

The background is a solid teal color. It features several large, overlapping circles in white and dark blue. One white circle is at the top center, a dark blue circle is at the top right, a large white circle is on the right side, and a dark blue circle is at the bottom right.

Financial Services Seminar

8-Minute Industry Update

January 2026

Agenda



Market Overview:

Dan Simmons, Sr Director, Financial Services Research & Consulting



Auto Financing:

Saravanan Eswaran, Sr Manager, Financial Services Research & Consulting



Bankcard:

Paul Siegfried, SVP, Card and Banking



Personal Loans:

Arun Balasubramanian, Sr Lead, Financial Services Research & Consulting



Mortgage:

Michele Raneri, VP, Financial Services Research & Consulting



8-Minute Industry Update

Market Overview

Dan Simmons

Sr Director, Financial Services Research & Consulting



There are a few key trends impacting the economy



Q3 GDP (4.3%)

Economic growth accelerated beyond expectations, with the increase driven primarily by strength in consumer spending



Unemployment (4.4%)

Slowing job growth and a weakening labor market have been primary factors in the Federal Reserve's decision to cut interest rates



Inflation (2.8%)

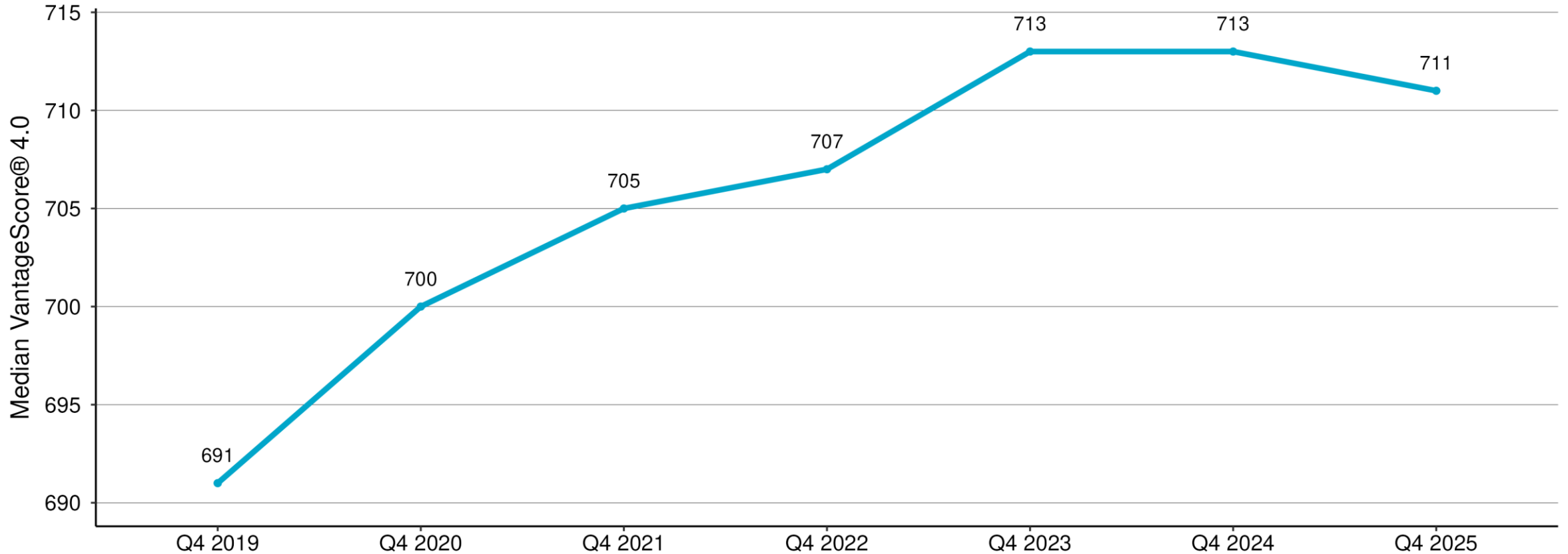
The Core Personal Consumption Expenditures (PCE) Index remains above the Federal Reserve's 2% target

Source: S&P Global, Federal Reserve Economic Data (FRED)



Following a period of significant growth, the Median VantageScore® has declined

Median VantageScore® 4.0



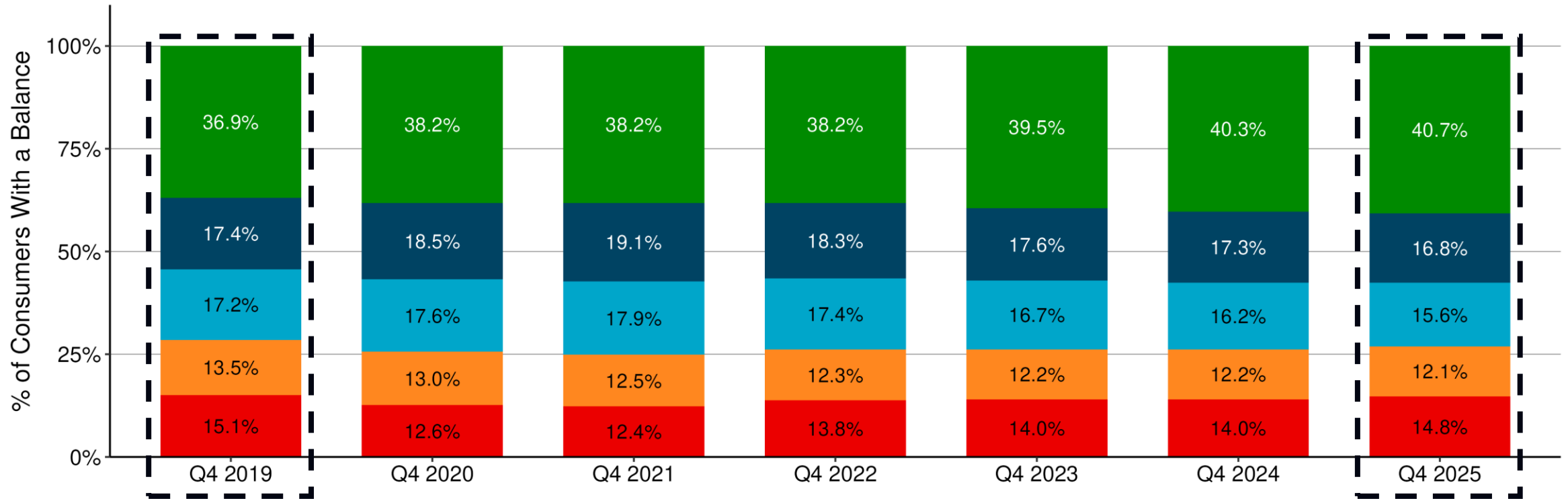
Source: TransUnion US consumer credit database



Risk distributions have increased at each end of the spectrum, with super prime consistently rising and subprime returning to 2019 levels

Consumer Risk Distribution

■ Subprime
 ■ Near prime
 ■ Prime
 ■ Prime plus
 ■ Super prime



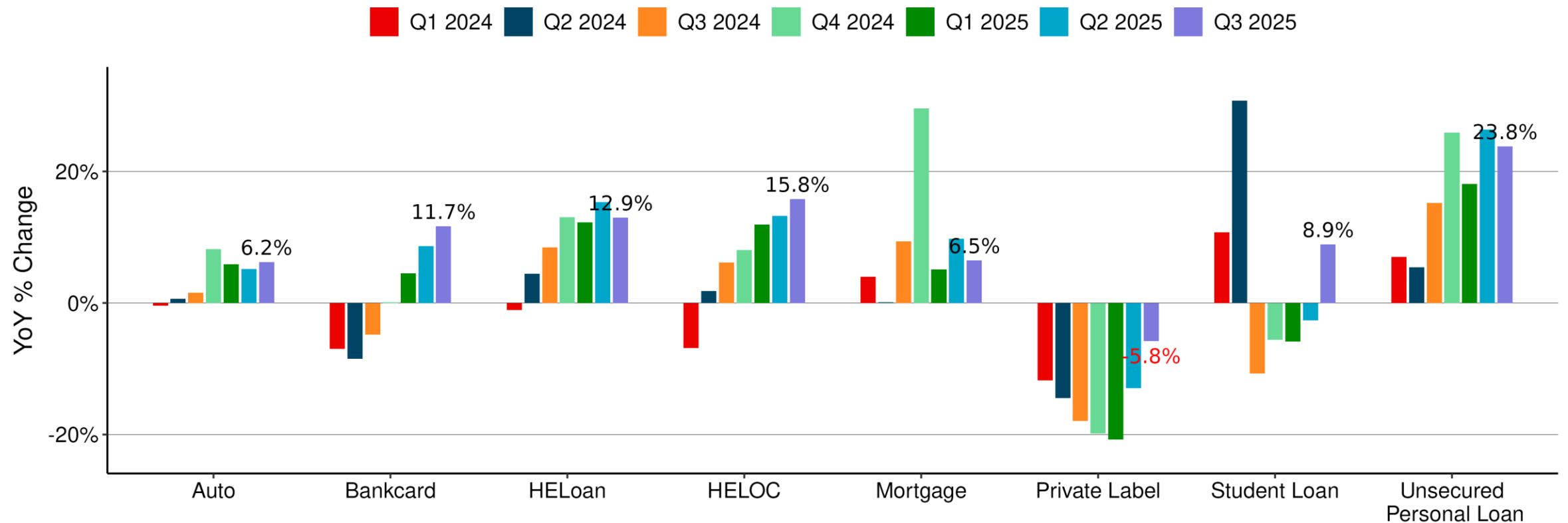
VantageScore® 4.0 risk ranges:
 Subprime = 300–600, Near prime = 601–660, Prime = 661–720, Prime plus = 721–780, Super prime = 781+

Totals may not equal 100 due to rounding
 Source: TransUnion US consumer credit database



Originations increased across most products, with several reflecting consecutive quarters of year-over-year growth

Origination Growth by Product

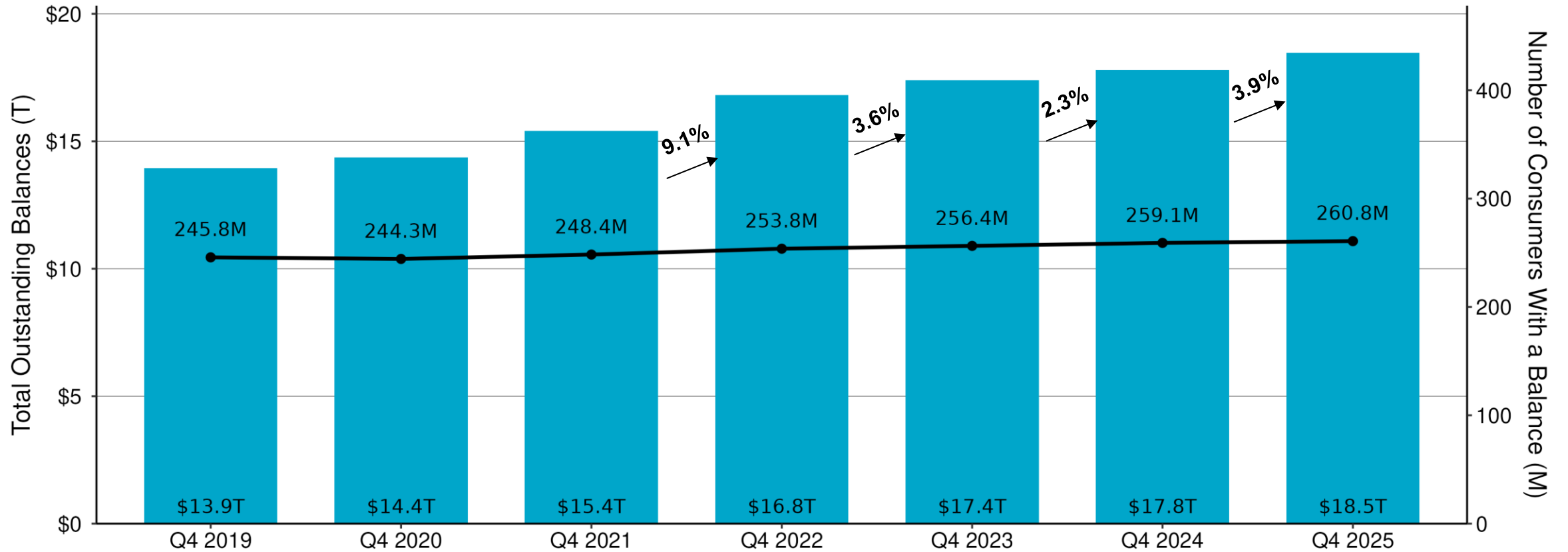


Source: TransUnion US consumer credit database



An increasing number of consumers have access to credit, and balance growth accelerated following a period of declines

Total Consumer Balances and Participation



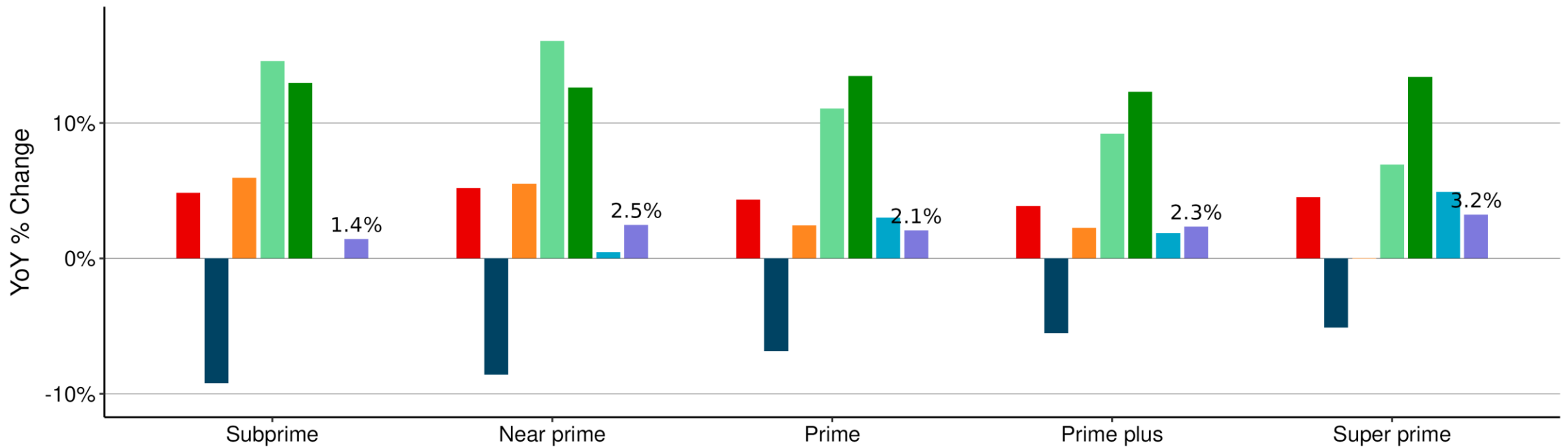
Source: TransUnion US consumer credit database



While total balance growth accelerated, the rate of increase in non-mortgage minimum payment due remains well below prior years

YoY Change in Average Non-Mortgage Minimum Payment Due Per Consumer With a Balance, by Risk Tier

Q4 2019 Q4 2020 Q4 2021 Q4 2022 Q4 2023 Q4 2024 Q4 2025



VantageScore® 4.0 risk ranges:

Subprime = 300–600, Near prime = 601–660, Prime = 661–720, Prime plus = 721–780, Super prime = 781+

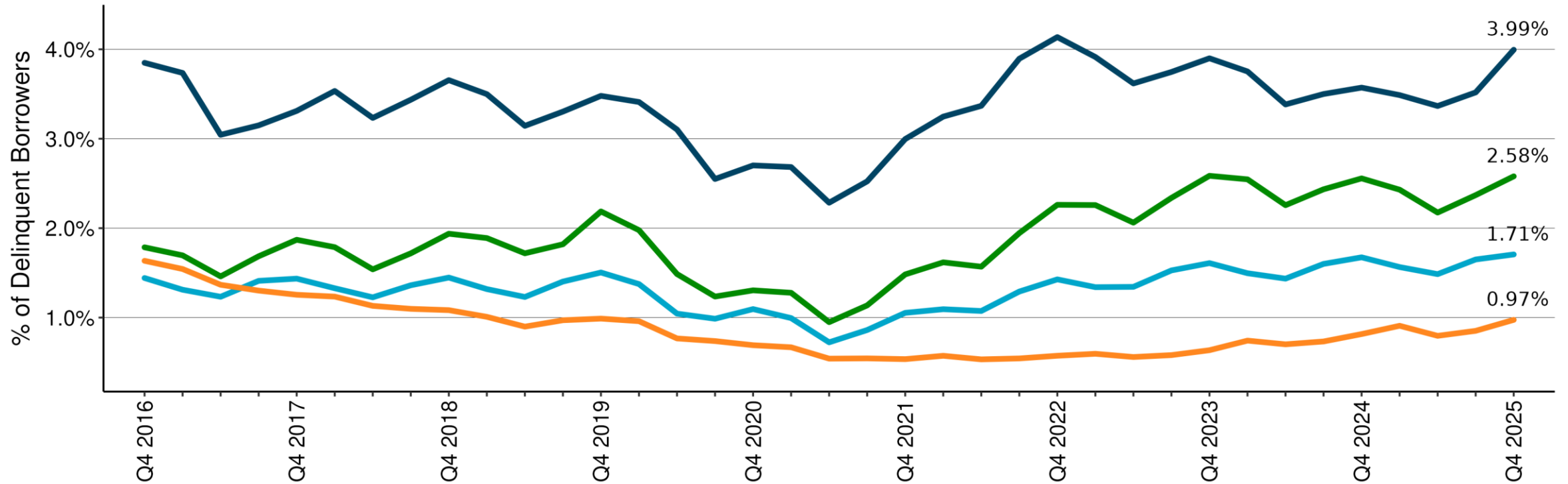
Source: TransUnion US consumer credit database



