TIGZIG

The Crisis in Auto Loans

2007 was subprime mortgage. Is 2026 auto?

Auto Loans - 90+ DPD Rate (Stock)

Source: NY Fed CCP/ Equifax

- Charge-offs near GFC levels
- Banks & Credit Unions Impacted
- Prime cracking
- Lending Frauds
- ABS stress across vintages
- Private Credit Stress
- Regulators Loosening

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Executive Summary

The auto loan setup in six numbers.

SCALE

$1.67T

Auto loans outstanding. 5.4% of US GDP

DELINQUENCY

5.21%

90+ DPD at GFC peak levels. Prime-book stress without GFC triggers.

BANK LOSSES

1.21%

Bank auto NCO at 2x 2011 baseline. Credit unions at record highs.

FRAUD SURFACING

$3.1B

Tricolor $800M phantom collateral + First Brands $2.3B off-book receivables vanished. Both Sept 2025.

CONTAGION

10 channels

Direct bank losses, ABS spreads, warehouse withdrawals, BDC NAV cuts, redemption gates, insurer writedowns.

REGULATORY STANCE

1 of 5

Only NAIC tightening. Four regulators loosening while risk builds.

Auto alone will not break the system.
Multiple stresses running simultaneously is what does

Auto credit – non-trivial share of GDP, like 2007 subprime mortgage

DIRECT
$1.67T
Q4 2025 - NY Fed CCP

INDIRECT EXPOSURE
$350B+
ABS verified. NDFI + insurer channels additional, not publicly sized.

COMBINED vs 2007
~6.5%+ of GDP
vs ~8.3% for 2007 subprime mortgage

GDP denominators: US nominal GDP ~$30.8T (2025, BEA) | 2007 US GDP ~$14.5T. 2007 subprime mortgage ~$1.2T = 8.3% of GDP.

DIRECT HOLDERS - who actually has the loans

Holder	Amount	Share
Banks	**$536B**	32%
Credit unions	**$484B**	29%
Non-bank finance cos.	**$485B**	29%
Others*	**~$165B**	10%

**Others = BHPH (Buy-Here-Pay-Here) + fintech + subprime specialists. Category-level breakdown is not publicly measured; figure is a residual to the NY Fed panel total.*

INDIRECT EXPOSURE - additional channels

Channel	Total exposure	Auto slice
Auto ABS outstanding	$350B	$350B
Bank lending to NDFIs	$1.92T	Not disclosed
Life insurer GA Unclassified	$1.2T	Not disclosed
P&C insurer other equity	$351B	Not disclosed

Auto-specific slice of NDFI lending and insurer exposure is not publicly disclosed. For reference: auto loans are ~4% of total FDIC bank loans and ~27% of consumer loans. The Federal Reserve Bank of Boston (May 2025) and Fed FSR (Oct 2025) have flagged the NDFI disclosure gap as a systemic concern.

Auto loans carry different risks than mortgages. Collateral depreciates. Recovery is fast but lossy. Stress now visible in both prime and subprime.

Sources: NY Fed HHDC Q4 2025 / Equifax | FDIC QBP Q4 2025 | NCUA Q4 2025 | Fed G.20 | Fed H.8 | Fed Z.1 Financial Accounts (insurer GA) | SIFMA US ABS Statistics | BEA GDP | Fed Boston CPP 25-8 (May 2025) | Fed FSR (Oct 2025) | FDIC / NCUA / NY Fed aggregates via Tigzig Tremor platform | Tigzig analysis (residual 'Others' in direct-holders table)

The auto loan ecosystem - banks, captives, private credit and insurers all carry the risk

BORROWER

US auto loan borrowers
~$1.67T outstanding (Q4 2025, NY Fed/Equifax) - ~15% subprime (FICO <620)

LENDING CHANNELS

Banks (direct)
$536B | 32%
Ally, Chase, Cap One

Credit unions
$484B | 29%
NCUA-regulated

Captive finance
$485B | 29%
Toyota, GM, Ford, Stellantis

Others*
~$165B | 10%

FUNDING SOURCES

Deposits
Banks and credit unions fund loans from customer deposits

Parent / corporate debt
Captives issue unsecured bonds, CP, OEM credit lines

** BHPH dealers, fintech, subprime specialists - residual to NY Fed total*

CAPITAL MARKETS

Auto ABS market
~$350B outstanding | ~$127B '25 issuance
Held by banks, MMFs, asset mgrs

