TransUnion

TRANSUNION CREDIT INDUSTRY INSIGHTS REPORT

Quarterly Overview of Consumer Credit Trends Released by TransUnion Canada

First Quarter 2026

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Executive Summary

Macroeconomic consumer trends

Canada's macroeconomic environment has shifted away from inflation management toward a period defined by below-potential growth, rising labour market slack and elevated external uncertainty. While inflation is broadly contained, the economy is entering a transitional phase where momentum remains subdued and uneven. Growth is expected to remain weak through much of 2026, with any meaningful improvement increasingly dependent on a stabilization in trade conditions, recovery in business confidence and clearer global economic direction.

Canada entered 2026 with limited momentum as growth slowed sharply in late 2025. Real GDP is projected to remain subdued at roughly 1.0%–1.4% (well below potential) in 2026 before gradually recovering toward 2% in 2027, reflecting a combination of cyclical headwinds and structural constraints, including weaker population growth and soft per-capita demand.[1] Near-term growth was constrained by persistent trade frictions — particularly under USMCA where tariffs continue to weigh on exports and dampen business investment. At the same time, domestic demand has softened as households adjust to higher borrowing costs, moderating wage growth and weaker confidence, resulting in more cautious consumption increasingly focused on essential spending.[2] Demographic trends have added another layer of drag, with slower population growth driven in part by tighter immigration policies.

Labour market conditions have gradually loosened, reflecting softer demand for labour and reduced hiring intensity among firms. The unemployment rate trended higher into the high 6% range and is expected to remain elevated in the near term as job creation lags labour force dynamics.[3] While wage growth continued to outpace inflation, it's no longer accelerating, posing some potential future affordability concerns.

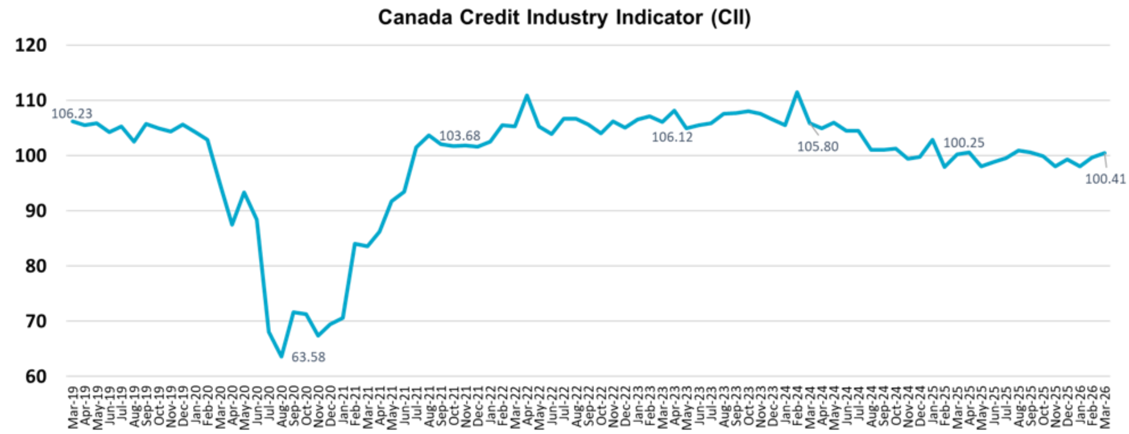
Inflation is expected to remain relatively contained but somewhat volatile, shaped by base effects and energy market dynamics. Consumer price growth is projected to hover around the low-to-mid 3% range in 2026 before moderating over time.[4] In this environment, monetary policy is expected to remain on hold, with the Bank of Canada maintaining a policy rate near 2.25% through 2026.[5]

Externally, Canada's outlook remains highly sensitive to global conditions. Net trade is expected to be a modest drag on growth in the near term as import demand continues to outpace export growth despite some support from elevated energy prices. While oil markets provide a partial offset to broader weakness — supporting nominal GDP and government revenues — the benefits are uneven and insufficient to fully counteract softness in manufacturing and consumer-driven sectors. Over the longer term, growth would increasingly depend on productivity enhancements and structural factors, including investment in technology and the adoption of AI — rather than population expansion alone.

Overall, the Canadian economy is entering a period of adjustment characterized by subdued growth, gradually rising slack and elevated exposure to trade and geopolitical risks. A modest recovery is expected to take hold in the second half of 2026, but the trajectory remains highly contingent on external developments, particularly trade policy outcomes. From a financial services perspective, this environment points to a continued period of cautious credit conditions — where risk remains elevated but stabilizing, reinforcing the need for disciplined underwriting, targeted segmentation and scenario-based planning.

[1,2,4] S&P Global Economics: Canada Economic Outlook, May 20, 2026. spglobal.com/marketintelligence
[3] Statistics Canada. Table 14-10-0287-01 Labour force characteristics, monthly, seasonally adjusted and trend-cycle
[5] Oxford Economics. Country Economic Forecast – Canada, April 12, 2026

TransUnion’s Canada Credit Industry Indicator



The CII for Q1 2026 in Canada rose one point over the prior quarter but remained flat YoY at 100.4. This was due to the aggregated effect of continued good balance behavior and a slight increase in delinquency rates, along with steady levels of supply and demand. Long term, the CII continues a slow downward trajectory from its post-pandemic peak in 2023.

