



State of the Automotive Finance Market

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Q4 2018



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

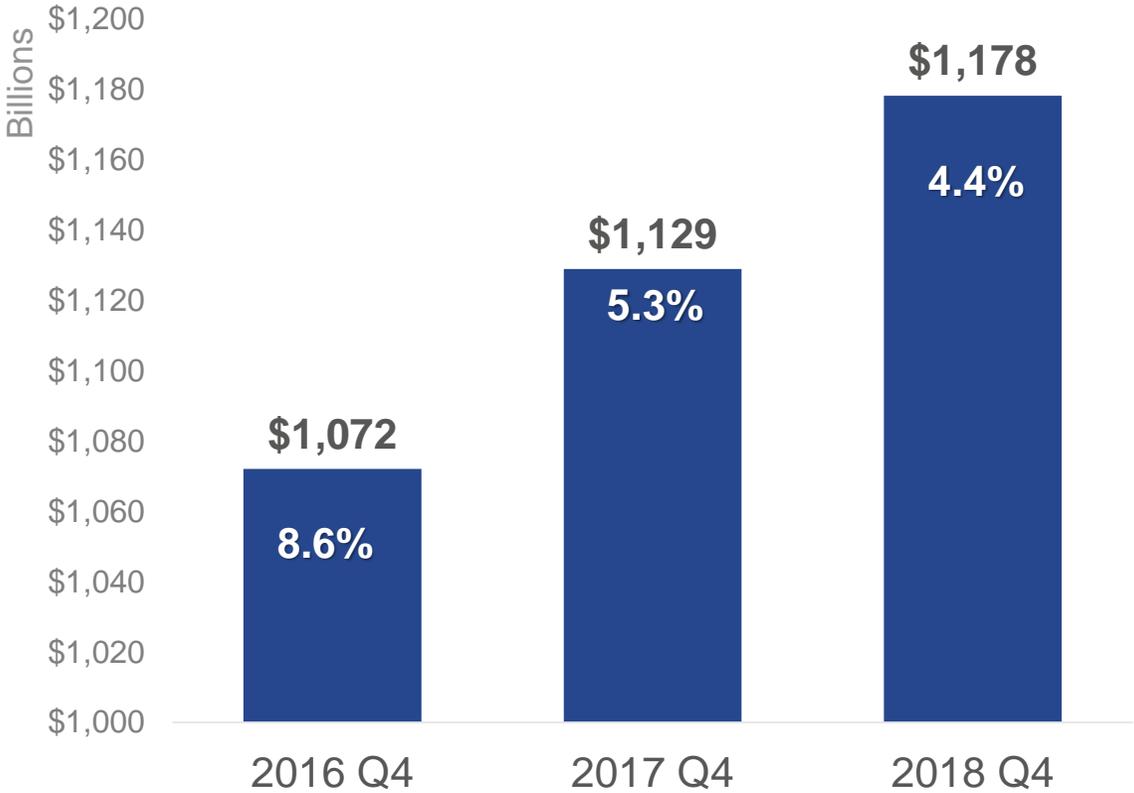
Overall Automotive Finance Market

A review of all open automotive loans & leases

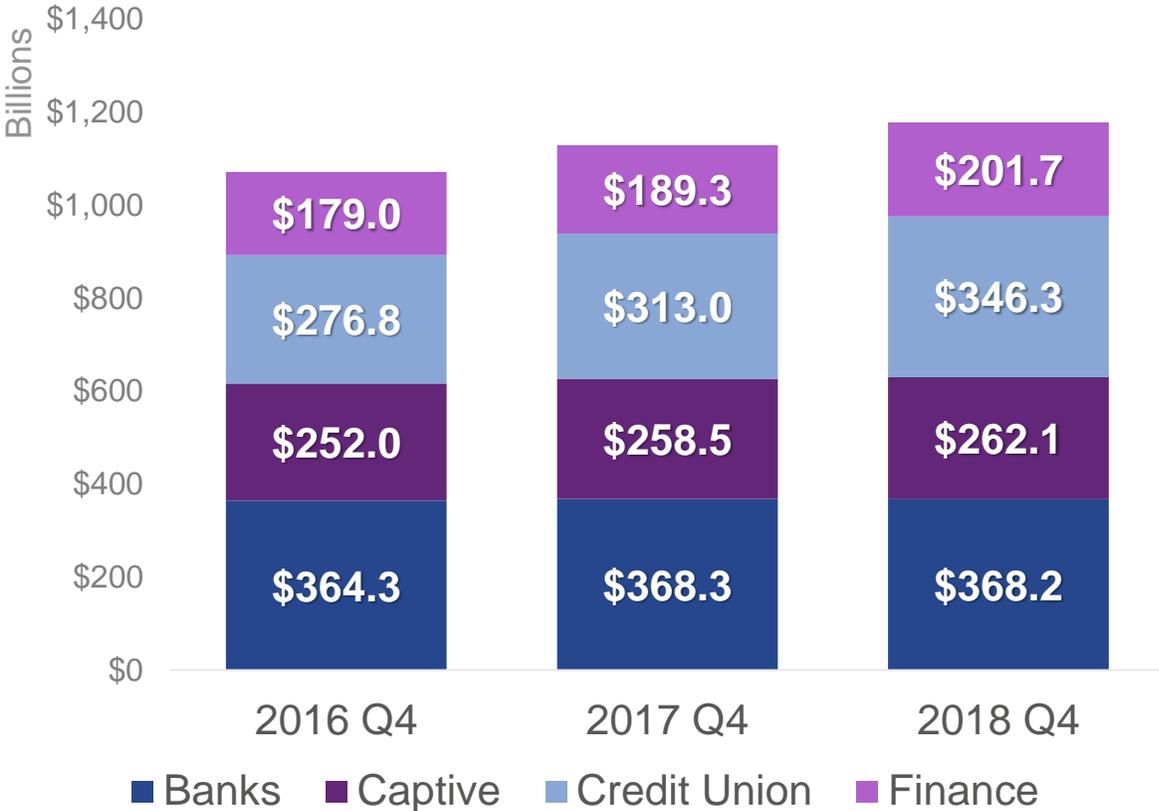


Loan balances reach another record high with growth across all lender types; Credit Unions maintain double-digit growth

