



State of the Automotive Finance Market Q1 2022

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Director, Product Management

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Today's speaker



Melinda Zabritski

Sr. Director of Automotive Financial Solutions
Experian

Throughout her career with Experian, Zabritski has overseen the product strategy for Experian Automotive's lending channel and creation of the automotive credit vertical. After over 18 years in product management, she transitioned into sales and consulting. Zabritski also serves as Experian's primary analyst and spokesperson regarding key automotive finance trends.



Session overview

- Overall origination trends
- Origination trends on New loans & leases
- Origination trends on Used financing
- Portfolio balances & delinquency

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

Data sources

Velocity Market, Risk & Performance

- Monthly subscription service sourced from US vehicle titles, manufacturer data and credit information
- Quickly view dealer and lender activity and share by market, make, segment and more
- Gain insight into loan pricing and performance by reviewing credit and loan/lease characteristics across vehicle metrics

Ascend Market Insights

- Instant access to credit market trends across the entire credit universe (review by industry type)
- Deep-dive across numerous themes (delinquency, originations, total accounts & balances and more)
- Easy navigation and dashboards with weekly Executive Summary insights



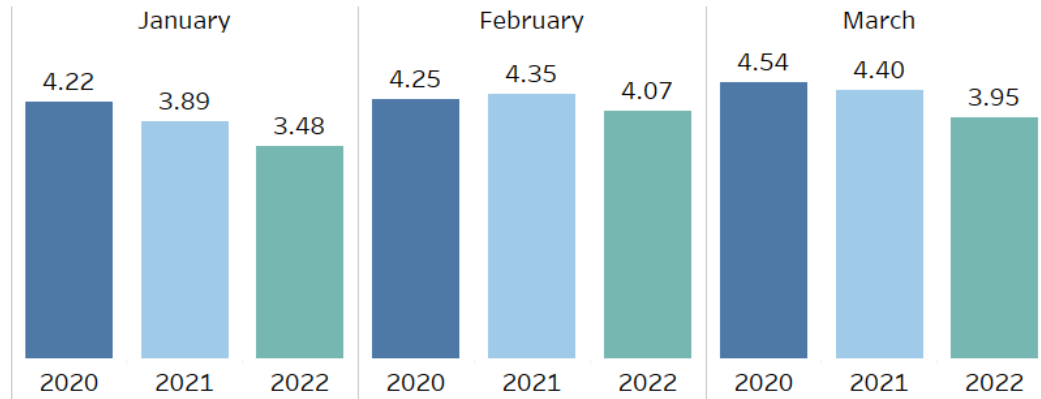
Q1 2022 Originations

Trends in automotive loan and lease originations

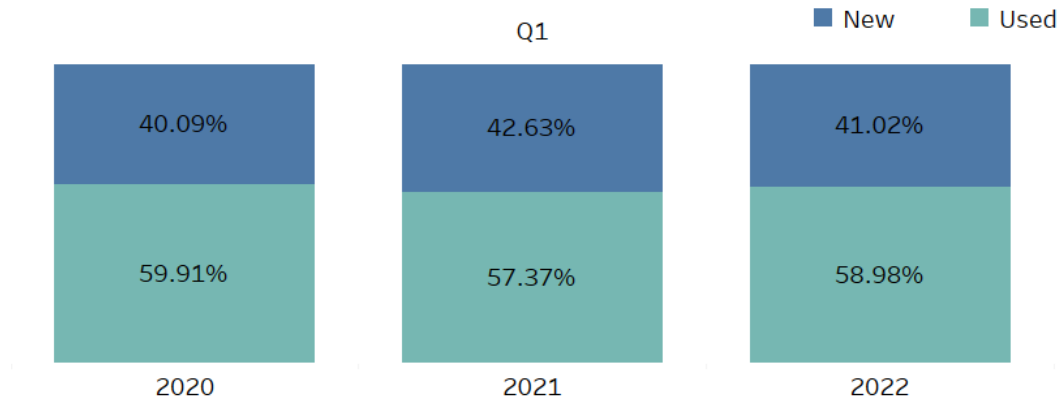
Automotive financing

Snapshot of how and what consumers are financing

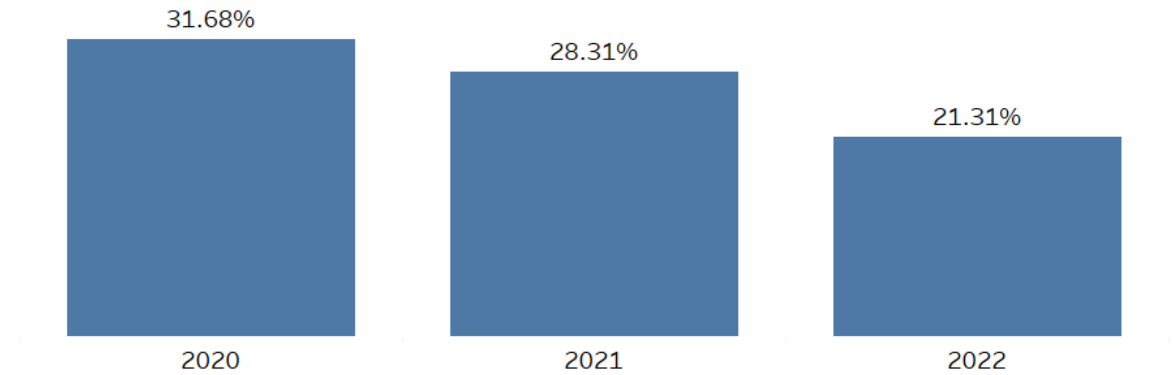
Retail volume (millions)



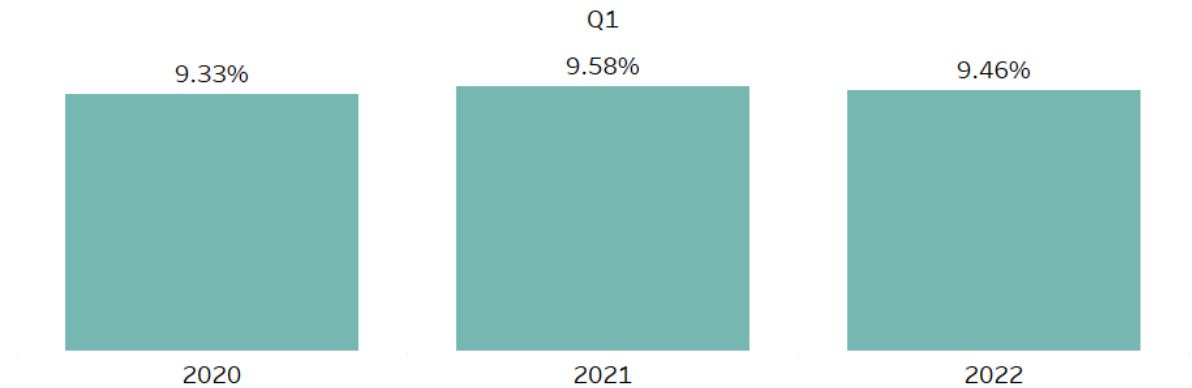
New/Used percentage of financing



% of all new vehicles that are leased

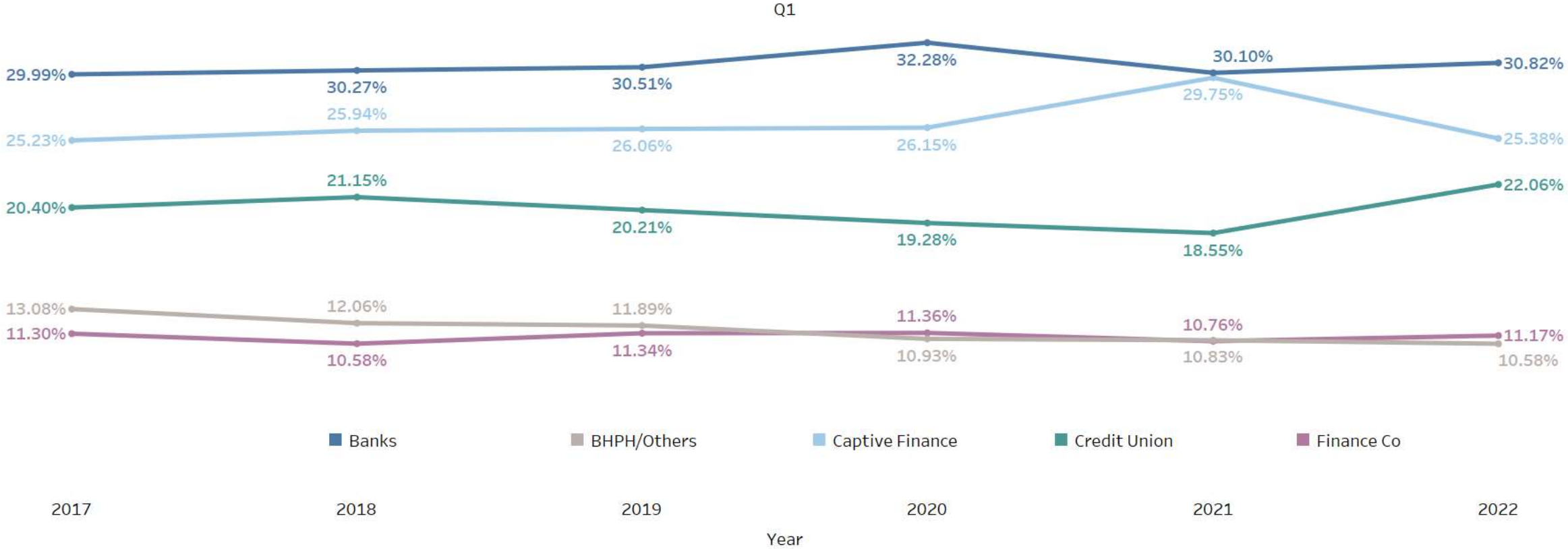


Used vehicle % of total lease market

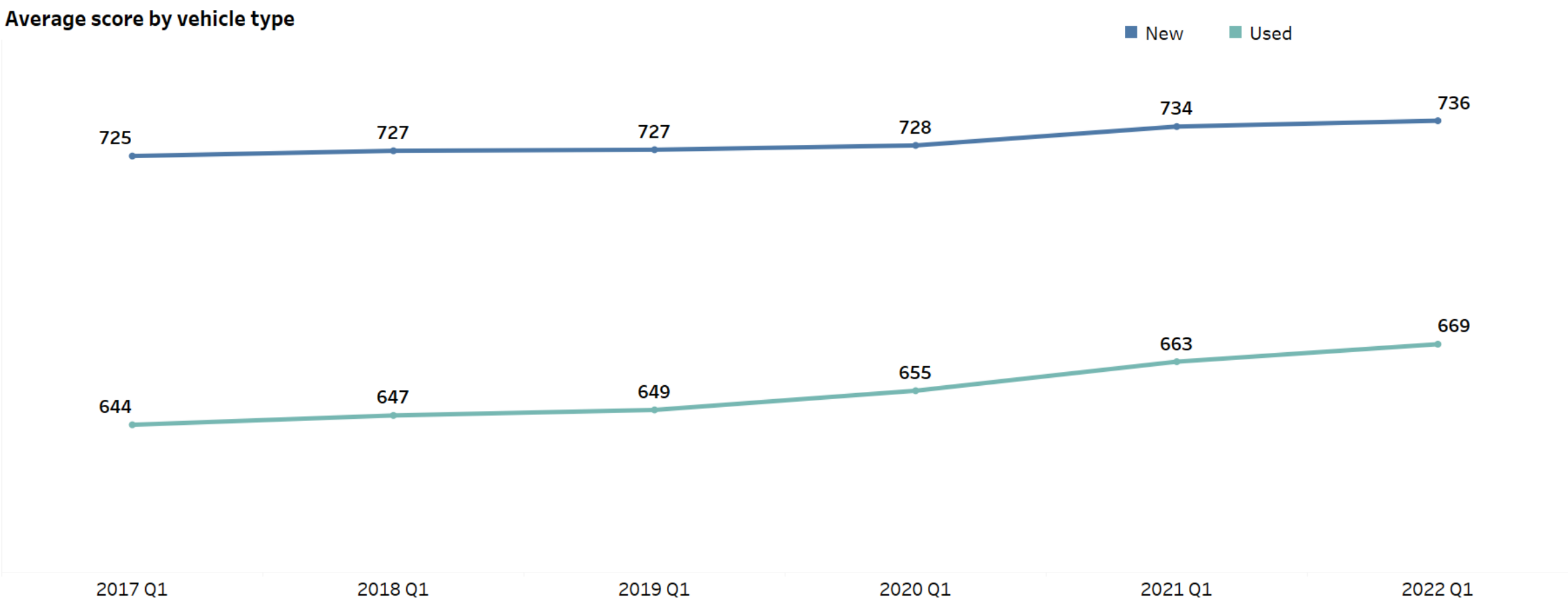


Credit unions experience highest total share in five years

Market share of total financing



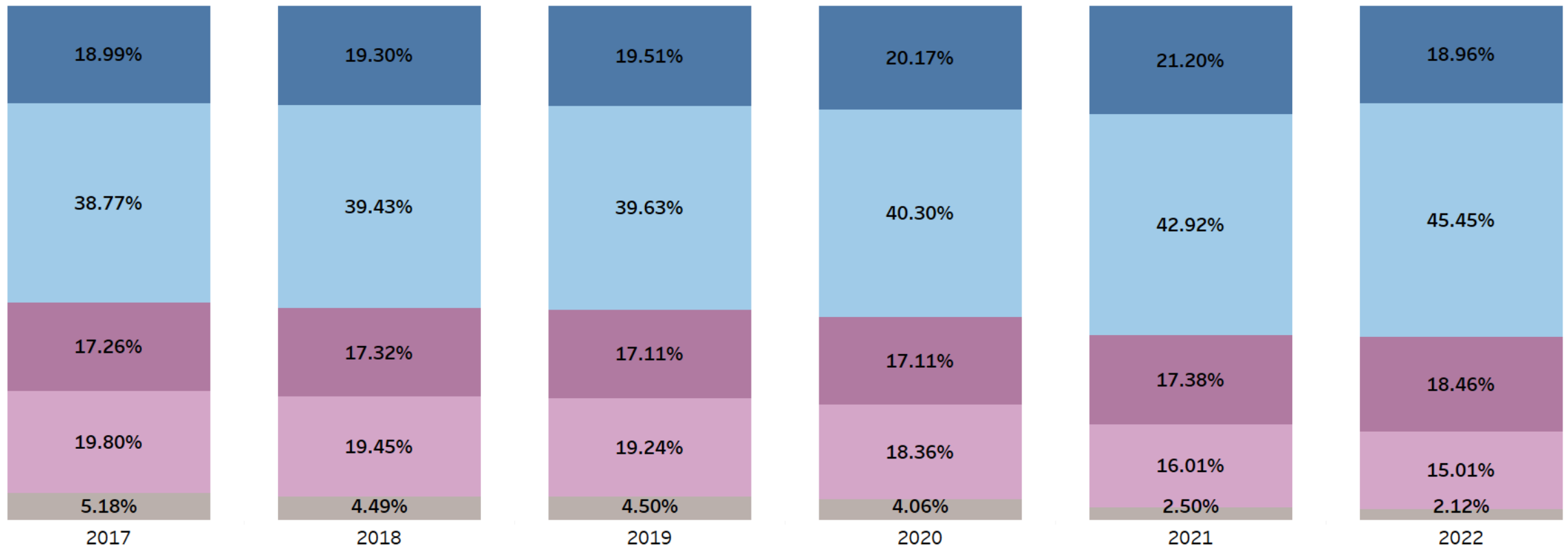
New scores increase 2 points while used are up 6 YOY



Prime is over 64% of total financing, while subprime falls to just over 17%; most growth occurring in Prime

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

■ Super Prime ■ Prime ■ Near Prime ■ Subprime ■ Deep Subprime
Q1

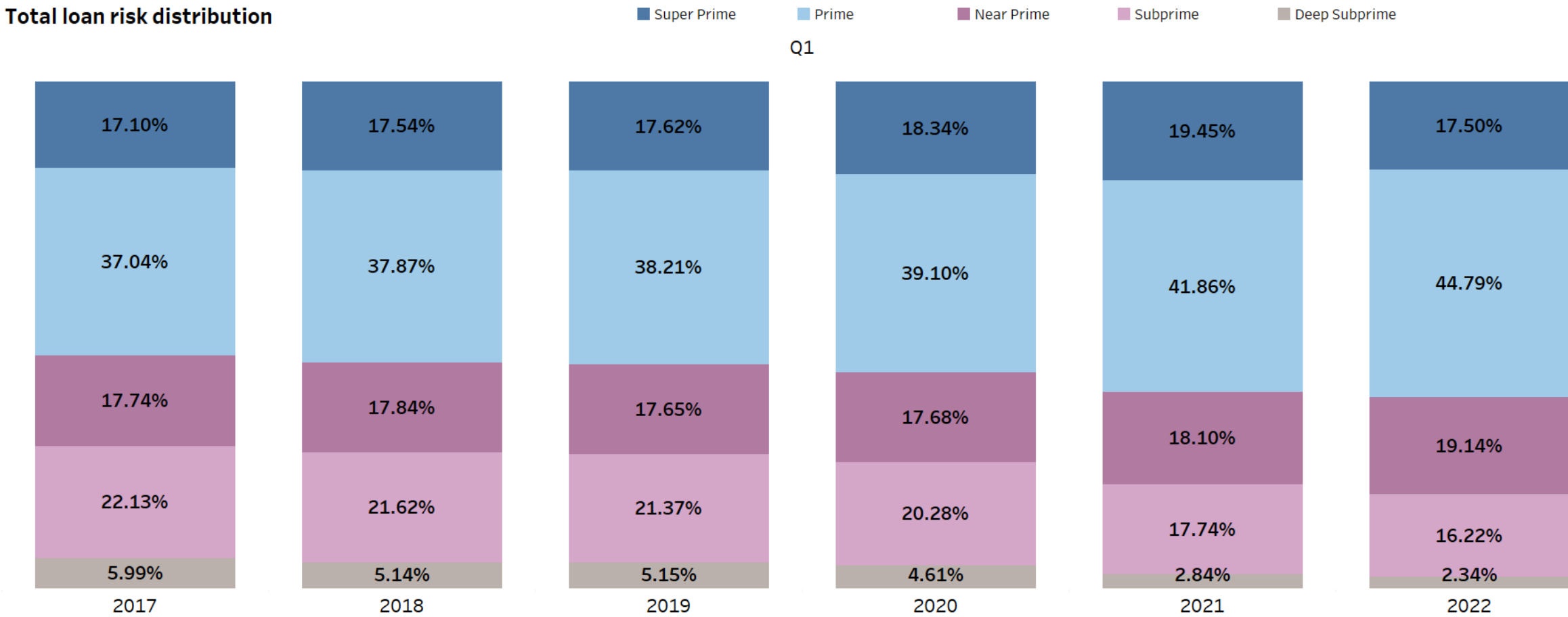


¹Total financing = loan and lease transactions on both new and used vehicles



Continue to see growth for loans in Prime and Near Prime; all other risk tier share decreases