A lower index value indicates a deterioration in the overall health of the Canadian retail credit market, reflecting weaker consumer behaviour, muted demand, slowing balance growth and softer performance metrics.

Risk scores and distributions

In Q1 2026, the median CreditVision® score reached 737 (up three basis points year over year and on basis point relative to the prior quarter), reflecting a generally stable credit environment. This stability was further reflected in the evolving distribution of Canadian credit-active consumers — where an early K-shaped pattern is beginning to emerge. The share of super prime consumers continued to expand, reaching 42.2% (up from 40.8% last year), suggesting sustained strength in credit performance among higher-quality borrowers. Prime plus also edged higher to 15.1%, reinforcing this upward shift at the top end of the spectrum.

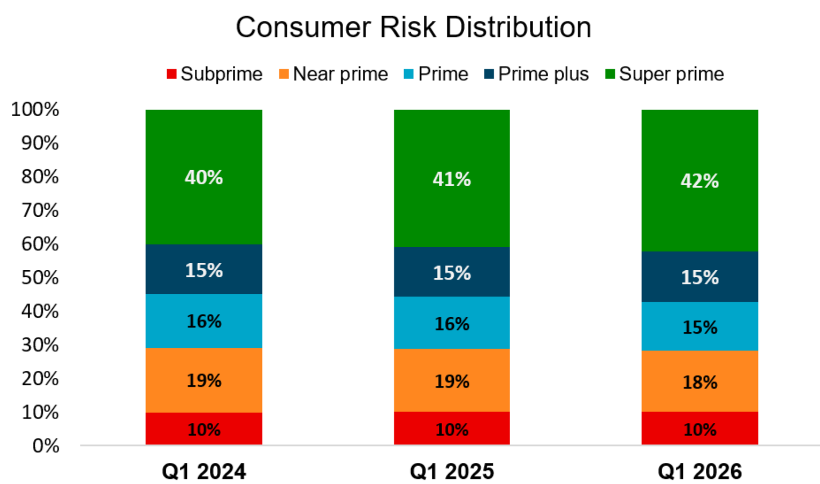
In contrast, the prime and near prime segments continued to contract (down 6.5% and 3.2% year over year, respectively), indicating a bifurcation where a portion of consumers migrate upward into lower-risk tiers while others drift toward higher risk. Subprime share increased modestly to 10.0% (+0.1 pts), suggesting while downside pressure was building at the margin, financial stress among the most vulnerable consumers remained relatively contained.

Two-thirds of Canadians remained in the same risk tier over the past year, underscoring overall stability in credit positioning. However, migration patterns continued to skew upward; 19.4% of consumers improved their credit standing compared to 14.4% who moved into higher-risk tiers — highlighting a modest but sustained net improvement.

Beneath this stability, a more nuanced dynamic emerged. Upward mobility was concentrated within the prime and near prime segments where 37% and 28% of consumers, respectively, migrated to lower-risk tiers. At the same time, downward pressure persisted, particularly within prime and prime plus segments where 23% and 21% of consumers, respectively, deteriorated — reinforcing that not all households are benefiting equally from current conditions.

This bifurcation was further reflected in transitions out of the prime segment; 23% of consumers moved to higher-risk tiers, including 20% shifting into near prime and 3% into subprime. Overall, 5.2% of consumers fell from prime or above into near prime or subprime categories, signaling pockets of emerging financial strain.

Consistent with these patterns, the share of subprime consumers edged up to 10.0% and remained at that level, while middle-tier segments continued to gradually compress. Together, these trends suggest early signs of a K-shaped credit environment — where improvement at the top of the market coexists with rising vulnerability among a subset of households.



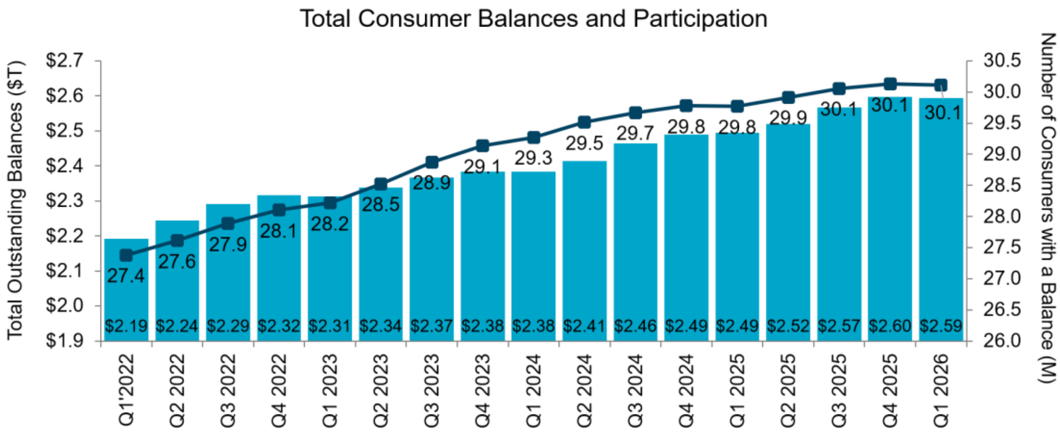
Over the past three years, rising living costs and higher interest rates have created a more uneven credit environment for Canadian households. While many consumers are facing increased pressure when refinancing or taking on new credit, migration patterns point to a growing divergence in outcomes. A portion of these consumers has successfully improved into lower-risk tiers, while a meaningful share was drifting into higher-risk categories — contributing to a gradual hollowing out of the middle. However, higher-quality borrowers — particularly those who secured lower mortgage rates earlier in the cycle — continued to demonstrate resilience. Their strong payment performance and relative stability helped anchor overall credit health, even as pressure builds among more rate-sensitive segments.

