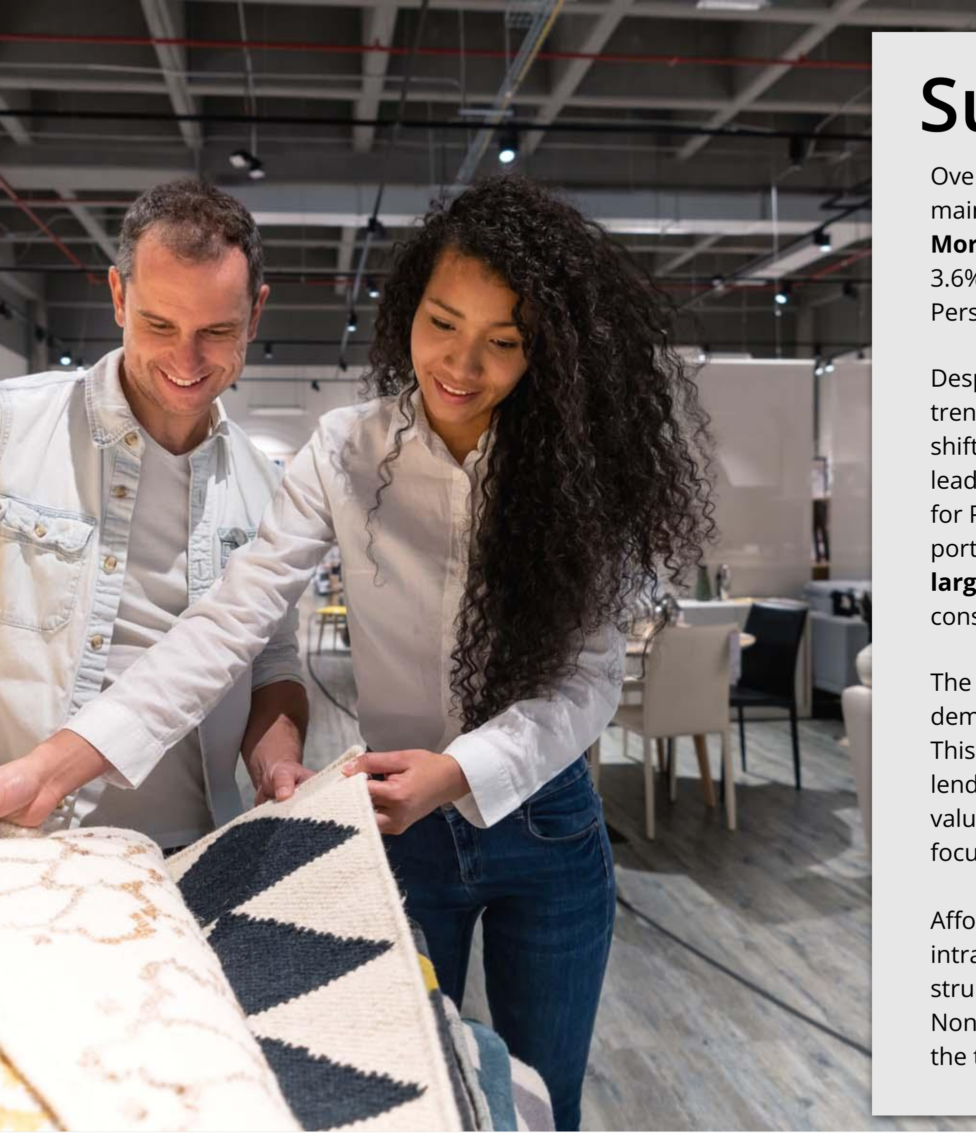
EQUIFAX

Market Pulse

Quarterly Consumer Credit Insights

Q1 2026



Summary

Overall credit demand **expanded** year-over-year. Secured credit grew 4.9%, maintaining consistent quarterly growth, driven by a **strong 7.5% surge in Mortgage** demand, despite Auto Loans declining 6.1%. Unsecured credit rose 3.6%, largely driven by an increase of 10.4% in Credit Card demand and 7.9% in Personal Loans.

Despite a general **softening in headline arrears** rates across most products, the trend in financial exposure from late-stage arrears is mixed, indicating a nuanced shift in credit stress. While mortgage and credit card arrears rates improved, leading to a reduction in their total limits in late arrears, financial exposure grew for Personal Loans (+3.1%) and BNPL (+10%). This suggests that while some portfolios are deleveraging risk, others are experiencing **increased stress on larger balances**. Financial hardship accounts also increased, with Personal Loans consistently exhibiting the highest rate, exceeding 1%.

The 5% Deposit Scheme has reshaped the FHB market, enabling younger demographics, particularly 18-25 year olds, to bypass traditional deposit hurdles. This cohort experienced a **22.8% surge in demand** through scheme-approved lenders. FHB demand is heavily concentrated in the lower quartile of mortgage value applications (11.8% growth vs. 5.6% in the upper quartile), highlighting a focus on entry-level properties.

Affordability constraints are also driving migration, with FHBs relocating intra-state, frequently targeting **regional lifestyle hubs**. While FHBs exhibit structurally higher arrears rates, the rapid acceleration in the dollar value of Non-FHB arrears presents the most significant short-term exposure growth for the total portfolio.

Macroeconomic Update

Australian Economic Indicators: Q1 2026 Snapshot

March 2026

4.6%

Annual Consumer Price Index

The Consumer Price Index (CPI) rose 4.6%, up from 3.7% in the 12 months to February 2026. The largest contributors to annual inflation were Housing (+6.5%), Transport (+8.9%) and Food and non-alcoholic beverages (+3.1%)

March 2026

4.3%

Unemployment rate

Australia's seasonally adjusted unemployment rate remained at 4.3% in March. In trend terms, in March 2026, employment increased by 30,800 people (0.2%) to 14,762,800 people

May 2026

4.35%

Official cash rate

The RBA increased the cash rate by 25 basis points in May 2026 as underlying inflation picked up materially. The Board noted that upside risks, including sharply higher fuel prices, necessitated the hike to prevent inflation from staying above target for too long

March 2026

6.9%

Household saving ratio

The household saving to income ratio rose from 6.1% in the September quarter to 6.9%. The rise in gross disposable income (+1.8%) outpaced the rise in nominal household spending of 1.1%

Sources: Reserve Bank of Australia, Australian Bureau of Statistics
Note: Updated on 6/5/26

Consumer Credit Trends

Overview of Q1 2026

Consumer Macro Credit Demand

Positive growth for both secured and unsecured credit. While in line with previous year growth, secured credit records stronger momentum

Macro Credit Demand represents an intention by consumers to acquire credit and in turn spend; therefore, the index is a lead indicator for consumer spend.

This differs to other market measures published by the RBA which measure credit provided by financial institutions (i.e. balances outstanding).

Secured consumer credit demand
4.9% (YoY vs 2025)

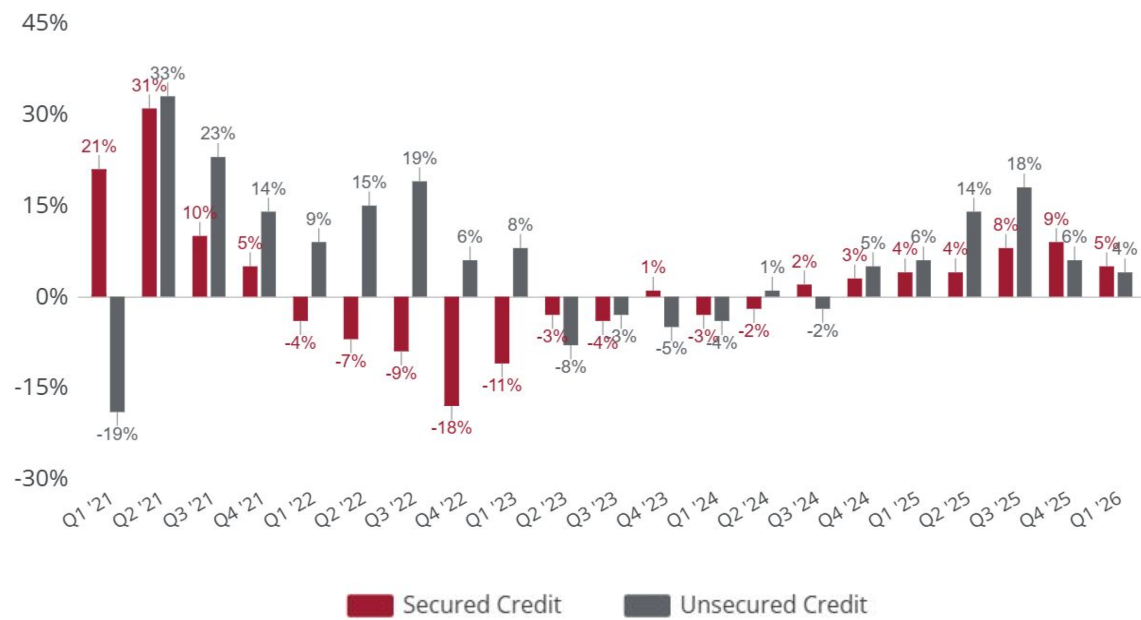
Unsecured consumer credit demand
3.6% (YoY vs 2025)

Note:

- Consumer secured Credit Demand Index is derived from Mortgage, Auto Loan enquiry volumes aggregated over the quarter.
- Consumer unsecured Credit Demand Index is derived from Credit Card, Personal Loan and BNPL enquiry volumes aggregated over the quarter.
- Consumer Credit Demand quarterly volume is a comparison against the same quarter in the previous year.

