

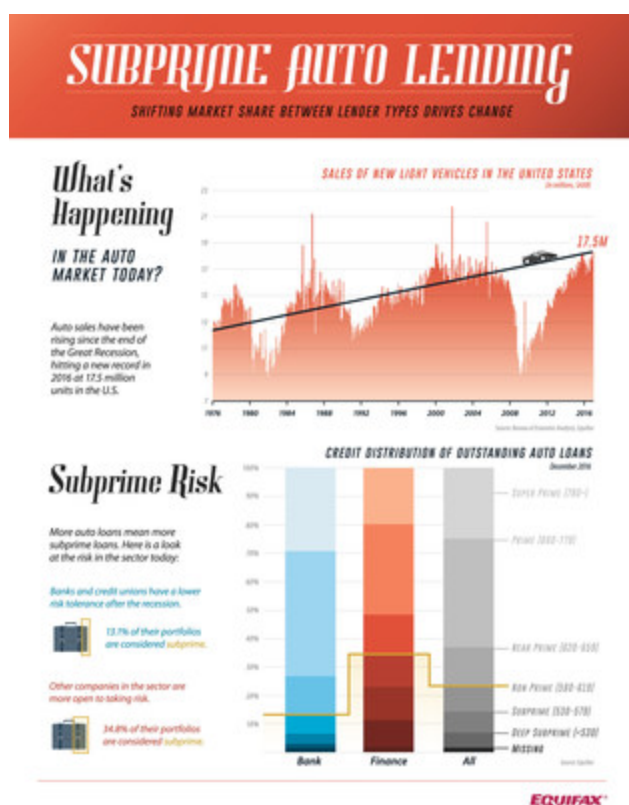
January 24, 2017



# Equifax Joins Other Consumer Credit Bureaus to Level-Set on Health of Subprime Auto Lending Market

**New research from Equifax indicates loan performance remains stable**

ATLANTA, Jan. 24, 2017 /PRNewswire/ -- Equifax Inc. (NYSE: EFX) today joined other U.S. Credit Bureau representatives at the American Financial Services Association (AFSA) Vehicle Financing Conference and Expo in New Orleans to address concerns around the stability of the subprime auto lending market.



In response to mixed reports and conflicting analysis in the marketplace, Equifax conducted research examining auto lending dynamics and the resulting performance differences. Findings point to continued strength within subprime auto lending in what has increasingly become a segmented sector within which different lender types specialize in narrow credit bands. The research also found that most lenders remain very conservative relative to their pre-recession lending habits, while some are meeting the needs of consumers with lower credit scores.

"The fact is loan performance is good relative to historical levels and the slight weakening we are seeing cannot be attributed to a change in how lenders are underwriting their loans

or call into question the stability of the subprime market as a whole," said Amy Crews Cutts, senior vice president and Chief Economist for Equifax. "Consumer data tells us that market share is shifting across different lender types and specialty lenders are lending in higher-risk segments that are not otherwise being served."

An infographic highlighting the Equifax research on subprime lending in the U.S. can be viewed here: <http://www.visualcapitalist.com/subprime-auto-loans/>.

Over the last 10 years, Equifax has focused on utilizing the data it has on hand to support the sustainability of the financial marketplace, as well as the needs of creditworthy consumers. Consumer credit data is one of the most accurate way to assess a consumer's financial health and a useful tool in assessing current economic performance. Equifax is working to revolutionize consumer credit information to enhance its offerings in support of consumers and economies around the world.

### **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 820 million consumers and more than 91 million businesses worldwide, and its databases include employee data contributed from more than 6,600 employers.

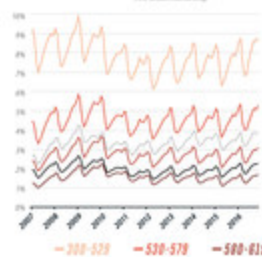
Headquartered in Atlanta, Ga., Equifax operates or has investments in 24 countries in North America, Central and South America, Europe and the Asia Pacific region. It is a member of Standard & Poor's (S&P) 500® Index, and its common stock is traded on the New York Stock Exchange (NYSE) under the symbol EFX. Equifax employs approximately 9,400 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](http://www.equifax.com)

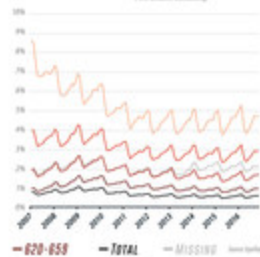
## Subprime Performance

From 2015 to 2016, auto loan delinquencies have increased from historical lows, raising some concerns. In 2015, severe delinquencies (90+ DPD) were at 1.24% - and today they are at 1.35%. Borrowers with subprime credit scores are having a harder time making their payments.

### 90+DPD RATE FOR FINANCE COMPANY AUTO LOANS BY CREDIT SCORE BAND



### 90+DPD RATE FOR BANK & CREDIT UNION AUTO LOANS BY CREDIT SCORE BAND



### LENDER MARKET SHARE SHIFT IS DRIVING CHANGE

There are six different major types of lenders in the auto space, each with different risk tolerances. The financial crisis elicited different responses from these lenders as events unfolded.

This chart shows the time line of lender reactions to changing conditions by plotting the median credit score for new loans originated in 2008Q1, 2009Q1, 2010Q1 and 2015Q1. The cumulative share delinquency rate of these vintages at 18 months on book is shown by the performance path for each lender type.

We see that banks tightened credit standards until performance improved, while mortgage and dealer finance companies continued lending to high-risk borrowers.

### WHY DOES THIS MATTER?

Shifting market share and relative performance among lenders, rather than declining borrower performance, are responsible for driving changes in aggregate statistics.



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To view the original version on PR Newswire, visit <http://www.prnewswire.com/news-releases/equifax-joins-other-consumer-credit-bureaus-to-level-set-on-health-of-subprime-auto-lending-market-300395769.html>

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