



Financial Services Regulatory  
Authority of Ontario



Ontario

## Credit Unions and Caisses Populaires

# Sector Outlook Report 4Q-2025

April 2026

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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 Dec 31<sup>st</sup>, 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](http://www.fsrao.ca).

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Ce document est également disponible en français.

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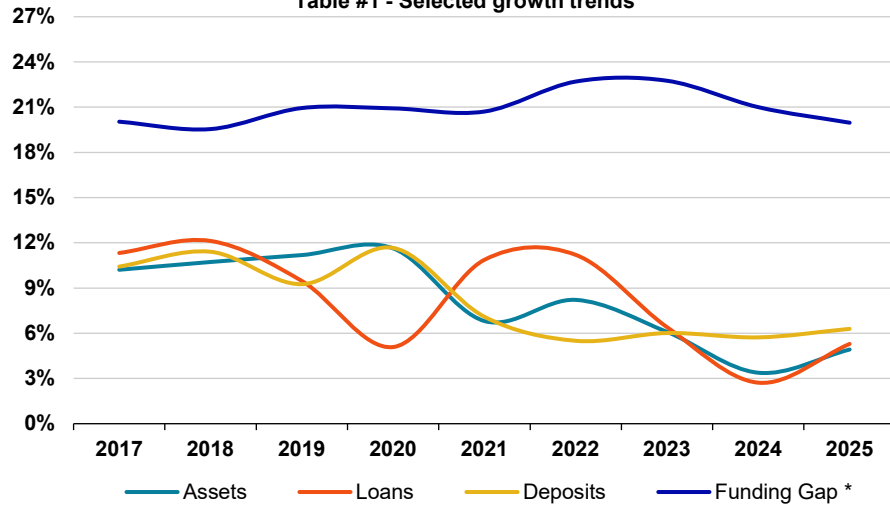
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# Financial highlights

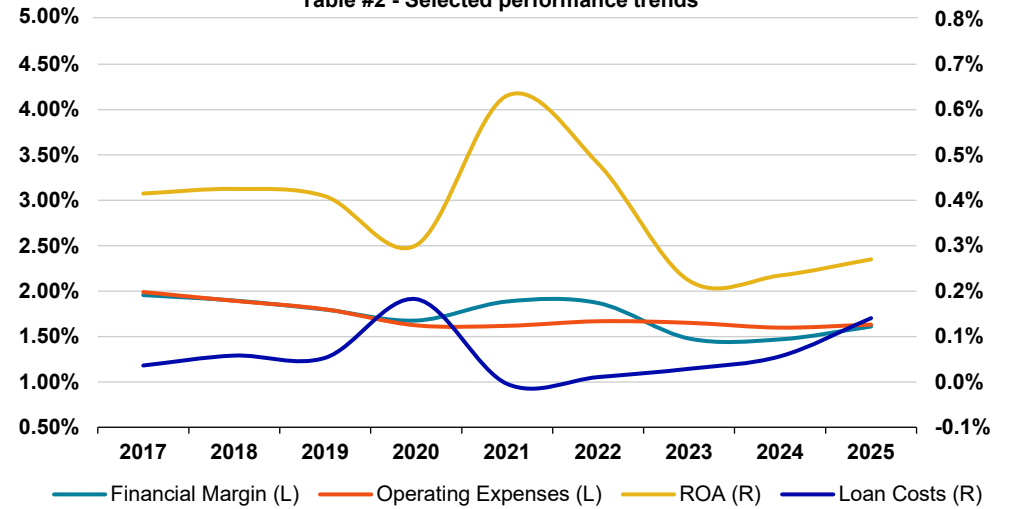
	Sector		
	4Q-2025	3Q-2025	4Q-2024
<b>Income Statement (% average assets)</b>			
Net Interest Income	1.69 <sup>3</sup>	1.73	1.55
Loan Costs	0.14 <sup>2</sup>	0.13	0.06
Other Income	0.40 <sup>2</sup>	0.38	0.36
Non-Interest Expense	1.63 <sup>3</sup>	1.62	1.60
Taxes	0.05 <sup>1</sup>	0.06	0.03
Net Income	0.27 <sup>3</sup>	0.31	0.23
<b>Balance Sheet (\$ billions; as at quarter end)</b>			
Assets	104.52 <sup>1</sup>	102.83	99.61
Loans	91.08 <sup>1</sup>	90.55	86.51
Deposits	83.65 <sup>1</sup>	81.88	78.69
Members' Equity & Capital	7.49 <sup>1</sup>	7.31	7.23
<b>Capital Ratios (%)</b>			
Leverage	6.98 <sup>1</sup>	6.86	6.97
Risk Weighted	13.78 <sup>1</sup>	13.54	13.89
<b>Key Measures and Ratios (% except as noted)</b>			
Return on Regulatory Capital	3.77 <sup>3</sup>	4.36	3.28
Liquidity Ratio	11.90 <sup>1</sup>	10.87	12.39
Efficiency Ratio (before dividends/rebates)	82.54 <sup>3</sup>	80.83	84.25
Efficiency Ratio	83.86 <sup>3</sup>	81.77	85.84
Mortgage Loan Delinquency>30 days	1.10 <sup>3</sup>	1.00	0.87
Commercial Loan Delinquency>30 days	2.56 <sup>3</sup>	2.17	1.59
Total Loan Delinquency>30 days	1.52 <sup>3</sup>	1.33	1.07
Asset Growth (from last quarter)	1.64 <sup>1</sup>	0.68	1.54
Loan Growth (from last quarter)	0.59 <sup>3</sup>	1.68	1.67
Deposit Growth (from last quarter)	2.15 <sup>1</sup>	0.91	2.62
Credit Unions (number)	49 <sup>3</sup>	50	54
Membership (thousands)	1,758 <sup>1</sup>	1,755	1,740
Average Assets (\$ millions, per credit union)	2,133 <sup>1</sup>	2,057	1,845
* Trends are current quarter to last quarter	Better <sup>1</sup>	Neutral <sup>2</sup>	Worse <sup>3</sup>

