

Q4
2022

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 Q4 2022 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.

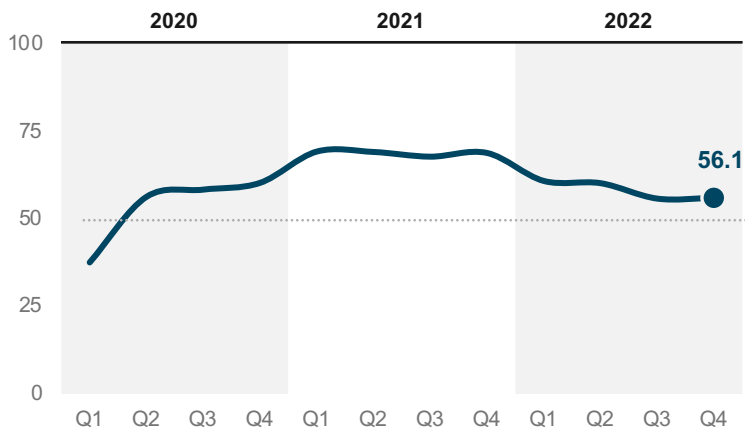
Values throughout this report cover data for both bank and non-bank lenders and may vary significantly for either group. For a detailed breakdown of bank and non-bank metrics please consider participating in the quarterly survey.

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)

Q1 2020 – Q4 2022

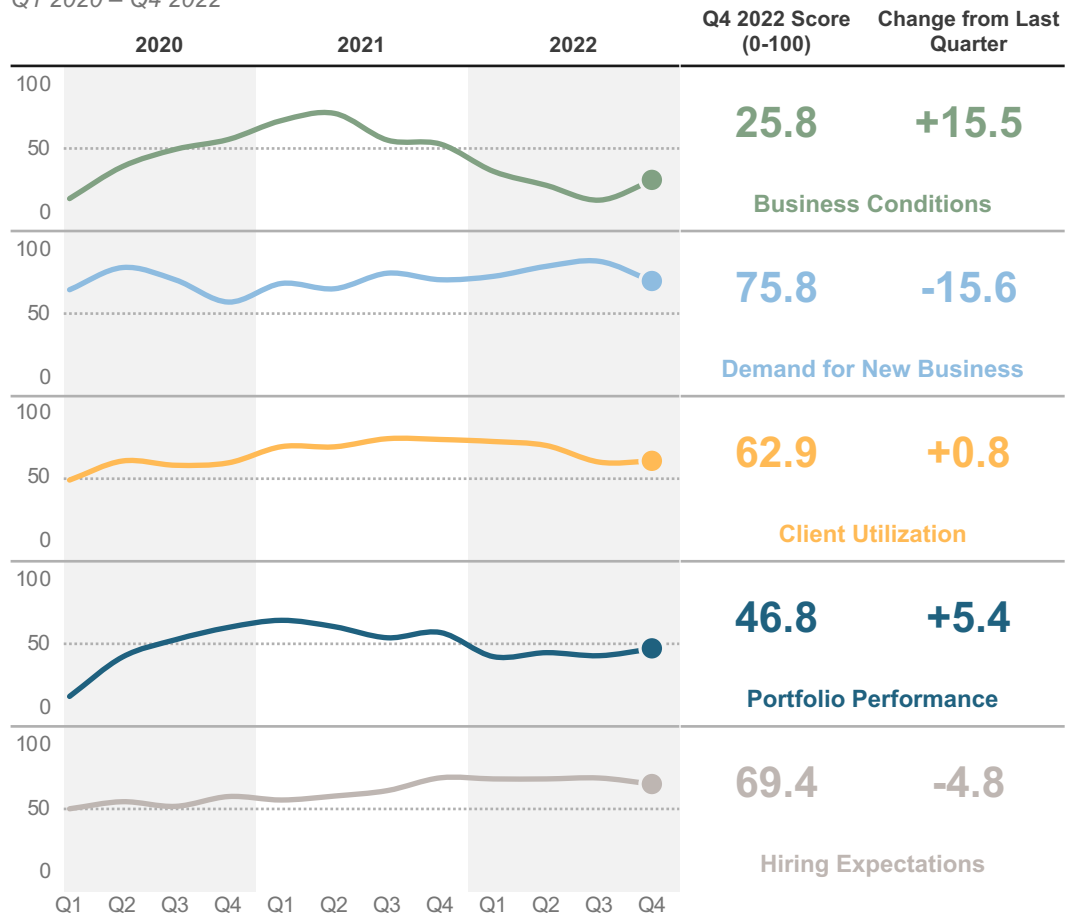


Highlights:

- 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.
- **Overall lender confidence remains positive** and was mostly unchanged, increasing by just **0.3 points** from Q3 2022.
- Lenders had the **most positive expectations** for demand for new business, hiring, and client utilization.
- Lenders reported **low expectations** around overall business conditions.

