UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 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)*

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

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

Securities registered pursuant to section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of 6,201,669 shares of the registrant's common stock held by non-affiliates on June 30, 2024 was approximately $3,191.9 million. For purposes of this computation, all officers, directors and 10% beneficial owners of the registrant are assumed to be affiliates. Such determination should not be deemed an admission that such officers, directors and beneficial owners are, in fact, affiliates of the registrant.

At February 4, 2025, there were 12,031,647 shares of the registrant's common stock issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement pertaining to the registrant's 2025 annual meeting of shareholders (the "Proxy Statement") to be filed pursuant to Regulation 14A are incorporated herein by reference into Part III of this Annual Report on Form 10-K (this "Form 10-K").

CREDIT ACCEPTANCE CORPORATION
YEAR ENDED DECEMBER 31, 2024

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PART I

ITEM 1. BUSINESS

General

Credit Acceptance Corporation (referred to as the "Company", "Credit Acceptance", "we", "our" or "us") makes 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.

Credit Acceptance was founded in 1972 to collect retail installment contracts (referred to as "Consumer Loans") originated by automobile dealerships owned by Donald Foss, our founder. During the 1980s, we began to market this service to non-affiliated dealers and, at the same time, began to offer dealers a non-recourse cash payment (referred to as an "advance") against anticipated future collections on Consumer Loans serviced for that dealer.

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 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 Years Ended December 31,		
Consumer Loan Assignment Volume	**2024**	**2023**	**2022**
Percentage of total unit volume with either FICO® scores below 650 or no FICO® scores	80.6 %	80.9 %	84.8 %

Business Segment Information

We currently operate in one reportable segment which represents our core business of offering innovative financing solutions and related products and services that enable Dealers to sell vehicles to consumers regardless of their credit history. For information regarding our one reportable segment and related disclosures, see Note 14 to the consolidated financial statements contained in Item 8 of this Form 10-K, which is incorporated herein by reference.

Principal Business

We offer Dealers financing programs that enable them to sell vehicles to consumers, regardless of their credit history. 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 under each of the programs for each of the last three years:

	Unit Volume		Dollar Volume (1)	
For the Years Ended December 31,	Portfolio Program	Purchase Program	Portfolio Program	Purchase Program
2022	73.5 %	26.5 %	69.8 %	30.2 %
2023	74.0 %	26.0 %	70.7 %	29.3 %
2024	78.7 %	21.3 %	77.5 %	22.5 %

(1) Represents advances paid to Dealers on Consumer Loans assigned under the Portfolio Program and one-time payments made to Dealers to purchase Consumer Loans assigned under the 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 cash 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.

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 the 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 the 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.

Revenue Sources

Credit Acceptance derives its revenues from the following principal sources:

- finance charges, which are 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;
- premiums earned on the reinsurance of vehicle service contracts; and
- other income, which primarily consists of ancillary product profit sharing, remarketing fees, and interest. For additional information, see Note 8 to the consolidated financial statements contained in Item 8 to this Form 10-K, which is incorporated herein by reference.

The following table sets forth the percent relationship to total revenue of each of these sources:

	For the Years Ended December 31,		
Percent of Total Revenue	**2024**	**2023**	**2022**
Finance charges	92.2 %	92.3 %	92.0 %
Premiums earned	4.4 %	4.2 %	3.4 %
Other income	3.4 %	3.5 %	4.6 %
Total revenue	100.0 %	100.0 %	100.0 %

Operations

Sales and Marketing. Our target market is approximately 60,000 independent and franchised automobile dealers in the United States. We have market area managers located throughout the United States that market our programs to prospective Dealers, enroll new Dealers, and support active Dealers. The number of Dealer enrollments and active Dealers for each of the last three years are presented in the table below:

For the Years Ended December 31,	Dealer Enrollments	Active Dealers (1)
2022	3,627	11,901
2023	5,605	14,174
2024	6,088	15,463

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

Once Dealers have enrolled in our programs, the market area managers work closely with the newly enrolled Dealers to help them successfully launch our programs within their dealerships. Market area managers also provide active Dealers with ongoing support and consulting focused on improving the Dealers' success on our programs, including assistance with increasing the volume and performance of Consumer Loan assignments.

Dealer Servicing Agreement. As a part of the enrollment process, a new Dealer is required to enter into a Dealer servicing agreement with Credit Acceptance 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 Consumer Loans from the Dealers to us. Under the typical Dealer servicing agreement, a Dealer represents that it will only assign Consumer Loans to us that satisfy criteria established by us, meet certain conditions with respect to their binding nature and the status of the security interest in the purchased vehicle, and comply with applicable state and federal laws and regulations.

The typical Dealer servicing agreement may be terminated by us or by the Dealer upon written notice. We may terminate the Dealer servicing agreement immediately in the case of an event of default by the Dealer. Events of default include, among other things:

- the Dealer's refusal to allow us to audit its records relating to the Consumer Loans assigned to us;
- the Dealer, without our consent, is dissolved; merges or consolidates with an entity not affiliated with the Dealer; or sells a material part of its assets outside the course of its business to an entity not affiliated with the Dealer; or
- the appointment of a receiver for, or the bankruptcy or insolvency of, the Dealer.

While a Dealer can cease assigning Consumer Loans to us at any time without terminating the Dealer servicing agreement, if the Dealer elects to terminate the Dealer servicing agreement or in the event of a default, we have the right to require that the Dealer immediately pay us:

- any unreimbursed collection costs on Dealer Loans;
- any unpaid advances and all amounts owed by the Dealer to us; and
- a termination fee equal to 15% of the then outstanding amount of the Consumer Loans assigned to us.

Upon receipt of such amounts in full, we reassign the Consumer Loans and our security interest in the financed vehicles to the Dealer.

In the event of a termination of the Dealer servicing agreement by us, we may continue to service Consumer Loans assigned by the Dealer to us prior to termination in the normal course of business without charging a termination fee.

Consumer Loan Assignment. Once a Dealer has enrolled in our programs, the Dealer may begin assigning Consumer Loans to us. 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.

A Consumer Loan is originated by the Dealer when a consumer enters into a contract with the Dealer that sets forth the terms of the agreement between the consumer and the Dealer for the payment of the purchase price of the vehicle. The amount of the Consumer Loan consists of the total principal and interest that the consumer is required to pay over the term of the Consumer Loan. Consumer Loans are written on a contract form provided or approved by us. Although the Dealer is named in the Consumer Loan contract, the Dealer generally does not have legal ownership of the Consumer Loan for more than a moment, and we, not the Dealer, are listed as lien holder on the vehicle title. Consumers are obligated to make payments on the Consumer Loan directly to us, and any failure to make such payments will result in our pursuing payment through collection efforts.

All Consumer Loans submitted to us for assignment are processed through our Credit Approval Processing System ("CAPS"). CAPS allows Dealers to input a consumer's credit application and view the response from us via the internet. CAPS allows Dealers to: (1) receive a quick approval from us; (2) interact with our proprietary credit scoring system to optimize the structure of each transaction prior to delivery; and (3) create, electronically execute, and print legally compliant Consumer Loan documents. All responses include the amount of funding (advance for a Dealer Loan or purchase price for a Purchased Loan), as well as any stipulations required for funding. The amount of funding is determined using a formula which considers a number of factors, including the timing and amount of cash flows expected on the related Consumer Loan and our target profitability at the time the Consumer Loan is submitted to us for assignment. The estimated future cash flows are determined based upon our proprietary credit scoring system, which considers numerous variables, including 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, to calculate a composite credit score that corresponds to an expected collection rate. Our proprietary credit scoring system forecasts the collection rate based upon the historical performance of Consumer Loans in our portfolio that share similar characteristics. The performance of our proprietary credit scoring system is evaluated monthly by comparing projected to actual Consumer Loan performance. Adjustments are made to our proprietary credit scoring system as necessary. For additional information on adjustments to forecasted collection rates, please see the Critical Accounting Estimates section in Item 7 of this Form 10-K, which is incorporated herein by reference.

While a Dealer can submit any legally compliant Consumer Loan to us for assignment, the decision whether to provide funding to the Dealer and the amount of any funding is made solely by us. Through our Dealer Service Center, we perform all significant functions relating to the processing of the Consumer Loan applications and bear certain costs of Consumer Loan assignment, including the cost of assessing the adequacy of Consumer Loan documentation, the cost of compliance with our underwriting guidelines, and the cost of verifying employment, residence, and other information provided by the Dealer.

We audit Consumer Loan files for compliance with our underwriting guidelines on a daily basis in order to assess whether Dealers are operating in accordance with the terms and conditions of the Dealer servicing agreement. We occasionally identify breaches of the Dealer servicing agreement, and, depending upon the circumstances, and at our discretion, we may:

- change pricing or charge the Dealer fees for future Consumer Loan assignments;
- reassign the Consumer Loans back to the Dealer and require repayment of the related advances and/or purchase payments; or
- terminate our relationship with the Dealer.

Consumer Loans that have been assigned to us can be reassigned back to the Dealer at the Dealer's discretion as follows:

- an individual Consumer Loan may be reassigned within 180 days of assignment, in which case we require repayment of the related advance or purchase payment and, if requested more than 90 days after assignment, payment of a fee; and
- all Consumer Loans assigned under the Portfolio Program may be reassigned through termination of the Dealer servicing agreement, as described under "Dealer Servicing Agreement," above.

Our business model allows us to share the risk and reward of collecting on the Consumer Loans with the Dealers, more so with the Portfolio Program than the Purchase Program. Such sharing is intended to motivate the Dealer to assign better quality Consumer Loans, follow our underwriting guidelines, comply with various legal regulations, meet our credit compliance requirements, and provide appropriate service and support to the consumer after the sale. In addition, our Dealer Service Center works closely with Dealers to assist them in resolving any documentation deficiencies or funding stipulations. We believe this arrangement causes the interests of the Dealer, the consumer, and us to all be aligned.

We measure various criteria for each Dealer against other Dealers in their geographic area as well as the top performing Dealers. Dealers are assigned a Dealer rating based upon the performance of their Consumer Loans in both the Portfolio Program and Purchase Program as well as other criteria. The Dealer rating is one of the factors used to determine the amount paid to Dealers as an advance or to acquire a Purchased Loan. We provide each Dealer under the Portfolio Program with a monthly statement summarizing all activity that occurred on its Consumer Loan assignments.

Servicing. Our largest group of representatives services Consumer Loans that are in the early stages of delinquency. Our representatives work with consumers to attempt to develop a solution that will help them avoid becoming further past due and get them current where possible. We utilize a variety of methods to attempt to contact the consumer or to remind them of upcoming scheduled payments, including phone calls, email, text messaging, mail, and mobile notifications.

The decision to repossess a vehicle is based on policy-based criteria. When a Consumer Loan is approved for repossession, we continue to service the Consumer Loan while it is being assigned to a third-party repossession service provider, who works on a contingency fee basis. Once a vehicle has been repossessed, the consumer can redeem the vehicle, whereupon the vehicle is returned to the consumer in exchange for paying off the Consumer Loan balance; or, where appropriate or if required by law, the vehicle is returned to the consumer and the consumer is permitted to continue with the Consumer Loan in exchange for a payment or series of payments which eliminates the past due balance. If the consumer elects not to regain possession of the vehicle after repossession, the vehicle is sold at a wholesale automobile auction. Prior to sale, the vehicle is typically inspected by a representative at the auction who provides repair and reconditioning recommendations. Alternatively, our remarketing representatives may inspect the vehicle directly. Our remarketing representatives then authorize any repair and reconditioning work in order to maximize the net sale proceeds at auction.

If the vehicle sale proceeds are not sufficient to satisfy the balance owing on the Consumer Loan, we may offer the consumer the opportunity to settle any outstanding balance for less than the amount owed. At this point, the Consumer Loan is serviced by either: (1) our internal collection team, in the event the consumer is willing to make payments on the full or partial deficiency balance; or (2) where permitted by law, our external collection team, if it is believed that legal action will be successful in reducing or eliminating the deficiency balance owing on the Consumer Loan. Our external collection team may assign Consumer Loans to third-party collection attorneys who work on a contingency fee basis.

Representatives service Consumer Loans through our servicing platform, which consists of the following two systems:

- The collection system, which assigns Consumer Loans to representatives through a predictive dialer and records all collection activity, including:
    - details of past phone conversations with the consumer;
    - collection letters sent;
    - promises to pay;
    - broken promises;
    - payment history;
    - repossession orders; and
    - collection attorney activity.
- The servicing system, which maintains a record of all transactions relating to Consumer Loan assignments and is a primary source of data utilized to:
    - determine the outstanding balance of the Consumer Loans;
    - forecast future collections;
    - analyze the profitability of our program; and
    - evaluate our proprietary credit scoring system.

Ancillary Products

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. We recognize our fee as finance charges on a level-yield basis over the life of the related Loan. 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. Our agreement with one of our TPPs allows us to receive profit sharing payments depending on the performance of the vehicle service contracts.

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 trust accounts 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.

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. We recognize our fee as finance charges on a level-yield basis over the life of the related Loan. 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. Our agreement with one of our TPPs allow us to receive profit sharing payments depending on the performance of the GAP contracts.

Under the Purchase Program, we provide Dealers that meet certain criteria the ability to offer vehicle service contracts and GAP to consumers through the Dealers' relationships with TPPs. The retail price of the vehicle service contract and/or GAP is included in the principal balance of the Consumer Loan and is paid to the Dealer. Under this arrangement, we do not receive an administrative fee, and the Dealers' TPPs process claims.

Competition

The market for consumers who do not qualify for conventional automobile financing is large and highly competitive. The market is currently served by "buy here, pay here" dealerships, banks, captive finance affiliates of automobile manufacturers, credit unions, and independent finance companies both publicly and privately owned. Many of these companies are much larger and have greater resources than us. We compete on the basis of the level of service provided by our Dealer Service Center and sales personnel. In addition, we compete by offering a profitable and efficient method for Dealers to finance consumers who would be more difficult or less profitable to finance through other methods.

Customer and Geographic Concentrations

The following tables provide information regarding the five states that were responsible for the largest dollar volume of Consumer Loan assignments and the related number of active Dealers during 2024, 2023, and 2022:

(Dollars in millions)	For the Year Ended December 31, 2024			
	Consumer Loan Assignments		Active Dealers (2)	
	Dollar Volume (1)	% of Total	Number	% of Total
Michigan	$ 372.4	8.1 %	861	5.6 %
Texas	327.9	7.1 %	1,295	8.4 %
New Jersey	303.5	6.6 %	386	2.5 %
Ohio	269.5	5.8 %	1,024	6.6 %
Florida	233.7	5.1 %	873	5.6 %
All other states	3,111.4	67.3 %	11,024	71.3 %
Total	$ 4,618.4	100.0 %	15,463	100.0 %

(Dollars in millions)	For the Year Ended December 31, 2023			
	Consumer Loan Assignments		Active Dealers (2)	
	Dollar Volume (1)	% of Total	Number	% of Total
Michigan	$ 326.3	7.9 %	833	5.9 %
Texas	272.5	6.6 %	1,170	8.3 %
Ohio	245.2	5.9 %	986	7.0 %
New Jersey	238.2	5.7 %	357	2.5 %
Tennessee	216.0	5.2 %	569	4.0 %
All other states	2,849.6	68.7 %	10,259	72.3 %
Total	$ 4,147.8	100.0 %	14,174	100.0 %

(Dollars in millions)	For the Year Ended December 31, 2022			
	Consumer Loan Assignments		Active Dealers (2)	
	Dollar Volume (1)	% of Total	Number	% of Total
Michigan	$ 353.0	9.7 %	731	6.1 %
New York	229.8	6.3 %	687	5.8 %
Ohio	205.7	5.7 %	832	7.0 %
Texas	205.5	5.7 %	903	7.6 %
New Jersey	204.0	5.6 %	300	2.5 %
All other states	2,427.3	67.0 %	8,448	71.0 %
Total	$ 3,625.3	100.0 %	11,901	100.0 %

(1) Represents advances paid to Dealers on Consumer Loans assigned under the Portfolio Program and one-time payments made to Dealers to purchase Consumer Loans assigned under the Purchase Program. Payments of Dealer Holdback and accelerated Dealer Holdback are not included.
(2) Active Dealers are Dealers who have received funding for at least one Loan during the year.

No single Dealer's Loans receivable balance accounted for more than 10% of total Loans receivable balance as of December 31, 2024 or 2023.

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 2 to the consolidated financial statements contained in Item 8 of this Form 10-K, which is incorporated herein by reference.

Regulation

Our business is subject to laws and regulations, including the Truth in Lending Act, the Equal Credit Opportunity Act, the Fair Credit Reporting Act, prohibitions against unfair, deceptive, and abusive acts and practices, and various other state and federal laws and regulations. These laws and regulations, among other things, require licensing and qualification; limit interest rates, fees, and other charges associated with the Consumer Loans assigned to us; require specified disclosures by Dealers to consumers; govern the sale and terms of ancillary products; and define the rights to repossess and sell collateral. Failure to comply with these laws or regulations could have a material adverse effect on us by, among other things, limiting the jurisdictions in which we may operate, restricting our ability to realize the value of the collateral securing the Consumer Loans, making it more costly or burdensome to do business, or resulting in potential liability. The volume of new or modified laws and regulations, and new interpretations of existing laws and regulations, has increased in recent years. From time to time, enactment and interpretations of legislation and regulations increase the cost of doing business, limit or expand permissible activities, or affect the competitive balance among financial services providers. Proposals to change the laws and regulations governing the operations and taxation of financial institutions and financial services providers are frequently made in the U.S. Congress, in state legislatures, and by various regulatory agencies. Such changes in laws and regulations, or the interpretation of such laws and regulations, may change our operating environment in substantial and unpredictable ways and may have a material adverse effect on our business.

We are subject to supervision by the Consumer Financial Protection Bureau (the "Bureau"). The Bureau has rulemaking and enforcement authority over certain non-depository institutions, including us. The Bureau is specifically authorized, among other things, to take actions to prevent companies providing consumer financial products or services and their service providers from engaging in unfair, deceptive, or abusive acts or practices in connection with consumer financial products and services, and to issue rules requiring enhanced disclosures or consumer access to information for consumer financial products or services. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), the Bureau also may restrict the use of pre-dispute mandatory arbitration clauses in contracts between covered persons and consumers for a consumer financial product or service. The Bureau also has authority to interpret, enforce, and issue regulations implementing enumerated consumer laws, including certain laws that apply to our business. The Dodd-Frank Act and regulations promulgated thereunder may affect our cost of doing business, may limit or expand our permissible activities, may affect the competitive balance within our industry and market areas, and could have a material adverse effect on us.

In addition to the Bureau, other state and federal agencies have the ability to regulate aspects of our business. For example, the Dodd-Frank Act provides a mechanism for state attorneys general to investigate us. Separately, state attorneys general and certain state regulators have authority under their respective rules and laws, to investigate and/or regulate aspects of our business. In addition, the Federal Trade Commission has jurisdiction to investigate aspects of our business. We expect that regulatory investigations of our business by both state and federal agencies will continue and that the results of these investigations could have a material adverse impact on us.

Ongoing Regulatory Matters

Regulatory matters to which we are a party include the following matters, in each case the eventual scope, duration, and outcome of which we cannot predict at this time.

- 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.

- 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 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 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.

  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. 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.

In addition, governmental regulations that would deplete the supply of used vehicles, such as environmental protection regulations governing emissions or fuel consumption, could have a material adverse effect on us.

Dealers must also comply with credit and trade practice statutes and regulations. Failure of Dealers to comply with these statutes and regulations could result in consumers having rights of rescission and other remedies that could have a material adverse effect on us.

The sale of vehicle service contracts and GAP by Dealers in connection with Consumer Loans assigned to us from Dealers is also subject to state laws and regulations. As we are the holder of the Consumer Loans that may, in part, finance these products, some of these state laws and regulations may apply to our servicing and collection of the Consumer Loans. Although these laws and regulations do not significantly affect our business, there can be no assurance that insurance or other regulatory authorities in the jurisdictions in which these products are offered by Dealers will not seek to regulate or restrict the operation of our business in these jurisdictions. Any regulation or restriction of our business in these jurisdictions could materially adversely affect the income received from these products.

We believe that we maintain all material licenses and permits required for our current operations and are in substantial compliance with all applicable laws and regulations. Our agreements with Dealers provide that the Dealer shall indemnify us with respect to any loss or expense we incur as a result of the Dealer's failure to comply with applicable laws and regulations.

Team Members

Our team members are organized into four operating functions as follows:

Servicing. The servicing function includes team members that are responsible for servicing Consumer Loans. The majority of these team members are responsible for collection activities on delinquent Consumer Loans.

Originations. The originations function includes team members that are responsible for enrolling new Dealers and supporting active Dealers. Originations also includes team members responsible for processing new Consumer Loan assignments.

Engineering, Analytics, Marketing, and Product Management. This function consists of team members that are responsible for innovating, transforming, enhancing, modernizing, and optimizing our product for Dealers and consumers.

Support. The support function includes team members that are responsible for corporate legal and compliance, human resources, and finance.

The following table presents team members by operating function:

	Number of Team Members as of December 31,		
Operating Function	**2024**	**2023**	**2022**
Servicing	906	845	907
Originations	578	533	505
Engineering, Analytics, Marketing, and Product Management	512	420	425
Support	435	434	409
Total	2,431	2,232	2,246

As of December 31, 2024, we had 2,431 full- and part-time team members. Our team members have no union affiliations, and we believe our relationship with our team members is in good standing. We strive to create a work environment that is pleasant, professional, and free from intimidation, hostility, or other offenses that may interfere with work performance. All team members complete non-discrimination and anti-harassment training, promoting a safe and inclusive work environment.

The vast majority of our team members work remotely from locations within the United States, with more than half of our team members located outside of Michigan. Our remote-first work environment allows us to take advantage of the national talent pool and hire the most qualified team members. We believe our workplace supports an inclusive culture due to our practices of maintaining open and transparent communication and fostering a climate in which all team members are welcome to speak up and contribute. We engage in initiatives that encourage our team members to generate concrete actions that we can take together to enhance the environment of inclusion, a sense of belonging, and acceptance of others to make our culture and our Company stronger. We believe these factors naturally contribute to the diversity of our workforce.

We place great importance on listening to our team members, as we believe that "the people doing the work know the most about it." We encourage participation in periodic anonymous surveys to gain honest feedback about our workplace from our team members, and we use this feedback to generate ideas for improvement. Our Company's culture attracts talented people and enables them to perform to their potential. We have been honored to receive many workplace awards in recent years.

Available Information

Our internet address is *creditacceptance.com*. We make available free of charge on our internet web site our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission (the "SEC").

ITEM 1A. RISK FACTORS

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.

The 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 from operations 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 of assignment, we forecast future expected cash flows from the Consumer Loan. Based on these forecasts, which include estimates for wholesale vehicle prices in the event of vehicle repossession and sale, we make an advance or one-time purchase payment to the related Dealer at a level designed to maximize economic profit, a non-GAAP financial measure. We continue to forecast the expected collection rate for each Consumer Loan subsequent to assignment. These forecasts also serve as a critical assumption in our accounting for recognizing finance charge income and determining our allowance for credit losses. Please see the Critical Accounting Estimates – Finance Charge Revenue & Allowance for Credit Losses section in Item 7 of this Form 10-K, which is incorporated herein by reference. Actual cash flows from any individual Consumer Loan are often different from cash flows estimated at the time of assignment. There can be no assurance that our forecasts will be accurate or that Consumer Loan performance will be as expected. In periods with changing economic conditions, accurately forecasting the performance of Consumer Loans is more difficult. In the event that our forecasts are not accurate in the aggregate, our financial position, liquidity, and results of operations could be materially adversely affected.

Due to competition from traditional financing sources and non-traditional lenders, we may not be able to compete successfully.

The automobile finance market for consumers who do not qualify for conventional automobile financing is large and highly competitive. The market is served by a variety of companies, including "buy here, pay here" dealerships. The market is also currently served by banks, captive finance affiliates of automobile manufacturers, credit unions, and independent finance companies both publicly and privately owned. Many of these companies are much larger and have greater financial resources than are available to us, and many have long-standing relationships with automobile dealerships. Providers of automobile financing have traditionally competed based on the interest rate charged, the quality of credit accepted, the flexibility of loan terms offered, and the quality of service provided to dealers and consumers. We may be unable to compete successfully in the automobile finance market or, due to the intense competition in this market, our results of operations, cash flows, and financial condition may be adversely affected as we adjust our business in response to competitive pressures. Increasing advance rates on Loans has the impact of reducing the return on capital we expect to earn on Loans. Additionally, if we are unsuccessful in maintaining and expanding our relationships with Dealers, we may be unable to accept Consumer Loans in the volume and on the terms that we anticipate.

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.

