



EXPERIAN AUTOMOTIVE

Q1 2024

State of the Automotive Finance Market

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Head of Automotive
Financial Insights
May 30, 2024

Q1 Report 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

VantageScore® 4.0

Today's presenter



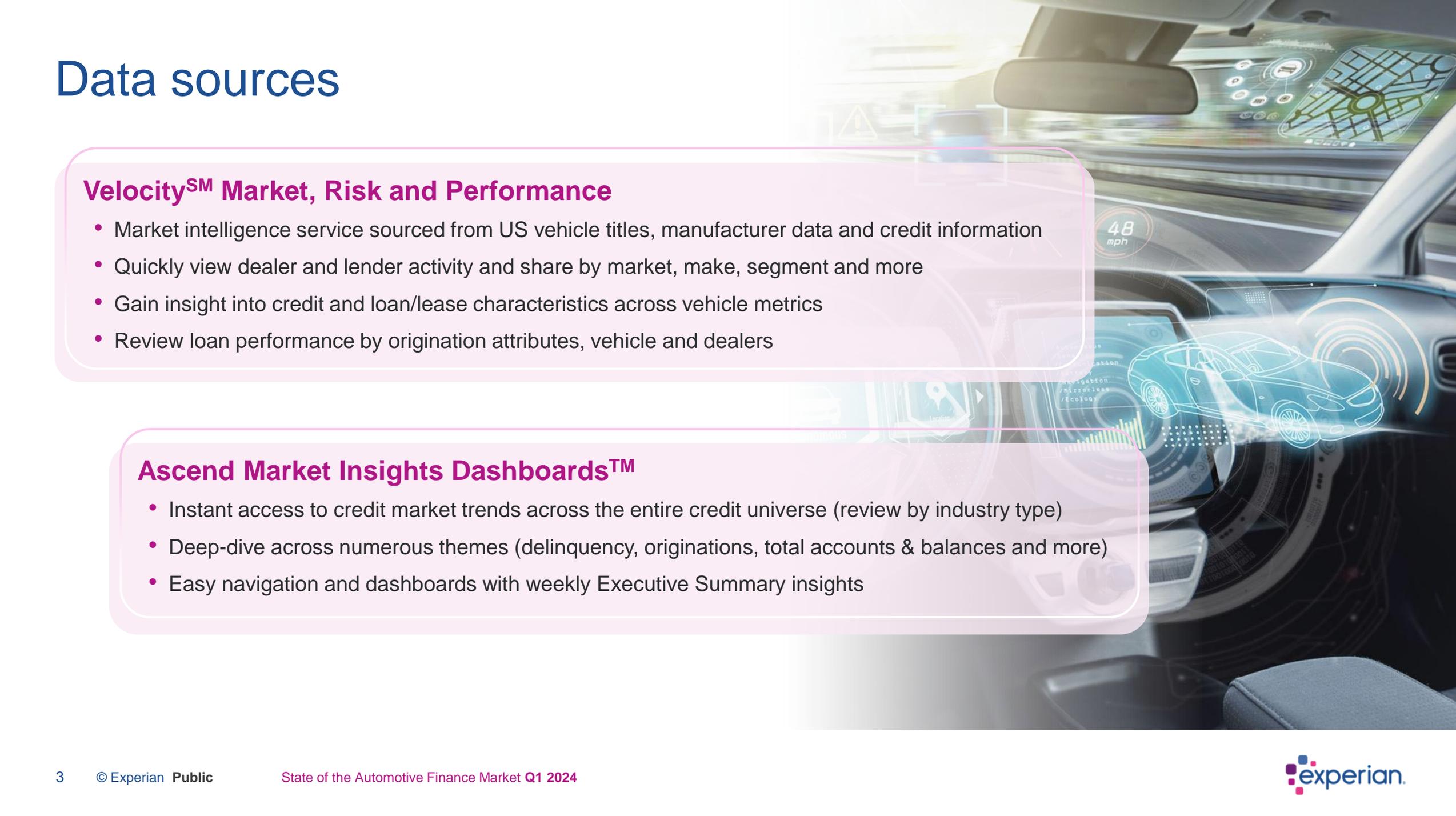
Melinda Zabritski

Head of Automotive Financial
Insights

Experian Automotive

Melinda Zabritski is Head of Automotive Financial Insights for Experian Automotive where she is responsible for consulting and advising on products and services specific to the automotive credit and lending industry. She also serves as Experian's primary analyst and spokesperson regarding key automotive finance trends.

Data sources



VelocitySM Market, Risk and Performance

- Market intelligence 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 credit and loan/lease characteristics across vehicle metrics
- Review loan performance by origination attributes, vehicle and dealers

Ascend Market Insights DashboardsTM

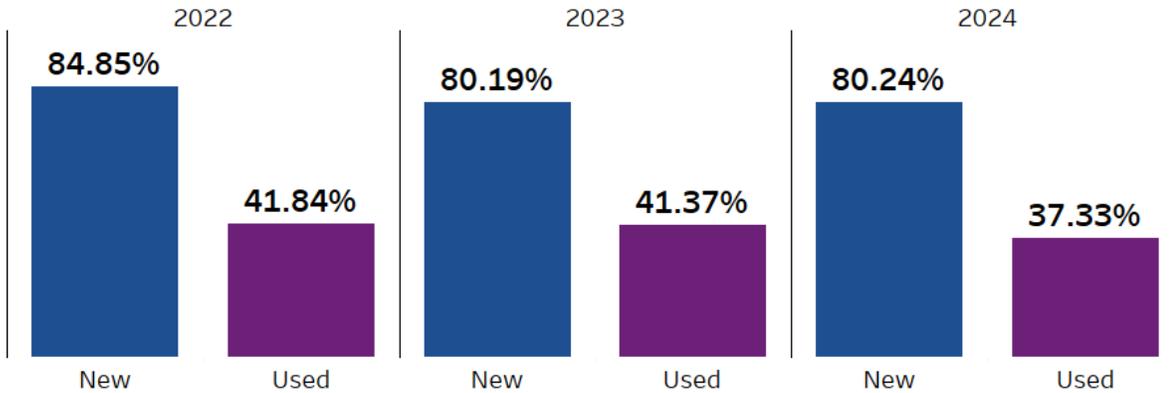
- Instant access to credit market trends across the entire credit universe (review by industry type)
- Deep-dive across numerous themes (delinquency, originations, total accounts & balances and more)
- Easy navigation and dashboards with weekly Executive Summary insights

Q1 2024 Originations

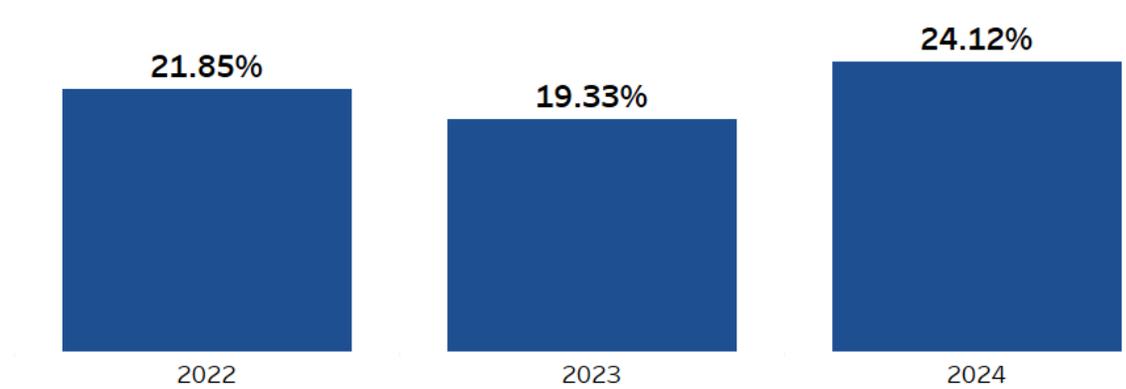
Trends in automotive loan and lease originations

Automotive financing: snapshot of how and what consumers are purchasing

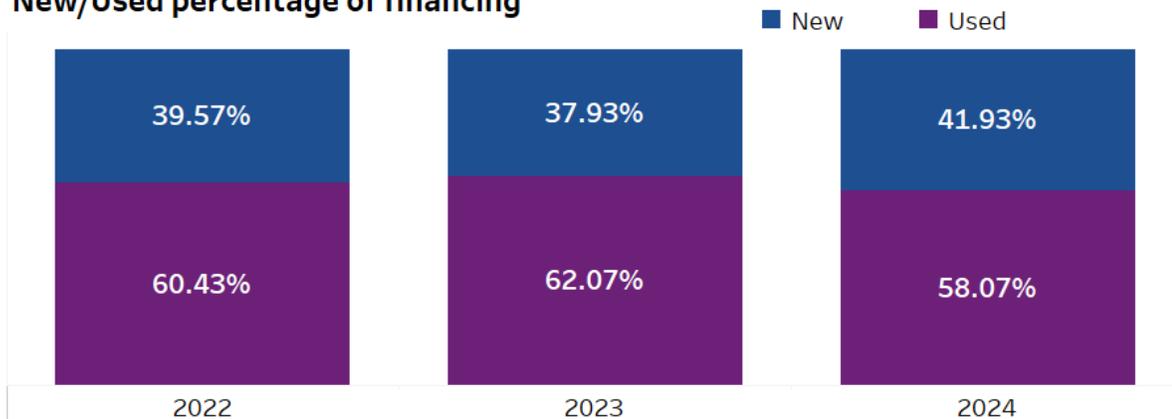
Percentage of vehicles with financing



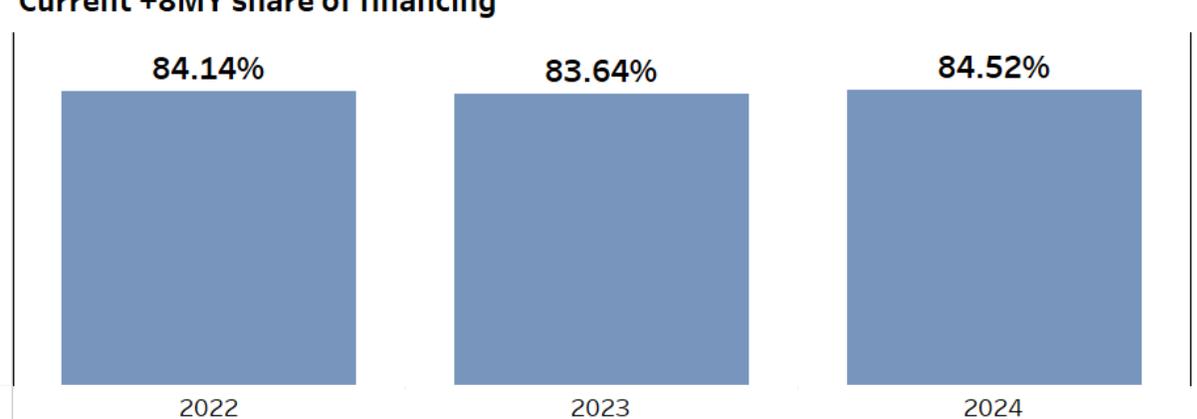
% of all new vehicles that are leased



New/Used percentage of financing

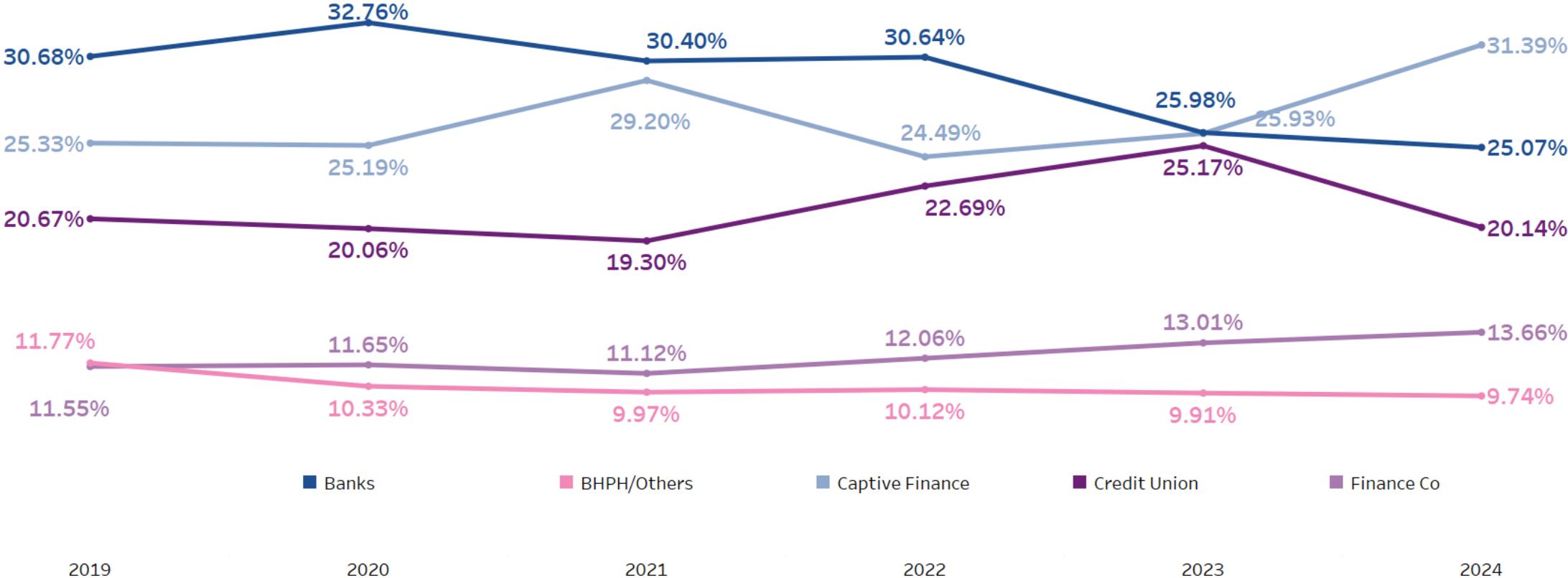


Current +8MY share of financing



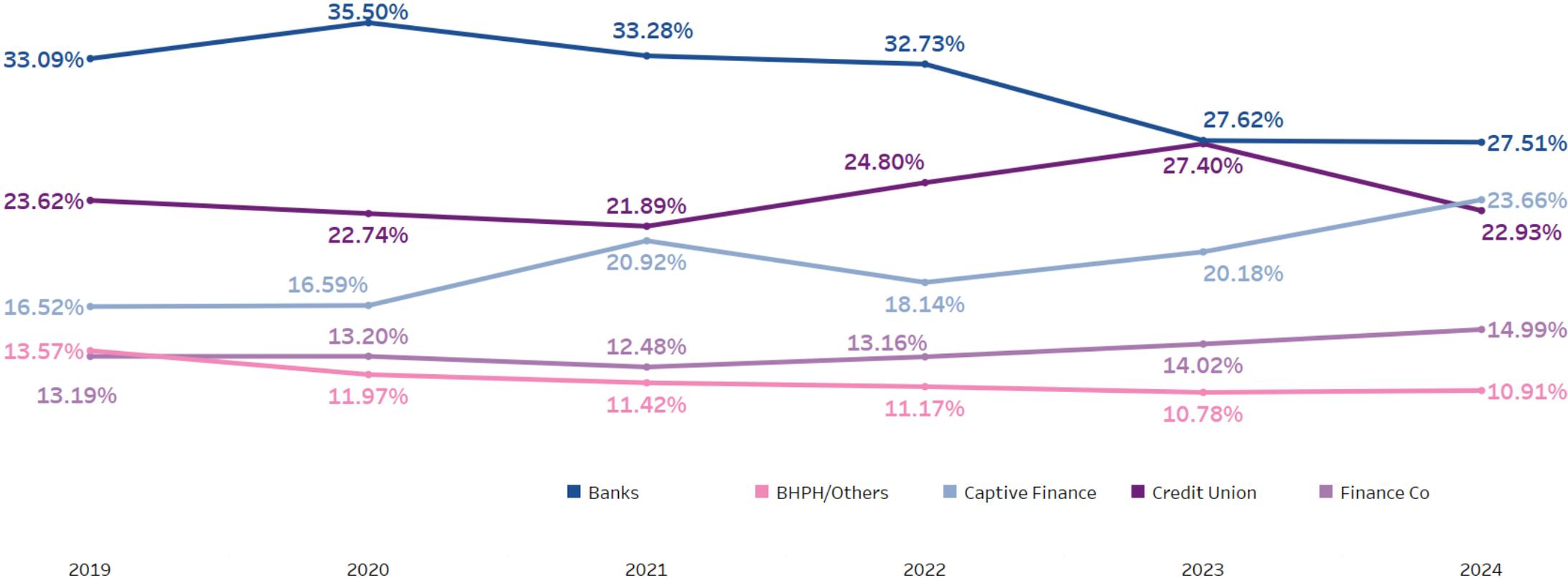
Captives maintain as largest lender type for Q1 while Bank and Credit Union share decreases

Market share of total financing (new/used; loan/lease)



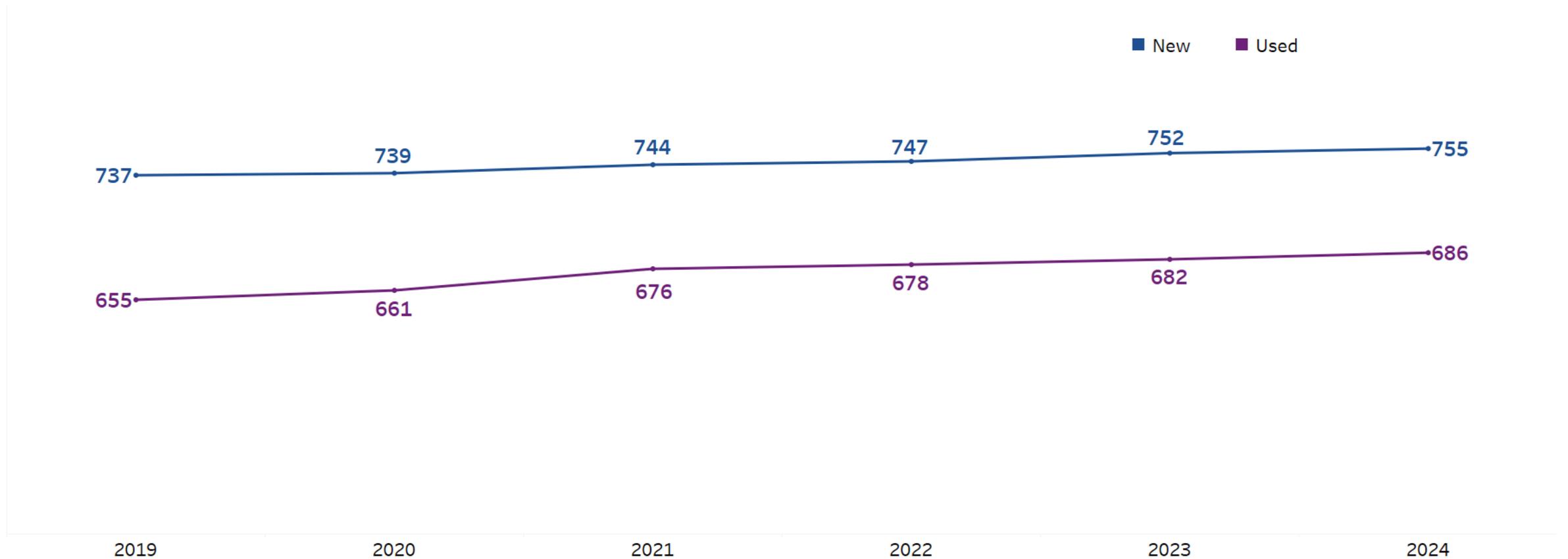
Captives pick up total loan share while Credit Unions decrease, and Banks maintain share as largest lenders for auto loans

