TransUnion

10 YEAR ANNIVERSARY

2025 TransUnion Canada Summit

Engage & Empower

Building Trust Throughout the Consumer Journey

Credit Industry Point of View

Growth and Transformation: The Changing Landscape of Canada's Consumer Credit Market

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In this session, we will:

- Present an overview of the consumer credit market in Canada
- Provide a deeper dive into delinquencies
- Highlight key economic scenarios and implications for downturn readiness

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Consumer Credit Market Context

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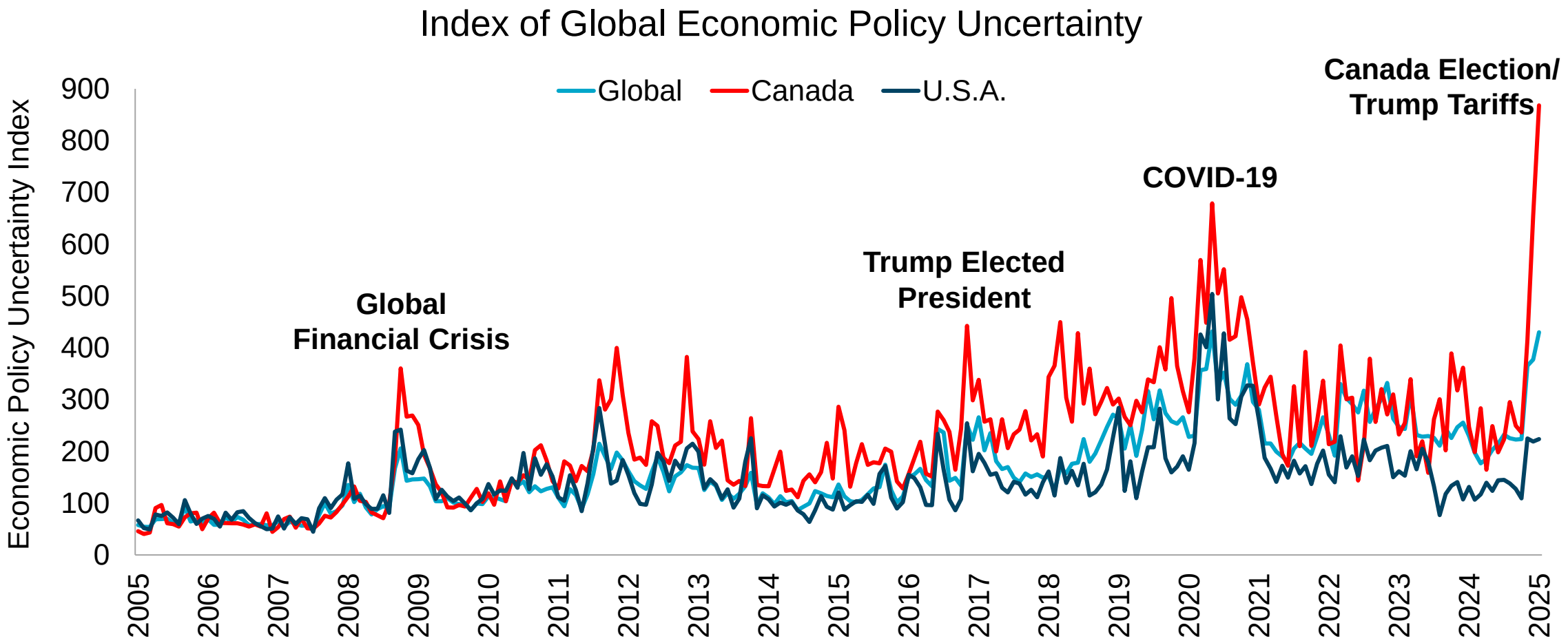
New trade wars and political instability are driving Canada's economic policy uncertainty to an unprecedented level



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Source: Economic Policy Uncertainty Indices of Baker, Bloom and Davis (2025). Available at http://www.policyuncertainty.com/

Consumer sentiment remains cautious in Q1 with consumer behaviours reflecting potential economic headwinds

51% expect to reduce their discretionary personal spending and **44%** expect no change in savings habits over the next three months

41% of consumers indicated their household finances are worse than planned so far in 2025

55% of consumers indicate rising interest rates will impact whether they will apply for credit in the next 12 months

Canada Consumer Pulse Q1 2025

51% of consumers do not think household income is keeping up with the rate of inflation

1 in 4 consumers surveyed intend on applying for new credit or refinancing existing credit

Top 3 concerns affecting finances :
48% Inflation for everyday goods
21% Housing Prices
21% A Recession

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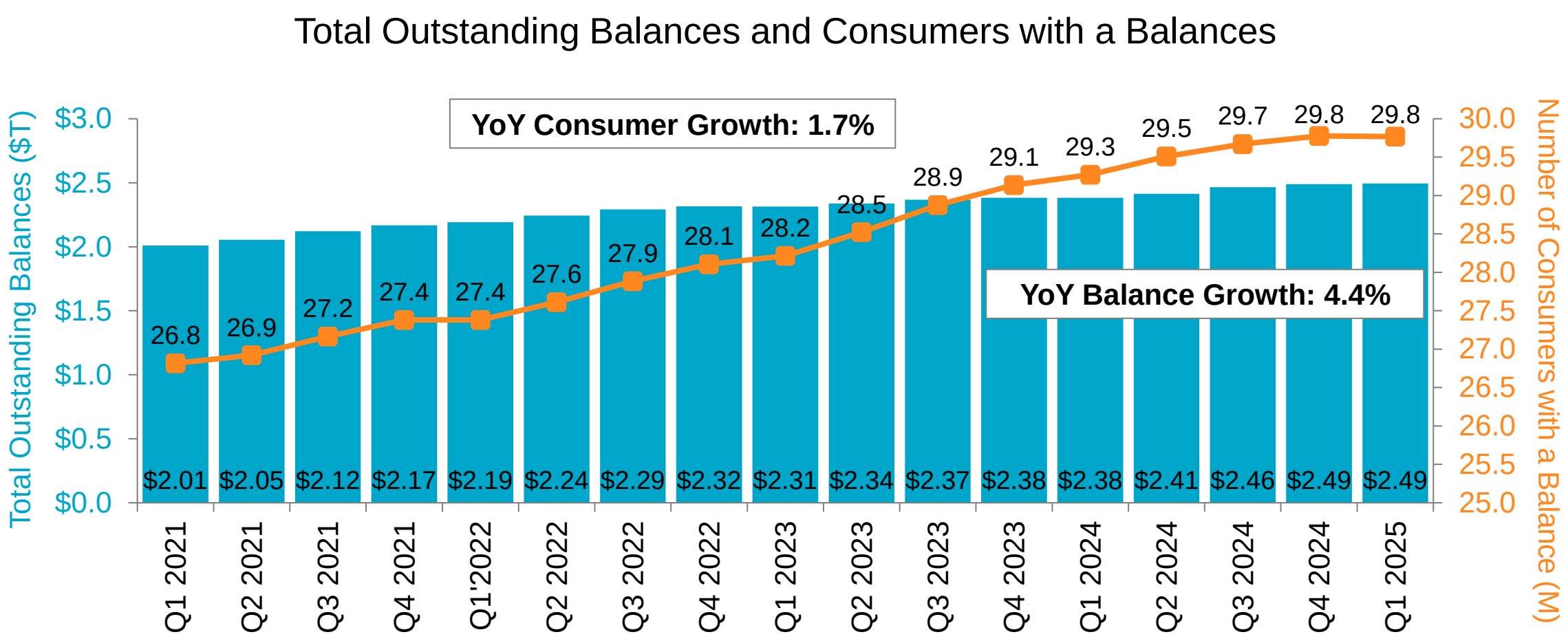
Source: TransUnion Consumer Pulse Survey, Q1 2025

Credit participation continues to increase, driven by new-to-credit growth and more consumers carrying balances



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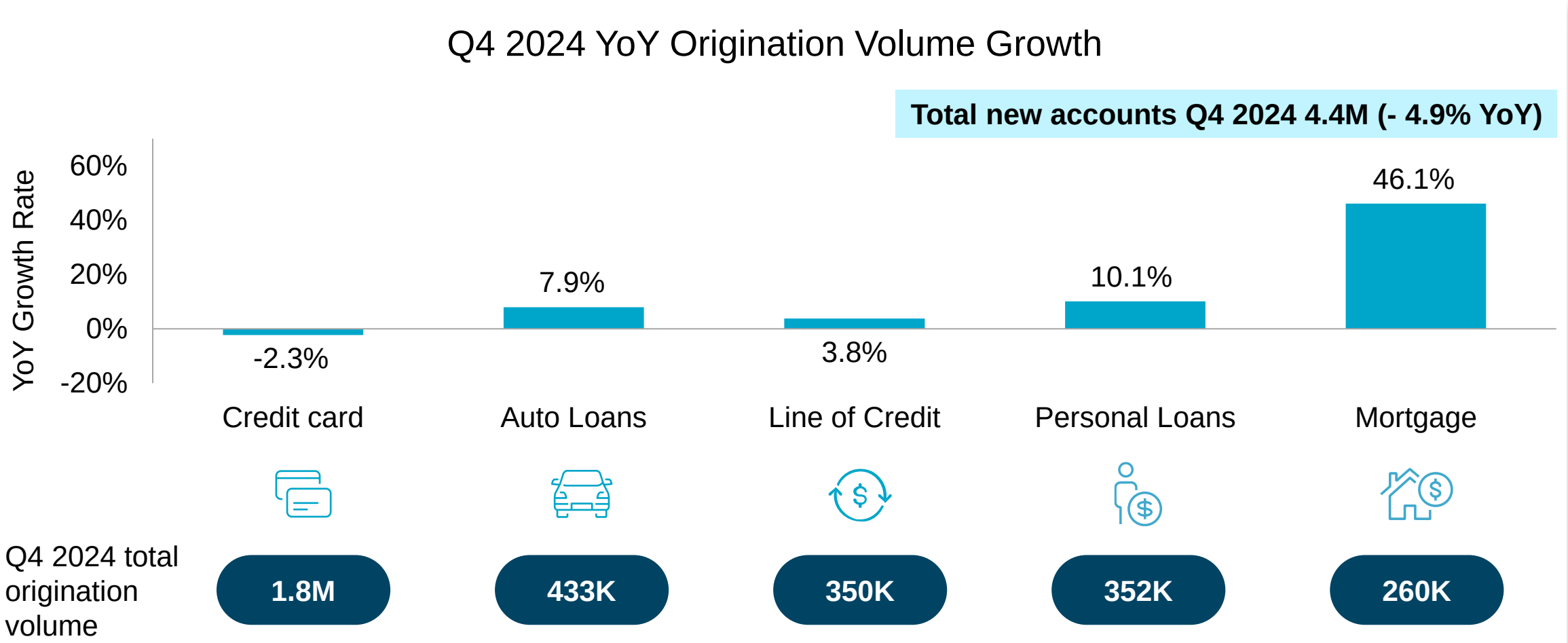
Source: TransUnion Canada Consumer Credit Database

New credit activity grew for all products, except for credit cards



Note: Product total will not match market total as utilities, student loans and other products are excluded.

