# Presale Report
# CPS Auto Receivables Trust 2023-B

**DBRS Morningstar**
April 18, 2023

**Contents**




Linda Yeh
+1 212 806-3273
linda.yeh@dbrsmorningstar.com

Ines Beato
+1 212 806-3204
ines.beato@dbrsmorningstar.com

Stephanie Whited
+1 212 806-3948
stephanie.whited@dbrsmorningstar.com


## Rating Summary

| Class | Amount ($) | Coupon (%) | Rating | Rating Action |
|---|---|---|---|---|
| A | 198,251,000 | [TBD] | AAA (sf) | New Rating – Provisional |
| B | 25.150,000 | [TBD] | AA (sf) | New Rating – Provisional |
| C | 46,606,000 | [TBD] | A (sf) | New Rating – Provisional |
| D | 25,891,000 | [TBD] | BBB(high) (sf) | New Rating – Provisional |
| E | 36,987,000 | [TBD] | BB (sf) | New Rating – Provisional |
| **Total** | **332,885,000** | | | |

## Executive Summary

DBRS, Inc. (DBRS Morningstar) assigned provisional ratings to the CPS Auto Receivables Trust 2023-B transaction (2023-B) as noted above. The 2023-B transaction represents the 48th securitization since 2010 by Consumer Portfolio Services, Inc. (CPS or the Company) and offers both senior and subordinate rated securities. The receivables securitized in 2023-B are subprime automobile loan contracts secured primarily by used automobiles, light-duty trucks, vans, and minivans.

This transaction will be structured as a Rule 144A transaction of the Securities Act of 1933. There are five classes of Notes—Class A, Class B, Class C, Class D, and Class E—included in 2023-B. Initial hard credit enhancement for the Class A Notes is 47.40% and includes a 1.00% reserve account of the original pool balance (funded at inception and nondeclining), overcollateralization (OC) of 10.00% of the original pool balance, and subordination of 36.40% of the original pool balance. Initial Class B enhancement of 40.60% includes the 1.00% reserve account, OC of 10.00%, and 29.60% of subordination. Initial Class C enhancement of 28.00% includes the 1.00% reserve account, OC of 10.00%, and subordination of 17.00%. Initial Class D enhancement of 21.00% includes the 1.00% reserve account, OC of 10.00%, and subordination of 10.00%. Initial Class E enhancement of 11.00% includes the 1.00% reserve account and OC of 10.00%.

The transaction will have an initial OC of 10.00%. The OC is expected to build to a target equal to the lesser of 11.50% of the original pool balance and 25.00% of the collateral balance as of the end of the immediately preceding collection period (the Outstanding Pool Balance), based on available excess spread, and is subject to a floor of 2.50% of the original pool balance.

### Transaction Parties and Relevant Dates

| | |
|---|---|
| **Issuer:** | CPS Auto Receivables Trust 2023-B |
| **Grantor Trust** | CPS Auto Receivables Grantor Trust 2023-B |
| **Seller:** | CPS Receivables Five LLC |
| **Sponsor and Servicer:** | Consumer Portfolio Services, Inc. |
| **Indenture Trustee, Grantor Trust Trustee, Custodian, and Backup Servicer:** | Computershare Trust Company, N.A. (rated BBB/R-2 (middle) with Stable trends by DBRS Morningstar) |
| **Owner Trustee and Grantor Trust Delaware Trustee:** | Wilmington Trust N.A. (rated AA (low)/R-1 (middle) with a Stable trend by DBRS Morningstar) |
| **Account Bank:** | Wells Fargo Bank, N.A. (rated AA/R-1 (high) with Stable trends by DBRS Morningstar) |
| **Closing Date:** | April 26, 2023 |
| **Payment Date:** | 15th of the month |
| **First Payment Date:** | May 15, 2023 |
| **Final Scheduled Payment Dates:** | Class A Notes: August 16, 2027 |
| | Class B Notes: January 18, 2028 |
| | Class C Notes: July 16, 2029 |
| | Class D Notes: July 16, 2029 |
| | Class E Notes: November 15, 2030 |

Note: Various capitalized terms are used throughout this report. Please refer to the transaction documents for more information and/or definitions of those terms.

### Rating Rationale

The provisional ratings are based on DBRS Morningstar's review of the following analytical considerations:

- Transaction capital structure, proposed ratings, and form and sufficiency of available credit enhancement.
    - Credit enhancement is in the form of OC, subordination, amounts held in the reserve fund, and excess spread. Credit enhancement levels are sufficient to support the DBRS Morningstar-projected expected cumulative net loss (CNL) assumption under various stress scenarios.
- The ability of the transaction to withstand stressed cash flow assumptions and repay investors according to the terms under which they have invested. For this transaction, the rating addresses the payment of timely interest on a monthly basis and the payment of principal by the legal final maturity date.
- The DBRS Morningstar CNL assumption is 15.80% for the transaction based on the expected pool composition.
    - The transaction assumptions consider DBRS Morningstar's baseline macroeconomic scenarios for rated sovereign economies, available in its commentary *Baseline Macroeconomic Scenarios For Rated Sovereigns: December 2022 Update*, published on December 21, 2022. These baseline macroeconomic scenarios replace DBRS Morningstar's moderate and adverse Coronavirus Disease (COVID-19) pandemic scenarios, which were first published in April 2020.
- The capabilities of CPS with regard to originations, underwriting (UW), and servicing.

    - DBRS Morningstar has performed an operational review of CPS and considers the entity to be an acceptable originator and servicer of subprime automobile loan contracts. The transaction also has an acceptable backup servicer.
    - The CPS senior management team has considerable experience and a successful track record within the auto finance industry, managing the Company through multiple economic cycles.
- The quality and consistency of provided historical static pool data for CPS originations and performance of the CPS auto loan portfolio.
- The legal structure and presence of legal opinions that are expected to address the true sale of the assets to the Issuer, the nonconsolidation of the special-purpose vehicle with CPS, that the trust has a valid first-priority security interest in the assets, and the consistency with DBRS Morningstar's *Legal Criteria for U.S. Structured Finance*.

**Company Description**

Founded in 1991, CPS is a specialty auto finance company that provides financing to consumers with limited access to traditional financing sources. CPS maintains relationships with franchised auto dealers and select independent dealers throughout the United States. Since its inception through December 31, 2022, CPS has purchased approximately $20.0 billion in contracts and has been a regular issuer in the asset-backed term securitization market, issuing approximately $17.9 billion of term asset-backed securities across 96 transactions from 1994 through January 2023.

CPS has an experienced management team, most of whom have worked at CPS for more than 10 years and have extensive experience in the subprime auto industry. The management team has also demonstrated discipline in managing the business through several weak economic cycles, including the 2008–09 recession.

