



State of the Automotive Finance Market Fourth Quarter 2015

Melinda Zabritski
Sr. Director | Financial Solutions





Session overview



Originations

- New and Used financing
- Lender and transaction types
- Loan characteristics

Market overview

- Outstanding balances
- Total risk distributions
 - Delinquency





Credit score ranges

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



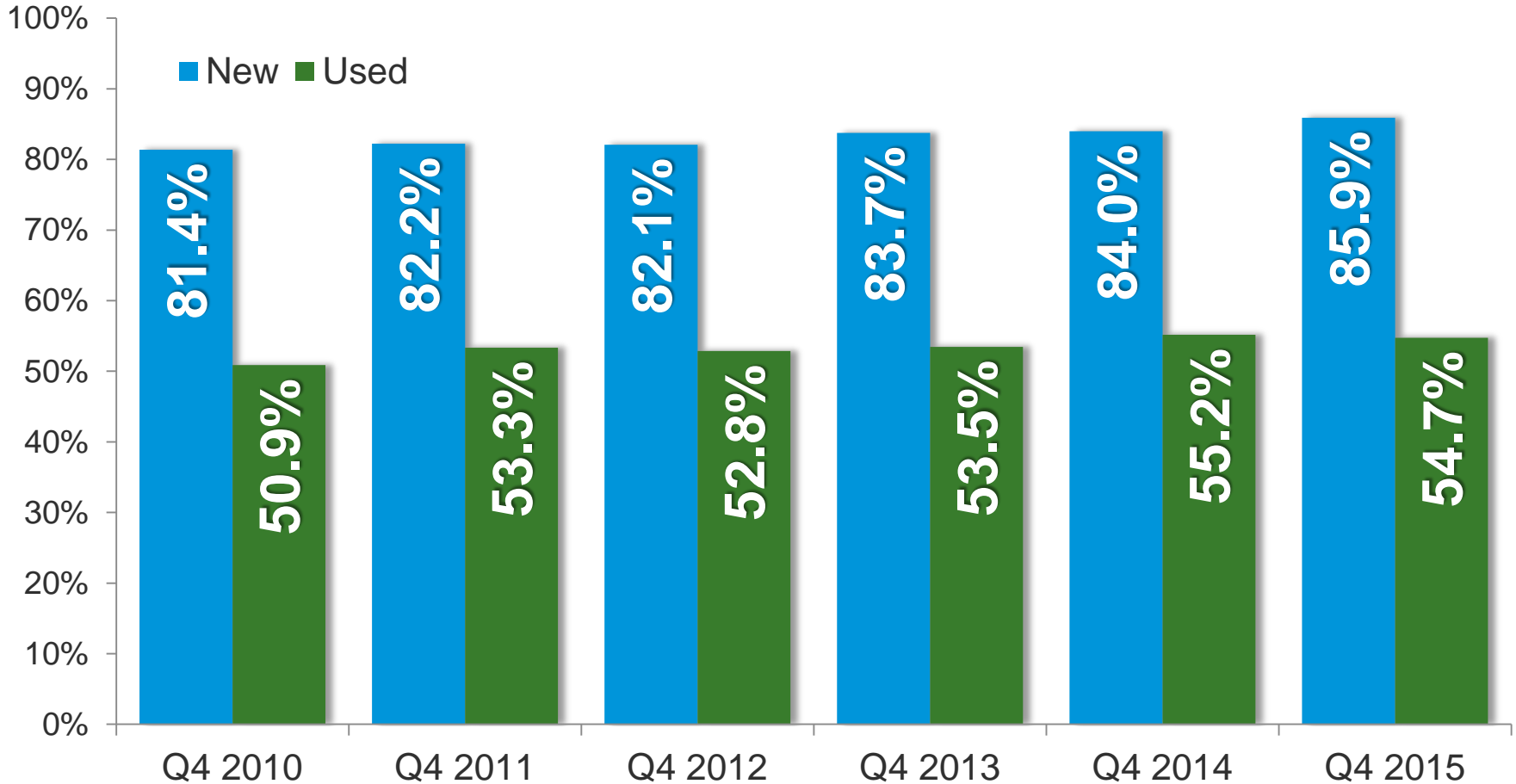
Originations

New and used lending



Growing reliance upon financing

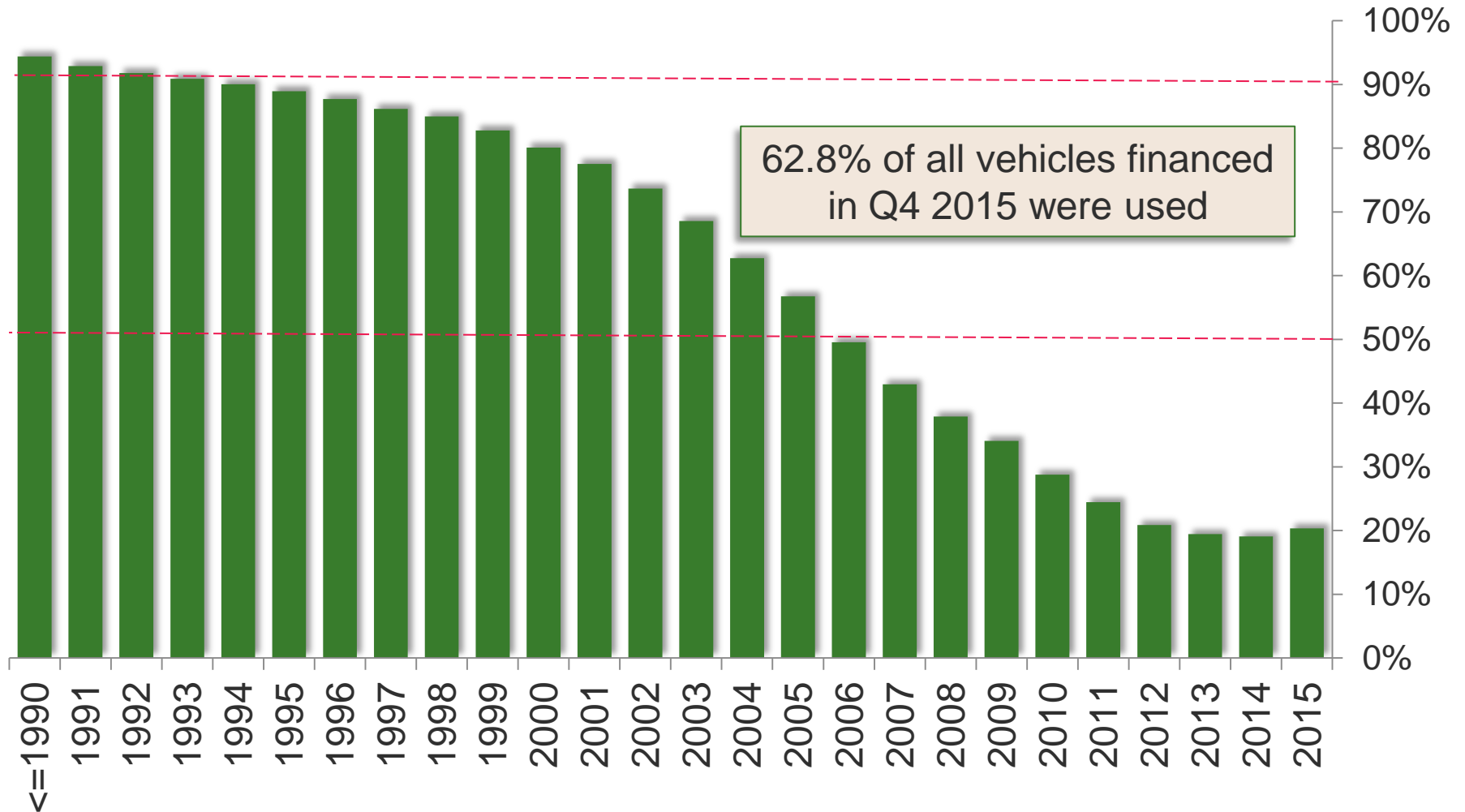
Percentage of vehicles with financing



Source: Experian Automotive



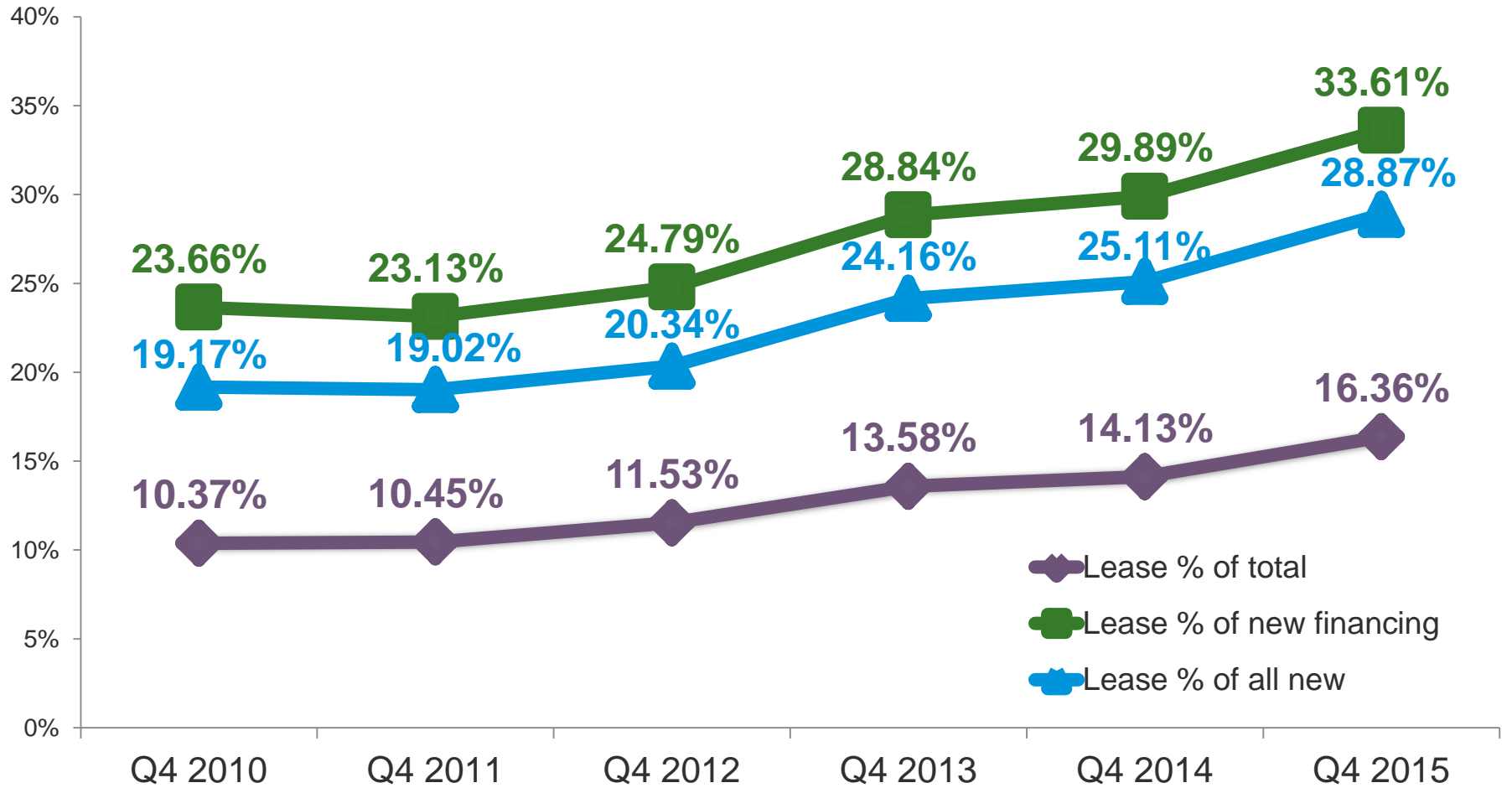
Percentage of used model year vehicles without loans



