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TRANSUNION CREDIT INDUSTRY INSIGHTS REPORT

Quarterly Overview of Consumer Credit Trends Released by TransUnion Canada

Fourth Quarter 2023

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 9 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 a 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
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

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

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DATA CATEGORY	DEFINITION
	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
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

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DATA CATEGORY	DEFINITION
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 is 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 complete 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:

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

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.

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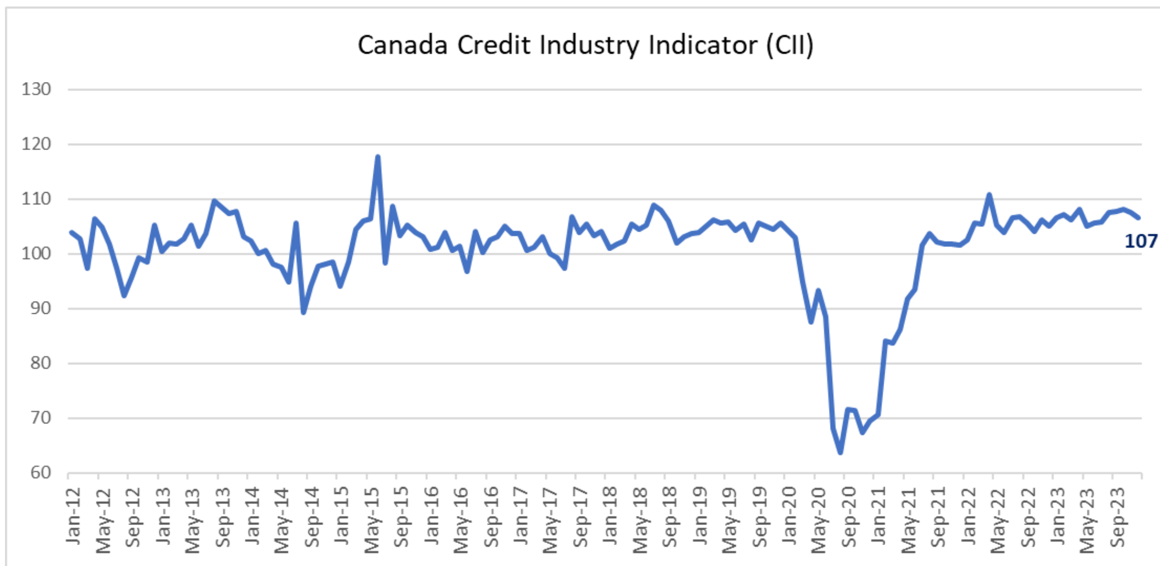
Executive Summary

Canada Credit Industry Indicator



TransUnion's Credit Industry Indicator (CII) is a measure of consumer credit health in Canada — which is an integral part of our Credit Industry Insights Report (CIIR) package. The CII is a Canada-specific measure of depersonalized and aggregated consumer credit health trends that summarizes movements among credit demand, credit supply, consumer credit behaviours and credit performance metrics over time into a single indicator.

The CII comprises key metrics, such as consumer demand, lender supply, consumer performance and delinquency, and consumer behaviour. Some examples include credit inquiry volumes, account origination volumes, balance changes and delinquency rates. The indicator itself is an aggregator of variables that describe overall credit market health. The CII is an ongoing component of our CIIR and provides a way for lenders to benchmark their portfolios and look at trends in the market.

The chart above shows the CII over time, stretching back to 2012. As we see from the right-hand side of the chart, there was a very sharp drop at the start of the pandemic followed by a rebound off the lows. In Q4 2023, the CII declined from the prior quarter but was up two points year over year. The recent decline was due to rising delinquencies, as well as the slowing of originations across products.

It's important to note the CII is not an index, so it should not be seen as an absolute measure of whether the credit market is healthy or not. Rather, the current CII should be viewed in comparison to prior periods to understand the direction the market is moving, where it's trending, and how the underlying variables are impacting the indicator.

