TransUnion Auto Credit Industry Insights Report

Q4 2023

Background on the Credit Industry Insights Report and our purpose for sharing this information

- TransUnion's Credit Industry Insights Report (CIIR) provides the financial services industry with market-level intelligence and key insights on four credit market segments: auto, card, consumer lending and mortgage.
- Two TransUnion business intelligence tools are used to create the auto CIIR:
  - TruIQ™: cloud-based analytics platform including credit data on credit-active consumers in the US.
  - AutoCreditInsight™: developed by TransUnion in partnership with S&P Global Mobility; blends depersonalized credit data with personal registrations for light vehicles in the US market.
- The high-level results and key insights are updated and shared every quarter via press release and webinar.
- As part of our mission to impart meaningful and actionable insights to the auto segment, we're providing our auto customers with this shortened presentation summarizing the auto-specific results from the CIIR.
- Customers can generate their own market-level or even more customized insights through TransUnion's Business Intelligence solutions: TruIQ™ and AutoCreditInsight™, in partnership with S&P Global Mobility
  - Please contact your TransUnion sales associate to learn how to obtain access to these tools.

Auto Industry Insights Overview

Originations

In Q3 2023, total origination volume was down -4% YoY and down -16.1% vs Q3 2019

- Q3 super prime origination volume grew 12.7% YoY but remains down -9.6% from Q3 2019
- Used originating LTV's remain high as monthly payments continue to increase

Delinquencies

In Q4 2023, 60+ DPD (account level) delinquencies climbed 16bps YoY and 7bps QoQ to 1.42%

Quarterly Spotlight

New vehicle inventories continue to recover but vary greatly by brand and vehicle type

Originations

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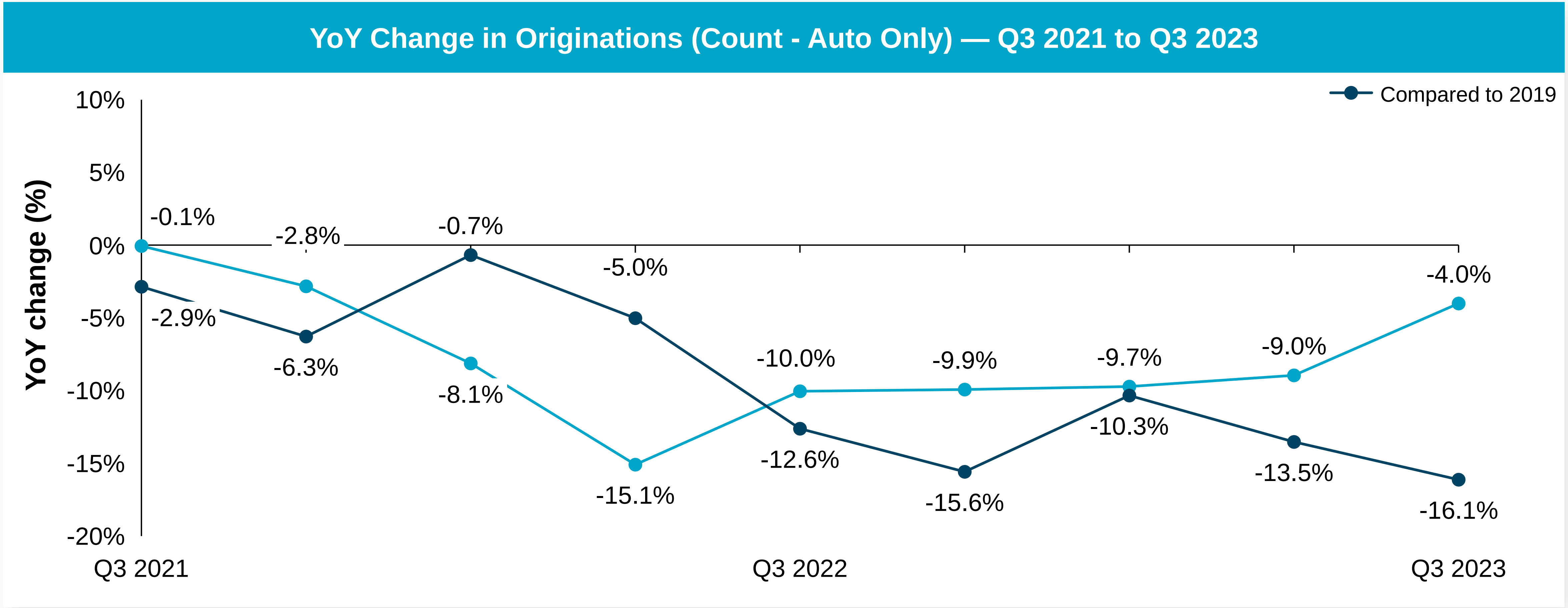
- Used originating LTV's remain high as monthly payments continue to increase

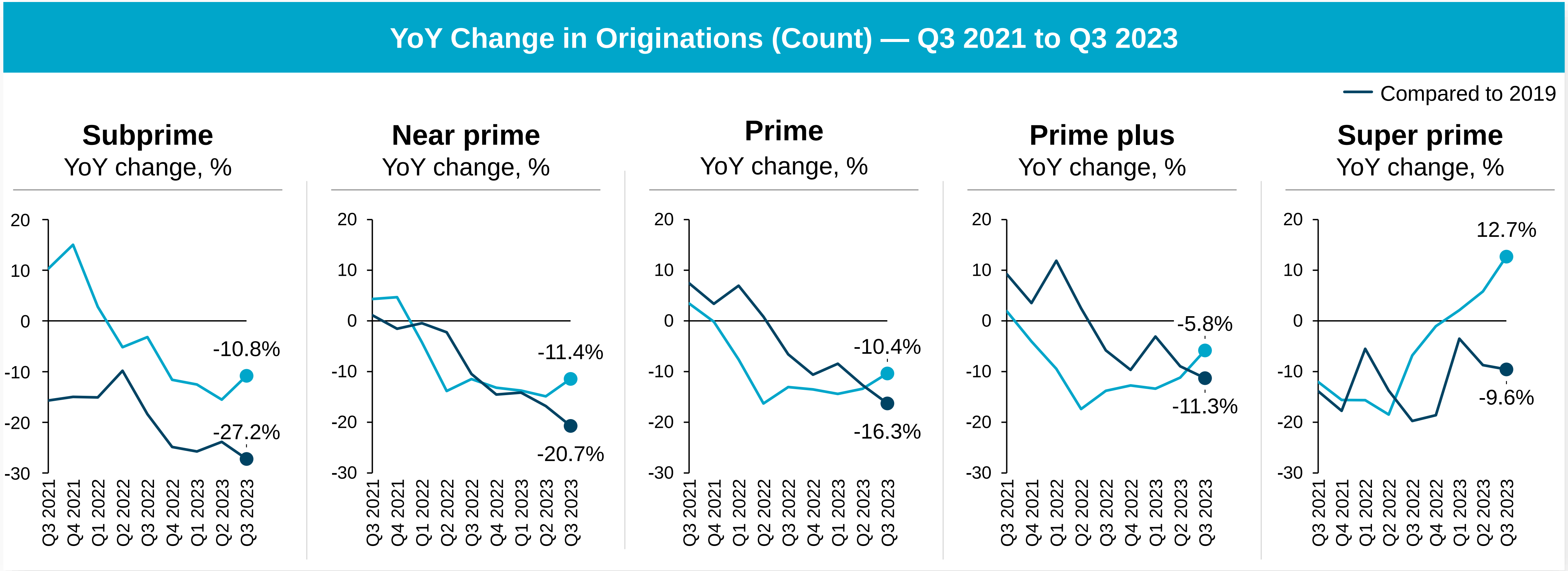
Q2 2023 originations remain down -4% YoY and -16.1% from 2019 levels



Note: Originations are viewed one quarter in arrears to account for reporting lag

Source: TransUnion US consumer credit database

Super prime originations grew 12.7% YoY however, remain down -9.6% from 2019



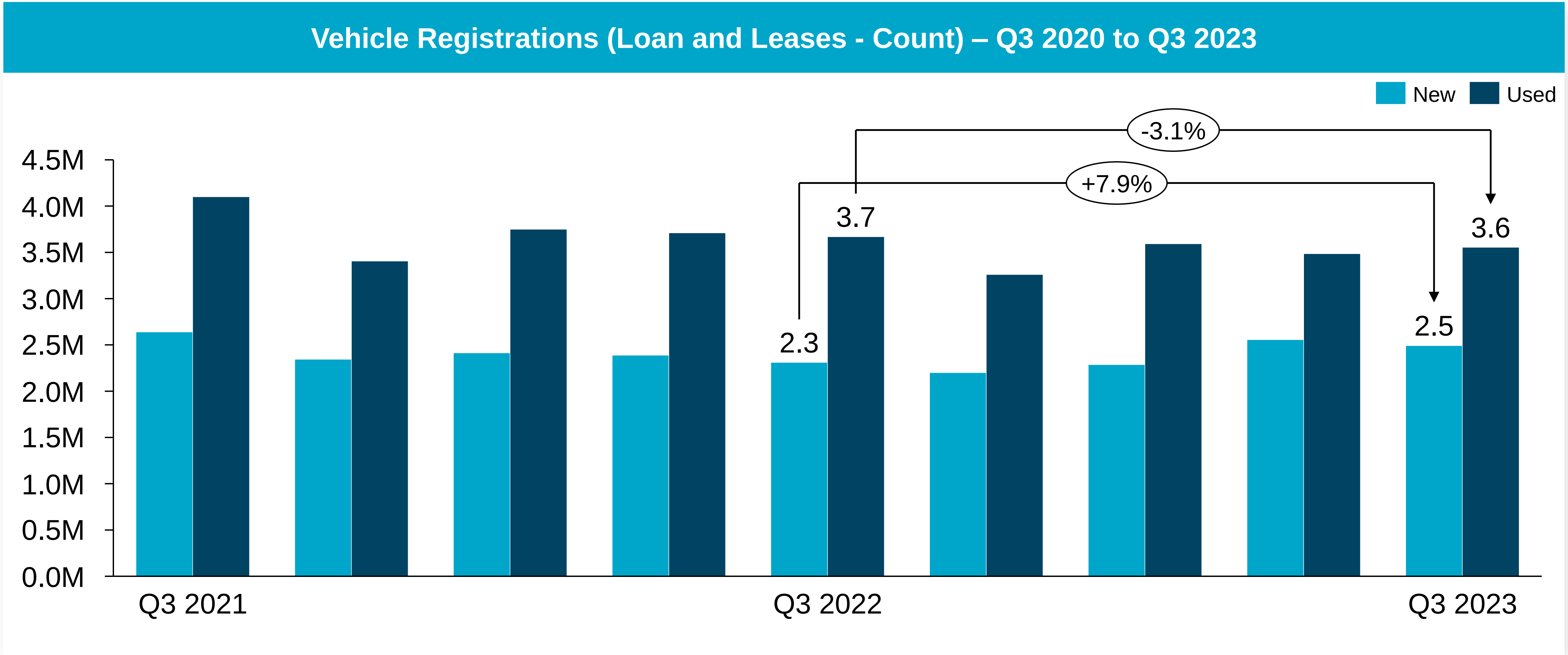
VantageScore® 4.0 risk ranges, calculated at origination

Subprime = 300–600, Near prime = 601–660, Prime = 661–720, Prime plus = 721–780, Super prime = 781+

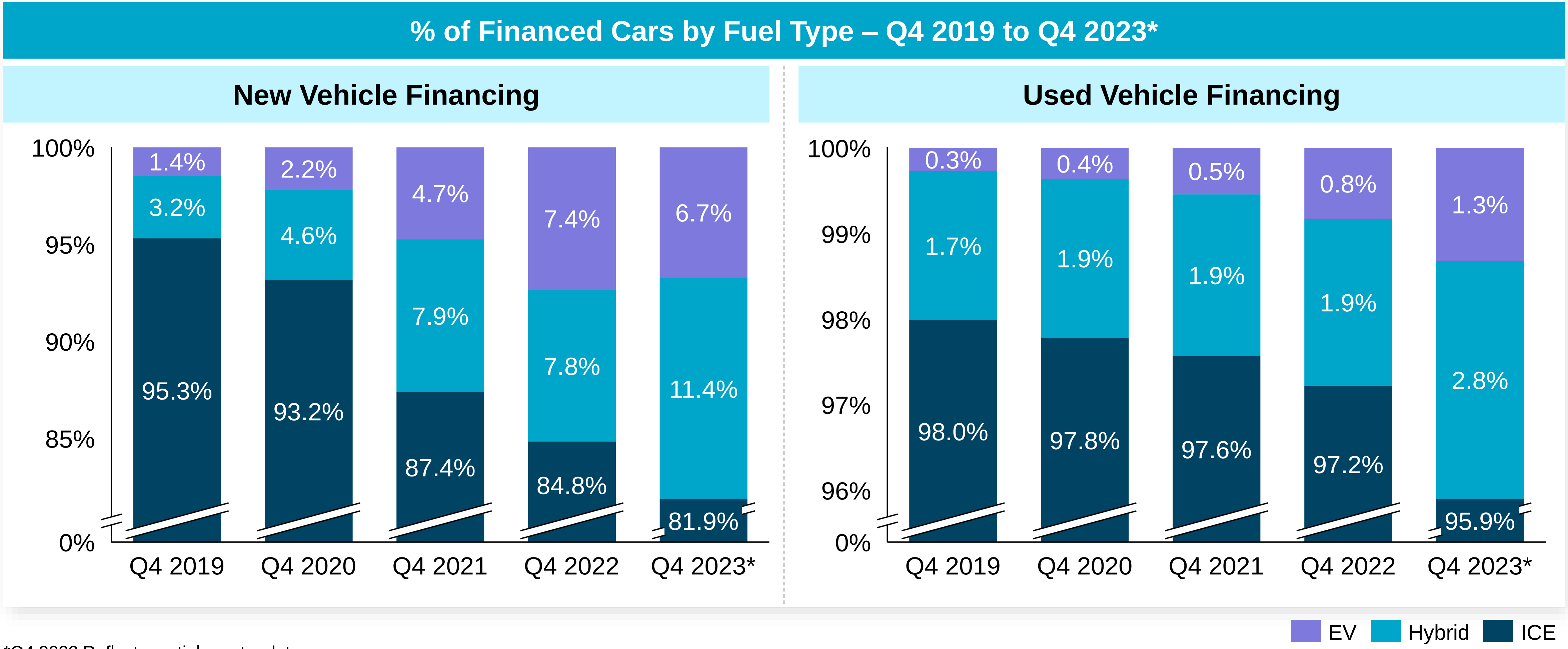
Note: Originations are viewed one quarter in arrears to account for reporting lag

