
Auto Finance in the Meltdown's Wake

Presented by

JJ Hornblass

Executive Editor & Publisher

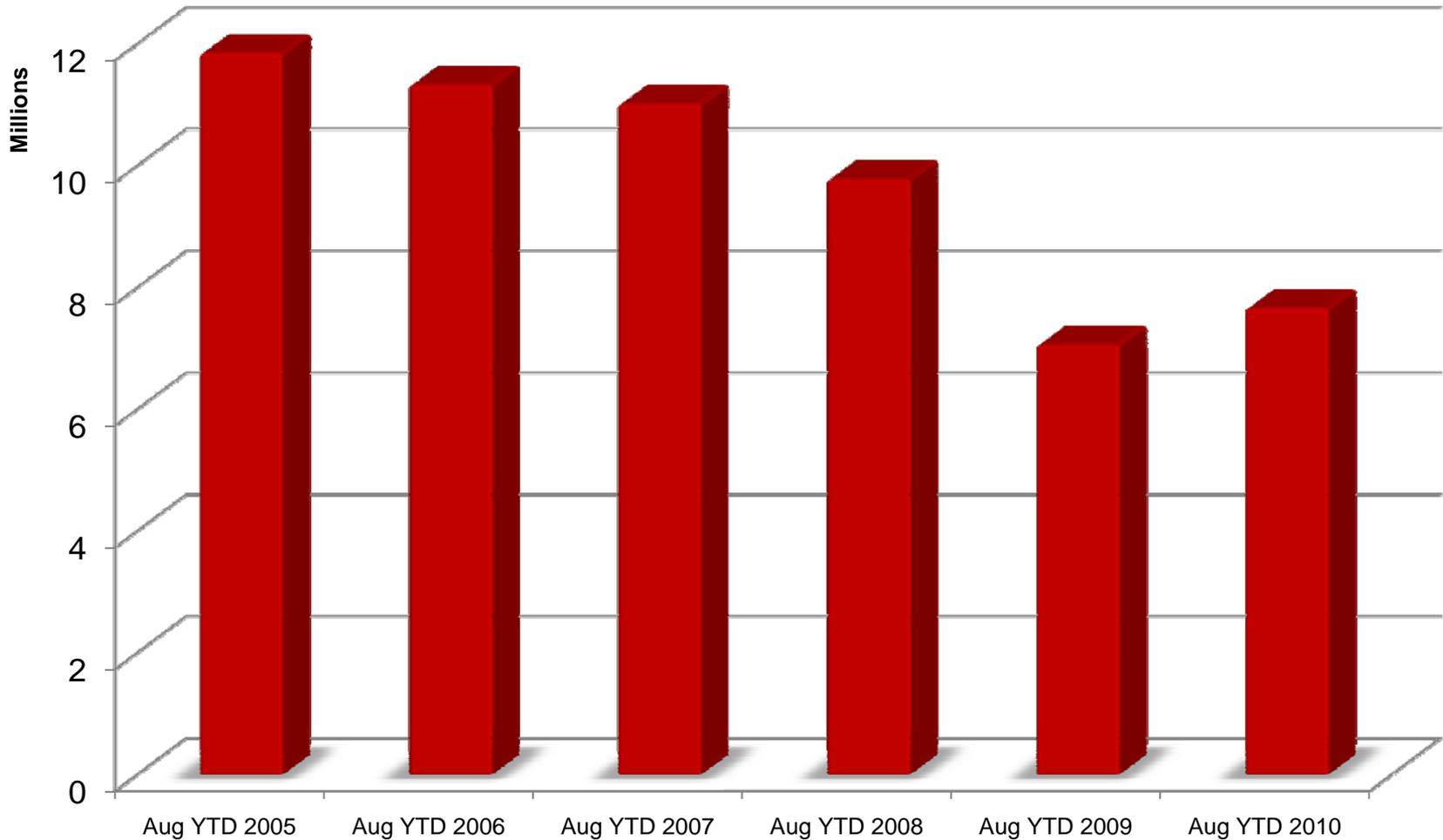
Auto Finance News

October 29, 2010

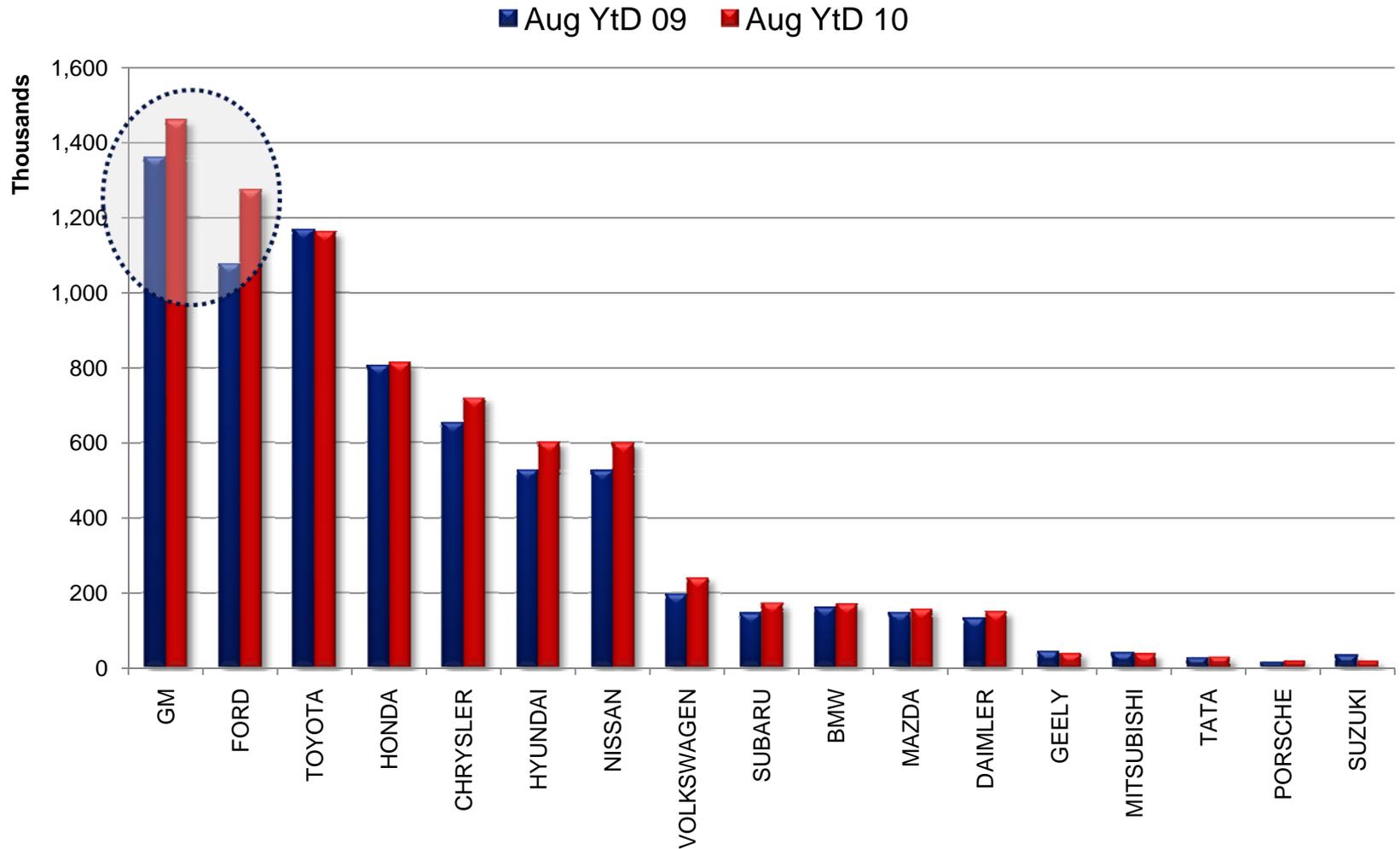
Autofinance
NEWS

US New Car Sales, Aug YTD

\$11.3M SAAR in Sept

