

Debt Digest



We do the research so you don't have to.

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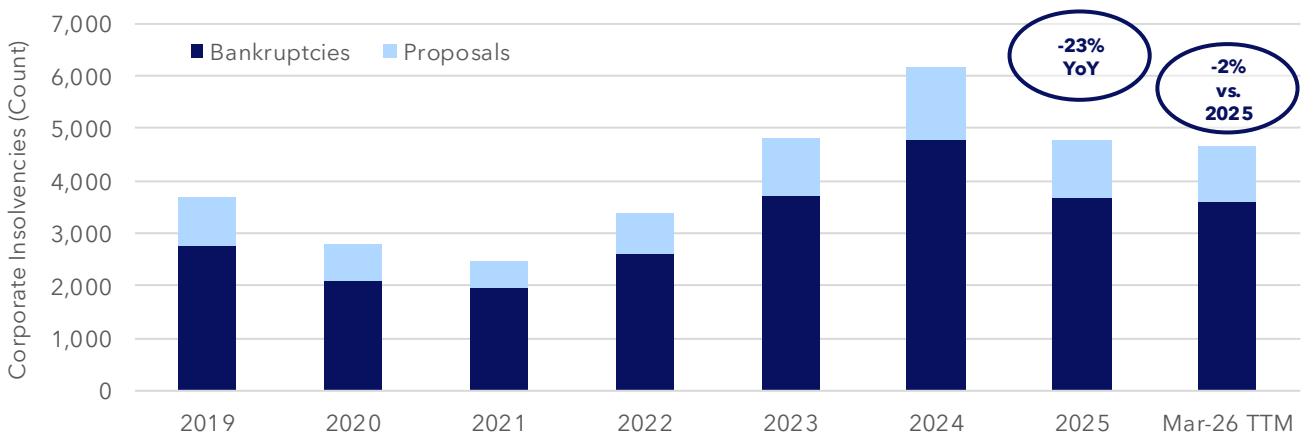
Don't Believe the Hype - The Insolvency Community is Busy

Although the number of Canadian corporate insolvencies decreased materially in 2025 we believe this is a result of the end of the Covid hangover and expiry of Government handouts in 2024. 2025 and YTD 2026 numbers are tracking ahead of pre-Covid numbers and in our discussions with special loan groups and the insolvency community they are busier than ever. Bank impaired loan and credit loss provisions are on the rise meaning we suspect our insolvency friends will continue to be burning the midnight oil.

Key Takeaways this Month:

- Insolvency Numbers Are Down But Above Pre Covid Levels:** Corporate insolvencies decreased by 23% in 2025 and continue to show signs of decline as of March 2026 (albeit at a slower pace). The reversal was primarily driven by sectors such as Hospitality/Food Services (-26% vs. 2024), Transportation (-30% vs. 2024) and Construction (-16% vs. 2024). The declining corporate insolvencies trend was prevalent across Canada, except for Alberta which experienced a 18% YoY increase in 2025.
- Provisions for Impaired Loans and Credit Losses are Rising:** Provisions for impaired loans are up 12% YoY while credit losses increased by 3.6% in the last quarter alone and continue to remain well above historical levels. The key sectors that appear to be experiencing weakness are residential real estate, agriculture, manufacturing and retail/wholesale trade.
- Navigating The Next Phase:** As credit conditions evolve, access to flexible capital is becoming increasingly critical and difficult. For businesses facing growth opportunities or need to transition out of traditional bank financing, Diamond Willow leverages its network of ~500 lenders to provide tailored solutions to navigate the next stage.

