

Q1
2024

Asset-Based Lending Index



**Secured Finance
Network**

An association of professionals
putting capital to work

Introduction

This report summarizes the headline results from the Secured Finance Network's Q1 2024 Asset-Based Lending Survey.

SFNet members who participate in these quarterly surveys receive more detailed reports each quarter to help them understand industry trends and benchmark their organization's performance and metrics relative to the broader respondent base. If you are a member and are interested in participating, please contact Aydan Savaser at asavaser@SFNet.com. If you are not a member, please contact James Kravitz at jkravitz@SFNet.com to learn about the many benefits of membership.

The makeup and overall number of lenders providing data for this report changes from quarter to quarter. As such, the values presented in this report correspond only to lenders that responded in this most recent cycle and previous quarter values shown in this report may not be consistent with the previous quarters' reports. Please refer to the data footnotes on each slide for further clarification on the values being shown in corresponding charts.

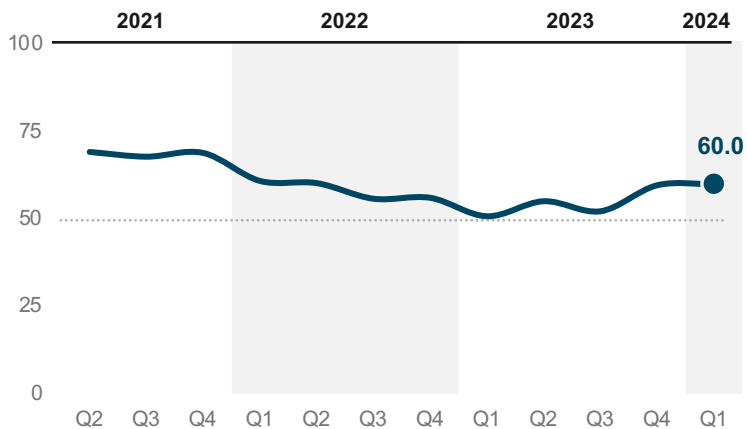
Values throughout this report cover data for both bank and non-bank lenders and may vary significantly for either group. For a detailed breakdown of bank and non-bank metrics please consider participating in the quarterly survey.

If you have any questions about the data represented in this report or have suggestions about how the report can be improved in the future, please contact Andy Yewdell at Keybridge Research at ayewdell@keybridgedc.com.

Business Lender Confidence Index

Combined Lender Sentiment Score (0 -100)