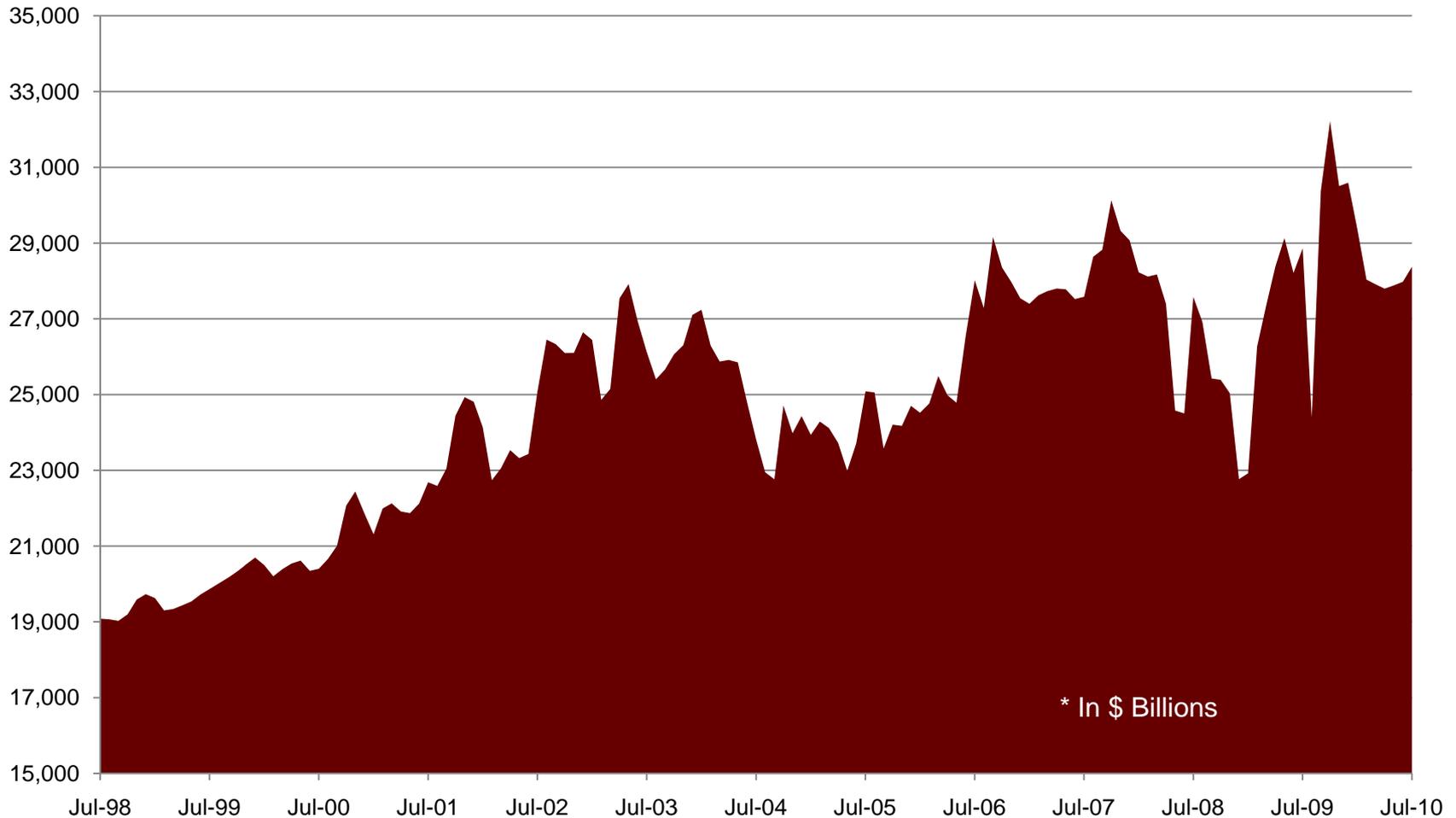


YTD New Car Sales by Make



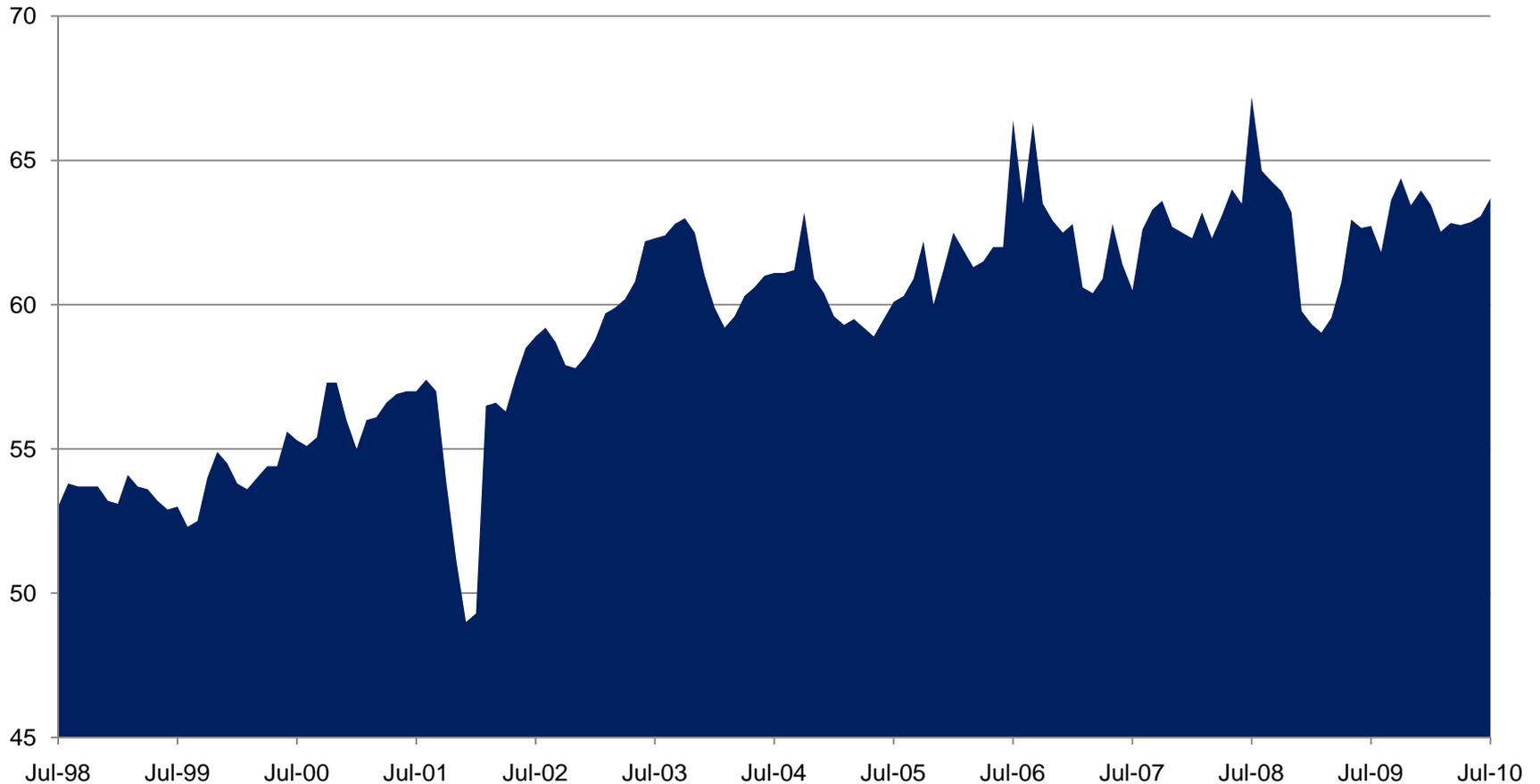
Outstandings Rebound

10 Year CAGR = 3.25%



Dip in Maturity Ends

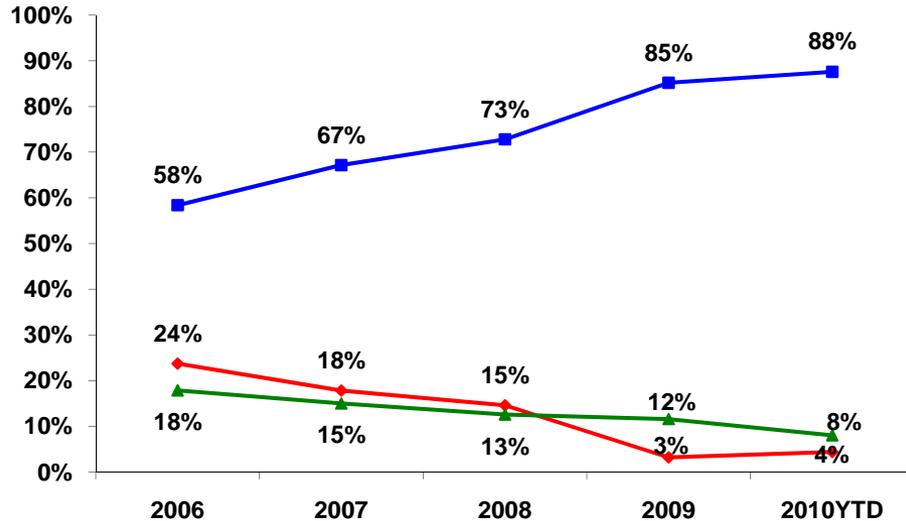
Ave. Loan Maturity Months



