

# State of the Automotive Finance Market First Half of 2009

Melinda Zabritski, Director of Automotive Credit

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# Presentation Overview

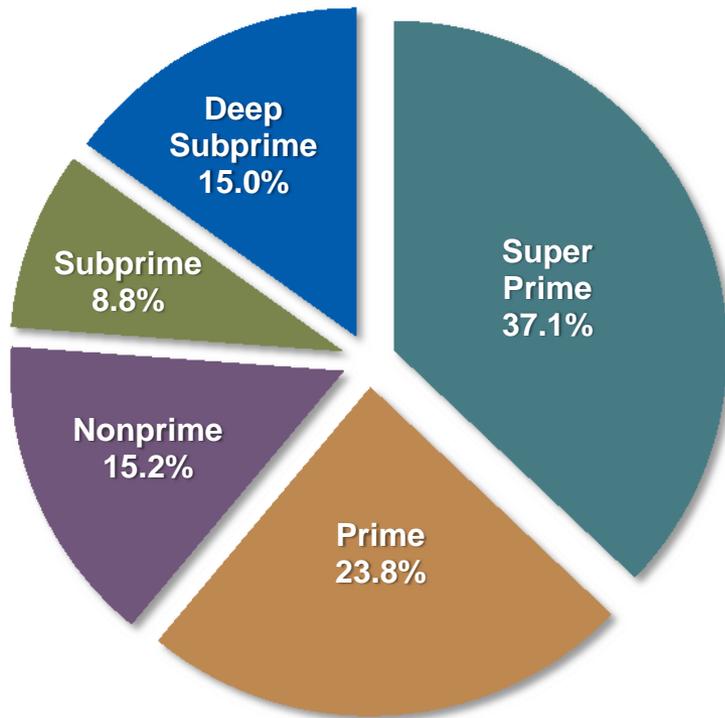
- Second Quarter 2009 Automotive Finance Market Overview
  - ▶ All open automotive loans by risk tier
  - ▶ Shifting portfolios by risk
  - ▶ Automotive loan delinquencies
- Automotive Financing in the first half of 2009
  - ▶ Financing by geography
  - ▶ New versus Used vehicles
  - ▶ Top Lender report
  - ▶ Loan characteristics

Risk Tiers		
Category	Scorex PLUS <sup>SM</sup>	VantageScore
Super Prime	740+	801 – 990
Prime	680 – 739	701 – 800
Nonprime	620 – 679	641 – 700
Subprime	550 – 619	601 – 640
Deep Subprime	<550	501 - 600