Source: TransUnion US consumer credit database

New vehicle registrations are up 7.9% YoY as inventories recover, while used vehicle registrations are down -3.1% YoY



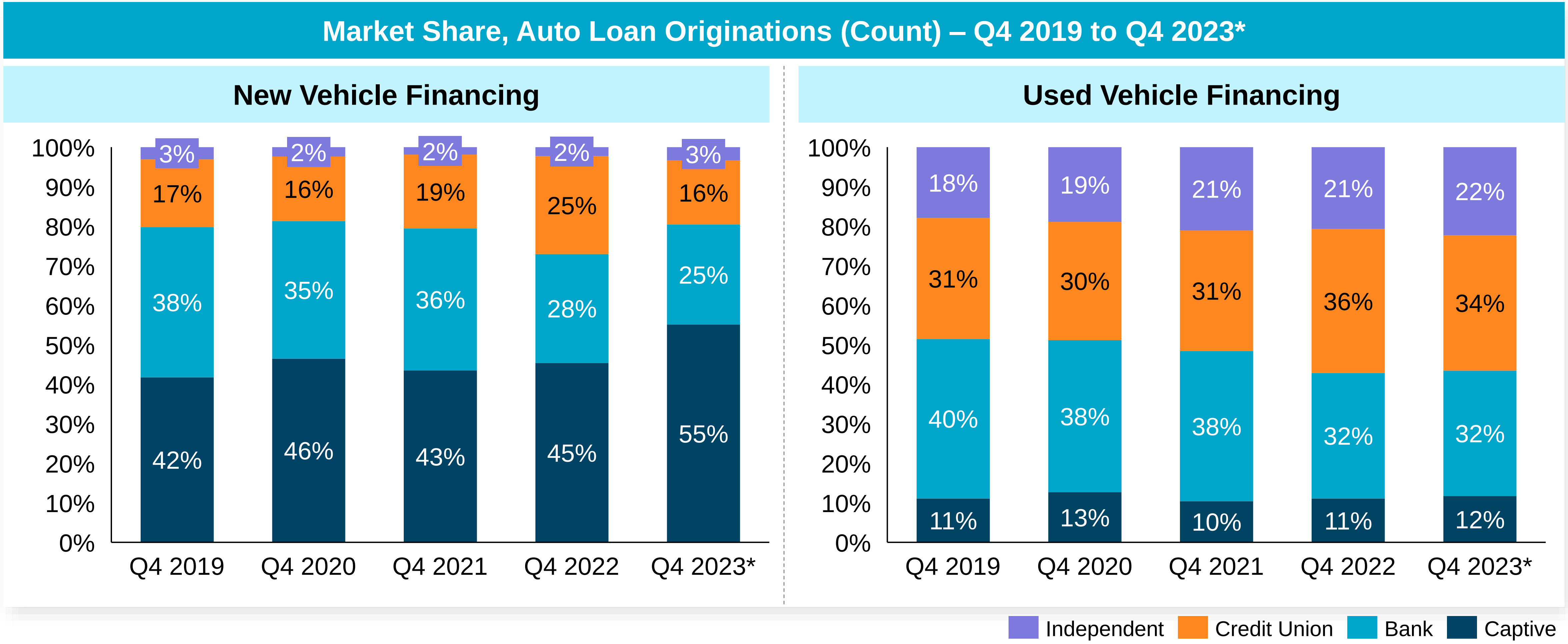
New EV financing retreated as inventories grew, while hybrid growth remains strong



*Q4 2023 Reflects partial quarter data

Source: AutoCreditInsight by S&P Global Mobility, TransUnion

Captives continue to dominate new vehicle financing as inventories and incentives ramp up while banks continue to pull back



*Q4 2023 Reflects partial quarter data

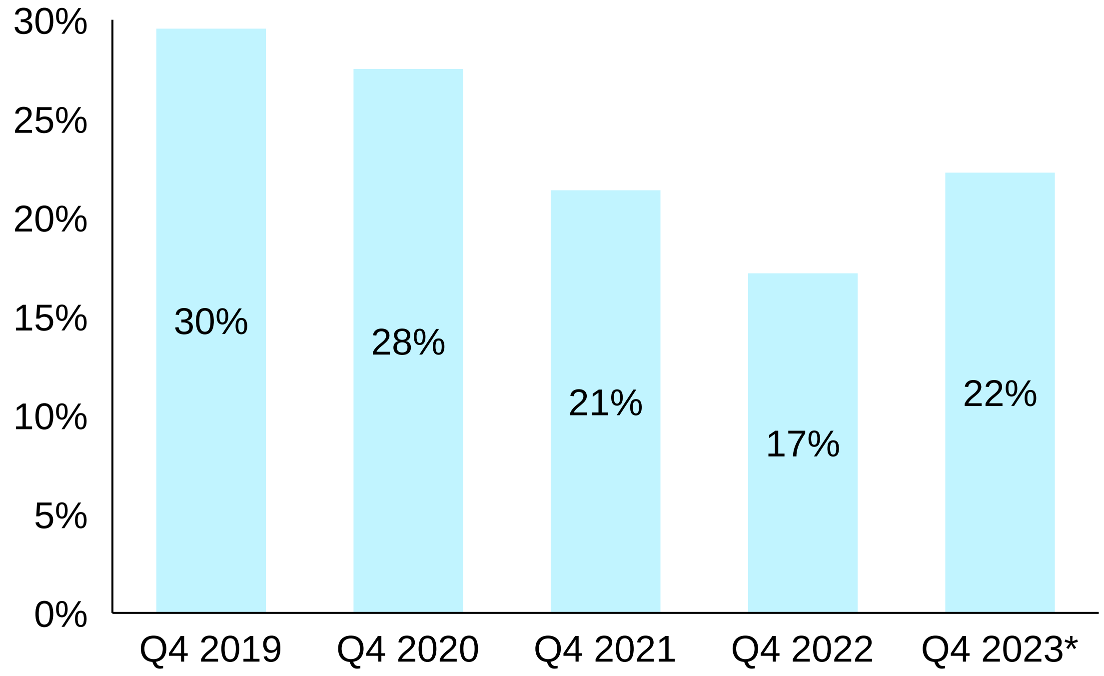
S&P Global Mobility

Source: AutoCreditInsight by S&P Global Mobility, TransUnion

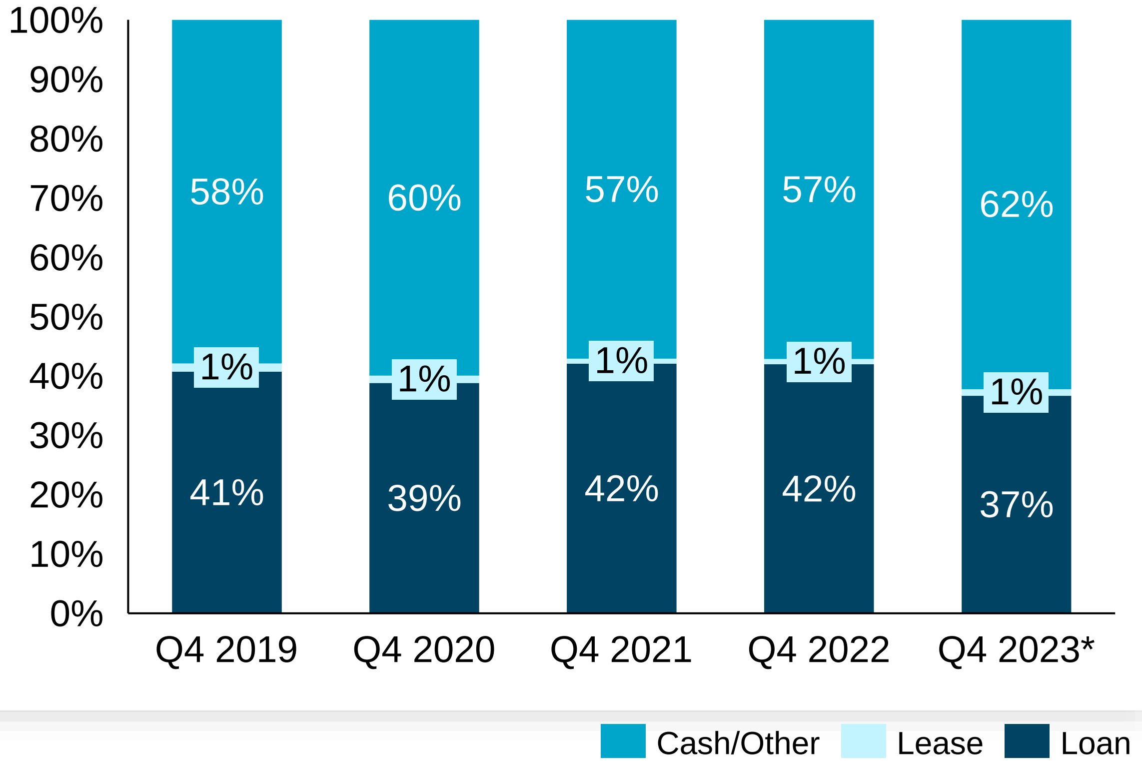
Leasing remains lower than 2019 levels, but is likely to grow in 2024 if inventory and incentives continue to grow

