

Table 1: Assumptions for household stress-test simulations

	Scenario 1		Scenario 2		Both Scenarios			
	Overnight rate (%)	Effective borrowing rate (%)	Overnight rate (%)	Effective borrowing rate (%)	Household income (annualized growth rate)	Total household credit (annualized growth rate)	Consumer credit (annualized growth rate)	Residential mortgage credit (annualized growth rate)
2009 Q3	0.25	4.27	0.25	4.27	1	8	8.5	7.3
2009 Q4	0.25	4.25	0.25	4.25				
2010 Q1	0.25	4.23	0.25	4.23	5	8	8.5	7.3
2010 Q2	0.25	4.21	0.25	4.21				
2010 Q3	0.75	4.34	0.75	4.34				
2010 Q4	1.50	4.51	1.50	4.51				
2011 Q1	2.15	4.60	2.25	4.69	5	8	8.5	7.3
2011 Q2	2.60	4.68	3.00	4.88				
2011 Q3	3.05	4.78	3.50	5.03				
2011 Q4	3.10	4.79	4.00	5.20				
2012 Q1	3.15	4.81	4.25	5.33	5	8	8.5	7.3
2012 Q2	3.20	4.82	4.50	5.41				

Table 2: Impact of continued growth of debt-to-income ratio in the context of an environment of rising interest rates on households

	Scenario 1			Scenario 2		
	1	2	3	1	2	3
	Proportion of households with DSR > 40%	Proportion of debt owed by households with DSR > 40%	Percentage of bank losses relative to Tier 1	Proportion of households with DSR > 40%	Proportion of debt owed by households with DSR > 40%	Percentage of bank losses relative to Tier 1
Historical peak, 2000	7.4	13.8		7.4	13.8	
2008 H2 – 2009 H1 (observed)	5.9	10.7	3.0	5.9	10.7	3.0
2010 Q4	6.4	11.7	3.4	6.4	11.9	3.5
2011 Q4	7.7	14.4	3.9	8.9	17.4	4.7
2012 Q2	8.5	15.9	4.0	9.6	18.9	4.8