Quarterly Demand Movement

Secured vs Unsecured Credit



SOURCE: Equifax Australia

Consumer Credit Demand

Broad positive growth across most credit products in Q1. Mortgage demand was fueled by loan upgrades and a strong influx of First Home Buyers leveraging the expanded 5% deposit scheme. Meanwhile, credit cards led unsecured lending with their fourth consecutive quarter of double-digit growth

Secured Credit

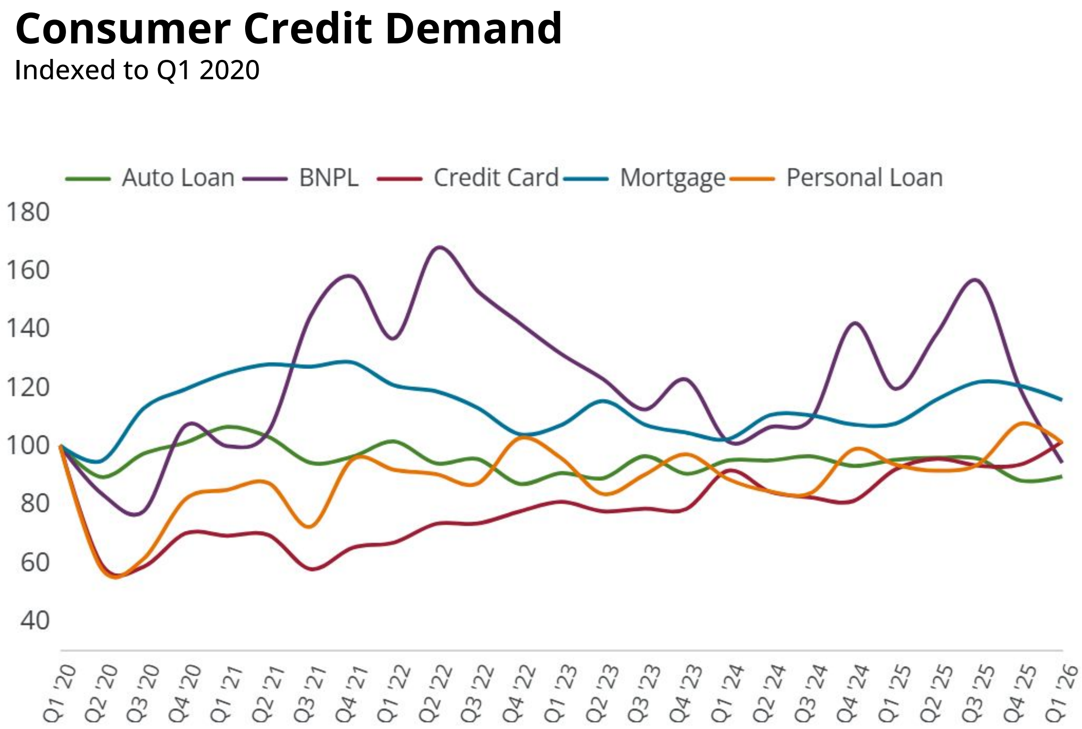
+4.9% vs Q1 2025

Mortgage	**+7.5%**
Auto Loans	**-6.1%**

Unsecured Credit

+3.6% vs Q1 2025

Credit Card	**+10.4%**
Buy Now Pay Later	**-21.2%**
Personal Loans	**+7.9%**



SOURCE: Equifax Australia

Mortgage Portfolio

2026 Q1

Net change

Accounts (#)

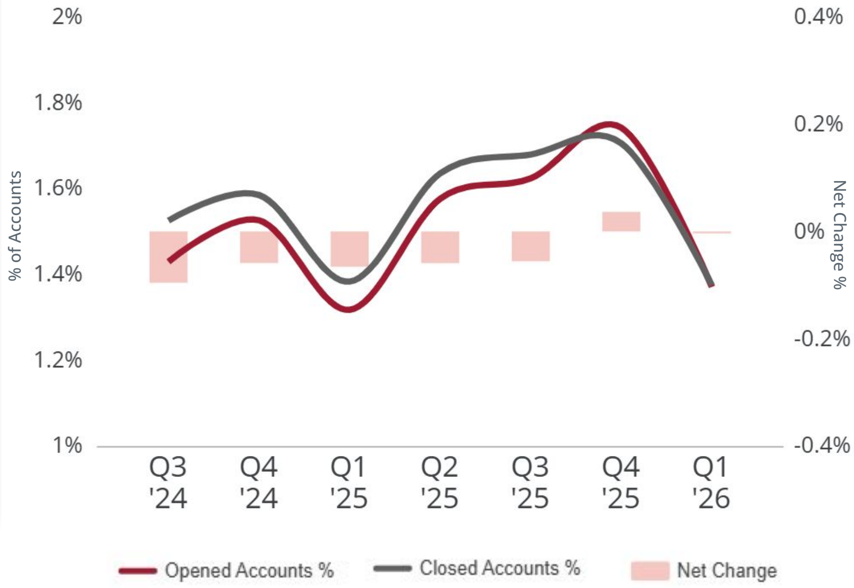
-0.3%
vs 25 Q1

Amortised limits ($)

+6.7%
vs 25 Q1

Opened and Closed Accounts

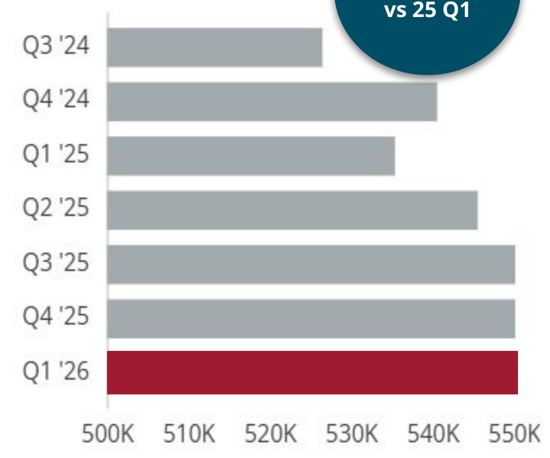
As proportion of portfolio %



New Accounts Opened

Average Limit $

+4.6%
vs 25 Q1

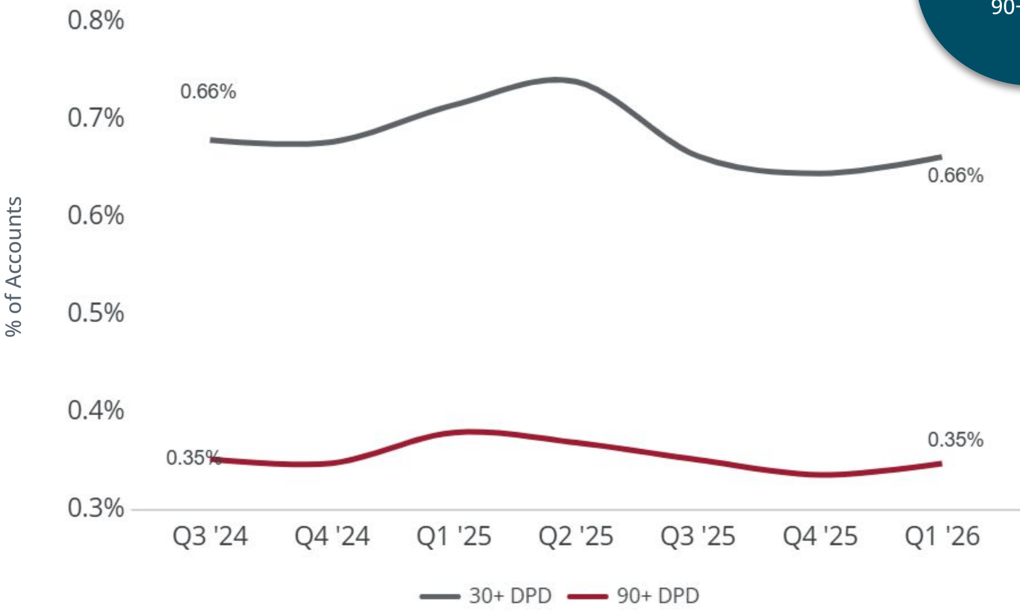


The mortgage portfolio experienced a marginal decrease in account numbers. However, total amortised limits expanded by 6.7% over the same period. This value growth is underpinned by a substantial increase in the average limit of newly opened accounts, which rose by 4.6% compared to Q1 2025, now reaching over $550K. This effectively drives continued portfolio value expansion despite the slight reduction in overall account numbers

