Q4 2023

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 2023 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)
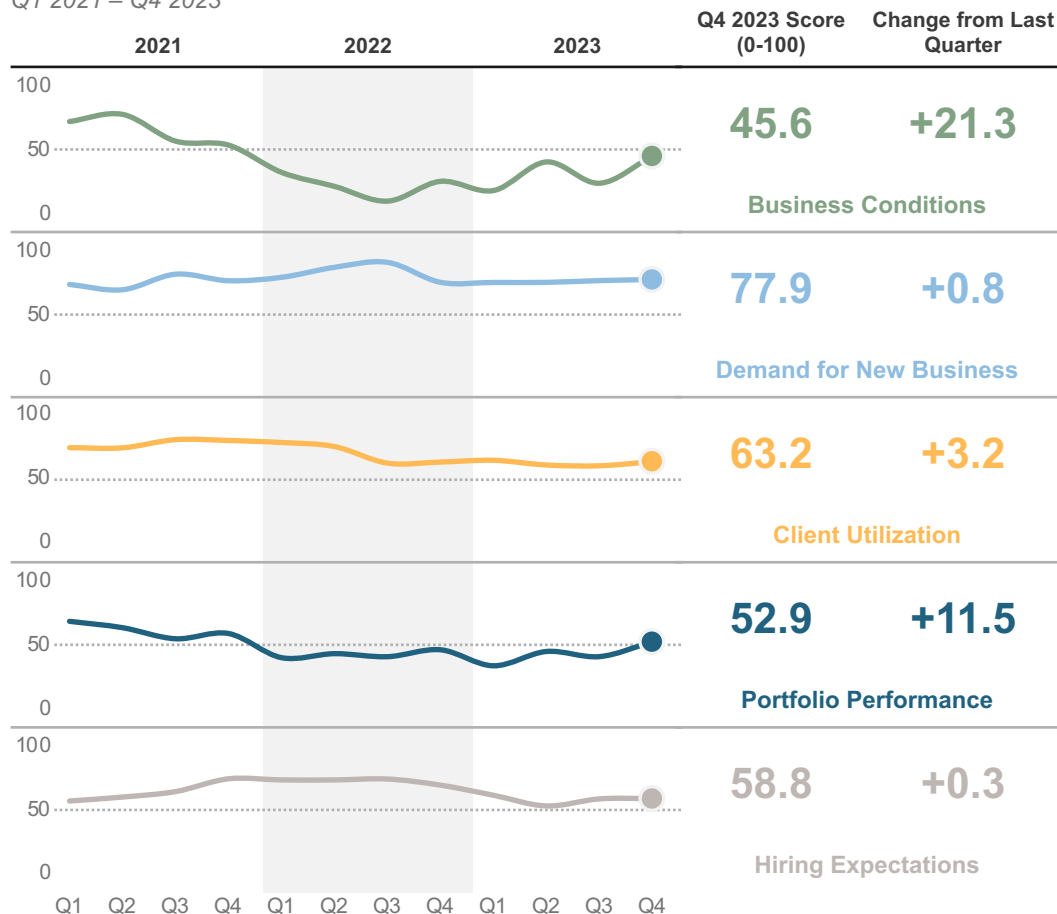*Q1 2021 – Q4 2023*

59.7
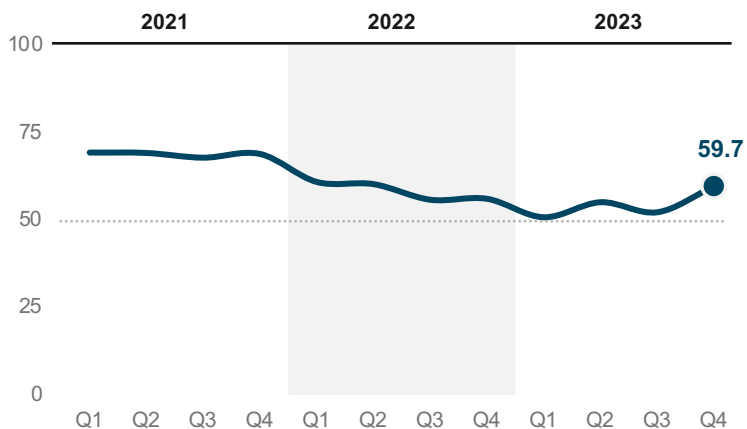
Highlights:

- 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 by 7.4 points to just below 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 hiring expectations.

