UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 000-20202

CREDIT ACCEPTANCE CORPORATION

(Exact name of registrant as specified in its charter)

Michigan	**38-1999511**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
25505 W. Twelve Mile Road	
Southfield, Michigan	**48034-8339**
(Address of principal executive offices)	(Zip Code)

(248) 353-2700
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, $.01 par value	CACC	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☑	Accelerated filer ☐	Non-accelerated filer ☐	Smaller reporting company ☐	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

The number of shares of Common Stock, $.01 par value, outstanding on October 23, 2024 was 12,112,144.

TABLE OF CONTENTS

PART I. — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Consolidated Balance Sheets - As of September 30, 2024 and December 31, 2023 1

Consolidated Statements of Income - Three and nine months ended September 30, 2024 and 2023 2

Consolidated Statements of Comprehensive Income - Three and nine months ended September 30, 2024 and 2023 3

Consolidated Statements of Shareholders' Equity - Three and nine months ended September 30, 2024 and 2023 4

Consolidated Statements of Cash Flows - Nine months ended September 30, 2024 and 2023 5

Notes to Consolidated Financial Statements 6

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS 46

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK 65

ITEM 4. CONTROLS AND PROCEDURES 65

PART II. — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS 66

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS 67

ITEM 5. OTHER INFORMATION 67

ITEM 6. EXHIBITS 68

SIGNATURES 70

PART I. - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

(Dollars in millions, except per share data)	As of	
	September 30, 2024	December 31, 2023
ASSETS:		
Cash and cash equivalents	$ 159.7	$ 13.2
Restricted cash and cash equivalents	556.6	457.7
Restricted securities available for sale	113.9	93.2
Loans receivable	11,197.6	10,020.1
Allowance for credit losses	(3,416.1)	(3,064.8)
Loans receivable, net	7,781.5	6,955.3
Property and equipment, net	15.2	46.5
Income taxes receivable	26.4	4.3
Other assets	29.9	40.0
Total assets	$ 8,683.2	$ 7,610.2
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Liabilities:		
Accounts payable and accrued liabilities	$ 364.4	$ 318.8
Revolving secured lines of credit	1.0	79.2
Secured financing	5,257.1	3,990.9
Senior notes	990.8	989.0
Mortgage note	—	8.4
Deferred income taxes, net	423.2	389.2
Income taxes payable	0.2	81.0
Total liabilities	7,036.7	5,856.5
Commitments and Contingencies - See Note 16		
Shareholders' Equity:		
Preferred stock, $.01 par value, 1,000,000 shares authorized, none issued	—	—
Common stock, $.01 par value, 80,000,000 shares authorized, 12,111,600 and 12,522,397 shares issued and outstanding as of September 30, 2024 and December 31, 2023, respectively	0.1	0.1
Paid-in capital	324.5	279.0
Retained earnings	1,321.0	1,475.6
Accumulated other comprehensive income (loss)	0.9	(1.0)
Total shareholders' equity	1,646.5	1,753.7
Total liabilities and shareholders' equity	$ 8,683.2	$ 7,610.2

See accompanying notes to consolidated financial statements.

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

(Dollars in millions, except per share data)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenue:				
Finance charges	$ 507.6	$ 441.7	$ 1,474.5	$ 1,303.8
Premiums earned	25.1	20.8	71.3	58.0
Other income	17.6	16.1	50.7	48.5
Total revenue	550.3	478.6	1,596.5	1,410.3
Costs and expenses:				
Salaries and wages	77.3	66.7	231.6	214.1
General and administrative	29.0	21.3	75.9	59.8
Sales and marketing	23.1	22.5	72.4	70.9
Total operating expenses	129.4	110.5	379.9	344.8
Provision for credit losses on forecast changes	105.9	106.3	430.9	319.4
Provision for credit losses on new Consumer Loan assignments	78.8	78.3	260.4	253.1
Total provision for credit losses	184.7	184.6	691.3	572.5
Interest	111.2	70.5	308.2	187.7
Provision for claims	18.5	16.5	55.8	54.1
Loss on sale of building	—	—	23.7	—
Total costs and expenses	443.8	382.1	1,458.9	1,159.1
Income before provision for income taxes	106.5	96.5	137.6	251.2
Provision for income taxes	27.7	25.7	41.6	58.7
Net income	$ 78.8	$ 70.8	$ 96.0	$ 192.5
Net income per share:				
Basic	$ 6.42	$ 5.47	$ 7.78	$ 14.79
Diluted	$ 6.35	$ 5.43	$ 7.68	$ 14.73
Weighted average shares outstanding:				
Basic	12,274,685	12,933,377	12,345,739	13,013,344
Diluted	12,415,143	13,039,638	12,494,011	13,068,998

See accompanying notes to consolidated financial statements.

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

(In millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income	$ 78.8	$ 70.8	$ 96.0	$ 192.5
Other comprehensive gain (loss), net of tax:				
Unrealized gain (loss) on securities, net of tax	2.1	(0.2)	1.9	—
Other comprehensive gain (loss)	2.1	(0.2)	1.9	—
Comprehensive income	$ 80.9	$ 70.6	$ 97.9	$ 192.5

See accompanying notes to consolidated financial statements.

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(UNAUDITED)

(Dollars in millions)

	For the Three Months Ended September 30, 2024					
	Common Stock					
	Number of Shares	Amount	Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance, beginning of period	12,111,128	$ 0.1	$ 313.8	$ 1,242.2	$ (1.2)	$ 1,554.9
Net income	—	—	—	78.8	—	78.8
Other comprehensive income	—	—	—	—	2.1	2.1
Stock-based compensation	—	—	10.7	—	—	10.7
Repurchase of common stock	(86)	—	—	—	—	—
Restricted stock units settled in common stock	558	—	—	—	—	—
Balance, end of period	12,111,600	$ 0.1	$ 324.5	$ 1,321.0	$ 0.9	$ 1,646.5

(Dollars in millions)

	For the Three Months Ended September 30, 2023					
	Common Stock					
	Number of Shares	Amount	Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance, beginning of period	12,821,681	$ 0.1	$ 261.7	$ 1,487.9	$ (2.7)	$ 1,747.0
Net income	—	—	—	70.8	—	70.8
Other comprehensive loss	—	—	—	—	(0.2)	(0.2)
Stock-based compensation	—	—	9.3	—	—	9.3
Repurchase of common stock	(256,232)	—	—	(126.3)	—	(126.3)
Stock options exercised	770	—	0.3	—	—	0.3
Balance, end of period	12,566,219	$ 0.1	$ 271.3	$ 1,432.4	$ (2.9)	$ 1,700.9

(Dollars in millions)

	For the Nine Months Ended September 30, 2024					
	Common Stock					
	Number of Shares	Amount	Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance, beginning of period	12,522,397	$ 0.1	$ 279.0	$ 1,475.6	$ (1.0)	$ 1,753.7
Net income	—	—	—	96.0	—	96.0
Other comprehensive income	—	—	—	—	1.9	1.9
Stock-based compensation	—	—	32.2	—	—	32.2
Repurchase of common stock	(462,131)	—	(1.3)	(250.6)	—	(251.9)
Restricted stock units settled to common stock	8,908	—	—	—	—	—
Stock options exercised	42,426	—	14.6	—	—	14.6
Balance, end of period	12,111,600	$ 0.1	$ 324.5	$ 1,321.0	$ 0.9	$ 1,646.5

(Dollars in millions)

	For the Nine Months Ended September 30, 2023					
	Common Stock					
	Number of Shares	Amount	Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance, beginning of period	12,756,885	$ 0.1	$ 245.7	$ 1,381.1	$ (2.9)	$ 1,624.0
Net income	—	—	—	192.5	—	192.5
Stock-based compensation	—	—	29.0	—	—	29.0
Repurchase of common stock	(305,493)	—	(7.8)	(141.2)	—	(149.0)
Restricted stock units settled to common stock	101,757	—	—	—	—	—
Stock options exercised	13,070	—	4.4	—	—	4.4
Balance, end of period	12,566,219	$ 0.1	$ 271.3	$ 1,432.4	$ (2.9)	$ 1,700.9

See accompanying notes to consolidated financial statements.

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(In millions)	For the Nine Months Ended September 30,	
	2024	2023
Cash Flows From Operating Activities:		
Net income	$ 96.0	$ 192.5
Adjustments to reconcile cash provided by operating activities:		
Provision for credit losses	691.3	572.5
Depreciation	5.5	6.6
Amortization	15.4	13.3
Provision for deferred income taxes	33.4	35.1
Stock-based compensation	32.2	29.0
Loss on sale of building	23.7	—
Other	0.5	0.5
Change in operating assets and liabilities:		
Increase in accounts payable and accrued liabilities	26.7	14.6
Increase in income taxes receivable	(22.1)	(5.5)
Increase (decrease) in income taxes payable	(80.8)	7.0
Decrease in other assets	9.9	27.0
Net cash provided by operating activities	831.7	892.6
Cash Flows From Investing Activities:		
Purchases of restricted securities available for sale	(51.7)	(34.7)
Proceeds from sale of restricted securities available for sale	25.8	12.3
Maturities of restricted securities available for sale	7.4	8.1
Principal collected on Loans receivable	2,409.6	2,330.8
Advances to Dealers	(2,858.3)	(2,202.9)
Purchases of Consumer Loans	(833.8)	(970.6)
Accelerated payments of Dealer Holdback	(46.9)	(35.3)
Payments of Dealer Holdback	(188.1)	(177.3)
Purchases of property and equipment	(1.1)	(2.3)
Proceeds from sale of building	3.2	—
Net cash used in investing activities	(1,533.9)	(1,071.9)
Cash Flows From Financing Activities:		
Borrowings under revolving secured lines of credit	5,988.3	5,529.1
Repayments under revolving secured lines of credit	(6,066.5)	(5,457.9)
Proceeds from secured financing	2,865.4	2,004.0
Repayments of secured financing	(1,594.7)	(1,722.9)
Payments of debt issuance costs	(19.1)	(16.0)
Repurchase of common stock	(251.9)	(149.0)
Proceeds from stock options exercised	14.6	4.4
Other	11.5	8.1
Net cash provided by financing activities	947.6	199.8
Net increase in cash and cash equivalents and restricted cash and cash equivalents	245.4	20.5
Cash and cash equivalents and restricted cash and cash equivalents beginning of period	470.9	417.7
Cash and cash equivalents and restricted cash and cash equivalents end of period	$ 716.3	$ 438.2
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period for interest	$ 280.0	$ 172.7
Cash paid during the period for income taxes, net of refunds	$ 102.0	$ 19.7

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("generally accepted accounting principles" or "GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The results of operations for interim periods are not necessarily indicative of actual results achieved for full fiscal years. The consolidated balance sheet as of December 31, 2023 has been derived from the audited financial statements at that date but does not include all the information and footnotes required by GAAP for complete financial statements. For further information, refer to the consolidated financial statements and footnotes thereto included in the Annual Report on Form 10-K for the year ended December 31, 2023 for Credit Acceptance Corporation (the "Company", "Credit Acceptance", "we", "our" or "us").

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

We have evaluated events and transactions occurring subsequent to the consolidated balance sheet date of September 30, 2024 for items that could potentially be recognized or disclosed in these financial statements. We did not identify any items that would require disclosure in or adjustment to the consolidated financial statements.

Reclassification

Certain amounts for prior periods have been reclassified to conform to the current presentation.

2. DESCRIPTION OF BUSINESS

We make vehicle ownership possible by providing innovative financing solutions that enable automobile dealers to sell vehicles to consumers regardless of their credit history. Our financing programs are offered through a nationwide network of automobile dealers who benefit from sales of vehicles to consumers who otherwise could not obtain financing; from repeat and referral sales generated by these same customers; and from sales to customers responding to advertisements for our financing programs, but who actually end up qualifying for traditional financing.

Without our financing programs, consumers are often unable to purchase vehicles or they purchase unreliable ones. Further, as we report to the three national credit reporting agencies, an important ancillary benefit of our programs is that we provide consumers with an opportunity to improve their lives by improving their credit score and move on to more traditional sources of financing.

We refer to automobile dealers who participate in our programs and who share our desire to provide an opportunity to consumers to improve their lives as "Dealers." Upon enrollment in our financing programs, the Dealer enters into a Dealer servicing agreement with us that defines the legal relationship between Credit Acceptance and the Dealer. The Dealer servicing agreement assigns the responsibilities for administering, servicing, and collecting the amounts due on retail installment contracts (referred to as "Consumer Loans") from the Dealers to us. We are an indirect lender from a legal perspective, meaning the Consumer Loan is originated by the Dealer and assigned to us.

The majority of the Consumer Loans assigned to us are made to consumers with impaired or limited credit histories. The following table shows the percentage of Consumer Loans assigned to us with either FICO® scores below 650 or no FICO® scores:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
Consumer Loan Assignment Volume	**2024**	**2023**	**2024**	**2023**
Percentage of total unit volume with either FICO® scores below 650 or no FICO® scores	79.1 %	78.6 %	81.0 %	81.5 %

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

We have two programs: the Portfolio Program and the Purchase Program. Under the Portfolio Program, we advance money to Dealers (referred to as a "Dealer Loan") in exchange for the right to service the underlying Consumer Loans. Under the Purchase Program, we buy the Consumer Loans from the Dealers (referred to as a "Purchased Loan") and keep all amounts collected from the consumer. Dealer Loans and Purchased Loans are collectively referred to as "Loans." The following table shows the percentage of Consumer Loans assigned to us as Dealer Loans and Purchased Loans for each of the last seven quarters:

	Unit Volume		Dollar Volume (1)	
Three Months Ended	Dealer Loans	Purchased Loans	Dealer Loans	Purchased Loans
March 31, 2023	72.1 %	27.9 %	68.1 %	31.9 %
June 30, 2023	72.4 %	27.6 %	68.6 %	31.4 %
September 30, 2023	74.8 %	25.2 %	71.7 %	28.3 %
December 31, 2023	77.2 %	22.8 %	75.0 %	25.0 %
March 31, 2024	78.2 %	21.8 %	76.6 %	23.4 %
June 30, 2024	78.5 %	21.5 %	77.3 %	22.7 %
September 30, 2024	79.5 %	20.5 %	78.4 %	21.6 %

(1) Represents advances paid to Dealers on Consumer Loans assigned under our Portfolio Program and one-time payments made to Dealers to purchase Consumer Loans assigned under our Purchase Program. Payments of Dealer Holdback (as defined below) and accelerated Dealer Holdback are not included.

Portfolio Program

As payment for the vehicle, the Dealer generally receives the following:

- a down payment from the consumer;
- a non-recourse cash payment ("advance") from us; and
- after the advance balance (cash advance and related Dealer Loan fees and costs) has been recovered by us, the cash from payments made on the Consumer Loan, net of certain collection costs and our servicing fee ("Dealer Holdback").

We record the amount advanced to the Dealer as a Dealer Loan, which is classified within Loans receivable in our consolidated balance sheets. Cash advanced to the Dealer is automatically assigned to the Dealer's open pool of advances. Dealers make an election as to how many Consumer Loans (either 50 or 100) will be assigned to an open pool before it is closed, and subsequent advances are assigned to a new pool. Unless we receive a request from the Dealer to keep a pool open, we automatically close each pool based on the Dealer's election. All advances within a Dealer's pool are secured by the future collections on the related Consumer Loans assigned to the pool. For Dealers with more than one pool, the pools are cross-collateralized so the performance of other pools is considered in determining eligibility for Dealer Holdback. We perfect our security interest with respect to the Dealer Loans by obtaining control or taking possession of the Consumer Loans, which list us as lien holder on the vehicle title.

The Dealer servicing agreement provides that collections received by us during a calendar month on Consumer Loans assigned by a Dealer are applied on a pool-by-pool basis as follows:

- first, to reimburse us for certain collection costs;
- second, to pay us our servicing fee, which generally equals 20% of collections;
- third, to reduce the aggregate advance balance and to pay any other amounts due from the Dealer to us; and
- fourth, to the Dealer as payment of Dealer Holdback.

If the collections on Consumer Loans from a Dealer's pool are not sufficient to repay the advance balance and any other amounts due to us, the Dealer will not receive Dealer Holdback. Certain events may also result in Dealers forfeiting their rights to Dealer Holdback, including becoming inactive before assigning 100 Consumer Loans.

Dealers have an opportunity to receive an accelerated Dealer Holdback payment each time a pool of Consumer Loans is closed. The amount paid to the Dealer is calculated using a formula that considers the number of Consumer Loans assigned to the pool and the related forecasted collections and advance balance.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

Since typically the combination of the advance and the consumer's down payment provides the Dealer with a cash profit at the time of sale, the Dealer's risk in the Consumer Loan is limited. We cannot demand repayment of the advance from the Dealer except in the event the Dealer is in default of the Dealer servicing agreement. Advances are made only after the consumer and Dealer have signed a Consumer Loan contract, we have received the executed Consumer Loan contract and supporting documentation in either physical or electronic form, and we have approved all of the related stipulations for funding.

For accounting purposes, the transactions described under the Portfolio Program are not considered to be loans to consumers. Instead, our accounting reflects that of a lender to the Dealer. The classification as a Dealer Loan for accounting purposes is primarily a result of (1) the Dealer's financial interest in the Consumer Loan and (2) certain elements of our legal relationship with the Dealer.

Purchase Program

The Purchase Program differs from our Portfolio Program in that the Dealer receives a one-time payment from us at the time of assignment to purchase the Consumer Loan instead of a cash advance at the time of assignment and future Dealer Holdback payments. For accounting purposes, the transactions described under the Purchase Program are considered to be originated by the Dealer and then purchased by us.

Program Enrollment

Dealers are granted access to our Portfolio Program upon enrollment. Access to the Purchase Program is typically only granted to Dealers that meet one of the following:

- assigned at least 50 Consumer Loans under the Portfolio Program;
- franchise dealership; or
- independent dealership that meets certain criteria upon enrollment.

Seasonality

Our business is seasonal with peak Consumer Loan assignments and collections occurring during the first quarter of the year. This seasonality has a material impact on our interim results, as we are required to recognize a significant provision for credit losses expense at the time of assignment. For additional information, see Note 3.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Segment Information

We currently operate in one reportable segment which represents our core business of offering innovative financing solutions that enable automobile dealers to sell vehicles to consumers regardless of their credit history. The consolidated financial statements reflect the financial results of our one reportable operating segment.

Cash and Cash Equivalents and Restricted Cash and Cash Equivalents

Cash equivalents consist of readily marketable securities with original maturities at the date of acquisition of three months or less. As of September 30, 2024 and December 31, 2023, we had $158.6 million and $12.8 million, respectively, in cash and cash equivalents that were not insured by the Federal Deposit Insurance Corporation ("FDIC").

Restricted cash and cash equivalents consist of cash pledged as collateral for secured financings and cash held in a trust for future vehicle service contract claims. As of September 30, 2024 and December 31, 2023, we had $551.8 million and $453.7 million, respectively, in restricted cash and cash equivalents that were not insured by the FDIC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

The following table provides a reconciliation of cash and cash equivalents and restricted cash and cash equivalents reported in our consolidated balance sheets to the total shown in our consolidated statements of cash flows:

(In millions)	As of			
	September 30, 2024	December 31, 2023	September 30, 2023	December 31, 2022
Cash and cash equivalents	$ 159.7	$ 13.2	$ 3.1	$ 7.7
Restricted cash and cash equivalents	556.6	457.7	435.1	410.0
Total cash and cash equivalents and restricted cash and cash equivalents	$ 716.3	$ 470.9	$ 438.2	$ 417.7

Restricted Securities Available for Sale

Restricted securities available for sale consist of amounts held in a trust for future vehicle service contract claims. We determine the appropriate classification of our investments in debt securities at the time of purchase and reevaluate such determinations at each balance sheet date. Debt securities for which we do not have the intent or ability to hold to maturity are classified as available for sale, and stated at fair value with unrealized gains and losses, net of income taxes included in the determination of comprehensive income and reported as a component of shareholders' equity.

Loans Receivable and Allowance for Credit Losses

Consumer Loan Assignment. For legal purposes, a Consumer Loan is considered to have been assigned to us after the following has occurred:

- the consumer and Dealer have signed a Consumer Loan contract; and
- we have received the executed Consumer Loan contract and supporting documentation in either physical or electronic form.

For accounting and financial reporting purposes, a Consumer Loan is considered to have been assigned to us after the following has occurred:

- the Consumer Loan has been legally assigned to us; and
- we have made a funding decision and generally have provided funding to the Dealer in the form of either an advance under the Portfolio Program or one-time purchase payment under the Purchase Program.

Portfolio Segments and Classes. Our Loan portfolio consists of two portfolio segments: Dealer Loans and Purchased Loans. Our determination is based on the following:

- We have two financing programs: the Portfolio Program and the Purchase Program. We are considered to be a lender to Dealers for Consumer Loans assigned under the Portfolio Program and a purchaser of Consumer Loans assigned under the Purchase Program.
- The Portfolio Program and the Purchase Program have different levels of risk in relation to credit losses. Under the Portfolio Program, the impact of negative variances in Consumer Loan performance is mitigated by Dealer Holdback and the cross-collateralization of Consumer Loan assignments. Under the Purchase Program, we are impacted by the full amount of negative variances in Consumer Loan performance.
- Our business model is narrowly focused on Consumer Loan assignments from one industry with expected cash flows that are significantly lower than the contractual cash flows owed to us due to credit quality. We do not believe that it is meaningful to disaggregate our Loan portfolio beyond the Dealer Loans and Purchased Loans portfolio segments.

Each portfolio segment consists of one class of Consumer Loan assignments, which is Consumer Loans originated by Dealers to finance purchases of vehicles and related ancillary products by consumers with impaired or limited credit histories. Our determination is based on the following:

- All of the Consumer Loans assigned to us have similar risk characteristics in relation to the categorization of borrowers, type of financing receivable, industry sector, and type of collateral.
- We only accept Consumer Loan assignments from Dealers located within the United States.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

Recognition and Measurement Policy. On January 1, 2020, we adopted Accounting Standards Update 2016-13, Measurement of Credit Losses on Financial Instruments, which is known as the current expected credit loss model, or CECL. Loans outstanding prior to the adoption date are no longer material to our consolidated financial statements. Consumer Loans assigned to us on or subsequent to January 1, 2020 are accounted for as originated financial assets ("Originated Method").

Under the Originated Method, at the time of assignment, we:

- calculate the effective interest rate based on contractual future net cash flows;
- record a Loan receivable equal to the advance paid to the Dealer under the Portfolio Program or purchase price paid to the Dealer under the Purchase Program; and
- record an allowance for credit losses equal to the difference between the initial Loan receivable balance and the present value of expected future net cash flows discounted at the effective interest rate. The initial allowance for credit losses is recognized as provision for credit losses expense.

