FSRA

Financial Services Regulatory Authority of Ontario

Ontario

Credit Unions and Caisses Populaires

Sector Outlook Report 1Q-2026

June 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 31st, 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.

Contact us

www.fsrao.ca/contact-us
Ce document est également disponible en français.

Contents

Financial highlights

	Sector		
	1Q-2026	4Q-2025	1Q-2025
Income Statement (% average assets)			
Net Interest Income	1.88[1]	1.69	1.66
Loan Costs	0.07[1]	0.14	0.10
Other Income	0.37[2]	0.40	0.36
Non-Interest Expense	1.63[1]	1.63	1.59
Taxes	0.08[3]	0.05	0.05
Net Income	0.47[1]	0.27	0.28
Balance Sheet ($ billions; as at quarter end)			
Assets	105.04[1]	104.52	100.32
Loans	90.89[3]	91.08	87.77
Deposits	84.64[1]	83.65	79.53
Members' Equity & Capital	7.58[1]	7.49	7.19
Capital Ratios (%)			
Leverage	7.02[1]	6.98	6.90
Risk Weighted	13.98[1]	13.78	13.63
Key Measures and Ratios (% except as noted)			
Return on Regulatory Capital	6.60[1]	3.77	3.91
Liquidity Ratio	12.64[1]	11.90	11.74
Efficiency Ratio (before dividends/rebates)	74.24[1]	82.54	82.21
Efficiency Ratio	74.54[1]	83.86	82.75
Mortgage Loan Delinquency>30 days	1.15[3]	1.10	0.83
Commercial Loan Delinquency>30 days	2.97[3]	2.56	1.83
Total Loan Delinquency>30 days	1.66[3]	1.52	1.12
Total Loan Delinquency>90 days	0.99[3]	0.93	0.59
Asset Growth (from last quarter)	0.50[3]	1.64	0.72
Loan Growth (from last quarter)	0.21[3]	0.59	1.47
Deposit Growth (from last quarter)	1.18[3]	2.15	1.07
Credit Unions (number)	48[3]	49	52
Membership (thousands)	1,761	1,758	1,736
* Trends are current quarter to last quarter	Better[1]	Neutral[2]	Worse[3]

