



# State of the Automotive Finance Market Q3 2022

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**Melinda Zabritski**

Sr. Director, Financial Solutions

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# Today's speaker



## Melinda Zabritski

Sr. Director of Automotive Financial Solutions  
Experian

Throughout her career with Experian, Zabritski has overseen the product strategy for Experian Automotive's lending channel and creation of the automotive credit vertical. After over 18 years in product management, she transitioned into sales and consulting. Zabritski also serves as Experian's primary analyst and spokesperson regarding key automotive finance trends.

# Session 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



# Data sources

## Velocity Market, Risk & 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 and performance 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

A woman with long brown hair, wearing a brown sweater and dark pants, stands next to a white SUV with its driver-side door open. She is looking into the car. Another woman, seen from the back, stands in front of the car, looking at a tablet. The background shows a modern car dealership with large windows and other vehicles.

# Q3 2022 Originations

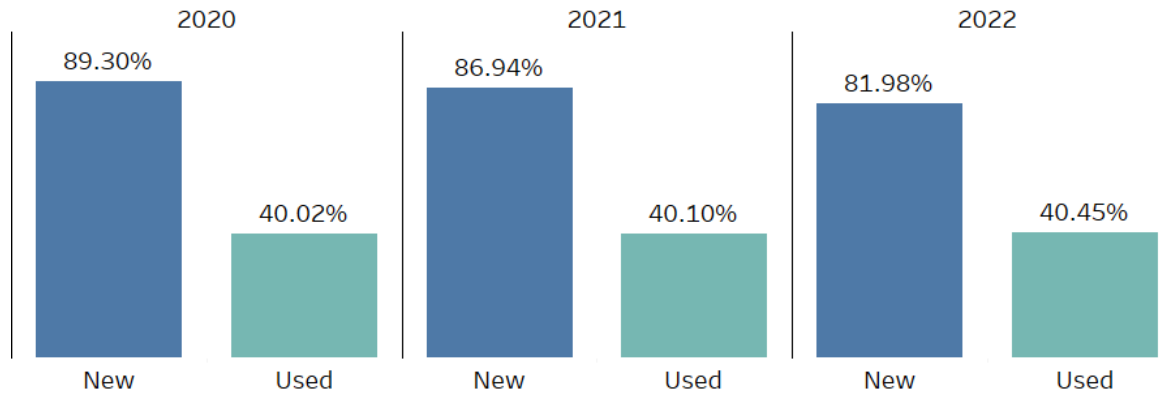
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Trends in automotive loan and lease originations

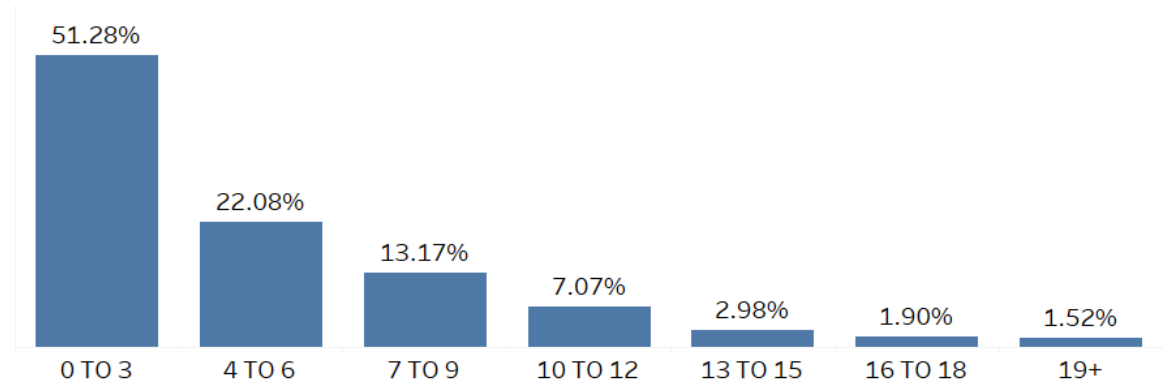
# Automotive financing

Snapshot of how and what consumers are financing

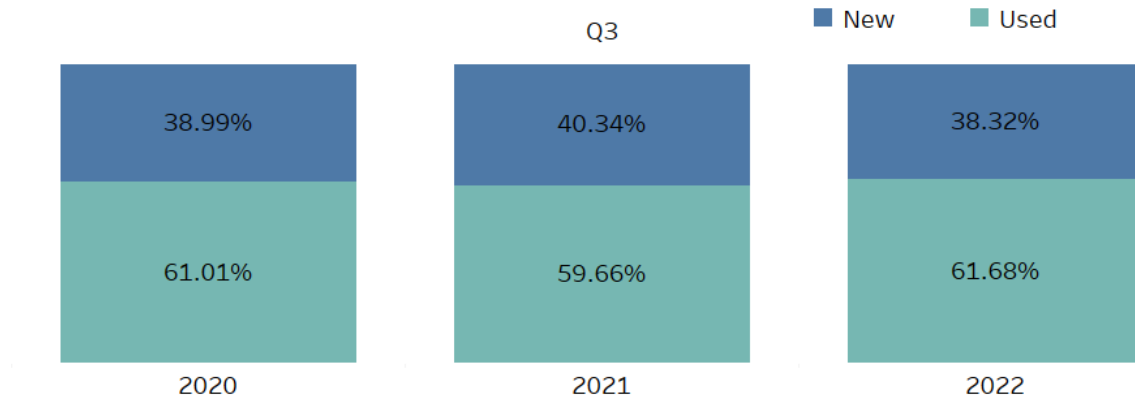
Percentage of vehicles with financing



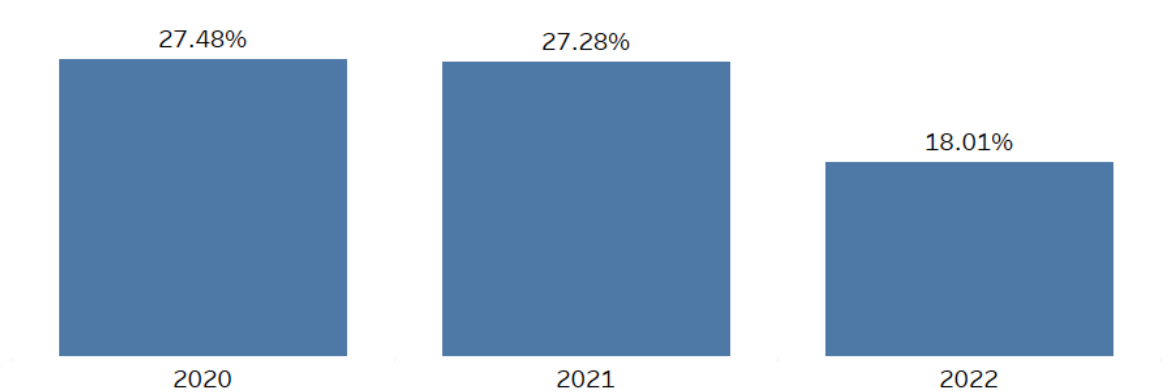
Percentage of financing by model year group age



New/Used percentage of financing

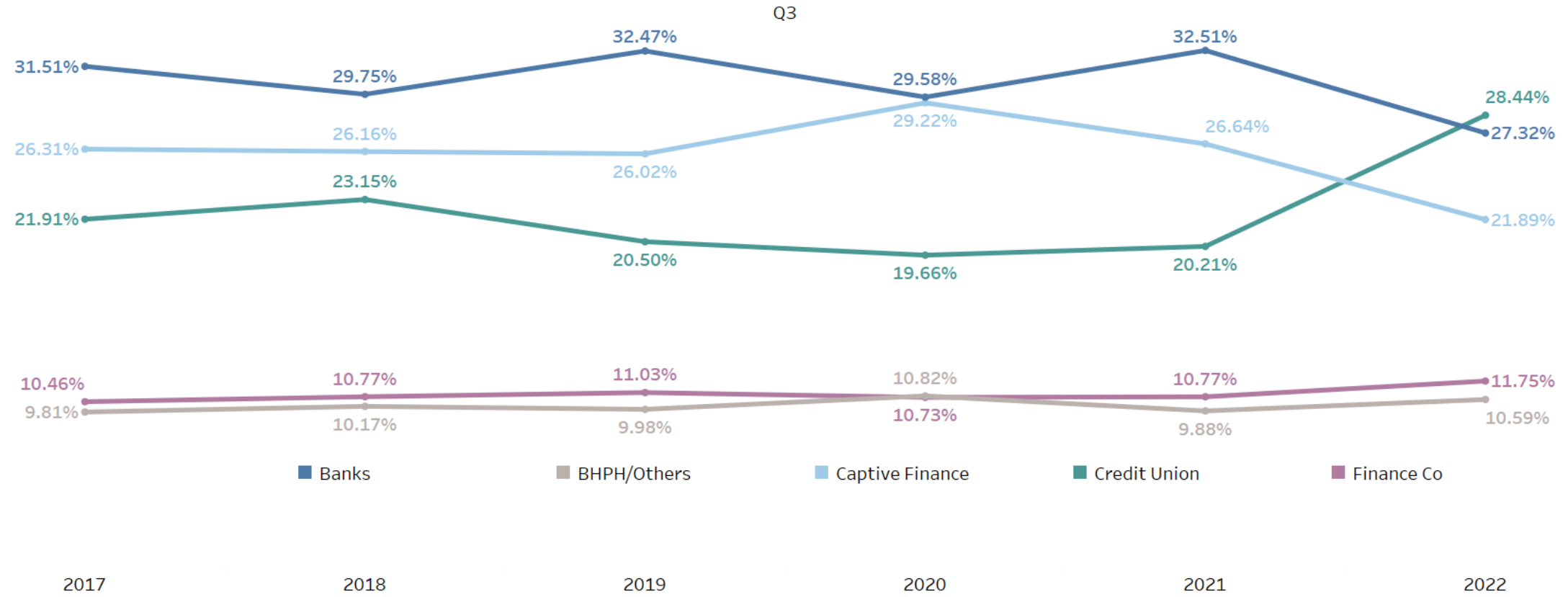


% of all new vehicles that are leased



# Credit unions move to highest market share among lenders

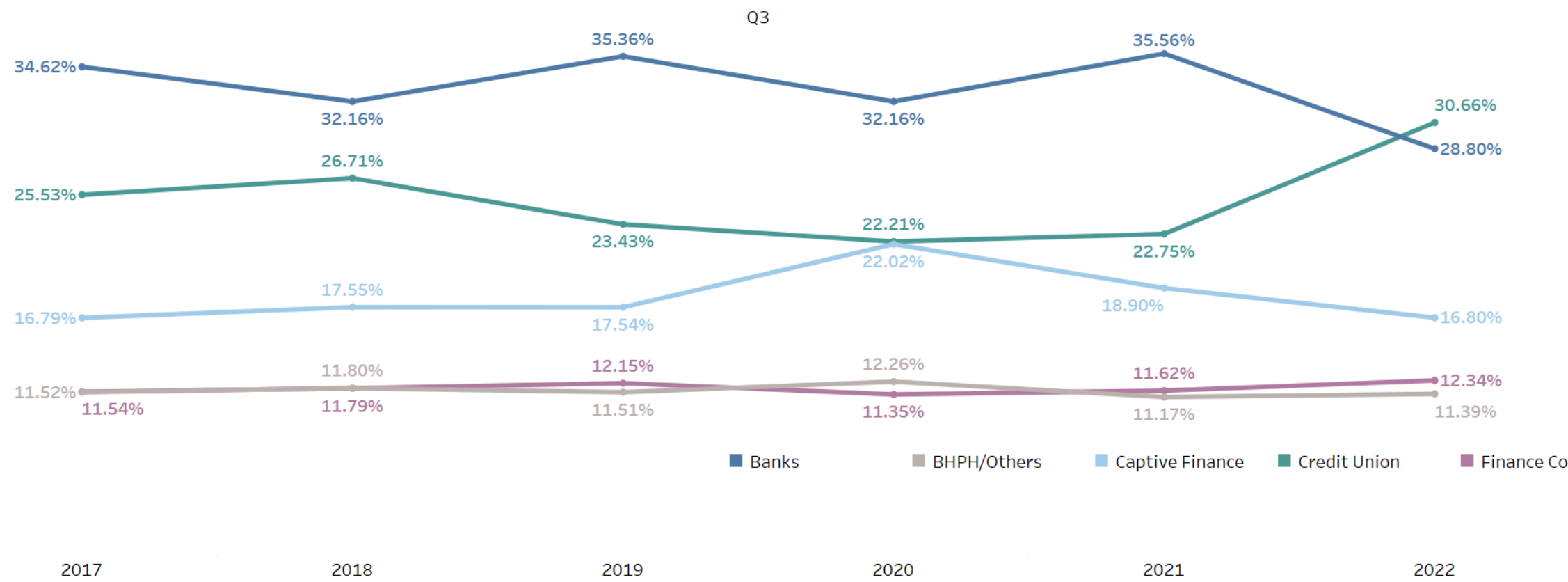
Market share of total financing





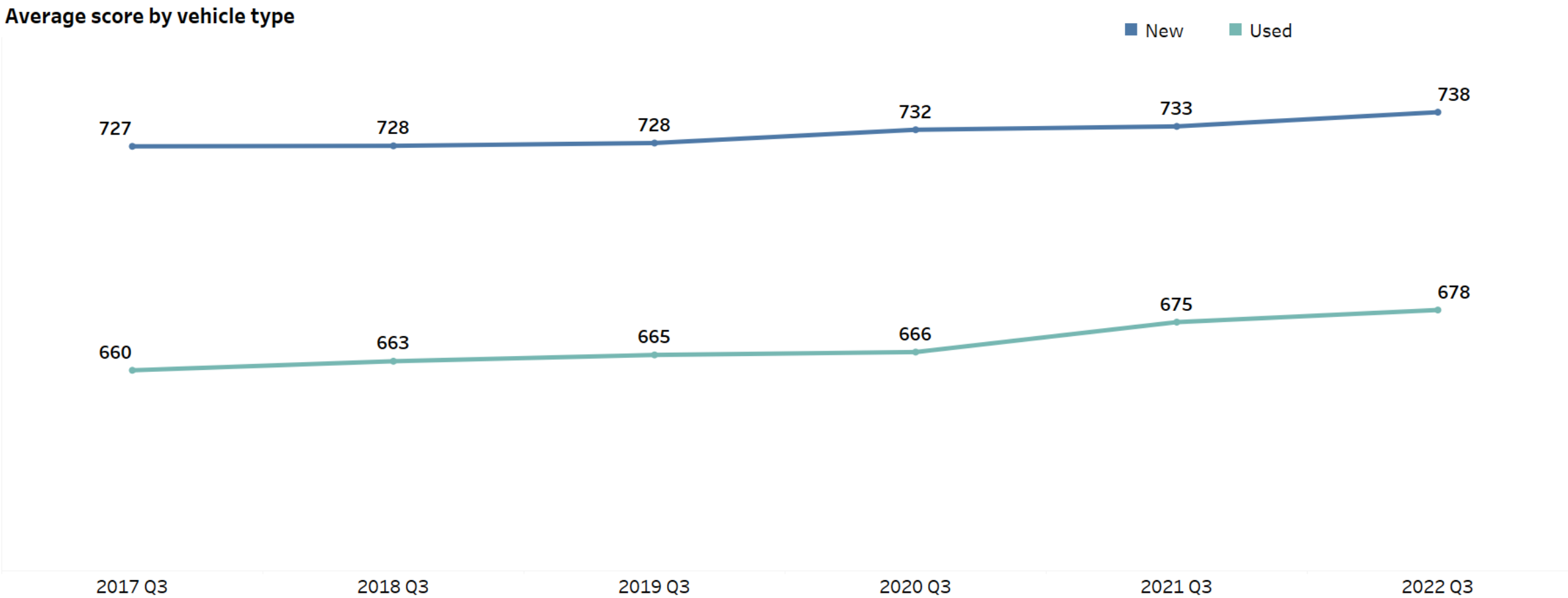
# Credit Unions financing over 30% of all auto loans

Total loan market share

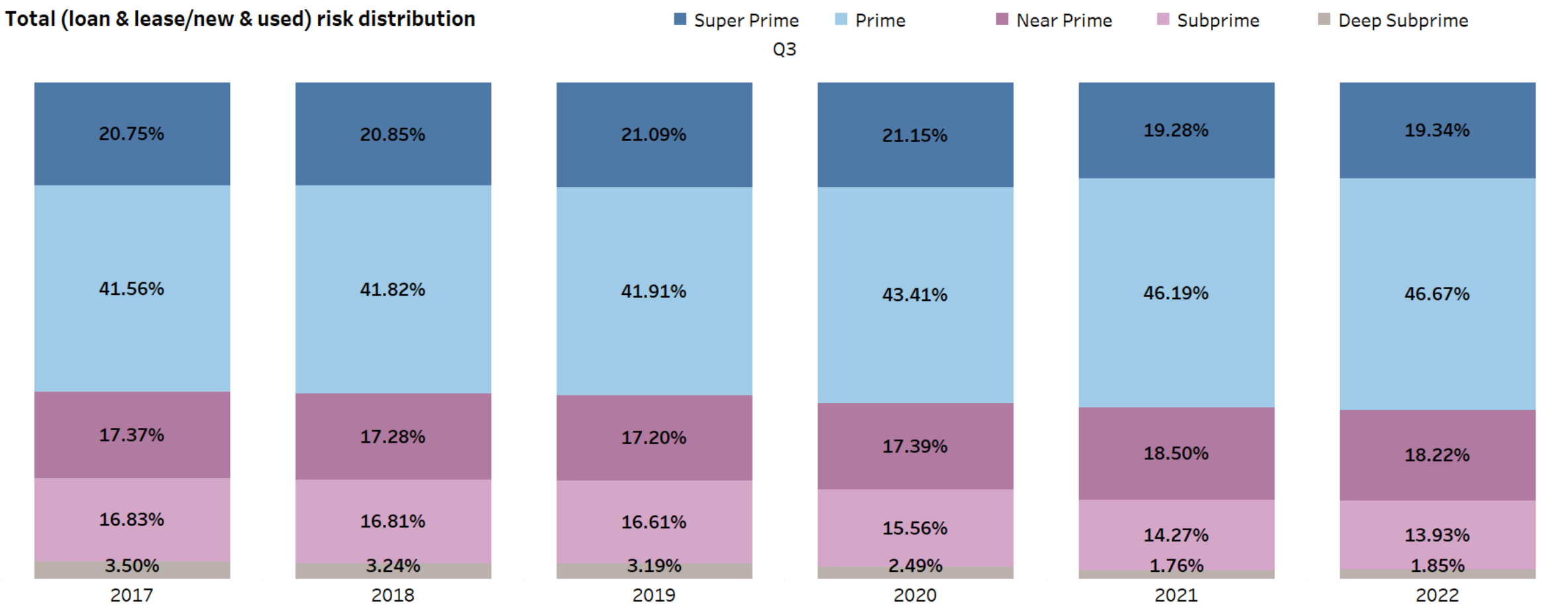




# New scores increase 5 points while used are up 3 YOY



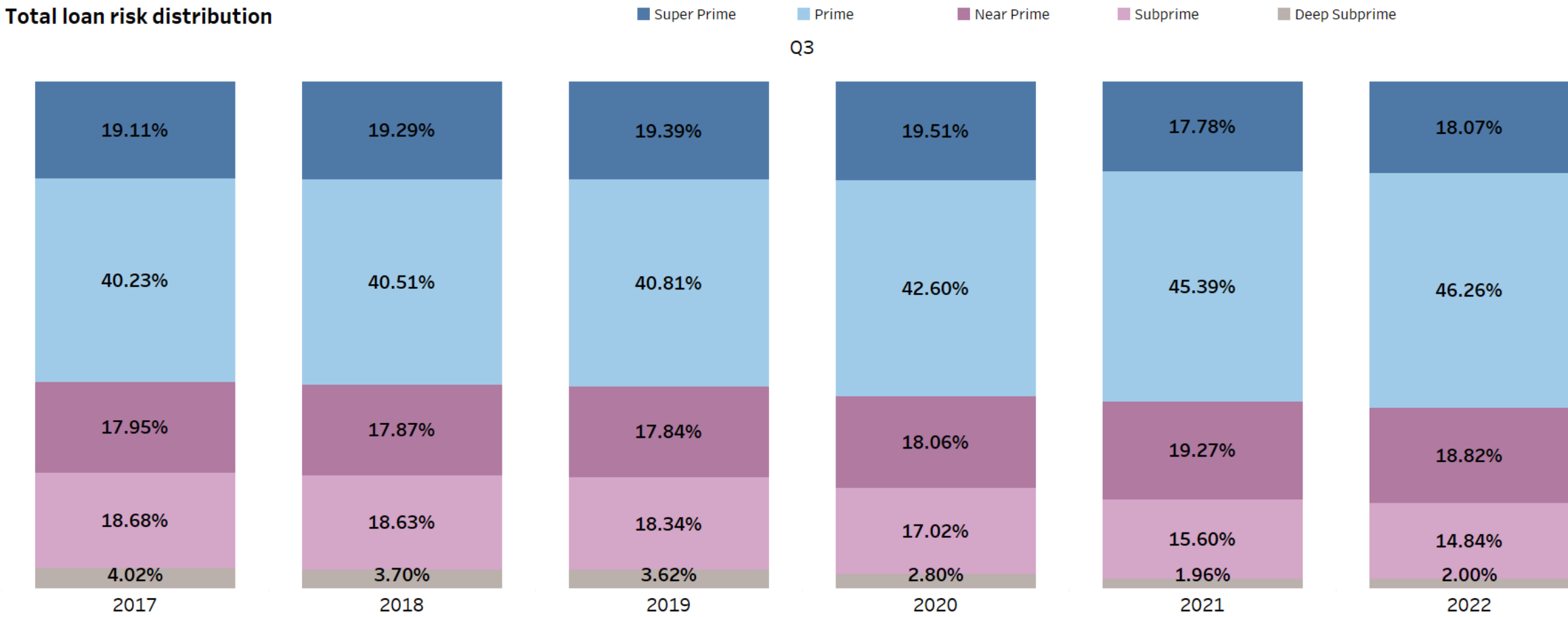
# While Prime+ is over 66% of finance, Deep Subprime sees a small amount of share growth



