Presale:

GM Financial Automobile Leasing Trust 2023-2

May 4, 2023

PRIMARY CREDIT ANALYST

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Preliminary ratings

Class	Preliminary rating	Type	Interest rate(i)	Preliminary amount (mil. $)	Legal final maturity date
A-1	A-1+ (sf)	Senior	Fixed	190.57	May 20, 2024
A-2-A/A-2-B(ii)	AAA (sf)	Senior	Fixed/floating	468.10	Oct. 20, 2025
A-3	AAA (sf)	Senior	Fixed	408.15	July 20,2026
A-4	AAA (sf)	Senior	Fixed	66.30	May 20, 2027
B	AA+ (sf)	Subordinate	Fixed	60.77	May 20, 2027
C(iii)	A+ (sf)	Subordinate	Fixed	56.58	May 20, 2027
D(iii)	NR	Subordinate	Fixed	34.92	Oct. 20, 2027

Note: This presale report is based on information as of May 4, 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 actual coupons of these tranches will be determined on the pricing date. (ii)The class A-2 notes may be split into fixed-rate class A-2-A and floating-rate class A-2-B notes. If a floating-rate tranche is issued, the rate will be based on 30-day compounded average SOFR. The allocation of the principal amount between the class A-2-A and A-2-B notes will be determined on the pricing date. If class A-2-B notes are issued, the principal amount is not expected to exceed $234.05 million. (iii)Class D will be retained by the depositor or an affiliate. NR--Not rated. SOFR--Secured overnight financing rate.

Profile

Expected closing date	May 17, 2023.
Collateral	Prime auto lease receivables.
Sponsor, servicer, and administrator	AmeriCredit Financial Services Inc., doing business as GM Financial, a wholly owned subsidiary of General Motors Financial Co. Inc. (BBB/Stable/--).
Issuer	GM Financial Automobile Leasing Trust 2023-2.
Titling trust	ACAR Leasing Ltd.
Depositor	GMF Leasing LLC.
Administrative agent, collateral agent, and indenture trustee	Computershare Trust Co. N.A.
Owner trustee	Wilmington Trust Co.
Lead underwriter	TD Securities LLC

Credit enhancement summary(i)

	GMALT				
	2023-2	2023-1	2022-3	2022-2	2022-1
Subordination (%)					
Class A	10.90	10.90	10.90	10.90	10.90
Class B	6.55	6.55	6.55	6.55	6.55
Class C	2.50	2.50	2.50	2.50	2.50
Class D	N/A	N/A	N/A	N/A	N/A
Overcollateralization (%)					
Initial	8.00	8.00	8.00	8.00	8.00
Target(ii)	10.50	10.50	10.50	9.50	9.50
Reserve account (%)					
Initial	0.25	0.25	0.35	0.25	0.25
Target	0.25	0.25	0.35	0.25	0.25
Total initial hard credit enhancement (%)					
Class A	19.15	19.15	19.25	19.15	19.15
Class B	14.80	14.80	14.90	14.80	14.80
Class C	10.75	10.75	10.85	10.75	10.75
Class D	8.25	8.25	8.35	8.25	8.25
Total target hard credit enhancement (%)					
Class A	21.65	21.65	21.75	20.65	20.65
Class B	17.30	17.30	17.40	16.30	16.30
Class C	13.25	13.25	13.35	12.25	12.25
Class D	10.75	10.75	10.85	9.75	9.75
Discount rate (%)	9.50	9.50	9.00	6.75	6.00
Estimated excess spread per year (%)(iii)	2.94	2.88	3.87	2.56	N/A
Initial aggregate securitization value ($)	1,397,166,098	1,676,201,777	1,508,759,094	1,600,510,650	1,646,121,605
Total securities issued ($)	1,285,390,000	1,542,030,000	1,388,060,000	1,472,460,000	1,514,430,000

(i)All percentages are based on the initial aggregate securitization value. (ii)The target overcollateralization of 10.50% of the initial receivables will decrease to 9.50% after the class A-2-B notes are fully paid off. If the class A-2-B notes are not issued, the target amount of overcollateralization on any payment date will equal 9.50% of the initial aggregate securitization value. GMALT 2022-1 was not rated by S&P Global Ratings. (iii)The estimated annual excess spread reflects the pre-pricing coupon guidance for GMALT 2023-2 and 2023-1 and post-pricing for GMALT 2022-3 to 2021-3. GMALT--GM Financial Automobile Leasing Trust. N/A--Not applicable.

Rationale

The preliminary ratings assigned to GM Financial Automobile Leasing Trust 2023-2's (GMALT 2023-2's) asset-backed notes reflect:

- The availability of approximately 23.8%, 19.8%, and 16.2% credit enhancement for the class A, B, and C notes, respectively, based on our stressed cash flow scenarios, in the form of subordination; 8.00% initial overcollateralization, which builds to a target of 10.50% and steps down to 9.50% upon the A-2 class paying off (if no class A-2-B is issued, the overcollateralization target would be 9.50%); a non-amortizing reserve account of 0.25%; and excess spread (all percentages are expressed as a percentage of the pool's initial securitization value).
- The expectation that under a moderate 'BBB' stress scenario, all else being equal, our preliminary ratings will be within the credit stability limits specified by section A.4 of the Appendix contained in "S&P Global Ratings Definitions" (published Nov. 10, 2021).
- The timely interest and full principal payments made by the notes' legal final maturity dates under cash flow scenarios that we stressed for credit and residual losses, which are consistent with the preliminary ratings assigned to the notes.
- The credit quality of the underlying collateral, which consists of auto lease receivables that have a weighted average FICO score of 780.
- Our view of the transaction's base residual, which includes Automotive Lease Guide's (ALG) forecast of the vehicle's current residuals and residual value at lease inception.
- The historical residual retention values of the leased vehicles in the pool and relative comparison to ALG's residual value forecasts.
- The diversified mix of leased vehicle models in the pool.
- The diversified timing of the lease pool's residual maturities.
- Our view of the transaction's payment and legal structures.

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, to social credit factors as average, and to governance credit factors as below average (see "ESG Industry Report Card: Auto Asset-Backed Securities," published March 31, 2021).

In our view, the exposure to ESG credit factors in this transaction is in line with our sector benchmark. Environmental credit factors are generally viewed as above average given that the collateral pool primarily comprises 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 in time lower ICE vehicle values, we believe that our current approach to evaluating recovery and residual values adequately accounts for vehicle values over the relatively short expected life of the transaction. As a result, we have not separately identified this as a material ESG credit factor in our analysis.

