NOVEMBER 2026

2026 Q3 Credit Risk Review

Trends and Early Risk Indicators in Consumer Credit

Executive Summary

Q3 credit performance remained mixed, with pockets of deterioration as household financial pressures persisted

Credit performance varied across products in Q3

- Card delinquencies remained elevated, though roll rates and sequential vintage deterioration began leveling off
- Personal loan delinquencies held nearly flat, while auto delinquencies rose QoQ but remained below prior-year levels
- Student loan delinquencies continued declining, while severe mortgage delinquencies increased

Household pressures persisted despite stable unemployment

- Real weekly earnings declined, reversing Q2's gain, while wage growth slowed for the lowest-paid workers
- The saving rate fell to 4.1% in August, while the latest debt-service ratio eased to 11.1% in Q2
- Auto payments reached new highs as loan terms continued lengthening

Our view: risk is building beneath stable headline numbers

- **Leveling off is not recovery:** card lenders are adding near-prime and subprime exposure before 2025 vintages have proven out
- **Growth is outpacing signals:** personal loan originations hit a four-year high as early-stage roll rates approach 2023 highs
- **Severity, not frequency:** auto delinquency is contained, but record monthly payment sizes, longer terms, and softer used values raise loss severity risk
- **Home equity as a release valve:** with mortgage rates back at 7.4%, borrowers are leaning on HELOCs, raising the stakes on line management
- **Sentiment ahead of data:** lenders are more worried about a downturn than the data shows, but few want to be the first to tighten

Bonus section, pages 8–12: Transformer models in credit. Where adoption stands across banks and fintechs, and what 2OS case studies show about when transformers beat GBMs

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Overall Summary: Consumer Credit



Credit Card

- 2025 vintages continued to underperform 2024, with quarter-over-quarter deterioration leveling off
- Delinquency rates remained above 2022-2023 levels and worsened from Q2 across all risk tiers
- Near-prime and subprime borrowers continued to lead origination growth in Q3



Personal Loans

- Delinquencies stayed nearly flat in Q3, though early-stage roll rates approached their highest levels since 2023
- Originations exceeded 5M, a four-year high, with growth strongest among low-risk segments



Auto Loans

- Delinquencies rose QoQ but remained below prior-year levels, with subprime borrowers driving the YoY improvement
- Originations remained roughly stable YoY, as super prime growth offset declines across other risk tiers
- Loan terms continued lengthening, while monthly payments reached new highs for both new and used cars



Student Loans

- Delinquencies continued declining across all risk tiers in Q3, though the overall pace of improvement moderated
- Balances remained broadly stable QoQ, with YoY growth across all tiers except subprime



Mortgage & HELOC

- Severe mortgage delinquencies rose to 1.01% of balances, up 28 bps YoY
- HELOC credit limits exceeded $1T as utilization approached 44%, alongside record homeowner equity

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EXECUTIVE SUMMARY

Q3 2026 Lending Regulation & Policy Changes

- **AML Enforcement Intensifies:** Regulators imposed more than $1.2 billion in BSA/AML penalties in October, including the OCC's largest-ever fine, citing weak transaction monitoring and over $5 billion in suspicious activity not reported on time. Treasury cautioned that innovation does not excuse weak controls. (FinCEN, OCC)

- **Bank Charter Filings and Approvals Surge:** The OCC received 40 de novo charter applications in 18 months. Upstart and Revolut won conditional approval for national banks, consumer lender Avant filed in September, and Circle and Ripple won final trust bank approvals. The OCC also finalized GENIUS Act stablecoin rules, while community bankers sued to curb crypto trust charters. (American Banker, Davis Wright Tremaine, Banking Dive)

- **CFPB Rewrites Continue, but Proposals Are Delayed:** The Section 1033 open banking reconsideration remains under OIRA review, with data-access fees reportedly under consideration. Proposals to narrow nonbank supervision were slated for September but have not been issued. (Consumer Finance Monitor, CFS Law Monitor)

- **Court Vacates the Fed's Debit Interchange Cap:** On October 26, the Eighth Circuit upheld vacating Regulation II's 21-cent cap in Corner Post and sent the rule back to the Fed for a rewrite on narrower costs. The new cap is undetermined but unlikely to favor large issuers. (ABA Banking Journal, National Law Review)

- **OCC and FDIC Refocus Supervision on Material Financial Risk:** Finalized August 27 and effective November 2, the rule defines "unsafe or unsound practice" and limits MRAs to material financial risks rather than process or documentation concerns. The Fed did not join. (Federal Register)

- **AI Oversight Still Taking Shape:** On September 11, regulators proposed new principles-based third-party risk guidance (comments due November 16). The promised AI model risk RFI has not been issued, though examiners are reportedly asking banks how they control AI agents. (Federal Register, Reuters)

*Note: Includes developments through October 30, 2026. This presentation is for informational purposes only and does not constitute financial, legal, or regulatory advice. The insights provided are based on current industry trends and should not be interpreted as definitive predictions about regulatory or macroeconomic developments.

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FROM THE FIELD

Lenders are also watching for a downturn, testing AI in underwriting, and bracing for a wave of AI-driven fraud

Themes from 2OS leadership conversations with lenders and industry participants, Q3 2026

Credit Outlook

Downturn worries are up, but not in the data

Questions about a credit downturn have picked up over the last few weeks, more than in a long time. The concern seems vibe-driven rather than data-driven, but the shift is notable enough to flag.

Takeaway: Lenders may tighten on sentiment before performance data justifies it

Credit Appetite

"I'm worried, but I am not going to be the first to tighten credit."

An industry participant, on whether to tighten: "I won't be the last, but I don't want to be the first either."

Takeaway: Few lenders want to move first, so tightening may lag rising concern and then come quickly once others act.

AI in Underwriting

A few lenders are racing ahead on transformers

A very small number of sophisticated underwriters are actively evaluating transformer models for credit underwriting. Explainability is a really hot topic.

Takeaway: The gap between early adopters and the rest is governance and explainability, not model performance.

Fraud and Scams

"I worry a tsunami may be coming."

A fraud leader at a large bank, on rising concern across the industry about AI agent-driven fraud and scams.

Takeaway: Fraud models built on historical attack volumes may understate risk as agent-driven scams scale.

Source: 2OS leadership conversations with lenders and industry participants, Q3 2026. Observations are anecdotal and not attributed to specific institutions. Implications reflect 2OS's perspective.

FROM THE FIELD

AI agents are emerging as a new concern for lenders, with implications across pricing, account management, underwriting, and losses

What we're hearing

A major global bank is concerned that consumers will use AI agents to strip friction out of banking:

Changing cards

Minimal switching costs for the consumer

Chasing interest

Agents move quickly to lowest-rate cards

Maximizing rewards

Agents identify and extract all reward value

Results

- More **"credit gamers"** and **thinner margins** on once-profitable products
- Agent volume could overwhelm **disputes** functions

Implications on credit strategy

Unit economics & pricing
Revolve, rewards, and retention assumptions may overstate profitability

Line & account management
Pre-agent behavioral models may misread agent-driven activity

Underwriting & segmentation
Spotting "credit gamers" becomes a core underwriting question

Losses & servicing
Agent-driven fraud and disputes add loss and expense pressure

Takeaway: Credit strategies built on **passive customer behavior** may not hold as agents remove friction

Source: 2OS leadership conversations with lenders and industry participants, Q3 2026. Observations are anecdotal and not attributed to specific institutions. Credit strategy implications reflect 2OS's perspective.



- AI Snapshot
- State of the Consumer
- Credit Card
- Personal Loan
- Auto
- Student Loan
- Mortgage
- Small Business

2nd Order solutions

Transformer Models: The next step in credit modeling

The biggest opportunity is learning the grammar of sequential + unstructured data

Richer behavioral signal. Transaction histories, cash flow, documents, and customer interactions reveal patterns that traditional tabular models struggle to capture.

A bank-owned foundation model. One model can support underwriting, fraud, marketing, and account management—making proprietary data a stronger competitive advantage.

A scalable performance curve. Unlike traditional ML, performance can improve with more relevant data and model capacity—when incremental lift justifies incremental cost.

Adoption is already underway, but…

Explainability remains a key hurdle, and a focus for 2OS. Interpretability and distillation techniques help make model decisions understandable and defensible.

Infrastructure and latency constrain deployment. GPU capacity, latency, and SLAs make smaller models, precomputed features, and distillation essential to balance lift, speed, and cost.

What are Transformer Models

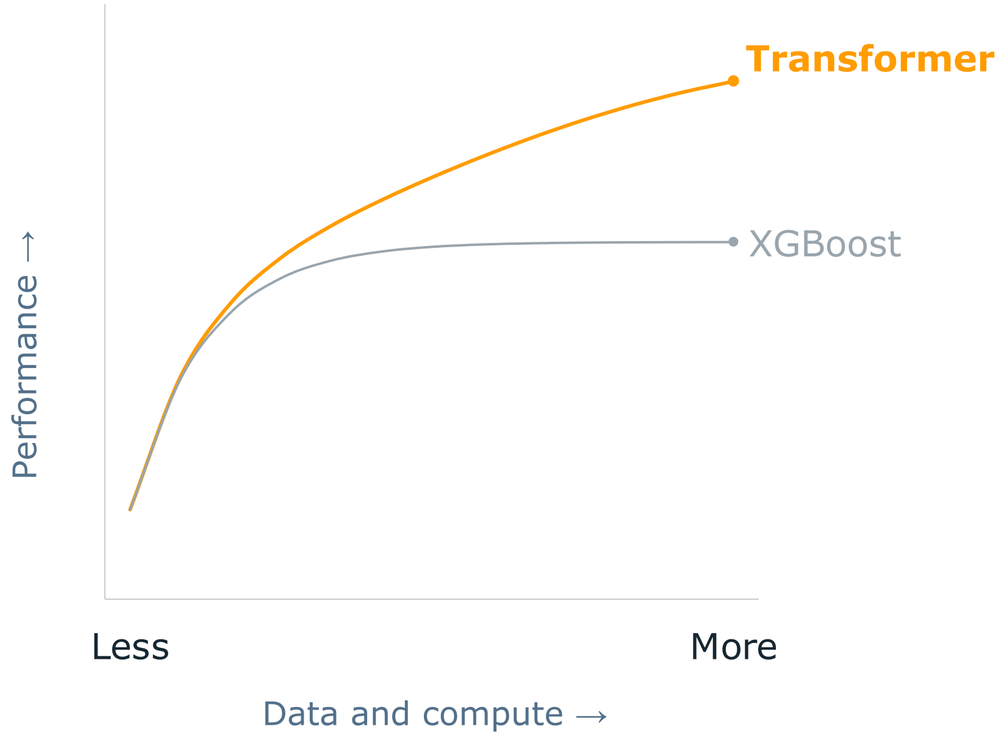
The ‘T’ in ChatGPT
The same architecture behind GPT, Claude and Gemini, applied to a bank’s own data

Learns without labels
Trains on raw history by predicting what comes next, with no labels or target needed

Reads unstructured data
Finds signal in transaction sequences and text without hand-built features

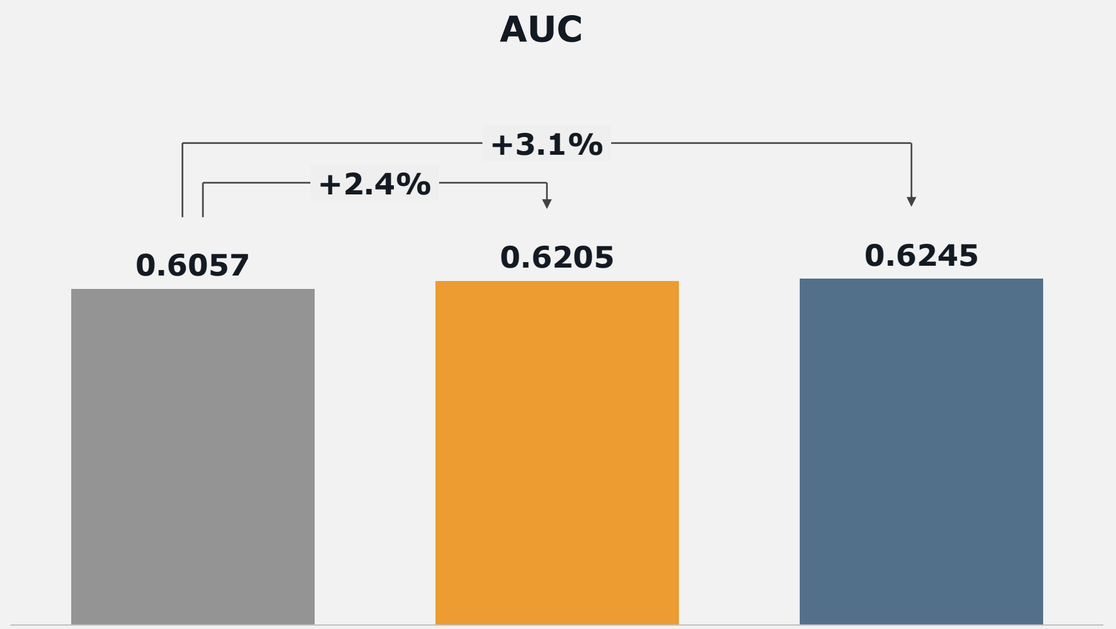
Scales with data and compute
Performance keeps rising as data and compute grow, while GBMs plateau early

Model performance vs. data and compute
Illustrative



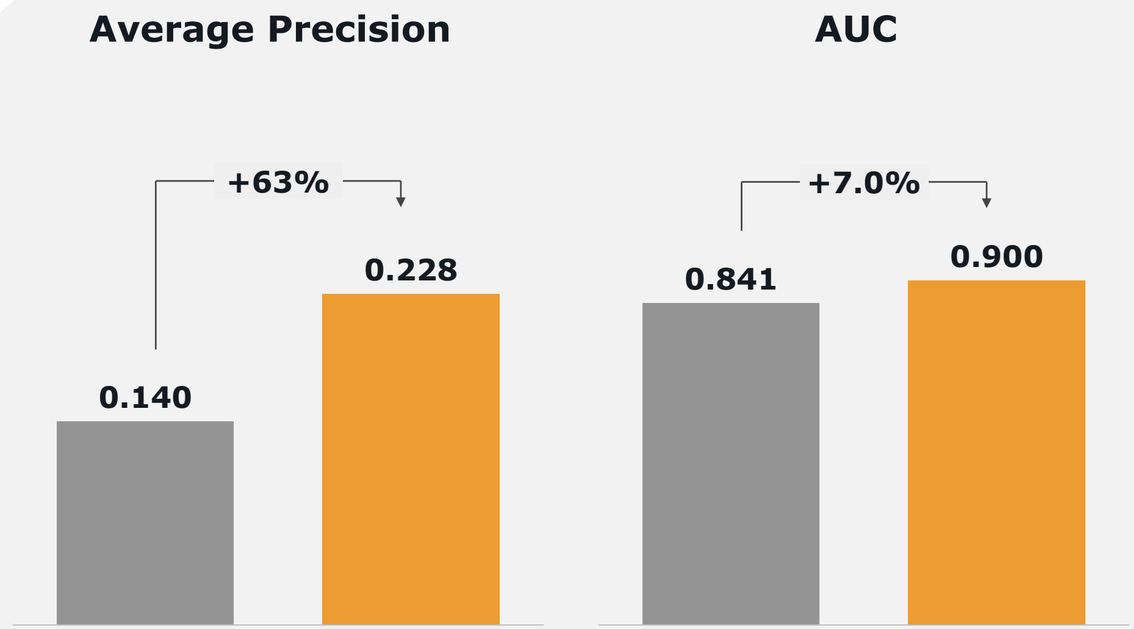
2OS case studies: Transformers outperform GBMs especially when there is sequential and unstructured data

Credit-only tabular data



GBMs hold their ground against Transformers on pure tabular credit data. This does not include sequencing or time-series data

Sequential fraud data



Scale of the data and signal from unstructured data and sequencing drive the lift for Transformers

- *Average Precision (AP) measures how well the model puts relevant results near the top of its suggestions. Higher scores mean relevant results are easier to find.*

State of Industry: Fintechs are using transformers in the credit decision; large banks are still in fraud and personalization



GSIBs and Large Banks

Use Cases

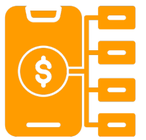
- Transaction data tagging and coverage (JPMorgan)
- Product rec, Marketing, and personalization (Capital One)
- Fraud: Transaction, card-testing models (Wells Fargo and JPMorgan)

Underwriting

- Not in the primary credit decision yet. Experimenting in pricing and line management.

Constraints

- Model risk governance and explainability. Unlikely to outperform mature GBM stacks on tabular data.



Fintechs and Smaller Banks

Use Cases

- Several fintechs using them for 1st look and 2nd look underwriting (e.g. Affirm, Chime)
- Use one large transformer serving credit, PayNet, servicing, and recommendations (Nubank and Revolut)

Underwriting

- Used directly in the decision, often on thin-file. Additional signal comes from cashflow and transaction data.

Advantage

- Lighter supervisory burden than a GSIB, fewer legacy models, and a single data platform.

The gap between the two is governance and explainability, not model performance

Transformer models are becoming more widely adopted among financial institutions

August 2025
NuFormer, a transformer-based model for credit risk modeling. (link)

November 2025
Paper on transformer-based personalization. (link)

April 2026
Paper on PRAGMA, a family of transformer models to predict banking event sequences. (link)

October 2026
Fraud foundation model (link)



September 2025
Paper comparing performance of small foundational models and LLMs for financial data. (link)

January 2026
Transformer model for customer personalization to improve performance and development velocity. (link)

September 2026
Transformer-based model for underwriting. (link)

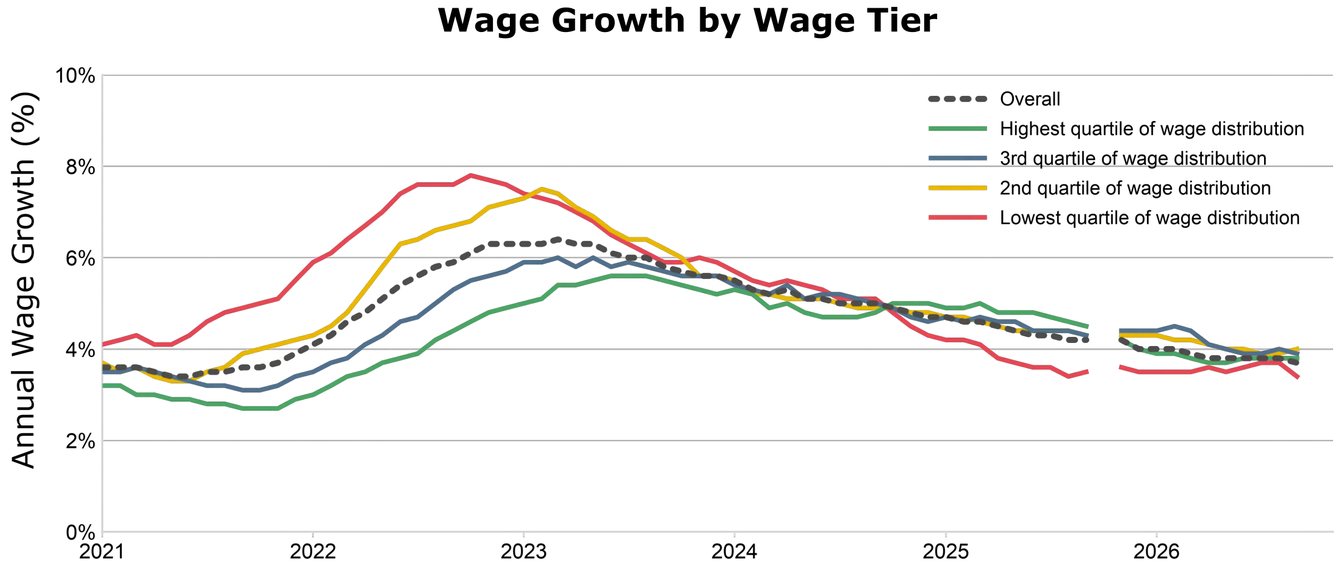
Employment is steady, but softening real earnings and savings are thinning household liquidity buffers

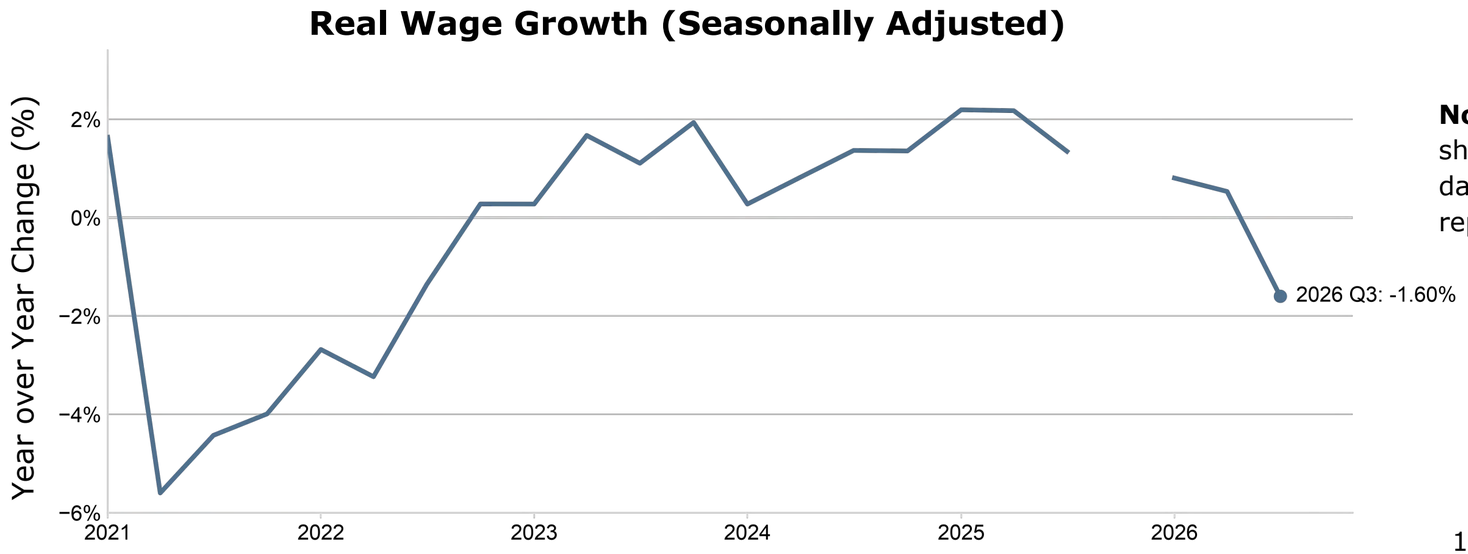
Area	Q3 read	What we're seeing	See page
Labor market	Stable	Unemployment remained broadly stable through Q3 2026, consistent with the pattern of the past two years	**p. 37**
Earnings	Softening	Wage growth stayed positive across pay tiers, but inflation-adjusted median weekly earnings fell 1.6% YoY	**p. 14**
Savings	Softening	The personal saving rate continued a gradual 18-month slide, reaching 4.1% in August	**p. 15**
Debt burden	Easing	Debt-service payments eased slightly to 11.1% of disposable income in Q2 2026	**p. 38**
Bankruptcies	Watch	Filings edged up in September and were 6.6% higher than a year earlier, though the Q3 average slipped slightly QoQ	**p. 39**
Lending standards	Mixed	Banks tightened card standards, eased auto standards, and held other consumer loan standards at neutral	**pp. 40–42**

Why it matters That pressure typically surfaces first in revolving and unsecured products, which is where we are watching most closely.

Source: 2OS, FRED, Atlanta Fed, U.S. Courts, Federal Reserve SLOOS. Headline and implications reflect 2OS's perspective.

Wage growth remained positive across pay tiers in Q3 2026, while inflation-adjusted median weekly earnings fell 1.6% from a year earlier

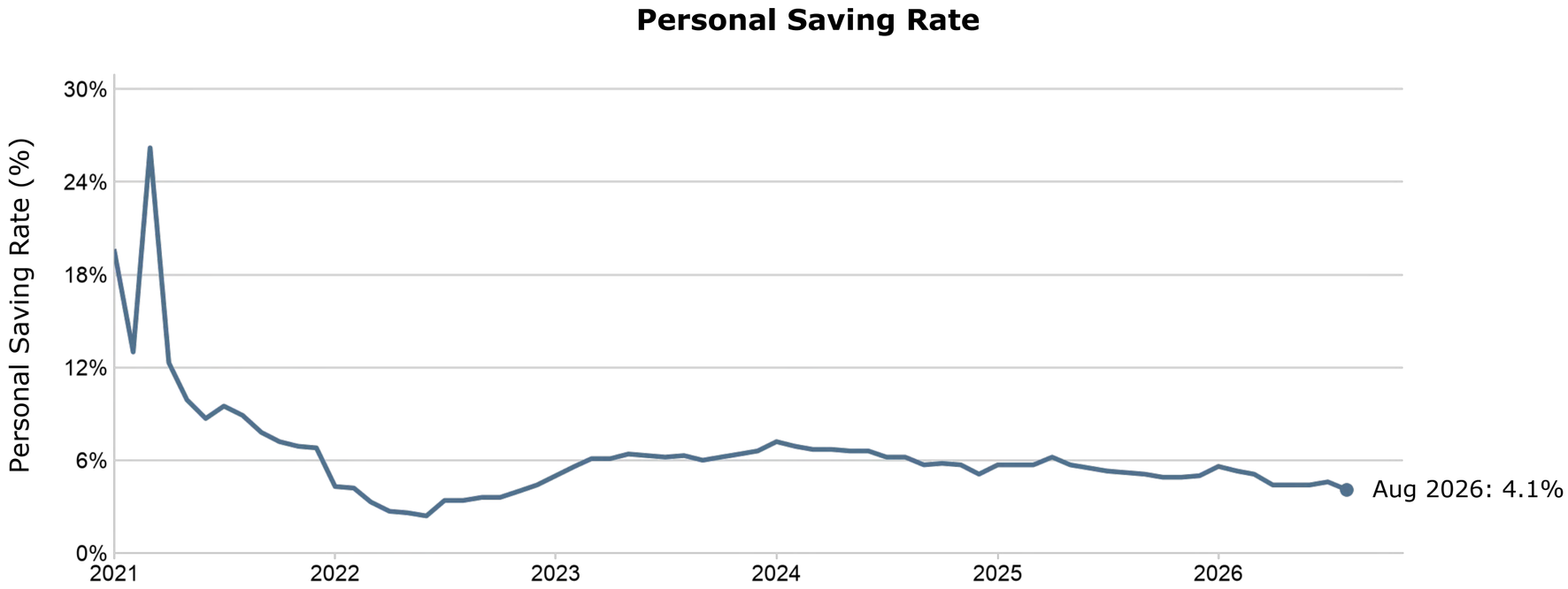




Note: The government shutdown affected data collection and reporting in Q4 2025.

Source: 2OS, Atlanta Fed (Data as of October 8, 2026), FRED (Data as of October 21, 2026).

The personal saving rate is continuing a gradual slide over the past 18 months



Source: 2OS, FRED. Data as of September 30, 2026.

