

Q4

2018

Asset-Based Lending Index



**Secured Finance
Network**

An association of professionals
putting capital to work

Introduction

The Secured Finance Network's Quarterly Asset-Based Lending Index is designed to allow SFNet members to monitor industry trends and benchmark performance.

A significant number of SFNet members engaged in asset-based lending and factoring participated in this year's surveys. Members who participate in the surveys received more detailed reports mapping additional facets of their industry. 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.

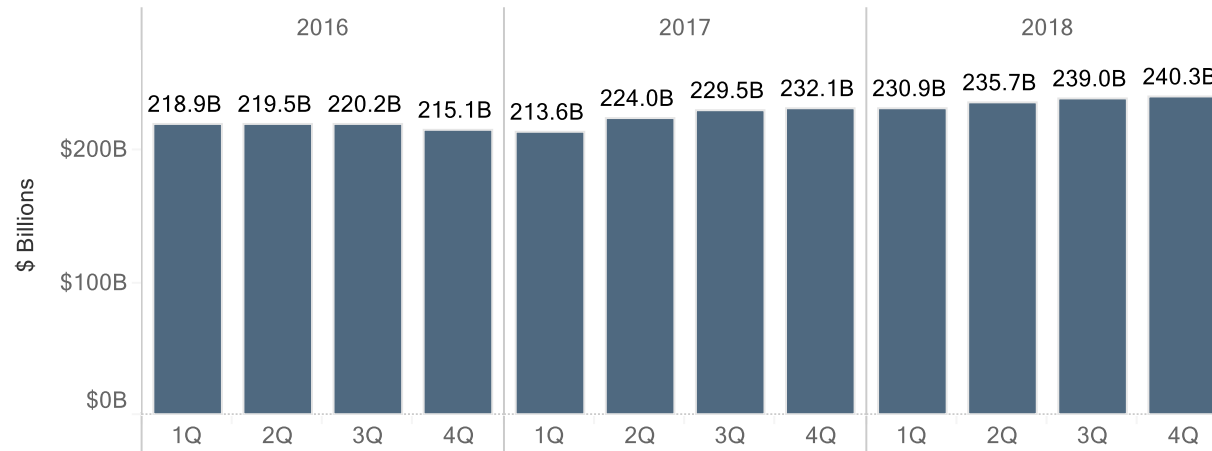
The makeup of the lenders providing data for this report changes from quarter to quarter. Participating members also have the ability to revise their previously reported data. As such, the data presented in this report reflects only organizations who responded during the current data collection cycle and previous quarter values reported in this report may not be consistent with the previous quarters' reports.

If you have any questions about the data contained in this report, or if you have suggestions on how we can improve the report in future years, please contact the Westat analysis team at CFADatInitiative@westat.com or 1-855-887-3820.

