



# 2008 CUDL AUTO LENDING Business Intelligence Report



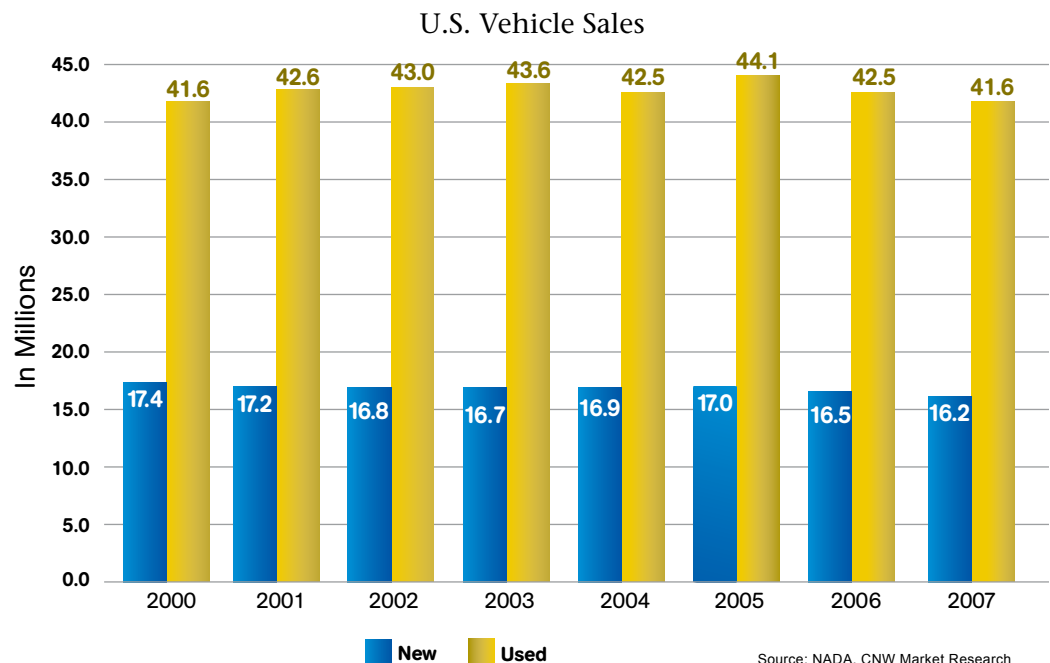
www.cudl.com

The following is an excerpt from the upcoming 2008 CUDL Auto Lending Business Intelligence Report. The report serves as a resource for credit unions and credit union organizations to better understand credit unions' role in the auto lending market, benchmark their performance and learn best practices. The full report will be released in April 2008.

## Auto industry overview: U.S. vehicle sales reach decade lows

U.S. new vehicle sales reached their lowest point in nine years. There were 16.1 million new vehicles sold in 2007, down from 16.5 million in 2006. A struggling economy and a downturn in housing sales were the main culprits for this drop. Most economists are predicting similar struggles in 2008. NADA Chief Economist, Paul Taylor, forecasts 2008 new vehicle sales to be in the 15.5 million to 15.8 million range.

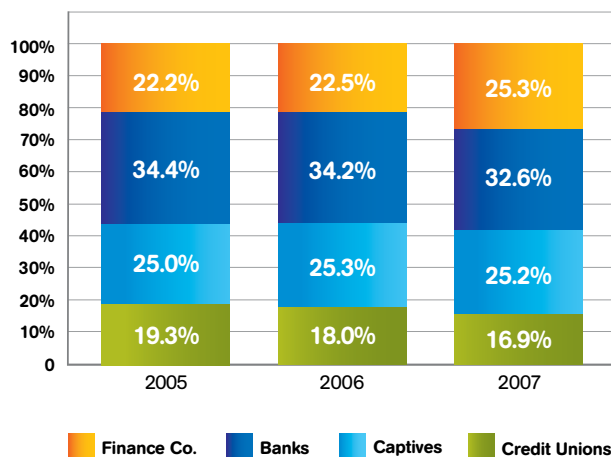
On the used vehicle side, 41.6 million used vehicles were sold in the U.S. in 2007, the lowest sales amount since 2000, based on data from CNW Market Research. In addition, the Manheim Used Vehicle Value Index was down 2.9 percent in December 2007 versus December 2006. The Manheim Used Vehicle Value Index measures used vehicle wholesale prices on a monthly basis. While December is typically an abnormal month for vehicle prices at auctions since volumes are historically lower than other months, this was the third straight month where the Manheim Used Vehicle Value Index declined from the previous month.