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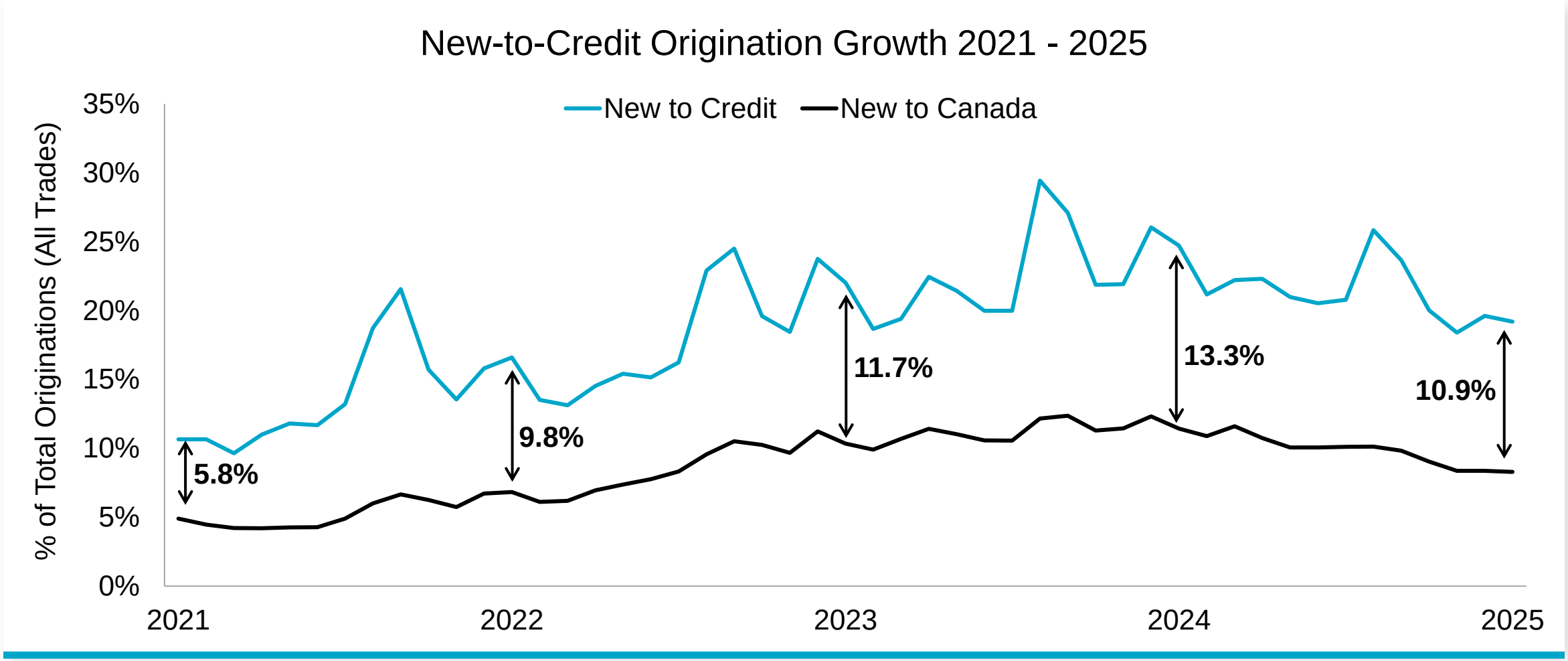
Source: TransUnion Canada Consumer Credit Database

New-to-credit growth has slowed as the composition is shifting from new Canadians to younger Canadians



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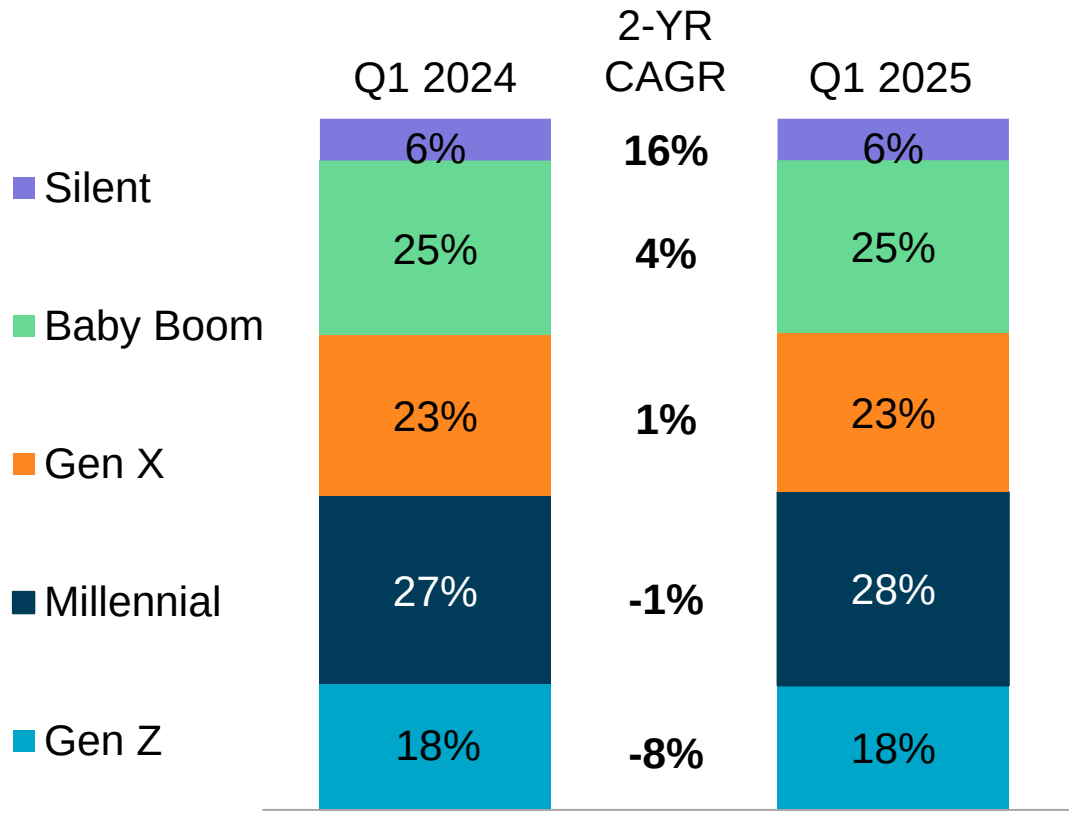
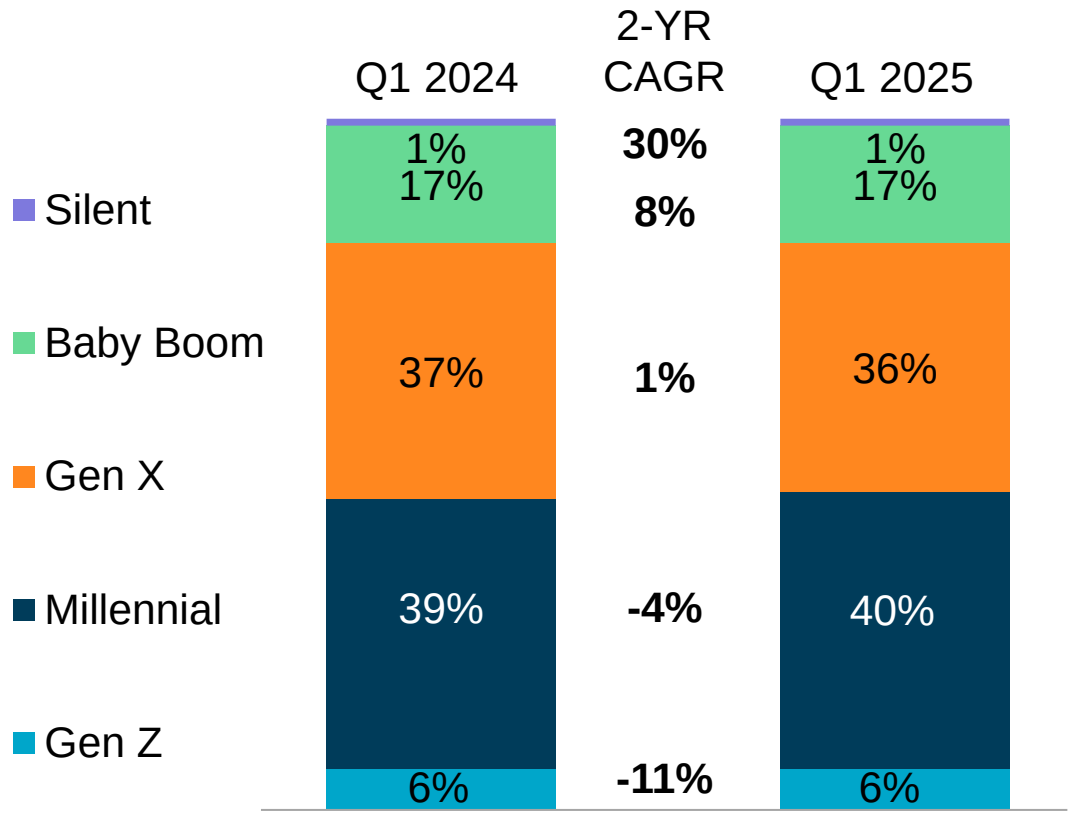
Source: TransUnion Canada Consumer Credit Database

Younger consumers make up over 45% of outstanding balances, marking a major shift in consumer demographics





