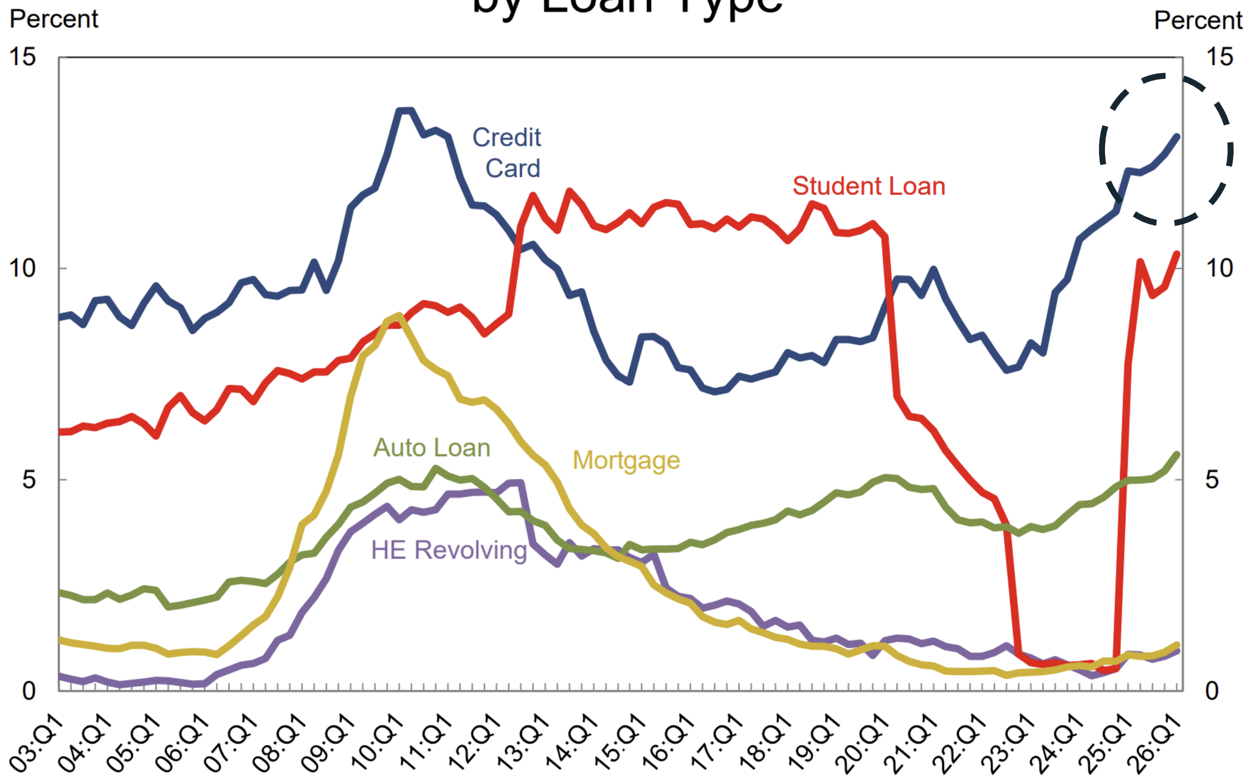
2nd Order solutions

Credit Card: 90+ Day Delinquency Analysis

June 2026

Skyrocketing card delinquencies in the NY Fed's May report raised eyebrows amongst both industry leaders and the national news media

Percent of Balance 90+ Days Delinquent by Loan Type



Source: New York Fed Consumer Credit Panel/Equifax

Americans Are Falling Behind on Their $1.25 Trillion Credit-Card Bill

Soaring interest rates and stubborn inflation have led to highest delinquencies since the financial crisis; 'a pattern of survival debt'

