Firm Capital Mortgage Investment Corp. (FCMGF)

Updated May 21st, 2026, by Nikolaos Sismanis

Key Metrics

Current Price:	$8.66	**5 Year Annual Expected Total Return:**	6.4%	**Market Cap:**	$318 M
Fair Value Price:	$8.40	**5 Year Growth Estimate:**	0.0%	**Ex-Dividend Date:**	05/29/2026
% Fair Value:	103%	**5 Year Valuation Multiple Estimate:**	-0.6%	**Dividend Payment Date:**	06/15/2026
Dividend Yield:	7.9%	**5 Year Price Target**	$8.40	**Years Of Dividend Growth:**	0
Dividend Risk Score:	F	**Sector:**	Financials	**Rating:**	Sell

Overview & Current Events

Firm Capital Mortgage Investment Corporation is a Toronto-based, non-bank mortgage lender. It operates as a mortgage investment corporation (MIC) under the Canadian Income Tax Act. Through its affiliated mortgage banker Firm Capital Corporation, it originates, funds, purchases, and services a diversified portfolio of short-term residential and commercial real estate loans across Canada, including bridge and term mortgages, construction financing, mezzanine loans, and selected equity or participating debt structure. The company reports its financials in CAD. All figures in this report have been converted to USD unless otherwise noted. The stock trades at a market cap of $318 million.

On May 5th, 2026, Firm Capital Mortgage Investment Corporation reported its Q1 results for the period ended March 31st, 2026. Total revenue for the quarter was $10.00 million, down 19.7% year over year, as a lower average portfolio balance and a lower portfolio yield more than offset steady commitment and renewal fees. Interest revenue remained the primary driver, contributing $9.71 million of revenue, while commitment and renewal fees added $0.29 million. The investment portfolio stood at $411.61 million, with 94.9% composed of conventional first mortgages and a weighted-average rate of 9.29%.

Net income for the quarter was $6.28 million, with EPS of $0.171, down 13.7% from the prior year as lower revenue and portfolio contraction weighed on results. Management maintained its conservative stance, ending the quarter with an allowance for credit losses and fair value adjustments of $26.48 million. With 73.5% of the gross portfolio set to mature by the end of 2026, the company remains positioned for near-term portfolio turnover and liquidity, while continuing to pay its regular monthly dividend. We expect FY2026 EPS of $0.70.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$0.72	$0.81	$0.72	$0.78	$0.72	$0.75	$0.69	$0.75	$0.69	$0.74	***$0.70***	***$0.70***
DPS	$0.70	$0.74	$0.69	$0.72	$0.74	$0.74	$0.69	$0.71	$0.65	$0.68	***$0.68***	***$0.68***
Shares[1]	29.9	34.7	36.6	39.0	30.5	40.5	40.9	41.1	39.9	39.0	***36.8***	***50.0***

Firm Capital's earnings have been stable over the past decade, reflecting its conservative, income-focused lending model. A modest decline in the CAD versus the USD also slightly reduced results in USD terms. EPS rose from 2016 to 2017 as the mortgage portfolio expanded and interest income increased, driven by growth in short-term, high-yield real estate loans. Results softened in 2018 due to lower special income and minor fair-value adjustments, then rebounded in 2019 on strong portfolio growth and stable credit.

In 2020, earnings dipped as rate cuts and pandemic volatility reduced yields and slowed deal flow, though the company remained profitable through disciplined underwriting and cost control. EPS recovered in 2021 and 2022 as higher rates lifted loan yields and volumes, partly offset by higher provisions and limited special income. Results improved in 2023 on a larger portfolio and higher rates, then eased in 2024 as yields normalized, allowances rose, and an equity issue diluted EPS. In 2025, the company shifted to a more defensive stance, prioritizing portfolio quality and liquidity over growth while remaining profitable.

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[1] Share count is in millions.

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Moving forward we believe Firm Capital can benefit during favorable interest rate environments, but also experience some headwinds from potential loan losses. For this reason, we don't forecast any growth over the medium term.

It's also worth noting that the company pays a monthly dividend. In fact, the company has maintained a stable monthly dividend of C$0.078 since July of 2007. While we don't appreciate the lack of dividend growth, the stability over nearly two decades is rather impressive. Note that the company also pays a special dividend at the end of each year. Last year, for instance, it amounted to C$0.084 (i.e., about 108% of another monthly payout).

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	14.7	11.9	13.9	13.5	13.2	16.0	13.8	10.4	12.3	11.5	***12.4***	***12.0***
Avg. Yld.	6.6%	7.7%	6.9%	6.9%	7.8%	6.2%	7.3%	9.1%	7.6%	8.0%	***7.9%***	***8.1%***

Firm Capital Mortgage Investment Corporation has historically traded at a P/E in the low teens. Given the rather stable dividend paid monthly, it seems that investors are basically pricing the stock based on its underlying yield, which has averaged at 7.4% over the past decade. We have set our fair multiple at 12x EPS, which would imply a dividend yield of 8.1% excluding any special dividends. We believe the stock is slightly overvalued today.

