FSRA
Financial Services Regulatory Authority of Ontario

Ontario

Credit Unions and Caisses Populaires

Sector Outlook Report 2Q-2026

September 2026

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 June 30th, 2026 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

1. **Financial highlights**.....4
   - **A.** Income statement
   - **B.** Balance sheet
   - **C.** Capital ratios
   - **D.** Key measures and ratios

2. **Sector key financial trends**.....5
   - **A.** Table 1: Selected growth trends
   - **B.** Table 2: Selected performance trends
   - **C.** Table 3: Efficiency ratio and return on assets
   - **D.** Table 4: Loan growth
   - **E.** Table 5: Loan delinquencies: Greater than 30 days
   - **F.** Table 6: Loan yields
   - **G.** Table 7: Deposit growth
   - **H.** Table 8: Liquidity, total borrowings and securitization

3. **FSRA observations 2Q-2026**.....7

4. **Economic overview**.....8

5. **Sector consolidation and profitability**.....9

6. **Capital**.....10

7. **Liquidity and efficiency**.....11

8. **Credit quality and growth**.....12

9. **Sector income statements**.....14

10. **Sector balance sheets**.....15

Financial highlights

	Sector		
	2Q-2026	1Q-2026	2Q-2025
Income Statement (% average assets)			
Net Interest Income	1.93[1]	1.88	1.69
Loan Costs	0.10[3]	0.07	0.12
Other Income	0.38[2]	0.37	0.37
Non-Interest Expense	1.65[3]	1.63	1.61
Taxes	0.09[2]	0.08	0.05
Net Income	0.46[3]	0.47	0.30
Balance Sheet ($ billions; as at quarter end)			
Assets	106.47[1]	105.04	102.14
Loans	91.55[1]	90.89	89.06
Deposits	85.37[1]	84.64	81.15
Members' Equity & Capital	7.70[1]	7.58	7.20
Capital Ratios (%)			
Leverage	7.05[1]	7.02	6.81
Risk Weighted	14.06[1]	13.98	13.48
Key Measures and Ratios (% except as noted)			
Return on Regulatory Capital	6.44[3]	6.60	4.25
Liquidity Ratio	12.88[1]	12.64	11.96
Efficiency Ratio (before dividends/rebates)	74.87[3]	74.24	81.97
Efficiency Ratio	75.13[3]	74.54	82.56
Mortgage Loan Delinquency>30 days	1.13[1]	1.15	0.92
Commercial Loan Delinquency>30 days	2.80[1]	2.97	1.82
Total Loan Delinquency>30 days	1.60[1]	1.66	1.18
Total Loan Delinquency>90 days	1.08[3]	0.99	0.71
Asset Growth (from last quarter)	1.37[1]	0.50	1.81
Loan Growth (from last quarter)	0.73[1]	-0.21	1.46
Deposit Growth (from last quarter)	0.87[3]	1.18	2.04
Credit Unions (number)	48[2]	48	52
Membership (thousands)	1,771[1]	1,761	1,751
Average Assets ($ millions, per credit union)	2,218	2,188	1,964
* Trends are current quarter to last quarter	Better[1]	Neutral[2]	Worse[3]