Source: Experian Automotive



Consumer leasing



Source: Experian Automotive

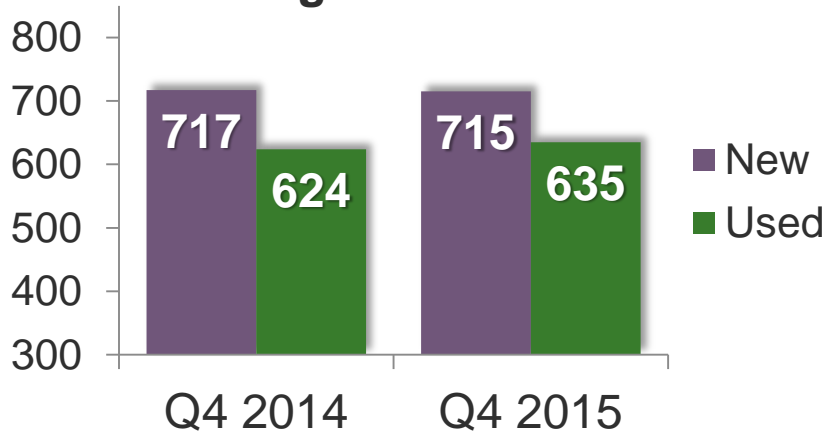


Leasing and consumer credit

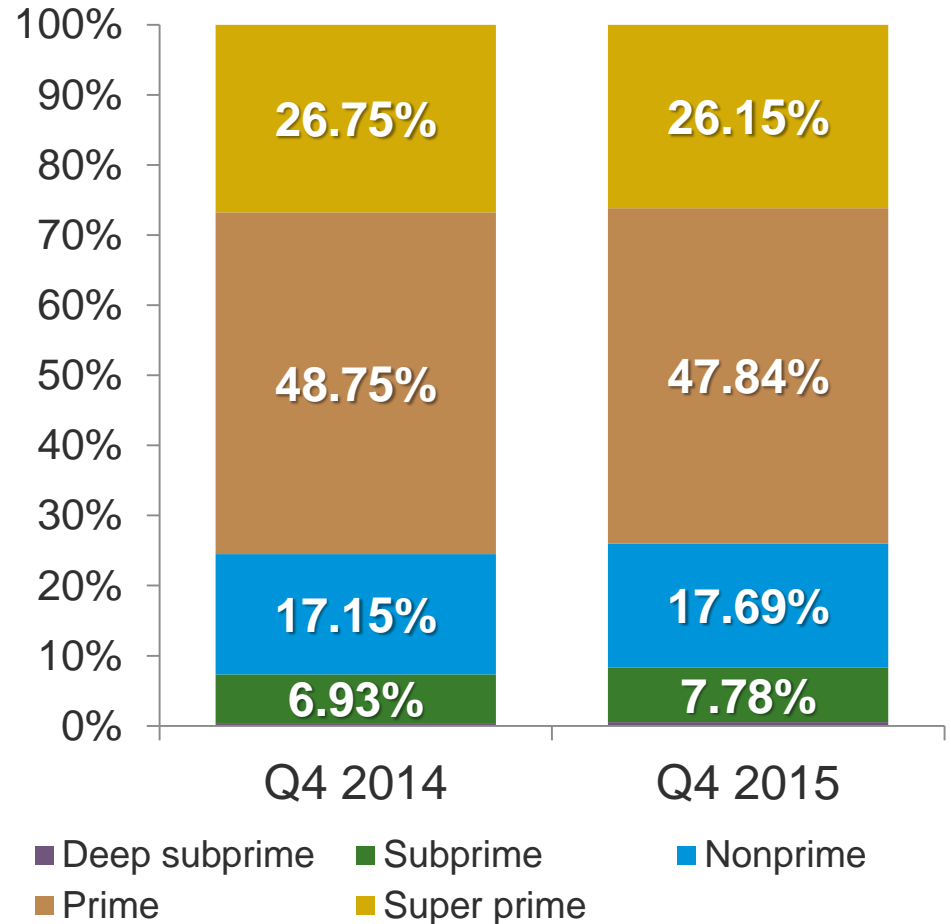
Lease by vehicle type



Average lease scores



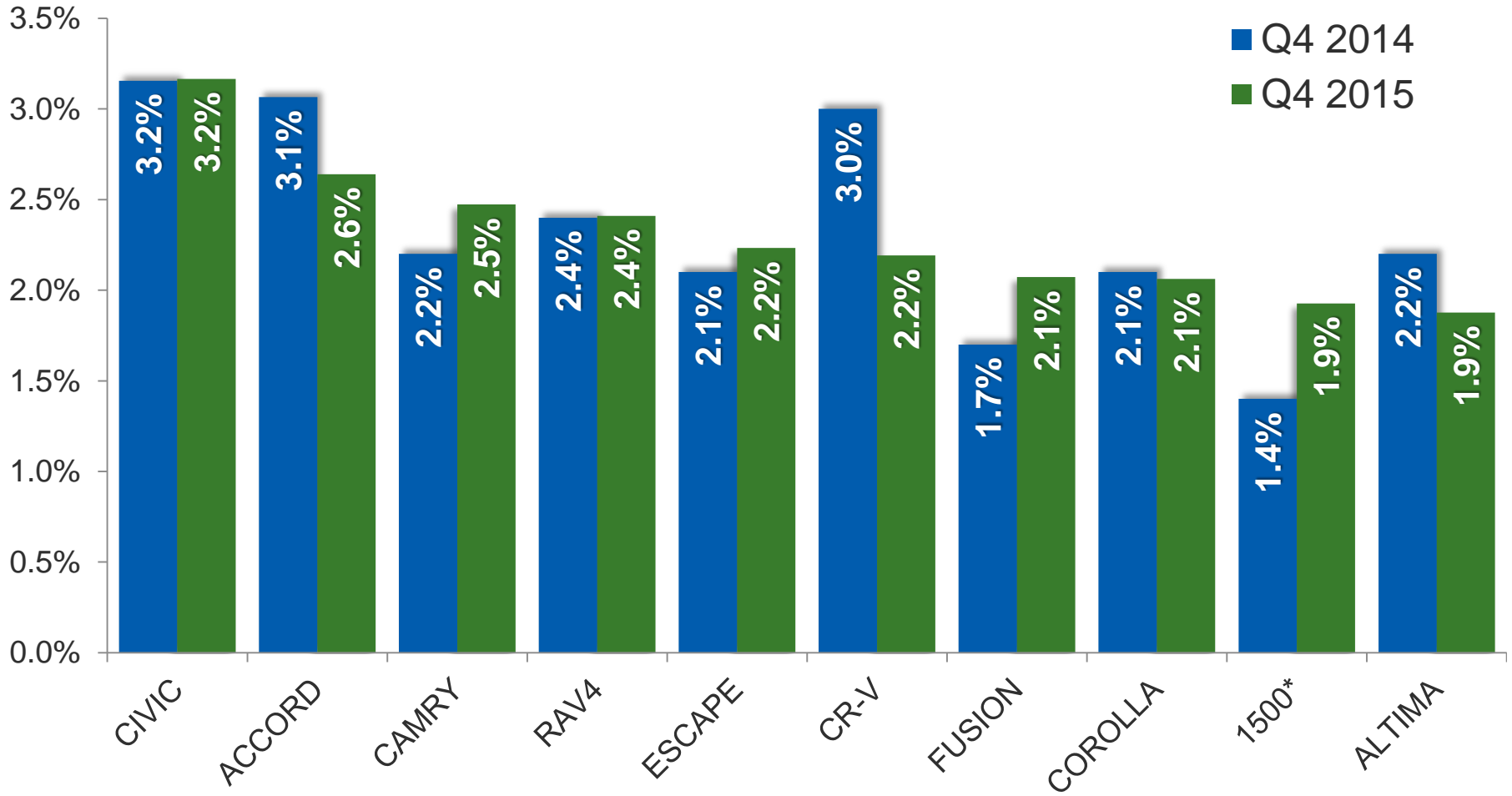
New leasing by risk segment



Source: Experian Automotive



Top 10 new models based on share of the new lease market

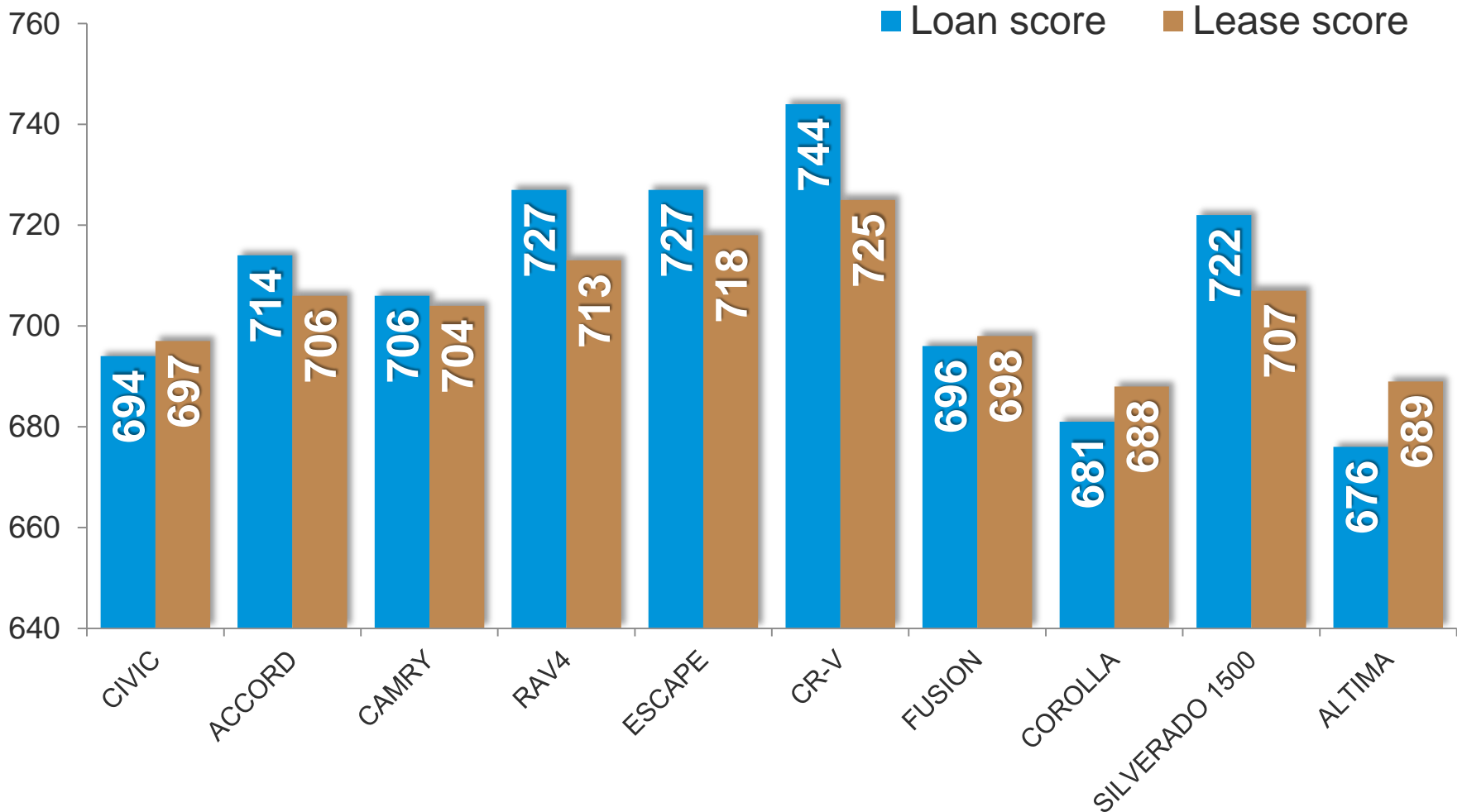


* Silverado 1500

Source: Experian Automotive



Average score comparison on top new leased models

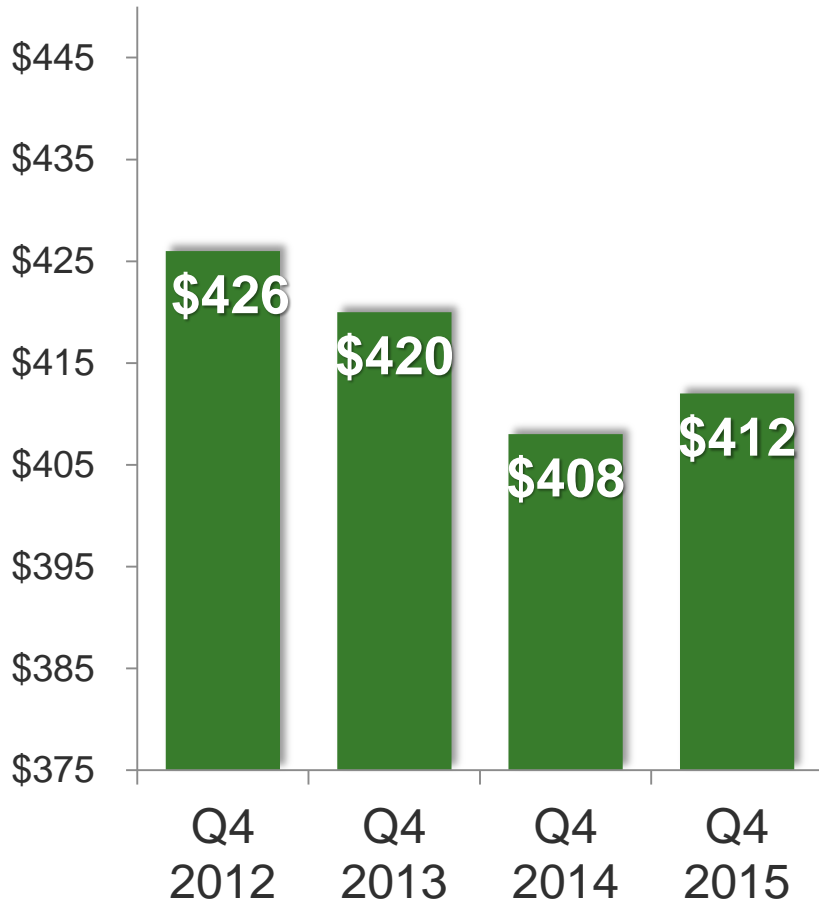


Source: Experian Automotive

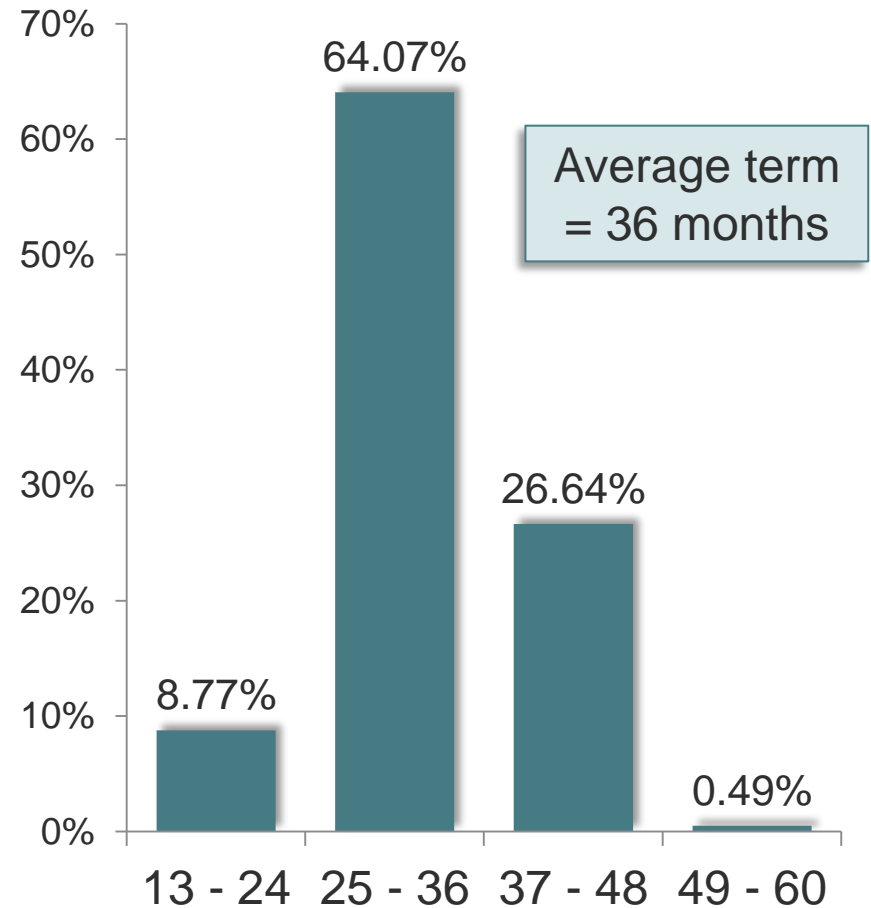


Average new lease characteristics