Q2 2021 – Q1 2024

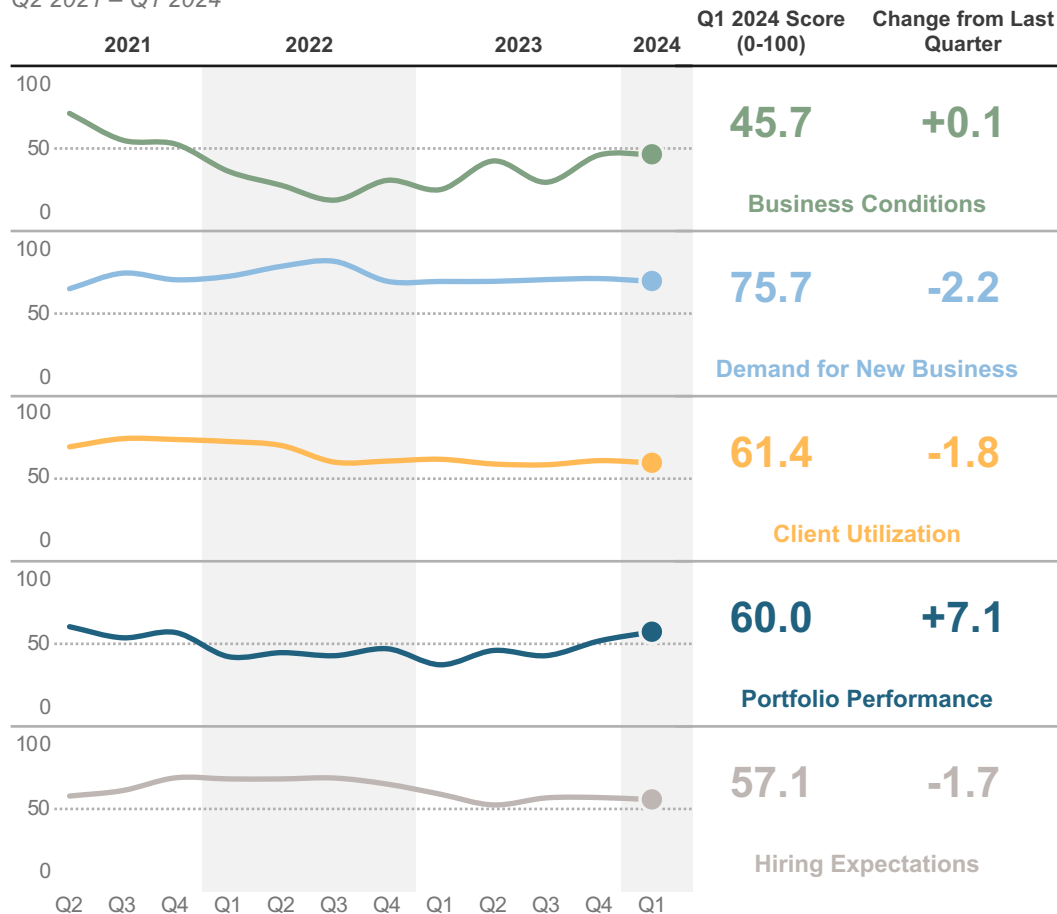


Highlights:

- Survey respondents assessed aspects of their business and the broader ABL market over the next quarter. Scores above 50 signal improvements, below 50 indicate declines, and at 50 imply an aspect will remain the same.
- The combined sentiment score increased slightly by 0.3 points to 60, a level that suggests lenders have a slightly positive overall outlook.
- Lenders reported the **most positive expectations** for demand for new business, client utilization and portfolio performance.
- Lenders reported **lower expectations** around overall business conditions and hiring expectations, with the business conditions index essentially staying flat and the hiring index declining.

Lender Sentiment Indices

Q2 2021 – Q1 2024

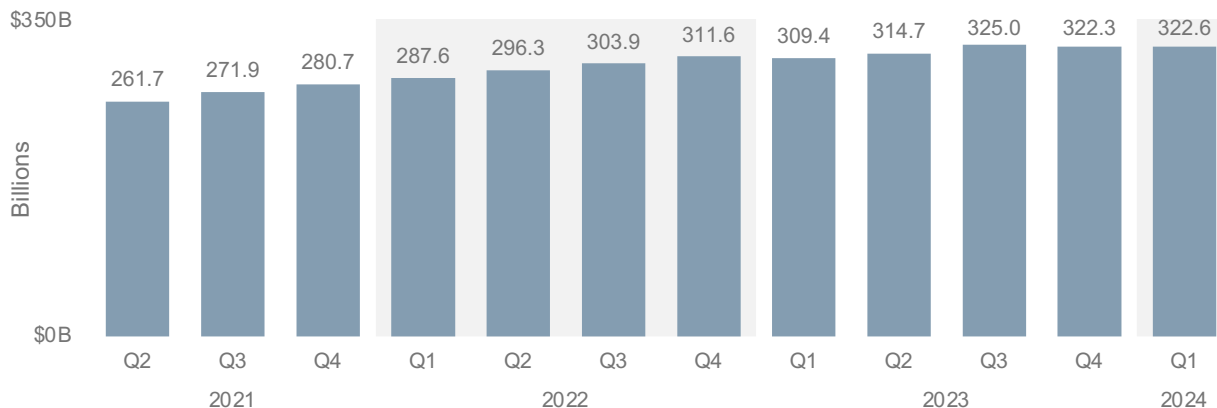


Note: The combined lender sentiment score represents an unweighted average across all five individual sentiment indices surveyed in Q1 2024. The above indices contain data from all respondents in any given quarter and are not scoped to a consistent base of lenders that responded in every quarter.

Business Development

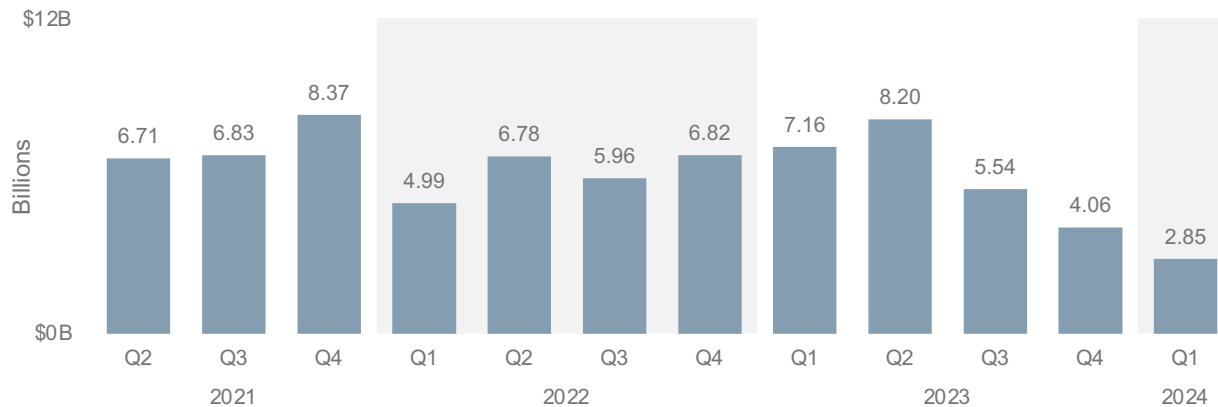
Total Committed Credit Lines

Q2 2021 – Q1 2024



New Credit Commitments (Gross)

