S&P Global
Ratings

Research

Presale:

Huntington Auto Trust 2024-1

February 8, 2024

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Preliminary ratings

Class	Preliminary rating	Type	Interest rate(i)	Preliminary amount (mil. $)(base)(i)	Legal final maturity date
A-1	A-1+ (sf)	Senior	Fixed	126.350	Feb. 18, 2025
A-2	AAA (sf)	Senior	Fixed	284.900	March 15, 2027
A-3	AAA (sf)	Senior	Fixed	284.900	Jan. 16, 2029
A-4	AAA (sf)	Senior	Fixed	53.850	Aug. 15, 2029
B	AA+ (sf)	Subordinate	Fixed	7.690	Sept. 17, 2029
C	A+ (sf)	Subordinate	Fixed	7.690	Oct. 15, 2029
D	BBB+ (sf)	Subordinate	Fixed	7.790	Jan. 15, 2032
Retained interest loan(ii)	NR	N/A	N/A	N/A	N/A

Note: This presale report is based on information as of Feb. 8, 2024. 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 rates and size of each class will be determined on the pricing date. (ii)The Huntington National Bank is the retained interest lender of a loan to the issuing entity. The loan amount is to satisfy the risk retention requirements and has the economic equivalent of a 5% vertical slice of the aggregate value of the retained interest loan and each class of notes and certificates and will be entitled to payments from available funds. NR--Not rated. N/A--Not applicable.

Profile

Expected closing date	Feb. 22, 2024.
Collateral	Prime auto loan receivables.
Issuer	Huntington Auto Trust 2024-1.
Originator, sponsor, servicer, and administrator	The Huntington National Bank (A-/Stable/--).
Indenture trustee	Citibank N.A. (A+/Stable/A-1).
Depositor	Huntington Vehicle Funding LLC.
Bank account provider	Citibank N.A. (A+/Stable/A-1).
Owner trustee	Wilmington Trust N.A. (A-/Stable/A-2).
Grantor trustee	Wilmington Trust N.A. (A-/Stable/A-2).
Lead underwriter	Morgan Stanley & Co. LLC.

Rationale

The preliminary ratings assigned to Huntington Auto Trust 2024-1's (HUNT 2024-1) automobile receivables-backed notes reflect:

- The availability of approximately 5.14%, 4.20%, 3.27%, and 2.42% of credit support (hard credit enhancement and haircut excess spread) for the class A (collectively, classes A-1, A-2, A-3, and A-4 notes), B, C, and D notes, respectively, based on stressed cash flow scenarios. These credit support levels provide at least 5.00x, 4.50x, 3.33x, and 2.33x coverage of our expected cumulative net loss (ECNL) of 0.65% for the class A, B, C, and D notes, respectively (see the Credit Enhancement And Collateral and the Cash Flow Modeling Assumptions And Results sections).
- The expectation that under a moderate ('BBB') stress scenario (2.0x our expected loss level), all else being equal, our preliminary 'A-1+ (sf)'/'AAA (sf)', 'AA+ (sf)', 'A+ (sf)', and 'BBB+ (sf)' ratings on the class A, B, C, and D notes, respectively, are within our credit stability limits (see the Cash Flow Modeling Assumptions And Results sections).
- The timely payment of interest and principal by the designated legal final maturity dates under our stressed cash flow modeling scenarios that we believe are appropriate for the assigned preliminary ratings.
- The collateral characteristics of the series' prime 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).
- Our assessment of the series' bank accounts at Citibank N.A., which do not constrain the preliminary ratings.
- Our operational risk assessment of The Huntington National Bank (A-/Stable/--) as servicer.
- Our assessment of the transaction's potential exposure to environmental, social, and governance (ESG) credit factors, which are in line with our sector benchmark.
- The transaction's payment and legal structure.

Our ECNL of the HUNT 2024-1 transaction is 0.65%, a slight decrease from 0.70%-0.80% for the previous series, HUNT 2016-1. It reflects:

- The Huntington National Bank's paid-off series, including series 2016-1, which all had lifetime CNLs less than 0.65%.
- Our view that the 2024-1 collateral pool characteristics are overall comparable to series 2016-1; despite having a greater percentage of longer-termed loans, the weighted average FICO score has increased from 765 to 784.
- Our forward-looking view of the auto-finance sector, including our outlook for a shallower and more attenuated economic slowdown.

