

State of the Automotive Finance Market First Half of 2009

Melinda Zabritski, Director of Automotive Credit



Presentation Overview

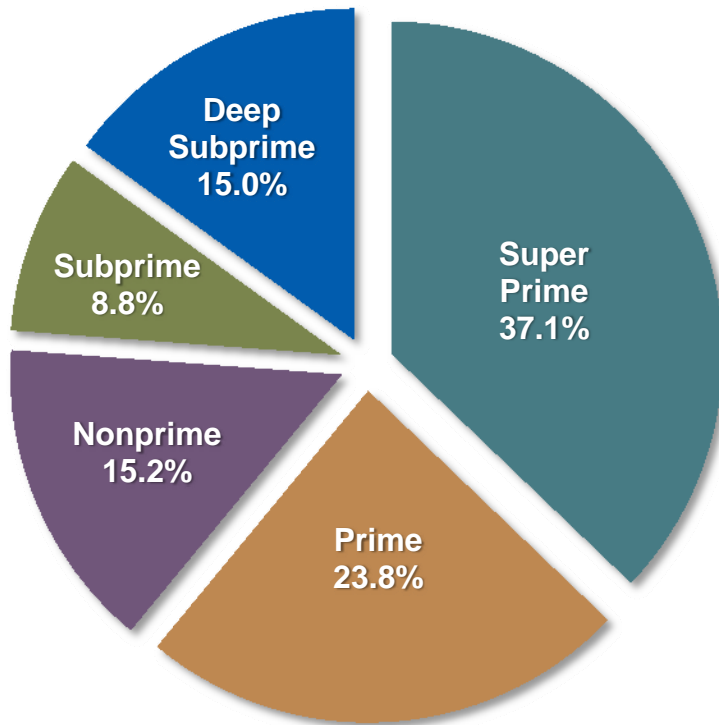
- Second Quarter 2009 Automotive Finance Market Overview
 - ▶ All open automotive loans by risk tier
 - ▶ Shifting portfolios by risk
 - ▶ Automotive loan delinquencies
- Automotive Financing in the first half of 2009
 - ▶ Financing by geography
 - ▶ New versus Used vehicles
 - ▶ Top Lender report
 -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

Risk Tiers		
Category	Scorex PLUS SM	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

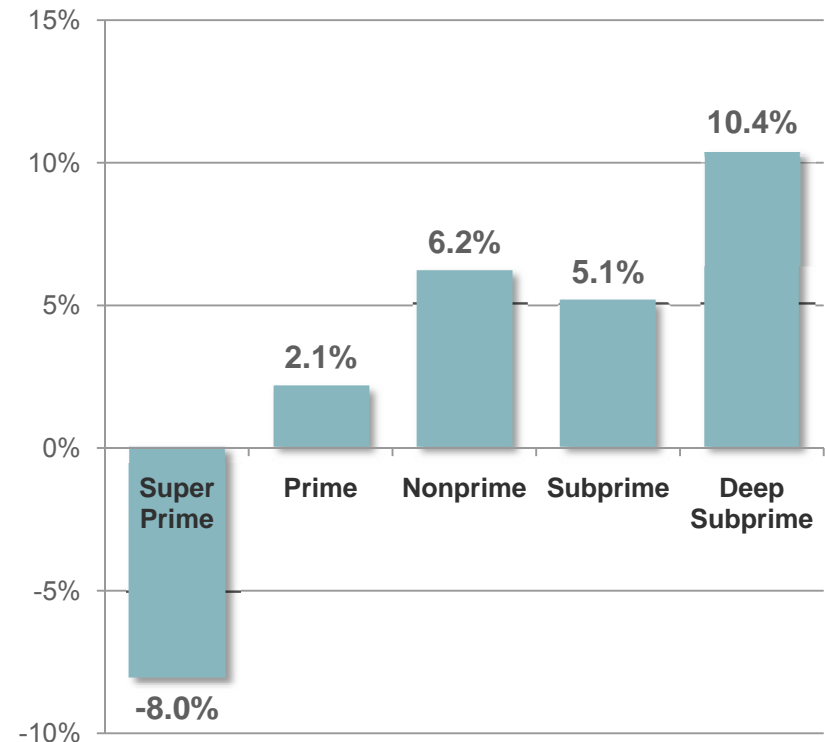
Automotive Finance Market

How has the market been changing?

2Q2009 Risk Distribution of Open Automotive Loans



Change in Risk Distribution from 2Q2008

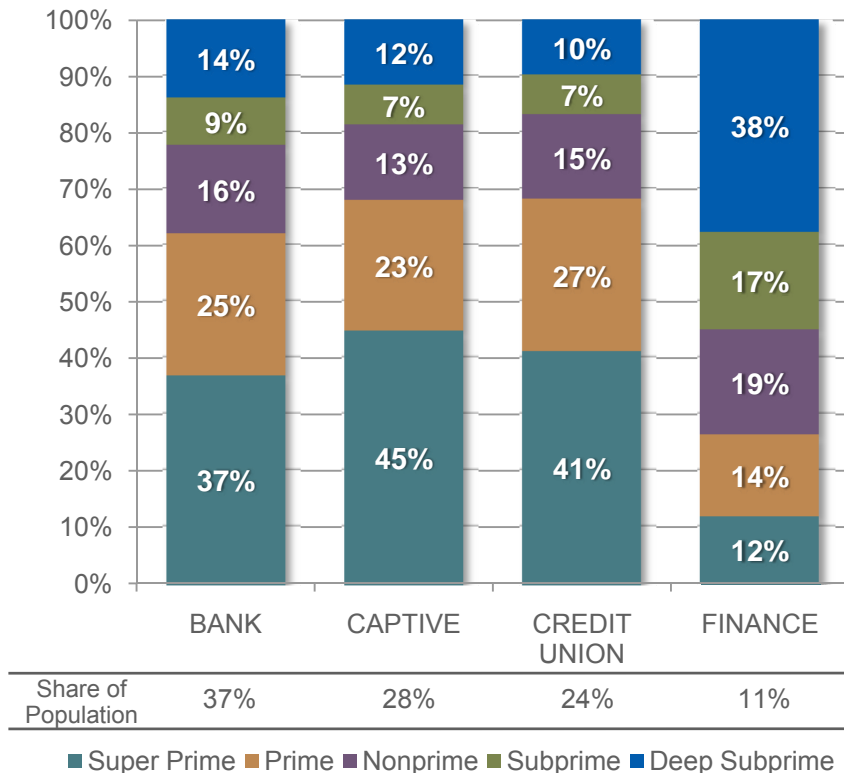


Source: Experian, 2Q2009

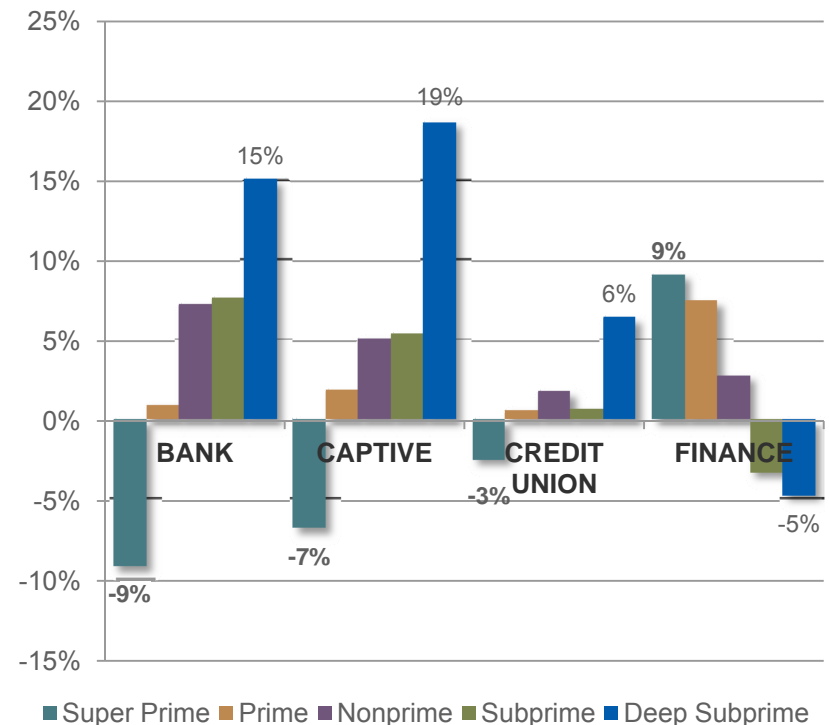
Automotive Finance Market

How has credit quality shifted among the lenders?