Total loan market share



Average new score increases 3 points while used is up 4

Average score by vehicle type

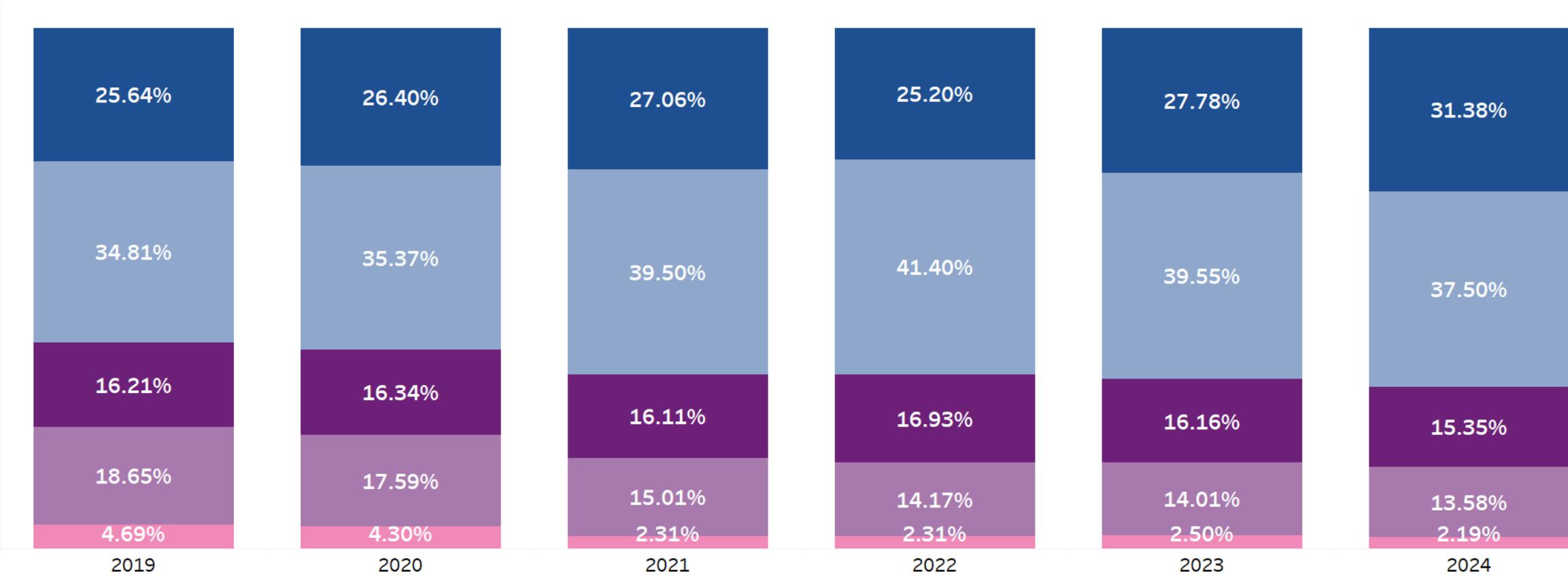


VantageScore® 4.0

Subprime continues to decrease while Prime+ reaches nearly 69%

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

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

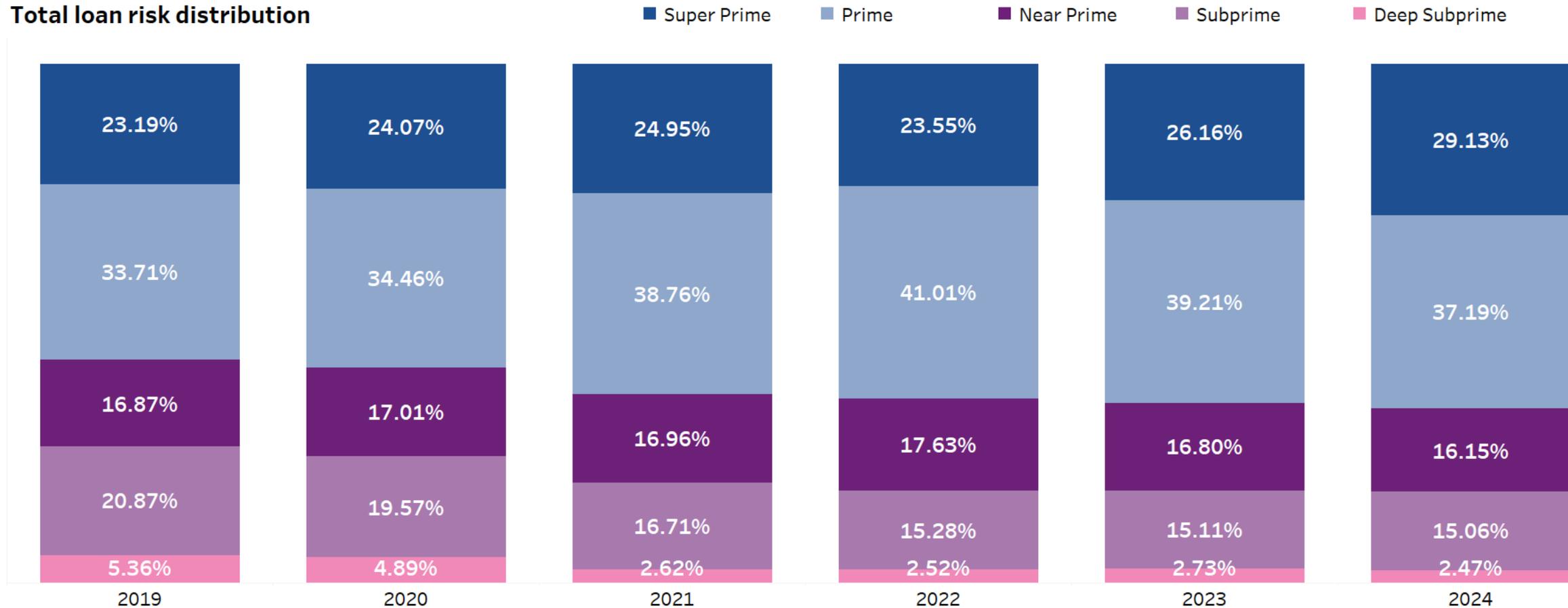


VantageScore® 4.0

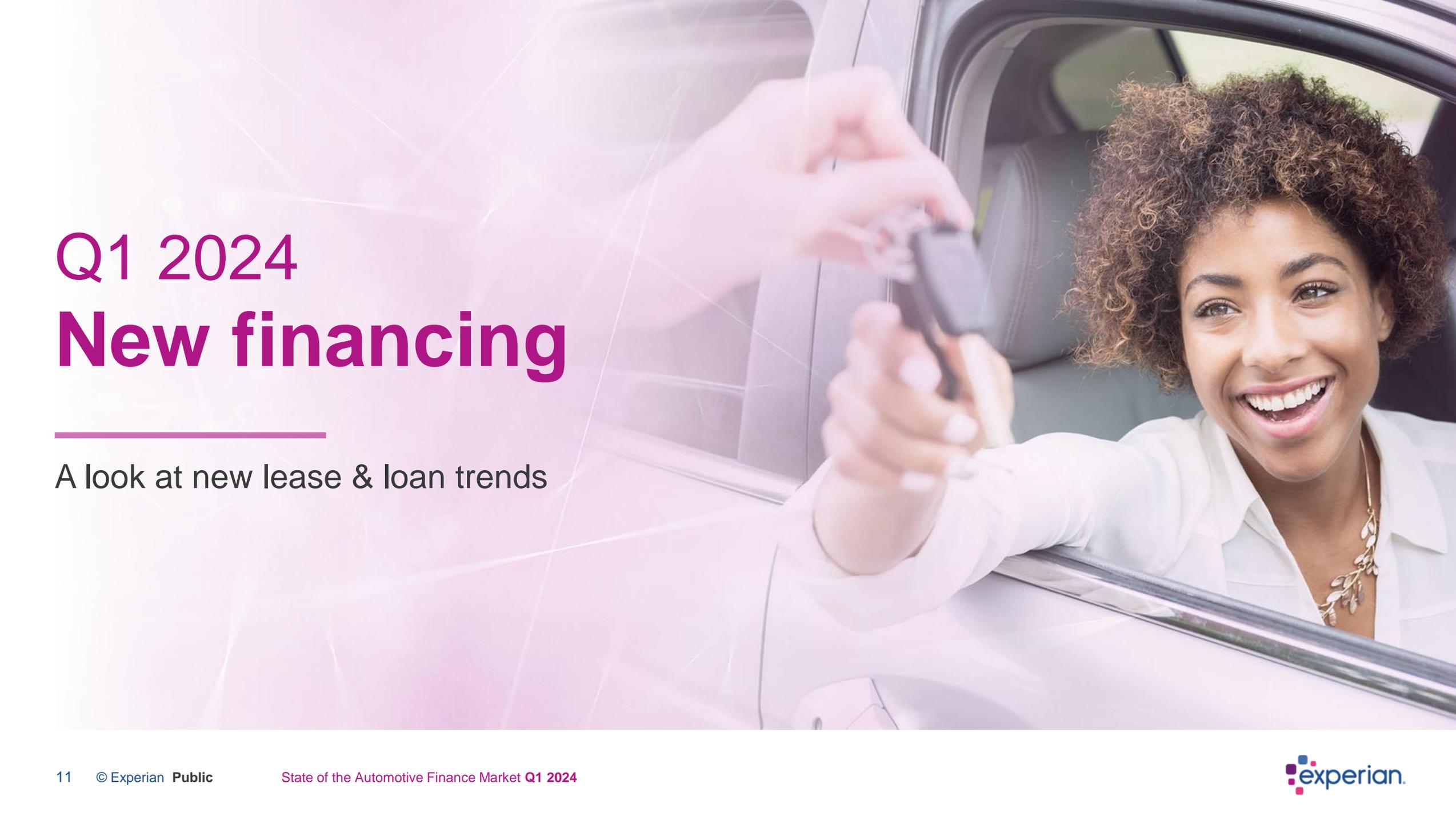


Subprime hits just over 17.5% of all loans while Super Prime sees 11.4% year-over-year growth

Total loan risk distribution



VantageScore® 4.0

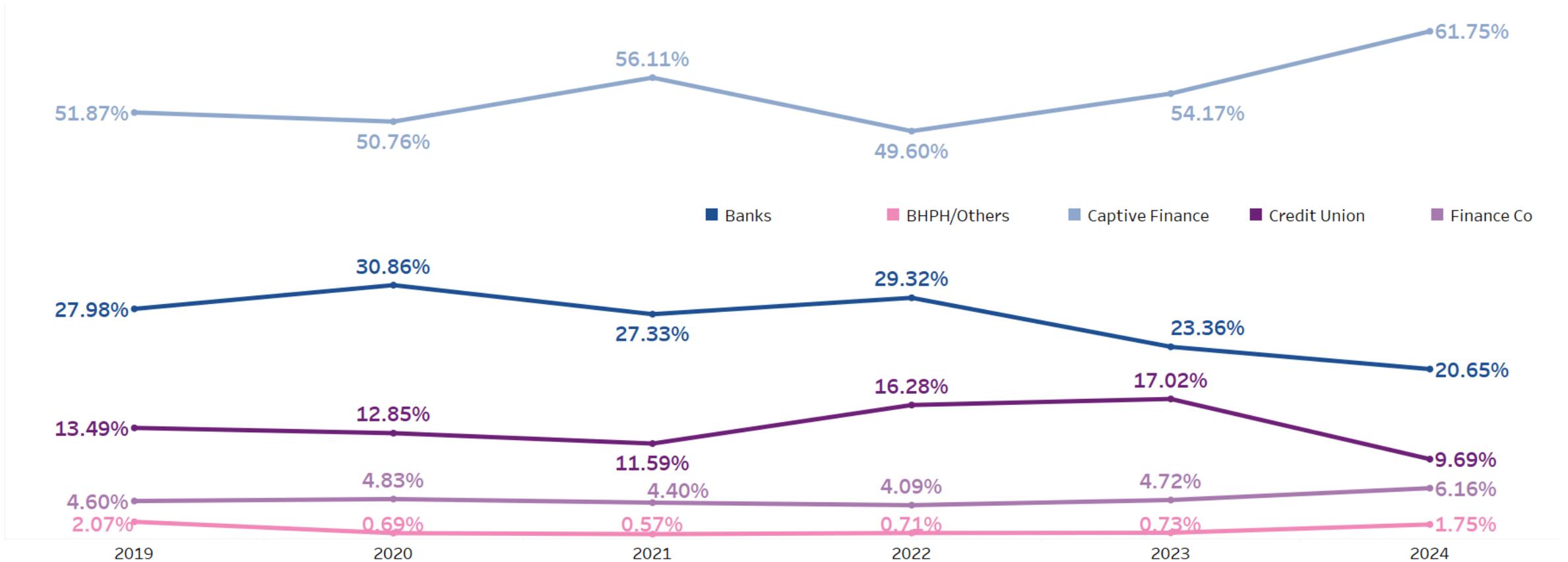


Q1 2024 New financing

A look at new lease & loan trends

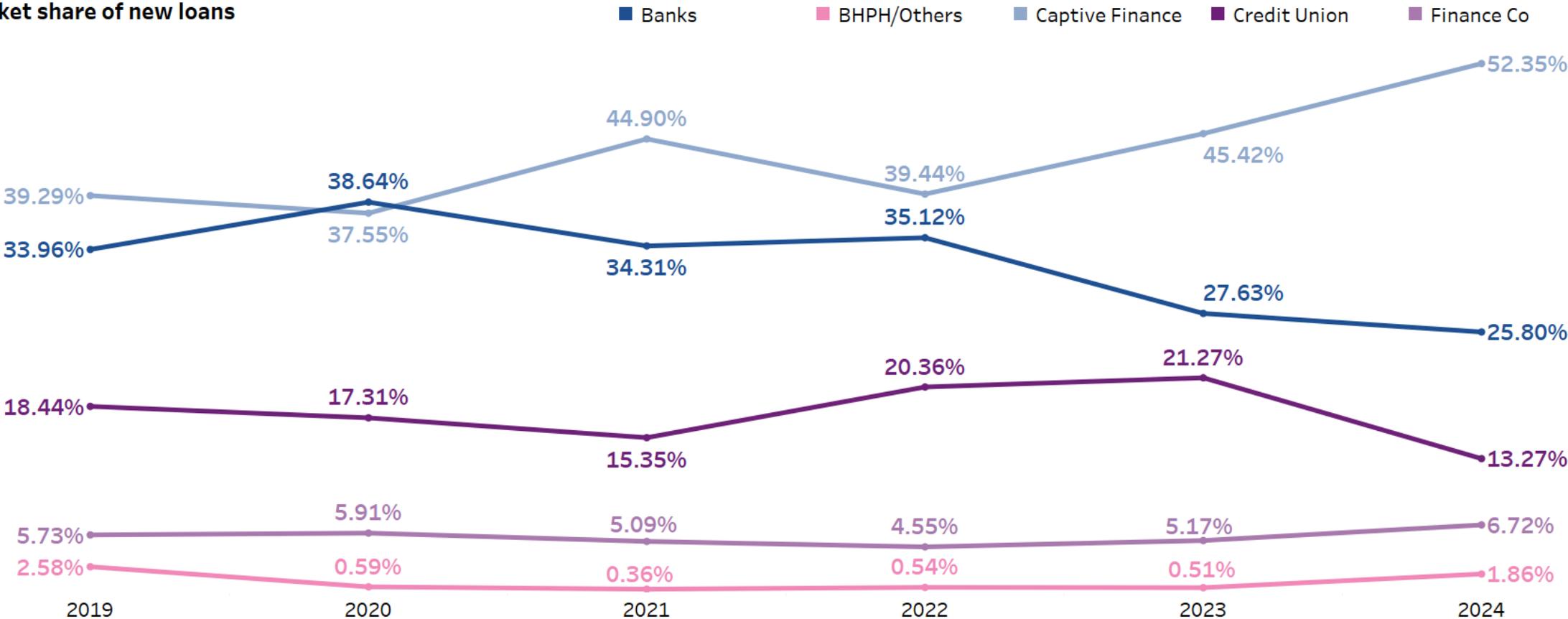
Captives soar to over 61% share of new financing; Finance Companies increase share while others see decreases

Market share of new financing (loan/lease)



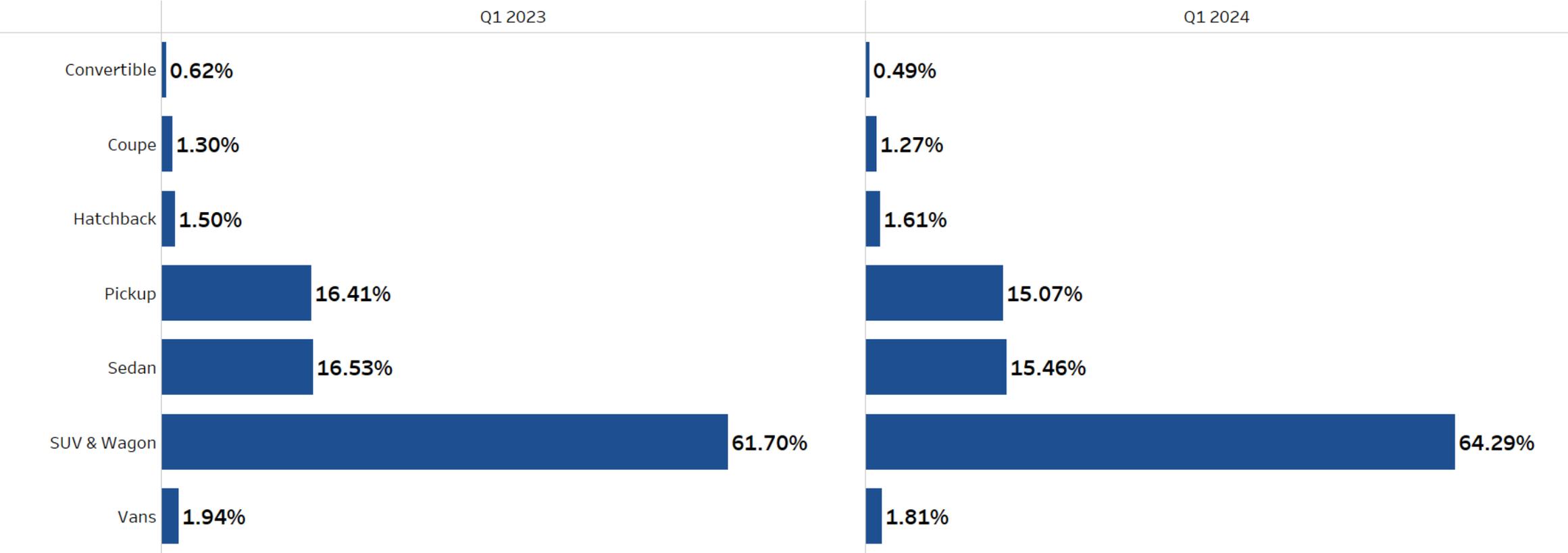
Captives dominate new loan market with over 52% share; Banks & Credit Unions see decreases while others see share increases

Market share of new loans



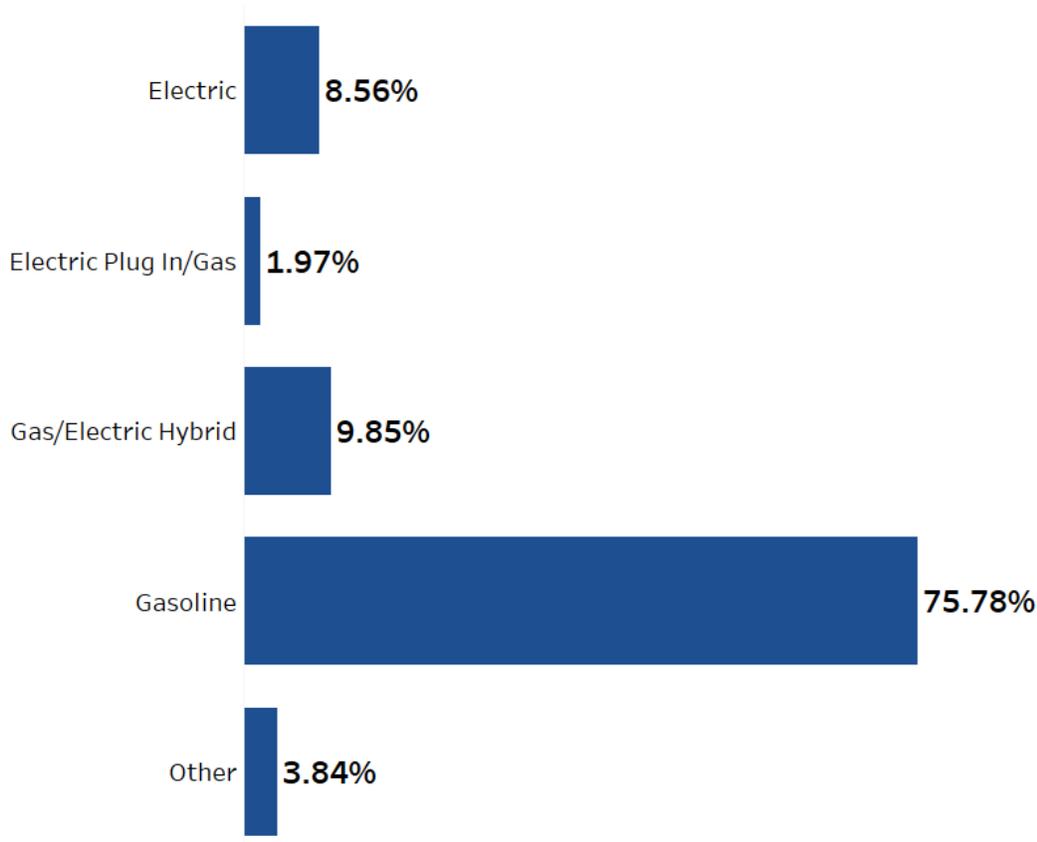
SUVs reach nearly 65% of all new vehicle financing