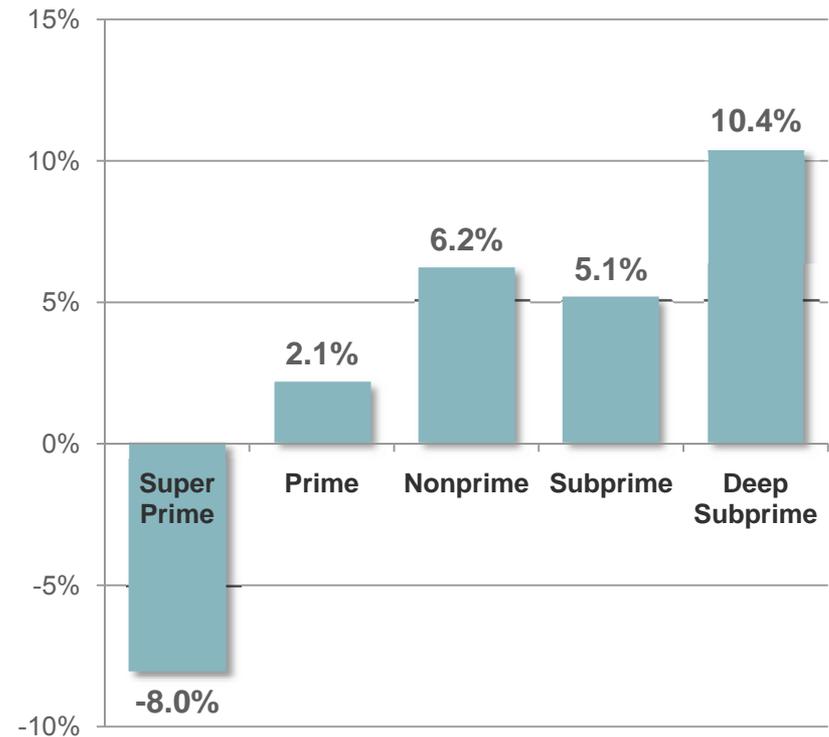
# Automotive Finance Market

## How has the market been changing?

2Q2009 Risk Distribution of Open Automotive Loans



Change in Risk Distribution from 2Q2008

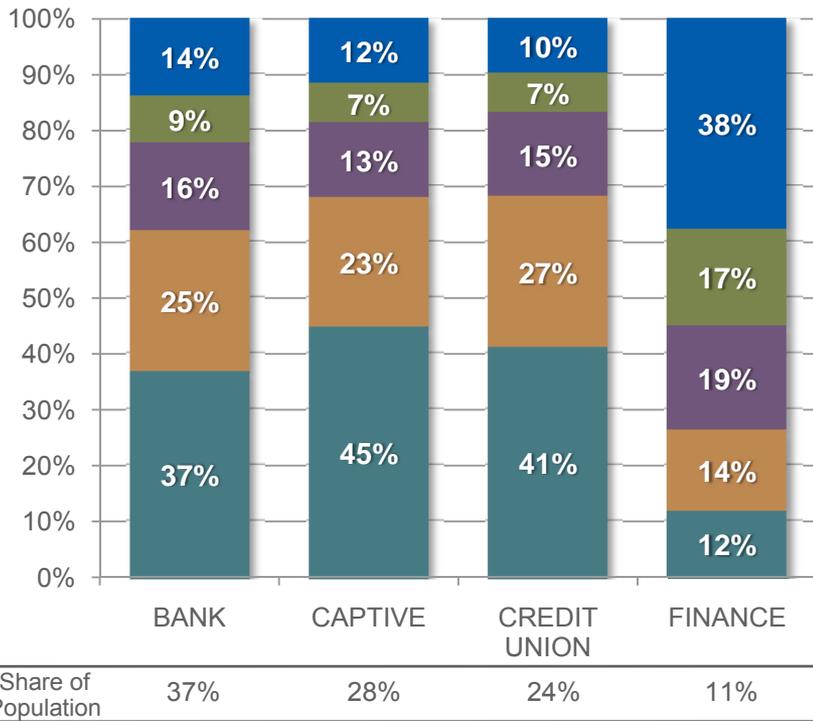


Source: Experian, 2Q2009

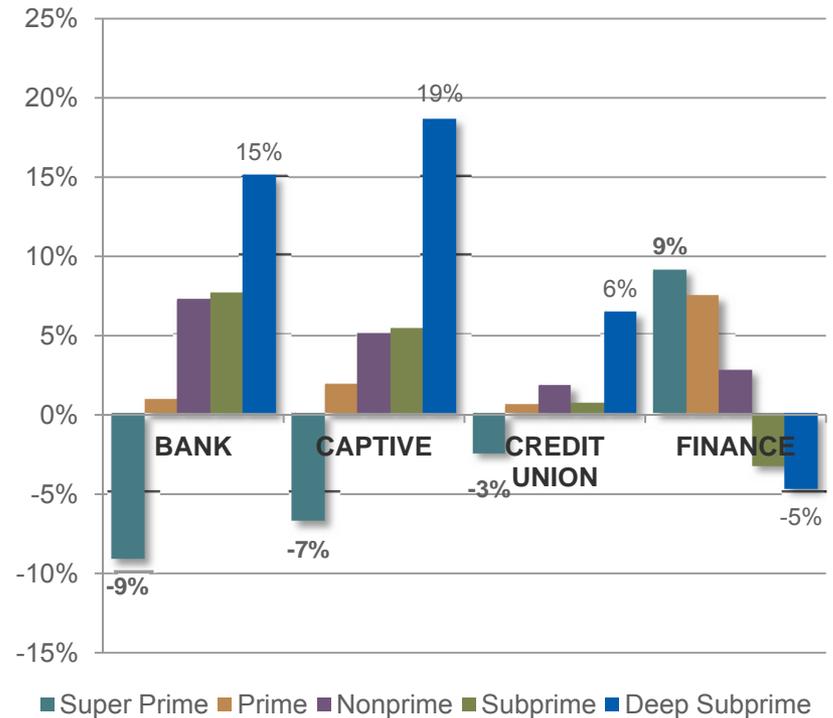
# Automotive Finance Market

## How has credit quality shifted among the lenders?

### 2Q2009 Lender Risk Distribution



### Change in Risk Distribution from 2Q2008



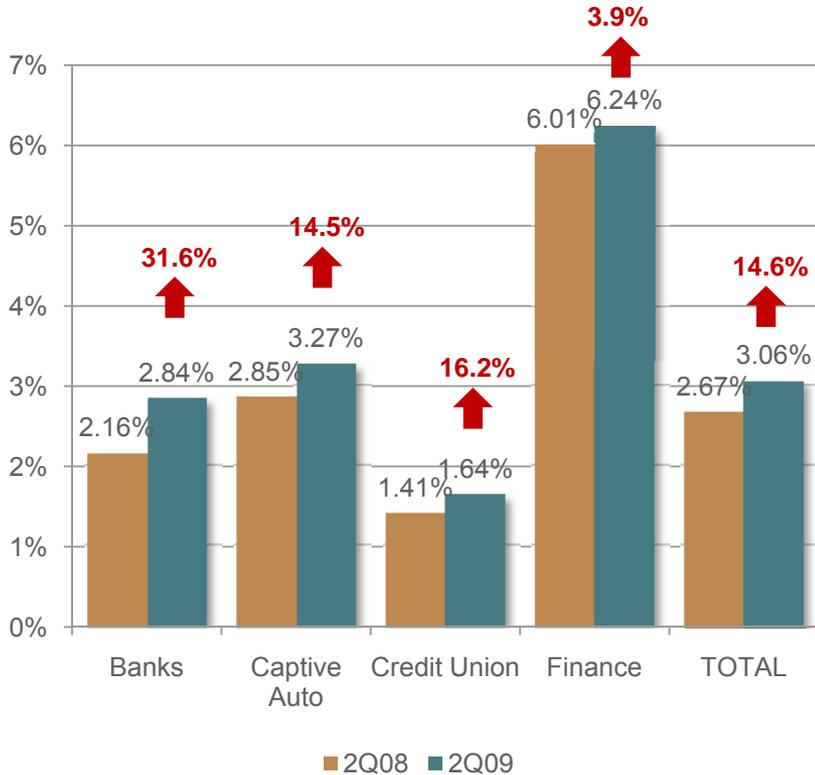
Source: Experian, 2Q2009



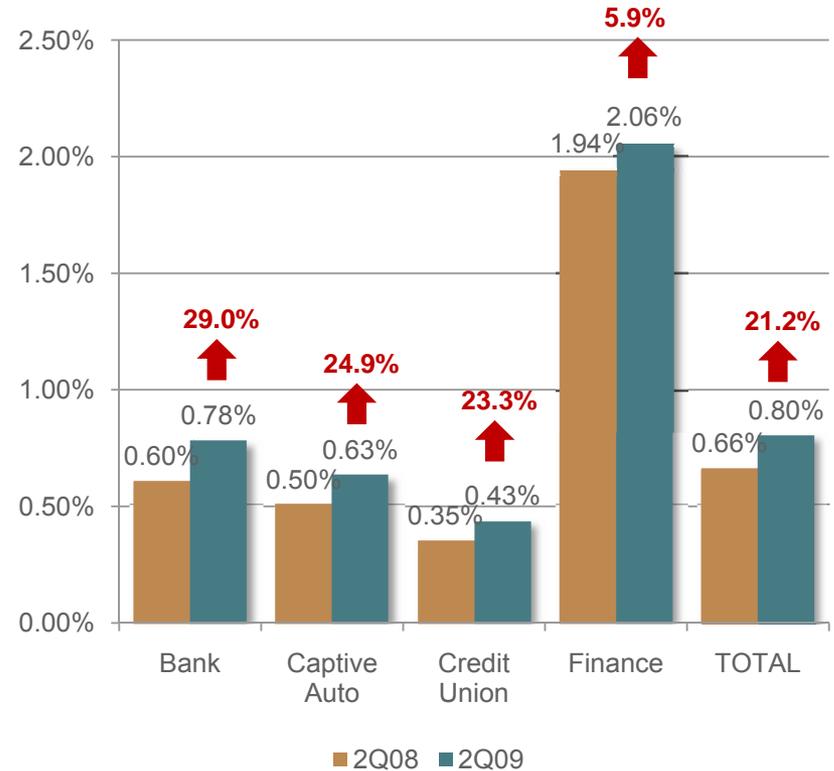
# Recent Automotive Delinquency

## How are automotive loans performing?

### 30 Day Delinquency %



### 60 Day Delinquency %



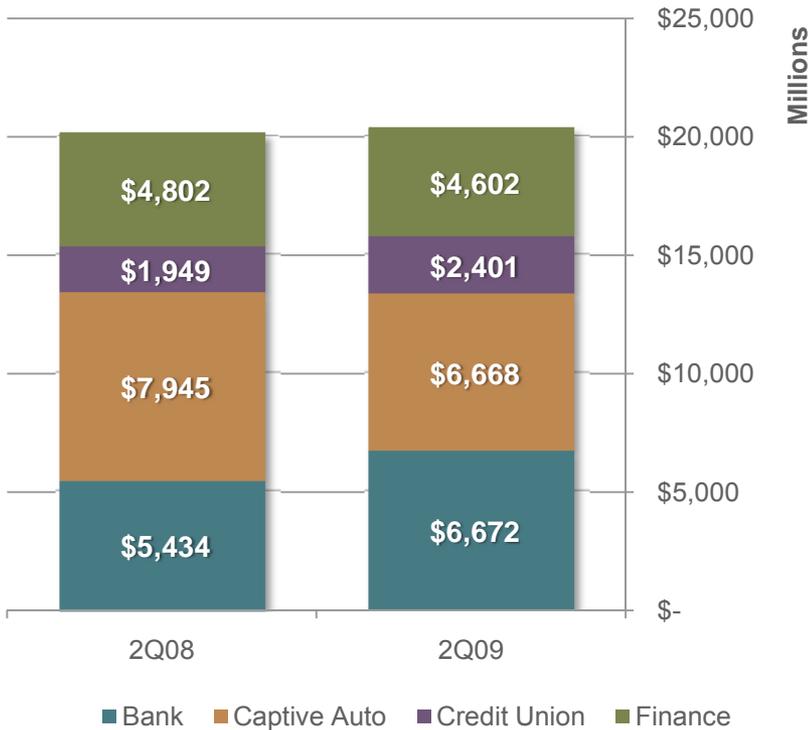