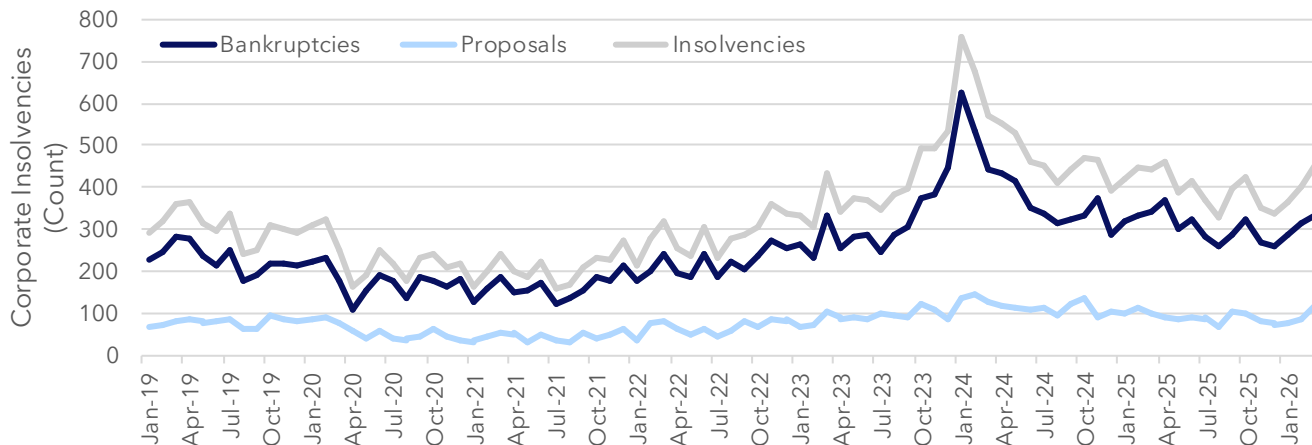
ANNUAL CANADIAN CORPORATE INSOLVENCIES



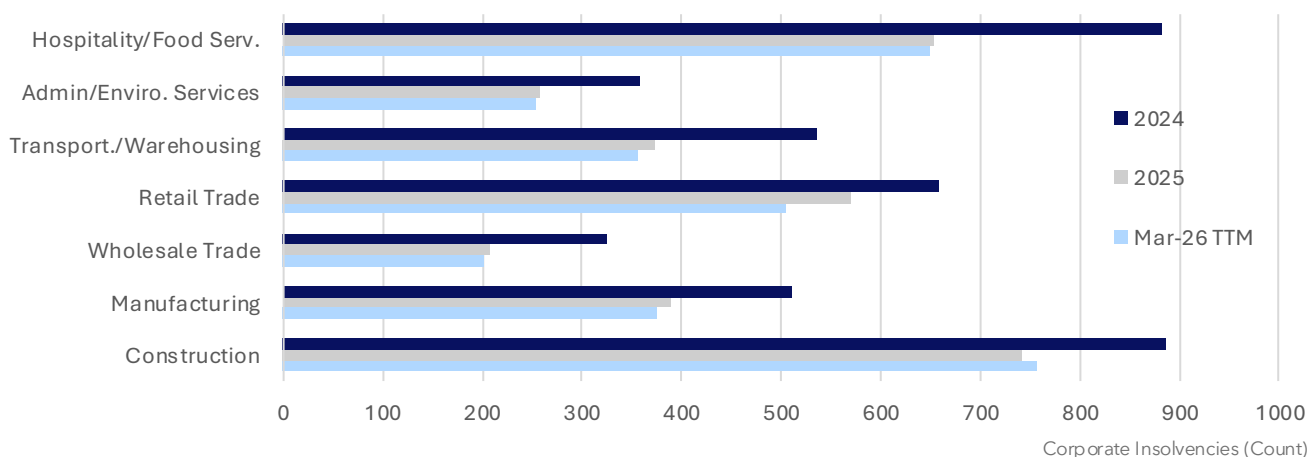
Canadian Corporate Insolvencies decreased by 23% in 2025 but remain elevated vs pre-Covid levels