Serious consumer-level delinquency rates increased across products, though bankcard remained relatively flat in year-over-year terms

Serious Consumer-Level Delinquency

Auto Bankcard Mortgage Unsecured Personal Loan



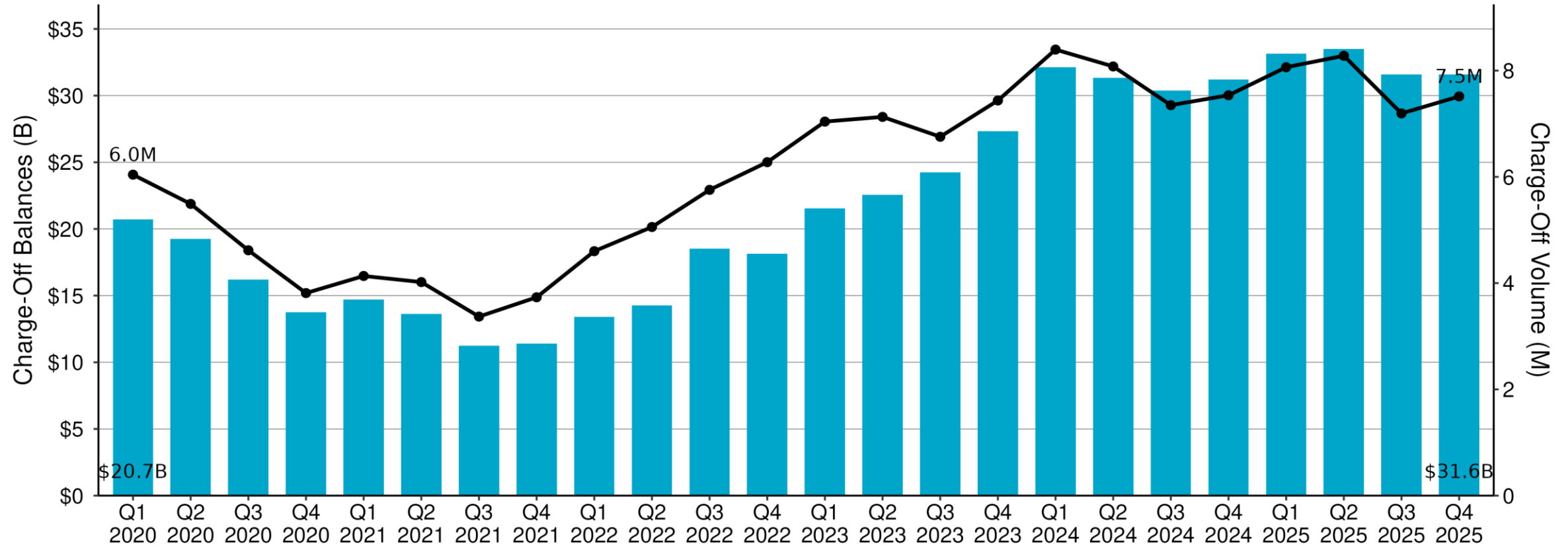
Serious delinquency considered as 90+DPD for bankcard, mortgage, private label, HELOC, HELoan, 60+DPD for all other products

Source: TransUnion US consumer credit database



Charge-off volume and balance totals have held steady over the past several quarters

Total Volume and Balances of Accounts Entering Charge-Off



Serious delinquency considered as 90+DPD for bankcard, mortgage, private label, HELOC, HELoan, 60+DPD for all other products

Source: TransUnion US consumer credit database



To summarize the outlook for the economy and consumer credit:



Risk distributions continue to rise at each end of the risk spectrum, with the median credit score reflecting a year-over-year decline



Originations increased across most products — while the rate of balance growth has accelerated following a period of year-over-year declines



Delinquency rates rose across most products in Q4 2025, while bankcard performance remained stable, limiting the overall increase in charge-offs

Source: TransUnion US consumer credit database





8-Minute Industry Update

Auto Financing

Saravanan Eswaran

Sr Manager, Financial Services Research & Consulting



There are a few key trends impacting the auto market



Affordability remains a challenge for consumers as new and used vehicle prices have outpaced general inflation and wage growth from 2019



Tariffs remain in effect, with potentially larger price impacts seen in 2026 as manufacturers pass down costs



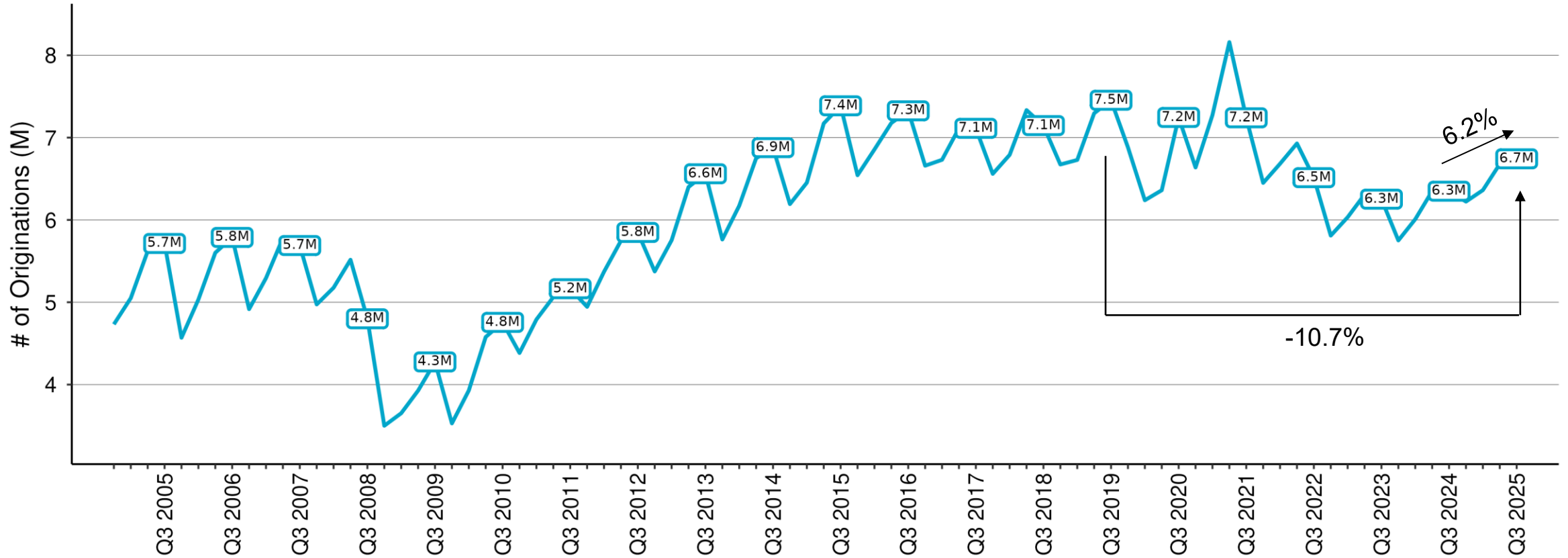
Auto delinquency rates have been rising and exceed their 2009 levels, though the rate of increase has been slowing

Source: TransUnion US consumer credit database



Auto originations grew 6.2% year over year yet remain 10.7% under 2019 levels

Total Volume of Auto Originations

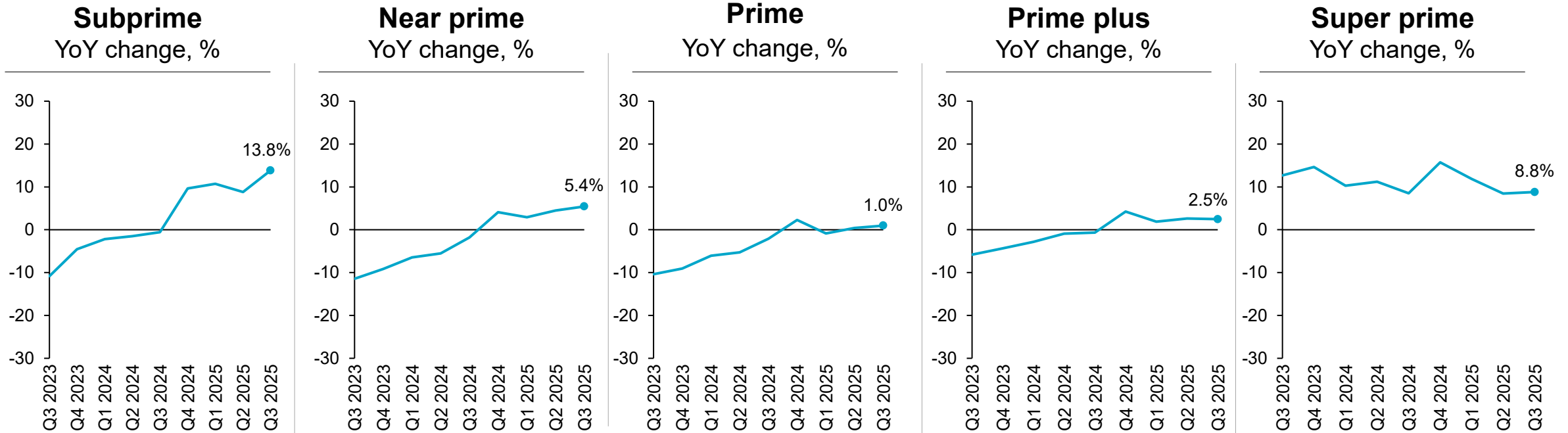


Source: TransUnion US consumer credit database



While every tier expanded in year-over-year terms, super prime and subprime segments led the growth, both exceeding 8%

YoY Change in Auto Originations (Count) — Q3 2023 to Q3 2025



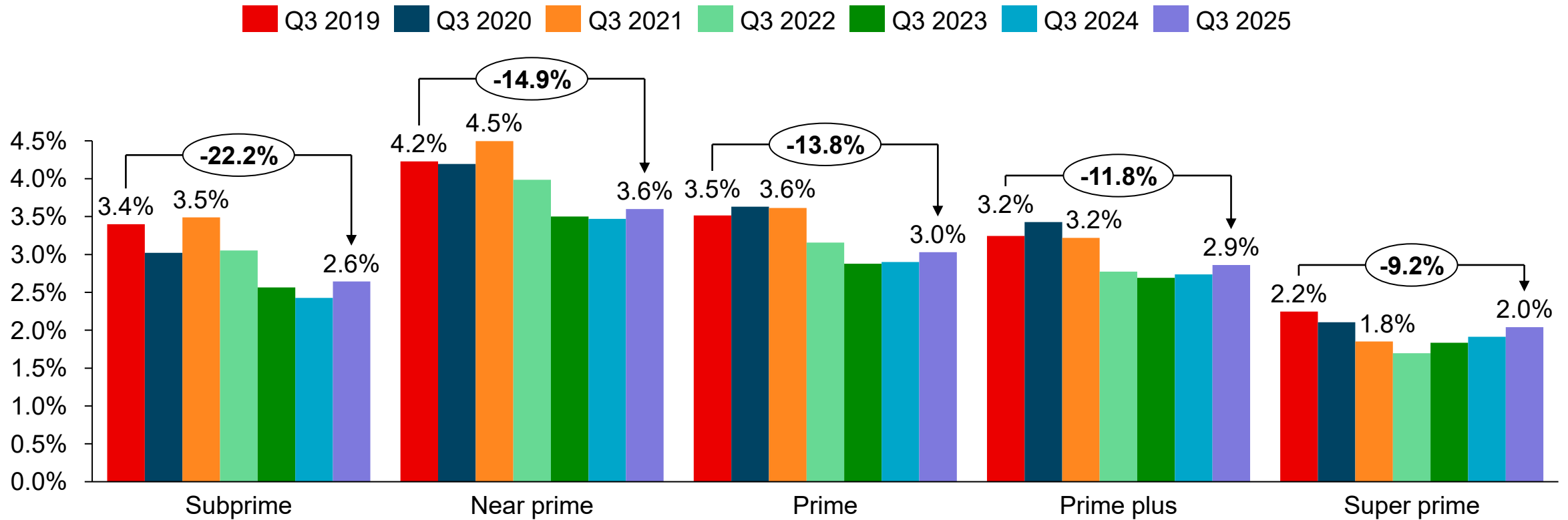
VantageScore® 4.0 risk ranges:
 Subprime = 300–600, Near prime = 601–660, Prime = 661–720, Prime plus = 721–780, Super prime = 781+

Source: TransUnion US consumer credit database



Normalized as a ratio of originations to consumers, prime and below tiers remain well below 2019 levels, highlighting affordability issues

Ratio of Auto Originations to Consumers*



*Ratio calculated as: total auto originations (tier)/total consumers (tier)

VantageScore® 4.0 risk ranges:

Subprime = 300–600, Near prime = 601–660, Prime = 661–720, Prime plus = 721–780, Super prime = 781+

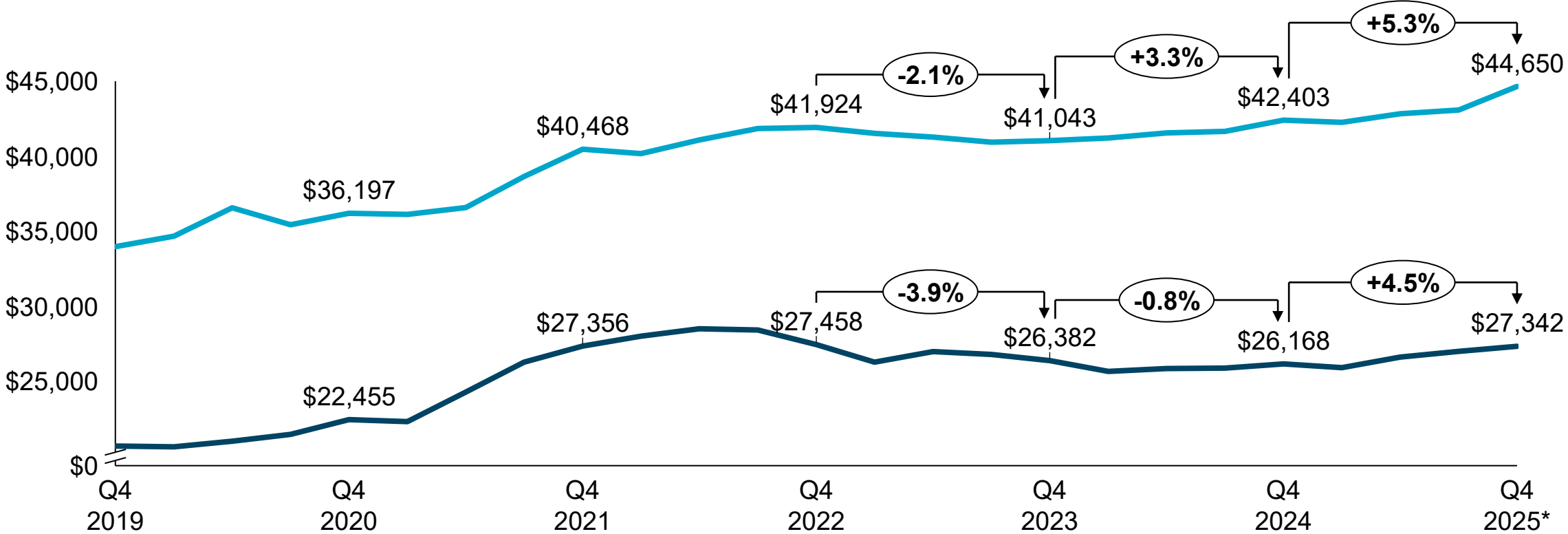
Source: TransUnion US consumer credit database



Amount financed grew year over year for both new and used vehicles, rebounding from slowdowns the prior two years