Percentage of new financing by segment

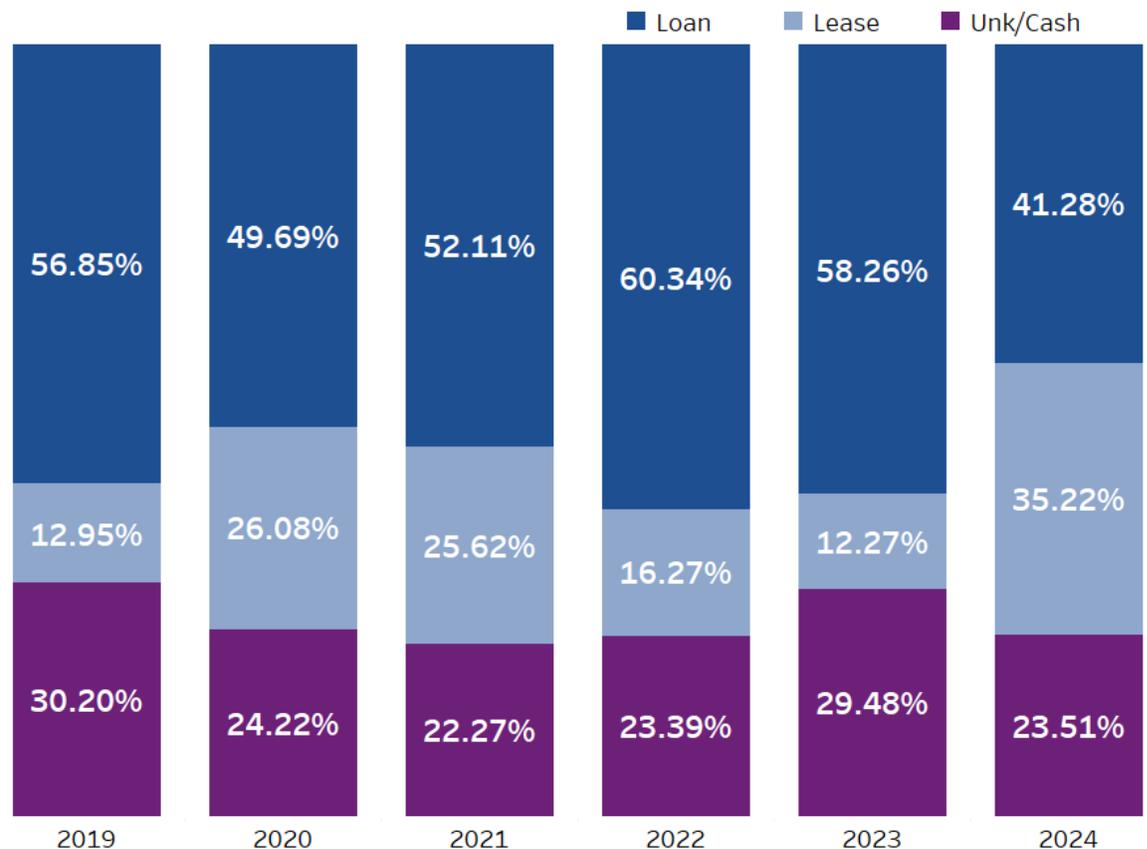


EVs reach 8.56% of new purchases and are leased at over 35%

Percentage of new purchases by fuel type

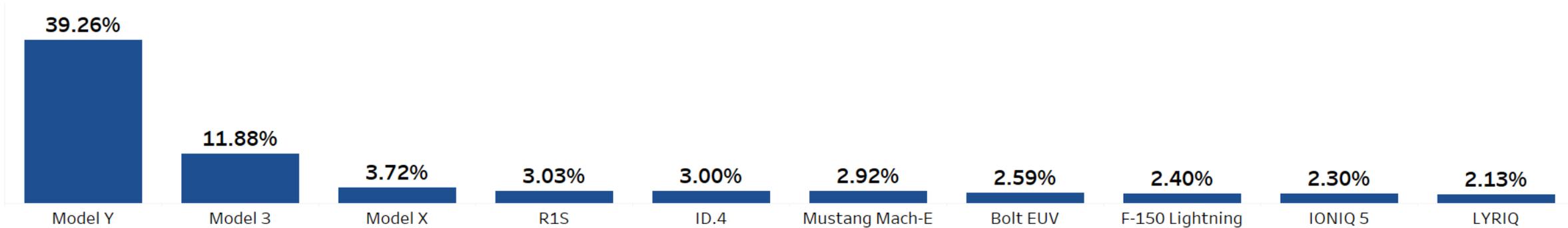


How are consumers purchasing new EVs

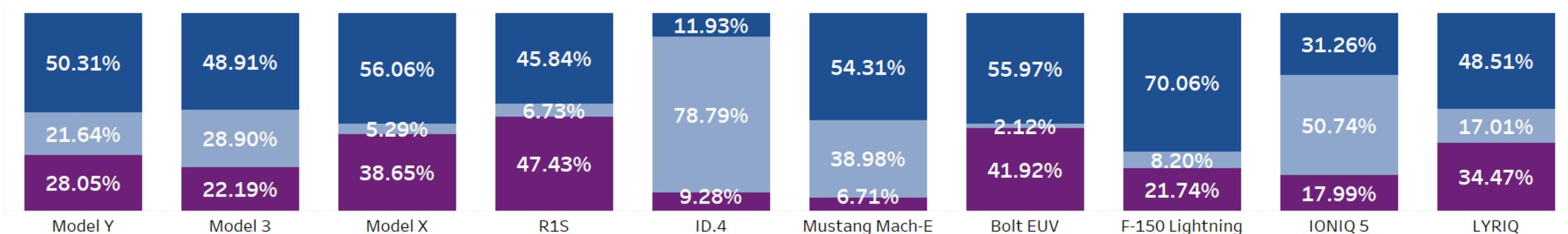


Top 10 New EV Models: transaction types vary considerably among the top new EVs

Top 10 EV models

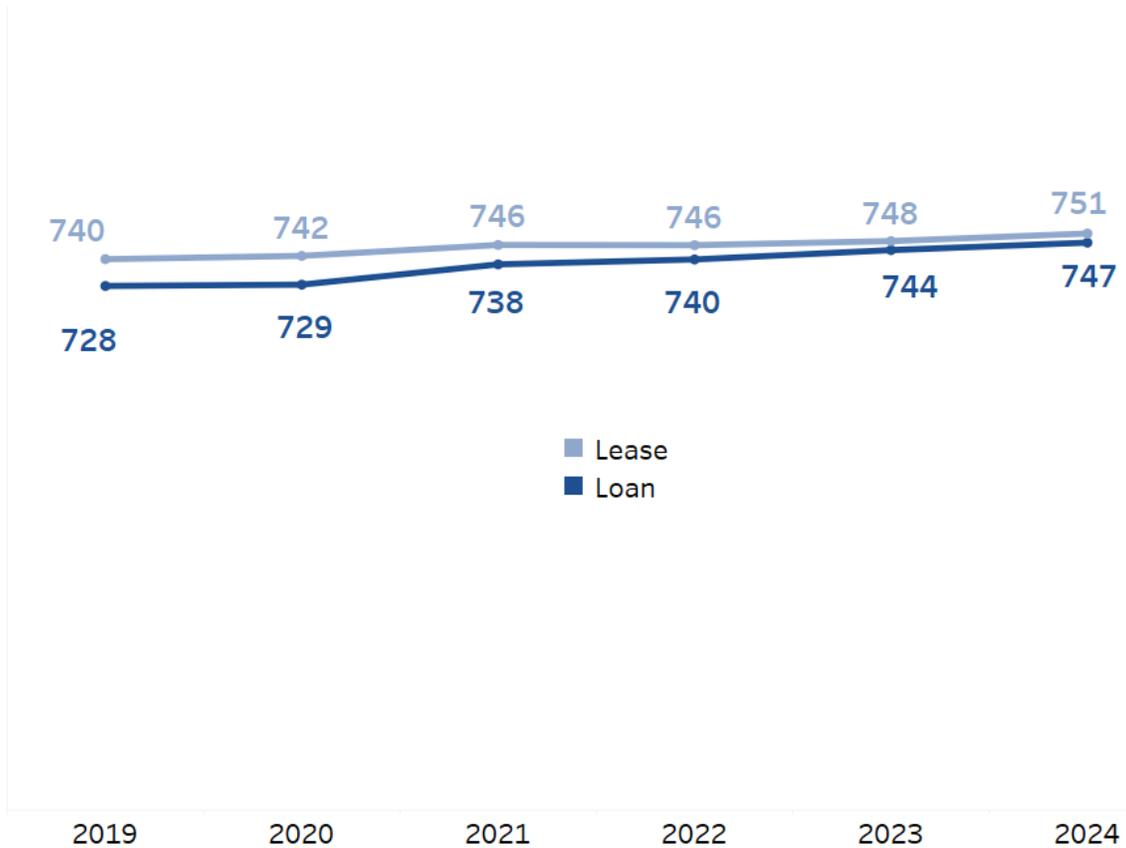


Top 10 leased EV models

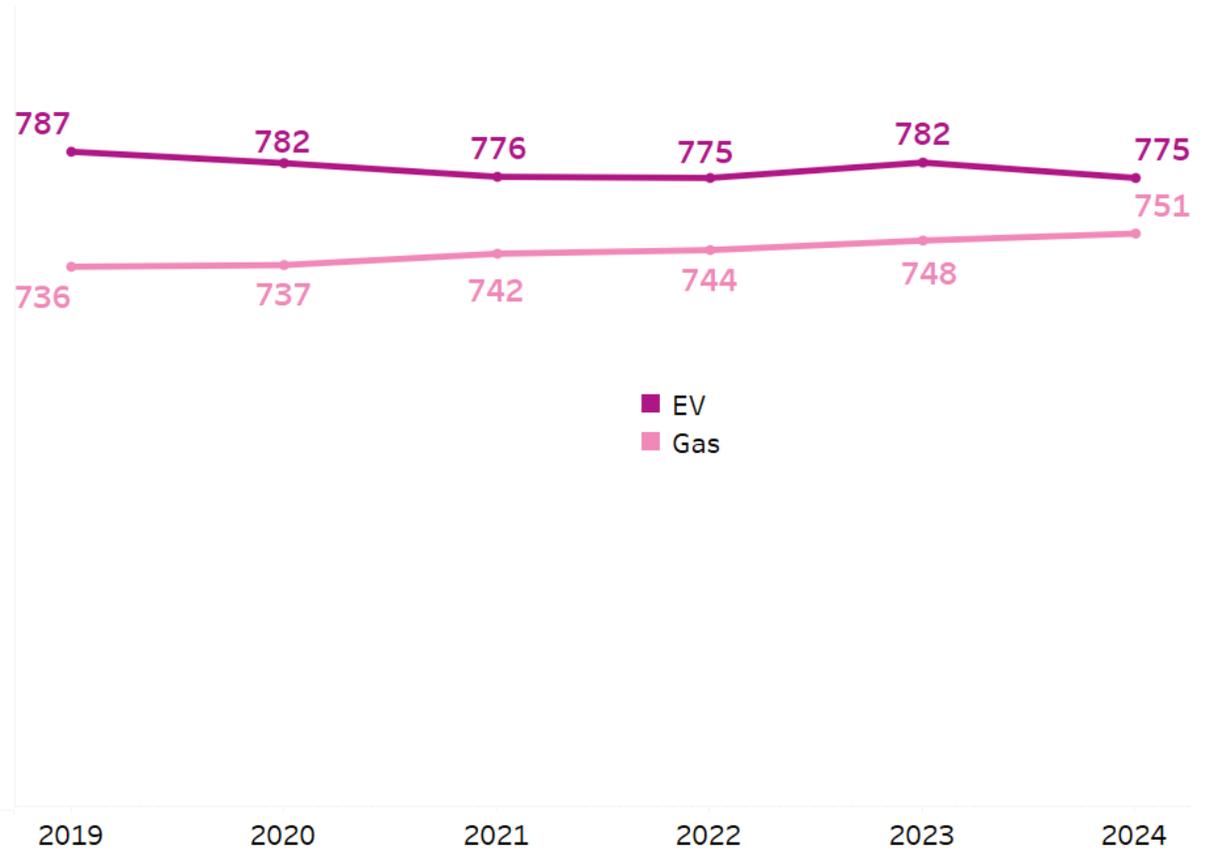


New lease and loan scores climb 3 points; EV scores decrease 7 points while gas climbs 3

Average new score by transaction type



Average new score by fuel type

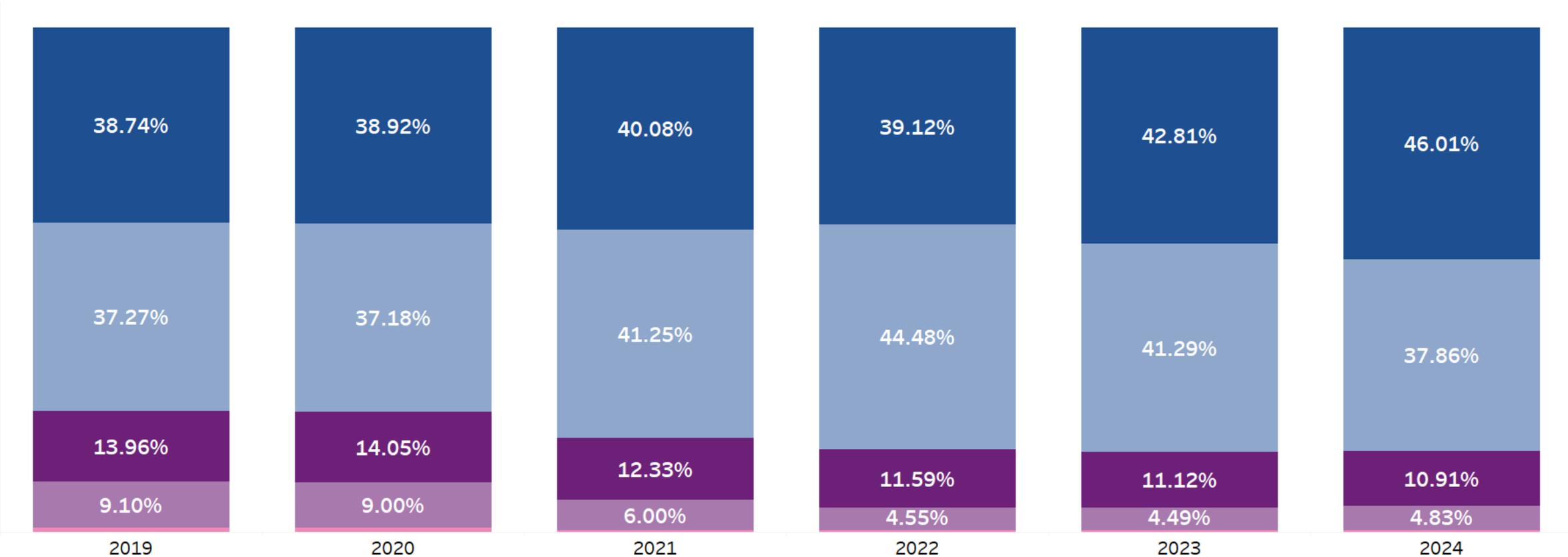


VantageScore® 4.0

Nearly 84% of all new loans are Prime+

New loan risk distribution

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



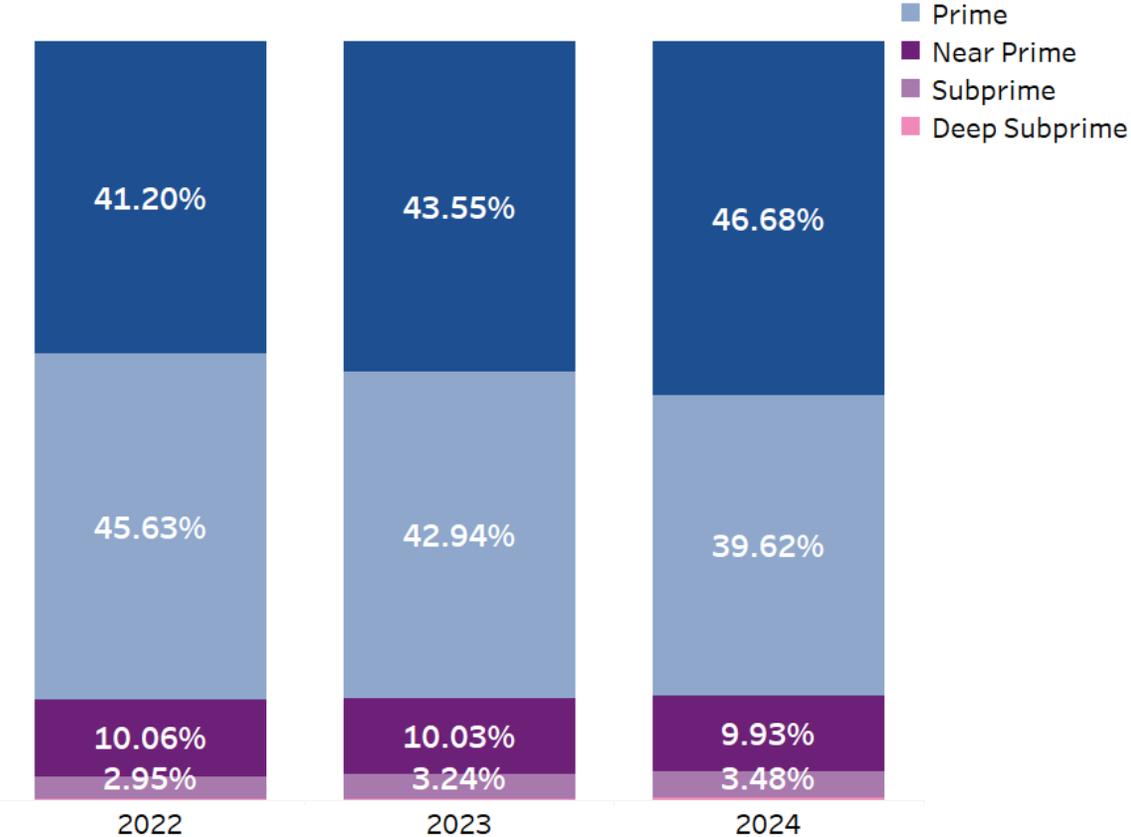
Deep Subprime 0.39%

VantageScore® 4.0

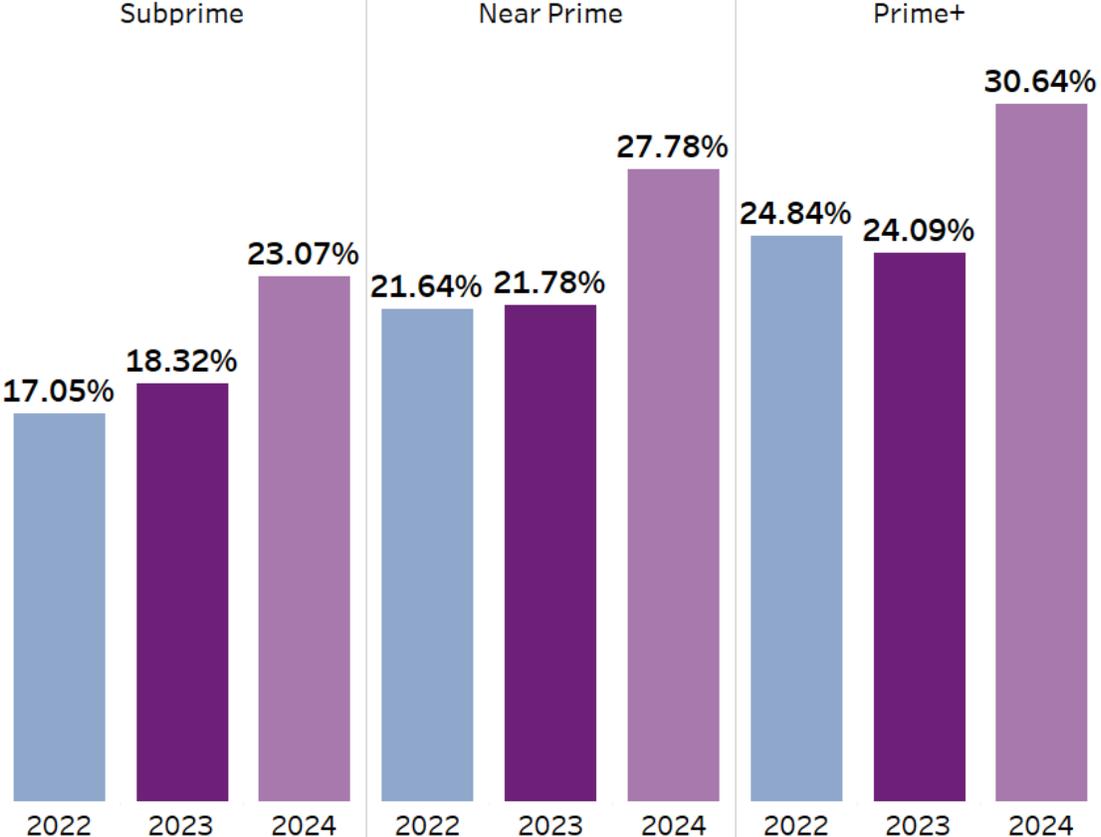


Leasing sees growth in Super Prime with Prime+ consumers choosing to lease over 30% of the time

New lease risk distribution



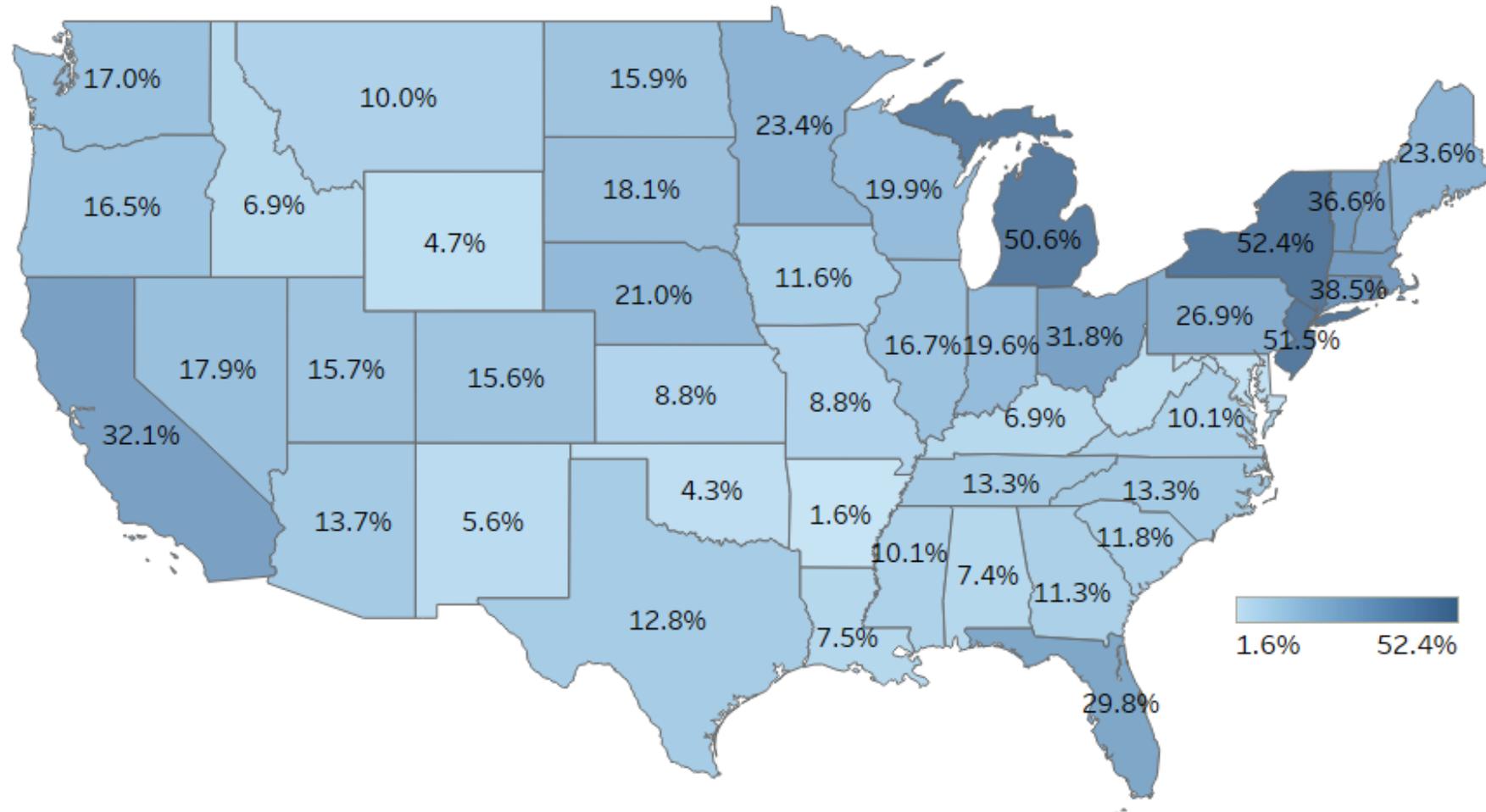
% of borrowers choosing to lease



VantageScore® 4.0

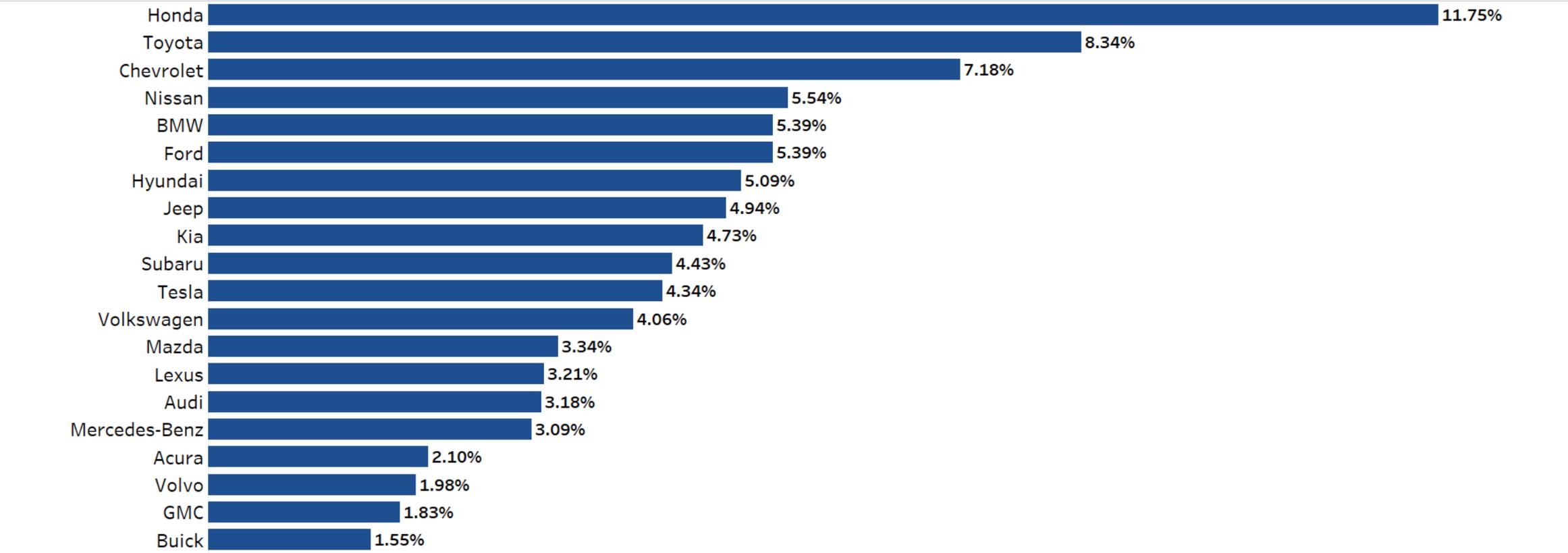


New York and New Jersey lead with the greatest percentage of their new financing as a lease; MI drops to 39% without Detroit DMA



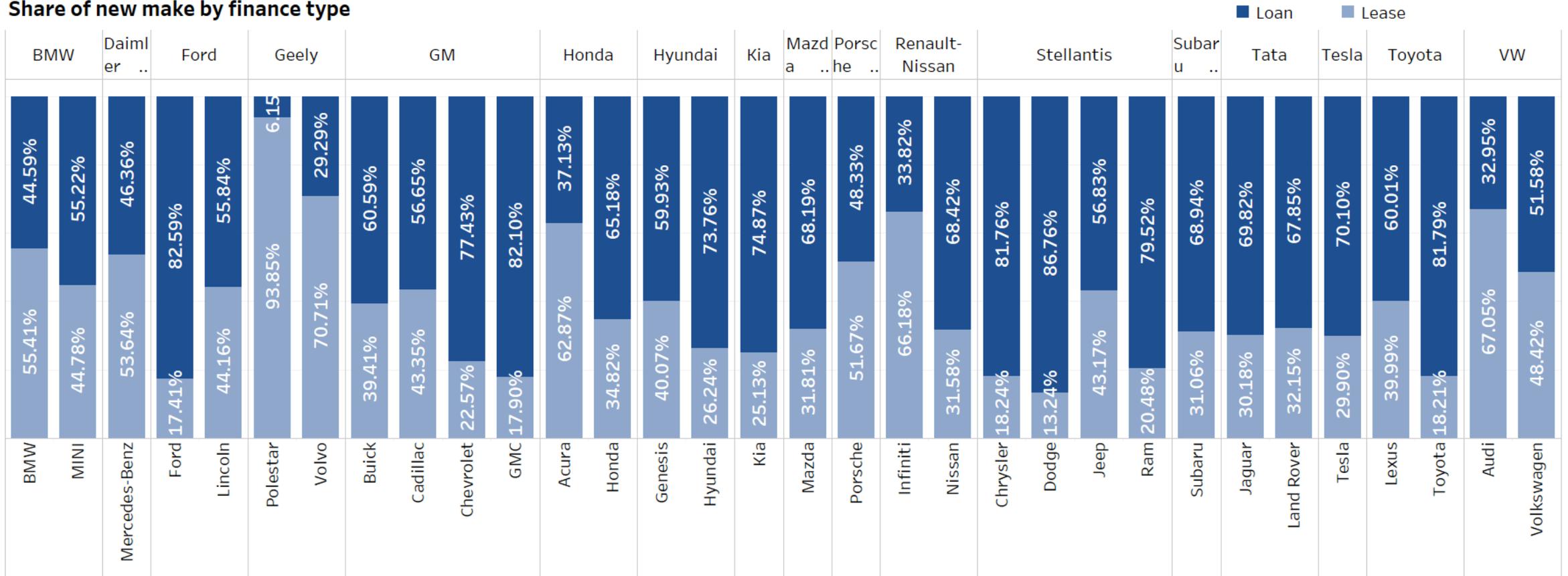
Honda remains as number one leased make

Top 20 leased new makes



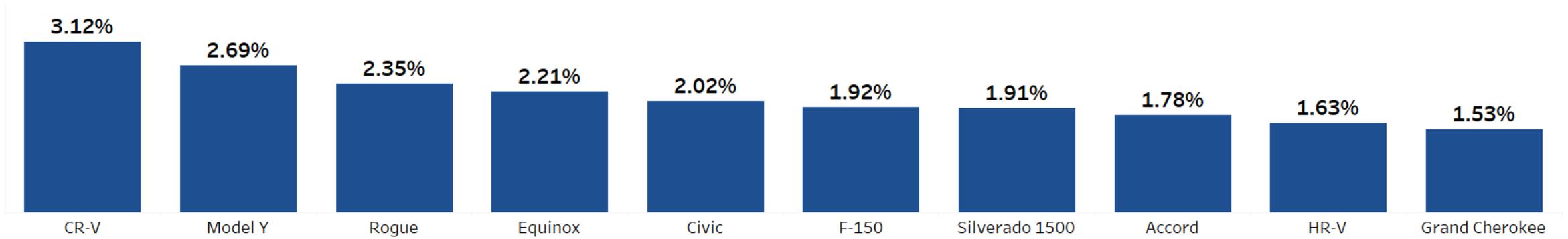
Leasing rates increase across most of the makes