Average monthly payment



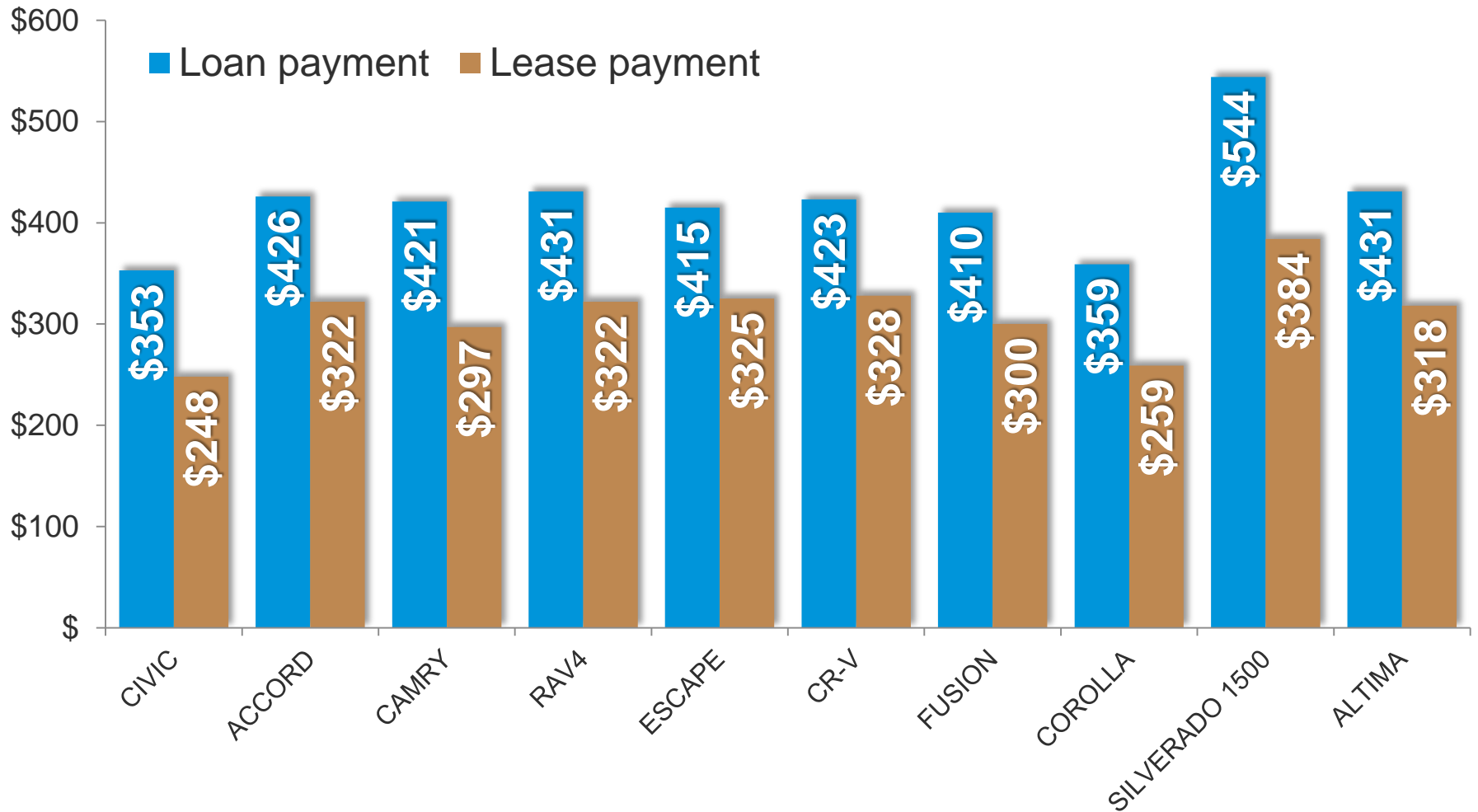
Term distribution



Source: Experian Automotive



Average payment comparison on top new leased models

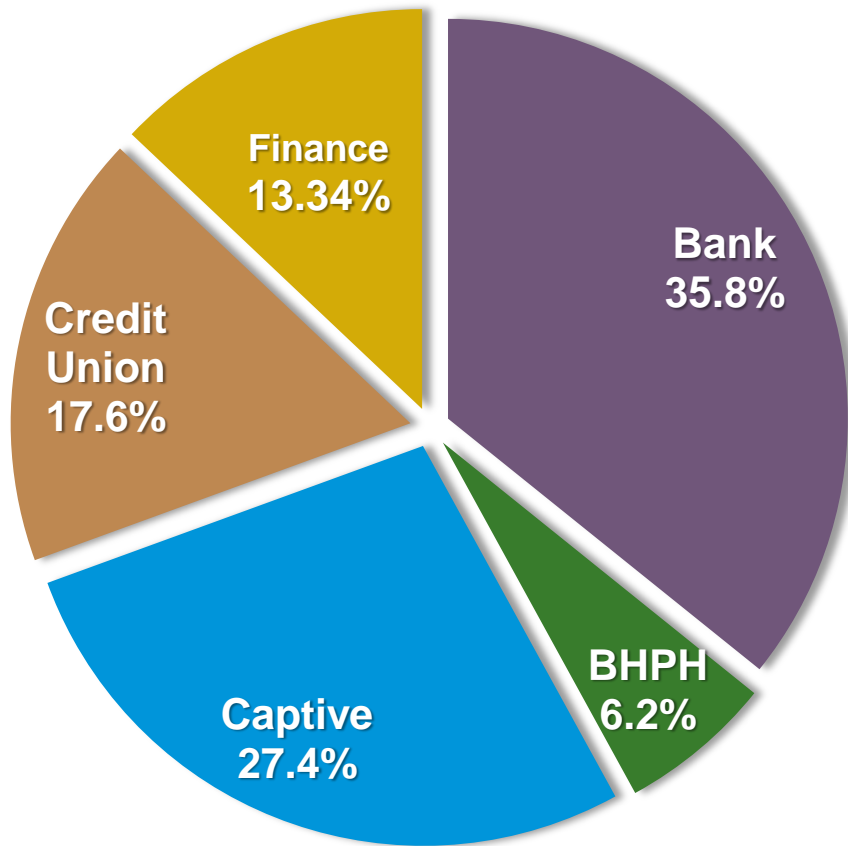


Source: Experian Automotive

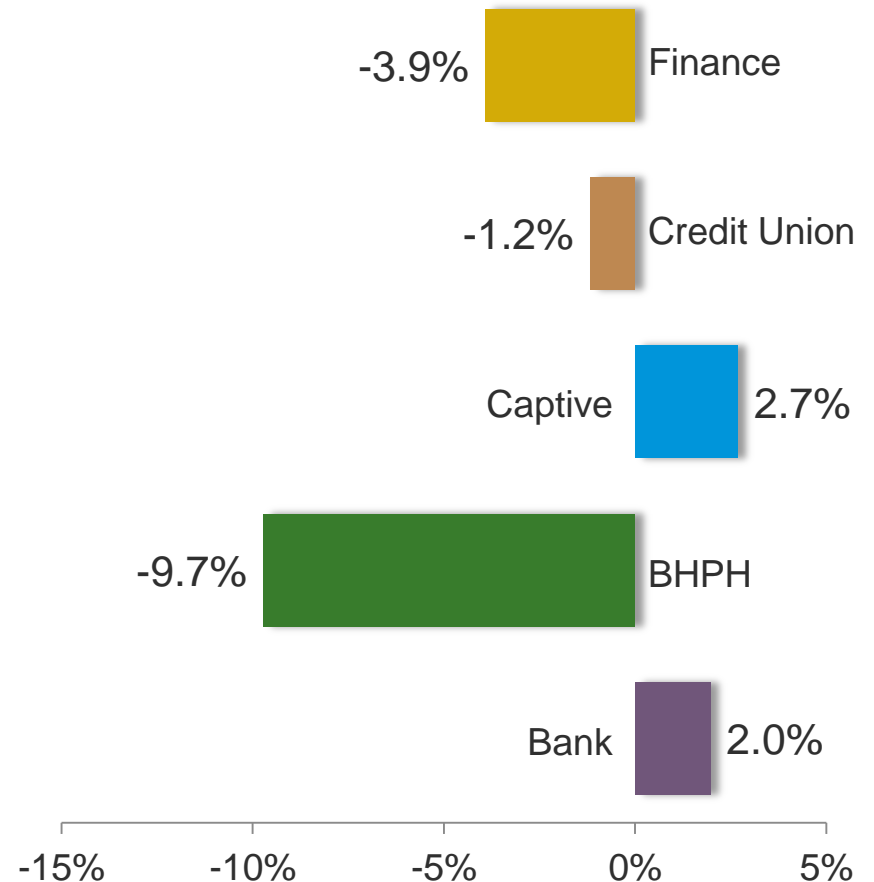


Automotive finance by lender type

Q4 2015 total loan market share



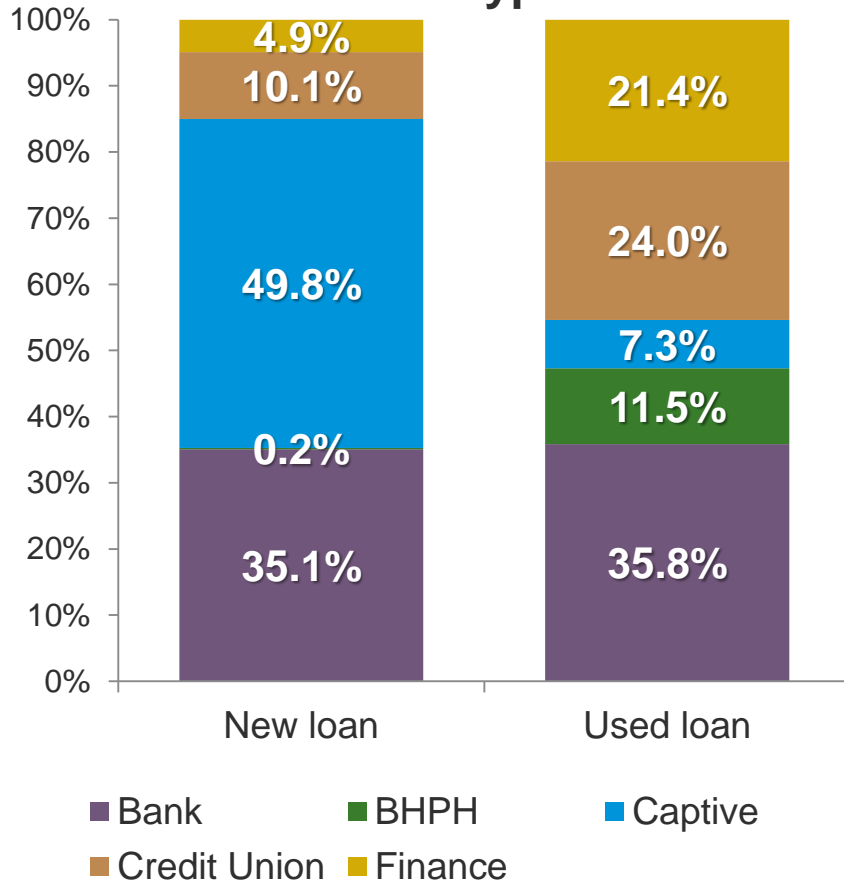
YOY change in market share



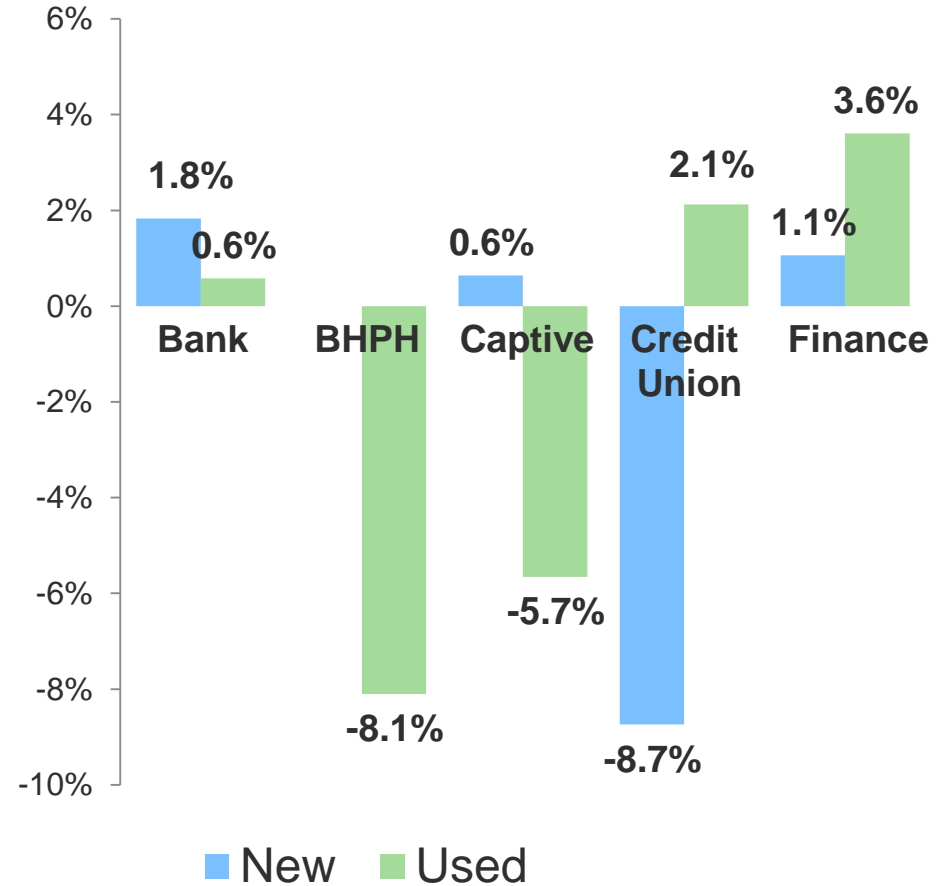


Automotive finance by lender type

Q4 2015 market share by lender type

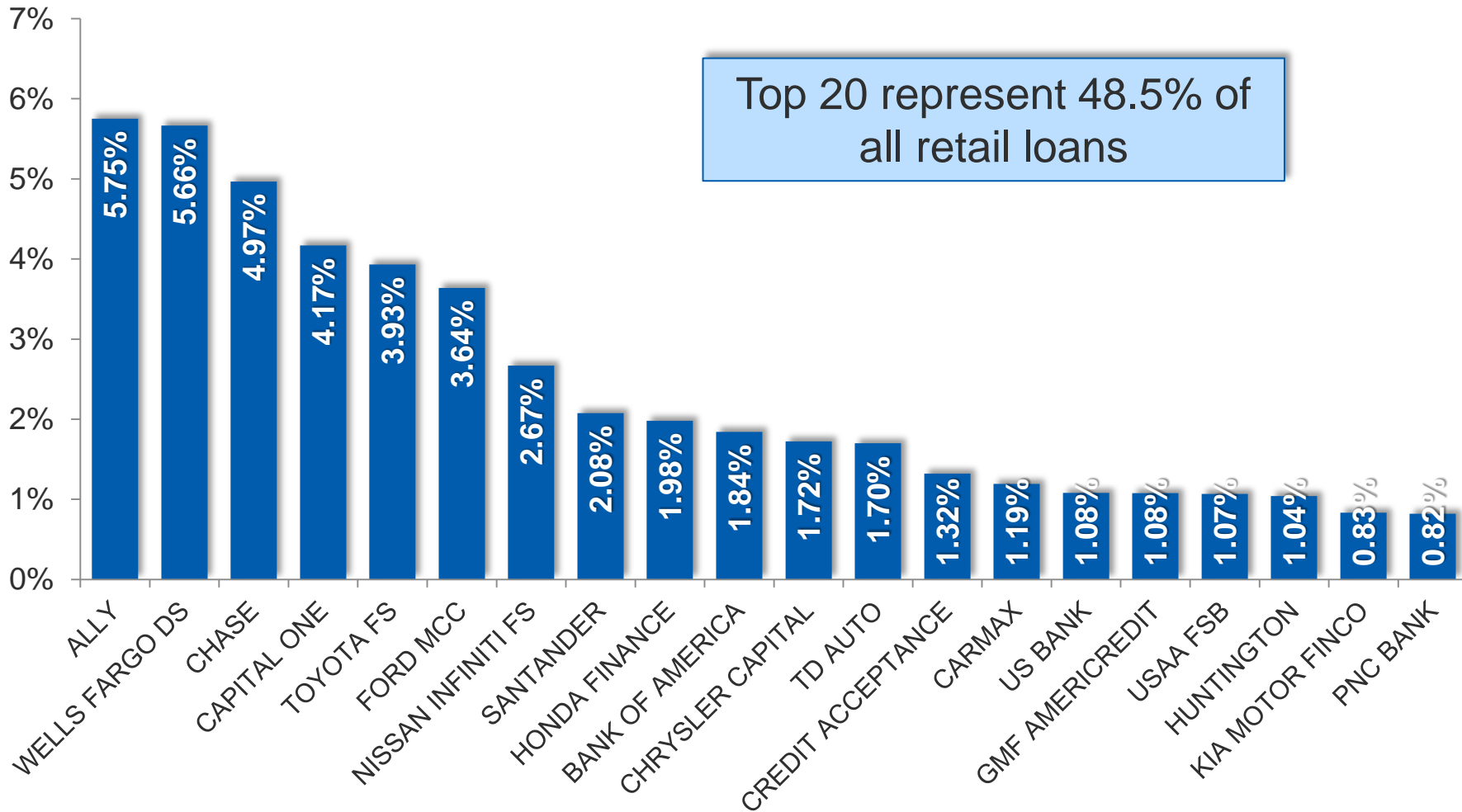


YOY Change in market share





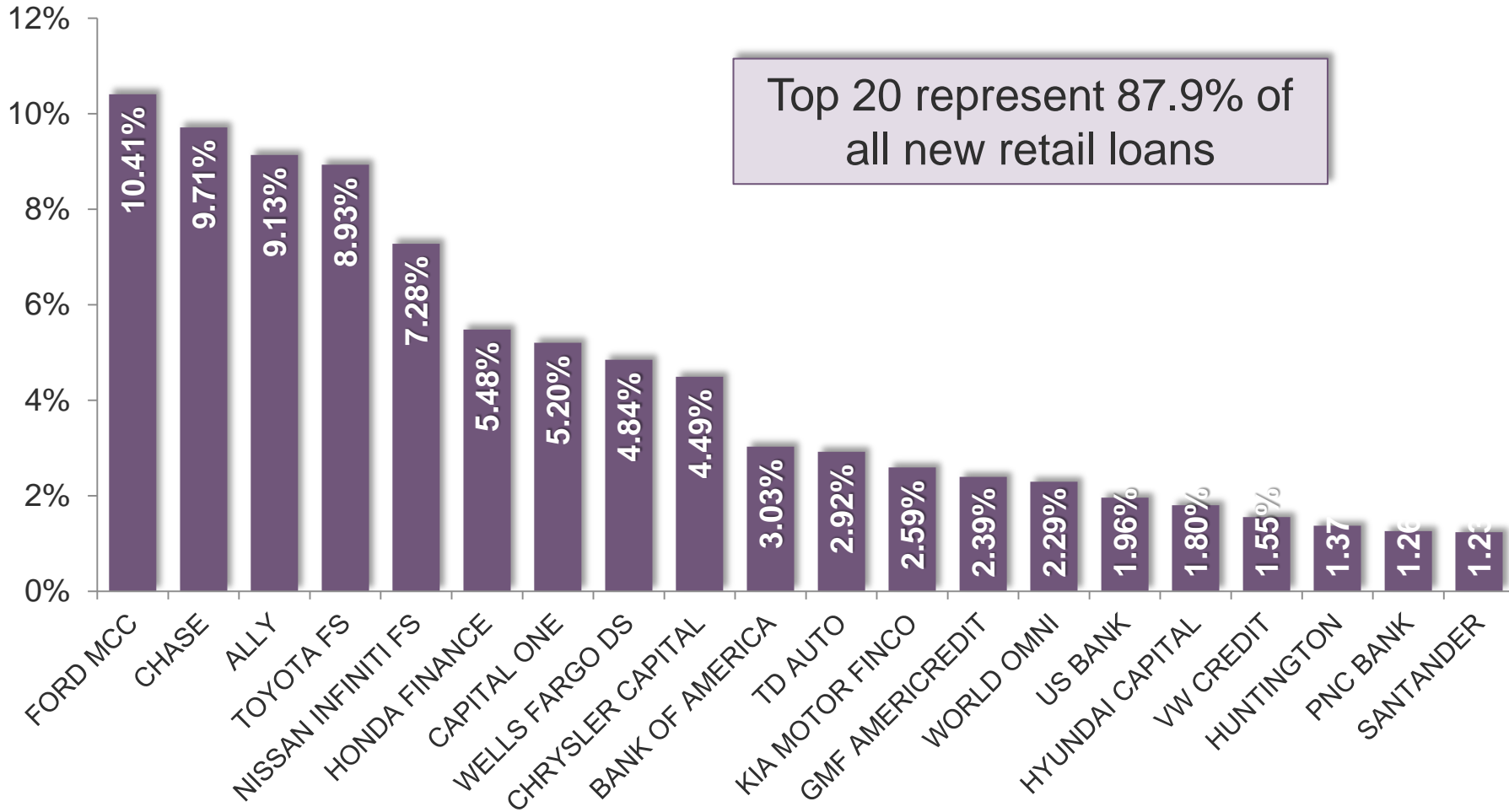
Top 20 lenders in the retail loan market