Source: Experian, 2Q2009



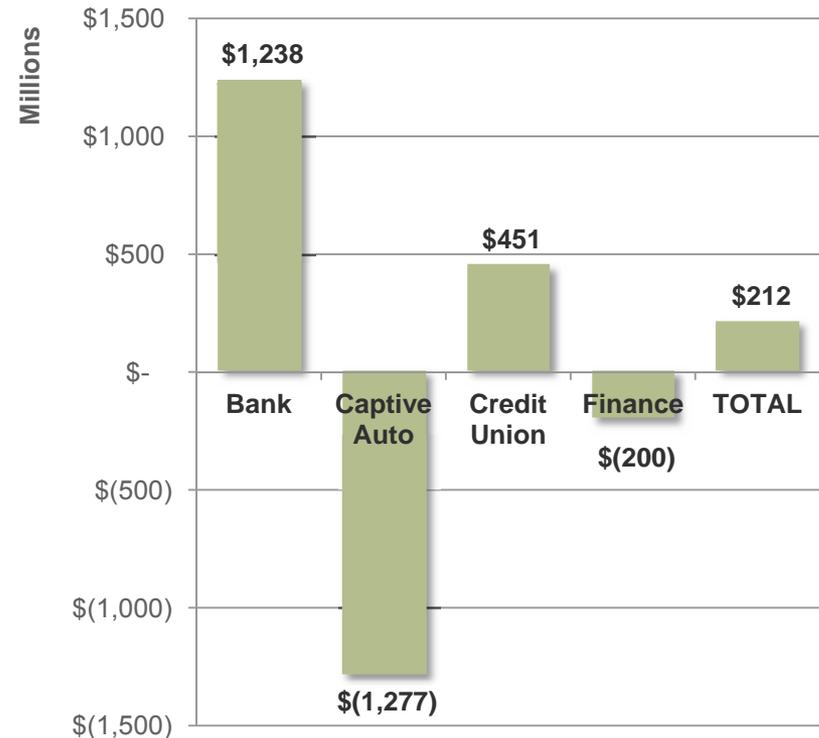
# Recent 30 Day Automotive Delinquency

## What's at stake?

### Total Balance of 30 Day Delinquent Loans



### Change in 30 Day Delinquency balance from 2Q2008

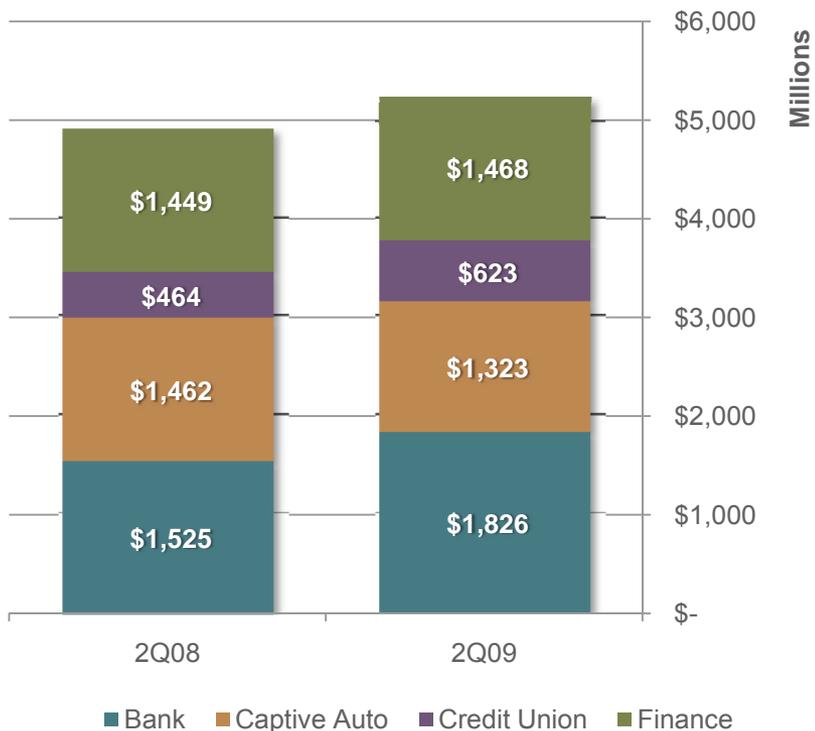


Source: Experian, 2Q2009

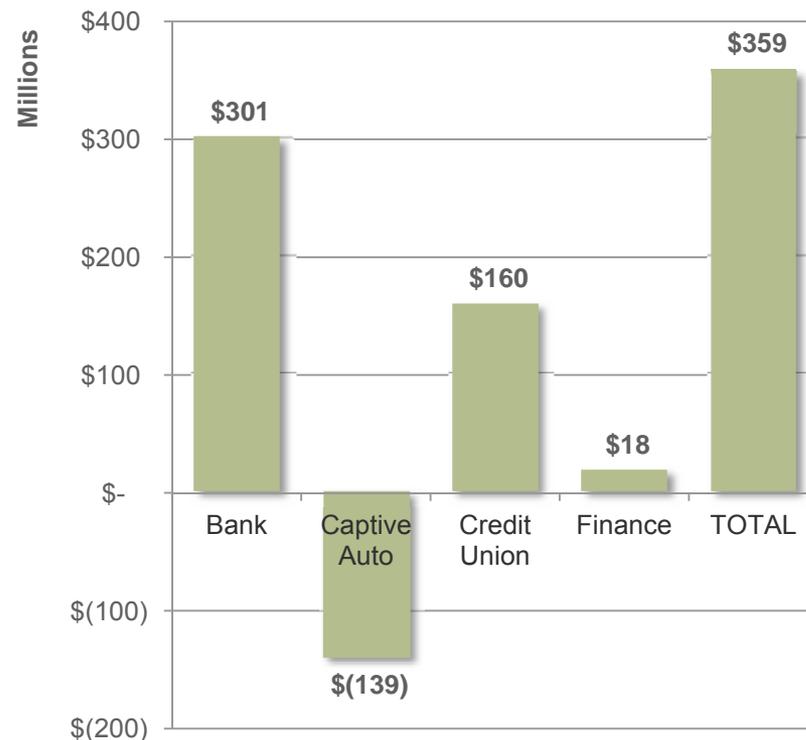
# Recent 60 Day Automotive Delinquency

## What's at stake?

### Total Balance of 60 Day Delinquent Loans



### Change in 60 Day Delinquency balance from 2Q2008

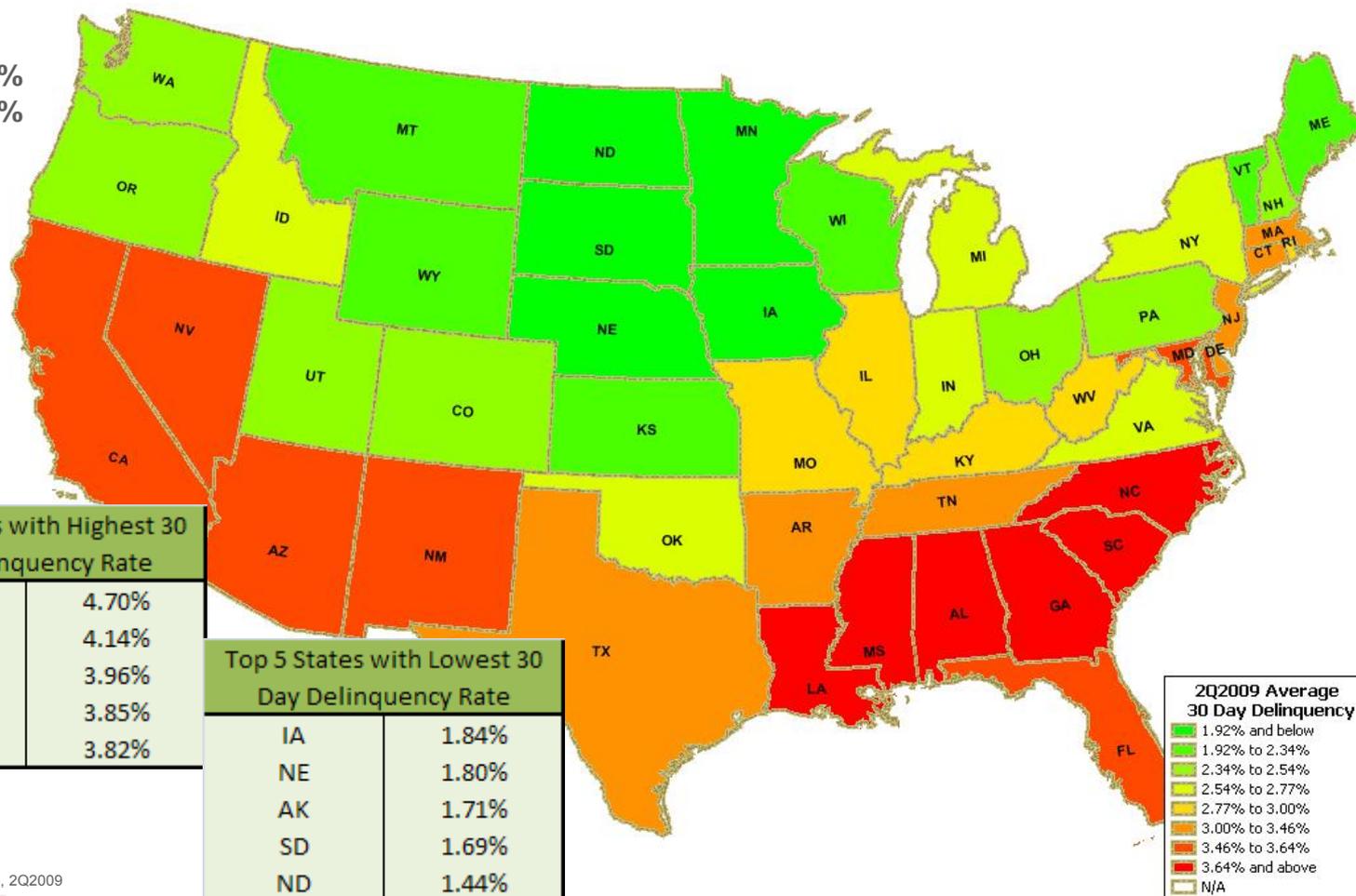


Source: Experian, 2Q2009

# 30 Day Delinquency Rate

## Which states lead in 30 day delinquency?

AK = 1.71%  
