



# Structured Finance ABS 2023 Round-Up

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**S&P Global**  
Ratings

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Feb. 22, 2024

Outstanding data as of Jan. 31, 2024.

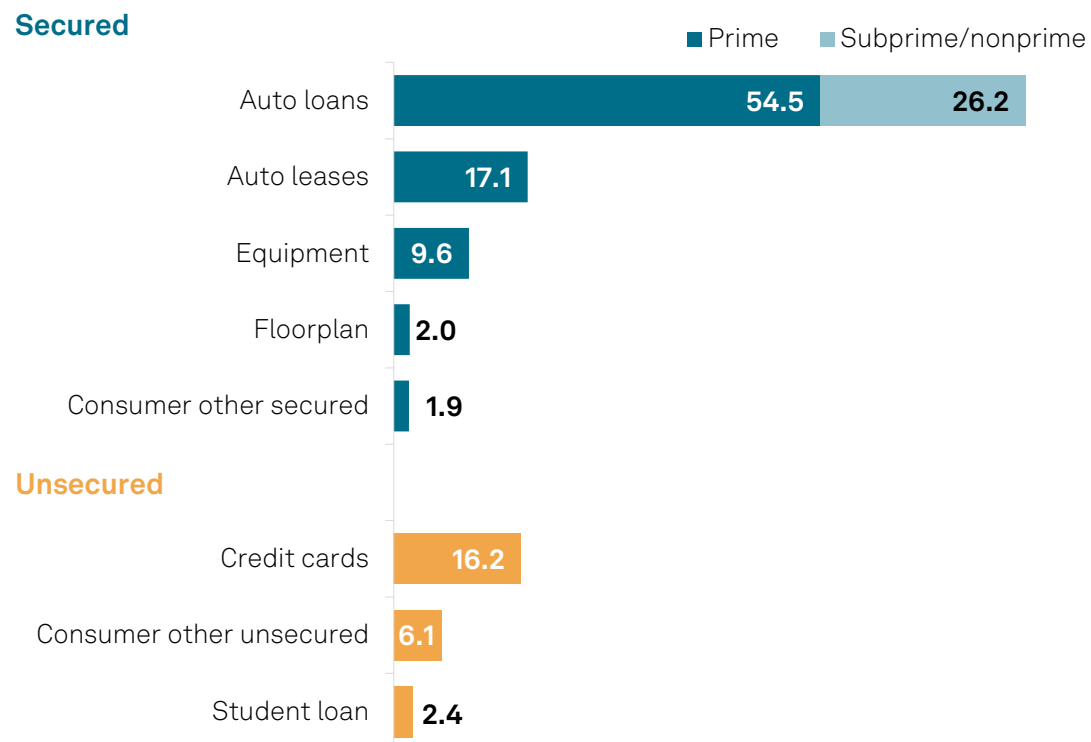
New issuance as of Dec. 31, 2023.

*This report does not constitute a rating action*

# New Issue Rating Activity In 2023

2023 ABS issuance of \$136.2 billion was dominated by auto-related issuance volume (72%), followed by credit cards (12%) and equipment (7%).

## 2023 ABS new issuance (bil. \$)\*



## 2023 ABS new issuance by rating category (mil. \$)

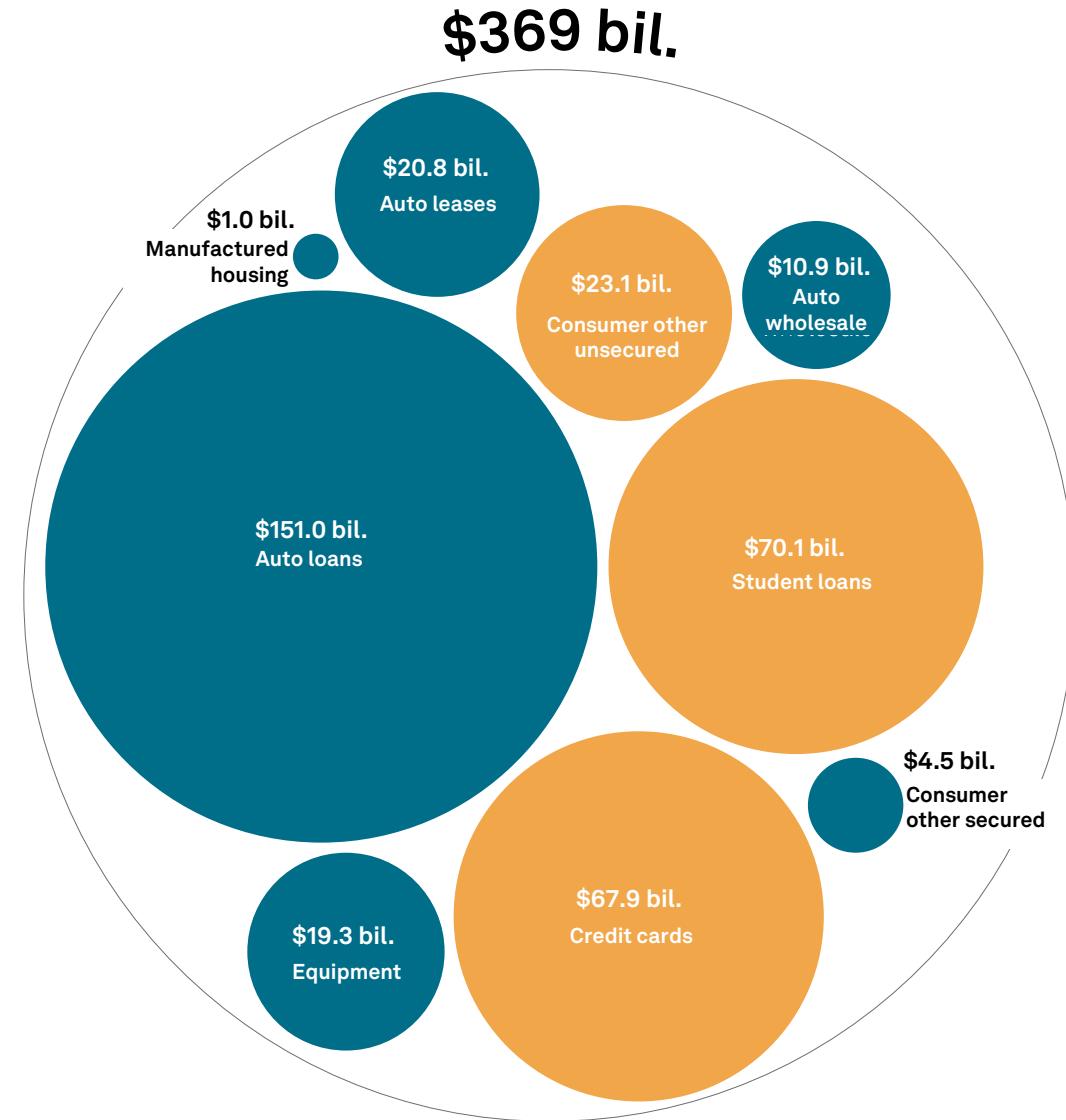
Sectors	AAA	AA	A	BBB	BB	Grand total
<b>Secured</b>						
Auto loans	67,780	4,177	4,631	2,873	1,287	80,748
Prime	52,560	1,253	399	290	29	54,531
Subprime/nonprime	15,219	2,925	4,232	2,584	1,257	26,217
Auto leases	16,099	702	193	117		17,110
Equipment	9,135	203	148	115	12	9,613
Floorplan	1,750	92	121	74		2,038
Consumer other secured	1,362	204	175	134	61	1,937
<b>Unsecured</b>						
Credit cards	16,068	31	104	30		16,233
Consumer other unsecured	4,925	532	343	285	32	6,117
Student loan	808	1,108	395	50		2,362

\*Rated by S&P Global Ratings. Secured loans include confidential ratings, as well as Canadian ABS deals. Source: S&P Global Ratings.