The effective interest rate and initial allowance for credit losses are significantly higher for Consumer Loans assigned under the Purchase Program than for Consumer Loans assigned under the Portfolio Program, as contractual net cash flows exceed expected net cash flows by a significantly greater margin under the Purchase Program. Under the Purchase Program, we retain all contractual collections that exceed our initial expectations. Under the Portfolio Program, contractual collections that exceed our initial expectations are substantially offset by additional Dealer Holdback payments.

Under the Originated Method, for each reporting period subsequent to assignment, we:

- recognize finance charge revenue using the effective interest rate that was calculated at the time of assignment based on contractual future net cash flows; and
- adjust the allowance for credit losses so that the net carrying amount of each Loan equals the present value of expected future net cash flows discounted at the effective interest rate. The adjustment to the allowance for credit losses is recognized as either provision for credit losses expense or a reversal of provision for credit losses expense.

Loans Receivable. Amounts advanced to Dealers for Consumer Loans assigned under the Portfolio Program are recorded as Dealer Loans and are aggregated by Dealer for purposes of recognizing revenue and measuring credit losses. Amounts paid to Dealers for Consumer Loans assigned under the Purchase Program are recorded as Purchased Loans and, for purposes of recognizing revenue and measuring credit losses, are not aggregated.

The outstanding balance of each Loan included in Loans receivable is comprised of the following:

- cash paid to the Dealer (or to third-party ancillary product providers on the Dealer's behalf) for the Consumer Loan assignment (advance under the Portfolio Program or one-time purchase payment under the Purchase Program);
- finance charges;
- Dealer Holdback payments;
- accelerated Dealer Holdback payments;
- recoveries;
- transfers in;
- less: collections (net of certain collection costs);
- less: write-offs; and
- less: transfers out.

Under our Portfolio Program, certain events may result in Dealers forfeiting their rights to Dealer Holdback. We transfer the Dealer's outstanding Dealer Loan balance and the related allowance for credit losses balance to Purchased Loans in the period this forfeiture occurs. We aggregate these Purchased Loans by Dealer for purposes of recognizing revenue and measuring credit losses.

Allowance for Credit Losses. The outstanding balance of the allowance for credit losses of each Loan represents the amount required to reduce net carrying amount of Loans (Loans receivable less allowance for credit losses) to the present value of expected future net cash flows discounted at the effective interest rate. Expected future net cash flows for Dealer Loans are comprised of expected future collections on the assigned Consumer Loans, less any expected future Dealer Holdback payments. Expected future net cash flows for Purchased Loans are comprised of expected future collections on the assigned Consumer Loans.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

Expected future collections are forecasted for each individual Consumer Loan based on the historical performance of Consumer Loans with similar characteristics, adjusted for recent trends in payment patterns. Our forecast of expected future collections includes estimates for prepayments and post-contractual-term cash flows. Unless the consumer is no longer contractually obligated to pay us, we forecast future collections on each Consumer Loan for a 120 month period after the origination date. Expected future Dealer Holdback payments are forecasted for each individual Dealer based on the expected future collections and current advance balance of each Dealer Loan.

We fully write off the outstanding balances of a Loan and the related allowance for credit losses once we are no longer forecasting any expected future net cash flows on the Loan. Under our partial write-off policy, we write off the amount of the outstanding balances of a Loan and the related allowance for credit losses, if any, that exceeds 200% of the present value of expected future net cash flows on the Loan, as we deem this amount to be uncollectable.

Credit Quality. The vast majority of the Consumer Loans assigned to us are made to individuals with impaired or limited credit histories. Consumer Loans made to these individuals generally entail a higher risk of delinquency, default, and repossession and higher losses than loans made to consumers with better credit. Since most of our revenue and cash flows are generated from these Consumer Loans, our ability to accurately forecast Consumer Loan performance is critical to our business and financial results. At the time a Consumer Loan is submitted to us for assignment, we forecast future expected cash flows from the Consumer Loan. Based on these forecasts, an advance or one-time purchase payment is made to the related Dealer at a price designed to maximize our economic profit, a non-GAAP financial measure that considers our return on capital, our cost of capital, and the amount of capital invested.

We monitor and evaluate the credit quality of Consumer Loans on a monthly basis by comparing our current forecasted collection rates to our initial expectations. We use a statistical model that considers a number of credit quality indicators to estimate the expected collection rate for each Consumer Loan at the time of assignment. The credit quality indicators considered in our model include attributes contained in the consumer's credit bureau report, data contained in the consumer's credit application, the structure of the proposed transaction, vehicle information and other factors. We continue to evaluate the expected collection rate for each Consumer Loan subsequent to assignment primarily through the monitoring of consumer payment behavior. Our evaluation becomes more accurate as the Consumer Loans age, as we use actual performance data in our forecast. Since all known, significant credit quality indicators have already been factored into our forecasts and pricing, we are not able to use any specific credit quality indicators to predict or explain variances in actual performance from our initial expectations. Any variances in performance from our initial expectations are a result of Consumer Loans performing differently from historical Consumer Loans with similar characteristics. We periodically adjust our statistical pricing model for new trends that we identify through our evaluation of these forecasted collection rate variances.

When overall forecasted collection rates underperform our initial expectations, the decline in forecasted collections has a more adverse impact on the profitability of the Purchased Loans than on the profitability of the Dealer Loans. For Purchased Loans, the decline in forecasted collections is absorbed entirely by us. For Dealer Loans, the decline in the forecasted collections is substantially offset by a decline in forecasted payments of Dealer Holdback.

Methodology Changes. During the second quarter of 2024, we applied an adjustment to our methodology for forecasting the amount of future net cash flows from our Loan portfolio, which reduced the forecasted collection rates for Consumer Loans assigned in 2022 through 2024. During the second quarter of 2023, we adjusted our methodology for forecasting the amount and timing of future net cash flows from our Loan portfolio through the utilization of more recent Consumer Loan performance and Consumer Loan prepayment data. For additional information, see Note 6. For the three and nine months ended September 30, 2024 and 2023, we did not make any other methodology changes for Loans that had a material impact on our financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

Finance Charges

Sources of Revenue. Finance charges is comprised of: (1) interest income earned on Loans; (2) administrative fees earned from ancillary products; (3) program fees charged to Dealers under the Portfolio Program; (4) Consumer Loan assignment fees charged to Dealers; and (5) direct origination costs incurred on Dealer Loans.

We provide Dealers the ability to offer vehicle service contracts to consumers through our relationships with Third-Party Providers ("TPPs"). A vehicle service contract provides the consumer protection by paying for the repair or replacement of certain components of the vehicle in the event of a mechanical failure. The retail price of the vehicle service contract is included in the principal balance of the Consumer Loan. The wholesale cost of the vehicle service contract is paid to the TPP, net of an administrative fee retained by us. The difference between the wholesale cost and the retail price to the consumer is paid to the Dealer as a commission. Under the Portfolio Program, the wholesale cost of the vehicle service contract and the commission paid to the Dealer are charged to the Dealer's advance balance. TPPs process claims on vehicle service contracts that are underwritten by third-party insurers. We bear the risk of loss for claims on certain vehicle service contracts that are reinsured by us. We market the vehicle service contracts directly to Dealers.

We provide Dealers the ability to offer Guaranteed Asset Protection ("GAP") to consumers through our relationships with TPPs. GAP provides the consumer protection by paying the difference between the loan balance and the amount covered by the consumer's insurance policy in the event of a total loss of the vehicle due to severe damage or theft. The retail price of GAP is included in the principal balance of the Consumer Loan. The wholesale cost of GAP is paid to the TPP, net of an administrative fee retained by us. The difference between the wholesale cost and the retail price to the consumer is paid to the Dealer as a commission. Under the Portfolio Program, the wholesale cost of GAP and the commission paid to the Dealer are charged to the Dealer's advance balance. TPPs process claims on GAP contracts that are underwritten by third-party insurers.

Program fees represent monthly fees charged to Dealers for access to our Credit Approval Processing System ("CAPS"); administration, servicing, and collection services offered by us; documentation related to or affecting our program; and all tangible and intangible property owned by Credit Acceptance. We charge a monthly fee of $599 to Dealers participating in our Portfolio Program and we collect it from future Dealer Holdback payments.

Recognition Policy. We recognize finance charges under the interest method such that revenue is recognized on a level-yield basis over the life of the Loan. We calculate finance charges on a monthly basis by applying the effective interest rate of the Loan to the net carrying amount of the Loan (Loan receivable less the related allowance for credit losses). The effective interest rate is based on contractual future net cash flows.

We report the change in the present value of credit losses attributable to the passage of time as a reduction to finance charges. Accordingly, we allocate finance charges recognized on each Loan between the Loan receivable and the related allowance for credit losses. The amount of finance charges allocated to the Loan receivable is equal to the effective interest rate applied to the Loans receivable balance. The reduction of finance charges allocated to the allowance for credit losses is equal to the effective interest rate applied to the allowance for credit losses balance.

Reinsurance

Our wholly owned subsidiary VSC Re Company ("VSC Re") is engaged in the business of reinsuring coverage under vehicle service contracts sold to consumers by Dealers on vehicles financed by us. VSC Re currently reinsures vehicle service contracts that are offered through one of our TPPs. Vehicle service contract premiums, which represent the selling price of the vehicle service contract to the consumer, less fees and certain administrative costs, are contributed to a trust account controlled by VSC Re. These premiums are used to fund claims covered under the vehicle service contracts. VSC Re is a bankruptcy remote entity. As such, our exposure to fund claims is limited to the trust assets controlled by VSC Re and our net investment in VSC Re.

Premiums from the reinsurance of vehicle service contracts are recognized over the life of the policy in proportion to expected costs of servicing those contracts. Expected costs are determined based on our historical claims experience. Claims are expensed through a provision for claims in the period the claim was incurred. Capitalized acquisition costs are comprised of premium taxes and are amortized as general and administrative expense over the life of the contracts in proportion to premiums earned.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

We have consolidated the trust within our financial statements based on our determination of the following:

- *We have a variable interest in the trust.* We have a residual interest in the assets of the trust, which is variable in nature, given that it increases or decreases based upon the actual loss experience of the related service contracts. In addition, VSC Re is required to absorb any losses in excess of the trust's assets.
- *The trust is a variable interest entity.* The trust has insufficient equity at risk as no parties to the trust were required to contribute assets that provide them with any ownership interest.
- *We are the primary beneficiary of the trust.* We control the amount of premiums written and placed in the trust through Consumer Loan assignments under our Programs, which is the activity that most significantly impacts the economic performance of the trust. We have the right to receive benefits from the trust that could potentially be significant. In addition, VSC Re has the obligation to absorb losses of the trust that could potentially be significant.

New Accounting Updates Not Yet Adopted

Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative. In October 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-06, which amends the disclosure or presentation requirements related to various subtopics in the FASB Accounting Standards Codification (the "Codification"). The effective date for each amendment will be the date on which the SEC's removal of that related disclosure from Regulation S-X or Regulation S-K becomes effective, with early adoption prohibited. If, by June 30, 2027, the SEC has not removed the applicable requirement from Regulation S-X or Regulation S-K, the pending content of the related amendment will be removed from the Codification and will not become effective for any entity. We are currently evaluating the impact the adoption of ASU 2023-06 will have on our consolidated financial statements and related disclosures.

Improvements to Reportable Segment Disclosures. In November 2023, the FASB issued ASU 2023-07, which enhances the required disclosures for operating segments in our annual and interim consolidated financial statements. ASU 2023-07 is effective on a retrospective basis for annual periods beginning after December 15, 2023, and interim periods beginning after December 15, 2024. Early adoption is permitted but we have not yet adopted ASU 2023-07. We are currently evaluating the impact the adoption of ASU 2023-07 will have on our consolidated financial statements and related disclosures.

Improvements to Income Tax Disclosures. In December 2023, the FASB issued ASU 2023-09, which intends to improve the transparency of income tax disclosures by requiring (1) consistent categories and greater disaggregation of information in the rate reconciliation and (2) income taxes paid disaggregated by jurisdiction. It also includes certain other amendments intended to improve the effectiveness of income tax disclosures. ASU 2023-09 is effective for annual periods beginning after December 15, 2024. Early adoption is permitted, but we have not yet adopted ASU 2023-09. We are currently evaluating the impact the adoption of ASU 2023-09 will have on our consolidated financial statements and related disclosures.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

4. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate their value.

Cash and Cash Equivalents and Restricted Cash and Cash Equivalents. The carrying amounts approximate their fair value due to the short maturity of these instruments.

Restricted Securities Available for Sale. The fair value of U.S. Government and agency securities, corporate bonds, and municipal securities is based on quoted market values in active markets. For asset-backed securities, mortgage-backed securities, and commercial paper, we use model-based valuation techniques for which all significant assumptions are observable in the market.

Loans Receivable, net. The fair value is determined by calculating the present value of expected future net cash flows estimated by us by utilizing the discount rate used to calculate the value of our Loans under our non-GAAP floating yield methodology.

Revolving Secured Lines of Credit. The fair value is determined by calculating the present value of the debt instrument based on current rates for debt with a similar risk profile and maturity.

Secured Financing. The fair value of certain asset-backed secured financings ("Term ABS" financings) is determined using quoted market prices in an active market. For our warehouse facilities and certain other Term ABS financings, the fair values are determined by calculating the present value of each debt instrument based on current rates for debt with similar risk profiles and maturities.

Senior Notes. The fair value is determined using quoted market prices in an active market.

Mortgage Note. The fair value was determined by calculating the present value of the debt instrument based on current rates for debt with a similar risk profile and maturity.

A comparison of the carrying amount and estimated fair value of these financial instruments is as follows:

(In millions)	As of September 30, 2024		As of December 31, 2023	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Assets				
Cash and cash equivalents	$ 159.7	$ 159.7	$ 13.2	$ 13.2
Restricted cash and cash equivalents	556.6	556.6	457.7	457.7
Restricted securities available for sale	113.9	113.9	93.2	93.2
Loans receivable, net	7,781.5	8,882.3	6,955.3	7,759.1
Liabilities				
Revolving secured lines of credit	$ 1.0	$ 1.0	$ 79.2	$ 79.2
Secured financing	5,257.1	5,360.4	3,990.9	4,025.9
Senior notes	990.8	1,042.8	989.0	1,039.8
Mortgage note	—	—	8.4	8.4

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. We group assets and liabilities at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1	Valuation is based upon quoted prices for identical instruments traded in active markets.
Level 2	Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.
Level 3	Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect estimates or assumptions that market participants would use in pricing the asset or liability.

The following table provides the level of measurement used to determine the fair value for each of our financial instruments measured or disclosed at fair value:

(In millions)	As of September 30, 2024			
	Level 1	Level 2	Level 3	Total Fair Value
Assets				
Cash and cash equivalents (1)	$ 159.7	$ —	$ —	$ 159.7
Restricted cash and cash equivalents (1)	556.6	—	—	556.6
Restricted securities available for sale (2)	90.7	23.2	—	113.9
Loans receivable, net (1)	—	—	8,882.3	8,882.3
Liabilities				
Revolving secured lines of credit (1)	$ —	$ 1.0	$ —	$ 1.0
Secured financing (1)	4,460.2	900.2	—	5,360.4
Senior notes (1)	1,042.8	—	—	1,042.8

(In millions)	As of December 31, 2023			
	Level 1	Level 2	Level 3	Total Fair Value
Assets				
Cash and cash equivalents (1)	$ 13.2	$ —	$ —	$ 13.2
Restricted cash and cash equivalents (1)	457.7	—	—	457.7
Restricted securities available for sale (2)	75.1	18.1	—	93.2
Loans receivable, net (1)	—	—	7,759.1	7,759.1
Liabilities				
Revolving secured lines of credit (1)	$ —	$ 79.2	$ —	$ 79.2
Secured financing (1)	3,225.8	800.1	—	4,025.9
Senior notes (1)	1,039.8	—	—	1,039.8
Mortgage note (1)	—	8.4	—	8.4

(1) Measured at amortized cost with fair value disclosed.
(2) Measured at fair value on a recurring basis.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

5. RESTRICTED SECURITIES AVAILABLE FOR SALE

Restricted securities available for sale consist of the following:

(In millions)	As of September 30, 2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Corporate bonds	$ 50.3	$ 0.9	$ (0.3)	$ 50.9
U.S. Government and agency securities	39.5	0.6	(0.3)	39.8
Asset-backed securities	21.2	0.2	—	21.4
Mortgage-backed securities	1.8	—	—	1.8
Total restricted securities available for sale	$ 112.8	$ 1.7	$ (0.6)	$ 113.9

(In millions)	As of December 31, 2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Corporate bonds	$ 40.5	$ 0.3	$ (0.9)	$ 39.9
U.S. Government and agency securities	35.2	0.2	(0.9)	34.5
Asset-backed securities	18.0	0.1	(0.2)	17.9
Municipal securities	0.7	—	—	0.7
Mortgage-backed securities	0.2	—	—	0.2
Total restricted securities available for sale	$ 94.6	$ 0.6	$ (2.0)	$ 93.2

The fair value and gross unrealized losses for restricted securities available for sale, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, are as follows:

(In millions)	Securities Available for Sale with Gross Unrealized Losses as of September 30, 2024					
	Less than 12 Months		12 Months or More			
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Total Estimated Fair Value	Total Gross Unrealized Losses
Corporate bonds	$ 2.9	$ —	$ 9.6	$ (0.3)	$ 12.5	$ (0.3)
U.S. Government and agency securities	0.5	—	10.4	(0.3)	10.9	(0.3)
Asset-backed securities	—	—	3.6	—	3.6	—
Mortgage-backed securities	—	—	0.1	—	0.1	—
Total restricted securities available for sale	$ 3.4	$ —	$ 23.7	$ (0.6)	$ 27.1	$ (0.6)

(In millions)	Securities Available for Sale with Gross Unrealized Losses as of December 31, 2023					
	Less than 12 Months		12 Months or More			
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Total Estimated Fair Value	Total Gross Unrealized Losses
Corporate bonds	$ 2.7	$ —	$ 18.4	$ (0.9)	$ 21.1	$ (0.9)
U.S. Government and agency securities	6.8	(0.1)	16.4	(0.8)	23.2	(0.9)
Asset-backed securities	1.6	—	7.3	(0.2)	8.9	(0.2)
Mortgage-backed securities	—	—	0.2	—	0.2	—
Total restricted securities available for sale	$ 11.1	$ (0.1)	$ 42.3	$ (1.9)	$ 53.4	$ (2.0)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

The cost and estimated fair values of debt securities by contractual maturity were as follows (securities with multiple maturity dates are classified in the period of final maturity). Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

(In millions)	As of			
	September 30, 2024		December 31, 2023	
Contractual Maturity	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Within one year	$ 8.8	$ 8.7	$ 6.9	$ 6.8
Over one year to five years	93.6	94.6	80.5	79.1
Over five years to ten years	10.3	10.6	7.1	7.2
Over ten years	0.1	—	0.1	0.1
Total restricted securities available for sale	$ 112.8	$ 113.9	$ 94.6	$ 93.2

6. LOANS RECEIVABLE

Loans receivable and allowance for credit losses consist of the following:

(In millions)	As of September 30, 2024		
	Dealer Loans	Purchased Loans	Total
Loans receivable	$ 8,348.7	$ 2,848.9	$ 11,197.6
Allowance for credit losses	(2,775.3)	(640.8)	(3,416.1)
Loans receivable, net	$ 5,573.4	$ 2,208.1	$ 7,781.5

(In millions)	As of December 31, 2023		
	Dealer Loans	Purchased Loans	Total
Loans receivable	$ 7,065.5	$ 2,954.6	$ 10,020.1
Allowance for credit losses	(2,355.7)	(709.1)	(3,064.8)
Loans receivable, net	$ 4,709.8	$ 2,245.5	$ 6,955.3

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

A summary of changes in Loans receivable and allowance for credit losses is as follows:

(In millions)	For the Three Months Ended September 30, 2024								
	Loans Receivable			Allowance for Credit Losses			Loans Receivable, Net		
	Dealer Loans	Purchased Loans	Total	Dealer Loans	Purchased Loans	Total	Dealer Loans	Purchased Loans	Total
Balance, beginning of period	$ 7,980.6	$ 2,903.6	$ 10,884.2	$ (2,659.5)	$ (677.0)	$ (3,336.5)	$ 5,321.1	$ 2,226.6	$ 7,547.7
Finance charges	499.8	226.8	726.6	(169.7)	(49.3)	(219.0)	330.1	177.5	507.6
Provision for credit losses	—	—	—	(123.5)	(61.2)	(184.7)	(123.5)	(61.2)	(184.7)
New Consumer Loan assignments (1)	899.2	247.4	1,146.6	—	—	—	899.2	247.4	1,146.6
Collections (2)	(906.6)	(403.9)	(1,310.5)	—	—	—	(906.6)	(403.9)	(1,310.5)
Accelerated Dealer Holdback payments	13.5	—	13.5	—	—	—	13.5	—	13.5
Dealer Holdback payments	57.6	—	57.6	—	—	—	57.6	—	57.6
Transfers (3)	(33.6)	33.6	—	11.9	(11.9)	—	(21.7)	21.7	—
Write-offs	(167.0)	(159.8)	(326.8)	167.0	159.8	326.8	—	—	—
Recoveries (4)	1.5	1.2	2.7	(1.5)	(1.2)	(2.7)	—	—	—
Deferral of Loan origination costs	3.7	—	3.7	—	—	—	3.7	—	3.7
Balance, end of period	$ 8,348.7	$ 2,848.9	$ 11,197.6	$ (2,775.3)	$ (640.8)	$ (3,416.1)	$ 5,573.4	$ 2,208.1	$ 7,781.5

