MARKET PULSE AUTOMOTIVE INSIGHTS REPORT

Industry Trends and Insights
April 2024

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Introduction

Each month, Equifax produces its Automotive Industry Market Pulse, designed to provide automotive professionals with the latest auto credit information and industry insights to help them make informed decisions. This data is critically important for OEMs, lenders, dealers, and service providers.

These reports provide considerable value and insights, including:

- Historical trended data that can provide early indicators of consumer strength in automotive credit

- Overview of total outstanding auto debt, including loans and leases, with a focus on new auto lending patterns

- Origination profiles for car shopping, along with an overview of auto delinquency and early delinquency activity

- A special section with a review of auto loans and the impact of specialty finance.

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Overview of Total Outstanding Auto Debt

EQUIFAX

Archive	# Trades	$ Balance	% Subprime Balance
2024 02	86.6M (YoY 0.06%)	$1.63T (YoY 3.77%)	20.6%

Balance and Balance YoY by Lender Type

Lender Type	$ Total Balance	% Balance YoY
Bank	$525.6B	-2.2%
Captive	$536.2B	10.3%
Credit Union	$466.1B	4.1%
Dealer Finance	$26.8B	3.0%
Monoline	$55.5B	2.6%
Other	$20.4B	3.4%

Subprime Share and Subprime YoY by Lender Type

Lender Type	% Subprime	% Subprime YoY
Bank	18.2%	8.1%
Captive	18.6%	3.9%
Credit Union	16.0%	13.0%
Dealer Finance	60.4%	-0.9%
Monoline	61.3%	-6.0%
Other	49.8%	-10.9%

Banks are the only lender type recording a YoY decline in outstanding loan balances, while Captive lenders are seeing over 10% growth.

Banks and Credit Unions are seeing high growth in Subprime while Monolines and "Other" Lenders are limiting their exposure. Dealer Finance is relatively flat year over year.

Deep Subprime and Subprime trades are increasing, while Near-Prime and Prime are decreasing.

Score Band

Score Band	% Trades per Score Band	% YoY Trade Growth
a. Deep subprime	12.8%	7.7%
b. Subprime	7.9%	1.5%
c. Near-prime	11.7%	-3.1%
d. Prime	18.5%	-4.0%
e. Super-prime	49.1%	0.3%

