

State of the Automotive Finance Market

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Q2 2019



Session overview

Market Overview

- Outstanding balances
- Total risk distributions
- Delinquency

Originations

- New and Used financing
- Lender and transaction types
- Loan & lease characteristics

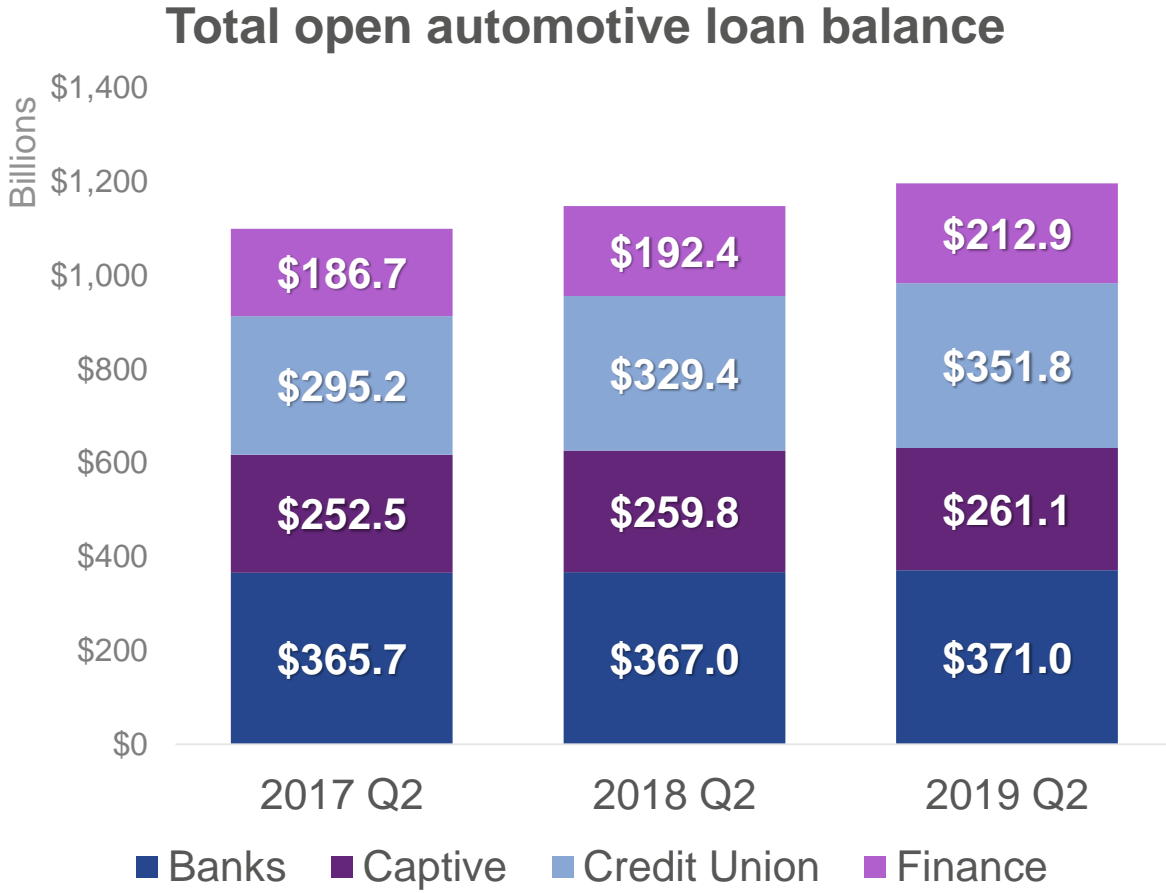
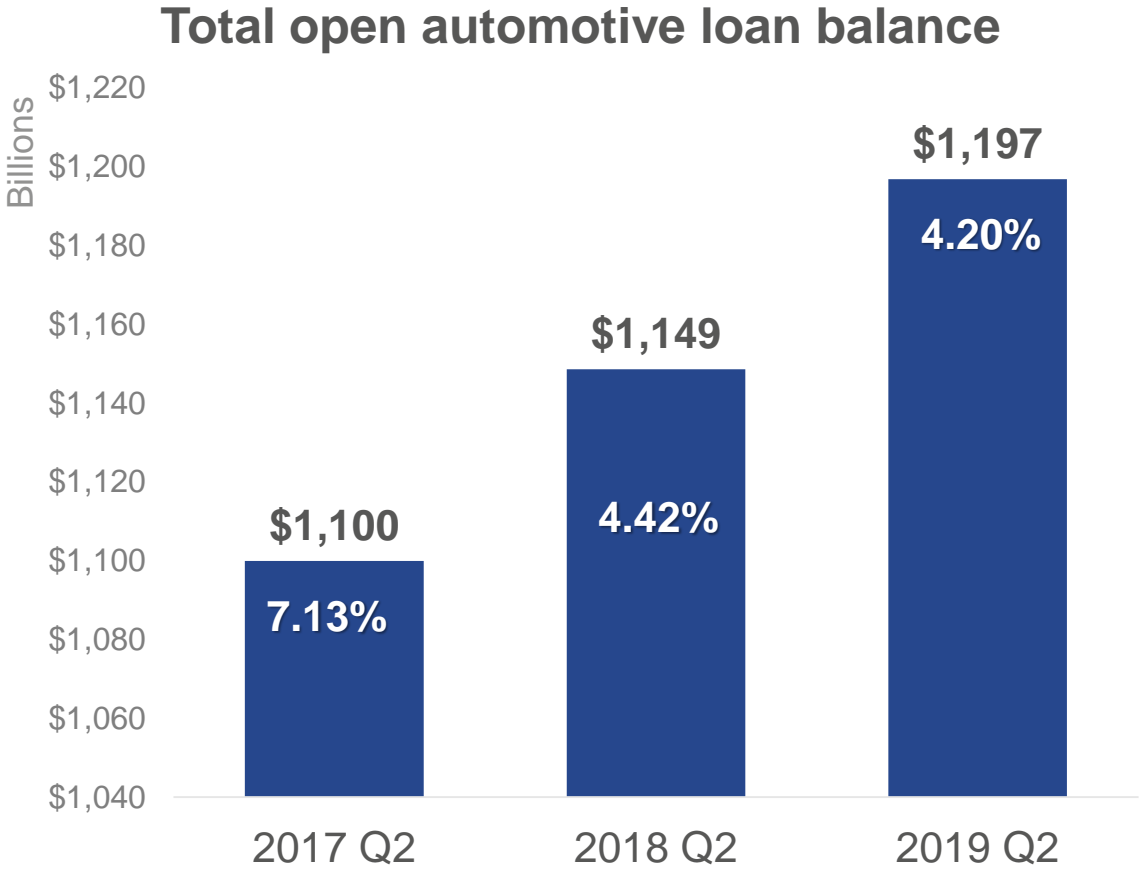
Category	Score Range
Super prime	781 – 850
Prime	661 – 780
Nonprime	601 – 660
Subprime	501 – 600
Deep subprime	300 – 500

Overall Automotive Finance Market

A review of all open automotive loans & leases

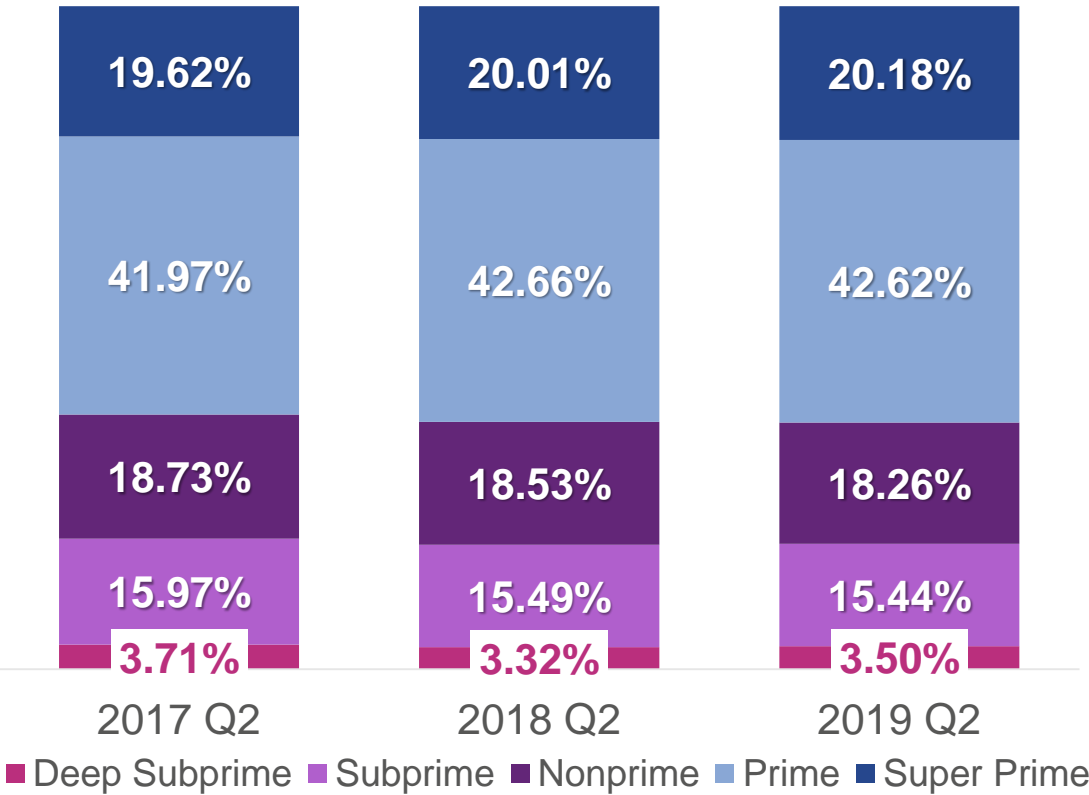


Loan balances reach another record high

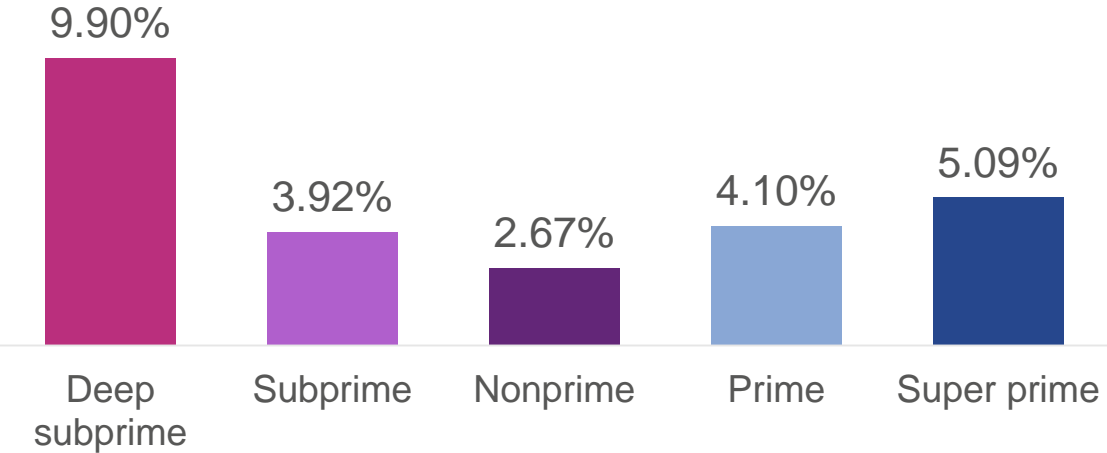


Loan balance distribution stable: percentage of all subprime balances remains under 19%