# Current S&P Global Ratings-Rated ABS Universe

Outstanding balance by sector

**Secured**  
**Unsecured**



Source: S&P Global Ratings.

# 2023 Surveillance Rating Actions

ABS rating actions continued to be skewed to the positive side through Dec. 31, 2023, with upgrades (639) exceeding downgrades (39). The downgrades were concentrated in student loans (64%), manufactured housing (MH; 21%); and subprime auto loans (15%). Negative rating actions in these sectors were confined to speculative-grade classes. The downgrades in student loans were primarily related to transactions, supported by U.S. Department of Education's Federal Family Education Loan Program (FFELP) loans, where a bond in the transaction is not expected to be repaid by its legal final maturity date.

## Surveillance rating actions by sector

### Downgrade notches

### Upgrade notches

Sector	▼	▼	▼	▼	▼	▼	Total (A)	▲	▲	▲	▲	▲	▲	▲	▲	Total (B)	Total classes (A+B)
Auto loans	▼	▼	▼	▼	▼	▼	6	▲	▲	▲	▲	▲	▲	▲	▲	398	404
Prime							6									99	99
Subprime/nonprime				▼	▼	▼	6		▲	▲	▲	▲	▲	▲	▲	299	305
Student loan		▼	▼	▼	▼	▼	25									98	123
Auto leases								▲	▲	▲	▲					21	21
Equipment								▲	▲	▲	▲			▲		27	27
Consumer other unsecured								▲	▲	▲	▲	▲	▲			57	57
Manufactured housing					▼		8	▲	▲	▲	▲	▲	▲			20	28
Consumer other secured								▲	▲	▲						13	13
Floorplan								▲								5	5
<b>Grand total</b>		▼	▼	▼	▼	▼	39	▲	▲	▲	▲	▲	▲	▲	▲	639	678

Secured loans include confidential ratings. Source: S&P Global Ratings.

# Auto Loans-Prime

Deal count  
**161**

Bond count  
**701**

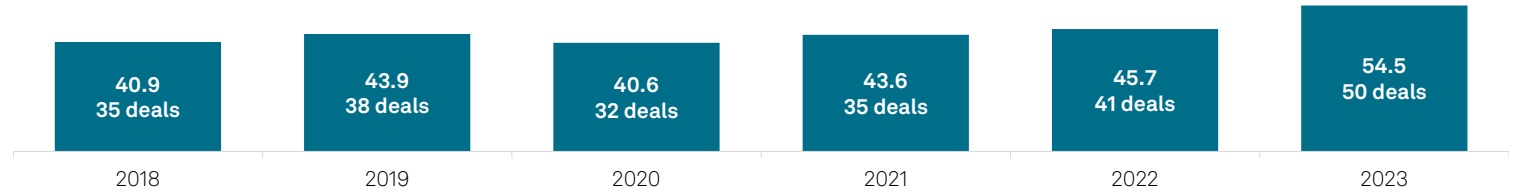
Rated bond balance  
**\$103.35 bil.**

## Outlook

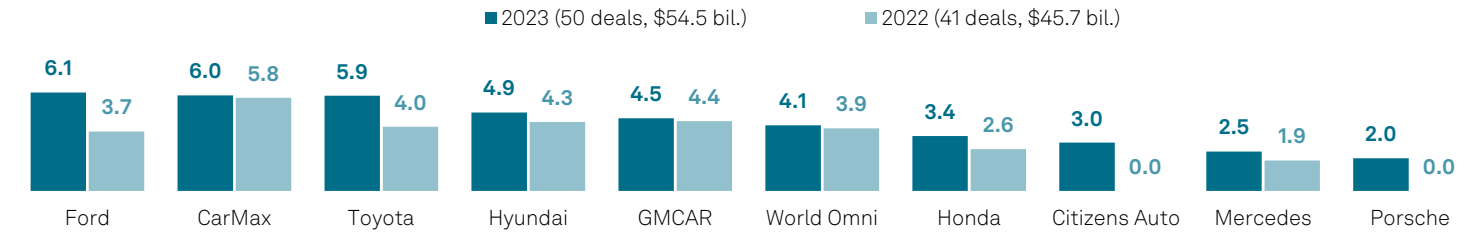
- 2024 issuance is expected to increase by approximately 4%-5%, driven by continued growth in bank and credit union issuance because unit sales are projected to be flat at 15.5 million.
- Losses will continue to rise from low levels. Higher 60+ day delinquencies (DQs) for the 2022/2023 vintages relative to pre-COVID-19 pandemic pools is a harbinger of higher charge-offs. Based on our Auto Loan Static Index (ALSI), cumulative net losses (CNLs) on first-half 2023 vintages are trending higher than 2022 vintages.
- Recovery rates, already trending lower on recent vintages, will come under pressure due to declining used vehicle values driven by normalization of supply imbalances, re-emergence of incentives, and consumers' transition to lower-priced entry-level vehicles.
- Ratings outlook is generally stable. Few sponsors issue speculative-grade classes, which are more vulnerable to downgrades. For 'BBB' ratings, the structure must generally cover twice our expected CNL (ECNL).

Secured loans include confidential ratings.  
Source: S&P Global Ratings.

S&P Global Ratings-rated new issuance (bil. \$)



Top 10 S&P Global Ratings-rated sale amount by issuer (bil. \$)



Rating distribution (% of current balance)

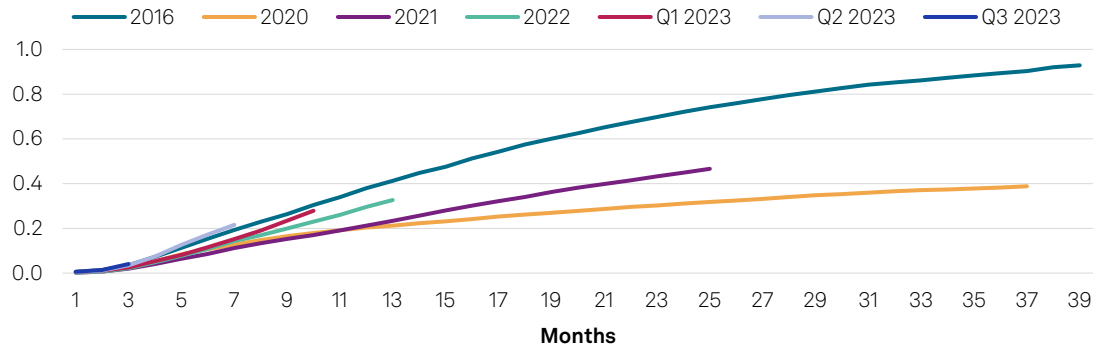


2023 rating actions (no.)

