

Canadian Consumer Credit Trends

Q4 2014

Prepared by: Equifax Analytical Services

About Equifax Inc.

Equifax is a global leader in consumer, commercial and workforce information solutions that provide businesses of all sizes and consumers with insight and information they can trust. Equifax organizes and assimilates data on more than 500 million consumers and 81 million businesses worldwide, and uses advanced analytics and proprietary technology to create and deliver customized insights that enrich both the performance of businesses and the lives of consumers.

Headquartered in Atlanta, Equifax operates or has investments in 18 countries and is a member of Standard & Poor's (S&P) 500® Index. Its common stock is traded on the New York Stock Exchange (NYSE) under the symbol EFX. For more information, please visit www.equifax.com.

The graphs contained in this report are for informational purposes only. Equifax Canada Co. makes no representation, claim, warranty, or guarantee in respect of the information contained herein.

© 2014 Equifax Canada Co. All rights reserved.

Contributors

Regina Malina, Senior Director, Decision Insights

Regina's background is in statistical analysis, campaign management and research with over 15 years of experience across various industries. Before joining Equifax as Director of Modeling and Analytics, she held senior analytics and customer and data insights roles at various organizations including Bank of Montreal, Loyalty One, and Intact Insurance (formerly ING Insurance). Regina brings knowledge from many industries including retail, financial, pharmaceutical, CPG and insurance. In her past roles, she developed statistical solutions, oversaw analytical and measurement projects, and assisted in the specification of best CRM practices related to campaign management, business intelligence application and data mining, ensuring optimal targeting for marketing communications. Regina holds a Master of Science degree in Statistics.

Tara Zecevic, Vice President, Decision Solutions

Tara has over 17 years of progressive experience within the financial services sector with a strong consultative approach to crafting solutions in both established and emerging markets. Tara's career has spanned marketing solutions, sales and product management for fraud, analytic and decisioning solutions. Tara has an Hon. B. Sc. and Certificate in Human Resources from University of Toronto. She currently sits on the Credit Canada Debt Solutions board and is also a member of the IAFCI, CSRSA and Credit Association.



Introduction

- › Introduction
- › Methodology
- › Key Consumer Credit Indicators

Introduction

This report is part of the quarterly series of Equifax reports on Canada's consumer credit industry, including national credit cards, revolving and installment loans, as well as personal, retail, sales, auto finance and mortgages.

Equifax is one of the most reliable sources of Canadian consumer credit data available. This report will help companies dealing with consumers assess where the market is trending in terms of indebtedness and creditworthiness.

Methodology

Data for this report, including scores, are sourced from the Equifax Canada data warehouse, which stores the majority of credit transactions that occur in Canada. There are over 25 million unique consumer files. Transaction volumes for data are estimated at 105 million per month.

Information provided in this report was adjusted to ensure that quarterly data reflects the results as of the last month of each quarter.

Key Consumer Credit Indicators

Consumer Credit Indicators (compared to the same period last year):

Average debt (consumer level, outstanding balances)	↑2.9%
Average debt (product level, outstanding balances)	↑1.2%
Consumer demand for new credit	↑8.5%
90 day+ delinquency rate	↓3.7%
Consumer bankruptcies	↑2.1%
Average loss per consumer resulting from bankruptcies (excluding mortgage debt)	↑2.0%

As economic environment is changing, the average debt and consumer appetite for new credit continue to increase. Bankruptcies have increased, while national delinquency rate is once again at an all time low.

Canada Overview

- › Canada Real GDP
- › Unemployment Rate
- › Interest Rate

Macro Economic Environment

The decrease in global oil prices is putting in question previously optimistic projections for the growth of Canadian economy. The final impact will depend largely on the length of the oil patch situation.

Potential negative impact on Western and Eastern provinces could come from reduced investment in the oil sector, increased unemployment and decrease in house prices. Offsetting this may be a more competitive exchange rate for Canada's non-fuel exporters and increased purchasing power for consumers. For now, most GDP growth forecasts have been reduced.

As of the end of 2014, Canadian economy has been growing at a slightly reduced speed, but without a significant impact on most key economic health indicators. For example, fulltime employment rose in last four months of 2014 (the unemployment rate reached the lowest rate in almost six years).

In early 2015, overnight interest rate was changed to 0.75%, and it may be reduced further later this year. This is expected to help Canada to get closer to its targeted 2% inflation rate.

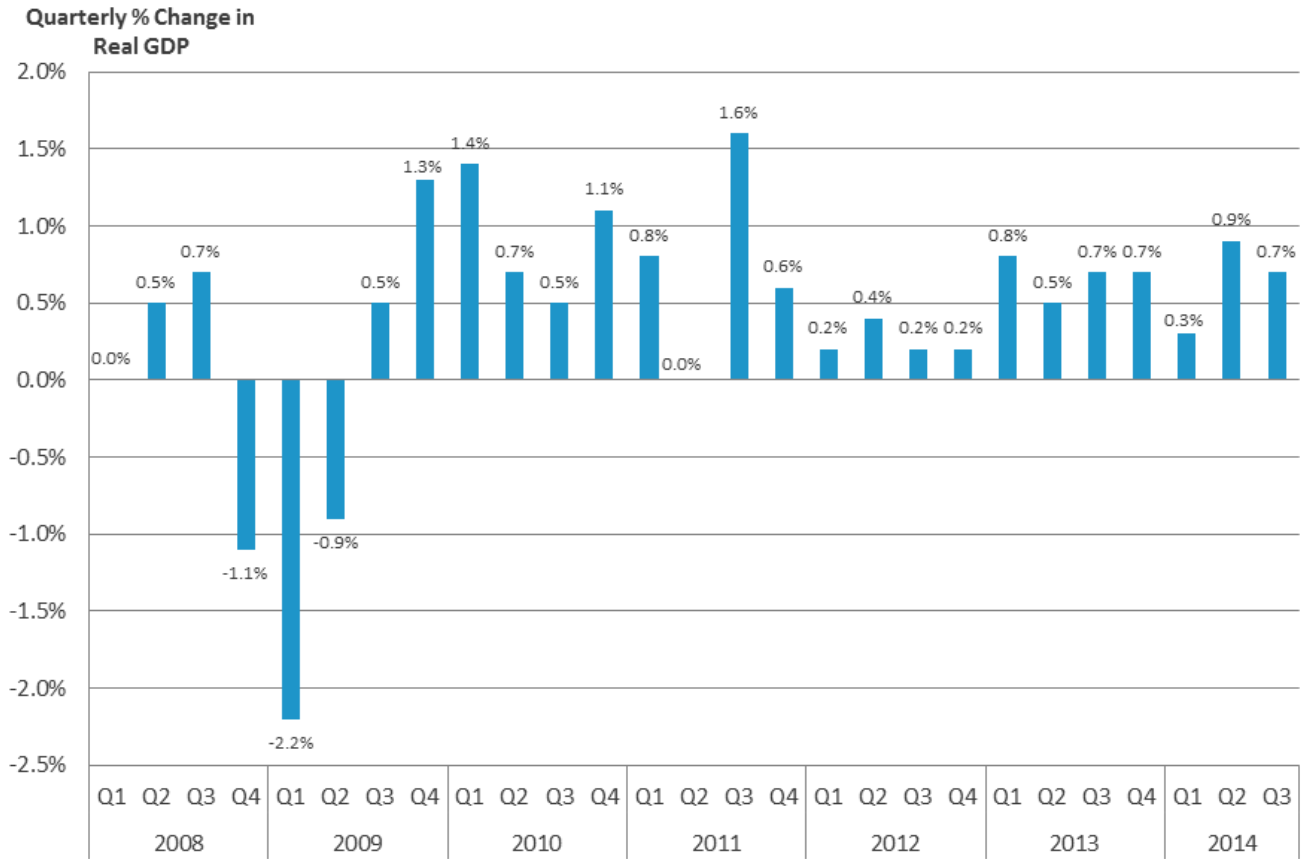
U.S. economy is growing at a steady rate, adding to an optimistic future outlook for Canada. Stronger U.S. demand, a weaker Canadian dollar, and low interest rate are expected to help support future increases in export activity.