Wall Street Journal, 5/29/2026

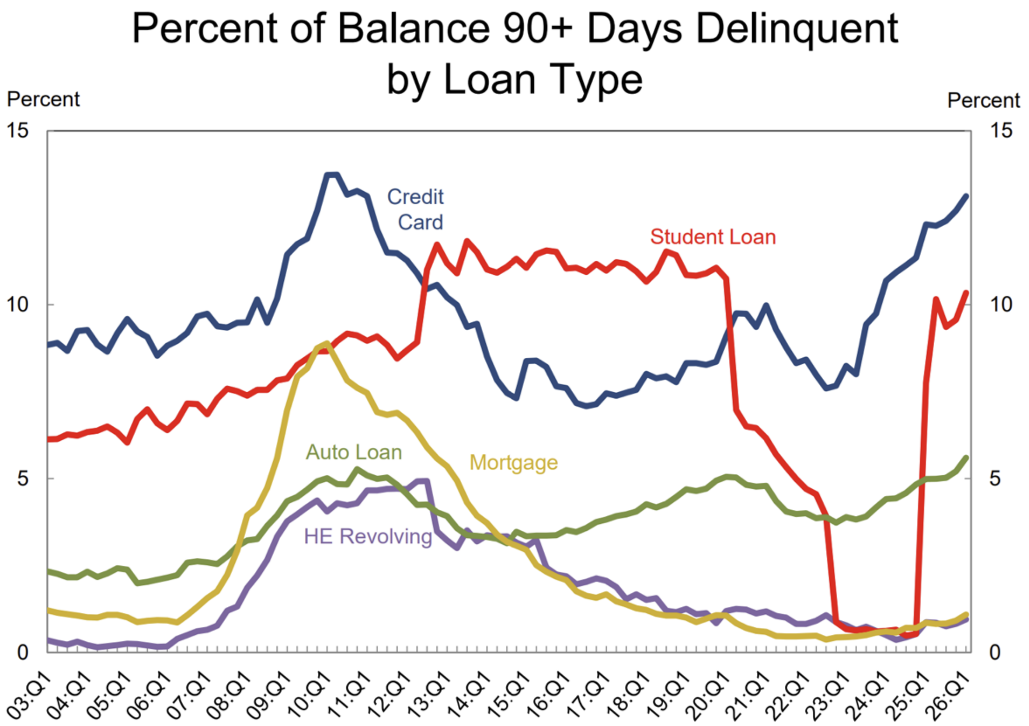
"Any idea what's going on with NY Fed's Household Debt and Credit Report?

They're showing 90+ DQs nearing Great Recession levels…"