<sup>1</sup>Total financing = loan and lease transactions on both new and used vehicles

# Most share growth occurring in Prime and Super Prime; Deep Subprime experiences a slight increase in share

Total loan risk distribution



<sup>1</sup>Total financing = loan transactions on both new and used vehicles



# Q3 2022 New financing

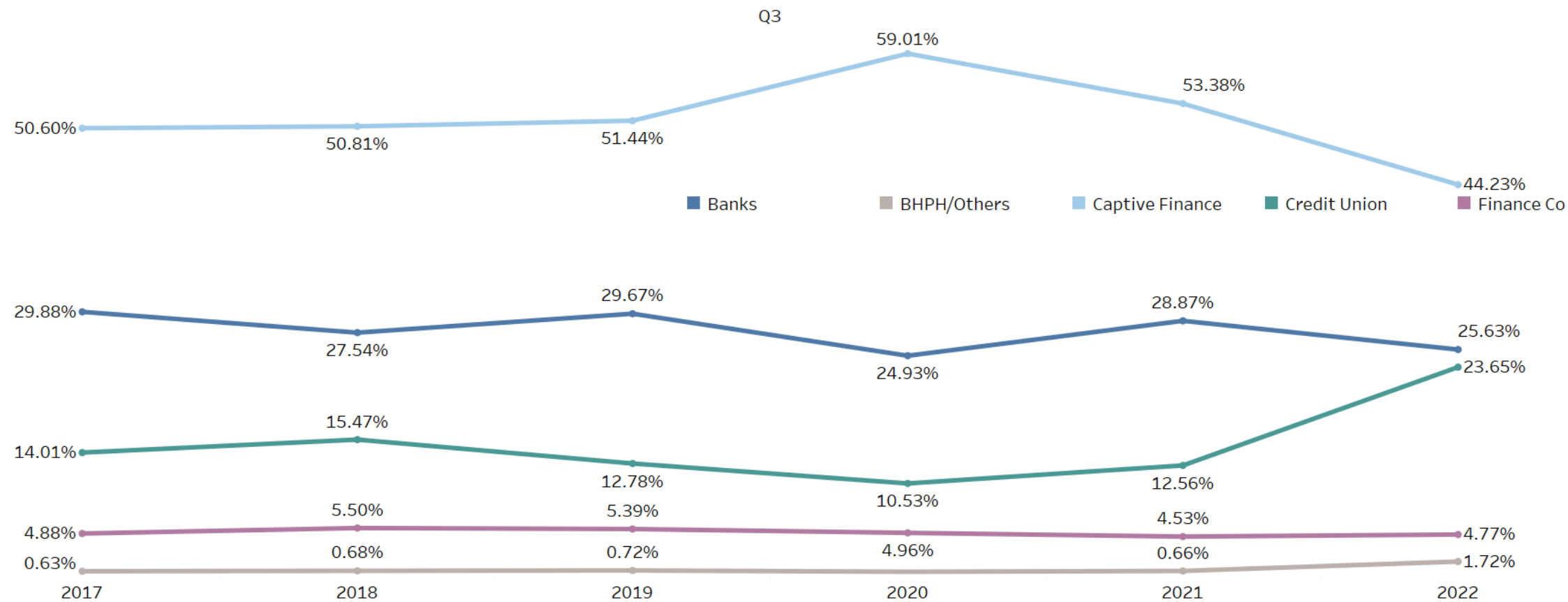
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A look at new lease & loan trends



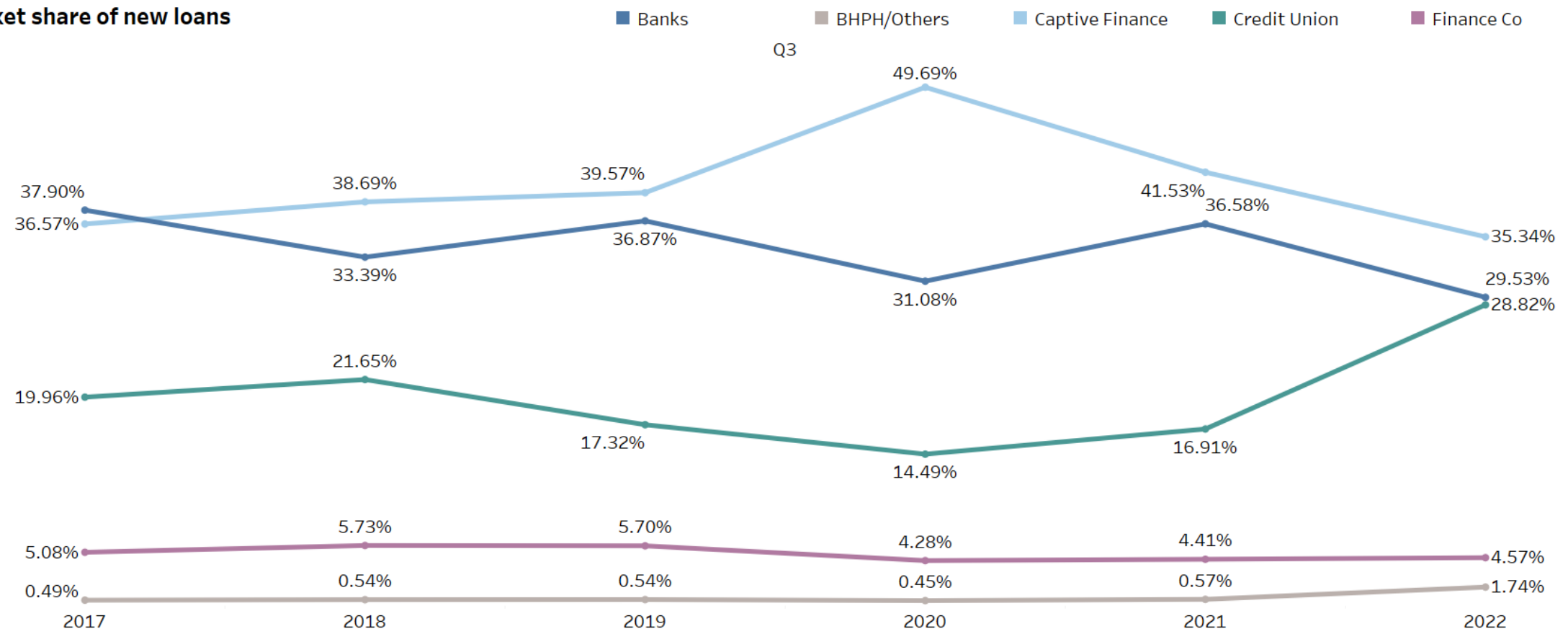
# New financing is still led by Captives, yet Credit Unions continue to see the largest growth

Market share of new financing (loan/lease)



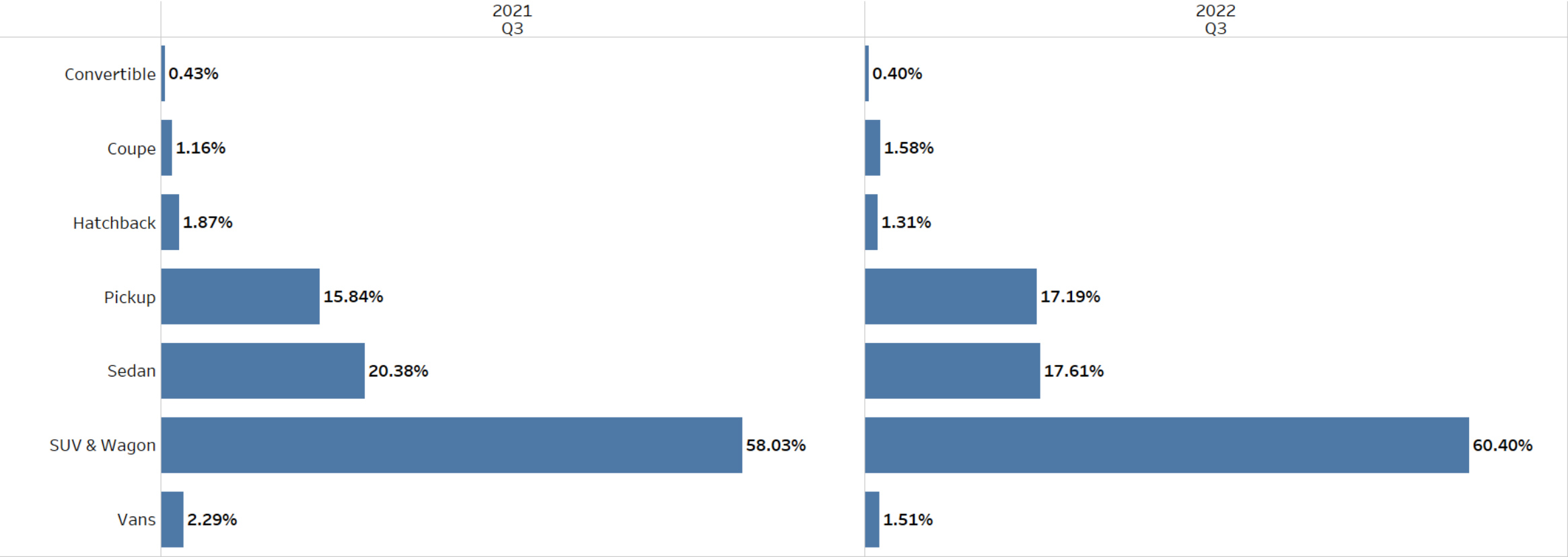
# Credit Unions reach nearly 29% share of new loans

Market share of new loans



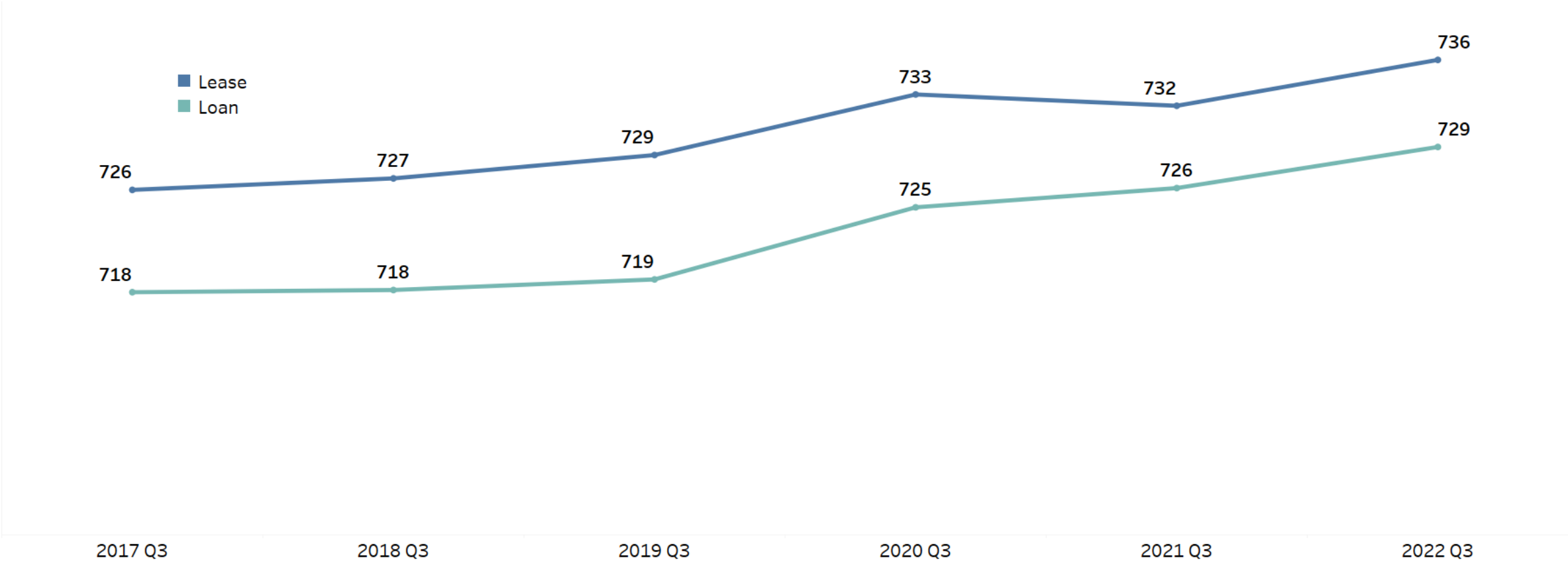
# Sedans fall under 18% of financing while Pickups and SUVs increase share

Percentage of financing by segment



# New scores increase year-over-year

Average new score by transaction type



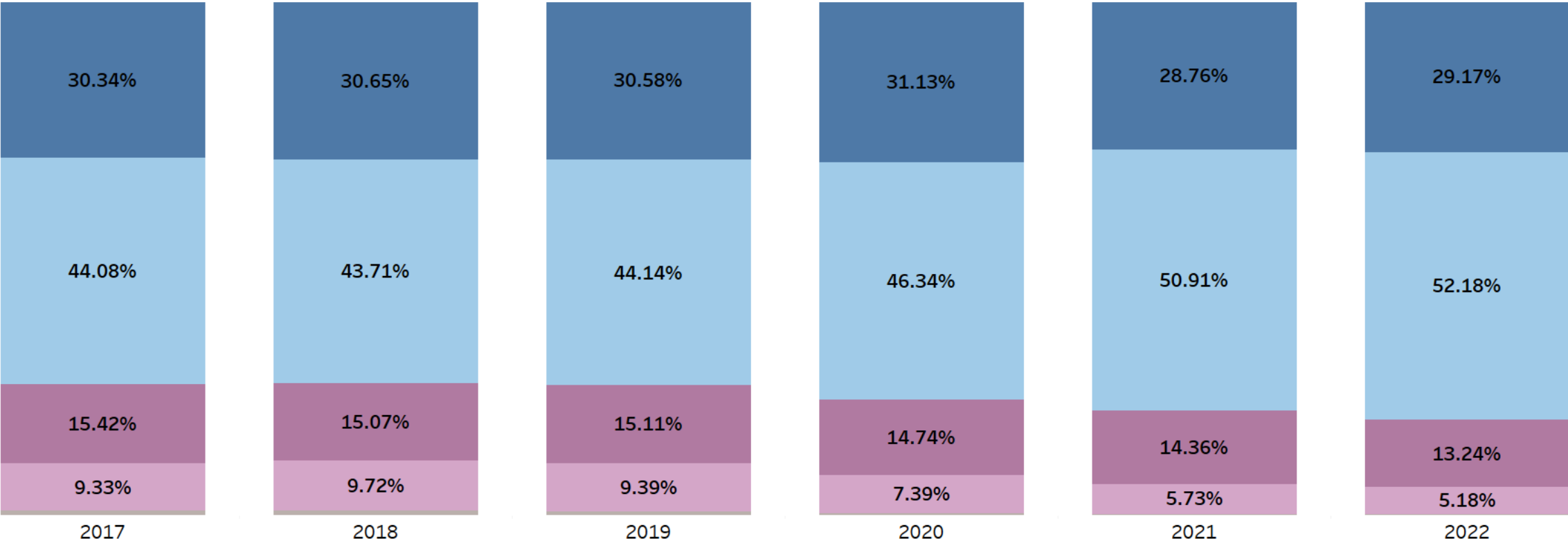


# Prime+ reaches just over 81% with most share growth occurring in 661-780 segment; total subprime 5.4%

New loan risk distribution

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

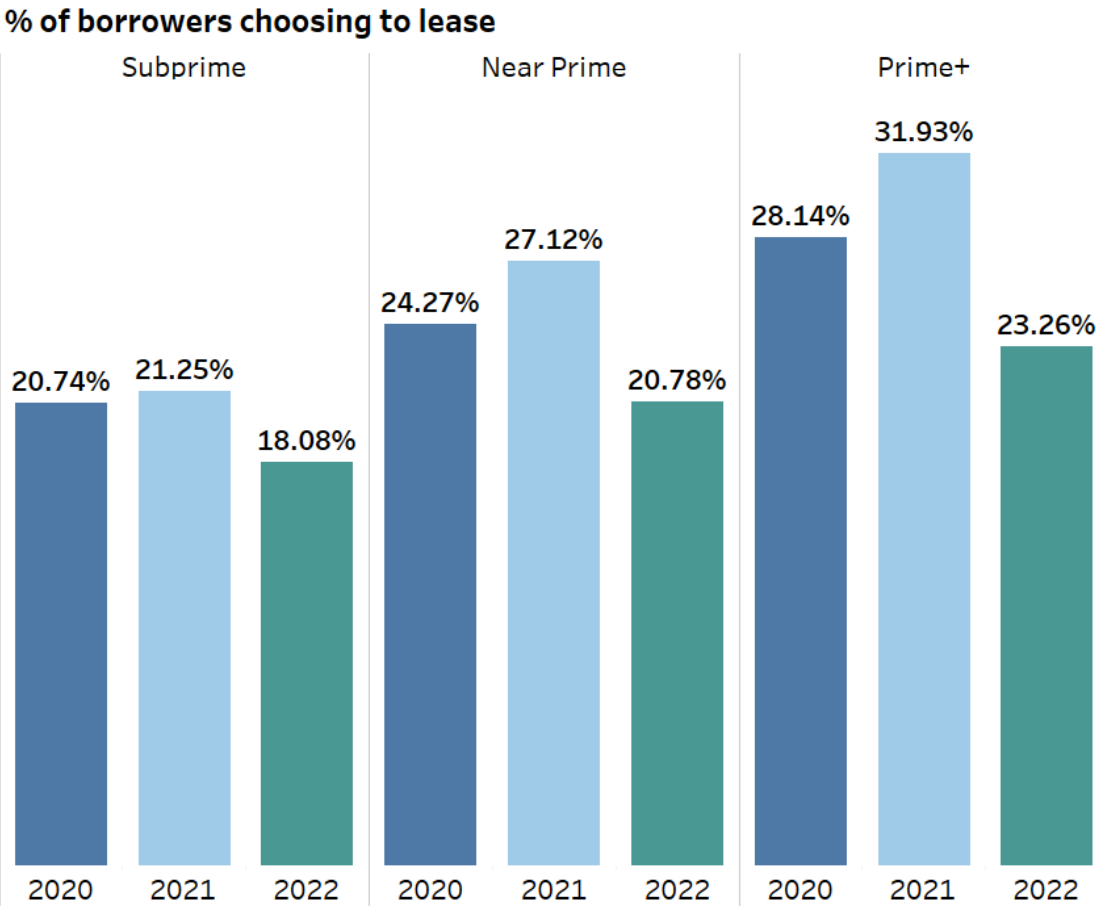
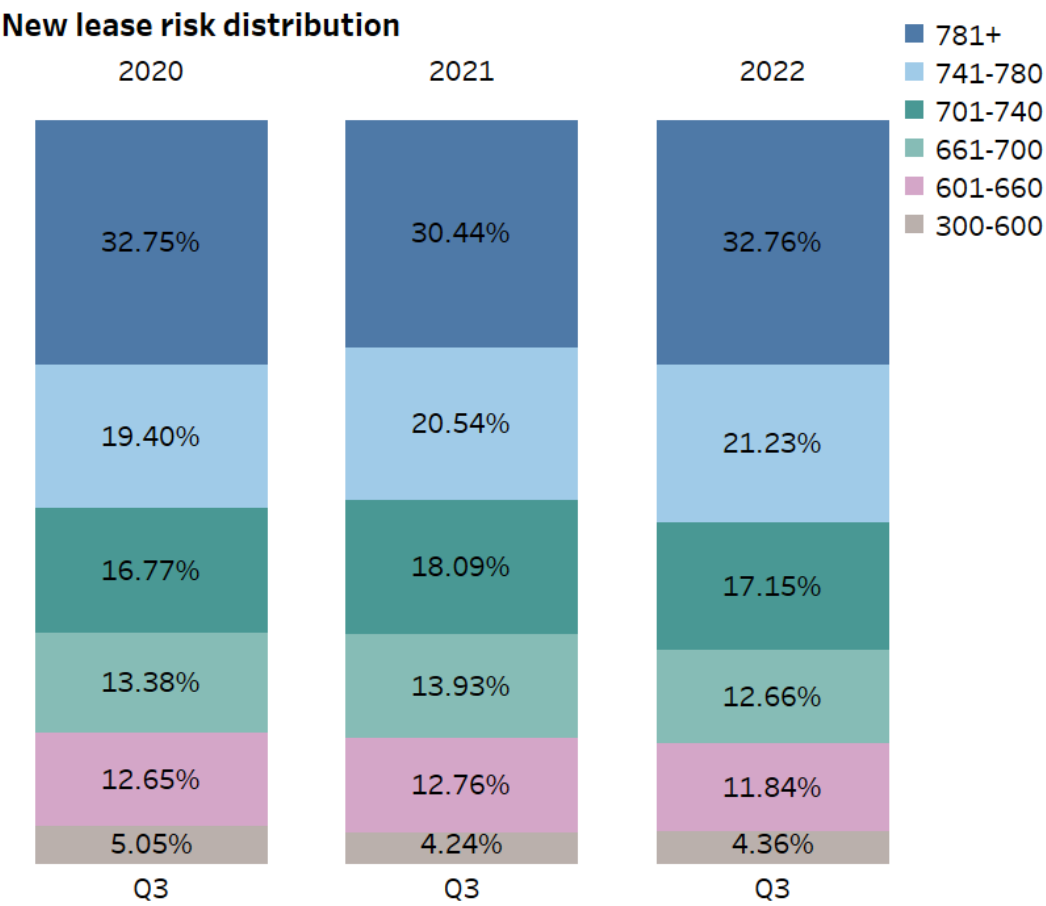
Q3