Average Amount Financed (Loans) – Q4 2019 to Q4 2025*

— New — Used

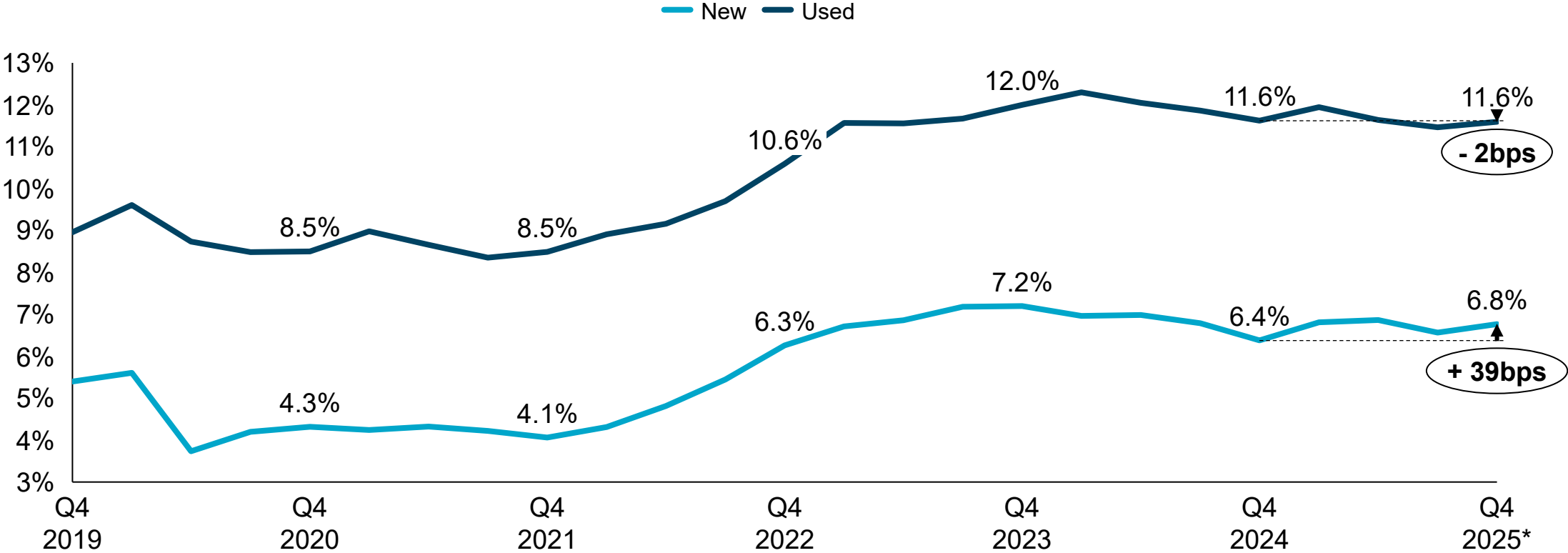


*Q4 2025 Reflects partial quarter data

Source: AutoCreditInsight by S&P Global Mobility, TransUnion

Average APRs declined slightly for new and used vehicles

Average APR (Loan Originations) – Q4 2019 to Q4 2025*

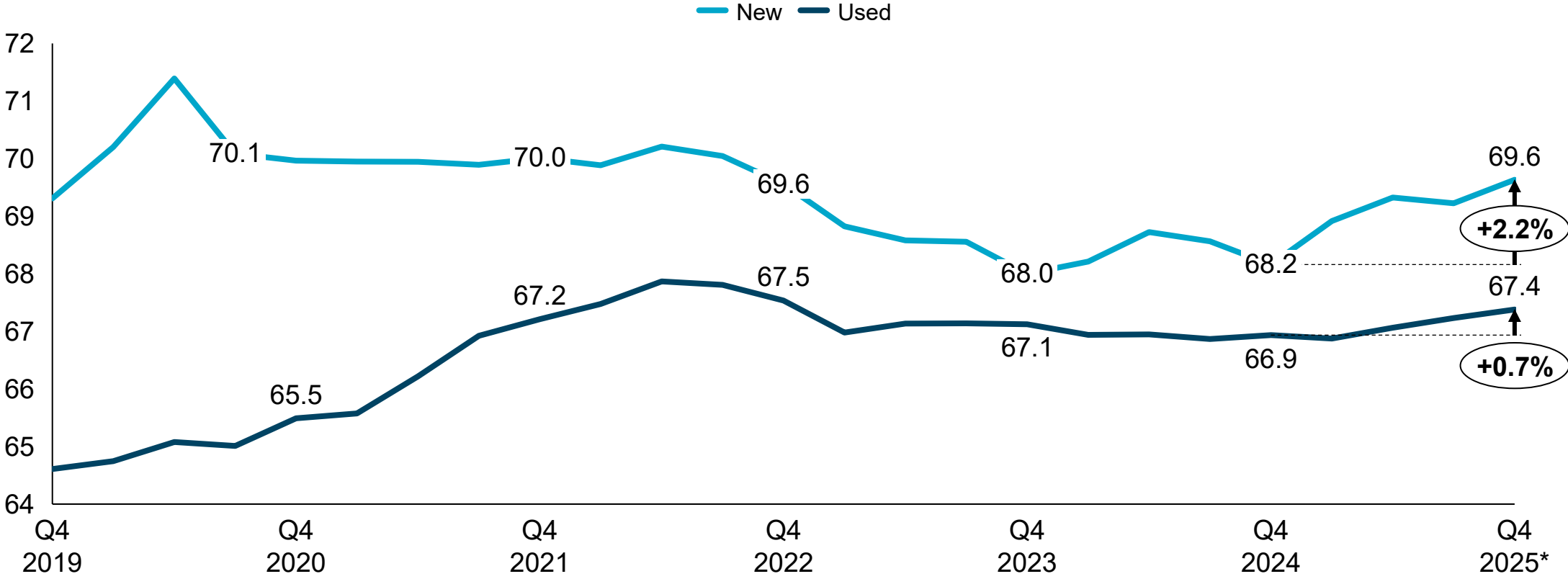


*Q4 2025 Reflects partial quarter data

Source: AutoCreditInsight by S&P Global Mobility, TransUnion

Both new and used terms rose slightly year over year after falling off 2022 highs in 2023 and 2024

Average Term Length (Loan Originations) – Q4 2019 to Q4 2025*



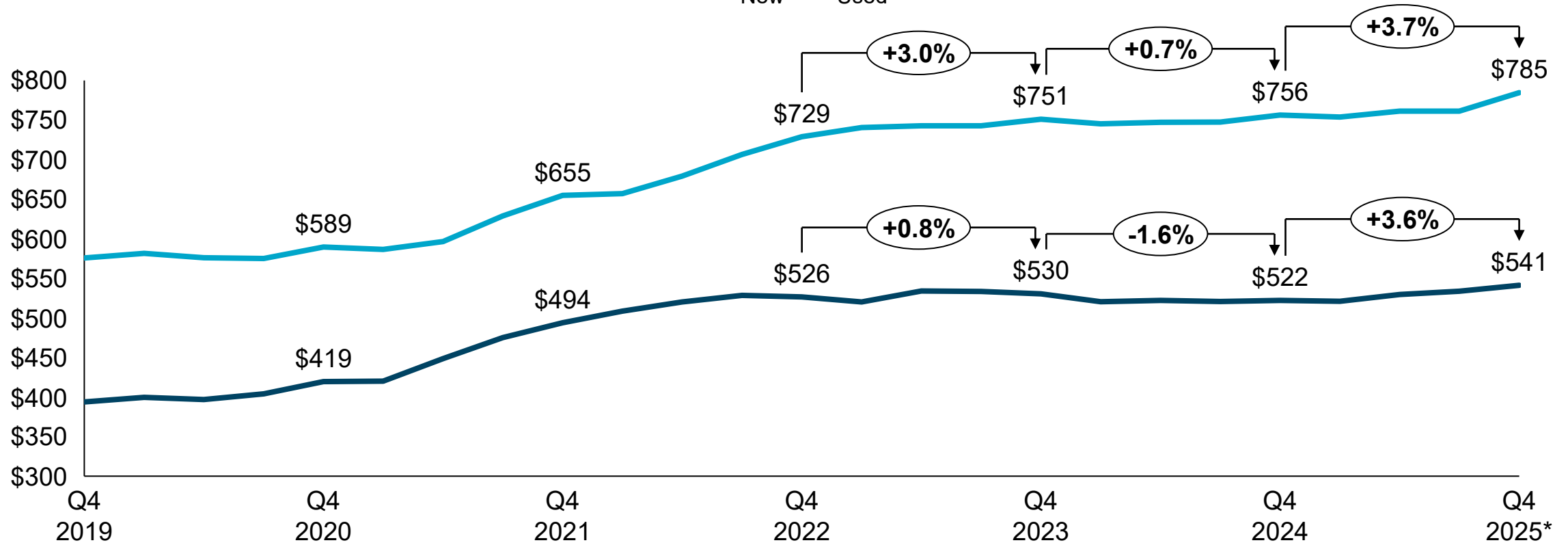
*Q4 2025 Reflects partial quarter data

Source: AutoCreditInsight by S&P Global Mobility, TransUnion

Monthly payments are rising again for both new and used vehicles

Average Monthly Payment (Loan Originations) – Q4 2019 to Q4 2025*

— New — Used



*Q4 2025 Reflects partial quarter data

Source: AutoCreditInsight by S&P Global Mobility, TransUnion

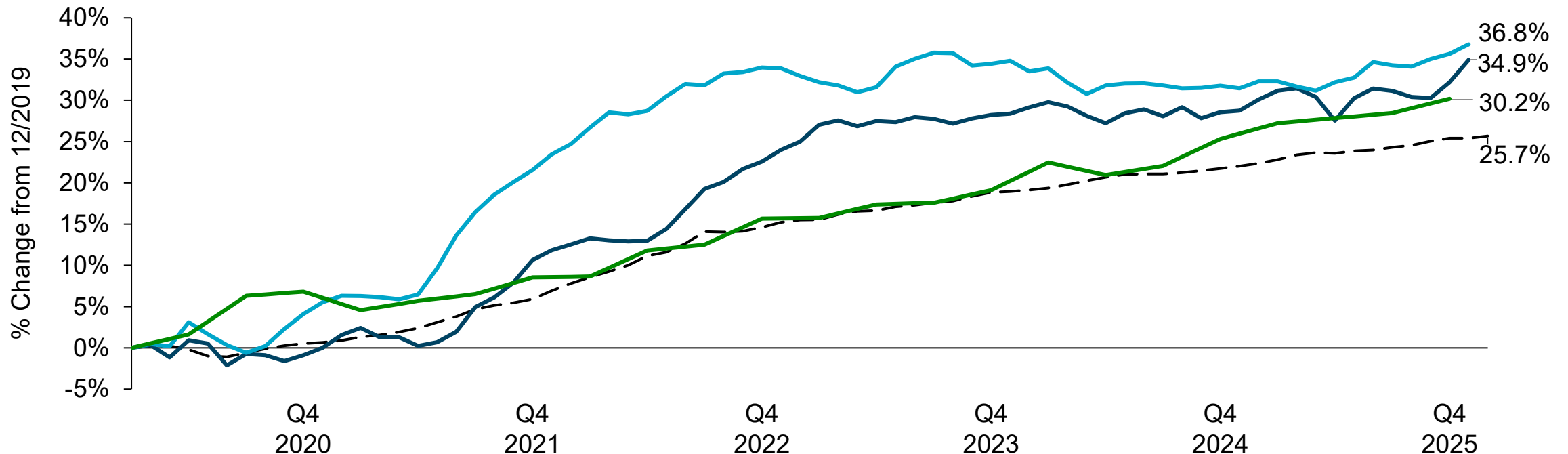


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Gains in real wages have narrowed the gap with monthly vehicle payments; however, recent uptick in payments could reverse the trend

Cumulative Average Auto Monthly Payment Growth of Purchases from 12/2019

— — CPI — New monthly payment — Used monthly payment — Median nominal wage

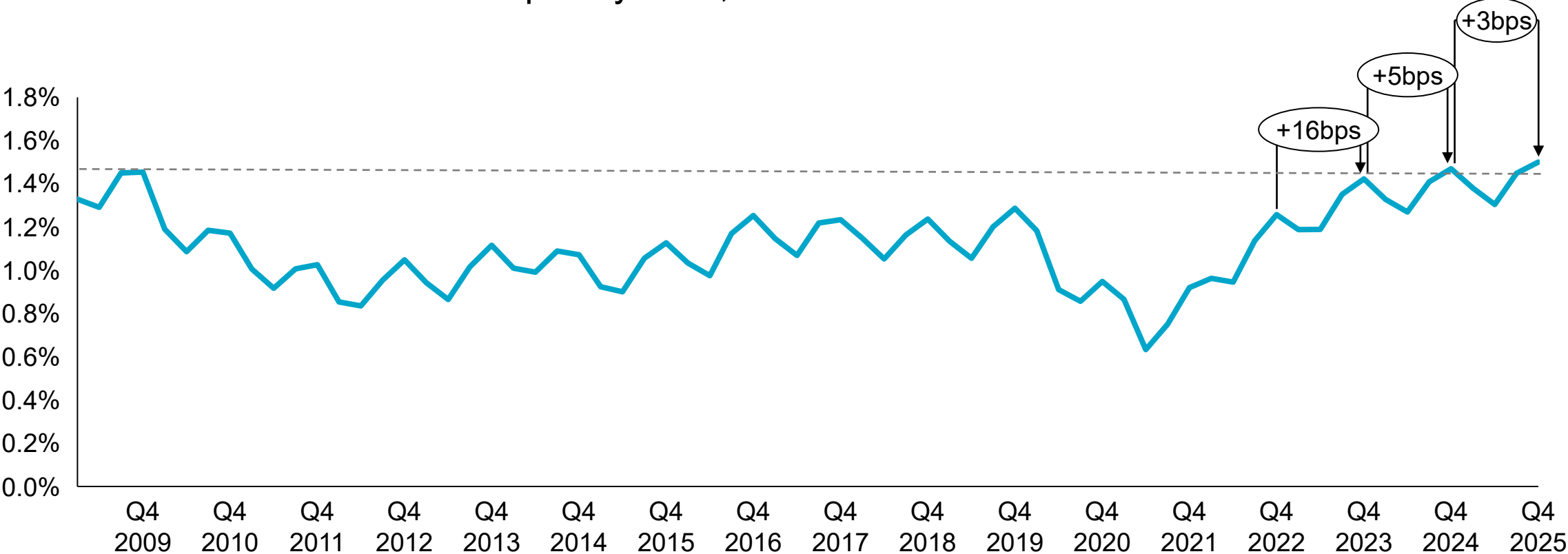


Source: AutoCreditInsight by S&P Global Mobility, TransUnion
 U.S. Bureau of Labor Statistics Consumer Price Index via FRED
 U.S. Bureau of Labor Statistics Weekly and Hourly Earnings from the Current Population Survey via FRED



60+ DPD account delinquencies increased at a slower rate of 3 bps year over year to 1.50%

Account Delinquency Rate, 60+ DPD — Q4 2009 to Q4 2025

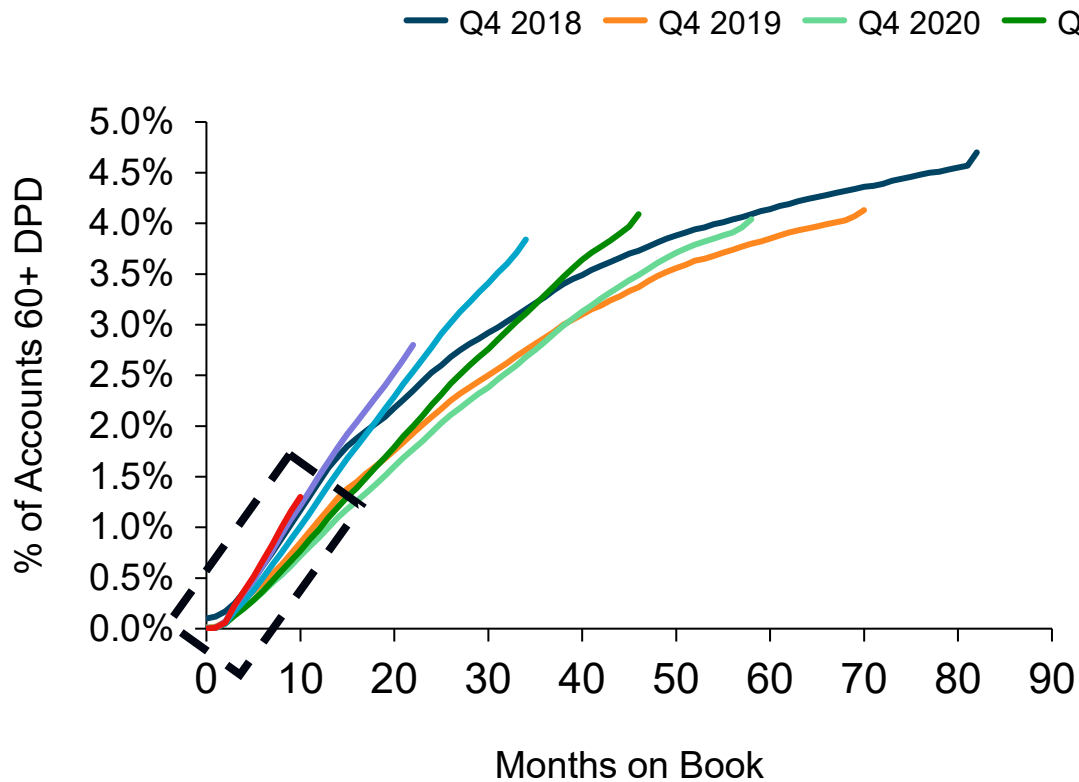


Source: TransUnion US consumer credit database

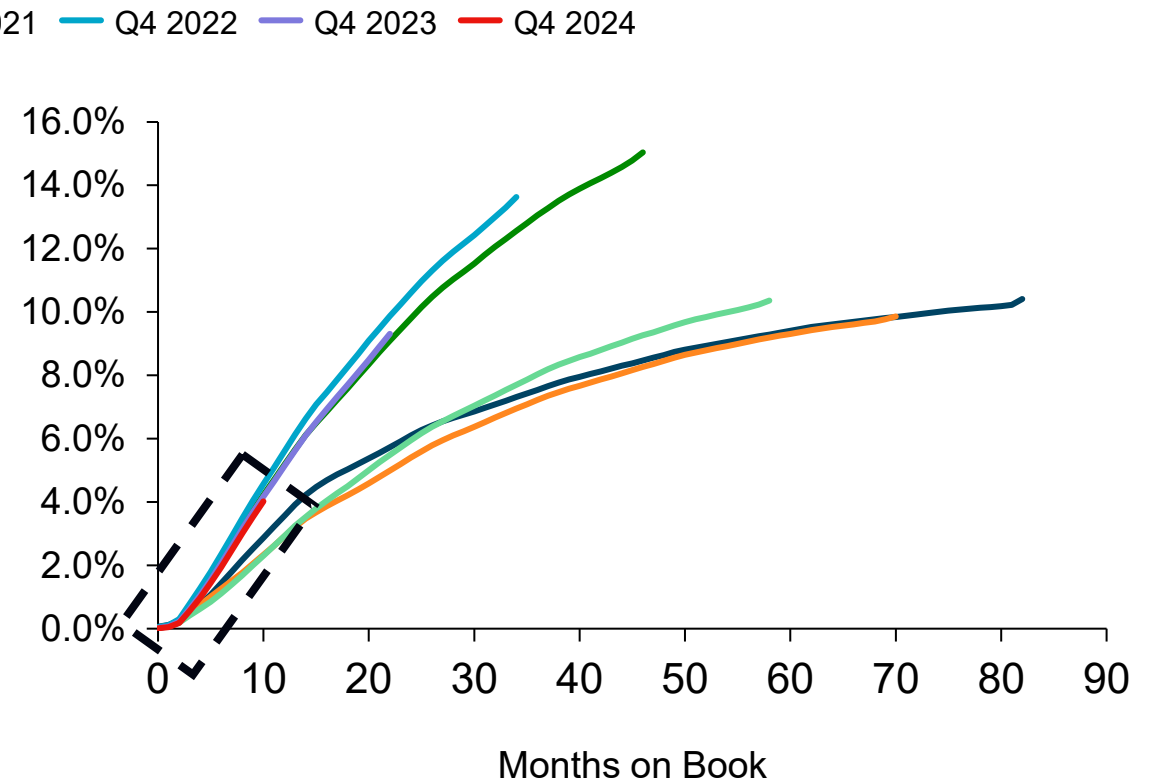


Used vehicle vintages remain worse than their pre-pandemic cohorts but have improved slightly over 2022 and 2023

