

## Q2 2017 Canadian Credit Card Issuer Snapshot

### Key Themes

- The weighted average receivables in Q2 2017 grew by 3.0% YoY and 0.9% QoQ (for Canadian issuers that publically report)
- The weighted average net loss rate for these same issuers remained relatively flat (down 4bps QoQ and up 2bps YoY)
- For most banks, mobile/digital capabilities remain priorities and have helped to enhance customer experiences, loyalty, and value

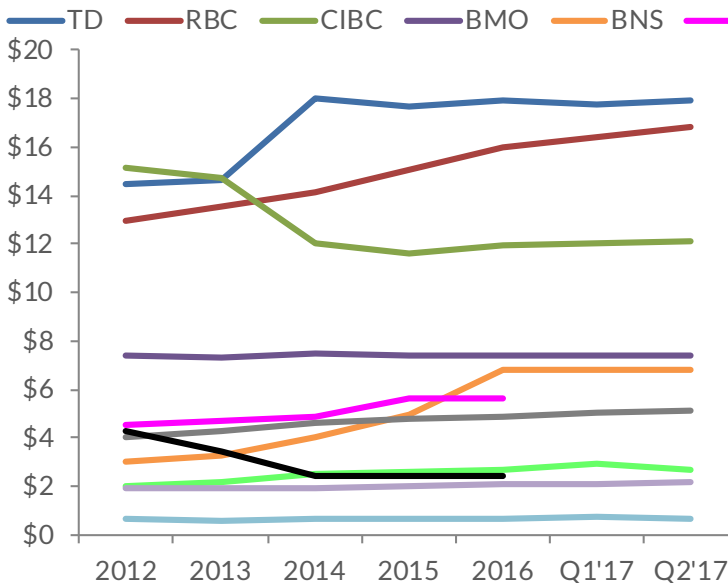
### Industry Trends

	Select Issuer Receivables <sup>1,9</sup>	Net Loss Rates <sup>1,2</sup>
Wtd. Avg.	C\$80B	3.5%
YoY Change <sup>3</sup>	↑ 3.0%	↑ 2bps
QoQ Change <sup>4</sup>	↑ 0.9%	↓ 4bps

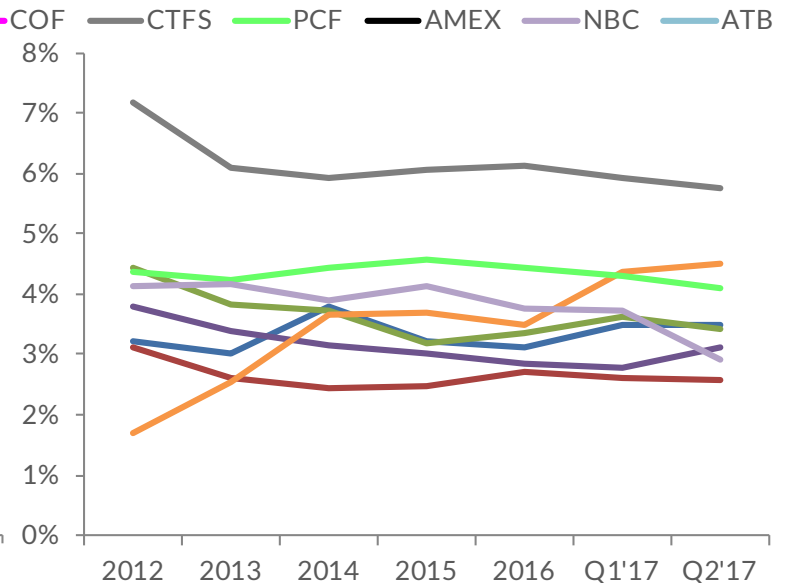
### Recent Developments

<b>TD / MBNA &amp; Nordstrom</b>	TD and Nordstrom are launching a co-brand credit card in Canada
<b>Capital One Canada</b>	Capital One Canada launched a free credit score tool
<b>CIBC</b>	CIBC removed its mobile wallet app from the Android store
<b>Android Pay in Canada</b>	BMO, CIBC, Desjardins, BNS, NBC, PCF, CTFS, and ATB Financial's Visa and Mastercard credit cards are now compatible with Android Pay
<b>Scotiabank &amp; Sensibill</b>	BNS and Sensibill have partnered to offer a mobile receipt mgmt. solution called eReceipts as an extension to BNS' mobile banking app and digital wallet
<b>ATB Financial &amp; SoftBank Robotics America (SBRA)</b>	ATB and SBRA have partnered to launch Pepper, a humanoid robot designed to interact with customers at select Calgary branches