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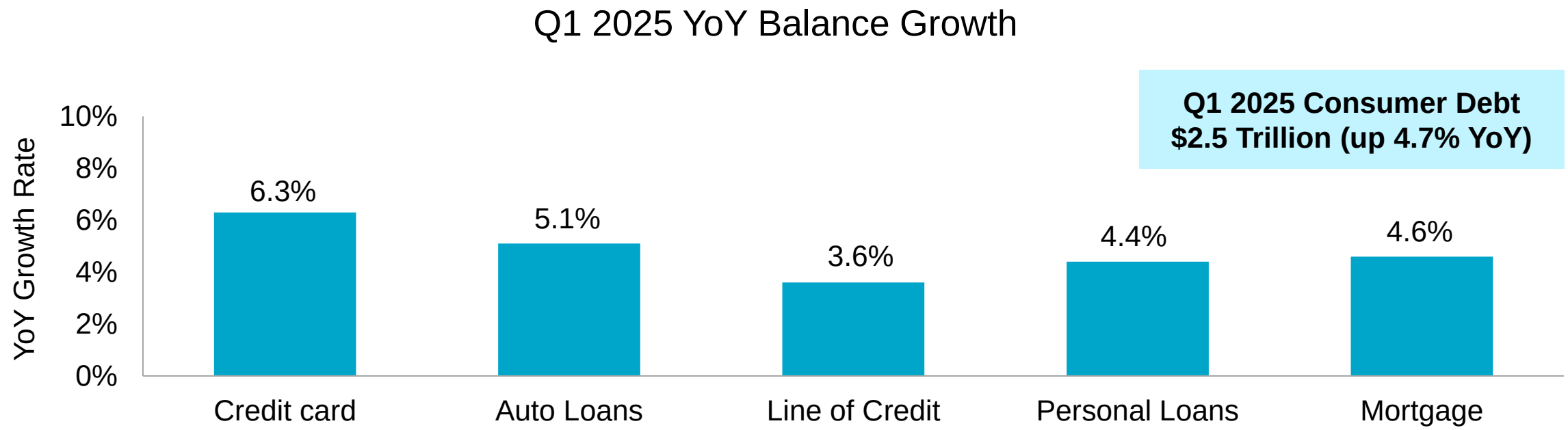
Source: TransUnion Canada Consumer Credit Database

Aggregate balances increased across all products, driven by growth in mortgages and consumers leveraging credit



Q1 2025 Consumer Debt
$2.5 Trillion (up 4.7% YoY)

	Credit card	Auto Loans	Line of Credit	Personal Loans	Mortgage
Q1 2025 Outstanding balance	**$118B**	**$159B**	**$277B**	**$51B**	**$1,843B**

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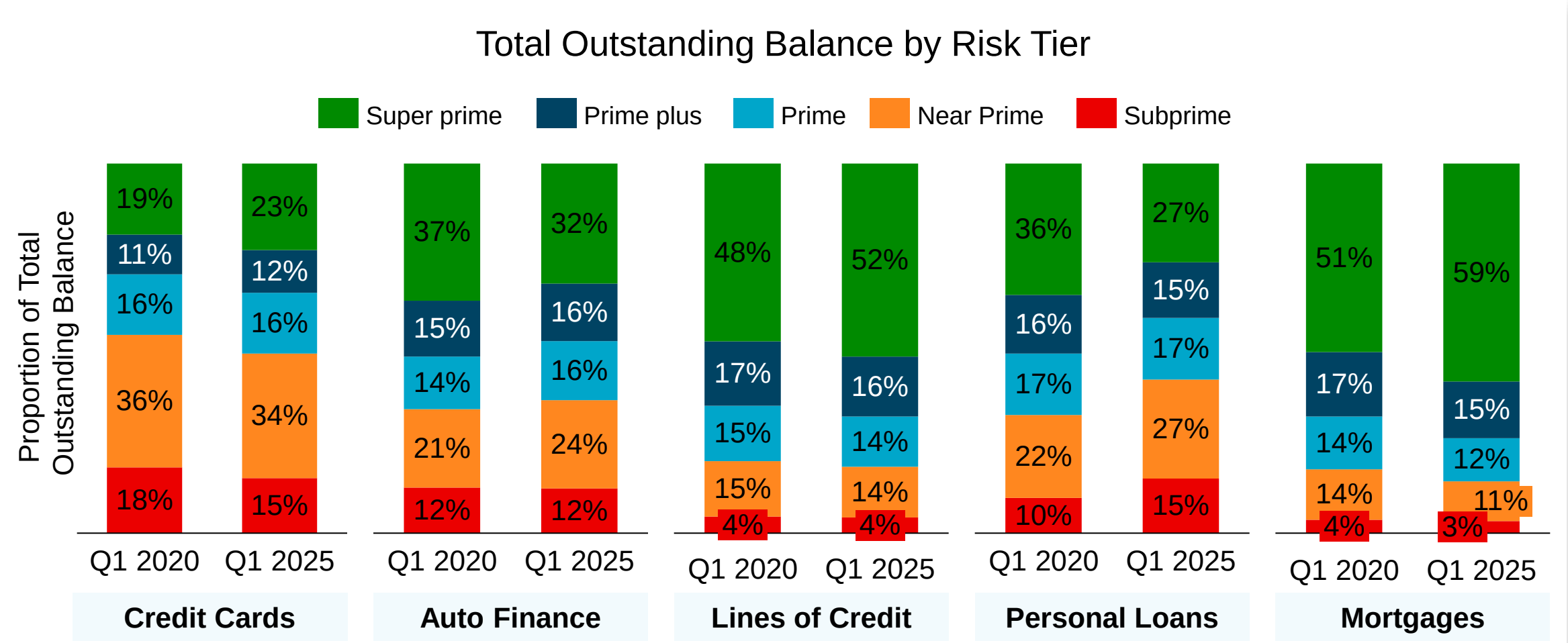
Source: TransUnion Canada Consumer Credit Database

Risk mix in auto and personal loans has deteriorated, while cards, lines and mortgages have improved



CreditVision™ risk score: Subprime = 300-639; Near prime = 640-719; Prime = 720-759; Prime plus = 760-799; Super prime = 800+

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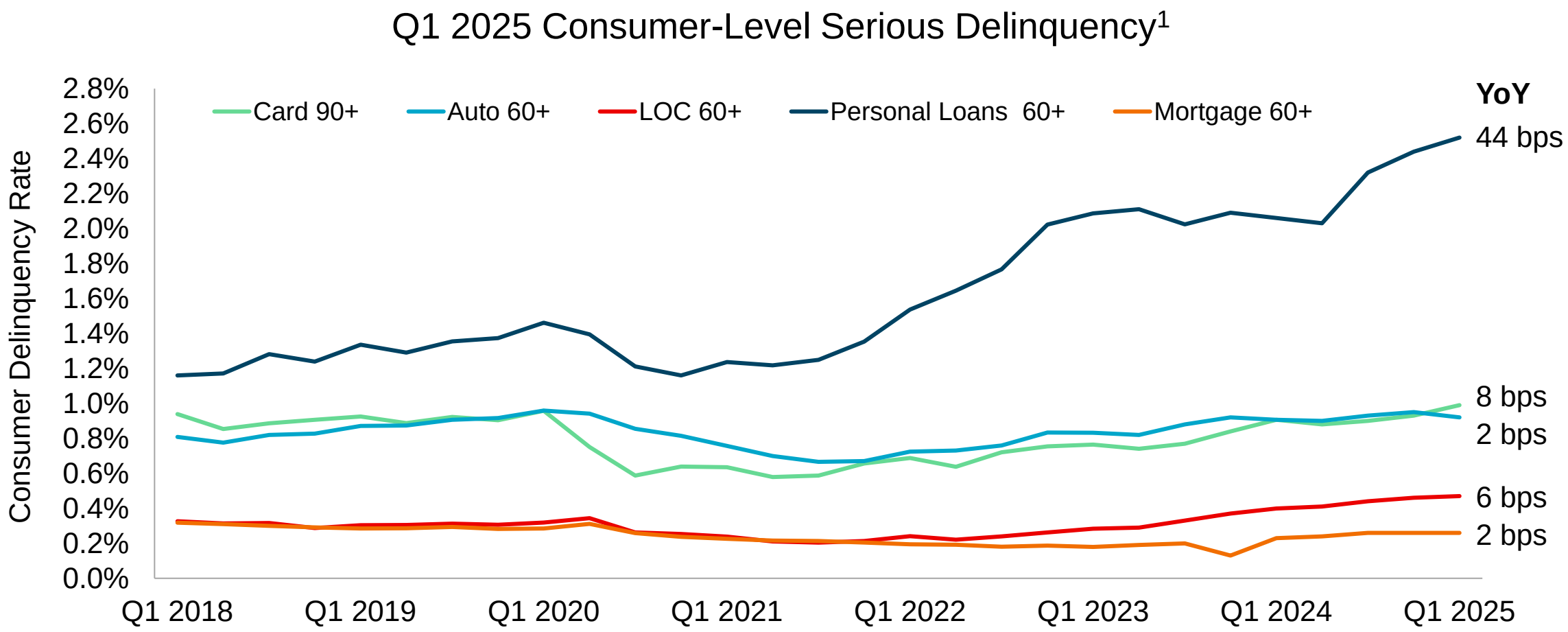
Source: TransUnion Canada Consumer Credit Database

Serious consumer-level delinquency rates have trended higher across most products, with personal loans spiking dramatically