Vintage Delinquency of **New** Auto Loans and Leases



Vintage Delinquency of **Used** Auto Loans and Leases



Source: AutoCreditInsight by S&P Global Mobility, TransUnion



Auto lending summary:



Origination volumes grew 6.2% but remain 10.7% below pre-pandemic levels



Progress toward gains in affordability may be at risk as monthly payments trend higher



Delinquencies continue to rise, albeit at a slower rate of growth

Source: TransUnion US consumer credit database





8-Minute Industry Update

Bankcard

Paul Siegfried

SVP, Card and Banking



There are a few key trends impacting bankcard



Originations rose 11.7% in year-over-year terms to 21.3 million, with growth driven by the subprime (26.7%) and super prime (11.1%) tiers



Bankcard balances grew 4.2% and reached a record high of \$1.15 trillion, though the rate of balance growth has slowed as lenders pulled back on new credit lines



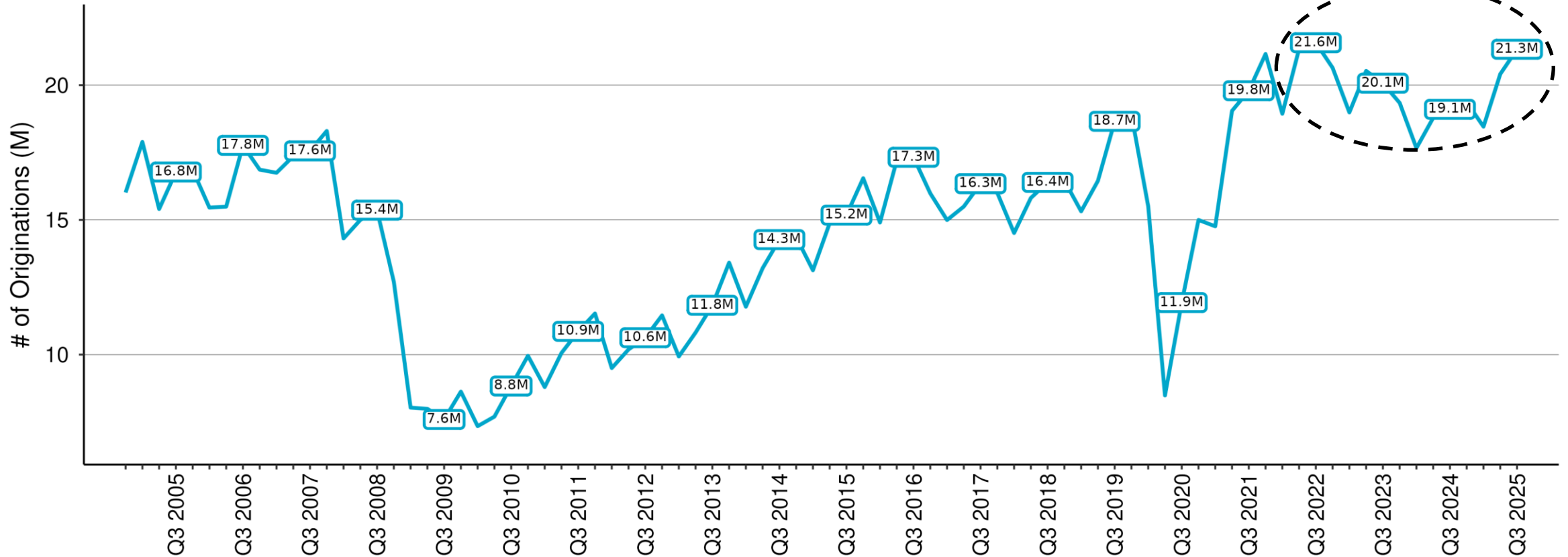
Lender focus on reducing risk and increased consumer liquidity resulted in an overall decline in serious delinquency rates and moderate charge-off growth

Source: TransUnion US consumer credit database



Bankcard originations increased 11.7% year over year to 21.3 million, its second-highest Q3 level on record

Total Volume of Bankcard Originations



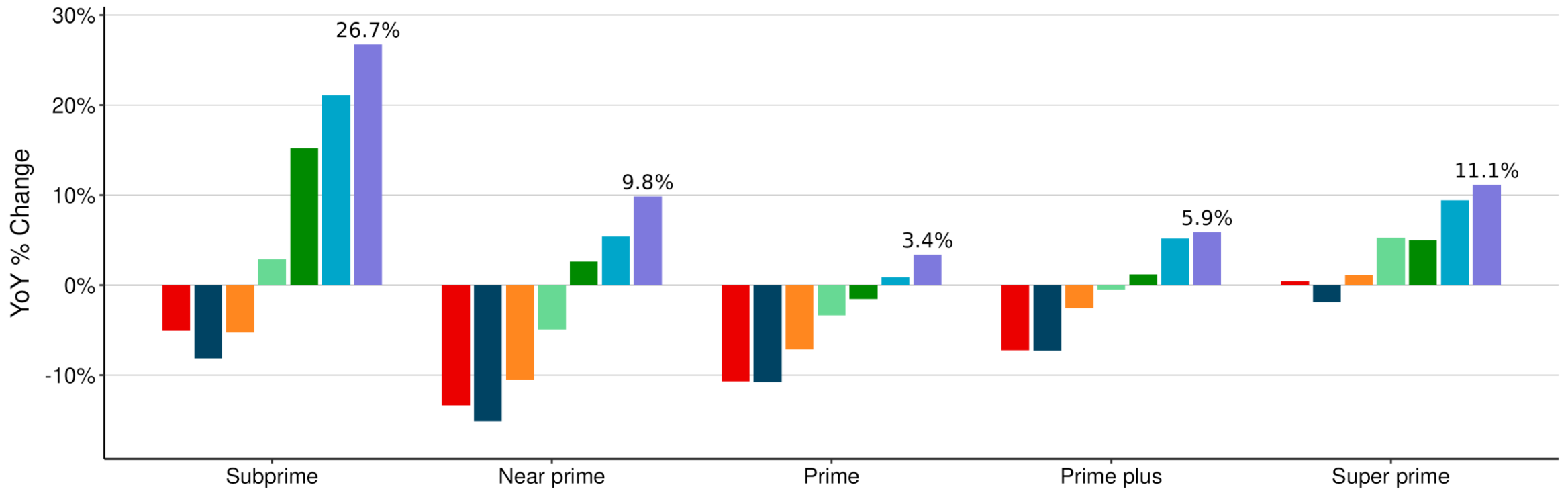
Source: TransUnion US consumer credit database



Origination growth was reflected across all risk tiers — led by subprime and super prime

YoY % Change in Originations Volume, by Risk Tier

■ Q1 2024
 ■ Q2 2024
 ■ Q3 2024
 ■ Q4 2024
 ■ Q1 2025
 ■ Q2 2025
 ■ Q3 2025



VantageScore® 4.0 risk ranges:
 Subprime = 300–600, Near prime = 601–660, Prime = 661–720, Prime plus = 721–780, Super prime = 781+

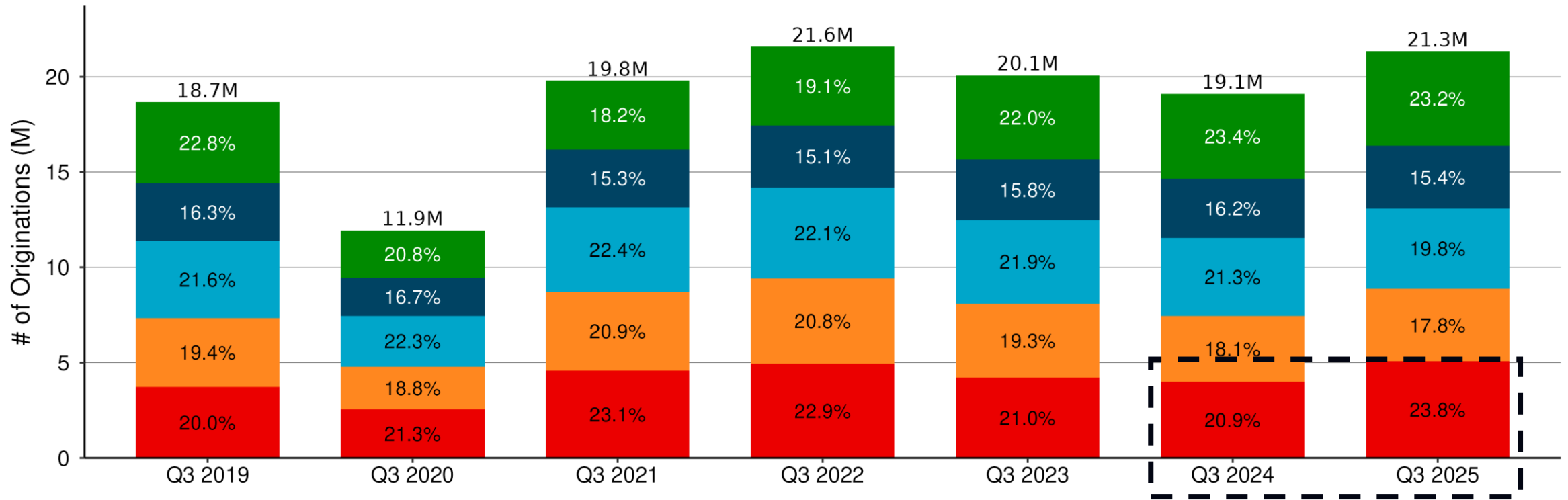
Source: TransUnion US consumer credit database



Subprime's share of total bankcard originations rose sharply, surpassing super prime

Total Number of Bankcard Originations, by Risk Tier

■ Subprime
 ■ Near prime
 ■ Prime
 ■ Prime plus
 ■ Super prime



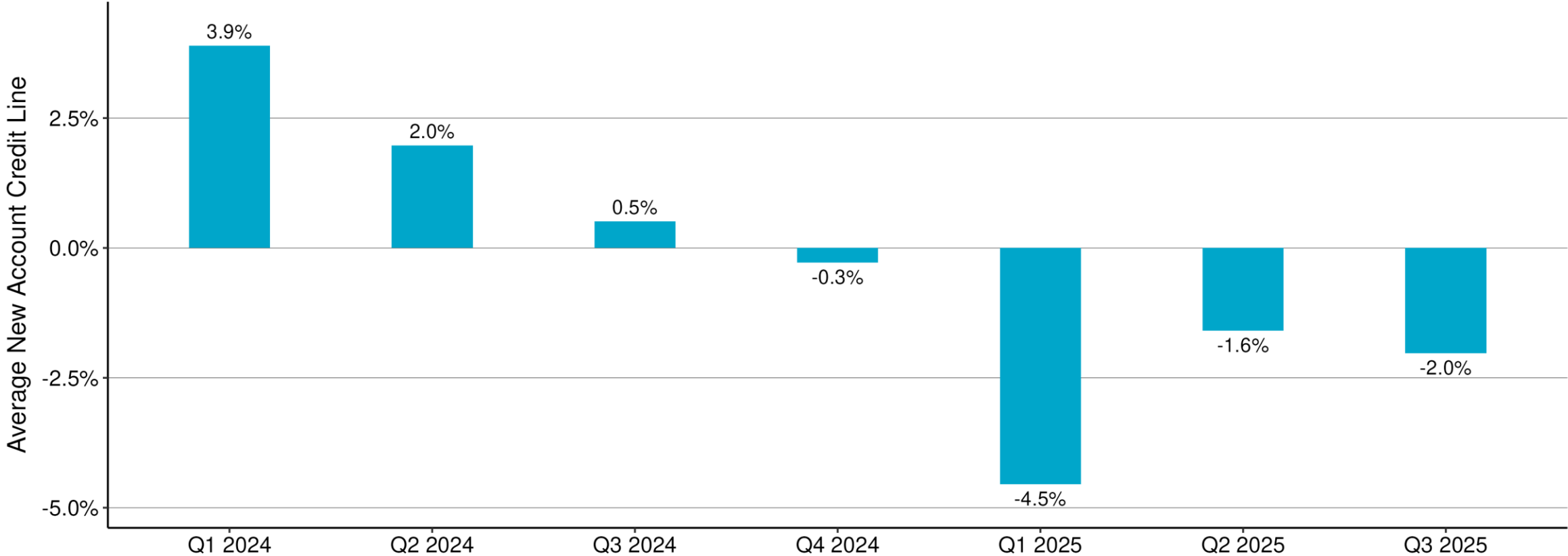
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Totals may not equal 100 due to rounding
 Source: TransUnion US consumer credit database



Lenders mitigated exposure through the reduction of new credit lines — which saw negative year-over-year growth the past four quarters

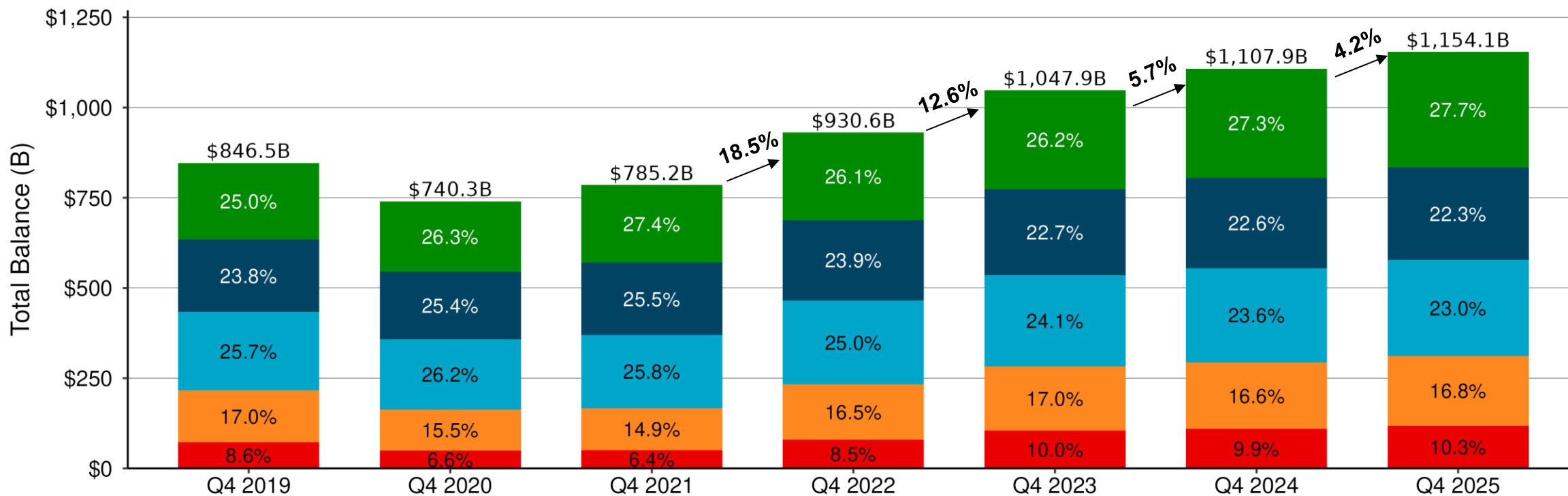
YoY % Change in Average Bankcard New Credit Lines



Bankcard balances reached a record high in Q4 2025, though the rate of balance growth has been slowing

Total Bankcard Balances, by Risk Tier

Subprime Near prime Prime Prime plus Super prime



VantageScore® 4.0 risk ranges:
 Subprime = 300–600, Near prime = 601–660, Prime = 661–720, Prime plus = 721–780, Super prime = 781+