Middle of the Road on Terms

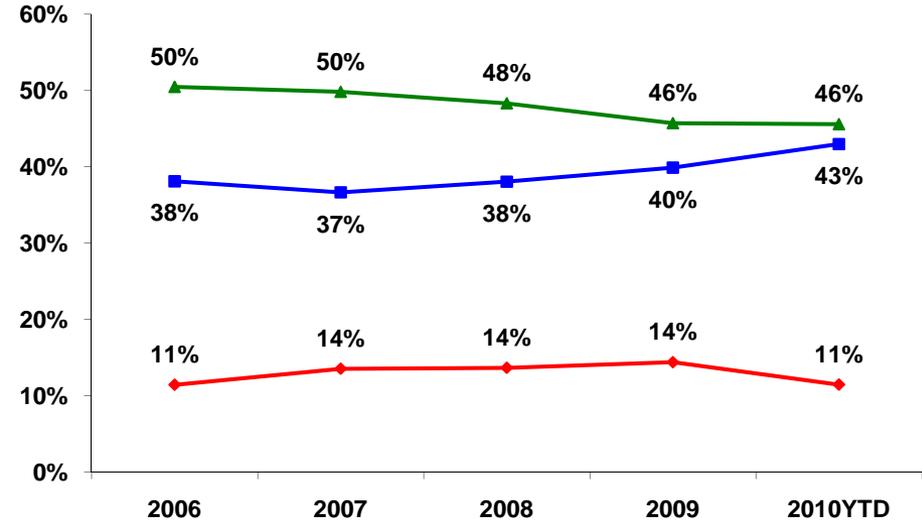
Lease Terms

0-35 mo 36-47 mo 48/48+ mo



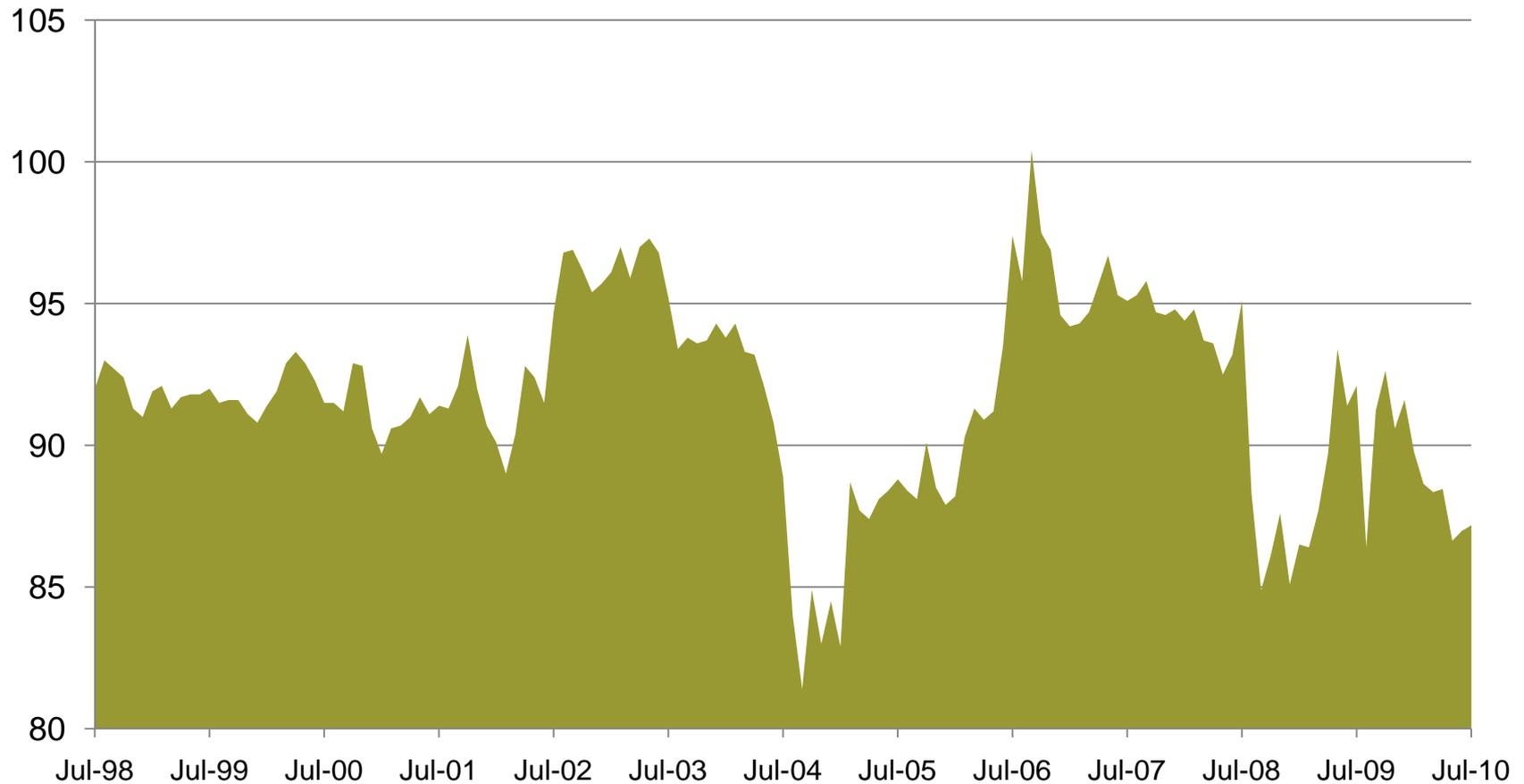
Loan Terms

0-48 mo 49-60 mo 61/61+ mo

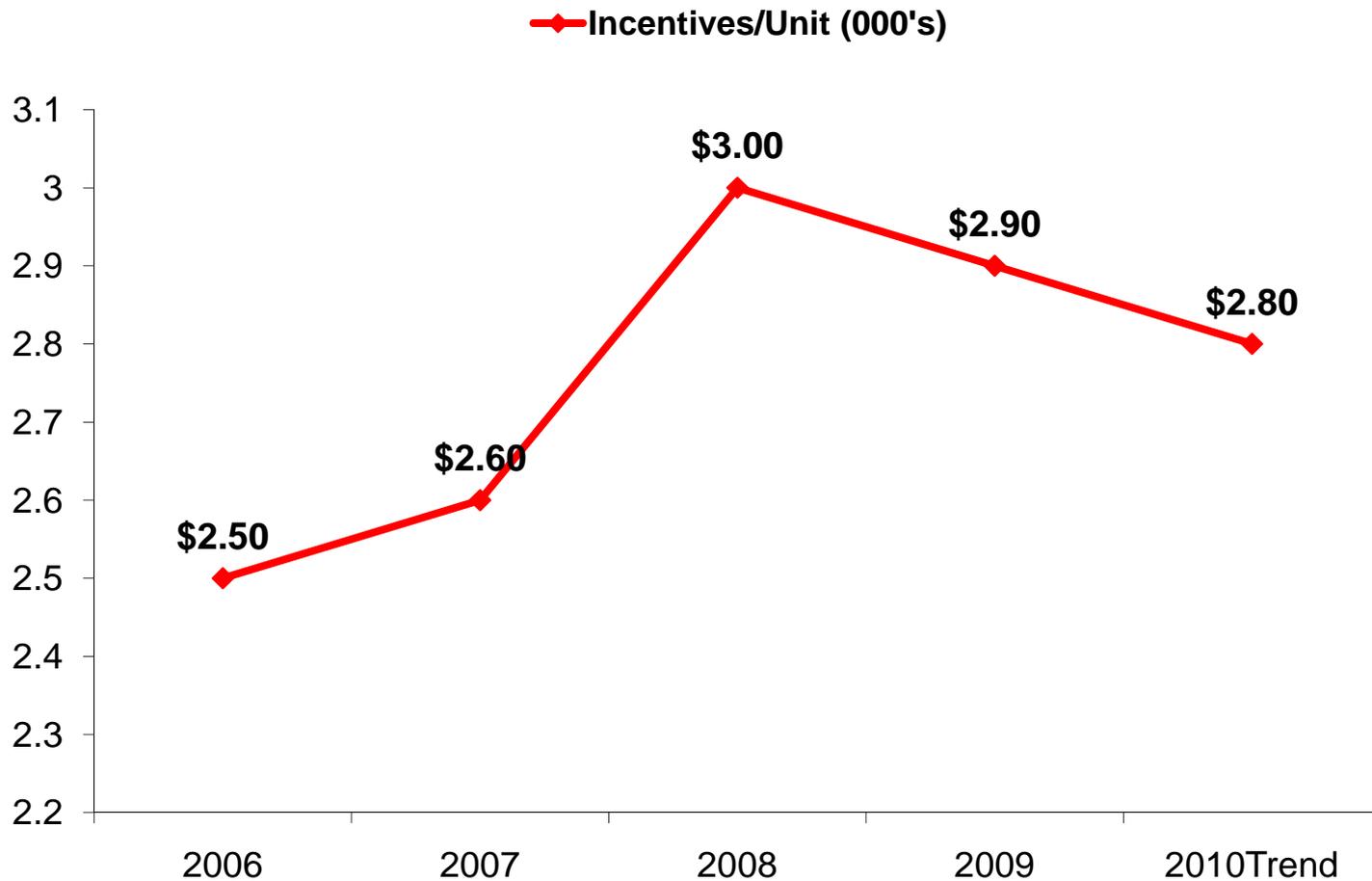


Less Resilience for LTVs