The CPS principal executive offices are in Las Vegas. The Company uses centralized UW and centrally controlled servicing, with which it conducts collections activities through five branch locations distributed throughout the United States. As of December 31, 2022, CPS employed approximately 792 employees and had a total managed portfolio of approximately $3.0 billion. CPS currently purchases loans via its 8,078-member dealer network located in 47 states.

**Consumer Financial Protection Bureau (CFPB)**

The CFPB has conducted examinations of CPS in January 2018 and October 2019, as well as industry standard pandemic-related examinations in 2020 and 2021. None of the examinations resulted in any action taken by CFPB against the Company. The Company is routinely examined by various state regulatory bodies with no significant outcomes therefrom.

On July 17, 2013, CPS announced that the Federal Trade Commission (FTC) had initiated an inquiry against CPS relating to allegedly unfair trade practices and simultaneously advised that the settlement of such issues by consent decree may be possible. On May 29, 2014, a settlement was announced between CPS and the FTC. The order settling the charges required CPS to change collections policies and procedures, to pay a penalty, and to make restitution payments to consumers. Pursuant to the agreement, CPS agreed to pay a total of $5.5 million, which included $2.0 million in civil penalties and $3.5 million in refunds or adjustments to customer accounts. As a result of the settlement, CPS has made considerable improvements to the collections process, including management changes and upgraded systems and software, and has implemented policies and procedures focused on maintaining compliance.

In September 2021, CPS received a civil investigative demand from the Office of the Attorney General of the Commonwealth of Massachusetts relating to the Company's communications with and repossession notices sent to Massachusetts customers. CPS is cooperating with the inquiry.

As of March 1, 2023, CPS has been involved in various legal proceedings related to its consumer finance activities and practices. A cross-claim is pending against CPS, alleging that its deficiency notices were not compliant with Connecticut law and seeking relief on behalf of a class of Connecticut obligors whose vehicles CPS repossessed. A wage and hour claim is pending against CPS in California, alleging that it improperly treated its marketing representatives as exempt outside salespersons.

**Originations**

CPS purchases subprime automobile loan contracts that are secured predominantly by used automobiles, light-duty trucks, vans, and minivans. The automobile loan contracts are purchased indirectly from factory-franchised and independent dealers. For year-end December 31, 2022, CPS purchased approximately 75% of its contracts from manufacturer-franchised dealers. CPS enters into an agreement with each dealer from which it will purchase automobile loan contracts. The dealer agreements generally provide no recourse, but the selling dealer provides representations and warranties related to the manner in which the contract was originated and the security interest that is granted in the related financed vehicle. Representations and warranties regarding the collectability of any contract and the creditworthiness of the related obligor are typically not made.

CPS directs its marketing efforts primarily to dealers rather than directly to consumers. The Company establishes relationships with dealers through employee marketing representatives, who contact a prospective dealer to explain CPS' automobile contract purchase programs and thereafter provide dealer training and support services. As of December 31, 2022, the Company employed 86 marketing representatives, of which 55 are based in its representative markets and 31 are in-house representatives who service dealers via telephone. Marketing representatives have no credit approval authority.

For franchise dealers, CPS will accept applications upon the completion of the dealer agreement. For independent dealers, an additional review is completed prior to accepting contracts; this review includes the submission of an application package that includes three months of bank statements, authorization to run credit on the dealership owner, Department of Motor Vehicles license to sell automobiles, photos of the dealership, and a signed dealer agreement with a first-payment default provision. Ongoing dealer oversight consists of monthly monitoring of the dealer's efficiency ratios, the quality of submitted packages, and a quarterly review of the dealer's portfolio performance. Once an agreement is in place and approval has been received, the dealer begins submitting loan application packages to CPS.

CPS offers eight different financing programs to its dealership network. The higher credit tier products include five programs—Meta, Preferred, Super Alpha, Alpha Plus, and Alpha—which generally comprise 70% to 80% of originations, while the lower three credit tier programs—Standard, Delta, and First Time Buyers—comprise the remaining 20% to 30% of originations.

CPS also makes certain loans directly (Direct Loans) to consumers who have submitted online loan applications and, upon approval, purchase vehicles from dealers of their choosing. The credit, UW, and purchase procedures with respect to such contracts are substantially the same as the procedure described below. CPS does not require down payments on Direct Loans. To promote higher credit quality for Direct Loans, CPS also (1) limits loan-to-value ratios (LTVs) to 125% (whereas for its contract purchases, CPS generally limits LTVs to 130%) and (2) requires stricter scores in its internal credit score system than are required for its contract purchases.

### Underwriting

The Company targets borrowers who have had situational credit problems but display both a willingness and ability to pay their obligations compared with borrowers with habitual credit problems. CPS focuses on a number of key factors in its UW process. These factors include the borrower's creditworthiness, income, and debt levels; stability of employment and residence; as well as the structure and terms of the loan contract.

Eligible auto dealers submit loan applications electronically to CPS via Dealertrack, RouteOne, or the Company's dedicated website. For year-end December 31, 2022, CPS received 2.5 million loan applications. Approximately 63% of the loan applications were received through DealerTrack, 36% through RouteOne, and the remaining 1% through the Company's website.

CPS uses a proprietary automated decision engine that uses both published credit criteria and the Company's proprietary credit scores. The decision engine provides a decision within seconds for approximately 99% of applications. The remaining applications are reviewed manually by a credit underwriter.

#### Scorecard

CPS uses a proprietary scorecard developed by the Company's risk management department. The scorecard was first implemented in 2005 and was most recently updated in March 2021. The scorecard creates three separate scores: an A-Score, which is based on application and credit bureau data; an S-Score, which is based on the deal structure; and a D-Score, which is a combined score derived from application, credit bureau, and deal structure attributes. The 2021 scorecard refined its risk based pricing model while maintaining the same credit-level parameters.

The Company's credit criteria focus on a number of key aspects of a customer's credit profile, including evidence that the customer (1) exhibits situational versus habitual credit problems, (2) has job stability, (3) has a minimum credit bureau history (with limited exceptions), (4) has maximum payment-to-income and debt-to-income ratios, (5) is subject to maximum advance rates, and (6) meets minimum cash down payment requirements.

### Verification and Funding

Once CPS has approved a borrower and the proposed contract, the dealer must provide additional information prior to funding. CPS requires receipt of the executed contract, executed credit application, application for title or dealer guarantee, proof of insurance, the borrower's most recent pay stub, proof of residence and monthly rent/mortgage payment amount, most recent phone bill or five completed personal references, and any additional documentation required by the credit analyst.