A significant concern though is the debt-to-income ratio. It is at an all-time high (163%).

In the economic environment which may result in different outcomes in 2015 and 2016, it is important to monitor the situation.

Canada Overview - GDP

Real GDP rose 0.7% in the third quarter, following a 0.9% increase in the second quarter. The main contributors to the growth were exports of goods, household consumption expenditure and investment. Growth in the fourth quarter of 2014 and 2015 is expected to be solid with potential headwinds from energy prices.

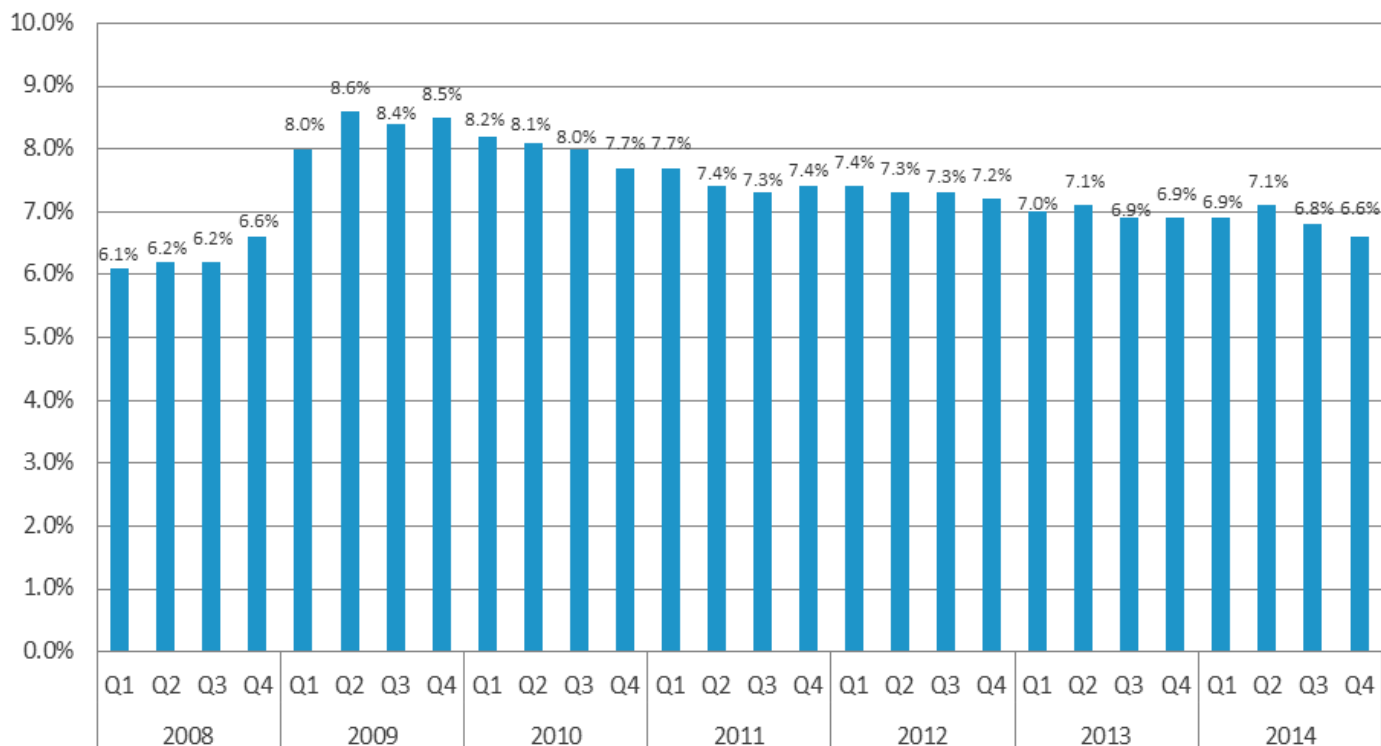


Source: Statistics Canada

Canada Overview – Unemployment Rate

The unemployment rate decreased in Q4 2014, reaching the lowest rate in almost six years.

Unemployment Rate

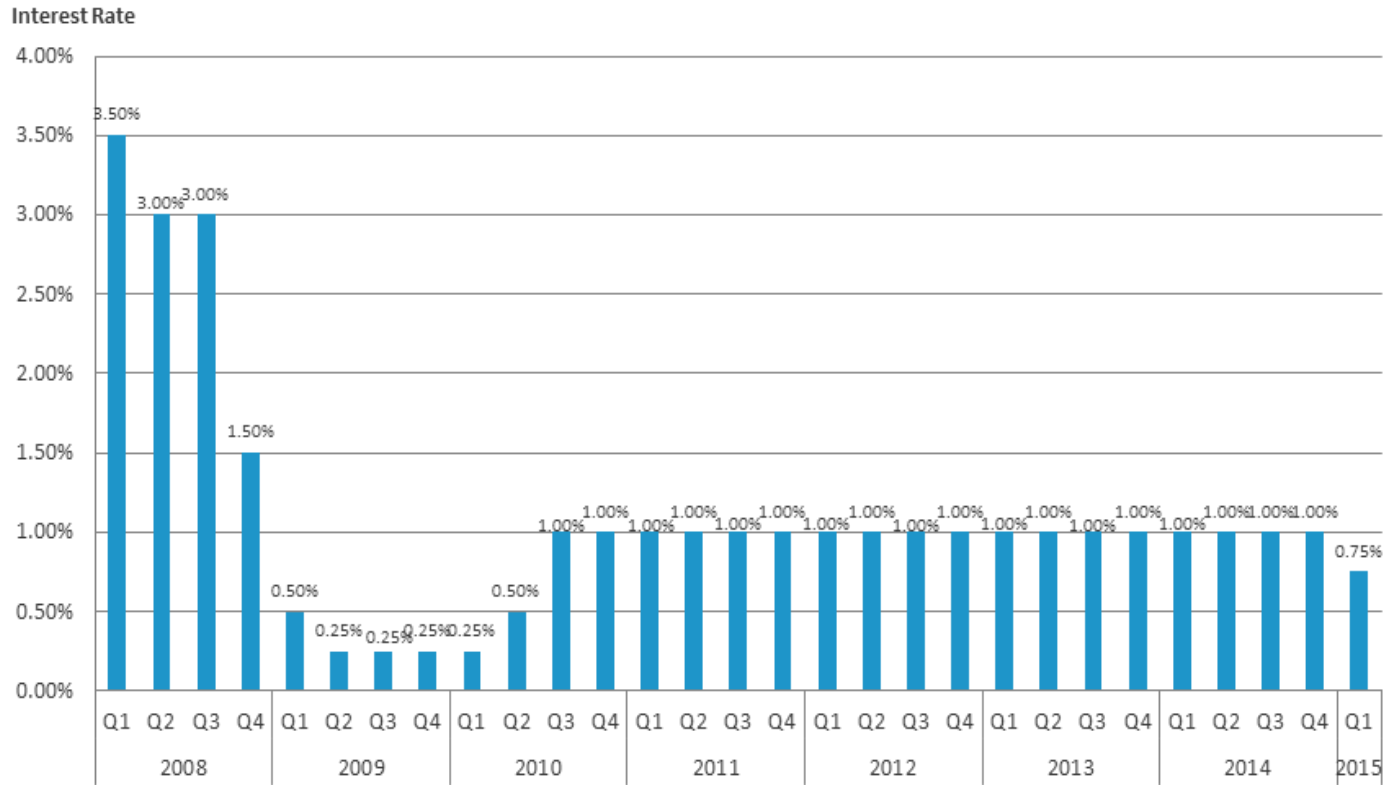


Source: Statistics Canada

Canada Overview – Interest Rate

The Bank of Canada overnight interest rate has remained unchanged at 1% since Q3 2010 at the end of 2014. This constant low-interest rate environment has been a main driver for the continued increase in consumer credit indebtedness over the past few years.

