



AUTO FINANCE INSIGHTS

State of the Automotive Finance Market

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Experian **Public**

Data Sources

Velocity Market, Risk and 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 by reviewing credit and loan/lease characteristics across vehicle metrics
- Understand loan/lease performance across vehicle, dealer and attributes

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

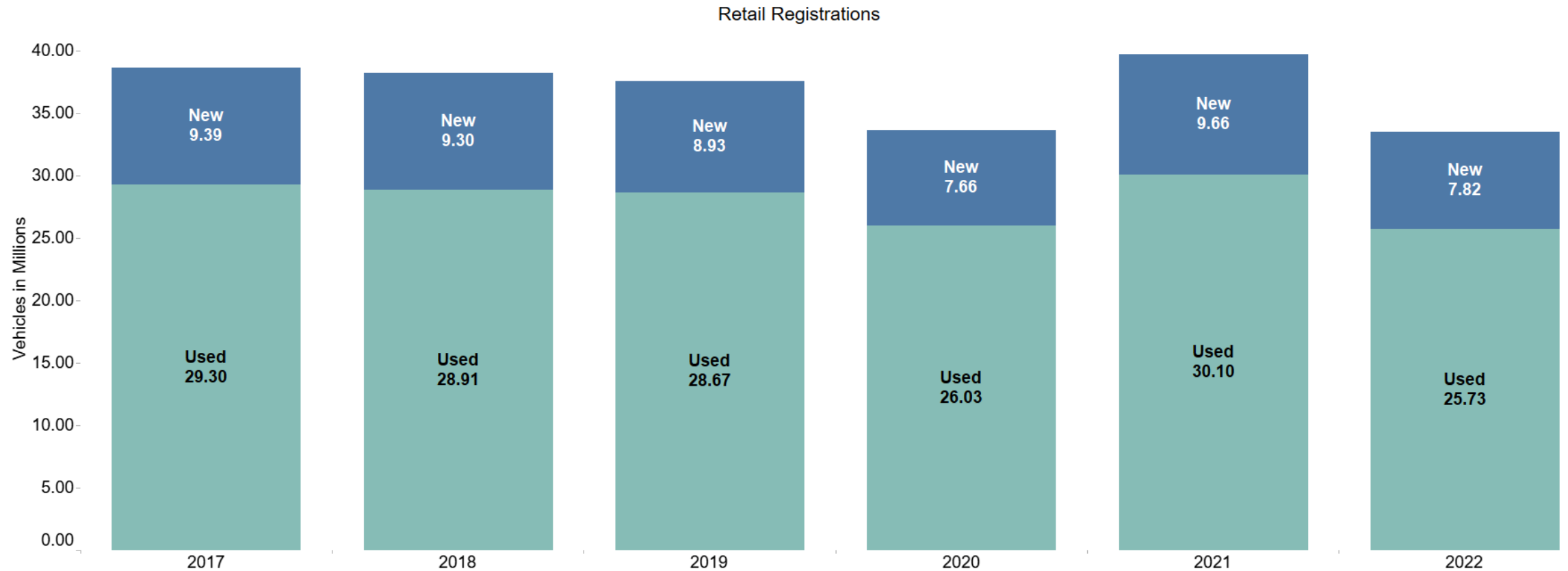
Origination trends

High level origination insights
Annual and YTD views



Retail represents just over 87% of total new registrations, this presentation will focus on those transactions

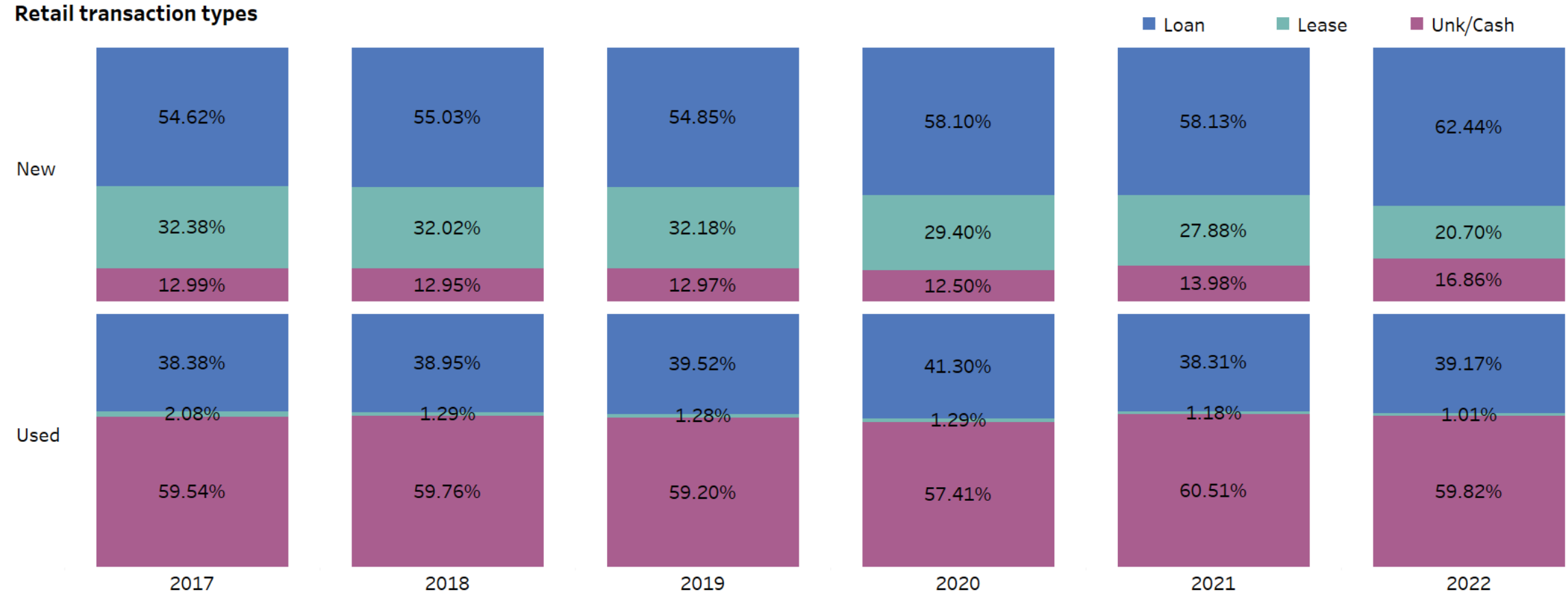
Jan - August Retail Registrations



Jan – Aug. US Car and Light Truck registrations

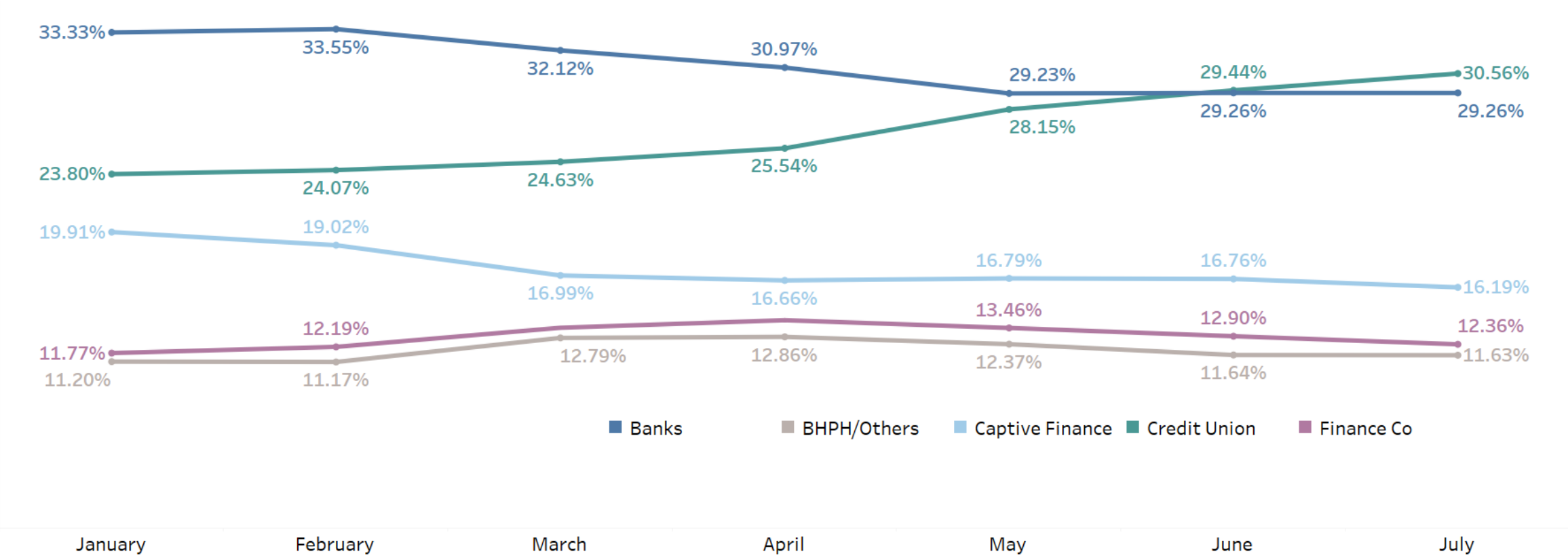


How does the retail market transact?