Environmental, Social, And Governance Factors

Our rating analysis considers a transaction's potential exposure to ESG credit factors. For the auto asset-backed securities (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," published March 31, 2021).

The transaction's exposure to ESG credit factors 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 (ICE), 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 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.

Credit Enhancement And Collateral

Structural changes from HUNT 2016-1

- Subordination decreased to 3.00%, 2.00%, and 1.01% from 3.80%, 2.45%, and 1.05% for the class A, B, and C notes, respectively.
- The estimated per annum excess spread decreased to 1.52% from 2.06% (pre-pricing).

Table 1

Credit enhancement summary

	Huntington Auto Trust		
	2024-1	2016-1	2015-1
Subordination (%)(i)			
Class A	3.00	3.80	3.40
Class B	2.00	2.45	2.15
Class C	1.01	1.05	1.00
Class D	0.00	0.00	0.00
Overcollateralization (%)(i)			
Initial	0.00	0.00	0.00
Target	0.50	0.50	0.90
Floor	0.50	0.50	0.90
Reserve (%)(i)			
Initial	0.25	0.25	0.25
Target	0.25	0.25	0.25
Floor	0.25	0.25	0.25
Total initial hard credit enhancement (%)(i)			
Class A	3.25	4.05	3.65
Class B	2.25	2.70	2.40
Class C	1.25	1.30	1.25
Class D	0.25	0.25	0.25

Table 1

Credit enhancement summary (cont.)

	Huntington Auto Trust		
	2024-1	2016-1	2015-1
Estimated annual excess spread (%)(ii)	1.52	2.06	2.37

(i)As a percentage of the initial pool balance. (ii)Includes annual servicing fee of 1.00%. Pre-pricing for all series.

Collateral changes from HUNT 2016-1

The significant collateral changes in the HUNT 2024-1 pool as of Dec. 31, 2023, relative to the HUNT 2016-1 closing collateral pool, include that:

- The weighted average FICO score increased to 784 from 765. The minimum FICO score of 660 remains unchanged.
- The percentage of new vehicles decreased to approximately 40.42% from 48.00%.
- The weighted average seasoning decreased to 11 months from 13 months.
- Loans with an original term greater than 72 months increased to 43.11% from 32.40%.
- The maximum original term has increased to 84 months from 75 months with 16.88% of the loans having an original term greater than 75 months.

In our view, the 2024-1 collateral is generally comparable to that of series 2016-1 in credit quality (see table 2).

Table 2

Collateral comparison(i)

	Huntington Auto Trust		
	2024-1	2016-1	2015-1
Receivables balance (mil. $)	814	1,500	750
No. of receivables	30,695	92,228	50,938
Average loan balance ($)	26,515	16,264	14,724
Weighted average APR	7.68	4.85	4.89
Weighted average original term (months)	72	69	68
Weighted average remaining term (months)	61	56	52
Weighted average seasoning (months)	11	13	15
Weighted average LTV ratio (%)	90.03	91.29	91.65
Weighted average FICO score	784	765	763
Loans with FICO score equal to or greater than 700 (%)	90.49	83.86	81.69
Loans with original maturities greater than 60 months (%)	83.71	75.54	71.30
Loans with original maturities 61-72 months (%)	40.60	43.14	47.15
Loans with original maturities 73-75 months (%)	26.23	32.40	24.15
Loans with original maturities 76-84 months (%)	16.88	0.00	0.00
New vehicles (%)	40.42	48.00	46.17

Table 2

Collateral comparison(i) (cont.)

	Huntington Auto Trust		
	2024-1	2016-1	2015-1
Used vehicles (%)	59.58	52.00	53.83
Top five state concentrations by billing address (%)			
	OH=31.82	OH=19.78	OH=34.14
	IN=12.15	PA=12.05	PA=13.66
	KY=8.34	MI=11.63	IN=11.97
	MI=7.06	MN=9.61	MI=8.98
	PA=6.96	MA=6.75	MN=5.14

(i)All percentages are of the initial receivables balance. APR--Annual percentage rate.