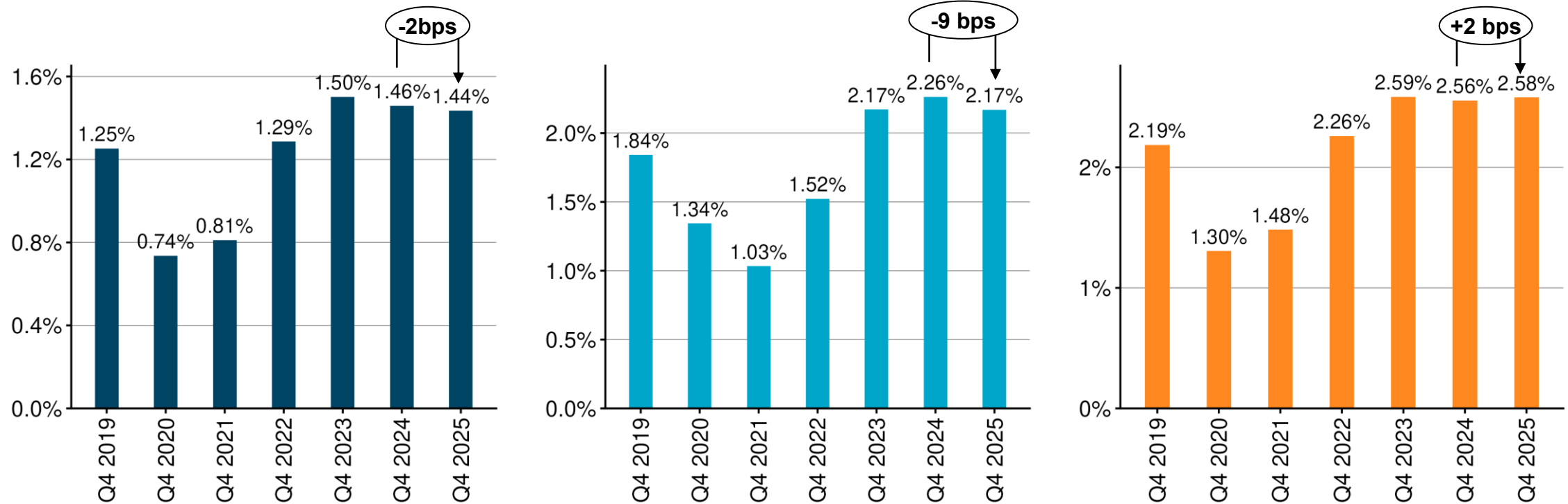
Totals may not equal 100 due to rounding
 Source: TransUnion US consumer credit database



Bankcard delinquency rates declined across account and balance levels — while the consumer rate increased slightly

Bankcard Delinquency Rates (90+DPD)

— Account Delinquency Rate — Balance Delinquency Rate — Consumer Delinquency Rate

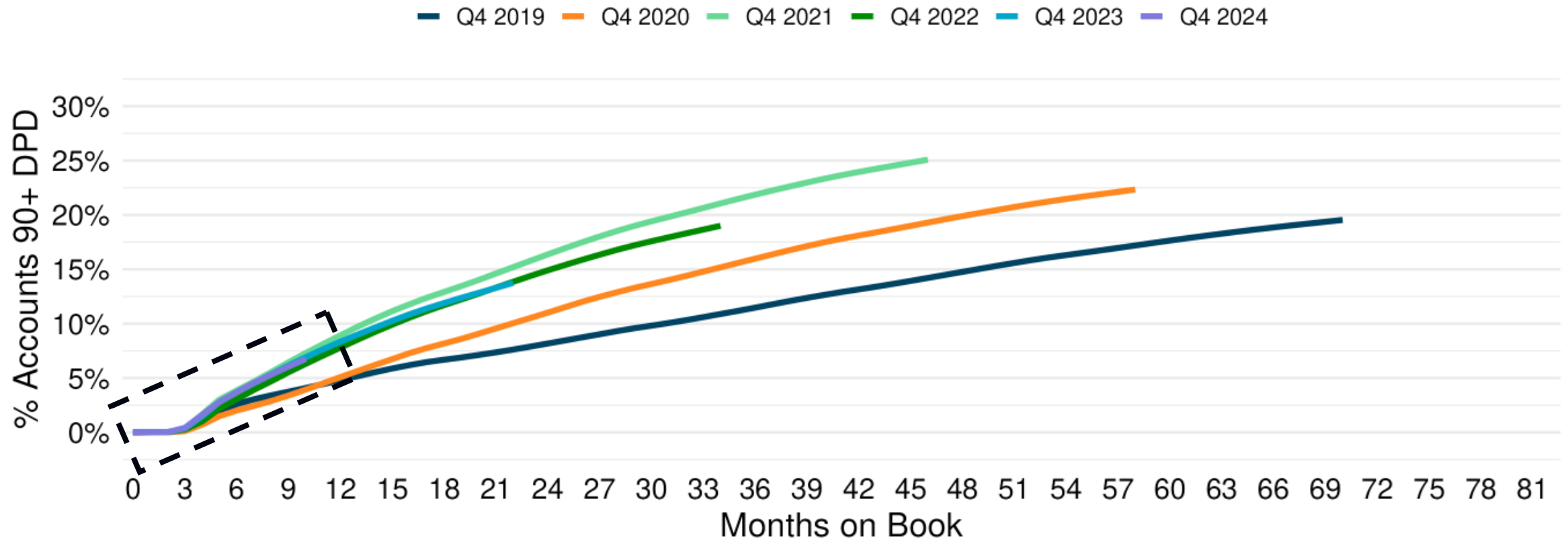


Source: TransUnion US consumer credit database



Bankcard vintage curves reflect general improvement since 2021

Vintage Delinquency of Bankcard

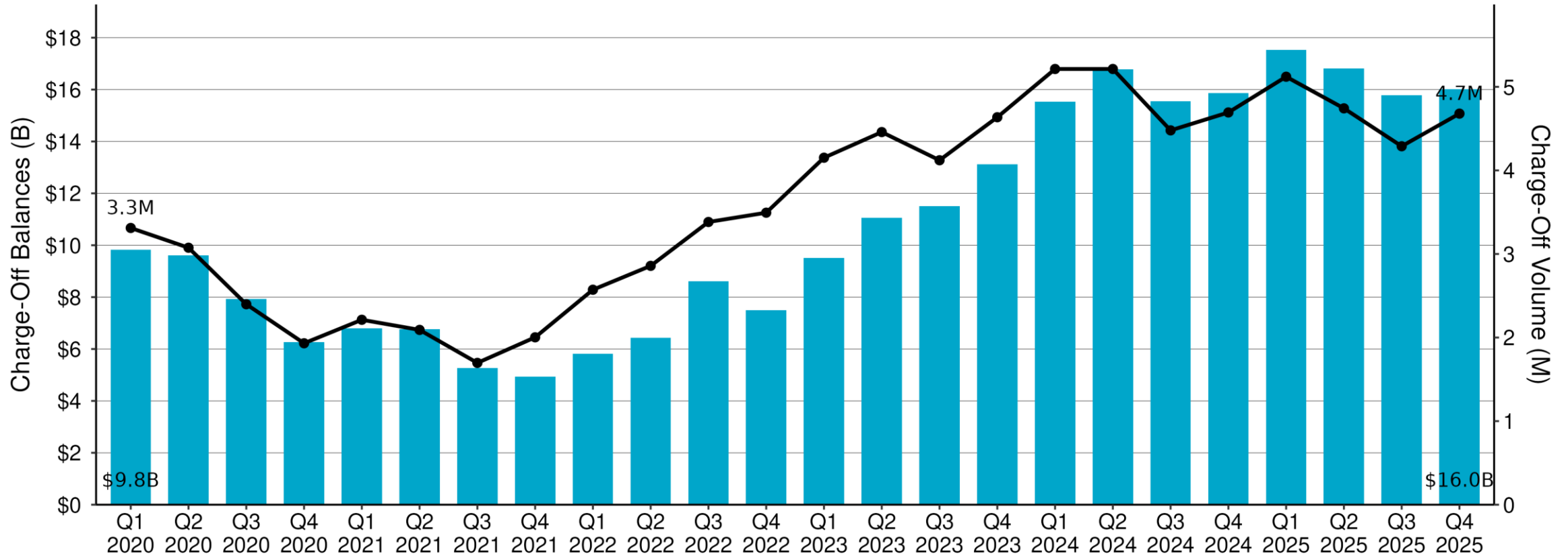


Source: TransUnion US consumer credit database



Charge-off volume and balance totals remain below prior quarters, reflecting improved vintage curves and reduced exposure

Total Volume and Balances of Bankcard Accounts Entering Charge-Off



Source: TransUnion US consumer credit database



Bankcard market summary:



Bankcard originations increased 11.7% year over year to 21.3 million, with growth led by subprime and super prime



Lenders have reduced the average bankcard new credit lines, contributing to the slowing rate of year-over-year total balance growth



Bankcard delinquency rates have shown improvement and vintages have strengthened, contributing to the slowing rate of charge-off growth

Source: TransUnion US consumer credit database





8-Minute Industry Update

Personal Loans

Arun Balasubramanian

Sr Lead, Financial Services Research & Consulting



There are a few key trends impacting the personal loan market



Originations surged 23.8% year over year, with a higher share of below prime lending, led by FinTechs



Total balances reached a record high \$275.7 billion as new loan amounts resumed growth following an extended plateau



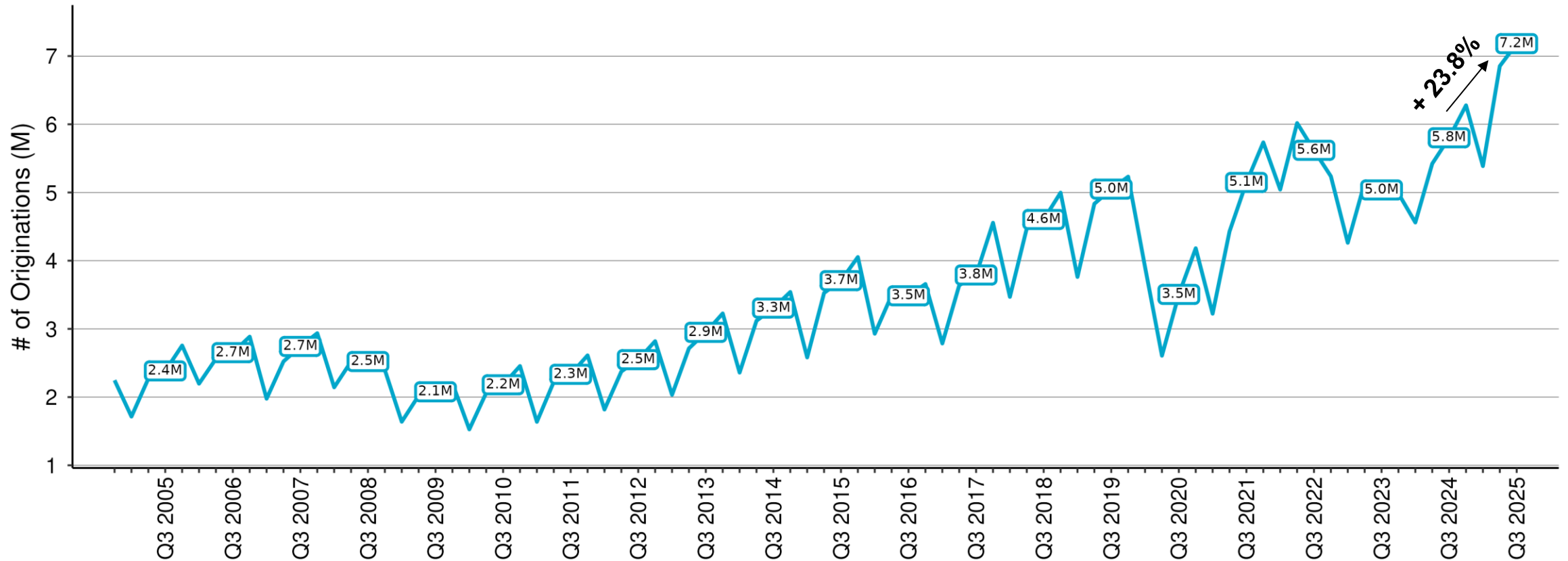
As lenders have increased lending to non-prime consumers, early-stage delinquency rates have risen

Source: TransUnion US consumer credit database



Origination volume continued to accelerate, increasing 23.8% year over year in Q3 2025

Total Volume of Unsecured Personal Loan Originations

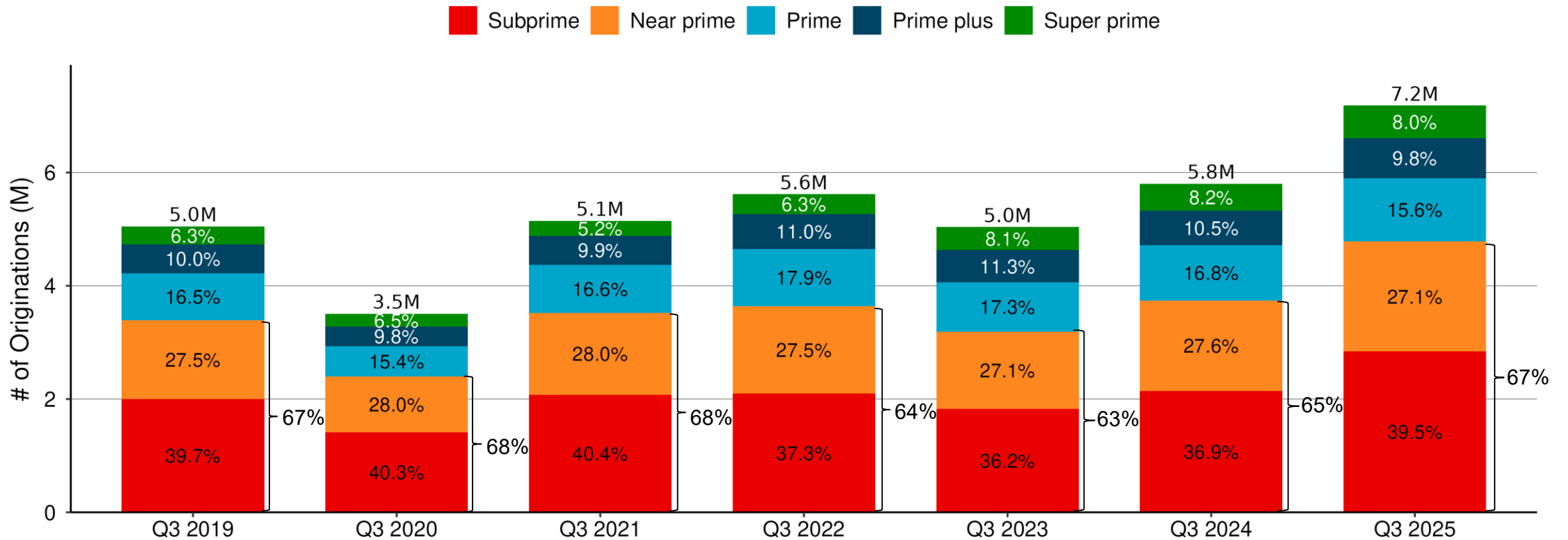


Source: TransUnion US consumer credit database



Approximately two of three originations are to below prime consumers, consistent with prior year distributions

Total Number of Unsecured Personal Loan Originations, by Risk Tier



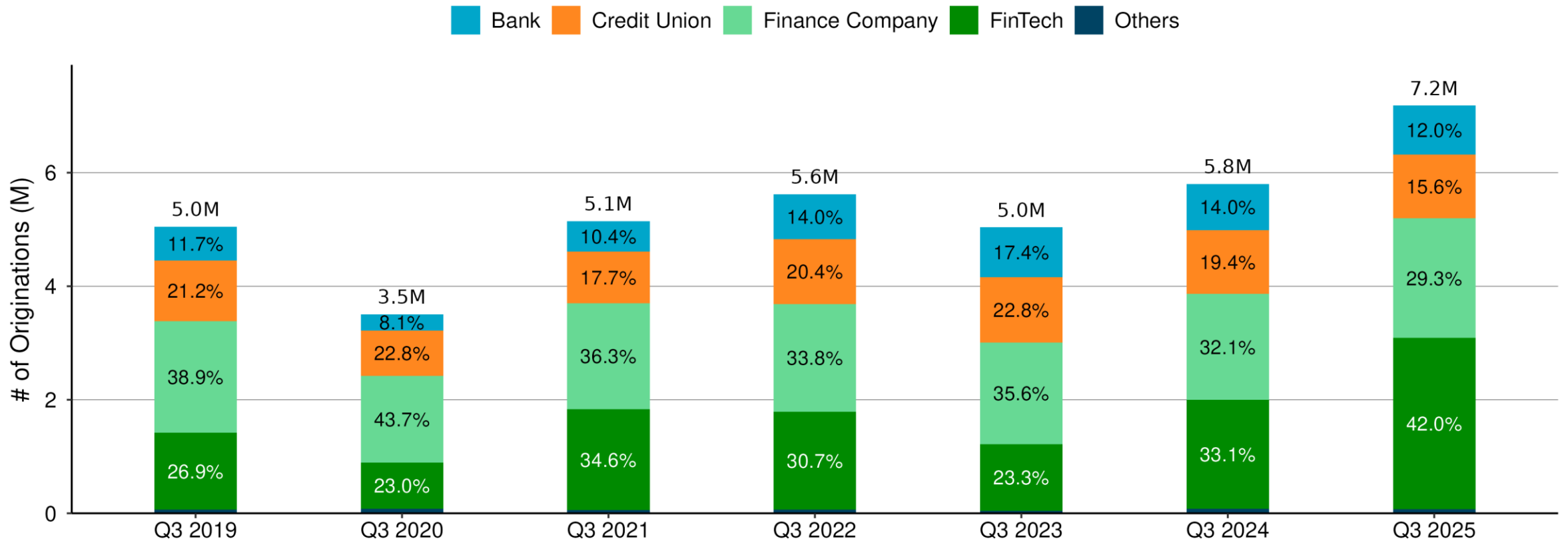
VantageScore® 4.0 risk ranges:
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Totals may not equal 100 due to rounding
 Source: TransUnion US consumer credit database