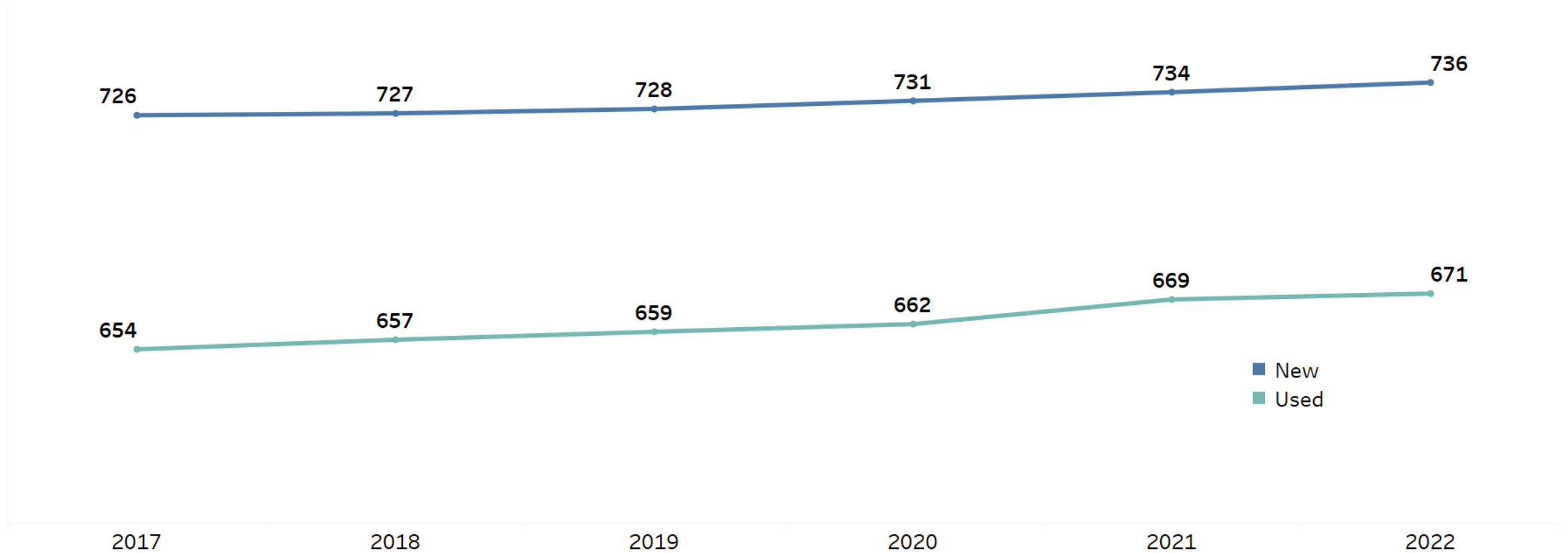
This year, the biggest market share shift has been a dramatic increase in Credit Union share

Market share of total loans



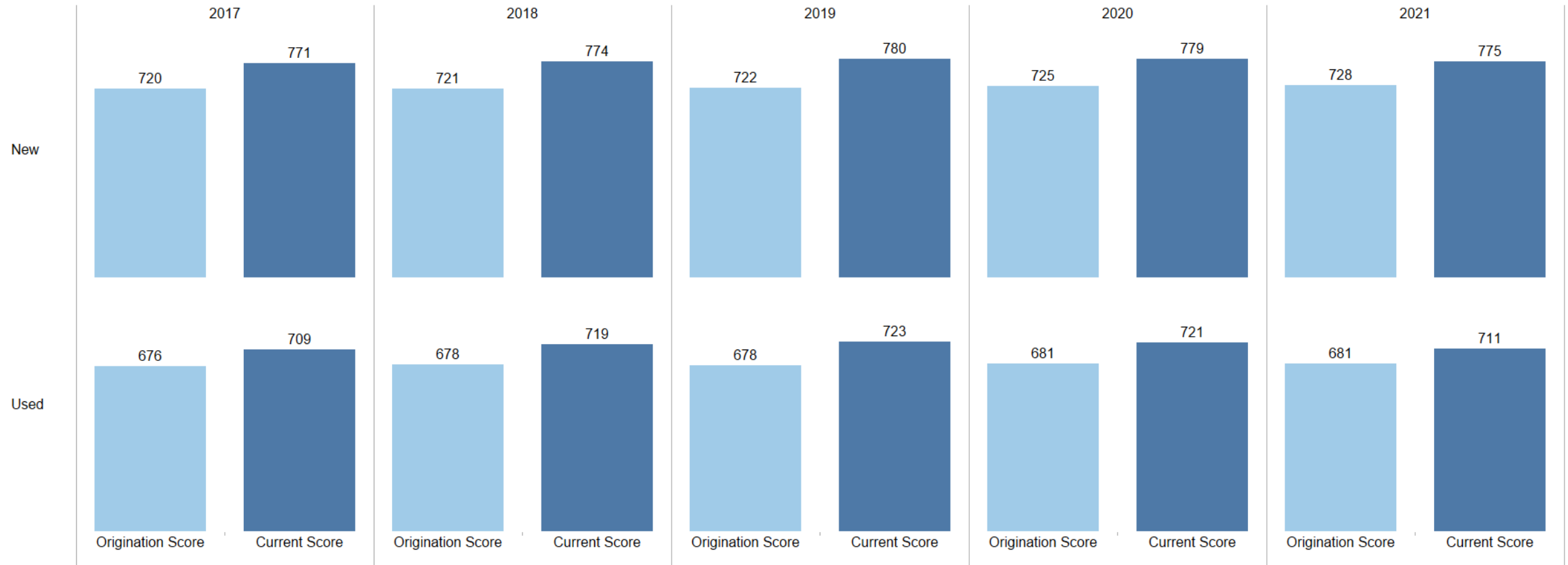
Average credit scores continue to increase

Average score by vehicle type



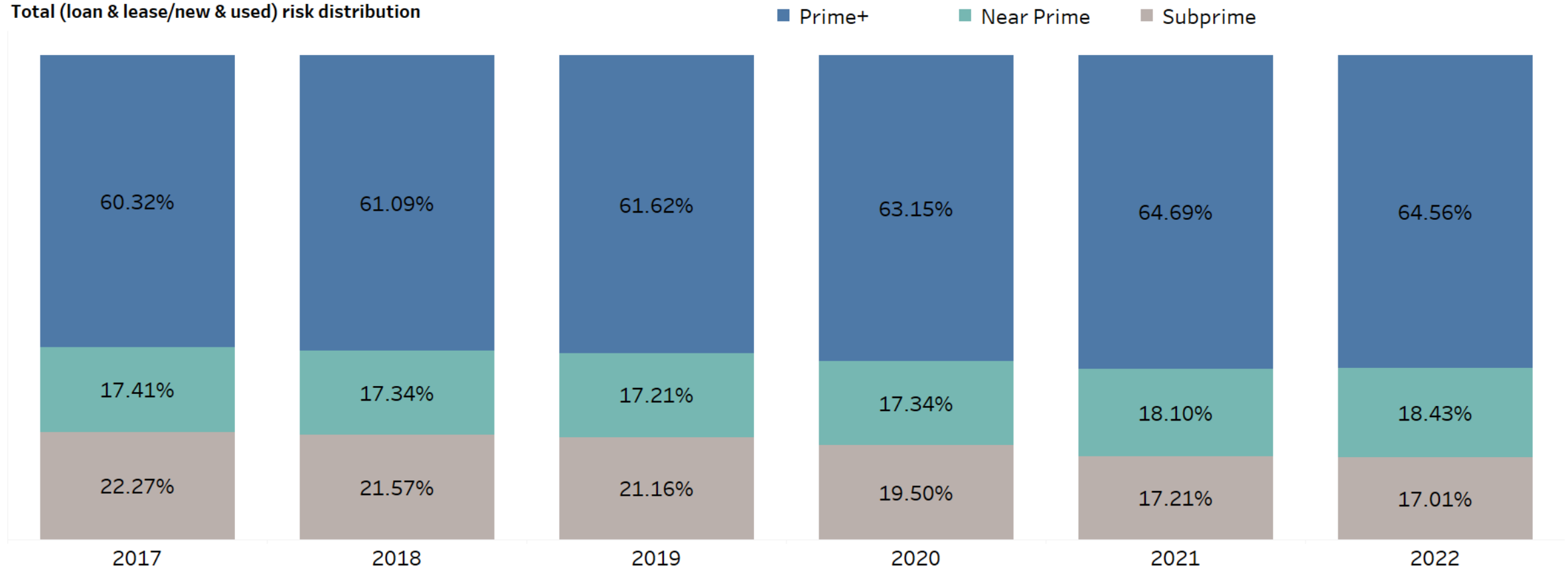
On average consumers with new loans are up 53 points while used is up 38 points