# Sector key financial trends

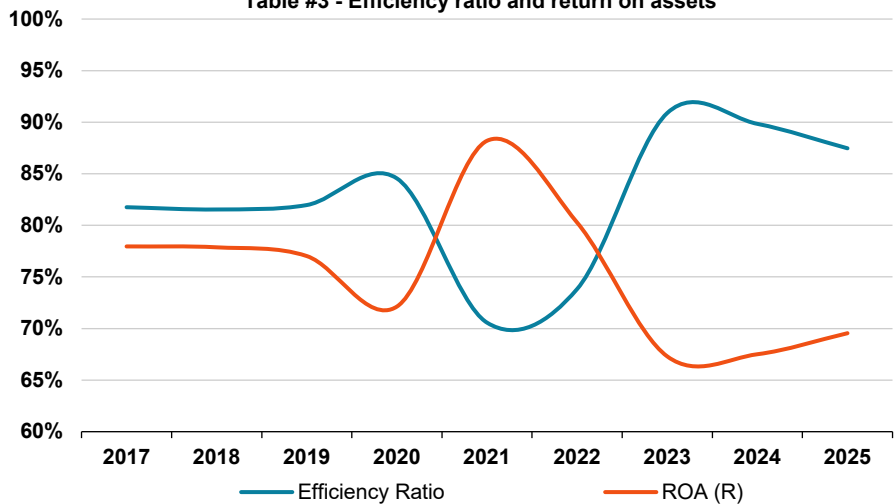
**Table #1 - Selected growth trends**



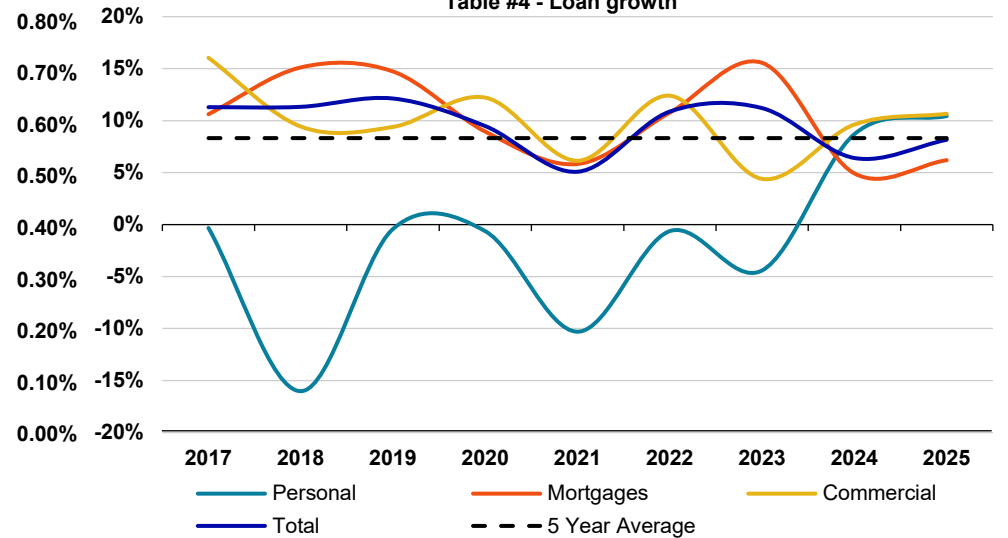
**Table #2 - Selected performance trends**

