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Equifax Reports Student Loan 'Severe Derogatory' Balances Increase 36% Year Over Year

ATLANTA, March 25, 2013 (GLOBE NEWSWIRE) -- According to Equifax's (NYSE:EFX) latest *National Consumer Credit Trends Report*, severe derogatory or charged-off balances, the bulk of student loan write-offs, for the first two months of the year hit $3 billion, an increase of more than 36% from same time a year ago ($1.9 billion) while balances in bankruptcy remained level at $0.5 billion.

"Driven heavily by economic factors, including unemployed or under-employed consumers going back to school along with the rising cost of tuition, student lending has demonstrated consistent, year-over-year growth," said Equifax Chief Economist Amy Crews Cutts. "Continued weakness in labor markets is limiting work options once people graduate or quit their programs, leading to a steady rise in delinquencies and loan write-offs. Many policy options are being discussed regarding how to reduce some of the burden, including graduated payments that reflect the lower starting salaries of new graduates, and improve the performance of these loans."

Other changes in student loan characteristics from February 2012 to February 2013:

- Balances outstanding on student loans increased more than 14%, from $746.3 billion to $852.7 billion.
- The number of student loans outstanding increased nearly 13%, from 108 million to more than 123 million.

Crews Cutts continued, "Student loans are unique today in that they are the only major form of credit that is not rigorously underwritten on either a past credit-performance basis (such as using credit scores) or ability to pay based in income."

Other highlights from the most recent data include:

Auto

- The most recent data shows that the total number of outstanding auto loans in February 2013 is at its highest level in 45 months, summing to more than 59 million.
- Auto loan balances in February 2013 total $789 billion, a 50-month high.
- At more than $377 billion, total balances on bank-sourced auto loans are at a five-year high.
- Similarly, total balances on loans funded by auto finance companies stand at more than $412 billion through February 2013, a 48-month high.

Home Finance:

- Severely delinquent balances on home equity lines of credit declined 28% from February 2012 to February 2013, from $14 billion to less than $10 billion.
- Severely delinquent balances on closed-end home equity loans declined 25% from February 2012 to February 2013, from $6.6 billion to $5 billion.
- In that same time, severely delinquent balances on first mortgages declined 23%, from $490 billion to $375 billion.
- Of note, 65% of total severely delinquent balances on first mortgages are tied to loans opened from 2005-2007.
- Similarly, 73% of delinquent balances on home equity lines of credit were opened in that same time period.

About Equifax, Inc.

Equifax is a global leader in consumer, commercial and workforce information solutions that provide businesses of all sizes and consumers with insight and information they can trust. Equifax organizes and assimilates data on more than 500 million consumers and 81 million businesses worldwide, and uses advanced analytics and proprietary technology to create and deliver customized insights that enrich both the performance of businesses and the lives of consumers.

Headquartered in Atlanta, Equifax operates or has investments in 18 countries and is a member of Standard & Poor's (S&P) 500® Index. Its common stock is traded on the New York Stock Exchange (NYSE) under the symbol EFX. For more information, please visit www.equifax.com.

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