

# State of the Automotive Finance Market

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### **Q2** 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



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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

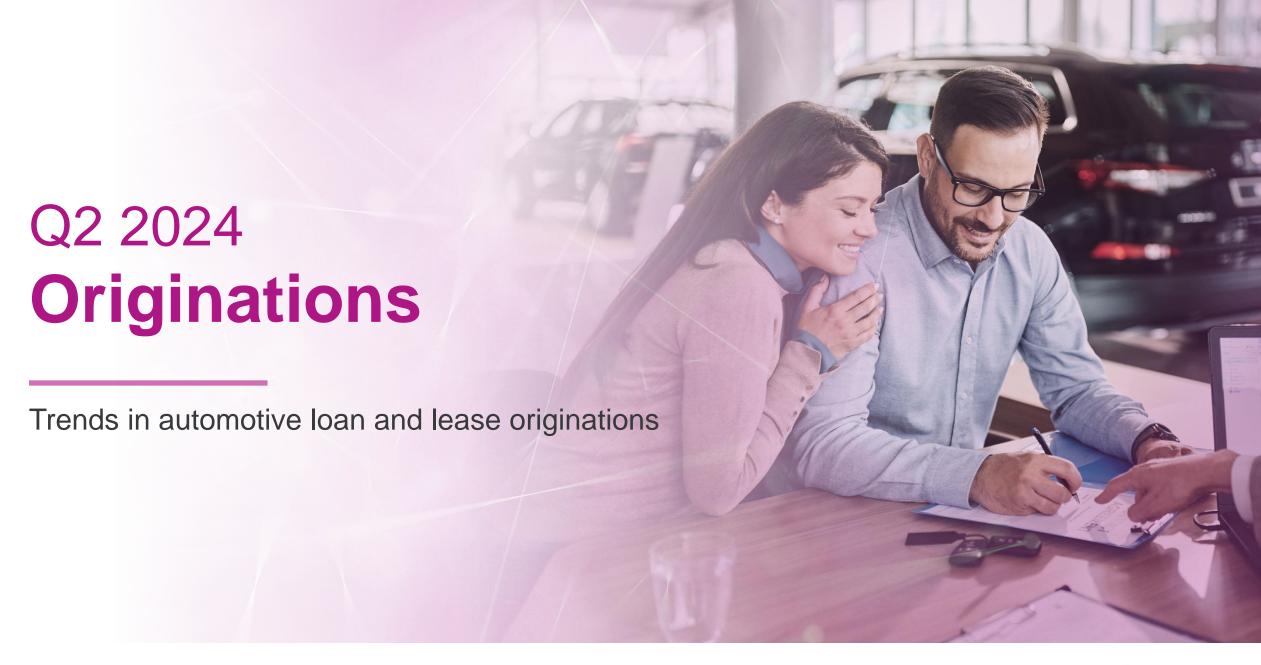
### **Velocity<sup>SM</sup> Market, Risk and Performance**

- 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 Dashboards™**

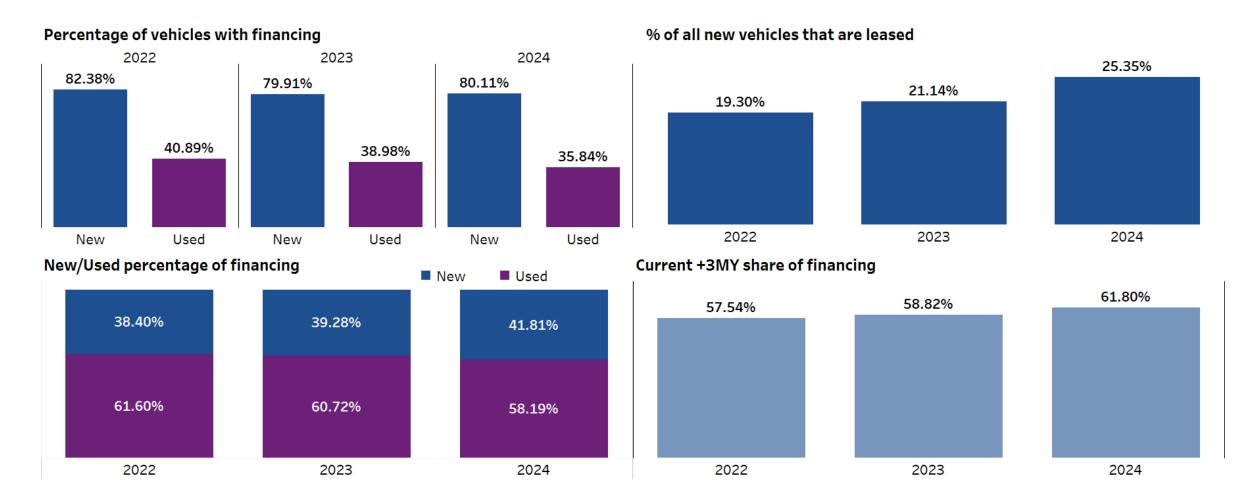
- Instant access to credit market trends across the entire credit universe (review by industry type)
- Deep-dive across numerous themes (delinquency, originations, total accounts & balances and more)
- Easy navigation and dashboards with weekly Executive Summary insights





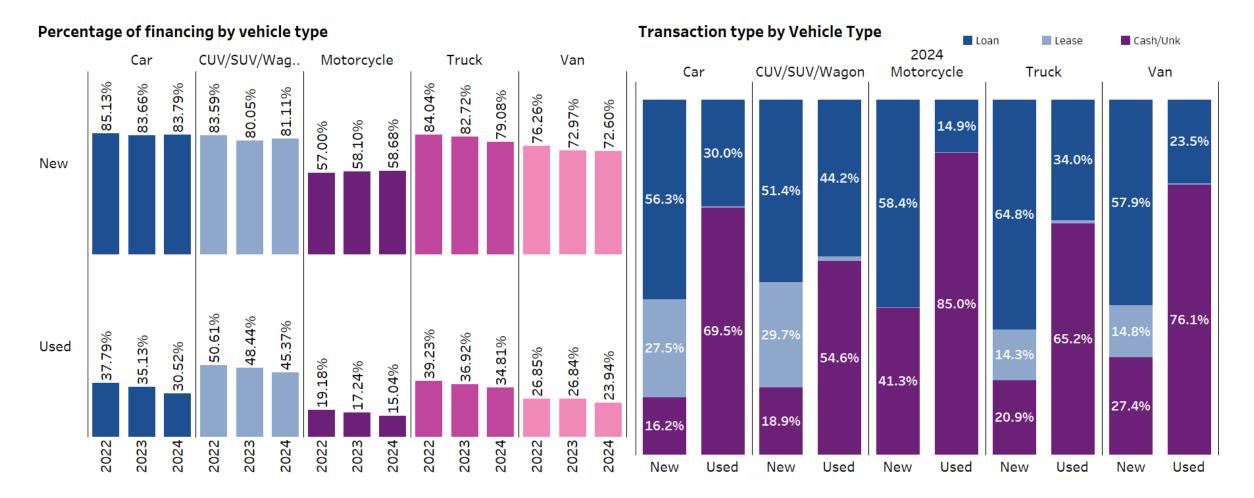


# Automotive financing: snapshot of how and what consumers are purchasing





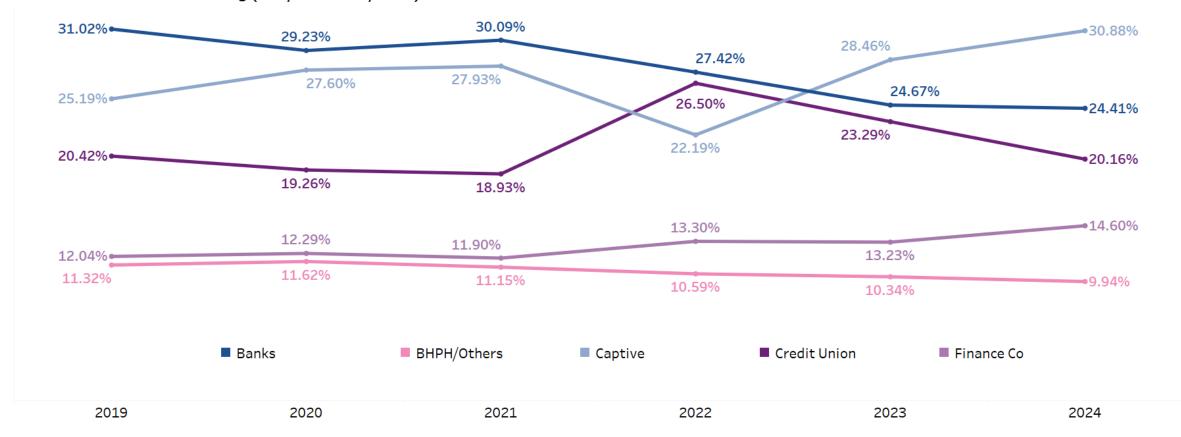
# What and how are consumers purchasing: motorcycles have the lowest percentage of financing; new trucks see the lowest level of leasing





# Captives maintain as largest lender type for Q2 while Bank and Credit Union share decreases and Finance Companies gain share

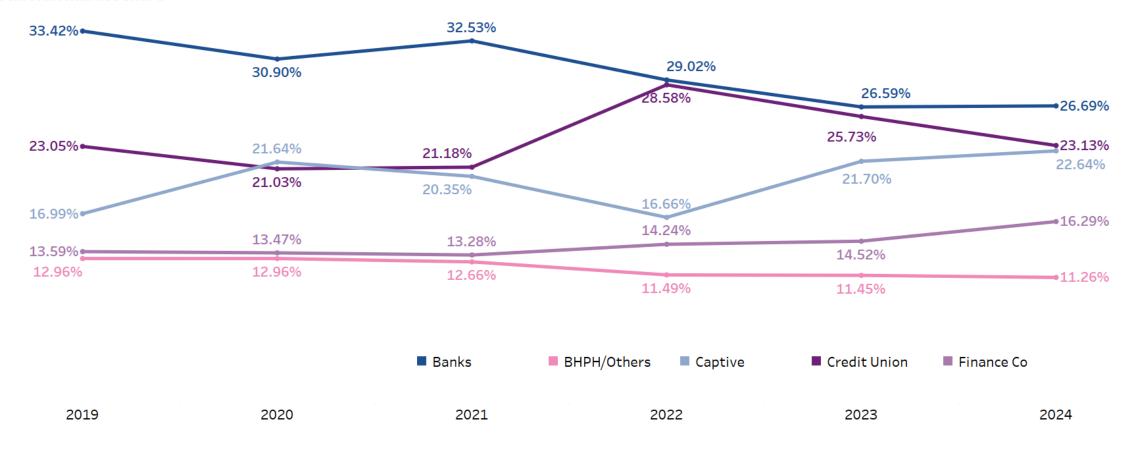
#### Market share of total financing (new/used; loan/lease)





# Banks gain share to remain largest loan providers; Captives and Finance Companies increase while Credit Unions continue to decrease share