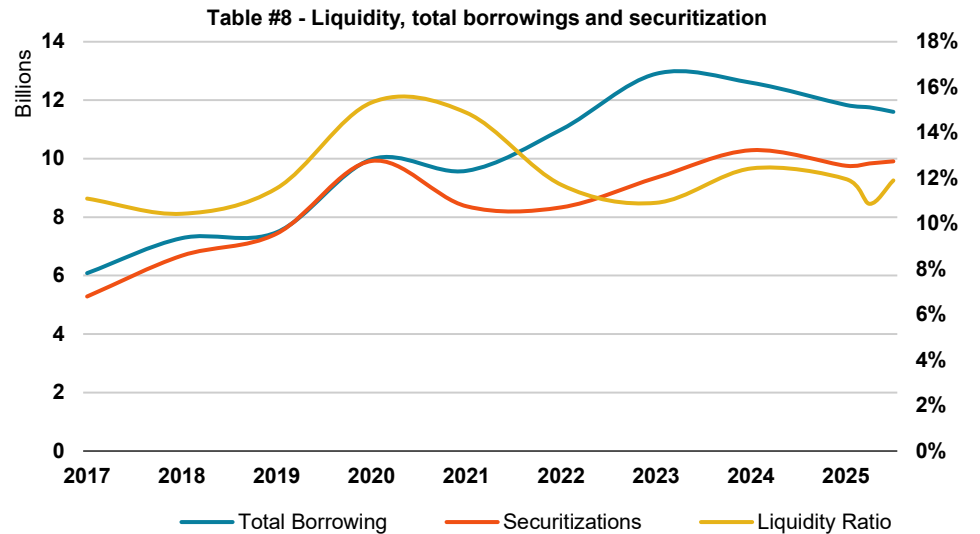
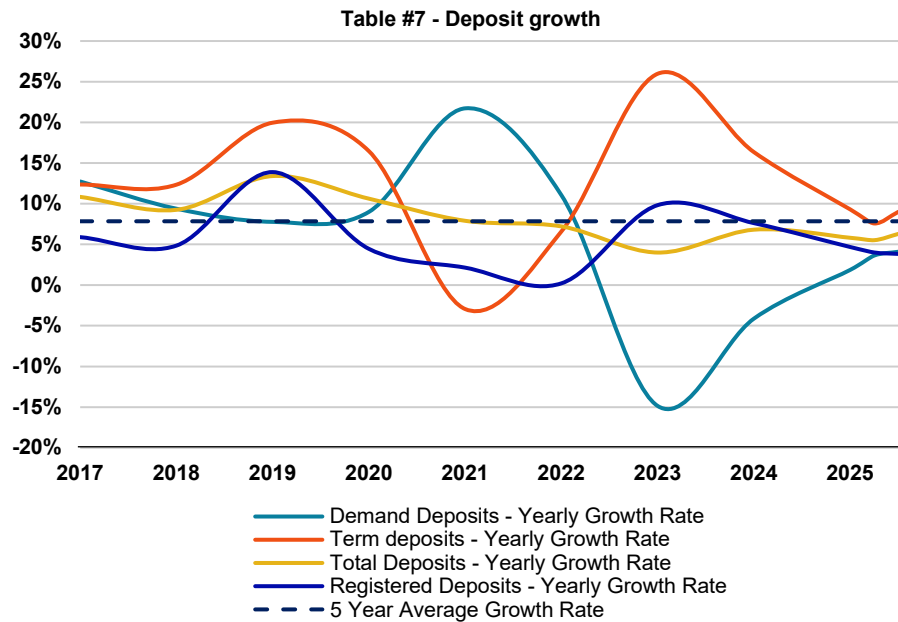