Transaction Overview

GMALT 2023-2 is GM Financial's second publicly placed auto lease term securitization this year, its 29th overall auto lease term transaction, and the 21st GM Financial auto lease transaction we have rated.

The receivables backing the GMALT 2023-2 pool will consist of the monthly lease payments and base residual values (as defined in the Residual Value section) of a pool of lease contracts originated by General Motors Co. (GM) dealers. The leased vehicles will consist primarily of new GM-brand passenger cars, SUVs, crossover utility vehicles (CUVs), and light-duty trucks. As with prior GMALT securitizations, series 2023-2 includes nonamortizing subordination for the senior notes, a nonamortizing reserve account amount, and an initial overcollateralization with target levels that steps down by 1% after full repayment of the class A-2-A and A-2-B notes (or nonamortizing if no class A-2-B notes are issued).

The issuing trust will issue four class A notes, as well as class B, C, and D notes. Classes C and D will initially be retained by the depositor or an affiliate. The class A-2 notes may be split into two tranches: class A-2-A will be issued as fixed-rate notes, and class A-2-B will be issued as floating-rate notes. The principal allocation between the two tranches will be determined by the pricing date. However, the maximum class A-2-B size is not expected to exceed $234.05 million, which we modeled in our cash flow scenarios. The class A-2-B notes issued by GMALT 2023-2 will pay interest based on 30-day compounded average secured overnight financing rate (SOFR) plus a fixed margin.

Changes From The Series 2023-1 Transaction

There are no material credit enhancement or structural changes from series 2023-1 other than that the estimated pre-pricing annual excess spread increased slightly to 2.94% from 2.88%.

Notable collateral composition changes from series 2023-1 include that:

- The pool's weighted average FICO score increased to 780 from 778.
- The undiscounted base residual value as a percentage of aggregate securitization value decreased to 75.91% from 77.02%.
- The undiscounted base residual value as a percentage of MSRP decreased to 52.40% from 52.62%.
- The average base residual value increased to $22,747 from $22,490.
- The percentage of leases with an original term of up to 24 months increased to 7.40% from 5.06%.
- The percentage of leases with an original term of 37-48 months decreased to 35.06% from 37.11%; however, within this bucket, the percentage of leases with an original term of 40-48 months increased slightly to 7.01% from 5.97%.

Overall, we believe series 2023-2 pool's credit quality is generally comparable to the series 2023-1 pool. Our expected cumulative net credit loss for the series 2023-2 pool is 0.65%, which reflects our view of the strong credit performance of prior GMALT transactions. Our expected cumulative net credit loss is unchanged from series 2023-1. Our 'AAA', 'AA+', and 'A+' stressed credit losses are approximately 3.25%, 2.93%, and 2.16%, respectively, of the securitization value.

Our 'AAA', 'AA+', and 'A+' residual haircuts for the GMALT 2023-2 pool are approximately 26.10%, 23.09%, and 17.74%, respectively, of the pool's aggregate undiscounted base residual value. In deriving our residual stress, we considered the base residual value of the leased vehicles in the pool compared to its historical retention values. We also considered the pool's residual maturity profile, the vehicle concentration, the vehicle segment concentration, ALG's residual forecasts, the historical retention values of GM vehicles (i.e., Chevrolet, GMC, Cadillac, and Buick), and our economic and industry outlooks.

Our total stressed losses (credit and residual) are approximately 21.8%, 19.0%, and 14.0% at the 'AAA', 'AA+', and 'A+' levels, respectively, as a percentage of the initial aggregate securitization value. In our view, the credit enhancement provides adequate support for our assigned preliminary ratings (see the Credit Enhancement Summary table and the Cash Flow Modeling section).

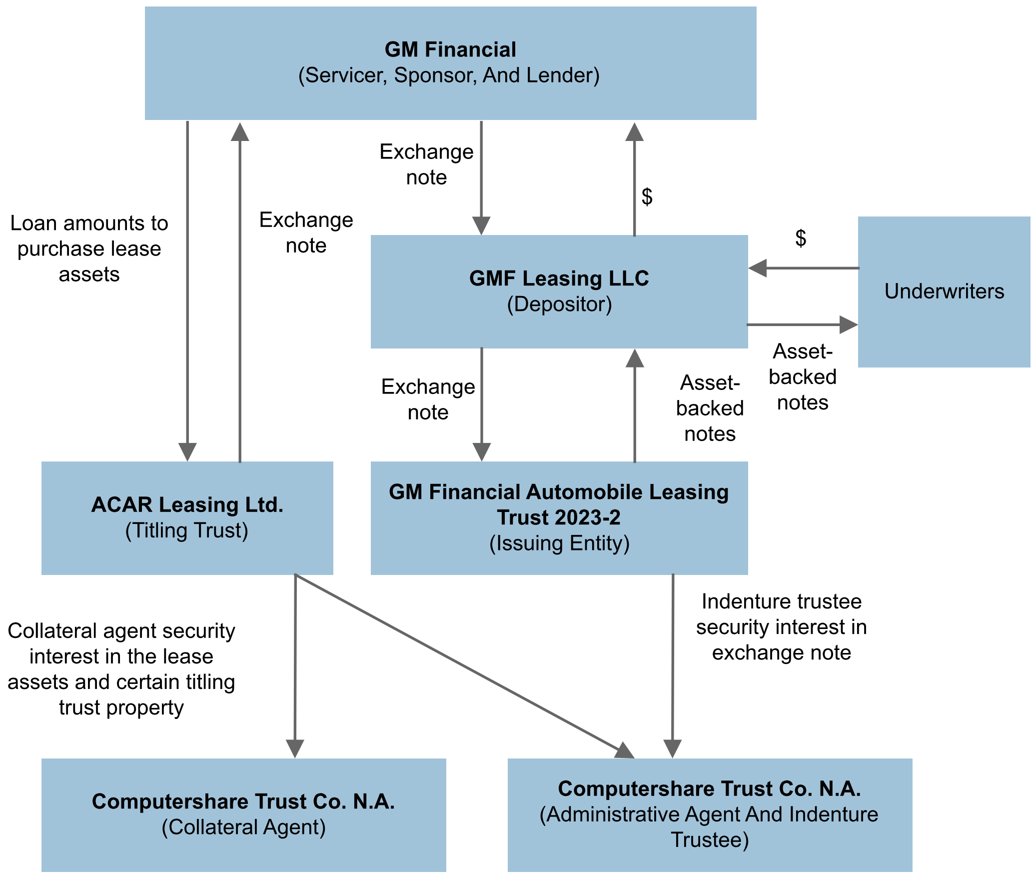
Legal Structure

GM Financial makes loans to ACAR Leasing Ltd. (the titling trust), which allows the titling trust to purchase leases and leased vehicles from GM dealers. The leased vehicles are titled in the titling trust's name.