Loan balance risk distribution

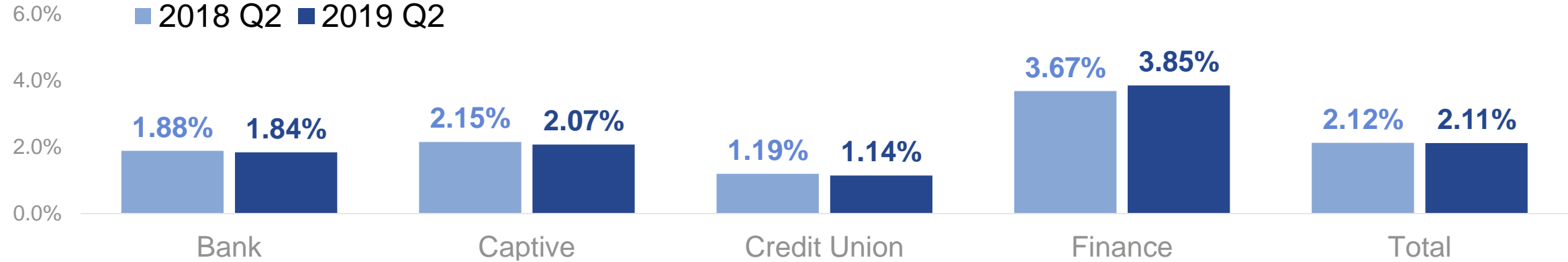


Year-over-year balance change

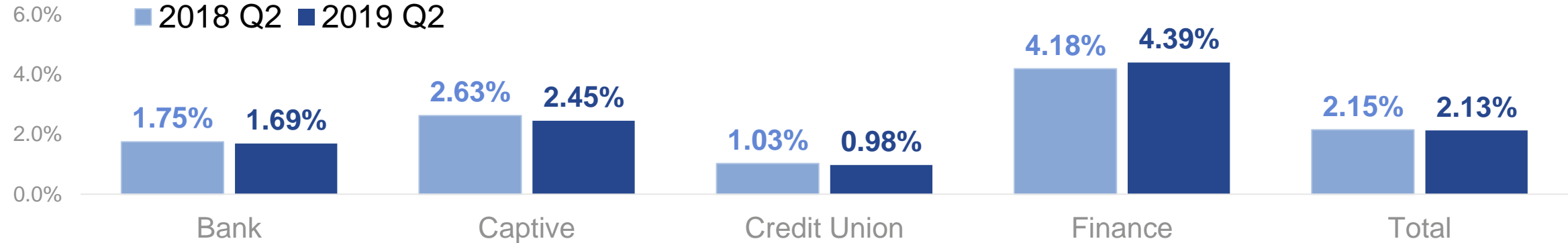


30 day delinquency decreases for most lenders

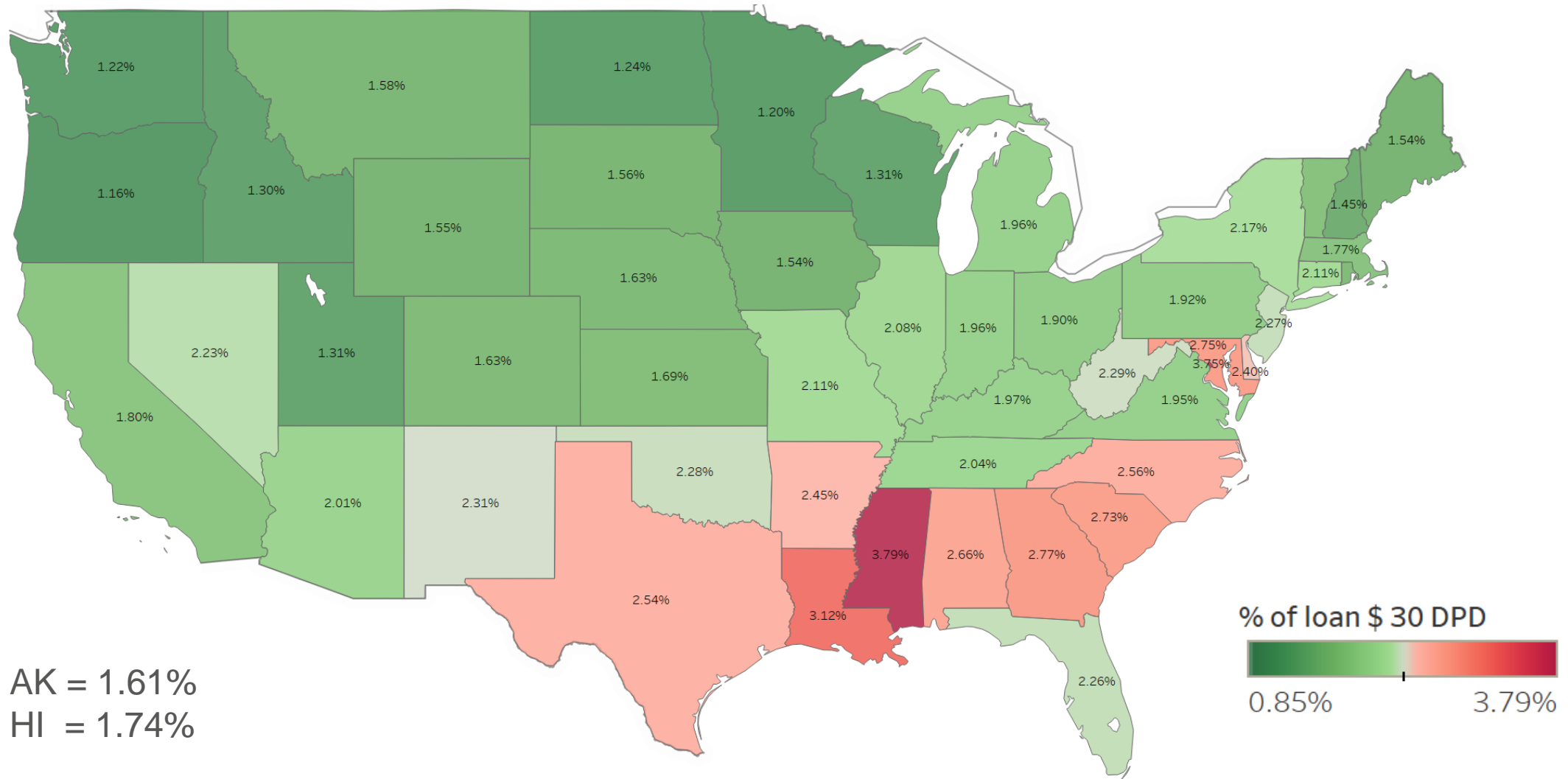
% of loans & leases 30 dpd



% of loan balances 30 dpd

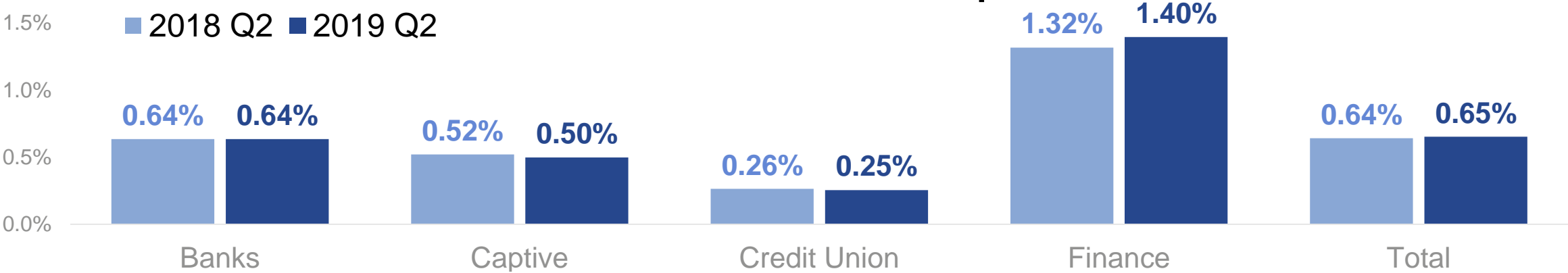


Percentage of loan balances 30 dpd

