

After the Storm

Who Survived and Who Thrived as the Auto Industry Put the Pieces Back Together

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Senior Vice President, Sales



Presentation Overview

- Overall Finance Market
- Recent Originations
- Market Share Changes
- Loan Market Review
- Impact of Loyalty on the Market



Data Overview

Overall Financing

- Overall automotive finance market (units & balances)
- Consumer delinquency
- Source: Experian-Oliver Wyman Market Intelligence Reports
- Visit : marketintelligencereports.com

Second Quarter Originations

- Changes in new and used financing
- Originations by lender type and risk segmentation
- Top Lenders
- Loan Characteristics
- Source: Experian Automotive North American Vehicle Database sourced from DMV title registrations
- Visit: autocount.com

Automotive Data

- North American Database consisting of 650 million+ vehicles in U.S. (all 50 states & Wash. D.C.) and Canada
- AutoCount VIO is a compilation of all new and used vehicles registered on the road in the U.S.
- Loyalty is defined as a repeat purchaser for brand, dealer and/or lender provider

Score Ranges

Prime

680+

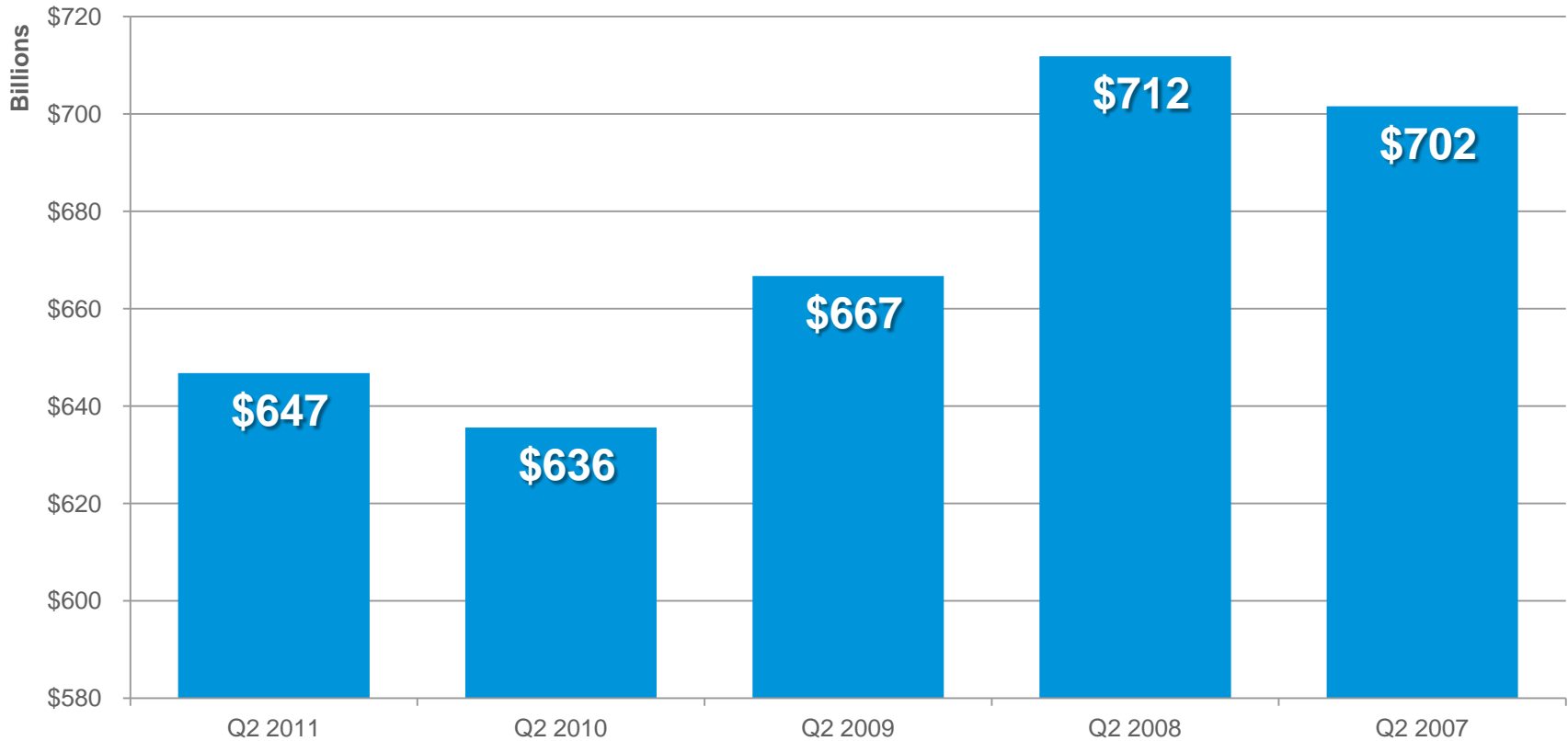
Subprime

<680

Automotive Finance Market

How has the market recovered?

Total Outstanding Balances

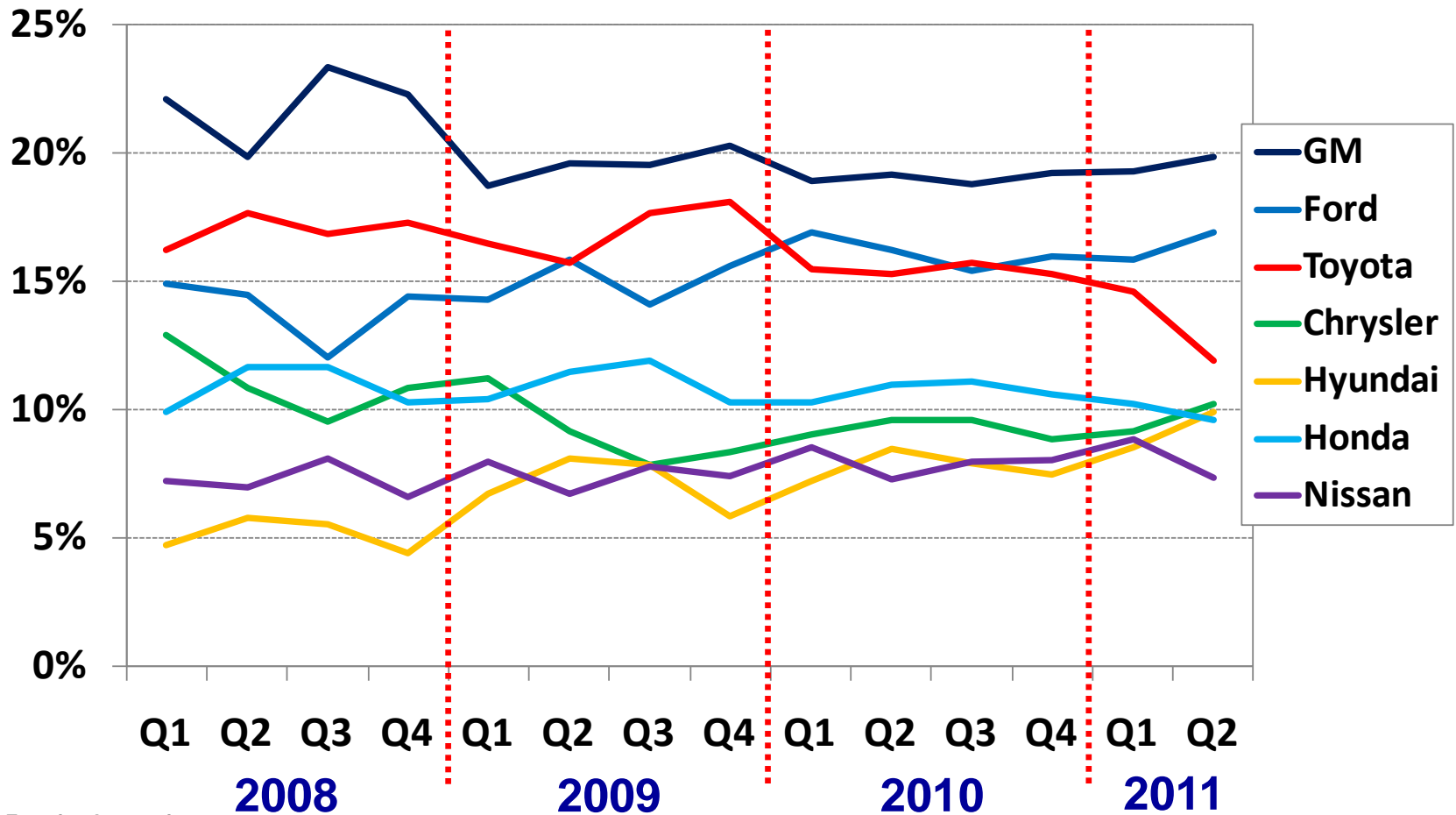


Source: Experian-Oliver Wyman Market Intelligence Reports



Manufacturer Market Share Analysis

Market Share Trend



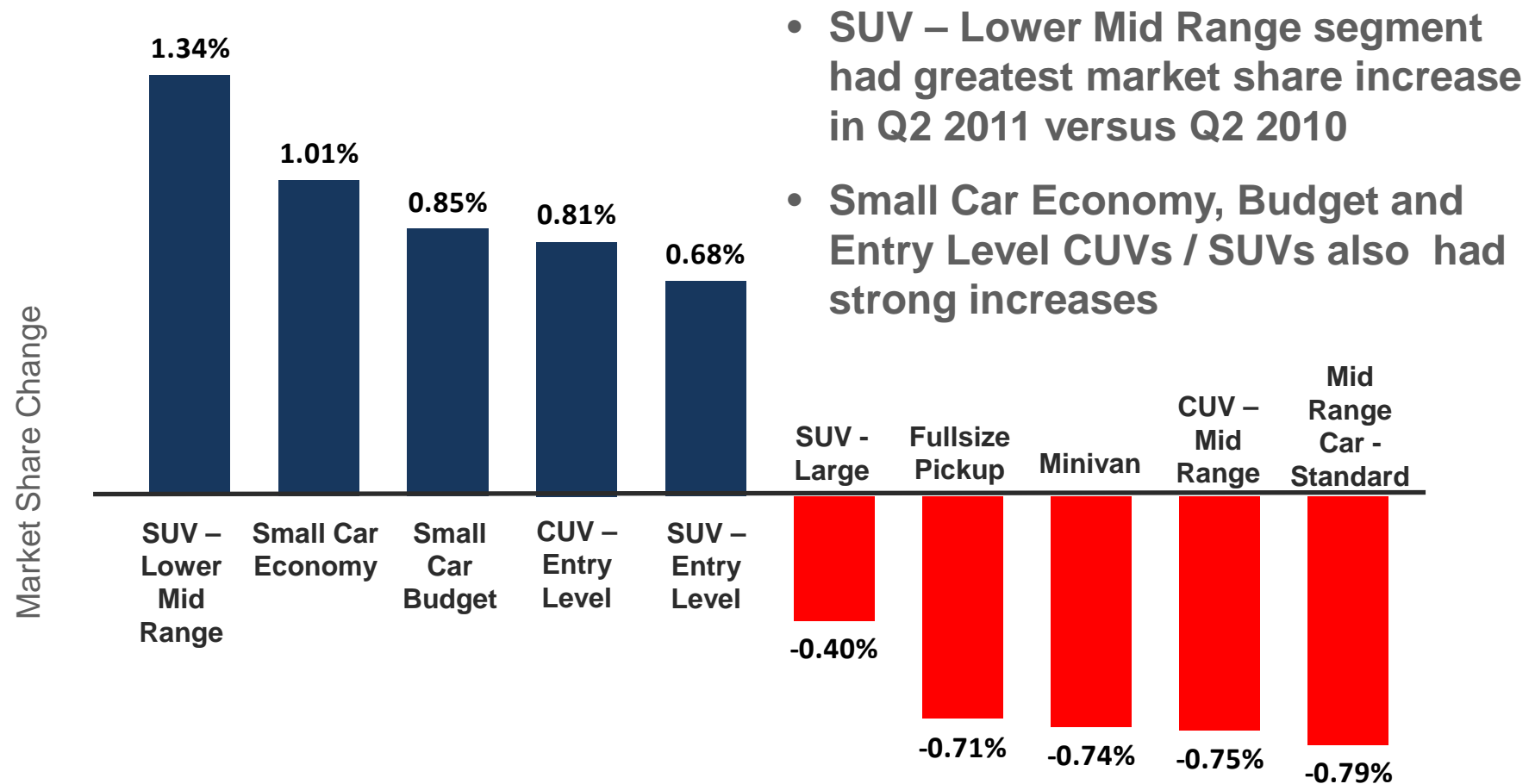
Source: Experian Automotive



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Market Share Analysis: Segment Level