On the transaction's closing date, the titling trust will issue an exchange note (the series 2023-2 exchange note) to GM Financial that is secured by the series 2023-2 designated pool of leases and the related leased vehicles. GM Financial will sell the exchange note to GMF Leasing LLC, the depositor, in a true sale. The depositor will then transfer and assign the exchange note to GMALT 2023-2, a newly formed Delaware statutory trust and the issuing entity, in exchange for the asset-backed notes, which will represent the issuing entity's obligations (see chart 1). The issuing entity will pledge and assign the exchange note to the indenture trustee, which will hold a first-priority, perfected security interest in the exchange note for the series 2023-2 noteholders' benefit. GM Financial is the servicer for the leases and the related leased vehicles held by the titling trust and will continue to service them under GMALT 2023-2.

Chart 1

Transaction structure



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.

Pension Benefit Guaranty Corp. (PBGC) Risk

GM Financial uses a collateral agent, Computershare Trust Co. N.A., to hold a security interest in all newly originated leases and leased vehicles for GM Financial's and the exchange noteholders' benefit. The security interest in the leases is perfected by filings under the Uniform Commercial Code, and the security interest in the leased vehicles is perfected by a notation on each vehicle's certificate of title under state motor vehicle registration laws.

S&P Global Ratings expects to receive an opinion of counsel to the issuer, subject to customary assumptions and qualifications, to the effect that the collateral agent's security interest in the leases and leased vehicles would be before a lien in favor of PBGC and the notice of which will be filed after the series 2023-2 notes are issued. A PBGC lien could be imposed against the assets of any member of the GM-controlled group in the event of unpaid minimum contributions to a defined benefit pension plan required by law or if an underfunded defined benefit pension plan terminates.

Payment Structure

On each payment date, the servicer is entitled to receive its fee of 1% per year for its performance during the previous collection period. In addition, on each payment date before the notes have been accelerated following an event of default, the indenture trustee will make distributions from available funds according to the payment priority shown in table 1. Principal will be paid sequentially on the notes.

Table 1

Payment waterfall (before acceleration following an event of default)

Priority	Payment
1	To any successor servicer, unpaid transition fees up to $200,000; to the indenture and owner trustees, fees, expenses, and indemnities up to $100,000 each, per year; and to the asset representations reviewer, up to $200,000 per year.
2	Interest on the class A notes, pari passu.
3	Principal on the class A notes, sequentially, until the class A note balance reaches parity with the aggregate securitization value as of the end of the previous collection period.
4	The remaining principal balance of any class A notes on their respective final scheduled distribution date.
5	Interest on the class B notes.
6	Principal on the class A and B notes until their combined note balance reaches parity with the aggregate securitization value as of the end of the previous collection period.
7	The remaining principal balance of the class B notes on their final scheduled distribution date.
8	Interest on the class C notes.
9	Principal on the class A, B, and C notes until their combined note balance reaches parity with the aggregate securitization value as of the end of the previous collection period.
10	The remaining principal balance of the class C notes on their final scheduled distribution date.
11	Interest on the class D notes.
12	Principal on the class A, B, C, and D notes until their combined note balance reaches parity with the aggregate securitization value as of the end of the previous collection period.
13	The remaining principal balance of the class D notes on their final scheduled distribution date.
14	The noteholders' principal distributable amount (the paydown of the pool over the current collection period), paid sequentially.
15	The reserve account, up to its required level.
16	Pay principal to achieve the target overcollateralization.
17	Any unpaid fees and expenses due to the successor servicer, indenture and owner trustees, and asset representations reviewer.
18	All remaining amounts to the certificateholder.

On each payment date after a monetary event of default occurs, after the acceleration of the notes following an event of default, or after the liquidation of the trust estate, the indenture trustee will distribute the available funds according to the payment priority shown in table 2.

Table 2

Payment waterfall (after acceleration following an event of default)

Priority	Payment
1	Any amounts due and owing to any successor servicer, the indenture and owner trustees, and the asset representations reviewer, without regard to any caps.
2	To the class A noteholders, the note interest amounts, pro rata.
3	To the class A-1 noteholders, the outstanding principal amount of the class A-1 notes until paid in full and then, pro rata, to the class A-2, A-3, and A-4 noteholders, the outstanding principal amount of each class until paid in full.
4	To the class B noteholders, the note interest amounts.
5	To the class B noteholders, the outstanding principal amount of the class B notes until paid in full.
6	To the class C noteholders, the note interest amounts.
7	To the class C noteholders, the outstanding principal amount of the class C notes until paid in full.
8	To the class D noteholders, the note interest amounts.
9	To the class D noteholders, the outstanding principal amount of the class D notes until paid in full.
10	To the noteholders, any other amount due and owing under the program documents and not previously distributed.
11	All remaining amounts to the certificateholder.

Managed Portfolio

As of March 31, 2023, GM Financial's total U.S. portfolio of retail lease contracts consisted of 934,608 contracts totaling approximately $29.54 billion, an approximate 16% decline from the same period a year earlier (see table 3). Since 2012, GM Financial's lease portfolio has experienced strong growth, more than doubling each year between 2012 and 2015, with steady growth continuing through 2018. Since 2018, GM Financial's auto lease portfolio has slowly declined year over year. As of March 31, 2023, total delinquencies increased to 0.57% from 0.45% a year earlier, and repossessions increased to 0.11% from 0.06% a year earlier, but remain well below historical levels. Net losses as a percentage of the average value of leases outstanding remained at very low levels, at 0.01% and 0.00%, for the periods ended March 31, 2023, and March 31, 2022, respectively. Annualized net losses as a percentage of the average value of leases outstanding for the same periods were 0.05% and 0.00%, respectively.

Since 2015, GM Financial has realized greater residual retention on returned vehicles over ALG's estimate as shown by the gains experienced each year.

Table 3

Total managed portfolio

	As of March 31		Year ended Dec. 31					
	2023	2022	2022	2021	2020	2019	2018	2017
Lease contracts outstanding (mil. $)	29,537.05	34,964.44	30,318.76	36,842.05	40,240.80	43,106.15	44,995.57	38,016.40
Avg. amount of leases outstanding (mil. $)	29,784.14	35,619.42	33,097.35	39,438.50	41,262.96	44,100.38	45,091.84	39,672.89

Table 3

Total managed portfolio (cont.)

