

U.S. Structured Finance Chart Book: May 2025

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Highlights | The Rising Rate Of Non-QM And DSCR Mortgage Impairments

- Although non-qualified (non-QM) and debt service coverage ratio (DSCR) loan impairments have been increasing, many such loans continue to have cash flow. Moreover, strong home equity and a buoyed housing market have kept losses low.
- The non-QM and DSCR segments are performing similarly, and the weighted average mortgage coupon spreads between the two have largely converged.
- Recent impairment levels appear to be distinguished more by FICO score and loan balance than by loan-to-value ratio and DSCR.

Non-QM and DSCR counts and 60+ day delinquencies

		Non-QM								DSCR							
Original balance bin		<\$100k	[\$100k - \$200k)	[\$200k - \$300k)	[\$300k - \$400k)	[\$400k - \$500k)	[\$500k - \$700k)	[\$700k - \$1,000k)	> \$1,000k	<\$100k	[\$100k - \$200k)	[\$200k - \$300k)	[\$300k - \$400k)	[\$400k - \$500k)	[\$500k - \$700k)	[\$700k - \$1,000k)	>\$1,000k
		Loan count								Loan count							
FICO bin	<650	99	935	872	627	419	457	303	226	636	1,390	700	369	201	173	105	72
	650-675	53	635	831	646	494	591	413	323	1,024	2,281	1,190	604	323	312	137	111
	676-700	107	1,025	1,314	1,071	827	1,055	687	653	1,984	4,173	2,619	1,342	701	659	347	242
	701-725	130	1,026	1,548	1,435	1,161	1,589	1,102	1,116	2,479	5,522	3,182	1,807	971	949	511	389
	726-750	116	1,032	1,555	1,542	1,300	1,824	1,291	1,418	2,967	6,222	3,433	1,807	1,138	1,223	644	486
	751-775	97	998	1,671	1,657	1,416	1,974	1,445	1,640	3,040	6,797	3,643	2,088	1,140	1,283	729	538
	>775	110	1,339	2,119	2,140	1,846	2,491	1,715	1,796	2,551	6,483	3,916	2,259	1,341	1,392	792	603
		Percentage of loan count 60+ day delinquent								Percentage of loan count 60+ day delinquent							
FICO bin	<650	9.1	11.8	9.9	10.2	14.1	14.9	16.2	19.9	5.8	8.0	9.6	10.3	10.4	10.4	18.1	15.3
	650-675	1.9	3.3	4.8	7.1	6.9	9.3	10.9	10.5	7.3	5.4	5.4	6.6	5.0	8.7	13.9	9.9
	676-700	0.9	2.5	3.4	3.7	4.6	6.4	5.8	9.5	7.3	4.0	3.6	4.7	5.8	5.9	6.6	7.0
	701-725	1.5	1.6	1.7	2.5	3.0	4.2	4.6	5.8	3.1	3.0	3.3	3.8	3.6	5.4	7.0	4.4
	726-750	0.0	1.3	0.9	1.4	1.5	1.8	2.7	2.6	6.2	2.4	3.1	2.9	2.7	2.9	3.3	5.3
	751-775	1.0	0.6	0.8	0.7	0.9	1.2	1.2	1.8	1.4	1.6	1.8	2.2	2.0	1.7	1.9	2.0
	>775	0.0	0.0	0.1	0.0	0.3	0.0	0.1	0.1	0.0	0.1	0.3	0.3	0.4	0.1	0.4	0.2

Source: S&P Global Ratings.

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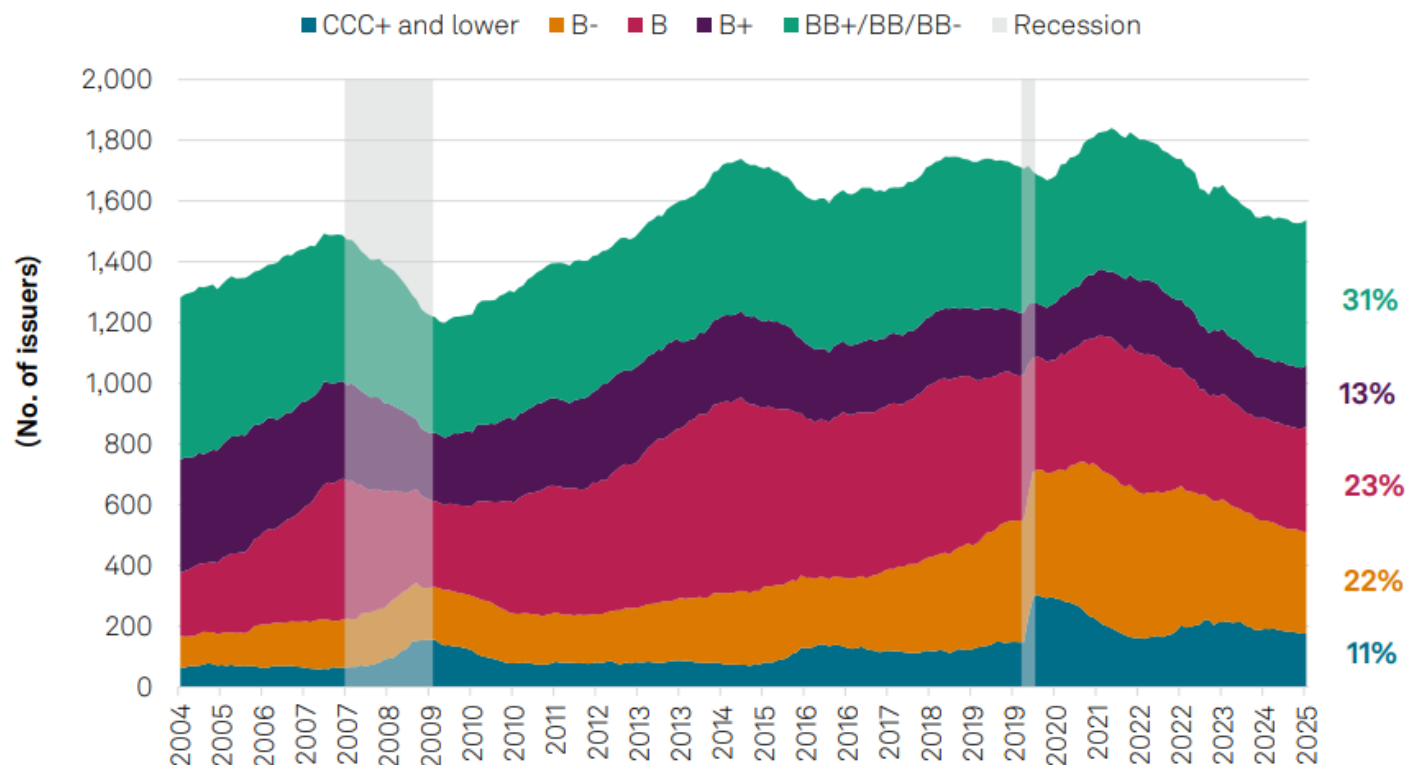


Highlights | U.S. Leveraged Finance And BSL CLO Quarterly: Shifting Credit Sentiments (Q2 2025)

- About 22% of our speculative-grade issuer ratings (by issuer count) are rated 'B-'. The proportion has declined 500 basis points from its peak at 28% in mid-2021.
- The number of speculative-grade issuers fell modestly for the 12 months ending March 31, 2025. Our rating distribution showed an increase in 'B' rated issuers to 23% as of March 31, 2025, from 22% on Dec. 31, 2024.
- There was a slightly favorable shift in 'CCC' category issuers. Although the number remains high, at about 11% of our portfolio, this is below the peak levels of 18% after the onset of COVID-19 and 12.8% during the global financial crisis.

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U.S. and Canada speculative-grade ratings distribution by issuer count*



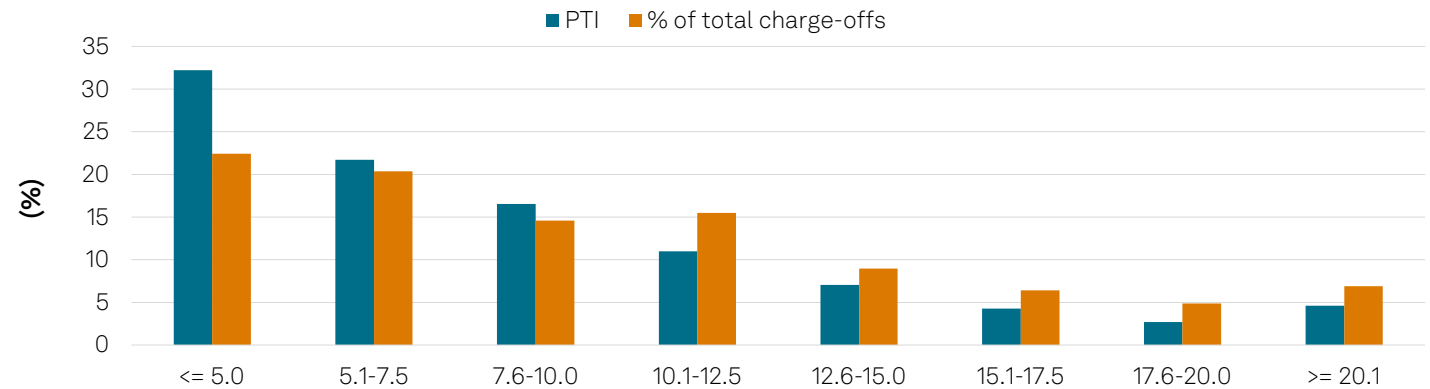
*Data as a percentage of speculative-grade ratings as of March 31, 2025. Sources: S&P Global Ratings and CreditPro.