Leasing as a % of Registrations – Q4 2019 to Q4 2023*

New Vehicle Leasing **



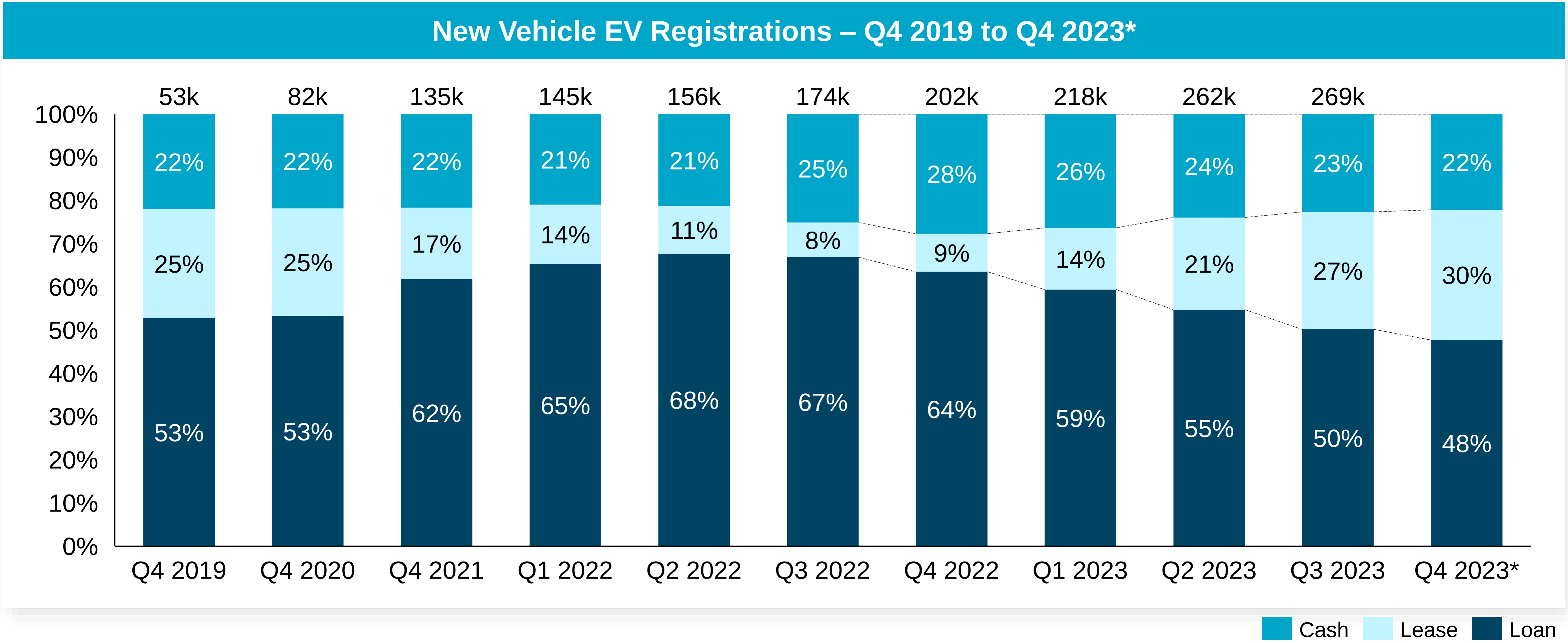
Used Vehicle Financing



* Q4 2023 Reflects partial quarter data

** Displaying lease market share only, due to data reporting lag on new vehicle registrations

EV lease penetration shows growth and outpaces overall market lease rates

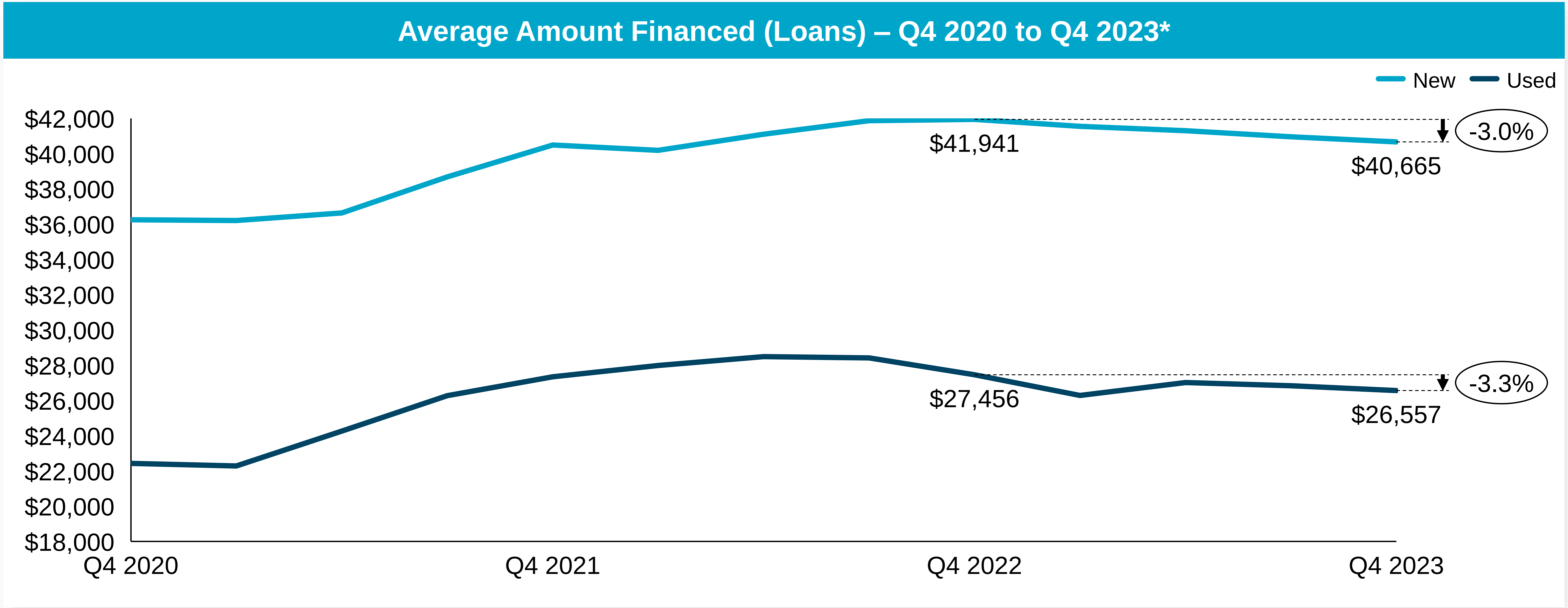


*Q4 2023 Reflects partial quarter data

S&P Global Mobility

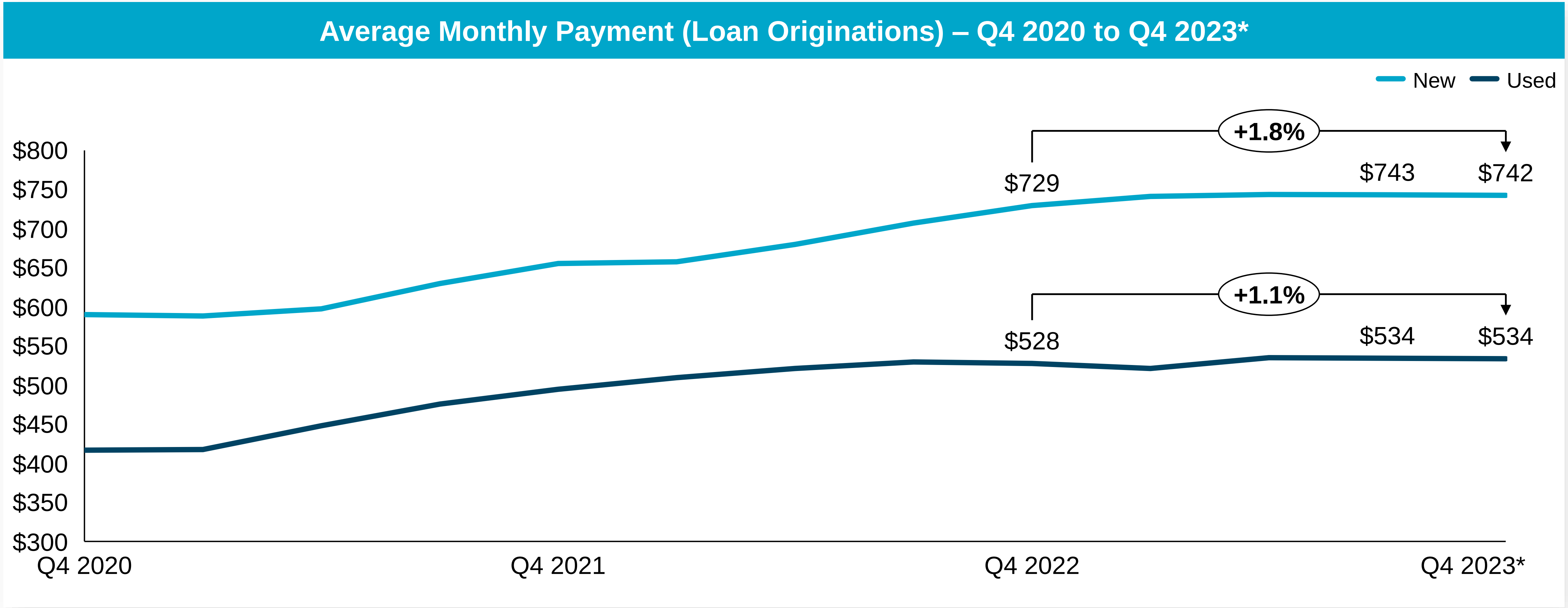
Source: AutoCreditInsight by S&P Global Mobility, TransUnion

Average amount financed dropped ~3% YoY for both new and used vehicles



*Q4 2023 Reflects partial quarter data

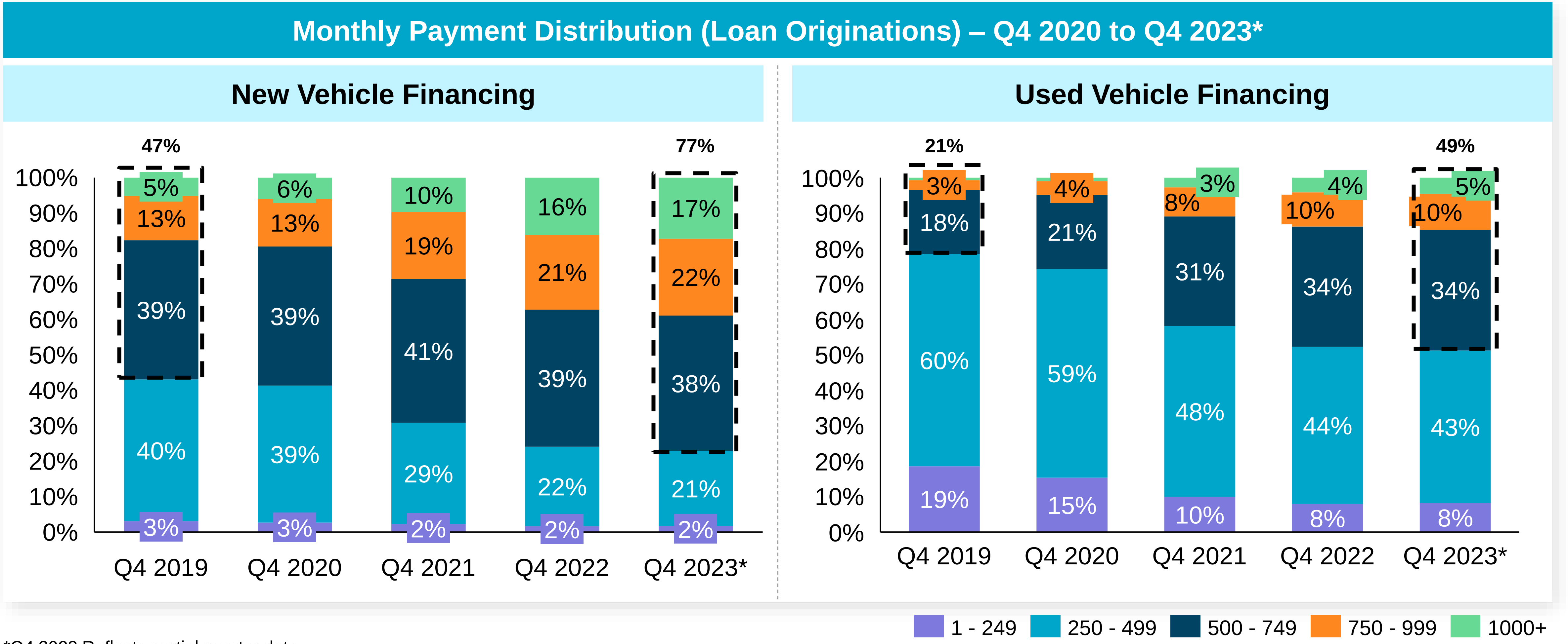
Despite a drop in the amount financed, monthly payments continued to grow 1.8% YoY for new vehicles and 1.1% for used