The resulting risk distribution reflects these crosscurrents, with continued expansion at the top end, modest growth in subprime and ongoing compression in middle tiers — early signs of a K-shaped credit dynamic. Despite these shifts, the majority of consumers remain in prime or above tiers, a pattern that has stayed broadly stable over time, even as underlying dispersion increases.

For lenders, this environment calls for more precise segmentation and proactive portfolio management: Growth opportunities remain concentrated in super prime and prime plus segments, while increasing dispersion within prime and near prime requires earlier risk detection, targeted interventions and disciplined line management to navigate emerging downside pressure without constraining growth.

Total consumer balances and participation

Canadians' total outstanding balances across all credit products grew 4% as total outstanding credit debt reached $2.6 trillion. Total balances grew across all products and risk tiers. Mortgage balances rose 3.9% year over year (YoY) to $1.91 trillion, while total non-mortgage debt increased 4.4% to $680 billion. This growth was driven by the combination of rising average loan sizes, as well as the number of borrowers. The number of credit-active Canadians (number of Canadians with at least one credit product) increased by only 1.1%. Population growth has not been as strong a driver of balance growth as lower immigration over the past 18 months reduced demand from new-to-credit consumers. The average non-mortgage balance per consumer reached $27,189 (up 2.9% YoY), marking a shift back to the more moderate pace of growth seen before the pandemic.



Importantly, the steady increase in the number of consumers with balances suggests credit remains a vital tool for households across income levels. As the market matures, the focus is shifting from rapid expansion to sustainable growth, supported by healthier financial fundamentals and a more stable macroeconomic environment.

Average minimum payment due per Canadian consumer

As illustrated below, average balances continued to rise across most major credit products, translating into higher monthly minimum payment obligations for consumers. Mortgage payments once again drove the increase in dollar terms, with the average minimum payment due rising 4.0% year over year to $2,532 — reflecting elevated balances and continued rate pressure for renewing borrowers. Auto finance and personal loans also recorded meaningful increases, while lines of credit and student loans saw modest gains. In contrast, credit card minimum payments declined slightly (-0.8%), suggesting some stabilization in revolving balances or improved repayment behaviour.

Personal loans experienced the fastest growth as minimum payments increased 11.8% year over year, reinforcing the growing reliance on installment credit to manage higher living costs. Auto finance followed with payments up 4.1%, reflecting higher vehicle prices and financing costs. The relatively muted growth across lines of credit (+0.9%) and student loans (+0.9%) indicates more stable payment dynamics in those segments.

Overall, minimum payment obligations continued to rise, increasingly driven by installment-based products — particularly mortgages and personal loans — placing sustained pressure on household cash flow. While a resilient labour market and wage growth have helped offset these pressures, the shift toward higher fixed payment obligations reduces flexibility for more rate-sensitive consumers, particularly in the middle of the risk spectrum. The chart below illustrates how average minimum payments continued to trend upward across most products, reinforcing the importance of monitoring affordability as credit conditions remain tight.

Monthly Minimum Payment Due

	Q1 2025	Q1 2026	YoY % Change
Credit cards	$ 121	$ 120	-0.8%
Auto finance	$ 712	$ 741	4.1%
Personal loans	$ 93	$ 104	11.8%
Lines of credit	$ 427	$ 431	0.9%
Mortgage	$ 2,434	$ 2,532	4.0%
Student loans	$ 194	$ 196	0.9%

Originations

Continued caution among lenders, combined with softer consumer demand, drove broad-based declines in origination volumes in Q4 2025. Most products contracted year over year, reinforcing a more selective credit environment — even as outstanding balances continued to grow. This suggests portfolio expansion is increasingly being driven by higher loan amounts rather than higher account volumes.

Trends varied meaningfully across products. Mortgage originations remained the clear outperformer, rising 11.9% year over year to reach their highest level in the period, supported by improved housing activity and borrower adjustment to the prevailing rate environment.

In contrast, all non-mortgage products declined. Installment loans saw the steepest contraction (-7.8%) followed by lines of credit (-4.9%) and auto loans (-4.0%), reflecting both tighter underwriting and affordability constraints. Bankcard originations declined more modestly (-2.2%), suggesting continued issuer discipline amid elevated delinquency levels — but with relatively stable underlying demand compared to other unsecured products.

Overall, the data points to a more polarized credit landscape: Mortgage lending is rebounding, while non-mortgage originations remain under pressure. This dynamic highlights a shift toward secured, needs-based borrowing, with lenders maintaining a cautious stance on discretionary and higher-risk credit segments.

From a risk-tier perspective, origination volumes declined across all risk tiers in Q4 2025, with the steepest contractions in the middle of the spectrum: prime (-12.8%) and near prime (-7.3%), highlighting tighter underwriting and reduced approvals in more risk-sensitive segments. Higher-quality and subprime tiers showed relatively more resilience but still declined modestly, pointing to a broadly cautious lending environment and continued compression of the middle.

