



Nation's Top Performing Lease Program for Credit Unions!



About Us

- ✓ The largest originator of credit union auto leases in the nation
- ✓ Established in 2006
- ✓ Lease portfolio > \$4 billion (+105k leases)
- ✓ Over 500 participating dealers
- ✓ Executive team w/ over 125 years automotive retail & lending experience
- ✓ Manage/operate several auto retail locations to maximize resale value
- ✓ CU Xpress Lease = GrooveCar (+) Fusion Auto Finance

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- ✓ A company founded in 1999 that provides car buying resources and indirect lending exclusively for credit unions & their members.
- ✓ Created and currently manage a dealer network for some of the largest credit unions in the nation.
- ✓ Focused expertise on all facets of direct and indirect auto lending.
- ✓ Leading industry provider of web based auto buying resources.
- ✓ Currently partnered with over 250 credit unions nationwide

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FUSION

A U T O F I N A N C E

- ✓ Experts in Remarketing and Loss Mitigation
- ✓ Parent Company “End Trust Lease Services” Established in 1998
- ✓ Manages Lease Maturity Process and Vehicle Disposition for Third Party Companies
- ✓ Incorporated in 2004 to Work Exclusively with Credit Unions
- ✓ Executive Team Developed and Managed Mercedes-Benz Lease-end Operations
- ✓ Offices in Texas, Pennsylvania, New York & New Jersey

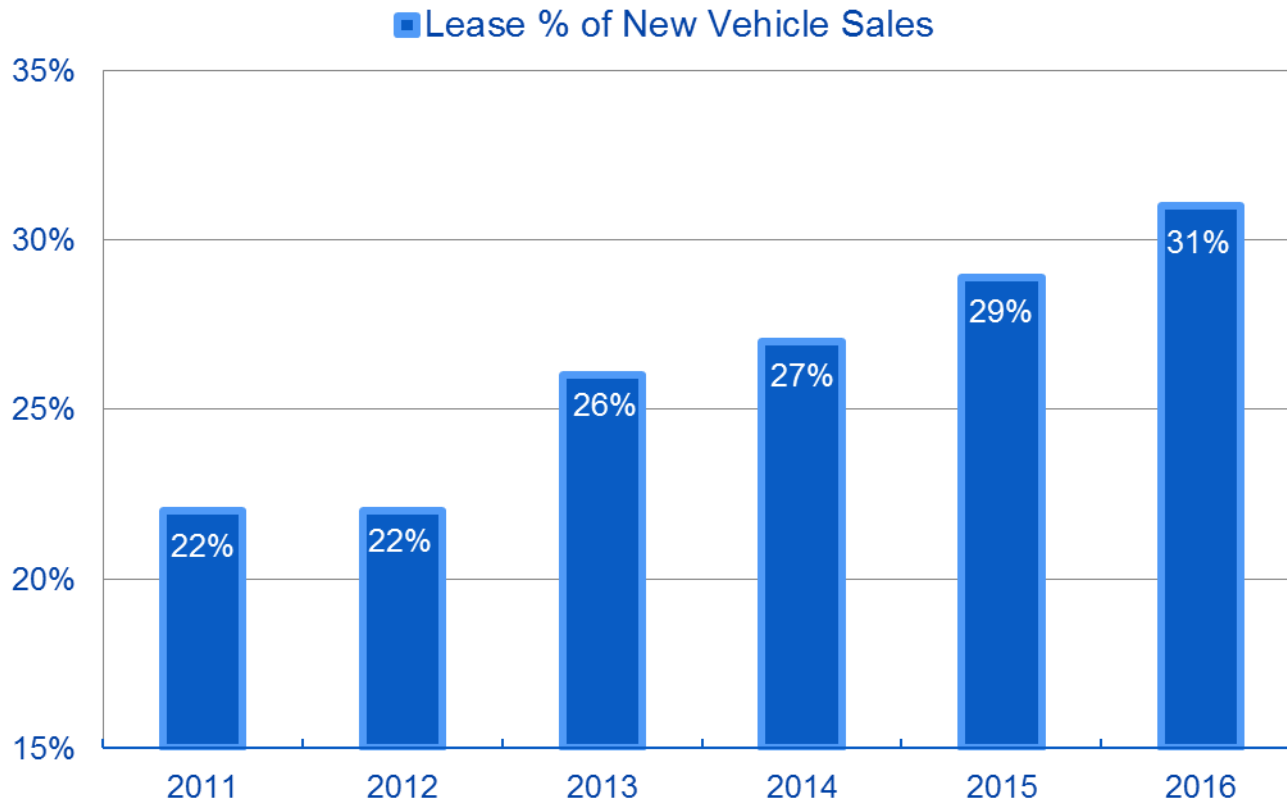
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Lease & Finance Stats