Highlights | Reduced Affordability Contributes To Deteriorating Prime Auto Loan ABS Performance

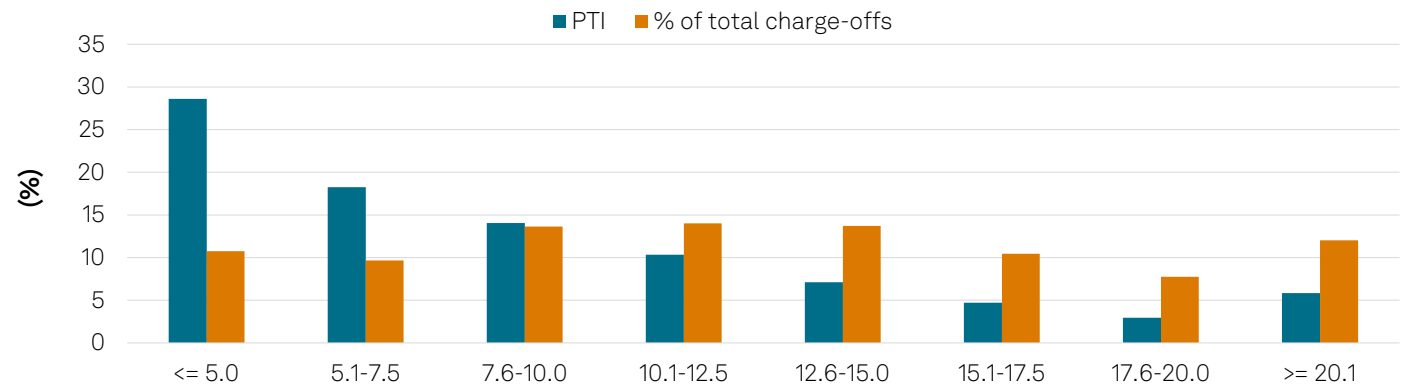
- Despite low unemployment levels, certain prime auto loan asset-backed securities (ABS) issuers are reporting higher-than-expected cumulative net losses on their pools.
- We believe that some of the deterioration is due to the increasing proportion of pooled loans for which obligors have a payment-to-income ratio greater than 10%.
- Prices for new and used vehicles since before the pandemic have increased faster than consumers' income growth. This, coupled with higher interest rates, has led to a growing share of consumers facing affordability issues with their auto loans.
- Rating downgrades have so far been avoided, but that could change if losses rise sufficiently.

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Mercedes 2024-1* composition by PTI and charge-offs by PTI



Volkswagen 2023-1[†] composition by PTI and charge-offs by PTI

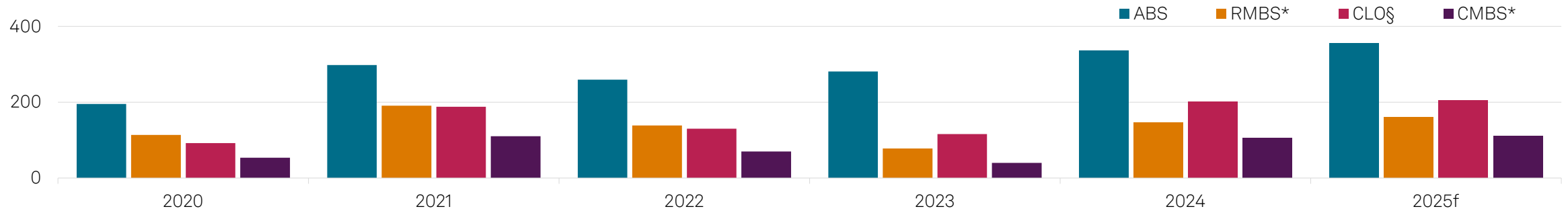


*Mercedes-Benz Auto Receivables Trust 2024-1. †Volkswagen Auto Loan Enhanced Trust 2023-1. PTI: Payment-to-income ratio. Source: S&P Global Ratings.

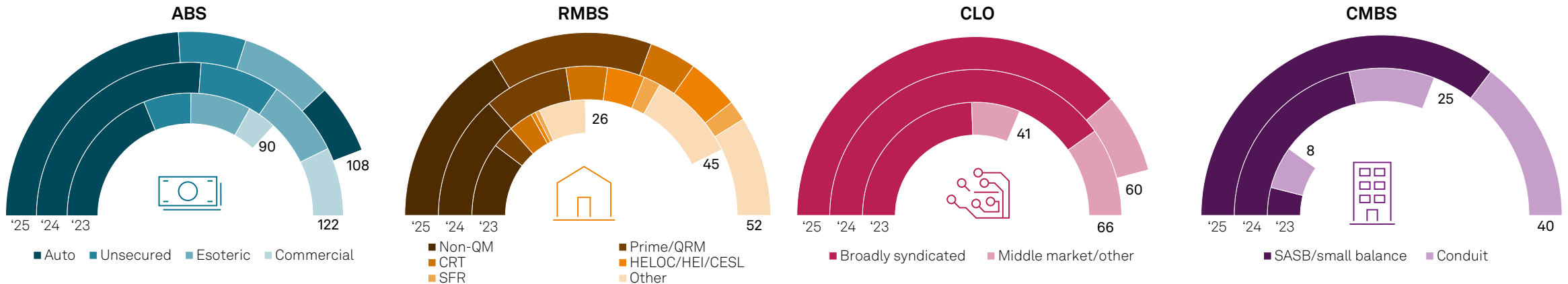


Market-Wide Structured Finance Issuance | April 2025 Issuance Up 1.7% Compared To April 2024

Annual new issuance (bil. \$)



New issuance through the end of April (bil. \$)

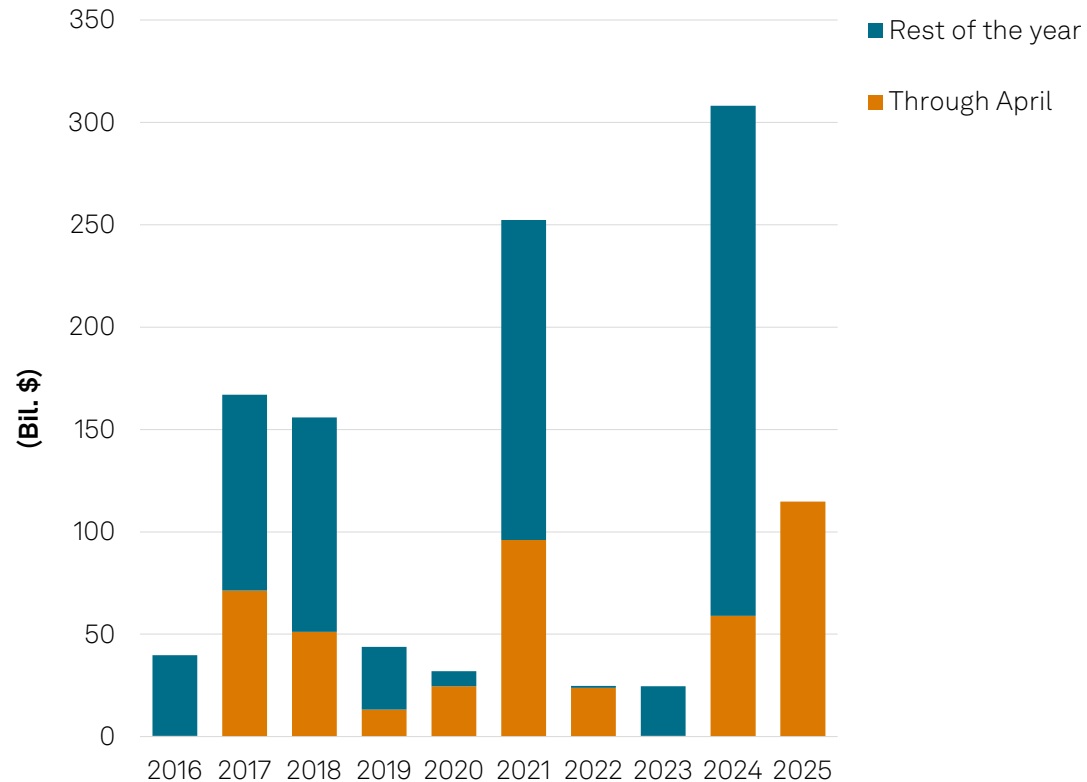


Note: Issuance volumes are rounded. New issuance volumes exclude commercial real estate CLO transactions. *RMBS and CMBS issuance volumes exclude agency mortgage-backed securities. \$CLO refinancing-reset volume is not considered new issuance. ABS--Asset-backed securities. RMBS--Residential mortgage-backed securities. CLO--Collateralized loan obligations. CMBS--Commercial mortgage-backed securities. Non-QM--Non-qualified mortgage. QRM--Qualified residential mortgage. CRT--Credit risk transfer. HELOC--Home equity line of credit. HEI--Home equity investment. CESL--Closed-end second lien. SFR--Single-family rental. SASB--Single asset, single borrower. Sources: S&P Global Ratings, Intex, Pitchbook LCD, Bloomberg, and Green Street.