Overall, Q4 2025 origination patterns highlighted a market characterized by selective growth rather than broad-based expansion. As interest rates continue to ease, mortgage activity is expected to remain a key source of origination momentum, with refinancing volumes likely to reemerge as a growth driver. However, outside of housing, origination volumes are likely to remain constrained as lenders balance competitive pressures against rising delinquency risk and affordability challenges.

Delinquencies

After several years of steady increases, delinquency trends have begun to moderate, with early signs of stabilization emerging across most products. While overall delinquency rates remained elevated relative to prior years, the pace of deterioration has slowed, suggesting both consumers and lenders are adjusting to the higher-rate environment.

Product performance is diverging. Credit card delinquencies (90+ DPD) edged slightly lower to 0.98% year over year, indicating early stabilization in revolving credit, albeit at elevated levels. In contrast, auto (0.96%, +4 bps), mortgage (0.29%, +3 bps) and installment loan delinquencies (2.60%, +8 bps) continued to rise, though at a more measured pace than in prior periods. Lines of credit showed modest improvement, declining two bps to 0.45%.

Installment loans remained the primary area of pressure, with delinquency rates continuing to trend upward and concentrated among more vulnerable segments. Meanwhile, mortgage delinquency rose but remained low in absolute terms, reflecting continued resilience among homeowners.

Overall, the data pointed to a maturing credit cycle: Conditions were no longer deteriorating rapidly, but stress remained uneven across products and borrower segments, reinforcing the need for targeted risk management rather than broad-based tightening.

Geographic differences in performance also reflect divergent regional macroeconomic trends, highlighting uneven economic conditions across the country. Alberta was the key outlier: Delinquency rose to 2.43% — up six basis points year over year and the highest among provinces. In contrast, several provinces saw meaningful improvement. Manitoba (-17 bps), Newfoundland and Labrador (-11 bps), Nova Scotia (-9 bps) and British Columbia (-6 bps) all recorded year-over-year declines, suggesting stabilizing or improving credit conditions in parts of the country.

Ranking Consumer Total Delinquency Rate (90+ Days Past Due) on All Products by Province

	Q1 2024	Q1 2025	Q1 2026	Y/Y
Canada	1.76%	1.88%	1.86%	-1
AB	2.21%	2.37%	2.43%	6
NB	2.16%	2.13%	2.03%	-6
ON	1.82%	2.00%	2.00%	0
MB	2.11%	2.13%	1.96%	-17
NS	2.06%	2.04%	1.95%	-9
SK	2.00%	1.97%	1.95%	-2
NL	2.00%	1.91%	1.79%	-11
PEI	1.86%	1.85%	1.76%	-8
BC	1.69%	1.76%	1.71%	-6
QC	1.29%	1.37%	1.36%	-1

Delinquency rates were a lagging indicator and we expect lower inflation combined with interest rate reductions may provide a relief valve for some struggling consumers. However, the uncertain impact of potential tariffs may cause spikes in regional delinquency in areas where tariff-impacted industries are concentrated.

Looking ahead

Canada's credit market is entering a more mature and increasingly bifurcated phase. While macro conditions are gradually improving and delinquency trends are beginning to stabilize, underlying consumer performance is becoming more uneven. An emerging K-shaped dynamic was evident across both risk distribution and migration patterns: Higher-quality borrowers continued to strengthen — while pressure persisted across portions of the prime and near prime segments, particularly those more exposed to refinancing risk and rising fixed payment obligations.

This divergence was also reflected in product dynamics. Credit growth was increasingly concentrated in mortgages and higher-balance lending, while non-mortgage originations remained constrained by tighter underwriting and affordability pressures. At the same time, rising minimum payment obligations — driven by installment products — reduced consumer financial flexibility, even as overall delinquency conditions showed signs of plateauing rather than deteriorating further.

Looking ahead through 2026, lenders are well-positioned to support measured growth, supported by strong capital positions and improving confidence. However, success will depend on navigating dispersion within the portfolio rather than relying on broad macro trends.

Implications for Canadian lenders:

Credit strategies will need to become more precision-driven — balancing growth in resilient, high-quality segments with earlier identification of emerging stress in the middle of the market. This reinforces the need for dynamic segmentation, proactive line management and targeted collections strategies rather than broad-based tightening.

At the same time, structural shifts will reshape the competitive landscape. The continued evolution of AI and advanced analytics will enable more granular risk assessment, real-time decisioning and personalized credit strategies. The progression of Open Banking is expected to expand data access and increase competition, particularly from FinTechs, while improving lenders' abilities to assess affordability and identify underserved segments. Meanwhile, trade and geopolitical uncertainty — including potential impacts on employment, inflation and regional economic activity — remains a key external risk that could amplify stress among more vulnerable borrowers.

Together, these forces point to a market where disciplined growth, data-driven decisioning and agility will be critical. Lenders that can effectively leverage data, anticipate risk migration and adapt to a more fragmented consumer landscape will be best positioned to capture opportunity while maintaining portfolio resilience.