CREDIT CARD

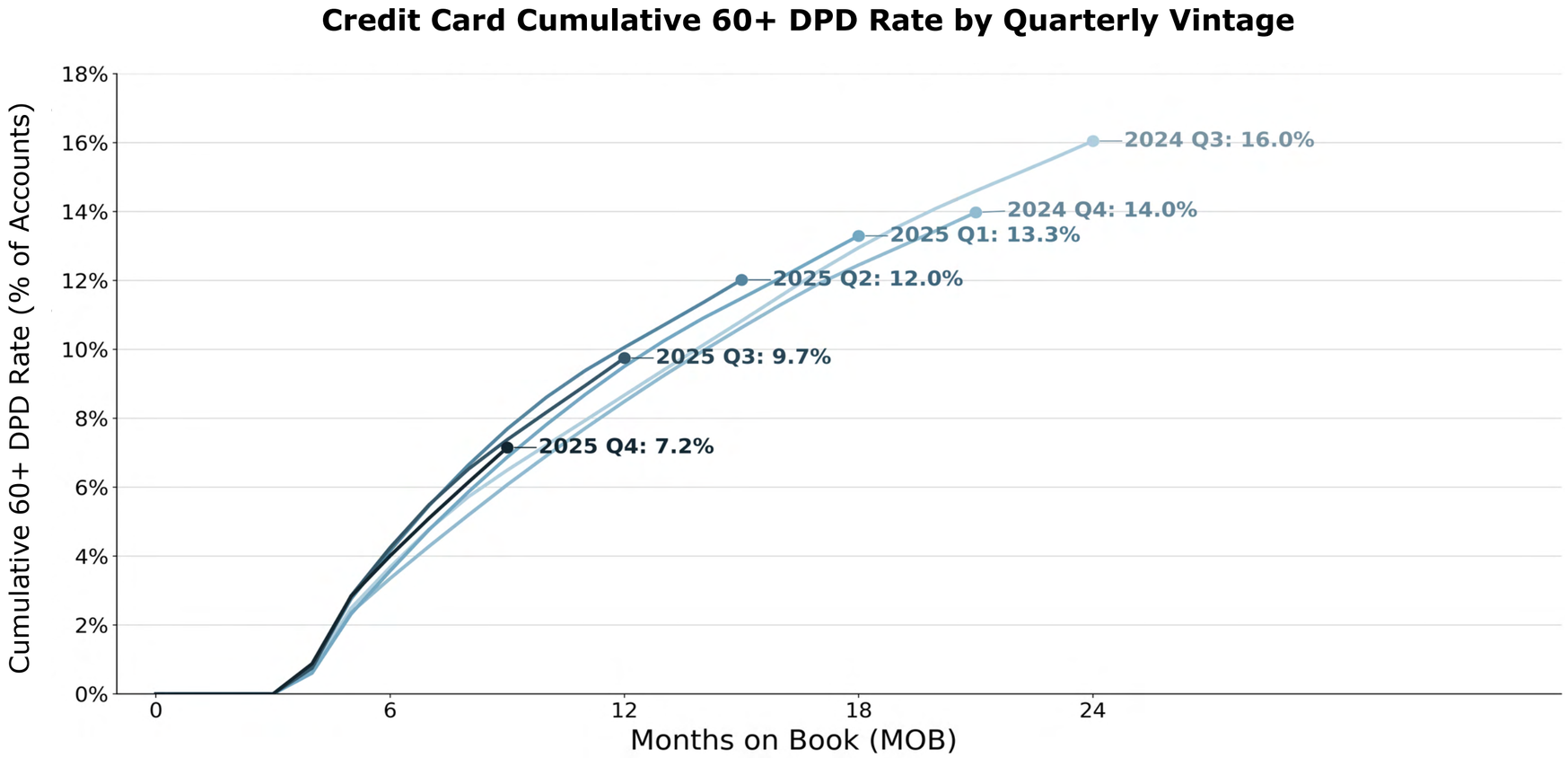
Card delinquencies are leveling off at elevated levels, while growth is moving into riskier tiers

Area	Q3 read	What we're seeing	See page
Delinquency	Elevated	60+ DPD rates remain above 2022–2023 levels; account-based rates edged up in Q3 while balance-based rates declined	**pp. 43–44**
Vintages	Leveling off	2025 vintages remain elevated versus 2024, but quarter-over-quarter deterioration is leveling off	**pp. 17, 45–46**
Roll & cure rates	Stabilizing	Roll rates leveled off after Q2's uptick; 90 DPD cure rates trended upward	**pp. 48–49**
Originations	Shifting	Near prime and subprime continued to lead YoY origination growth; average limits eased from their early-2026 peak	**pp. 18, 50**
Balances	Growing	Balances rose 2.3% YoY, with growth across all risk tiers led by near prime	**pp. 51–52**

Why it matters Early months-on-book performance of 2026 near-prime vintages is the key signal to watch.

Source: 2OS, Equifax Ignite. Data as of October 20, 2026. Headline and implications reflect 2OS's perspective.

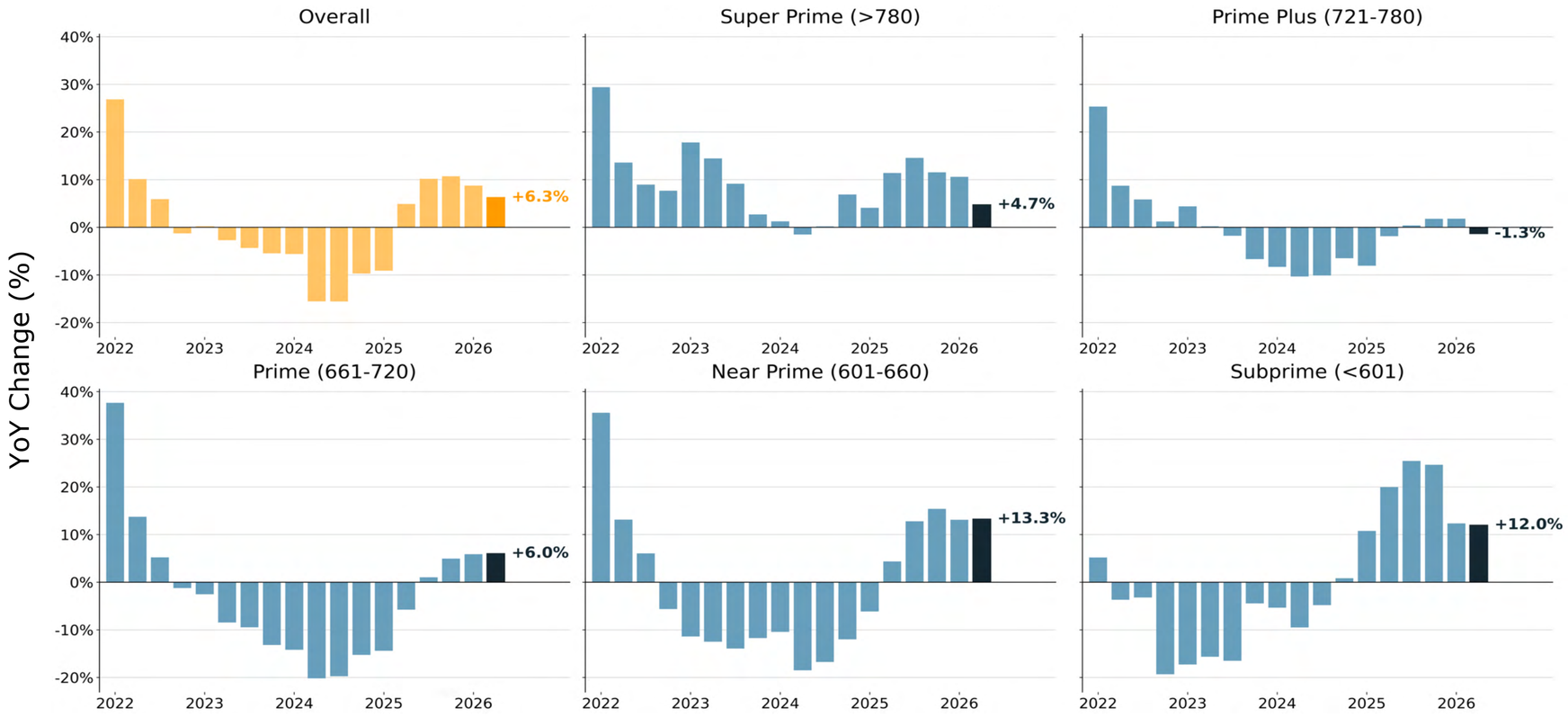
2025 vintages remain elevated versus 2024, with quarter-over-quarter deterioration leveling off



Source: 2OS, Equifax Ignite. Data as of October 20, 2026.

Near prime and subprime originations continued to lead YoY growth in Q3 2026

YoY Change in Credit Card Originations by Risk Tier



Source: 2OS, Equifax Ignite. Data as of October 20, 2026.

Personal loan originations hit a four-year high, outpacing early-stage roll-rate signals

Area	Q3 read	What we're seeing	See page
Delinquency	Stable	60+ DPD rates stayed nearly flat in Q3; subprime improved YoY while near prime led a modest increase	**pp. 54–55**
Roll rates	Watch	Roll rates ticked up after the tax-season low, with early-stage roll rates nearing their highest level since 2023	**p. 21**
Vintages	Mixed	The Q4 2025 vintage is in line with prior years overall, but slightly worse than Q4 2024 in near prime and subprime	**pp. 56–57**
Originations	Growing	Originations topped 5M, the highest quarterly volume in four years, with growth strongest in the highest credit tiers	**pp. 20, 58**
Balances	Growing	Balances rose 6.7% YoY to $165.6B; average loan amounts rose marginally but are down YoY in real terms	**pp. 59–61**

Why it matters Near-prime and subprime Q4 2025 underperformance warrants monitoring before scaling further in those tiers.

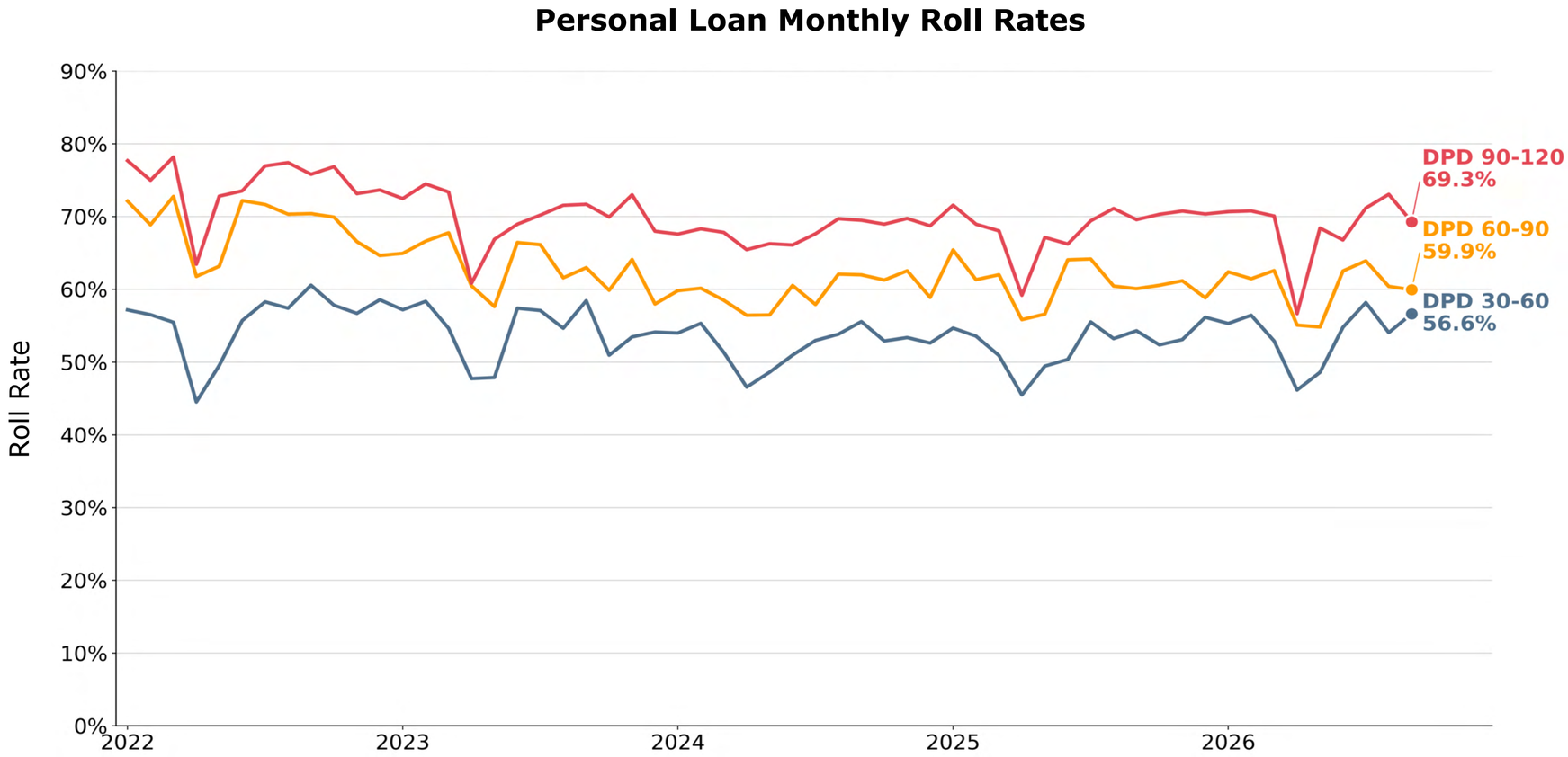
Source: 2OS, Equifax Ignite. Data as of October 20, 2026. Headline and implications reflect 2OS's perspective.

Personal loan originations topped 5M, the highest quarterly volume in four years



Source: 2OS, Equifax Ignite. Data as of October 20, 2026.

Roll rates ticked up following the tax-season low, with early-stage roll rates nearing their highest level since 2023



Source: 2OS, Equifax Ignite. Data as of October 20, 2026.

AUTO

Auto delinquencies remain below last year, but record payments and longer terms raise loss severity risk

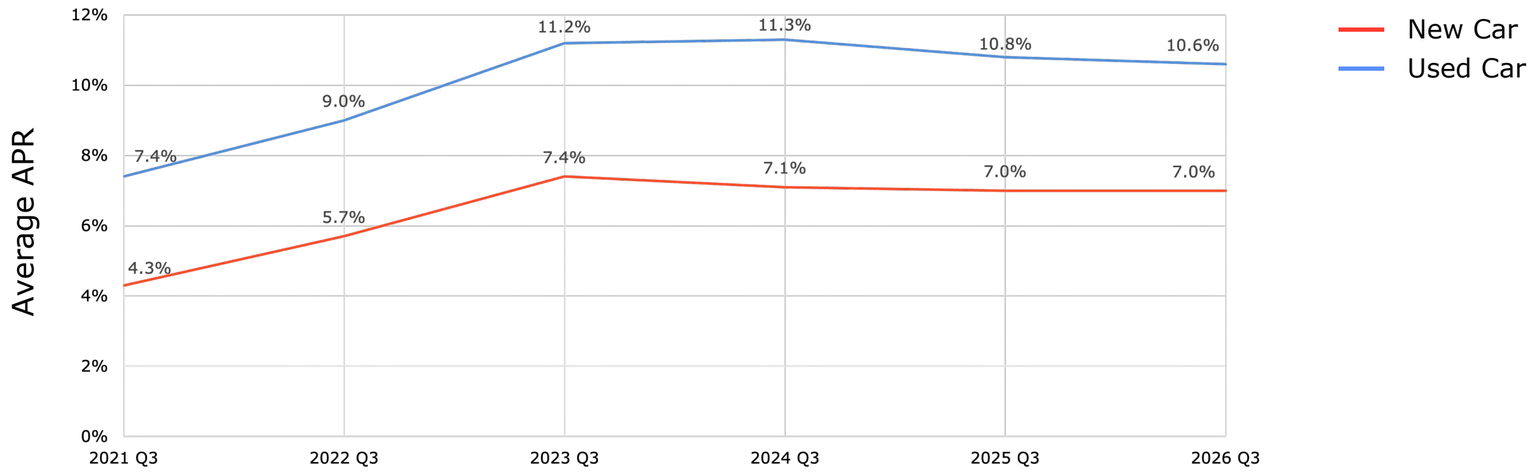
Area	Q3 read	What we're seeing	See page
Delinquency	Below prior year	60+ DPD rates rose QoQ across all tiers but remain below prior-year levels, driven by lower subprime delinquency	**pp. 24, 65**
Vintages	Mixed	The Q4 2025 vintage is slightly worse than Q4 2024 early on, but considerably better than Q3 2025	**pp. 66–67**
Affordability	Watch	Monthly payments reached new highs ($787 new, $582 used); terms lengthened across all tiers, with prime at 67.3 months	**pp. 23, 64**
Collateral	Softening	Used vehicle prices declined in Q3, returning close to prior-year levels	**pp. 62–63**
Volume & balances	Stable	Originations held roughly stable YoY (6.7M in Q2); balances were $1.59T, down 0.3% YoY	**pp. 68–72**

Why it matters Prime borrowers now take terms as long as prime plus; LTV and payment-to-income at origination deserve closer attention.

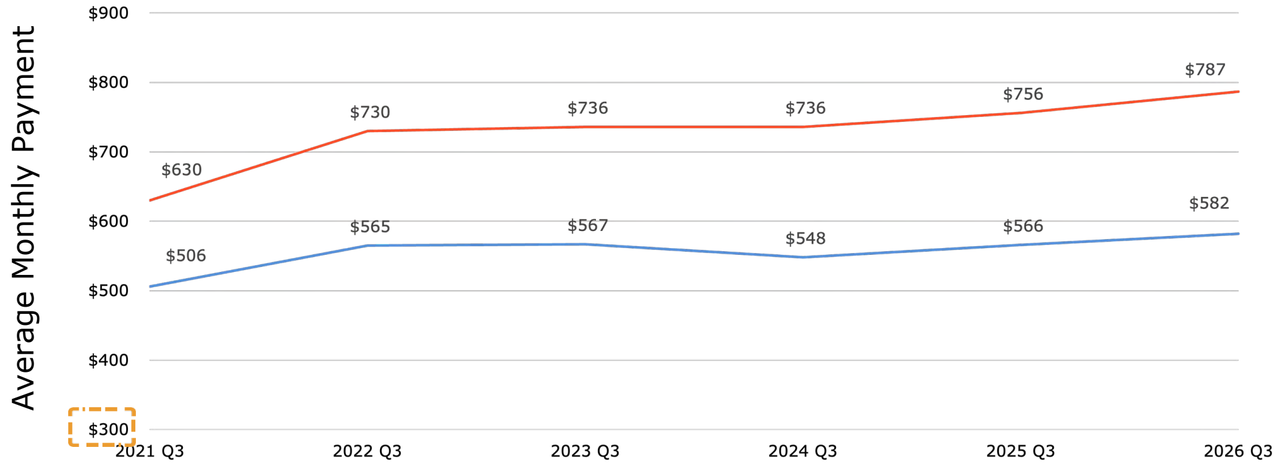
Source: 2OS, Equifax Ignite, Edmunds, Manheim, FRED. Headline and implications reflect 2OS's perspective.

Monthly car payments reached new highs in Q3 2026, averaging $787 for new cars and $582 for used cars, despite stable or lower APRs

Average APR on New & Used Cars



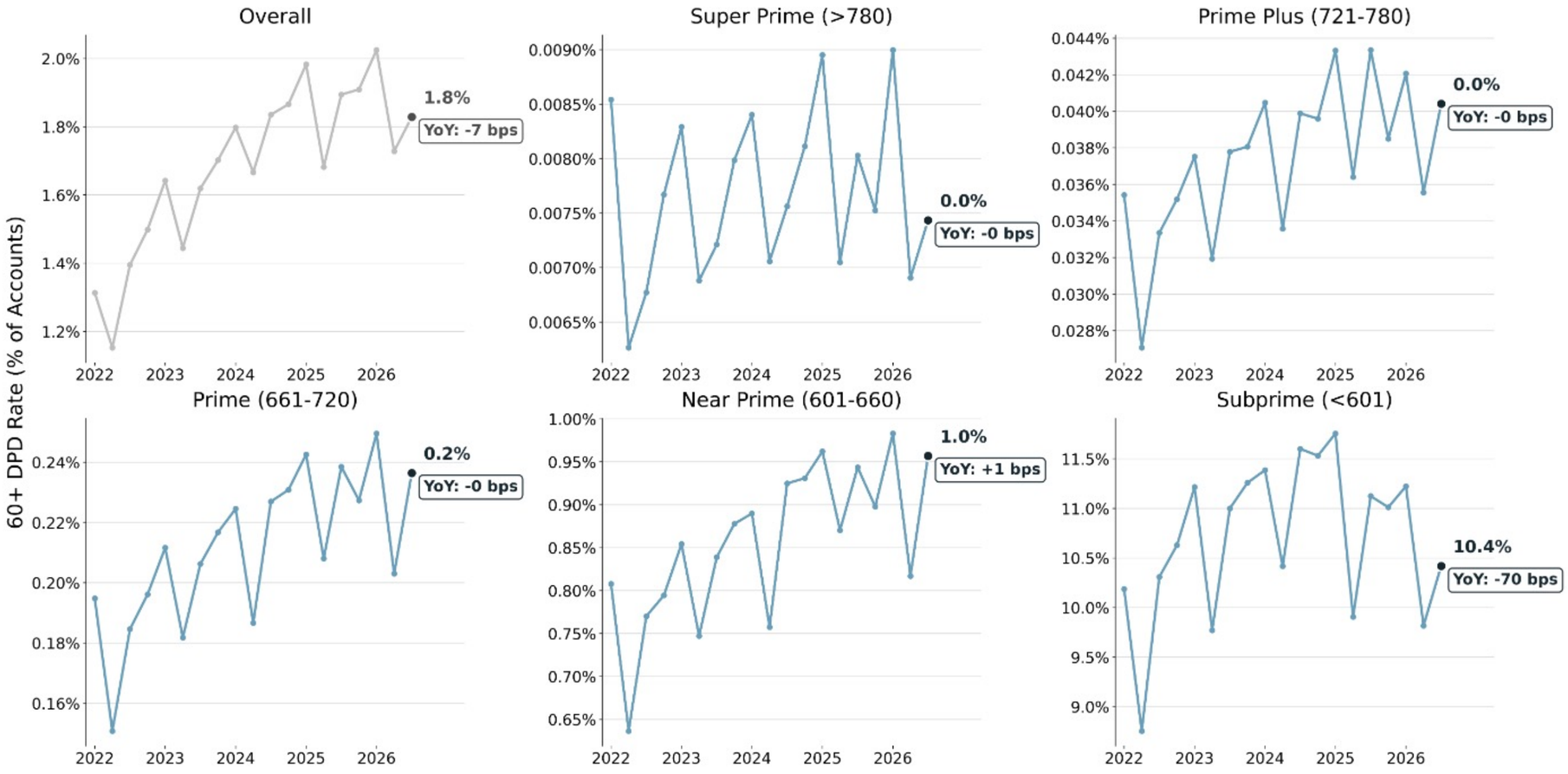
Average Monthly Payment on New & Used Cars



Source: Edmunds reports 2021-2026. Data as of October 1, 2026.

Delinquency rates rose across all risk tiers in Q3 2026, while lower subprime DQs drove the overall YoY improvement

Auto Loan Quarterly 60+ DPD Rate by Risk Tier



Source: 2OS, Equifax Ignite. Data as of October 20, 2026.

STUDENT LOAN

Student loan delinquencies continue to normalize from the 2025 reporting spike, but borrower stress persists

Area	Q3 read	What we're seeing	See page
Delinquency	Improving	90+ DPD rates continued to decline in Q3 across all risk tiers, though at a more moderate pace	**pp. 26–27**
Context	Elevated	Rates remain well above pre-2025 levels following the spike from resumption of bureau reporting	**p. 26**
Balances	Stable	Balances remained broadly stable, up 3.5% YoY but well below 2022–2023 levels	**p. 73**
Risk mix	Mixed	Balances grew across all risk tiers except subprime, which saw a substantial decline	**p. 74**

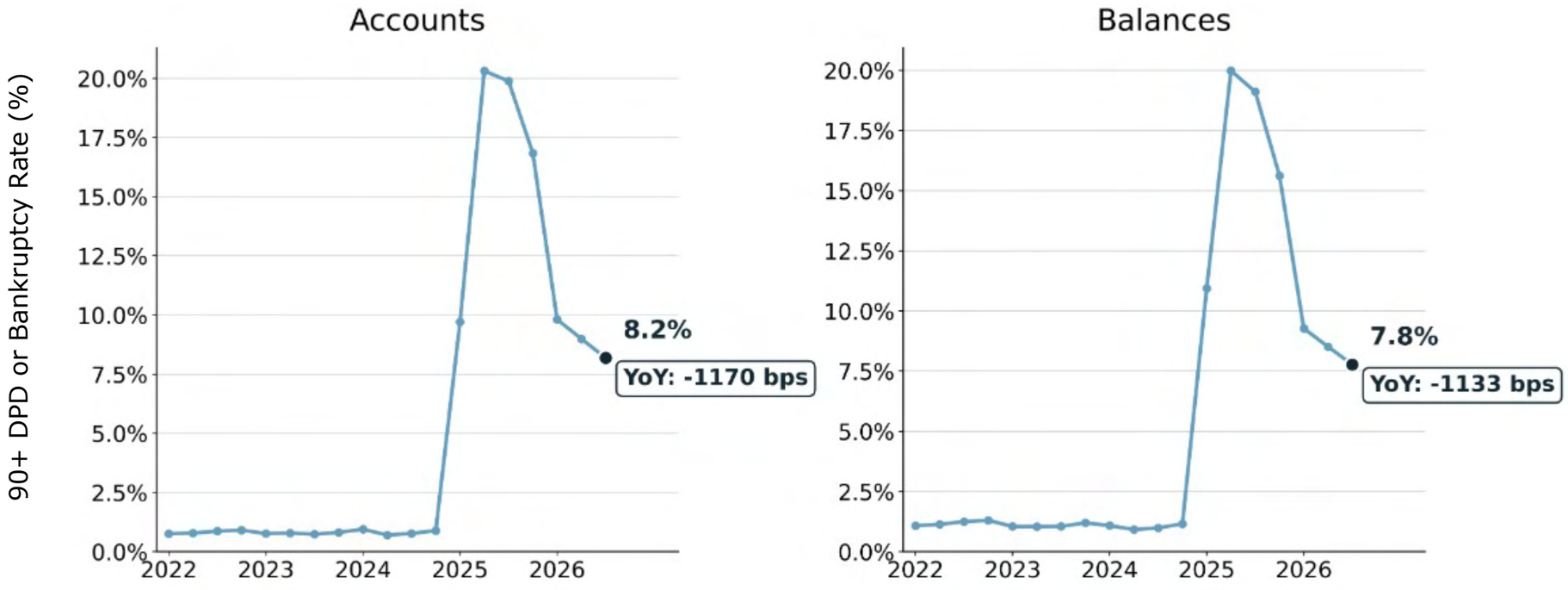
Why it matters

Ongoing repayment plan changes keep payment behavior in flux, so second-order effects on card and personal loan performance are worth tracking.

Source: 2OS, Equifax Ignite. Data as of October 20, 2026. Headline and implications reflect 2OS's perspective.

Student loan delinquencies continued to decline in Q3 2026, though at a more moderate pace, following a spike from resumption of bureau reporting in 2025

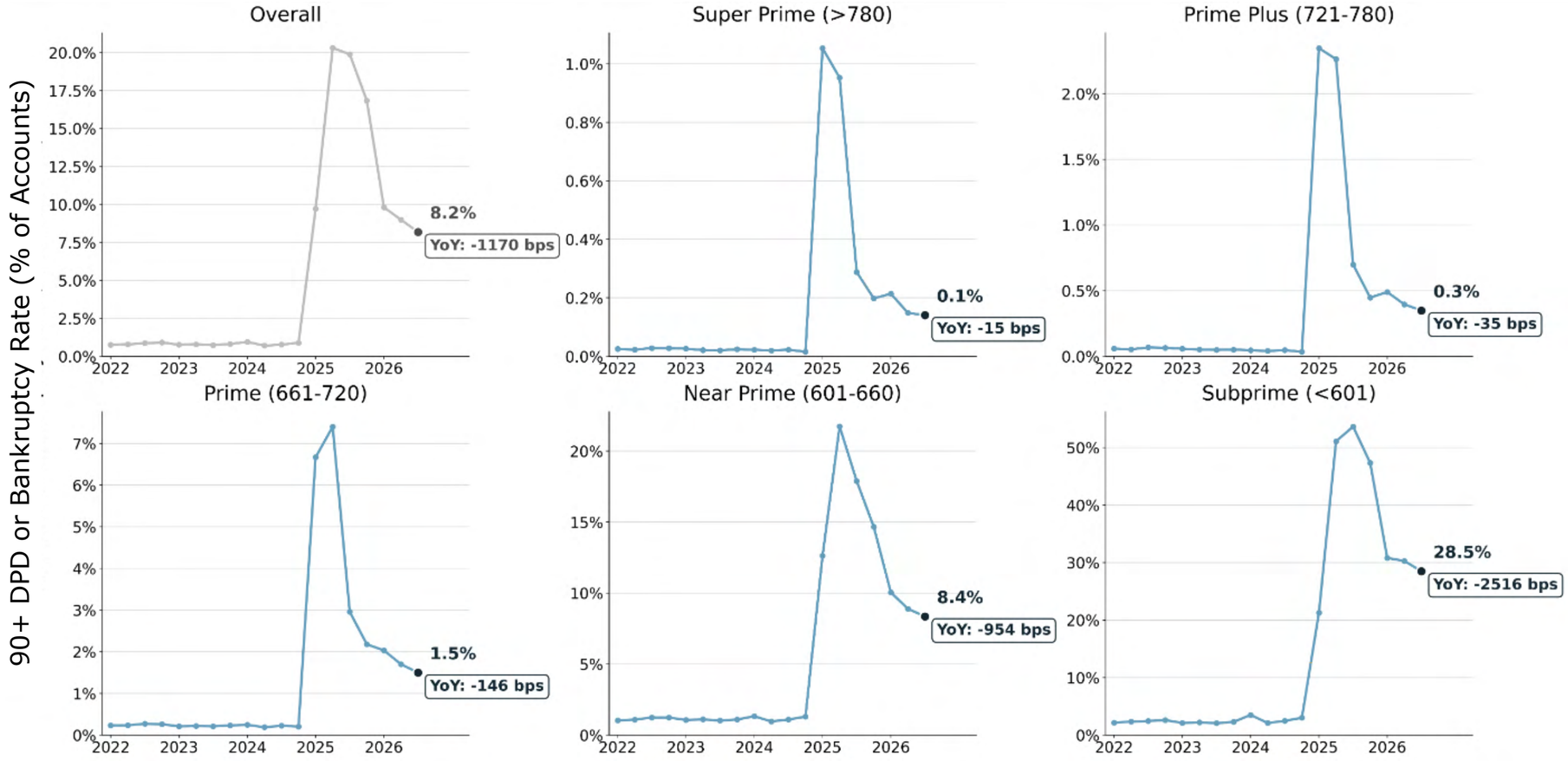
Student Loan Quarterly 90+ DPD or Bankruptcy Rate



Source: 2OS, Equifax Ignite. Data as of October 20, 2026.