Sector key financial trends

Table #1 - Selected growth trends

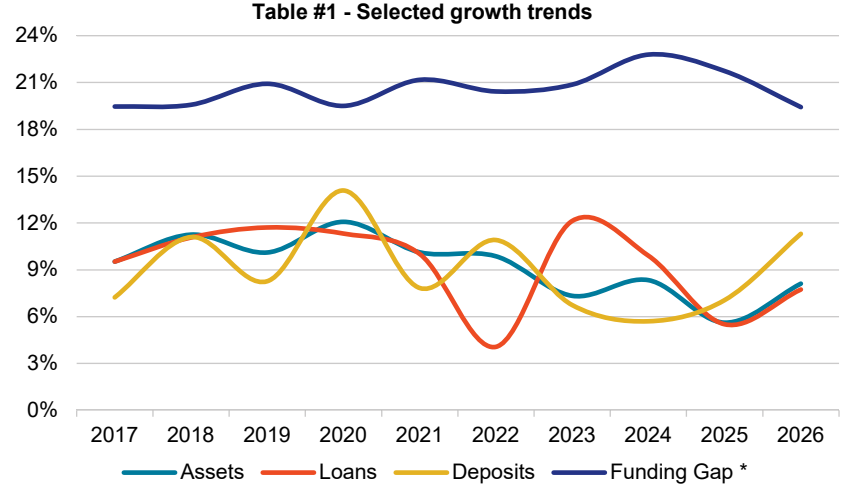


Table #2 - Selected performance trends

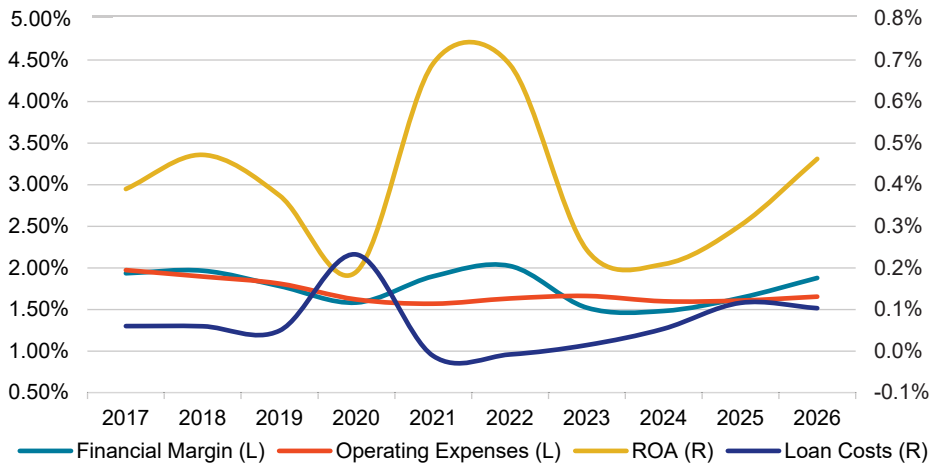


Table #3 - Efficiency ratio and return on assets

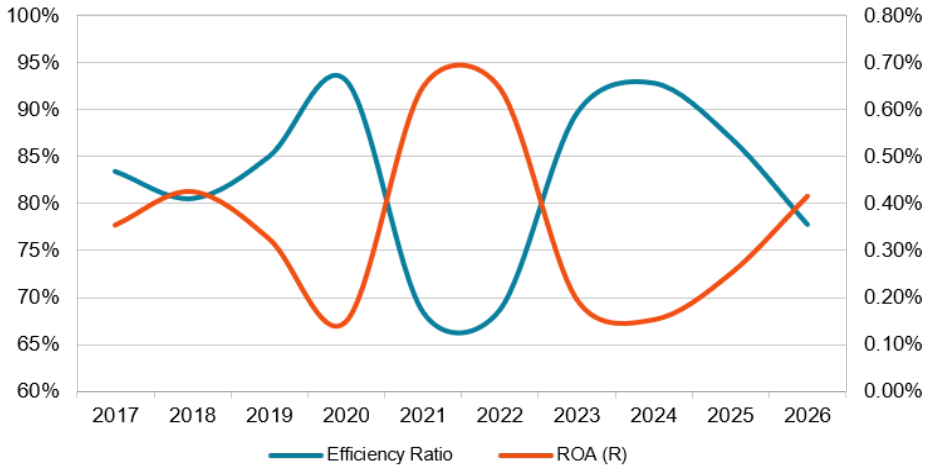


Table #4 - Loan growth

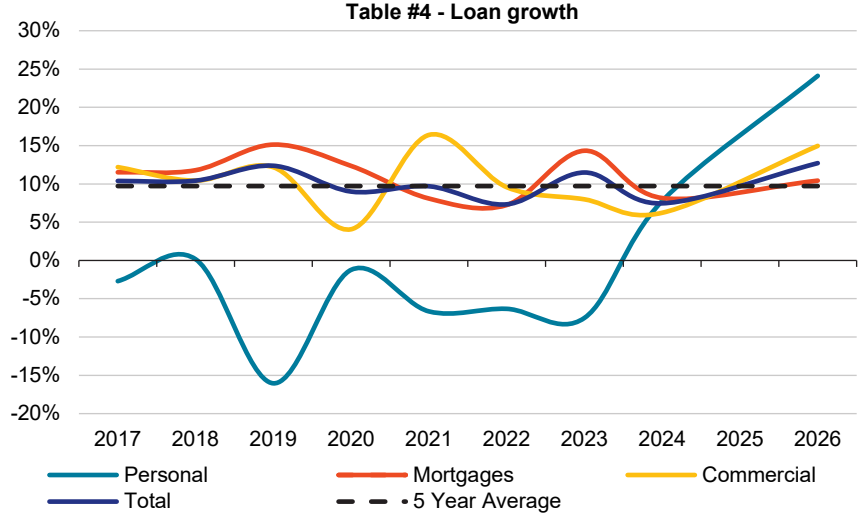


Table #5 - Loan delinquencies - greater than 30 days

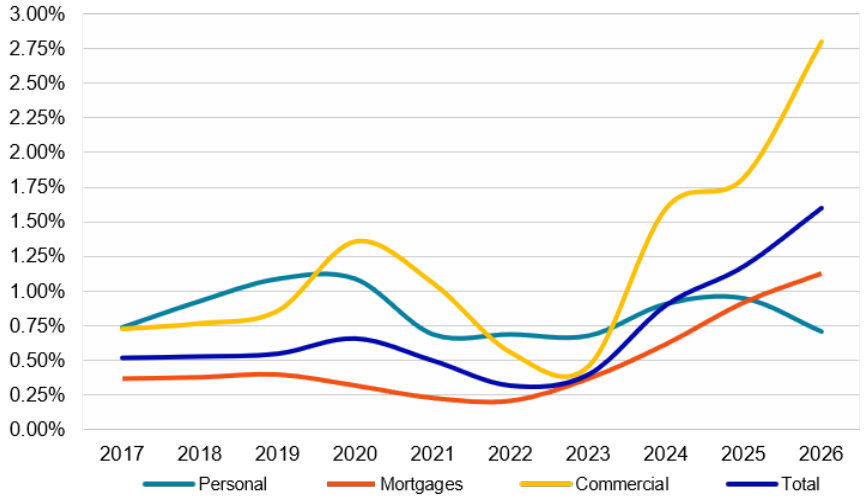


Table #6 - Loan yields

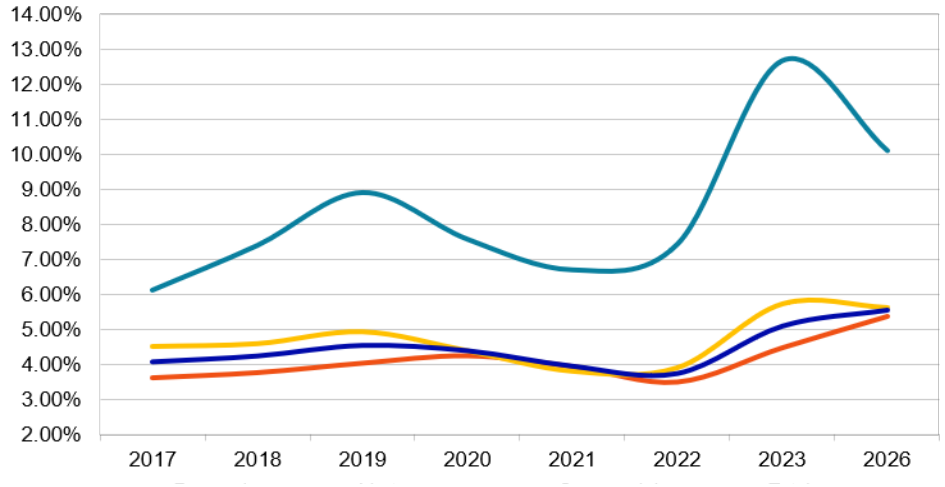


Table #7 - Deposit growth

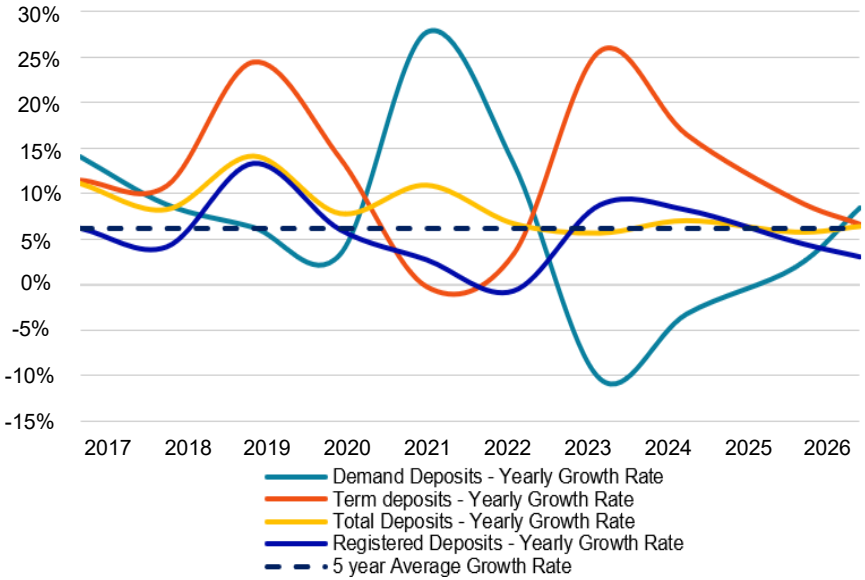
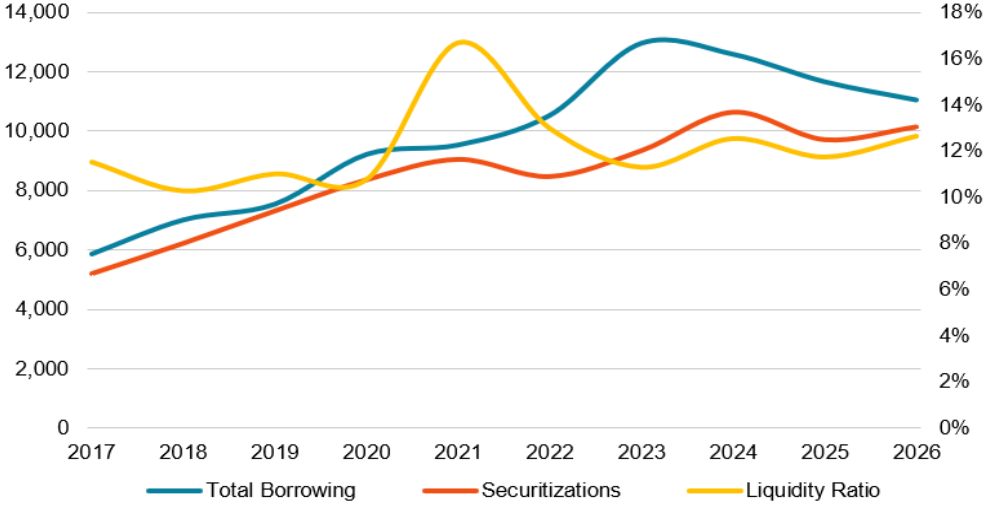


Table #8 - Liquidity, total borrowings and securitization



FSRA observations 2Q-2026

- The sector included 48 institutions in 2Q-2026, the same as the previous quarter, and 4 fewer than in the year-earlier quarter.