1. Serious Delinquency is 90+ DPD for cards and 60+ DPD for all other products.

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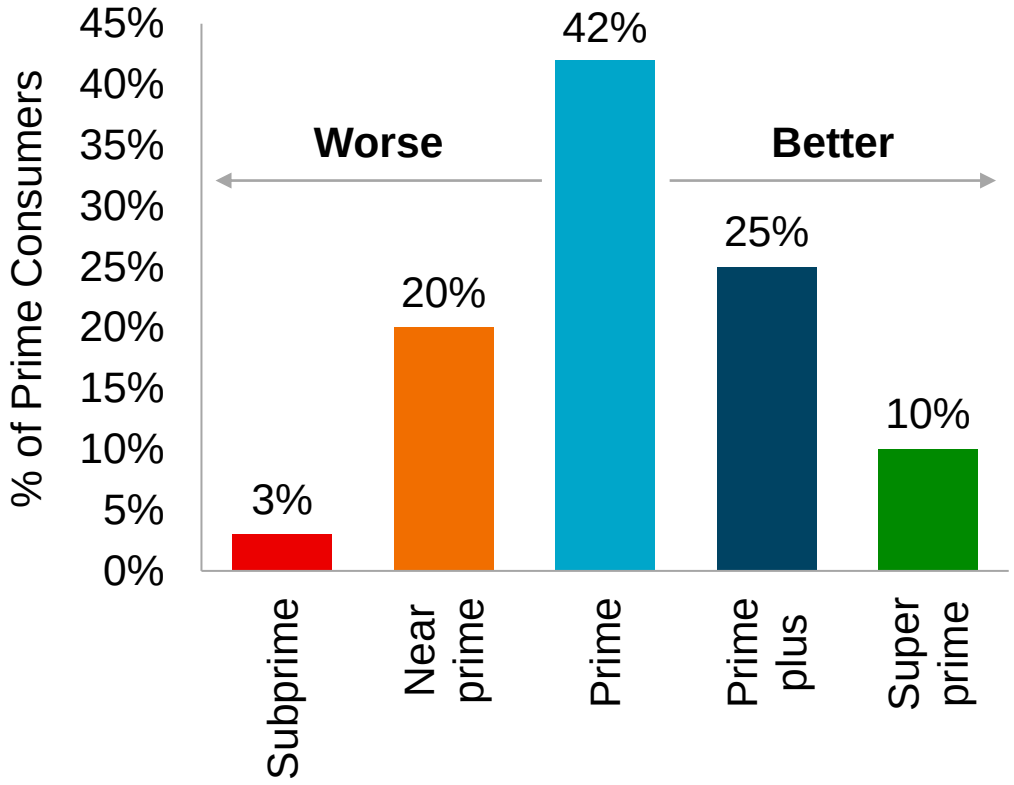
Source: TransUnion Canada Consumer Credit Database

Risk migration shows strong upward mobility with 35% of prime consumers improving their scores over the past year

YoY Risk Tier Migration Q1 2025

Risk tier Q1 2024	Worse *	Same	Better **
Super prime	13%	87%	N/A
Prime plus	21%	45%	34%
Prime	23%	42%	35%
Near prime	14%	58%	28%
Subprime	N/A	69%	50%

Risk Tier Migration for Prime Segment
(Q1 2024 versus Q1 2025)



CreditVision™ risk score: Subprime = 300-639; Near prime = 640-719; Prime = 720-759; Prime plus = 760-799; Super prime = 800+
* Worse refers to consumers whose scores dropped one or more risk segments, for example from prime to near prime.
** Better refers to consumers whose scores improved one or more risk segments, for example from prime plus to super prime.

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Source: TransUnion Canada Consumer Credit Database

Deeper Dive into Delinquencies

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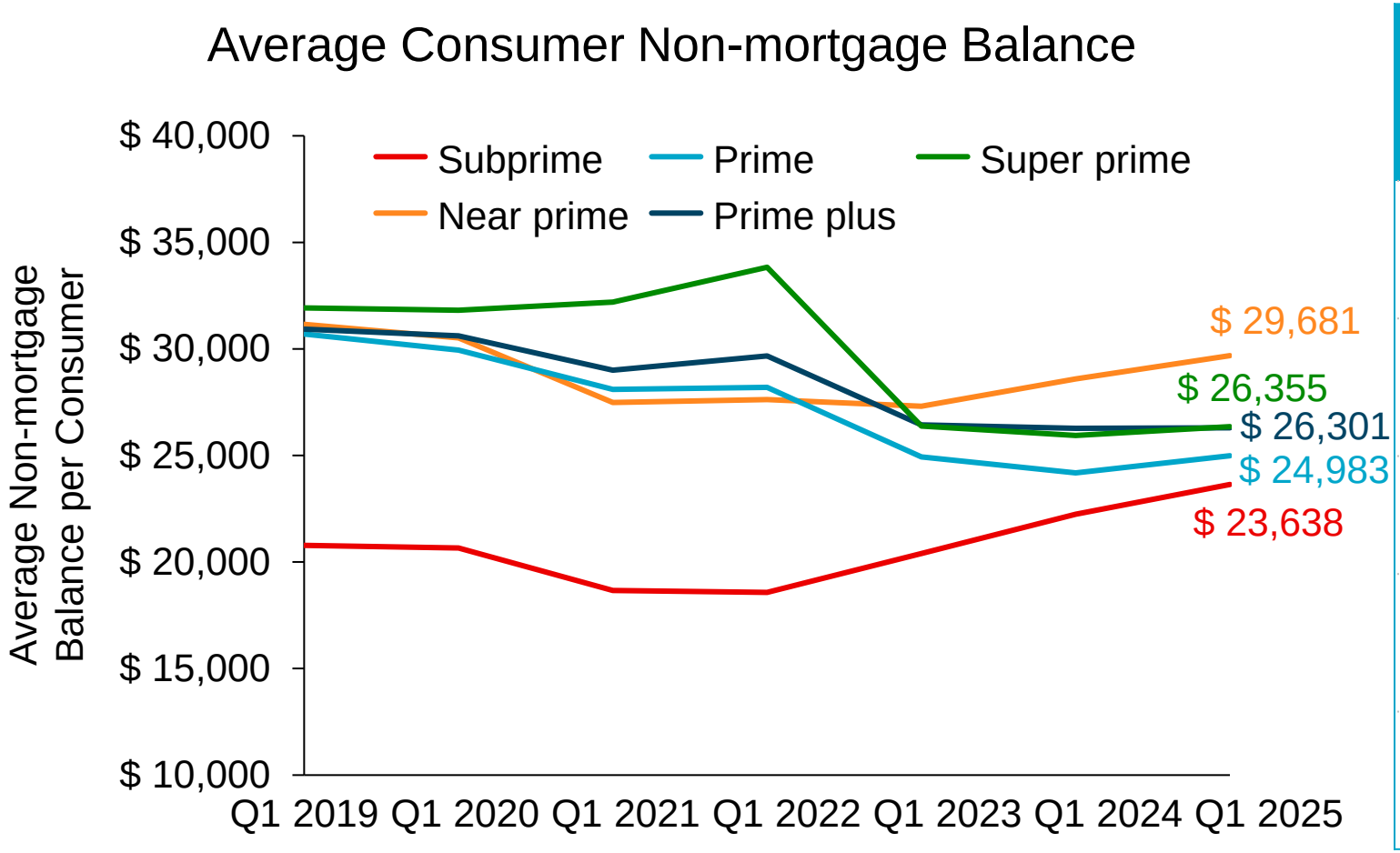
Below prime consumers have aggressively built new balances in recent quarters



	Growth Rate 2019-2022	Growth Rate 2022-2025
Super prime	+ 6%	- 22%
Prime plus	- 4%	- 11%
Prime	- 8%	- 11%
Near prime	- 11%	+ 7%
Subprime	- 11%	+ 27%

CreditVision™ risk score: Subprime = 300-639; Near prime = 640-719; Prime = 720-759; Prime plus = 760-799; Super prime = 800+;

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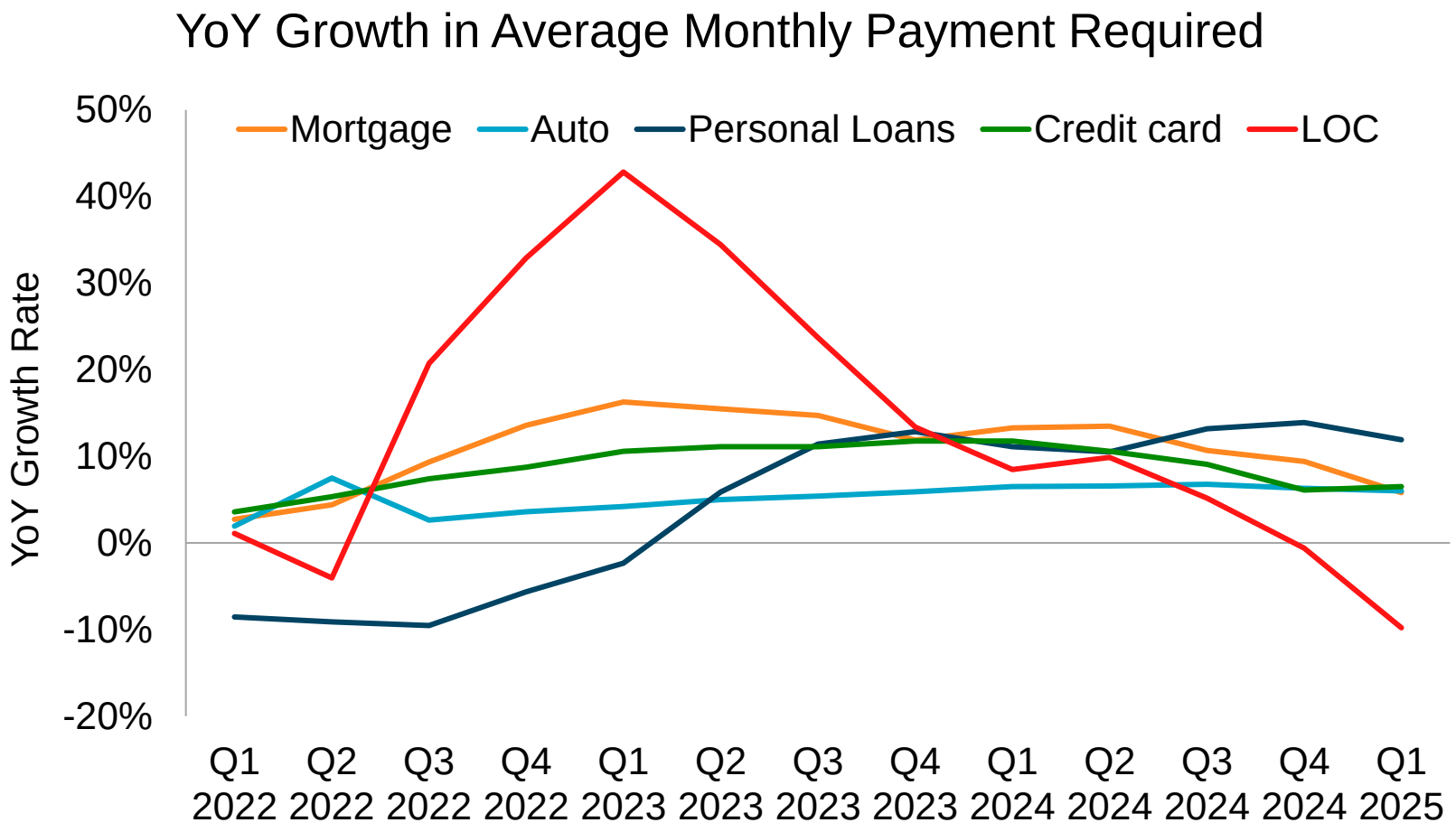
Source: TransUnion Canada Consumer Credit Database