- Lenders reported **lower expectations** around overall business conditions and portfolio performance, but both indexes rose by more than 10 points.

Lender Sentiment Indices
Q1 2021 – Q4 2023

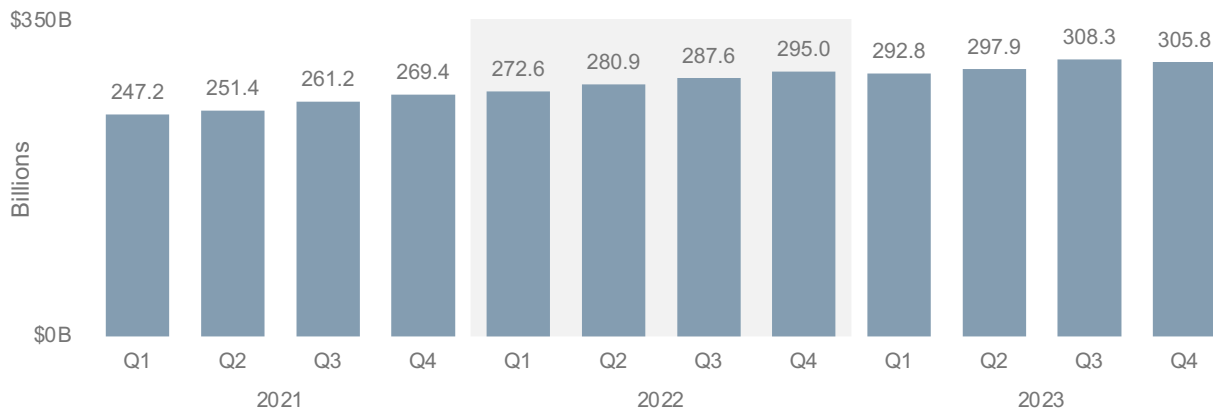|	Q4 2023 Score (0-100)	Change from Last Quarter
Business Conditions	45.6	+21.3
Demand for New Business	77.9	+0.8
Client Utilization	63.2	+3.2
Portfolio Performance	52.9	+11.5
Hiring Expectations	58.8	+0.3

Note: The combined lender sentiment score represents an unweighted average across all five individual sentiment indices surveyed in Q4 2023. 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.
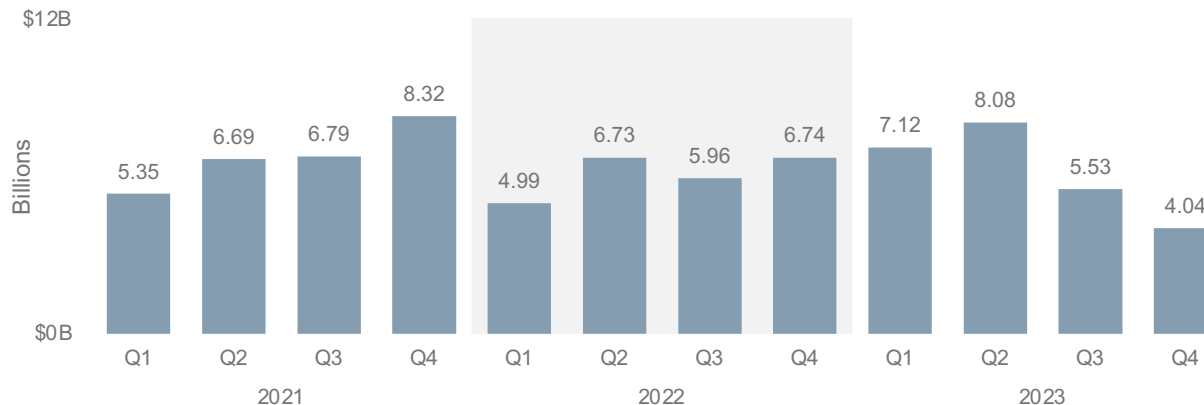
KEYBRIDGE
Public Policy Economics

Secured Finance Network

Business Development

Total Committed Credit Lines
Q1 2021 – Q4 2023

$350B

Billions

$0B

| Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| 247.2 | 251.4 | 261.2 | 269.4 | 272.6 | 280.9 | 287.6 | 295.0 | 292.8 | 297.9 | 308.3 | 305.8 |

2021 — 2022 — 2023

New Credit Commitments (Gross)
Q1 2021 – Q4 2023

$12B

Billions

$0B

| Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| 5.35 | 6.69 | 6.79 | 8.32 | 4.99 | 6.73 | 5.96 | 6.74 | 7.12 | 8.08 | 5.53 | 4.04 |

2021 — 2022 — 2023

Highlights:

- Among lenders that responded across all quarters shown, total committed credit lines in Q4 2023 **declined slightly, down 0.8%** from the previous quarter.