Total loan risk distribution



¹Total financing = loan transactions on both new and used vehicles



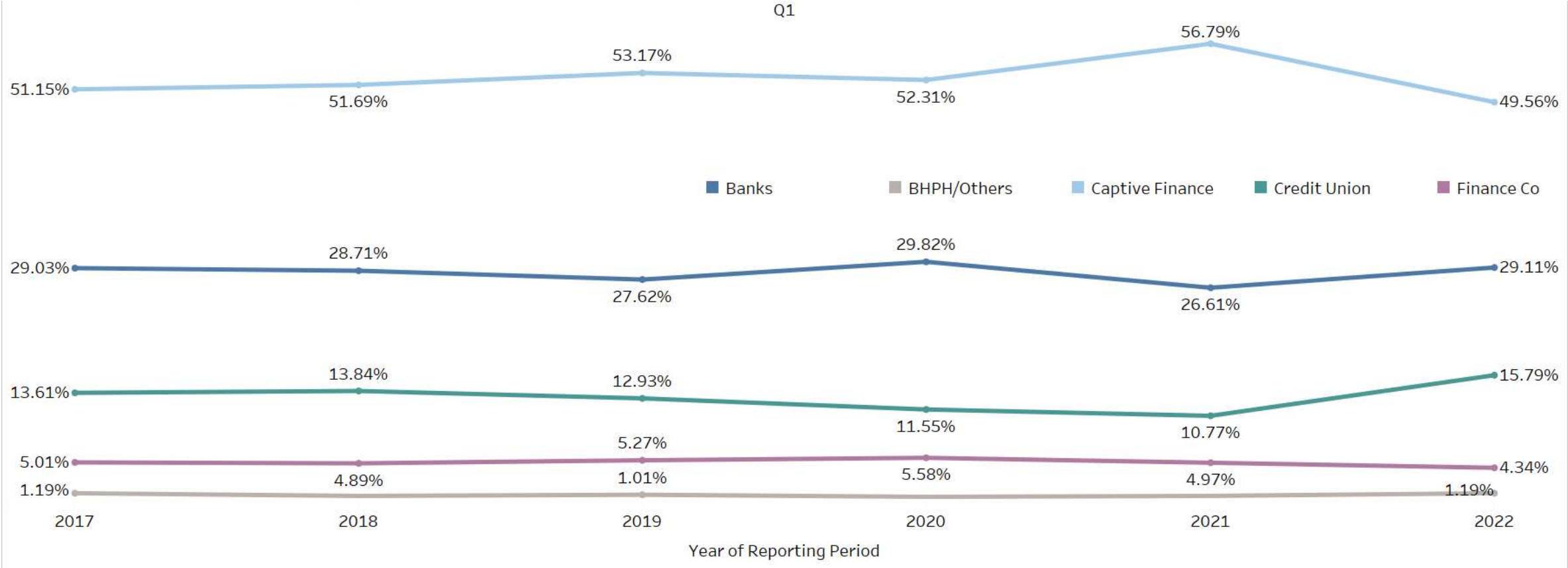


Q1 2022 New financing

A look at new lease & loan trends

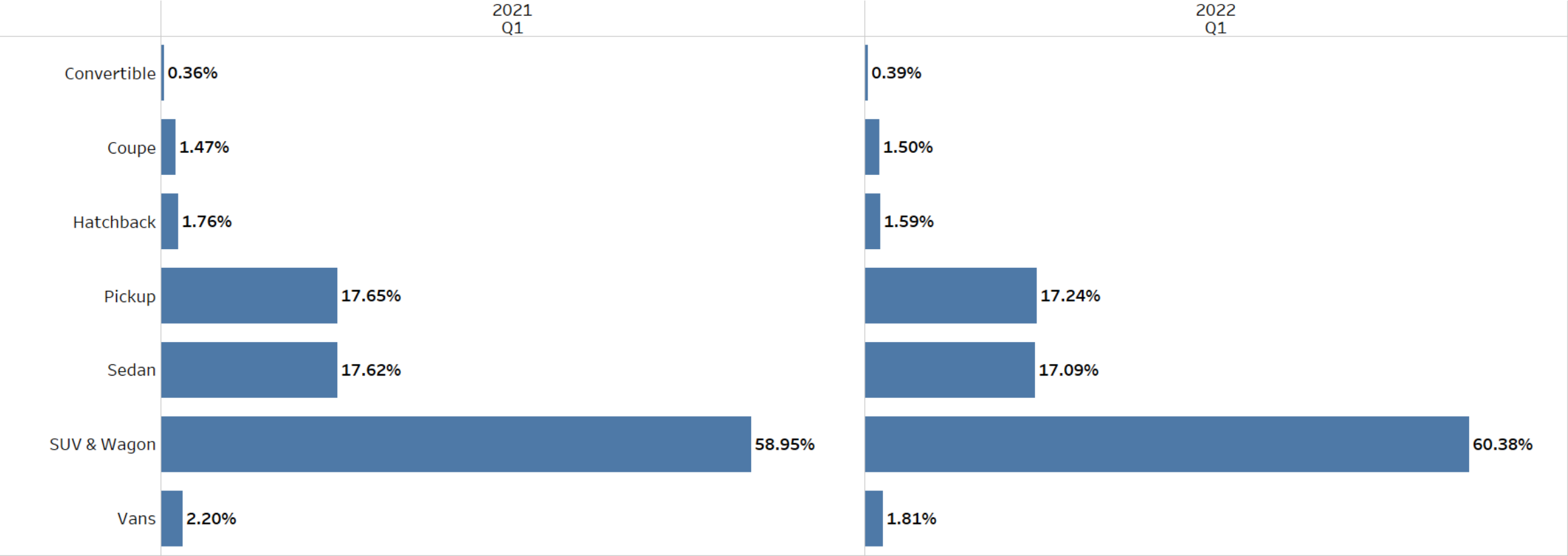
Banks and credit unions experience market share gains

Market share of new financing (loan/lease)



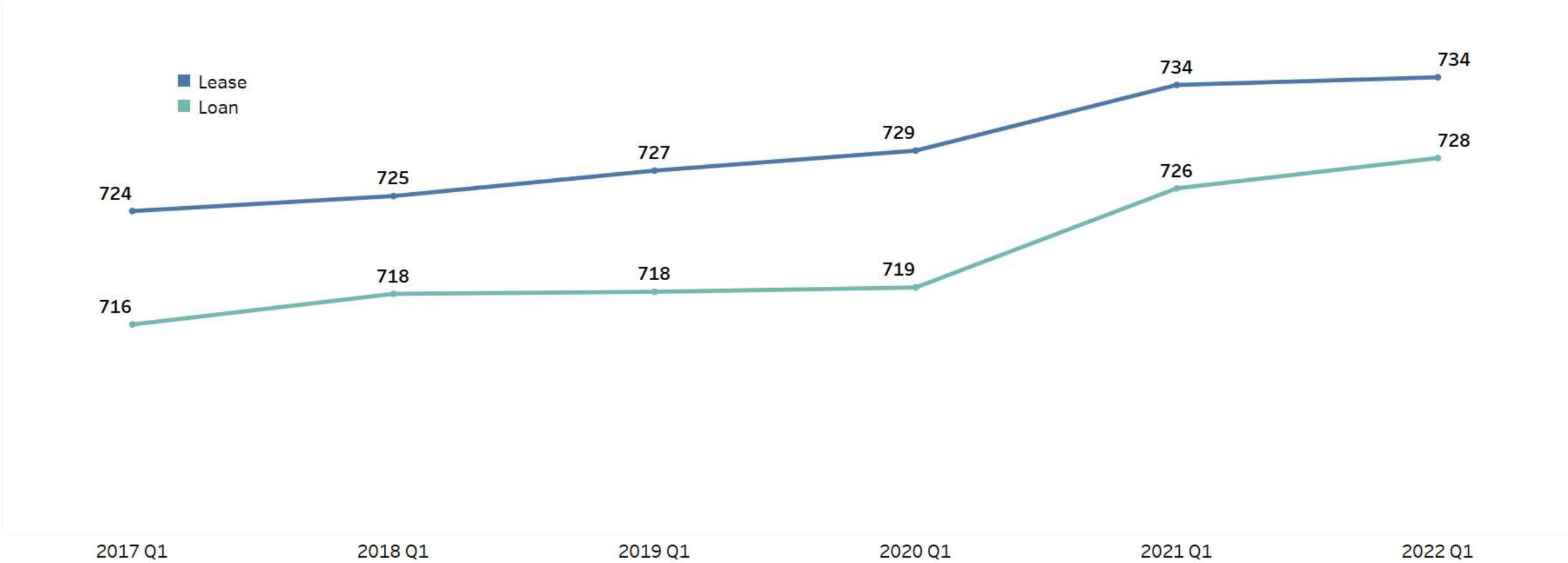
SUVs surpass 60% of financing

Percentage of financing by segment



New leasing score remains consistent while loans increase 2 points year-over-year

Average new score by transaction type

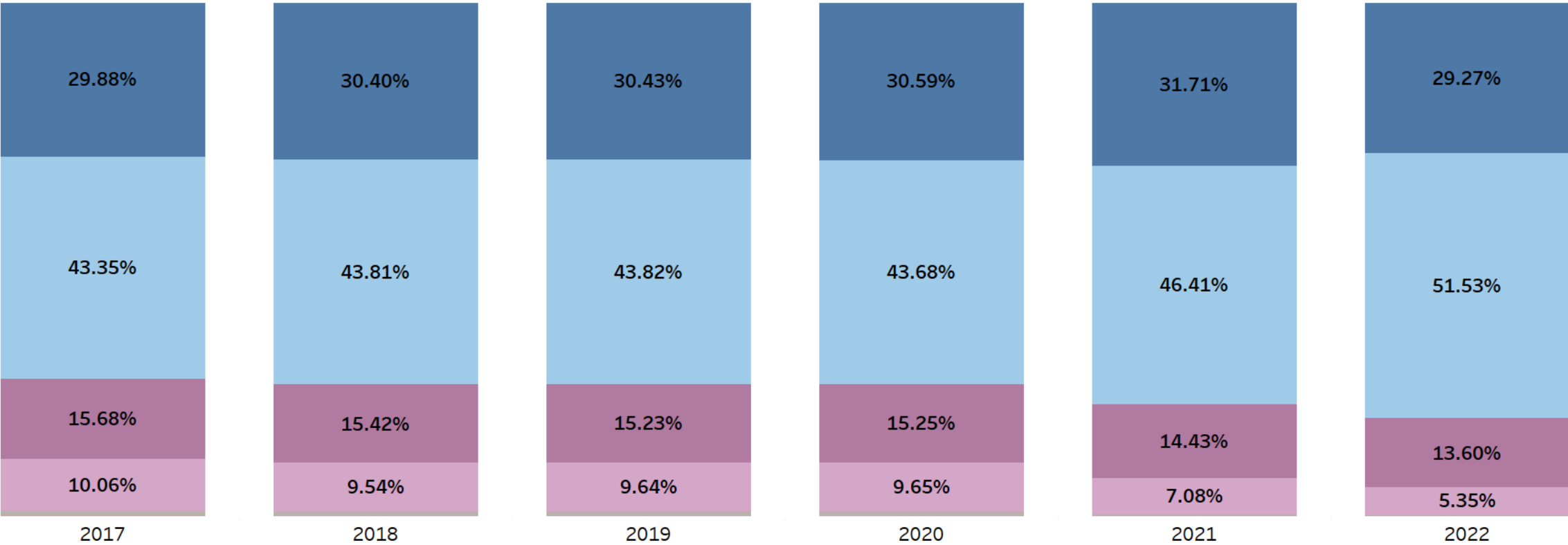


Prime+ reaches 80.8% with most growth occurring in 661-780 segment; subprime segments only 5.6%

New loan risk distribution

■ Super Prime ■ Prime ■ Near Prime ■ Subprime ■ Deep Subprime

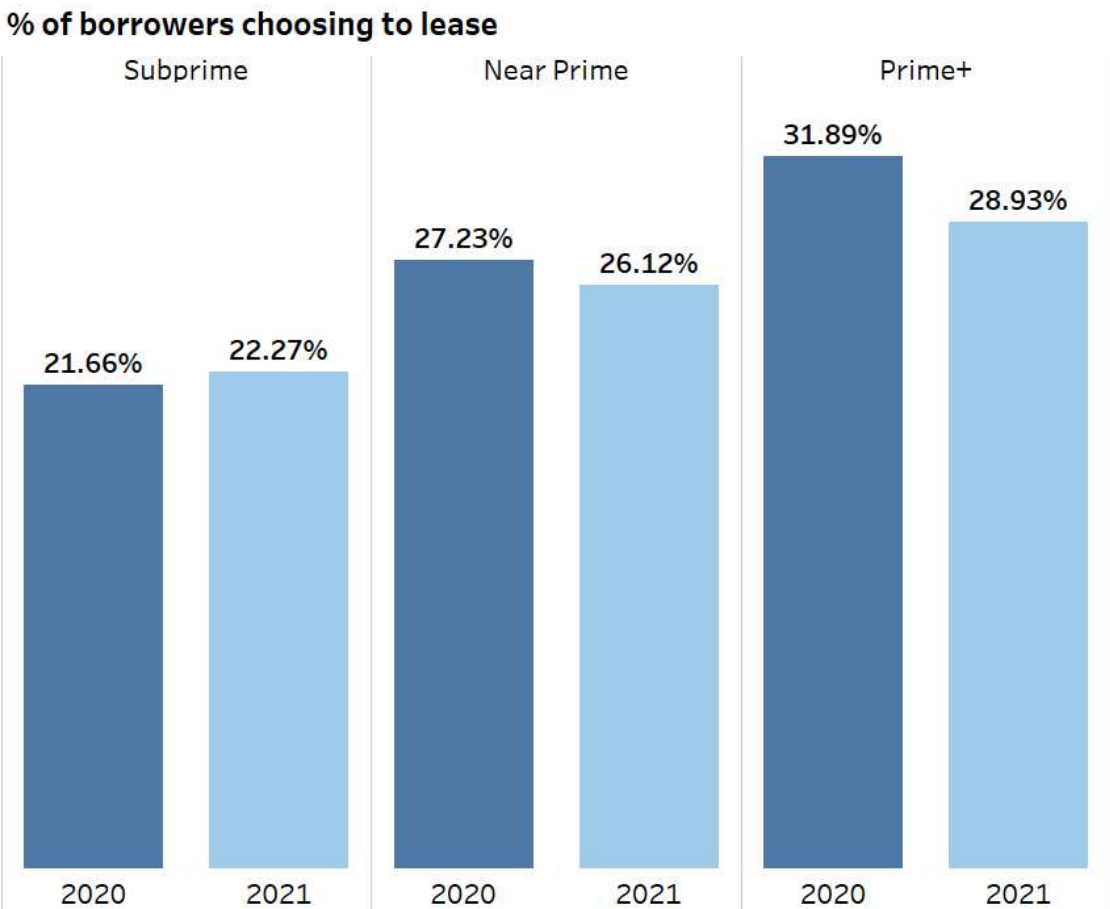
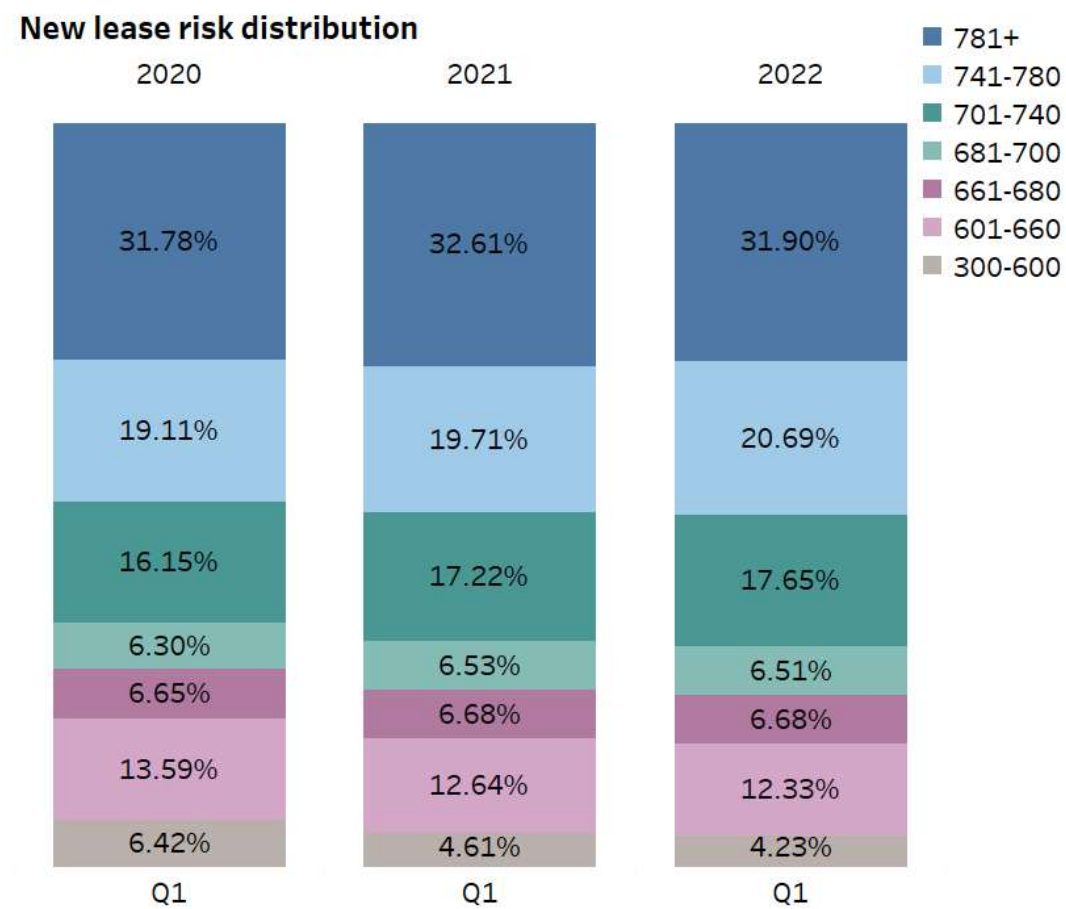
Q1



