



AUTO FINANCE INSIGHTS

Auto lending under the COVID environment

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Data Sources

Velocity Market & Velocity Risk

- 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

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

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

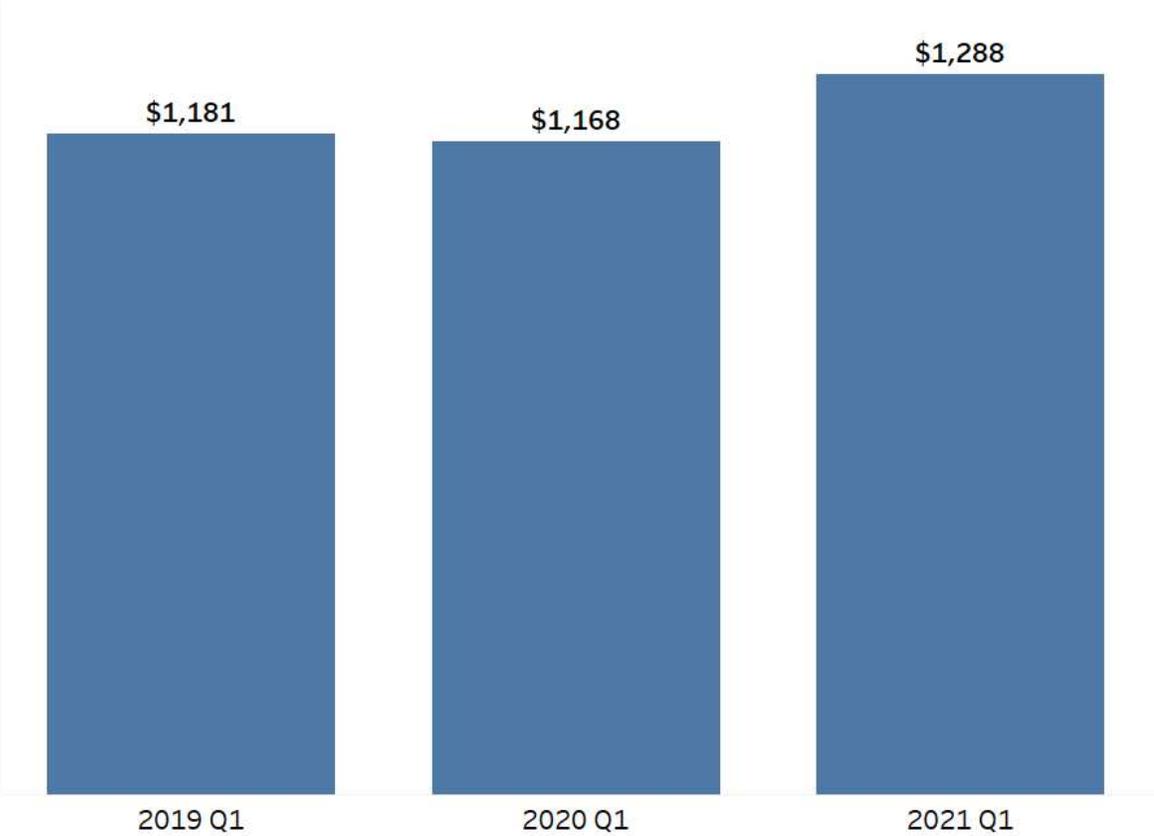
Auto loan performance

A look at automotive balances and performance

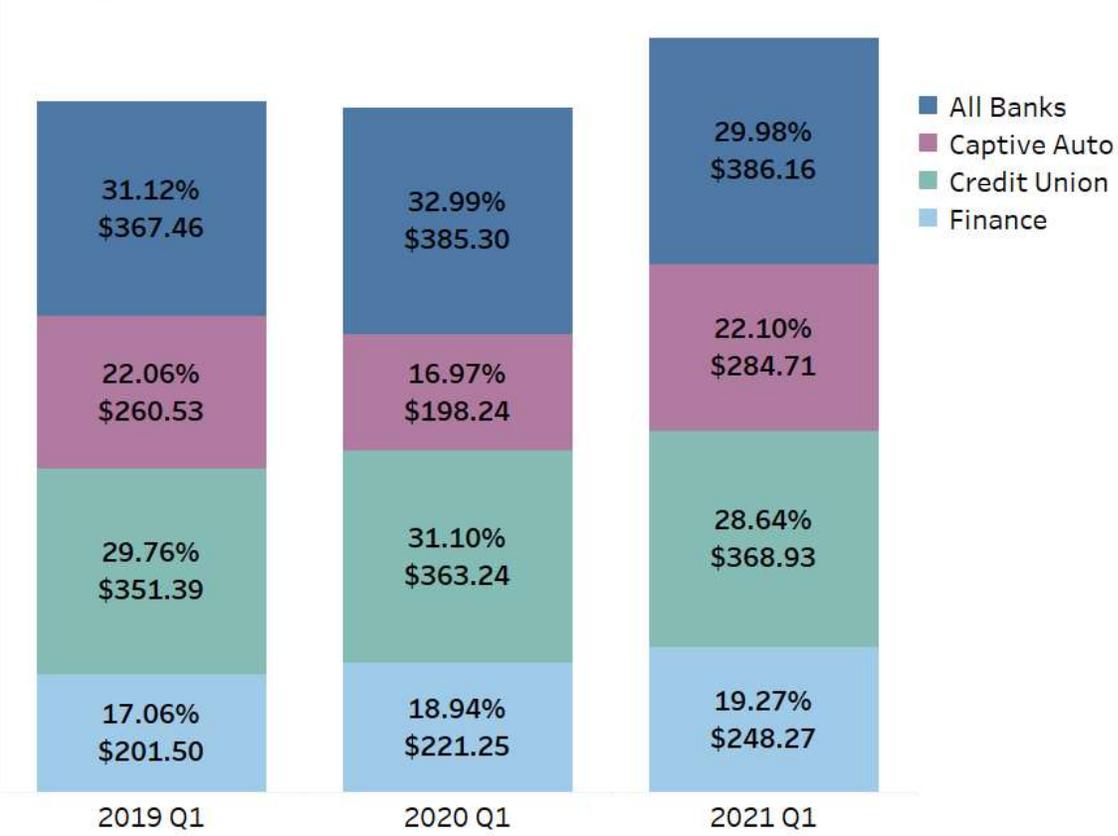


Overall loan balances (in billions) grew 10.3% YOY with all lenders increasing

Total open automotive loan balance