Bankcard Summary

BANKCARD METRICS	Q1 2026	Q-O-Q Change	Y-O-Y Change
Number of Accounts	52.4M	0.56%	2.61%
Outstanding Balance	$122.4B	(5.15%)	3.53%
Total Credit Lines	$542.8B	1.40%	6.08%
Average Balance	$3,070	(4.45%)	0.68%
Average Credit Line	$10,518	0.89%	3.50%
Number of Consumers With Access to an Active Trade	28.8M	0.38%	1.49%
Number of Consumers Carrying a Balance	25.2M	(0.39%)	1.73%
Origination Volumes (Q4 2025)	1.7M	(1.43%)	(2.18%)
Average New Account Credit Line	$6,381	1.44%	0.63%
Account Delinquency Rate (90+ DPD)	0.64%	2 bps	(0 bps)
Consumer Delinquency Rate (90+ DPD)	0.98%	3 bps	(0 bps)
Balance Delinquency Rate (90+ DPD)	1.34%	11 bps	4 bps

New credit card originations remained subdued, declining 2.2% year over year in Q4 2025, reflecting continued issuer caution and softer demand. However, the pace of decline moderated, suggesting early signs of stabilization. Structural factors, including slower population growth among newcomers, continued to weigh on new account volumes.

The risk mix of origination shifted modestly toward the highest-quality borrowers. Super prime remained the largest tier and strengthened in Q4 2025 (rising 5.3% year over year to 489,270), more than offsetting its prior-year decline and lifting its share of originations to just over 31%. Prime plus also posted a modest rebound (+2.6%) to 226,404, while subprime recovered slightly from 2024 lows (+3.6%) but remained below 2023 levels, suggesting lenders are still cautious at the riskier end of the market. By contrast, prime saw the sharpest pullback in 2025 (-8.7% to 279,815) and near prime also softened (-3.2% to 414,668), indicating the middle of the credit spectrum lost momentum, even as top-tier lending proved more resilient.

Issuers maintained a selective growth posture. Average new account credit lines increased modestly (+0.6% YoY to $6,381), while total credit lines expanded 6.1% year over year — outpacing balance growth (+3.5%). This indicated a continued focus on extending capacity to higher-quality borrowers while preserving flexibility and liquidity within portfolios.

Consumer behavior showed signs of adjustment. Outstanding balances grew modestly, but average balances (+0.7% YoY) and the number of consumers carrying a balance (-0.4% QoQ) suggested some moderation in revolving activity. This dynamic pointed to early stabilization in borrowing demand, particularly among higher-quality segments.

Delinquency trends reinforced this stabilization narrative, though not without pockets of risk. Consumer-level 90+ DPD delinquency remained stable year over year at 0.98%, while account-level delinquency edged up modestly. Notably, balance-level delinquency increased four bps year over year, indicating while the number of delinquent consumers was holding steady, the severity of delinquency — measured by dollars at risk — was rising.

Overall, the card market reflected a maturing credit cycle: Growth moderated, risk stabilized at elevated levels and performance was increasingly segmented. Lenders balanced disciplined underwriting with targeted growth as divergence persisted between resilient high-quality borrowers and more financially stretched consumers.

Installment Loan Summary

INSTALLMENT LOAN METRICS	Q1 2026	Q-O-Q Change	Y-O-Y Change
Number of Accounts	2.9M	(0.70%)	(1.39%)
Outstanding Balance	$52.2B	(0.99%)	1.38%
Average Balance	$18,247	(0.30%)	2.72%
Number of Consumers Carrying a Balance	2.7M	(0.85%)	(2.78%)
Origination Volumes (Q4 2025)	324.6K	(1.93%)	(7.79%)
Average New Account Balance	$18,589	(8.85%)	6.48%
Account Delinquency Rate (60+ DPD)	2.58%	(4 bps)	11 bps
Consumer Delinquency Rate (60+ DPD)	2.60%	(8 bps)	8 bps
Balance Delinquency Rate (60+ DPD)	1.57%	(6 bps)	(2 bps)

The installment loan market continued to move through a late-cycle transition, characterized by tightening credit supply, reduced borrower participation and a clear shift toward higher-quality lending. Account volumes declined 0.7% quarter over quarter and 1.4% year over year to 2.9 million, while the number of consumers carrying a balance fell more sharply (-2.8% YoY). This widening gap suggests lenders were increasingly selective, actively filtering out higher-risk borrowers — while a smaller pool of more creditworthy consumers maintained access to and utilization of installment credit.

At the same time, credit exposure became more concentrated. Outstanding balances grew modestly (+1.4% YoY) despite lower account volumes, with average balances rising 2.7% to $18,247. This trend was further reinforced by strong growth in average new account balances (+6.5% YoY), indicating newly originated loans were larger and skewed toward higher-quality borrowers. Together, these dynamics pointed to a structural shift in the market: Fewer loans but larger and more risk-adjusted exposures as lenders prioritize profitability, funding efficiency and credit quality.

Origination trends underscored this cautious stance. Volumes declined 7.8% year over year, reflecting both tighter underwriting and softer demand, particularly among near prime and subprime segments that have historically driven growth in this category. This pullback also aligned with recalibrated FinTech lending models and more constrained funding conditions, contributing to a more disciplined origination environment.

Credit performance, while still under pressure, began to stabilize. Account and consumer-level delinquency rates (60+ DPD) remained elevated at 2.58% and 2.60%, respectively, but both improved modestly quarter over quarter. Balance-level delinquency declined slightly year over year, suggesting while a subset of borrowers remains stressed, the severity of delinquency is no longer intensifying. This marks a shift from the rapid deterioration observed in 2023 and early 2024 toward a more normalized loss environment.

Notably, the divergence between account and balance delinquency trends points to a more concentrated risk profile. While fewer accounts are becoming delinquent, those that do tend to be associated with higher balances, reinforcing stress is increasingly isolated among financially vulnerable borrowers rather than broad-based across the portfolio.