- As of the end of 2Q-2026, total sector assets reached $106.47 billion, reflecting a year-over-year increase of $4.33 billion or 4.24%. Year-over-year, residential mortgage loans grew by $1.51 billion or 2.68%, while commercial loans increased by $530.78 million or 1.97%.
- Profitability remains strong, sitting at 46 bps in 2Q-2026, increasing from 2Q-2025 by 16 basis points. The increase was driven by decreases in Interest Expense on Deposits by 30 basis points. Borrowings have decreased 25.25% year-over-year, indicating that Credit Unions continue to pay down existing commitments.
- The sector's liquidity rate stood at 12.88% at the end of 2Q-2026, an increase of 45 basis points from the same period of the previous year, and an increase of 24 basis points from the previous quarter. While Cash and investments grew 14.56% year-over-year, and 5.06% from the previous quarter, indicating that Credit Unions are continuing to increase their provisioning.
- The total over 30-day loan delinquency rate stood at 1.60%, reflecting an increase of 42 basis points year-over-year and a 6-basis point decrease from the previous quarter, the first quarterly decrease in the 30-day delinquency rate since 3Q-2024.
- Year-over-year growth in retained earnings was 7.26%, during which time total asset growth was 4.24%. Retained earnings account for 57.86% of Total Member’s Equity and Capital. Net Interest and Investment Income was 1.93% in 2Q-2026, 14 basis points higher than the same quarter a year earlier, and 5 basis points higher than the previous quarter.

Economic overview

Bank of Canada

In Q2 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%.

