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Equifax Commercial Information Solutions Releases New Quarterly Credit Trend Data

Study Analyzes Credit Crisis Impact on Commercial Businesses

ATLANTA--(BUSINESS WIRE)-- Equifax Commercial Information Solutions Data Primer - September 2009

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http://www.equifax.com/PR/pdfs/EFXCISMediaDataPrimer_FN.pdf

The Credit Crisis: Insights into the Commercial Impact

The credit crisis goes commercial? That's what many are saying, and according to recent research conducted by Equifax Commercial Information Solutions, the impact of the economic downturn can certainly be seen on commercially active businesses in the United States. For its research, Equifax analyzed key credit trends within the portfolios of 26 top national and regional financial institutions. Overall, findings showed that the story is not improving for the commercial market.

"Our analysis shows that the credit crisis has permeated the commercial market, bringing strong headwinds to nearly every sector of this landscape," said Dr. Reza Barazesh, senior vice president, Commercial Information Solutions, Equifax. "With business failures on the rise and more industries sliding toward bankruptcy, commercial businesses must draw upon the industry's best data and analytics to mitigate risk and better manage their portfolios."

The following metrics provide a snapshot of the market's impact on quarterly commercial credit trends based on key data attributes.

Strong Acceleration in Bankruptcy Filings

According to Equifax data, commercial bankruptcies increased by 208 percentage points from Q1 2008 to Q2 2009 while consumer bankruptcies rose by 122 percentage points for the same time period. A closer look at the commercial landscape also shows that there are significant differences in bankruptcy rates among regions.

[Figure 1 - Business Distribution by Region as of 2008](#) (Total Active Population)

Region	Q2 2006	Q2 2009
	Bankruptcy Rate	Bankruptcy Rate
Pacific	.99%	1.55%
West South Central	1.10%	1.54%

Mountain	.96%	1.45%
East South Central	.89%	1.37%
East North Central	.86%	1.34%
West North Central	.71%	1.14%
New England	.67%	1.02%
Middle Atlantic	.67%	.98%
South Atlantic	.57%	.89%

By the Numbers:

- 58,000 - Total commercial bankruptcies in U.S. for the first six months of 2009
- 66% - Q2 2009 bankruptcy rate for the Pacific Region - higher than any other area
- 22% - Increase in average quarterly charge-off dollars for Pacific Region from Q1 2009 to Q2 2009

Transportation Outpaces All Other Industries

The bankruptcy rate for the transportation industry exceeded all other sectors, with 2.40% of transportation businesses petitioning for bankruptcy in Q2 2009. Construction, manufacturing and retail also showed significant rate increases from Q2 2006 to Q2 2009.

Industry	Q2 2006	Q2 2009
	Bankruptcy Rate	Bankruptcy Rate
Transportation	1.59%	2.40%
Construction	1.31%	2.16%
Manufacturing	1.42%	2.09%
Retail	1.23%	2.06%
Mining	1.20%	1.84%
Wholesale	1.14%	1.75%
Agriculture	.86%	1.37%
Services	.83%	1.23%
Public Administration	.13%	.20%

Business Failure: Weighing the Odds

Equifax's own risk scoring solution is a powerful tool in analyzing the likelihood of business failure in the next 12 months. Leveraging the Equifax Business Failure Risk Score(TM), Equifax found that the percent of businesses in the severe delinquency, high-risk group has increased from 0.55% in Q1 2009 to 1.52% in Q2 2009.

[Figure 2 - Percent of Businesses in Highest Risk of Failure](#) (Risk Class 5)

note: Risk Class 5 is the Equifax classification for businesses with the highest risk of failure.

Equifax Commercial Information Solutions

Equifax Commercial Information Solutions provides the information necessary for businesses to best understand and manage their dealings with customers, prospects and suppliers.

We also offer business linkage and demographics to help companies improve the precision of their customer acquisition, expansion and retention efforts or gain greater visibility into their supply chain.

For more information about Equifax Commercial Information Solutions, visit www.equifax.com/commercial.

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