	As of March 31		Year ended Dec. 31					
	2023	2022	2022	2021	2020	2019	2018	2017
No. of contracts outstanding	934,608	1,131,385	969,185	1,196,713	1,332,475	1,473,651	1,573,913	1,346,532
31-plus-day delinquencies (%)(i)	0.57	0.45	0.69	0.49	0.67	1.03	1.30	1.45
Repossessions (%)(i)	0.11	0.06	0.30	0.57	0.98	1.25	1.59	1.80
Net losses (%)(ii)	0.01	0.00	0.02	0.05	0.22	0.32	0.27	0.28
Vehicles returned to GMF (%)(iii)	9.68	1.07	2.31	25.43	65.97	74.65	76.51	93.38
Total loss/(gain) on ALG residuals on vehicles returned to GMF (%)(iv)	(38.51)	(60.09)	(40.72)	(32.74)	(12.73)	(7.61)	(13.09)	(7.96)

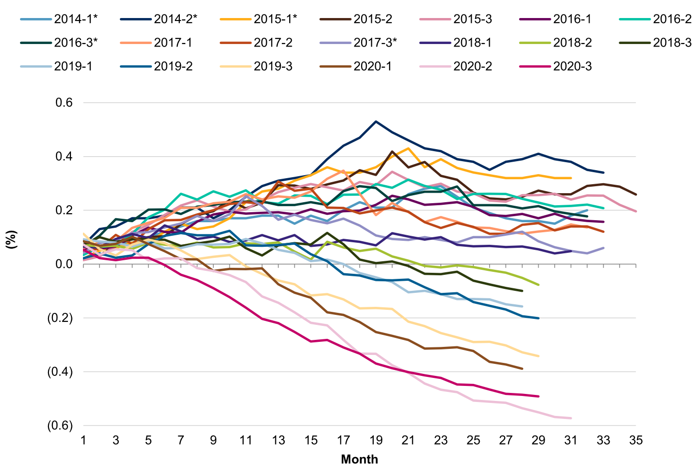
(i)As a percentage of the number of contracts outstanding. (ii)As a percentage of the average value of leases outstanding. (iii)As a percentage of the number of contracts scheduled to terminate. (iv)As a percentage of ALG's residual value of returned vehicles sold by GMF. GMF--GM Financial Co. Inc. ALG--Automotive Lease Guide.

Securitization Performance

GM Financial's paid-off series 2014-1 through 2020-3 experienced cumulative net credit performance in the range of -0.57% (gains) to 0.53% (losses) as a percentage of the initial aggregate securitization value (see chart 2). The paid-off series have all experienced cumulative residual gains in the range of 2.00%-8.73% on vehicles returned and sold as a percentage of the initial base residual (see chart 3).

Chart 2

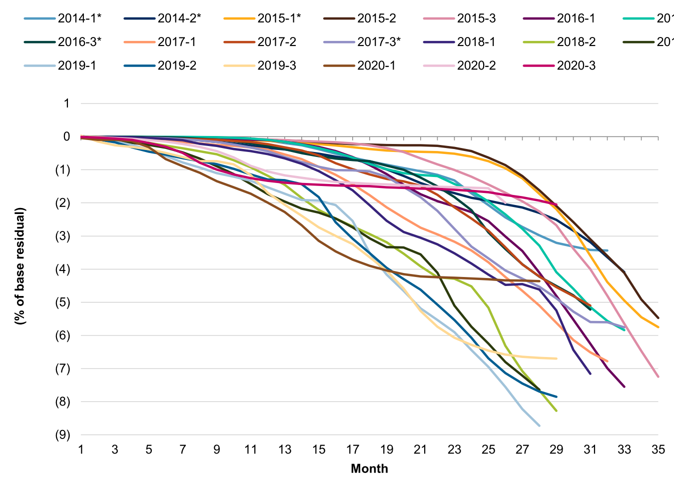
GMALT paid-off securitization cumulative net credit losses/(gains)
As a percentage of the iniital aggregate securitization value



*Not rated by S&P Global Ratings.

Chart 3

GMALT paid-off securitization residual loss/(gain)



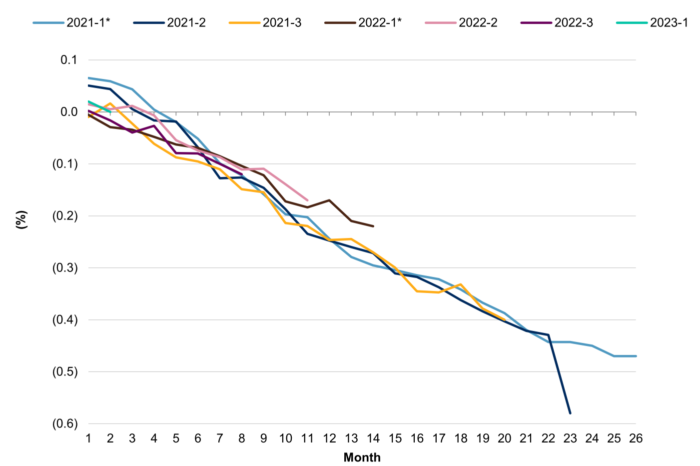
*Not rated by S&P Global Ratings.

The outstanding securitizations, series 2021-1 to 2023-1, are currently experiencing zero losses or credit gains cumulatively as a percentage of the initial securitization value. Additionally, all outstanding series are realizing residual gains as returned vehicles continue to maintain higher values than the initial forecasts (see charts 4 and 5). The cumulative residual gains are as a percentage of the transactions' initial base residual value.

S&P Global Ratings did not rate series 2014-1, 2014-2, 2015-1, 2016-3, 2017-3, 2021-1, and 2022-1.

Chart 4

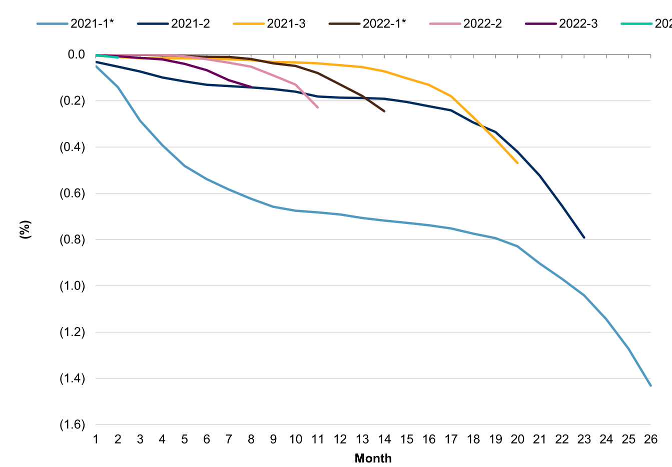
GMALT outstanding securitization cumulative net credit losses/(gains)
As a percentage of the initial aggregate securitization value



*Not rated by S&P Global Ratings.