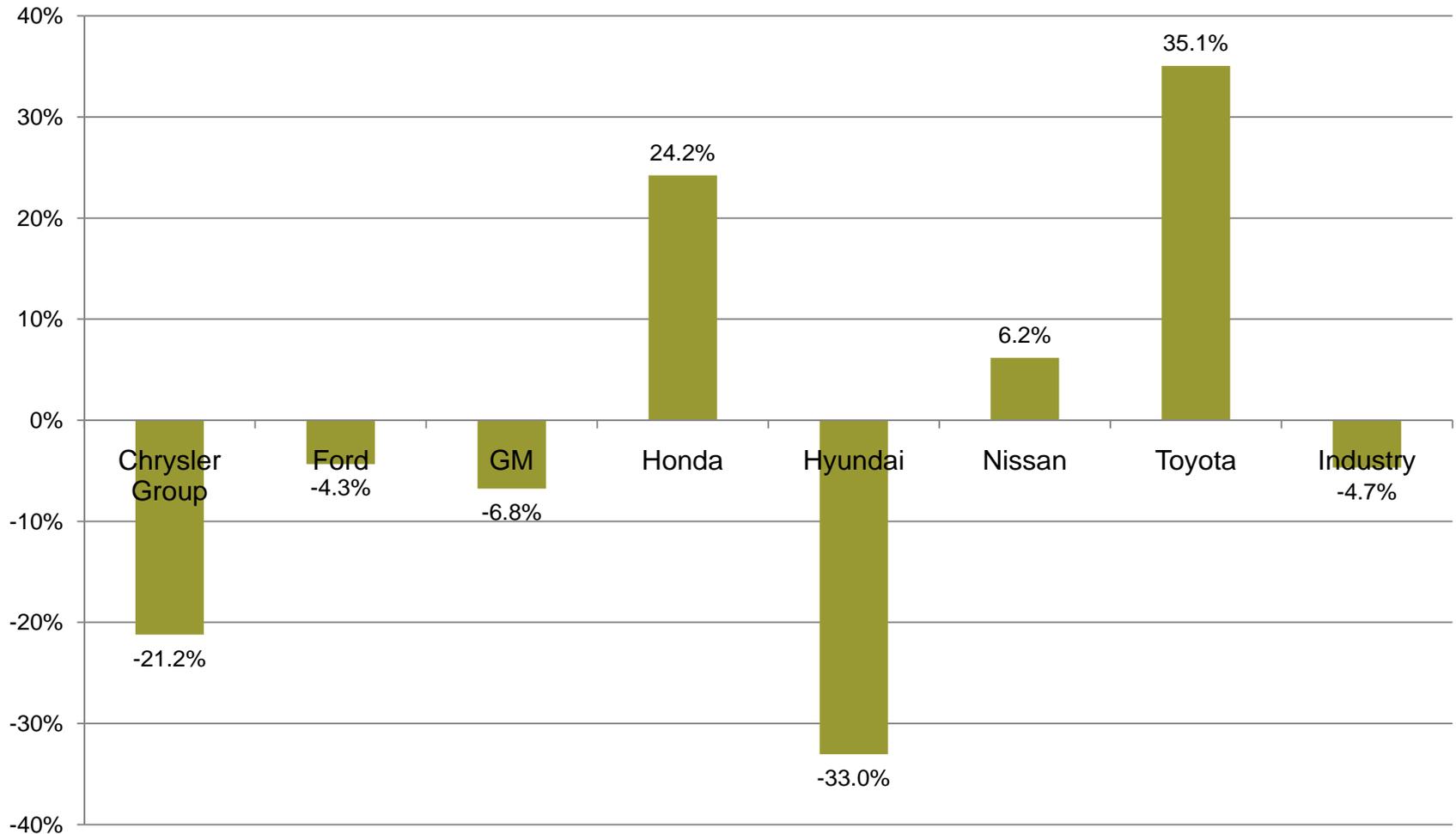
LTV Ratio of New Car Loans



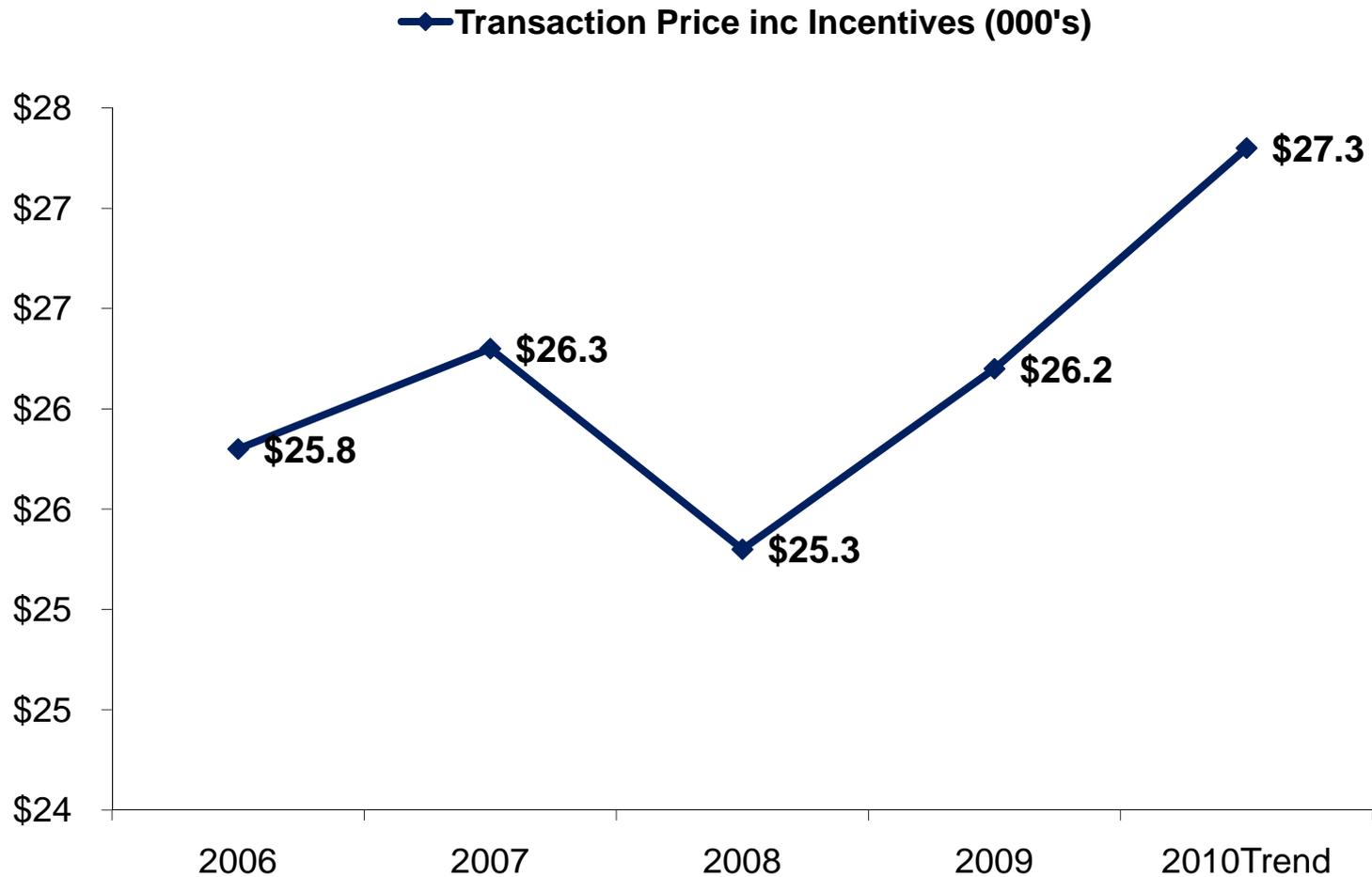
Incentives Ease



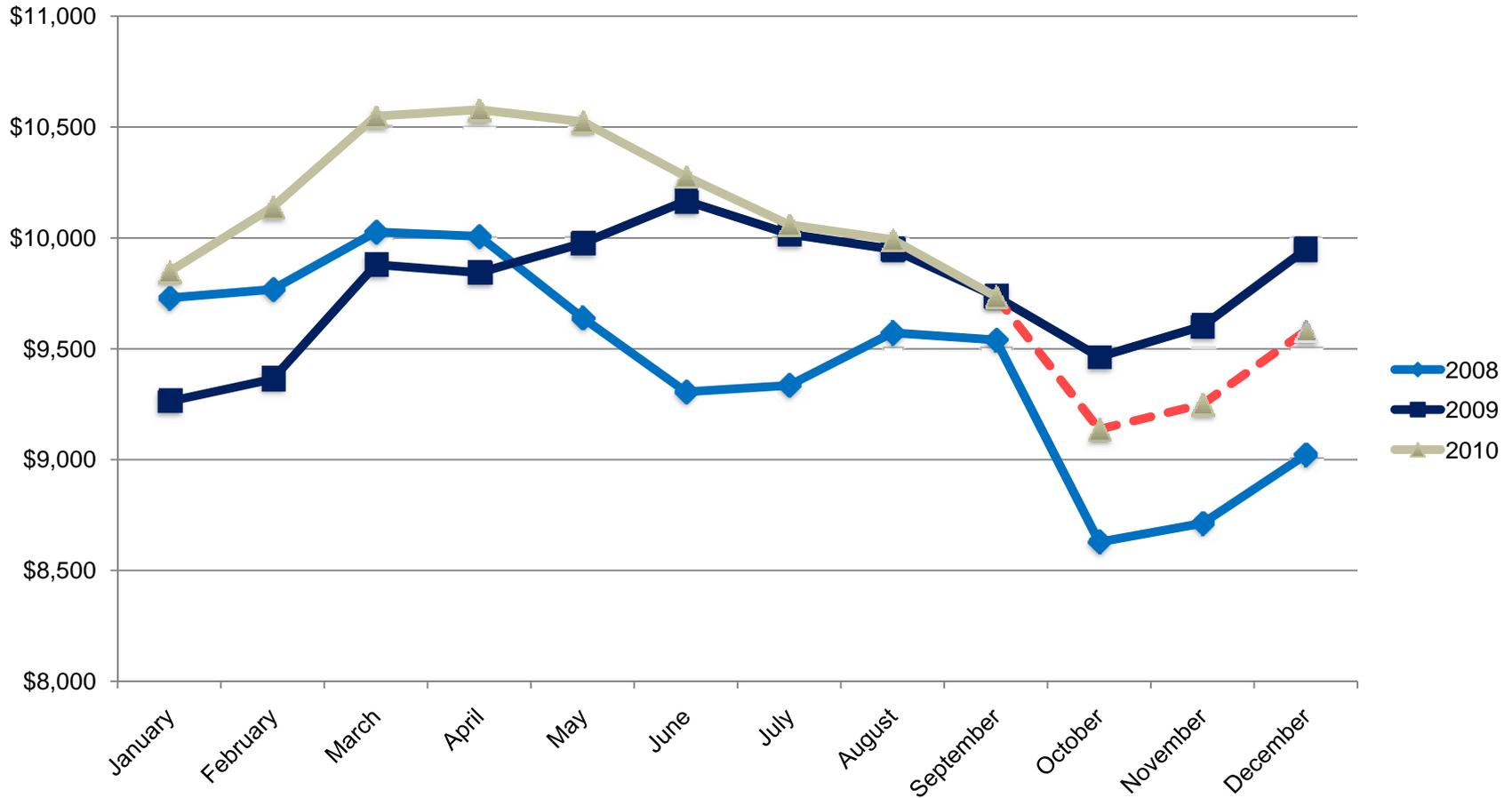
Incentives per Car, YOY



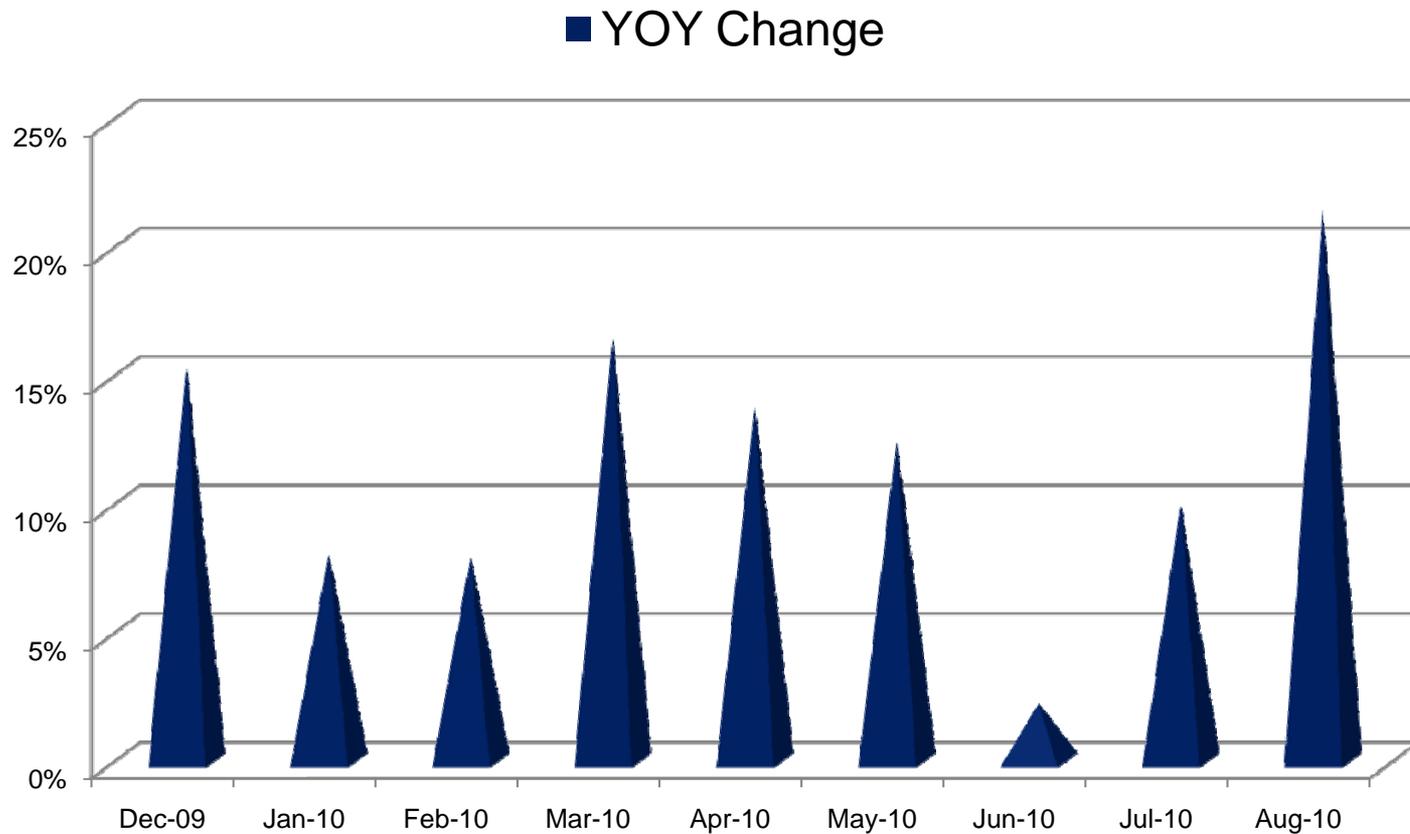
Less Pricing Pressure



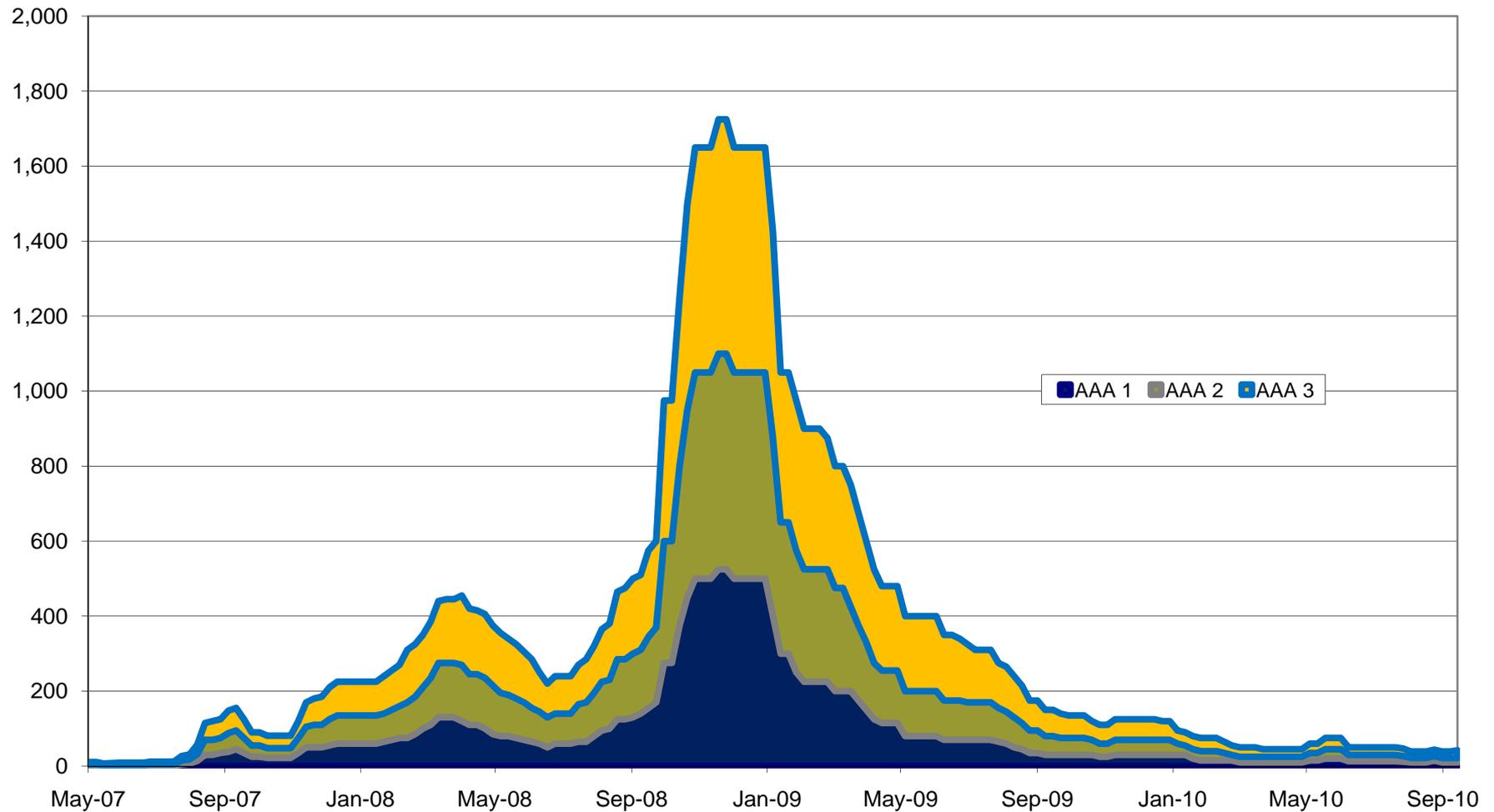