(In millions)	For the Three Months Ended September 30, 2023								
	Loans Receivable			Allowance for Credit Losses			Loans Receivable, Net		
	Dealer Loans	Purchased Loans	Total	Dealer Loans	Purchased Loans	Total	Dealer Loans	Purchased Loans	Total
Balance, beginning of period	$ 6,534.1	$ 3,065.5	$ 9,599.6	$ (2,188.4)	$ (800.9)	$ (2,989.3)	$ 4,345.7	$ 2,264.6	$ 6,610.3
Finance charges	401.0	231.1	632.1	(136.0)	(54.4)	(190.4)	265.0	176.7	441.7
Provision for credit losses	—	—	—	(108.0)	(76.6)	(184.6)	(108.0)	(76.6)	(184.6)
New Consumer Loan assignments (1)	732.5	289.7	1,022.2	—	—	—	732.5	289.7	1,022.2
Collections (2)	(775.4)	(406.7)	(1,182.1)	—	—	—	(775.4)	(406.7)	(1,182.1)
Accelerated Dealer Holdback payments	10.7	—	10.7	—	—	—	10.7	—	10.7
Dealer Holdback payments	59.0	—	59.0	—	—	—	59.0	—	59.0
Transfers (3)	(27.3)	27.3	—	9.5	(9.5)	—	(17.8)	17.8	—
Write-offs	(153.7)	(180.2)	(333.9)	153.7	180.2	333.9	—	—	—
Recoveries (4)	0.4	0.9	1.3	(0.4)	(0.9)	(1.3)	—	—	—
Deferral of Loan origination costs	3.3	—	3.3	—	—	—	3.3	—	3.3
Balance, end of period	$ 6,784.6	$ 3,027.6	$ 9,812.2	$ (2,269.6)	$ (762.1)	$ (3,031.7)	$ 4,515.0	$ 2,265.5	$ 6,780.5

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

(In millions)	For the Nine Months Ended September 30, 2024								
	Loans Receivable			Allowance for Credit Losses			Loans Receivable, Net		
	Dealer Loans	Purchased Loans	Total	Dealer Loans	Purchased Loans	Total	Dealer Loans	Purchased Loans	Total
Balance, beginning of period	$ 7,065.5	$ 2,954.6	$ 10,020.1	$ (2,355.7)	$ (709.1)	$ (3,064.8)	$ 4,709.8	$ 2,245.5	$ 6,955.3
Finance charges	1,411.8	683.8	2,095.6	(474.9)	(146.2)	(621.1)	936.9	537.6	1,474.5
Provision for credit losses	—	—	—	(457.5)	(233.8)	(691.3)	(457.5)	(233.8)	(691.3)
New Consumer Loan assignments (1)	2,858.3	833.8	3,692.1	—	—	—	2,858.3	833.8	3,692.1
Collections (2)	(2,650.5)	(1,245.2)	(3,895.7)	—	—	—	(2,650.5)	(1,245.2)	(3,895.7)
Accelerated Dealer Holdback payments	46.9	—	46.9	—	—	—	46.9	—	46.9
Dealer Holdback payments	188.1	—	188.1	—	—	—	188.1	—	188.1
Transfers (3)	(105.0)	105.0	—	34.8	(34.8)	—	(70.2)	70.2	—
Write-offs	(481.0)	(486.2)	(967.2)	481.0	486.2	967.2	—	—	—
Recoveries (4)	3.0	3.1	6.1	(3.0)	(3.1)	(6.1)	—	—	—
Deferral of Loan origination costs	11.6	—	11.6	—	—	—	11.6	—	11.6
Balance, end of period	$ 8,348.7	$ 2,848.9	$ 11,197.6	$ (2,775.3)	$ (640.8)	$ (3,416.1)	$ 5,573.4	$ 2,208.1	$ 7,781.5

(In millions)	For the Nine Months Ended September 30, 2023								
	Loans Receivable			Allowance for Credit Losses			Loans Receivable, Net		
	Dealer Loans	Purchased Loans	Total	Dealer Loans	Purchased Loans	Total	Dealer Loans	Purchased Loans	Total
Balance, beginning of period	$ 6,074.8	$ 3,090.7	$ 9,165.5	$ (2,000.0)	$ (867.8)	$ (2,867.8)	$ 4,074.8	$ 2,222.9	$ 6,297.7
Finance charges	1,156.8	698.1	1,854.9	(386.7)	(164.4)	(551.1)	770.1	533.7	1,303.8
Provision for credit losses	—	—	—	(327.3)	(245.2)	(572.5)	(327.3)	(245.2)	(572.5)
New Consumer Loan assignments (1)	2,202.9	970.6	3,173.5	—	—	—	2,202.9	970.6	3,173.5
Collections (2)	(2,376.9)	(1,266.9)	(3,643.8)	—	—	—	(2,376.9)	(1,266.9)	(3,643.8)
Accelerated Dealer Holdback payments	35.3	—	35.3	—	—	—	35.3	—	35.3
Dealer Holdback payments	177.3	—	177.3	—	—	—	177.3	—	177.3
Transfers (3)	(78.9)	78.9	—	28.5	(28.5)	—	(50.4)	50.4	—
Write-offs	(417.2)	(546.7)	(963.9)	417.2	546.7	963.9	—	—	—
Recoveries (4)	1.3	2.9	4.2	(1.3)	(2.9)	(4.2)	—	—	—
Deferral of Loan origination costs	9.2	—	9.2	—	—	—	9.2	—	9.2
Balance, end of period	$ 6,784.6	$ 3,027.6	$ 9,812.2	$ (2,269.6)	$ (762.1)	$ (3,031.7)	$ 4,515.0	$ 2,265.5	$ 6,780.5

(1) The Dealer Loans amount represents advances paid to Dealers on Consumer Loans assigned under our Portfolio Program. The Purchased Loans amount represents one-time payments made to Dealers to purchase Consumer Loans assigned under our Purchase Program.
(2) Represents repayments that we collected on Consumer Loans assigned under our programs.
(3) Under our Portfolio Program, certain events may result in Dealers forfeiting their rights to Dealer Holdback. We transfer the Dealer's outstanding Dealer Loan balance and related allowance for credit losses balance to Purchased Loans in the period this forfeiture occurs.
(4) The Dealer Loans amount represents net cash flows received (collections less any related Dealer Holdback payments) on Dealer Loans that were previously written off in full. The Purchased Loans amount represents collections received on Purchased Loans that were previously written off in full.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

We recognize provision for credit losses on new Consumer Loan assignments for contractual net cash flows that were not expected to be realized at the time of assignment. We also recognize provision for credit losses on forecast changes in the amount and timing of expected future net cash flows subsequent to assignment. The following table summarizes the provision for credit losses for each of these components:

(In millions)	For the Three Months Ended September 30, 2024		
Provision for Credit Losses	**Dealer Loans**	**Purchased Loans**	**Total**
New Consumer Loan assignments	$ 49.4	$ 29.4	$ 78.8
Forecast changes	74.1	31.8	105.9
Total	$ 123.5	$ 61.2	$ 184.7

(In millions)	For the Three Months Ended September 30, 2023		
Provision for Credit Losses	**Dealer Loans**	**Purchased Loans**	**Total**
New Consumer Loan assignments	$ 37.4	$ 40.9	$ 78.3
Forecast changes	70.6	35.7	106.3
Total	$ 108.0	$ 76.6	$ 184.6

(In millions)	For the Nine Months Ended September 30, 2024		
Provision for Credit Losses	**Dealer Loans**	**Purchased Loans**	**Total**
New Consumer Loan assignments	$ 155.4	$ 105.0	$ 260.4
Forecast changes	302.1	128.8	430.9
Total	$ 457.5	$ 233.8	$ 691.3

(In millions)	For the Nine Months Ended September 30, 2023		
Provision for Credit Losses	**Dealer Loans**	**Purchased Loans**	**Total**
New Consumer Loan assignments	$ 108.9	$ 144.2	$ 253.1
Forecast changes	218.4	101.0	319.4
Total	$ 327.3	$ 245.2	$ 572.5

The net Loan income (finance charge revenue less provision for credit losses expense) that we recognize over the life of a Loan equals the cash we collect from the underlying Consumer Loan less the cash we pay to the Dealer. Under CECL, we are required to recognize:

- a significant provision for credit losses expense at the time of the Loan's assignment to us for contractual net cash flows we do not expect to realize; and
- finance charge revenue in subsequent periods that is significantly in excess of our expected yield.

Additional information related to new Consumer Loan assignments is as follows:

(In millions)	For the Three Months Ended September 30, 2024		
New Consumer Loan Assignments	**Dealer Loans**	**Purchased Loans**	**Total**
Contractual net cash flows at the time of assignment (1)	$ 1,418.3	$ 501.2	$ 1,919.5
Expected net cash flows at the time of assignment (2)	1,284.8	360.2	1,645.0
Loans receivable at the time of assignment (3)	899.2	247.4	1,146.6
Provision for credit losses expense at the time of assignment	$ (49.4)	$ (29.4)	$ (78.8)
Expected future finance charges at the time of assignment (4)	435.0	142.2	577.2
Expected net Loan income at the time of assignment (5)	$ 385.6	$ 112.8	$ 498.4

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

(In millions)	For the Three Months Ended September 30, 2023		
New Consumer Loan Assignments	**Dealer Loans**	**Purchased Loans**	**Total**
Contractual net cash flows at the time of assignment (1)	$ 1,140.8	$ 577.7	$ 1,718.5
Expected net cash flows at the time of assignment (2)	1,035.1	407.6	1,442.7
Loans receivable at the time of assignment (3)	732.5	289.7	1,022.2
Provision for credit losses expense at the time of assignment	$ (37.4)	$ (40.9)	$ (78.3)
Expected future finance charges at the time of assignment (4)	340.0	158.8	498.8
Expected net Loan income at the time of assignment (5)	$ 302.6	$ 117.9	$ 420.5

(In millions)	For the Nine Months Ended September 30, 2024		
New Consumer Loan Assignments	**Dealer Loans**	**Purchased Loans**	**Total**
Contractual net cash flows at the time of assignment (1)	$ 4,478.9	$ 1,703.1	$ 6,182.0
Expected net cash flows at the time of assignment (2)	4,064.2	1,213.2	5,277.4
Loans receivable at the time of assignment (3)	2,858.3	833.8	3,692.1
Provision for credit losses expense at the time of assignment	$ (155.4)	$ (105.0)	$ (260.4)
Expected future finance charges at the time of assignment (4)	1,361.3	484.4	1,845.7
Expected net Loan income at the time of assignment (5)	$ 1,205.9	$ 379.4	$ 1,585.3

(In millions)	For the Nine Months Ended September 30, 2023		
New Consumer Loan Assignments	**Dealer Loans**	**Purchased Loans**	**Total**
Contractual net cash flows at the time of assignment (1)	$ 3,435.1	$ 1,948.9	$ 5,384.0
Expected net cash flows at the time of assignment (2)	3,118.1	1,357.7	4,475.8
Loans receivable at the time of assignment (3)	2,202.9	970.6	3,173.5
Provision for credit losses expense at the time of assignment	$ (108.9)	$ (144.2)	$ (253.1)
Expected future finance charges at the time of assignment (4)	1,024.1	531.3	1,555.4
Expected net Loan income at the time of assignment (5)	$ 915.2	$ 387.1	$ 1,302.3

(1) The Dealer Loans amount represents repayments that we were contractually owed at the time of assignment on Consumer Loans assigned under our Portfolio Program, less the related Dealer Holdback payments that we would be required to make if we collected all of the contractual repayments. The Purchased Loans amount represents repayments that we were contractually owed at the time of assignment on Consumer Loans assigned under our Purchase Program.
(2) The Dealer Loans amount represents repayments that we expected to collect at the time of assignment on Consumer Loans assigned under our Portfolio Program, less the related Dealer Holdback payments that we expected to make. The Purchased Loans amount represents repayments that we expected to collect at the time of assignment on Consumer Loans assigned under our Purchase Program. The Loan amounts also represent the fair value at the time of assignment.
(3) The Dealer Loans amount represents advances paid to Dealers on Consumer Loans assigned under our Portfolio Program. The Purchased Loans amount represents one-time payments made to Dealers to purchase Consumer Loans assigned under our Purchase Program.
(4) Represents revenue that is expected to be recognized on a level-yield basis over the lives of the Loans.
(5) Represents the amount that expected net cash flows at the time of assignment exceed Loans receivable at the time of assignment.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

A summary of changes in expected future net cash flows is as follows:

(In millions)	For the Three Months Ended September 30, 2024		
Expected Future Net Cash Flows	**Dealer Loans**	**Purchased Loans**	**Total**
Balance, beginning of period	$ 7,704.6	$ 3,469.8	$ 11,174.4
New Consumer Loan assignments (1)	1,284.8	360.2	1,645.0
Realized net cash flows (2)	(835.5)	(403.9)	(1,239.4)
Forecast changes	(43.6)	(19.2)	(62.8)
Transfers (3)	(33.2)	34.1	0.9
Balance, end of period	$ 8,077.1	$ 3,441.0	$ 11,518.1

(In millions)	For the Three Months Ended September 30, 2023		
Expected Future Net Cash Flows	**Dealer Loans**	**Purchased Loans**	**Total**
Balance, beginning of period	$ 6,166.4	$ 3,509.9	$ 9,676.3
New Consumer Loan assignments (1)	1,035.1	407.6	1,442.7
Realized net cash flows (2)	(705.7)	(406.7)	(1,112.4)
Forecast changes	(40.3)	(29.1)	(69.4)
Transfers (3)	(26.5)	28.5	2.0
Balance, end of period	$ 6,429.0	$ 3,510.2	$ 9,939.2

(In millions)	For the Nine Months Ended September 30, 2024		
Expected Future Net Cash Flows	**Dealer Loans**	**Purchased Loans**	**Total**
Balance, beginning of period	$ 6,707.2	$ 3,472.0	$ 10,179.2
New Consumer Loan assignments (1)	4,064.2	1,213.2	5,277.4
Realized net cash flows (2)	(2,415.5)	(1,245.2)	(3,660.7)
Forecast changes	(173.0)	(109.9)	(282.9)
Transfers (3)	(105.8)	110.9	5.1
Balance, end of period	$ 8,077.1	$ 3,441.0	$ 11,518.1

(In millions)	For the Nine Months Ended September 30, 2023		
Expected Future Net Cash Flows	**Dealer Loans**	**Purchased Loans**	**Total**
Balance, beginning of period	$ 5,637.9	$ 3,395.5	$ 9,033.4
New Consumer Loan assignments (1)	3,118.1	1,357.7	4,475.8
Realized net cash flows (2)	(2,164.3)	(1,266.9)	(3,431.2)
Forecast changes	(89.3)	(60.0)	(149.3)
Transfers (3)	(73.4)	83.9	10.5
Balance, end of period	$ 6,429.0	$ 3,510.2	$ 9,939.2

(1) The Dealer Loans amount represents repayments that we expected to collect at the time of assignment on Consumer Loans assigned under our Portfolio Program, less the related Dealer Holdback payments that we expected to make. The Purchased Loans amount represents repayments that we expected to collect at the time of assignment on Consumer Loans assigned under our Purchase Program.
(2) The Dealer Loans amount represents repayments that we collected on Consumer Loans assigned under our Portfolio Program, less the Dealer Holdback and Accelerated Dealer Holdback payments that we made. Purchased Loans amount represents repayments that we collected on Consumer Loans assigned under our Purchase Program.
(3) Under our Portfolio Program, certain events may result in Dealers forfeiting their rights to Dealer Holdback. We transfer the Dealer's outstanding Dealer Loan balance, related allowance for credit losses balance, and related expected future net cash flows to Purchased Loans in the period this forfeiture occurs.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

Credit Quality

We monitor and evaluate the credit quality of Consumer Loans assigned under our Portfolio and Purchase Programs on a monthly basis by comparing our current forecasted collection rates to our prior forecasted collection rates and our initial expectations. For additional information regarding credit quality, see Note 3.

The following table compares our aggregated forecast of Consumer Loan collection rates as of September 30, 2024 with the aggregated forecasts as of June 30, 2024, December 31, 2023, and at the time of assignment, segmented by year of assignment:

	Total Loans						
	Forecasted Collection Percentage as of (1)				Current Forecast Variance from		
Consumer Loan Assignment Year	September 30, 2024	June 30, 2024	December 31, 2023	Initial Forecast	June 30, 2024	December 31, 2023	Initial Forecast
2015	65.3 %	65.3 %	65.2 %	67.7 %	0.0 %	0.1 %	-2.4 %
2016	63.9 %	63.9 %	63.8 %	65.4 %	0.0 %	0.1 %	-1.5 %
2017	64.7 %	64.7 %	64.7 %	64.0 %	0.0 %	0.0 %	0.7 %
2018	65.5 %	65.5 %	65.5 %	63.6 %	0.0 %	0.0 %	1.9 %
2019	67.2 %	67.1 %	66.9 %	64.0 %	0.1 %	0.3 %	3.2 %
2020	67.6 %	67.7 %	67.6 %	63.4 %	-0.1 %	0.0 %	4.2 %
2021	63.8 %	64.1 %	64.5 %	66.3 %	-0.3 %	-0.7 %	-2.5 %
2022	60.6 %	61.1 %	62.7 %	67.5 %	-0.5 %	-2.1 %	-6.9 %
2023	64.3 %	64.5 %	67.4 %	67.5 %	-0.2 %	-3.1 %	-3.2 %
2024	66.6 %	66.6 %	—	67.3 %	0.0 %	—	-0.7 %

	Dealer Loans						
	Forecasted Collection Percentage as of (1) (2)				Current Forecast Variance from		
Consumer Loan Assignment Year	September 30, 2024	June 30, 2024	December 31, 2023	Initial Forecast	June 30, 2024	December 31, 2023	Initial Forecast
2015	64.6 %	64.6 %	64.6 %	67.5 %	0.0 %	0.0 %	-2.9 %
2016	63.1 %	63.1 %	63.0 %	65.1 %	0.0 %	0.1 %	-2.0 %
2017	64.0 %	64.1 %	64.0 %	63.8 %	-0.1 %	0.0 %	0.2 %
2018	64.9 %	65.0 %	64.9 %	63.6 %	-0.1 %	0.0 %	1.3 %
2019	66.8 %	66.8 %	66.5 %	63.9 %	0.0 %	0.3 %	2.9 %
2020	67.5 %	67.5 %	67.4 %	63.3 %	0.0 %	0.1 %	4.2 %
2021	63.5 %	63.8 %	64.2 %	66.3 %	-0.3 %	-0.7 %	-2.8 %
2022	59.8 %	60.4 %	62.0 %	67.3 %	-0.6 %	-2.2 %	-7.5 %
2023	63.1 %	63.3 %	66.4 %	66.8 %	-0.2 %	-3.3 %	-3.7 %
2024	65.5 %	65.6 %	—	66.3 %	-0.1 %	—	-0.8 %

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

	Purchased Loans						
	Forecasted Collection Percentage as of (1) (2)				Current Forecast Variance from		
Consumer Loan Assignment Year	September 30, 2024	June 30, 2024	December 31, 2023	Initial Forecast	June 30, 2024	December 31, 2023	Initial Forecast
2015	69.0 %	69.0 %	68.9 %	68.5 %	0.0 %	0.1 %	0.5 %
2016	66.1 %	66.1 %	66.1 %	66.5 %	0.0 %	0.0 %	-0.4 %
2017	66.3 %	66.3 %	66.3 %	64.6 %	0.0 %	0.0 %	1.7 %
2018	66.8 %	66.8 %	66.8 %	63.5 %	0.0 %	0.0 %	3.3 %
2019	67.9 %	67.8 %	67.5 %	64.2 %	0.1 %	0.4 %	3.7 %
2020	67.9 %	67.9 %	67.8 %	63.6 %	0.0 %	0.1 %	4.3 %
2021	64.3 %	64.7 %	65.0 %	66.3 %	-0.4 %	-0.7 %	-2.0 %
2022	62.4 %	62.9 %	64.3 %	68.0 %	-0.5 %	-1.9 %	-5.6 %
2023	67.6 %	67.7 %	70.1 %	69.4 %	-0.1 %	-2.5 %	-1.8 %
2024	70.5 %	70.1 %	—	70.7 %	0.4 %	—	-0.2 %

(1) Represents the total forecasted collections we expect to collect on the Consumer Loans as a percentage of the repayments that we were contractually owed on the Consumer Loans at the time of assignment. Contractual repayments include both principal and interest. Forecasted collection rates are negatively impacted by canceled Consumer Loans as the contractual amount owed is not removed from the denominator for purposes of computing forecasted collection rates in the table.
(2) The forecasted collection rates presented for Dealer Loans and Purchased Loans reflect the Consumer Loan classification at the time of assignment.