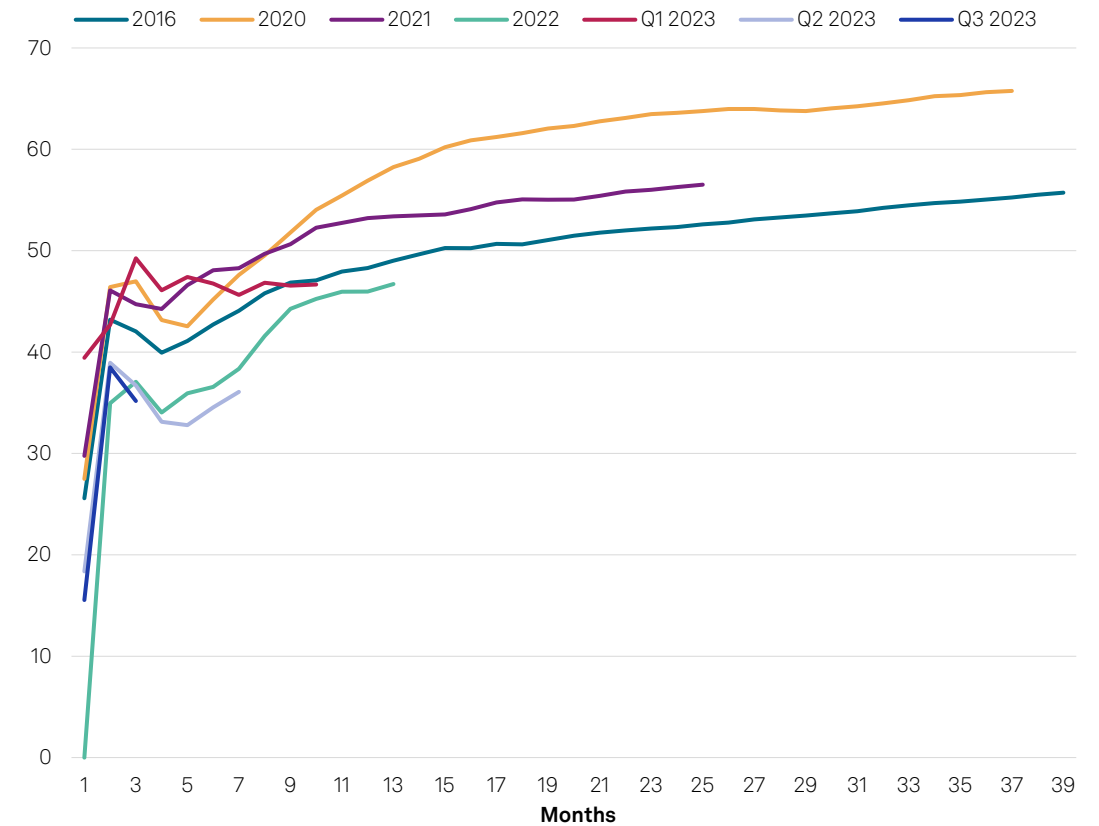
Prior rating	Upgrades	Downgrades
AAA		
AA	63	
A	24	
BBB	11	
BB	1	
B		
CCC		
CC/C		

# Prime Auto Loan ABS Vintage Performance\*

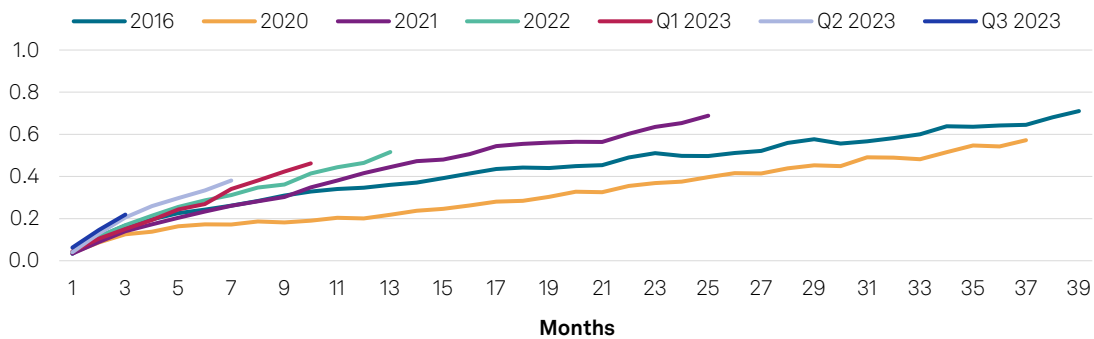
## Cumulative net losses by vintage (%)



## Cumulative recoveries (%)



## 60-plus day delinquencies (%)



\*2017–2019 vintages not shown in order to spotlight 2022 and quarterly 2023 performance.