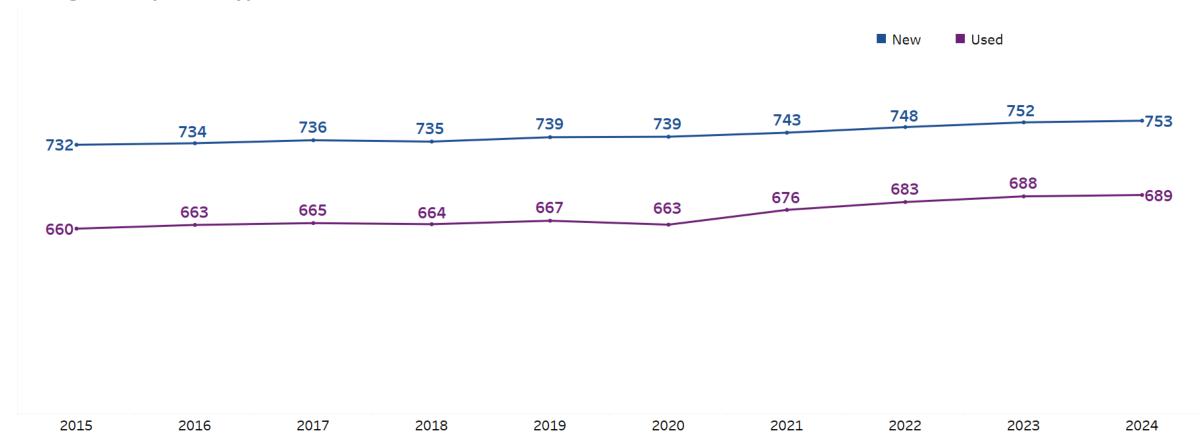
#### Total loan market share





### Average scores increase one point for new and used car buyers

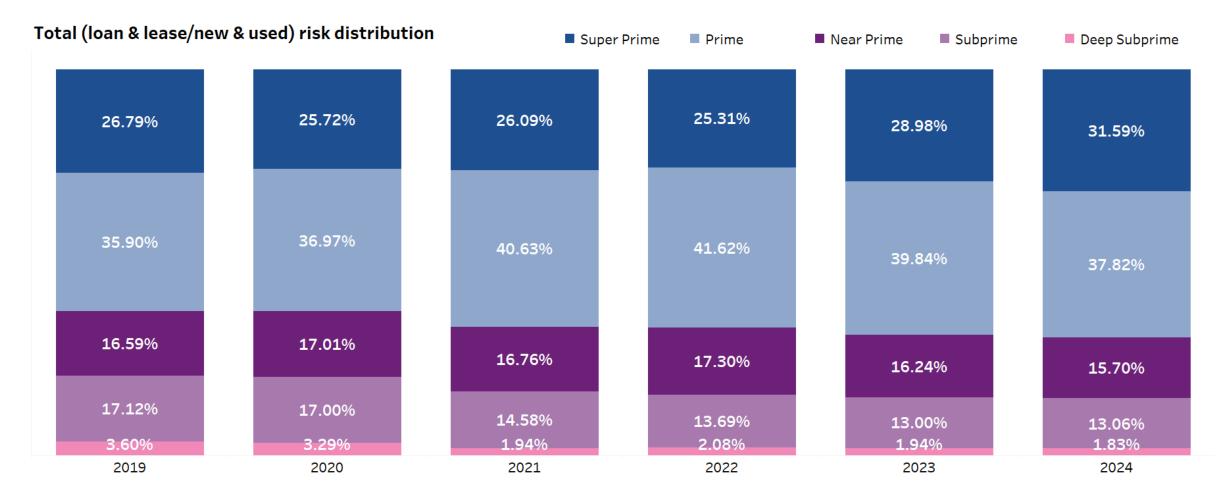
### Average score by vehicle type



VantageScore® 4.0



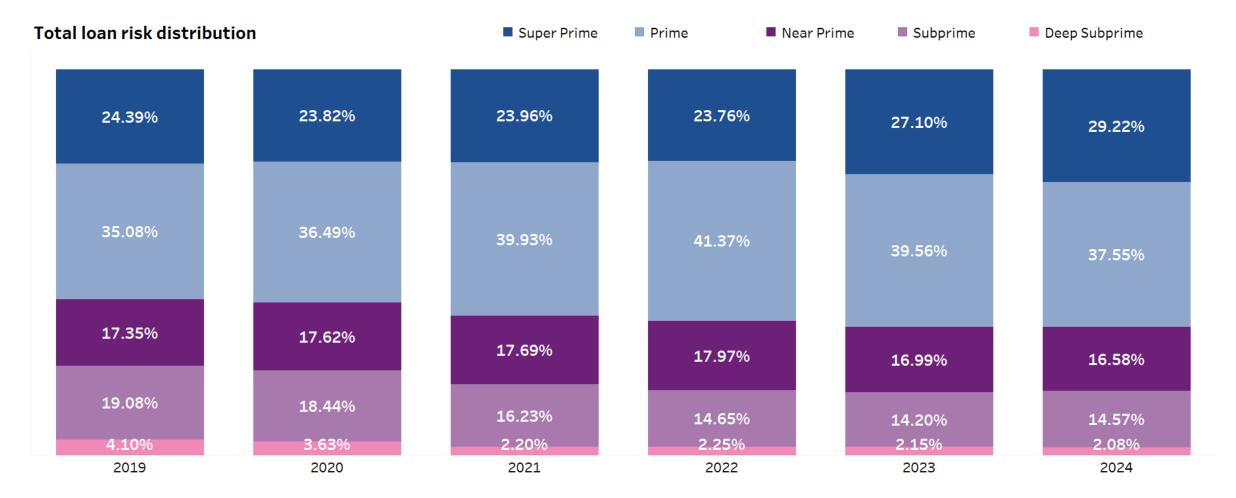
### Subprime continues to decrease while Prime+ reaches nearly 70%







# Subprime hits just under 16.7% of all loans while Super Prime sees 7.8% year-over-year growth



VantageScore® 4.0

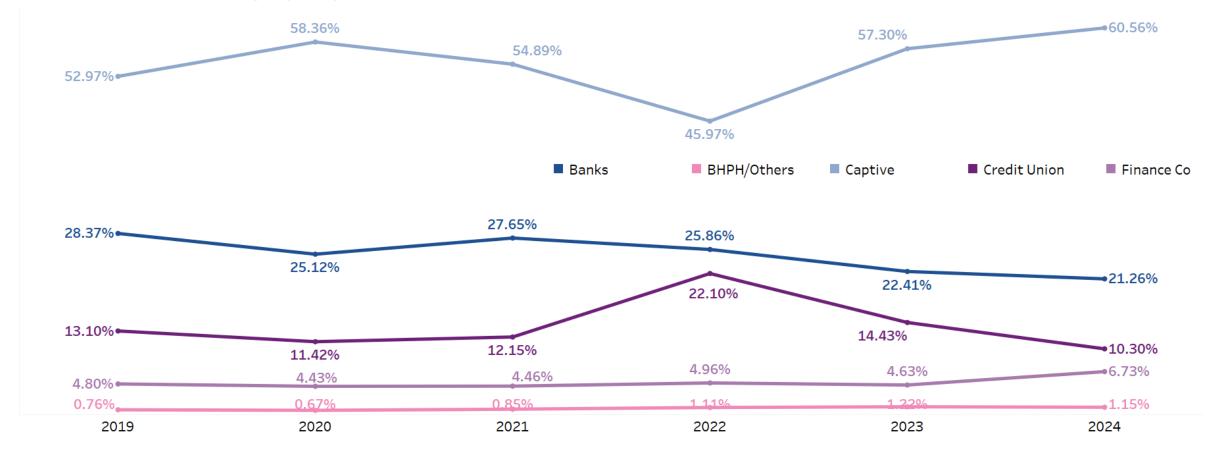






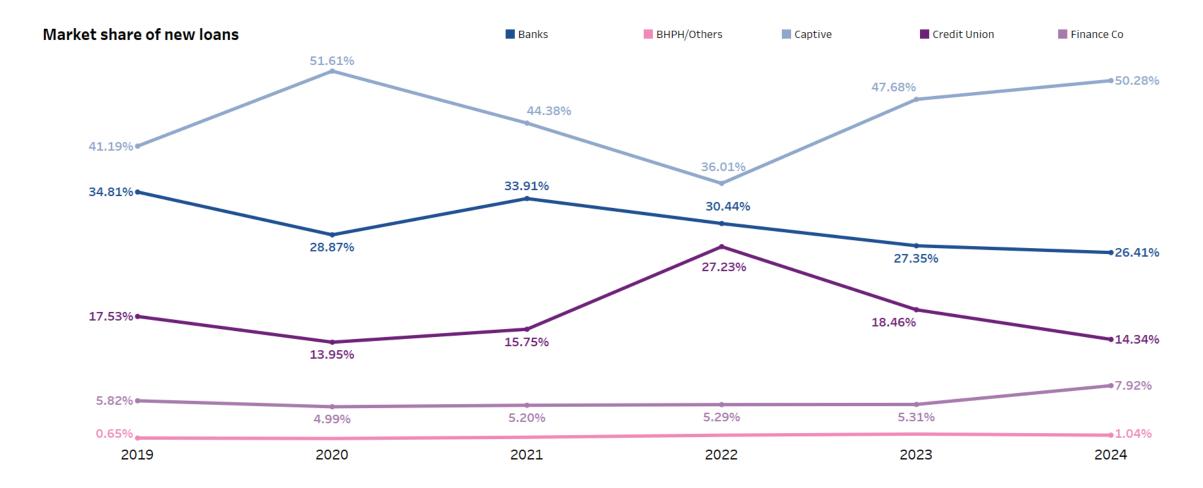
# Captives continue to dominate new financing; other lending types decrease while Finance Companies pick up share

#### Market share of new financing (loan/lease)





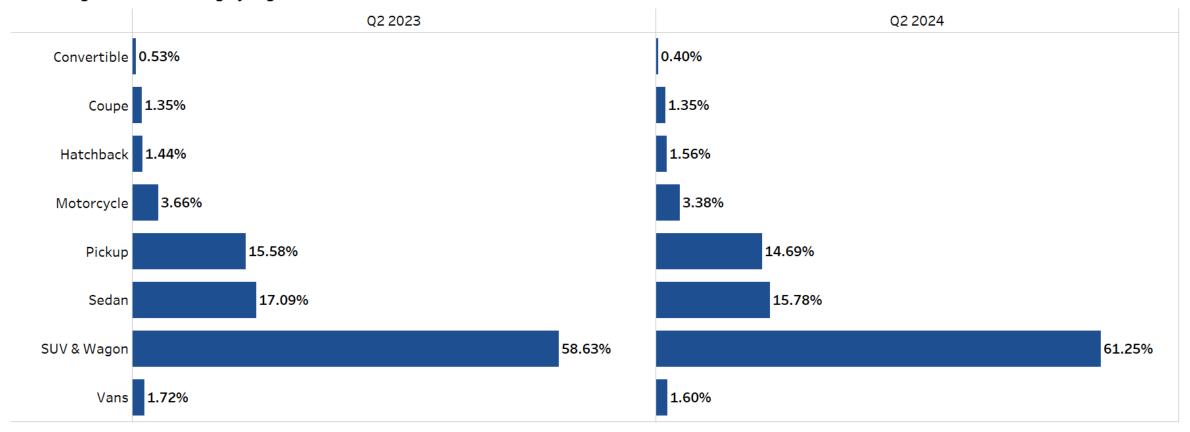
# Captives dominate new loan market with over 50% share; Banks & Credit Unions decrease while Finance Companies see share increases