Q2 2021 – Q1 2024



Highlights:

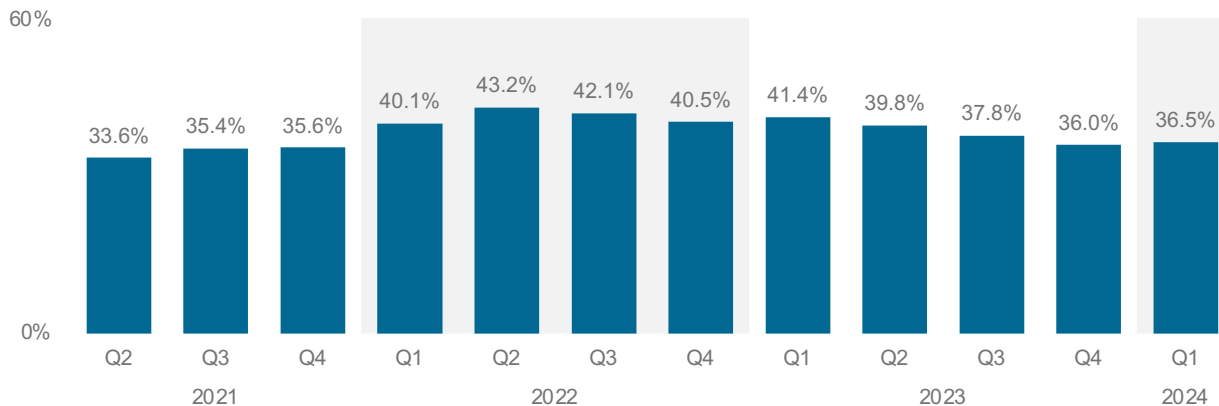
- Among lenders that responded across all quarters shown, total committed credit lines in Q1 2024 were essentially flat, **edging up by 0.1%** from the previous quarter.
- Compared to the same quarter last year, total committed credit lines among consistent respondents **increased by 4.2% YoY**.
- Across lenders that reported on new credit commitments in all quarters shown, new commitments **decreased by 29.7%** in Q1 2024 from the previous quarter.
- Compared to the same quarter last year, new commitments among these lenders **decreased by 60.1% YoY**.

Note: Values in the above charts cover lenders that responded to the Q1 2024 SFNet Asset-Based Lending Survey and that have reported on the referenced fields in all quarters shown.

Credit Line Utilization

Loans Outstanding as Percentage of Total Credit Commitments

Q2 2021 – Q1 2024



Highlights:

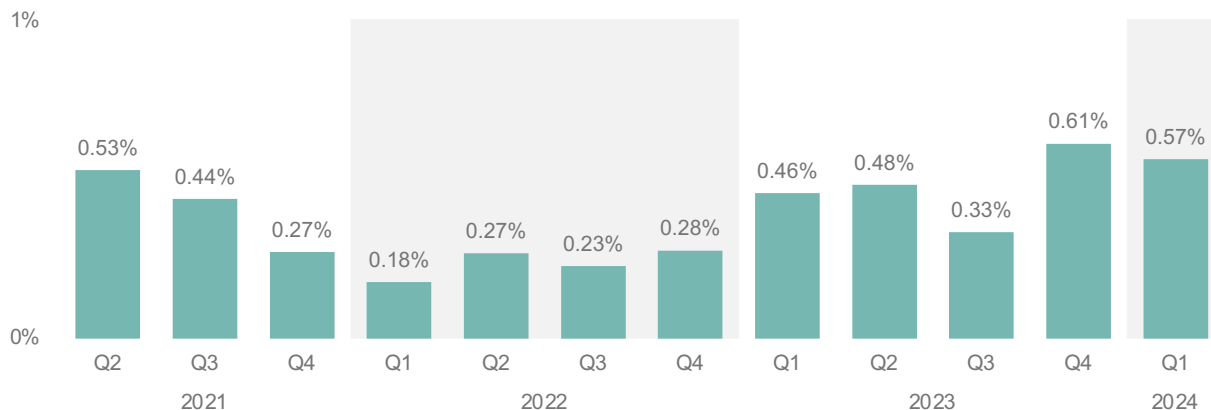
- Among lenders that responded across all quarters shown, credit line utilization in Q1 2024 **increased by 49 basis points** from the previous quarter.
- Compared to the same quarter last year, credit line utilization among these lenders **decreased by 488 basis points** YoY.