Real gross domestic product (GDP) was increased in the second quarter of 2026 to 0.8%, after remaining flat in the first quarter of 2026. Inflation remained elevated at 2.8% driven by higher gasoline prices while CPI excluding gasoline stood at 2.2%. The unemployment rate improved to 6.5% in June driven by employment gains in youth and core aged workers. The Bank of Canada expects GDP to rise by 1.5% in second half of 2026 and revised 2027 GDP expectations up to 1.8%, as growth in exports and spending are expected to recover against ongoing structural trade shifts.

Ontario economic outlook

Ontario's economy was flat in 1Q 2026, and official 2Q 2026 numbers are not yet available, however, retail spending, manufacturing sales, exports, and wholesale trade all improved during the second quarter. Unemployment decreased to 7.2% in June, reflecting the lowest unemployment in two years, as the province added roughly 62,000 jobs. Inflation for Ontario was 2.3% in June, up from 1.7% in March, reflecting increases of higher energy prices from the conflict in the Middle East.

Household debt

The latest data released by Statistics Canada indicated the household saving increased to 3.7% in June 2026. Household debt-to-income ratio has decreased to 176.4% as income growth outpaced the growth in household debt, this is the lowest level since 1Q 2025.

Profitability

2Q-2026 vs 2Q-2025

Year-over-year, ROAA increased by 16 basis points to 46 basis points due to the drop in interest expense on deposits of 30 basis points to 2.06% outpaced the decrease of loan interest income of 12 basis points to 4.05%. Loan costs fell 2 basis points year-over-year to 0.10% of average assets.

2Q-2026 vs 1Q-2026

As shown in Tables 2 and 3, the return on average assets (ROAA) in 2Q-2026 was 1 basis points lower than the previous quarter. Notable in the quarterly changes across the Income Statement is the salaries & benefits expense, increasing 2 basis points from the previous quarter.

5 of 48 Credit Unions had negative returns on average assets as of Jun 30, 2026. FSRA closely monitors those that are unprofitable, identifies core challenges and works with credit unions to develop strategies to restore profitability.

Capital

2Q-2026 vs 2Q-2025

Year-over-year, sector capital increased to $7.70 billion (up $495.44 million or 6.88%) which was comprised of:

- Membership shares of $50.94 million (down $1.03 million or -1.97%);
- Retained earnings of $4.45 billion (up $301.48 million or 7.26%);
- Other Tier 1 & 2 Capital of $3.16 billion (up $187.72 million or 6.32%);
- AOCI of $36.94 million (up $7.26 million or 24.48%).

As a percentage of risk-weighted assets, sector capital was 14.06% in 2Q-2026, up 51 basis points from 2Q-2025. Leverage was 7.05% in 2Q-2026, up 25 basis points from the same quarter a year earlier.

2Q-2026 vs 1Q-2026

Sector capital increased by $114.21 million or 1.51% from $7.58 billion from last quarter as membership shares decreased by $190.13 thousand or -0.37% from $51.13 million, retained earnings increased by $118.41 million or 2.73% from $4.34 billion, and Other Tier 1 & 2 Capital decreased $9.45 million or -0.30% from $3.17 billion. Compared to the previous quarter, sector capital as a percent of risk-weighted assets was up 8 basis points from 13.98%; leverage was also up 3 basis points from 7.02%.

Liquidity (including securitization)

2Q-2026 vs 2Q-2025

As shown in Tables 7 and 8, sector deposits increased by $4.23 billion or up 5.21% to $85.37 billion year-over-year; securitizations increased by $552.15 million or up 6.82% to $8.65 billion year-over-year; and borrowings were down by $943.61 million or down -25.25% to $2.79 billion. Total liability saw a net increase of $3.84 billion or up 4.04% to $98.77 billion from the year earlier. Liquid assets increased $1.68 billion or up 14.56% to $13.25 billion, reflecting and increase to liquidity ratios of 45 basis points to 12.88% from 12.43% in 2Q-2025.

In 2Q-2026, 21 institutions with total assets of $83.75 billion (or 78.66% of sector assets) participated in securitization programs.

2Q-2026 vs 1Q-2026

Sector deposits increased by $739.00 million or up 0.87% from $85.37 billion, securitizations increased by $154.72 million or up 1.82% from $8.65 billion, while borrowings increased by $232.01 million or up 9.06% from $2.56 billion from last quarter. Liquid assets increased by $638.43 million or up 5.06% from $12.61 billion resulting in the total liquidity ratio showing a 24 basis points increase from 12.64%.