*Q4 2023 Reflects partial quarter data

Source: AutoCreditInsight by S&P Global Mobility, TransUnion

Although monthly payment growth slowed, most payments are over $500

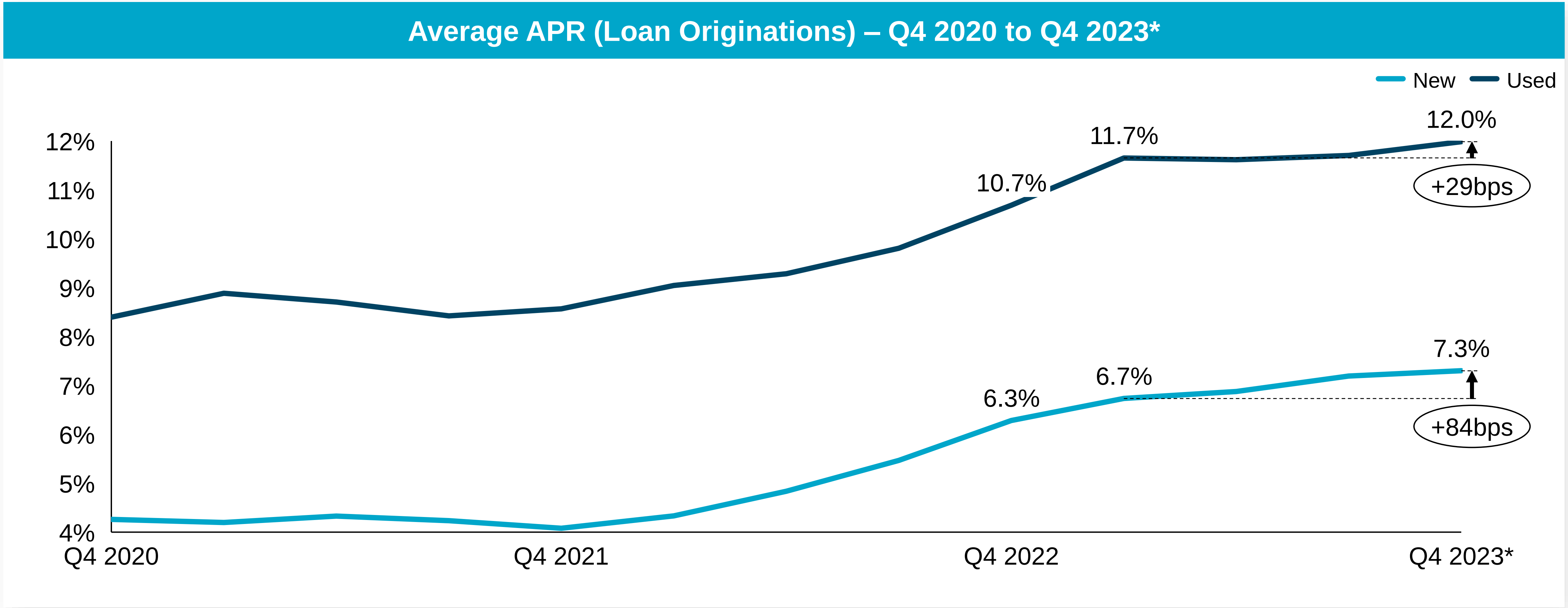


*Q4 2023 Reflects partial quarter data

S&P Global Mobility

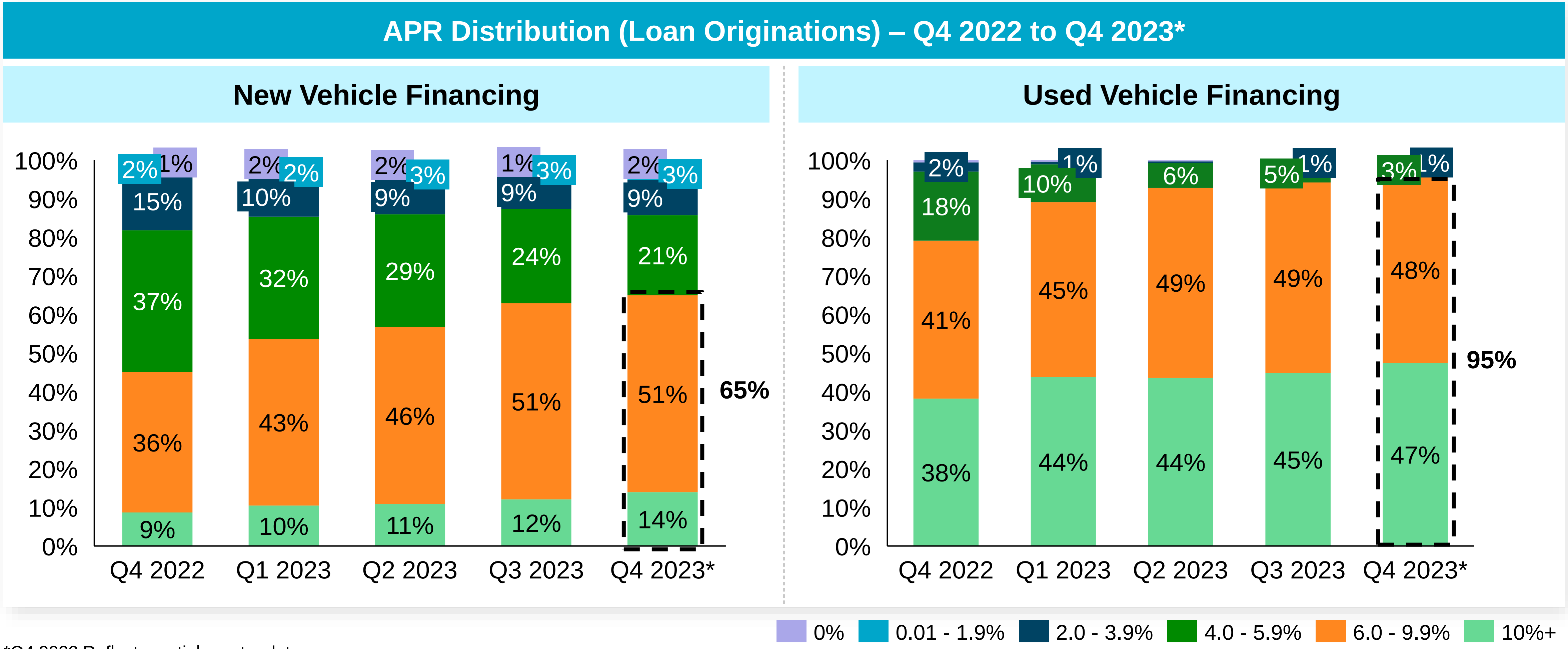
Source: AutoCreditInsight by S&P Global Mobility, TransUnion

Rate growth slowed from Q1 2023 up 29bps for new financing and 84bps for used



*Q4 2023 Reflects partial quarter data

A majority of new and used financed vehicles have rates over 6%



*Q4 2023 Reflects partial quarter data

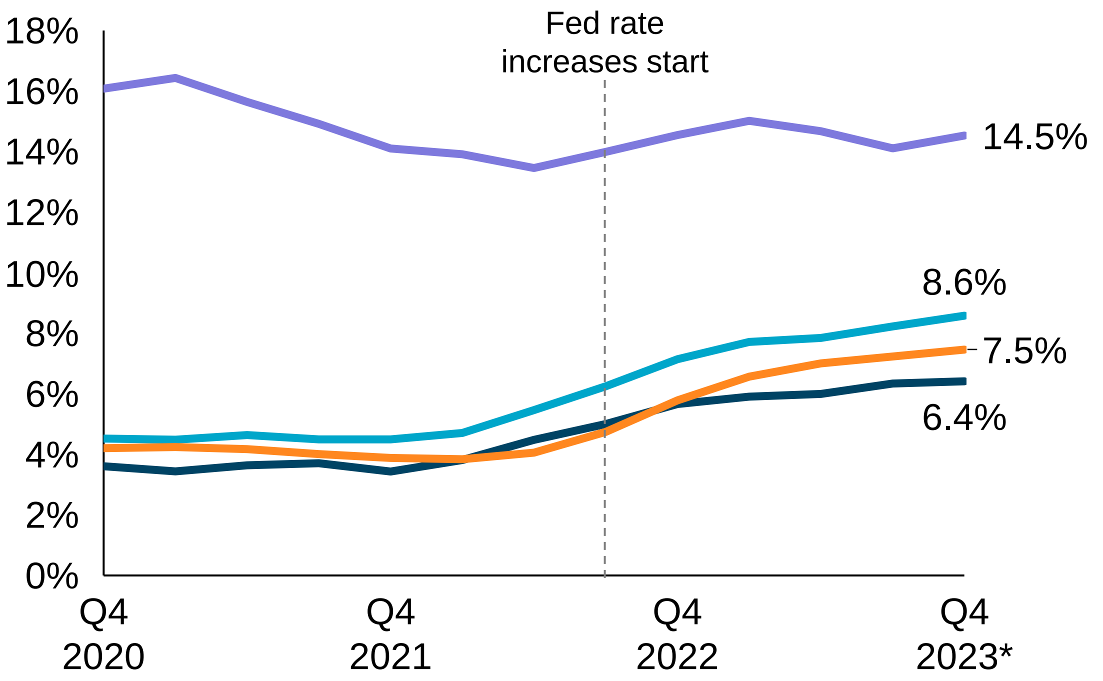
S&P Global Mobility

Source: AutoCreditInsight by S&P Global Mobility, TransUnion

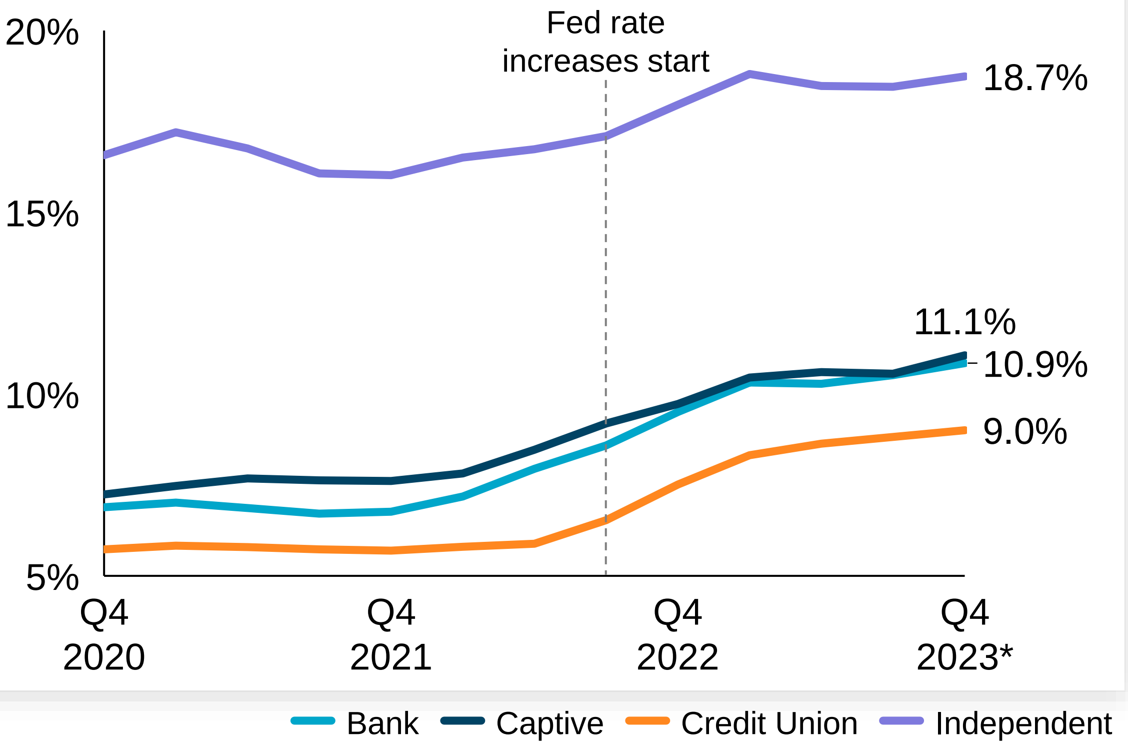
Captive rates for new financing remain mostly flat as incentives roll out and credit unions remain competitive in the used market