We are subject to general economic conditions which are beyond our control. During periods of economic slowdown or recession, delinquencies, defaults, repossessions, and losses may increase on our Consumer Loans, and Consumer Loan prepayments may decline. These periods are also typically accompanied by decreased consumer demand for automobiles and declining values of automobiles securing outstanding Consumer Loans, which weakens collateral coverage and increases the amount of loss in the event of default. Significant increases in the inventory of used automobiles during periods of economic recession may also depress the prices at which repossessed automobiles may be sold or delay the timing of these sales. Additionally, inflation, higher gasoline prices, the deferral or resumption of student loan payments, increased focus on climate-related initiatives and regulation, declining stock market values, unstable real estate values, resets of adjustable rate mortgages to higher interest rates, increasing unemployment levels, general availability of consumer credit, or other factors that impact consumer confidence or disposable income could increase loss frequency and decrease consumer demand for automobiles as well as weaken collateral values of automobiles. Because our business is focused on consumers who do not qualify for conventional automobile financing, the actual rates of delinquencies, defaults, repossessions, and losses on our Consumer Loans could be higher than those experienced in the general automobile finance industry, and could be more dramatically affected by a general economic downturn.

We rely on Dealers to originate Consumer Loans for assignment under our programs. High levels of Dealer attrition, due to a general economic downturn or otherwise, could materially adversely affect our operations. In addition, we rely on vendors to provide us with services we need to operate our business. Any disruption in our operations due to the untimely or discontinued supply of these services could substantially adversely affect our operations. Finally, during an economic slowdown or recession, our servicing costs may increase without a corresponding increase in finance charge revenue. Any sustained period of increased delinquencies, defaults, repossessions, or losses or increased servicing costs could also materially adversely affect our financial position, liquidity, and results of operations and our ability to enter into future financing transactions.

Technological advancements or changes to trends in the automobile industry such as new autonomous driving technologies or car- and ride-sharing programs could decrease consumer demand for automobiles. Decreased consumer demand for automobiles could negatively impact demand for our financing programs as well as weaken collateral values of automobiles, which could materially adversely affect our financial position, liquidity, and results of operations.

Reliance on third parties to administer our ancillary product offerings could adversely affect our business and financial results.

We have relationships with TPPs to administer vehicle service contracts and GAP underwritten by third-party insurers and financed by us. We depend on these TPPs to evaluate and pay claims in an accurate and timely manner. If our relationships with these TPPs were modified, disrupted, or terminated, we would need to obtain these services from an alternative administrator or provide them using our internal resources. We may be unable to replace these TPPs with a suitable alternative in a timely and efficient manner on terms we consider acceptable, or at all. In the event we were unable to effectively administer our ancillary products offerings, we may need to eliminate or suspend our ancillary product offerings from our future business, we may experience a decline in the performance of our Consumer Loans, our reputation in the marketplace could be undermined, and our financial position, liquidity, and results of operations could be adversely affected.

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 senior management average 16 years of experience with us. Our success is dependent upon the management and the leadership skills of this team. In addition, competition from other companies to hire our team members possessing the necessary skills and experience required could contribute to an increase in team member turnover. The loss of any of these individuals or an inability to attract and retain additional qualified team members could adversely affect us. There can be no assurance that we will be able to retain our existing senior management or attract additional qualified team members.

Our reputation is a key asset to our business, and our business may be affected by how we are perceived in the marketplace.

Our reputation is a key asset to our business. Our ability to attract consumers through Dealers is highly dependent upon external perceptions of our level of service, trustworthiness, business practices, and financial condition. Negative publicity regarding these matters could damage our reputation among existing and potential consumers and Dealers, which could make it difficult for us to attract new consumers and Dealers and maintain existing Dealers. Adverse developments with respect to our industry may also, by association, negatively impact our reputation or result in greater regulatory or legislative scrutiny or litigation against us.

An outbreak of contagious disease or other public health emergency could materially and adversely affect our business, financial condition, liquidity, and results of operations.

Contagious-disease outbreaks or other public health emergencies could cause a deterioration in the U.S. economy and our industry, disruptions in our workforce, decreases in collections from our consumers, declines in Consumer Loan assignments, or extended periods of economic or supply chain disruptions. Financial market disruptions that occur as a result of contagious-disease outbreaks or other public health emergencies could reduce our ability to access capital or our consumers' ability to repay past or future Consumer Loans and could negatively affect our liquidity and results of operations. A future contagious-disease outbreak or other public health emergency could materially adversely affect our business, financial condition, liquidity, and results of operations and also intensify the risks described in the other risk factors disclosed in this Form 10-K.

The concentration of Dealers in several states could adversely affect us.

Dealers are located throughout the United States. During the year ended December 31, 2024, our five largest states (measured by advances paid to Dealers on Consumer Loans assigned under the Portfolio Program and one-time payments made to Dealers to purchase Consumer Loans assigned under the Purchase Program) contained 28.7% of Dealers. While we believe we have a diverse geographic presence, for the near term, we expect that significant amounts of Consumer Loan assignments will continue to be generated by Dealers in these five states due to the number of Dealers in these states and currently prevailing economic, demographic, regulatory, competitive, and other conditions in these states. Changes to conditions in these states could lead to an increase in Dealer attrition or a reduction in demand for our service that could materially adversely affect our financial position, liquidity, and results of operations.

Reliance on our outsourced business functions could adversely affect our business.

We outsource certain business functions to third-party service providers, which increases our operational complexity and decreases our control. We rely on these service providers to provide a high level of service and support, which subjects us to risks associated with inadequate or untimely service. In addition, if these outsourcing arrangements were not renewed or were terminated or the services provided to us were otherwise disrupted, we would have to obtain these services from an alternative provider or provide them using our internal resources. We may be unable to replace, or be delayed in replacing these sources and there is a risk that we would be unable to enter into a similar agreement with an alternate provider on terms that we consider favorable or in a timely manner. In the future, we may outsource additional business functions. If any of these or other risks related to outsourcing were realized, our financial position, liquidity, and results of operations could be adversely affected.

Our ability to hire and retain foreign engineering personnel could be hindered by immigration restrictions.

A portion of our engineering team is composed of foreign nationals whose ability to work for us depends on maintaining the necessary H-1B visas. The H-1B visa category allows U.S. employers to hire qualified foreign nationals to perform services in specialty occupations that require the attainment of at least a bachelor's degree or its equivalent. Our ability to hire and retain these foreign nationals and their ability to remain and work in the United States are affected by various laws and regulations, including limitations on the number of available H-1B visas, which the U.S. government allocates by lottery. Changes in the laws or regulations affecting the availability, allocation, and/or cost of H-1B visas, eligibility for the H-1B visa category, or otherwise affecting the admission or retention of skilled foreign nationals by U.S. employers, or any increase in demand for H-1B visas relative to the limited supply of those visas, may adversely affect our ability to hire or retain foreign engineering personnel and may, as a result, increase our operating costs and impair our business operations.

We may be unable to execute our business strategy due to current economic conditions.

Our financial position, liquidity, and results of operations depend on management's ability to execute our business strategy. Key factors involved in the execution of our business strategy include achieving our desired Consumer Loan assignment volume, continued and successful use of CAPS and pricing strategy, the use of effective credit risk management techniques and servicing strategies, continued investment in technology to support operating efficiency, and continued access to funding and liquidity sources. Although our pricing strategy is intended to maximize the amount of economic profit we generate, within the confines of capital and infrastructure constraints, there can be no assurance that this strategy will have its intended effect. Please see the Consumer Loan Volume section in Item 7 of this Form 10-K, which is incorporated herein by reference. Our failure or inability to execute any element of our business strategy could materially adversely affect our financial position, liquidity, and results of operations.

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.

Natural disasters, climate change, military conflicts, acts of war, terrorist attacks, and the escalation of military activity in response to terrorist attacks or otherwise may have negative and significant effects, such as imposition of increased security measures, changes in applicable laws, economic and financial market disruptions, loss of lives, damage to infrastructure, and job losses. These types of events or developments and their consequences may have an adverse effect on the economy in general, including diminished liquidity and credit availability, reduced consumer confidence, disruptions to energy and food supplies, decreased economic growth, higher unemployment rates, increased inflation, and political and social upheaval. The consequences of these types of events or developments could reduce used-car sales and demand for our product, impair the performance of our Loan portfolio, limit our access to capital, and intensify other risk factors disclosed in this Form 10-K, including cybersecurity-related risks. Moreover, the potential for future military conflicts and terrorist attacks, natural disasters, and escalating effects of climate change, and the national and international responses to these threats, could affect our business in ways that cannot be predicted. The effect of any of these events, developments, or threats could have a material adverse effect on 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.

Governments have become increasingly focused on the effects of climate change and related environmental issues. How governments act to mitigate climate and related environmental risks, as well as associated changes in the behavior and preferences of businesses and consumers, could have an adverse effect on our business and results of operations. A decline in demand for gasoline-powered automobiles, such as could occur due to regulatory restrictions or a shift in consumer preference toward electric vehicles, could decrease the value of gasoline-powered vehicles securing outstanding Consumer Loans, which would weaken collateral coverage and increase the amount of loss in the event of default. Further, we may be compelled to change our business practices or our operational processes, and we could have less access to capital or face a higher cost of capital, because of climate- or environmental-driven changes in applicable law or due to related political, social, or market pressure. It is possible as well that changes in climate and related environmental risks, perceptions of them, and governmental responses to them may occur more rapidly than our ability to adapt without disrupting our business, which could have a material adverse effect on our financial position and results of operations.

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.

As of December 31, 2024, based on filings made with the SEC and other information made available to us, Allan V. Apple beneficially owned 20.0% of our common stock, Prescott General Partners LLC and its affiliates beneficially owned 19.3% of our common stock, Jill Foss Watson beneficially owned 14.2% of our common stock, and John P. Neary beneficially owned 8.6% of our common stock (representing, collectively, beneficial ownership of 42.8% of our common stock, after taking into account those shares reported as beneficially owned by more than one of these shareholders). As a result, these shareholders are able to significantly influence matters presented to shareholders, including the election and removal of directors, the approval of significant corporate transactions, such as any reclassification, reorganization, merger, consolidation, or sale of all or substantially all of our assets, and the control of our management and affairs, including executive compensation arrangements. Their interests may conflict with the interests of our other security holders.

The beneficial ownership reported by Mr. Apple and Mr. Neary includes, in each case, beneficial ownership in their capacity as trustees of shares held in a marital trust established by our late founder, Donald Foss, and representing 8.6% of our common stock as of December 31, 2024. The shares in the trust are subject to the terms of a shareholder agreement, entered into by Mr. Foss on January 3, 2017. Under the terms of that agreement that became applicable to the trustees of the trust upon Mr. Foss's death on August 14, 2022, until the final adjournment of the tenth annual meeting of shareholders held by the Company after the date of the shareholder agreement, the shares in the trust are to be voted in accordance with the recommendation of the Company's Board of Directors with respect to election and removal of directors, certain routine matters, and any other proposal to be submitted to the Company's shareholders with respect to any extraordinary transaction providing for the acquisition of all of the Company's outstanding common stock.

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.

We use debt financing to maintain and grow our business. We currently utilize the following primary forms of debt financing: (1) a revolving secured line of credit facility; (2) revolving secured warehouse ("Warehouse") facilities; (3) asset-backed secured financings ("Term ABS financings"); and (4) senior notes. We cannot guarantee that the revolving secured line of credit facility or the Warehouse facilities will continue to be available beyond their current maturity dates, on acceptable terms, or at all, or that we will be able to obtain additional financing on acceptable terms or at all. The availability of additional financing will depend on a variety of factors such as market conditions, the general availability of credit, our financial position, our results of operations, and the capacity for additional borrowing under our existing financing arrangements. If our various financing alternatives were to become limited or unavailable, we may be unable to maintain or grow Consumer Loan volume at the level that we anticipate and our operations could be materially adversely affected.

The terms of our debt limit how we conduct our business.

The agreements that govern our debt contain covenants that restrict our ability to, among other things:

- incur and guarantee debt;
- pay dividends or make other distributions on or redeem or repurchase our stock;
- make investments or acquisitions;
- create liens on our assets;
- sell assets;
- merge with or into other companies; and
- enter into transactions with stockholders and other affiliates.

Some of our debt agreements also impose requirements that we maintain specified financial measures not in excess of, or not below, specified levels. In particular, our revolving credit facility requires, among other things, that we maintain (i) as of the end of each fiscal quarter, a ratio of consolidated funded debt less unrestricted cash and cash equivalents to consolidated tangible net worth at or below a specified maximum and (ii) as of the end of each fiscal quarter, a ratio of consolidated income available for fixed charges for the period of four consecutive fiscal quarters most recently ended to consolidated fixed charges, as defined in the agreements, for that period of not less than a specified minimum. These covenants limit the manner in which we can conduct our business and could prevent us from engaging in favorable business activities or financing future operations and capital needs and impair our ability to successfully execute our strategy and operate our business.

A breach of any of the covenants in our debt instruments would result in an event of default thereunder if not promptly cured or waived. Any continuing default would permit the creditors to accelerate the related debt, which could also result in the acceleration of other debt containing a cross acceleration or cross default provision. In addition, an event of default under our revolving credit facility would permit the lenders thereunder to terminate all commitments to extend further credit under our revolving credit facility. Furthermore, if we were unable to repay the amounts due and payable under our revolving credit facility or other secured debt, the lenders thereunder could cause the collateral agent to proceed against the collateral securing that debt. In the event our creditors accelerate the repayment of our debt, there can be no assurance that we would have sufficient assets to repay that debt, and our financial condition, liquidity, and results of operations would suffer.

A violation of the terms of our Term ABS financings or Warehouse facilities could have a material adverse impact on our operations.

Under our Term ABS financings and our Warehouse facilities, (1) we have various obligations and covenants as seller, servicer, and custodian of the Loans conveyed thereunder and in our individual capacity and (2) the special purpose subsidiaries to which we convey Loans have various obligations and covenants. A violation of any of these obligations or covenants in any of our Term ABS financings or our Warehouse facilities by us or the special purpose subsidiaries, respectively, may result in an early termination of the revolving period, repurchase or indemnification obligations on our part, and the termination of our servicing rights (and, accordingly, the loss of servicing fees), and may further result in amounts outstanding under such Term ABS financings and Warehouse facilities becoming immediately due and payable. In addition, the violation of any financial covenant under our revolving secured line of credit facility is an event of default or termination event under certain of our Term ABS financings and our Warehouse facilities.

The occurrence of any of the events described in the immediately-preceding paragraph could have a material adverse effect on our financial position, liquidity, and results of operations.

Our substantial debt could negatively impact our business, prevent us from satisfying our debt obligations, and adversely affect our financial condition.

We have a substantial amount of debt, which could have negative consequences, including the following:

- our ability to obtain additional financing for Consumer Loan assignments, working capital, debt refinancing, or other purposes could be impaired;
- a substantial portion of our cash flows from operations will be dedicated to paying principal and interest on our debt, reducing funds available for other purposes;
- we may be vulnerable to interest rate increases, as some of our borrowings, including those under our revolving credit facility and Warehouse facilities, bear interest at variable rates;
- we could be more vulnerable to adverse developments in our industry or in general economic conditions;
- we may be restricted from taking advantage of business opportunities or making strategic acquisitions; and
- we may be limited in our flexibility in planning for, or reacting to, changes in our business and the industries in which we operate.

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.

Our ability to make payments of principal and interest on indebtedness will depend in part on our cash flows from operations, which are subject to economic, financial, competitive, and other factors beyond our control. We cannot assure you that we will maintain a level of cash flows from operations sufficient to permit us to meet our debt service obligations. If we are unable to generate sufficient cash flows from operations to service our debt, we may be required to sell assets, refinance all or a portion of our existing debt, or obtain additional financing. There can be no assurance that any refinancing will be possible or that any asset sales or additional financing can be completed on acceptable terms or at all.

Interest rate fluctuations may adversely affect our borrowing costs, profitability, and liquidity.

Our profitability may be directly affected by the level of and fluctuations in interest rates, whether caused by changes in economic conditions or other factors, which affect our borrowing costs. Our profitability and liquidity could be materially adversely affected during any period of higher interest rates. We monitor the interest rate environment and employ strategies designed to partially mitigate the impact of increases in interest rates. We can provide no assurance, however, that our strategies will mitigate the impact of increases in interest rates.

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.

Credit rating agencies evaluate us, and their ratings of our debt and creditworthiness are based on a number of factors. These factors include our financial strength and other factors not entirely within our control, including conditions affecting the financial services industry generally. As the financial services industry and the financial markets periodically face difficulties, there can be no assurance that we will maintain our current ratings. Failure to maintain those ratings could, among other things, adversely limit our access to the capital markets and affect the cost and other terms upon which we are able to obtain financing.

We may incur substantially more debt and other liabilities. This could exacerbate further the risks associated with our current debt levels.

We may be able to incur substantial additional debt in the future. Although the terms of our debt instruments contain restrictions on our ability to incur additional debt, these restrictions are subject to exemptions that could permit us to incur a substantial amount of additional debt. In addition, our debt instruments do not prevent us from incurring liabilities that do not constitute indebtedness as defined for purposes of those debt instruments. If new debt or other liabilities are added to our current debt levels, the risks associated with our having substantial debt could intensify.

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.

Periodically, there has been uncertainty in the global capital markets and the overall economy. Such uncertainty can result in disruptions in the financial sector and affect lenders with which we have relationships. Disruptions in the financial sector may increase our exposure to credit risk and adversely affect the ability of lenders to perform under the terms of their lending arrangements with us. Failure by our lenders to perform under the terms of our lending arrangements could cause us to incur additional costs that may adversely affect our liquidity, financial condition, and results of operations. There can be no assurance that future disruptions in the financial sector will not occur that could have similar adverse effects on our business.

Technology and Cybersecurity Risks

Our dependence on technology could have a material adverse effect on our business.

All Consumer Loans submitted to us for assignment are processed through our internet-based CAPS application. Our Consumer Loan servicing platform is also technology based. We rely on these systems to record and process significant amounts of data quickly and accurately. Our systems, and those of our third-party service providers, are dependent upon computer and telecommunications equipment, software systems, and internet access. The temporary or permanent loss of any components of these systems through hardware failures, software errors, operating malfunctions, the vulnerability of the internet, or otherwise could interrupt our business operations and harm our business.

Although Company systems and systems of third party service providers are subject to risks from cybersecurity threats and incidents, these have not materially affected the Company, including its business strategy, results of operations, or financial condition, though there can be no assurance that cybersecurity threats and incidents will not have a material adverse effect on us in the future.

We rely on a variety of measures to protect our technology and proprietary information, including copyrights and a comprehensive information security program. However, these measures may not prevent misappropriation or infringement of our intellectual property or proprietary information, which would adversely affect us. In addition, our competitors or other third parties may allege that our proprietary systems, processes, or technologies infringe their intellectual property rights.

Our ability to integrate computer and telecommunications technologies into our business is essential to our success. Computer and telecommunications technologies are evolving rapidly and, as a result, may be characterized by short product life cycles. We may not be successful in anticipating, managing, or adopting technological changes on a timely basis. While we believe that our existing information systems are sufficient to meet our current demands and continued expansion, our future growth may require additional investment in these systems. We cannot assure that adequate capital resources will be available to us at the appropriate time.

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.

We and our third-party service providers face ongoing threats to our systems and data and from time to time experience cyberattacks and other security incidents. Numerous national finance companies have disclosed security breaches involving sophisticated cyber-attacks, including ransomware, that were not recognized or detected until after such companies had been affected, notwithstanding the preventive measures such companies had in place. Further, the rapid evolution and increased adoption of artificial intelligence technologies, increased sophistication and activities of organized crime, hackers, terrorists, activists and other external parties may increase our level of cybersecurity risk. Additionally, our increased use of mobile and cloud technologies could heighten these and other operational risks by increasing our attack surface, and any failure by mobile or cloud technology service providers to adequately safeguard their systems and prevent cyber-attacks could disrupt our operations and result in misappropriation, corruption or loss of confidential or propriety information. The security measures we have implemented to protect against cybersecurity incidents, or those of our third-party service providers, may not always prevent or mitigate the impact of a cybersecurity incident, and there can be no assurance that future efforts to prevent or mitigate a cybersecurity incident will be effective either. As a result, our computer systems, software, and networks, as well as those of our third-party service providers, are vulnerable to unauthorized access, computer viruses, malware attacks, and other events that could have a security impact beyond our control, and information we transmit and receive may be vulnerable to interception, misuse, or mishandling. Cybersecurity incidents, including such occurrences that compromise information processed by, stored in, or transmitted through our computer systems and networks, or those of our third-party service providers, or that cause interruptions or malfunctions in our or our service providers' operations could result in losses, loss of business by us and loss of confidence in us, consumer and Dealer dissatisfaction, significant litigation, regulatory exposures, and harm to our reputation, any of which could have a material adverse impact on our business, financial condition, and results of operations.

While we have not been materially affected by cybersecurity incidents to date, we may be required to expend significant additional resources in the future to enhance our security controls, modify our protective measures, investigate the circumstances surrounding cybersecurity incidents, and implement mitigation and remediation measures in response to cybersecurity incidents and new or more sophisticated threats, as well as in response to new regulations related to cybersecurity. Cybersecurity incidents may result in our being subject to fines, penalties, litigation (including securities fraud class action lawsuits) and regulatory investigation costs and settlements and other financial losses, which could have a material adverse effect on 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.

Our systems permit origination and assignment of Consumer Loans in electronic form. We have engaged a TPP to facilitate the process of creating, establishing control of, and storing electronic contracts in a manner that enables us to perfect our ownership or security interest in the electronic contracts by satisfying the requirements for "control" of electronic chattel paper under the Uniform Commercial Code.

Although the law governing the perfection of ownership and security interests in electronic contracts was enacted in 2001, the statutory requirements for the relevant control arrangements have not been meaningfully tested in court. In addition, market practices regarding control of electronic contracts are still developing. As a result, there is a risk that the systems employed by us or any TPP to maintain control of the electronic contracts may not be sufficient as a matter of law to give us a perfected ownership or security interest in the Consumer Loans evidenced by electronic contracts. In addition, technological failure, including failure in the security or access restrictions with respect to the systems, and operational failure, such as the failure to implement and maintain adequate internal controls and procedures, could also affect our ability to obtain or maintain a perfected ownership or security interest in the Consumer Loans evidenced by electronic contracts (or the priority of such interests). Our failure or inability to perfect our ownership or security interest in the Consumer Loans could materially adversely affect our financial position, liquidity, and results of operations.

Failure to properly safeguard our proprietary business information or confidential consumer and team member personal information could subject us to liability, decrease our profitability, and damage our reputation.

In the ordinary course of our business, we collect and store sensitive data on our computer networks. This sensitive data includes our proprietary business information and personally identifiable information of our consumers and team members. The secure processing, maintenance, and transmission of this information is critical to our operations and business strategy.

If third parties or our team members breach or are able to breach our network security or the network security of a third party that we share information with or otherwise are able to misappropriate our consumers' and team members' personal information, or if we give third parties or our team members improper access to our consumers' and team members' personal information, we could be subject to liability. This liability could include identity theft or other similar fraud-related claims. This liability could also include claims for other misuses or losses of personal information, including for unauthorized marketing purposes. Other liabilities could include claims alleging misrepresentation of our privacy and data security practices. Moreover, the loss of confidential customer personal information could harm our reputation, result in the loss of business, and subject us to liability under laws that protect personal information, resulting in increased costs, loss of revenues and substantial penalties. For instance, the California Consumer Privacy Act of 2018, as amended ("CCPA"), provides for enhanced consumer protections for California residents and statutory fines for data security breaches or other CCPA violations.

We rely on encryption and authentication technology licensed from third parties to provide the security and authentication necessary to secure online transmission of confidential consumer and team member information, which can include personal information. Advances in computer capabilities, new discoveries in the field of cryptography, or other events or developments may result in a compromise or breach of the algorithms that we use to protect sensitive consumer transaction data. A party who is able to circumvent our security measures could misappropriate proprietary information or cause interruptions in our operations. We may be required to expend capital and other resources to protect against, or alleviate problems caused by, security breaches or other cybersecurity incidents. Although we have experienced cybersecurity incidents from time to time that have not had a material effect on our business, financial condition, or results of operations, there can be no assurance that a cyber-attack, security breach, or other cybersecurity incident will not have a material adverse effect on us in the future. Our security measures are designed to protect against security breaches, but our failure to prevent security breaches 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.

As a result of the consumer-oriented nature of the industry in which we operate and uncertainties with respect to the application of various laws and regulations in some circumstances, we are subject to various consumer claims, litigation, and regulatory investigations seeking damages, fines, and statutory penalties, based upon, among other things, usury, disclosure inaccuracies, wrongful repossession, violations of bankruptcy stay provisions, certificate of title disputes, fraud, and breach of contract. 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. A significant judgment against us in connection with any litigation or arbitration or the requirement to pay filing fees for a large number of individual arbitration demands could have a material adverse effect on our financial position, liquidity, and results of operations.

For a description of significant litigation to which we are a party, see Note 15 to the consolidated financial statements contained in Item 8 of this Form 10-K, which is incorporated herein by reference.

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.

We are subject to income tax in many of the various jurisdictions in which we operate. Increases in statutory income tax rates and other adverse changes in applicable law in these jurisdictions could have an adverse effect on our results of operations. In the ordinary course of business, there are transactions and calculations where the ultimate tax determination is uncertain. At any one time, multiple tax years are subject to audit by various taxing jurisdictions. We provide reserves for potential payments of tax to various tax authorities related to uncertain tax positions. Please see the Critical Accounting Estimates – Uncertain Tax Positions section in Item 7 of this Form 10-K, which is incorporated herein by reference. We adjust these liabilities as a result of changing facts and circumstances; however, due to the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from our current estimate of the tax liabilities. Such payments 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.