Operational changes since HUNT 2016-1

The Huntington National bank has continued to grow and operate their indirect auto loan business. As of Dec. 31, 2023, the number of motor vehicle retail sale contracts exceeded 660,000, with an aggregate balance of $12.17 billion. Since 2016, The Huntington National Bank has increased its geographic footprint of dealer partners, now operating in 33 states (up from 21), primarily in the Midwest region, but having recently expanded into Florida. Accordingly, the bank's dealer network has grown to over 5,000 dealers, up from 3,800 in 2016. The parent of The Huntington National Bank, Huntington Bancshares Inc., acquired TCF Financial Corp. in 2021, further strengthening its Midwest market share and adding business lines that are expected to improve the bank's revenue diversity.

The bank has seen a material increase in the average original term in their indirect auto originations, having a maximum term of 84 months. Over recent years, increasing average original term lengths have been a common trend among peer auto loan ABS issuers, stemming from increasing vehicle prices and an effort to keep monthly payments affordable. The proportion of used vehicles has also increased as a result of supply constraints.

The Huntington National Bank has also originated more contracts electronically, as approximately 60% of the auto loan receivables in the collateral pool were originated as electronic contracts.

Macroeconomic And Auto Finance Sector Outlook

In our analysis, we considered the economic data and forecasts outlined in table 3 and their baseline effect on collateral credit quality in determining our base-case expected loss level. Historically, changes in the unemployment rate have been a key determinant of charge-offs in the auto finance industry.

The U.S. economy has continued to outperform expectations. Better-than-expected growth has led us to revise our 2024 U.S. GDP forecast upward by 0.2 percentage points to 1.5%. However, this is down from 2023's forecast GDP growth of 2.4% because the market's resiliency will be tested going forward, as real interest rates stay relatively high in the coming year and the lags of tightened monetary policy feed through the economy. Other reasons for caution include: real disposable income has declined four months in a row, with the savings rate falling to a very low

3.4% in September (well below the pre-COVID-19 pandemic average) from the 5.1% average in the second quarter of 2023; consumers are showing signs of strain due to increased debt loads, and, according to the Federal Reserve Bank of New York/Equifax credit data, the ratio for seriously delinquent auto loans is already at its highest level outside of recessionary periods (driven primarily by the subprime segment, which is about one-seventh of the total outstanding auto loan balances); and student-loan payments have resumed, which will put upward pressure on debt service ratios and could negatively affect consumer spending.

It is estimated that 24 million borrowers whose student loan payments were suspended at the onset of the pandemic resumed payments in October 2023, with an average payment of approximately $300 per month. According to TransUnion, approximately one-third of those consumers with student loan debt took on new auto loan debt during the pandemic. The added student debt payment will be burdensome for those consumers who are financially stressed, which could negatively affect auto loan ABS performance. We believe, based on past economic cycles, that consumers for whom the vehicle is essential for work will continue to prioritize their auto loan/lease payments before their other consumer and student loan payments.

Weaker economic growth will cause demand for labor to decrease further and the unemployment rate to rise in the next two years--to 4.6% in 2025 from 3.9% in October 2023 (see "Economic Outlook U.S. Q1 2024: Cooling Off But Not Breaking," published Nov. 28, 2023). We're already seeing unemployment benefit claims continue to rise above the 2019 average, suggesting it has become more difficult to find jobs for people when they're laid off, and employment in the temporary help services sector was down 6.1% from a year ago, a decline whose magnitude has in the past been a harbinger of a recession.

Table 3

U.S. economic factors

	Actual	Forecast			
	2022	2023	2024	2025	2026
Real GDP (% year-over-year growth)	2.1	2.4	1.5	1.4	1.8
Unemployment rate (% annual average)	3.6	3.7	4.3	4.6	4.5
Consumer Price Index (% annual average)	8.0	4.1	2.4	2.1	2.1

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

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 Cumulative Net Loss: 0.65%

We determined our expected loss for HUNT 2024-1 by analyzing:

- The series collateral characteristics relative to other series (see table 2);
- The managed portfolio performance and approximately 14 years of origination static pool data , which included the cross-segmentation of LTV ratio, FICO score, and original term, including 84-month loans and their relative performances (see table 4); and
- The historical securitization performance (see chart 1).

Overall, the series' pool composition credit quality is generally comparable to that of the prior transactions. We placed more emphasis on static pool and prior securitization performances when determining the expected loss for HUNT 2024-1. 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). We expect HUNT 2024-1 to experience lifetime cumulative net losses (CNLs) of 0.65%, a slight decrease from a range of 0.70%-0.80% from the HUNT 2016-1 transaction.