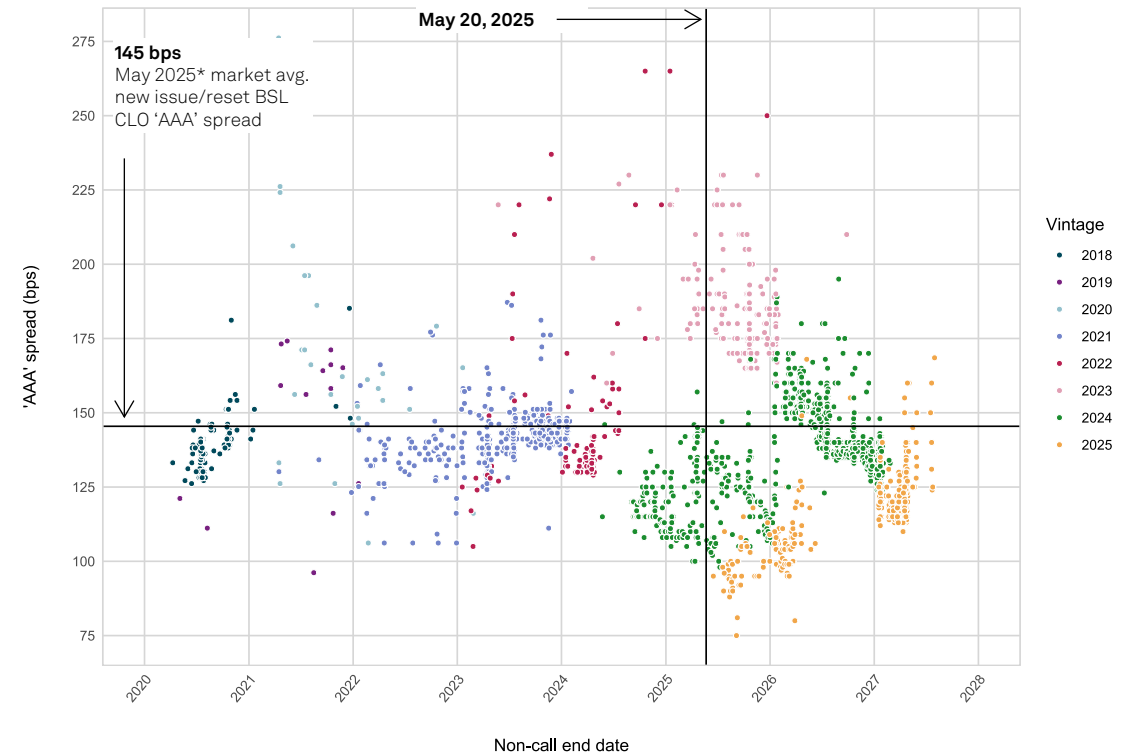
CLO Refinancings And Resets | Pricings Slow As Average BSL 'AAA' Spreads Widen Over 20 Basis Points From March To Late May

CLO refinance/reset issuance volume



Source: Pitchbook LCD.

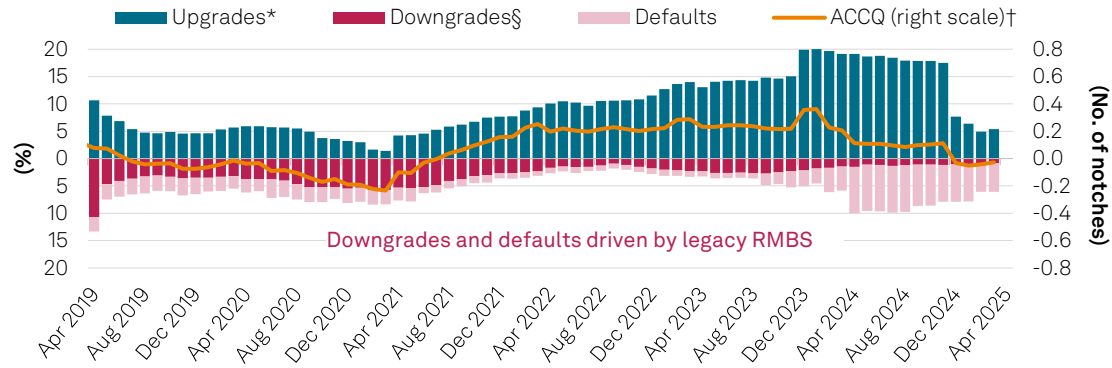
Outstanding U.S. BSL CLO 'AAA' spreads and non-call period end dates, by vintage*



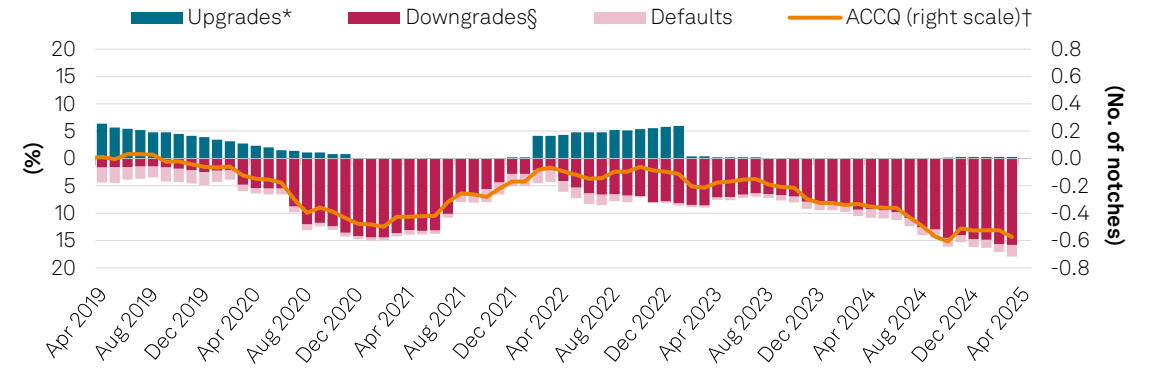
*Data as of May 19, 2025. Note: The spreads of reinvesting transactions and transactions within two years of their reinvestment period end date are plotted. The spreads of transactions that have been refinanced or reset previously are plotted (vintage is adjusted to reflect most recent iteration of the CLO). BSL--Broadly syndicated loan. CLO--Collateralized loan obligation. Bps--Basis points. Sources: Pitchbook LCD and S&P Global Ratings.