We evaluate and adjust the expected collection rate for each Consumer Loan subsequent to assignment primarily through the monitoring of consumer payment behavior. The following table summarizes the past-due status of Consumer Loan assignments as of September 30, 2024 and December 31, 2023, segmented by year of assignment:

(In millions)

	Total Loans as of September 30, 2024 (1) (2)				
	Pre-term Consumer Loans (3)				
Consumer Loan Assignment Year	Current (5)	Past Due 11-90 Days	Past Due Over 90 Days	Post-term Consumer Loans (4)	Total
2019 and prior	$ 47.5	$ 30.9	$ 133.7	$ 241.4	$ 453.5
2020	156.2	81.8	207.9	20.7	466.6
2021	339.9	145.2	280.9	2.6	768.6
2022	948.8	304.8	386.2	0.5	1,640.3
2023	2,375.7	608.6	368.2	—	3,352.5
2024	3,868.3	575.6	72.2	—	4,516.1
	$ 7,736.4	$ 1,746.9	$ 1,449.1	$ 265.2	$ 11,197.6

(In millions)

	Dealer Loans as of September 30, 2024 (1)				
	Pre-term Consumer Loans (3)				
Consumer Loan Assignment Year	Current (5)	Past Due 11-90 Days	Past Due Over 90 Days	Post-term Consumer Loans (4)	Total
2019 and prior	$ 21.2	$ 13.5	$ 61.8	$ 135.0	$ 231.5
2020	93.5	48.4	124.1	15.0	281.0
2021	229.4	95.0	185.3	2.1	511.8
2022	681.0	215.0	273.1	0.4	1,169.5
2023	1,749.8	458.8	272.6	—	2,481.2
2024	3,132.4	480.9	60.4	—	3,673.7
	$ 5,907.3	$ 1,311.6	$ 977.3	$ 152.5	$ 8,348.7

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

(In millions)

	Purchased Loans as of September 30, 2024 (2)				
	Pre-term Consumer Loans (3)				
Consumer Loan Assignment Year	Current (5)	Past Due 11-90 Days	Past Due Over 90 Days	Post-term Consumer Loans (4)	Total
2019 and prior	$ 26.3	$ 17.4	$ 71.9	$ 106.4	$ 222.0
2020	62.7	33.4	83.8	5.7	185.6
2021	110.5	50.2	95.6	0.5	256.8
2022	267.8	89.8	113.1	0.1	470.8
2023	625.9	149.8	95.6	—	871.3
2024	735.9	94.7	11.8	—	842.4
	$ 1,829.1	$ 435.3	$ 471.8	$ 112.7	$ 2,848.9

(In millions)

	Total Loans as of December 31, 2023 (1) (2)				
	Pre-term Consumer Loans (3)				
Consumer Loan Assignment Year	Current (5)	Past Due 11-90 Days	Past Due Over 90 Days	Post-term Consumer Loans (4)	Total
2018 and prior	$ 24.2	$ 16.8	$ 73.5	$ 204.9	$ 319.4
2019	150.7	83.8	237.6	39.5	511.6
2020	328.9	165.5	314.5	4.6	813.5
2021	596.6	262.1	368.7	0.7	1,228.1
2022	1,518.0	499.8	422.5	—	2,440.3
2023	3,888.7	666.5	152.0	—	4,707.2
	$ 6,507.1	$ 1,694.5	$ 1,568.8	$ 249.7	$ 10,020.1

(In millions)

	Dealer Loans as of December 31, 2023 (1)				
	Pre-term Consumer Loans (3)				
Consumer Loan Assignment Year	Current (5)	Past Due 11-90 Days	Past Due Over 90 Days	Post-term Consumer Loans (4)	Total
2018 and prior	$ 11.7	$ 7.9	$ 35.0	$ 117.8	$ 172.4
2019	69.9	38.0	111.2	22.0	241.1
2020	201.7	98.0	190.4	3.5	493.6
2021	407.3	173.4	245.0	0.6	826.3
2022	1,109.4	360.4	303.5	—	1,773.3
2023	2,942.3	503.6	112.9	—	3,558.8
	$ 4,742.3	$ 1,181.3	$ 998.0	$ 143.9	$ 7,065.5

(In millions)

	Purchased Loans as of December 31, 2023 (2)				
	Pre-term Consumer Loans (3)				
Consumer Loan Assignment Year	Current (5)	Past Due 11-90 Days	Past Due Over 90 Days	Post-term Consumer Loans (4)	Total
2018 and prior	$ 12.5	$ 8.9	$ 38.5	$ 87.1	$ 147.0
2019	80.8	45.8	126.4	17.5	270.5
2020	127.2	67.5	124.1	1.1	319.9
2021	189.3	88.7	123.7	0.1	401.8
2022	408.6	139.4	119.0	—	667.0
2023	946.4	162.9	39.1	—	1,148.4
	$ 1,764.8	$ 513.2	$ 570.8	$ 105.8	$ 2,954.6

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

(1) As Consumer Loans are aggregated by Dealer for purposes of recognizing revenue and measuring credit losses, the Dealer Loan amount was estimated by allocating the balance of each Dealer Loan to the underlying Consumer Loans based on the forecasted future collections of each Consumer Loan.
(2) As certain Consumer Loans are aggregated by Dealer or month of purchase for purposes of recognizing revenue and measuring credit losses, the Purchased Loan amount was estimated by allocating the balance of certain Purchased Loans to the underlying Consumer Loans based on the forecasted future collections of each Consumer Loan.
(3) Represents the Loan balance attributable to Consumer Loans outstanding within their initial loan terms.
(4) Represents the Loan balance attributable to Consumer Loans outstanding beyond their initial loan terms.
(5) We consider a Consumer Loan to be current for purposes of forecasting expected collection rates if contractual repayments are less than 11 days past due.

The following table summarizes the write-offs for Consumer Loan assignments for the three and nine months ended September 30, 2024 and 2023, segmented by year of assignment:

(In millions)	For the Three Months Ended September 30, 2024		
Write-offs by Consumer Loan Assignment Year	**Dealer Loans**	**Purchased Loans**	**Total**
2019 and prior	$ 43.4	$ 31.7	$ 75.1
2020	27.9	17.5	45.4
2021	33.2	22.7	55.9
2022	47.0	33.4	80.4
2023	11.5	36.6	48.1
2024	4.0	17.9	21.9
	$ 167.0	$ 159.8	$ 326.8

(In millions)	For the Three Months Ended September 30, 2023		
Write-offs by Consumer Loan Assignment Year	**Dealer Loans**	**Purchased Loans**	**Total**
2018 and prior	$ 29.5	$ 24.3	$ 53.8
2019	26.2	43.2	69.4
2020	28.9	23.8	52.7
2021	30.3	28.7	59.0
2022	31.7	38.5	70.2
2023	7.1	21.7	28.8
	$ 153.7	$ 180.2	$ 333.9

(In millions)	For the Nine Months Ended September 30, 2024		
Write-offs by Consumer Loan Assignment Year	**Dealer Loans**	**Purchased Loans**	**Total**
2019 and prior	$ 135.0	$ 109.0	$ 244.0
2020	82.0	58.6	140.6
2021	97.1	73.4	170.5
2022	126.1	109.6	235.7
2023	33.7	110.1	143.8
2024	7.1	25.5	32.6
	$ 481.0	$ 486.2	$ 967.2

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

(In millions)	For the Nine Months Ended September 30, 2023		
Write-offs by Consumer Loan Assignment Year	**Dealer Loans**	**Purchased Loans**	**Total**
2018 and prior	$ 95.1	$ 83.7	$ 178.8
2019	76.9	142.3	219.2
2020	80.2	78.7	158.9
2021	75.7	90.9	166.6
2022	78	118.9	196.9
2023	11.3	32.2	43.5
	$ 417.2	$ 546.7	$ 963.9

During the second quarter of 2024, we applied an adjustment to our methodology for forecasting the amount of future net cash flows from our Loan portfolio, which reduced the forecasted collection rates for Consumer Loans assigned in 2022 through 2024. Consumer Loans assigned in 2022 had continued to underperform our expectations for several quarters. More recently, Consumer Loans assigned in 2023 had also begun exhibiting similar trends of underperformance, although not as severe as Consumer Loans assigned in 2022. During the second quarter of 2024, we determined that we had sufficient Consumer Loan performance experience to estimate the magnitude by which we expected Consumer Loans assigned in 2022 through 2024 would likely underperform our historical collection rates on Consumer Loans with similar characteristics. Accordingly, we applied an adjustment to Consumer Loans assigned in 2022 through 2024 to reduce forecasted collection rates to what we believed the ultimate collection rates would be based on these trends. Changes in the amount and timing of forecasted net cash flows are recognized in the period of change as a provision for credit losses. The implementation of this forecast adjustment during the second quarter of 2024 reduced forecasted net cash flows by $147.2 million, or 1.4%, and increased provision for credit losses by $127.5 million.

During the second quarter of 2023, we adjusted our methodology for forecasting the amount and timing of future net cash flows from our Loan portfolio through the utilization of more recent Consumer Loan performance and Consumer Loan prepayment data. We had experienced a decrease in Consumer Loan prepayments to below-average levels and as a result, slowed our forecasted net cash flow timing. Historically, Consumer Loan prepayments have been lower in periods with less availability of consumer credit. Changes in the amount and timing of forecasted net cash flows are recognized in the period of change as a provision for credit losses. The implementation of the adjustment to our forecasting methodology during the second quarter of 2023 reduced forecasted net cash flows by $44.5 million, or 0.5%, and increased provision for credit losses by $71.3 million.

7. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

(In millions)	As of	
	September 30, 2024	**December 31, 2023**
Land and land improvements	$ 2.7	$ 2.9
Building and improvements	17.5	58.8
Data processing equipment and software	45.4	50.0
Office furniture and equipment	2.2	2.6
Total property and equipment	67.8	114.3
Less: Accumulated depreciation on property and equipment	(52.6)	(67.8)
Total property and equipment, net	$ 15.2	$ 46.5

As the vast majority of our team members now work remotely, we had significant excess space in the two office buildings that we owned in Southfield, Michigan. During the second quarter of 2024, we sold the larger building for net sales proceeds of $3.2 million, and recognized a loss on sale of the building of $23.7 million. The loss on sale of the building represented the amount by which the $26.9 million carrying value of the building and its improvements, the related land and land improvements, and office furniture and equipment exceeded the net sales proceeds of $3.2 million.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

8. REINSURANCE

A summary of reinsurance activity is as follows:

(In millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
Net assumed written premiums	$ 25.7	$ 22.6	$ 84.2	$ 71.5
Net premiums earned	25.1	20.8	71.3	58.0
Provision for claims	18.5	16.5	55.8	54.1
Amortization of capitalized acquisition costs	0.6	0.3	1.8	1.3

The trust assets and related reinsurance liabilities are as follows:

(In millions)		As of	
	Balance Sheet Location	September 30, 2024	December 31, 2023
Trust assets	Restricted cash and cash equivalents	$ 0.2	$ 1.4
Trust assets	Restricted securities available for sale	113.9	93.2
Unearned premium	Accounts payable and accrued liabilities	80.5	67.6
Claims reserve (1)	Accounts payable and accrued liabilities	6.2	5.6

(1) The claims reserve represents our liability for incurred-but-not-reported claims and is estimated based on historical claims experience.

9. OTHER INCOME

Other income consists of the following:

(In millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
Ancillary product profit sharing	$ 8.0	$ 7.8	$ 21.7	$ 24.4
Interest	6.4	5.3	18.6	14.3
Remarketing fees	2.9	2.5	9.1	8.2
Other	0.3	0.5	1.3	1.6
Total	$ 17.6	$ 16.1	$ 50.7	$ 48.5

Ancillary product profit sharing consists of payments received from TPPs based upon the performance of vehicle service contracts and GAP contracts, and is recognized as income over the life of the vehicle service contracts and GAP contracts.

Interest consists of income earned on cash and cash equivalents, restricted cash and cash equivalents, and restricted securities available for sale. Interest income is generally recognized over time as it is earned. Interest income on restricted securities available for sale is recognized over the life of the underlying financial instruments using the interest method.

Remarketing fees consist of fees charged to Dealers that are retained from the sale of repossessed vehicles by Vehicle Remarketing Services, Inc. (“VRS”), our wholly owned subsidiary that is responsible for remarketing vehicles for Credit Acceptance. VRS coordinates vehicle repossessions with a nationwide network of repossession contractors, the redemption of the vehicles by the consumers, and the sale of the vehicles through a nationwide network of vehicle auctions. VRS recognizes income from the retained fees at the time of the sale and does not retain a fee if a repossessed vehicle is redeemed by the consumer prior to the sale.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

The following table disaggregates our other income by major source of income and timing of the revenue recognition:

(In millions)	For the Three Months Ended September 30, 2024				
	Ancillary Product Profit Sharing	Interest	Remarketing Fees	Other	Total Other Income
Source of Income					
Third-Party Providers	$ 8.0	$ 6.4	$ —	$ —	$ 14.4
Dealers	—	—	2.9	0.3	3.2
Total	$ 8.0	$ 6.4	$ 2.9	$ 0.3	$ 17.6
Timing of Revenue Recognition					
Over time	$ 8.0	$ 6.4	$ —	$ 0.1	$ 14.5
At a point in time	—	—	2.9	0.2	3.1
Total	$ 8.0	$ 6.4	$ 2.9	$ 0.3	$ 17.6

(In millions)	For the Nine Months Ended September 30, 2024				
	Ancillary Product Profit Sharing	Interest	Remarketing Fees	Other	Total Other Income
Source of Income					
Third-Party Providers	$ 21.7	$ 18.6	$ —	$ 0.2	$ 40.5
Dealers	—	—	9.1	1.1	10.2
Total	$ 21.7	$ 18.6	$ 9.1	$ 1.3	$ 50.7
Timing of Revenue Recognition					
Over time	$ 21.7	$ 18.6	$ —	$ 0.5	$ 40.8
At a point in time	—	—	9.1	0.8	9.9
Total	$ 21.7	$ 18.6	$ 9.1	$ 1.3	$ 50.7

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

10. DEBT

Debt consists of the following:

(In millions)	As of September 30, 2024			
	Principal Outstanding	Unamortized Debt Issuance Costs	Unamortized Discount	Carrying Amount
Revolving secured lines of credit (1)	$ 1.0	$ —	$ —	$ 1.0
Secured financing (2)	5,289.6	(30.9)	(1.6)	5,257.1
Senior notes	1,000.0	(9.2)	—	990.8
Mortgage note	—	—	—	—
Total debt	$ 6,290.6	$ (40.1)	$ (1.6)	$ 6,248.9

(In millions)	As of December 31, 2023			
	Principal Outstanding	Unamortized Debt Issuance Costs	Unamortized Discount	Carrying Amount
Revolving secured lines of credit (1)	$ 79.2	$ —	$ —	$ 79.2
Secured financing (2)	4,019.0	(25.6)	(2.5)	3,990.9
Senior notes	1,000.0	(11.0)	—	989.0
Mortgage note	8.4	—	—	8.4
Total debt	$ 5,106.6	$ (36.6)	$ (2.5)	$ 5,067.5

(1) Excludes deferred debt issuance costs of $4.8 million and $4.2 million as of September 30, 2024 and December 31, 2023, respectively, which are included in other assets.
(2) Warehouse facilities and Term ABS financings.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

General information for each of our financing transactions in place as of September 30, 2024 is as follows:
(Dollars in millions)

Financings	Wholly Owned Subsidiary	Maturity Date		Financing Amount	Interest Rate Basis as of September 30, 2024
Revolving Secured Line of Credit Facility	n/a	06/22/2027		$ 390.0	At our option, either the Secured Overnight Financing Rate (SOFR) plus 197.5 basis points or the prime rate plus 87.5 basis points
RTP Facility	n/a	—	(1)	20.0	SOFR plus 197.5 basis points
Warehouse Facility II (2)	CAC Warehouse Funding LLC II	09/20/2027	(3)	500.0	SOFR plus 185.0 basis points
Warehouse Facility IV (2)	CAC Warehouse Funding LLC IV	12/29/2026	(3)	300.0	SOFR plus 221.4 basis points (4)
Warehouse Facility V (2)	CAC Warehouse Funding LLC V	12/29/2025	(5)	200.0	SOFR plus 245.0 basis points (4)
Warehouse Facility VI (2)	CAC Warehouse Funding LLC VI	09/30/2026	(3)	75.0	SOFR plus 210 basis points
Warehouse Facility VIII (2)	CAC Warehouse Funding LLC VIII	09/21/2026	(3)	200.0	SOFR plus 225.0 basis points (4)
Term ABS 2019-2 (2)	Credit Acceptance Funding LLC 2019-2	09/15/2026	(6)	500.0	Fixed rate
Term ABS 2021-1 (2)	Credit Acceptance Funding LLC 2021-1	02/17/2026	(6)	100.0	SOFR plus 220.0 basis points
Term ABS 2021-3 (2)	Credit Acceptance Funding LLC 2021-3	05/15/2023	(3)	450.0	Fixed rate
Term ABS 2021-4 (2)	Credit Acceptance Funding LLC 2021-4	10/16/2023	(3)	250.1	Fixed rate
Term ABS 2022-1 (2)	Credit Acceptance Funding LLC 2022-1	06/17/2024	(3)	350.0	Fixed rate
Term ABS 2022-2 (2)	Credit Acceptance Funding LLC 2022-2	06/15/2027	(6)	300.0	SOFR plus 246.4 basis points
Term ABS 2022-3 (2)	Credit Acceptance Funding LLC 2022-3	10/15/2024	(3)	389.9	Fixed rate
Term ABS 2023-1 (2)	Credit Acceptance Funding LLC 2023-1	03/17/2025	(3)	400.0	Fixed rate
Term ABS 2023-2 (2)	Credit Acceptance Funding LLC 2023-2	05/15/2025	(3)	400.0	Fixed rate
Term ABS 2023-3 (2)	Credit Acceptance Funding LLC 2023-3	08/15/2025	(3)	400.0	Fixed rate
Term ABS 2023-A (2)	Credit Acceptance Funding LLC 2023-A	12/15/2025	(6)	200.0	Fixed rate
Term ABS 2023-5 (2)	Credit Acceptance Funding LLC 2023-5	12/15/2025	(3)	294.0	Fixed rate
Term ABS 2024-A (2)	Credit Acceptance Funding LLC 2024-A	02/15/2027	(6)	200.0	Fixed rate
Term ABS 2024-1 (2)	Credit Acceptance Funding LLC 2024-1	03/16/2026	(3)	500.0	Fixed rate
Term ABS 2024-2 (2)	Credit Acceptance Funding LLC 2024-2	06/15/2026	(3)	550.0	Fixed rate
Term ABS 2024-3 (2)	Credit Acceptance Funding LLC 2024-3	09/15/2026	(3)	600.0	Fixed rate
2026 Senior Notes	n/a	03/15/2026		400.0	Fixed rate
2028 Senior Notes	n/a	12/15/2028		600.0	Fixed rate

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

(1) Borrowings are subject to repayment on demand.
(2) Financing made available only to a specified subsidiary of the Company.
(3) Represents the revolving maturity date. The outstanding balance will amortize after the revolving maturity date based on the cash flows of the pledged assets.
(4) Interest rate cap agreements are in place to limit the exposure to increasing interest rates.
(5) Represents the revolving maturity date. The outstanding balance will amortize after the revolving maturity date and any amounts remaining on December 27, 2027 will be due on that date.
(6) Represents the revolving maturity date. The Company has the option to redeem and retire the indebtedness after the revolving maturity date. If we do not elect this option, the outstanding balance will amortize based on the cash flows of the pledged assets.

Additional information related to the amounts outstanding on each facility is as follows:

(In millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
Revolving Secured Lines of Credit				
Maximum outstanding principal balance	$ 300.1	$ 302.2	$ 342.0	$ 355.5
Average outstanding principal balance	125.6	171.1	168.0	152.4
Warehouse Facility II				
Maximum outstanding principal balance	201.0	201.0	251.0	201.0
Average outstanding principal balance	102.8	86.2	124.2	55.2
Warehouse Facility IV				
Maximum outstanding principal balance	—	—	—	—
Average outstanding principal balance	—	—	—	—
Warehouse Facility V				
Maximum outstanding principal balance	—	—	100.0	—
Average outstanding principal balance	—	—	7.7	—
Warehouse Facility VI				
Maximum outstanding principal balance	75.0	—	75.0	—
Average outstanding principal balance	61.1	—	48.8	—
Warehouse Facility VIII				
Maximum outstanding principal balance	—	—	100.0	—
Average outstanding principal balance	—	—	25.9	—

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

(Dollars in millions)	As of	
	September 30, 2024	December 31, 2023
Revolving Secured Lines of Credit		
Principal balance outstanding	$ 1.0	$ 79.2
Amount available for borrowing (1)	409.0	330.8
Interest rate	6.71 %	7.33 %
Warehouse Facility II		
Principal balance outstanding	$ —	$ —
Amount available for borrowing (1)	500.0	400.0
Loans pledged as collateral	—	—
Restricted cash and cash equivalents pledged as collateral	2.0	1.0
Interest rate	— %	— %
Warehouse Facility IV		
Principal balance outstanding	$ —	$ —
Amount available for borrowing (1)	300.0	300.0
Loans pledged as collateral	—	—
Restricted cash and cash equivalents pledged as collateral	1.0	1.5
Interest rate	— %	— %
Warehouse Facility V		
Principal balance outstanding	$ —	$ —
Amount available for borrowing (1)	200.0	200.0
Loans pledged as collateral	—	—
Restricted cash and cash equivalents pledged as collateral	1.0	1.0
Interest rate	— %	— %
Warehouse Facility VI		
Principal balance outstanding	$ —	$ —
Amount available for borrowing (1)	75.0	75.0
Loans pledged as collateral	—	—
Restricted cash and cash equivalents pledged as collateral	0.8	—
Interest rate	— %	— %
Warehouse Facility VIII		
Principal balance outstanding	$ —	$ —
Amount available for borrowing (1)	200.0	200.0
Loans pledged as collateral	—	—
Restricted cash and cash equivalents pledged as collateral	—	0.8
Interest rate	— %	— %
Term ABS 2019-2		
Principal balance outstanding	$ 500.0	$ 500.0
Loans pledged as collateral	525.7	597.3
Restricted cash and cash equivalents pledged as collateral	43.8	47.6
Interest rate	5.43 %	5.15 %
Term ABS 2020-3		
Principal balance outstanding	$ —	$ 110.3
Loans pledged as collateral	—	418.4
Restricted cash and cash equivalents pledged as collateral	—	42.3
Interest rate	— %	2.06 %

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

(Dollars in millions)	As of	
	September 30, 2024	December 31, 2023
Term ABS 2021-1		
Principal balance outstanding	$ 100.0	$ 100.0
Loans pledged as collateral	111.8	112.8
Restricted cash and cash equivalents pledged as collateral	9.2	8.8
Interest rate	7.30 %	7.56 %
Term ABS 2021-2		
Principal balance outstanding	$ —	$ 188.2
Loans pledged as collateral	—	415.5
Restricted cash and cash equivalents pledged as collateral	—	37.3
Interest rate	— %	1.38 %
Term ABS 2021-3		
Principal balance outstanding	$ 65.1	$ 265.0
Loans pledged as collateral	268.0	396.3
Restricted cash and cash equivalents pledged as collateral	28.5	33.8
Interest rate	1.63 %	1.24 %
Term ABS 2021-4		
Principal balance outstanding	$ 98.1	$ 221.6
Loans pledged as collateral	187.6	255.2
Restricted cash and cash equivalents pledged as collateral	17.6	21.0
Interest rate	1.72 %	1.46 %
Term ABS 2022-1		
Principal balance outstanding	$ 292.5	$ 350.0
Loans pledged as collateral	342.9	378.2
Restricted cash and cash equivalents pledged as collateral	26.9	27.4
Interest rate	5.12 %	5.03 %
Term ABS 2022-2		
Principal balance outstanding	$ 300.0	$ 200.0
Loans pledged as collateral	417.5	212.1
Restricted cash and cash equivalents pledged as collateral	25.5	14.7
Interest rate	7.29 %	7.66 %
Term ABS 2022-3		
Principal balance outstanding	$ 389.9	$ 389.9
Loans pledged as collateral	421.2	418.9
Restricted cash and cash equivalents pledged as collateral	31.0	28.9
Interest rate	7.68 %	7.68 %
Term ABS 2023-1		
Principal balance outstanding	$ 400.0	$ 400.0
Loans pledged as collateral	494.3	611.6
Restricted cash and cash equivalents pledged as collateral	36.2	38.5
Interest rate	6.92 %	6.92 %
Term ABS 2023-2		
Principal balance outstanding	$ 400.0	$ 400.0
Loans pledged as collateral	582.5	701.7
Restricted cash and cash equivalents pledged as collateral	39.8	42.0
Interest rate	6.39 %	6.39 %

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

(Dollars in millions)	As of	
	September 30, 2024	December 31, 2023
Term ABS 2023-3		
Principal balance outstanding	$ 400.0	$ 400.0
Loans pledged as collateral	566.7	643.8
Restricted cash and cash equivalents pledged as collateral	39.6	40.3
Interest rate	6.86 %	6.86 %
Term ABS 2023-A		
Principal balance outstanding	$ 200.0	$ 200.0
Loans pledged as collateral	272.9	273.4
Restricted cash and cash equivalents pledged as collateral	18.9	17.2
Interest rate	7.51 %	7.51 %
Term ABS 2023-5		
Principal balance outstanding	$ 294.0	$ 294.0
Loans pledged as collateral	430.9	433.9
Restricted cash and cash equivalents pledged as collateral	35.4	52.2
Interest rate	6.54 %	6.54 %
Term ABS 2024-A		
Principal balance outstanding	$ 200.0	$ —
Loans pledged as collateral	266.9	—
Restricted cash and cash equivalents pledged as collateral	19.6	—
Interest rate	7.45 %	— %
Term ABS 2024-1		
Principal balance outstanding	$ 500.0	$ —
Loans pledged as collateral	565.3	—
Restricted cash and cash equivalents pledged as collateral	47.4	—
Interest rate	6.01 %	— %
Term ABS 2024-2		
Principal balance outstanding	$ 550.0	$ —
Loans pledged as collateral	641.3	—
Restricted cash and cash equivalents pledged as collateral	45.2	—
Interest rate	6.21 %	— %
Term ABS 2024-3		
Principal balance outstanding	$ 600.0	$ —
Loans pledged as collateral	847.2	—
Restricted cash and cash equivalents pledged as collateral	87.0	—
Interest rate	4.91 %	— %
2026 Senior Notes		
Principal balance outstanding	$ 400.0	$ 400.0
Interest rate	6.625 %	6.625 %
2028 Senior Notes		
Principal balance outstanding	$ 600.0	$ 600.0
Interest rate	9.250 %	9.250 %
Mortgage Note		
Principal balance outstanding	$ —	$ 8.4
Interest rate	— %	6.88 %

(1) Availability may be limited by the amount of assets pledged as collateral.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

Revolving Secured Lines of Credit

We have two revolving secured lines of credit: (1) a $390.0 million revolving secured line of credit facility, to which we refer as our revolving secured line of credit facility, with a commercial bank syndicate and (2) an uncommitted $20.0 million revolving secured line of credit facility, to which we refer as the RTP facility, with a lender for use solely in facilitating payments by the Company through the lender's real-time payments service.