- ✓ Up to 70% of new cars sold are leased in select markets
- ✓ 4.3 million leases in 2016, accounting for 31% of all new vehicle sales
- ✓ Lease volume in 2016 has nearly doubled from five years prior
- ✓ 2016 avg. lease payment was approx. \$100 less than the avg. loan payment
- ✓ 33% of Millennials in 2016 decided to lease their new purchase
- ✓ 35 is the average age of a lease consumer

Leasing at Record High



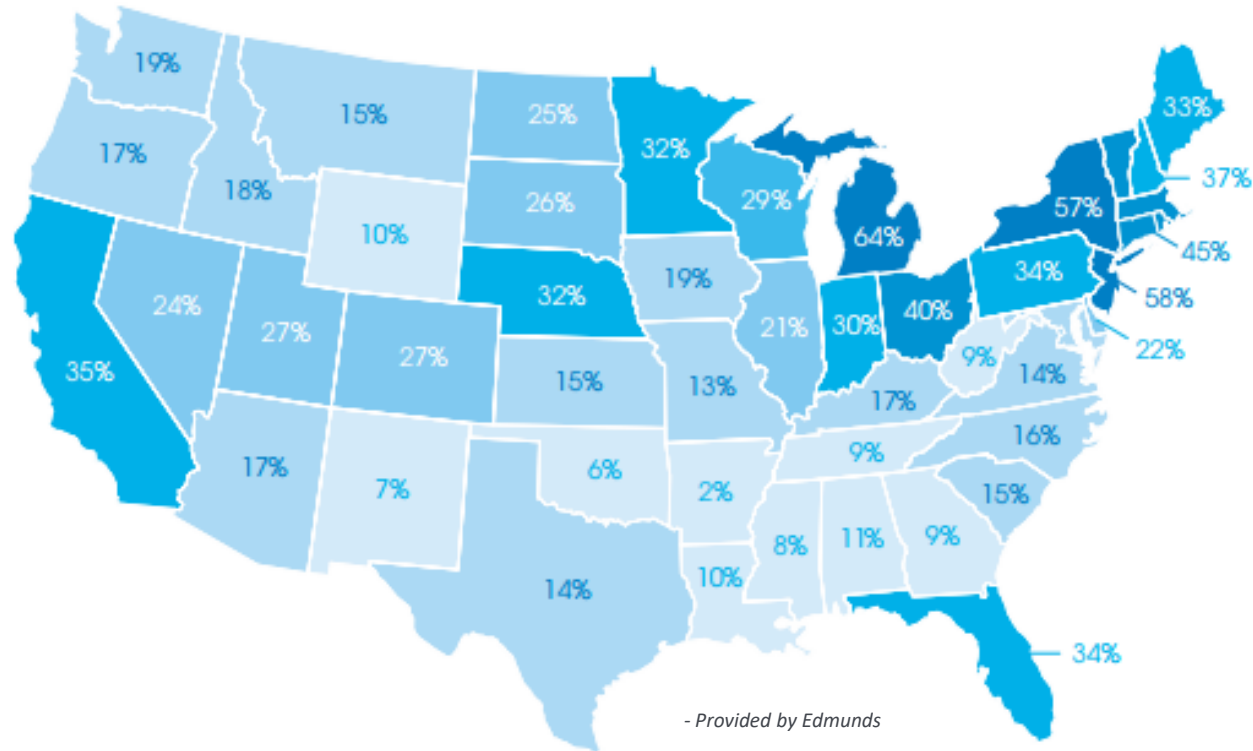
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Leasing Penetration by State