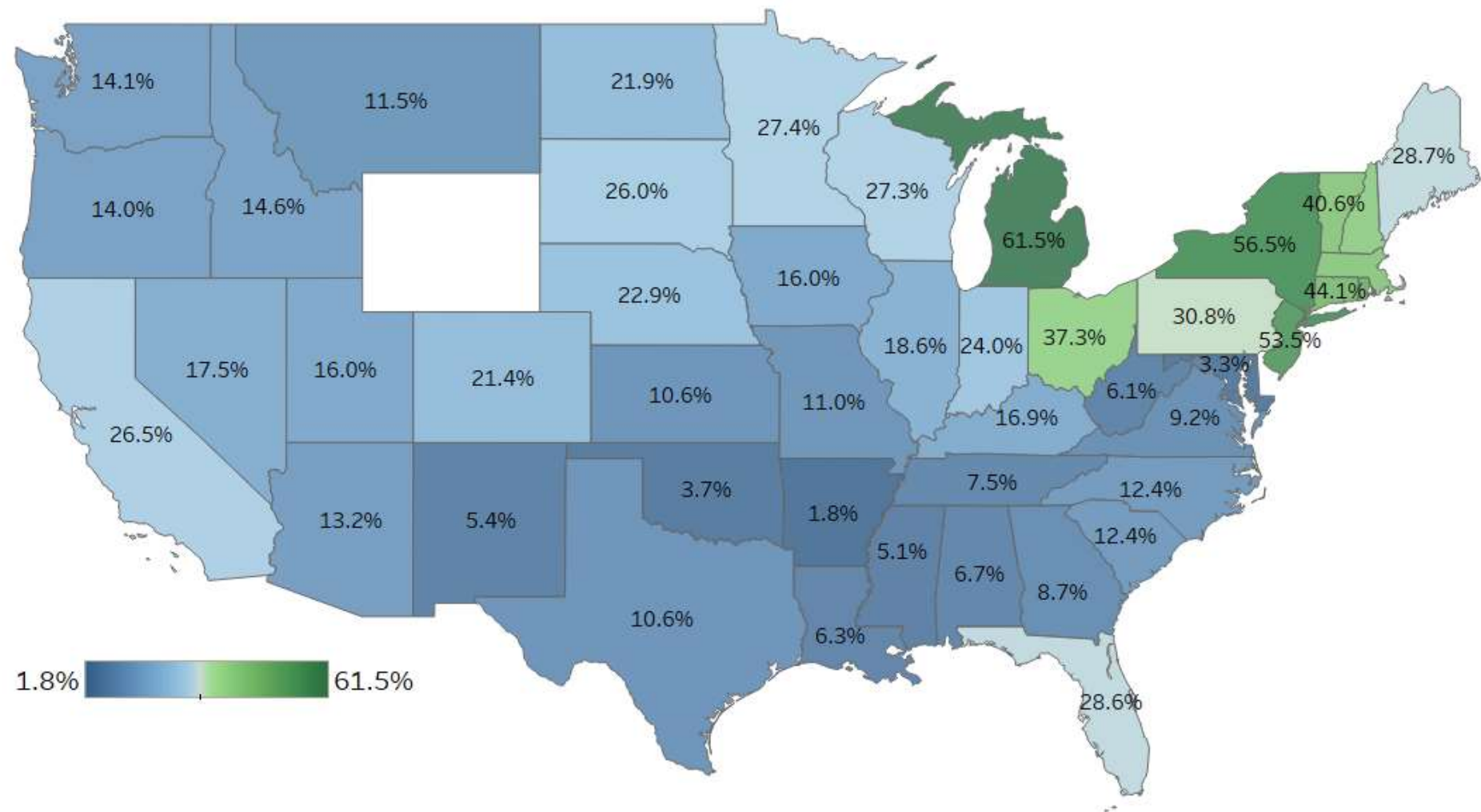
Deep subprime =
0.25%



Over half of leasing is 741+ while fewer Near Prime and Prime+ consumers choose to lease

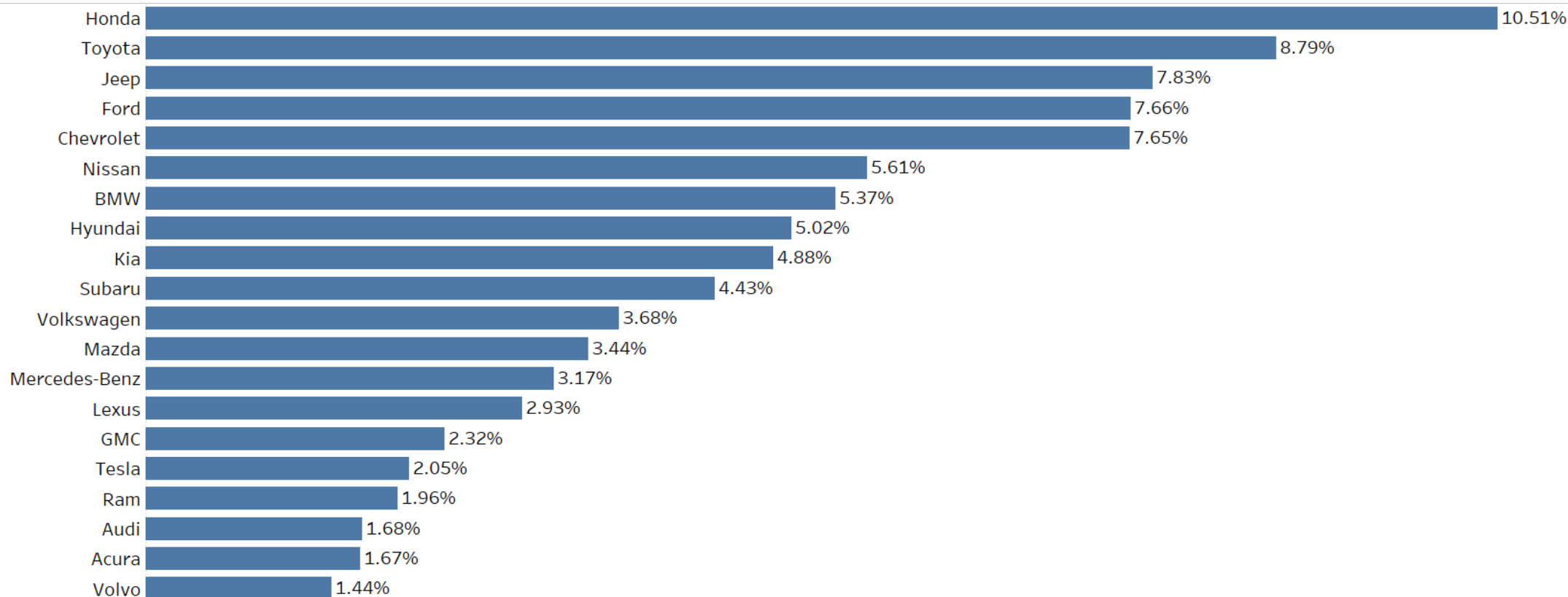


Michigan and NY continue to lead with the greatest share of new state financing as lease



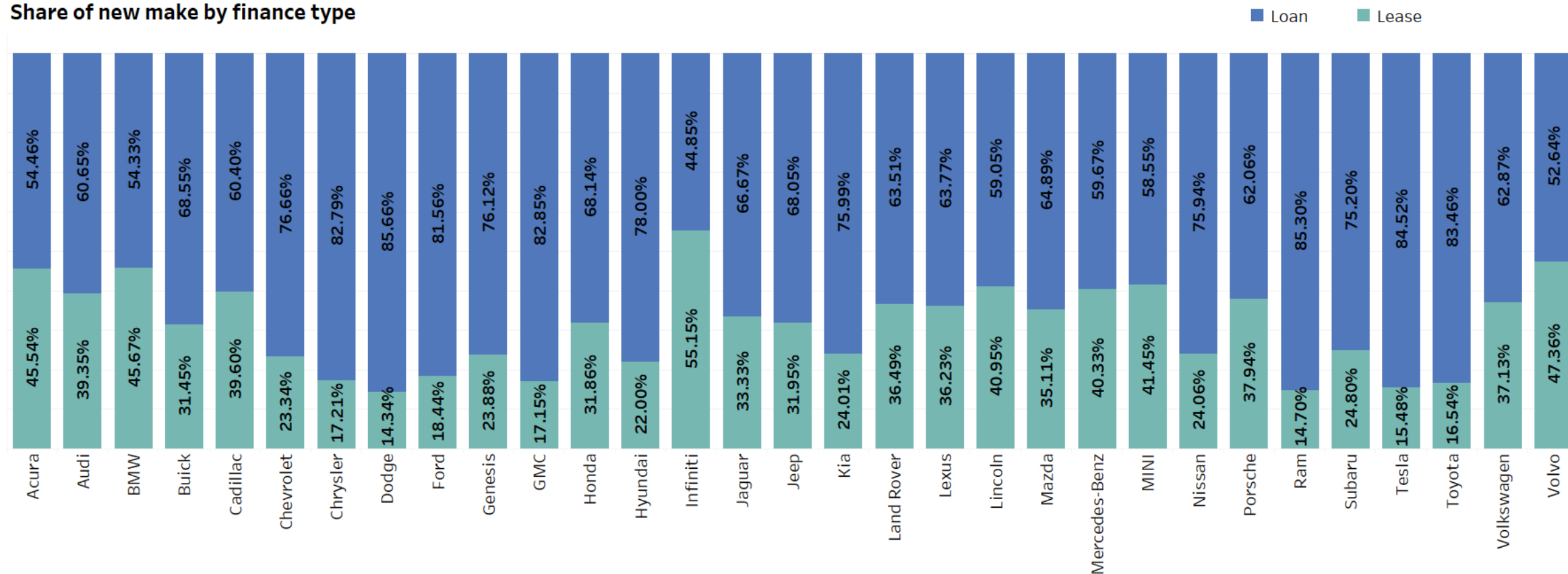
Honda leads as the #1 leased make for Q1