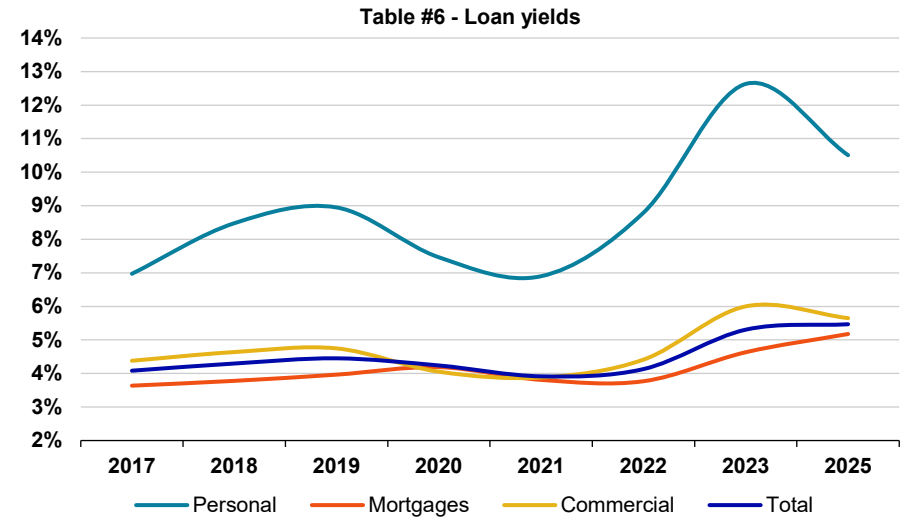
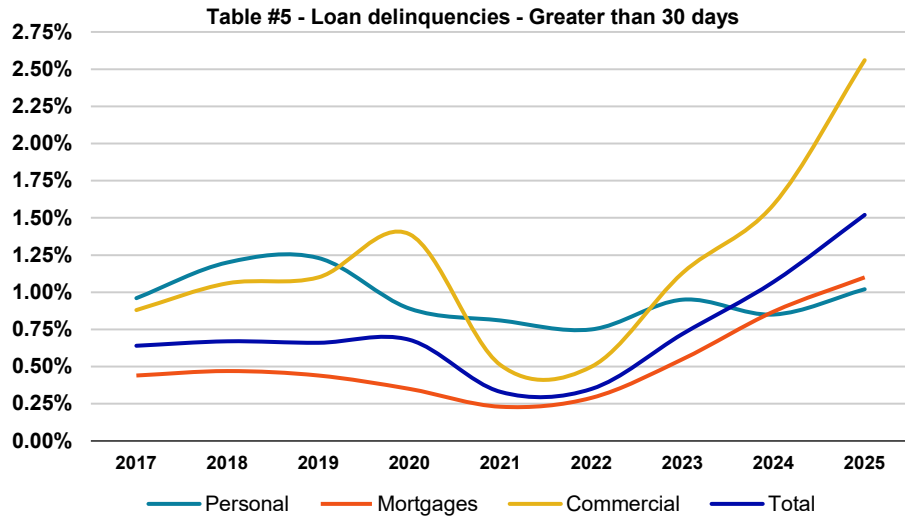