2Q2009 Lender Risk Distribution



Change in Risk Distribution from 2Q2008

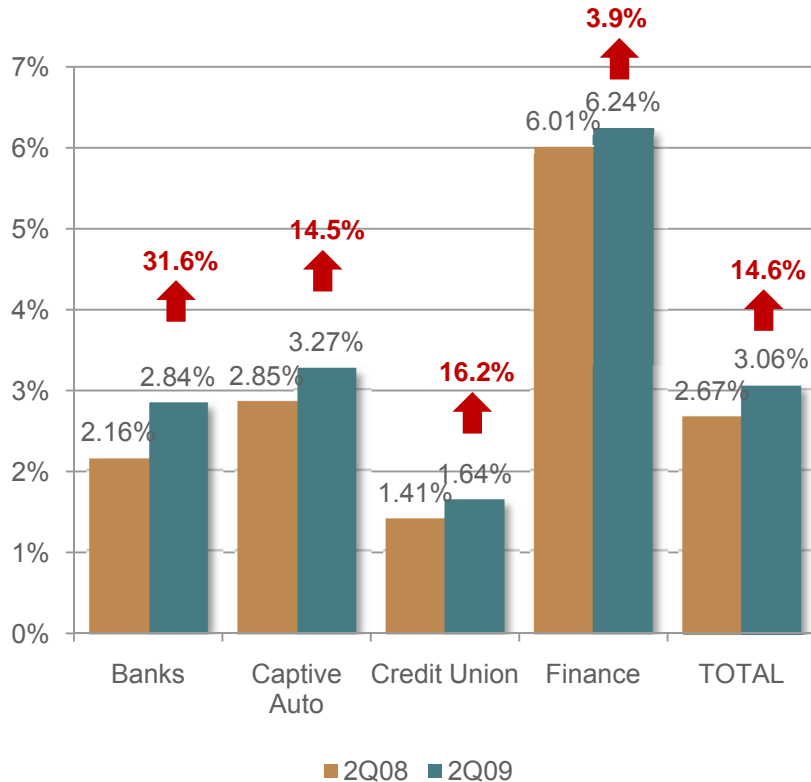


Source: Experian, 2Q2009

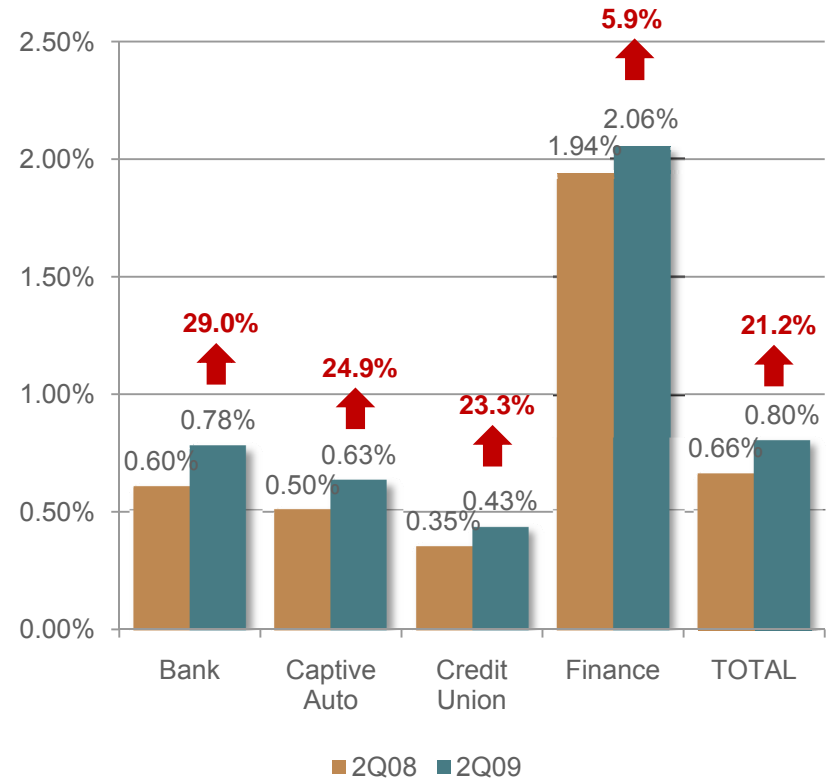
Recent Automotive Delinquency

How are automotive loans performing?

30 Day Delinquency %



60 Day Delinquency %

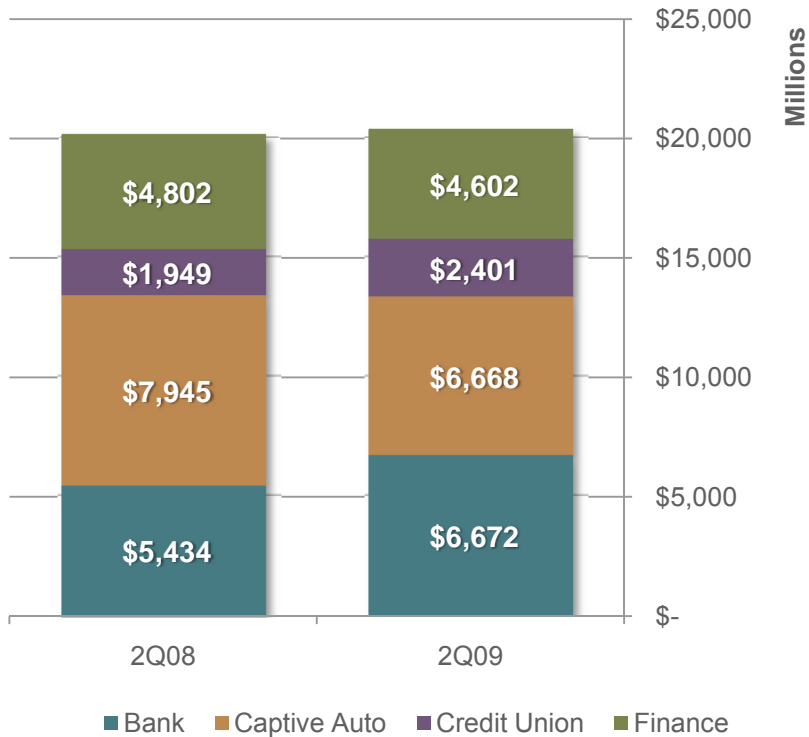


Source: Experian, 2Q2009

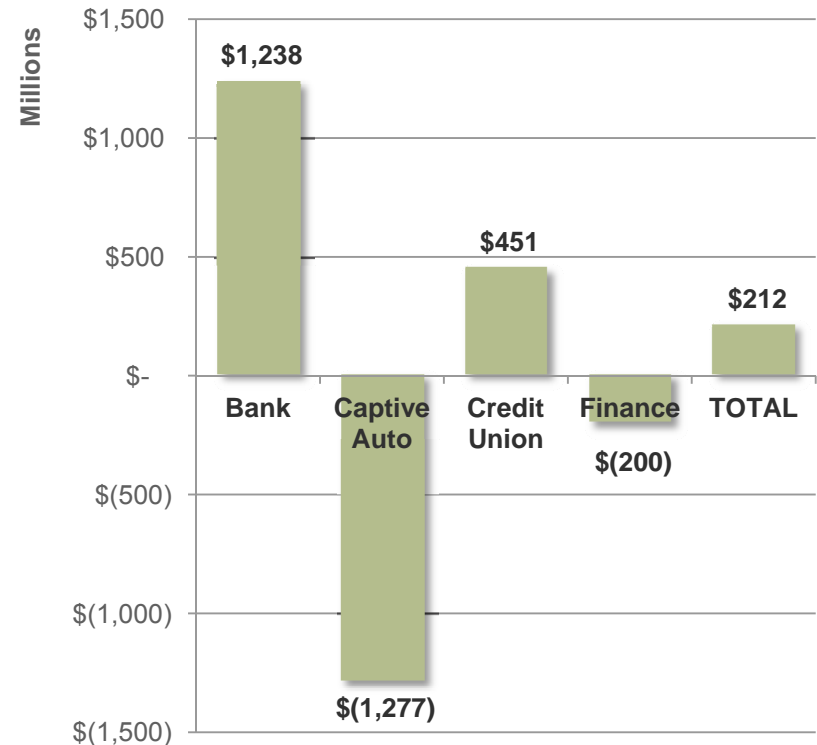
Recent 30 Day Automotive Delinquency

What's at stake?

Total Balance of 30 Day Delinquent Loans



Change in 30 Day Delinquency balance from 2Q2008

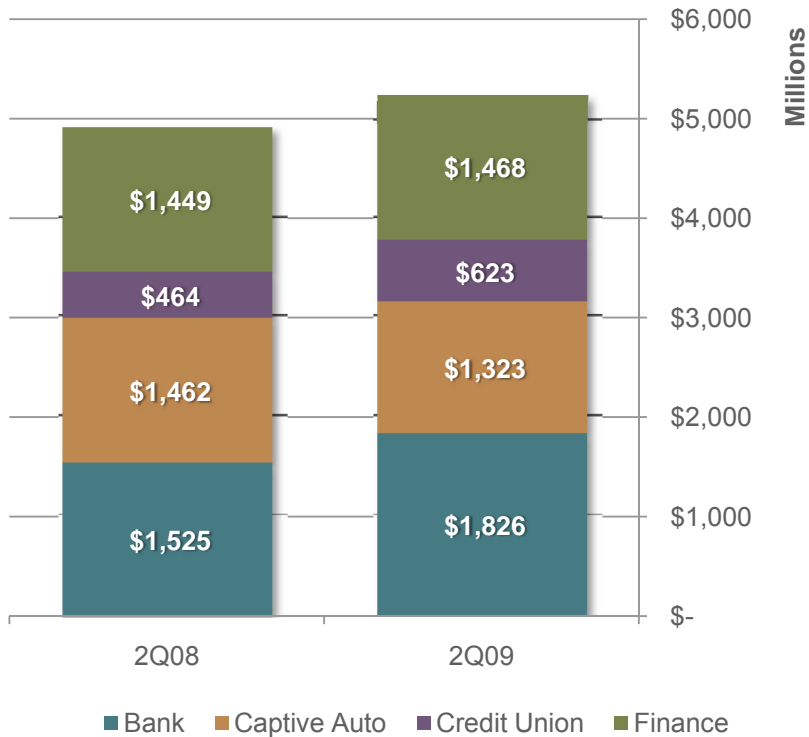


Source: Experian, 2Q2009

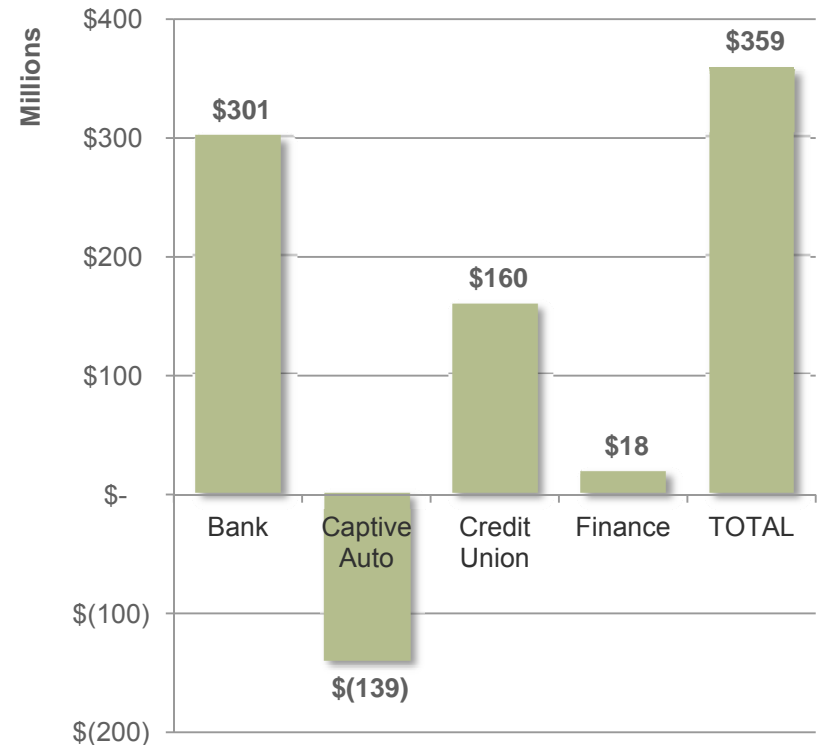
Recent 60 Day Automotive Delinquency

What's at stake?