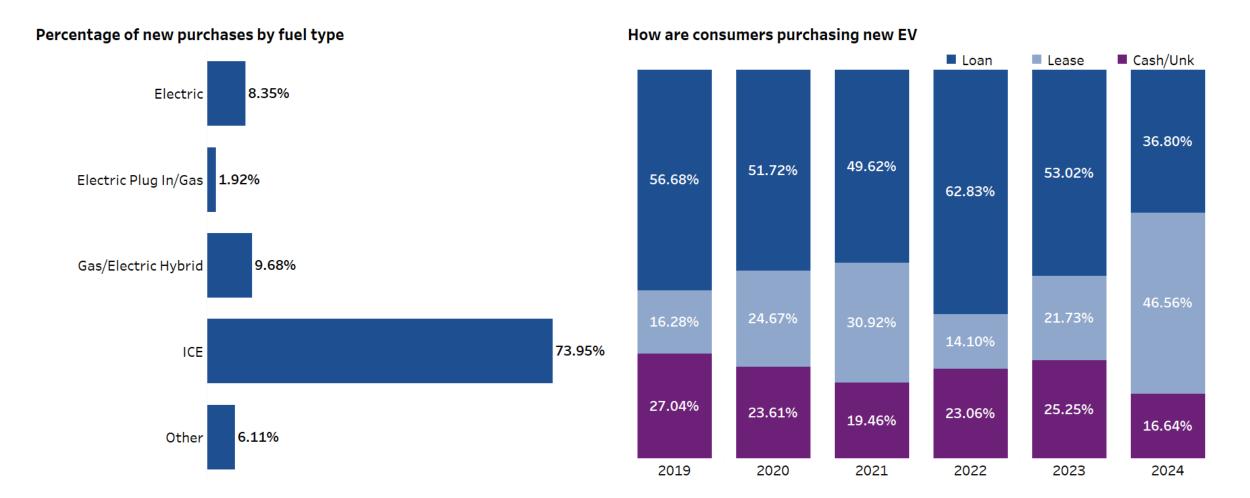
### SUVs are over 61% of all new vehicle financing (63.39% without motorcycle)

#### Percentage of new financing by segment





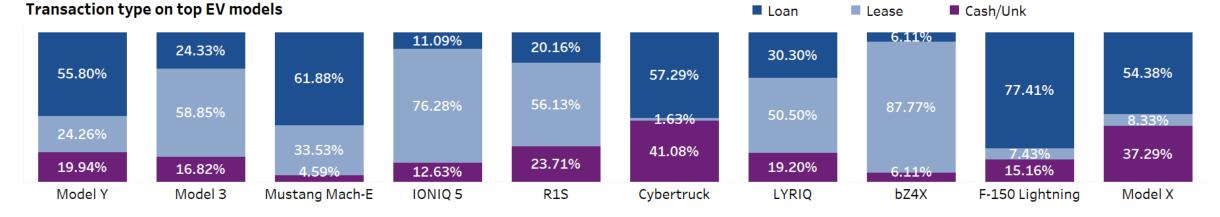
### EVs reach 8.35% of new purchases and are leased at over 46%





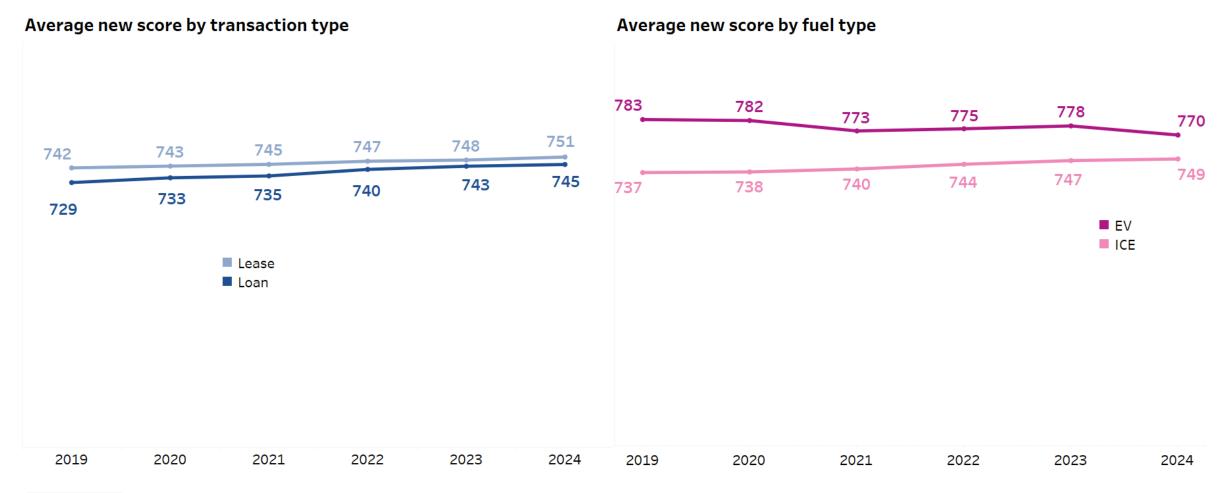
# Top 10 New EV Models: transaction types vary considerably among the top new EVs

#### Top 10 EV models 36.40% 9.19% 4.42% 3.94% 2.77% 2.74% 2.39% 2.29% 2.21% 2.14% Tesla Model Y Ford F-150 Tesla Model 3 Ford Mustang Hyundai IONIQ 5 Rivian R1S Tesla Cybertruck Cadillac LYRIQ Toyota bZ4X Tesla Model X Mach-E Lightning



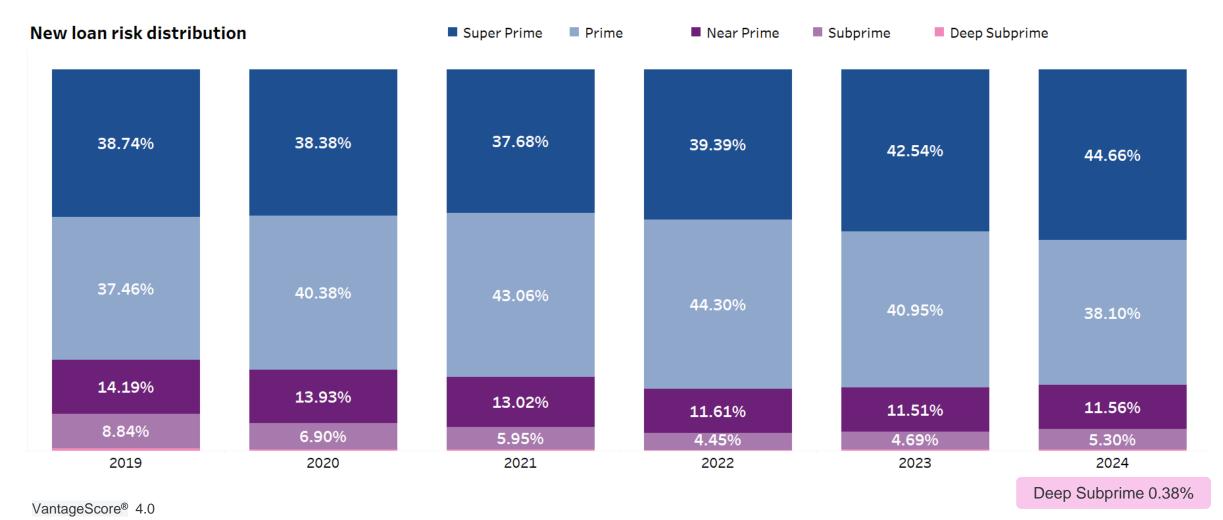


# New lease is up 3 points and loan scores increase 2 points; EV scores decrease 8 points while ICE rises 2 points





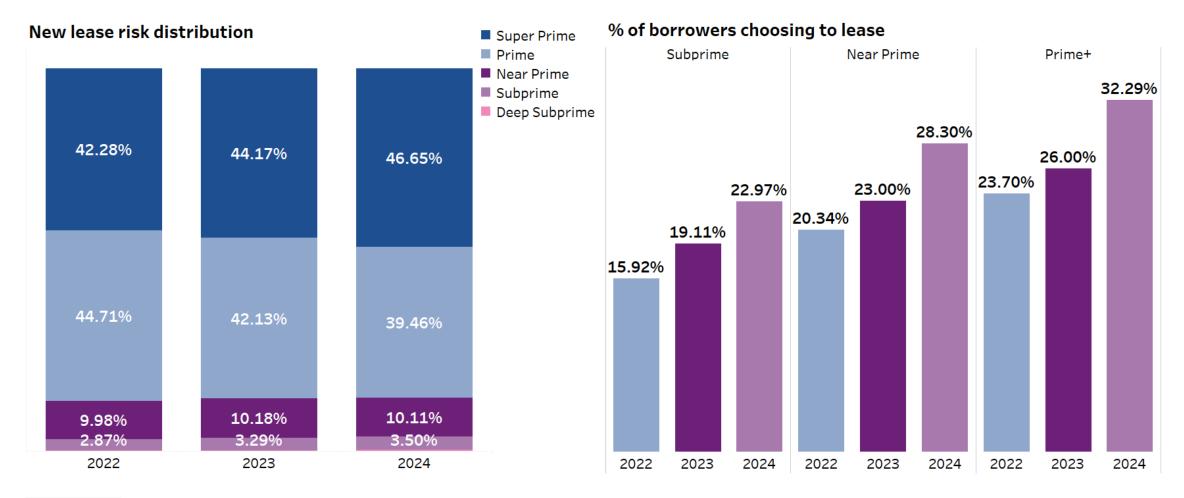
### Nearly 83% of all new loans are Prime+, slight growth occurring in subprime



State of the Automotive Finance Market Q2 2024



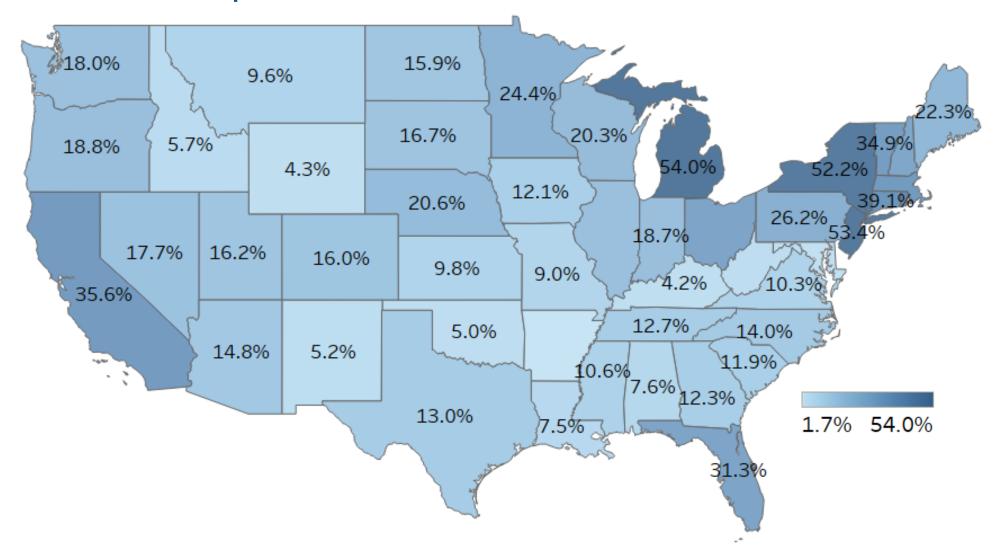
### Leasing sees growth in Super Prime with Prime+ consumers choosing to lease over 32% of the time