**Table #3 - Efficiency ratio and return on assets**



**Table #4 - Loan growth**





## FSRA observations 4Q-2025

- The sector included 49 institutions in 4Q-2025, 1 fewer than in the previous quarter, and 5 fewer than in the year-earlier quarter.
- As of the end of 4Q-2025, total sector assets reached \$104.52 billion, reflecting a year-over-year increase of \$4.90 billion or 4.92%. Year-over-year, residential mortgage loans grew by \$2.81 billion or 5.15% remaining near historical growth rates, while commercial loans increased by \$1.25 billion or 4.73%.
- Profitability remains strong, sitting at 27 bps in 4Q-2025, decreasing from 3Q-2025 by 4bps. The decrease was driven by total interest and investment income, decreasing 11 bps. Borrowings have decreased 14.57% year-over-year, indicating that credit unions are actively paying down existing commitments. Lower expectations for additional interest rate cuts, rising unemployment, and subdued business sentiment amid ongoing trade-war uncertainty suggest that operating conditions for Credit Unions are likely to remain challenging.
- The sector's liquidity rate stood at 11.90% at the end of 4Q-2025, a decrease of 49 basis points from the same period of the previous year, and an increase of 103 points from the previous quarter. While Cash and investments grew 2.12% year-over-year, and 10.85% from the previous quarter, indicating that credit unions are actively provisioning.
- The total over 30-day loan delinquency rate stood at 1.52%, reflecting an increase of 45 basis points year-over-year and 19 basis points from the previous quarter. The current rates hold may steady funding costs and continue to provide some relief to variable-rate borrowers, but it is not expected to ease delinquency pressures in the near term.
- Year-over-year growth in retained earnings was 5.38%, during which time total asset growth was 4.92%. This accounts for 56.9% of Total Member's Equity and Capital. Net Interest and Investment Income was 1.69% in 4Q-2025, 16 basis points higher than the same quarter a year earlier, and 4bps lower than the previous quarter.

## Economic overview

### Bank of Canada

In Q4 2025, the Bank of Canada reduced the policy rate by 25 bps to 2.25%, with the Bank Rate at 2.50% and the Deposit Rate at 2.20%.

CPI inflation was approximately 2.5% in December 2025. Real GDP growth over the second half of 2025 averaged about 1.3%, although quarterly results were volatile due to swings in trade and inventories. The Bank of Canada expects GDP to rise by 1.1% in 2026 and 1.5% in 2027, a modest pace given slowing population growth and ongoing trade structural shifts. Inflation is expected to be near the 2.0% target as growth is projected to gradually absorb excess supply.

### Ontario economic outlook

External estimates suggest Ontario's economy was little changed in the fourth quarter of 2025, with unemployment falling to 7.6% from 7.8% in the third quarter. Ontario's CPI was 1.9% in 4Q-2025, up from 1.8% in 3Q-2025, notably, shelter prices (up 1.0%) rose for the first time since 1Q-2022, when the Bank of Canada began raising interest rates.

### Household debt

The latest data released by Statistics Canada released late February 2026, household saving fell from 5.5% in December 2024 to 4.4% in December 2025, representing a 20% decline from the same quarter a year earlier. Despite the quarterly decline, yearly household savings levels remain similar to levels in 2024.

## Housing markets

Ontario home prices fell 5.9% year-over-year, dropping from \$810K in December 2024 to \$762K in December 2025. Southern Ontario saw the sharpest declines, with condo prices in Toronto, Hamilton, and Kitchener-Waterloo-Cambridge all down more than 8%.

## Profitability

### 4Q-2025 vs 4Q-2024

Year-over-year, ROAA increased by 6 basis points to 27 basis points due to the drop in interest expense on deposits of 42 basis points to 2.29% outpaced the decrease of loan interest income of 22 basis points to 4.18%. Other interest expenses fell 9 basis points year over year to 0.45% of average assets.

### 4Q-2025 vs 3Q-2025

As shown in Tables 2 and 3, the return on average assets (ROAA) in 4Q-2025 was 4 basis points lower than the previous quarter. Reductions in loan interest and investment income, 4 and 7 bps respectively, was offset by a 6-bps reduction in interest expense on deposits.

4 of 52 credit unions had negative returns on average assets as of Dec 31, 2025. FSRA closely monitors those that are unprofitable, identifies core challenges and works with credit unions to develop strategies to restore profitability.