Monthly minimum payment due continues to increase on most products, which may put pressure on vulnerable consumers



Average Minimum Payment Due Q1 2025		YoY Growth
Mortgage	$2,434	+5.8%
Credit Cards	$121	+6.5%
Personal Loans	$96	+11.9%
Line of Credit	$427	-9.8%
Auto Finance	$712	+6.1%

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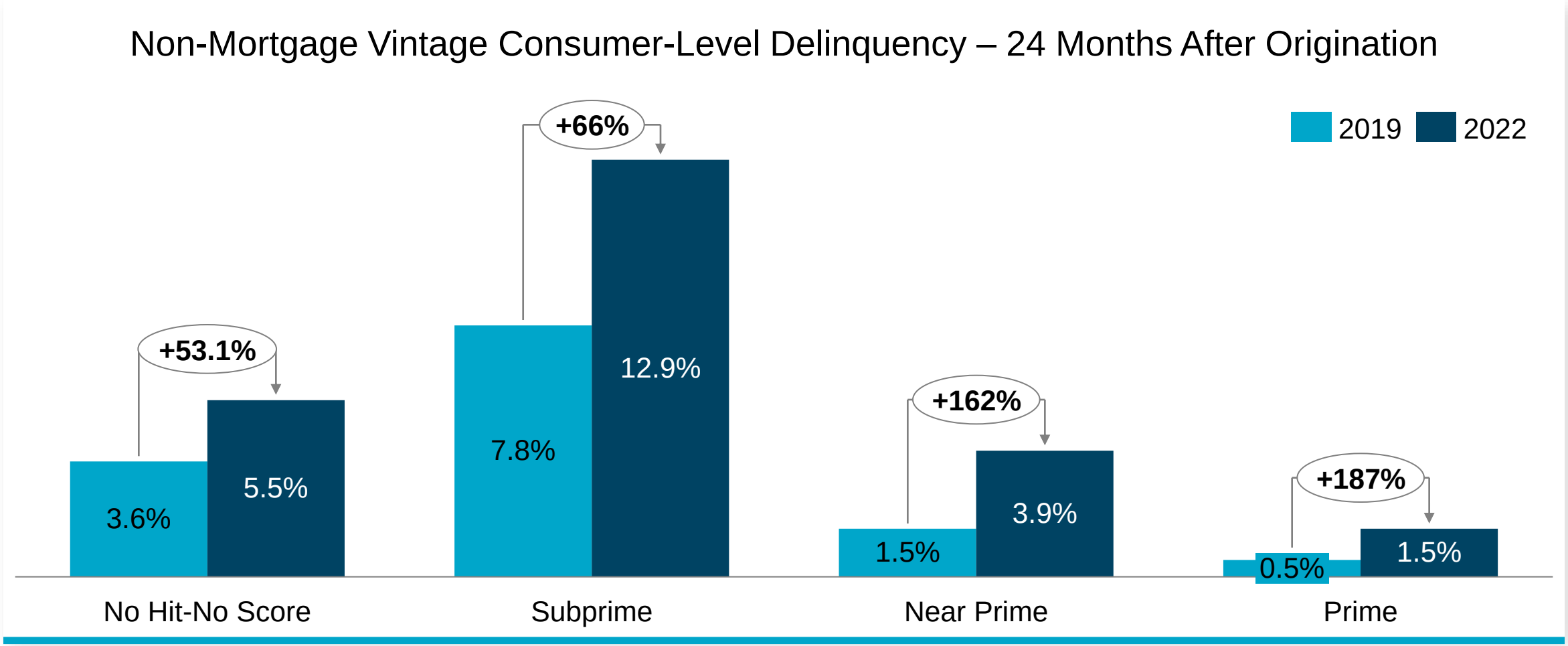
Source: TransUnion Canada Consumer Credit Database

Vintage performance of consumer-level delinquencies for non-mortgage products have worsened in recent years



CreditVision™ risk score: Subprime = 300-639; Near prime = 640-719; Prime = 720-759

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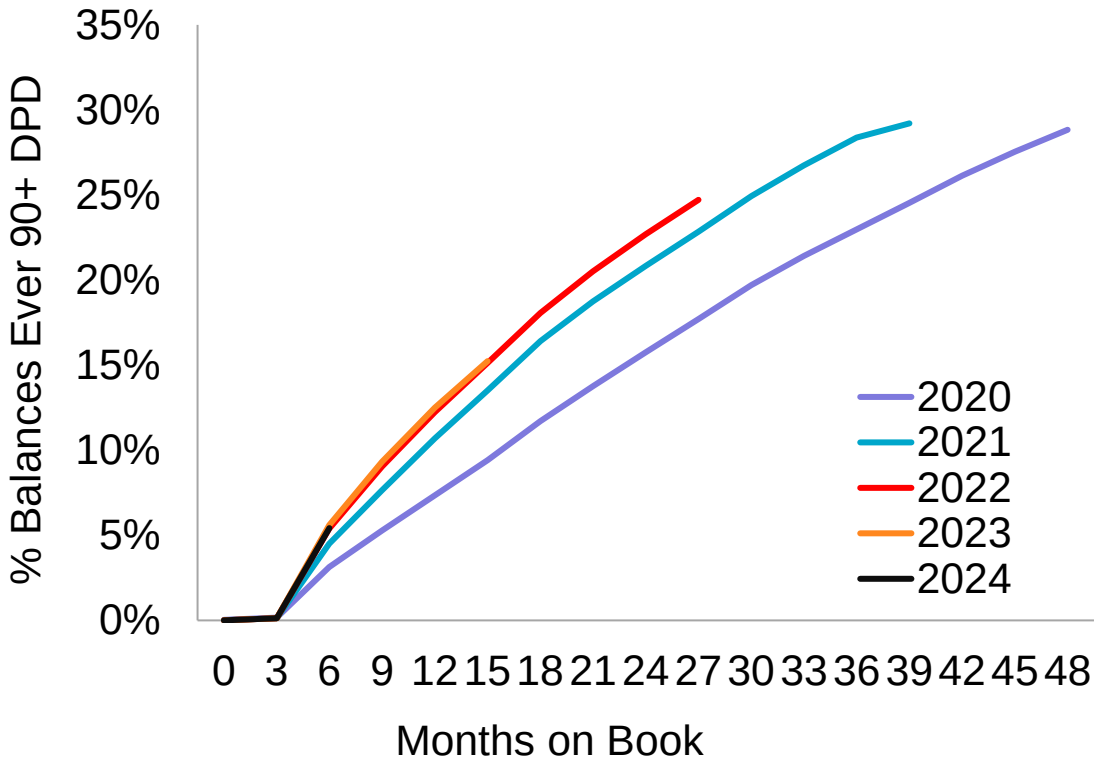
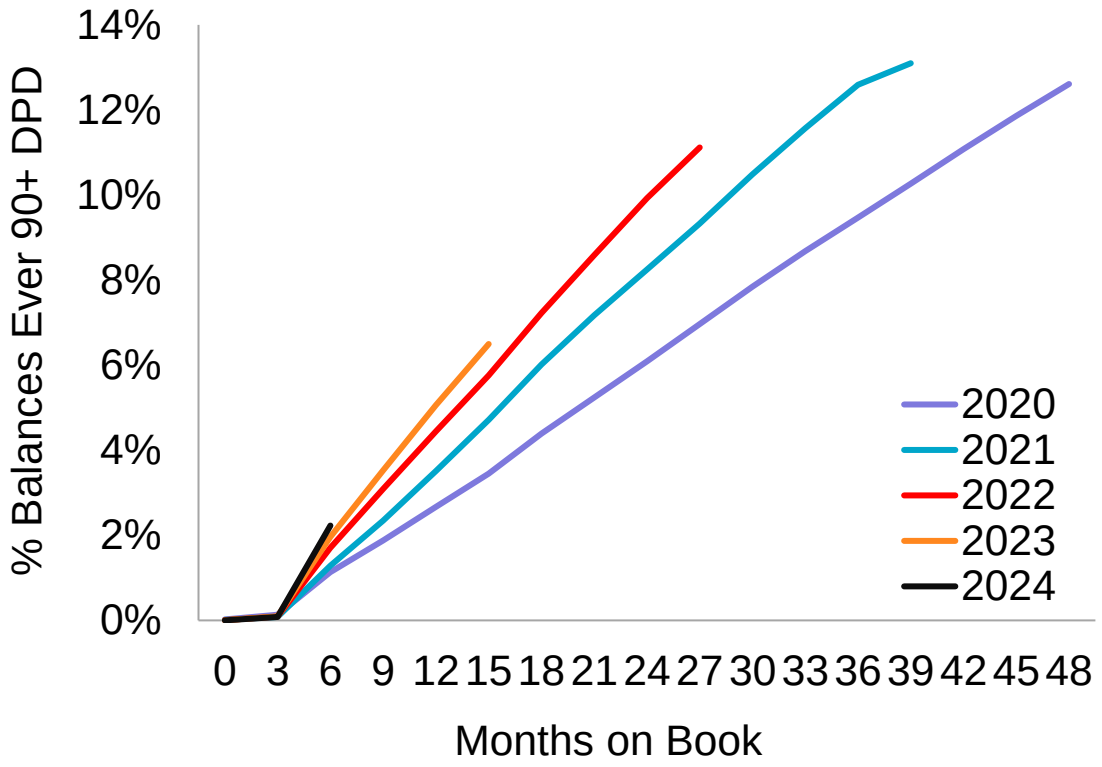
Source: TransUnion Canada Consumer Credit Database