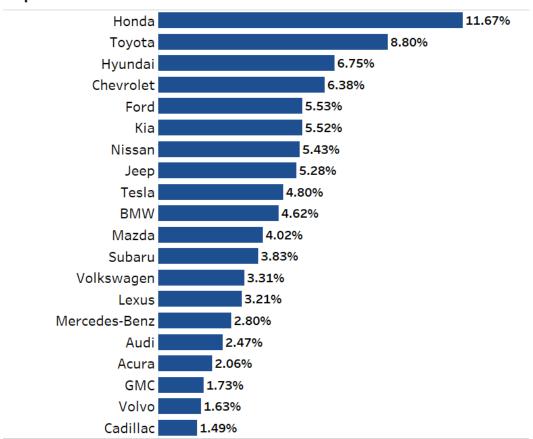
### MI, NJ and NY lead with the greatest percentage of their new financing as a lease; MI drops to 39.7% without Detroit DMA



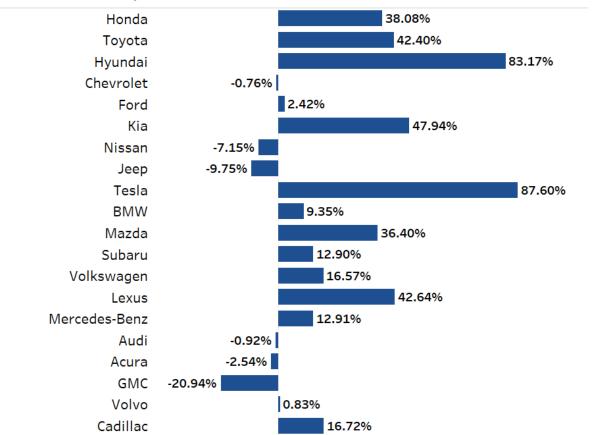


### Honda remains as number one leased make

#### Top 20 leased new makes



#### YOY Growth on Top 20 leased makes





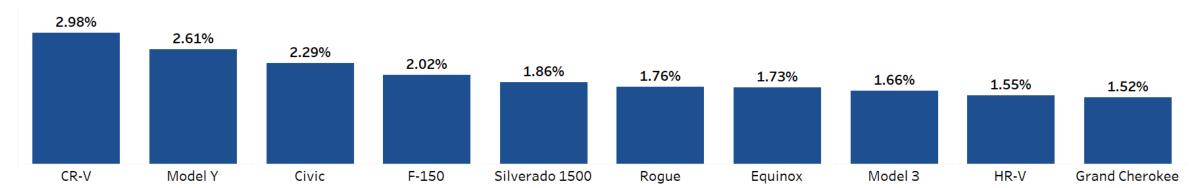
### Leasing rates increase across most of the makes

#### Share of new make by finance type Loan Lease GM Honda **BMW** Dai.. Ford Hyundai Kia Ma.. Por.. Renault-.. Stellantis Sub. Tesla Toyota VW Geely Tata 25.19% 31.30% 34.38% 34.99% 44.48% 42.96% 47.53% 49.68% 50.05% 50.34% 52.38% 52.28% 55.16% 61.24% 63.91% 64.88% 63.46% 63.97% 63.08% %26.89 66.24% 67.87% 72.22% 76.65% 78.12% 80.33% 79.85% 78.67% 83.24% 88.44% 65.01% 57.04% 50.32% 47.62% 36.09% 6.92% 36.03% 1.03% 11.56% 21.88% 19.67% Cadillac Chrysler Dodge Toyota GMC Porsche Nissan Subaru BMW Ford Lincoln Volvo Buick Honda <u>×</u> Mazda Infiniti Jeep Ram Jaguar Lexus Audi N Chevrolet Acura Tesla Mercedes-Benz Polestar Genesis Hyundai Land Rover Volkswagen

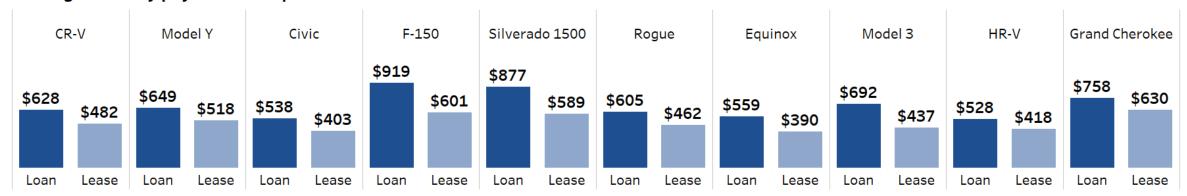


# SUVs dominate the top leased models and two EVs enter Top 10; average payment difference of \$148

#### Top 10 leased models



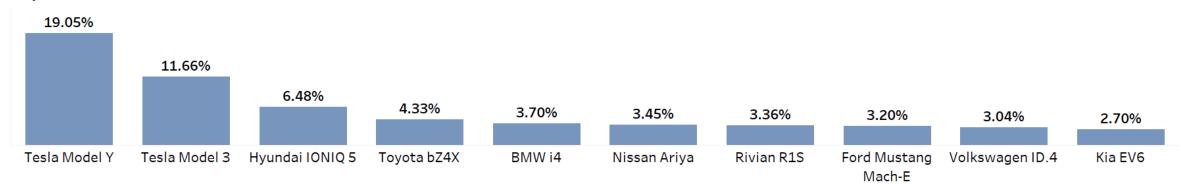
#### Average monthly payment on top leased models





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

#### Top 10 leased EV models

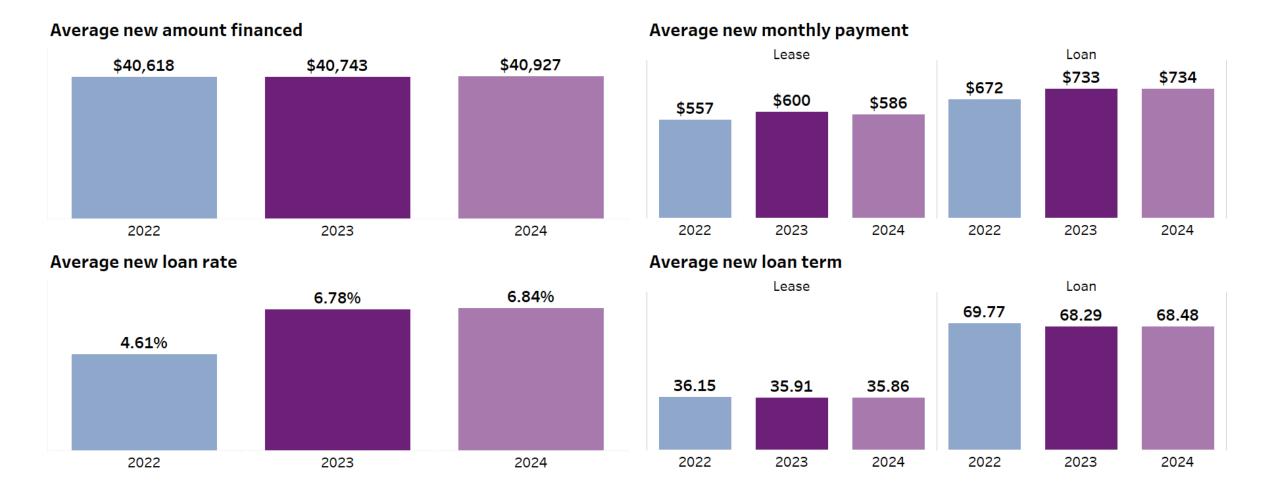


#### Average monthly payment on top leased EV models



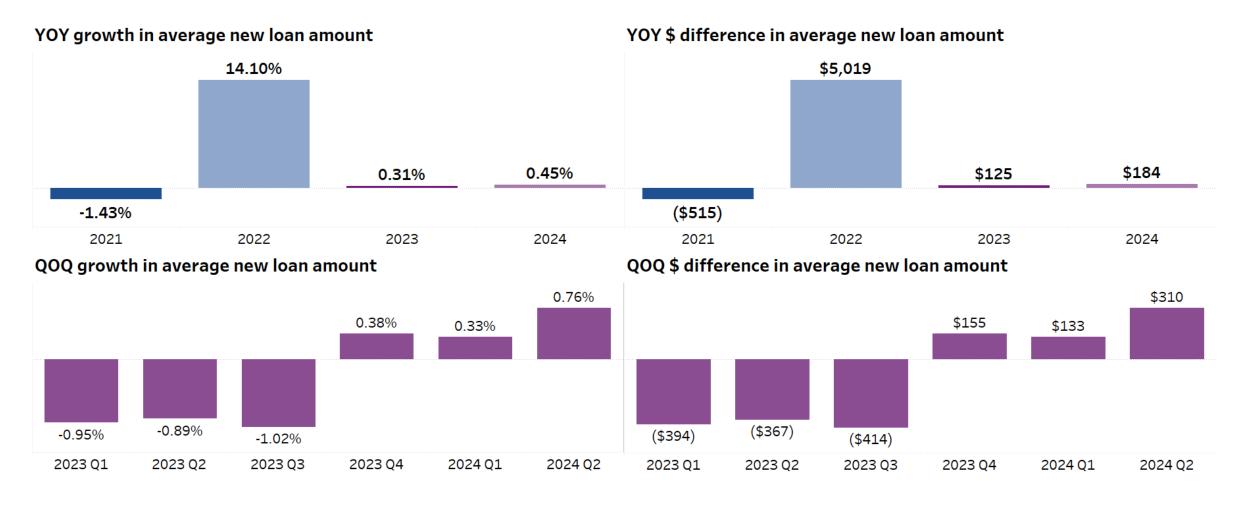


### Average new loan amount increases with a modest \$1 increase in payments; loan rates and terms increase while leasing payments and terms are down





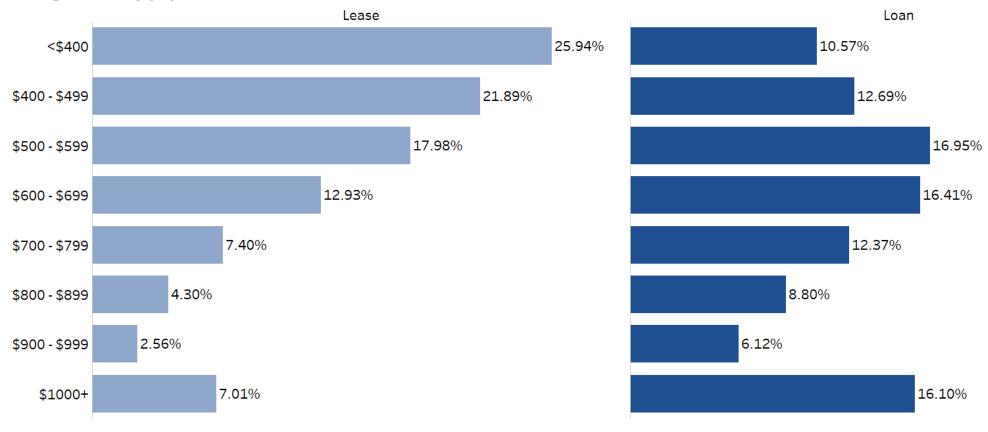
# Loan amounts increase both year-over-year and quarter-over-quarter





