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Equifax: Auto Lending Performance is Stable

Points to consistent mix of prime and subprime loans, low write-off rates and delinquency levels consistent with 2006

ATLANTA, March 18, 2016 /PRNewswire/ -- According to the February 2016 Equifax Inc. (NYSE: EFX) *National Consumer Credit Trends Report*, 2015 marked another strong year for the auto loan market as originations increased year-over-year, while the mix of loans across the entire credit spectrum held for the fourth year in a row. From January through November 2015, 21.7 percent of all auto loans originated during this timeframe were issued to consumers generally considered to be subprime.

Subprime auto loans have consistently accounted for between 21 and 22 percent of new auto loans for the past four years.

"Considerable attention is being given to the subprime segment with some analysts mentioning concern that it is growing disproportionately faster than originations to other segments of the credit spectrum, although the proportional mix has remained relatively static since 2012," said Amy Crews Cutts, chief economist at Equifax. "Credit performance is still excellent, showing that lenders are prudently extending credit to well-underwritten borrowers."

"Lenders are making more informed lending decisions and the underwriting process has been strengthened as a result of new data and technology that is available to the marketplace," Cutts continued. "For example, today lenders have access to instant income and employment verification which help to accurately portray a consumer's ability to repay the debt."

The National Consumer Credit Trends Report cites normal cyclical patterns in delinquency and write-off rates, but also points to a shift in the marketplace with finance companies growing originations more quickly than banks. From January through November 2015, 53.7 percent of all new auto accounts came through finance companies.

Other highlights from the report include:

- **ORGINIATIONS ARE AT HIGHEST LEVELS SINCE 2008.** More than 26.8 million auto loans, totalling $554.8 billion, were originated between January and November 2015. This is a 9.4 percent increase in accounts and a 12.4 percent rise in balances over the same time period in 2014. These are the highest levels for the period since

Equifax began tracking this data.

- **INCREASE IN CAR SALES DRIVES MORE LOAN ACTIVITY, INCLUDING GROWTH IN PRIME AND SUBPRIME VOLUME.** 5.8 million auto loans have been originated between January and November 2015 to consumers with an Equifax Risk Score^{SM} below 620. These are generally considered subprime accounts. This is an 11.2 percent increase over 2014. These newly issued loans have a corresponding balance of $104.2 billion, a 14.5 percent increase year-over-year.

- **DELINQUENCY RATE FOR AUTO LOANS REMAINS UNCHANGED JANUARY 2015 vs. JANUARY 2016.** Total auto loan and lease severe delinquency rate in January were 1.15 percent, the same as in January 2015. (Severe delinquency is defined as loans 60 or more days past due or in collections and calculated as a share of outstanding balances). The recession peak delinquency rate was 2.84 percent in January 2009.

- **LOAN WRITE-OFFS SAW MODEST INCREASE OF 1.8 BASIS POINTS JANUARY 2015 vs. JANUARY 2016**. Write-off rates on total combined auto loans and leases outstanding rose to 22.5 basis points in January, up 1.8 basis points from the same month last year. (Write-offs are defined as accounts that terminate in severe derogatory or bankruptcy status and are calculated as a share of outstanding balances). Write-offs peaked at 50 basis points in March 2009.

- **SEVERE DELINQUENCY RATES ON BANK LOANS REMAINED FAIRLY CONSISTENT JANUARY 2015 vs. JANUARY 2016.** Severe delinquency rates on auto loans held by banks were 0.48 percent in January 2016, up from 0.46 percent a year ago. Severe delinquency rates on loans originated to consumers with subprime credit scores were 2.15 percent; in January 2015 they were 2.06 percent.

- **DELINQUENCIES EXPERIENCED A SLIGHT DECLINE IN FINANCE COMPANY PORTFOLIOS WHILE LOAN WRITE-OFFS REMAINED FAIRLY CONSISTENT JANUARY 2015 vs. JANUARY 2016.** Severe delinquency rates in January on auto loans held by finance companies were 1.99 percent, down from 2.01 percent in January 2015. Among subprime accounts, the severe delinquency rate fell from 4.76 percent a year ago to 4.72 percent in January.

About Equifax
Equifax powers the financial future of individuals and organizations around the world. Using the combined strength of unique trusted data, technology and innovative analytics, Equifax has grown from a consumer credit company into a leading provider of insights and knowledge that helps its customers make informed decisions. The company organizes, assimilates and analyzes data on more than 800 million consumers and more than 88 million businesses worldwide, and its databases include employee data contributed from more than 5,000 employers.

Headquartered in Atlanta, Ga., Equifax operates or has investments in 21 countries in North America, Central and South America, Europe and the Asia Pacific region. It is a member of Standard & Poor's (S&P) 500® Index, and its common stock is traded on the New York Stock Exchange (NYSE) under the symbol EFX. Equifax employs approximately 9,200 employees worldwide.

Some noteworthy achievements for the company include: Ranked 13 on the *American Banker FinTech* Forward list (2015); named a Top Technology Provider on the *FinTech* 100 list (2004-2015); named an *InformationWeek* Elite 100 Winner (2014-2015); named a Top Workplace by *Atlanta Journal Constitution* (2013-2015); named one of *Fortune's* World's Most Admired Companies (2011-2015); named one of *Forbes'* World's 100 Most Innovative Companies (2015). For more information, visit www.equifax.com

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