S&P Global
Ratings

Research

Presale:

AmeriCredit Automobile Receivables Trust 2023-1

March 2, 2023

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Preliminary Ratings

Class	Preliminary rating	Type	Interest rate(i)	Amount (mil. $)(i)	Legal final maturity date
A-1	A-1+ (sf)	Senior	Fixed	207.00	March 18, 2024
A-2-A/A-2-B	AAA (sf)	Senior	Fixed/floating (ii)	486.50	Oct. 19, 2026
A-3	AAA (sf)	Senior	Fixed	245.61	Nov. 18, 2027
B	AA (sf)	Subordinate	Fixed	88.59	March 20, 2028
C	A (sf)	Subordinate	Fixed	111.08	Dec. 18, 2028
D	BBB (sf)	Subordinate	Fixed	106.99	Jan. 18, 2029
E	NR	Subordinate	Fixed	38.85	Aug. 18, 2031

Note: This presale report is based on information as of March 2, 2023. The ratings shown are preliminary. This report does not constitute a recommendation to buy, hold, or sell securities. Subsequent information may result in the assignment of final ratings that differ from the preliminary ratings. (i)The interest rate and size of each class will be determined on the pricing date. (ii)The class A-2 notes may consist of a fixed-rate class A-2-A and a floating-rate class A-2-B. If issued, up to 46% of the class A-2 notes may be allocated to A-2-B, which will accrue interest at a floating rate indexed to 30-day compounded SOFR plus a spread. SOFR--Secured overnight financing rate.

Profile

Collateral	Subprime auto loan receivables.
Originator, sponsor, servicer, and custodian	AmeriCredit Financial Services Inc., a subsidiary of General Motors Financial Co. Inc. (BBB/Stable/--).
Depositors	AFS SenSub Corp.
Issuer	AmeriCredit Automobile Receivables Trust 2023-1.
Trustee and trust collateral agent	Citibank N.A. (A+/Stable/A-1).
Owner trustee	Wilmington Trust Co. (A-/Stable/A-2).
Bank account provider	Citibank N.A. (A+/Stable/A-1).

Rationale

The preliminary ratings assigned to AmeriCredit Automobile Receivables Trust 2023-1's (AMCAR 2023-1) automobile receivables-backed notes reflect:

- The availability of approximately 36.09%, 30.85%, 23.51%, and 17.65% credit support (hard credit enhancement and haircut to excess spread) for the class A (A-1, A-2-A/A-2-B, and A-3), B, C, and D notes, respectively, based on stressed cash flow scenarios. These credit support levels provide at least 3.50x, 3.00x, 2.30x, and 1.75x coverage of our expected cumulative net loss (ECNL) of 10.00% for the class A, B, C, and D notes, respectively (see the Cash Flow Modeling Assumptions And Results section below for more information).
- The expectation that under a moderate ('BBB') stress scenario (1.75x our expected loss level), all else being equal, our preliminary 'AAA (sf)', 'AA (sf)', 'A (sf)', and 'BBB (sf)' ratings on the notes will be within our credit stability limits (see the Cash Flow Modeling Assumptions And Results section).
- The timely payment of interest and principal by the designated legal final maturity dates under our stressed cash flow modeling scenarios, which we believe are appropriate for the assigned preliminary ratings.
- The collateral characteristics of the series' subprime automobile loans, our view of the credit risk of the collateral, and our updated macroeconomic forecast and forward-looking view of the auto finance sector (see the Credit Enhancement And Collateral and the Macroeconomic And Auto Finance Sector Outlook sections).
- The series' bank accounts at Citibank N.A., which do not constrain the preliminary ratings.
- Our operational risk assessment of AmeriCredit Financial Services Inc. as servicer, and our view of General Motors Financial Co. Inc.'s extensive securitization performance history since 1994.
- Our assessment of the transaction's potential exposure to environmental, social, and governance credit factors, that are in line with our sector benchmark.
- The transaction's payment and legal structures.

Our ECNL for AMCAR 2023-1 is 10.00%, which is unchanged from AMCAR 2022-2. It reflects:

- Our view that the series 2023-1 collateral characteristics are generally comparable to those for series 2022-2;
- AMCAR's outstanding series, which continue to perform in line with or better than our expectations; and
- Our forward-looking view of the auto finance sector including our outlook for a shallow recession for the first half of 2023 and lower recovery rates.

Environmental, Social, And Governance (ESG) Factors

Our rating analysis considers a transaction's potential exposure to ESG credit factors. For the auto ABS sector, we view the exposure to environmental credit factors as above average, social credit factors as average, and governance credit factors as below average (see "ESG Industry Report Card: Auto Asset-Backed Securities," March 31, 2021).

The transaction's environmental credit factors are in line with our sector benchmark. We generally view environmental credit factors as above average given that the collateral pool primarily comprise vehicles with internal combustion engines (ICEs), which emit pollutants that contribute to climate transition risks. While the adoption of electric vehicles and future regulation could eventually lower ICE vehicle values, we believe that our current approach to evaluating recovery values adequately account for vehicle values over the transaction's relatively short expected life.

As a result, we have not separately identified this as a material ESG credit factor in our analysis.

The transaction has relatively higher exposure to social credit factors than our sector benchmark, in our view, because the transaction has a pool of subprime obligors while the benchmark comprises of prime obligors. Given the elevated interest rate and affordability considerations for these subprime borrowers, legal and regulatory risks could increase if the validity of the contracts or the servicer's collection practices are challenged. We believe this risk is mitigated by representations from the issuer that each loan complied with all laws when it was originated. The issuer also has a compliance department that manages its adherence to all applicable laws.