Managed portfolio

The Huntington National Bank's total retail auto loan portfolio decreased by approximately 5.00% to $12.17 billion as of Dec. 31, 2023, from $12.81 billion from the same period the year prior (see table 4).

While delinquencies and losses continue to remain lower than pre-pandemic levels, note that delinquencies and losses are slightly higher relative to the same period a year ago. We attribute this to the normalization since the onset of the COVID-19 pandemic, as well as recent economic headwinds, including inflationary pressures, affecting consumers.

Table 4

Managed portfolio performance

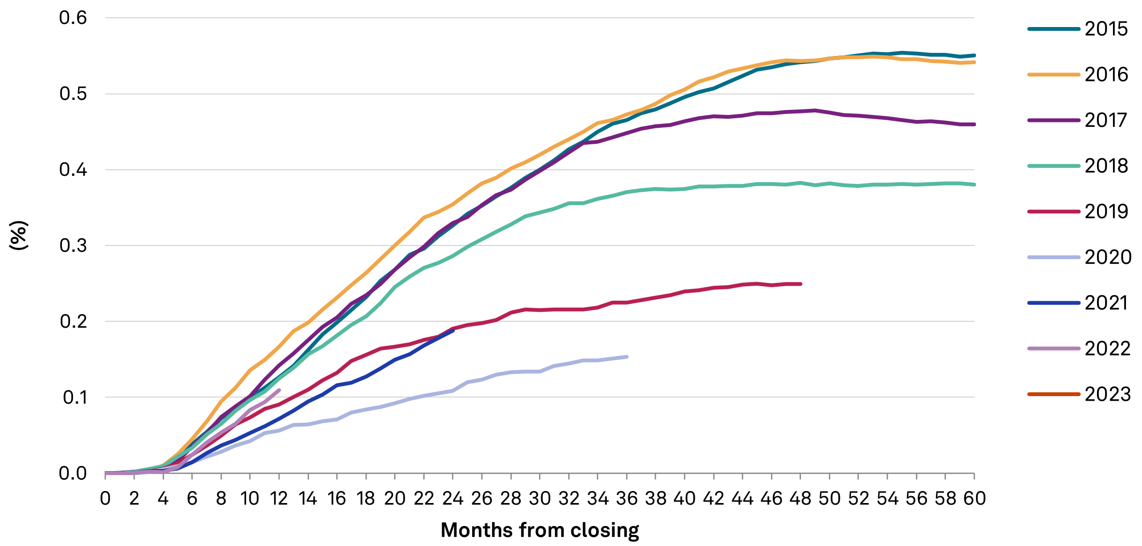
	Year ended Dec. 31					
	2023	2022	2021	2020	2019	2018
Total retail contracts outstanding at the end of the period (bil. $)	12.169	12.810	13.070	12.483	12.730	12.629
30-plus-day delinquencies as a % of the period-end balance outstanding	1.03	0.68	0.58	0.96	1.03	1.06
Loan loss experience						
Average contracts outstanding (bil. $)	12.531	13.096	12.614	12.623	12.413	12.758
Net charge-offs as a % of average contracts outstanding(i)	0.17	0.05	(0.05)	0.27	0.26	0.27

Origination static pool analysis

To derive our base-case loss for the HUNT 2024-1 transaction, we analyzed static pool origination performance data since 2010. The data we received were segmented by LTV ratio and FICO score, and further broken out by the original loan term. We developed expected net loss projections based on the collateral composition. Our loss projection analysis focused on annual vintages that were originated from 2016 to 2022. We then weighted these projections based on the actual concentration of the various segments in the HUNT 2024-1 pool.