Wholesale Prices Head Down?



Share of Leasing Grows



Spreads Contract

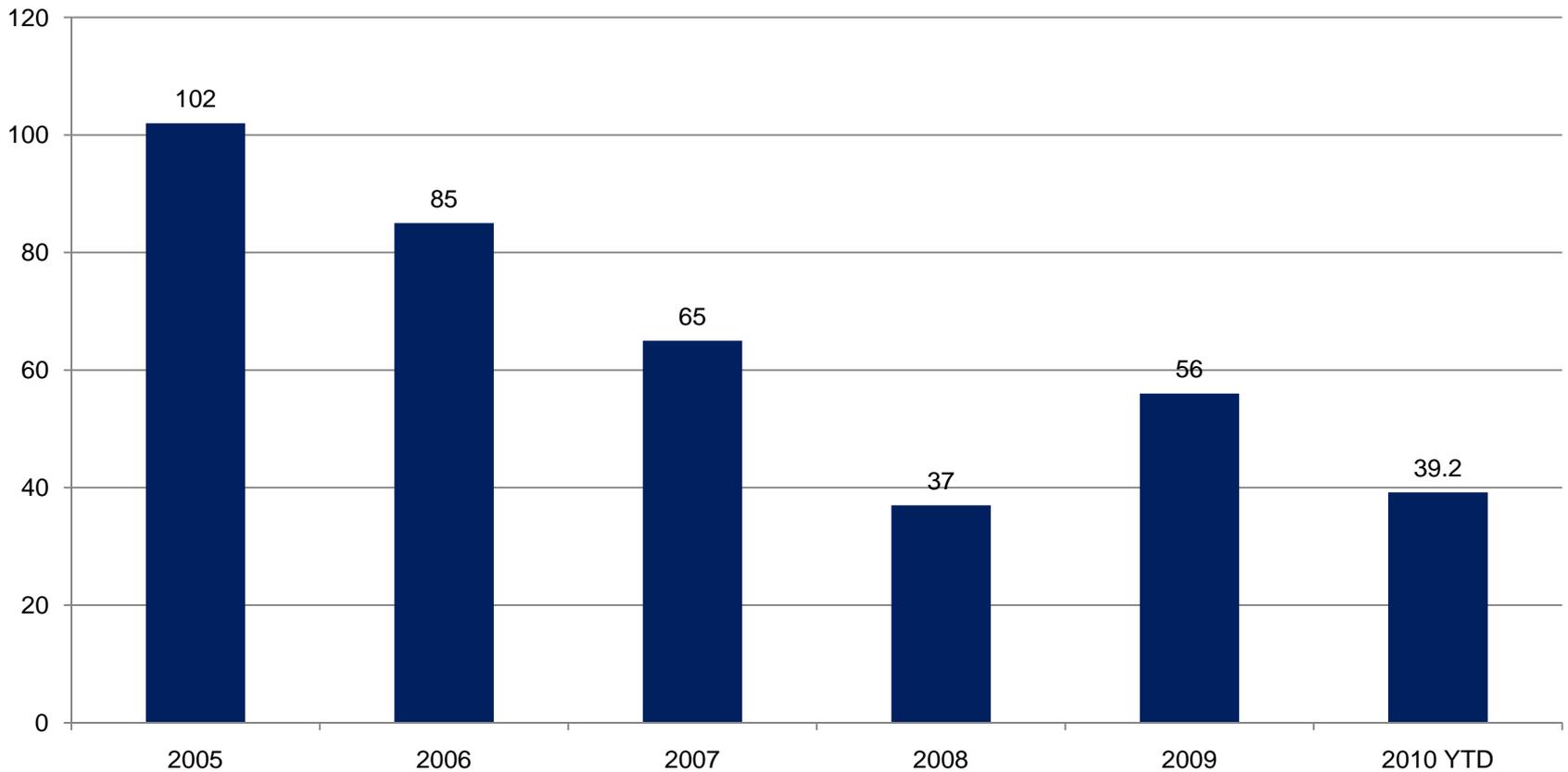


Source: JPMorgan Chase

October 29, 2010

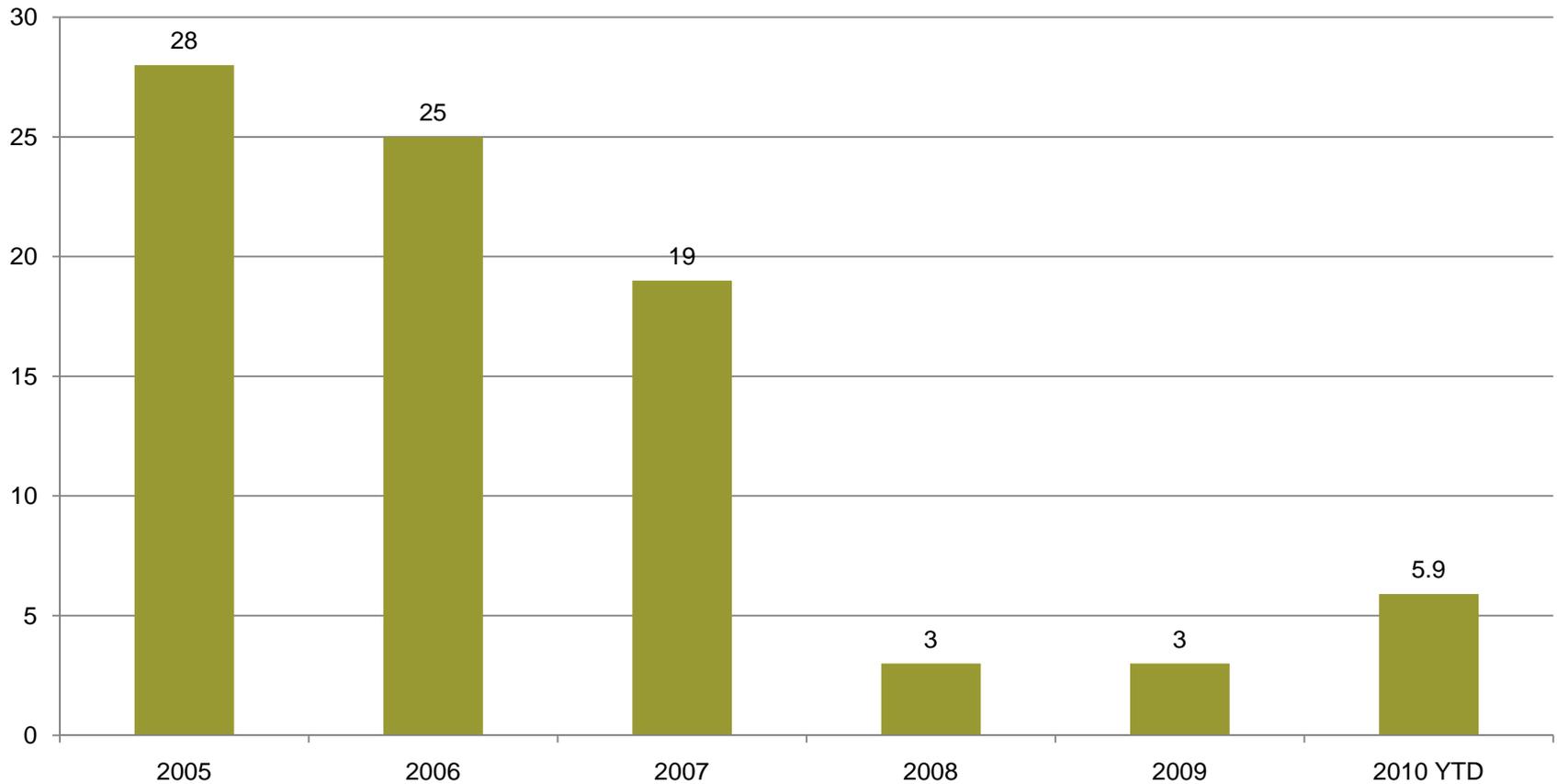
ABS Activity Improves

Total Auto ABS Issuance (in \$b)