Total Balance of 60 Day Delinquent Loans



Change in 60 Day Delinquency balance from 2Q2008

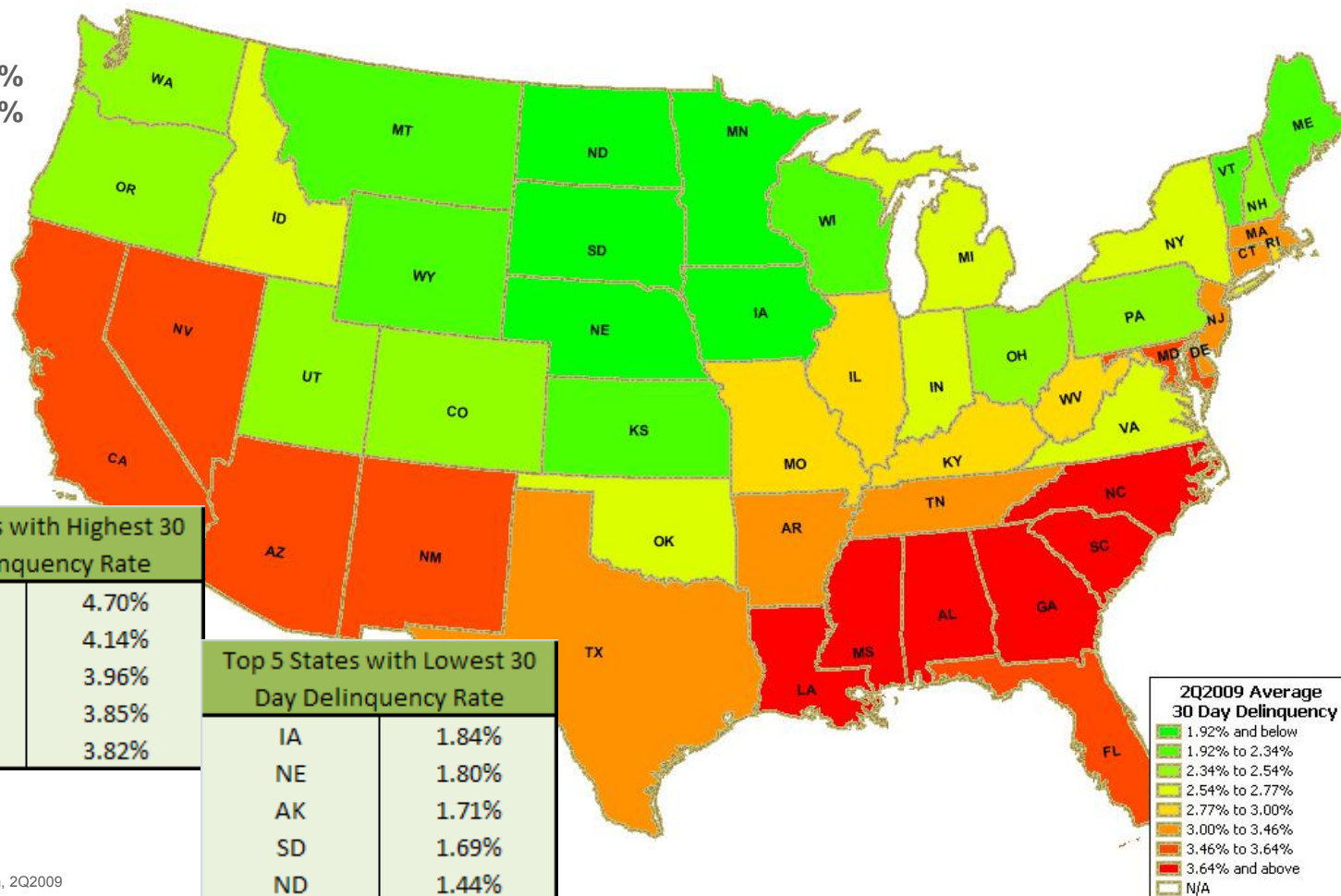


Source: Experian, 2Q2009

30 Day Delinquency Rate

Which states lead in 30 day delinquency?

AK = 1.71%
HI = 2.77%

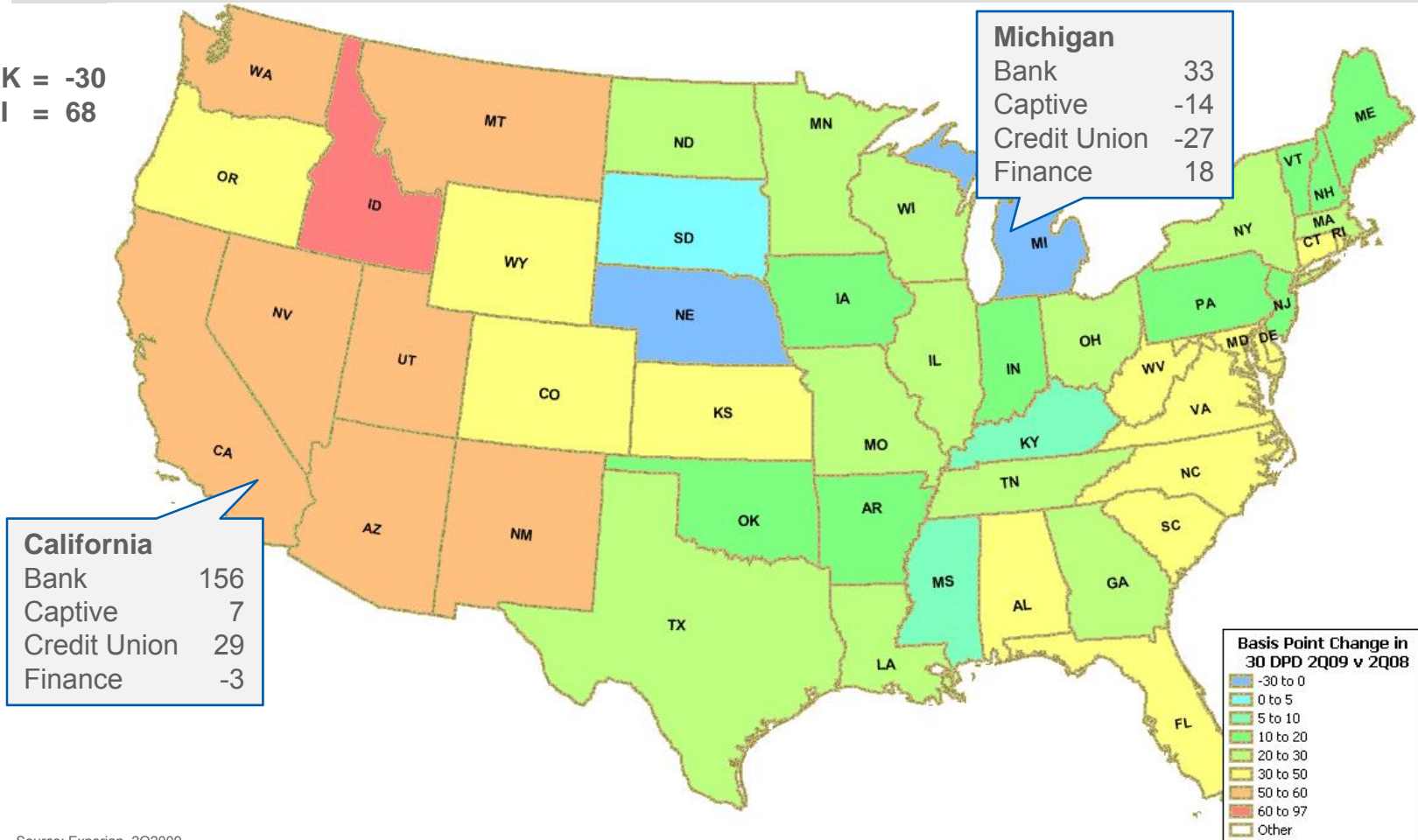


Source: Experian, 2Q2009

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

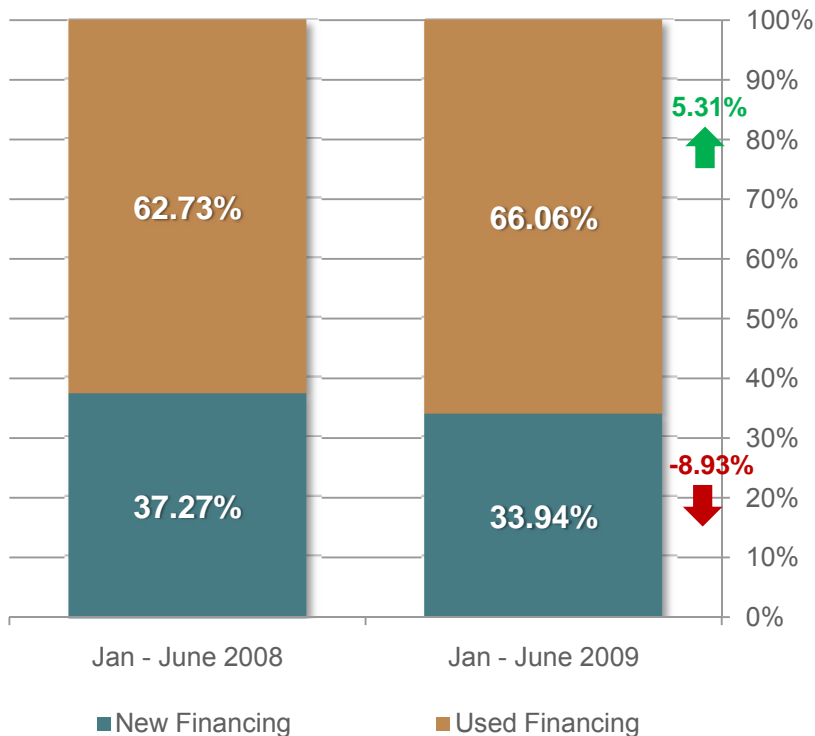
Risk Tiers		
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Source: Experian, 2Q2009

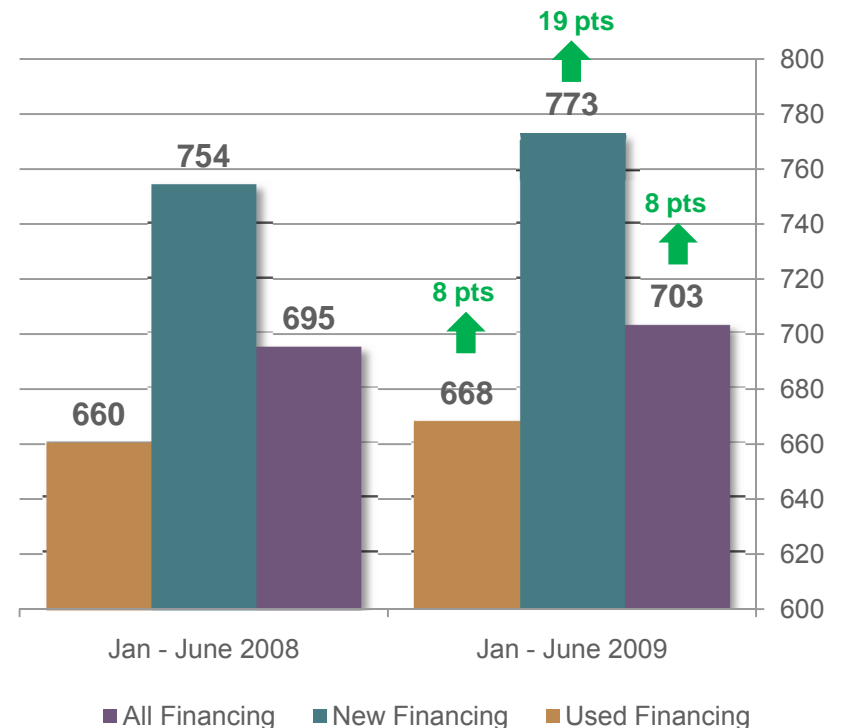
Quarterly Financing for New and Used Vehicles

How has financing on vehicles changed?