Chart 1

Cumulative net loss by vintage

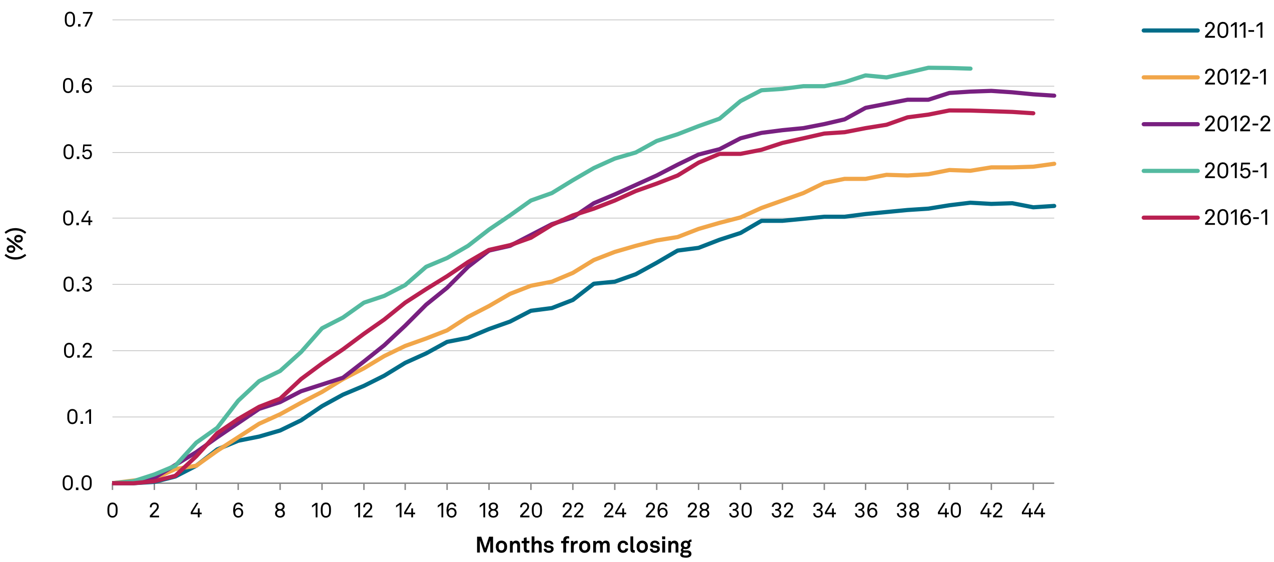


Huntington series' performance

There are currently no outstanding HUNT transactions. The most recent paid off transaction is the HUNT 2016-1, which incurred a CNL of 0.56%. The paid-off HUNT series for 2011 through 2016 incurred CNLs in the 0.42%-0.63% range (see chart 2).

Chart 2

Cumulative net loss by securitization



Legal Overview And Transaction Structure

Legal overview

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

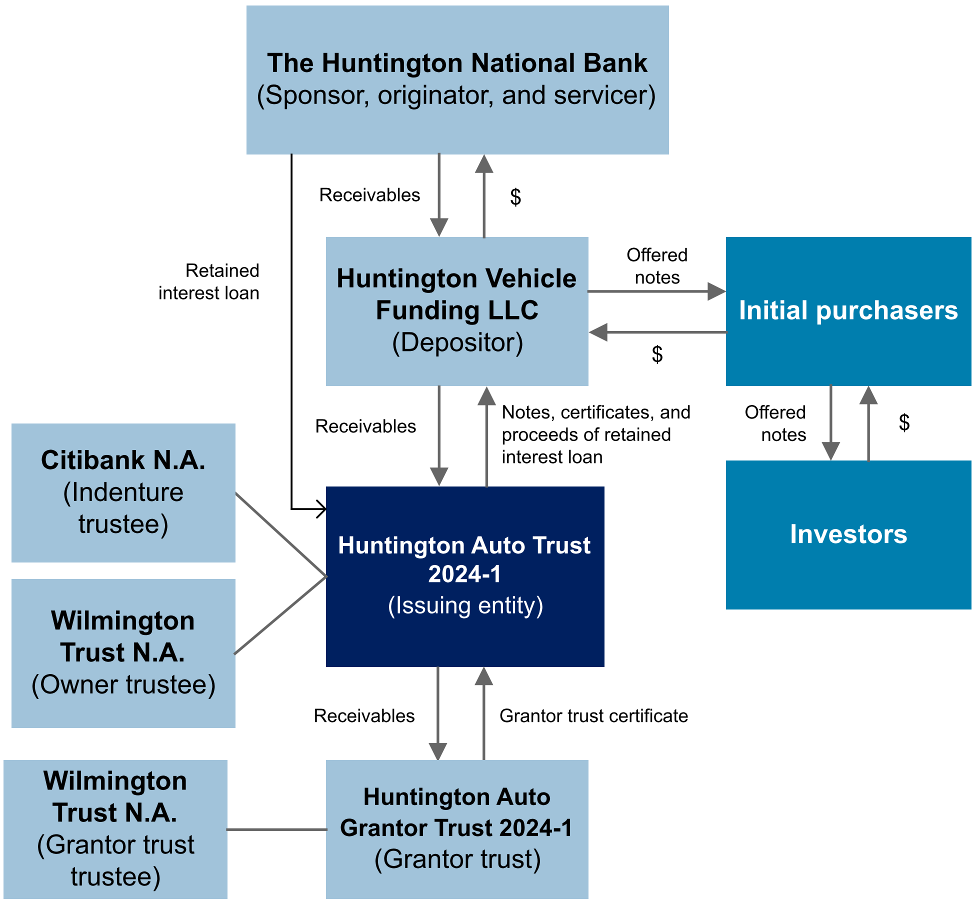
The transaction is structured as a conveyance of the receivables to Huntington Vehicle Finance LLC (the depositor) from The Huntington National Bank (the sponsor). Huntington Vehicle Finance LLC is a multiuse, special-purpose Delaware limited liability company. The depositor will convey the receivables to Hunt Auto Trust 2024-1, the issuer, who will in turn convey those receivables to Huntington Auto Grantor Trust 2024-1, the grantor trust (see chart 3).