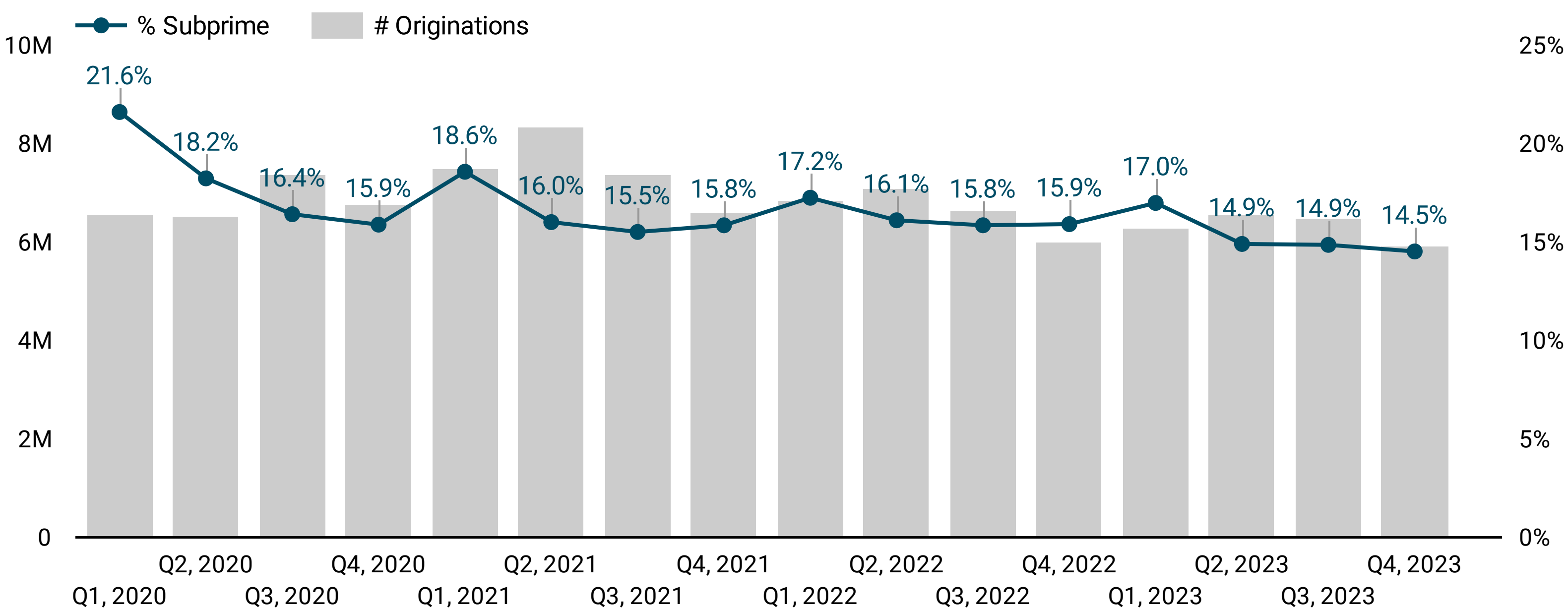
AUTO INSIGHTS

Highlights of New Auto Lending

EQUIFAX

Vintage	# Originations YTD	Loan amount YTD	% Of Subprime Originations YTD
2023 12	25.3M (YoY - YTD -5.17%)	$738.3B (YoY - YTD -7.71%)	15.3%

Originations Over Time



Overall, Originations are down over 5%. Captives are the only lender type seeing significant year over year growth in originations.

Subprime share continues to decrease from a high of 21.6% in Q1 2020.

While Credit Union Balances have grown 4.1% YoY, Originations have decreased by over 22%.

Auto Leases continue to be driven by the Prime and Super-Prime markets (>85% of Originations YTD)

Originations by Lender Type - YTD

Lender Type ▲	# Originations YTD	# Originations YoY - YTD
Bank	6.9M	-9.4%
Captive	8.9M	17.0%
Credit Union	6.5M	-22.1%
Dealer Finance	614.8K	-9.1%
Monoline	1.6M	0.9%
Other	668.1K	-10.5%

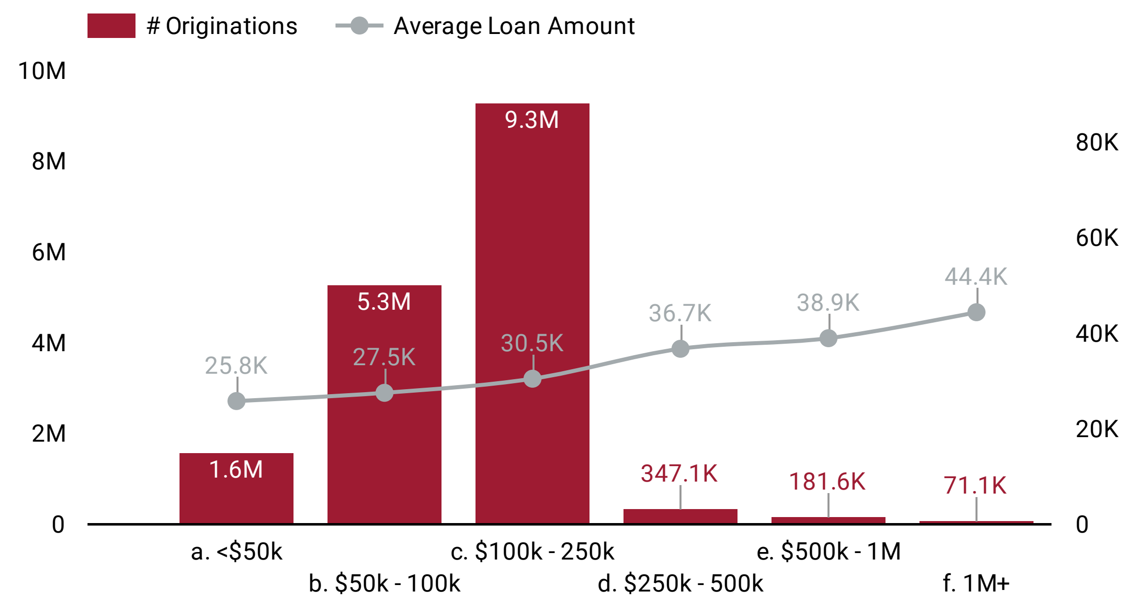
Originations Distribution by Score Band - YTD

