The Increasing Financial Vulnerability of Canadian Households

June 2022 **Seymour Financial Resilience Index** ™ Release

September 26, 2022

Financial Resilience Institute

Financial Resilience Institute

Financial Resilience Institute is a **non-profit organization**

We partner with financial institutions, business leaders, and policymakers to develop and implement solutions that improve financial resilience, health and well-being for all.

© 2022 Financial Resilience Society, DBA Financial Resilience Institute. All Rights Reserved.

Definitions of financial financial health, financial resilience and financial wellness within the over-arching construct of Financial Well-Being

Financial Resilience Institute

Financial Well-Being

A state of being wherein a person can fully meet current and ongoing financial obligations, can feel secure in their financial future, and is able to make choices that allow them to enjoy life [1]

Financial Health

Financial health is about your ability to **balance your financial needs for today with those of tomorrow as a result of decisions and behaviours** that move you forward.

Measured through many financial health and behavioural indicators in the longitudinal Financial Well-Being study (2017-2022)

Financial Resilience

Financial resilience is about your **ability to get through financial hardship, stressors or shocks as a result of unplanned life events.**

Measured at the national, provincial, segment and individual household level based on behavioural, resilience and sentiment indicators through the Seymour Financial Resilience Index ™

Financial Wellness

Financial wellness is about your **emotional peace of mind in terms of your financial situation and current and financial future obligations.** The opposite is financial stress.

Measured through many financial stress, debt stress and financial wellness indicators in the longitudinal Financial Well-Being study (2017-2022)

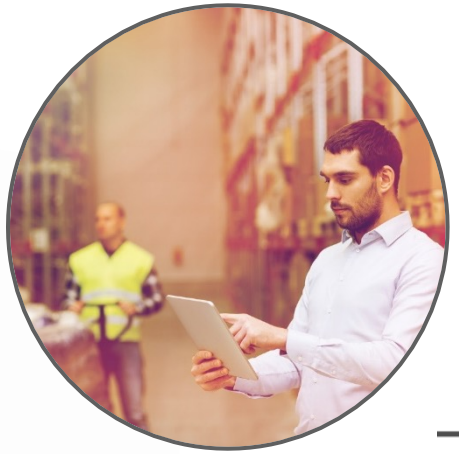
[1] Definitions of financial health, financial resilience and financial wellness Financial Well-Being definitions were created by Seymour Consulting as the leading independent authority on financial health in Canada (2016-2022). The definition for 'Financial Well-Being' above was developed by CFPB (Consumer Financial Protection Bureau in the US) and aligns with other definitions of financial well-being analyzed by the Institute over several years.

© 2022 Financial Resilience Institute. All Rights Reserved.

Connecting individual financial health and resilience to family financial well-being, small business financial health and thriving communities.

Financial Resilience Institute

Individual financial resilience, health and well-being



Small business financial health resilience and growth

Family well-being

Financially thriving communities and economy

See financial stress data on pages 29 to 31 and 'Why Financial Well-Being Matters' insights at https://www.finresilienceinstitute.org/why-financial-health/

© 2022 Financial Resilience Institute. All Rights Reserved.

About the Index that measures and tracks the financial resilience (and financial vulnerability) of households in Canada

About the Seymour Financial Resilience Index TM

Financial Resilience Institute

WHAT THE INDEX MEASURES

Financial resilience: i.e. a ***household's ability to get through financial hardship, stressors and shocks as a result of unplanned life events.***

The Index measures and tracks household financial resilience across nine behavioural, sentiment and resilience indicators.

Measurement and tracking conducted at the **national, provincial, segment and individual household levels.**

The ability to balance your needs of today with those of tomorrow, as a result of decisions and behaviours that move you forward.

The ability to get through financial stressors, shocks and financial hardship as a result of unplanned life events.

Emotional peace of mind in terms of our financial situation, and current and future financial obligations. The opposite is financial stress.

Peer-reviewed by Statistics Canada, the C.D. Howe Institute, leading FIs and NPOs, the Index has a pre-pandemic baseline of February 2020. It builds on over six years of longitudinal Financial Well-Being studies data for Canada with applicability to other countries [1]

[1] The Index was developed over more than five years based on an iterative process to regressing and evaluating over 35 potential indicators against self-reported "financial resilience" or "financial stress" measures, using the multiple linear regression technique. In the end, nine variables were determined to account for 62 percent of the variance in the financial resilience construct as of June 2022 and 64 per cent of the variance in the financial resilience construct as of February 2021. The regression model's indicators (independent variables) are significant at a 95% confidence interval, with p-values less than 0.05. Index development and methodology details are at https://www.finresilienceinstitute.org/why-we-created-the-index/.

Seymour Financial Resilience Index ™ is a trademark used under license.
© 2022 Financial Resilience Institute. All Rights Reserved.

Index Indicators

Financial Resilience Institute

1
Debt management composite.

2
Plans ahead financially for upcoming and unexpected expenses or to save for long-term goals.

3
Change in household financial situation over the past 12 months.

4
Social capital: close person(s) who could provide financial support in times of financial hardship.

5
Liquid savings buffer.

6
Self-reported credit score.

7
Confidence in ability to meet short-term savings goals.

8
Financial stress composite.

9
Financial stress over current and future financial obligations.

The Seymour Financial Resilience Index ™ is a proprietary regression model that has been validated against all years of Financial Well-being studies data between 2017 and 2022. This has revealed consistency in results, represented by a strong R-squared as well and similar weights of the independent variables as predictors of financial resilience. Note: weightings for the model are based on their overall contribution to the dependent variable in the model and are not equal.
Seymour Financial Resilience Index ™ is a trademark used under license.
© 2022 Financial Resilience Institute. All Rights Reserved.

Index Scoring Model

Financial Resilience Institute

Financial resilience scores between **0 and 30** represent individuals and households that are most vulnerable and unable to survive financial stressors or shocks. These people report financially resilient outcomes across none of the nine indicators.

Financial resilience scores between **30.01 and 50** represent individuals and households that are financially vulnerable to large financial stressors or shocks yet subsisting under normal conditions. These people report financially resilient outcomes across few of the nine indicators.

Financial resilience scores between **50.01 and 70** represent individuals and households building their financial resilience in the absence of financial shocks. These people report financially resilient outcomes across some of the nine indicators.

Financial resilience scores between **70.01 and 100** represent individuals and households that can endure financial shocks with little effect to their overall financial resilience. These people report financially resilient outcomes across nearly all (or all) of the nine indicators.

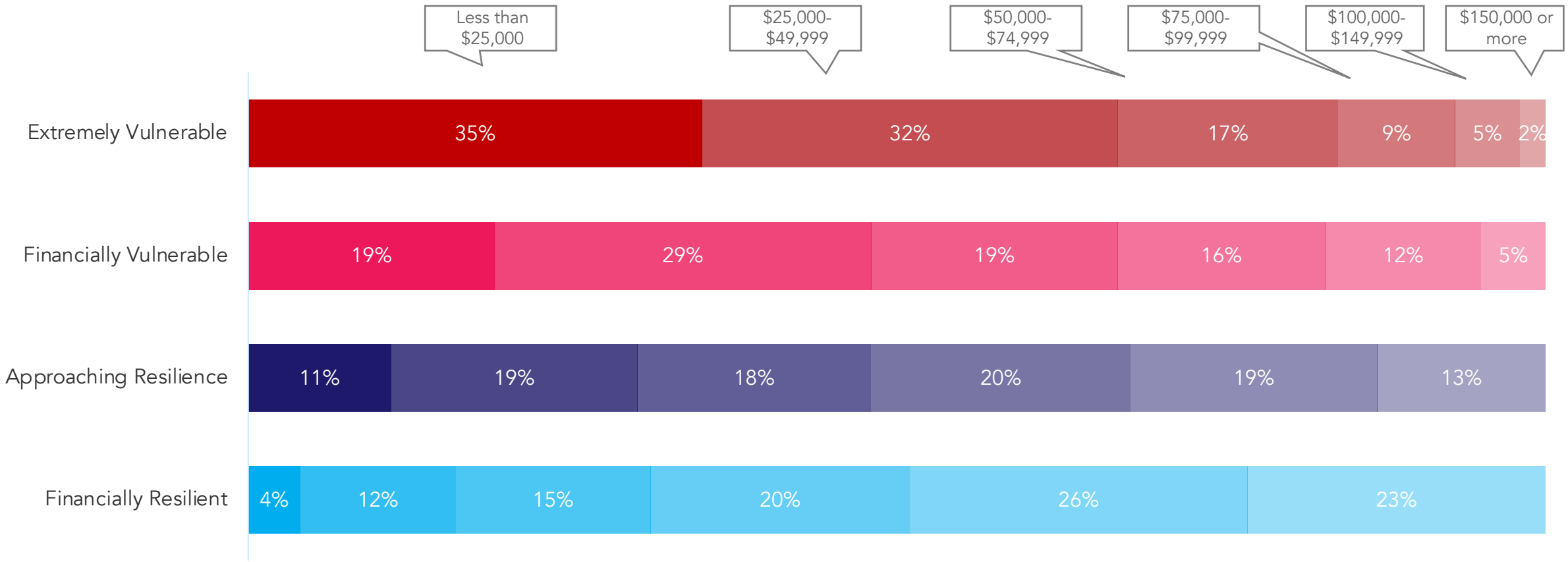
'Extremely Vulnerable' households have a financial resilience score of 0 to 30; 'Financially Vulnerable' a score of 30.01 to 50; 'Approaching Resilience' a score of 50.01 to 70, and 'Financially Resilient' a score of 70.01 to 100.

Seymour Financial Resilience Index ™ is a trademark used under license.
© 2022 Financial Resilience Institute. All Rights Reserved.

Households across all household income demographics represented across all financial resilience segments.

Financial Resilience Institute

For example, 14% of households with a household income between $75,000 and $149,999 are 'Extremely Vulnerable'; 28% are 'Financially Vulnerable'; 39% are 'Approaching Resilience' and 46% are 'Financially Resilient' [1]



[1] 'Extremely Vulnerable' households have a financial resilience score of 0 to 30; 'Financially Vulnerable' a score of 30.01 to 50; 'Approaching Resilience' a score of 50.01 to 70, and 'Financially Resilient' a score of 70.01 to 100.

Source: June 2022 Seymour Financial Resilience Index ™

Seymour Financial Resilience Index ™ is a trademark used under license.
© 2022 Financial Resilience Institute. All Rights Reserved.

Summary Insights based on the June 2022 Index Release

Canada has a national mean financial resilience score of 50.52 as of June 2022.

77.8% of the population are not 'Financially Resilient' representing 19.99 MM households.

Financial Resilience Institute

Canada Mean Financial Resilience Score

June 2022 Index

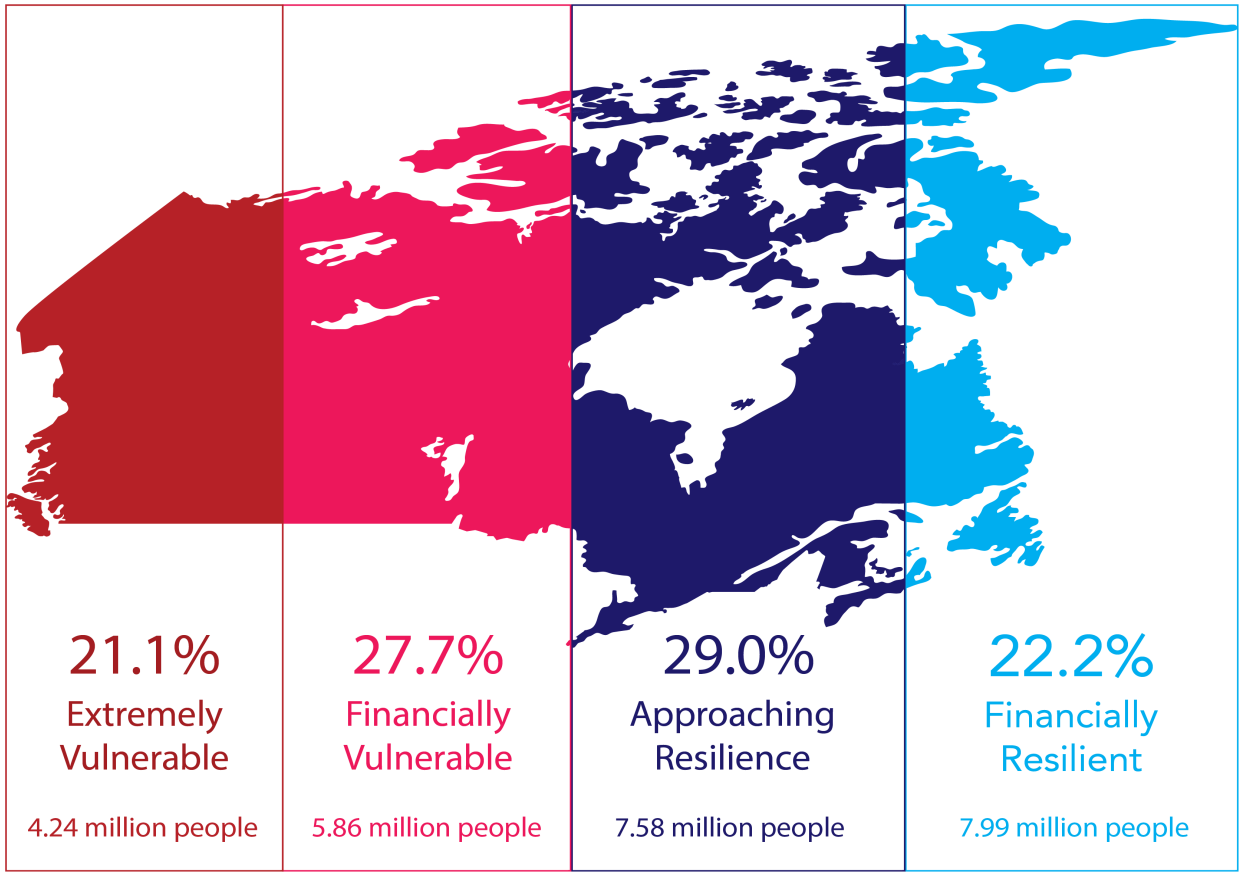
55.67
June 2021 Index

55.69
February 2021 Index

54.53
October 2020 Index

55.58
June 2020 Index

49.58
February 2020 Baseline



21.1%	27.7%	29.0%	22.2%
Extremely Vulnerable	Financially Vulnerable	Approaching Resilience	Financially Resilient
4.24 million people	5.86 million people	7.58 million people	7.99 million people

'Segment sizes are based on a total population of 25.70 million adult Canadians aged 18 to 70 years old as of July 2021 (Statistics Canada)

'Extremely Vulnerable' households have a financial resilience score of 0-30; 'Financially Vulnerable' a score of 30.01 to 50; 'Approaching Resilience' a score of 50..01 to 70, and 'Financially Resilient' a score of 70.01 to 100.

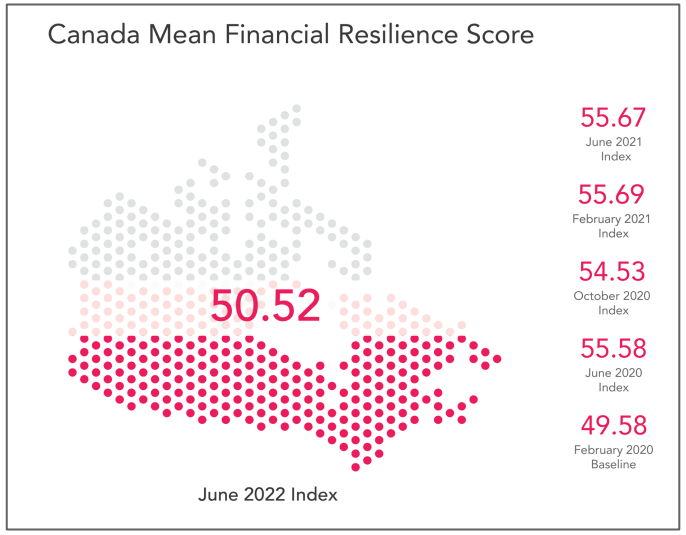
Source: Seymour Financial Resilience Index TM. Seymour Financial Resilience Index TM is a trademark used under license.

© 2022 Financial Resilience Institute. All Rights Reserved.

The Canada mean financial resilience score has dropped five points based on the June 2022 Index: with 78% of the population financially vulnerable [1]

Financial Resilience Institute

This report is a call to action for Financial Institutions, policymakers, business leaders, NPOs and the wider ecosystem to do more to help reduce the financial vulnerability of Canadians, and particularly those who are more financially vulnerable and/or underserved.



Source: June 2022 Seymour Financial Resilience Index ™ Release

© 2022 Financial Resilience Institute. All Rights Reserved.

- Financial vulnerability and financial stress have been a mainstream issue in Canada since we started tracking this in 2017 through the Financial Well-Being study. This is we created the Seymour Financial Resilience Index TM ('The Index') to enable organizations and policymakers to understand, track and help measurably improve the financial resilience, health and well-being of their customers, employees and communities over time.
- The Canada mean financial resilience score increased from 49.58 in February 2020 (pre-pandemic) to 55.67 in June 2021 with insights published in a joint report with Statistics Canada in September 2021[2].
- Between 2021 and June 2022, the Canada mean financial resilience score has fallen five points from 55.67 to 50.52 [3]. This means at the national level, Canadians are 'Approaching Resilience' but are much closer to being 'Financially Vulnerable' compared to a year earlier.
- 78% of households are financially vulnerable as of June 2022 (and have a mean financial resilience score below 70.01). Quebec has the highest mean financial resilience score at the provincial level.
- Index data signals increased challenges and financial vulnerability for households and key populations, especially in context of the inflationary environment, rising interest rates and macro environment.
- This is evident despite people working hard to manage their spending, navigate complex financial trade-off decisions, save, plan and invest, put in place protection and pay down debt, in order to get through financial hardship stressors and shocks as a result of unplanned life events.

[1] 'Financially Vulnerable' include households with a financial resilience score of under 70.01. These are represented by 'Extremely Vulnerable', 'Financially Vulnerable' and 'Approaching Resilience' segments.

[1] Report on the 'Financial Resilience and Financial Well-Being of Canadians during the Covid-19 pandemic', jointly published by Seymour Consulting and Statistics Canada in September 2021. https://www150.statcan.gc.ca/n1/pub/75f0002m/75f0002m2021008-eng.htm

[2] The Financial Well-Being study is an online survey with a sample size of 5061 adult Canadians aged 18 to 70 years old from a representative sample of the population by age, province, gender and household income in June 2022 study. See slide 44 for survey samples for all other studies. Survey respondent are recruited from the Angus Reid Forum, with all survey design and analytics conducted by the Financial Resilience Institute (previously Seymour Consulting, a social enterprise and leading independent authority on financial health). The Index has a pre-pandemic baseline of February 2020, and builds on over six years of longitudinal financial well-being studies data. The Index measures the financial resilience of tier one bank customers and the extent to which their primary customer rate them for helping to improve their financial wellness, with independent tracking on this conducted since 2017. The Index has been peer-reviewed by Statistics Canada, C.D. Howe Institute, leading Financial Institutions and non-profit organizations. It builds on the Financial Well-Being Framework created in 2016 summarized on page 49.