Sector key financial trends

Table #1 - Selected growth trends

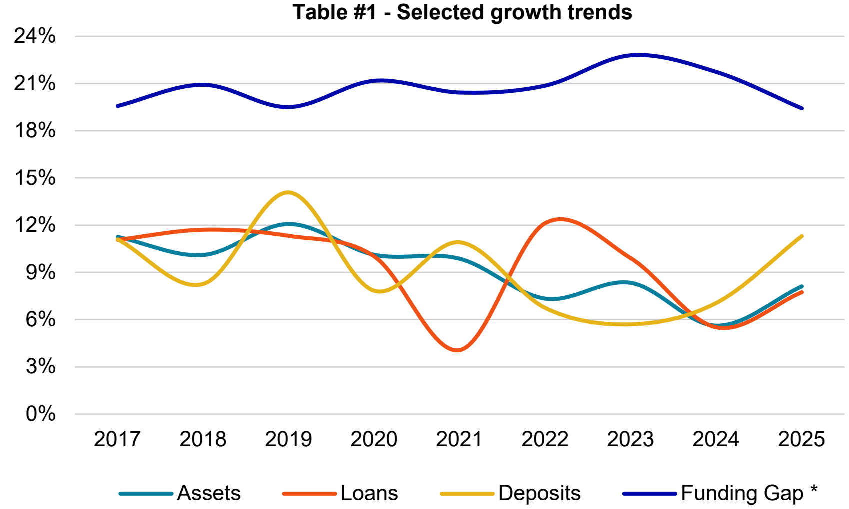


Table #2 - Selected performance trends

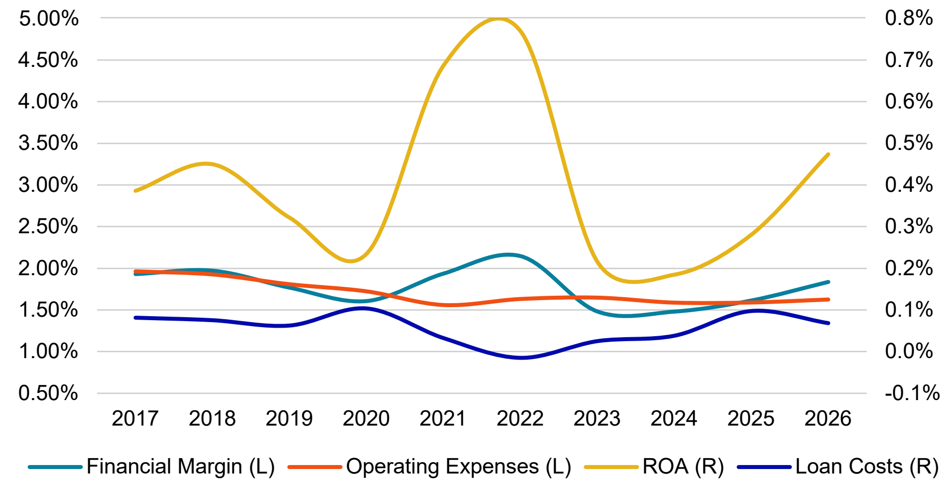


Table #3 - Efficiency ratio and return on assets

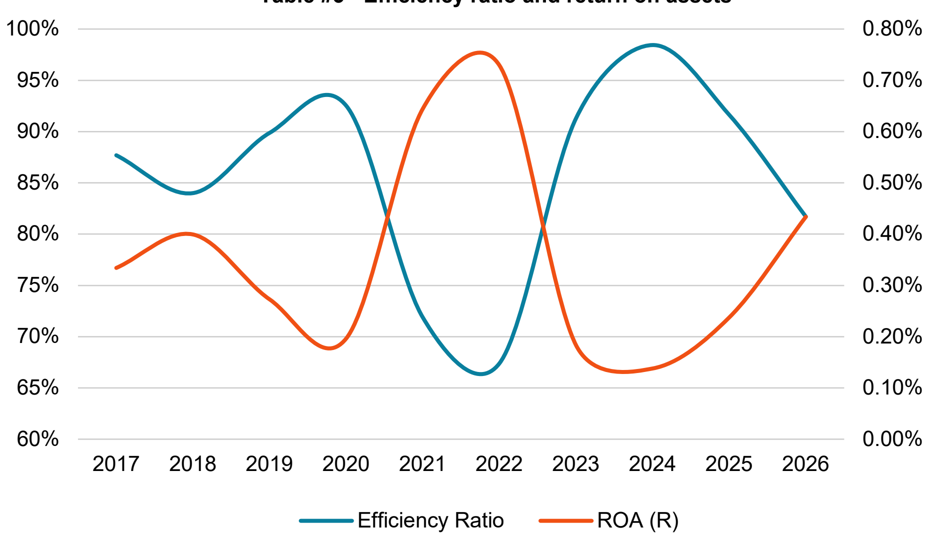
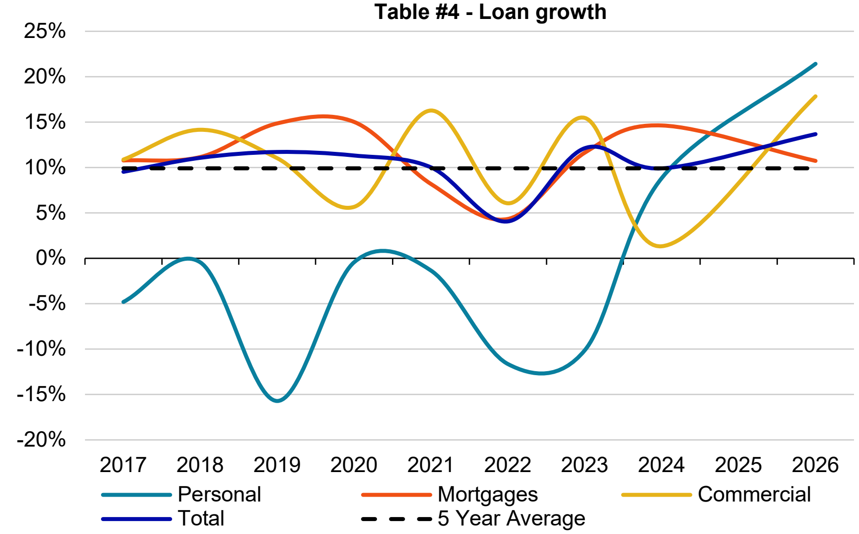