Score Band ▲	% Auto Loan	% Auto Lease
a. Deep subprime	8.8%	2.6%
b. Subprime	7.9%	3.8%
c. Near-prime	12.7%	7.9%
d. Prime	21.3%	17.5%
e. Super-prime	49.3%	68.2%

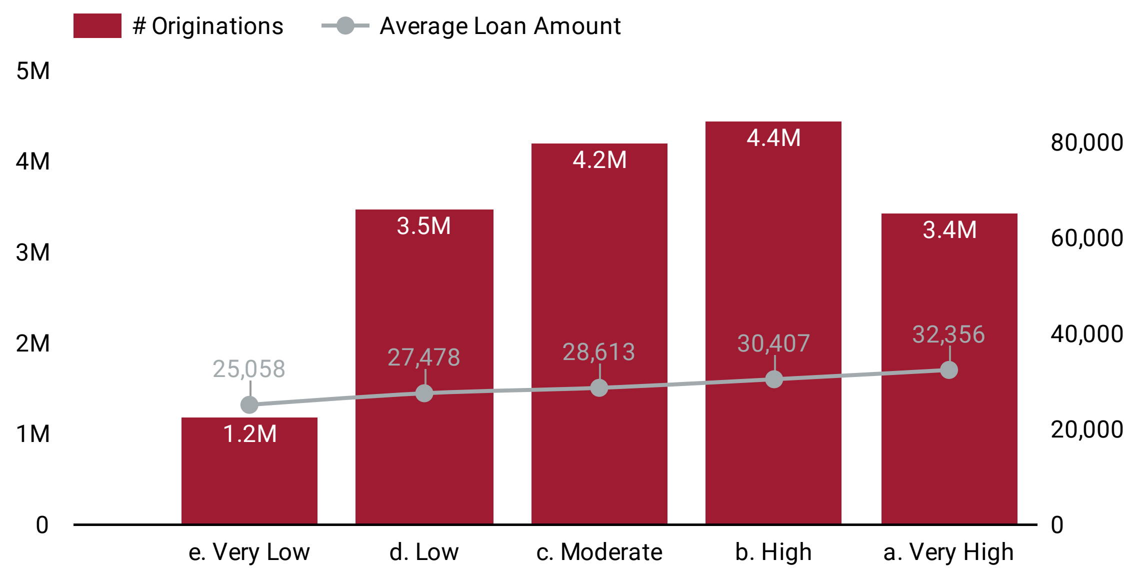
AUTO INSIGHTS

Origination Consumer Profiles

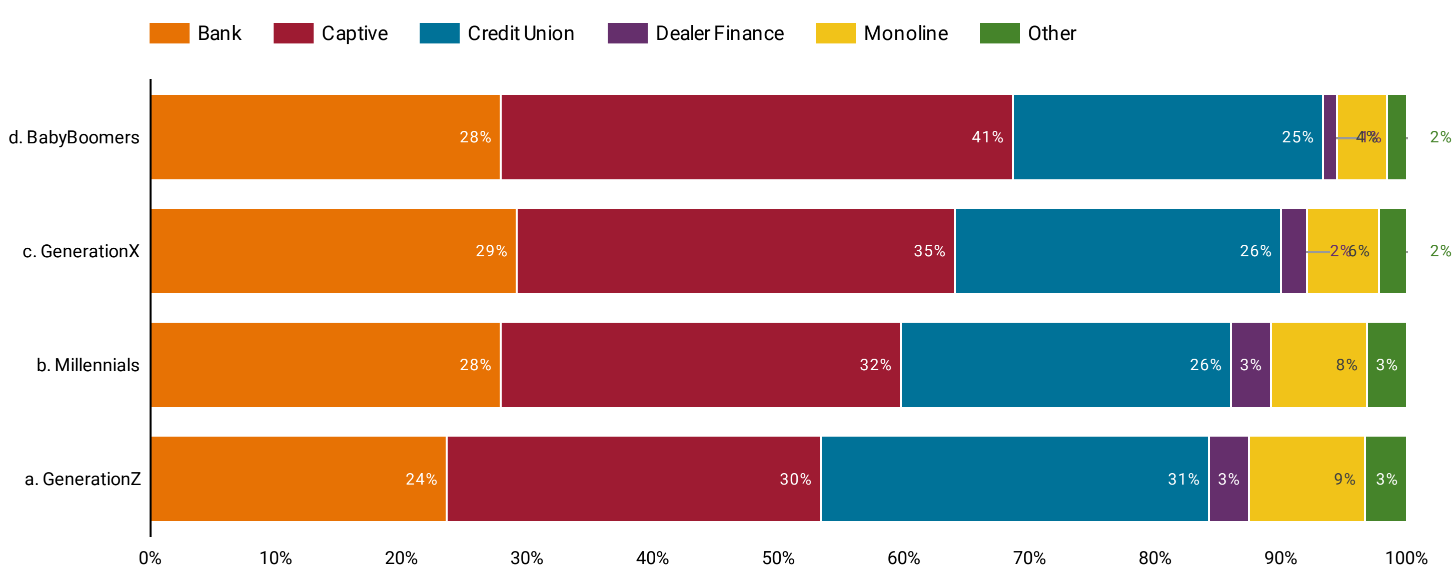
YTD Originations by Income360



YTD Originations by Financial Durability Index



YTD Originations by Generation and Lender Type