### Over 13% of all new payments (loan & lease combined) are over \$1k

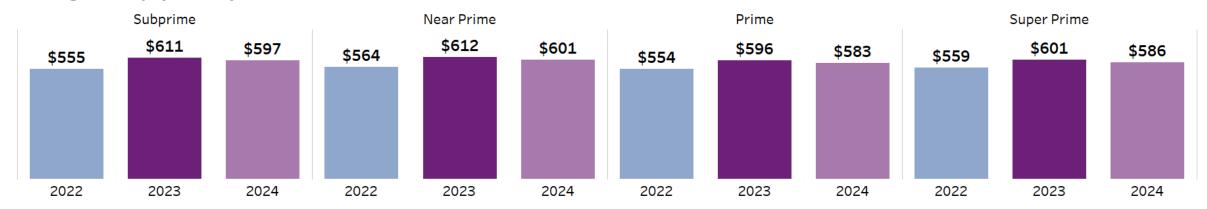
### Average monthly payment



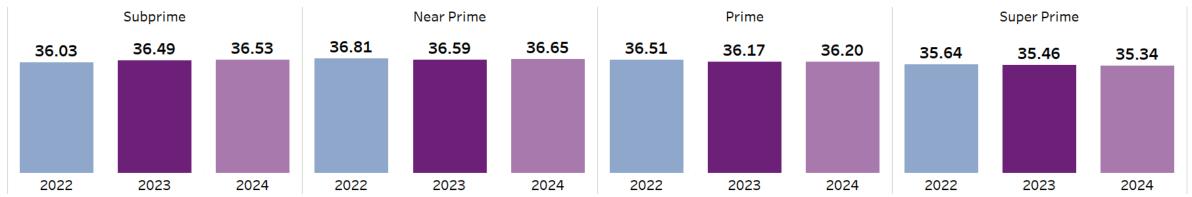


# All segments see decreases in lease payments; terms increase for all but Super Prime

#### Average lease payment by risk tier



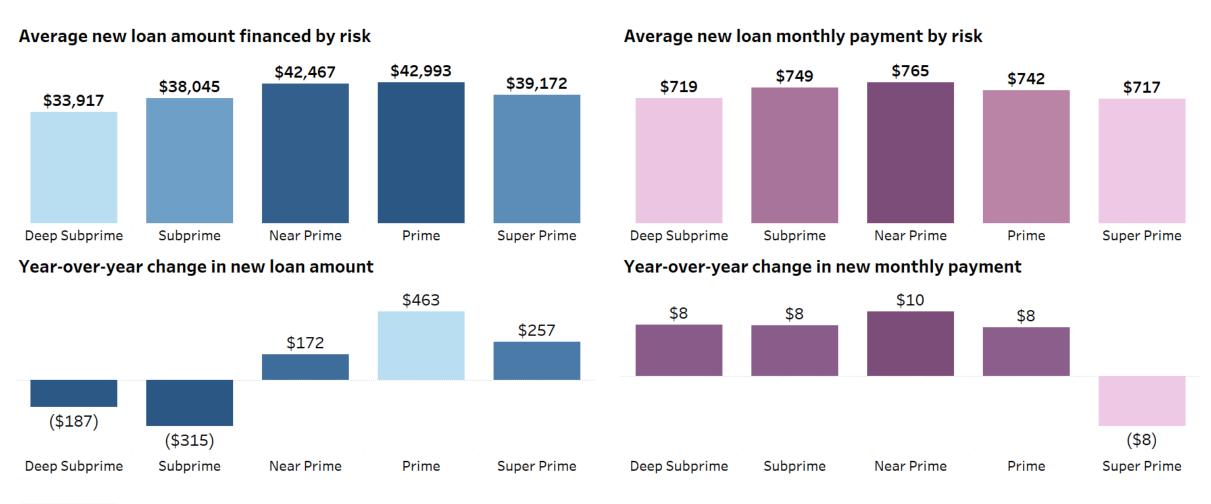
#### Average lease term by risk tier



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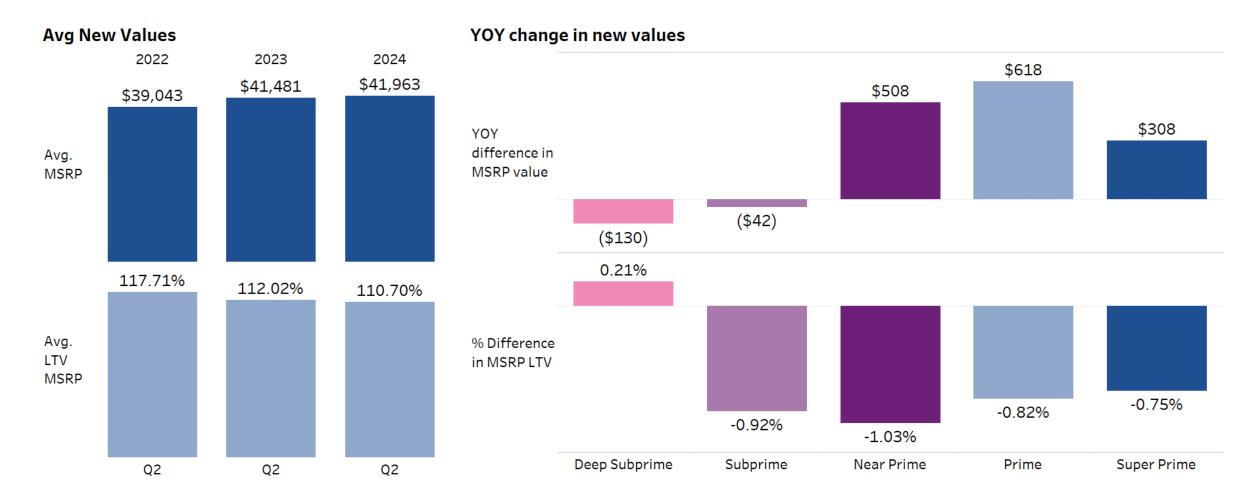
# Loan amounts decrease in the subprime space while payments are up for all but Super Prime



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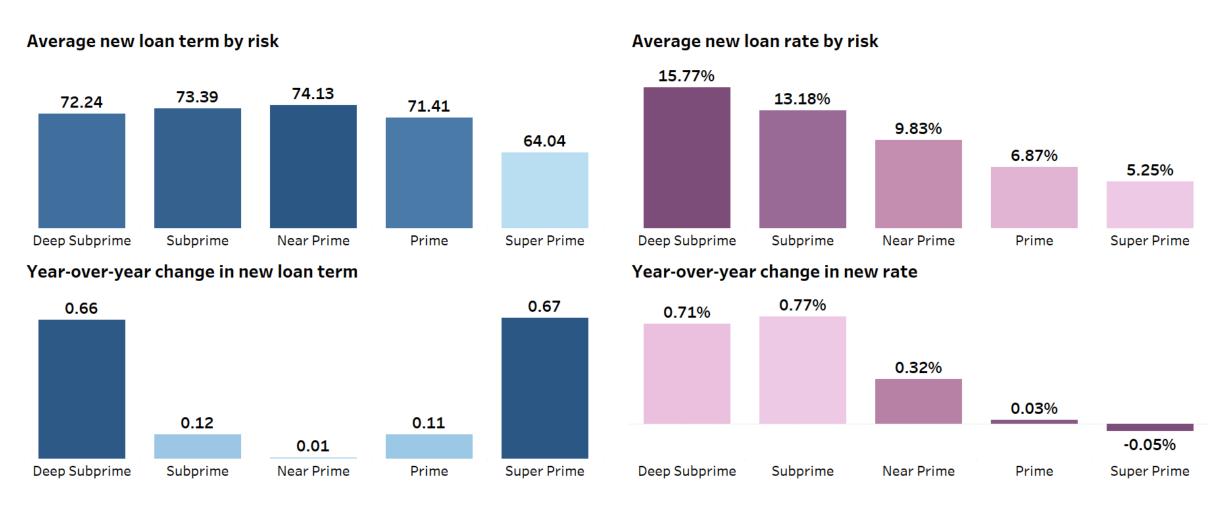


# New values continue to increase for all but subprime while LTV falls across all score segments except Deep Subprime





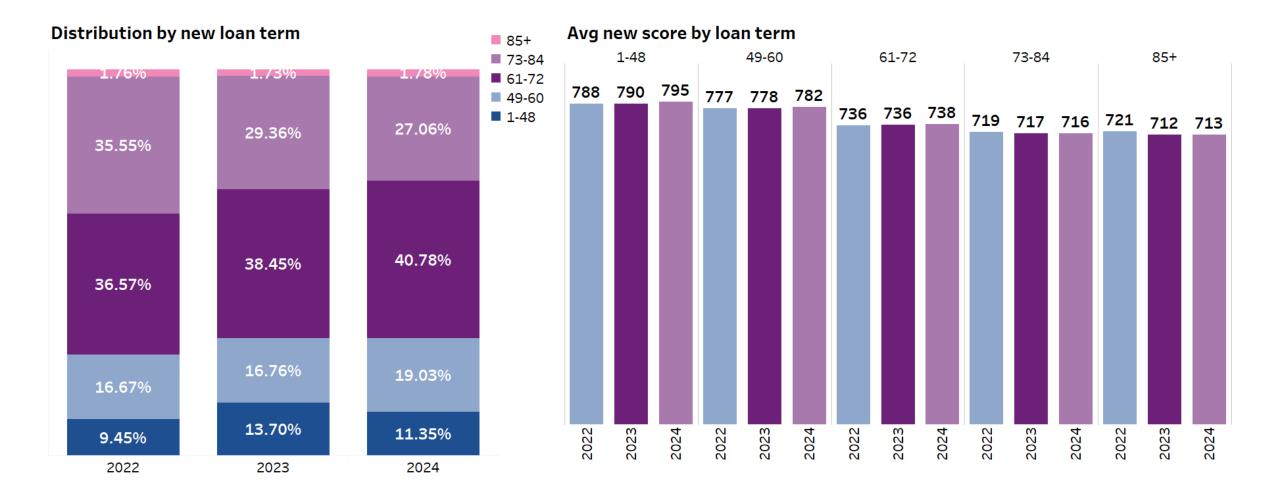
# Terms increase across the market while rate increases continue for all but Super Prime



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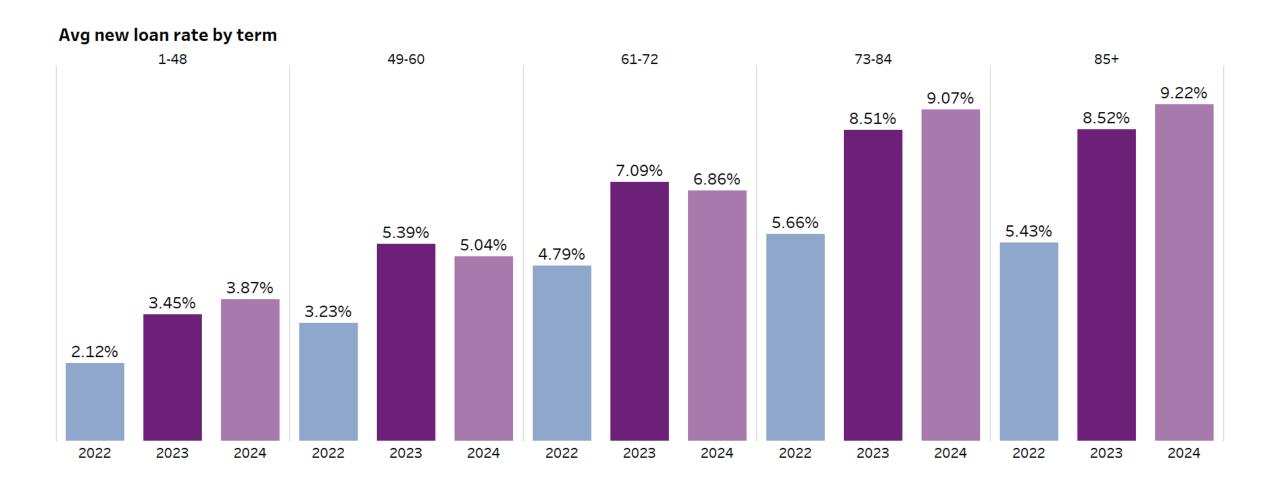