Average APR by Lender Type (Loan Originations) – Q4 2020 to Q4 2023*

New Vehicle Financing

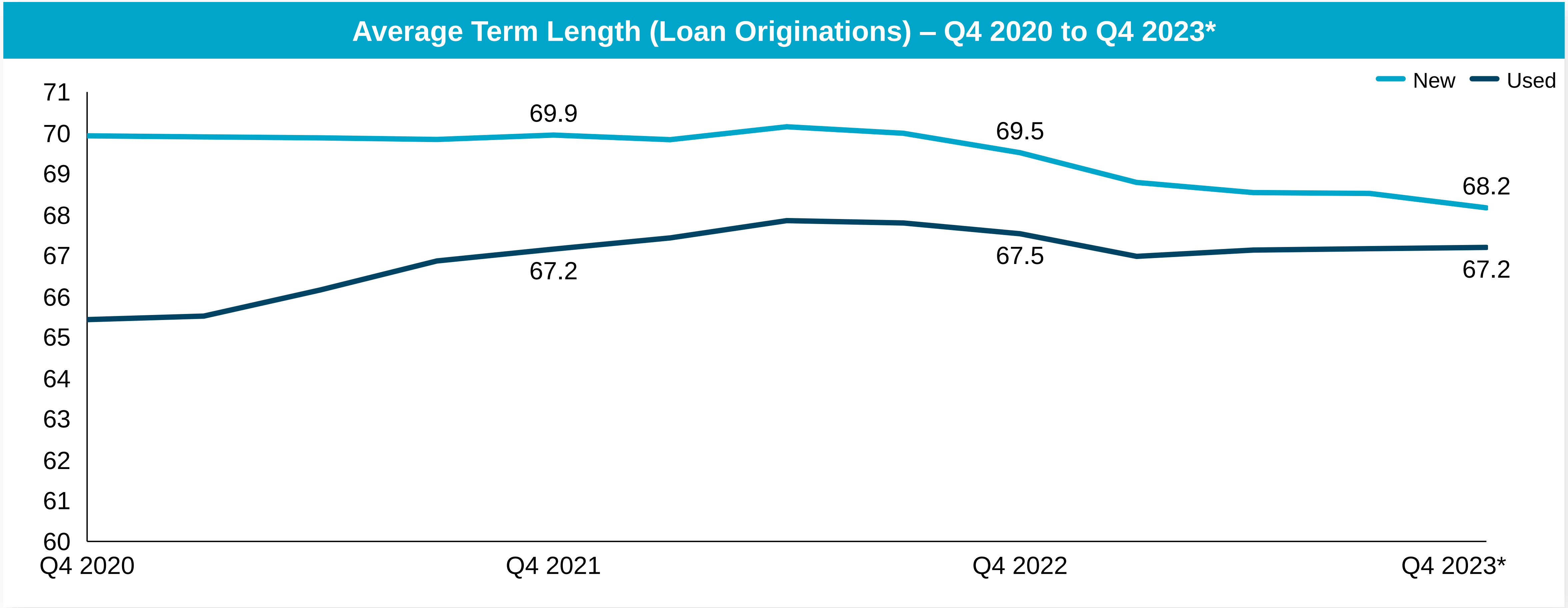


Used Vehicle Financing



*Q4 2023 Reflects partial quarter data

Terms remain down from peaks in mid 2022



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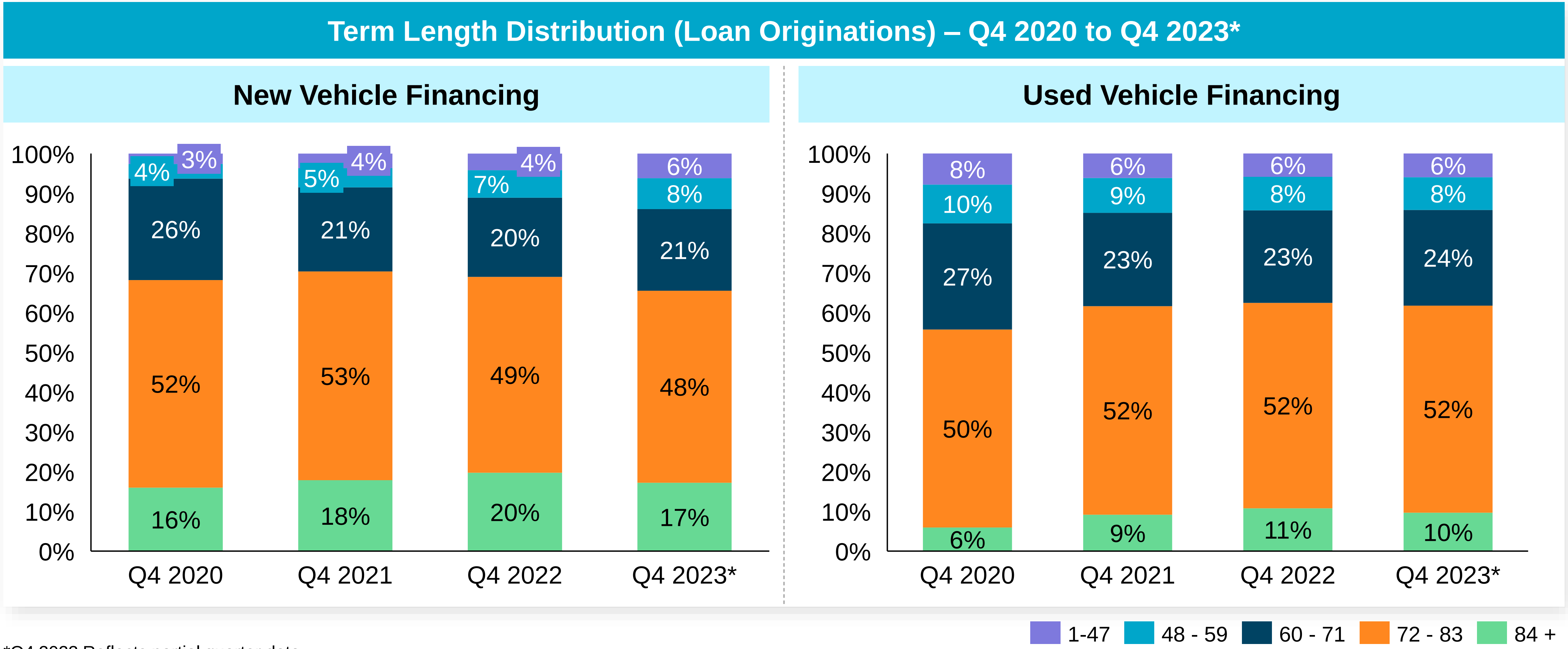
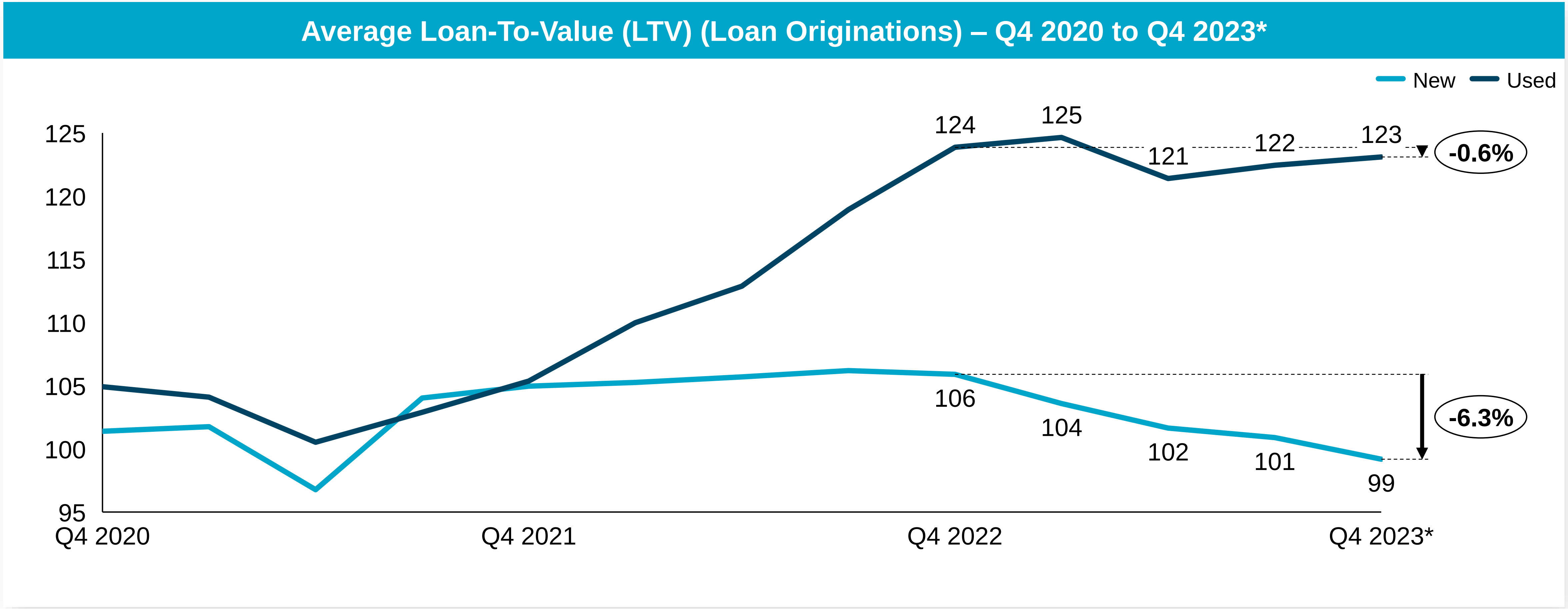
Source: AutoCreditInsight by S&P Global Mobility, TransUnion

New vehicle originations under 60 months have grown because of captive incentive offers



*Q4 2023 Reflects partial quarter data

Originating LTVs remain elevated for used vehicles while new loan LTV's continue to drop

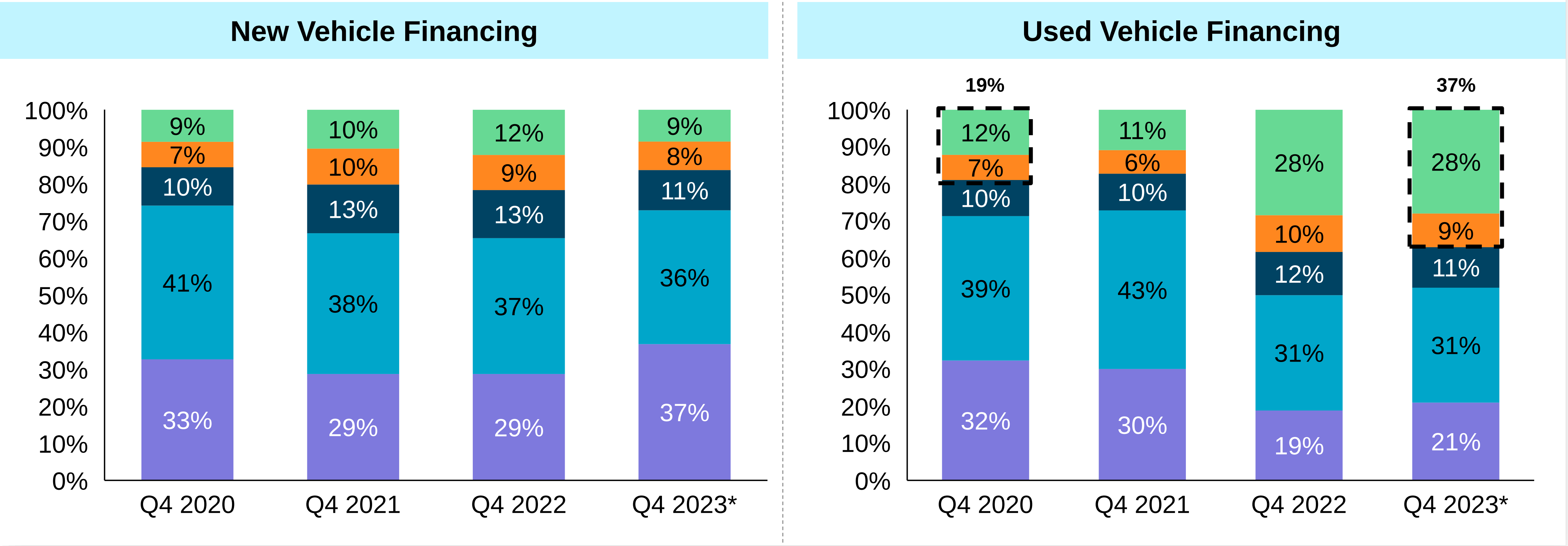


*Q4 2023 Reflects partial quarter data

Source: AutoCreditInsight by S&P Global Mobility, TransUnion

Over a third of used vehicle loans in Q4 originated with a starting LTV of 130%+ compared to only 19% of used vehicle loans in Q4 2020

LTV Distribution (Loan Originations) – Q4 2020 to Q4 2023*



1 - 89% | 90 - 119% | 120 - 129% | 130 - 139% | 140%+

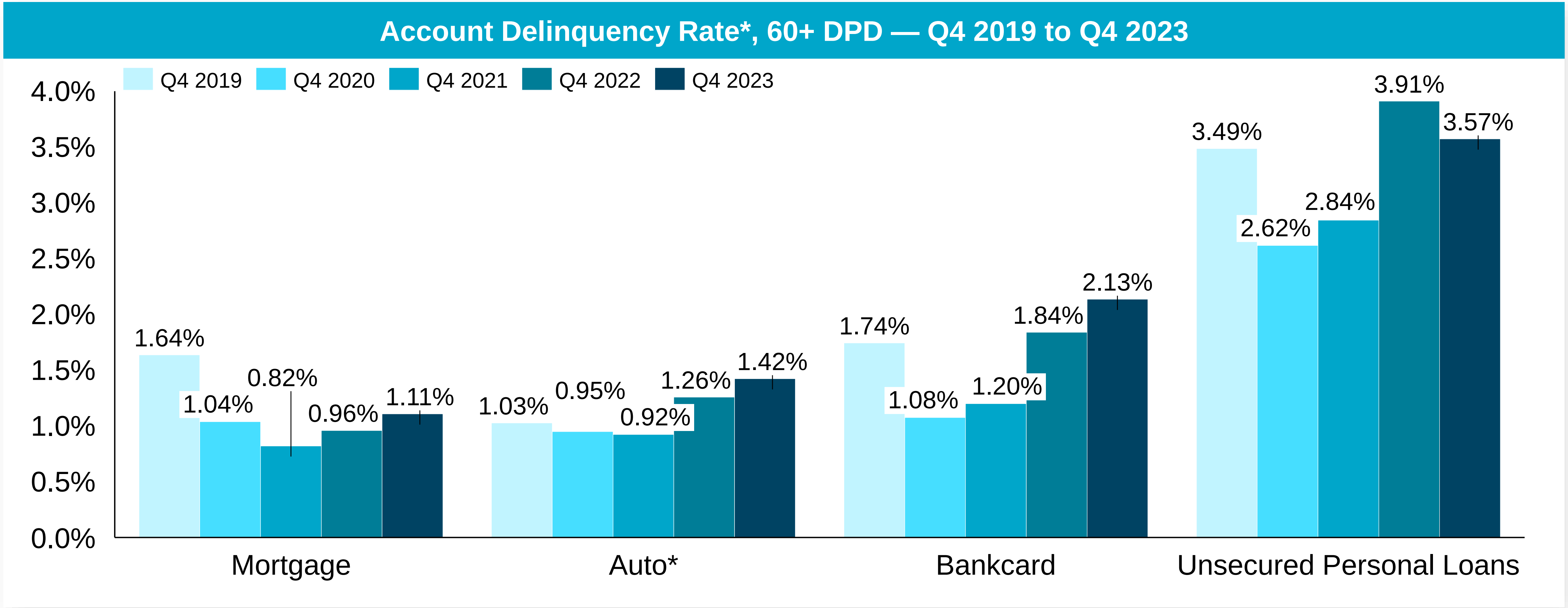
*Q4 2023 Reflects partial quarter data

Delinquencies

In Q4 2023, 60+ DPD (account level) **delinquencies climbed 16bps YoY and 7bps QoQ to 1.42%**

*Point-in-time market delinquency rates have been restated from Q2 2020 to present beginning with the Q3 2023 report to exclude irregular data reporting from a data furnisher

Point-in-time, account-level delinquency rates have increased across most consumer credit products