Source: Experian Automotive



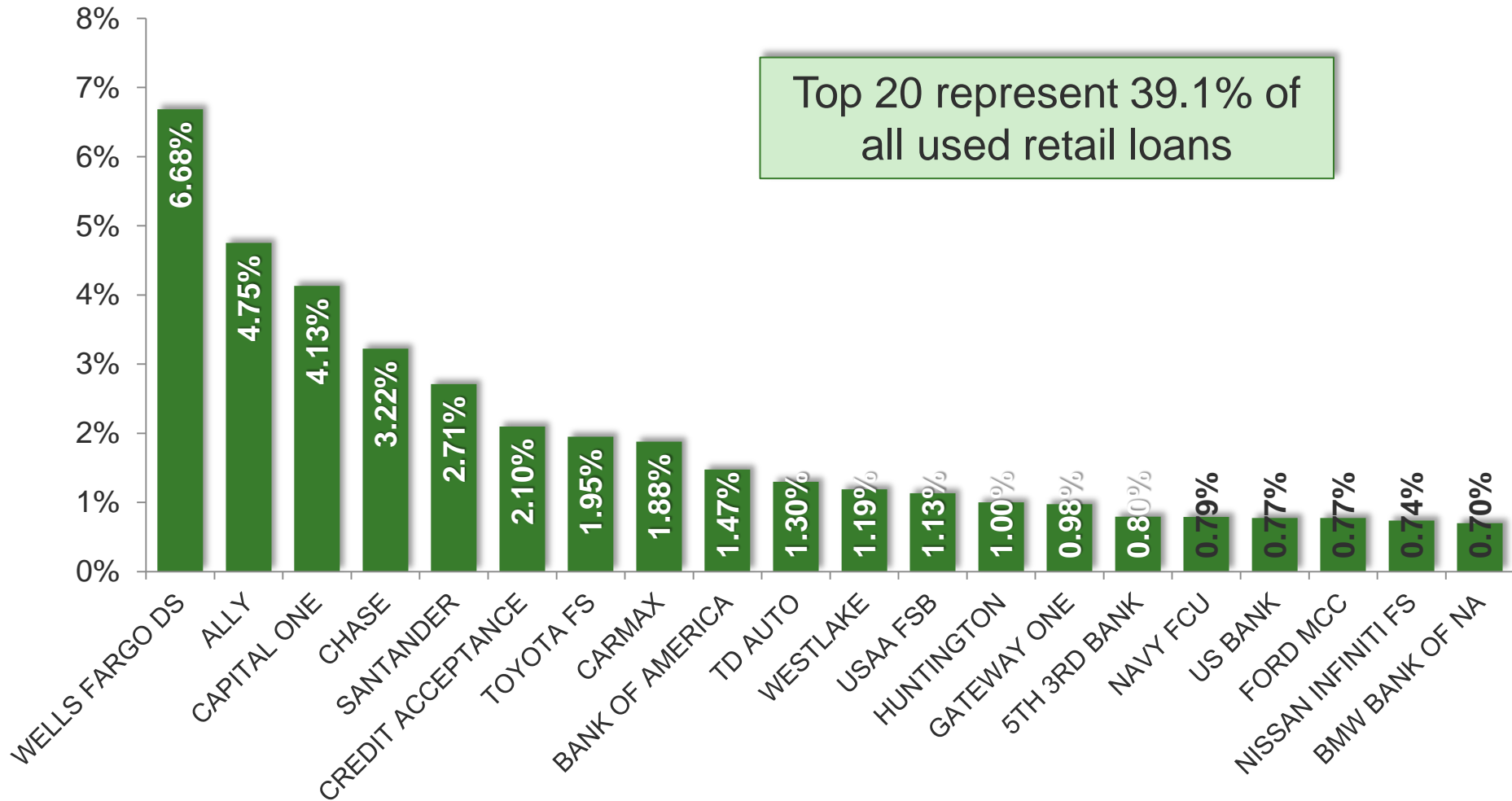
Top 20 lenders in the NEW retail loan market



Source: Experian Automotive

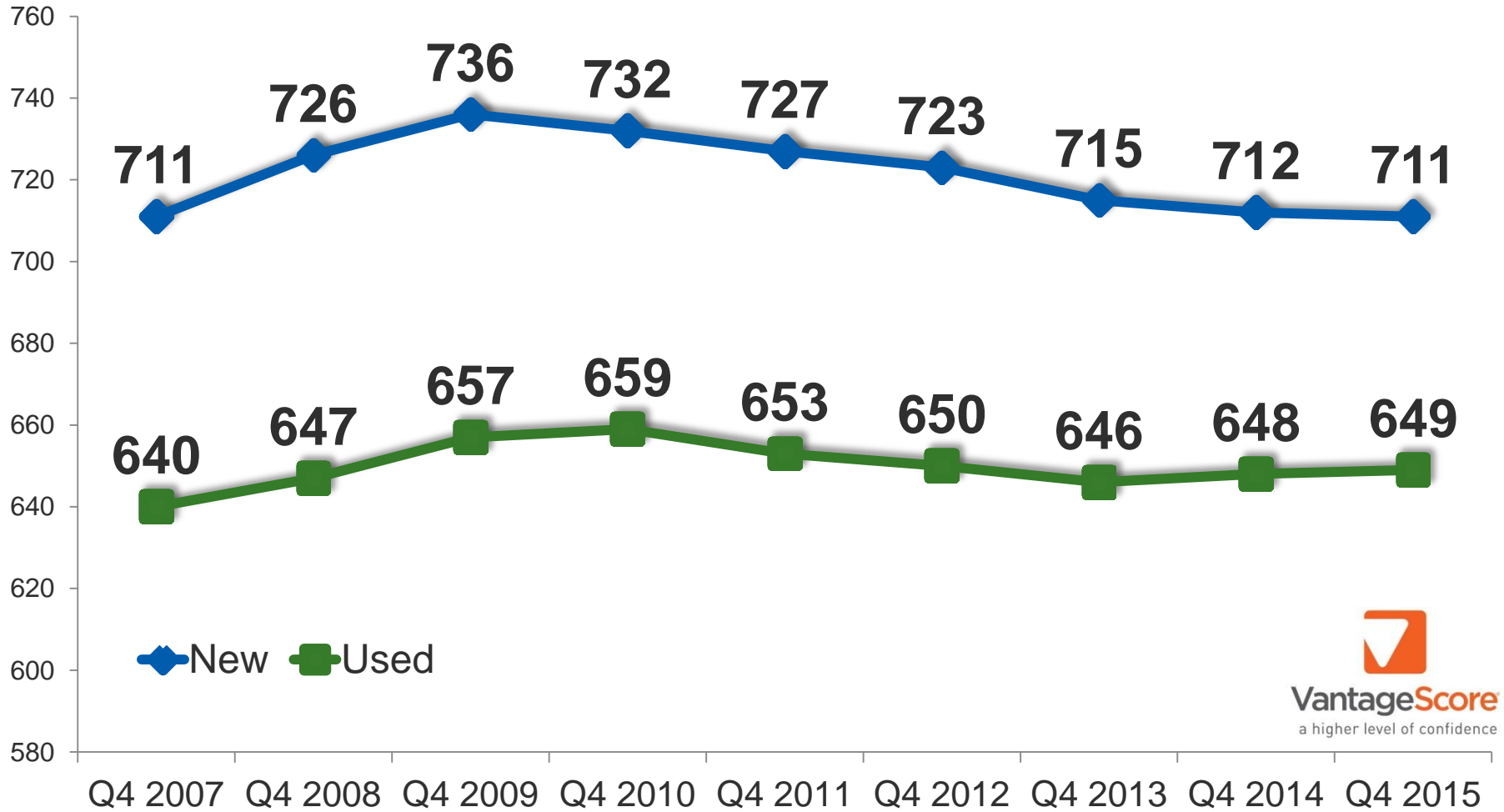


Top 20 lenders in the USED retail loan market





Average loan credit scores by vehicle type

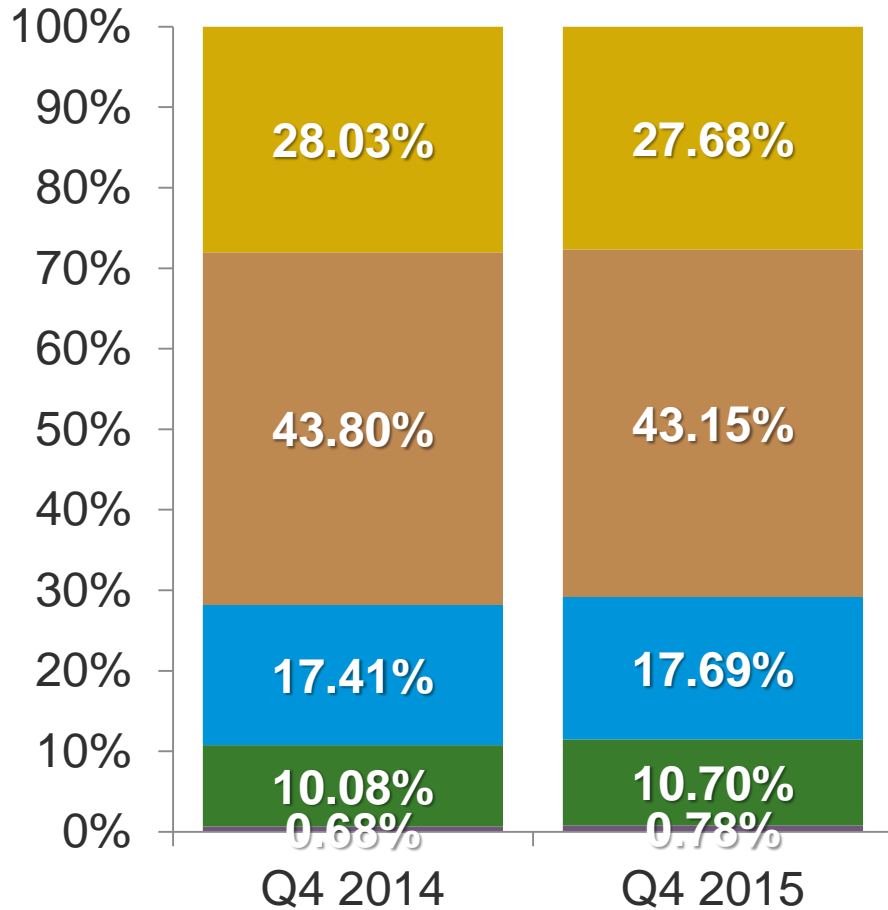


Source: Experian Automotive

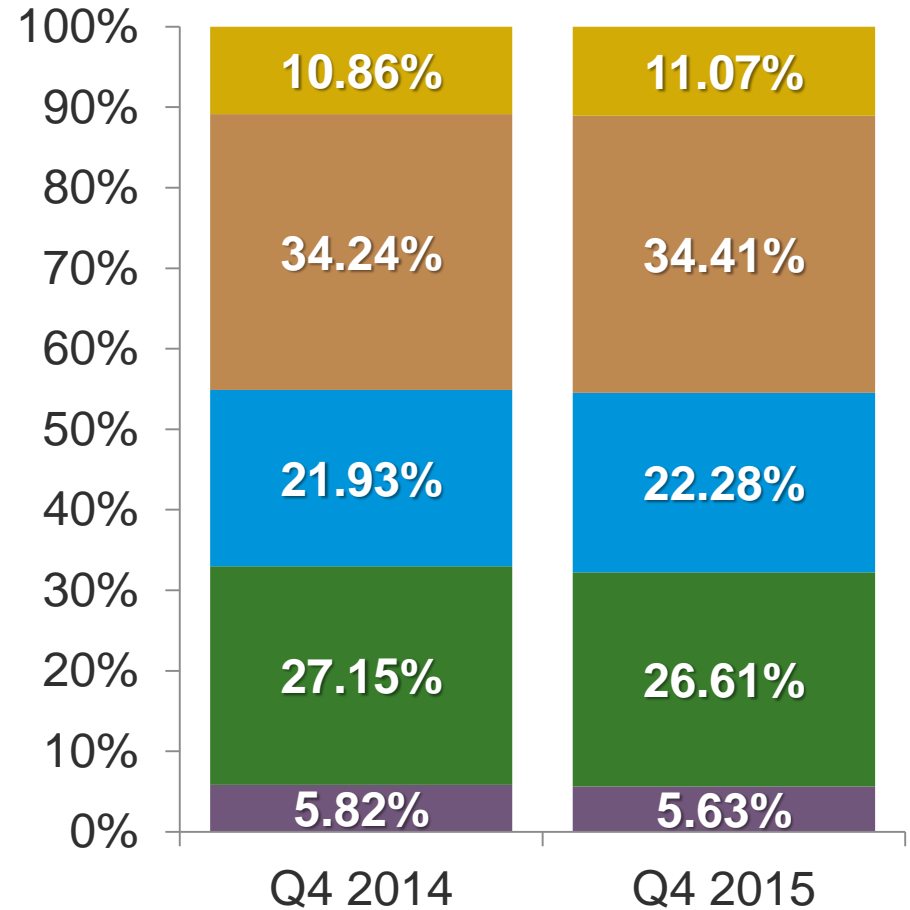


Automotive loans by risk segment

New loans



Used loans



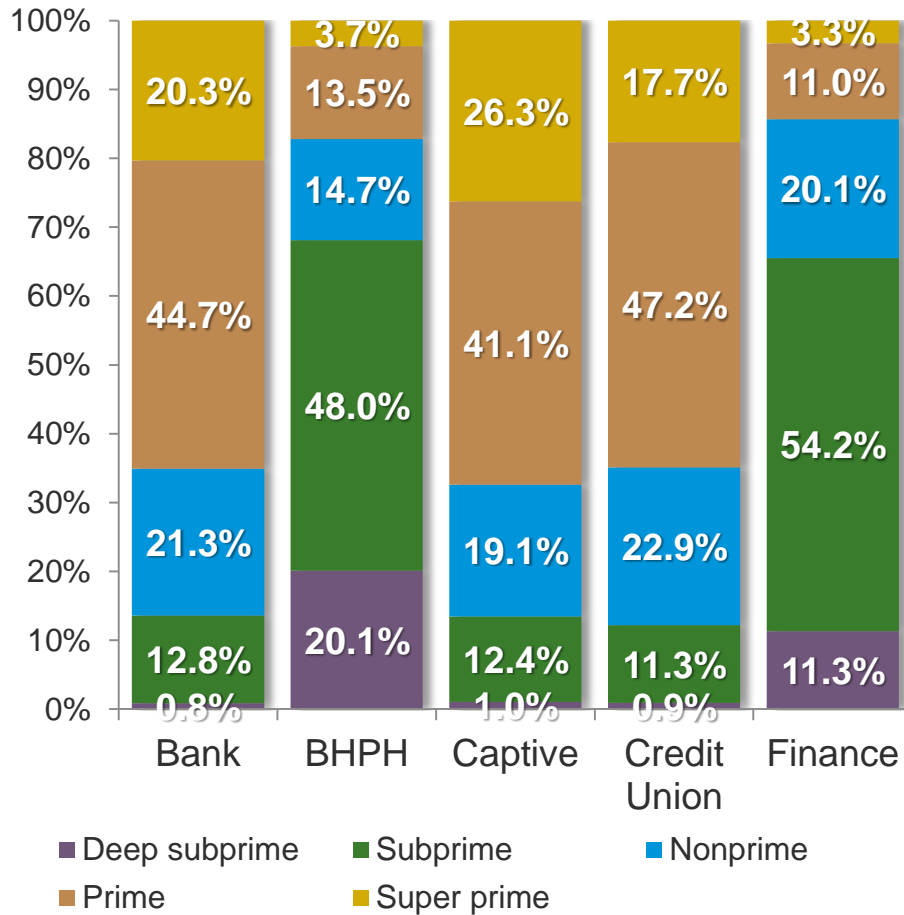
Super prime
 Prime
 Nonprime
 Subprime
 Deep subprime