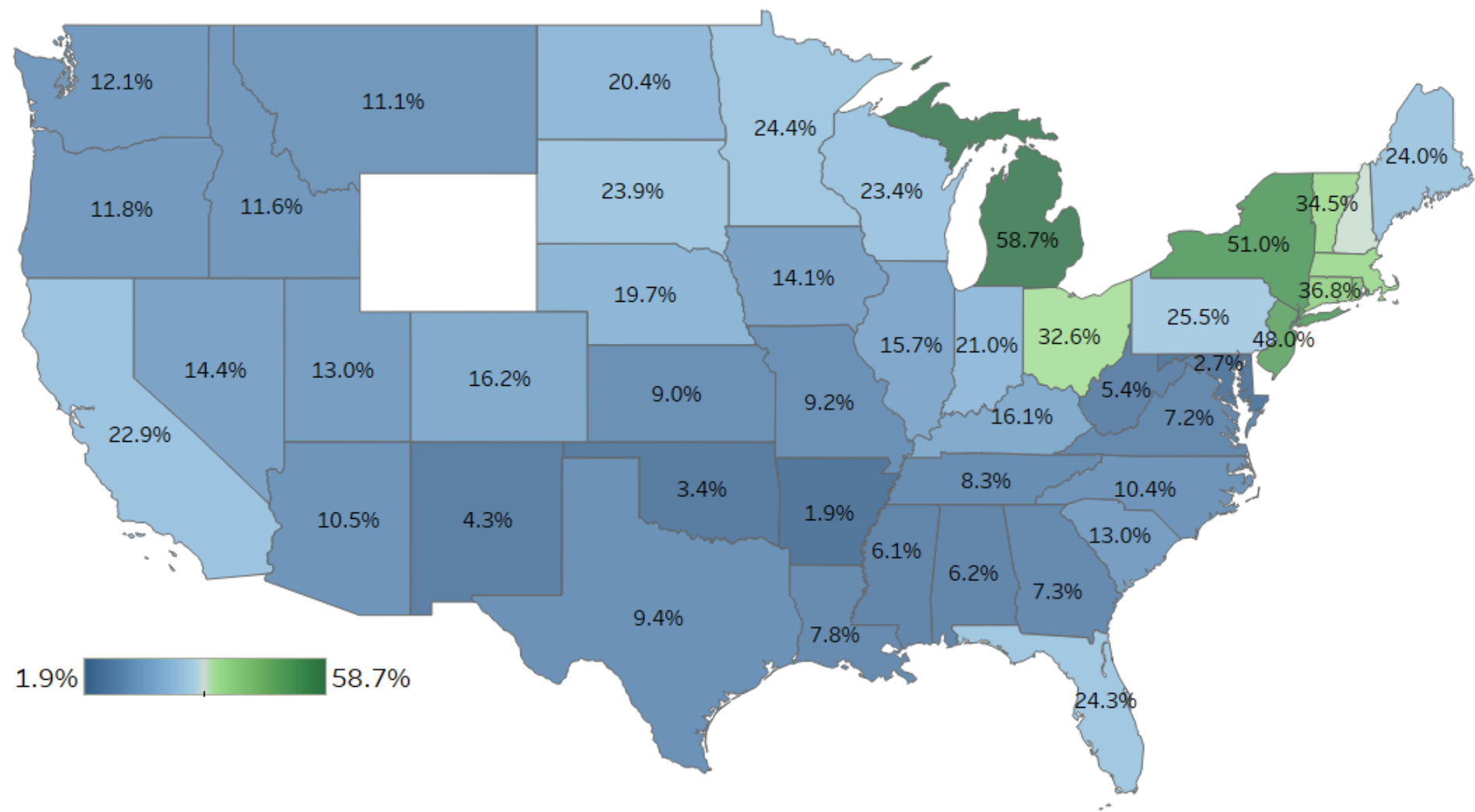
Deep subprime =  
0.24%



# Majority of leasing is 741+ and leasing rates drop across all risk segments

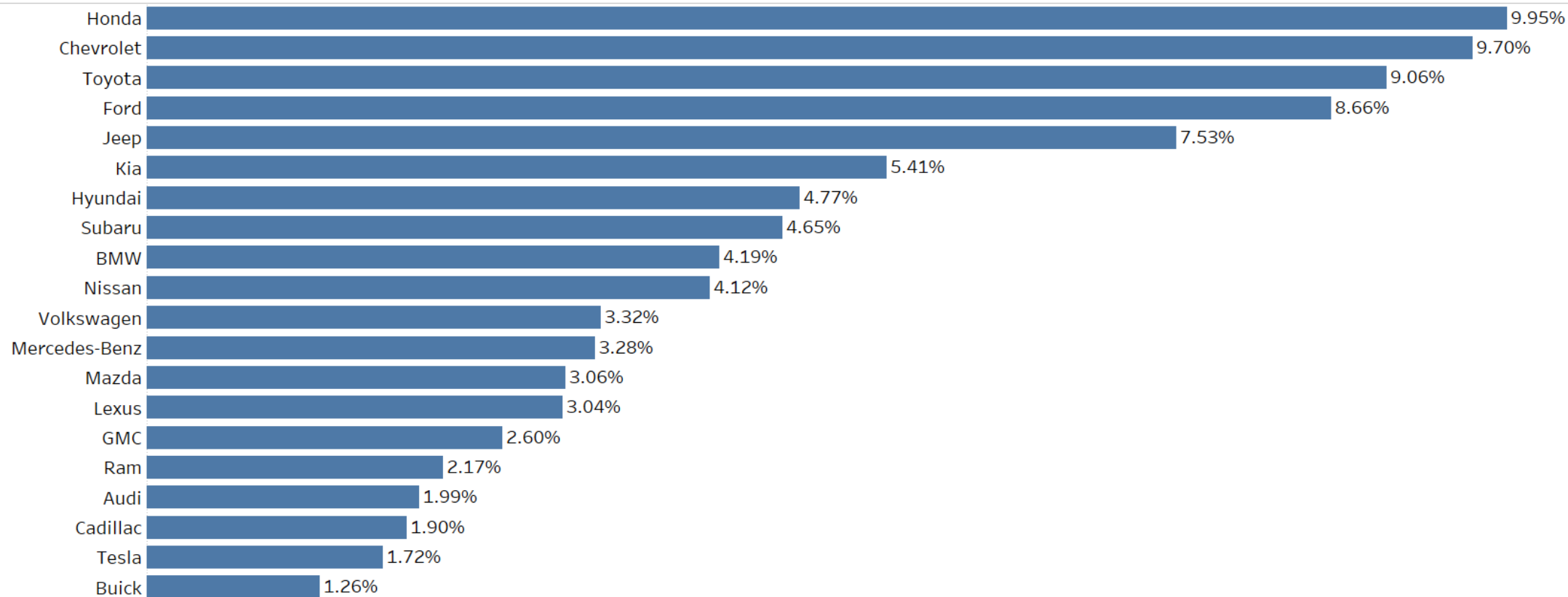


# Michigan and NY continue to lead with the greatest share of new state financing as lease



# Honda leads as the #1 leased make

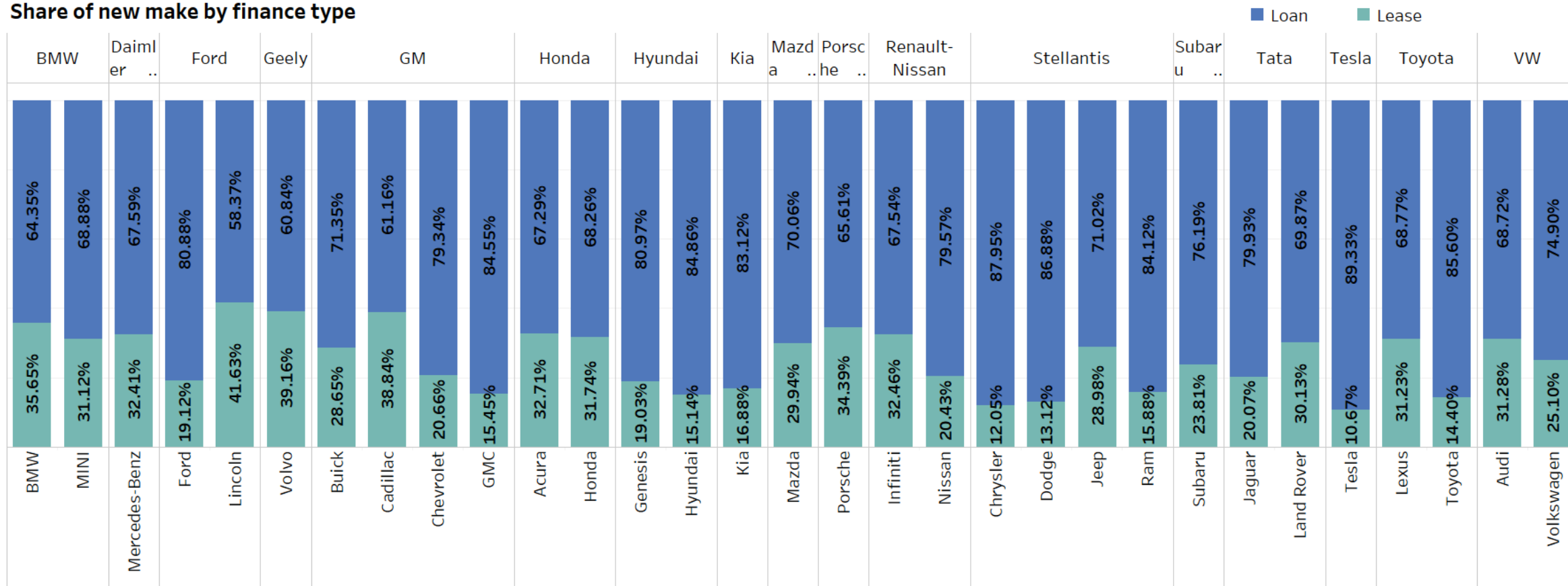
## Top 20 leased new makes





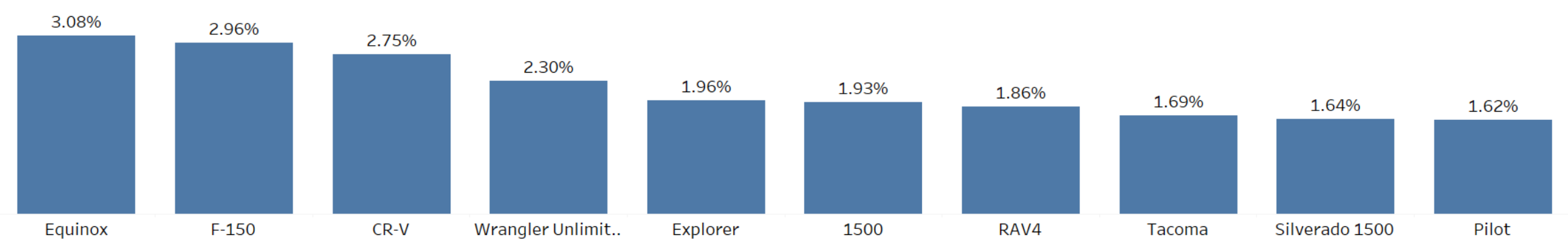
# Finance type by make

Share of new make by finance type

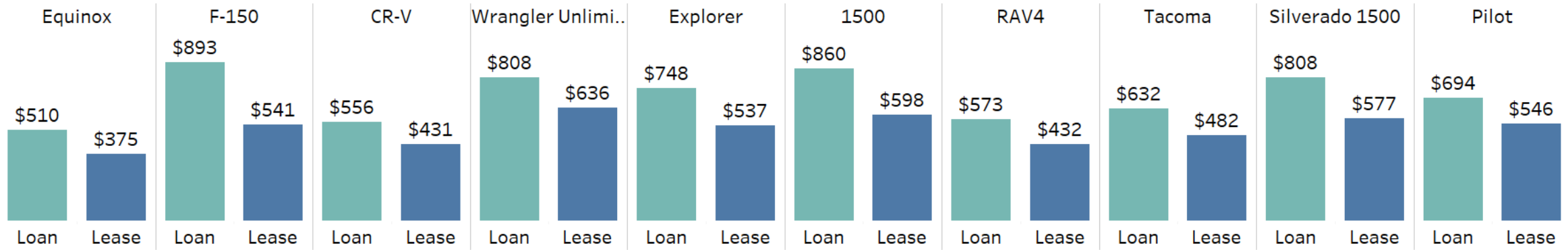


# SUVs and Trucks dominate the top leased vehicles; average payment difference of \$133

Top 10 leased models

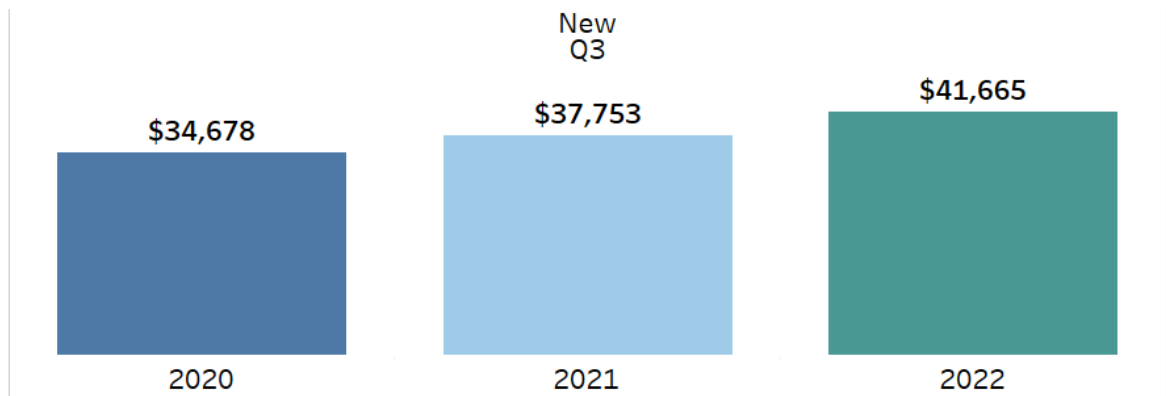


Average monthly payment on top leased models

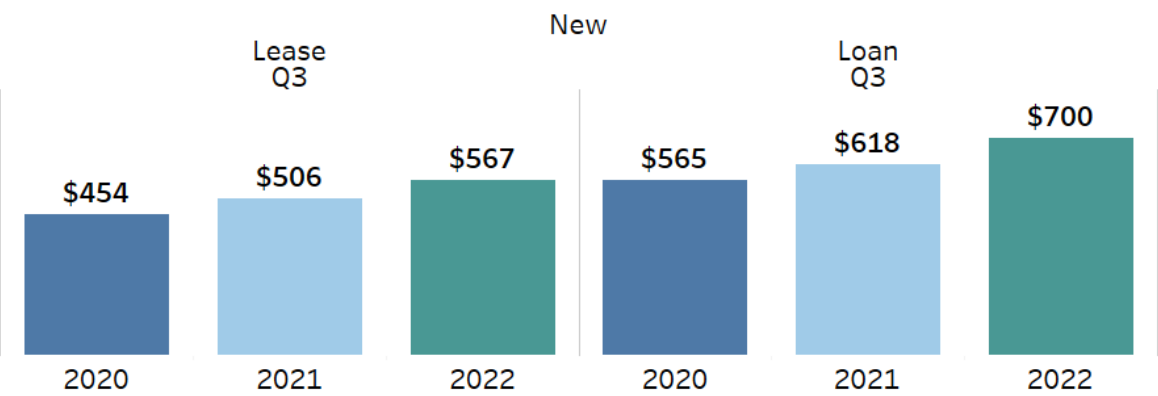


# New loan attribute summary: new loan amount up 10% resulting in record high finance amount and payment

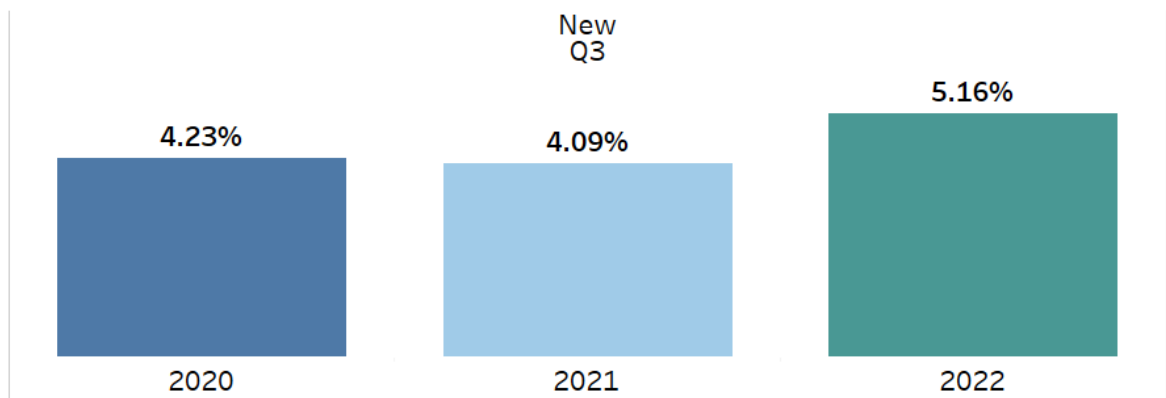
Average amount financed



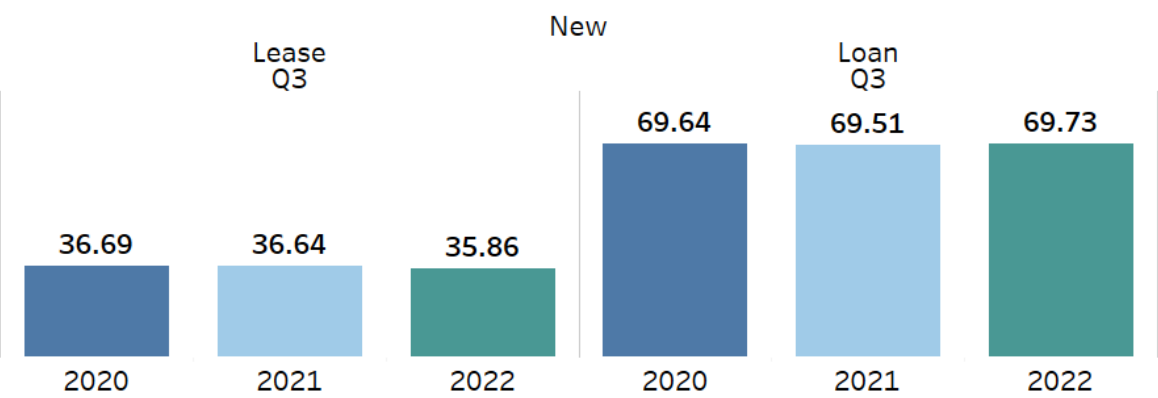
Average monthly payment



Average loan rate

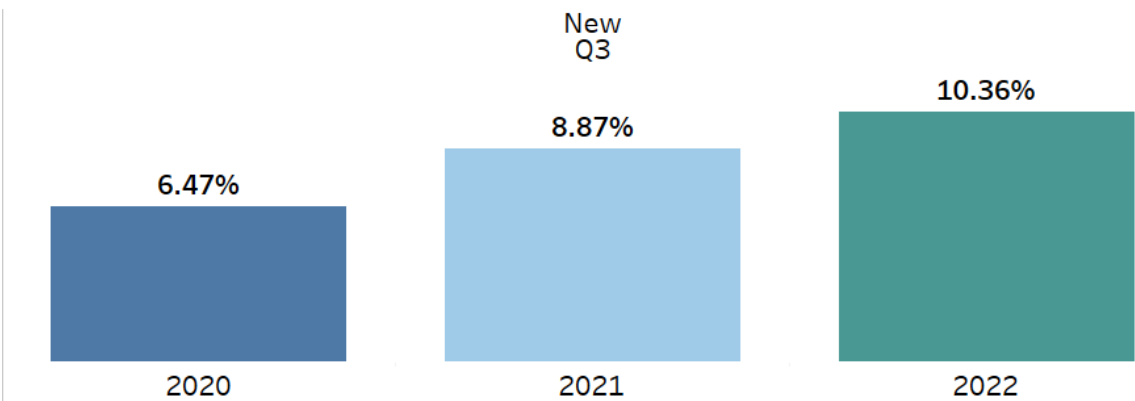


Average loan term

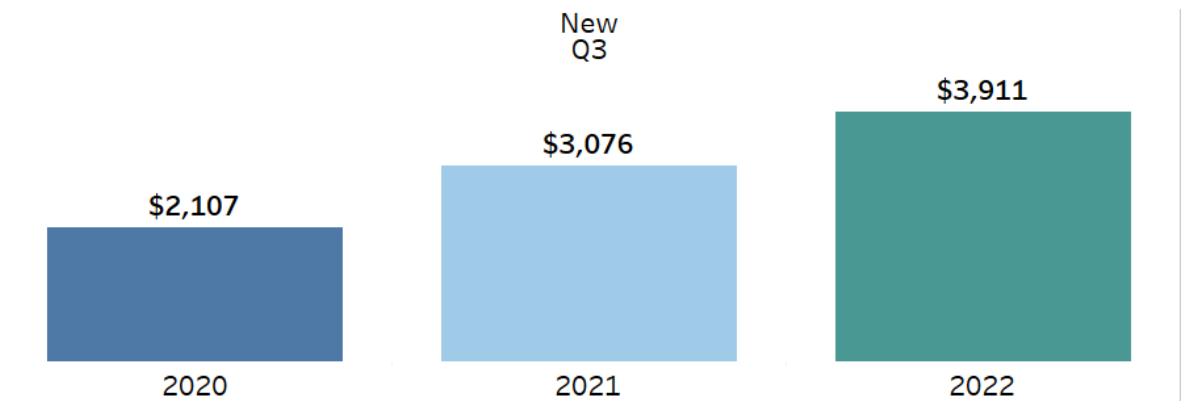


# Significant YOY increases in loan amounts continue; compared to last year, the quarter over quarter increase has declined