Secured Overnight Financing Rate (SOFR) Interest Rate Benchmark

The floating interest rate benchmark on the class A-2-B tranche is SOFR, and the coupon will be based on compounded SOFR (a 30-day average SOFR calculated in advance using the published rate on the Federal Reserve Bank of New York's website). The guidelines for using SOFR are broadly consistent with the Alternative Reference Rate Committee's March 2021 "Options for Using SOFR in New ABS, MBS, CMBS Products" report. For the floating-rate tranche, we applied our stressed interest rates for 30-day SOFR, as described in our "Methodology To Derive Stressed Interest Rates In Structured Finance" criteria, published Oct. 18, 2019.

Credit Enhancement And Collateral

Structural changes from AMCAR 2022-2

- Total initial hard credit enhancement are unchanged for classes A, B, D, and E at 33.10%, 26.60%, 10.60%, and 7.75%, respectively, while class C increased to 18.45% from 17.60% (see table 1).
- Subordination for class C increased to 10.70% from 9.85%, while subordination for classes A, B, and D remain unchanged at 25.35%, 18.85%, and 2.85%, respectively.
- Pre-pricing excess spread is estimated to be lower at 5.46% from 6.36% (post-pricing).

The change in the initial hard credit enhancement for class C reflects the lower indicative excess spread due to a higher weighted average cost of debt. Our stressed cash flow results indicate that each class in the AMCAR 2023-1 transaction is enhanced to a degree consistent with the assigned preliminary ratings (see the Cash Flow Modeling Assumptions And Results section below).

Table 1

Credit Enhancement Summary (%)

	AmeriCredit Automobile Receivables Trust						
	2023-1	2022-2	2022-1(iv)	2021-3(iv)	2021-2	2021-1	2020-2
Subordination(i)							
Class A	25.35	25.35	25.35	25.35	25.95	25.95	25.95
Class B	18.85	18.85	18.85	18.85	18.70	18.70	18.70
Class C	10.70	9.85	9.85	9.85	9.70	9.70	9.70
Class D	2.85	2.85	2.85	2.85	2.85	2.85	2.85
Class E	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Table 1

Credit Enhancement Summary (%) (cont.)

	AmeriCredit Automobile Receivables Trust						
	2023-1	2022-2	2022-1(iv)	2021-3(iv)	2021-2	2021-1	2020-2
Overcollateralization							
Initial(i)	5.75	5.75	5.75	5.75	5.90	5.90	5.90
Target(ii)	14.75	14.75	14.75	14.75	14.75	16.50	16.50
Floor(i)	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Reserve fund(i)							
Initial	2.00	2.00	2.00	2.00	2.00	2.50	2.50
Target	2.00	2.00	2.00	2.00	2.00	2.50	2.50
Floor	2.00	2.00	2.00	2.00	2.00	2.50	2.50
Total initial hard credit enhancement(i)							
Class A	33.10	33.10	33.10	33.10	33.85	34.35	34.35
Class B	26.60	26.60	26.60	26.60	26.60	27.10	27.10
Class C	18.45	17.60	17.60	17.60	17.60	18.10	18.10
Class D	10.60	10.60	10.60	10.60	10.75	11.25	11.25
Class E	7.75	7.75	7.75	7.75	7.90	8.40	8.40
Estimated excess spread per year (%)(iii)	5.46	6.36	NR	NR	9.34	9.33	8.60

Note: Class A represents classes A-1, A-2-A/A-2-B, and A-3, collectively. (i)Percentage of the initial collateral pool balance. (ii)The overcollateralization target is a percentage of the current receivables balance, minus the amount in the reserve account. (iii)For 2023-1, before pricing and post pricing for all other series. (iv)S&P Global Ratings did not rate this transaction. N/A—Not applicable.

Collateral changes from AMCAR 2022-2

The significant collateral changes in the AMCAR 2023-1 pool (as of Feb. 5, 2023) from series 2022-2's closing collateral pool, include:

- The percentage of loans with an original term of 76-84 months increased to 19.75% from 16.90% while the percentage of loans with original term of 61-72 months and 73-75 months decreased slightly to 59.55% and 15.48%, respectively, from 60.69% and 16.89%. Overall, the percentage of greater-than-60-month original term loans increased to 94.79% from 94.48%.
- The percentage of loans with AmeriCredit's internal credit score of 245 and higher increased to approximately 56.72% from 53.11%, while the percentage of loans with an internal credit score of lower than 215 increased to 2.97% from 2.05%.
- The weighted average FICO score decreased to 589 from 598.
- The percentage of loans to finance new vehicles increased to 31.74% from 30.35%.

We believe the AMCAR 2023-1 collateral pool is generally comparable with that of AMCAR 2022-2 (see table 2). The higher percentage of longer-term loans can introduce back-end risks. We have factored this into our expected loss for AMCAR 2023-1 (see the S&P Global Ratings' Expected Loss section below).