SOURCE: Equifax Australia.
NOTE: All CCR providers have supplied RHI up to February 2026

Delinquency rate

Accounts in arrears as % of portfolio



0.35%
90+ DPD

Mortgage arrears (90+ DPD) show positive trends with a 3 basis point reduction in active accounts and a 2.2% decrease in total limits compared to Q1 2025. On the other hand, the average loan amount in late arrears has increased by 8.9% nationally. This trend is led by NSW and VIC, posting +13.3% and +9.4% respectively

Mortgage Arrears

2026 Q1

-3bps
Vs 25 Q1

90+ DPD
% of active accounts

-2.2%
Vs 25 Q1

90+ DPD
Change in total limits

SOURCE: Equifax Australia.
NOTE: All CCR providers have supplied RHI up to February 2026

Credit card Portfolio

2026 Q1

Net change

Accounts (#)

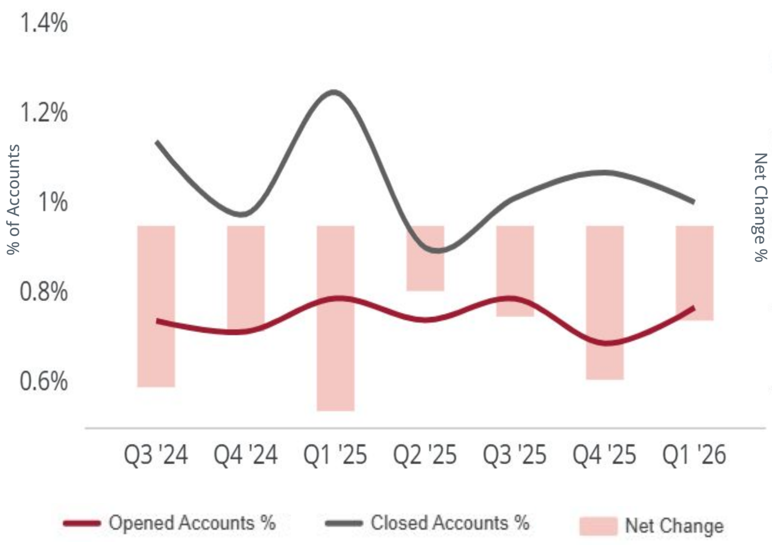
-3.7%
vs 25 Q1

Amortised limits ($)

-1.5%
vs 25 Q1

Opened and Closed Accounts

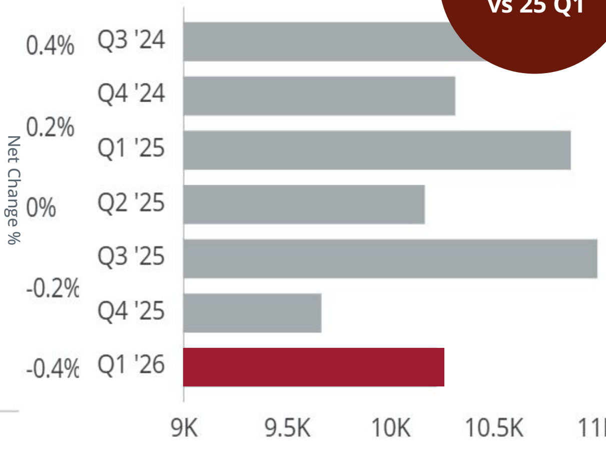
As proportion of portfolio %



New Accounts Opened

Average Limit $

-8.0%
vs 25 Q1



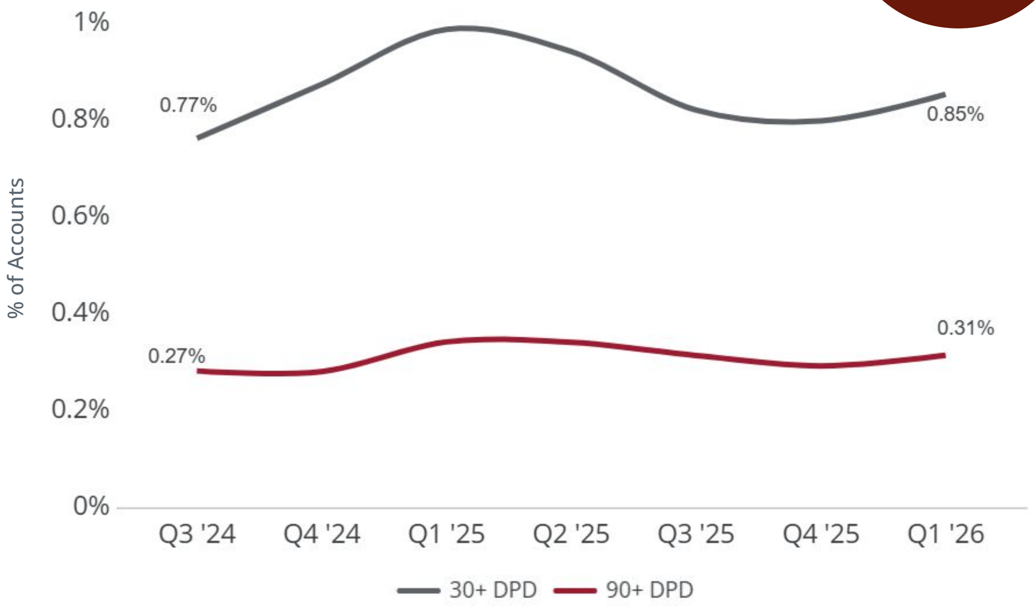
The credit card portfolio contracted slightly in Q1 2026, with account numbers decreasing by 3.7% and amortised limits by 1.5%. This decline is driven by account closures outpacing new openings, alongside an 8% reduction in the average credit limit for newly opened accounts, reflecting a more conservative credit extension strategy

SOURCE: Equifax Australia.
NOTE: All CCR providers have supplied RHI up to February 2026

Delinquency rate

Accounts in arrears as % of portfolio

0.31%
90+ DPD



The credit card 90+ DPD delinquency rate stood at 0.31% in Q1 2026, reflecting a softening in arrears with financial value down nearly 3% year-on-year. This improvement, marked by a 3 basis point reduction in active accounts and a 2.9% decrease in total limits (vs Q1 2025), was significantly driven by a 10% arrears reduction among the 18-25 age demographic

Credit card Arrears

2026 Q1

-3 bps
Vs 25 Q1

90+ DPD
% of active accounts

-2.9%
Vs 25 Q1

90+ DPD
Change in total limits

SOURCE: Equifax Australia.
NOTE: All CCR providers have supplied RHI up to February 2026

Personal loan Portfolio

2026 Q1

Net change

Accounts (#)

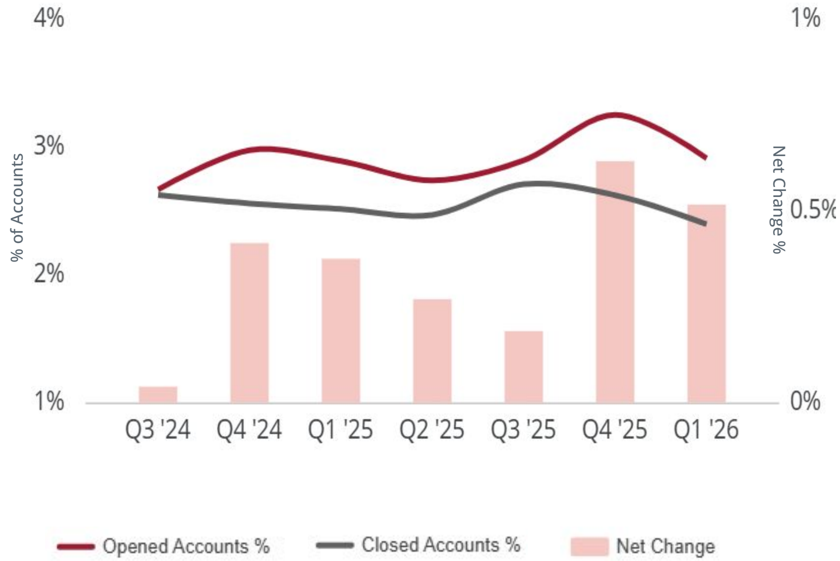
+4.8%
vs 25 Q1

Amortised limits ($)