# Auto Loans-Subprime/Nonprime

Deal count  
**186**

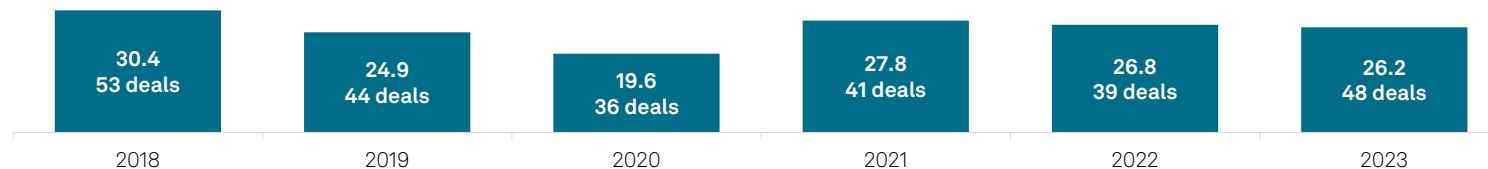
Bond count  
**709**

Rated bond balance  
**\$47.68 bil.**

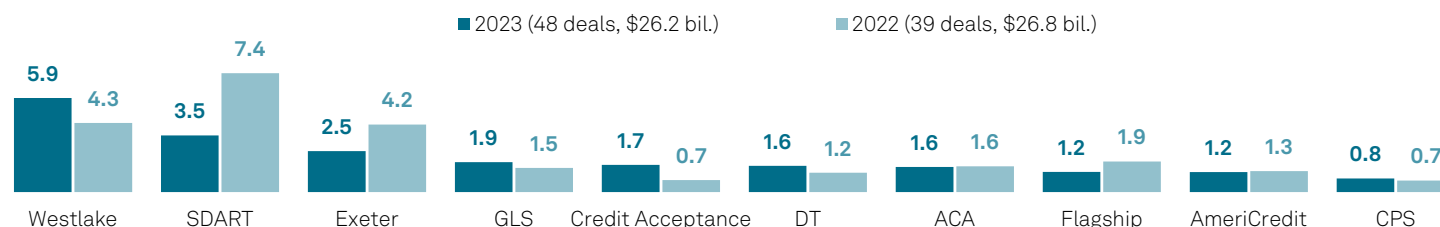
## Outlook

- 2024 issuance is expected to remain stable based on reduced origination volume, stemming from lenders tightening their credit standards.
- We expect the 2022 vintages, which are experiencing higher-than-historical CNLs, to continue to perform worse than our original ECNLs. CNLs on the first-half 2023 vintages are trending lower than 2022 vintages, reflecting the tighter credit standards.
- Ratings outlook is stable-to-negative due to higher-than-expected losses on the 2022 vintages, and in some instances, overcollateralization levels falling below targets. Speculative-grade classes, which are highly dependent on excess spread and do not benefit significantly from deleveraging, are most at risk of downgrades.

S&P Global Ratings-rated new issuance (bil. \$)

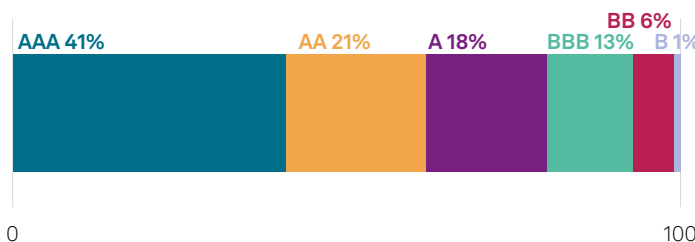


Top 10 S&P Global Ratings-rated sale amount by issuer (bil. \$)



We have included Vstrong in Exeter's issuance volume

Rating distribution (% of current balance)



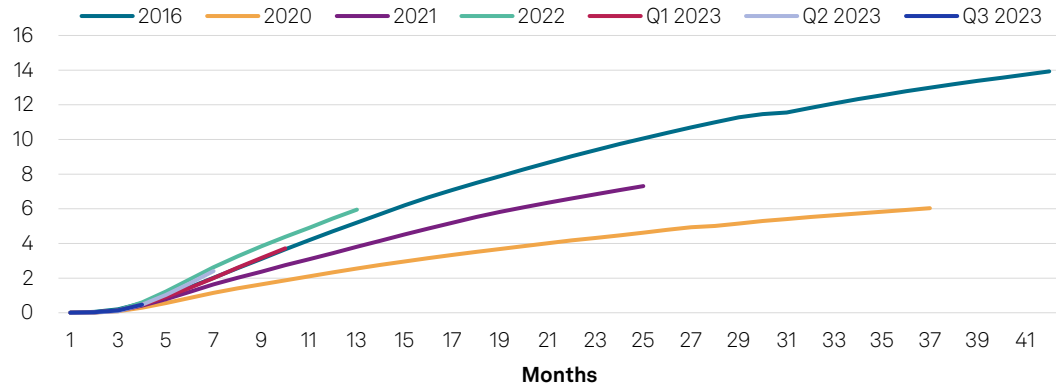
2023 rating actions (no.)

Prior rating	Upgrades	Downgrades (one notch)	Downgrades (three notches)
AAA			
AA	100		
A	94		
BBB	70		
BB	29	5	1
B	6		
CCC			
CC/C			

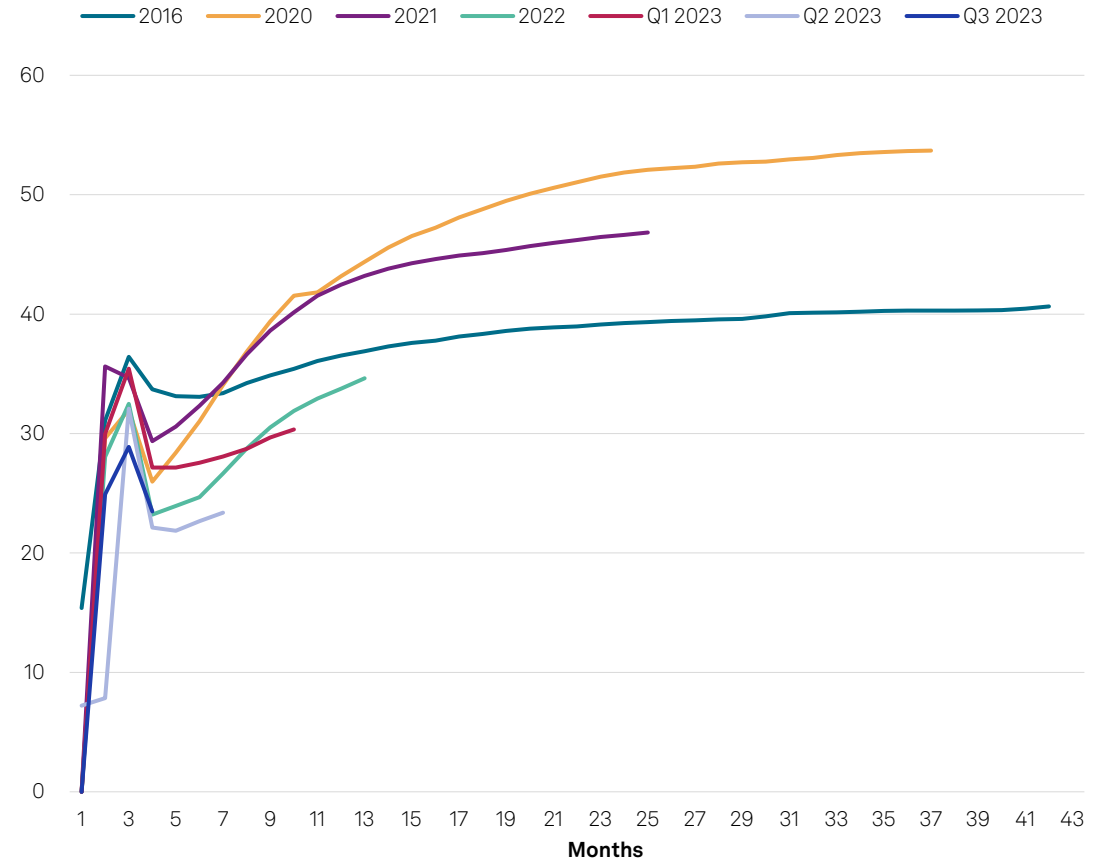
Secured loans include confidential ratings. Source: S&P Global Ratings.