Table #4 - Loan growth



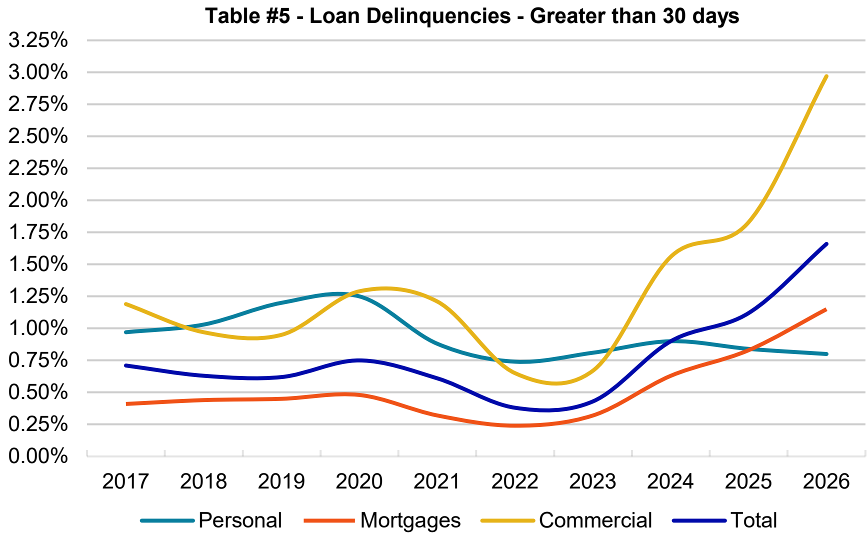


Table #5 - Loan Delinquencies - Greater than 30 days
3.25%
3.00%
2.75%
2.50%
2.25%
2.00%
1.75%
1.50%
1.25%
1.00%
0.75%
0.50%
0.25%
0.00%
2017 2018 2019 2020 2021 2022 2023 2024 2025 2026
Personal
Mortgages
Commercial
Total

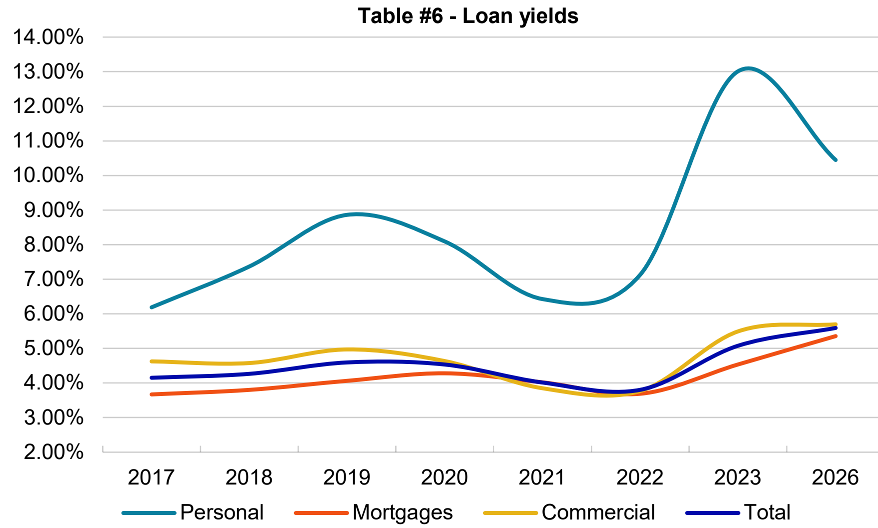


Table #6 - Loan yields
14.00%
13.00%
12.00%
11.00%
10.00%
9.00%
8.00%
7.00%
6.00%
5.00%
4.00%
3.00%
2.00%
2017 2018 2019 2020 2021 2022 2023 2026
Personal
Mortgages
Commercial
Total