In early 2015, overnight interest rate was changed to 0.75%.



Source: Bank of Canada

Consumer Debt Trends



- › **Total Debt**
- › Average Debt - Major Cities

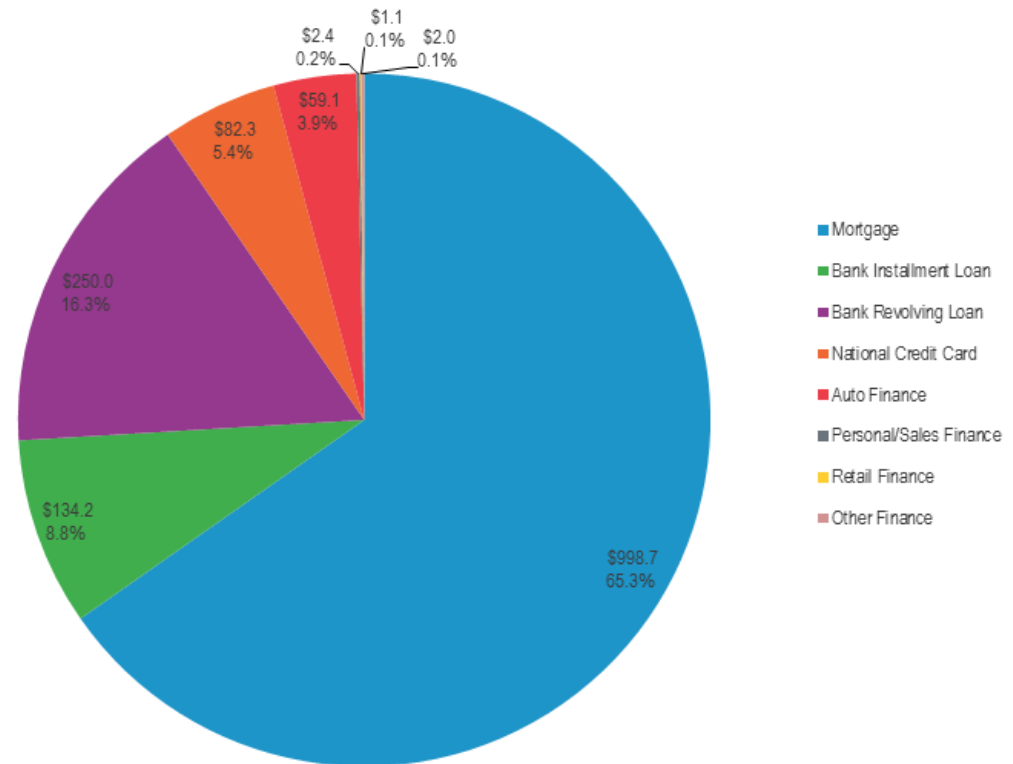
Total Debt Distribution – All Credit Products (\$ Billions)

Total Debt \$ 1529.8 Billions
Q4 2014

Consumer debt continues to grow. As of Q4 2014, Canadian consumers owe \$1,529.8 billion, compared to \$1,513.1 billion in Q3 2014 and \$1,420.1 billion a year earlier; an increase of 1.1% and 7.7%, respectively.

On a debt classification basis, installment loan and auto loan sectors are showing significant increases of 7.2% and 5.8 % year-over-year, respectively.

Mortgage figures are based on information reported to Equifax and do not include the entire Mortgage market.



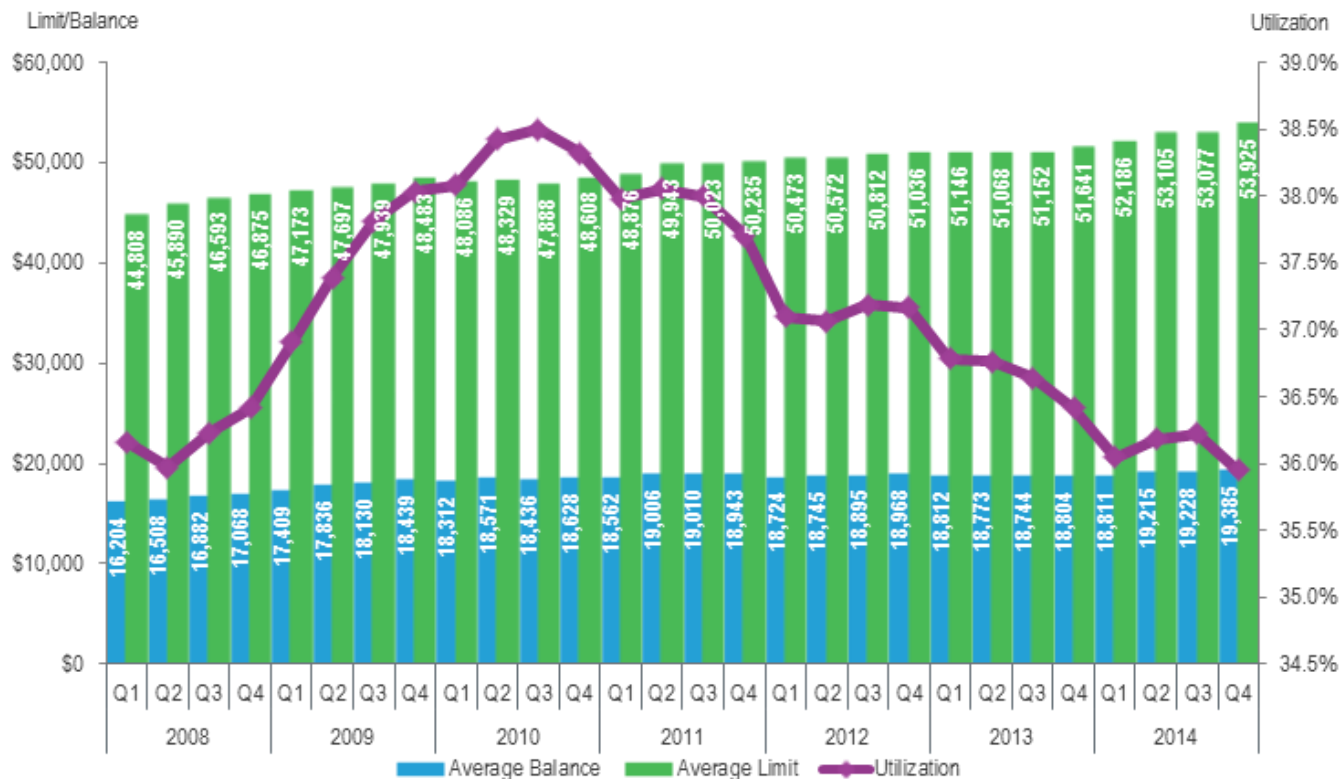
Consumer Debt Trends



- › Total Debt
- › Average Debt - Major Cities

Average Debt – Toronto (Consumer Level)