Chart 5

GMALT outstanding securitization residual loss/(gain)



*Not rated by S&P Global Ratings.

On Sept. 6, 2022, we lowered our credit loss expectation for series 2021-2 and 2021-3 due to the strong credit loss experience observed and affirmed our outstanding ratings (see "Twelve Ratings

Affirmed On Two GM Financial Automobile Leasing Trust Transactions" and table 4).

Table 4

Collateral performance (%)

As of the March 2023 distribution date

Series	Month	Pool factor	Current cumulative net credit loss/(gain)(i)	Original lifetime CNL exp.	Revised lifetime CNL exp.(ii)	Current cumulative residual loss/(gain)(iii)
2021-1(iv)	26	26.25	(0.47)	N/A	N/A	(1.43)
2021-2	23	38.53	(0.43)	0.70	Up to 0.20	(0.79)
2021-3	20	49.32	(0.40)	0.70	Up to 0.35	(0.47)
2022-1(iv)	14	65.88	(0.22)	N/A	N/A	(0.25)
2022-2	11	73.87	(0.17)	0.70	N/A	(0.18)
2022-3	8	81.21	(0.12)	0.70	N/A	(0.14)
2023-1	2	94.59	0.00	0.65	N/A	(0.01)

(i)Percentage of the initial aggregate securitization value. (ii)Revised in September 2022. (iii)Percentage of the initial aggregate base residual value. (iv)Not rated by S&P Global Ratings. CNL--Cumulative net loss. N/A--Not applicable.

Collateral Analysis

GMALT 2023-2 consists of 46,625 auto lease receivables with an aggregate securitization value of $1,397,166,098. The weighted average FICO score is 780, and the weighted average seasoning is approximately 10 months (see table 5). The leased pool consists of new vehicles and is well-diversified in vehicle model mix, with the top five vehicle models accounting for approximately 52% of the undiscounted base residual value. Passenger cars account for approximately 5% of the pool, and SUVs and CUVs make up approximately 70% of the pool by undiscounted base residual value. Leases with an original term of 25-36 months are approximately 58% of the securitization value. Leases with an original term of 37-48 months are approximately 35% of the securitization value. GMALT 2023-2 also includes approximately 0.91% of full battery electric vehicles by base residual value, of which 0.88% consists of the Bolt EV and Bolt EUV models that General Motors recently announced will discontinue at the end of 2023. We expect our methodology for assessing residual risk in this transaction will sufficiently cover for any potential decline in the residual value of the discontinued model in light of the low concentration of such vehicles in the pool.

Table 5

Original pool characteristics(i)

	GMALT				
	2023-2	2023-1	2022-3	2022-2	2022-1(ii)
No. of leases	46,625	57,400	53,379	53,272	56,096
Aggregate securitization value ($)	1,397,166,098	1,676,201,777	1,508,759,094	1,600,510,650	1,646,121,605
Avg. securitization value ($)	29,966	29,202	28,265	30,044	29,345
Base residual value ($)	1,060,572,183	1,290,950,870	1,163,266,315	1,184,308,326	1,200,225,999

Table 5

Original pool characteristics(i) (cont.)

	GMALT				
	2023-2	2023-1	2022-3	2022-2	2022-1(ii)
Avg. base residual value ($)	22,747	22,490	21,793	22,231	21,396
Base residual value (% of the aggregate securitization value)	75.9	77.0	77.1	74.0	72.9
Base residual value (% of MSRP)	52.4	52.6	51.0	51.3	50.3
New vehicles (%)	100.0	100.0	100.0	100.0	100.0
Vehicle types (%)					
Car	5.0	4.7	3.3	3.0	4.5
CUV	60.2	61.2	61.4	56.4	58.1
SUV	9.9	10.1	12.4	13.3	12.3
Truck	24.9	24.1	22.9	27.2	25.2
Vehicle brand (%)					
Chevrolet	54.2	56.4	52.7	51.1	52.6
GMC	19.7	18.4	18.8	20.0	18.3
Cadillac	17.5	17.0	18.4	17.8	18.0
Buick	8.6	8.3	10.1	11.1	11.1
Top five by vehicle series (% of base residual)					
	Silverado=16.97	Silverado=16.13	Silverado=15.00	Silverado=17.4	Silverado=16.5
	Equinox =15.10	Equinox =14.15	Equinox=11.68	Equinox=9.3	Equinox=10.0
	Traverse=6.68	Blazer=9.20	Blazer=8.68	Sierra=7.5	Blazer=7.2
	Blazer=6.75	Traverse =6.89	Traverse=6.97	Traverse=6.9	Sierra=6.6
	Sierra=6.44	Sierra=6.01	Sierra=6.11	Blazer=6.0	Traverse=6.5
Total	51.9	52.4	48.4	47.1	46.8
Weighted avg. original term (mos.)	36.5	36.8	37.4	37.2	37.0
Weighted avg. remaining term (mos.)	26.1	25.4	24.5	25.9	26.0
Weighted avg. seasoning (mos.)	10.4	11.5	12.9	11.3	11.0
Original lease term (%)					
Less than or equal to 36 mos.	64.9	62.9	58.7	60.0	58.7
37-48 mos.	35.1	37.1	41.3	40.0	41.3
Weighted avg. FICO score	780	778	777	777	776
Top three state concentrations (%)					
	MI=27.9	MI=27.5	MI=24.7	MI=26.2	MI=25.1

Table 5

Original pool characteristics(i) (cont.)

	GMALT				
	2023-2	2023-1	2022-3	2022-2	2022-1(ii)
	NY=15.1	NY=16.3	NY=16.1	NY=14.6	NY=14.9
	FL=9.3	OH=8.0	OH=8.0	FL=8.5	FL=8.1

(i)All percentages are expressed as a percentage of the initial aggregate securitization value unless otherwise specified. (ii)Not rated by S&P Global Ratings. GMALT--GM Financial Automobile Leasing Trust. MSRP--Manufacturer's suggested retail price. CUV--Crossover utility vehicle.

Residual Value

The series 2023-2 pool will be secured by the series 2023-2 exchange note, which is backed by a pool of leases (and the related leased vehicles) with a securitization value totaling $1,397,166,098. The leases' securitization value is the sum of the present value of each lease's remaining monthly lease payment and the related leased vehicle's base residual value (both discounted at the higher of 9.50% and the contract annual percentage rate). Each leased vehicle's base residual value will equal the lowest of:

- The contract residual value set by GM Financial;
- The residual value estimate established by ALG at the lease contract's inception; and
- ALG's current residual value estimate (mark-to-market).