+5.6%
vs 25 Q1

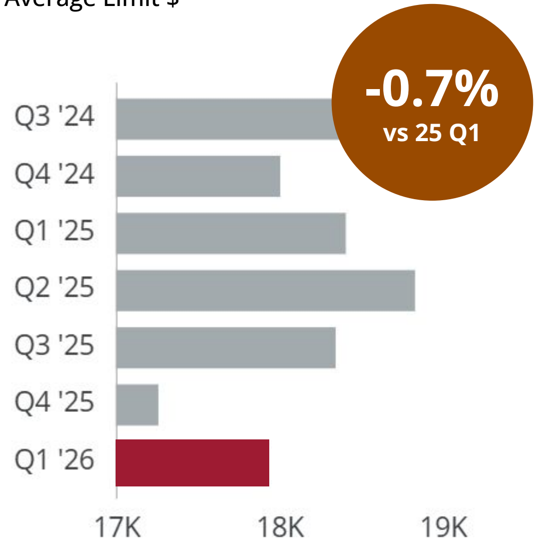
Opened and Closed Accounts

As proportion of portfolio %



New Accounts Opened

Average Limit $

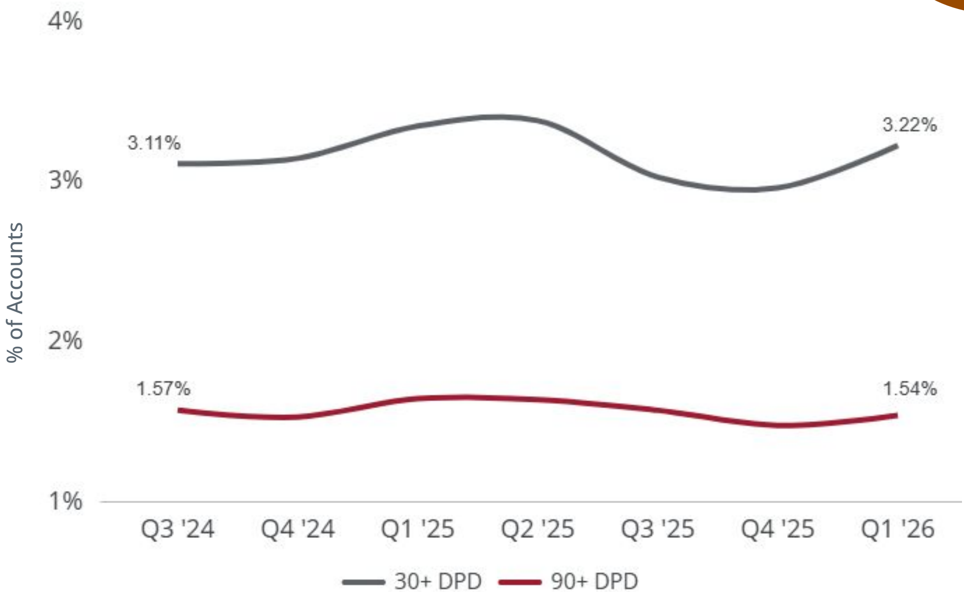


The personal loan portfolio demonstrated robust growth in Q1 2026, with accounts increasing by 4.8% and amortised limits expanding by 5.6% year-on-year. This expansion, driven by a consistent net increase in opened accounts, occurred despite a marginal 0.7% decrease in the average limit for new loans, indicating a preference for smaller, more granular loans

SOURCE: Equifax Australia.
NOTE: All CCR providers have supplied RHI up to February 2026

Delinquency rate

Accounts in arrears as % of portfolio



1.54%
90+ DPD

Strong improvement in late delinquency rates, the financial exposure however has increased. The total limits associated with late arrears (90+) jumped 3.1% year-on-year, indicating that the reduction in arrears accounts is being outweighed by a rise in the dollar value of arrears accounts. The 36-45 year old group lead arrears value growth at +13.7%

Personal loan Arrears

2026 Q1

-14 bps
Vs 25 Q1

90+ DPD
% of active accounts

+3.1%
Vs 25 Q1

90+ DPD
Change in total limits

SOURCE: Equifax Australia.
NOTE: All CCR providers have supplied RHI up to February 2026

BNPL Portfolio

2026 Q1

Net change

Accounts (#)

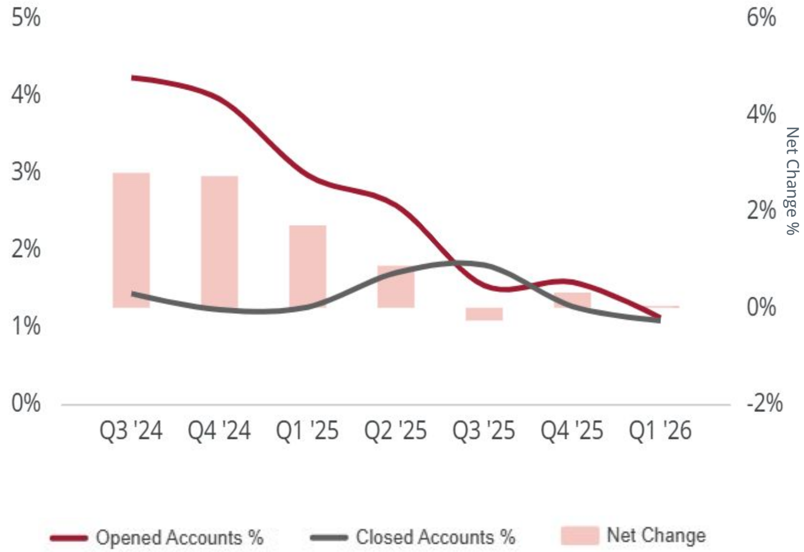
+4.7% vs 25 Q1

Limits ($)

+7.8% vs 25 Q1

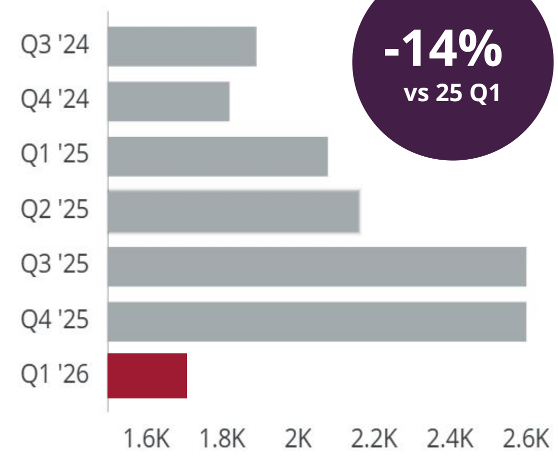
Opened and Closed Accounts

As proportion of portfolio %



New Accounts Opened

Average Limit $



-14% vs 25 Q1

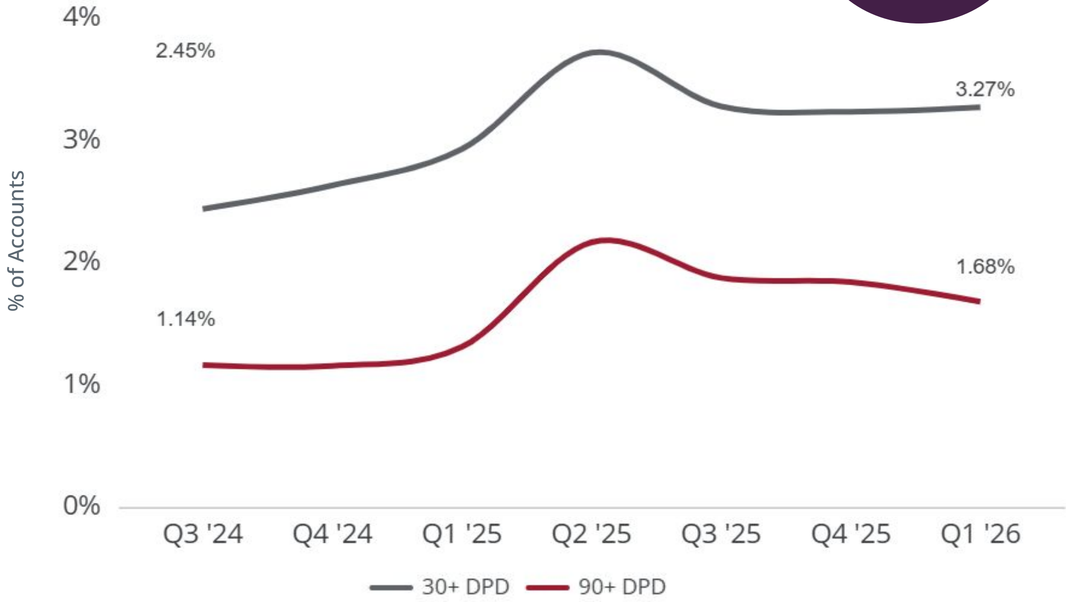
The BNPL portfolio exhibited positive growth in Q1 2026, with account numbers rising by 4.7% and total limits expanding by 7.8% year-on-year. Despite this expansion, the average limit for newly opened accounts decreased notably by 14%, suggesting a consumer preference for smaller credit exposures within the category