# Capital

## 4Q-2025 vs 4Q-2024

**Year-over-year, sector capital increased to \$7.49 billion (up \$257.81 million or 3.56%) which was comprised of:**

- Membership shares of \$50.93 million (down \$2.78 million or -5.17%);
- Retained earnings of \$4.26 billion (up \$217.45 million or 5.38%);
- Other Tier 1 & 2 Capital of \$3.15 billion (up \$40.19 million or 1.29%);
- AOCI of \$33.32 million (up \$2.95 million or 9.71%).

As a percentage of risk-weighted assets, sector capital was 13.63% in 4Q-2025, down 24 basis points from 4Q-2024.

Leverage was 6.98% in 4Q-2025, up 1 basis point from the same quarter a year earlier.

## 4Q-2025 vs 3Q-2025

Sector capital increased by \$184.40 million or 2.52% from \$7.31 billion from last quarter as retained earnings increased by \$25.87 million or 0.61% from \$4.23 billion, and Other Tier 1 & 2 Capital increased \$169.16 million or 5.68%. Compared to the previous quarter, sector capital as a percent of risk-weighted assets was up 15 basis points from 13.48%; leverage was also up 12 basis points from 6.86%.

## Liquidity (including securitization)

### 4Q-2025 vs 4Q-2024

As shown in Tables 7 and 8, sector deposits increased by \$4.95 billion or up 6.29% to \$83.65 billion year-over-year; securitizations increased by \$595.07 million or up 7.54% to \$8.48 billion year-over-year; and borrowings were down by \$531.69 million or down -14.57% to \$3.12 billion. Total liability saw a net increase of \$4.64 billion or up 5.03% to \$97.03 billion from the year earlier. Liquid assets increased \$247.25 million or up 2.12% to \$11.93 billion, despite this, liquidity decreased 49 basis points to 11.90% from 12.39% in 4Q-2024.

In 4Q-2025, 21 institutions with total assets of \$83.05 billion (or 79.52% of sector assets) participated in securitization programs.

### 4Q-2025 vs 3Q-2025

Sector deposits increased by \$1.76 billion or up 2.15% from \$81.88 billion, securitizations increased by \$295.98 million or up 3.61% from \$8.19 billion, while borrowings decreased by \$450.47 million or down -12.62% from \$3.59 billion from last quarter. Liquid assets increased by \$1.17 billion or up 10.85% from \$10.76 billion resulting in the total liquidity ratio showing a 103 basis points increase from 10.87%.

## Efficiency ratio (before dividends/interest rebates)

### 4Q-2025 vs 4Q-2024

As shown in Table 3, the sector efficiency ratio improved to 83.86% or down by 1.98% from 85.84% year-over year.

### 4Q-2025 vs 3Q-2025

Compared to the previous quarter, sector efficiency regressed by 2.09% from 81.77%.

## Credit quality (delinquency greater than 30 days)

### 4Q-2025 vs 4Q-2024

As shown in Table 5, total loan delinquency increased to 1.52% or up 45 basis points compared to the same quarter a year earlier. Residential mortgage loan delinquency increased to 1.10% or up 23 basis points and commercial loan delinquency increased to 2.56% or up 97 basis points.

### 4Q-2025 vs 3Q-2025

Compared to last quarter, total loan delinquency rose by 19 basis points from 1.33%, within which residential mortgage delinquency increased by 10 bps from 1.00% and commercial delinquency rose by 39 basis points from 2.17%.

## Growth

### 4Q-2025 vs 4Q-2024

Total sector assets increased to \$104.52 billion (up \$4.90 billion or 4.92%) compared to the year-earlier quarter. This growth drives by increase in residential mortgage loans to \$57.45 billion (up \$2.81 billion or 5.15%) and commercial loans to \$27.65 billion (up \$1.25 billion or 4.73%), cash/investments of \$11.93 billion (up \$247.25 million or 2.12%).

### 4Q-2025 vs 3Q-2025

Total sector assets increased by \$1.68 billion (1.64% from \$102.83 billion) from last quarter reflecting an increase in residential mortgage loans of \$278.77 million (0.49% from \$57.17 billion), an increase in commercial loans of \$110.55 million (0.40% from \$27.54 billion), while cash/investments increased of \$1.17 billion (10.85% from \$10.76 billion).