Seymour Financial Resilience Index ™ is a trademark used under license, with this licensed solely to the Financial Resilience Institute. More information about the Institute and Index is at https://www.finresilienceinstitute.org/

June 2022 Index Release Highlights: Continued

- During the pandemic, the Government provided swift and significant Covid-19 financial relief to many households. At this time, the Index showed how many Canadians worked hard to reduced their spending and adjust their financial behaviours to manage financially. This positively impacted the increase in the mean financial resilience score between 2020 and 2021 and the reduction in 'Extremely Vulnerable' households over the same period.
- Since 2021, with the current challenging macroeconomic environment, inflationary environment and phasing out of Covid-19 government benefits, the Index signals that most of gains during the pandemic have reduced or wiped out for many households, despite many of them still working hard from a financial behavioural perspective to reduce their financial vulnerability.
- The Index continues to highlight increased financial vulnerability, inequities and challenges in particularly for households who are 'Extremely Vulnerable' or 'Financially Vulnerable'. The pandemic, and now inflationary environment, has hit these households harder, and we see increased challenges from a financial stress, barrier and access to financial help perspective from their Financial Institutions. This in turn is having a significant impact on the physical, mental and overall well-being of individuals and families, also measured through the Index.
- In June 2022 there has been a significant increase in 'Extremely Vulnerable' households, with this increasing from 16.5% in June 2021 to 21.1% in June 2022 [1].
- There are many nuances in financial stressors, consumer and financial behaviours and challenges in terms of access to financial help and support across the four financial resilience segments and for different underserved and/or more vulnerable populations.
- There are significant opportunities for Financial Institutions to support the financial resilience and financial wellness of their customers, including those who are more financially vulnerable [2].

[1] 'Extremely Vulnerable' households have a financial resilience score of 0 to 30; 'Financially Vulnerable' a score of 30.01 to 50; 'Approaching Resilience' a score of 50.01 to 70, and 'Financially Resilient' a score of 70.01 to 100.

[2] Contact us for more information on data analytics and tracking conducted by the Financial Resilience Institute for tier one banks and other organizations committed to impact measurement and support of their customers, employees and communities.

Source: June 2022 Seymour Financial Resilience Index ™

Seymour Financial Resilience Index ™ is a trademark used under license.

© 2022 Financial Resilience Institute. All Rights Reserved.

78% of households in Canada have some level of financial vulnerability as of June 2022 representing 19.99 million households [1]

[1] 'Extremely Vulnerable' households have a financial resilience score of 0 to 30; 'Financially Vulnerable' a score of 30.01 to 50; 'Approaching Resilience' a score of 50.01 to 70, and 'Financially Resilient' a score of 70.01 to 100. Population estimates by financial resilience segment are based on a total population of 25.70 million adult Canadians aged 18 to 70 years old as of July 2021 (Statistics Canada)

Source: Seymour Financial Resilience Index ™

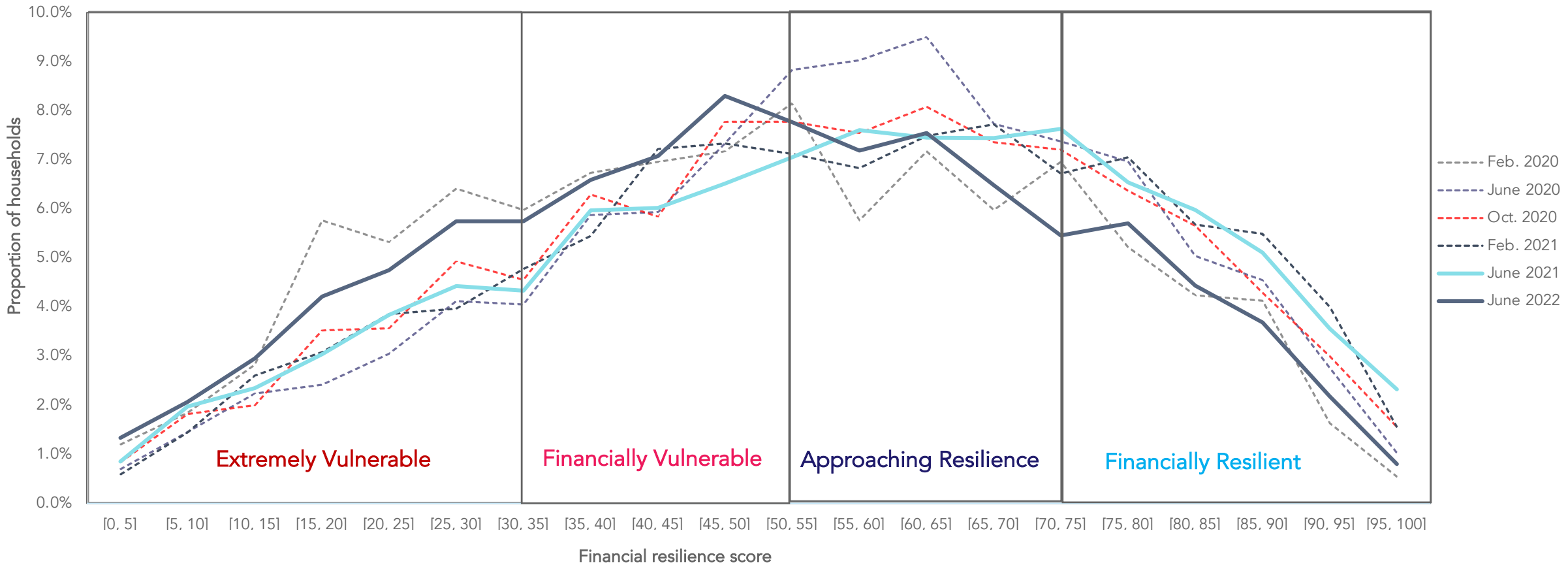
Seymour Financial Resilience Index ™ is a trademark used under license.
© 2022 Financial Resilience Institute. All Rights Reserved.

Seymour Financial Resilience Index ™ Distribution

From February 2020 (pre-pandemic) to June 2022

Financial Resilience

Canada Mean Financial Resilience Score: 50.52 (June 2022)

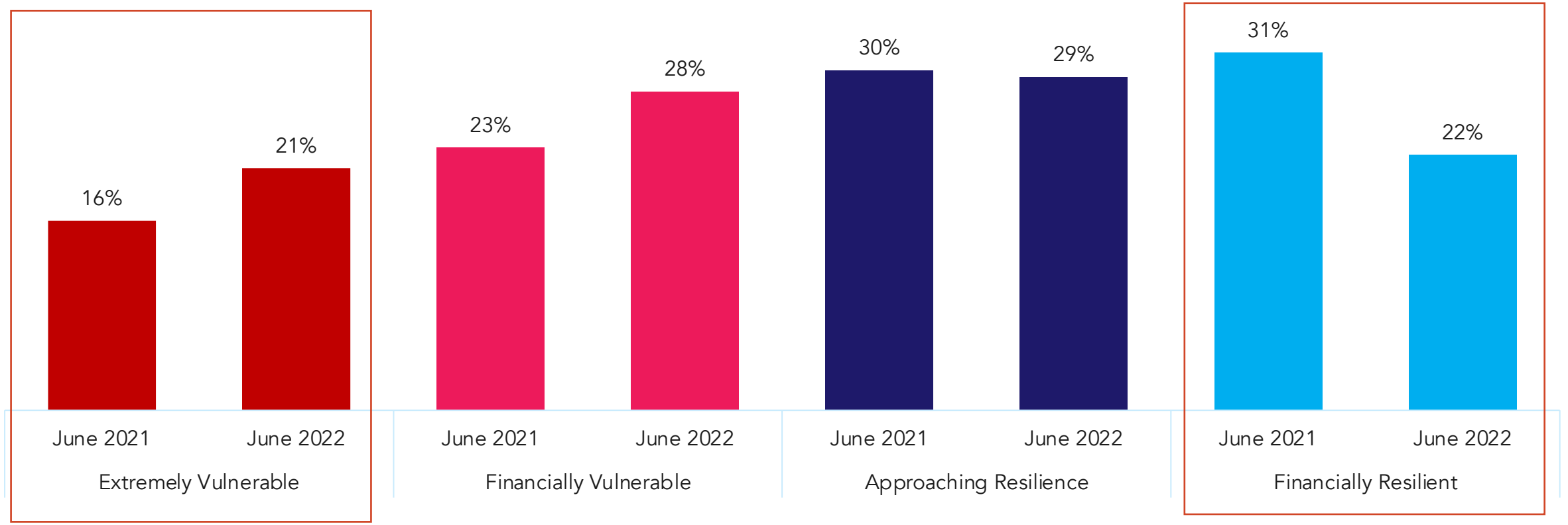


'Extremely Vulnerable' households have a financial resilience score of 0-30; 'Financially Vulnerable' a score of 30.01 to 50; 'Approaching Resilience' a score of 50.01 to 70, and 'Financially Resilient' a score of 70.01 to 100.
June 2022 Financial Well-Being study has a sample size of 5061 households with 4505 households scored through the Index. MOE of +/- 1.4% and 95% confidence interval across all provinces.
June 2021 Financial Well-Being study has a sample size of 5028 households with 4504 households scored through the Index. MOE of +/- 1.38% and 95% confidence interval across all provinces.
June 2020 Financial Well-Being study has a sample size of 4989 households with 4462 households scored through the Index. MOE of +/- 1.4% and 95% confidence interval across all provinces.
February 2020 Financial Well-Being study has a sample size of 1013 households aged 18-70 and an Index sample of 919 households scored through the Index. MOE of +/- 3.1% and 95% confidence interval across all provinces.
Data is weighted to be representative of Canadian population based on household income, gender, age and province, with survey respondents recruited through the Angus Reid Forum and all design and analytics conducted by the Financial Resilience Institute.© 2022 Financial Resilience Institute. All Rights Reserved.

10.1 million households are 'Extremely Vulnerable' or 'Financially Vulnerable' based on the June 2022 Index: a significant increase over 2021.

The proportion of 'Financially Resilient' households has dropped from 31.1% in June 2021 to 22.1% in June 2022 [1].

Change in households represented across the four financial resilience segments: June 2022 compared to June 2021



[1] 'Extremely Vulnerable' households have a financial resilience score of 0 to 30; 'Financially Vulnerable' a score of 30.01 to 50; 'Approaching Resilience' a score of 50.01 to 70, and 'Financially Resilient' a score of 70.01 to 100.

Source: Seymour Financial Resilience Index ™

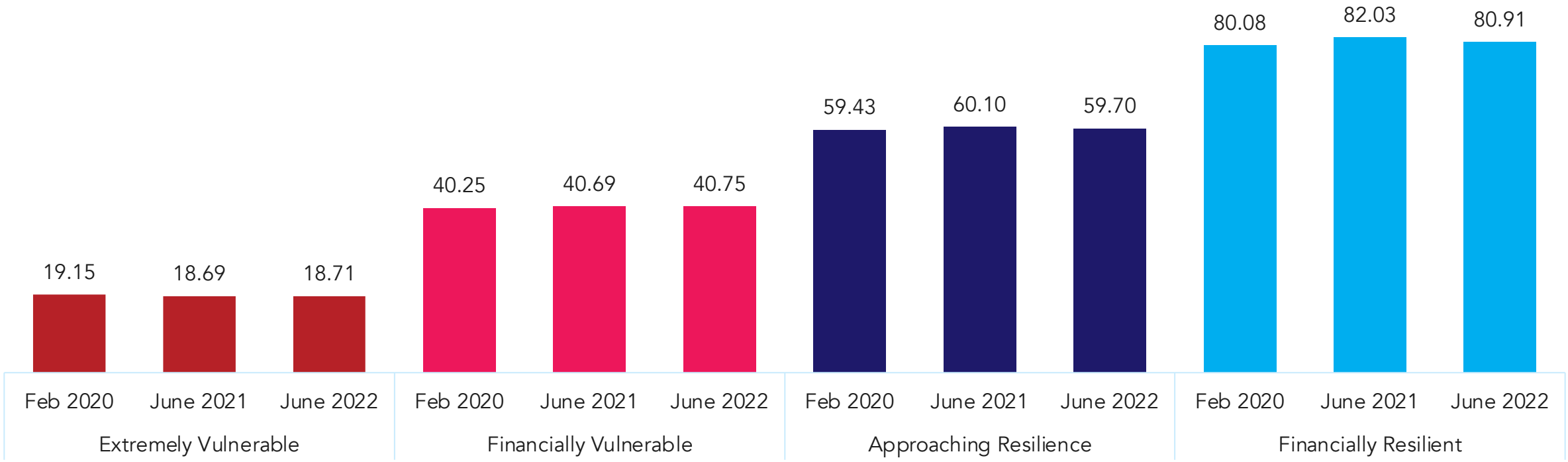
Seymour Financial Resilience Index ™ is a trademark used under license.
© 2022 Financial Resilience Institute. All Rights Reserved.

Changes in households' mean financial resilience score pre-pandemic compared to June 2021 and June 2022

Financial Resilience Institute

Based on the June 2022 Index, 'Financially Resilient' households have a mean financial resilience score of 80.91 compared to 18.71 for 'Extremely Vulnerable' households [1]

Mean Financial Resilience Scores in February 2020, June 2021 and June 2022

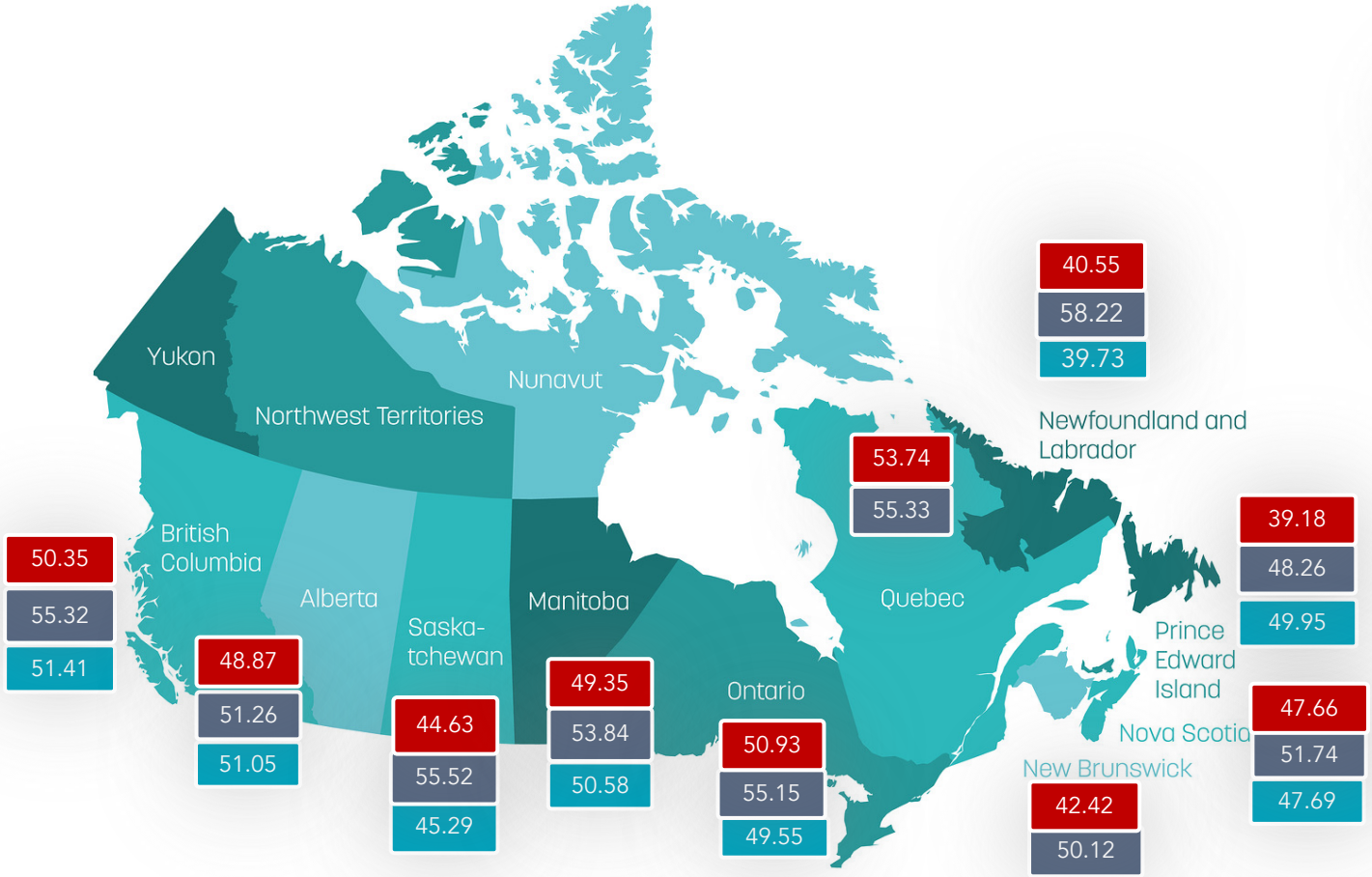


[1] 'Extremely Vulnerable' households have a financial resilience score of 0 to 30; 'Financially Vulnerable' a score of 30.01 to 50; 'Approaching Resilience' a score of 50.01 to 70, and 'Financially Resilient' a score of 70.01 to 100.

Source: Seymour Financial Resilience Index ™. Seymour Financial Resilience Index ™ is a trademark used under license.

© 2022 Financial Resilience Institute. All Rights Reserved.