Ratings Performance | Average Change In Credit Quality By Sector

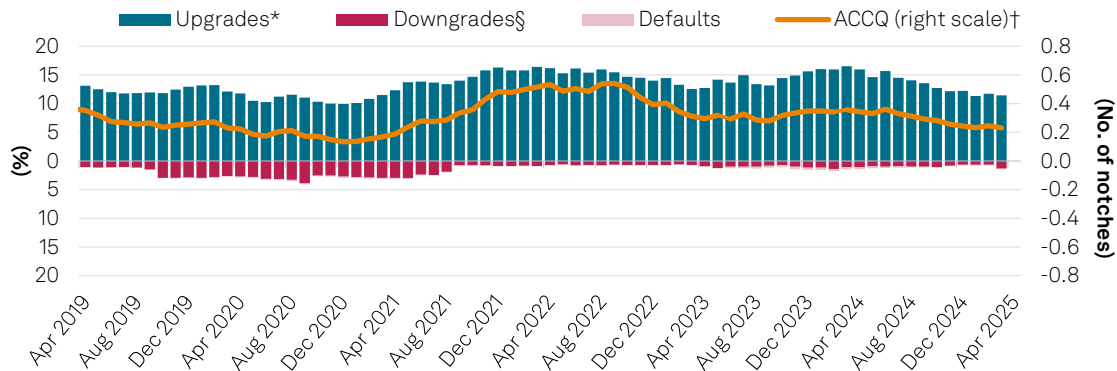
RMBS



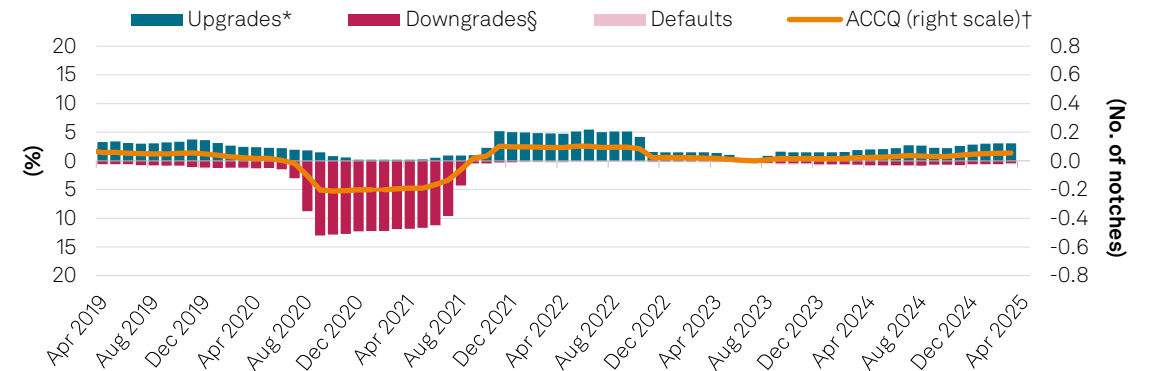
CMBS



ABS‡



CLO



*Total number of upgrades (downgrades, defaults) divided by the total number of outstanding ratings in the sector on a trailing-12-month basis. Securities whose ratings migrated to NR over each period are classified based on their rating prior to NR.
 §The downgrade proportion excludes defaulted tranches. †The average number of notches by which ratings across all tranches in each sector changed on a trailing-12-month basis. ‡ABS includes ratings performance data from esoteric asset classes.
 RMBS--Residential mortgage-backed securities. CMBS--Commercial mortgage-backed securities. ABS--Asset-backed securities. CLO--Collateralized loan obligation. ACCQ--Average change in credit quality. NR--Not rated. Source: S&P Global Ratings.

RMBS



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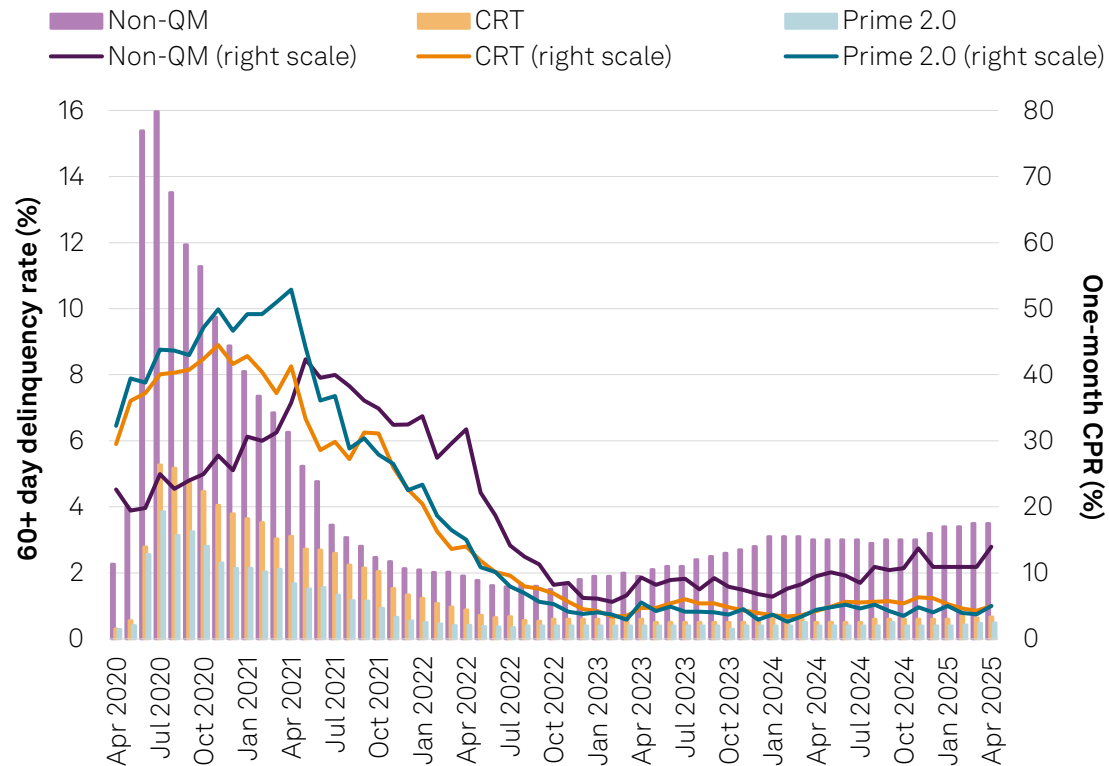
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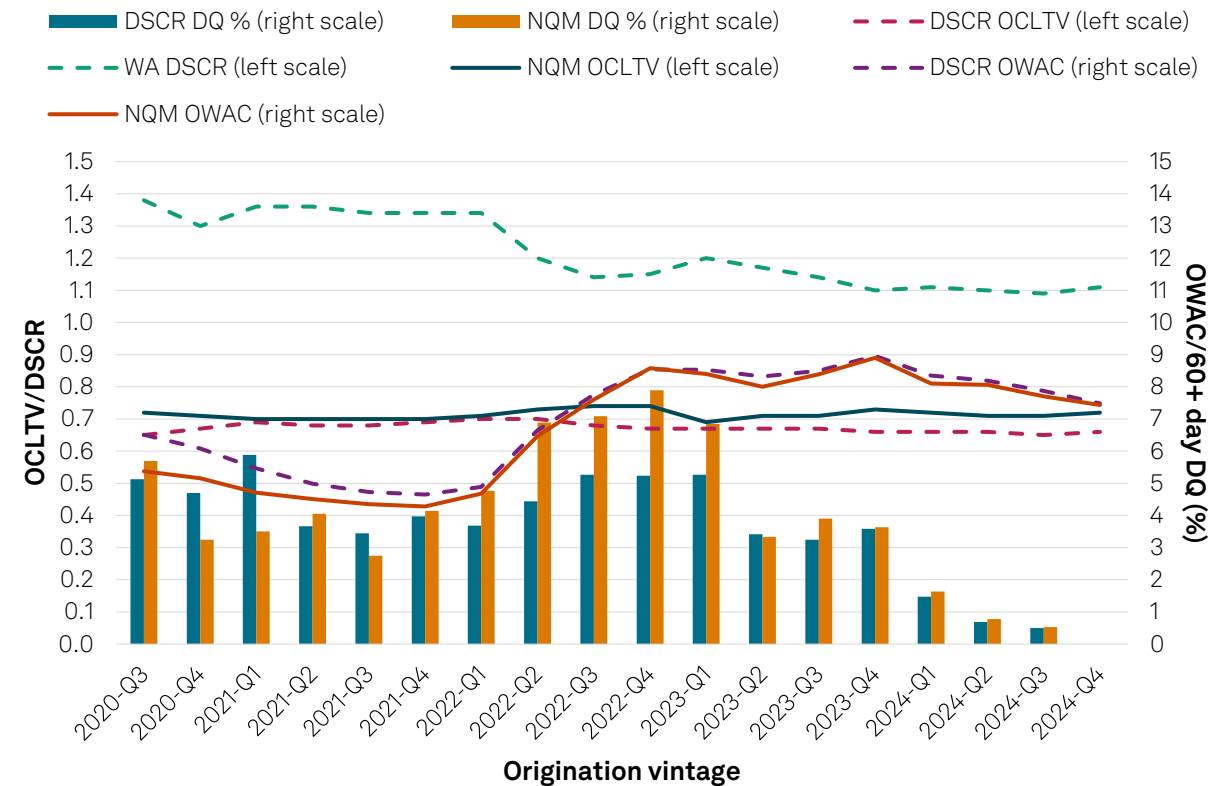
RMBS | Overall Pool Performance And Comparison Of Non-QM and DSCR

RMBS collateral performance*



*Data as of April 2025. Based on loans backing RMBS transactions rated by S&P Global Ratings. RMBS--Residential mortgage-backed securities. Non-QM--Non-qualified mortgage. CRT--Credit risk transfer. Prime 2.0--RMBS issued during or after 2009. CPR--Conditional prepayment rate. Source: S&P Global Ratings.

Non-QM and DSCR origination vintages



DSCR--Debt service coverage ratio. DQ--Delinquencies. NQM--Non-qualified mortgage. OWAC--Original weighted average coupon. OCLTV--Original combined loan-to-value. WA--Weighted average. Source: S&P Global Ratings.

