U.S. Private Student Loan (PSL) ABS
Fitch Ratings Update

10 June 2020
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PSL Performance
Pre-Coronavirus Pandemic
Pre-Coronavirus PSL Performance

ABS Delinquencies (as of March 2020)

Source: Fitch Ratings.
Pre-Coronavirus PSL Performance (cont.)

Voluntary Annualized Prepayments (as of March 2020)

Source: Fitch Ratings.
Pre-Coronavirus PSL Performance (cont.)

Forbearance (as of March 2020)

Source: Fitch Ratings.
PSL Performance During Coronavirus Pandemic
PSL Performance During Coronavirus

Daily Forbearance since March 2020

Source: Fitch Ratings.
Fitch’s Coronavirus Macro Scenarios

Baseline (Rating Case):
• Sharp economic contractions in 1H20 at a speed and depth unprecedented since World War II. GDP remains below its 4Q19 level until mid-2022.
• Sequential recovery begins from 3Q20 onward as the health crisis subsides, but incomes remain depressed through 2022.

Downside (Sensitivity Case):
• Even sharper economic contractions with major setbacks in containing the spread of the virus necessitating extensions of lockdowns that cause GDP to fall by ~12% in 2020.
• Recovery to pre-pandemic GDP levels delayed until around the middle of the decade.
Fitch revised its 2020 Asset Performance Outlook to Negative;

Ratings on PSL expected to remain largely stable;

Re-assess assumptions under baseline scenario, 1-2 years recessionary performance, applied based on WAL of portfolio;

Default assumptions through-the-cycle and consider previous recessionary performance;

No servicing disruptions;

92% of rating affirmations since March 2020.
Post-Coronavirus Watch List

Asset Performance
• Extension of forbearance measures;
• Cure rate of Coronavirus Forbearance;
• Baseline vs Downside scenario.

Structural and Sector Changes
• LIBOR transition;
• Political measures for student loans;
• Interest rates and refi originations.