Total open automotive loan balance by lender type

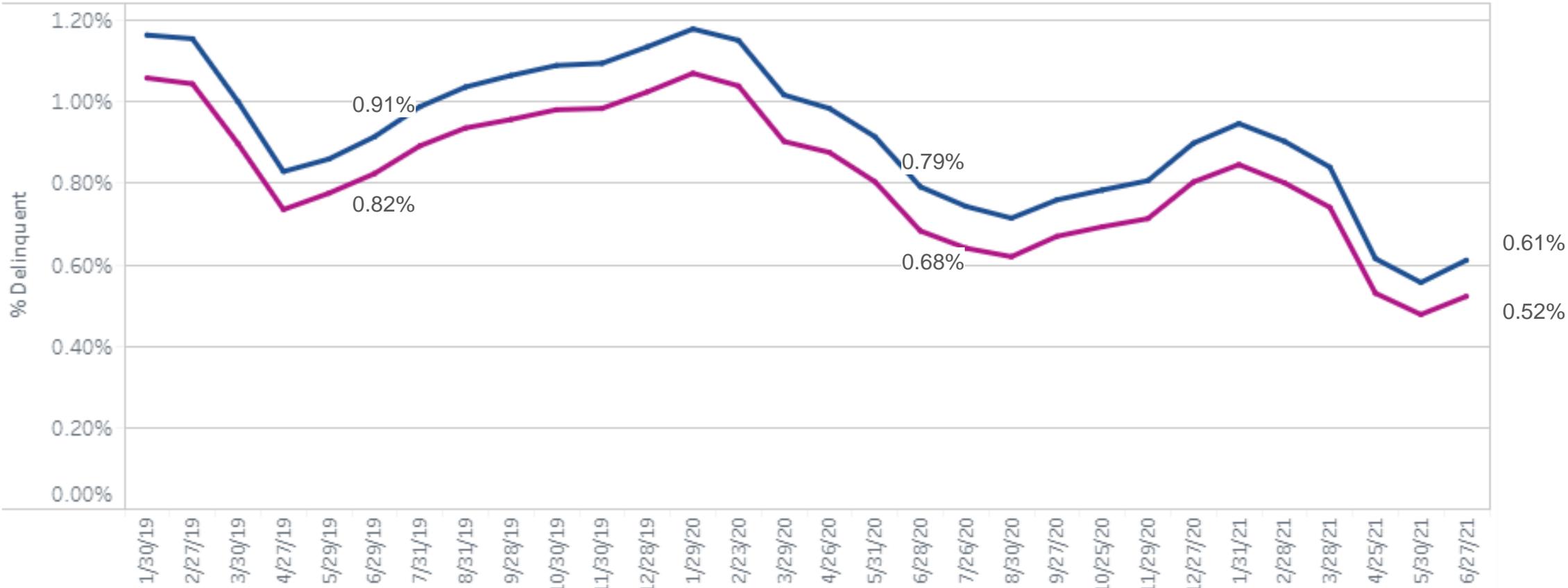


60+ delinquency rate for auto loans remains low

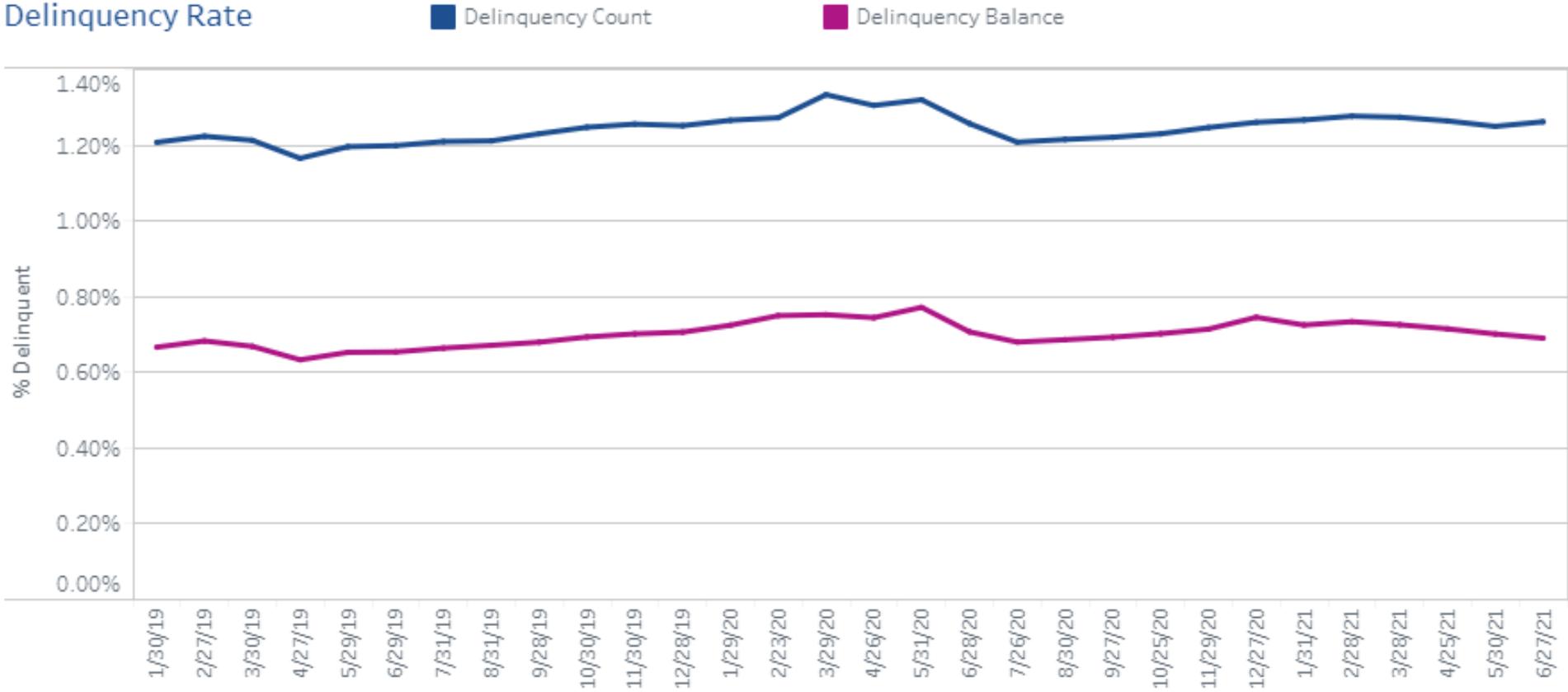
Delinquency Rate

■ Delinquency Count

■ Delinquency Balance



Repossessions have been flat with 1.26% (up 6 bps from 2019) auto loans & 0.69% (up 4 bps from 2019) of balances currently at a repo status



Origination trends

A look at auto loan & lease originations and the impact COVID has had on automotive financing

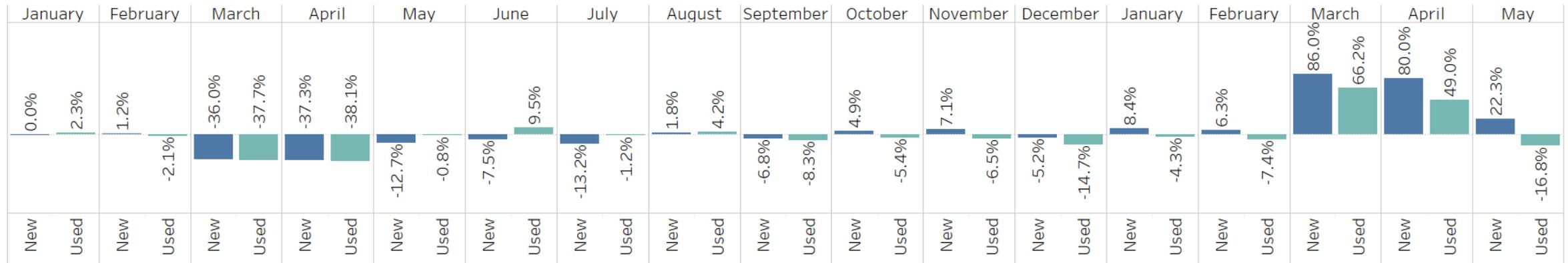


Financing volume remains strong

Total financing volume (in thousands)