HI = 2.77%

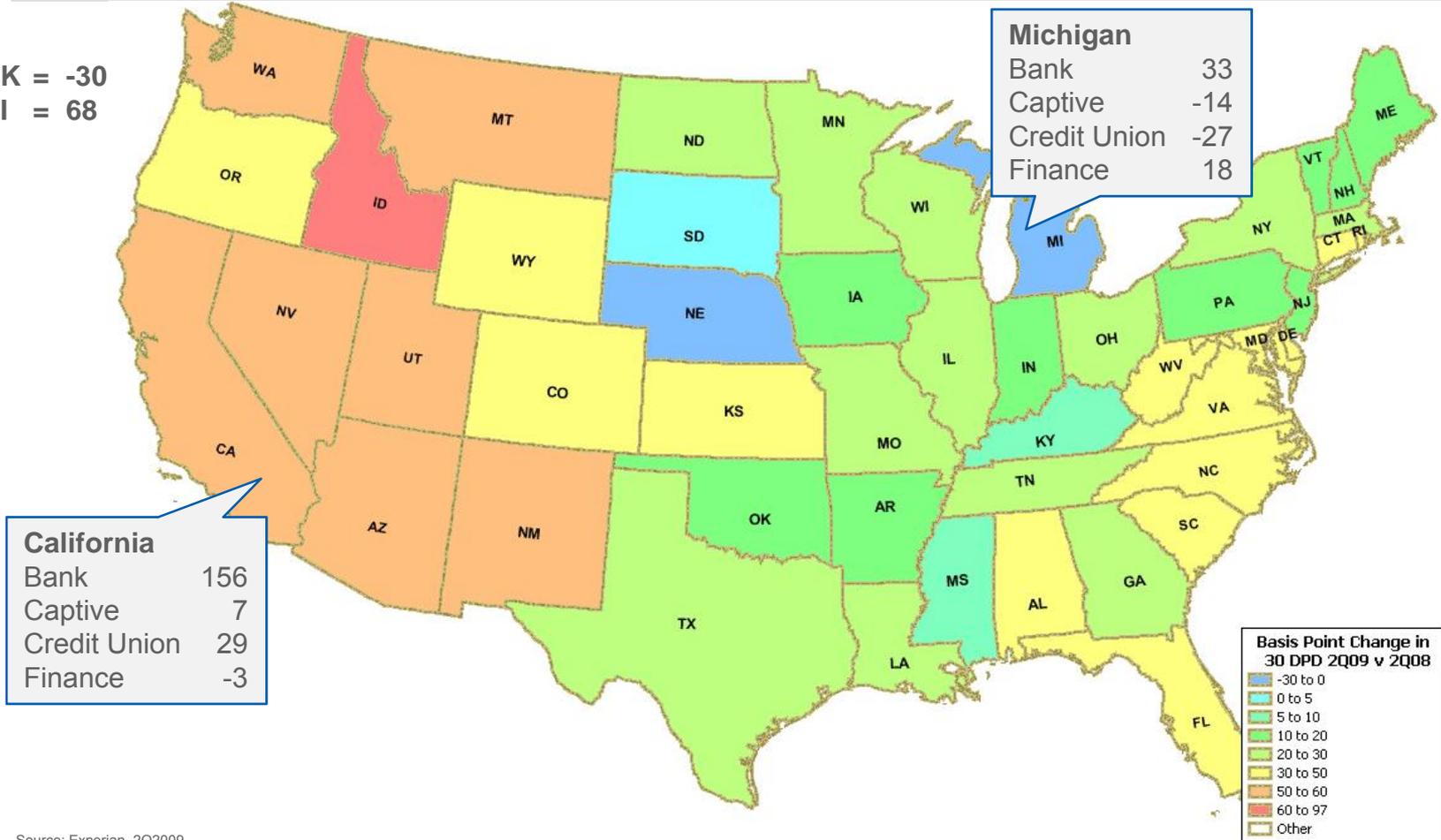


Source: Experian, 2Q2009

# Changes in 30 Day Delinquency Rate

## Which states are improving/declining?

AK = -30  
HI = 68



Source: Experian, 2Q2009



# AUTOMOTIVE FINANCING FIRST HALF 2009

# Risk Tier Reminder

Risk Tiers		
Category	Scorex PLUS <sup>SM</sup>	VantageScore
Super Prime	740+	801 – 990
Prime	680 – 739	701 – 800
Nonprime	620 – 679	641 – 700
Subprime	550 – 619	601 – 640
Deep Subprime	<550	501 - 600

Source: Experian, 2Q2009

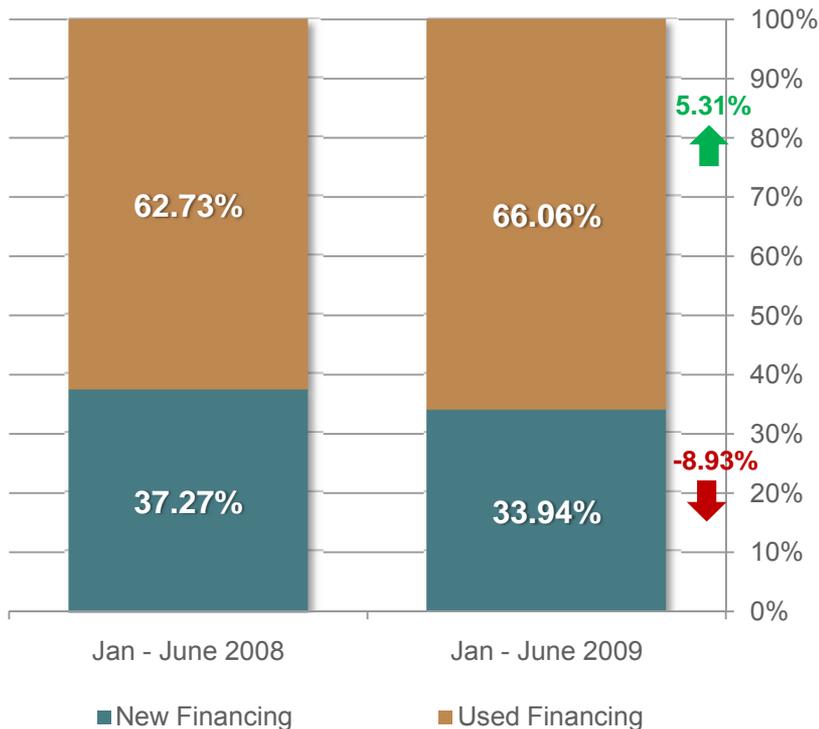


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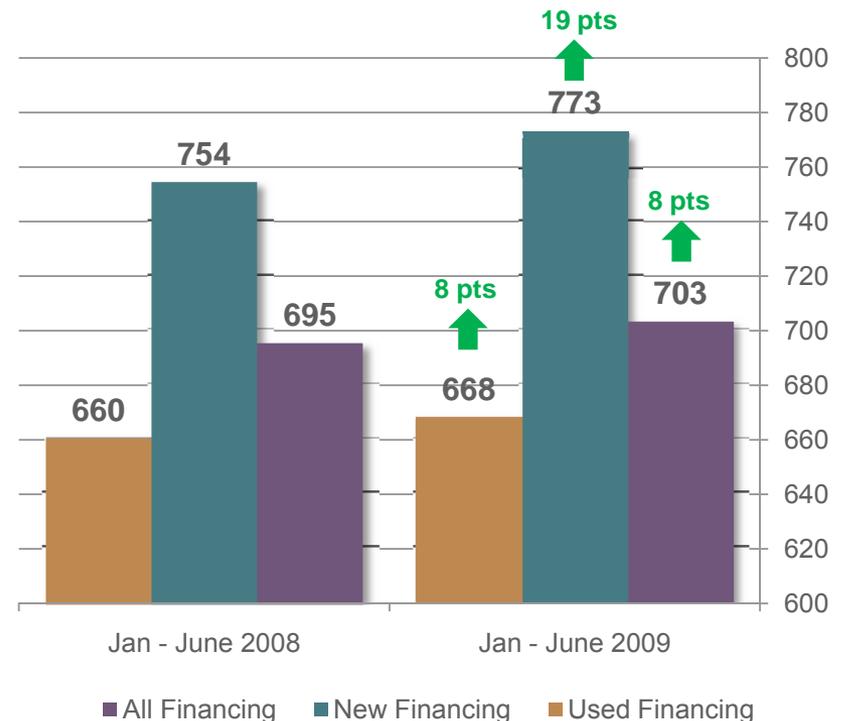
# Quarterly Financing for New and Used Vehicles