Student loan delinquencies continued to decline across all risk tiers in Q3 2026

Student Loan Quarterly 90+ DPD or Bankruptcy Rate by Risk Tier



Source: 2OS, Equifax Ignite. Data as of October 20, 2026. Includes both Federal and Private Loans.

MORTGAGE & HELOC

With mortgage rates increasing to 7.4% and home equity at a record high, HELOCs are becoming homeowners' liquidity release valve

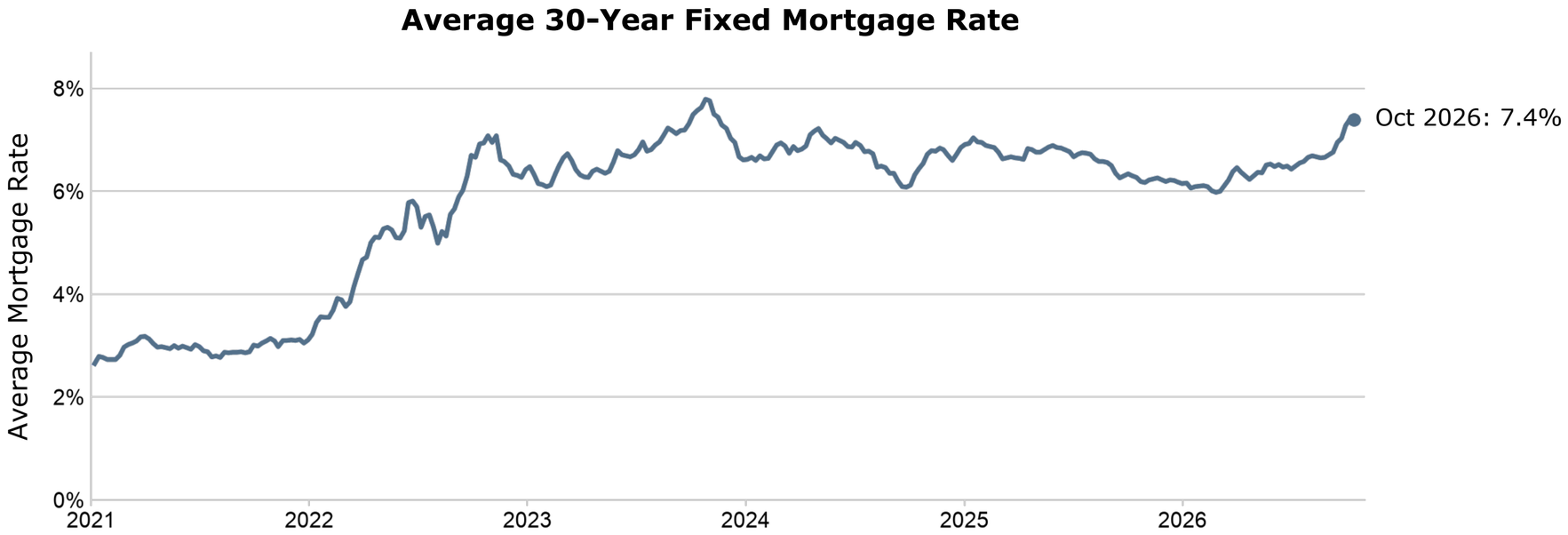
Area	Q3 read	What we're seeing	See page
Delinquency	Rising	Severe mortgage delinquencies grew to 1.01% of balances, 28 bps higher than a year ago	**p. 75**
Originations	Growing	YTD loan counts rose 19.8% and dollar volume 25.3% YoY through July 2026	**p. 76**
Rates	Watch	The average 30-year fixed rate rose sharply to 7.4% in October, its highest level since late 2023	**p. 29**
Home equity	Record high	Home prices reached a new high (+3.0% YoY), supporting a record $35.8T in owners' equity	**pp. 77–78**
HELOC	Growing	Credit limits climbed above $1T as utilization approached 44%	**p. 30**

Why it matters

Origination gains through July predate the October rate jump; line management and utilization triggers deserve attention heading into 2027.

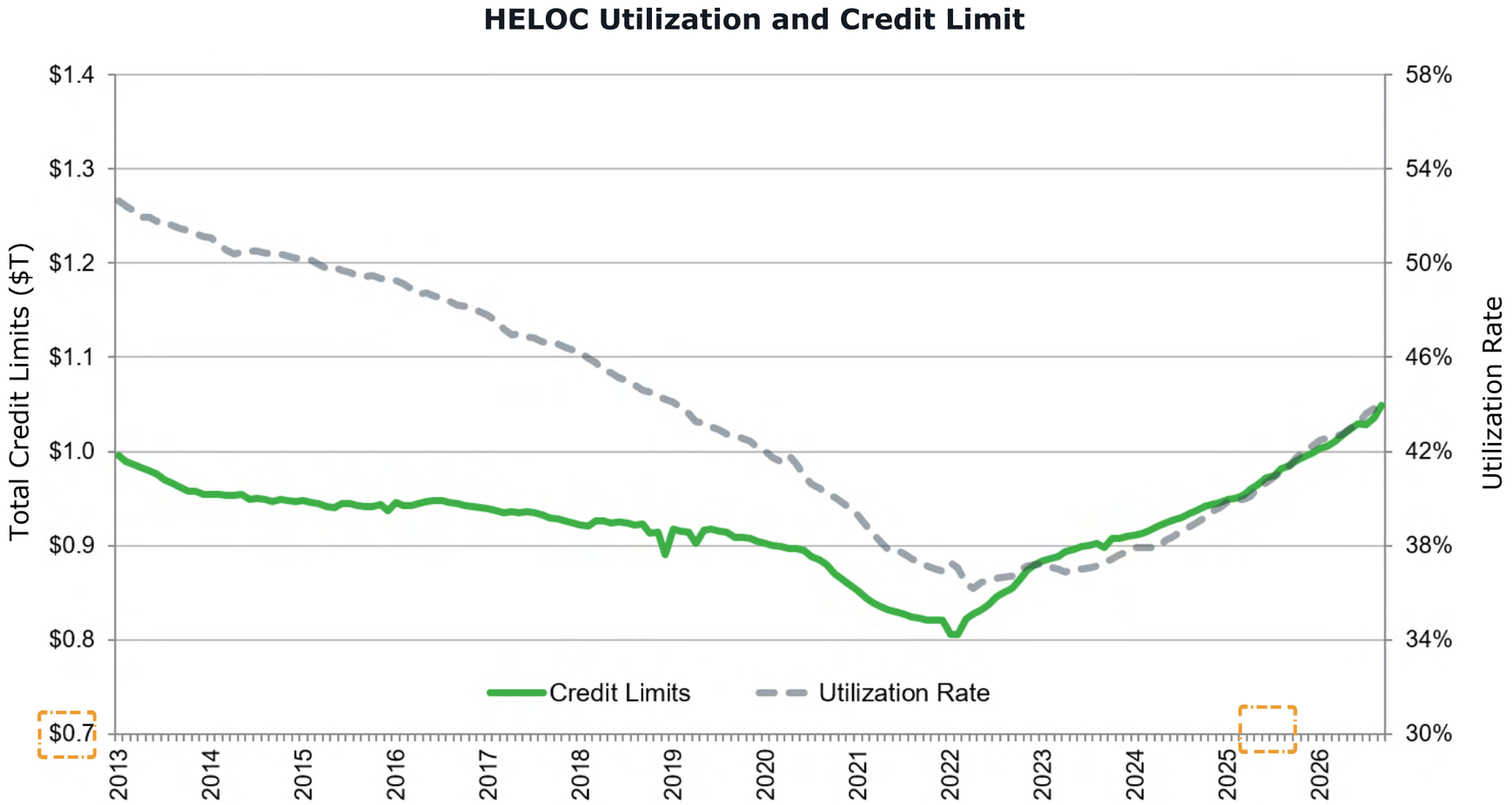
Source: 2OS, Equifax, FRED. Headline and implications reflect 2OS's perspective.

The average 30-year fixed mortgage rate rose sharply to 7.4% in October 2026, its highest level since late 2023



Source: 2OS, FRED. Data as of October 22, 2026.

HELOC credit limits climbed above $1T as utilization approached 44%, indicating borrowers were drawing more heavily on expanding credit lines



Source: Equifax. Data as of Sep 2026.

SMALL BUSINESS

Small business lending is rebounding, but delinquency risk is shifting across industries toward construction

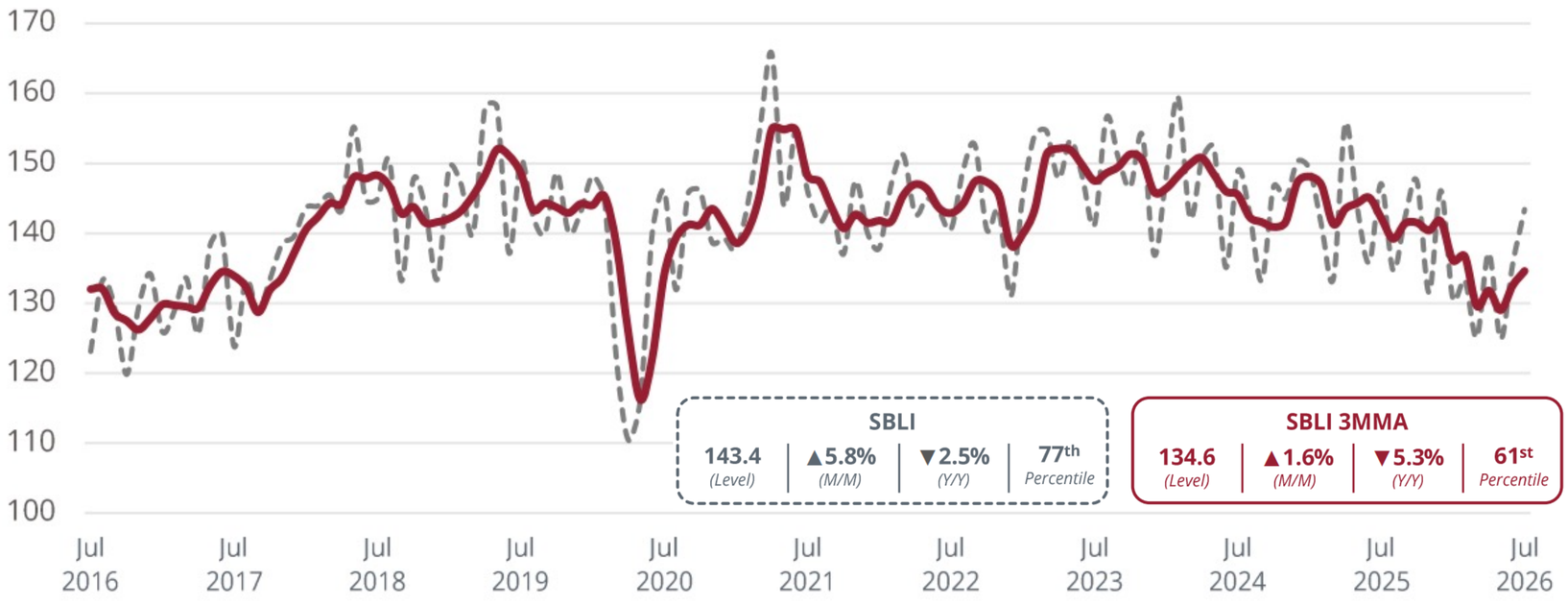
Area	Q3 read	What we're seeing	See page
Macro health	Stable	Optimism held its Q2 gains but faded late in Q3, signaling a stable but not strengthening demand backdrop	**p. 79**
Lending activity	Rebounding	New lending activity started to rebound after a slower stretch; health care still leads despite recent declines	**pp. 32, 80**
Applicant quality	Watch	Banks continue to report deterioration in new applicant quality, though conditions have improved from 2023 lows	**p. 78**
Delinquency	Shifting	Transportation continues to improve significantly; delinquency risk is now most concentrated in construction	**p. 33**

Why it matters Rebounding volume paired with weaker applicant quality argues for industry-level underwriting and concentration limits.

Source: 2OS, Equifax / PayNet SBLI and SBDI, NFIB, Federal Reserve Bank of Kansas City. Headline and implications reflect 2OS's perspective.

Small Business Lending Activity: Broader new lending activity has started to rebound after relatively lower activity in recent quarters

Equifax / PayNet Small Business Lending Index (SBLI)



Volume of new commercial loans and leases to small businesses, seasonally adjusted index (January 2005 = 100)

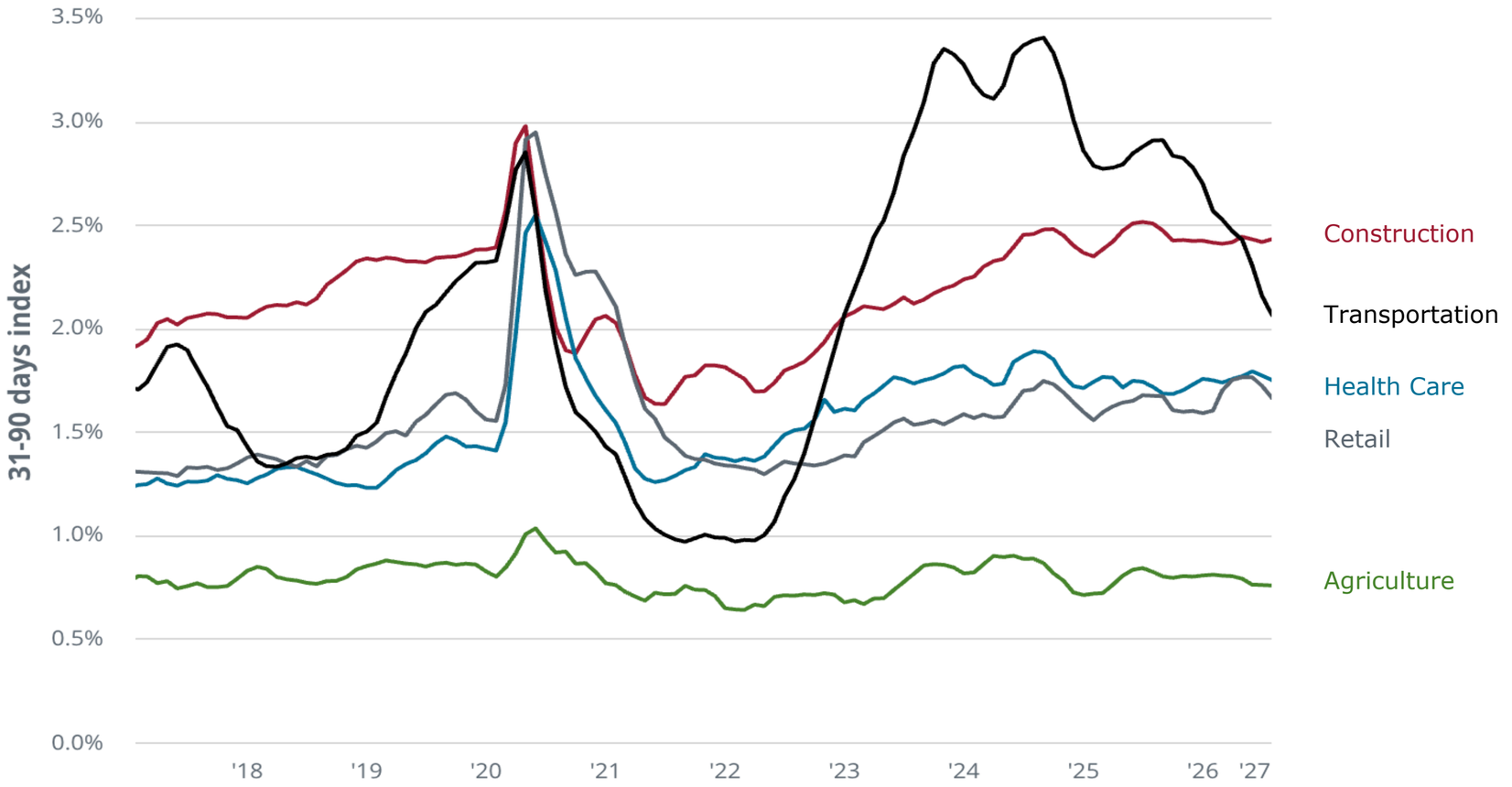
Note: Equifax / PayNet SBLI measures new small-business commercial loan and lease activity. National Index is monthly and seasonally adjusted; State and industry indices are rolling 12-month measures. Indexed to Jan 2005 = 100

Source: Paynet Small Business Lending Index (SBLI) - https://assets.equifax.com/marketing/US/assets/main-street-lending-report-sep-2026.pdf

Small Business Delinquency Index (SBDI): Transportation continues to improve significantly, with delinquency risk now concentrated most in construction

Equifax / PayNet Small Business Delinquency Index (SBDI) by Industry

% of Loans and Leases 31-90 Days Delinquent; 12m Rolling Avg.



Source: Paynet Small Business Delinquency Index (SBDI) - https://sbinsights.paynetonline.com/loan-performance/

Acknowledgments

The authors would like to especially thank Equifax for facilitating the Ignite platform used to generate these views. The authors would also like to thank dv01, Bank of America, Experian, TransUnion, and others cited throughout for the data used to generate insights in this paper.

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Scott Barton is the Founder and Managing Partner at 2nd Order Solutions; he has led hundreds of major initiatives for major banks and fintechs, including overhauls of collection strategies, overarching model redesigns, and major architectural changes to organizational credit risk assessment. He previously was one of a handful of Senior Credit Officers at Capital One and led several business units, including Partnerships, Collections, Recoveries, and Fraud.

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2nd Order solutions

About 2OS

2nd Order Solutions (2OS) is a boutique credit risk advisory firm that specializes in solving the world's most challenging credit problems. 2OS was founded 18 years ago and consults to a wide range of banks, card issuers, fintechs, and specialty finance companies in the US and abroad.

2OS has deep experience with lending businesses across Card, Auto, Small Business, and Personal Loans, at all points in the credit lifecycle. 2OS partners have vast expertise in all aspects of Collections, both as operating executives and as consultants.

For more insights and commentary on the lending industry,
visit us at **https://2os.com/insights/**

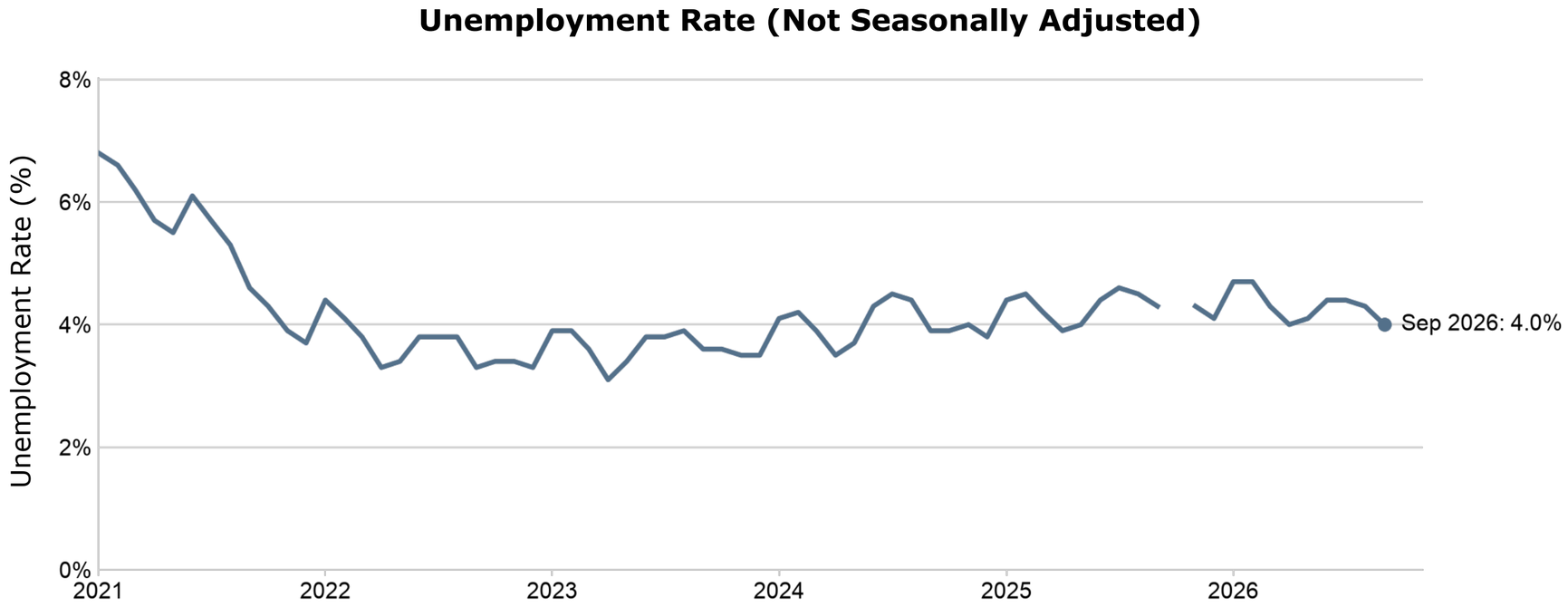


Appendix

- State of the Consumer
- Credit Card
- Personal Loan
- Auto
- Student Loan
- Mortgage
- Small Business

2nd Order solutions

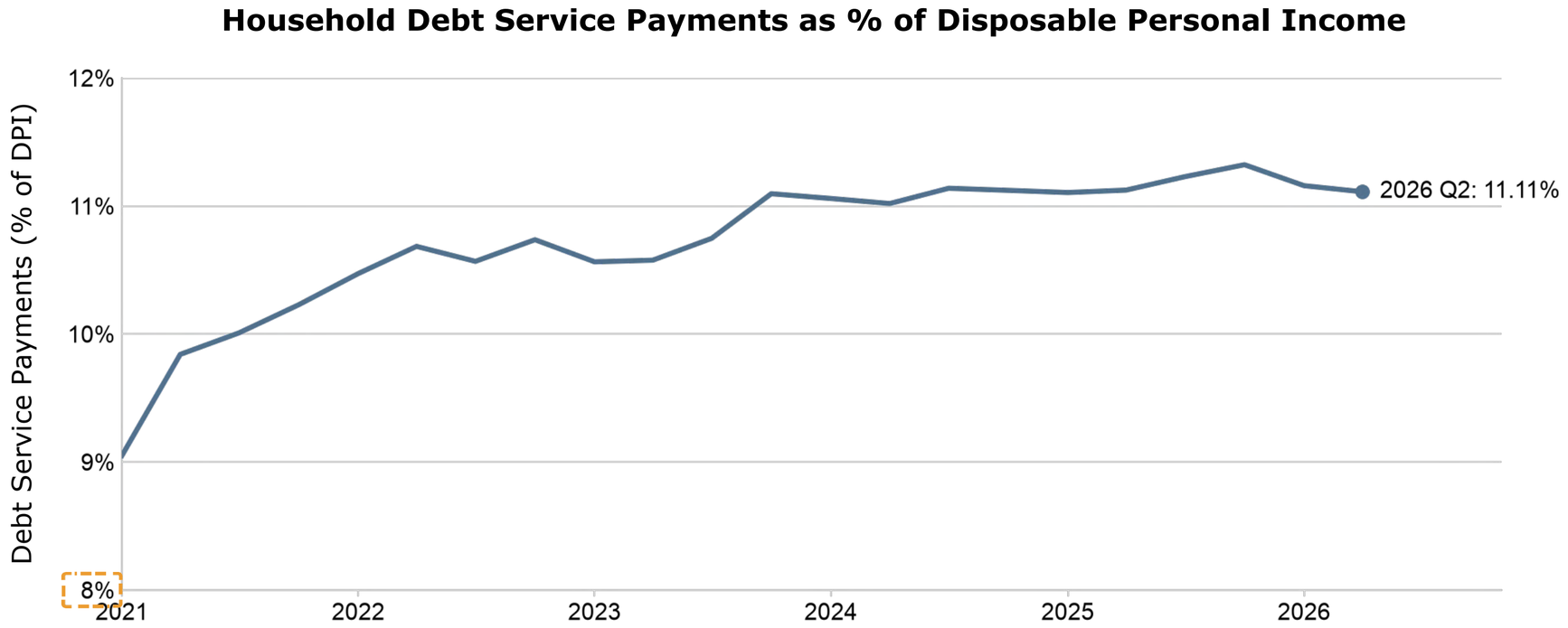
Unemployment remained broadly stable through Q3 2026, consistent with the pattern of the past two years



Note: The government shutdown affected data collection and reporting in Q4 2025.

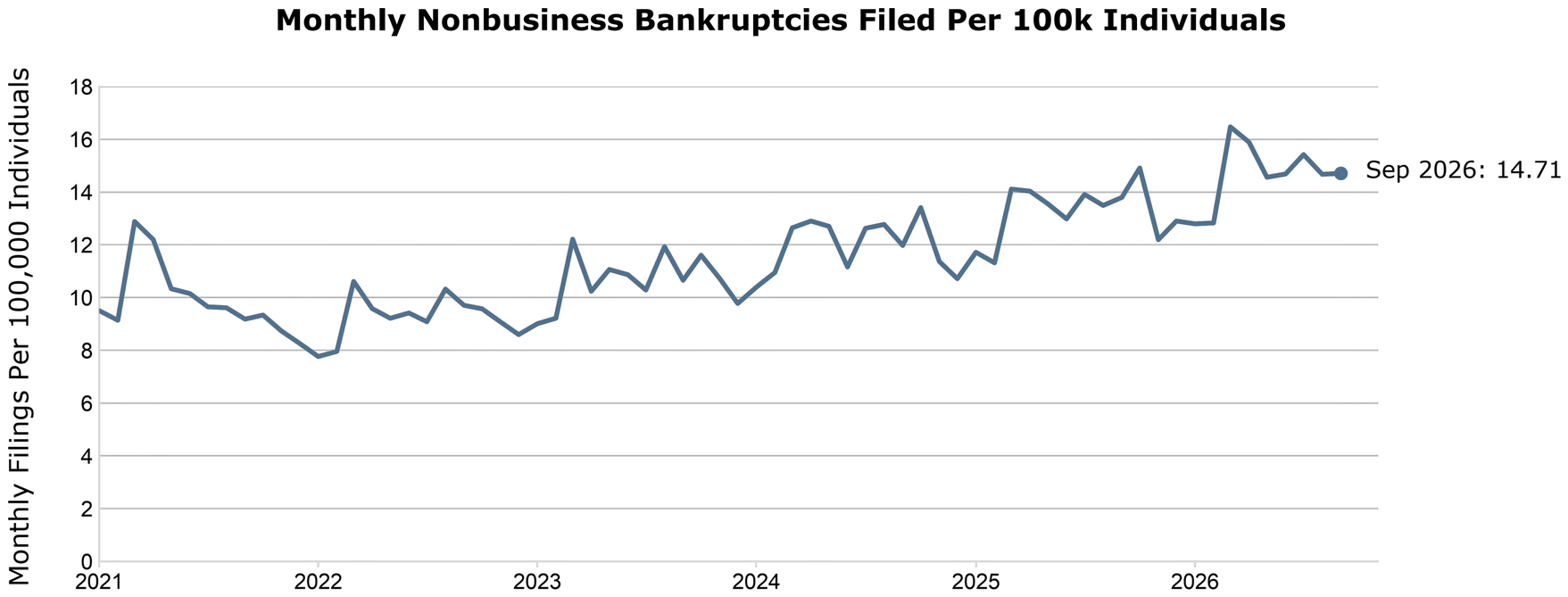
Source: 2OS, FRED. Data as of October 2, 2026.

Household debt-service payments eased slightly to 11.1% of disposable income in Q2 2026, continuing the decrease from late 2025



Source: 2OS, FRED. Data as of September 22, 2026.