Lender Sentiment Indices

Q1 2020 – Q4 2022

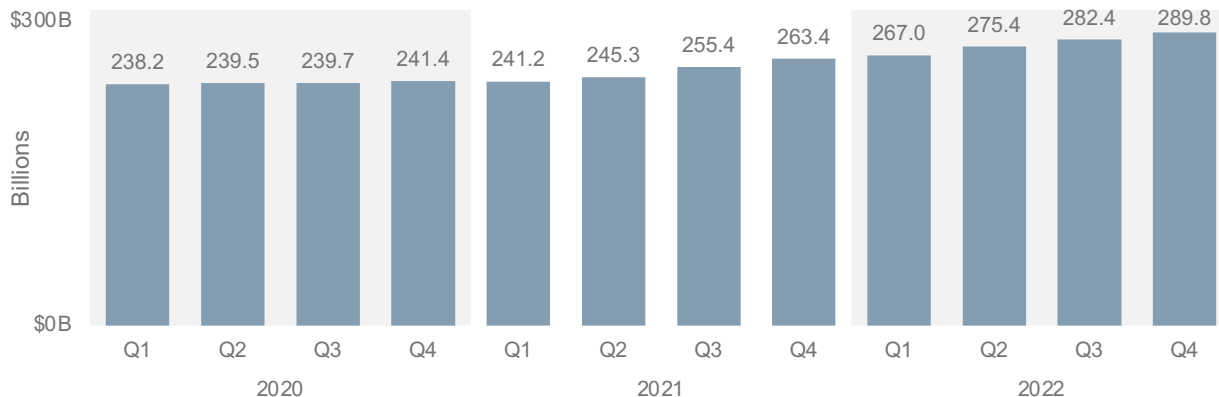


Note: The combined lender sentiment score represents an unweighted average across all five individual sentiment indices surveyed in Q4 2022. The above indices contain data from all respondents in any given quarter and are not scoped to a consistent base of lenders that responded in every quarter.

Business Development

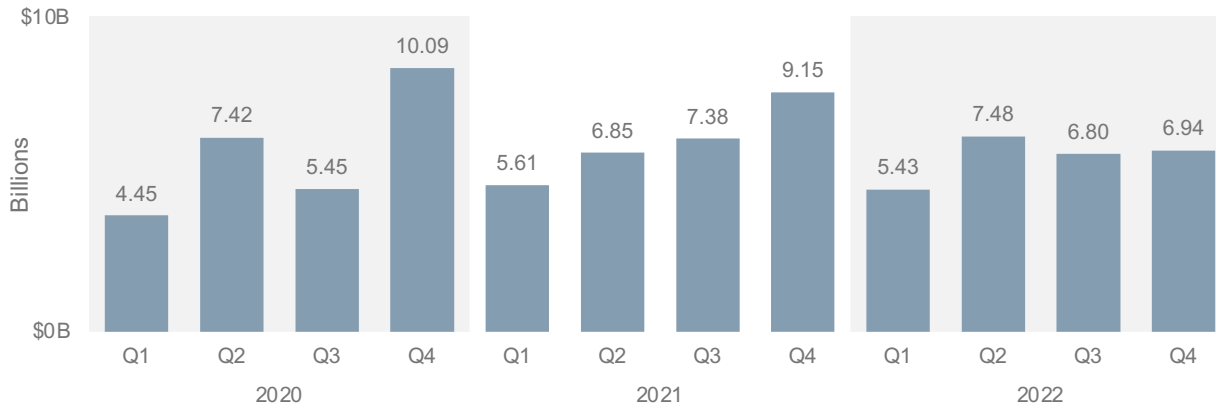
Total Committed Credit Lines

Q1 2020 – Q4 2022



New Credit Commitments (Gross)