Quebec is the strongest province from a household financial resilience perspective with a mean provincial score of 53.74 in June 2022, while Saskatchewan and the Maritimes are more challenged [1]



Mean financial resilience score by province (June 2022 Index)

Mean financial resilience score by province (October 2020 Index)

Mean financial resilience score by province (February 2020 Index baseline)

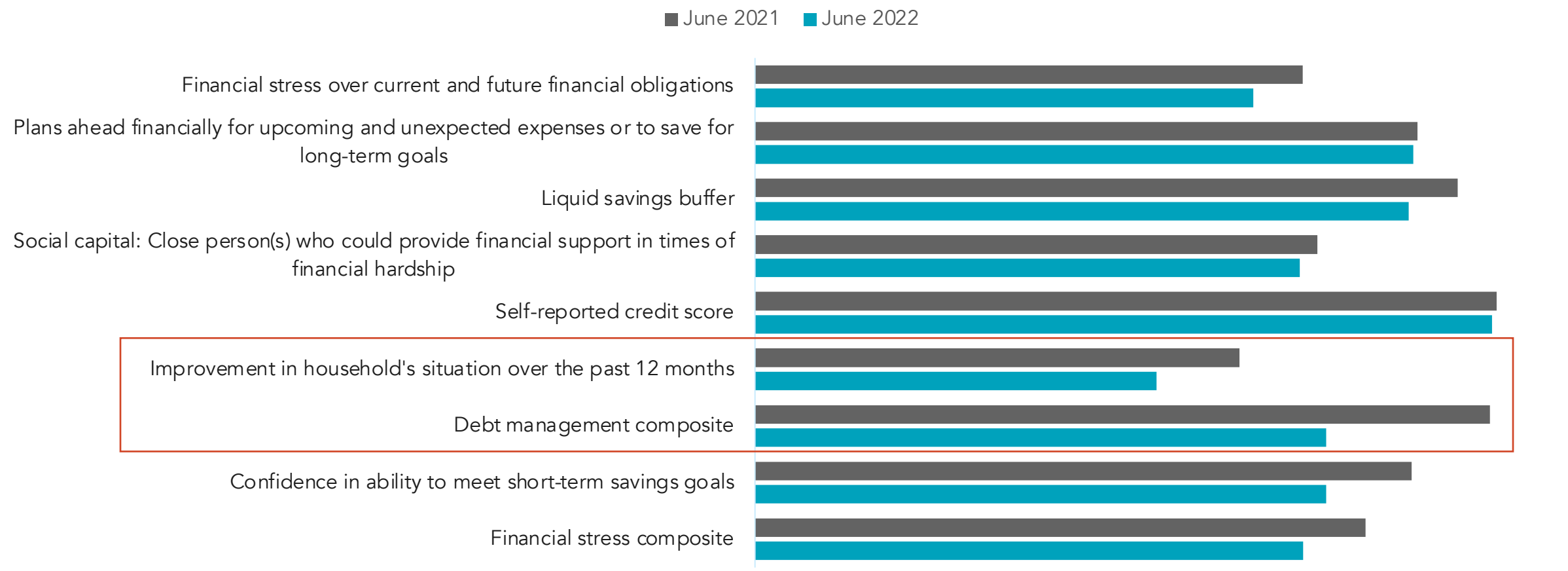
Canada mean financial resilience score is 50.52 (June 2022)

[1] The mean financial resilience score for provinces with smaller sample sizes (NL, PEI, NB and NS) needs to be taken into consideration for these provincial financial resilience scores.
Source: Seymour Financial Resilience Index ™
Seymour Financial Resilience Index ™ is a trademark used under license.
© 2022 Financial Resilience Institute. All Rights Reserved.

Changes across Index indicators between June 2021 and June 2022

While there are a number of indicators that have impacted the change in the mean financial resilience score, indicators that have shown the greatest changes are the 'debt management composite' indicator and the 'change in financial situation over the past twelve months' indicator.

Index indicators based on the June 2021 and June 2022

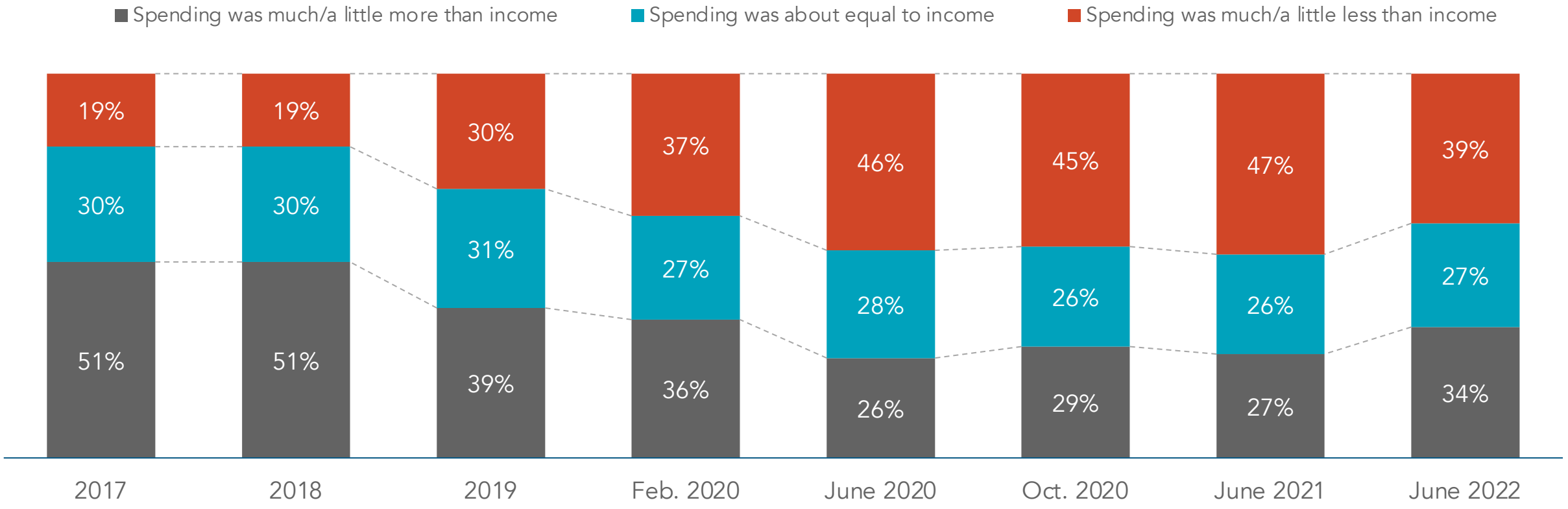


Source: Seymour Financial Resilience Index ™. Seymour Financial Resilience Index ™ is a trademark used under license.
© 2022 Financial Resilience Institute. All Rights Reserved.

The June 2022 Index shows a notable increase in households who are spending much or a little more than their household income.

34% of households report spending much or a little more than their household income over the past year as of June 2022, compared to 27% in June 2021 and 26% in June 2020 [1]. Longitudinal data shows continued financial discipline by Canadian households at the national level, especially compared to the period 2017 to 2019.

Reported household spending relative to household income over the past year; 2017 to 2022



[1] In June 2022 59% of households are living pay cheque to pay cheque, compared to 52% in June 2021 and 61% in February 2020, pre-pandemic.

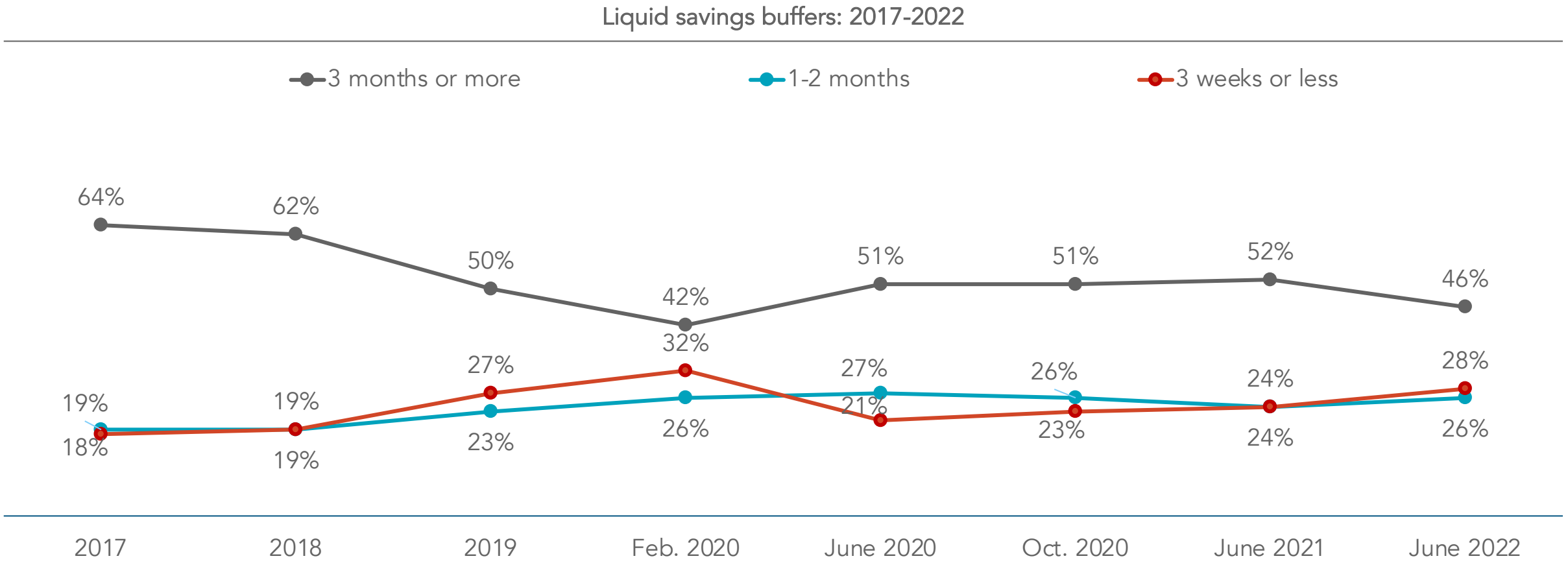
Source: Seymour Financial Resilience Index ™ and 2017 to 2022 Financial Well-Being studies.

Seymour Financial Resilience Index ™ is a trademark used under license.
© 2022 Financial Resilience Institute. All Rights Reserved.

Liquid savings buffers are at all-time lows: with 28% of Canadians having a liquid savings buffer of under 3 weeks and another 26% having a buffer of 1 to 2 months.

Financial Resilience Institute

Liquid savings buffers built up during the pandemic lockdowns have now been eroded, with significantly more households financially vulnerable in this regard compared to 2017-2018 and during the pandemic.

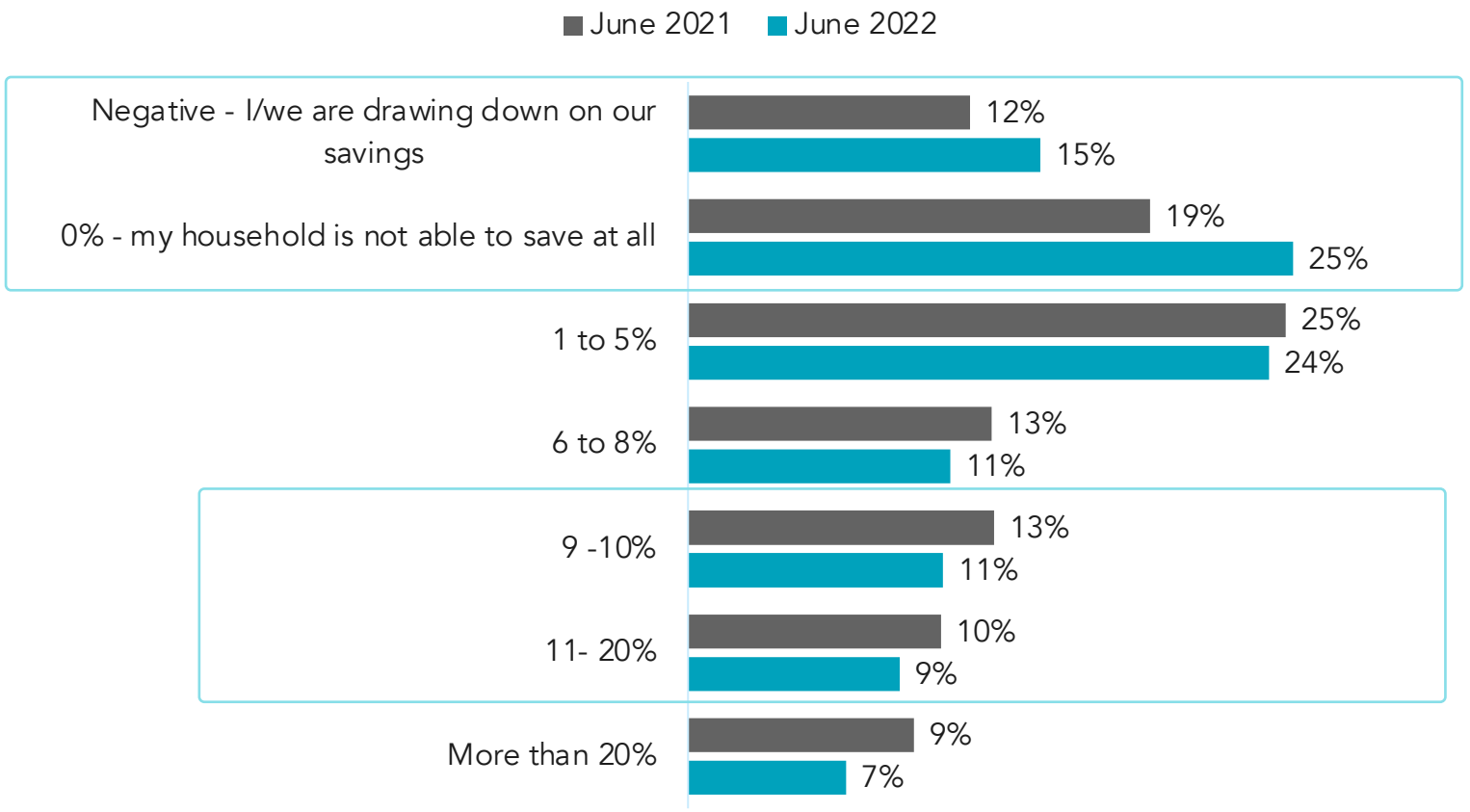


Source: Seymour Financial Resilience Index ™ and 2017 to 2022 Financial Well-Being studies.

Seymour Financial Resilience Index ™ is a trademark used under license.
© 2022 Financial Resilience Institute. All Rights Reserved.

40% of households have a zero or negative household savings rate in the past year as of June 2022, with this higher than a year earlier.

This is impacting households' liquid savings buffer and their confidence in their ability to meet short term savings goals: two Index indicators. Household savings rates vary significantly by financial resilience segment [1].



[1] See slide 36 for differences in household savings rates by financial resilience segment.

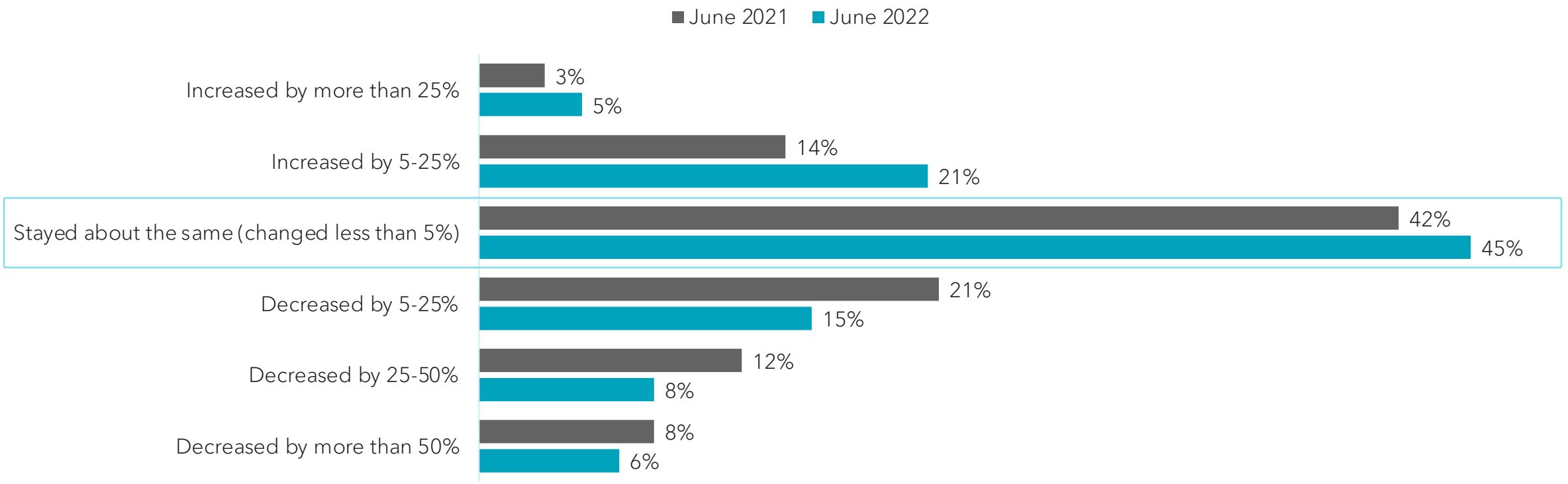
Source: Seymour Financial Resilience Index ™. Seymour Financial Resilience Index ™ is a trademark used under license.

© 2022 Financial Resilience Institute. All Rights Reserved.

29% of households report declines in their household incomes last year, 45% report their income has stayed about the same and 26% have seen an increase.

This has impacted the 'financial situation' Index indicator, with levels of financial stress over current and future obligations exacerbated by households needing to pay more for essential expenses, particularly for those who are more financially vulnerable. 16.6% of Canadians also experienced income volatility in June 2022 compared to 17.5% in June 2021 and 23% reported experiencing expense volatility.

How did your total household income from all sources last year (in 2021) compare to what it was the year before?



Source: Seymour Financial Resilience Index ™

Seymour Financial Resilience Index ™ is a trademark used under license.
© 2022 Financial Resilience Institute. All Rights Reserved.

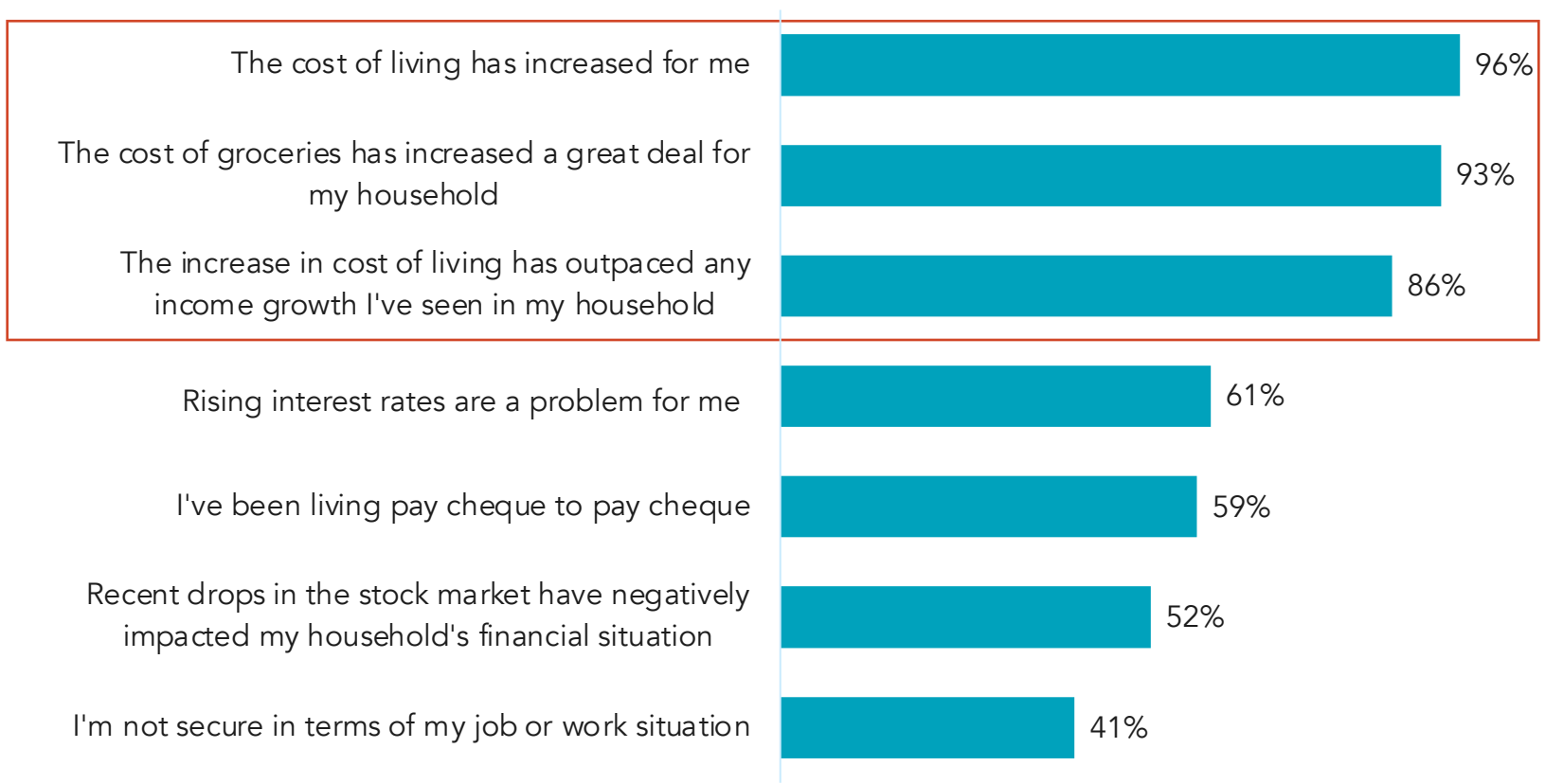
Sample insights on financial stressors and challenges of Canadians

The Index shines a light on the 'cost of living crisis' impacting Canadians and others around the world.