Q2 2010 vs Q2 2011 Market Share

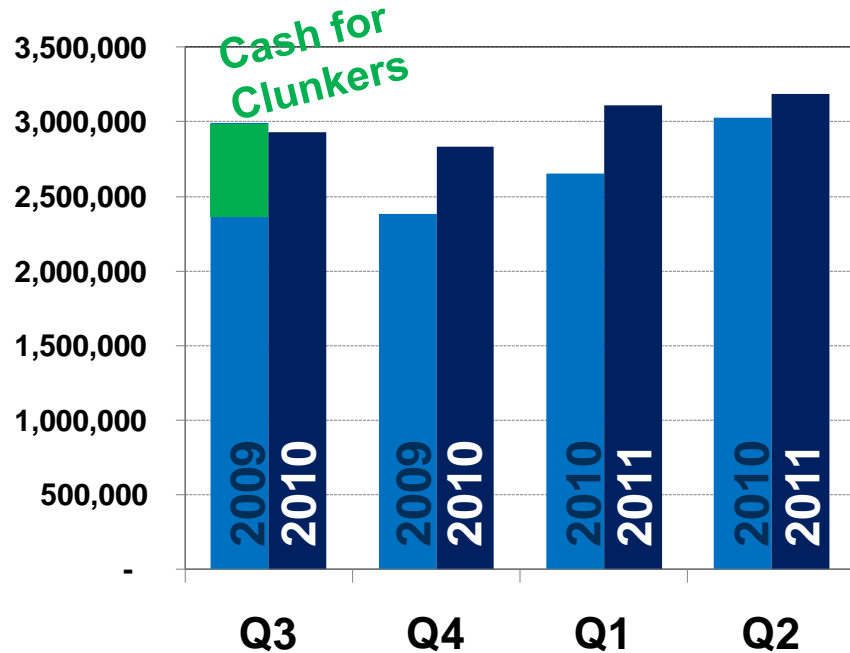


Source: Experian Automotive



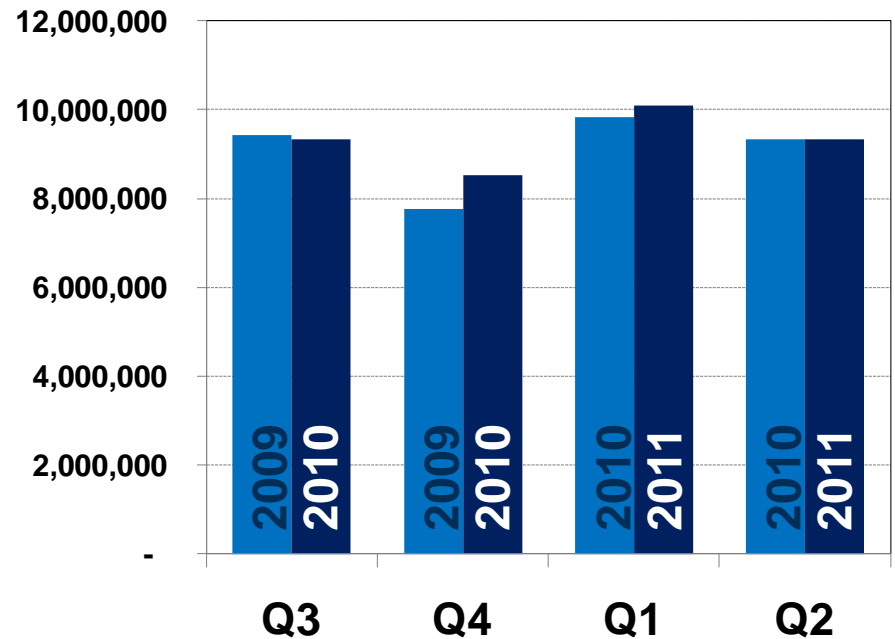
U.S. Vehicle Registrations: New and Used

New Vehicle Registrations



Q2 increase of 160,000 units is less than the 400,000 unit increases seen in prior two quarters

Used Vehicle Registrations



Very stable quarter over quarter, with Q4 2011 having greatest difference (+10%)

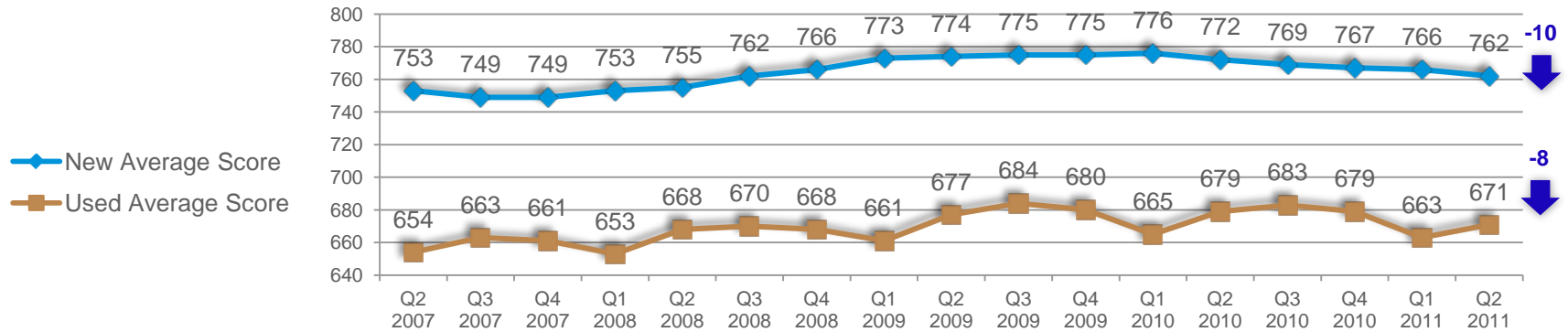
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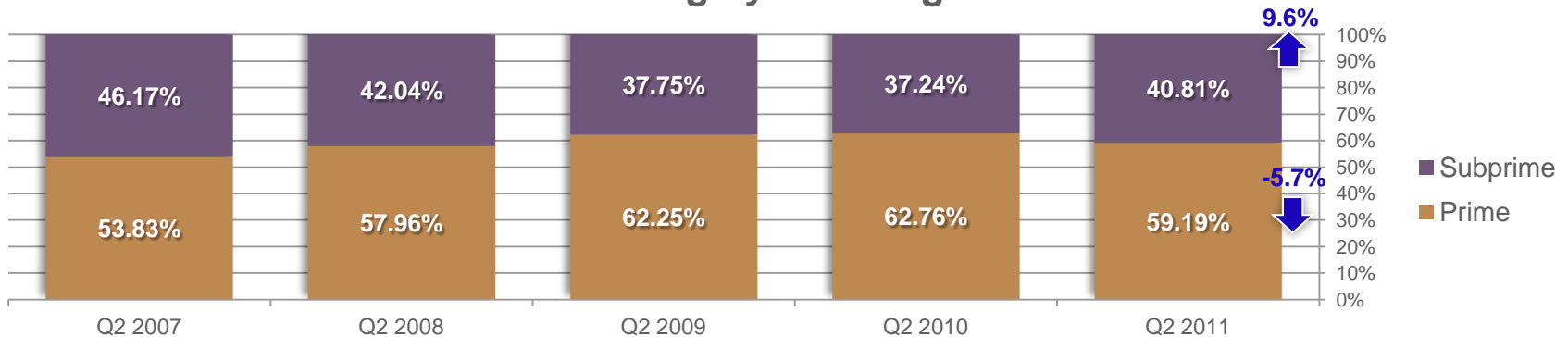
Market Snapshot on Vehicle Financing

How has financing on vehicles changed?

Average Credit Scores



Financing by Risk Segment

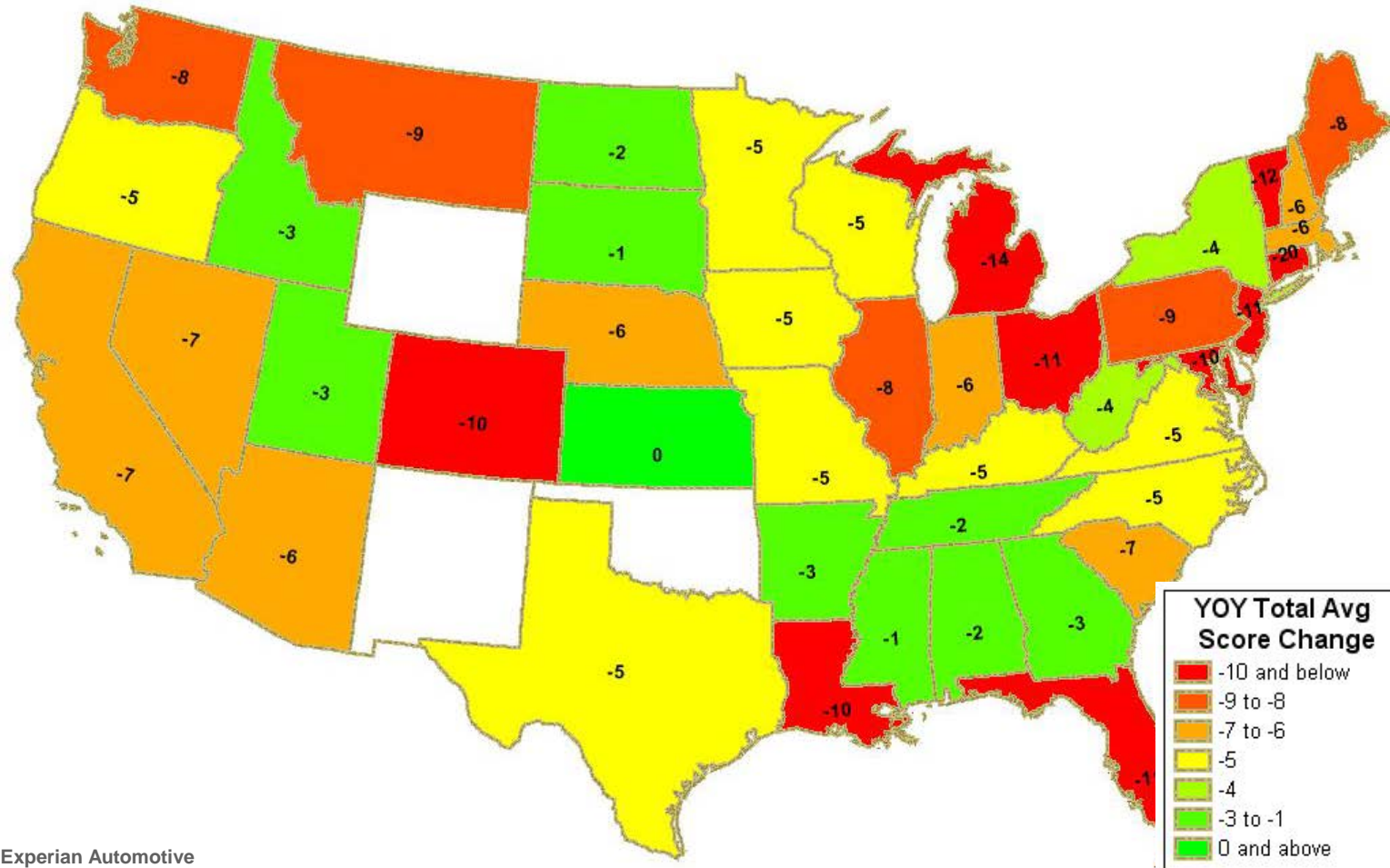


YOY Change
Source: Experian Automotive



Change in Average Credit Score

Where have scores decreased the most?



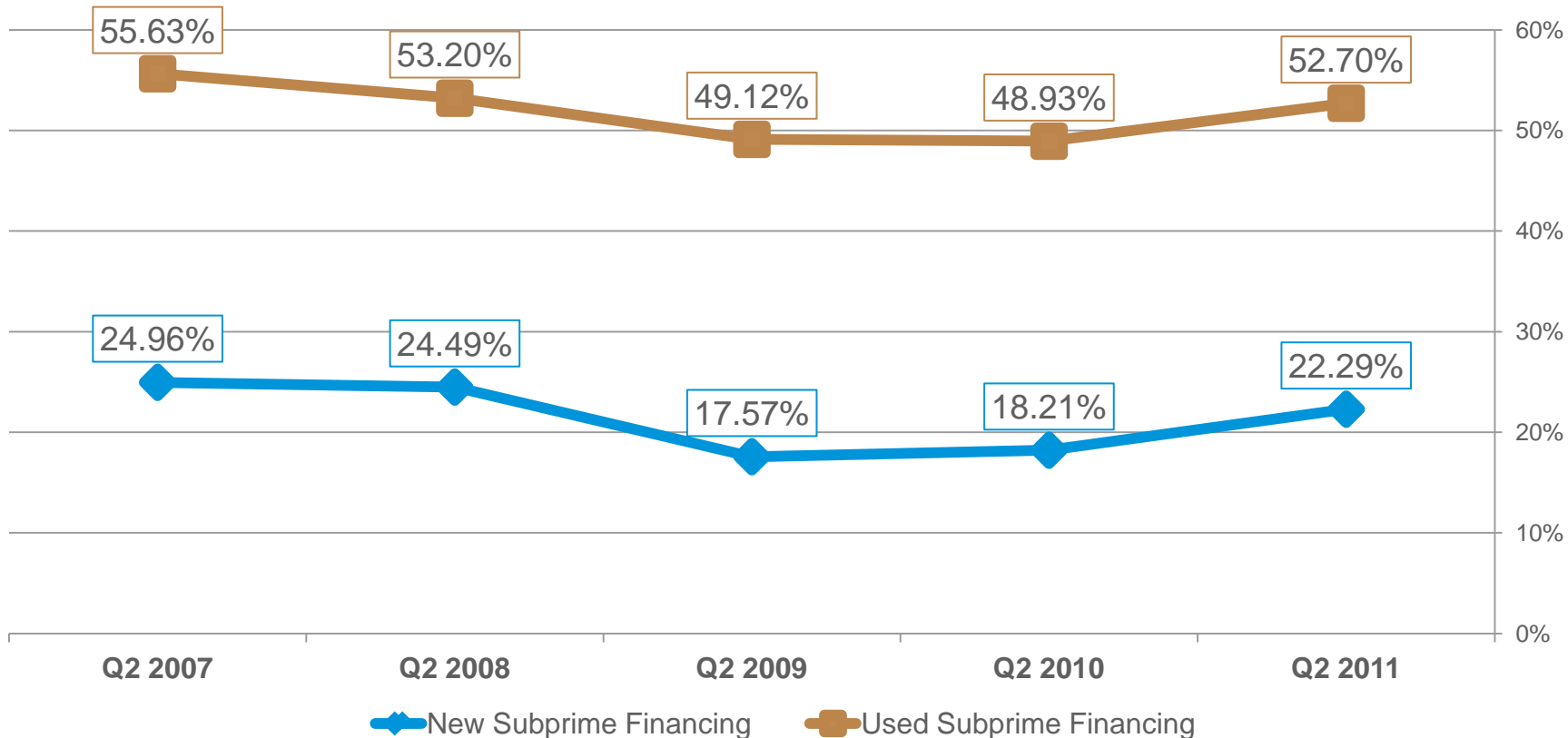
Source: Experian Automotive



Quarterly Financing for New and Used Vehicles

Has subprime financing returned?