### Growth occurring in 85+, 72 and 60-month loans; scores decrease for 73-84





### Incentives drive down rates in the shorter-term loans

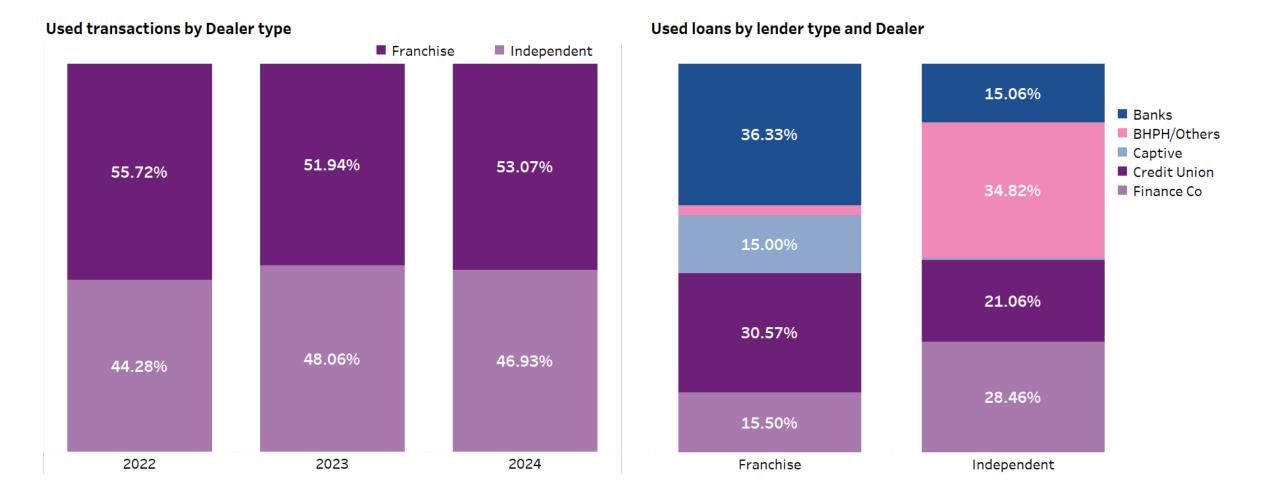








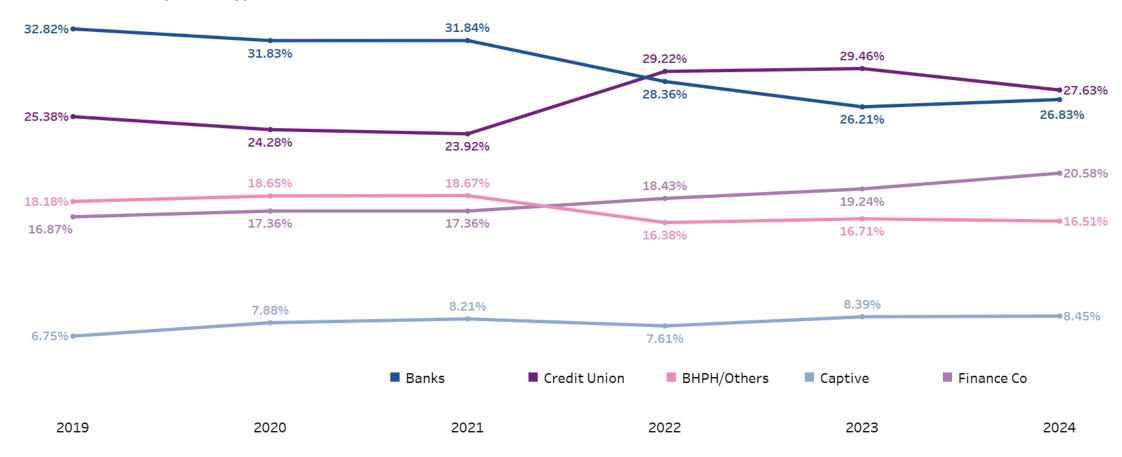
# Dealer type snapshot: Independent Dealers decrease share of used purchases





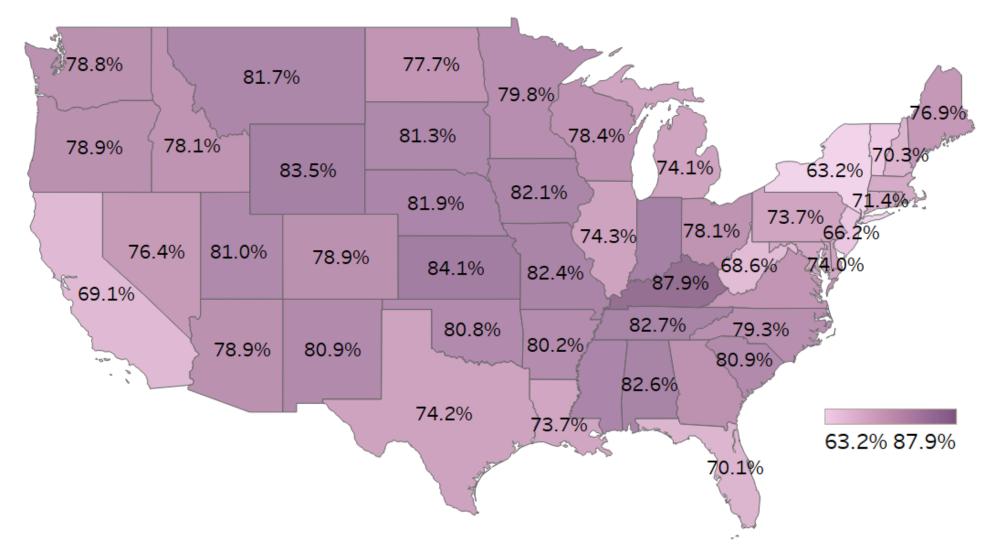
## Credit Unions return as largest lender type for used loans

#### Used loan market share by lender type



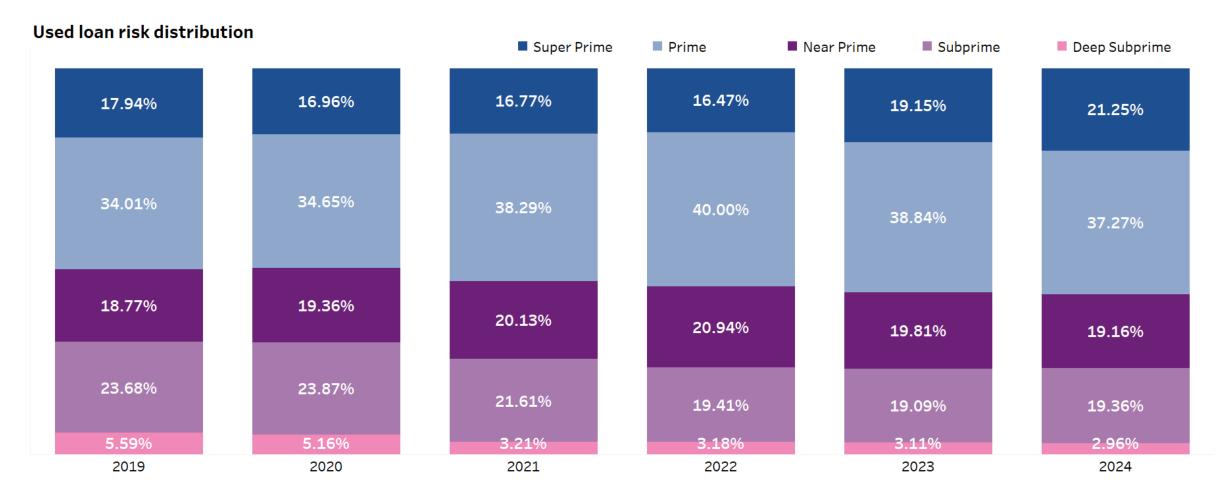


#### Kentucky has the largest share of their purchases as used vehicles; New York the lowest





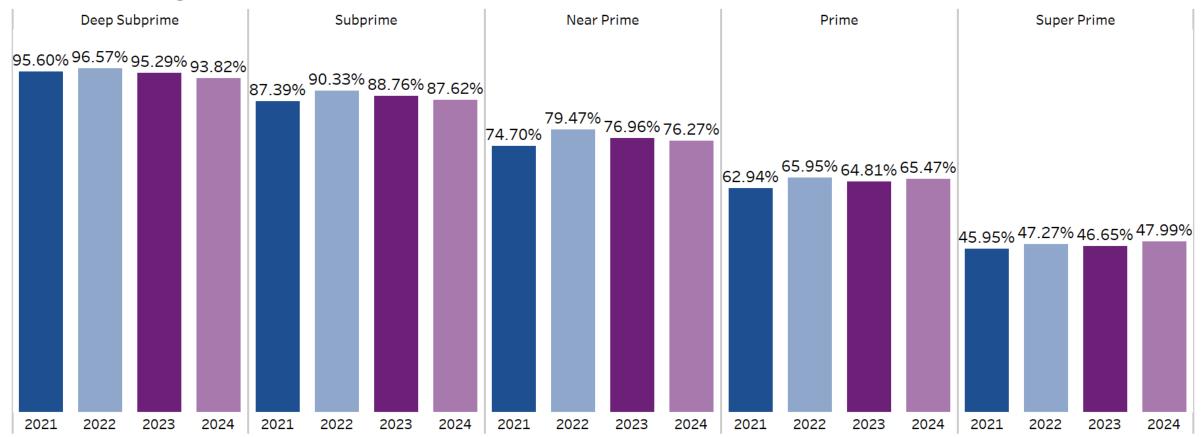
### Used lending sees growth in Subprime (1.4%) and Super Prime (9.9%)