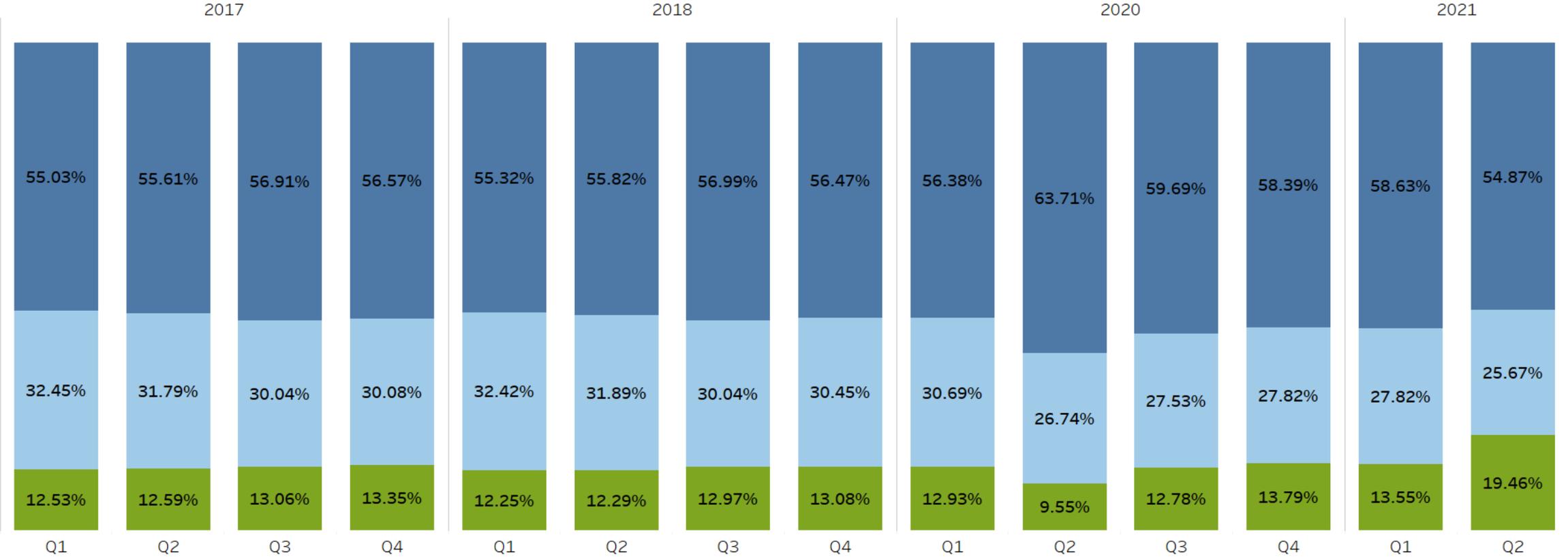
YOY growth based on volume



COVID impacted the way consumers purchased with leasing falling

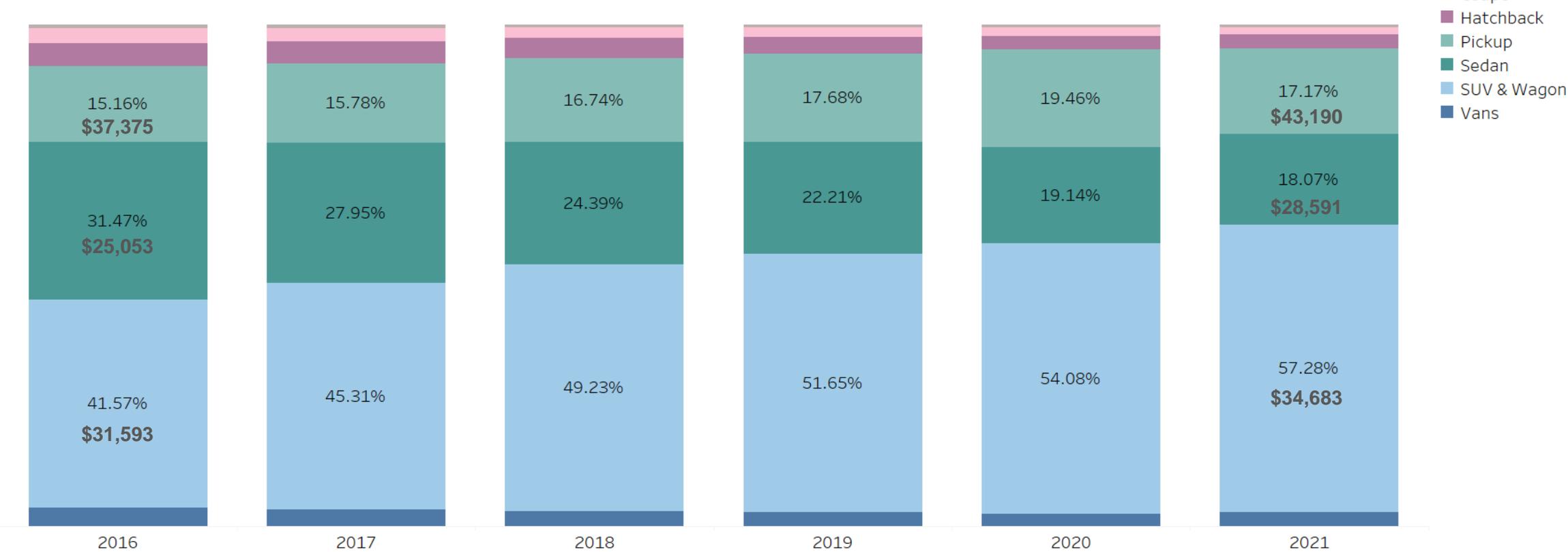
New vehicle transaction type

■ Loan ■ Lease ■ Unk/Cash



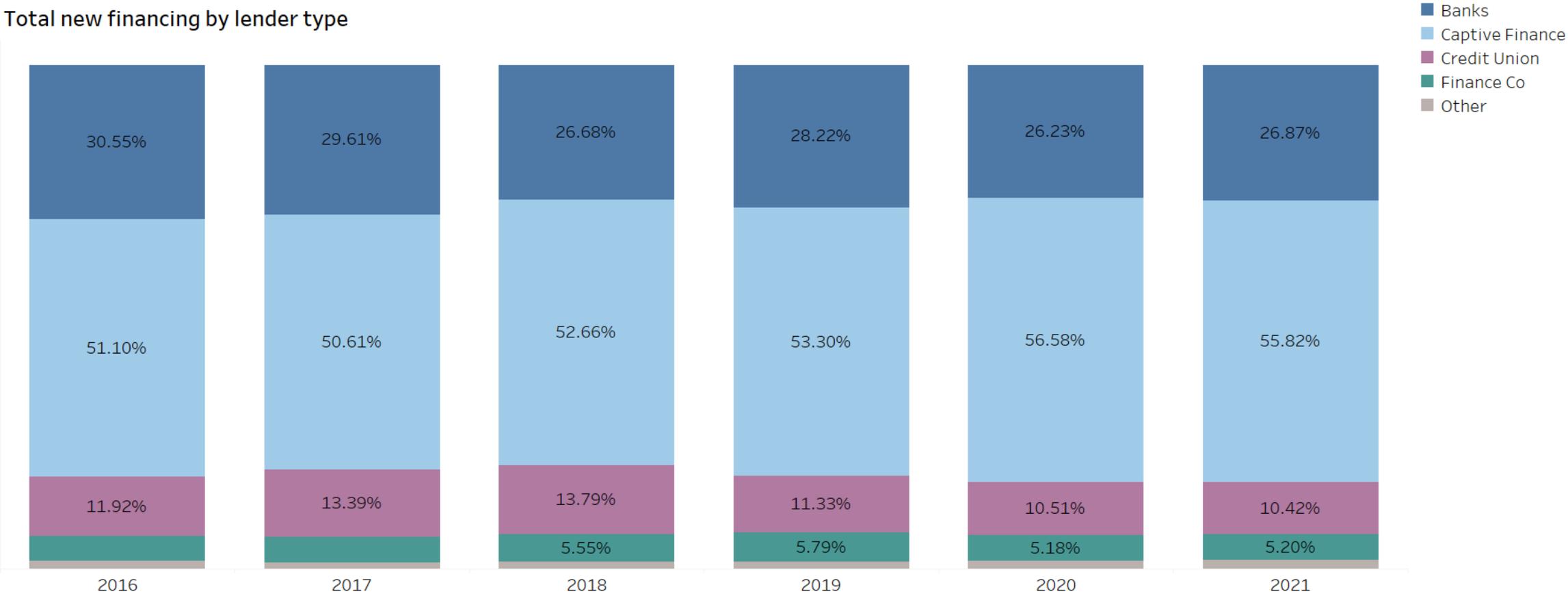
2020 saw an uptick in Pickups while SUVs continue to dominate financing with higher loan amounts