Table 2

Collateral Comparison

	AmeriCredit Automobile Receivables Trust							
	2023-1	2022-2	2022-1(i)	2021-3(i)	2021-2	2021-1	2020-3(i)	2020-2
Receivables balance (mil. $)	1,362.94	1,434.93	1,167.28	956.52	1,169.20	1,594.29	1,199.94	1,105.21
No. of receivables	49,131	53,426	44,231	37,515	55,260	78,699	56,557	55,887
Avg. loan balance ($)	27,741	26,858	26,391	25,497	21,158	20,258	21,216	19,776
Weighted avg. APR (%)	13.28	12.06	11.64	11.69	12.22	12.18	12.10	11.88
Weighted avg. original term (mos.)	74	74	73	73	73	73	72	72
Weighted avg. remaining term (mos.)	67	67	67	68	66	63	66	64
Weighted avg. seasoning (mos.)	7	7	7	5	7	10	6	8
Weighted avg. proprietary internal credit score	251	249	254	254	250	252	251	250
Weighted avg. proprietary internal credit score of 245 and higher (%)	56.72	53.11	61.65	61.04	54.52	57.75	55.65	54.13
Weighted avg. proprietary internal credit score of less than 215 (%)	2.97	2.05	2.36	2.98	4.99	4.64	5.14	6.45
Weighted avg. FICO score	589	598	589	587	583	586	585	581
Original term 61-72 mos. (%)	59.55	60.69	62.69	67.50	71.61	70.52	73.44	77.44
Original term 73-75 mos. (%)	15.48	16.89	16.22	16.33	13.09	14.27	15.14	13.00
Original term 76-84 mos. (%)	19.75	16.90	14.90	9.90	9.51	8.95	5.00	3.82
% of new vehicles	31.74	30.35	38.10	42.00	46.69	50.01	51.00	55.27
% of used vehicles	68.26	69.65	61.90	58.00	53.31	49.99	49.00	44.73
Weighted avg. LTV (%)(ii)	106	106	102	102	105	106	106	108
% of GM new vehicles	28.13	25.34	(iv)	(iv)	40.60	41.20	43.96	46.90
Vehicle type breakout (%)								
Car	24.75	24.05	22.47	22.64	27.15	27.37	26.96	29.20
SUV	49.75	49.05	49.77	51.66	49.32	47.33	47.62	47.02
Van/truck	25.51	26.90	27.75	25.69	23.53	25.30	25.41	23.76
Unavailable	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.01
Top five state concentrations (%)(iii)								
	TX=20.22	TX=19.10	TX=15.74	TX=15.85	TX=17.15	TX=17.29	TX=18.23	TX=16.82

Table 2

Collateral Comparison (cont.)

	AmeriCredit Automobile Receivables Trust							
	2023-1	2022-2	2022-1(i)	2021-3(i)	2021-2	2021-1	2020-3(i)	2020-2
	FL=8.39	FL=8.53	FL=8.04	FL=7.75	FL=8.42	FL=7.97	FL=8.55	FL=7.56
	OH=5.77	CA=6.21	OH=6.67	OH=7.24	CA=7.26	CA=7.05	CA=7.53	CA=6.83
	CA=5.62	OH=5.94	(iv)	(iv)	OH=6.85	OH=6.01	OH=6.17	OH=5.91
	IL=4.40	IL=4.14	(iv)	(iv)	IL=5.05	IL=4.67	IL=4.69	IL=4.74

(i)S&P Global Ratings did not rate this transaction. (ii)AmeriCredit calculates the weighted average wholesale LTV ratio using the total financed amount, which may include taxes, title fees, and ancillary products, divided by the financed vehicle's wholesale auction value when the vehicle is financed. (iii)As a percentage of the principal balance. (iv)This information was not provided; S&P Global Ratings did not rate these two transactions. AMCAR--AmeriCredit Automobile Receivables Trust. AmeriCredit--AmeriCredit Financial Services Inc. APR--Annual percentage rate. LTV--Loan-to-value.

Macroeconomic And Auto Finance Sector Outlook

In our view, changes in the unemployment rate are a key determinant of charge-offs in the auto finance industry. We have also observed that recovery values tend to weaken during recessionary periods.

In our analysis, we considered the following economic data and forecasts outlined in table 3 and their baseline effect on collateral credit quality in determining our base-case expected loss level.

Table 3

U.S. Economic Factors

	Actual	Forecast				
	2021	2022	2023	2024	2025	2026
Real GDP (year-over-year growth, %)	5.9	1.8	(0.1)	1.4	1.8	1.9
Unemployment rate (annual average, %)	5.4	3.7	4.9	5.3	4.8	4.6
Consumer Price Index (CPI) (annual average, %)	4.7	8.1	4.3	2.7	2.3	2.1

Sources: Bureau of Economic Analysis, Bureau of Labor Statistics, and S&P Global Ratings Economics forecasts.

As the Federal Reserve's (Fed) aggressive tightening of interest rates increases borrowing costs, we expect the economy to decline 0.1% this year, as the economy falls into a shallow recession in the first half of 2023 (see "Economic Outlook U.S. Q1 2023: Tipping Toward Recession," published Nov. 28. 2022). With economic pressures worsening as the Fed raises interest rates, we now expect the unemployment rate to peak at 5.6% in fourth-quarter 2023, then slowly descend to 4.7% by fourth-quarter 2025.

Inflation remains a concern because it is eroding wage gains and the savings cushion that was built during the pandemic, particularly for those with lower incomes and smaller cushions.

In the auto market, as new vehicle supply imbalances continue to ease and borrowing rates continue to rise, we would expect used vehicle values to normalize to historical levels.

S&P Global Ratings' Expected Loss: 10.00%

We determined our expected loss for AMCAR 2023-1 by analyzing:

- The series' collateral characteristics relative to those of outstanding series (see table 2);
- The managed portfolio's performance and origination static pool data; and
- The outstanding series' performance (see table 5 and charts 1-3).

Given AMCAR's established performance track record as a frequent issuer, we placed more emphasis on origination static pool analysis and outstanding series performance when determining the expected loss for this series. We complemented this analysis with our forward-looking view of the economy and the auto finance sector (see the Macroeconomic And Auto Finance Sector Outlook section above).

Overall, we expect AMCAR 2023-1 to experience lifetime CNLs of 10.00%, unchanged from AMCAR 2022-2.