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Macroeconomic consumer trends

Economic growth is expected to slow in 2024 as the full impact of past interest rate hikes materializes. However, there's increased optimism for a soft landing and avoided recession despite higher interest rates. A cutback in consumer spending will be a key driver behind an economic downturn. Mounting mortgage renewals will push households to cut spending and begin a deleveraging cycle. Real disposable incomes will come under pressure from still-elevated consumer prices, slowing wage growth, mounting job losses and reduced working hours.

Inflation is also a risk to economic growth as totals remained above the Bank of Canada's 2% target rate. The Consumer Price Index (CPI) rose 3.4% on a year-over-year basis to end 2023 — following a 3.1% increase in November. Mortgage interest costs remained the number one driver of inflation on a yearly basis (up 28.6%), although monthly increases are cooling somewhat (still up 1.8% m/m). Excluding this one component, inflation was a mild 2.5% year over year. As a result, the Bank of Canada is likely to keep interest rates higher for longer and unlikely to lower rates within the first half of the year.

Inflation has remained elevated for nearly three years, and the cost of living has increased dramatically during this time. This is reflected in balance growth across lending products as totals have now increased across the board over multiple quarters. While the upward trend is slowing, total balances continue to set all-time highs. Increased debt levels have resulted in the continued rise in average monthly minimum payment due obligations for consumers. These rising balances coupled with higher interest rates have pressured consumers. This is demonstrated within TransUnion's Aggregate Excess Payment (AEP) totals which reflect a declining percentage of consumers making payments beyond the minimum due each month.

Historically, strength in the job market and positive real wage growth have helped consumers address higher debt obligations. Latest data suggests Canadian labour market conditions are tightening slightly into 2024 due to a somewhat better than expected increase in employment but also a further decline in labour force participation. The unemployment rate is not rising as quickly as previously expected given the sluggish trend in GDP, although a stabilization or rebound in participation combined with only modest employment growth could still take the jobless rate above 6% by mid-year. Job market strength and real wage growth will remain essential to consumer health in 2024.

As we entered 2023, the outlook for consumer credit was a significant slowdown in the economy was highly likely due to high inflation and rising interest rates. However, the economy remained resilient in the rising interest rate environment, inflation cooled and we continued to see positive economic growth. As 2024 progresses, we're likely to see slower growth as the impact of higher interest rates works its way through the economy. Interest rates are likely to remain elevated throughout the year but will likely come down from their current levels in the summer as the rate of inflation continues to cool. The key factor for consumers will be whether the job market remains strong and if real wage growth remains positive. Any weakness in those areas could make it difficult for consumers to manage increased debt levels in 2024.