Reference should be made to Item 1. Business "Regulation" for a discussion of regulatory risk factors.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

The Company regularly assesses risks from cybersecurity threats, monitors its information systems for potential vulnerabilities, and tests those systems pursuant to the Company's cybersecurity policies, standards, processes, and practices, which are integrated into the Company's overall risk management program. We have adopted aspects of the ISO 27002, NIST SP 800-37 Rev. 2, and NIST Cybersecurity frameworks, to which risk management in relation to our information systems is aligned. We categorize our information systems as either critical or secondary, depending on business value and/or risk of financial or compliance impact of cybersecurity incidents. Our information security team uses a multifaceted approach to assess, identify, and manage material risks to the Company from cybersecurity threats, including testing of the effectiveness of our cybersecurity incident prevention and response systems; conducting routine vulnerability scanning of information systems assets; network/endpoint detection and response coupled with anomaly identification enhanced logging capabilities powered by artificial intelligence software; discovery through collaboration with the Company's internal audit team; monitoring of threat intelligence feeds provided by industry associations/groups, service providers, and federal/state authorities; and professional service engagements, such as retaining the services of an external 24/7 security operations center and partnering with third parties in testing our information systems for vulnerabilities from external, internal, and social engineering perspectives and assessing the effectiveness of our cybersecurity controls.

The Company partners with third-party service providers and employs processes to assess, identify, and manage material risks from cybersecurity threats arising from the use of such third-party service providers. Our latest assessment attempted to identify vulnerabilities in our network and systems from external, internal, and social engineering perspectives. Our cybersecurity practices (including with respect to third-party service providers) have been assessed to represent a level of maturity consistent with industry best practices.

Risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, have not materially affected the Company, including its business strategy, results of operations, and financial condition. For more information about these risks, see the disclosure under the heading "Technology and Cybersecurity Risks" in Part I, Item 1A. Risk Factors.

Our board of directors oversees the Company's risk management process, including cybersecurity risks, directly and through its committees. The audit committee of the Company's board of directors provides structured oversight of the Company's risk management program, which focuses on the most significant short-, intermediate-, and long-term risks the Company faces. The Company has an information security compliance committee (the "Committee") that consists of the members of the Company's compliance committee, which reports to the board of directors, and at least three members of Company management. The Committee is responsible for overseeing the development and upkeep of written policies and procedures aimed at safeguarding the Company's information systems and the nonpublic information stored within them. In addition, the Committee plays a crucial role in the governance of the cybersecurity risk management process. This involves collaborating with third-party industry experts and the Company's internal audit team to conduct risk assessments of the Company's information security program (the "Program"). The assessments encompass an evaluation of the Company's adherence to the Program, including the elements of the Program that are dictated by relevant laws, regulations, and the Company's information security manual. Furthermore, the Company conducts periodic cybersecurity assessments and preparedness analyses, supervised by our Vice President, Engineering – Security, Compliance, and Trust, who maintains a CRISC certification, has more than twenty years of experience in information security, risk management, and regulatory compliance in the financial services industry, and serves as our designated Chief Information Security Officer ("CISO").

At least annually, our internal audit team conducts a formal risk assessment and develops an audit plan that identifies, assesses, and prioritizes risks that include cybersecurity. The results of the risk assessment and the proposed audit plan are communicated to various leaders within the Company as well as the audit committee of the board of directors for input. The audit plan is reassessed throughout the year, and the plan is subject to modification by our internal audit team, e.g., based on such considerations as changes to resources, business operations, or internal or external risk factors. The CISO also issues an annual written report to the board of directors on the Program and material cybersecurity risks.

The Company takes a risk-based approach to cybersecurity and has implemented cybersecurity policies throughout its operations that are designed to address cybersecurity threats and incidents. In particular, the Company has adopted and maintains written policies and procedures for the protection of Company's information systems and nonpublic information stored on those systems, which are based on the Company's risk assessment and that address all other specific topics as may be required by applicable laws and regulations. The Company requires all team members with access to any of its information systems, including contractors, to complete social engineering, cybersecurity, and compliance training programs annually.

The Program includes processes to coordinate and facilitate the implementation of information security best practices and services throughout the Company and to comply with applicable cybersecurity requirements under federal and state laws and regulations, including, but not limited to, the Gramm-Leach-Bliley Act, the Health Insurance Portability and Accountability Act of 1996, and the New York State Department of Financial Services Cybersecurity Requirements for Financial Services Companies, 23 NYCRR 500. The Program is based on the Company's risk assessment and designed to perform in accordance with applicable laws and regulations.

The Company has established and maintains a comprehensive information security incident management plan (the "Plan") that allows the Company to respond quickly and effectively to cybersecurity threats and cybersecurity incidents, including cybersecurity breaches, in accordance with applicable laws and regulations.

The Company routinely engages third-party industry experts to work in conjunction with our internal audit team in performing risk assessments of the Program and the Plan and of the Company's execution of the Program and the Plan.

The CISO, in coordination with the information security managers, is responsible for leading the assessment and management of cybersecurity risks. The Company's information security team has extensive experience in information security and previous information security work experience in several industries, including defense, manufacturing, and financial services. The CISO reports to the board of directors, the audit committee, and senior management on cybersecurity threats.

ITEM 2. PROPERTIES

Our headquarters is located in Southfield, Michigan, in an office building we purchased in 1993, which includes approximately 136,000 square feet of space. To take advantage of the national talent pool and to maximize team member satisfaction, we utilize a "remote first" strategy. While remote work has become the primary experience for most of our team members, some team members, due to the nature of their responsibilities, continue to work primarily on site at our headquarters. Additionally, we have various on-site meetings, events, and team building activities for which in-person attendance is encouraged. Therefore, we continue to have a need for office space.

ITEM 3. 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 15 to the consolidated financial statements contained in Item 8 of this Form 10-K, which is incorporated herein by reference.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

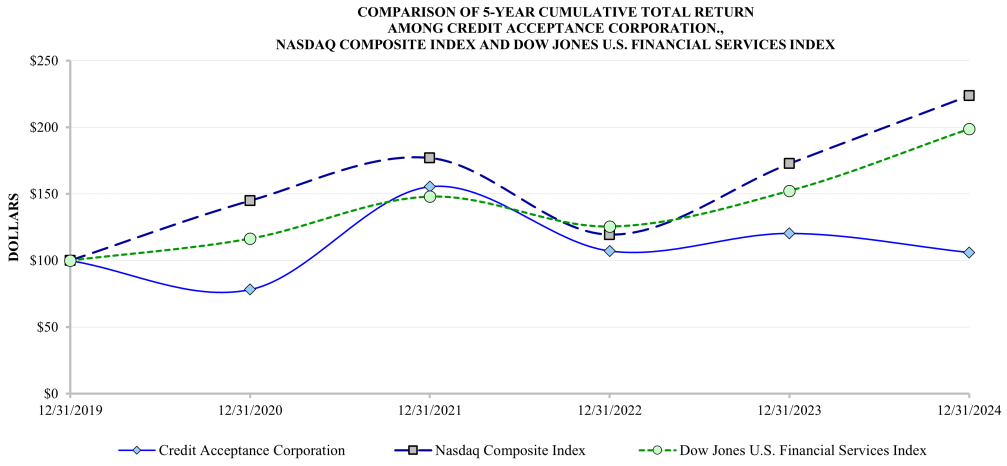
Our common stock is traded on The Nasdaq Global Select Market® under the symbol "CACC."

Holders

As of February 4, 2025, we had approximately 50 shareholders of record of our common stock.

Stock Performance Graph

The following graph compares the percentage change in the cumulative total shareholder return on our common stock during the five-year period ended December 31, 2024 with the cumulative total return on the NASDAQ Composite Index and a peer group index based upon approximately 100 companies included in the Dow Jones U.S. Financial Services Index. The comparison assumes that $100 was invested on December 31, 2019 in our common stock and in the foregoing indices and assumes the reinvestment of dividends.



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Stock Repurchases

The following table summarizes our stock repurchases for the three months ended December 31, 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)
October 1 through October 31, 2024	1,945	(3)	$ 465.22	—	1,346,570
November 1 through November 30, 2024	178	(3)	463.76	—	1,346,570
December 1 through December 31, 2024	123,771	(4)	485.88	101,479	1,245,091
	125,894		$ 485.53	101,479	

(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 of 2022. 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 common stock and the vesting of restricted stock units.

(4) Amount includes 22,292 shares of common stock released to us by team members as payment of tax withholdings upon the settlement of restricted stock units in common stock.

ITEM 6. [RESERVED]

ITEM 7. 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 contained in Item 8 of this Form 10-K, 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 year ended December 31, 2024, consolidated net income was $247.9 million, or $19.88 per diluted share, compared to $286.1 million, or $21.99 per diluted share, for the same period in 2023. The decrease in consolidated net income was primarily due to increases in interest expense and provision for credit losses, partially offset by an increase in finance charges. Our results for the year ended December 31, 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 $314.0 million, or 3.1%, compared to a decrease in forecasted collection rates during 2023 that decreased forecasted net cash flows from our Loan portfolio by $206.3 million, or 2.3%. The $314.0 million decrease in forecasted net cash flows during 2024 was composed of an ordinary decrease in forecasted net cash flows of $166.8 million, or 1.7%, 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 $206.3 million decrease in forecasted net cash flows during 2023 was composed of an ordinary decrease in forecasted net cash flows of $161.8 million, or 1.8%, 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***
  Forecasted profitability was lower than our estimates at December 31, 2023, due to both a decline in forecasted collection rates and slower forecasted net cash flow timing since 2023. The slower forecasted net cash flow timing was primarily a result of a decrease in Consumer Loan prepayments, which remain below historical averages.
- ***Growth in Consumer Loan assignment volume and the average balance of our Loan portfolio***
  Unit and dollar volumes grew 16.1% and 11.3%, respectively, as compared to 2023. The average balance of our Loan portfolio, which is our largest-ever, increased 13.6% as compared to 2023.
- ***An increase in the initial spread on Consumer Loan assignments***
  The initial spread increased to 22.1% compared to 21.3% on Consumer Loans assigned in 2023.
- ***An increase in our average cost of debt***
  Our average cost of debt increased from 5.5% to 7.2%, 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.
- ***A decrease in common shares outstanding due to stock repurchases***
  We repurchased approximately 590,000 shares, or 4.7% of the shares outstanding at the beginning of the year.
- ***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.

For the year ended December 31, 2023, consolidated net income was $286.1 million, or $21.99 per diluted share, compared to $535.8 million, or $39.32 per diluted share, for the same period in 2022. The decrease in consolidated net income was primarily due to increases in provision for credit losses and interest expense. Our results for the year ended December 31, 2023 included:

- ***A larger decline in forecasted collection rates***
  The decline in forecasted collection rates decreased forecasted net cash flows from our Loan portfolio by $206.3 million, or 2.3%, compared to a decrease in forecasted collection rates during 2022 that decreased forecasted net cash flows from our Loan portfolio by $59.7 million, or 0.7%.
- ***A decrease in forecasted profitability for Consumer Loans assigned in 2020 through 2022***
  Forecasted profitability was lower than our estimates at December31, 2022, due to a decline in forecasted collection rates during 2023 and slower forecasted net cash flow timing during 2023, primarily as a result of a decrease in Consumer Loan prepayments to below-average levels.
- ***Growth in Consumer Loan assignment volume and the average balance of our Loan portfolio***
  Unit and dollar volumes grew 18.6% and 14.4%, respectively, as compared to 2022. The average balance of our Loan portfolio increased 5.0% as compared to 2022.
- ***An increase in the initial spread on Consumer Loan assignments***
  The initial spread increased to 21.3% compared to 20.1% on Consumer Loans assigned in 2022.
- ***An increase in our average cost of debt***
  Our average cost of debt increased from 3.6% to 5.5%, primarily as a result of higher interest rates on recently completed or extended secured financings and the repayment of older secured financings with lower interest rates.
- ***A decrease in common shares outstanding due to stock repurchases***
  We repurchased 0.4 million shares, or 2.8% of the shares outstanding at the beginning of the year.

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 December 31, 2024, with the aggregated forecasts as of December 31, 2023, as of December 31, 2022, and at the time of assignment, segmented by year of assignment:

	Forecasted Collection Percentage as of (1)				Current Forecast Variance from		
Consumer Loan Assignment Year	December 31, 2024	December 31, 2023	December 31, 2022	Initial Forecast	December 31, 2023	December 31, 2022	Initial Forecast
2015	65.3 %	65.2 %	65.2 %	67.7 %	0.1 %	0.1 %	-2.4 %
2016	63.9 %	63.8 %	63.8 %	65.4 %	0.1 %	0.1 %	-1.5 %
2017	64.7 %	64.7 %	64.7 %	64.0 %	0.0 %	0.0 %	0.7 %
2018	65.5 %	65.5 %	65.2 %	63.6 %	0.0 %	0.3 %	1.9 %
2019	67.2 %	66.9 %	66.6 %	64.0 %	0.3 %	0.6 %	3.2 %
2020	67.7 %	67.6 %	67.8 %	63.4 %	0.1 %	-0.1 %	4.3 %
2021	63.8 %	64.5 %	66.2 %	66.3 %	-0.7 %	-2.4 %	-2.5 %
2022	60.2 %	62.7 %	66.3 %	67.5 %	-2.5 %	-6.1 %	-7.3 %
2023	64.3 %	67.4 %	—	67.5 %	-3.1 %	—	-3.2 %
2024	66.5 %	—	—	67.2 %	—	—	-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.

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 year ended December 31, 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.

For the year ended December 31, 2023, forecasted collection rates improved for Consumer Loans assigned in 2018 and 2019, declined for Consumer Loans assigned in 2020 through 2022, and were generally consistent with expectations at the start of the period for all other assignment years presented.

The changes in forecasted collection rates impacted forecasted net cash flows (forecasted collections less forecasted Dealer Holdback payments) as follows:

(In millions)	For the Years Ended December 31,		
Decrease in Forecasted Net Cash Flows	2024	2023	2022
Dealer Loans	$ (204.6)	$ (125.3)	$ (41.6)
Purchased Loans	(109.4)	(81.0)	(18.1)
Total	$ (314.0)	$ (206.3)	$ (59.7)
% change from forecast at beginning of period	-3.1 %	-2.3 %	-0.7 %

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. 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. The quarterly changes to our forecast of future net cash flows from our Loan portfolio for the period from January 1, 2020 through December 31, 2024 are 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 %
December 31, 2024	(31.1)	-0.3 %

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	26,497	11,961	61	386,126	4,618.4

(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 the Portfolio Program and one-time payments made to Dealers to purchase Consumer Loans assigned under the Purchase Program. Payments of Dealer Holdback and accelerated Dealer Holdback are not included.

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 December 31, 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)
	December 31, 2024	Initial Forecast		December 31, 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 %	99.5 %
2017	64.7 %	64.0 %	43.2 %	21.5 %	20.8 %	99.2 %
2018	65.5 %	63.6 %	43.5 %	22.0 %	20.1 %	98.6 %
2019	67.2 %	64.0 %	44.0 %	23.2 %	20.0 %	96.9 %
2020	67.7 %	63.4 %	43.9 %	23.8 %	19.5 %	92.4 %
2021	63.8 %	66.3 %	46.0 %	17.8 %	20.3 %	83.6 %
2022	60.2 %	67.5 %	47.4 %	12.8 %	20.1 %	66.0 %
2023	64.3 %	67.5 %	46.2 %	18.1 %	21.3 %	43.1 %
2024	66.5 %	67.2 %	45.1 %	21.4 %	22.1 %	15.1 %

(1) Represents advances paid to Dealers on Consumer Loans assigned under the Portfolio Program and one-time payments made to Dealers to purchase Consumer Loans assigned under the 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.

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 December 31, 2024 and the advance rate ranges from 12.8% to 23.8% 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 December 31, 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 December 31, 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	December 31, 2024	Initial Forecast	Variance	December 31, 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	64.1 %	63.8 %	0.3 %	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	59.5 %	67.3 %	-7.8 %	62.1 %	68.0 %	-5.9 %
2023	63.1 %	66.8 %	-3.7 %	67.7 %	69.4 %	-1.7 %
2024	65.4 %	66.3 %	-0.9 %	70.7 %	70.7 %	0.0 %

(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 December 31, 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	64.1 %	42.1 %	22.0 %	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	59.5 %	46.4 %	13.1 %	62.1 %	50.1 %	12.0 %
2023	63.1 %	44.8 %	18.3 %	67.7 %	49.8 %	17.9 %
2024	65.4 %	44.1 %	21.3 %	70.7 %	48.9 %	21.8 %

(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 the Portfolio Program and one-time payments made to Dealers to purchase Consumer Loans assigned under the 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 December 31, 2024 on 2024 Dealer Loans was 21.3%, as compared to a spread of 18.3% on 2023 Dealer Loans. The increase was primarily 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 December 31, 2024 on 2024 Purchased Loans was 21.8%, as compared to a spread of 17.9% 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.

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 3.6 to 1 as of December 31, 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 three years as compared to the same period in the previous year:

	Year over Year Percent Change	
For the Year Ended December 31,	Unit Volume	Dollar Volume (1)
2022	4.4 %	14.5 %
2023	18.6 %	14.4 %
2024	16.1 %	11.3 %

(1) Represents advances paid to Dealers on Consumer Loans assigned under the Portfolio Program and one-time payments made to Dealers to purchase Consumer Loans assigned under the 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.

During 2024, unit and dollar volumes increased 16.1% and 11.3%, respectively, as the number of active Dealers increased 9.1% while average volume per active Dealer increased 6.4%. Dollar volume increased less than unit volume in 2024 due to a decrease in the average advance paid, due to decreases in the average advance rate and the average size of Consumer Loans assigned. Unit volume for 2024 was the highest unit volume in our history.

During 2023, unit and dollar volumes increased 18.6% and 14.4%, respectively, as the number of active Dealers increased 19.1% while average volume per active Dealer decreased 0.4%. Dollar volume increased less than unit volume in 2023 due to a decrease in the average advance paid, due to decreases in the average advance rate and the average size of Consumer Loans assigned.

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

	For the Years Ended December 31,			For the Years Ended December 31,		
	2024	2023	% Change	2023	2022	% Change
Consumer Loan unit volume	386,126	332,499	16.1 %	332,499	280,467	18.6 %
Active Dealers (1)	15,463	14,174	9.1 %	14,174	11,901	19.1 %
Average volume per active Dealer	25.0	23.5	6.4 %	23.5	23.6	-0.4 %
Consumer Loan unit volume from Dealers active both periods	339,361	304,779	11.3 %	282,008	259,999	8.5 %
Dealers active both periods	10,637	10,637	—	9,506	9,506	—
Average volume per Dealer active both periods	31.9	28.7	11.3 %	29.7	27.4	8.5 %
Consumer Loan unit volume from Dealers not active both periods	46,765	27,720	68.7 %	50,491	20,468	146.7 %
Dealers not active both periods	4,826	3,537	36.4 %	4,668	2,395	94.9 %
Average volume per Dealer not active both periods	9.7	7.8	24.4 %	10.8	8.5	27.1 %

(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 Years Ended December 31,			For the Years Ended December 31,		
	2024	2023	% Change	2023	2022	% Change
Consumer Loan unit volume from new active Dealers	43,985	46,741	-5.9 %	46,741	28,223	65.6 %
New active Dealers (1)	4,330	4,070	6.4 %	4,070	2,819	44.4 %
Average volume per new active Dealer	10.2	11.5	-11.3 %	11.5	10.0	15.0 %
Attrition (2)	-8.3 %	-7.3 %		-7.3 %	-6.9 %	

(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.

Consumer Loans are assigned to us as either Dealer Loans through the Portfolio Program or Purchased Loans through the Purchase Program. The following table shows the percentage of Consumer Loans assigned to us under each of the programs for each of the last three years:

	Unit Volume		Dollar Volume (1)	
For the Years Ended December 31,	Portfolio Program	Purchase Program	Portfolio Program	Purchase Program
2022	73.5 %	26.5 %	69.8 %	30.2 %
2023	74.0 %	26.0 %	70.7 %	29.3 %
2024	78.7 %	21.3 %	77.5 %	22.5 %

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

As of December 31, 2024 and 2023, the net Dealer Loans receivable balance was 72.3% and 67.7%, respectively, of the total net Loans receivable balance.

Results of Operations

The following is a discussion of our 2024 and 2023 results of operations and income statement data on a consolidated basis, including year-to-year comparisons between 2024 and 2023. Discussions of 2022 items and year-to-year comparisons between 2023 and 2022 that are not included in this Form 10-K can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

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 yields.

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 2 and Note 5 to the consolidated financial statements contained in Item 8 of this Form 10-K, which is incorporated herein by reference.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

(Dollars in millions, except per share data)	For the Years Ended December 31,			
	2024	2023	$ Change	% Change
Revenue:				
Finance charges	$ 1,992.7	$ 1,755.4	$ 237.3	13.5
Premiums earned	96.1	79.6	16.5	20.7
Other income	73.6	66.9	6.7	10.0
Total revenue	2,162.4	1,901.9	260.5	13.7
Costs and expenses:				
Salaries and wages	309.2	280.2	29.0	10.3
General and administrative	97.9	87.2	10.7	12.3
Sales and marketing	94.4	91.7	2.7	2.9
Total operating expenses	501.5	459.1	42.4	9.2
Provision for credit losses on forecast changes	493.8	413.7	80.1	19.4
Provision for credit losses on new Consumer Loan assignments	320.9	322.5	(1.6)	-0.5
Total provision for credit losses	814.7	736.2	78.5	10.7
Interest	419.5	266.5	153.0	57.4
Provision for claims	73.5	70.7	2.8	4.0
Loss on extinguishment of debt	—	1.8	(1.8)	-100.0
Loss on sale of building	23.7	—	23.7	—
Total costs and expenses	1,832.9	1,534.3	298.6	19.5
Income before provision for income taxes	329.5	367.6	(38.1)	-10.4
Provision for income taxes	81.6	81.5	0.1	0.1
Net income	$ 247.9	$ 286.1	$ (38.2)	-13.4
Net income per share:				
Basic	$ 20.12	$ 22.09	$ (1.97)	-8.9
Diluted	$ 19.88	$ 21.99	$ (2.11)	-9.6
Weighted average shares outstanding:				
Basic	12,323,261	12,953,424	(630,163)	-4.9
Diluted	12,469,283	13,010,735	(541,452)	-4.2

Finance Charges. The increase of $237.3 million, or 13.5%, was primarily due to an increase in the average net Loans receivable balance, as follows:

(Dollars in millions)	For the Years Ended December 31,		
	2024	2023	Change
Average net Loans receivable balance	$ 7,530.7	$ 6,627.8	$ 902.9
Average yield on our Loan portfolio	26.5 %	26.5 %	— %

The following table summarizes the impact each component had on the overall increase in finance charges for the year ended December 31, 2024:

(In millions) Impact on finance charges:	For the Year Ended December 31, 2024
Due to an increase in the average net Loans receivable balance	$ 239.1
Due to a decrease in the average yield	(1.8)
Total increase in finance charges	$ 237.3

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 $16.5 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 $42.4 million, or 9.2%, was primarily due to:

- An increase in salaries and wages expense of $29.0 million, or 10.3%, 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, (ii) fringe benefits, primarily due to higher medical claims, and (iii) stock-based compensation expense, primarily due to equity awards granted to our executive officers and senior leaders.
- An increase in general and administrative expense of $10.7 million, or 12.3%, primarily due to increases in legal and technology systems expenses.

Provision for Credit Losses. The increase of $78.5 million, or 10.7%, 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)	For the Years Ended December 31,		
Provision for Credit Losses	2024	2023	Change
Forecast changes	$ 493.8	$ 413.7	$ 80.1
New Consumer Loan assignments	320.9	322.5	(1.6)
Total	$ 814.7	$ 736.2	$ 78.5

The increase in provision for credit losses related to forecast changes was due to a greater decline in Consumer Loan performance during 2024 compared to 2023 and slower net cash flow timing during 2024 compared to 2023.

During 2024, we decreased our estimate of future net cash flows by $314.0 million, or 3.1%, 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 below historical averages. Historically, Consumer Loan prepayments have been lower in periods with less availability of consumer credit. The $314.0 million decrease in forecasted net cash flows for the year ended December 31, 2024 was composed of an ordinary decrease in forecasted net cash flows of $166.8 million, or 1.7%, 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. 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 2023, we decreased our estimate of future net cash flows by $206.3 million, or 2.3%, to reflect a decline in Consumer Loan prepayments to below-average levels. The $206.3 million decrease in forecasted net cash flows during 2023 was composed of an ordinary decrease in forecasted net cash flows of $161.8 million, or 1.8%, 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 5 to the consolidated financial statements contained in Item 8 of this Form 10-K, which is incorporated herein by reference.

The decrease in provision for credit losses related to new Consumer Loan assignments was due to a 14.3% decrease in the average provision per new Consumer Loan assignment, partially offset by a 16.1% increase in Consumer Loan assignment unit volume. The decrease in average provision per new Consumer Loan assignment was primarily due to a decrease in the average advance rate for 2024 Consumer Loans and a lower percentage of Purchased Loans in the mix of Consumer Loan assignments received during 2024.