SOURCE: Equifax Australia.
NOTE: All CCR providers have supplied RHI up to February 2026

Delinquency rate

Accounts in arrears as % of portfolio

1.68%
90+ DPD



The BNPL 90+ DPD delinquency rate decreased to 1.68% in Q1 2026, However, this improvement in account-based delinquency is contrasted by a 10% increase in total limits for 90+ DPD, indicating growing financial exposure from larger facility limits despite fewer accounts in late arrears

BNPL Arrears

2026 Q1

-16 bps
Vs 25 Q4

90+ DPD
% of active accounts

+10%
Vs 25 Q4

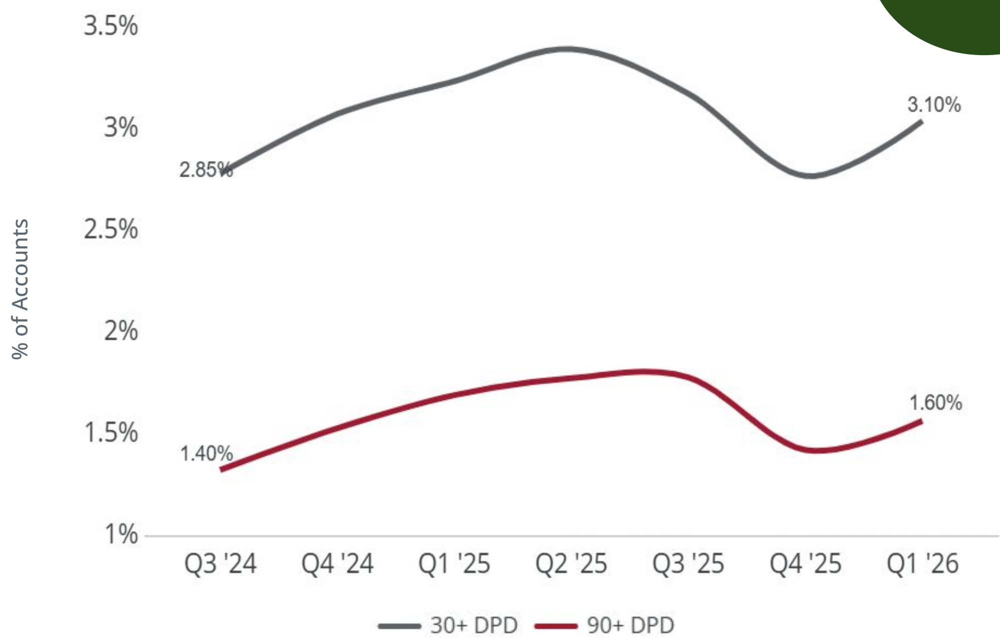
90+ DPD
Change in total limits

SOURCE: Equifax Australia.
NOTE: All CCR providers have supplied RHI up to February 2026

Delinquency rate

Accounts in arrears as % of portfolio

1.60%
90+ DPD



Auto loan arrears improved with 90+ DPD accounts decreasing by 13 bps year-over-year, total limits for these loans also show improvement. The 30+ DPD rate stabilized near its Q2 2024 level, but the 90+ DPD rate remained elevated despite a moderation from its peak. VIC leads arrears amount decline at -7%

Auto loan Arrears

2026 Q1

-13 bps
Vs 25 Q1

90+ DPD
% of active accounts

-6%
Vs 25 Q1

90+ DPD
Change in total limits

SOURCE: Equifax Australia.
NOTE: All CCR providers have supplied RHI up to February 2026