CMBS



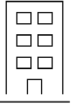
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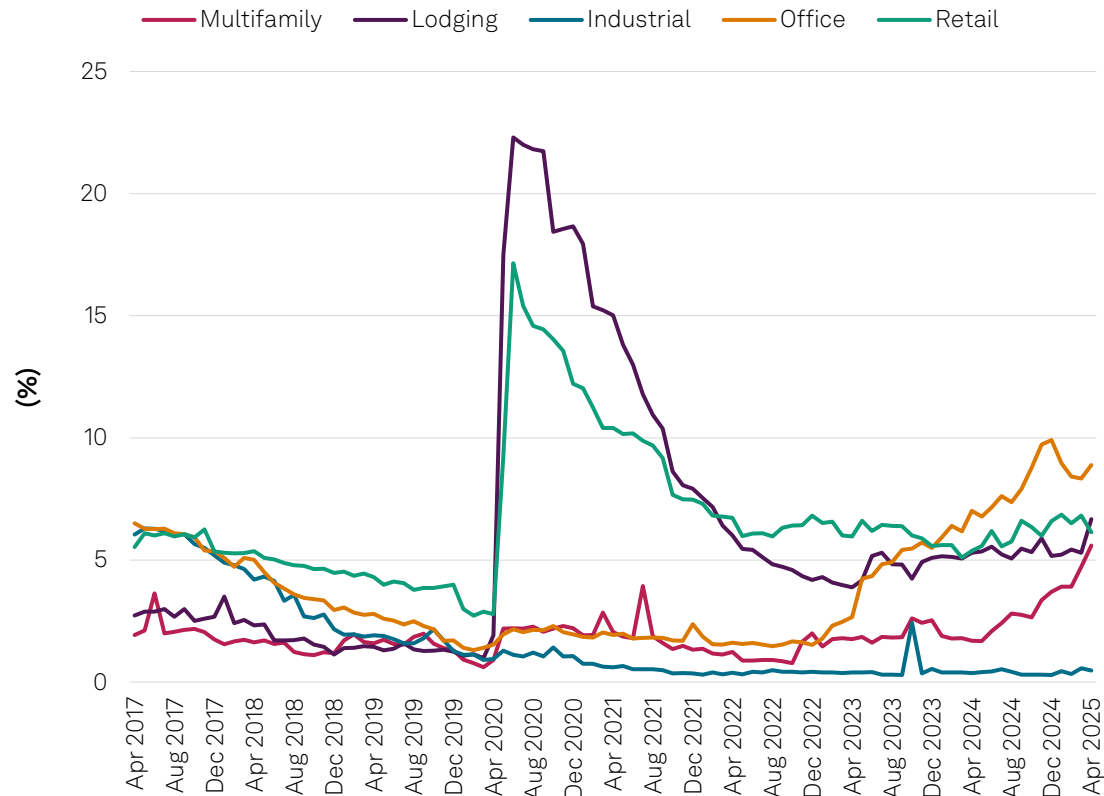


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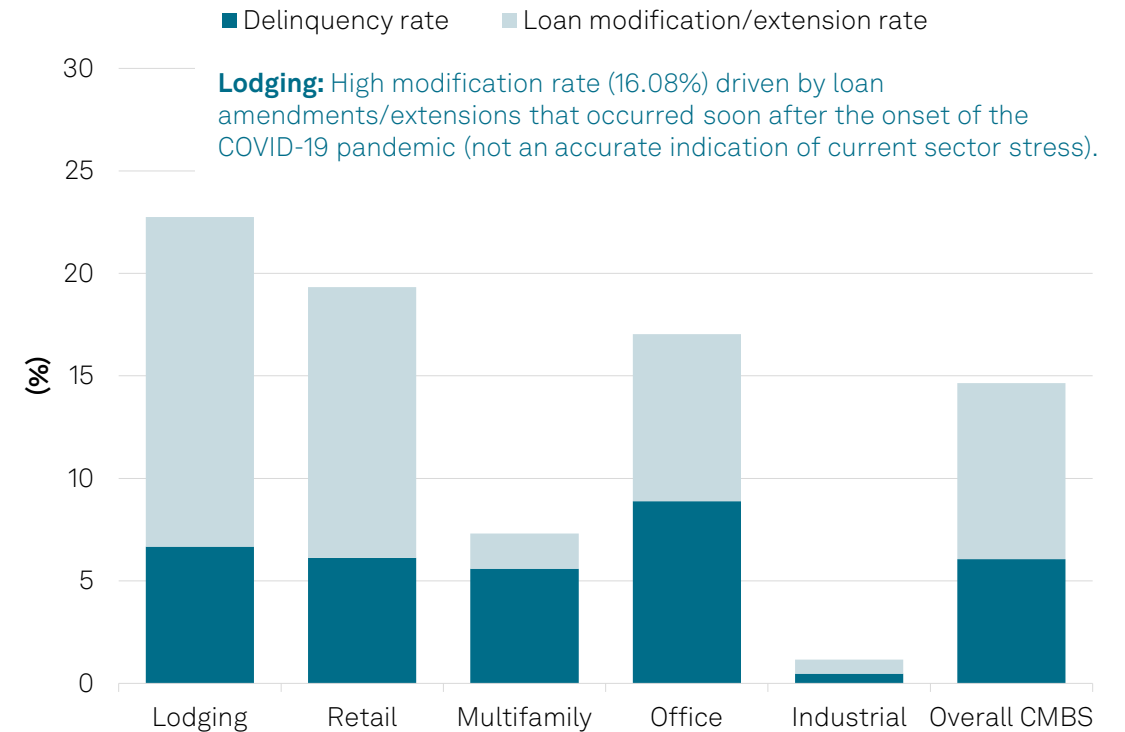
CMBS | U.S. CMBS Delinquency Rate Increased 59 Basis Points To 6.1% In April 2025; Lodging Rate Climbed To 6.67%

Delinquency rate by property type



Source: S&P Global Ratings.

Delinquency and modification/extension rate by property type



*Data as of April 2025. CMBS--Commercial mortgage-backed securities. Source: S&P Global Ratings.

ABS



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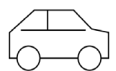
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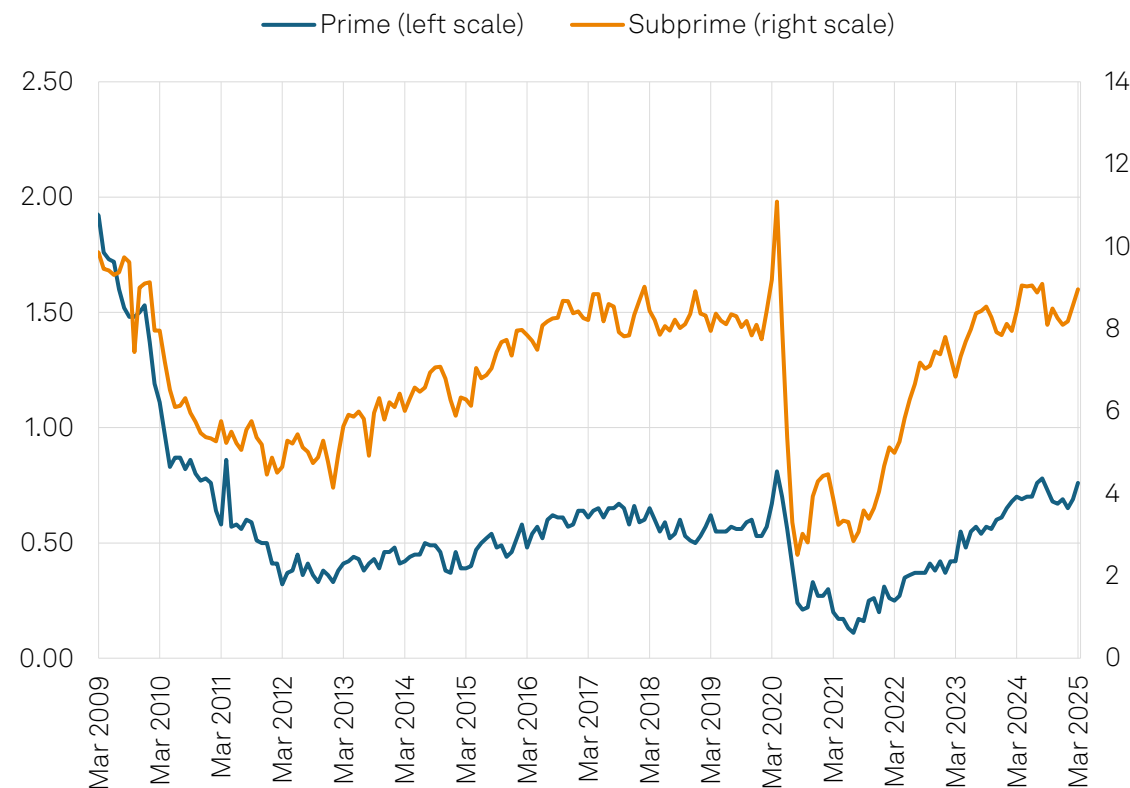
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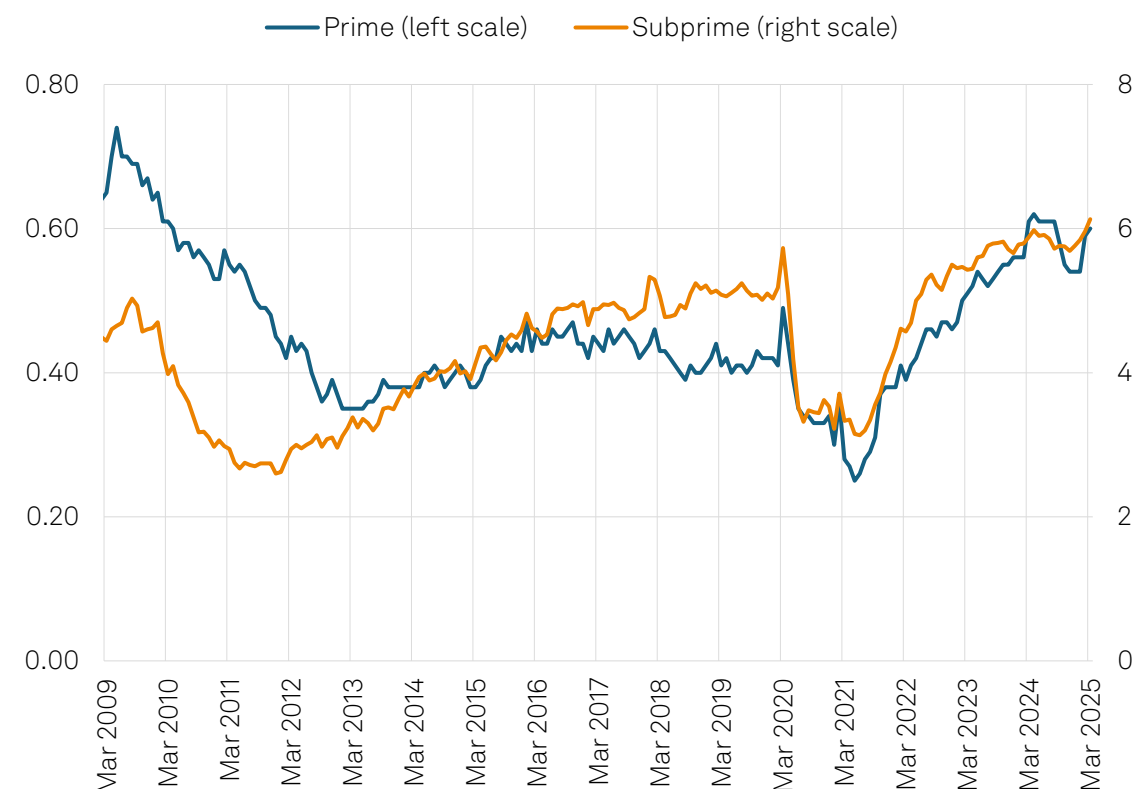