## Credit unions hold 16.9% of all retail auto loans

Credit Union Auto Lending Market Share Nationwide



Source: AutoCount, An Experian Company

Credit union auto lending market share declined for the second year in a row dropping from 18.0 percent in 2006 to 16.9 percent in 2007. Nevertheless, auto lending remains the only product where credit unions hold a significant share of the market. In fact, a credit union is the top lender in five states (Alaska, Colorado, Oregon, Utah and Washington).

When compared to other financial institutions, credit unions weren't the only ones that lost market share; Banks and captives also experienced a decline in market share. The only financial institutions to experience a growth in market share were finance companies, as their market share increased from 22.5 percent in 2006 to 25.3 percent in 2007. Finance companies were able to gain market share through their increased presence in the subprime auto lending market.

## CUDL credit unions financed multiple loan types on the CUDL platform in 2007

Of the over 500,000 vehicles funded on the CUDL platform in 2007, over 10,000 of these vehicles weren't automobiles. Of this group of vehicles, the most commonly financed vehicle was the recreational vehicle (RV), followed by motorcycles, ATVs and boats. While these vehicles require different financing terms, CUDL credit unions were able to use the CUDL platform to help their members get financing at the dealership.

Among these vehicles, CUDL credit unions offered the longest loan term on RVs. The most common loan maturity for an RV was 120 months. The 120 month maturity was also the most common loan maturity used to finance boats, while the average amount financed on boats was slightly higher than RVs at \$25,039. The following is a breakdown of the average loan terms on these vehicles.

### Multiple Loan Type Vehicles Funded on the CUDL Platform, 2007

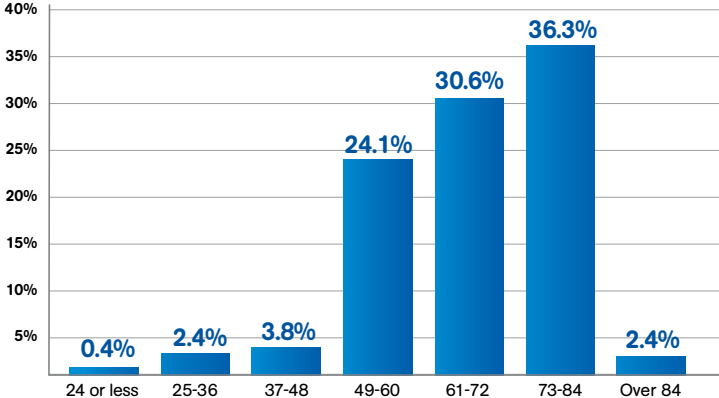
Averages	VEHICLE TYPES			
	RVs	Motorcycles	ATVs	Boats
Loan Term (Months)	118	67	58	114
Interest Rate	7.82%	7.97%	7.81%	8.37%
Amount Financed	\$24,645	\$11,168	\$6,830	\$25,039