Share of new make by finance type

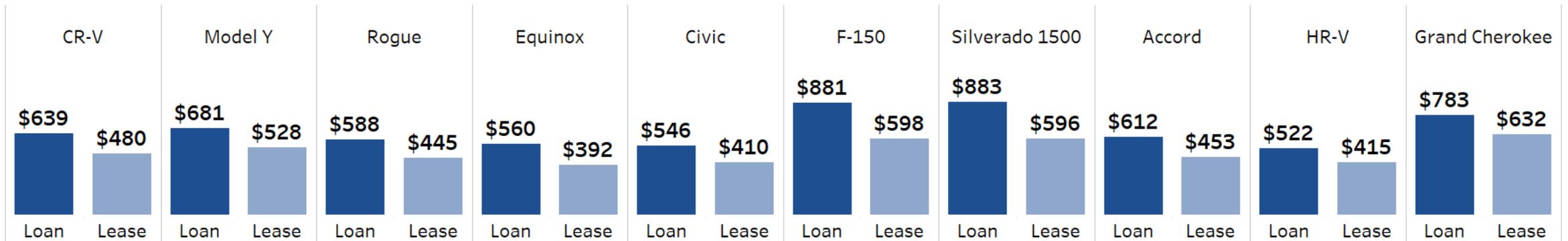


SUVs dominate the top leased models and an EV gains second largest share; average payment difference of \$140

Top 10 leased models

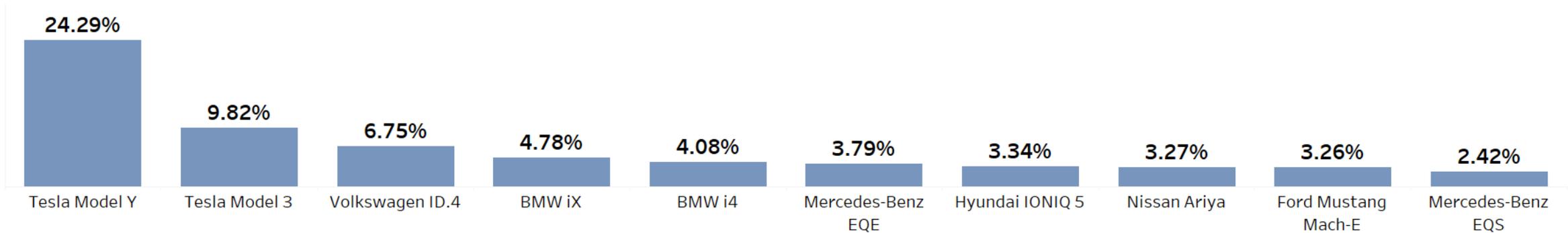


Average monthly payment on top leased models

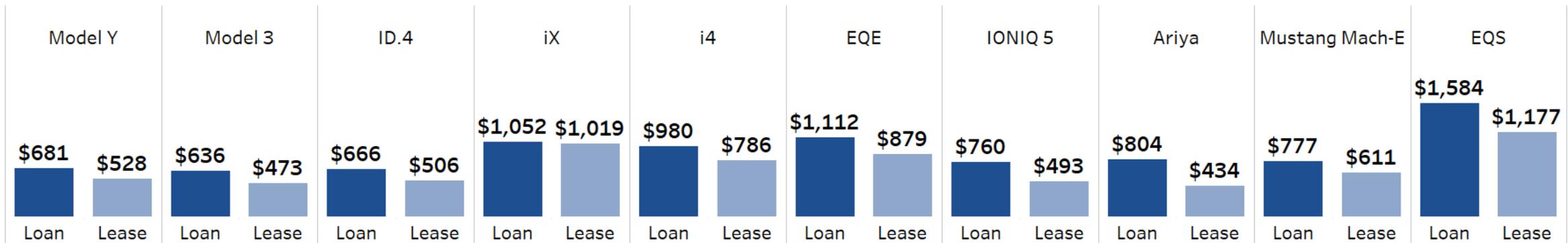


Average payment difference between a lease and a loan across all EV models is \$88

Top 10 leased EV models

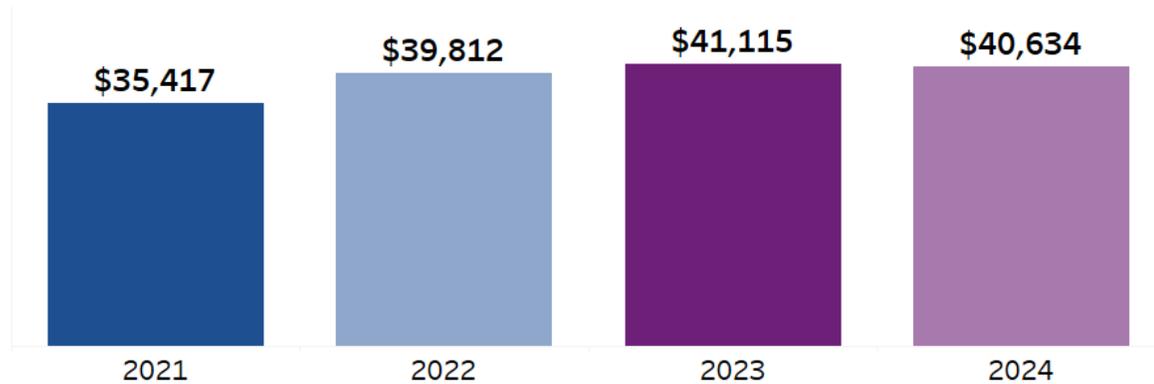


Average monthly payment on top leased EV models



Average new loan amount and lease payments decrease; new loan amount up \$3 as rates continue to climb

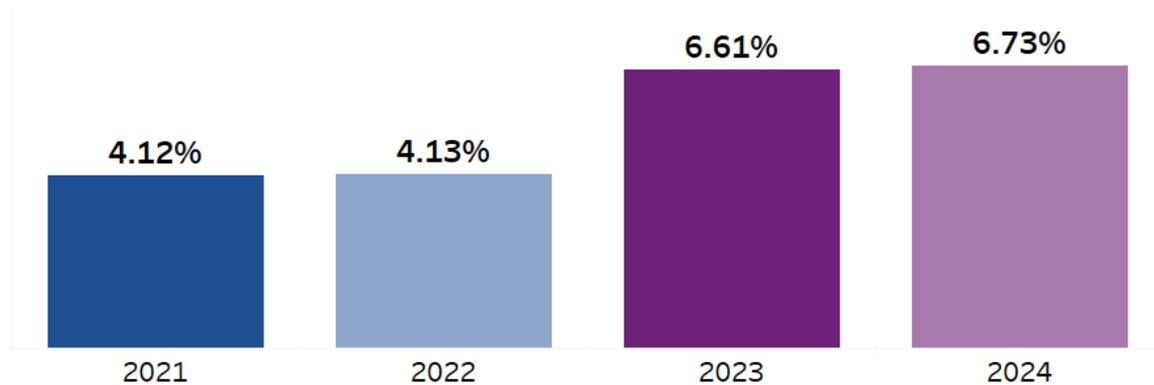
Average new amount financed



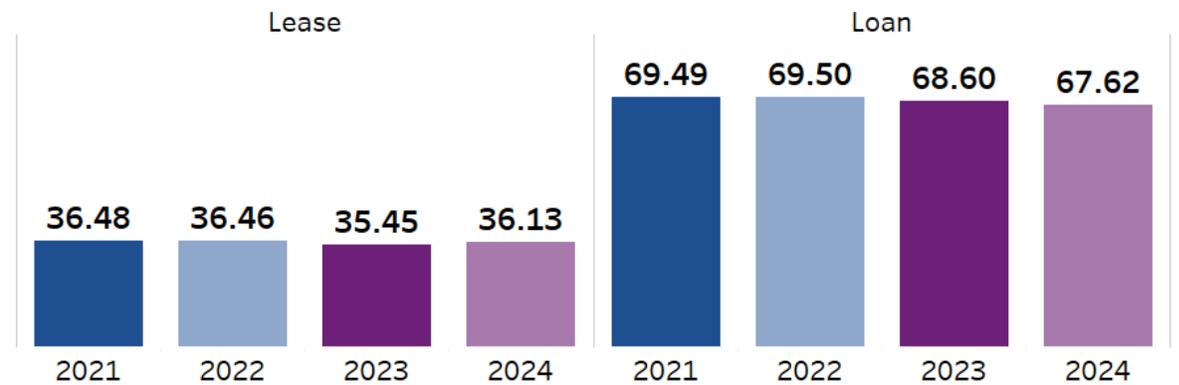
Average new monthly payment



Average new loan rate

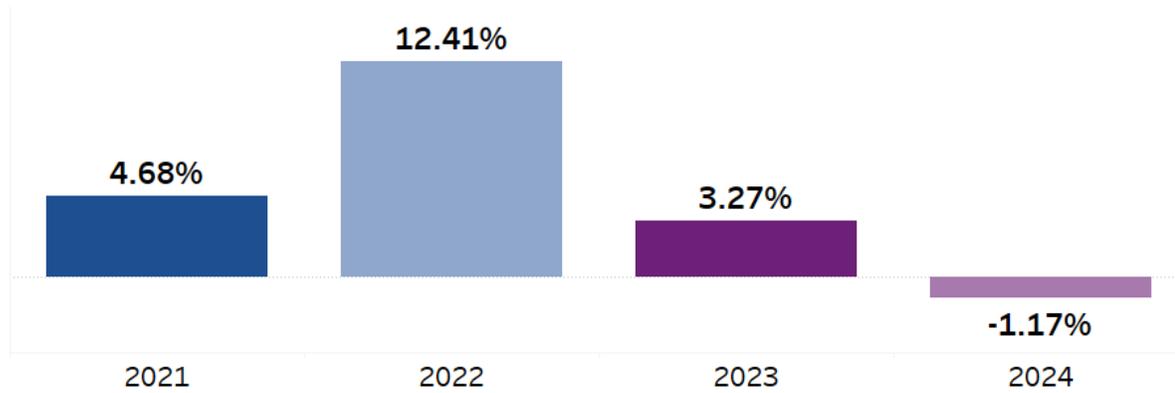


Average new loan term

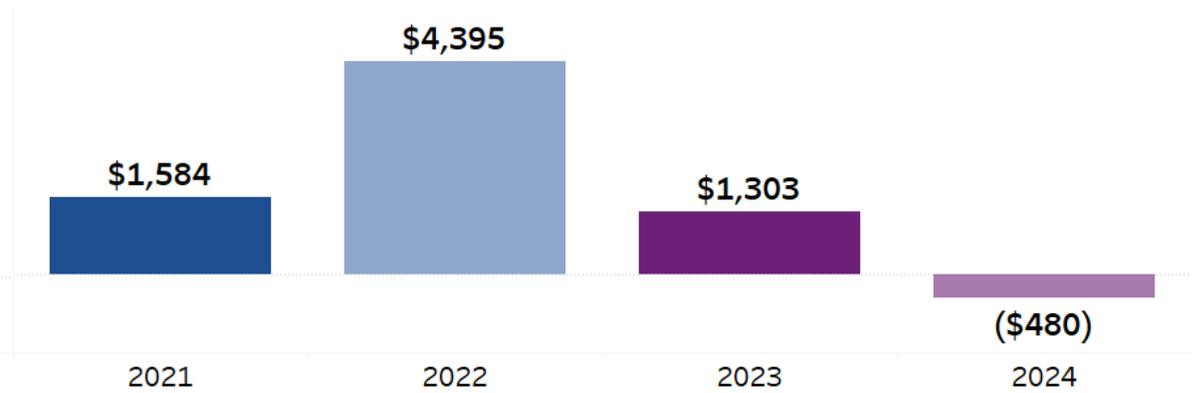


While year-over-year loan amounts are down, they are up slightly quarter-over-quarter

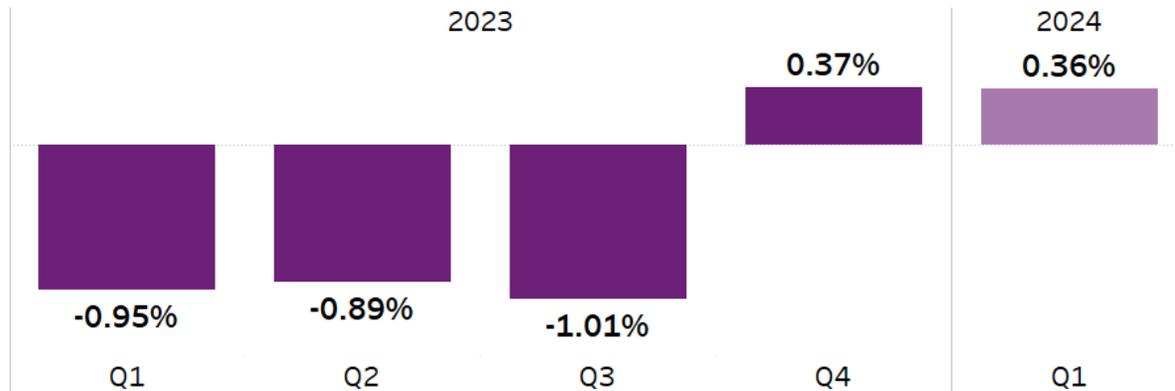
YOY growth in average new loan amount



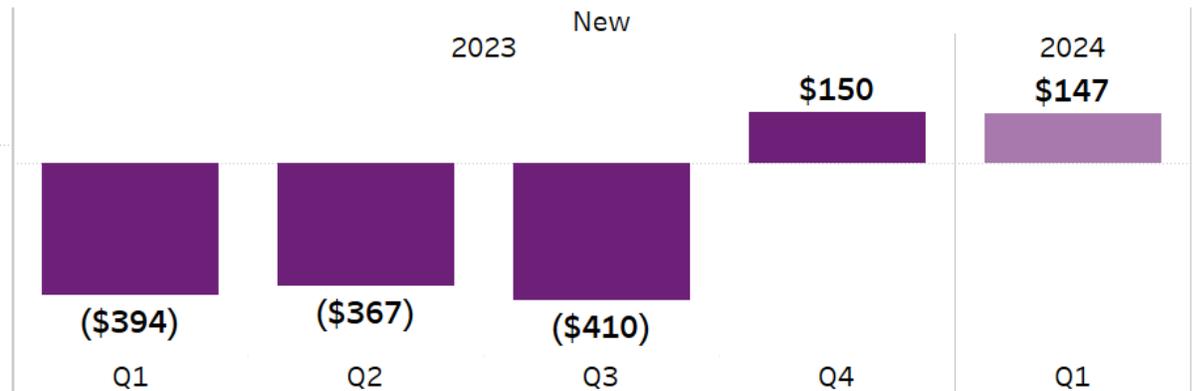
YOY \$ difference in average new loan amount



QOQ growth in average new loan amount

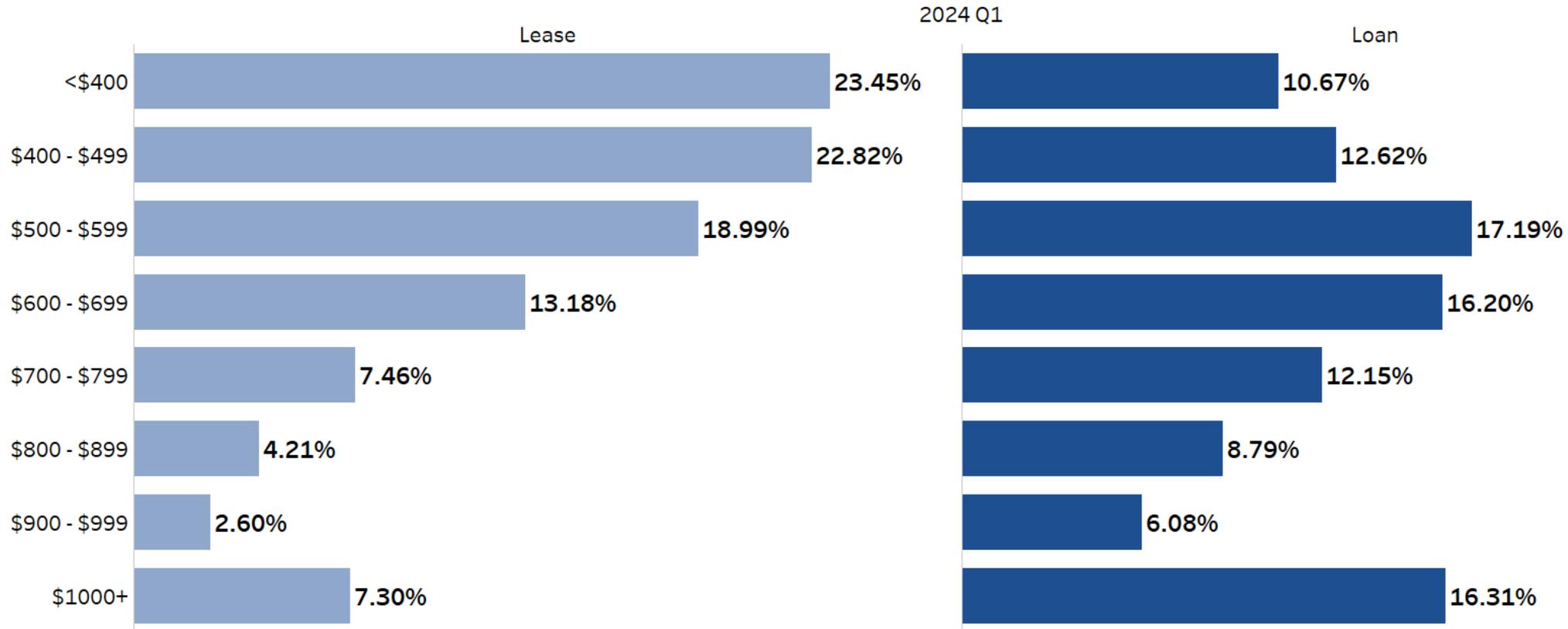


QOQ \$ difference in average new loan amount



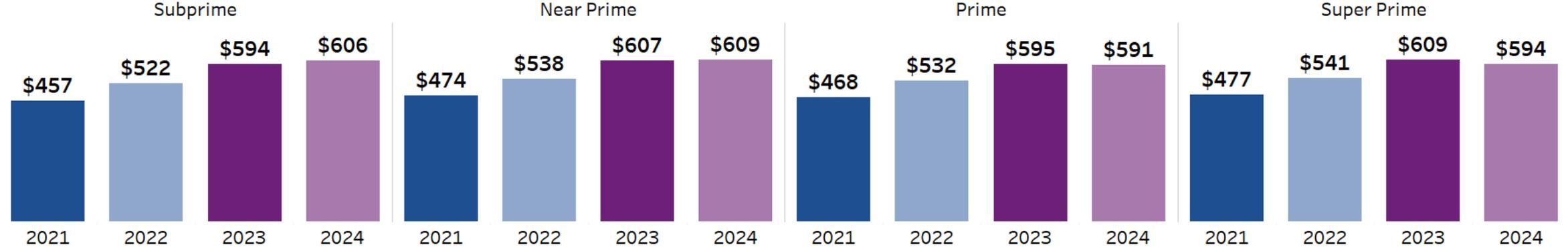
Over 13.6% of all new payments (loan & lease combined) are over \$1k

Average monthly payment

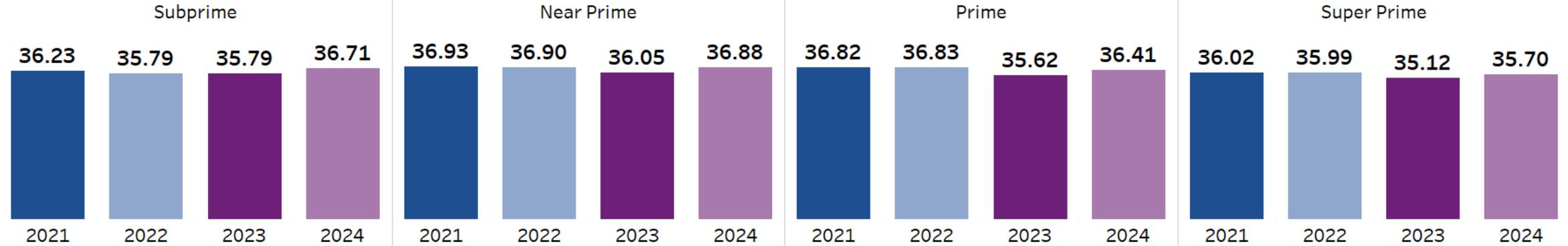


Prime and Super Prime see decreases in average monthly payment

Average lease payment by risk tier



Average lease term by risk tier

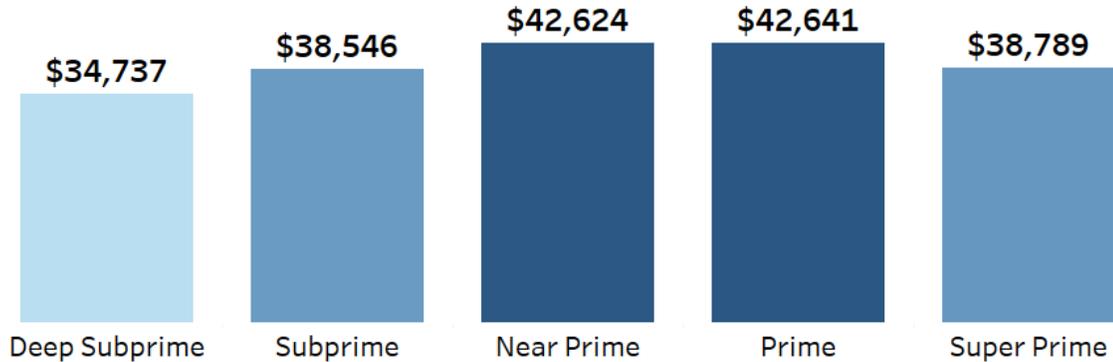


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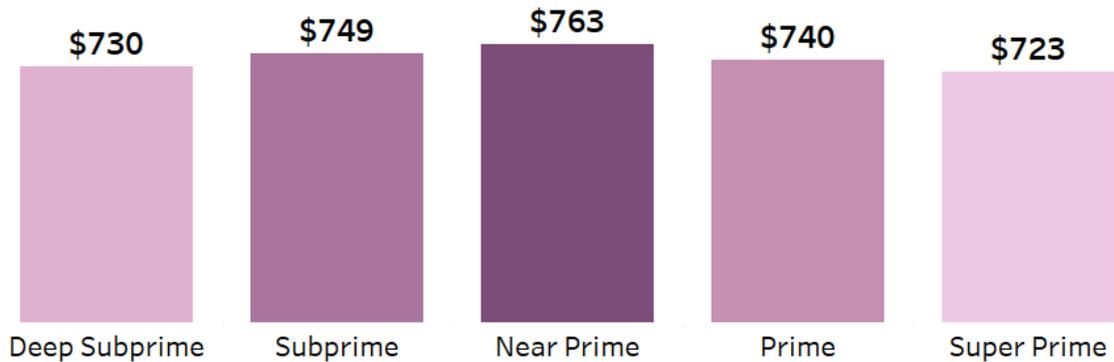


Payments decrease in Prime+ and most see YOY payment increases

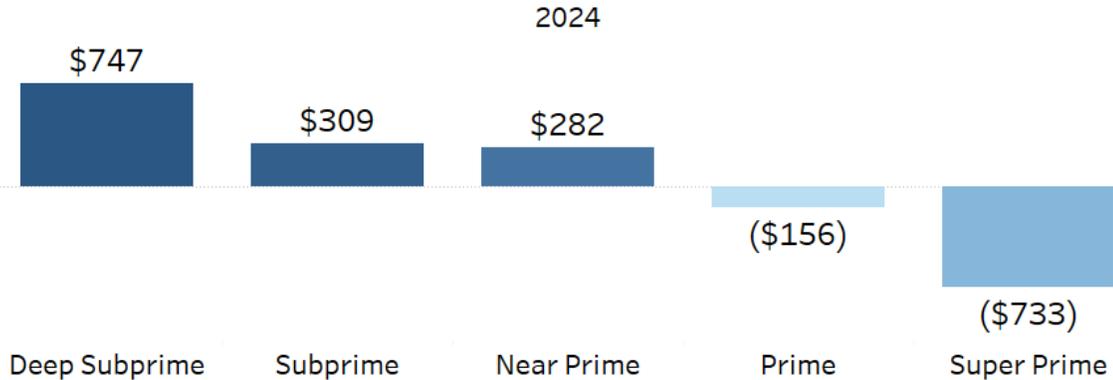
Average new loan amount financed by risk



