



Sector Outlook Report 3Q-2025

Ontario Credit Unions and Caisses Populaires

25 Sheppard Avenue West,
Suite 100
Toronto, ON
M2N 6S6

Telephone: 416 250 7250
Toll free: 1 800 668 0128

25, avenue Sheppard Ouest
Bureau 100
Toronto (Ontario)
M2N 6S6

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 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 Sep 30th, 2025 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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Ce document est également disponible en français.

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Quarter ended September 30, 2025

Financial highlights

	Sector		
	3Q-2025	2Q-2025	3Q-2024
Income Statement (% average assets)			
Net Interest Income	1.73	1.69	1.53
Loan Costs	0.13	0.12	0.05
Other Income	0.38	0.37	0.35
Non-Interest Expense	1.62	1.61	1.59
Taxes	0.06	0.05	0.03
Net Income	0.31	0.30	0.21
Balance Sheet (\$ billions; as at quarter end)			
Assets	102.83	102.14	98.76
Loans	90.55	89.06	85.62
Deposits	81.88	81.15	77.60
Members' Equity & Capital	7.31	7.20	7.08
Capital Ratios (%)			
Leverage	6.86	6.81	6.90
Risk Weighted	13.54	13.48	13.75
Key Measures and Ratios (% except as noted)			
Return on Regulatory Capital	4.36	4.25	2.99
Liquidity Ratio	10.87	11.96	12.32
Efficiency Ratio (before dividends/rebates)	80.83	81.97	85.42
Efficiency Ratio	81.77	82.56	86.54
Mortgage Loan Delinquency>30 days	1.00	0.92	0.72
Commercial Loan Delinquency>30 days	2.17	1.82	1.28
Total Loan Delinquency>30 days	1.33	1.18	0.88
Asset Growth (from last quarter)	0.68	1.81	0.68
Loan Growth (from last quarter)	1.68	1.46	0.64
Deposit Growth (from last quarter)	0.91	2.04	1.19
Credit Unions (number)	50	52	55
Membership (thousands)	1,755	1,751	1,761
Average Assets (\$ millions, per credit union)	2,057	1,964	1,796
	Better	Neutral	Worse