Score migration from purchase date to current



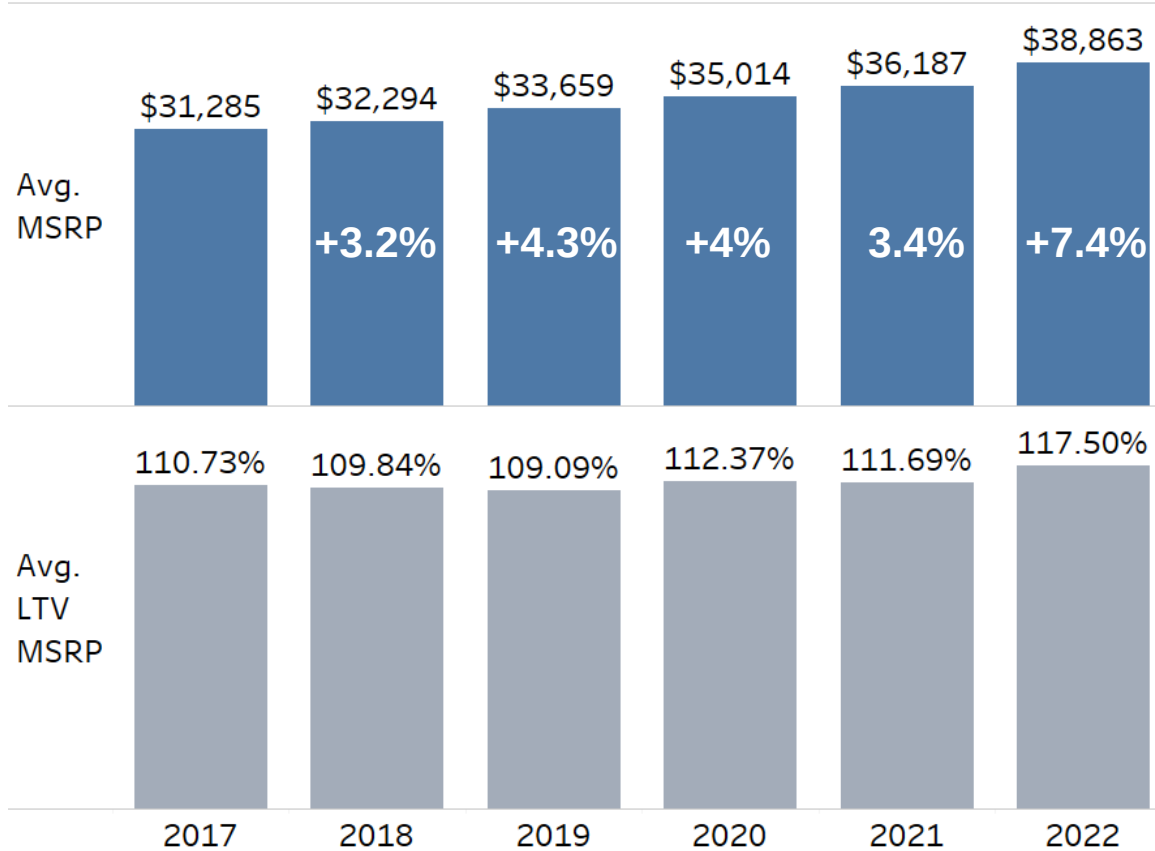
Subprime originations decline as more consumers fall into the prime+ tiers