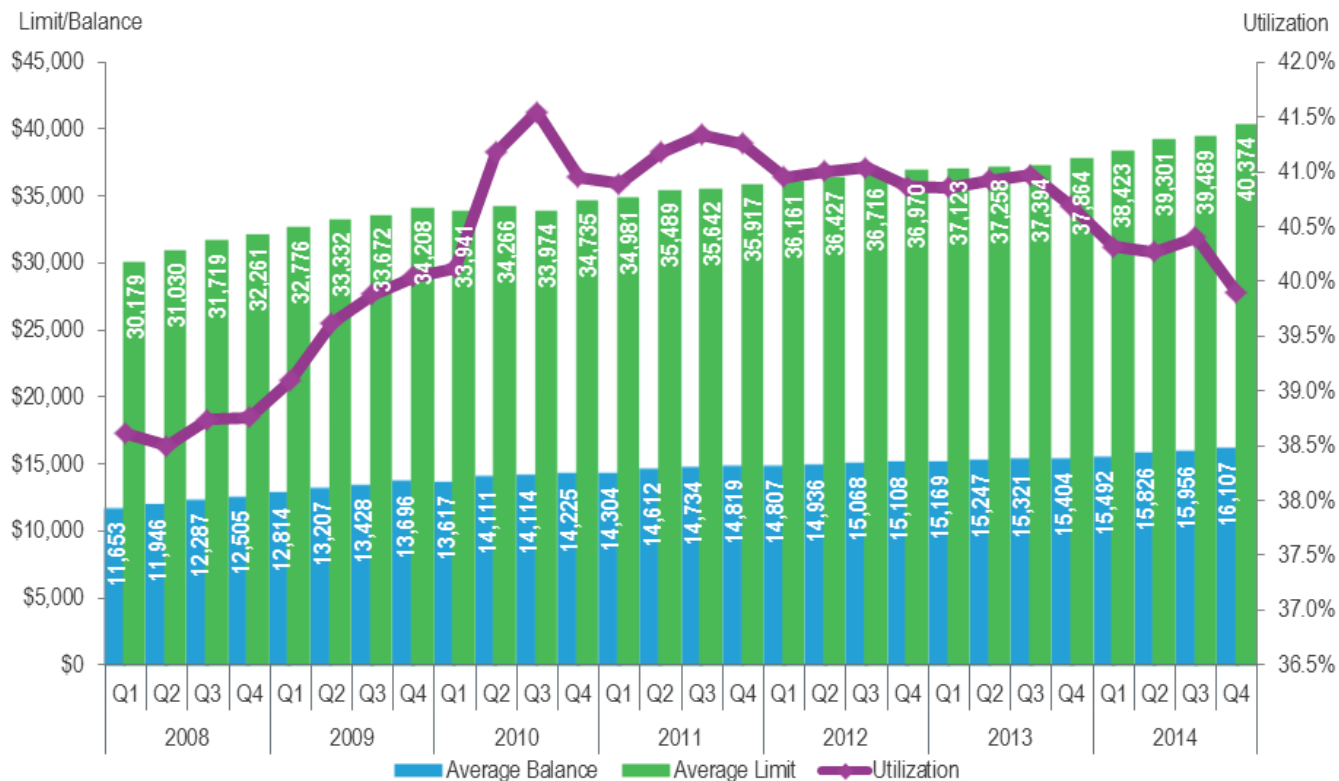
Average debt and limits show steady increases over the past two quarters, while utilization decreases.



% Changes Year-over-Year	2009 vs 2008				2010 vs 2009				2011 vs 2010				2012 vs 2011				2013 vs 2012				2014 vs 2013				2014 Q4 vs 2014 Q3
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Average Balance	7.4%	8.0%	7.4%	8.0%	5.2%	4.1%	1.7%	1.0%	1.4%	2.3%	3.1%	1.7%	0.9%	-1.4%	-0.6%	0.1%	0.5%	0.1%	-0.8%	-0.9%	0.0%	2.4%	2.6%	3.1%	0.8%
Average Limit	5.3%	3.9%	2.9%	3.4%	1.9%	1.3%	-0.1%	0.3%	1.6%	3.3%	4.5%	3.3%	3.3%	1.3%	1.6%	1.6%	1.3%	1.0%	0.7%	1.2%	2.0%	4.0%	3.8%	4.4%	1.6%
Average Utilization	2.0%	3.9%	4.4%	4.4%	3.2%	2.8%	1.8%	0.8%	-0.3%	-1.0%	-1.3%	-1.6%	-2.3%	-2.6%	-2.1%	-1.4%	-0.9%	-0.8%	-1.5%	-2.0%	-2.0%	-1.6%	-1.1%	-1.3%	-0.8%

Average Debt – Montreal (Consumer Level)

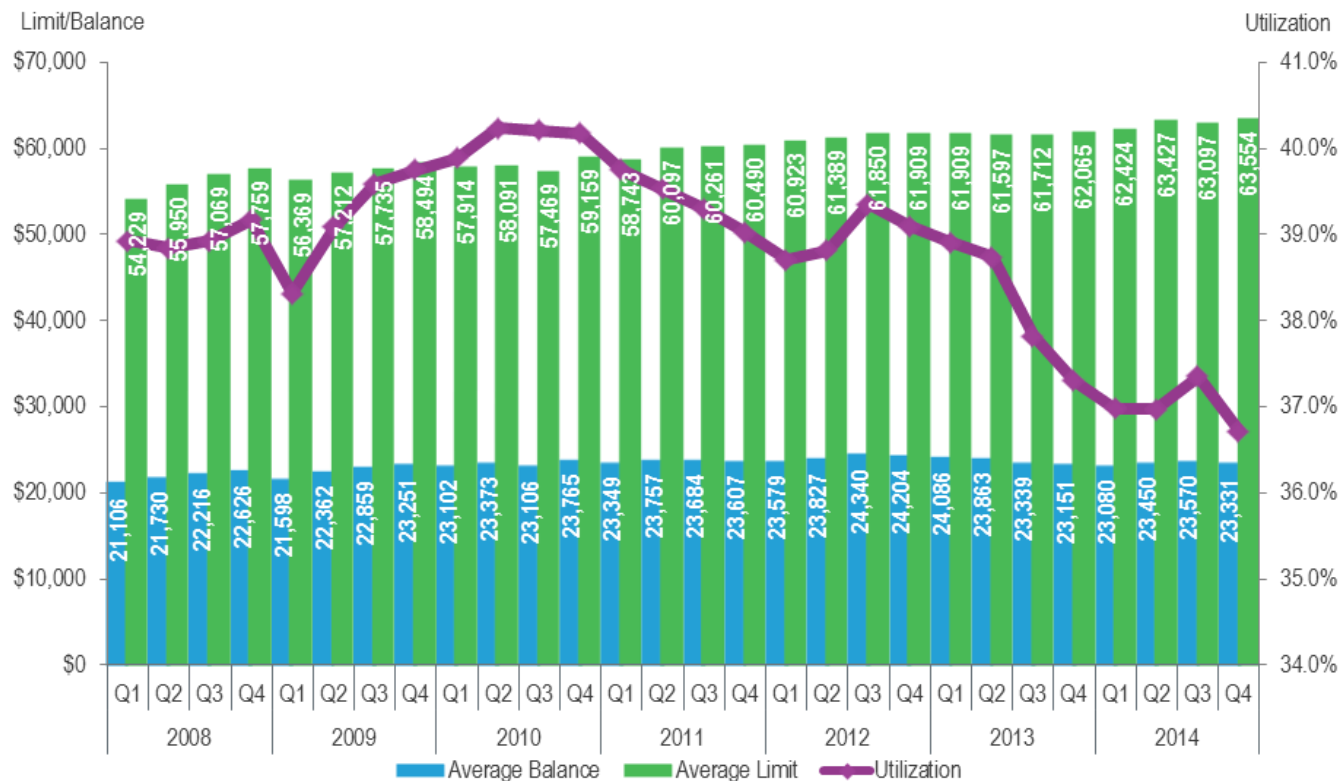
The growth of average balances has gone up again this quarter after a downward trend, while average limits show steady increases.