# Sector income statements

% of average assets (except as noted)

	Sector		
	4Q-2025	3Q-2025	4Q-2024
<b>Interest and Investment Income</b>			
Loan Interest	4.18%	4.22%	4.40%
Investment Income	0.27%	0.34%	0.42%
<b>Total Interest and Investment Income</b>	<b>4.45%</b>	<b>4.56%</b>	<b>4.82%</b>
<b>Interest and Dividend Expense</b>			
Interest Expense on Deposits	2.29%	2.35%	2.71%
Rebates/Dividends on Share Capital	0.00%	0.00%	0.00%
Dividends on Investment/Other Capital	0.03%	0.03%	0.03%
Other Interest Expense	0.44%	0.44%	0.54%
Total	0.48%	0.48%	0.58%
<b>Total Interest &amp; Dividend Expense</b>	<b>2.76%</b>	<b>2.83%</b>	<b>3.29%</b>
<b>Net Interest &amp; Investment Income</b>	<b>1.69%</b>	<b>1.73%</b>	<b>1.53%</b>
Loan Costs	0.14%	0.13%	0.05%
<b>Net Interest &amp; Investment Income after Loan Costs</b>	<b>1.55%</b>	<b>1.60%</b>	<b>1.48%</b>
Other (non-interest) Income	0.40%	0.38%	0.35%
<b>Net Interest, Investment &amp; Other Income</b>	<b>1.95%</b>	<b>1.98%</b>	<b>1.83%</b>
<b>Non-Interest Expenses</b>			
Salaries & Benefits	0.91%	0.89%	0.89%
Occupancy	0.12%	0.12%	0.12%
Computer, Office & Other Equipment	0.18%	0.18%	0.18%
Advertising & Communications	0.07%	0.06%	0.06%
Member Security	0.07%	0.07%	0.07%
Administration	0.21%	0.21%	0.20%
Other	0.08%	0.07%	0.06%
<b>Total Non-Interest Expenses</b>	<b>1.63%</b>		
<b>Net Income/(Loss) Before Taxes</b>	<b>0.31%</b>	<b>0.36%</b>	<b>0.25%</b>
Taxes	0.05%	0.06%	0.03%
<b>Net Income/(Loss)</b>	<b>0.27%</b>	<b>0.31%</b>	<b>0.21%</b>
<b>Average Assets (Billions)</b>	<b>\$101</b>	<b>\$101</b>	<b>\$93</b>

\*Totals may not agree due to rounding

# Sector balance sheets

As at \$millions

	Sector		
	4Q-2025	3Q-2025	4Q-2024
<b>Assets</b>			
Cash and Investments	11,930	10,762	11,683
Personal Loans	2,335	2,301	2,211
Residential Mortgage Loans	57,445	57,166	54,632
Commercial Loans	27,653	27,543	26,405
Institutional Loans	156	151	156
Unincorporated Association Loans	39	40	41
Agricultural Loans	3,455	3,352	3,060
<b>Total Loans</b>	<b>91,084</b>	<b>90,553</b>	<b>86,506</b>
<b>Total Loan Allowances</b>	<b>350</b>	<b>325</b>	<b>238</b>
Capital (Fixed) Assets	676	687	688
Intangible and Other Assets	1,176	1,158	976
<b>Total Assets</b>	<b>104,516</b>	<b>102,835</b>	<b>99,614</b>
<b>Liabilities</b>			
Demand Deposits	27,189	26,564	26,119
Term Deposits	39,362	38,252	36,112
Registered Deposits	17,094	17,067	16,463
<b>Total Deposits</b>	<b>83,645</b>	<b>81,883</b>	<b>78,694</b>
Borrowings	3,118	3,568	3,649
Securitized Assets	8,484	8,188	7,889
Other Liabilities	1,778	1,889	2,148
<b>Total Liabilities</b>	<b>97,025</b>	<b>95,528</b>	<b>92,380</b>
<b>Members' Equity &amp; Capital</b>			
Membership Shares	51	52	54
Retained Earnings	4,259	4,233	4,042
Other Tier 1 & 2 Capital	3,148	2,978	3,107
AOCI	33	43	30
<b>Total Members' Equity &amp; Capital</b>	<b>7,491</b>	<b>7,306</b>	<b>7,233</b>
<b>Total Liabilities, Members' Equity &amp; Capital</b>	<b>104,516</b>	<b>102,835</b>	<b>99,614</b>