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

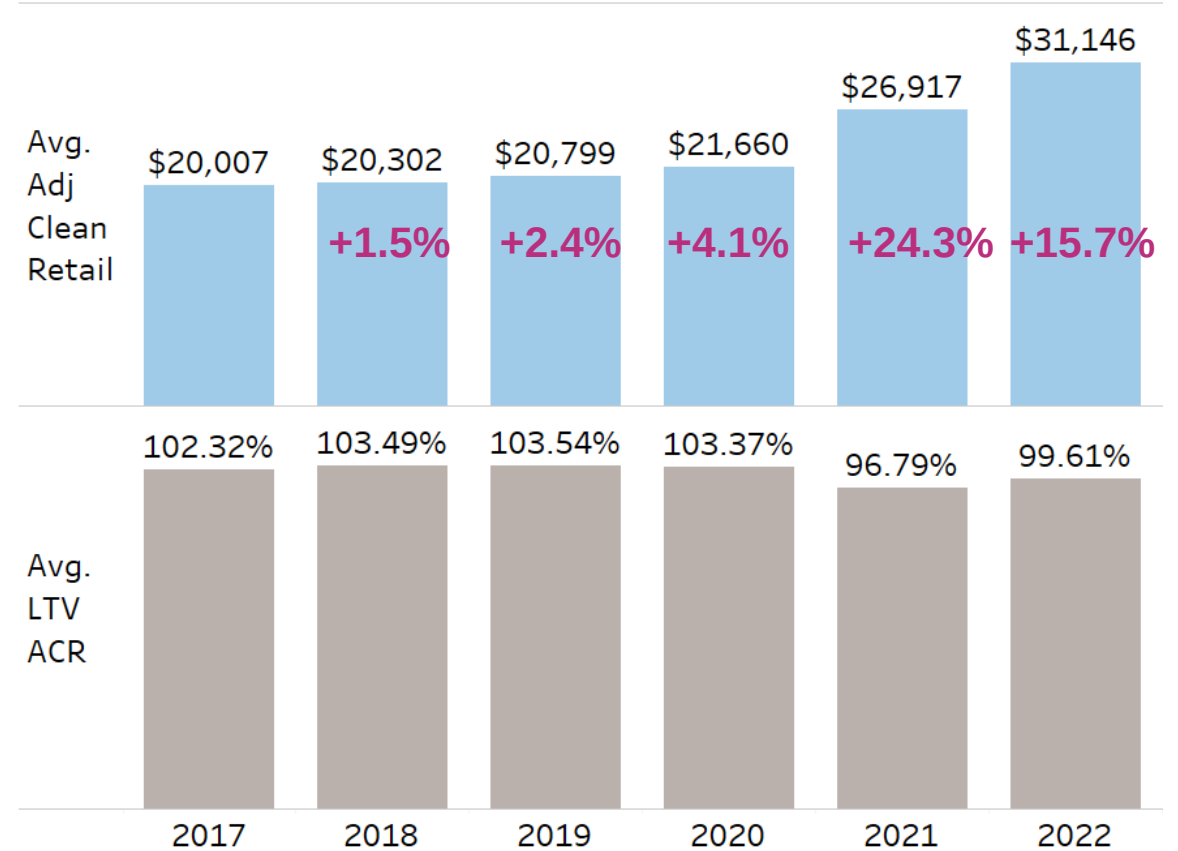


Vehicle values have climbed for both new and, with used values soaring over 20%

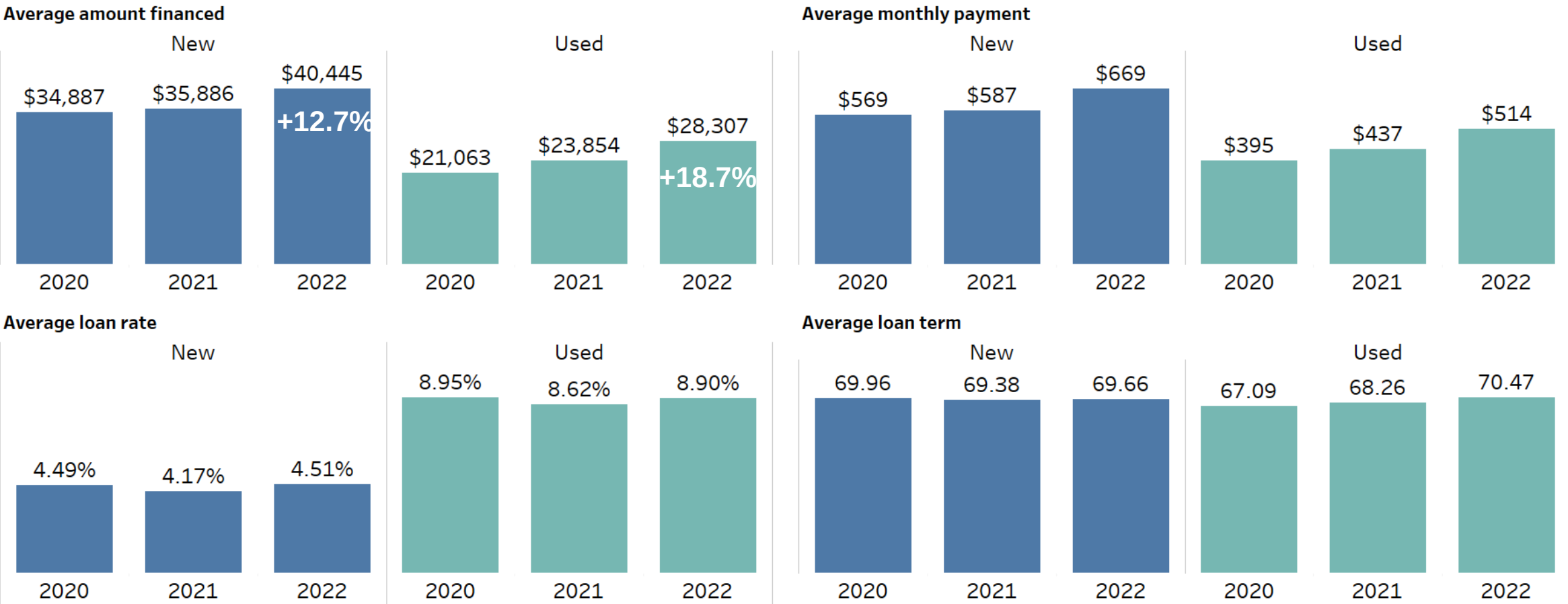
Average new values and LTV



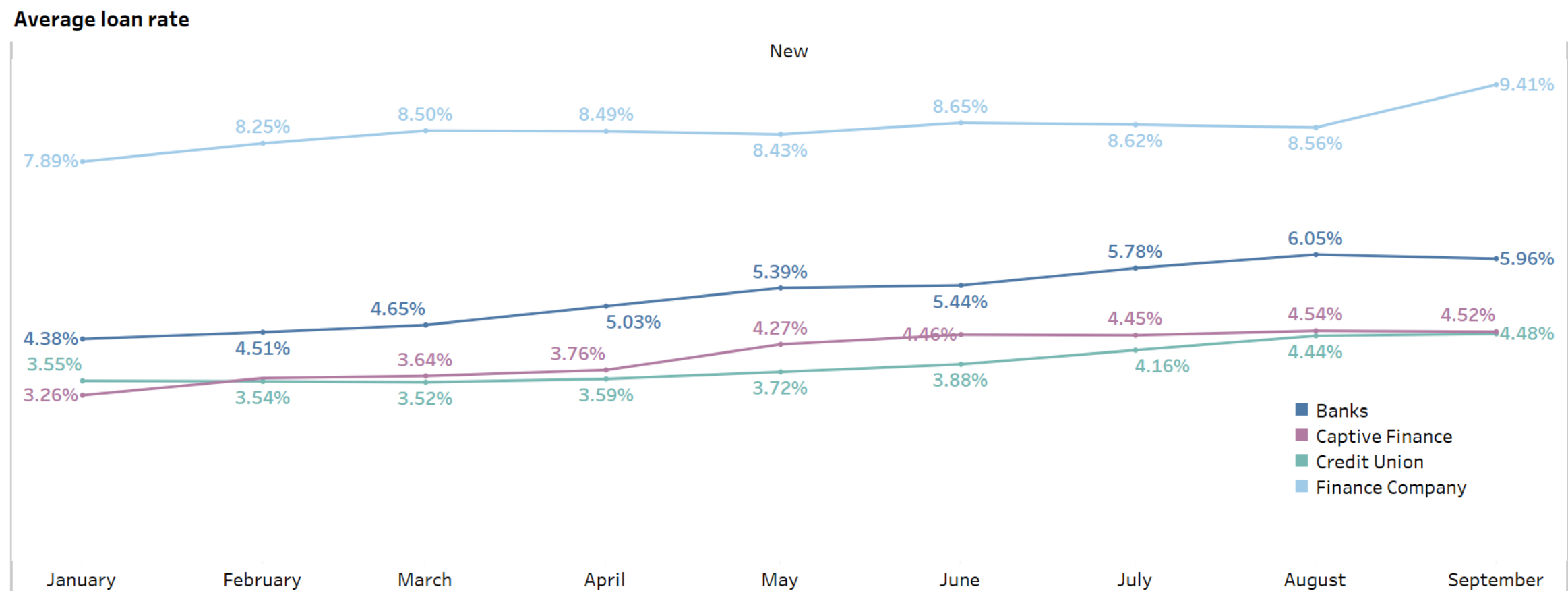
Average Used Values



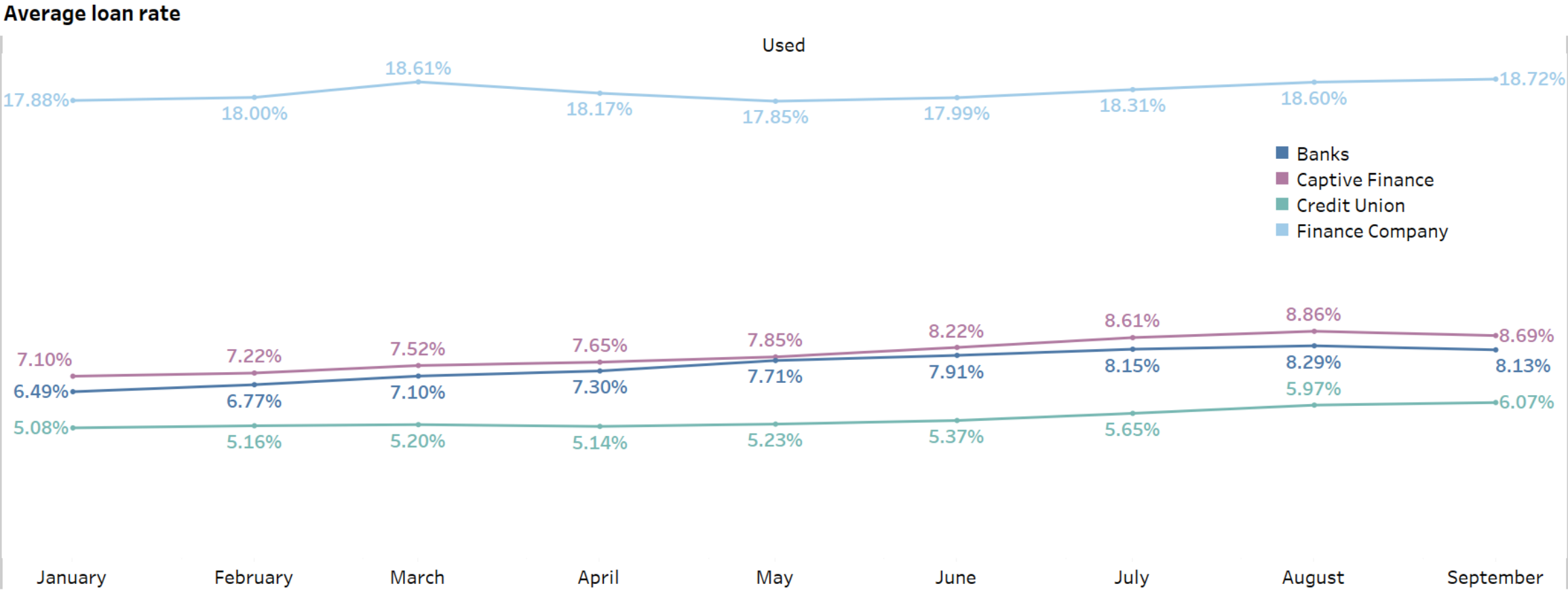
Inventory constraints and demand have resulted in significant increases in loan amounts and payments