Once the contract package is received, a CPS underwriter reviews it to verify the borrower information as represented at the time of credit approval. Underwriters and processors will then verify employment, income, residence address and monthly expense, insurance coverage, key credit information, and contract terms. If the verification process discovers material exceptions, the contract may be repriced, restructured, or declined. CPS verifies insurance initially, but does not track the insurance status of a borrower thereafter. CPS will not repossess a vehicle based solely on lapsed insurance. CPS uses risk management techniques to streamline certain verification processes; in Q1 2020, approximately 85% of contracts used these streamlined procedures. CPS monitors streamlined contract performance, which continues to perform well.

Once the Company's UW group completes its review and verification of a funding package, the quality control (QC) group performs a final review before the contract is purchased. The review focuses on both filtering weak loans and determining if the CPS UW policies and procedures were applied consistently. The group also reviews each contract to ensure compliance with federal and state credit laws.

### Compliance

CPS employs internal and outside counsel to track federal and state regulatory statutes and to assist with resultant necessary operational changes. CPS also has a quality assurance (QA) department, which is tasked with monitoring and evaluating the Company's internal policies and procedures. The CPS QC department reviews each potential borrower's loan application package against boarding information before purchasing and booking the loan. Exceptions related to titles are approved by Computershare Trust Company, N.A., acting as Custodian, based on acceptable proof being provided. QA also assesses collection personnel and customer interaction, servicing processes, management's enforcement of internal policies and procedures, as well as compliance with federal and state laws. As part of the QA process, QA conducts monthly QA committee meetings and quarterly internal compliance audits.

**Servicing**

CPS services all automobile loan contracts it purchases. The Company conducts its collection activities from its five collection facilities in Irvine, California; Chesapeake, Virginia; Lombard, Illinois; Maitland, Florida; and Las Vegas. The five facilities use the CPS automated collection system, which has the ability to load balance workflows among the five facilities as needed. In addition, the Company outsources 100% of its state eligible 1-29 DPD accounts to an offshore vendor in Honduras. CPS has one dedicated manager to oversee the vendor relationship and directs all dialing campaigns.

CPS performs or manages all aspects of the servicing of its managed portfolio, including all customer communications, cash collections, accounting, maintaining the security interest in the collateral, as well as repossession and liquidation of the collateral when necessary. CPS maintains industry-standard data processing and management information systems to support its contract servicing activities.

CPS uses an independent lockbox processing bank for customer payments received. The lockbox bank processes deposits on a daily basis to the appropriate owner accounts and conducts a simultaneous electronic data transfer of the customer's payment data to the Company's recordkeeping system.

CPS typically receives approximately 5% of all payments via portfolio-specific lockboxes. The lockbox bank transmits the payment data to CPS on a daily basis and deposits the funds into the appropriate lockbox bank account. Payments via electronic third-party providers, such as Paymentus, Western Union, and MoneyGram, typically range from 50% to 60%. Payment information is transmitted, and funds are remitted daily for same-day distribution. The balance of payments is received (payoffs, insurance proceeds, and liquidation proceeds from auction) centrally in the Irvine collection center. Generally, payments are logged when received, processed by accounting, and overnighted to the lockbox bank. Items that require manual entry to the Company's accounting system are deposited for next-day remittance to the appropriate lockbox account. Any payments that need further review are researched daily and are posted to the proper account on the next processing day. CPS performs a daily reconciliation of receipts versus reported receipts. All lockbox and collection bank accounts are reconciled monthly.

If an account becomes contractually delinquent (one to 15 days past due, depending on the assessment of CPS' proprietary behavioral scorecard), it is assigned to an automated predictive dialer program. The CPS collections staff attempt to contact the obligor to make satisfactory payment arrangements. In most cases, a late fee is imposed if payment is not received by the 10th day of delinquency. If contact is not made or an up-to-date payment is not received by the 30th day of delinquency, the account is typically routed to a unit that follows up with manual calls to the borrower. If contact with the obligor cannot be established, collection letters may be generated. A decision to repossess the vehicle is generally made after approximately 90 days of delinquency. CPS maintains an extension policy and offers extensions on a case-by-case basis. CPS does not modify or rewrite delinquent contracts.

CPS uses industry-standard call recording and monitoring applications to systemically monitor agent performance. As of December 31, 2022, the Company reports right-party contact rates of approximately

4.02% for dialer and 4.88% for other outbound calls, and call metrics for hold times and abandonment rates of approximately 20 seconds and 1.65%, respectively.

CPS generally charges off the balance of any contract by the earlier of the end of the month in which the automobile contract becomes five scheduled installments past due or, in the case of repossessions, the month that CPS receives the proceeds from the liquidation of the financed vehicle or if the vehicle has been in repossession inventory for more than three months. In the case of repossession, the amount of the charge-off is the difference between the outstanding principal balance of the defaulted automobile contract and the net repossession sale proceeds.

If CPS elects to repossess the vehicle, it uses licensed and/or bonded independent local repossession services as required by law. Recovered vehicles are generally resold through unaffiliated industry automobile auctions. CPS manages the sale of repossessed vehicles through select wholesale auction sites to maximize sale proceeds. Net liquidation proceeds are applied to the customer's outstanding obligation under the automobile contract, and CPS continues to collect on any deficiency balances.