New vehicle financing by vehicle type



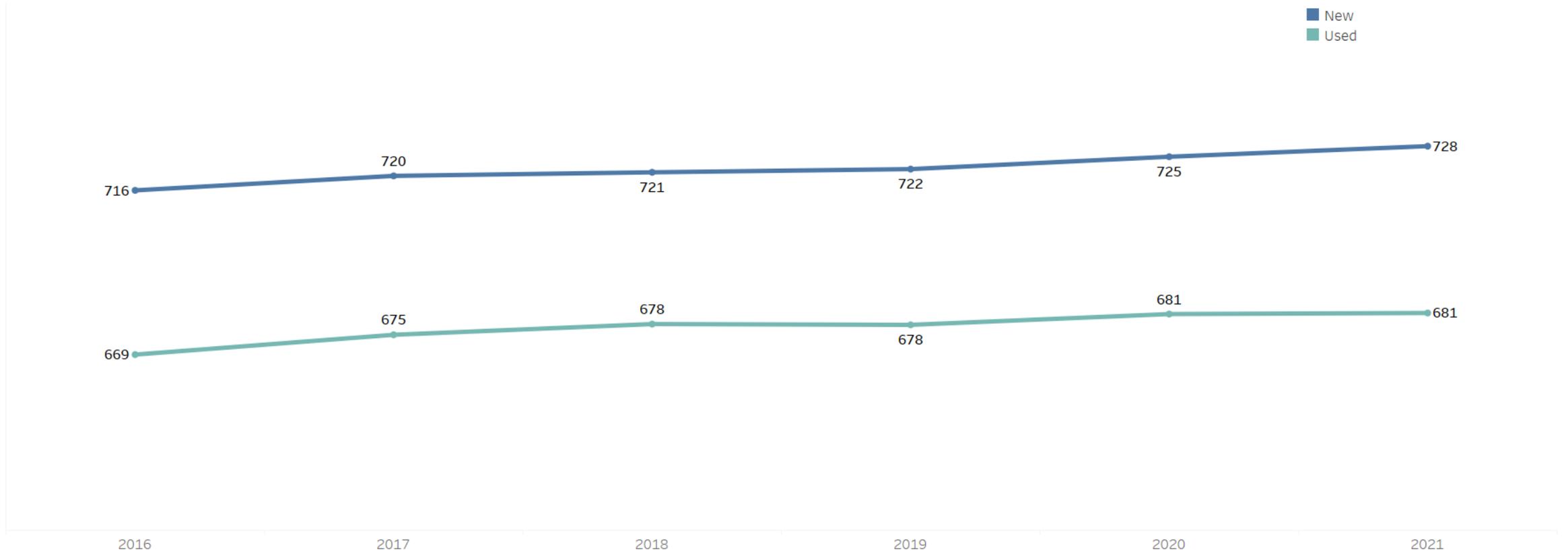
Captives gained share during 2020 and continue higher than historical share levels for new financing

Total new financing by lender type



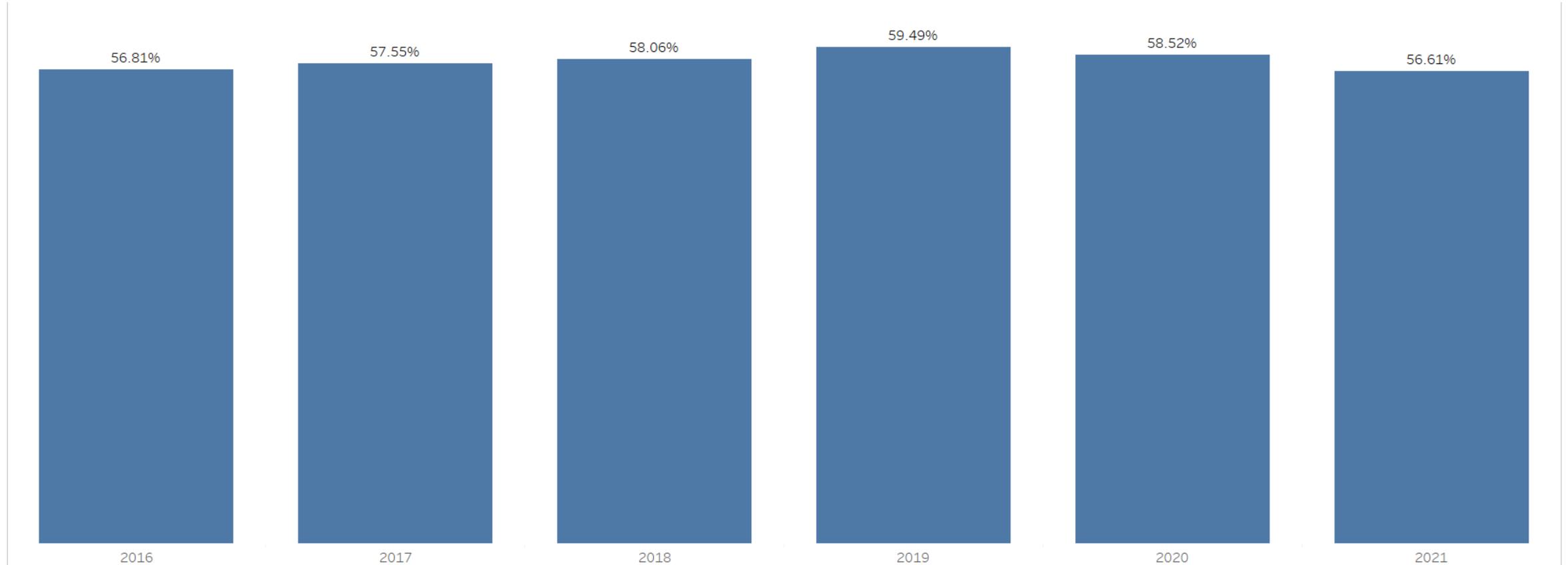
2020 saw a larger increase in average credit scores on new and used financing