2016 LEASE PENETRATION BY STATE

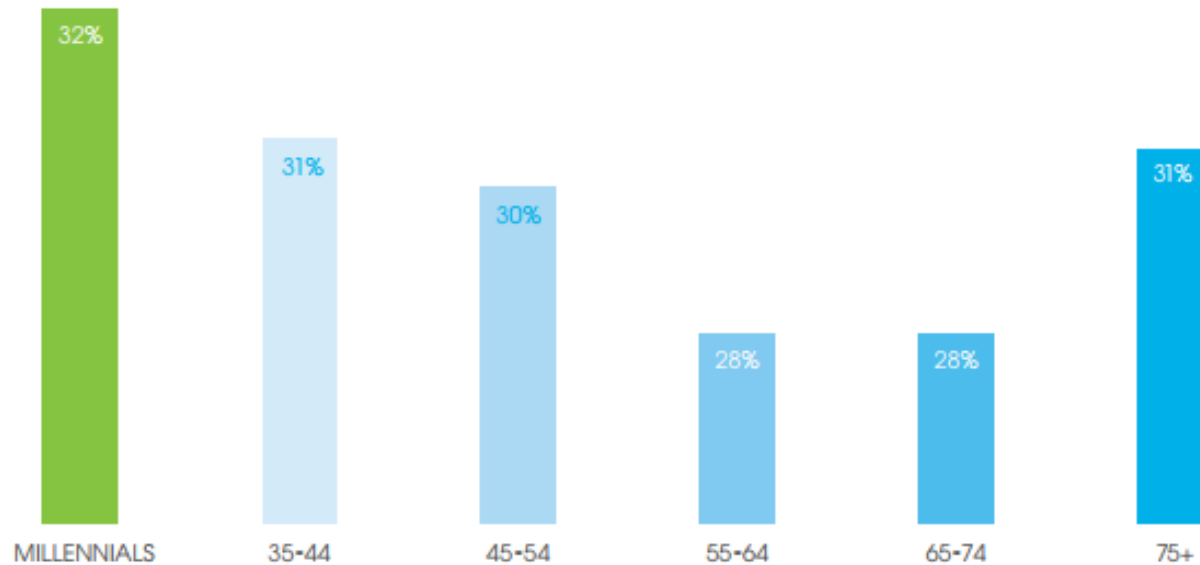


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Leasing Penetration by Age Group



**Millennials lease rates are proportionally higher compared to other age groups.
And it's only increasing — going from 21% in 2011 to 32% in 2016.**

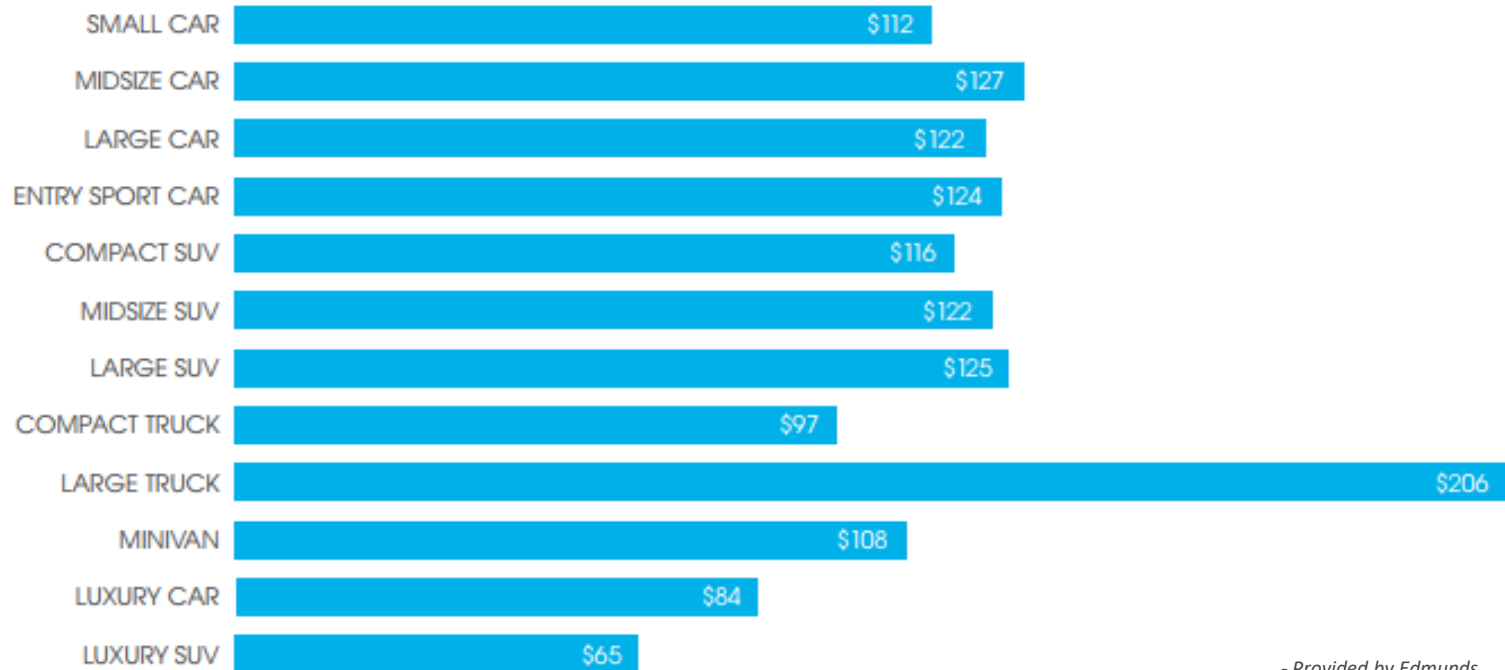
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Lower Payments Drive Lease Demand