Total open automotive loan balance

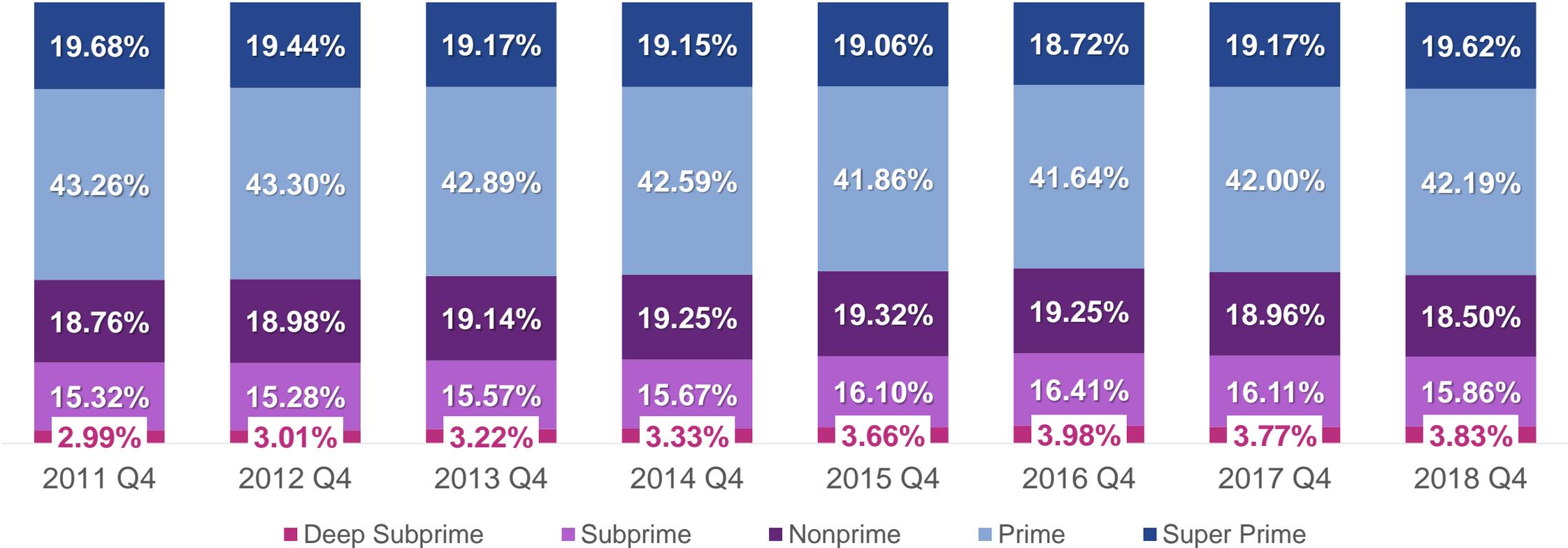


Total open automotive loan balance



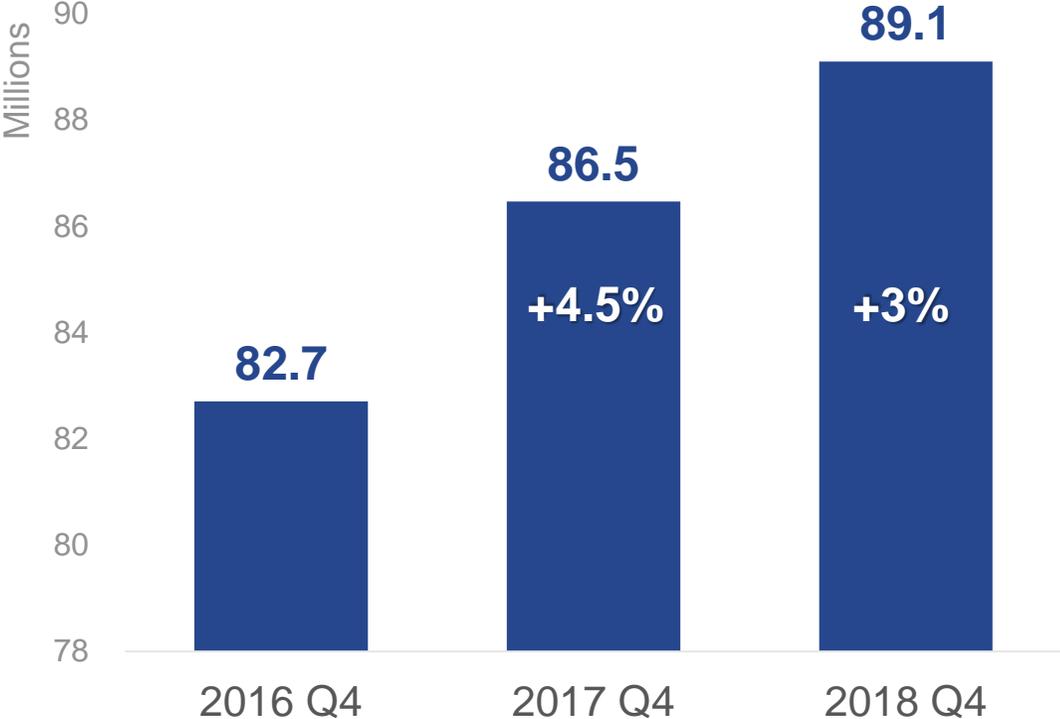
Percentage of subprime remains below 20% of loan balances with increased balances across all risk segments

Loan balance risk distribution

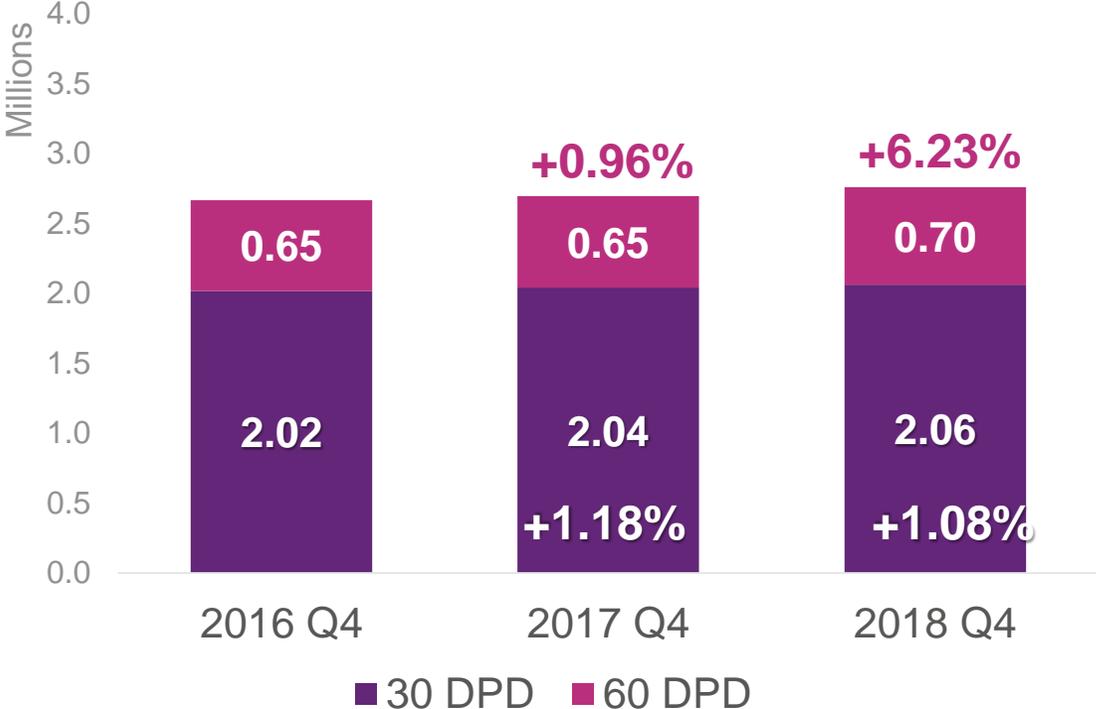


2.7 million out of 89 million active automotive loans and leases are either 30 or 60 days delinquent