Captive lenders are the most dominant finance option for Baby Boomers, with over 41% of their originations.

Across generations, Gen Z is least likely to borrow from Captives and Banks (30% and 24% respectively), and are the most likely generation to open an Auto Loan with a Credit Union at over 30%.

Average Loan amount is positively correlated with both Income and Financial Durability.

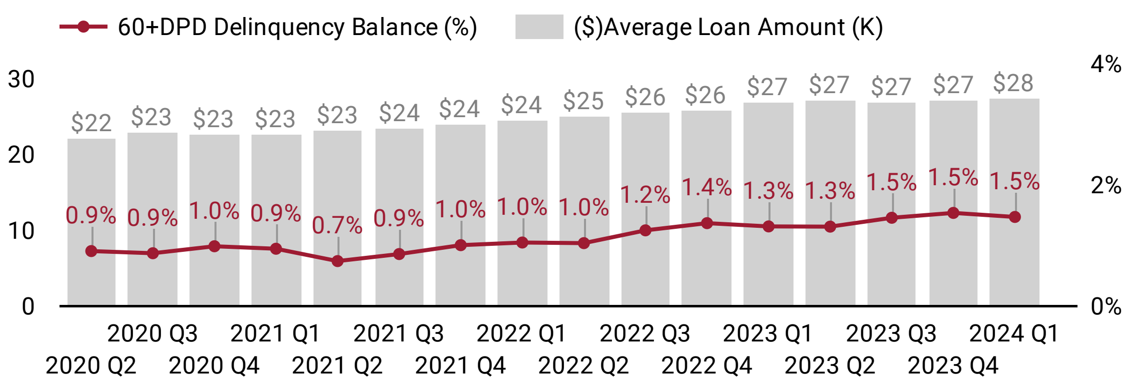
Captive Lenders are the dominant lender for all generations, except Gen Z.