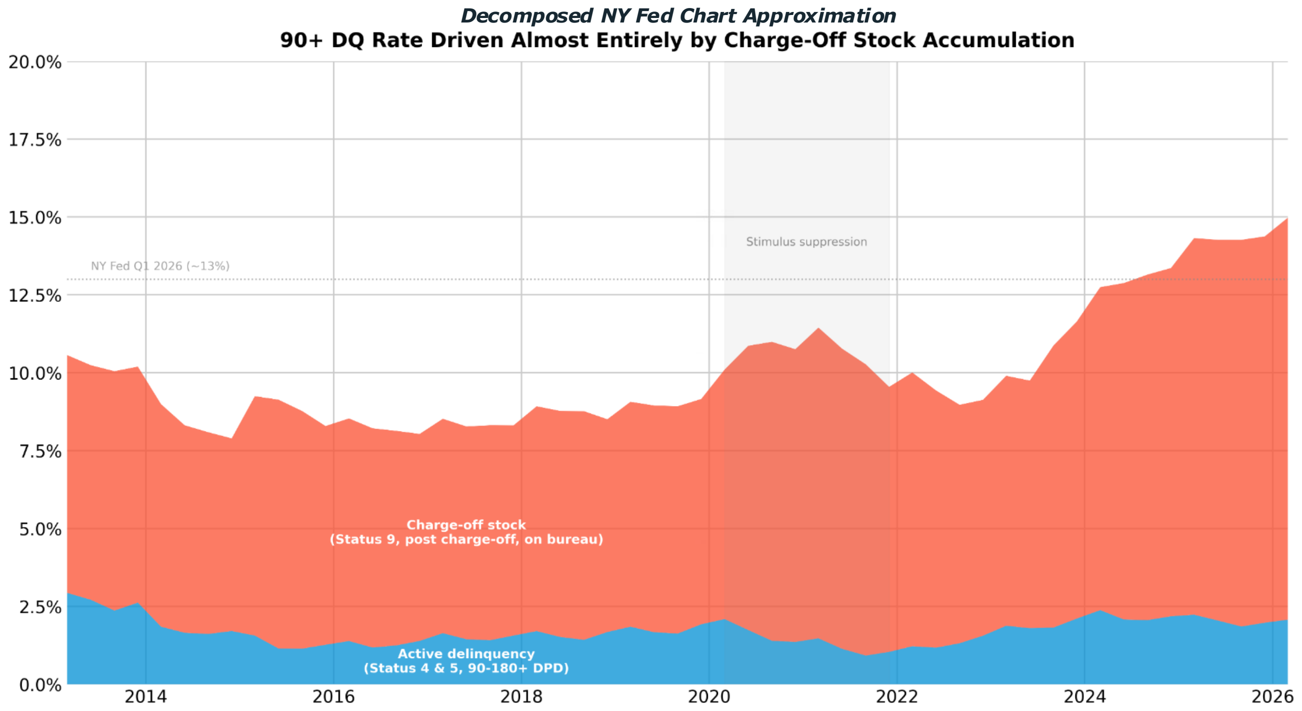
Anonymous 2OS Client, Head of US Card

Sources: Federal Reserve Bank of New York; Wall Street Journal

One key caveat to the NY Fed's 90+ Days Delinquent metric is the inclusion and influence of charged off balances, classified as "Status 9" by the bureau