Financial Hardship

2026 Q1

Net change

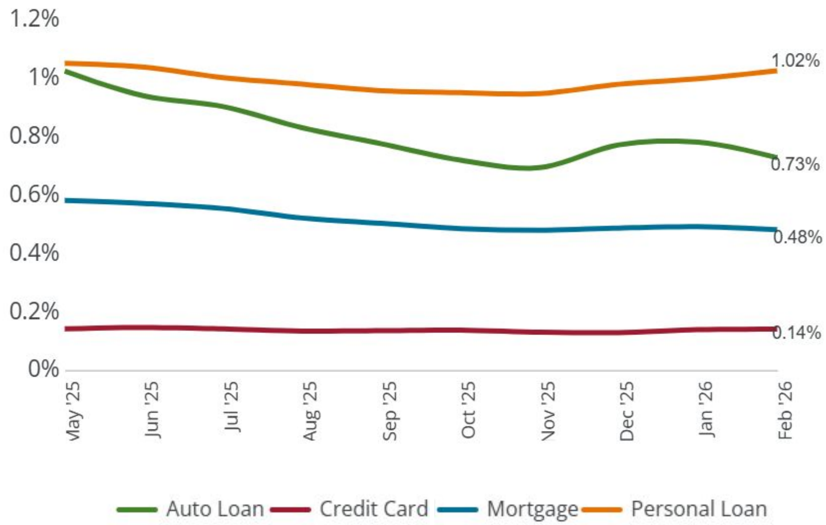
Mortgage hardship accounts

0.4%
vs 25 Q4

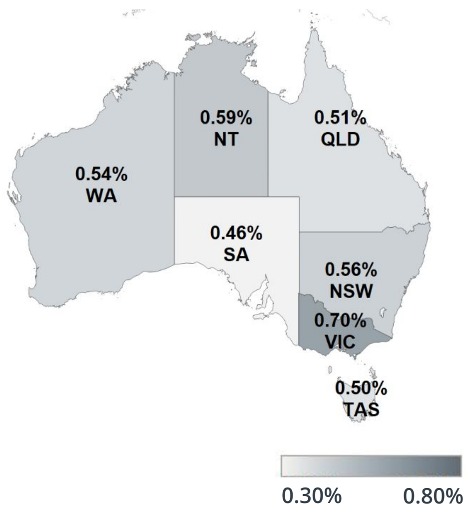
Non-Mortgage hardship accounts

2.9%
vs 25 Q4

Hardship rate
Accounts in hardship as % of portfolio



Mortgage Hardship
By State

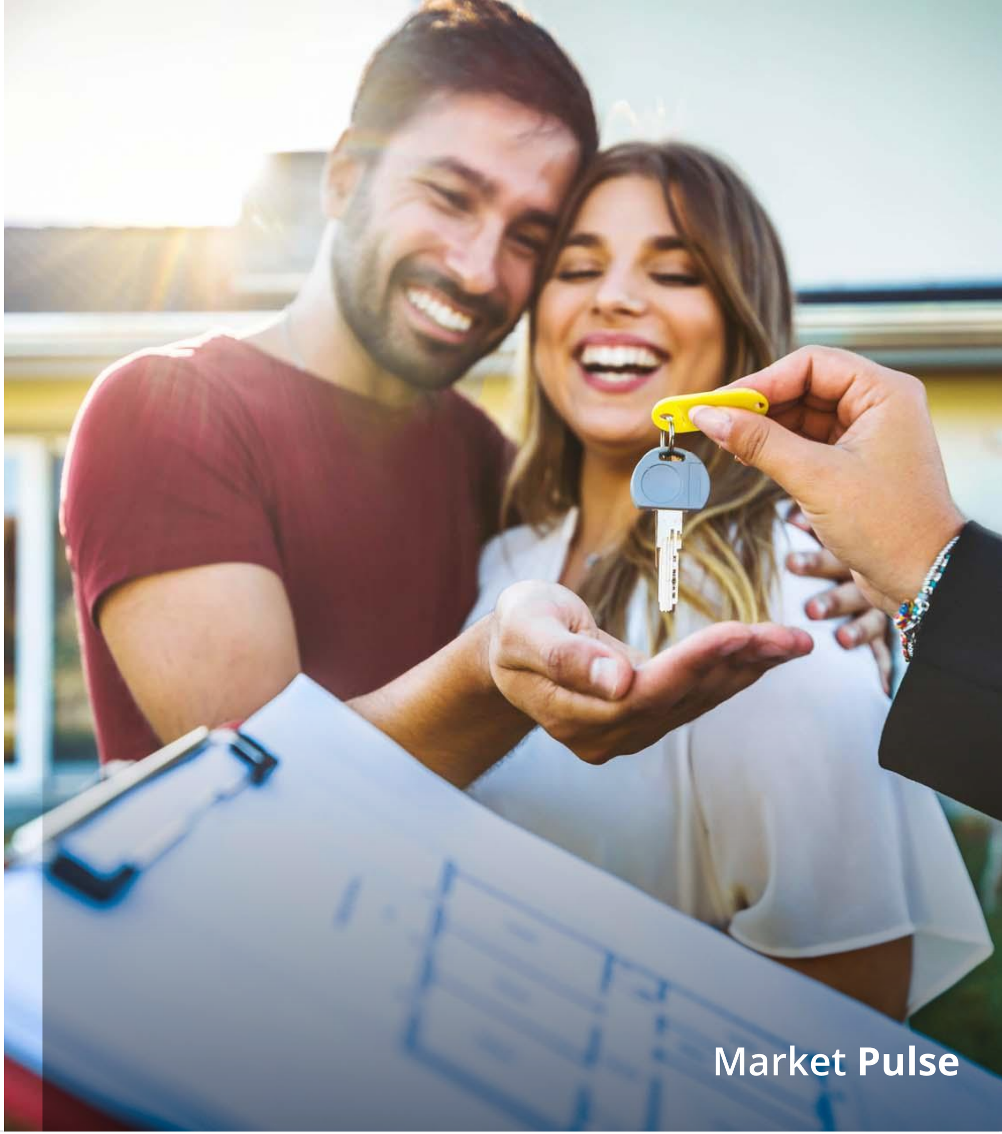


Overall financial hardship accounts increased marginally in Q1 2026, with non-mortgage accounts rising by 2.9% and mortgage accounts by 0.4% over the prior quarter. Personal Loans exhibit the highest hardship rate at 1.02% (February 2026), reflecting a 10% quarterly increase in assistance volumes. Geographically, Victoria records the highest mortgage hardship rate at 0.70%, indicating elevated stress

SOURCE: Equifax Australia.
NOTE: All CCR providers have supplied RHI up to February 2026

Consumer Spotlight
Q1 2026

First Home Buyer Scheme Impact

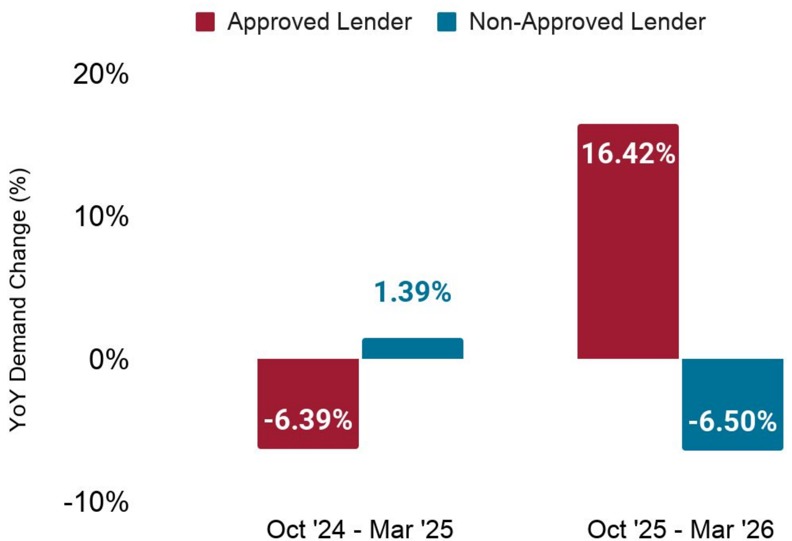


Policy incentives spark strong migration to approved lenders

First Home Buyers are prioritising scheme-eligible institutions since benefits started in October 2025, driving market momentum to bypass the 20% deposit hurdle

FHB DEMAND GROWTH: APPROVED VS. NON-APPROVED LENDERS

A stark divergence in demand as buyers transfer their applications to scheme-eligible institutions



FHB demand through Approved Lenders experienced a strong momentum shift, swinging from a 6.39% contraction in the prior year to a 16.4% surge (Oct '25 – Mar '26). In contrast, Non-Approved volumes fell into negative growth (-6.5%), a **stark divergence** likely driven by the expanded 5% Deposit Scheme

Buyers are no longer waiting years to save a 20% deposit. By applying through scheme-eligible institutions, previously constrained consumers are leveraging lower barriers to enter the market immediately

Note: The Australian Government 5% Deposit Scheme enables eligible first-home buyers to purchase homes with a 5% deposit without paying Lenders Mortgage Insurance (LMI). As of October 1, 2025, the scheme features uncapped spots, no income caps, and applies to new or existing homes within regional price caps.

SOURCE: Equifax Australia

Incentives drive demand for lower-value loans

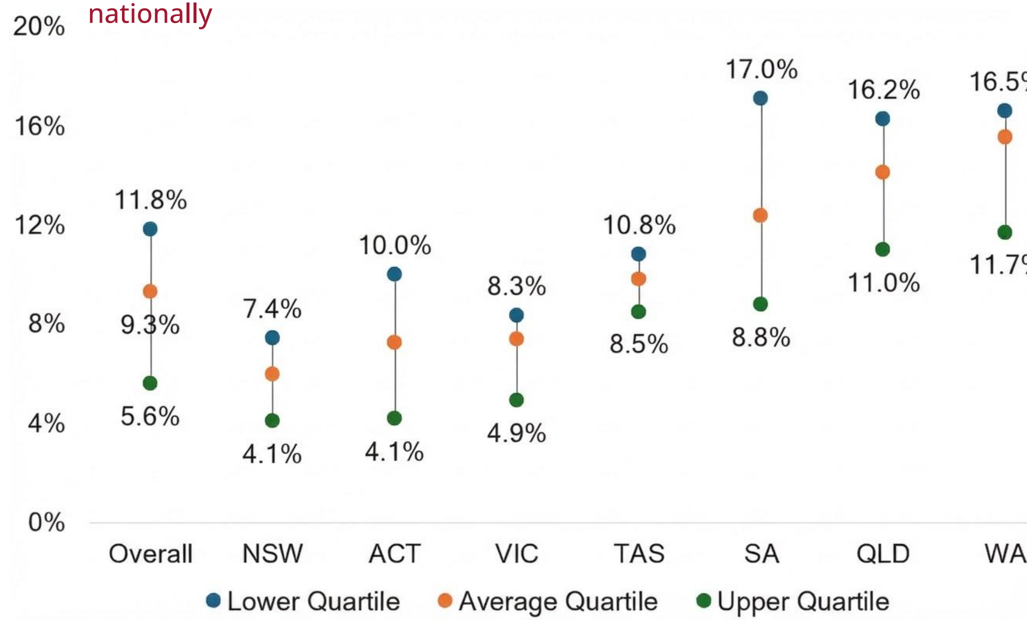
The expansion of the 5% Deposit Scheme is driving a surge in smaller loan balances, with demand heavily skewed toward entry-level property values rather than high-risk borrowers

Overall, demand for the smallest 25% of loan amounts ($) is growing at 11.8%, noticeably outpacing the top 25% of high-value loans (9.3%). This gap is even more pronounced in states like South Australia, where growth in smaller loan sizes (17%) is nearly double that of the largest loan sizes (8.8%)

Even in higher-priced or softer markets like NSW (7.4% vs 4.1%) and VIC (8.3% vs 4.9%), demand for smaller entry-level loan values consistently outperforms top-tier loan values