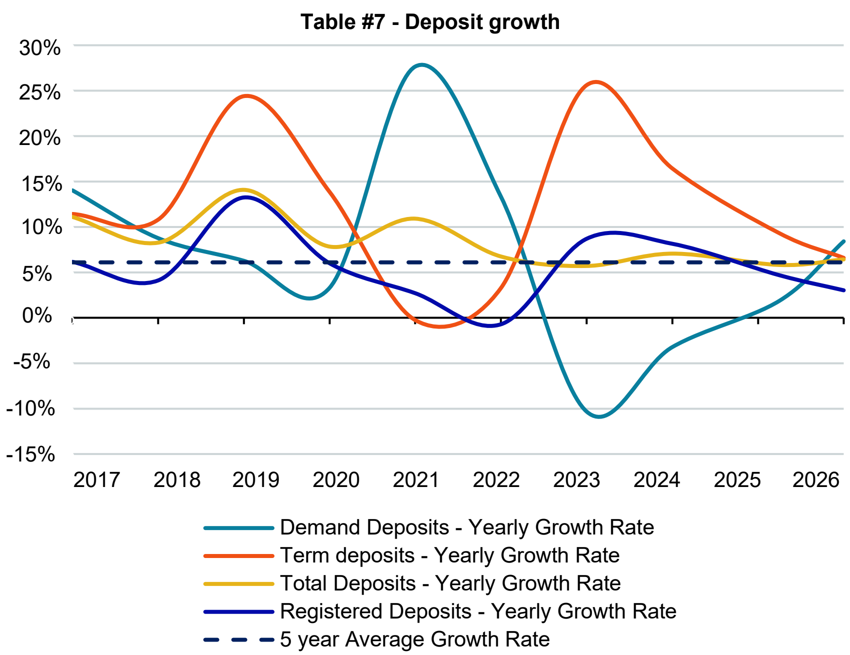


Table #7 - Deposit growth
30%
25%
20%
15%
10%
5%
0%
-5%
-10%
-15%
2017 2018 2019 2020 2021 2022 2023 2024 2025 2026
Demand Deposits - Yearly Growth Rate
Term deposits - Yearly Growth Rate
Total Deposits - Yearly Growth Rate
Registered Deposits - Yearly Growth Rate
5 year Average Growth Rate