For lenders, this environment reinforces the importance of precision in both growth and risk management. Opportunities remain in serving higher-quality borrowers with larger, structured loans, but sustained pressure in more vulnerable segments requires enhanced segmentation, tighter underwriting discipline and proactive portfolio monitoring. As the market continues to normalize, lenders that can effectively balance growth with risk — while adapting to a smaller, more concentrated borrower base — will be best positioned to navigate the next phase of the credit cycle.

Auto Loan Summary

AUTO LOAN METRICS	Q1 2026	Q-O-Q Change	Y-O-Y Change
Number of Accounts	6.2M	0.17%	0.07%
Outstanding Balance	$166.0B	(0.51%)	4.14%
Average Balance	$27,186	(0.59%)	4.10%
Number of Consumers Carrying a Balance	6.3M	0.04%	0.01%
Origination Volumes (Q4 2025)	416.0K	(11.71%)	(3.98%)
Average New Account Balance	$39,866	0.42%	2.05%
Account Delinquency Rate (60+ DPD)	0.89%	6 bps	4 bps
Consumer Delinquency Rate (60+ DPD)	0.96%	6 bps	4 bps
Balance Delinquency Rate (60+ DPD)	0.78%	7 bps	1 bps

The Canadian auto loan market entered 2026 in a more mature and selectively stable phase. Account volumes were essentially flat, up just 0.1% year over year to 6.2 million, while the number of consumers carrying an auto loan balance was also broadly unchanged. This stability in borrower participation suggests the market is no longer expanding meaningfully through new borrower growth. Instead, balance growth is being driven primarily by larger loan sizes, with outstanding balances rising 4.1% year over year to $166.0 billion and average balances also up 4.1% to $27,186.

Origination activity, however, remained under pressure. Q4 2025 originations declined 4.0% year over year and 11.7% quarter over quarter, indicating affordability constraints and lender selectivity continue to weigh on new loan production. At the same time, the average new account balance increased 2.1% year over year to nearly $39,900, reinforcing the pattern of fewer but larger loans. Taken together, these trends point to a market in which credit demand remains present, but access is increasingly concentrated among borrowers able to absorb higher monthly payments and financing costs.

Credit performance showed signs of strain, though not broad-based deterioration. Account and consumer delinquency rates (60+ DPD) both increased four basis points year over year, reaching 0.89% and 0.96%, respectively, while balance delinquency rose just one basis point to 0.78%. The larger quarterly increase across all delinquency measures suggested some near-term pressure was still working through portfolios, even if year-over-year deterioration remained relatively modest. This pattern indicates while the market remains fundamentally resilient, repayment stress is continuing to build gradually rather than reversing.

Overall, the auto finance market reflected a balancing act between stable portfolio size, rising exposure per loan and softening origination momentum. For lenders, this has several implications. First, growth is increasingly balance-driven rather than volume-driven, which can support receivables growth but also raises concentration risk if affordability weakens further. Second, the rise in delinquency — though still measured — suggests lenders should remain disciplined on underwriting, particularly as larger average loan balances leave less room for repayment disruption. Third, with originations declining but balances rising, portfolio performance will depend less on new loan growth and more on how effectively lenders manage existing book quality, pricing and collections.

For auto finance lenders, the priority through the rest of 2026 should be to balance selective growth with tighter risk calibration. Opportunities remain in prime and payment-capable segments, but sustained affordability pressure means approval, pricing, term and fraud controls must remain closely aligned to borrower repayment capacity. In this environment, lenders that can combine disciplined credit policy with more granular segmentation and early-warning portfolio monitoring will be best positioned to protect margins while capturing durable growth.

Lines of Credit Summary

LINE OF CREDIT METRICS	Q1 2026	Q-O-Q Change	Y-O-Y Change
Number of Accounts	12.6M	0.19%	0.58%
Outstanding Balance	$289.3B	0.42%	4.56%
Total Credit Lines	$804.6B	1.16%	5.32%
Average Balance	$41,069	0.56%	3.14%
Average Credit Line	$65,020	1.01%	4.71%
Number of Consumers With Access to an Active Trade	12.1M	0.06%	(0.37%)
Number of Consumers Carrying a Balance	7.1M	(0.40%)	0.78%
Origination Volumes (Q4 2025)	332.5K	(6.90%)	(4.92%)
Average New Account Credit Line	$86,555	3.46%	24.31%
Account Delinquency Rate (60+ DPD)	0.42%	(0 bps)	(1 bps)
Consumer Delinquency Rate (60+ DPD)	0.45%	(0 bps)	(1 bps)
Balance Delinquency Rate (60+ DPD)	0.44%	(1 bps)	(3 bps)

The line of credit (LOC) market continued to show stable, modest expansion into Q1 2026, with total accounts reaching 12.6 million (+0.6% YoY) and outstanding balances rising 4.6% to $289.3B, indicating steady utilization growth. Credit supply expanded slightly faster than balances as total credit lines increased 5.3% YoY and average credit lines rose 4.7%, suggesting lenders are continuing to extend capacity — likely concentrated among higher-quality borrowers. Average balances also increased 3.1%, reinforcing a gradual normalization in utilization rather than a sharp demand surge.