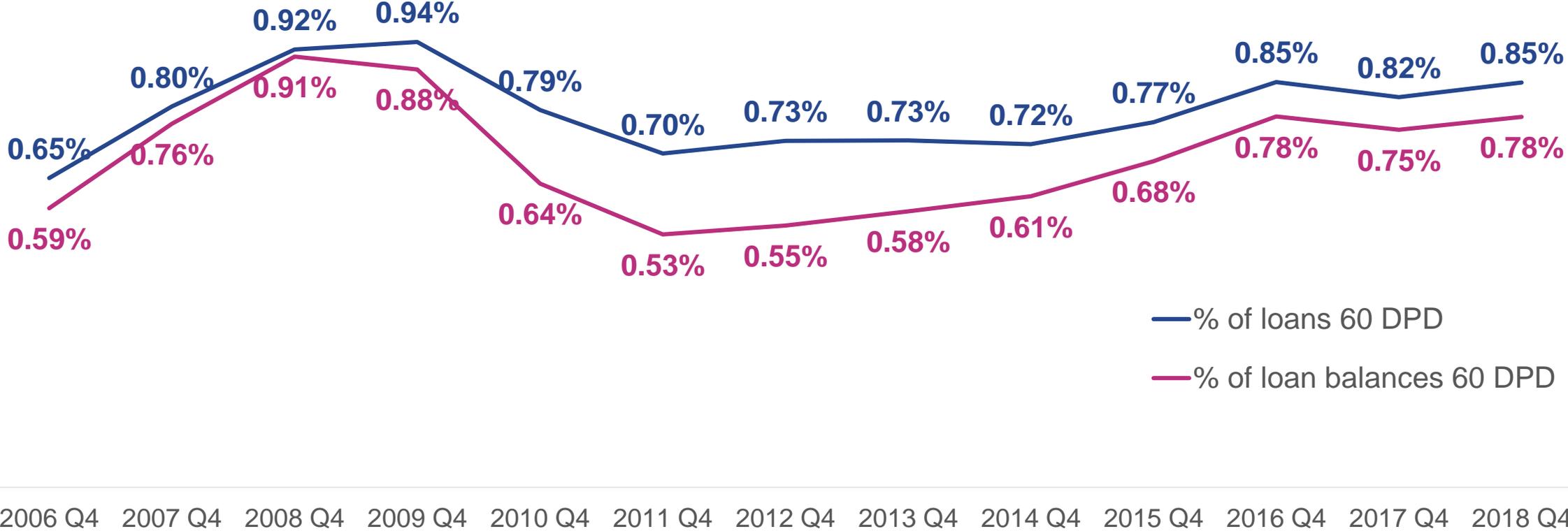
Number of open automotive loans and leases



Number of automotive loans and leases that are 30 or 60 DPD



Historical look at automotive loan delinquency



Originations in Q4 2018

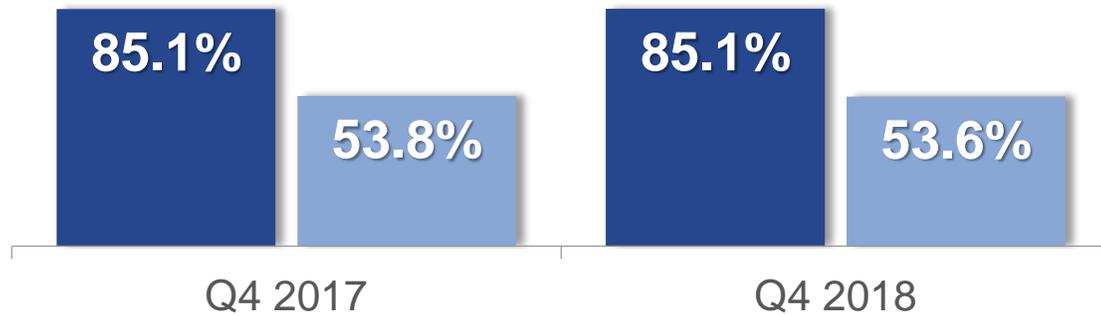
Trends in automotive loan and lease originations



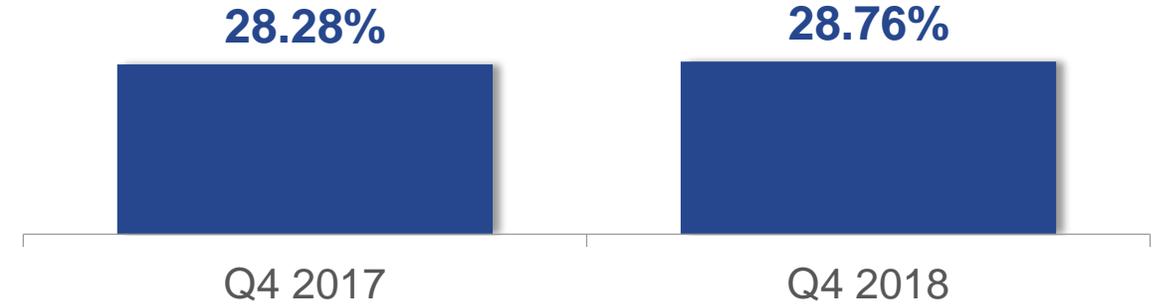
Automotive financing¹: snapshot of how and what consumers are financing