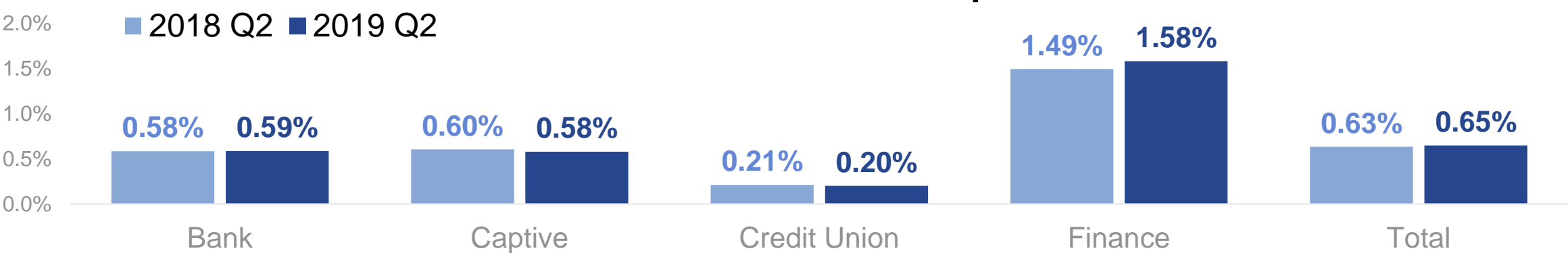


60 day delinquency remains flat

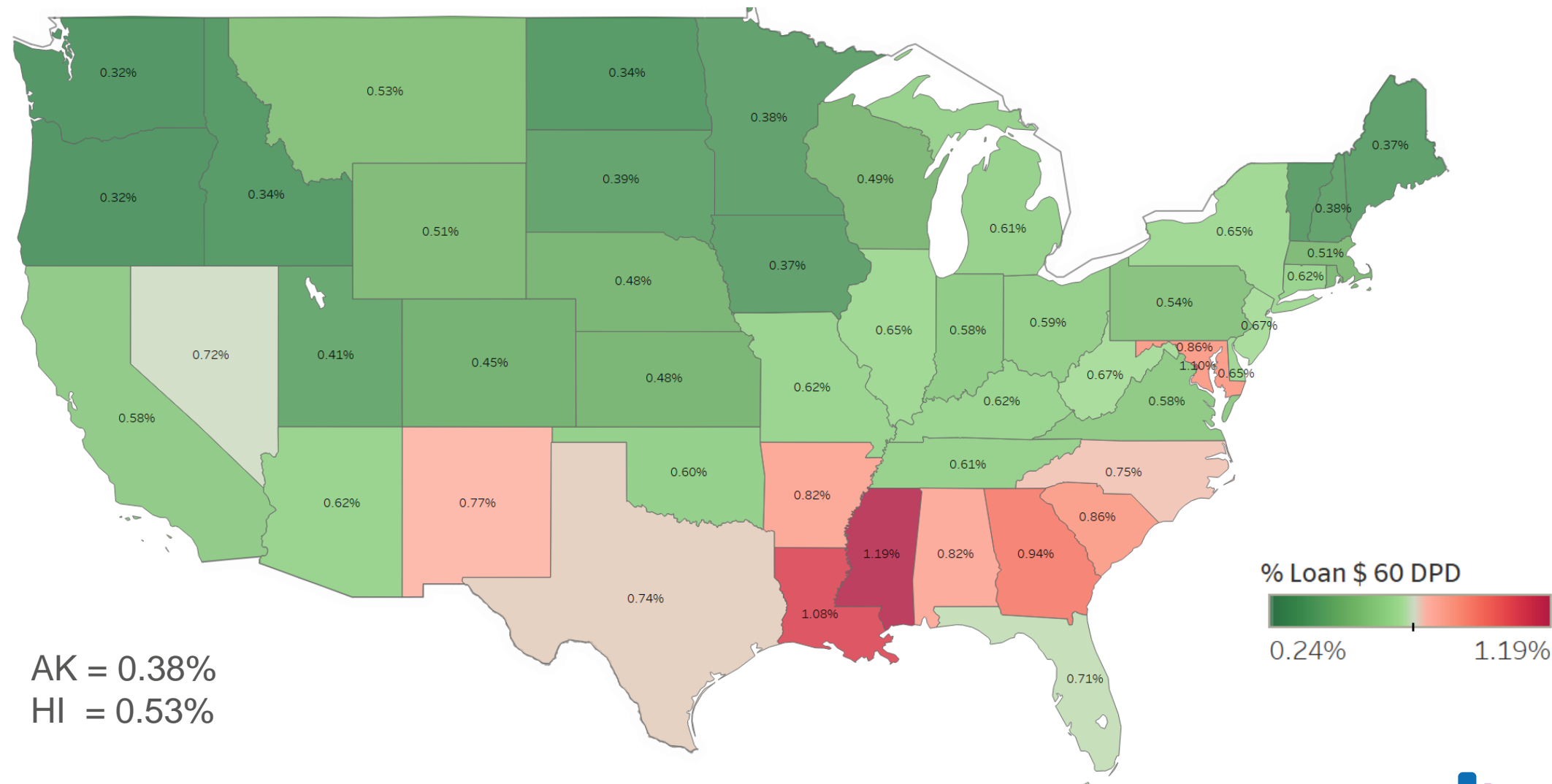
% of loans & leases 60 dpd



% of loan balances 60 dpd



Percentage of loan balances 60 dpd



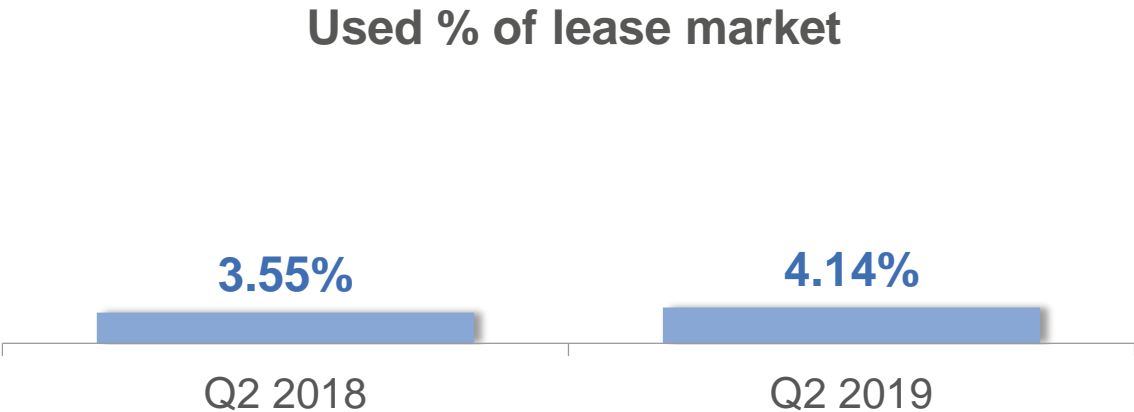
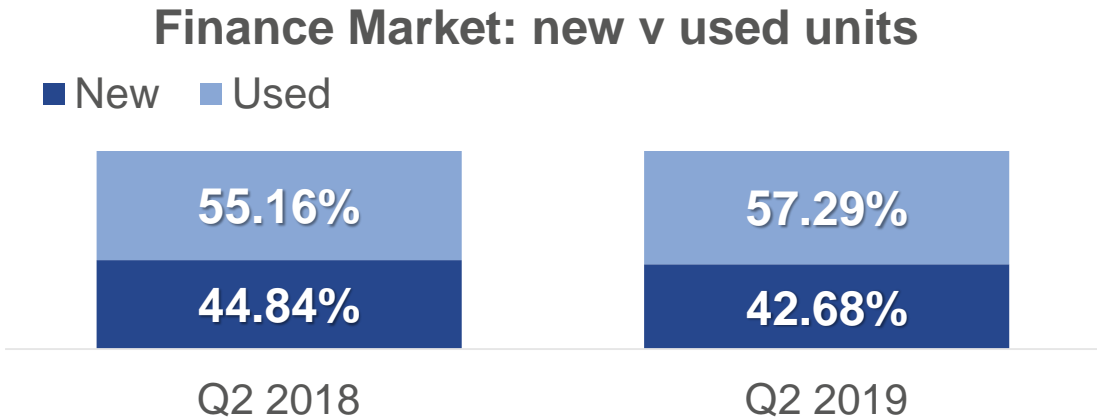
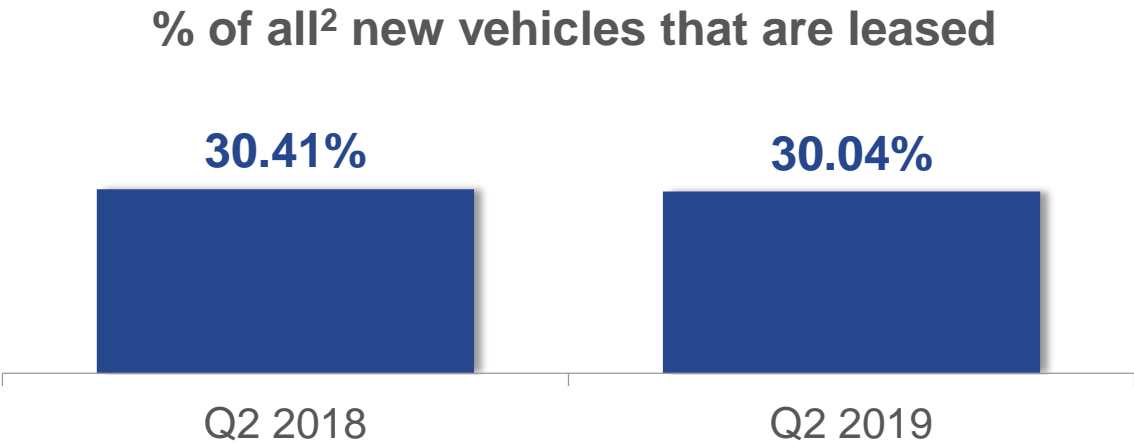
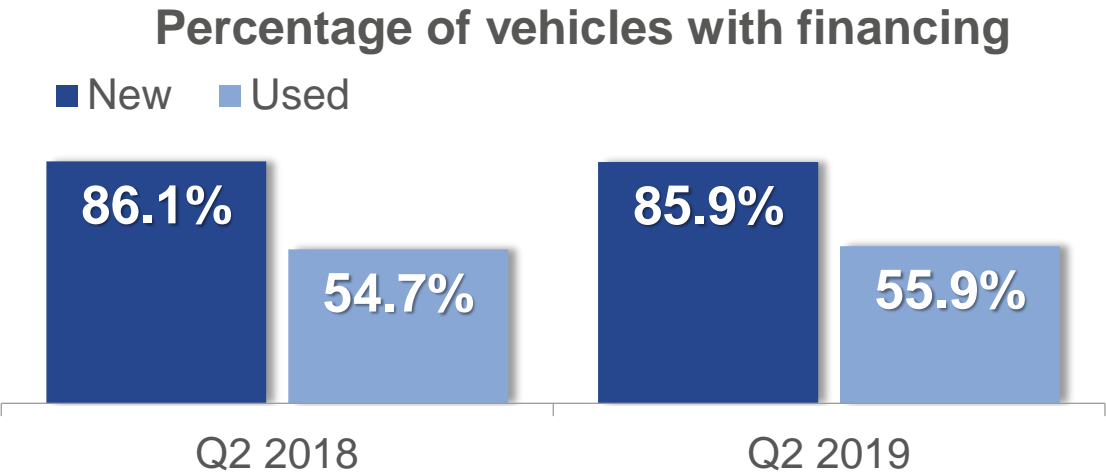
AK = 0.38%
HI = 0.53%