% Changes Year-over-Year	2009 vs 2008				2010 vs 2009				2011 vs 2010				2012 vs 2011				2013 vs 2012				2014 vs 2013				2014 Q4 vs 2014 Q3
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Average Balance	10.0%	10.6%	9.3%	9.5%	6.3%	6.8%	5.1%	3.9%	5.0%	3.6%	4.4%	4.2%	3.5%	2.2%	2.3%	1.9%	2.4%	2.1%	1.7%	2.0%	2.1%	3.8%	4.1%	4.6%	0.9%
Average Limit	8.6%	7.4%	6.2%	6.0%	3.6%	2.8%	0.9%	1.5%	3.1%	3.6%	4.9%	3.4%	2.6%	3.0%	2.9%	2.7%	2.3%	1.8%	2.4%	3.5%	5.5%	5.6%	6.6%	2.2%	
Average Utilization	1.2%	2.9%	2.9%	3.3%	2.6%	3.9%	4.2%	2.3%	1.9%	0.0%	-0.5%	0.8%	0.1%	-0.4%	-0.7%	-1.0%	-0.2%	-0.2%	-0.2%	-0.4%	-1.3%	-1.6%	-1.4%	-1.9%	-1.3%

Average Debt – Vancouver (Consumer Level)

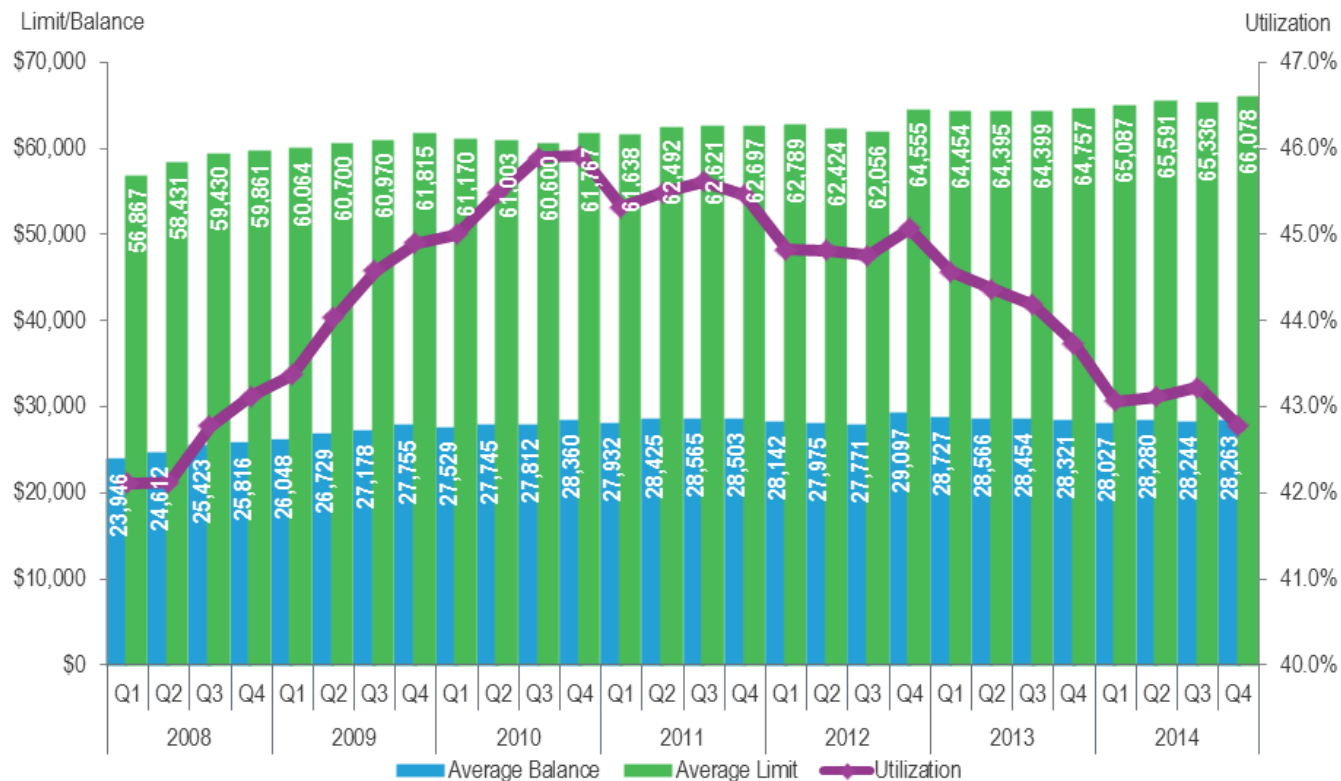
The average balance increased again this quarter after four consecutive periods of decrease, but it was not enough to increase utilization.



% Changes Year-over-Year	2009 vs 2008				2010 vs 2009				2011 vs 2010				2012 vs 2011				2013 vs 2012				2014 vs 2013				2014 Q4 vs 2014 Q3
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Average Balance	2.3%	2.9%	2.9%	2.8%	7.0%	4.5%	1.1%	2.2%	1.1%	1.6%	2.5%	-0.7%	1.0%	0.3%	2.8%	2.5%	2.2%	0.2%	-4.1%	-4.4%	-4.2%	-1.7%	1.0%	0.8%	-1.0%
Average Limit	3.9%	2.3%	1.2%	1.3%	2.7%	1.5%	-0.5%	1.1%	1.4%	3.5%	4.9%	2.3%	3.7%	2.2%	2.6%	2.3%	1.6%	0.3%	-0.2%	0.3%	0.8%	3.0%	2.2%	2.4%	0.7%
Average Utilization	-1.6%	0.6%	1.7%	1.5%	4.1%	2.9%	1.6%	1.1%	-0.4%	-1.7%	-2.3%	-2.9%	-2.6%	-1.8%	0.1%	0.2%	0.5%	-0.2%	-3.9%	-4.6%	-5.0%	-4.6%	-1.2%	-1.6%	-1.7%

Average Debt – Calgary (Consumer Level)