Borrowings under our revolving secured line of credit facility, including any letters of credit issued under the facility, are subject to a borrowing-base limitation. This limitation equals 80% of the value of Loans, as defined in the agreement governing our revolving secured line of credit facility, less a hedging reserve (not exceeding $1.0 million), and the amount of other debt secured by the collateral that secures our revolving secured line of credit facility. Borrowings under our revolving secured line of credit facility are secured by a lien on most of our assets that do not secure obligations under our Warehouse facilities or Term ABS financings.

Borrowings under the RTP facility are secured by a lien on the same collateral that secures obligations under our revolving secured line of credit facility. The RTP facility terminates automatically if the lender ceases to be part of the commercial bank syndicate under our revolving secured line of credit facility or if its lending commitments under our revolving secured line of credit facility are terminated.

Warehouse Facilities

We have five Warehouse facilities with total borrowing capacity of $1,275.0 million. Each of the facilities is with a different lender or group of lenders. Under each Warehouse facility, we can convey Loans to the applicable wholly owned subsidiary in return for cash and/or an increase in the value of our equity in such subsidiary. In turn, each such subsidiary pledges the Loans as collateral to secure financing that will fund the cash portion of the purchase price of the Loans. The financing provided to each such subsidiary under the applicable facility is generally limited to the lesser of 80% of the outstanding balance of the conveyed Loans, as determined in accordance with the applicable agreement, plus certain restricted cash and cash equivalents pledged as collateral, or the facility limit.

The financings create indebtedness for which the subsidiaries are liable and which is secured by all the assets of each subsidiary. Such indebtedness is non-recourse to us (other than customary, limited recourse to us in the form of repurchase obligations or indemnification obligations for any violations by us of our representations or obligations as seller, servicer, or custodian), even though we are consolidated for financial reporting purposes with the subsidiaries. Because the subsidiaries are organized as bankruptcy-remote legal entities separate from us, their assets (including the conveyed Loans) are not available to any creditors other than the creditors of the applicable subsidiary.

The subsidiaries pay us a monthly servicing fee equal to either 4% or 6%, depending upon the facility, of the collections received with respect to the conveyed Loans. The servicing fee is paid out of the collections. Except for the servicing fee and holdback payments due to Dealers, if a facility is amortizing, we do not have any rights in any portion of such collections until all outstanding principal, accrued and unpaid interest, fees, and other related costs have been paid in full. If a facility is in its revolving period, the applicable subsidiary is entitled to the portion of such collections available after the payment of interest and transaction expenses under the facility, provided that the borrowing base requirements of the facility are satisfied.

Term ABS Financings

We have wholly owned subsidiaries (the "Funding LLCs") that have completed secured financing transactions with qualified institutional investors or lenders. In connection with each of these transactions, we conveyed Loans on an arms-length basis to a Funding LLC for cash and the sole membership interest in that Funding LLC. In turn, each Funding LLC, other than the Funding LLCs for the Term ABS 2019-2, 2021-1, 2022-2, and 2023-A financings, conveyed the Loans to the respective trusts that issued notes to qualified institutional investors. The Funding LLCs for the Term ABS 2019-2, 2021-1, 2022-2, and 2023-A financings pledged the Loans for the benefit of their respective lenders. The Term ABS 2021-3, 2021-4, 2023-1, 2023-2, 2023-3, 2023-A, 2023-5, 2024-A, 2024-1, 2024-2, and 2024-3 financings each consist of three classes of notes (or, in the case of the Term ABS 2023-A, three classes of loans), while the Term ABS 2022-1 and Term ABS 2022-3 financings consist of four classes of notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

Each Term ABS financing at the time of issuance has a specified revolving period during which we are likely to convey additional Loans to the applicable Funding LLC. Each Funding LLC (other than the Funding LLCs of the Term ABS 2019-2, 2021-1, 2022-2, and 2023-A financings) will then convey the Loans to its respective trust. At the end of the applicable revolving period, the debt outstanding under each financing will begin to amortize.

The Term ABS financings create indebtedness for which the applicable trust or Funding LLC is liable and which is secured by all the assets of the applicable trust or Funding LLC. Such indebtedness is non-recourse to us (other than customary, limited recourse to us in the form of repurchase obligations or indemnification obligations for any violations by us of our representations or obligations as seller, servicer, or custodian), even though we are consolidated for financial reporting purposes with the trusts and the Funding LLCs. Because the trusts and the Funding LLCs are organized as bankruptcy-remote legal entities separate from us, their assets (including the conveyed Loans) are not available to any creditors other than the creditors of the applicable subsidiary. We receive a monthly servicing fee on each financing equal to either 4% or 6%, depending upon the financing, of the collections received with respect to the conveyed Loans. The fee is paid out of the collections. Except for the servicing fee and Dealer Holdback payments due to Dealers, if a Term ABS financing is amortizing, we do not have any rights in any portion of such collections until all outstanding principal, accrued and unpaid interest, fees, and other related costs have been paid in full. If a Term ABS financing is in its revolving period, the applicable trust or Funding LLC is entitled to the portion of such collections available after application of any amounts necessary to acquire additional Loans from us and to pay accrued interest on the debt and any other transaction expenses, provided that any necessary principal payments are made to compensate for certain reductions in the balance of eligible loans or, in the case of the Term ABS 2019-2 financing and Term ABS financings occurring after the Term ABS 2021-3 financing, certain reductions in forecasted collections. In addition, in our capacity as servicer of the Loans, we have a limited right to exercise a “clean-up call” option to purchase Loans from the Funding LLCs and/or the trusts under certain specified circumstances. For those Funding LLCs with a trust, when the trust’s indebtedness is paid in full, either through collections or through a prepayment of the indebtedness, the trust is to pay any remaining collections over to its Funding LLC as the sole beneficiary of the trust. For all Funding LLCs, after the indebtedness is paid in full, any remaining collections will ultimately be available to be distributed to us as the sole member of the respective Funding LLC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

Senior Notes

On December 19, 2023, we issued $600.0 million aggregate principal amount of 9.250% senior notes due 2028 (the "2028 senior notes"). The 2028 senior notes were issued pursuant to an indenture, dated as of December 19, 2023, among the Company, as issuer, the Company's subsidiaries Buyers Vehicle Protection Plan, Inc. and Vehicle Remarketing Services, Inc., as guarantors (collectively, the "Guarantors"), and the trustee under the indenture.

The 2028 senior notes mature on December 15, 2028 and bear interest at a rate of 9.250% per annum, computed on the basis of a 360-day year composed of twelve 30-day months and payable semi-annually on June 15 and December 15 of each year, beginning on June 15, 2024. We used a portion of the net proceeds from the 2028 senior notes to repurchase or redeem all of the $400.0 million outstanding principal amount of our 5.125% senior notes due 2024 (the "2024 senior notes"), of which $322.3 million was repurchased on December 19, 2023 and the remaining $77.7 million was redeemed on December 31, 2023. We used the remaining net proceeds from the 2028 senior notes for general corporate purposes. During the fourth quarter of 2023, we recognized a pre-tax loss on extinguishment of debt of $1.8 million related to the repurchase and redemption of the 2024 senior notes.

On March 7, 2019, we issued $400.0 million aggregate principal amount of 6.625% senior notes due 2026 (the "2026 senior notes"). The 2026 senior notes were issued pursuant to an indenture, dated as of March 7, 2019, among the Company, as issuer, the Guarantors, and the trustee under the indenture.

The 2026 senior notes mature on March 15, 2026 and bear interest at a rate of 6.625% per annum, computed on the basis of a 360-day year composed of twelve 30-day months and payable semi-annually on March 15 and September 15 of each year, beginning on September 15, 2019. We used the net proceeds from the offering of the 2026 senior notes for general corporate purposes, including repayment of outstanding borrowings under our revolving secured line of credit facility.

The 2028 senior notes and 2026 senior notes (the "senior notes") are guaranteed on a senior basis by the Guarantors, which are also guarantors of obligations under our revolving secured line of credit facility. Other existing and future subsidiaries of ours may become guarantors of the senior notes in the future. The indentures for the senior notes provide for a guarantor of the senior notes to be released from its obligations under its guarantee of the senior notes under specified circumstances.

Mortgage Note

We had a $9.0 million mortgage note with a commercial bank that was secured by a first mortgage lien on a building acquired by us and an assignment of all leases, rents, revenues, and profits under all present and future leases of the building. The note was paid off in full during the second quarter of 2024 in connection with the sale of the related building.

Debt Covenants

As of September 30, 2024, we were in compliance with our covenants under our revolving secured line of credit facility and our Warehouse facilities, including those that require the maintenance of certain financial ratios and other financial conditions. These covenants require a minimum ratio of (1) our net earnings, adjusted for specified items, before income taxes, depreciation, amortization, and fixed charges to (2) our fixed charges, as defined in the agreements. These covenants also limit the maximum ratio of our funded debt less unrestricted cash and cash equivalents to tangible net worth. Some of these covenants may indirectly limit the repurchase of common stock or payment of dividends on common stock. Our Warehouse facilities also contain covenants that measure the performance of the conveyed assets.

Our Term ABS financings also contain covenants that measure the performance of the conveyed assets. As of September 30, 2024, we were in compliance with our covenants under our Term ABS financings, the senior notes indentures, and the RTP facility.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

11. DERIVATIVE AND HEDGING INSTRUMENTS

Interest Rate Caps. We utilize interest rate cap agreements to manage the interest rate risk on certain secured financings. The following tables provide the terms of our interest rate cap agreements that were in effect as of September 30, 2024 and December 31, 2023:

(Dollars in millions)

As of September 30, 2024

Facility Amount	Facility Name	Purpose	Start	End	Notional	Cap Interest Rate (1)
$ 300.0	Warehouse Facility IV	Cap Floating Rate	05/2023	11/2024	$ 300.0	7.50 %
200.0	Warehouse Facility V	Cap Floating Rate	04/2023	01/2026	59.0	5.44 %
200.0	Warehouse Facility VIII	Cap Floating Rate	09/2022	09/2025	183.3	5.42 %

(Dollars in millions)

As of December 31, 2023

Facility Amount	Facility Name	Purpose	Start	End	Notional	Cap Interest Rate (1)
$ 300.0	Warehouse Facility IV	Cap Floating Rate	05/2023	11/2024	$ 300.0	7.50 %
200.0	Warehouse Facility V	Cap Floating Rate	04/2023	01/2026	94.0	5.44 %
200.0	Warehouse Facility VIII	Cap Floating Rate	09/2022	9/2025	200.0	5.42 %
100.0	Term ABS 2021-1	Cap Floating Rate	04/2023	06/2024	37.5	5.46 %
200.0	Term ABS 2022-2	Cap Floating Rate	12/2022	06/2024	200.0	6.50 %

(1) Rate excludes the spread over the corresponding benchmark rate.

The interest rate caps have not been designated as hedging instruments. As of September 30, 2024 and December 31, 2023, the fair value of the interest rate caps was negligible, as the capped rates were above market rates.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

12. INCOME TAXES

A reconciliation of the U.S. federal statutory income tax rate to our effective income tax rate is as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
U.S. federal statutory income tax rate	21.0 %	21.0 %	21.0 %	21.0 %
State and local income taxes	3.6 %	4.3 %	6.6 %	2.8 %
Non-deductible executive compensation expense	1.4 %	1.2 %	2.9 %	1.6 %
Excess tax benefits from stock-based compensation	0.0 %	0.0 %	-0.4 %	-2.1 %
Other	0.0 %	0.1 %	0.1 %	0.1 %
Effective income tax rate	26.0 %	26.6 %	30.2 %	23.4 %

State and local income taxes

For the three months ended September 30, 2024, the impact of state and local income taxes on our effective income tax rate decreased from the same period in 2023, primarily due to the settlement of an uncertain tax position during the third quarter of 2024.

For the nine months ended September 30, 2024, the impact of state and local income taxes on our effective income tax rate increased from the same period in 2023, primarily due to:

- An adjustment to an uncertain tax position estimate during the second quarter of 2024, which increased our effective income tax rate by 230 basis points for the nine months ended September 30, 2024.
- Changes in state tax laws that were enacted during the second quarter of 2024, which are expected to increase our long-term effective tax rate by approximately 10 basis points. The enactment of these tax law changes increased our effective income tax rate by 70 basis points for the nine months ended September 30, 2024.

Non-deductible executive compensation expense

We recognize non-deductible executive compensation expense as an increase of provision for income taxes or a reduction of benefit for income taxes. For the nine months ended September 30, 2024, the impact of non-deductible executive compensation expense on our effective income tax rate increased from the same period in 2023, primarily due to a decrease in pre-tax income.

Excess tax benefits from stock-based compensation

We recognize an excess tax benefit or tax deficiency when the deduction for the stock-based compensation expense of a stock award for tax purposes differs from the cumulative stock-based compensation expense recognized in the financial statements. The excess tax benefit or tax deficiency is recognized in provision for income taxes in the period in which the amount of the deduction is determined, which is when restricted stock units are settled in common stock or stock options are exercised. Excess tax benefits reduce our effective income tax rate, while tax deficiencies increase our effective income tax rate. The decrease in the impact of excess tax benefits on our effective income tax rate for the nine months ended September 30, 2024 was primarily due to a decrease in the number of restricted stock units that were settled in common stock during the first quarter of 2024 as compared to the first quarter of 2023 due to the timing of long-term stock award grants, partially offset by a decrease in pre-tax income.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

13. NET INCOME PER SHARE

Basic net income per share has been computed by dividing net income by the basic number of weighted average shares outstanding. Diluted net income per share has been computed by dividing net income by the diluted number of weighted average shares outstanding using the treasury stock method. The share effect is as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
Weighted average shares outstanding:				
Common shares	12,111,343	12,716,387	12,182,467	12,785,870
Vested restricted stock units	163,342	216,990	163,272	227,474
Basic number of weighted average shares outstanding	12,274,685	12,933,377	12,345,739	13,013,344
Dilutive effect of restricted stock units and stock options	140,458	106,261	148,272	55,654
Dilutive number of weighted average shares outstanding	12,415,143	13,039,638	12,494,011	13,068,998

The following outstanding stock awards were excluded from the computation of diluted net income per share because their inclusion would have been anti-dilutive:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
Stock options	67,750	89,625	67,750	229,123
Restricted stock units	3,605	3,186	2,294	3,132
Total	71,355	92,811	70,044	232,255

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

14. STOCK REPURCHASES

The following table summarizes our stock repurchases for the three and nine months ended September 30, 2024 and 2023:

(Dollars in millions)	For the Three Months Ended September 30,			
	2024		2023	
Stock Repurchases	Number of Shares Repurchased	Cost (1)	Number of Shares Repurchased	Cost (1)
Open Market (2)	—	$ —	256,232	$ 126.3
Other (3)	86	—	—	—
Total	86	$ —	256,232	$ 126.3

(Dollars in millions)	For the Nine Months Ended September 30,			
	2024		2023	
Stock Repurchases	Number of Shares Repurchased	Cost (1)	Number of Shares Repurchased	Cost (1)
Open Market (2)	459,437	$ 250.5	272,034	$ 133.9
Other (3)	2,694	1.4	33,459	15.1
Total	462,131	$ 251.9	305,493	$ 149.0

(1) Total cost of repurchases includes excise tax.
(2) Represents repurchases under authorizations by the board of directors for the repurchase of shares by us from time to time in the open market through privately negotiated transactions, through block trades, pursuant to trading plans adopted in accordance with Rule 10b5-1 under the Securities Exchange Act of 1934, or otherwise. On August 21, 2023, the board of directors authorized the repurchase of up to two million shares of our common stock in addition to the board's prior authorizations. As of September 30, 2024, we had authorization to repurchase 1,346,570 shares of our common stock.
(3) Represents shares of common stock released to us by team members as payment of tax withholdings upon the vesting of restricted stock units and the conversion of restricted stock units to common stock.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

15. STOCK-BASED COMPENSATION PLANS

Stock-based compensation expense consists of the following:

(In millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
Stock options	$ 8.3	$ 8.0	$ 24.7	$ 25.1
Restricted stock units	2.4	1.3	7.5	3.9
Total	$ 10.7	$ 9.3	$ 32.2	$ 29.0

Pursuant to our Amended and Restated Incentive Compensation Plan, we can grant stock-based awards in the form of restricted stock, restricted stock units, and stock options to team members, officers, directors, and contractors. Instead of a short-term compensation program providing for rolling, annual equity awards to our executive officers and senior leaders, we utilize a multi-year compensation program that grants a one-time equity award at the beginning of the compensation program period that is intended to incentivize recipients over the multi-year compensation period. Our current compensation program for executive officers and senior leaders covers the 2021 through 2024 compensation period and included a one-time equity award in December 2020 with a vesting period of four years. Based on the stock-based awards that are currently outstanding, we expect to recognize the future stock-based compensation expense as follows:

(in millions)

Year	Total Projected Stock-Based Compensation Expense
Remainder of 2024	$ 10.9
2025	13.5
2026	7.4
2027	1.1
2028	—
Total	$ 32.9

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(UNAUDITED)

16. COMMITMENTS AND CONTINGENCIES

Litigation and Other Legal Matters

In the normal course of business and as a result of the consumer-oriented nature of the industry in which we operate, we and other industry participants are frequently subject to various consumer claims, litigation, and regulatory investigations seeking damages, fines, and statutory penalties. The claims allege, among other theories of liability, violations of state, federal, and foreign truth-in-lending, credit availability, credit reporting, consumer protection, warranty, debt collection, insurance, and other consumer-oriented laws and regulations, including claims seeking damages for alleged physical and mental harm relating to the repossession and sale of consumers' vehicles and other debt collection activities. As the assignee of Consumer Loans originated by Dealers, we may also be named as a co-defendant in lawsuits filed by consumers principally against Dealers. We may also have disputes and litigation with Dealers. The claims may allege, among other theories of liability, that we breached the Dealer servicing agreement. We may also have disputes and litigation with vendors and other third parties. The claims may allege, among other theories of liability, that we breached a license agreement or contract. The damages, fines, and penalties that may be claimed by consumers, regulatory agencies, Dealers, vendors, or other third parties in these types of matters can be substantial. The relief requested by plaintiffs varies but may include requests for compensatory, statutory, and punitive damages and injunctive relief, and plaintiffs may seek treatment as purported class actions or they may file individual arbitration demands for which arbitration providers may request separate filing fees. The following matters include current actions to which we are a party and updates to matters that were disclosed in our Annual Report on Form 10-K for the year ended December 31, 2023.

On December 1, 2021, we received a subpoena from the Office of the Attorney General for the State of California seeking documents and information regarding GAP products, GAP product administration, and refunds. We are cooperating with this inquiry and cannot predict the eventual scope, duration, or outcome at this time. As a result, we are unable to estimate the reasonably possible loss or range of reasonably possible loss arising from this investigation.

On May 7, 2019, we received a subpoena from the Consumer Frauds and Protection Bureau of the Office of the New York State Attorney General, relating to the Company's origination and collection policies and procedures in the state of New York. After May 7, 2019 through April 30, 2021, we received additional subpoenas from the Office of the New York State Attorney General relating to the Company's origination, collection, and securitization practices. On November 19, 2020 and August 23, 2022, we received letters from the Office of the New York State Attorney General indicating that it may commence litigation against the Company asserting violations of New York Executive Law § 63(12) and New York General Business Law §§ 349 and 352 et seq. and applicable federal laws, including but not limited to claims that the Company engaged in unfair and deceptive trade practices in auto lending, debt collection, and asset-backed securitizations in the State of New York in violation of the Dodd-Frank Wall Street Reform and Consumer Protection Act, New York Executive Law § 63(12), the New York Martin Act, and New York General Business Law § 349. See the description below of the lawsuit commenced by the Office of the New York State Attorney General on January 4, 2023.