Bank NDFI book
~$1.92T (Fed H.8) | 34% of large-bank C&I
Includes warehouse lines to non-bank auto lenders

Private Credit + Insurer Whole-loan Buyers
PE-owned life cos and PC funds
Buy whole loans and mezz ABS tranches

Insurer General Accounts
$33B auto ABS disclosed (NAIC YE'23)
Add'l unclassified GA at PE-owned life cos - not sized

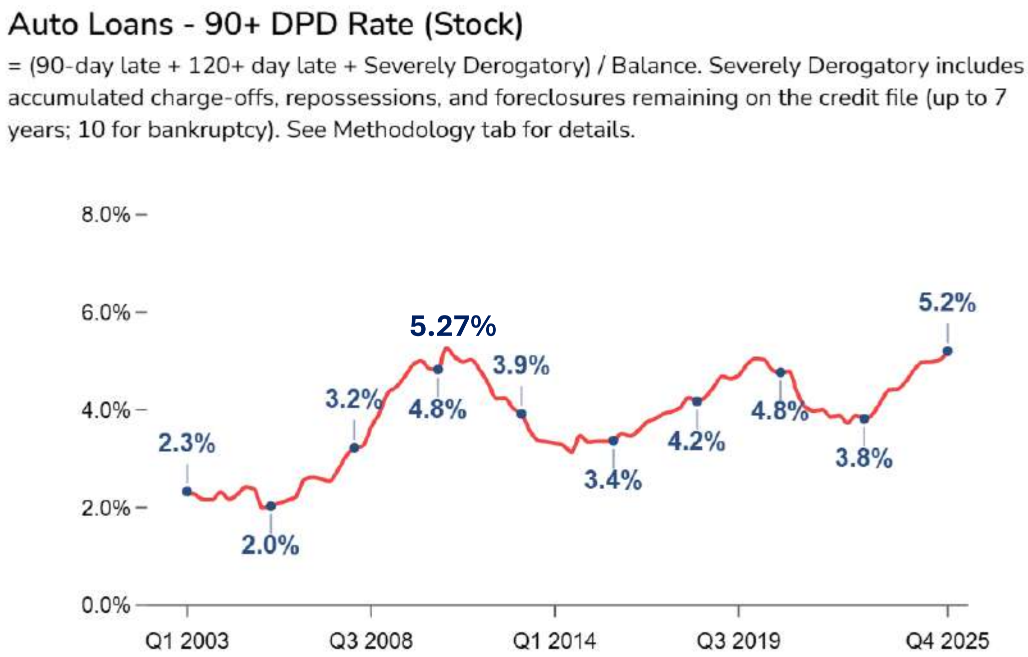
Capital recycled to fund new originations

Sources: NY Fed HHDC Q4 2025 / Equifax | FDIC QBP Q4 2025 | NCUA Q4 2025 | Fed G.20 Finance Companies | Fed H.8 NDFI lending | NAIC Capital Markets Bureau ABS Report (YE 2023) | Fed Z.1 Financial Accounts | SIFMA US ABS Statistics | FDIC / NCUA aggregates via Tigzig Tremor platform | Tigzig analysis (residual 'Others' and channel-to-funding mapping)

ALL LENDERS

Delinquencies & losses at GFC levels

- **Auto 90+ DPD at 5.21% (Q4 2025) vs 5.27% (GFC Peak Q4 2010)**
  GFC levels without GFC triggers. In 2010, 5.27% came after mass unemployment, a housing collapse, and a banking crisis. In 2025, 5.21% arrived with low unemployment and a capitalized banking system. The stress is coming from within the credit system itself - peak collateral prices, rate shock, vintage concentration.



Source: NY Fed Consumer Credit Panel / Equifax | data via Tigzig Tremor platform

Auto losses are already at GFC-peak level. Any new macro shock lands on top of that

About the data

NY Fed Consumer Credit Panel covers all lenders - banks, captives, credit unions, BHPH dealers, and PE-backed subprime specialists.