The contract residual value is the residual value that is assigned to the vehicle at the lease's inception (as stated in the lease contract), which, in turn, determines the monthly payments for the individual lease. The contract residual value is typically set higher than ALG's residual value at lease inception (a process called lease subvention) to reduce the lease payments the lessee owes under the lease contract. The base residual value provides a more conservative estimate of the vehicle's future value, which helps mitigate the noteholders' exposure to the losses associated with lease subvention.

ALG's current mark-to-market residual value estimates resulted in a positive drift or increase in residual value of approximately 1% from its forecasted value at lease inception for the GMALT 2023-2 lease pool. We do not give any credit to the positive drift, based on the definition of the base residual value, which takes the lower of contract, ALG at origination, and ALG mark-to-market. The GMALT 2023-2 pool's undiscounted base residual value is 75.91% of the pool's securitization value.

Collateral Residual Timing

The leases in the GMALT 2023-2 pool are scheduled to mature as shown in table 6.

Table 6

GMALT 2023-2 lease maturity profile by year(i)

Year	(%)
2023	5.34
2024	23.16

Table 6

GMALT 2023-2 lease maturity profile by year(i) (cont.)

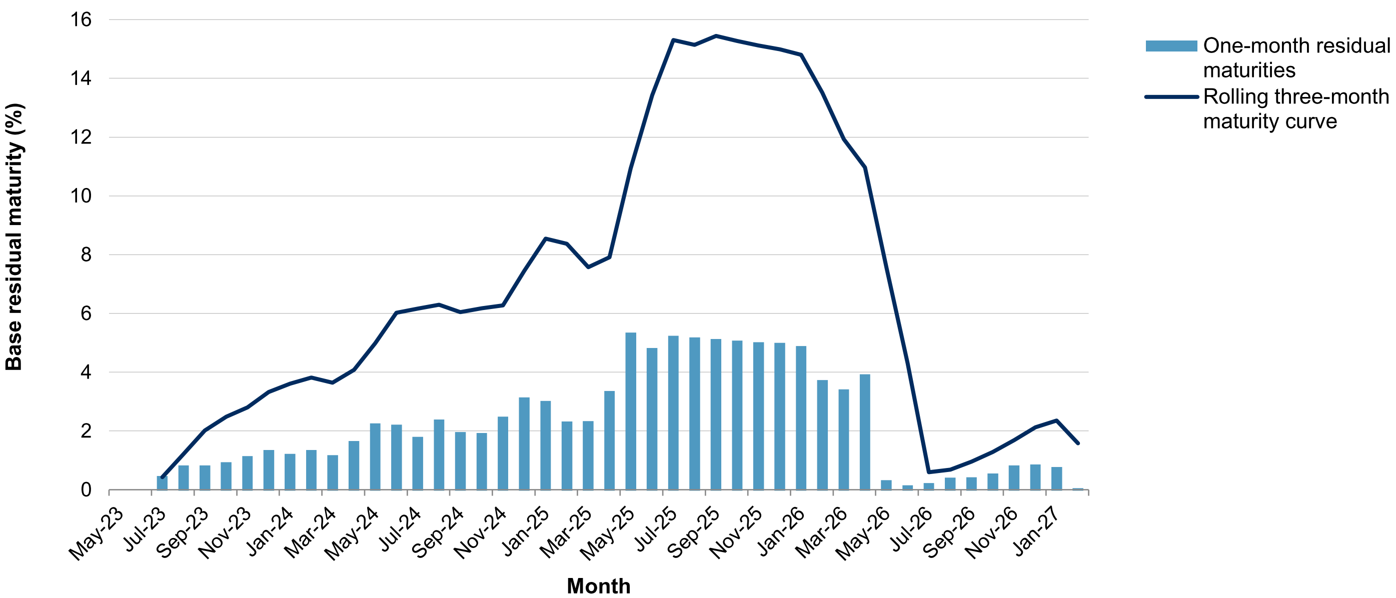
Year	(%)
2025	51.43
2026	19.31
2027	0.76

(i)Percentage of the aggregate undiscounted base residual value. GMALT--GM Financial Automobile Leasing Trust.

The pool is diversified in terms of monthly residual maturities, and the leases will mature each month beginning in July 2023 (see charts 6 and 7). There are five months where the expected base residual maturity level exceeds our 5.00% benchmark concentration limit. The highest monthly maturity is 5.31%, occurring in May 2025. Approximately 29.00% of the residuals are scheduled to mature in 2023-2024, and 72.00% are scheduled to mature in 2025-2027. We believe the potential back-end risk is mitigated by our residual and modeling stresses and the transaction's sequential payment structure, in which the overcollateralization target and reserve account target amounts will not amortize until all of the notes are paid in full.

Chart 6

Lease maturity profile



S&P Global Ratings' Expected Credit And Residual Losses

Credit risk

The obligor's credit profile determines the credit risk. To derive the base-case credit loss for GMALT 2023-2, we reviewed the static pool losses on GM Financial's lease portfolio originations segmented by credit profile (prime and nonprime) and by credit profile and lease term. We also reviewed the credit loss performance of prior GMALT securitizations. We considered the series 2023-2 pool's collateral credit quality; GM Financial's overall managed portfolio performance, collateral, and performance comparisons with peers; and our current macroeconomic outlook. Based on this information, we expect GMALT 2023-2's cumulative net credit loss will be 0.65% of the pool's securitization value.

Residual risk

In our analysis of the series 2023-2 pool's base residual value, we considered:

- The base residual value derivation and whether any adjustments are necessary;
- The historical stability of retention values of GM's vehicle models at lease return;
- ALG's historical forecasts versus the actual historical used vehicle values;
- The availability and sufficiency of historical vehicle model residual realization data;
- The diversification of the lease pool by residual maturities, vehicle models, and vehicle type segmentation;
- The inclusion of any new or discontinued models; and
- Our macroeconomic outlook.

Base haircut

Consistently with our global auto ABS criteria, we first applied an initial haircut to the series 2023-2 pool's base residual value commensurate with each preliminary rating scenario as shown in table 7.

Table 7

Base residual haircut

	Scenario (preliminary rating)		
	AAA (sf)	AA+ (sf)	A+ (sf)
Base haircut (% of undiscounted base residual value)	26.0	23.0	17.7

Excess concentration haircut

In addition to the base haircut, we applied a haircut to the amount of nondefaulted lease residuals exceeding the concentration limits applicable to the benchmark pool (excess concentrations) as outlined in our global auto ABS criteria. The haircut applied to excess concentrations commensurate with each preliminary rating scenario is shown in table 8.