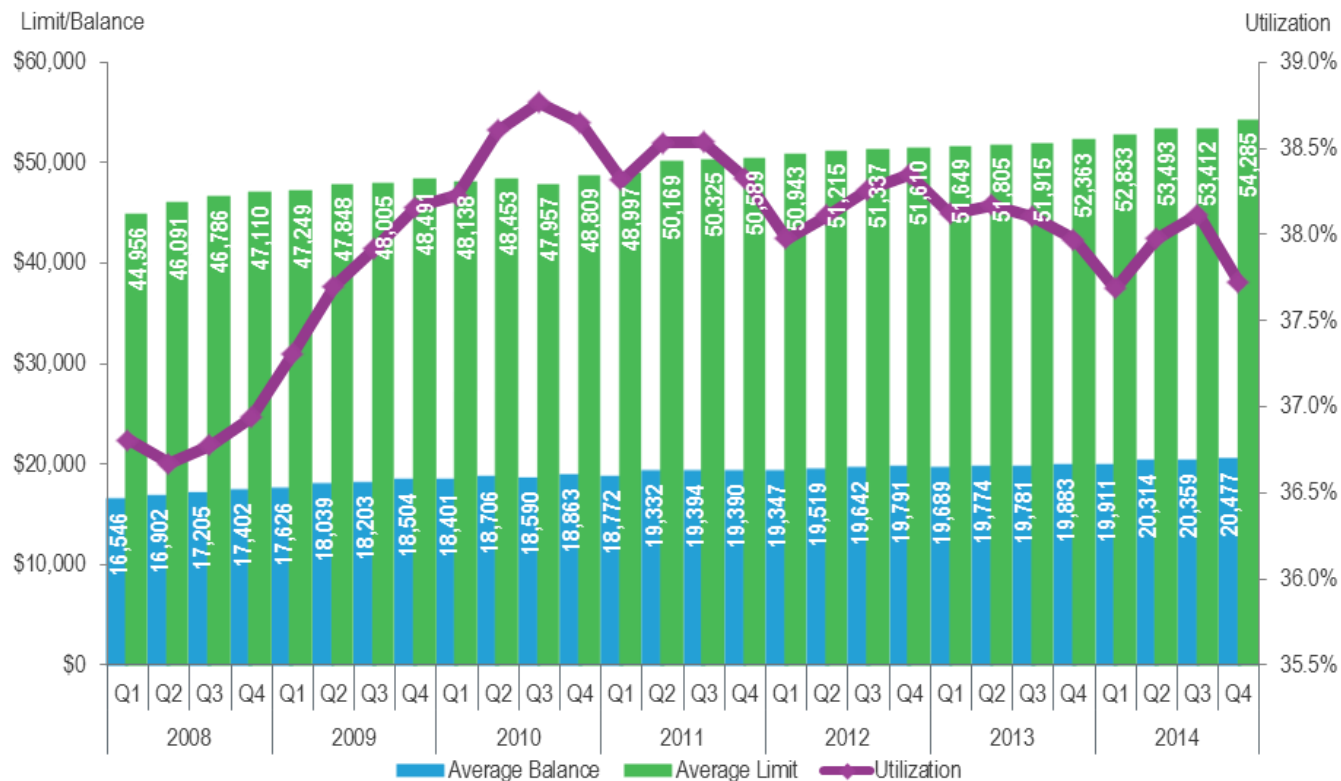
Average balances have decreased once again, leading to further decrease in utilization.



% Changes Year-over-Year	2009 vs 2008				2010 vs 2009				2011 vs 2010				2012 vs 2011				2013 vs 2012				2014 vs 2013				2014 Q4 vs 2014 Q3
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Average Balance	8.8%	8.6%	6.9%	7.5%	5.7%	3.8%	2.3%	2.2%	1.5%	2.4%	2.7%	0.5%	0.8%	-1.6%	-2.8%	2.1%	2.1%	2.1%	2.5%	-2.7%	-2.4%	-1.0%	-0.7%	-0.2%	0.1%
Average Limit	5.6%	3.9%	2.6%	3.3%	1.8%	0.5%	-0.6%	-0.1%	0.8%	2.4%	3.3%	1.5%	1.9%	-0.1%	-0.9%	3.0%	2.7%	3.2%	3.8%	0.3%	1.0%	1.9%	1.5%	2.0%	1.1%
Average Utilization	3.0%	4.5%	4.2%	4.1%	3.8%	3.3%	3.0%	2.3%	0.7%	0.0%	-0.6%	-1.0%	-1.1%	-1.5%	-1.9%	-0.9%	-0.6%	-1.0%	-1.3%	-3.0%	-3.4%	-2.8%	-2.2%	-2.2%	-1.1%

Average Debt – Ottawa (Consumer Level)

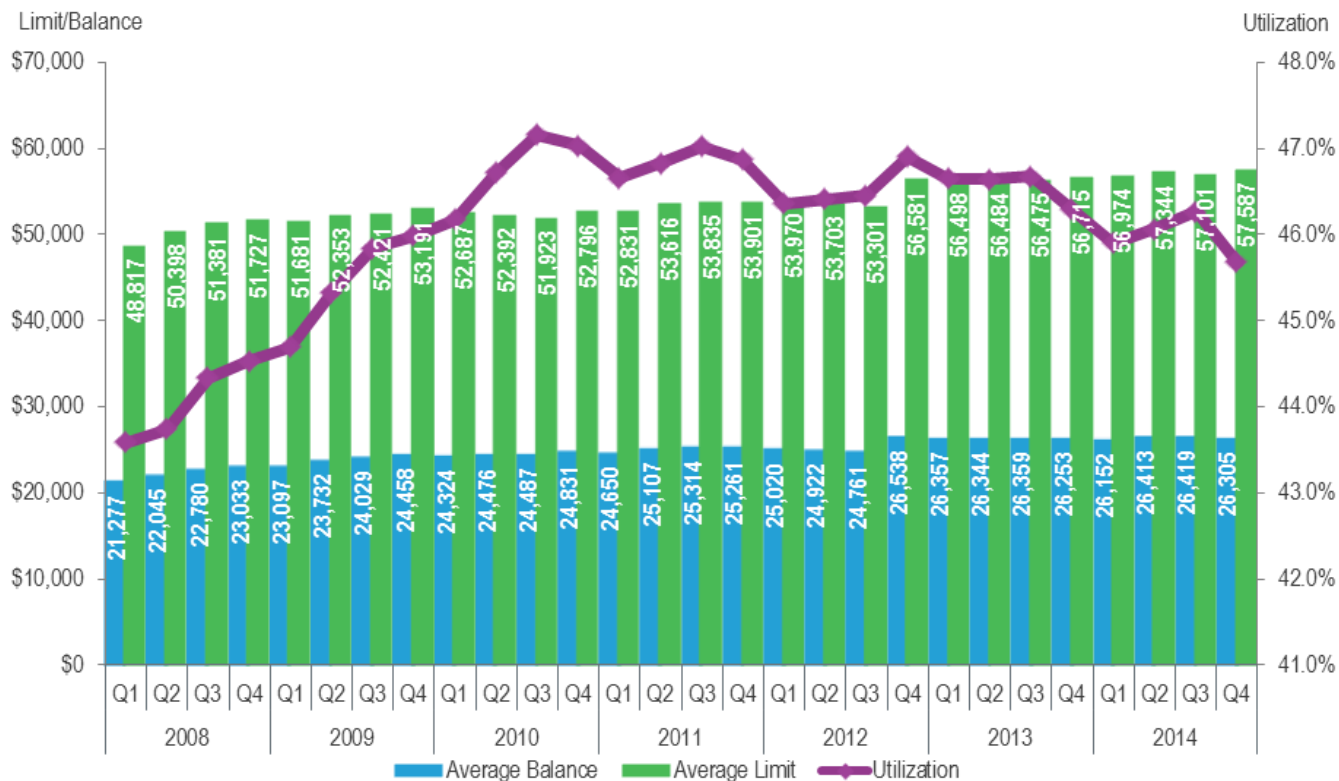
Average balances and limits have increased, while utilization decreases.



% Changes Year-over-Year	2009 vs 2008				2010 vs 2009				2011 vs 2010				2012 vs 2011				2013 vs 2012				2014 vs 2013				2014 Q4 vs 2014 Q3
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Average Balance	6.5%	6.7%	5.8%	6.3%	4.4%	3.7%	2.1%	1.9%	2.0%	3.3%	4.3%	2.8%	3.1%	1.0%	1.3%	2.1%	1.8%	1.3%	0.7%	0.5%	1.1%	2.7%	2.9%	3.0%	0.6%
Average Limit	5.1%	3.8%	2.6%	2.9%	1.9%	1.3%	-0.1%	0.7%	1.8%	3.5%	4.9%	3.6%	4.0%	2.1%	2.0%	2.0%	1.4%	1.2%	1.1%	1.5%	2.3%	3.3%	2.9%	3.7%	1.6%
Average Utilization	1.4%	2.8%	3.1%	3.3%	2.5%	2.4%	2.2%	1.3%	0.2%	-0.2%	-0.6%	-0.8%	-0.9%	-1.1%	-0.7%	0.1%	0.4%	0.2%	-0.4%	-1.0%	-1.1%	-0.5%	0.0%	-0.7%	-1.0%

Average Debt – Edmonton (Consumer Level)

Average limits have increased faster than balances, resulting in decreases in utilization.