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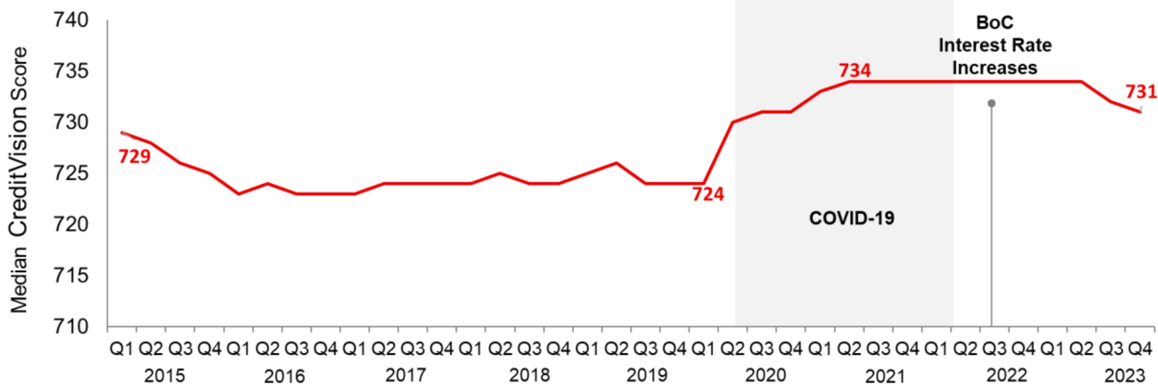
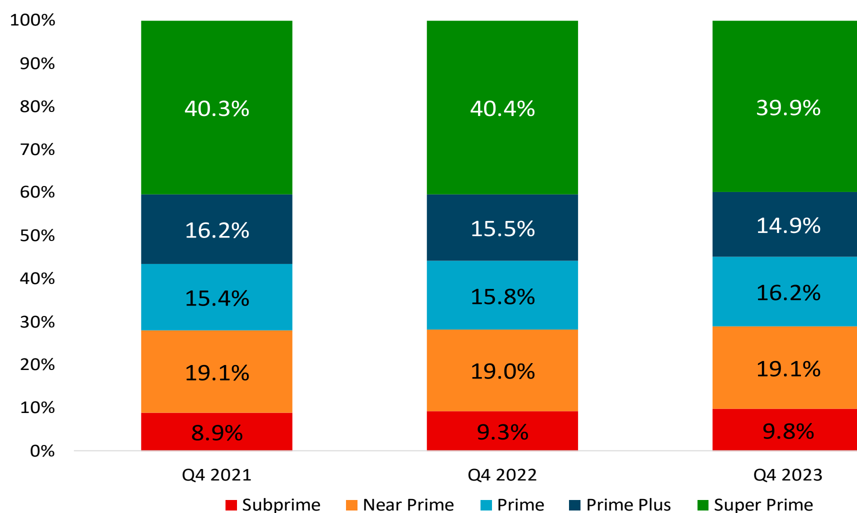
Risk scores and distributions

Median CreditVision® scores are flattening out after a spike through the pandemic as growth accelerated thanks to lender programs, lower interest rates, and government stimulus programs that provided excess liquidity to consumers. Consumers utilized these funds to pay down balances, lower utilization rates and reduce or avoid delinquency — factors that comprise a significant portion of the score calculation. In so doing, many consumers were able to improve their credit scores and in some cases, move to higher credit risk tiers. Median scores fell in Q4 2023, decreasing to



731 but well above pre-pandemic levels. While balances have been increasing across products, credit lines have also increased. This has kept utilization rates in line with longer-term levels. The increased delinquency rates have slowed the upward trend, and a number of consumers have returned to their prior risk tiers.

The consumer risk distribution is reflected in the chart below — which also shows some downward pressure in the distribution of consumer risk in the Canadian credit market. As a result of prolonged effects of high rates and inflation, we've started to see a shift in the risk distribution of Canadians. The proportion of consumers below prime increased 6% from the prior year, while the proportion of prime and better only grew 3%. Part of this stems from the impact of newer consumers who typically begin their credit journeys with higher scores, and part reflects a portion of consumers are reverting to their previous risk tiers as they've been impacted by rising balances and higher delinquency. While we see this shift reflecting some vulnerability in a segment of Canadians, the vast majority of Canadian credit consumers remain prime or above, and this has stayed consistent over a decade.