Table 8

Additional excess concentration haircut

	Scenario (preliminary rating)		
	AAA (sf)	AA+ (sf)	A+ (sf)
Haircut applied to the excess concentration (% of the undiscounted base residual value)	13.0	11.5	8.8

The total excess concentration for the series 2023-2 pool is approximately 0.79% (see table 9), comprised of excess concentrations related to monthly residual maturities. No other category exceed our benchmark pool. The 0.79% total excess concentration is multiplied by the relevant haircut to arrive at the additional haircut percentage at each rating category.

Table 9

Benchmark pool excess concentrations

	GMALT 2023-2	Benchmark pool concentration limit	Excess concentration
One-month maturity exceeding the benchmark (% of undiscounted base residual)			
May 2025	5.31	5.00	0.31
July 2025	5.21	5.00	0.21
August 2025	5.15	5.00	0.15
September 2025	5.09	5.00	0.09
October 2025	5.03	5.00	0.03
Total excess concentration (%)			0.79

GMALT--GM Financial Automobile Leasing Trust.

Speculative-grade manufacturer haircut

When determining the stress that applies to the adjusted base residual value, we take into account the auto manufacturer's creditworthiness. Our global auto ABS criteria apply haircuts to the base residual value of the vehicles produced by manufacturers with speculative-grade issuer credit ratings (i.e., 'BB+' or lower).

GM is the manufacturer of the leased vehicles backing GMALT 2023-2. The current long-term issuer credit rating on the company is 'BBB'. Based on this rating, we did not apply a speculative-grade manufacturer haircut to the series 2023-2 pool.

Low diversification haircut

For pools with low diversification, as described in our global auto ABS criteria, we will apply low diversification haircuts in addition to the previously mentioned haircuts. Our auto lease criteria describe the seven conditions for which, if met by the securitized lease pool, we would apply this type of haircut. These conditions are:

- More than 20% of the residuals mature in any single month;
- More than 50% of the residuals mature in any three-month period;
- The pool contains three or fewer individual models;

- The pool contains more than 75% of large and full-size ICE SUVs, trucks, and vans;
- The pool contains more than 75% of small and compact ICE cars;
- The pool contains more than 20% of new models; and
- The pool contains more than 20% of discontinued models.

The GMALT 2023-2 pool does not meet any of these seven conditions; therefore, we did not apply the low diversification haircut.

Total stressed residual loss

After analyzing the GMALT 2023-2 lease pool, applying the relevant residual value haircuts, and assessing stressed return rates of 100.0%, 97.5%, and 91.7% at the 'AAA', 'AA+', and 'A+' rating levels, respectively (representing the loss frequency on nondefaulted leased vehicles of 93.5%, 94.2%, and 95.7%), we derived our stressed residual loss under each rating scenario, shown in table 10.

Table 10

Stressed residual loss

	Scenario (preliminary rating)		
	AAA (sf)	AA+ (sf)	A+ (sf)
Residual haircut (% of undiscounted base residual)	26.0	23.0	17.7
Additional excess concentration haircut (%)	0.1	0.1	0.1
Total residual haircut (% of base residual value)	26.1	23.1	17.7
Total residual haircut (% of securitization value)	18.5	16.1	11.8

Cash Flow Modeling

We tested GMALT 2023-2's proposed structure using cash flow scenarios to determine if the credit enhancement level was sufficient to pay timely interest and principal in full by the notes' legal final maturity dates under our stress scenarios.

We modeled the transaction to simulate a stress scenario commensurate with the assigned preliminary ratings. We assumed 100.0%, 97.5%, and 91.7% vehicle return rates on the nondefaulting leases at the 'AAA', 'AA+', and 'A+' rating levels, respectively, together with no prepayments. The results show that the preliminary rated notes are enhanced to the degree necessary to withstand a level of stressed credit and residual losses that is consistent with the assigned preliminary ratings (see table 11).

Table 11

Cash flow assumptions and results

	Class		
	A	B	C
Scenario (preliminary rating)	AAA (sf)	AA+ (sf)	A+ (sf)
Cumulative net loss (%)	0.65	0.65	0.65

Table 11

Cash flow assumptions and results (cont.)

	Class		
	A	B	C
Cumulative net loss timing (mos.)	12/24/36	12/24/36	12/24/36
Cumulative net loss (%)	40/80/100	40/80/100	40/80/100
Voluntary prepayments (%)	0.0	0.0	0.0
Recoveries (%)	50.0	50.0	50.0
Recovery lag (mos.)	4	4	4
Residual haircut			
Total residual haircut (% of the undiscounted base residual value)	26.1	23.1	17.7
Total residual haircut (% of the securitization value)	18.5	16.1	11.8
Total residual haircut (% of the MSRP)	13.7	12.1	9.3
Vehicle return rate (%)	100.0	97.5	91.7
Residual realization lag (mos.)	2	2	2
Result			
S&P Global Ratings' stressed credit and residual loss (% of the securitization value)	21.8	19.0	14.0
Approximate credit enhancement available based on S&P Global Ratings' credit stress and break-even residual stress (% of the securitization value)	23.8	19.8	16.2
MSRP--Manufacturer's suggested retail price.			