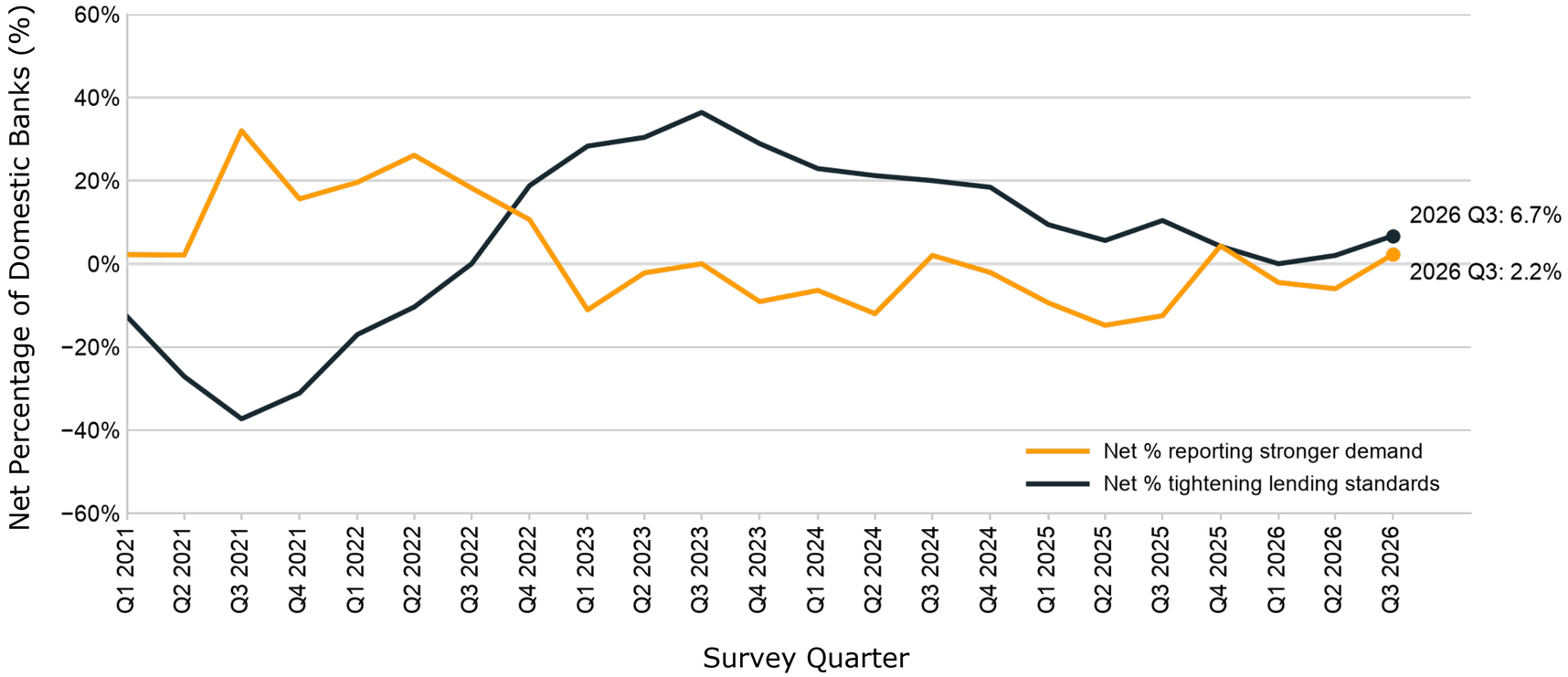
Bankruptcies edged up in September but remained broadly stable month to month; the Q3 2026 average slipped slightly from the prior quarter, while the latest rate was 6.6% higher than a year earlier



Source: 2OS, U.S. Courts F-2 (One Month) Reports (Data as of September 30, 2026), U.S. Census Bureau (Data as of July 1, 2025).

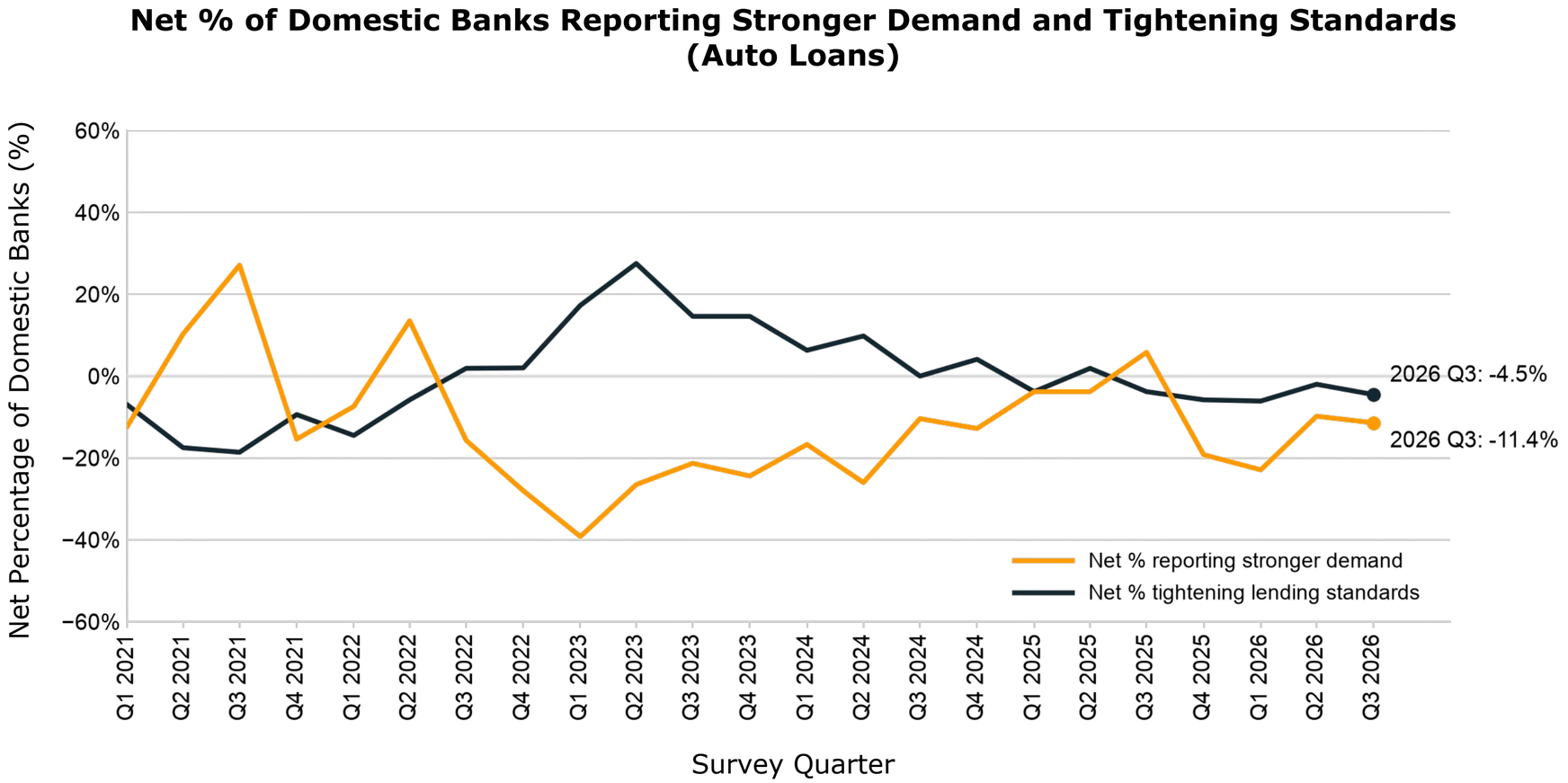
In Q3 2026, senior loan officers reported tighter credit card lending standards than the prior quarter, while reported demand was modestly stronger

Net % of Domestic Banks Reporting Stronger Demand and Tightening Standards (Credit Card Loans)



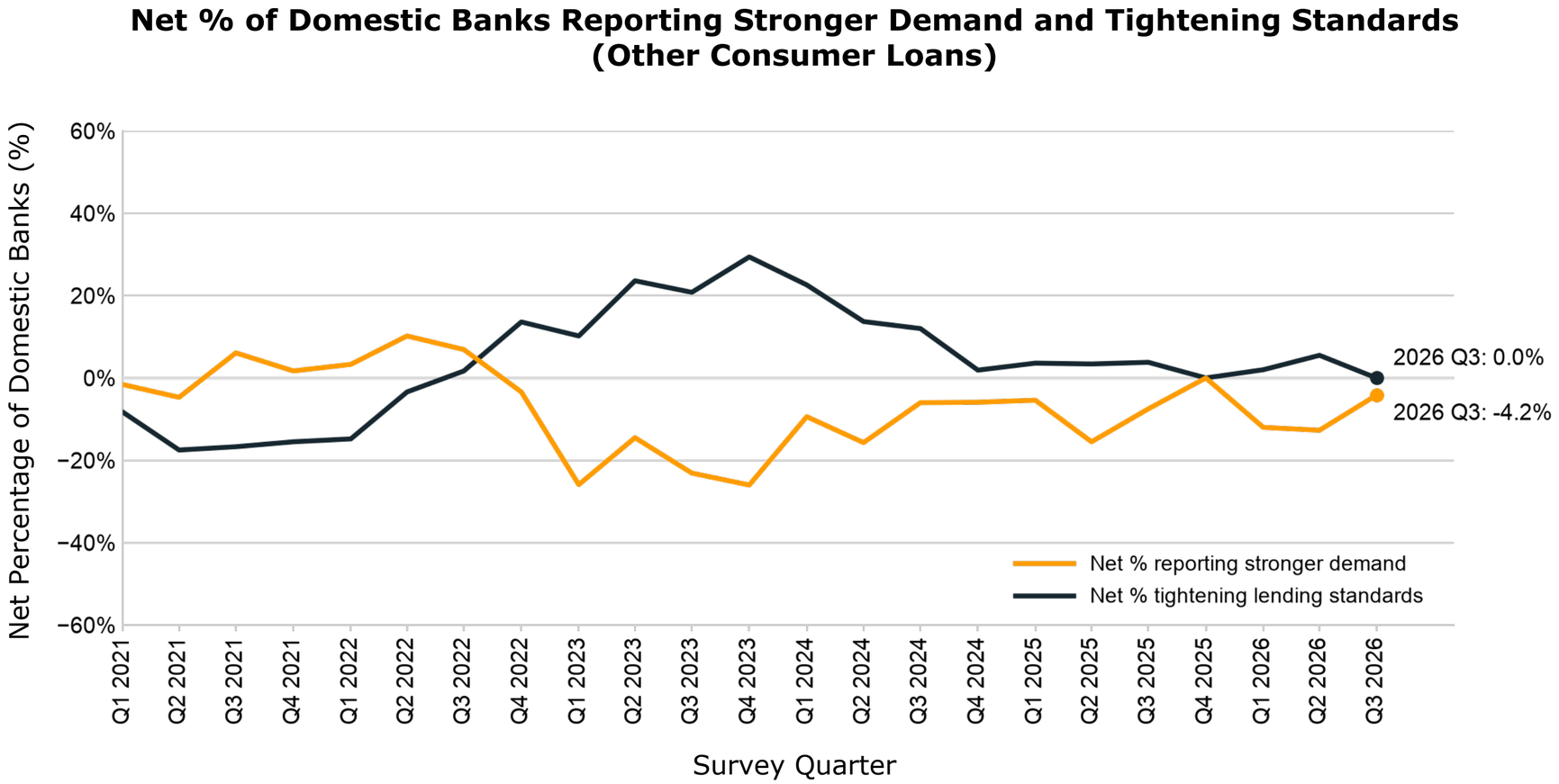
Source: 2OS, FRED (Data as of August 3, 2026).

Auto lending standards eased in Q3, while demand weakened



Source: 2OS, FRED (Data as of August 3, 2026).

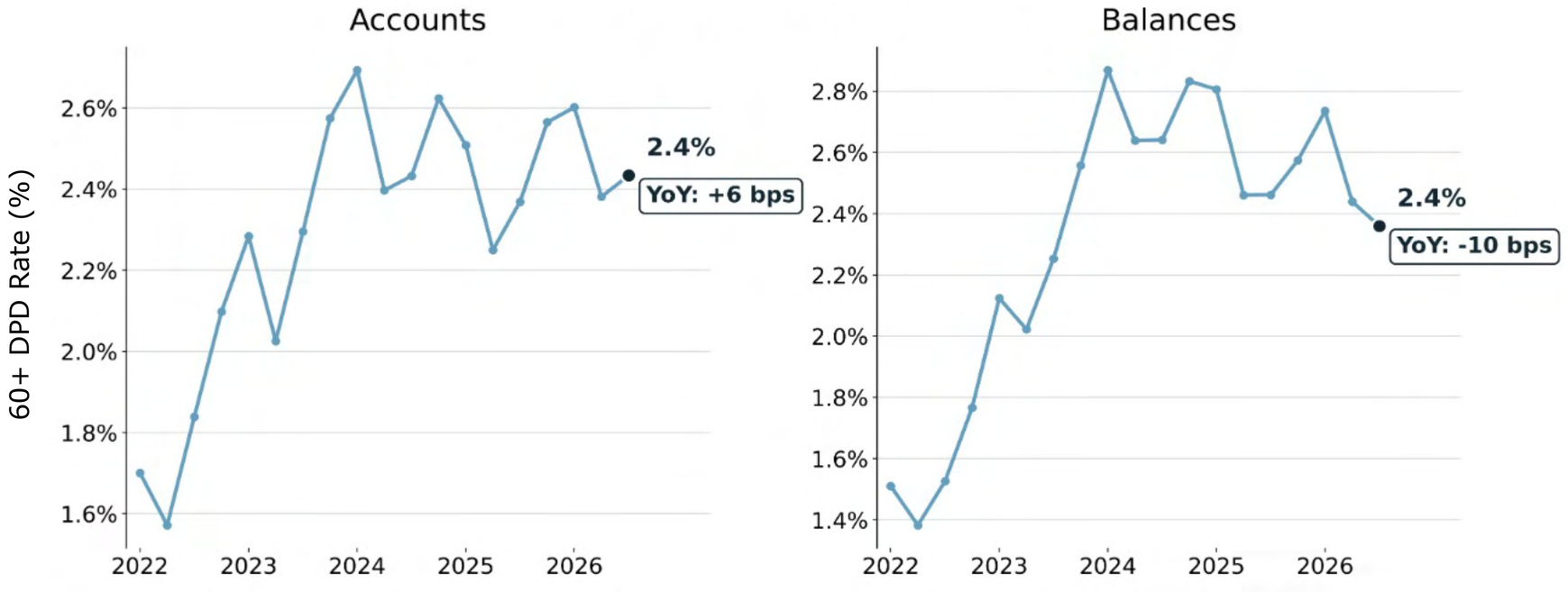
In Q3 2026, net tightening of other consumer loan standards fell to neutral, while fewer banks reported weakening demand



Source: 2OS, FRED (Data as of August 3, 2026).

Card delinquencies remained above 2022-2023 levels in Q3 2026, with account-based DPD rates edging up and balance-based rates declining

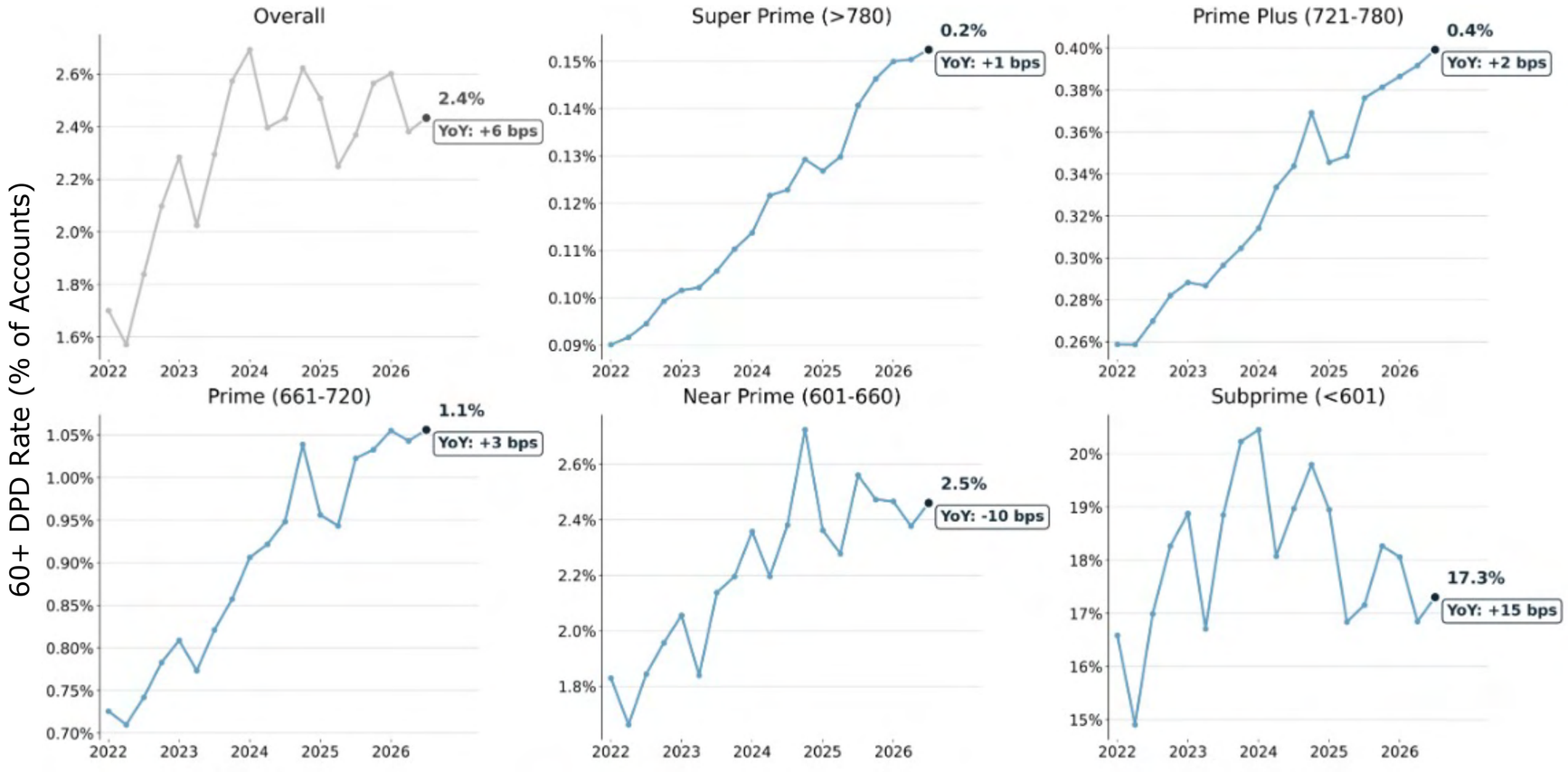
Credit Card Quarterly 60+ DPD Rate



Source: 2OS, Equifax Ignite. Data as of October 20, 2026.

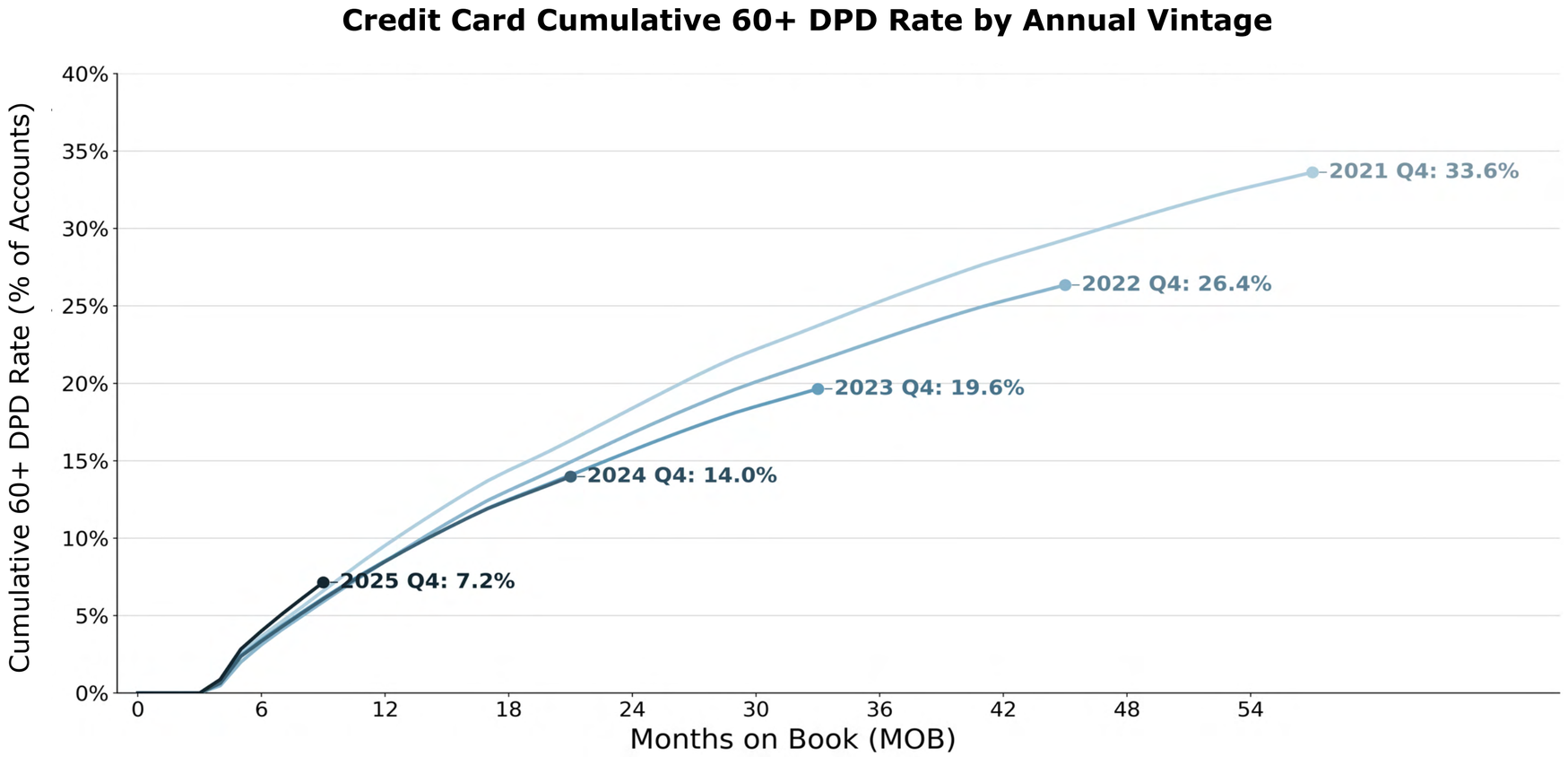
Q3 2026 delinquency rates increased modestly from Q2 rates in all risk tiers

Credit Card Quarterly 60+ DPD Rate by Risk Tier



Source: 2OS, Equifax Ignite. Data as of October 20, 2026.

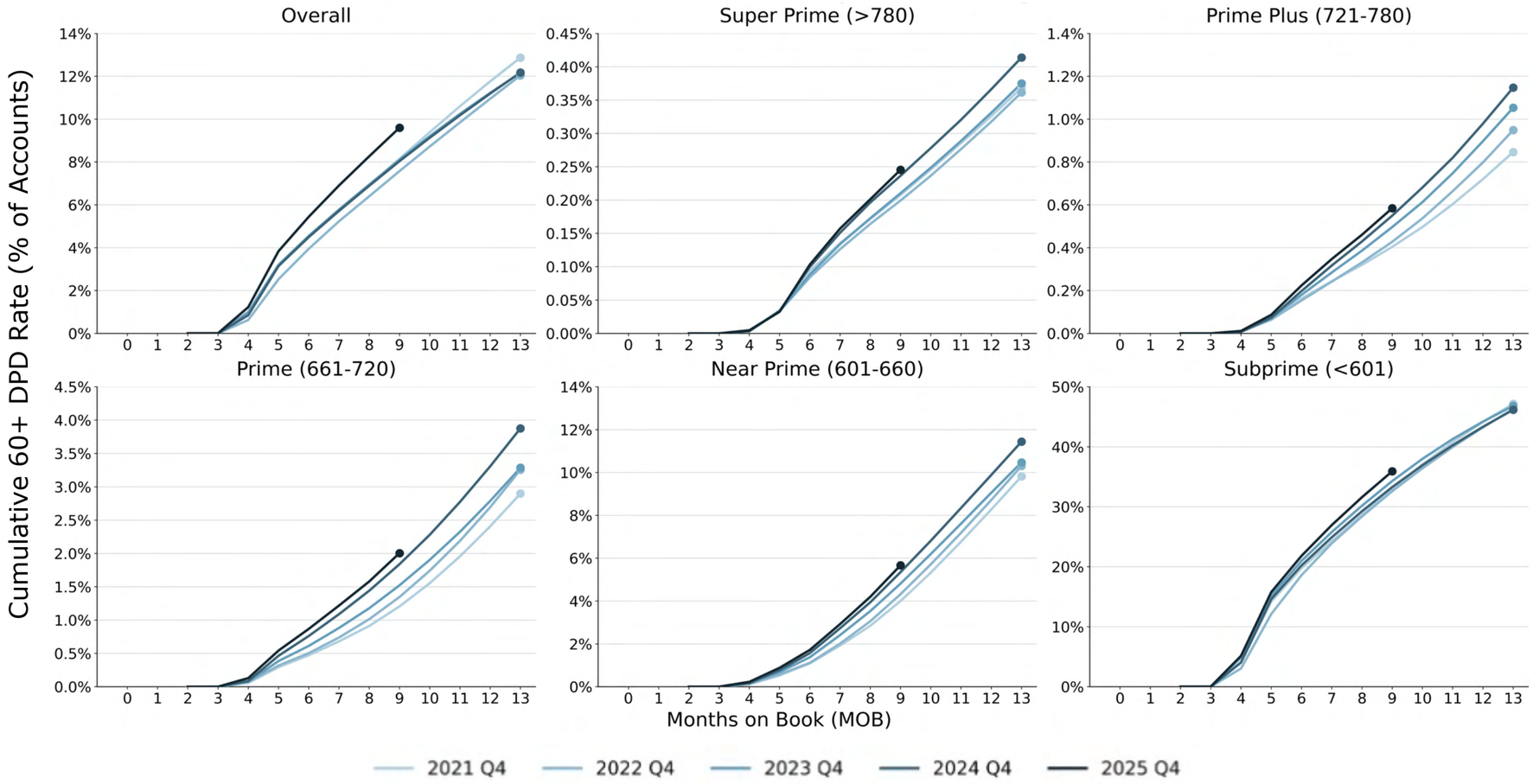
2025 Q4 vintage shows elevated early delinquency relative to prior cohorts at comparable months on book



Source: 2OS, Equifax Ignite. Data as of October 20, 2026.

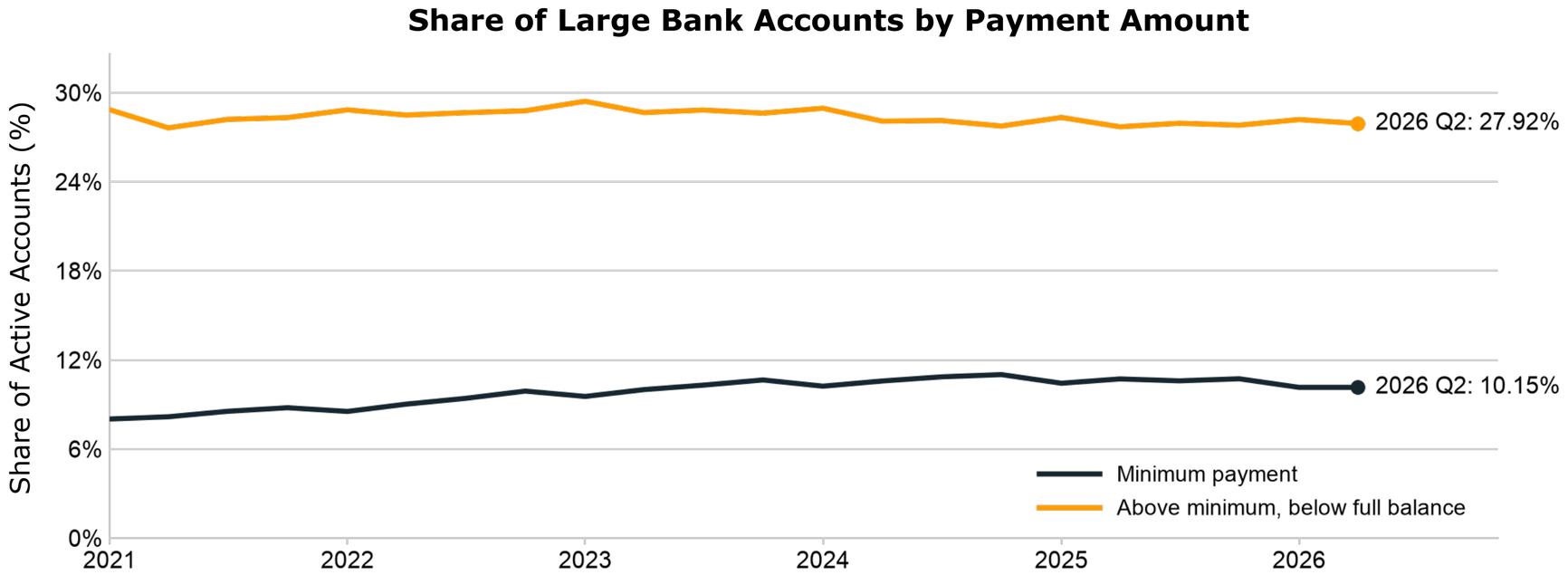
Q4 2025 delinquencies rose YoY across all vantage bands

Credit Card Cumulative 60+ DPD Rate by Annual Vintage and Risk Tier



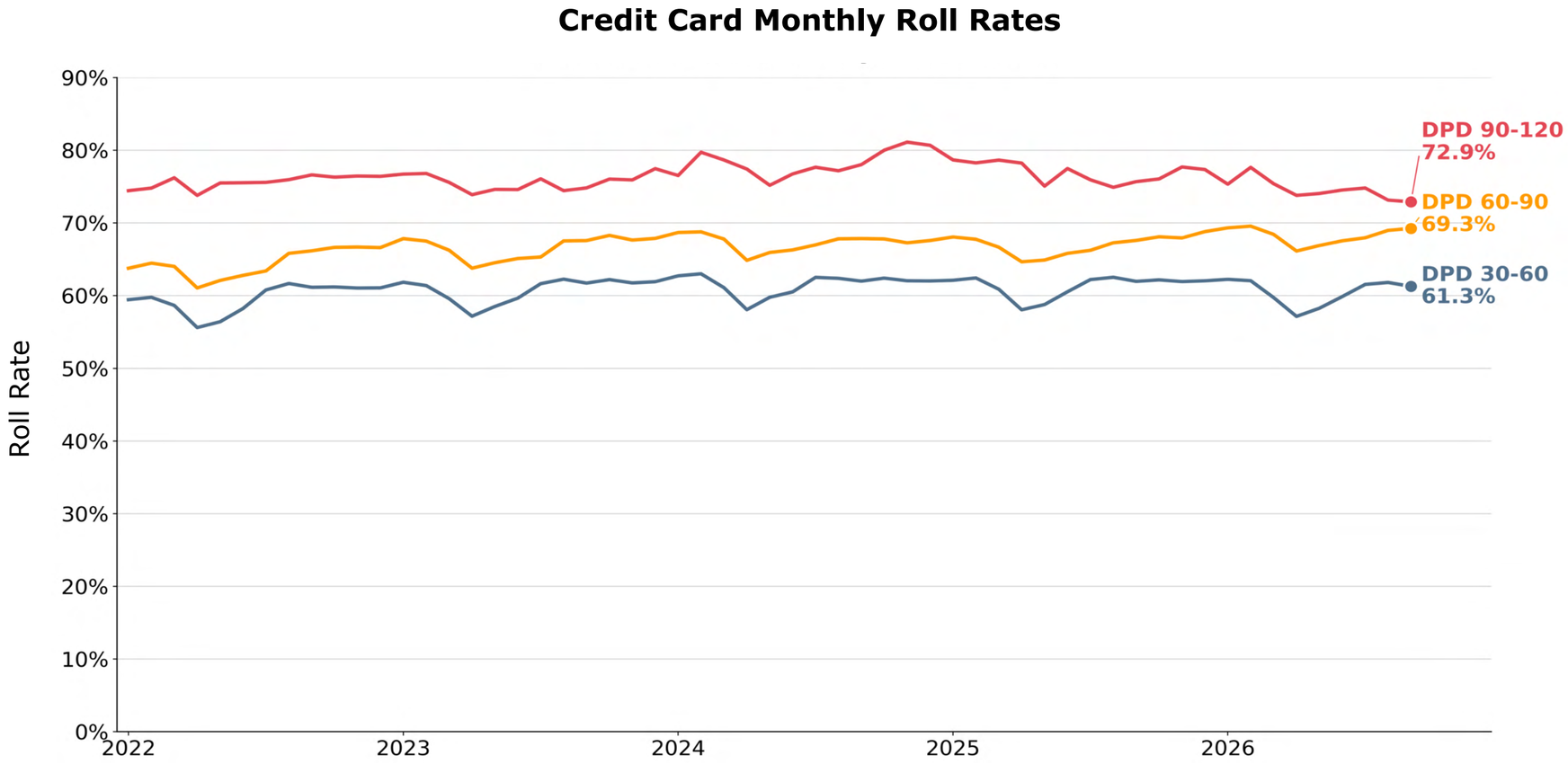
Source: 2OS, Equifax Ignite. Data as of October 20, 2026.

