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Credit Cycle Turns with New Credit Growth - Equifax

Subprime Lending Grows for Cards, Cars, Consumer Finance

ATLANTA, July 25, 2011 /PRNewswire/ -- In its latest national report on consumer credit trends, Equifax finds the credit cycle has turned as new credit growth continues. Several portfolio metrics indicate the credit cycle is moving to stabilization and growth. In general, payment behavior has improved and loan portfolios are lower risk. Write-offs have peaked, spurring origination momentum.

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According to Equifax's latest monthly Credit Trend Report for June 2011, new credit dollars are increasing for auto, bankcard, student loan and home equity revolving lines on a year-to-date basis. Total new credit available has increased from \$209 billion year-to-date in April 2010 to \$240 billion in April 2011 — an increase of nearly 15 percent. While this number is far below the \$400 billion plus performances of 2006/2007, the turn follows four years of declines.

"Trouble spots remain," said Michael Koukounas, Equifax's Senior Vice President of Client Services. "While many delinquencies have peaked, severely delinquent home finance loans — the shadow inventory — remain elevated. Student loan delinquencies and write-off balances have not peaked and continue to increase.

"However, positive momentum is evident in that loans opened since 2008 with much tighter underwriting are doing much better than loans booked between 2005 and 2007. More than two thirds of all delinquent balances are from these earlier loans," he added.

Key findings include:

Auto

- Auto loan originations rose nearly 17 percent year-to-date in April and are up nine percent month-over-month. While both banks and captive financiers are originating more auto loans, banks are being much more cautious in the subprime sector. Captive finance sources issued almost 25 percent of new loans to buyers with scores under 600 in April. The comparable bank subprime number is about eight percent.

Credit Cards

- Notable within the data is the rebound in the number of bankcard originations to subprime* borrowers, with an 80 percent increase in

originations for April 2011 vs. April 2010 alone. New subprime bankcard origination levels for January-April 2011 are up more than 66 percent over 2010 levels. This is of note when compared to the 63 percent YOY decrease the industry witnessed for the same period from 2008 to 2009.

- Total new bankcard limits have risen as well, with increases of more than 27 percent (January - April 2011), and new subprime bankcard credit limits experienced an increase of 68 percent.

Consumer Finance

- New consumer finance credit loans grew 3.5 percent year-to-date and two percent month-over-month in April, and - like bankcards and autos - show increases in subprime. In fact, loans to customers with scores below 599 - 41 percent - are up about two percent over 2010 and almost 10 percent over 2006.

Equifax's national analysis is sourced from data on more than 200 million credit files.

Conducted on a monthly basis, the research provides detailed levels of consumer credit information from various vertical markets including, mortgage, automotive, student loans and bank and retail credit cards.

About Equifax, Inc.

Equifax is a global leader in commercial and consumer information solutions, leveraging one of the largest sources of business credit intelligence, portfolio management, income, employment and wealth verification, identity authentication/fraud detection and marketing demographic data worldwide.

Through its unique data and analytical insights, powered by proprietary technology, Equifax delivers customized, high-value decisioning solutions to more than 4.4 billion accounts in 81 million businesses and provides millions of individual consumers with information and services to support management of their personal credit information and protection of their identity that are vital to their financial well being. Headquartered in Atlanta, GA., Equifax Inc. spans four continents and 16 countries, is a member of Standard & Poor's (S&P) 500® Index and its common stock is traded on the New York Stock Exchange under the symbol EFX. For more information, please visit www.equifax.com.

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