Originations in Q2 2019

Trends in automotive loan and lease originations



Automotive financing¹: snapshot of how and what consumers are financing



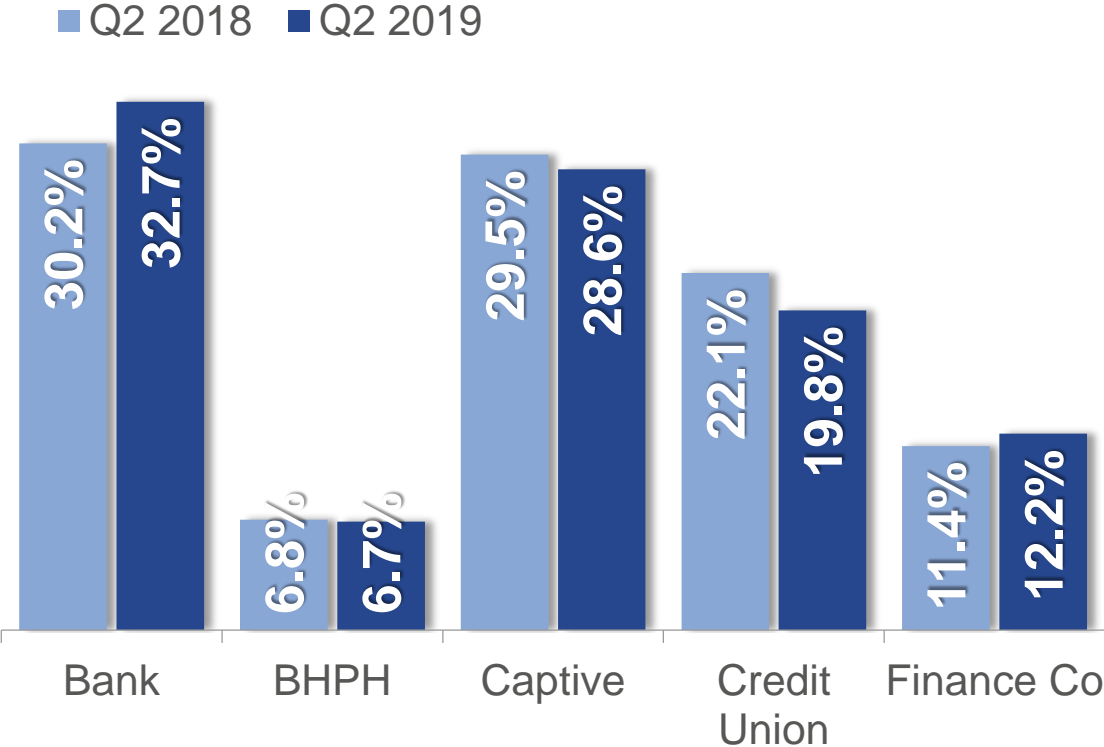
¹ Financing = either a loan or lease is present on the title; ² All = loan, lease or cash



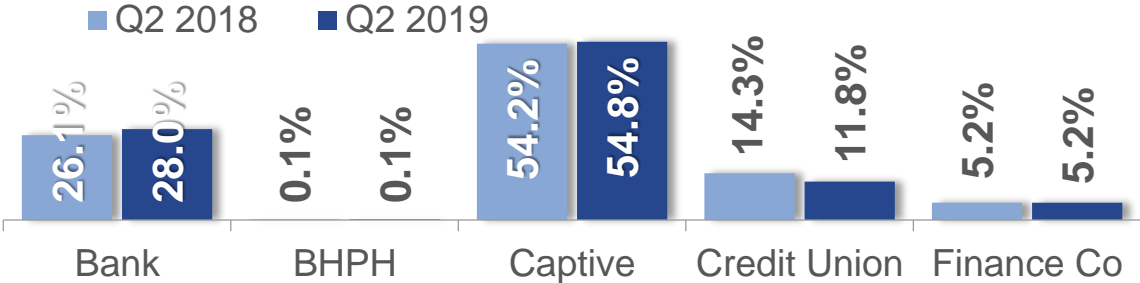
Banks and finance companies show increases in share

(loan and lease units combined)

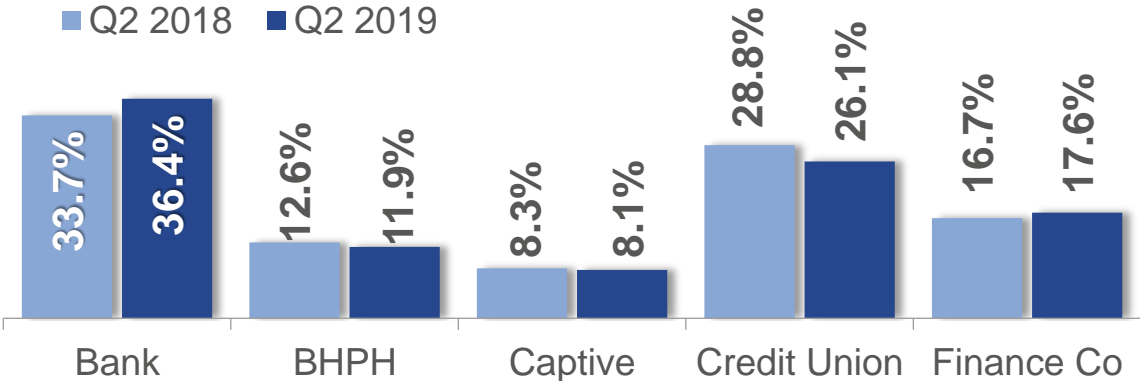
Market Share of Total Financing
(new/used units & loan/lease)



Market Share of New Financing



Market Share of Used Financing



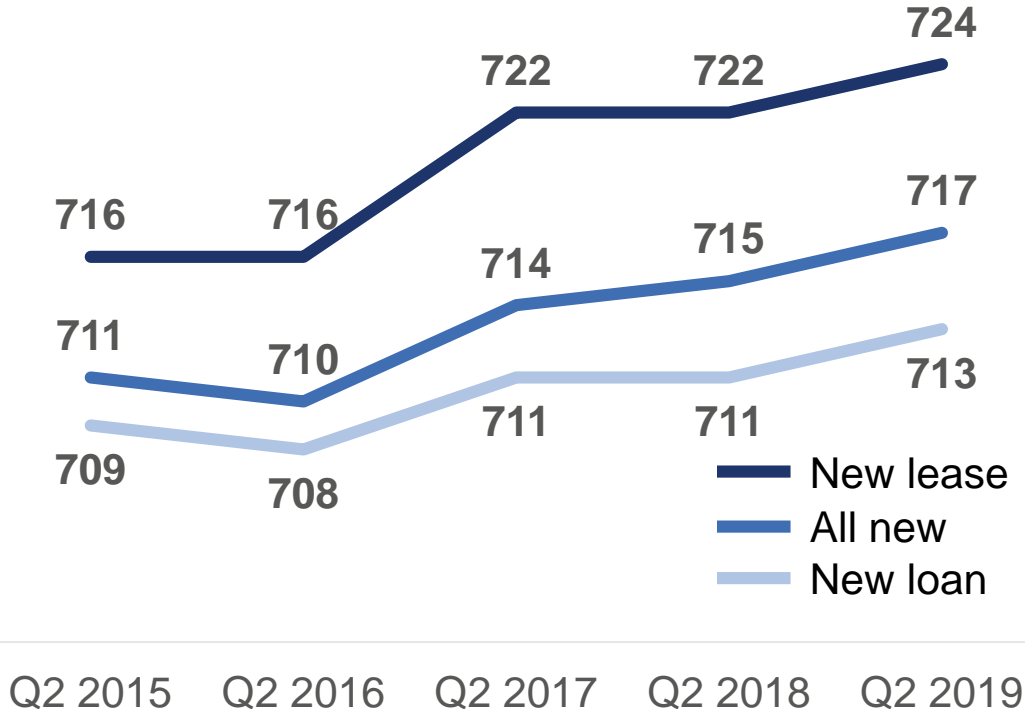
Score range refresh

Category	Score Range
Super prime	781 – 850
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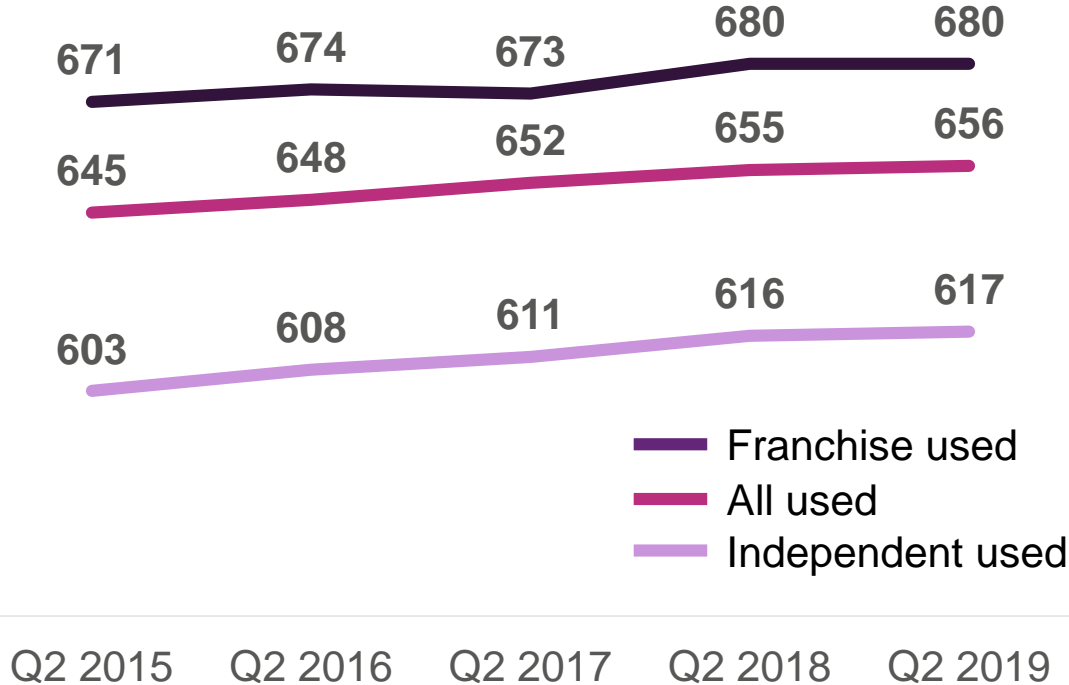
Note: ranges above are those used by Experian Automotive for automotive finance market analysis and trending purposes. Other industries and lenders may use other ranges based on unique scores, portfolio and industry trends.