# Subprime Auto Loan ABS Vintage Performance\*

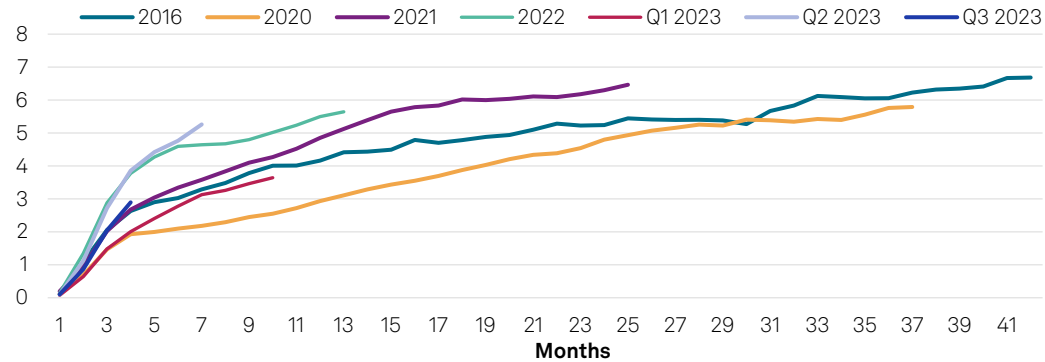
## Cumulative net losses by vintage (%)



## Cumulative recoveries (%)



## 60-plus day delinquencies (%)



\*2017–2019 vintages not shown in order to spotlight 2022 and quarterly 2023 performance.



# Auto Lease

Deal count  
**29**

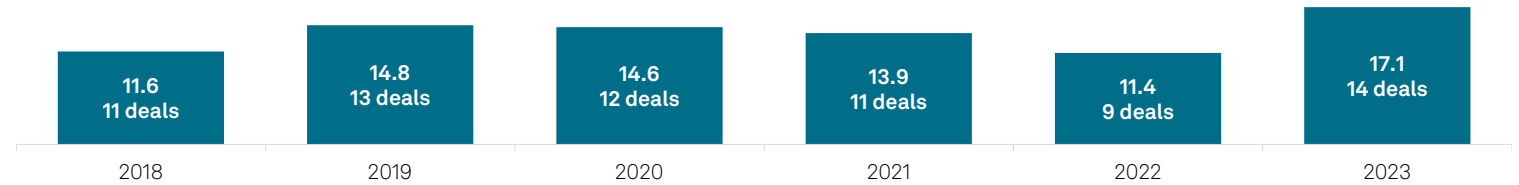
Bond count  
**124**

Rated bond balance  
**\$20.79 bil.**

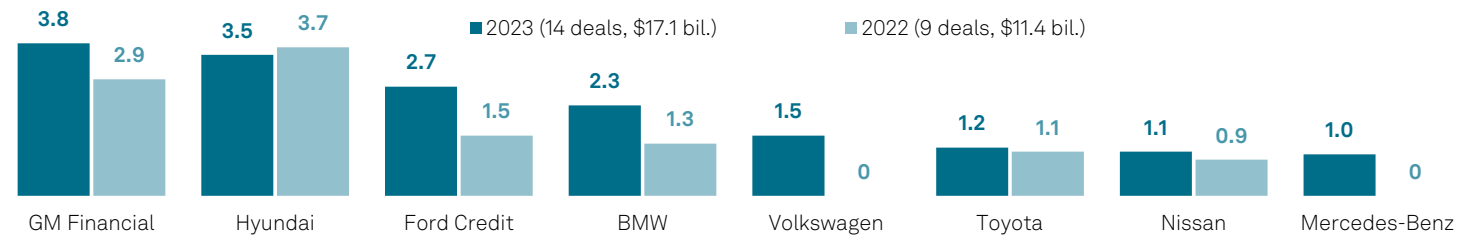
## Outlook

- 2024 issuance is expected to be flat due to stable retail auto sales; however, growth in electric vehicle (EV)-related leases could push volume higher. Lessors can pass on EV federal tax credits under the Inflation Reduction Act to lessees with fewer restrictions than what consumers would qualify for under a purchase arrangement.
- We expect incentives to increase slightly as supply imbalances ease, return rates to increase from 20% in 2023, and residual performance to continue to normalize from usually high gains experienced in 2022 and most of 2023.
- We expect the percentage of EVs in U.S. auto lease pools to exceed the 10% threshold for the first time.
- Ratings outlook is stable.

S&P Global Ratings-rated new issuance (bil. \$)



S&P Global Ratings-rated sale amount by issuer (bil. \$)



Rating distribution (% of current balance)



2023 rating actions (no.)

Prior rating	Upgrades	Downgrades
AAA		
AA	10	
A	8	
BBB	3	
BB		
B		
CCC		
CC/C		

Secured loans include confidential ratings. Source: S&P Global Ratings.

# Floorplan

Trust count  
**3**

Rated series count  
**9**

Rated bond balance  
**\$10.89 bil.**

## Outlook

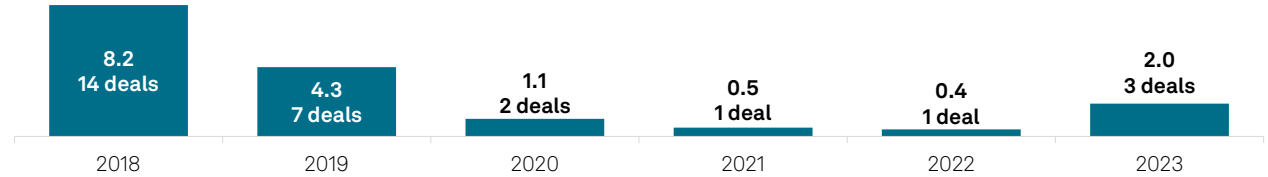
Non-diversified floorplan

- After a two-year hiatus, issuance volume gained momentum, with Ford Credit and GM Financial combined, issuing three series totaling \$3.76 billion. Ford Credit issued one series in May of \$1.73 billion, which S&P Global Ratings did not rate. GM Financial issued two series in June with a combined total of \$1.60 billion.
- Issuance volume will grow slightly as dealer inventory and days supply normalize but is not expected to return to historical levels.
- Payment rates will continue to normalize from the very high levels from 2020-2022 but so far remain above trigger levels.

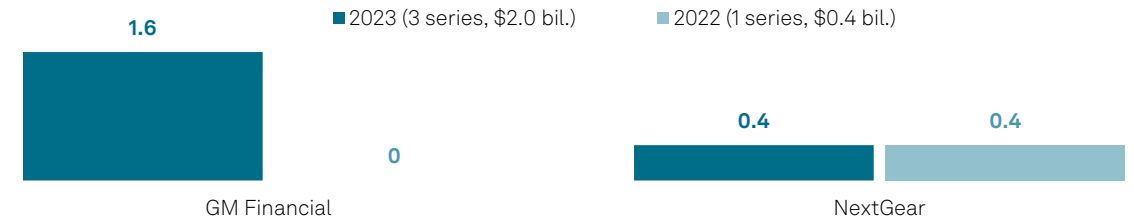
Diversified floorplan

- Issuance for the diversified floorplan segment included two transactions last year with NextGear's 2023-1 issuance and Navistar's 2023-1 issuance (which S&P Global Ratings did not rate) from Master Trust II.
- Performance is expected to remain stable. Credit performance, among other factors, is tied to the health of small businesses because these collateral pools represent floorplan receivables originated by independent dealers to finance their vehicle inventories. Our analysis and credit enhancement incorporates historical loss-to-liquidation rates over multiple economic cycles. In our view, losses will not reach these economic stress periods given real GDP is still expected to grow, albeit at a slower pace than in 2023.