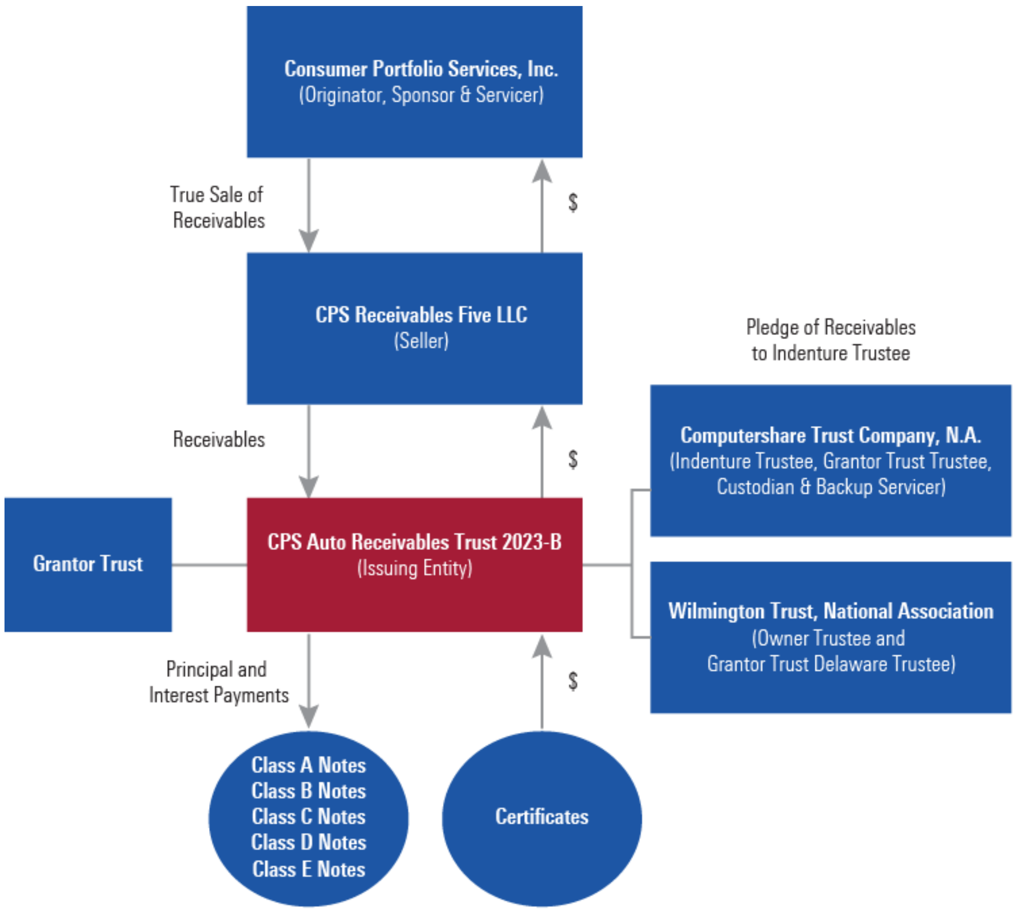
CPS maintains company websites that are available 24/7, including corporate, investor, customer, and dealer websites. Depending on the website accessed, the websites provide users with general information about CPS, account-specific information, the ability to make payments, the ability to submit new applications, and the ability to check the status on recent submissions. Customers and dealers must create user profiles to access their respective systems.

### Disaster Recovery

CPS maintains a formalized disaster recovery plan. The Company has contracted with a third party to provide 12 hot backup sites across the country for all critical applications. In January 2020, the Company tested each of the major applications at one backup site in St. Paul, Minnesota, and each application worked properly. Connectivity to each of the branches was also achieved. CPS performs daily tape backups that are stored off-site on a one-month rotation.

## Transaction Structure

### Structural Summary




Source: DBRS Morningstar.

### Priority of Payments

On each payment date, distributions will be made from available funds in the following order of priority:

1. To the Backup Servicer, the Backup Servicing Fee and all unpaid Backup Servicing Fees from prior collection periods, so long as the Backup Servicer is not the Servicer and (a) all reasonable out-of-pocket expenses and (b) indemnities, with the amounts in clauses (a) and (b) limited to a total of $25,000 per annum provided, however, that if an Event of Default (EOD) has occurred and is continuing, then such amounts payable pursuant to this priority shall not be so limited;
2. To the Servicer, (a) the Servicing Fee and all unpaid Servicing Fees from prior collection periods, (b) all reimbursements to which the Servicer is entitled, and (c) any additional servicing compensation, such as late fees, prepayment charges, and other administrative fees provided that, if CPS or an affiliate of CPS is the Servicer, funds in the spread account may not be used for this priority (2) prior to the sunset date;

3. To the successor Servicer, if any, to the extent not previously paid by the predecessor Servicer under the Sale and Servicing Agreement, reasonable transition expenses (up to a maximum of $200,000 for all such expenses) incurred in becoming the successor Servicer provided that, if any EOD has occurred and is continuing, then the maximum limit will not apply;
4. Concurrently, on a pro rata basis, the Indenture Trustee, the Grantor Trust Trustee, the Custodian, Owner Trustee, and the Grantor Trust Delaware Trustee fees and any reasonable out-of-pocket expenses and indemnities to (A) the Indenture Trustee, Grantor Trust Trustee, and Custodian, subject to an annual limit of $75,000 per annum and (B) the Grantor Trust Delaware Trustee and Owner Trustee subject to an annual limit of $100,000 per annum, provided, however, that if an EOD has occurred and is continuing, then such amounts payable shall not be so limited;
5. To pay interest, pro rata, on the Class A Notes;
6. To pay the Class A Parity Deficit Amount;
7. If such payment date is the final scheduled payment date, the outstanding principal amount of the Class A Notes;
8. To pay interest, pro rata, on the Class B Notes;
9. To pay the Class B Parity Deficit Amount;
10. If such payment date is the final scheduled payment date, the outstanding principal amount of the Class B Notes;
11. To pay interest, pro rata, on the Class C Notes;
12. To pay the Class C Parity Deficit Amount;
13. If such payment date is the final scheduled payment date, the outstanding principal amount of the Class C Notes;
14. To pay interest, pro rata, on the Class D Notes;
15. To pay the Class D Parity Deficit Amount;
16. If such payment date is the final scheduled payment date, the outstanding principal amount of the Class D Notes;
17. To pay interest, pro rata, on the Class E Notes;
18. To pay the Class E Parity Deficit Amount;
19. If such payment date is the final scheduled payment date, the outstanding principal amount of the Class E Notes;
20. To pay the amounts needed for the required spread account amount;
21. To pay the Regular Principal Distributable Amount;
22. To the Backup Servicer, the Trustee, and the Owner Trustee, any amounts owing to the Backup Servicer, the Trustee, and the Owner Trustee to the extent not previously paid; and
23. To the residual certificateholders, any remaining funds.

**Payment of Principal**

On each payment date, principal distributions will be made from available funds in the following order of priority:

1. To the Class A noteholders until paid in full,
2. To the Class B noteholders until paid in full,
3. To the Class C noteholders until paid in full,

4. To the Class D noteholders until paid in full, and
5. To the Class E noteholders until paid in full.

### Priority of Payments after an EOD

In the event that the Notes are declared to be immediately due and payable after an EOD on each payment date, distributions will be made from available funds in the following order of priority:

1. To the Servicer, the Backup Servicer, the Owner Trustee, and the Trustee, respectively, amounts due pursuant to priorities (1) through (4) under the Priority of Payments section in the order of such priorities and without preference or priority of any kind within such priorities;
2. To pay interest on the Class A Notes;
3. To pay principal on the Class A Notes until the outstanding principal amount of the Class A Notes has been reduced to zero;
4. To pay interest on the Class B Notes;
5. To pay principal on the Class B Notes until the outstanding principal amount of the Class B Notes has been reduced to zero;
6. To pay interest on the Class C Notes;
7. To pay principal on the Class C Notes until the outstanding principal amount of the Class C Notes has been reduced to zero;
8. To pay interest on the Class D Notes;
9. To pay principal on the Class D Notes until the outstanding principal amount of the Class D Notes has been reduced to zero;
10. To pay interest on the Class E Notes;
11. To pay principal on the Class E Notes until the outstanding principal amount of the Class E Notes has been reduced to zero;
12. Any remaining amounts due to the Servicer, the Backup Servicer, the Owner Trustee, and the Trustee, respectively, pursuant to priorities (1) through (4) under the Priority of Payments section in the order of such priorities and without preference or priority of any kind within such priorities; and
13. To the Owner Trustee for further distribution by the Owner Trustee to the residual certificateholders, any remaining amount.