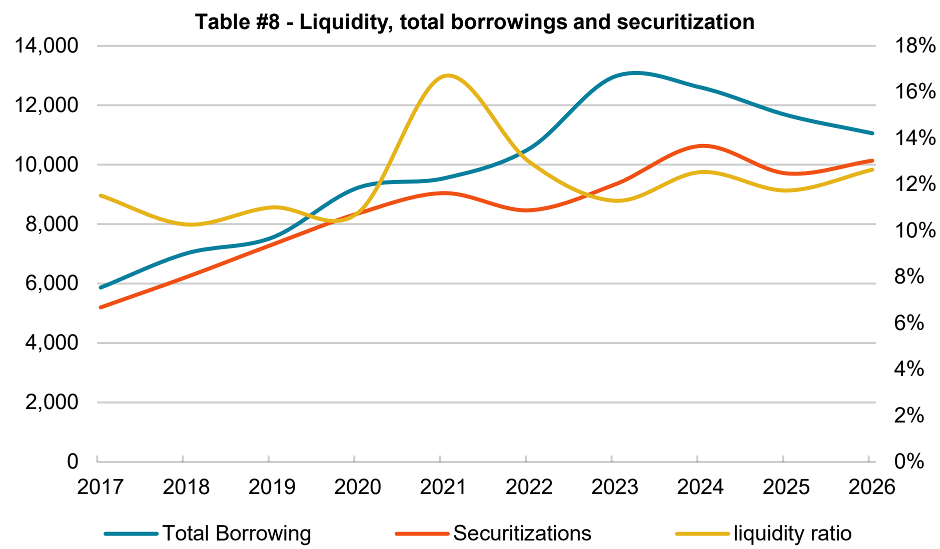


Table #8 - Liquidity, total borrowings and securitization
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
18%
16%
14%
12%
10%
8%
6%
4%
2%
0%
2017 2018 2019 2020 2021 2022 2023 2024 2025 2026
Total Borrowing
Securitizations
liquidity ratio

FSRA observations 1Q-2026

- The sector included 48 institutions in 1Q-2026, 1 fewer than in the previous quarter, and 4 fewer than in the year-earlier quarter.
- As of the end of 1Q-2026, total sector assets reached $105.04 billion, reflecting a year-over-year increase of $4.71 billion or 4.70%. Year-over-year, residential mortgage loans grew by $2.45 billion or 4.46% remaining near historical growth rates, while commercial loans increased by $216.221 million or 0.79%.
- Profitability remains strong, sitting at 47 bps in 1Q-2026, increasing from 4Q-2025 by 20bps. The increase was driven by total interest expense on deposits decreasing 20bps. Borrowings have decreased 31.85% year-over-year, indicating that Credit Unions continue to pay down existing commitments. Lower expectations for additional interest rate cuts, sustained 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 12.64% at the end of 1Q-2026, an increase of 90 basis points from the same period of the previous year, and an increase of 74 basis points from the previous quarter. While Cash and investments grew 13.87% year-over-year, and 5.72% from the previous quarter, indicating that Credit Unions are actively provisioning.
- The total over 30-day loan delinquency rate stood at 1.66%, reflecting an increase of 54 basis points year-over-year and 14 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 6.46%, during which time total asset growth was 4.70%. Retained earnings accounts for 57.17% of Total Member’s Equity and Capital. Net Interest and Investment Income was 1.88% in 1Q-2026, 22 basis points higher than the same quarter a year earlier, and 19bps higher than the previous quarter.

Economic overview

Bank of Canada

In Q1 2026, the Bank of Canada held the policy rate at 2.25%, with the Bank Rate at 2.50% and the Deposit Rate at 2.20%.

Inflation remained elevated at 2.4% as easing shelter costs were offset by persistent food inflation and higher gasoline prices in March. The unemployment rate stood at 6.7% in March. Real gross domestic product (GDP) was unchanged in the first quarter of 2026, after declining 0.2% in the fourth quarter of 2025. The Bank of Canada expects GDP to rise by 1.2% in 2026 and 1.6% in 2027, as growth in exports and business investment resumes along a lower trajectory among ongoing trade structural shifts.

Ontario economic outlook

Ontario's economy was flat in Q1 2026, as gains in retail sales and wholesale trade were offset by weaker employment, housing activity, trade, and manufacturing. Unemployment decreased slightly but remained elevated at 7.6% in March, reflecting continued softness in manufacturing and consumer-facing sectors. Inflation was at 1.9% on higher energy prices from the conflict in the Middle East. Rising oil prices are expected to put upward pressure on inflation in the coming months.

Household debt

The latest data released by Statistics Canada released late February 2026, household saving fell to 3.5% in March 2026, the lowest rate since first quarter 2024. Household debt has increased for a sixth consecutive quarter to 179.6%, indicating increasing household leverage despite broadly stable interest rate environment.

Profitability

1Q-2026 vs 1Q-2025

Year-over-year, ROAA increased by 19 basis points to 47 basis points due to the drop in interest expense on deposits of 36 basis points to 2.09% outpaced the decrease of loan interest income of 16 basis points to 4.04%. Loan costs fell 3 basis points year-over-year to 0.07% of average assets.