S&P Global Ratings-rated new issuance (bil. \$)



S&P Global Ratings-rated sale amount by issuer (bil. \$)



Rating distribution (% of current balance)



2023 rating actions (no.)

Prior rating	Upgrades	Downgrades
AAA		
AA	2	
A	1	
BBB	2	
BB		
B		
CCC		
CC/C		

Secured loans include confidential ratings. Source: S&P Global Ratings.

# Equipment

Deal count  
**43**

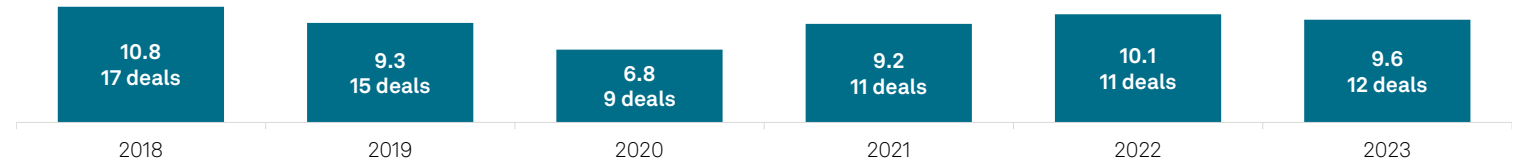
Bond count  
**147**

Rated bond balance  
**\$19.32 bil.**

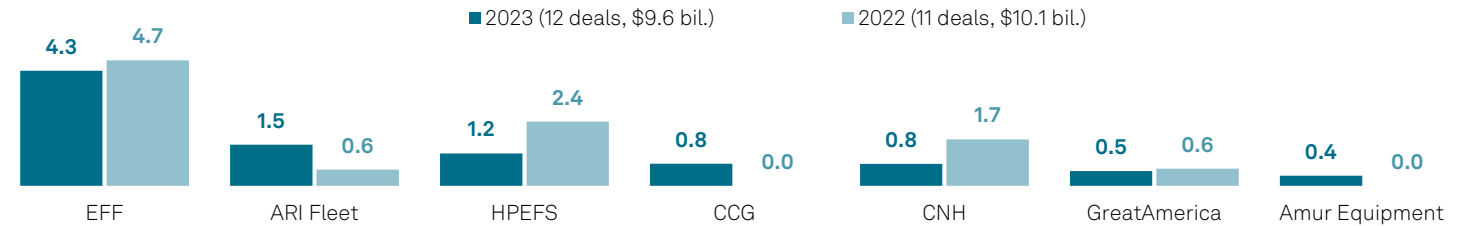
## Outlook

- 2024 issuance volume is expected to remain roughly flat or increase only slightly, after robust industry growth in 2023.
- Performance will remain stable, with losses normalizing to pre-COVID-19 pandemic levels. Tepid GDP growth that allows the economy to avoid a recession, infrastructure spending, and potentially lower interest rates should be supportive of favorable credit performance.
- The ratings outlook is stable. While losses could trend up slightly, the deleveraging that occurs across the capital stack should offset mildly higher losses resulting in potential upgrades.

S&P Global Ratings-rated new issuance (bil. \$)



S&P Global Ratings-rated sale amount by issuer (bil. \$)



Rating distribution (% of current balance)



2023 rating actions (no.)

Prior rating	Upgrades	Downgrades
AAA		
AA	19	
A	4	
BBB	4	
BB		
B		
CCC		
CC/C		

Secured loans include confidential ratings. Source: S&P Global Ratings.

# Consumer Other Secured

Deal count  
**11**

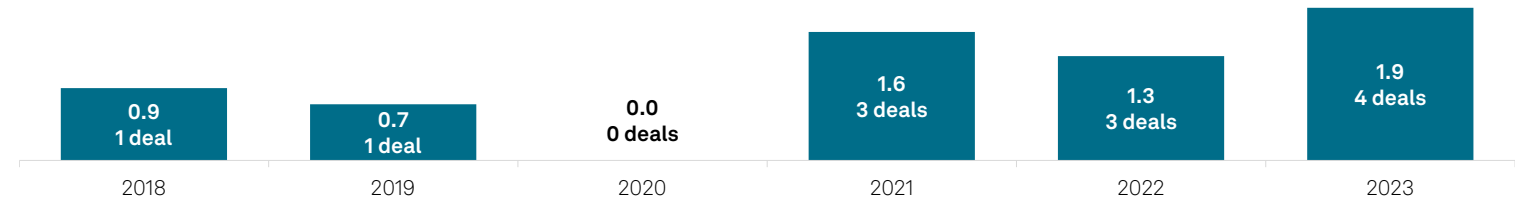
Bond count  
**48**

Rated bond balance  
**\$4.50 bil.**

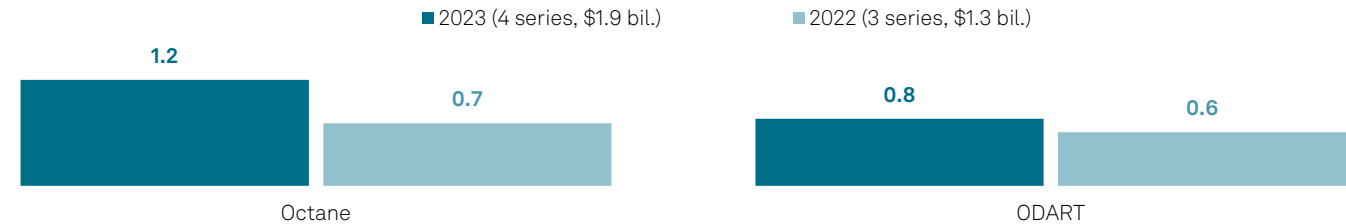
## Outlook

- Issuance in 2023 totaled \$1.9 billion across four transactions and two sponsors: Octane Lending Inc. (power sports) and OneMain Finance Corp. (direct auto loans).
- We've observed weakness in Octane Lending Inc.'s recent securitizations but believe its shift to a greater mix of prime collateral will lead to improved performance.
- Future performance will be dependent upon consumer health. The growing levels of consumer debt and resumption of student loan payments could lead to a higher volume of late payments and defaults. At this time though, we expect ratings to remain stable.

S&P Global Ratings-rated new issuance (bil. \$)



S&P Global Ratings-rated sale amount by issuer (bil. \$)



Rating distribution (% of current balance)



2023 rating actions (no.)