### Events of Default

1. A default for five days in the payment of any interest on (a) any Class A Note; or (b) if no Class A Note remains outstanding, any Class B Note; or (c) if no Class A Note or Class B Note remains outstanding, any Class C Note; or (d) if no Class A Note, Class B Note, or Class C Note remains outstanding, any Class D Note; or (e) if no Class A Note, Class B Note, Class C Note, or Class D Note remains outstanding, any Class E Note, in each case when the same becomes due and payable;
2. A default for five days in the payment of the principal of any note on the final scheduled payment date;
3. Certain breaches by the Issuer of covenants, representations, or warranties (subject to any applicable cure period); and
4. Certain events of bankruptcy, insolvency, receivership, or liquidation of the Issuing Entity.

### Servicer Termination Events

The following events constitute servicer termination events under the Sale and Servicing Agreement:

1. The Servicer's failure to deliver any required payment to the Indenture Trustee for distribution to the noteholders or certificateholders or for deposit into the collection account or spread account, which failure continues unremedied for two business days;
2. The failure of the Servicer to deliver to the Trustee the monthly servicer's certificate within three days after it is due;
3. The Servicer's failure to observe or perform any other covenant or agreement in the Sale and Servicing Agreement that materially and adversely affects the noteholders and that continues unremedied for 30 days after the earlier of knowledge thereof by the Servicer or after the giving of written notice of such failure;
4. Certain events of insolvency, readjustment of debt, marshaling of assets and liabilities, or similar proceedings with respect to the Seller or the Servicer, and certain actions by the Servicer or the Seller indicating its insolvency, reorganization under bankruptcy proceedings, or inability to pay its obligations;
5. Failure on the part of the Servicer to observe its covenants and agreements relating to (a) merger or consolidation or (b) preservation of its ownership (or security interest) in repossessed financed vehicles delivered for sale to dealers; and
6. Any Servicer representation, warranty, or statement proves to be incorrect in any material respect, and the incorrectness of such representation, warranty, or statement has a material and adverse effect on the trust or the security holders and, within 30 days after the earlier of knowledge thereof by the Servicer or after written notice thereof, shall have been given to the Servicer by the Trustee or by the holders of a majority of the controlling class, the circumstances or condition in respect of which such representation, warranty, or statement was incorrect shall not have been eliminated or otherwise cured.

## Credit Enhancement

Credit enhancement for the 2023-B transaction consists of OC, subordination, a reserve account, and available excess spread. The transaction structure will also include a noncurable CNL trigger.

### Overcollateralization

OC initially equals 10.00% and will build to a target equal to the lesser of 11.50% of the original collateral balance or 25.00% of the Outstanding Pool Balance and is subject to a floor of 2.50% of the original collateral balance. If a CNL trigger event occurs, the target OC will increase to the greater of 25.00% of the Outstanding Pool Balance and the target OC that would apply if no trigger event occurred. OC will still be subject to a floor of 2.50% of the original collateral balance.

### Subordination

Subordination for the Class A Notes equals 36.40% of the original collateral balance and comprises the Class B, Class C, Class D, and Class E Notes. Subordination for the Class B Notes equals 29.60% and represents the Class C, Class D, and Class E Notes. Subordination to the Class C Notes equals 17.00%

and represents the Class D and Class E Notes. Subordination to the Class D Notes equals 10.00% and represents the Class E Notes.

### Reserve Account

A fully funded nondeclining reserve account equals 1.00% of the original collateral balance.

### Excess Spread

Initial available excess spread in the transaction is estimated to equal approximately 10.80% per annum based on the average collateral yield of 21.39%, less a 2.50% servicing fee, 0.02% average backup servicing fee, 0.01% trustee fee, and an assumed blended note rate of 8.06%.

### Cumulative Net Loss Trigger

The transaction is structured with a CNL trigger. If breached, the targeted OC amount will increase to the greater of 25.00% of the Collateral Balance and the target OC that would apply if no trigger event occurred if the CNL ratio exceeds the following specified amounts:

| Period | CNL (%) | Period | CNL (%) | Period | CNL (%) |
|---|---|---|---|---|---|
| 1 | 0.25 | 18 | 8.12 | 35 | 15.96 |
| 2 | 0.50 | 19 | 8.72 | 36 | 16.35 |
| 3 | 0.75 | 20 | 9.31 | 37 | 16.73 |
| 4 | 1.00 | 21 | 9.90 | 38 | 17.12 |
| 5 | 1.25 | 22 | 10.50 | 39 | 17.51 |
| 6 | 1.50 | 23 | 11.09 | 40 | 17.90 |
| 7 | 1.85 | 24 | 11.69 | 41 | 18.28 |
| 8 | 2.30 | 25 | 12.08 | 42 | 18.67 |
| 9 | 2.64 | 26 | 12.47 | 43 | 19.06 |
| 10 | 3.28 | 27 | 12.85 | 44 | 19.45 |
| 11 | 3.92 | 28 | 13.24 | 45 | 19.84 |
| 12 | 4.56 | 29 | 13.63 | 46 | 20.22 |
| 13 | 5.15 | 30 | 14.02 | 47 | 20.61 |
| 14 | 5.75 | 31 | 14.41 | 48+ | 21.00 |
| 15 | 6.34 | 32 | 14.79 | | |
| 16 | 6.94 | 33 | 15.18 | | |
| 17 | 7.53 | 34 | 15.57 | | |

## Collateral

The receivables securitized in this transaction are a pool of subprime automobile loan contracts secured by new and used automobiles, light-duty trucks, vans, and minivans. The current pool is as of the Cut-Off Date, March 31, 2023, and is equal to approximately $370 million (see below for the collateral characteristics). The collateral in the pool represents CPS originations from October 2017 through March 2023. Approximately 94% of the receivables represents originations from January 2023 through March 2023. The collateral pool includes $22.95 million (6.20% of the pool) of called collateral, which adds to the higher seasoning of the pool.