MORTGAGE DEMAND BY LOAN VALUE ($) - YoY

Demand for smaller loan amounts ($) is driving the most robust growth nationally

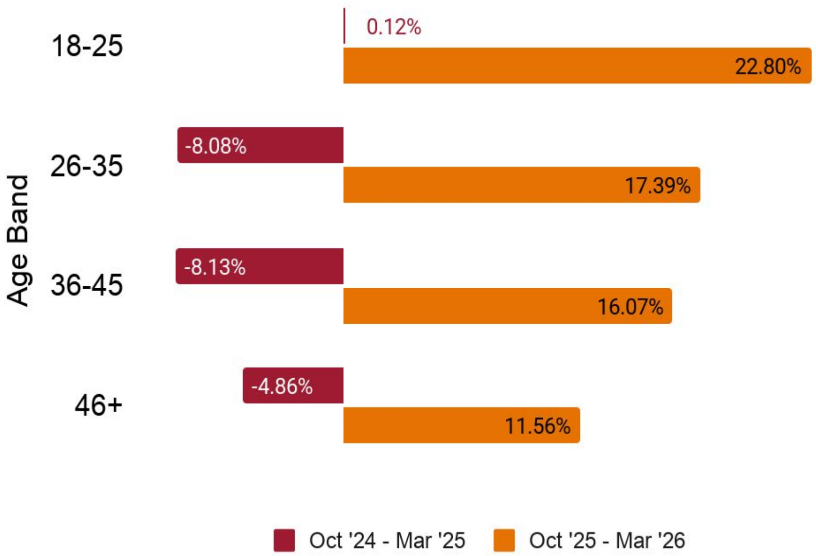


* Quartiles are based on total loan value ($), comparing the bottom 25% of loan sizes against the top 25%
SOURCE: Equifax Australia.

Accelerated market entry for younger demographics

The 5% deposit scheme is contributing to a shifting purchasing timeline, enabling Gen Z and younger Millennials to bypass historical deposit hurdles

APPROVED LENDER FHB DEMAND GROWTH BY AGE BAND



Younger adults (18-25) recorded the sharpest percentage increase in enquiries, surging 22.8%. Historically the most constrained by deposit requirements, this Gen Z cohort is proving **highly responsive** to the lowered entry barriers, accelerating their path to homeownership

While younger buyers lead the growth, Millennials (26-35) and older demographics are also moving at a steady pace, completely reversing prior-year contractions. This widespread lift indicates that buyers across all age brackets are actively **leveraging policy incentives** to bypass traditional deposit timelines

SOURCE: Equifax Australia

How different demographics are seizing the moment

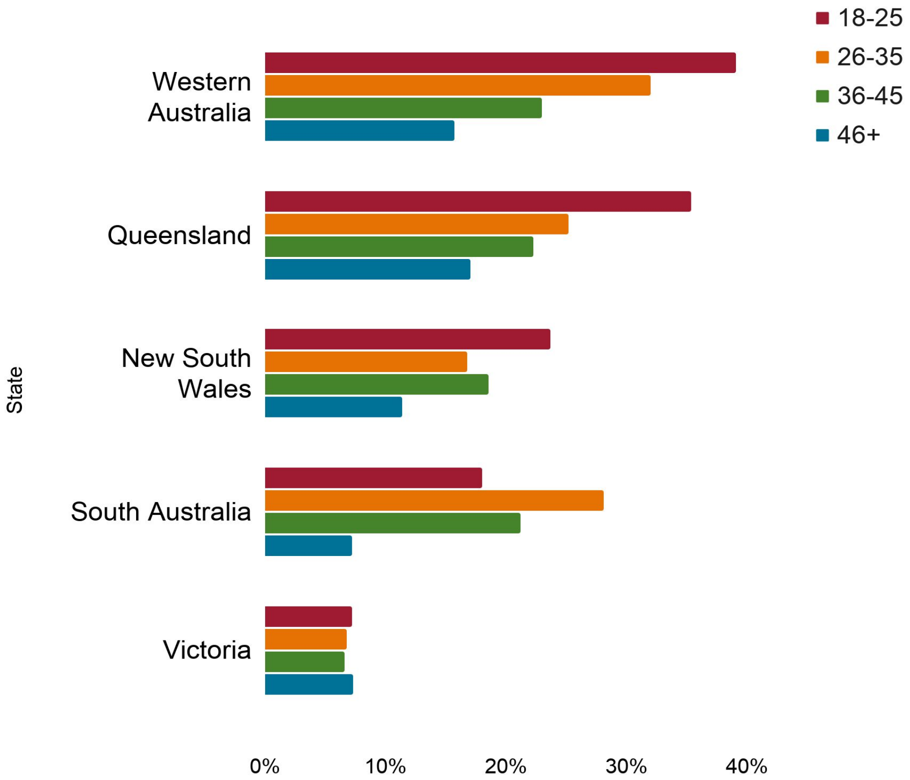
The data reveals a distinct divergence in strategy among different age cohorts, balancing interstate affordability with a significant NSW comeback

Western Australia and Queensland are dominated by younger demographics **maximising their purchasing power**.

Gen Z applications are surging well ahead of the national average, with Millennials tracking closely behind. This confirms these two states are currently the primary engines for the incentive buyers.

South Australia shows a different trend. Rather than the youngest cohort, SA's momentum is led by Millennial buyers. Meanwhile, Victoria presents a visual contrast to the rest of the country, recording modest uniform growth across all age segments

APPROVED LENDER FHB DEMAND GROWTH BY STATE & AGE BAND (YoY%)

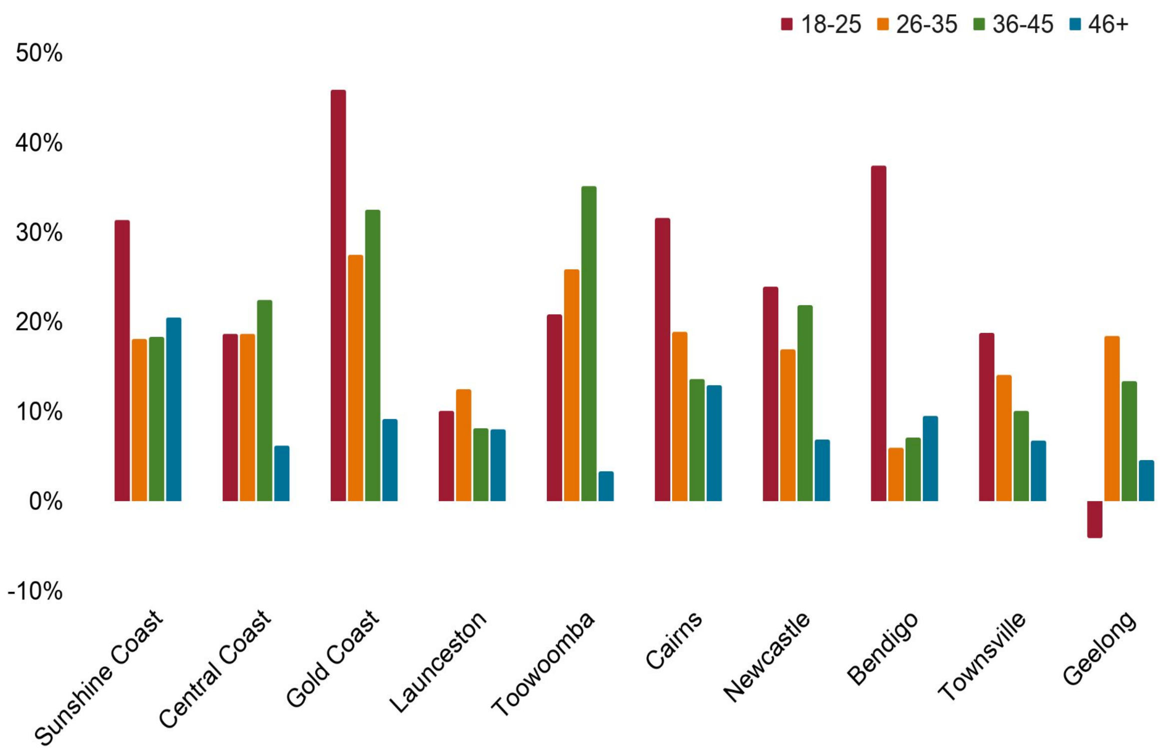


SOURCE: Equifax Australia

Generational preferences in regional markets

Younger demographics are steadily increasing their market share across regional corridors, this cohort clearly demonstrates strong appetite for lifestyle hubs such as Sunshine Coast and Gold Coast

DEMAND GROWTH BY AGE WITHIN REGIONALS (YoY%)



The 18 to 25 demographic is the **primary driver** of year-on-year demand across the majority of regional lifestyle hubs, showing particular concentration in popular coastal corridors like the Gold Coast, Sunshine Coast, and Cairns.