Prior rating	Upgrades	Downgrades
AAA		
AA	7	
A	4	
BBB	2	
BB		
B		
CCC		
CC/C		

Secured loans include confidential ratings. Source: S&P Global Ratings.

# Student Loan

Transaction count  
**409**

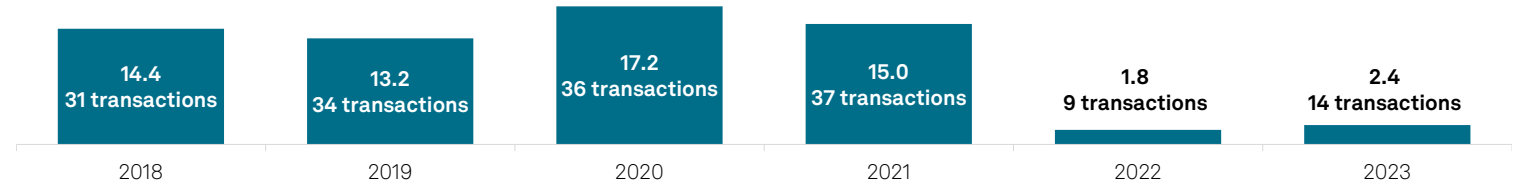
Bond count  
**1,367**

Rated bond balance  
**\$70.12bil.**

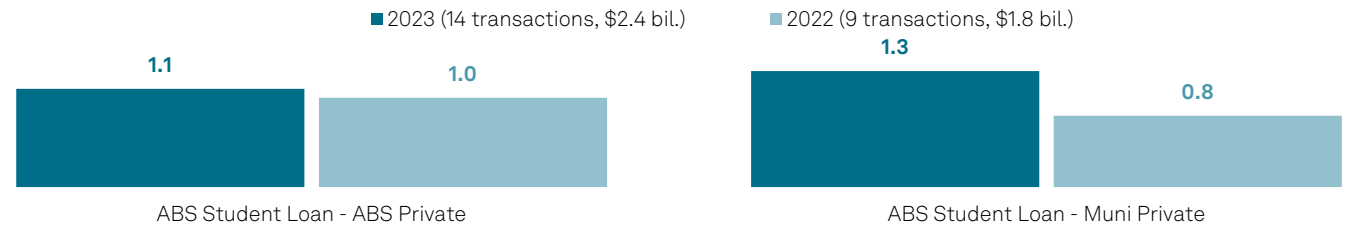
## Outlook

- The rate of defaults increased in 2023 for private student loan (PSL) in-school (post-2009) transactions due to stress to borrowers from inflation and higher interest rates. We believe default rates during 2024 will continue to normalize towards our base-case default levels for the transactions we rate. However, we expect that the ratings on these transactions--which are primarily backed by co-signed loans and are high-investment-grade rated--will remain stable.
- Delinquencies increased during 2023 in the PSL refinancing space likely due to slower prepayments and higher Inflation. Although we could see further deterioration during 2024, we believe these transactions' default rates will remain within our base cases resulting in no impact to ratings.
- We continue to focus on borrower payment rates while monitoring our ratings on FFELP transactions. Prepayment speeds have returned to normal levels after experiencing significant increases as borrowers prepaid into the Direct Loan program. While ratings on a small number of deals may be negatively impacted by the slowing payments speeds, we believe most of the ratings will remain stable. The newly implemented income-based repayment plan (SAVE) could lead to accelerated prepayments in 2024.

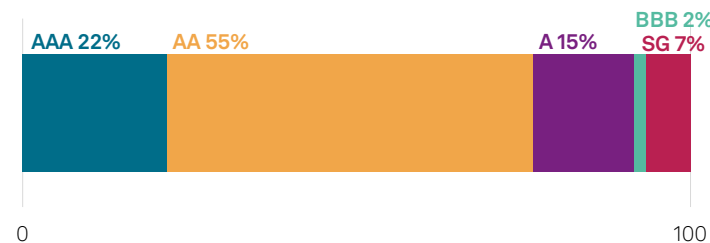
S&P Global Ratings-rated new issuance (bil. \$)



S&P Global Ratings-rated sale amount by issuer (bil. \$)



Rating distribution (% of no. of ratings)



2023 rating actions (no.)

Prior rating	Upgrades	Downgrades
AAA		
AA	72	
A	20	
BBB	1	
BB		
B		6
CCC	1	14
CC/C	4	5

SG--Speculative grade. Source: S&P Global Ratings.

# Consumer Other Unsecured

Deal count  
**43**

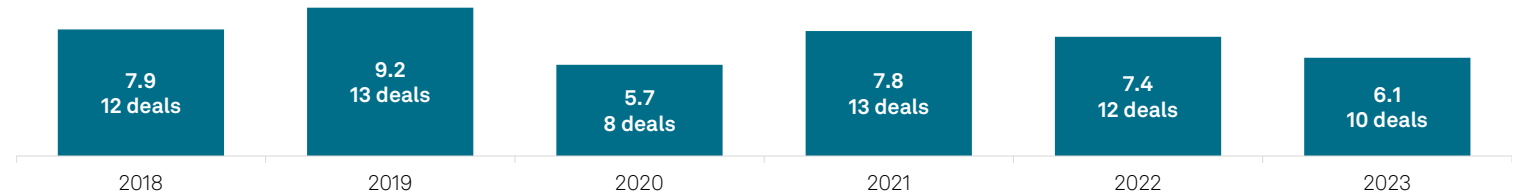
Bond count  
**161**

Rated bond balance  
**\$23.09 bil.**

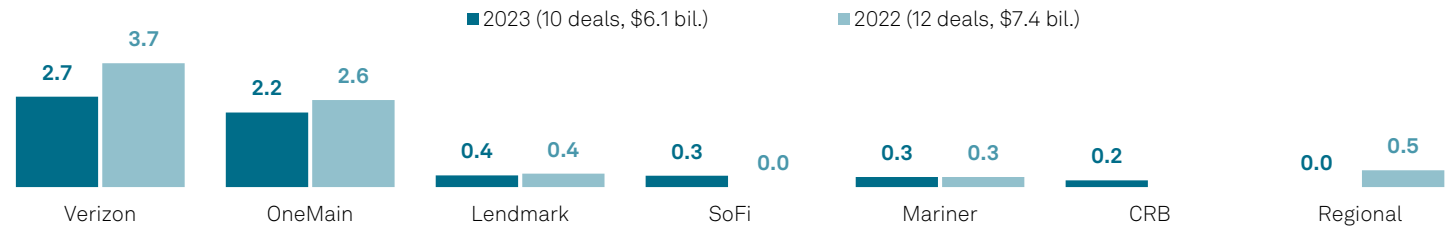
## Outlook

- Personal loan performance will likely see some stress during 2024 because the typical customer continues to be challenged with higher costs.
- The base-case loss for the personal loan revolving structures considers historical performance that reflects volatility through economic downturns.
- We expect investment grade ratings to remain stable while speculative grade ratings may feel pressure if loan loss performance deteriorates beyond our base case assumptions.