Recent vintages for below prime cards show performance deterioration





CreditVision™ risk score: Subprime = 300-639; Near prime = 640-719

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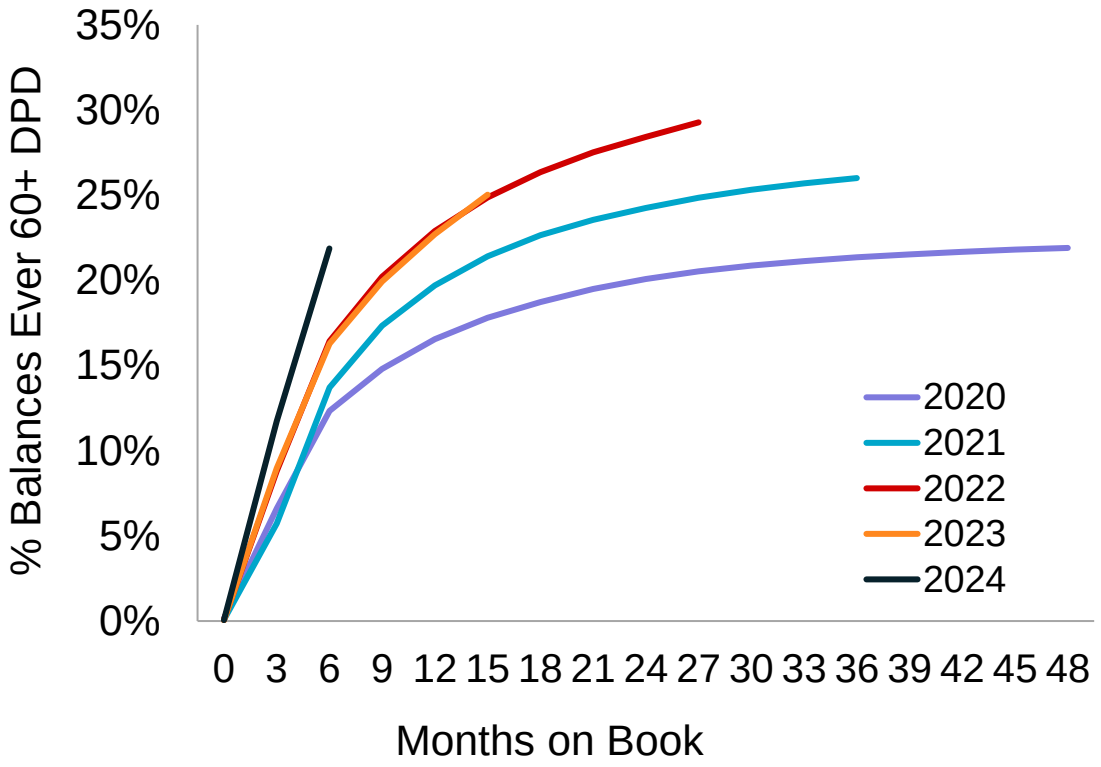
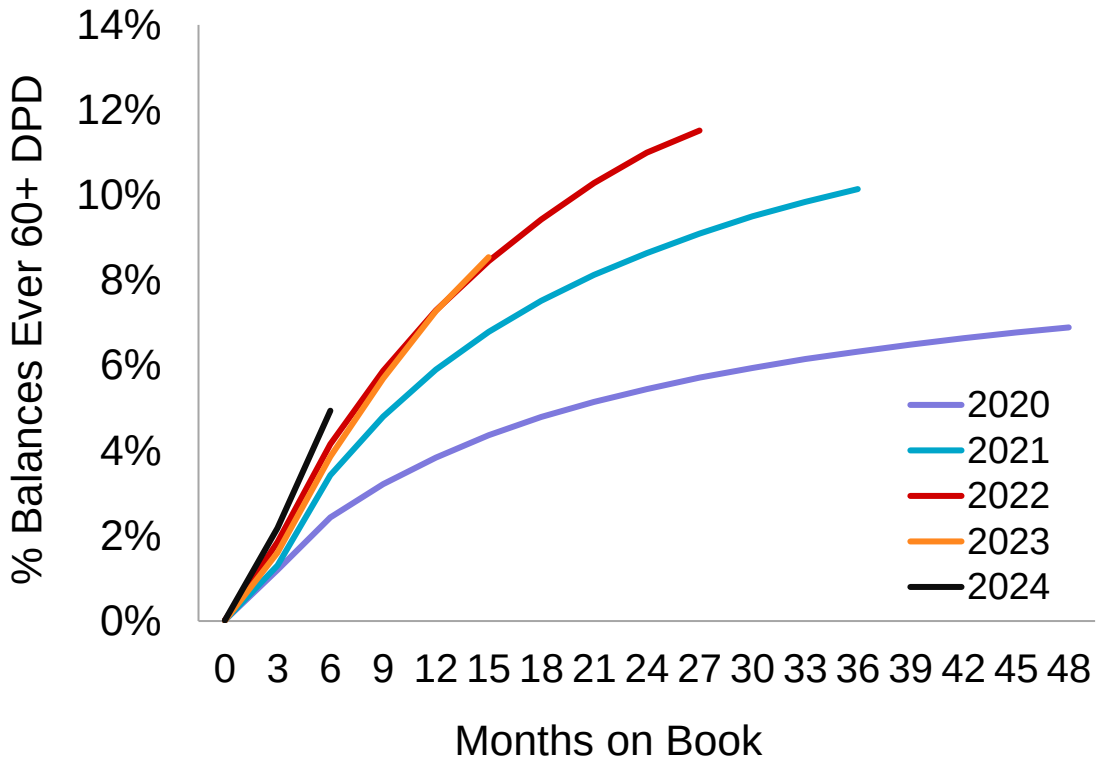
Source: TransUnion Canada Consumer Credit Database

Similarly, recent vintages for below prime personal loans show material performance deterioration





CreditVision™ risk score: Subprime = 300-639; Near prime = 640-719

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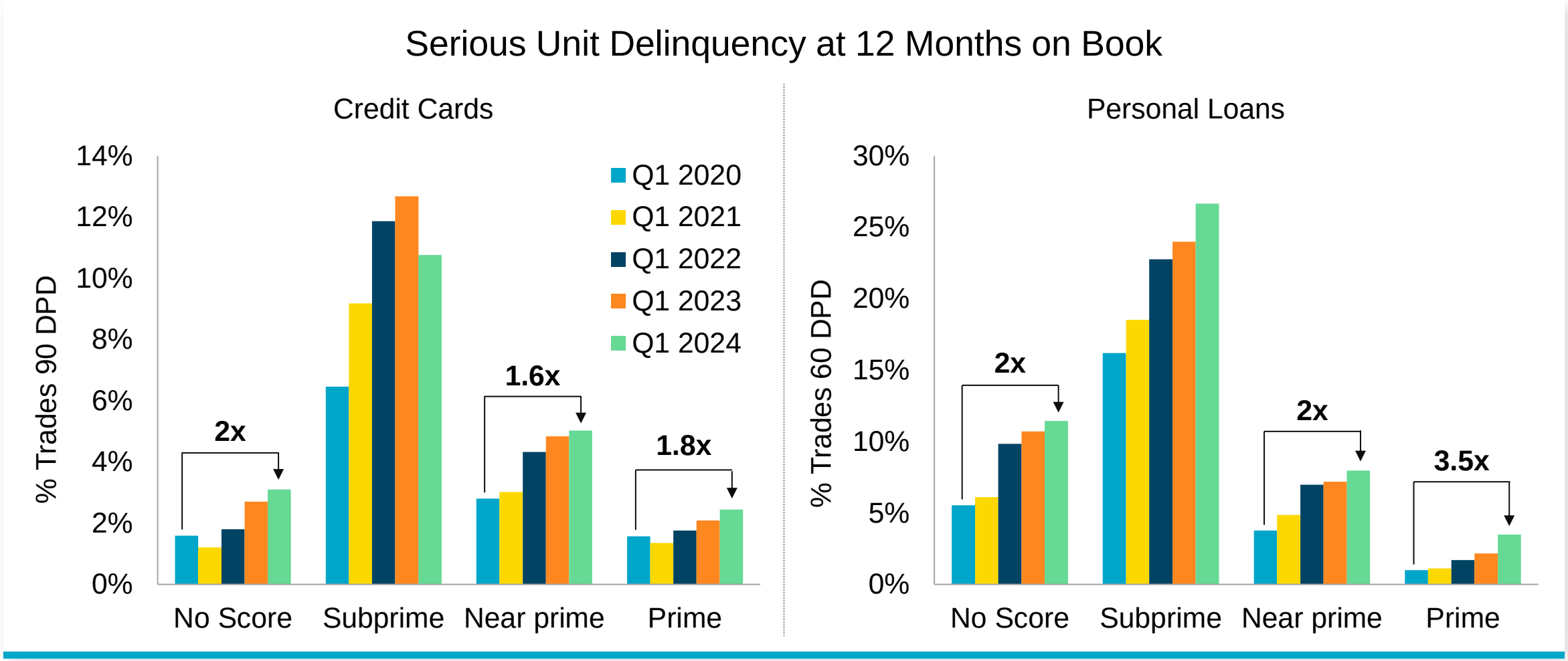
Source: TransUnion Canada Consumer Credit Database

Earlier deterioration is evident in more recent vintages of both card and personal loan delinquencies



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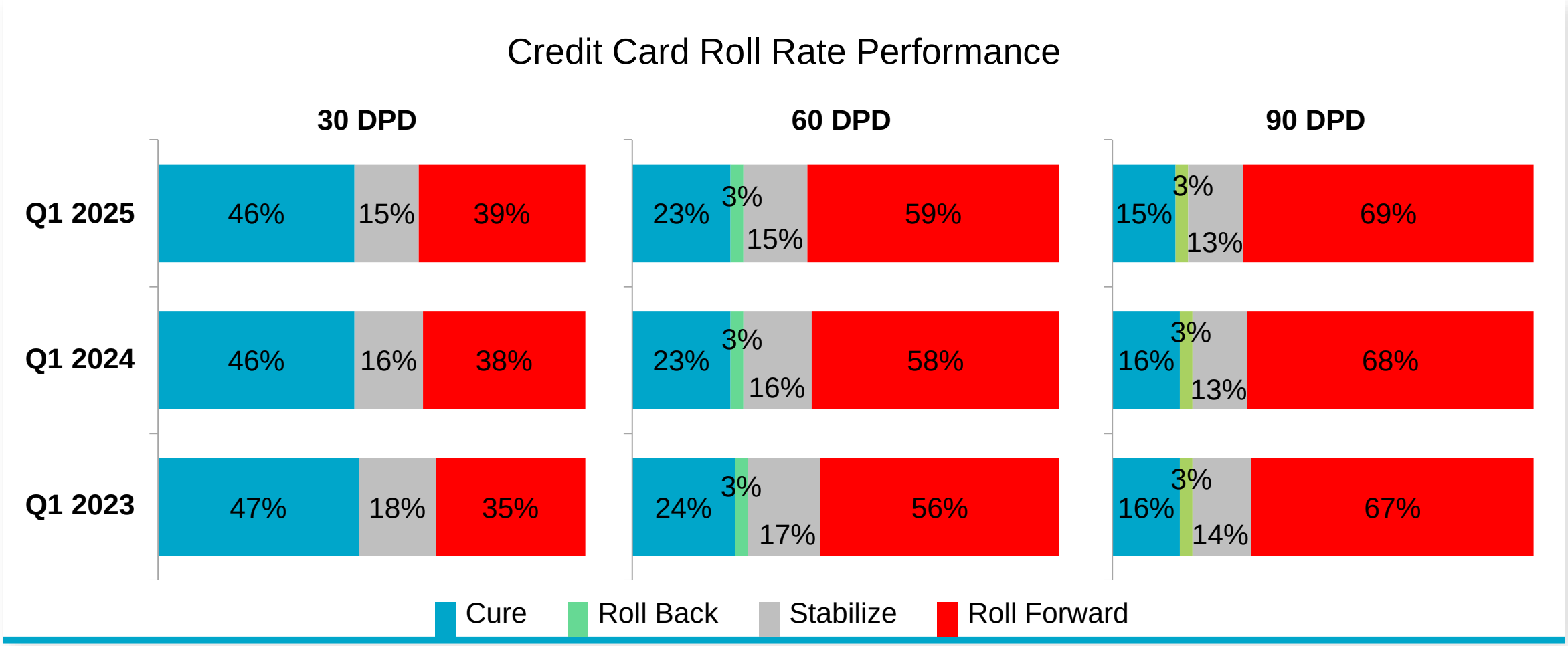
Source: TransUnion Canada Consumer Credit Database