While rates are increasing, Credit Unions are well below Banks

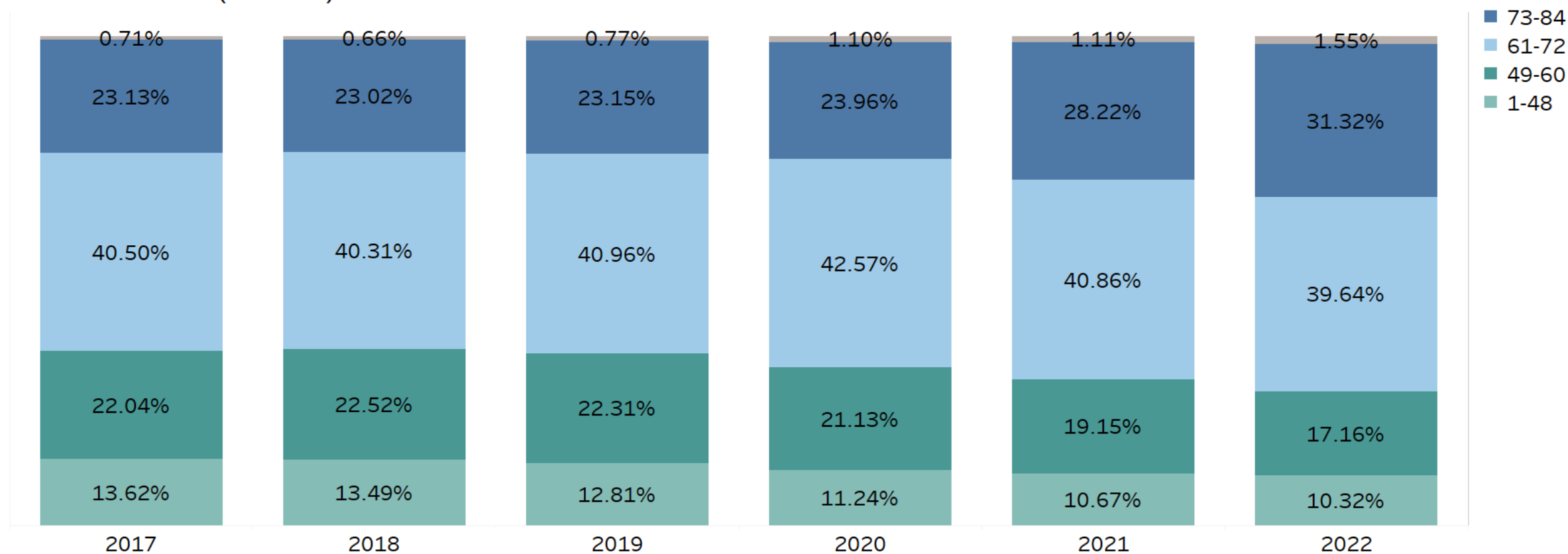


Credit Unions rates are nearly 200 basis points lower than Bank rates for used financing



Loan terms continue to grow for 73+ terms

Loan term distribution (new & used)



Electric Vehicle trends

How is EV financing different?





What are the different fuel types?

Bi-Fuel

Biodiesel

Diesel

Electric - - - nearly 240k in 2021

Electric Plug in/Gas - - - ~77k

Flex Fuel

Flex Fuel~Gasoline

Gas/Electric Hybrid - - - ~432k

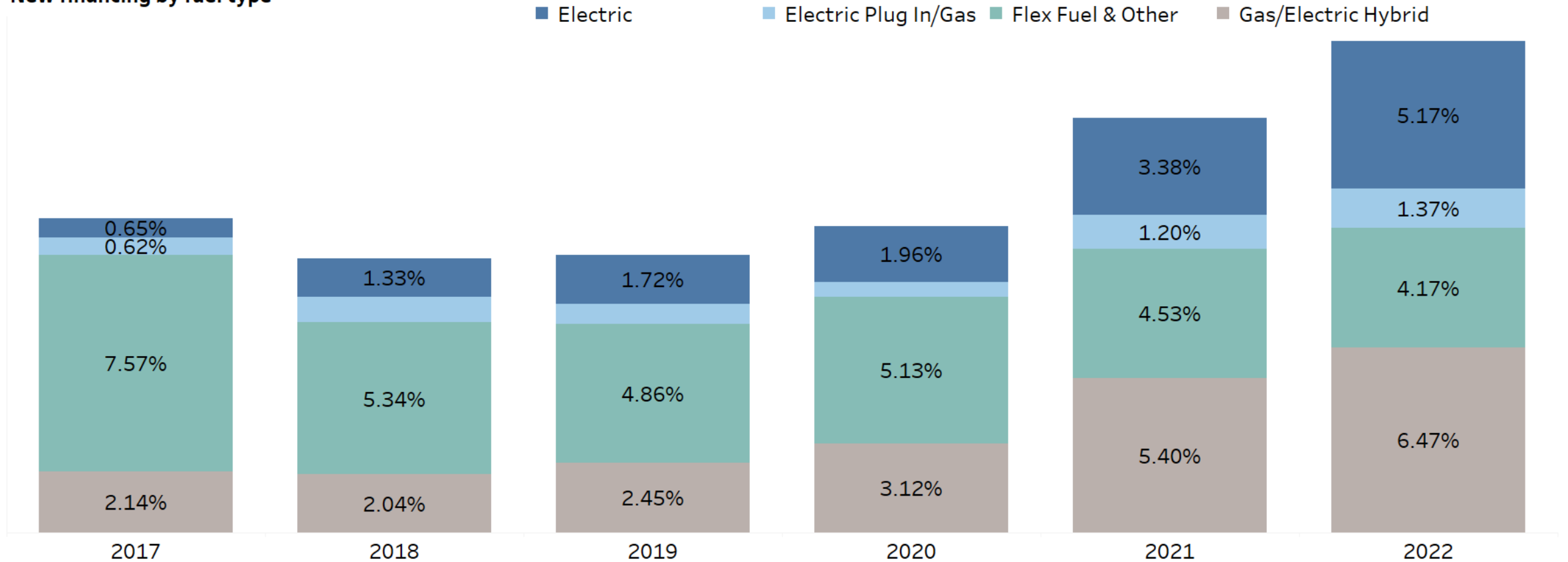
Gasoline

Hydrogen Fuel Cell

Natural Gas

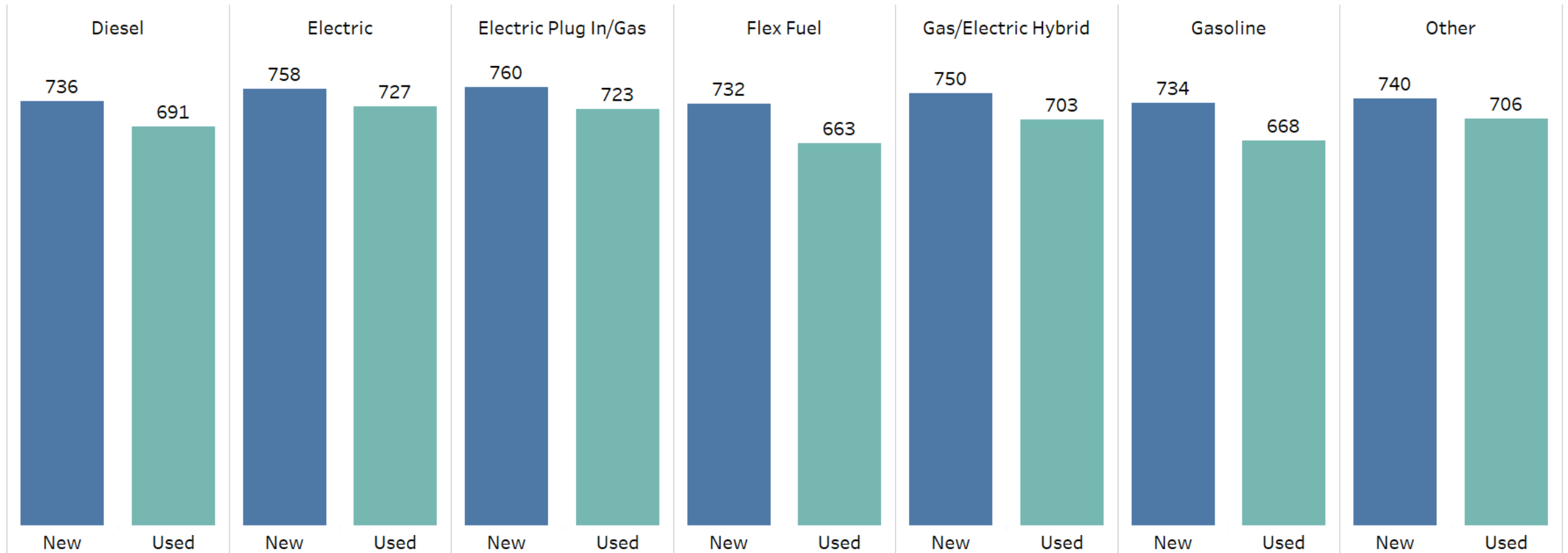
EV has grown to over 5% of new vehicle financing