Financial Resilience Institute

86% of households report that their cost of living has outpaced any income growth they've seen in their household, with rising interest rates a problem for 61% of households. Challenges are exacerbated for Canadians with lower financial resilience scores.

Proportion of households experiencing financial stressors (June 2022)



Source: Seymour Financial Resilience Index ™

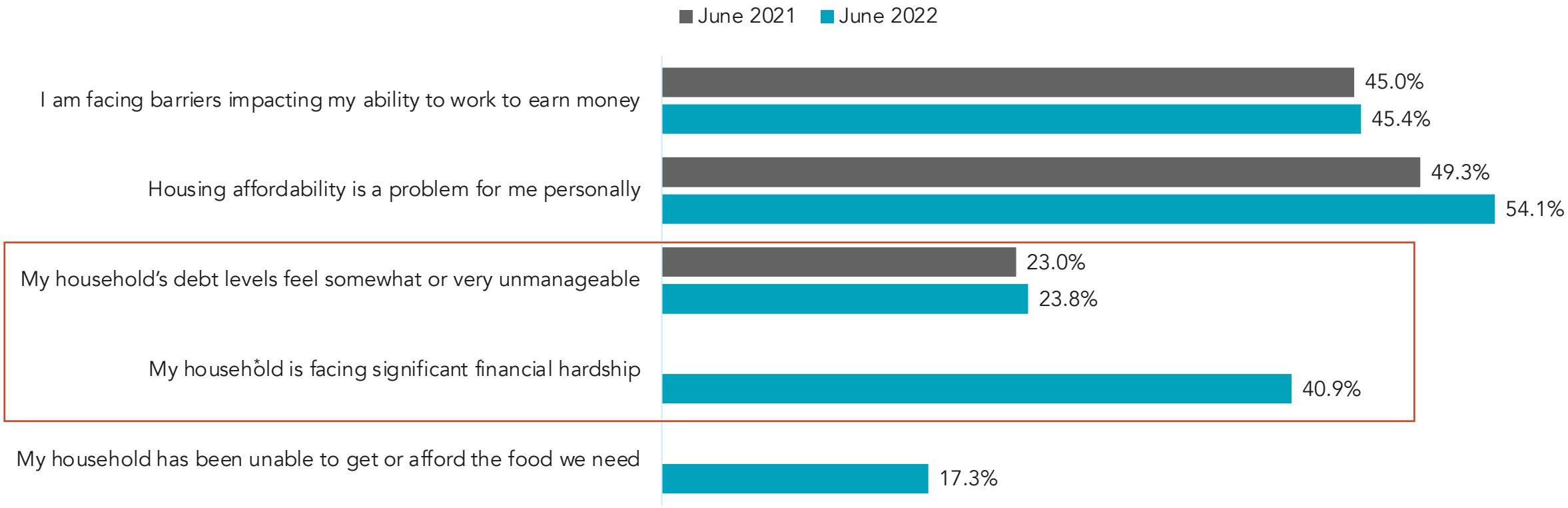
Seymour Financial Resilience Index ™ is a trademark used under license.
© 2022 Financial Resilience Institute. All Rights Reserved.

Housing affordability is a problem for 54% of households, 24% report their debt levels as unmanageable and 41% are facing significant financial hardship.

Financial Resilience Institute

Stressors are more prevalent for 'Extremely Vulnerable' and 'Financially Vulnerable' households and populations facing systemic barriers, such as low-income households or single parent families.

Percentage of Canadians experiencing the following challenges: June 2021 vs June 2022



*In June 2020 and June 2021, this statement was phrased as "My household is facing significant financial hardship as a result of the pandemic", but the data points are comparable.

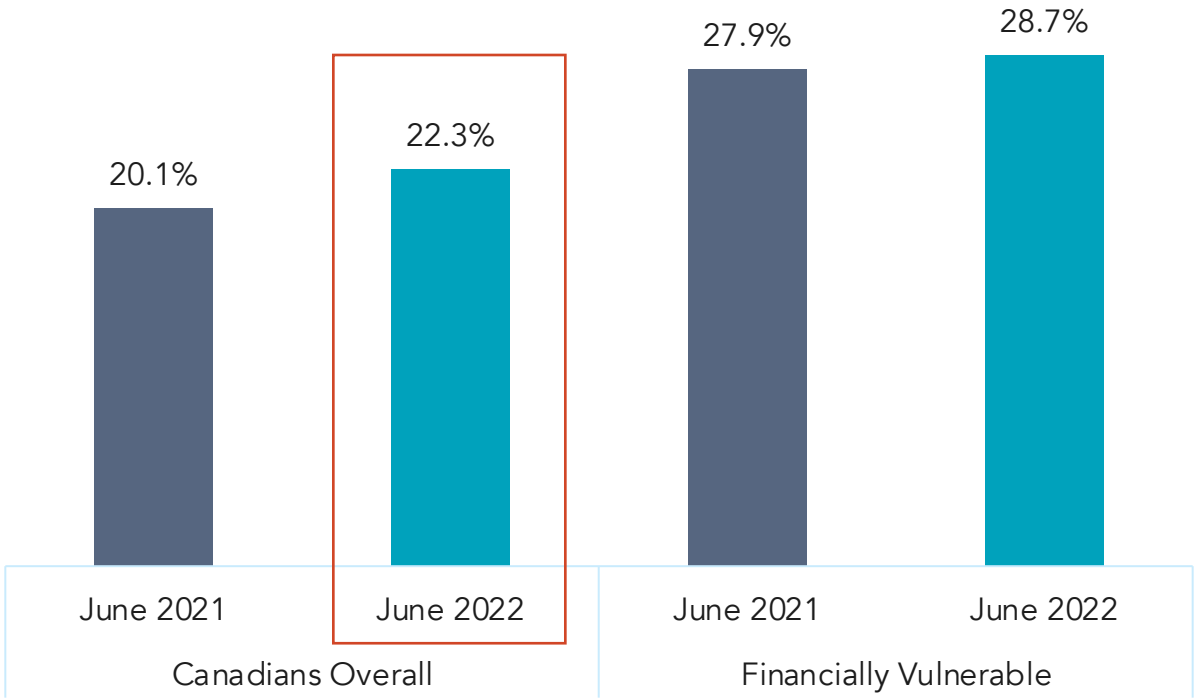
Source: Seymour Financial Resilience Index ™

Seymour Financial Resilience Index ™ is a trademark used under license.
© 2022 Financial Resilience Institute. All Rights Reserved.

22% of households report they are unable to meet their essential expenses as of June 2022, with the case for 29% of households that are more financially vulnerable [1]

Financial Resilience Institute

My household is unable to meet our essential expenses (shelter, food, utilities and transport)

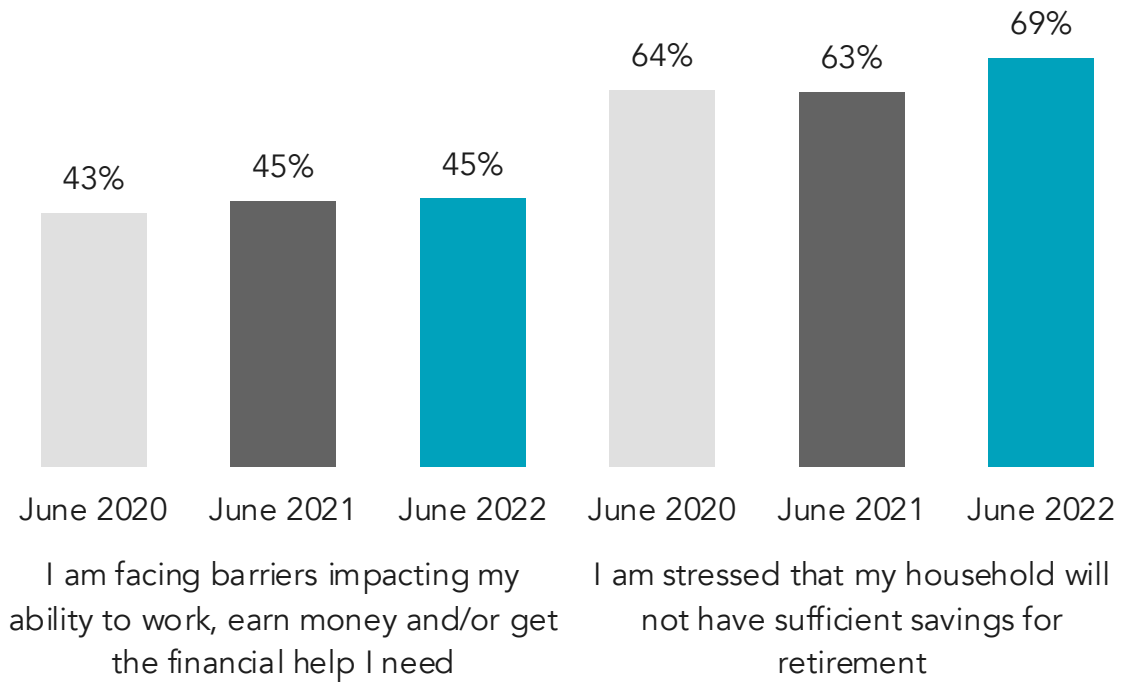


[1] 'Financially Vulnerable' include households with a financial resilience score of under 70.01. These are represented by 'Extremely Vulnerable', 'Financially Vulnerable' and 'Approaching Resilience' segments.
Source: Seymour Financial Resilience Index TM. Seymour Financial Resilience Index TM is a trademark used under license.
© 2022 Financial Resilience Institute. All Rights Reserved.

45% of households are facing barriers impacting their ability to work, earn money or get the financial help they need as of June 2022.

69% of households are stressed that their household won't have sufficient savings for retirement, with this an issue even for many 'Financially Resilient'' households.

Barriers impacting households' ability to work and stress regarding having sufficient savings for retirement



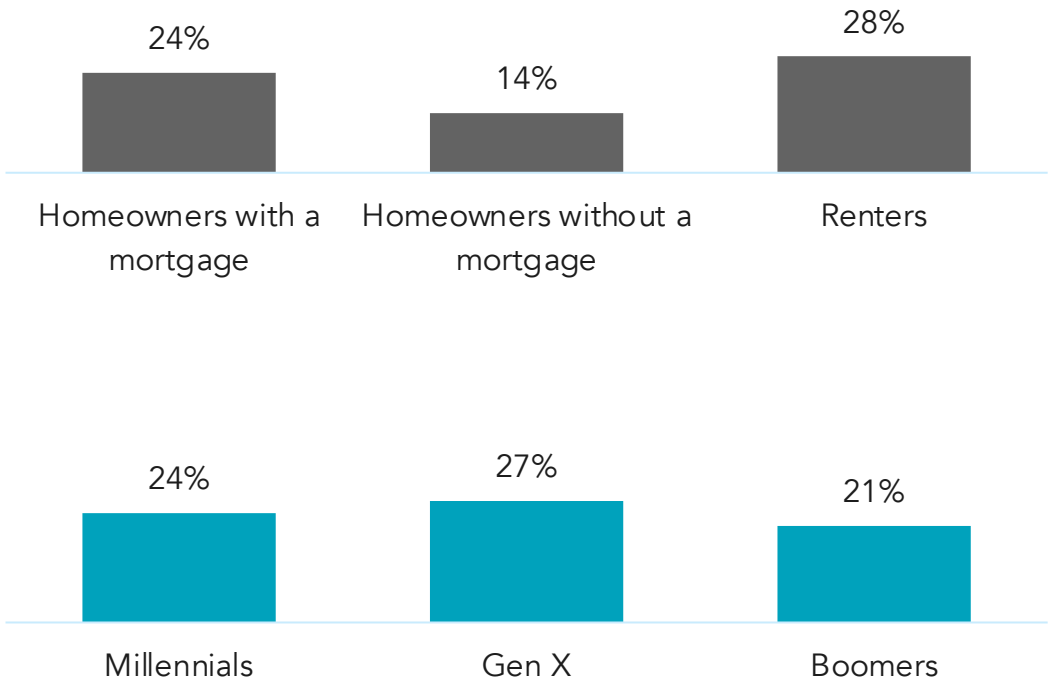
Source: Seymour Financial Resilience Index ™

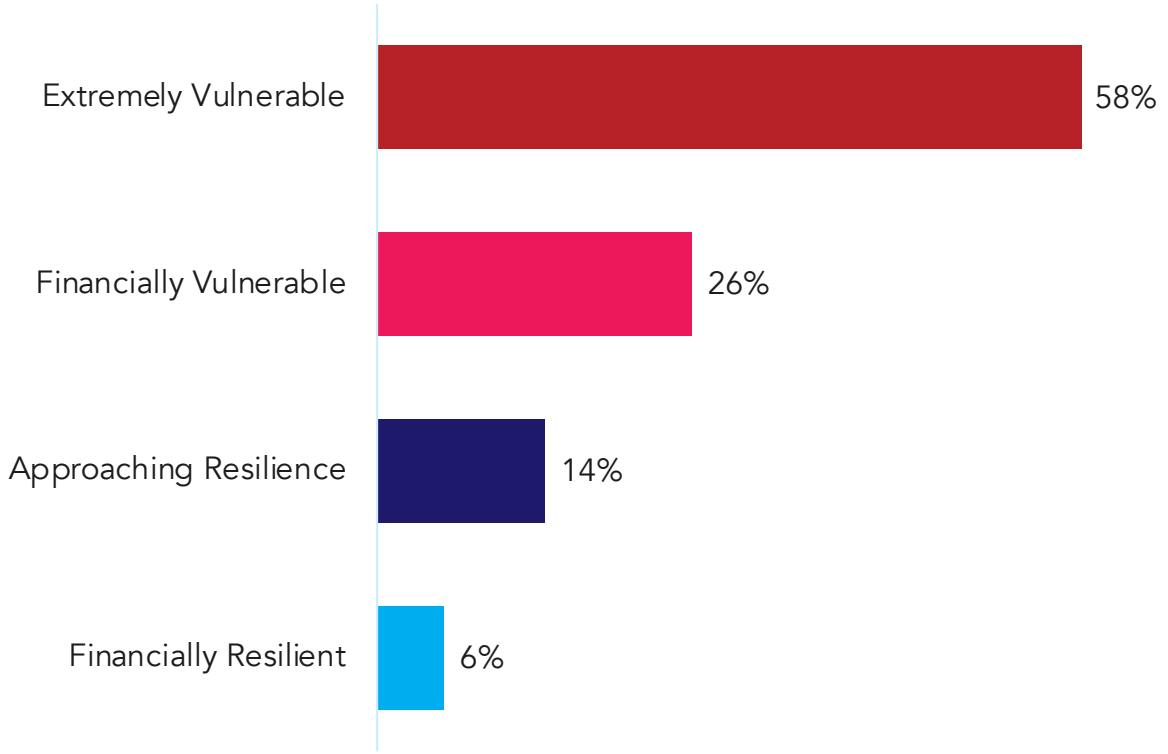
Seymour Financial Resilience Index ™ is a trademark used under license.
© 2022 Financial Resilience Institute. All Rights Reserved.

24% of homeowners with a mortgage and 27% of Gen X households report their household debt levels feel somewhat or very unmanageable.

58% of 'Extremely Vulnerable' households are challenged by debt manageability compared to 6% of 'Financially Resilient' households.

Proportion of households who agree that their household's debt levels feel somewhat or very unmanageable





'Extremely Vulnerable' households have a financial resilience score of 0 to 30; 'Financially Vulnerable' a score of 30.01 to 50; 'Approaching Resilience' a score of 50.01 to 70, and 'Financially Resilient' a score of 70.01 to 100.
Source: Seymour Financial Resilience Index ™

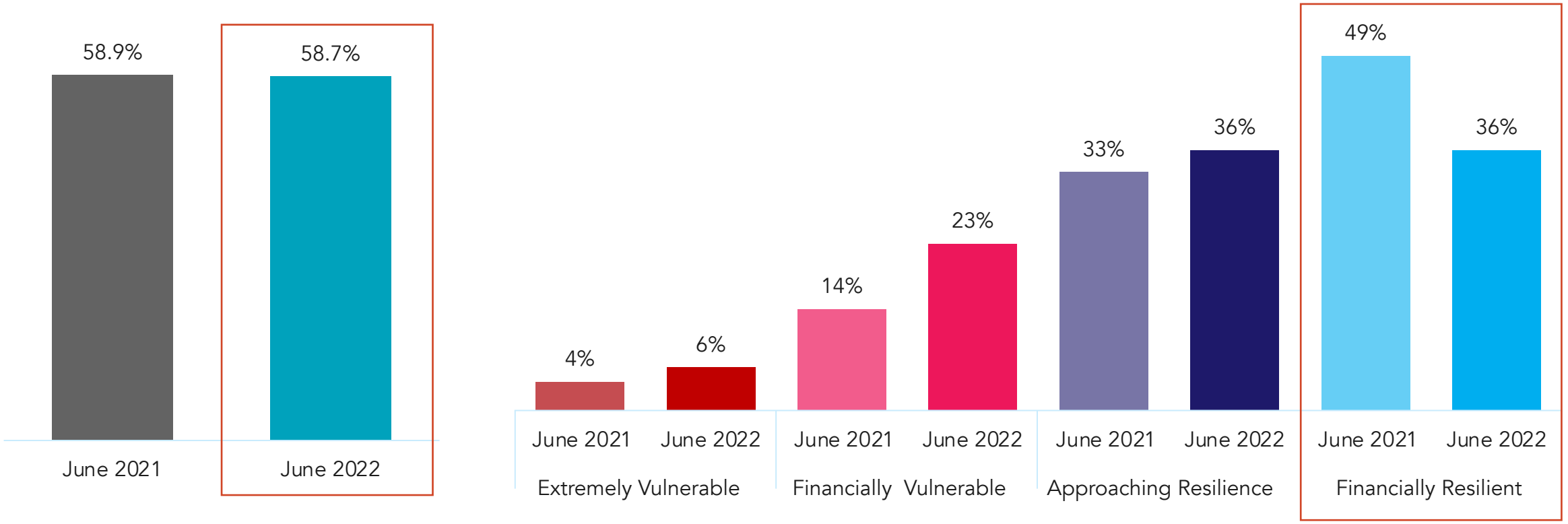
Seymour Financial Resilience Index ™ is a trademark used under license.
© 2022 Financial Resilience Institute. All Rights Reserved.