Average credit score on auto loans



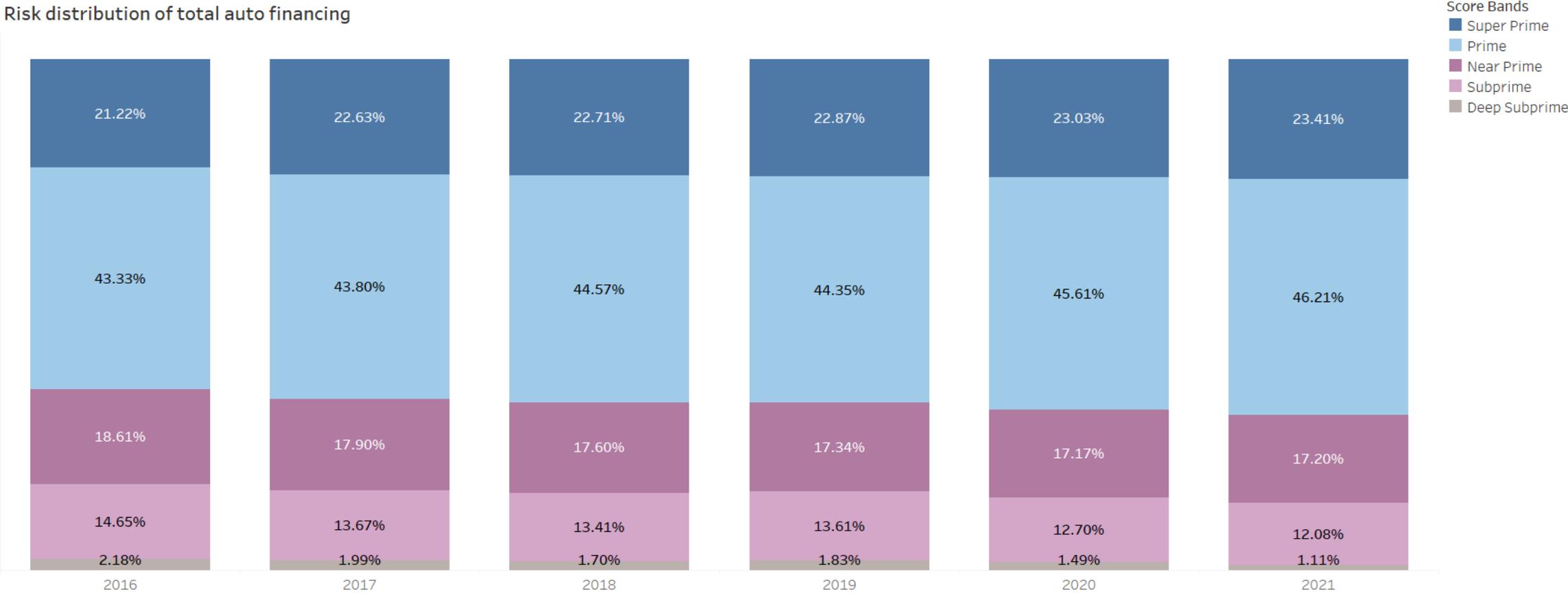
The trend of prime consumers shifting into used vehicles was disrupted