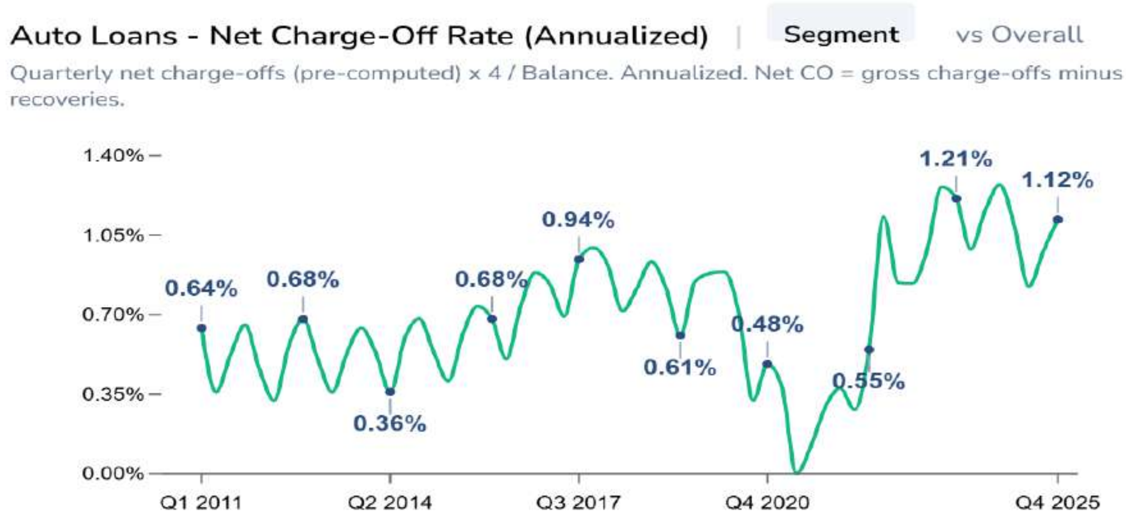
90+ DPD includes severely derogatory balances: loans already charged off by the originator but still tracked on the consumer's credit file for up to 7 years while collection continues.

BANKS

Highest charge-offs since GFC - 2X of 2011

NCO 1.12% (Q4-2025, annualized) vs 0.64% in Q1-2011

- **Book composition shift.** Post-GFC banks retreated from deep subprime. Same rate on a cleaner, prime-weighted book = worse underlying stress.
- **Indirect subprime exposure.** NDFI warehouse lending to non-bank auto lenders sits outside the charted NCO rate - where Fifth Third, JPM, and Wells took the Tricolor hit (Fed FSR Oct 2025).



Q4 2020-2021 dip reflects COVID forbearance, stimulus effects, and loan modifications - not underlying credit improvement.

Stress has spread from subprime into prime/near-prime. 2022-24 vintages originated at peak loan balances; collateral has come off the peak but loan principal hasn't. **S&P data: subprime recoveries fell to 37.74% in 2025, the lowest annual reading since 2007**. Subprime annualized losses hit 8.88% and 60-day delinquencies a record 6.18% - losses and loss severity are rising together.

Prime-book stress without a macro shock - the chart understates the risk.

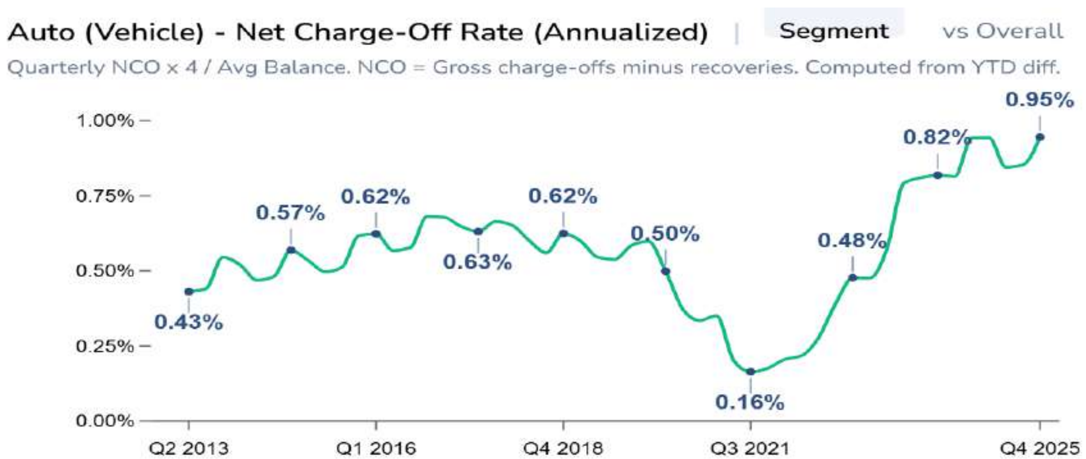
Source: FDIC SDI via tremor.tigzig.com, FDIC QBP Q4 2025, S&P Global Auto Loan ABS Tracker (Dec 2025, FY 2025)