Servicing portfolio

As of Dec. 31, 2022, AmeriCredit's consumer finance receivables portfolio in North America was approximately $61.2 billion, a year-over-year increase of approximately 13% (see table 4).

Annualized net credit losses for North America as a percentage of the average month-end balance outstanding as of Dec. 31, 2022, were 0.6%, higher than 0.4% corresponding to the same period in 2021 and lower than the 1.4% experienced for the same period in 2019.

Total delinquencies and repossessions as of Dec. 31, 2022, increased to 2.8% from 2.4% in the same period the year before.

Table 4

Servicing Portfolio

	As of Dec. 31,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Delinquency experience									
Consumer finance receivables at the end of the period (bil. $)(i)	61.166	54.196	44.662	36.795	35.364	27.567	21.786	18.164	13.409
Total delinquencies and repossessed assets as a % of the portfolio(ii)	2.9	2.4	3.0	4.6	4.8	6.1	7.5	8.7	10.1
Loan loss experience									
Avg. month-end amount outstanding during the period (bil. $)	57.645	51.357	41.831	36.775	30.897	25.575	19.783	15.688	12.205

Table 4

Servicing Portfolio (cont.)

	As of Dec. 31,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Net credit losses as a % of the avg. month-end amount outstanding(iii)	0.6	0.4	1.0	1.4	1.7	2.0	2.6	2.6	3.1

(i)All amounts and percentages are based on the outstanding amortized cost. (ii)AmeriCredit considers an automobile loan contract delinquent when an obligor fails to make a contractual payment by the due date. (iii)Net credit losses equal gross credit losses minus recoveries. Gross credit losses do not include unearned finance charges and other fees. Recoveries include repossession proceeds received from the sale of repossessed financed vehicles minus repossession expenses, refunds of unearned premiums from credit life and credit accident and health insurance and extended service contract costs obtained and financed in connection with the vehicle financing and recoveries from obligors on deficiency balances.

Origination static pool analysis

AmeriCredit provided origination static pool loss performance broken out by custom score (proprietary internal credit score) and original term (less than or equal to 60 months, 61-72 months, 73-75 months, and 76-84 months) to factor in the impact of long-term contracts. We derived loss timing curves from paid off vintages and used them to project losses on outstanding vintages. Overall, the loss projections are consistent compared with series 2022-2.

AMCAR transaction performance

We currently maintain ratings on six outstanding AmeriCredit transactions issued between 2019 and 2022 (see table 5). On Dec. 20, 2022, we raised our ratings on 10 classes and affirmed the ratings on eight classes from five series (see "Ten Ratings Raised And Eight Affirmed On Five AmeriCredit Automobile Receivables Trust Transactions"). These rating actions are consistent with the better-than-expected performance on these outstanding series relative to our initial expectations (see charts 2-4).

Table 5

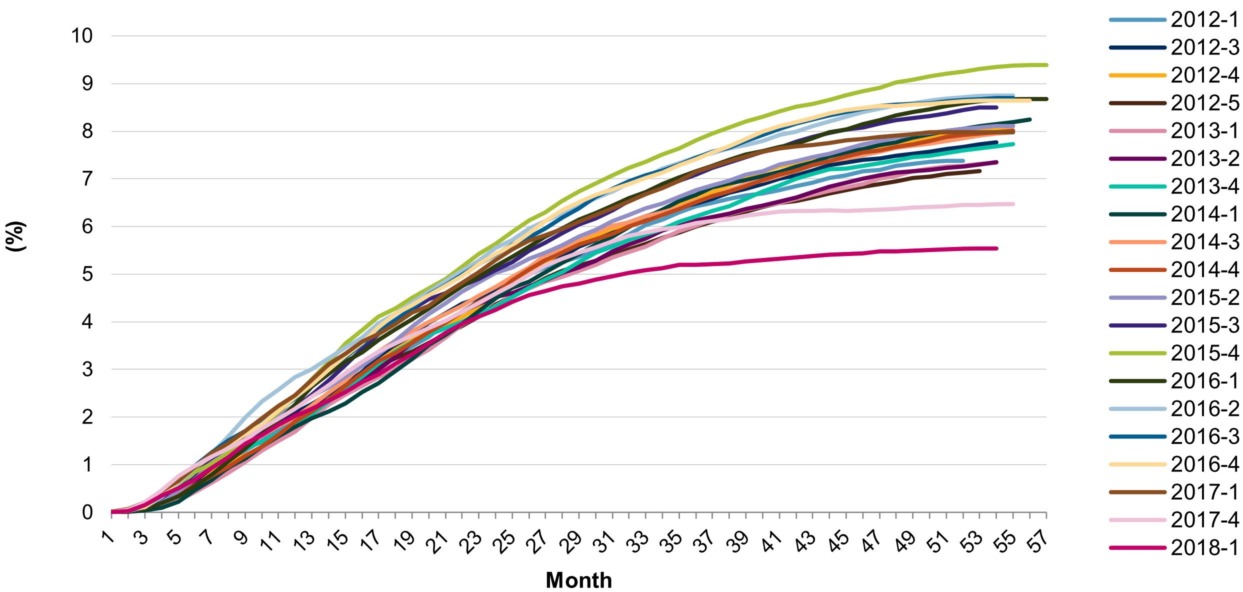
AMCAR Trust Collateral Performance And CNL Expectations(i)

Series	Month	Pool factor (%)	CNL (%)	CRR (%)	60-plus-day delinquency (%)	Extensions (%)	Initial lifetime CNL exp.(%)	Revised lifetime CNL exp. (%)(ii)
2019-1	47	14.93	4.85	52.65	3.48	2.36	9.75-10.25	5.50
2019-3	41	20.40	3.63	57.08	2.94	2.78	9.75-10.25	5.50
2020-2	31	28.63	1.94	61.27	2.34	2.89	12.00-12.50	5.00
2021-1	23	39.08	1.36	61.54	2.15	3.12	10.75-11.25	5.50
2021-2	20	47.79	1.62	59.13	2.41	3.64	10.75-11.25	6.50
2022-2	8	78.77	1.02	44.02	1.87	3.38	10.00	N/A

(i) As of the February 2023 distribution date. (ii)As of December 2022. CNL--Cumulative net loss. CRR--Cumulative recovery rate. Delinq.--Delinquency. N/A--Not applicable.