Q1 2020 – Q4 2022



Highlights:

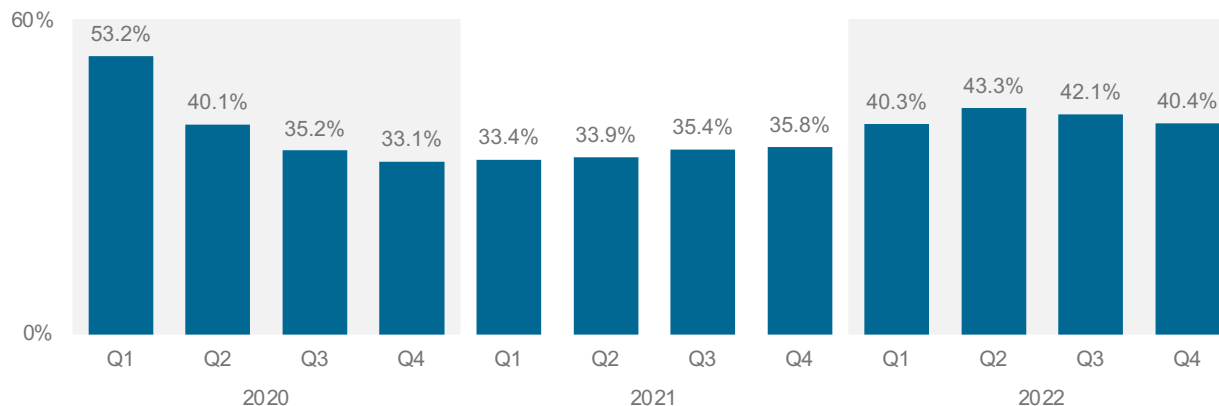
- Among lenders that responded across all quarters shown, total committed credit lines in Q4 2022 **increased by 2.6%** from the previous quarter.
- Compared to the same quarter last year, total committed credit lines among consistent respondents **increased by 10.0%** YoY.
- Across lenders that reported on new credit commitments in all quarters shown, new commitments **increased by 2.0%** in Q4 2022 from the previous quarter.
- Compared to the same quarter last year, new commitments among these lenders **decreased by 24.2%** YoY.

Note: Values in the above charts cover lenders that responded to the Q4 2022 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

Q1 2020 – Q4 2022



Highlights:

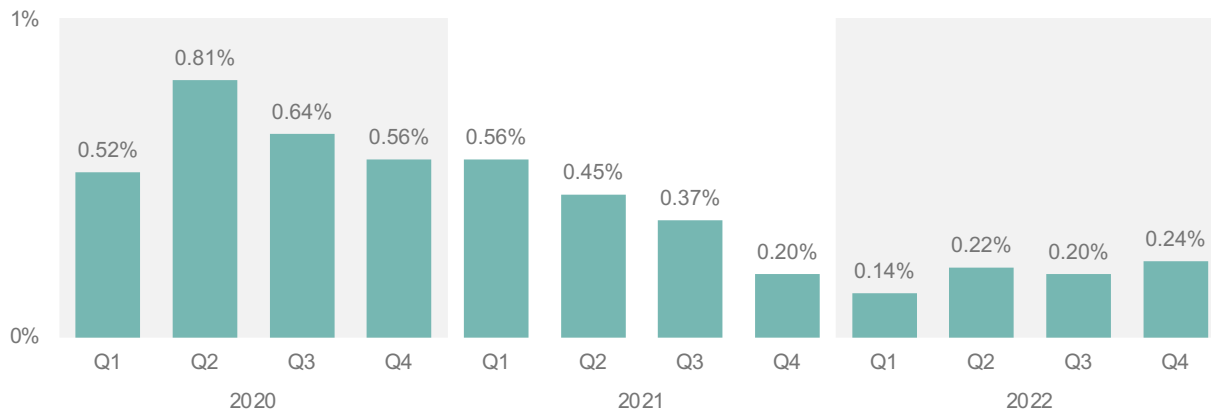
- Among lenders that responded across all quarters shown, credit line utilization in Q4 2022 **decreased by 169 basis points** from the previous quarter.
- Compared to the same quarter last year, credit line utilization among these lenders **increased by 457 basis points** YoY.
- Credit line utilization among consistent survey respondents fell for the second consecutive quarter after climbing for six quarters, though the reading remains just above pre-pandemic levels.