CREDIT UNIONS

Charge-offs at record highs - on a prime book

- **0.95% in Q4 2025 -** 2.2x the 2013 baseline of 0.43%

- **Credit unions are not supposed to be here.** They run prime, member-based books - so this is typical middle-class stress, not the subprime tail.



Q3 2020-2022 dip reflects COVID forbearance, stimulus effects, and member hardship programs - not underlying credit improvement.

- **NCUA Chairman Harper flagged it directly.**

  "Used vehicle delinquency and net charge-off rates at the highest levels on record" (NCUA Q4 2025 release, March 2026).

When prime credit unions crack, the stress is mainstream - not tail.

Source: NCUA Aggregate Financial Performance Reports (5300 Call Report) for all Federally Insured Credit Unions. Auto = New Vehicle + Used Vehicle loans (excludes leases). Net charge-offs = YTD Charge-Offs minus YTD Recoveries (account codes A550C1/C2, A551C1/C2). Rate shown = quarterly NCO × 4, divided by average of period-end balances (A385, A370) - a quarterly-annualized rate. NCUA's own YTD rate on the same inputs was 0.90% for Q4 2025, smoother because it averages the full year. Quarterly-annualized surfaces the current-quarter peak. All inputs are primary NCUA data. Series starts Q2 2013 when NCUA began separating auto NCO from "All Other Loans."

AUTO ABS what it is and where it fits in the market

What it is

Lenders pool thousands of auto loans and sell slices ("tranches") to investors as bonds. Senior tranches get paid first and are rated AAA. Junior tranches absorb the first losses. Same structural playbook as 2007 mortgage CDOs - different collateral, same layered loss mechanics.

Where it fits in the $1.67T US auto market

Total US auto loans outstanding - $1.67T

In ABS - $350B

Outside ABS: ~$1.32T held directly by banks, credit unions, captives & others

Prime 75% **Sub 25%**

~75% prime / ~25% subprime split

Every ABS deal files monthly investor reports. Rating agencies publish loss curves by vintage. ABS is the cleanest, earliest window into stress across the book

Sources: NY Fed HHDC Q4 2025 / Equifax | SIFMA US ABS Statistics | S&P Global Auto Loan ABS Tracker | Tigzig analysis (residual "Outside ABS" derivation)

AUTO ABS

The pool is cracking - and so is prime

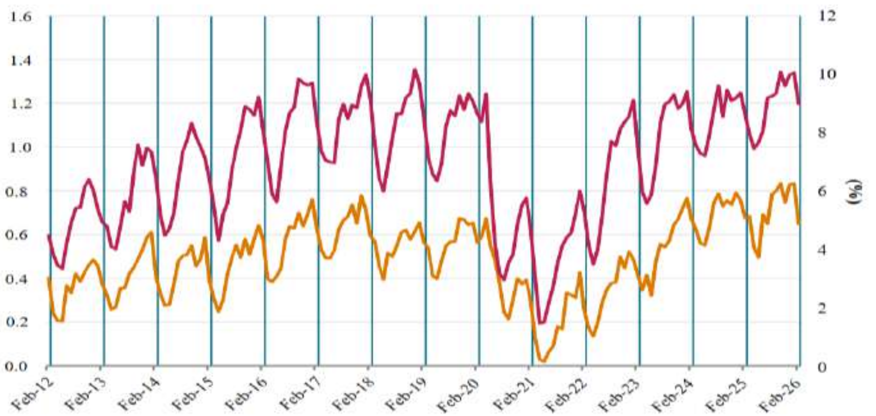
- **Subprime charge-offs are running at ~10% and prime is at ~6% in Feb '26** across the S&P Global Auto ABS pool ($176B tracked).