LEASE MONTHLY PAYMENT SAVINGS

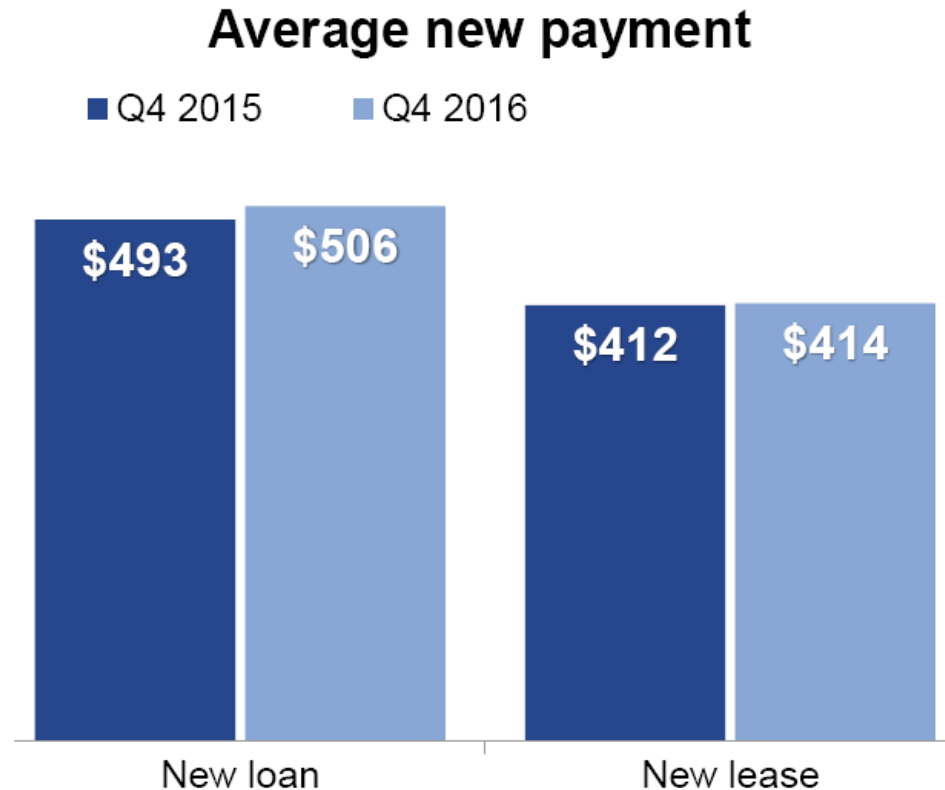


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New payments reach record highs while leasing offers lower payment



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Average payment comparison on top new leased models



Source: Experian Automotive

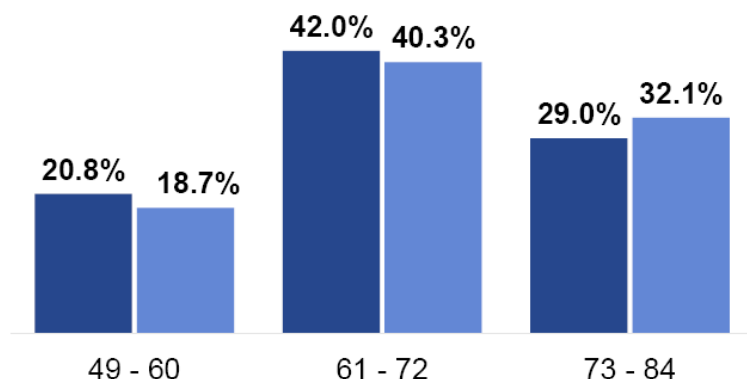
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Leasing is ALM friendly while auto loan terms are getting longer

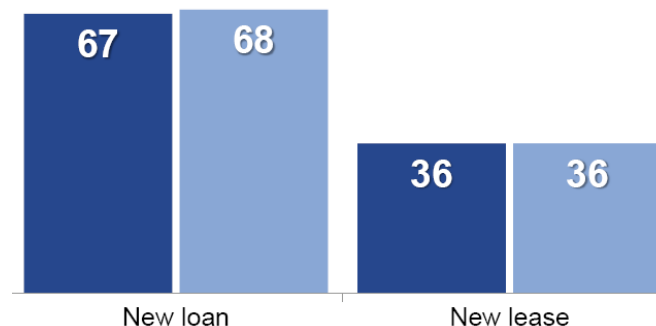
Percentage of new loans by term

■ Q4 2015 ■ Q4 2016



Average new term

■ Q4 2015 ■ Q4 2016



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Why Are Consumers Leasing?

