

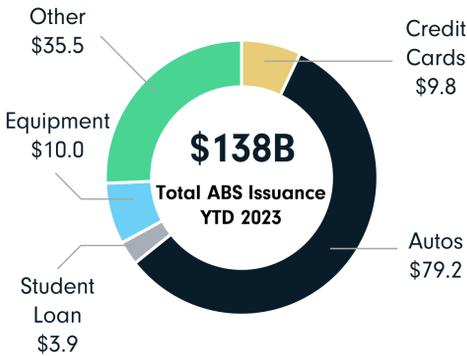
# Securitization in Focus

June 2023

## Asset-Backed Securities (ABS)

YTD new issue volume was down 5.4% in 1H 2023 compared to 1H 2022

Declines in credit cards (-41%), student loans (-26%), equipment (-10%) and other (-11%) offset by slight increase in autos (+8%).



### Auto Market Update

- Manheim Used Car Index down 1% year to date; down 15% from its peak; still up 45% from pre-pandemic levels.
- New vehicle inventories are stabilizing, nearing 2 million, and 75% higher year-over-year.
- Used inventory remains tight (2.2 million, only slightly lower compared to 2022) with a high level of demand, as many consumers are priced out of the new vehicle market.
- Used car pricing remains strong:

**53.1%**

Recovery levels on repossessed non-prime auto ABS

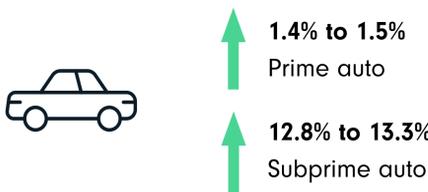
**67.5%**

Recovery levels on repossessed prime auto ABS

- Sponsors adjusting to the market:
  - In subprime auto, Prestige (PART), American Credit (ACAR) and Exeter (EXE) injected capital and waived servicing fees to boost excess spread/credit support.
  - Consumer ABS has seen tightening in underwriting standards in response to underperformance of early 2022 ABS issuance.

### Delinquencies – June (month-over-month)

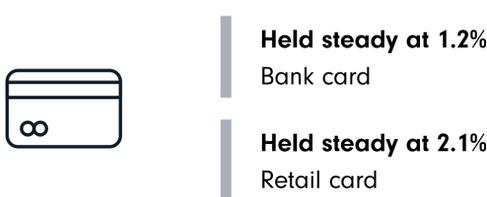
Auto loan 30+ day delinquencies increased in June.



Personal loan ABS performance improved for the third straight month.



Card delinquencies held steady.



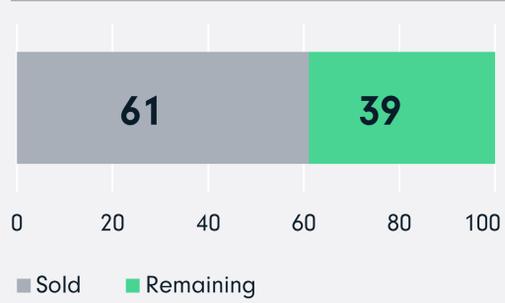
## Residential Mortgage-Backed Securities (RMBS)

### FDIC Liquidation of Silicon Valley Bank and Signature Bank – Update

The FDIC continues to liquidate securities from the SVB/Signature Bank portfolio. All CMBS, ABS and non-agency MBS available for sale have been liquidated.

Only a portion of the agency MBS portfolio remains.

### Agency MBS (%)

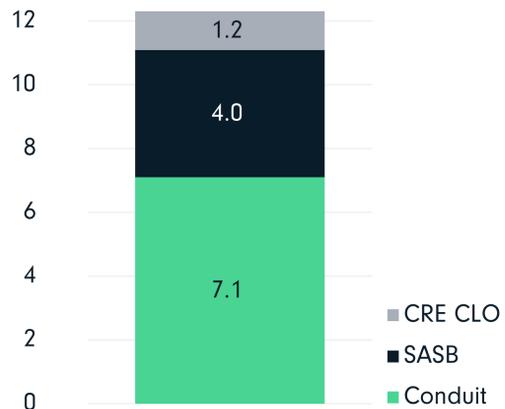


## Commercial Mortgage-Backed Securities (CMBS)

### Non-Agency Issuance

Ramped up in Q2 with \$12.3 billion in new deals coming to market, bringing YTD total to \$18.5 billion, well below the same period in 2022 (\$75.5 billion).

### Q2 2023 Non-Agency Issuance (\$ billion)



### YTD Performance

Quality reigns supreme in 2023.

ICE BofA Fixed Rate Indexes	YTD Return (%)	Excess Return (%)
AAA CMBS	1.187	0.096
AA CMBS	1.138	0.017
A CMBS	-0.055	-1.112
BBB CMBS	-3.336	-4.530

Source: Bloomberg.

### Conduit Loans

Percent of loans 60+ days delinquent rose 0.1% month-over-month to 3.6%.

Office remains the only major sector to report higher delinquency and special servicing rates.\*

\*A special servicer is an intermediary between the master servicer, which oversees the CMBS loan, and a borrower. The special servicer will help negotiate terms of the loan between the borrower and the master servicer to help find the best course of action that will maximize returns for the trust that owns the loan.

Sources: Bank of America, Citi ABS Weekly, JP Morgan, FDIC.

Acronyms: CRE CLO - Commercial Real Estate Collateralized Loan Obligation, SASB - Single Asset Single Borrower.

Manheim Used Vehicle Value Index is a measurement of wholesale used-vehicle prices that is independent of underlying shifts in the characteristics of vehicles being sold.

ICE BofA US CMBS Indexes track the performance of US dollar denominated investment grade fixed rate commercial mortgage backed securities publicly issued in the US domestic market.

Bond rating is a way to measure the creditworthiness of a bond, which corresponds to the cost of borrowing for an issuer. These ratings typically assign a letter grade to bonds that indicates their credit quality. Investment Grade is a bond rating of AAA, AA, A or BBB.

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