| **Transaction** | **2023-B** | **2023-A** | **2022-D** | **2022-C** | **2022-B** | **2022-A** | **2021-D** | **2021-C** | **2021-B** |
|---|---|---|---|---|---|---|---|---|---|
| Aggregate Principal Balance ($) | 369,872,782 | 362,870,335 | 337,383,029 | 368,030,018 | 285,833,626 | 217,846,708 | 256,502,151 | 238,382,448 | 155,514,959 |
| Average Principal Balance ($) | 17,999 | 20,140 | 20,555 | 21,783 | 21,154 | 20.134 | 17,164 | 17,964 | 16,276 |
| Weighted-Average APR (%) | 21.39 | 20.06 | 18.56 | 16.51 | 16.05 | 16.69 | 17.03 | 18.80 | 19.14 |
| Original Term (months) | 69.36 | 69.72 | 69.89 | 70.56 | 70.41 | 69.85 | 70.07 | 69.71 | 69.18 |
| Remaining Term (months) | 64.95 | 67.17 | 67.17 | 68.00 | 67.57 | 65.66 | 61.12 | 64.46 | 62.92 |
| Seasoning (months) | 4.41 | 2.55 | 2.72 | 2.56 | 2.84 | 4.19 | 8.95 | 5.25 | 6.26 |
| FICO Score | 577 | 581 | 583 | 585 | 585 | 584 | 580 | 572 | 567 |
| LTV (%) | 120.71 | 124.82 | 123.64 | 121.85 | 120.73 | 118.68 | 119.85 | 115.95 | 113.78 |
| New Vehicles (%) | 6.21 | 6.81 | 7.26 | 10.41 | 13.41 | 13.99 | 17.38 | 22.29 | 24.77 |
| Used Vehicles (%) | 93.79 | 93.19 | 92.74 | 89.59 | 86.59 | 86.01 | 82.62 | 77.71 | 75.23 |

| **Original Term (Months)** | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 18 – 29 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| 30 – 36 | 1.0 | 1.0 | 0.9 | 0.8 | 0.7 | 0.4 | 0.4 | 0.4 | 0.4 |
| 37 – 48 | 2.2 | 2.4 | 2.1 | 1.6 | 1.7 | 1.4 | 1.2 | 1.1 | 1.5 |
| 49 – 60 | 15.8 | 14.8 | 15.1 | 13.2 | 13.3 | 13.4 | 11.7 | 13.7 | 16.7 |
| 61 – 66 | 6.6 | 6.6 | 6.3 | 6.0 | 5.7 | 6.0 | 5.2 | 5.0 | 3.4 |
| 67 – 72 | 53.9 | 48.5 | 47.0 | 45.1 | 49.9 | 64.2 | 71.8 | 74.1 | 78.0 |
| 73 – 75 | 14.2 | 17.9 | 17.9 | 21.1 | 17.6 | 14.5 | 9.8 | 5.6 | 0.0 |
| 76 – 78 | 6.2 | 8.7 | 10.4 | 12.2 | 11.0 | 0.0 | 0.0 | 0.0 | 0.0 |

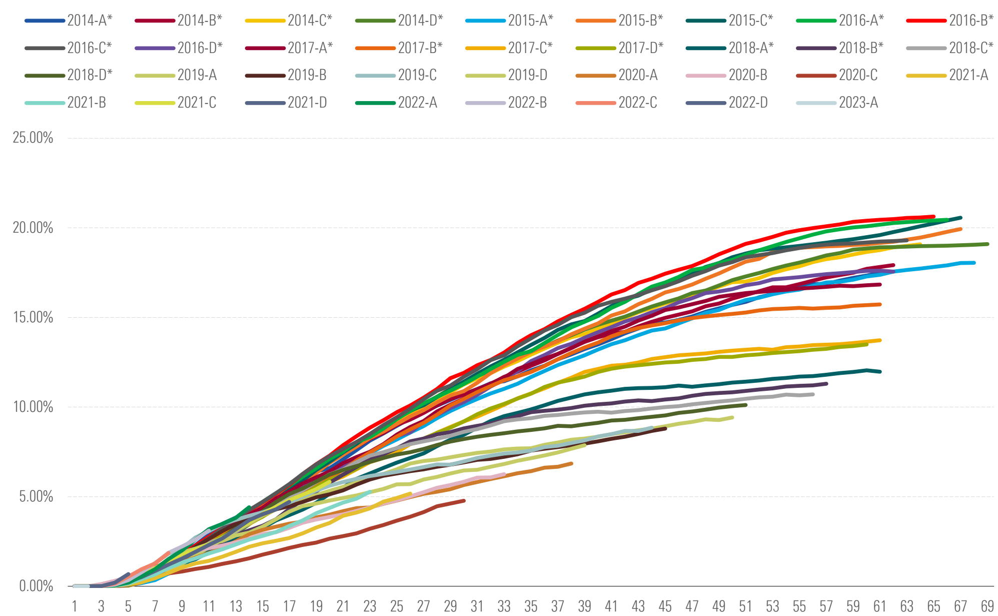
| **CPS Program (%)** | **2023-B** | **2023-A** | **2022-D** | **2022-C** | **2022-B** | **2022-A** | **2021-D** | **2021-C** | **2021-B** |
|---|---|---|---|---|---|---|---|---|---|
| Meta | 2.7 | 2.8 | 2.9 | 3.7 | 4.7 | n/a | n/a | n/a | n/a |
| Preferred | 9.9 | 11.3 | 12.0 | 13.2 | 14.7 | 17.9 | 17.8 | 11.1 | 7.7 |
| Super Alpha | 18.5 | 18.9 | 21.5 | 25.6 | 25.6 | 24.8 | 22.9 | 10.6 | 9.5 |
| Alpha Plus | 14.2 | 13.5 | 12.1 | 11.2 | 10.5 | 10.4 | 9.4 | 18.4 | 20.2 |
| Alpha | 33.8 | 31.8 | 30.8 | 28.8 | 24.3 | 27.0 | 29.6 | 30.8 | 33.3 |
| Standard | 11.2 | 12.2 | 12.1 | 10.8 | 11.5 | 12.7 | 12.5 | 17.7 | 17.4 |
| Delta | 5.8 | 5.3 | 4.8 | 3.8 | 4.7 | 4.1 | 5.0 | 7.2 | 7.6 |
| First Time Buyer | 3.9 | 4.2 | 3.7 | 3.0 | 3.9 | 3.1 | 2.9 | 4.3 | 4.3 |

| **Geographic Mix (Top 5 States by Dealer) (%)** | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 1 | OH 7.8 | OH 8.4 | CA 8.3 | CA 9.3 | CA 11.3 | CA 12.7 | CA 13.4 | CA 9.8 | CA 12.7 |
| 2 | TX 7.2 | TX 8.2 | OH 8.2 | OH 9.0 | OH 9.5 | OH 9.4 | OH 9.8 | OH 9.1 | OH 10.8 |
| 3 | CA 6.5 | CA 7.1 | TX 7.5 | TX 6.8 | TX 8.2 | TX 7.4 | TX 5.2 | TX 6.8 | TX 5.7 |
| 4 | IL 5.7 | PA 5.5 | IL 5.0 | FL 5.1 | AZ 4.7 | AZ 5.0 | FL 5.1 | NC 5.1 | IN 5.4 |
| 5 | PA 5.6 | FL 5.3 | FL 4.8 | IL 5.0 | PA 4.6 | IN 4.7 | AZ 4.8 | PA 5.1 | NC 5.4 |