Percentage of vehicles with financing

■ New ■ Used

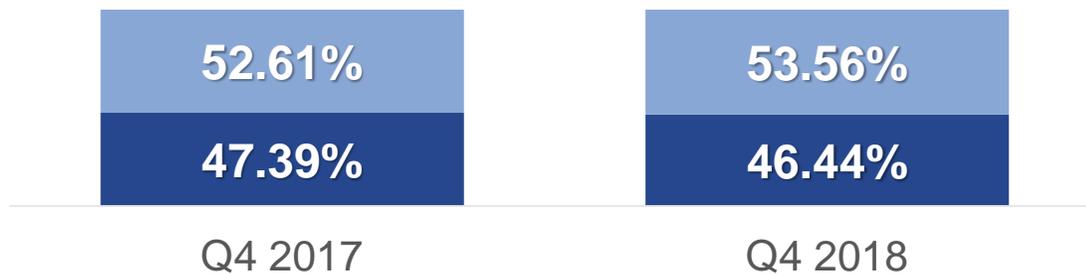


% of all² new vehicles that are leased



Finance Market: new v used units

■ New ■ Used



Used % of lease market

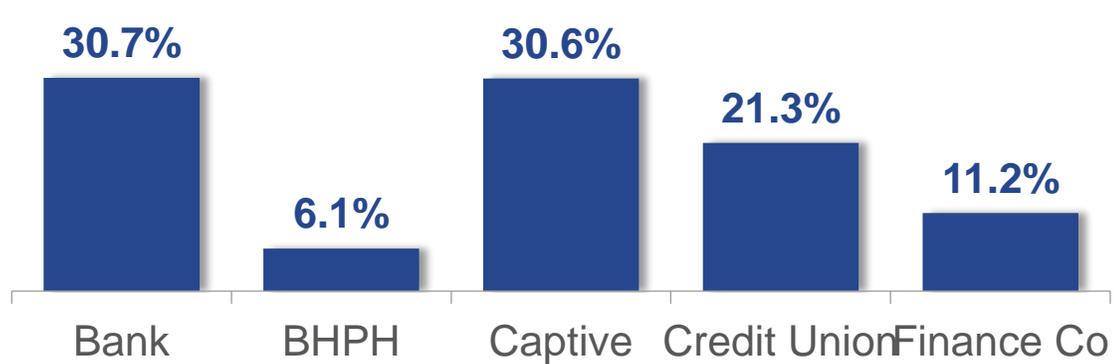


¹ Financing = either a loan or lease is present on the title; ² All = loan, lease or cash