FinTechs continue to drive growth and gain share

Total Volume of Unsecured Personal Loan Originations



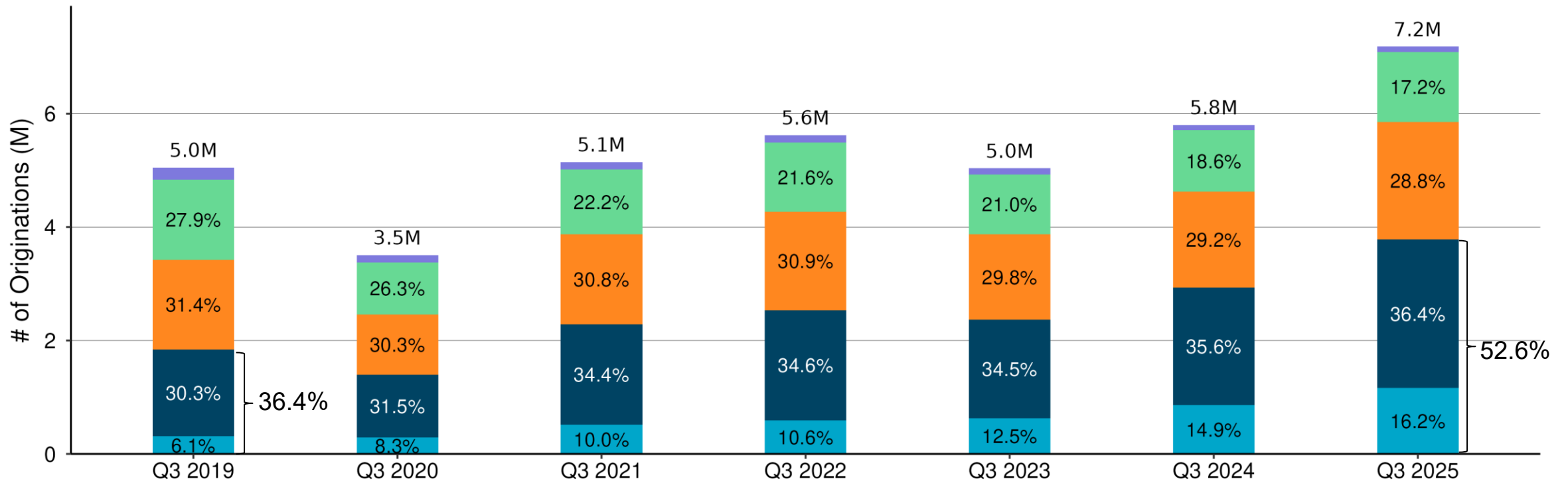
Totals may not equal 100 due to rounding
Source: TransUnion US consumer credit database



Millennial and Gen Z consumers comprised 52.6% of originations in Q3 2025, up from 36.4% in Q3 2019

Total Volume of Unsecured Personal Loan Originations

Gen Z Millennial Gen X Baby Boomers Silent



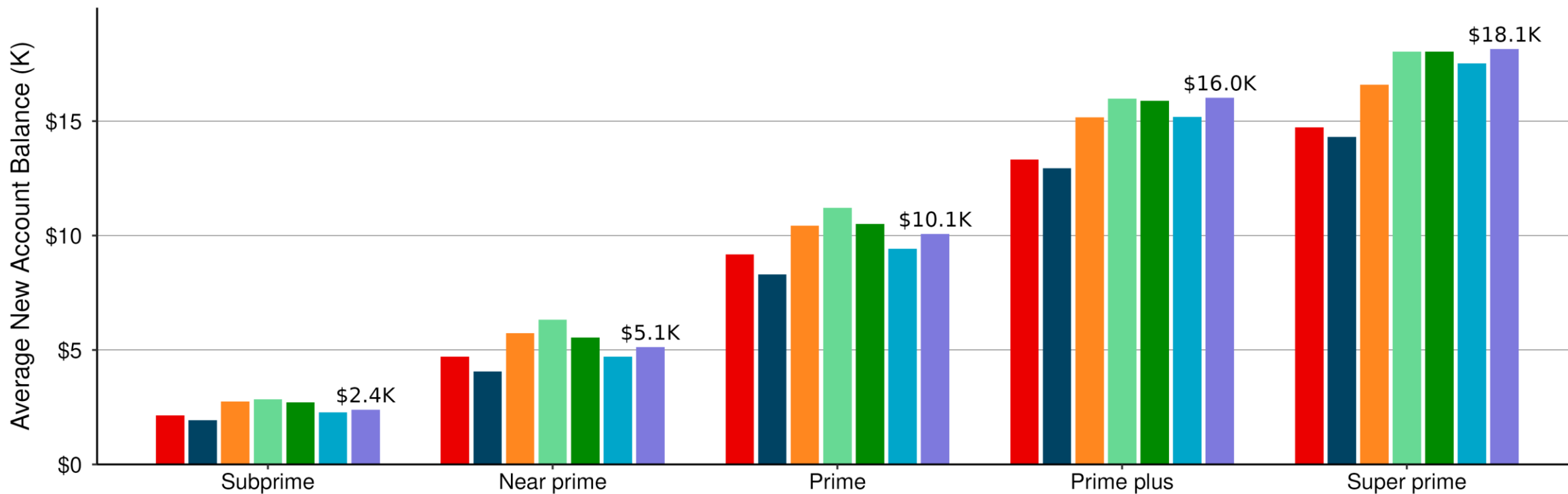
Totals may not equal 100 due to rounding
Source: TransUnion US consumer credit database



New loan amounts resumed growth following their pullback from 2022 highs

Average Unsecured Personal Loan New Account Balances, by Risk Tier

Q3 2019 Q3 2020 Q3 2021 Q3 2022 Q3 2023 Q3 2024 Q3 2025



VantageScore® 4.0 risk ranges:
Subprime = 300–600, Near prime = 601–660, Prime = 661–720, Prime plus = 721–780, Super prime = 781+

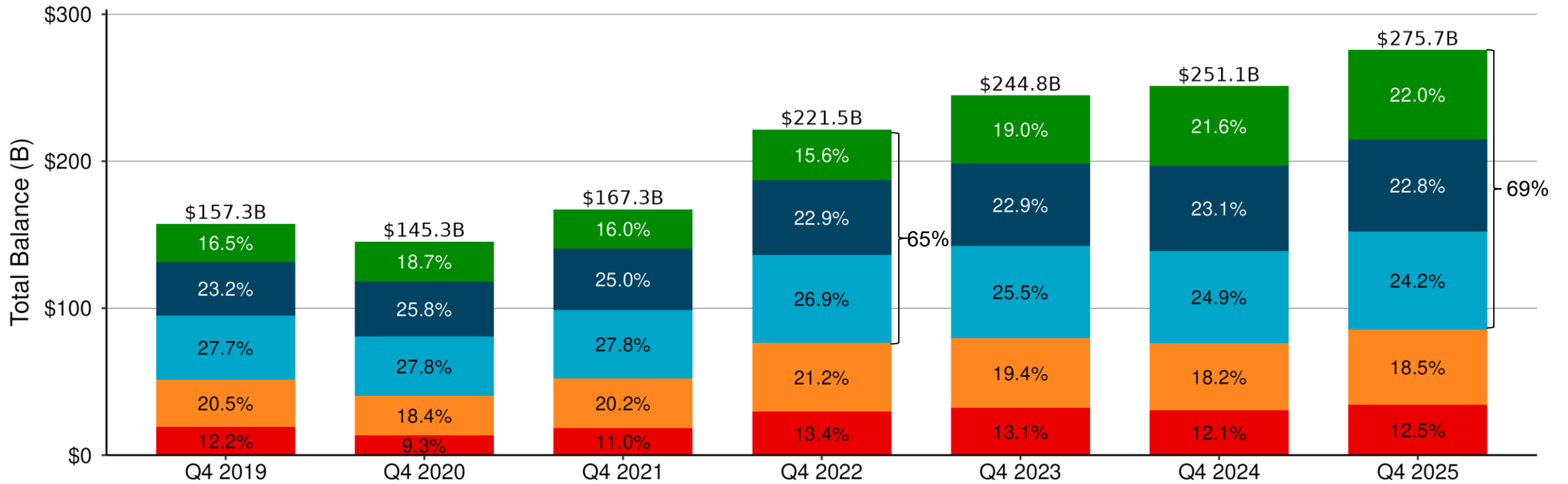
Source: TransUnion US consumer credit database



Total balances reached \$275.7 billion, with 69% held by prime and above consumers

Total Unsecured Personal Loan Balances, by Risk Tier

■ Subprime
 ■ Near prime
 ■ Prime
 ■ Prime plus
 ■ Super prime



VantageScore® 4.0 risk ranges:
 Subprime = 300–600, Near prime = 601–660, Prime = 661–720, Prime plus = 721–780, Super prime = 781+

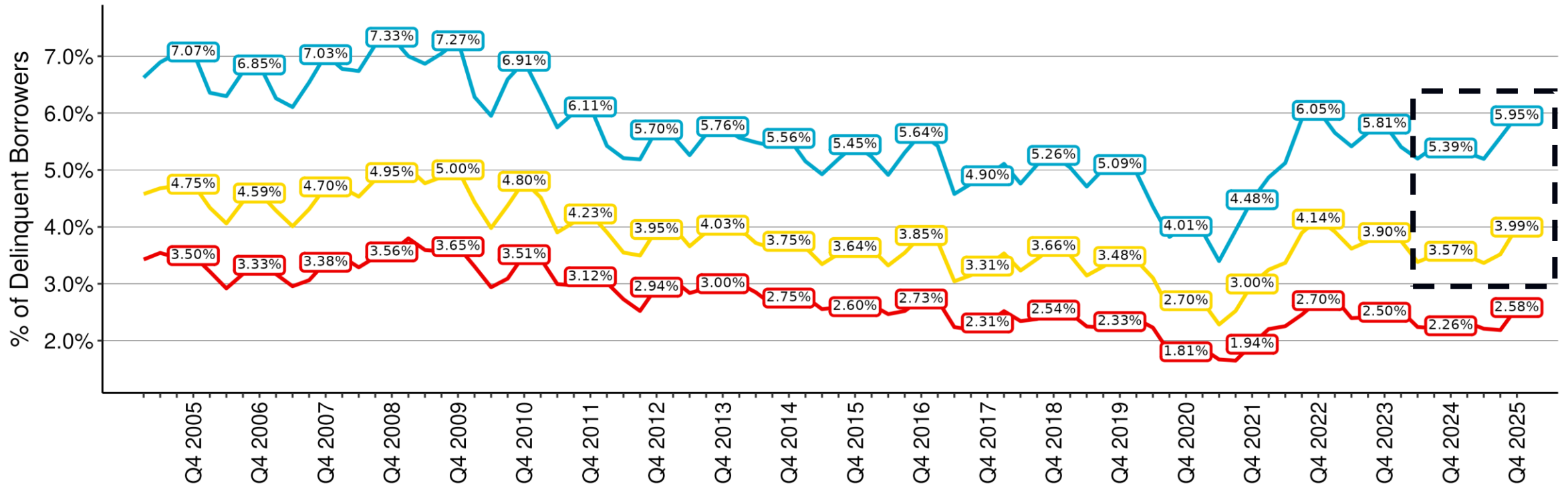
Totals may not equal 100 due to rounding
 Source: TransUnion US consumer credit database



Early-stage delinquencies are up 56 bps year over year, while the serious 60+ DPD rate increased 42 bps

Unsecured Personal Loan Consumer Delinquency Rates

— 30+ DPD — 60+ DPD — 90+ DPD



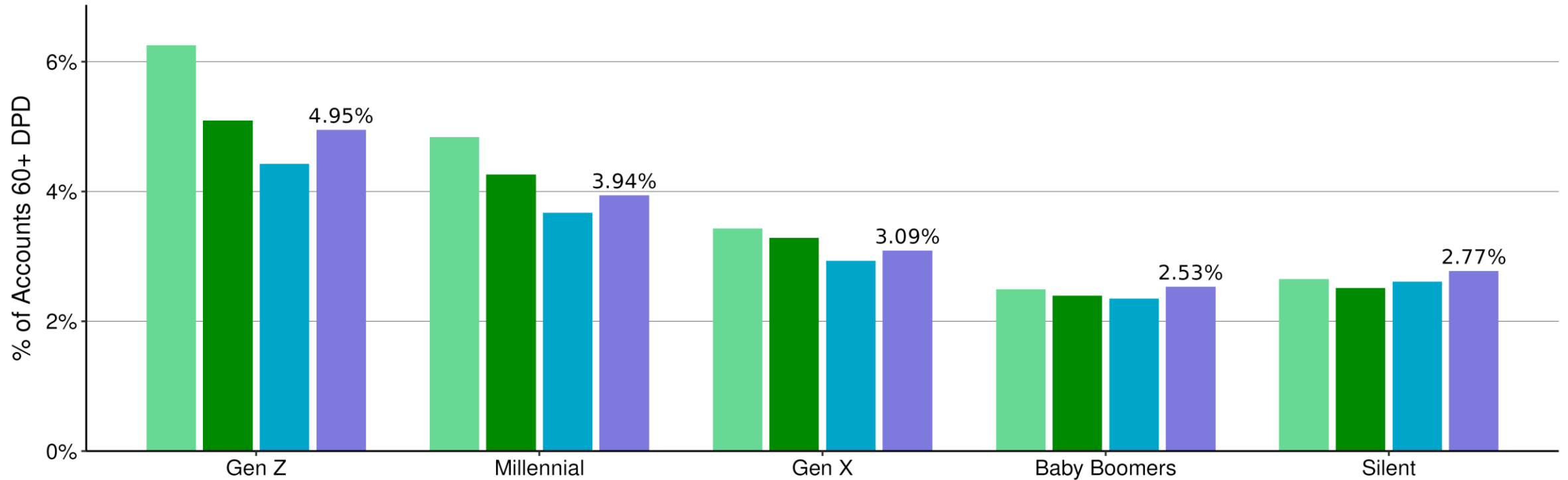
Source: TransUnion US consumer credit database



Gen Z consumers showed the most significant 60+ DPD deterioration

Unsecured Personal Loan 60+ DPD Account Delinquency Rates, by Generation

Q4 2022 Q4 2023 Q4 2024 Q4 2025



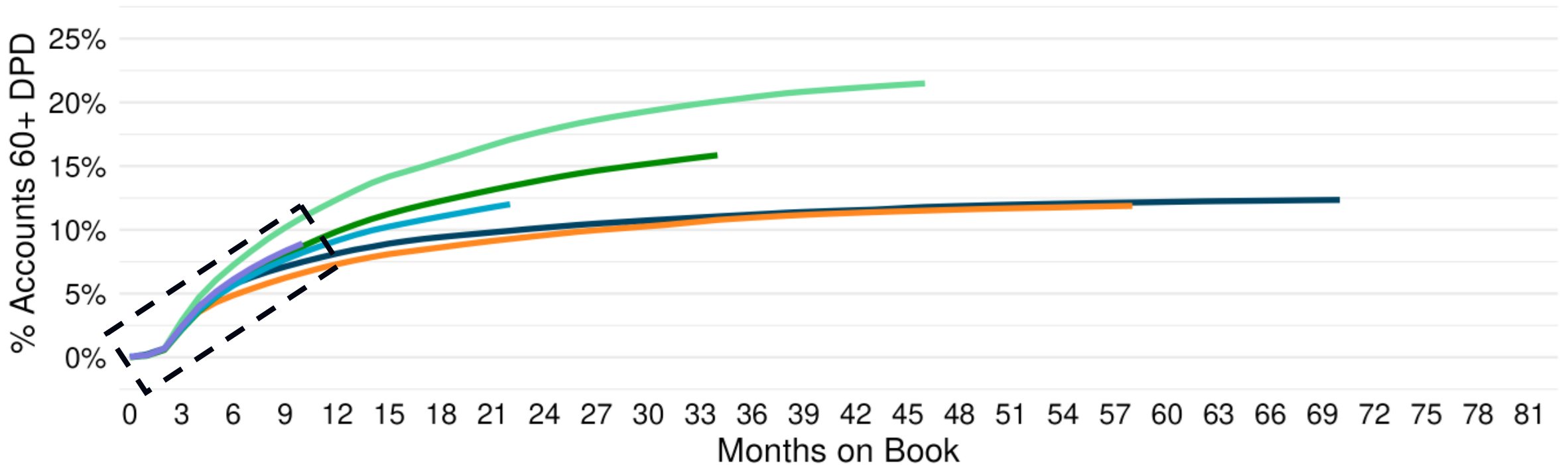
Source: TransUnion US consumer credit database



The Q4 2024 vintage reflected slight deterioration as originations increased — but has improved in comparison to 2021