The share of accounts making minimum payments stabilized in Q2 2026, below recent peaks but above levels seen in earlier years



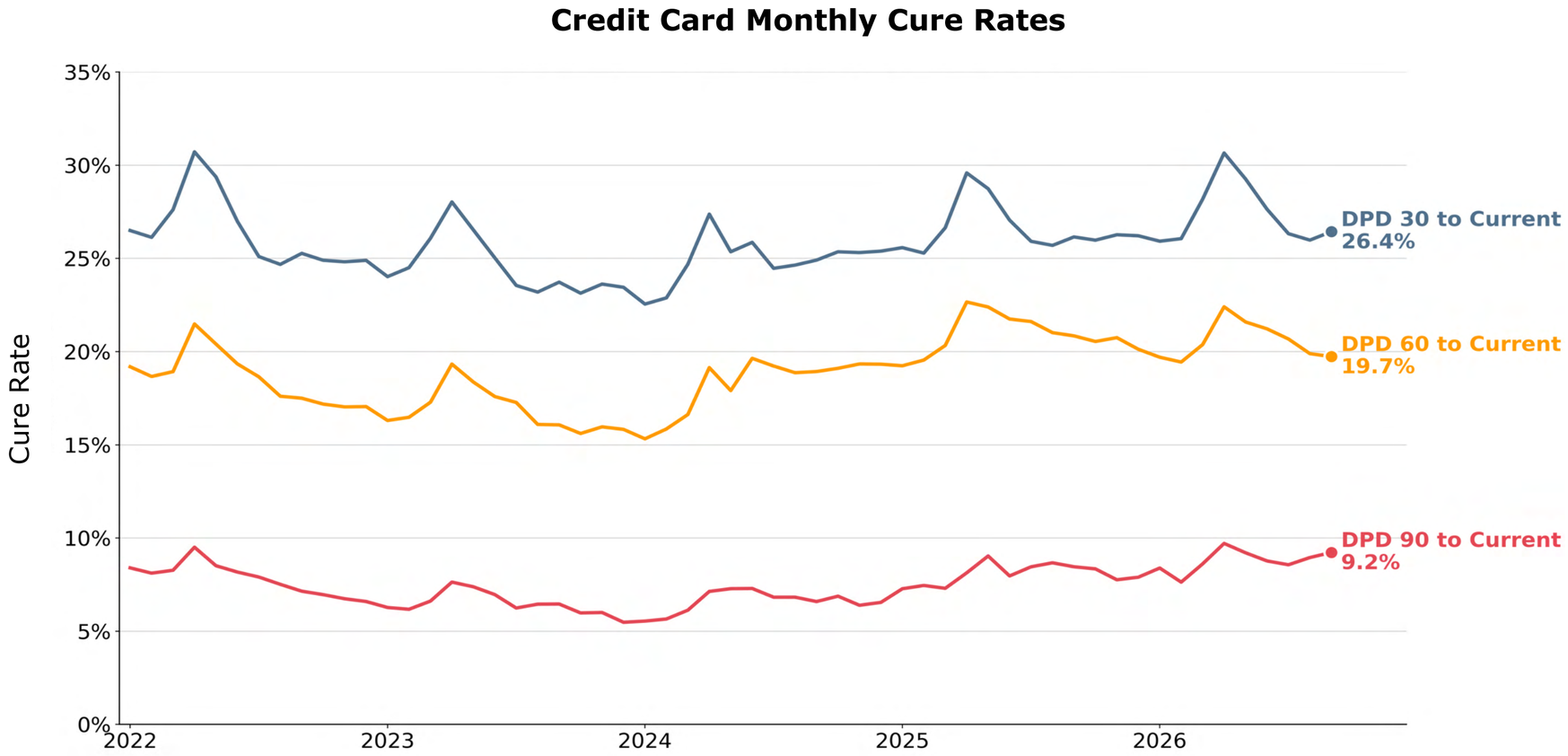
Source: 2OS, FRED, FRED (Data as of October 7, 2026).

Q3 2026 roll rates started to level off following the uptick in Q2



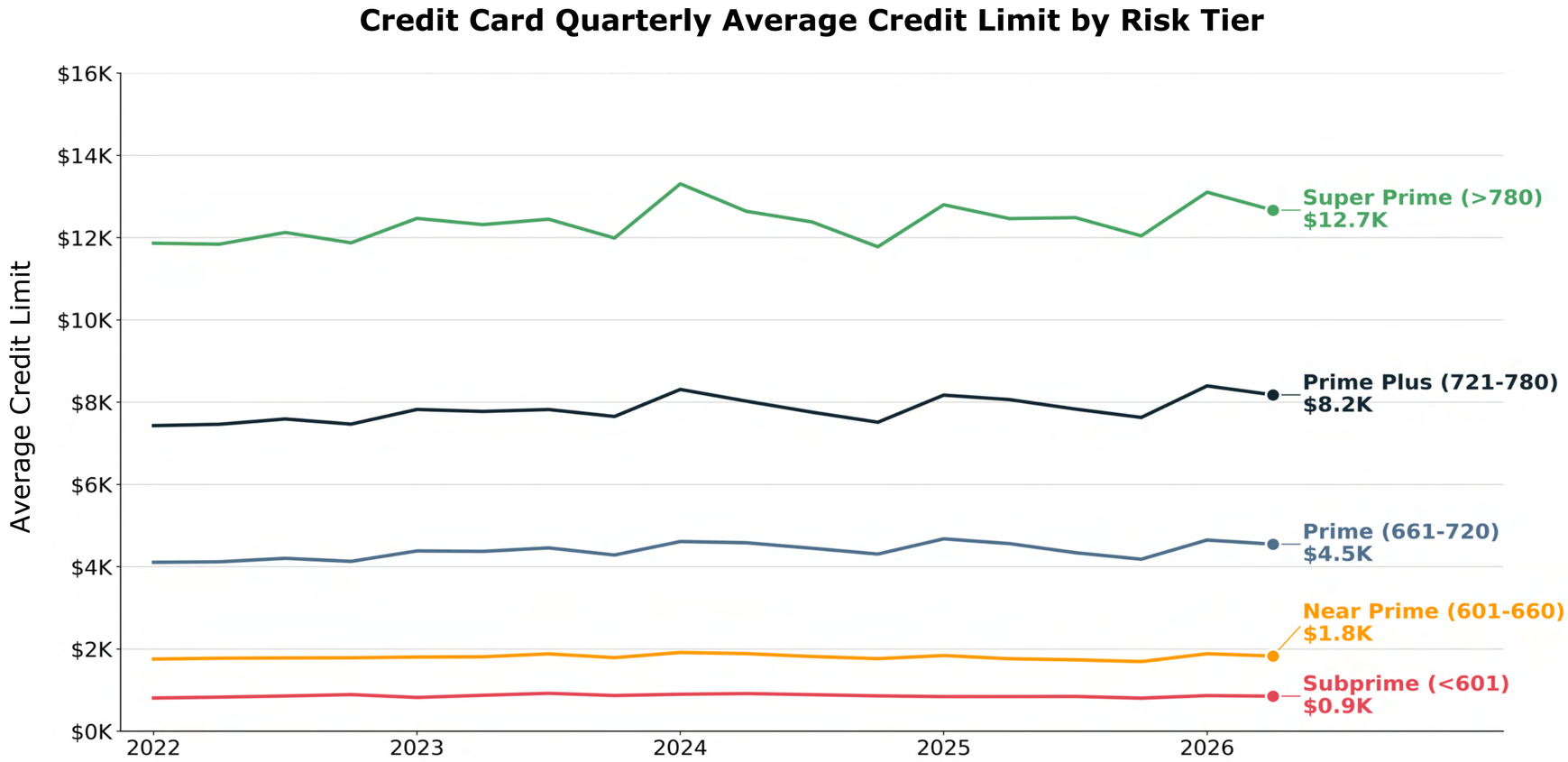
Source: 2OS, Equifax Ignite. Data as of October 20, 2026.

Cure rates in Q3 2026 for 30 and 60 DPD accounts followed typical seasonal patterns, while 90 DPD cure rates trended upward



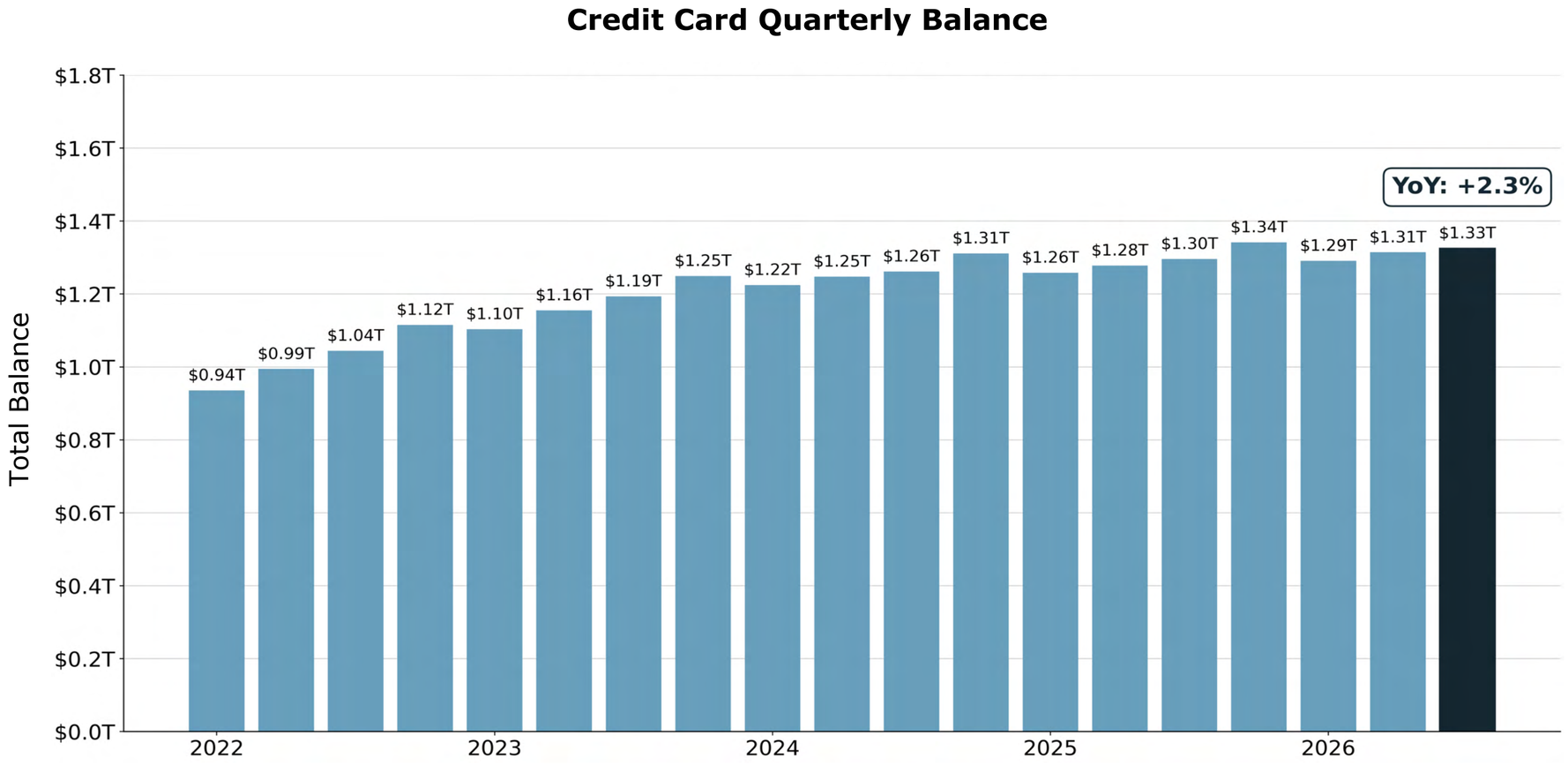
Source: 2OS, Equifax Ignite. Data as of October 20, 2026.

Average credit limits eased from their early 2026 peak across most risk tiers, with the largest declines among super prime and prime plus borrowers



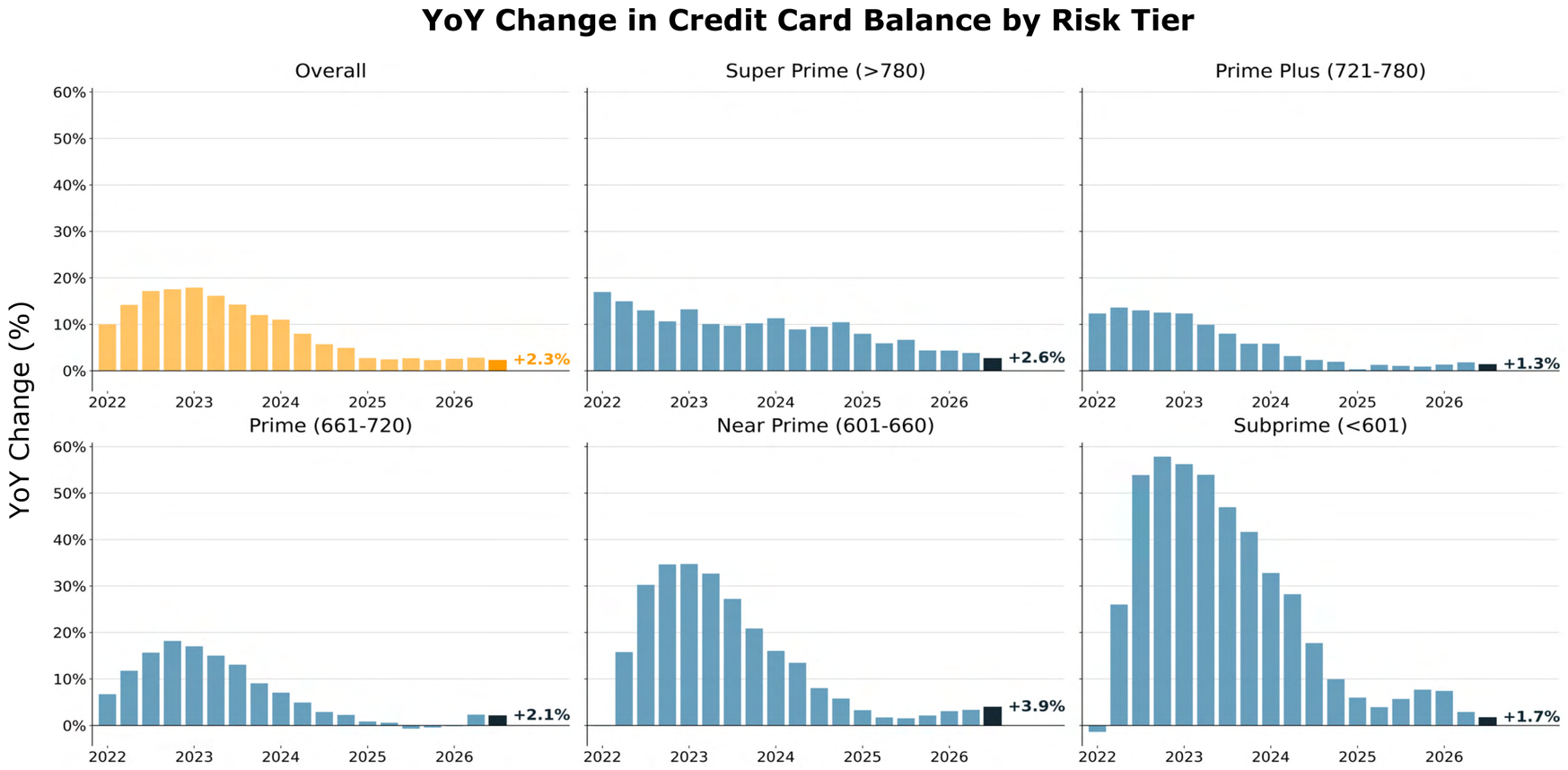
Source: 2OS, Equifax Ignite. Data as of October 20, 2026.

Card balances rose modestly in Q3 2026, up 2.3% YoY



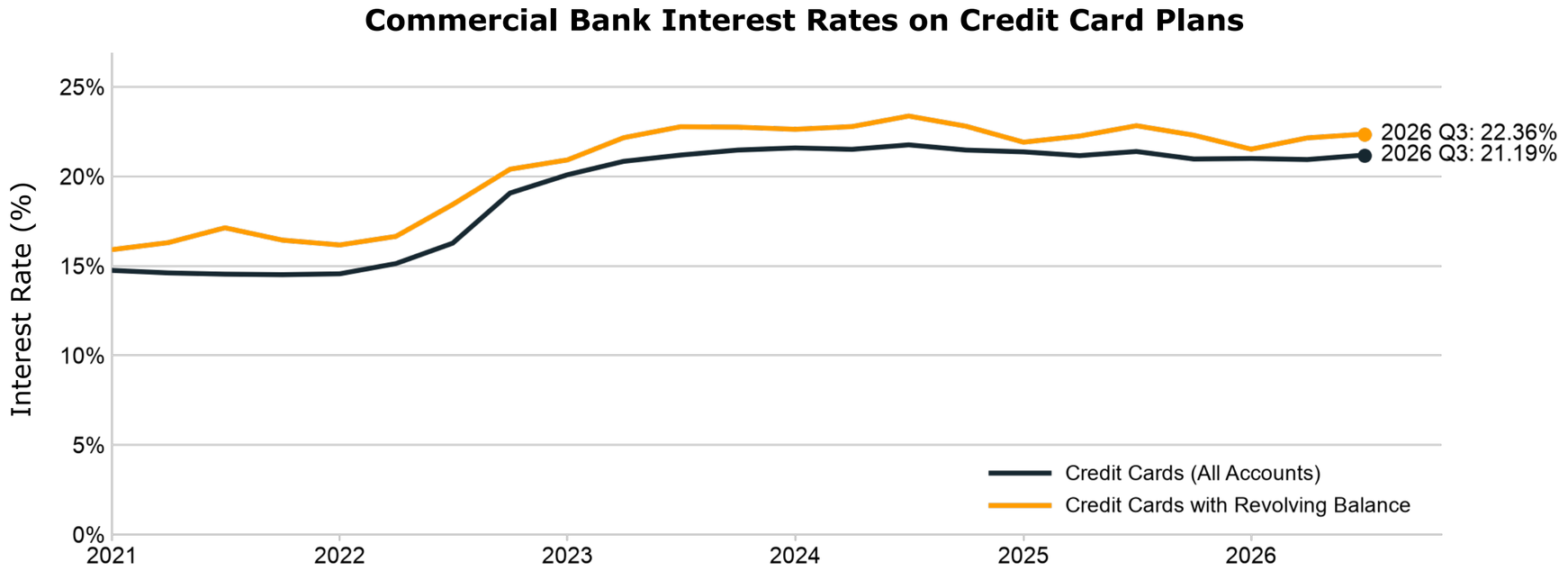
Source: 2OS, Equifax Ignite. Data as of October 20, 2026.

Card balances rose modestly across all risk tiers, particularly near prime



Source: 2OS, Equifax Ignite. Data as of October 20, 2026.

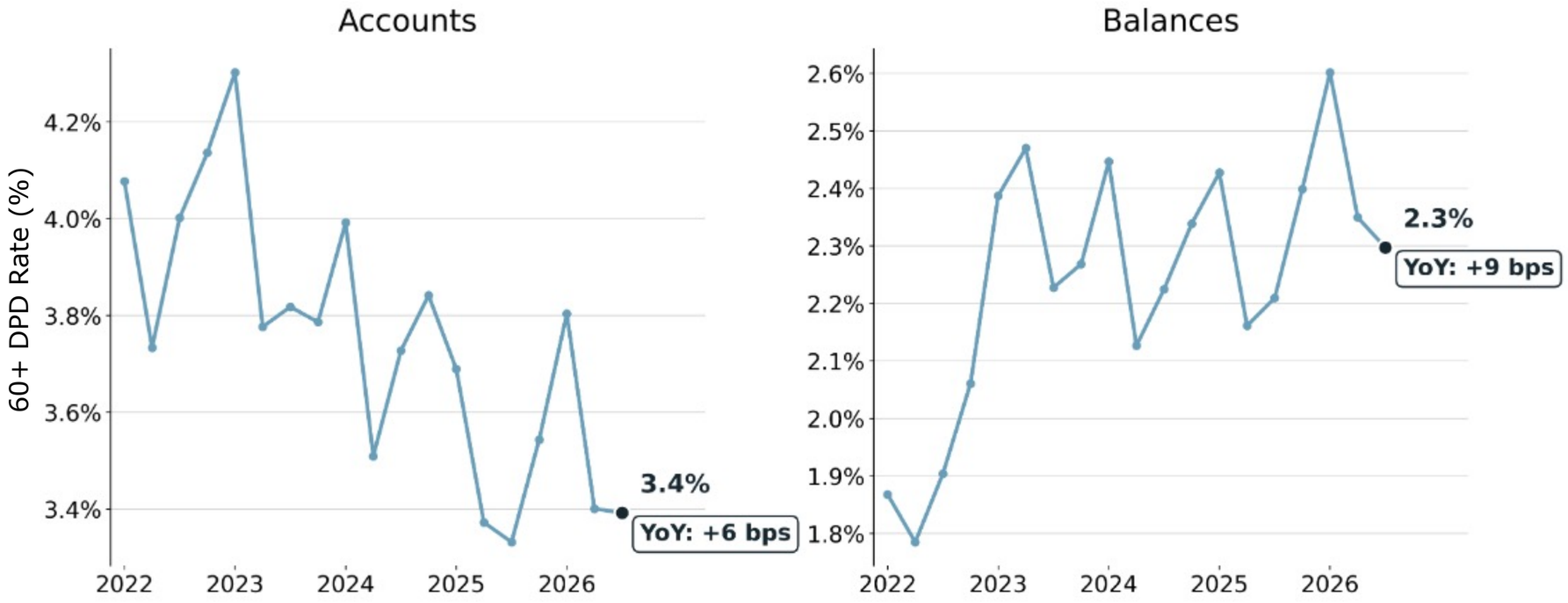
Card APRs remained roughly stable overall, with an increase among cards with a revolving balance



Source: 2OS, Federal Reserve G19 report. Data as of October 7, 2026.

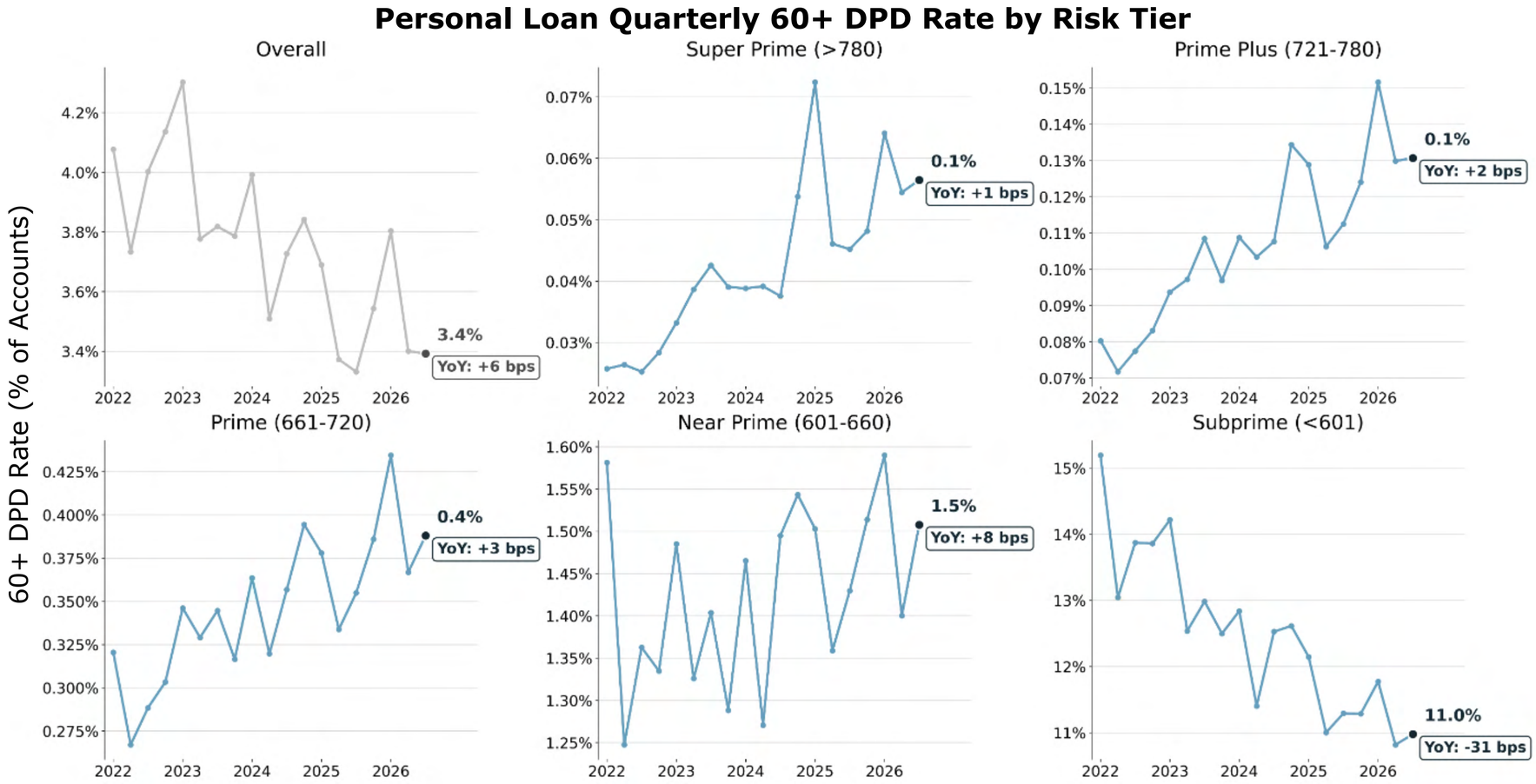
Personal loan delinquencies stayed nearly flat in Q3, following gradual easing in recent quarters

Personal Loan Quarterly 60+ DPD Rate



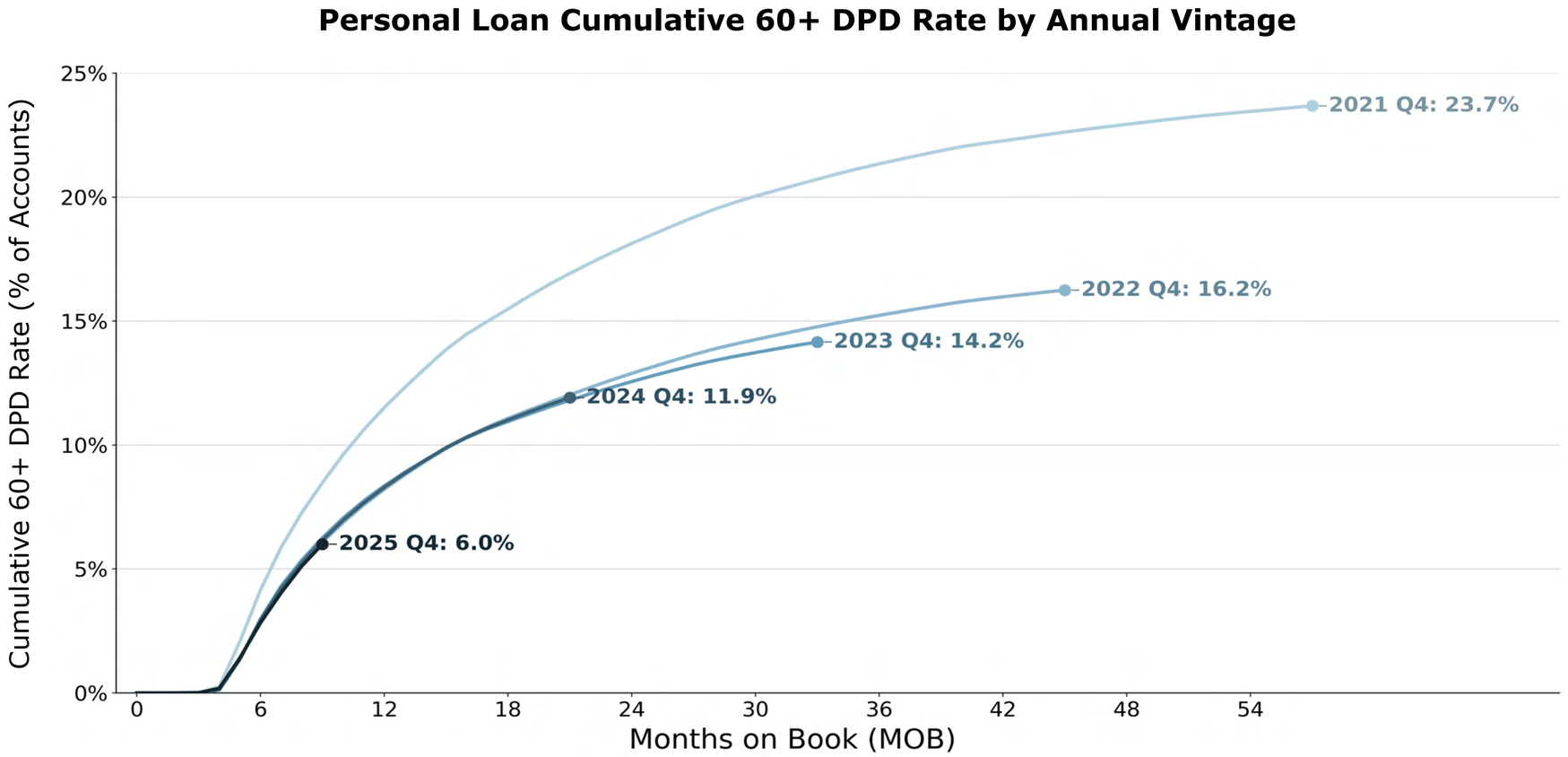
Source: 2OS, Equifax Ignite. Data as of October 20, 2026.