Chart 1

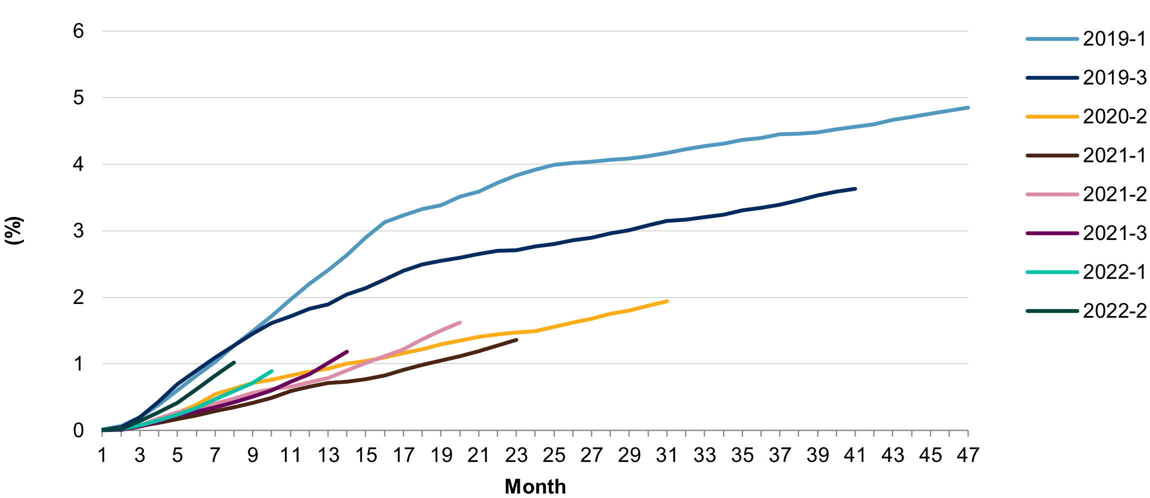
AMCAR Trust Cumulative Net Losses From 2012--Paid-Off Series



AMCAR--AmeriCredit Automobile Receivables.

Chart 2

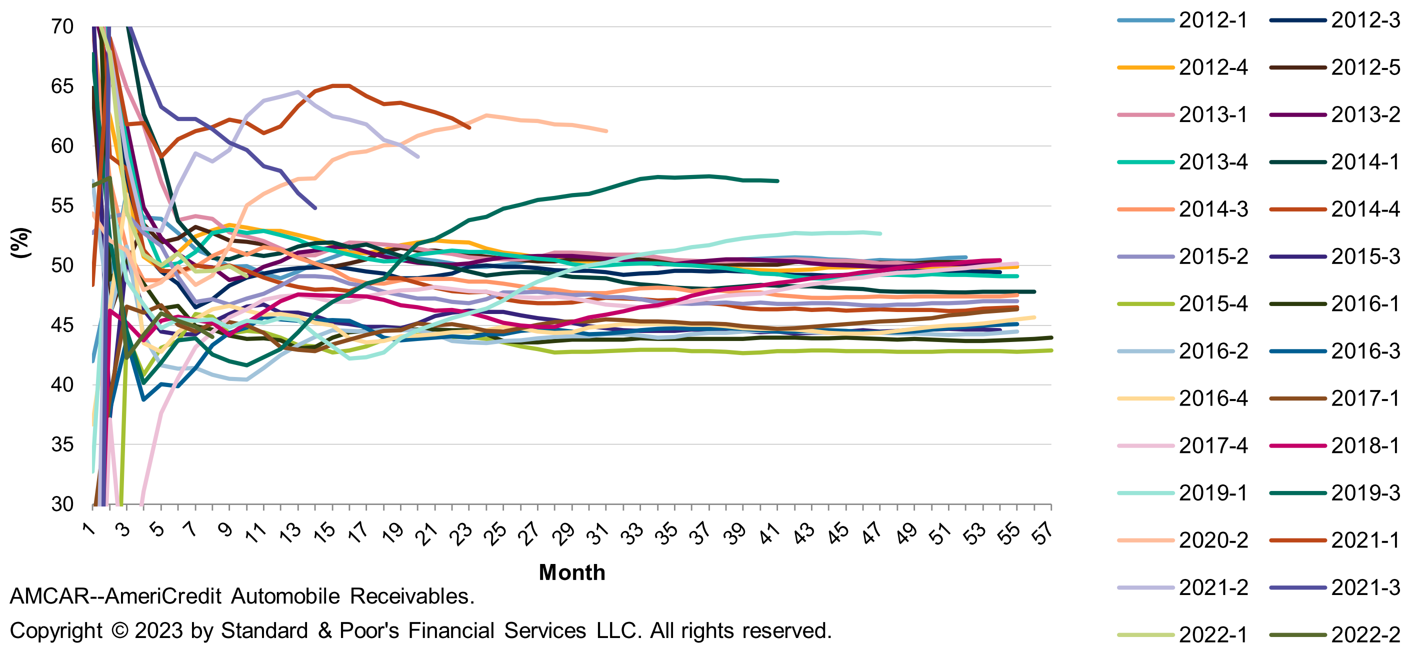
AMCAR Trust Cumulative Net Losses Outstanding Series



AMCAR--AmeriCredit Automobile Receivables.