## How has financing on vehicles changed?

### New - Used Financing Distribution



### Average Credit Score by Vehicle Type

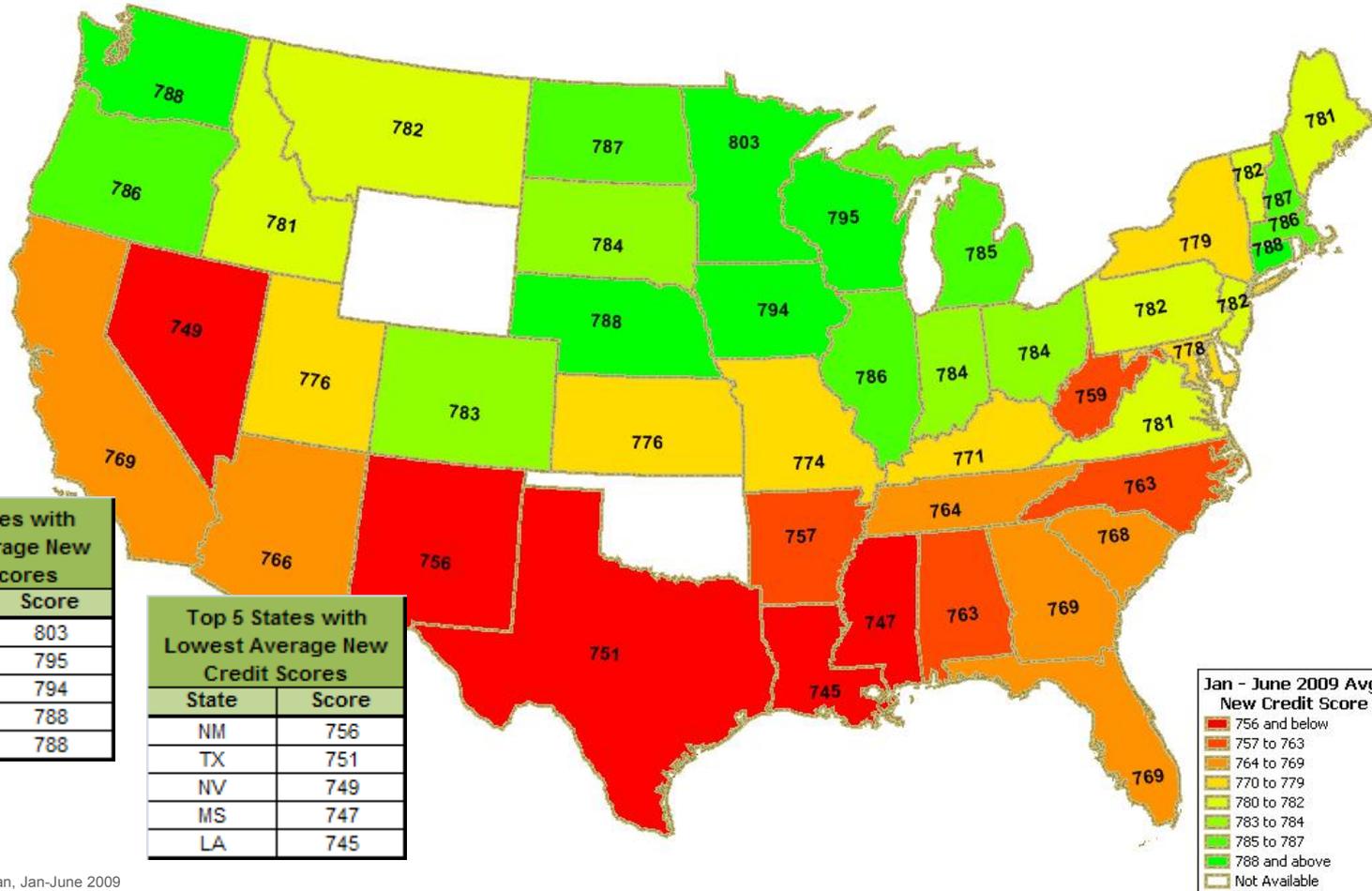


Source: Experian, Jan-June 2009

# Average Credit Score on New Vehicles Financed in 2009

## Which states have higher credit scores?

AK = 759  
HI = 757

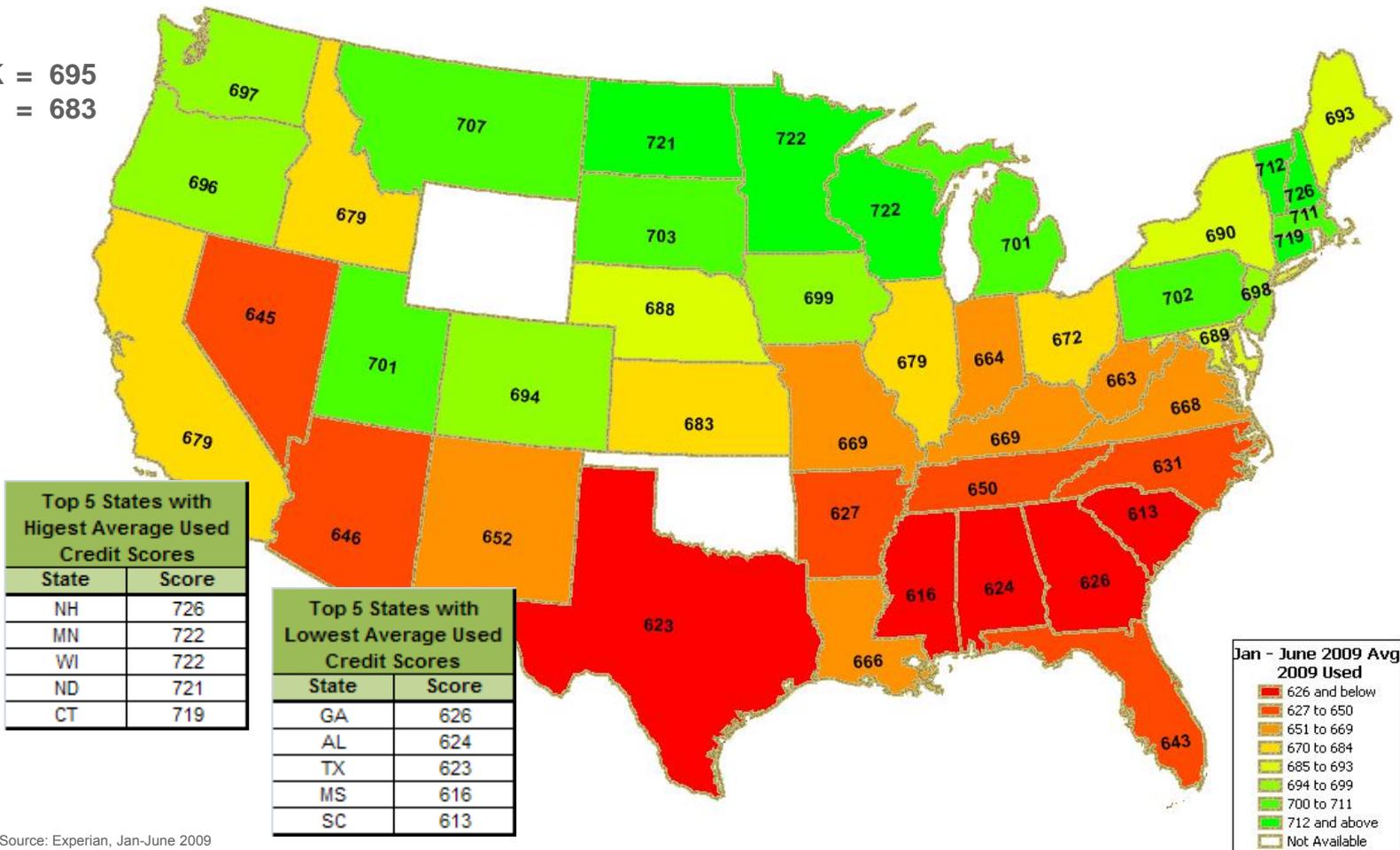


Source: Experian, Jan-June 2009

# Average Credit Score on Used Vehicles Financed 2009

## Which states have higher credit scores?

AK = 695  
HI = 683

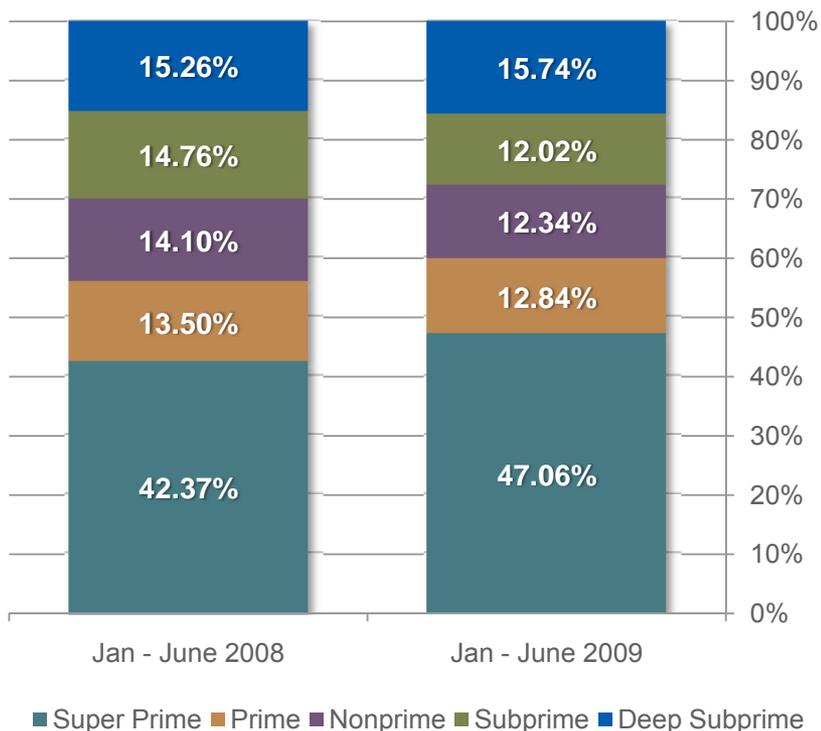


Source: Experian, Jan-June 2009

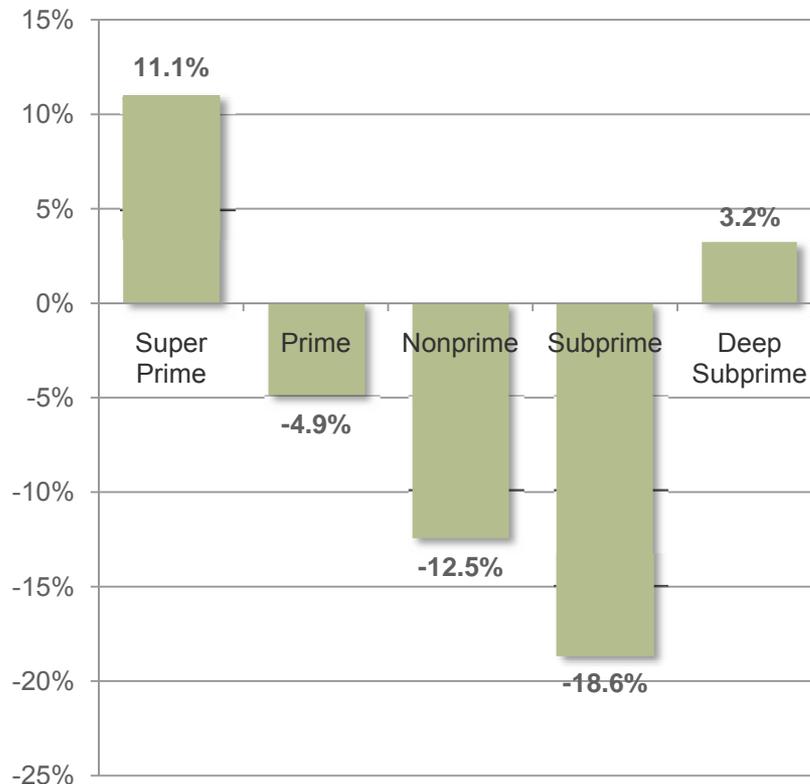
# Quarterly Financing for New and Used Vehicles

## How has credit changed for new and used financing?

### Vehicle Financing by Risk Distribution



### Change in Risk Distribution

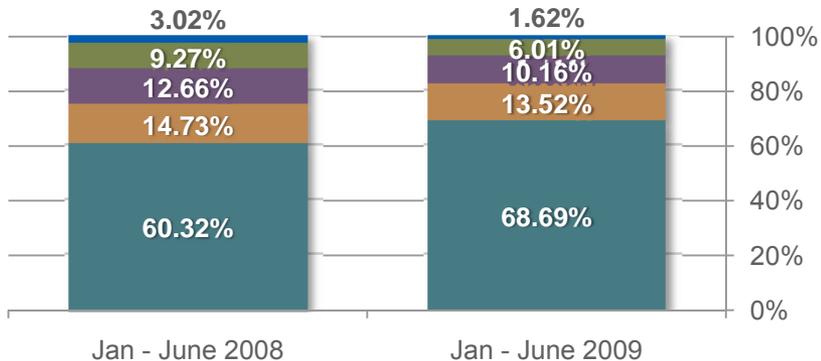


Source: Experian, Jan-June 2009

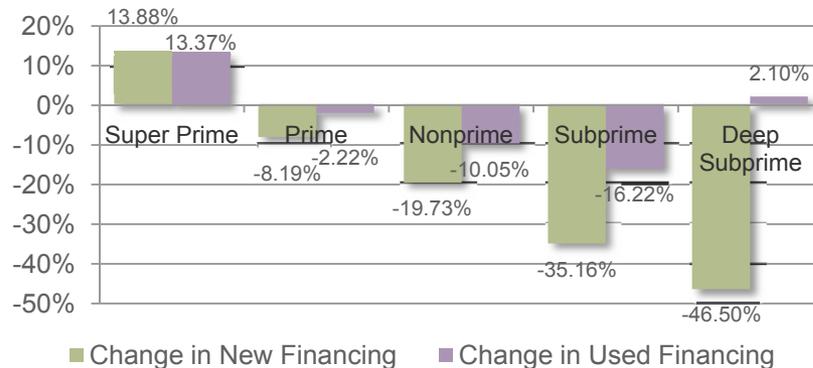
# Quarterly Financing for New and Used Vehicles