Subprime delinquency rates continued to improve YoY, while near prime led a modest increase in other tiers



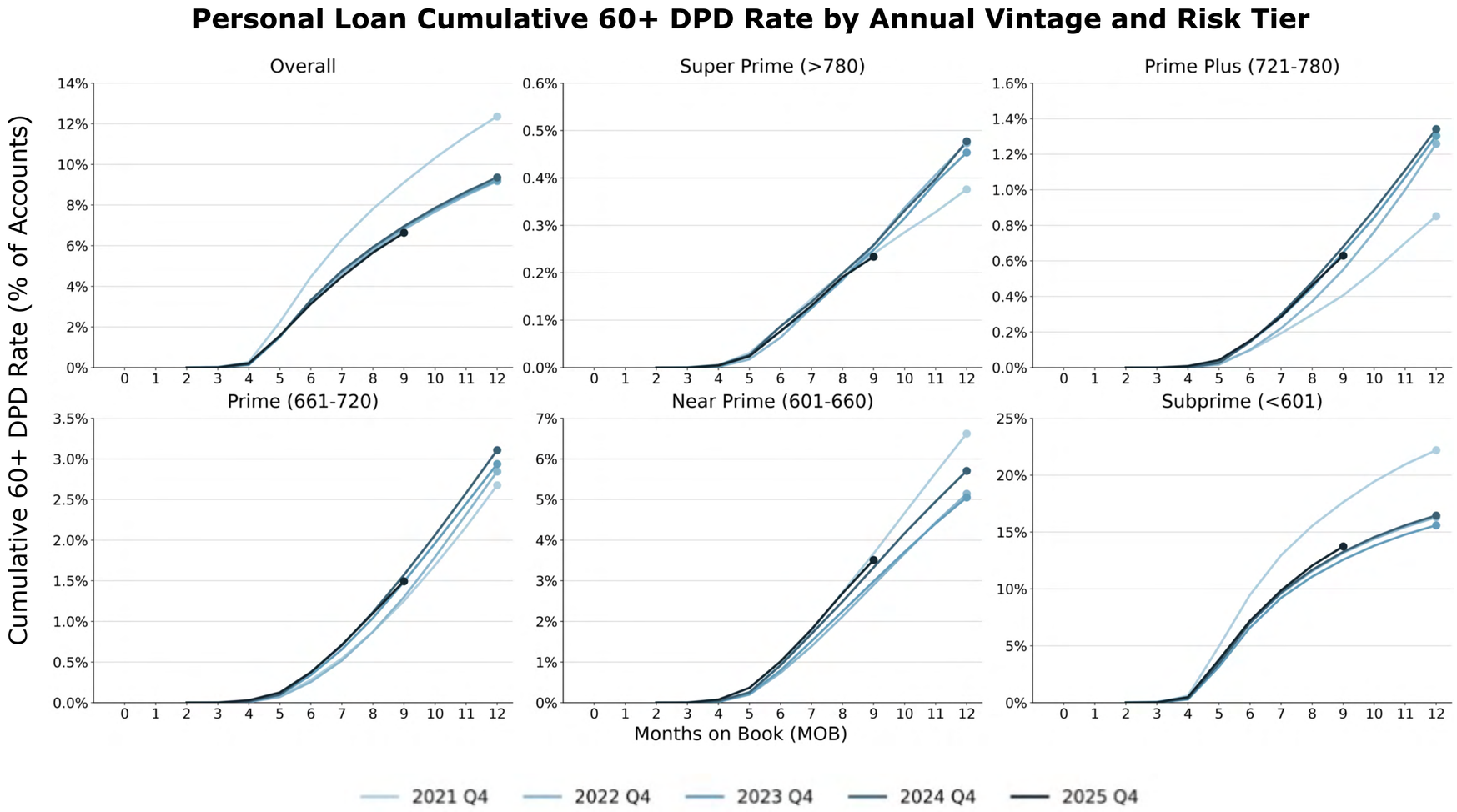
Source: 2OS, Equifax Ignite. Data as of October 20, 2026.

Early trends from the Q4 2025 vintage are in line with the three preceding years



Source: 2OS, Equifax Ignite. Data as of October 20, 2026.

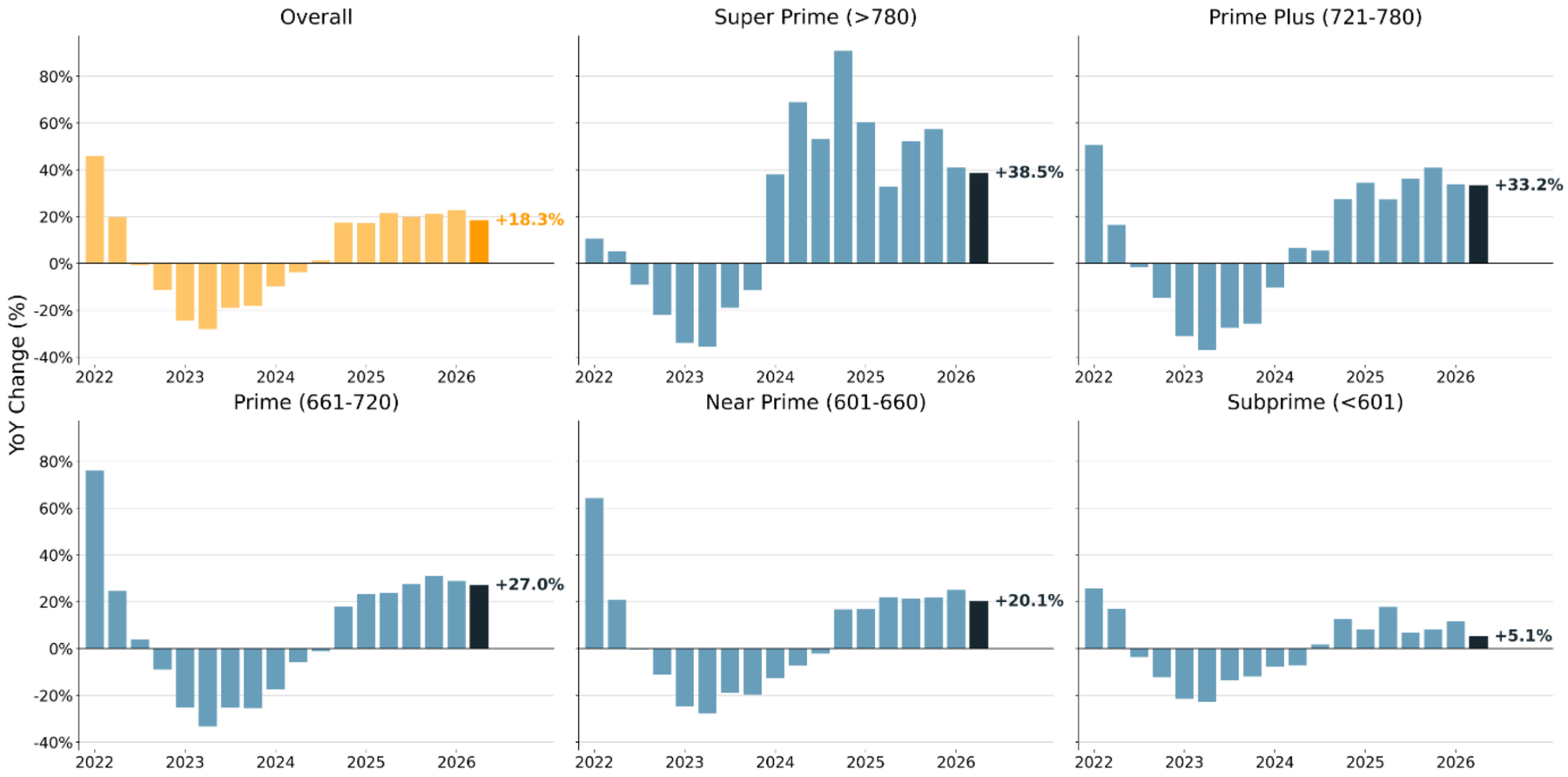
Q4 2025 vintage has outperformed Q4 2024 at higher Vantage scores, but underperformed it slightly in near prime and subprime



Source: 2OS, Equifax Ignite. Data as of October 20, 2026.

Growth in personal loan originations was strongest in the highest credit tiers

YoY Change in Personal Loan Originations by Risk Tier



Source: 2OS, Equifax Ignite. Data as of October 20, 2026.

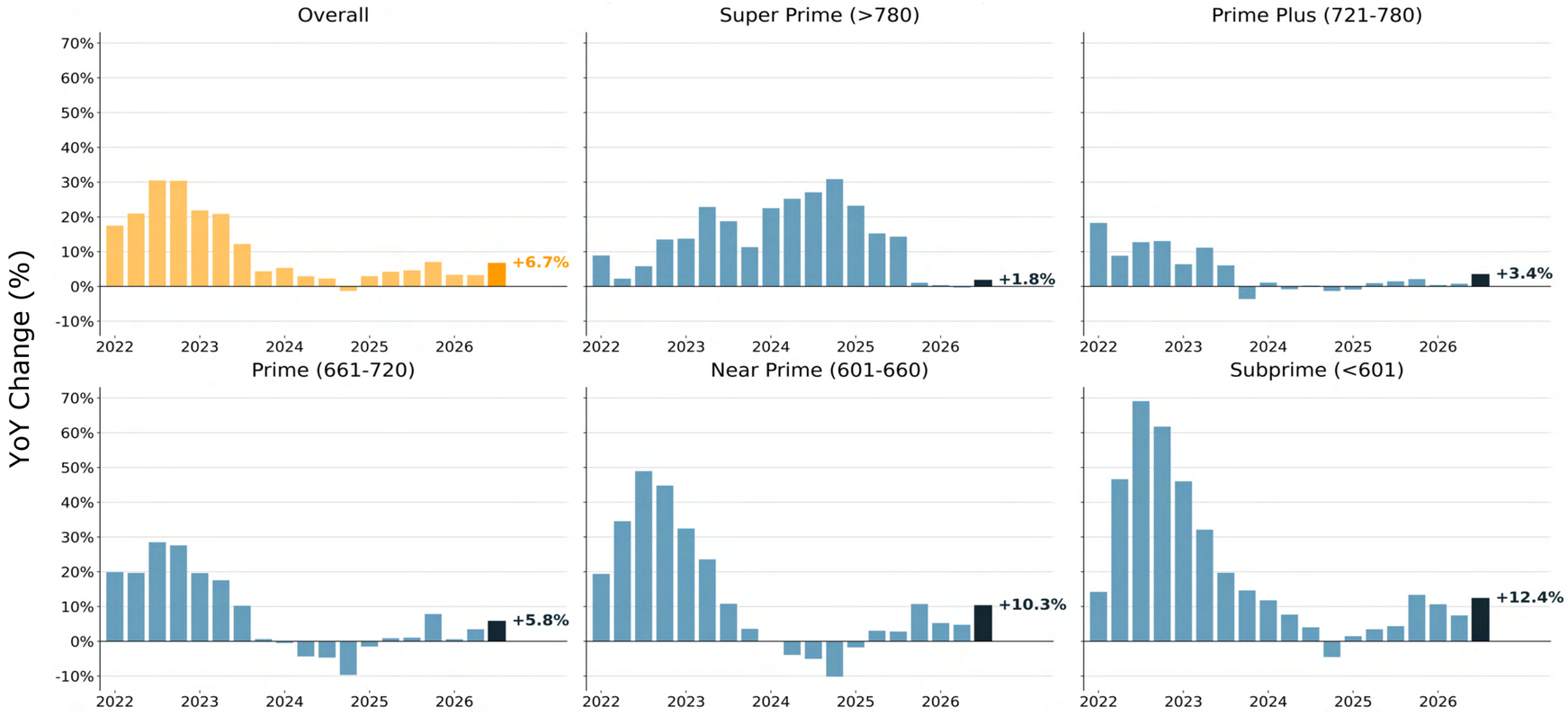
Overall personal loan balances increased 6.7% YoY to $165.6B



Source: 2OS, Equifax Ignite. Data as of October 20, 2026.

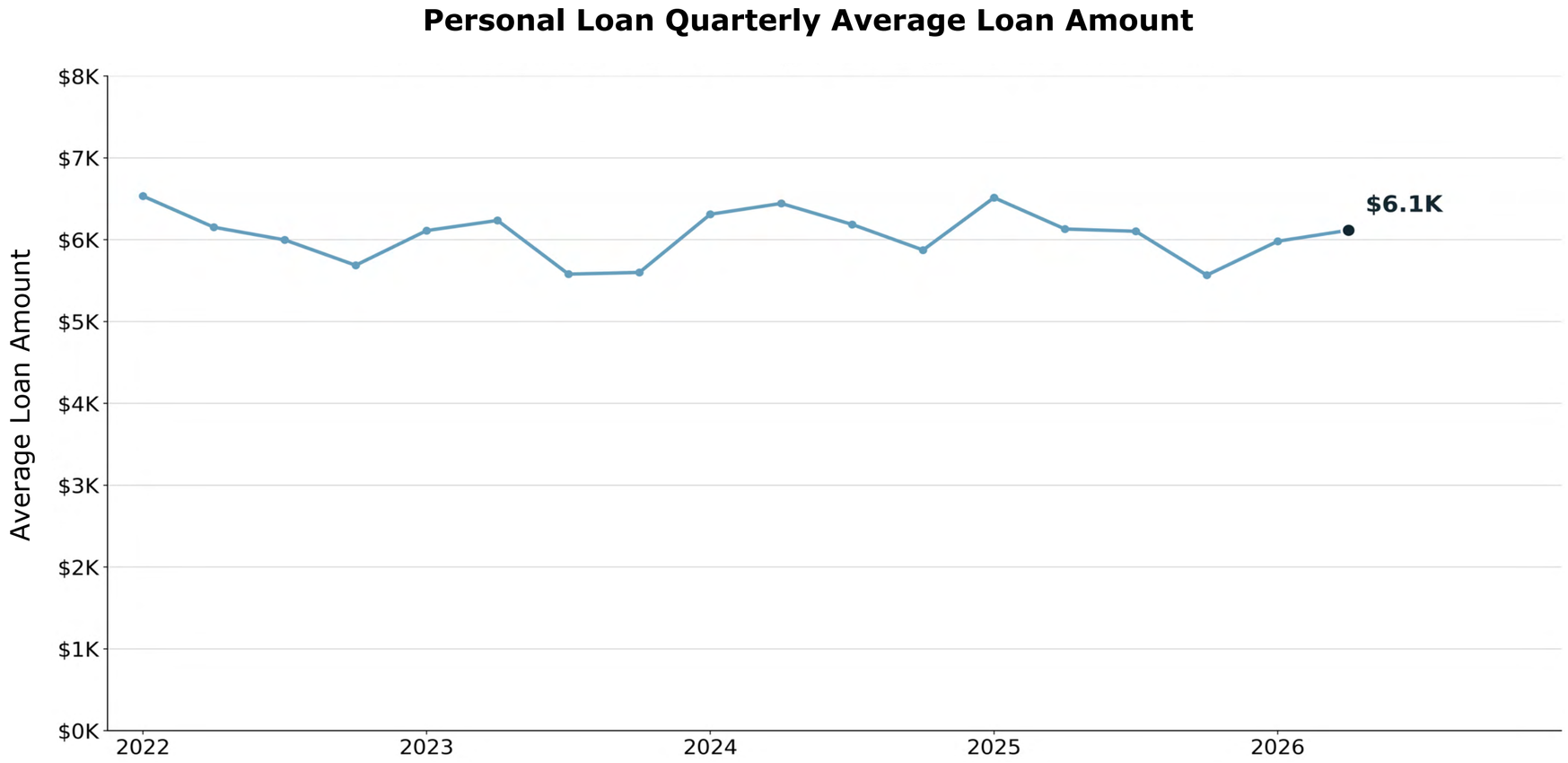
The strongest personal loan balance growth was in lower risk tiers, continuing a recent trend

YoY Change in Personal Loan Balance by Risk Tier



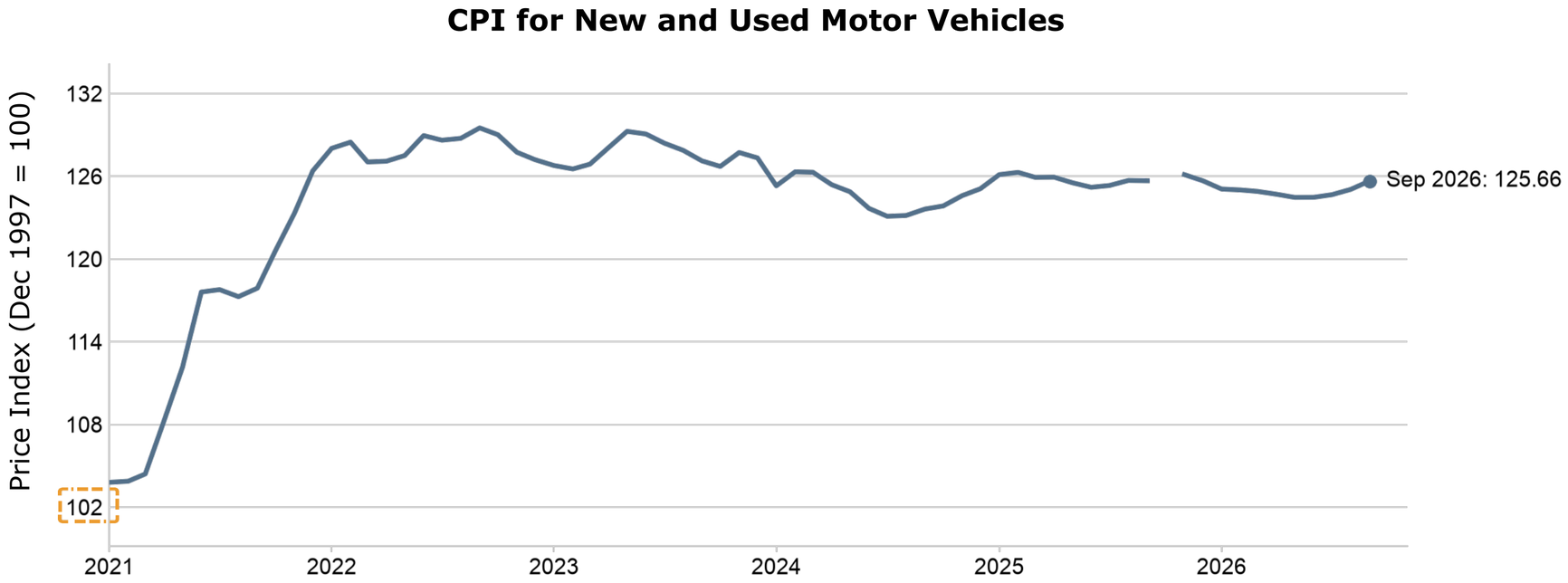
Source: 2OS, Equifax Ignite. Data as of October 20, 2026.

Average loan amounts increased marginally, but are down YoY in real terms



Source: 2OS, Equifax Ignite. Data as of October 20, 2026.

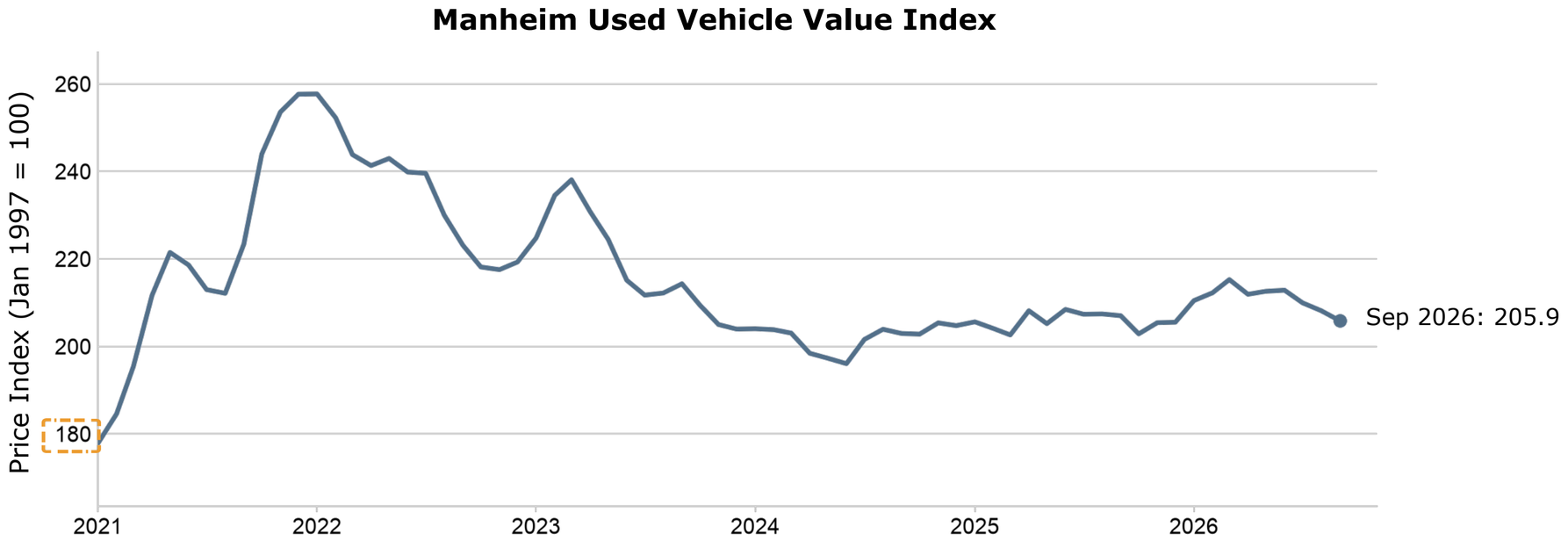
New and used vehicle prices edged up in Q3 2026 after a slight decline in Q2



Note: The government shutdown affected data collection and reporting in Q4 2025.

Source: 2OS, FRED. Data as of October 14, 2026.

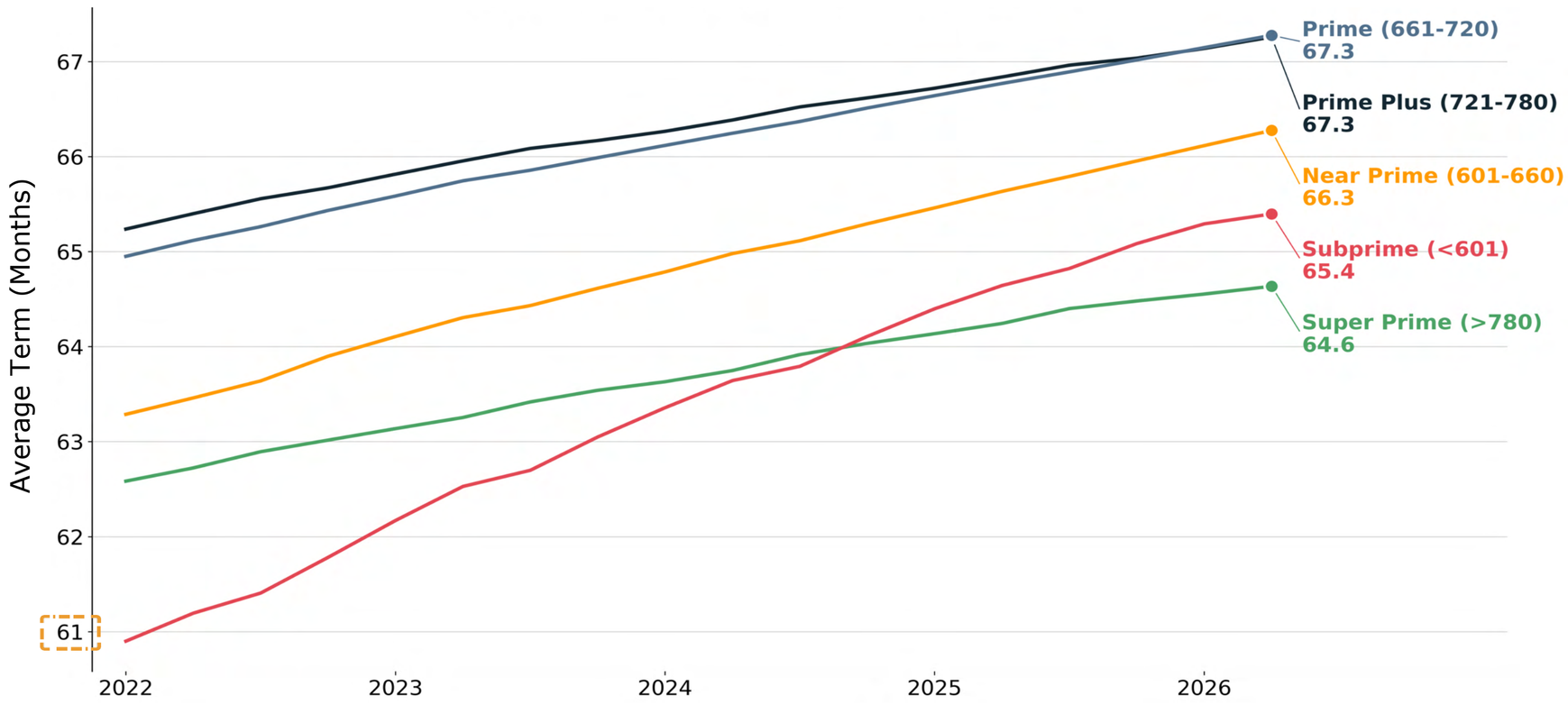
Used vehicle prices declined in Q3 2026, returning close to prior-year levels



Source: 2OS, Manheim. Data as of October 19, 2026.