* Trends are current quarter to last quarter

Sector key financial trends

Table #1 - Selected Growth Trends

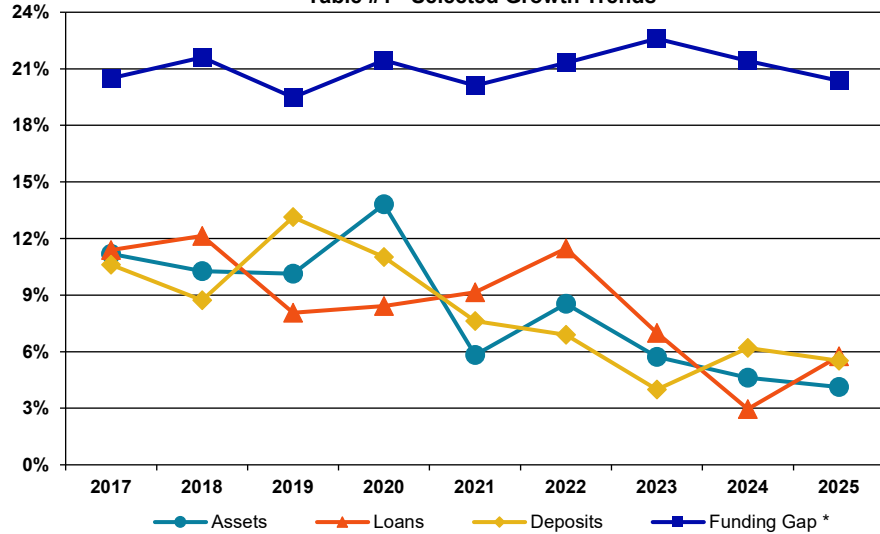


Table #2 - Selected Performance Trends