59% of households report their credit score to be 'good' or 'excellent as of June 2022. However only 36% of these same borrowers are 'Financially Resilient' underneath their credit score when scored against the Seymour Financial Resilience Index ™

Financial Resilience Institute

This is a significant reduction compared to 49% of borrowers being 'Financially Resilient' a year earlier based on the June 2021 Index [1]

Analytics by financial resilience segment of Canadian households that self-report having good or excellent credit scores: as of June 2022



[1] Data from studies such as the DUCA Impact Lab 'State of Fair Banking Borrower and Lender Study' (2021) highlight that households tend to report their credit scores accurately. https://ducaimpactlab.com/assets/pdf/DUCAImpactLab-ARG-Fair-Banking-Perspectives-Study-2019.pdf. In this study 78% of survey respondents knew their credit score or had some sense of it. Of the 71% of borrowers that those reporting having an excellent or good score, 70% actually had an good or excellent credit score based on Equifax data. See slide 22 of this report for details.

Source: Seymour Financial Resilience Index ™. Seymour Financial Resilience Index ™ is a trademark used under license.

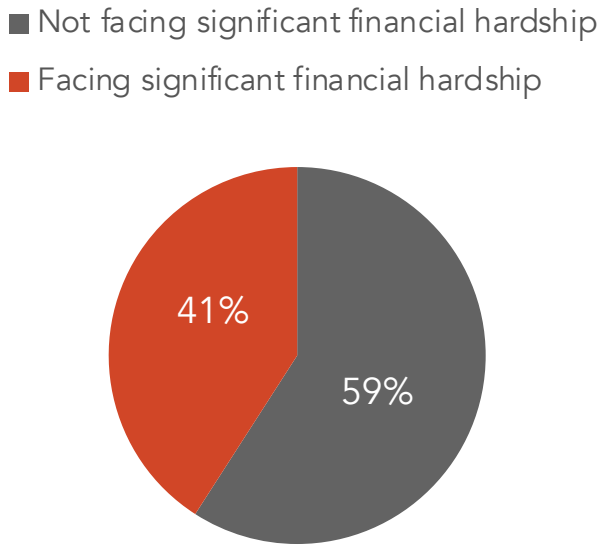
© 2022 Financial Resilience Institute. All Rights Reserved.

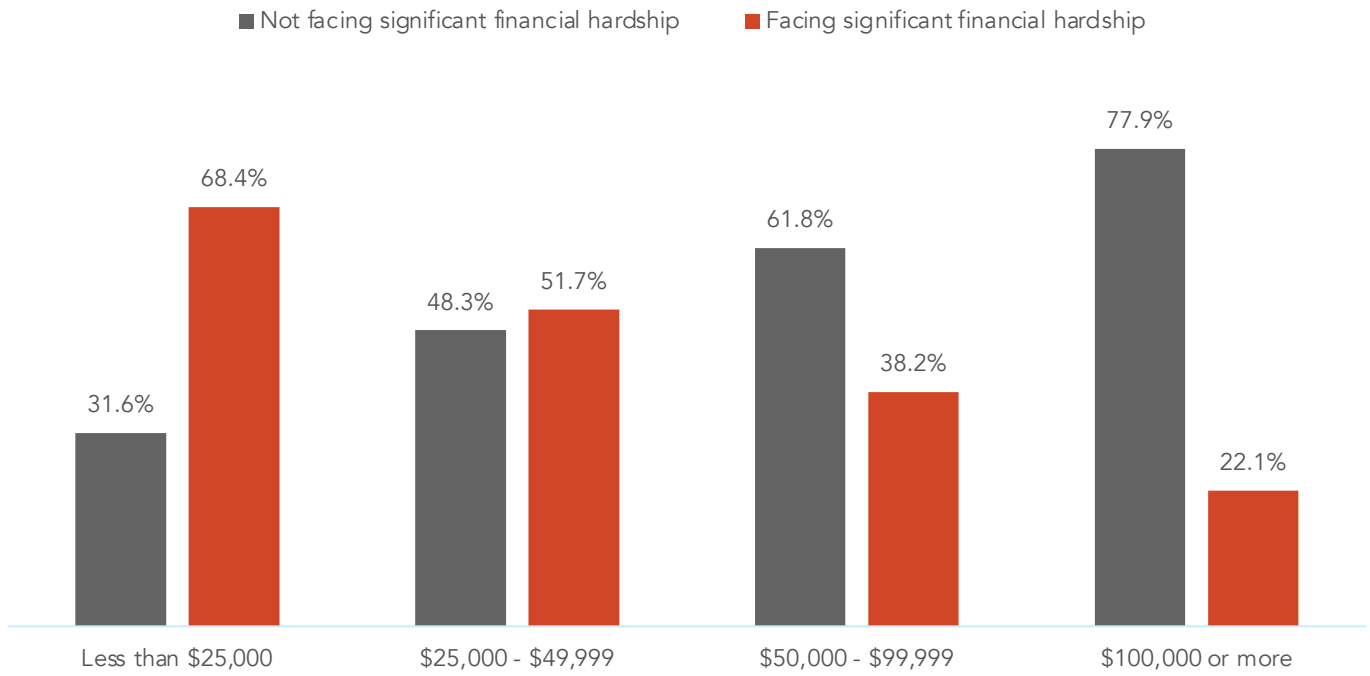
41% of Canadians are facing significant financial hardship as of June 2022.

There are significant nuances by type of household, with 68% of those with a household income under $25,000 experiencing financial hardship, compared to 22% of those with a household income over $100,000.

Financial Resilience Institute

Percentage of households facing significant financial hardship as of June 2022





Source: Seymour Financial Resilience Index ™

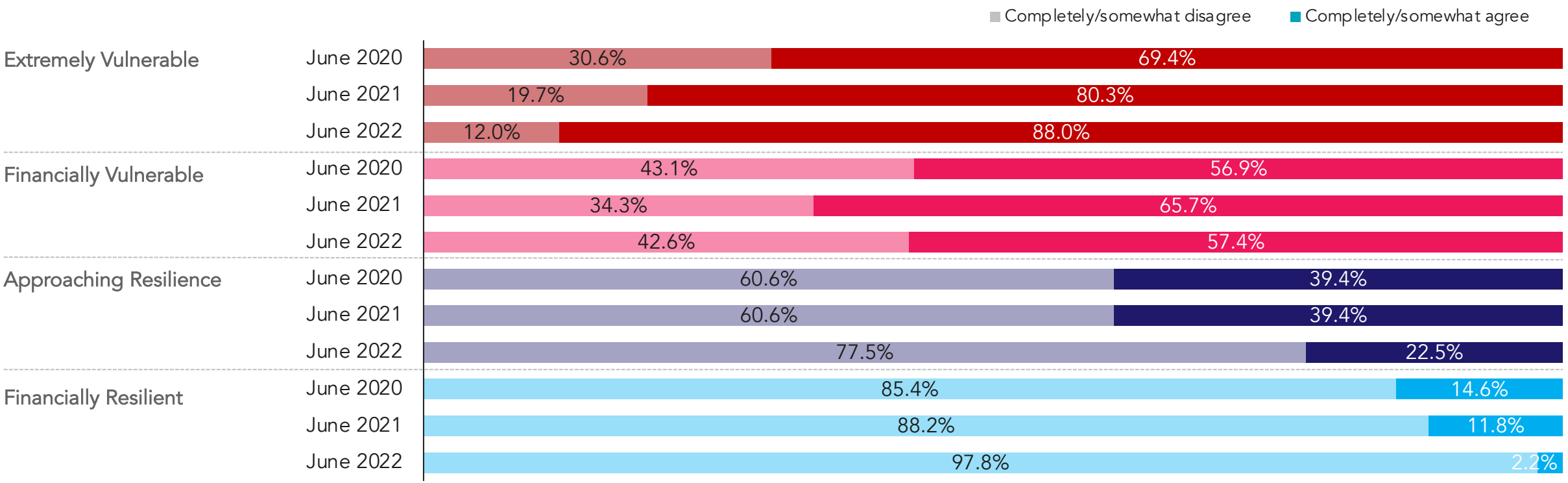
© 2022 Financial Resilience Institute. All Rights Reserved.

The Index shows an increasing percentage of 'Extremely Vulnerable' and 'Financially Vulnerable' Canadians experiencing significant financial hardship as of June 2022.

Financial Resilience Institute

This highlights how the pandemic and post-pandemic environment has exacerbated challenges and inequities for more financially vulnerable households: with evidence the 'financial resilience gap' [1]

The pandemic has caused my household significant financial hardship (June 2020 vs June 2021 vs June 2022)



[1] The financial resilience gap has been reported on for several years by our organization, with this measured for women, those who are more financially vulnerable based on their index scores and other populations.
'Extremely Vulnerable' households have a financial resilience score of 0 to 30; 'Financially Vulnerable' a score of 30.01 to 50; 'Approaching Resilience' a score of 50.01 to 70, and 'Financially Resilient' a score of 70.01 to 100.

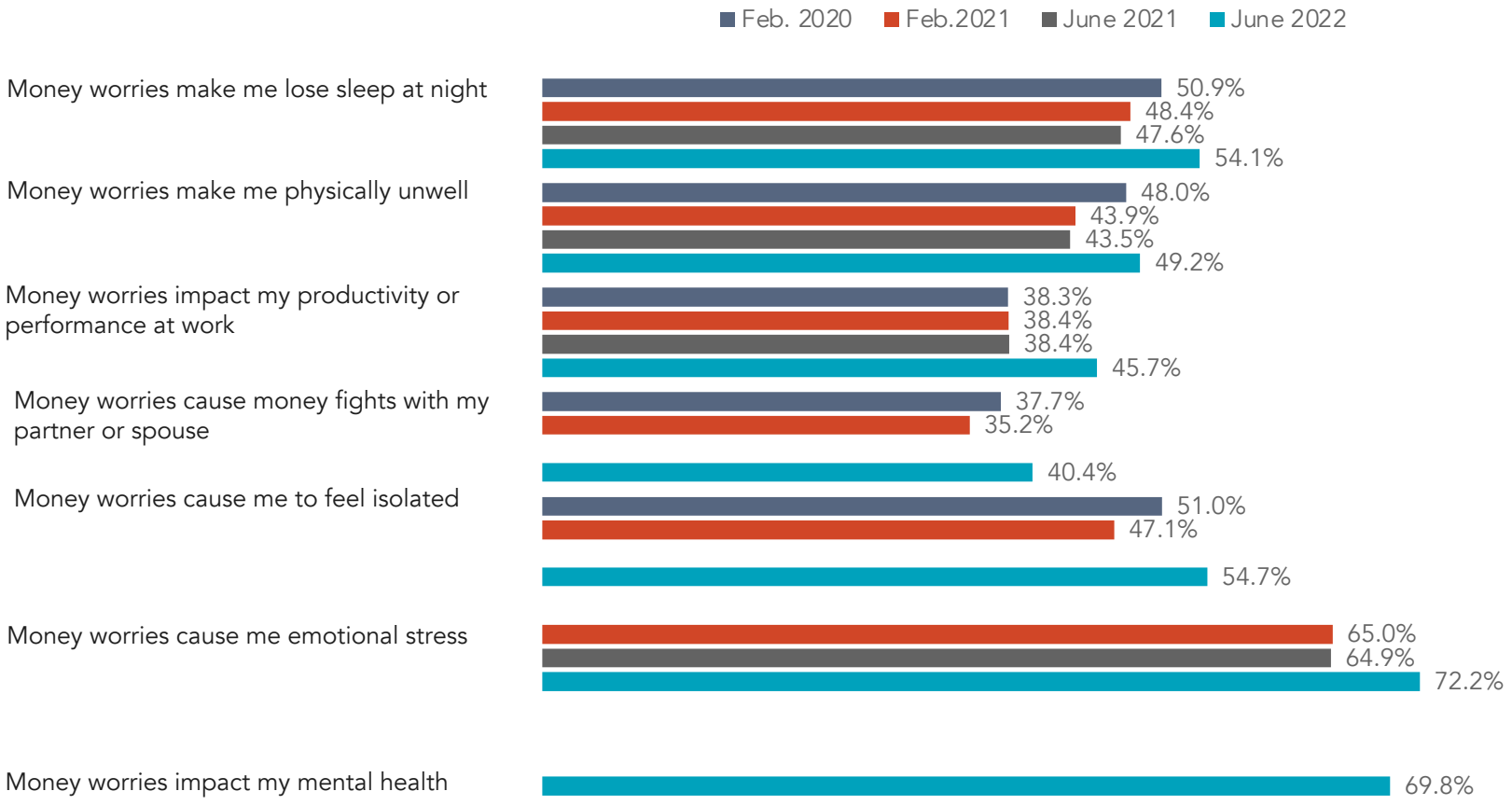
Source: Seymour Financial Resilience Index ™ Seymour Financial Resilience Index ™ is a trademark used under license.

© 2022 Financial Resilience Institute. All Rights Reserved.

Financial stress is negatively impacting the physical health of 50% of Canadians and the mental health of 70% of them: with greater challenges evidenced in 2022.

Financial Resilience Institute

Financial stress impacts on Canadians February 2020 (pre-pandemic) to June 2022



Source: Financial Well-Being studies and Seymour Financial Resilience Index ™ Seymour Financial Resilience Index ™ is a trademark used under license.

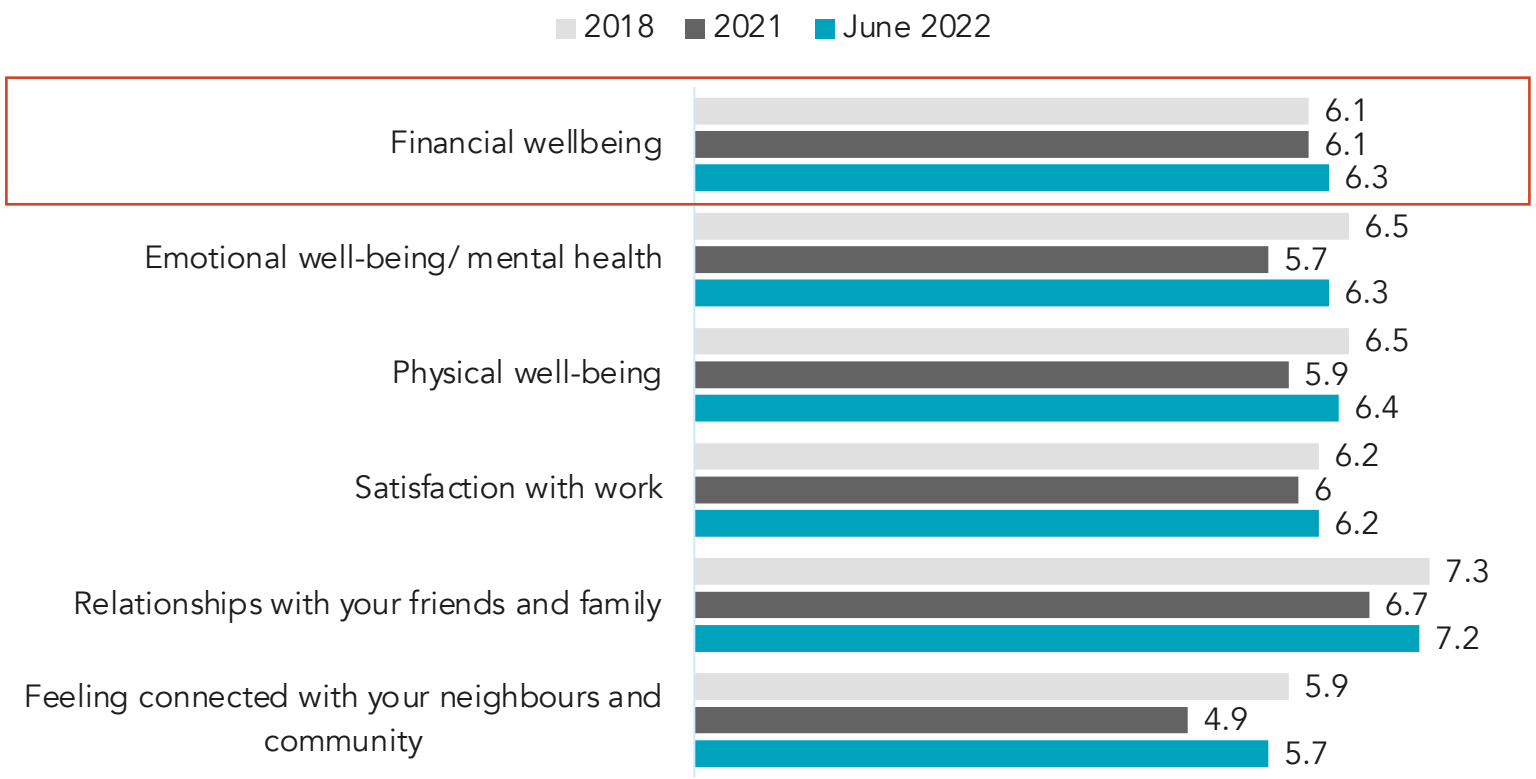
© 2022 Financial Resilience Institute. All Rights Reserved.

Changes in ratings of financial well-being compared to other well-being dimensions for Canadians as of June 2022 compared to 2021 and 2018.

Financial Resilience Institute

Overall, Canadians rate their financial well-being as 6.3 out of 10 in June 2022, with this more challenged for individuals and families who have lower financial resilience scores.