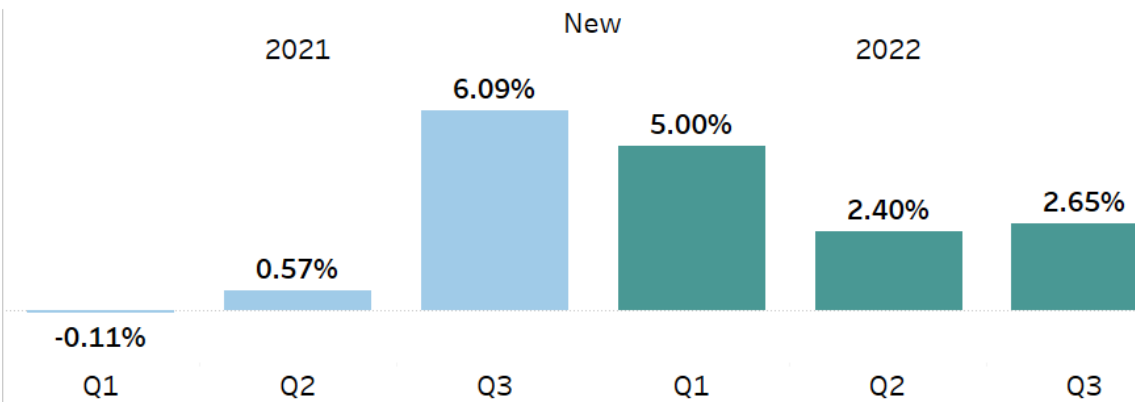
YOY growth in average new loan amount



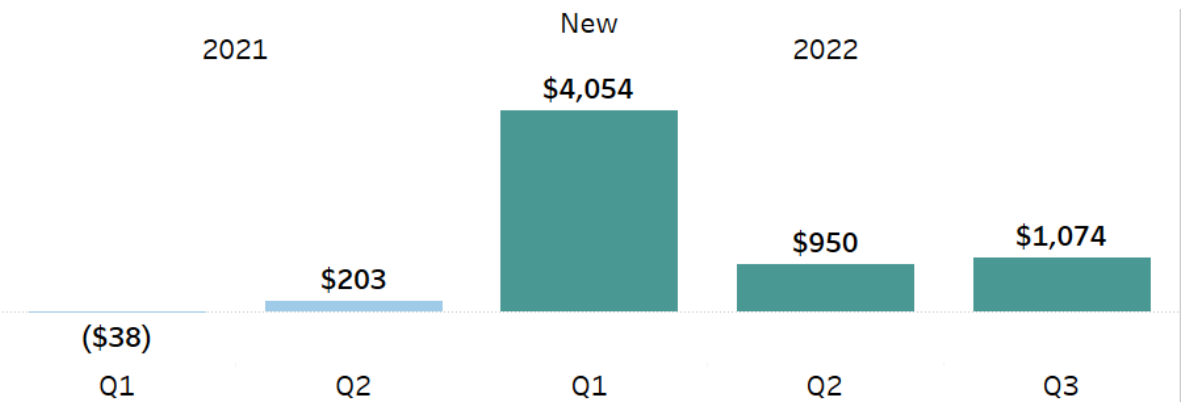
YOY \$ difference in average new loan amount



QOQ growth in average new loan amount



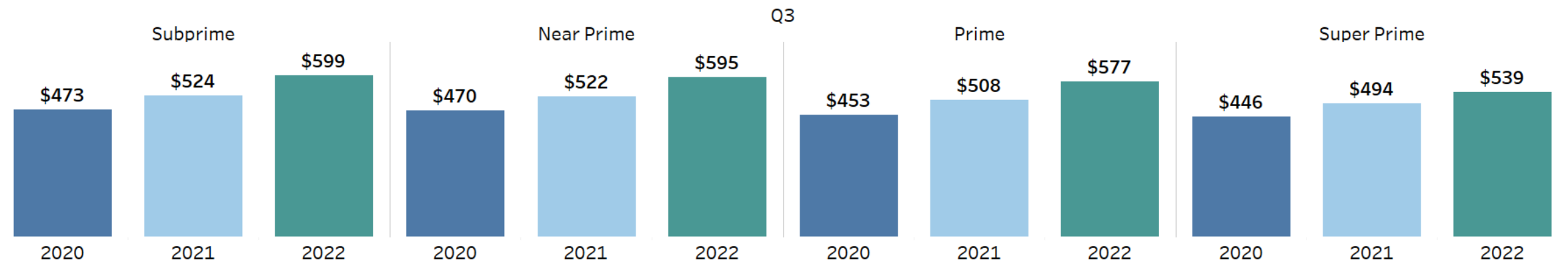
QOQ \$ difference in average new loan amount