Business Development

Total Committed Credit Lines

1Q 2016 - 4Q 2018

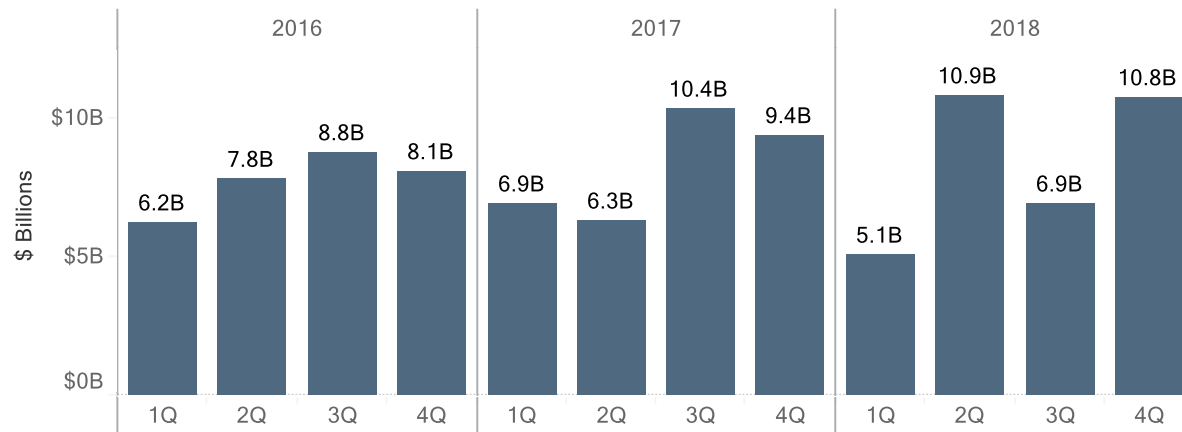


Note: Data represents lenders who responded to CFA's 4Q 2018 Asset-Based Lending Survey and reported on the referenced values in all quarters.

- Total committed credit lines increased by 0.5% compared to the previous quarter.
- Compared to the same quarter last year, total commitments increased 3.5%.

New Credit Commitments (Gross)

1Q 2016 - 4Q 2018

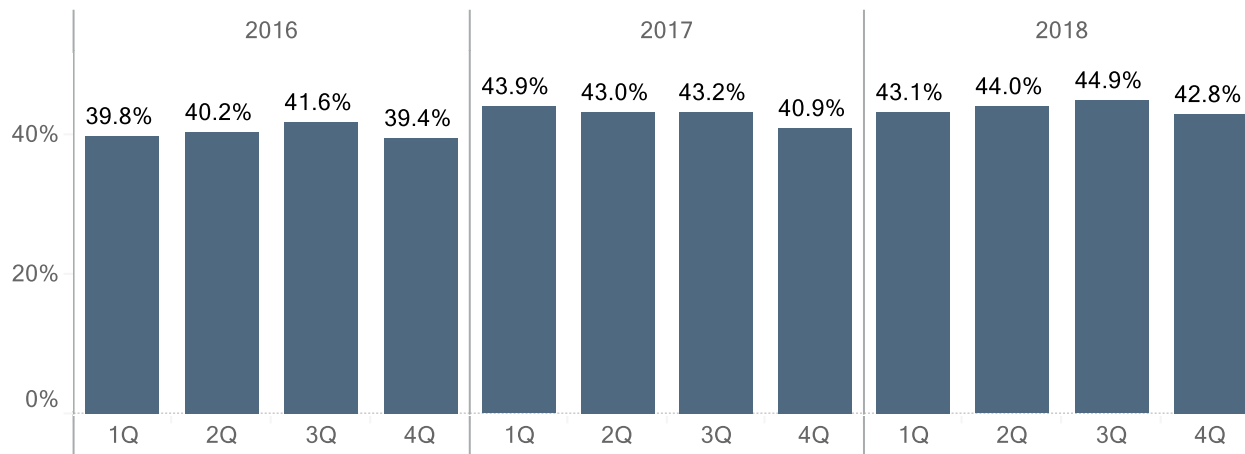


Note: Data represents lenders who responded to CFA's 4Q 2018 Asset-Based Lending Survey and reported on the referenced values in all quarters.

- Compared to the previous quarter, new credit commitments increased 56.5% to \$10.8B in 4Q 2018.
- Compared to the same quarter in the previous year, new credit commitments increased by 14.9%.