Ratings on a scale of 1 to 10 on well-being dimensions: in 2018, 2021 and 2022



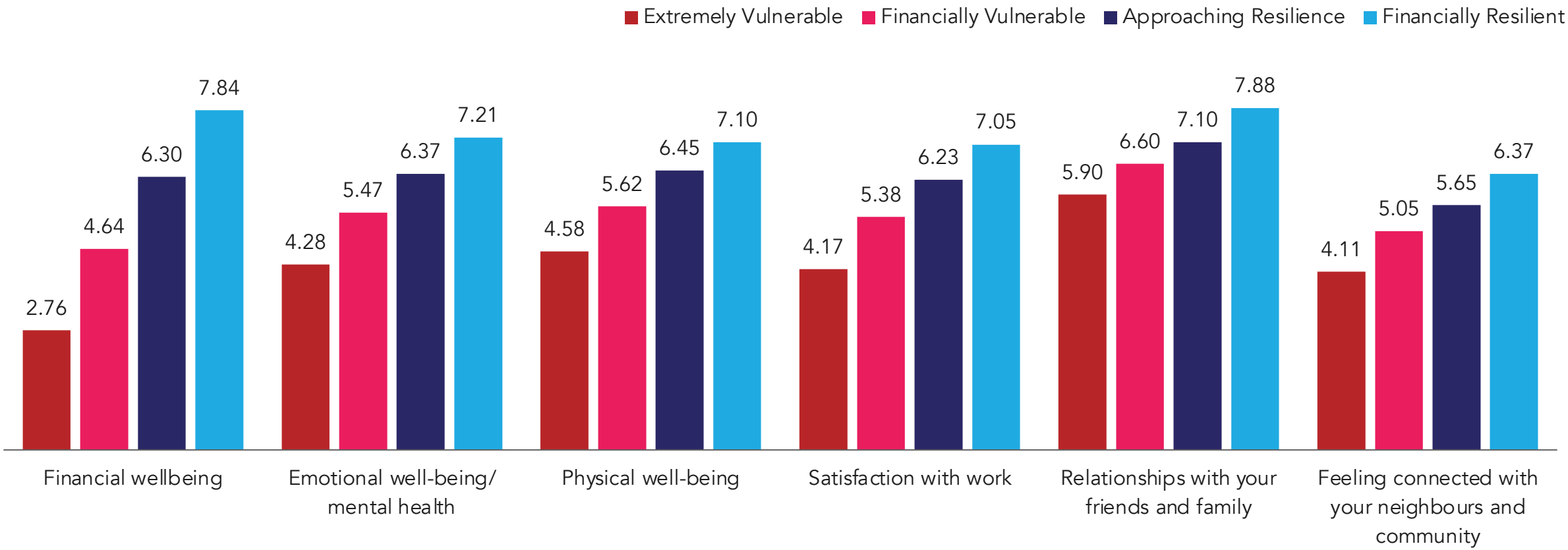
Source: Financial Well-Being studies and Seymour Financial Resilience Index ™

Seymour Financial Resilience Index ™ is a trademark used under license.
© 2022 Financial Resilience Institute. All Rights Reserved.

Canadians from more financially vulnerable households experience lower levels of well-being across all dimensions in 2022, as in 2021.

This has relevance for policymakers, Employers focused on their employees' engagement and productivity and all those with a stake in the financial and overall well-being of households and those who are more vulnerable [1].

Analytics on well-being dimensions for Canadians across the four financial resilience segments: based on the June 2022 Index



[1] 'Extremely Vulnerable' households have a financial resilience score of 0 to 30; 'Financially Vulnerable' a score of 30.01 to 50; 'Approaching Resilience' a score of 50.01 to 70, and 'Financially Resilient' a score of 70.01 to 100.

Source: June 2022 Financial Well-Being study and Seymour Financial Resilience Index ™

Seymour Financial Resilience Index ™ is a trademark used under license.
© 2022 Financial Resilience Institute. All Rights Reserved.

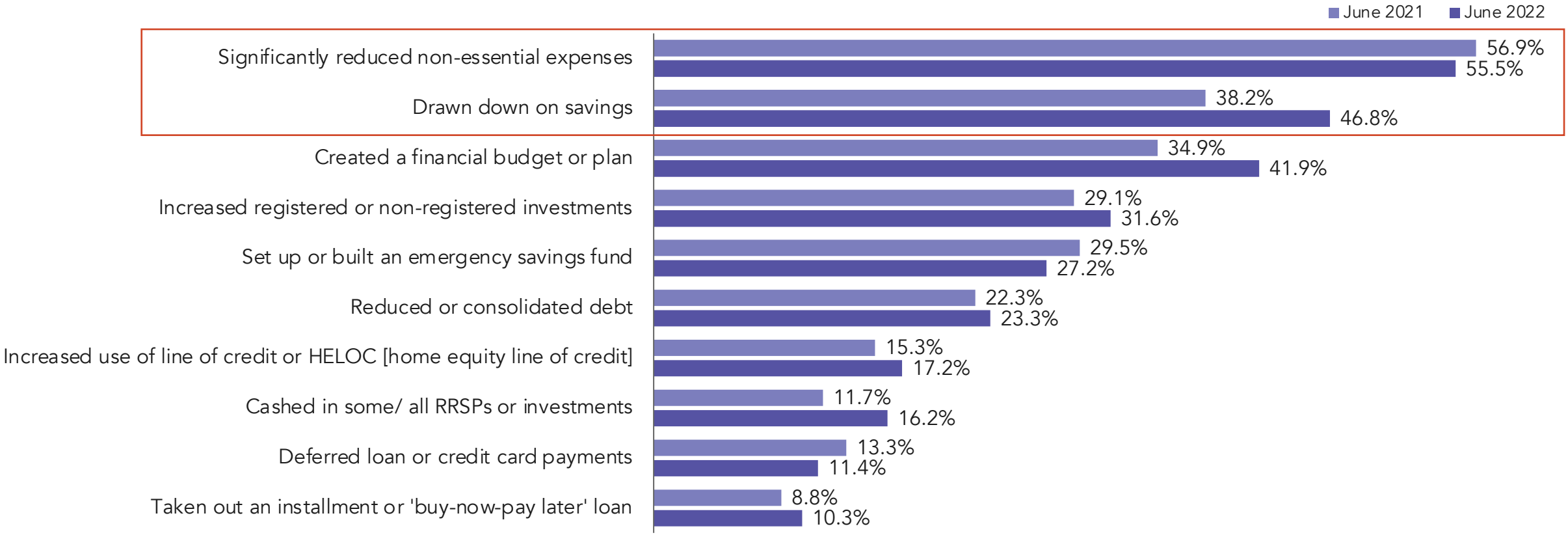
Nuances in reported financial behaviours and financial stressors

Reported financial behaviours of Canadians in June 2022 compared to June 2021

Financial Resilience Institute

Canadians continue to work hard to maintain or improve their financial resilience at the national level, with 55.5% reporting they have significantly reduced their non-essential expenses over the past 12 months in June 2022 - similar to last year. Despite 41.9% of households having created a financial budget or plan, 46.8% have drawn down on their savings to manage. This is a significant increase over June 2021. The high cost of living, inflationary environment, rising interest rates, impact of unplanned life events and other barriers have impacted Canadians, with nuances by financial resilience segment and type of household.

Proportion of households compared to Canadians overall that report that over the past 12 months they have:

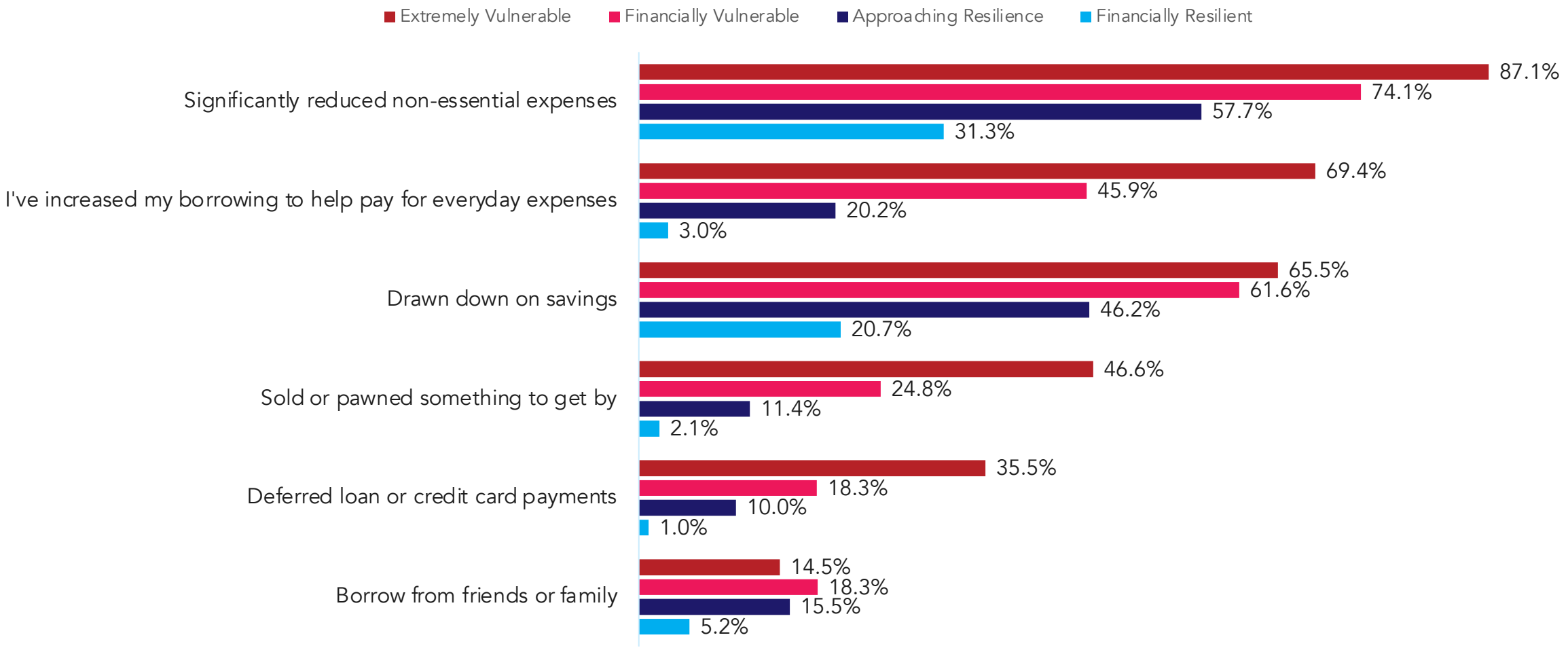


Source: Seymour Financial Resilience Index ™

Seymour Financial Resilience Index ™ is a trademark used under license.
© 2022 Financial Resilience Institute. All Rights Reserved.

Sample differences in financial behaviours by financial resilience segment

2022 Index data shows that more 'Extremely Vulnerable' and 'Financially Vulnerable' households are working much harder to reduce their non-essential expenses compared to more financially resilient households yet are still falling behind. More of these same households have increased their borrowing to help pay for essentials, draw down on savings and/or sell or pawn something to get by financially.



'Extremely Vulnerable' households have a financial resilience score of 0 to 30; 'Financially Vulnerable' a score of 30.01 to 50; 'Approaching Resilience' a score of 50.01 to 70, and 'Financially Resilient' a score of 70.01 to 100.

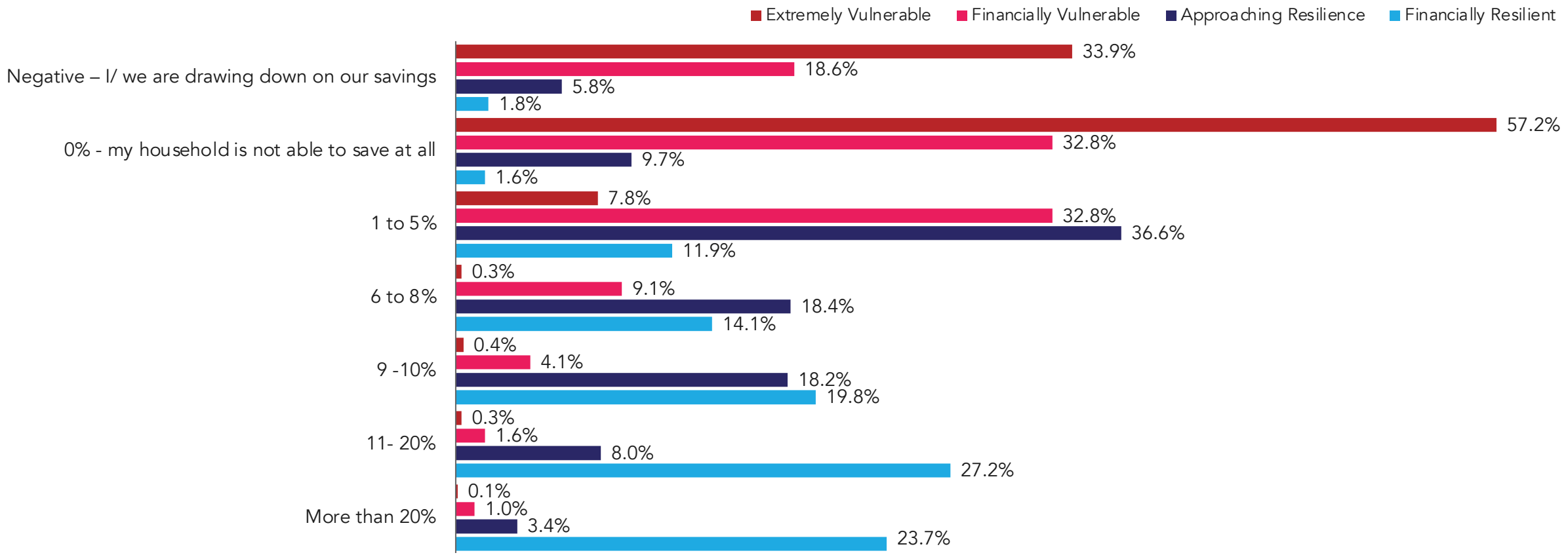
Source: Seymour Financial Resilience Index ™. Seymour Financial Resilience Index ™ is a trademark used under license.

© 2022 Financial Resilience Institute. All Rights Reserved.

34% of 'Extremely Vulnerable' households are drawing down on their savings and 57% have a zero savings rate based on the June 2022 Index.

This compares to just 1.8% and 1.6% for 'Financially Resilient' households respectively, highlighting nuances in the financial vulnerability of households by segment and for key populations [1]

Household savings rates for households by financial resilience segment: based on the June 2022 Index



[1] 'Extremely Vulnerable' households have a financial resilience score of 0 to 30; 'Financially Vulnerable' a score of 30.01 to 50; 'Approaching Resilience' a score of 50.01 to 70, and 'Financially Resilient' a score of 70.01 to 100.

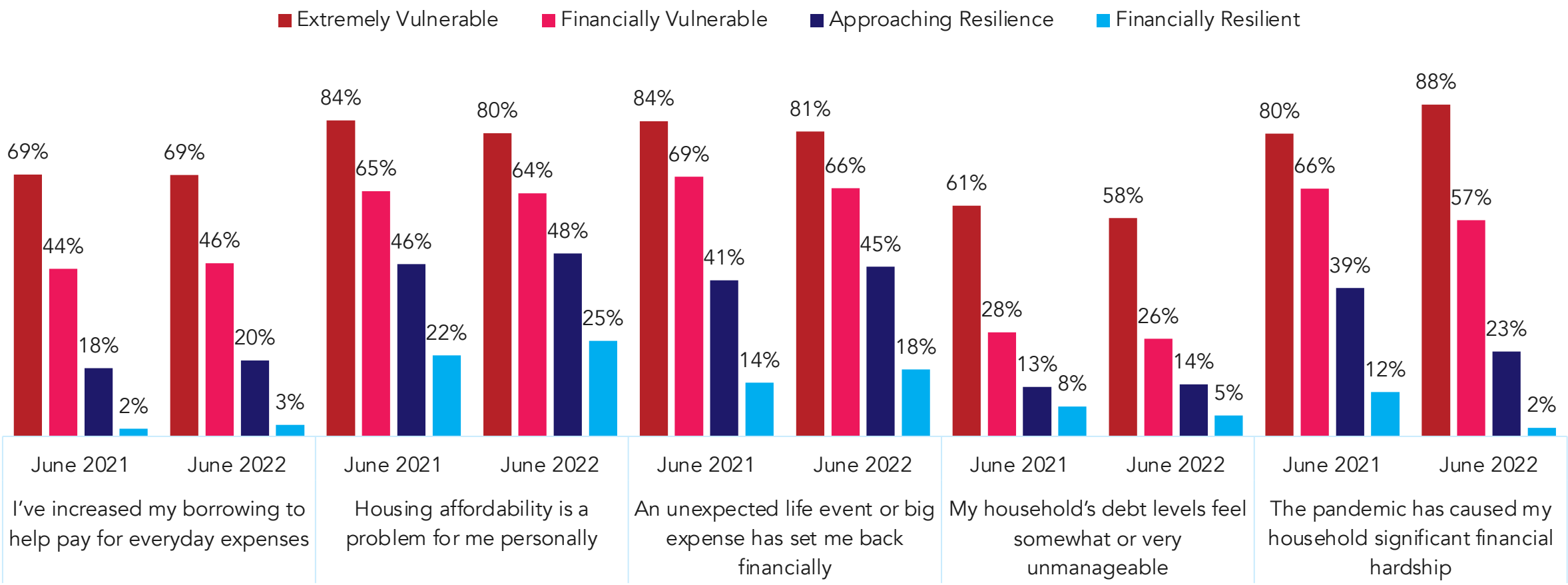
Source: Seymour Financial Resilience Index ™

Seymour Financial Resilience Index ™ is a trademark used under license.
© 2022 Financial Resilience Institute. All Rights Reserved.

More financially vulnerable households are much more challenged across many indicators, including borrowing for everyday expenses and being impacted by life events or big expenses setting them back financially.

Financial Resilience Institute

Households experiencing challenges – June 2021 vs June 2022



'Extremely Vulnerable' households have a financial resilience score of 0 to 30; 'Financially Vulnerable' a score of 30.01 to 50; 'Approaching Resilience' a score of 50.01 to 70, and 'Financially Resilient' a score of 70.01 to 100.