Source: Experian Automotive

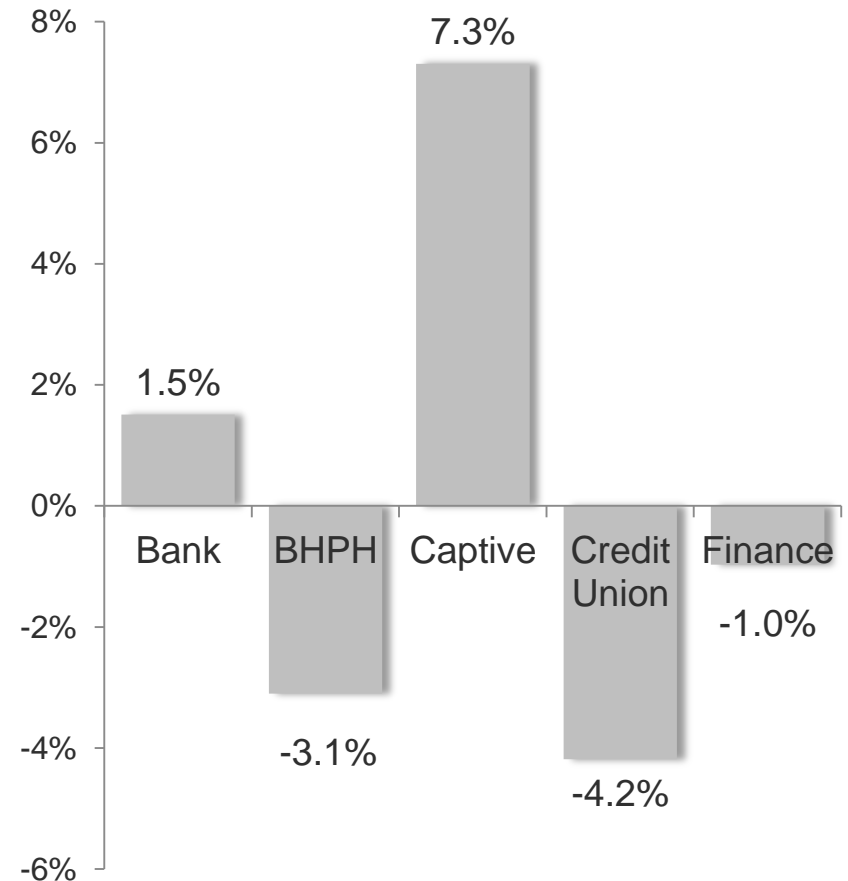


Risk distribution by lender type

Risk distribution of market share



YOY change in highest risk (<600) segment

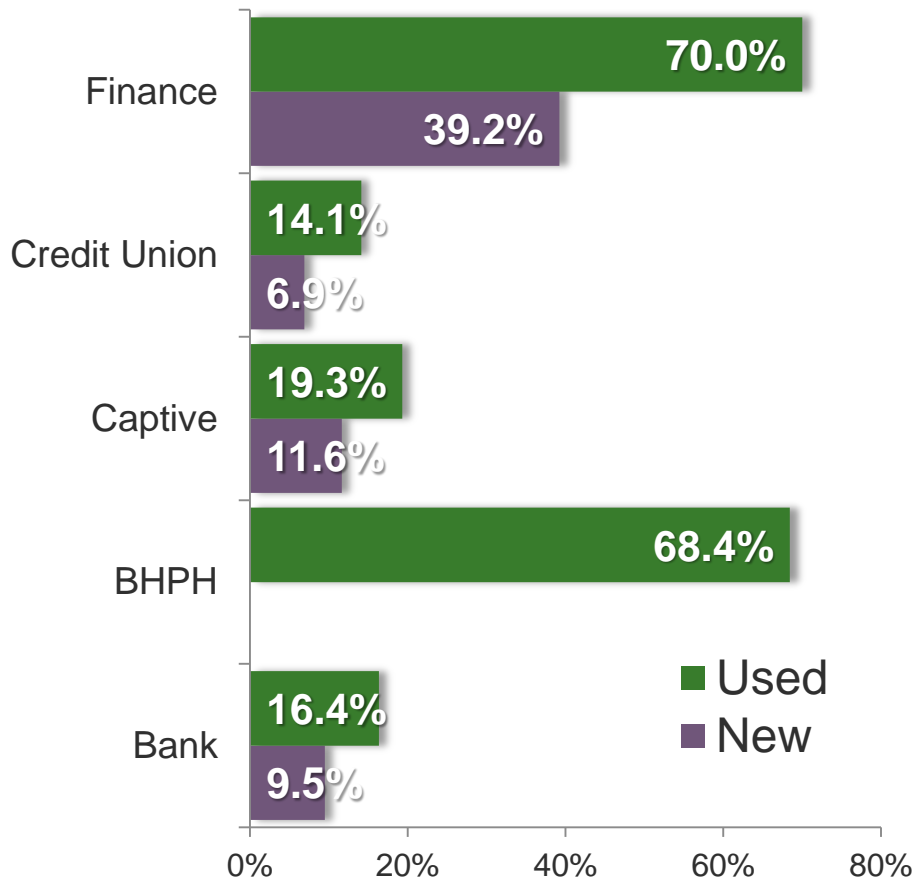


Source: Experian Automotive

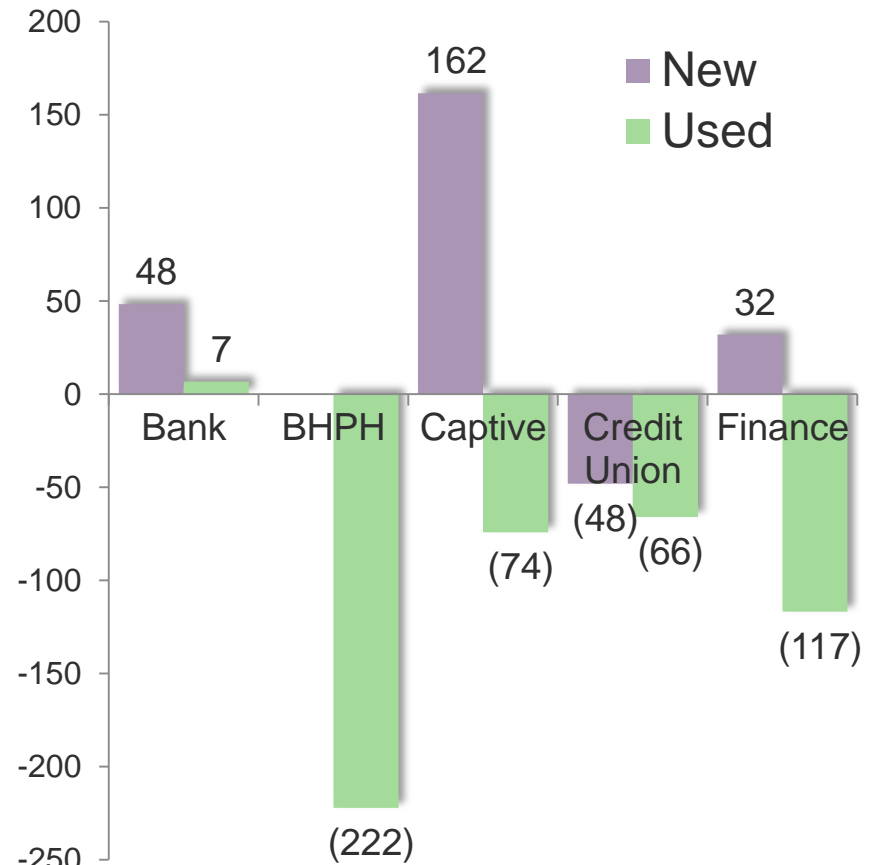


Risk distribution by lender type

Percentage of financing in highest risk segments (<600)