Top 20 leased new makes



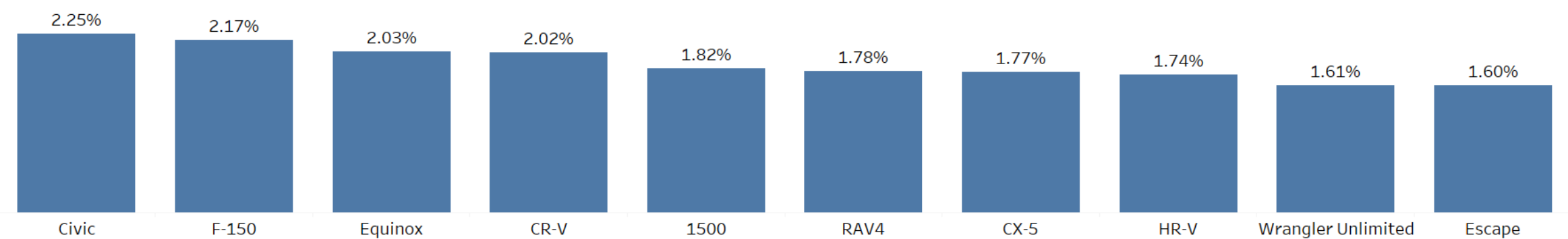
Finance type by make

Share of new make by finance type

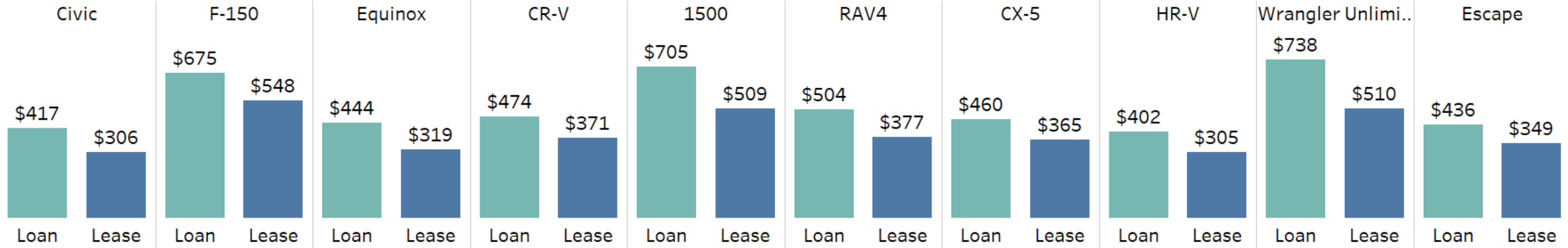


Only one sedan among top leased vehicles; average payment difference of \$126

Top 10 leased models

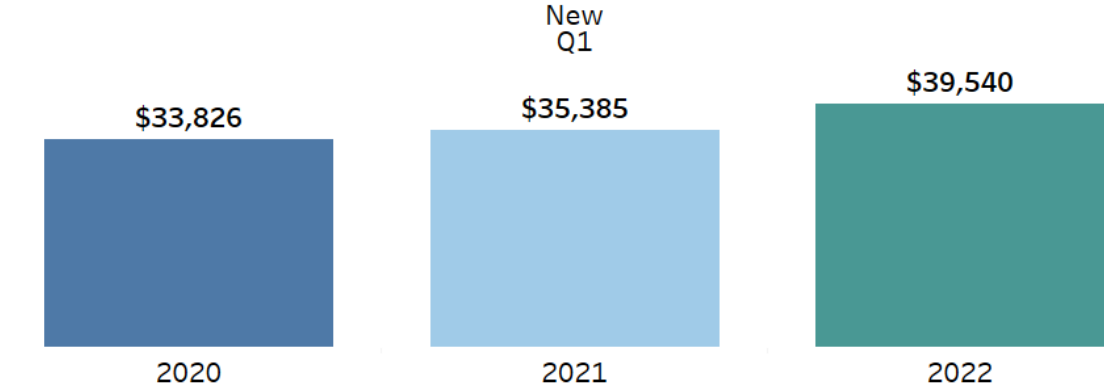


Average monthly payment on top leased models

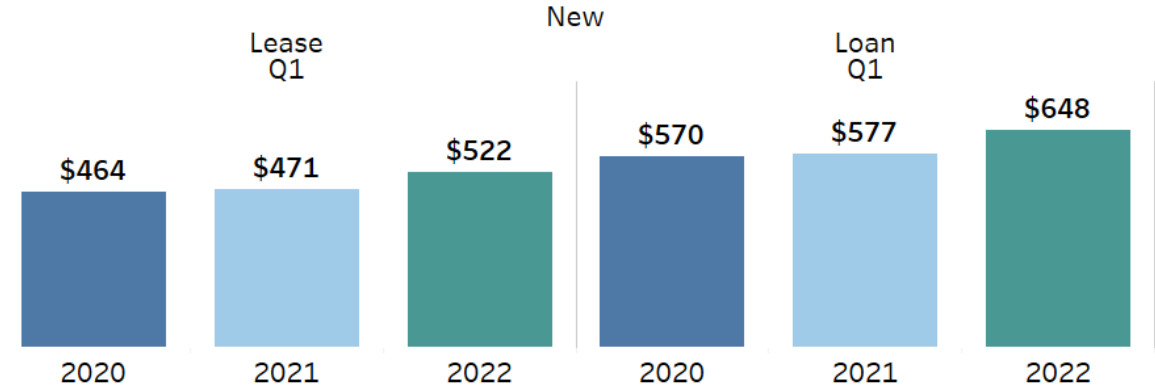


New loan attribute summary: new loan amount up 12%

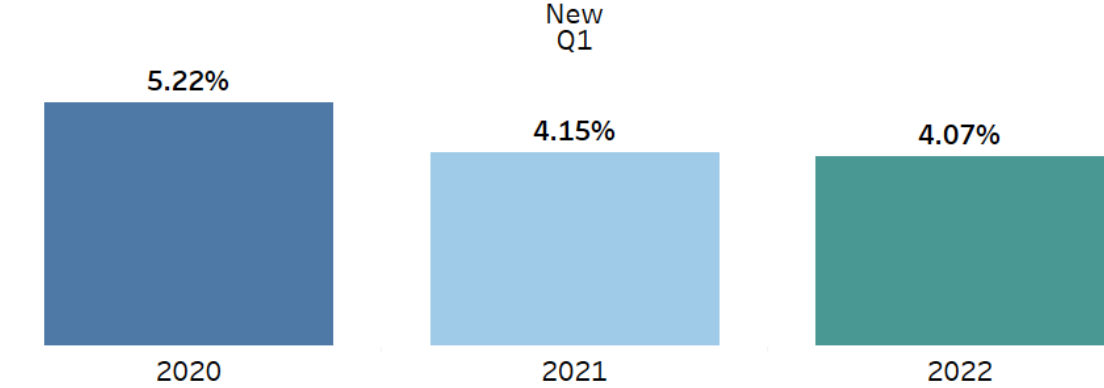
Average amount financed



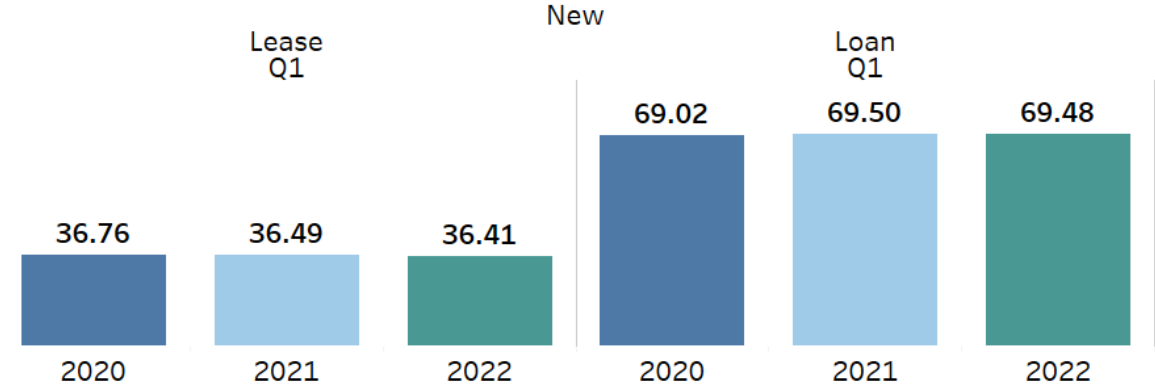
Average monthly payment



Average loan rate

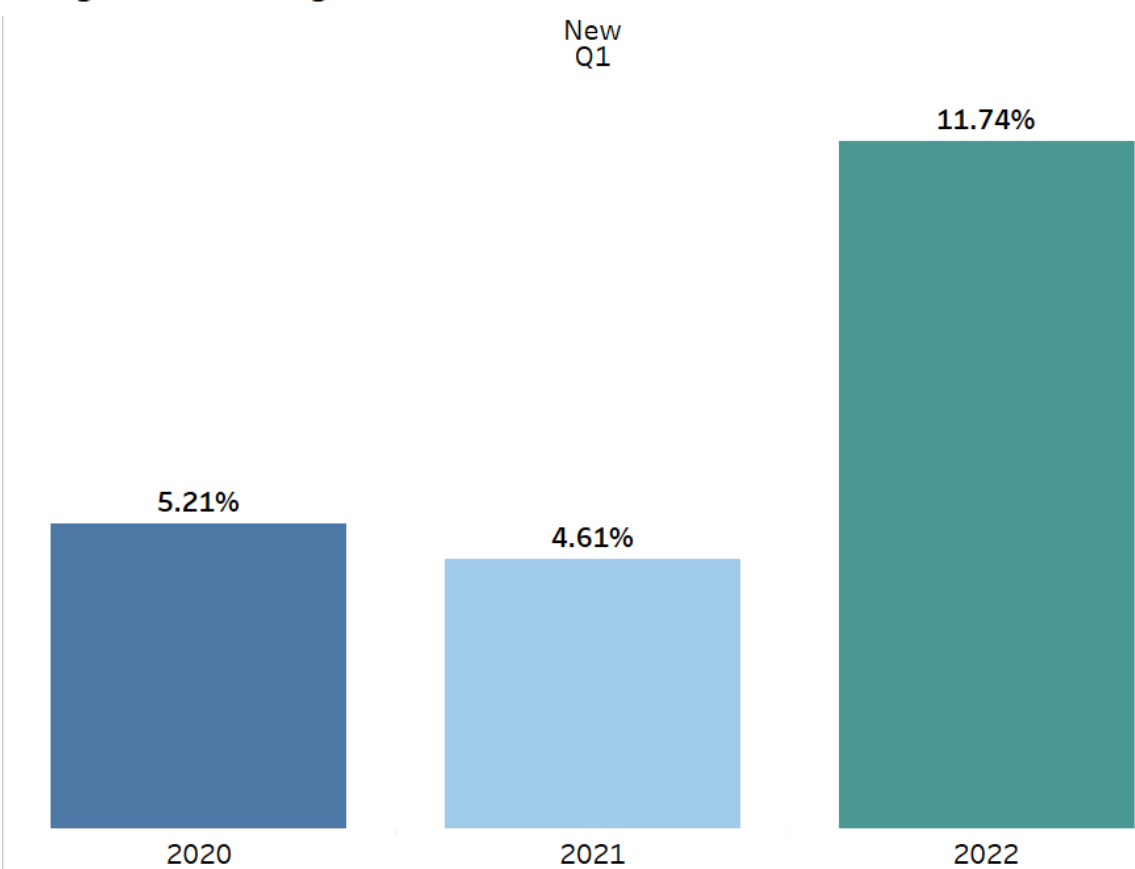


Average loan term

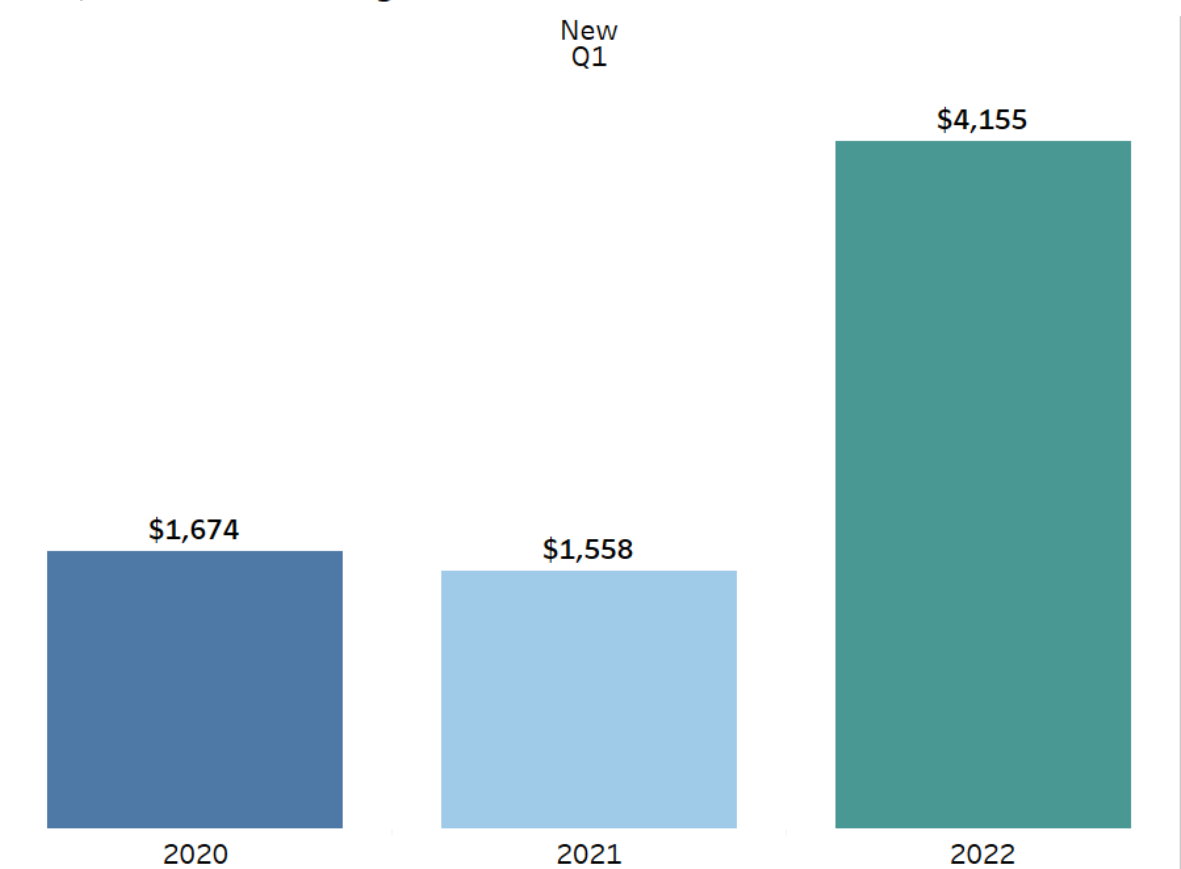


Significant YOY increases in loan amounts continue

YOY growth in average new loan amount

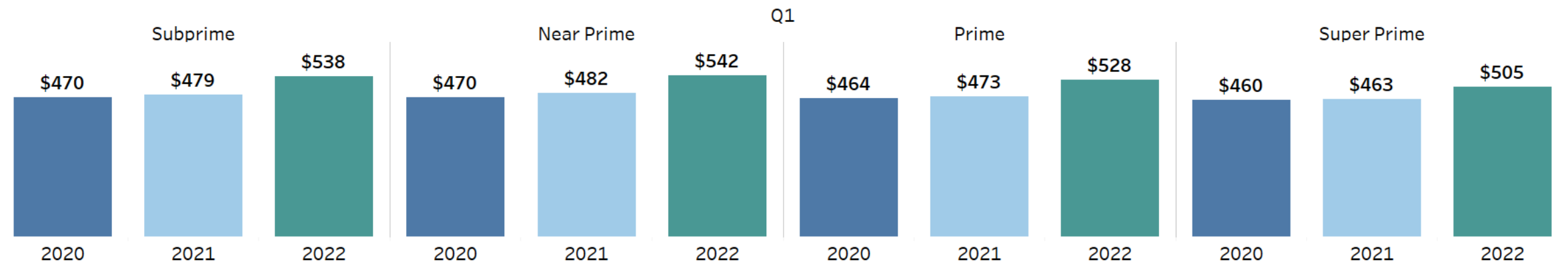


YOY \$ difference in average new loan amount

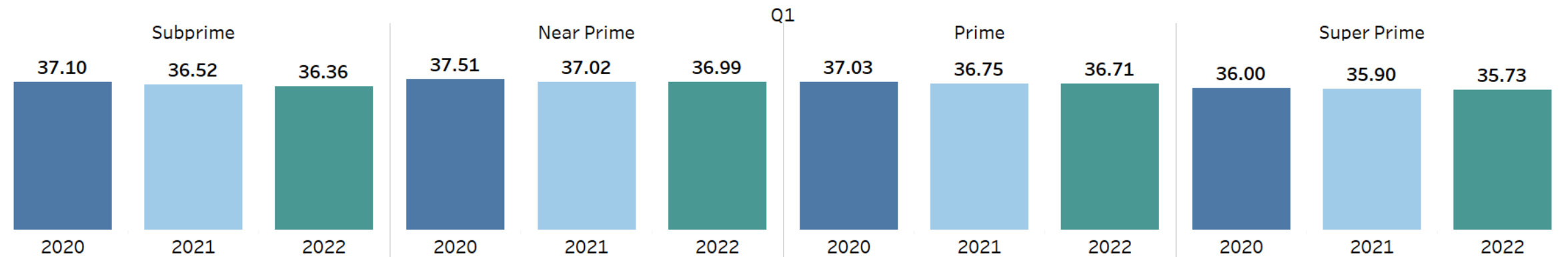


Leasing payments and terms increase YOY

Average lease payment by risk tier

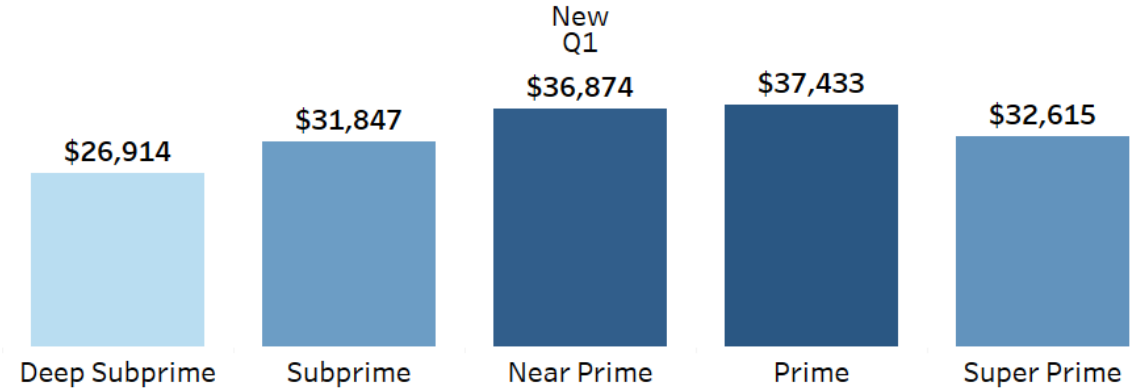


Average lease term by risk tier

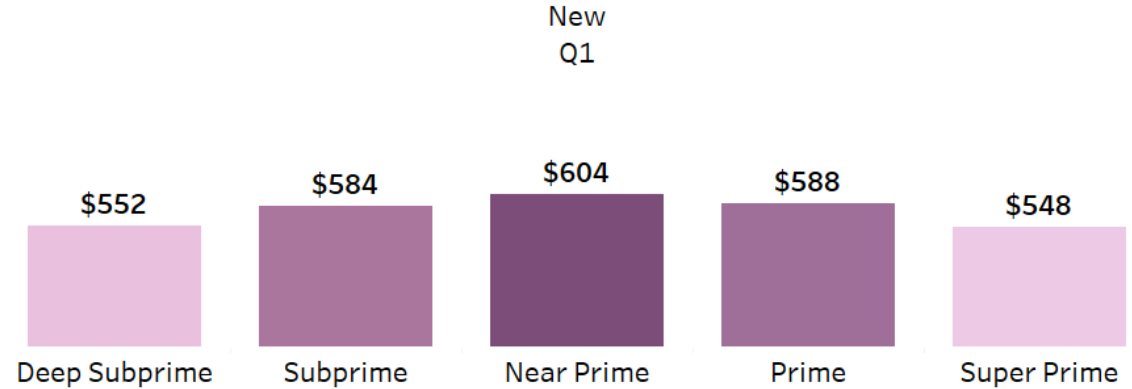


Payments and loan amounts experience share YOY increases across all risk segments