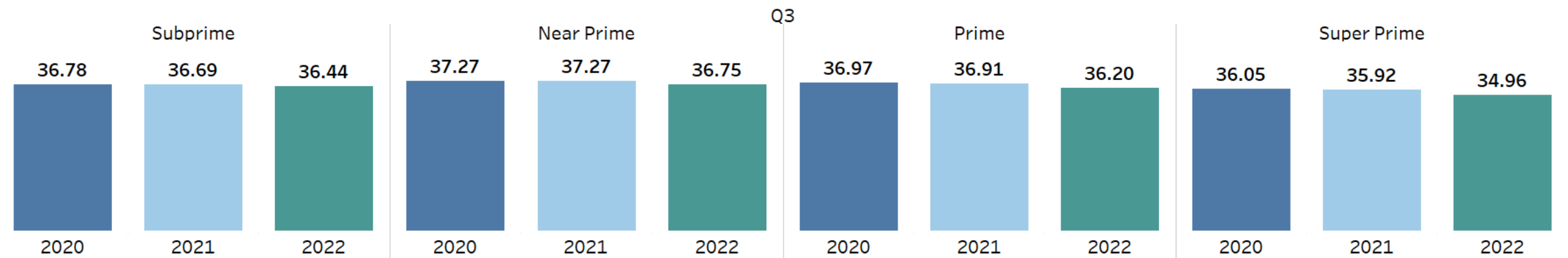


# Leasing payments and terms increase YOY

Average lease payment by risk tier

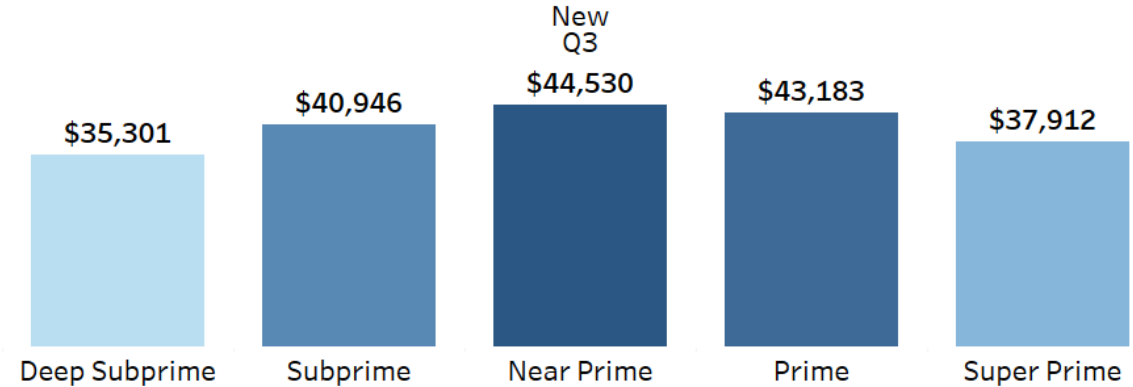


Average lease term by risk tier

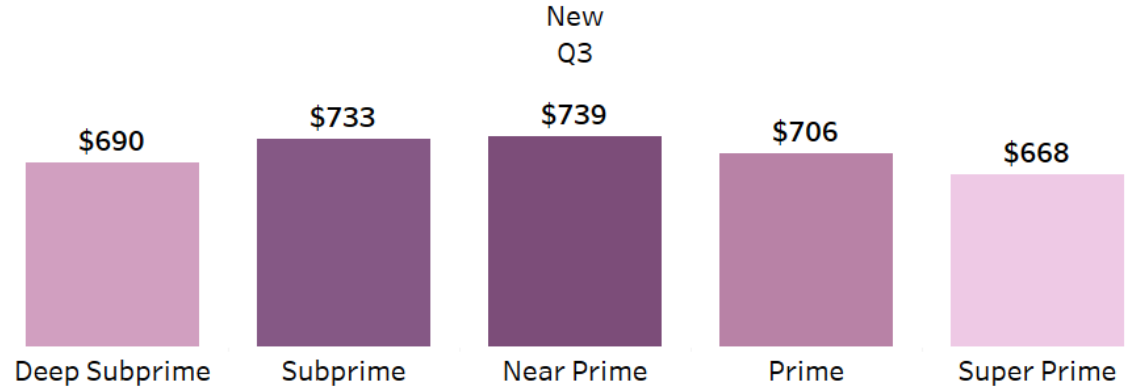


# Payments and loan amounts experience share YOY increases across all risk segments

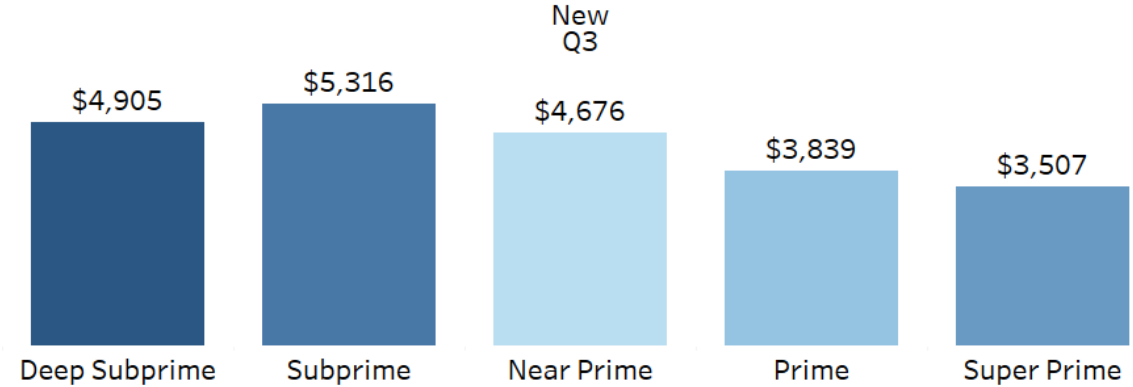
Average loan amount financed by risk



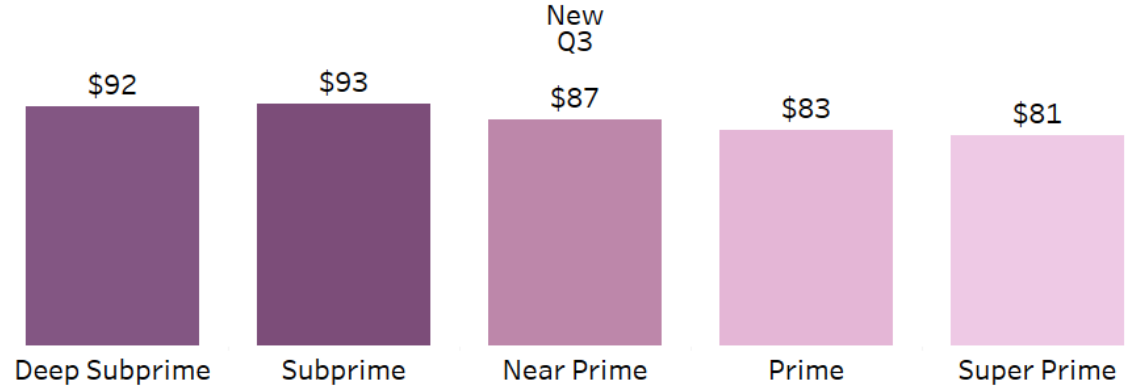
Average loan monthly payment by risk



Year-over-year change in loan amount

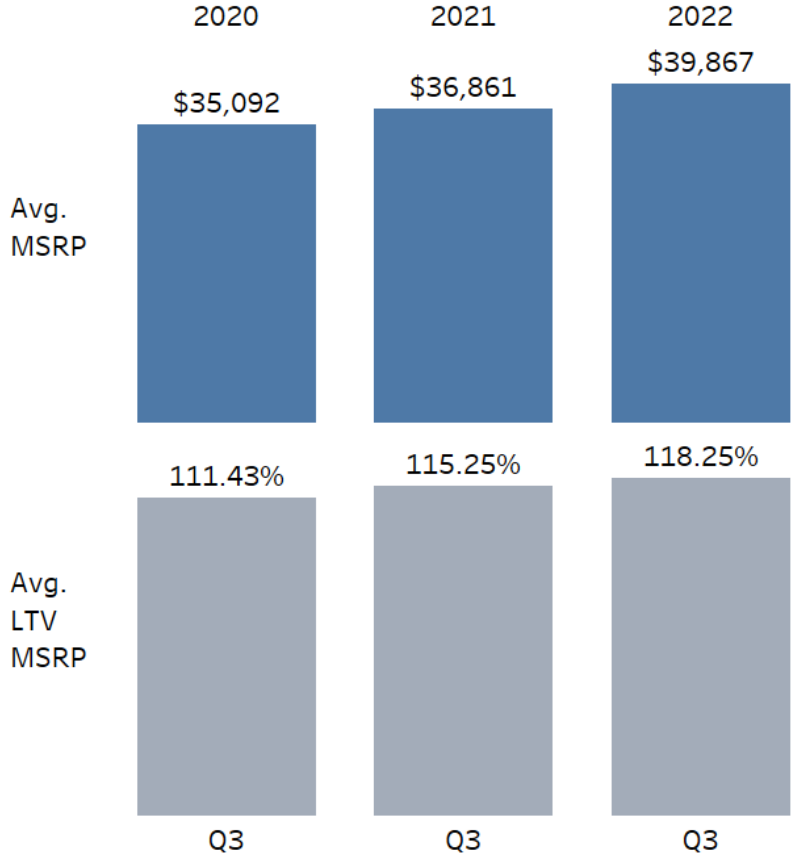


Year-over-year change in monthly payment

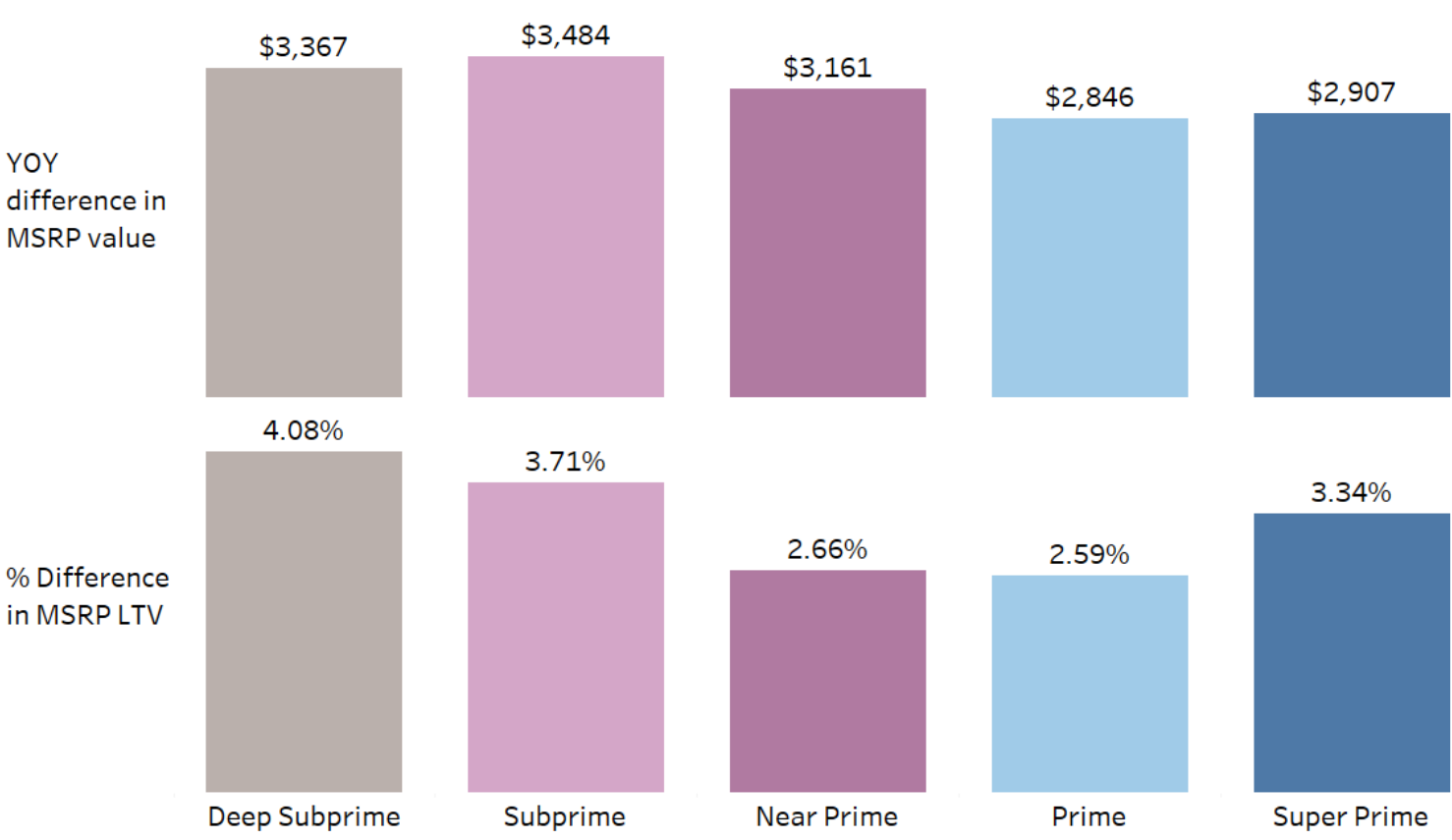


# New values up over 8% and LTVs increase YOY

## Avg New Values

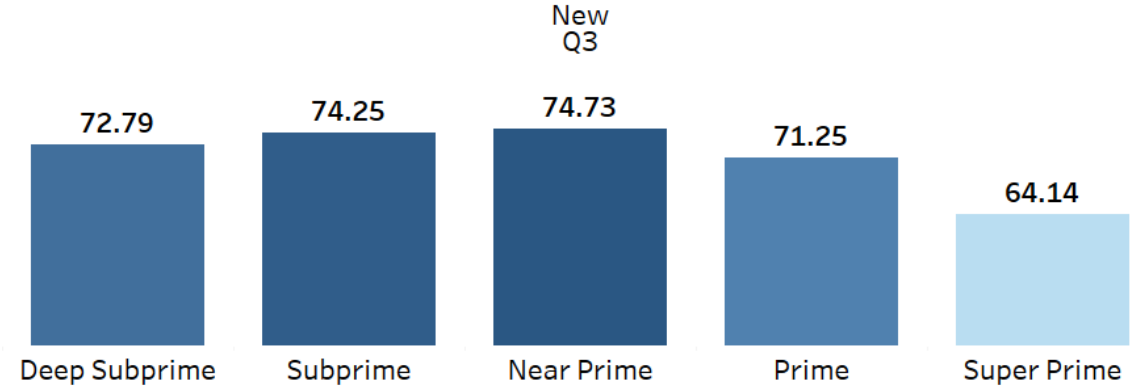


## YOY change in new values

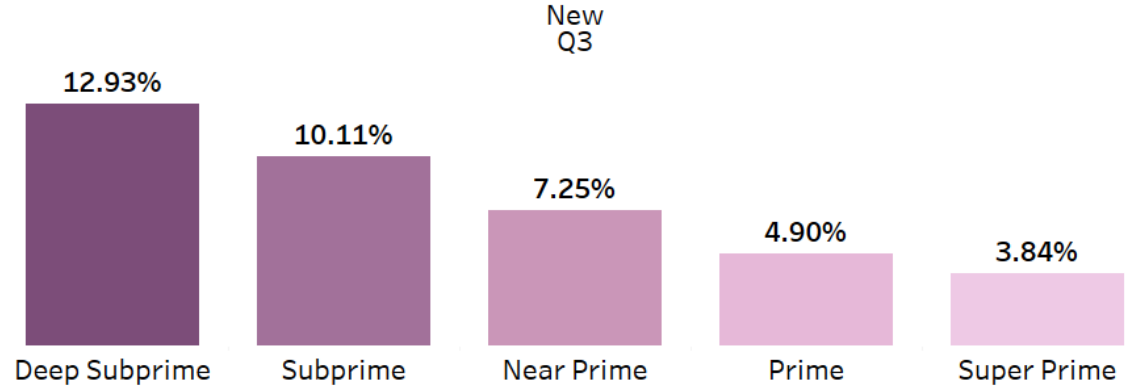


# Terms and rates increase nearly for all score segments

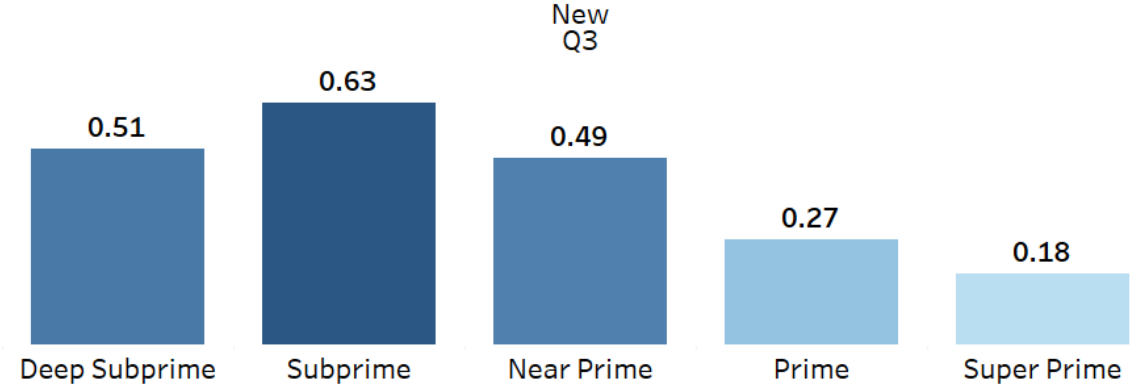
Average loan term by risk



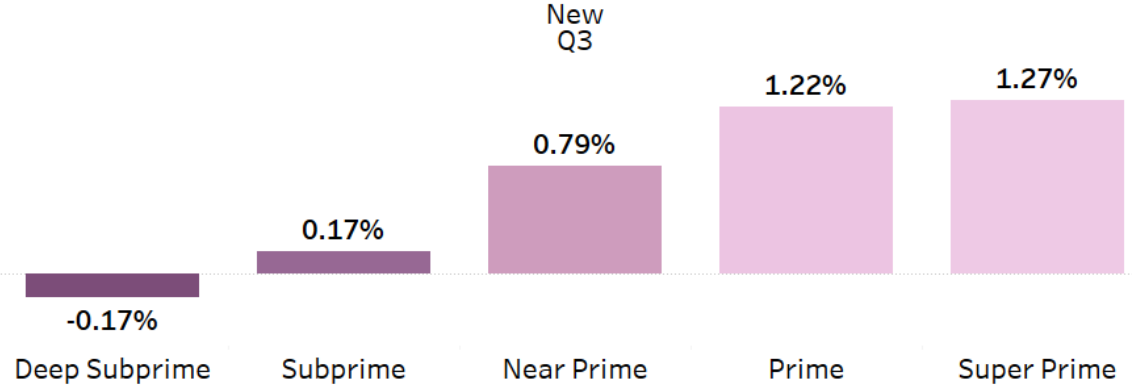
Average loan rate by risk



Year-over-year change in loan term

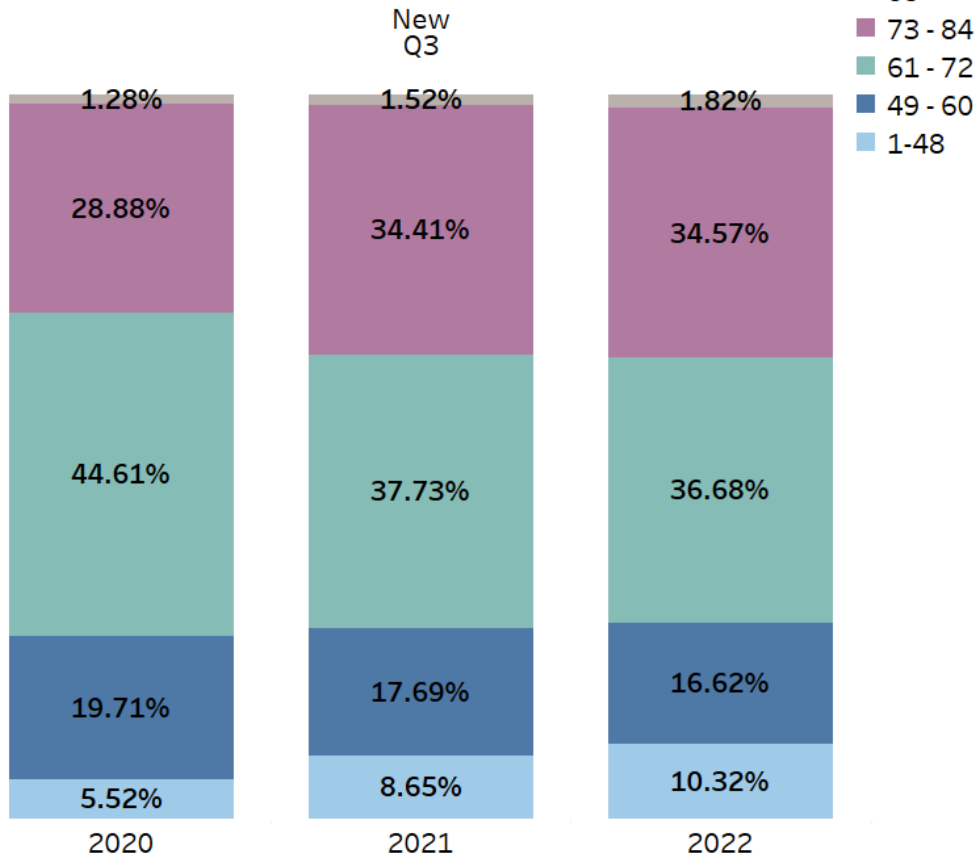


Year-over-year change in rate

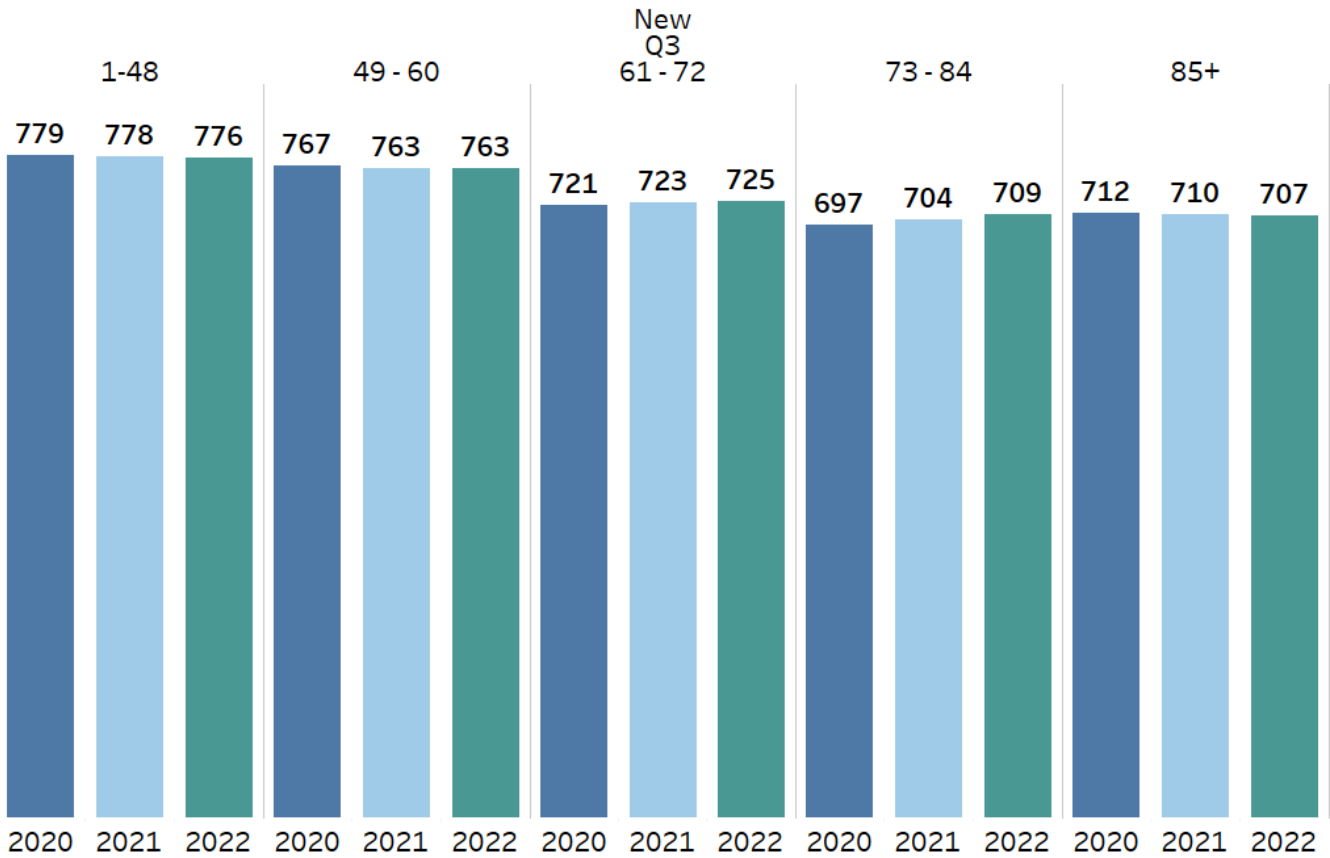


# Growth continues to occur in longer term loans as well as up to 48 months

Distribution by loan term



Avg score by loan term





# Q3 2022 Used financing

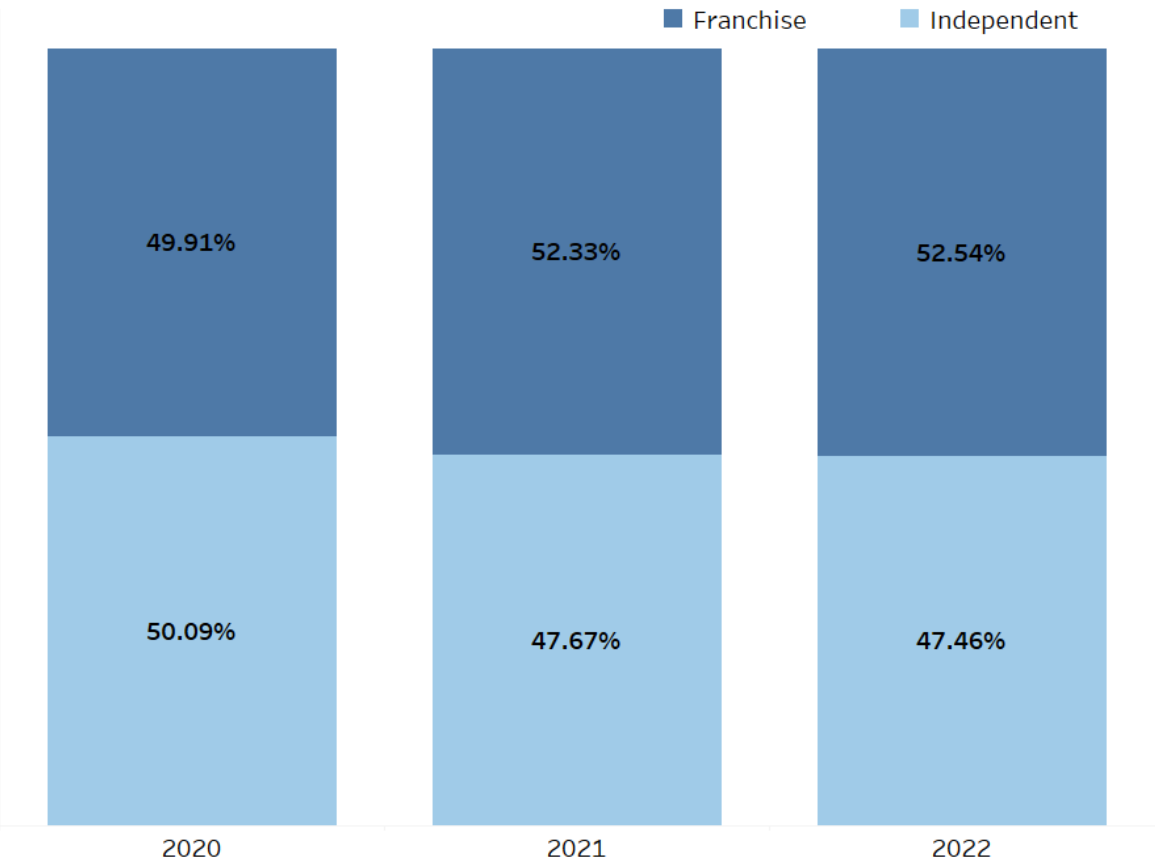
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A look at used automotive loan trends

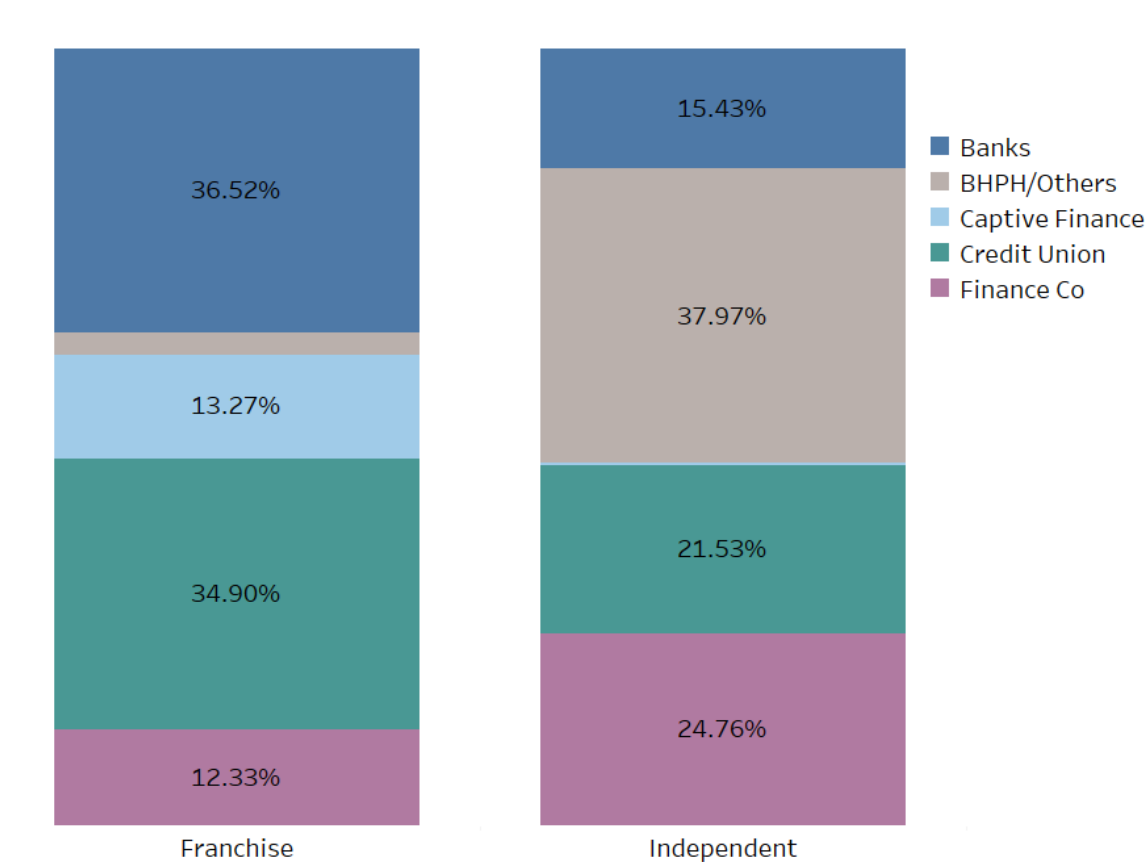


# Dealer type snapshot

Used transactions by Dealer type



Used loans by lender type and Dealer

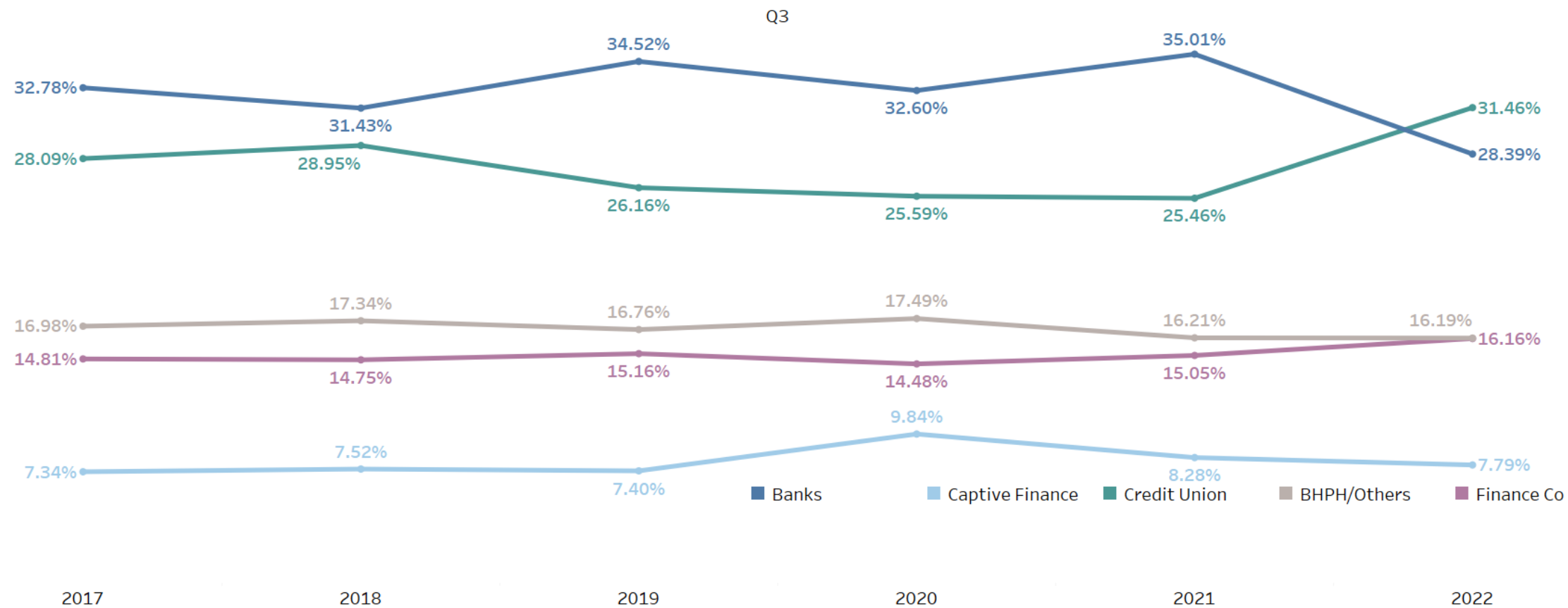


Transactions in which Dealers are identified

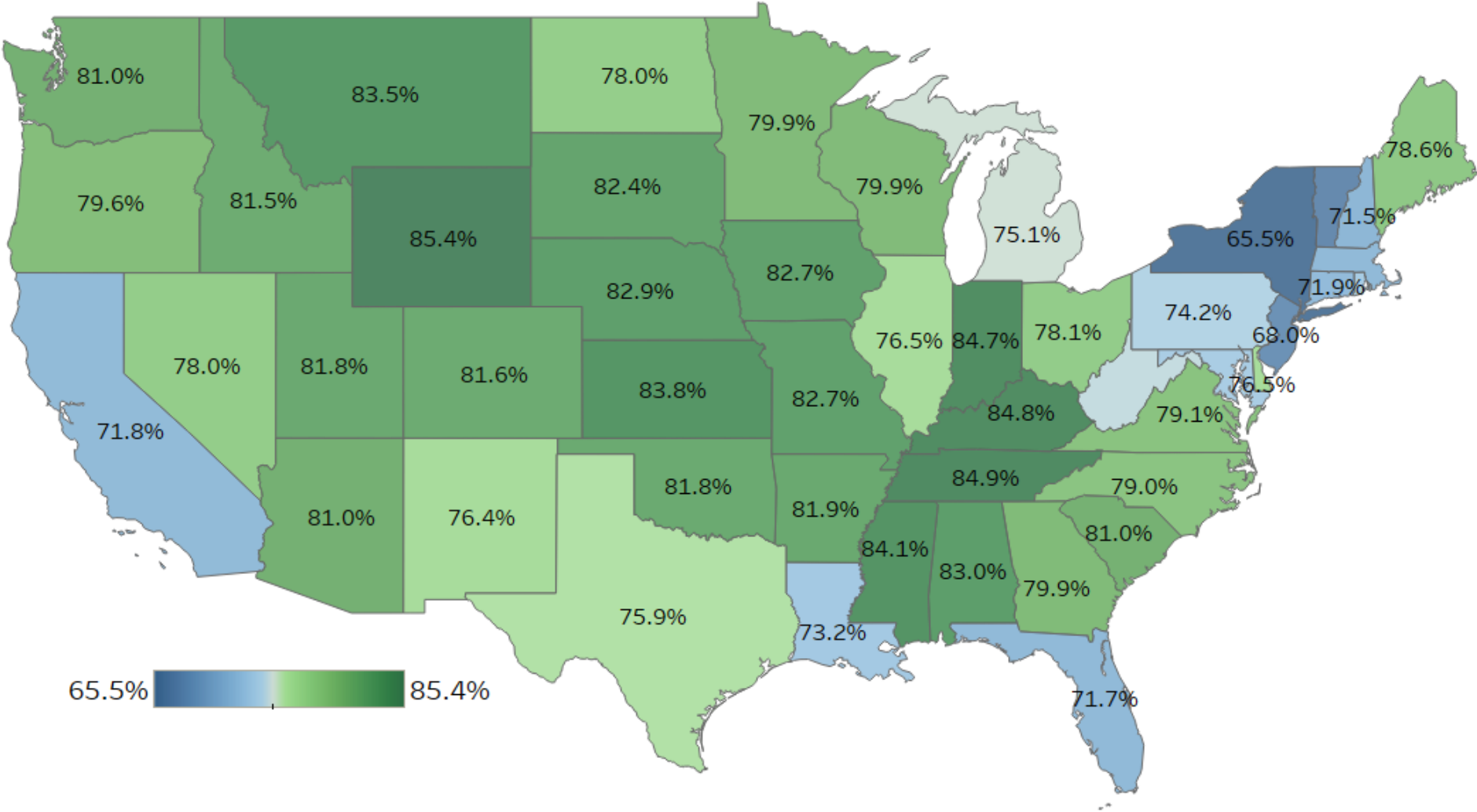


# Credit Unions become the number one used lender

Used market share by lender type



WY (85.4%) leads with the largest percentage of loans for used cars; NY (65.5%) has the lowest