Note: Values in the above chart cover lenders that responded to the Q1 2024 SFNet Asset-Based Lending Survey and that have reported on the referenced fields in all quarters shown.

Portfolio Performance – Non-Accruing Loans

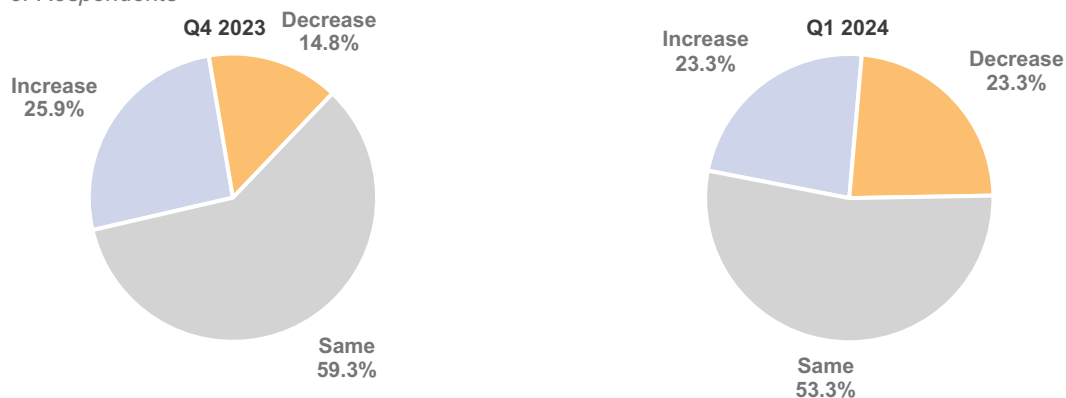
Non-Accruing Loans as a Percentage of Total Loans Outstanding

Q2 2021 – Q1 2024



QoQ Change in Non-Accruing Loans

Percentage of Respondents



Highlights:

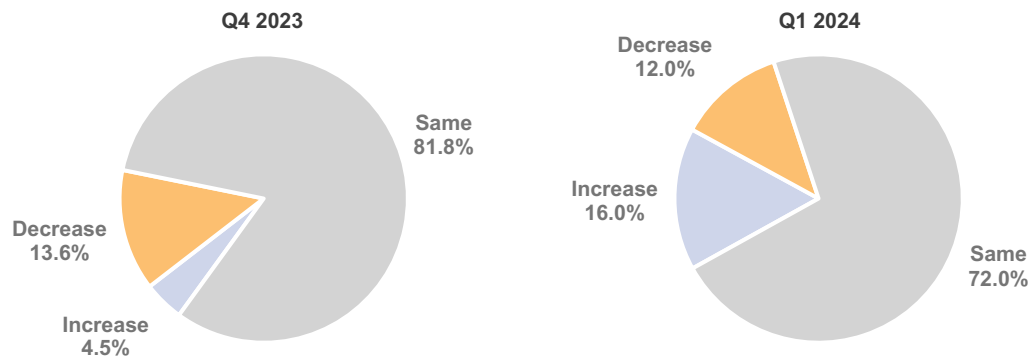
- As a percentage of loans outstanding among consistent respondents, non-accruing loans **declined by 5 basis points** from Q4 2023 to Q1 2024.
- Compared to the same quarter last year, the percentage of non-accruing loans among these respondents **increased by 11 basis points**.
- 23.3%** of lenders reported an increase in non-accruing loans in Q1 2024, less than the share reporting an increase in Q4 2023. The share of lenders reporting a decrease in non-accruals **rose from 14.8% in Q4 2023 to 23.3% in Q1 2024**.

Note: Values in the top chart cover lenders that responded to the Q1 2024 SFNet Asset-Based Lending Survey and that have reported on the referenced fields in all quarters shown. Quarter-on-quarter changes in the bottom pie charts cover bank lenders that reported on non-accruing loans in two or three of the relevant quarters.

Portfolio Performance – Gross Write-Offs

QoQ Change in Gross Write-Offs

Percentage of Respondents



Highlights:

- The share of respondents reporting a QoQ decrease in gross write-offs declined to **12.0%** from Q4 2023 to Q1 2024. The percentage of respondents reporting an increase rose, with **16.0%** reporting an increase in Q1, up from **4.5%** in Q4.
- The share of lender respondents that reported no change in gross write-offs from the previous quarter declined from **81.8%** in Q4 to **72.0%** in Q1.

Note: Quarter-on-quarter changes in the above pie charts cover bank lenders that reported on gross write-offs in two or three of the relevant quarters.