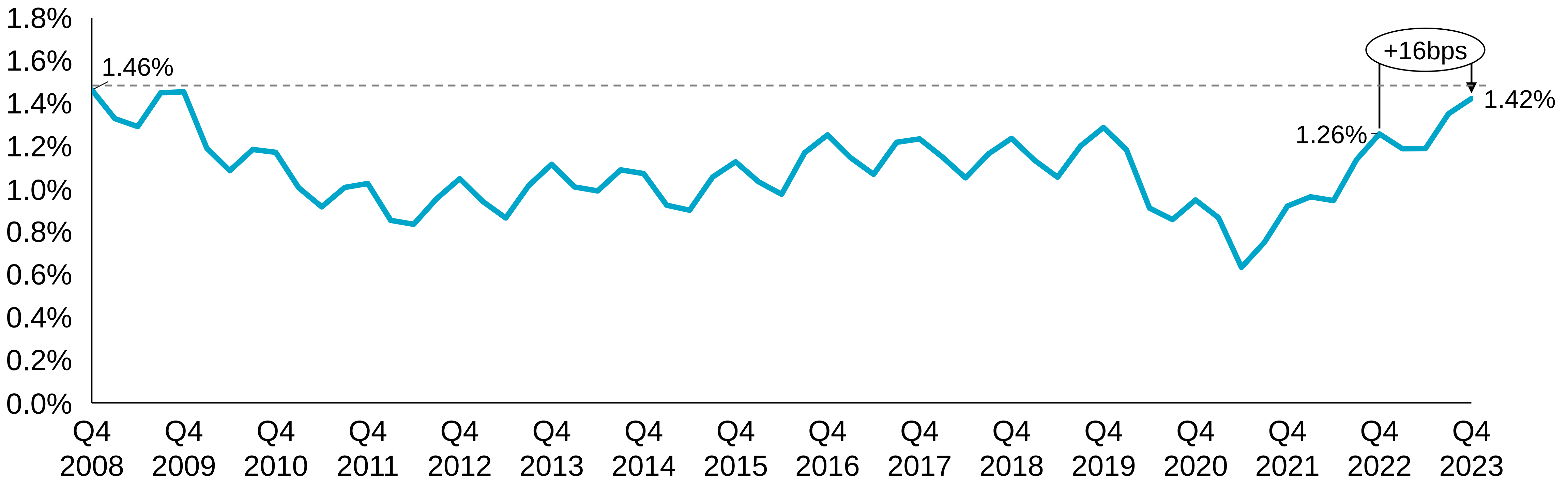


*Point-in-time market delinquency rates have been restated for auto from Q2 2020 to present this quarter to exclude irregular data reporting from a data furnisher

Source: TransUnion US consumer credit database

60+ DPD account delinquencies increased to 1.42% and remain 16bps higher than Q4 2022, approaching the 2008 peak

Account Delinquency Rate*, 60+ DPD — Q4 2008 to Q4 2023



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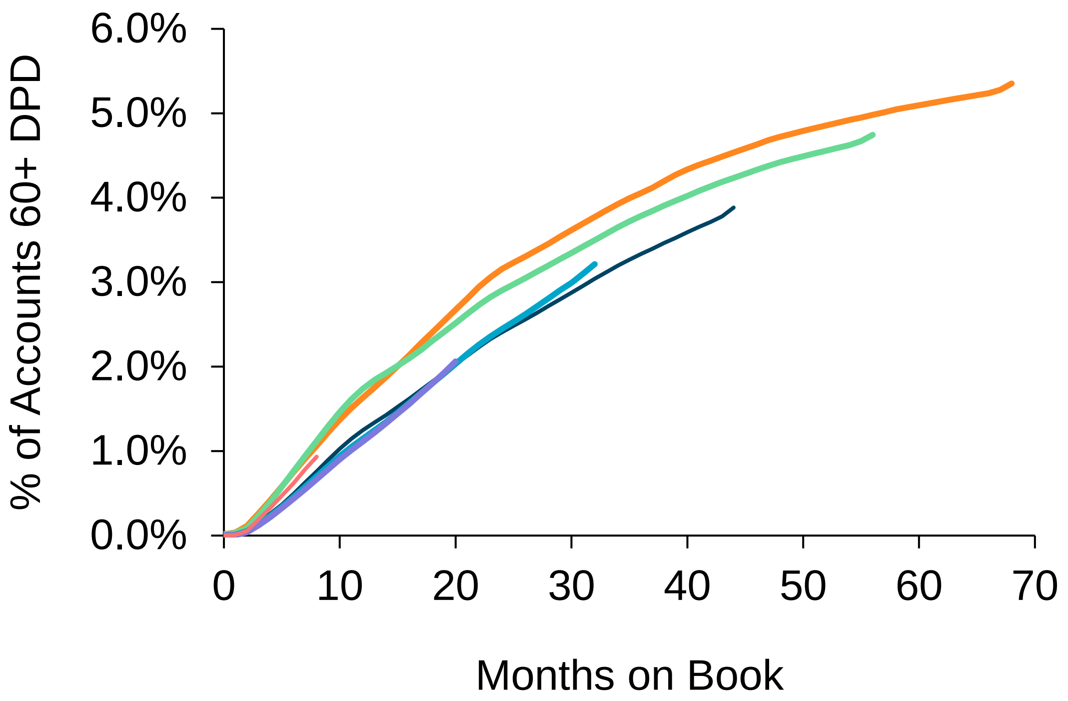
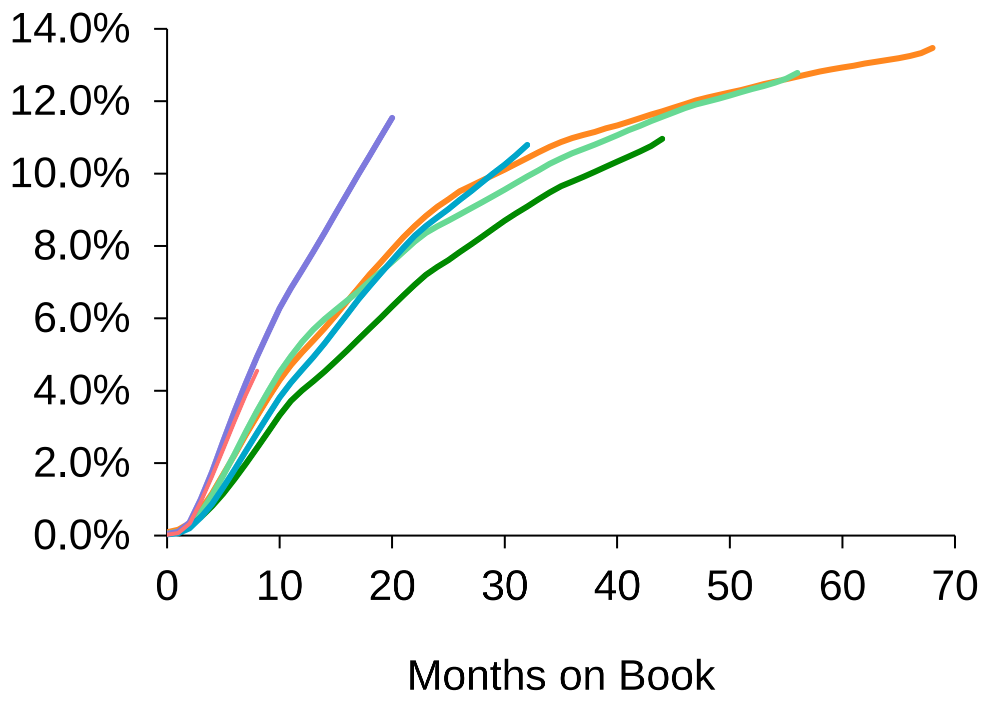
Source: TransUnion US consumer credit database

Used vehicle vintages have shown deterioration while new vehicle vintages have mostly performed in line with pre-pandemic levels

Vintage Delinquency of New Auto Loans and Leases



Vintage Delinquency of Used Auto Loans and Leases

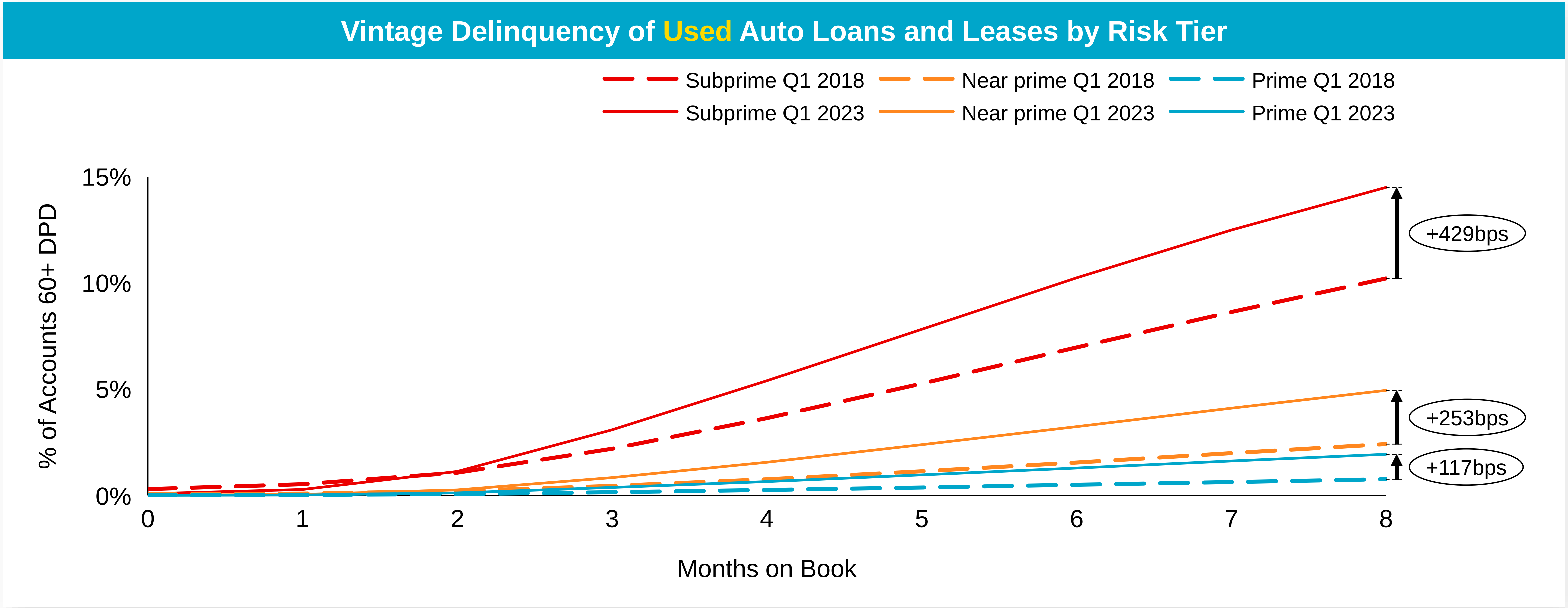


Q1 2018 Q1 2019 Q1 2020 Q1 2021 Q1 2022 Q1 2023

S&P Global Mobility

Source: AutoCreditInsight by S&P Global Mobility, TransUnion

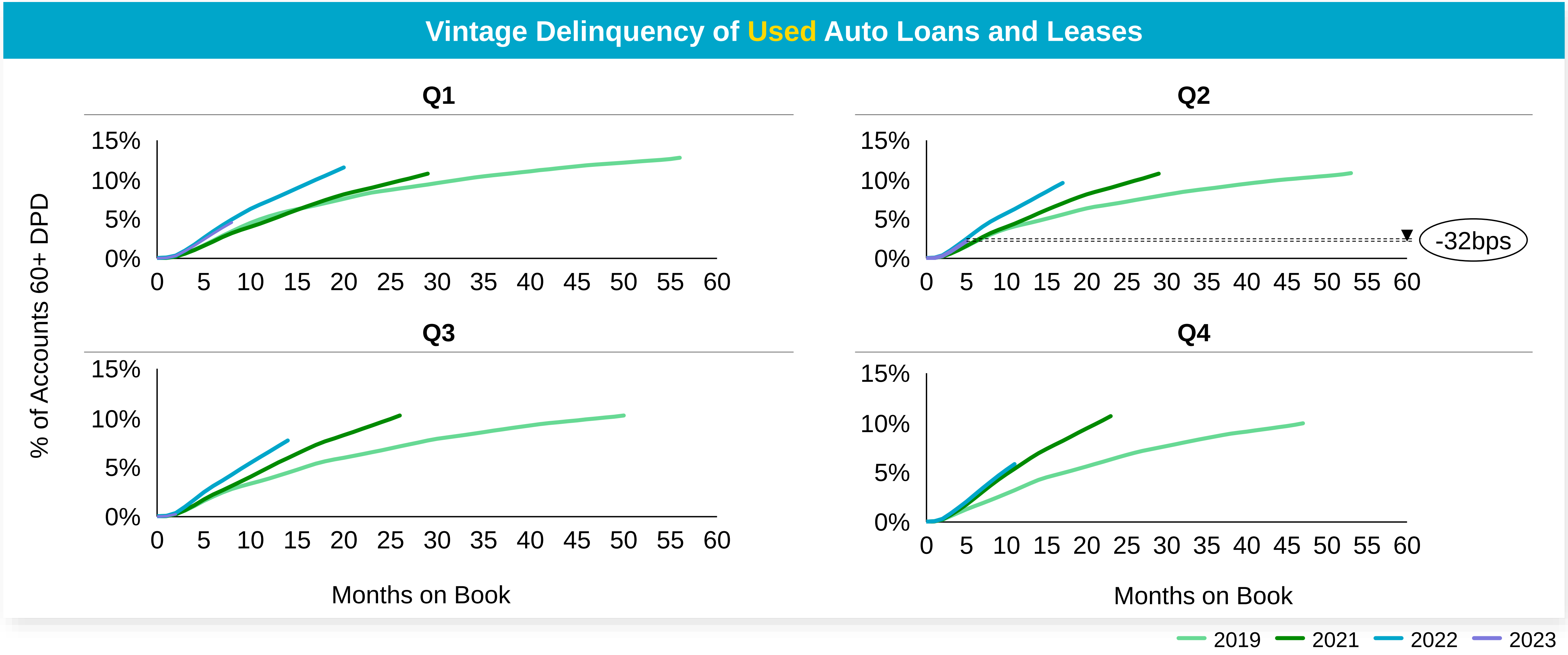
When controlled for credit risk, payment deterioration is most pronounced for below prime used vehicle originations