## How has credit changed for new and used financing?

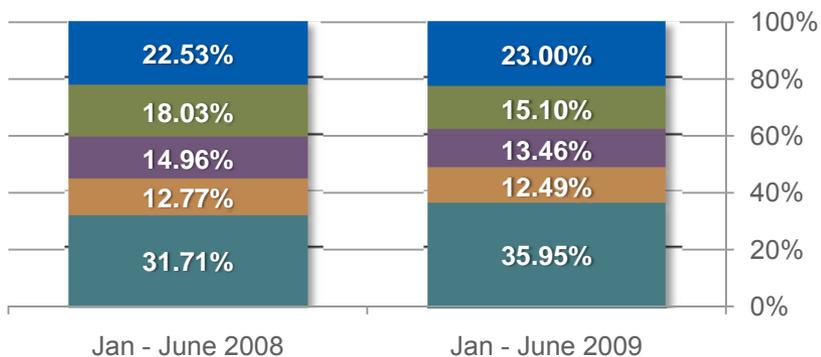
**New Vehicle Financing**



**Change in Financing from Jan - June 2008**



**Used Vehicle Financing**



- Deep Subprime
- Subprime
- Nonprime
- Prime
- Super Prime

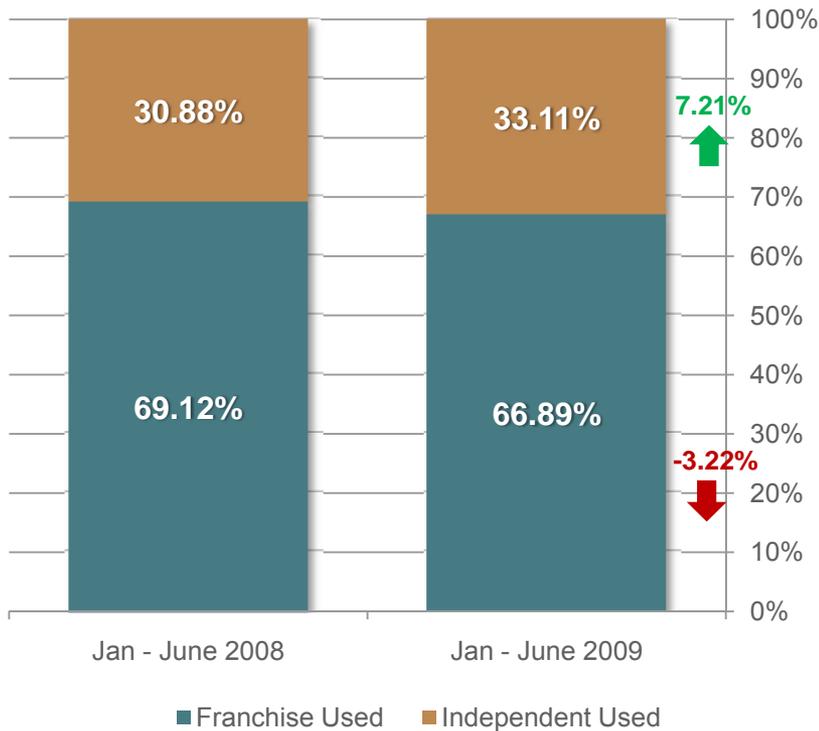
Source: Experian, Jan-June 2009



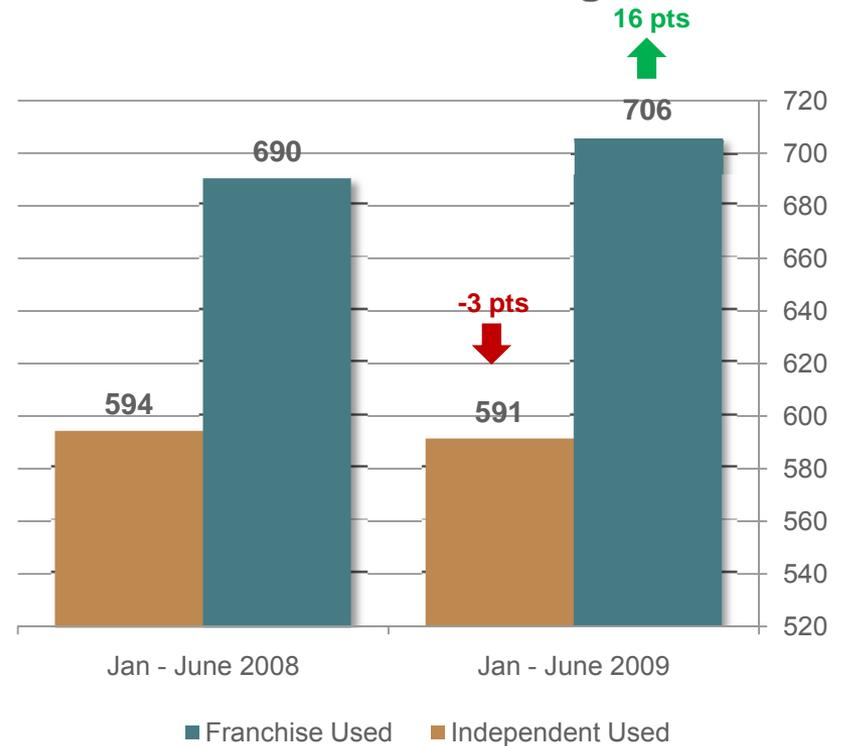
# Used Car Financing by Dealer Type

## How is financing changing by dealer type?

### Used Vehicle Financing by Dealer Type



### Average Credit Scores on Used Vehicle Financing

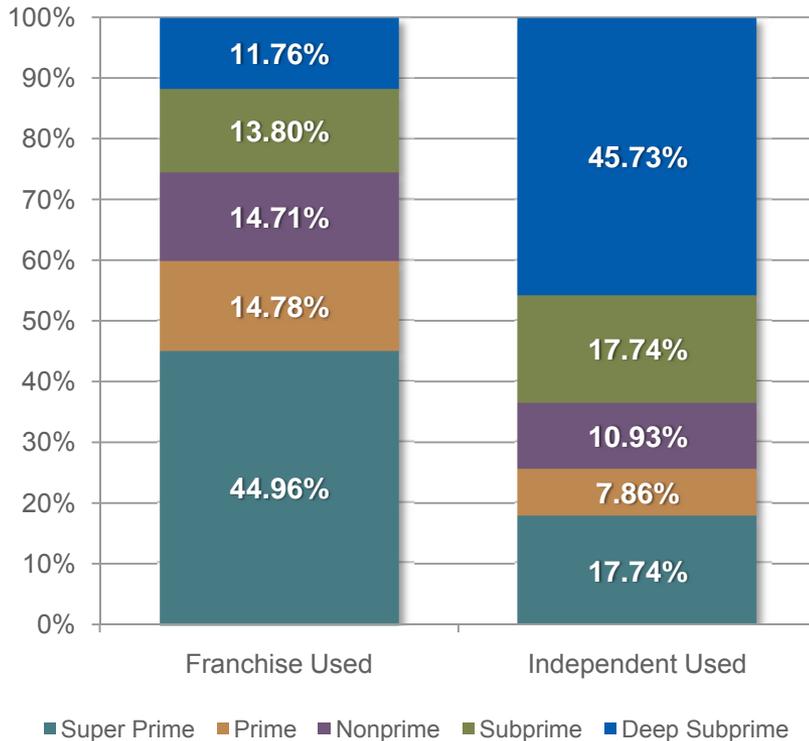


Source: Experian, Jan-June 2009

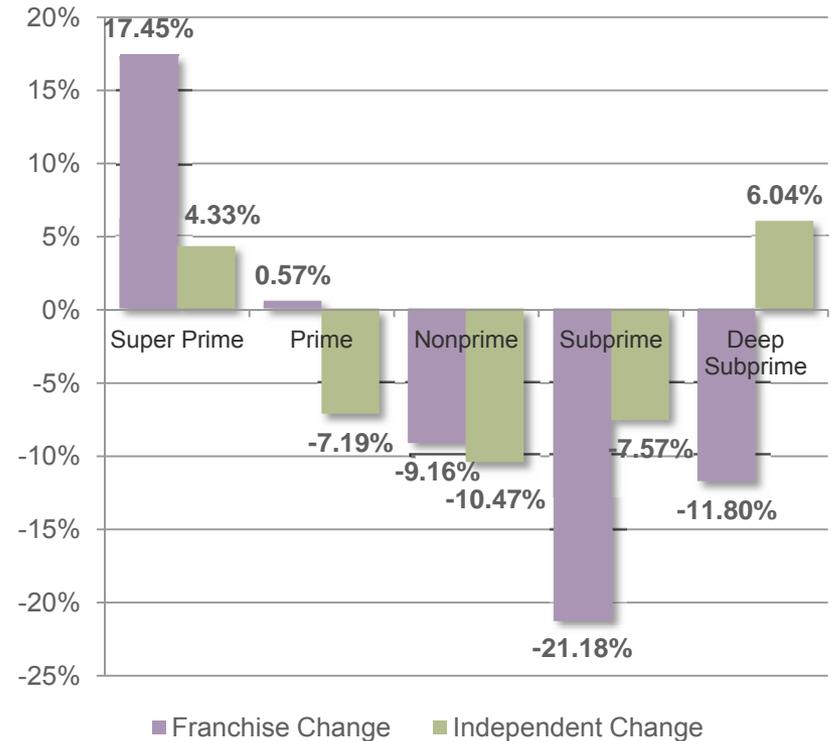
# Credit Distribution by Dealer Type

## How has dealer type changed by credit mix?

Used Vehicle Risk Distribution by Dealer Type



Change in Used Financing from Jan - June 2008

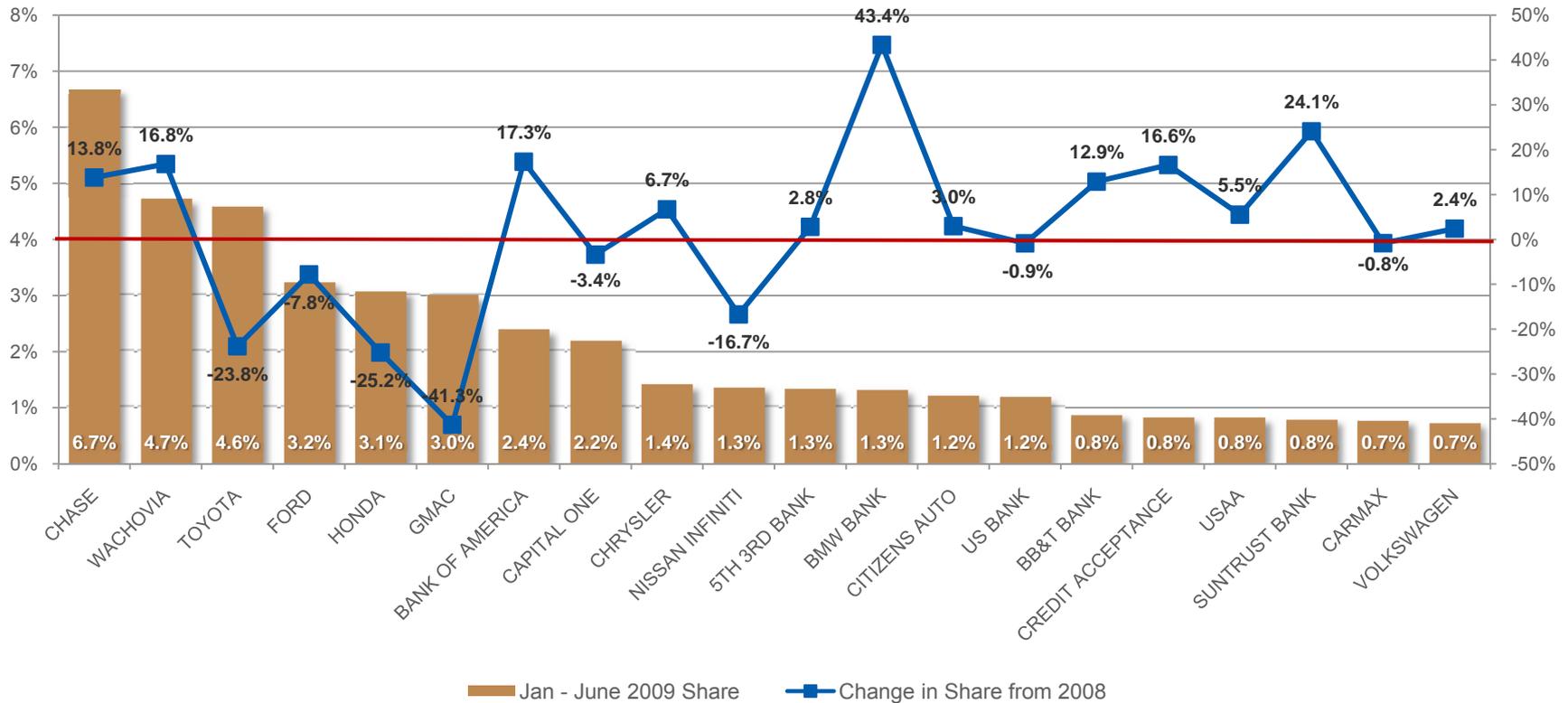


Source: Experian, Jan-June 2009

# Top 20 Lenders by Market Share

## Who gained or lost share?

Top 20 Total Loan Market: Lenders by Market Share



Source: Experian, Jan-June 2009

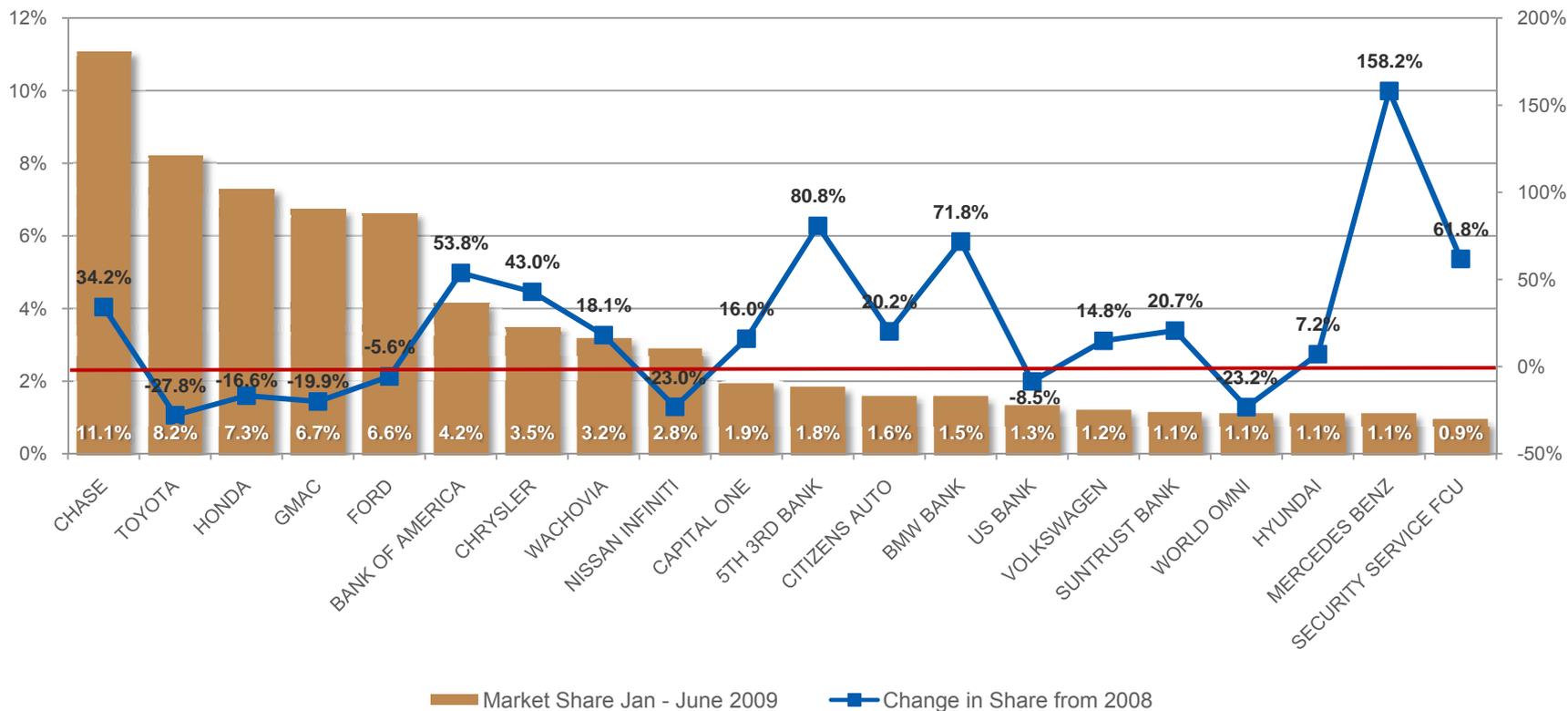


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# Top 20 New Lenders by Market Share