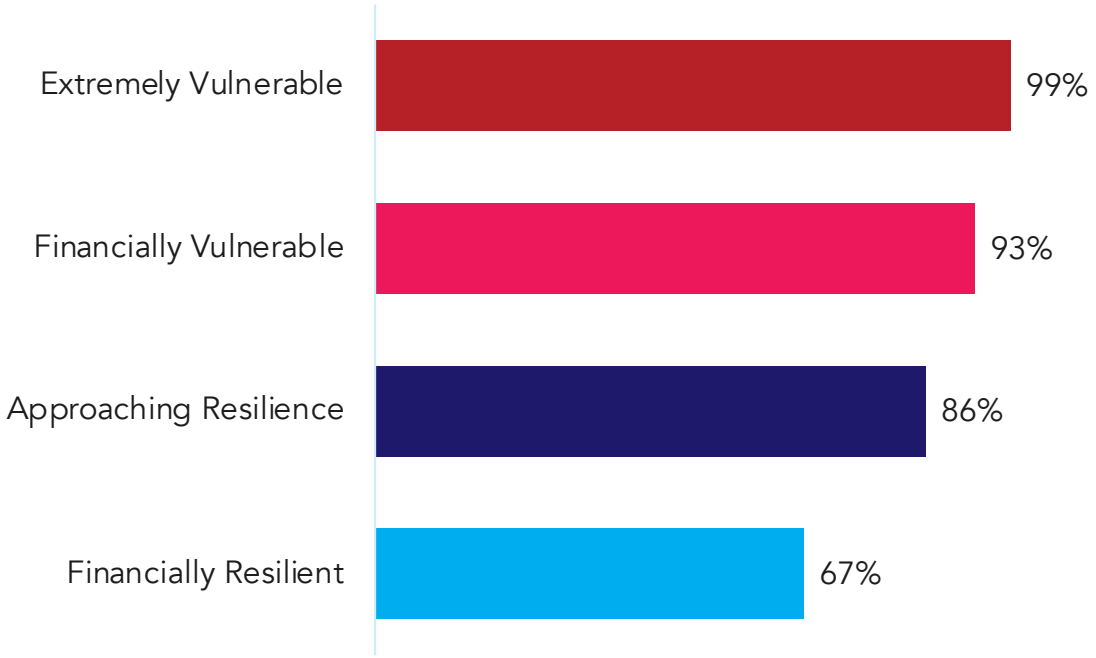
Source: Seymour Financial Resilience Index ™

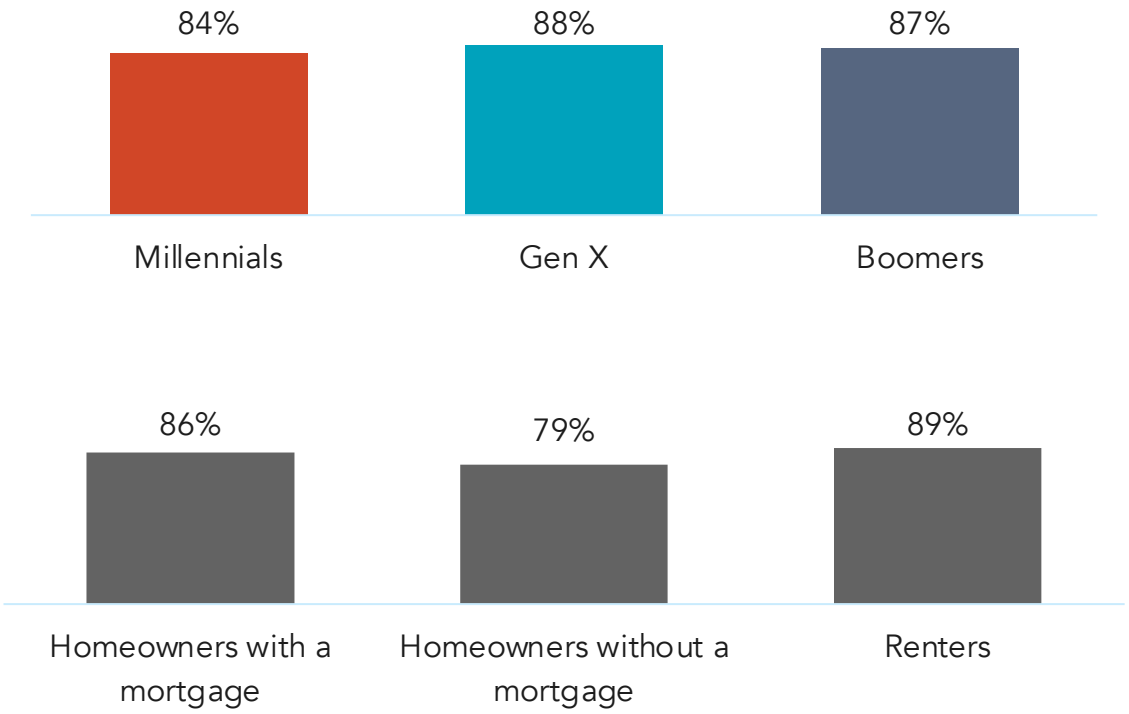
Seymour Financial Resilience Index ™ is a trademark used under license.
© 2022 Financial Resilience Institute. All Rights Reserved.

All ‘Extremely Vulnerable’ Canadians agree that the increase in cost of living has outpaced their household’s income growth, with this still a challenge for 67% of ‘Financially Resilient’ households.

Financial Resilience Institute

Percentage who agree that the increase in cost of living has outpaced any income growth they’ve seen in their household





‘Extremely Vulnerable’ households have a financial resilience score of 0 to 30; ‘Financially Vulnerable’ a score of 30.01 to 50; ‘Approaching Resilience’ a score of 50.01 to 70, and ‘Financially Resilient’ a score of 70.01 to 100.

Source: Seymour Financial Resilience Index ™. Seymour Financial Resilience Index ™ is a trademark used under license.

© 2022 Financial Resilience Institute. All Rights Reserved.

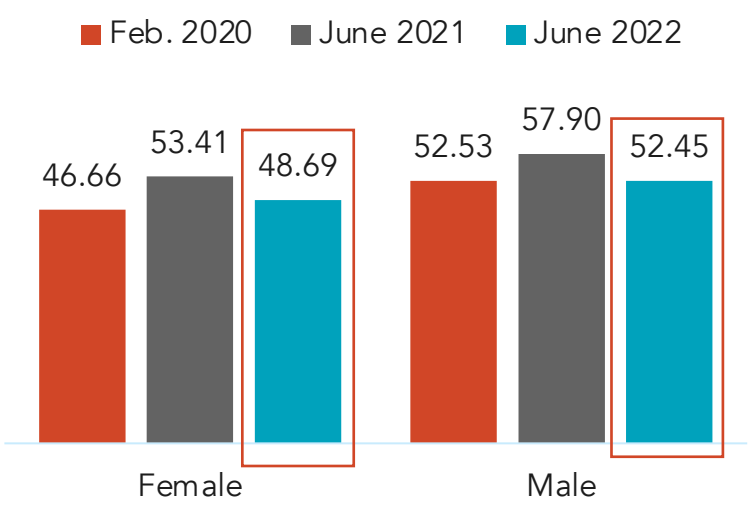
There continues to be a 'financial resilience gap' between women and men, with their mean financial resilience score 48.69 compared to 52.45 for men as of June 2022.

Financial Resilience Institute

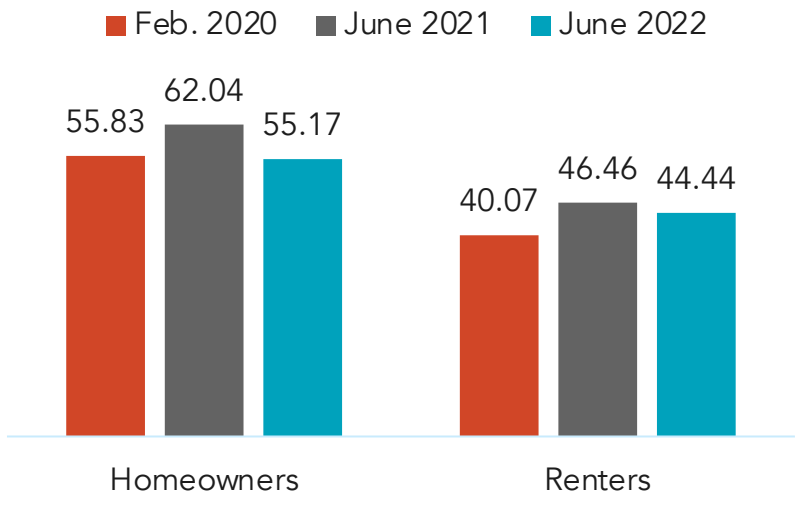
The June 2022 Index also shows increased financial vulnerabilities for homeowners and other populations.

Mean financial resilience scores for Canadians based on the Seymour Financial Resilience Index ™

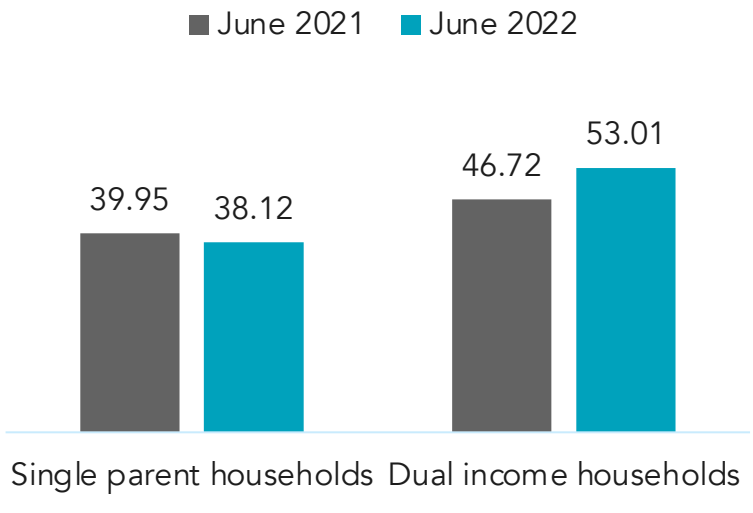
Women compared to Men



Renters compared to Homeowners



Single parent compared to dual-income households

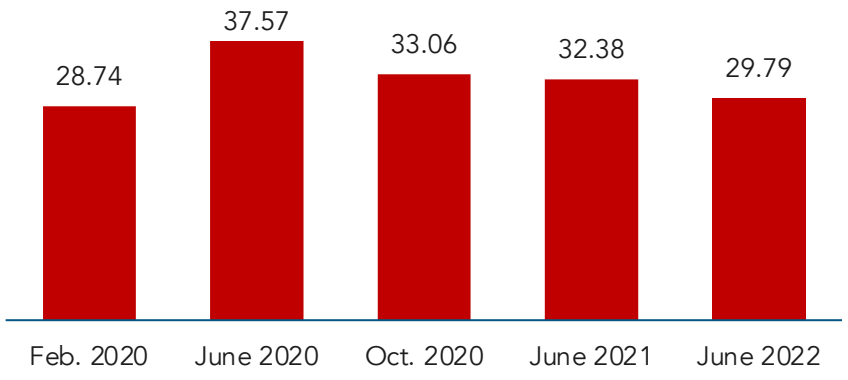


Source: Financial Well-Being studies and Seymour Financial Resilience Index ™

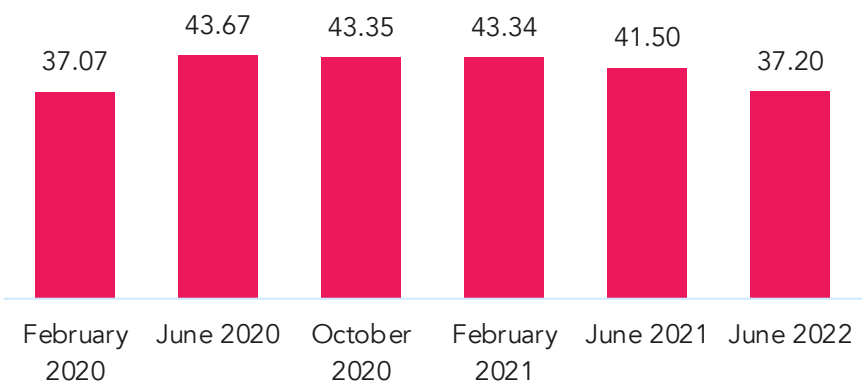
Seymour Financial Resilience Index ™ is a trademark used under license.
© 2022 Financial Resilience Institute. All Rights Reserved.

Canadians with disabilities and those with low incomes have increased financial vulnerability in June 2022, with gains during the pandemic eroded.

Mean financial resilience score of Canadians with a disability



Mean financial resilience score of low-income Canadians [1]



'Extremely Vulnerable' households have a financial resilience score of 0 to 30; 'Financially Vulnerable' a score of 30.01 to 50; 'Approaching Resilience' a score of 50.01 to 70, and 'Financially Resilient' a score of 70.01 to 100.

[1] Low-income Canadians are defined as iindividuals and families with household income under $25,000 plus households with more than one individual with a household income of under $50,000 (i.e. excluding single person households with a household income of <$50,000). The June 2022, June 2021 and June 2018 Financial Well-Being studies have a boost sample of low-income Canadians with a total sample size of 1516 Canadians with low incomes for the June 2022 study.

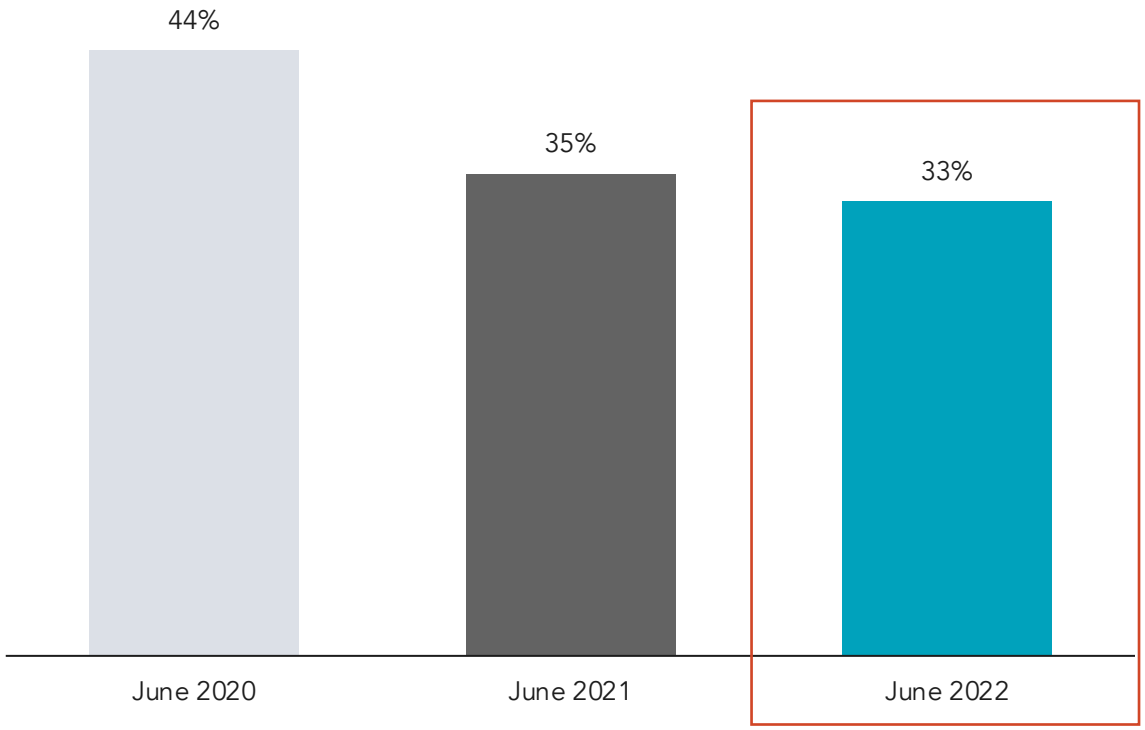
Source: Seymour Financial Resilience Index ™ Seymour Financial Resilience Index ™ is a trademark used under license.

© 2022 Financial Resilience Institute. All Rights Reserved.

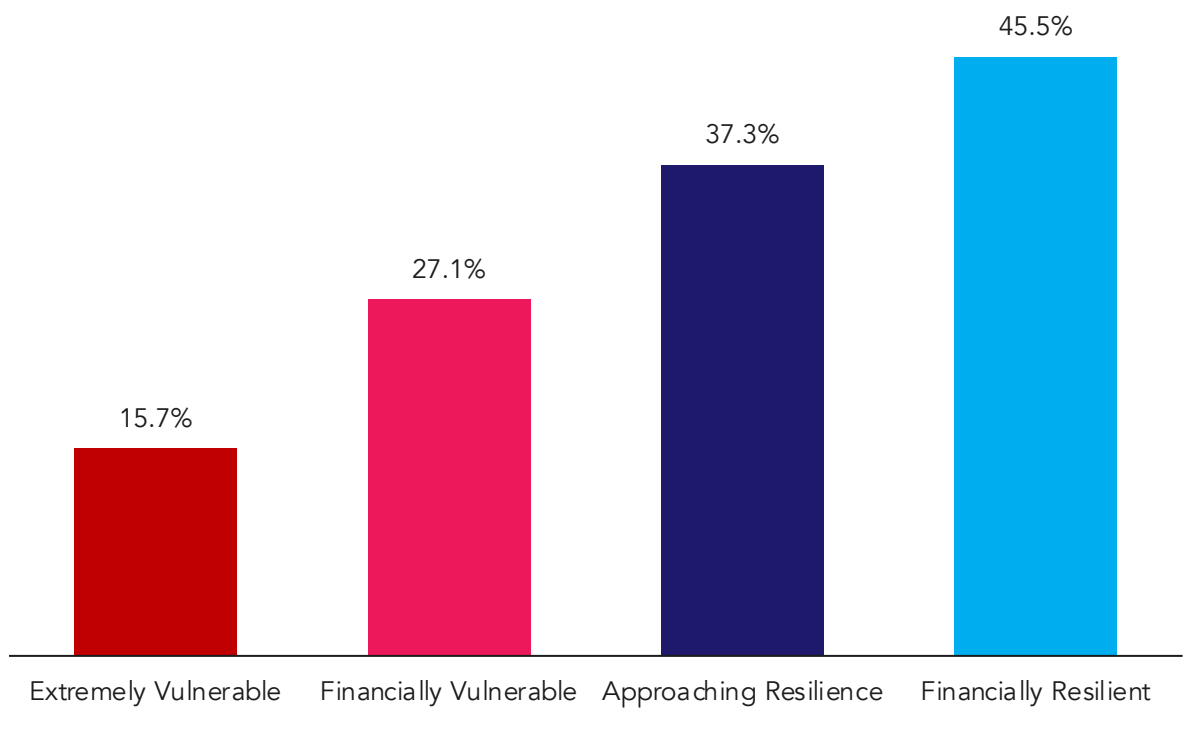
33% of households rate their primary FI as 'good to excellent' for helping to improve their financial wellness in the past 12 months as of June 2022.

This highlights the opportunity for improved financial wellness delivery support by FIs, including customers who are more financially vulnerable, with 16% and 28% of 'Extremely Vulnerable' and 'Financially Vulnerable' rating their FI highly for financial wellness delivery support over the past 12 months, compared to 46% of 'Financially Resilient' customers.

Percentage of Canadians who rate their primary bank Financial Institution [FI] as 'Good' or 'Excellent' in helping to improve their financial wellness: in 2020, 2021 and 2022 [1]



Percentage of Canadians who rate their primary bank Financial Institution [FI] as 'Good' or 'Excellent' in helping to improve their financial wellness by financial resilience segment as of June 2022



The Financial Well-being studies include respondents who bank primarily with a bank, a credit union and an alternative Financial services company (such as Presidents Choice Financial or Tangerine.)

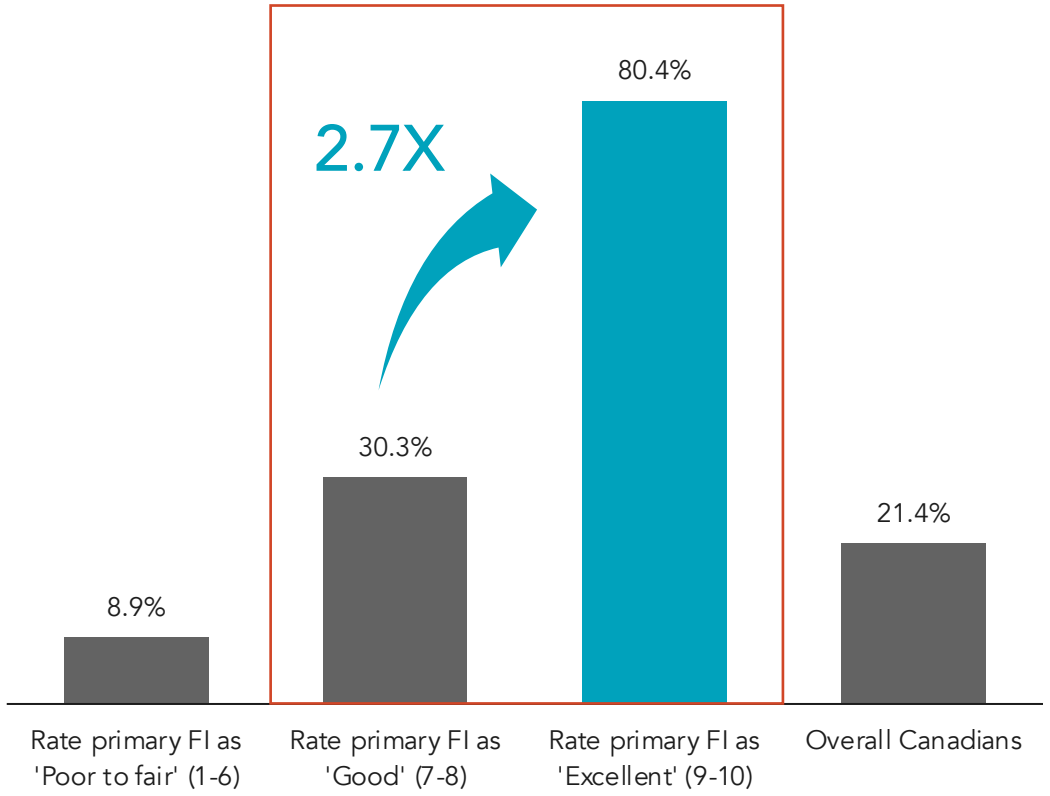
Source: June 2022 Financial Well-Being study and Seymour Financial Resilience Index ™. Seymour Financial Resilience Index TM is a trademark used under license.