On April 22, 2019, we received a civil investigative demand from the Consumer Financial Protection Bureau ("Bureau") seeking, among other things, certain information relating to the Company's origination and collection of Consumer Loans, TPPs, and credit reporting. After April 22, 2019 through March 7, 2022, we received additional subpoenas from the Bureau. On December 6, 2021, we received a Notice and Opportunity to Respond and Advise letter from the Staff of the Office of Enforcement ("Staff") of the Bureau, stating that the Staff was considering whether to recommend that the Bureau take legal action against the Company for alleged violations of the Consumer Financial Protection Act of 2010 (the "CFPA") in connection with the Company's consumer loan origination practices. See the description below of the lawsuit commenced by the Bureau on January 4, 2023.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONCLUDED)
(UNAUDITED)

On January 4, 2023, the Office of the New York State Attorney General and the Bureau jointly filed a complaint in the United States District Court for the Southern District of New York alleging that the Company engaged in deceptive practices, fraud, illegality, and securities fraud in violation of New York Executive Law § 63(12) and New York General Business Law §§ 349 and 352, and that the Company engaged in deceptive and abusive acts and provided substantial assistance to a covered person or service provider in violation of the CFPA, 12 U.S.C. § 5531 and 12 U.S.C. § 5536(a)(1)(B). The complaint seeks injunctive relief, an accounting of all consumers for whom the Company provided financing, restitution, damages, disgorgement, civil penalties, and payment of costs. On March 14, 2023, the Company filed a motion to dismiss the complaint. On August 7, 2023, the court stayed the action pending the U.S. Supreme Court's decision in *Consumer Financial Protection Bureau v. Community Financial Services Association of America, Ltd.*, No. 22-448 ("CFSA"). On July 1, 2024, the court lifted the stay in view of the decision in CFSA and requested revised briefing on the Company's motion to dismiss that would address the intervening legal developments and sharpen the issues for resolution. As of October 29, 2024, the Company's motion to dismiss has been fully briefed. We are unable to estimate the reasonably possible loss or range of reasonably possible loss arising from this litigation. The Company intends to vigorously defend itself in this matter.

On March 18, 2016, we received a subpoena from the Attorney General of the State of Maryland, relating to the Company's repossession and sale policies and procedures in the state of Maryland. On April 3, 2020, we received a subpoena from the Attorney General of the State of Maryland relating to the Company's origination and collection policies and procedures in the state of Maryland. On August 11, 2020, we received a subpoena from the Attorney General of the State of Maryland restating most of the requests contained in the March 18, 2016 and April 3, 2020 subpoenas, making additional requests, and expanding the inquiry to include 41 other states (Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Michigan, Minnesota, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, and Wisconsin) and the District of Columbia. Also on August 11, 2020, we received from the Attorney General of the State of New Jersey a subpoena that is essentially identical to the August 11, 2020 Maryland subpoena, both as to substance and as to the jurisdictions identified. The Company has been informed that the State of Kansas, the State of Texas, and the State of Iowa have withdrawn from the multistate investigation. We are cooperating with these investigations and cannot predict their eventual scope, duration, or outcome at this time. As a result, we are unable to estimate the reasonably possible loss or range of reasonably possible loss arising from these investigations.

On December 9, 2014, we received a civil investigative subpoena from the U.S. Department of Justice pursuant to the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 directing us to produce certain information relating to subprime automotive finance and related securitization activities. We have cooperated with the inquiry, but cannot predict the eventual scope, duration, or outcome at this time. As a result, we are unable to estimate the reasonably possible loss or range of reasonably possible loss arising from this investigation.

An adverse ultimate disposition in any action to which we are a party or otherwise subject could have a material adverse impact on our financial position, liquidity, and results of operations.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the consolidated financial statements and related notes included in Item 8 - Financial Statements and Supplementary Data, of our 2023 Annual Report on Form 10-K, as well as Part I - Item 1 - Financial Statements, of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

Overview

We make vehicle ownership possible by providing innovative financing solutions that enable automobile dealers to sell vehicles to consumers regardless of their credit history. Our financing programs are offered through a nationwide network of automobile dealers who benefit from sales of vehicles to consumers who otherwise could not obtain financing; from repeat and referral sales generated by these same customers; and from sales to customers responding to advertisements for our financing programs, but who actually end up qualifying for traditional financing.

For the three months ended September 30, 2024, consolidated net income was $78.8 million, or $6.35 per diluted share, compared to consolidated net income of $70.8 million, or $5.43 per diluted share, for the same period in 2023. The increase was primarily due to an increase in finance charges, partially offset by an increase in interest expense. Our results for the three months ended September 30, 2024 included:

- ***A similar decline in forecasted collection rates***
  A decline in forecasted collection rates decreased forecasted net cash flows from our Loan portfolio by $62.8 million, or 0.6%, compared to a decrease in forecasted collection rates during the third quarter of 2023 that decreased forecasted net cash flows from our Loan portfolio by $69.4 million, or 0.7%.
- ***A decrease in forecasted profitability for Consumer Loans assigned in 2021 through 2024***
  Forecasted profitability was lower than our estimates at September 30, 2023, due to both a decline in forecasted collection rates and slower forecasted net cash flow timing since the third quarter of 2023. The slower forecasted net cash flow timing was primarily a result of a decrease in Consumer Loan prepayments, which remain at below-average levels.
- ***Growth in Consumer Loan assignment volume and the average balance of our Loan portfolio***
  Unit and dollar volumes grew 17.7% and 12.2%, respectively, as compared to the third quarter of 2023. The average balance of our Loan portfolio, which is our largest-ever, increased 14.9% as compared to the third quarter of 2023.
- ***An increase in the initial spread on Consumer Loan assignments***
  The initial spread increased to 21.9% compared to 21.4% on Consumer Loans assigned in the third quarter of 2023.
- ***An increase in our average cost of debt***
  Our average cost of debt increased from 5.8% to 7.3%, primarily a result of higher interest rates on recently completed or extended secured financings and recently issued senior notes and the repayment of older secured financings and senior notes with lower interest rates.
- ***A decrease in common shares outstanding due to stock repurchases***
  Since the third quarter of 2023, we have repurchased approximately 566,000 shares, or 4.5% of the shares outstanding as of September 30, 2023. There were no stock repurchases during the third quarter of 2024.

For the nine months ended September 30, 2024, consolidated net income was $96.0 million, or $7.68 per diluted share, compared to consolidated net income of $192.5 million, or $14.73 per diluted share, for the same period in 2023. The decrease was primarily due to increases in interest expense and provision for credit losses on forecast changes, partially offset by an increase in finance charges. Our results for the nine months ended September 30, 2024 included:

- ***A larger decline in forecasted collection rates***
  The decline in forecasted collection rates decreased forecasted net cash flows from our Loan portfolio by $282.9 million, or 2.8%, compared to a decrease in forecasted collection rates during the first nine months of 2023 that decreased forecasted net cash flows from our Loan portfolio by $149.3 million, or 1.7%. The $282.9 million decrease in forecasted net cash flows for the first nine months of 2024 was composed of an ordinary decrease in forecasted net cash flows of $135.7 million, or 1.4%, and an adjustment applied to our forecasting methodology during the second quarter of 2024, which upon implementation, reduced forecasted net cash flows by $147.2 million, or 1.4%. The $149.3 million decrease in forecasted net cash flows for the first nine months of 2023 was composed of an ordinary decrease in forecasted net cash flows of $104.8 million, or 1.2%, and an adjustment to our forecasting methodology, which upon implementation, reduced forecasted net cash flows by $44.5 million, or 0.5%.
- ***A decrease in forecasted profitability for Consumer Loans assigned in 2021 through 2024*** as described above
- ***Growth in Consumer Loan assignment volume and the average balance of our Loan portfolio***
  Unit and dollar volumes grew 21.0% and 16.3%, respectively, as compared to the first nine months of 2023. The average balance of our Loan portfolio, which is our largest-ever, increased 13.5% as compared to the first nine months of 2023.
- ***An increase in the initial spread on Consumer Loan assignments***
  The initial spread increased to 22.0% compared to 21.2% on Consumer Loans assigned in the first nine months of 2023.
- ***An increase in our average cost of debt***
  Our average cost of debt increased from 5.3% to 7.2%, primarily due to the factors described above.
- ***A decrease in common shares outstanding due to stock repurchases*** as described above
- ***Loss on sale of building***
  We recognized a $23.7 million loss during the second quarter of 2024 related to the sale of one of our two office buildings. The building was sold to reduce excess office space and eliminate the associated annual operating costs of approximately $2.1 million.

Critical Success Factors

Critical success factors include our ability to accurately forecast Consumer Loan performance, access capital on acceptable terms, and maintain or grow Consumer Loan volume at the level and on the terms that we anticipate, with the objective to maximize economic profit over the long term. Economic profit is a non-GAAP financial measure we use to evaluate our financial results and determine profit-sharing for team members. We also use economic profit as a framework to evaluate business decisions and strategies. Economic profit measures how efficiently we utilize our total capital, both debt and equity, and is a function of the return on capital in excess of the cost of capital and the amount of capital invested in the business.

Consumer Loan Metrics

At the time a Consumer Loan is submitted to us for assignment, we forecast future expected cash flows from the Consumer Loan. Based on the amount and timing of these forecasts and expected expense levels, an advance or one-time purchase payment is made to the related Dealer at a price designed to maximize economic profit.

We use a statistical model to estimate the expected collection rate for each Consumer Loan at the time of assignment. We continue to evaluate the expected collection rate for each Consumer Loan subsequent to assignment. Our evaluation becomes more accurate as the Consumer Loans age, as we use actual performance data in our forecast. By comparing our current expected collection rate for each Consumer Loan with the rate we projected at the time of assignment, we are able to assess the accuracy of our initial forecast. The following table compares our aggregated forecast of Consumer Loan collection rates as of September 30, 2024, with the aggregated forecasts as of June 30, 2024, as of December 31, 2023, and at the time of assignment, segmented by year of assignment:

Consumer Loan Assignment Year	Forecasted Collection Percentage as of (1)				Current Forecast Variance from		
	September 30, 2024	June 30, 2024	December 31, 2023	Initial Forecast	June 30, 2024	December 31, 2023	Initial Forecast
2015	65.3 %	65.3 %	65.2 %	67.7 %	0.0 %	0.1 %	-2.4 %
2016	63.9 %	63.9 %	63.8 %	65.4 %	0.0 %	0.1 %	-1.5 %
2017	64.7 %	64.7 %	64.7 %	64.0 %	0.0 %	0.0 %	0.7 %
2018	65.5 %	65.5 %	65.5 %	63.6 %	0.0 %	0.0 %	1.9 %
2019	67.2 %	67.1 %	66.9 %	64.0 %	0.1 %	0.3 %	3.2 %
2020	67.6 %	67.7 %	67.6 %	63.4 %	-0.1 %	0.0 %	4.2 %
2021	63.8 %	64.1 %	64.5 %	66.3 %	-0.3 %	-0.7 %	-2.5 %
2022	60.6 %	61.1 %	62.7 %	67.5 %	-0.5 %	-2.1 %	-6.9 %
2023	64.3 %	64.5 %	67.4 %	67.5 %	-0.2 %	-3.1 %	-3.2 %
2024 (2)	66.6 %	66.6 %	—	67.3 %	0.0 %	—	-0.7 %

(1) Represents the total forecasted collections we expect to collect on the Consumer Loans as a percentage of the repayments that we were contractually owed on the Consumer Loans at the time of assignment. Contractual repayments include both principal and interest. Forecasted collection rates are negatively impacted by canceled Consumer Loans as the contractual amount owed is not removed from the denominator for purposes of computing forecasted collection rates.

(2) The forecasted collection rate for 2024 Consumer Loans as of September 30, 2024 includes both Consumer Loans that were in our portfolio as of June 30, 2024 and Consumer Loans assigned during the most recent quarter. The following table provides forecasted collection rates for each of these segments:

2024 Consumer Loan Assignment Period	Forecasted Collection Percentage as of			Current Forecast Variance from	
	September 30, 2024	June 30, 2024	Initial Forecast	June 30, 2024	Initial Forecast
January 1, 2024 through June 30, 2024	66.4 %	66.6 %	67.2 %	-0.2 %	-0.8 %
July 1, 2024 through September 30, 2024	67.0 %	—	67.3 %	—	-0.3 %

Consumer Loans assigned in 2018 through 2020 have yielded forecasted collection results significantly better than our initial estimates, while Consumer Loans assigned in 2015, 2016, and 2021 through 2023 have yielded forecasted collection results significantly worse than our initial estimates. For all other assignment years presented, actual results have been close to our initial estimates. For the three months ended September 30, 2024, forecasted collection rates declined for Consumer Loans assigned in 2021 through 2024 and were generally consistent with expectations at the start of the period for all other assignment years presented. For the nine months ended September 30, 2024, forecasted collection rates improved for Consumer Loans assigned in 2019, declined for Consumer Loans assigned in 2021 through 2024, and were generally consistent with expectations at the start of the period for all other assignment years presented.

The changes in forecasted collection rates for the three and nine months ended September 30, 2024 and 2023 impacted forecasted net cash flows (forecasted collections less forecasted Dealer Holdback payments) as follows:

(Dollars in millions)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
Decrease in Forecasted Net Cash Flows	2024	2023	2024	2023
Dealer loans	$ (43.6)	$ (40.3)	$ (173.0)	$ (89.3)
Purchased loans	(19.2)	(29.1)	(109.9)	(60.0)
Total	$ (62.8)	$ (69.4)	$ (282.9)	$ (149.3)
% change from forecast at beginning of period	-0.6 %	-0.7 %	-2.8 %	-1.7 %

During the second quarter of 2024, we applied an adjustment to our methodology for forecasting the amount of future net cash flows from our Loan portfolio, which reduced the forecasted collection rates for Consumer Loans assigned in 2022 through 2024. Consumer Loans assigned in 2022 had continued to underperform our expectations for several quarters. More recently, Consumer Loans assigned in 2023 had also begun exhibiting similar trends of underperformance, although not as severe as Consumer Loans assigned in 2022. During the second quarter of 2024, we determined that we had sufficient Consumer Loan performance experience to estimate the magnitude by which we expected Consumer Loans assigned in 2022 through 2024 would likely underperform our historical collection rates on Consumer Loans with similar characteristics. Accordingly, we applied an adjustment to Consumer Loans assigned in 2022 through 2024 to reduce forecasted collection rates to what we believed the ultimate collection rates would be based on these trends. Changes in the amount and timing of forecasted net cash flows are recognized in the period of change as a provision for credit losses. The implementation of this forecast adjustment during the second quarter of 2024 reduced forecasted net cash flows by $147.2 million, or 1.4%, and increased provision for credit losses by $127.5 million.

During the second quarter of 2023, we adjusted our methodology for forecasting the amount and timing of future net cash flows from our Loan portfolio through the utilization of more recent Consumer Loan performance and Consumer Loan prepayment data. We had experienced a decrease in Consumer Loan prepayments to below-average levels and as a result, slowed our forecasted net cash flow timing. Historically, Consumer Loan prepayments have been lower in periods with less availability of consumer credit. Changes in the amount and timing of forecasted net cash flows are recognized in the period of change as a provision for credit losses. The implementation of the adjustment to our forecasting methodology during the second quarter of 2023 reduced forecasted net cash flows by $44.5 million, or 0.5%, and increased provision for credit losses by $71.3 million.

We have experienced increased levels of uncertainty associated with our estimate of the amount and timing of future net cash flows from our Loan portfolio since the beginning of 2020, with realized collections underperforming our expectations during the early stages of the COVID-19 pandemic, outperforming our expectations following the distribution of federal stimulus payments and enhanced unemployment benefits, and underperforming our expectations during the current economic environment. For the period from January 1, 2020 through September 30, 2024, the cumulative change to our forecast of future net cash flows from our Loan portfolio has been a decrease of $269.1 million, or 3.0%, as shown in the following table:

(Dollars in millions)

	Increase (Decrease) in Forecasted Net Cash Flows	
Three Months Ended	Total Loans	% Change from Forecast at Beginning of Period
March 31, 2020	$ (206.5)	-2.3 %
June 30, 2020	24.4	0.3 %
September 30, 2020	138.5	1.5 %
December 31, 2020	(2.7)	0.0 %
March 31, 2021	107.4	1.1 %
June 30, 2021	104.5	1.1 %
September 30, 2021	82.3	0.9 %
December 31, 2021	31.9	0.3 %
March 31, 2022	110.2	1.2 %
June 30, 2022	(43.4)	-0.5 %
September 30, 2022	(85.4)	-0.9 %
December 31, 2022	(41.1)	-0.5 %
March 31, 2023	9.4	0.1 %
June 30, 2023	(89.3)	-0.9 %
September 30, 2023	(69.4)	-0.7 %
December 31, 2023	(57.0)	-0.6 %
March 31, 2024	(30.8)	-0.3 %
June 30, 2024	(189.3)	-1.7 %
September 30, 2024	(62.8)	-0.6 %
Total	$ (269.1)	-3.0 %

The following table presents information on Consumer Loan assignments for each of the last 10 years:

Consumer Loan Assignment Year	Average			Total Assignment Volume	
	Consumer Loan (1)	Advance (2)	Initial Loan Term (in months)	Unit Volume	Dollar Volume (2) (in millions)
2015	$ 16,354	$ 7,272	50	298,288	$ 2,167.0
2016	18,218	7,976	53	330,710	2,635.5
2017	20,230	8,746	55	328,507	2,873.1
2018	22,158	9,635	57	373,329	3,595.8
2019	23,139	10,174	57	369,805	3,772.2
2020	24,262	10,656	59	341,967	3,641.2
2021	25,632	11,790	59	268,730	3,167.8
2022	27,242	12,924	60	280,467	3,625.3
2023	27,025	12,475	61	332,499	4,147.8
2024 (3)(4)	26,564	12,018	61	307,215	3,692.1

(1) Represents the repayments that we were contractually owed on Consumer Loans at the time of assignment, which include both principal and interest.
(2) Represents advances paid to Dealers on Consumer Loans assigned under our Portfolio Program and one-time payments made to Dealers to purchase Consumer Loans assigned under our Purchase Program. Payments of Dealer Holdback and accelerated Dealer Holdback are not included.
(3) Represents activity for the nine months ended September 30, 2024. Information in this table for each of the years prior to 2024 represents activity for all 12 months of that year.
(4) The averages for 2024 Consumer Loans include both Consumer Loans that were in our portfolio as of June 30, 2024 and Consumer Loans assigned during the most recent quarter. The following table provides averages for each of these segments:

2024 Consumer Loan Assignment Period	Average		
	Consumer Loan	Advance	Initial Loan Term (in months)
January 1, 2024 through June 30, 2024	$ 26,554	$ 12,033	61
July 1, 2024 through September 30, 2024	26,586	11,985	61

The profitability of our loans is primarily driven by the amount and timing of the net cash flows we receive from the spread between the forecasted collection rate and the advance rate, less operating expenses and the cost of capital. Forecasting collection rates accurately at Loan inception is difficult. With this in mind, we establish advance rates that are intended to allow us to achieve acceptable levels of profitability across our portfolio, even if collection rates are less than we initially forecast.

The following table presents aggregate forecasted Consumer Loan collection rates, advance rates, and spreads (the forecasted collection rate less the advance rate), and the percentage of the forecasted collections that had been realized as of September 30, 2024, as well as forecasted collection rates and spreads at the time of assignment. All amounts, unless otherwise noted, are presented as a percentage of the initial balance of the Consumer Loan (principal + interest). The table includes both Dealer Loans and Purchased Loans.

Consumer Loan Assignment Year	Forecasted Collection % as of		Advance % (1)	Spread % as of		% of Forecast Realized (2)
	September 30, 2024	Initial Forecast		September 30, 2024	Initial Forecast	
2015	65.3 %	67.7 %	44.5 %	20.8 %	23.2 %	99.7 %
2016	63.9 %	65.4 %	43.8 %	20.1 %	21.6 %	99.4 %
2017	64.7 %	64.0 %	43.2 %	21.5 %	20.8 %	99.1 %
2018	65.5 %	63.6 %	43.5 %	22.0 %	20.1 %	98.4 %
2019	67.2 %	64.0 %	44.0 %	23.2 %	20.0 %	96.1 %
2020	67.6 %	63.4 %	43.9 %	23.7 %	19.5 %	90.8 %
2021	63.8 %	66.3 %	46.0 %	17.8 %	20.3 %	80.8 %
2022	60.6 %	67.5 %	47.4 %	13.2 %	20.1 %	61.3 %
2023	64.3 %	67.5 %	46.2 %	18.1 %	21.3 %	36.8 %
2024 (3)	66.6 %	67.3 %	45.3 %	21.3 %	22.0 %	10.7 %

(1) Represents advances paid to Dealers on Consumer Loans assigned under our Portfolio Program and one-time payments made to Dealers to purchase Consumer Loans assigned under our Purchase Program as a percentage of the initial balance of the Consumer Loans. Payments of Dealer Holdback and accelerated Dealer Holdback are not included.
(2) Presented as a percentage of total forecasted collections.
(3) The forecasted collection rate, advance rate and spread for 2024 Consumer Loans as of September 30, 2024 include both Consumer Loans that were in our portfolio as of June 30, 2024 and Consumer Loans assigned during the most recent quarter. The following table provides forecasted collection rates, advance rates, and spreads for each of these segments:

	Forecasted Collection % as of			Spread % as of	
2024 Consumer Loan Assignment Period	September 30, 2024	Initial Forecast	Advance %	September 30, 2024	Initial Forecast
January 1, 2024 through June 30, 2024	66.4 %	67.2 %	45.2 %	21.2 %	22.0 %
July 1, 2024 through September 30, 2024	67.0 %	67.3 %	45.4 %	21.6 %	21.9 %

The risk of a material change in our forecasted collection rate declines as the Consumer Loans age. For 2020 and prior Consumer Loan assignments, the risk of a material forecast variance is modest, as we have currently realized in excess of 90% of the expected collections. Conversely, the forecasted collection rates for more recent Consumer Loan assignments are less certain as a significant portion of our forecast has not been realized.

The spread between the forecasted collection rate as of September 30, 2024 and the advance rate ranges from 13.2% to 23.7%, on an annual basis, for Consumer Loans assigned over the last 10 years. The spreads with respect to 2019 and 2020 Consumer Loans have been positively impacted by Consumer Loan performance, which has exceeded our initial estimates by a greater margin than the other years presented. The spread with respect to 2022 Consumer Loans has been negatively impacted by Consumer Loan performance, which has been lower than our initial estimates by a greater margin than the other years presented. The higher spread for 2024 Consumer Loans relative to 2023 Consumer Loans as of September 30, 2024 was primarily a result of Consumer Loan performance, as the performance of 2023 Consumer Loans has been lower than our initial estimates by a greater margin than 2024 Consumer Loans. Additionally, 2024 Consumer Loans had a higher initial spread, which was primarily due to a decrease in the advance rate.