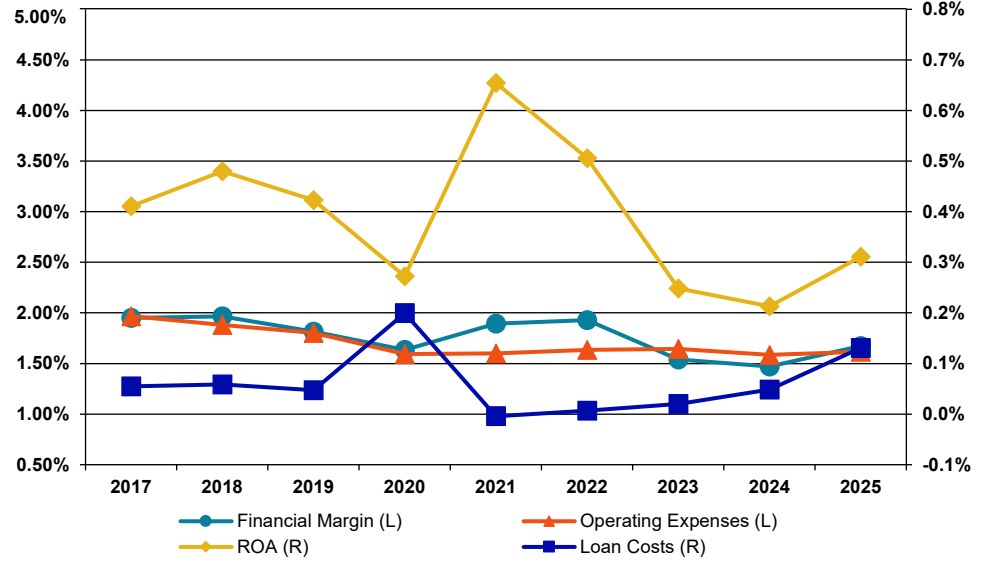


Table #3 - Efficiency Ratio and Return on Assets

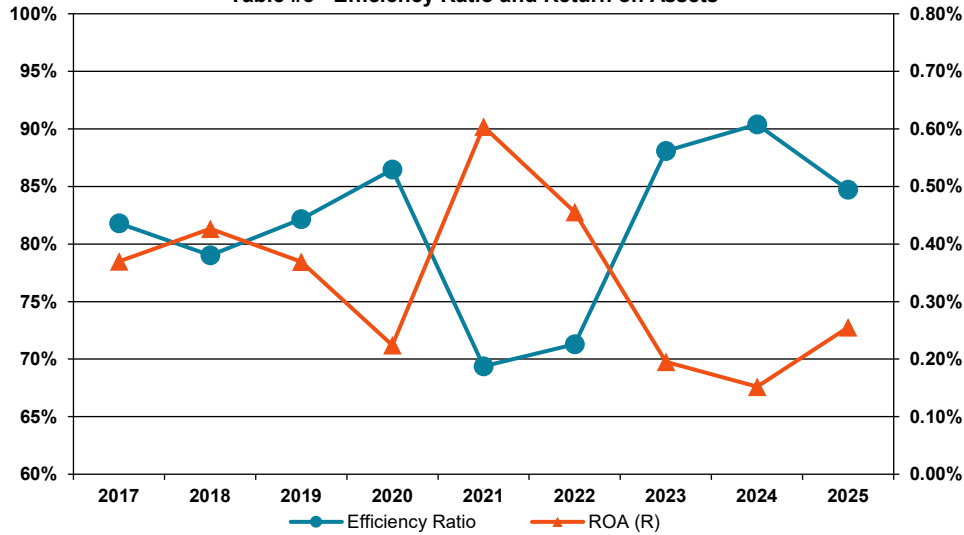
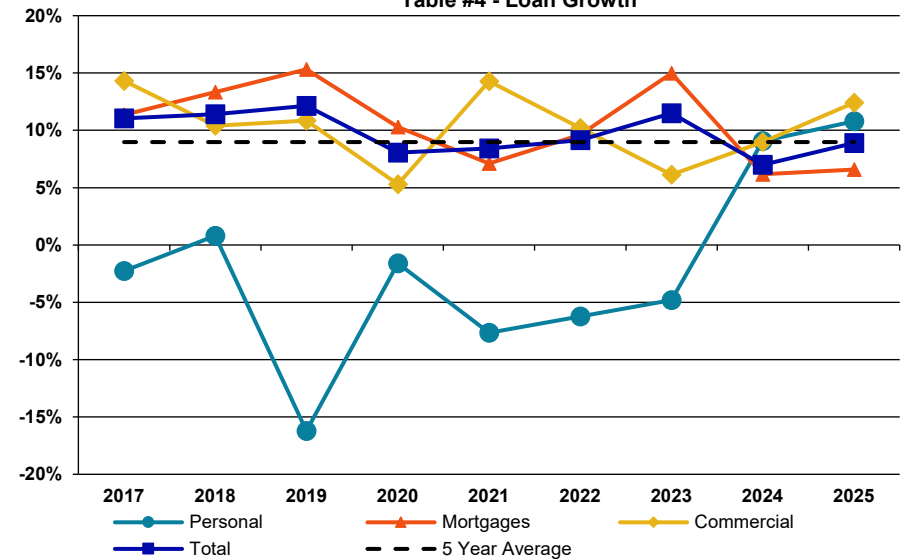