Source: Statistics Canada, Diamond Willow

MONTHLY CANADIAN CORPORATE INSOLVENCIES

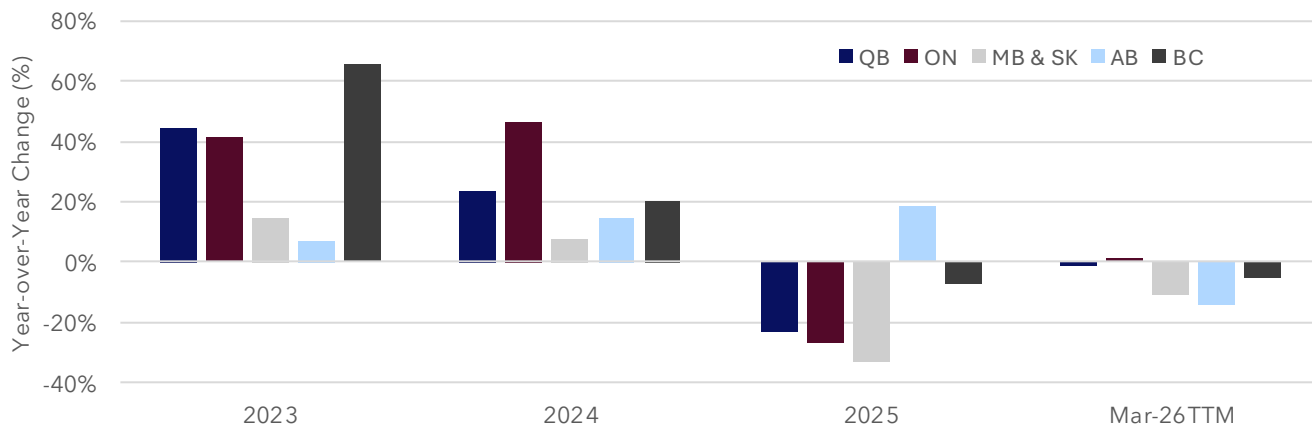


ANNUAL CORPORATE INSOLVENCIES, HIGHLIGHTED INDUSTRIES



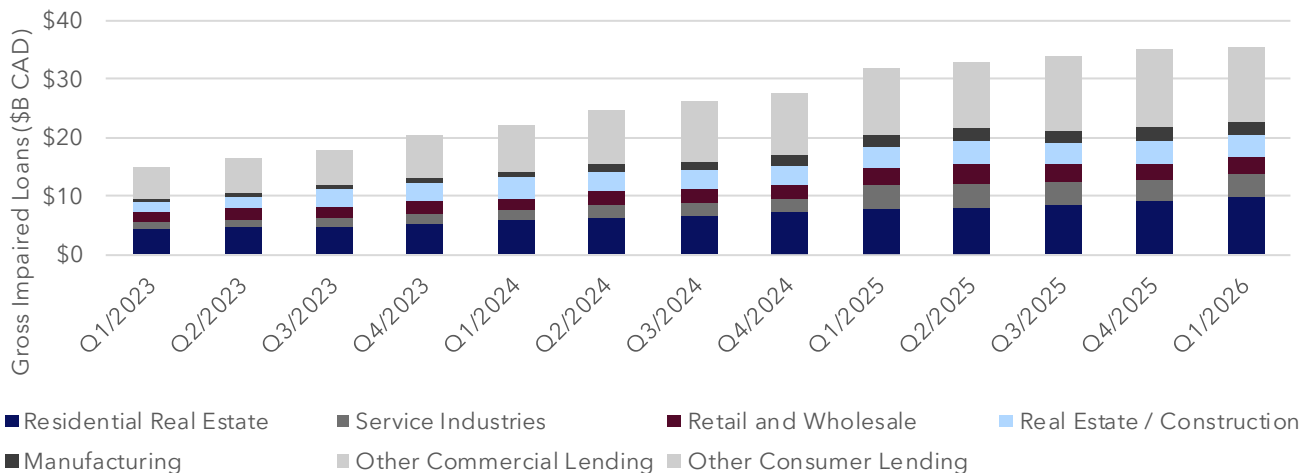
The big driver of the reduction in the number of insolvencies were Covid-impacted industries like Hospitality/Food Services (-26% vs. 2024), Transportation (-30% vs. 2024) and Construction (-16% vs. 2024).

PROVINCIAL HIGHLIGHTS: YOY % CHANGE IN CORPORATE INSOLVENCIES

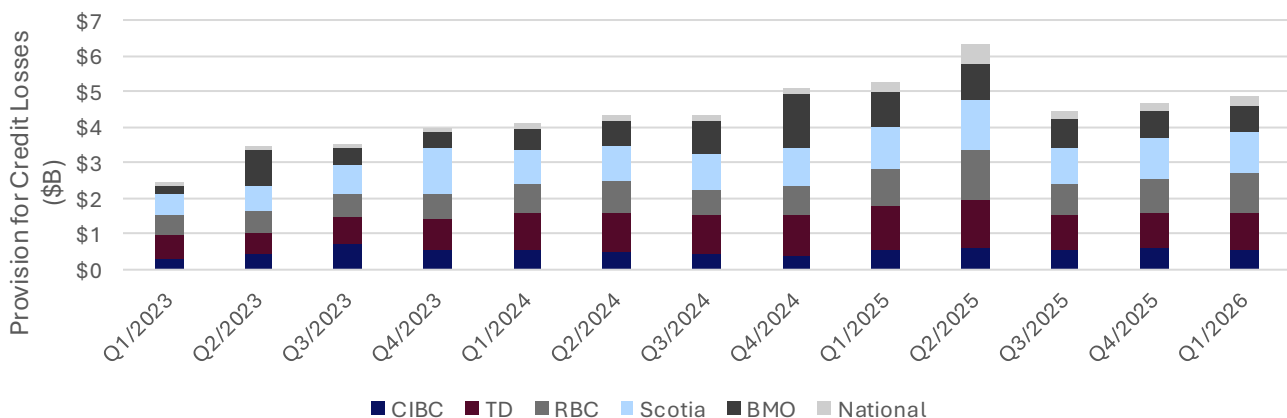


Alberta emerged as the outlier in 2025, with corporate insolvencies rising 19% YoY, though this momentum has since reversed in the latest TTM period. Meanwhile, Quebec and Ontario remain heavily overrepresented, accounting for 56% and 30% of insolvencies, respectively.