New financing by fuel type



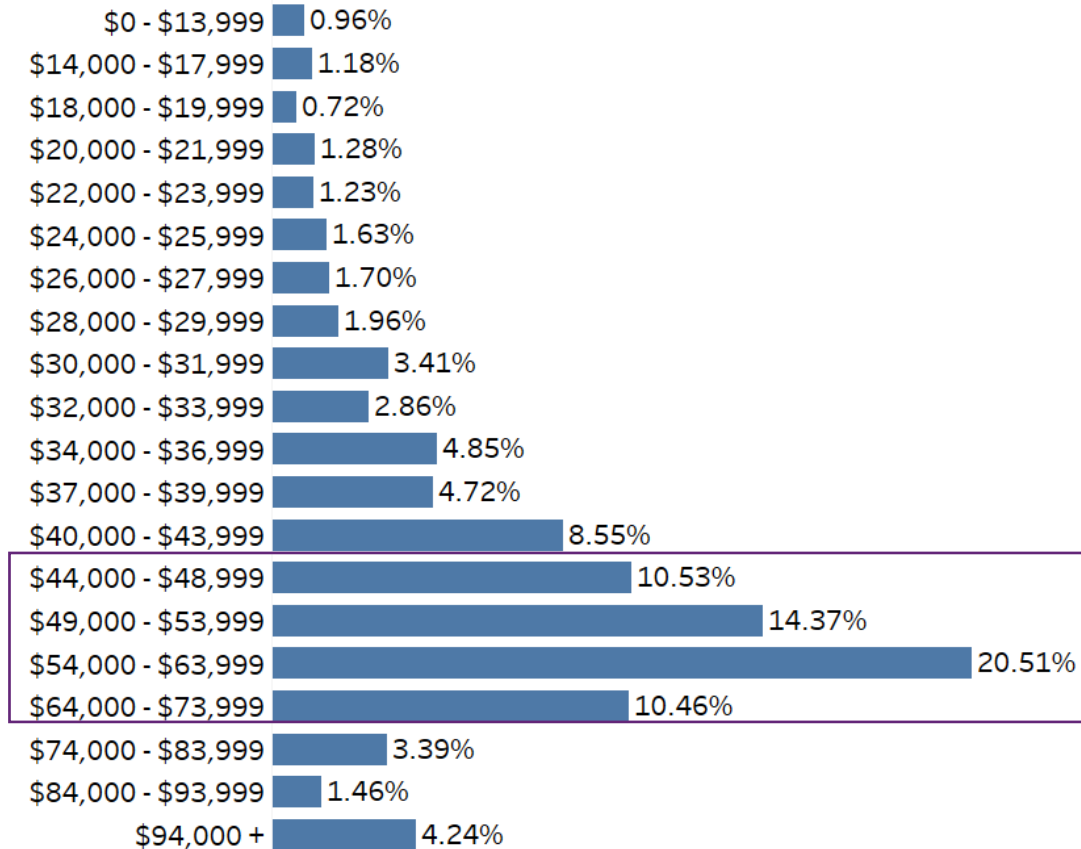
EV attracts a more prime buyer

Average new score by fuel type

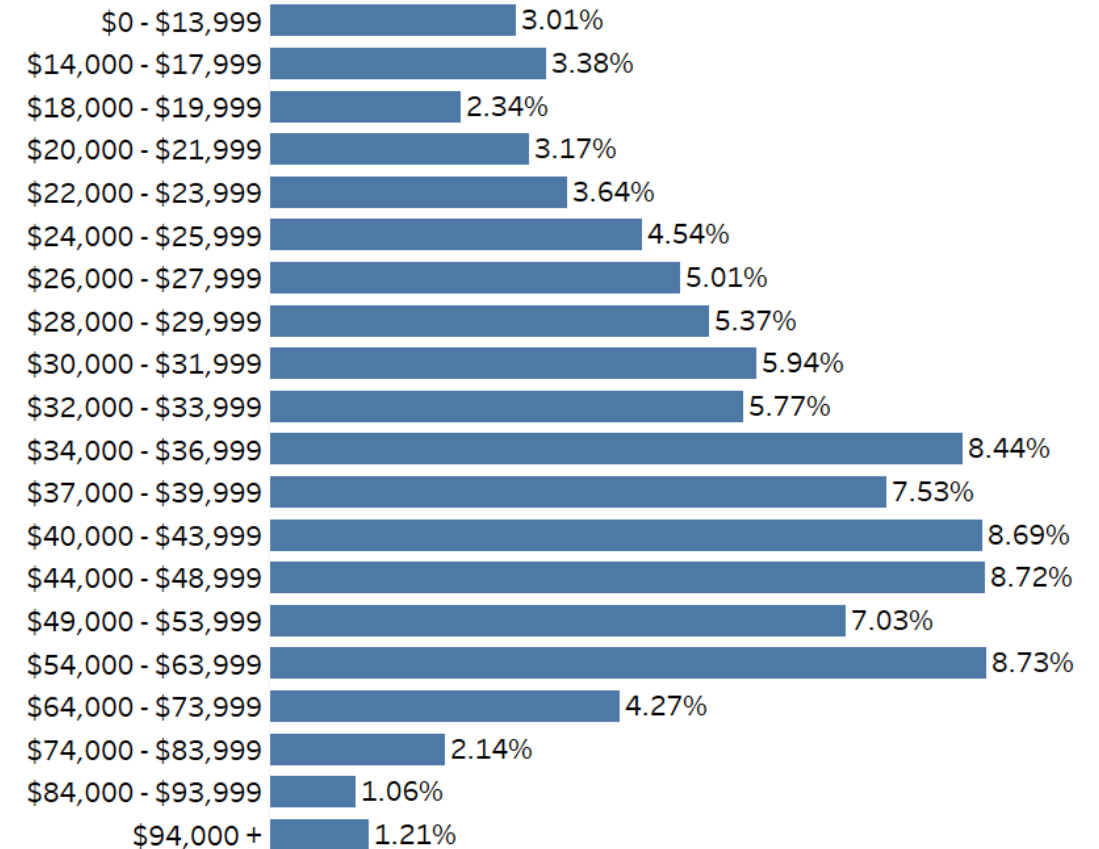


Majority of new EV is over \$44k with 1:5 between \$54-\$63,999

New loan amount distribution on EV

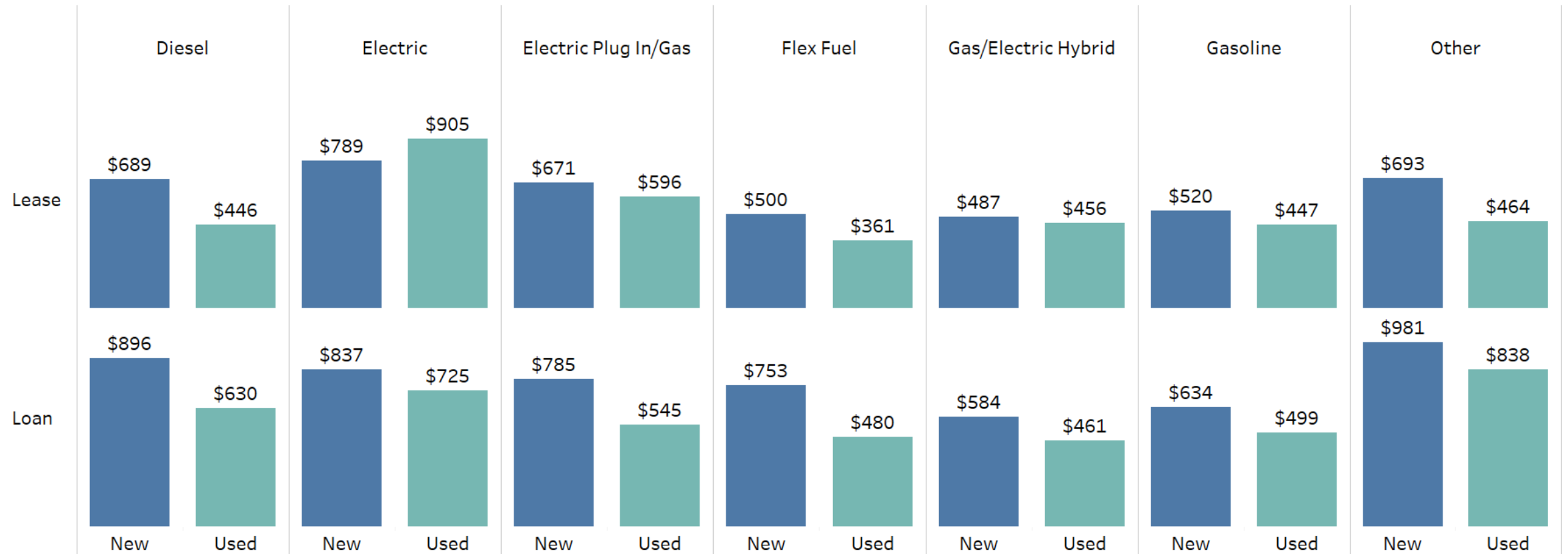


New loan amount distribution on all vehicles



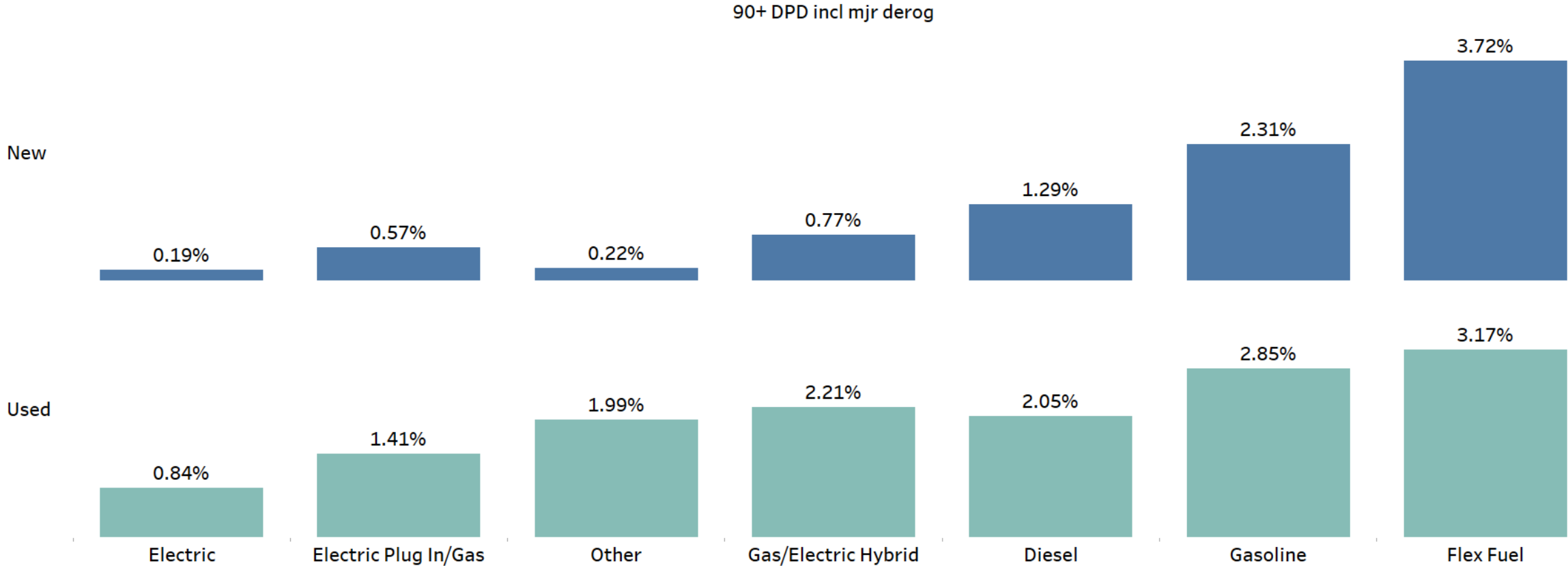
EV payments tend to be higher than other fuel types

Average new monthly payment by fuel type



Both new and used EVs have the best performance (originations 2017+ as of July 2022)

