

DATA DISPATCH

# US banks' Q1 auto loans show steady sequential growth

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By Vaibhav Chakraborty and Gaby Villaluz  
Market Intelligence

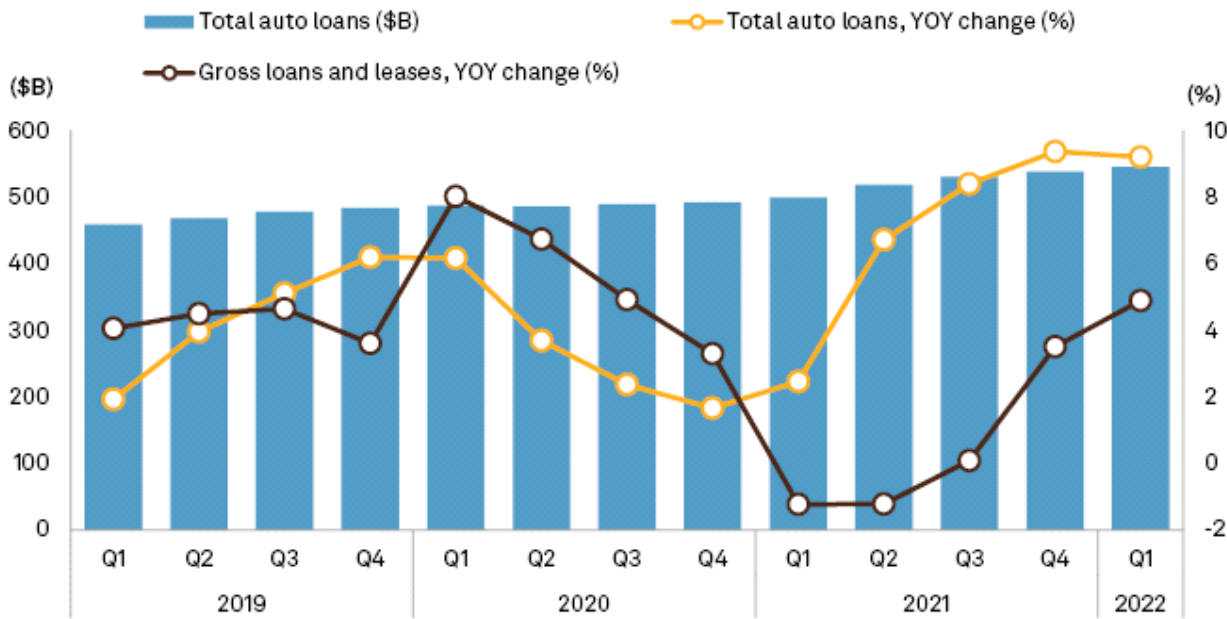
U.S. banks' collective auto loan portfolio grew at a modest pace in the first quarter despite the automotive industry facing significant supply chain challenges.

The banking industry's auto loan portfolio rose at a steady pace of 1.4% to \$545.12 billion in the first quarter on a sequential basis, according to an analysis by S&P Global Market Intelligence.

On a year-over-year basis, the portfolio grew 9.2%. However, industry executives have highlighted that looming supply chain issues continue to weigh on the auto industry.

"Excluding mortgage, consumer and card balances decreased 2%, driven primarily by a 3% decline in auto that was attributable to ongoing supply chain issues and a highly competitive environment," said William Rogers, executive chairman, CEO and president of Truist Financial Corp., during the first-quarter earnings call.

## Auto loans at US banks



Data compiled May 20, 2022.  
 Analysis includes U.S. commercial banks, savings banks, and savings and loan associations.  
 Excludes nondepository trusts and companies with a foreign banking organization charter.  
 Based on regulatory filings.  
 Source: S&P Global Market Intelligence

## Performance in competitive environment

The majority of the top 25 banks and thrifts continued to experience quarter-over-quarter growth, though eight saw declines.

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Capital One Financial Corp., which maintained its spot as the top auto lender, remains optimistic about the possibility of growth in the portfolio even as competition remains intense.

The company posted a 3.7% quarter-over-quarter increase in its auto loan portfolio, reaching \$78.60 billion.