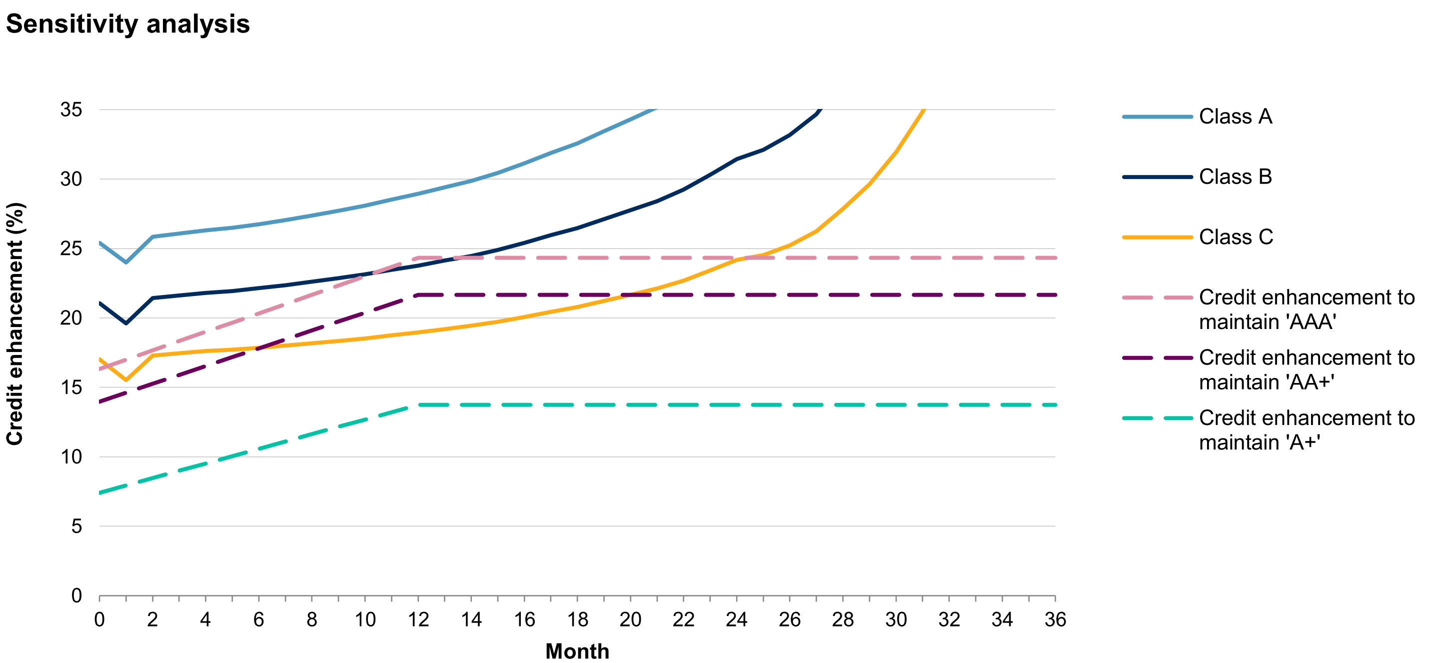
The class A-2 notes may consist of fixed-rate class A-2-A notes and floating-rate class A-2-B notes, which will accrue interest at a floating rate indexed to the compounded secured overnight financing rate (compounded SOFR; a 30-day average SOFR calculated in advance by the calculation agent using the published rate on the Federal Reserve Bank of New York's website) plus a spread. For the floating-rate tranche, we applied our stressed interest rates for one-month SOFR, as described in our criteria "Methodology To Derive Stressed Interest Rates In Structured Finance," published Oct. 18, 2019, using a SOFR curve starting at 5%. We also modeled the maximum potential size of the class A-2-B note balance, or $234.05 million.

Sensitivity Analysis

In addition to running stressed cash flows to analyze the amount of credit and residual losses the GMALT 2023-2 transaction can withstand, we ran a sensitivity analysis to determine how a moderate stress ('BBB') scenario, all else being equal, could affect the preliminary ratings on the notes (see charts 7).

In our view, the assigned preliminary ratings on the class A, B, and C notes are consistent with the credit stability limits specified by section A.4 of the Appendix contained in "S&P Global Ratings Definitions," published Nov. 10, 2021. This indicates that we would not assign 'AAA' and 'AA+' ratings if, under moderate stress conditions, the ratings would be lowered by more than one category within the first year, and we would not assign an 'A+ (sf)' rating if we believe that the rating would be lowered by more than two rating categories in the first year.

Chart 7



Money Market Tranche Sizing

The proposed money market tranche (the class A-1 notes) has a legal final maturity date of May 20, 2024. To test whether the money market tranche can be repaid before then, we ran cash flows using assumptions to delay the principal collections. In our cash flow run, we assumed zero defaults and a zero absolute prepayment speed on all leases. We also stressed the recognition of the monthly lease payments and base residual amounts by applying a one- and two-month lag, respectively. Based on our stressed cash flow runs, less than 11 months of collections would be sufficient to pay off the money market tranche.

Legal Final Maturity

To test the legal final maturity dates set for the longer-dated tranches (classes A-2 through C), we determined the date on which the respective notes were fully amortized in a zero-loss, zero-prepayment scenario and then added six months to the result. We also saw that the notes were paid off in our rating-specific stressed cash flow scenarios by their legal final maturity dates. For the longest-dated security, class D, we added seven months to the tenor of the pool's latest-maturing receivable to accommodate any lease term extensions and residual realization on the receivables. In each cash flow scenario, we saw that there was sufficient credit enhancement both to cover losses and to repay the related notes in full by their legal final maturity dates.

GM Financial

GM Financial is a wholly owned subsidiary of General Motors Financial Co. Inc. (BBB/Stable/--), which is a wholly owned subsidiary of General Motors Holdings LLC, which is, in turn, a wholly owned subsidiary of GM (BBB/Stable/--). GM is a U.S. corporation that globally produces passenger cars, CUVs, SUVs, and heavy-, medium-, and light-duty trucks. GM Financial is a Delaware corporation formed on July 22, 1992. It is headquartered in Fort Worth, Texas.

GM Financial offers lease financing products for new GM vehicles through its regional credit centers and dealer relationship managers and has active dealer agreements with the vast majority of GM dealerships. The dealers originate leases that conform to GM Financial's credit policies, and GM Financial then purchases and services the leases and the associated leased vehicles, generally without recourse to the dealers.

Related Criteria

- Criteria | Structured Finance | ABS: Global Auto ABS Methodology And Assumptions , March 31, 2022
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings , Oct. 10, 2021
- Criteria | Structured Finance | General: Global Framework For Payment Structure And Cash Flow Analysis Of Structured Finance Securities , Dec. 22, 2020
- Criteria | Structured Finance | General: Methodology To Derive Stressed Interest Rates In Structured Finance , Oct. 18, 2019
- Criteria | Structured Finance | Legal: U.S. Structured Finance Asset Isolation And Special-Purpose Entity Criteria , May 15, 2019
- Criteria | Structured Finance | General: Counterparty Risk Framework: Methodology And Assumptions , March 8, 2019
- Criteria | Structured Finance | General: Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions , Jan. 30, 2019
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings , April 7, 2017
- Criteria | Structured Finance | General: Global Framework For Assessing Operational Risk In Structured Finance Transactions , Oct. 9, 2014
- General Criteria: Global Investment Criteria For Temporary Investments In Transaction Accounts , May 31, 2012
- General Criteria: Principles Of Credit Ratings , Feb. 16, 2011
- Criteria | Structured Finance | General: Methodology For Servicer Risk Assessment , May 28, 2009
- Criteria | Structured Finance | ABS: Assessing The Risk Of Pension Plan Terminations On U.S. Auto Lease Securitizations , Aug. 17, 2004

Related Research

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- Credit Conditions North America Q2 2023: Coalescing Stresses, March 28, 2023
- Economic Outlook U.S. Q2 2023: Still Resilient, Downside Risks Rise, March 27, 2023
- General Motors Co., Nov. 16, 2022
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