YOY change (bps) in highest risk segments

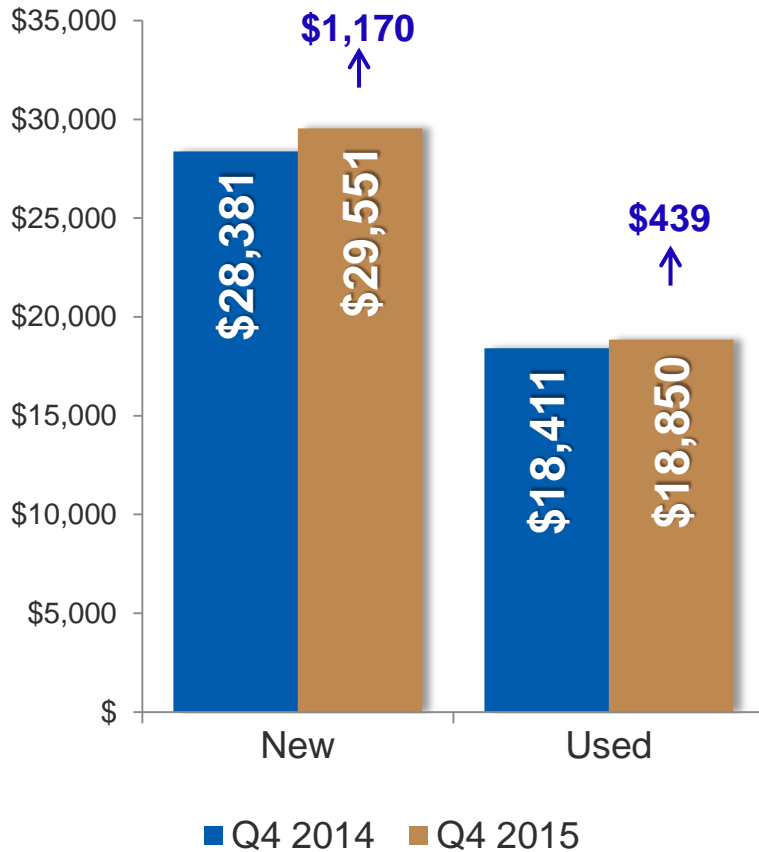


Source: Experian Automotive

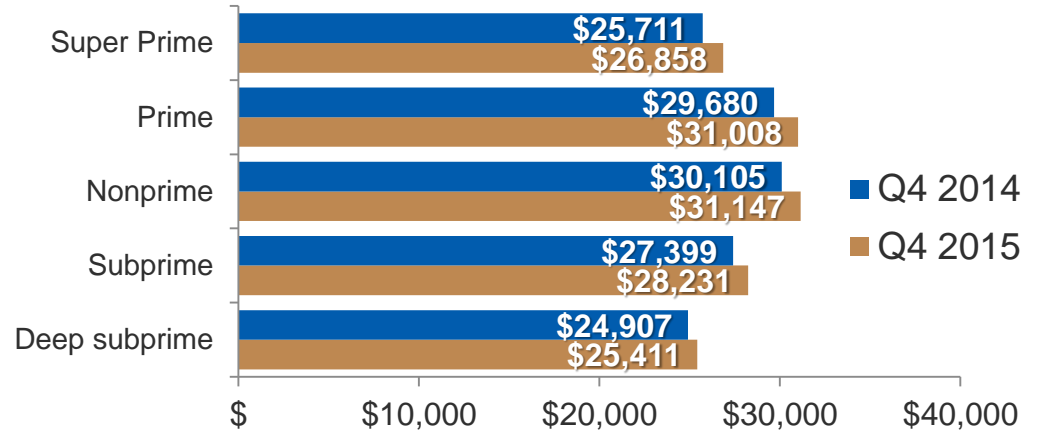


Average financing by risk segment on new and used vehicle loans

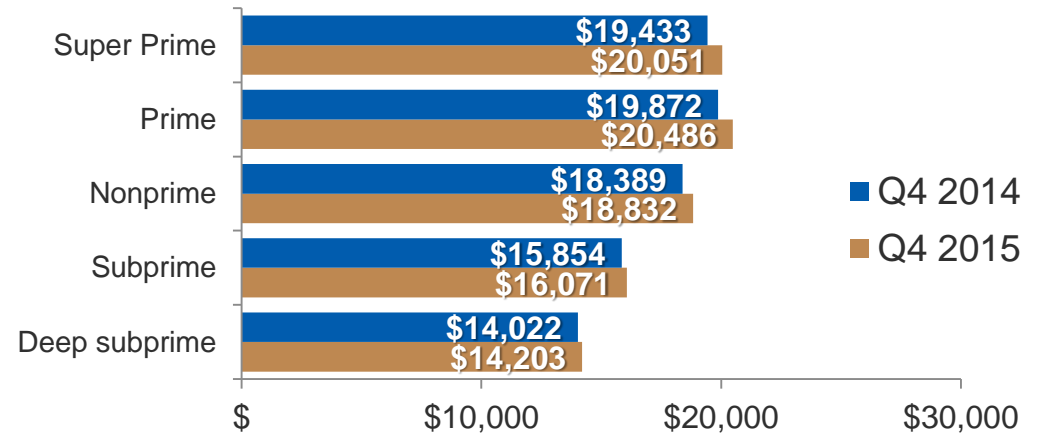
Average amount financed



Average new amount financed



Average used amount financed

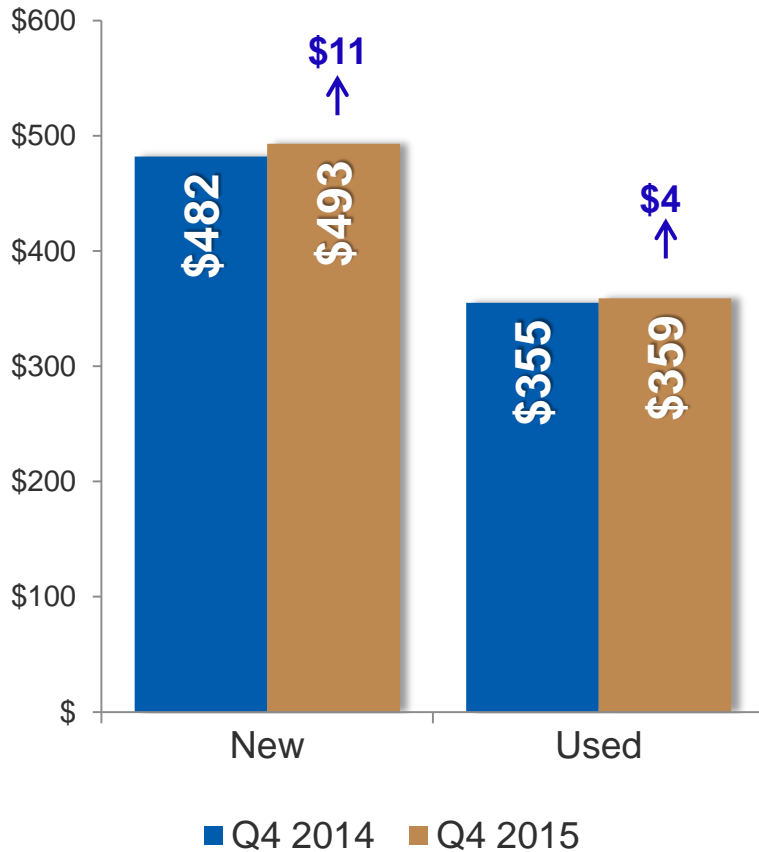


Source: Experian Automotive

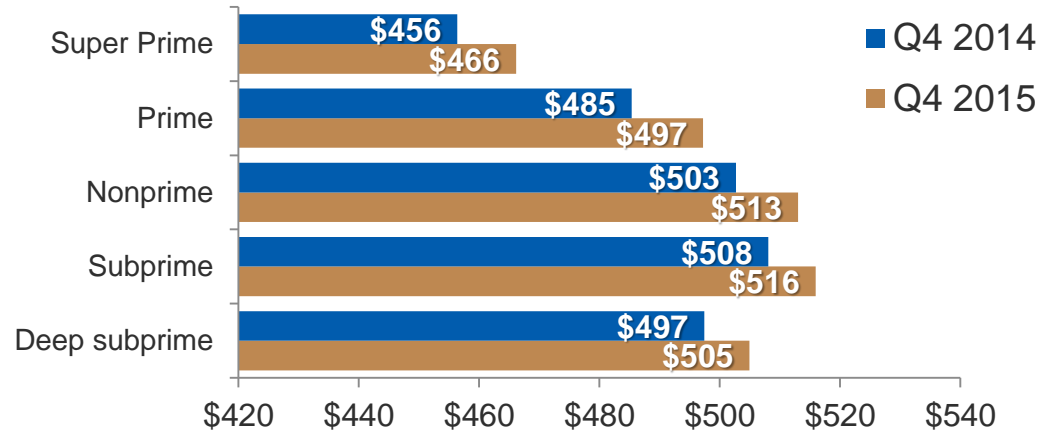


Average payments by risk segment on new and used vehicle loans

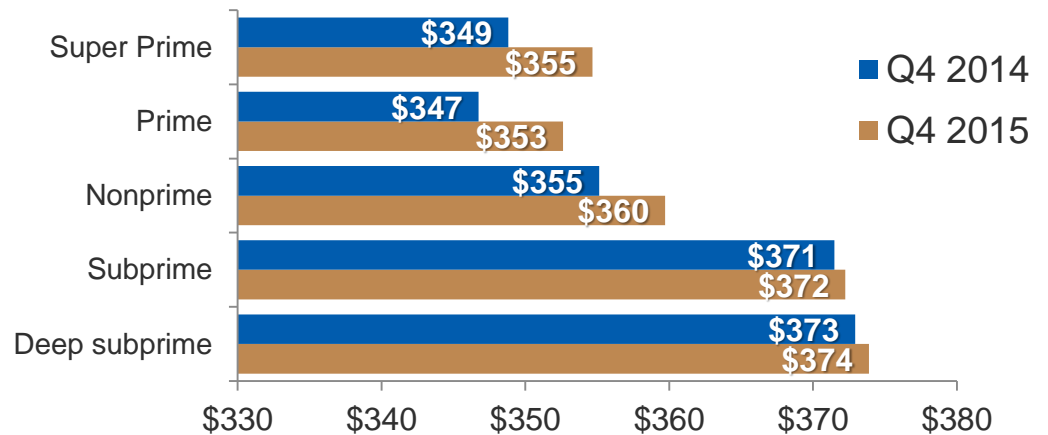
Average monthly payment



Average new monthly payment



Average used monthly payment

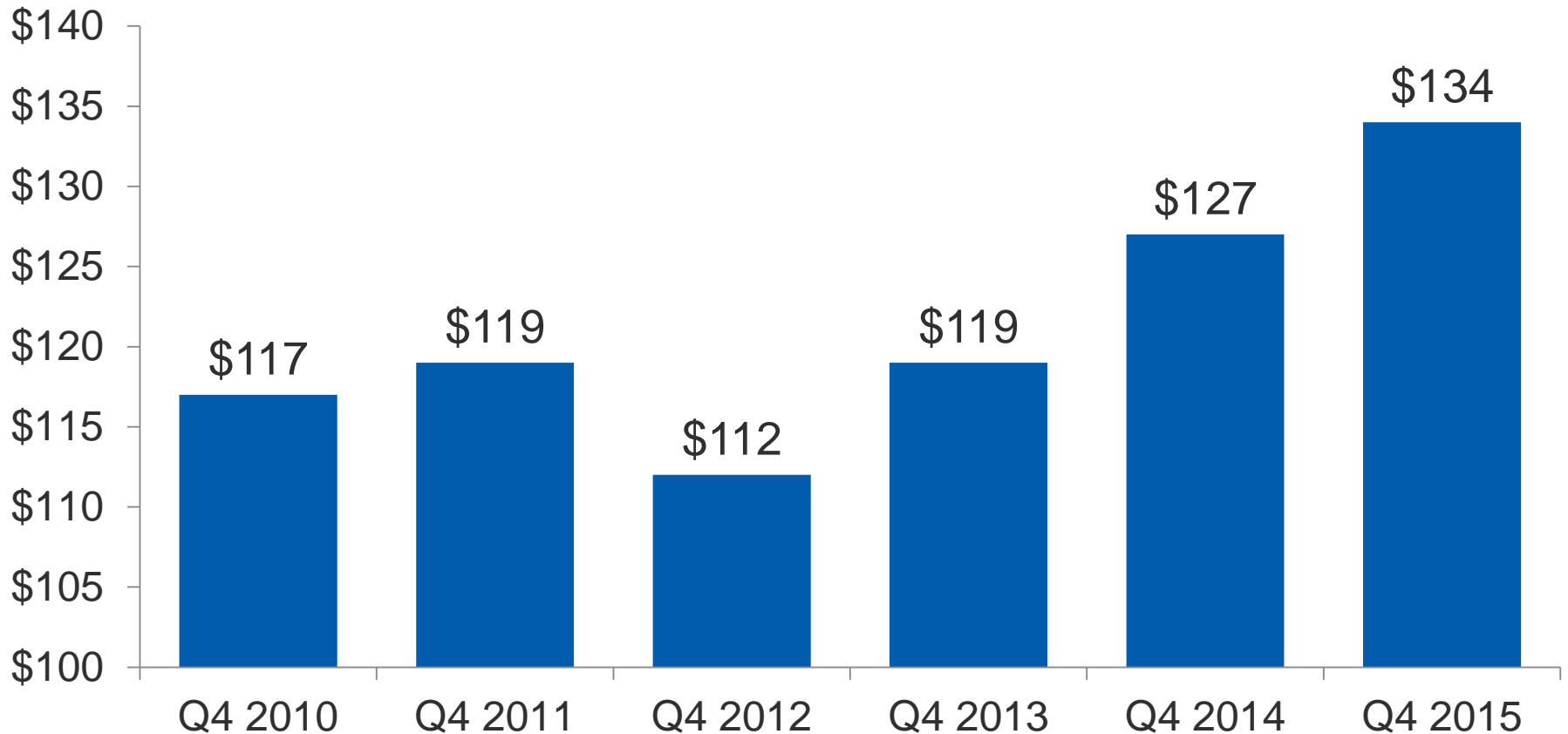


Source: Experian Automotive



Payment gap grows between new and used loans

Average payment difference between new & used car loans

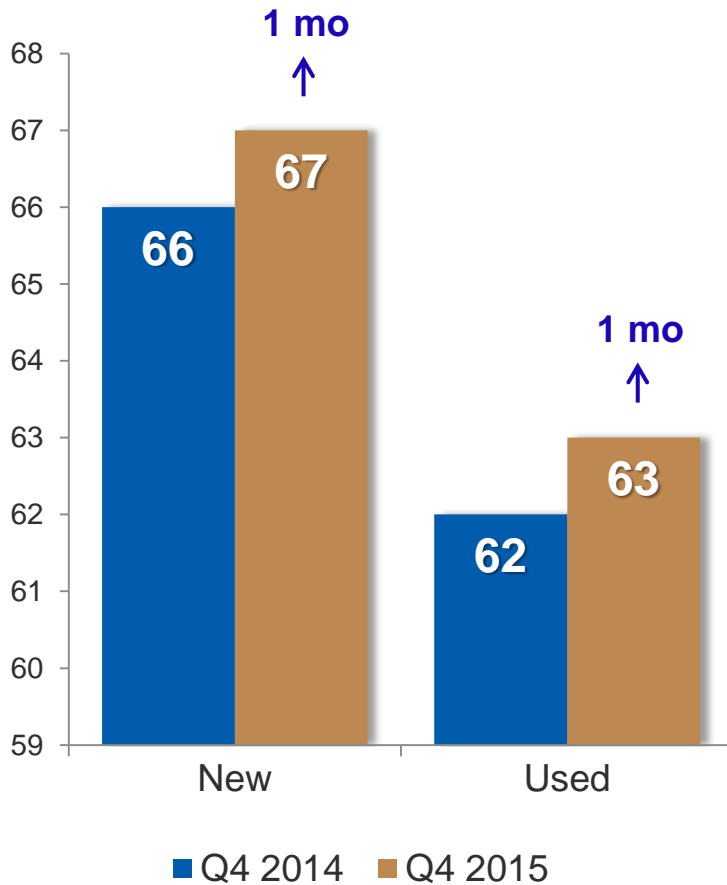


Source: Experian Automotive

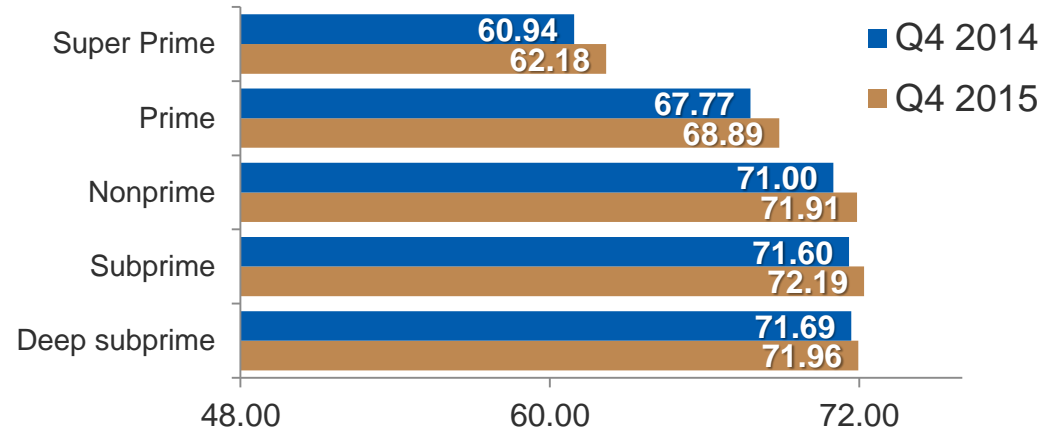