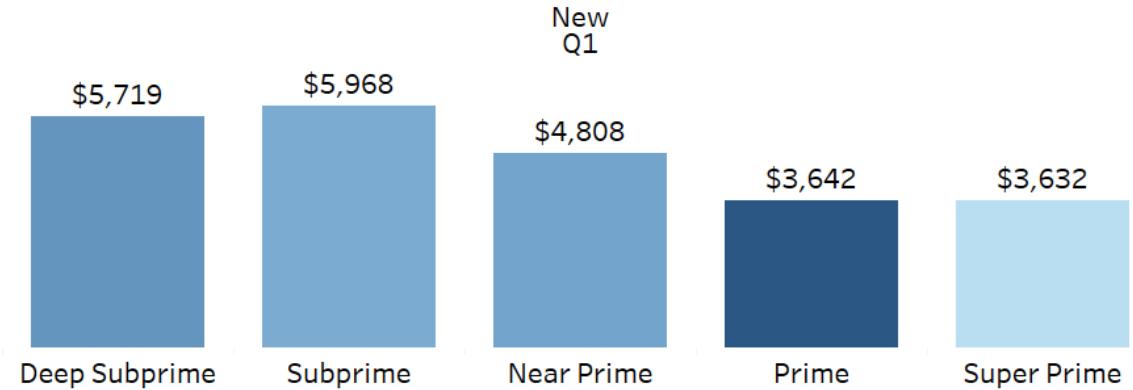
Average loan amount financed by risk



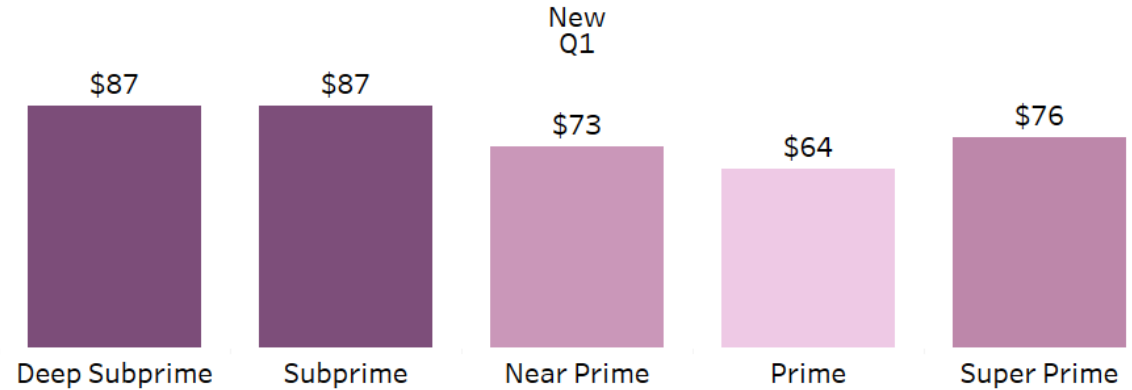
Average loan monthly payment by risk



Year-over-year change in loan amount

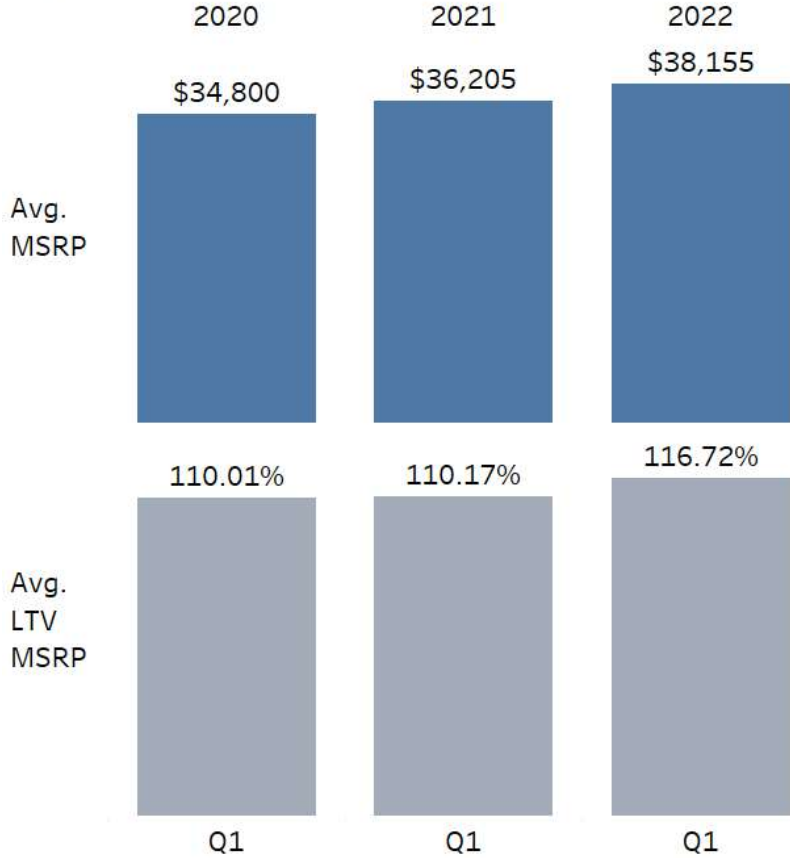


Year-over-year change in monthly payment

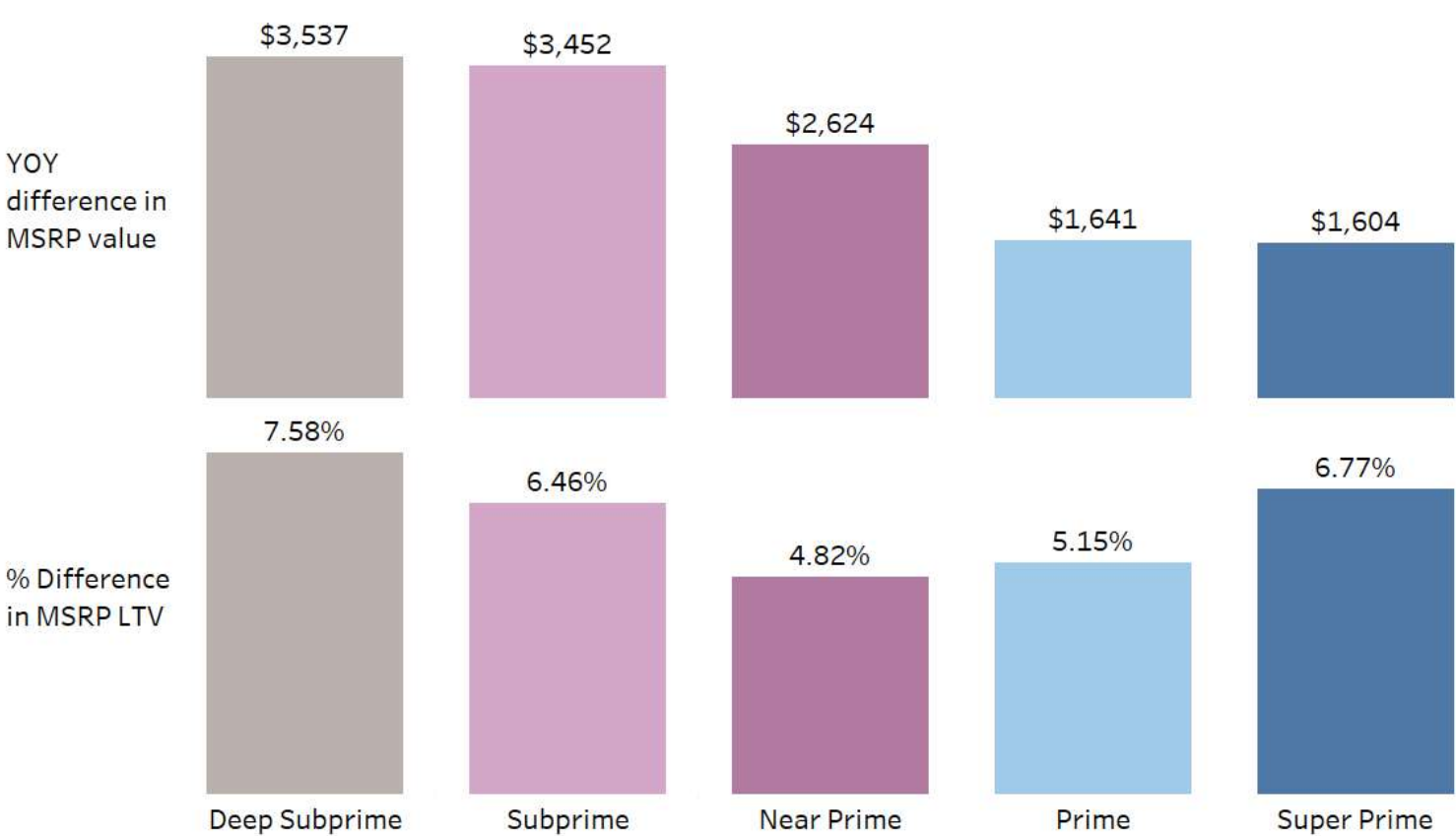


New values up 5.1% and LTVs increase YOY

Avg New Values

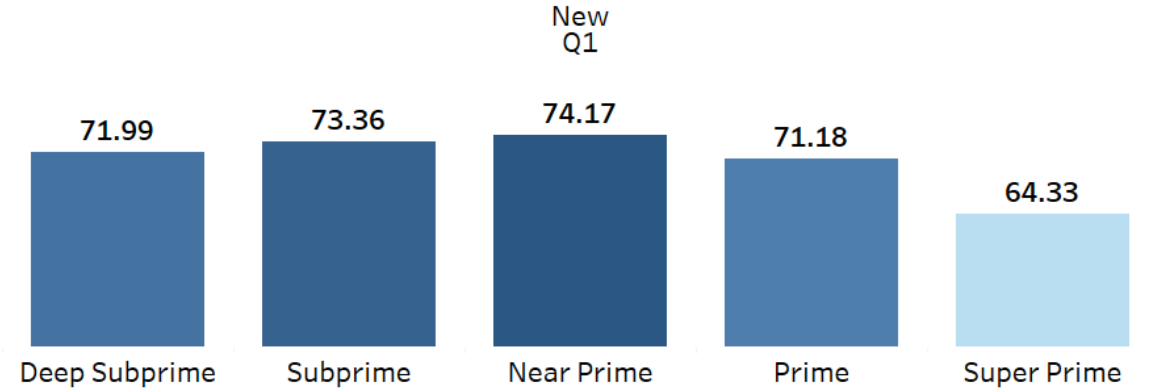


YOY change in new values

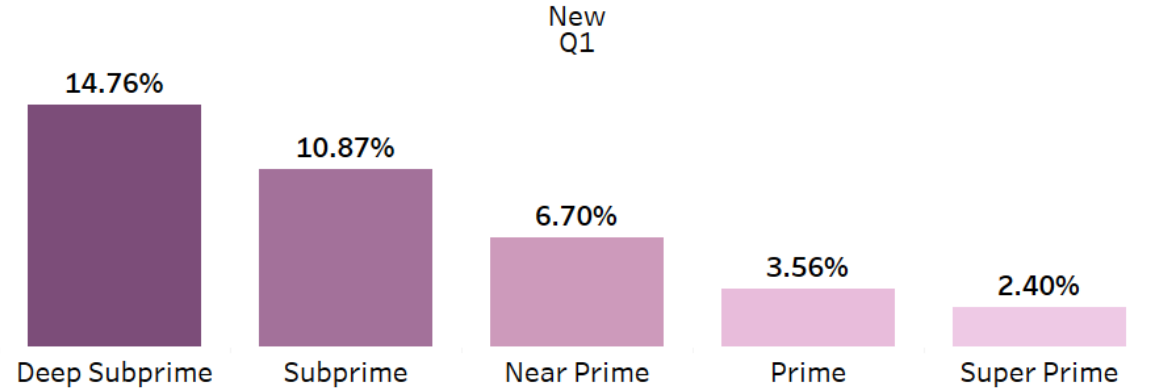


Terms decrease in Prime+ while rates decrease outside of Prime+

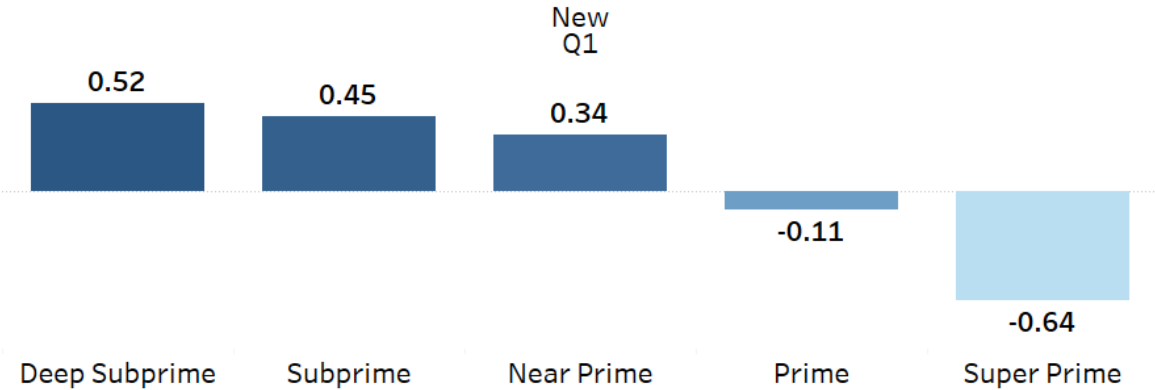
Average loan term by risk



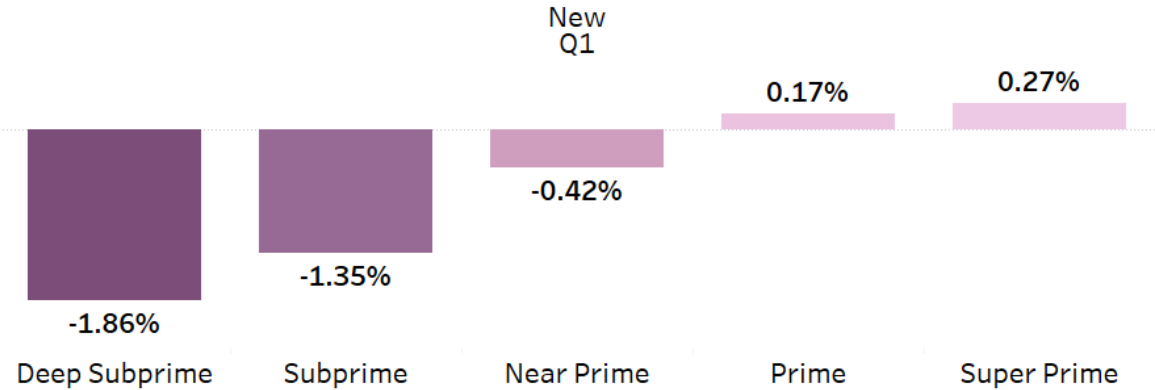
Average loan rate by risk



Year-over-year change in loan term

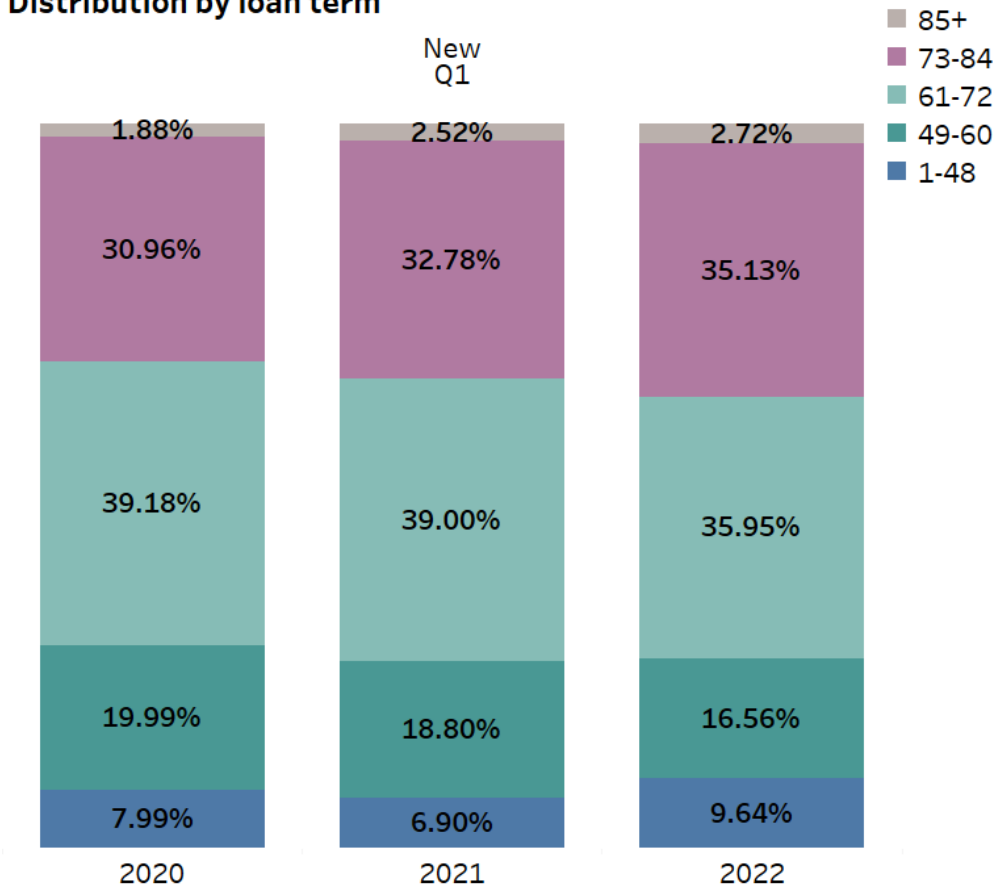


Year-over-year change in rate

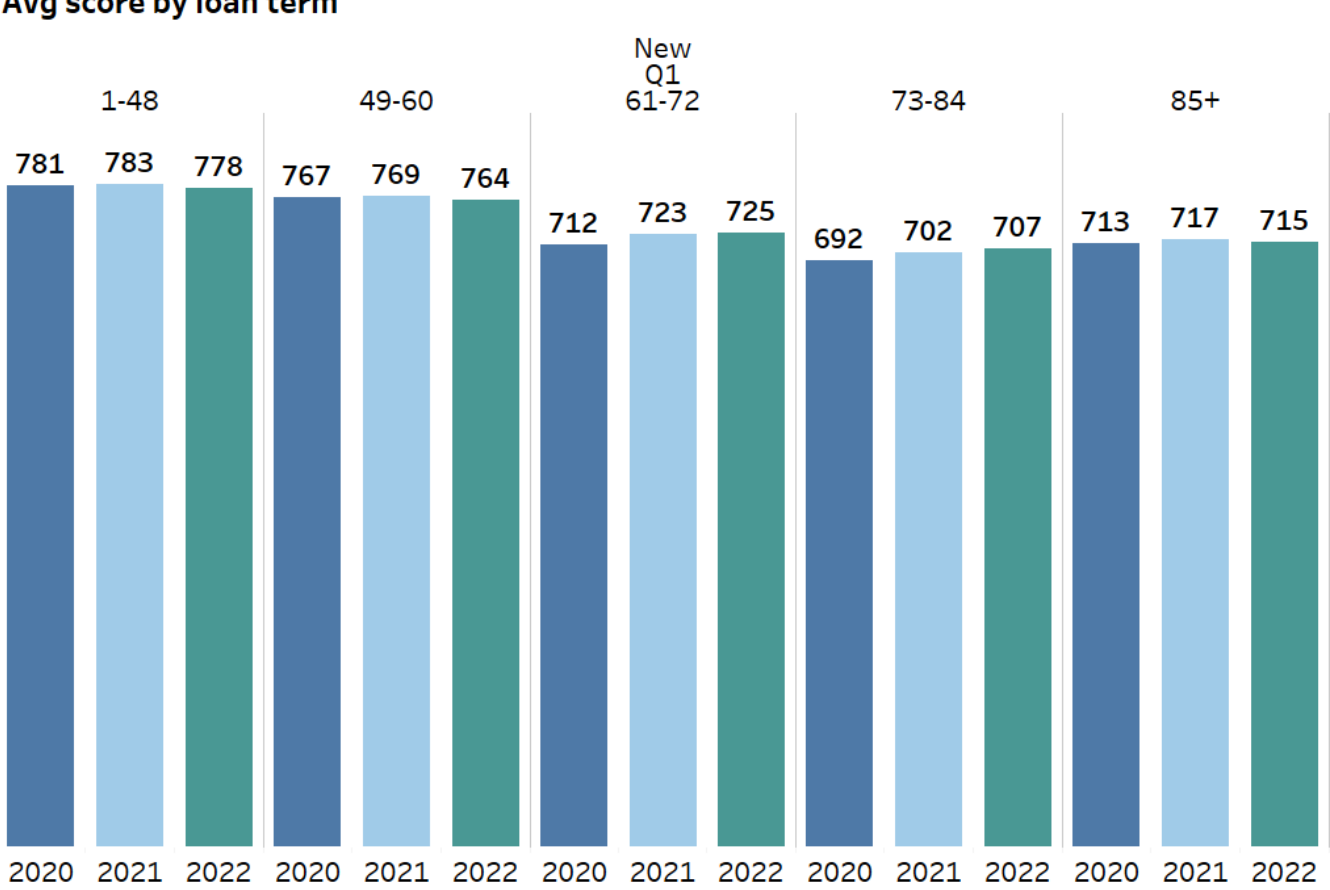


Growth continues to occur in longer term loans; 48 month also sees growth and experience higher scores