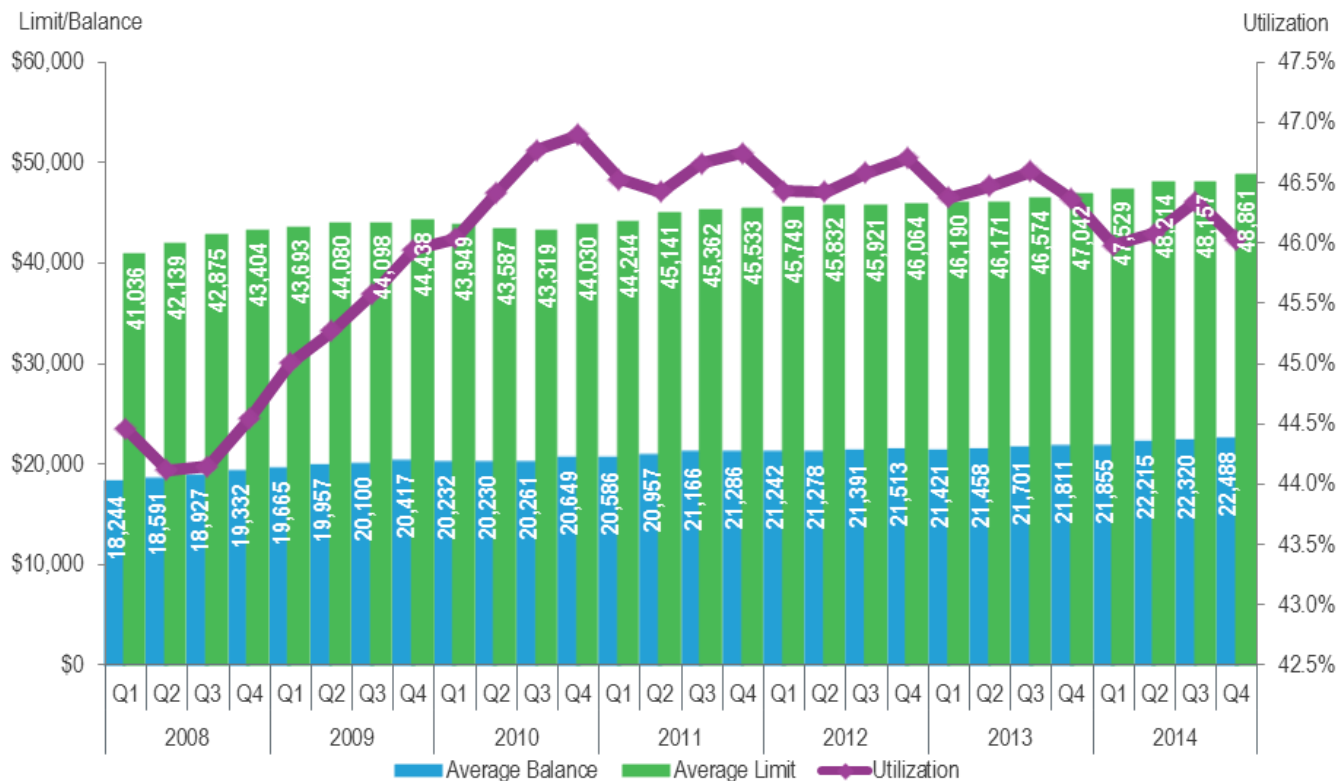


% Changes Year-over-Year	2009 vs 2008				2010 vs 2009				2011 vs 2010				2012 vs 2011				2013 vs 2012				2014 vs 2013				2014 Q4 vs 2014 Q3
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Average Balance	8.6%	7.7%	5.5%	6.2%	5.3%	3.1%	1.9%	1.5%	1.3%	2.6%	3.4%	1.7%	1.5%	-0.7%	-2.2%	5.1%	5.3%	5.7%	6.5%	-1.1%	-0.8%	0.3%	0.2%	0.2%	-0.4%
Average Limit	5.9%	3.9%	2.0%	2.8%	1.9%	0.1%	-1.0%	-0.7%	0.3%	2.3%	3.7%	2.1%	2.2%	0.2%	-1.0%	5.0%	4.7%	5.2%	6.0%	0.2%	0.8%	1.5%	1.1%	1.5%	0.9%
Average Utilization	2.5%	3.6%	3.4%	3.3%	3.3%	3.1%	2.9%	2.3%	1.1%	0.2%	-0.3%	-0.4%	-0.6%	-0.9%	-1.2%	0.1%	0.6%	0.5%	0.5%	-1.3%	-1.6%	-1.2%	-0.9%	-1.3%	-1.3%

Average Debt – Halifax (Consumer Level)

Average balances and limits continue to increase.

Average utilization continues to show little change.



% Changes Year-over-Year	2009 vs 2008				2010 vs 2009				2011 vs 2010				2012 vs 2011				2013 vs 2012				2014 vs 2013				2014 Q4 vs 2014 Q3
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Average Balance	7.8%	7.3%	6.2%	5.6%	2.9%	1.4%	0.8%	1.1%	1.8%	3.6%	4.5%	3.1%	3.2%	1.5%	1.1%	1.1%	0.8%	0.8%	1.4%	1.4%	2.0%	3.5%	2.9%	3.1%	0.8%
Average Limit	6.5%	4.6%	2.9%	2.4%	0.6%	-1.1%	-1.8%	-0.9%	0.7%	3.6%	4.7%	3.4%	3.4%	1.5%	1.2%	1.2%	1.0%	0.7%	1.4%	2.1%	2.9%	4.4%	3.4%	3.9%	1.5%
Average Utilization	1.2%	2.6%	3.2%	3.2%	2.3%	2.5%	2.6%	2.1%	1.1%	0.0%	-0.2%	-0.3%	-0.2%	0.0%	-0.2%	-0.1%	-0.1%	0.1%	0.0%	-0.7%	-0.9%	-0.9%	-0.5%	-0.7%	-0.7%