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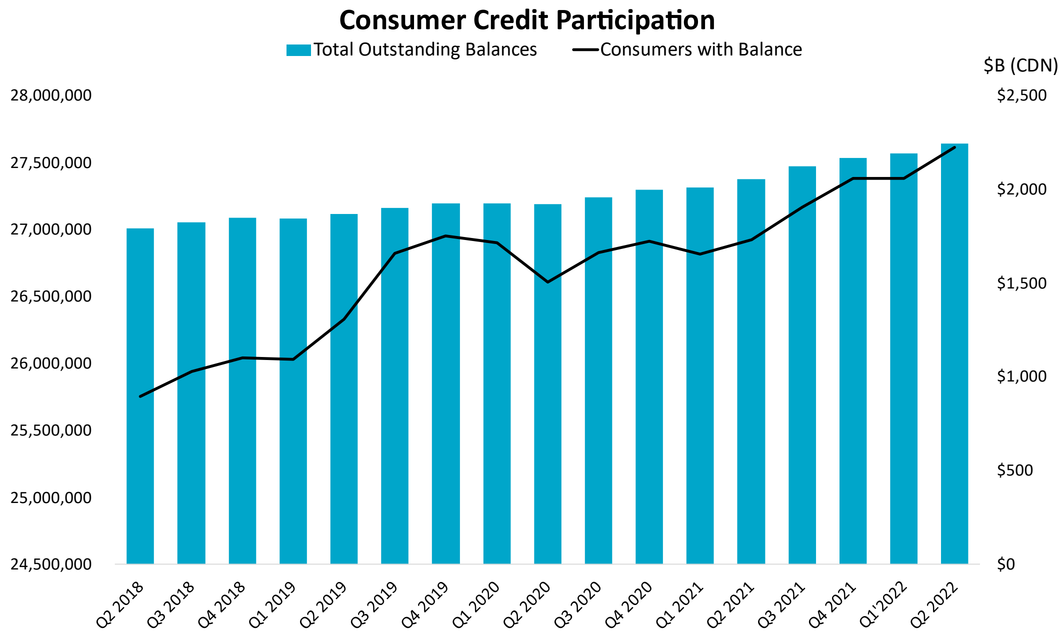
Total consumer balances and participation

Total consumer balances and participation continued their upward trends in Q4 2023 as total outstanding balances and number of consumers with a balance increased. The chart below presents a year-over-year look at these trends stretching back to Q2 2018.

If we look at the totals over the past two years, we see total balances increased $590 billion. This represents a 6% average growth rate over that period. In addition, another 3.4 million consumers became credit active over the past two years. Part of this increase in cards is the growth of new Canadians entering the country, as well as Gen Z consumers entering the credit market for the first time. New Canadians represented $3.5 billion in new outstanding balances, while new-to-credit consumers represented $1 billion in growth. So, we continue to see a relatively healthy and expanding market — even with the challenges of inflation and a higher interest rate environment.



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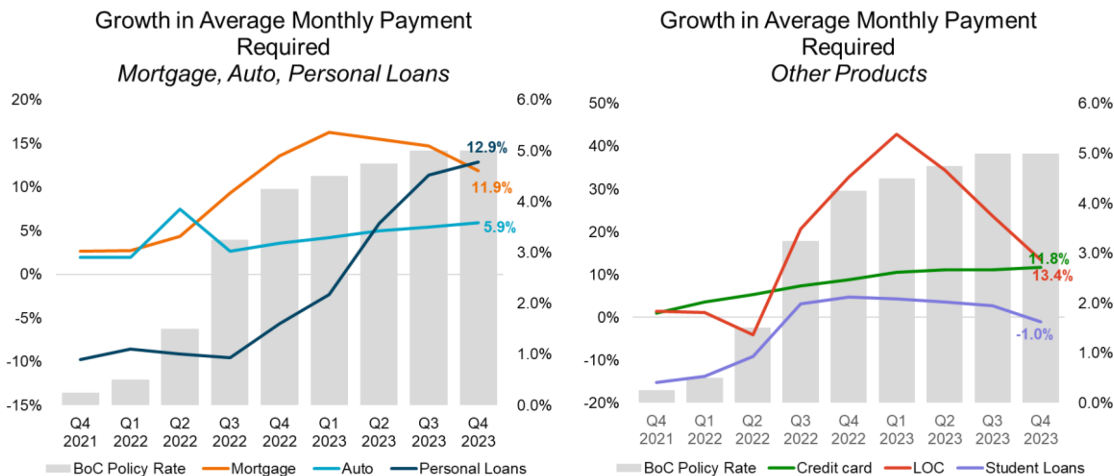
Average minimum payment due per consumer

While the rate of inflation has been slowing, levels continue to exceed the Bank of Canada's 2% target rate. The overall cost of living in Canada has increased dramatically as inflation exceeded the Central Bank's target rate every month for over two years. The increasing cost of living has translated into rising balances across products. We have now experienced multiple quarters where balance growth has been reflected across products. While the reasons behind the upward trend in balances differ for each product, the overall rise has been significant.