New - Used Financing Distribution



Average Credit Score by Vehicle Type

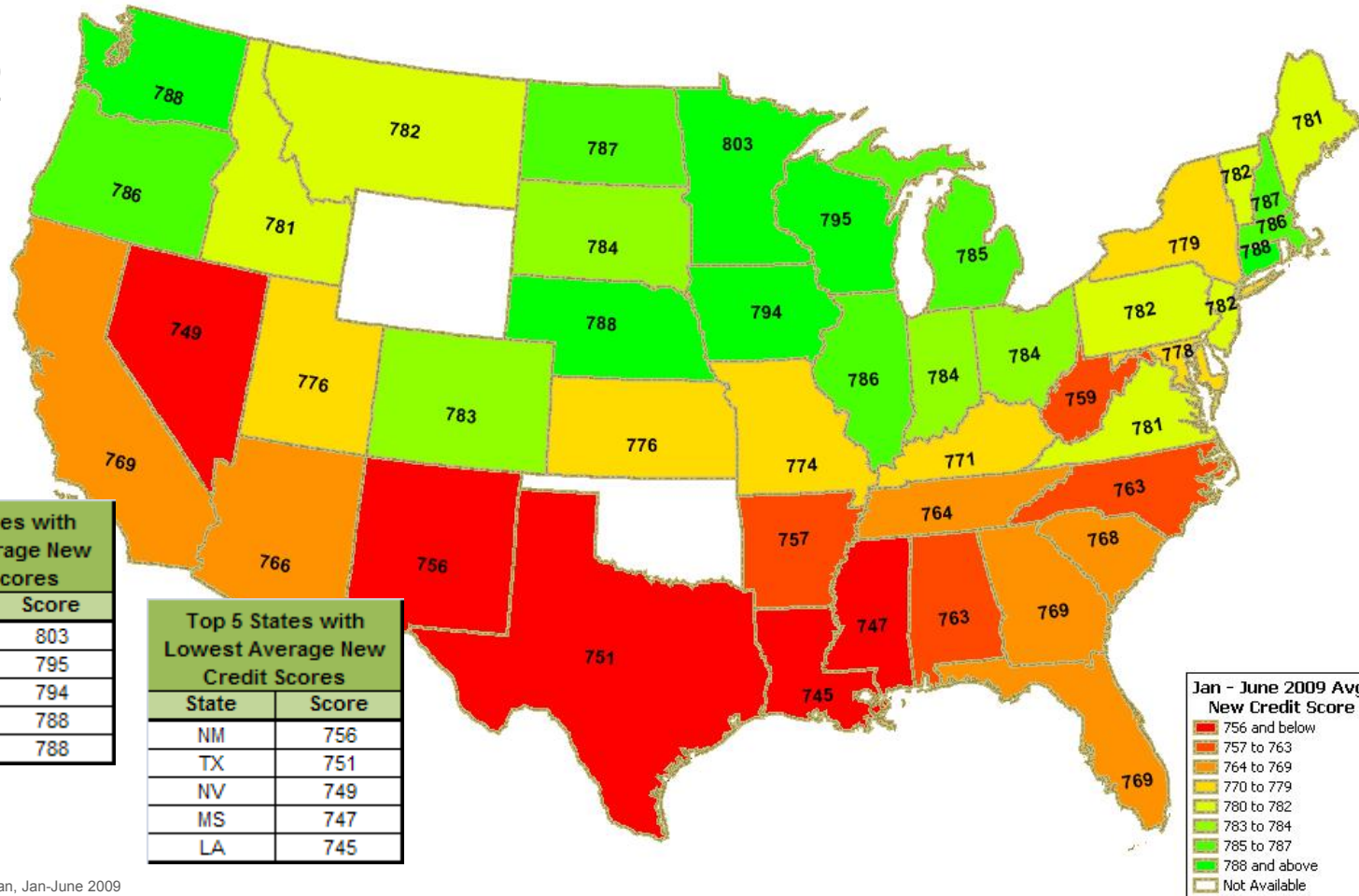


Source: Experian, Jan-June 2009

Average Credit Score on New Vehicles Financed in 2009

Which states have higher credit scores?

AK = 759
HI = 757

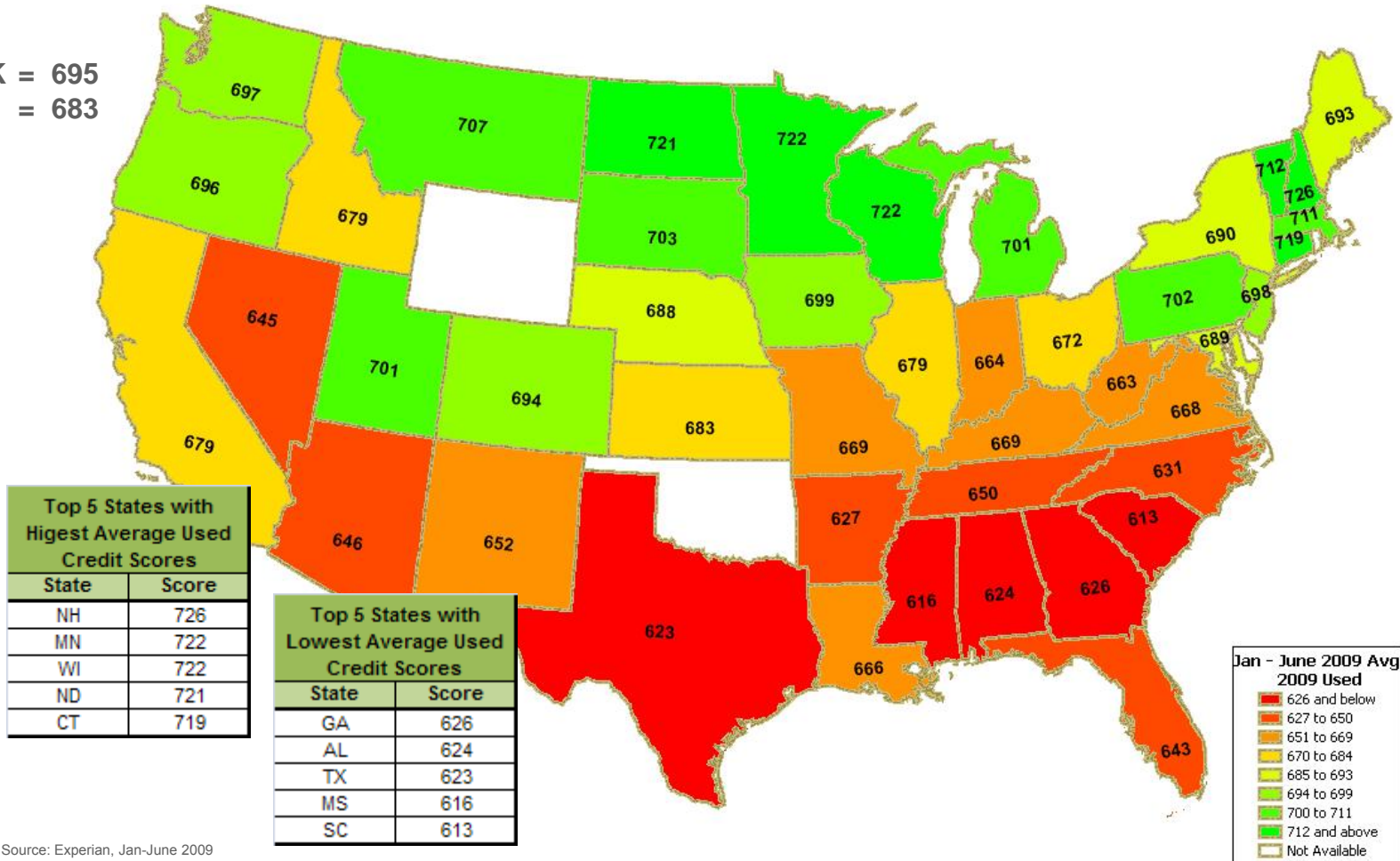


Source: Experian, Jan-June 2009

Average Credit Score on Used Vehicles Financed 2009

Which states have higher credit scores?

AK = 695
HI = 683

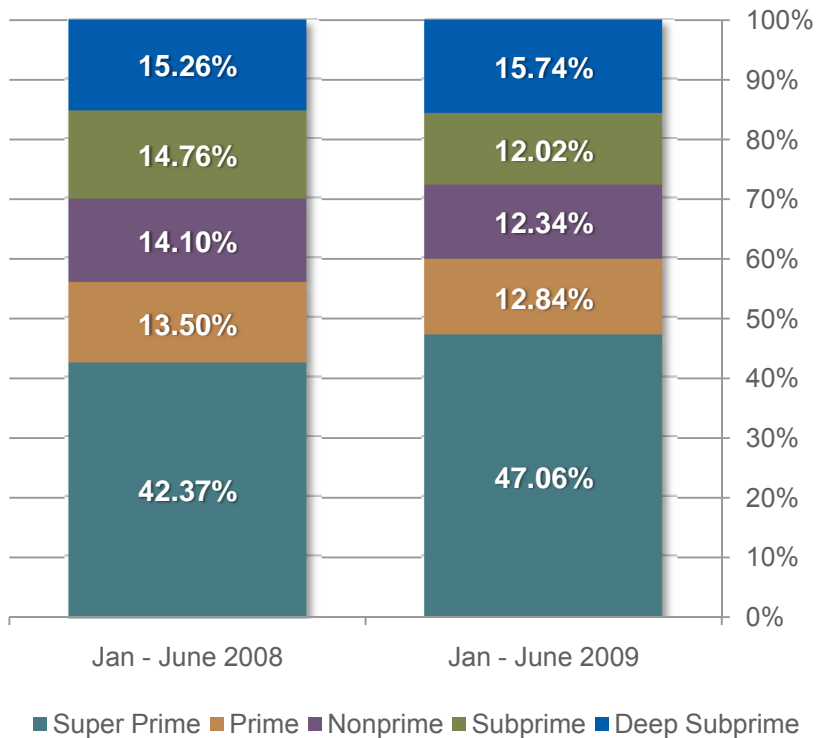


Source: Experian, Jan-June 2009

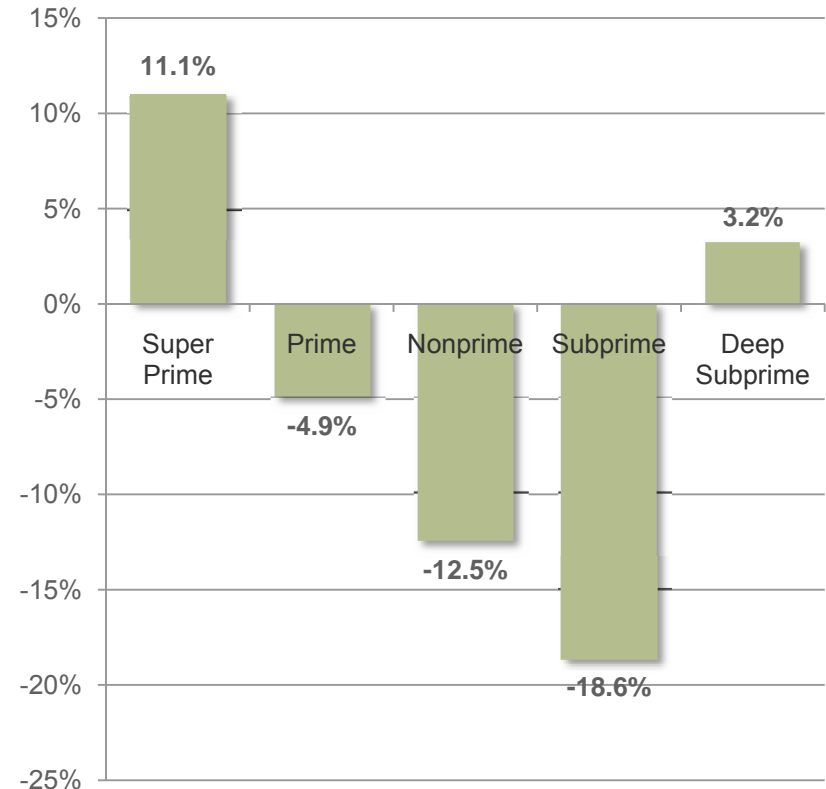
Quarterly Financing for New and Used Vehicles

How has credit changed for new and used financing?