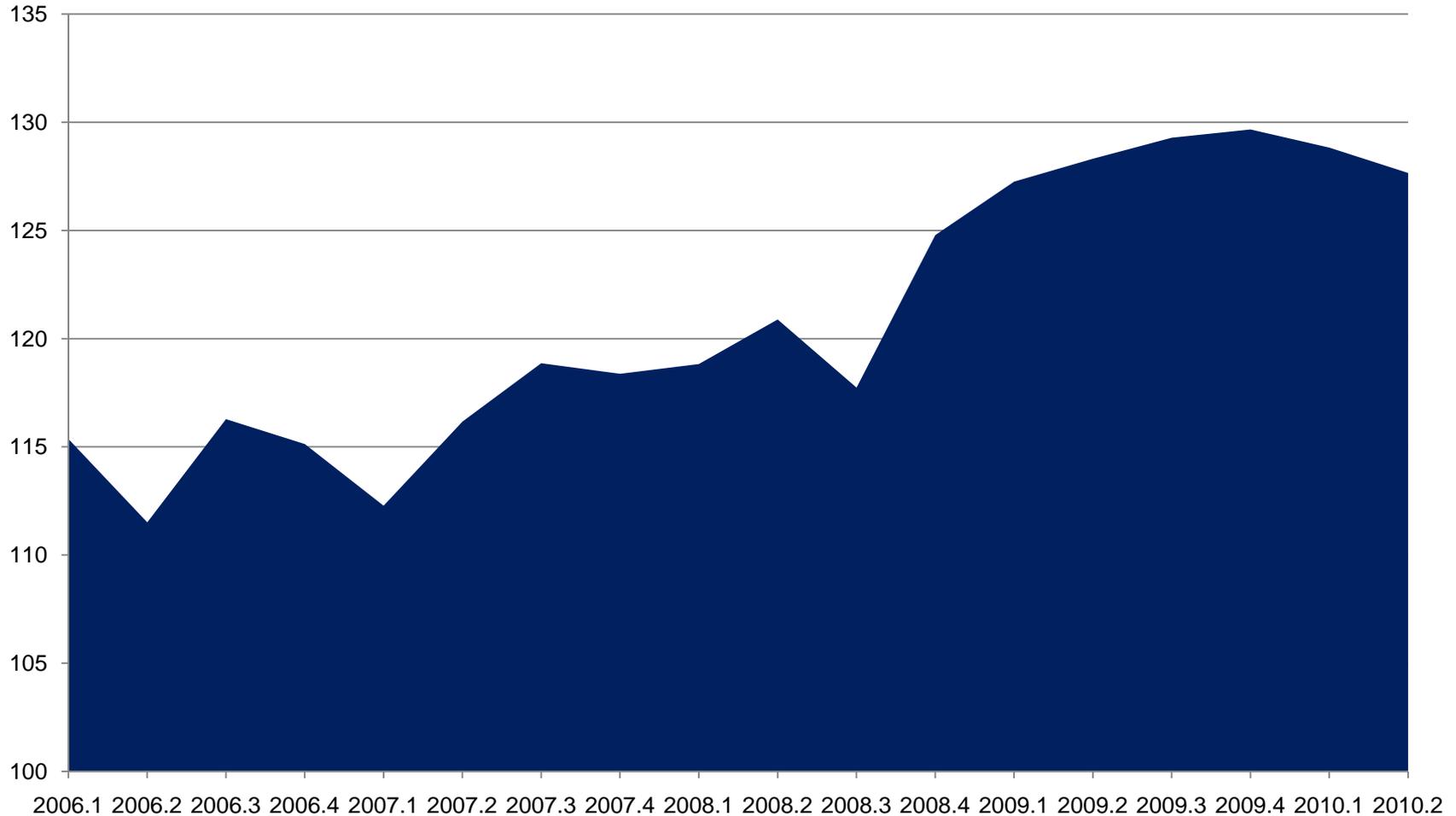


Subprime ABS

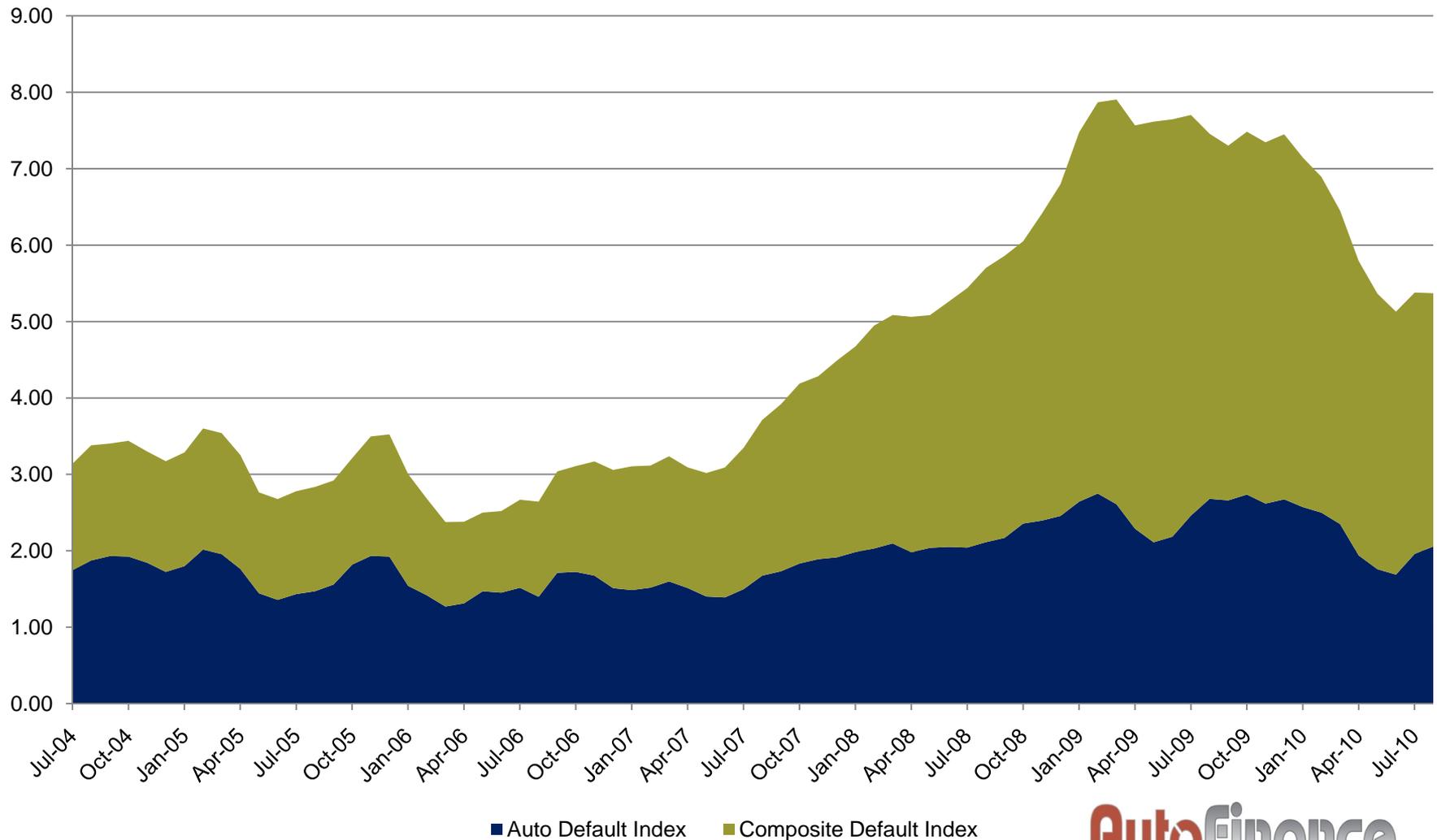
Subprime Auto ABS Issuance (in \$b)