Credit scores rise year-over-year

Average new credit scores

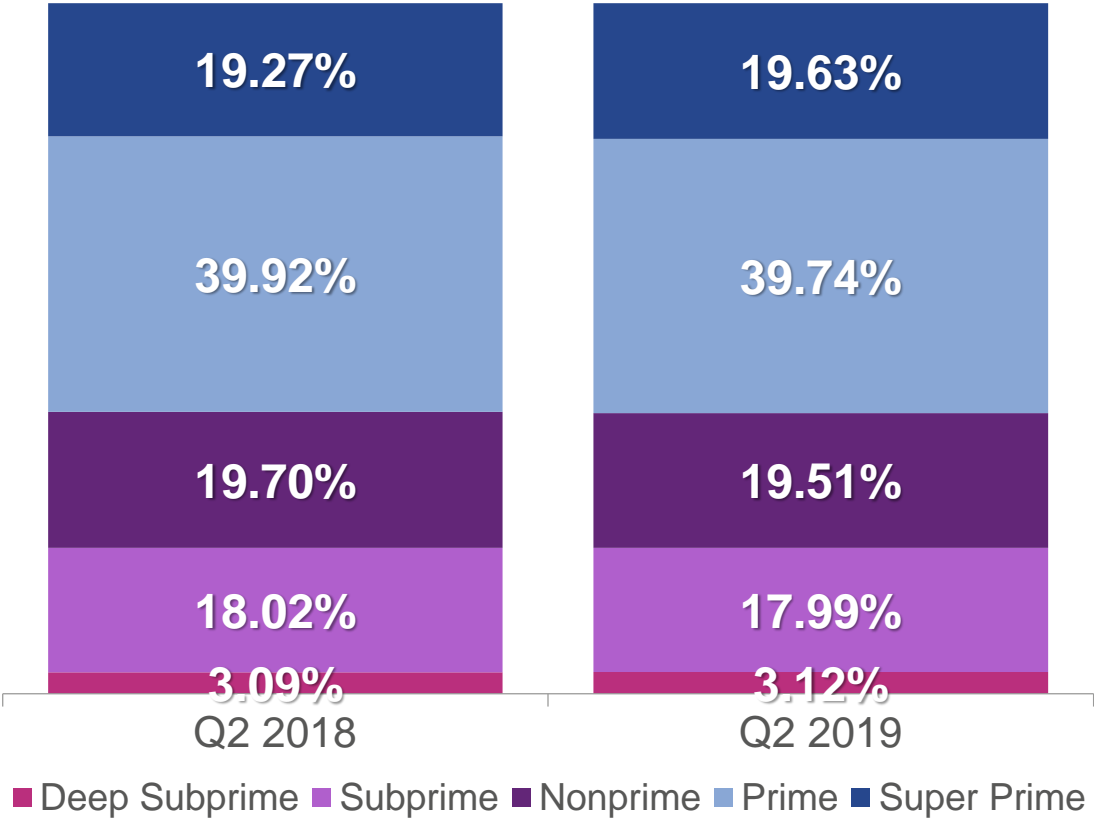


Average used credit scores

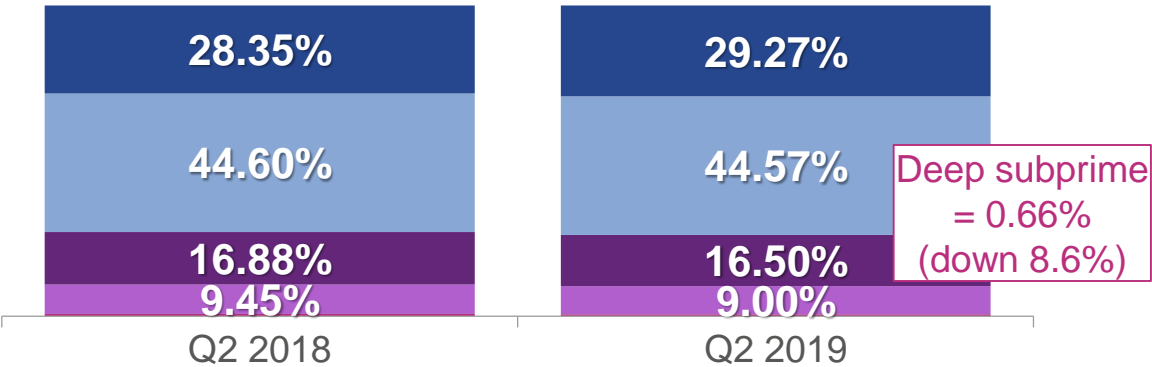


Total market remains stable with little YOY change; Q2 low for deep subprime in used financing

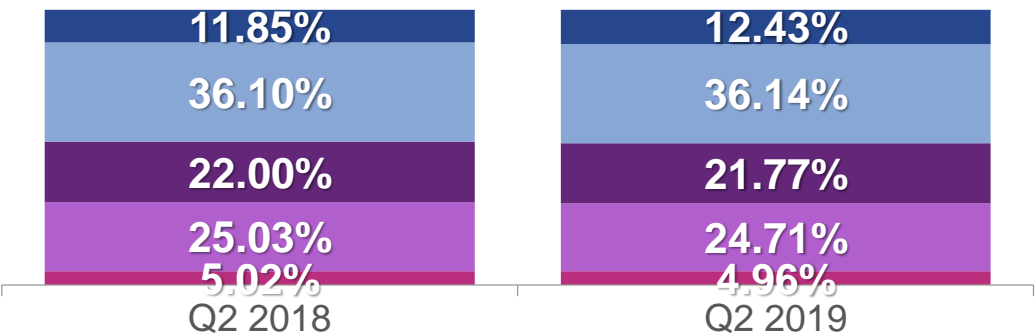
Total (loan & lease/new & used units)
risk distribution



New (loan/lease) risk distribution

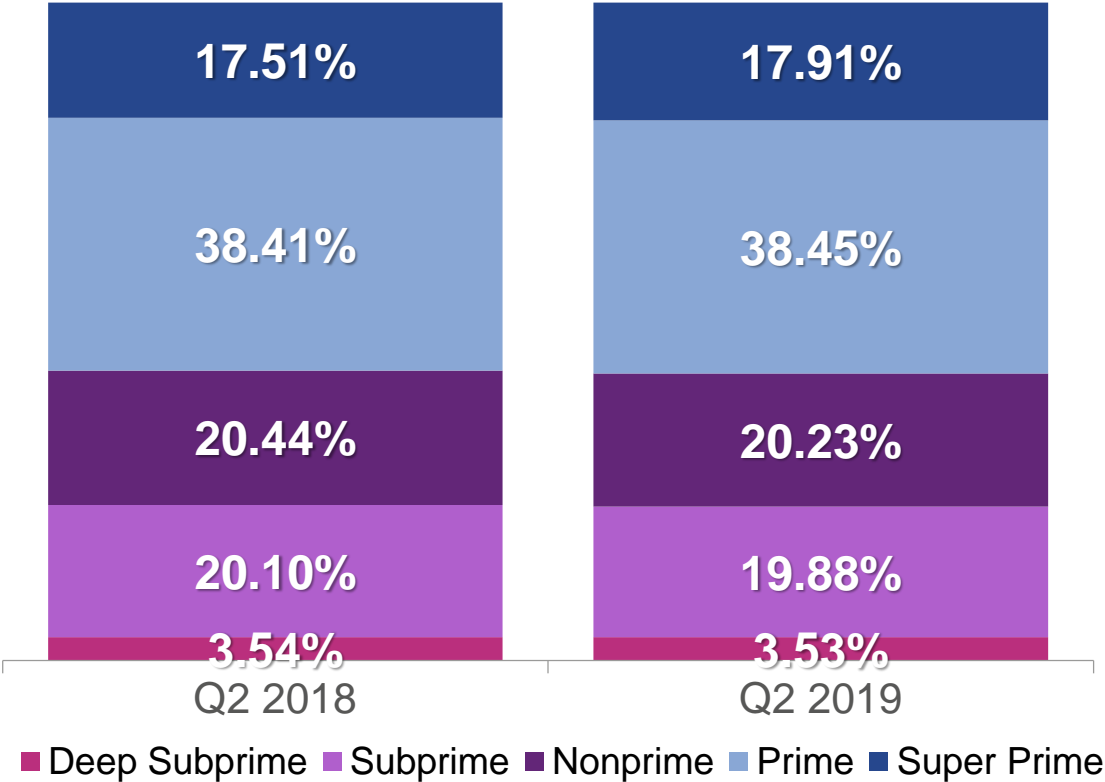


Used (loan/lease) risk distribution

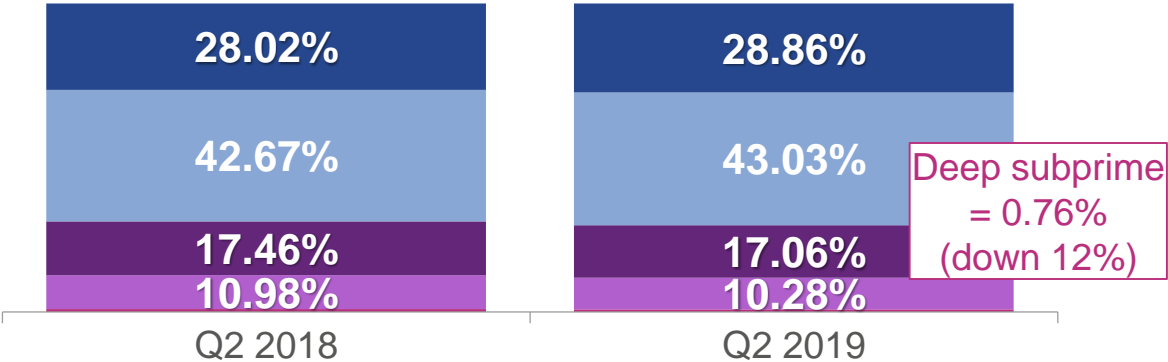


Q2 record lows for both total subprime and used subprime

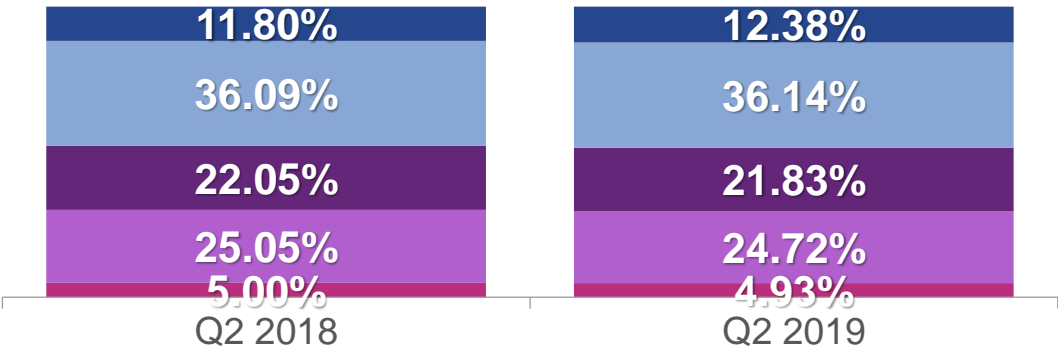
Total (new & used units) loan risk distribution