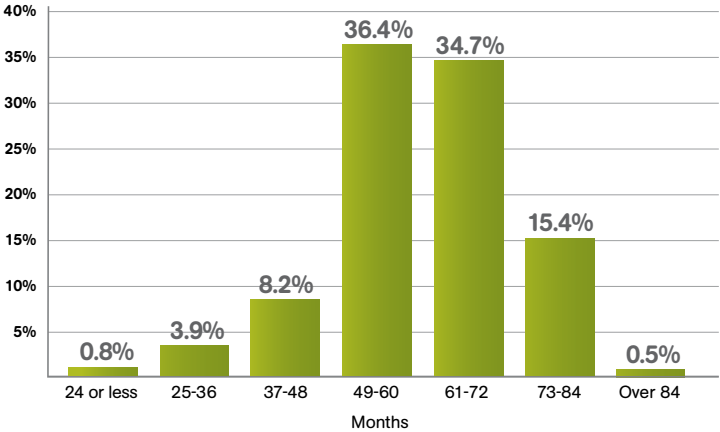
# Auto lending portfolio analysis: CUDL credit union vehicle loan maturities shifted in 2007

The average loan maturities on new and used auto loans funded on the CUDL platform in 2007 varied from the auto loans that were funded in 2006. In 2007, the average new vehicle loan maturity was 72 months, compared to 65 months in 2006. The majority of these loans, 69.3 percent, had maturities greater than five years. The extension of loan maturities on new auto loans has been standard for all financial institutions, as consumers look to lower their monthly payment on auto loans.

New Vehicle Loan Maturities CUDL Funded Loans in 2007



Used Vehicle Loan Maturities CUDL Funded Loans in 2007



Used auto loan maturities experienced a shift in the opposite direction. The average used auto loan maturity for loans funded on the CUDL platform decreased from 70 months in 2006 to 65 months in 2007. Nevertheless, over half (50.6 percent) of these used auto loans still had a loan maturity greater than five years. At first glance, the reason used auto loan maturities have decreased might be attributed to a decreased average used auto loan amount decreased. However, the average used auto loan amount stayed relatively the same between 2006 and 2007 at \$18,154 and \$18,199 respectively. One potential reason for this decline in loan maturity could be better rates offered by CUDL credit unions.



## Key topic: Online auto buying resources; The importance of online auto buying resources for members

As more consumers use the internet to research vehicles and find financing, it's important for credit unions to have a presence on the internet. When it comes to researching vehicles online, the Cobalt Group's 2007 Dealer eBusiness Performance Study revealed that 88.0 percent of consumers use the internet for research prior to visiting a dealership. According to J.D. Power and Associates' 2007 Consumer Financing Satisfaction Study, 14.0 percent of all consumers that did auto finance research online ended up applying for financing online as well. This was up from 12.0 percent in 2004.

One resource that credit unions can use to provide online auto buying resources to their members is CUDL AutoSMART. Through CUDL AutoSMART, credit union members have the ability to research vehicles online, determine the best method of financing a vehicle and request quotes from dealers. Members also have access to over 381,000 vehicles in CUDL dealer inventories. The following shows which vehicles credit union members researched the most on the CUDL AutoSMART website in 2007:

### The Top Ten Vehicles Researched on



NEW VEHICLES
2008 Honda Accord
2008 Toyota Camry
2008 Honda Civic
2008 Toyota Highlander
2008 Honda CR-V
2008 Toyota Prius
2008 Toyota RAV4
2008 Nissan Altima
2008 BMW 3 Series
2008 Toyota Tacoma

USED VEHICLES
Honda Accord
Honda Civic
Toyota Camry
BMW 3 Series
Toyota Tacoma
Ford F-150
Toyota Corolla
Nissan Altima
Volkswagen Jetta
Jeep Grand Cherokee

Published by the CUDL Marketing Department. Reproduction in part or in whole of this publication via printing, photocopying or any other means, whether within CUDL or externally, is expressly prohibited without written authorization.

CUDL® is a registered trademark of CU Direct Corporation, Inc. All rights reserved. All other trademarks are properties of their respective companies.

For more information about the 2008 CUDL Auto Lending Business Intelligence Report, please contact:

**Joe James, Market Research Analyst**  
CUDL  
P.O. Box 3600  
Rancho Cucamonga, CA 91729-3600  
Phone: 909.481.2337  
E-mail: joe.james@cudl.com