## Cash Flow Analysis

DBRS Morningstar analyzed CPS' historical static pool credit loss data for its auto loan program since 2007, broken down by quarterly vintage of origination. In addition to quarterly origination static pool vintage performance, DBRS Morningstar assessed historical CNL rates for previously issued CPS transactions. DBRS Morningstar observed historically low CNL rates in transactions issued in 2011, while performance in 2015 and 2016 deteriorated. Transactions since then through 2021 seem to have either improved or have stable CNL trends. However, performance for the series 2022-A, 2022-B, and 2022-C transactions are showing some deterioration and trending slightly higher than prior transactions. The graph below illustrates the CNL rates for CPS transactions completed since 2014.

**Exhibit 1** Cumulative Net Losses




* Transaction Paid-Off.

DBRS Morningstar developed a base-case default curve based on CPS' historical performance from 2012 to current to forecast defaults on vintages that have not yet experienced their full level of losses. Historically, DBRS Morningstar utilized CNL performance data dating back to 2007 to develop timing curves. However, given the CPS' shift to longer-term loans and the increased percentage of originations in those longer-term loans, data from 2007 to 2011 was deemed to be less representative. As a result, DBRS Morningstar considered CNL data dating back to 2012 for the development of the loss timing curves as they are more representative of current CPS originations. DBRS Morningstar then applied the projected default levels for each bucket within the portfolio, based on the percentage of collateral from the respective quarterly origination vintage within the proposed pool. DBRS Morningstar also took into consideration the 20.35% of loans with original term of 73 to 78 months in the transaction.

In addition, given observed trends in the increase in back loaded losses, DBRS Morningstar chose to run a five-year loss timing curve to ensure that credit enhancement would be sufficient to cover potential back-ended losses for defaults associated with longer-term loans in the pool.

The cash flows for the transaction have demonstrated that there is adequate credit enhancement to cover the stress-case scenarios for each rating category.

Please refer to Appendix A for cash flow assumption details.

**Legal Structure and Opinions**

The Transferor will sell the Contract Assets to the Issuer. The counsel to CPS is expected to render opinions indicating the true sale of the assets from the Transferor to the Issuer as well as the enforceability of the documents against the Originator, the Transferor, the Issuer, and the assets of the Issuer. The counsel to CPS is also expected to render an opinion stating that the Indenture and the pledges and grants thereunder create a valid security interest in the Contract Assets for securing payment of the Issuer's obligations and that the creditors of the Originator or its affiliates cannot successfully look to the assets of the Issuer for satisfaction of their claims. In addition, the 2023-A transaction structure, representation and warranties, as well as documentation will be reviewed for consistency with the DBRS Morningstar *Legal Criteria for U.S. Structured Finance*.

# Appendix A — Cash Flow Details

| Class | Amount ($) | Collateral (%) | Hard Credit Enhancement (%) | Coupon (%) | Multiple Range (times) | DBRS Morningstar Multiple (times)* | Rating | Constraining Scenario |
|---|---|---|---|---|---|---|---|---|
| **A** | 198,251,000 | 53.60 | 47.40 | [TBD] | 2.50 - 4.00 | 3.28 | AAA (sf) | Front Curve |
| **B** | 25,150,000 | 6.80 | 40.60 | [TBD] | 2.25 - 3.50 | 3.07 | AA (sf) | Front Curve |
| **C** | 46,606,000 | 12.60 | 28.00 | [TBD] | 2.00 - 3.00 | 2.25 | A (sf) | Front Curve |
| **D** | 25,891,000 | 7.00 | 21.00 | [TBD] | 1.50 - 2.25 | 1.98 | BBB(high) (sf) | Front Curve |
| **E** | 36,987,000 | 10.00 | 11.00 | [TBD] | 1.25 - 1.50 | 1.45 | BB (sf) | Back Curve |
| **Total** | 332,885,000 | 90.00 | | | | | | |

## Capital Structure

| | Initial | Target[1] | Floor[2] | Step-Up OC[3] |
|---|---|---|---|---|
| **OC (%)** | 10.00 | 11.50 | 2.50 | 25.00 |
| **Reserve (%)[4]** | 1.00 | | | |

1 Target OC is equal to the lesser of 11.50% of the original collateral balance and 25.00% of the Outstanding Pool Balance.
2 OC Floor is calculated as a percentage of the original collateral balance.
3 OC target steps up if the CNL trigger is breached to the greater of 25.00% of the Collateral Balance or the target OC amount that would apply if no trigger event occurred.
4 The initial reserve amount is $3,698,728.

## Model Assumptions

| | |
|---|---|
| **DBRS Morningstar Expected Loss (%)** | 15.80 |
| **Recovery Rate (%)** | 35 |
| **Recovery Lag (months)** | 3 |
| **Voluntary Prepay Speed (ABS) (%)** | 0.75 |

## Collateral

| Name | Principal Balance ($) | Index | APR (%) | Original Term (months) | Remaining Term (months) |
|---|---|---|---|---|---|
| **1** | 22,949,485 | Fixed | 18.95 | 71.00 | 15.00 |
| **2** | 12,568,191 | Fixed | 23.42 | 42.00 | 40.00 |
| **3** | 57,202,795 | Fixed | 23.43 | 59.00 | 58.00 |
| **4** | 204,195,085 | Fixed | 22.02 | 71.00 | 70.00 |
| **5** | 72,957,226 | Fixed | 18.45 | 76.00 | 75.00 |
| **Total/Weighted Average** | 369,872,782 | | 21.39 | 69.14 | 64.70 |

| Loss Timing Curves (%) | Front Curve | Middle Curve | Back Curve |
|---|---|---|---|
| Year 1 | 40 | 30 | 15 |
| Year 2 | 40 | 40 | 25 |
| Year 3 | 15 | 20 | 25 |
| Year 4 | 5 | 10 | 25 |
| Year 5 | | | 10 |