Credit Risk Trends



- › Delinquency
- › Bankruptcy

Summary – Delinquency Trends

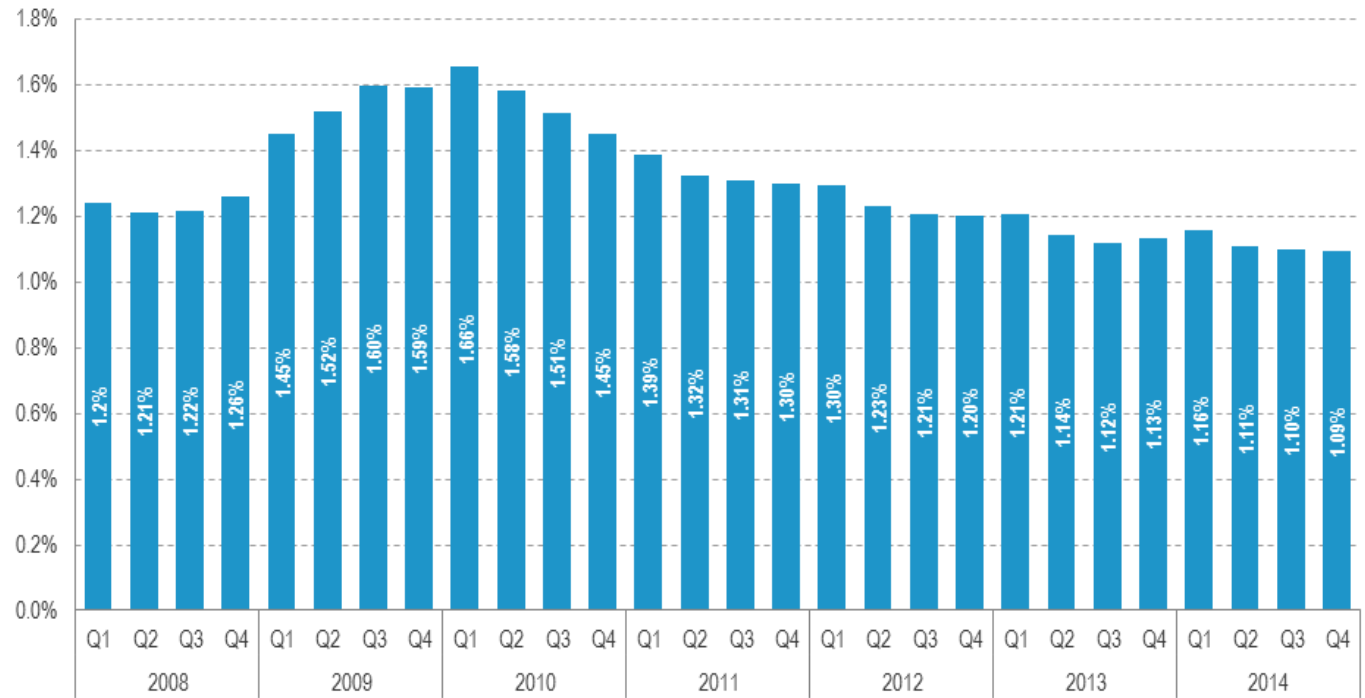
The national 90+ delinquency rate has been consistently decreasing over the past three years. In Q4 2014, it reached 1.09%, the lowest level since 2008.

The national 90+ delinquency rate in all regions and major cities has remained the same or decreased in most cases compared to Q4 2014. Quebec and West have the lowest delinquency rate, while the Eastern region has the highest.

Auto loan delinquency rates went up slightly when compared to the previous quarter. The mortgage 90+ delinquency rates have remained at 0.25%.

90+ Delinquency Rate (Except Mortgage)

90+ Delinquency Rate



Note:

Delinquency is defined as 90 + days or worse on a trade.

Delinquency Rate = Total Delinquent Balance/Total Balance

Credit Risk Trends



- › Delinquency
- › Bankruptcy

Summary – Bankruptcy Trends

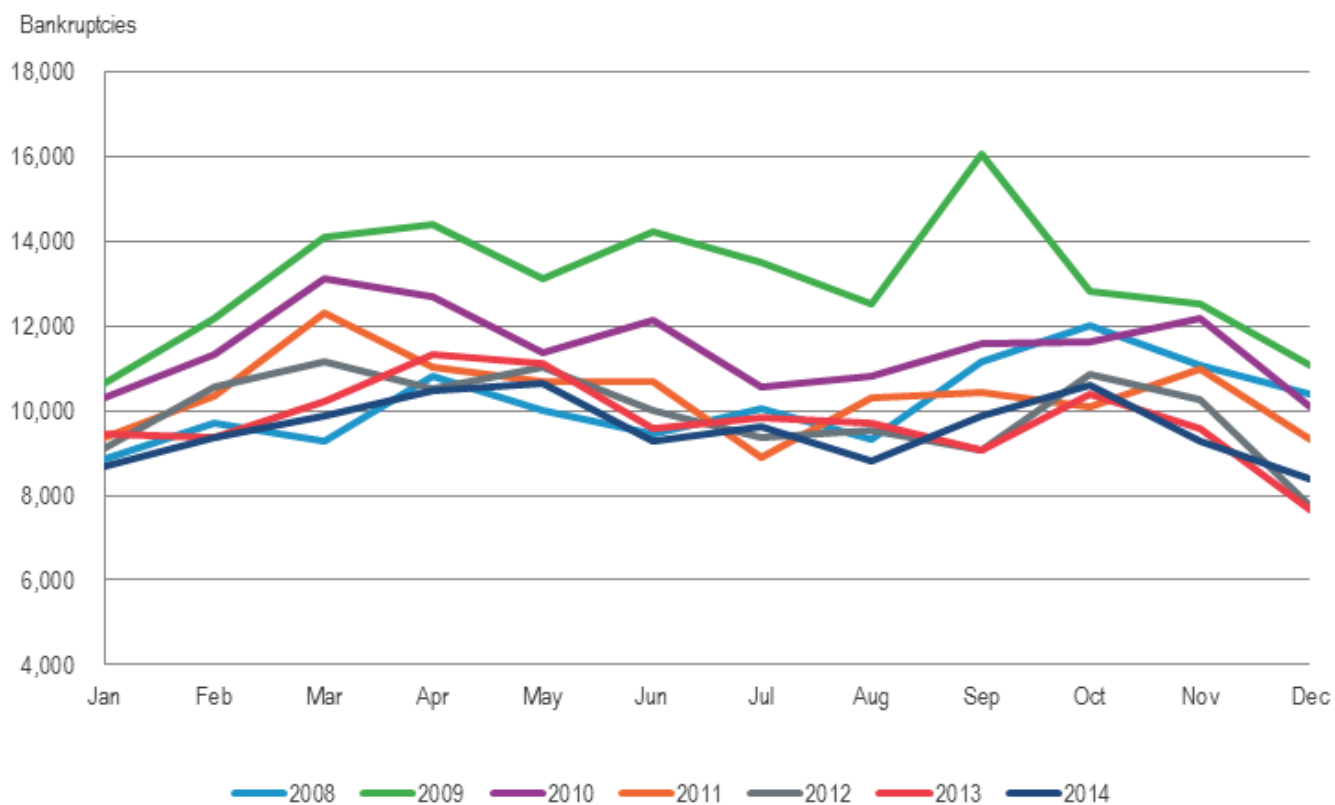
The number of bankruptcies has decreased since 2009.

Ontario continues to lead in terms of the rate of decrease of bankruptcies while there is an increase in bankruptcies in Quebec and the Eastern region.

The bankruptcy rate has been decreasing since 2009 with the lower numbers corresponding to the younger and older segments.

Average bankruptcy balances have increased in Q4 2014, mainly driven by the younger segments and Eastern region.

Bankruptcies



Volume			% Change		12-Month Period Ending		
Dec 2014	Nov 2014	Dec 2013	Dec 2014 to Nov 2014	Dec 2014 to Dec 2013	Dec 2014	Dec 2013	% Change
8,386	9,273	7,680	-9.57%	9.19%	114,928	117,371	-2.08%

Canadian Consumer Credit Trends

Q4 2014

Prepared by: Equifax Analytical Services

About Equifax Inc.

Equifax is a global leader in consumer, commercial and workforce information solutions that provide businesses of all sizes and consumers with insight and information they can trust. Equifax organizes and assimilates data on more than 500 million consumers and 81 million businesses worldwide, and uses advanced analytics and proprietary technology to create and deliver customized insights that enrich both the performance of businesses and the lives of consumers.

Headquartered in Atlanta, Equifax operates or has investments in 18 countries and is a member of Standard & Poor's (S&P) 500® Index. Its common stock is traded on the New York Stock Exchange (NYSE) under the symbol EFX. For more information, please visit www.equifax.com.

The graphs contained in this report are for informational purposes only. Equifax Canada Co. makes no representation, claim, warranty, or guarantee in respect of the information contained herein.

© 2014 Equifax Canada Co. All rights reserved.