Interest. The increase in interest expense of $153.0 million, or 57.4%, was due to:

- An increase in our average cost of debt, which increased interest expense by $93.7 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 $59.3 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 year ended December 31, 2024 as compared to the year ended December 31, 2023:

(Dollars in millions)	For the Years Ended December 31,		
	2024	2023	Change
Interest expense	$ 419.5	$ 266.5	$ 153.0
Average outstanding debt balance	5,849.7	4,785.7	1,064.0
Average cost of debt	7.2 %	5.5 %	1.7 %

Loss on Sale of Building. For the year ended December 31, 2024, we recognized a loss on the sale of a building of $23.7 million. For additional information, see Note 6 to the consolidated financial statements contained in Item 8 of this Form 10-K, which is incorporated herein by reference.

Provision for Income Taxes. For the year ended December 31, 2024, the effective income tax rate increased to 24.8% from 22.2% for the year ended December 31, 2023. The increase was primarily due to:

- 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 non-deductible executive compensation expense.
- 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 the second quarter of 2024.

For additional information, see Note 10 to the consolidated financial statements contained in Item 8 of this Form 10-K, which is incorporated herein by reference.

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.

Our significant accounting policies are discussed in Note 2 to the consolidated financial statements contained in Item 8 of this Form 10-K, which is incorporated herein by reference. We believe that the following accounting estimates are the most critical to aid in fully understanding and evaluating our reported financial results, and involve a high degree of subjective or complex judgment, and the use of different estimates or assumptions could produce materially different financial results.

Finance Charge Revenue & Allowance for Credit Losses

Nature of Estimates Required. We estimate the amount and timing of future collections and Dealer Holdback payments. These estimates impact Loans receivable and allowance for credit losses on our balance sheet and finance charges and provision for credit losses on our income statement.

Assumptions and Approaches Used. 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. For additional information regarding the adoption impact of CECL, see Note 2 and Note 5 to the consolidated financial statements contained in Item 8 of this Form 10-K, which is incorporated herein by reference.

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). For Consumer Loans assigned on or subsequent to January 1, 2020, the effective interest rate is based on contractual future net cash flows. Consumer Loans assigned prior to January 1, 2020 are no longer material to our consolidated financial statements.

The outstanding balance of the allowance for credit losses of each Loan represents the amount required to reduce the 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.

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 monitor and evaluate Consumer Loan performance 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 the 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.

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. 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. The below-average levels of Consumer Loan prepayments continued through the fourth quarter of 2023. 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.

The COVID-19 pandemic created conditions that increased the level of uncertainty associated with our estimate of the amount and timing of future net cash flows from our Loan portfolio. During the first quarter of 2020, we applied a subjective adjustment to our forecasting model to reflect our best estimate of the future impact of the COVID-19 pandemic on future net cash flows ("COVID forecast adjustment"), which reduced our estimate of future net cash flows by $162.2 million. We continued to apply the COVID forecast adjustment through the end of 2021, as it continued to represent our best estimate. During the first quarter of 2022, we determined that we had sufficient Consumer Loan performance experience since the lapse of federal stimulus payments and enhanced unemployment benefits to refine our estimate of future net cash flows. Accordingly, during the first quarter of 2022, we removed the COVID forecast adjustment and enhanced our methodology for forecasting the amount and timing of future net cash flows from our Loan portfolio through the utilization of more recent data and new forecast variables. Under CECL, changes in the amount and timing of forecasted net cash flows are recorded as a provision for credit losses in the period of change.

The removal of the COVID forecast adjustment and the implementation of the enhanced forecasting methodology during the first quarter of 2022 impacted forecasted net cash flows and provision for credit losses as follows:

(In millions)

	Increase / (Decrease) in	
Forecasting Methodology Changes	Forecasted Net Cash Flows	Provision for Credit Losses
Removal of COVID forecast adjustment	$ 149.5	$ (118.5)
Implementation of enhanced forecasting methodology	(53.8)	47.9
Total	$ 95.7	$ (70.6)

Our provision for credit losses for the year ended December 31, 2024, included:

- $320.9 million provision for credit losses on new Consumer Loan assignments, which reduced consolidated net income by $247.1 million, or $19.82 per diluted share; and
- $493.8 million provision for credit losses on forecast changes related to changes in the amount and timing of expected future net cash flows, which reduced consolidated net income by $380.2 million, or $30.49 per diluted share.

Our provision for credit losses for the year ended December 31, 2023, included:

- $322.5 million provision for credit losses on new Consumer Loan assignments, which reduced consolidated net income by $248.3 million, or $19.08 per diluted share; and
- $413.7 million provision for credit losses on forecast changes related to changes in the amount and timing of expected future net cash flows, which reduced consolidated net income by $318.5 million, or $24.48 per diluted share.

Key Factors. Variances in the amount and timing of future net cash flows from current estimates could materially impact earnings in future periods. A 1% decline in the forecasted future net cash flows on Loans as of December 31, 2024 would have reduced 2024 consolidated net income by approximately $59.7 million.

During periods of economic slowdown or recession, delinquencies, defaults, repossessions, and losses may increase on our Consumer Loans, and Consumer Loan prepayments may decline. These periods are also typically accompanied by decreased consumer demand for automobiles and declining values of automobiles securing outstanding Consumer Loans, which weakens collateral coverage and increases the amount of a loss in the event of default. Significant increases in the inventory of used automobiles during periods of economic recession may also depress the prices at which repossessed automobiles may be sold or delay the timing of these sales. Additionally, inflation, higher gasoline prices, the deferral or resumption of student loan payments, increased focus on climate-related initiatives and regulation, declining stock market values, unstable real estate values, resets of adjustable rate mortgages to higher interest rates, increasing unemployment levels, general availability of consumer credit, or other factors that impact consumer confidence or disposable income could increase loss frequency and decrease consumer demand for automobiles as well as weaken collateral values of automobiles. Because our business is focused on consumers who do not qualify for conventional automobile financing, the actual rates of delinquencies, defaults, repossessions, and losses on our Consumer Loans could be higher than those experienced in the general automobile finance industry and could be more dramatically affected by a general economic downturn.

Premiums Earned

Nature of Estimates Required. We estimate the pattern of future claims on vehicle service contracts. These estimates impact accounts payable and accrued liabilities on our balance sheet and premiums earned on our income statement.

Assumptions and Approaches Used. Premiums from the reinsurance of vehicle service contracts are recognized over the life of the policy in proportion to the expected costs of servicing those contracts. Expected costs are determined based on our historical claims experience. In developing our cost expectations, we stratify our historical claims experience into groupings based on contractual term, as this characteristic has led to different patterns of cost incurrence in the past. We will continue to update our analysis of historical costs under the vehicle service contract program as appropriate, including the consideration of other characteristics that may have led to different patterns of cost incurrence, and revise our revenue recognition timing for any changes in the pattern of our expected costs as they are identified.

Key Factors. Variances in the pattern of future claims from our current estimates would impact the timing of premiums recognized in future periods. A 10% change in premiums earned for the year ended December 31, 2024 would have affected 2024 consolidated net income by approximately $7.4 million.

Contingencies

Nature of Estimates Required. We estimate the likelihood of adverse judgments against us and any resulting damages, fines, or statutory penalties owed. These estimates impact accounts payable and accrued liabilities on our balance sheet and are general and administrative expenses on our income statement.

Assumptions and Approaches Used. With assistance from our legal counsel, we determine if the likelihood of an adverse judgment for various claims, litigation, and regulatory investigations is remote, reasonably possible, or probable. To the extent we believe an adverse judgment is probable and the amount of the judgment is estimable, we recognize a liability. For information regarding current actions to which we are a party, see Note 15 to the consolidated financial statements contained in Item 8 of this Form 10-K, which is incorporated herein by reference.

Key Factors. Negative variances in the ultimate disposition of claims and litigation outstanding from current estimates could result in additional expense in future periods.

Uncertain Tax Positions

Nature of Estimates Required. We estimate the impact of an uncertain income tax position on the income tax return. These estimates impact income taxes receivable and accounts payable and accrued liabilities on our balance sheet and provision for income taxes on our income statement.

Assumptions and Approaches Used. We follow a two-step approach for recognizing uncertain tax positions. First, we evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more-likely-than-not that the position will be sustained upon examination, including resolution of related appeals or litigation processes, if any. Second, for positions that we determine are more-likely-than-not to be sustained, we recognize the tax benefit as the largest benefit that has a greater than 50% likelihood of being sustained. We establish a reserve for uncertain tax positions liability that is comprised of unrecognized tax benefits and related interest. We adjust this liability in the period in which an uncertain tax position is effectively settled, the statute of limitations expires for the relevant taxing authority to examine the tax position, or more information becomes available.

Key Factors. To the extent we prevail in matters for which a liability has been established or are required to pay amounts in excess of our established liability, our effective income tax rate in future periods could be materially affected.

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 December 31, 2024. For information regarding these financings and the covenants included in the related documents, see Note 9 to the consolidated financial statements contained in Item 8 of this Form 10-K, 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 upfront 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 upfront 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 the Secured Overnight Financing Rate ("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 upfront 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 upfront 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 December 5, 2024, we increased the financing amount on Warehouse Facility V from $200.0 million to $250.0 million and extended the date on which the facility will cease to revolve from December 29, 2025 to December 29, 2027. The maturity of the facility was also extended from December 27, 2027 to December 27, 2029. The interest rate on borrowings under the facility has been decreased from SOFR plus 245 basis points to SOFR plus 185 basis points.

On December 20, 2024, we completed a $300.0 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 6.3% (including upfront 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.

Cash and cash equivalents increased to $343.7 million as of December 31, 2024 from $13.2 million as of December 31, 2023. As of December 31, 2024 and December 31, 2023, we had $1,734.9 million and $1,505.8 million, respectively, in unused and available lines of credit. Our total balance sheet indebtedness increased to $6,352.9 million as of December 31, 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 as of December 31, 2024 of our material financial obligations requiring future repayments is as follows:

(In millions)	Payments Due as of December 31, 2024		
	In less than 12 months	In 12 months or more	Total
Long-term debt, including current maturities (1)	$ 1,249.6	$ 5,142.3	$ 6,391.9
Dealer Holdback (2)	139.5	450.5	590.0
Operating lease obligations (3)	1.0	0.7	1.7
Purchase obligations (4)	2.4	14.8	17.2
Total financial obligations	$ 1,392.5	$ 5,608.3	$ 7,000.8

(1) The amounts presented consist solely of principal and do not reflect deferred debt issuance costs of $37.7 million and unamortized debt discount of $1.3 million. We are also obligated to make interest payments at the applicable interest rates, as discussed in Note 9 to the consolidated financial statements contained in Item 8 of this Form 10-K, which is incorporated herein by reference. Based on the actual principal amounts outstanding under our revolving secured line of credit facility, our Warehouse facilities, our Term ABS financings, and our senior notes as of December 31, 2024, the forecasted principal amounts outstanding on all other debt, and the actual interest rates in effect as of December 31, 2024, interest is expected to be approximately $397.8 million during 2025; $271.8 million during 2026; and $180.9 million during 2027 and thereafter.
(2) We have contractual obligations to pay Dealer Holdback to Dealers. Payments of Dealer Holdback are contingent upon the receipt of consumer payments and the repayment of advances. The amounts presented represent our forecast as of December 31, 2024.
(3) A lease liability of $1.6 million is recognized within accounts payable and accrued liabilities in our consolidated balance sheet as of December 31, 2024.
(4) Purchase obligations consist primarily of contractual obligations related to our information system needs.

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.

Market Risk

We are exposed primarily to market risks associated with movements in interest rates. Our policies and procedures prohibit the use of financial instruments for speculative purposes.

Interest Rate Risk. We rely on various sources of financing, some of which contain floating rates of interest and expose us to risks associated with increases in interest rates. Assuming that we maintain a level amount of floating rate debt, an increase in interest rates may result in higher interest expense for our floating rate debt facilities. From time to time, we may manage that risk through the use of derivatives such as interest rate caps.

As of December 31, 2024, we had $0.1 million of floating rate debt outstanding under our revolving secured lines of credit, without interest rate protection. For every 100-basis-point increase in interest rates on our revolving secured lines of credit, annual after-tax earnings would decrease by a negligible amount, assuming we maintain a level amount of floating rate debt.

As of December 31, 2024, we had interest rate cap agreements outstanding to manage the interest rate risk on Warehouse Facility V and Warehouse Facility VIII. However, as of December 31, 2024, there was no floating rate debt outstanding under these facilities.

As of December 31, 2024, we did not have a balance outstanding under Warehouse Facility II, Warehouse IV, and Warehouse Facility VI, which do not have interest rate protection.

As of December 31, 2024, we had $100.0 million in floating rate debt outstanding under Term ABS 2021-1, without interest rate protection. For every 100-basis-point increase in interest rates on Term ABS 2021-1, annual after-tax earnings would decrease by approximately $0.8 million, assuming we maintain a level amount of floating rate debt.

As of December 31, 2024, we had $300.0 million in floating rate debt outstanding under Term ABS 2022-2, without interest rate protection. For every 100-basis-point increase in interest rates on Term ABS 2022-2, annual after-tax earnings would decrease by approximately $2.3 million, assuming we maintain a level amount of floating rate debt.

New Accounting Updates Not Yet Adopted

See Note 2 to the consolidated financial statements contained in Item 8 of this Form 10-K, which is incorporated herein by reference, for information concerning the following new accounting updates and the impact of the implementation of these updates on our financial statements:

- Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative
- Improvements to Income Tax Disclosures
- Disaggregation of Income Statement Expenses

Forward-Looking Statements

We make forward-looking statements in this report and may make such statements in future filings with the 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 this Form 10-K, which is incorporated herein by reference, and the risks and uncertainties discussed elsewhere in this Form 10-K and in our other reports filed or furnished from time to time with the SEC.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information called for by Item 7A is incorporated herein by reference from the information in Item 7 under the caption "Market Risk" in this Form 10-K.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
Credit Acceptance Corporation

Opinion on the financial statements
We have audited the accompanying consolidated balance sheets of Credit Acceptance Corporation (a Michigan corporation) and subsidiaries (the "Company") as of December 31, 2024 and 2023, the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2024, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in the 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), and our report dated February 12, 2025 expressed an unqualified opinion.

Basis for opinion
These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical audit matter
The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Finance Charge Revenue and Allowance for Credit Losses
As described further in Notes 2 and 5 to the consolidated financial statements, the Company recorded $1,992.7 million in finance charge revenue for the period ended December 31, 2024 and an allowance for credit losses of $3,438.8 million on loans receivable of $11,289.1 million for a net carrying amount of loan receivables of $7,850.3 million as of December 31, 2024.

Finance charge revenue is determined by applying the effective interest rate to the net carrying amount of the loan receivable. The effective interest rate is based on contractual future net cash flows. The allowance for credit losses is then estimated by discounting the expected future net cash flows at the same effective interest used in determining finance charge revenue. Expected future net cash flows are estimated using a statistical model that considers a number of credit quality indicators to derive the amount of those expected future net cash flows. We identified finance charge revenue and allowance for credit losses as a critical audit matter.

The principal considerations for our determination that finance charge revenue and allowance for credit losses is a critical audit matter are the high degree of estimation uncertainty in management's modeling of expected future net cash flows. Management's statistical model used to determine expected future net cash flows required complex auditor judgment to evaluate the reasonableness of the outcomes of the model and the involvement of those with specialized skill and knowledge.

Our audit procedures related to the finance charge revenue and allowance for credit losses included the following, among others:

- We tested the design and operating effectiveness of management's review control over model performance variances between actual and expected future net cash flows.
- We tested the design and operating effectiveness of management's review control over their statistical model used to determine expected future net cash flows which verifies the statistical model is operating as intended.
- For a sample of loans, we selected loan specific credit quality indicators used in the statistical model and agreed those credit quality indicators to source documents in order to recalculate the expected future net cash flows produced by the statistical model.
- We involved those with specialized skill and knowledge to assess the conceptual soundness of the statistical model's design and management's validation to accurately determine estimated future net cash flows.

/s/ GRANT THORNTON LLP

We have served as the Company's auditor since 2005.

Southfield, Michigan
February 12, 2025

CONSOLIDATED BALANCE SHEETS

(Dollars in millions, except per share data)	As of December 31, 2024	2023
ASSETS:		
Cash and cash equivalents	$ 343.7	$ 13.2
Restricted cash and cash equivalents	501.3	457.7
Restricted securities available for sale	106.4	93.2
Loans receivable	11,289.1	10,020.1
Allowance for credit losses	(3,438.8)	(3,064.8)
Loans receivable, net	7,850.3	6,955.3
Property and equipment, net	14.7	46.5
Income taxes receivable	4.2	4.3
Other assets	34.0	40.0
Total Assets	$ 8,854.6	$ 7,610.2
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Liabilities:		
Accounts payable and accrued liabilities	$ 315.8	$ 318.8
Revolving secured lines of credit	0.1	79.2
Secured financing	5,361.5	3,990.9
Senior notes	991.3	989.0
Mortgage note	—	8.4
Deferred income taxes, net	319.1	389.2
Income taxes payable	117.2	81.0
Total Liabilities	7,105.0	5,856.5
Commitments and Contingencies - See Note 15		
Shareholders' Equity:		
Preferred stock, $.01 par value, 1,000,000 shares authorized, none issued	—	—
Common stock, $.01 par value, 80,000,000 shares authorized, 12,048,151 and 12,522,397 shares issued and outstanding as of December 31, 2024 and December 31, 2023, respectively	0.1	0.1
Paid-in capital	335.1	279.0
Retained earnings	1,414.7	1,475.6
Accumulated other comprehensive loss	(0.3)	(1.0)
Total Shareholders' Equity	1,749.6	1,753.7
Total Liabilities and Shareholders' Equity	$ 8,854.6	$ 7,610.2

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

(Dollars in millions, except per share data)	For the Years Ended December 31,		
	2024	2023	2022
Revenue:			
Finance charges	$ 1,992.7	$ 1,755.4	$ 1,686.3
Premiums earned	96.1	79.6	62.7
Other income	73.6	66.9	83.4
Total revenue	2,162.4	1,901.9	1,832.4
Costs and expenses:			
Salaries and wages	309.2	280.2	262.0
General and administrative	97.9	87.2	88.7
Sales and marketing	94.4	91.7	75.6
Total operating expenses	501.5	459.1	426.3
Provision for credit losses on forecast changes	493.8	413.7	137.7
Provision for credit losses on new Consumer Loan assignments	320.9	322.5	343.7
Total provision for credit losses	814.7	736.2	481.4
Interest	419.5	266.5	166.6
Provision for claims	73.5	70.7	46.4
Loss on extinguishment of debt	—	1.8	—
Loss on sale of building	23.7	—	—
Total costs and expenses	1,832.9	1,534.3	1,120.7
Income before provision for income taxes	329.5	367.6	711.7
Provision for income taxes	81.6	81.5	175.9
Net income	$ 247.9	$ 286.1	$ 535.8
Net income per share:			
Basic	$ 20.12	$ 22.09	$ 39.50
Diluted	$ 19.88	$ 21.99	$ 39.32
Weighted average shares outstanding:			
Basic	12,323,261	12,953,424	13,563,885
Diluted	12,469,283	13,010,735	13,625,081

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In millions)	For the Years Ended December 31,		
	2024	2023	2022
Net income	$ 247.9	$ 286.1	$ 535.8
Other comprehensive income (loss), net of tax:			
Unrealized gain (loss) on securities, net of tax	0.7	1.9	(3.1)
Other comprehensive income (loss)	0.7	1.9	(3.1)
Comprehensive income	$ 248.6	$ 288.0	$ 532.7

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(Dollars in millions)

	Common Stock					
	Number of Shares	Amount	Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance, January 1, 2022	14,145,888	$ 0.1	$ 197.2	$ 1,626.7	$ 0.2	$ 1,824.2
Net income	—	—	—	535.8	—	535.8
Other comprehensive loss	—	—	—	—	(3.1)	(3.1)
Stock-based compensation	—	—	36.5	—	—	36.5
Repurchase of common stock	(1,491,481)	—	(3.1)	(781.4)	—	(784.5)
Restricted stock units settled in common stock	57,928	—	—	—	—	—
Stock options exercised	44,550	—	15.1	—	—	15.1
Balance, December 31, 2022	12,756,885	0.1	245.7	1,381.1	(2.9)	1,624.0
Net income	—	—	—	286.1	—	286.1
Other comprehensive gain	—	—	—	—	1.9	1.9
Stock-based compensation	—	—	39.1	—	—	39.1
Repurchase of common stock	(409,317)	—	(11.0)	(191.6)	—	(202.6)
Restricted stock units settled in common stock	159,205	—	—	—	—	—
Stock options exercised	15,624	—	5.2	—	—	5.2
Balance, December 31, 2023	12,522,397	0.1	279.0	1,475.6	(1.0)	1,753.7
Net income	—	—	—	247.9	—	247.9
Other comprehensive gain	—	—	—	—	0.7	0.7
Stock-based compensation	—	—	45.0	—	—	45.0
Repurchase of common stock	(588,025)	—	(4.5)	(308.8)	—	(313.3)
Restricted stock units settled in common stock	68,003	—	—	—	—	—
Stock options exercised	45,776	—	15.6	—	—	15.6
Balance, December 31, 2024	12,048,151	$ 0.1	$ 335.1	$ 1,414.7	$ (0.3)	$ 1,749.6

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)	For the Years Ended December 31,		
	2024	2023	2022
Cash Flows From Operating Activities:			
Net income	$ 247.9	$ 286.1	$ 535.8
Adjustments to reconcile cash provided by operating activities:			
Provision for credit losses	814.7	736.2	481.4
Depreciation	6.7	8.9	9.0
Amortization	21.1	17.7	16.6
Credit for deferred income taxes	(70.4)	(38.0)	(7.7)
Stock-based compensation	45.0	39.1	36.5
Loss on extinguishment of debt	—	1.8	—
Loss on sale of building	23.7	—	—
Other	0.8	0.6	0.3
Change in operating assets and liabilities:			
Increase in accounts payable and accrued liabilities	6.8	49.7	67.9
Decrease in income taxes receivable	0.1	4.4	100.5
Increase in income taxes payable	36.2	78.5	2.3
Decrease (increase) in other assets	5.3	18.8	(3.9)
Net cash provided by operating activities	1,137.9	1,203.8	1,238.7
Cash Flows From Investing Activities:			
Purchases of restricted securities available for sale	(59.0)	(43.3)	(50.1)
Proceeds from sale of restricted securities available for sale	36.9	15.8	11.1
Maturities of restricted securities available for sale	9.3	8.5	24.3
Principal collected on Loans receivable	3,208.9	3,036.8	3,413.3
Advances to Dealers	(3,578.3)	(2,933.7)	(2,530.0)
Purchases of Consumer Loans	(1,040.1)	(1,214.1)	(1,095.3)
Accelerated payments of Dealer Holdback	(59.0)	(46.9)	(44.2)
Payments of Dealer Holdback	(241.2)	(235.9)	(186.6)
Purchases of property and equipment	(1.8)	(4.0)	(3.1)
Proceeds from sale of building	3.2	—	—
Net cash used in investing activities	(1,721.1)	(1,416.8)	(460.6)
Cash Flows From Financing Activities:			
Borrowings under revolving secured lines of credit	6,125.9	7,431.9	6,622.6
Repayments under revolving secured lines of credit	(6,205.0)	(7,383.6)	(6,594.3)
Proceeds from secured financing	3,619.4	2,762.0	1,541.9
Repayments of secured financing	(2,246.6)	(2,519.8)	(1,599.2)
Proceeds from issuance of senior notes	—	600.0	—
Repayment of senior notes	—	(400.0)	—
Payments of debt issuance costs and debt extinguishment costs	(21.7)	(33.3)	(12.5)
Repurchase of common stock	(313.3)	(202.6)	(784.5)
Proceeds from stock options exercised	15.6	5.2	15.1
Other	(17.0)	6.4	16.3
Net cash provided by (used in) financing activities	957.3	266.2	(794.6)
Net increase (decrease) in cash and cash equivalents and restricted cash and cash equivalents	374.1	53.2	(16.5)
Cash and cash equivalents and restricted cash and cash equivalents, beginning of period	470.9	417.7	434.2
Cash and cash equivalents and restricted cash and cash equivalents, end of period	$ 845.0	$ 470.9	$ 417.7
Supplemental Disclosure of Cash Flow Information:			
Cash paid during the period for interest	$ 393.4	$ 242.1	$ 147.3
Cash paid during the period for income taxes, net of refunds	$ 103.7	$ 31.9	$ 72.7

See accompanying notes to consolidated financial statements.