AUTO INSIGHTS

Overview of Auto Delinquency

Archive	60+ DPD Accounts - Total Auto	Balance 60+ DPD - Total Auto	Write-Off Accounts - Total Auto
2023 12	1.9%	1.6%	0.2%

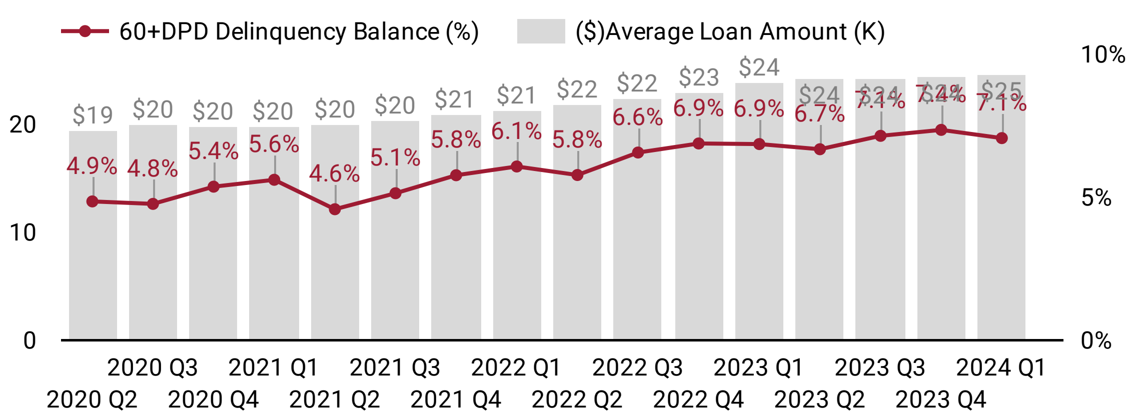
60+DPD Rate of Balance and Average Loan Amount



60+DPD Delinquency Accounts By Lender Type

Lender Type ▲	% Delinquency Rate (#)	% Delinquency Change Y...
Bank	1.3%	11.2%
Captive	1.1%	12.0%
Credit Union	0.9%	25.9%
Dealer Finance	6.3%	6.1%
Monoline	13.4%	3.2%
Other	4.8%	-8.5%

60+DPD Rate of Balance and Average Loan Amount - **Subprime Band Only**



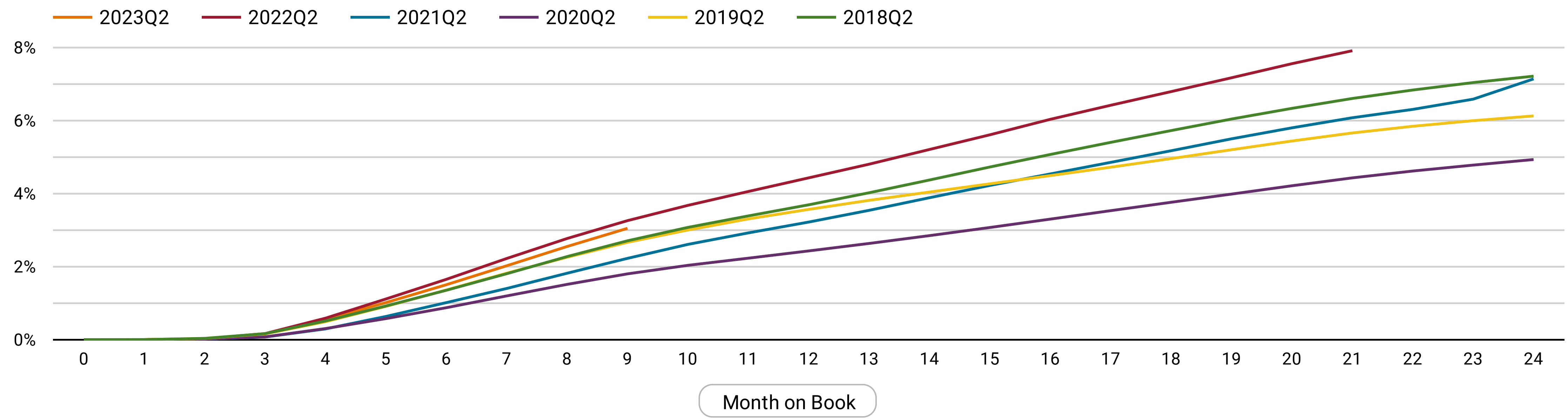
60+ DPD Delinquency Rate by Score Tier in Latest Archive