New loan risk distribution

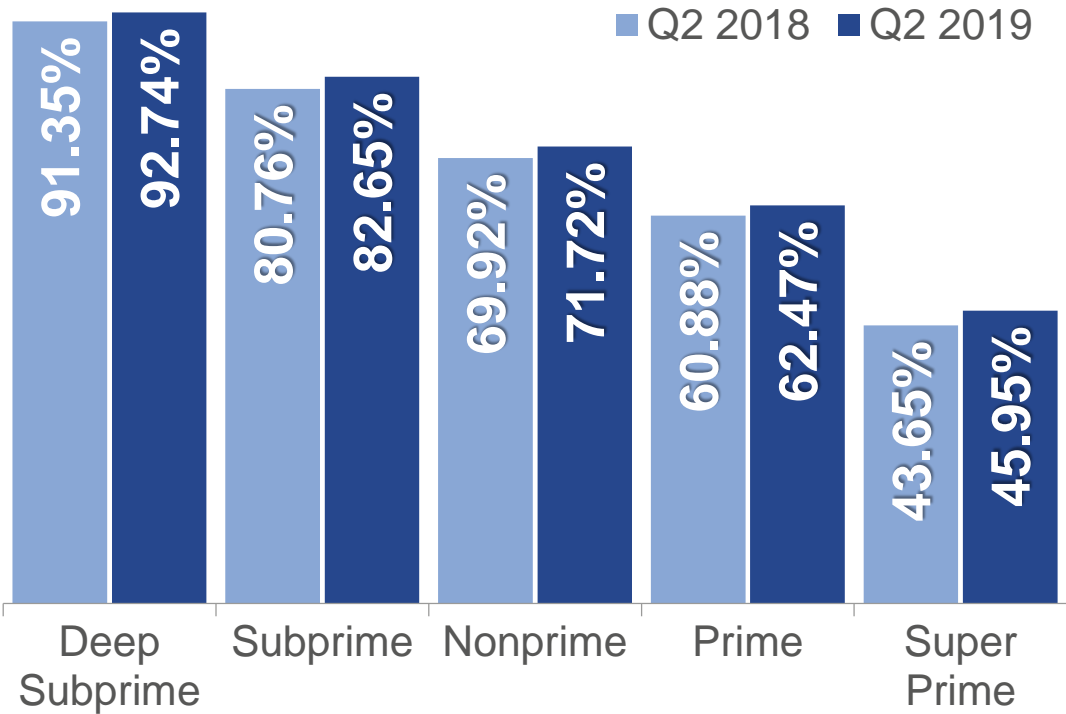


Used loan risk distribution

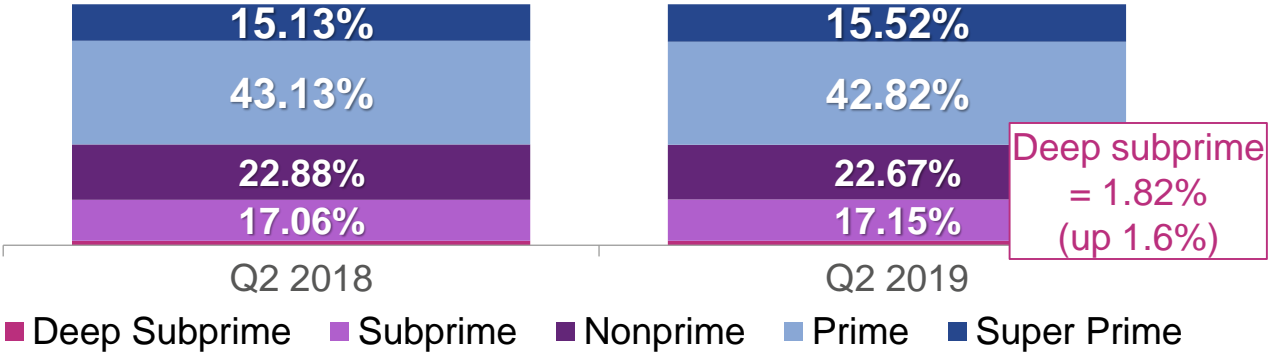


All time record highs of prime+ consumers choosing used vehicles

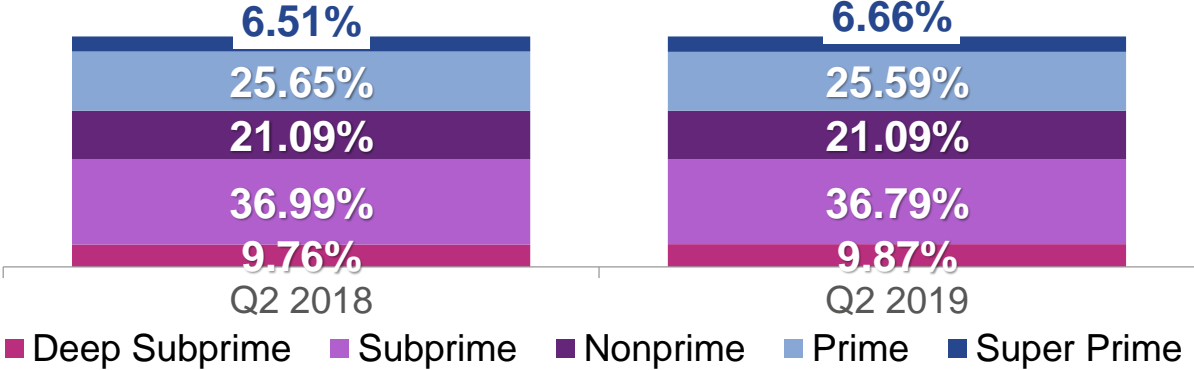
Percentage of consumers by risk tier choosing used loans



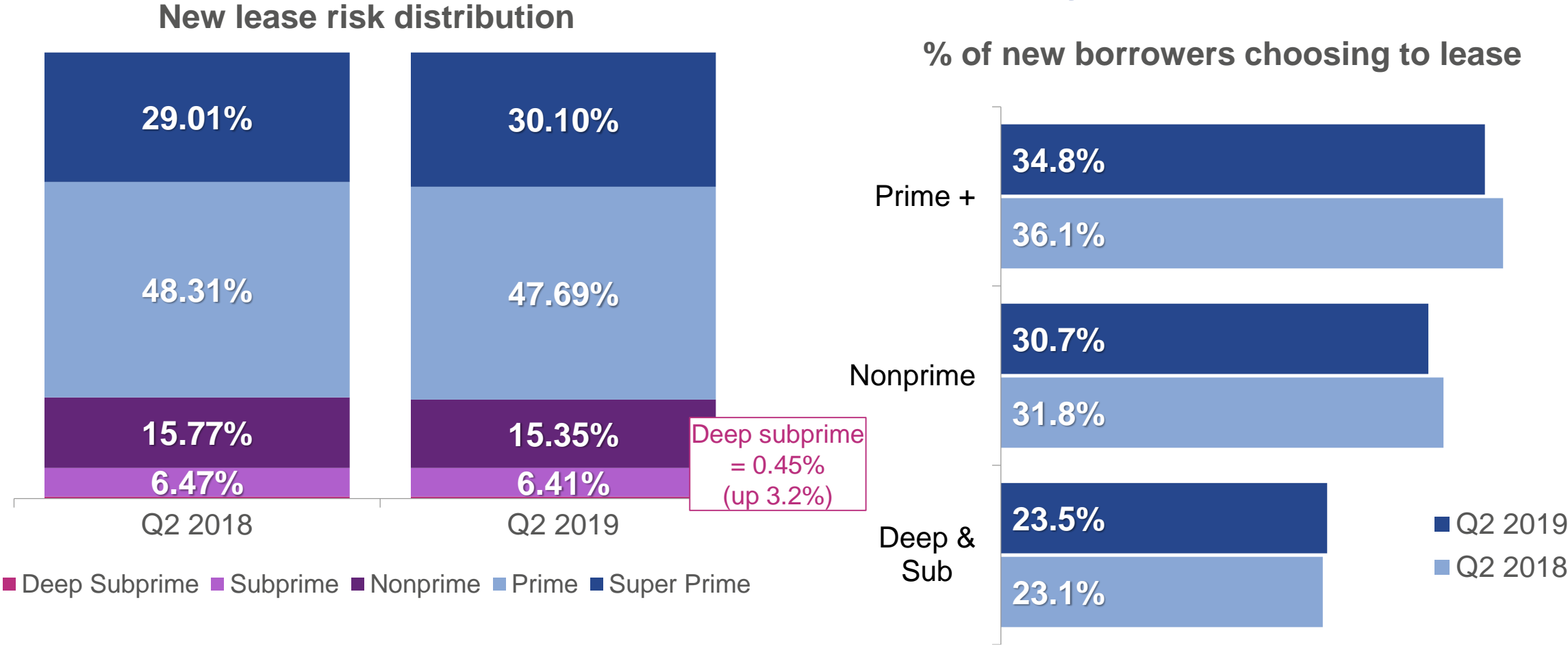
Used Franchise loan risk distribution



Used Independent loan risk distribution

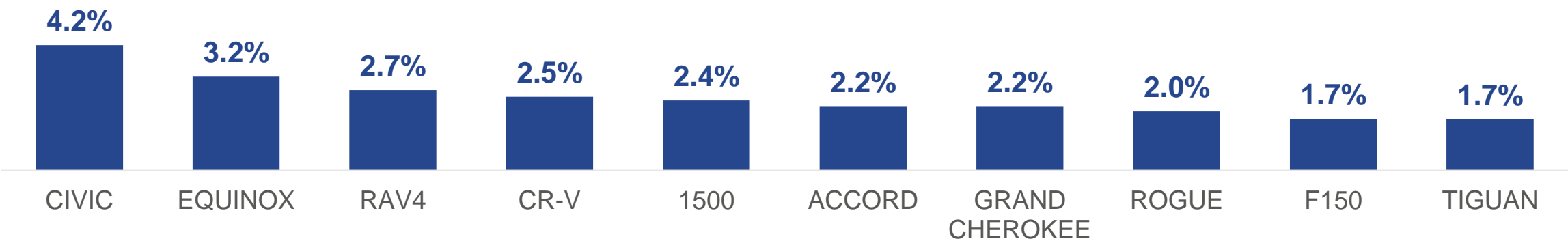


Leasing shifts into more prime segments with a slight decreases YOY of consumers choosing to lease