Vehicle Financing by Risk Distribution



Change in Risk Distribution

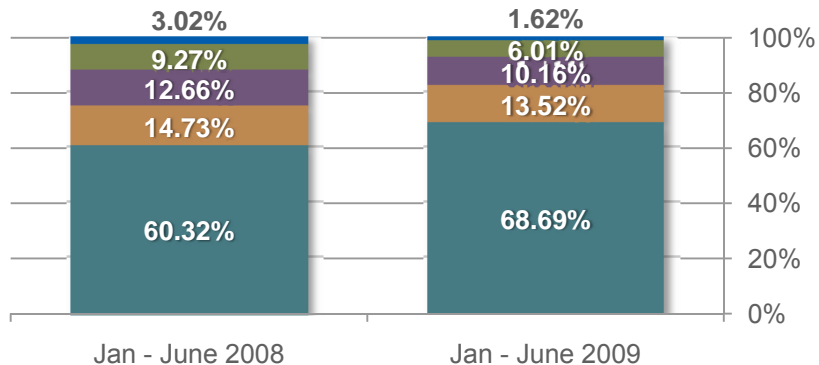


Source: Experian, Jan-June 2009

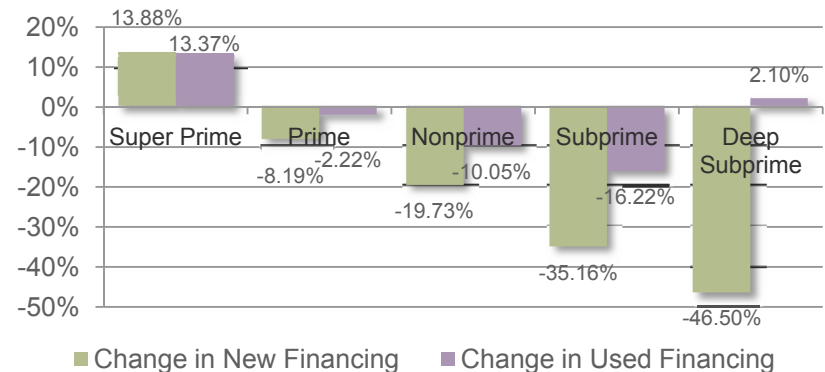
Quarterly Financing for New and Used Vehicles

How has credit changed for new and used financing?

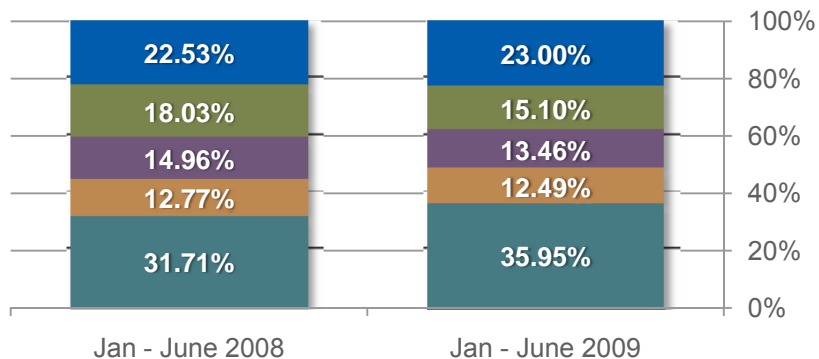
New Vehicle Financing



Change in Financing from Jan - June 2008



Used Vehicle Financing

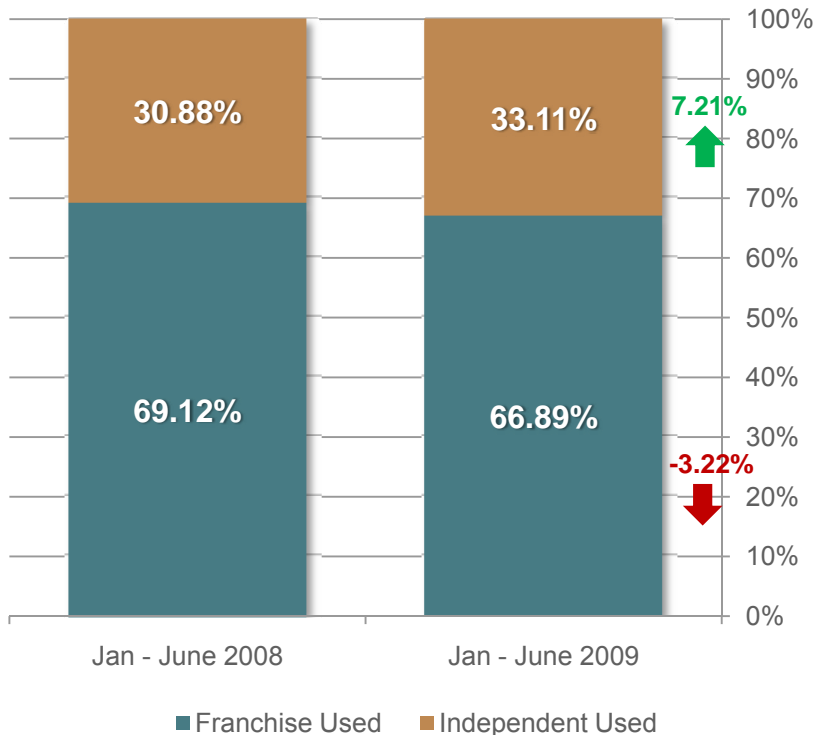


Source: Experian, Jan-June 2009

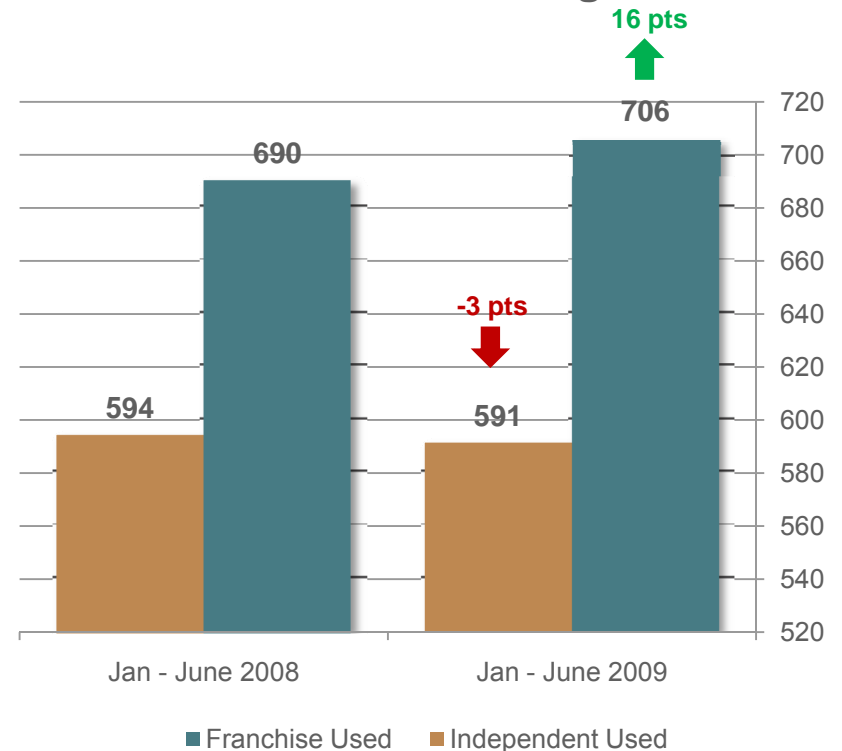
Used Car Financing by Dealer Type

How is financing changing by dealer type?