1. DESCRIPTION OF BUSINESS

Principal Business. Credit Acceptance Corporation (referred to as the "Company", "Credit Acceptance", "we", "our" or "us") makes 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 Years Ended December 31,		
Consumer Loan Assignment Volume	2024	2023	2022
Percentage of total unit volume with either FICO® scores below 650 or no FICO® scores	80.6 %	80.9 %	84.8 %

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 three years:

	Unit Volume		Dollar Volume (1)	
For the Years Ended December 31,	Dealer Loans	Purchased Loans	Dealer Loans	Purchased Loans
2022	73.5 %	26.5 %	69.8 %	30.2 %
2023	74.0 %	26.0 %	70.7 %	29.3 %
2024	78.7 %	21.3 %	77.5 %	22.5 %

(1) Represents advances paid to Dealers on Consumer Loans assigned under the Portfolio Program and one-time payments made to Dealers to purchase Consumer Loans assigned under the 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.

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 the 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 the 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include our accounts and our wholly owned subsidiaries. All significant intercompany transactions have been eliminated. Our primary subsidiaries as of December 31, 2024 are: Buyer's Vehicle Protection Plan, Inc. ("BVPP"), Vehicle Remarketing Services, Inc. ("VRS"), VSC Re Company ("VSC Re"), 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 2019-2, Credit Acceptance Funding LLC 2021-1, Credit Acceptance Funding LLC 2021-4, Credit Acceptance Funding LLC 2022-1, Credit Acceptance Funding LLC 2022-2, Credit Acceptance Funding LLC 2022-3, Credit Acceptance Funding LLC 2023-1, Credit Acceptance Funding LLC 2023-2, Credit Acceptance Funding LLC 2023-3, Credit Acceptance Funding LLC 2023-A, Credit Acceptance Funding LLC 2023-5, Credit Acceptance Funding LLC 2024-A, Credit Acceptance Funding LLC 2024-1, Credit Acceptance Funding LLC 2024-2, Credit Acceptance Funding LLC 2024-3, and Credit Acceptance Funding LLC 2024-B.

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. For information regarding our one reportable segment and related entity wide disclosures, see Note 14 to the consolidated financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires us to make estimates and assumptions 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. The accounts which are subject to significant estimation include the allowance for credit losses, finance charge revenue, premiums earned, contingencies, and uncertain tax positions. Actual results could materially differ from those estimates.

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 December 31, 2024 and 2023, we had $342.7 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 December 31, 2024 and 2023, we had $497.0 million and $453.7 million, respectively, in restricted cash and cash equivalents that were not insured by the FDIC.

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 December 31,		
	2024	2023	2022
Cash and cash equivalents	$ 343.7	$ 13.2	$ 7.7
Restricted cash and cash equivalents	501.3	457.7	410.0
Total cash and cash equivalents and restricted cash and cash equivalents	$ 845.0	$ 470.9	$ 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.

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 the 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.

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. During the first quarter of 2022, we removed the COVID-19 forecast adjustment (as defined in Note 5) from our estimate of future net cash flows and enhanced our methodology for forecasting the amount and timing of future net cash flows from our Loan portfolio through the utilization of more recent data and new forecast variables. For additional information, see Note 5. For the three year period ended December 31, 2024, we did not make any other methodology changes for Loans that had a material impact on our financial statements.

Property and Equipment

Purchases of property and equipment are recorded at cost. Depreciation is provided on a straight-line basis over the estimated useful life of the asset. Estimated useful lives are generally as follows: buildings – 40 years, building improvements – 10 years, data processing equipment – 3 years, software – 5 years, and office furniture and equipment – 7 years. The cost of assets sold or retired and the related accumulated depreciation are removed from the balance sheet at the time of disposition and any resulting gain or loss is included in operations. Maintenance, repairs, and minor replacements are charged to operations as incurred; major replacements and improvements are capitalized. We evaluate long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Costs incurred during the application development stage of software developed for internal use are capitalized and generally depreciated on a straight-line basis over five years. Costs incurred to maintain existing software are expensed as incurred. For additional information regarding our property and equipment, see Note 6 to the consolidated financial statements.

Deferred Debt Issuance Costs

Deferred debt issuance costs associated with secured financings and senior notes are included as a deduction from the carrying amount of the related debt liability, and deferred debt issuance costs associated with our revolving secured line of credit facility are included in other assets. Expenses associated with the issuance of debt instruments are capitalized and amortized as interest expense over the term of the debt instrument using the effective interest method for asset-backed secured financings ("Term ABS financings") and senior notes and the straight-line method for lines of credit and revolving secured warehouse ("Warehouse") facilities. For additional information regarding deferred debt issuance costs, see Note 9 to the consolidated financial statements.

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 the 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 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.

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.

Stock-Based Compensation Plans

We have stock-based compensation plans for team members and non-employee directors, which are described more fully in Note 13 to the consolidated financial statements. We apply a fair-value-based measurement method in accounting for stock-based compensation plans and recognize stock-based compensation expense over the requisite service period of the grant as salaries and wages expense.

Employee Benefit Plan

We sponsor a 401(k) plan that covers substantially all of our team members. We offer matching contributions to the 401(k) plan based on each enrolled team member's eligible annual gross pay (subject to statutory limitations). Our matching contribution rate is equal to 100% of the first 4% participants contribute and an additional 50% of the next 2% participants contribute, for a maximum matching contribution of 5% of each participant's eligible annual gross pay. For the years ended December 31, 2024, 2023 and 2022, we recognized compensation expense of $10.3 million, $9.4 million, and $8.5 million, respectively, for our matching contributions to the plan.

Income Taxes

Provisions for federal, state, and foreign income taxes are calculated on reported pre-tax earnings based on current tax law and also include, in the current period, the cumulative effect of any changes in tax rates from those used previously in determining deferred tax assets and liabilities. Such provisions differ from the amounts currently receivable or payable because certain items of income and expense are recognized in different time periods for financial reporting purposes than for income tax purposes.

Deferred income tax balances reflect the effects of temporary differences between the carrying amounts of assets and liabilities and their tax bases and are stated at enacted tax rates expected to be in effect when taxes are actually paid or recovered.

We follow a two-step approach for recognizing uncertain tax positions. First, we evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more-likely-than-not that the position will be sustained upon examination, including resolution of related appeals or litigation processes, if any. Second, for positions that we determine are more-likely-than-not to be sustained, we recognize the tax benefit as the largest benefit that has a greater than 50% likelihood of being sustained. We establish a reserve for uncertain tax positions liability that is comprised of unrecognized tax benefits and related interest. We consider many factors when evaluating and estimating our tax positions and tax benefits, which may require periodic adjustments and which may not accurately anticipate actual outcomes. We recognize interest and penalties related to uncertain tax positions in provision for income taxes. For additional information regarding our income taxes, see Note 10 to the consolidated financial statements.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expenses were $1.4 million for the year ended December 31, 2024, $0.5 million for the year ended December 31, 2023, and $1.0 million for the year ended December 31, 2022.

New Accounting Update Adopted During the Current Year

Improvements to Reportable Segment Disclosures. In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07, which enhances the required disclosures for operating segments in annual and interim consolidated financial statements. The adoption of ASU 2023-07 for the year ended December 31, 2024 expanded our business segment disclosures, but did not otherwise have a material impact on our consolidated financial statements.

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 FASB issued 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 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.

Disaggregation of Income Statement Expenses. In November 2024, the FASB issued ASU 2024-03, which requires disaggregated disclosure of income statement expenses. ASU 2024-03 does not change the expense captions an entity presents on the face of the income statement; rather, it requires disaggregation of certain expense captions into specified categories in disclosures within the footnotes to the financial statements. ASU 2024-03 is effective for annual periods beginning after December 15, 2026 and interim periods beginning after December 15, 2027. We are currently evaluating the impact the adoption of ASU 2024-03 will have on our consolidated financial statements and related disclosures.

Subsequent Events

We have evaluated events and transactions occurring subsequent to the consolidated balance sheet date of December 31, 2024 for items that could potentially be recognized or disclosed in these financial statements. We did not identify any items which would require disclosure in or adjustment to the consolidated financial statements.

3. 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 bonds 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 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 December 31,			
	2024		2023	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Assets				
Cash and cash equivalents	$ 343.7	$ 343.7	$ 13.2	$ 13.2
Restricted cash and cash equivalents	501.3	501.3	457.7	457.7
Restricted securities available for sale	106.4	106.4	93.2	93.2
Loans receivable, net	7,850.3	8,922.7	6,955.3	7,759.1
Liabilities				
Revolving secured lines of credit	$ 0.1	$ 0.1	$ 79.2	$ 79.2
Secured financing	5,361.5	5,431.9	3,990.9	4,025.9
Senior notes	991.3	1,035.3	989.0	1,039.8
Mortgage note	—	—	8.4	8.4

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 December 31, 2024			
	Level 1	Level 2	Level 3	Total Fair Value
Assets				
Cash and cash equivalents (1)	$ 343.7	$ —	$ —	$ 343.7
Restricted cash and cash equivalents (1)	501.3	—	—	501.3
Restricted securities available for sale (2)	84.5	21.9	—	106.4
Loans receivable, net (1)	—	—	8,922.7	8,922.7
Liabilities				
Revolving secured lines of credit (1)	$ —	$ 0.1	$ —	$ 0.1
Secured financing (1)	3,831.7	1,600.2	—	5,431.9
Senior notes (1)	1,035.3	—	—	1,035.3

(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.

4. RESTRICTED SECURITIES AVAILABLE FOR SALE

Restricted securities available for sale consist of the following:

(In millions)	As of December 31, 2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Corporate bonds	$ 49.4	$ 0.2	$ (0.4)	$ 49.2
U.S. Government and agency securities	35.6	0.1	(0.4)	35.3
Asset-backed securities	20.1	0.1	—	20.2
Mortgage-backed securities	1.7	—	—	1.7
Total restricted securities available for sale	$ 106.8	$ 0.4	$ (0.8)	$ 106.4

(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 December 31, 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	$ 13.1	$ (0.2)	$ 8.4	$ (0.2)	$ 21.5	$ (0.4)
U.S. Government and agency securities	19.8	(0.2)	4.9	(0.2)	24.7	(0.4)
Asset-backed securities	2.4	—	3.6	—	6.0	—
Mortgage-backed securities	1.7	—	—	—	1.7	—
Total restricted securities available for sale	$ 37.0	$ (0.4)	$ 16.9	$ (0.4)	$ 53.9	$ (0.8)

(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)

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 December 31,			
	2024		2023	
Contractual Maturity	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Within one year	$ 9.5	$ 9.4	$ 6.9	$ 6.8
Over one year to five years	84.7	84.3	80.5	79.1
Over five years to ten years	12.6	12.7	7.1	7.2
Over ten years	—	—	0.1	0.1
Total restricted securities available for sale	$ 106.8	$ 106.4	$ 94.6	$ 93.2

5. LOANS RECEIVABLE

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

(In millions)	As of December 31, 2024		
	Dealer Loans	Purchased Loans	Total
Loans receivable	$ 8,521.0	$ 2,768.1	$ 11,289.1
Allowance for credit losses	(2,844.5)	(594.3)	(3,438.8)
Loans receivable, net	$ 5,676.5	$ 2,173.8	$ 7,850.3

(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

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

(In millions)	For the Year Ended December 31, 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	1,931.4	905.9	2,837.3	(651.7)	(192.9)	(844.6)	1,279.7	713.0	1,992.7
Provision for credit losses	—	—	—	(537.3)	(277.4)	(814.7)	(537.3)	(277.4)	(814.7)
New Consumer Loan assignments (1)	3,578.3	1,040.1	4,618.4	—	—	—	3,578.3	1,040.1	4,618.4
Collections (2)	(3,575.5)	(1,641.0)	(5,216.5)	—	—	—	(3,575.5)	(1,641.0)	(5,216.5)
Accelerated Dealer Holdback payments	59.0	—	59.0	—	—	—	59.0	—	59.0
Dealer Holdback payments	241.2	—	241.2	—	—	—	241.2	—	241.2
Transfers (3)	(138.9)	138.9	—	45.3	(45.3)	—	(93.6)	93.6	—
Write-offs	(658.3)	(634.7)	(1,293.0)	658.3	634.7	1,293.0	—	—	—
Recoveries (4)	3.4	4.3	7.7	(3.4)	(4.3)	(7.7)	—	—	—
Deferral of Loan origination costs	14.9	—	14.9	—	—	—	14.9	—	14.9
Balance, end of period	$ 8,521.0	$ 2,768.1	$ 11,289.1	$ (2,844.5)	$ (594.3)	$ (3,438.8)	$ 5,676.5	$ 2,173.8	$ 7,850.3

(In millions)	For the Year Ended December 31, 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	1,575.5	925.5	2,501.0	(528.8)	(216.8)	(745.6)	1,046.7	708.7	1,755.4
Provision for credit losses	—	—	—	(427.7)	(308.5)	(736.2)	(427.7)	(308.5)	(736.2)
New Consumer Loan assignments (1)	2,933.7	1,214.1	4,147.8	—	—	—	2,933.7	1,214.1	4,147.8
Collections (2)	(3,147.7)	(1,656.8)	(4,804.5)	—	—	—	(3,147.7)	(1,656.8)	(4,804.5)
Accelerated Dealer Holdback payments	46.9	—	46.9	—	—	—	46.9	—	46.9
Dealer Holdback payments	235.9	—	235.9	—	—	—	235.9	—	235.9
Transfers (3)	(100.9)	100.9	—	35.8	(35.8)	—	(65.1)	65.1	—
Write-offs	(566.6)	(723.8)	(1,290.4)	566.6	723.8	1,290.4	—	—	—
Recoveries (4)	1.6	4.0	5.6	(1.6)	(4.0)	(5.6)	—	—	—
Deferral of Loan origination costs	12.3	—	12.3	—	—	—	12.3	—	12.3
Balance, end 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

(In millions)	For the Year Ended December 31, 2022								
	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	$ 5,655.1	$ 3,694.7	$ 9,349.8	$ (1,767.8)	$ (1,245.7)	$ (3,013.5)	$ 3,887.3	$ 2,449.0	$ 6,336.3
Finance charges	1,391.0	997.8	2,388.8	(442.4)	(260.1)	(702.5)	948.6	737.7	1,686.3
Provision for credit losses	—	—	—	(240.4)	(241.0)	(481.4)	(240.4)	(241.0)	(481.4)
New Consumer Loan assignments (1)	2,530.0	1,095.3	3,625.3	—	—	—	2,530.0	1,095.3	3,625.3
Collections (2)	(3,237.5)	(1,871.9)	(5,109.4)	—	—	—	(3,237.5)	(1,871.9)	(5,109.4)
Accelerated Dealer Holdback payments	44.2	—	44.2	—	—	—	44.2	—	44.2
Dealer Holdback payments	186.6	—	186.6	—	—	—	186.6	—	186.6
Transfers (3)	(72.1)	72.1	—	18.3	(18.3)	—	(53.8)	53.8	—
Write-offs	(433.4)	(900.4)	(1,333.8)	433.4	900.4	1,333.8	—	—	—
Recoveries (4)	1.1	3.1	4.2	(1.1)	(3.1)	(4.2)	—	—	—
Deferral of Loan origination costs	9.8	—	9.8	—	—	—	9.8	—	9.8
Balance, end 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

(1) The Dealer Loans amount represents advances paid to Dealers on Consumer Loans assigned under the Portfolio Program. The Purchased Loans amount represents one-time payments made to Dealers to purchase Consumer Loans assigned under the Purchase Program.
(2) Represents repayments that we collected on Consumer Loans assigned under our programs.
(3) Under the 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.

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 Year Ended December 31, 2024		
Provision for Credit Losses	Dealer Loans	Purchased Loans	Total
New Consumer Loan assignments	$ 191.4	$ 129.5	$ 320.9
Forecast changes	345.9	147.9	493.8
Total	$ 537.3	$ 277.4	$ 814.7

(In millions)	For the Year Ended December 31, 2023		
Provision for Credit Losses	Dealer Loans	Purchased Loans	Total
New Consumer Loan assignments	$ 146.2	$ 176.3	$ 322.5
Forecast changes	281.5	132.2	413.7
Total	$ 427.7	$ 308.5	$ 736.2

(In millions)	For the Year Ended December 31, 2022		
Provision for Credit Losses	Dealer Loans	Purchased Loans	Total
New Consumer Loan assignments	$ 154.8	$ 188.9	$ 343.7
Forecast changes	85.6	52.1	137.7
Total	$ 240.4	$ 241.0	$ 481.4

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 assignment 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 yields.

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

(In millions)	For the Year Ended December 31, 2024		
New Consumer Loan Assignments	**Dealer Loans**	**Purchased Loans**	**Total**
Contractual net cash flows at the time of assignment (1)	$ 5,613.6	$ 2,126.0	$ 7,739.6
Expected net cash flows at the time of assignment (2)	5,090.0	1,514.5	6,604.5
Loans receivable at the time of assignment (3)	3,578.3	1,040.1	4,618.4
Provision for credit losses expense at the time of assignment	$ (191.4)	$ (129.5)	$ (320.9)
Expected future finance charges at the time of assignment (4)	1,703.1	603.9	2,307.0
Expected net Loan income at the time of assignment (5)	$ 1,511.7	$ 474.4	$ 1,986.1

(In millions)	For the Year Ended December 31, 2023		
New Consumer Loan Assignments	**Dealer Loans**	**Purchased Loans**	**Total**
Contractual net cash flows at the time of assignment (1)	$ 4,579.3	$ 2,438.1	$ 7,017.4
Expected net cash flows at the time of assignment (2)	4,154.8	1,704.4	5,859.2
Loans receivable at the time of assignment (3)	2,933.7	1,214.1	4,147.8
Provision for credit losses expense at the time of assignment	$ (146.2)	$ (176.3)	$ (322.5)
Expected future finance charges at the time of assignment (4)	1,367.3	666.6	2,033.9
Expected net Loan income at the time of assignment (5)	$ 1,221.1	$ 490.3	$ 1,711.4

(In millions)	For the Year Ended December 31, 2022		
New Consumer Loan Assignments	**Dealer Loans**	**Purchased Loans**	**Total**
Contractual net cash flows at the time of assignment (1)	$ 3,874.4	$ 2,185.9	$ 6,060.3
Expected net cash flows at the time of assignment (2)	3,516.1	1,497.0	5,013.1
Loans receivable at the time of assignment (3)	2,530.0	1,095.3	3,625.3
Provision for credit losses expense at the time of assignment	$ (154.8)	$ (188.9)	$ (343.7)
Expected future finance charges at the time of assignment (4)	1,140.9	590.6	1,731.5
Expected net Loan income at the time of assignment (5)	$ 986.1	$ 401.7	$ 1,387.8

(1) The Dealer Loans amount represents repayments that we were contractually owed at the time of assignment on Consumer Loans assigned under the 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 the Purchase Program.
(2) The Dealer Loans amount represents repayments that we expected to collect at the time of assignment on Consumer Loans assigned under the 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 the Purchase Program.
(3) The Dealer Loans amount represents advances paid to Dealers on Consumer Loans assigned under the Portfolio Program. The Purchased Loans amount represents one-time payments made to Dealers to purchase Consumer Loans assigned under the 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.

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

(In millions)	For the Year Ended December 31, 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)	5,090.0	1,514.5	6,604.5
Realized net cash flows (2)	(3,275.3)	(1,641.0)	(4,916.3)
Forecast changes	(204.6)	(109.4)	(314.0)
Transfers (3)	(141.0)	147.8	6.8
Balance, end of period	$ 8,176.3	$ 3,383.9	$ 11,560.2

(In millions)	For the Year Ended December 31, 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)	4,154.8	1,704.4	5,859.2
Realized net cash flows (2)	(2,864.9)	(1,656.8)	(4,521.7)
Forecast changes	(125.3)	(81.0)	(206.3)
Transfers (3)	(95.3)	109.9	14.6
Balance, end of period	$ 6,707.2	$ 3,472.0	$ 10,179.2

(In millions)	For the Year Ended December 31, 2022		
Expected Future Net Cash Flows	Dealer Loans	Purchased Loans	Total
Balance, beginning of period	$ 5,249.7	$ 3,698.6	$ 8,948.3
New Consumer Loan assignments (1)	3,516.1	1,497.0	5,013.1
Realized net cash flows (2)	(3,006.7)	(1,871.9)	(4,878.6)
Forecast changes	(41.6)	(18.1)	(59.7)
Transfers (3)	(79.6)	89.9	10.3
Balance, end of period	$ 5,637.9	$ 3,395.5	$ 9,033.4

(1) The Dealer Loans amount represents repayments that we expected to collect at the time of assignment on Consumer Loans assigned under the 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 the Purchase Program.

(2) The Dealer Loans amount represents repayments that we collected on Consumer Loans assigned under the 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 the Purchase Program.

(3) Under the 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.

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 2 to the consolidated financial statements. The following table compares our aggregated forecast of Consumer Loan collection rates as of December 31, 2024, with the aggregated forecasts as of December 31, 2023, as of December 31, 2022, and at the time of assignment, segmented by year of assignment:

	Total Loans as of December 31, 2024						
	Forecasted Collection Percentage as of (1)				Current Forecast Variance from		
Consumer Loan Assignment Year	December 31, 2024	December 31, 2023	December 31, 2022	Initial Forecast	December 31, 2023	December 31, 2022	Initial Forecast
2015	65.3 %	65.2 %	65.2 %	67.7 %	0.1 %	0.1 %	-2.4 %
2016	63.9 %	63.8 %	63.8 %	65.4 %	0.1 %	0.1 %	-1.5 %
2017	64.7 %	64.7 %	64.7 %	64.0 %	0.0 %	0.0 %	0.7 %
2018	65.5 %	65.5 %	65.2 %	63.6 %	0.0 %	0.3 %	1.9 %
2019	67.2 %	66.9 %	66.6 %	64.0 %	0.3 %	0.6 %	3.2 %
2020	67.7 %	67.6 %	67.8 %	63.4 %	0.1 %	-0.1 %	4.3 %
2021	63.8 %	64.5 %	66.2 %	66.3 %	-0.7 %	-2.4 %	-2.5 %
2022	60.2 %	62.7 %	66.3 %	67.5 %	-2.5 %	-6.1 %	-7.3 %
2023	64.3 %	67.4 %	—	67.5 %	-3.1 %	—	-3.2 %
2024	66.5 %	—	—	67.2 %	—	—	-0.7 %

	Dealer Loans as of December 31, 2024						
	Forecasted Collection Percentage as of (1) (2)				Current Forecast Variance from		
Consumer Loan Assignment Year	December 31, 2024	December 31, 2023	December 31, 2022	Initial Forecast	December 31, 2023	December 31, 2022	Initial Forecast
2015	64.6 %	64.6 %	64.5 %	67.5 %	0.0 %	0.1 %	-2.9 %
2016	63.1 %	63.0 %	63.0 %	65.1 %	0.1 %	0.1 %	-2.0 %
2017	64.1 %	64.0 %	64.0 %	63.8 %	0.1 %	0.1 %	0.3 %
2018	64.9 %	64.9 %	64.6 %	63.6 %	0.0 %	0.3 %	1.3 %
2019	66.8 %	66.5 %	66.3 %	63.9 %	0.3 %	0.5 %	2.9 %
2020	67.5 %	67.4 %	67.7 %	63.3 %	0.1 %	-0.2 %	4.2 %
2021	63.5 %	64.2 %	66.0 %	66.3 %	-0.7 %	-2.5 %	-2.8 %
2022	59.5 %	62.0 %	65.8 %	67.3 %	-2.5 %	-6.3 %	-7.8 %
2023	63.1 %	66.4 %	—	66.8 %	-3.3 %	—	-3.7 %
2024	65.4 %	—	—	66.3 %	—	—	-0.9 %

	Purchased Loans as of December 31, 2024						
	Forecasted Collection Percentage as of (1) (2)				Current Forecast Variance from		
Consumer Loan Assignment Year	December 31, 2024	December 31, 2023	December 31, 2022	Initial Forecast	December 31, 2023	December 31, 2022	Initial Forecast
2015	69.0 %	68.9 %	68.9 %	68.5 %	0.1 %	0.1 %	0.5 %
2016	66.1 %	66.1 %	66.0 %	66.5 %	0.0 %	0.1 %	-0.4 %
2017	66.3 %	66.3 %	66.3 %	64.6 %	0.0 %	0.0 %	1.7 %
2018	66.8 %	66.8 %	66.4 %	63.5 %	0.0 %	0.4 %	3.3 %
2019	67.9 %	67.5 %	67.2 %	64.2 %	0.4 %	0.7 %	3.7 %
2020	67.9 %	67.8 %	68.0 %	63.6 %	0.1 %	-0.1 %	4.3 %
2021	64.3 %	65.0 %	66.7 %	66.3 %	-0.7 %	-2.4 %	-2.0 %
2022	62.1 %	64.3 %	67.4 %	68.0 %	-2.2 %	-5.3 %	-5.9 %
2023	67.7 %	70.1 %	—	69.4 %	-2.4 %	—	-1.7 %
2024	70.7 %	—	—	70.7 %	—	—	0.0 %

(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 December 31, 2024 and December 31, 2023, segmented by year of assignment:

(In millions)

	Total Loans as of December 31, 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	$ 25.5	$ 18.8	$ 87.3	$ 239.7	$ 371.3
2020	113.3	64.2	179.1	25.7	382.3
2021	267.8	125.2	259.0	3.8	655.8
2022	795.2	269.8	371.7	1.0	1,437.7
2023	2,033.7	576.5	420.6	—	3,030.8
2024	4,412.3	819.1	179.8	—	5,411.2
	$ 7,647.8	$ 1,873.6	$ 1,497.5	$ 270.2	$ 11,289.1

(In millions)

	Dealer Loans as of December 31, 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	$ 11.3	$ 8.2	$ 39.7	$ 132.4	$ 191.6
2020	67.9	37.7	106.4	18.5	230.5
2021	180.2	82.6	171.0	3.0	436.8
2022	569.7	191.5	262.1	0.8	1,024.1
2023	1,487.0	429.4	312.8	—	2,229.2
2024	3,571.3	686.8	150.7	—	4,408.8
	$ 5,887.4	$ 1,436.2	$ 1,042.7	$ 154.7	$ 8,521.0

(In millions)

	Purchased Loans as of December 31, 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	$ 14.2	$ 10.6	$ 47.6	$ 107.3	$ 179.7
2020	45.4	26.5	72.7	7.2	151.8
2021	87.6	42.6	88.0	0.8	219.0
2022	225.5	78.3	109.6	0.2	413.6
2023	546.7	147.1	107.8	—	801.6
2024	841.0	132.3	29.1	—	1,002.4
	$ 1,760.4	$ 437.4	$ 454.8	$ 115.5	$ 2,768.1

(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

(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 years ended December 31, 2024 and 2023, segmented by year of assignment:

(In millions)	For the Year Ended December 31, 2024		
Write-offs by Consumer Loan Assignment Year	**Dealer Loans**	**Purchased Loans**	**Total**
2019 and prior	$ 177.6	$ 134.5	$ 312.1
2020	110.5	73.5	184.0
2021	131.3	92.3	223.6
2022	175.0	139.8	314.8
2023	47.6	143.9	191.5
2024	16.3	50.7	67.0
	$ 658.3	$ 634.7	$ 1,293.0

(In millions)	For the Year Ended December 31, 2023		
Write-offs by Consumer Loan Assignment Year	**Dealer Loans**	**Purchased Loans**	**Total**
2018 and prior	$ 120.6	$ 104.8	$ 225.4
2019	101.3	176.6	277.9
2020	107.0	101.9	208.9
2021	107.2	119.7	226.9
2022	113.3	158.0	271.3
2023	17.2	62.8	80.0
	$ 566.6	$ 723.8	$ 1,290.4

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. 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.