Table #4 - Loan Growth



Sector key financial trends (continued)

Table #5 - Loan Delinquencies - Greater than 30 days

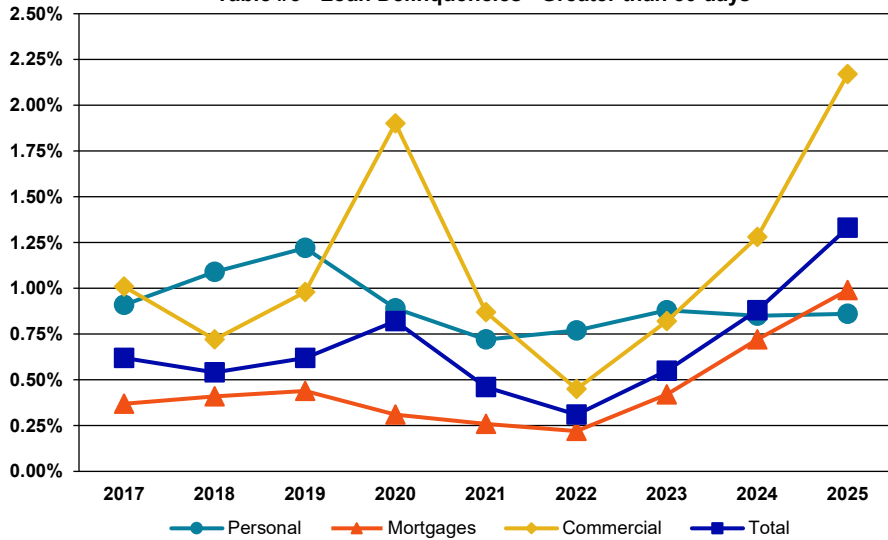


Table #6 - Loan Yields

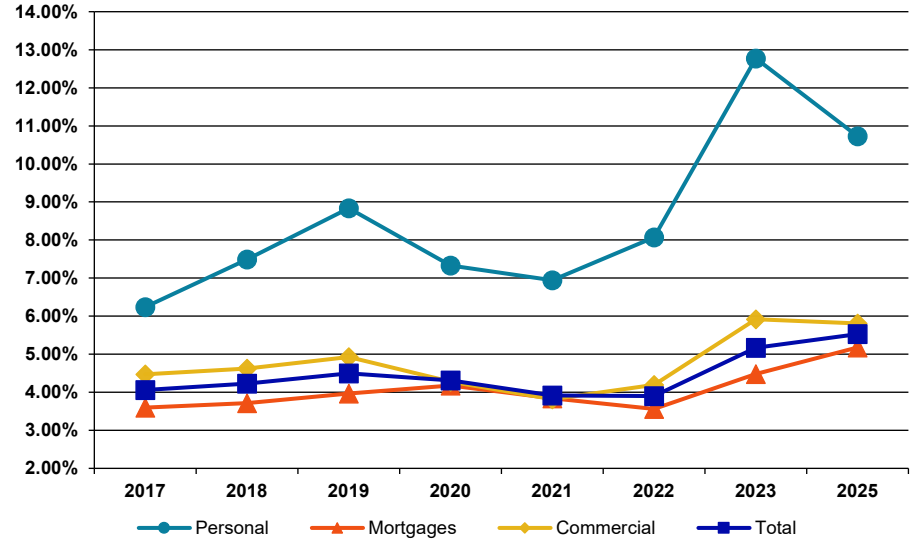


Table #7 - Deposit Growth

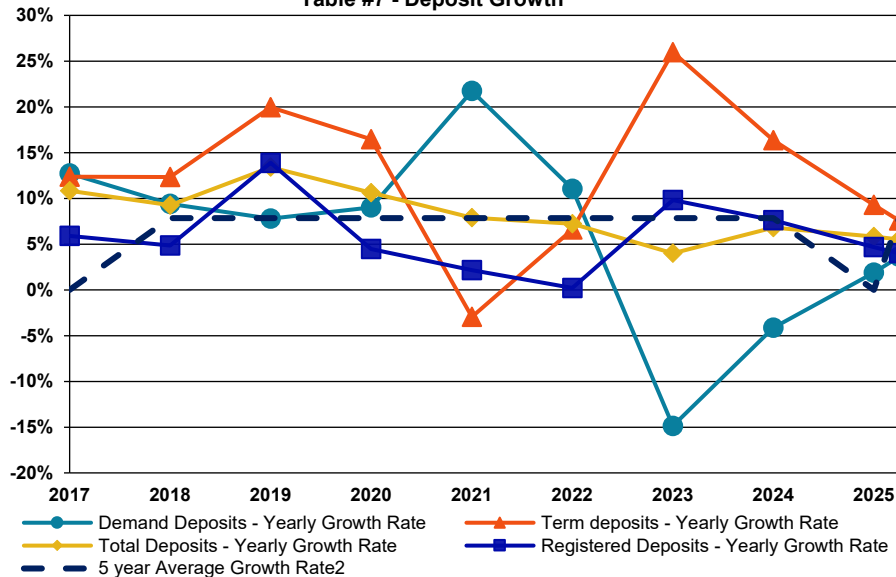
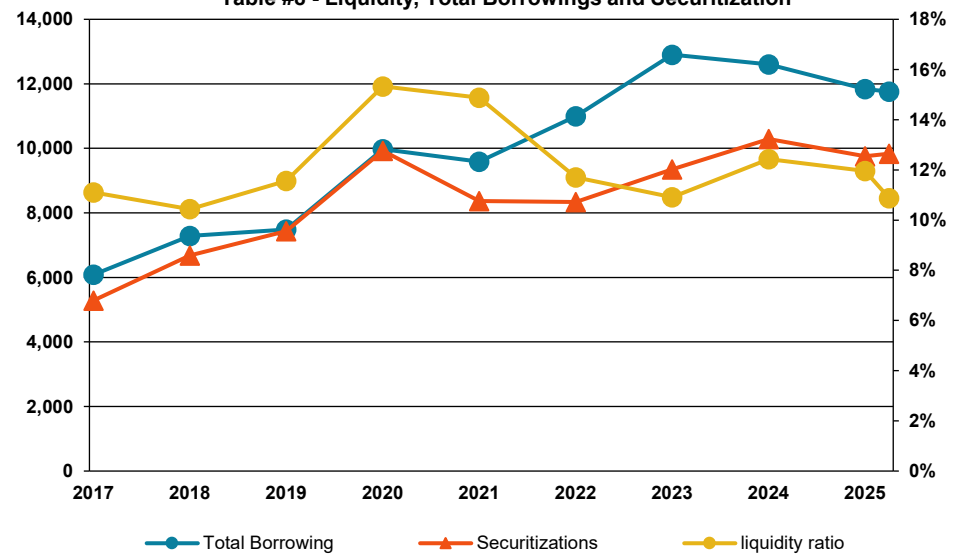


