNS, CIBC, RBC & TD. Bank information includes foreign data.

(3) Return on average assets- credit union results are based on net income after dividends and taxes; selected bank results are based on net income attributable to common shareholders.

Canadian Credit Union System Balance Sheet Q3 2022

	National Credit Union System			
	(\$'000)		(Percentage of Total Assets)	
	Q3 2022	Q3 2021	Q3 2022	Q3 2021
Assets				
Cash and Investments	\$43,522,708	\$47,020,380	14.8%	17.0%
Residential Mortgage Loans	146,729,362	134,419,146	50.1%	48.7%
Consumer Loans	10,334,022	9,676,356	3.5%	3.5%
Commercial Loans	73,201,224	67,082,516	25.0%	24.3%
Agricultural Loans	10,830,367	10,223,306	3.7%	3.7%
Other Loans	2,702,021	2,513,818	0.9%	0.9%
Total Loans	243,796,996	223,915,141	83.2%	81.1%
Total Loan Allowances	-769,966	-808,732	-0.3%	-0.3%
Fixed Assets	2,414,191	2,482,064	0.8%	0.9%
Other Assets	4,196,551	3,445,863	1.4%	1.2%
TOTAL ASSETS	\$293,160,480	\$276,054,717	100.0%	100.0%
LIABILITIES				
Demand Deposits	124,100,837	121,270,436	42.3%	43.9%
Term Deposits	85,574,416	75,694,958	29.2%	27.4%
Registered Deposits	40,208,028	39,804,459	13.7%	14.4%
Other Deposits	578,127	559,493	0.2%	0.2%
Total Deposits	250,461,409	237,329,346	85.4%	86.0%
Borrowings	15,372,125	13,030,729	5.2%	4.7%
Other Liabilities	6,530,978	6,078,951	2.2%	2.2%
TOTAL LIABILITIES	272,364,512	256,439,026	92.9%	92.9%
EQUITY				
Membership Shares	1,494,348	1,460,400	0.5%	0.5%
Retained Earnings	16,492,893	15,218,167	5.6%	5.5%
Other Capital	3,271,077	2,962,013	1.1%	1.1%
Accumulated Other Comprehensive Income	-462,350	-24,889	-0.2%	0.0%
TOTAL EQUITY	20,795,968	19,615,691	7.1%	7.1%
TOTAL LIABILITIES + EQUITY	293,160,480	276,054,717	100.0%	100.0%

Canadian Credit Union System Income Statement Q3 2022

	National Credit Union System			
	Year to Date		Percentage of Average	
	Q3 2022	Q3 2021	Assets (Annualized)	Assets (Annualized)
	(\$000)			
Interest Income				
Loan Interest Income	\$5,967,915	\$5,400,008	2.80%	2.66%
Investment Income	560,898	389,203	0.26%	0.19%
Total Interest Income	\$6,528,812	\$5,789,211	3.06%	2.85%
Interest Expenses				
Interest Expenses on Deposits	1,951,993	1,596,775	0.91%	0.79%
Credit Union Borrowings	302,781	294,406	0.14%	0.15%
Total Interest Expenses	2,254,774	1,891,181	1.06%	0.93%
Financial Margin	\$4,274,039	\$3,898,030	2.00%	1.92%
Provision for Credit Losses	98,429	-5,108	0.05%	0.00%
	\$4,175,610	\$3,903,139	1.96%	1.92%
Other Income	979,561	1,029,004	0.46%	0.51%
Gross Margin	\$5,155,171	\$4,932,143	2.42%	2.43%
Operating Expenses				
Personnel	2,173,758	1,992,729	1.02%	0.98%
Data Processing	273,532	253,596	0.13%	0.12%
Administration	705,943	678,244	0.33%	0.33%
Occupancy Cost	284,271	265,338	0.13%	0.13%
Other	315,250	315,852	0.15%	0.16%
Total Operating Expenses	3,752,754	3,505,760	1.76%	1.73%
Net Income (before dividends & taxes)	\$1,402,416	\$1,426,383	0.66%	0.70%
Dividend Payments	112,500	113,757	0.05%	0.06%
Income Tax	254,342	271,926	0.12%	0.13%
Net Income (loss)	\$1,035,574	\$1,040,700	0.49%	0.51%
Other Comprehensive Income (loss)	-338,123	-72,263	-0.16%	-0.04%
Comprehensive Income (loss)	697,451	968,437	0.33%	0.48%
Average Assets	\$284,607,599	\$270,520,575		

Canadian Credit Union System

Q3 Quarterly Highlights

Selected Aggregate System Performance Indicators	As at Third Quarter																	
	Number of Credit Unions		Number of Locations		Membership		Asset Growth		Risk Weighted Capital (1)		Loan Delinquency >90 days/Loans		Financial Margin (Annualized)		Return on Average Assets (Annualized) (2)		Operating Efficiency	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
British Columbia	36	39	358	362	2,070,933	2,053,009	5.8%	3.1%	14.4%	15.0%	0.08%	0.09%	1.91%	1.87%	0.39%	0.49%	75.6%	73.2%
Alberta	14	16	196	195	616,782	610,015	6.7%	1.1%	16.1%	16.7%	0.34%	0.63%	2.39%	2.23%	0.52%	0.61%	72.7%	70.4%
Saskatchewan	35	36	224	232	496,833	488,756	3.2%	3.1%	15.1%	15.0%	0.79%	0.96%	2.38%	2.29%	0.60%	0.59%	69.8%	70.1%
Manitoba (3)	20	23	194	198	714,037	699,594	4.8%	7.6%	13.2%	13.4%	0.22%	0.24%	1.54%	1.45%	0.52%	0.47%	63.2%	64.0%
Ontario (4)	60	60	516	520	1,617,951	1,604,172	8.5%	4.4%	13.9%	13.6%	0.16%	0.32%	1.96%	1.88%	0.48%	0.48%	70.4%	71.1%
New Brunswick (5)	9	10	66	68	230,088	208,462	4.5%	9.0%	14.7%	15.6%	0.11%	0.09%	2.47%	2.39%	0.82%	0.71%	68.1%	74.1%
Nova Scotia	23	23	69	69	142,998	144,013	6.9%	12.0%	n/a	n/a	0.38%	0.51%	2.87%	2.73%	0.86%	0.72%	69.3%	74.0%
Prince Edward Island	4	7	13	13	48,329	48,081	6.7%	15.0%	n/a	n/a	0.04%	0.10%	2.51%	2.14%	0.73%	0.35%	75.4%	86.5%
Newfoundland	8	9	36	36	60,968	61,017	4.7%	6.0%	14.6%	16.2%	0.55%	0.96%	2.56%	2.44%	0.40%	0.29%	83.3%	85.0%
National	209	223	1,672	1,693	5,998,919	5,917,119	6.2%	4.2%	14.4%	14.6%	0.22%	0.32%	2.00%	1.92%	0.49%	0.51%	71.4%	71.2%

(1) National risk weighted capital results exclude data from some New Brunswick credit unions, Nova Scotia system, and P.E.I. system.

(2) Return on average assets based on net income after taxes and dividends.

(3) Manitoba results include caisse populaire data.

(4) Ontario results include caisse populaire data.

(5) New Brunswick results include a federal credit union.

CCUA
Canadian Credit Union Association

ACCF
Association canadienne des
coopératives financières