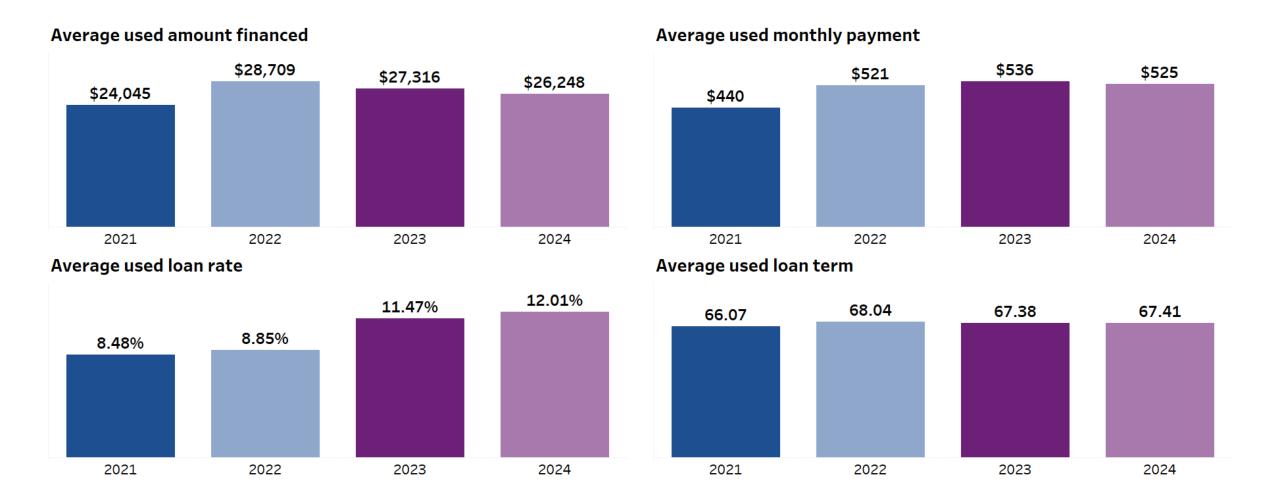
### Prime+ increases their choice in financing used vehicles

#### **Consumers choosing used vehicles**



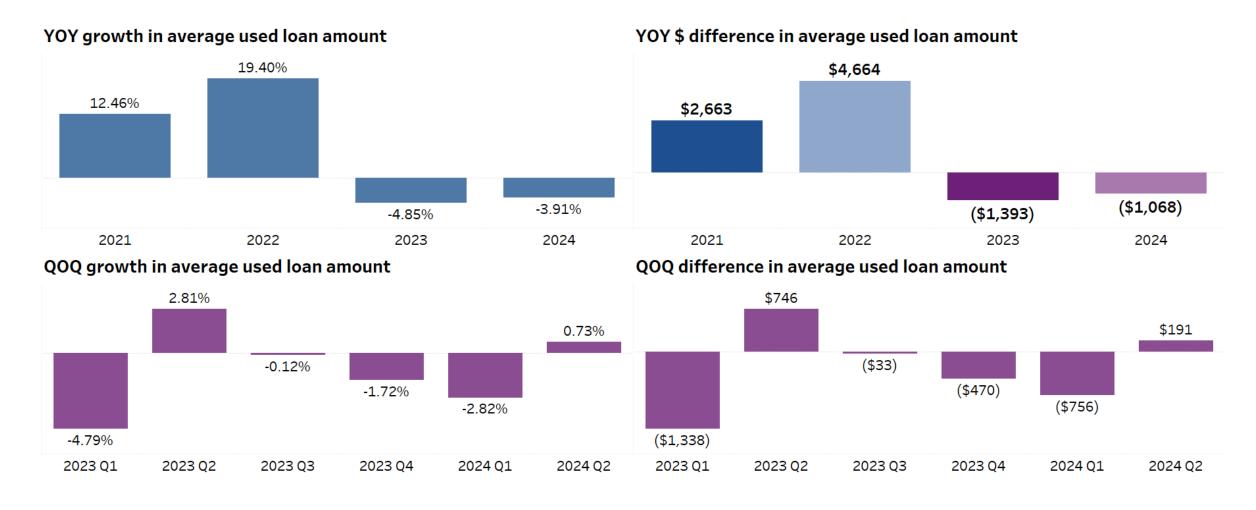


## Used loan amounts decrease and despite rate increases, payments decrease YOY





#### Loan amounts down year-over-year, but increase quarter-over-quarter

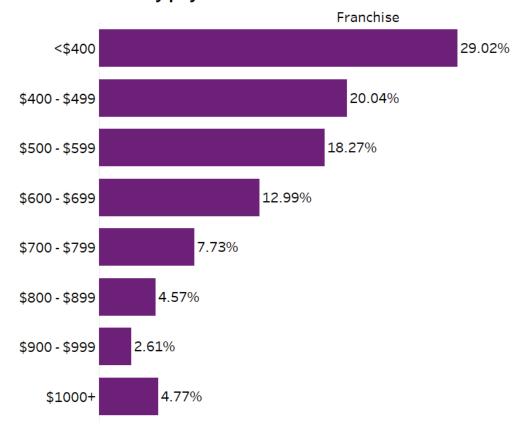


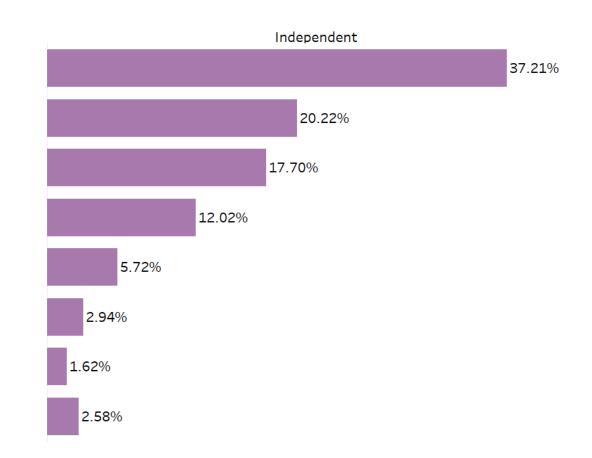


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#### Across all used loans\* 33.1% are under \$400

#### Used loan monthly payment distribution

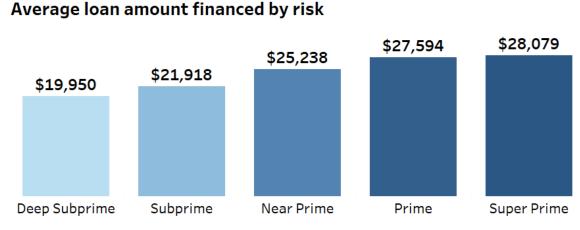




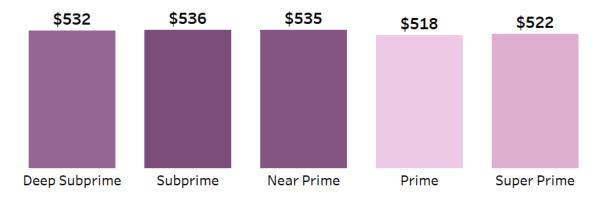


<sup>\*</sup>All used loans include private-party and unknown dealer

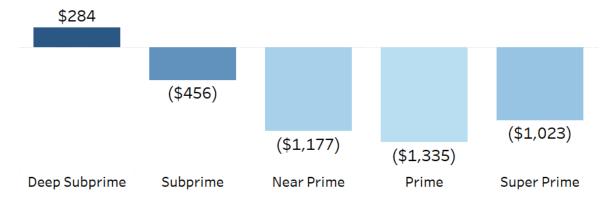
### Loan amounts and payments decrease for all but Deep Subprime