Used Vehicle Financing by Dealer Type



Average Credit Scores on Used Vehicle Financing

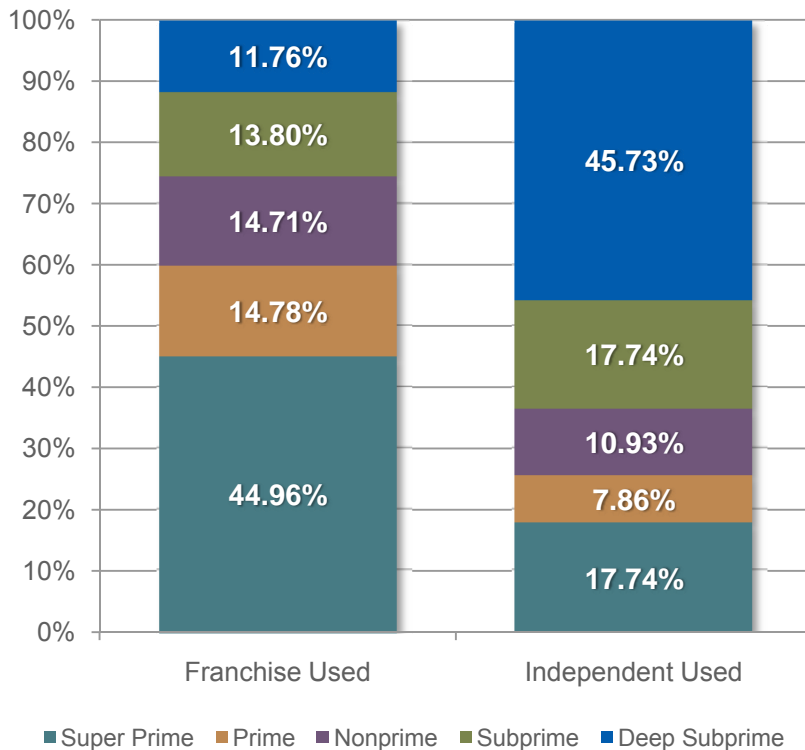


Source: Experian, Jan-June 2009

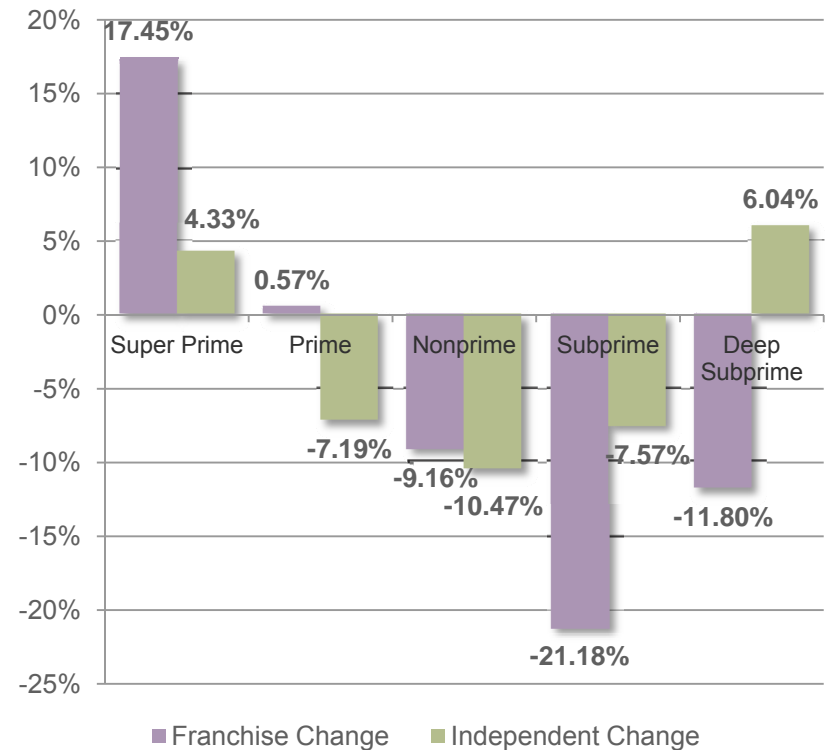
Credit Distribution by Dealer Type

How has dealer type changed by credit mix?

Used Vehicle Risk Distribution by Dealer Type



Change in Used Financing from Jan - June 2008

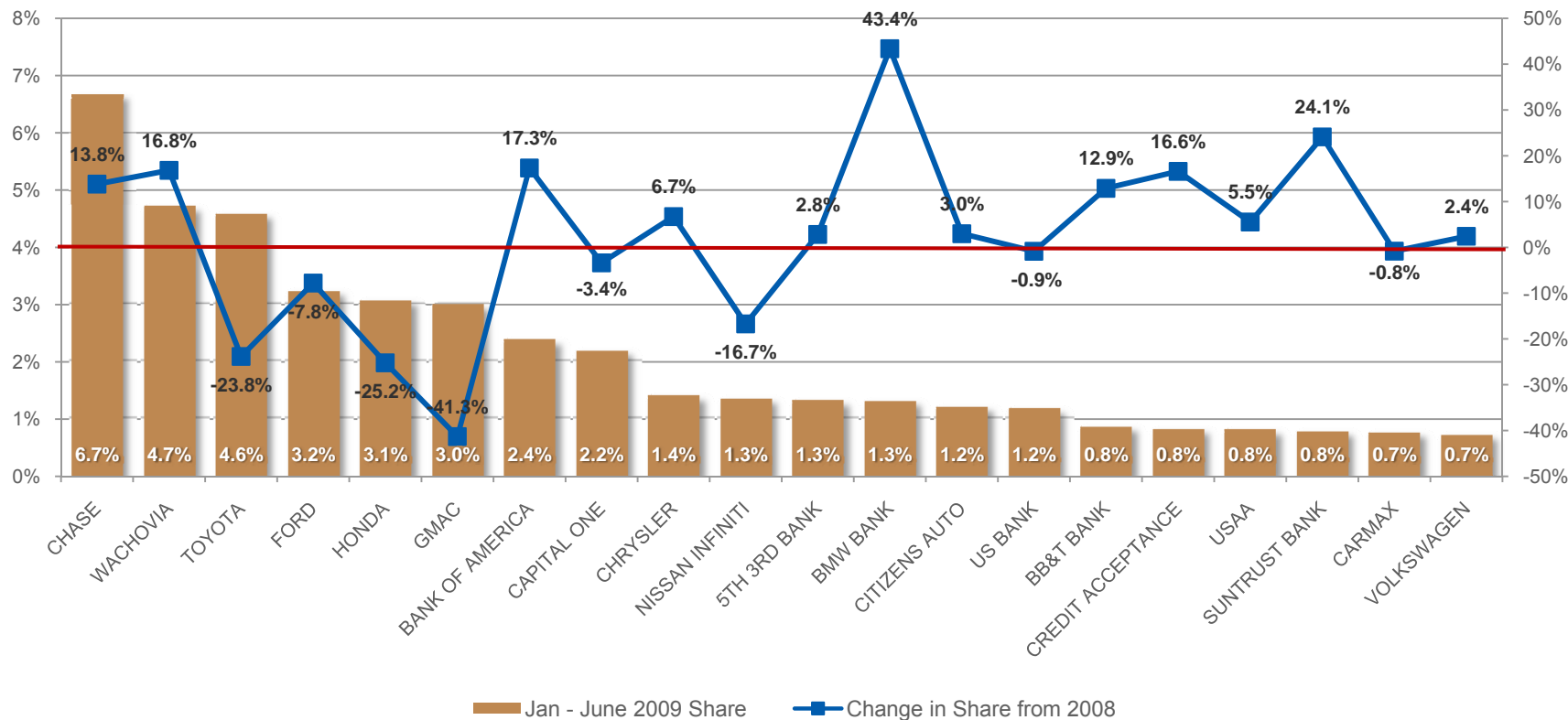


Source: Experian, Jan-June 2009

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

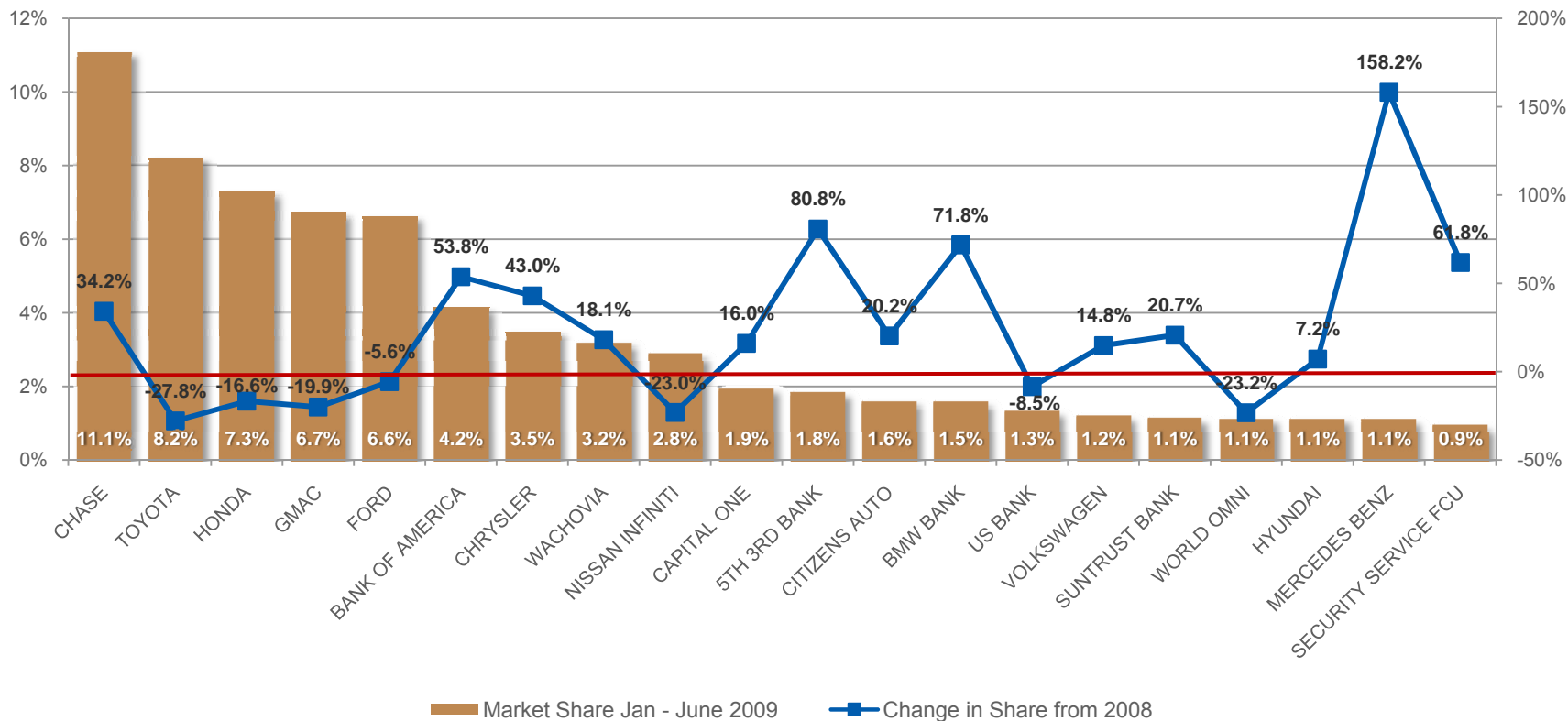


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Top 20 New Lenders by Market Share

Who gained or lost share on New Vehicle Financing?