Table #8 - Liquidity, Total Borrowings and Securitization



FSRA observations 3Q-2025

- The sector included 50 institutions in 3Q-2025, two fewer than the previous quarter and 5 less than in the year-earlier quarter.
- As of the end of 3Q-2025, total sector assets reached \$102.83 billion, reflecting a year-over-year increase of \$4.07 billion or 4.12%. Year-over-year, residential mortgage loans grew by \$2.56 billion or 4.69%, remaining near historical growth rates, while commercial loans increased by \$1.90 billion or 7.39%.
- Profitability remains strong at 31 bps in 3Q-2025, slightly increasing from 2Q-2025 by 1 bps. The increase was driven by an increase in Loan Interest Income, while Expense on Deposits fell 2 bps. Borrowings continue to decrease 3.0% year-over-year and 4.5% quarter-over-quarter, indicating that credit unions are actively paying down on existing commitments, and look to less expensive forms of capital.
- The sector's liquidity ratio stood at 10.87% at the end of 3Q-2025, a decrease of 145 basis points from the same period of the previous year, and 109 basis points from the previous quarter. Cash and Investments have shown a 7.8% decrease year-over-year and 7.0% quarter-over-quarter.
- The total over 30-day loan delinquency rate stood at 1.33%, reflecting an increase of 45 basis points year-over-year and 15 basis points from the previous quarter. Commercial delinquencies over 30 days continue to drive the rise in delinquency rates. Retail delinquencies reflect declining affordability and falling home values, while commercial delinquencies are linked to refinancing costs, weaker cash flows, and elevated exposure to construction and land development.

- Year-over-year growth in earnings was 5.65%, during which time total asset growth was 4.12%. This accounts for 57.9% of Total Member's Equity and Capital. Net Interest and Investment Income was 1.73% in 3Q-2025, 4 bps higher than the previous quarter, and 19 basis points higher than the same quarter a year earlier.

Economic overview

Bank of Canada

The Bank of Canada reduced its target for the overnight rate to 2.5% in September 2025. The Bank of Canada stated that “With a weaker economy and less upside risk to inflation, Governing Council judged that a reduction in the policy rate was appropriate to better balance the risks”.

Canada's Consumer Price Index rose 2.4% year-over-year in September, driven by smaller declines in gasoline prices and higher food costs. The Bank of Canada's (BoC) CPI-trim measure rose to 3.1% y/y, while the CPI-median index was unchanged at 3.2% y/y. The Q3 2025 Survey released by the Bank painted a cautious outlook, with both businesses and consumers expressing concern over economic momentum and labour market stability. Most firms were holding off on hiring and expansion. Trade tensions and tariff threats continue to add to uncertainty around spending and capital investment. September's labour report surprised with 60,400 net job gains; however, the labour market remained soft with the unemployment at 7.1%.

Ontario Economic Outlook

Ontario's economy showed little change in the third quarter and despite weak growth, indicators suggest the province may avoid a technical recession between the second and third quarters. Manufacturing sales rose 1.9% in the third quarter, rebounding from a 3.8% drop in the second quarter due to U.S. tariffs, but activity remains at its lowest level since 2015, excluding the pandemic.

Employment in Ontario was largely unchanged, with little net growth since January. The provincial unemployment rate rose 0.1 percentage points in 3Q-2025 ending at 7.9% in September.

Housing Markets

Ontario's housing market showed renewed momentum in 3Q-2025, resale activity strengthened, with 43,400 homes resold up from 38,000 in 2Q-2025. Prices also edged higher, climbing to \$843,500 in 3Q-2025 from \$829,400 the previous quarter, though they remain below the year-over-year level of \$864,500. New construction followed a similar trend: housing starts rose to 18,700 units from 17,300 in 2Q-2025 but continued to lag the 19,200 units recorded in 3Q-2024. In contrast, Toronto's condominium segment faced persistent headwinds, as the Condo Price Index slipped to 131.2, marking a 3.2% decline quarter-over-quarter.

Profitability

3Q-2025 vs 2Q-2025

As shown in Tables 2 and 3, the Return on Assets (ROA) in 3Q-2025 was 31 basis points, which is 1 basis point higher than 2Q-2025. Investment Income decreasing 2 basis points was offset by a 5 basis point increase in Loan Interest Income of 5 basis points. Interest Expense on Deposits also decreased 1 basis point quarter-over-quarter, leading to an increase in Net Interest and Investment Income.

1 of 52 credit unions had negative Returns on Average Assets (ROAA) as of September 30, 2025. FSRA closely monitors those that are unprofitable, identifies core challenges and works with credit unions to develop strategies to restore profitability.

3Q-2025 vs 3Q-2024

Year-over-year, ROAA increased by 10 basis points to 31 basis points driven by the decrease of 36 basis point decrease in Interest Expense on Deposits.

3Q-2025 Ontario Sector vs 2Q-2025 Canadian Sector*

Ontario sector profitability of 31 basis points was 4 basis point higher than the Canadian sector's of 35 basis points.