- ✓ Lower monthly payments than traditional finance loans
- ✓ No money down option
- ✓ New car every 3-4 years
- ✓ Maintenance expense typically covered during term
- ✓ New cars satisfy consumers demand for improved technology & safety



Credit Union Benefits

✓ **Add Incremental New & Used Car Loan Volume**

- Higher Average Balance
- Average Term = 36 Months
- 770 Average FICO Score
- Fewer competitors in lease market

✓ **Increase Membership**

- > 90% of leases are to New Members

✓ **Increase Credit Department Efficiencies**

- Up to 80% Look to Book Ratios

✓ **Cross Selling Opportunities**

✓ **Built-in Loan Growth:** Lease Extensions, New Leases & Off Lease Purchases



Your Credit Union...



Sets the
Credit Criteria &
Rate Matrix



Decisions the
application from
the dealer



Sends the dealer
the proceeds
via ACH

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We Build Your Program



- ✓ Deliver analysis/guidance to be competitive in your market
- ✓ Ensure your program appears in all lease quote systems
- ✓ Arrange for regional Dealer Relations Manager to develop/service network
- ✓ Train CU staff on how to review lease documents & process lease packages
- ✓ Supply compliant lease contracts and documents
- ✓ Provide you with our application platform (AppTrac) to decision & fund

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Key Areas We Are Responsible For

- ✓ Determine residuals and lease programs
- ✓ Management of the disposition of vehicles at lease maturity
- ✓ 100% responsible for vehicles' residual value
- ✓ 100% responsible for any excess wear & tear
- ✓ “No Surprises” wear & tear policy brochure for members and dealers



How Do We Capture Volume?



Identify opportunities in your market

Study the competition's program

Identify those vehicles that the captive does not elect to compete on

We will not expose ourselves to increased residual value risk just to chase volume

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What About The Risk?

- ✓ Our core competencies in residual value analysis and lease-end account management help mitigate the most challenging risks associated with automotive leasing. Fusion manages all residual value risk so credit unions can devote their efforts to credit risk and member service.

Plus...

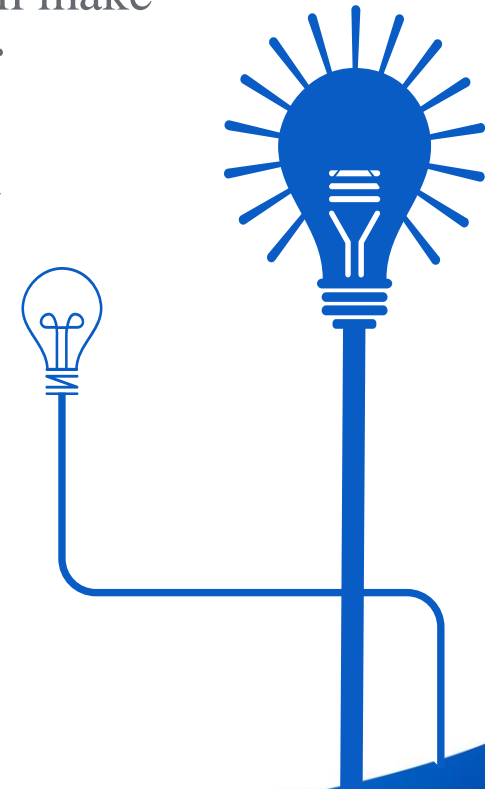
- ✓ A separate escrow account is set up at your credit union and controlled by you
- ✓ Residual value insurance on every funded lease
- ✓ Credit union is listed as lien holder and loss payee on all vehicles

REMEMBER...Fusion guarantees full residual value to your credit union at lease maturity.

What Makes Us Different?

Once the lease reaches maturity, Fusion Auto Finance will make your credit union whole. **A check will be issued to your credit union for the full residual value of the vehicle.** Should there be any excess wear and tear or over mileage charges, Fusion will communicate and collect directly with the member.

Your credit unions' risk is the credit risk while **Fusion Auto Finance assumes all residual value risk and any excess wear and tear or over mileage charges normally associated with leasing.**



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Contact Info:

Robert O'Hara

Office: (631) 454-7500 x124

Cell: (516) 297-9574

rohara@groovecar.com