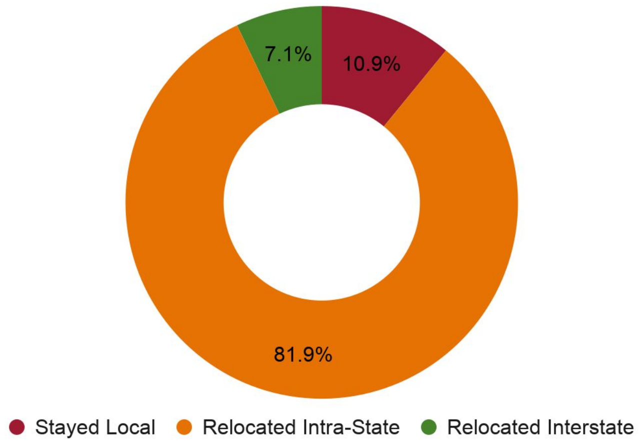
Demand profiles vary by region. Areas like Toowoomba and the Central Coast are seeing their highest growth from the 36-45 demographic, indicating that older cohorts may be targeting **specific regional centres** for upsizing or family relocation, while younger buyers prioritise coastal towns

SOURCE: Equifax Australia

FHB migration trends show search for affordability

As local markets price out younger cohorts, buyers are relocating intra-state, while interstate migration is dominated by buyers leaving New South Wales

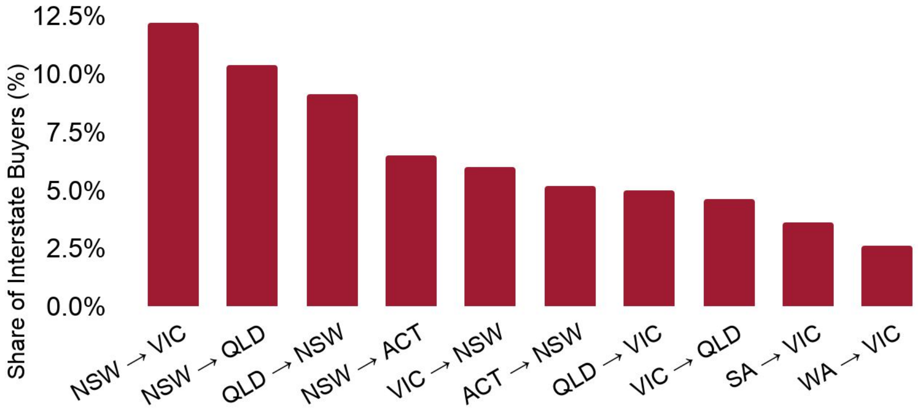
FHB MIGRATION SOURCES



First Home Buyers are casting a wider net to achieve homeownership. Among the cohort of buyers who updated their address post-settlement, a massive 81.9% relocated to a new area within their home state. Only 10.9% managed to purchase and remain within their local application area (Stayed Local).

This emphasizes a strong willingness to shift postcodes to find accessible entry points into the market

TOP 10 INTERSTATE ROUTES FOR FHBs



While interstate moves represent a smaller cohort at 7.1%, the data reveals a clear trend of buyers transitioning out of NSW.
The top two migration corridors nationwide consist of NSW buyers relocating to VIC (12.2%) and QLD (10.4%).

With NSW acting as the primary origin point for major interstate movement, it is evident that affordability constraints are encouraging FHB to actively explore cross-border opportunities.

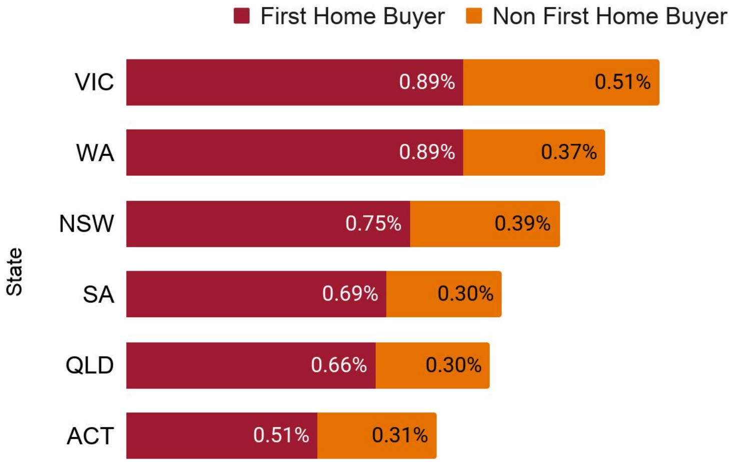
Methodology Note: Migration insights are derived from a sample of recent First Home Buyer mortgages where an address change was recorded within the first 4 months of account opening. The data analyses the movement patterns of this relocating cohort by comparing their residential address at the time of application to their post-settlement address.

SOURCE: Equifax Australia

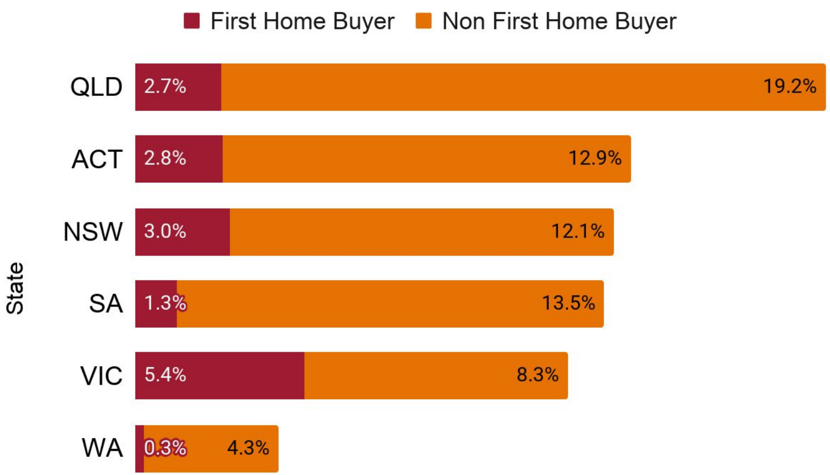
FHB policy stimulus carries downstream risks as total portfolio arrears climb

While First Home Buyers exhibit structurally higher arrears rates, the rapid acceleration of Non-FHB arrears amounts presents the most significant exposure growth

DELINQUENCY RATE BY BUYER TYPE AND STATE (30+ DPD)



DELINQUENCY EXPOSURE GROWTH YOY (30+ DPD $)



While policy incentives successfully drive First Home Buyer market entry, this segment exhibits a consistently higher arrears rate than Non-FHBs nationally. This elevated risk profile suggests caution is needed when aggressively stimulating FHB demand.

FHB arrears values remain relatively stable, however the total value of NFHB arrears has increased substantially over the observed period, indicating a broad pressure system outside the first-time buyer segment.

SOURCE: Equifax Australia

Key Terms

Macro Credit Demand (previously Credit applications)	Macro Credit Demand represents an intention by consumers to acquire credit and in turn spend; therefore, the index is a lead indicator. This differs to other market measures published by the RBA, which measure credit provided by financial institutions (i.e. balances outstanding).
Personal Loan	Includes account types such as Personal Loan Revolving and Personal Loan Fixed excluding Buy Now Pay Later subscribers. *For improved quality and accuracy, there has been a series recalibration, affecting data beginning Q3 2016 until present. Also, Buy Now Pay Later subscribers have been removed from the Personal Loan Portfolio.
Credit Card	Includes account types Credit Card & Charge Card. *For improved quality and accuracy, there has been a series recalibration, affecting data beginning Q3 2016 until present.
Mortgage	Includes account type Real Estate Mortgage.
Secured Credit	Includes Account types mortgage and Auto Loan.
Unsecured Credit	Includes Account type Credit card , Buy Now Pay Later and Personal Loan.
Opened Accounts as a Proportion of active Accounts	Newly Opened Accounts during the reporting month as a Proportion of Active Accounts.
Closed Accounts as a Proportion of active Accounts	Newly Closed Accounts during the reporting month as a Proportion of Active Accounts.
Active Accounts	Total Number of Active Accounts for the Respective Account Type.
Owner Occupied	Consumers with only one active mortgage, or the first mortgage account if more than one. Also with an address change within 3 months of account open.
Investment	Second or more mortgage account without an address change within 3 months of account open.
Renovation	Mortgage Enquiry of less or equal to $100k with an already existing mortgage account.
New Mortgage/First Home Buyer	First mortgage enquiry/account on record for a consumer.
Re-fi	A new enquiry made with different lender from an existing mortgage account.
Upgrade	A new enquiry made with the same lender from an existing mortgage account.

EQUIFAX®

powering the world with knowledge™