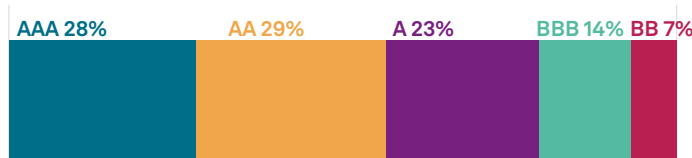
S&P Global Ratings-rated new issuance (bil. \$)



S&P Global Ratings-rated sale amount by issuer (bil. \$)



Rating distribution (% of no. of ratings)



2023 rating actions (no.)

Prior rating	Upgrades	Downgrades
AAA		
AA	13	
A	20	
BBB	14	
BB	10	
B		
CCC		
CC/C		

Source: S&P Global Ratings.

# Credit Cards

Deal count  
**31**

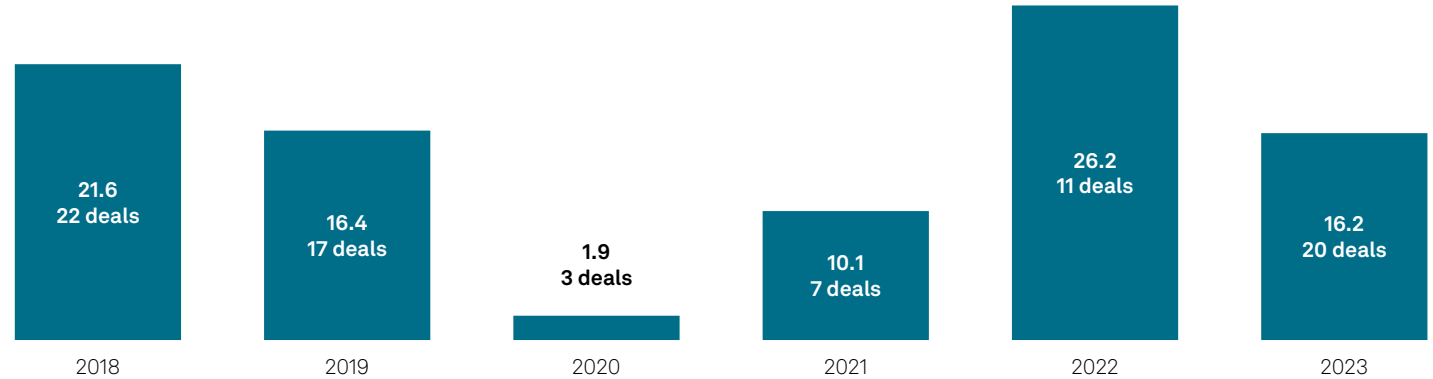
Bond count  
**84**

Rated bond balance  
**\$67.86 bil.**

## Outlook

- We expect slightly weaker collateral performance and stable rating trends over the next 12 months for the trusts we rate.
- Base-case and stress assumptions for each trust, calibrated against major economic stress, continue to adequately capture the expected performance risks of the receivables, our updated macroeconomic forecast for the U.S. and Canada, and our forward-looking view of the U.S. and Canada banking sectors.

S&P Global Ratings-rated new issuance (bil. \$)

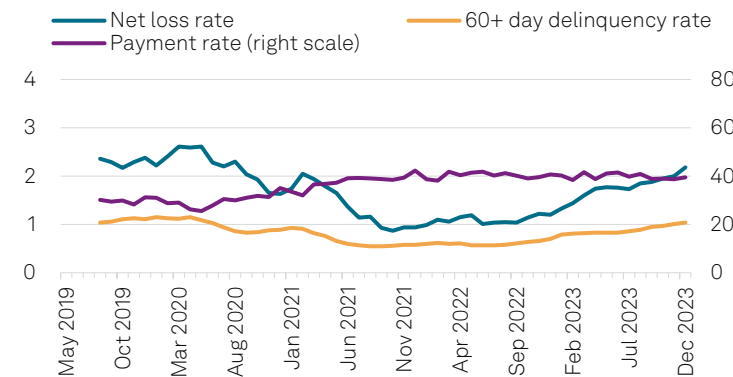


Rating distribution (% of no. of ratings)

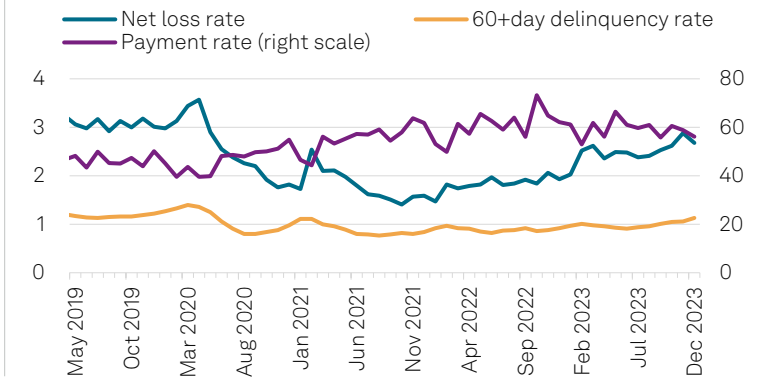


Source: S&P Global Ratings.

U.S. Credit Card Quality Index, Bankcard (%)



Canadian Credit Card Quality Index, Bankcard (%)



# Key Contacts

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+1-212-438-3247

## Who should I contact?

- **Transaction-related questions** - Analytical managers and sector lead
- **New proposal feasibility** – Analytical managers and sector lead
- **Rating methodology-related questions** – Sector lead
- **Commercial questions** – Commercial contacts

Asset type	Analytical manager	Sector lead
Auto loans	Frank Trick	Amy Martin
Floorplan	Frank Trick	Amy Martin
Auto lease	Frank Trick	Amy Martin
Equipment	Frank Trick	Amy Martin
Manufactured housing	Frank Trick	Amy Martin
Other secured consumer	Frank Trick	Amy Martin
Student loan	Ildiko Szilank	John Anglim
Credit cards	Ildiko Szilank	John Anglim
Consumer other unsecured	Ildiko Szilank	John Anglim



# Related Research

- [U.S. Auto Loan ABS Tracker: Full-Year And December 2023 Performance](#), Feb. 13, 2024
- [Credit Unions Make A Splash in 2023, Almost Tripling 2022's Auto Loan ABS Issuance](#), Feb. 9, 2024
- [Global Structured Finance 2024 Outlook](#), Jan. 10, 2024
- [Canadian Credit Card Quality Index: Monthly Performance--December 2023](#), Feb. 2, 2023
- [U.S. Credit Card Quality Index: Monthly Performance--December 2023](#), Jan. 31, 2023
- [Seniority Has Its Privileges: Some 2022 Subprime Auto ABS Senior Classes Upgraded Despite Weaker Collateral Performance](#), July 12, 2023

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