Auto loan terms continued to lengthen across all risk tiers in 2026, with prime borrowers now matching prime plus borrowers at 67.3 months

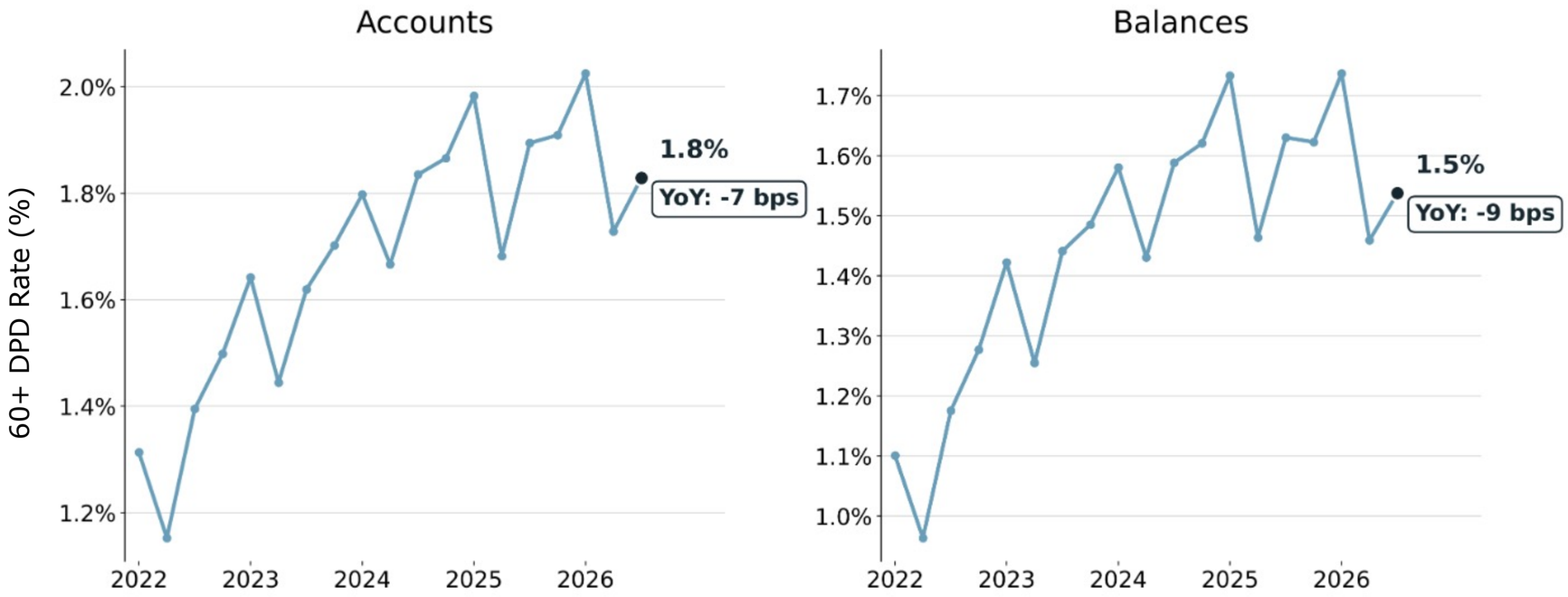
Auto Loan Average Term by Risk Tier



Source: 2OS, Equifax Ignite. Data as of October 20, 2026.

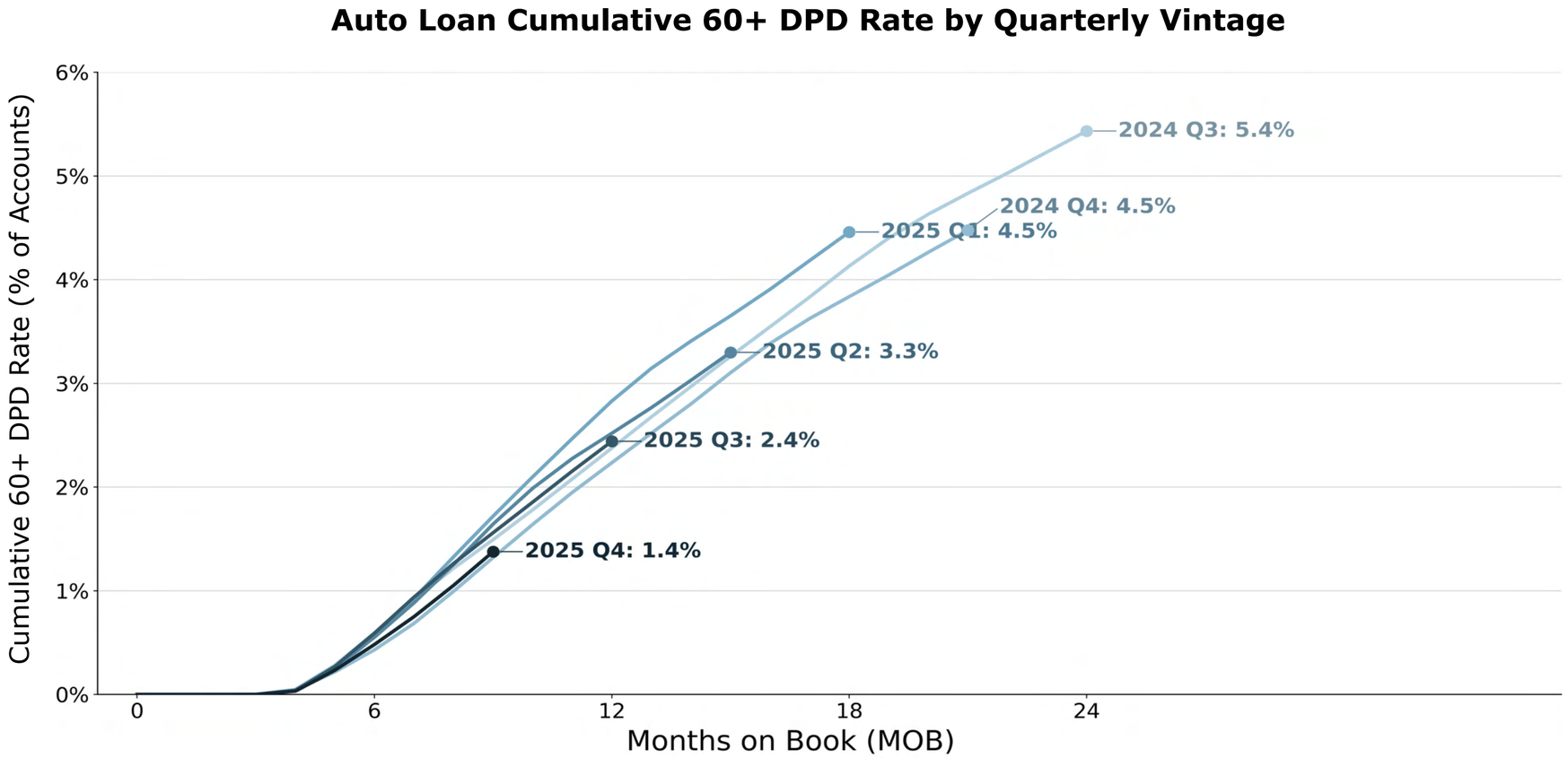
Auto loan delinquency rates rose in Q3 2026 but remained below prior-year levels across both accounts and balances

Auto Loan Quarterly 60+ DPD Rate



Source: 2OS, Equifax Ignite. Data as of October 20, 2026.

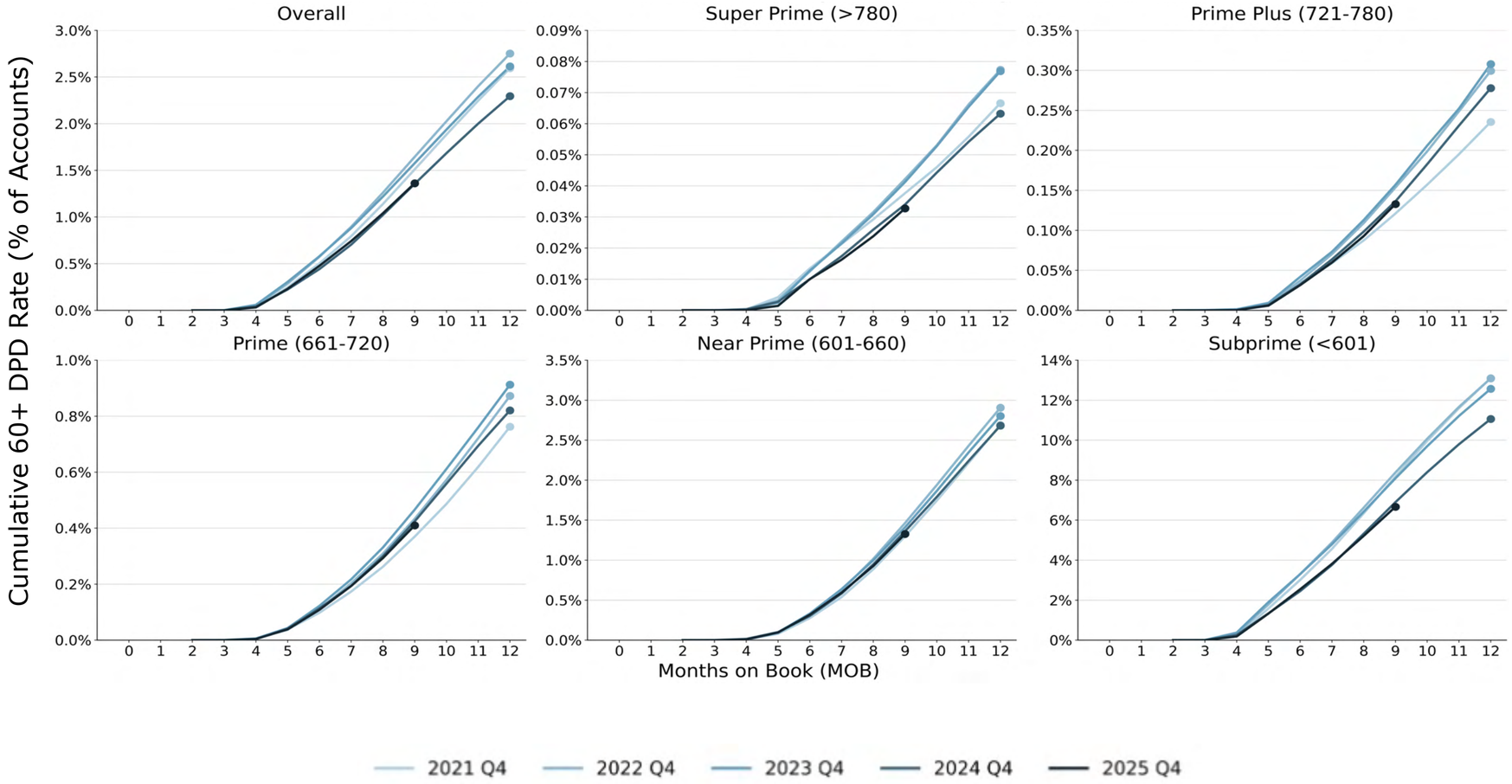
Early Q4 2025 delinquencies performed slightly worse than Q4 2024, but considerably better than Q3 2025



Source: 2OS, Equifax Ignite. Data as of October 20, 2026.

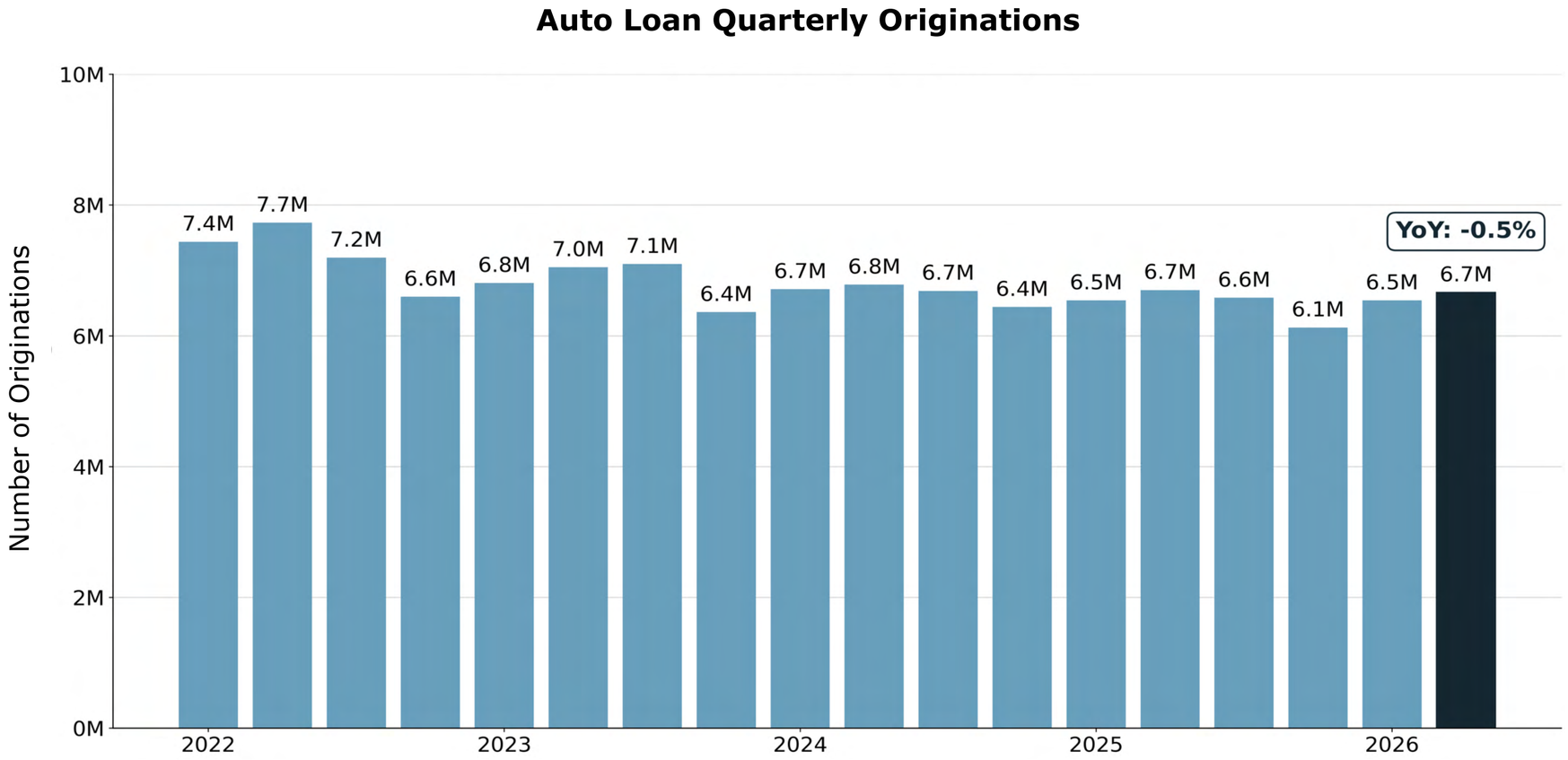
The latest auto loan vintage showed lower early delinquencies among subprime borrowers, while other risk tiers tracked prior vintages closely

Auto Loan Cumulative 60+ DPD Rate by Annual Vintage and Risk Tier



Source: 2OS, Equifax Ignite. Data as of October 20, 2026.

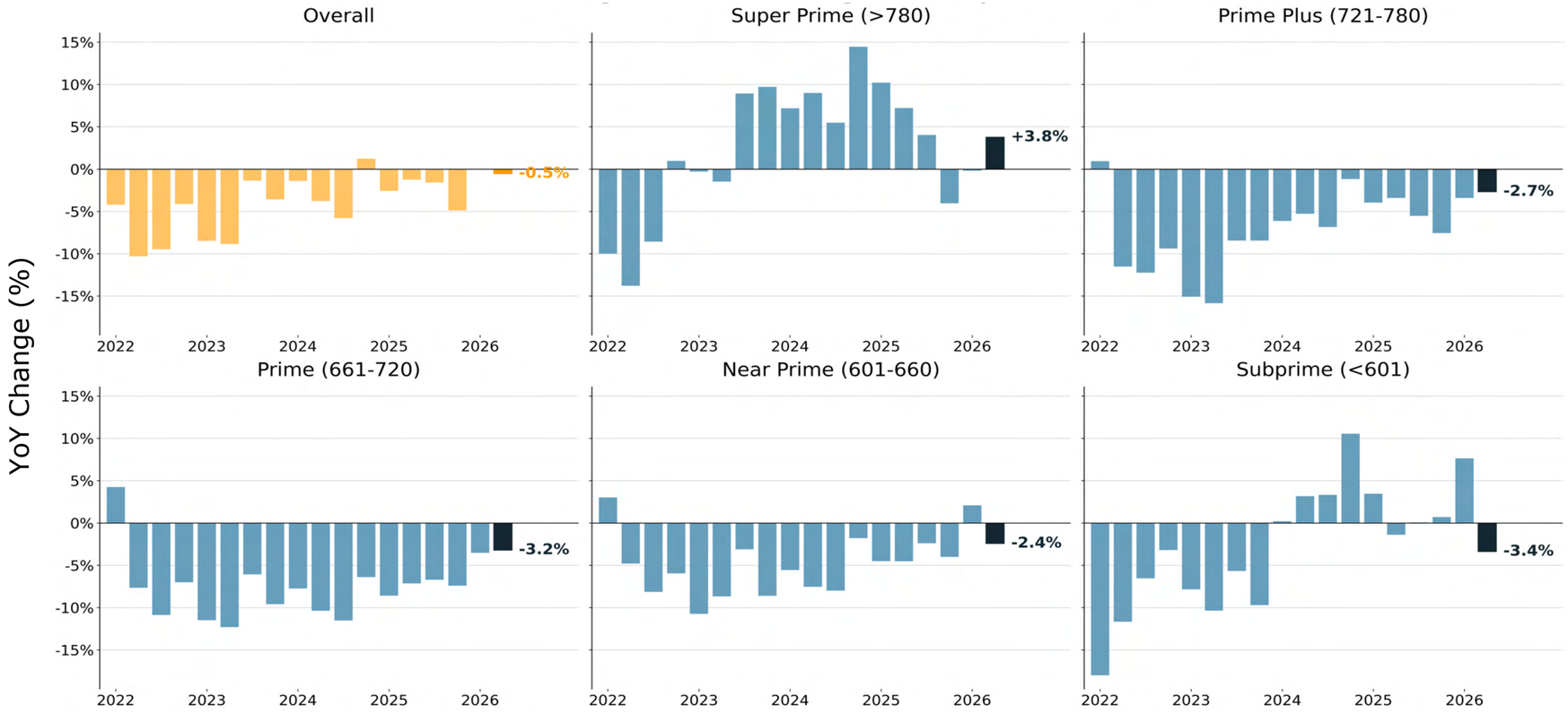
Auto loan originations rose to 6.7M in Q2 2026, remaining slightly below prior-year levels



Source: 2OS, Equifax Ignite. Data as of October 20, 2026.

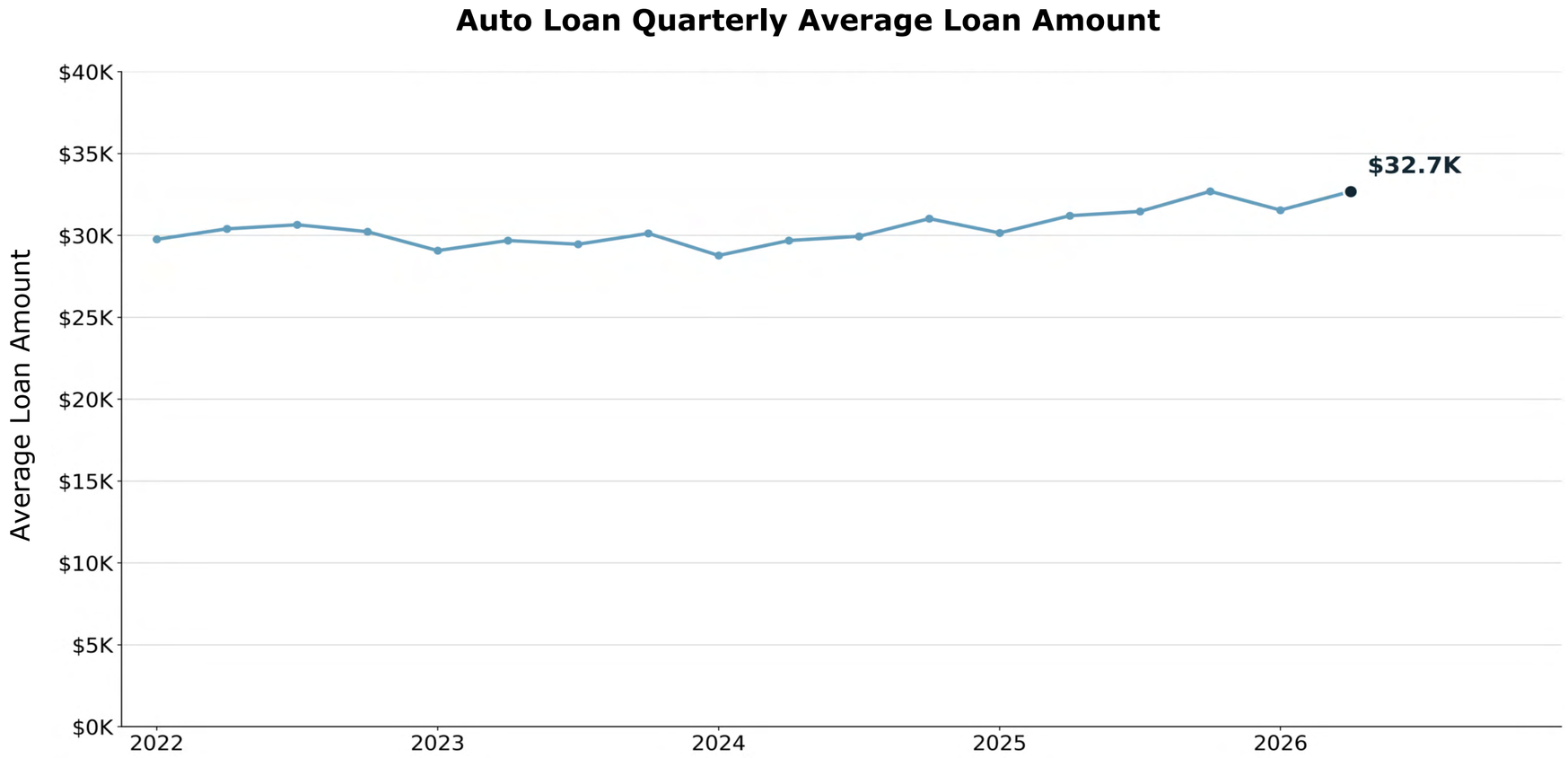
Auto loan originations remained roughly stable YoY, with super prime growth offsetting declines across all other risk tiers

YoY Change in Auto Loan Originations by Risk Tier



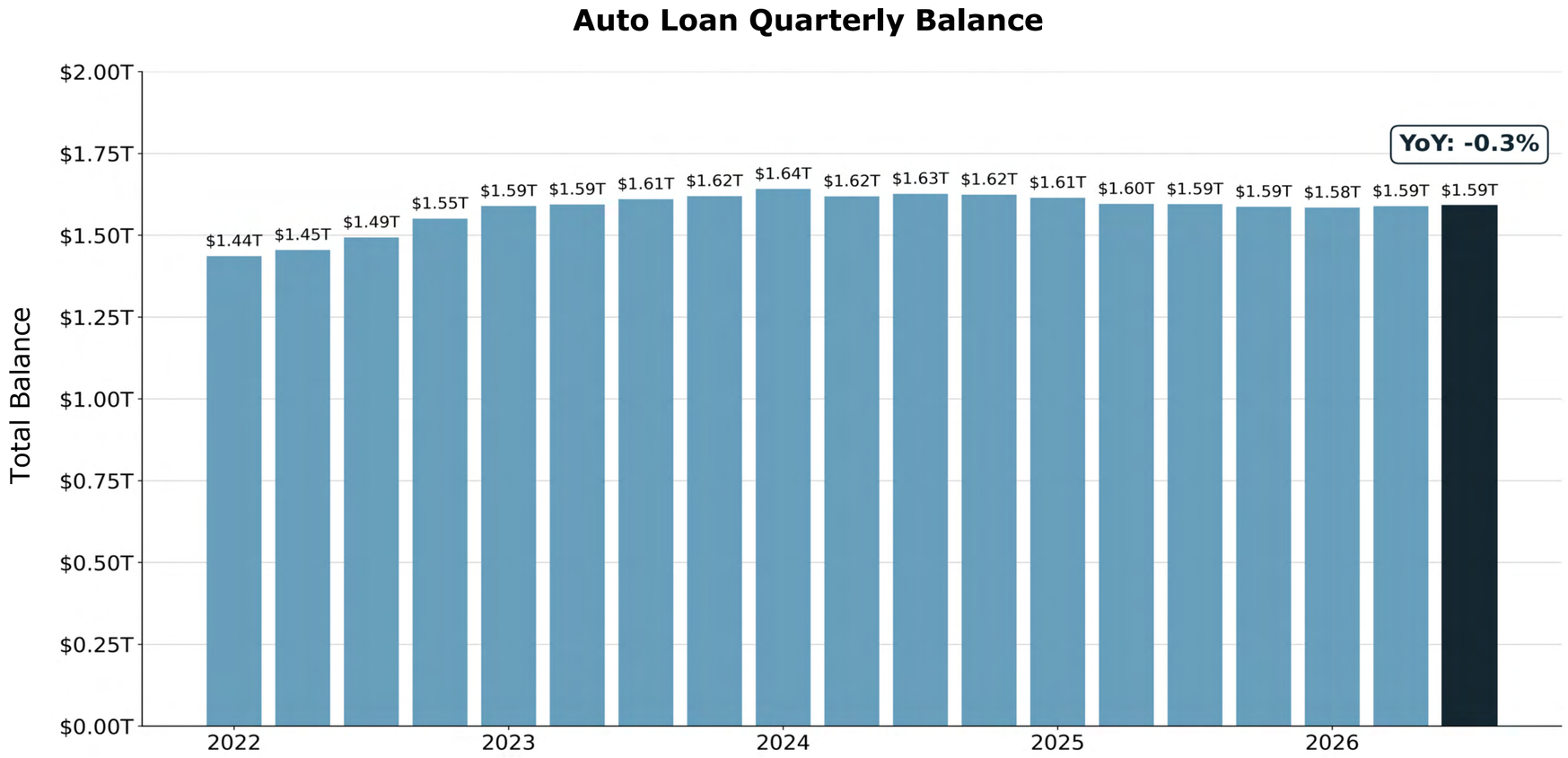
Source: 2OS, Equifax Ignite. Data as of October 20, 2026.

The average auto loan amount rose to $32.7K in Q2 2026, matching its late-2025 high



Source: 2OS, Equifax Ignite. Data as of October 20, 2026.

Auto loan balances remained broadly stable at $1.59T in Q3 2026, down 0.3% YoY



Source: 2OS, Equifax Ignite. Data as of October 20, 2026.

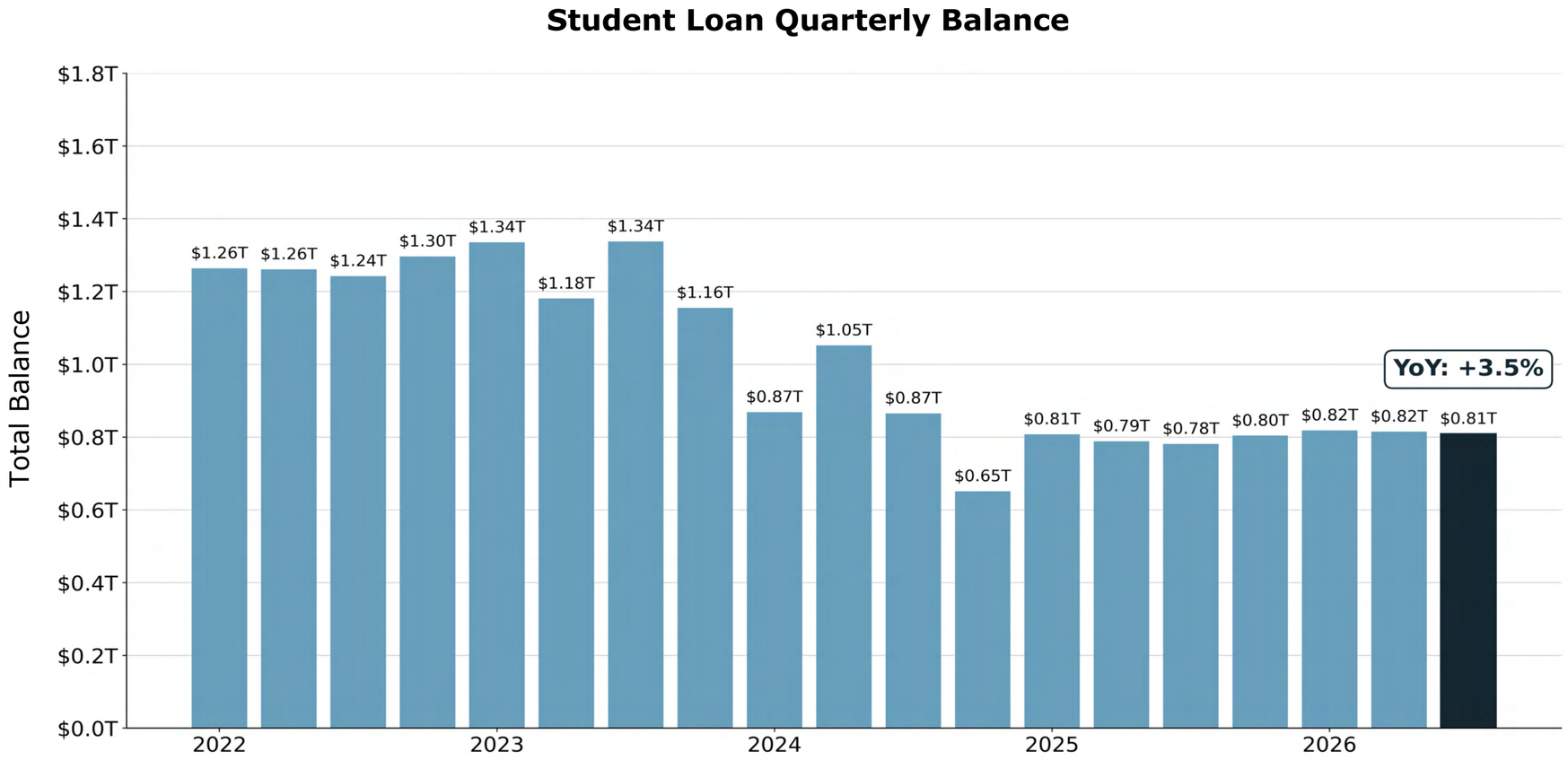
Auto loan balances remained broadly stable year over year, as growth in subprime and super prime balances largely offset declines in prime and prime plus

YoY Change in Auto Loan Balance by Risk Tier



Source: 2OS, Equifax Ignite. Data as of October 20, 2026.

