

## Credit Acceptance Corp (Q1 2026 Earnings)

May 05, 2026

### Corporate Speakers:

- Vinayak Hegde; Credit Acceptance Corp; Chief Executive Officer
- Jay Martin; Credit Acceptance Corp; Chief Financial Officer
- Jay Brinkley; Credit Acceptance Corp; Senior Vice President & Treasurer
- Jeff Soutar; Credit Acceptance Corp; Vice President & Assistant Treasurer

### Participants:

- Moshe Orenbuch; TD Cowen; Analyst
- Robert Wildhack; Autonomous Research; Analyst
- Daniel Furtado; Philadelphia Financial; Analyst

## PRESENTATION

**Operator:** Good day, everyone, and welcome to the Credit Acceptance Corporation First Quarter 2026 Earnings Conference Call. A webcast recording and transcript of today's earnings call will be made available on Credit Acceptance's website. At this time, I would like to turn the call over to Credit Acceptance Chief Financial Officer, Jay Martin. Jay, please go ahead.

**Jay Martin:** Thank you. Good afternoon, and welcome to the Credit Acceptance Corporation quarterly earnings call. As you read our news release posted on the Investor Relations section of our website at [ir.creditacceptance.com](http://ir.creditacceptance.com), and as you listen to this conference call, please recognize that both contain forward-looking statements within the meaning of federal securities law.

These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond our control, and which could cause actual results to differ materially from such statements. These risks and uncertainties include those spelled out in the Cautionary Statement Regarding Forward-Looking Information included in the news release. Consider all forward-looking statements in light of those and other risks and uncertainties.

Additionally, to comply with the SEC's Regulation G, please refer to the financial results section of our news release, which provides tables showing how non-GAAP measures reconcile to GAAP measures. At this time, I'd like to introduce our Chief Executive Officer, Vinayak Hegde.

**Vinayak Hegde:** Good day, everyone, and thank you for joining us today. The first quarter of 2026 represented meaningful progress across the business.

Before I get into the broader themes of the quarter, I want to start with the headline numbers. For the first quarter, we delivered GAAP net income of \$12.40 per diluted share and adjusted net income of \$10.71 per diluted share. From a loan performance perspective, forecasted net cash flows from our loan portfolio declined modestly by \$9.1 million, or 0.1%, which was the smallest quarterly change we have seen in the past three years. On the origination side, we've seen a moderation in decline of consumer loan assignment volume from 9.1% to 4.3% year-over-year.

Within that context, we continue to operate in an environment that remains challenging for non-prime consumers, as we remain very intentional about how we deploy capital and take risk.

The data suggests that our pricing adjustments and segmentation work are helping bring greater predictability back into the portfolio. While we remain vigilant about the macro environment, we are cautiously optimistic that our portfolio is becoming better aligned with current conditions.

These trends do not change our posture as we remain disciplined. However, they do reinforce that the actions we have taken over the past several quarters are beginning to show up in the data. More importantly, they support our long-standing focus on managing the business to maximize long-term economic profit and intrinsic value.

A critical part of our evolution is how we operate internally. Over the past quarter, we implemented a new company-wide operating system that defines how we plan, execute, and review the business. This system introduces consistent operating rhythms — weekly and quarterly — where leaders review performance, surface issues early, and make data-driven decisions. We call this reinforcing a Founder's Mentality, which is a simple but demanding expectation: stay obsessively focused on the customer, operate with ownership, and never drift away from the front line.

What's changing tangibly is not just cadence but clarity. Teams are aligned around fewer, more explicit priorities. Accountability is clearer across functions. Decisions are made faster with better visibility into trade-offs. This operating rigor allows us to run Credit Acceptance as a more cohesive system rather than a collection of functional silos.

Over time we believe this discipline will improve execution quality and allow us to scale without adding unnecessary complexity — with the ultimate goal being how we best serve our customers.

Against that backdrop, we have taken a hard look at our cost structure. Our approach to cost discipline is broader than any single action. We are constantly evaluating capital allocation holistically across the organization — how resources, talent, and time are deployed against our highest-priority objectives.

In April, following a thorough review of how resources were allocated, we made the difficult decision to part ways with approximately 6% of our workforce. These decisions

are never easy, and we approached them thoughtfully and with respect for the individuals impacted.

Our responsibility as stewards of this business is to ensure our long-term viability and continue to change lives, and part of our responsibility is making sure our cost base reflects where we are today and where we need to be tomorrow. Headcount changes were one outcome of this review, but the broader goal is to build a more focused and efficient operating model that supports sustainable value creation over time. This means simplifying how work gets done, narrowing our focus to the highest-impact initiatives, and directing investment towards areas that deliver the strongest long-term returns.