Percentage of prime+ consumers choosing used loans



While the market has increasingly become more prime, 2020 accentuated this trend

Risk distribution of total auto financing



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

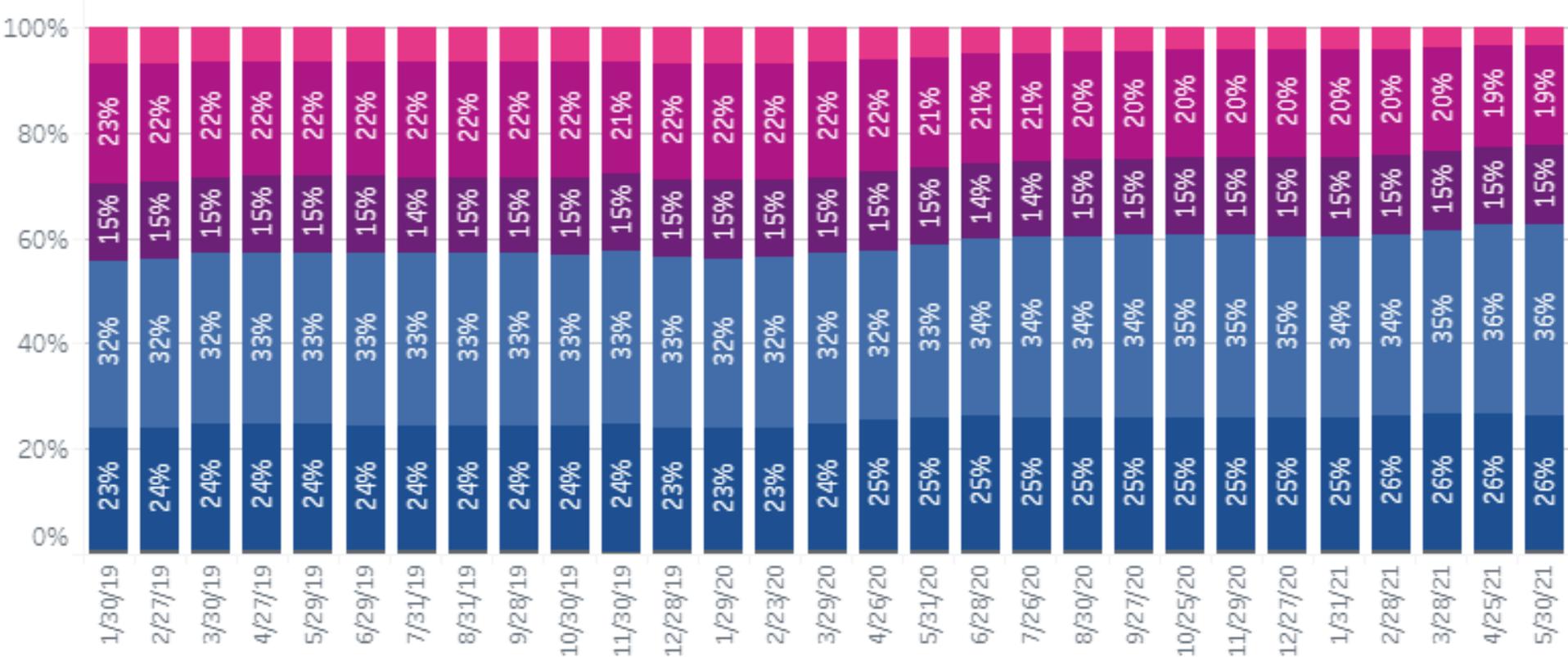


US credit population is shifting more toward prime (based on all open/active trade lines across all industries)

VantageScore Distribution: Accounts

By:

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

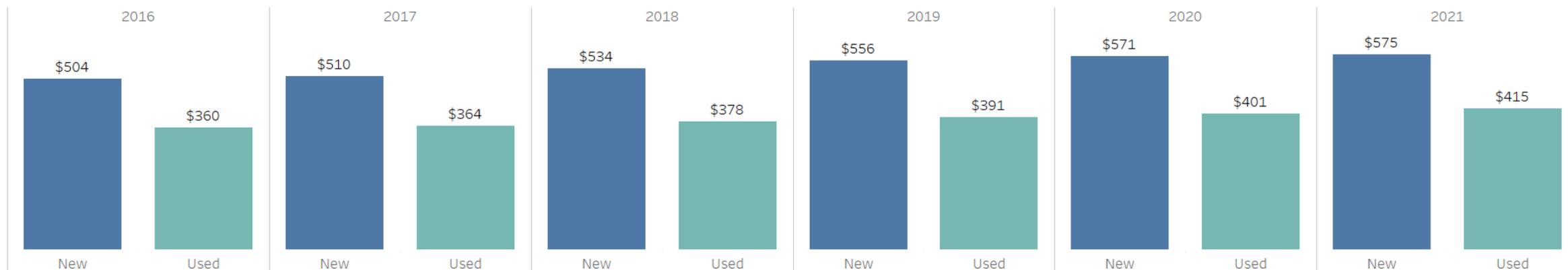


Loan amounts increased as inventory shortages and vehicle values increased

Average new loan amount

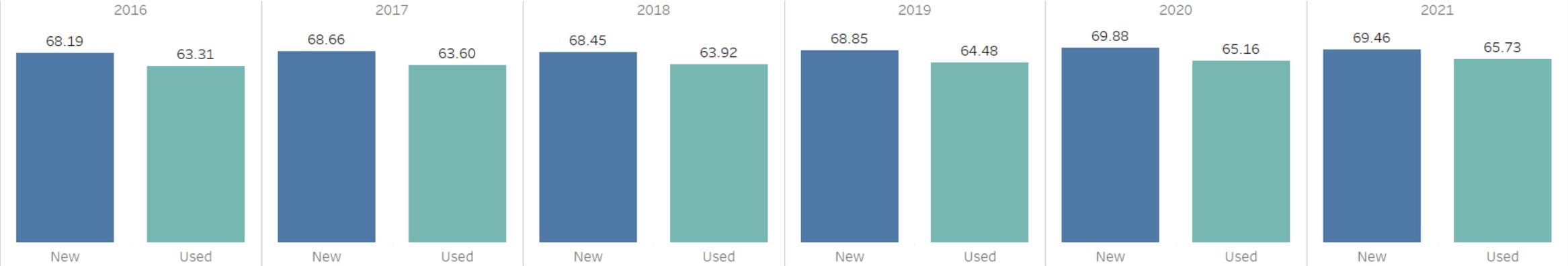


Average payment

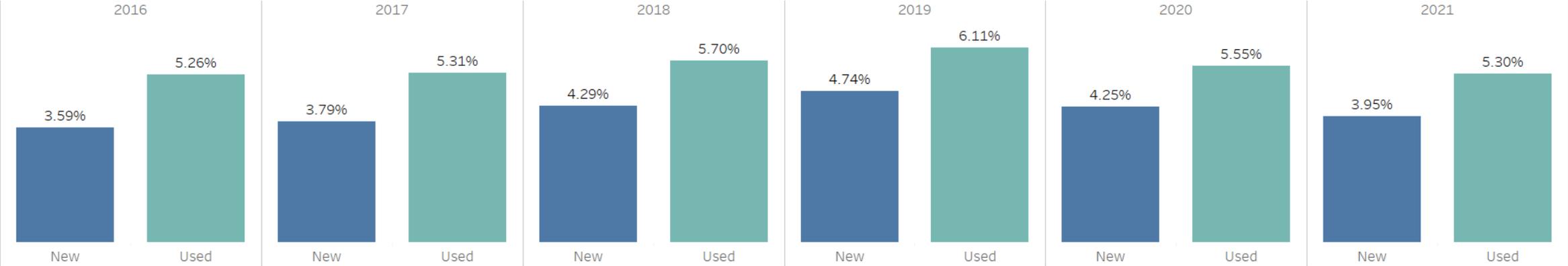


Used terms continue to lengthen while rates remain low

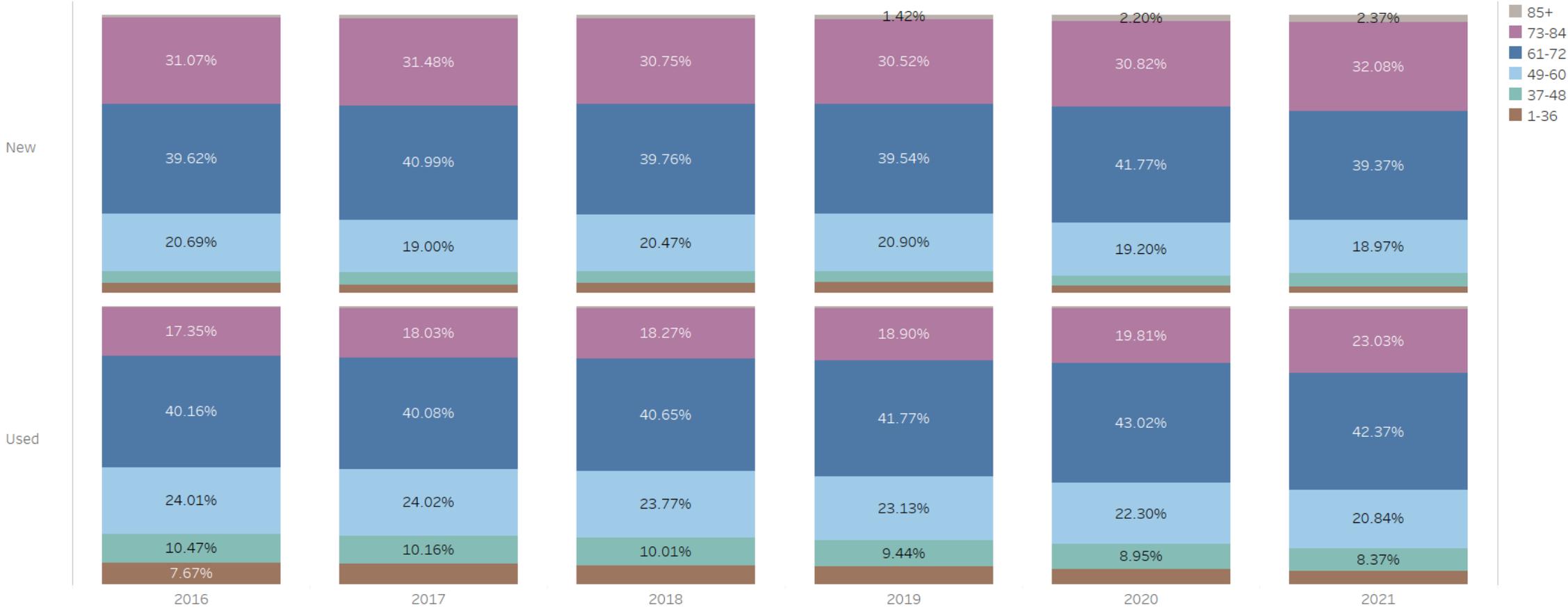
Average term



Average rate



Over 73% of new and 65% of used vehicles are financed 73+ months



What Does It Take To Buy A New Car Today?


\$35,254
Average new loan amount

+

%
3.95%
average new interest rate



\$35,977
2019 real median personal income
(Census Bureau)

Income required at 15% PTI with \$100/mo insurance