Loans Outstanding as Percent of Total Credit Commitments

1Q 2016 - 4Q 2018



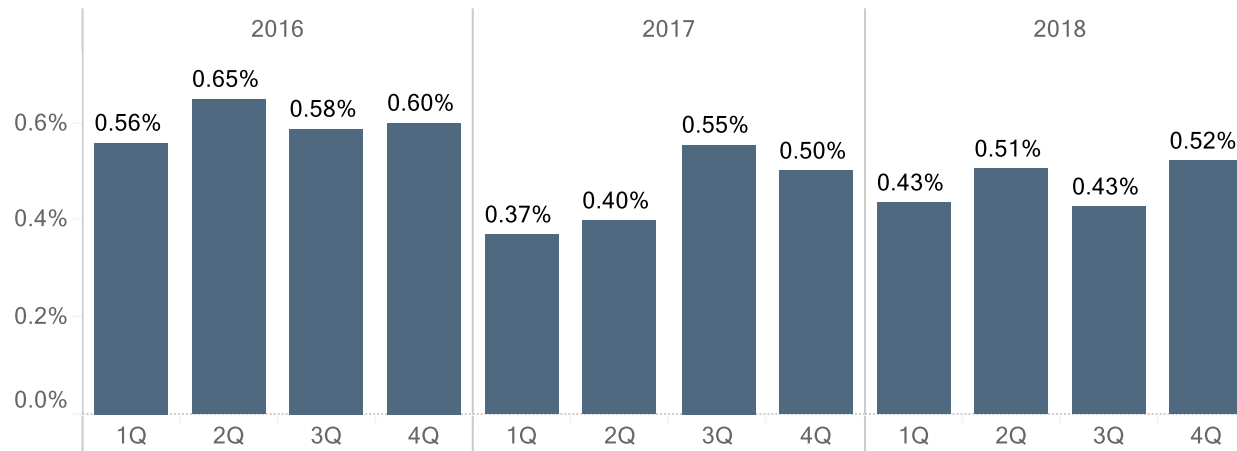
Note: Data represents lenders who responded to CFA's 4Q 2018 Asset-Based Lending Survey and reported on the referenced values in one or more quarters.

- Credit line utilization decreased in 4Q 2018, falling 210 basis points compared to 3Q 2018.
- Compared to 4Q 2017 credit line utilization increased by 190 basis points in 4Q 2018.

Portfolio Performance

Non-Accruing Loans as % of Total Loans Outstanding

1Q 2016 - 4Q 2018

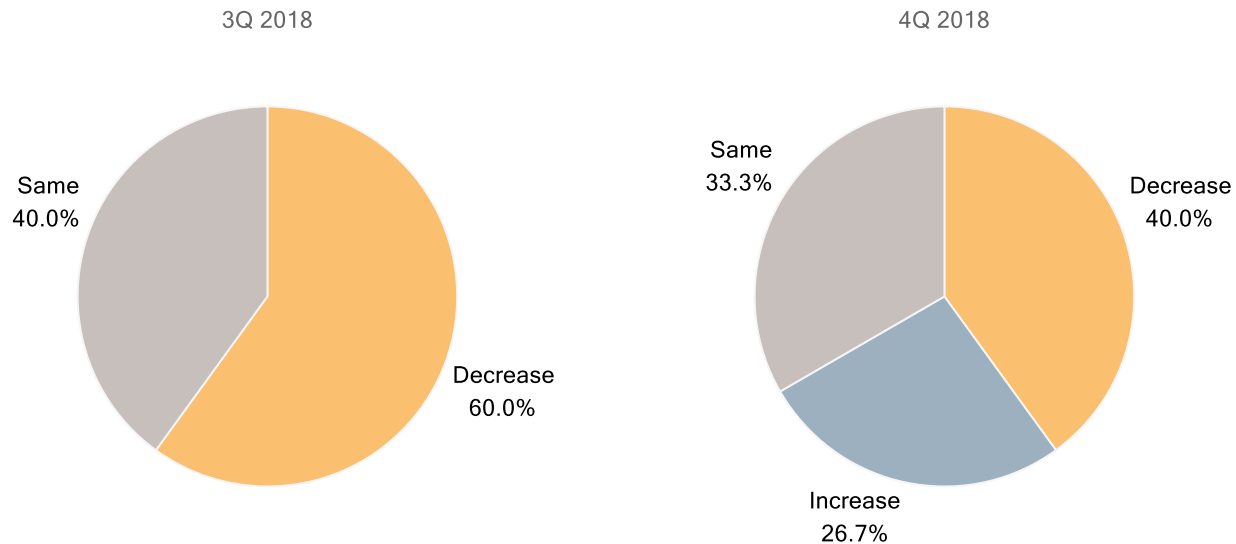


- As a percentage of outstanding loans, non-accruing loans in 4Q 2018 increased by nine basis points from the previous quarter.
- Compared to the same quarter last year, the percentage of non-accruing loans increased by two basis points.