Source: New York Fed Consumer Credit Panel/Equifax

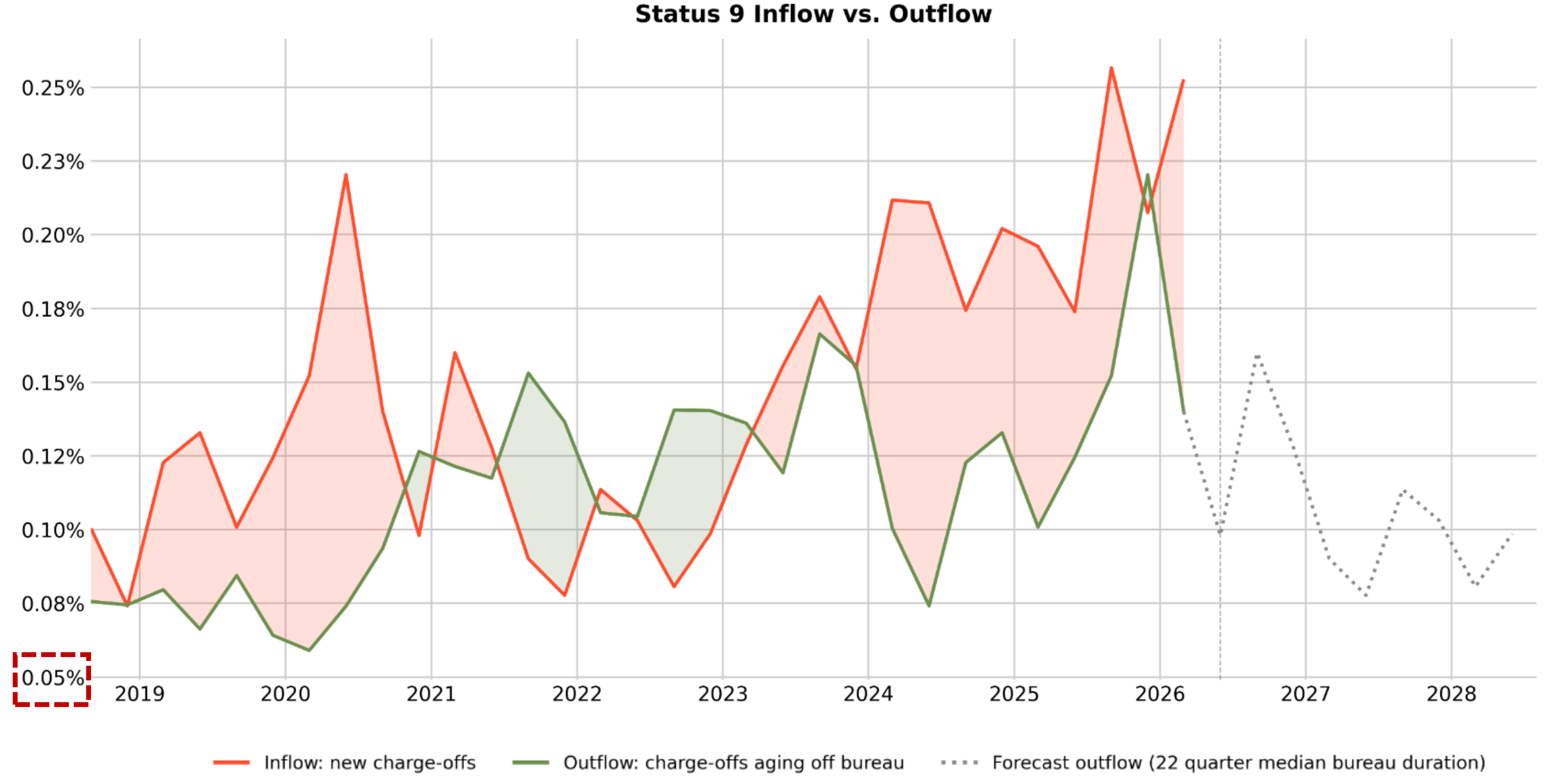


Although **bank delinquency rates exclude charged-off balances**, they often continue to report those on consumer credit reports as they attempt to collect those defaulted balances from consumers—even after having written them off as a loss. Because those balances remain a responsibility of consumers, **they are included in both the numerator and denominator of the CCP 90+-day stock delinquency rate.**

Center for Microeconomic Data - Consumer Credit Panel: Frequently Asked Questions – Federal Reserve Bank of New York

Sources: Federal Reserve Bank of New York via Equifax; 2OS via Equifax Ignite

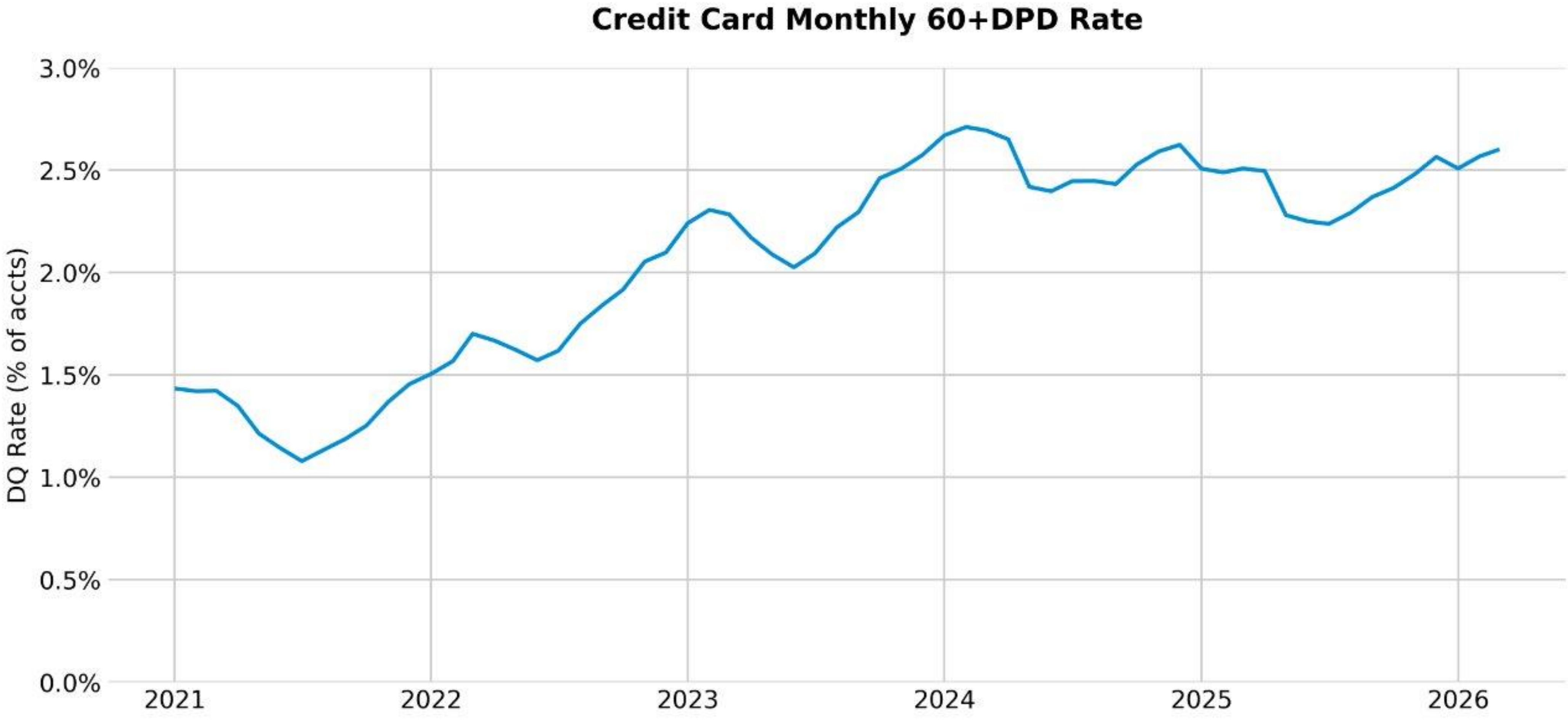
The Status 9 rate is primarily determined by whether more balances are transitioning to CO or aging out of bureaus