VantageScore® 4.0 risk ranges
Subprime = 300–600, Near prime = 601–660, Prime = 661–720, Prime plus = 721–780, Super prime = 781+

Source: AutoCreditInsight by S&P Global Mobility, TransUnion

Q2 2023 vintages are 32bps below Q2 2022 at five months on book, but still showing worse performance compared to 2019 or 2021 cohorts

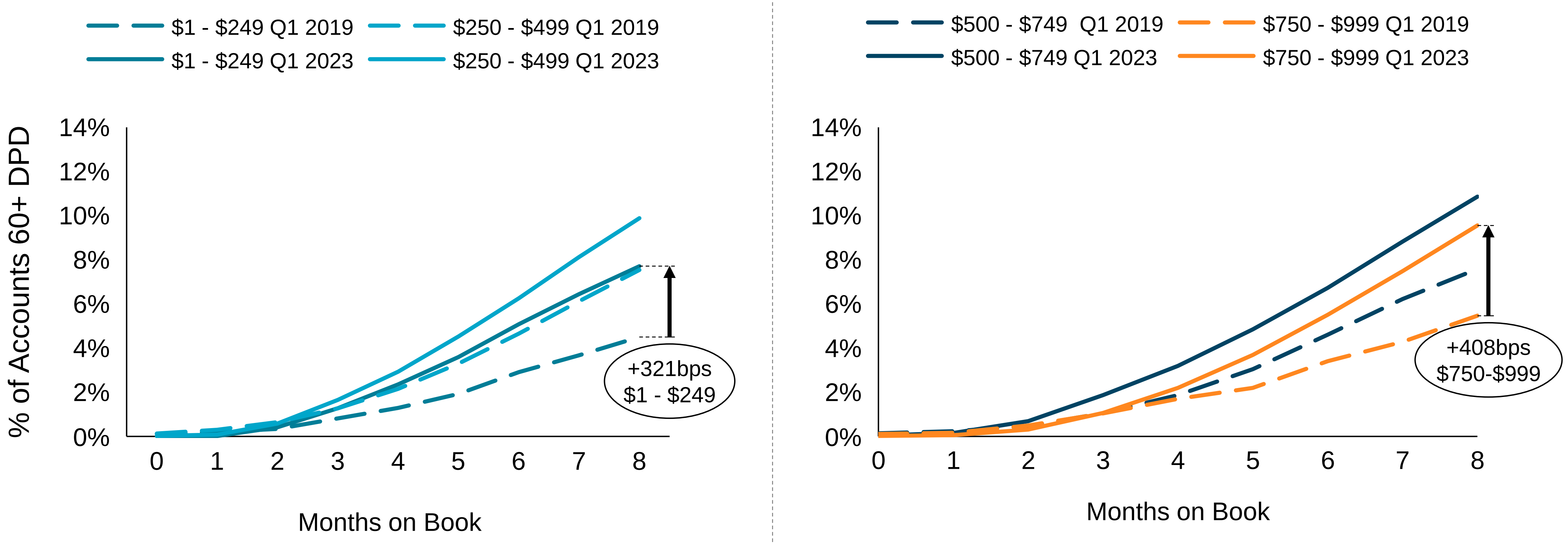


S&P Global Mobility

Source: AutoCreditInsight by S&P Global Mobility, TransUnion

Subprime performance by monthly payment is similar across payment amounts with higher payments performing slightly worse then 2019

Vintage Delinquency of Used Subprime Auto Loans and Leases, by Monthly Payments



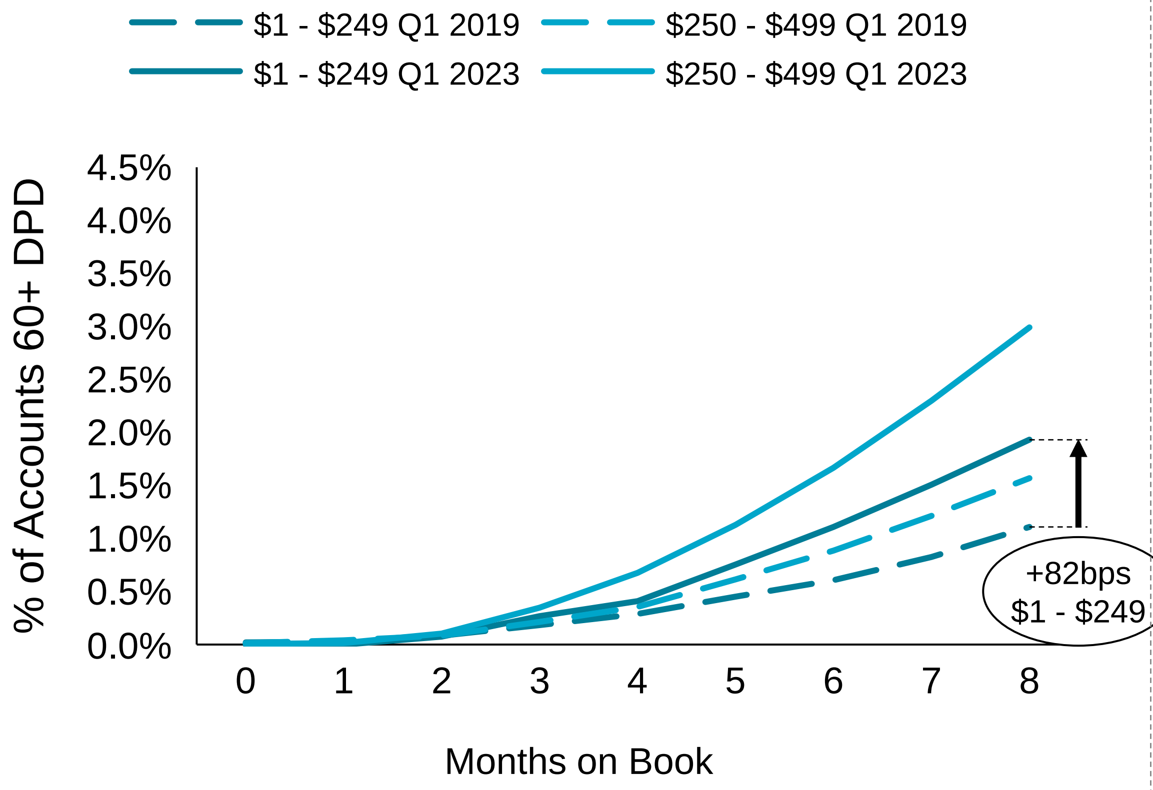
VantageScore® 4.0 risk ranges
Subprime = 300–600, Near prime = 601–660

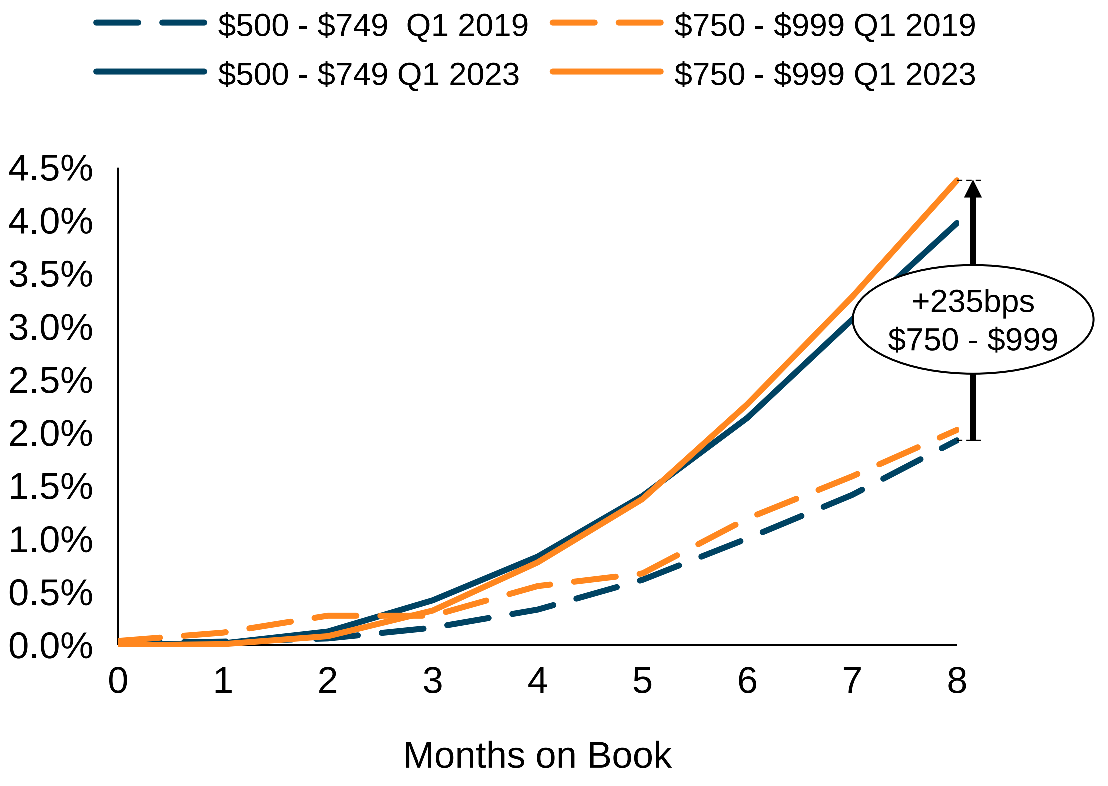
S&P Global Mobility

Source: AutoCreditInsight by S&P Global Mobility, TransUnion

Near prime performance deterioration is substantially higher for higher payment amounts

Vintage Delinquency of Used Near Prime Auto Loans and Leases, by Monthly Payments





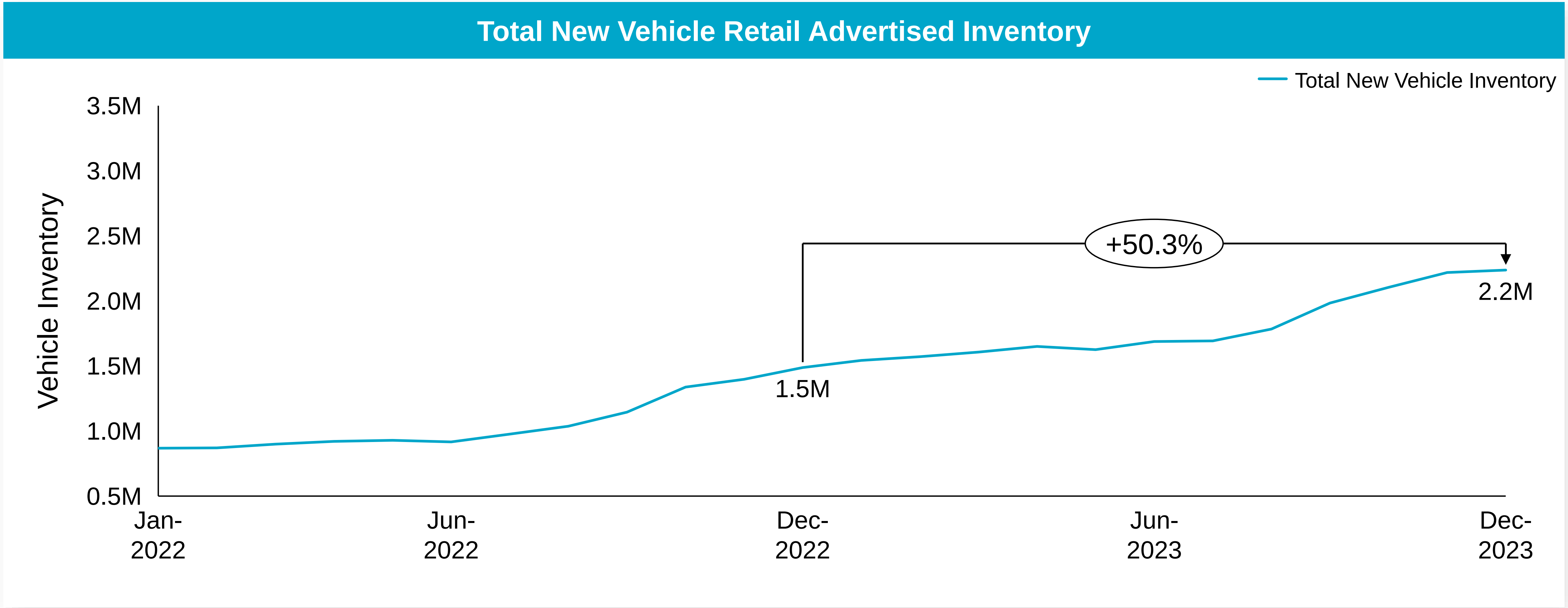
VantageScore® 4.0 risk ranges
Subprime = 300–600, Near prime = 601–660

Source: AutoCreditInsight by S&P Global Mobility, TransUnion

Quarterly Spotlight –
New Vehicle Inventories

New vehicle inventories continue to recover but vary greatly by brand and vehicle type