Average new loan monthly payment by risk



Year-over-year change in new loan amount



Year-over-year change in new monthly payment

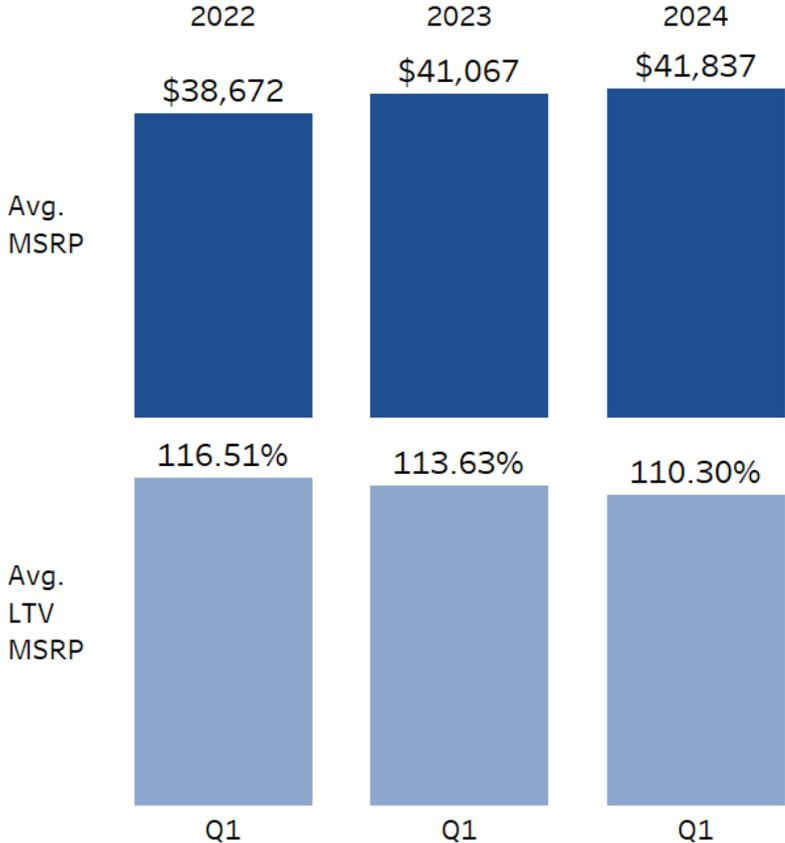


VantageScore® 4.0

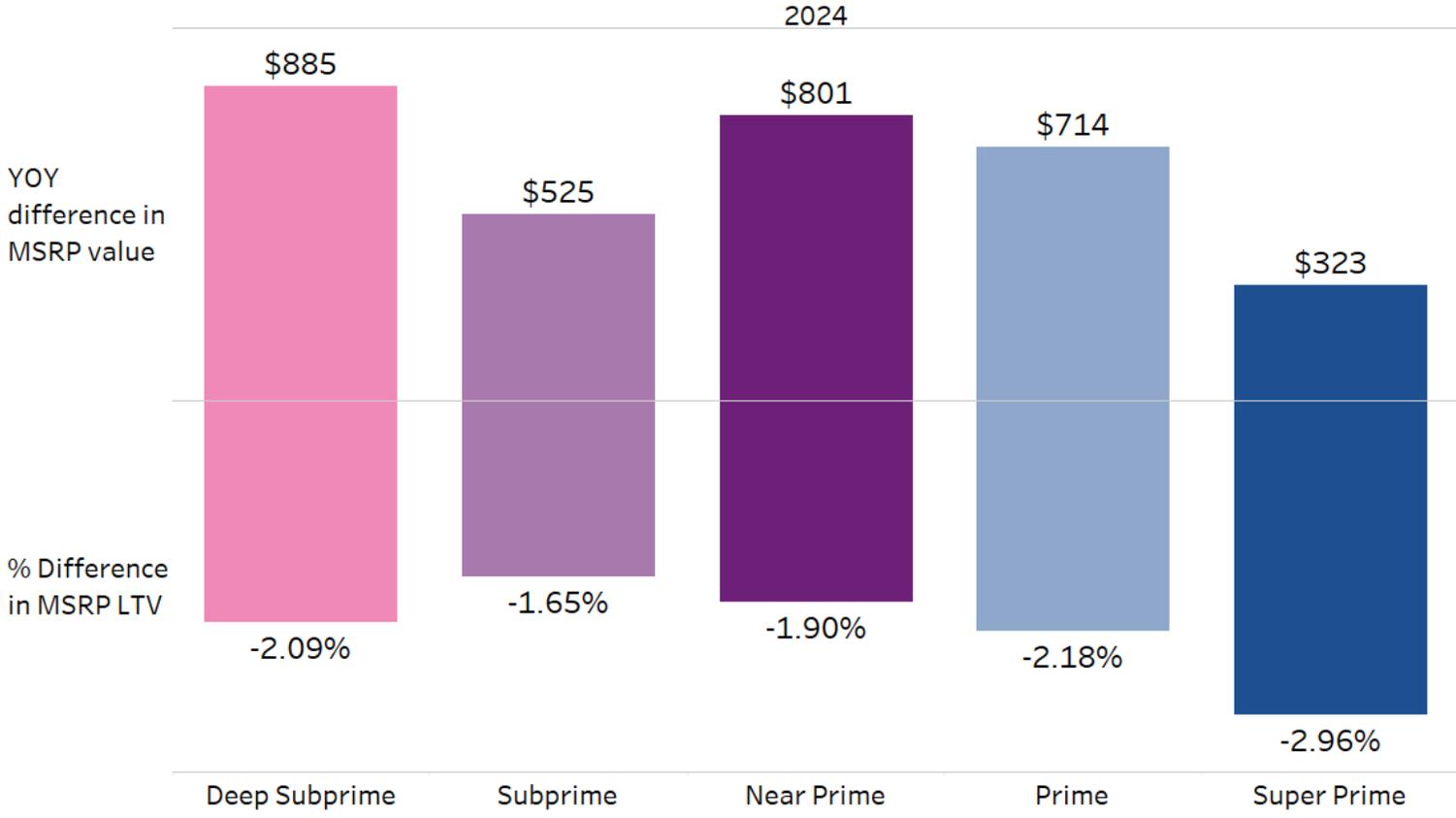


New values continue to increase while LTV falls across all score segments

Avg New Values

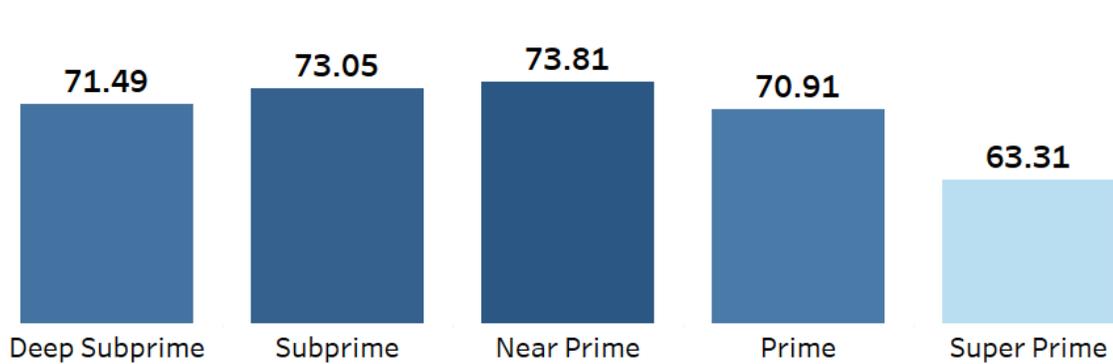


YOY change in new values

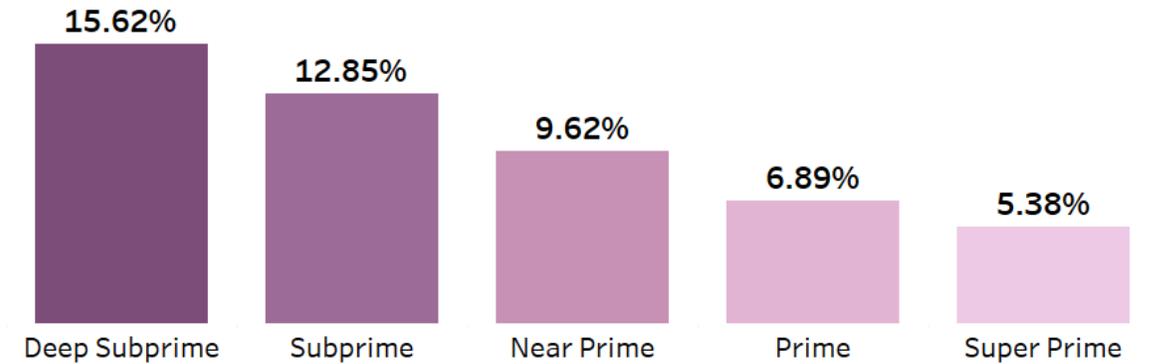


Terms decrease across the market while slight rate increases continue

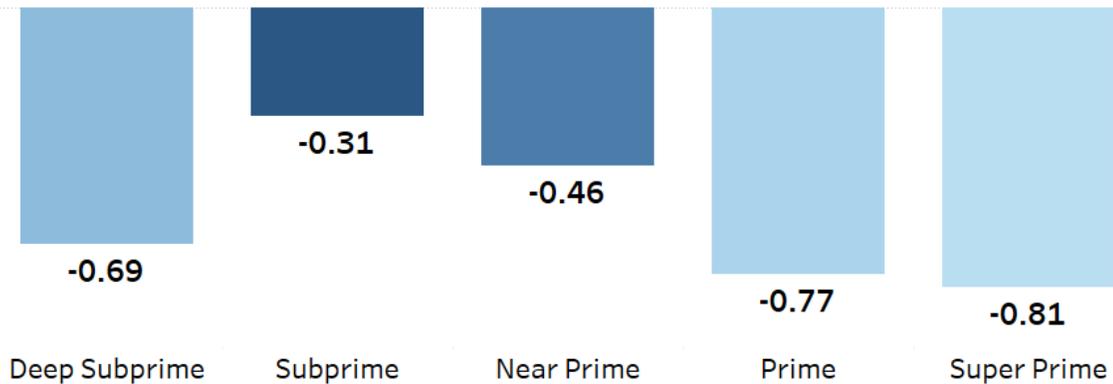
Average new loan term by risk



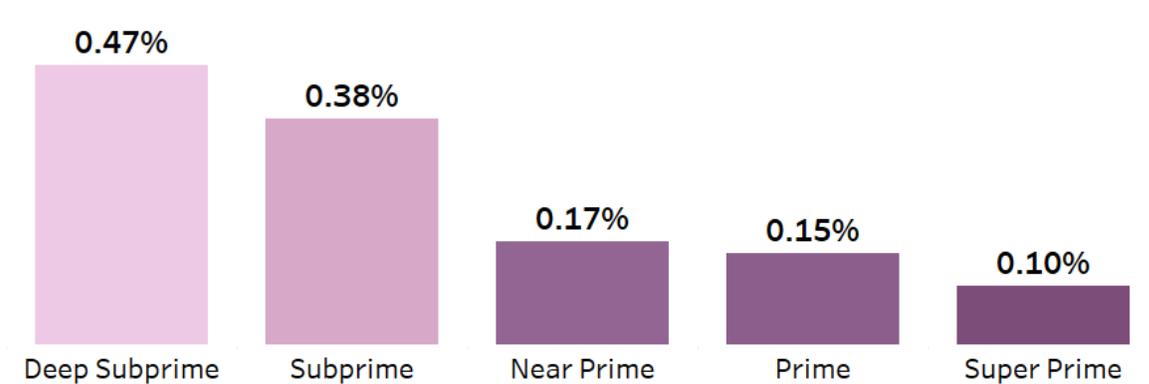
Average new loan rate by risk



Year-over-year change in new loan term



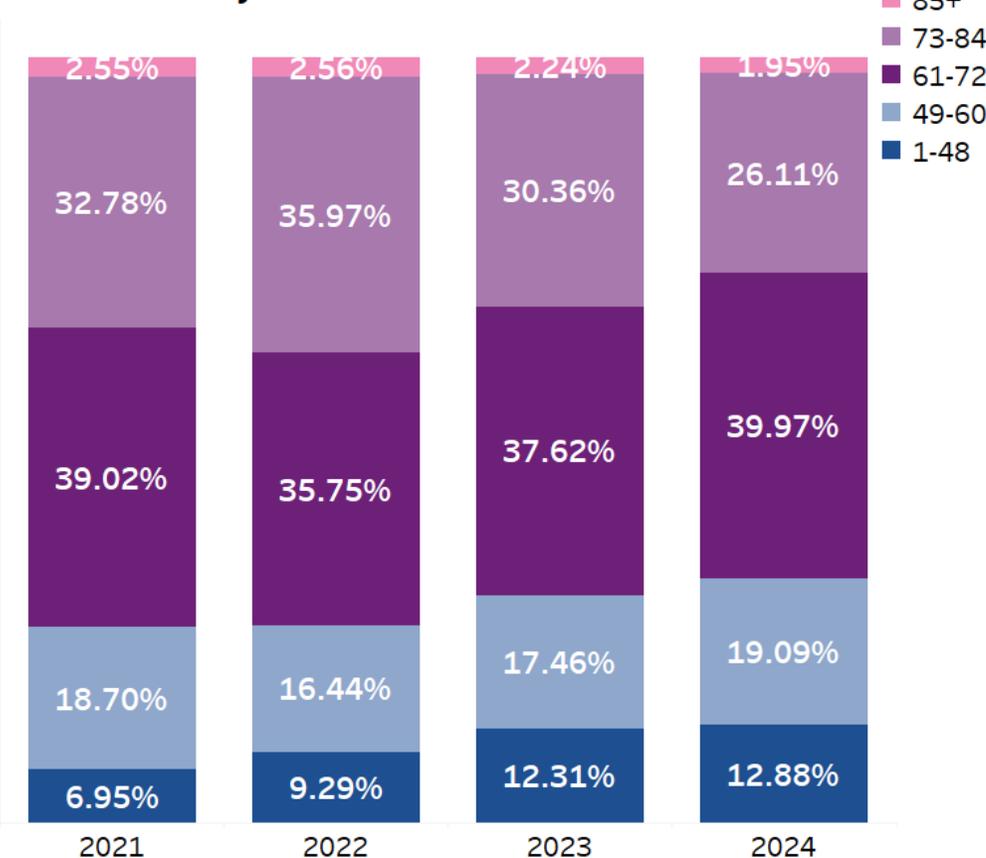
Year-over-year change in new rate



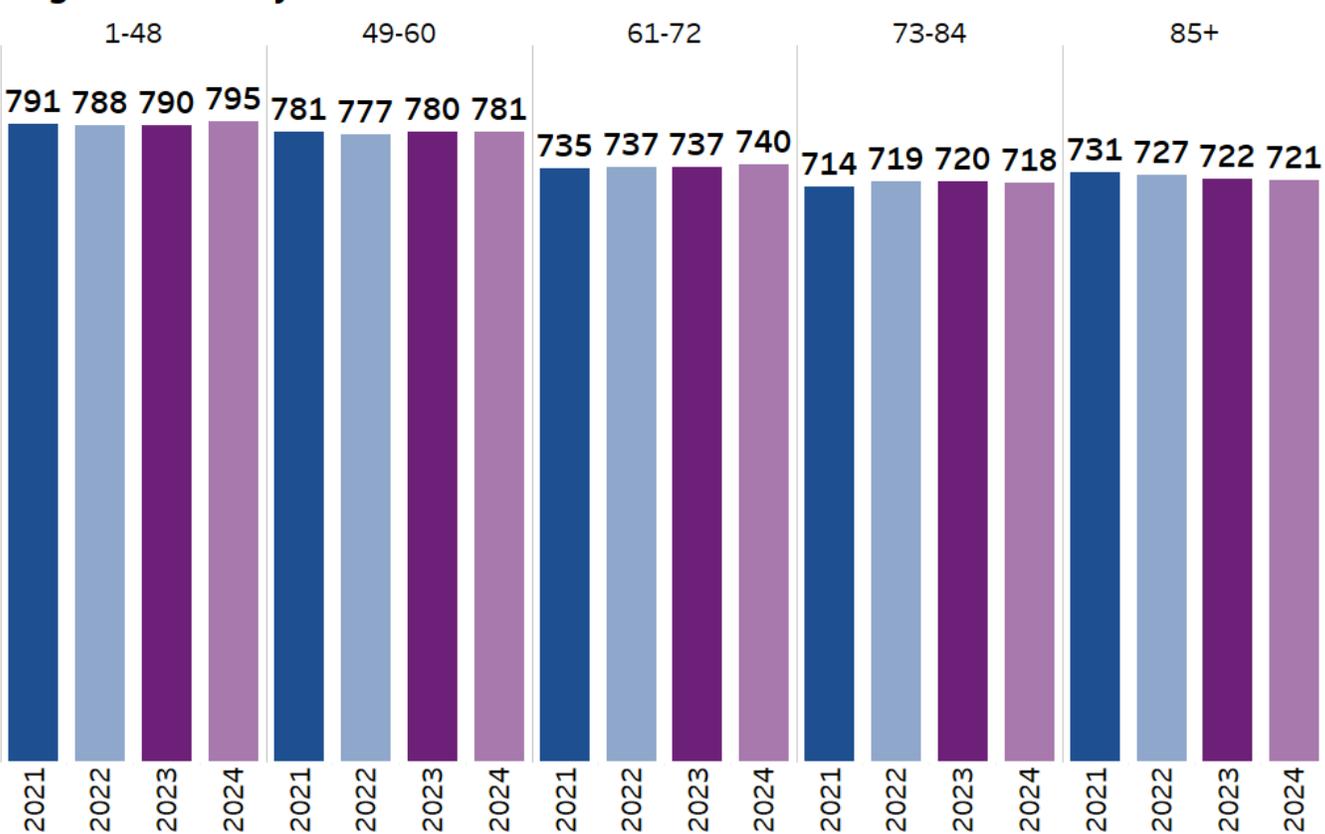
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Growth is seen in shorter term loans which also have the highest credit scores