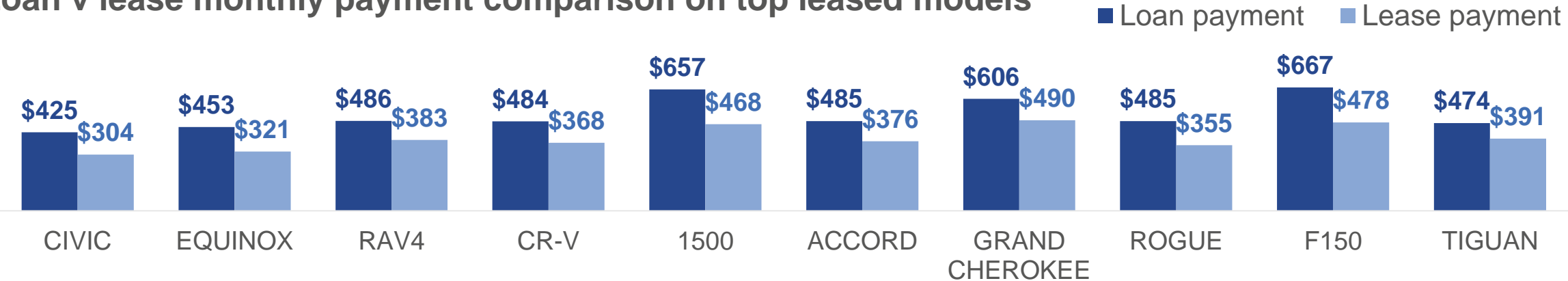


CUVs comprise the majority of the top leased models with average lease difference of \$92

Top 10 new leased models by market share

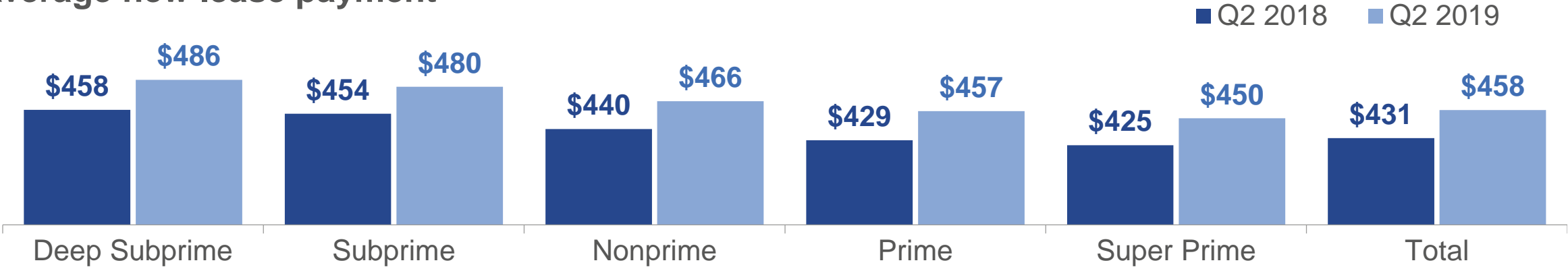


Loan v lease monthly payment comparison on top leased models

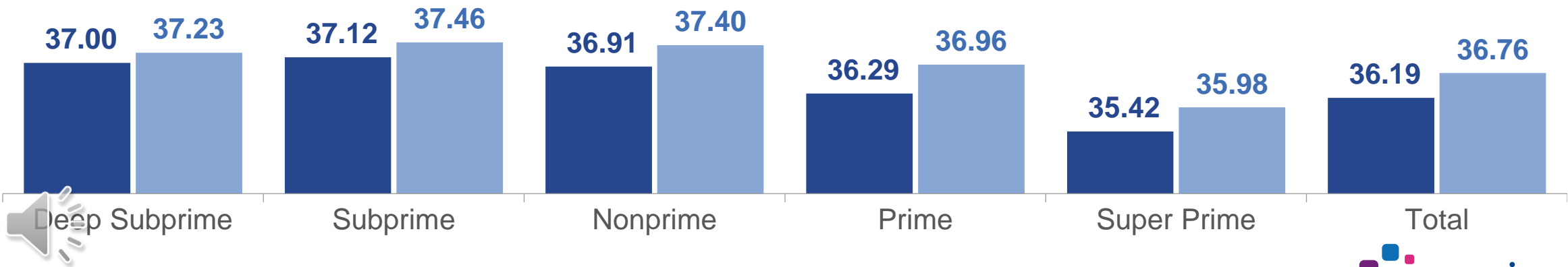


Leasing payments also rise while terms remain at 36 months

Average new lease payment

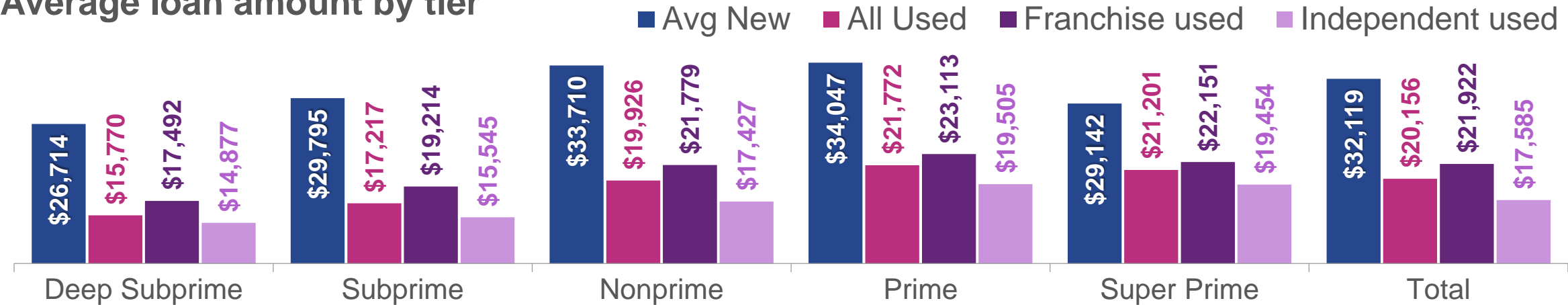


Average new lease term

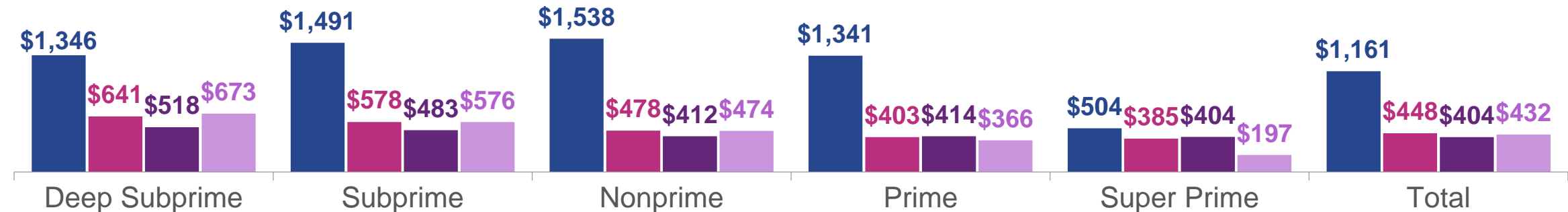


Average new loan amount remain over \$32k and used reaches record high across all Dealer types