The COVID-19 pandemic created conditions that increased the level of uncertainty associated with our estimate of the amount and timing of future net cash flows from our Loan portfolio. During the first quarter of 2020, we applied a subjective adjustment to our forecasting model to reflect our best estimate of the future impact of the COVID-19 pandemic on future net cash flows ("COVID forecast adjustment"), which reduced our estimate of future net cash flows by $162.2 million. We continued to apply the COVID forecast adjustment through the end of 2021, as it continued to represent our best estimate. During the first quarter of 2022, we determined that we had sufficient Consumer Loan performance experience since the lapse of federal stimulus payments and enhanced unemployment benefits to refine our estimate of future net cash flows. Accordingly, during the first quarter of 2022, we removed the COVID forecast adjustment and enhanced our methodology for forecasting the amount and timing of future net cash flows from our Loan portfolio through the utilization of more recent data and new forecast variables.

The removal of the COVID forecast adjustment and the implementation of the enhanced forecasting methodology during the first quarter of 2022 impacted forecasted net cash flows and provision for credit losses as follows:

(In millions)	Increase / (Decrease) in	
Forecasting Methodology Changes	Forecasted Net Cash Flows	Provision for Credit Losses
Removal of COVID forecast adjustment	$ 149.5	$ (118.5)
Implementation of enhanced forecasting methodology	(53.8)	47.9
Total	$ 95.7	$ (70.6)

6. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

(In millions)	As of December 31,	
	2024	2023
Land and land improvements	$ 2.7	$ 2.9
Building and improvements	17.6	58.8
Data processing equipment and software	44.1	50.0
Office furniture and equipment	2.2	2.6
Total property and equipment	66.6	114.3
Less: Accumulated depreciation on property and equipment	(51.9)	(67.8)
Total property and equipment, net	$ 14.7	$ 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.

Depreciation expense on property and equipment was $6.7 million, $8.9 million, and $9.0 million for the years ended December 31, 2024, 2023, and 2022, respectively.

7. REINSURANCE

A summary of reinsurance activity is as follows:

(In millions)	For the Years Ended December 31,		
	2024	2023	2022
Net assumed written premiums	$ 104.4	$ 92.8	$ 72.5
Net premiums earned	96.1	79.6	62.7
Provision for claims	73.5	70.7	46.4
Amortization of capitalized acquisition costs	2.4	1.9	1.5

The trust assets and related reinsurance liabilities are as follows:

(In millions)		As of December 31,	
	Balance Sheet location	2024	2023
Trust assets	Restricted cash and cash equivalents	$ 0.3	$ 1.4
Trust assets	Restricted securities available for sale	106.4	93.2
Unearned premium	Accounts payable and accrued liabilities	75.9	67.6
Claims reserve (1)	Accounts payable and accrued liabilities	6.0	5.6

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

The following tables present information about incurred and paid claims development for the five-year period ended December 31, 2024:

(Dollars in millions)

	Cumulative Incurred Claims					As of December 31, 2024	
	As of December 31,						
Incident Year	2020	2021	2022	2023	2024	Claims Reserve	Cumulative Number of Reported Claims
2020	$ 37.7	$ 37.6	$ 37.7	$ 37.7	$ 37.7	$ —	28,214
2021		38.9	39.2	39.3	39.3	—	28,855
2022			46.0	47.7	47.8	—	30,492
2023				68.9	69.2	—	38,725
2024					73.1	6.0	38,798
Total					$ 267.1	$ 6.0	165,084

(In millions)

	Cumulative Paid Claims				
	As of December 31,				
Incident Year	2020	2021	2022	2023	2024
2020	$ 35.4	$ 37.6	$ 37.7	$ 37.7	$ 37.7
2021		36.5	39.2	39.3	39.3
2022			42.9	47.7	47.8
2023				63.3	69.2
2024					67.1
Total					$ 261.1

Average Annual Percentage Payout of Incurred Claims by Age					
Claim Age (Years)	1	2	3	4	5
Payout Percentage	91.7 %	8.1 %	0.2 %	— %	— %

8. OTHER INCOME

Other income consists of the following:

(In millions)	For the Years Ended December 31,		
	2024	2023	2022
Ancillary product profit sharing	$ 33.4	$ 34.1	$ 60.6
Interest	26.2	19.7	6.6
Remarketing fees	12.1	10.7	13.4
Other	1.9	2.4	2.8
Total	$ 73.6	$ 66.9	$ 83.4

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.

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

(In millions)	For the Year Ended December 31, 2024				
	Ancillary product profit sharing	Interest	Remarketing fees	Other	Total Other Income
Source of income					
Third-Party Providers	$ 33.4	$ 26.2	$ —	$ 0.5	$ 60.1
Dealers	—	—	12.1	1.4	13.5
Total	$ 33.4	$ 26.2	$ 12.1	$ 1.9	$ 73.6
Timing of revenue recognition					
Over time	$ 33.4	$ 26.2	$ —	$ 0.6	$ 60.2
At a point in time	—	—	12.1	1.3	13.4
Total	$ 33.4	$ 26.2	$ 12.1	$ 1.9	$ 73.6

9. DEBT

Debt consists of the following:

(In millions)	As of December 31, 2024			
	Principal Outstanding	Unamortized Debt Issuance Costs	Unamortized Discount	Carrying Amount
Revolving secured lines of credit (1)	$ 0.1	$ —	$ —	$ 0.1
Secured financing (2)	5,391.8	(29.0)	(1.3)	5,361.5
Senior notes	1,000.0	(8.7)	—	991.3
Mortgage note	—	—	—	—
Total debt	$ 6,391.9	$ (37.7)	$ (1.3)	$ 6,352.9

(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 $4.4 million and $4.2 million as of December 31, 2024 and December 31, 2023, respectively, which are included in other assets.
(2) Warehouse facilities and Term ABS financings.

General information for each of our financing transactions in place as of December 31, 2024 is as follows:

(Dollars in millions)

Financings	Wholly Owned Subsidiary	Maturity Date		Financing Amount	Interest Rate Basis as of December 31, 2024
Revolving Secured Line of Credit Facility	n/a	06/22/27		$ 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	09/20/27	(3)	$ 500.0	SOFR plus 185.0 basis points
Warehouse Facility IV (2)	CAC Warehouse Funding LLC IV	12/29/26	(3)	$ 300.0	SOFR plus 221.4 basis points
Warehouse Facility V (2)	CAC Warehouse Funding LLC V	12/29/27	(4)	$ 250.0	SOFR plus 185.0 basis points
Warehouse Facility VI (2)	CAC Warehouse Funding LLC VI	09/30/26	(3)	$ 75.0	SOFR plus 210.0 basis points
Warehouse Facility VIII (2)	CAC Warehouse Funding LLC VIII	09/21/26	(3)	$ 200.0	SOFR plus 225.0 basis points
Term ABS 2019-2 (2)	Credit Acceptance Funding LLC 2019-2	09/15/26	(5)	$ 500.0	Fixed rate
Term ABS 2021-1 (2)	Credit Acceptance Funding LLC 2021-1	02/17/26	(5)	$ 100.0	SOFR plus 220.0 basis points
Term ABS 2021-4 (2)	Credit Acceptance Funding LLC 2021-4	10/16/23	(3)	$ 250.1	Fixed rate
Term ABS 2022-1 (2)	Credit Acceptance Funding LLC 2022-1	06/17/24	(3)	$ 350.0	Fixed rate
Term ABS 2022-2 (2)	Credit Acceptance Funding LLC 2022-2	06/15/27	(5)	$ 300.0	SOFR plus 246.4 basis points
Term ABS 2022-3 (2)	Credit Acceptance Funding LLC 2022-3	10/15/24	(3)	$ 389.9	Fixed rate
Term ABS 2023-1 (2)	Credit Acceptance Funding LLC 2023-1	03/17/25	(3)	$ 400.0	Fixed rate
Term ABS 2023-2 (2)	Credit Acceptance Funding LLC 2023-2	05/15/25	(3)	$ 400.0	Fixed rate
Term ABS 2023-3 (2)	Credit Acceptance Funding LLC 2023-3	08/15/25	(3)	$ 400.0	Fixed rate
Term ABS 2023-A (2)	Credit Acceptance Funding LLC 2023-A	12/15/25	(5)	$ 200.0	Fixed rate
Term ABS 2023-5 (2)	Credit Acceptance Funding LLC 2023-5	12/15/25	(3)	$ 294.0	Fixed rate
Term ABS 2024-A (2)	Credit Acceptance Funding LLC 2024-A	02/15/27	(5)	$ 200.0	Fixed rate
Term ABS 2024-1 (2)	Credit Acceptance Funding LLC 2024-1	03/16/26	(3)	$ 500.0	Fixed rate
Term ABS 2024-2 (2)	Credit Acceptance Funding LLC 2024-2	06/15/26	(3)	$ 550.0	Fixed rate
Term ABS 2024-3 (2)	Credit Acceptance Funding LLC 2024-3	09/15/26	(3)	$ 600.0	Fixed rate
Term ABS 2024-B (2)	Credit Acceptance Funding LLC 2024-B	12/15/27	(5)	$ 300.0	Fixed rate
2026 Senior Notes	n/a	03/15/26		$ 400.0	Fixed rate
2028 Senior Notes	n/a	12/15/28		$ 600.0	Fixed rate

(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) Represents the revolving maturity date. The outstanding balance will amortize after the revolving maturity date and any amounts remaining on December 27, 2029 will be due on that date.
(5) 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 Years Ended December 31,	
	2024	2023
Revolving Secured Lines of Credit		
Maximum outstanding principal balance	$ 342.0	$ 355.5
Average outstanding principal balance	127.0	156.8
Warehouse Facility II		
Maximum outstanding principal balance	$ 251.0	$ 201.0
Average outstanding principal balance	94.4	74.3
Warehouse Facility IV		
Maximum outstanding principal balance	$ —	$ 100.0
Average outstanding principal balance	—	14.0
Warehouse Facility V		
Maximum outstanding principal balance	$ 100.0	$ 82.0
Average outstanding principal balance	5.7	5.2
Warehouse Facility VI		
Maximum outstanding principal balance	$ 75.0	$ —
Average outstanding principal balance	36.5	—
Warehouse Facility VIII		
Maximum outstanding principal balance	$ 100.0	$ 82.0
Average outstanding principal balance	19.4	5.2

(Dollars in millions)	As of December 31,	
	2024	2023
Revolving Secured Lines of Credit		
Principal balance outstanding	$ 0.1	$ 79.2
Amount available for borrowing (1)	409.9	330.8
Interest rate	6.37 %	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	2.5	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	—	1.5
Interest rate	— %	— %
Warehouse Facility V		
Principal balance outstanding	$ —	$ —
Amount available for borrowing (1)	250.0	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	—	—
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	529.0	597.3
Restricted cash and cash equivalents pledged as collateral	41.7	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 %
Term ABS 2021-1		
Principal balance outstanding	$ 100.0	$ 100.0
Loans pledged as collateral	112.0	112.8
Restricted cash and cash equivalents pledged as collateral	8.7	8.8
Interest rate	6.60 %	7.56 %

(Dollars in millions)	As of December 31,	
	2024	2023
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	$ —	$ 265.0
Loans pledged as collateral	—	396.3
Restricted cash and cash equivalents pledged as collateral	—	33.8
Interest rate	—%	1.24%
Term ABS 2021-4		
Principal balance outstanding	$ 63.6	$ 221.6
Loans pledged as collateral	167.0	255.2
Restricted cash and cash equivalents pledged as collateral	16.4	21.0
Interest rate	1.89%	1.46%
Term ABS 2022-1		
Principal balance outstanding	$ 236.6	$ 350.0
Loans pledged as collateral	310.0	378.2
Restricted cash and cash equivalents pledged as collateral	24.9	27.4
Interest rate	5.24%	5.03%
Term ABS 2022-2		
Principal balance outstanding	$ 300.0	$ 200.0
Loans pledged as collateral	406.0	212.1
Restricted cash and cash equivalents pledged as collateral	25.2	14.7
Interest rate	7.29%	7.66%
Term ABS 2022-3		
Principal balance outstanding	$ 347.6	$ 389.9
Loans pledged as collateral	395.2	418.9
Restricted cash and cash equivalents pledged as collateral	29.1	28.9
Interest rate	7.82%	7.68%
Term ABS 2023-1		
Principal balance outstanding	$ 400.0	$ 400.0
Loans pledged as collateral	453.0	611.6
Restricted cash and cash equivalents pledged as collateral	33.1	38.5
Interest rate	6.92%	6.92%
Term ABS 2023-2		
Principal balance outstanding	$ 400.0	$ 400.0
Loans pledged as collateral	533.3	701.7
Restricted cash and cash equivalents pledged as collateral	36.8	42.0
Interest rate	6.39%	6.39%
Term ABS 2023-3		
Principal balance outstanding	$ 400.0	$ 400.0
Loans pledged as collateral	524.9	643.8
Restricted cash and cash equivalents pledged as collateral	36.5	40.3
Interest rate	6.86%	6.86%

(Dollars in millions)	As of December 31,	
	2024	2023
Term ABS 2023-A		
Principal balance outstanding	$ 200.0	$ 200.0
Loans pledged as collateral	252.0	273.4
Restricted cash and cash equivalents pledged as collateral	17.7	17.2
Interest rate	7.51 %	7.51 %
Term ABS 2023-5		
Principal balance outstanding	$ 294.0	$ 294.0
Loans pledged as collateral	398.7	433.9
Restricted cash and cash equivalents pledged as collateral	32.9	52.2
Interest rate	6.54 %	6.54 %
Term ABS 2024-A		
Principal balance outstanding	$ 200.0	$ —
Loans pledged as collateral	248.4	—
Restricted cash and cash equivalents pledged as collateral	18.1	—
Interest rate	7.45 %	— %
Term ABS 2024-1		
Principal balance outstanding	$ 500.0	$ —
Loans pledged as collateral	553.3	—
Restricted cash and cash equivalents pledged as collateral	45.0	—
Interest rate	6.01 %	— %
Term ABS 2024-2		
Principal balance outstanding	$ 550.0	$ —
Loans pledged as collateral	646.8	—
Restricted cash and cash equivalents pledged as collateral	42.0	—
Interest rate	6.21 %	— %
Term ABS 2024-3		
Principal balance outstanding	$ 600.0	$ —
Loans pledged as collateral	700.9	—
Restricted cash and cash equivalents pledged as collateral	51.5	—
Interest rate	4.91 %	— %
Term ABS 2024-B		
Principal balance outstanding	$ 300.0	$ —
Loans pledged as collateral	425.8	—
Restricted cash and cash equivalents pledged as collateral	37.9	—
Interest rate	6.13 %	— %
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.

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 Dealer Loans Receivable constituting revolving credit facility collateral and 80% of Purchased Contract Balances constituting revolving credit facility collateral (each as defined in the agreement governing our revolving secured line of credit facility), less a hedging reserve (not exceeding $1.0 million), and less the amount of other outstanding 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 $1,325.0 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, 2023-A, and 2024-B 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, 2023-A, and 2024-B financings pledged the Loans for the benefit of their respective lenders. The Term ABS 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 and Term ABS 2024-B, three classes of loans), while the Term ABS 2022-1 and Term ABS 2022-3 financings consist of four classes of notes.

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, 2023-A, and 2024-B 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 4% 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.

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 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.

Principal Debt Maturities

The scheduled principal maturities of our debt as of December 31, 2024 are as follows:

(In millions)

Year	Revolving Secured Lines of Credit Facility	Warehouse Facilities	Term ABS Financings (1)	Senior Notes	Total
2025	$ —	$ —	$ 1,249.6	$ —	$ 1,249.6
2026	—	—	2,146.9	400.0	2,546.9
2027	0.1	—	1,924.7	—	1,924.8
2028	—	—	70.6	600.0	670.6
2029	—	—	—	—	—
Thereafter	—	—	—	—	—
Total	$ 0.1	$ —	$ 5,391.8	$ 1,000.0	$ 6,391.9

(1) The principal maturities of the Term ABS financings are estimated based on forecasted collections.

Debt Covenants

As of December 31, 2024, we were in compliance with our covenants under our revolving secured line of credit facility, our Warehouse facilities, our Term ABS financings, the senior notes indentures, and the RTP Facility.

Our revolving secured line of credit facility and our Warehouse facilities include covenants 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 and Term ABS financings contain covenants that measure the performance of the conveyed assets.

10. INCOME TAXES

Income Tax Provision

The income tax provision consists of the following:

(In millions)	For the Years Ended December 31,		
	2024	2023	2022
Income before provision for income taxes:	$ 329.5	$ 367.6	$ 711.7
Current provision for income taxes:			
Federal	116.1	97.1	152.7
State	32.9	20.2	28.5
	149.0	117.3	181.2
Deferred provision for income taxes:			
Federal	(47.9)	(26.4)	(10.8)
State	(22.5)	(11.6)	3.1
	(70.4)	(38.0)	(7.7)
Interest and penalties expense:			
Interest	3.0	2.2	2.4
Penalties	—	—	—
	3.0	2.2	2.4
Provision for income taxes	$ 81.6	$ 81.5	$ 175.9

Deferred Taxes

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities consist of the following:

(In millions)	As of December 31,	
	2024	2023
Deferred tax assets:		
Allowance for credit losses	$ 831.7	$ 741.2
Stock-based compensation	14.3	14.6
Deferred state net operating loss	25.3	13.7
Other, net	15.2	14.1
Total deferred tax assets	886.5	783.6
Deferred tax liabilities:		
Valuation of Loans receivable	1,195.8	1,158.9
Deferred Loan origination costs	1.8	1.6
Other, net	8.0	12.3
Total deferred tax liabilities	1,205.6	1,172.8
Net deferred tax liability	$ 319.1	$ 389.2

The deferred state net operating loss tax asset arising from the operating loss carryforward for state income tax purposes is expected to expire at various times beginning in 2034, if not utilized. We do not anticipate expiration of the net operating loss carryforwards prior to their utilization.

Effective Income Tax Rate

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

	For the Years Ended December 31,		
	2024	2023	2022
U.S. federal statutory income tax rate	21.0 %	21.0 %	21.0 %
State and local income taxes	3.1 %	2.7 %	3.8 %
Non-deductible executive compensation expense	2.1 %	1.3 %	0.5 %
Excess tax benefits from stock-based compensation plans	-1.6 %	-3.0 %	-0.8 %
Other	0.2 %	0.2 %	0.2 %
Effective income tax rate	24.8 %	22.2 %	24.7 %

State and local income taxes

For the year ended December 31, 2024, the impact of state and local income taxes on our effective income tax rate increased from 2023, primarily due to an adjustment to an uncertain tax position estimate for state income taxes during the second quarter of 2024 and changes in state tax laws that were enacted during the second quarter of 2024.

For the year ended December 31, 2023, the impact of state and local income taxes on our effective income tax rate decreased from 2022 primarily due to the settlement of an uncertain tax position for state income taxes during the second quarter of 2023.

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 year ended December 31, 2024, the impact of non-deductible executive compensation expense on our effective income tax rate increased from 2023, primarily due to an increase in non-deductible executive compensation expense.

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 vests, 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 year ended December 31, 2024 as compared to 2023 was primarily due to a decrease in the number of restricted stock units that were settled in common stock during 2024 due to the timing of long-term stock award grants.

Unrecognized Tax Benefits

The following table is a summary of changes in gross unrecognized tax benefits:

(In millions)	For the Years Ended December 31,		
	2024	2023	2022
Unrecognized tax benefits at January 1,	$ 61.0	$ 57.1	$ 49.4
Additions for tax positions of the current year	20.3	16.2	14.5
Additions for tax positions of prior years	2.8	—	—
Reductions for tax positions of prior years	(0.2)	(0.1)	—
Settlements	(3.2)	(3.7)	—
Reductions as a result of a lapse of the statute of limitations	(7.7)	(8.5)	(6.8)
Unrecognized tax benefits at December 31,	$ 73.0	$ 61.0	$ 57.1

The total amount of gross unrecognized tax benefits that, if recognized, would favorably affect our effective income tax rate in future periods was $73.0 million as of December 31, 2024. As of December 31, 2024, it is not possible to reasonably estimate the expected change to the total amount of unrecognized tax benefits in the next twelve months. Accrued interest related to uncertain tax positions was $17.9 million and $15.1 million as of December 31, 2024 and 2023, respectively.

We are subject to income tax in federal, state, and local jurisdictions. We are generally no longer subject to tax examinations on federal returns filed for years prior to 2021 and state and local returns filed for years prior to 2018.

11. 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 Years Ended December 31,		
	2024	2023	2022
Weighted average shares outstanding:			
Common shares	12,159,941	12,728,888	13,197,912
Vested restricted stock units	163,320	224,536	365,973
Basic number of weighted average shares outstanding	12,323,261	12,953,424	13,563,885
Dilutive effect of restricted stock units and stock options	146,022	57,311	61,196
Dilutive number of weighted average shares outstanding	12,469,283	13,010,735	13,625,081

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 Years Ended December 31,		
	2024	2023	2022
Stock options	69,083	228,998	189,465
Restricted stock units	240	3,185	2,827
Total	69,323	232,183	192,292

12. STOCK REPURCHASES

The following table summarizes our stock repurchases for the years ended December 31, 2024, 2023, and 2022:

(Dollars in millions)	For the Years Ended December 31,					
	2024		2023		2022	
Stock Repurchases	Number of Shares Repurchased	Cost (1)	Number of Shares Repurchased	Cost (1)	Number of Shares Repurchased	Cost
Open Market (2)	560,916	$ 300.4	352,062	$ 175.1	1,467,481	$ 773.0
Other (3)	27,109	12.9	57,255	27.5	24,000	11.5
Total	588,025	$ 313.3	409,317	$ 202.6	1,491,481	$ 784.5

(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 December 31, 2024, we had authorization to repurchase 1,245,091 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 settlement of restricted stock units in common stock.

13. STOCK-BASED COMPENSATION PLANS

Pursuant to our Amended and Restated Incentive Compensation Plan (the "Incentive Plan"), at any time prior to April 12, 2031, 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. On April 10, 2024, our board of directors approved an amendment to the Incentive Plan, subject to shareholder approval, increasing the number of shares authorized for issuance by 250,000 shares, to 3,250,000 shares. Shareholder approval was received at our annual meeting of shareholders on June 5, 2024. The shares available for future grants under the Incentive Plan totaled 310,552 as of December 31, 2024.

Restricted Stock Units

We grant performance-based and time-based restricted stock units to team members and directors in accordance with the Incentive Plan. The grant-date fair value per share is estimated to equal the market price of our common stock on the date of grant. Each restricted stock unit represents and has a value equal to one share of common stock. Based on the terms of individual restricted stock unit grant agreements, restricted stock units vest under one of the following methods:

- For executive officers and senior leaders, over a period of ten years, based on continuous employment.
- For certain team members, over a period of three or four years, based on continuous employment.
- For independent directors, over a period of three years, based on continuous service as a director.