The following table compares our forecast of aggregate Consumer Loan collection rates as of September 30, 2024 with the forecasts at the time of assignment, for Dealer Loans and Purchased Loans separately:

	Dealer Loans			Purchased Loans		
	Forecasted Collection Percentage as of (1)			Forecasted Collection Percentage as of (1)		
Consumer Loan Assignment Year	September 30, 2024	Initial Forecast	Variance	September 30, 2024	Initial Forecast	Variance
2015	64.6 %	67.5 %	-2.9 %	69.0 %	68.5 %	0.5 %
2016	63.1 %	65.1 %	-2.0 %	66.1 %	66.5 %	-0.4 %
2017	64.0 %	63.8 %	0.2 %	66.3 %	64.6 %	1.7 %
2018	64.9 %	63.6 %	1.3 %	66.8 %	63.5 %	3.3 %
2019	66.8 %	63.9 %	2.9 %	67.9 %	64.2 %	3.7 %
2020	67.5 %	63.3 %	4.2 %	67.9 %	63.6 %	4.3 %
2021	63.5 %	66.3 %	-2.8 %	64.3 %	66.3 %	-2.0 %
2022	59.8 %	67.3 %	-7.5 %	62.4 %	68.0 %	-5.6 %
2023	63.1 %	66.8 %	-3.7 %	67.6 %	69.4 %	-1.8 %
2024	65.5 %	66.3 %	-0.8 %	70.5 %	70.7 %	-0.2 %

(1) The forecasted collection rates presented for Dealer Loans and Purchased Loans reflect the Consumer Loan classification at the time of assignment. The forecasted collection rates represent the total forecasted collections we expect to collect on the Consumer Loans as a percentage of the repayments that we were contractually owed on the Consumer Loans at the time of assignment. Contractual repayments include both principal and interest. Forecasted collection rates are negatively impacted by canceled Consumer Loans as the contractual amount owed is not removed from the denominator for purposes of computing forecasted collection rates.

The following table presents aggregate forecasted Consumer Loan collection rates, advance rates, and spreads (the forecasted collection rate less the advance rate) as of September 30, 2024 for Dealer Loans and Purchased Loans separately. All amounts are presented as a percentage of the initial balance of the Consumer Loan (principal + interest).

	Dealer Loans			Purchased Loans		
Consumer Loan Assignment Year	Forecasted Collection %(1)	Advance %(1)(2)	Spread %	Forecasted Collection %(1)	Advance %(1)(2)	Spread %
2015	64.6 %	43.4 %	21.2 %	69.0 %	50.2 %	18.8 %
2016	63.1 %	42.1 %	21.0 %	66.1 %	48.6 %	17.5 %
2017	64.0 %	42.1 %	21.9 %	66.3 %	45.8 %	20.5 %
2018	64.9 %	42.7 %	22.2 %	66.8 %	45.2 %	21.6 %
2019	66.8 %	43.1 %	23.7 %	67.9 %	45.6 %	22.3 %
2020	67.5 %	43.0 %	24.5 %	67.9 %	45.5 %	22.4 %
2021	63.5 %	45.1 %	18.4 %	64.3 %	47.7 %	16.6 %
2022	59.8 %	46.4 %	13.4 %	62.4 %	50.1 %	12.3 %
2023	63.1 %	44.8 %	18.3 %	67.6 %	49.8 %	17.8 %
2024	65.5 %	44.3 %	21.2 %	70.5 %	49.0 %	21.5 %

(1) The forecasted collection rates and advance rates presented for Dealer Loans and Purchased Loans reflect the Consumer Loan classification at the time of assignment.
(2) Represents advances paid to Dealers on Consumer Loans assigned under our Portfolio Program and one-time payments made to Dealers to purchase Consumer Loans assigned under our Purchase Program as a percentage of the initial balance of the Consumer Loans. Payments of Dealer Holdback and accelerated Dealer Holdback are not included.

Although the advance rate on Purchased Loans is higher as compared to the advance rate on Dealer Loans, Purchased Loans do not require us to pay Dealer Holdback.

The spread as of September 30, 2024 on 2024 Dealer Loans was 21.2%, as compared to a spread of 18.3% on 2023 Dealer Loans. The increase was due to Consumer Loan performance, as the performance of 2023 Dealer Loans has been lower than our initial estimates by a greater margin than 2024 Dealer Loans.

The spread as of September 30, 2024 on 2024 Purchased Loans was 21.5%, as compared to a spread of 17.8% on 2023 Purchased Loans. The increase was primarily a result of a higher initial spread on 2024 Purchased Loans, due to a higher initial forecast and lower advance rate. Additionally, the performance of 2023 Purchased Loans has been lower than our initial estimates by a greater margin than 2024 Purchased Loans.

Access to Capital

Our strategy for accessing capital on acceptable terms needed to maintain and grow the business is to: (1) maintain consistent financial performance; (2) maintain modest financial leverage; and (3) maintain multiple funding sources. Our funded debt to equity ratio was 3.8 to 1 as of September 30, 2024. We currently utilize the following primary forms of debt financing: (1) our revolving secured line of credit facility; (2) Warehouse facilities; (3) Term ABS financings; and (4) senior notes.

Consumer Loan Volume

The following table summarizes changes in Consumer Loan assignment volume in each of the last seven quarters as compared to the same period in the previous year:

	Year over Year Percent Change	
Three Months Ended	Unit Volume	Dollar Volume (1)
March 31, 2023	22.8 %	18.6 %
June 30, 2023	12.8 %	8.3 %
September 30, 2023	13.0 %	10.5 %
December 31, 2023	26.7 %	21.3 %
March 31, 2024	24.1 %	20.2 %
June 30, 2024	20.9 %	16.3 %
September 30, 2024	17.7 %	12.2 %

(1) Represents advances paid to Dealers on Consumer Loans assigned under our Portfolio Program and one-time payments made to Dealers to purchase Consumer Loans assigned under our Purchase Program. Payments of Dealer Holdback and accelerated Dealer Holdback are not included.

Consumer Loan assignment volumes depend on a number of factors including (1) the overall demand for our financing programs, (2) the amount of capital available to fund new Loans, and (3) our assessment of the volume that our infrastructure can support. Our pricing strategy is intended to maximize the amount of economic profit we generate, within the confines of capital and infrastructure constraints.

Unit and dollar volumes grew 17.7% and 12.2%, respectively, during the third quarter of 2024 as the number of active Dealers grew 8.8% and the average unit volume per active Dealer increased 8.4%. Dollar volume increased less than unit volume during the third quarter of 2024 due to a decrease in the average advance paid, due to decreases in the average size of Consumer Loans assigned and the average advance rate. Unit volume for the 28-day period ended October 28, 2024 grew 4.6% compared to the same period in 2023.

The following table summarizes the changes in Consumer Loan unit volume and active Dealers:

	For the Three Months Ended September 30,			For the Nine Months Ended September 30,		
	2024	2023	% Change	2024	2023	% Change
Consumer Loan unit volume	95,670	81,299	17.7 %	307,215	253,847	21.0 %
Active Dealers (1)	10,678	9,818	8.8 %	14,326	13,008	10.1 %
Average volume per active Dealer	9.0	8.3	8.4 %	21.4	19.5	9.7 %
Consumer Loan unit volume from Dealers active both periods	74,108	67,930	9.1 %	262,564	228,157	15.1 %
Dealers active both periods	6,595	6,595	—	9,604	9,604	—
Average volume per Dealer active both periods	11.2	10.3	9.1 %	27.3	23.8	15.1 %
Consumer Loan unit volume from Dealers not active both periods	21,562	13,369	61.3 %	44,651	25,690	73.8 %
Dealers not active both periods	4,083	3,223	26.7 %	4,722	3,404	38.7 %
Average volume per Dealer not active both periods	5.3	4.1	29.3 %	9.5	7.5	26.7 %

(1) Active Dealers are Dealers who have received funding for at least one Consumer Loan during the period.

The following table provides additional information on the changes in Consumer Loan unit volume and active Dealers:

	For the Three Months Ended September 30,			For the Nine Months Ended September 30,		
	2024	2023	% Change	2024	2023	% Change
Consumer Loan unit volume from new active Dealers	3,447	3,926	-12.2 %	29,441	29,005	1.5 %
New active Dealers (1)	1,038	983	5.6 %	3,428	3,095	10.8 %
Average volume per new active Dealer	3.3	4.0	-17.5 %	8.6	9.4	-8.5 %
Attrition (2)	-16.4 %	-17.2 %		-10.1 %	-8.9 %	

(1) New active Dealers are Dealers who enrolled in our program and have received funding for their first Loan from us during the period.
(2) Attrition is measured according to the following formula: decrease in Consumer Loan unit volume from Dealers who have received funding for at least one Loan during the comparable period of the prior year but did not receive funding for any Loans during the current period divided by prior year comparable period Consumer Loan unit volume.

The following table shows the percentage of Consumer Loans assigned to us as Dealer Loans and Purchased Loans for each of the last seven quarters:

	Unit Volume		Dollar Volume (1)	
Three Months Ended	Dealer Loans	Purchased Loans	Dealer Loans	Purchased Loans
March 31, 2023	72.1 %	27.9 %	68.1 %	31.9 %
June 30, 2023	72.4 %	27.6 %	68.6 %	31.4 %
September 30, 2023	74.8 %	25.2 %	71.7 %	28.3 %
December 31, 2023	77.2 %	22.8 %	75.0 %	25.0 %
March 31, 2024	78.2 %	21.8 %	76.6 %	23.4 %
June 30, 2024	78.5 %	21.5 %	77.3 %	22.7 %
September 30, 2024	79.5 %	20.5 %	78.4 %	21.6 %

(1) Represents advances paid to Dealers on Consumer Loans assigned under our Portfolio Program and one-time payments made to Dealers to purchase Consumer Loans assigned under our Purchase Program. Payments of Dealer Holdback and accelerated Dealer Holdback are not included.

As of September 30, 2024 and December 31, 2023, the net Dealer Loans receivable balance was 71.6% and 67.7%, respectively, of the total net Loans receivable balance.

Results of Operations

The net Loan income (finance charge revenue less provision for credit losses expense) that we recognize over the life of a Loan equals the cash we collect from the underlying Consumer Loan less the cash we pay to the Dealer. We believe the economics of our business are best exhibited by recognizing net Loan income on a level-yield basis over the life of the Loan based on expected future net cash flows. Under the GAAP methodology we employ, which is known as the current expected credit loss model, or CECL, we are required to recognize:

- a significant provision for credit losses expense at the time of the Loan's assignment to us for contractual net cash flows we do not expect to realize; and
- finance charge revenue in subsequent periods that is significantly in excess of our expected yield.

Due to the GAAP treatment of contractual net cash flows we do not expect to realize at the time of loan assignment (i.e. significant expense at the time of loan assignment, which is offset by higher revenue in subsequent periods), we do not believe the GAAP methodology we employ provides sufficient transparency into the economics of our business, including our results of operations, financial condition, and financial leverage. For additional information, see Note 3 and Note 6 to the consolidated financial statements contained in Part I - Item 1 of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

Three Months Ended September 30, 2024 Compared to Three Months Ended September 30, 2023

The following is a discussion of our results of operations and income statement data on a consolidated basis.

(Dollars in millions, except per share data)	For the Three Months Ended September 30,			
	2024	2023	$ Change	% Change
Revenue:				
Finance charges	$ 507.6	$ 441.7	$ 65.9	14.9 %
Premiums earned	25.1	20.8	4.3	20.7 %
Other income	17.6	16.1	1.5	9.3 %
Total revenue	550.3	478.6	71.7	15.0 %
Costs and expenses:				
Salaries and wages	77.3	66.7	10.6	15.9 %
General and administrative	29.0	21.3	7.7	36.2 %
Sales and marketing	23.1	22.5	0.6	2.7 %
Total operating expenses	129.4	110.5	18.9	17.1 %
Provision for credit losses on forecast changes	105.9	106.3	(0.4)	-0.4 %
Provision for credit losses on new Consumer Loan assignments	78.8	78.3	0.5	0.6 %
Total provision for credit losses	184.7	184.6	0.1	0.1 %
Interest	111.2	70.5	40.7	57.7 %
Provision for claims	18.5	16.5	2.0	12.1 %
Total costs and expenses	443.8	382.1	61.7	16.1 %
Income before provision for income taxes	106.5	96.5	10.0	10.4 %
Provision for income taxes	27.7	25.7	2.0	7.8 %
Net income	$ 78.8	$ 70.8	$ 8.0	11.3 %
Net income per share:				
Basic	$ 6.42	$ 5.47	$ 0.95	17.4 %
Diluted	$ 6.35	$ 5.43	$ 0.92	16.9 %
Weighted average shares outstanding:				
Basic	12,274,685	12,933,377	(658,692)	-5.1 %
Diluted	12,415,143	13,039,638	(624,495)	-4.8 %

Finance Charges. The increase of $65.9 million, or 14.9%, was primarily due to an increase in the average net Loans receivable balance, as follows:

(Dollars in millions)	For the Three Months Ended September 30,		
	2024	2023	Change
Average net Loans receivable balance	$ 7,690.9	$ 6,690.8	$ 1,000.1
Average yield on our Loan portfolio	26.4 %	26.4 %	0.0 %

The following table summarizes the impact each component had on the overall increase in finance charges for the three months ended September 30, 2024:

(In millions) **Impact on finance charges:**	**Year over Year Change For the Three Months Ended September 30, 2024**
Due to an increase in the average net Loans receivable balance	$ 66.0
Due to a decrease in the average yield	(0.1)
Total increase in finance charges	$ 65.9

The increase in the average net Loans receivable balance was primarily due to the dollar volume of new Consumer Loan assignments exceeding the principal collected on Loans receivable.

Premiums Earned. The increase of $4.3 million, or 20.7%, was primarily due to growth in the size of our reinsurance portfolio, which resulted from growth in new Consumer Loan assignments and an increase in the average premium written per reinsured vehicle service contract in recent periods.

Operating Expenses. The increase of $18.9 million, or 17.1%, was primarily due to:

- An increase in salaries and wages expense of $10.6 million, or 15.9%, primarily due to increases in (i) the number of team members as we are investing in our business with the goal of increasing the speed at which we enhance our product for Dealers and consumers and (ii) fringe benefits, primarily due to higher medical claims.
- An increase in general and administrative expenses of $7.7 million, or 36.2%, primarily due to an increase in legal expenses.

Provision for Credit Losses. Provision for credit losses remained relatively consistent, increasing by $0.1 million, or 0.1%.

We recognize provision for credit losses on new Consumer Loan assignments for contractual net cash flows that are not expected to be realized at the time of assignment. We also recognize provision for credit losses on forecast changes in the amount and timing of expected future net cash flows subsequent to assignment. The following table summarizes the provision for credit losses for each of these components:

(In millions) **Provision for Credit Losses**	**For the Three Months Ended September 30, 2024**	**2023**	**Change**
Forecast changes	$ 105.9	$ 106.3	$ (0.4)
New Consumer Loan assignments	78.8	78.3	0.5
Total	$ 184.7	$ 184.6	$ 0.1

For additional information, see Note 6 to the consolidated financial statements contained in Part I - Item 1 of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

Interest. The increase in interest expense of $40.7 million, or 57.7%, was due to:

- An increase in our average cost of debt, which increased interest expense by $22.6 million, primarily as a result of higher interest rates on recently completed or extended secured financings and recently issued senior notes and the repayment of older secured financings and senior notes with lower interest rates.
- An increase in our average outstanding debt balance, which increased interest expense by $18.1 million, primarily due to borrowings used to fund the growth of our Loan portfolio and stock repurchases.

The following table presents the change in interest expense, average outstanding debt balance, and average cost of debt for the three months ended September 30, 2024 as compared to the three months ended September 30, 2023:

(Dollars in millions)	**For the Three Months Ended September 30, 2024**	**2023**	**Change**
Interest expense	$ 111.2	$ 70.5	$ 40.7
Average outstanding debt balance	6,071.1	4,831.4	1,239.7
Average cost of debt	7.3 %	5.8 %	1.5 %

Provision for Income Taxes. For the three months ended September 30, 2024, the effective income tax rate decreased to 26.0% from 26.6% for the same period in 2023. The decrease was primarily due to the settlement of an uncertain tax position for state income taxes during the third quarter of 2024. For additional information, see Note 12 to the consolidated financial statements contained in Part I - Item 1 of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

Nine Months Ended September 30, 2024 Compared to Nine Months Ended September 30, 2023

The following is a discussion of our results of operations and income statement data on a consolidated basis.

(Dollars in millions, except per share data)	For the Nine Months Ended September 30,			
	2024	2023	$ Change	% Change
Revenue:				
Finance charges	$ 1,474.5	$ 1,303.8	$ 170.7	13.1 %
Premiums earned	71.3	58.0	13.3	22.9 %
Other income	50.7	48.5	2.2	4.5 %
Total revenue	1,596.5	1,410.3	186.2	13.2 %
Costs and expenses:				
Salaries and wages	231.6	214.1	17.5	8.2 %
General and administrative	75.9	59.8	16.1	26.9 %
Sales and marketing	72.4	70.9	1.5	2.1 %
Total operating expenses	379.9	344.8	35.1	10.2 %
Provision for credit losses on forecast changes	430.9	319.4	111.5	34.9 %
Provision for credit losses on new Consumer Loan assignments	260.4	253.1	7.3	2.9 %
Total provision for credit losses	691.3	572.5	118.8	20.8 %
Interest	308.2	187.7	120.5	64.2 %
Provision for claims	55.8	54.1	1.7	3.1 %
Loss on sale of building	23.7	—	23.7	— %
Total costs and expenses	1,458.9	1,159.1	299.8	25.9 %
Income before provision for income taxes	137.6	251.2	(113.6)	-45.2 %
Provision for income taxes	41.6	58.7	(17.1)	-29.1 %
Net income	$ 96.0	$ 192.5	$ (96.5)	-50.1 %
Net income per share:				
Basic	$ 7.78	$ 14.79	$ (7.01)	-47.4 %
Diluted	$ 7.68	$ 14.73	$ (7.05)	-47.9 %
Weighted average shares outstanding:				
Basic	12,345,739	13,013,344	(667,605)	-5.1 %
Diluted	12,494,011	13,068,998	(574,987)	-4.4 %

Finance Charges. The increase of $170.7 million, or 13.1%, was primarily a result of an increase in the average net Loans receivable balance, as follows:

(Dollars in millions)	For the Nine Months Ended September 30,		
	2024	2023	Change
Average net Loans receivable balance	$ 7,430.4	$ 6,547.8	$ 882.6
Average yield on our Loan portfolio	26.5 %	26.5 %	0.0 %

The following table summarizes the impact each component had on the overall increase in finance charges for the nine months ended September 30, 2024:

(In millions) **Impact on finance charges:**	**Year over Year Change For the Nine Months Ended September 30, 2024**
Due to an increase in the average net Loans receivable balance	$ 175.7
Due to a decrease in the average yield	(5.0)
Total increase in finance charges	$ 170.7

The increase in the average net Loans receivable balance was primarily due to the dollar volume of new Consumer Loan assignments exceeding the principal collected on Loans receivable.

Premiums Earned. The increase of $13.3 million, or 22.9%, was primarily due to growth in the size of our reinsurance portfolio, which resulted from growth in new Consumer Loan assignments and an increase in the average premium written per reinsured vehicle service contract in recent periods.

Operating Expenses. The increase of $35.1 million, or 10.2%, was primarily due to:

- An increase in salaries and wages expense of $17.5 million, or 8.2%, primarily due to increases in (i) the number of team members as we are investing in our business with the goal of increasing the speed at which we enhance our product for Dealers and consumers and (ii) fringe benefits, primarily due to higher medical claims.
- An increase in general and administrative expense of $16.1 million, or 26.9%, primarily due to increases in legal and technology systems expenses.

Provision for Credit Losses. The increase of $118.8 million, or 20.8%, was primarily due to an increase in provision for credit losses on forecast changes.

We recognize provision for credit losses on new Consumer Loan assignments for contractual net cash flows that are not expected to be realized at the time of assignment. We also recognize provision for credit losses on forecast changes in the amount and timing of expected future net cash flows subsequent to assignment. The following table summarizes the provision for credit losses for each of these components:

(In millions) **Provision for Credit Losses**	**For the Nine Months Ended September 30, 2024**	**2023**	**Change**
Forecast changes	$ 430.9	$ 319.4	$ 111
New Consumer Loan assignments	260.4	253.1	7
Total	$ 691.3	$ 572.5	$ 118

The increase in provision for credit losses related to forecast changes was primarily due to a greater decline in Consumer Loan performance during the first nine months of 2024 compared to the first nine months of 2023.

During the first nine months of 2024, we decreased our estimate of future net cash flows by $282.9 million, or 2.8%, to reflect a decline in forecasted collection rates during the period and slowed our forecasted net cash flow timing to reflect a decrease in Consumer Loan prepayments, which remain at below-average levels. Historically, Consumer Loan prepayments have been lower in periods with less availability of consumer credit. The $282.9 million decrease in forecasted net cash flows for the first nine months of 2024 was composed of an ordinary decrease in forecasted net cash flows of $135.7 million, or 1.4%, and an adjustment applied to our forecasting methodology during the second quarter of 2024, which upon implementation, reduced forecasted net cash flows by $147.2 million, or 1.4%, and increased our provision for credit losses by $127.5 million. Consumer Loans assigned in 2022 had continued to underperform our expectations for several quarters. More recently, Consumer Loans assigned in 2023 had also begun exhibiting similar trends of underperformance, although not as severe as Consumer Loans assigned in 2022. During the second quarter of 2024, we determined that we had sufficient Consumer Loan performance experience to estimate the magnitude by which we expected Consumer Loans assigned in 2022 through 2024 would likely underperform our historical collection rates on Consumer Loans with similar characteristics. Accordingly, we applied an adjustment to Consumer Loans assigned in 2022 through 2024 to reduce forecasted collection rates to what we believed the ultimate collection rates would be based on these trends.

During the first nine months of 2023, we decreased our estimate of future net cash flows by $149.3 million, or 1.7%, to reflect a decline in Consumer Loan prepayments to below-average levels. The $149.3 million decrease in forecasted net cash flows for the first nine months of 2023 was composed of an ordinary decrease in forecasted net cash flows of $104.8 million, or 1.2%, and an adjustment to our forecasting methodology during the second quarter of 2023, which upon implementation, decreased our estimate of future net cash flows by $44.5 million, or 0.5%, and increased our provision for credit losses by $71.3 million. We adjusted our methodology for forecasting the amount and timing of future net cash flows from our Loan portfolio through the utilization of more recent Consumer Loan performance and Consumer Loan prepayment data.

For additional information, see Note 6 to the consolidated financial statements contained in Part I - Item 1 of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

The increase in provision for credit losses related to new Consumer Loan assignments was due to a 21.0% increase in Consumer Loan assignment unit volume, partially offset by a 15.0% decrease in the average provision per Consumer Loan assignment. The decrease in the average provision per Consumer Loan assignment was due to a lower percentage of Purchased Loans in the mix of Consumer Loan assignments received during 2024, and a decrease in the average advance rates under our Portfolio and Purchase Programs for 2024 Consumer Loans.