As low loss levels from post-stimulus begin aging off the bureau, Status 9 may continue worsening even with neutral or mildly improving loss performance

Source: 2OS, Equifax Ignite

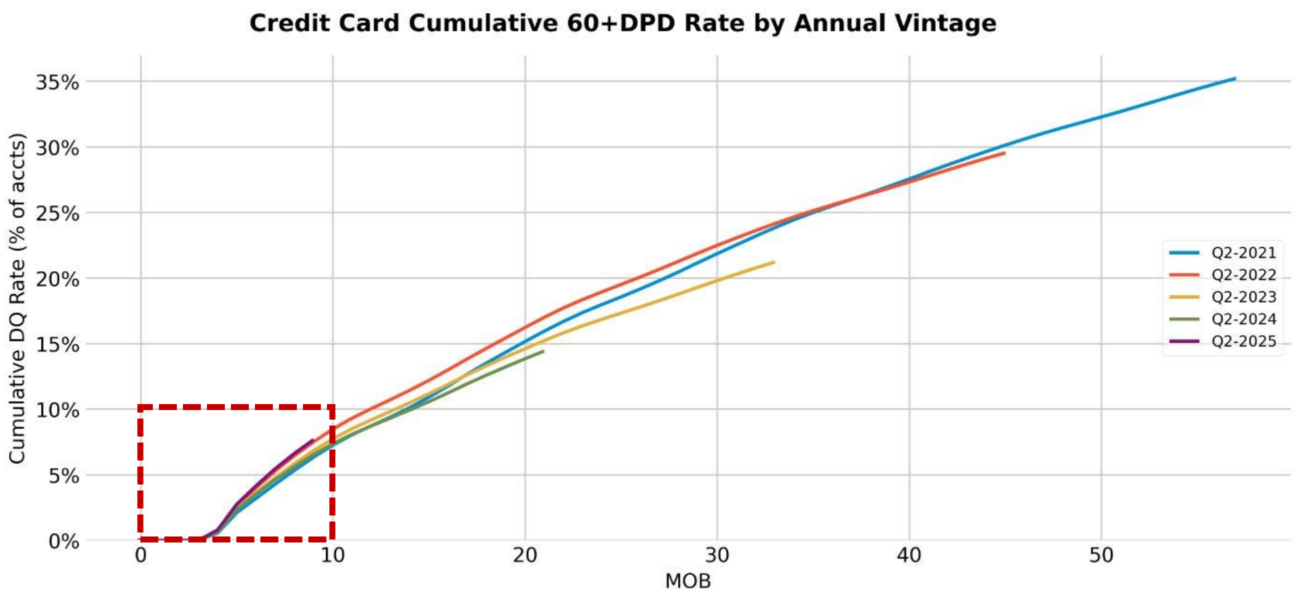
2OS's analysis of delinquencies, excluding charge-offs, is less dire, though it still demonstrates cause for concern