Vintage Delinquency of Unsecured Personal Loan

— Q4 2019 — Q4 2020 — Q4 2021 — Q4 2022 — Q4 2023 — Q4 2024

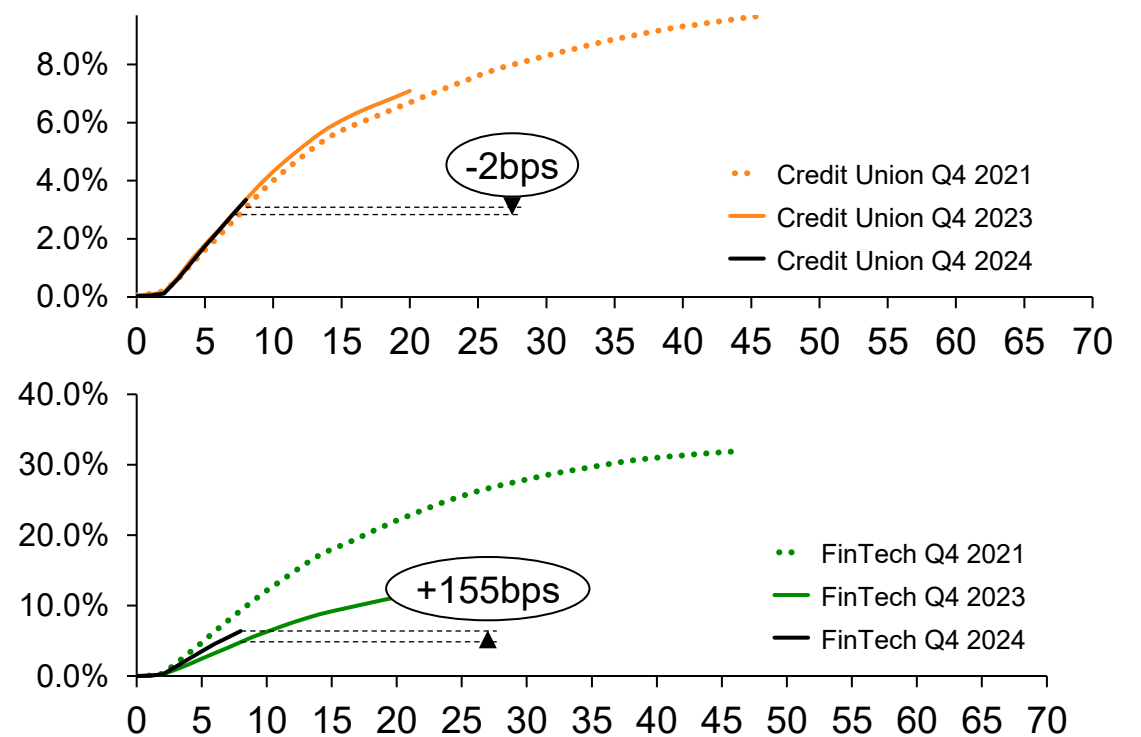
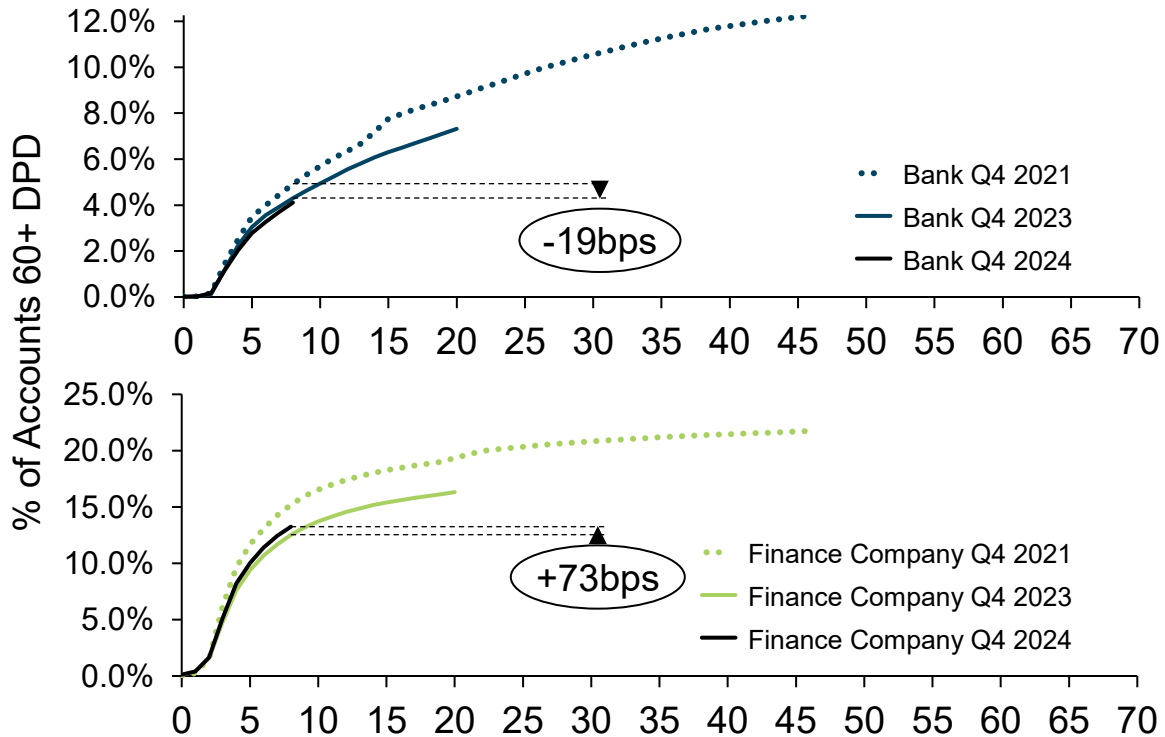


Source: TransUnion US consumer credit database



FinTech's return brought deterioration to the Q4 2024 vintages

Vintage Delinquency of Unsecured Personal Loans, by Lender Type



Source: TransUnion US consumer credit database



Personal loan market summary:



Originations grew 23.8% year over year, led by continued momentum from FinTech



Balances reached \$275.7 billion, fueled by increased origination volume and a rebound in new loan amounts following the recent pullback



Early-stage 30+ DPD delinquencies rose 56 bps in year-over-year terms, with recent FinTech vintages weakening and Gen Z delinquencies climbing

Source: TransUnion US consumer credit database





8-Minute Industry Update

Mortgage

Michele Raneri

VP, Financial Services Research & Consulting



There are a few key trends impacting the mortgage market



As home prices continue to trend higher, homeowners have been provided near-record levels of equity



Interest rates have trended lower recently; however, more than 80% of existing mortgages still carry rates below current market levels



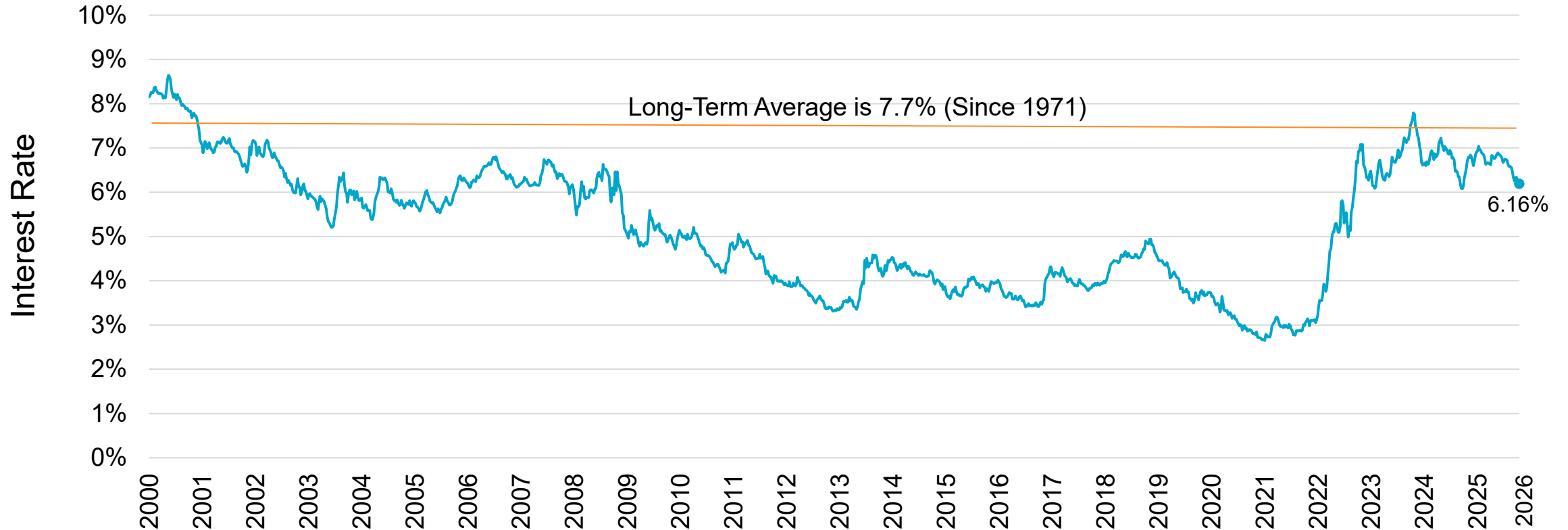
Recent economic growth and a relatively low unemployment rate (4.4%) have supported demand in the mortgage market

Source: TransUnion US consumer credit database



Mortgage interest rates declined near the end of Q2 2025 and have now dipped to ~ 6%

30-Year Mortgage Interest Rates (2000 to Present)



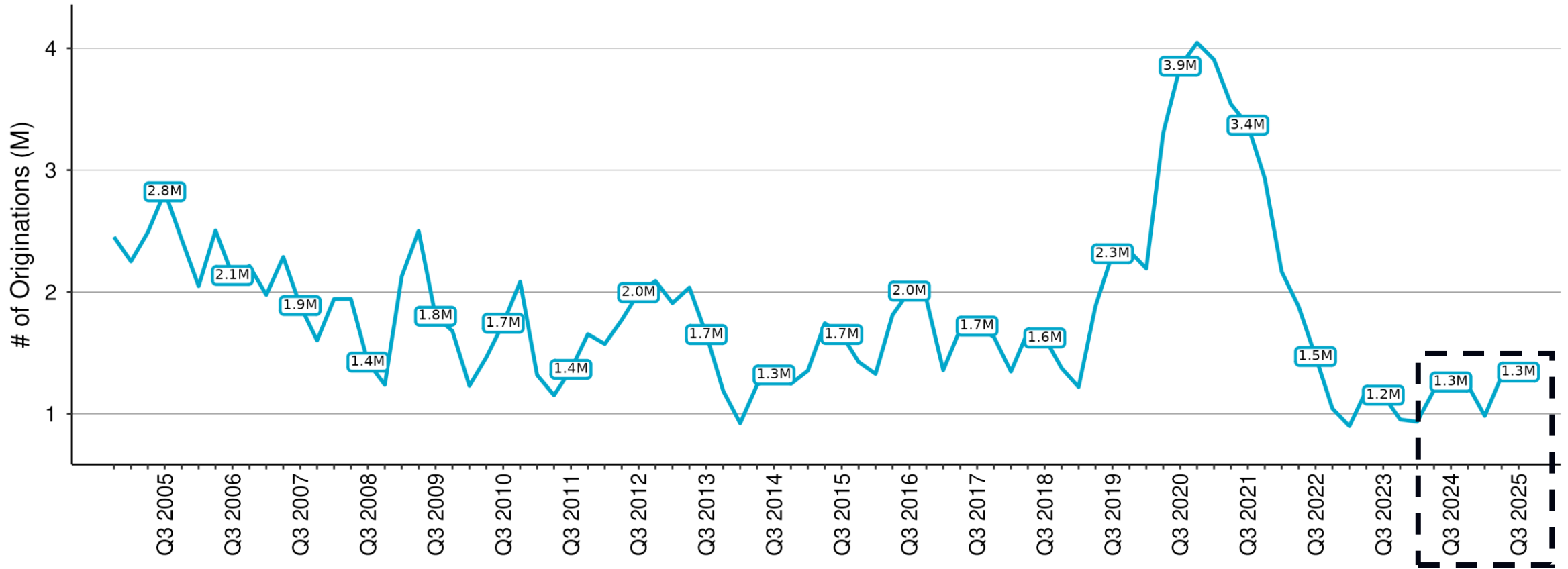
Mortgage Rate as of January 8, 2026
Long-Term Average calculated back to 1971

Source: Federal Reserve Economic Data (FRED)



The decline in interest rates helped mortgage originations increase 6.5% over the past year

Total Volume of Mortgage Originations

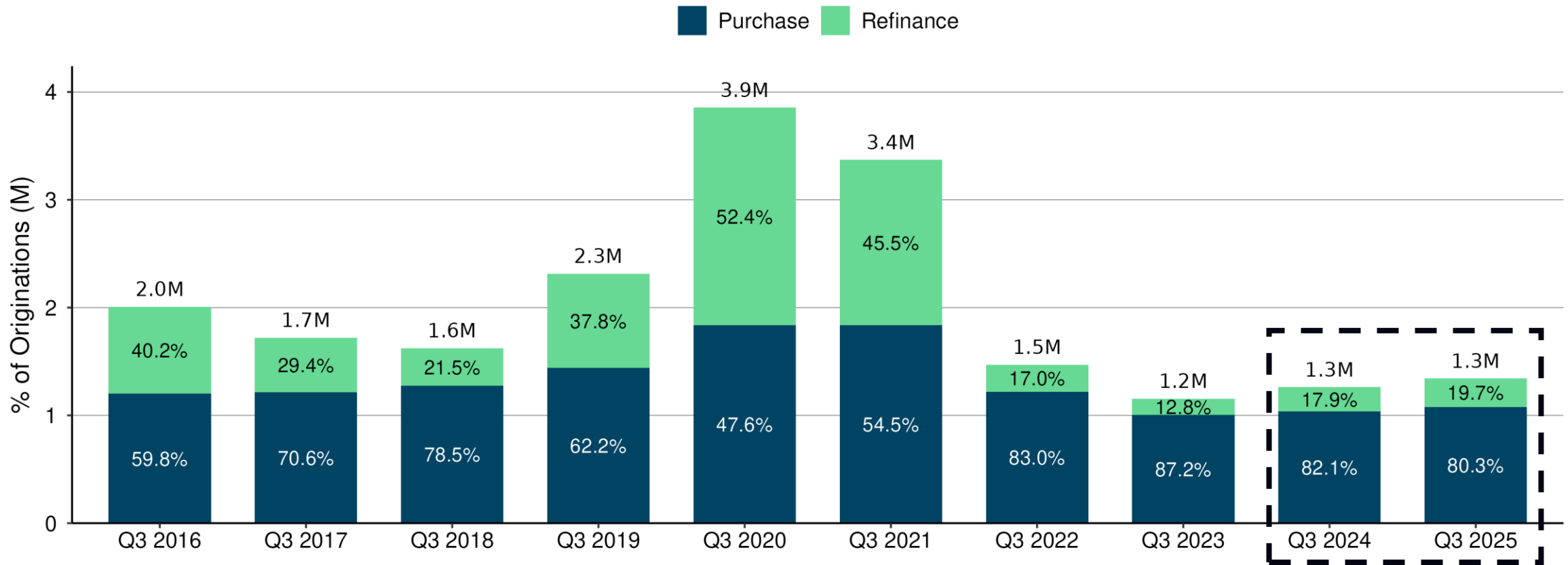


Source: TransUnion US consumer credit database



Refinance activity increased in Q3, but purchases still comprise a significant majority of originations

Distribution of Mortgage Origination Volume, by Purchase and Refinance

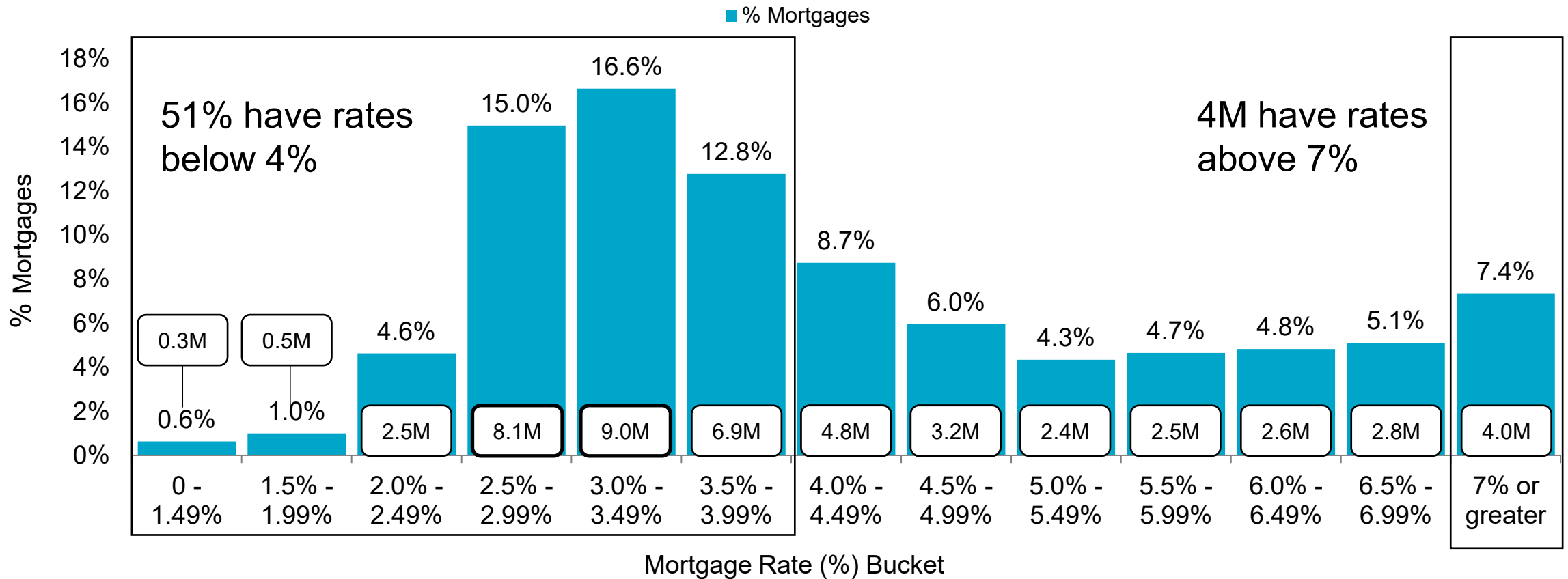


Source: TransUnion US consumer credit database



With the average 30-year mortgage rate ~ 6%, homeowners with rates above 7% may be in the market to refinance