We will continue to look for opportunities to operate more efficiently and drive operating leverage over time, while protecting investment in areas that strengthen risk management, scalability, and dealer and consumer experience.

As a part of our continued focus on disciplined execution, we made two strategic senior leadership additions in areas that are critical to strengthening our operating model and long-term performance.

We appointed Steffen Schumann as Chief Business Officer to help integrate our pricing, performance, and analytics efforts around a more data-driven and coordinated operating approach. Prior to joining Credit Acceptance, Steffen spent more than two decades at Deutsche Telekom and T-Mobile, most recently serving as a Senior Vice President at T-Mobile where he focused on driving commercial growth, marketing, and increasing customer lifetime value. His experience operating at scale and translating data into commercial outcomes strengthens our ability to make more precise, disciplined decisions across the business.

We also appointed Robert Bourrier as Chief Sales Officer to lead our sales organization with a sharper focus on dealer segmentation, frontline execution, and reducing friction in how dealers engage with us. Robert brings more than two decades of experience in aviation, most recently holding senior leadership roles at Delta Air Lines and Wheels Up. He has led sales organizations serving a wide range of customers — from small and mid-sized businesses to large enterprises — which aligns well with the diversity and scale of our dealer network.

Together, these leadership additions reinforce our commitment to investing in talent that strengthens execution, improves decision quality, and supports sustainable, long-term value creation.

On the dealer front, we are seeing encouraging signs, particularly with franchise and large independent dealers. We are making deliberate changes to how we support their business, including simplifying workflows, integrating more deeply into the systems they already use, and reducing time and friction in origination and funding.

At the same time, we are becoming more targeted in how we deploy pricing and advance strategies. We are actively testing scenarios, analyzing sensitivities, and applying more granular segmentation to ensure that we partner most deeply with dealers where the long-term economics are the strongest. This is because our success is aligned with the success of our partners and their customers. We have the strongest returns when the consumers meet their obligations and our dealers build healthier businesses. And I believe it's important to note, our goal is not to regain volume at any cost.

Technology — and artificial intelligence in particular — continues to be one of the most important levers for improving how we operate.

Our focus is on practical application of AI to make our operations more seamless and more efficient. We are embedding AI into daily workflows where it meaningfully improves speed, consistency, and decision quality. By automating high-volume analytical work, we free our teams to focus on insight, nuance, and customer understanding. For example, during the first quarter, our AI-enabled call center agent handled approximately five times more inbound calls than the prior quarter. This allows us to scale servicing capacity without a proportional increase in cost, while still enabling consumers to access information and complete payments efficiently.

We are also using AI to automate and analyze dealer interaction data — combining performance data with dealer interaction dialogue to build a more intelligent CRM system. This gives our sales and support teams real-time insight into dealer needs, emerging friction points, and opportunities to respond more proactively.

Over time these capabilities are designed to lower the marginal cost of high-quality decision making across the business. We are still in early stages of this journey, and we will continue to make disciplined investments, focused on high-impact use cases that drive efficiency and create long-term value.

We continue to focus intensely on improving our pricing and decision-making models through deeper use of data and more granular analysis. Over the past quarter, we took a critical look at where we are losing market share and worked to diagnose the underlying drivers rather than simply reacting to outcomes. This included deeper analysis of performance-vector segmentation — by dealer segment, credit band, geography, and vehicle characteristics. It is critical to understand where our economics are strongest and where refinement is needed.

We are actively fine-tuning our advance models and testing targeted opportunities to improve conversion, while maintaining appropriate margins of safety. At the same time, we are evaluating scorecard enhancements to ensure our underwriting and pricing models remain aligned with current market conditions. This disciplined, data-driven approach is designed to sharpen decision quality, improve consistency, and support sustainable, risk-adjusted growth over the long term.

To close, I want to reiterate the purpose that drives us. Our mission is to change lives by providing access to credit that enables people to obtain reliable transportation and create opportunities for financial progress. We believe all consumers deserve respect and that dignity should never depend on a credit score.

This principle is the foundation upon which we are building Credit Acceptance, with the goal of compounding intrinsic value over time. This will require discipline, transparency, and a willingness to make difficult decisions when needed. It also requires continuous improvement in how we operate, how we serve our dealers and consumers, and how we allocate resources.