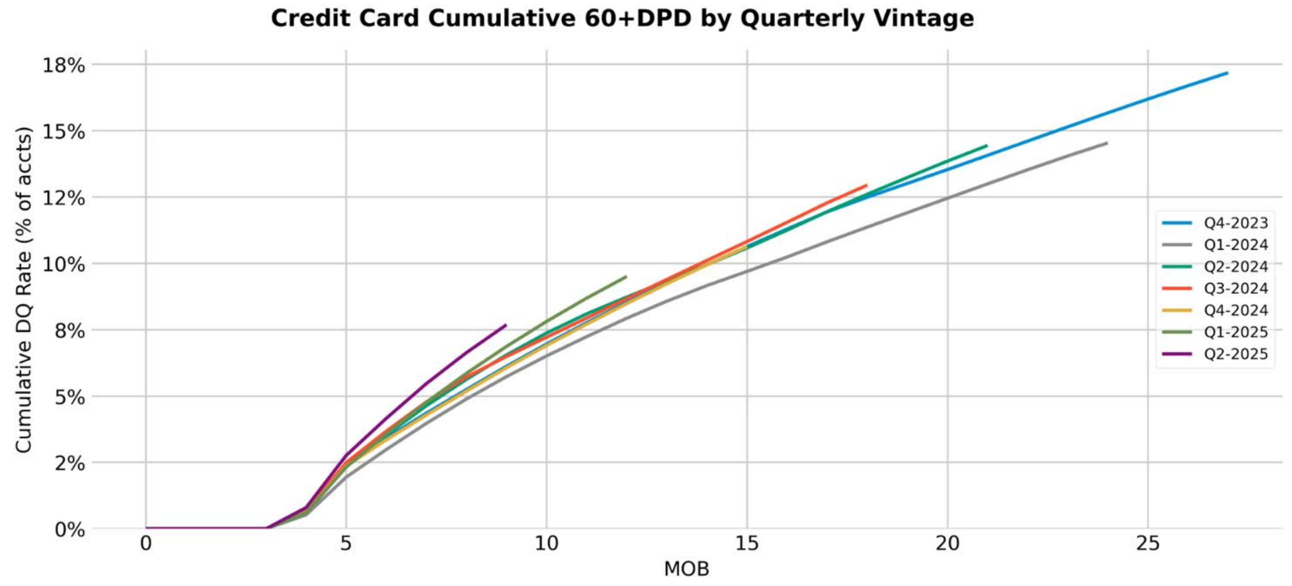


Source: 2OS Q1 Credit Risk Review, Equifax Ignite

Vintage based delinquency monitoring shows fanning amongst recent tranches

Vintage	Cumulative 60+ DPD at MOB 9
Q2 2025	**7.7%**
Q2 2024	6.6%
Q2 2023	6.9%
Q2 2022	**7.5%**
Q2 2021	6.4%





Source: 2OS Q1 Credit Risk Review, Equifax Ignite

2OS is currently working with clients on a range of opportunities to maintain, or even grow, profits despite worsening risk

Acquisitions

- Fraud, verification, and review optimization
- Enhanced credit risk sloping through risk models (GBM, transformer models)

Customer Management

- CLI program refresh to grow good balances
- Targeted CLD and inactive closure campaigns

Loss Mitigation

- Coordinated omnichannel communications in Collections
- Personalization of offers and post-CO treatments

Appendix

Methodology Notes

STATUS definitions

- STATUS 4: 90 days past due, seriously delinquent, still on lender books
- STATUS 5: 120+ days past due, approaching charge-off, still on lender books
- STATUS 9: charged off, account written off by lender, balance remains on bureau for up to 7 years per FCRA
- *STATUS 6 (180+ DPD) is negligible for bankcards as accounts tend to transition directly from STATUS 5 to STATUS 9

Data source

- Analysis uses Equifax Ignite (corev2_globals), a 1% longitudinal consumer sample of the Equifax credit bureau database, covering 2013 Q1 through 2026 Q1
- Sample is restricted to bankcard trades with valid balance reporting, excluding authorized user trades, disputed trades, and sentinel balance values
- Joint account balances receive a 50% haircut consistent with NY Fed methodology to avoid double-counting