Average term by risk segment on new and used vehicle loans

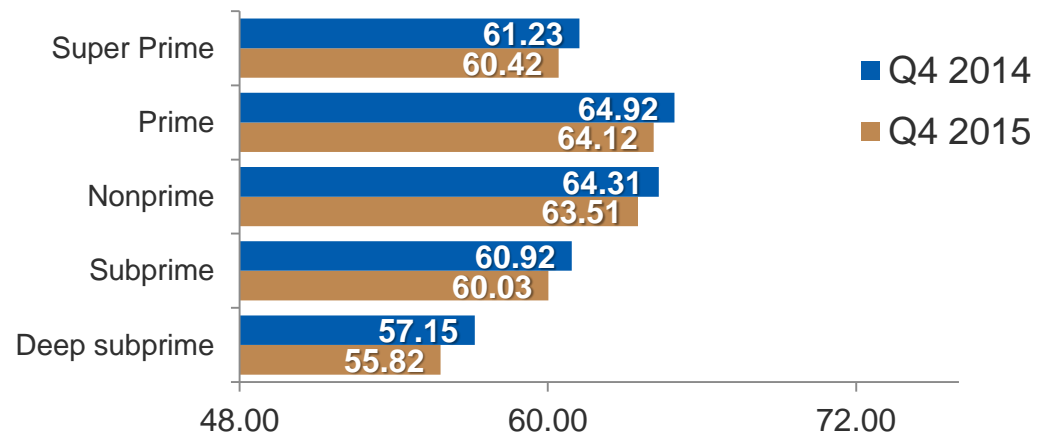
Average term



Average new loan term



Average used loan term

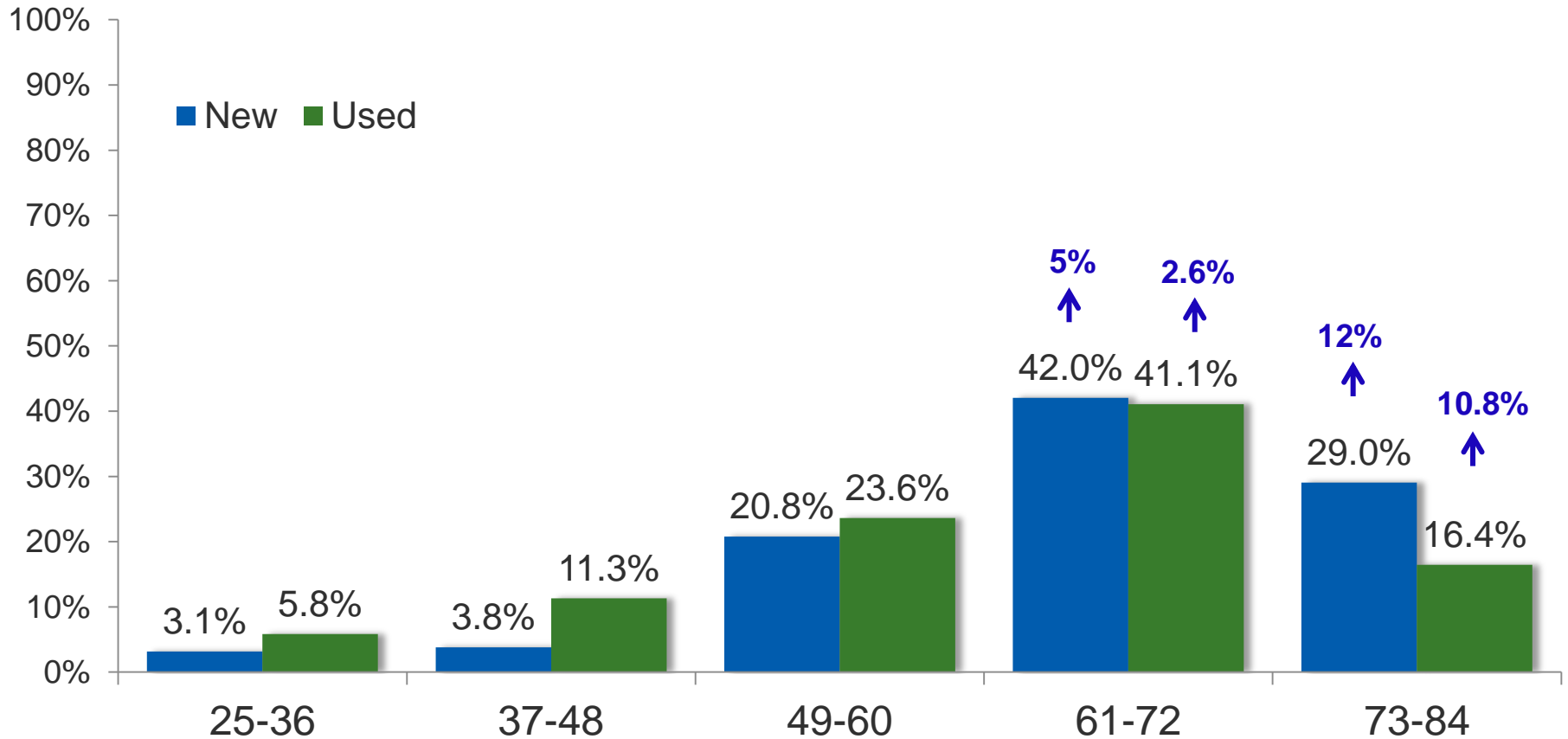


Source: Experian Automotive



Distribution of loan term

Vehicle financing by term

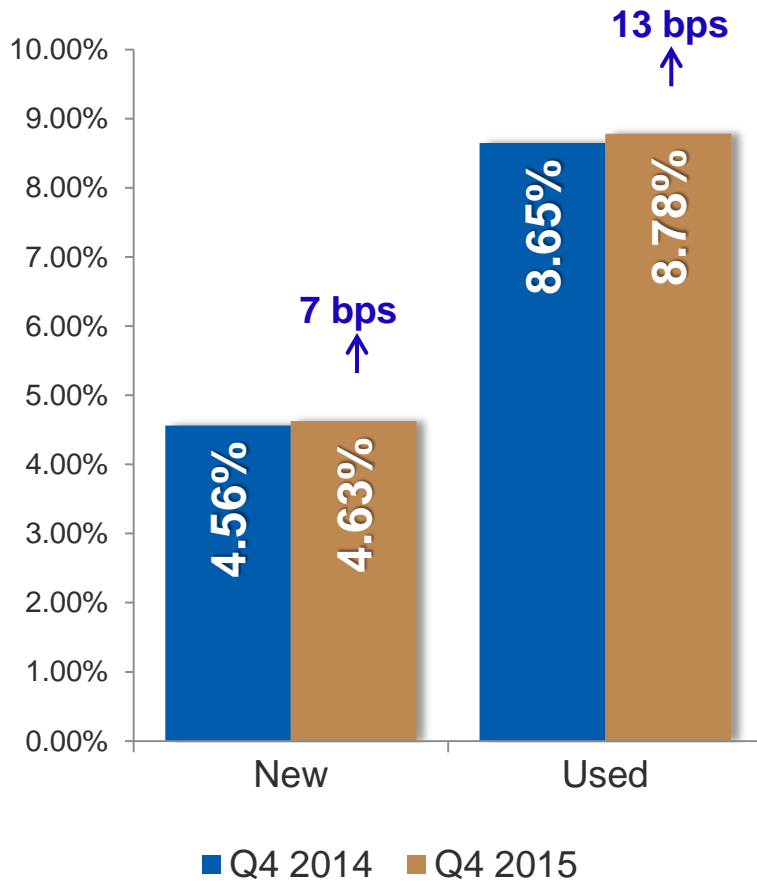


Source: Experian Automotive

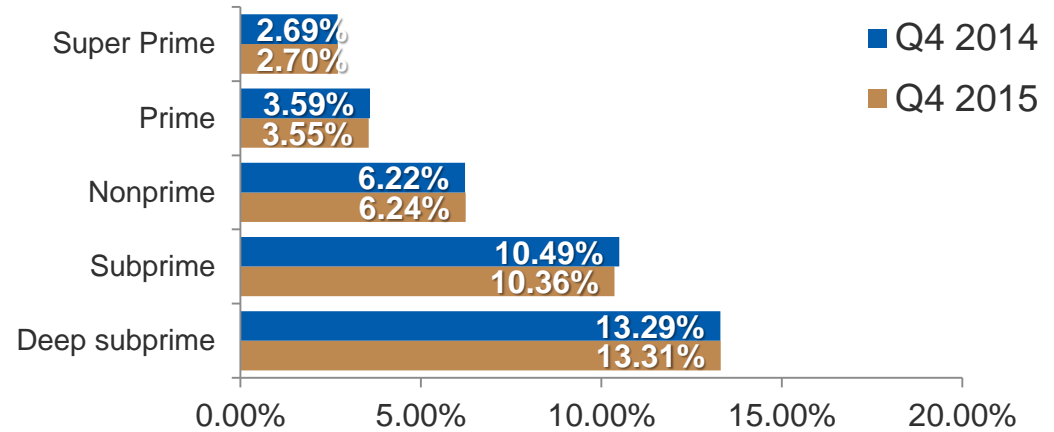


Average rate by risk segment on new and used vehicle loans

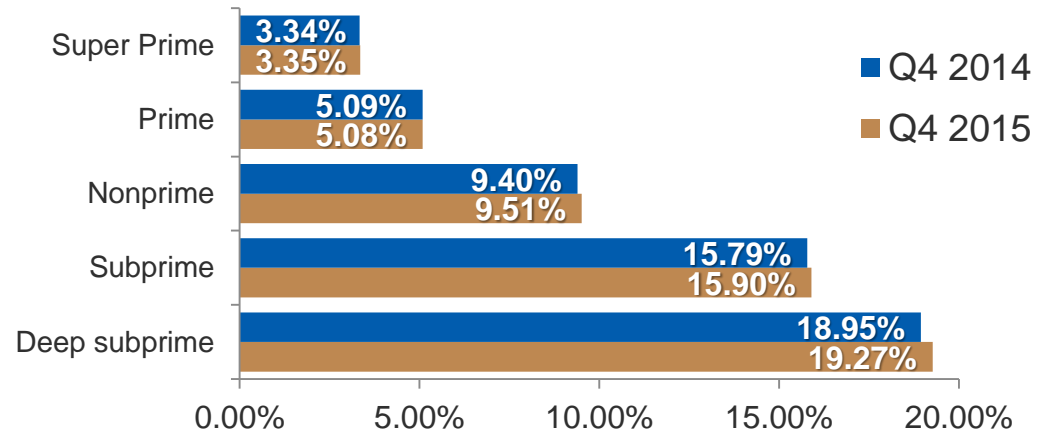
Average rate



Average new loan rate



Average used loan rate



Source: Experian Automotive



Overall Automotive Finance Market

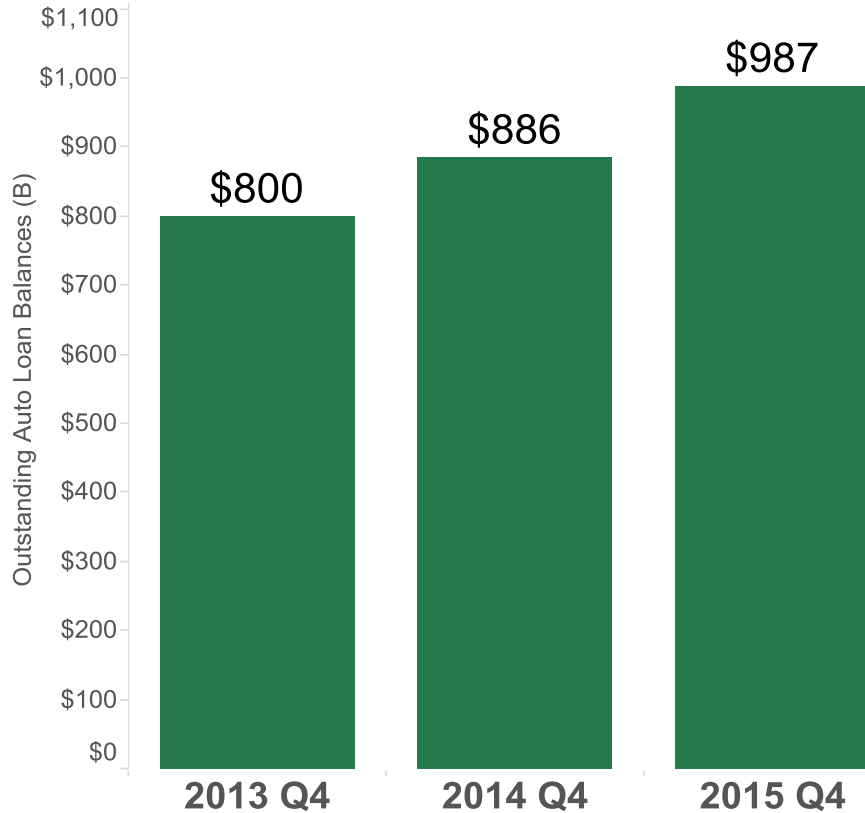
Market overview and
delinquency



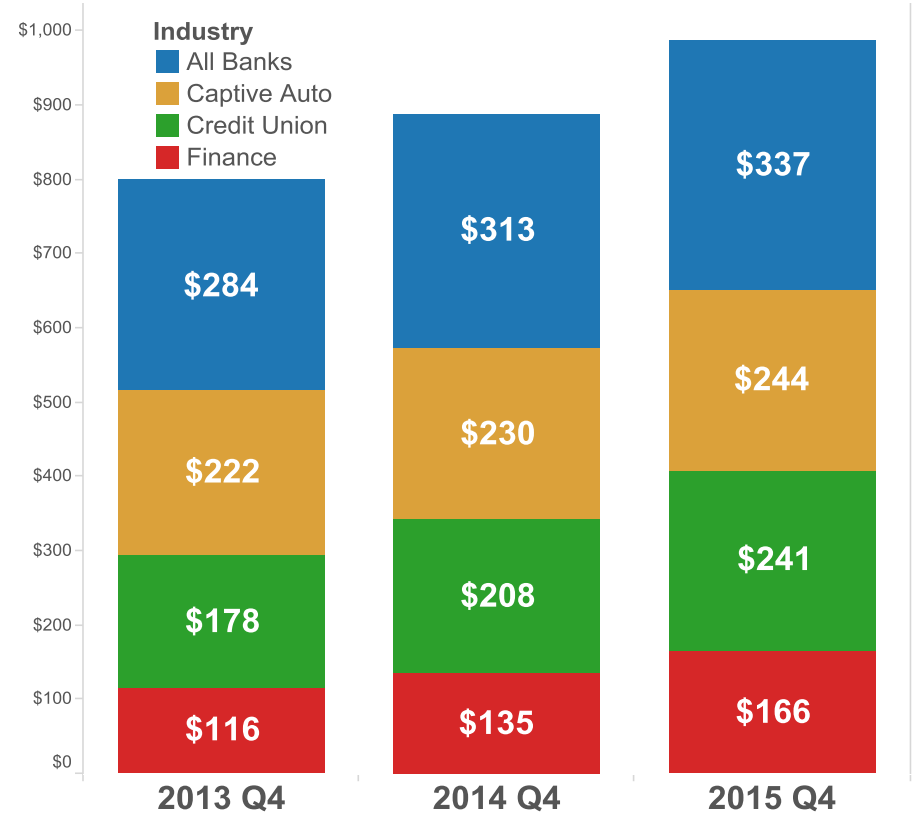
A look at automotive loan balances

Outstanding automotive loan balances

Total open balances



Balances by lender type



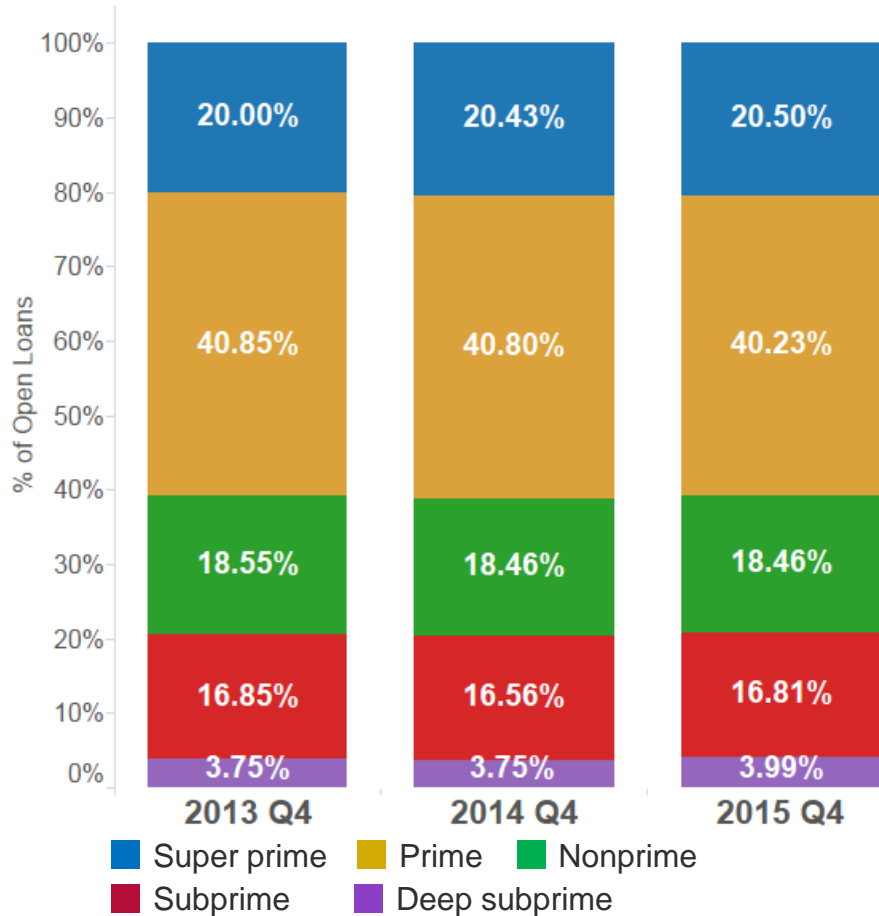
Source: Experian-Oliver Wyman Market Intelligence Reports