1Q-2026 vs 4Q-2025

As shown in Tables 2 and 3, the return on average assets (ROAA) in 1Q-2026 was 20 basis points higher than the previous quarter. Reductions in loan interest income of 14bps was offset by a 10bps increase in investment income, while interest expense on deposits fell 20bps.

7 of 48 Credit Unions had negative returns on average assets as of Mar 31, 2026. FSRA closely monitors those that are unprofitable, identifies core challenges and works with credit unions to develop strategies to restore profitability.

Capital

1Q-2026 vs 1Q-2025

Year-over-year, sector capital increased to $7.58 billion (up $390.96 million or 5.43%) which was comprised of:

- Membership shares of $51.13 million (down $0.87 million or -1.67%);
- Retained earnings of $4.34 billion (up $263.20 million or 6.46%);
- Other Tier 1 & 2 Capital of $3.17 billion (up $145.96 million or 4.83%);
- AOCI of $31.50 million (down $17.33 million or -35.50%).

As a percentage of risk-weighted assets, sector capital was 13.98% in 1Q-2026, up 35 basis points from 1Q-2025. Leverage was 7.02% in 1Q-2026, up 12 basis points from the same quarter a year earlier.

1Q-2026 vs 4Q-2025

Sector capital increased by $94.02 million or 1.26% from $7.49 billion from last quarter as retained earnings increased by $76.95 million or 1.81% from $4.26 billion, and Other Tier 1 & 2 Capital increased $18.70 million or 0.59%. Compared to the previous quarter, sector capital as a percent of risk-weighted assets was up 20 basis points from 13.78%; leverage was also up 4 basis points from 6.98%.

Liquidity (including securitization)

1Q-2026 vs 1Q-2025

As shown in Tables 7 and 8, sector deposits increased by $5.11 billion or up 6.42% to $84.64 billion year-over-year; securitizations increased by $583.10 million or up 7.37% to $8.50 billion year-over-year; and borrowings were down by $1.20 billion or down -31.85% to $2.56 billion. Total liability saw a net increase of $4.32 billion or up 4.64% to $97.45 billion from the year earlier. Liquid assets increased $1.54 billion or up 13.87% to $12.61 billion, reflecting and increase to liquidity ratios of 90 basis points to 12.64% from 11.74% in 1Q-2025.

In 1Q-2026, 21 institutions with total assets of $82.60 billion (or 78.37% of sector assets) participated in securitization programs.

1Q-2026 vs 4Q-2025

Sector deposits increased by $989.77 million or up 1.18% from $83.65 billion, securitizations increased by $14.98 million or up 0.18% from $8.48 billion, while borrowings decreased by $557.00 million or down 17.87% from $3.12 billion from last quarter. Liquid assets increased by $682.29 million or up 5.72% from $11.93 billion resulting in the total liquidity ratio showing a 74 basis points increase from 11.90%.

Efficiency ratio (before dividends/interest rebates)

1Q-2026 vs 1Q-2025

As shown in Table 3, the sector efficiency ratio improved to 74.54% or down by 8.21% from 82.75% year-over year.

1Q-2026 vs 4Q-2025

Compared to the previous quarter, sector efficiency improved by 9.32% from 83.86%.

Credit quality (delinquency greater than 30 days)

1Q-2026 vs 1Q-2025

As shown in Table 5, total loan delinquency increased to 1.66% or up 54 basis points compared to the same quarter a year earlier. Residential mortgage loan delinquency increased to 1.15% or up 32 basis points and commercial loan delinquency increased to 2.97% or up 114 basis points.

1Q-2026 vs 4Q-2025

Compared to last quarter, total loan delinquency rose by 14 basis points from 1.52%, within which residential mortgage delinquency increased by 5 bps from 1.10% and commercial delinquency rose by 31 basis points from 2.56%.