Chart 3

AMCAR Trust Cumulative Recovery Rate By Series



AMCAR--AmeriCredit Automobile Receivables.

Legal Overview And Transaction Structure

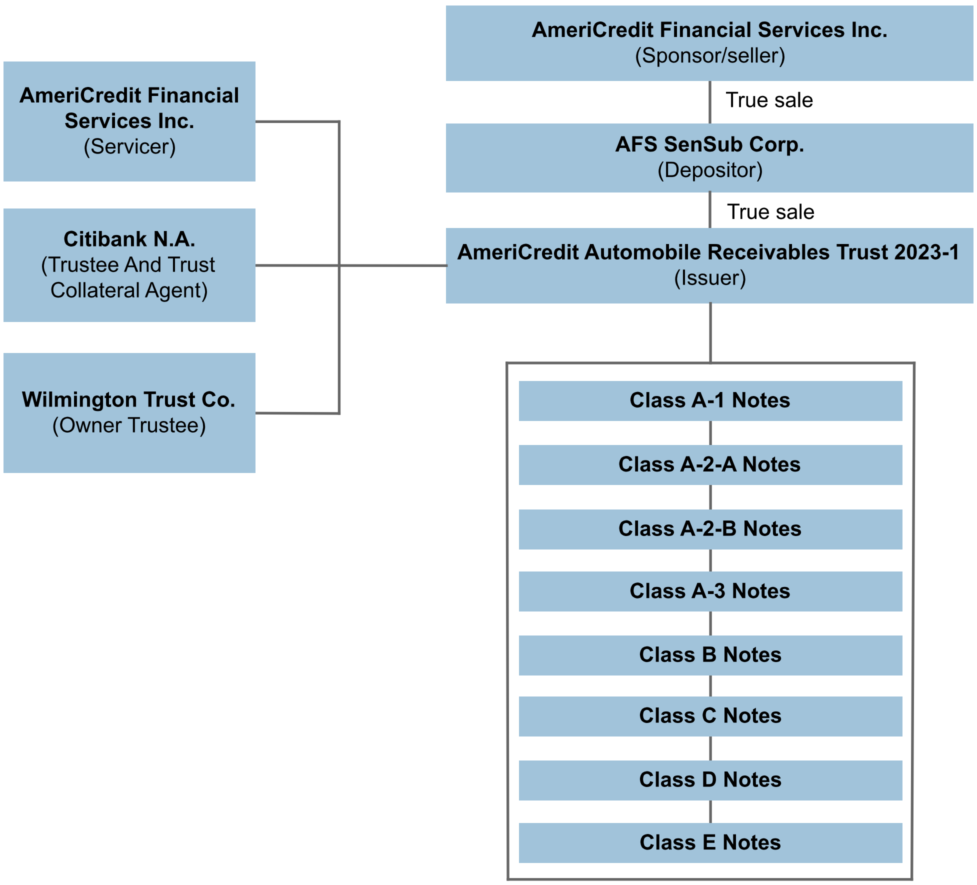
Legal overview

In rating this transaction, S&P Global Ratings will review the legal matters it believes are relevant to its analysis, as outlined in its criteria.

The transaction is structured as a true sale of the receivables to AFS SenSub Corp. (AFS) from AmeriCredit. Through this true sale, AFS will sell the acquired assets to the trust, a bankruptcy-remote special-purpose entity, which will then pledge its interest in the receivables to the trustee on the noteholders' behalf (see chart 4).

Chart 4

Transaction Structure



Transaction structure

AMCAR 2023-1 incorporates the following structural features:

- A senior-subordinated sequential-pay structure in which the senior-most notes outstanding are paid first.
- The class A-2 notes will consist of two tranches: the class A-2-A fixed-rate notes and the class A-2-B floating-rate notes. The class A-2-B notes are indexed to SOFR plus a spread and may constitute up to 46.0% of the class A-2 notes.
- Initial overcollateralization of 5.75% of the initial pool balance that will build to a target of 14.75% of the current pool balance, minus the 2.00% reserve account amount. The target overcollateralization amount is subject to a floor of 0.50% of the initial collateral balance.
- A nonamortizing reserve account amount that will equal 2.00% of the cutoff date pool balance as of the closing date.

- Excess spread of approximately 5.46% (pre-pricing) per year.

Payment Priority

Distributions will be made from the available funds according to a specific priority (see table 6).