#### Average used loan monthly payment by risk



#### Year-over-year change in used loan amount

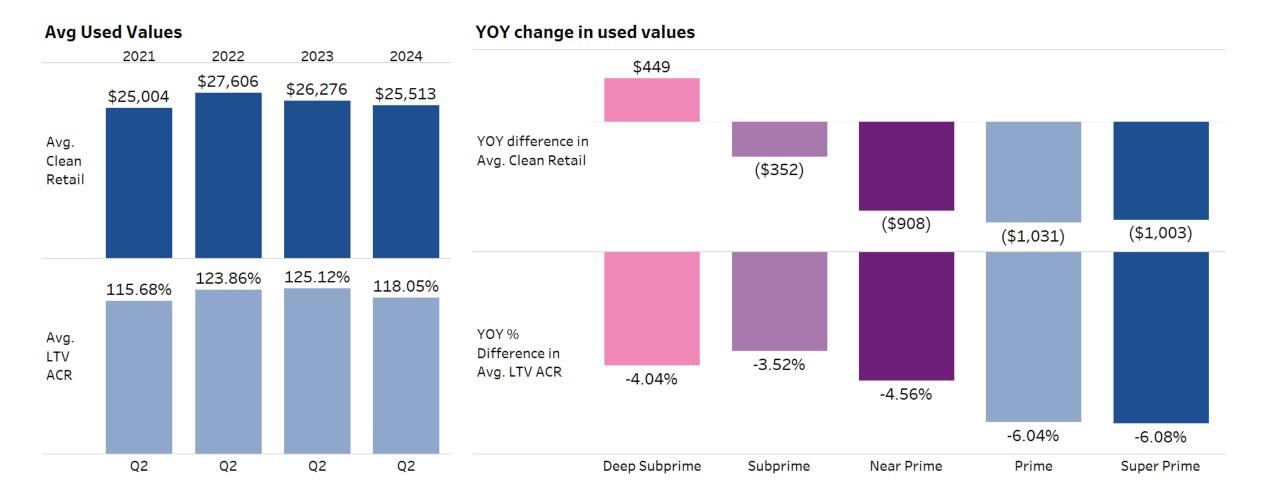


Year-over-year change in used monthly payment



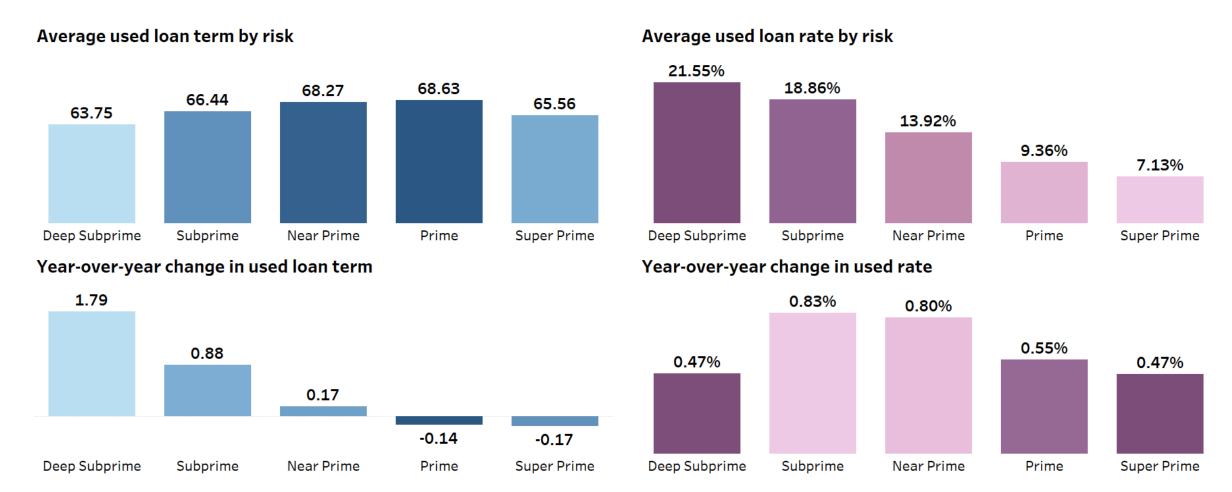


## Used values decrease for all but Deep Subprime YOY; LTV drops for all segments



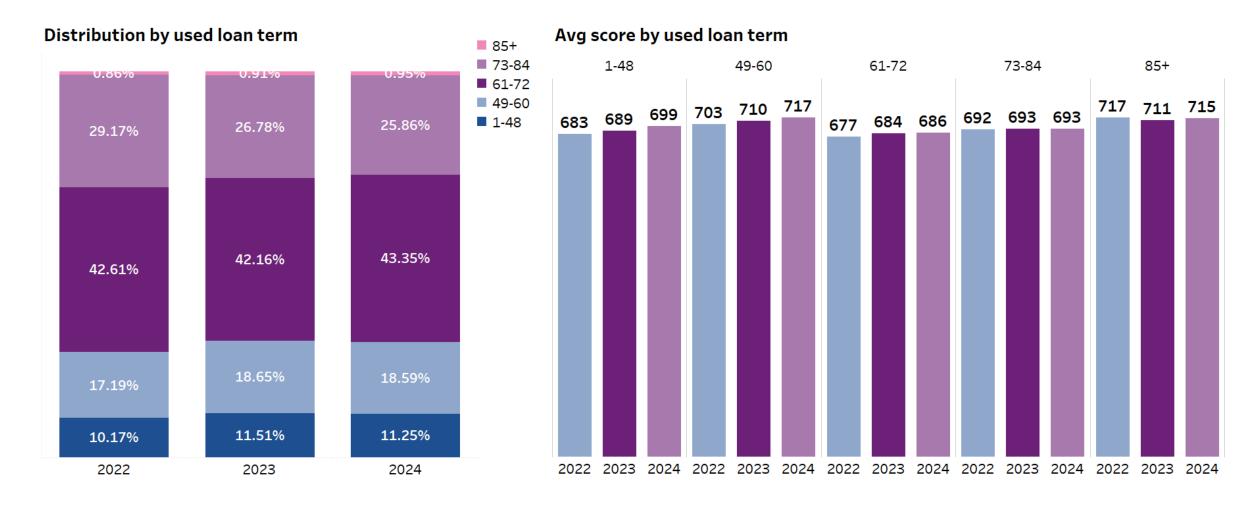


#### Terms decrease in Prime+ and all segment see rate increases



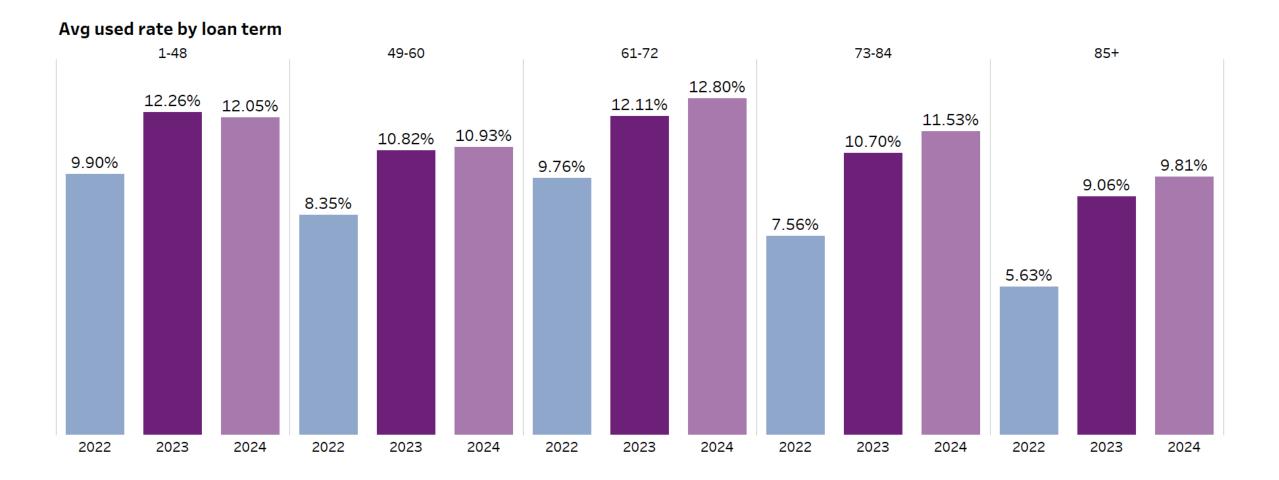


## Over 70% of used terms are 72+ months with scores increasing across all terms (flat for 73-84)

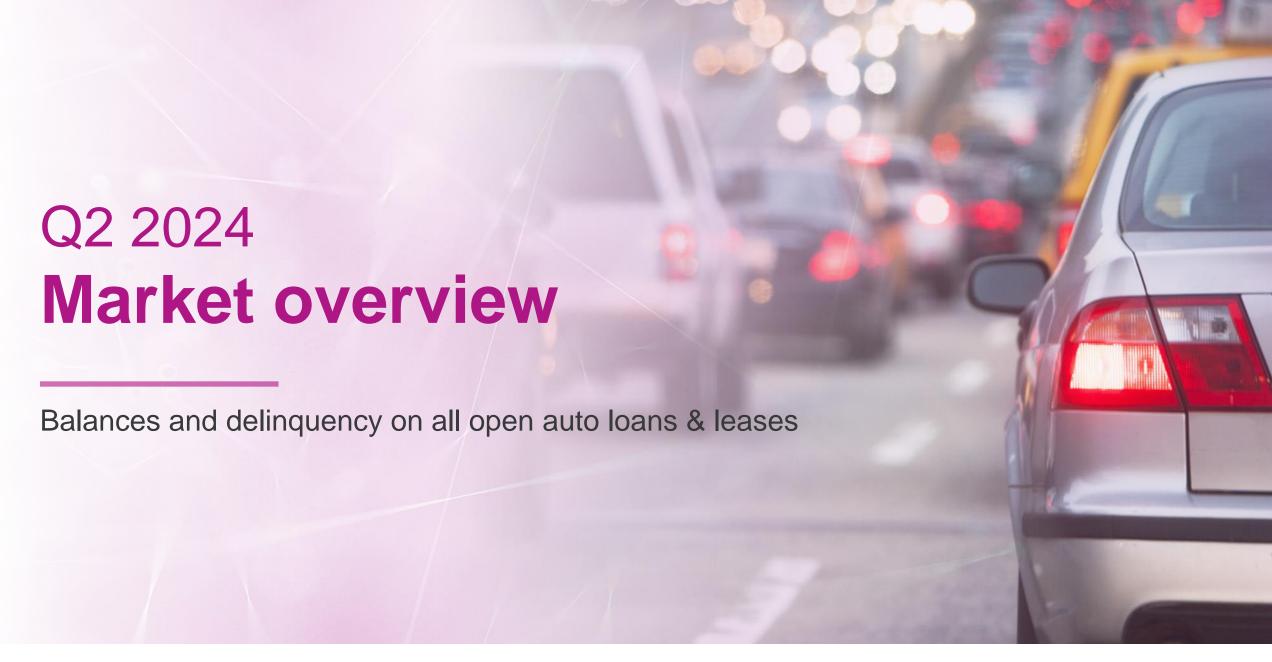




#### Shorter term used loans see a reduction in rates





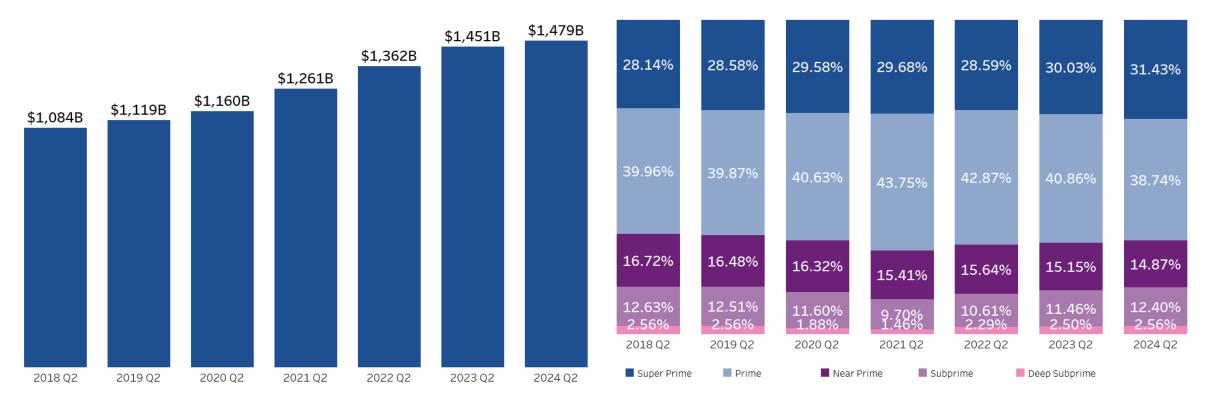




## Outstanding balances have grown 2% YOY; subprime sees some growth, however over 70% of balances remain prime+

#### **Outstanding Automotive Loan Balance**

#### Risk Distribution of Outstanding Auto Loan Balance



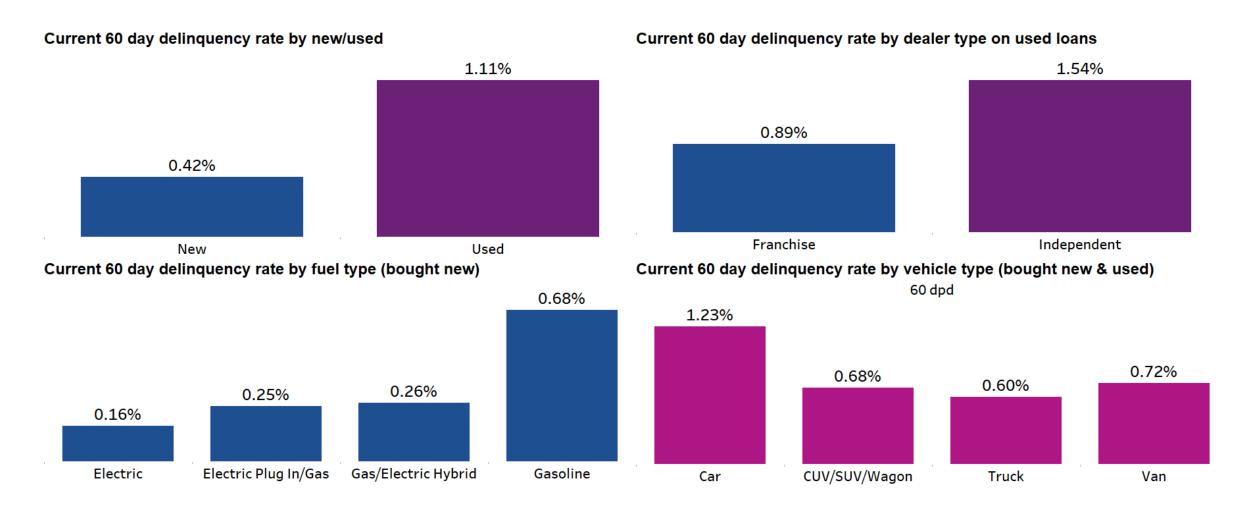
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## 30-day delinquent balances are up 16bps; 60-day up 6bps





### Delinquency by vehicle and fuel-type





#### State of the Automotive Finance Market

## Q2 Summary

- Leasing continues to increase, yet cash still remains at higher than historic levels.
- Subprime continues to reach record lows for automotive financing.
- New loan amounts and payments increase modestly, and lease payments decrease
- Used loan amounts and payments decrease despite rate increases
- Loan-to-value decreases year-over-year for both new and used loans.
- Overall balances climb and delinquencies rise.





State of the Automotive Finance Market

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