Auto Loan ABS | Delinquencies And Losses Remain Elevated

Auto loan ABS net loss rates (%)



Auto loan ABS 60+ day delinquency rates (%)

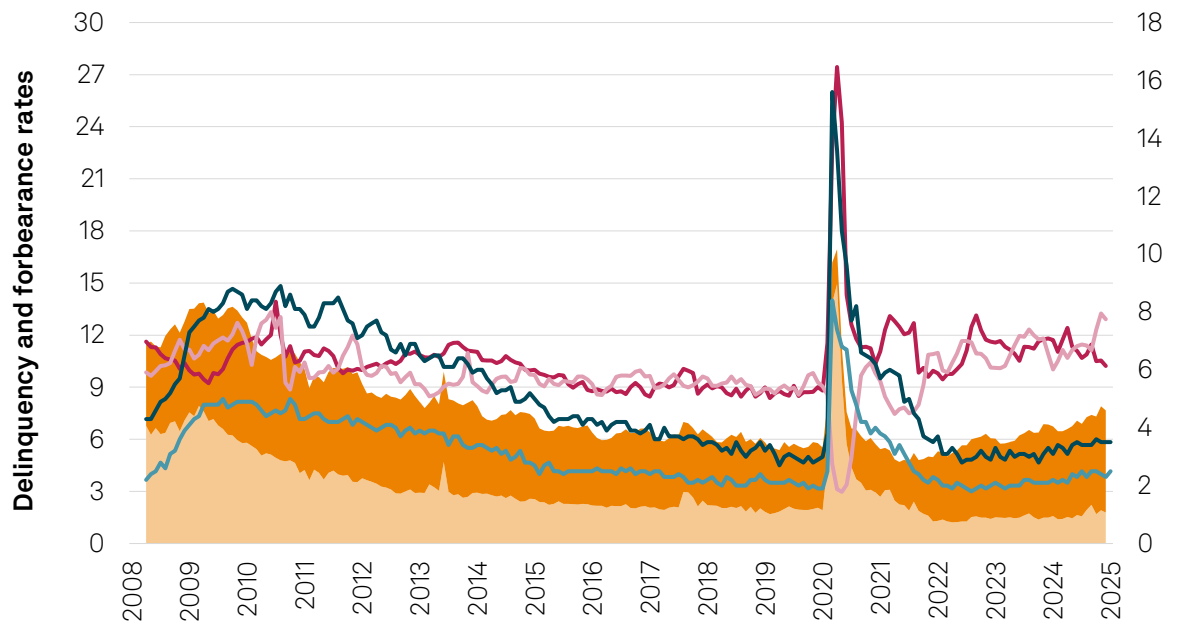


Data adjusted for seasonality. Monthly net loss rates are annualized. ABS--Asset-backed securities. Source: S&P Global Ratings.

Student Loan And Credit Card ABS | Collateral Performance Overview

Unemployment by education vs. delinquency and forbearance rates*

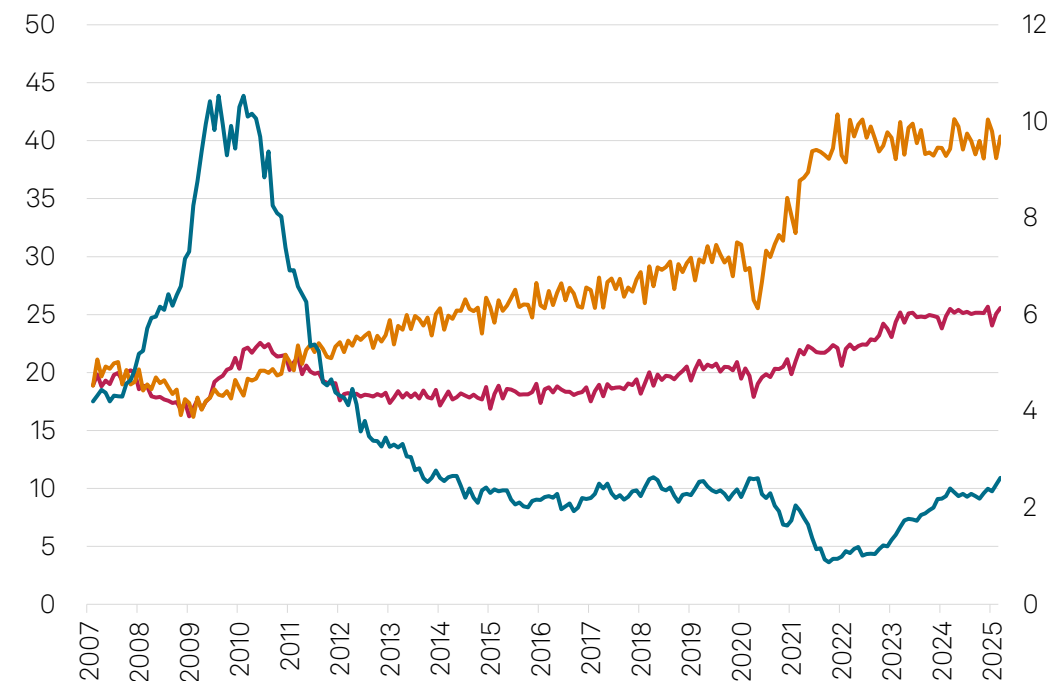
■ Private DQ (left scale) ■ Private FB (left scale)
— FFELP FB (left scale) — FFELP DQ (left scale)
— Some college/associate's degree (right scale) — Bachelor's degree or higher (right scale)



*Data as of February 2025. Forbearance and delinquency data are derived only from student loan asset-backed securities transactions rated by S&P Global Ratings that provide monthly pool performance statistics. DQ--Delinquency. FB--Forbearance. FFELP--Federal Family Educational Loan Program. Sources: U.S. Bureau of Labor Statistics and S&P Global Ratings.

Bankcard Credit Card Quality Index* (%)

— Yield (left scale) — Total payment rate (left scale) — Net loss rate (right scale)



*Data as of March 2025. Based on credit card asset-backed securities transactions rated by S&P Global Ratings. Monthly net loss rates and yields are annualized. Source: S&P Global Ratings.