Table 6

Payment Waterfall

Priority	Payment
1	To the servicer, the 2.25% servicing fee, any supplemental servicing fees, any reimbursements for mistaken deposits, and other related amounts. To AmeriCredit, amounts paid to the collection account that are not related to the interest, principal, or extension fees due on the auto loan contracts.
2	To the trustee, owner trustee, trust collateral agent, and the asset representations reviewer, any due and unpaid fees and expenses, in each case subject to a maximum specified annual limit.
3	Interest on the class A notes, which will be paid pari passu to the class A-1, A-2, and A-3 noteholders.
4	Principal to the extent necessary to reduce the class A notes' principal balance to the pool balance.
5	The remaining principal balance of any outstanding class A notes on their respective final scheduled distribution dates.
6	Interest on the class B notes.
7	Principal to the extent necessary to reduce the combined class A and B notes' principal balance to the pool balance.
8	The remaining principal balance of any outstanding class B notes on their final scheduled distribution dates.
9	Interest on the class C notes.
10	Principal to the extent necessary to reduce the combined class A, B, and C notes' principal balance to the pool balance.
11	The remaining principal balance of any outstanding class C notes on their final scheduled distribution dates.
12	Interest on the class D notes.
13	Principal to the extent necessary to reduce the combined class A, B, C, and D notes' principal balance to the pool balance.
14	The remaining principal balance of any outstanding class D notes on their final scheduled distribution dates.
15	Interest on the class E notes.
16	Principal to the extent necessary to reduce the combined class A, B, C, D, and E notes' principal balance to the pool balance.
17	The remaining principal balance of any class E notes on their final scheduled distribution dates.
18	To the noteholders, the principal distributable amount.
19	To the reserve account, the amount necessary to reach the required level.
20	Principal to achieve the specified overcollateralization amount.
21	To the trustee, owner trustee, trust collateral agent, and asset representations reviewer, any fees and expenses due that exceed the related cap on each.
22	All remaining amounts to the certificateholder.

AmeriCredit--AmeriCredit Financial Services Inc.

Cash Flow Modeling Assumptions And Results

In our cash flow analysis, we assess the availability of asset cash flows to meet the transaction's promised obligations under a variety of stress assumptions, while considering the transaction structure and available credit support. We also use our cash flow analysis in other aspects of our ratings analysis, including the testing of credit stability (sensitivity analysis) and legal final analysis.

Break-even analysis

For the AMCAR 2023-1 transaction structure, we applied the assumptions outlined in table 7 in our cash flow analysis to simulate stress scenarios that we believe are appropriate for the assigned preliminary ratings. To assign a rating to a class, we consider the class's lower break-even levels (the maximum net losses the class can withstand without defaulting) and generally expect it to be equal to or greater than the rating stressed scenario break-even requirement.

We also conservatively modeled the maximum size of the class A-2-B note balance (approximately 46% [$223.25 million] of the class A-2 note balance) indexed to SOFR. In addition, the class E coupon can increase to a higher coupon on the 25th distribution date if, on the 24th distribution date, the overcollateralization is at the required target. In our cash flow analysis, we assumed the coupon increases to the higher coupon on the 25th distribution date in all our scenarios.

Table 7

Break-Even Cash Flow Assumptions

Voluntary ABS (%)	1.20
Servicing fee (%)	2.25
Recovery rate (%)	45.00
Charge-off and recovery lag (mos.)	3
CNL timing mos. (12/24/36/48)(%)	
Front-loaded loss curve	30/65/90/100
Back-loaded loss curve	20/50/75/90/100

ABS--Absolute prepayment speed. Mos.--Months.

Based on our cash flow runs, in which we applied the aforementioned stresses, the break-even results show that the class A, B, C, and D, notes are credit-enhanced to the degree appropriate for the assigned preliminary ratings (see table 8).

Table 8

Break-Even Cash Flow Results

	Class			
	A	B	C	D
Preliminary rating	AAA (sf)	AA (sf)	A (sf)	BBB (sf)
CNL timing mos. (12/24/36/48)(%)				
Front-loaded loss curve	35/77/100	30/66/92/100	30/65/90/100	30/65/90/100

Table 8

Break-Even Cash Flow Results (cont.)

	Class			
	A	B	C	D
Back-loaded loss curve	31/78/100	25/63/94/100	21/54/81/96/100	20/50/75/90/100
Approx. break-even CNL levels (%)(i)				
Required	35.00	30.00	23.00	17.50
Available: front-loaded loss curve	36.09	30.85	23.51	17.65
Available: back-loaded loss curve	36.35	31.11	24.44	18.19

(i)The maximum cumulative net losses, with [90%] credit to any excess spread, the transaction can withstand without triggering a payment default on the relevant class of notes. CNL--Cumulative net loss.

Sensitivity analysis

In addition to running break-even cash flows, we conducted a sensitivity analysis using the assumptions in table 7 with the exception of the CNL timing curve. Instead of front-loaded and back loaded loss curves, we used a base case loss curve of 25/55/80/90/100. We believe that under a moderate ('BBB') stress scenario (1.75x of 10.0% expected loss level) and with 90% credit to any excess spread, all else being equal, our preliminary ratings will be within the credit stability limits specified by section A.4 of the Appendix of "S&P Global Ratings Definitions," published Jan. 5, 2021 (see table 9 and chart 5).