Interest. The increase in interest expense of $120.5 million, or 64.2%, was due to:

- An increase in our average cost of debt, which increased interest expense by $80.2 million, primarily as a result of higher interest rates on recently completed or extended secured financings and recently issued senior notes and the repayment of older secured financings and senior notes with lower interest rates.
- An increase in our average outstanding debt balance, which increased interest expense by $40.3 million, primarily due to borrowings used to fund the growth of our Loan portfolio and stock repurchases.

The following table presents the change in interest expense, average outstanding debt balance, and average cost of debt for the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023:

(Dollars in millions)	For the Nine Months Ended September 30,		
	2024	2023	Change
Interest expense	$ 308.2	$ 187.7	$ 120.5
Average outstanding debt balance	5,732.1	4,718.7	1,013.4
Average cost of debt	7.2 %	5.3 %	1.9 %

Loss on Sale of Building. For the nine months ended September 30, 2024, we recognized a loss on the sale of a building of $23.7 million. For additional information, see Note 7 to the consolidated financial statements contained in Part I - Item 1 of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

Provision for Income Taxes. For the nine months ended September 30, 2024, our effective income tax rate increased to 30.2% from 23.4% for the nine months ended September 30, 2023. The increase was primarily due to:

- An increase in the impact of state and local income taxes on our effective income tax rate, primarily due to an adjustment to an uncertain tax position estimate during the second quarter of 2024 and changes in state tax laws that were enacted during 2024.
- A decrease in the impact of excess tax benefits on our effective income tax rate, primarily due to the timing of long-term stock award grants.
- An increase in the impact of non-deductible executive compensation expense on our effective income tax rate, primarily due to a decrease in pre-tax income.

For additional information, see Note 12 to the consolidated financial statements contained in Part I - Item 1 of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

Properties

The COVID-19 pandemic had a significant impact on our work environment, as the vast majority of our team members began working remotely. Because our remote operations and processes proved successful early on, we now pursue a “remote first” strategy to take advantage of the national talent pool and an increased rate of team member satisfaction. While remote work has become the primary experience for most of our team members, we do have team members that, due to their personal preference or the nature of their responsibilities, have continued to work primarily in one of our office properties. Additionally,

we have various on-site meetings, events, and team building activities for which in-person attendance is encouraged. Therefore, we believe we have a continuing need for some amount of office space.

As the vast majority of our team members now work remotely, we had significant excess space in the two office buildings that we owned in Southfield, Michigan. During the second quarter of 2024, we sold the larger building for net sales proceeds of $3.2 million, and recognized a loss on sale of the building of $23.7 million. The loss on sale of the building represented the amount by which the $26.9 million carrying value of the building and its improvements, the related land and land improvements, and office furniture and equipment exceeded the net sales proceeds of $3.2 million.

Liquidity and Capital Resources

We need capital to maintain and grow our business. Our primary sources of capital are cash flows from operating activities, collections of Consumer Loans, and borrowings under: (1) our revolving secured line of credit facility; (2) Warehouse facilities; (3) Term ABS financings; and (4) senior notes. There are various restrictive covenants to which we are subject under each financing arrangement, and we were in compliance with those covenants as of September 30, 2024. For information regarding these financings and the covenants included in the related documents, see Note 10 to the consolidated financial statements contained in Part I - Item 1 of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

On February 16, 2024, we extended the $100.0 million Term ABS 2021-1 financing and extended the date on which the financing will cease to revolve from December 16, 2024 to February 17, 2026.

On February 27, 2024, we completed a $200.0 million Term ABS financing, which was used to repay outstanding indebtedness and for general corporate purposes. The financing has an expected average annualized cost of 7.8% (including placement agent fees and other costs), and it will revolve for 36 months, after which it will amortize based upon the cash flows on the underlying Loans.

On March 28, 2024, we completed a $500.0 million Term ABS financing, which was used to repay outstanding indebtedness and for general corporate purposes. The financing has an expected average annualized cost of 6.4% (including initial purchasers' fees and other costs), and it will revolve for 24 months, after which it will amortize based upon the cash flows on the underlying Loans.

On June 17, 2024, we extended the maturity of our revolving secured line of credit facility from June 22, 2026 to June 22, 2027. The interest rate on borrowings under the facility has changed from the Bloomberg Short-Term Bank Yield Index rate plus 187.5 basis points to SOFR plus 197.5 basis points.

On June 20, 2024, we completed a $550.0 million Term ABS financing, which was used to repay outstanding indebtedness and for general corporate purposes. The financing has an expected average annualized cost of 6.5% (including initial purchasers' fees and other costs), and it will revolve for 24 months, after which it will amortize based upon the cash flows on the underlying Loans.

On June 21, 2024, we increased the financing amount on the Term ABS 2022-2 financing from $200.0 million to $300.0 million and extended the date on which the financing will cease to revolve from December 15, 2025 to June 15, 2027.

On September 19, 2024, we increased the financing amount on Warehouse Facility II from $400.0 million to $500.0 million and extended the date on which the facility will cease to revolve from April 30, 2026 to September 20, 2027. The interest rate on borrowings under the facility has been decreased from SOFR plus 230 basis points to SOFR plus 185 basis points.

On September 19, 2024, we extended the date on which the $500.0 million Term ABS 2019-2 financing will cease to revolve from August 15, 2025 to September 15, 2026 and increased the interest rate under the financing from 5.15% to 5.43%.

On September 26, 2024, we completed a $600.0 million Term ABS financing, which was used to repay outstanding indebtedness and for general corporate purposes. The financing has an expected average annualized cost of 5.2% (including initial purchasers' fees and other costs), and it will revolve for 24 months, after which it will amortize based upon the cash flows on the underlying Loans.

Cash and cash equivalents were $159.7 million as of September 30, 2024 and $13.2 million as of December 31, 2023. As of September 30, 2024 and December 31, 2023, we had $1,684.0 million and $1,505.8 million, respectively, in unused and

available lines of credit. Our total balance sheet indebtedness increased to $6,248.9 million as of September 30, 2024 from $5,067.5 million as of December 31, 2023, primarily due to the growth in new Consumer Loan assignments and stock repurchases.

A summary of our scheduled principal debt maturities as of September 30, 2024 is as follows:

(In millions)

Year	Scheduled Principal Debt Maturities (1)
Remainder of 2024	$ 208.2
2025	1,344.8
2026	2,539.0
2027	1,528.0
2028	670.6
Over five years	—
Total	$ 6,290.6

(1) The principal maturities of certain financings are estimated based on forecasted collections.

Based upon anticipated cash flows, management believes that cash flows from operations and our various financing alternatives will provide sufficient financing for debt maturities and for future operations. Our ability to borrow funds may be impacted by economic and financial market conditions. If the various financing alternatives were to become limited or unavailable to us, our operations and liquidity could be materially and adversely affected.

Critical Accounting Estimates

Our consolidated financial statements are prepared in accordance with GAAP. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, we review our accounting policies, assumptions, estimates, and judgments to ensure that our financial statements are presented fairly and in accordance with GAAP. Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2023 discusses several critical accounting estimates, which we believe involve a high degree of judgment and complexity. There have been no material changes to the estimates and assumptions associated with these accounting estimates from those discussed in our Annual Report on Form 10-K for the year ended December 31, 2023, except as described below.

During the second quarter of 2024, we applied an adjustment to our methodology for forecasting the amount of future net cash flows from our Loan portfolio, which reduced the forecasted collection rates for Consumer Loans assigned in 2022 through 2024. Consumer Loans assigned in 2022 had continued to underperform our expectations for several quarters. More recently, Consumer Loans assigned in 2023 had also begun exhibiting similar trends of underperformance, although not as severe as Consumer Loans assigned in 2022. During the second quarter of 2024, we determined that we had sufficient Consumer Loan performance experience to estimate the magnitude by which we expected Consumer Loans assigned in 2022 through 2024 would likely underperform our historical collection rates on Consumer Loans with similar characteristics. Accordingly, we applied an adjustment to Consumer Loans assigned in 2022 through 2024 to reduce forecasted collection rates to what we believed the ultimate collection rates would be based on these trends. Changes in the amount and timing of forecasted net cash flows are recognized in the period of change as a provision for credit losses. The implementation of this forecast adjustment during the second quarter of 2024 reduced forecasted net cash flows by $147.2 million, or 1.4%, and increased provision for credit losses by $127.5 million.

Forward-Looking Statements

We make forward-looking statements in this report and may make such statements in future filings with the Securities and Exchange Commission ("SEC"). We may also make forward-looking statements in our press releases or other public or shareholder communications. Our forward-looking statements are subject to risks and uncertainties and include information about our expectations and possible or assumed future results of operations. When we use any of the words "may," "will," "should," "believe," "expect," "anticipate," "assume," "forecast," "estimate," "intend," "plan," "target," or similar expressions, we are making forward-looking statements.

We claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 for all of our forward-looking statements. These forward-looking statements represent our outlook only as of the date of this report. While we believe that our forward-looking statements are reasonable, actual results could differ materially since the statements are based on our current expectations, which are subject to risks and uncertainties. Factors that might cause such a difference include, but are not limited to, the factors set forth in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2023, other risk factors discussed herein or listed from time to time in our reports filed with the SEC, and the following:

Industry, Operational, and Macroeconomic Risks

- Our inability to accurately forecast and estimate the amount and timing of future collections could have a material adverse effect on results of operations.
- Due to competition from traditional financing sources and non-traditional lenders, we may not be able to compete successfully.
- Adverse changes in economic conditions, the automobile or finance industries, or the non-prime consumer market could adversely affect our financial position, liquidity, and results of operations, the ability of key vendors that we depend on to supply us with services, and our ability to enter into future financing transactions.
- Reliance on third parties to administer our ancillary product offerings could adversely affect our business and financial results.
- We are dependent on our senior management and the loss of any of these individuals or an inability to hire additional team members could adversely affect our ability to operate profitably.
- Our reputation is a key asset to our business, and our business may be affected by how we are perceived in the marketplace.
- An outbreak of contagious disease or other public health emergency could materially and adversely affect our business, financial condition, liquidity, and results of operations.
- The concentration of Dealers in several states could adversely affect us.
- Reliance on our outsourced business functions could adversely affect our business.
- Our ability to hire and retain foreign engineering personnel could be hindered by immigration restrictions.
- We may be unable to execute our business strategy due to current economic conditions.
- Natural disasters, climate change, military conflicts, acts of war, terrorist attacks and threats, or the escalation of military activity in response to terrorist attacks or otherwise may negatively affect our business, financial condition, and results of operations.
- Governmental or market responses to climate change and related environmental issues could have a material adverse effect on our business.
- A small number of our shareholders have the ability to significantly influence matters requiring shareholder approval and such shareholders have interests which may conflict with the interests of our other security holders.

Capital and Liquidity Risks

- We may be unable to continue to access or renew funding sources and obtain capital needed to maintain and grow our business.
- The terms of our debt limit how we conduct our business.
- A violation of the terms of our asset-backed secured financings or revolving secured warehouse facilities could have a material adverse impact on our operations.
- Our substantial debt could negatively impact our business, prevent us from satisfying our debt obligations, and adversely affect our financial condition.
- We may not be able to generate sufficient cash flows to service our outstanding debt and fund operations and may be forced to take other actions to satisfy our obligations under such debt.
- Interest rate fluctuations may adversely affect our borrowing costs, profitability, and liquidity.

- Reduction in our credit rating could increase the cost of our funding from, and restrict our access to, the capital markets and adversely affect our liquidity, financial condition, and results of operations.
- We may incur substantially more debt and other liabilities. This could exacerbate further the risks associated with our current debt levels.
- The conditions of the U.S. and international capital markets may adversely affect lenders with which we have relationships, causing us to incur additional costs and reducing our sources of liquidity, which may adversely affect our financial position, liquidity, and results of operations.

Technology and Cybersecurity Risks

- Our dependence on technology could have a material adverse effect on our business.
- We depend on secure information technology, and a breach of our systems or those of our third-party service providers could result in our experiencing significant financial, legal, and reputational exposure and could materially adversely affect our business, financial condition, and results of operations.
- Our use of electronic contracts could impact our ability to perfect our ownership or security interest in Consumer Loans.
- Failure to properly safeguard confidential consumer and team member information could subject us to liability, decrease our profitability, and damage our reputation.

Legal and Regulatory Risks

- Litigation we are involved in from time to time may adversely affect our financial condition, results of operations, and cash flows.
- Changes in tax laws and the resolution of uncertain income tax matters could have a material adverse effect on our results of operations and cash flows from operations.
- The regulations to which we are or may become subject could result in a material adverse effect on our business.

Other factors not currently anticipated by management may also materially and adversely affect our business, financial condition, and results of operations. We do not undertake, and expressly disclaim any obligation, to update or alter our statements whether as a result of new information, future events, or otherwise, except as required by applicable law.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Refer to our Annual Report on Form 10-K for the year ended December 31, 2023 for a complete discussion of our market risk. There have been no material changes to the market risk information included in our Annual Report on Form 10-K for the year ended December 31, 2023.

ITEM 4. CONTROLS AND PROCEDURES.

(a) *Disclosure Controls and Procedures.* Our management, with the participation of our principal executive and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Based on such evaluation, our principal executive officer and principal financial officer have concluded that, as of the end of such period, our disclosure controls and procedures are effective in recording, processing, summarizing, and reporting, on a timely basis, information required to be disclosed by us in the reports that we file or submit under the Exchange Act and are effective in ensuring that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

(b) *Internal Control Over Financial Reporting.* There have not been any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In the normal course of business and as a result of the consumer-oriented nature of the industry in which we operate, we and other industry participants are frequently subject to various consumer claims, litigation, and regulatory investigations seeking damages, fines, and statutory penalties. The claims allege, among other theories of liability, violations of state, federal, and foreign truth-in-lending, credit availability, credit reporting, consumer protection, warranty, debt collection, insurance, and other consumer-oriented laws and regulations, including claims seeking damages for alleged physical and mental harm relating to the repossession and sale of consumers' vehicles and other debt collection activities. As the assignee of Consumer Loans originated by Dealers, we may also be named as a co-defendant in lawsuits filed by consumers principally against Dealers. We may also have disputes and litigation with Dealers. The claims may allege, among other theories of liability, that we breached the Dealer servicing agreement. We may also have disputes and litigation with vendors and other third parties. The claims may allege, among other theories of liability, that we breached a license agreement or contract. The damages, fines, and penalties that may be claimed by consumers, regulatory agencies, Dealers, vendors, or other third parties in these types of matters can be substantial. The relief requested by plaintiffs varies but may include requests for compensatory, statutory, and punitive damages and injunctive relief, and plaintiffs may seek treatment as purported class actions or they may file individual arbitration demands for which arbitration providers may request separate filing fees. An adverse ultimate disposition in any action to which we are a party or otherwise subject, or the requirement to pay filing fees for a large number of individual arbitration demands, could have a material adverse impact on our financial position, liquidity, and results of operations.

For a description of significant litigation to which we are a party, see Note 16 to the consolidated financial statements contained in Part I - Item 1 of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Stock Repurchases

The following table summarizes stock repurchases for the three months ended September 30, 2024:

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased		Average Price Paid per Share (1)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (2)
July 1 to July 31, 2024	30	(3)	$ 606.95	—	1,346,570
August 1 to August 31, 2024	34	(3)	444.20	—	1,346,570
September 1 to September 30, 2024	22	(3)	450.89	—	1,346,570
Total	86		$ 502.59	—	

(1) Average price paid per share excludes excise tax. As of January 1, 2023, our share repurchases in excess of issuances are subject to a 1% excise tax enacted by the Inflation Reduction Act. Any excise tax incurred is recognized as part of the cost basis of the shares acquired in the Consolidated Statements of Shareholders' Equity.

(2) On August 21, 2023, our board of directors authorized the repurchase by us from time to time of up to two million shares of our common stock (the "August 2023 Authorization"). The August 2023 Authorization, which was announced on August 24, 2023, does not have a specified expiration date. Repurchases under the August 2023 Authorization may be made in the open market, through privately negotiated transactions, through block trades, pursuant to trading plans adopted in accordance with Rule 10b5-1 under the Securities Exchange Act of 1934 or otherwise.

(3) Consists of shares of common stock released to us by team members as payment of tax withholdings upon the settlement of restricted stock units in shares of common stock and the vesting of restricted stock units.

ITEM 5. OTHER INFORMATION

During the quarter ended September 30, 2024, there were no Rule 10b5-1 trading arrangements (as defined in Item 408(a) of Regulation S-K) or non-Rule 10b5-1 trading arrangements (as defined in Item 408(c) of Regulation S-K) adopted or terminated by any director or officer (as defined in Rule 16a-1(f) under the Exchange Act) of Credit Acceptance Corporation.

ITEM 6. EXHIBITS

Exhibit No.	Description
4.153	Thirteenth Amendment to Sixth Amended and Restated Credit Agreement, dated as of July 26, 2024, among the Company, Comerica Bank and the other banks signatory thereto, and Comerica Bank, as administrative agent for the banks (incorporated by reference to Exhibit 4.153 to the Company's Current Report on Form 8-K filed July 31, 2024).
4.154	Consent, dated July 26, 2024, under the Loan and Security Agreement, dated as of November 30, 2023, among the Company, Credit Acceptance Funding LLC 2023-A, the lenders from time to time party thereto, Wells Fargo Bank, National Association, and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.154 to the Company's Current Report on Form 8-K filed July 31, 2024).
4.155	Amendment No. 2 to the Seventh Amended and Restated Loan and Security Agreement, dated as of July 26, 2024, among CAC Warehouse Funding LLC II, the Company, Wells Fargo Bank, National Association, and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.155 to the Company's Current Report on Form 8-K filed July 31, 2024).
4.156	Amendment No. 3 to Loan and Security Agreement, dated as of September 19, 2024, among the Company, Credit Acceptance Funding LLC 2019-2, Computershare Trust Company, N.A., and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.156 to the Company's Current Report on Form 8-K filed September 24, 2024).
4.157	Amendment No. 3 to the Seventh Amended and Restated Loan and Security Agreement, dated as of September 19, 2024, among CAC Warehouse Funding LLC II, the Company, Wells Fargo Bank, National Association, and Computershare Trust Company, N.A.(incorporated by reference to Exhibit 4.157 to the Company's Current Report on Form 8-K filed September 24, 2024).
4.158	Indenture, dated as of September 26, 2024, between Credit Acceptance Auto Loan Trust 2024-3 and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.158 to the Company's Current Report on Form 8-K filed October 2, 2024).
4.159	Backup Servicing Agreement, dated as of September 26, 2024, among the Company, Credit Acceptance Funding LLC 2024-3, Credit Acceptance Auto Loan Trust 2024-3, and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.159 to the Company's Current Report on Form 8-K filed October 2, 2024).
4.160	Amended and Restated Intercreditor Agreement, dated September 26, 2024, among the Company, CAC Warehouse Funding LLC II, CAC Warehouse Funding LLC IV, CAC Warehouse Funding LLC V, CAC Warehouse Funding LLC VI, CAC Warehouse Funding LLC VIII, Credit Acceptance Funding LLC 2024-3, Credit Acceptance Funding LLC 2024-2, Credit Acceptance Funding LLC 2024-1,Credit Acceptance Funding LLC 2024-A, Credit Acceptance Funding LLC 2023-5, Credit Acceptance Funding LLC 2023-A, Credit Acceptance Funding LLC 2023-3, Credit Acceptance Funding LLC 2023-2, Credit Acceptance Funding LLC 2023-1, Credit Acceptance Funding LLC 2022-3, Credit Acceptance Funding LLC 2022-2, Credit Acceptance Funding LLC 2022-1, Credit Acceptance Funding LLC 2021-4, Credit Acceptance Funding LLC 2021-3, Credit Acceptance Funding LLC 2021-1, Credit Acceptance Funding LLC 2019-2, Credit Acceptance Auto Loan Trust 2024-3, Credit Acceptance Auto Loan Trust 2024-2, Credit Acceptance Auto Loan Trust 2024-1, Credit Acceptance Auto Loan Trust 2024-A, Credit Acceptance Auto Loan Trust 2023-5, Credit Acceptance Auto Loan Trust 2023-3, Credit Acceptance Auto Loan Trust 2023-2, Credit Acceptance Auto Loan Trust 2023-1, Credit Acceptance Auto Loan Trust 2022-3, Credit Acceptance Auto Loan Trust 2022-1, Credit Acceptance Auto Loan Trust 2021-4, Credit Acceptance Auto Loan Trust 2021-3, Computershare Trust Company, N.A., Bank of Montreal, Fifth Third Bank, National Association, Flagstar Bank, National Association, Citizens Bank, N.A., and Comerica Bank (incorporated by reference to Exhibit 4.160 to the Company's Current Report on Form 8-K filed October 2, 2024).
4.161	Sale and Contribution Agreement, dated as of September 26, 2024, between the Company and Credit Acceptance Funding LLC 2024-3 (incorporated by reference to Exhibit 4.161 to the Company's Current Report on Form 8-K filed October 2, 2024).
4.162	Amended and Restated Trust Agreement, dated as of September 26, 2024, among Credit Acceptance Funding LLC 2024-3, each of the initial members of the Board of Trustees of the Trust, and Computershare Delaware Trust Company (incorporated by reference to Exhibit 4.162 to the Company's Current Report on Form 8-K filed October 2, 2024).
4.163	Sale and Servicing Agreement, dated as of September 26, 2024, among the Company, Credit Acceptance Auto Loan Trust 2024-3, Credit Acceptance Funding LLC 2024-3, and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.163 to the Company's Current Report on Form 8-K filed October 2, 2024).
4.164	Sixth Amendment to Loan and Security Agreement, dated as of August 1, 2024, among the Company, CAC Warehouse Funding LLC VI, and Flagstar Bank, N.A.
10.23*	Amendment, effective September 19, 2024, to the Credit Acceptance Corporation Amended and Restated Incentive Compensation Plan.
31.1	Certification of principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of principal executive officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2	Certification of principal financial officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101(SCH)	Inline XBRL Taxonomy Extension Schema Document.
101(CAL)	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101(DEF)	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101(LAB)	Inline XBRL Taxonomy Extension Label Linkbase Document.
101(PRE)	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (included in the Exhibit 101 Inline XBRL Document Set).
*	Management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CREDIT ACCEPTANCE CORPORATION
(Registrant)

By:	/s/ Jay D. Martin
	Jay D. Martin
	Chief Financial Officer
	(Principal Financial Officer)
Date:	October 30, 2024