Card roll rates have accelerated slightly over the past two years indicating more difficult lifecycle management in later stages



Cure: Account in 0 DPD; Roll Back: account moves to earlier stage delinquency; Stabilize Account remains in previous month delinquency range; Roll Forward: Account moves to later stage delinquency from prior month

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Source: TransUnion Canada Consumer Credit Database

Summary and Call to Action

Consumer growth

The number of credit-active consumers grew 3x faster than that of pre-pandemic period driven by new-to-credit volume

Credit Profile Shifts

Consumers now have higher numbers of accounts, higher balances and increased minimum payments

Increased Delinquency

Delinquencies are increasing across all products, with recent vintages performing worse, demanding calibration in existing strategies

Rapidly increasing delinquency requires strategy update

Closely monitor origination trends: High-income borrowers may pause big purchases. Meanwhile, an increasing share of low-income borrowers could raise portfolio risk, as they have less cushion for financial shocks.

Spot early signs of stress: Pay attention to shrinking payment amounts — even if above the minimum payment.

Refresh risk data points more frequently: Understand how your portfolio performs under stress. Update P&L models and be ready to brief stakeholders with scenario-based snapshots.

Refresh your borrower relief & collections playbook: Recessionary tools — like payment deferrals or loan restructuring could be essential to managing risk. Optimize collections strategies by employing effective analytics to detect higher payment likelihood.

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Source: TransUnion Canada Consumer Credit Database

Macroeconomic context, key risks and scenarios

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Our baseline forecast for 2025 has not changed. We expect balance declines for card and mortgage and mixed outlook for delinquency

Product	Indicator	Q4 2025 (Projected)	YoY vs. Q4 2024
Mortgage	Serious delinquency rate (consumer)	0.31%	+5 bps
	Avg balance per consumer	$363,872	-2.5%
Credit Card	Serious delinquency rate (balance)	1.22%	+10 bps
	Avg balance per consumer	$3,162	- 22%
Auto Finance	Serious delinquency rate (consumer)	0.92%	-3 bps
	Avg balance per consumer	$26,257	+ 0.6%
Line of Credit	Serious delinquency rate	0.82%	-9 bps
	Avg balance per consumer	$27,924	+0.1%
Personal Loan	Serious delinquency rate (consumer)	2.27%	-13 bps
	Avg balance per consumer	$23,570	+3.9%

* Delinquency rate is measured as 90+ DPD for cards and 60+ DPD for all other products

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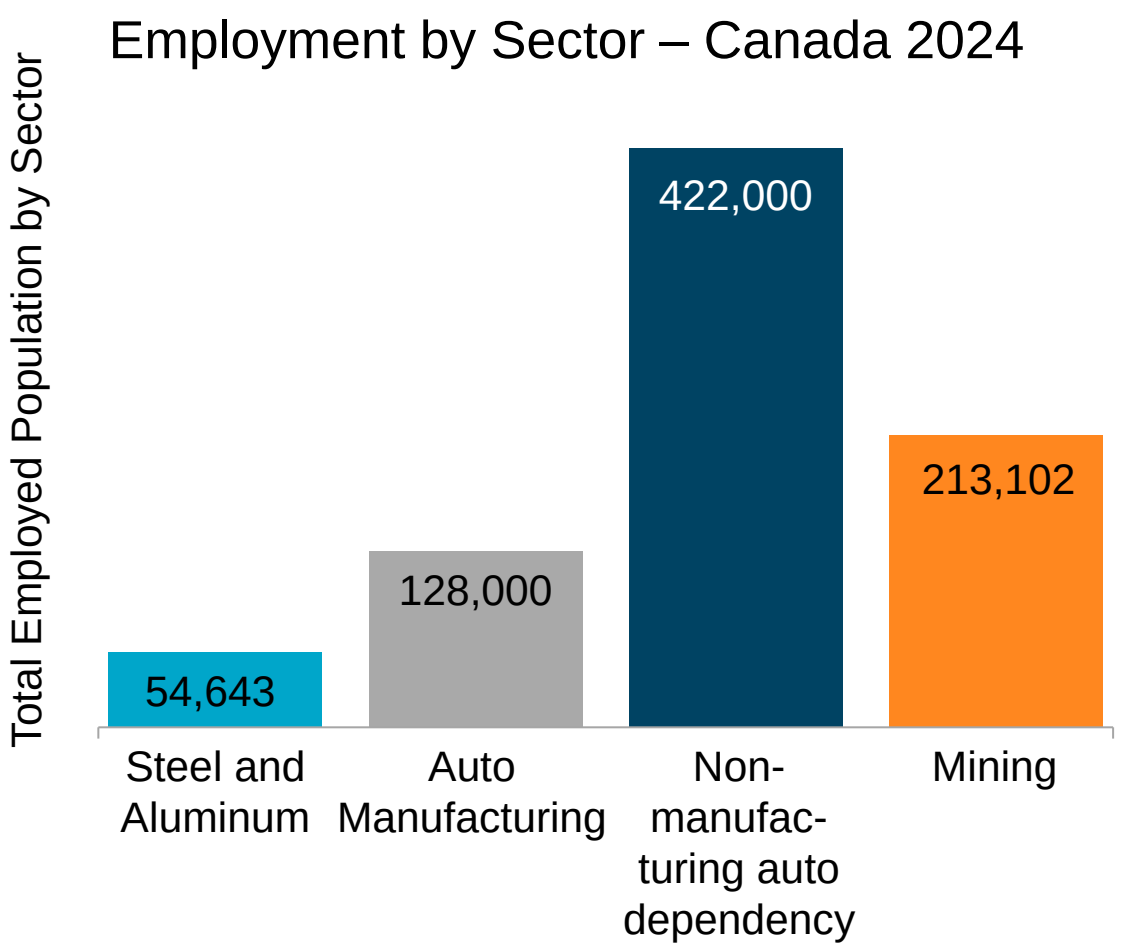
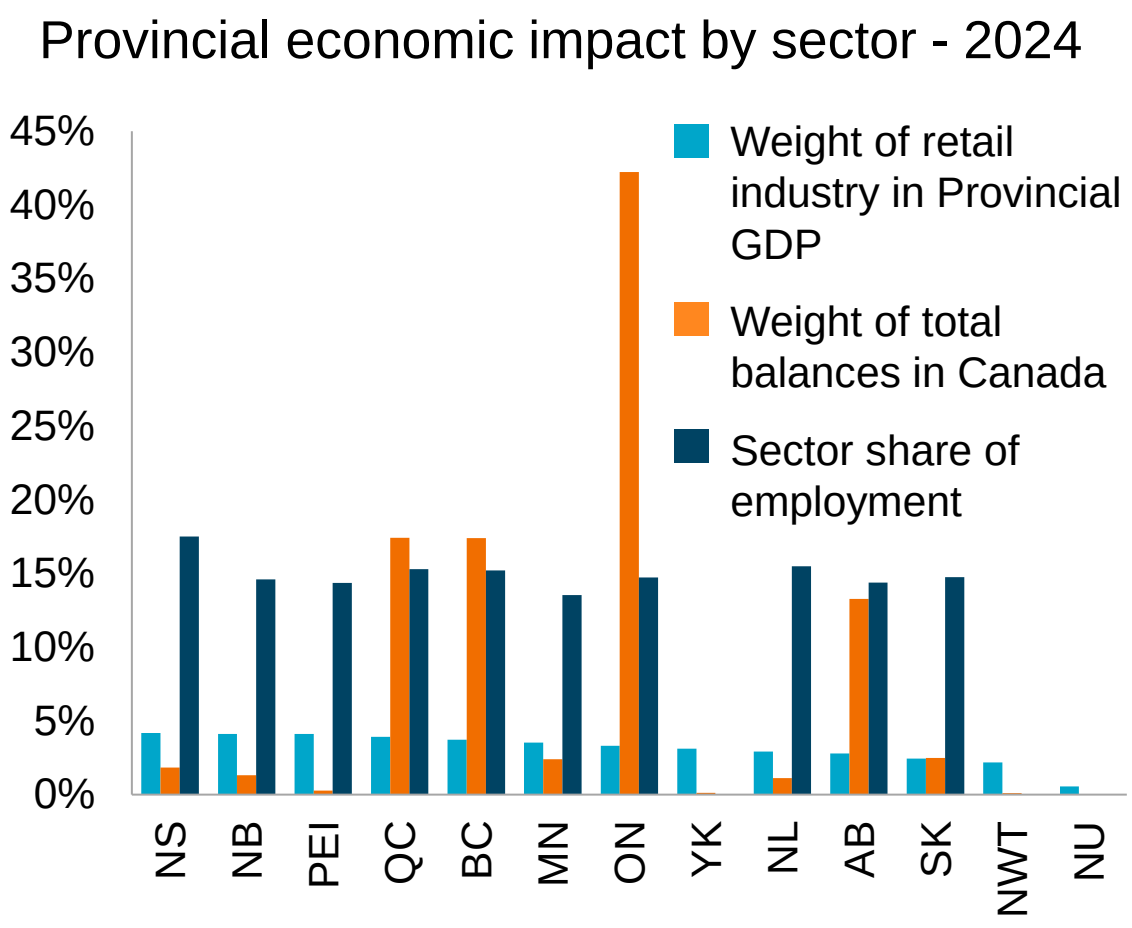
Source: TransUnion Canada Consumer Credit Database