Progress will not always be linear, But the operational changes we are making today — across credit, cost structure, operating discipline, customer experience, and technology — are designed to make Credit Acceptance more durable, more agile, and better positioned for the future.

With that, I'll turn it over to Jay to walk through the financial results in more detail.

**Jay Martin:** Thank you. We reported year-over-year growth in earnings for the first quarter with GAAP net income of \$135.8 million, or \$12.40 per diluted share, and adjusted net income of \$117.3 million, or \$10.71 per diluted share.

From a loan performance standpoint, forecasted net cash flows from our loan portfolio declined \$9.1 million, or 0.1%, during the quarter, versus a decline of \$34.2 million, or 0.3%, last quarter, reflecting reduced volatility in forecast changes. As Vinayak mentioned, this was the lowest quarterly decline we've seen in the past three years.

Loan volume declines continued to moderate this quarter, with unit volume declining 4.3% this quarter versus a decline of 9.1% last quarter. Likewise, loan dollar volume declined 4.0% this quarter versus a decline of 11.3% in Q4. We financed nearly 96,000 contracts for our dealers and consumers, collected nearly \$1.5 billion overall, and paid \$47 million in dealer holdback and accelerated dealer holdback. Additionally, we enrolled over 1,500 new dealers and had a record 10,977 active dealers during the quarter, reflecting continued engagement across our dealer network.

Our market share in our core segment of used vehicles financed by subprime consumers for the first two months of the quarter, the period for which data is currently available, was 4.5%, down from 5.2% for the same period in 2025. The average unit volume per active dealer declined 6.5% year-over-year, while our average loan portfolio remained steady at \$8.9 billion on an adjusted basis year-over-year.

From a capital standpoint, we closed our first ABS transaction of the year earlier today, raising \$450 million of capital. The all-in cost was 5.2%, compared to 5.1% on our most recent securitization in Q4, with the modest increase driven by higher Treasury rates. Despite a volatile macroeconomic backdrop, the transaction was supported by a broad and diversified investor base and achieved our lowest credit spreads since late 2021.

At this time Vinayak and I will take your questions along with Jay Brinkley, our Senior Vice President and Treasurer; and Jeff Soutar, our Vice President and Assistant Treasurer.

## QUESTIONS AND ANSWERS

**Operator:** (Operator Instructions) Our first question comes from Moshe Orenbuch of TD Cowen.

**Moshe Orenbuch:** The data that you show for collections shows some improvement in performance in prior vintages, but some deterioration in 2026. In the footnote, it attributes it to canceled loans. Could you just maybe explain what that is and whether that's something that either will continue or was one-time in nature?

**Jay Martin:** Yes, it's something we see just about every quarter. When we originate loans, we don't have enough loan performance experience yet for the loan performance to impact the collection rate. When a loan cancels, our collection rate drops to zero on that loan in the numerator, but our denominator still has the original contract amount included. So in the quarter something is originated, generally the change you see there is driven by these cancellations.

If you go back to the first quarter last year, you'd see that the 2025 loans were down 20 basis points in Q1, and that's driven by these cancellations. There's nothing that's one-time — it's something that impacts all our origination years. It's just more visible in Q1 because those are the loans you originated — you don't have multiple quarters of originations in the year where loan performance is offsetting that cancellation.

**Moshe Orenbuch:** I did notice an increase in the percentage of originations on the purchased loans. And when you look at the spread on the portfolio loans versus the purchased loans, the spread was roughly flat on the portfolio loans, but down on the purchased loans. Is that what it takes to get that volume? Could you just describe what's going on from your perspective in terms of those two pieces of the portfolio?

**Vinayak Hegde:** Sure. In 2025, we expanded dealer access to the purchase program to include all contracts from consumers with higher credit ratings, so the dealers have the option to use both portfolio and purchase.

We still price them with the same focus on maximizing economic profit. For perspective, the loan mix for purchased loans is 28% and is well within the historical range of 20% to 40% over the last six years.

On the spread, Jay can comment on that.

**Jay Martin:** Yes. So part of that is when you're looking at the spread table in the earnings release, you're looking at what the spread is now based on the current forecast.

If you look at the table above that, and look at purchased loans, the 2025 loans have outperformed our initial forecast by 20 basis points, and the 2026 loans have underperformed, so that leads to a little bit of that difference in the spread. It's just the impact of the loan performance there, whereas the dealer loans in 2025 have been generally consistent with our initial expectation.