Distribution of Rates on Outstanding Mortgages, Q3 2025

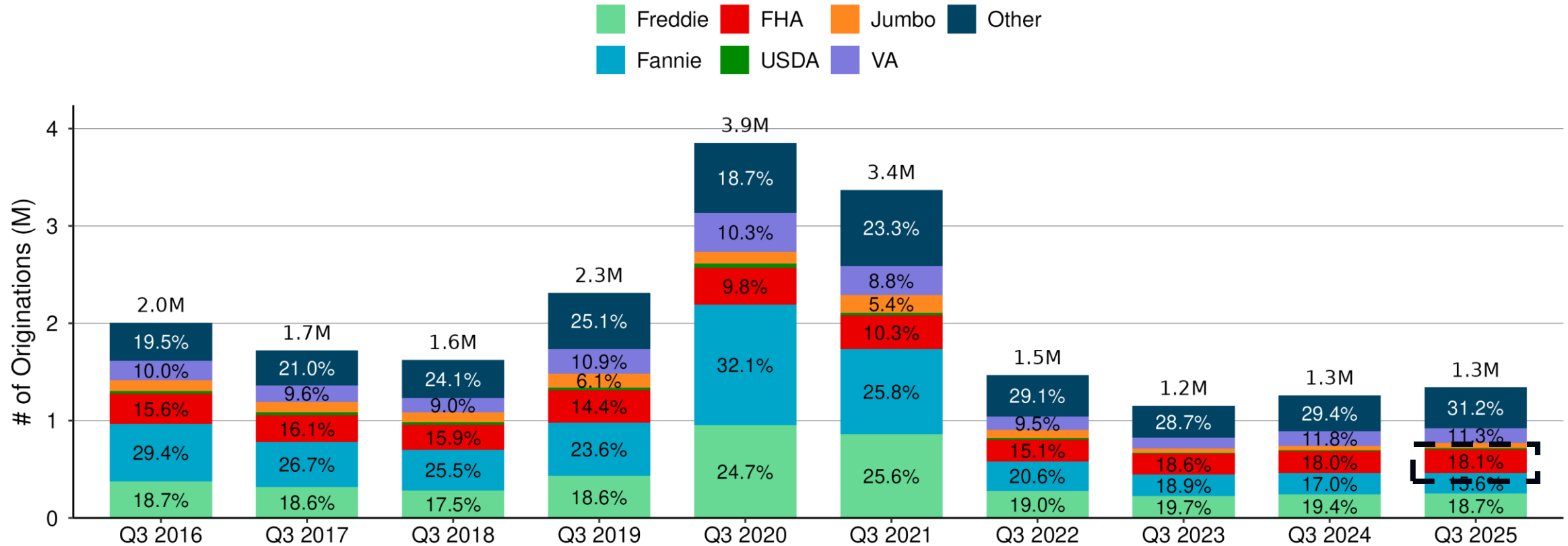


Totals may not equal 100 due to rounding
Source: TransUnion US consumer credit database



The share of FHA originations continues to rise, accounting for approximately 18% of total volume

Total Volume of Mortgage Originations, by Loan Type



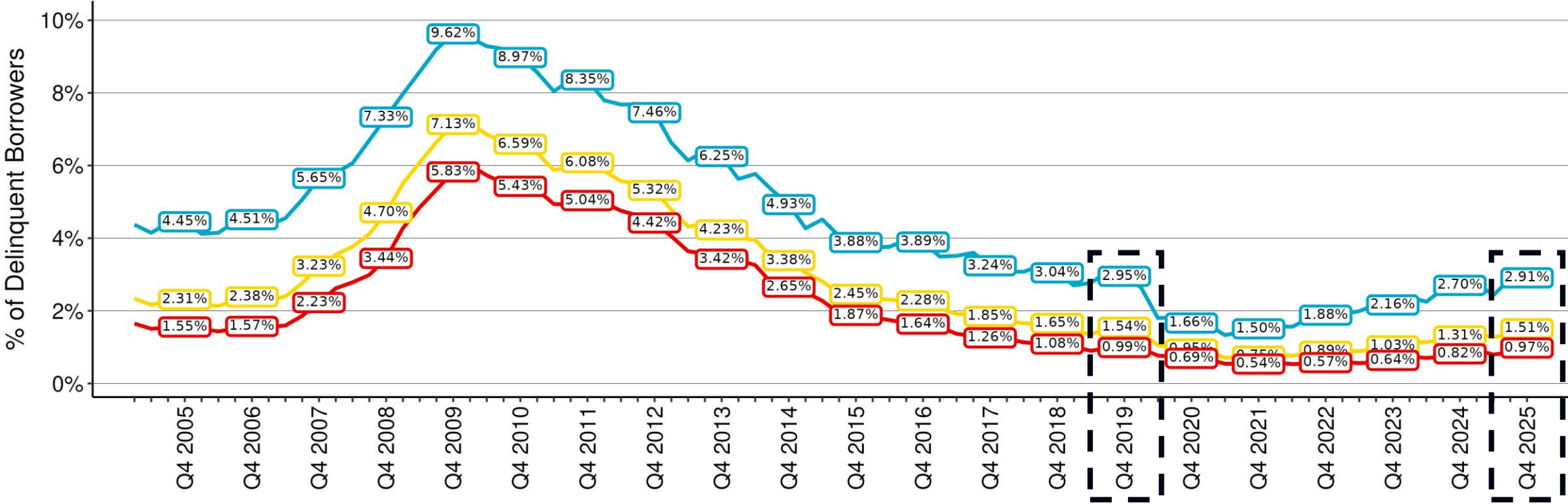
Totals may not equal 100 due to rounding
Source: TransUnion US consumer credit database



This has impacted mortgage delinquency rates — which are approaching their pre-pandemic levels but remain low in long-term comparisons

Mortgage Consumer Delinquency Rates

— 30+ DPD — 60+ DPD — 90+ DPD

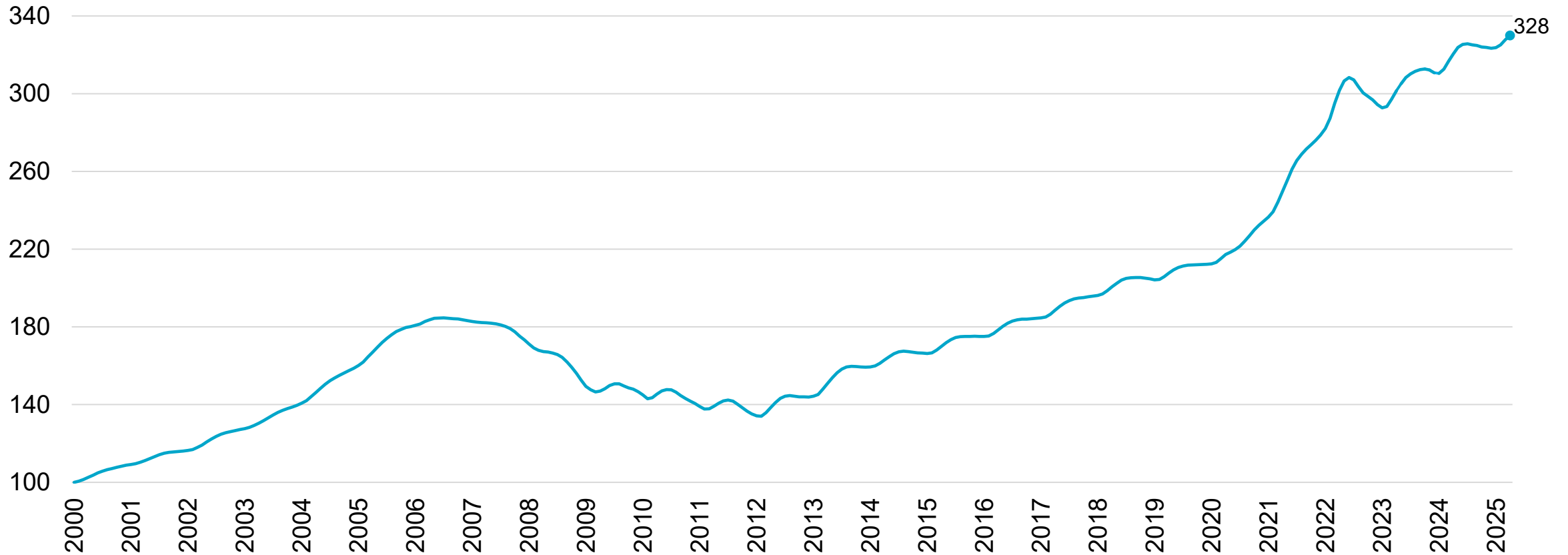


Source: TransUnion US consumer credit database



The National Home Price Index continued its upward trend in 2025

S&P/Case-Shiller US National Home Price Index



Index as of December 30, 2025

Source: Standard and Poor's / Case-Shiller US National Home Price Index, FRED

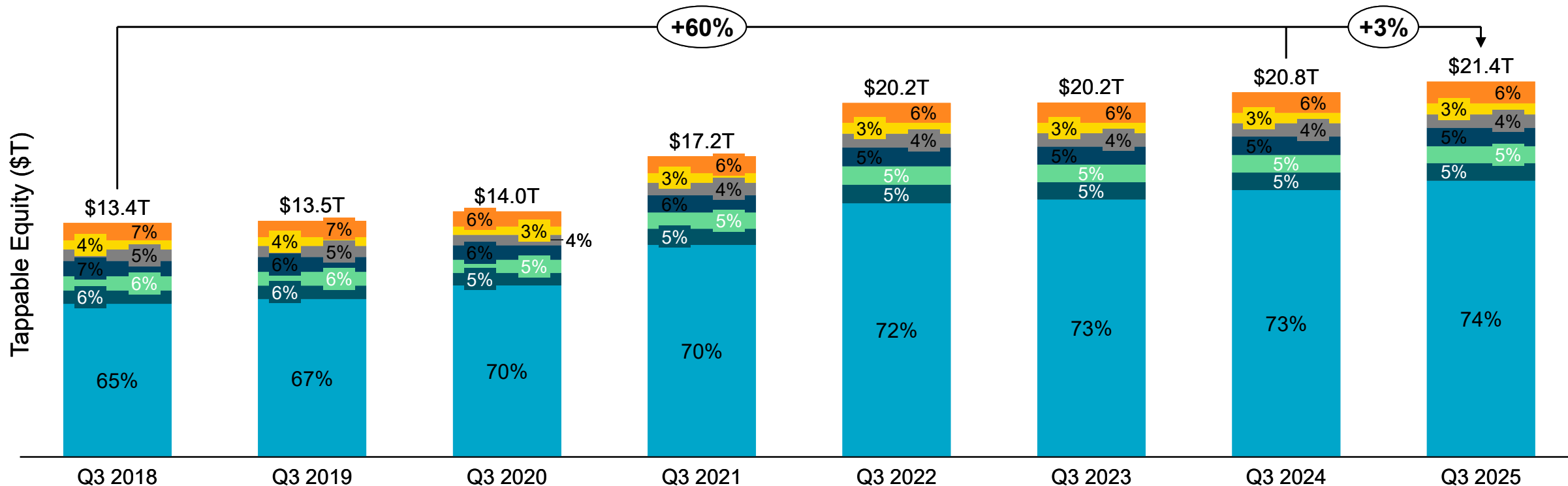


Tappable home equity increased 3% year over year to \$21.4 trillion, presenting a major opportunity for lenders and homeowners

Total Tappable Home Equity of U.S. Homeowners

620-659 660-679 680-699 700-719 720-739 740-759 760+

104.1M Homeowners in Q3 2025



Tappable home equity represents 80% of the total value of all residential properties, after deducting combined mortgage and home equity balances for homeowners with credit scores of 620 or higher VantageScore® 4.0 risk ranges:

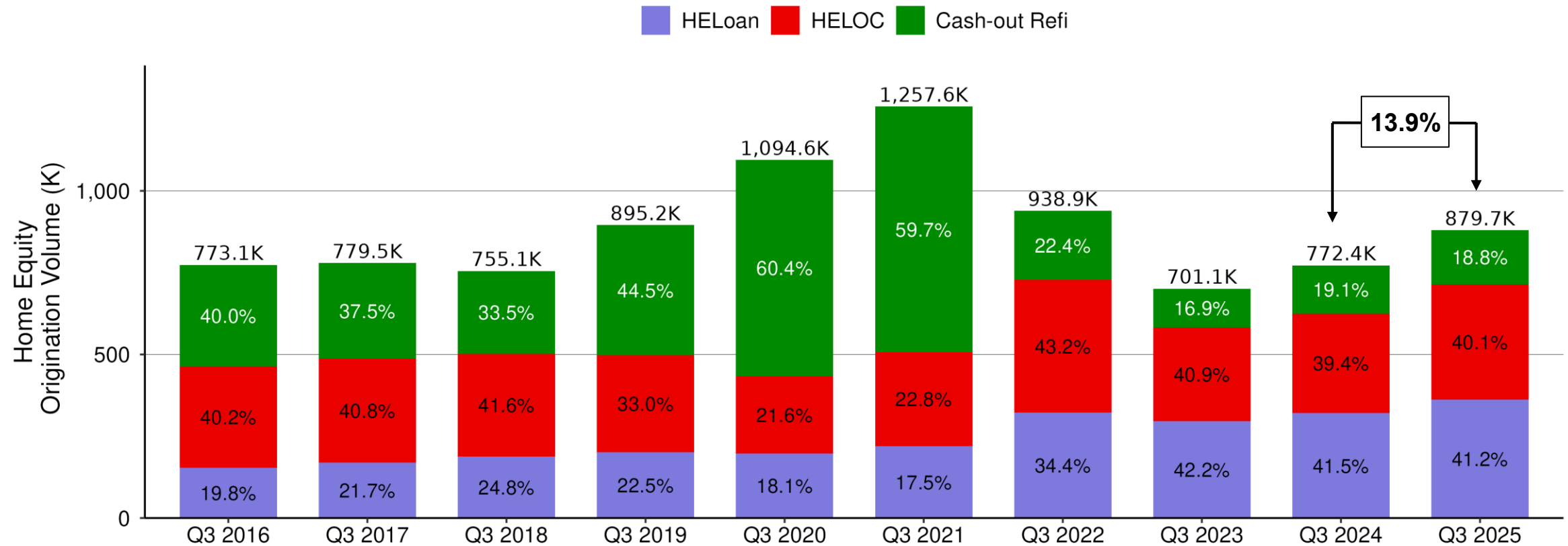
Subprime = 300–600, Near prime = 601–660, Prime = 661–720, Prime plus = 721–780, Super prime = 781+

Totals may not equal 100 due to rounding
Source: TransUnion US consumer credit database



Elevated interest rates and significant levels of tappable equity have driven the rise in home equity originations

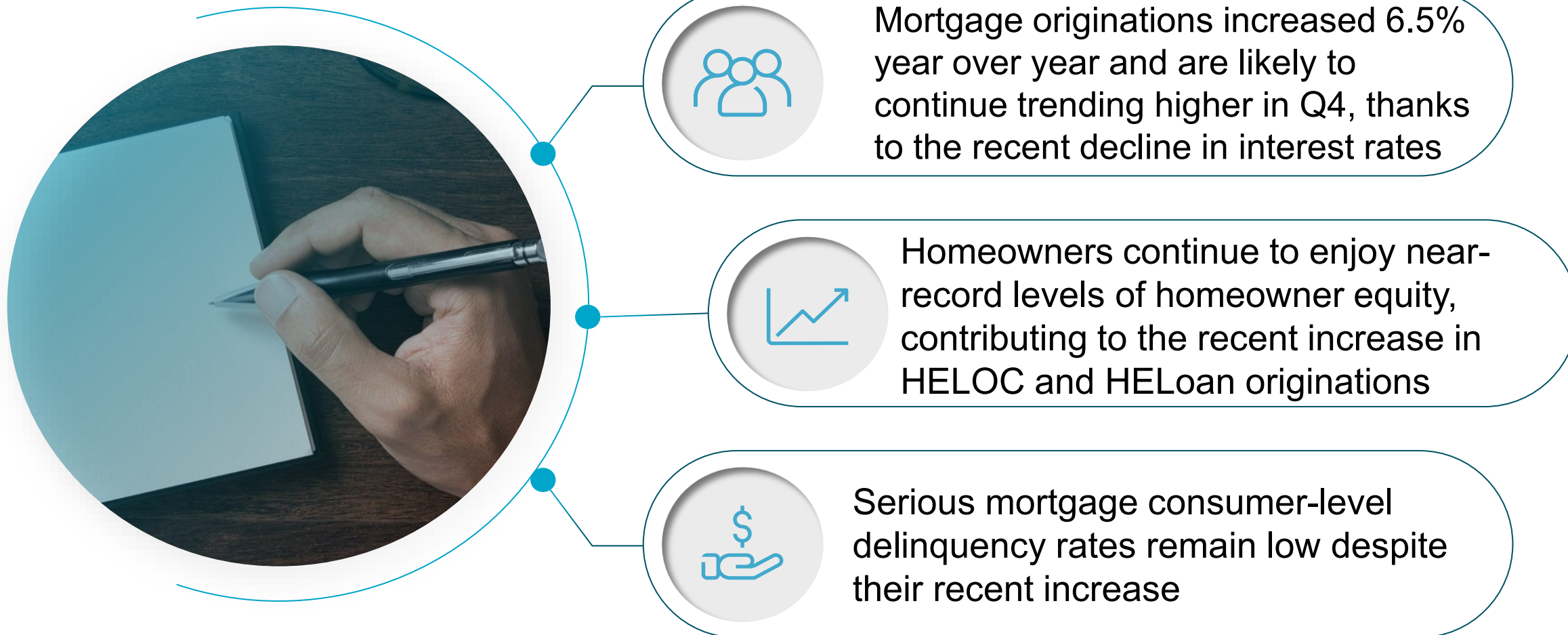
Distribution of Home Equity Originations



Totals may not equal 100 due to rounding
Source: TransUnion US consumer credit database



Mortgage and home equity market summary:



Source: TransUnion US consumer credit database



Thank You!