- **Subprime at its worst on record.** Fitch 60+ DPD at 6.9% (Jan '26, highest since 1993).

- **Stress is bleeding into prime.** S&P: 2023 and 2024 prime vintages are the worst in index history.

- **Issuance at record highs.** ~$127B in 2025, 2.5x 2020.

S&P Global Prime & Subprime Auto ABS 60+ DPD



Amber line (left axis): Prime 60+ DPD.
Pink line (right axis): Subprime 60+ DPD.

Record issuance while losses are at multi-year highs - the market is behind the curve.

Sources: S&P Global Auto Loan ABS Tracker (Feb 2026) | Fitch Auto ABS Indices (Jan 2026) | SIFMA US ABS Issuance | Tigzig analysis

AUTO ABS

Different decade, same rating failures, new holders

The 2008 analogue

Rating agencies missed the fraud.

Tricolor TAST held AAA three months before Ch. 7. KBRA then cut seniors 19 notches to CC.

AAA protection is only real if the loans are real.

Where it lands now

PE-owned insurers and private credit.

Risk moved to PE-owned insurers and private credit. Apollo/Athene, KKR/Global Atlantic, Blackstone/F&G, Carlyle/Fortitude.

When this cracks, it lands at banks and insurers - not investment banks.

Pricing in more losses

Credit enhancement is rising fast.

New subprime deals price with much larger first-loss cushions below AAA:

Exeter 51% | ACAR 61% | UACT 63%.

Higher cushions = the market is pricing in more losses.

Sources: KBRA Tricolor rating action notes (Sept-Oct 2025) | Exeter EART 2025-5 (ASR/S&P, Nov 2025) | ACAR 2025-4 (KBRA, Oct 2025) | UACT 2025-1 (ASR/S&P, Mar 2025) | Bloomberg / S&P Market Intelligence Tricolor coverage | Tigzig analysis

FRAUDS

3 cases - the dirt surfacing across credit markets

Case 1 - Tricolor

Pledge it once. Pledge it again.

Subprime auto lender in Dallas. Ch. 7 in September 2025. CEO indicted Dec 2025.

$800M phantom collateral. $2.2B pledged vs $1.4B real..

Case 2 - First Brands

Invoices that never existed.

Auto parts roll-up. Ch. 11 in September 2025. Founder and brother indicted Jan 2026.

$2.3B off-book receivables vanished.

Case 3 - Cantor Group

Collateral secretly sold to others.

Hit regional banks October 2025. Western Alliance sued Cantor. Zions stock -13% in a day.

$50M charge at Zions alone.

Dimon, October 2025, after Tricolor: *"When you see one cockroach, there are probably more."*

Sources: DOJ SDNY press release - Tricolor CEO/CFO/COO charged | DOJ SDNY press release - First Brands executives charged | Zions 8-K on SEC EDGAR (Cantor Group charge-off) | JPMorgan Q3 2025 earnings call (Oct 14) | Motley Fool - Dimon cockroach quote transcript (Oct 14, 2025) | First Brands Ch. 11 filings, SDNY / PitchBook coverage | S&P Market Intelligence Tricolor forensic analysis

USED VEHICLES

A shock unlike anything before

Manheim went vertical in 2021. Prices fell, then bounced.