Growth

1Q-2026 vs 1Q-2025

Total sector assets increased to $105.04 billion (up $4.71 billion or 4.70%) compared to the year-earlier quarter. This growth drives by increase in residential mortgage loans to $57.44 billion (up $2.45 billion or 4.46%), commercial loans to $27.42 billion (up $216.21 million or 0.79%), and cash/investments of $12.61 billion (up $1.54 billion or 13.87%).

1Q-2026 vs 4Q-2025

Total sector assets increased by $520.65 million (0.50% from $104.52 billion) from last quarter reflecting a decrease in residential mortgage loans of $2.60 million (down 0.00% from $57.45 billion), a decrease in commercial loans of $234.63 million (down 0.85% from $27.65 billion), while cash/investments increased $682.29 million (5.72% from $11.93 billion).

Sector income statements

% of average assets (except as noted)

	Sector		
	1Q-2026	**4Q-2025**	**1Q-2025**
Interest and Investment Income			
Loan Interest	**4.04%**	4.18%	4.20%
Investment Income	**0.37%**	0.27%	0.38%
Total Interest and Investment Income	**4.41%**	4.45%	4.58%
Interest and Dividend Expense			
Interest Expense on Deposits	**2.09%**	2.29%	2.45%
Rebates/Dividends on Share Capital	**0.00%**	0.00%	0.00%
Dividends on Investment/Other Capital	**0.02%**	0.03%	0.03%
Other Interest Expense	**0.43%**	0.45%	0.45%
Total	**0.45%**	0.48%	0.48%
Total Interest & Dividend Expense	**2.54%**	2.76%	2.93%
Net Interest & Investment Income	**1.88%**	1.69%	1.66%
Loan Costs	**0.07%**	0.14%	0.10%
Net Interest & Investment Income after Loan Costs	**1.81%**	1.55%	1.56%
Other (non-interest) Income	**0.37%**	0.40%	0.36%
Net Interest, Investment & Other Income	**2.18%**	1.95%	1.92%
Non-Interest Expenses			
Salaries & Benefits	**0.89%**	0.91%	0.88%
Occupancy	**0.12%**	0.12%	0.13%
Computer, Office & Other Equipment	**0.19%**	0.18%	0.18%
Advertising & Communications	**0.06%**	0.07%	0.06%
Member Security	**0.07%**	0.07%	0.07%
Administration	**0.22%**	0.21%	0.20%
Other	**0.07%**	0.08%	0.07%
Total Non-Interest Expenses	**1.63%**		
Net Income/(Loss) Before Taxes	**0.56%**	0.31%	0.33%
Taxes	**0.08%**	0.05%	0.05%
Net Income/(Loss)	**0.47%**	0.27%	0.28%
Average Assets (Billions)	**$105**	**$101**	**$100**

*Totals may not agree due to rounding

Sector balance sheets

As at $millions

	Sector		
	1Q-2026	**4Q-2025**	**1Q-2025**
Assets			
Cash and Investments	**12,612**	11,930	11,076
Personal Loans	**2,373**	2,335	2,222
Residential Mortgage Loans	**57,442**	57,445	54,988
Commercial Loans	**27,419**	27,653	27,202
Institutional Loans	**123**	156	160
Unincorporated Association Loans	**44**	39	41
Agricultural Loans	**3,489**	3,455	3,161
Total Loans	**90,890**	91,084	87,773
Total Loan Allowances	**358**	350	258
Capital (Fixed) Assets	**677**	676	691
Intangible and Other Assets	**1,216**	1,176	1,041
Total Assets	**105,037**	104,516	100,324
Liabilities			
Demand Deposits	**27,833**	27,189	25,673
Term Deposits	**39,444**	39,362	37,003
Registered Deposits	**17,359**	17,094	16,850
Total Deposits	**84,635**	83,645	79,526
Borrowings	**2,561**	3,118	3,757
Securitizations	**8,499**	8,484	7,915
Other Liabilities	**1,757**	1,778	1,931
Total Liabilities	**97,452**	97,025	93,130
Members' Equity & Capital			
Membership Shares	**49**	49	52
Retained Earnings	**4,336**	4,259	4,073
Other Tier 1 & 2 Capital	**3,166**	3,148	3,020
AOCI	**31**	33	49
Total Members' Equity & Capital	**7,585**	7,491	7,194
Total Liabilities, Members' Equity & Capital	**105,037**	104,516	100,324