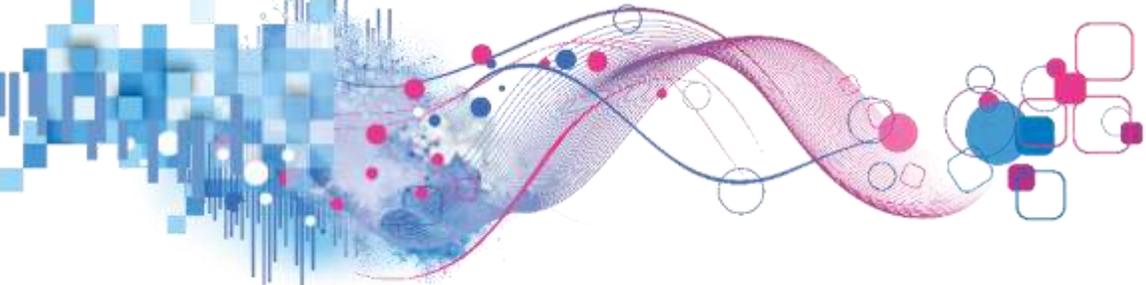
| | | |
|-----------|-----------------|-----------------|
| 48 months | \$795.21 | \$71,617 |
| 60 months | \$648.46 | \$59,877 |
| 72 months | \$550.74 | \$52,059 |
| 84 months | \$481.07 | \$46,486 |



Summary

- Leasing remains low yet, financing overall has decreased
- Captives continue momentum with increased market share
- Subprime financing remains at near-record lows while prime increases across all transaction types
- Loan amounts and payments remain at near-record highs while vehicle values and terms continue to grow
- Overall outstanding balances increase, and delinquencies remain low





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