As balances (and therefore, debt obligations) surge across products, it's translating into ever-increasing minimum, monthly payments due for consumers — as shown by the chart below. Rising minimum payment obligations have pressured consumers, though strength in the job market and positive real wage growth have helped them address this challenge.



Source: TransUnion Canada consumer credit database, Bank of Canada

Originations

Lenders have tightened underwriting standards in recent months. This is reflected within origination totals which declined across most products. These year-over-year declines were led by lines of credit (-15.1%), unsecured personal loans (-2.5%) and mortgages (-3%), while credit cards (+14%) and auto financing (+3.1%) bucked the downward trend with continued origination growth. Origination growth occurred across the risk spectrum with prime and above originations slightly higher (+12%) than below prime volume (+10%).

Credit cards and auto loans also grew in terms of loan amount provided with new card limits up 1.5% from prior year and auto loan amounts up 1% YoY.

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Delinquencies

The economy weathered a few major pitfalls since the pandemic, including high cost of living, supply chain shortages and housing dynamics that drove up prices, as well as headwinds from rising rates. While Canada's credit market has been resilient overall, we continue to see segments of consumers become less resilient as these conditions wear on over time. Defaults picked up in 2023 and will likely increase into 2024 among weaker borrowers.

Overall serious consumer-level delinquency (proportion of consumers with a delinquency greater than 90 DPD) increased 15 bps YoY to 1.66%. The velocity of these increases in delinquency grew for the third consecutive quarter. However, these performance numbers are still below pre-pandemic delinquency rates. As the volume of credit participation increases, we expect to see a subsequent uptick in delinquency rates reflective of an active credit market in Canada.

Another trend we're observing during this economic cycle is a rise in first-time defaulters (defined as consumers who have defaulted on at least one loan for the first time). The number of consumers in Canada who have defaulted for the first time increased 8% from the prior year. In all, first-time defaulters made up over 20% of all consumers in early-stage delinquency. This poses a unique challenge for lenders in that this is an early warning signal of potential risk. However, as many of these consumers may just be experiencing temporary financial stress, once they regain their economic footing, lenders may consider their abilities to become good profitable customers again — making communication with this segment very important.

The impact of delinquency is not uniform as geographic location plays a pivotal role, leading to distinct challenges for national and local lenders. Alberta's credit market seemed to be the most vulnerable, leading all Provinces in total non-mortgage balances as well as delinquency rates, whereas Quebec had amongst the lowest average non-mortgage balance per consumer and lowest delinquency rates.

	Non-Mortgage Balance		Non-Mortgage 90+ DPD	
	Q4 2023	% Y/Y	Q4 2023	bps Y/Y
Canada	**$ 25,944**	**-0.98%**	**1.65%**	**15**
AB	$ 28,615	-3.76%	2.10%	10
NL	$ 28,146	0.16%	1.89%	2
PEI	$ 27,777	1.84%	1.81%	15
BC	$ 27,694	-1.61%	1.59%	4
SK	$ 27,035	-1.94%	1.92%	5
ON	$ 26,970	-0.37%	1.70%	23
NS	$ 24,482	-0.78%	1.97%	-1
NB	$ 23,855	-4.89%	2.12%	6
QC	$ 22,386	-0.16%	1.17%	14
MB	$ 20,583	0.44%	2.00%	20