Score Band ▲	% Delinquency Rate (#)	% Delinquency Change YoY
a. Deep subprime	10.93%	8%
b. Subprime	1.26%	18%
c. Near-prime	0.35%	13%
d. Prime	0.10%	4%
e. Super-prime	0.01%	-8%

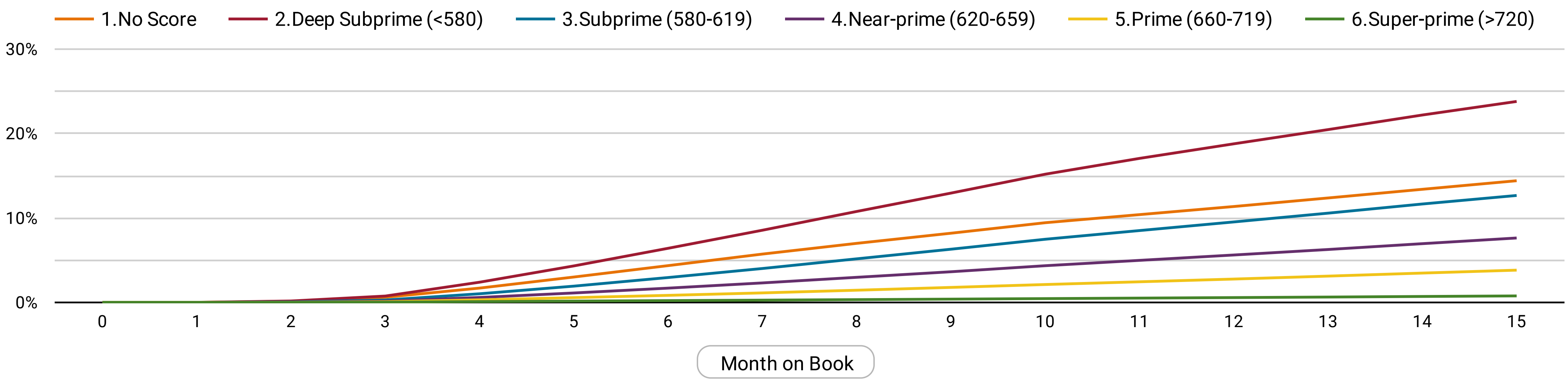
Delinquencies are up for all Lenders, but particularly Credit Unions had a significant increase in delinquency YoY.
The largest increases in Delinquency rates are in Subprime and Near-prime, with Super-prime actually seeing a decrease in Delinquency rates.
Q2 typically sees a dip in delinquency rates, potentially due to tax returns.

Early Delinquency

Cumulative % 60+ DPD (#) by Cohort for Q2



Cumulative % 60+ DPD (#) by Score Band on the latest quarter available (2022Q4)