Distribution by loan term



Avg score by loan term



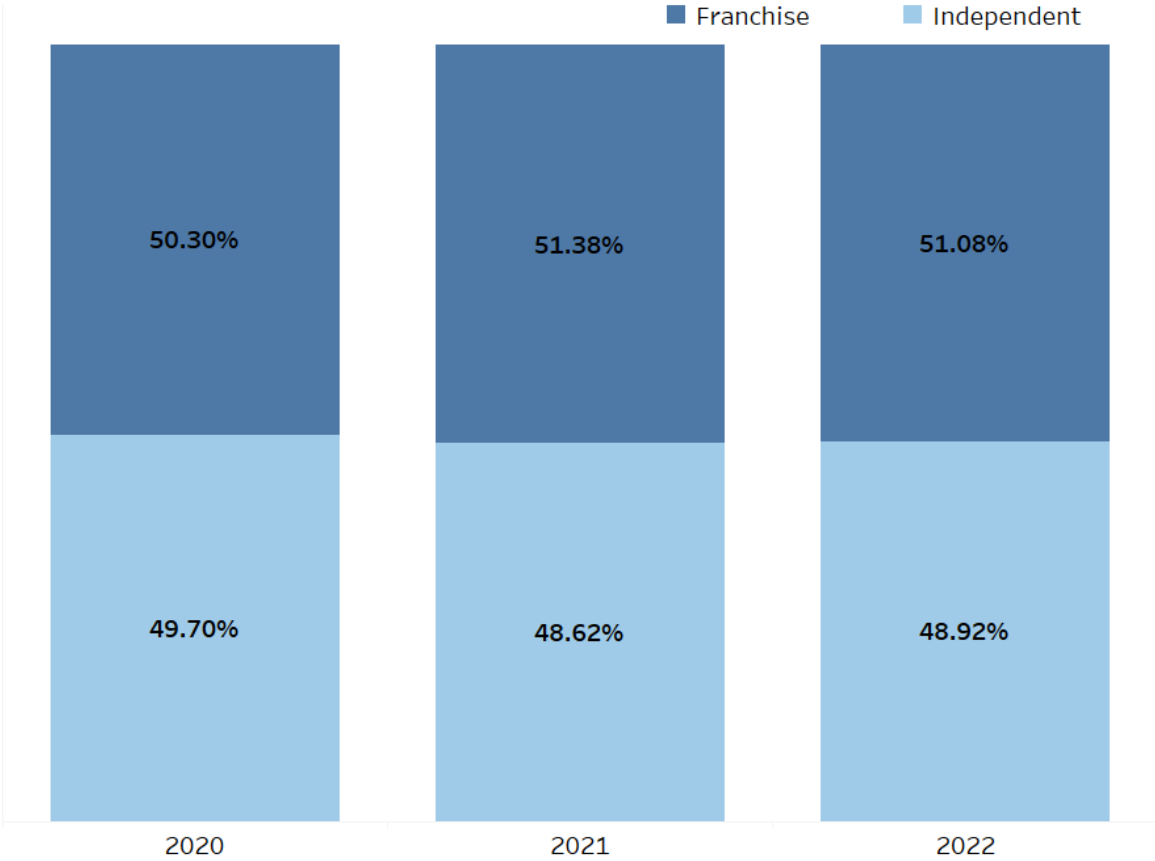


Q1 2022 Used financing

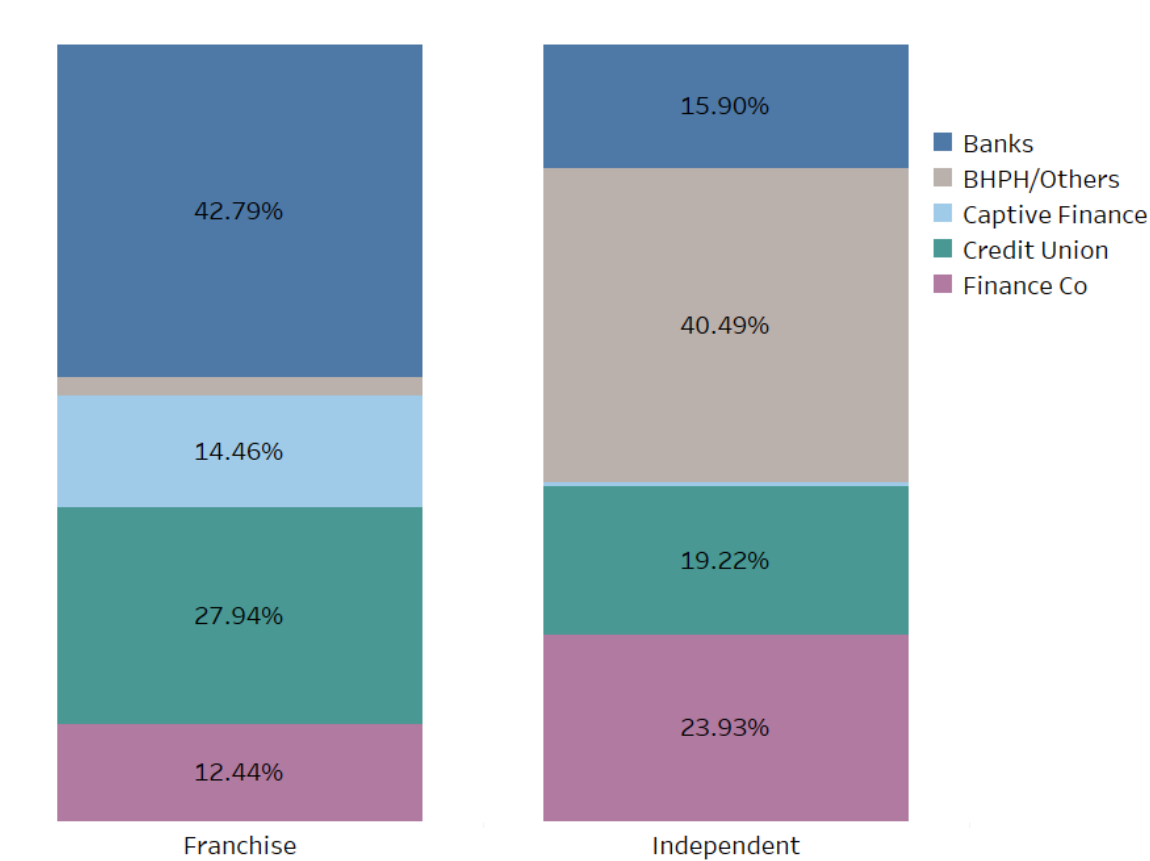
A look at used automotive loan trends

Dealer type snapshot: Independent Dealers gain share YOY

Used transactions by Dealer type

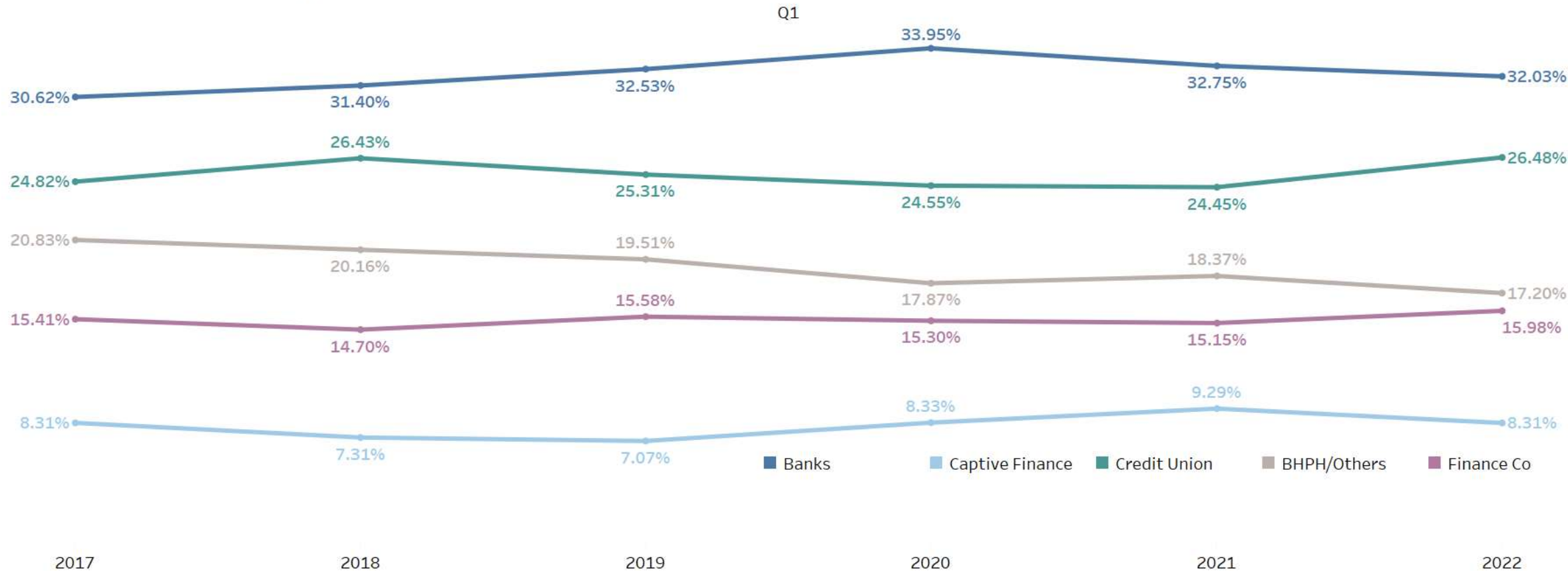


Used loans by lender type and Dealer

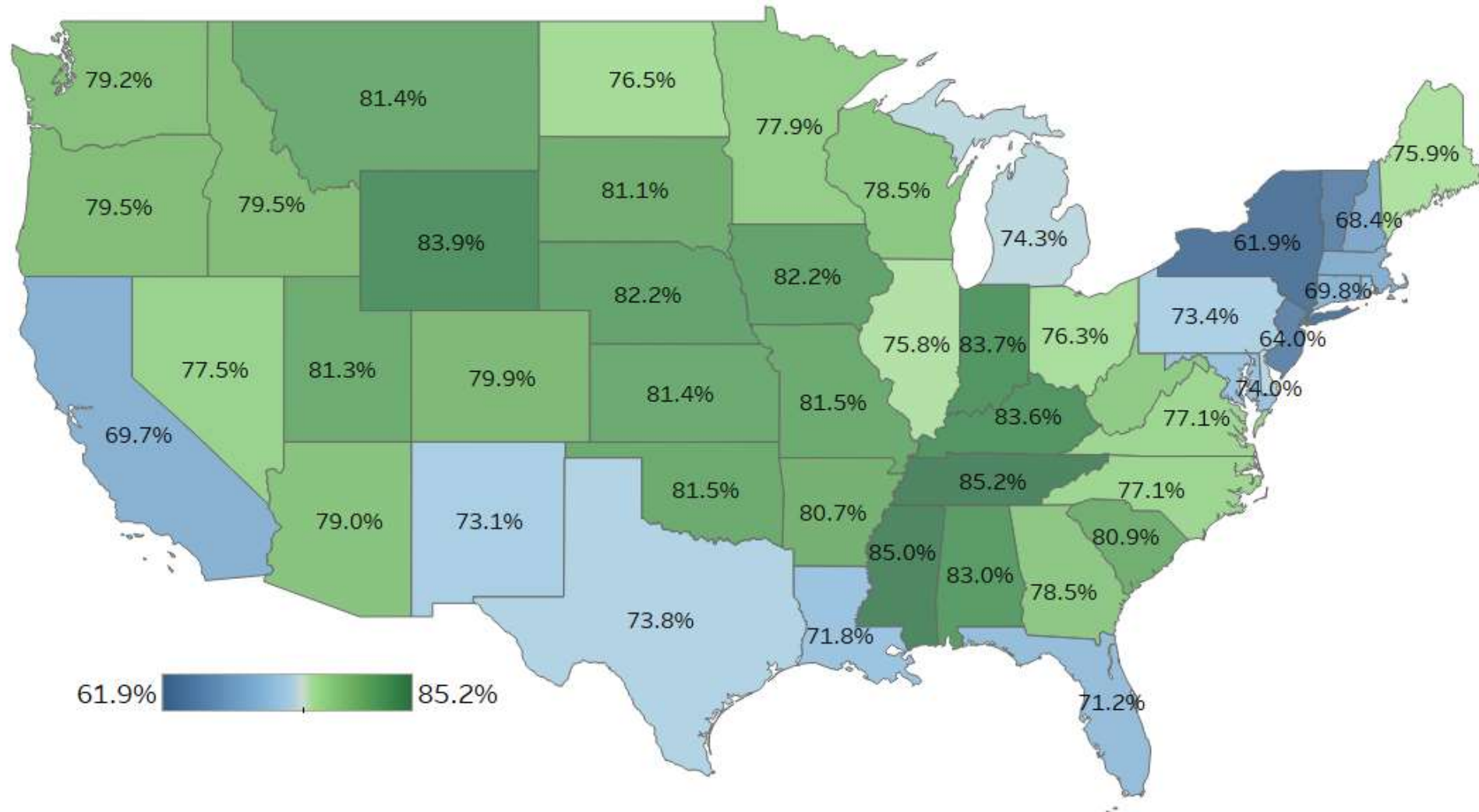


Credit unions and finance companies increase share

Used market share by lender type



TN (85.2%) leads with the largest percentage of loans for used cars; NY (61.9%) has the lowest

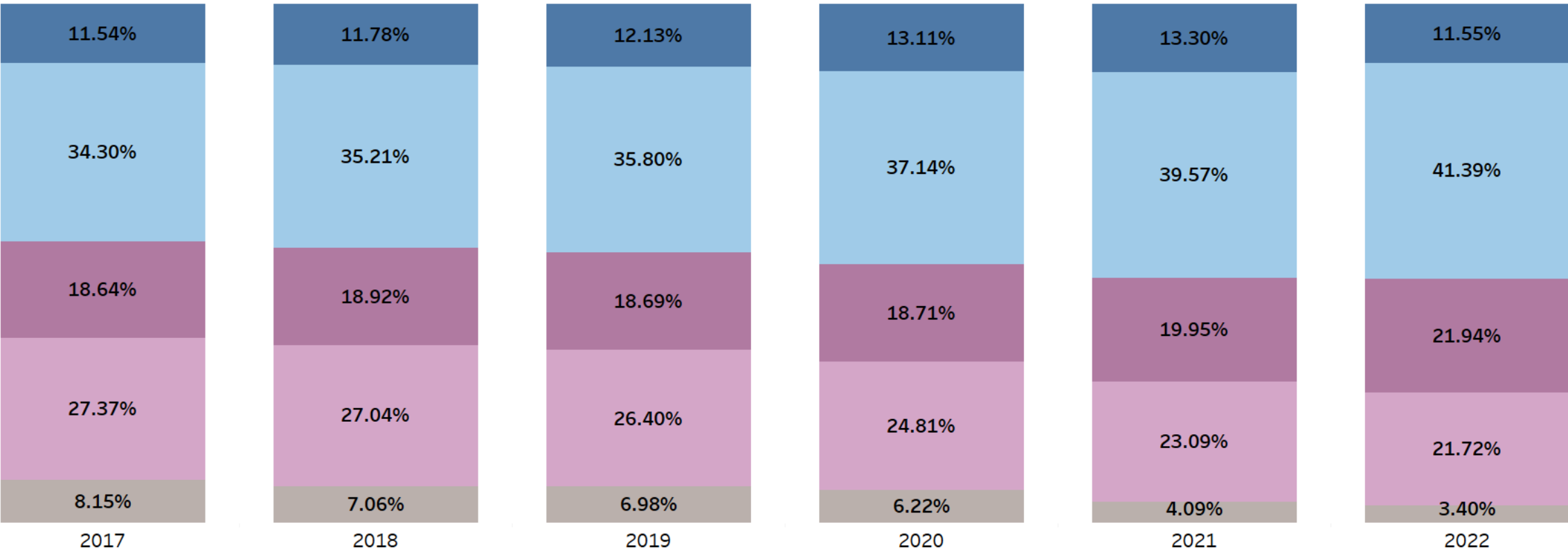


Deep subprime & subprime used loans remain near record lows with prime+ nearly 53% of used loans

Used loan risk distribution

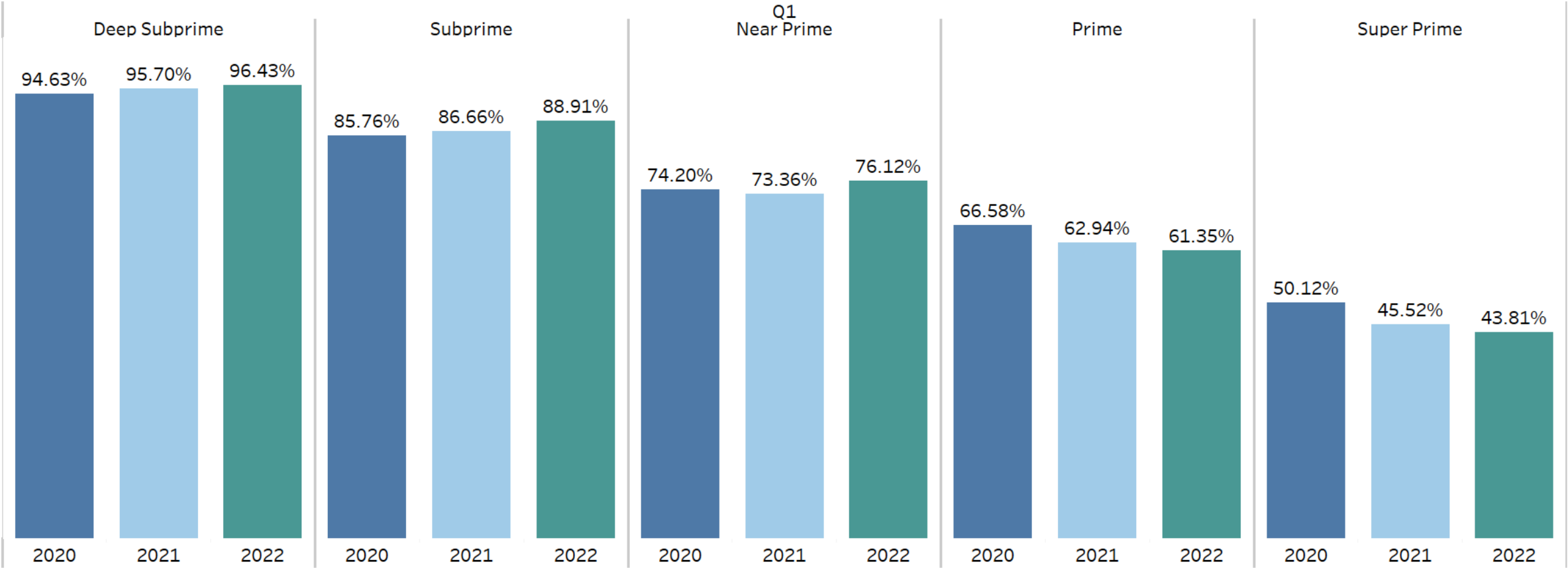
■ Super Prime ■ Prime ■ Near Prime ■ Subprime ■ Deep Subprime

Q1



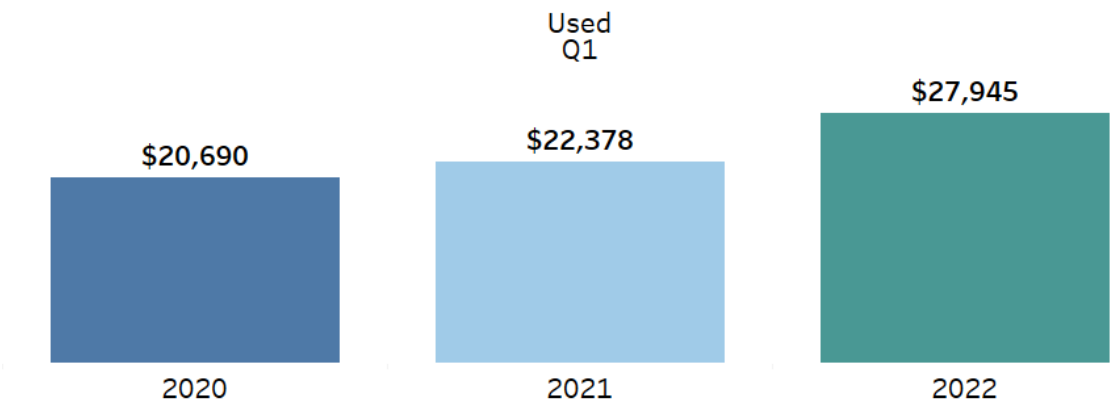
Consumers shifting back to financing used vehicles at increasing rates; however Prime+ decrease used purchase

Consumers choosing used vehicles

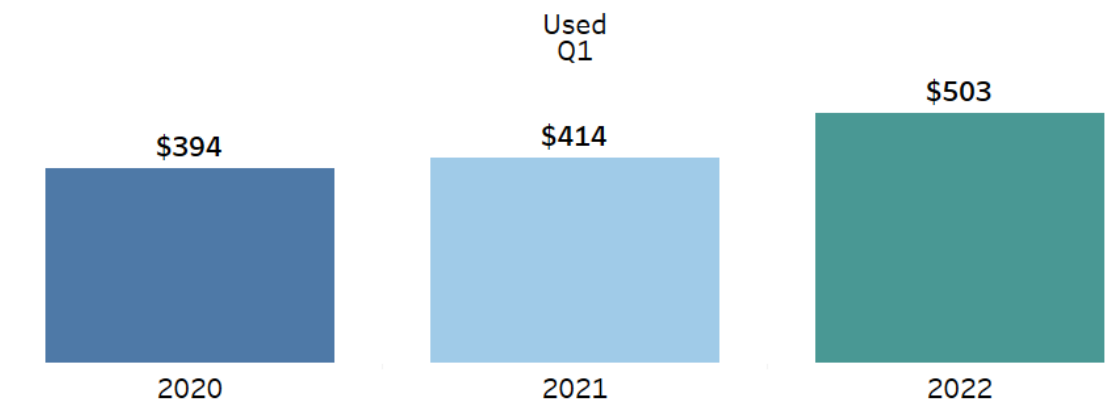


Used loan attribute summary: loan amounts and payments continue to soar; payments surpass \$500/month