Worst-ever status by fuel type



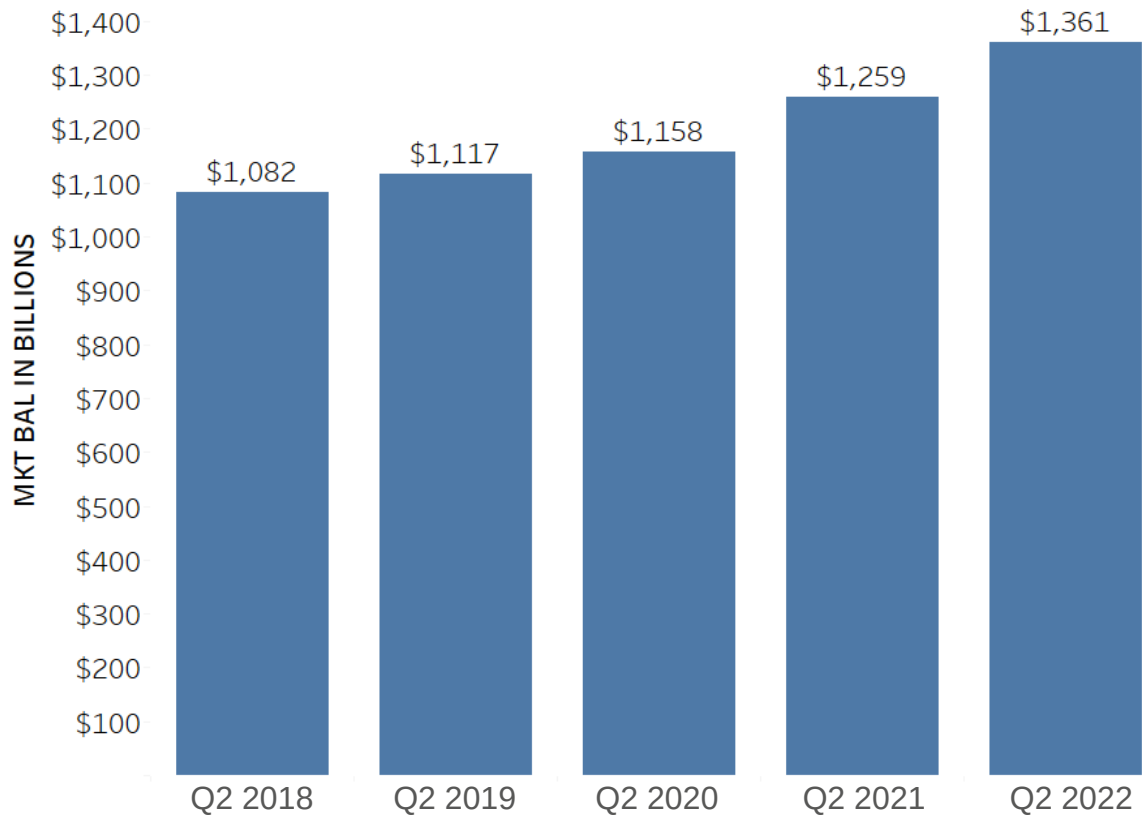
Auto loan performance

A look at automotive balances and performance

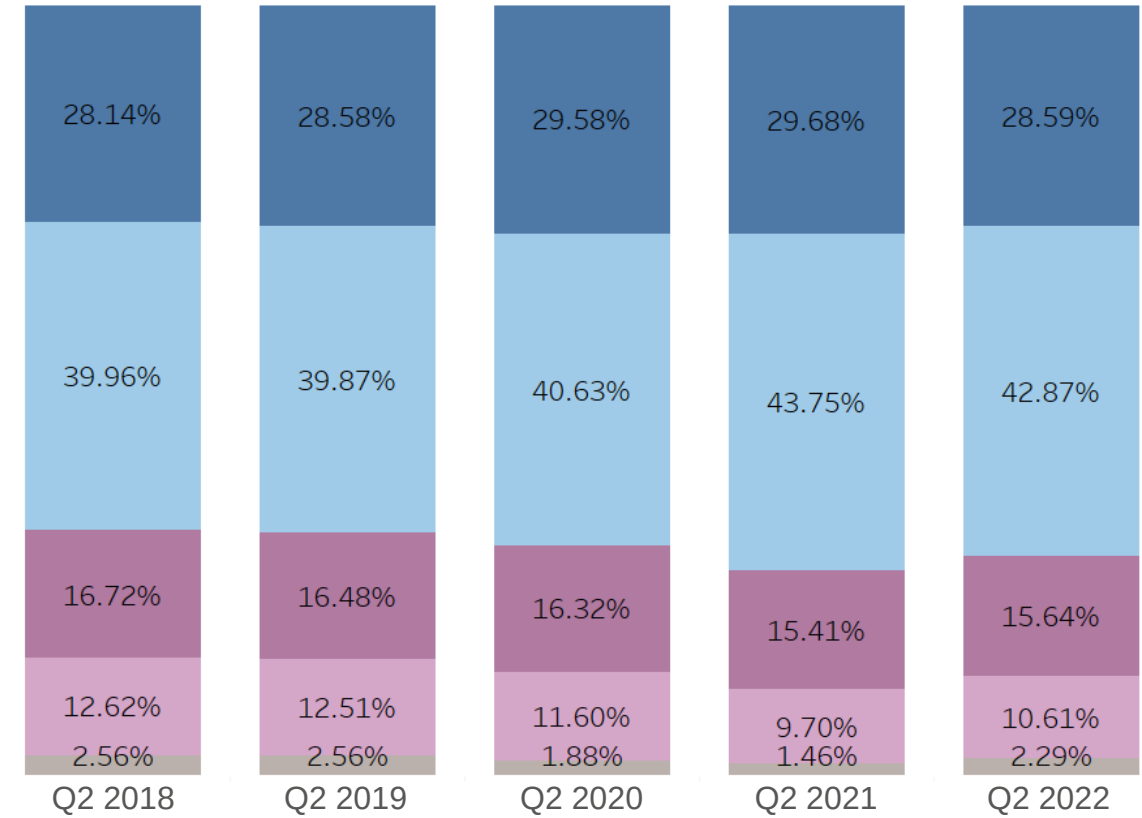


Overall loan balances (in billions) grew 8% YOY

Outstanding automotive loan balance

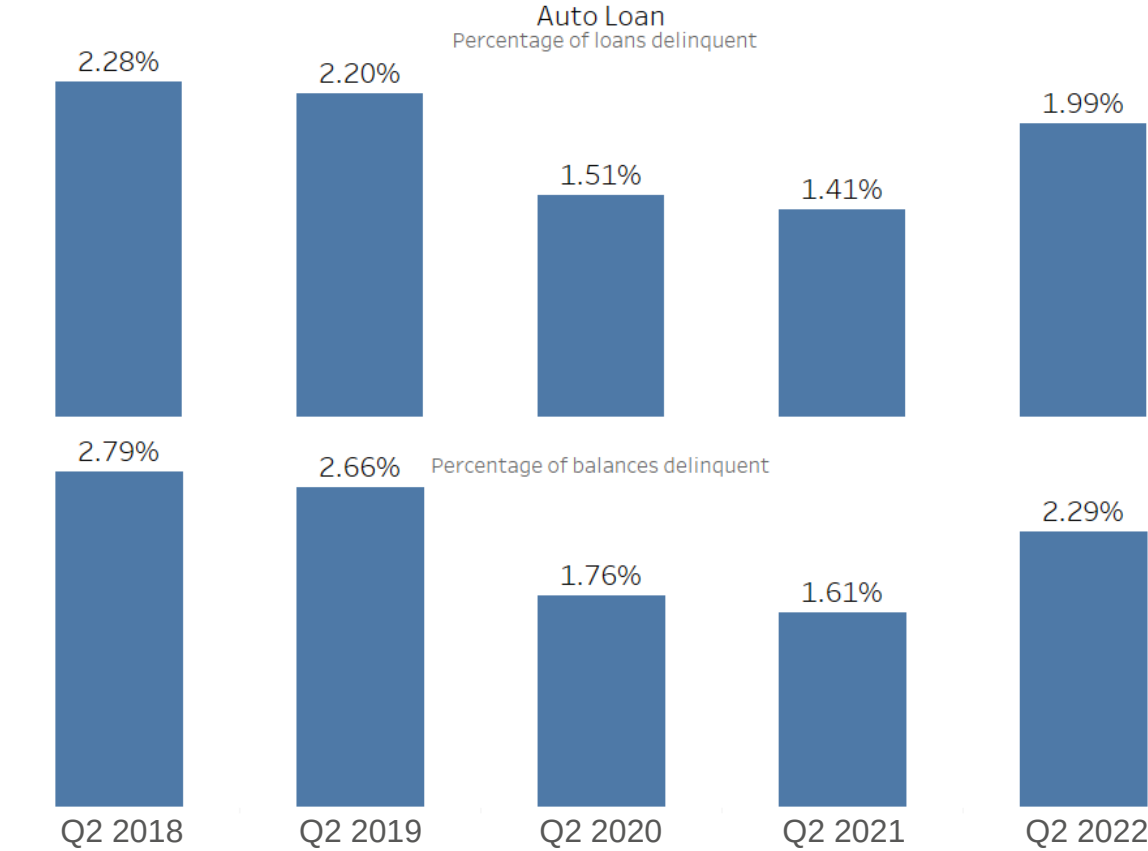


Auto loan balances by score band

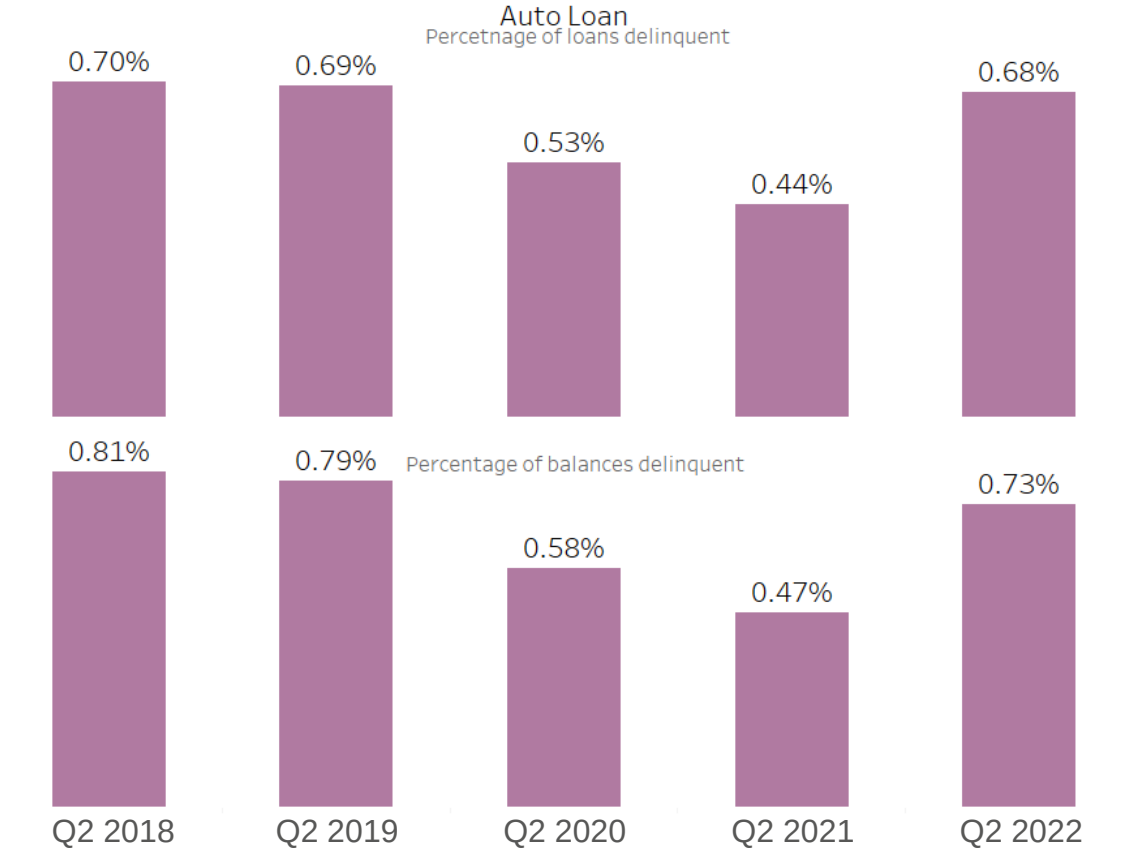


Delinquency increases YOY

30 day delinquency



60 Day delinquency



Summary

- Leasing rates remain lower than prior years
- Credit Unions experience growth
- Subprime financing remains at near-record lows and overall consumer credit shifts to more prime
- Loan amounts skyrocket while increased used values help reduce loan-to-value
- Monthly payments increase which may have an impact on future loan performance
- Overall outstanding balances increase, and delinquencies begin to rise

Questions?