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

Capital

3Q-2025 vs 3Q-2024

Year-over-year, sector capital increased to \$7.31 billion (up \$230.0 million or 3.25%) which was comprised of:

- Membership shares of \$51.96 million (down \$3.00 million or -5.51%);
- Retained earnings of \$4.23 billion (up \$226.26 million or 5.65%);
- Other Tier 1 & 2 Capital of \$2.98 billion (down \$21.52 million or -0.72%);
- AOCI of \$43.37 million (up \$28.27 million or 187.31%).

As a percentage of risk-weighted assets, sector capital was 13.48% in 3Q-2025, down 23 basis points from 3Q-2024. Leverage was 6.86% in 3Q-2025, down 4 basis points from 3Q-2024.

3Q-2025 vs 2Q-2025

Sector capital increased by \$102.81 million or 1.43% from \$7.20 billion from last quarter as retained earnings increased by \$80.25 million or 1.93% from \$4.15 billion, and other Tier One or Tier Two capital were up \$9.31 million or 0.31%.

Compared to the previous quarter, sector capital as a percent of risk-weighted assets was up 7 basis points from 13.41%; leverage is also up 5 basis points from 6.81%.

Liquidity (including securitization)

3Q-2025 vs 3Q-2024

As shown in Tables 7 and 8, sector deposits increased by \$4.28 billion or up 5.52% to \$81.88 billion year-over-year; securitizations dropped by \$94.22 million or down 1.14% to \$8.19 billion year-over-year; and borrowings were down by \$110.4 million or down 3.00% to \$3.57 billion. Total liability saw a net increase of \$3.84 billion or up 4.19% to \$95.53 billion from the year earlier. Liquid assets decreased \$913.93 million or down 7.83% to \$10.76 billion resulting in a decrease in liquidity to 10.87% or down 145 basis points from 12.32% in 3Q-2024.

In 3Q-2025, 22 institutions with total assets of \$81.76 billion (or 79.56% of sector assets) participated in securitization programs.

3Q-2025 vs 2Q-2025

Sector deposits increased by \$736.05 million or up 0.91% from \$81.15 billion, securitizations increased by \$86.47 million or up 1.07% from \$8.10 billion, while borrowings decreased by \$168.14 million or down 4.50% from \$3.74 billion from last quarter. Liquid assets decreased by \$804.89 million or down 6.96% from \$11.57 billion while the total liquidity ratio shows a 109 basis points decrease from 11.96%.

Efficiency ratio (before dividends/interest rebates)

3Q-2025 vs 3Q-2024

As shown in Table 3, the sector efficiency ratio improved to 80.83% or down by 4.6% from 85.42% year-over year.

3Q-2025 vs 2Q-2025

Compared to the previous quarter, sector efficiency improved by 1.14% from 81.97%.

3Q-2025 Ontario Sector vs 2Q-2025 Canadian Sector*

Non-Interest Expense as a percent of average assets for the Ontario sector is 1.62% which was 21 basis points lower than the Canadian sector of 1.83%. However, the Ontario sector efficiency ratio improved by 1.14% compared to the Canadian sector quarter-over-quarter, showing 0.7% improvement quarter-over-quarter.

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

Credit quality (delinquency greater than 30 days)

3Q-2025 vs 3Q-2024

As shown in Table 5, total loan delinquency increased to 1.33% or up 78 basis points compared to the year-earlier quarter. Residential mortgage loan delinquency increased to 1.00% or up 57 basis points and commercial loan delinquency increased to 2.17% or up 134 basis points.

3Q-2025 vs 2Q-2025

Compared to last quarter, total loan delinquency rose by 15 basis points from 1.18%, within which residential mortgage delinquency increased by 8 bps from 0.92% and commercial delinquency rose by 35 basis point from 1.82%.

Growth

3Q-2025 vs 3Q-2024

Total sector assets increased to \$102.83 billion (up \$4.07 billion or 4.12%) compared to the year-earlier quarter. This growth drives by increase in residential mortgage loans to \$57.17 billion (up \$2.56 billion or 4.69%) and commercial loans to \$27.54 billion (up \$1.89 billion or 7.39%), Cash and Investments of \$10.76 billion (down \$913.93 million or -7.83%).