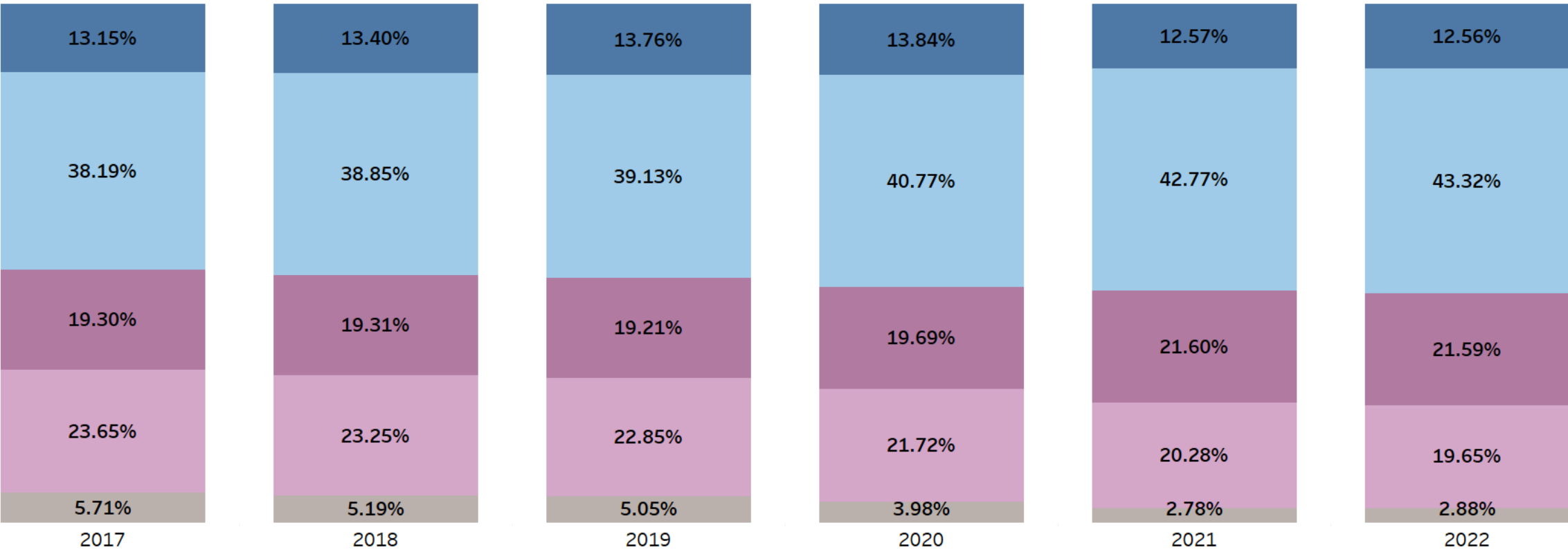


# Most growth occurring in Prime segment while Deep Subprime experiences modest share growth for first time in years

Used loan risk distribution

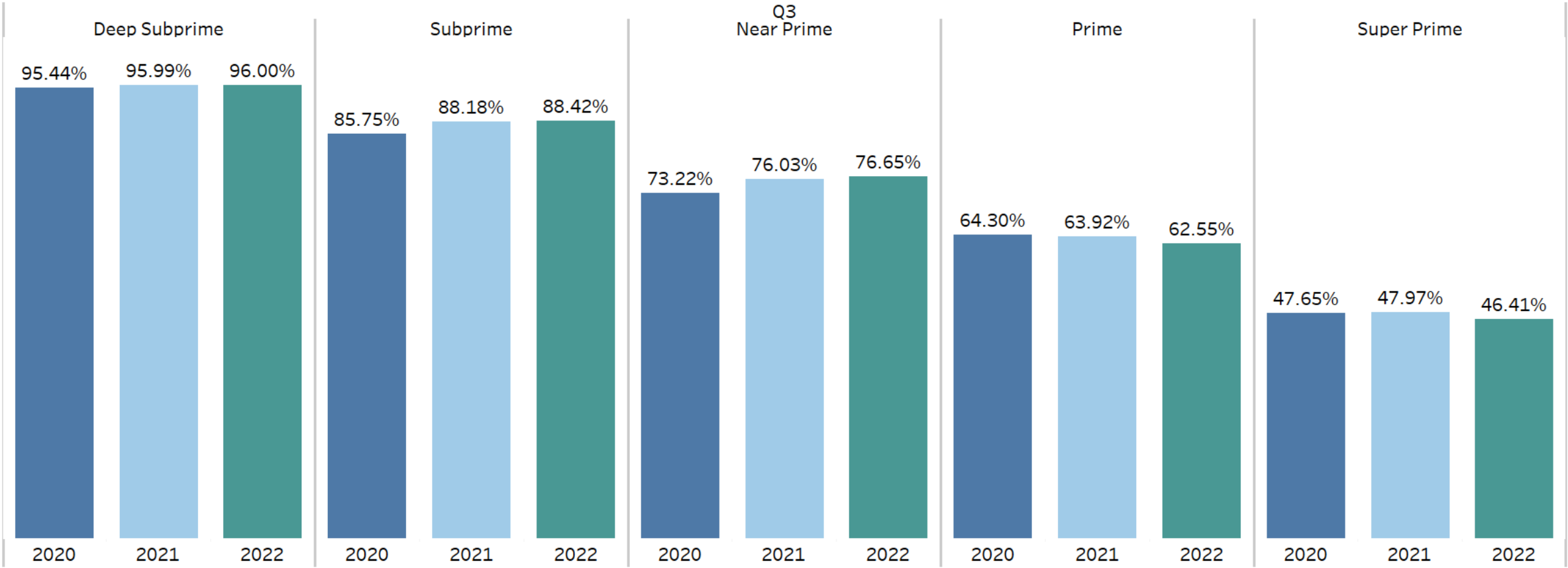
■ Super Prime   ■ Prime   ■ Near Prime   ■ Subprime   ■ Deep Subprime

Q3



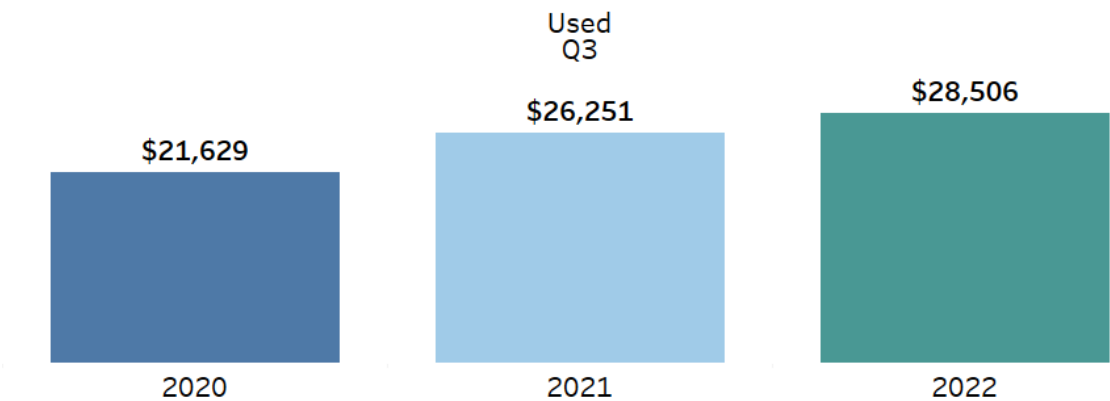
# Consumers outside of Prime segments see increase choice in financing used vehicles

Consumers choosing used vehicles

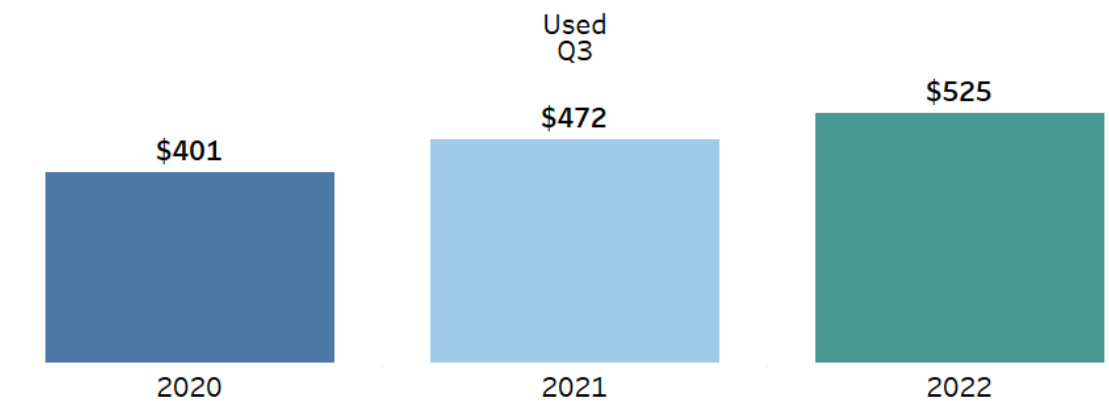


# Used loan amount increases YOY (down from Q2) while payment hits record high; term extension helps offset increase in rates

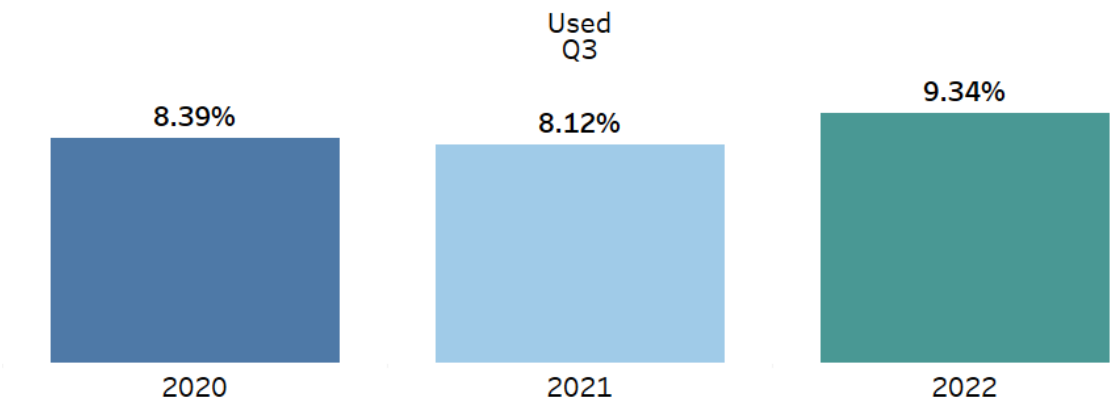
Average amount financed



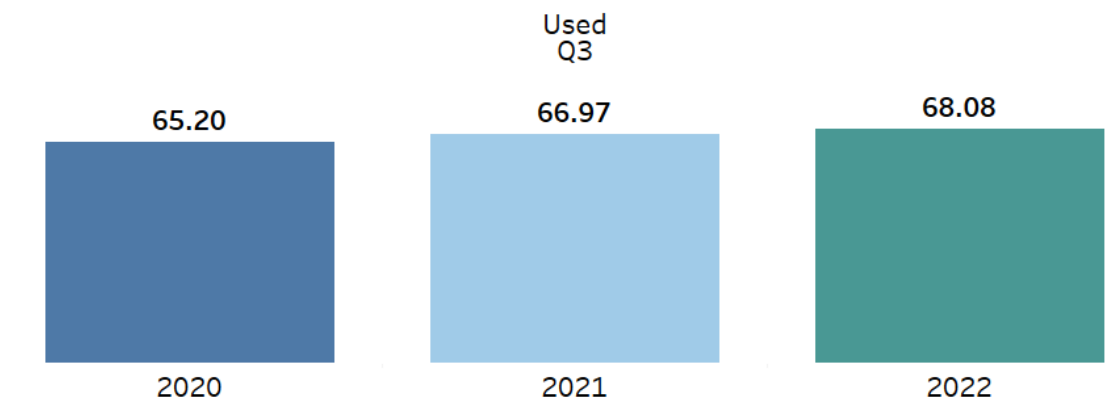
Average monthly payment



Average loan rate



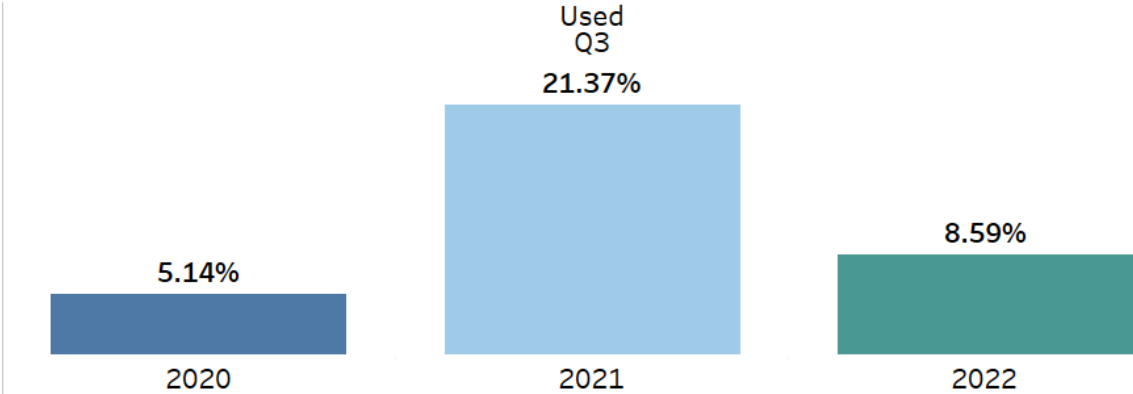
Average loan term



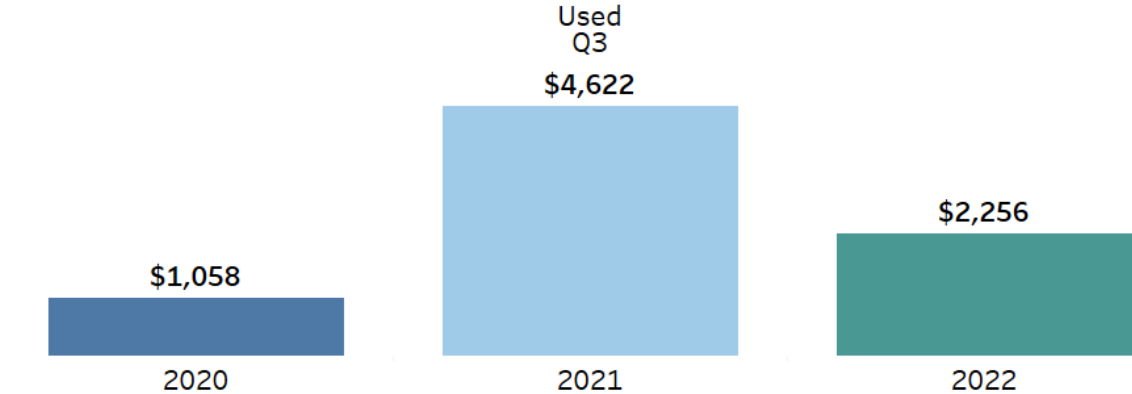


# YOY increase still high yet tapers off from prior quarters

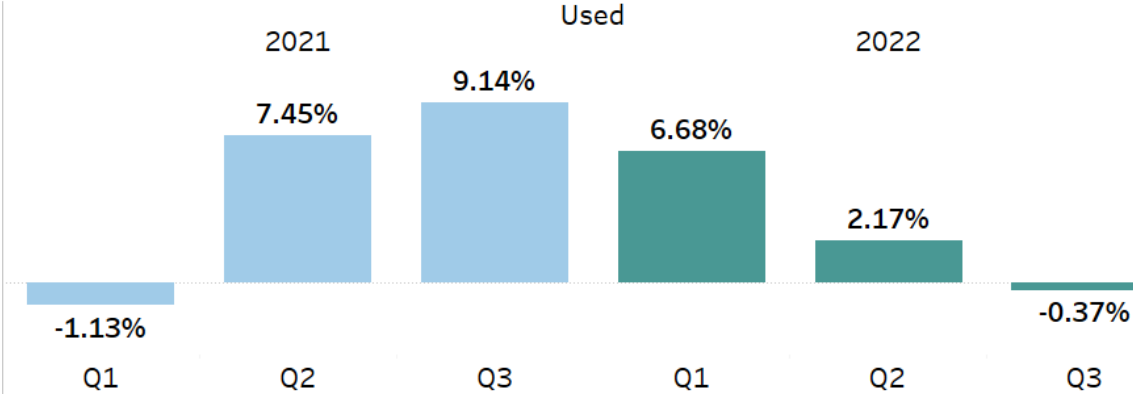
YOY growth in average used loan amount



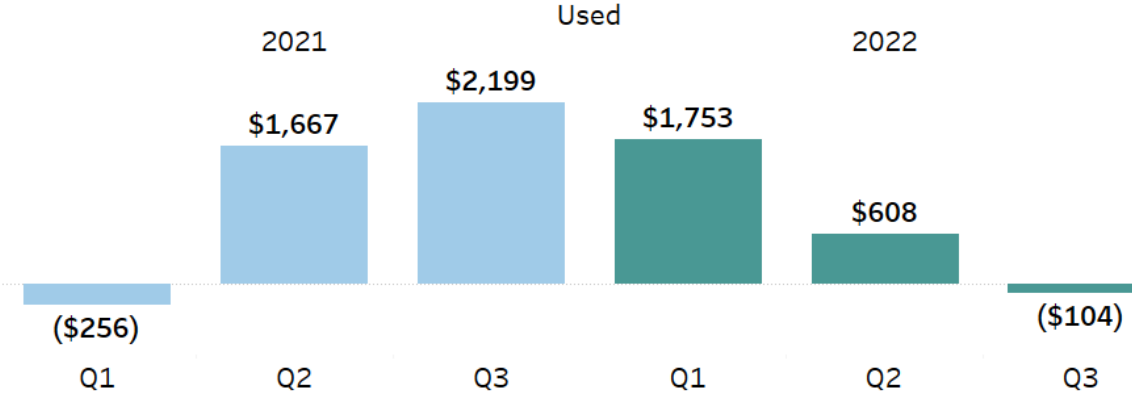
YOY \$ difference in average used loan amount