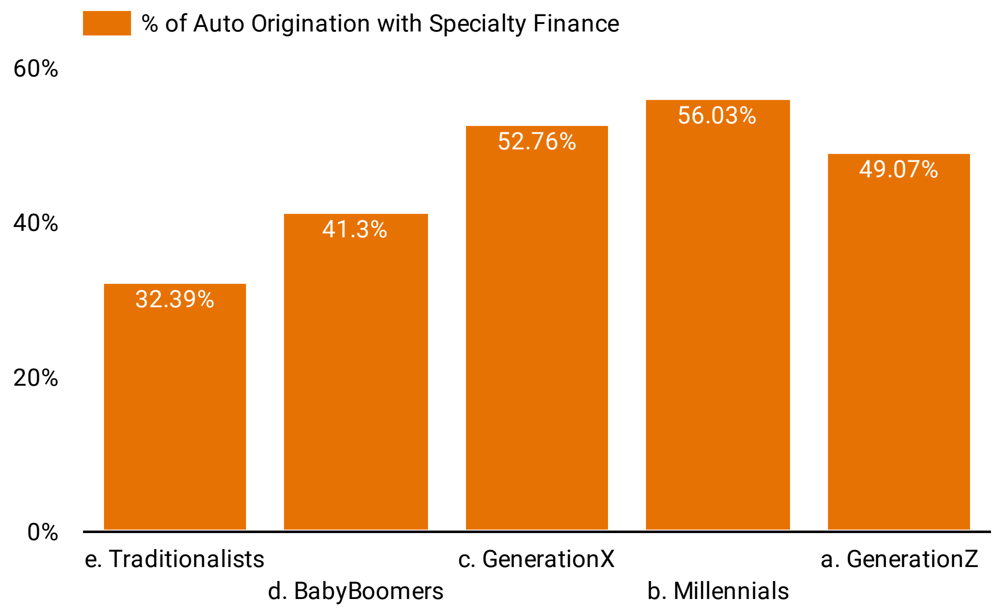


60+ DPD rates are at the highest level for 2022Q2 originations while 2023Q2 appears to only yield a marginally better bad rate.

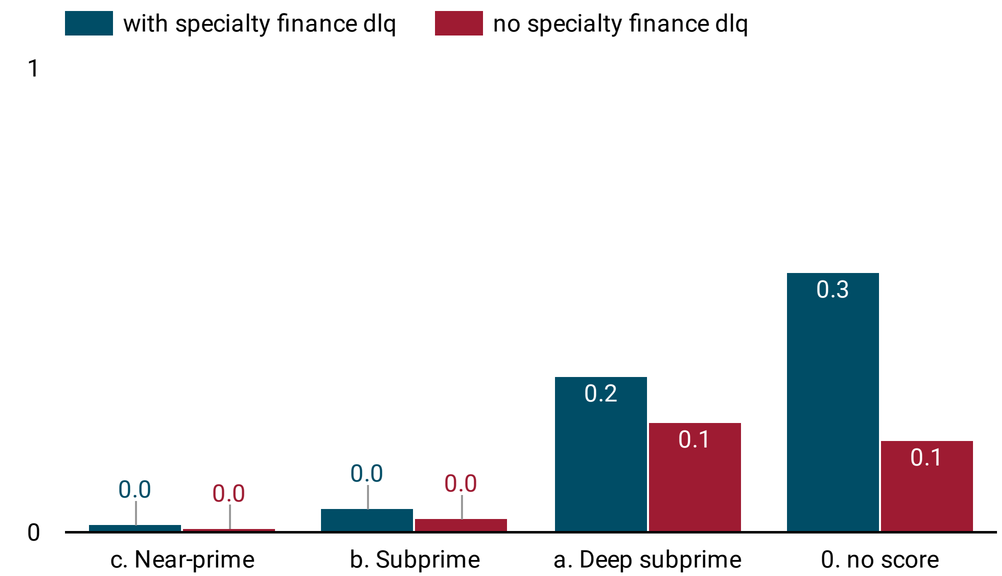
AUTO INSIGHTS

Auto Consumers and Specialty Finance

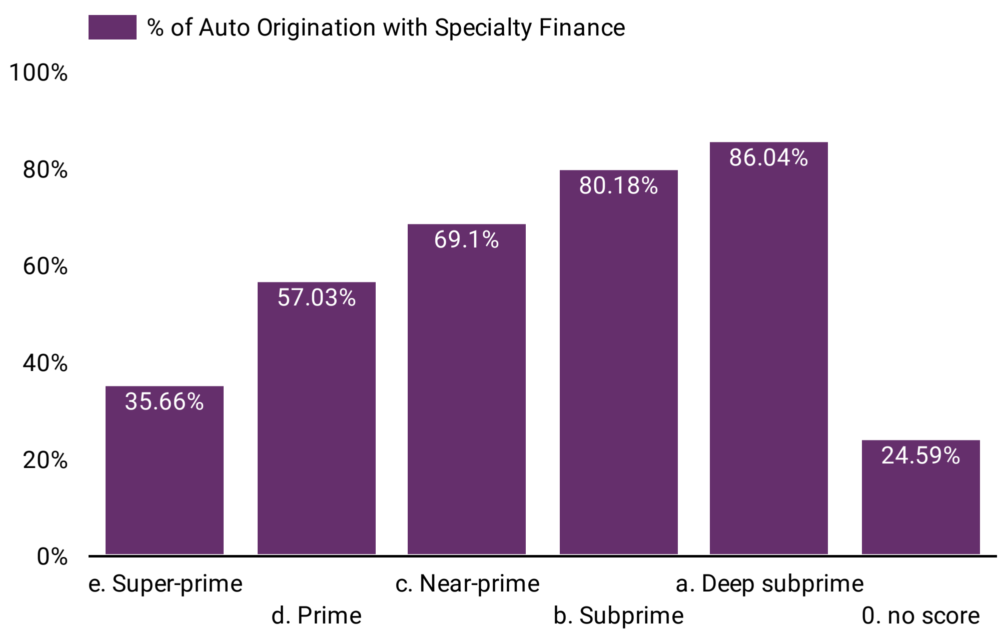
% of 2023-Q4 Auto Originations with Specialty Finance by Generation