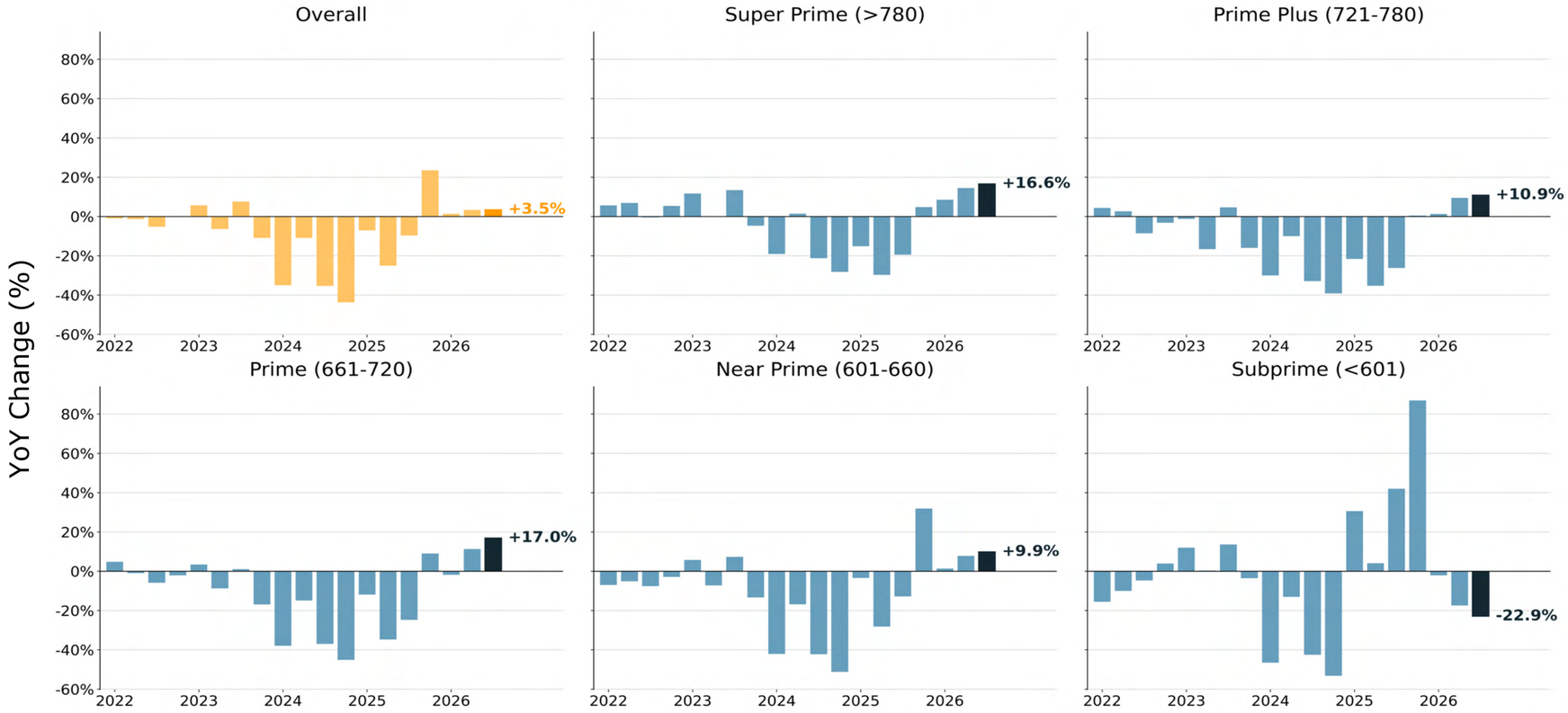
Student loan balances remained broadly stable in Q3 2026, up 3.5% YoY but well below 2022-2023 levels



Source: 2OS, Equifax Ignite. Data as of October 20, 2026.

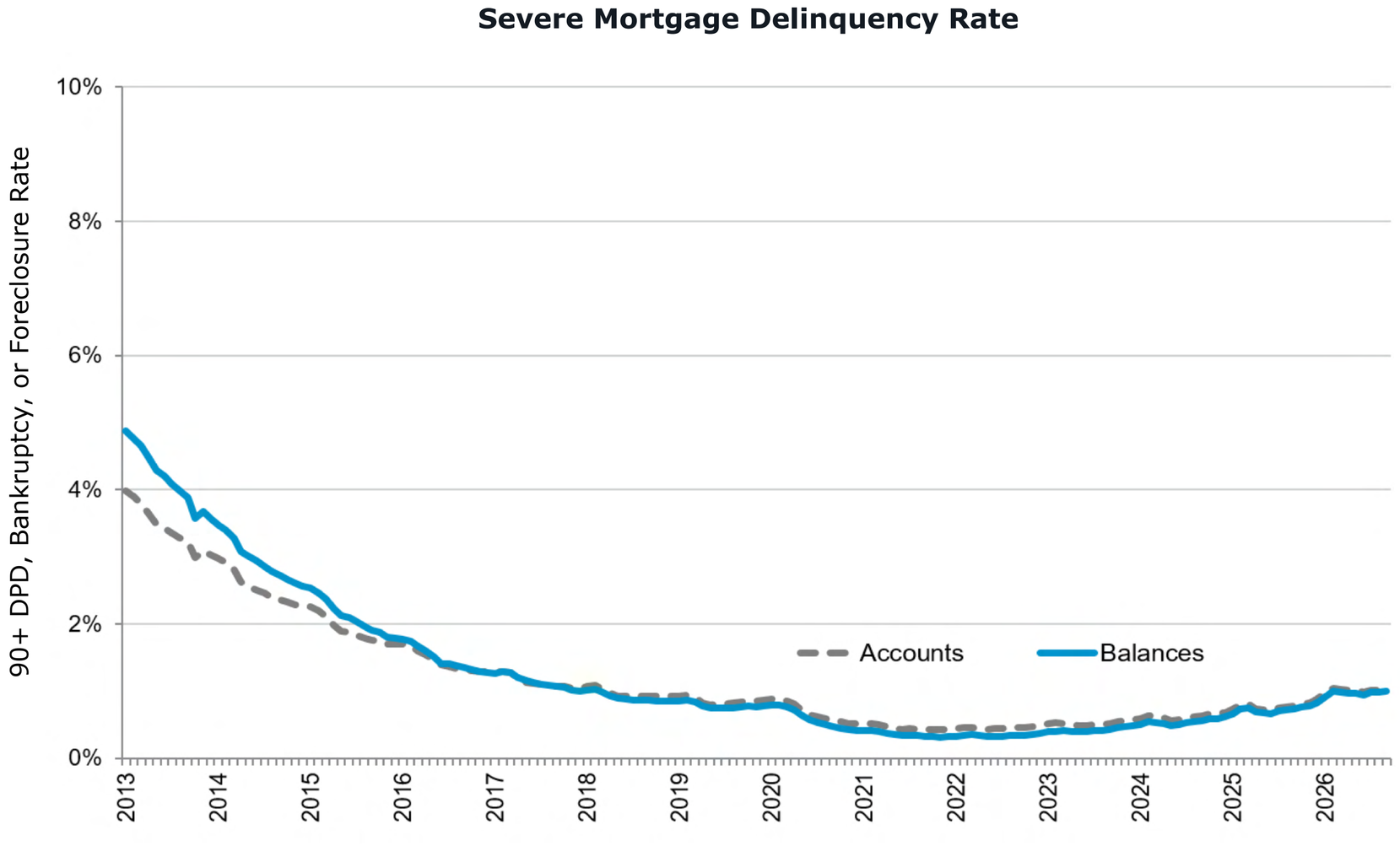
Student loan balances in Q3 2026 grew across all risk tiers except subprime, which saw a substantial decline

YoY Change in Student Loan Balance by Risk Tier



Source: 2OS, Equifax Ignite. Data as of October 20, 2026.

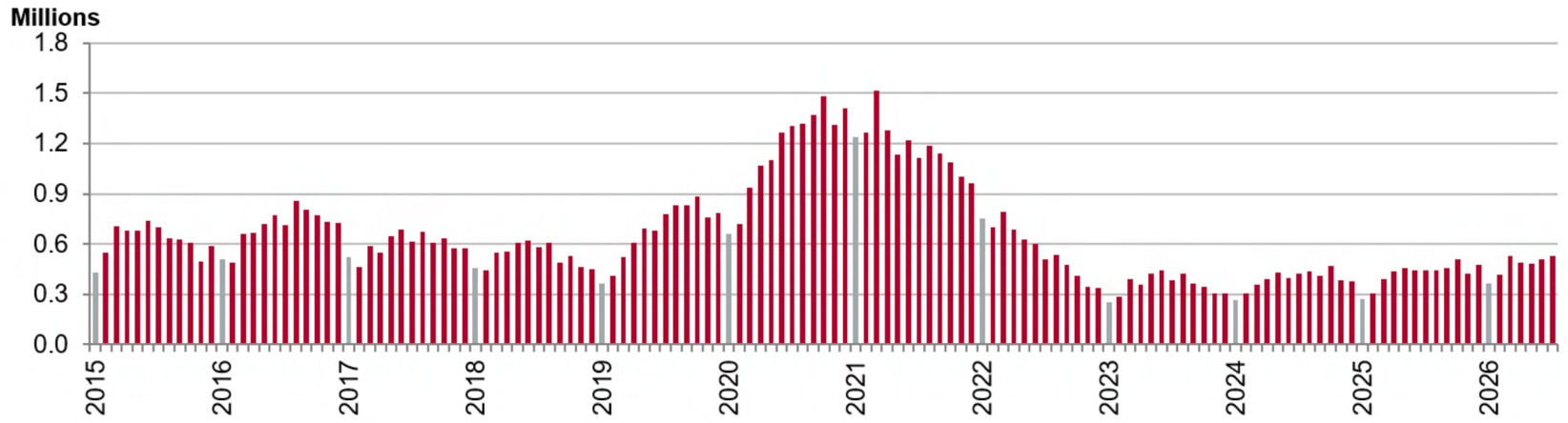
Severe mortgage delinquencies grew to 1.01% of balances, which is 28 bps higher than a year ago



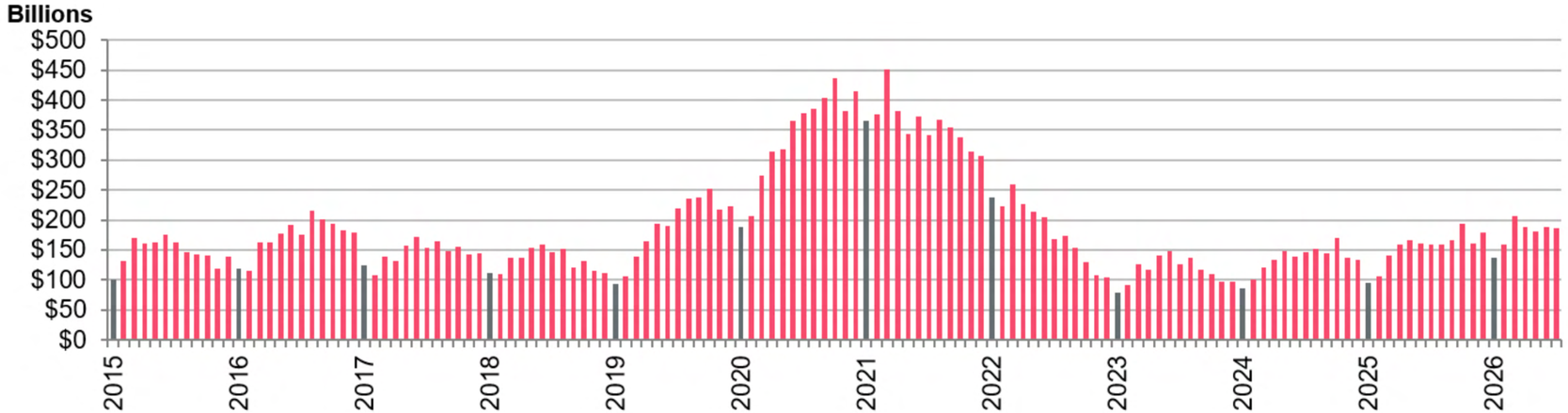
Source: Equifax. Data as of Sep 2026.

Mortgage originations continued to rise since 2023, with YTD loan counts up 19.8% and dollar volume up 25.3% YoY through July 2026

First Mortgage Monthly Originations - Accounts

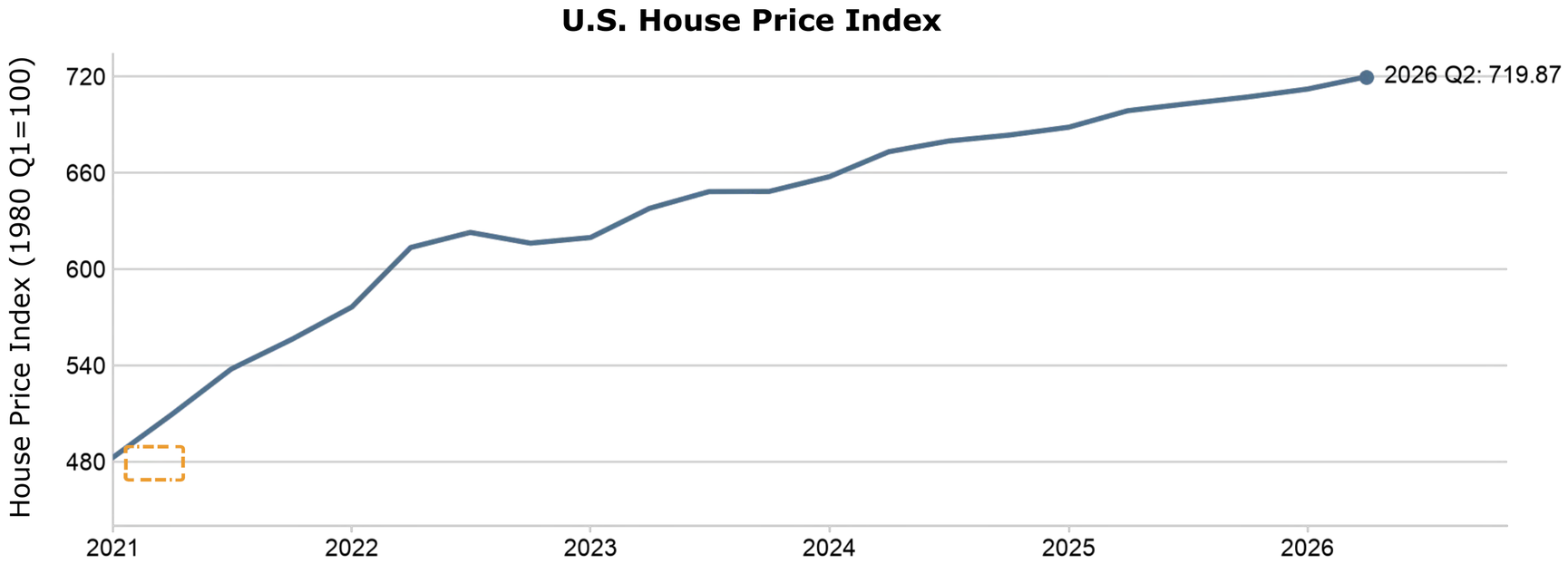


First Mortgage Monthly Originations - Balances



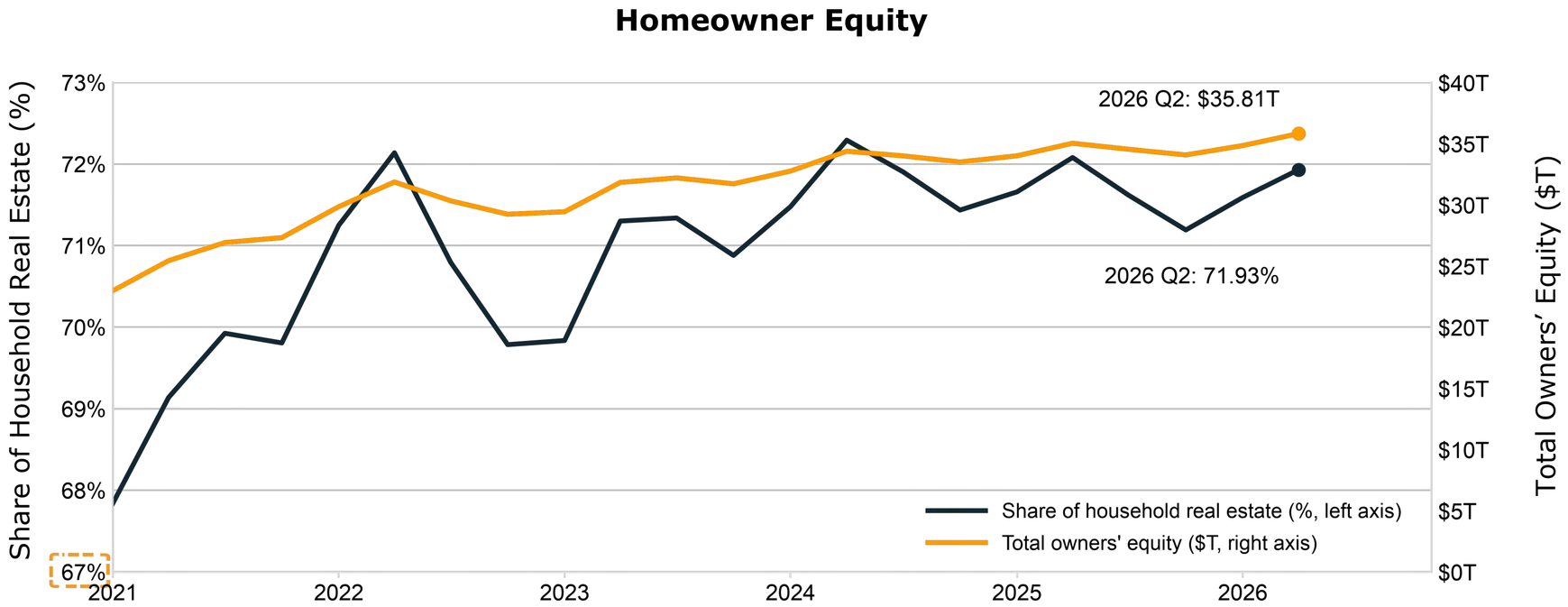
Source: Equifax. Data as of Sep 2026.

Home prices reached a new high in Q2 2026, increasing 3.0% since Q2 2025



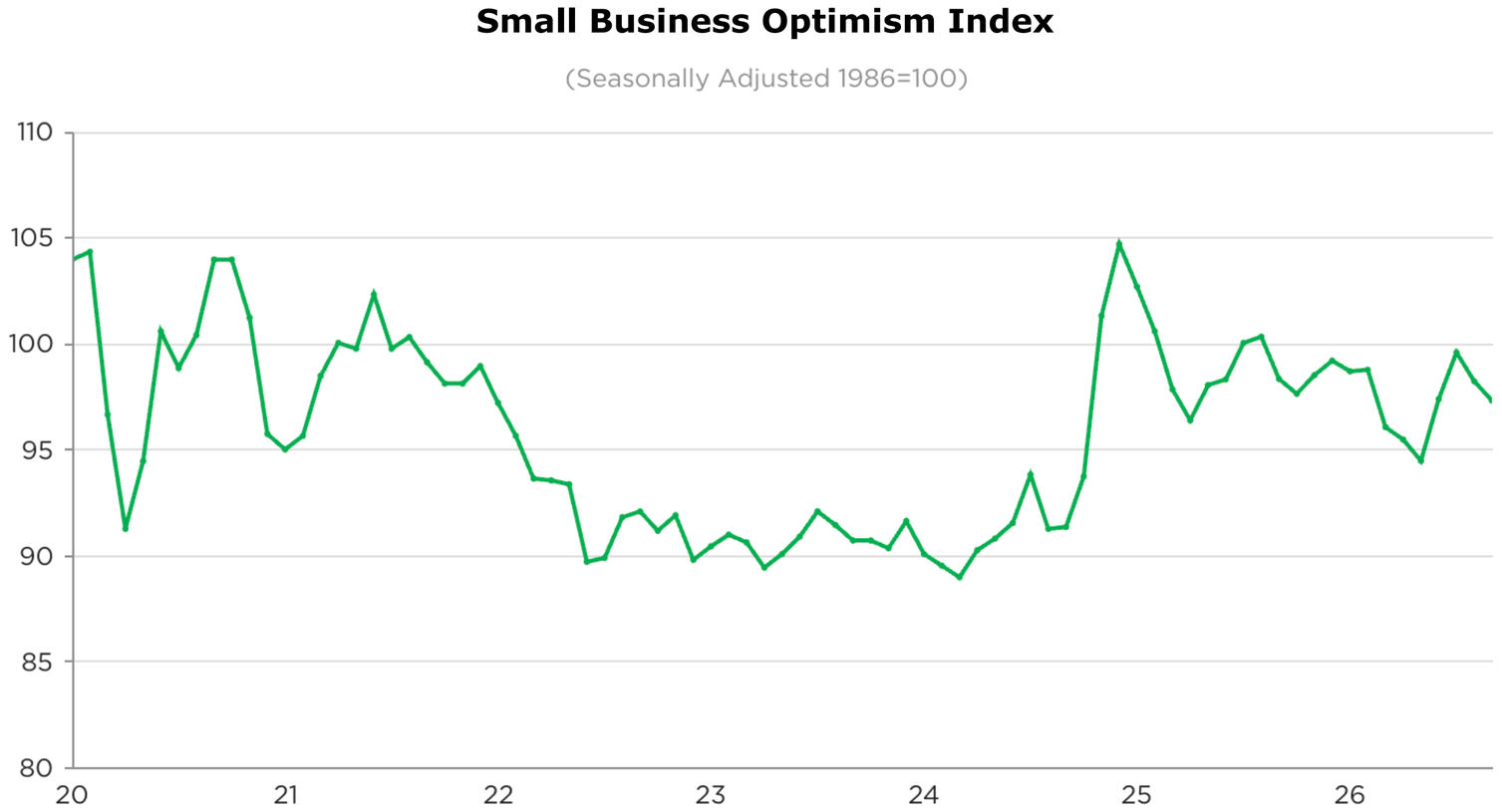
Source: 2OS, FRED. Data as of August 25, 2026.

Rising home prices supported a record $35.8T in homeowner equity in Q2 2026



Source: 2OS, FRED (share of household real estate, total owners' equity). Data as of June 2026.

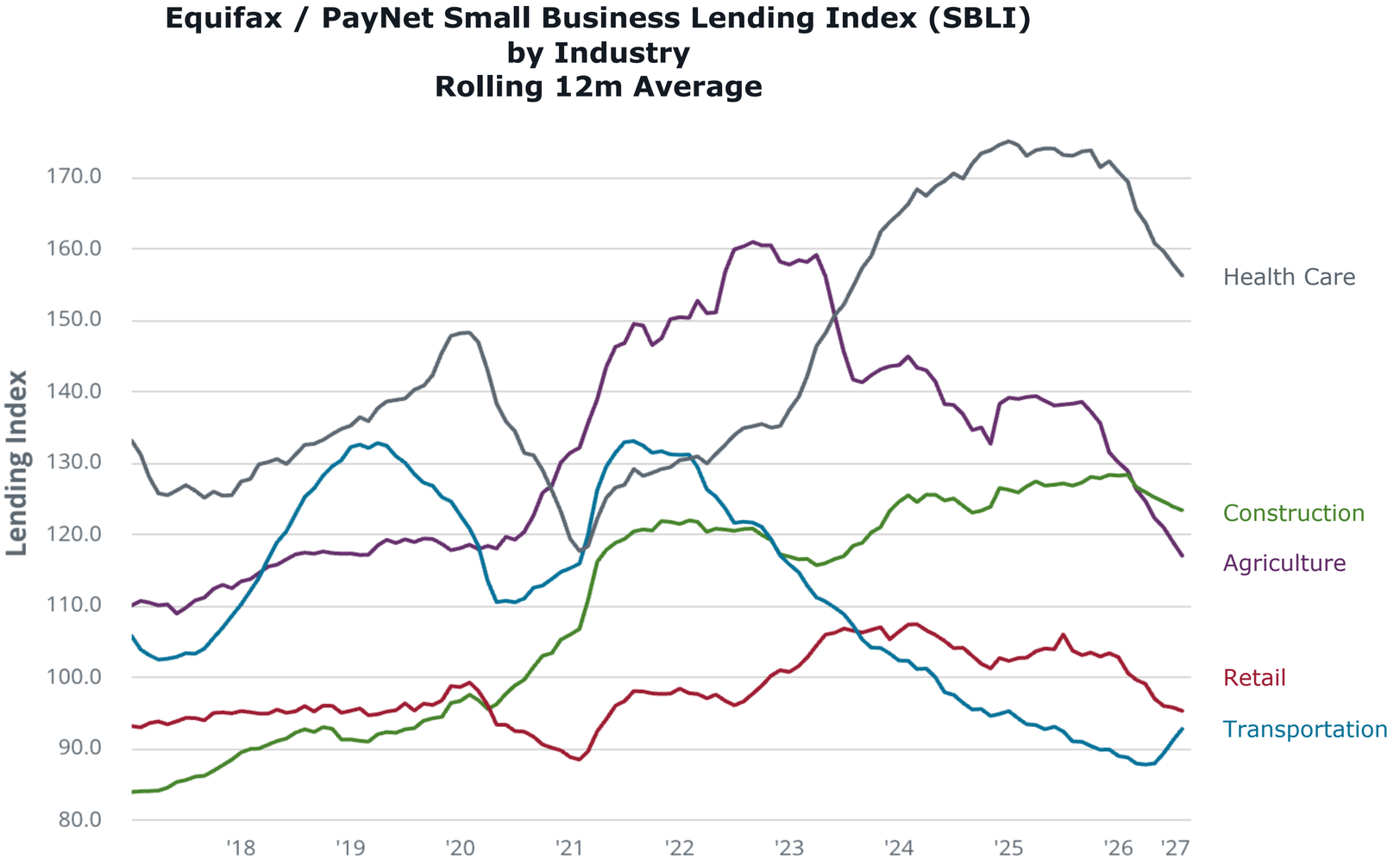
Small Business Macro Health: SMB optimism held its Q2 gains in Q3 but faded late in the quarter, signaling a stable but not strengthening demand backdrop



Note: National Federation of Independent Business Small Business Economics Trends survey is a monthly survey of small-business owners used to construct the Optimism Index.

Source: Paynet Small Business Lending Index (SBLI) - https://assets.equifax.com/marketing/US/assets/main-street-lending-report-sep-2026.pdf

Small Business Lending Index: Health care continues to lead SMB lending activity despite falling in recent months; transportation is starting to rebound and approaching Retail levels



Source: PayNet Small Business Lending Index (SBLI) - https://sbinsights.paynetonline.com/lending-activity/

Equifax Ignite Definitions

Active accounts:	This includes all accounts that have a reported status in the most recent three months. Accounts categorized as closed are included in the month in which that status was first reported and are excluded from active accounts thereafter.
Definition of delinquency:	For credit cards, auto loans, and personal loans, accounts are classified as delinquent at 60+ days past due. Specifically, they are included in 60-90 DPD, 90-120 DPD, and 120+ DPD buckets; charged-off and bankrupt accounts are excluded. For student loans, accounts are classified as delinquent at 90+ DPD. These accounts are included in 90-120 DPD, 120+ DPD, and bankruptcy buckets; charged-off accounts are excluded. Vintage performance views are cumulative.
Definition of personal loans:	Personal finance and installment loans are classified as personal loans.
Origination timing:	Originations are lagged by 2 months from the current archive date.
Vantage bucket:	In any charts where borrowers are split out by Vantage bucket, borrowers without a Vantage score are excluded.
Vantage bucket timing:	To better observe movements within Vantage buckets (and reduce the effect of reclassification of accounts across buckets), the Vantage score is observed at a 3-month lag from the current archive date.

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Providing World-Class Credit Risk Solutions to Financial Institutions