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Bankcard Summary

BANKCARD METRICS	Q4 2023	Q-O-Q Change	Y-O-Y Change
Number of Accounts	47.6MM	1.35%	6.96%
Outstanding Balance	$114.2B	4.72%	13.16%
Total Credit Lines	$458.0B	2.29%	10.49%
Average Balance	$3,088	2.71%	6.07%
Average Credit Line	$9,762	0.95%	2.93%
Number of Consumers with Access to an Active Trade	27.6MM	1.04%	3.74%
Number of Consumers Carrying a Balance	24.1MM	1.12%	4.18%
Origination Volumes (Q3 2023)	1.9MM	6.26%	14.04%
Average New Account Credit Line	$5,771	(3.17%)	1.45%
Account Delinquency Rate (90+ DPD)	0.55%	4 bps	5 bps
Consumer Delinquency Rate (90+ DPD)	0.84%	7 bps	8 bps
Balance Delinquency Rate (90+ DPD)	0.97%	9 bps	12 bps

Bankcard originations grew 14% year over year and maintained momentum, increasing 6.3% from the previous quarter. Originations grew across all risk tiers — led by prime increasing 21.3% year over year followed by subprime at 15.6%. Prime and better tiers accounted for 63.8% of all originations in Q2 2023, a slight decrease from 63% in Q2 2022.

A record 27.6 million consumers had access to an active bankcard — with 24.1 million consumers carrying a balance (up 4.2% from the previous year as average monthly payment amounts shrank in recent months). Total credit limit issued set a new record at $114.2 billion, increasing 13.2% year over year and 4.7% quarter over quarter. Significant increases in the overall cost of living since early 2021 have been a major factor in rising balances. In addition, job market strength and consumer spending also played a role in the recent climb in total balances.

Total balance growth was reflected across the risk spectrum with year-over-year growth led by subprime (15.1%) followed by super prime (13.2%), near prime (10%), prime (8.5%) and prime plus (7.6%). The average balance per consumer continued to climb, increasing for the second consecutive quarter to $3,088. This represented an increase of 6.1% year over year and 2.8% quarter over quarter.

Overall pressure on the consumer related to the higher cost of living and lower savings rates contributed to the rise in bankcard delinquency rates. Bankcard serious consumer-level delinquency totals (90+ DPD) continued to climb higher to 0.84%. Totals increased 8 bps year over year and 7 bps quarter over quarter. Dollar weighted delinquency (% balance 90+ DPD) also increased 12 bps to 0.97%. Delinquency rates remained below pre-pandemic levels.

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Installment Loan Summary

INSTALLMENT LOAN METRICS	Q4 2023	Q-O-Q Change	Y-O-Y Change
Number of Accounts	2.9MM	(0.32%)	(2.60%)
Outstanding Balance	$49.2B	0.37%	2.57%
Average Balance	$17,291	0.73%	5.81%
Number of Consumers Carrying a Balance	2.7MM	(0.48%)	(3.54%)
Origination Volumes (Q3 2023)	343.1K	(5.68%)	(3.98%)
Average New Account Balance	$18,690	(1.82%)	8.18%
Account Delinquency Rate (60+ DPD)	2.05%	6 bps	3 bps
Consumer Delinquency Rate (60+ DPD)	2.09%	7 bps	7 bps
Balance Delinquency Rate (60+ DPD)	1.21%	13 bps	25 bps

Unsecured personal loan originations reflected slowing growth over the past several quarters as lenders reduced exposure to below prime tiers. For Q3 2023, originations declined almost 4% year over year and 6% quarter over quarter. While originations declined, the 343 thousand total remained elevated in long-term comparisons. All risk tiers saw an origination decline in Q3 2023 — led by prime plus decreasing 7.9% year over year followed by subprime (-5.6%), near prime (-3.3%) and super prime (-2.4%).

While originations declined, total outstanding balances surged to $49.2 billion. This represented an increase of 2.6% year over year and 0.4% over the previous quarter. Year-over-year total balance growth was seen across the risk spectrum and was led by super prime (34.8%) followed by prime plus (10.3%), subprime (8.5%), prime (4.8%) and near prime (1.4%).