Distribution by new loan term

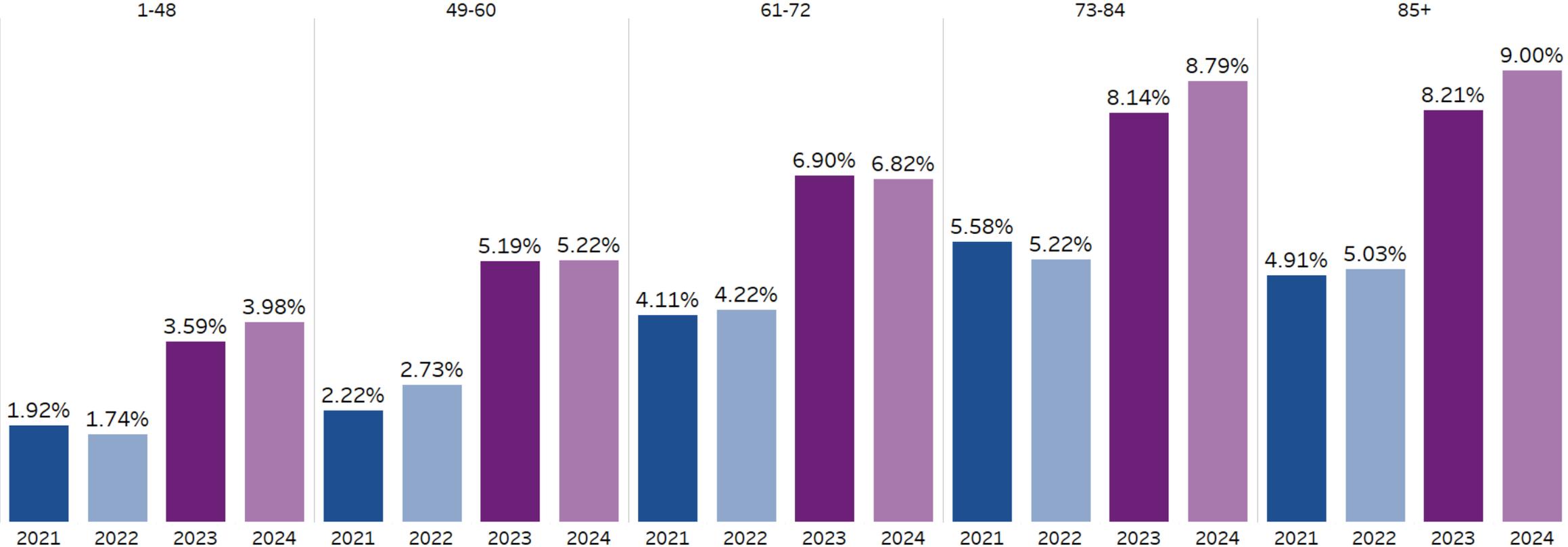


Avg new score by loan term



Incentives drive down rates in the shorter-term loans

Avg new loan rate by term



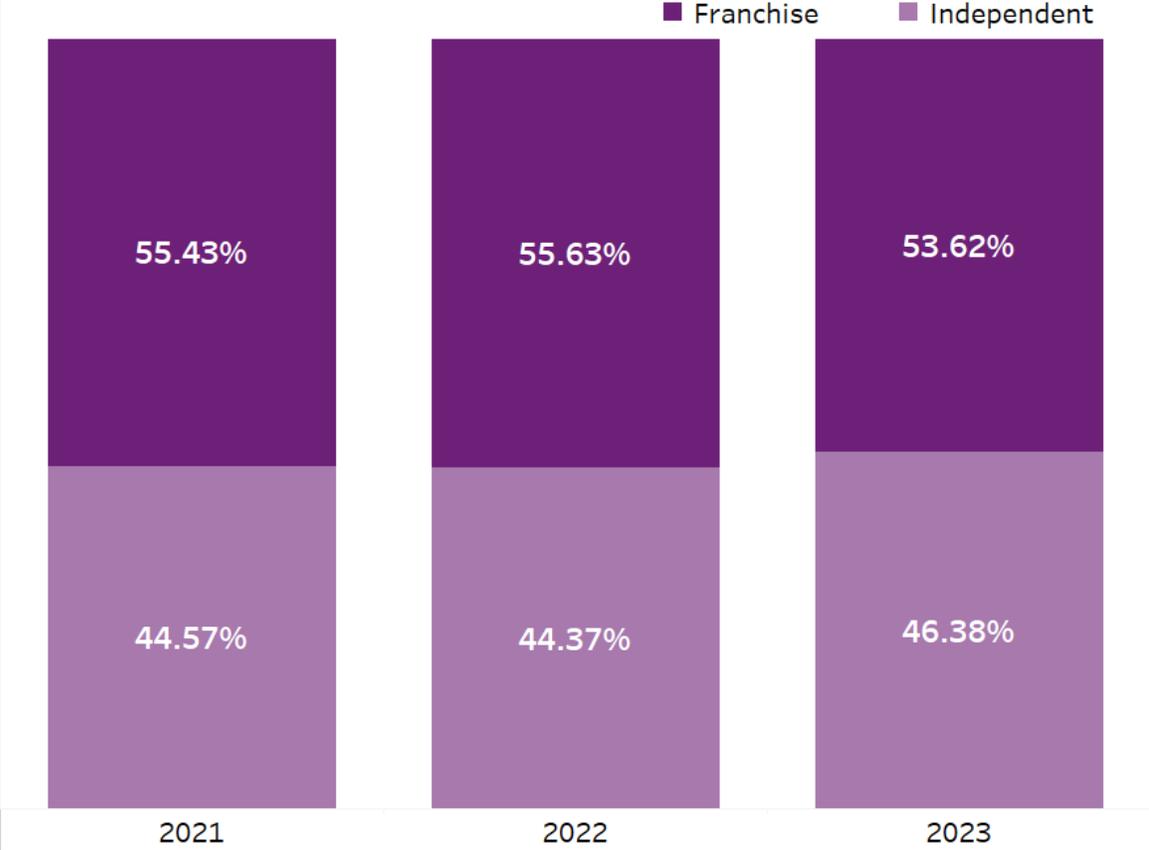


Q1 2024 Used financing

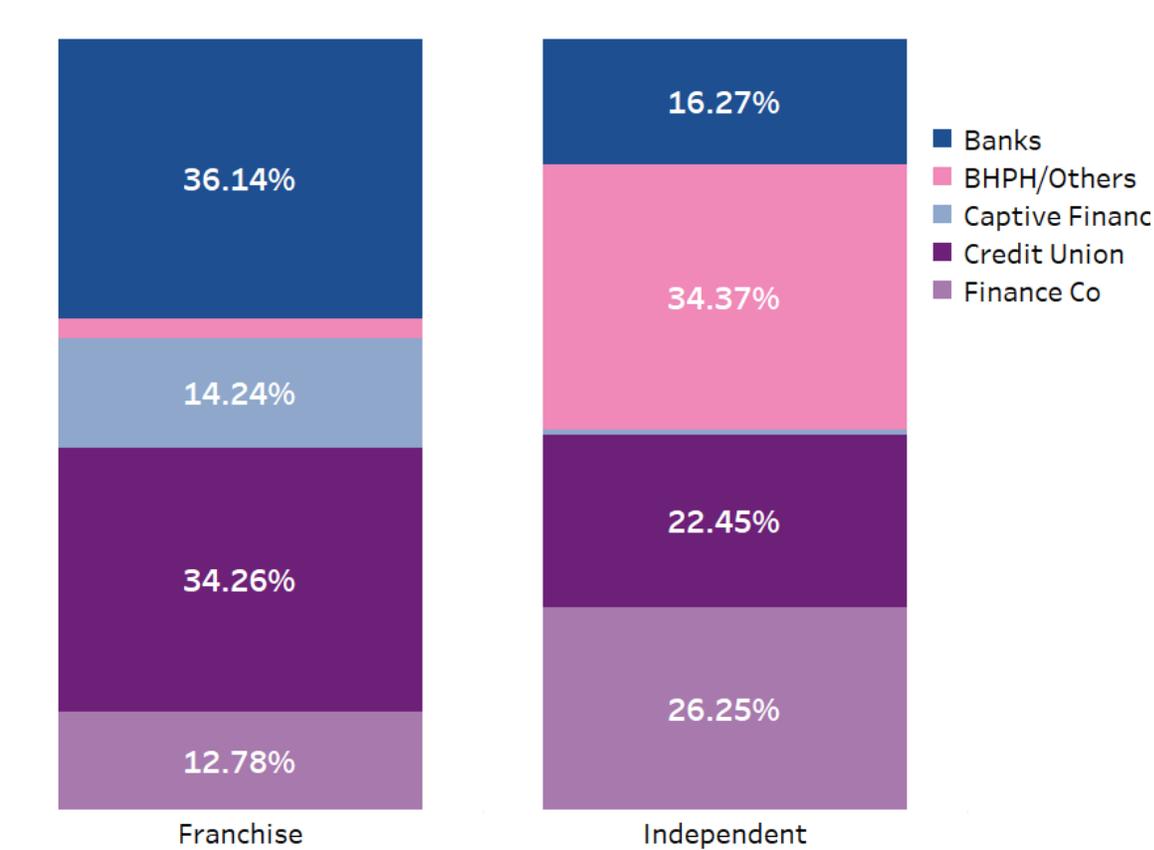
A look at used automotive loan trends

Dealer type snapshot: Independent Dealers increase share of used purchases

Used transactions by Dealer type

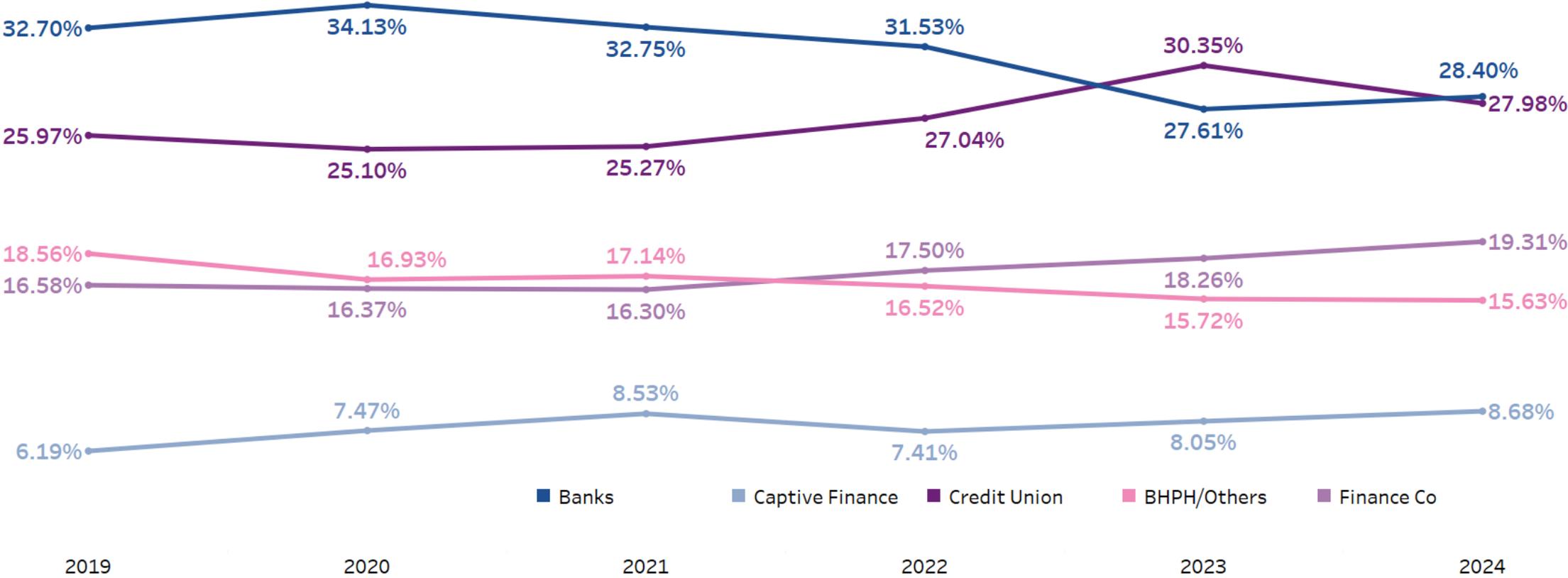


Used loans by lender type and Dealer

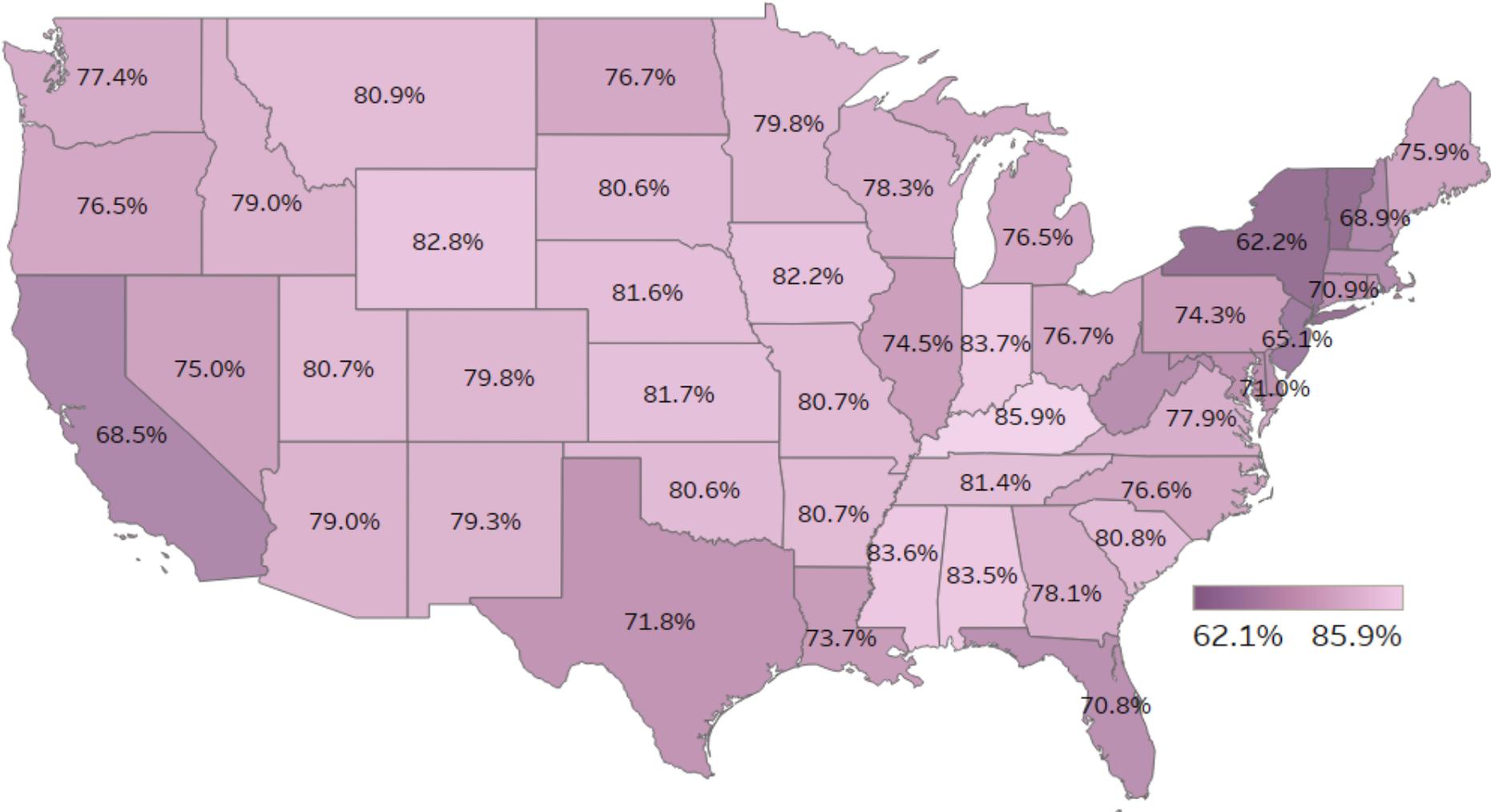


Banks regain share as largest lender type for used loans

Used loan market share by lender type

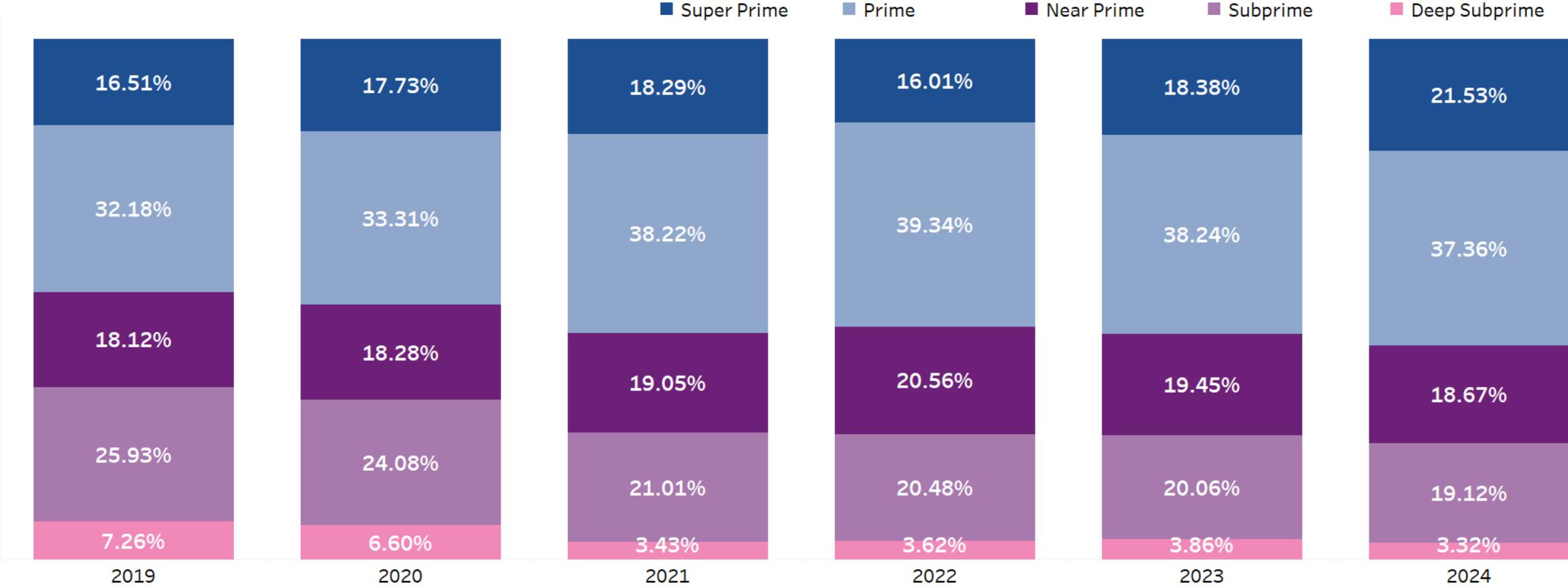


Kentucky has the largest share of their purchases as used vehicles; Vermont the lowest



While used loans have more subprime, growth is occurring in the Super Prime segment

Used loan risk distribution

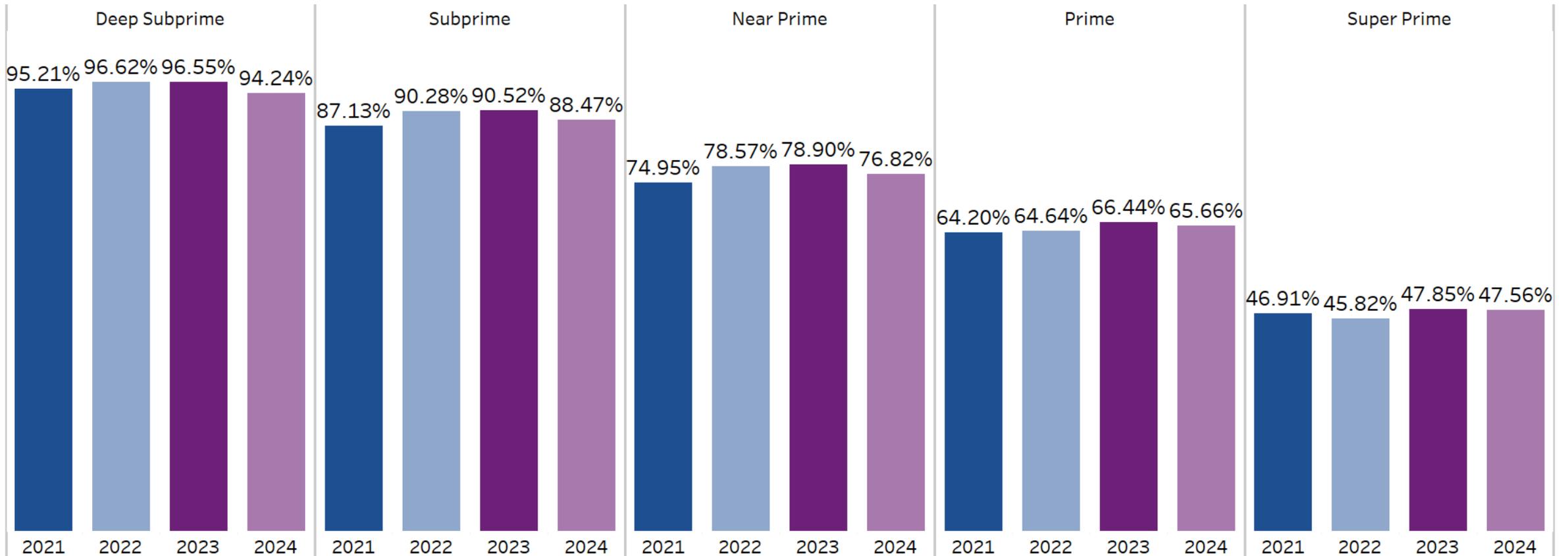


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All credit tiers see a decrease in consumers choosing to finance a used vehicle

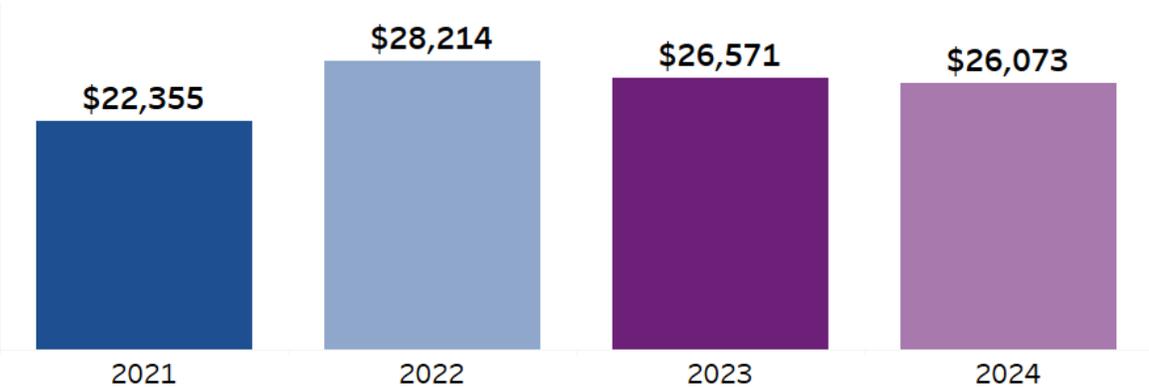
Consumers choosing used vehicles



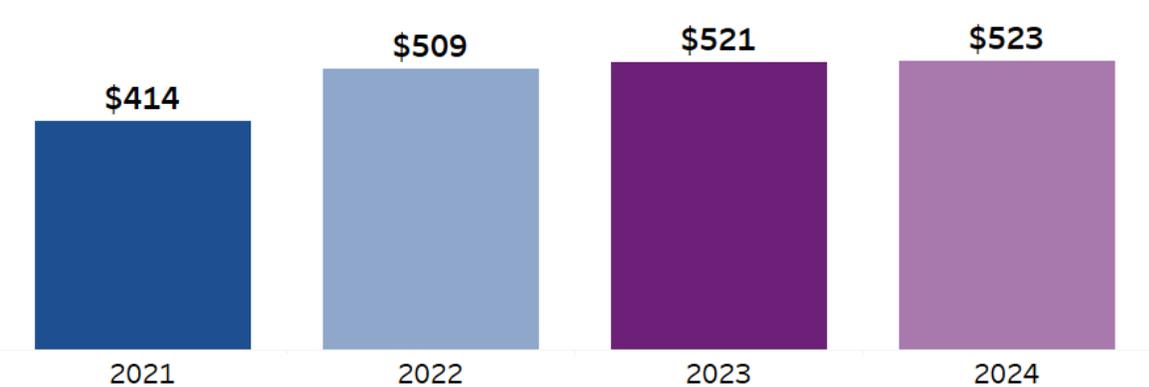
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Used loan amounts decrease however rate increases continue to increase payments slightly year-over-year

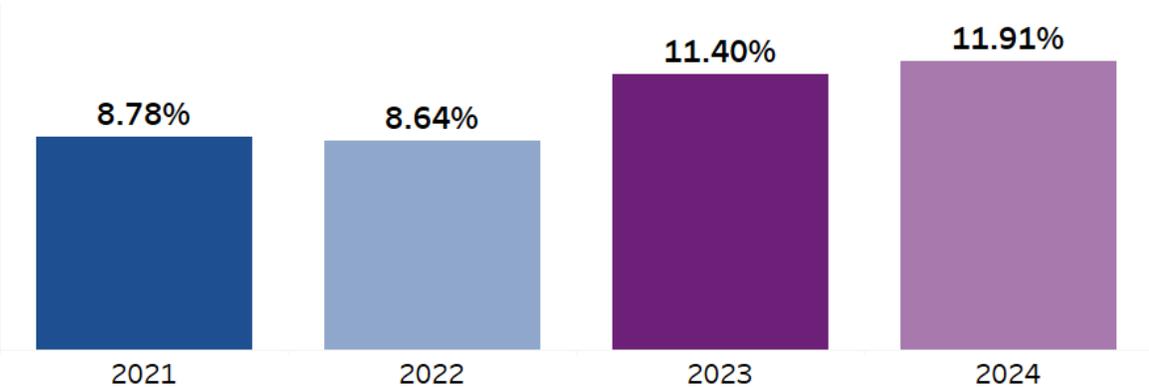
Average used amount financed



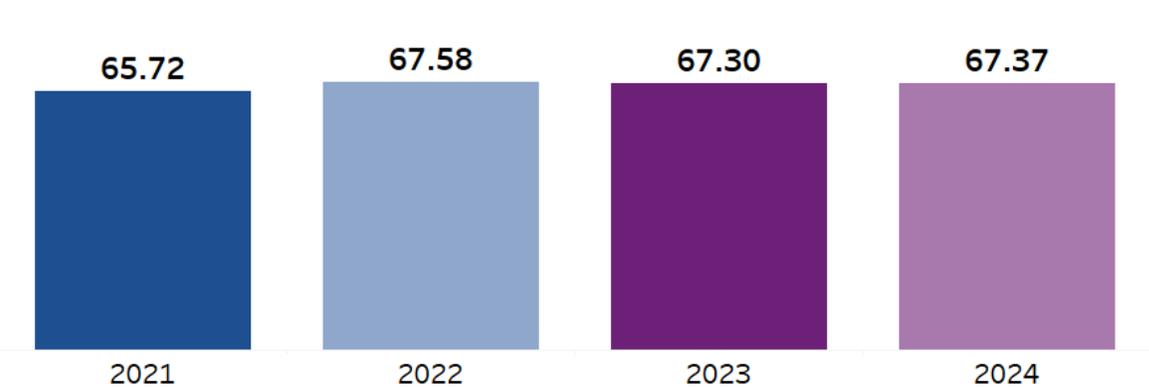
Average used monthly payment



Average used loan rate

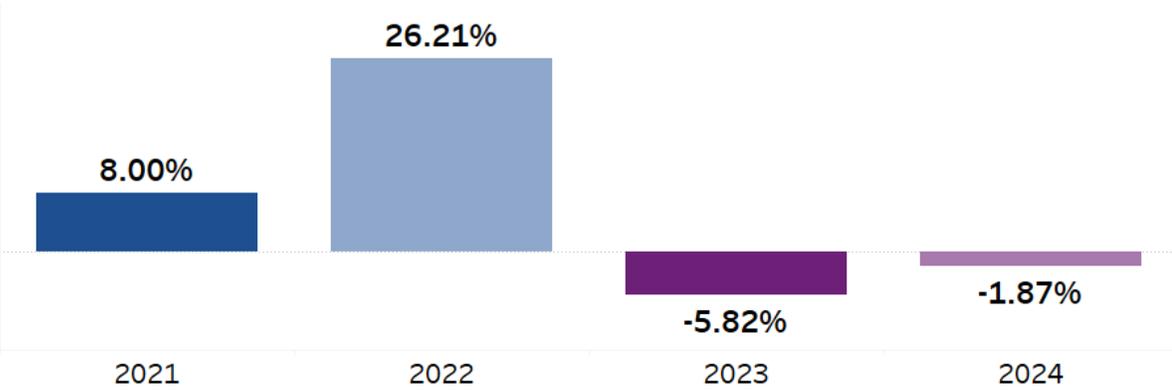


Average used loan term

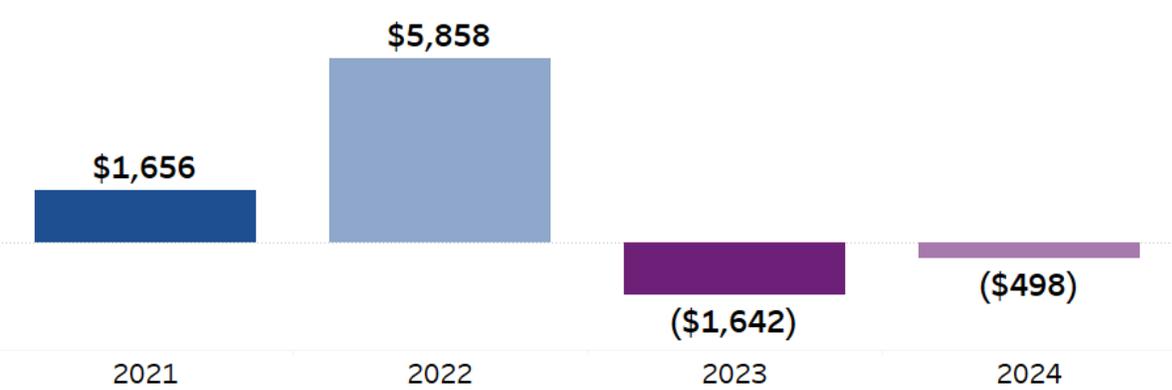


Loan amounts down year-over-year as well as quarter-over-quarter

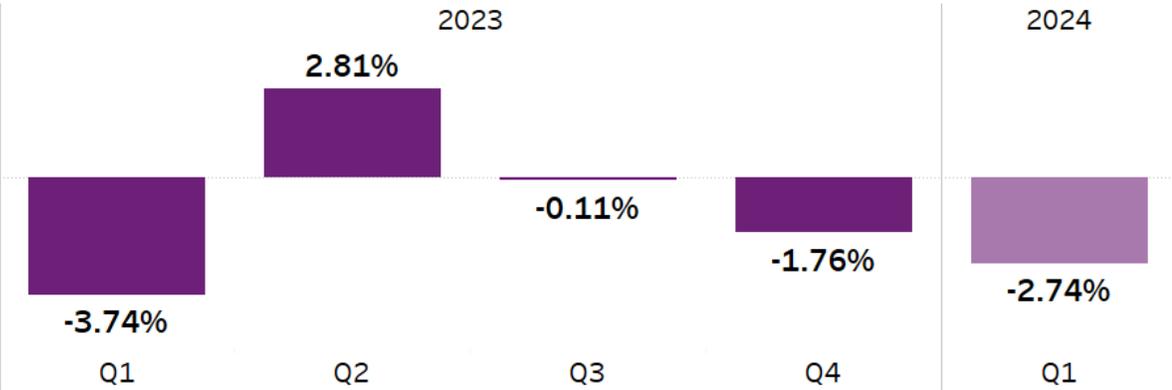
YOY growth in average used loan amount



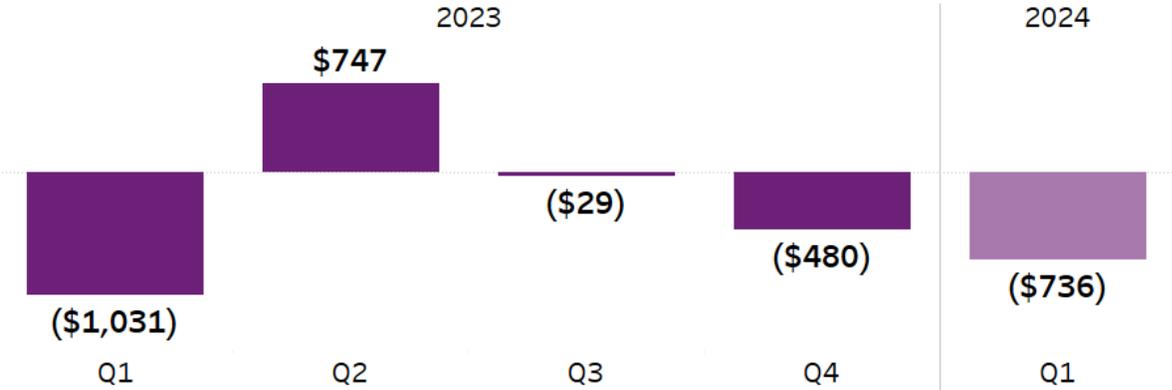
YOY \$ difference in average used loan amount