© 2022 Financial Resilience Institute. All Rights Reserved.

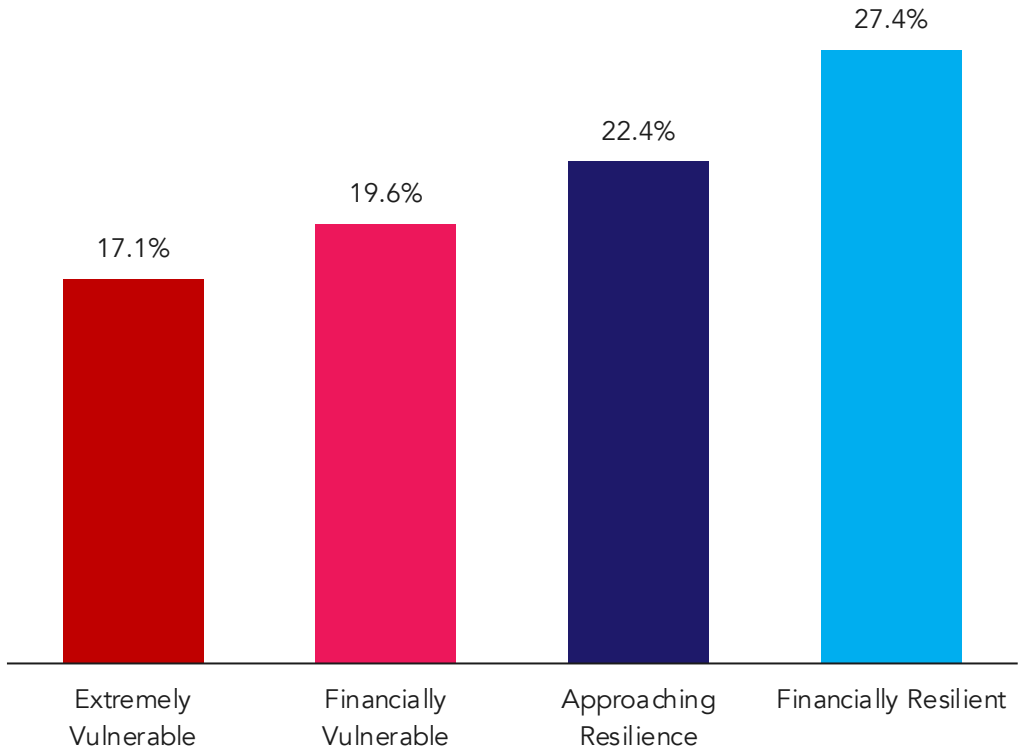
Improved financial wellness support by Financial Institutions [FIs] leads to improve customer and social outcomes plus improved brand advocacy for the FI.

More financially resilient households are more likely to be promoters of their FI, as they are also more likely to be better supported from a financial wellness perspective.

Likelihood to recommend their primary FI to others for customers that rate their primary FI for helping to improve their financial wellness as of June 2022



Proportion of customers who are "promoters" of their Financial Institution by financial resilience segment as of June 2022



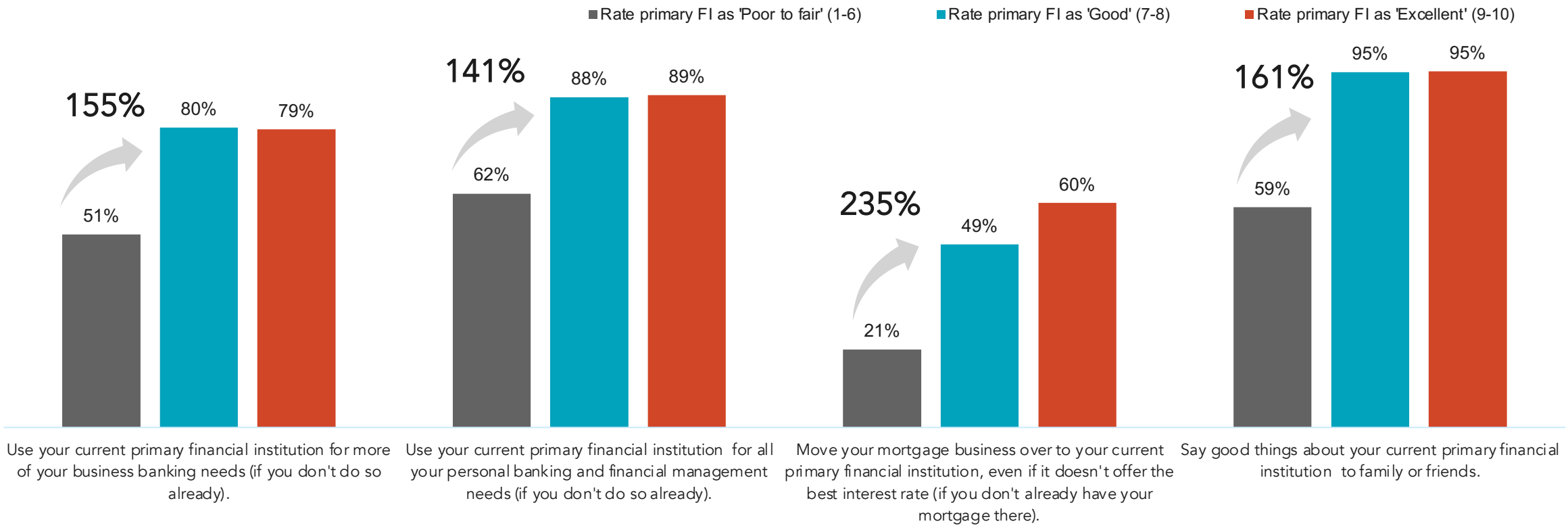
Source: Seymour Financial Resilience Index TM and June 2022 Financial Well-Being study.

© 2022 Financial Resilience Institute. All Rights Reserved.

Business benefits of Financial Institutions investing in helping to improve the financial wellness of their customers based on the June 2022 Financial Well-Being study

Financial Resilience Institute

Likelihood customer will do more business with Primary FI, to bring more business to them and/or become brand advocates for those who rate their primary FI as 'good' or 'excellent' for supporting their Canadians' financial wellness (2022)



Source: June 2022 Financial Well-Being study June 2022 and Seymour Financial Resilience Index TM.

© 2022 Financial Resilience Institute. All Rights Reserved.

Appendices

Financial Well-being Framework, Index Development Roadmap and additional information

Financial Resilience Institute

Financial Well-Being Framework: Developed in 2016

Financial Resilience Institute

Consumer Financial Well-Being

- Financial products and solutions
- Customer Experience
- Information and planning
- Tools, support and advice

Financial Resilience and Capability

- Knowledge & Skills
- Confidence
- Behaviours

Consumer and Financial Behaviours

- Daily Financial Management
- Borrowing & Debt Management
- Save, Plan and Invest
- Protect against the unexpected

Seymour Financial Resilience Index TM

Financial Health

The ability to balance your financial needs of today with those of tomorrow, as a result of decisions and behaviours that move you forward.

Financial Resilience

The ability to get through financial hardship, stressors and shocks as a result of unplanned life events

Financial Stress

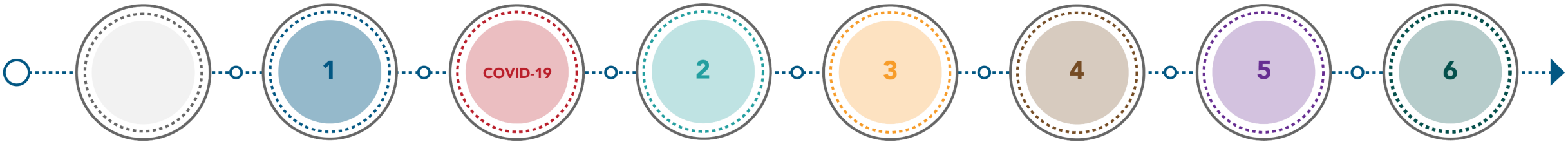
The emotional peace of mind in terms of your financial situation and current and future financial obligations. The opposite is financial stress.

© 2022 Financial Resilience Institute. All Rights Reserved.

Index Development Roadmap

Financial Resilience Institute

Seymour Financial Resilience Index™ Timeline



First Financial Well-Being Study Launched

First national Financial Well-Being study for Canada launched by Seymour Consulting for longitudinal measurement of the financial health, stress, resilience and well-being of Canadians.

Annual studies were conducted in 2017, 2018 and 2019.

In 2020 and 2021, three studies were conducted per year: in February, June and October.

Index Baseline

Seymour Financial Resilience Index™ baseline created based on February 2020 pre-pandemic environment, building on four years of longitudinal data.

Canada Mean Financial Resilience Score: 49:58 as of February 2020, with households at the national level "Approaching Resilience."

Pandemic and Index Launch

Global pandemic reaches Canada as Goverment shuts down borders, travel and businesses.

Swift Canadian Goverment and FI Covid-19 financial relief starting in April 2020.

Official launch of the Seymour Financial Resilience Index™ and original release report in May 2020.

Second Index Release

Second Index release based on June 2020 data. Canada Mean Financial Resilience Score: 55:58, up six points.

Improvements in households' financial resilience at the national level due to changed consumer and financial behaviours by Canadians plus swift and significant Government and FI financial relief.

Third Index Release

Canada Mean Financial Resilience Score: 54:53

Longitudinal analysis with over 1500 individual households validates that changed behaviours and/or unplanned life events cause individual households' financial resilience scores to increase or decrease within a few months.

Fourth Index Release

Canada Mean Financial Resilience Score: 55.69

Continued nuances and changing behaviours, including for key segments such as Millennial Women

Index is peer-reviewed by Statistics Canada, with Statistics Canada and Seymour Consulting using government and Index data for research and measurement.

Fifth Index Release

Canada Mean Financial Resilience Score: 55:67

Joint Statistics Canada-Seymour Consulting Report on the Financial Resilience and Financial Well-Being of Canadians during the Covid-19 Pandemic published in October 2021.

C.D. Howe publishes Intelligence Memo authored by Eloise Duncan on opportunities for targeted policy support levering Index data in October 2021.

Sixth Index Release

Upcoming Index will measure changes in households' financial resilience (and financial vulnerability) in the new post-pandemic, inflationary environment.

FIs and organizations start to use the Index for multi-year impact measurement.

[1] Seymour Financial Resilience Index ™ is a trademark used under license. For more details on the Index development methodology and many reports published for the ecosystem since 2017:https://www.finresilienceinstitute.org/research-reports/

© 2022 Financial Resilience Institute. All Rights Reserved.

© 2022 Seymour Management Consulting Inc. All Rights Reserved.

Sample sizes for the longitudinal Financial Well-Being Studies (2017- 2022)

Canada's longitudinal study on Canadians' financial well-being, complementing the Seymour Financial Resilience Index ™

Financial Resilience Institute

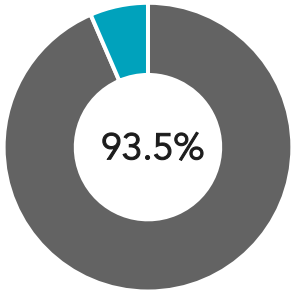
Financial Well-Being Study	Total Sample Size	Survey Respondents scored through the Index	MOE
June 2022 study	5061	4505	1.38%
June 2021 study	5028	4504	1.38%
Feb. 2021 study	3018	2710	1.78%
Oct. 2020 study	3016	2635	1.78%
June 2020 study	4989	4462	1.39%
Feb. 2020 study	1013	919	3.08%
June 2018 study	5067	N/A	1.38%
June 2017 study	5218	N/A	1.36%

The Seymour Financial Resilience Index TM has a pre-pandemic baseline of February 2020 and builds on over six years of longitudinal financial well-being studies data for Canada.
The Financial Well-Being studies data is based on online survey data with survey respondent recruitment through the Angus Reid Forum, Canada's most engaged and respected online panel. There is a representative sample of the population by household income, age, province and gender.
The June 2022 study sample includes 1,148 respondents from Quebec.
Source: Seymour Financial Resilience Index ™. Seymour Financial Resilience Index ™ is a trademark used under license.
© 2022 Financial Resilience Institute. All Rights Reserved.

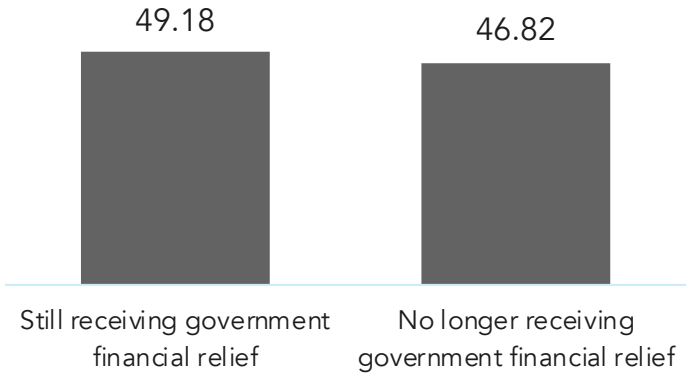
For households that were receiving Government Covid-19 financial relief last year, the large majority are no longer receiving this relief as of June 2022.

For Canadians still receiving this relief, they have lower mean financial resilience scores compared to those who do not.

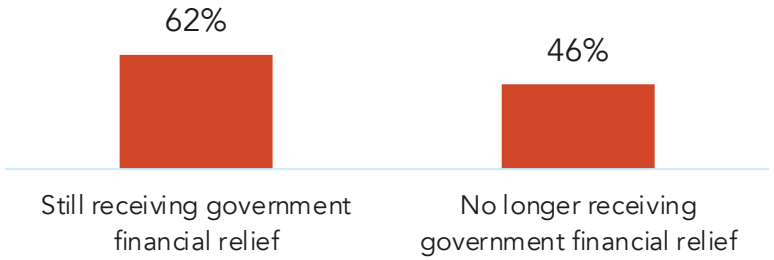
Households who used to receive Government Covid-19 financial relief who aren't receiving this relief anymore: June 2022



Mean Financial Resilience Scores: June 2022



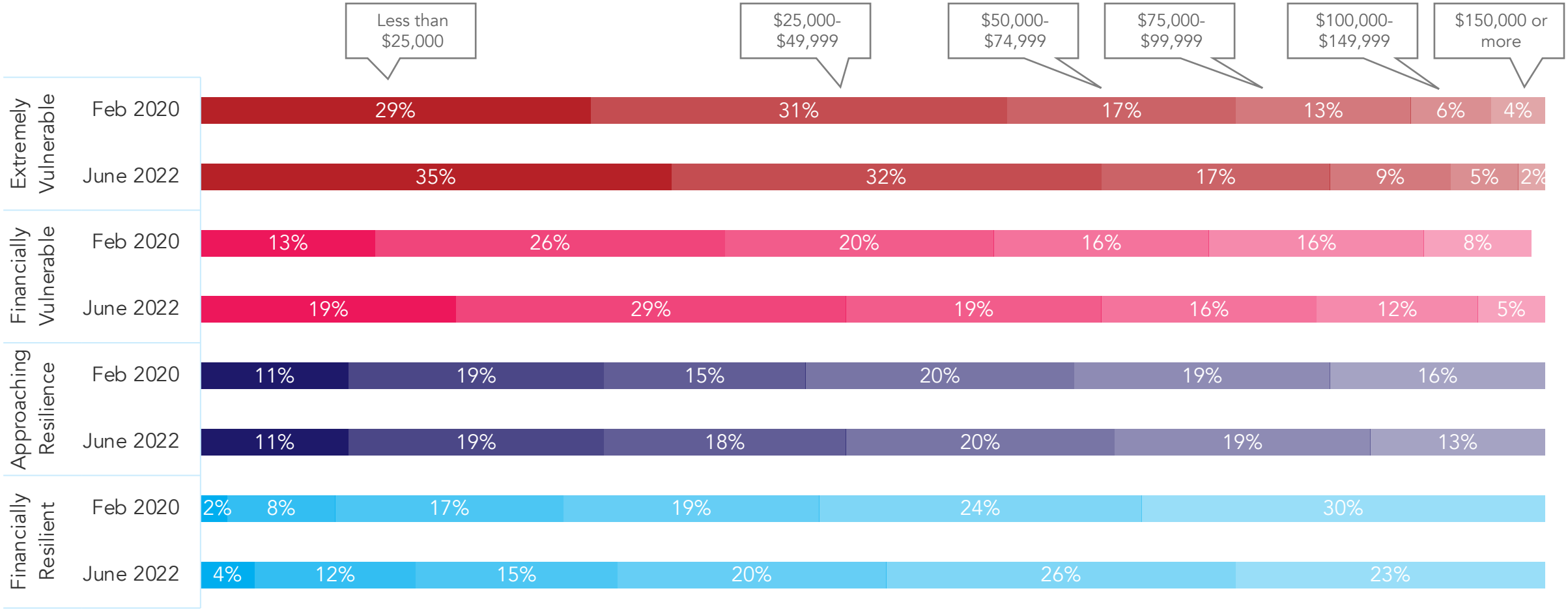
Proportion of households experiencing significant financial hardship: June 2022



Source: Seymour Financial Resilience Index ™. Seymour Financial Resilience Index ™ is a trademark used under license.
© 2022 Financial Resilience Institute. All Rights Reserved.

Changes in the proportion of households with different household income levels represented across the four financial resilience segments by household

This shows more households with low income represented across 'Extremely Vulnerable' and 'Financially Vulnerable' segments in June 2022 compared to February 2020 (pre-pandemic).



'Extremely Vulnerable' households have a financial resilience score of 0 to 30; 'Financially Vulnerable' a score of 30.01 to 50; 'Approaching Resilience' a score of 50.01 to 70, and 'Financially Resilient' a score of 70.01 to 100.

Source: Seymour Financial Resilience Index ™. Seymour Financial Resilience Index ™ is a trademark used under license.

© 2022 Financial Resilience Institute. All Rights Reserved.

Financial Resilience Institute