Esoteric ABS



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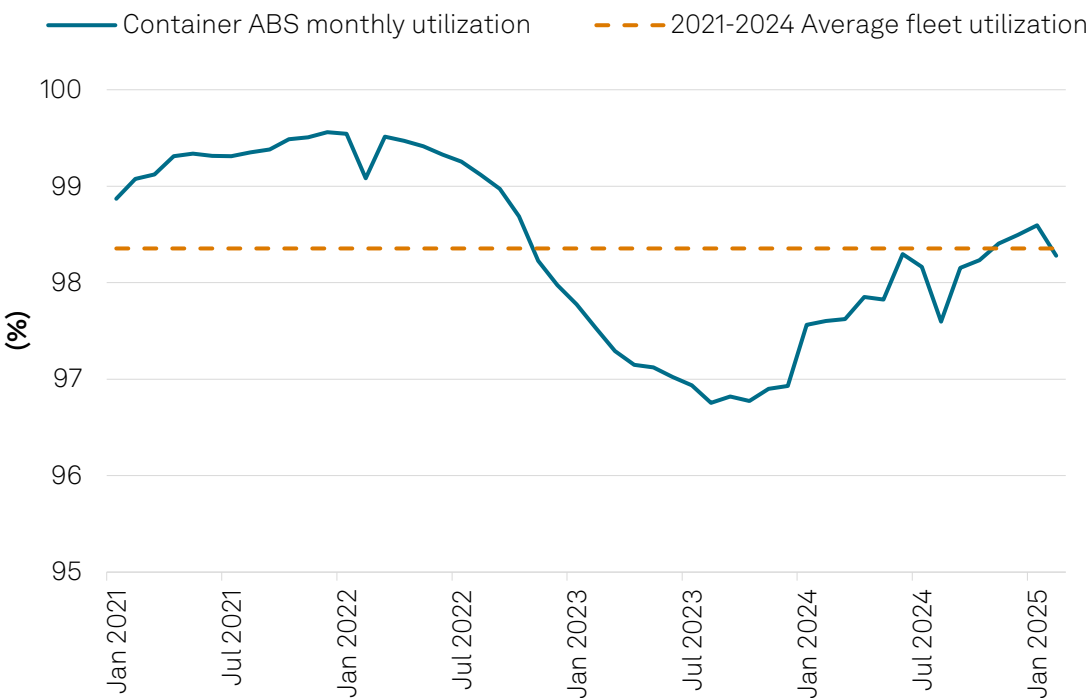
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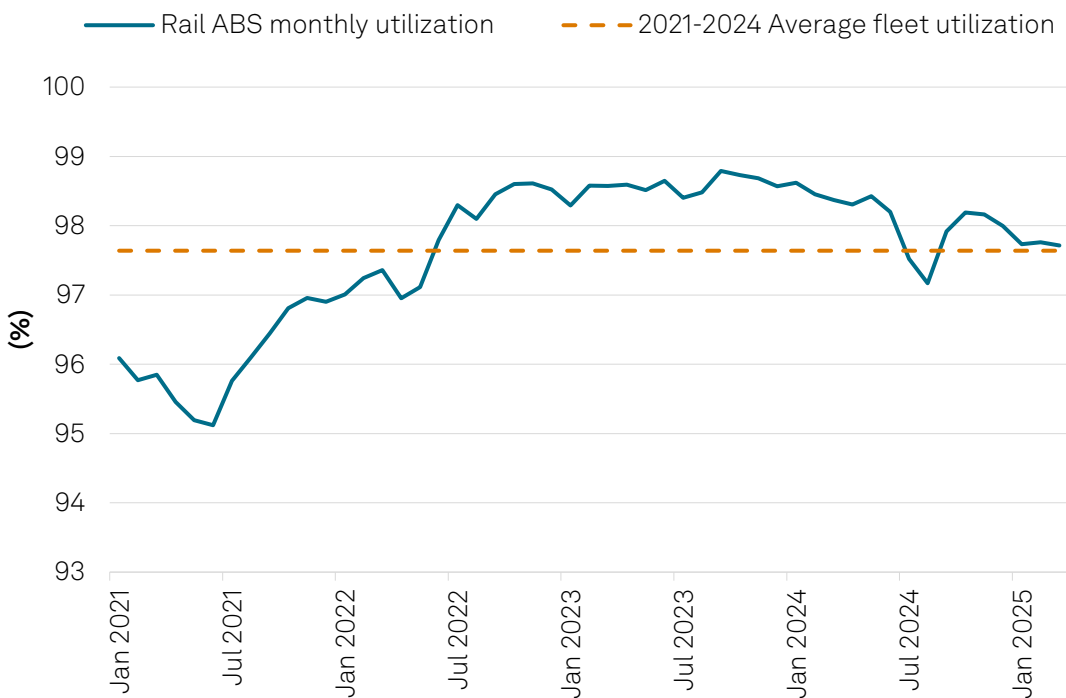
Esoteric ABS | Utilization Rates in Container And Rail ABS

Fleet utilization has been strong on rated portfolios despite tariff headwind

Container ABS: Fleet utilization*



Rail ABS: Fleet utilization*



*As of March 1, 2025. Simple average of utilization rates across deals rated by S&P Global Ratings. ABS--Asset-backed securities. Source: S&P Global Ratings.

CLO



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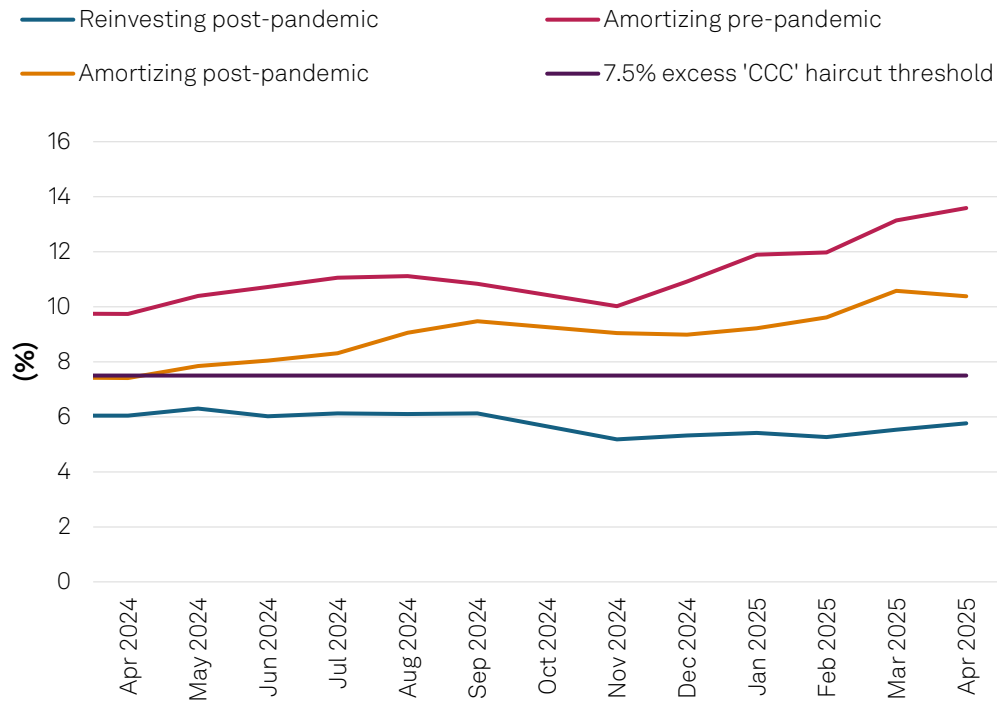


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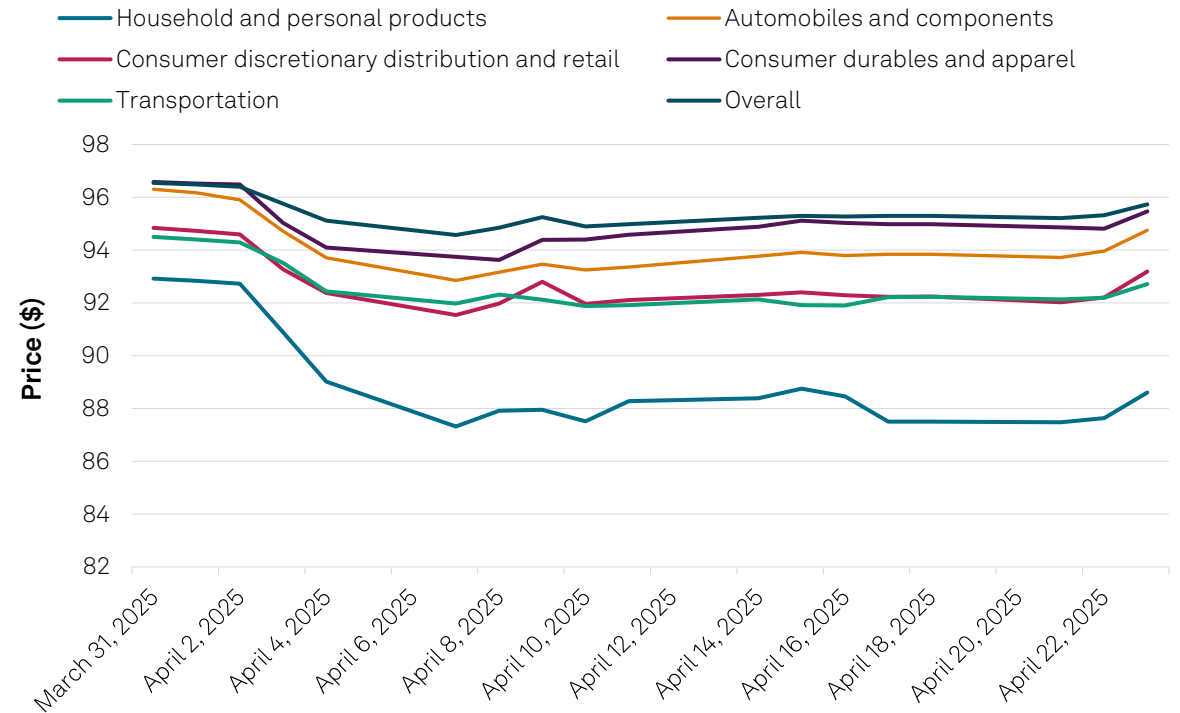
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CLO | ‘CCC’ Exposure; Loan Price Volatility