Safety, Quality, Competitive Advantage, & Recession Resiliency

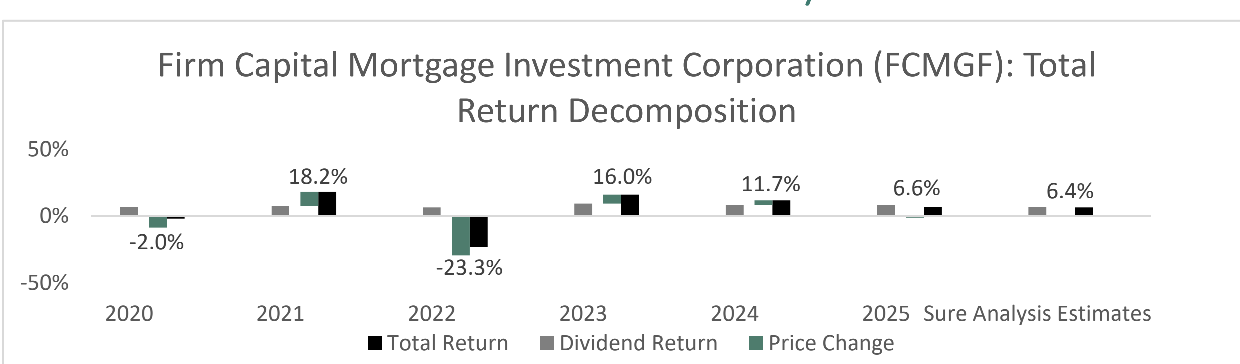
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	97%	91%	96%	92%	103%	99%	100%	95%	94%	92%	***97%***	***97%***

Firm Capital Mortgage Investment Corporation has historically paid out the majority of its earnings, which explains why the payout ratio hovers close to 100%. The dividend's safety stems from its prudent underwriting and short-duration mortgage portfolio, which allows it to quickly reprice loans and manage risk in changing rate environments. Also, credit quality remains high, supported by low loan-to-value ratios, diversified exposure across property types, and minimal historical losses. Although we can't say the company has any unique competitive advantage, it's worth noting that some edge lies in its specialized niche lending expertise, as they serve borrowers and projects that fall outside traditional bank criteria while maintaining disciplined risk controls. Also, its recession resiliency is reinforced by a focus on first mortgages and strong collateral coverage, which helped it stay profitable even during periods of market stress such as the 2020 pandemic downturn. Still a prolonged recession or a housing crisis could quickly threaten the dividend.

Final Thoughts & Recommendation

Firm Capital seems like a disciplined, income-focused lender with a long and proven track record of capital preservation and steady profitability. It offers investors a reliable dividend and resilience through economic cycles despite the lack of growth potential. We forecast annualized returns of 6.4% over the medium term, driven by the dividend and potentially partially offset by a soft valuation headwind. Still, we rate the stock a sell due to the lack of active dividend growth.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	27	34	37	36	33	38	46	53	50	48
Gross Profit	25	31	33	33	30	35	43	50	47	44
Gross Margin	91.3%	91.7%	91.7%	92.2%	91.5%	91.3%	92.2%	93.3%	93.3%	91.7%
SG&A Exp.	-	-	-	-	-	-	-	-	-	-
D&A Exp.	-	-	-	-	-	-	-	-	-	-
Operating Profit	24	20	21	22	29	32	38	44	43	44
Operating Margin	88.9%	59.4%	58.0%	62.9%	86.5%	83.4%	83.3%	82.9%	85.5%	91.7
Net Profit	16	19	20	21	20	24	25	25	26	27
Net Margin	58.8%	56.6%	54.4%	59.2%	59.6%	62.6%	53.6%	47.5%	51.3%	56.3%
Free Cash Flow	17	21	21	22	21	26	30	37	36	34
Income Tax	-	-	-	-	-	-	-	-	-	-

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	338	448	381	370	438	507	484	447	439	434
Cash & Equivalents	-	-	-	-	-	-	-	7	-	10
Accounts Receivable	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-
Goodwill & Int. Ass.	-	-	-	-	-	-	-	-	-	-
Total Liabilities	162	223	171	128	168	204	190	144	145	124
Accounts Payable	-	-	-	-	-	-	-	-	-	-
Long-Term Debt	123	169	143	107	108	141	132	120	93	99
Shareholder's Equity	176	224	209	242	270	303	295	303	294	310
LTD/E Ratio	0.90	0.97	0.79	0.51	0.61	0.66	0.63	0.46	0.47	0.38

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	5.1%	4.9%	4.8%	5.6%	4.9%	5.1%	5.0%	5.4%	5.8%	6.2%
Return on Equity	9.8%	9.5%	9.2%	9.3%	7.7%	8.4%	8.3%	8.5%	8.6%	8.9%
ROIC	5.1%	4.9%	4.9%	5.7%	4.9%	5.1%	5.0%	5.5%	5.9%	6.2%
Shares Out.	29.9	34.7	36.6	39.0	30.5	40.5	40.9	41.1	39.9	39
Revenue/Share	0.91	0.97	1.00	0.91	1.08	0.94	1.13	1.30	1.26	1.23
FCF/Share	0.57	0.62	0.58	0.56	0.70	0.63	0.74	0.90	0.91	0.87

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.