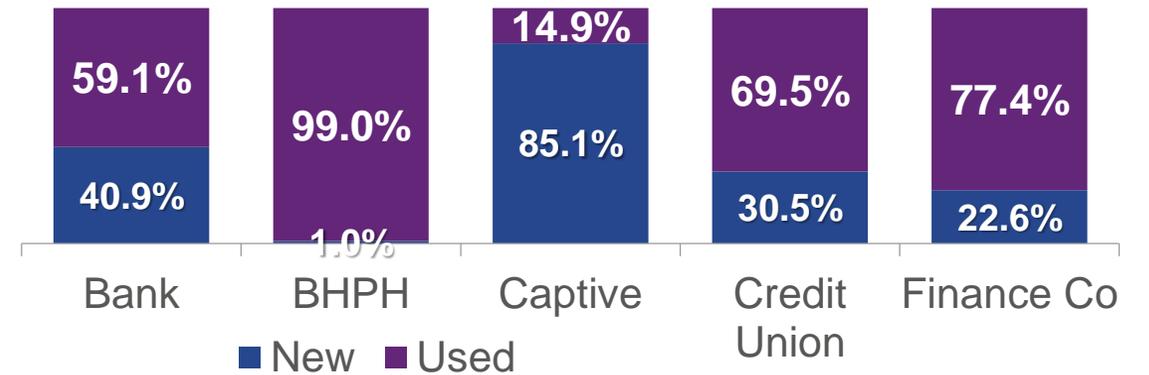


Lender snapshot

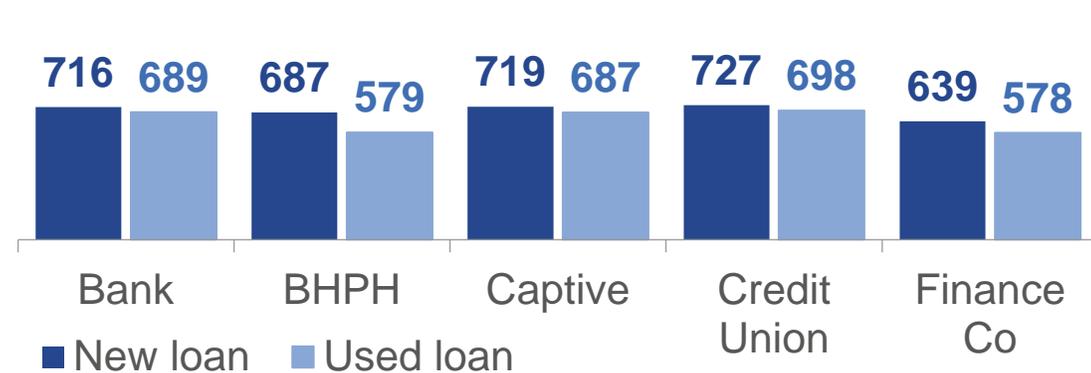
Market Share of Total Financing



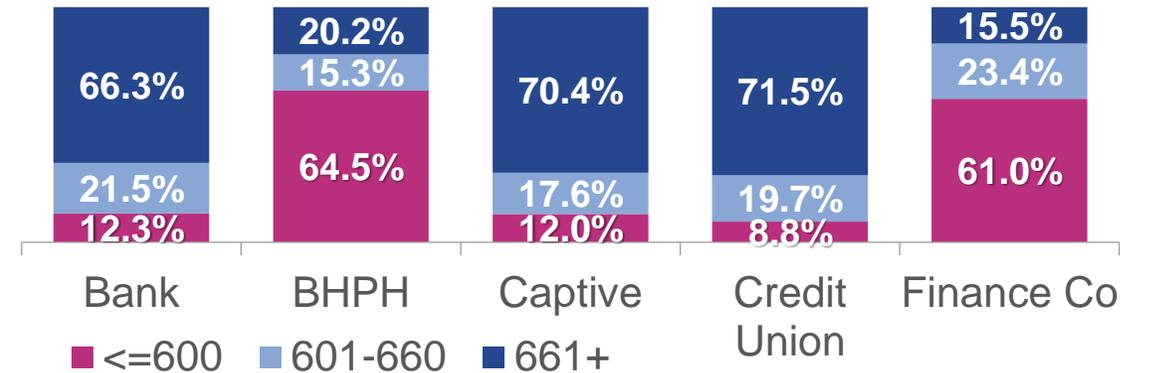
Originations by type



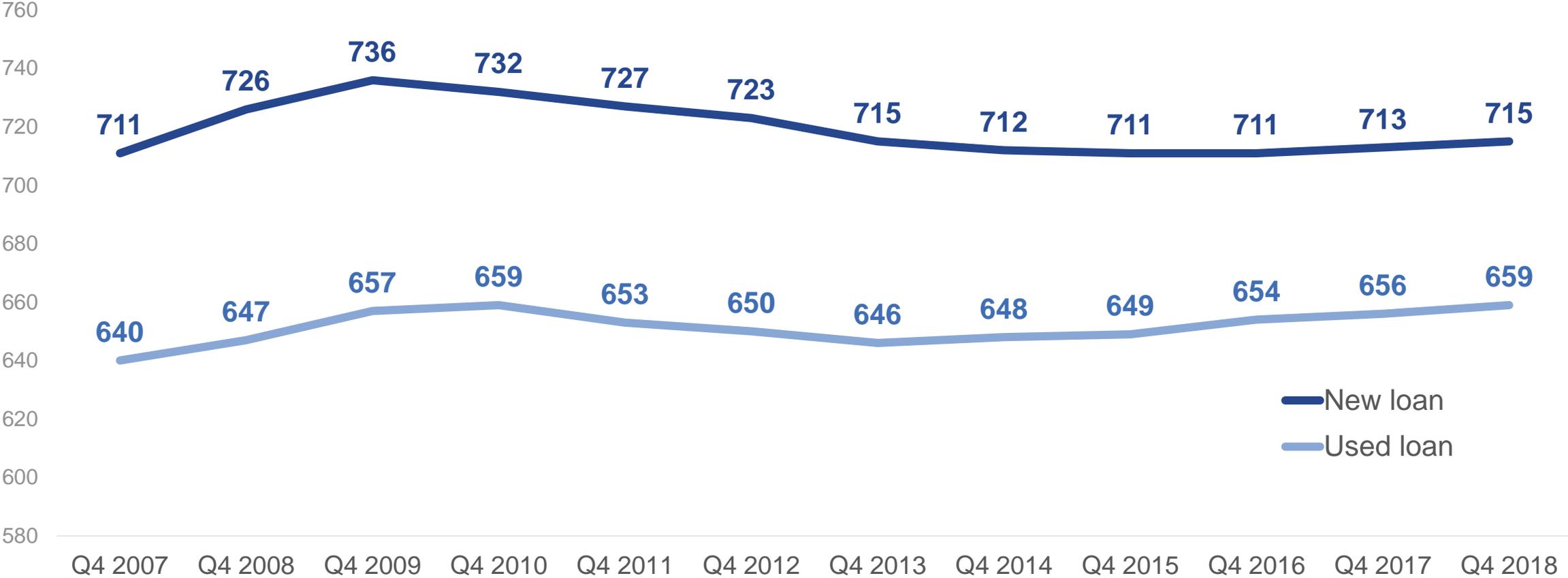
Average credit score



Originations by tier

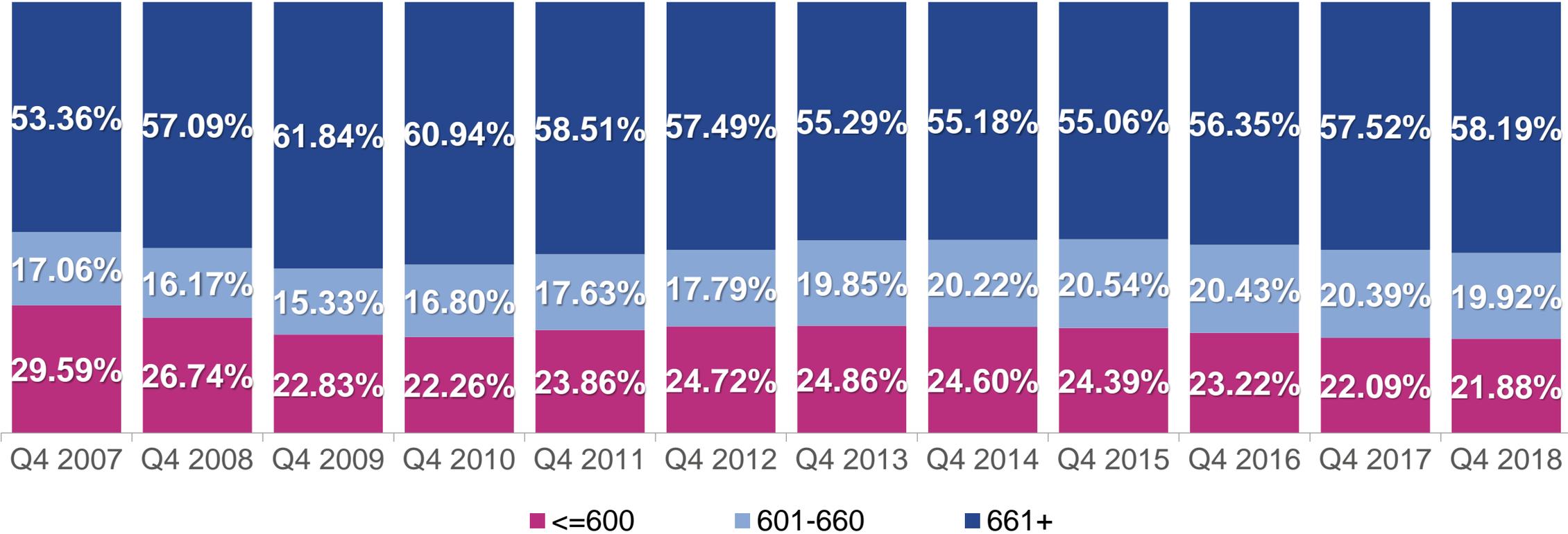


Credit scores show steady increase