Top 20 New Lenders by Market Share

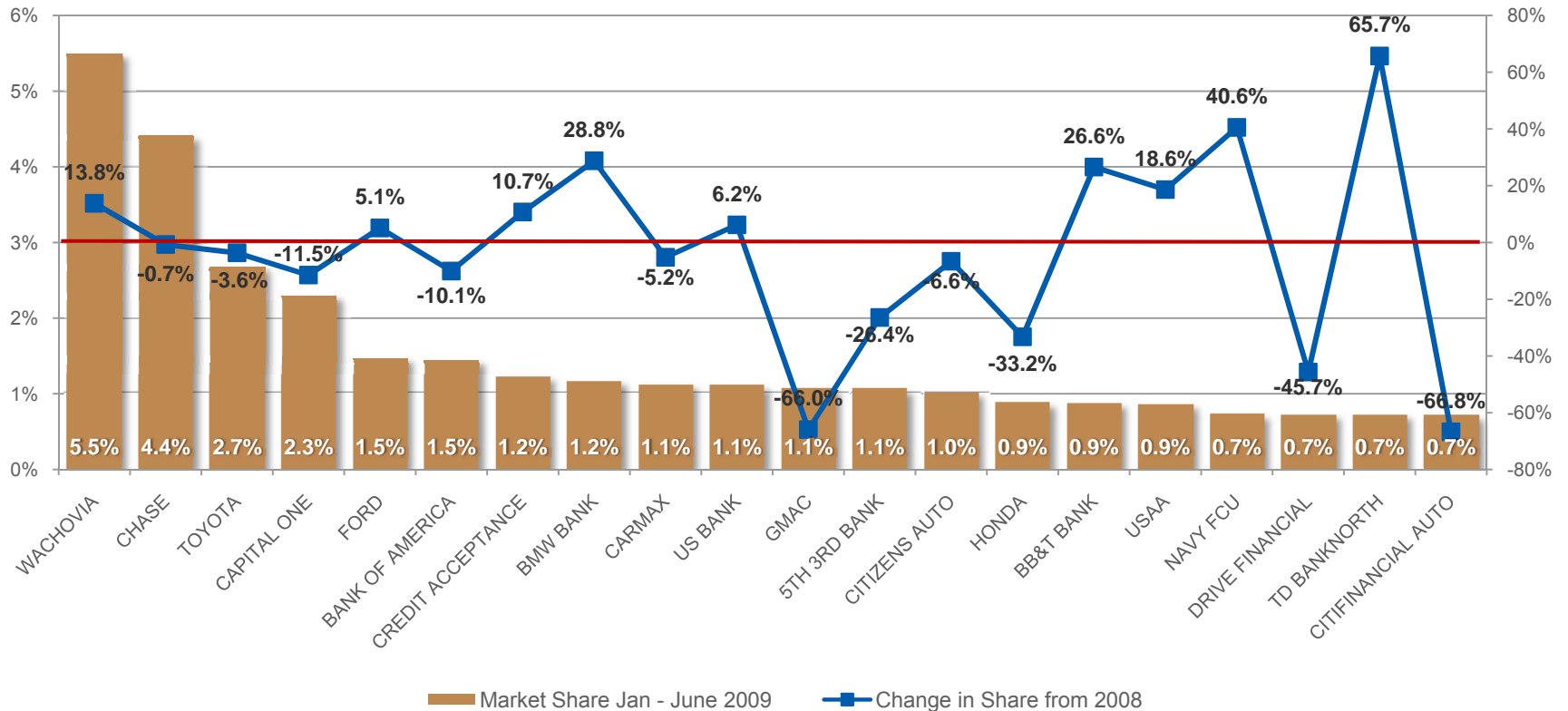


Source: Experian, Jan-June 2009

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

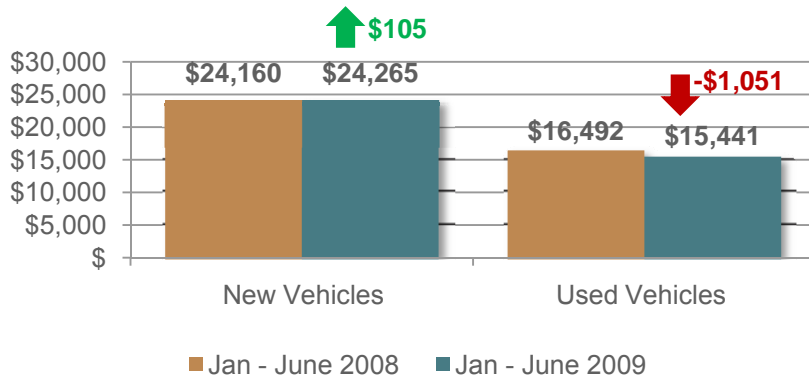


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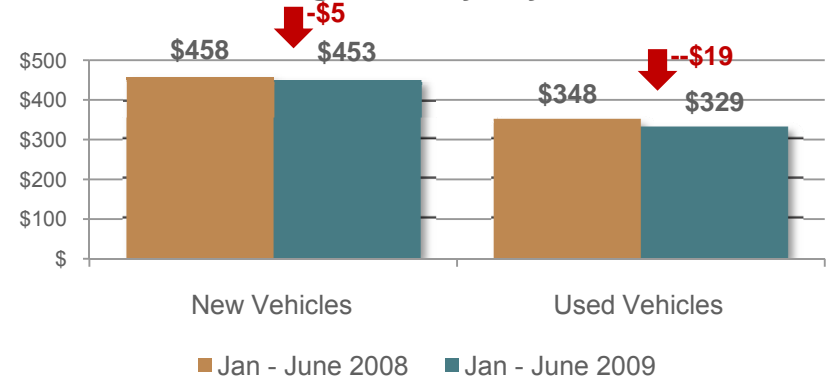
Year in Review Loan Attributes

How has financing changed?

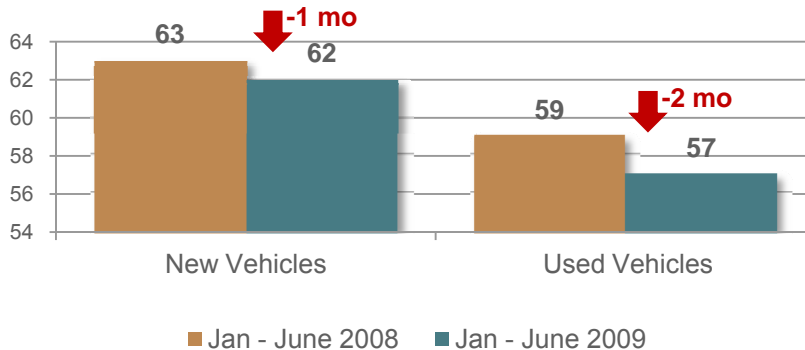
Average Amount Financed



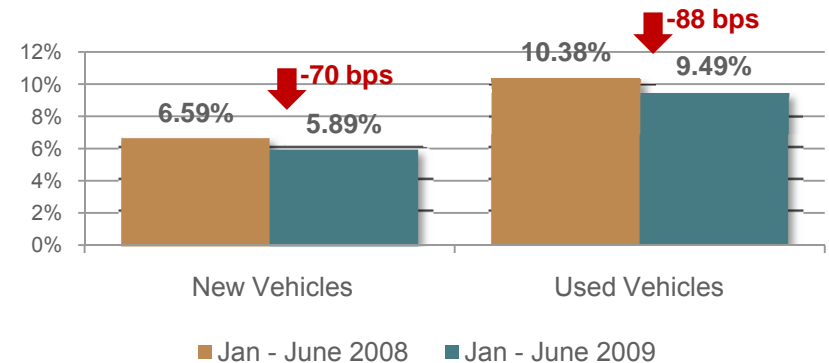
Average Monthly Payment



Average Term



Average Rate

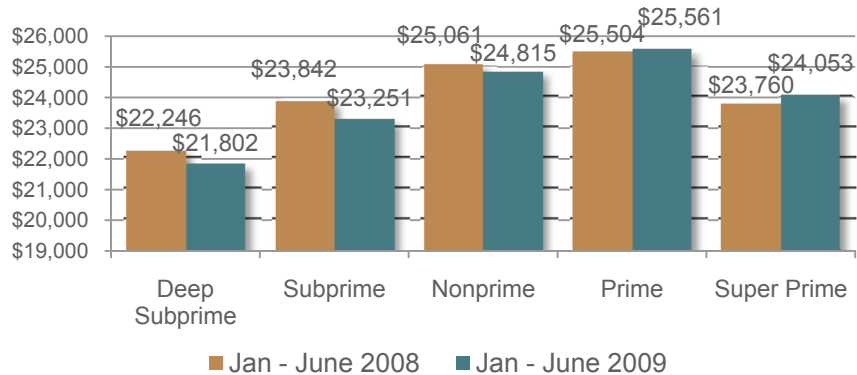


Source: Experian, Jan-June 2009

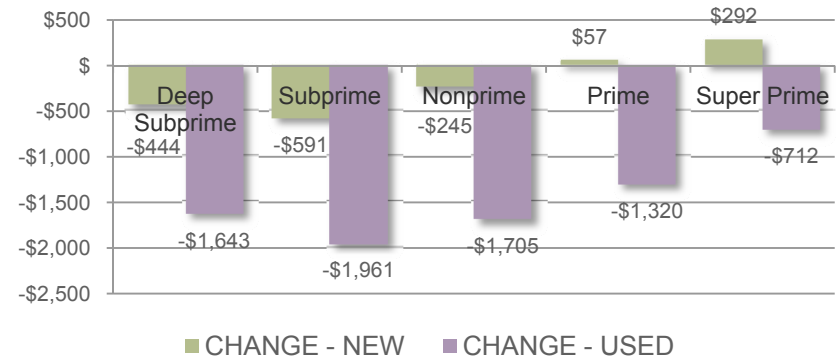
Vehicle Financing and Credit Tiers

How has financing changed by credit score?

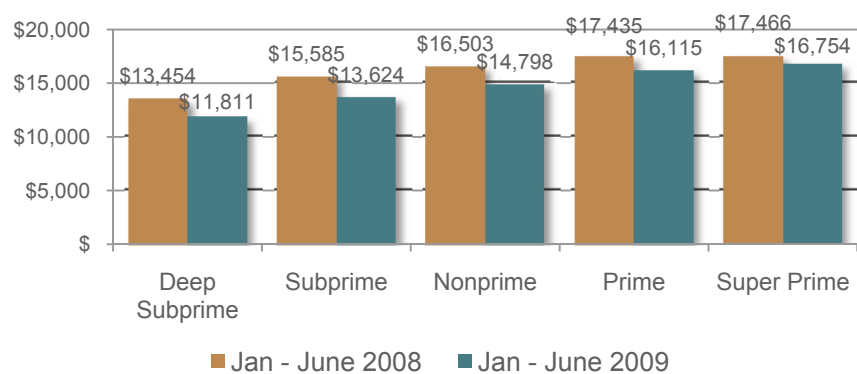
Average Amount Financed on New Vehicles



Change in Average Amount Financed



Average Amount Financed on Used Vehicles



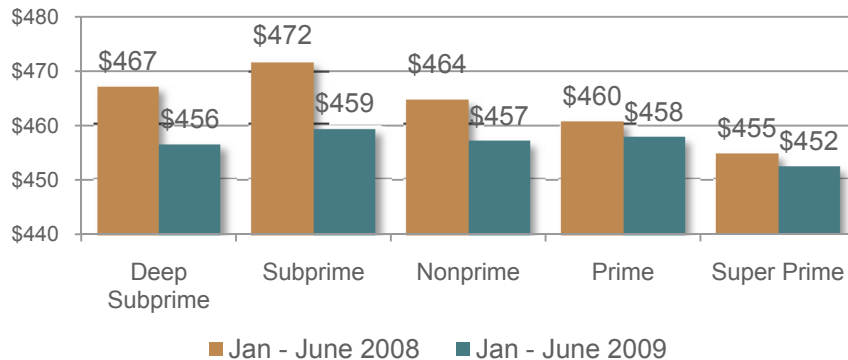
- Financing on New vehicles increased in both the Prime & Super Prime segments
 - \$292 increase in Super Prime
 - Greatest amount financed in Prime (\$25,561)
- Used vehicle financing declined in all risk segments

Source: Experian, Jan-June 2009

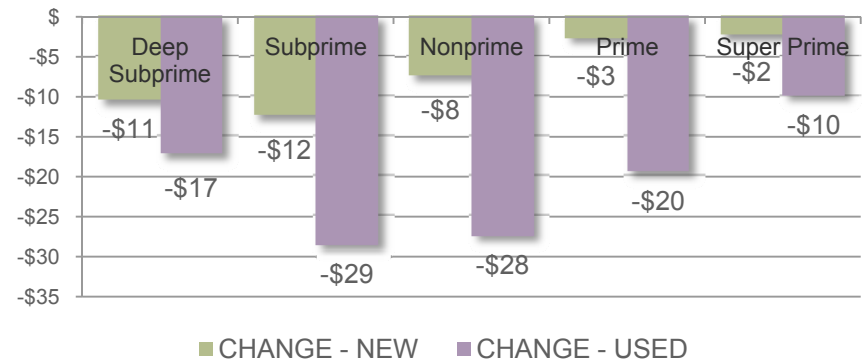
Vehicle Payments and Credit Tiers

How has monthly payment change by credit score?