Overall Credit Risk Plateaus



Defaults Ease



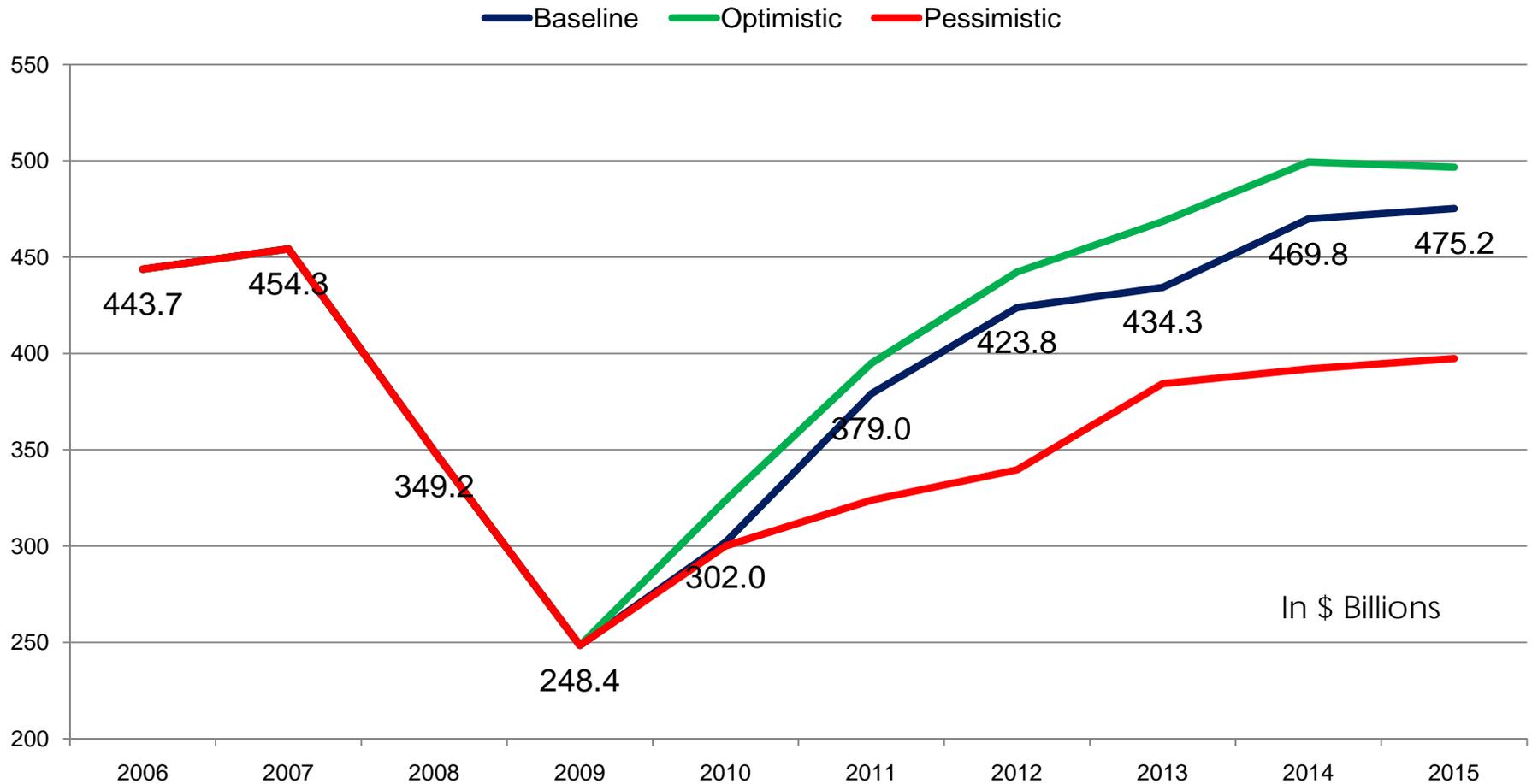
Source: Experian/Standard & Poor's

October 29, 2010

Details on 5 Year Forecast

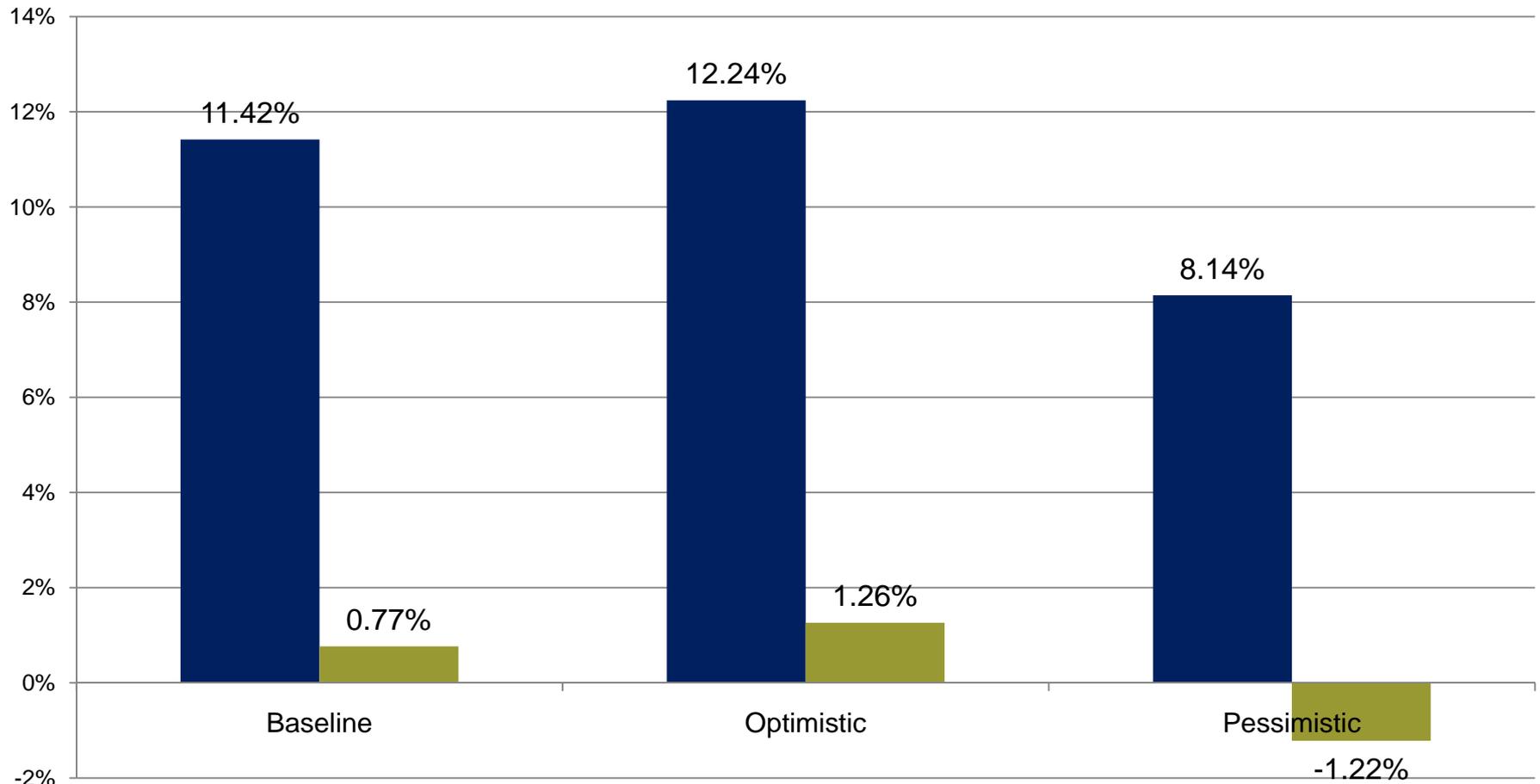
- Conducted by *Auto Finance News*
- Deciphered historical relationship between SAAR and auto finance using *Big Wheels*
- Forecasted auto finance originations for 2011 to 2015 based on three scenarios
 - Baseline = average SAAR 15.65 million
 - Optimistic = average SAAR 16.5 million
 - Pessimistic = average SAAR 13.43 million
- SAAR scenarios provided by consultancy AT Kearney