Average loan amount by tier

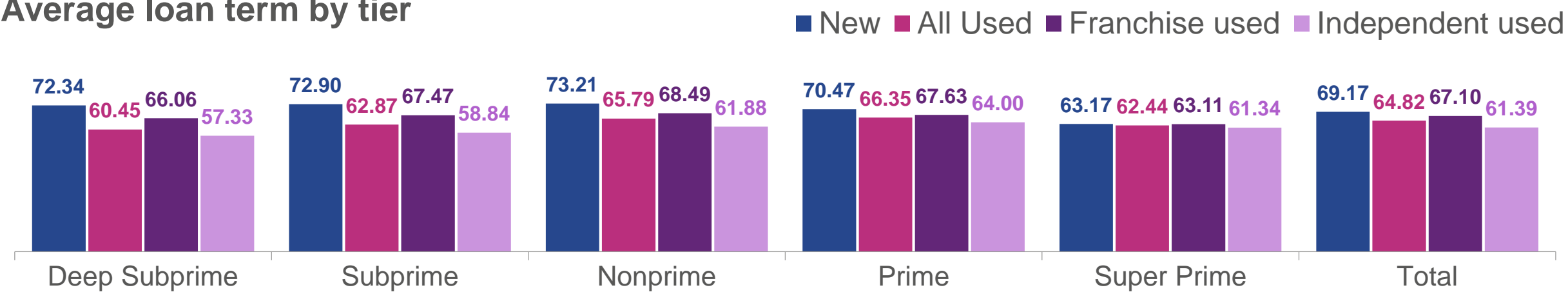


Year-over-year change in balance

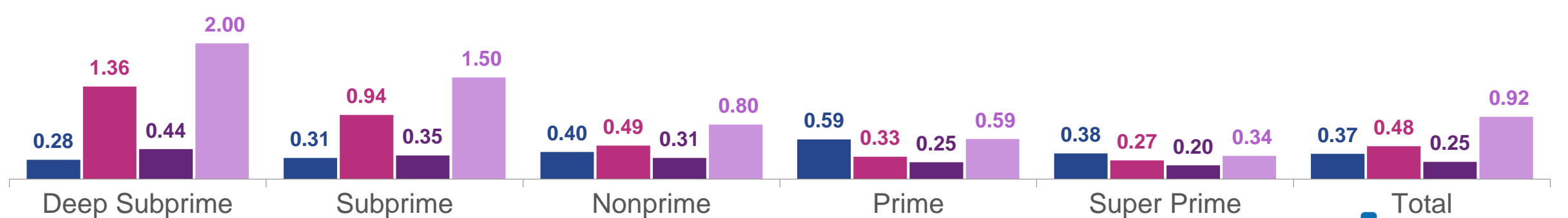


Terms rise across all loan and risk types to reach record highs

Average loan term by tier

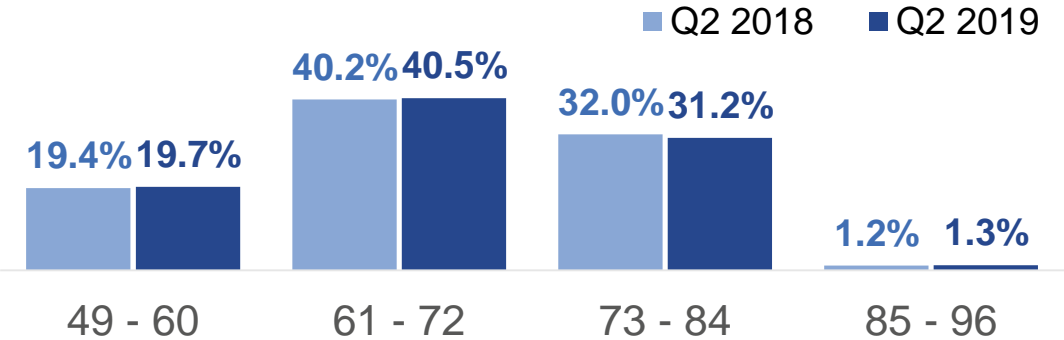


Year-over-year change in used loan term

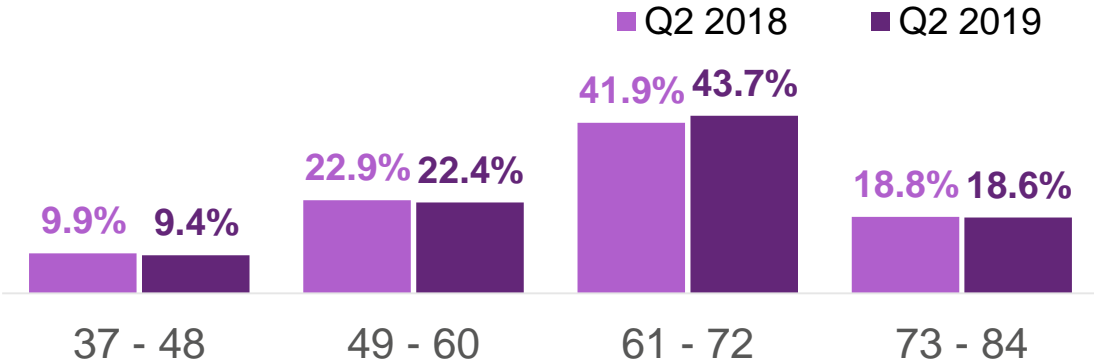


Longer term loans continue to dominate the market

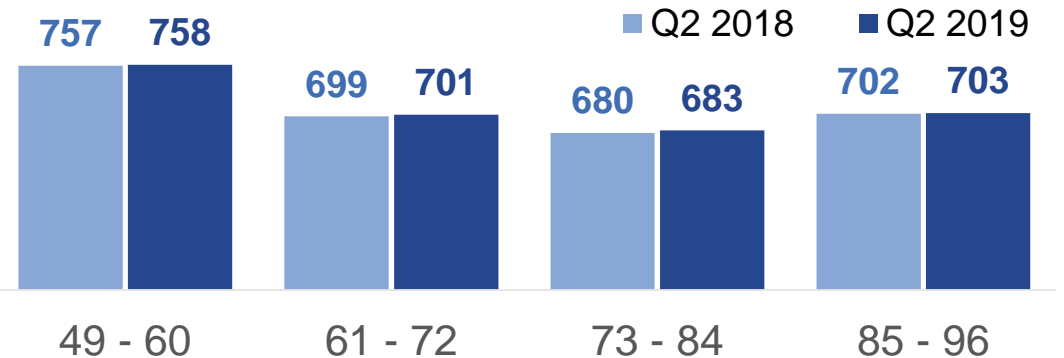
Percentage of new loans by term



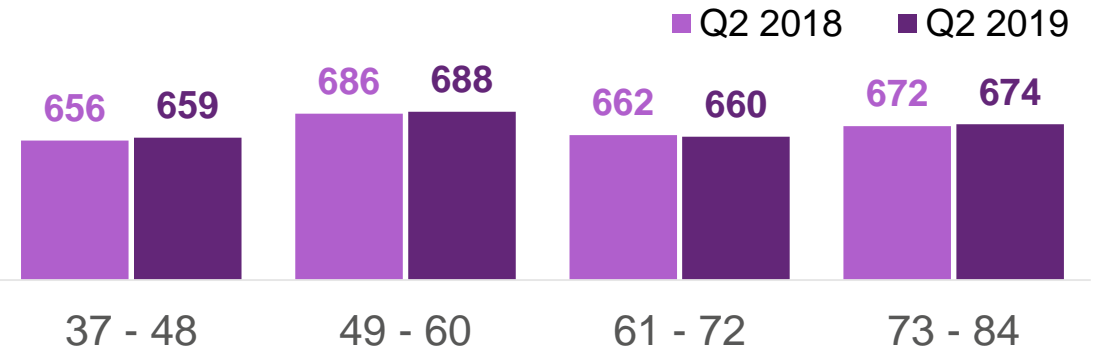
Percentage of used loans by term



Average new score by loan term



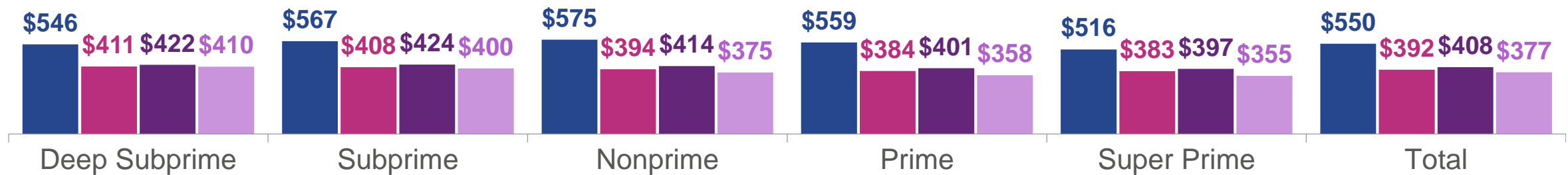
Average used score by loan term



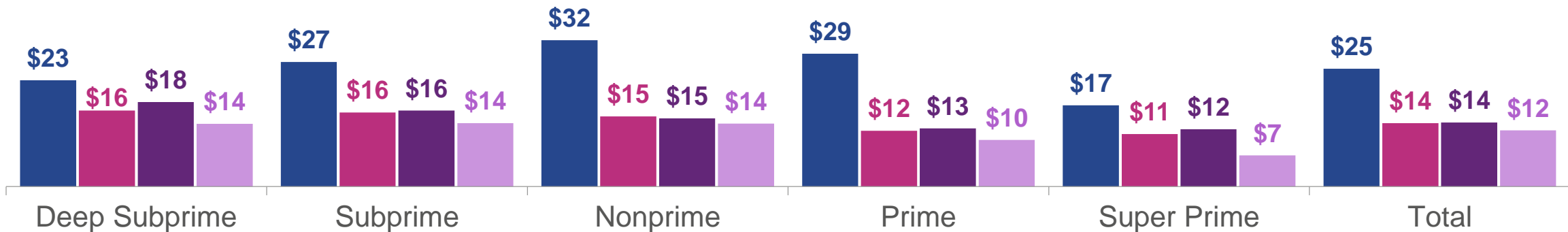
Payments continue to increase with used reaching record highs

Average monthly payment by risk tier

■ New ■ All used ■ Franchise used ■ Independent used

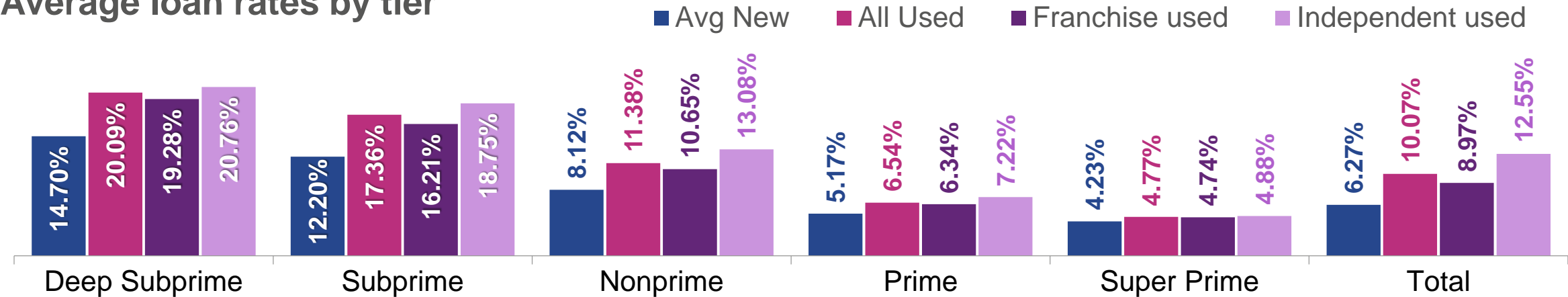


Year-over-year change in payments

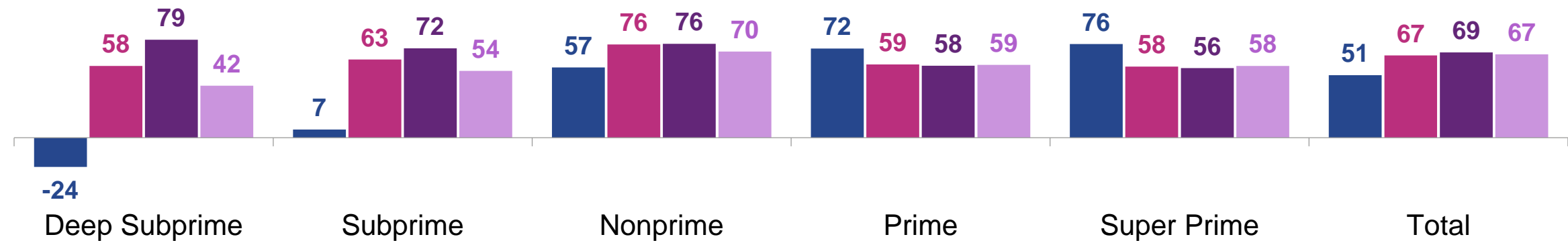


New rates remain over 6% and continue to increase across all risk segments

Average loan rates by tier



Year-over-year change (bps) in loan rate



Summary

- Record highs continue with loan balances over \$1.19 trillion
- Delinquency trends remain stable
- Banks increase market share in Q2
- Credit scores increase for new financing and growth seen across prime and super prime segments
- Q2 record highs seen in finance traits – especially used loan amounts and payments
- New loan terms reach record highs
- Leasing remains over 30% of the new market