- Compared to the same quarter last year, total committed credit lines among consistent respondents **increased by 3.7%** YoY.

- Across lenders that reported on new credit commitments in all quarters shown, new commitments **decreased by 26.8%** in Q4 2023 from the previous quarter.

- Compared to the same quarter last year, new commitments among these lenders **decreased by 40.0%** YoY.

Note: Values in the above charts cover lenders that responded to the Q4 2023 SFNet Asset-Based Lending Survey and that have reported on the referenced fields in all quarters shown.

KEYBRIDGE
Public Policy Economics

Secured Finance Network

Credit Line Utilization

Loans Outstanding as Percentage of Total Credit Commitments
*Q1 2021 – Q4 2023*
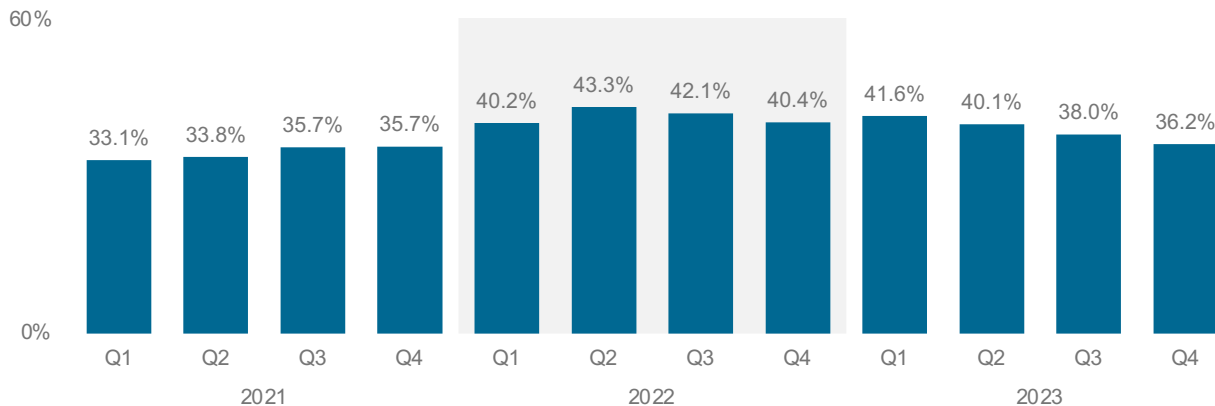
Highlights:

- Among lenders that responded across all quarters shown, credit line utilization in Q4 2023 **decreased by 181 basis points** from the previous quarter.

- Compared to the same quarter last year, credit line utilization among these lenders **decreased by 414 basis points** YoY.

Note: Values in the above chart cover lenders that responded to the Q4 2023 SFNet Asset-Based Lending Survey and that have reported on the referenced fields in all quarters shown.
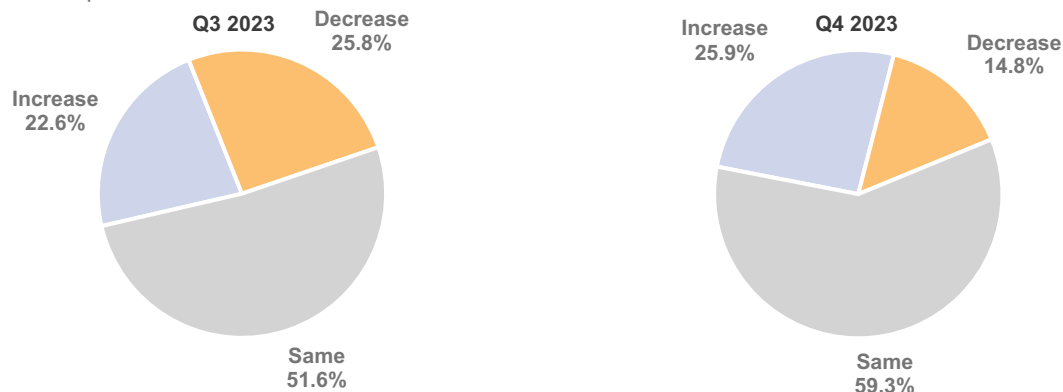
Portfolio Performance – Non-Accruing Loans