While tariffs may impact all of Canada, some regions will be impacted more severely than others





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Source: Statistics Canada. Table 36-10-0402-01 Gross domestic product (GDP) at basic prices, by industry, provinces and territories (x 1,000,000) and TransUnion Canada Consumer Credit Database

To forecast credit market dynamics, we built scenarios based on four key macro variables

Economic activity is expected to recover driven by investment recovery

Scenarios for 2025 GDP Growth:

Baseline: 2%

Adverse: -1.5%

Severe: -4%

Unemployment is expected to remain relatively stable

Scenarios for Q4 2025

Baseline: 7%

Adverse: 8.5%

Severe: 11%

Inflation is expected to continue to remain stable

Scenarios for Q4 2025

Baseline: 2.9%

Adverse: 3.2%

Severe: 4%

Interest rates are expected to continue to decrease

Scenarios for Q4 2025

Baseline: 2.75%

Adverse: 3%

Severe: 4%

For each of these variables, we build 3 scenarios: baseline, adverse and severe

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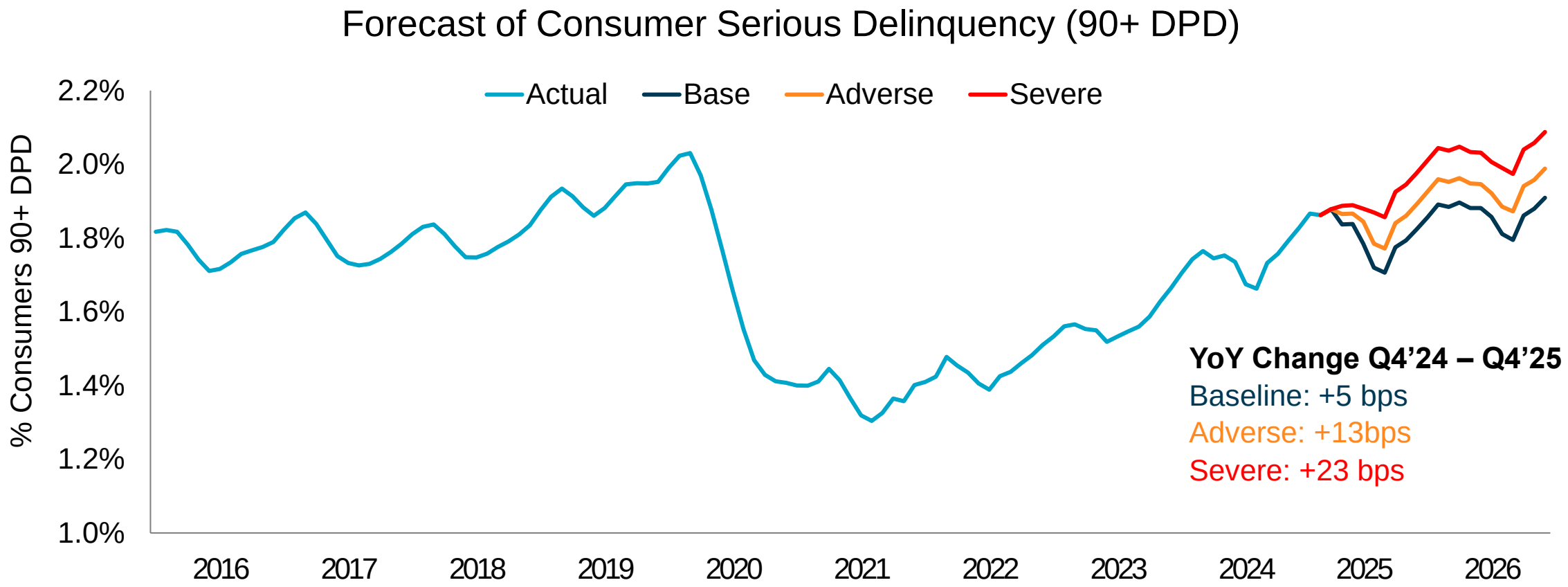
Source: S&P Global macro forecast

Consumer delinquency could reach 1.9% in the best-case scenario—uncertainty around unemployment could drive delinquency up to 2.1%



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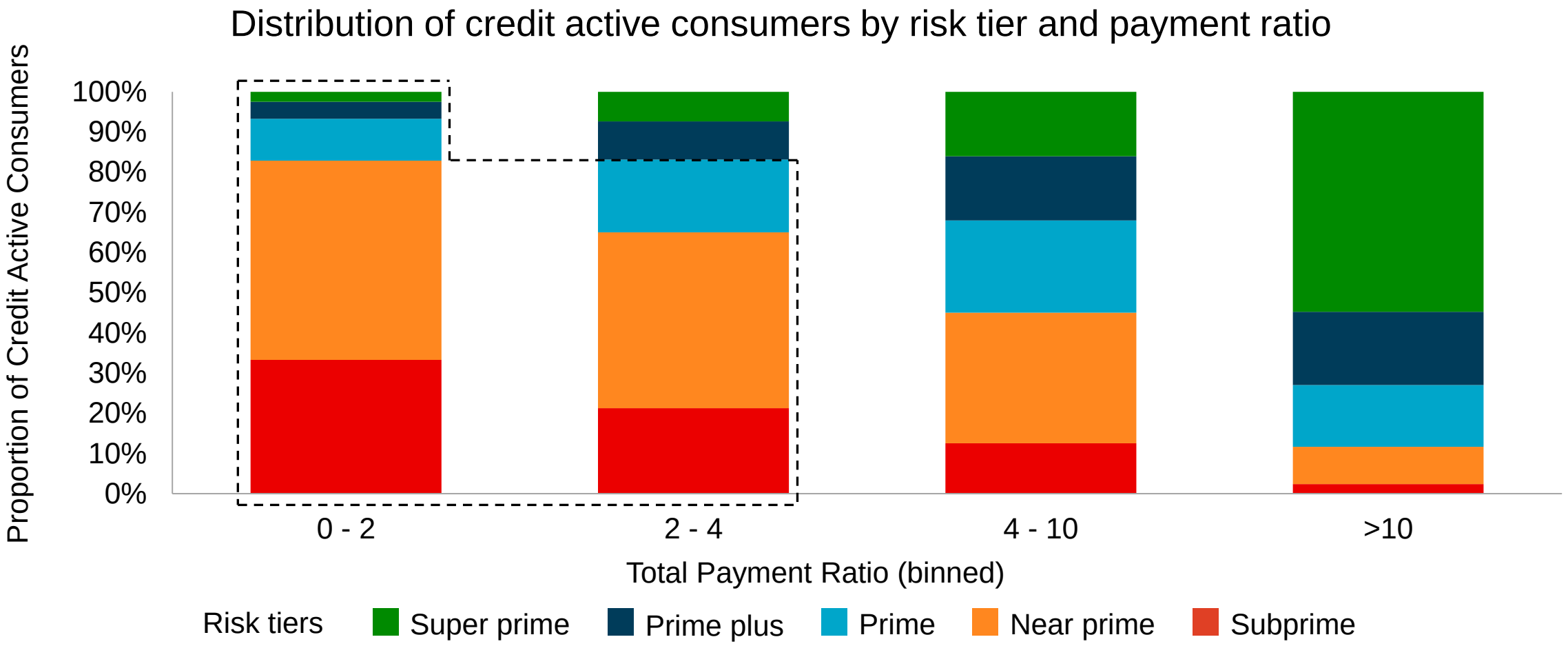
Source: TransUnion Canada Consumer Credit Database and forecast model

Approximately 8M credit active consumers are already high risk; past studies show over 10% are likely to be severely impacted



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Source: TransUnion Canada Consumer Credit Database

We have refined our downturn readiness playbook

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A robust downturn readiness framework can help develop a balanced management approach through the cycle

1

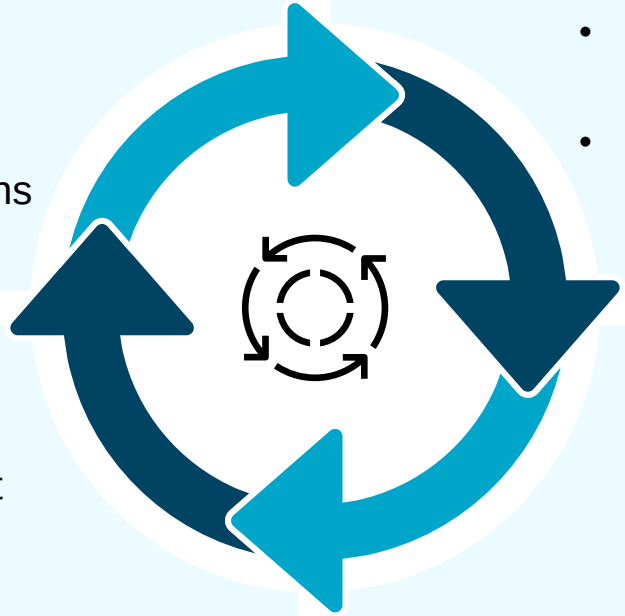
Cross-Functional Committee

- Establish cross-functional operating committee with key stakeholders across the organization
- Create comprehensive representation for a balanced and well-rounded approach
- Align reporting on status and planned actions reduces noise in times of crisis

2

Early Warning & Monitoring

- Leverage leading indicators such as payments data to get ahead of delinquencies
- Disaggregate views to help drive relevancy of monitoring
- Leverage quantitative and qualitative variables and sources to help provide needed context



3

Balanced Mitigation

- Be (profitably) open for business via increased resiliency thresholds or reducing rich promo offers
- Focus on operations/execution
- Collaborate across multiple teams to manage credit risk, client/employee experience and reputation

4

Reinvestment & Acceleration

- Leverage deeper data (payments or transactions) to find safe havens or resilient customers
- Plan for what recovery triggers make sense and the rollback of crisis management tactics
- Time reinvestment of spread to buy market share

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Thank You

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