QOQ growth in average used loan amount

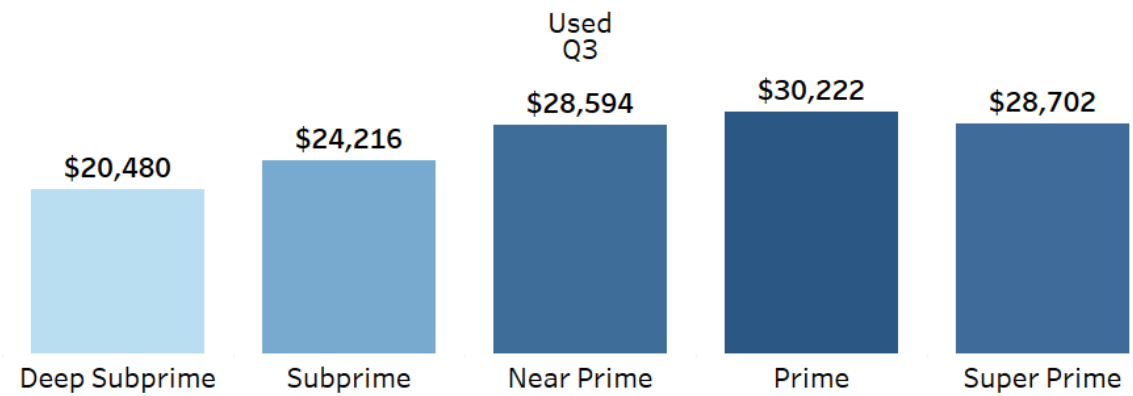


QOQ difference in average used loan amount

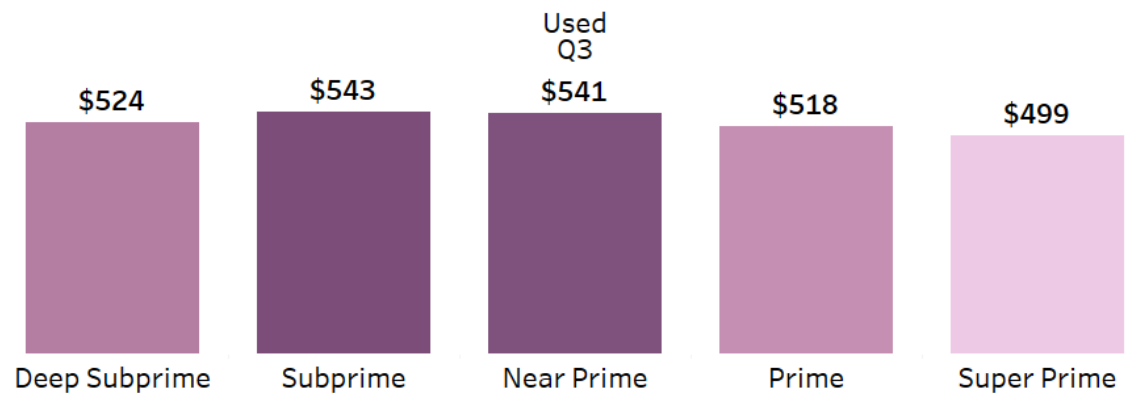


# Used loan amounts and payments increase consistently across all score segments

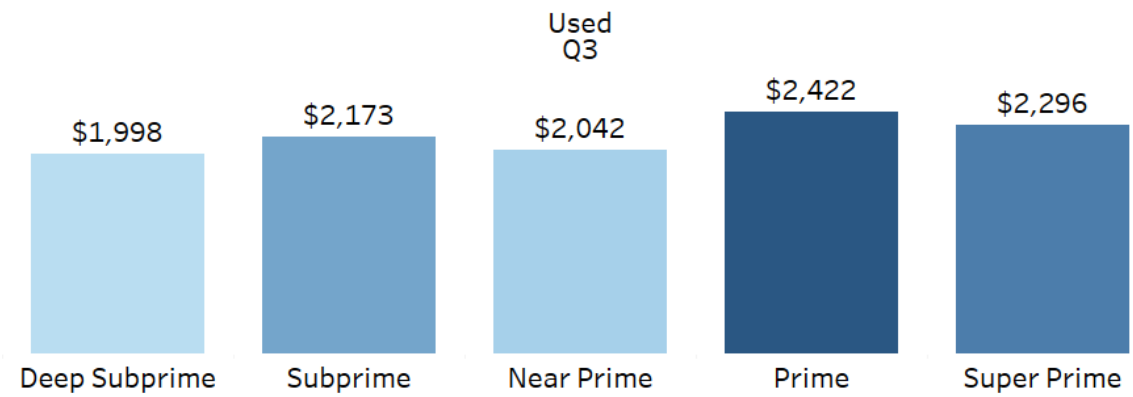
Average loan amount financed by risk



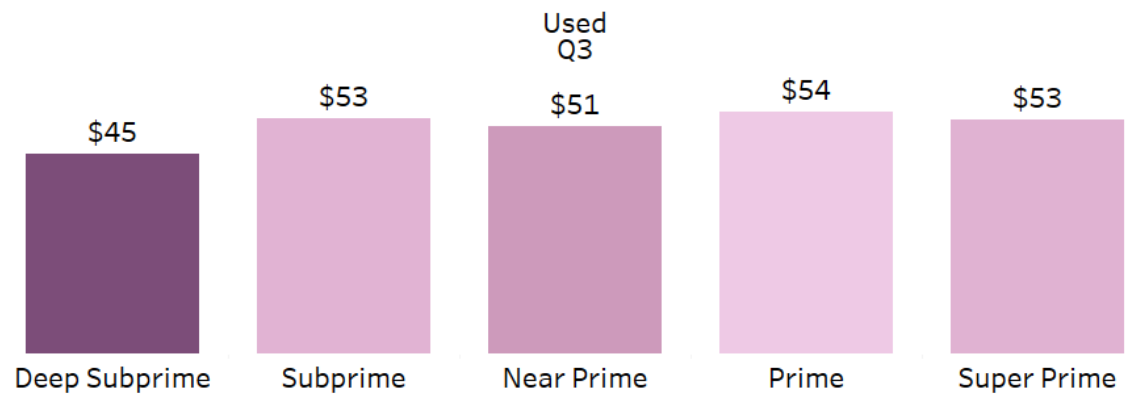
Average loan monthly payment by risk



Year-over-year change in loan amount

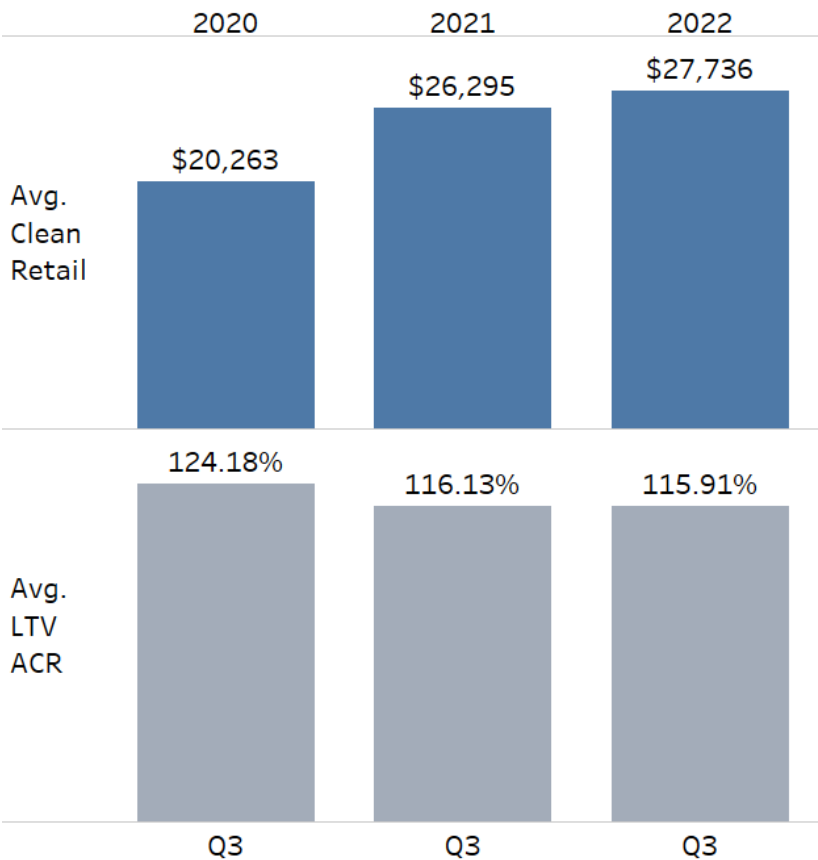


Year-over-year change in monthly payment

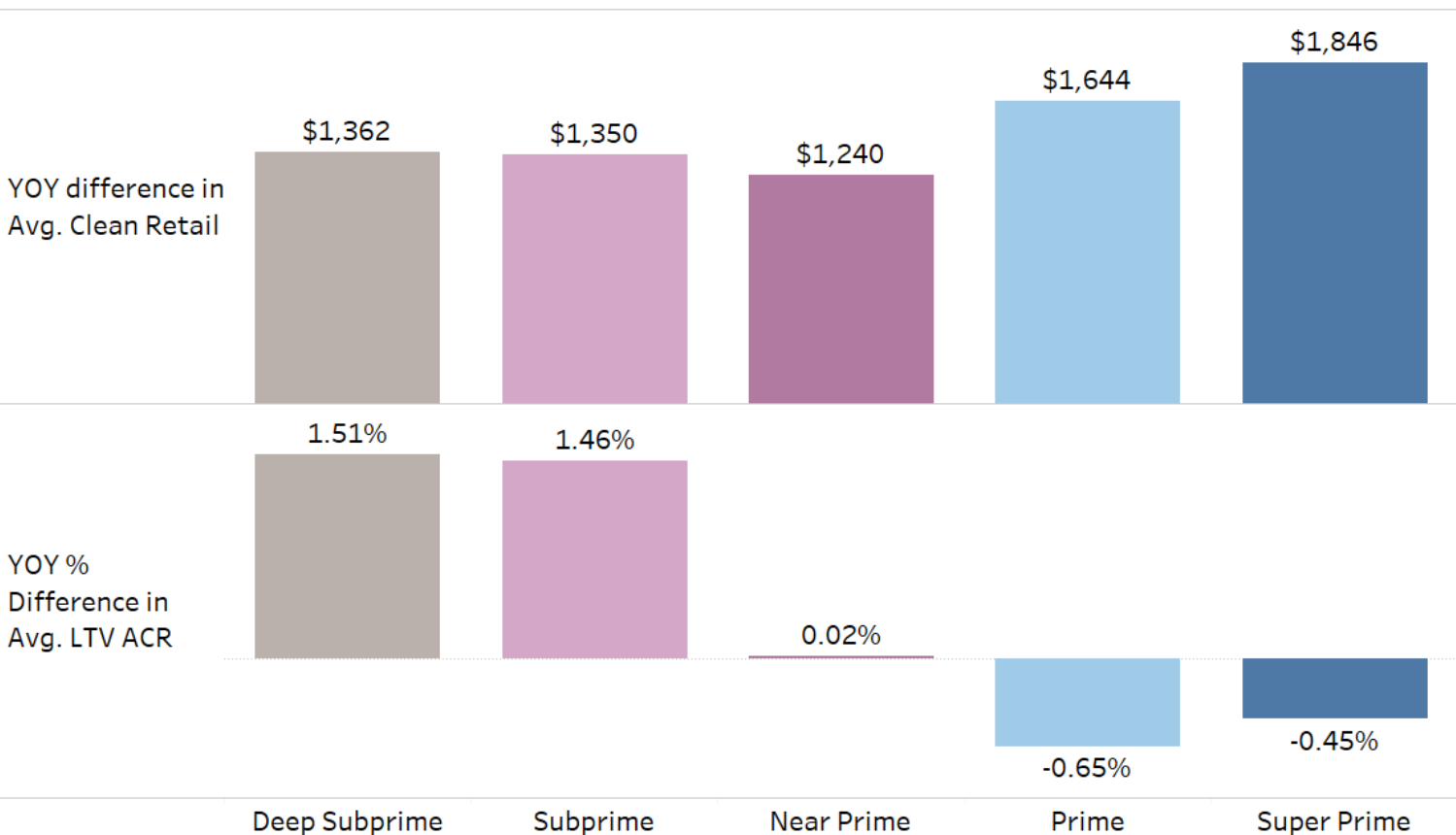


# Values increase moderately at 5.5% and LTVs drop significantly on used loans

Avg Used Values

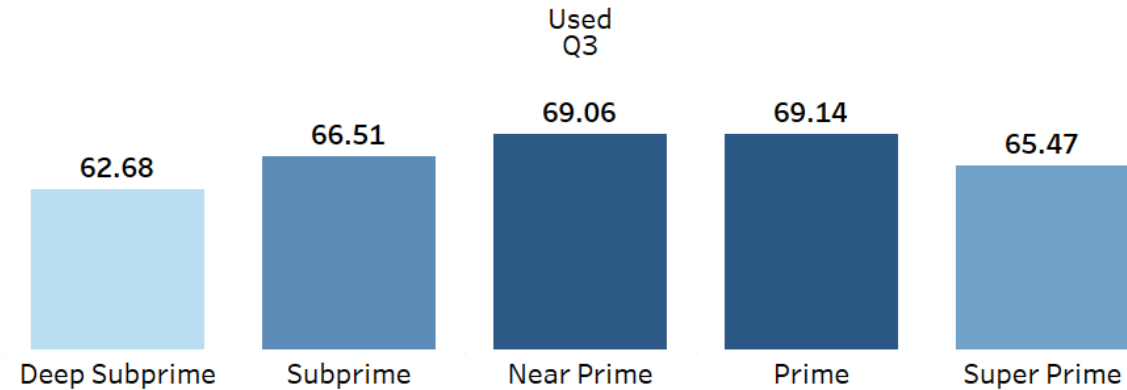


YOY change in used values

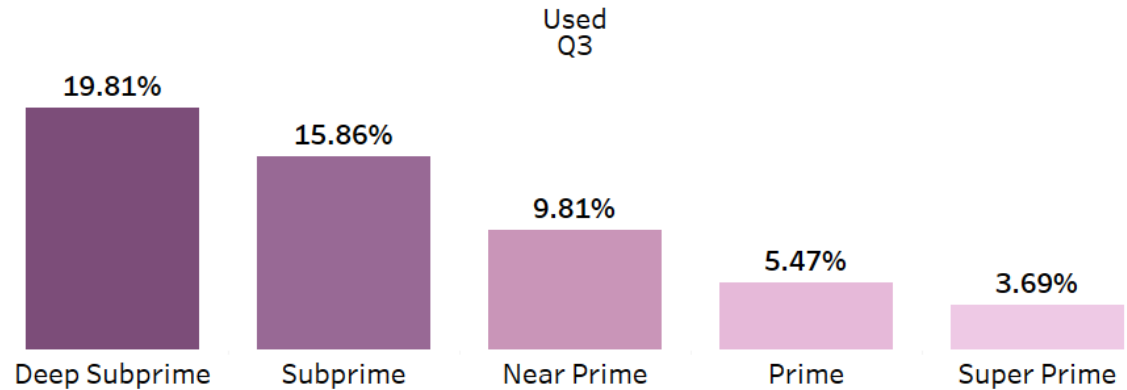


# Terms and rates increase across all score segments

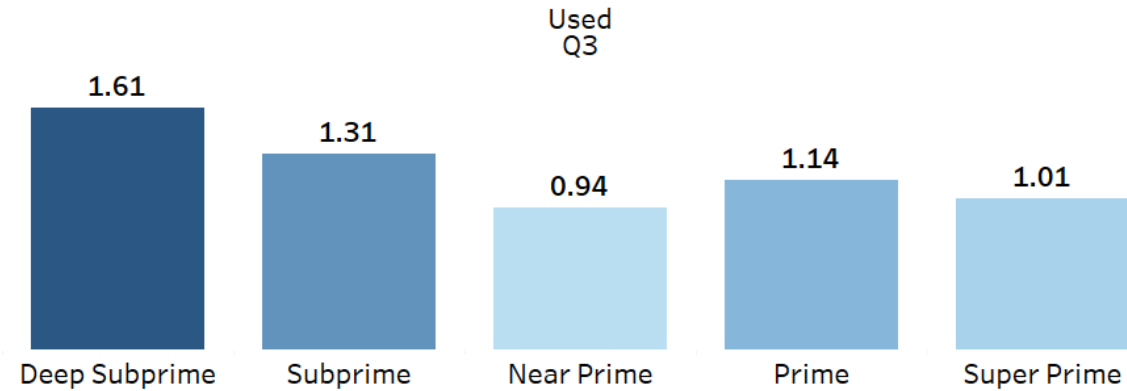
Average loan term by risk



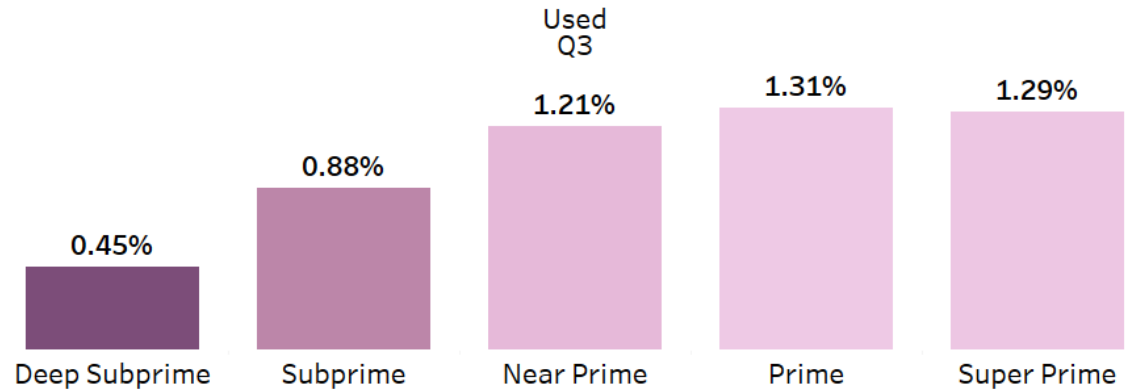
Average loan rate by risk



Year-over-year change in loan term

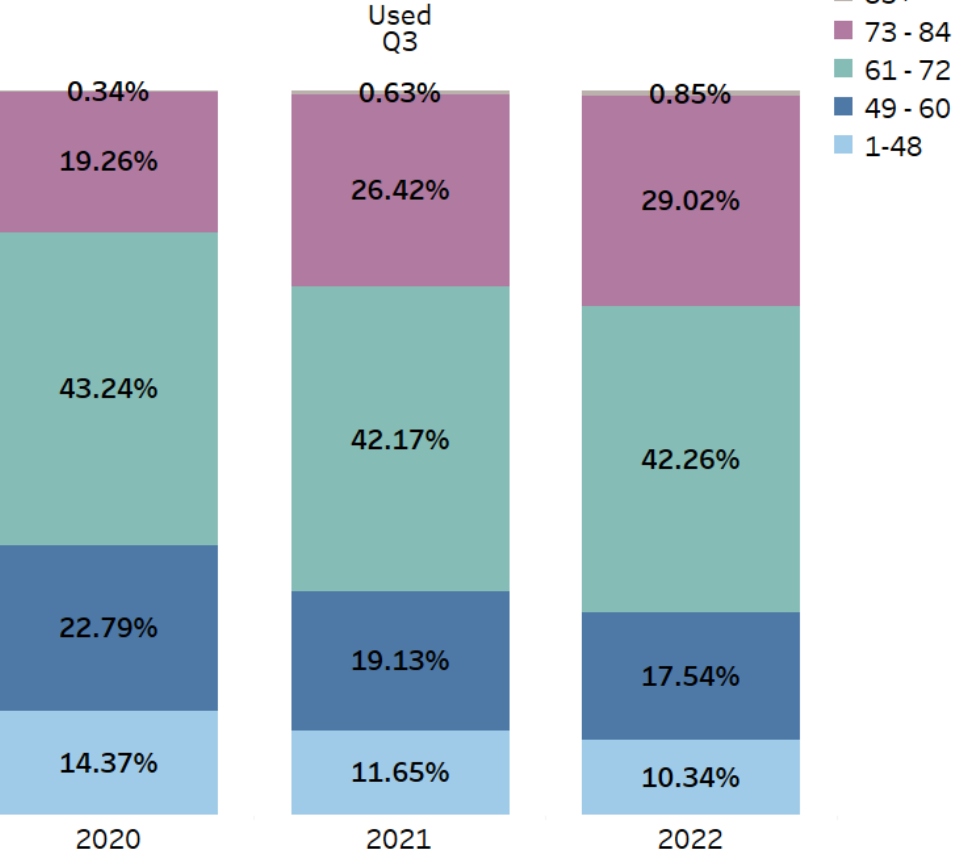


Year-over-year change in rate

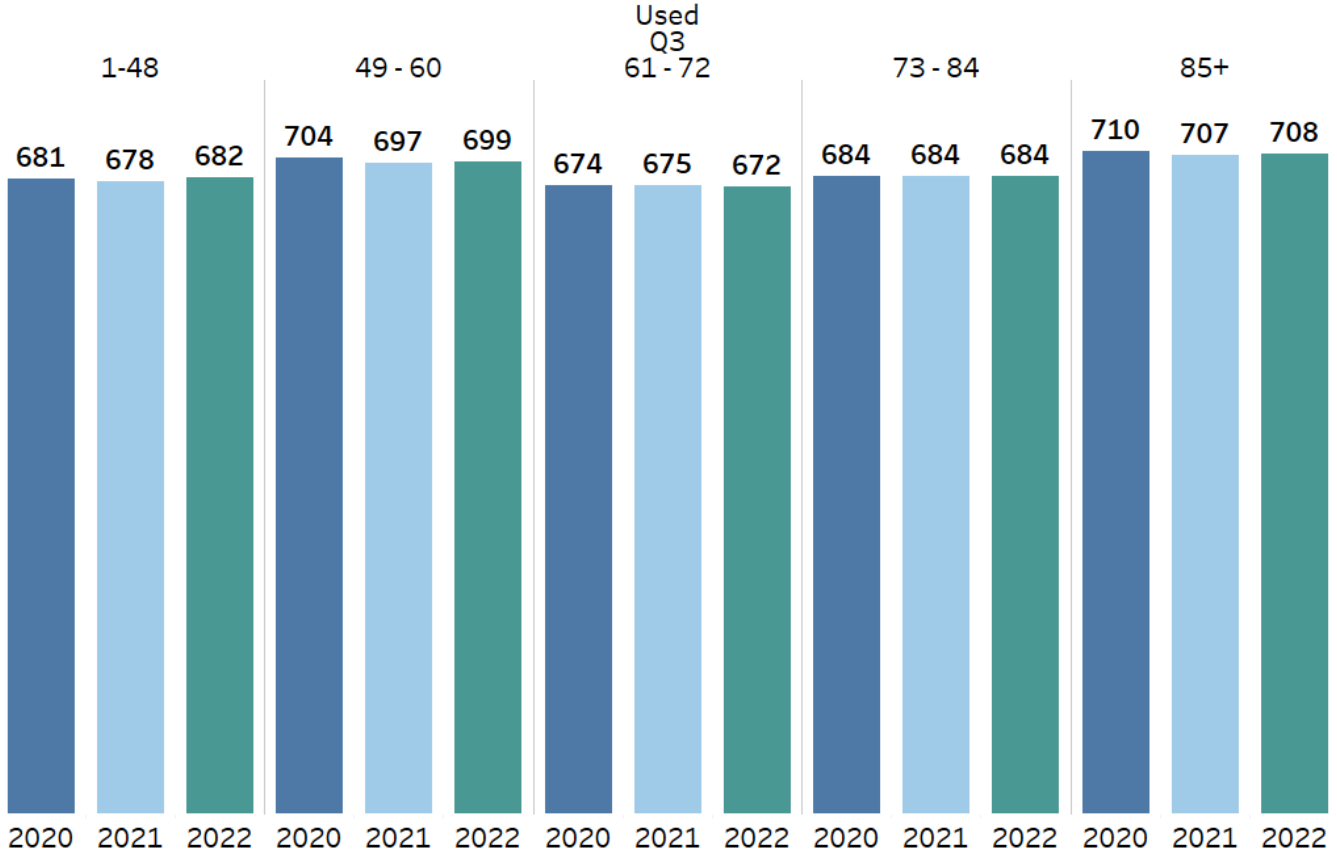


# Large growth in 73 to 84-month loans

Distribution by loan term



Avg score by loan term



# Q3 2022 Market overview

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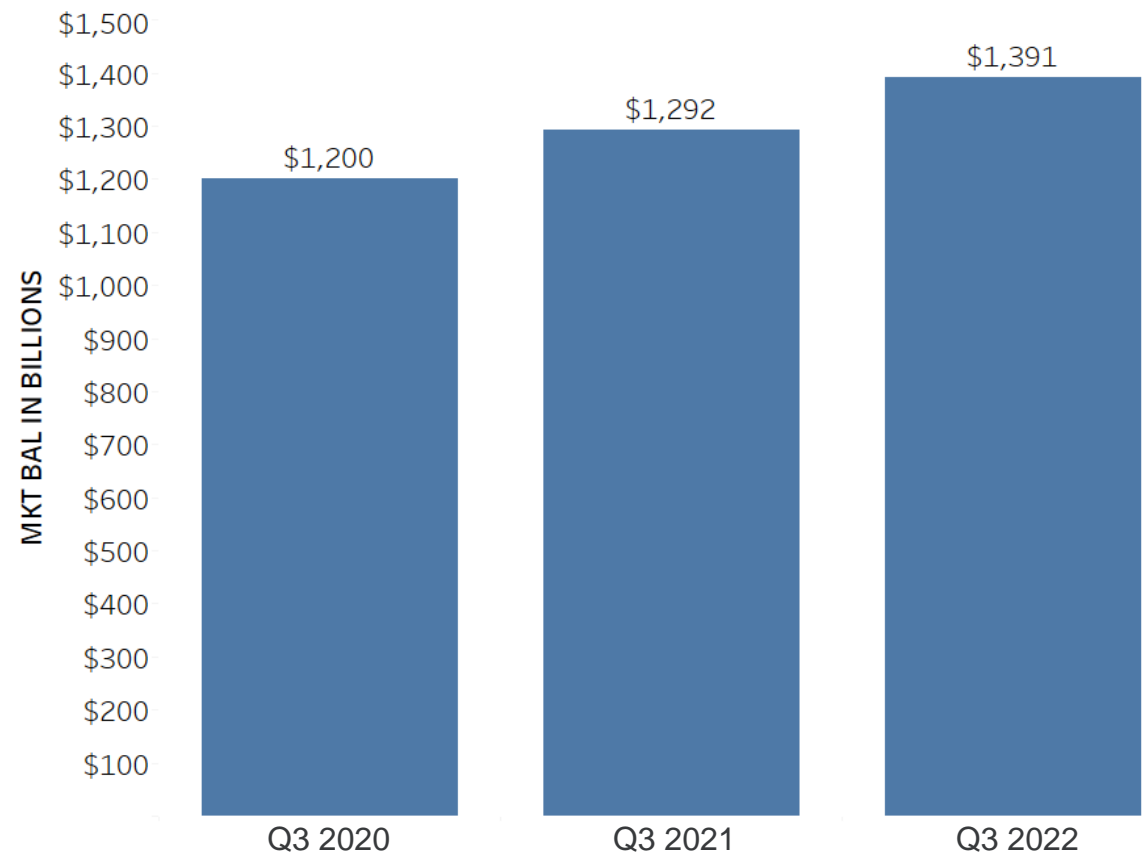
Balances and delinquency on all open auto  
loans & leases



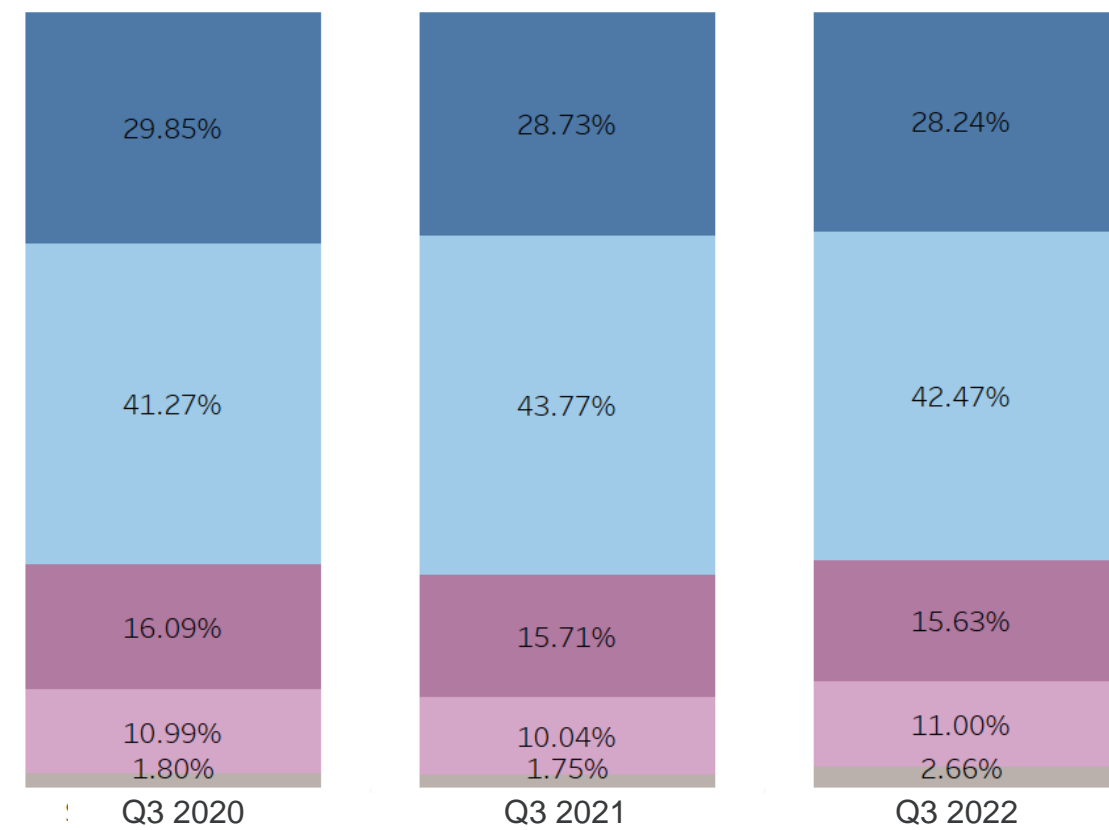


# Overall loan balances (in billions) grew 7.6%

Outstanding automotive loan balance