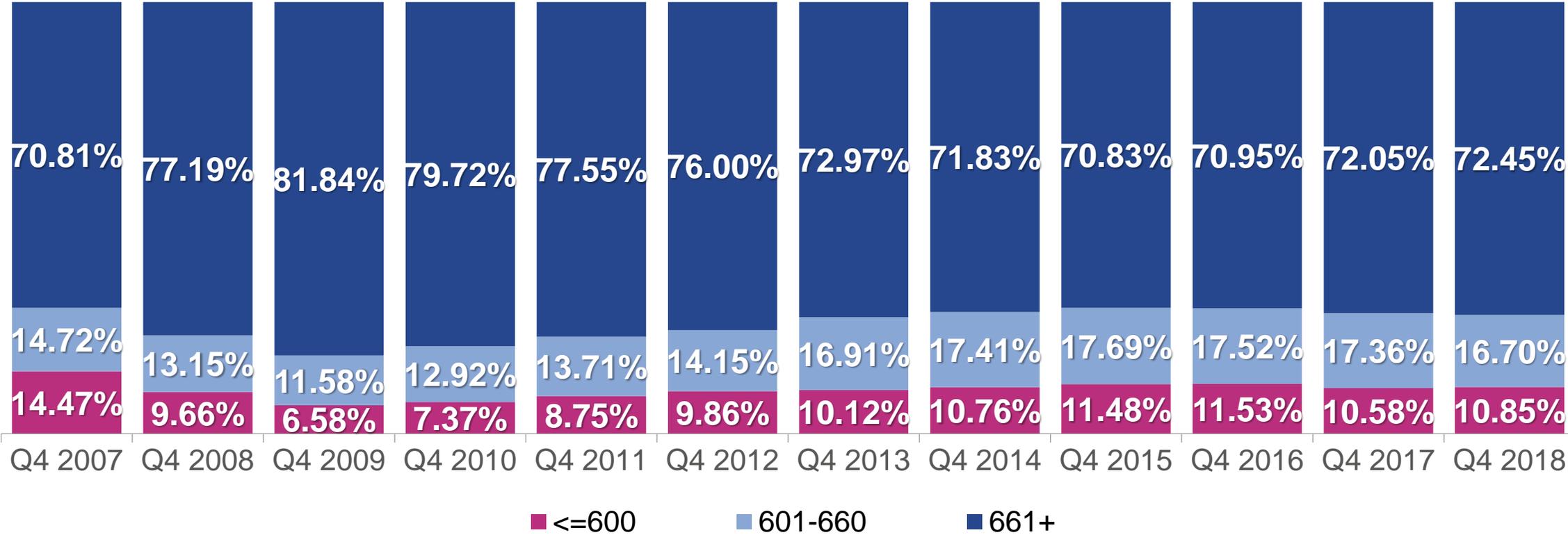
Subprime hits a Q4 low for total loan originations

Total (new & used units) loan risk distribution



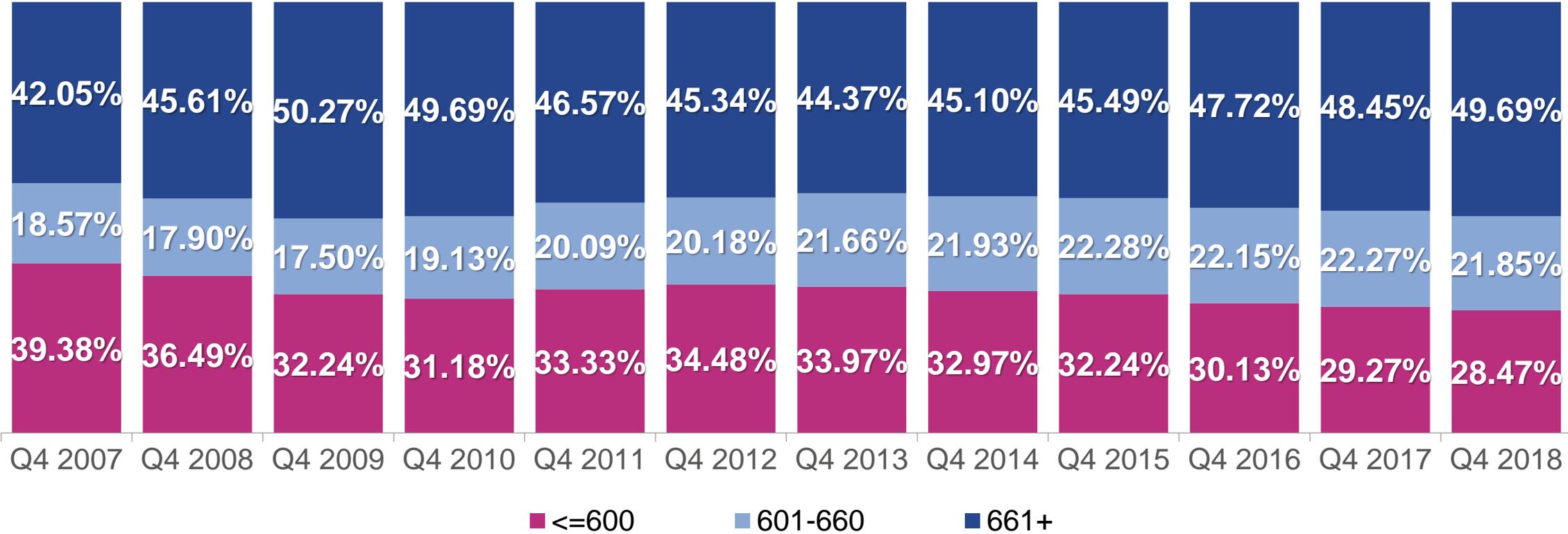
New loans experience some subprime growth

New loan risk distribution



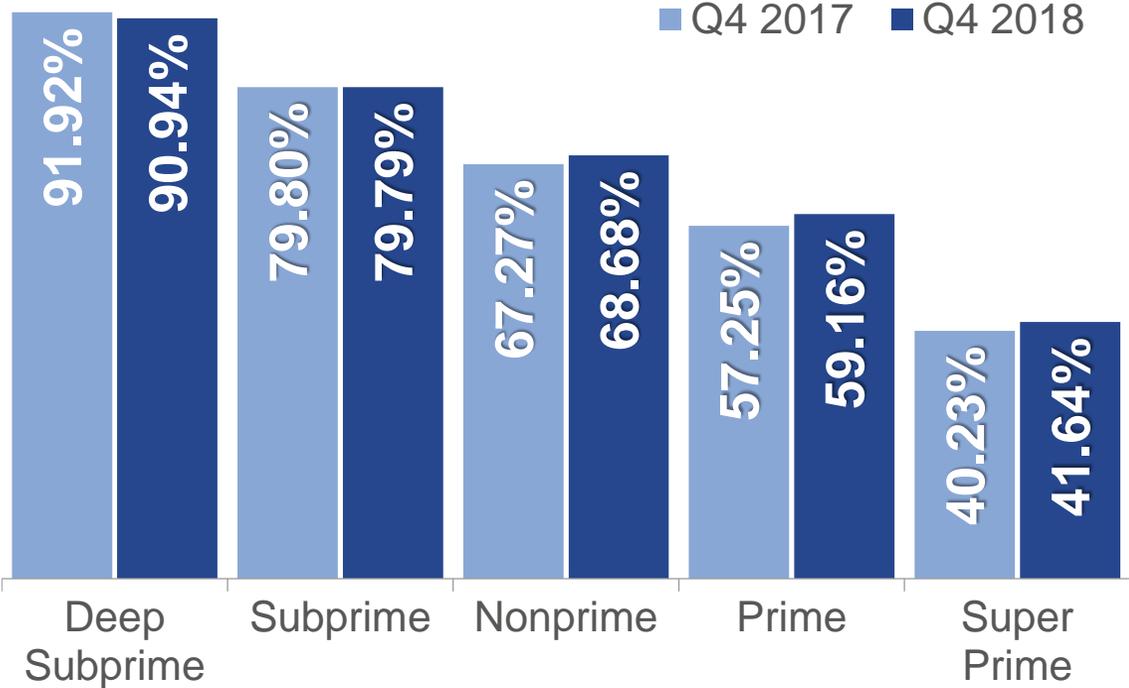
Used loans hit Q4 record low for subprime originations