Subprime Financing Percentage of Total Financing



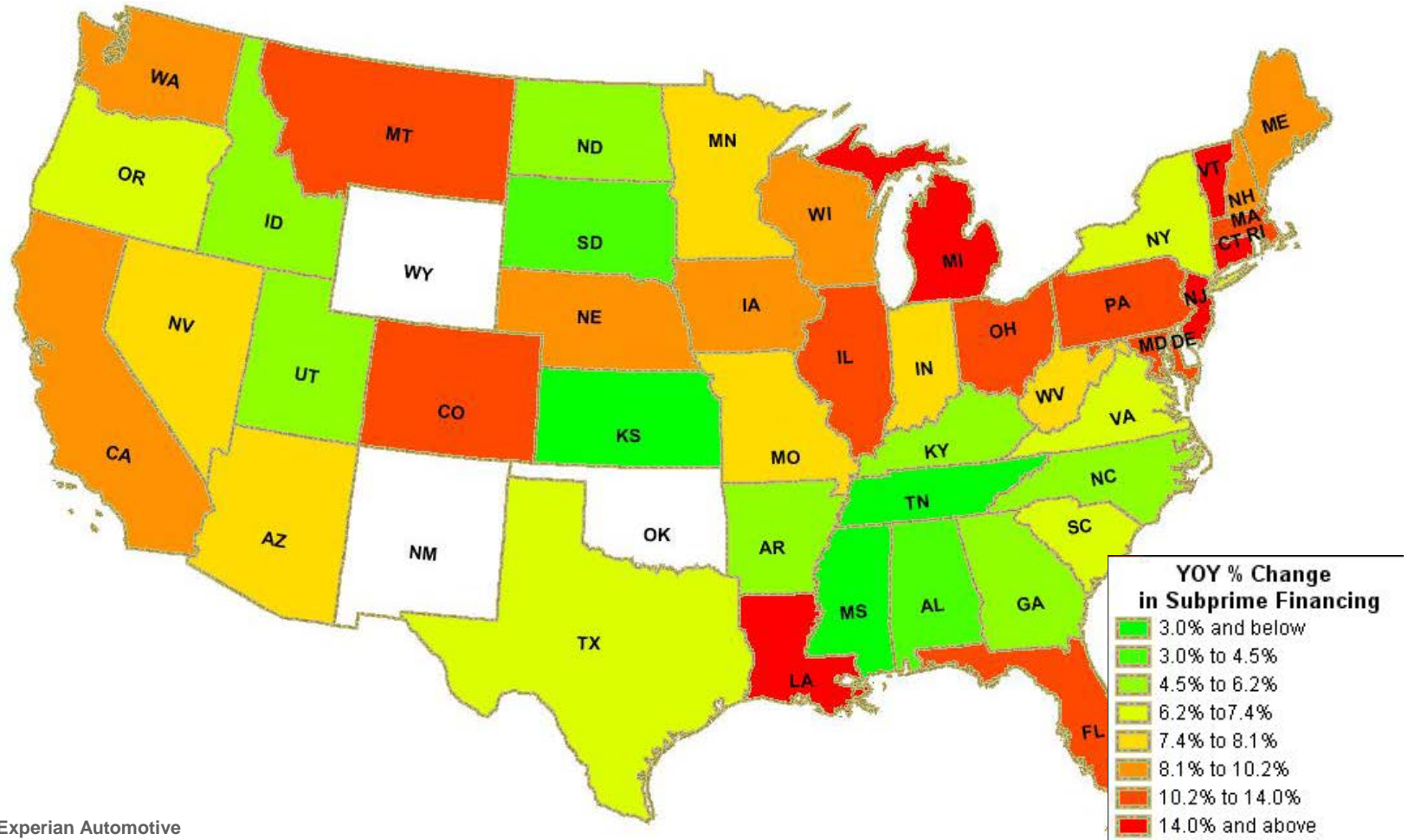
YOY Change

Source: Experian Automotive



Changing Share of Subprime Financing

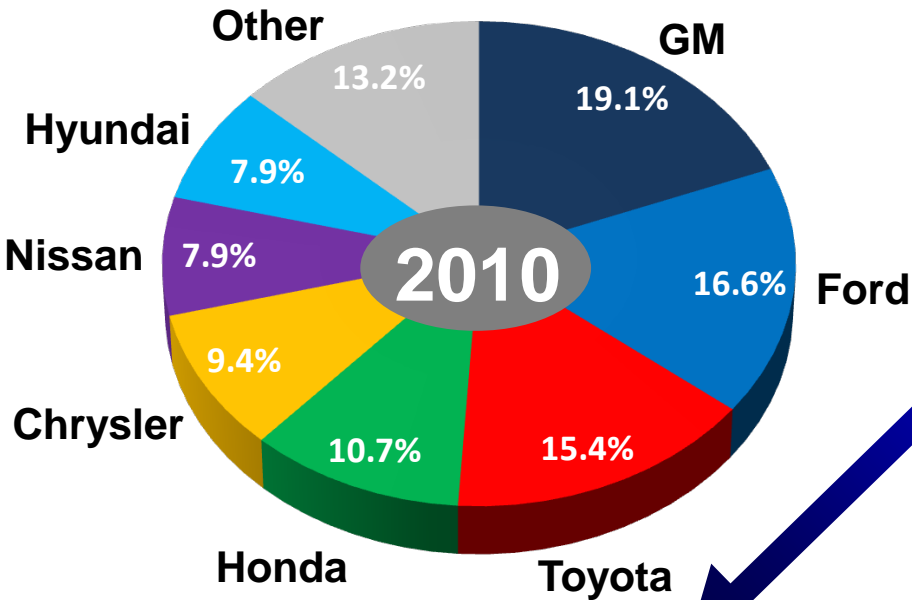
Where has subprime financing grown the most?



Source: Experian Automotive

Manufacturer Market Share Analysis

Q2 2011 YTD vs Q2 2010 YTD Market Share

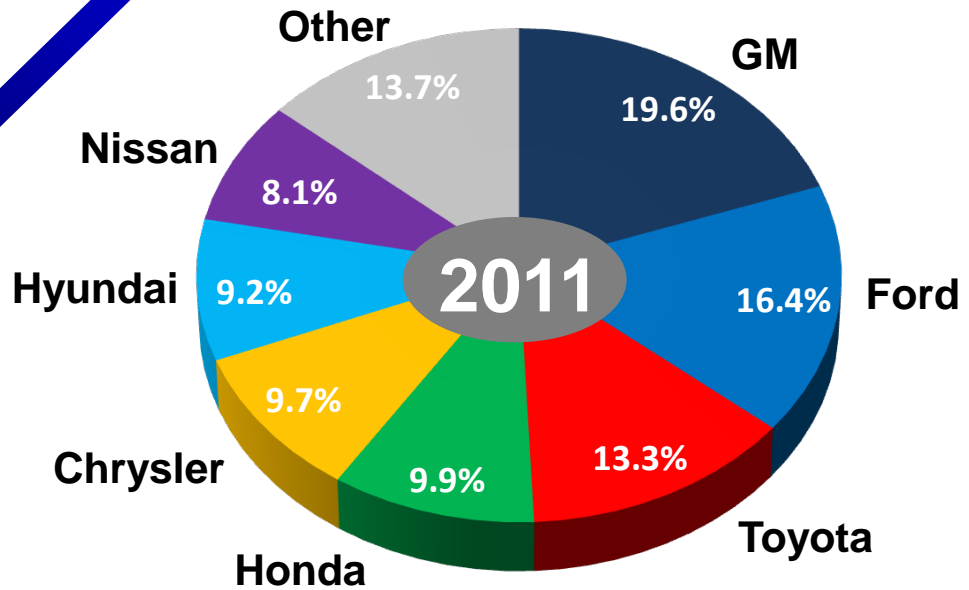


Who is up?

- Hyundai 1.3% share
- GM 0.5% share
- Chrysler 0.3% share
- Nissan 0.2% share

Who is down?

- Toyota -2.1% share
- Honda -0.8% share
- Ford -0.2% share

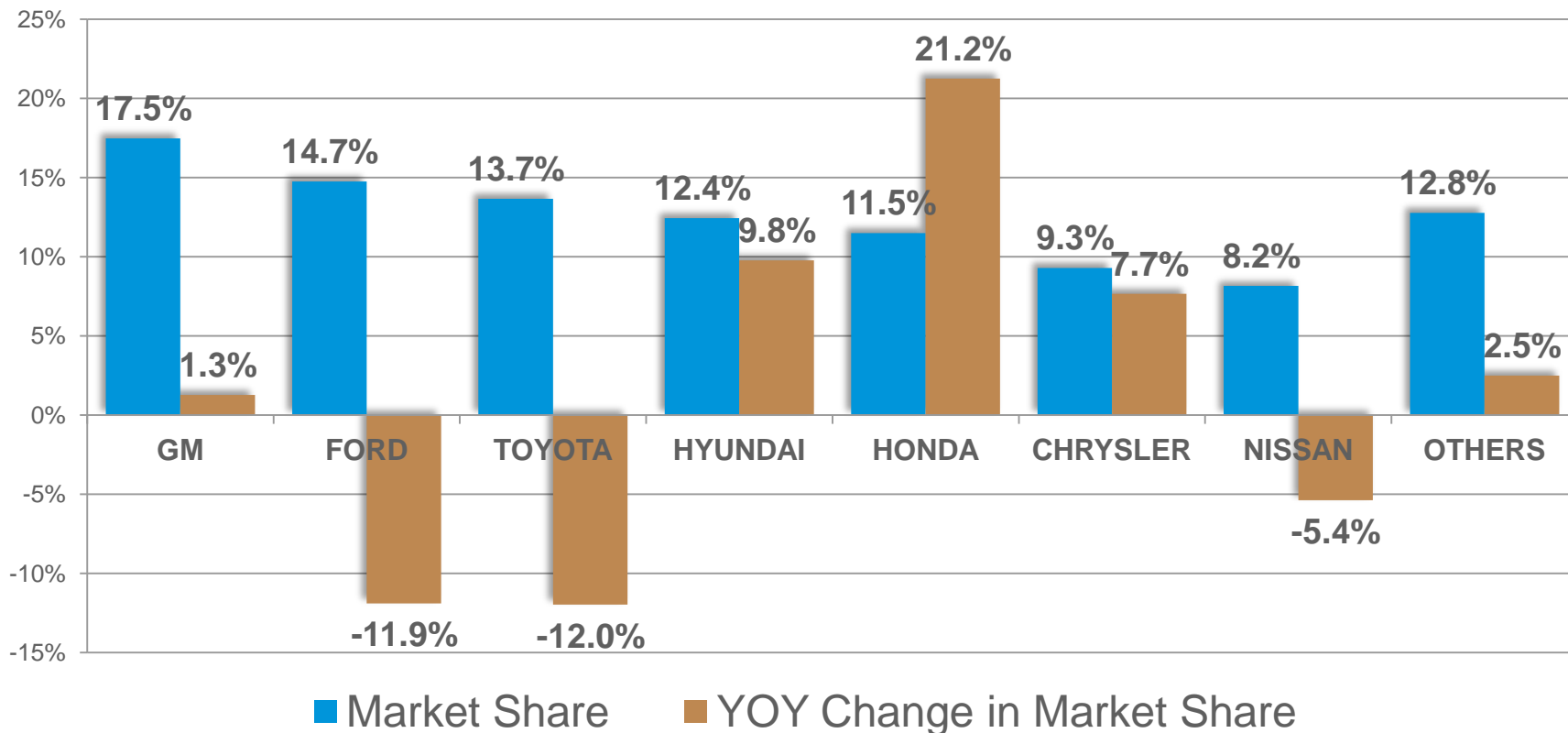


Source: Experian Automotive

New Vehicle Financing by Make

Which manufacturers are consumers financing?