Consumer participation trends point to continued portfolio consolidation toward stronger borrowers. The number of consumers with access to an active LOC declined –0.37% YoY, while those carrying a balance grew +0.78% YoY, indicating deeper engagement among existing users even as marginal or lower-engagement accounts exit. At the same time, origination volumes declined (–4.9% YoY in Q4 2025), highlighting tighter underwriting or reduced demand for new accounts. However, this was offset by a significant increase in average new account credit lines (+24.3% YoY) — a clear signal new lending is skewing toward higher-income, equity-rich consumers and larger-ticket borrowing.

Credit performance remains strong and stable; 60+ DPD delinquency rates were effectively flat to slightly improved across account (0.42%), consumer (0.45%) and balance (0.44%, –3 bps YoY) measures, consistent with a high-quality borrower mix and limited stress in this portfolio segment despite broader affordability pressures.

Looking ahead, continued rate normalization and growing homeowner equity levels are expected to support further growth, particularly in HELOCs. As elevated mortgage rates persist, limiting refinancing activity, banks are positioning LOCs as a flexible, low-friction liquidity solution tied to home equity, deepening engagement and share of wallet. The simultaneous decline in consumers with access (–0.37%) and increase in those carrying balances (+0.78%) further reinforces a more concentrated, higher-value portfolio where utilization is rising among fewer but more profitable and lower-risk borrowers.

Mortgage Loan Summary

MORTGAGE LOAN METRICS	Q1 2026	Q-O-Q Change	Y-O-Y Change
Number of Accounts	6.6M	(0.47%)	(0.44%)
Outstanding Balance	$1914.8B	0.15%	3.85%
Average Balance	$290,528	0.63%	4.26%
Number of Consumers Carrying a Balance	8.6M	(0.46%)	(0.03%)
Origination Volumes (Q4 2025)	291.3K	(5.49%)	11.92%
Average New Account Balance	$368,257	0.16%	3.63%
Account Delinquency Rate (60+ DPD)	0.28%	0 bps	3 bps
Consumer Delinquency Rate (60+ DPD)	0.29%	0 bps	3 bps
Balance Delinquency Rate (60+ DPD)	0.29%	1 bps	6 bps

Canada's mortgage market continues to reflect gradual stabilization with underlying pressure points emerging in early 2026. Total account volumes declined modestly (–0.4% YoY to 6.6 million), while outstanding balances increased 3.9% to $1.91T, driven by sustained growth in loan sizes rather than new borrower expansion. The average mortgage balance rose 4.3% YoY to $290,528, indicating affordability constraints remained firmly embedded, with borrowers continuing to take on larger obligations to access or retain homeownership.

Origination activity showed a mixed dynamic. While Q4 2025 volumes increased 11.9% YoY, signaling a rebound in housing finance activity, volumes declined –5.5% quarter over quarter, suggesting momentum softened toward the start of 2026. The average new mortgage size increased 3.6% YoY to $368,257, reinforcing the persistence of elevated home prices and larger borrowing needs, even as overall market activity remains sensitive to interest rate conditions.

Borrower participation remained largely stable but not expanding, with the number of consumers carrying a mortgage balance essentially flat (+0.03% YoY), indicating growth is being driven more by intensification within the existing borrower base rather than broad-based market entry.

Credit performance remained strong but showed early signs of normalization. Delinquency rates remained low in absolute terms (0.29% at the consumer level and 0.28% at the account level) but have edged up modestly (+3 bps YoY), with balance-level delinquency rising slightly more (+6 bps YoY). This suggests while most borrowers remain resilient, pressure is gradually building, particularly as higher-rate renewals continue to flow through to household cash flows.

Canada's mortgage market is characterized by high credit quality and structural resilience, supported in part by the mortgage stress testing framework — which continues to screen borrowers against higher qualifying rates. This discipline is helping ensure that even as balances grow and delinquency rates edge up modestly, the overall borrower base remains well positioned to absorb payment shocks. The combination of stable participation, rising average loan sizes and only gradual normalization in delinquency suggests portfolio risk remains contained despite affordability pressures and higher renewal rates. For lenders, this underscores the importance of leveraging strong borrower quality to manage through the current cycle — while continuing to focus on risk-adjusted growth, renewal retention and proactive engagement with borrowers approaching higher-rate resets.

Report Overview and Definitions

The TransUnion Industry Insights Report is a quarterly overview summarizing data, trends and insights on the Canadian consumer lending industry.

Data pulled from TransUnion's consumer credit database of nearly 30 million files — which profile nearly every credit-active consumer in Canada.

Full view of all data records (not a sample) over the most recent nine quarters.

Both account-level and consumer-level views of key metrics and trends.

Data and trends for the national population overall, as well as breakdowns within consumer credit score risk tiers.