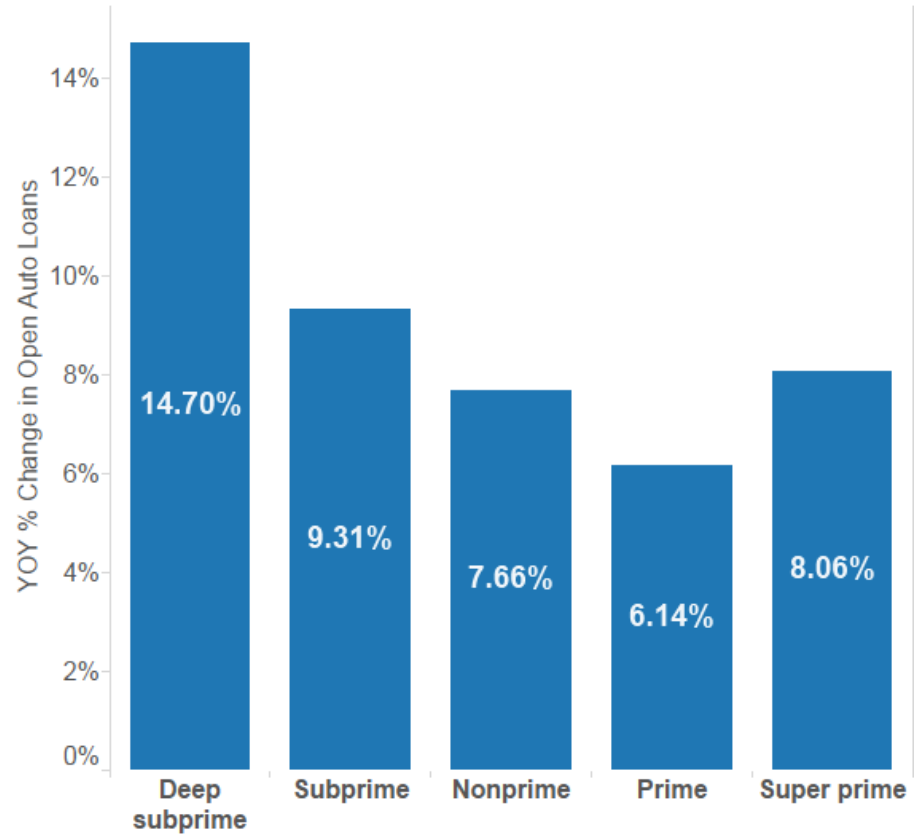
Open loan overview

Risk distribution of open loans

Percentage of Open Loans by Risk Segment



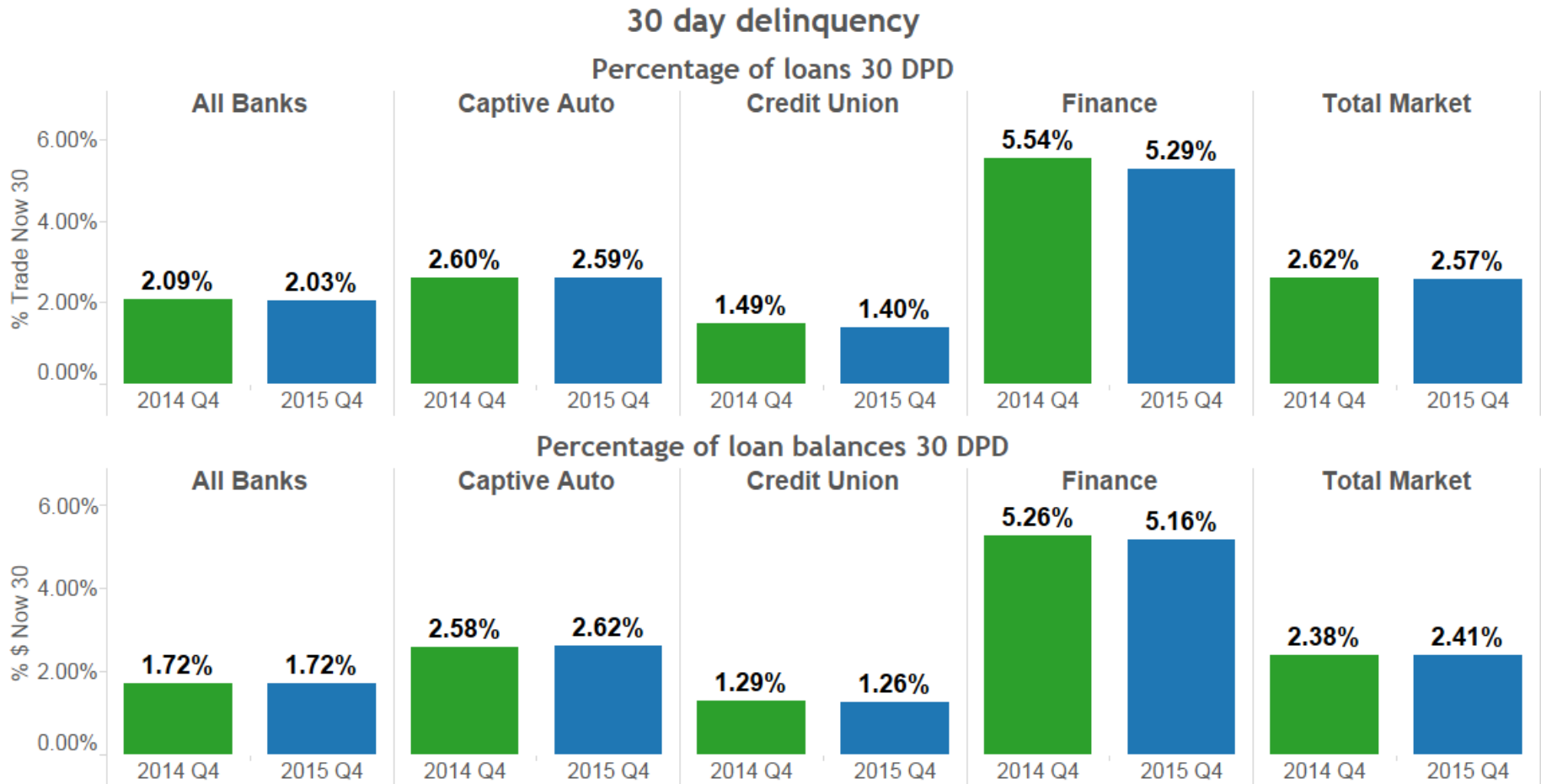
YOY Change in Open Loan Volume



Source: Experian-Oliver Wyman Market Intelligence Reports



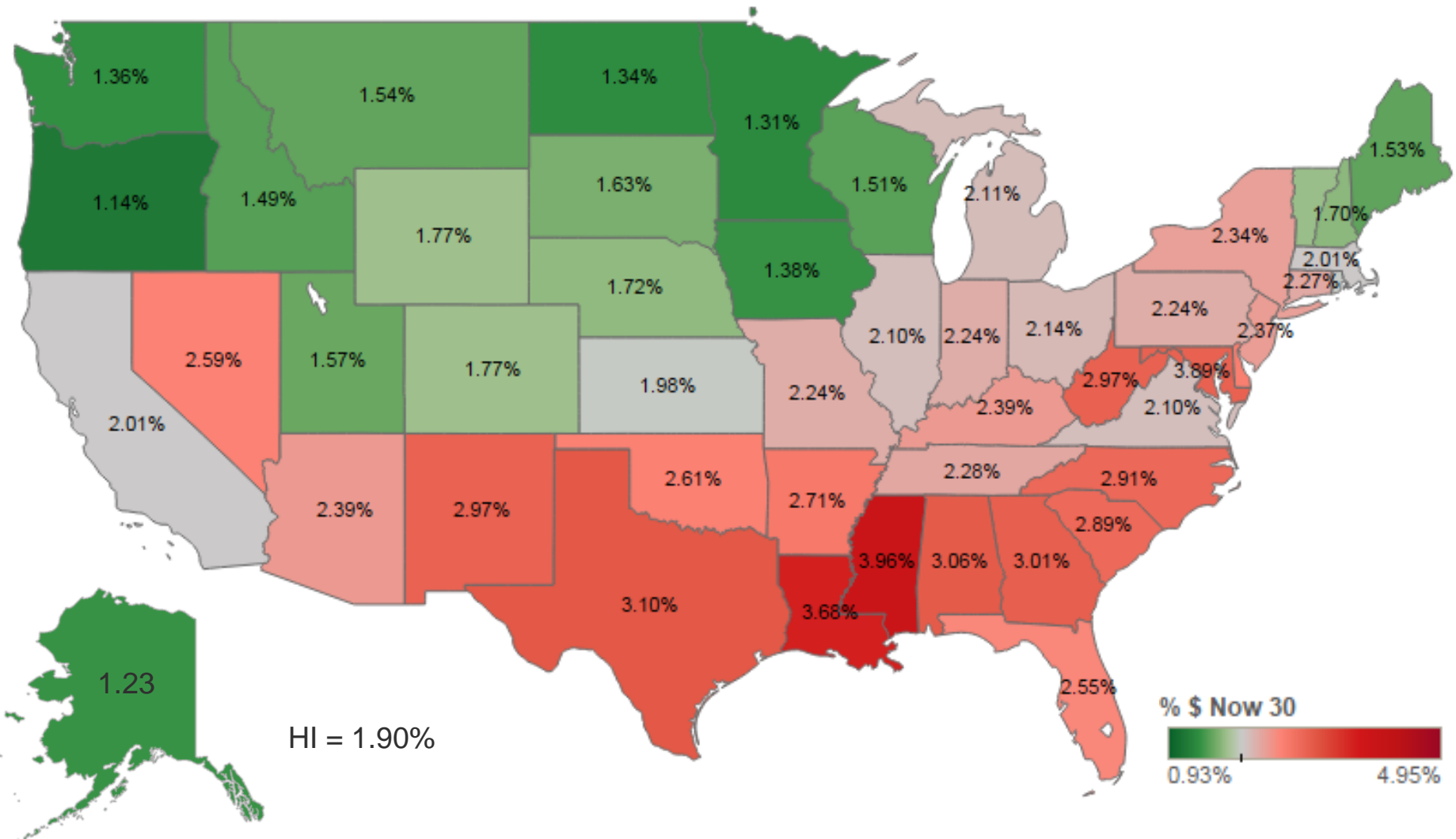
Recent automotive delinquency: 30 day delinquency



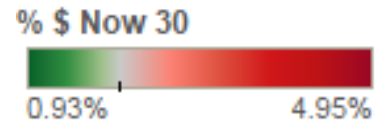
Source: Experian-Oliver Wyman Market Intelligence Reports



30-day delinquency balances by state



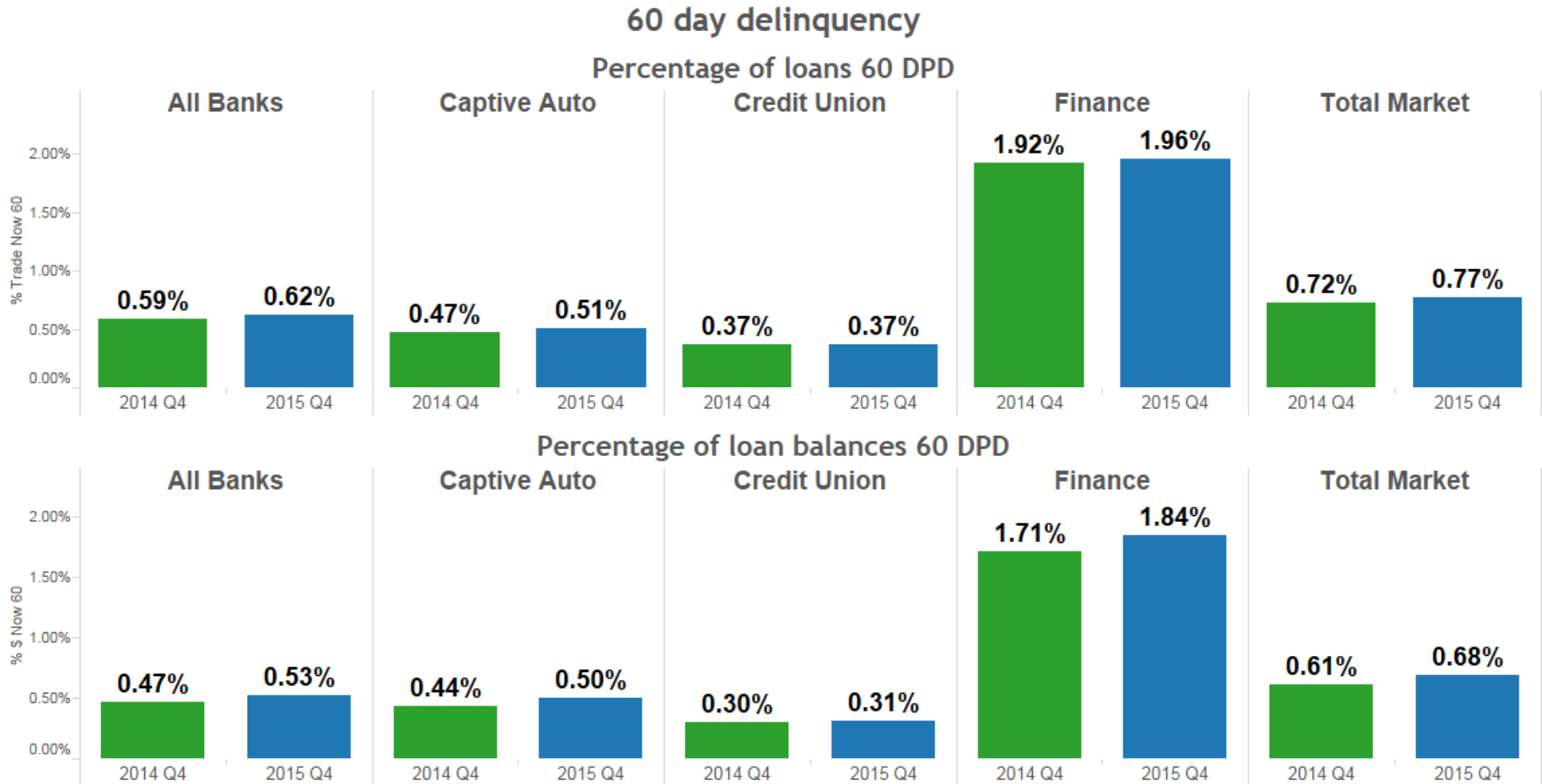
HI = 1.90%



Source: Experian-Oliver Wyman Market Intelligence Reports



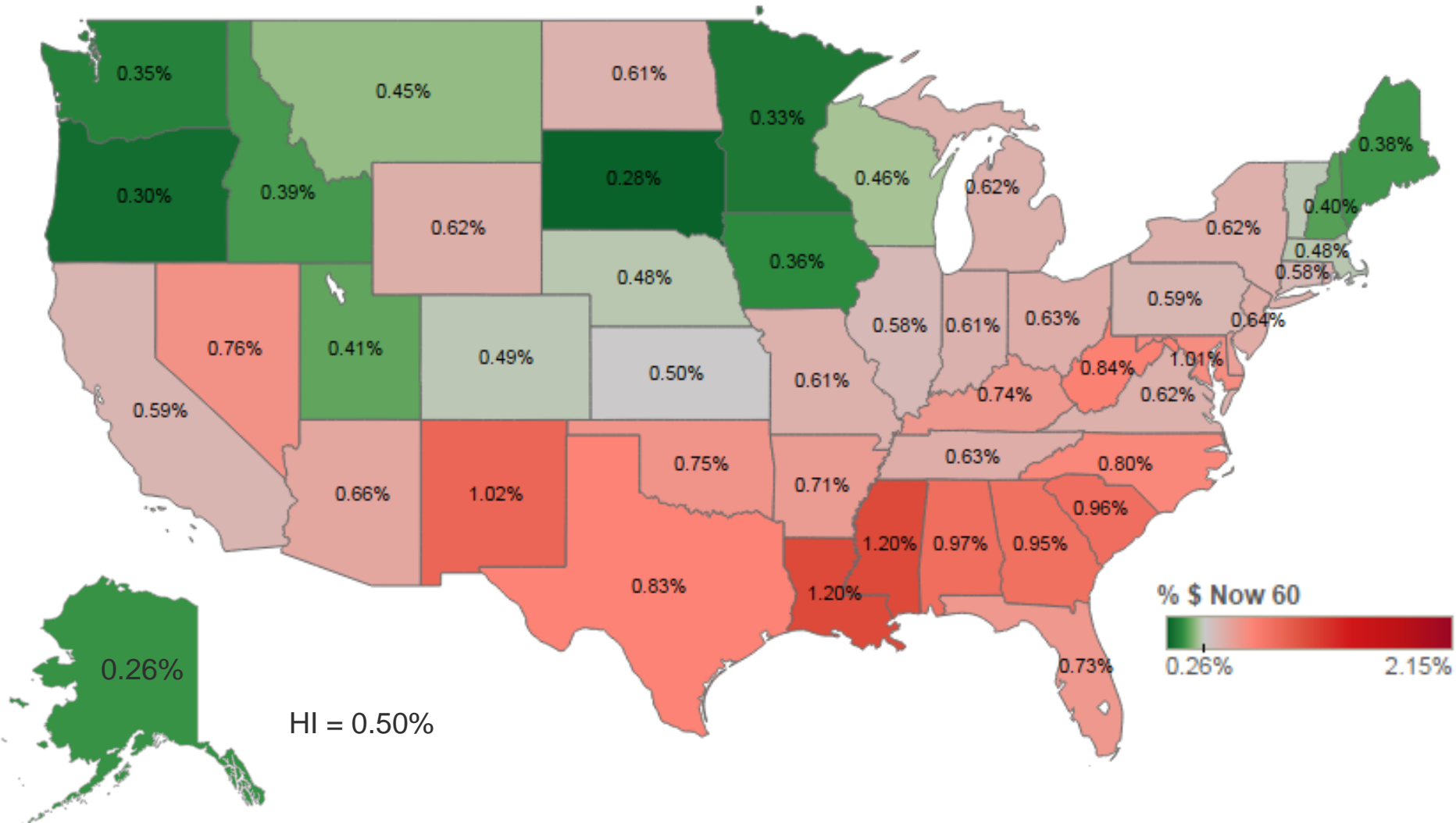
Recent automotive delinquency: 60 day delinquency



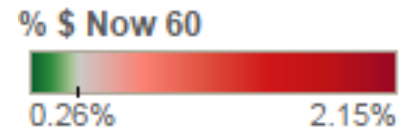
Source: Experian-Oliver Wyman Market Intelligence Reports



60-day delinquency balances by state



HI = 0.50%

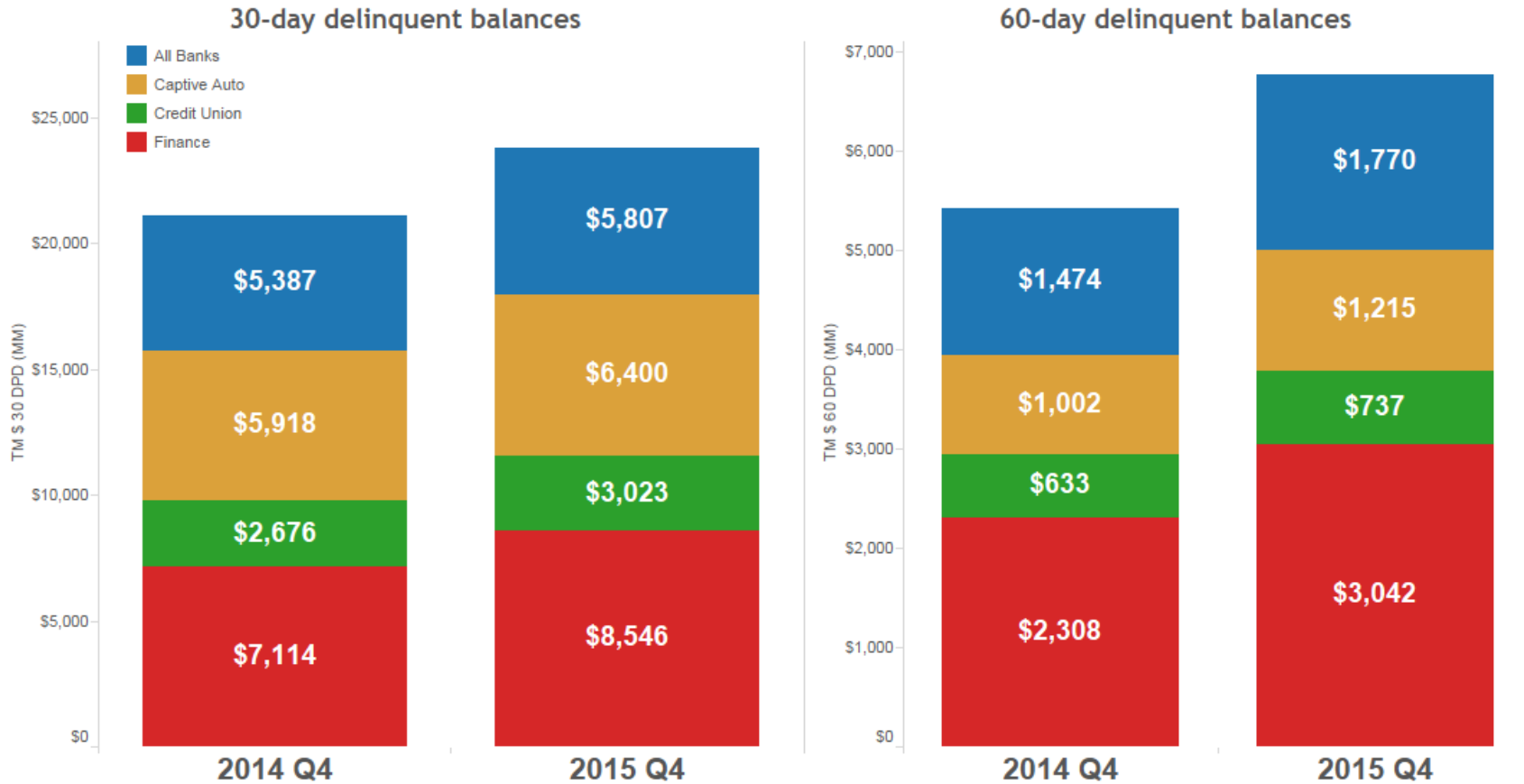


Source: Experian-Oliver Wyman Market Intelligence Reports



Balances at risk

Delinquent Balances



Source: Experian-Oliver Wyman Market Intelligence Reports



In summary

- Modest high risk growth for new financing; used down YOY
- Leasing reaching all-time highs at 28.9% of all new consumer transactions
- Loan amounts continue to grow; with gap between new and used payments rising despite increase in terms
- Rates on new financing have increased in conjunction with growth in high risk originations
- Open balances reach all-time highs with majority of loans/balances in prime+
- 30 day down, yet 60 day delinquency creeping up with both percentage of units and dollars on the rise