QOQ growth in average used loan amount

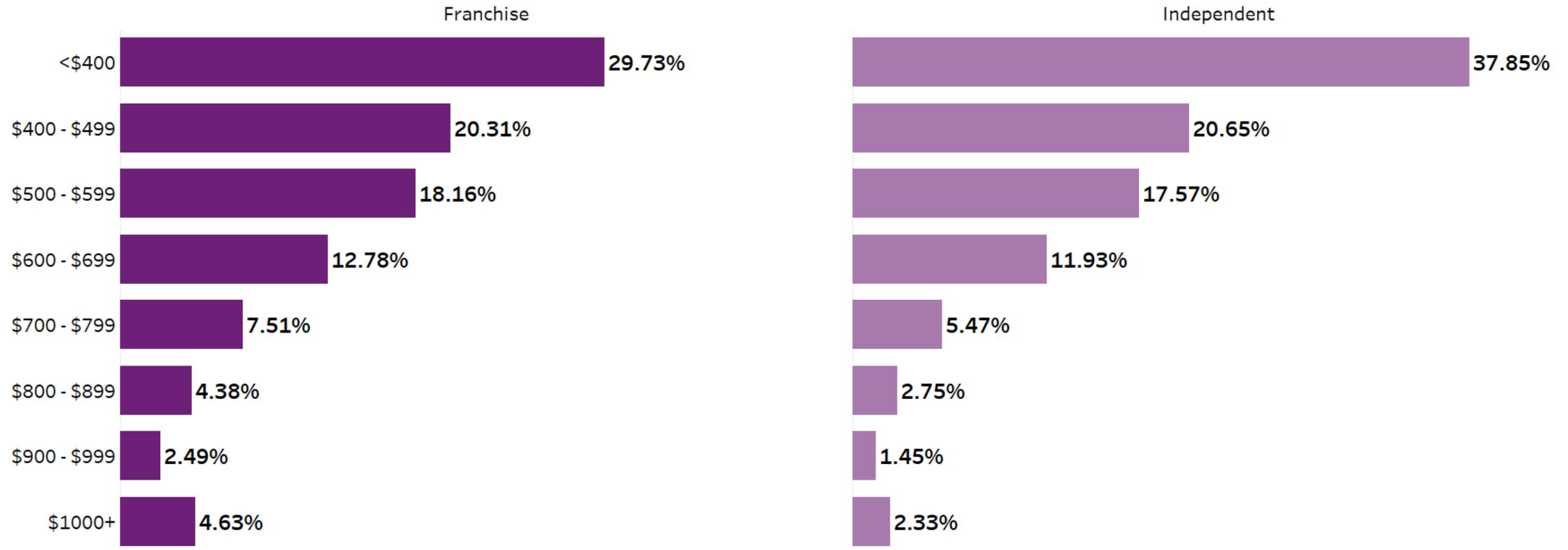


QOQ difference in average used loan amount



Across all used loans* 33.6% are under \$400

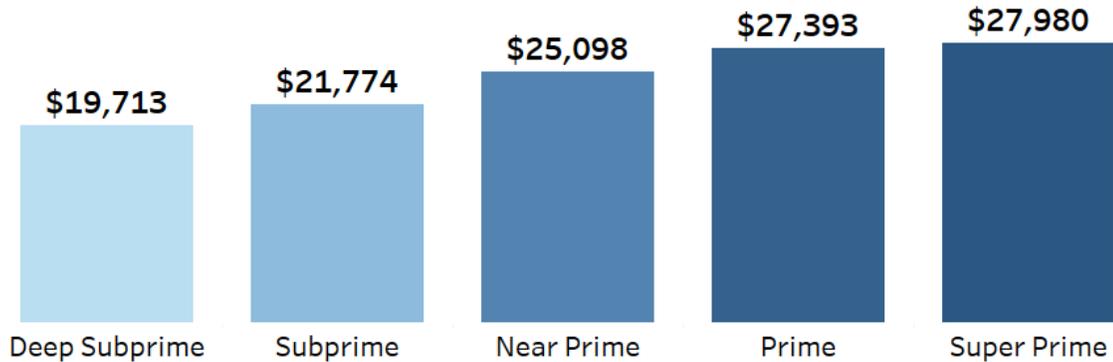
Used loan monthly payment distribution



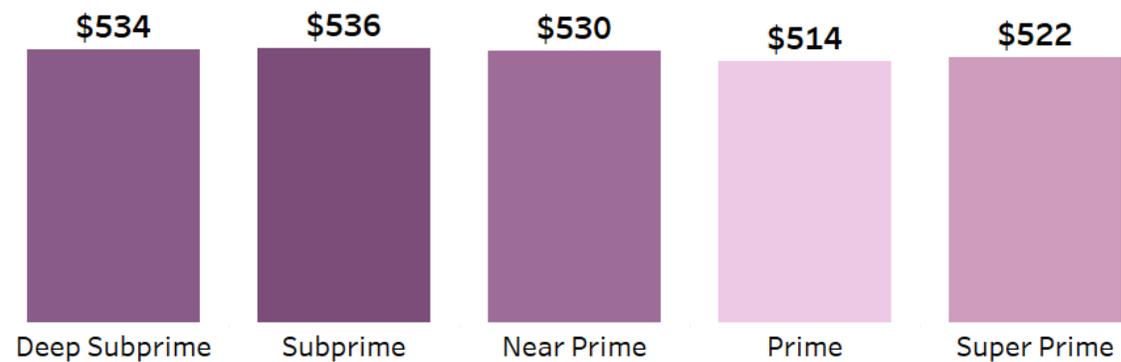
*All used loans include private-party and unknown dealer

Loan amounts decrease for Near-Prime+ yet payments remain flat

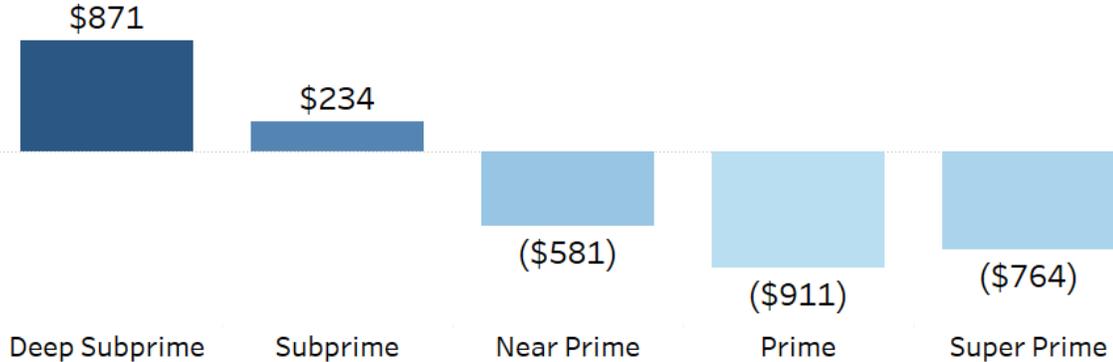
Average loan amount financed by risk



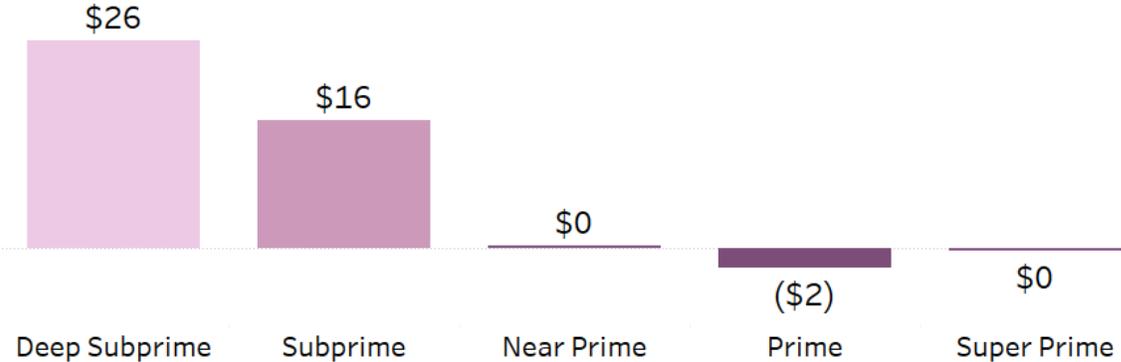
Average used loan monthly payment by risk