CANADIAN BIG 6 GROSS IMPAIRED LOANS, SEGMENTED

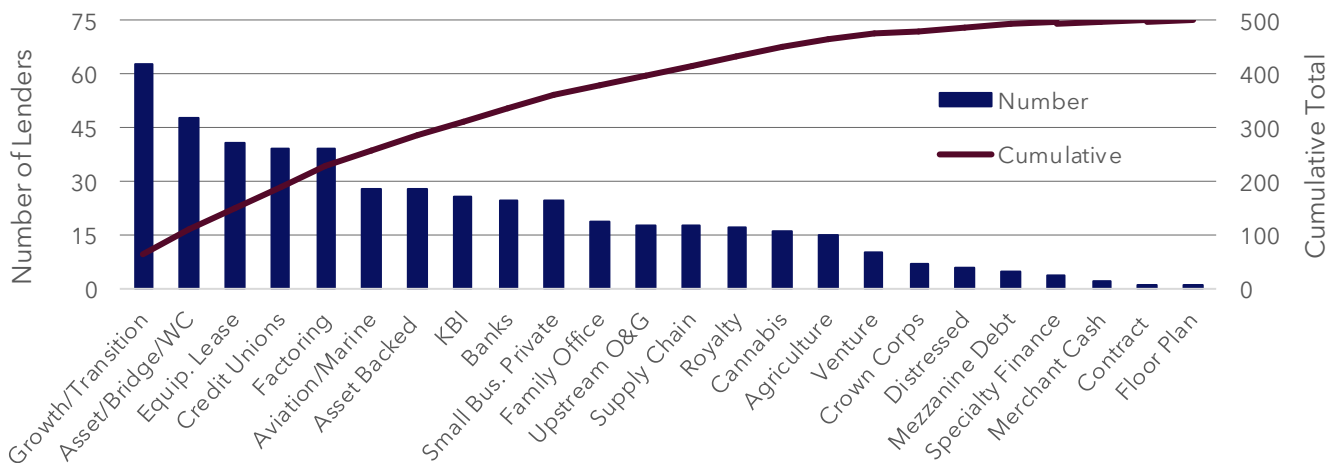


CANADIAN BIG 6 PROVISION FOR CREDIT LOSSES



Provision for credit losses increased by 3.6% QoQ and continue to remain elevated relative to pre-COVID levels. Credit stress is most pronounced in residential real estate (+24% YoY), but is also broadening into commercial portfolios, particularly across agriculture (+20% YoY), manufacturing (+15% YoY), and retail/wholesale (+5% YoY)

DIAMOND WILLOW LENDER NETWORK



For businesses looking for capital to grow, acquire, or turnaround Diamond Willow leverages its network of ~500 lenders and can help to identify the best path forward

Source: Bank Earnings Report, Diamond Willow

We help you finance the gap between Where you are and where you need to be.

Diamond Willow helps Canadian companies raise \$10-50 million in corporate debt from bank and non-bank lenders to execute turnarounds, fund acquisitions, and accelerate scaling.

**We don't
just find you
lenders—we
get deals done.**

We've secured hundreds of millions of dollars for Canadian entrepreneurs across the country, backed by an experienced team bringing capital markets discipline to mid-market debt.

We design capital structures that get funded with realistic terms you can manage.

→ Creative Capital Structures

We transform challenging situations into fundable transactions by aligning your business reality with lender requirements and structuring solutions that get financed.

→ Unparalleled Market Access

Our relationships span the entire Canadian lending landscape, from chartered banks to specialized credit funds, creating competitive dynamics that provide more options and drive better terms.

→ Sophisticated Execution

Senior-led advisory and embedded support delivered with the rigor and sophistication typically reserved for investment banking and large-cap transactions.

WAYS TO WORK WITH US

01 End-to-end financing support

Whether navigating distress, fueling growth, or executing an acquisition, we bring the structure, pace, and disciplined process to close.

02 Targeted consulting services

We offer tailored support that aligns your capital plan with business priorities—backed by experienced advisors and our network of partners.

**The Research Desk at Diamond Willow loves hearing from you.
Please reach out to share your thoughts and questions.**



Grant Daunheimer, CFA

Partner

grant@diamondwillowadvisory.com
403.975.6808



Haley Talbot, CFA

Partner

haley@diamondwillowadvisory.com
403.969.0954



Alex Kinnaird, CFA

Associate

alex@diamondwillowadvisory.com
587.896.6993