## Trigger

CNL Trigger

| Period | Level (%) | Period | Level (%) | Period | Level (%) | Period | Level (%) |
|---|---|---|---|---|---|---|---|
| 1 | 0.25 | 13 | 5.15 | 25 | 12.08 | 37 | 16.73 |
| 2 | 0.50 | 14 | 5.75 | 26 | 12.47 | 38 | 17.12 |
| 3 | 0.75 | 15 | 6.34 | 27 | 12.85 | 39 | 17.51 |
| 4 | 1.00 | 16 | 6.94 | 28 | 13.24 | 40 | 17.90 |
| 5 | 1.25 | 17 | 7.53 | 29 | 13.63 | 41 | 18.28 |
| 6 | 1.50 | 18 | 8.12 | 30 | 14.02 | 42 | 18.67 |
| 7 | 1.85 | 19 | 8.72 | 31 | 14.41 | 43 | 19.06 |
| 8 | 2.30 | 20 | 9.31 | 32 | 14.79 | 44 | 19.45 |
| 9 | 2.64 | 21 | 9.90 | 33 | 15.18 | 45 | 19.84 |
| 10 | 3.28 | 22 | 10.50 | 34 | 15.57 | 46 | 20.22 |
| 11 | 3.92 | 23 | 11.09 | 35 | 15.96 | 47 | 20.61 |
| 12 | 4.56 | 24 | 11.69 | 36 | 16.35 | 48+ | 21.00 |

## Transaction Fees & Expenses[5]

| | | |
|---|---|---|
| **Servicing Fee** | $15 per loan/2.5% | per annum |
| **Transition Expense** | $200,000 | occurs in month 1 |
| **Other Fees** | $175,000 | per annum |

5 DBRS Morningstar typically runs the maximum fees and expenses allowed in the waterfall.

# Appendix B — Environmental, Social and Governance (ESG) Considerations

## Environmental, Social and Governance (ESG) Checklist

| ESG Factor | | ESG Credit Consideration Applicable to the Credit Analysis: Y/N | | Extent of the Effect on the ESG Factor on the Credit Analysis: Relevant (R) or Significant (S)* |
|---|---|---|---|---|
| Environmental | | Overall: | N | N |
| | Emissions, Effluents, and Waste | Do the costs or risks result in a higher default risk or lower recoveries for the securitized assets? | N | N |
| | Carbon and GHG Costs | Do the costs or risks related to GHG emissions result in higher default risk or lower recoveries of the securitized assets? | N | N |
| | | Are there potential benefits of GHG-efficient assets on affordability, financeability, or future values (recoveries)? | N | N |
| | | Carbon and GHG Costs | N | N |
| | Climate and Weather Risks | Are the securitized assets in regions exposed to climate change and adverse weather events affecting expected default rates, future valuations, and/or recoveries? | N | N |
| | Passed-through Environmental credit considerations | Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by environmental factors (see respective ESG checklist for such issuer)? | N | N |
| Social | | Overall: | N | N |
| | Social Impact of Products and Services | Do the securitized assets have an extraordinarily positive or negative social impact on the borrowers and/or society, and do these characteristics of these assets result in different default rates and/or recovery expectations? | N | N |
| | | Does the business model or the underlying borrower(s) have an extraordinarily positive or negative effect on their stakeholders and society, and does this result in different default rates and/or recovery expectations? | N | N |
| | | Considering changes in consumer behavior or secular social trends: does this affect the default and/or loss expectations for the securitized assets? | N | N |
| | | Social Impact of Products and Services | N | N |
| | Human Capital and Human Rights | Are the originator, servicer, or underlying borrower(s) exposed to staffing risks and could this have a financial or operational effect on the structured finance issuer? | N | N |
| | | Is there unmitigated compliance risk due to mis-selling, lending practices, or work-out procedures that could result in higher default risk and/or lower recovery expectations for the securitized assets? | N | N |
| | | Human Capital and Human Rights | N | N |
| | Product Governance | Does the originator's, servicer's, or underlying borrower(s)' failure to deliver quality products and services cause damage that may result in higher default risk and/or lower recovery expectations for the securitized assets? | N | N |
| | Data Privacy and Security | Does the originator's, servicer's, or underlying borrower(s)' misuse or negligence in maintaining private client or stakeholder data result in financial penalties or losses to the issuer? | N | N |
| | Passed-through Social credit considerations | Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by social factors (see respective ESG checklist for such issuer)? | N | N |
| Governance | | Overall: | N | N |
| | Corporate / Transaction Governance | Does the transaction structure affect the assessment of the credit risk posed to investors due to a lack of appropriate independence of the issuer from the originator and/or other transaction parties? | N | N |
| | | Considering the alignment of interest between the transaction parties and noteholders: does this affect the assessment of credit risk posed to investors because the alignment of interest is inferior or superior to comparable transactions in the sector? | N | N |
| | | Does the lack of appropriately defined mechanisms in the structure on how to deal with future events affect the assessment of credit risk posed to investors? | N | N |
| | | Considering how the transaction structure provides for timely and appropriate performance and asset reporting: does this affect the assessment of credit risk posed to investors because it is inferior or superior to comparable transactions in the sector? | N | N |
| | | Corporate / Transaction Governance | N | N |
| | Passed-through Governance credit considerations | Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by governance factors (see respective ESG checklist for such issuer)? | N | N |
| | | Consolidated ESG Criteria Output: | N | N |

* A Relevant Effect means that the impact of the applicable ESG risk factor has not changed the rating or rating trend on the issuer.
A Significant Effect means that the impact of the applicable ESG risk factor has changed the rating or trend on the issuer.

## ESG Considerations

### Environmental

There were no environmental factors that had a relevant or significant effect on the credit analysis. For more details about which environmental factors could have an effect on the credit analysis, please refer to the checklist above.

### Social

There were no social factors that had a relevant or significant effect on the credit analysis. For more details about which social factors could have an effect on the credit analysis, please refer to the checklist above.

### Governance

There were no governance factors that had a relevant or significant effect on the credit analysis. For more details about which governance factors could have an effect on the credit analysis, please refer to the checklist above.

The above ESG discussion relates to credit risk factors that could impact the issuer's credit profile and, therefore, the ratings of the bonds.  They are separate from ESG sustainability factors, which are generally outside the scope of this analysis. A description of how DBRS Morningstar considers ESG factors within the DBRS Morningstar analytical framework can be found in the DBRS Morningstar Criteria: Approach to Environmental, Social, and Governance Risk Factors in Credit Ratings at https://www.dbrsmorningstar.com/research/396929/dbrs-morningstar-criteria-approach-to-environmental-social-and-governance-risk-factors-in-credit-ratings.

Notes:
All figures are in U.S. dollars unless otherwise noted.

This report is based on information as of April 18, 2023. Subsequent information may result in material changes to the rating assigned herein and/or the contents of this report.

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