Year-over-year change in used loan amount



Year-over-year change in used monthly payment

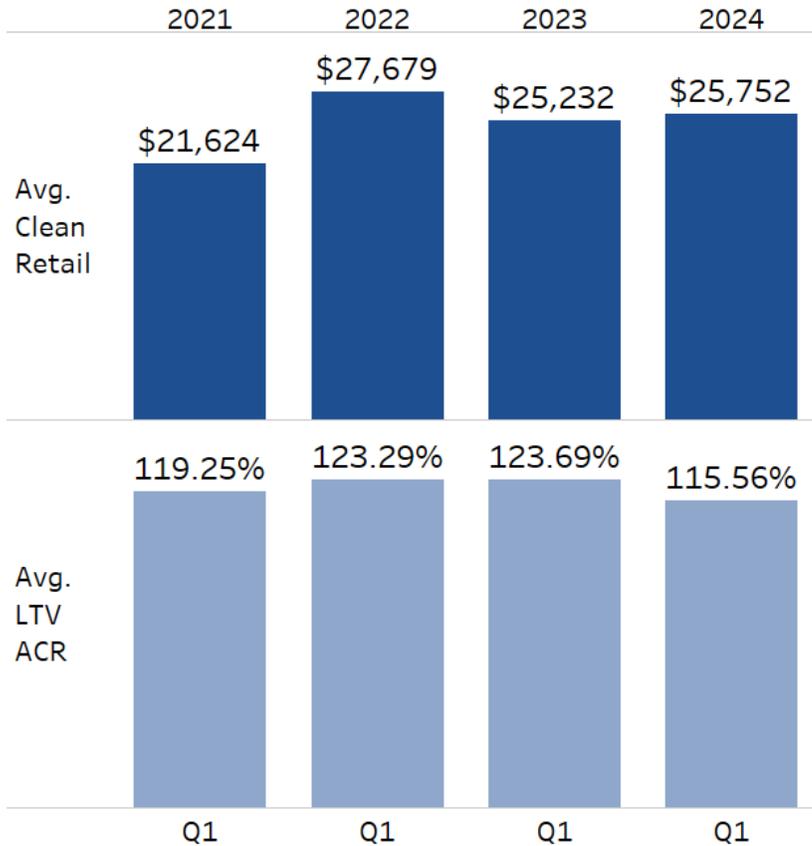


VantageScore® 4.0

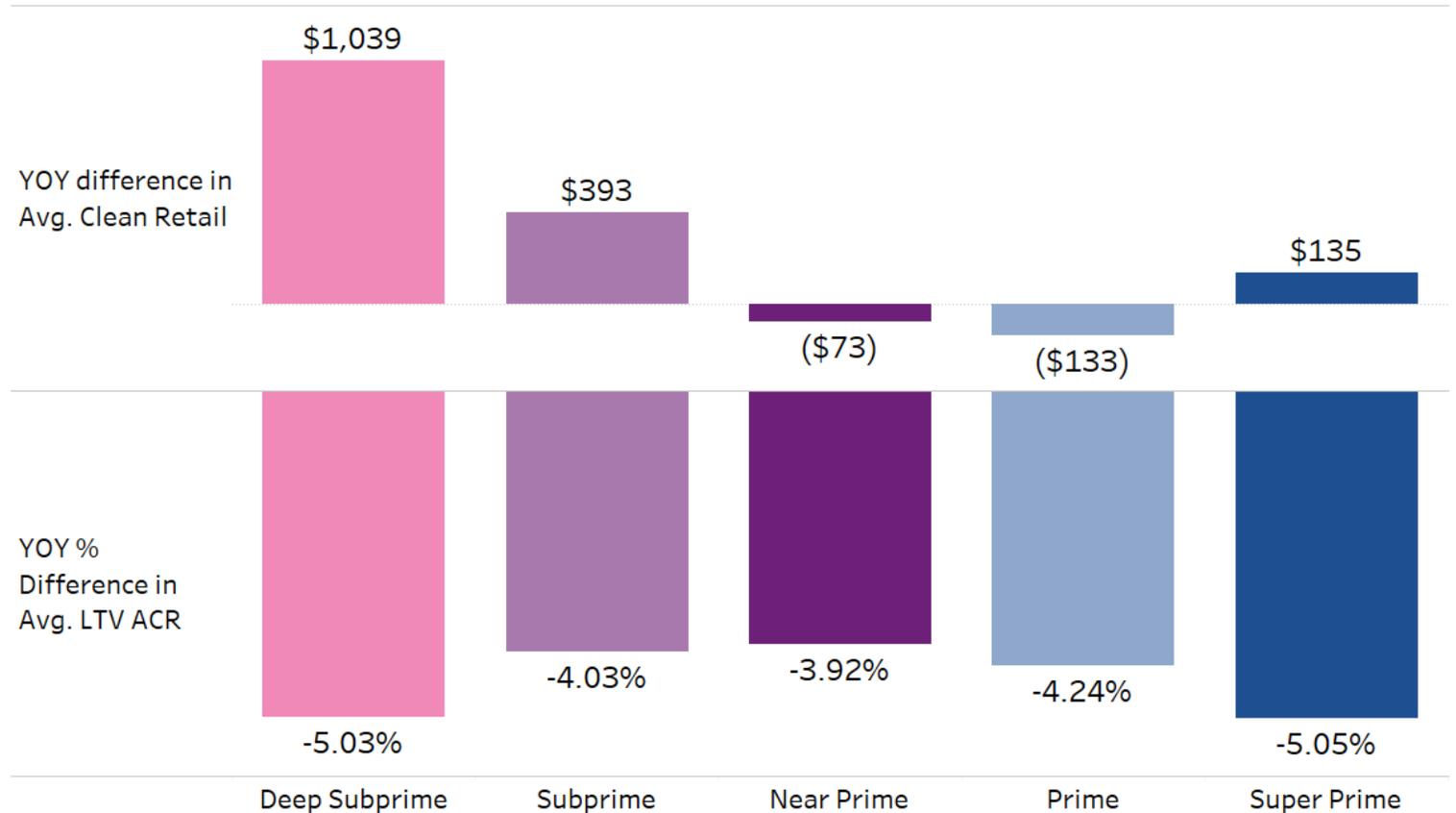


Used values see slight increases YOY; LTV drops for all segments

Avg Used Values

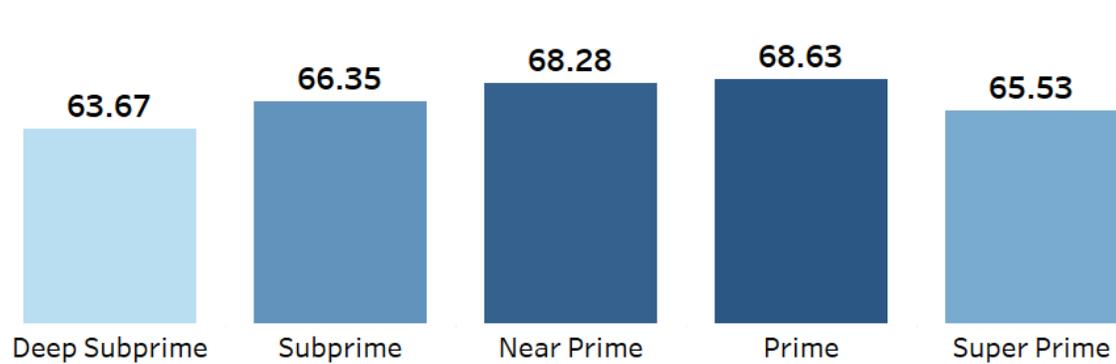


YOY change in used values

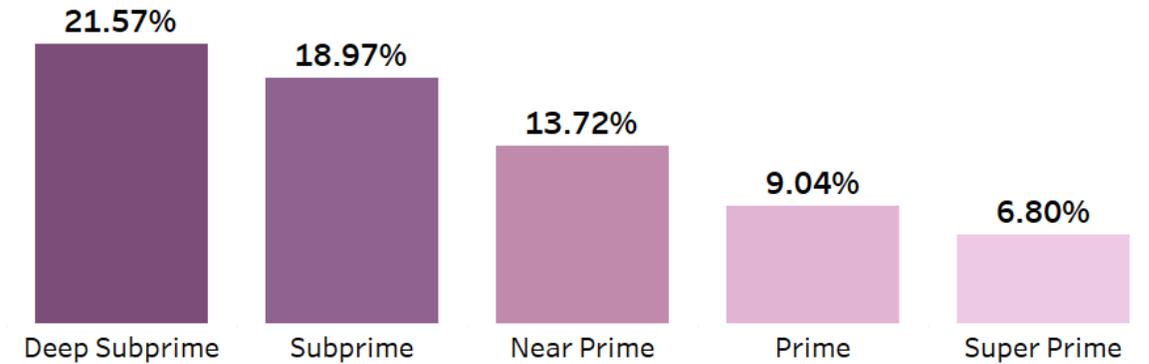


Terms decrease in Prime+ and all segment see rate increases

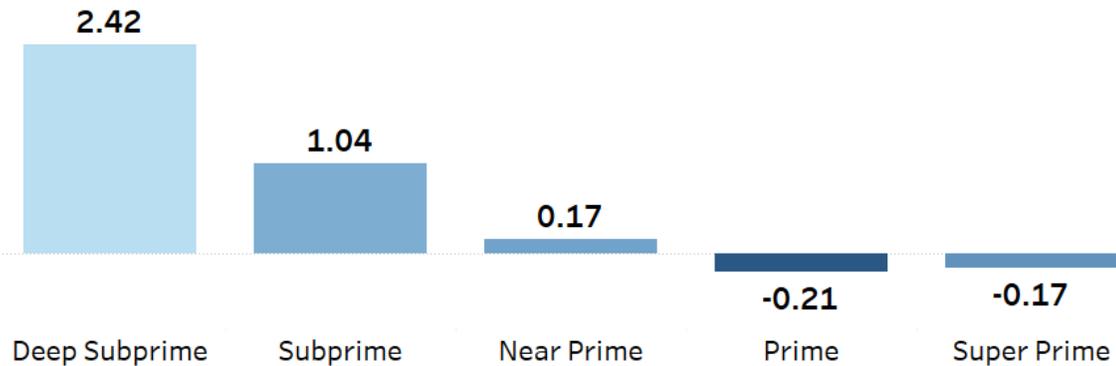
Average used loan term by risk



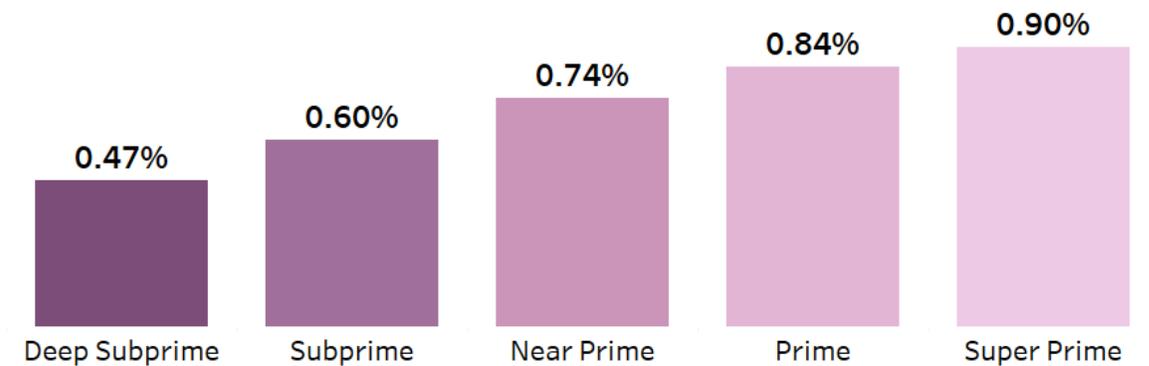
Average used loan rate by risk



Year-over-year change in used loan term



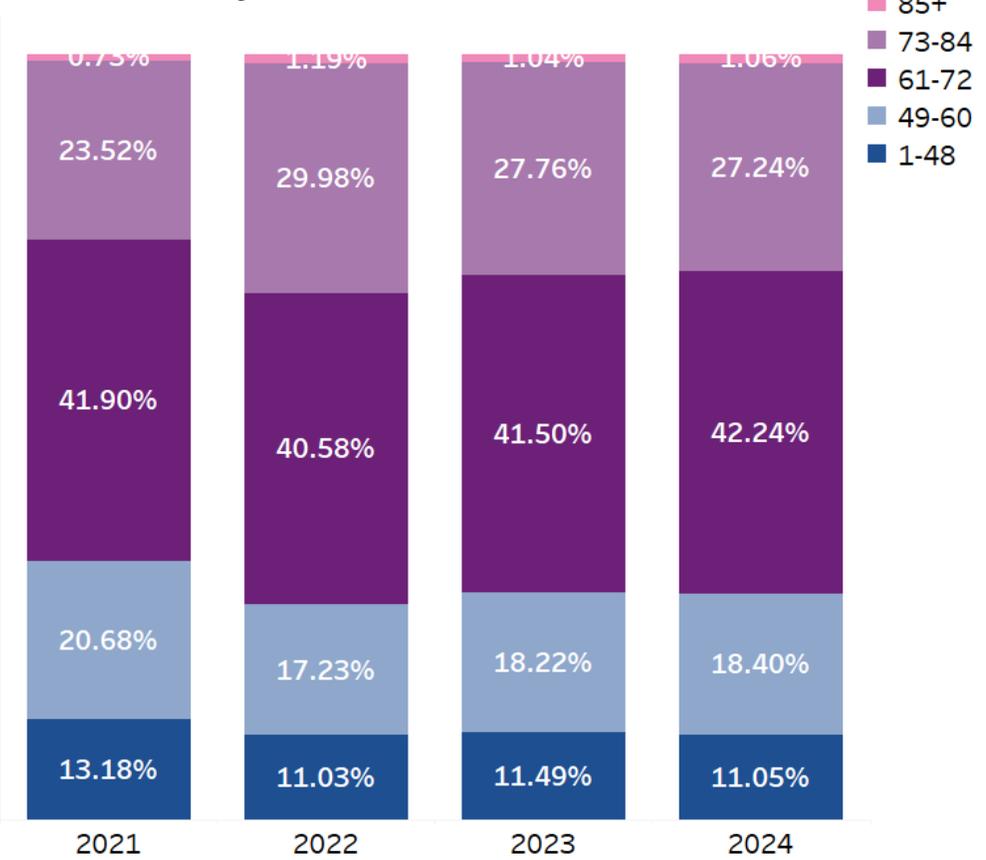
Year-over-year change in used rate



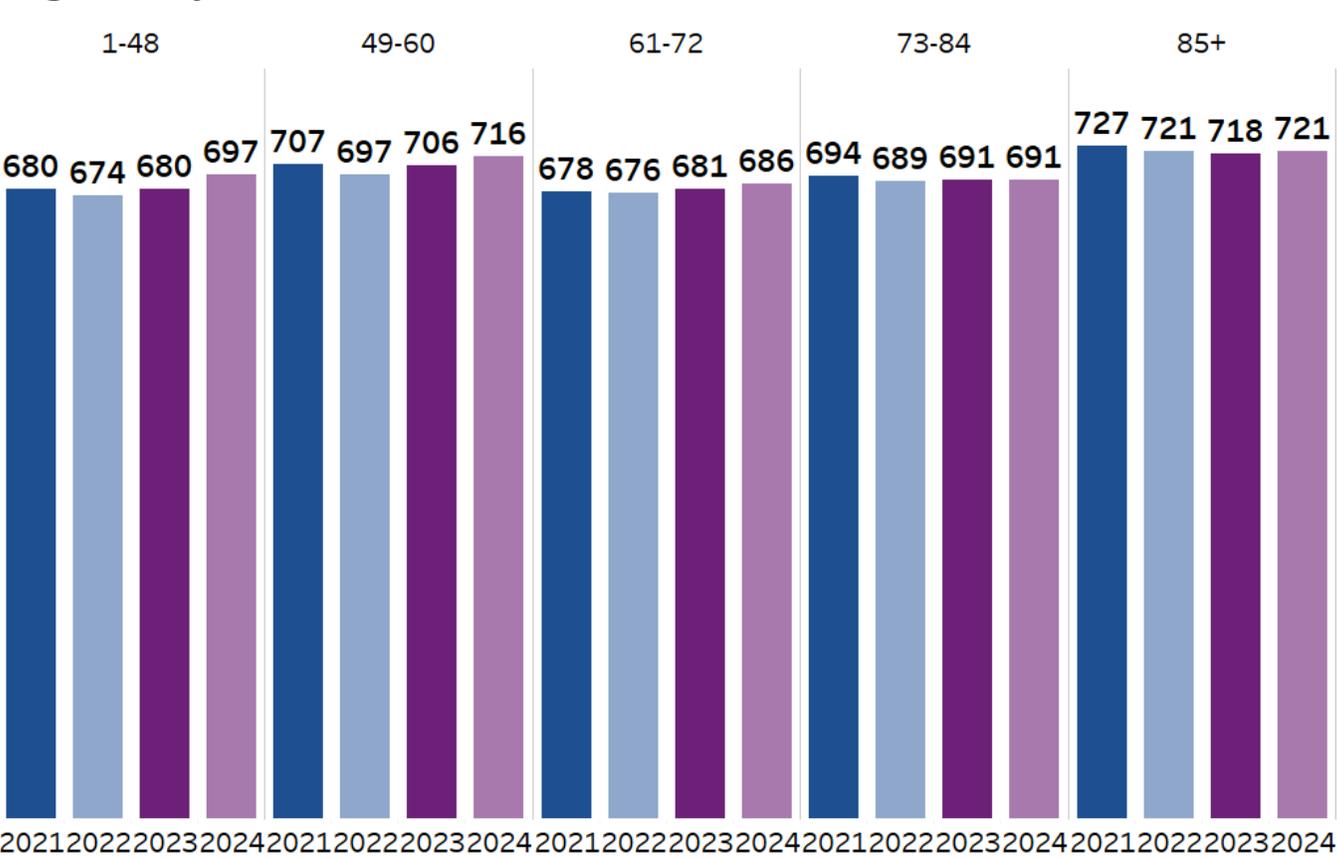
VantageScore® 4.0

Over 70% of used terms are 72+ months with scores increasing across all terms

Distribution by used loan term

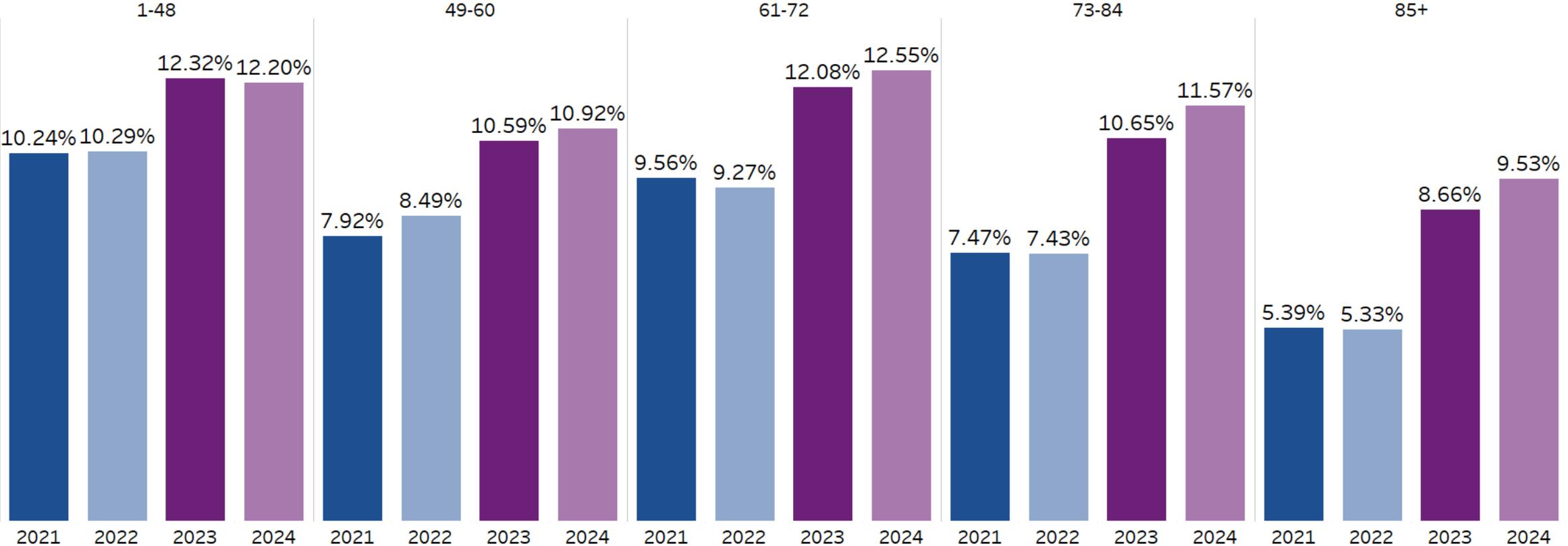


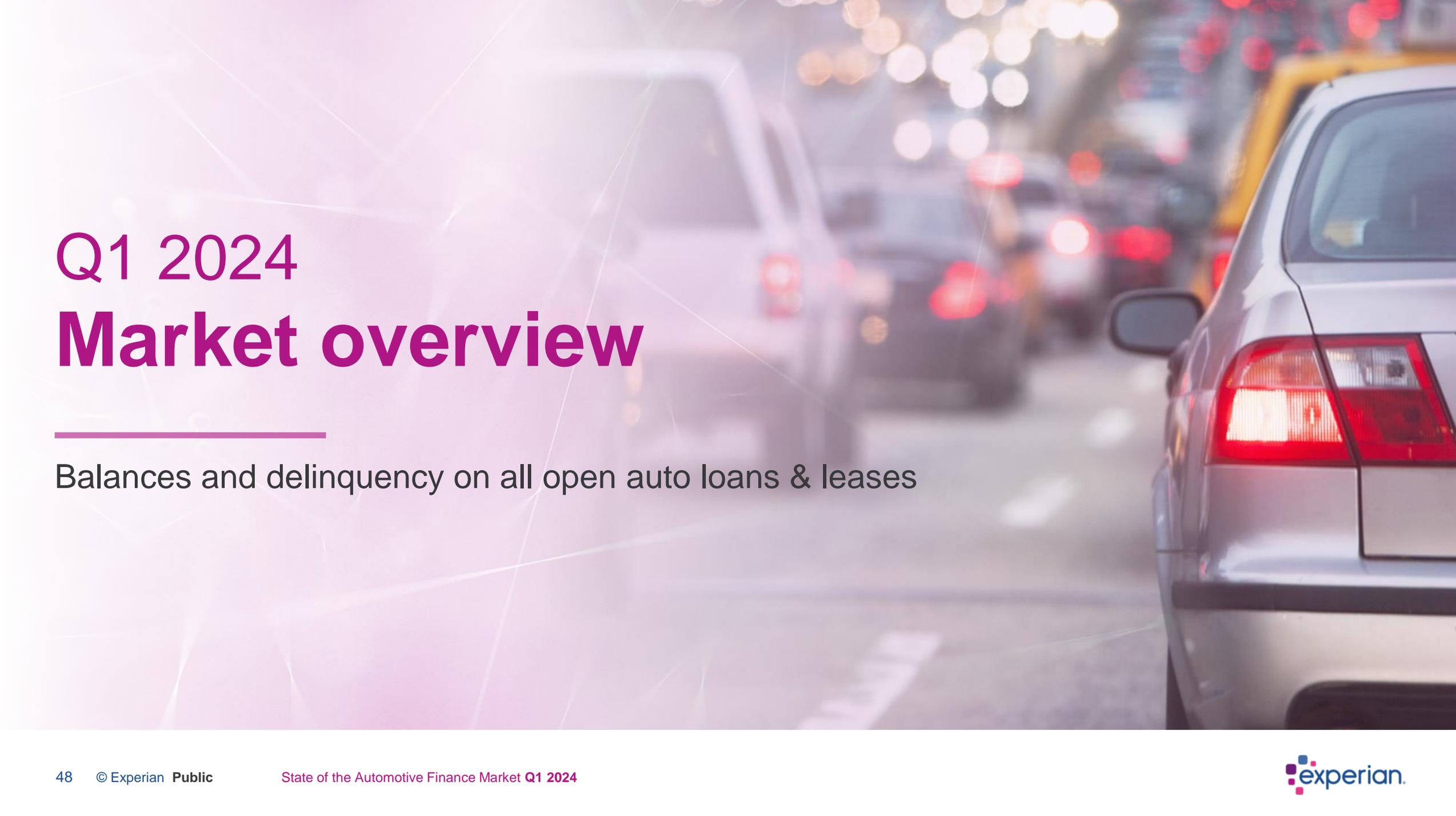
Avg score by used loan term



Shorter term used loans see a reduction in rates

Avg used rate by loan term



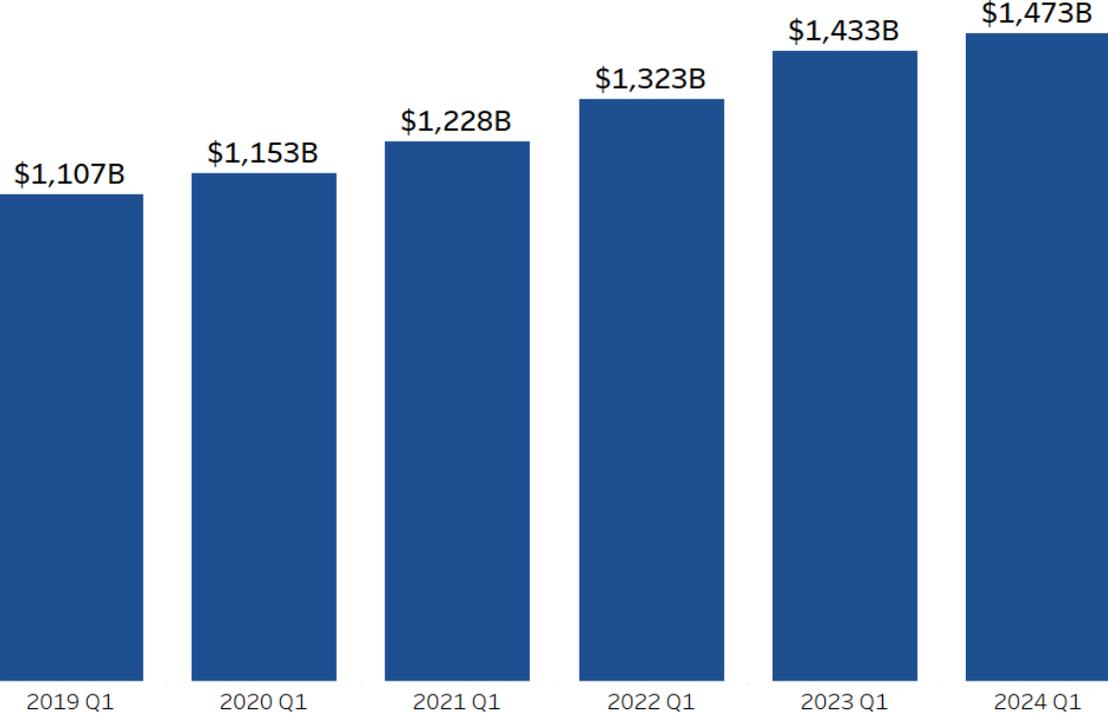


Q1 2024 Market overview

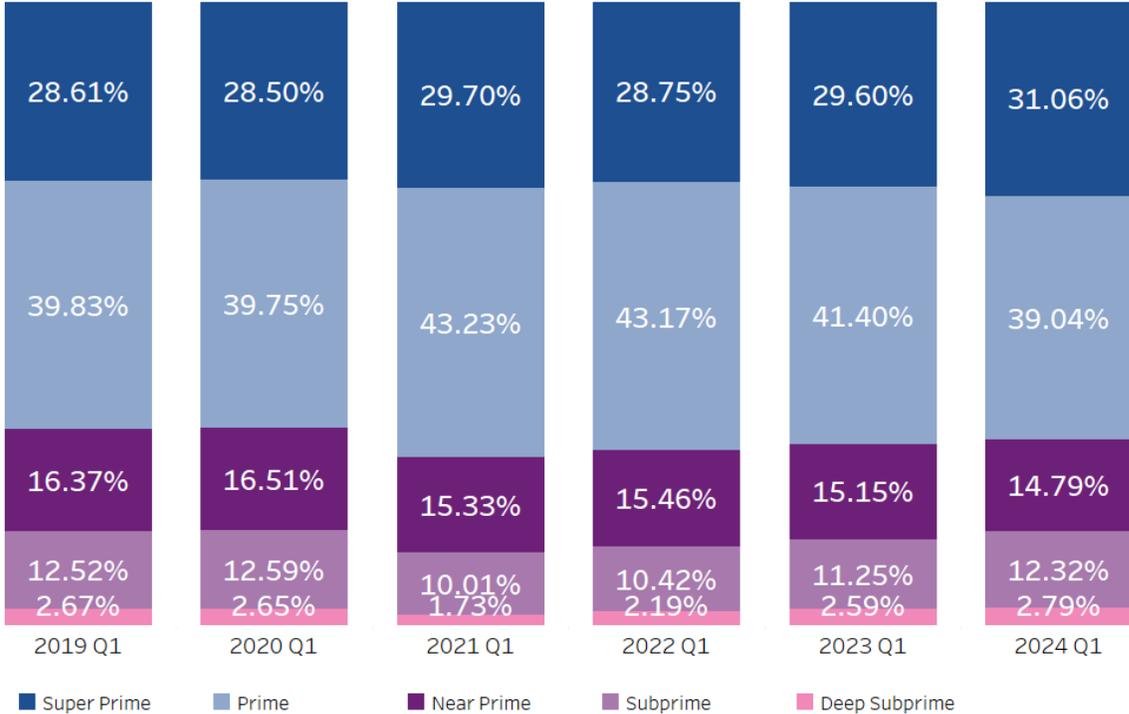
Balances and delinquency on all open auto loans & leases

Year-over-year growth rate has slowed to 2.8% and subprime balances see growth

Outstanding Automotive Loan Balance



Risk Distribution of Outstanding Auto Loan Balance

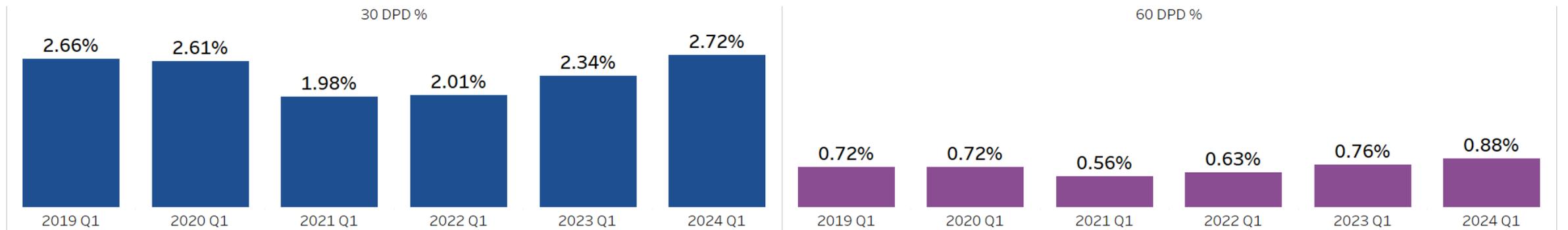


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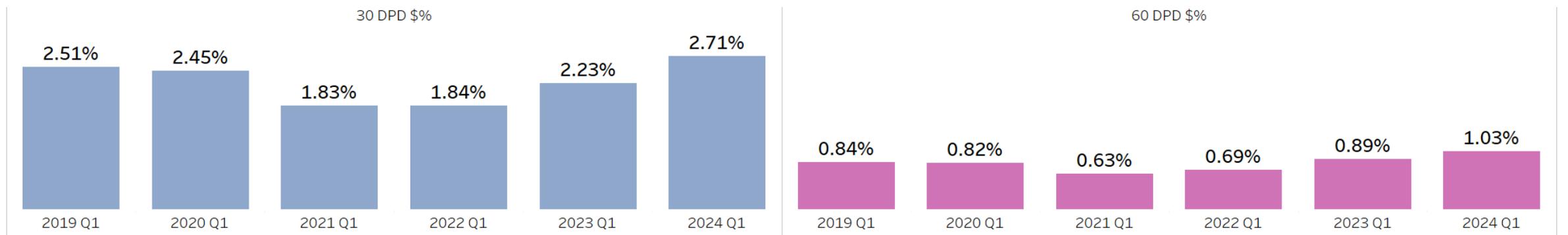


30-day delinquent balances are up 48bps; 60-day up 14bps

Delinquency: percentage of auto loans and leases past due



Delinquency: percentage of auto loans balances past due

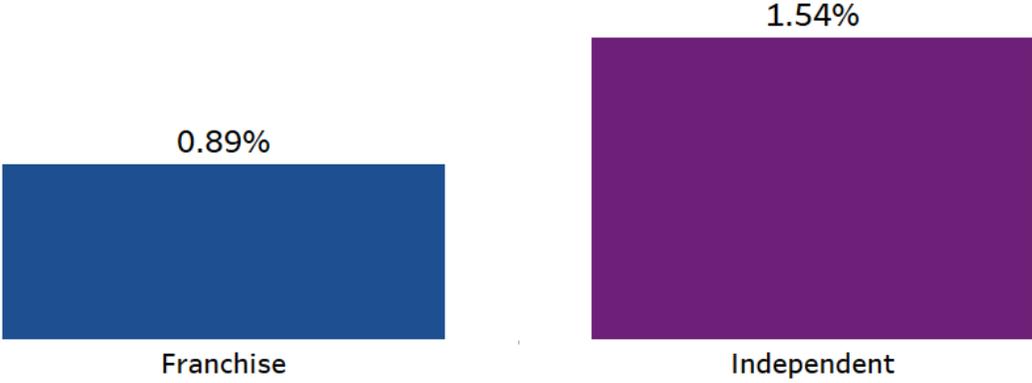


Delinquency by vehicle and fuel-type

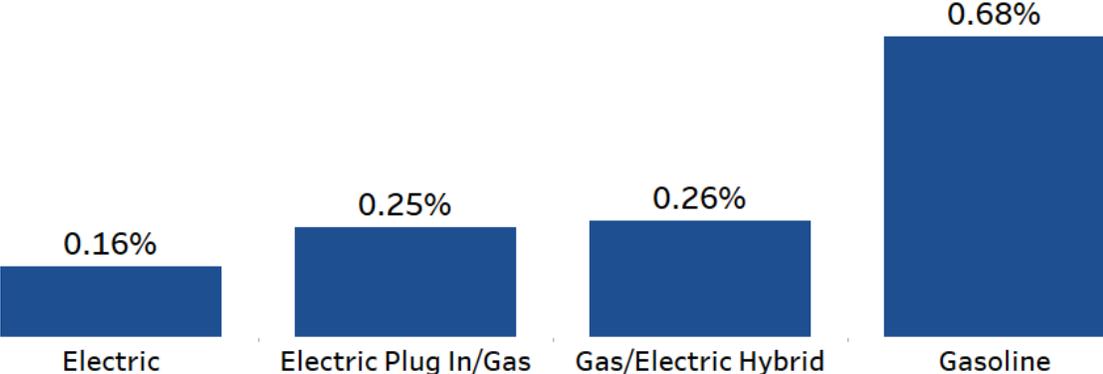
Current 60 day delinquency rate by new/used



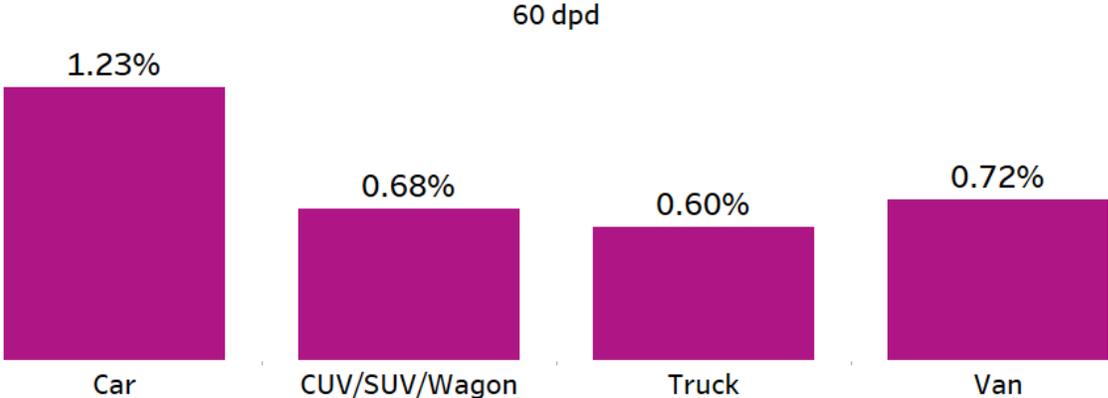
Current 60 day delinquency rate by dealer type on used loans



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



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



Q1 Summary

- Leasing beings to increase, yet cash still remains at higher than historic levels.
- Subprime continues to reach record lows for automotive financing.
- Loan amounts decrease for both new and used, however increased rates continue to push payments up.
- Loan-to-value decreases year-over-year for both new and used loans.
- Overall balances climb and delinquencies rise.



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Q1 2024

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