Share of New Vehicle Financing

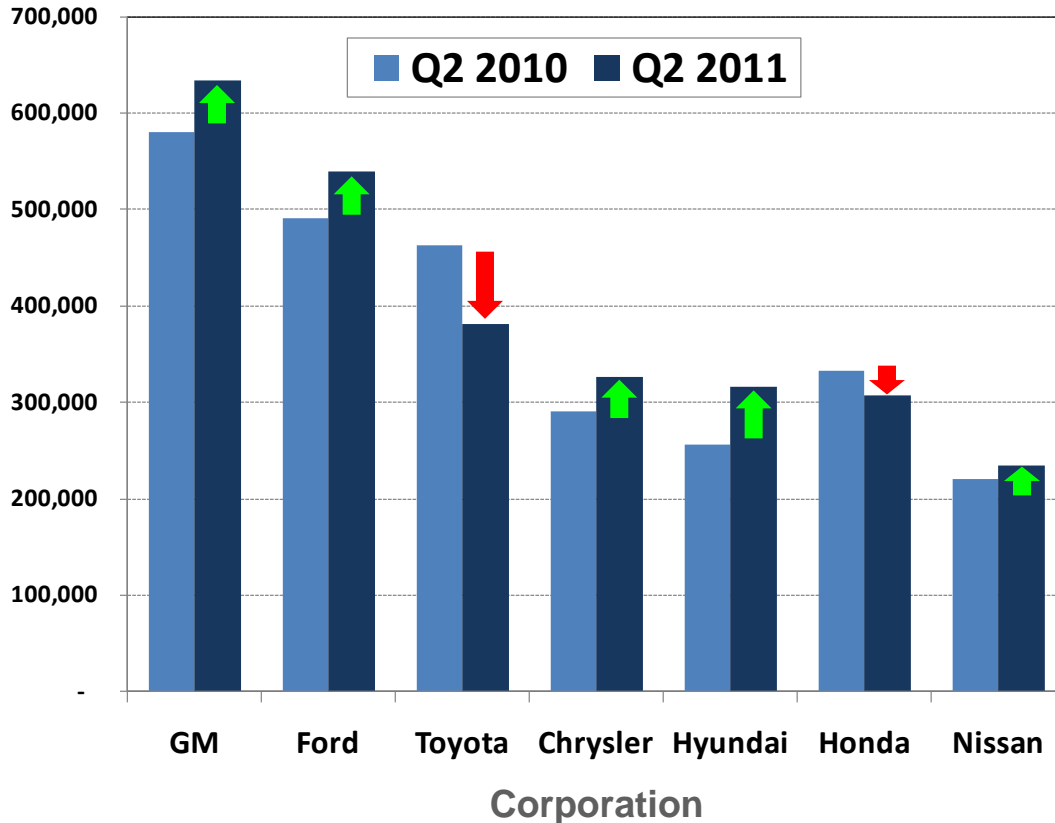


Source: Experian Automotive



New Vehicle Market Overview

New Vehicle Registrations – Q2 2010 vs. Q2 2011



- Hyundai had the highest unit gain (+60,000 units) versus Q2 2010, and also had the highest percentage point gain (+23.7%)
- GM had the second highest unit gain, +53,000 units (+9.2%), while Chrysler achieved the second highest percentage point gain of 12.2% (+35,000 units)
- Toyota had the largest unit and percentage drop, down 81,000 and 17.6% respectively

	Q2 2010	Q2 2011	Diff.	% Chg
GM	580,743	633,928	53,185	9.2%
Ford	491,487	538,785	47,298	9.6%
Toyota	462,349	380,922	(81,427)	-17.6%
Chrysler	290,503	325,947	35,444	12.2%
Hyundai	255,598	316,195	60,597	23.7%
Honda	332,220	306,753	(25,467)	-7.7%
Nissan	220,591	234,877	14,286	6.5%

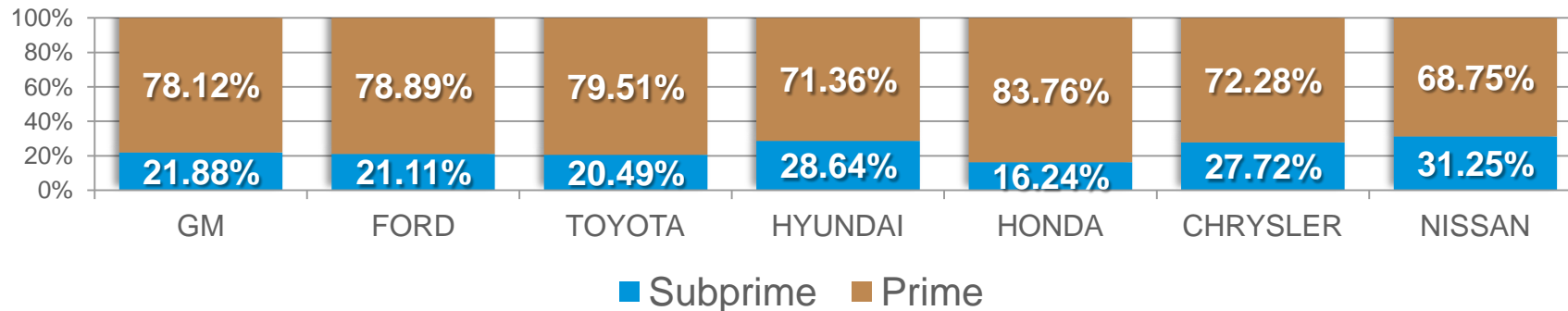
Source: Experian Automotive



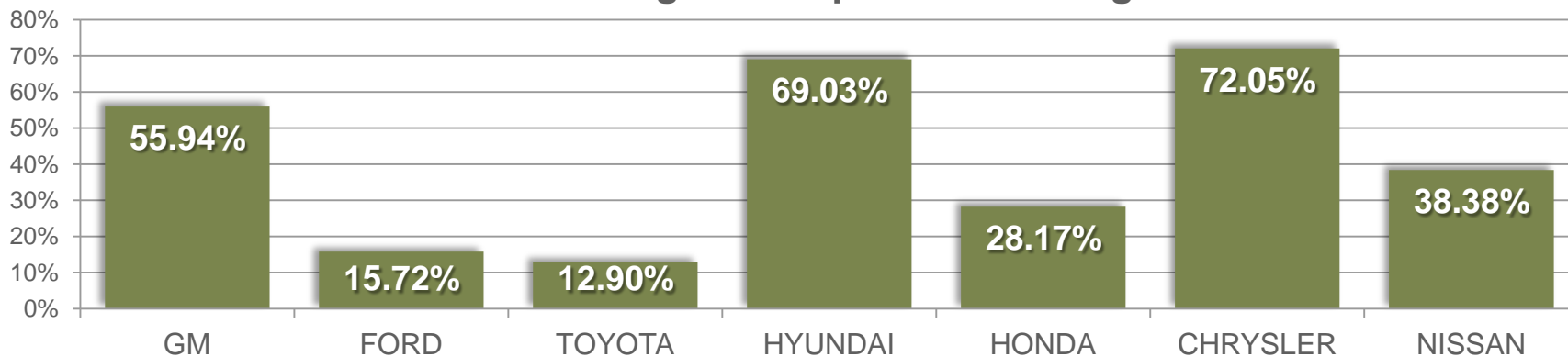
New Vehicle Financing by Risk and Manufacturer

Which manufacturers are subprime buyers financing?

New Financing by Risk Segment



YOY Change in Subprime Financing

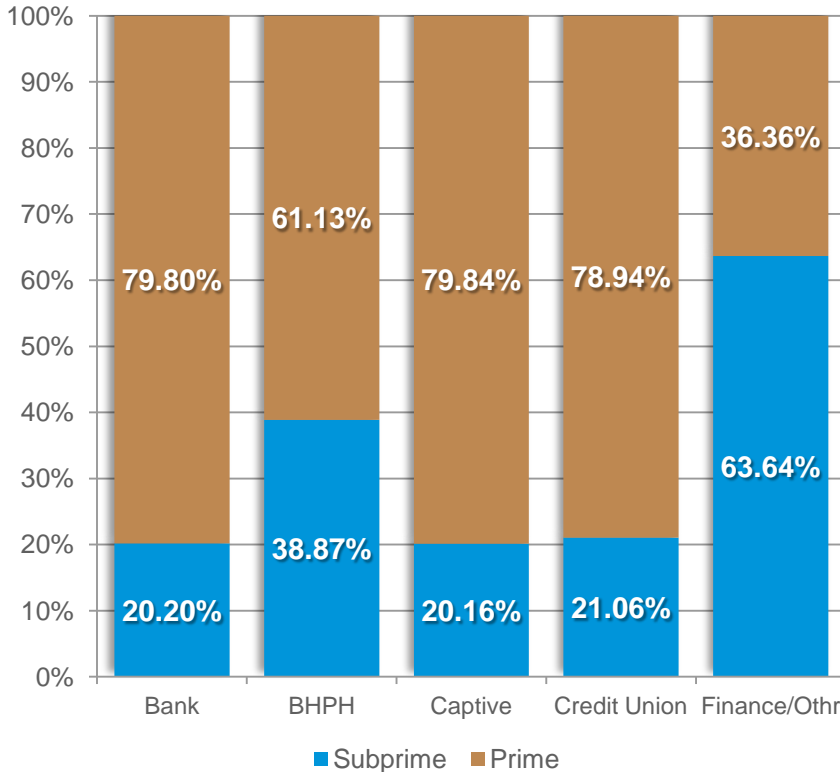


Source: Experian Automotive

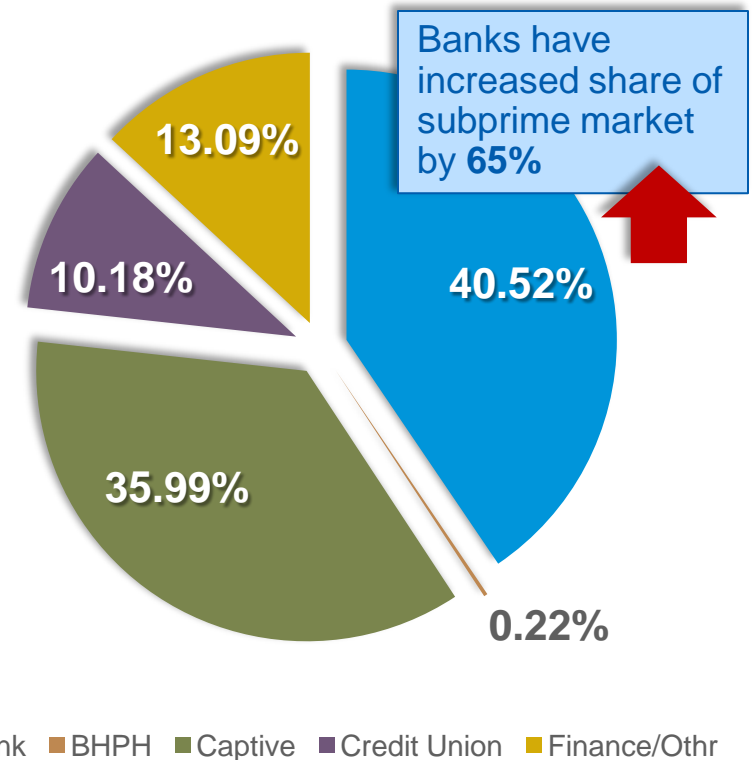
New Vehicle Financing

Who's buying and growing in Subprime?

New Originations by Risk Segment



Market Share of New Subprime Financing

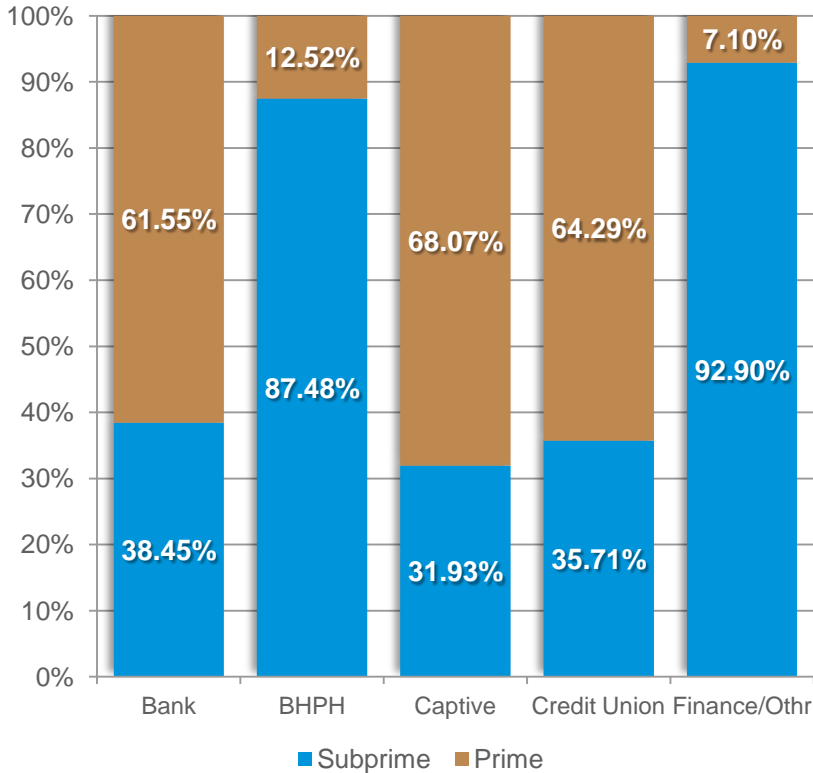


Source: Experian Automotive

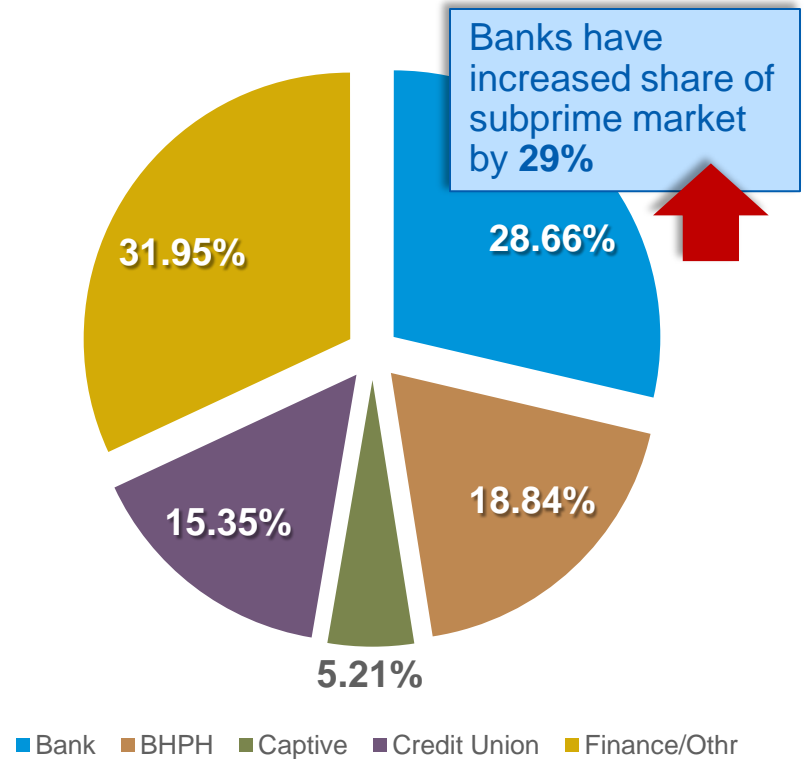
Used Vehicle Financing

Who's buying and growing in Subprime?