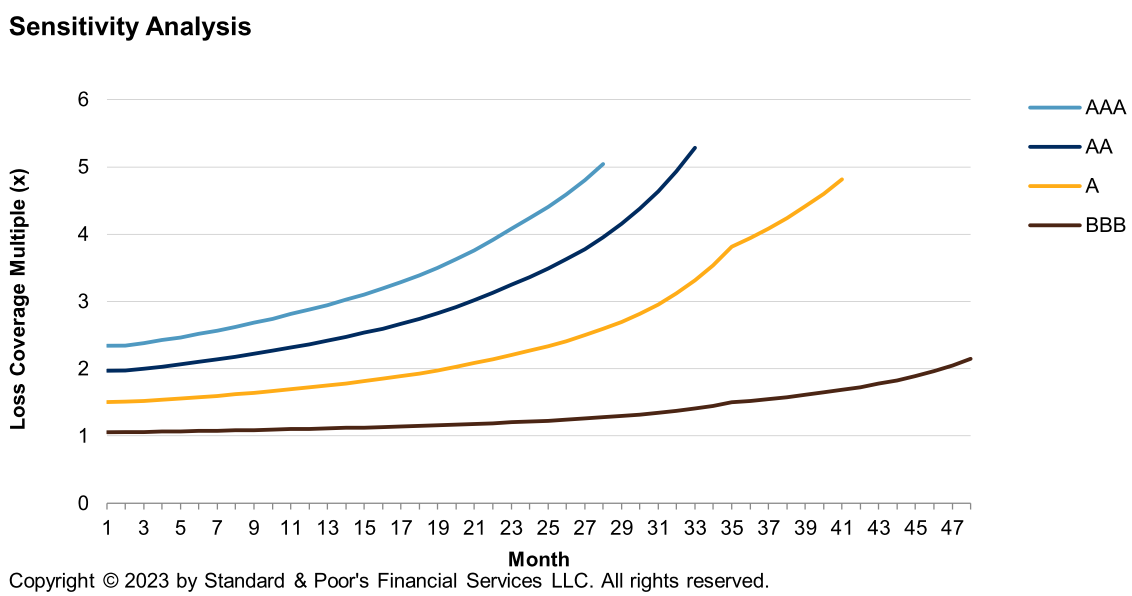
Table 9

Credit Stability As A Limiting Factor On Ratings

	Maximum projected deterioration associated with rating levels for one- and three-year horizons under moderate stress conditions					
Horizon	**AAA**	**AA**	**A**	**BBB**	**BB**	**B**
One year	AA	A	BB	B	CCC	D
Three years	BBB	BB	B	CCC	D	D

(i)These credit-quality transitions do not reflect our view of the expected degree of deterioration that rated issuers or obligations could experience over the specified time horizons. Nor do they reflect the typical historical levels of deterioration among rated issuers and securities.

Chart 5



Money market tranche sizing

The proposed money market tranche (class A-1) has a 12-month legal final maturity date of March 18, 2024. To test whether the money market tranche can be repaid by its legal final maturity date, we ran cash flows using assumptions to delay the principal collections. We assumed zero defaults and 0.25% ABS for our cash flow analyses. Based on our modeling assumptions, we saw that the money market tranche would be paid off in full before the legal final maturity date.

Legal final maturity

To test the legal final maturity dates set for classes A-2-A through D, we determined the date when the respective notes would be fully amortized in a zero-loss and zero-prepayment scenario, and then added three months to that date. For the longest-dated security (class E), we determined the latest maturing loan's distribution date and then added eight months to accommodate extensions. Furthermore, in the break-even scenario for each respective rating level, we confirmed that there was sufficient credit enhancement to cover losses and repay the related notes in full by the legal final maturity date. The notes were all paid off by their legal final maturity dates using these modeling assumptions.

Counterparty And Operational Risks

Bank account provider

On or before the closing date, the AMCAR 2023-1 bank accounts will be established with Citibank N.A., in the name of the trustee, as segregated trust accounts. The bank account provider is consistent with our counterparty criteria for a 'AAA' supported transaction (see "Counterparty Risk

Framework: Methodology And Assumptions," published March 8, 2019).

Servicer

As servicer, AmeriCredit, has an experienced management team that oversees origination, underwriting, servicing, collections, and general operational practices. AmeriCredit is not rated by S&P Global Ratings, and commingling risk is addressed by the requirement that all collections are deposited into the series collections account within two business days of collection. Our operational risk assessment of AmeriCredit as servicer does not constrain the ratings (see "Global Framework For Assessing Operational Risk In Structured Finance Transactions," published Oct. 9, 2014).

Regulatory

Americredit and the key transaction parties are generally subject to various regulatory investigation and/or legal proceedings that may arise in their ordinary course of business that may result in adverse consequences to the company. These include, without limitation, judgments, settlements, fines, penalties, or other actions, which could be substantial and negatively affect the way servicing is conducted, and thus adversely affect the noteholders. We will assess these regulatory events and outcomes when available to determine any impact on our counterparty and operational risk assessments.

AmeriCredit

The sponsor, which was incorporated in Delaware on July 22, 1992, is the wholly owned primary operating subsidiary of GM Financial (formerly known as AmeriCredit Corp.), a wholly owned subsidiary of General Motors Holdings LLC, which, in turn, is a wholly owned subsidiary of General Motors Co. The sponsor originates and services auto loan contracts and acts as the servicer for all of its transactions. It is a leading auto finance company that has been operating since September 1992. The sponsor purchases auto loan contracts, generally without recourse, for new and used vehicles that consumers purchase from franchised and select independent auto dealerships.

The sponsor, under its AmeriCredit-branded platform, offers auto loan financing predominantly to consumers who are typically unable to obtain financing from traditional sources, such as banks and credit unions. Sales and underwriting groups are segregated with separate teams servicing GM-franchised dealerships and non-GM-franchised dealerships, allowing AmeriCredit to continue service for non-GM dealerships under the "AmeriCredit" brand while providing GM-franchised dealerships the broader loan, lease, and commercial lending products it offers under the "GM Financial" brand.

Related Criteria

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- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- Criteria | Structured Finance | General: Methodology For Servicer Risk Assessment, May 28, 2009

Related Research

- U.S. Auto Loan ABS Tracker: Full-Year And December 2022 Performance, Feb. 15, 2023
- Global Structured Finance 2023 Outlook, Jan. 11, 2023
- Credit Conditions North America Q1 2023: Worse Before It Gets Better, Dec. 1, 2022
- Economic Outlook U.S. Q1 2023: Tipping Toward Recession, Nov. 28, 2022
- Ten Ratings Raised And Eight Affirmed On Five AmeriCredit Automobile Receivables Trust Transactions, Dec. 20, 2022