Non-Accruing Loans as a Percentage of Total Loans Outstanding
Q1 2021 – Q4 2023
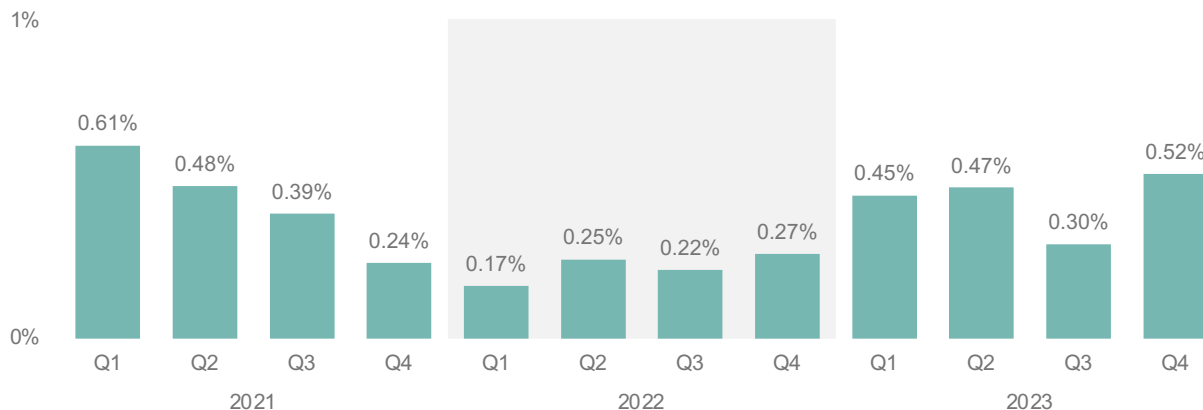
QoQ Change in Non-Accruing Loans
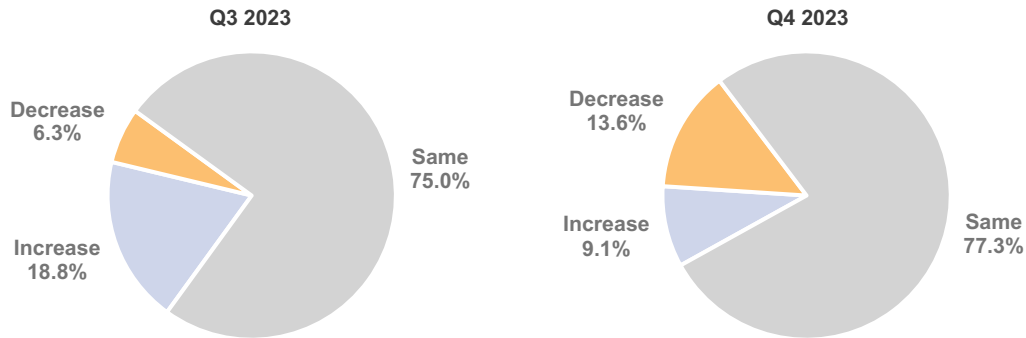*Percentage of Respondents*

Highlights:

- As a percentage of loans outstanding among consistent respondents, non-accruing loans **rose by 22 basis points** from Q3 2023 to Q4 2023.

- Compared to the same quarter last year, the percentage of non-accruing loans among these respondents **increased by 25 basis points.**

- **25.9%** of lenders reported an increase in non-accruing loans in Q4 2023, more than the share reporting an increase in Q3 2023. The share of lenders reporting a decrease in non-accruals **fell from 25.8% in Q3 2023 to 14.8% in Q4 2023.**

Note: Values in the top chart cover lenders that responded to the Q4 2023 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.

KEYBRIDGE
Public Policy Economics

Secured Finance Network

Portfolio Performance – Gross Write-Offs

QoQ Change in Gross Write-Offs
Percentage of Respondents

Q3 2023

Decrease
6.3%

Same
75.0%

Increase
18.8%

Q4 2023

Decrease
13.6%

Increase
9.1%

Same
77.3%

Highlights:

- The share of respondents reporting a QoQ decrease in gross write-offs rose to **13.6%** from Q3 2023 to Q4 2023. The percentage of respondents reporting an increase declined, with only **9.1%** reporting an increase in Q4 2023, down from **18.8%** in Q3 2023.

- The share of lender respondents that reported no change in gross write-offs from the previous quarter rose from **75.0%** in Q3 2023 to **77.3%** in Q4 2023.

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.