Efficiency ratio (before dividends/interest rebates)

2Q-2026 vs 2Q-2025

As shown in Table 3, the sector efficiency ratio improved to 74.87% or down by 11.40% from 86.27% year-over year.

2Q-2026 vs 1Q-2026

Compared to the previous quarter, sector efficiency declined by 0.62% from 74.87%.

Credit quality (delinquency greater than 30 days)

2Q-2026 vs 2Q-2025

As shown in Table 5, total loan delinquency increased to 1.60% or up 42 basis points compared to the same quarter a year earlier. Residential mortgage loan delinquency also increased to 1.13% or up 21 basis points while commercial loan delinquency increased to 2.80% or up 98 basis points over the same period.

2Q-2026 vs 1Q-2025

Compared to last quarter, total loan delinquency fell by 6 basis points from 1.66%, within which residential mortgage delinquency decreased by 2 bps from 1.15% and commercial delinquency fell by 17 basis points from 2.97%.

Growth

2Q-2026 vs 2Q-2025

Total sector assets increased to $106.47 billion (up $4.33 billion or 4.24%) compared to the year-earlier quarter. This growth drives by increase in residential mortgage loans to $57.92 billion (up $1.51 billion or 2.68%), commercial loans to $27.44 billion (up $530.78 million or 1.97%), and cash/investments of $13.25 billion (up $1.68 billion or 14.56%).

2Q-2026 vs 1Q-2026

Total sector assets increased by $1.43 billion (1.37% from $105.03 billion) from last quarter reflecting an increase in residential mortgage loans of $478.81 million (up 0.83% from $57.44 billion), an increase in commercial loans of $24.93 million (up 0.09% from $27.42 billion), while cash/investments increased $638.43 million (5.06% from $12.61 billion).

Sector income statements

% of average assets (except as noted)

	Sector		
	2Q-2026	1Q-2026	2Q-2025
Interest and Investment Income			
Loan Interest	4.05%	4.04%	4.17%
Investment Income	0.38%	0.37%	0.36%
Total Interest and Investment Income	4.43%	4.41%	4.53%
Interest and Dividend Expense			
Interest Expense on Deposits	2.06%	2.09%	2.36%
Rebates/Dividends on Share Capital	0.00%	0.00%	0.00%
Dividends on Investment/Other Capital	0.02%	0.02%	0.03%
Other Interest Expense	0.43%	0.43%	0.44%
Total	0.45%	0.45%	0.48%
Total Interest & Dividend Expense	2.51%	2.54%	2.84%
Net Interest & Investment Income	1.93%	1.88%	1.69%
Loan Costs	0.10%	0.07%	0.12%
Net Interest & Investment Income after Loan Costs	1.82%	1.81%	1.58%
Other (non-interest) Income	0.38%	0.37%	0.37%
Net Interest, Investment & Other Income	2.20%	2.18%	1.95%
Non-Interest Expenses			
Salaries & Benefits	0.91%	0.89%	0.88%
Occupancy	0.12%	0.12%	0.12%
Computer, Office & Other Equipment	0.19%	0.19%	0.18%
Advertising & Communications	0.06%	0.06%	0.06%
Member Security	0.07%	0.07%	0.07%
Administration	0.22%	0.22%	0.21%
Other	0.08%	0.07%	0.07%
Total Non-Interest Expenses	1.65%		
Net Income/(Loss) Before Taxes	0.55%	0.56%	0.34%
Taxes	0.09%	0.08%	0.05%
Net Income/(Loss)	0.46%	0.47%	0.30%
Average Assets (Billions)	$105	$105	$101

*Totals may not agree due to rounding

Sector balance sheets

As at $millions

	Sector		
	2Q-2026	1Q-2026	2Q-2025
Assets			
Cash and Investments	13,251	12,612	11,567
Personal Loans	2,499	2,373	2,293
Residential Mortgage Loans	57,921	57,442	56,409
Commercial Loans	27,444	27,419	26,913
Institutional Loans	119	123	159
Unincorporated Association Loans	48	44	40
Agricultural Loans	3,524	3,489	3,242
Total Loans	91,555	90,890	89,056
Total Loan Allowances	399	358	291
Capital (Fixed) Assets	682	677	688
Intangible and Other Assets	1,383	1,216	1,118
Total Assets	106,471	105,037	102,139
Liabilities			
Demand Deposits	29,132	27,833	26,379
Term Deposits	38,867	39,444	37,770
Registered Deposits	17,375	17,359	16,999
Total Deposits	85,374	84,635	81,147
Borrowings	2,793	2,561	3,736
Securitizations	8,653	8,499	8,101
Other Liabilities	1,951	1,757	1,951
Total Liabilities	98,772	97,452	94,935
Members' Equity & Capital			
Membership Shares	49	49	52
Retained Earnings	4,454	4,336	4,153
Other Tier 1 & 2 Capital	3,157	3,166	2,969
AOCI	37	31	30
Total Members' Equity & Capital	7,699	7,585	7,204
Total Liabilities, Members' Equity & Capital	106,471	105,037	102,139