A summary of the restricted stock unit ("RSU") activity under the Incentive Plan for the year ended December 31, 2024, is presented below:

Restricted Stock Units	Number of Restricted Stock Units	Weighted Average Grant-Date Fair Value Per Share	Aggregate Intrinsic Value (2) (in millions)	Weighted Average Remaining Contractual Term (in years)	
Outstanding as of December 31, 2023	203,444	$ 179.13			
Granted	401,670	484.58			
Converted	(68,503)	181.30			
Forfeited	(3,164)	466.28			
Outstanding as of December 31, 2024 (1)	533,447	$ 407.15	$ 250.4	4.1	(3)
Vested as of December 31, 2024	110,140	$ 113.85	$ 51.7	1.0	

(1) No RSUs outstanding at December 31, 2024 were convertible to shares of common stock.
(2) The intrinsic value of RSUs is measured by applying the closing stock price as of December 31, 2024 to the applicable number of units.
(3) The calculation of weighted average remaining contractual term of RSUs outstanding excludes 98,497 RSUs that are to be settled in common stock on future dates that are currently not known, as they are contingent on the timing of the team members' retirement from the Company.

The grant-date weighted average fair value of RSUs granted in 2024, 2023, and 2022 was $484.58, $454.04, and $488.27, respectively. The total intrinsic value of RSUs settled in common stock during 2024, 2023, and 2022 was $32.2 million, $84.8 million, and $27.5 million, respectively.

Stock option grants

We have granted time-based stock options to team members and directors in accordance with the Incentive Plan. Based on the terms of individual stock option grant agreements, the stock options:

- vest and become exercisable in three or four equal annual installments beginning on the first anniversary of the date on which the options were granted, based on continuous employment or service, and
- expire either six or ten years from the date of the grant.

A summary of the stock option activity under the Incentive Plan for the year ended December 31, 2024, is presented below:

Stock Options	Number of Stock Options	Weighted Average Exercise Price Per Share	Aggregate Intrinsic Value (1) (in millions)	Weighted Average Remaining Contractual Term (in years)
Outstanding as of December 31, 2023	655,200	$ 365.93		
Exercised	(45,776)	340.17		
Forfeited	(3,958)	366.45		
Outstanding as of December 31, 2024	605,466	$ 367.88	$ 64.5	3.0
Exercisable as of December 31, 2024	537,342	$ 357.60	$ 61.6	2.8
Unvested as of December 31, 2024	68,124	$ 448.94	$ 2.9	4.6

(1) The intrinsic value of stock options is the amount by which the market price of the stock as of December 31, 2024 exceeded the exercise price of the options.

The total intrinsic value of stock options exercised during 2024 was $10.0 million. Net cash proceeds from the exercise of stock options in 2024 was $15.6 million.

Stock-based compensation expense

Stock-based compensation expense consists of the following:

(In millions)

	For the Years Ended December 31,		
	2024	2023	2022
Stock options	$ 32.9	$ 33.5	$ 33.8
Restricted stock units	12.1	5.6	2.7
Total	$ 45.0	$ 39.1	$ 36.5

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 2025 through 2034 compensation period and included a one-time equity award in December 2024 with a vesting period of ten years. We expect to recognize the remaining expense for stock-based awards outstanding as of December 31, 2024 over a weighted-average period of 4.3 years as follows:

(In millions)

For the Years Ended December 31,	Restricted Stock Units	Stock Options	Total Projected Expense
2025	$ 33.2	$ 5.0	$ 38.2
2026	29.5	1.2	30.7
2027	23.6	—	23.6
2028	19.7	—	19.7
2029	17.2	—	17.2
Thereafter	71.7	—	71.7
Total	$ 194.9	$ 6.2	$ 201.1

14. BUSINESS SEGMENT AND OTHER INFORMATION

Business Segment Overview

We identify operating segments as components of our business for which separate financial information is regularly evaluated by our Chief Executive Officer, who acts as the chief operating decision-maker ("CODM"), in assessing performance and making decisions regarding resource allocation. We periodically review and redefine our segment reporting as internal management reporting practices evolve and the components of our business change. Currently, the CODM reviews consolidated financial statements and metrics to assess performance and allocate resources. Thus, we have determined that we operate in one reportable operating segment that represents our core business of offering Dealers innovative financing solutions and related products and services that enable them to sell vehicles to consumers, regardless of their credit history.

The consolidated financial statements reflect the financial results of our one reportable operating segment. The accounting policies of this segment are the same as those described in the summary of significant accounting policies in Note 2. The CODM assesses performance for our one reportable operating segment and decides how to allocate resources based on net income, as reported on our consolidated statements of income, and total assets, as reported on our consolidated balance sheets.

Geographic Information

For the three years ended December 31, 2024, 2023, and 2022, all of our revenues were derived from the United States. As of December 31, 2024 and 2023, all of our long-lived assets were located in the United States.

Products and Services Information

Our primary product consists of innovative financing solutions that enable Dealers to sell vehicles to consumers, regardless of their credit history. We also provide Dealers the ability to offer ancillary products on vehicles financed by us.

Major Customer Information

We did not have any Dealers that provided 10% or more of our revenue during 2024, 2023, or 2022. Additionally, no single Dealer's Loans receivable balance accounted for more than 10% of total Loans receivable as of December 31, 2024 or 2023.

15. 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. Current actions to which we are a party include the following matters:

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 have cooperated 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.

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.

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.

Litigation Resolved during 2022

On October 2, 2020, a shareholder filed a putative class action complaint against the Company, its Chief Executive Officer (now former Chief Executive Officer), and its Chief Financial Officer (now Chief Executive Officer) in the United States District Court for the Eastern District of Michigan, Southern Division, alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5, promulgated thereunder, based on alleged false and/or misleading statements or omissions regarding the Company and its business, and seeking class certification, unspecified damages plus interest and attorney and expert witness fees, and other costs on behalf of a purported class consisting of all persons and entities (subject to specified exceptions) that purchased or otherwise acquired Credit Acceptance common stock from November 1, 2019 through August 28, 2020. In 2022, the Company reached an agreement to make an aggregate cash payment of $12.0 million, all of which was recognized during the second quarter of 2022, to settle claims brought on behalf of all persons and entities that purchased or otherwise acquired Credit Acceptance common stock from May 4, 2018 through August 28, 2020, and provided for a full release of all claims against all defendants, including the Company and its officers. On December 16, 2022, the court entered a final order and judgment consistent with the settlement agreement, including dismissal with prejudice of all claims asserted against the Company and its officers.

Lease Commitments

We lease office equipment and, until December 31, 2022, we also leased office space. We expect that, in the normal course of business, leases will be renewed or replaced by other leases. Total rental expense on all operating leases was $2.0 million for 2024, $1.2 million for 2023, and $1.3 million for 2022. Contingent rentals under the operating leases were insignificant. Our total minimum future lease commitments under operating leases as of December 31, 2024 are as follows:

(In millions)

Year	Minimum Future Lease Commitments
2025	$ 1.0
2026	0.6
2027	0.1
2028	—
2029	—
Total	$ 1.7

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures.

(a) *Disclosure Controls and Procedures.* Our management, with the participation of our principal executive officer 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 quarter ended December 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting.

We are responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on our consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions and that the degree of compliance with the policies or procedures may deteriorate.

We assessed the effectiveness of our internal control over financial reporting as of December 31, 2024. In making this assessment, we used the criteria set forth in the 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on our assessment, we believe that as of December 31, 2024, our internal control over financial reporting is effective based on those criteria.

Our independent registered public accounting firm, Grant Thornton LLP, audited our internal control over financial reporting as of December 31, 2024, and their attestation report dated February 12, 2025 expressed an unqualified opinion on our internal control over financial reporting and is included in this Item 9A.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
Credit Acceptance Corporation

Opinion on internal control over financial reporting
We have audited the internal control over financial reporting of Credit Acceptance Corporation (a Michigan corporation) and subsidiaries (the "Company") as of December 31, 2024, based on criteria established in the 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in the 2013 Internal Control—Integrated Framework issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated financial statements of the Company as of and for the year ended December 31, 2024, and our report dated February 12, 2025 expressed an unqualified opinion on those financial statements.

Basis for opinion
The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and limitations of internal control over financial reporting
A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ GRANT THORNTON LLP

Southfield, Michigan
February 12, 2025

ITEM 9B. OTHER INFORMATION

During the quarter ended December 31, 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 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information is contained under the captions "Proposal #1 – Election of Directors" (excluding the "Report of the Audit Committee") and, if required, "Section 16(a) Beneficial Ownership Reporting Compliance" in the Proxy Statement and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

Information is contained under the caption "Compensation of Executive Officers and Directors" in the Proxy Statement and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information is contained under the caption "Common Stock Ownership of Certain Beneficial Owners and Management" in the Proxy Statement and is incorporated herein by reference.

Our Amended and Restated Incentive Compensation Plan (the "Incentive Plan"), which was approved by shareholders on July 21, 2021, and amendments to which were approved by shareholders on June 2, 2023 and June 5, 2024, provides for the granting of restricted stock, restricted stock units, and stock options to team members, officers, and directors.

The following table sets forth (1) the number of shares of common stock to be issued upon the exercise of outstanding stock options or restricted stock units, (2) the weighted average exercise price of outstanding options, if applicable, and (3) the number of shares remaining available for future issuance, as of December 31, 2024:

Equity Compensation Plan Information

Plan category	Number of shares to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options (a)	Number of shares remaining available for future issuance under equity compensation plans (b)
Equity compensation plan approved by shareholders:			
Incentive Plan	1,138,913	$ 367.88	310,552

(a) The weighted average exercise price in this column does not take into account restricted stock units that are outstanding under the Incentive Plan, which have no exercise price.
(b) For additional information regarding our equity compensation plans, including grants of restricted stock units, see Note 13 to the consolidated financial statements contained in Item 8 of this Form 10-K, which is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information is contained under the caption "Certain Relationships and Transactions" and "Proposal #1 – Election of Directors – Meetings and Committees of the Board of Directors" in the Proxy Statement and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information is contained under the caption "Independent Accountants" in the Proxy Statement and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) The following consolidated financial statements of the Company and notes thereto and the Report of Independent Registered Public Accounting Firm are contained in Item 8 — Financial Statements and Supplementary Data of this Form 10-K, which is incorporated herein by reference.

Report of Independent Registered Public Accounting Firm

Consolidated Financial Statements:

— Consolidated Balance Sheets as of December 31, 2024 and 2023

— Consolidated Statements of Income for the years ended December 31, 2024, 2023, and 2022

— Consolidated Statements of Comprehensive Income for the years ended December 31, 2024, 2023, and 2022

— Consolidated Statements of Shareholders' Equity for the years ended December 31, 2024, 2023, and 2022

— Consolidated Statements of Cash Flows for the years ended December 31, 2024, 2023, and 2022

Notes to Consolidated Financial Statements

(2) Financial statement schedules have been omitted because they are not applicable or are not required or the information required to be set forth therein is included in the consolidated financial statements or notes thereto.

(3) The exhibits filed in response to Item 601 of Regulation S-K are listed in the Exhibit Index below.

EXHIBIT INDEX

Exhibit No.	Description
3.1	Articles of Incorporation, as amended July 1, 1997 (incorporated by reference to Exhibit 3(a)(1) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1997).
3.2	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed March 7, 2022).
4.1	Description of Common Stock of Credit Acceptance Corporation (incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2022).
4.2	Amended and Restated Intercreditor Agreement, dated as of February 1, 2010, among Credit Acceptance Corporation, the other Grantors party thereto, representatives of the Secured Parties thereunder, and Comerica Bank, as administrative agent under the Original Credit Agreement (as defined therein) and as collateral agent (incorporated by reference to Exhibit 4(g)(6) to the Company's Current Report on Form 8-K filed February 5, 2010).
4.3	Amended and Restated Sale and Contribution Agreement, dated as of April 5, 2013, between the Company and CAC Warehouse Funding LLC IV (incorporated by reference to Exhibit 4.85 to the Company's Current Report on Form 8-K filed April 5, 2013).
4.4	First Amendment to Amended and Restated Sale and Contribution Agreement, dated as of December 4, 2013, between the Company and CAC Warehouse Funding LLC IV (incorporated by reference to Exhibit 4.107 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013).
4.5	Sixth Amended and Restated Credit Agreement, dated as of June 23, 2014, among the Company, the Banks signatory thereto, and Comerica Bank, as agent for the Banks (incorporated by reference to Exhibit 4.124 to the Company's Current Report on Form 8-K filed June 25, 2014).
4.6	Loan and Security Agreement, dated as of September 15, 2014, among the Company, CAC Warehouse Funding LLC V, Fifth Third Bank, and Systems & Services Technologies, Inc. (incorporated by reference to Exhibit 4.127 to the Company's Current Report on Form 8-K filed September 18, 2014).
4.7	Backup Servicing Agreement, dated as of September 15, 2014, among the Company, CAC Warehouse Funding LLC V, Fifth Third Bank, and Systems & Services Technologies, Inc. (incorporated by reference to Exhibit 4.128 to the Company's Current Report on Form 8-K filed September 18, 2014).
4.8	Contribution Agreement, dated as of September 15, 2014, between the Company and CAC Warehouse Funding LLC V (incorporated by reference to Exhibit 4.129 to the Company's Current Report on Form 8-K filed September 18, 2014).
4.9	First Amendment to the Sixth Amended and Restated Credit Agreement, dated as of June 11, 2015, among the Company, the Banks which are parties thereto from time to time, and Comerica Bank (incorporated by reference to Exhibit 4.74 to the Company's Current Report on Form 8-K filed June 16, 2015).
4.10	First Amendment to Loan and Security Agreement, dated as of June 11, 2015, among the Company, CAC Warehouse Funding LLC V, Fifth Third Bank, and Systems & Services Technologies, Inc. (incorporated by reference to Exhibit 4.75 to the Company's Current Report on Form 8-K filed June 16, 2015).
4.11	Loan and Security Agreement, dated as of September 30, 2015, among the Company, CAC Warehouse Funding LLC VI, and Flagstar Bank, FSB (incorporated by reference to Exhibit 4.82 to the Company's Current Report on Form 8-K filed October 5, 2015).
4.12	Contribution Agreement, dated as of September 30, 2015, between the Company and CAC Warehouse Funding LLC VI (incorporated by reference to Exhibit 4.83 to the Company's Current Report on Form 8-K filed October 5, 2015).
4.13	Second Amendment to the Sixth Amended and Restated Credit Agreement, dated as of June 15, 2016, among the Company, the Banks signatory thereto, and Comerica Bank, as agent for the Banks (incorporated by reference to Exhibit 4.76 to the Company's Current Report on Form 8-K filed June 20, 2016).
4.14	Second Amendment to Loan and Security Agreement, dated as of August 18, 2016, among the Company, CAC Warehouse Funding LLC V, Fifth Third Bank, and Systems & Services Technologies, Inc. (incorporated by reference to Exhibit 4.79 to the Company's Current Report on Form 8-K filed August 23, 2016).
4.15	First Amendment to Contribution Agreement, dated as of August 18, 2016, between the Company and CAC Warehouse Funding LLC V (incorporated by reference to Exhibit 4.80 to the Company's Current Report on Form 8-K filed August 23, 2016).
4.16	Third Amendment to Sixth Amended and Restated Credit Agreement and Extension Agreement, dated as of June 28, 2017, among the Company, the Banks signatory thereto, and Comerica Bank, as agent for the Banks (incorporated by reference to Exhibit 4.80 to the Company's Current Report on Form 8-K filed June 30, 2017).
4.17	First Amendment to Loan and Security Agreement, dated as of July 18, 2017, among the Company, CAC Warehouse Funding LLC VI, and Flagstar Bank, fsb (incorporated by reference to Exhibit 4.87 to the Company's Current Report on Form 8-K filed July 21, 2017).

4.18	New Bank Addendum, dated October 19, 2017, to the Sixth Amended and Restated Credit Acceptance Corporation Credit Agreement dated as of October 19, 2017, among the Company, each of the financial institutions parties thereto, and Comerica Bank, as agent (incorporated by reference to Exhibit 4.94 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2017).
4.19	Assignment Agreement, dated October 19, 2017, among the Company, the Banks signatory thereto, and Comerica Bank, as agent, under the Sixth Amended and Restated Credit Acceptance Corporation Credit Agreement dated as of June 23, 2014 (incorporated by reference to Exhibit 4.95 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2017).
4.20	Amended and Restated Loan and Security Agreement, dated as of May 10, 2018, among the Company, CAC Warehouse Funding LLC IV, the lenders from time to time party thereto, Bank of Montreal, BMO Capital Markets Corp., and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.86 to the Company's Current Report on Form 8-K filed May 15, 2018).
4.21	Fourth Amendment to Sixth Amended and Restated Credit Agreement, dated as of June 27, 2018, among the Company, the Banks which are parties thereto from time to time, and Comerica Bank as Administrative Agent and Collateral Agent for the Banks (incorporated by reference to Exhibit 4.94 to the Company's Current Report on Form 8-K filed June 28, 2018).
4.22	Third Amendment to Loan and Security Agreement, dated as of August 15, 2018, among the Company, CAC Warehouse Funding LLC V, Fifth Third Bank, and Systems & Services Technologies, Inc. (incorporated by reference to Exhibit 4.95 to the Company's Current Report on Form 8-K filed August 17, 2018).
4.23	Indenture, dated as of March 7, 2019, among Credit Acceptance Corporation, the Guarantors named therein, and U.S. Bank Trust Company, National Association, as successor to U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.99 to the Company's Current Report on Form 8-K filed March 8, 2019).
4.24	Registration Rights Agreement, dated March 7, 2019, among Credit Acceptance Corporation, Buyers Vehicle Protection Plan, Inc., Vehicle Remarketing Services, Inc., and the representative of the initial purchasers of Credit Acceptance Corporation's 6.625% Senior Notes due 2026 (incorporated by reference to Exhibit 4.100 to the Company's Current Report on Form 8-K filed March 8, 2019).
4.25	Fifth Amendment to Sixth Amended and Restated Credit Agreement, dated as of June 24, 2019, 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 4.101 to the Company's Current Report on Form 8-K filed June 26, 2019).
4.26	Fourth Amendment to Loan Security Agreement, dated as of July 16, 2019, among the Company, CAC Warehouse Funding LLC V, and Fifth Third Bank (incorporated by reference to Exhibit 4.103 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2019).
4.27	Second Amendment to Loan and Security Agreement, dated as of July 25, 2019, among the Company, CAC Warehouse Funding LLC VI, and Flagstar Bank, FSB (incorporated by reference to Exhibit 4.105 to the Company's Current Report on Form 8-K filed July 26, 2019).
4.28	Loan and Security Agreement, dated as of July 26, 2019, among the Company, CAC Warehouse Funding LLC VIII, the lenders from time to time party thereto, Citizens Bank N.A., and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.106 to the Company's Current Report on Form 8-K filed July 29, 2019).
4.29	Sale and Contribution Agreement, dated as of July 26, 2019, between the Company and CAC Warehouse Funding LLC VIII (incorporated by reference to Exhibit 4.107 to the Company's Current Report on Form 8-K filed July 29, 2019).
4.30	Backup Servicing Agreement, dated as of July 26, 2019, among the Company, CAC Warehouse Funding LLC VIII, Citizens Bank, N.A., and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.108 to the Company's Current Report on Form 8-K filed July 29, 2019).
4.31	First Amendment to Amended and Restated Loan and Security Agreement, dated as of July 26, 2019, among the Company, CAC Warehouse Funding LLC IV, Bank of Montreal, Citizens Bank, N.A., BMO Capital Markets Corp., and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.110 to the Company's Current Report on Form 8-K filed July 29, 2019).
4.32	Amended and Restated Backup Servicing Agreement, dated as of July 26, 2019, among the Company, CAC Warehouse Funding LLC IV, Bank of Montreal, BMO Capital Markets Corp., and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.111 to the Company's Current Report on Form 8-K filed July 29, 2019).
4.33	Loan and Security Agreement, dated as of August 28, 2019, among the Company, Credit Acceptance Funding LLC 2019-2, and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.112 to the Company's Current Report on Form 8-K filed September 4, 2019).

4.34	Backup Servicing Agreement, dated as of August 28, 2019, among the Company, Credit Acceptance Funding LLC 2019-2, and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.113 to the Company's Current Report on Form 8-K filed September 4, 2019).
4.35	Sale and Contribution Agreement, dated as of August 28, 2019, between the Company and Credit Acceptance Funding LLC 2019-2 (incorporated by reference to Exhibit 4.114 to the Company's Current Report on Form 8-K filed September 4, 2019).
4.36	Second Amended and Restated Backup Servicing Agreement, dated as of August 16, 2019, among the Company, CAC Warehouse Funding LLC II, and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.117 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2019).
4.37	Sixth Amendment to Sixth Amended and Restated Credit Agreement, dated as of June 30, 2020, 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 4.115 to the Company's Current Report on Form 8-K filed July 1, 2020).
4.38	Fifth Amendment to Loan and Security Agreement, dated as of December 16, 2020, among the Company, CAC Warehouse Funding LLC V, and Fifth Third Bank, National Association (incorporated by reference to Exhibit 4.129 to the Company's Current Report on Form 8-K filed December 18, 2020).
4.39	Seventh Amendment to Sixth Amended and Restated Credit Agreement and Extension Agreement, dated as of December 15, 2020, 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 4.128 to the Company's Current Report on Form 8-K filed December 18, 2020).
4.40	Loan and Security Agreement, dated as of January 29, 2021, among the Company, Credit Acceptance Funding LLC 2021-1, Fifth Third Bank, National Association, and Systems and Services Technologies, Inc. (incorporated by reference to Exhibit 4.130 to the Company's Current Report on Form 8-K filed February 4, 2021).
4.41	Backup Servicing Agreement, dated as of January 29, 2021, among the Company, Credit Acceptance Funding LLC 2021-1, Fifth Third Bank, National Association, and Systems and Services Technologies, Inc. (incorporated by reference to Exhibit 4.131 to the Company's Current Report on Form 8-K filed February 4, 2021).
4.42	Sale and Contribution Agreement, dated as of January 29, 2021, between the Company and Credit Acceptance Funding LLC 2021-1 (incorporated by reference to Exhibit 4.132 to the Company's Current Report on Form 8-K filed February 4, 2021).
4.43	Second Amendment to Amended and Restated Loan and Security Agreement, dated as of January 29, 2021, among the Company, CAC Warehouse Funding LLC IV, and Bank of Montreal (incorporated by reference to Exhibit 4.134 to the Company's Current Report on Form 8-K filed February 4, 2021).
4.44	Sixth Amendment to Loan and Security Agreement, dated as of March 22, 2021, among the Company, CAC Warehouse Funding LLC V, and Fifth Third Bank, National Association (incorporated by reference to Exhibit 4.109 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2021).
4.45	First Amendment to Loan and Security Agreement, dated as of March 22, 2021, among the Company, Credit Acceptance Funding LLC 2021-1, and Fifth Third Bank, National Association (incorporated by reference to Exhibit 4.110 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2021).
4.46	Seventh Amended and Restated Loan and Security Agreement, dated as of April 30, 2021, among the Company, CAC Warehouse Funding LLC II, the lenders from time to time party thereto, and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.117 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2021).
4.47	Fifth Amended and Restated Sale and Contribution Agreement, dated as of April 30, 2021, between the Company and CAC Warehouse Funding LLC II (incorporated by reference to Exhibit 4.118 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2021).
4.48	First Amendment to the Loan and Security Agreement, dated as of September 1, 2021, among the Company, CAC Warehouse Funding LLC VIII, Citizens Bank N.A.. and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.119 to the Company's Current Report on Form 8-K filed September 8, 2021).
4.49	Eighth Amendment to Sixth Amended and Restated Credit Agreement and Extension Agreement, dated as of October 6, 2021, 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 4.120 to the Company's Current Report on Form 8-K filed October 12, 2021).