PRE-2020 BASELINE

~153

Range-bound ~115-155 for 14 years (2006-2019

JAN 2022 PEAK

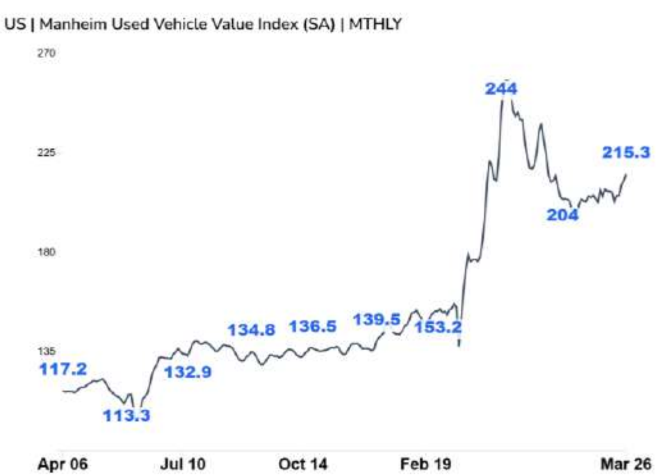
257.7

+68% in 23 months

MARCH 2026

215.3

35-40% above baseline
Rising 5 months straight



Four forces collided in 2020-2022

1 Chip shortage

~17.7 M units of global production lost. Inventory fell to 25 days of supply (Jul '21).

2 Hertz fire sale

Ch. 11 May '20; forced sale of >182K cars. Industry refleeted at peak in 2021.

3 $814B stimulus

Three rounds of consumer cash. Used-car CPI hit +40.5% YoY in Jan '22.

4 Zero rates

Fed funds at 0-0.25% (Mar '20-Mar '22). New-car APRs at ~3.86%.

Sources: Cox Automotive / Manheim MUVVI (March 2026) | AutoForecast Solutions via Alvarez & Marsal | Cox Automotive July 2021 Inventory | Hertz Ch. 11 (AutoRentalNews) | BLS CPI (Jan 2022 release) | Federal Reserve FOMC | Tigzig analysis

USED VEH.

The borrower trap: peak collateral & rates, underwater

Step 1 - The loan

Written across peak prices and rising rates.

Avg new-car loan jumped from $33.7K (Q1 '20) to $43.6K (Q4 '25). New-car APR climbed from 5.6% (Q1 '20) to 6.4%; used-car APR at 11.3%; deep-subprime new-car at 16%.

~30% of new-car loans now stretch 6+ years (73-84 months).

Step 2 - The collateral

Then the car dropped in value.

Manheim fell ~24% peak-to-trough (258 late-2021 to 196 June 2024); now ~16% below peak at 215. Loan amortized slower than the car depreciated.

29.3% of trade-ins underwater. $7,214 avg neg. equity.

Step 3 - The squeeze

Stuck on four sides. Only exit is default.

Payment is high. Insurance up 56% since Jan 2020. Wages flat. Selling means writing a check. Refinancing impossible when underwater.

Record subprime delinquency. Repos. at highest since 2009.

Sources: Experian State of Auto Finance (Q4 2025 & Q1 2020) | Edmunds Q4 2025 Insights | Cox Automotive / Manheim MUVVI | BLS Motor Vehicle Insurance CPI | AutoRemarketing - Fitch subprime delinquency | Marketplace - 2024 auto repossessions | Tigzig analysis

THE LAW

One regulator tightening. Four moving the opposite way.

1 INSURANCE
Tightening

NAIC moves on PE-owned insurer reinsurance.

AG 55 adopted Aug '25, first reports due Apr ‘26. Separately, 45% RBC charge on residual tranches (capital). Apollo/Athene cut its CLO book roughly in half (2025)

2 BANKING
Loosening

OCC and FDIC rescinded the 2013 leveraged lending guidance.

Comptroller explicit: the goal is to let banks compete with private credit. 6x debt/EBITDA threshold gone. No post-Tricolor consent orders.

3 ENFORCEMENT
Shrinking

SEC enforcement at a decade low.

313 actions in FY25, down 27% YoY. Nearly 30 cases dismissed since Jan '25. Settlements $808M, down 45%.

4 CONSUMER
Shrinking

CFPB has been structurally gutted.

67 guidance docs withdrawn. 42 enforcement actions dismissed. Staff cut proposed from 1,174 to 556.

5 ADMINISTRATION
Opening

Executive Order opens 401(k)s to private credit and PE.

Executive Order 14330 (Aug '25) opens 401(k)s to PE, private credit, digital assets.