Analysis of individual consumer loan product types: bankcard, installment loan, auto loan and line of credit, as well as aggregate views of all revolving and all non-revolving loans

Risk Tier Definitions

RISK TIER	CREDITVISION RISK SCORE RANGE
Super prime	800+
Prime plus	760–799
Prime	720–759
Near prime	640–719
Subprime	300–639

Product Definitions

PRODUCT CATEGORY	DEFINITION
Bankcard	Revolving account, open account or line of credit reported by a bank, finance company, national card or credit union; loan types include credit card, business credit card and secured credit card
Installment	Secured or unsecured fixed payment loans reported by a bank, finance company or credit union, or department store, furniture store, appliance store, home improvement store
Auto	Loans reported by an auto dealer or auto finance company for financing of new and used vehicles; loan types include auto loans and auto leases

PRODUCT CATEGORY	DEFINITION
Line of Credit	Revolving account, open account or line of credit reported by a bank, finance company, national card or credit union; can be secured or unsecured
All Revolving Loans	All revolving accounts, open accounts or line of credit accounts, including the above bankcard and line of credit categories, as well as other revolving-type accounts not included in the above categories, including private label credit cards
All Non-Revolving Loans	All installment accounts and fixed payment accounts, including the above *installment and auto categories, as well as other non-revolving accounts not included in the above categories, including student loans and other installment loans

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Data Definitions

DATA CATEGORY	DEFINITION
Total Account Volumes	Total number of accounts that are open or closed-with-a-balance or closed-and-delinquent at quarter-end
Total Account Balances	Total dollar amount of accounts that are open or closed-with-a-balance at quarter-end
Total Credit Lines	Total dollar amount of the credit lines of open revolving-type accounts at quarter-end
Total Open-to-Buy	Total dollar amount of the open-to-buy (open account credit lines minus balances) of open revolving-type accounts at quarter-end
Average Account Balance	Total account balances divided by the number of open-with-a-balance and closed-with-a-balance accounts at quarter-end
Average Credit Line	Total credit lines divided by the total number of open revolving-type accounts with a credit line greater than zero at quarter-end
Average Open-to-Buy	Total open-to-buy divided by the total number of open revolving-type accounts with a credit line greater than zero at quarter-end
Unit Delinquency Rates	Total number of delinquent open and closed accounts (including accounts in credit counselling, repossession or charge-off) at quarter-end divided by the total number of open or closed-with-a-balance or closed-and-delinquent accounts
Dollar Delinquency Rates	Total dollar amount of delinquent open and closed accounts (including accounts in credit counselling, repossession or charge-off) at quarter-end divided by the dollar balances of open or closed-with-a-balance accounts
Total New Account Volumes	Total number of new accounts reported opened during the calendar quarter
Total New Account Balances	Total dollar balances of new accounts reported opened during the calendar quarter, including open and closed-with-a-balance accounts at quarter-end
Total New Account Credit Lines	Total dollar amount of the credit lines of new, open revolving-type accounts reported opened during the calendar quarter at quarter-end
Total New Account Open-To-Buy	Total dollar amount of the open-to-buy (open account credit lines minus balances) of new, open revolving-type accounts reported opened during the calendar quarter at quarter-end
Average New Account Balance	Total new account balances divided by the number of new accounts open-with-a-balance and closed-with-a-balance reported opened during the calendar quarter
Average New Account Credit Line	Total new account credit lines divided by the total number of new, open revolving-type accounts reported opened during the calendar quarter

DATA CATEGORY	DEFINITION
Average New Account Open-to-Buy	Total new account open-to-buy divided by the total number of new, open revolving-type accounts reported opened during the calendar quarter
Number of Consumers With Access to an Active Trade	Total number of consumers with access to at least one open revolving-type account, including authorized account users, at quarter-end
Number of Consumers With a Balance Present	Total number of consumers with at least one open or closed account with a balance greater than zero, not including authorized users, at quarter-end
Percentage of Borrowers With a Delinquent Balance	Total number of consumers with at least one open or closed account with a past-due balance greater than zero (30+, 60+, 90+ days past due) divided by the number of consumers with at least one open or closed-with-a-balance account at quarter-end
Average Number of Accounts per Consumer	Total number of open and closed-with-a-balance accounts divided by the total number of consumers with at least one open or closed-with-a-balance or closed-and-delinquent accounts at quarter-end
Average Total Balance per Consumer, of Consumers With a Balance	Total dollar balances of all open and closed accounts divided by the number of consumers with at least one open or closed account with a balance or closed account that is delinquent at quarter-end
Average Credit Line per Consumer, of Consumers With a Credit Line	Total dollar credit lines of all open revolving-type accounts divided by the number of consumers with at least one open account with a credit line greater than zero at quarter-end
Average Open-To-Buy per Consumer	Total dollar open-to-buy of all open revolving-type accounts divided by the number of consumers with at least one open account with a credit line greater than zero at quarter-end
Number of New Collections Accounts	Total number of new collections accounts reported during the quarter
Total New Collections Account Dollars	Total dollar amount of new collections accounts reported during the quarter

Report Generation Timing

Each quarter's data and calculations are generated from the data available on the last day of the quarter. There's typically a time lag between a new account opening date and when lenders report new accounts to credit reporting companies. As a result of this time lag, a significant number of new accounts opened during a quarter may not yet be reported as of the quarter-end date. In order to enable more accurate and robust reporting of new accounts, all new account counts and balances in this report are measured one quarter in arrears, with the latest quarter of data reflected being the quarter prior to the current report date.

A note about the calculation of Total Utilization

To derive Total Utilization, we use the following formula:

$$\text{Total Utilization} = 1 - \left[\frac{\text{Total Open-to-Buy}}{\text{Total Credit Lines}}\right]$$

We do not calculate utilization as the ratio of Total Balance to Total Credit Lines because the Total Balance measure includes balances on closed accounts that have balances, while Total Credit Lines are zeroed out for closed accounts. Credit lines are only calculated where credit is actually available — a closed account cannot be used for further purchases and hence, should have a credit line of $0. Thus, calculating Total Utilization as total balances divided by total credit lines may lead to inaccurate utilization rates under certain circumstances.