Used Originations by Risk Segment



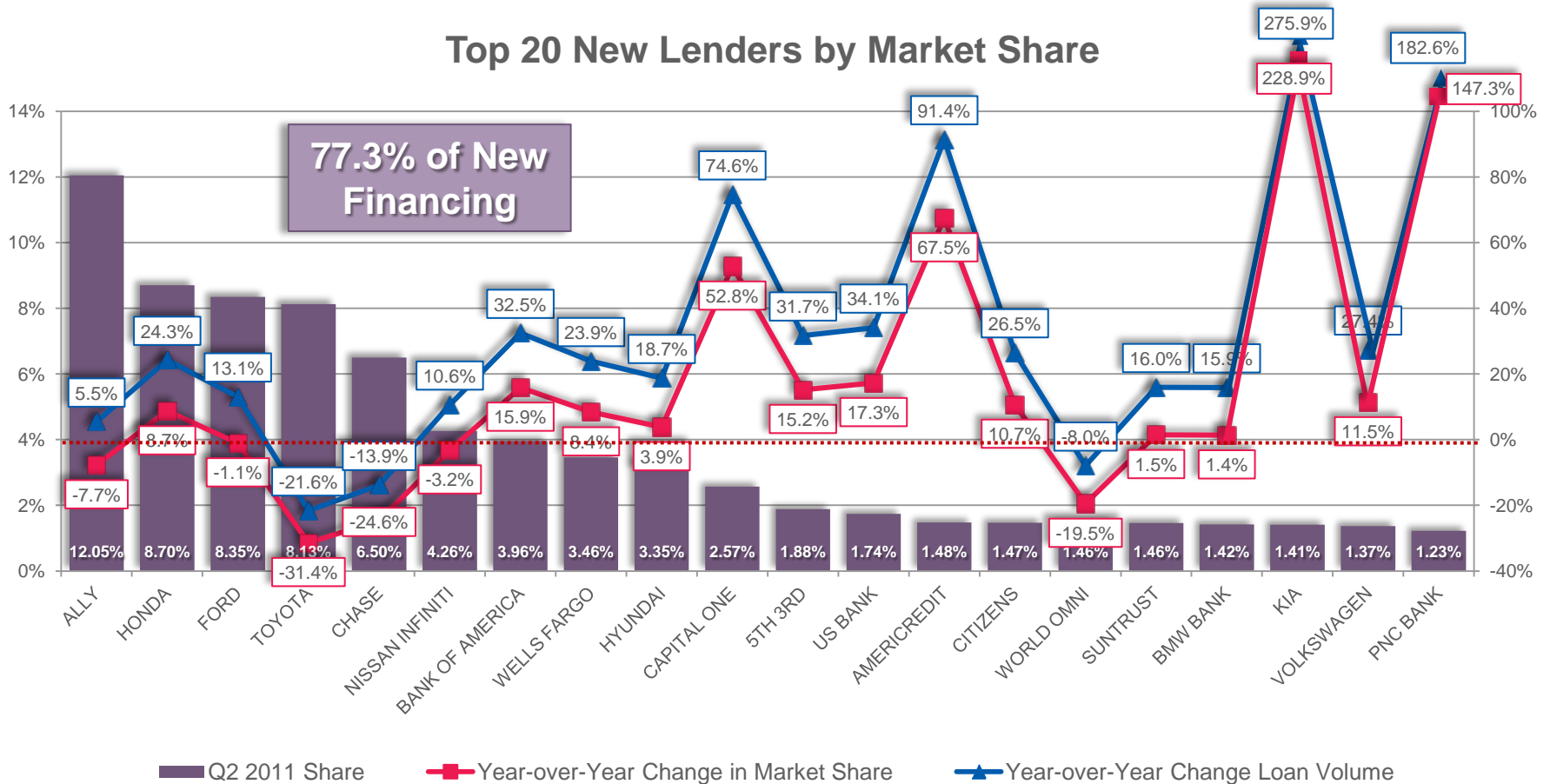
Market Share of Used Subprime Financing



Source: Experian Automotive

Top 20 New Lenders by Market Share

Who gained or lost share on New Vehicle Financing?



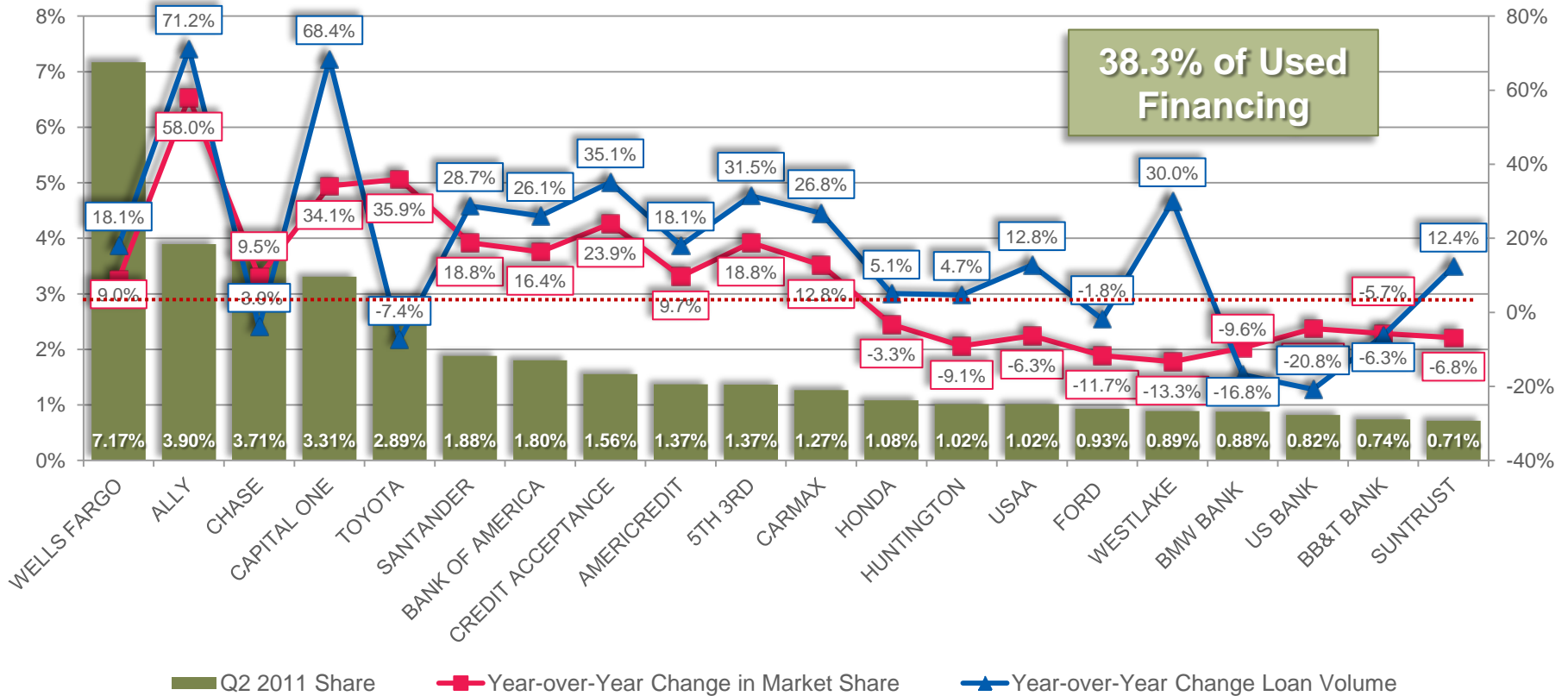
Source: Experian Automotive



Top 20 Used Lenders by Market Share

Who gained or lost share on Used Vehicle Financing?

Top 20 Used Auto Lenders by Market Share



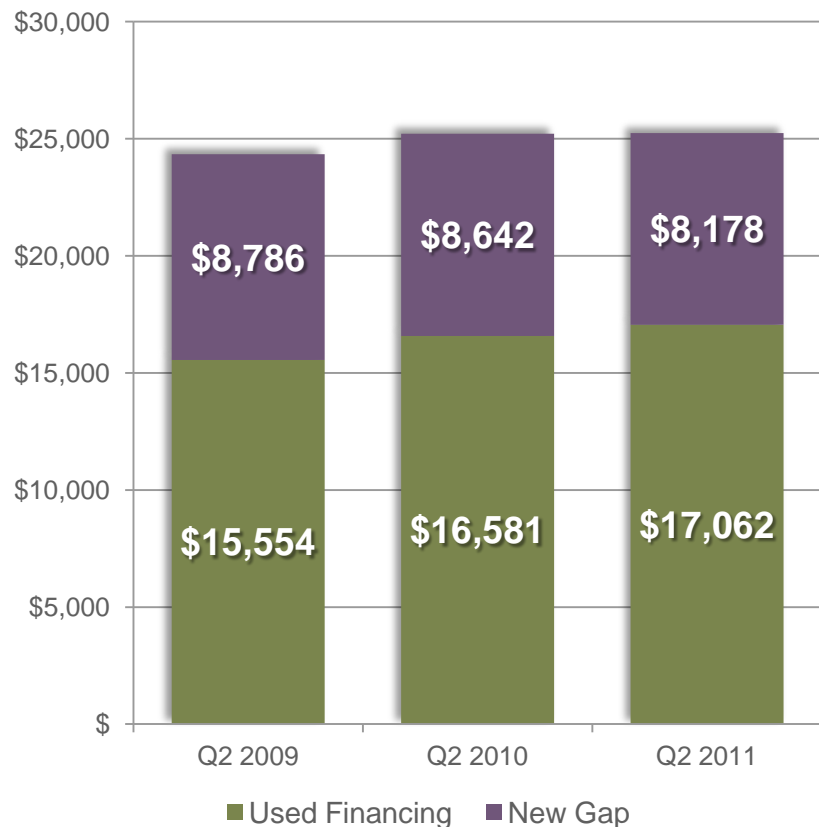
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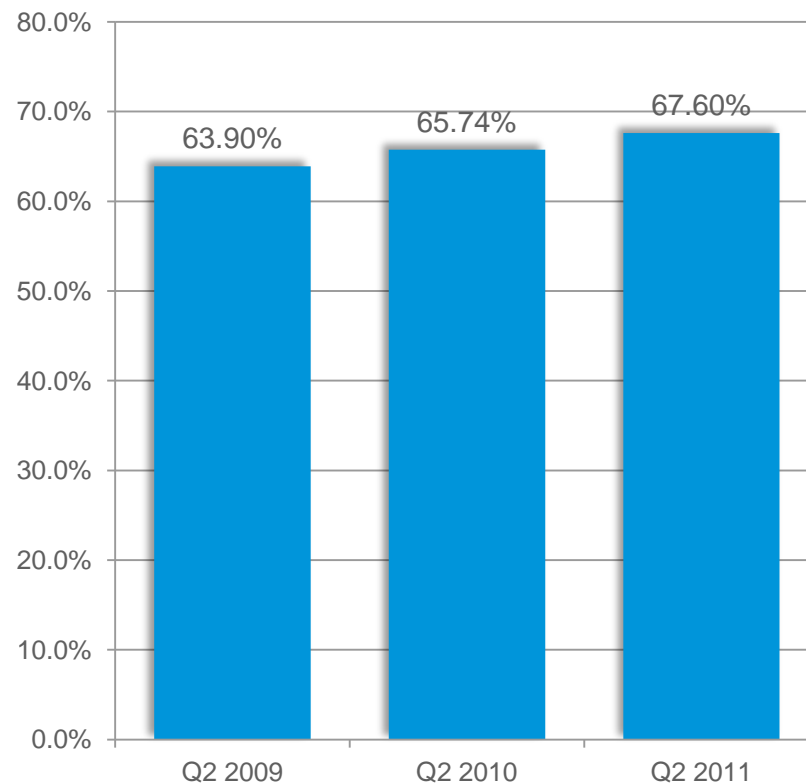
New versus Used Financing

Has the gap closed between financed amounts?