**Operator:** Our next question comes from Rob Wildhack of Autonomous Research.

**Robert Wildhack:** I wanted to ask about the revision to forecasted collection and how that flows through to the provision in the income statement. You've got the negative \$9 million this quarter, but a provision expense of \$54 million for forecast changes. I contrast that with last quarter — you revised collections down by a lot more, \$34 million, but the provision for forecast changes was close, it was \$57 million.

So I guess the question is, why doesn't the lower forecast change this quarter, the \$9 million, flow through to a lower provision expense in the income statement.

**Jay Martin:** First, I'd point out the provision for forecast changes in December was actually \$73 million. Some of that difference is due to the change in forecasted net cash flows being down \$9 million this year versus \$34 million last quarter. But when you think about our provision for credit losses on forecast changes, it's driven by a change in the net present value of future cash flows.

That considers both the decreases in undiscounted cash flows that we referenced there and then also the overall cash flow timing of approximately \$12 billion in future net cash flows that we're considering. In both of those periods, a large contributor to the provision for credit losses was the overall slowing of forecasted net cash flows, and that's primarily related to prepayments.

We're seeing a lower level of prepayments than what our forecast would expect. Historically, when the environment is competitive, we've seen more consumers prepay their loans. We're not seeing that in this current cycle. It's difficult to say exactly what's driving that. We think probably a couple things: consumers are holding onto their cars longer; it could be related to the prices of new cars; or it could also be consumers having more negative equity, making it hard for them to refinance. Our forecasts assume that prepayments are going to normalize at some point in the future. They haven't yet, but we'll continue to evaluate our forecast and make the revisions as we find opportunities to do so.

**Robert Wildhack:** All told, the negative \$9 million is still quite a bit better. I'm curious if there's anything that you'd want to highlight as a main driver there. Do you think there's something specific to the consumer — tax refunds or lower tax withholdings this year — or do you think it's more natural like vintage remixing away from 2022 and towards some better vintages?

**Vinayak Hegde:** It's both the vintage remix of the 2022-2023 core shrinking and in the real performance of the newer vintages — the 2024 and 2025 vintages, right? The 2024 vintage is performing at a lower level, and 2025 is definitely tracking ahead. And what happens is as every quarter goes by, the relative mix of 2022 and 2023 becomes lesser as compared to 2024 and 2025 — and that confidence from the portfolio improving helps us improve that on an ongoing period.

**Operator:** (Operator Instructions) Our next question comes from Jordan Hymowitz of Philadelphia Financial.

**Daniel Furtado:** This is Dan Furtado for Jordan. I just tried to recall my question because Rob from Autonomous just asked it. Thank you very much.

**Operator:** Our next question comes from Moshe Orenbuch of TD Cowen.

**Moshe Orenbuch:** Maybe just to understand how you're thinking about the market share. I know it's just the first two months of the quarter, but are there specific things that you're doing to regain that market share or things that you think are factors in it? And what would cause those to change to your benefit?

**Vinayak Hegde:** Moshe, thanks for the question. Yes, the latest data obviously shows February stable from Q4 at 4.5%. We are not trying to gain share at any cost, right? We have been very deliberate about the trade-offs. We didn't price aggressively to get to the previous thresholds.

Our focus is continuing to have good economics. What we are trying to do is to understand it by segment; by price point, by credit band, by geography, and see if we can get sharper in pricing without compromising return on investment.

That's what we're starting to do, so that we can actually understand whether it's our advance or pricing — how do we understand this at a more segmented level? What is the competition in those particular areas — be it independent of franchise — and selectively go after pockets of opportunity. So that's what we are trying to do. We don't want to get share just for the sake of getting share.

**Moshe Orenbuch:** Got it. And maybe just a housekeeping question. I noticed the claims expense was down pretty sharply, which is a good thing. Is that the new level? Or is there something one-time in there?

**Jay Martin:** This is related to the provision for claims. I would say the profitability of these contracts there has been fairly consistent. You do see some volatility quarter-to-quarter, so I wouldn't read too much into just the impact this quarter. So nothing unusual there or a new trend.

**Operator:** Thank you. With no further questions in the queue, I would now like to turn the conference back over to Mr. Martin for any additional or closing remarks.

**Jay Martin:** We would like to thank everyone for their support and for joining us on our conference call today. If you have any additional follow-up questions, please direct them to our Investor Relations mailbox at [ir@creditacceptance.com](mailto:ir@creditacceptance.com). We look forward to talking to you again next quarter. Thank you.

**Operator:** Once again, this does conclude today's conference. We thank you for your participation. You may now disconnect.