During the first-quarter earnings call, Capital One founder, Chairman, CEO and President Richard Fairbank noted that credit unions that saw a rise in deposits during the pandemic are gaining a significant share in the auto loan segment — similar to previous credit tightening cycles.

"The competition in the auto business continues to remain intense," Fairbank said. "It's showing up across the board from credit unions, big banks and small independent lenders."

Credit unions experienced an increase in used vehicle loans and new vehicle loans during the first quarter as the industry posted its highest quarterly loan growth in a decade.

Among the top 25 auto lenders, Old National Bancorp posted both the highest quarter-over-quarter and year-over-year growth in its auto loans. The Evansville, Ind.-based company also completed its merger of equals with First Midwest Bancorp Inc. during the quarter.

Old National Bancorp's auto loan portfolio surged by 94.4% sequentially to \$1.69 billion and was up 90.5% year over year.

## Top 25 US banks and thrifts by auto loans in Q1'22

Company (top-level ticker)	Total auto loans (\$B)	Change (%)		Delinquency ratio	
		QOQ	YOY	(%) <sup>1</sup>	YOY change (bps)
Capital One Financial Corp. (COF)	78.60	3.7	17.2	4.26	86
Ally Financial Inc. (ALLY)	70.02	0.6	6.5	3.64	43
JPMorgan Chase & Co. (JPM)	60.62	0.0	8.2	0.71	18
Wells Fargo & Co. (WFC)	57.15	0.8	16.0	2.03	47
Santander Holdings USA Inc. (SAN)	43.07	-0.2	6.4	8.35	261
Bank of America Corp. (BAC)	36.19	3.6	12.2	0.47	-12
Truist Financial Corp. (TFC)	29.35	-1.5	0.0	2.61	93
U.S. Bancorp (USB)	24.72	-0.6	20.4	0.59	-11
TD Group US Holdings LLC (TD)	24.57	2.2	-0.5	1.48	-22
PNC Financial Services Group Inc. (PNC) <sup>2</sup>	16.00	-3.8	17.8	2.03	-2
United Services Automobile Association	15.78	3.4	9.5	0.30	-1
Fifth Third Bancorp (FITB)	15.74	2.6	20.0	0.81	-18
Huntington Bancshares Inc. (HBAN) <sup>3</sup>	13.61	0.4	7.5	0.68	13
Citizens Financial Group Inc. (CFG)	13.17	-0.7	19.1	1.43	-26
BMW Bank of North America (BMW)	8.89	0.7	3.0	0.61	-7
BMO Financial Corp. (BMO)	5.63	-1.1	11.4	0.72	-2
M&T Bank Corp. (MTB)	4.76	1.6	12.0	1.41	-17
EB Acquisition Co. LLC	3.70	4.5	28.9	1.88	74
Popular Inc. (BPOP)	3.43	0.5	7.1	1.11	36
OFG Bancorp (OFG)	1.71	2.5	11.0	5.39	-26
Old National Bancorp (ONB) <sup>4</sup>	1.69	94.4	90.5	0.50	-8
First BanCorp. (FBP)	1.64	4.1	20.9	2.05	-10
Northwest Bancshares Inc. (NWBI)	1.53	4.1	26.9	0.54	-22
Valley National Bancorp. (VLY)	1.37	-1.5	6.0	0.43	-4
First Citizens BancShares Inc. (FCNC.A) <sup>5</sup>	1.32	-0.9	3.8	0.72	8
<b>Industry aggregate<sup>6</sup></b>	<b>545.12</b>	<b>1.4</b>	<b>9.2</b>	<b>1.92</b>	<b>31</b>

Data compiled May 20, 2022.

Ranking limited to U.S. top-tier consolidated operating banks and thrifts with the highest balance of auto loans as of March 31, 2022.

Based on regulatory filings.

Delinquent loans include nonaccrual and past-due loans.

<sup>1</sup> Represents nonaccrual and past-due auto loans as a percentage of total auto loans.

<sup>2</sup> PNC Financial Services Group Inc. completed the acquisition of BBVA USA Bancshares Inc. on June 1, 2021.

<sup>3</sup> Huntington Bancshares Inc. completed the acquisition of TCF Financial Corp. on June 9, 2021.

<sup>4</sup> Old National Bancorp completed its merger of equals with First Midwest Bancorp Inc. on Feb. 15, 2022.