Used versus New Financing



Used Financing Percentage of New

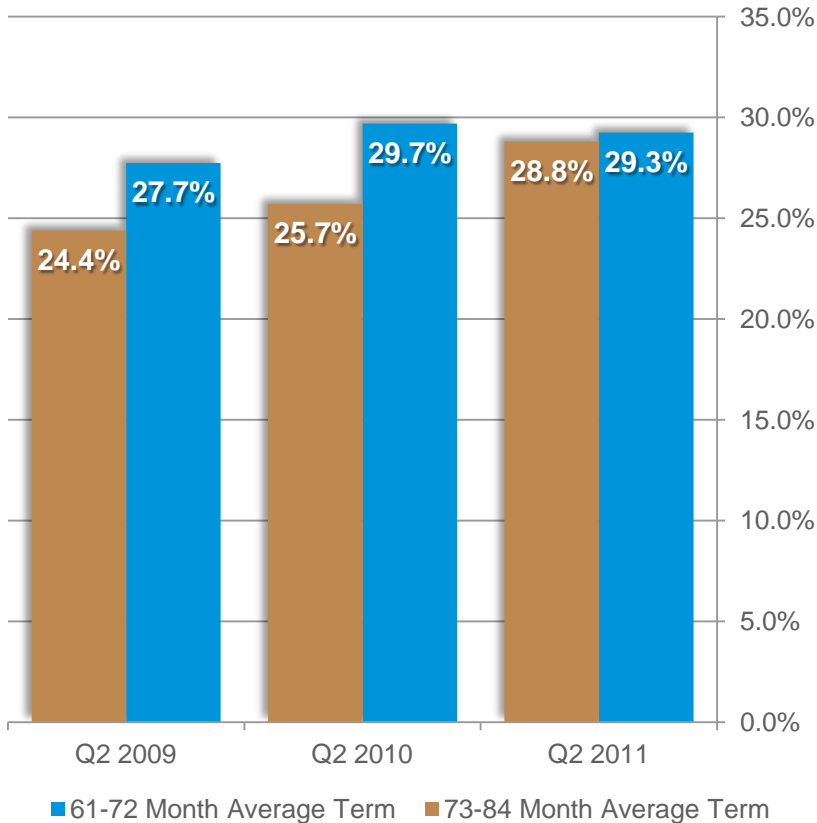


Source: Experian Automotive

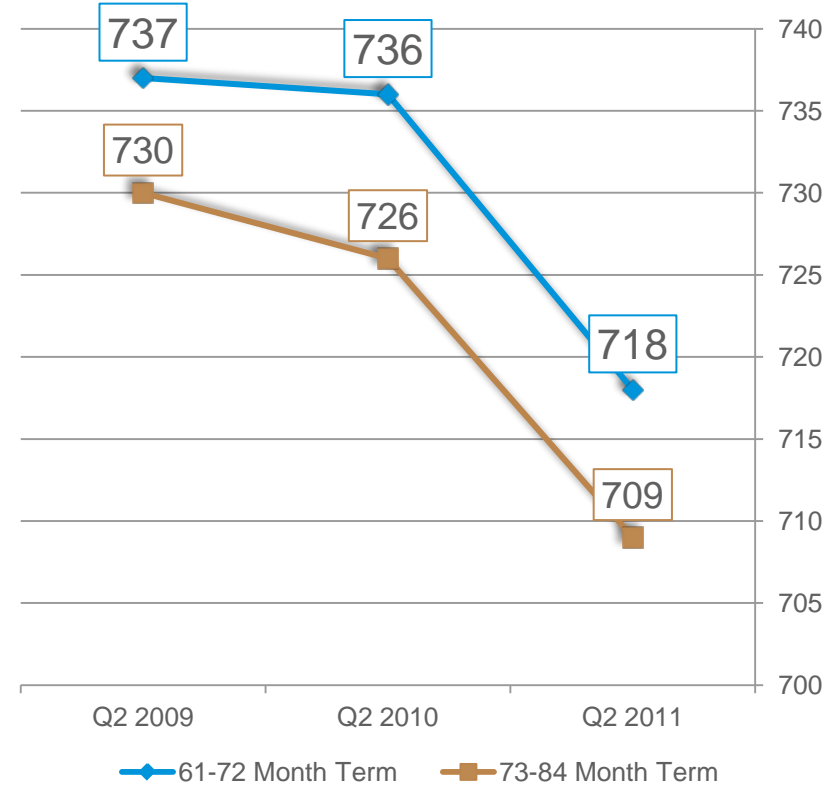
Distribution of Loan Term

How have loan terms changed?

Longer Term Financing



Average Score on Longer Term Financing

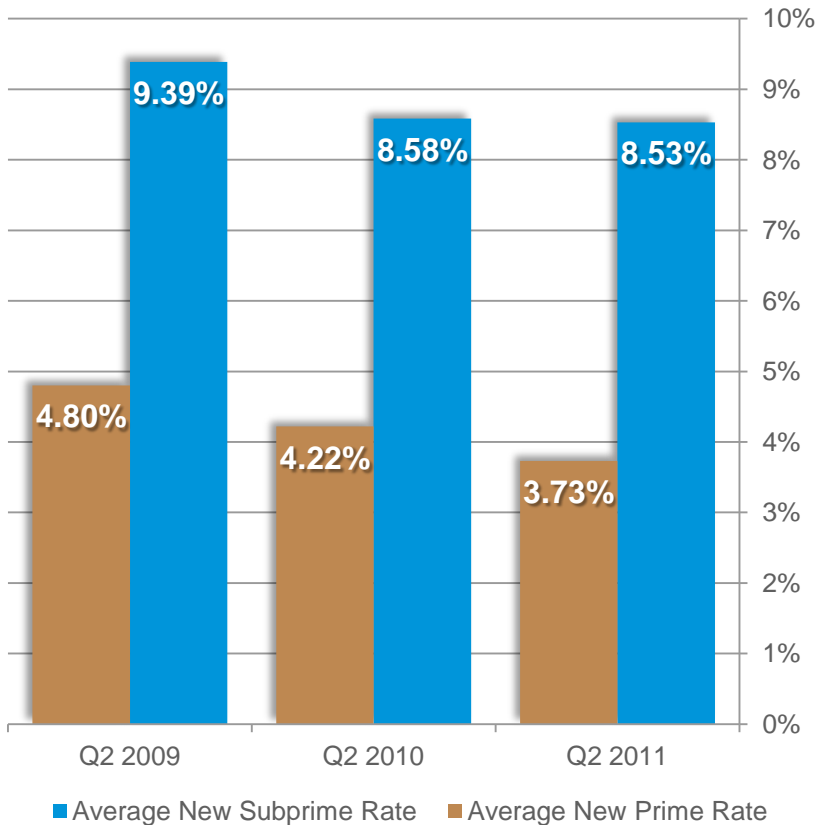


Source: Experian Automotive

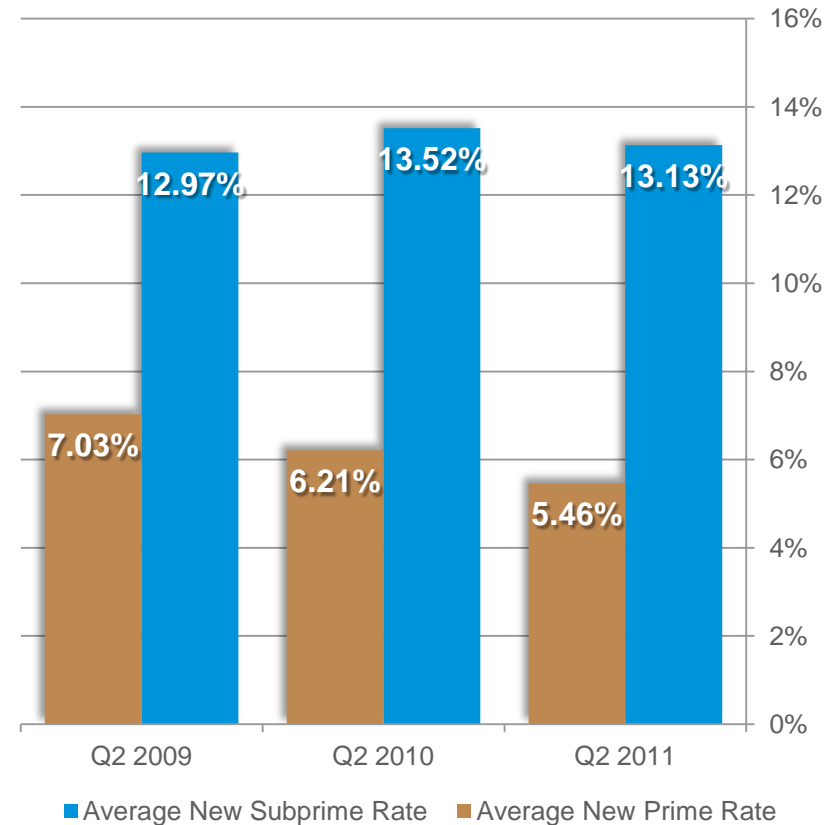
Average Interest Rates on Automotive Financing

How have rates improved?

Average New Rate



Average Used Rate



Source: Experian Automotive

IMPACT OF LOYALTY ON THE MARKET

Study design

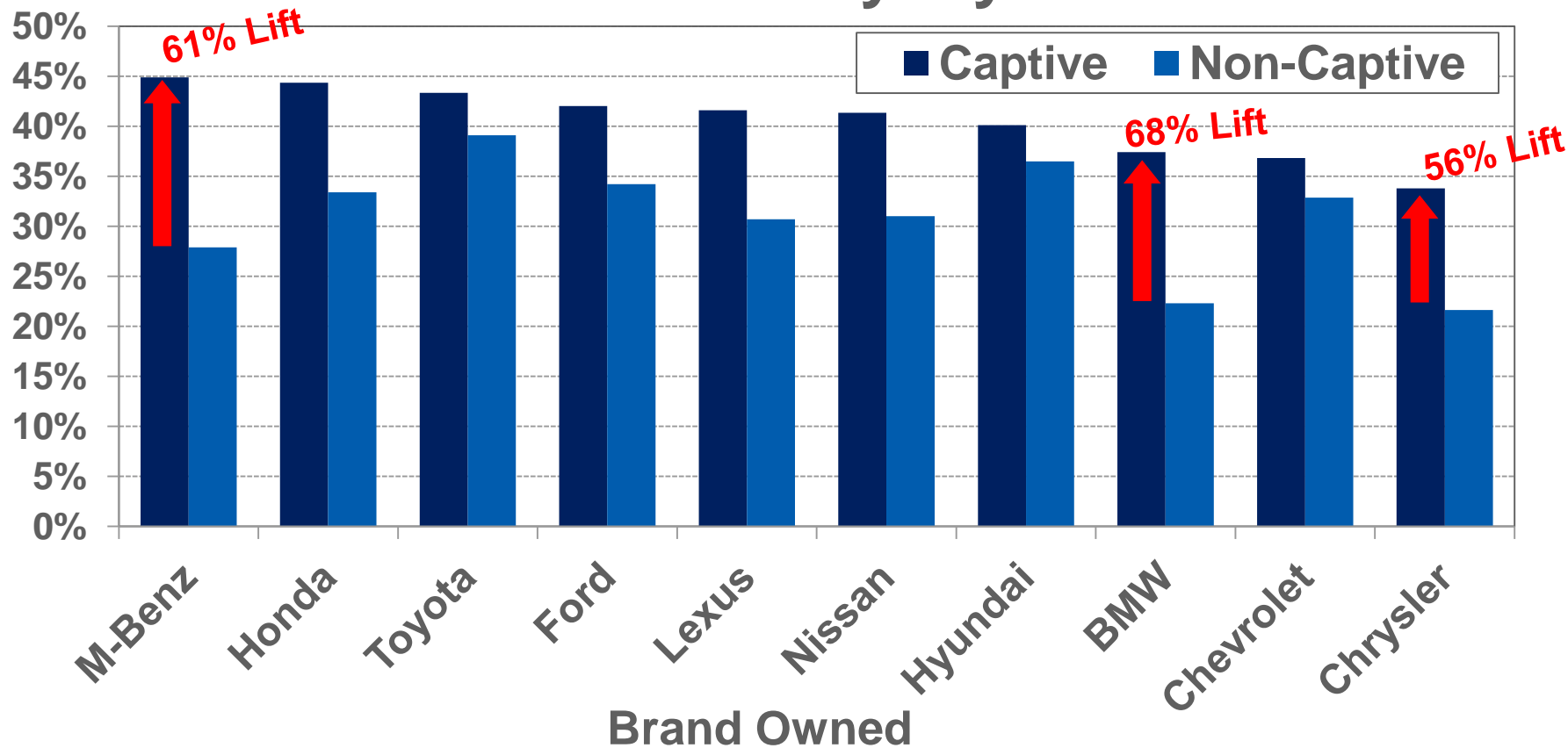
Loyalty methodology



Initial vehicle purchase		Subsequent vehicle purchase	
2005 through 2010		2010/11	
Loyalty types:	Brand	=	Brand
	Dealer	=	Dealer
	Lender	=	Lender
Analysis variables:			
▪ Brand	▪ Loan / lease	▪ Loan status	
▪ Model	▪ Lender type	▪ Demographics	
▪ Lender	▪ Term		