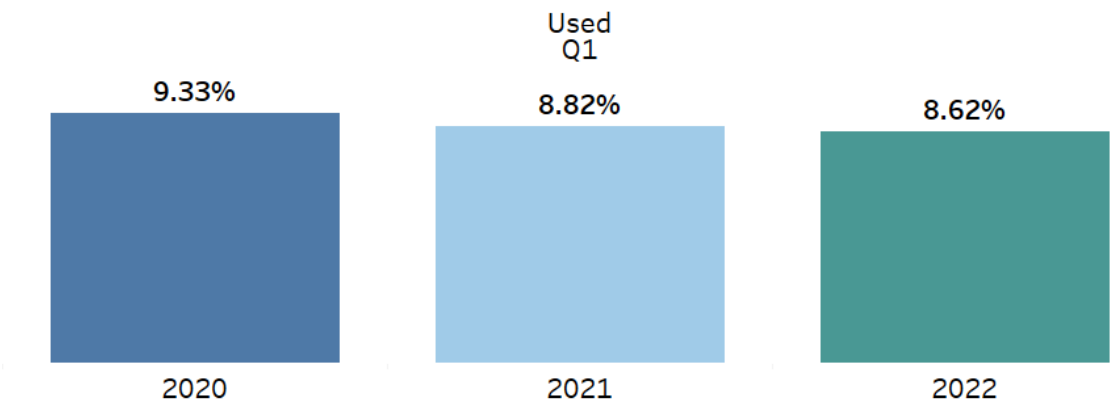
Average amount financed



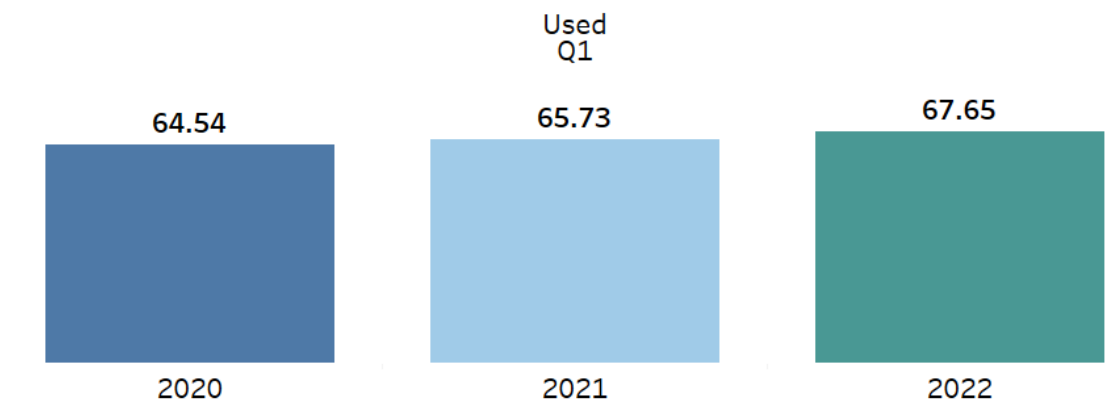
Average monthly payment



Average loan rate

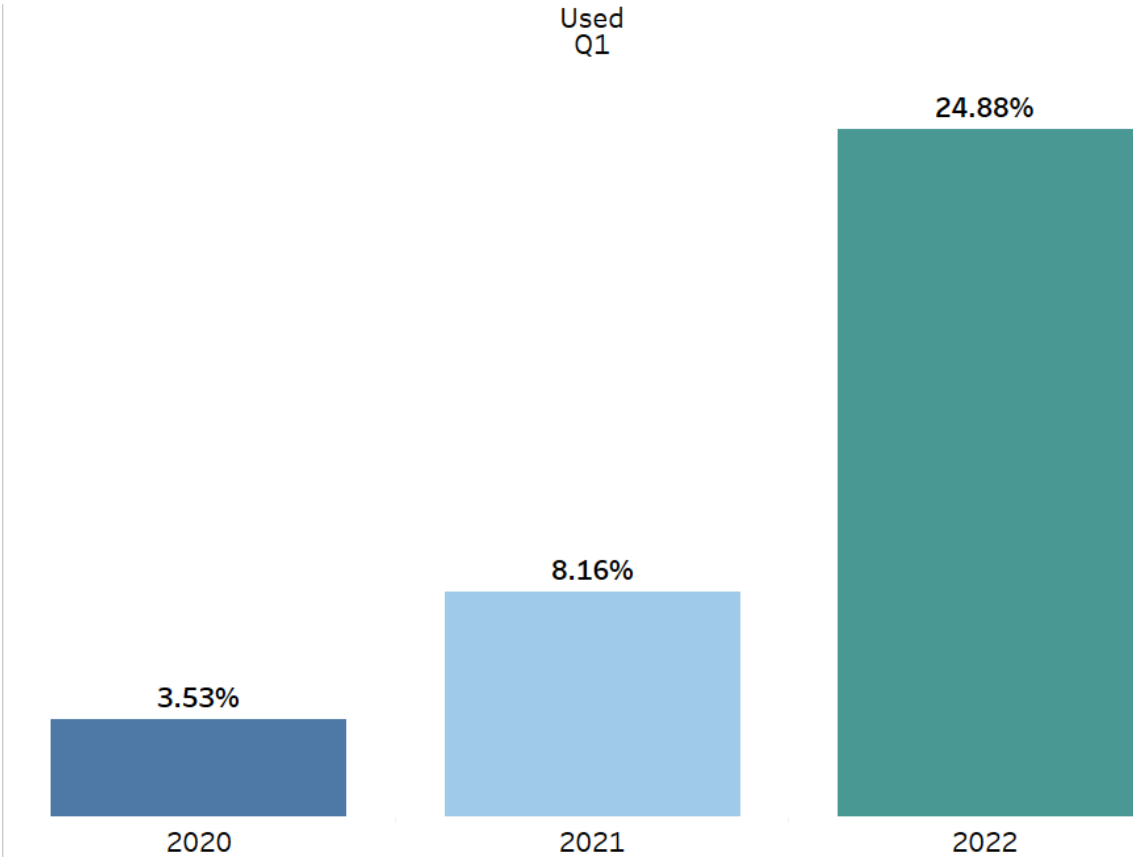


Average loan term

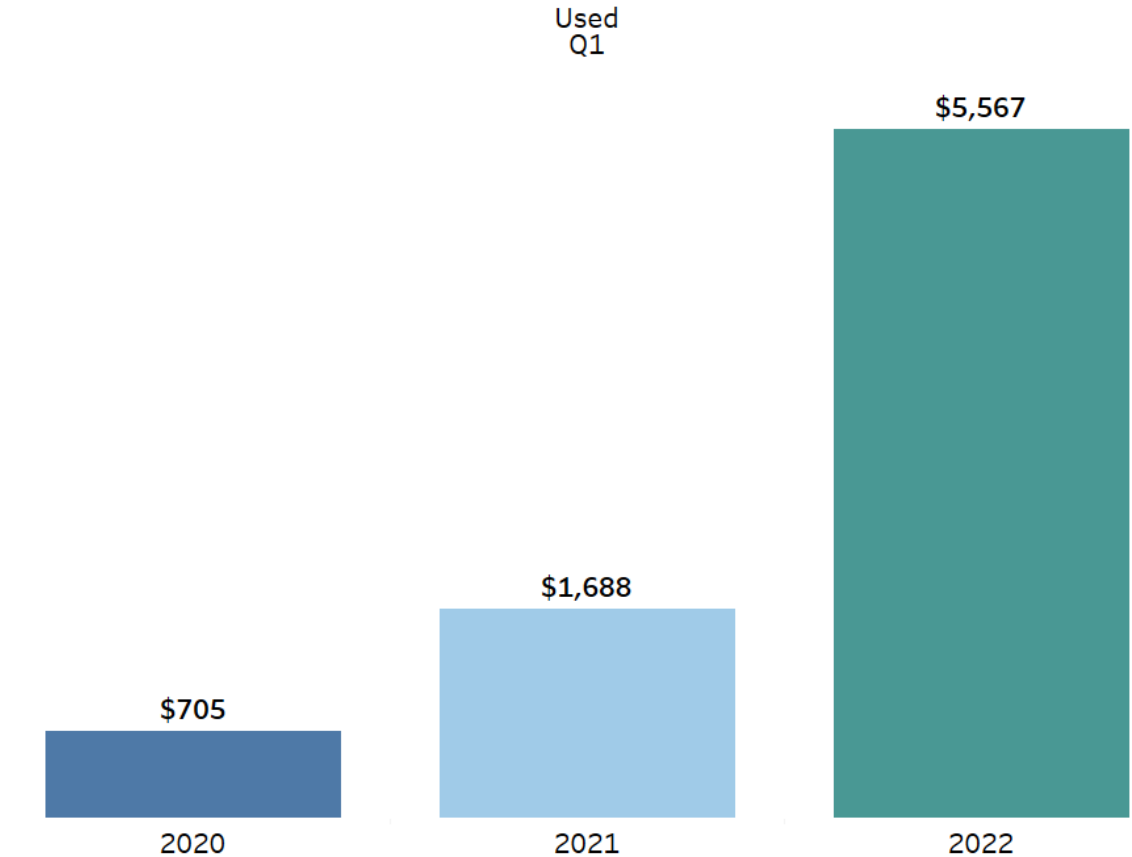


YOY increase surge for used loan amounts

YOY growth in average used loan amount

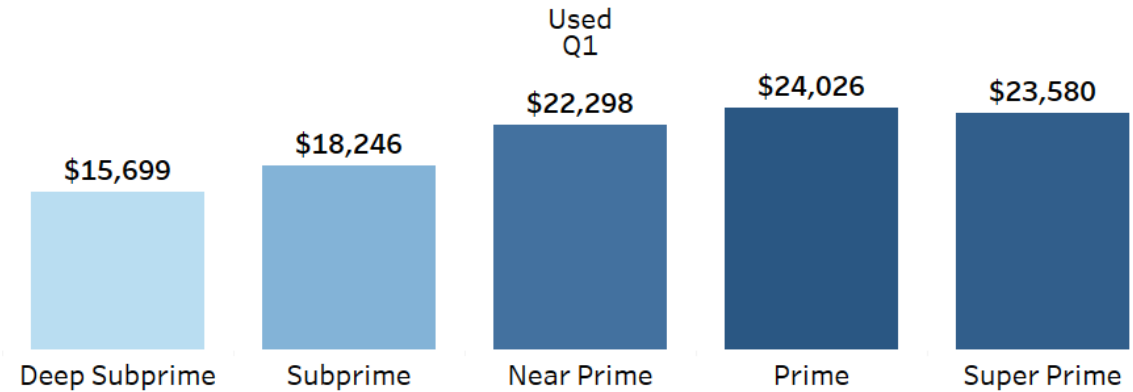


YOY \$ difference in average used loan amount

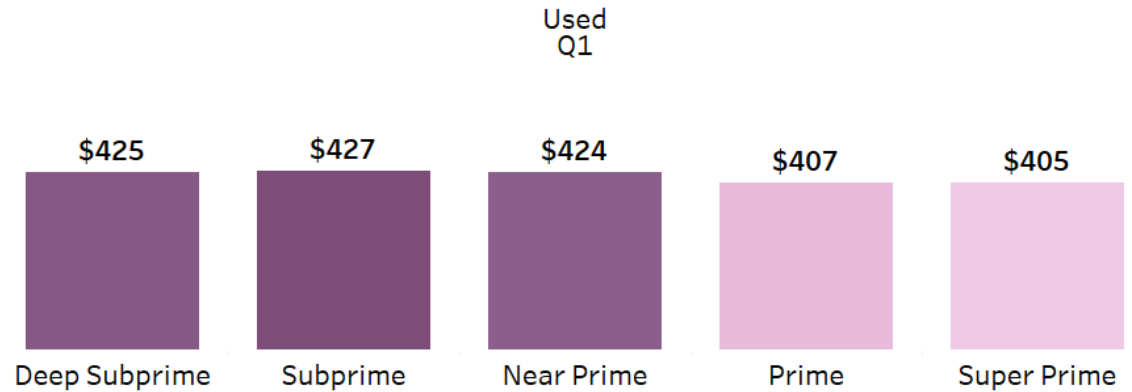


Used loan amounts and payments increase across all risk segments

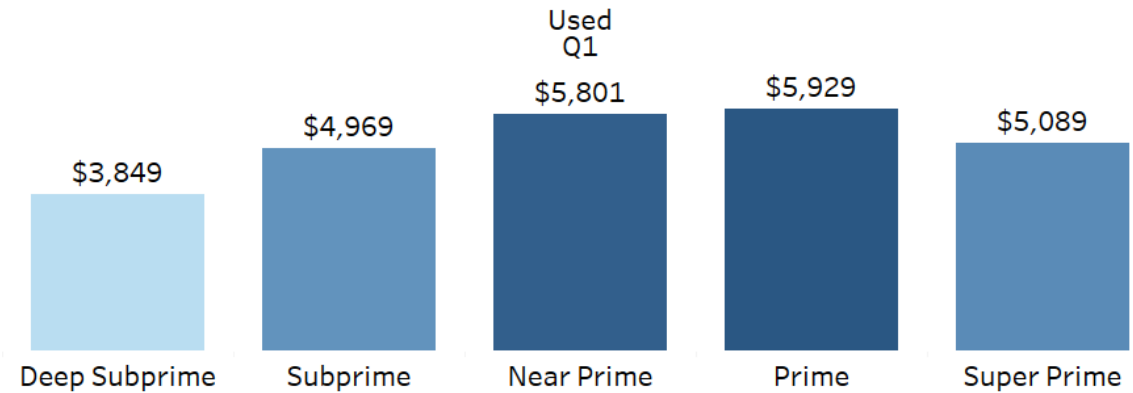
Average loan amount financed by risk



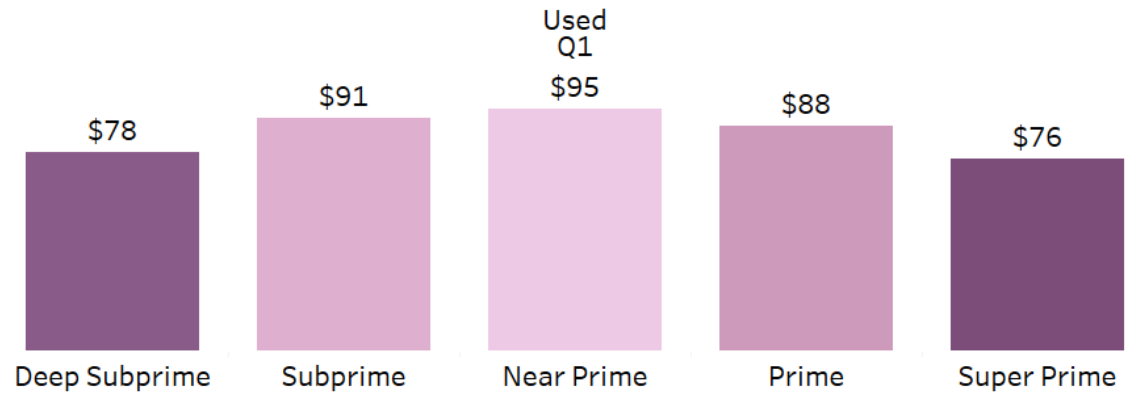
Average loan monthly payment by risk



Year-over-year change in loan amount



Year-over-year change in monthly payment

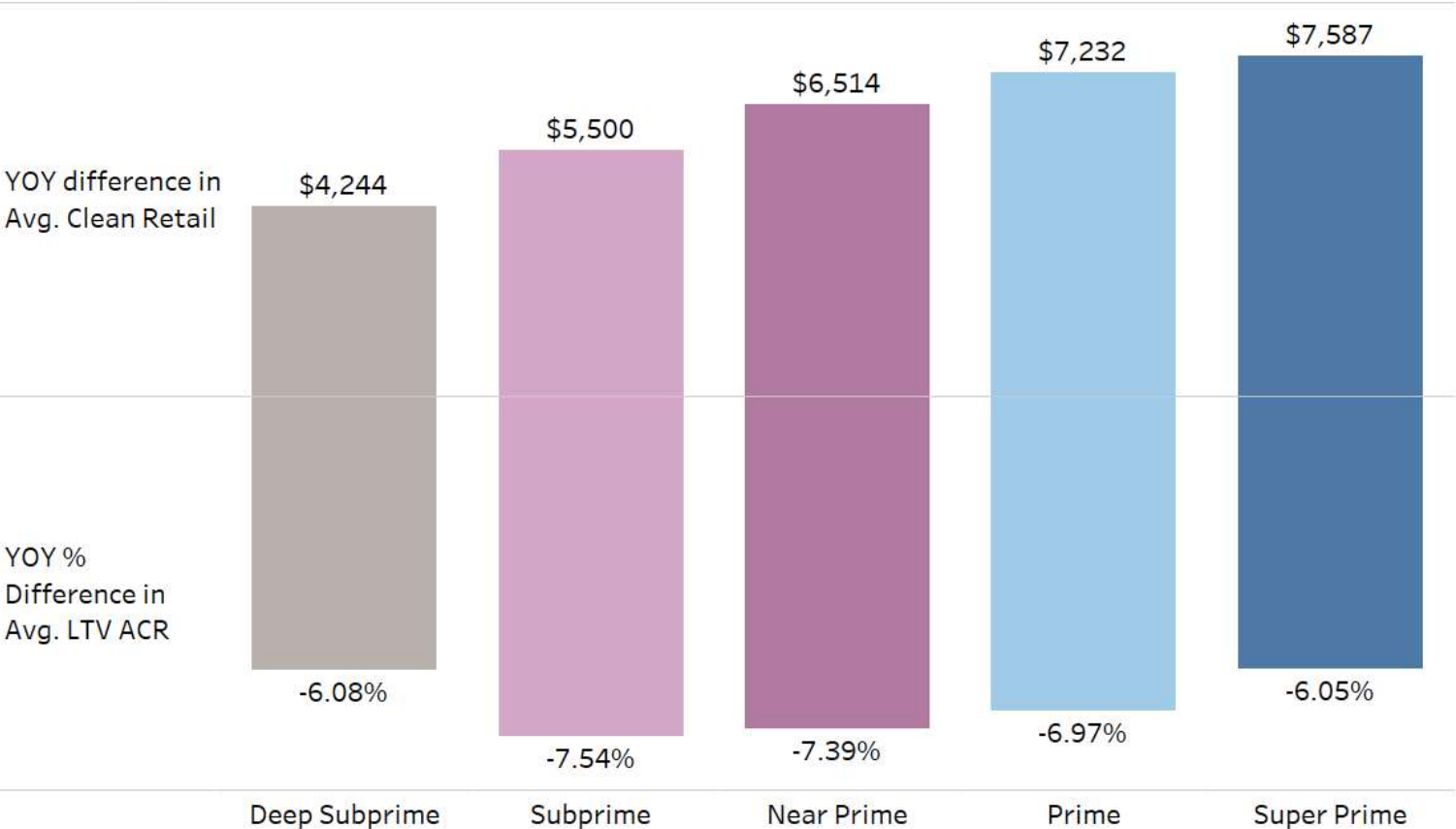


Values jump and LTVs drop significantly on used loans

Avg Used Values

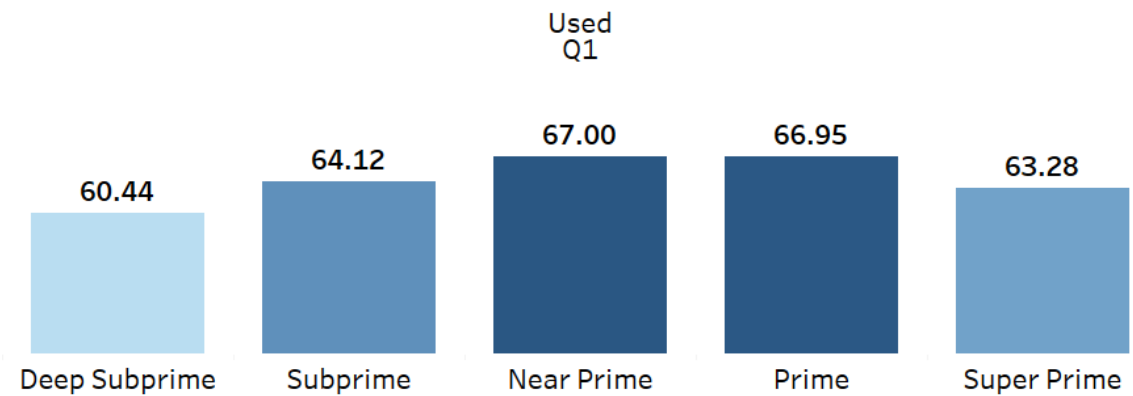


YOY change in used values

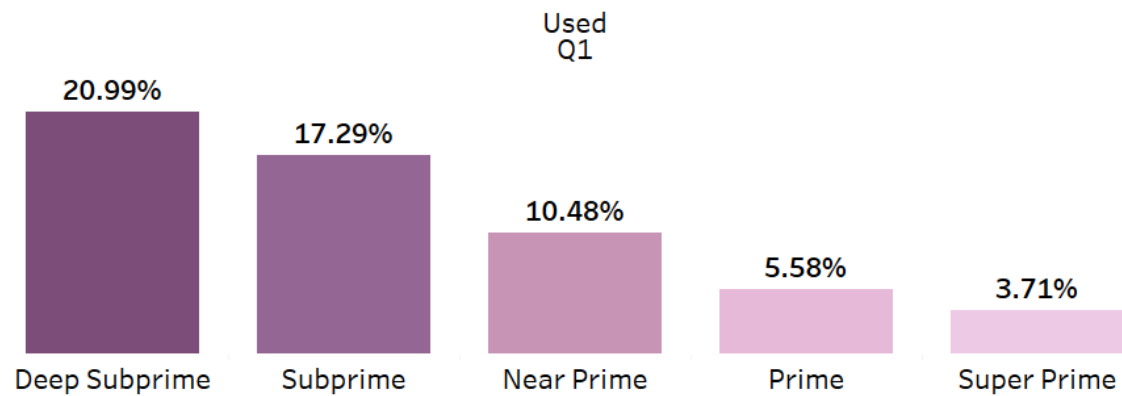


Terms increase while rates drop for all risk tiers

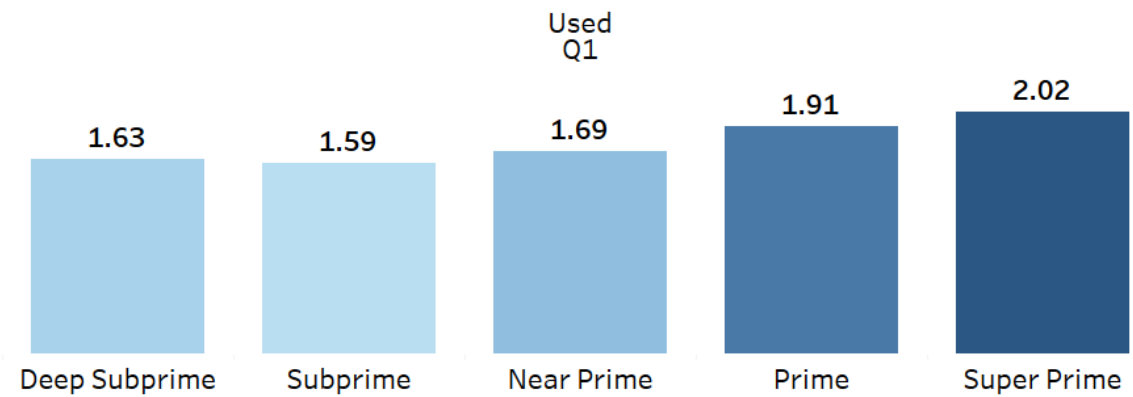
Average loan term by risk



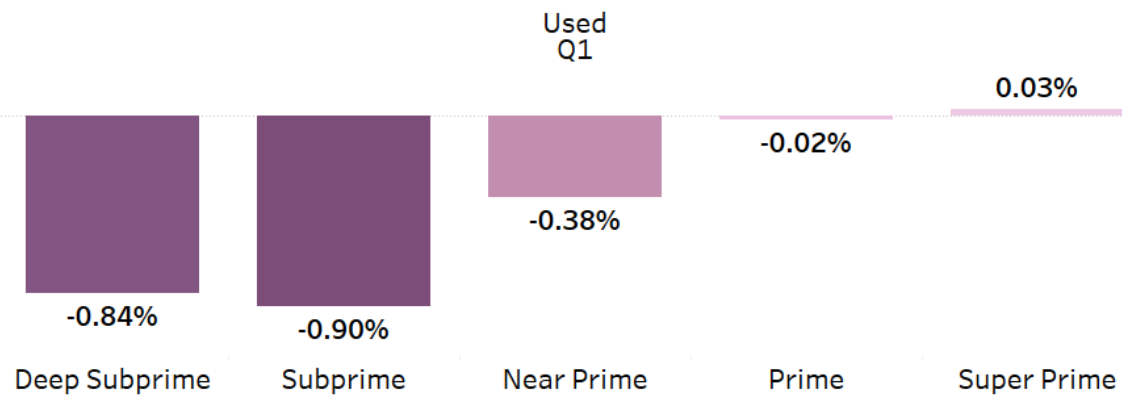
Average loan rate by risk



Year-over-year change in loan term

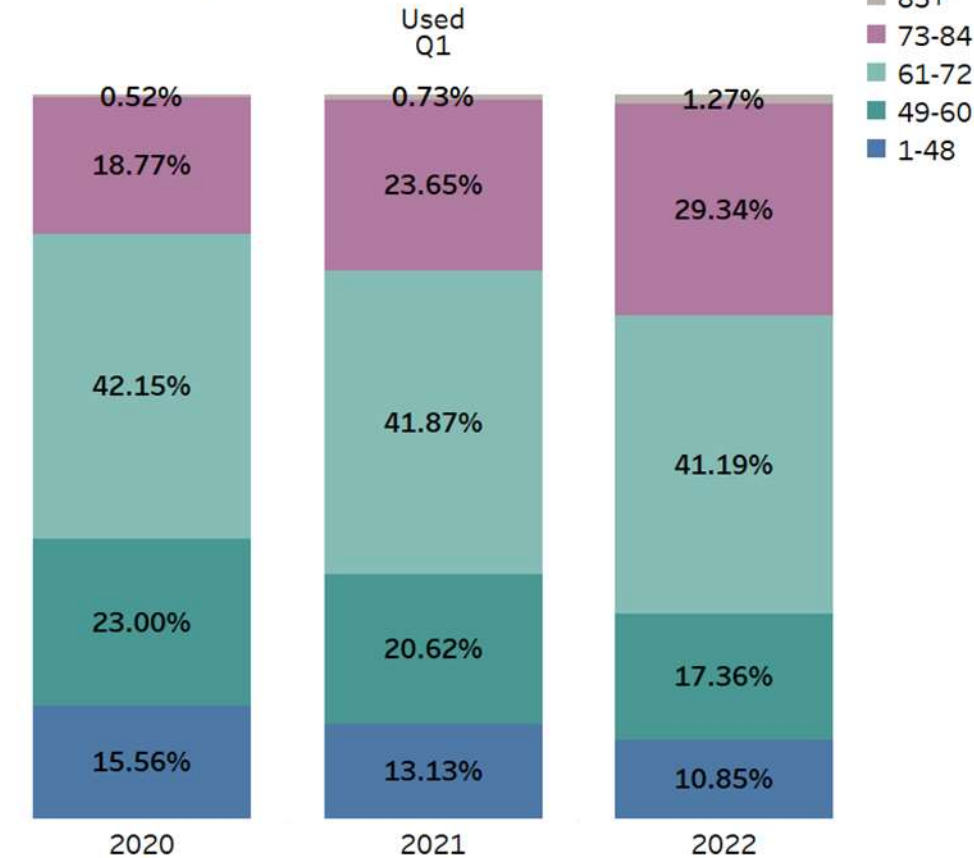


Year-over-year change in rate

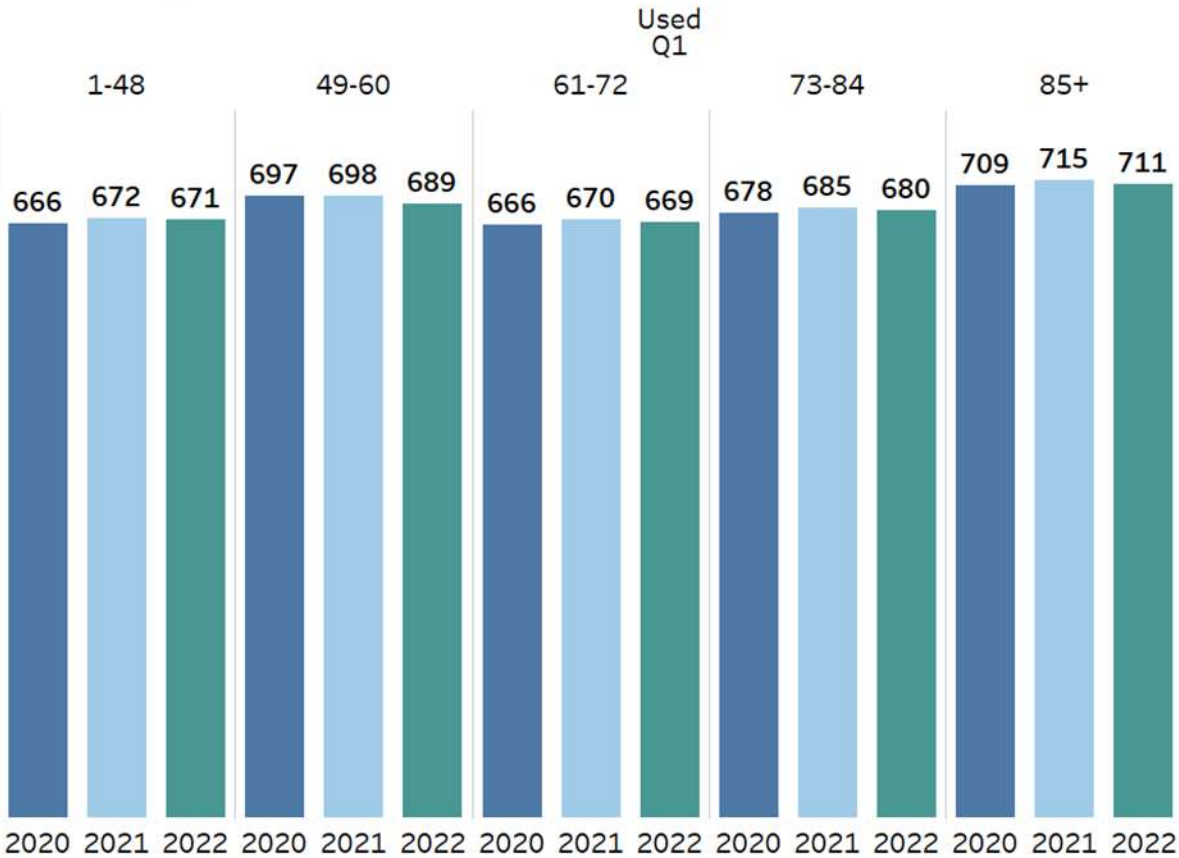


Large growth in 73-84 month loans; 85+ surpasses 1%

Distribution by loan term



Avg score by loan term