3Q-2025 vs 2Q-2025

Total sector assets increased by \$695.60 million (0.68% from \$102.14 billion) from last quarter reflecting an increase in residential mortgage loans of \$756.80 million (0.68% from \$56.41 billion), an increase in commercial loans of \$629.93 million (2.34% from \$26.91 billion), which Cash and Investments decrease of \$804.89 million (down 6.96% from \$11.57 billion).

3Q-2025 Ontario Sector vs 2Q-2025 Canadian Sector*

Ontario sector growth in total assets of 0.68% over the past quarter was outpaced by the Canadian sector's growth of 3.0%, which is mainly driven by a 2.34% increase in commercial lending, compared to a 2.22% increase in the Canadian sector during the previous quarter. Ontario's residential mortgage loans also led the Canadian sector seeing a 4.69% increase compared to the year earlier quarter, while the Canadian sector saw a 3.5% increase comparing year-over-year.

Sector income statements

% of Average Assets (except as noted)	Ontario Sector			Canadian Sector ¹
	3Q-2025	2Q-2025	3Q-2024	2Q-2025
Interest and Investment Income				
Loan Interest	4.22%	4.17%	4.40%	4.01%
Investment Income	0.34%	0.36%	0.42%	0.48%
Total Interest and Investment Income	4.56%	4.53%	4.82%	4.49%
Interest and Dividend Expense				
Interest Expense on Deposits	2.35%	2.36%	2.71%	2.30%
Rebates/Dividends on Share Capital	0.00%	0.00%	0.00%	0.00%
Dividends on Investment/Other Capital	0.03%	0.03%	0.03%	0.04%
Other Interest Expense	0.44%	0.44%	0.54%	0.24%
Total	0.48%	0.48%	0.58%	0.28%
Total Interest & Dividend Expense	2.83%	2.84%	3.29%	2.58%
Net Interest & Investment Income	1.73%	1.69%	1.53%	1.96%
Loan Costs	0.13%	0.12%	0.05%	0.10%
Net Interest & Investment Income after Loan Costs	1.60%	1.58%	1.48%	1.86%
Other (non-interest) Income	0.38%	0.37%	0.35%	0.47%
Net Interest, Investment & Other Income	1.98%	1.95%	1.83%	2.32%
Non-Interest Expenses				
Salaries & Benefits	0.89%	0.88%	0.89%	1.04%
Occupancy	0.12%	0.12%	0.12%	0.12%
Computer, Office & Other Equipment	0.18%	0.18%	0.18%	0.16%
Advertising & Communications	0.06%	0.06%	0.06%	0.00%
Member Security	0.07%	0.07%	0.07%	0.00%
Administration	0.21%	0.21%	0.20%	0.36%
Other	0.07%	0.07%	0.06%	0.15%
Total Non-Interest Expenses	1.62%	1.61%	1.59%	1.83%
Net Income/(Loss) Before Taxes	0.36%	0.34%	0.25%	0.49%
Taxes	0.06%	0.05%	0.03%	0.10%
Net Income/(Loss)	0.31%	0.30%	0.21%	0.35%
Average Assets (Billions)	\$101	\$101	\$93	\$317

¹Summary 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-2025	2Q-2025	3Q-2024
Assets			
Cash and Investments	10,762	11,567	11,676
Personal Loans	2,301	2,293	2,167
Residential Mortgage Loans	57,166	56,409	54,603
Commercial Loans	27,543	26,913	25,646
Institutional Loans	151	159	154
Unincorporated Association Loans	40	40	41
Agricultural Loans	3,352	3,242	3,013
Total Loans	90,553	89,056	85,625
Total Loan Allowances	325	291	230
Capital (Fixed) Assets	687	688	684
Intangible and Other Assets	1,158	1,118	1,008
Total Assets	102,835	102,139	98,762
Liabilities			
Demand Deposits	26,564	26,379	25,633
Term Deposits	38,252	37,770	35,558
Registered Deposits	17,067	16,999	16,410
Total Deposits	81,883	81,147	77,601
Borrowings	3,568	3,736	3,679
Securitized Assets	8,188	8,101	8,282
Other Liabilities	1,889	1,951	2,124
Total Liabilities	95,528	94,935	91,685
Members' Equity & Capital			
Membership Shares	52	52	55
Retained Earnings	4,233	4,153	4,007
Other Tier 1 & 2 Capital	2,978	2,969	3,000
AOCI	43	30	15
Total Members' Equity & Capital	7,306	7,204	7,076
Total Liabilities, Members' Equity & Capital	102,835	102,139	98,762