The number of consumers carrying an unsecured personal loan balance fell 3.6% year over year and 5.7% over the previous quarter to 2.7 million. The average new account balance increased (8.2%) to $18,690. This total declined (-1.8%) as compared to the previous quarter, however. FinTech lenders saw the highest growth in new balances (15%), while their share of total new balances lagged other lender categories. FinTech share of new balances in Q3 2024 was 9.1% (+87 bps YoY) compared to secondary banks and credit unions at 40.3% (-227 bps), and major banks at 50.6% (+142 bps YoY).

The serious consumer-level delinquency rate (60+ DPD) remained significantly elevated at 2.09%, deteriorating 7 bps YoY and 7 bps QoQ. In addition, vintage performance has shown improved slight deterioration in newer vintages. Changes to lender origination strategies over the past few quarters impacted delinquency rates and are likely to continue in the months ahead. As lenders navigate elevated levels of delinquency and a potential slowing rate of economic growth, they may choose to remain conservative in their origination and portfolio distribution strategies.

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Auto Loan Summary

AUTO LOAN METRICS	Q4 2023	Q-O-Q Change	Y-O-Y Change
Number of Accounts	6.2MM	(0.35%)	(1.90%)
Outstanding Balance	$151.8B	1.20%	4.23%
Average Balance	$24,670	1.44%	6.30%
Number of Consumers Carrying a Balance	6.3MM	(0.27%)	(2.05%)
Origination Volumes (Q3 2023)	442.4K	(2.38%)	3.08%
Average New Account Balance	$38,282	0.59%	0.32%
Account Delinquency Rate (60+ DPD)	0.85%	4 bps	8 bps
Consumer Delinquency Rate (60+ DPD)	0.92%	4 bps	9 bps
Balance Delinquency Rate (60+ DPD)	0.73%	5 bps	14 bps

Auto sales continued to recover, driving up loan volume as pent-up demand continued to overcome high interest rates and economic concerns. While inventories remained tight in a couple of critical segments, the market is moving back into a more normal environment in which demand (rather than just supply) plays a more central role in determining sales volumes. Auto origination volumes grew 3.1% year over year. Originations ended the quarter at 442 thousand. In year-over-year terms, origination growth was limited to the super prime and prime tiers which increased 10.7% and 4.3%, respectively. All other tiers saw negative year-over-year growth — led by subprime (-4.6%), prime plus (-1.6%) and near prime (-0.4%).

Auto balances ended Q3 2023 at $152 billion, representing a 4.2% year-over-year and 1.2% quarter-over-quarter increase. While the number of accounts decreased slightly, total balances saw a more significant rise due to higher average balances for newer accounts. Year-over-year average balance growth was led by subprime (8.5%) followed by near prime (6%), super prime (6%), prime plus (5.8%) and prime (5.7%).

The new vehicle market improved; however, high interest rates continued to help drive up monthly payments for both used and new vehicles. As interest rates and cross-wallet inflation are likely to remain relatively high for at least a while longer, affordability will continue to be a challenge.

Auto serious consumer-level delinquency totals (60+ DPD) increased 9 bps year over year and 4 bps quarter over quarter to 0.92%. Account totals remained below their highs from 2020, which was a contributing factor to the recent rise in delinquency rates — as the number of accounts forms the denominator in this calculation. Vintage delinquency curves also reflected recent weakness in comparison to previous years. However, this was primarily concentrated within the below prime vintages as prime and better vehicle vintages performed well in comparison to previous cohorts.

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Lines of Credit Summary

LINE OF CREDIT METRIC	Q4 2023	Q-O-Q Change	Y-O-Y Change
Number of Accounts	12.2MM	0.54%	2.86%
Outstanding Balance	$264.8B	0.36%	(0.11%)
Total Credit Lines	$726.5B	0.47%	1.98%
Average Balance	$39,043	0.12%	(2.28%)
Average Credit Line	$60,399	(0.08%)	(0.71%)
Number of Consumers with Access to an Active Trade	11.9MM	0.23%	1.59%
Number of Consumers Carrying a Balance	7.0MM	(0.14%)	0.03%
Origination Volumes (Q3 2023)	351.1K	(9.15%)	(15.11%)
Average New Account Credit Line	$59,694	6.27%	(6.00%)
Account Delinquency Rate (60+ DPD)	0.34%	4 bps	10 bps
Consumer Delinquency Rate (60+ DPD)	0.37%	4 bps	11 bps
Balance Delinquency Rate (60+ DPD)	0.43%	5 bps	15 bps