## Who gained or lost share on New Vehicle Financing?

Top 20 New Lenders by Market Share



Source: Experian, Jan-June 2009

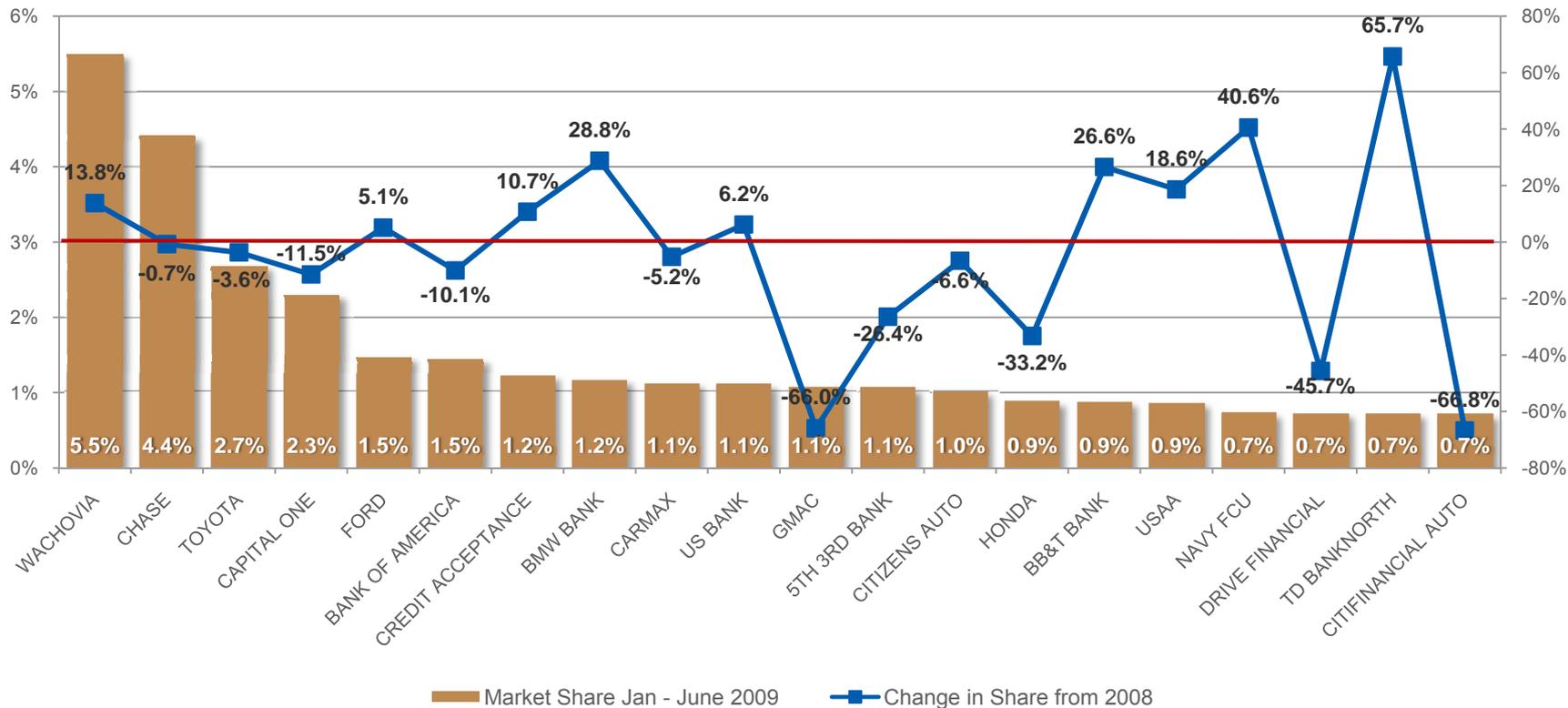


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# Top 20 Used Lenders by Market Share

## Who gained or lost share on Used Vehicle Financing?

Top 20 Used Lenders by Market Share



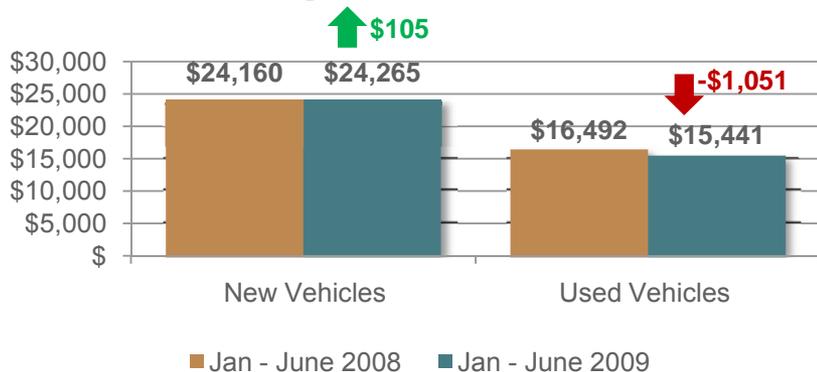
Source: Experian, Jan-June 2009



# Year in Review Loan Attributes

## How has financing changed?

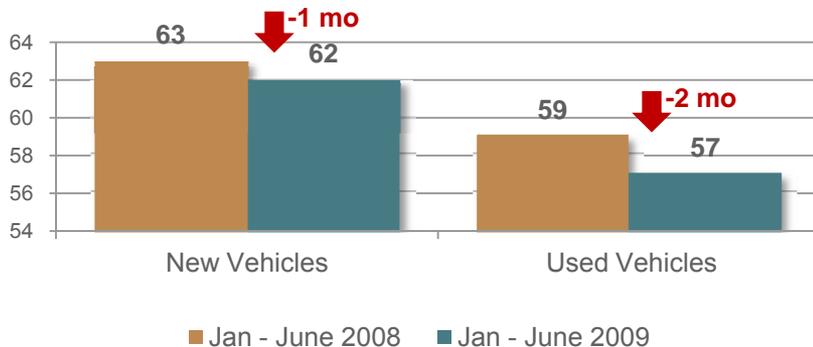
### Average Amount Financed



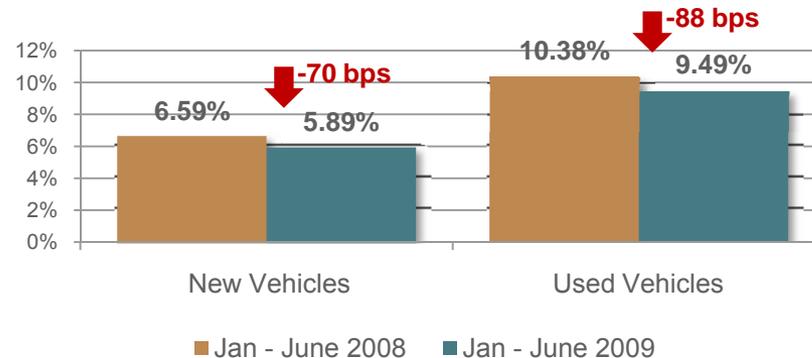
### Average Monthly Payment



### Average Term



### Average Rate

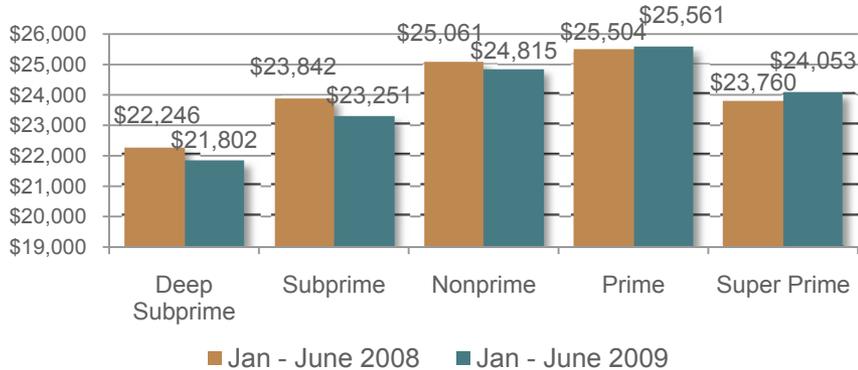


Source: Experian, Jan-June 2009

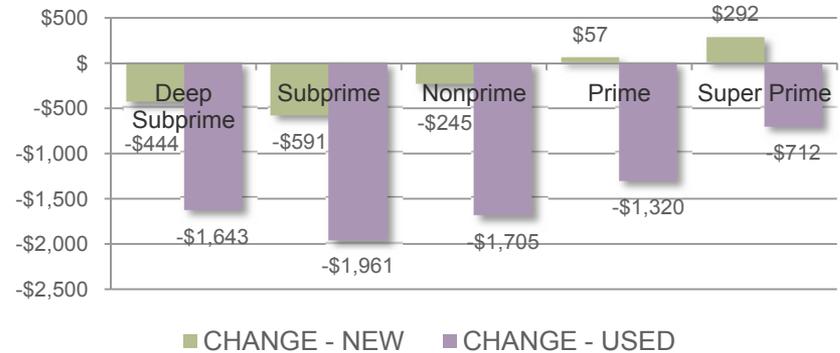
# Vehicle Financing and Credit Tiers

## How has financing changed by credit score?

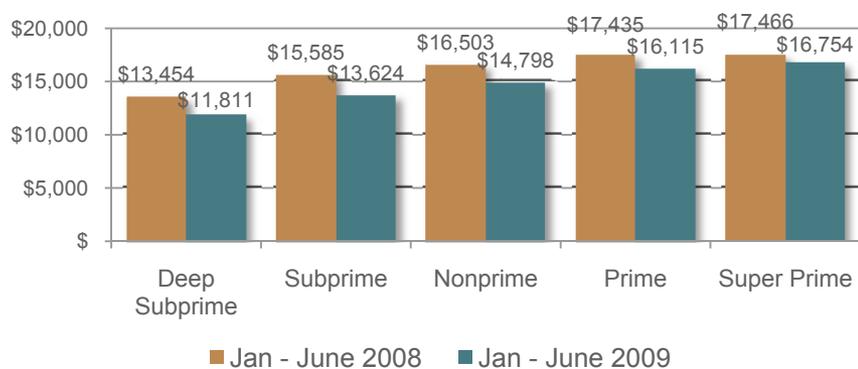
Average Amount Financed on New Vehicles



Change in Average Amount Financed



Average Amount Financed on Used Vehicles



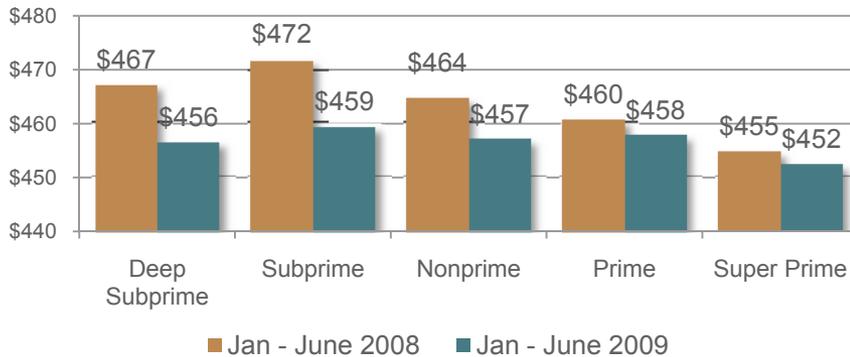
- Financing on New vehicles increased in both the Prime & Super Prime segments
  - \$292 increase in Super Prime
  - Greatest amount financed in Prime (\$25,561)
- Used vehicle financing declined in all risk segments