Impact of Vehicle Financing: Captive vs. Non-Captive

Dealer Loyalty

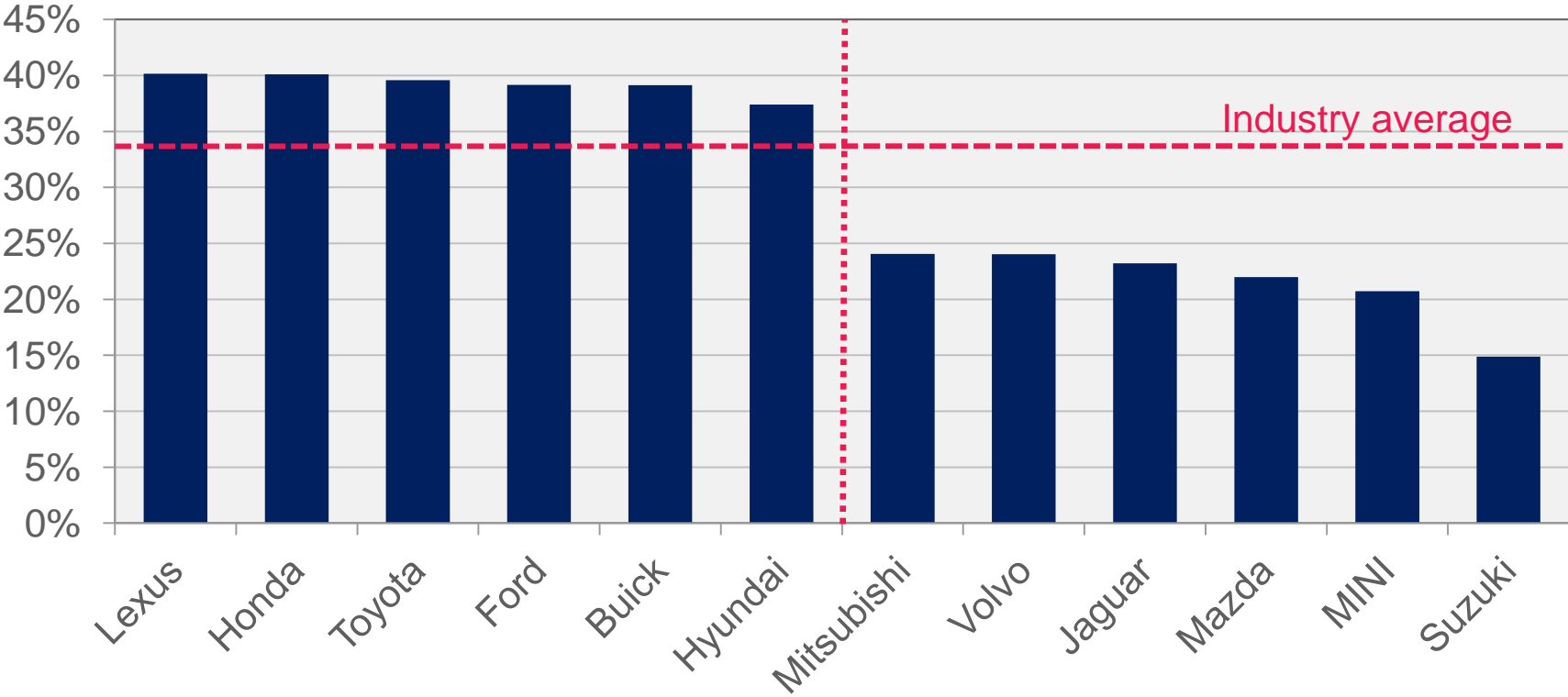


Source: Experian Automotive



Loyalty benchmarks

Dealer loyalty



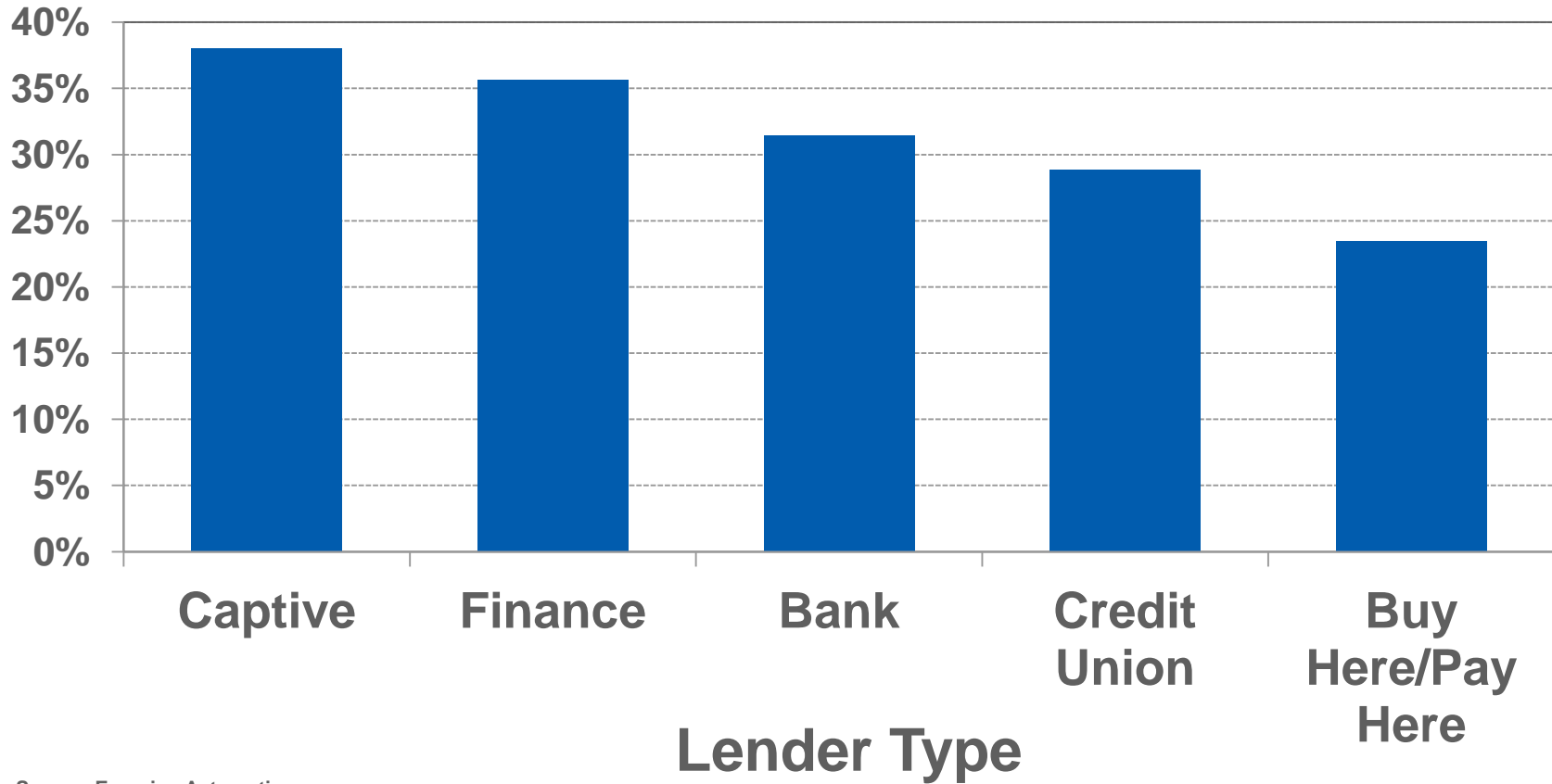
Brand owned

Source: Experian Automotive



Impact of Vehicle Financing: Lender Type

Dealer Loyalty

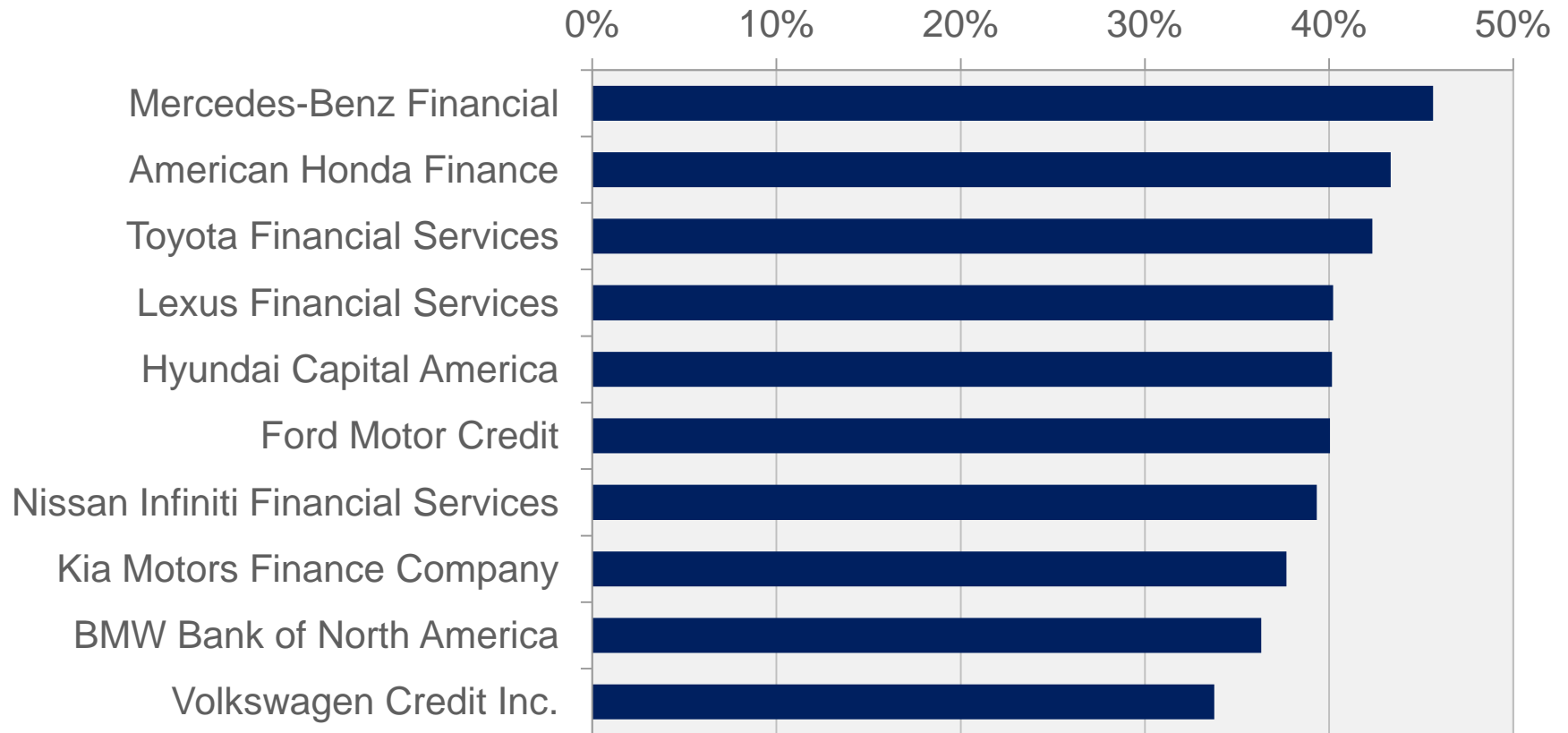


Source: Experian Automotive

Loyalty impacts

Lender type

Dealer loyalty – Top-10 captives

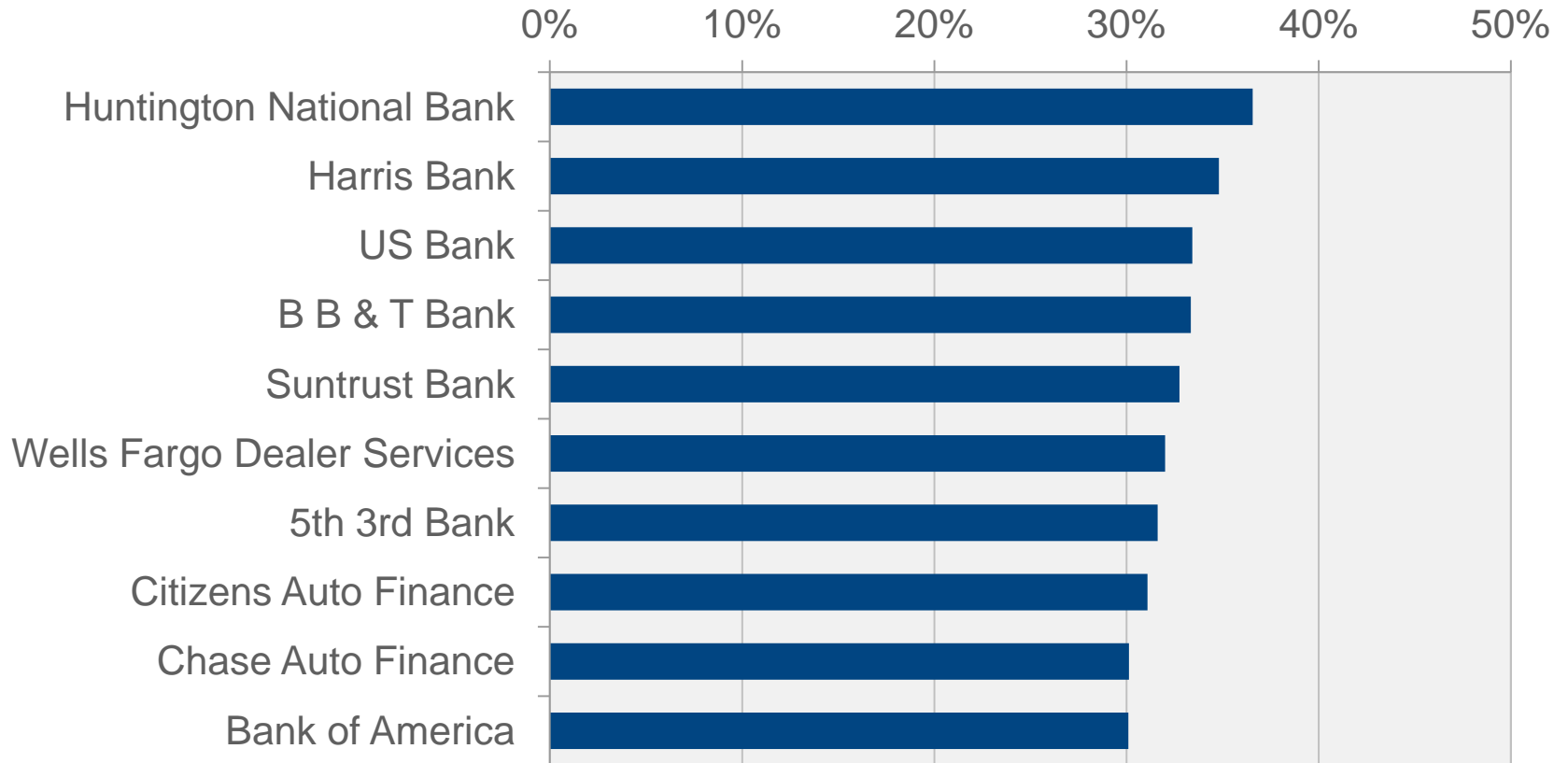


Source: Experian Automotive

Loyalty impacts

Lender type

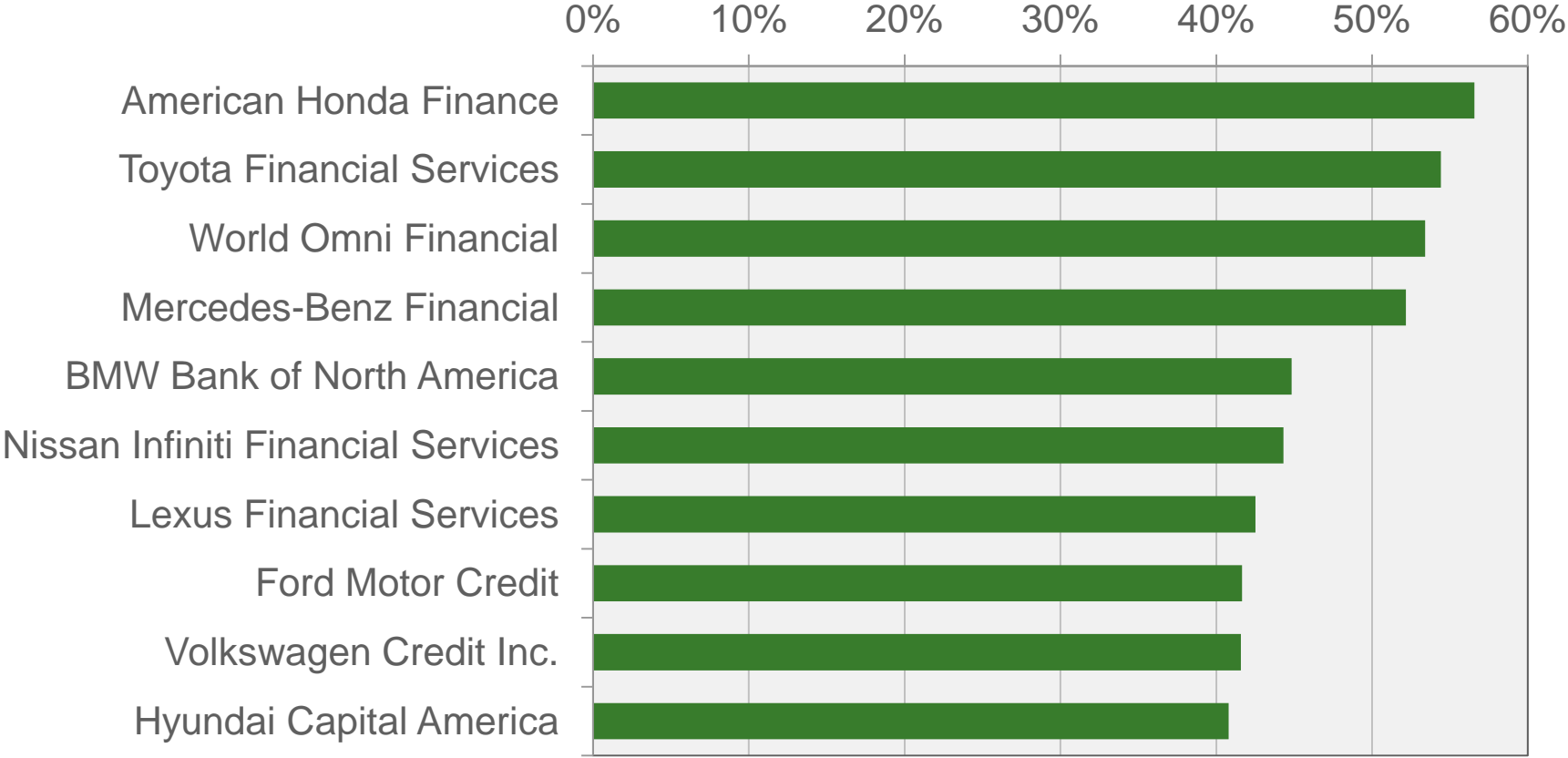
Dealer loyalty – Top-10 banks



Source: Experian Automotive

Loyalty benchmarks

Lender loyalty



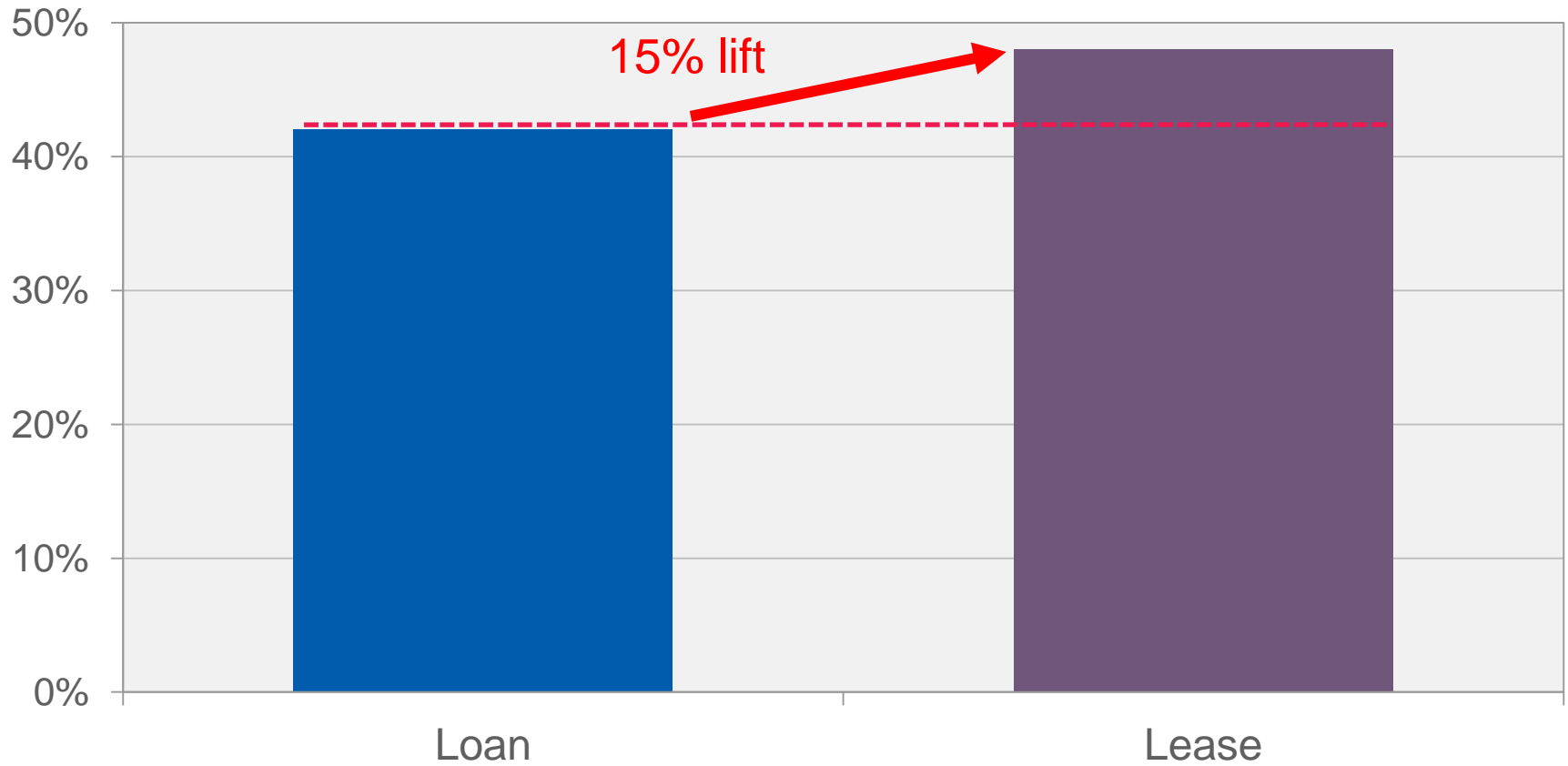
Source: Experian Automotive



Loyalty impacts

Loan vs. lease

Brand loyalty



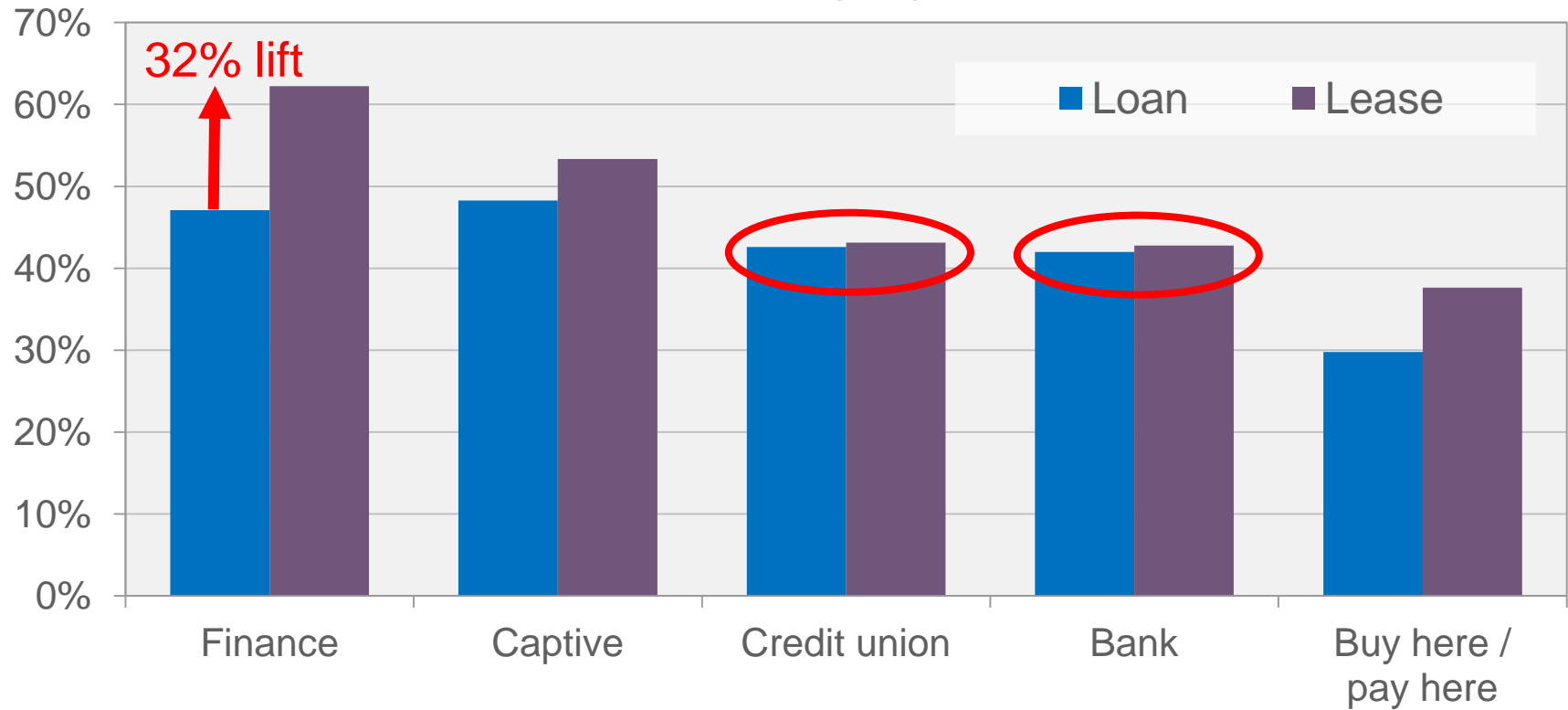
Source: Experian Automotive



Loyalty impacts

Loan vs. lease

Brand loyalty



Lender type

Source: Experian Automotive



Conclusions

- Overall market growth
 - ▶ Slow growth on automotive portfolio outstandings
 - ▶ Consistent quarter-over-quarter growth in new vehicles registrations, relatively stable for used vehicles
- Loosening of the credit markets and a steady growth in subprime financing
- Along with growth lending practices loosening with more generous terms and highly aggressive rates across all risk ranges
- Hyundai, GM, Chrysler and Nissan gaining share year-to-date
 - ▶ Hyundai, Honda and Chrysler gaining share of the *finance market* with increased focus on subprime financing
- Banks dominating subprime financing on new vehicles and driving strong dealer loyalty
- Brand, Dealer and Lender loyalty varies widely based on brand purchased, finance type and lending source
- Opportunities to increase customer loyalty and market share