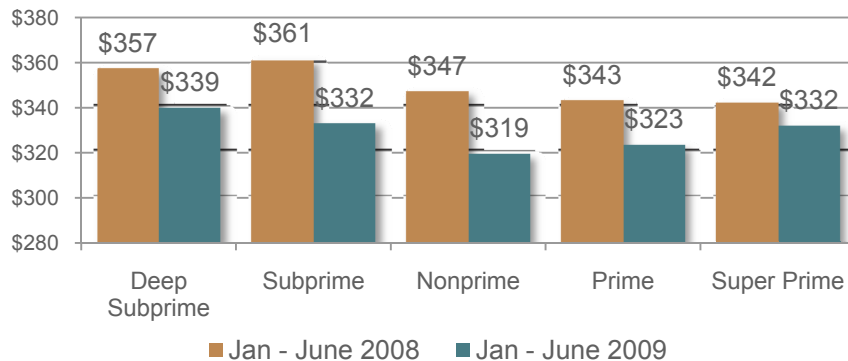
Average Monthly Payment on New Vehicles



Change in Average Monthly Payment



Average Monthly Payment on Used Vehicles



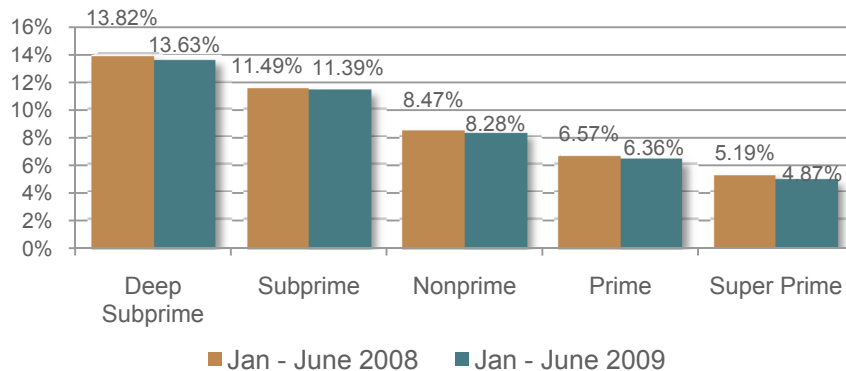
- Monthly payments are down across all risk segments for both new and used vehicle financing
- Little difference between payments on new vehicle financing across the risk segments
- Used vehicle financing declined the greatest with the mid-tier segments declining the most (-\$29 & -\$28)

Source: Experian, Jan-June 2009

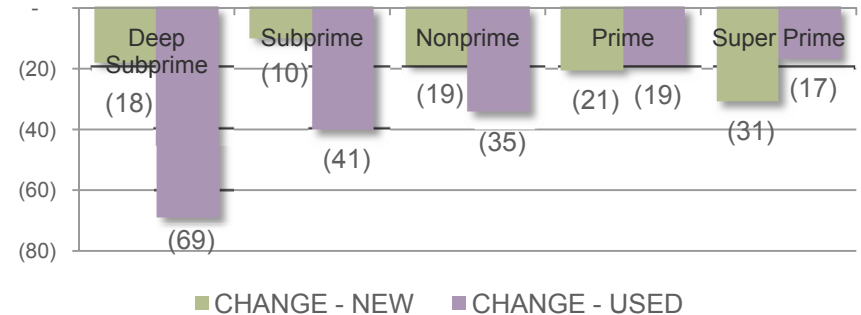
Interest Rate and Credit Tiers

How does rate change by credit score?

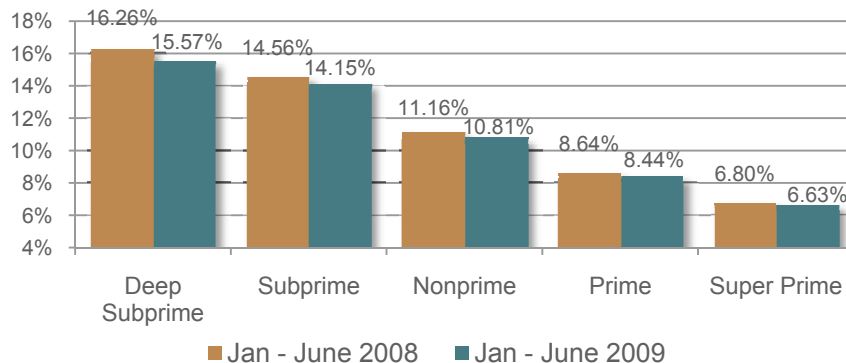
Average Rate on New Vehicles



Change in Average Rate (Basis Points)



Average Rate on Used Vehicles



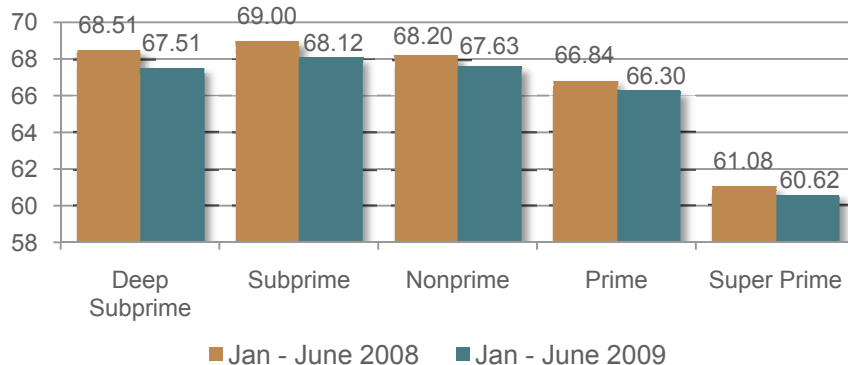
- Steady decreases in rates for both new and used vehicle financing across all risk tiers
- Used vehicle financing experienced the greatest decreases in rates, with most significant decrease in the Deep Subprime segment (-69 basis points)

Source: Experian, Jan-June 2009

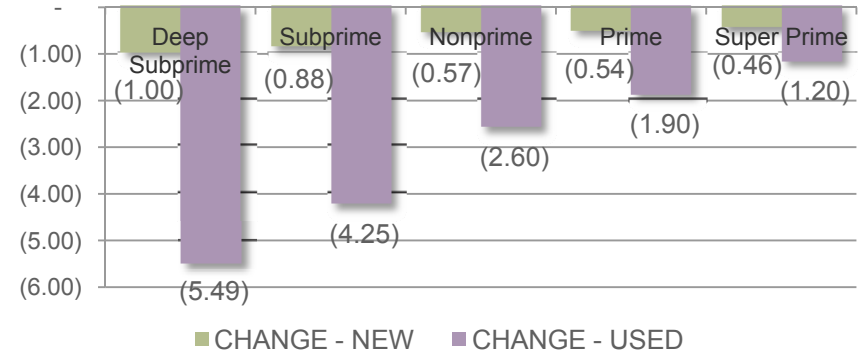
Vehicle Term and Credit Tiers

How has term change by credit score?

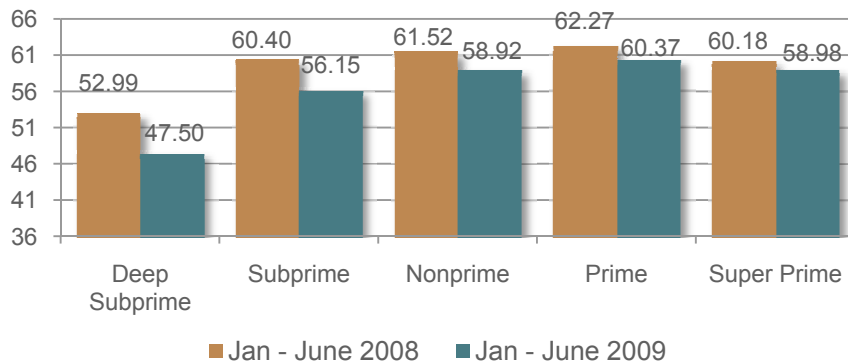
Average Term on New Vehicles



Change in Average Term



Average Term on Used Vehicles



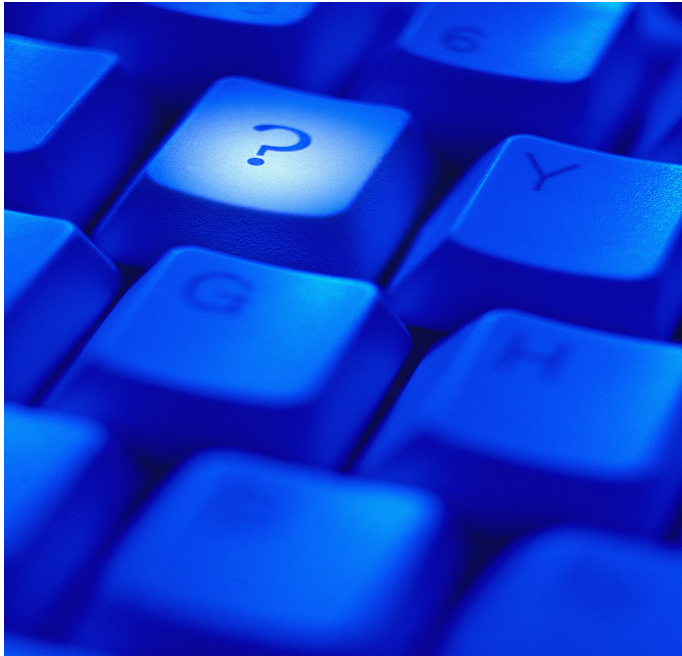
- Average terms for both new and used vehicle financing decreased across all risk segments
- Shortest terms on new vehicle financing is in the Super Prime segment (60.62 months)
- Longest terms on new vehicle financing found in the Subprime segment (68.12 months)
- Longest terms on used vehicle financing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

- 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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The presentation will be emailed
to all attendees