Note: Data represents lenders who responded to CFA's 4Q 2018 Asset-Based Lending Survey and reported on the referenced values in one or more quarters.

Change in Non-Accruing Loans

3Q 2018 and 4Q 2018

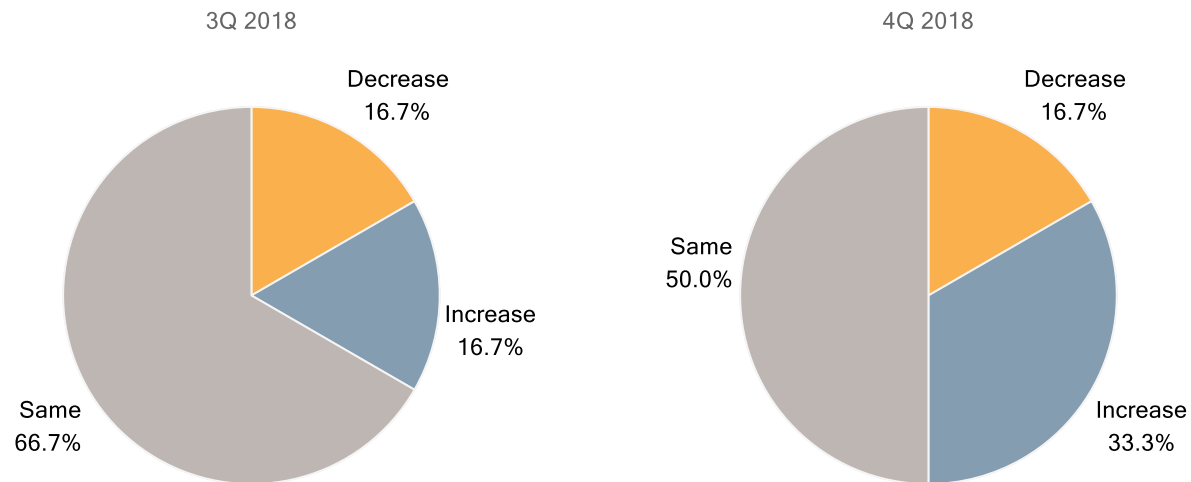


Note: Data represents lenders who responded to CFA's 4Q 2018 Asset-Based Lending Survey and reported on the referenced values in two or three quarters.

- 26.7% of lenders reported an increase in non-accruals in 4Q 2018 compared to 0.0% of lenders in 3Q 2018.
- The share of lenders that reported a decrease in non-accruing loans fell from 60.0% in 3Q 2018 to 40.0% in 4Q 2018.
- The same pattern is seen with lenders reporting no change in non-accruing loans. In 3Q 2018, 40.0% reported no change from the previous quarter where 33.3% reported no change in 4Q 2018.

Change in Gross Write-offs

3Q 2018 and 4Q 2018



Note: Data represents lenders who responded to CFA's 4Q 2018 Asset-Based Lending Survey and reported on the referenced values in two or three quarters.

- The percentage of lenders reporting an increase in gross write-offs increased from 16.7% in 3Q 2018 to 33.3% in 4Q 2018.
- The share of lenders reporting a decrease in gross write-offs remained the same at 16.7%.
- Additionally, the share of lenders that report no change in gross write-offs from the previous quarter fell from 66.7% in 3Q 2018 to 50.0% in 4Q 2018.