\*Totals may not agree due to rounding

## Sector balance sheets

	Sector % Increase/(Decrease) from		
	4Q-2025 \$Millions	3Q-2025	4Q-2024
<b>Assets</b>			
Cash and Investments	11,930	10.9%	2.1%
Personal Loans	2,335	1.5%	5.6%
Residential Mortgage Loans	57,445	0.5%	5.1%
Commercial Loans	27,653	0.4%	4.7%
Institutional Loans	156	3.6%	-0.2%
Unincorporated Association Loans	39	-2.6%	-6.2%
Agricultural Loans	3,455	3.1%	12.9%
Total Loans	91,084	0.6%	5.3%
Total Loan Allowances	350	7.7%	46.9%
Capital (Fixed) Assets	676	-1.7%	-1.7%
Intangible and Other Assets	1,176	1.6%	20.6%
<b>Total Assets</b>	<b>104,516</b>	<b>1.6%</b>	<b>4.9%</b>
<b>Liabilities</b>			
Demand Deposits	27,189	2.4%	4.1%
Term Deposits	39,362	2.9%	9.0%
Registered Deposits	17,094	0.2%	3.8%
Total Deposits	83,645	2.2%	6.3%
Borrowings	3,118	-12.6%	-14.6%
Securitizations	8,484	3.6%	7.5%
Other Liabilities	1,778	-5.9%	-17.2%
Total Liabilities	97,025	1.6%	5.0%
<b>Members' Equity &amp; Capital</b>			
Membership Shares	51	-1.1%	-5.2%
Retained Earnings	4,259	0.6%	5.4%
Other Tier 1 & 2 Capital	3,148	5.7%	1.3%
Accumulated Other Comprehensive Income	33	-23.2%	9.7%
Total Members' Equity & Capital	7,491	2.5%	3.6%
<b>Total Liabilities, Members' Equity &amp; Capital</b>	<b>104,516</b>	<b>1.6%</b>	<b>4.9%</b>

\*Totals may not agree due to rounding

# Sector balance sheets

As a percentage of total assets

	Sector		
	4Q-2025	3Q-2025	4Q-2024
<b>Assets</b>			
Cash and Investments	11.4%	10.5%	11.7%
Personal Loans	2.2%	2.2%	2.2%
Residential Mortgage Loans	55.0%	55.6%	54.8%
Commercial Loans	26.5%	26.8%	26.5%
Institutional Loans	0.1%	0.1%	0.2%
Unincorporated Association Loans	0.0%	0.0%	0.0%
Agricultural Loans	3.3%	3.3%	3.1%
Total Loans	87.1%	88.1%	86.8%
Total Loan Allowances	0.3%	0.3%	0.2%
Capital (Fixed) Assets	0.6%	0.7%	0.7%
Intangible and Other Assets	1.1%	1.1%	1.0%
<b>Total Assets</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Liabilities</b>			
Demand Deposits	26.0%	25.8%	26.2%
Term Deposits	37.7%	37.2%	36.3%
Registered Deposits	16.4%	16.6%	16.5%
Total Deposits	80.0%	79.6%	79.0%
Borrowings	3.0%	3.5%	3.7%
Securitizations	8.1%	8.0%	7.9%
Other Liabilities	1.7%	1.8%	2.2%
Total Liabilities	92.8%	92.9%	92.7%
<b>Members' Equity &amp; Capital</b>			
Membership Shares	0.0%	0.1%	0.1%
Retained Earnings	4.1%	4.1%	4.1%
Other Tier 1 & 2 Capital	3.0%	2.9%	3.1%
AOCI	0.0%	0.0%	0.0%
Total Members' Equity & Capital	7.2%	7.1%	7.3%
<b>Total Liabilities, Members' Equity &amp; Capital</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

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