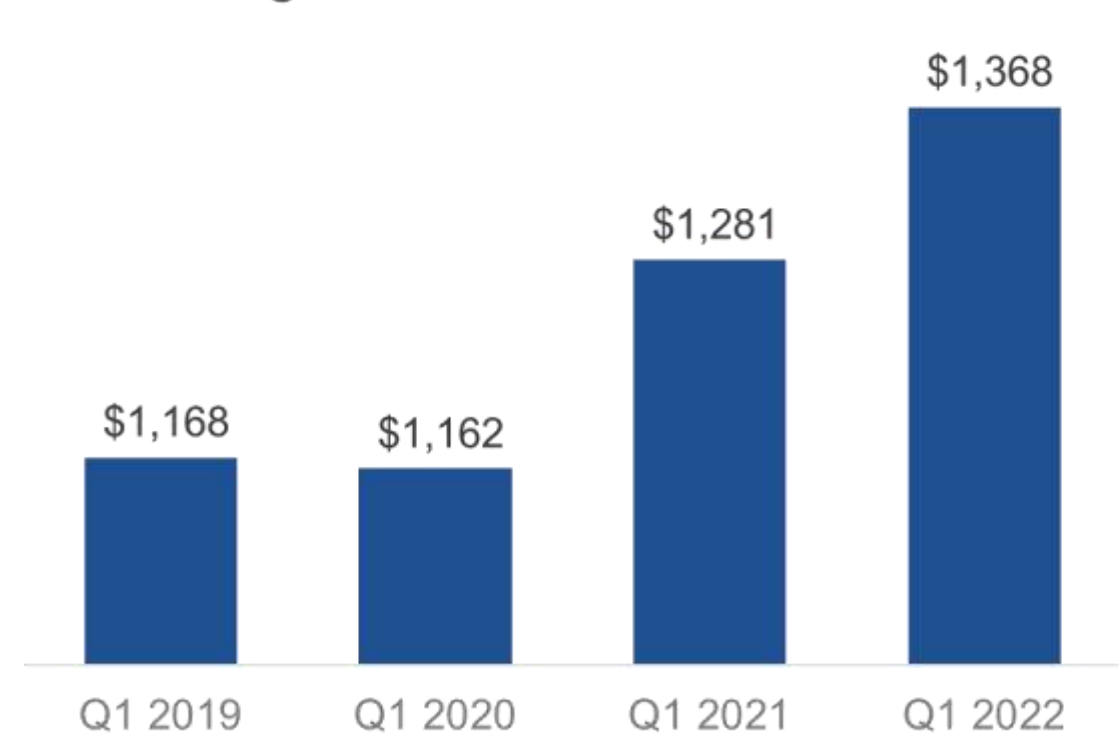


Q1 2022 Market overview

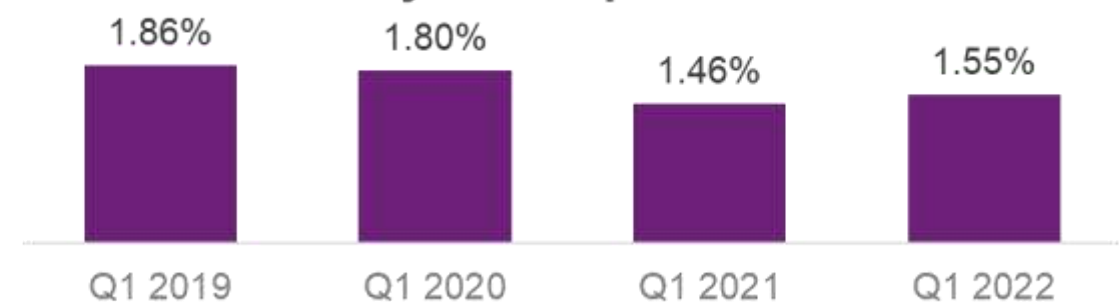
Balances and delinquency on all open auto
loans & leases

Overall loan balances (in billions) grew while delinquency sees YOY increases

Outstanding automotive loan balance



Auto loans 30 days delinquent

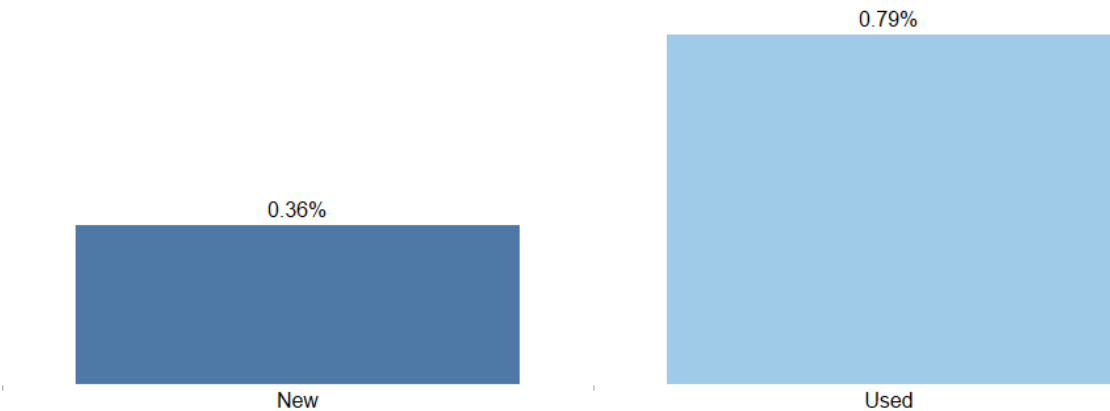


Auto loans 60 days delinquent

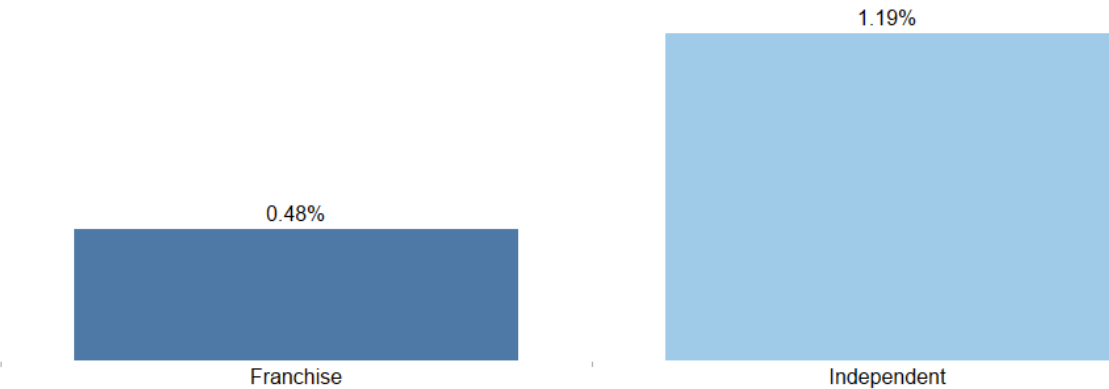


60-day delinquency rate dashboard (originations 2017+)

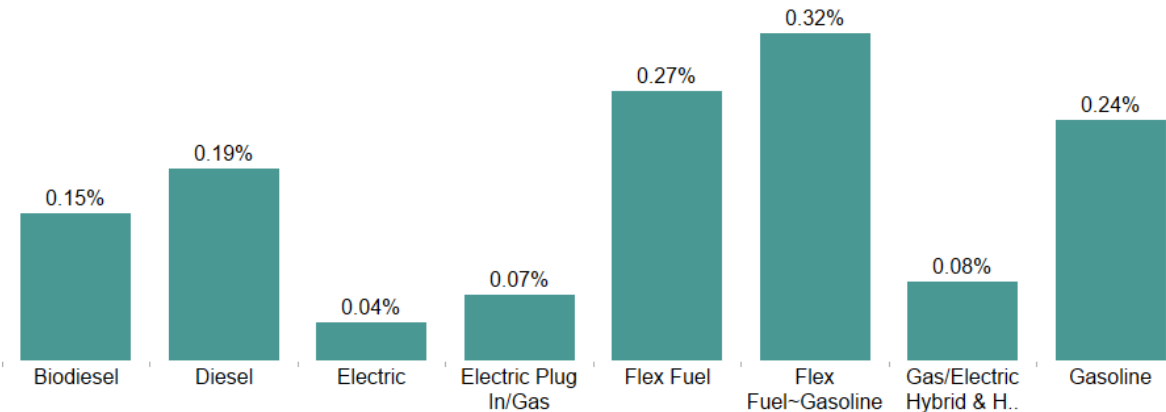
Current 60 day delinquency rate by new/used



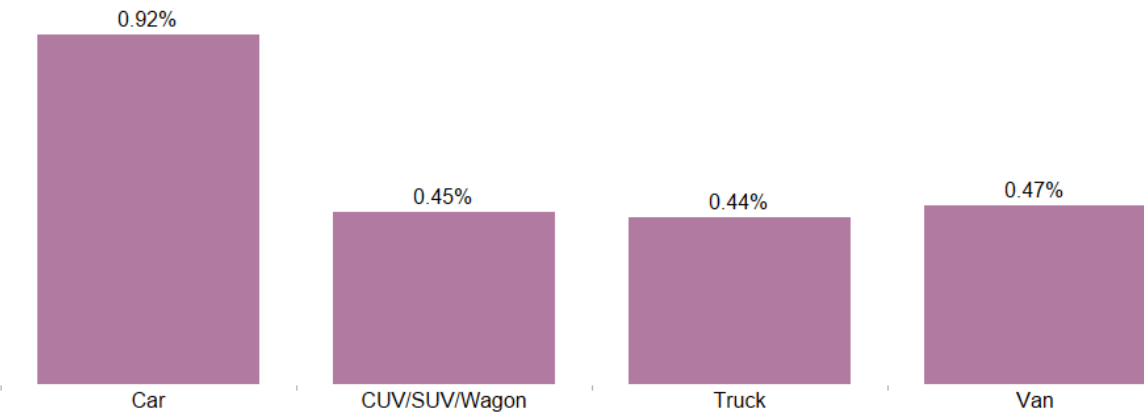
Current 60 day delinquency rate by dealer type



Current 60 day delinquency rate by fuel type (bought new)

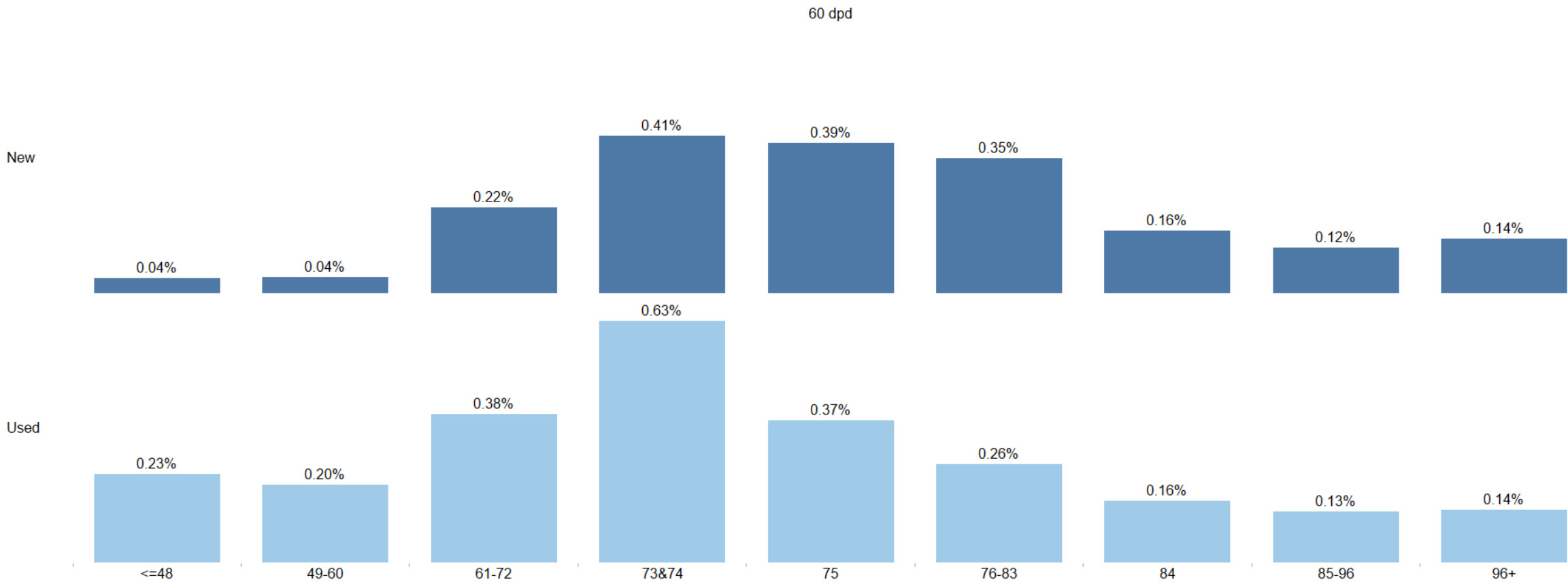


Current 60 day delinquency rate by vehicle type (bought new & used)



60-day delinquency rate by term (originations 2017+)

Worst-ever status by loan term



Q1 Summary

- Leasing remains low yet, financing overall has decreased
- Subprime continues to reach record lows for automotive financing
- Loan amounts, vehicle values and terms continue to grow while LTVs lower for used financing
- Used payments surpassed \$500 for first time
- Overall balances climb and delinquencies begin to tick upward



Q1 2022 We Power Auto

We help you find, reach and retain customers like no one else.
Let us prove it to you.



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