5 Year Originations Forecast

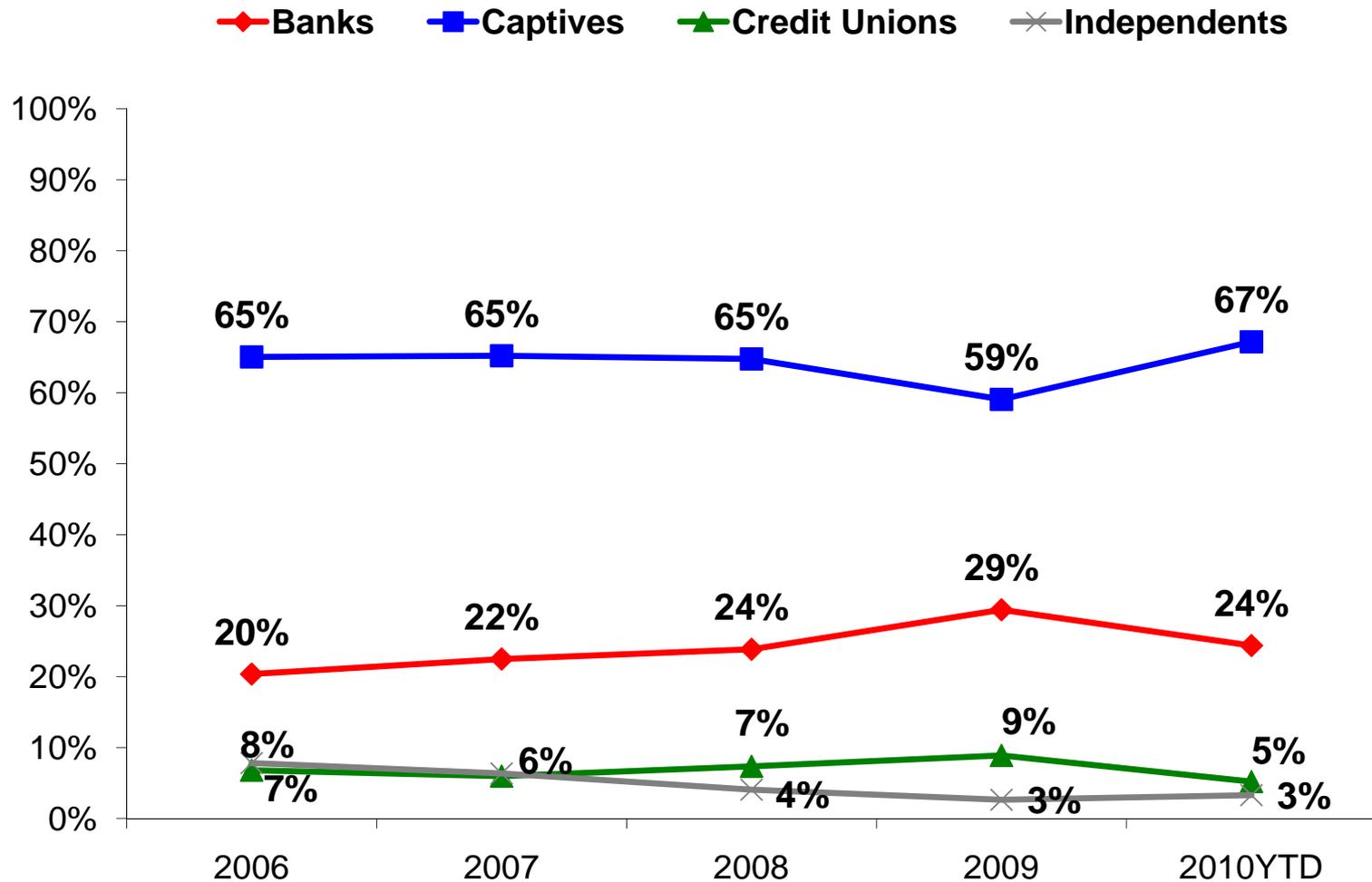


CAGR Forecast w/wo Crisis

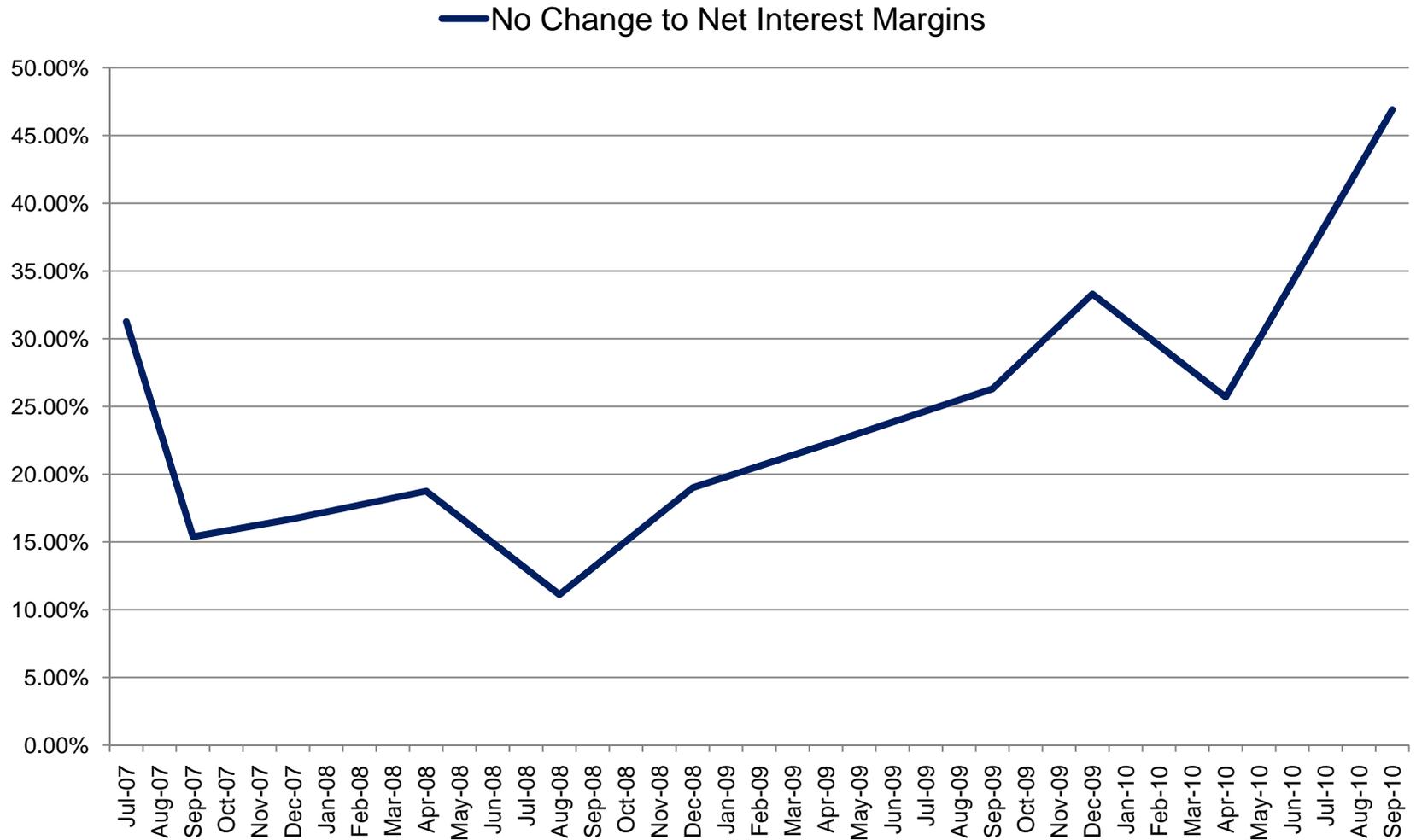
■ CAGR 2009-2015 ■ CAGR 2006-2015



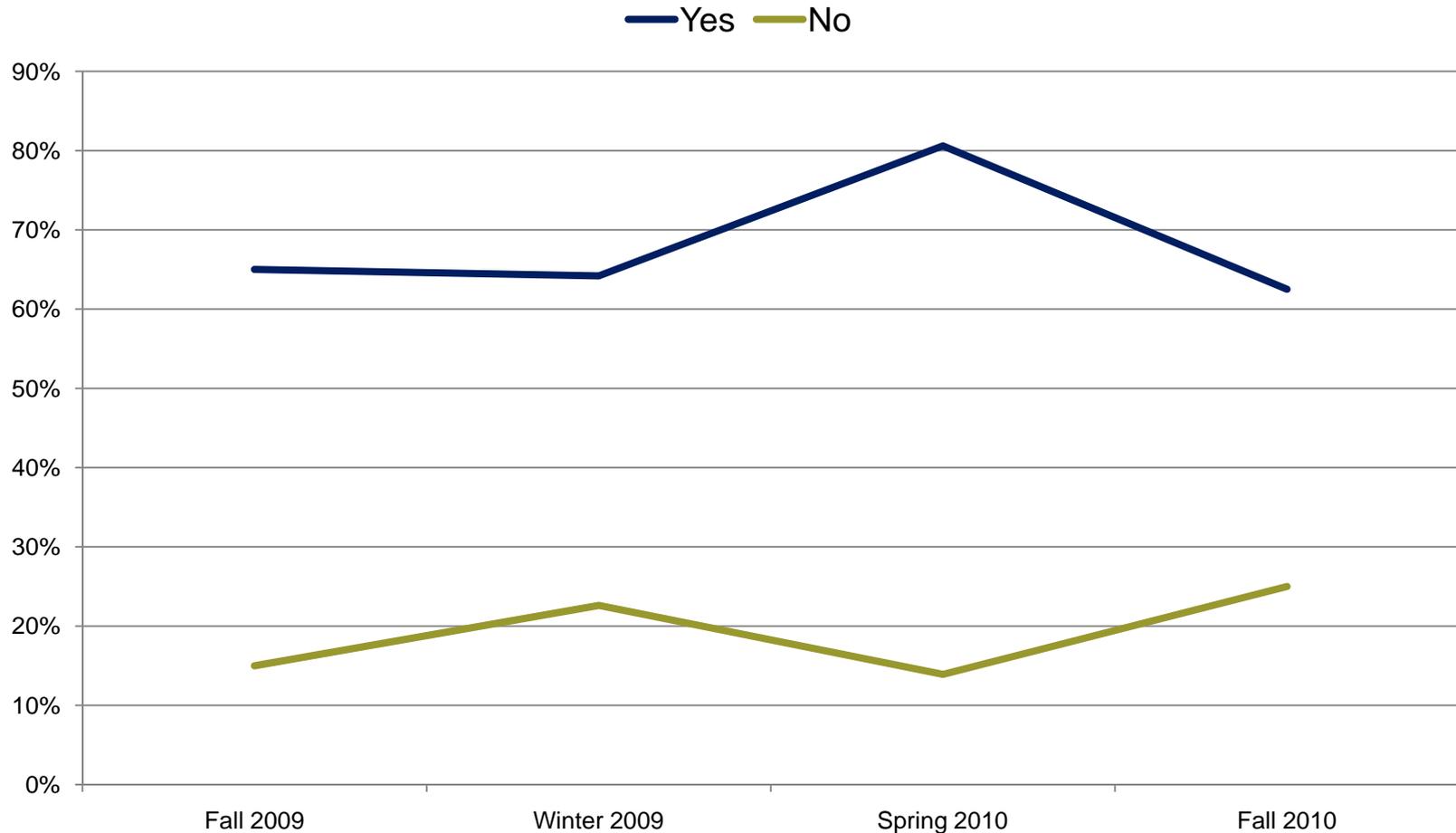
Who Gets the Marketshare?



Net Interest Margins Stabilize?

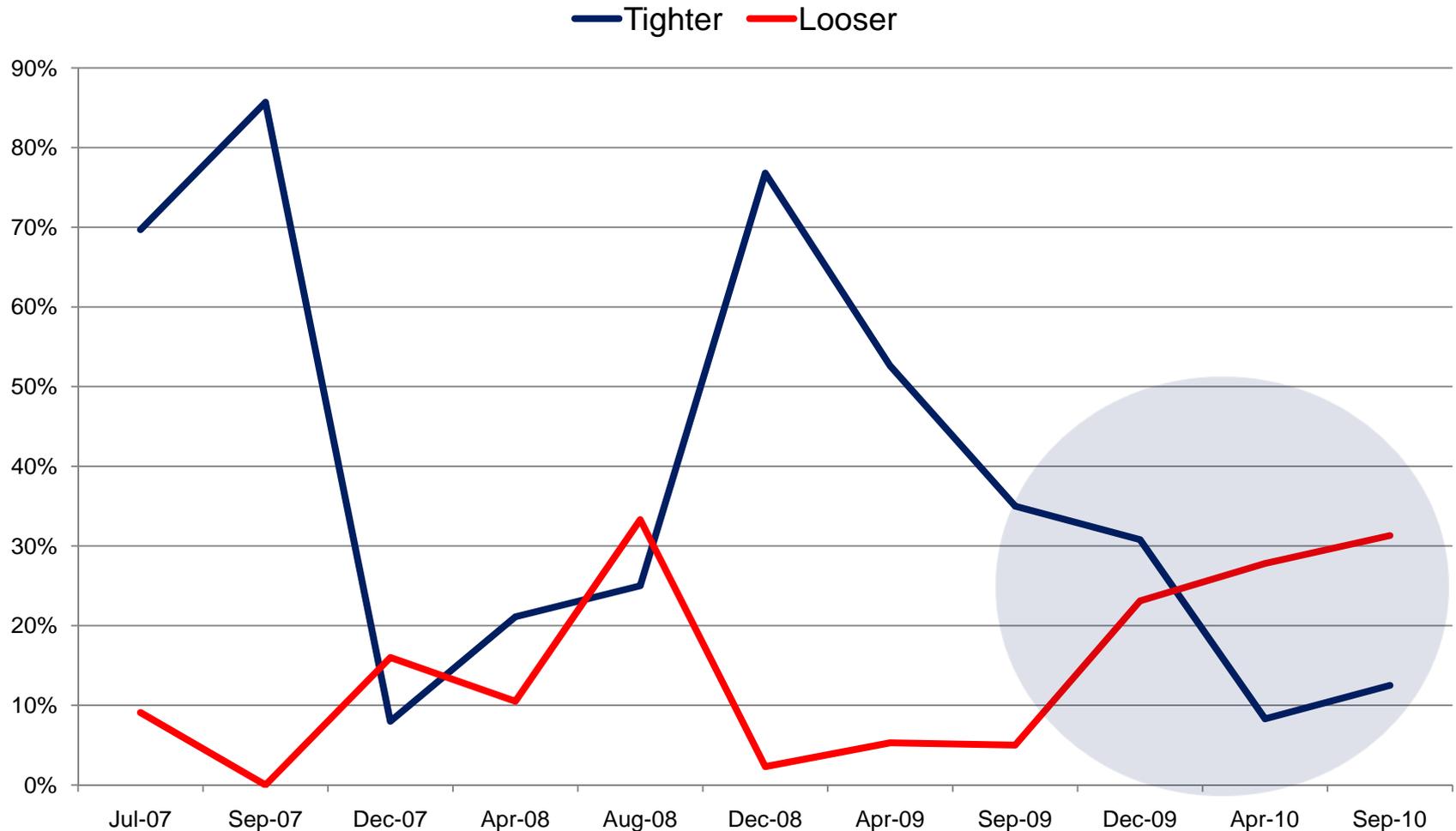


Will Auto Finance Be More Profitable in 12 Months?



Underwriting Flashes Danger

How do you expect credit-underwriting standards will trend?



The Road Ahead

- Positive car sales
- Forecast for Auto Finance expansion
- Strong credit, but risk of irrational underwriting
- Acute compliance risk
- Foreshadowing of heightened competition
- Accommodative monetary policy

Thank You

- JJ Hornblass
- hornblass@royalmedia.com
- T 212.532.6669
- www.autofinancenews.net