* Totals may not agree due to rounding

Sector balance sheets	Sector % Increase/(Decrease) from		
	3Q-2025 \$Millions	2Q-2025	3Q-2024
Assets			
Cash and Investments	10,762	-7.0%	-7.8%
Personal Loans	2,301	0.3%	6.2%
Residential Mortgage Loans	57,166	1.3%	4.7%
Commercial Loans	27,543	2.3%	7.4%
Institutional Loans	151	-5.3%	-2.1%
Unincorporated Association Loans	40	0.5%	-3.8%
Agricultural Loans	3,352	3.4%	11.3%
Total Loans	90,553	1.7%	5.8%
Total Loan Allowances	325	11.6%	40.9%
Capital (Fixed) Assets	687	-0.2%	0.5%
Intangible and Other Assets	1,158	3.5%	14.9%
Total Assets	102,835	0.7%	4.1%
Liabilities			
Demand Deposits	26,564	0.7%	3.6%
Term Deposits	38,252	1.3%	7.6%
Registered Deposits	17,067	0.4%	4.0%
Total Deposits	81,883	0.9%	5.5%
Borrowings	3,568	-4.5%	-3.0%
Securitized Assets	8,188	1.1%	-1.1%
Other Liabilities	1,889	-3.2%	-11.1%
Total Liabilities	95,528	0.6%	4.2%
Members' Equity & Capital			
Membership Shares	52	-0.8%	-5.5%
Retained Earnings	4,233	1.9%	5.6%
Other Tier 1 & 2 Capital	2,978	0.3%	-0.7%
Accumulated Other Comprehensive Income	43	46.2%	187.3%
Total Members' Equity & Capital	7,306	1.4%	3.3%
Total Liabilities, Members' Equity & Capital	102,835	0.7%	4.1%

* Totals may not agree due to rounding

Sector balance sheets

As a percentage of total assets

	Sector			Canadian Sector ¹
	3Q-2025	2Q-2025	3Q-2024	2Q -2025
Assets				
Cash and Investments	10.5%	11.3%	9.8%	13.6%
Personal Loans	2.2%	2.2%	2.1%	3.6%
Residential Mortgage Loans	55.6%	55.2%	54.3%	49.8%
Commercial Loans	26.8%	26.3%	24.8%	26.7%
Institutional Loans	0.1%	0.2%	0.2%	0.0%
Unincorporated Association Loans	0.0%	0.0%	0.0%	0.2%
Agricultural Loans	3.3%	3.2%	2.8%	4.1%
Total Loans	88.1%	87.2%	84.2%	84.3%
Total Loan Allowances	0.3%	0.3%	0.2%	-0.3%
Capital (Fixed) Assets	0.7%	0.7%	0.7%	0.7%
Intangible and Other Assets	1.1%	1.1%	1.1%	1.6%
Total Assets	100.0%	100.0%	95.6%	100.0%
Liabilities				
Demand Deposits	25.8%	25.8%	28.8%	35.4%
Term Deposits	37.2%	37.0%	32.5%	33.2%
Registered Deposits	16.6%	16.6%	16.1%	15.6%
Total Deposits	79.6%	79.4%	77.4%	84.3%
Borrowings	3.5%	3.7%	3.7%	5.5%
Securitizations	8.0%	7.9%	10.0%	0.0%
Other Liabilities	1.8%	1.9%	1.8%	2.7%
Total Liabilities	92.9%	92.9%	92.9%	92.5%
Members' Equity & Capital				
Membership Shares	0.1%	0.1%	0.1%	0.5%
Retained Earnings	4.1%	4.1%	4.0%	5.9%
Other Tier 1 & 2 Capital	2.9%	2.9%	2.8%	1.1%
AOCI	0.0%	0.0%	-0.1%	0.0%
Total Members' Equity & Capital	7.1%	7.1%	6.7%	7.5%
Total Liabilities, Members' Equity & Capital	100.0%	100.0%	100.0%	100.0%

* Totals may not agree due to rounding