Lines of credit (LOCs) continued to lag in both new account volume and balances. In Q4 2023, account volume had a modest increase of 2.9% compared to the prior year's quarter as growth was inhibited by slowing originations driven by higher interest rates. The number of consumers carrying a balance was relatively flat at 0.03%, and of those who had a balance, the average balance decreased by 2.3%. Contributing to these flat account and balance trends, originations in Q3 2023 were down -15.1% compared to the prior year period, while average new loan amounts fell 6% YoY. Homeowners continued to enjoy near-record levels of equity. As interest rates inevitably fall, we're likely to see improvement in home equity originations in coming quarters.

On the delinquency front, the national 60+DPD rates increased but still remained low. Consumer-level delinquency was up 11 bps to 0.37% year over year. Similarly, balance delinquency was also up 15 bps to 0.43%. It's important to note these delinquency rates were still at relatively low levels, which is in line with the risk profile of the LOC borrower: Nearly 60% of balances in Q4 2016 were held by borrowers in the super prime and prime plus risk tiers.

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Mortgage Loan Summary

MORTGAGE LOAN METRICS	Q4 2023	Q-O-Q Change	Y-O-Y Change
Number of Accounts	6.5MM	(0.08%)	0.15%
Outstanding Balance	$1762.9B	0.44%	2.60%
Average Balance	$270,865	0.62%	2.76%
Number of Consumers Carrying a Balance	8.6MM	(0.11%)	(0.36%)
Origination Volumes (Q3 2023)	256.1K	2.83%	(3.00%)
Average New Account Balance	$359,288	6.52%	(2.03%)
Account Delinquency Rate (60+ DPD)	0.21%	2 bps	3 bps
Consumer Delinquency Rate (60+ DPD)	0.22%	2 bps	3 bps
Balance Delinquency Rate (60+ DPD)	0.16%	3 bps	6 bps

Canada's housing market downturn continued through the second half of 2023. Most markets remained in correction mode with high interest rates and mounting economic uncertainty holding back homebuyer demand. Mortgage demand continued to be muted as the Bank of Canada's series of interest rate increases negatively impacted the mortgage market. Mortgage originations ended Q3 2023 at 256 thousand, a decline of 3% year over year. Mortgage originations in recent quarters have been heavily weighted toward purchases as opposed to refinances. This is due in large measure to the rising interest rate environment which has dramatically reduced demand for rate-and-term refinances.

While mortgage originations were down and account growth was relatively flat, mortgage balances increased to $1.8 billion. This represented a 2.6% increase year over year. Limited supply has been the primary factor in maintaining home prices at current levels, even within a rising interest rate environment.

As housing prices increased, so did the average mortgage balance per consumer (increasing 2.8% year over year to $270,865). This also represented a 0.6% increase over the previous quarter.

Serious consumer-level delinquency rates (90+ DPD) have climbed in recent months. In Q3 2023, consumer-level delinquency increased 3 bp year over year to 0.21%. On the positive side, mortgage remained at the top of the payment hierarchy. In addition, with near-record levels of homeowner equity, consumers are going to prioritize keeping their homes. Delinquency rates have been increasing, but their rise has also been limited by job market strength, as well as an increasing percentage of 760+ consumers. In Q3 2024, 62.2% of mortgage accounts were held by consumers with credit scores of 760 and higher as the mortgage qualifying rules put in place in 2018 continue to support a strong mortgage market from a risk perspective. Mortgage delinquency rates are likely to continue to go higher in the months ahead but will remain significantly depressed in long-term comparisons, so the level of risk in the portfolio is low.

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