% 60+ DPD (#) on Auto Loans for Consumers with Specialty Finance trades



% of 2023Q4 Auto Origination with Specialty Finance by Vantage 3



The Generation (top left) and VantageScore (bottom) charts represent the % of new originations in Q4 2023 that were identified on Equifax's Specialty Finance databases.

Younger generations are more likely to use Specialty Finance, with more than 50% of GenX and Millenials who originated an auto loan in Q4 2023 present on the Specialty Finance database.

Consumers with higher credit quality use specialty finance less than consumers with lower credit quality, with 36% of SuperPrime consumers having a Specialty Finance presence, compared to 86% in Deep Subprime.

The chart on the top right shows that those consumers who has a Specialty Finance delinquency (blue) are more likely to also have a delinquency on their Auto loan - even within the same Vantage score band. For example, Subprime consumers with a Specialty Finance delinquency defaults on their auto loans at 2.6%, vs those without a Specialty Finance delinquency who default only at 1.6%.

Glossary

TERM	DEFINITION
Trades	Number of open accounts for Auto Loans and Auto Leases
Balance	Total Debt for Auto Loans and Auto Leases
Originations	Number of new accounts originated in the timeframe indicated
Loan Amount	Total loan amount extended at time of origination
Specialty Finance	Non-traditional lenders that extend loans to consumers that are underserved by traditional lenders
60DPD+ delinquent balance	Total Debt (USD) with a delinquency status of 60DPD or more
60DPD+ delinquent accounts	Number of accounts with a delinquency status of 60DPD or more
Write - off	Accounts with an 120DPD or worse delinquency status
Vintage	The period (month, quarter) in which the loan was originated
Score Bands	Deep subprime (below 580), Subprime (580-619), Near-prime (620-659), Prime (660-719), Super-prime (720 or above)
Subprime Share	Includes Subprime and Deep Subprime.
Income360	Income360 is a continuous household-based dollar estimate of income uncapped up to $2 million based on both income from wages and income generated from investments
Generation	Grouping of the loan holders according to the year they were born
Financial Durability Index	Financial Durability Index ™ provides unique insight into households' likely financial resilience — meaning how likely a household is able to keep spending, plus meet current and future financial obligations, even when under financial stress
Lender Type	Different types of intitutions where auto loans are available, such as banks, credit unions, captive (financing arm of auto manufacturers), dealer finance (buy here and pay here) and monoline (only lends auto loans).

Equifax Credit Trends is the primary source for the data in this report; for more information on this database please visit www.equifax.com/business/credit-trends. Data on new tradeline originations are subject to revision for up to 12 months due to lags in lenders and servicers reporting to Equifax. Data for the most recent 12 months are grossed up for expected but as yet unreported new loans. Data are sourced from Equifax's U.S. Consumer Credit database of over 220 million consumers. These data are population level – not a sample.

Through our IXI Network, we directly measure about $28 trillion in anonymous, aggregated consumer assets collected from leading financial services firms. This "direct-measured" data represents about 45 percent of all U.S. consumer invested assets and serves as the foundation of our unique measures of consumer financial capacity, investment style, behaviors, and characteristics.