<sup>5</sup> First Citizens BancShares Inc. completed its merger of equals with CIT Group Inc. on Jan. 3, 2022.

<sup>6</sup> Includes U.S. commercial banks, savings banks, and savings and loan associations; excludes nondepository trusts and companies with a foreign banking organization charter.

Tickers based on top-level entities' home-country stock exchanges.

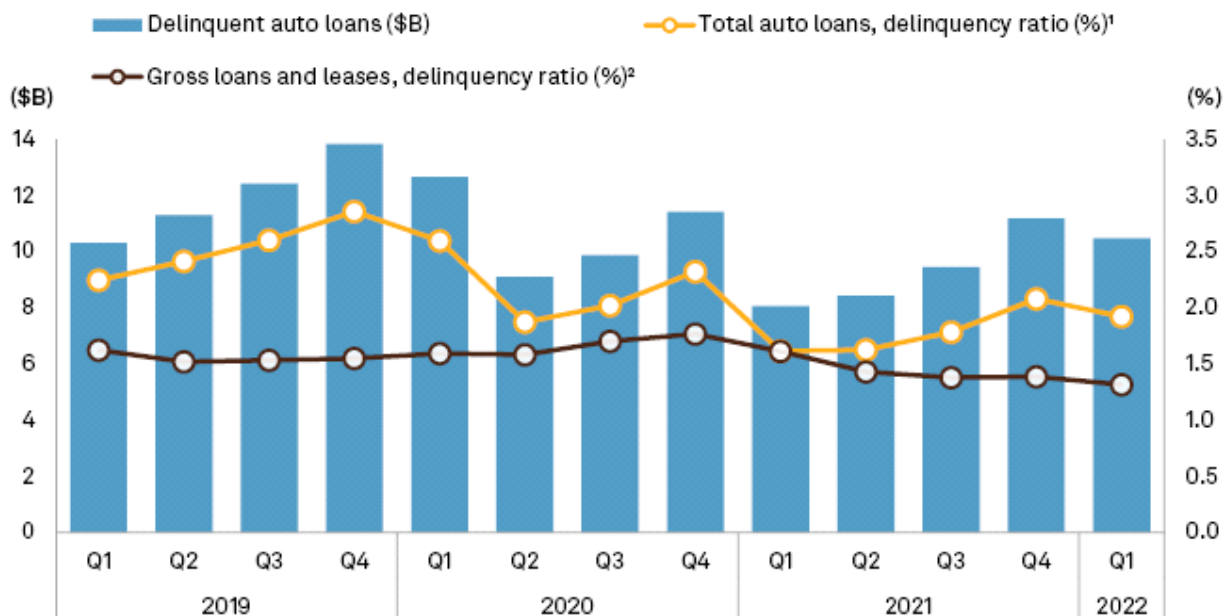
Source: S&P Global Market Intelligence

## Delinquency shows signs of normalization

The delinquency ratio in the collective auto loan portfolio was 1.92% during the quarter, down from over 2% in the previous quarter.

Santander Holdings USA Inc. continued to have the highest delinquency ratio among the top 25 auto lenders at 8.35%, down from 9.43% in the previous quarter.

## Auto loan delinquency at US banks



Data compiled May 20, 2022.

Analysis includes U.S. commercial banks, savings banks, and savings and loan associations.

Excludes nondepository trusts and companies with a foreign banking organization charter.

Based on regulatory filings.

Delinquent loans include those at least 30 days past due or in nonaccrual status.

<sup>1</sup> Represents nonaccrual and past-due auto loans as a percentage of total auto loans.

<sup>2</sup> Represents nonaccrual and past-due gross loans and leases as a percentage of gross loans and leases.

Source: S&P Global Market Intelligence

### On the right path

Capital One's Fairbank said the company is optimistic about its auto lending business but must closely watch pricing given that the auto marketplace has not yet responded on pricing relative to what is happening to interest rates.

"But I think that we are really excited about our opportunity in the auto business," he said. "The technology products that we have out there are really cutting edge and getting a huge amount of traction.

"Our eye is just very careful on the pricing out there and also just whether there is an overexuberance relative to the number of planets that aligned in the auto lending business," Fairbanks said.

*Access an industry document detailing auto loan holdings.*

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