Regulators and the Administration are loosening while risk is building

Sources: NAIC Actuarial Guideline 55 (Aug 2025) | OCC Bulletin 2025-44 (Dec 2025) | OCC / Comptroller Gould letter to Sen. Warren (Jan 2026) | CFPB enforcement docket & staff reorganization filings | Paul Weiss SEC Enforcement Review (2025) | SEC investigation of Jefferies / Point Bonita (Nov 2025) | White House Executive Order 14330 (Aug 2025) | DOL guidance rescission (Aug 2025) | DOL Proposed Rule on Designated Investment Alternatives (Mar 2026) | Fed H.8 & Financial Stability Report (Nov 2025) | Tigzig analysis

CONTAGION

How stress travels through ten channels

Direct bank losses
JPM $170M + Fifth Third $178M on Tricolor. Zions $50M on Cantor.

Rating Downgrades
KBRA cut Tricolor TAST seniors 19 notches to CC in one action. Forced selling follows.

ABS spread widening
Subprime BBB spreads widened ~50bps post-Tricolor. Higher cost to issue, lower origination capacity.

Warehouse line withdrawal
Banks tightened warehouse facilities to non-bank auto lenders post-Tricolor. Origination capacity chokes.

BDC mark-to-market
BlackRock TCP marked loans to zero. NAV cuts flow through to LP reporting.

Redemption gates
Blue Owl OBDC II ($1.6B retail fund) halted redemptions Feb '26.

Bank-NDFI linkage
Fed H.8: bank loans to NDFIs ~$1.9T (Feb’26), above Tier 1 at many large banks.

Insurer writedowns
PE-owned life insurers holding mezz ABS face RBC capital hits. AG 55 and 45% residual charge now active.

Counterparty cascade
Raistone Capital (~80% revenue from First Brands) prepping Ch. 7 Jan '26.

Litigation
Class action lawsuits filed against Zions and Jefferies.

Sources: JPMorgan / Fifth Third / Zions / Western Alliance earnings & filings | KBRA Tricolor rating actions | FS KKR & BlackRock TCP 10-Q | Blue Owl OBDC II redemption notice (Feb 2026) | Fed H.8 Bank Lending to NDFIs (Nov 2025) | Fed FEDS Notes (May 2025) Bank Lending to Private Credit | Fed FSR (Oct/Nov 2025) | OFR Annual Report (Nov 2025) | FSOC Annual Report (Dec 2025) | NAIC AG 55 | Raistone / First Brands Ch. 11 coverage | Tigzig analysis

Auto is one stress. There are others - converging at the same time.

No single stress breaks the system. Converging stresses do

CONSUMER CREDIT	LABOR MARKET	VALUATIONS	ENERGY	AI LABOR SHOCK
2.90%	**1.8%**	**~40x**	**$112+**	**9X**
Bank net charge-off rate for consumer. Highest in 15 years; above pre-GFC Q3 2007 (2.47%).	U-1 long-term unemployed already above 2007	Shiller CAPE. 2nd time in 155 years. 50% above 2007.	Geopolitical supply risk elevated. Brent $112+. Normalization takes months.	Duke CFO Survey projects AI-attributed layoffs 9x 2025 baseline

*"Banks fund private lenders through credit lines and could pose **systemic liquidity risk**... tail risk may be underappreciated."*

- Federal Reserve Bank of Boston, Current Policy Perspectives 25-8, May 2025

Sources: Anthropic Economic Index - Massenkoff & McCrory (March 2026) | Federal Reserve Bank of Boston, Current Policy Perspectives 25-8 (May 2025) | Fortune CFO Survey (March 2026) | Challenger Gray Report (March 2026) | Tigzig analysis

Data and Methodology

Charts and aggregates are live on Tremor. Data drawn from primary regulatory sources, supplemented by news coverage and analyst reports.

Primary Data Sources

- NY Fed Consumer Credit Panel / Equifax
- FDIC Call Reports (100 quarters, $13.6T in loans)
- NCUA Credit Union 5300 Call Reports
- Fed H.8 (Bank Lending to NDFIs)
- SEC / EDGAR (BDC filings, 10-K/10-Q)
- BLS (unemployment, wages, CPI)
- S&P Global, Fitch, KBRA ABS trackers

Tremor - tremor.tigzig.com

- Aggregated FDIC, NY Fed data with full drill-down
- NCUA Credit Union module (launching soon)
- US NDFI exposure module - bank lending to non-banks
- Macro signals dashboard and indicators
- Credit news tracking
- Historical trends, segment views, download options