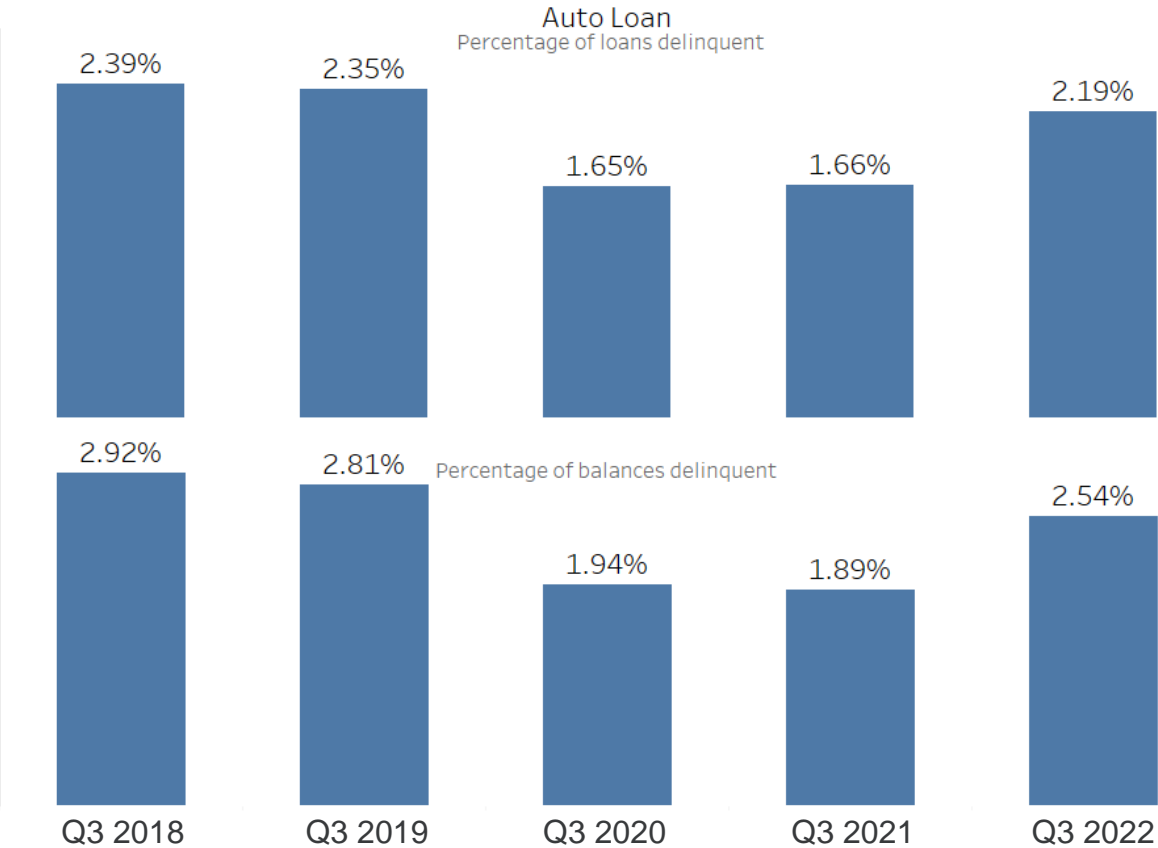


Auto loan balances by score band

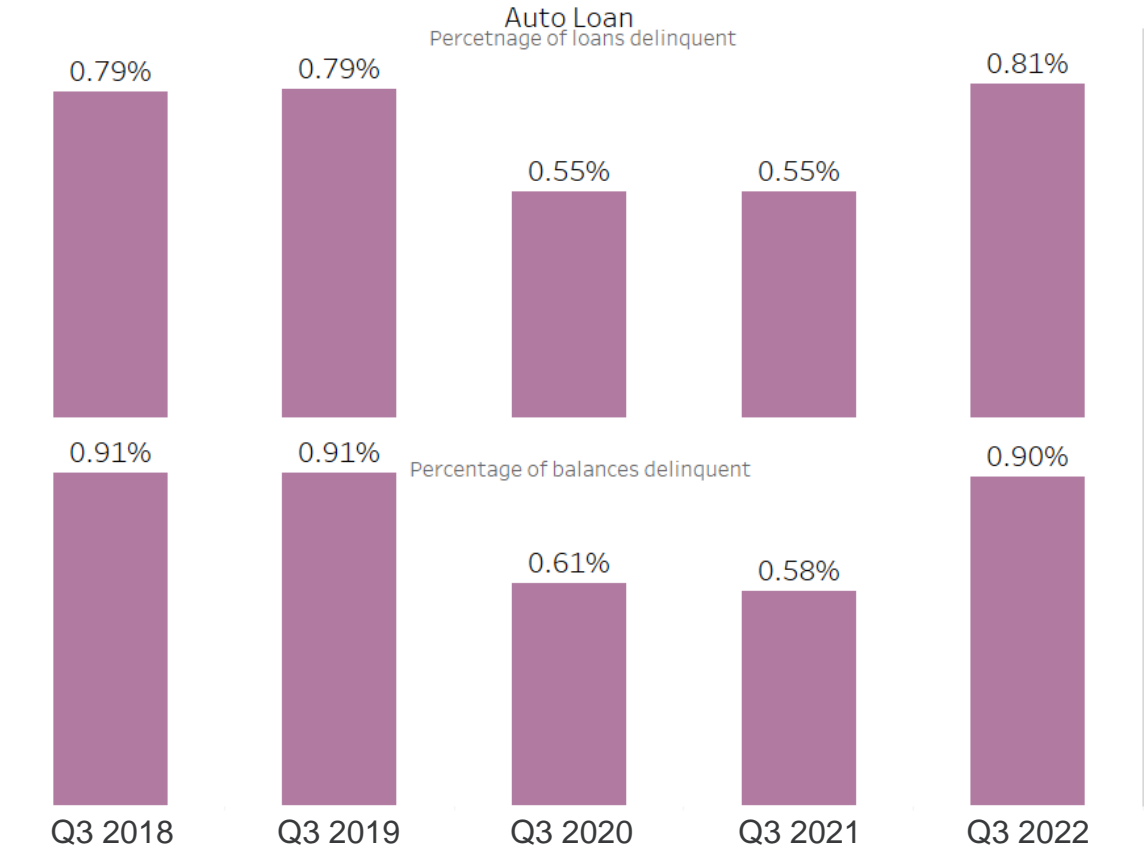


# Delinquencies increasing to near pre-COVID levels

30 day delinquency

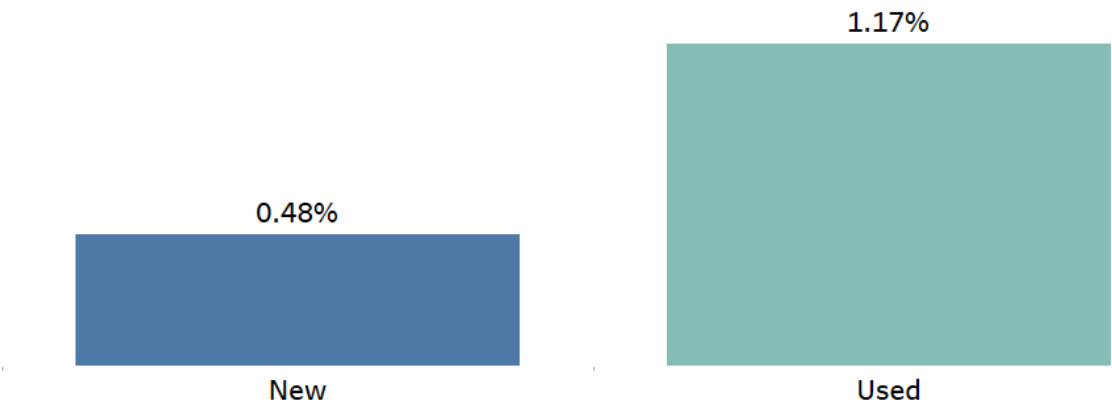


60 Day delinquency

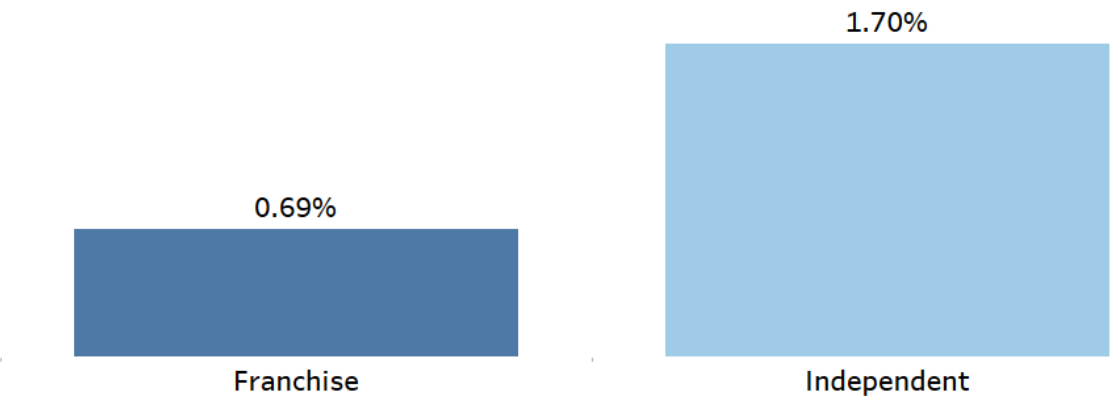


# 60-day delinquency rate dashboard (originations 2017+)

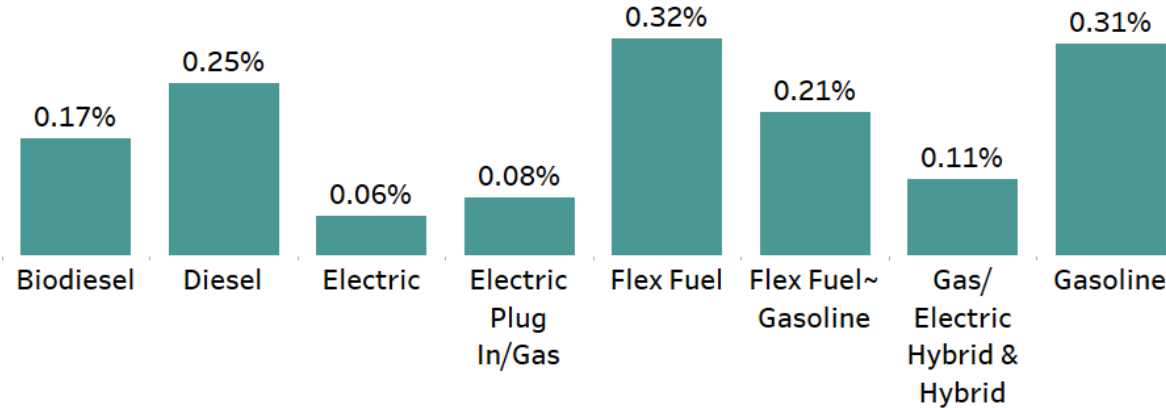
Current 60 day delinquency rate by new/used



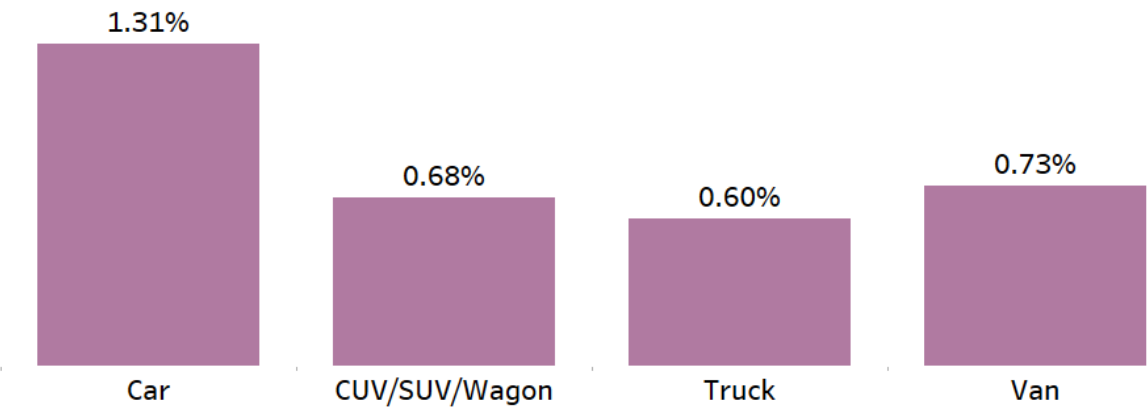
Current 60 day delinquency rate by dealer type



Current 60 day delinquency rate by fuel type (bought new)



Current 60 day delinquency rate by vehicle type (bought new & used)



# Summary

- Leasing rates fall under 20% of new financing with top 10 financing made entirely of trucks and SUV/CUVs
- Credit Unions taking a lead position in the market
- Most share growth occurring in Prime segment yet Deep Subprime sees a small share increase
- YOY loan amounts continue to see large growth, reaching record highs for new loans and payments; used financing starting to see YOY increases slow
- Rate increases accompanied by extension of loan terms for both new and used lending
- Overall outstanding balances increase, and delinquencies begin to rise meeting pre-COVID levels



# Q3 2022

# We Power Auto

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**We help you find, reach and retain customers like no one else.**

Let us prove it to you.



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