*Totals may not agree due to rounding

Sector balance sheets

	1Q-2026 $Millions	Sector % Increase/(Decrease) from 4Q-2025	Sector % Increase/(Decrease) from 1Q-2025
Assets			
Cash and Investments	12,612	5.7%	13.9%
Personal Loans	2,373	1.6%	6.8%
Residential Mortgage Loans	57,442	0.0%	4.5%
Commercial Loans	27,419	-0.8%	0.8%
Institutional Loans	123	-21.3%	-23.1%
Unincorporated Association Loans	44	12.9%	7.6%
Agricultural Loans	3,489	1.0%	10.4%
Total Loans	90,890	-0.2%	3.6%
Total Loan Allowances	358	2.5%	39.1%
Capital (Fixed) Assets	677	0.2%	-2.0%
Intangible and Other Assets	1,216	3.4%	16.8%
Total Assets	105,037	0.5%	4.7%
Liabilities			
Demand Deposits	27,833	2.4%	8.4%
Term Deposits	39,444	0.2%	6.6%
Registered Deposits	17,359	1.5%	3.0%
Total Deposits	84,635	1.2%	6.4%
Borrowings	2,561	-17.9%	-31.8%
Securitizations	8,499	0.2%	7.4%
Other Liabilities	1,757	-1.2%	-9.0%
Total Liabilities	97,452	0.4%	4.6%
Members' Equity & Capital			
Membership Shares	51	0.4%	-1.7%
Retained Earnings	4,336	1.8%	6.5%
Other Tier 1 & 2 Capital	3,166	0.6%	4.8%
Accumulated Other Comprehensive Income	31	-5.5%	-35.5%
Total Members' Equity & Capital	7,585	1.3%	5.4%
Total Liabilities, Members' Equity & Capital	105,037	0.5%	4.7%

*Totals may not agree due to rounding

Sector balance sheets

As a percentage of total assets

	Sector		
	1Q-2026	4Q-2025	1Q-2025
Assets			
Cash and Investments	12.0%	11.4%	11.0%
Personal Loans	2.3%	2.2%	2.2%
Residential Mortgage Loans	54.7%	55.0%	54.8%
Commercial Loans	26.1%	26.5%	27.1%
Institutional Loans	0.1%	0.1%	0.2%
Unincorporated Association Loans	0.0%	0.0%	0.0%
Agricultural Loans	3.3%	3.3%	3.2%
Total Loans	86.5%	87.1%	87.5%
Total Loan Allowances	0.3%	0.3%	0.3%
Capital (Fixed) Assets	0.6%	0.6%	0.7%
Intangible and Other Assets	1.2%	1.1%	1.0%
Total Assets	100.0%	100.0%	100.0%
Liabilities			
Demand Deposits	26.5%	26.0%	25.6%
Term Deposits	37.6%	37.7%	36.9%
Registered Deposits	16.5%	16.4%	16.8%
Total Deposits	80.6%	80.0%	79.3%
Borrowings	2.4%	3.0%	3.7%
Securitizations	8.1%	8.1%	7.9%
Other Liabilities	1.7%	1.7%	1.9%
Total Liabilities	92.8%	92.8%	92.8%
Members' Equity & Capital			
Membership Shares	0.0%	0.0%	0.1%
Retained Earnings	4.1%	4.1%	4.1%
Other Tier 1 & 2 Capital	3.0%	3.0%	3.0%
AOCI	0.0%	0.0%	0.0%
Total Members' Equity & Capital	7.2%	7.2%	7.2%
Total Liabilities, Members' Equity & Capital	100.0%	100.0%	100.0%

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