Used loan risk distribution

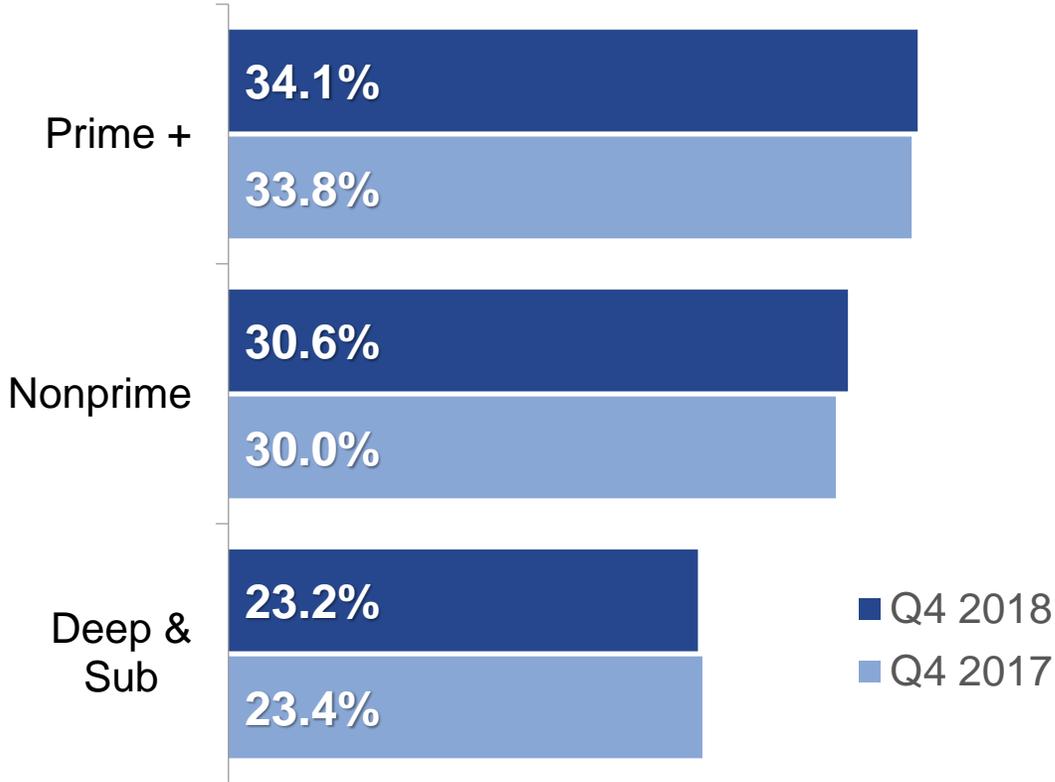


Reactions to affordability result in increased used financing and leasing

Percentage of consumers by risk tier choosing used loans

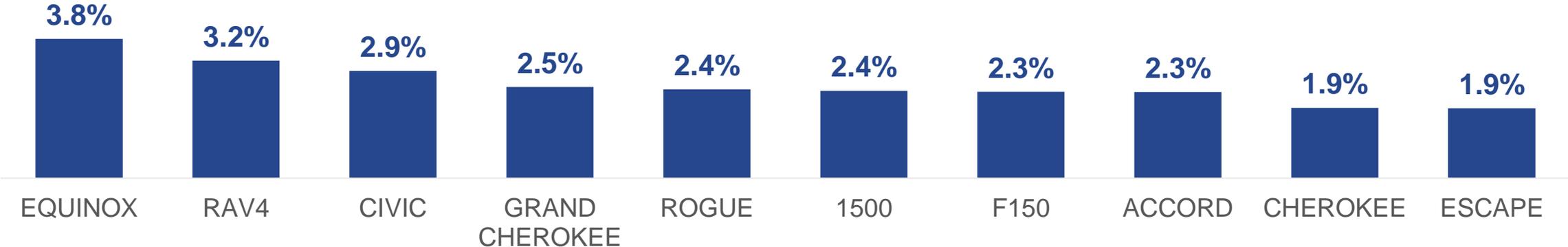


% of new borrowers choosing to lease

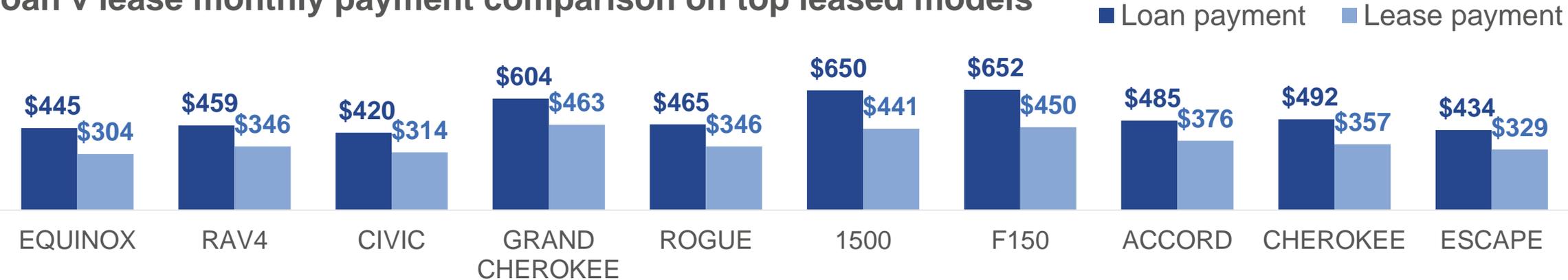


CUVs and Trucks comprise the majority of the top leased models with average lease savings of \$138