4.50	Third Amendment to Loan and Security Agreement dated as of October 15, 2021 among the Company, CAC Warehouse Funding Corporation VI, and Flagstar Bank, FSB (incorporated by reference to Exhibit 4.121 to the Company's Current Report on Form 8-K filed October 21, 2021).
4.51	Indenture dated as of October 28, 2021, between Credit Acceptance Auto Loan Trust 2021-4 and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.122 to the Company's Current Report on Form 8-K filed November 2, 2021).
4.52	Sale and Servicing Agreement dated as of October 28, 2021 among the Company, Credit Acceptance Auto Loan Trust 2021-4, Credit Acceptance Funding LLC 2021-4, and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.123 to the Company's Current Report on Form 8-K filed November 2, 2021).
4.53	Backup Servicing Agreement dated as of October 28, 2021, among the Company, Credit Acceptance Funding LLC 2021-4, Credit Acceptance Auto Loan Trust 2021-4, and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.124 to the Company's Current Report on Form 8-K filed November 2, 2021).
4.54	Amended and Restated Trust Agreement dated as of October 28, 2021, between Credit Acceptance Funding LLC 2021-4 and U.S. Bank Trust National Association (incorporated by reference to Exhibit 4.125 to the Company's Current Report on Form 8-K filed November 2, 2021).
4.55	Sale and Contribution Agreement dated as of October 28, 2021, between the Company and Credit Acceptance Funding LLC 2021-4 (incorporated by reference to Exhibit 4.126 to the Company's Current Report on Form 8-K filed November 2, 2021).
4.56	Indenture dated as of June 16, 2022, between Credit Acceptance Auto Loan Trust 2022-1 and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.94 to the Company's Current Report on Form 8-K filed June 23, 2022).
4.57	Sale and Servicing Agreement, dated as of June 16, 2022, among the Company, Credit Acceptance Auto Loan Trust 2022-1, Credit Acceptance Funding LLC 2022-1, and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.95 to the Company's Current Report on Form 8-K filed June 23, 2022).
4.58	Backup Servicing Agreement, dated as of June 16, 2022, among the Company, Credit Acceptance Funding LLC 2022-1, Credit Acceptance Auto Loan Trust 2022-1, and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.96 to the Company's Current Report on Form 8-K filed June 23, 2022).
4.59	Amended and Restated Trust Agreement, dated as of June 16, 2022, among Credit Acceptance Funding LLC 2022-1, each of the initial members of the Board of Trustees of the Trust and U.S. Bank Trust National Association (incorporated by reference to Exhibit 4.97 to the Company's Current Report on Form 8-K filed June 23, 2022).
4.60	Sale and Contribution Agreement, dated as of June 16, 2022, between the Company and Credit Acceptance Funding LLC 2022-1 (incorporated by reference to Exhibit 4.98 to the Company's Current Report on Form 8-K filed June 23, 2022).
4.61	Third Amendment to the Amended and Restated Loan and Security Agreement, dated as of June 16, 2022, among the Company, CAC Warehouse Funding LLC IV, Bank of Montreal, BMO Capital Markets Corp., and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.100 to the Company's Current Report on Form 8-K filed June 23, 2022).
4.62	Ninth Amendment to the Sixth Amended and Restated Credit Agreement and Extension Agreement, dated as of June 22, 2022, 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 4.101 to the Company's Current Report on Form 8-K filed June 23, 2022).
4.63	Amendment No. 1 to Loan and Security Agreement and Backup Servicing Agreement, dated as of August 12, 2022, among the Company, Credit Acceptance Funding LLC 2019-2, and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.102 to the Company's Current Report on Form 8-K filed August 17, 2022).
4.64	Second Amendment to Loan and Security Agreement, dated as of July 22, 2022, among Credit Acceptance Corporation, CAC Warehouse Funding LLC VIII, Citizens Bank, N.A., and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.103 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2022).
4.65	Seventh Amendment to Loan and Security Agreement, dated as of July 28, 2022, among Credit Acceptance Corporation, CAC Warehouse Funding LLC V and Fifth Third Bank, National Association (incorporated by reference to Exhibit 4.104 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2022).

4.66	Second Amendment to Loan and Security Agreement, dated as of July 28, 2022, among Credit Acceptance Corporation, Credit Acceptance Funding LLC 2021-1 and Fifth Third Bank, National Association (incorporated by reference to Exhibit 4.105 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2022).
4.67	Indenture dated as of November 3, 2022, between Credit Acceptance Auto Loan Trust 2022-3 and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.106 to the Company's Current Report on Form 8-K filed November 9, 2022).
4.68	Sale and Servicing Agreement, dated as of November 3, 2022, among the Company, Credit Acceptance Auto Loan Trust 2022-3, Credit Acceptance Funding LLC 2022-3, and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.107 to the Company's Current Report on Form 8-K filed November 9, 2022).
4.69	Backup Servicing Agreement, dated as of November 3, 2022, among the Company, Credit Acceptance Auto Loan Trust 2022-3, Credit Acceptance Funding LLC 2022-3, and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.108 to the Company's Current Report on Form 8-K filed November 9, 2022).
4.70	Amended and Restated Trust Agreement, dated as of November 3, 2022, between Credit Acceptance Funding LLC 2022-3, each of the initial members of the Board of Trustees of the Trust, and U.S. Bank Trust National Association (incorporated by reference to Exhibit 4.109 to the Company's Current Report on Form 8-K filed November 9, 2022).
4.71	Sale and Contribution Agreement, dated as of November 3, 2022, between the Company and Credit Acceptance Funding LLC 2022-3 (incorporated by reference to Exhibit 4.110 to the Company's Current Report on Form 8-K filed November 9, 2022).
4.72	Loan and Security Agreement, dated as of December 15, 2022, among the Company, Credit Acceptance Funding LLC 2022-2, Bank of Montreal, BMO Capital Markets Corp., and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.112 to the Company's Current Report on Form 8-K filed December 21, 2022).
4.73	Backup Servicing Agreement, dated as of December 15, 2022, among the Company, Credit Acceptance Funding LLC 2022-2, Bank of Montreal, BMO Capital Markets Corp., and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.113 to the Company's Current Report on Form 8-K filed December 21, 2022).
4.74	Sale and Contribution Agreement, dated as of December 15, 2022, between the Company and Credit Acceptance Funding LLC 2022-2 (incorporated by reference to Exhibit 4.115 to the Company's Current Report on Form 8-K filed December 21, 2022).
4.75	Eighth Amendment to Loan and Security Agreement, dated as of December 27, 2022, among the Company, CAC Warehouse Funding LLC V, and Fifth Third Bank, National Association (incorporated by reference to Exhibit 4.116 to the Company's Current Report on Form 8-K filed January 3, 2023).
4.76	Third Amendment to Loan and Security Agreement, dated as of December 27, 2022, among the Company, Credit Acceptance Funding LLC 2021-1, and Fifth Third Bank, National Association (incorporated by reference to Exhibit 4.117 to the Company's Current Report on Form 8-K filed January 3, 2023).
4.77	Amendment No. 1 to Letter Agreement dated November 15, 2022, between Chapter 4 Properties LLC and Comerica Bank (incorporated by reference to Exhibit 4.110 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022).
4.78	Indenture, dated as of March 16, 2023, between Credit Acceptance Auto Loan Trust 2023-1 and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.111 to the Company's Current Report on Form 8-K filed March 22, 2023).
4.79	Backup Servicing Agreement, dated as of March 16, 2023, among the Company, Credit Acceptance Funding LLC 2023-1, Credit Acceptance Auto Loan Trust 2023-1, and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.112 to the Company's Current Report on Form 8-K filed March 22, 2023).
4.80	Sale and Contribution Agreement, dated as of March 16, 2023, between the Company and Credit Acceptance Funding LLC 2023-1 (incorporated by reference to Exhibit 4.114 to the Company's Current Report on Form 8-K filed March 22, 2023).
4.81	Amended and Restated Trust Agreement, dated as of March 16, 2023, among Credit Acceptance Funding LLC 2023-1, the initial members of the Board of Trustees of the Trust, and U.S. Bank Trust National Association (incorporated by reference to Exhibit 4.115 to the Company's Current Report on Form 8-K filed March 16, 2023).

4.82	Sale and Servicing Agreement, dated as of March 16, 2023, among the Company, Credit Acceptance Auto Loan Trust 2023-1, Credit Acceptance Funding LLC 2023-1, and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.116 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2023).
4.83	Amendment No. 1 to the Seventh Amended and Restated Loan and Security Agreement, dated as of April 28, 2023, among the Company, CAC Warehouse Funding LLC II, and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.117 to the Company's Current Report on Form 8-K filed May 4, 2023).
4.84	Indenture, dated as of May 25, 2023, between Credit Acceptance Auto Loan Trust 2023-2 and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.118 to the Company's Current Report on Form 8-K filed June 1, 2023).
4.85	Backup Servicing Agreement, dated as of May 25, 2023, among the Company, Credit Acceptance Funding LLC 2023-2, Credit Acceptance Auto Loan Trust 2023-2, and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.119 to the Company's Current Report on Form 8-K filed June 1, 2023).
4.86	Sale and Contribution Agreement, dated as of May 25, 2023, between the Company and Credit Acceptance Funding LLC 2023-2 (incorporated by reference to Exhibit 4.121 to the Company's Current Report on Form 8-K filed June 1, 2023).
4.87	Amended and Restated Trust Agreement, dated as of May 25, 2023, among Credit Acceptance Funding LLC 2023-2, each of the initial members of the Board of Trustees of the Trust, and Computershare Delaware Trust Company (incorporated by reference to Exhibit 4.122 to the Company's Current Report on Form 8-K filed June 1, 2023).
4.88	Sale and Servicing Agreement, dated as of May 25, 2023, among the Company, Credit Acceptance Auto Loan Trust 2023-2, Credit Acceptance Funding LLC 2023-2, and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.123 to the Company's Current Report on Form 8-K filed June 1, 2023).
4.89	Eleventh Amendment to Sixth Amended and Restated Credit Agreement, dated as of June 22, 2023, 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 4.124 to the Company's Current Report on Form 8-K filed June 28, 2023).
4.90	Amendment No. 2 to Loan and Security Agreement, dated as of May 15, 2023, among the Company, Credit Acceptance Funding LLC 2019-2, and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.125 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2023).
4.91	Ninth Amendment to Loan and Security Agreement, dated as of July 10, 2023, among the Company, CAC Warehouse Funding LLC V, and Fifth Third Bank, National Association (incorporated by reference to Exhibit 4.126 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2023).
4.92	Fourth Amendment to Loan and Security Agreement, dated as of July 10, 2023, among the Company, Credit Acceptance Funding LLC 2021-1, and Fifth Third Bank, National Association (incorporated by reference to Exhibit 4.127 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2023).
4.93	Fifth Amendment to Loan and Security Agreement, dated as of August 4, 2023, among the Company, CAC Warehouse Funding LLC VI, and Flagstar Bank, N.A. (incorporated by reference to Exhibit 4.128 to the Company's Current Report on Form 8-K filed August 9, 2023).
4.94	Indenture, dated as of August 24, 2023, between Credit Acceptance Auto Loan Trust 2023-3 and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.129 to the Company's Current Report on Form 8-K filed August 30, 2023).
4.95	Backup Servicing Agreement, dated as of August 24, 2023, among the Company, Credit Acceptance Funding LLC 2023-3, Credit Acceptance Auto Loan Trust 2023-3, and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.130 to the Company's Current Report on Form 8-K filed August 30, 2023).
4.96	Sale and Contribution Agreement, dated as of August 24, 2023, between the Company and Credit Acceptance Funding LLC 2023-3 (incorporated by reference to Exhibit 4.132 to the Company's Current Report on Form 8-K filed August 30, 2023).
4.97	Amended and Restated Trust Agreement, dated as of August 24, 2023, among Credit Acceptance Funding LLC 2023-3, each of the initial members of the Board of Trustees of the Trust, and Computershare Delaware Trust Company (incorporated by reference to Exhibit 4.133 to the Company's Current Report on Form 8-K filed August 30, 2023).
4.98	Sale and Servicing Agreement, dated as of August 24, 2023, among the Company, Credit Acceptance Auto Loan Trust 2023-3, Credit Acceptance Funding LLC 2023-3, and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.134 to the Company's Current Report on Form 8-K filed August 30, 2023).

4.99	Third Amendment to Loan and Security Agreement, dated as of September 21, 2023, among the Company, CAC Warehouse Funding LLC VIII, Citizens Bank, N.A., and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.135 to the Company's Current Report on Form 8-K filed September 26, 2023).
4.100	Fourth Amendment to Amended and Restated Loan and Security Agreement, dated as of August 30, 2023, among the Company, CAC Warehouse Funding LLC IV, Bank of Montreal, BMO Capital Markets Corp., and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.136 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2023).
4.101	First Amendment to Loan and Security Agreement, dated as of August 30, 2023, among the Company, Credit Acceptance Funding LLC 2022-2, Bank of Montreal, and BMO Capital Markets Corp. (incorporated by reference to Exhibit 4.137 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2023).
4.102	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 4.138 to the Company's Current Report on Form 8-K filed December 4, 2023).
4.103	Backup Servicing Agreement, dated as of November 30, 2023, among the Company, Credit Acceptance Funding LLC 2023-A, Wells Fargo Bank, National Association, and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.139 to the Company's Current Report on Form 8-K filed December 4, 2023).
4.104	Sale and Contribution Agreement, dated as of November 30, 2023, between the Company and Credit Acceptance Funding LLC 2023-A (incorporated by reference to Exhibit 4.141 to the Company's Current Report on Form 8-K filed December 4, 2023).
4.105	Indenture, dated as of December 21, 2023, between Credit Acceptance Auto Loan Trust 2023-5 and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.143 to the Company's Current Report on Form 8-K filed December 27, 2023).
4.106	Backup Servicing Agreement, dated as of December 21, 2023, among the Company, Credit Acceptance Funding LLC 2023-5, Credit Acceptance Auto Loan Trust 2023-5, and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.144 to the Company's Current Report on Form 8-K filed December 27, 2023).
4.107	Sale and Contribution Agreement, dated as of December 21, 2023, between the Company and Credit Acceptance Funding LLC 2023-5 (incorporated by reference to Exhibit 4.146 to the Company's Current Report on Form 8-K filed December 27, 2023).
4.108	Amended and Restated Trust Agreement, dated as of December 21, 2023, among Credit Acceptance Funding LLC 2023-5, each of the initial members of the Board of Trustees of the Trust, and Computershare Delaware Trust Company (incorporated by reference to Exhibit 4.147 to the Company's Current Report on Form 8-K filed December 27, 2023).
4.109	Sale and Servicing Agreement, dated as of December 21, 2023, among the Company, Credit Acceptance Auto Loan Trust 2023-5, Credit Acceptance Funding LLC 2023-5, and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.148 to the Company's Current Report on Form 8-K filed December 27, 2023).
4.110	Fifth Amendment to Amended and Restated Loan and Security Agreement, dated as of December 29, 2023, among the Company, CAC Warehouse Funding LLC IV, Bank of Montreal, BMO Capital Markets Corp., Computershare Trust Company, N.A., and (with respect to Section 9 thereof) Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.149 to the Company's Current Report on Form 8-K filed January 4, 2024).
4.111	Fifth Amendment to Loan and Security Agreement, dated as of February 16, 2024, among the Company, Credit Acceptance Funding LLC 2021-1, Fifth Third Bank, National Association, and Systems and Services Technologies, Inc. (incorporated by reference to Exhibit 4.132 to the Company's Current Report on Form 8-K filed February 22, 2024).
4.112	Sale and Servicing Agreement, dated as of February 27, 2024, among the Company, Credit Acceptance Auto Loan Trust 2024-A, Credit Acceptance Funding LLC 2024-A, and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.133 to the Company's Current Report on Form 8-K filed February 29, 2024).
4.113	Backup Servicing Agreement, dated as of February 27, 2024, among the Company, Credit Acceptance Auto Loan Trust 2024-A, Credit Acceptance Funding LLC 2024-A, and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.134 to the Company's Current Report on Form 8-K filed February 29, 2024).
4.114	Sale and Contribution Agreement, dated as of February 27, 2024, between the Company and Credit Acceptance Funding LLC 2024-A (incorporated by reference to Exhibit 4.136 to the Company's Current Report on Form 8-K filed February 29, 2024).

4.115	Amended and Restated Trust Agreement, dated as of February 27, 2024, among Credit Acceptance Funding LLC 2024-A, each of the initial members of the Board of Trustees of the Trust, and Computershare Delaware Trust Company (incorporated by reference to Exhibit 4.137 to the Company's Current Report on Form 8-K filed February 29, 2024).
4.116	Indenture, dated as of February 27, 2024, between Credit Acceptance Auto Loan Trust 2024-A and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.138 to the Company's Current Report on Form 8-K filed February 29, 2024).
4.117	Indenture, dated as of March 28, 2024, between Credit Acceptance Auto Loan Trust 2024-1 and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.139 to the Company's Current Report on Form 8-K filed April 3, 2024).
4.118	Backup Servicing Agreement, dated as of March 28, 2024, among the Company, Credit Acceptance Funding LLC 2024-1, Credit Acceptance Auto Loan Trust 2024-1, and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.140 to the Company's Current Report on Form 8-K filed April 3, 2024).
4.119	Sale and Contribution Agreement, dated as of March 28, 2024, between the Company and Credit Acceptance Funding LLC 2024-1 (incorporated by reference to Exhibit 4.142 to the Company's Current Report on Form 8-K filed April 3, 2024).
4.120	Amended and Restated Trust Agreement, dated as of March 28, 2024, among Credit Acceptance Funding LLC 2024-1, each of the initial members of the Board of Trustees of the Trust, and Computershare Delaware Trust Company (incorporated by reference to Exhibit 4.143 to the Company's Current Report on Form 8-K filed April 3, 2024).
4.121	Sale and Servicing Agreement, dated as of March 28, 2024, among the Company, Credit Acceptance Auto Loan Trust 2024-1, Credit Acceptance Funding LLC 2024-1, and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.144 to the Company's Current Report on Form 8-K filed April 3, 2024).
4.122	Twelfth Amendment to Sixth Amended and Restated Credit Agreement, dated as of June 17, 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 4.145 to the Company's Current Report on Form 8-K filed June 20, 2024).
4.123	Indenture, dated as of June 20, 2024, between Credit Acceptance Auto Loan Trust 2024-2 and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.146 to the Company's Current Report on Form 8-K filed June 26, 2024).
4.124	Backup Servicing Agreement, dated as of June 20, 2024, among the Company, Credit Acceptance Funding LLC 2024-2, Credit Acceptance Auto Loan Trust 2024-2, and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.147 to the Company's Current Report on Form 8-K filed June 26, 2024).
4.125	Sale and Contribution Agreement, dated as of June 20, 2024, between the Company and Credit Acceptance Funding LLC 2024-2 (incorporated by reference to Exhibit 4.149 to the Company's Current Report on Form 8-K filed June 26, 2024).
4.126	Amended and Restated Trust Agreement, dated as of June 20, 2024, among Credit Acceptance Funding LLC 2024-2, each of the initial members of the Board of Trustees of the Trust, and Computershare Delaware Trust Company (incorporated by reference to Exhibit 4.150 to the Company's Current Report on Form 8-K filed June 26, 2024).
4.127	Sale and Servicing Agreement, dated as of June 20, 2024, among the Company, Credit Acceptance Auto Loan Trust 2024-2, Credit Acceptance Funding LLC 2024-2, and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.151 to the Company's Current Report on Form 8-K filed June 26, 2024).
4.128	Second Amendment to Loan and Security Agreement, dated as of June 21, 2024, among the Company, Credit Acceptance Funding LLC 2022-2, Bank of Montreal, Fairway Finance Company, LLC, and BMO Capital Markets Corp. (incorporated by reference to Exhibit 4.152 to the Company's Current Report on Form 8-K filed June 26, 2024).
4.129	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).
4.130	Consent, dated June 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).

4.131	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).
4.132	Amendment No. 3 to Loan and Security Agreement, dated as of September 19, 2024, among the Company, Credit Acceptance Funding LLC 2019-2, 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).
4.133	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).
4.134	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).
4.135	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).
4.136	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).
4.137	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).
4.138	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).
4.139	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. (incorporated by reference to Exhibit 4.164 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2024).
4.140	Tenth Amendment to Loan and Security Agreement, dated as of December 5, 2024, among the Company, CAC Warehouse Funding LLC V, and Fifth Third Bank, National Association (incorporated by reference to Exhibit 4.165 to the Company's Current Report on Form 8-K filed December 10, 2024).
4.141	Loan and Security Agreement, dated as of December 20, 2024, among the Company, Credit Acceptance Funding LLC 2024-B, Wells Fargo Bank, National Association, and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.166 to the Company's Current Report on Form 8-K filed December 23, 2024).
4.142	Backup Servicing Agreement, dated as of December 20, 2024 among the Company, Credit Acceptance Funding LLC 2024-B, Wells Fargo Bank, National Association, and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 4.167 to the Company's Current Report on Form 8-K filed December 23, 2024).
4.143	Amended and Restated Intercreditor Agreement, dated December 20, 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-B, 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 2021-1, 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, 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 4.168 to the Company's Current Report on Form 8-K filed December 23, 2024).
4.144	Sale and Contribution Agreement, dated as of December 20, 2024, between the Company and Credit Acceptance Funding LLC 2024-B (incorporated by reference to Exhibit 4.169 to the Company's Current Report on Form 8-K filed December 23, 2024).

10.1	Form of Restricted Stock Grant Agreement (incorporated by reference to Exhibit 10(q)(4) to the Company's Current Report on Form 8-K filed February 28, 2007).*
10.2	Credit Acceptance Corporation Amended and Restated Incentive Compensation Plan, as amended, April 6, 2009 (incorporated by reference to Annex A to the Company's Definitive Proxy Statement on Schedule 14A filed April 10, 2009).*
10.3	Form of Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit 10(q)(11) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2009).*
10.4	Form of Board of Directors Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit 10(q)(12) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2009).*
10.5	Restricted Stock Unit Award Agreement, dated March 26, 2012, between the Company and Brett A. Roberts (incorporated by reference to Exhibit 10.16 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2012).*
10.6	Restricted Stock Award Agreement, dated March 26, 2012, between the Company and Brett A. Roberts (incorporated by reference to Exhibit 10.17 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2012).*
10.7	Credit Acceptance Corporation Amended and Restated Incentive Compensation Plan, as amended March 26, 2012 (incorporated by reference to Annex A to the Company's Definitive Proxy Statement on Schedule 14A filed April 5, 2012).*
10.8	Form of Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit 10.19 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013).*
10.9	Shareholder Agreement, dated as of January 3, 2017, between the Company and Donald A. Foss (incorporated by reference to Exhibit 10.18 to the Company's Current Report on Form 8-K filed January 4, 2017).*
10.10	Form of Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit 10.19 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2017).*
10.11	Amendment to Shareholder Agreement dated September 15, 2017, between the Company and Donald A. Foss (incorporated by reference to Exhibit 10.19 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2017).*
10.12	Amendment to Shareholder Agreement dated November 29, 2017, between the Company and Donald A. Foss.*
10.13	Form of Director Restricted Stock Unit Agreement (incorporated by reference to Exhibit 10.13 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2019).*
10.14	Form of Nonqualified Stock Option Agreement (incorporated by reference to Exhibit 10.14 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020).*
10.15	Form of Nonqualified Stock Option Agreement (incorporated by reference to Exhibit 10.15 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2021).*
10.16	Form of Nonqualified Stock Option Agreement (incorporated by reference to Exhibit 10.17 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2021).*
10.17	Form of Nonqualified Stock Option Agreement (incorporated by reference to Exhibit 10.18 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2021).*
10.18	Settlement Agreement and Assurance of Discontinuance with the Commonwealth of Massachusetts (incorporated by reference to Exhibit 10.19 to the Company's Current Report on Form 8-K filed September 1, 2021).
10.19	Credit Acceptance Corporation Amended and Restated Incentive Compensation Plan as amended and restated April 12, 2021 (incorporated by reference to Annex A to the Company's definitive proxy statement on Schedule 14A filed June 10, 2021).*
10.20	Non-Employee Director Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit 10.20 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2023).*
10.21	Credit Acceptance Corporation Amended and Restated Incentive Compensation Plan, as amended effective June 2, 2023 (incorporated by reference to Exhibit 10.19 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2023).*
10.22	Credit Acceptance Corporation Amended and Restated Incentive Compensation Plan, as amended effective June 5, 2024 (incorporated by reference to Exhibit 10.22 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2024).*
10.23	Amendment, effective September 19, 2024, to the Credit Acceptance Corporation Amended and Restated Incentive Compensation Plan (incorporated by reference to Exhibit 10.23 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2024).*

10.24	Form of Restricted Stock Unit Award Agreement*
19	Securities trading policy.
21	List of Credit Acceptance Corporation subsidiaries.
23	Consent of Grant Thornton LLP.
31.1	Certification of principal executive officer pursuant to Rule 13a-14(a) of the Securities Exchange Act.
31.2	Certification of principal financial officer pursuant to Rule 13a-14(a) of the Securities Exchange Act.
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.
97	Policy relating to recovery of erroneously awarded compensation (incorporated by reference to Exhibit 97 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023).
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 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.

Other instruments, notes, or extracts from agreements defining the rights of holders of long-term debt of the Company or its subsidiaries have not been filed because (i) in each case the total amount of long-term debt permitted thereunder does not exceed 10% of the Company's consolidated assets and (ii) the Company hereby agrees that it will furnish such instruments, notes, and extracts to the Securities and Exchange Commission upon its request.

Amendments and modifications to other exhibits previously filed have been omitted when in the opinion of the registrant such exhibits as amended or modified are no longer material or, in certain instances, are no longer required to be filed as exhibits.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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

By: /s/ KENNETH S. BOOTH
Kenneth S. Booth
Chief Executive Officer

Date: February 12, 2025

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on February 12, 2025 on behalf of the registrant and in the capacities indicated.

Signature	Title
/s/ KENNETH S. BOOTH Kenneth S. Booth	Chief Executive Officer and Director (Principal Executive Officer)
/s/ JAY D. MARTIN Jay D. Martin	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
/s/ THOMAS N. TRYFOROS Thomas N. Tryforos	Chair of the Board and Lead Director
/s/ GLENDA J. FLANAGAN Glenda J. Flanagan	Director
/s/ VINAYAK R. HEGDE Vinayak R. Hegde	Director
/s/ SEAN E. QUINN Sean E. Quinn	Director
/s/ SCOTT J. VASSALLUZZO Scott J. Vassalluzzo	Director