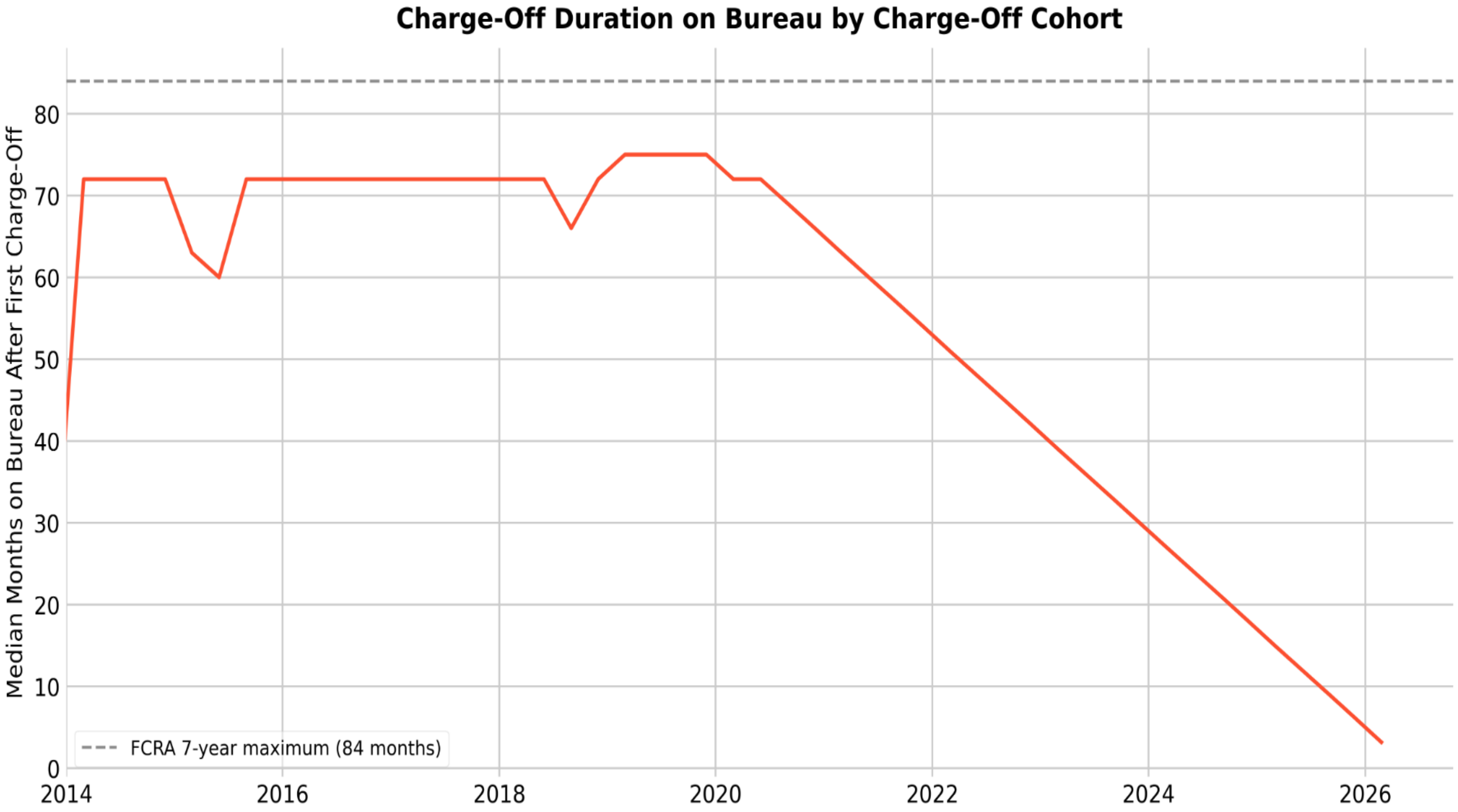
Note on 2OS replication rate vs NY Fed

- The NY Fed Household Debt and Credit report draws a fresh 5% random sample of Equifax credit files each quarter and reweights it to match the full US credit population. This analysis uses Equifax Ignite's pre-built 1% longitudinal cluster sample where consumers are selected once and followed over time
- Additional contributing factors include exclusions we cannot fully replicate from the NY Fed methodology and 2OS's lack of population reweighting data
- The gap is stable across the full 2013-2026 history at approximately 2 percentage points, confirming it reflects a consistent methodology difference

90+ DQ rate construction

- Rate is constructed at the consumer level using worst status bucketing. A consumer with any STATUS 9 trade is classified as STATUS 9 regardless of other trades; STATUS 4/5 is assigned only where STATUS 9 is absent
- Numerator is the sum of consumer-level balances where worst status is STATUS 4, 5, or 9
- Denominator is total active bankcard balance in the sample
- Only trades updated within the last 3 months are included to ensure stale reporting does not inflate the numerator

Status 9 reporting duration remains stable, with a median period of approximately six years



Charge-Off Duration on Bureau Dictates CO Stock Outflows

- The NY Fed Chart uses bureau charge-off data, which come from lender reports
- Per FCRA guidelines, charge-off data is reported for up to 7 years, with high variance across lenders
- Across the industry the median duration remains relatively consistent near 6 years
- The slope from 2019-2026 is indicative recency rather than changes to charge-off reporting