### Receivables<sup>1,6</sup> (C\$ in Billions)



### Net Loss Rates<sup>1,2,6,7,8</sup>



**Legend:** AMEX = American Express Canada, ATB = ATB Financial, BMO = Bank of Montreal, BNS = Scotiabank or Bank of Nova Scotia, CIBC = The Canadian Imperial Bank of Commerce, COF = Capital One Financial Canada, CTFS = Canadian Tire Financial Services, NBC = National Bank of Canada, PCF = President's Choice Financial, RBC = Royal Bank of Canada, and TD = Toronto-Dominion Bank.

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### Canadian Issuer Performance Breakdown<sup>1</sup> (C\$ in Billions)

Issuer	2Q17 A/R <sup>9</sup>	Change (vs. 2Q16)	Change (vs. 1Q17)	2Q17 Loss Rate (NCL <sup>2,8</sup> )	Change (vs. 2Q16)	Change (vs. 1Q17)
<b>Bank Issuers</b>						
Toronto-Dominion Bank	\$17.9	0.7%	1.2%	3.5%	+23bps	+2bps
Royal Bank of Canada	\$16.8	6.6%	2.7%	2.6%	-25bps	-2bps
The Canadian Imperial Bank of Commerce	\$12.1	2.5%	0.8%	3.4%	-21bps	-23bps
Bank of Montreal	\$7.4	0.0%	0.0%	3.1%	+19bps	+31bps
Scotiabank or Bank of Nova Scotia	\$6.8	1.5%	0.0%	4.5%	+114bps	+15bps
Capital One Financial Canada	\$5.6 <sup>5</sup>					
American Express Canada	\$2.4 <sup>5</sup>					
National Bank of Canada	\$2.2	5.3%	3.3%	2.9%	-84bps	-79bps
ATB Financial	\$0.7	2.0%	-3.6%			
<b>Bank Sum / Wtd. Avg.</b>	<b>C\$72.0</b>	<b>2.8%</b>	<b>1.3%</b>	<b>3.3%</b>	<b>+8bps</b>	<b>-2bps</b>
<b>Retail Issuers</b>						
Canadian Tire Financial Services	\$5.1	5.8%	1.1%	5.8%	-44bps	-17bps
President's Choice Financial	\$2.9	3.7%	-8.2%	4.1%	-40bps	-20bps
<b>Retail Sum / Wtd. Avg.</b>	<b>C\$7.8</b>	<b>5.1%</b>	<b>-2.1%</b>	<b>5.2%</b>	<b>-43bps</b>	<b>-18bps</b>
<b>Bank &amp; Retail Issuers</b>						
<b>Combined Sum / Wtd. Avg.</b>	<b>C\$79.8</b>	<b>3.0%</b>	<b>0.9%</b>	<b>3.6%</b>	<b>+2bps</b>	<b>-4bps</b>

**Notes:** <sup>1</sup>The data is from the most recent quarterly or annual report as of 6/01/2017. <sup>2</sup>Credit card loss rates are net of recoveries. BMO and NBC loss rates are from their respective credit card securitization trusts. <sup>3</sup>YoY = Year-over-year change versus 2Q16. <sup>4</sup>QoQ = Quarter-over-quarter change versus 1Q17. <sup>5</sup>Capital One and American Express only report their Canadian receivables on an annual basis. <sup>6</sup>The data provided for full years are averages for that year. <sup>7</sup>The 2012 and 2013 loss rates for Scotiabank (BNS) include ScotiaLine Visa (a personal line of credit) loss rates (which represented 60% of the receivables for this loss rate data); all other data points are not affected by ScotiaLine Visa. <sup>8</sup>The figures used for BNS' Net Loss Rates is based on BNS' provision for losses, meaning that it also includes BNS' reserve for credit card receivable losses. <sup>9</sup>These receivables figures represent the issuers' credit card receivables for Canada only.

**Sources:** Bank financial reports, Financial Post, globalnew.ca, press releases, PYMNTS.com, thestar.com, Tech Crunch, and Accenture analysis.

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