‘CCC’ exposure across U.S. BSL CLO Insights Index*



Weighted average loan prices of industry groups that experienced the largest loan price declines during first week of April 2025



Source: S&P Global Ratings.

*Dataset is derived from transactions included in our U.S. BSL CLO Insights Index. ‘CCC’ exposures represent derived opinion (not ratings) on the as-of date of the dataset. Derived opinion is an input determined by S&P Global Ratings for inclusion in CDO Evaluator. March 2025 and April 2025 datapoints are in progress and are based on the most recent portfolio statistics available to us. BSL--Broadly syndicated loan. CLO--Collateralized loan obligation. Source: S&P Global Ratings’ [U.S. CLO Insights dashboard](#).

ABCP/ Muni-Structured



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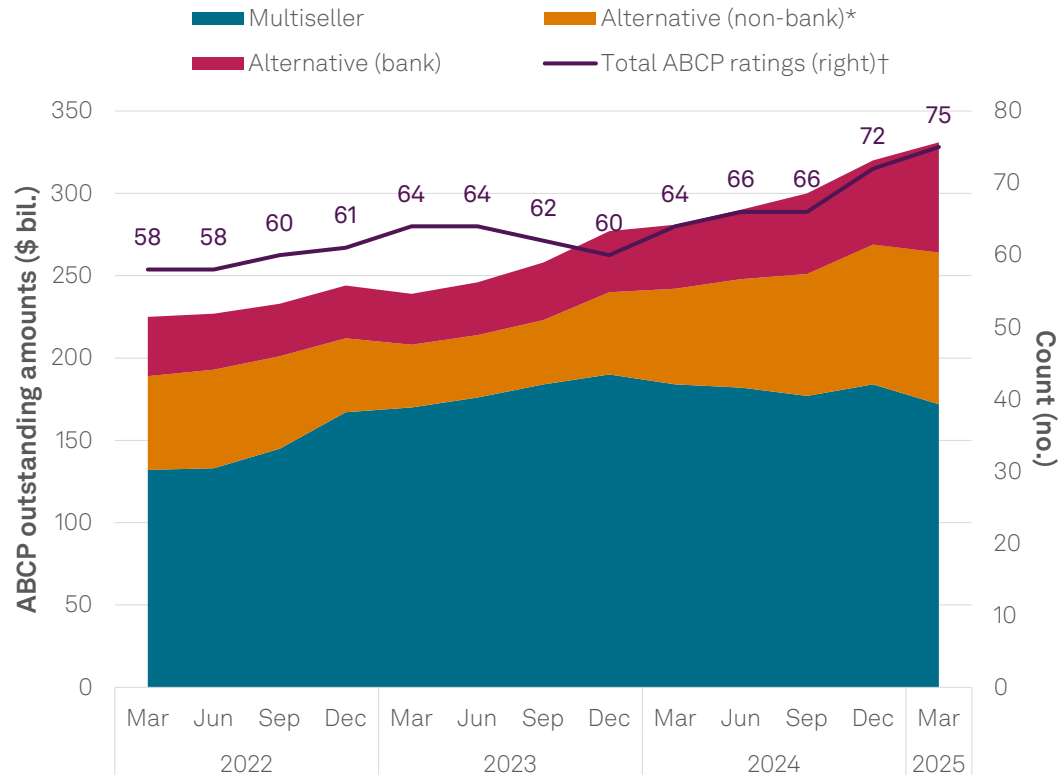
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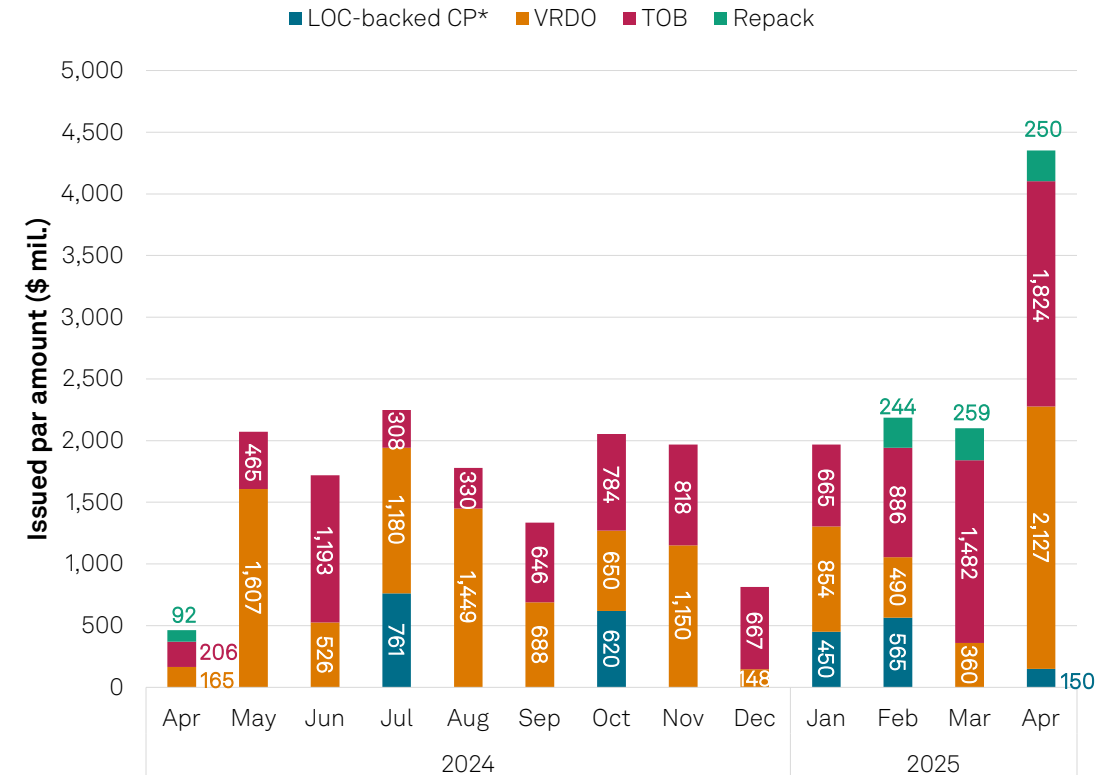
ABCP Muni-Structured | New Issuance And Outstanding Amounts

S&P Global Ratings-rated ABCP outstanding amounts



*Includes derivative-backed and repo-backed. †Includes serialized ABCP issuance. ABCP--Asset-backed commercial paper. Source: S&P Global Ratings

Monthly VRDO issuance



*Represents maximum authorized amount of program. VRDO-- Variable-rate demand obligation. LOC--Letter of credit. CP--Commercial paper. TOB--Tender option bond. Source: S&P Global Ratings.



Recent Research

Sector	Publications
RMBS	<u>U.S. Home Price Overvaluation At 10%</u>
	<u>SF Credit Brief: U.S. CMBS Delinquency Rate Increased 59 Bps To 6.1% In April 2025; Lodging Rate Climbed To 6.67%</u>
CMBS	<u>U.S. CMBS Update Q1 2025: Issuance Remains Robust Amid Rising Leverage And Lingering Credit Issues</u>
	<u>U.S. Auto Loan ABS Tracker: March 2025 Performance</u>
ABS	<u>Inflation and Affordability Challenges Remain For Consumers Despite Low Unemployment</u>
Esoteric ABS	<u>Structured Finance Esoteric Quarterly Roundup: Q1 2025</u>
	<u>Private Credit And Middle-Market CLO Quarterly: Unknown Unknowns (Q2 2025)</u>
CLO	<u>CLO Insights 2025 U.S. BSL Index: Loan Price Volatility Highlights Tariff-Affected Sectors; CLO Metrics Stable Except For Loan Prices</u>
ABCP/Muni-Structured	<u>Tender Option Bond 2025 Outlook</u>

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