Top 10 new leased models by market share



Loan v lease monthly payment comparison on top leased models



Record highs for average loan amounts; average used loans surpass \$20k

■ New ■ Used

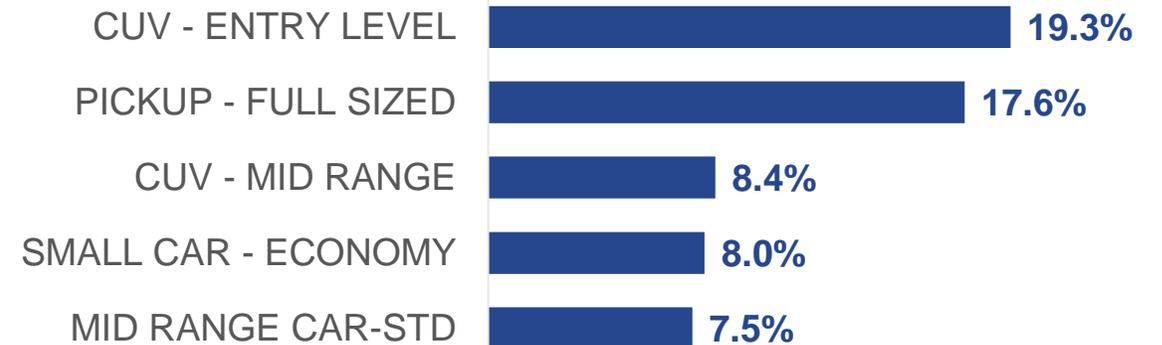


A look at the top 5 financed segments

Q4 2008: Share of financing



Q4 2018: Share of financing



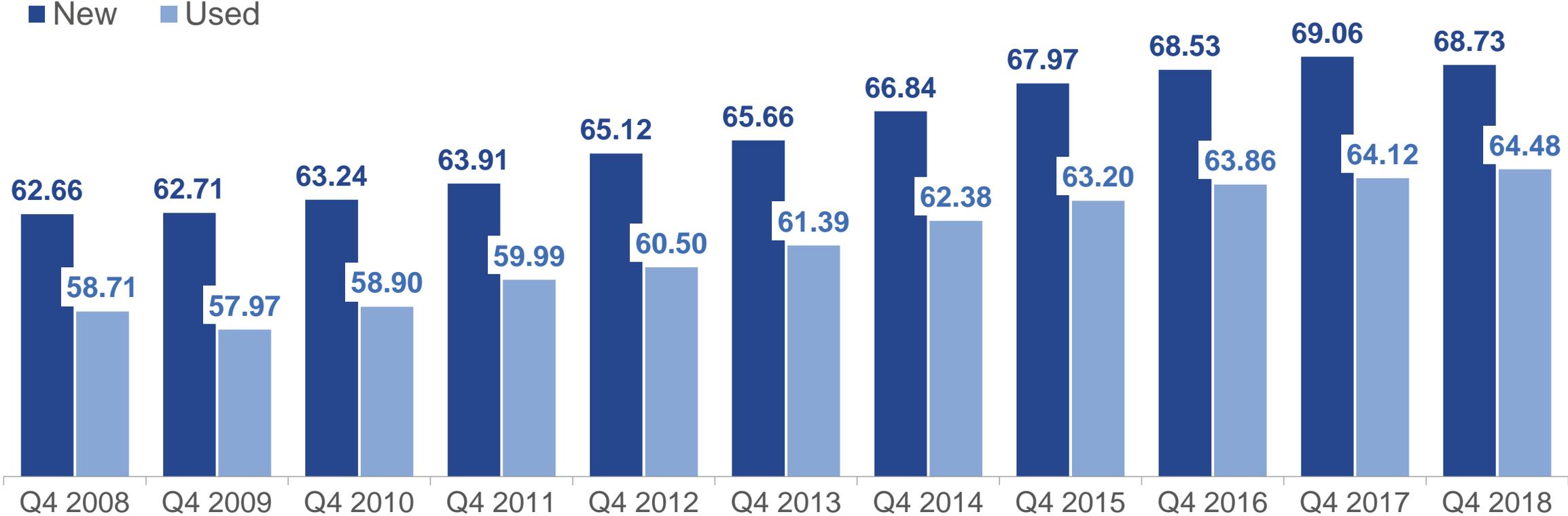
Q4 2008: Average loan amount



Q4 2018: Average loan amount



Terms have steadily increased but begin tapering off for new loans

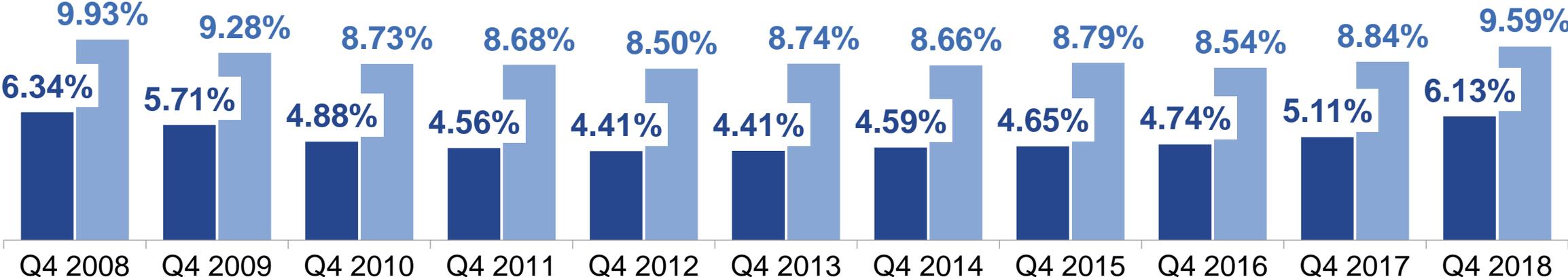


Average monthly payments hit all-time highs



New rates pass 6% for the first time in 10 years

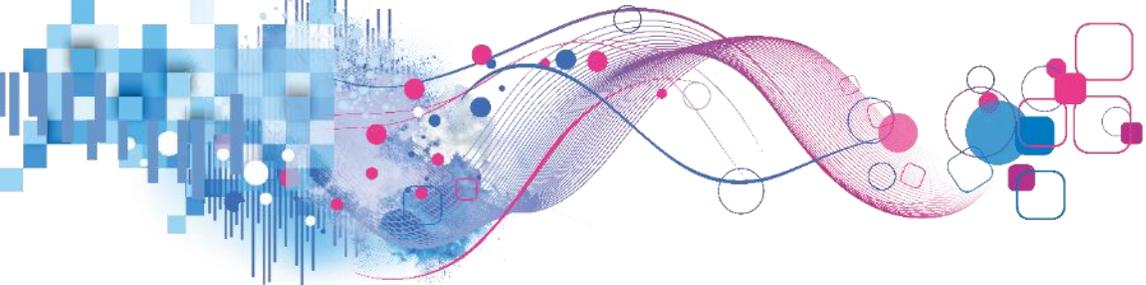
■ New ■ Used



Summary

- Q4 continues a series of record highs for loan balances with all lenders experiencing growth
- 30 day delinquency improves YOY; 60 day sees increases
- Overall delinquency trending upward due to prior subprime originations
- Leasing continues to be a highly sought product with growth in prime segments
- Credit scores increase with majority of growth in super prime segments
- Loan amounts hit record highs with monthly payments reaching highs driven by rate increases





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