Source: Experian, Jan-June 2009

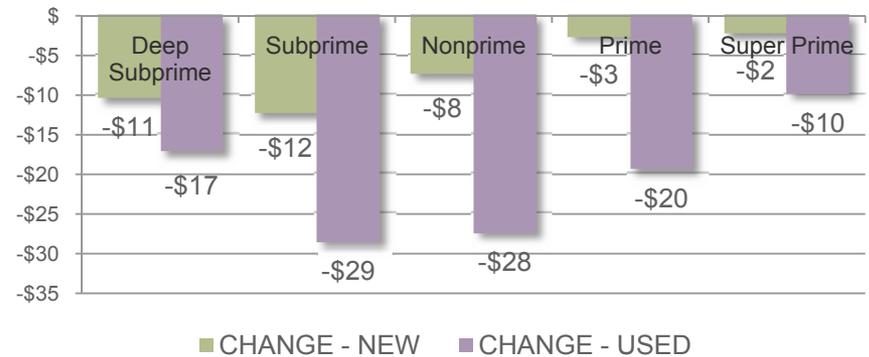
# Vehicle Payments and Credit Tiers

## How has monthly payment change by credit score?

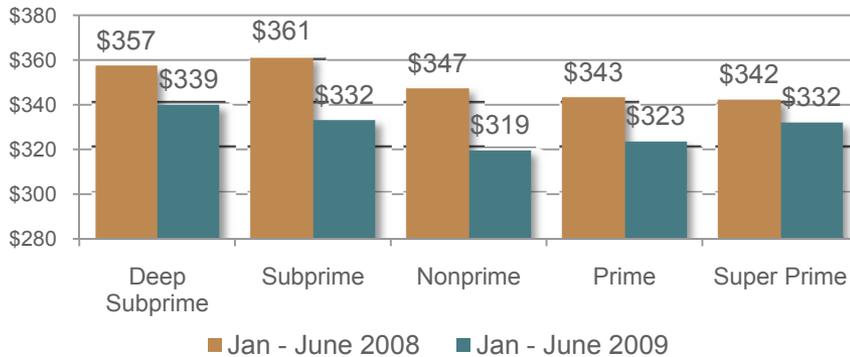
Average Monthly Payment on New Vehicles



Change in Average Monthly Payment



Average Monthly Payment on Used Vehicles



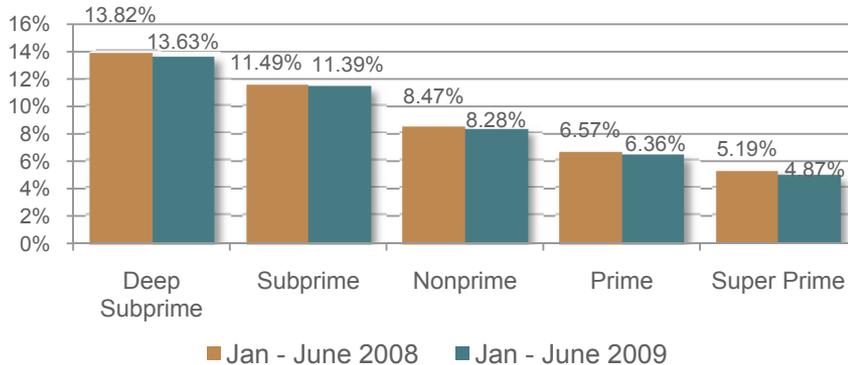
- Monthly payments are down across all risk segments for both new and used vehicle financing
- Little difference between payments on new vehicle financing across the risk segments
- Used vehicle financing declined the greatest with the mid-tier segments declining the most (-\$29 & -\$28)

Source: Experian, Jan-June 2009

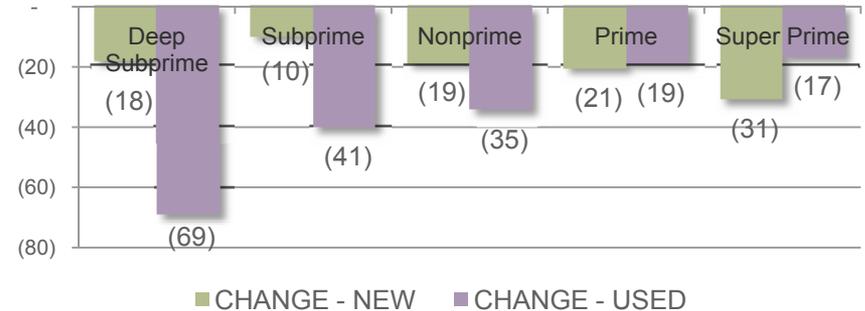
# Interest Rate and Credit Tiers

## How does rate change by credit score?

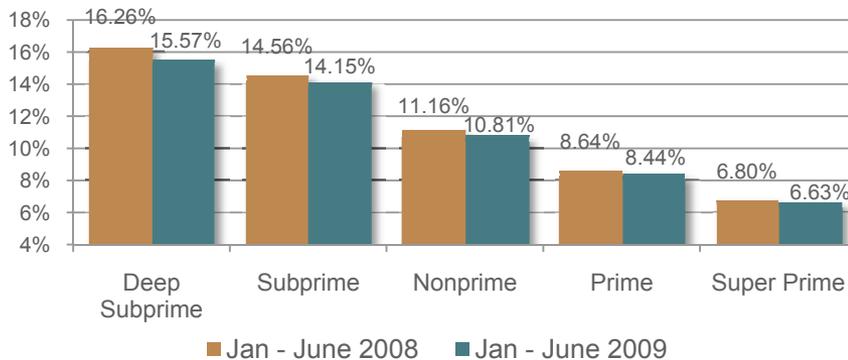
Average Rate on New Vehicles



Change in Average Rate (Basis Points)



Average Rate on Used Vehicles



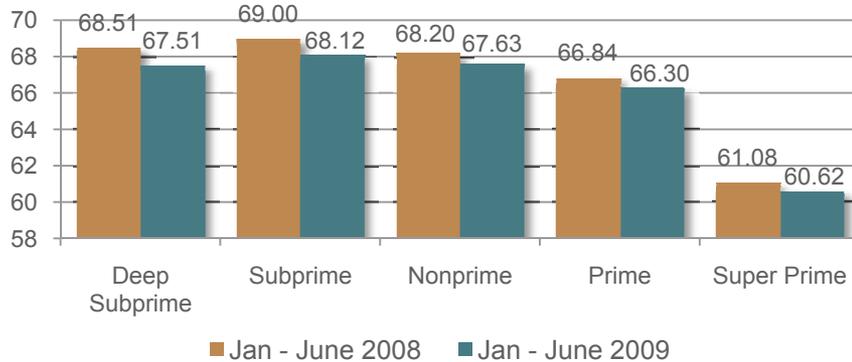
- Steady decreases in rates for both new and used vehicle financing across all risk tiers
- Used vehicle financing experienced the greatest decreases in rates, with most significant decrease in the Deep Subprime segment (-69 basis points)

Source: Experian, Jan-June 2009

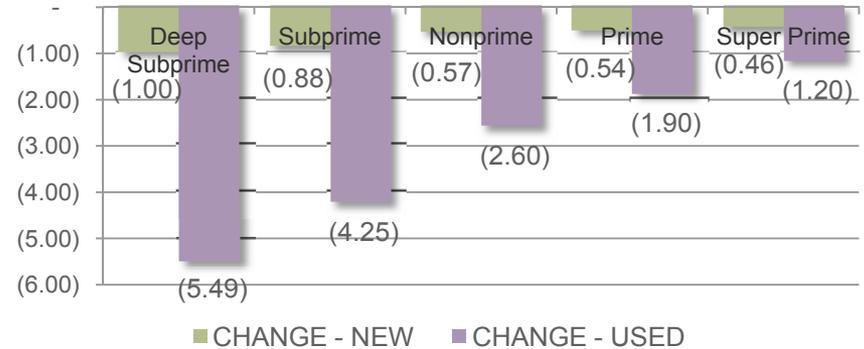
# Vehicle Term and Credit Tiers

## How has term change by credit score?

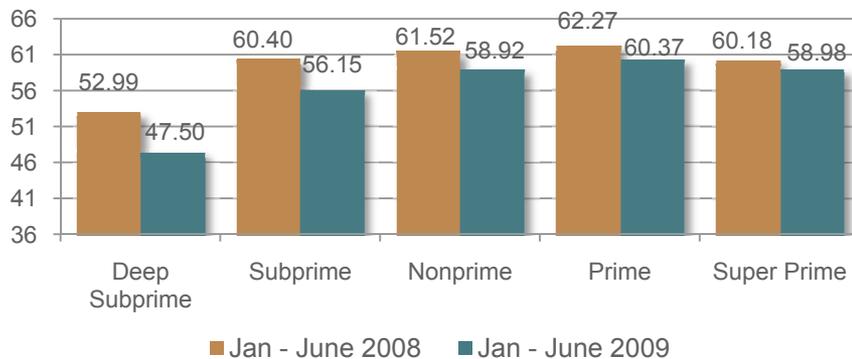
Average Term on New Vehicles



Change in Average Term



Average Term on Used Vehicles



- Average terms for both new and used vehicle financing decreased across all risk segments
- Shortest terms on new vehicle financing is in the Super Prime segment (60.62 months)
- Longest terms on new vehicle financing found in the Subprime segment (68.12 months)
- Longest terms on used vehicle financing is in the Prime risk segment (60.37 months)
- Greatest decrease in terms for used vehicles are seen in the highest risk segments

Source: Experian, Jan-June 2009

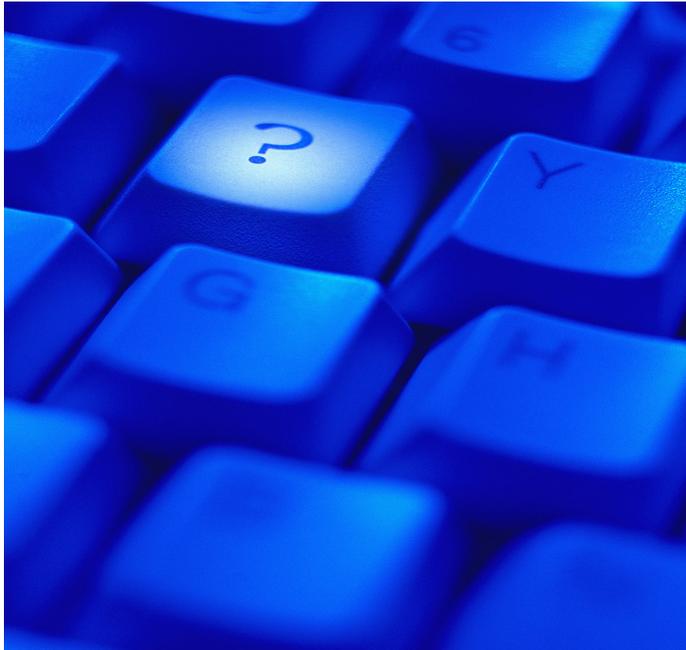
# Conclusions

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- Overall credit quality of consumers with automotive loans has decreased year-over-year with more consumers falling into the lower credit quality risk tiers
- Delinquencies continue to increase and are accelerating in 2009 at a faster pace than 2008
- Delinquency debt burden for captive financing has declined as the overall size of the captive portfolios has decreased
- Consumers have increased financing of used vehicles as a percentage of total vehicles financed and more consumers are financing at independent dealerships
- New vehicle financing remains predominantly in the Prime and Super Prime segments
- Greater disbursement of financing sources for used vehicle financing while new financing is increasingly found among the top lenders
- Characteristics of financing continue to be conservative as amounts, payments rates and terms show year-over-year reductions

# Questions?

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to all attendees