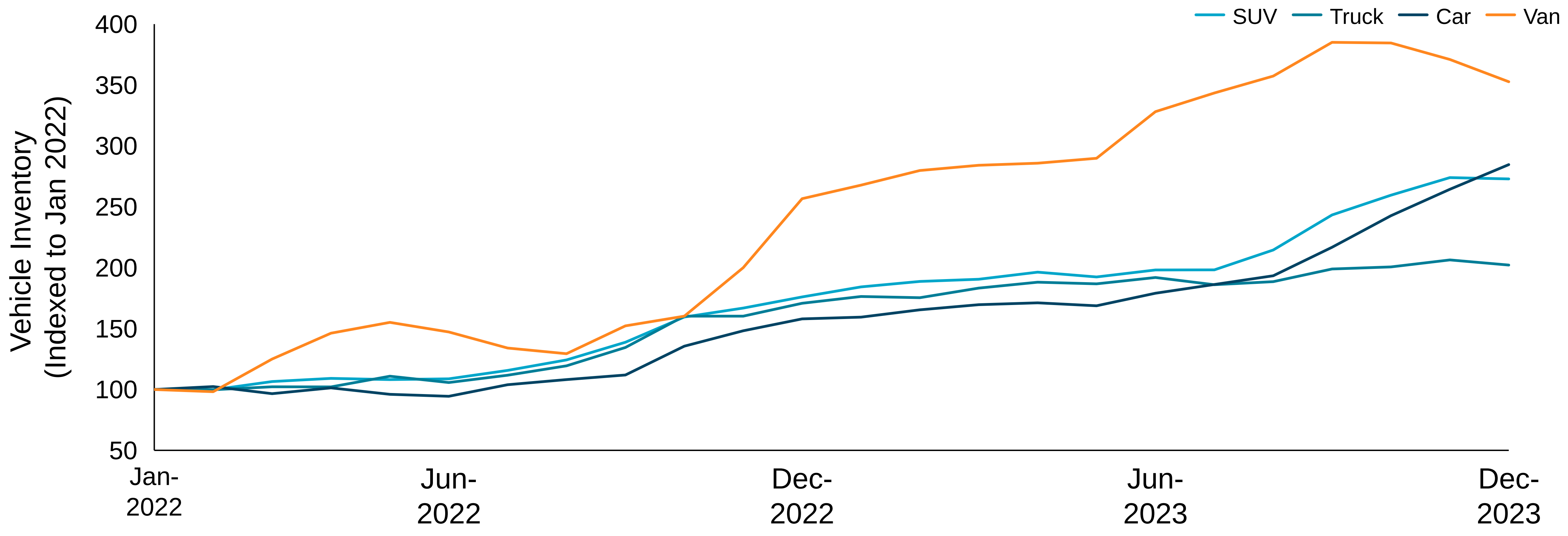
New vehicle dealer inventory grew 50% YoY



Source: Retail Advertised Inventory by S&P Global Mobility

All vehicle type inventories are up, with car and SUV improving significantly over the past four months

Total New Vehicle Retail Advertised Inventory by Vehicle Type



S&P Global Mobility

Source: Retail Advertised Inventory by S&P Global Mobility

Despite broad inventory growth, the median days advertised varies by brand

Median Days Advertised Before Sale by Make (Top 5 and Bottom 5)*	
Make	Median Days Advertised*
Chrysler	146
Jeep	98
Maserati	94
Ram	94
Infiniti	93
…	…
Toyota	26
Cadillac	25
Honda	25
Kia	25
Land Rover	25

*As of December 2023

S&P Global Mobility

Source: Retail Advertised Inventory by S&P Global Mobility

Brands with higher inventory levels show higher discounting while luxury bands are the least likely to have prices below MSRP

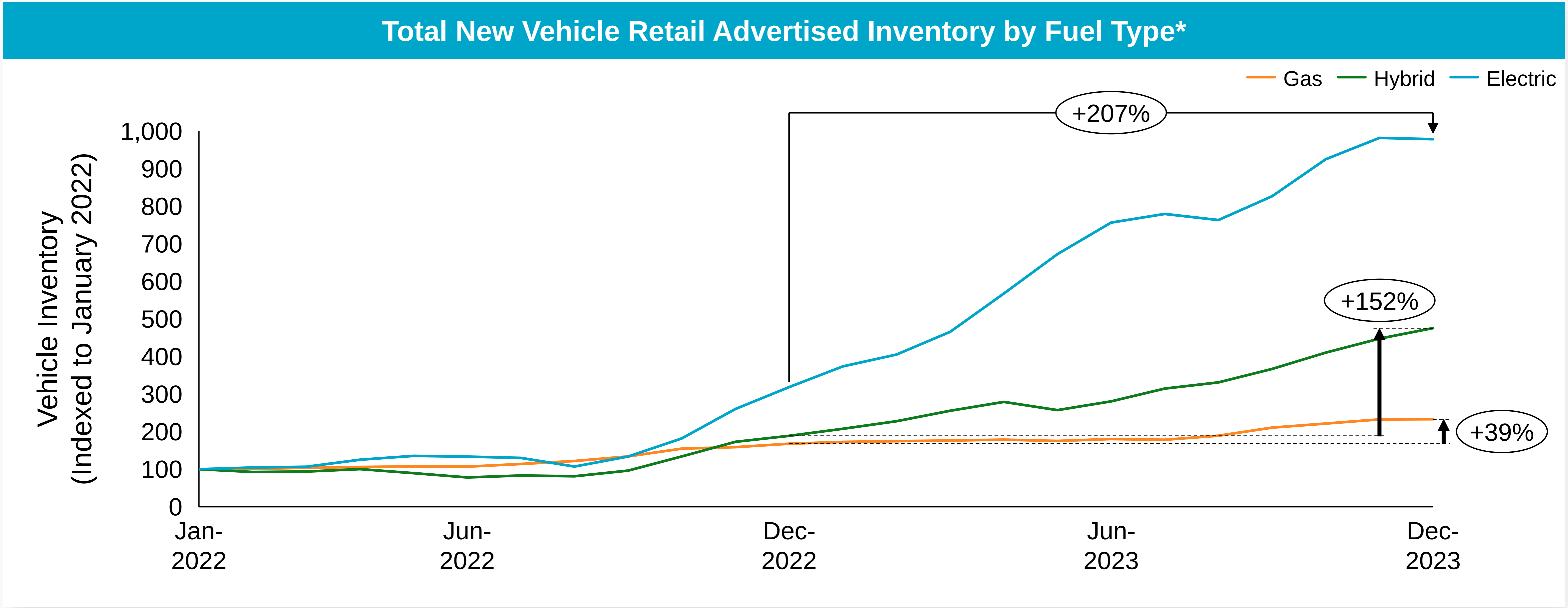
% of Vehicles with a List Price Below MSRP (Top 5 and Bottom 5)*	
Make	% with List Price Below MSRP*
Chrysler	80.29%
Ram	72.21%
Dodge	70.56%
Jeep	66.55%
Alfa Romeo	62.26%
…	…
Mini	2.30%
Land Rover	2.15%
BMW	1.67%
Mercedes-Benz	1.10%
Porsche	0.45%

*As of December 2023 and at least 1000 units of available inventory

S&P Global Mobility

Source: Retail Advertised Inventory by S&P Global Mobility

EV inventory is up 207% YoY while gas vehicle inventory is up 39%

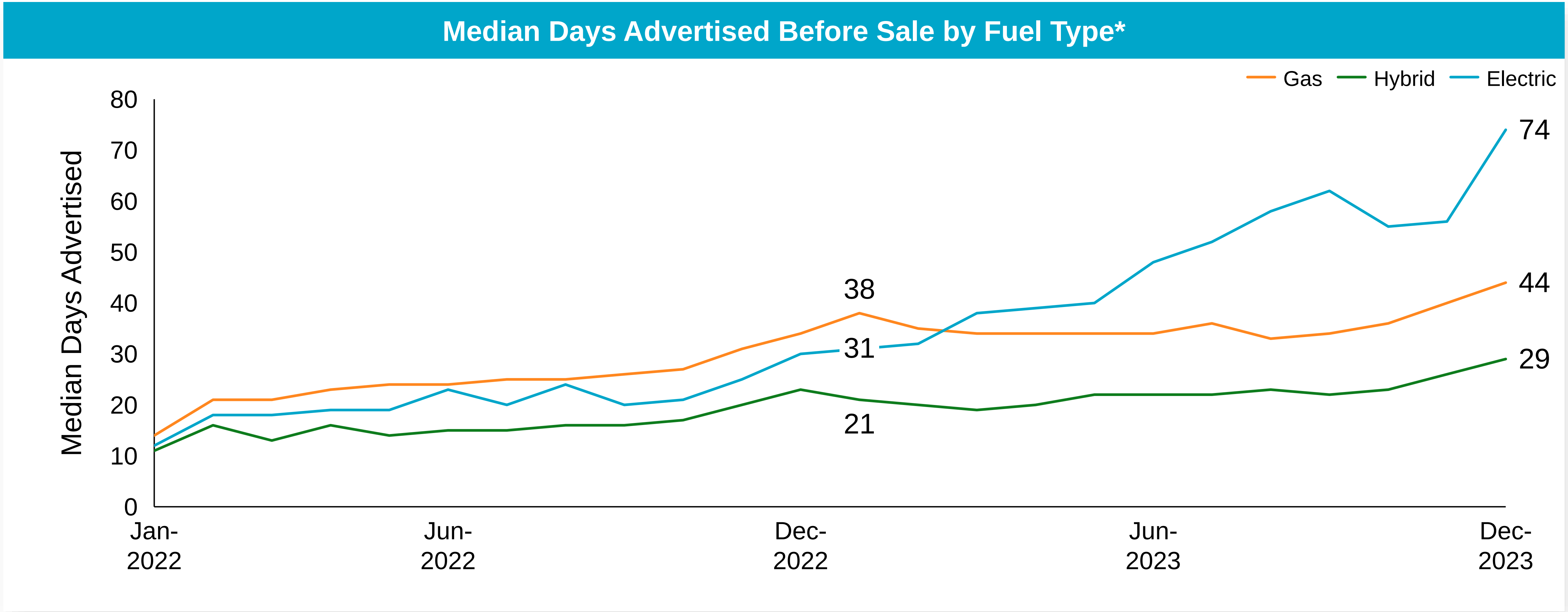


*Excludes direct-to-consumer brands

S&P Global Mobility

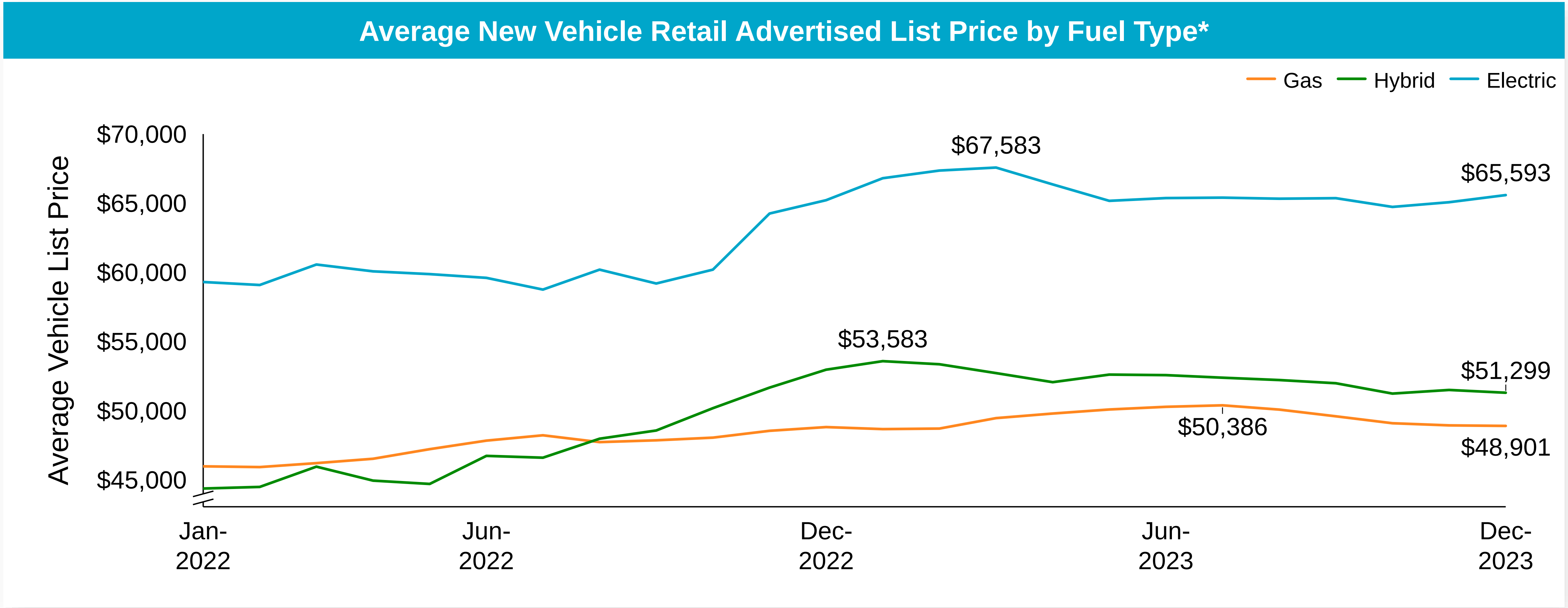
Source: Retail Advertised Inventory by S&P Global Mobility

Median days advertised before a sale was highest for EV's



*Excludes direct-to-consumer brands

EV's remain significantly more expensive then both gas and hybrids



*Excludes direct-to-consumer brands

S&P Global Mobility
Source: Retail Advertised Inventory by S&P Global Mobility

For more information contact

Chris Huszar

Director, Financial Services Research & Consulting

chris.huszar@transunion.com