*Totals may not agree due to rounding

Sector balance sheets

	Sector	Sector % Increase/(Decrease) from	
	2Q-2026 $Millions	1Q-2026	2Q-2025
Assets			
Cash and Investments	13,251	5.1%	14.6%
Personal Loans	2,499	5.3%	9.0%
Residential Mortgage Loans	57,921	0.8%	2.7%
Commercial Loans	27,444	0.1%	2.0%
Institutional Loans	119	-2.9%	-25.1%
Unincorporated Association Loans	48	9.7%	21.3%
Agricultural Loans	3,524	1.0%	8.7%
Total Loans	91,555	0.7%	2.8%
Total Loan Allowances	399	11.3%	37.2%
Capital (Fixed) Assets	682	0.7%	-1.0%
Intangible and Other Assets	1,383	13.8%	23.7%
Total Assets	106,471	1.4%	4.2%
Liabilities			
Demand Deposits	29,132	4.7%	10.4%
Term Deposits	38,867	-1.5%	2.9%
Registered Deposits	17,375	0.1%	2.2%
Total Deposits	85,374	0.9%	5.2%
Borrowings	2,793	9.1%	-25.3%
Securitizations	8,653	1.8%	6.8%
Other Liabilities	1,951	11.0%	0.0%
Total Liabilities	98,772	1.4%	4.0%
Members' Equity & Capital			
Membership Shares	51	-0.4%	-2.0%
Retained Earnings	4,454	2.7%	7.3%
Other Tier 1 & 2 Capital	3,157	-0.3%	6.3%
Accumulated Other Comprehensive Income	37	17.3%	24.5%
Total Members' Equity & Capital	7,699	1.5%	6.9%
Total Liabilities, Members' Equity & Capital	106,471	1.4%	4.2%

*Totals may not agree due to rounding

Sector balance sheets

As a percentage of total assets

	Sector		
	2Q-2026	1Q-2026	2Q-2025
Assets			
Cash and Investments	12.4%	12.0%	11.3%
Personal Loans	2.3%	2.3%	2.2%
Residential Mortgage Loans	54.4%	54.7%	55.2%
Commercial Loans	25.8%	26.1%	26.3%
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	86.0%	86.5%	87.2%
Total Loan Allowances	0.4%	0.3%	0.3%
Capital (Fixed) Assets	0.6%	0.6%	0.7%
Intangible and Other Assets	1.3%	1.2%	1.1%
Total Assets	100.0%	100.0%	100.0%
Liabilities			
Demand Deposits	27.4%	26.5%	25.8%
Term Deposits	36.5%	37.6%	37.0%
Registered Deposits	16.3%	16.5%	16.6%
Total Deposits	80.2%	80.6%	79.4%
Borrowings	2.6%	2.4%	3.7%
Securitizations	8.1%	8.1%	7.9%
Other Liabilities	1.8%	1.7%	1.9%
Total Liabilities	92.8%	92.8%	92.9%
Members' Equity & Capital			
Membership Shares	0.0%	0.0%	0.1%
Retained Earnings	4.2%	4.1%	4.1%
Other Tier 1 & 2 Capital	3.0%	3.0%	2.9%
AOCI	0.0%	0.0%	0.0%
Total Members' Equity & Capital	7.2%	7.2%	7.1%
Total Liabilities, Members' Equity & Capital	100.0%	100.0%	100.0%

Financial Services Regulatory Authority of Ontario

25 Sheppard Avenue West
Suite 100
Toronto ON
M2N 6S6

Telephone: 416-250-7250
Toll free: 1-800-668-0128
Email: contactcentre@fsrao.ca

fsrao.ca

FSRA
Financial Services Regulatory Authority of Ontario

Ontario