Note: Values in the above chart cover lenders that responded to the Q4 2022 SFNet Asset-Based Lending Survey and that have reported on the referenced fields in all quarters shown.

Portfolio Performance – Non-Accruing Loans

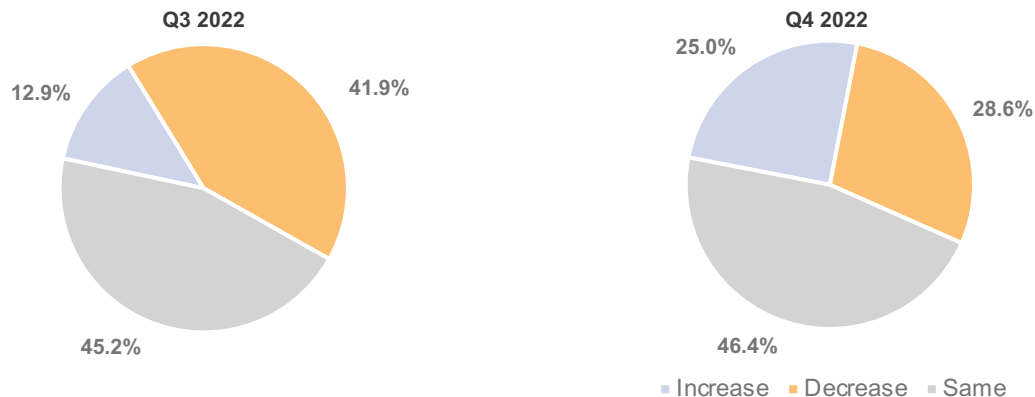
Non-Accruing Loans as a Percentage of Total Loans Outstanding

Q1 2020 – Q4 2022



QoQ Change in Non-Accruing Loans

Percentage of Respondents



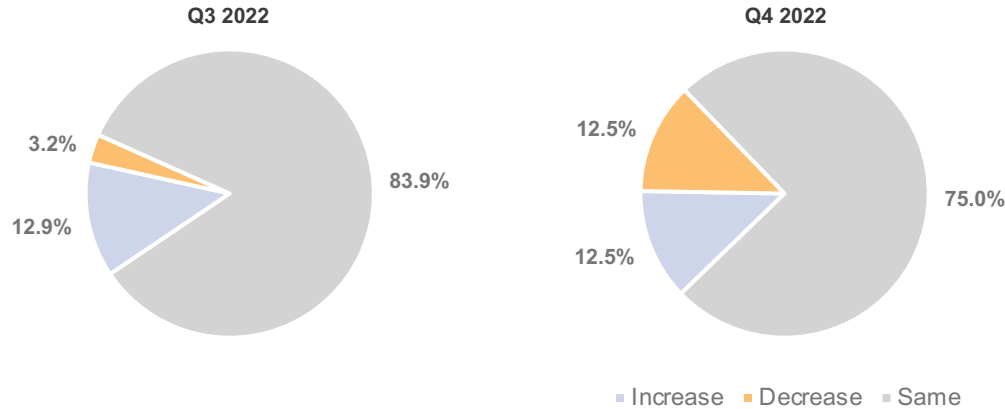
Highlights:

- As a percentage of loans outstanding among consistent respondents, non-accruing loans **rose by 4 basis points** from Q3 2022 to Q4 2022.
- Compared to the same quarter last year, the percentage of non-accruing loans among these respondents **increased by 4 basis points**.
- 25.0%** of lenders reported an increase in non-accruing loans in Q4 2022, more than those in Q3 2022. The share of lenders reporting a decrease in non-accruals **decreased from 41.9%** in Q3 2022 to **28.6%** in Q4 2022

Note: Values in the top chart cover lenders that responded to the Q4 2022 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 rose from **3.2%** in Q3 2022 to **12.5%** in Q4 2022. The percentage of respondents reporting an increase fell, with **12.9%** of respondents reporting an increase in Q3 2022 and **12.5%** reporting an increase in Q4 2022.
- The share of lender respondents that reported no change in gross write-offs from the previous quarter decreased from **83.9%** in Q3 2022 to **75.0%** in Q4 2022.

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.