The issuing entity and grantor trust will pledge its interest in the receivables and its security interest in the financed vehicles to the indenture trustee and grantor trustee for the benefit of the noteholders.

The sponsor will retain an economic interest in the credit risk of the receivables in the form of a loan (retained interest loan) to the issuing entity in the amount required to satisfy the credit risk retention obligations of the sponsor.

Chart 3

Transaction structure



Credit risk retention

In order to comply with the applicable credit risk retention rules that require the sponsor of a securitization transaction to retain an economic interest in the credit risk of the securitized assets, The Huntington National Bank, as the sponsor, will retain an economic interest in the credit risk of the receivables in the form of a loan to the issuing entity in the amount required to satisfy the 5% credit risk retention obligations of the sponsor. In many other prime automobile loan transactions rated by S&P Global Ratings, the sponsor may typically acquire and retain an eligible horizontal interest in the transaction representing at least 5.0% of the fair value of the certificates (other than the residual certificates) issued by the issuing entity.

Transaction structure

HUNT 2024-1 incorporates certain structural features:

- A subordinated sequential-payment priority in which the senior-most notes outstanding are paid first, which will result in increased credit enhancement for the senior notes as the pool amortizes.
- Initial subordination of 3.00%, 2.00%, and 1.00% for the class A, B, and C notes, respectively.
- Initial overcollateralization of 0.00% of the initial pool balance that builds to a target and floor of 0.50% of the initial pool balance.
- A nonamortizing reserve account that will equal at least 0.25% of the initial pool balance and will be fully funded at closing.
- Excess spread of approximately 1.52% (pre-pricing) per year.

Payment Priority

Payment distributions before an event of default

Before an event of default, distributions will be made from available funds in the priority shown in table 5.

Table 5

Payment waterfall

Priority	Payment
1	Annual servicing fee of 1.0% to the servicer.
2	Pro rata, (x) interest on the class A notes and (y) the loan share of interest on the class A notes(i).
3	Pro rata, (x) the first allocation of principal and (y) the loan share of the first allocation of principal(ii).
4	Pro rata, (x) interest on the class B notes and (y) the loan share of interest on the class B notes(i).
5	Pro rata, (x) the second allocation of principal and (y) the loan share of the second allocation of principal(ii).
6	Pro rata, (x) interest on the class C notes and (y) the loan share of interest on the class C notes(i).
7	Pro rata, (x) the third allocation of principal and (y) the loan share of the third allocation of principal(ii).
8	Pro rata, (x) interest on the class D notes and (y) the loan share of interest on the class D notes(i).
9	Pro rata, (x) the fourth allocation of principal and (y) the loan share of the fourth allocation of principal(ii).
10	Reserve account deposit, up to its required level.
11	Pro rata, (x) the regular principal distribution amount, which builds overcollateralization to the target, and (y) the loan share of the regular principal distribution amount(ii).
12	Pro rata to the trustees, for fees, expenses and indemnities due and owing, which have not been previously paid.
13	Pro rata, any remaining amounts (x) to the residual certificateholders and (y) to the retained interest lender, the loan share of the amounts distributed to the certificateholders.

(i)The holder of the retained interest loan is to receive an amount equal to 5% of the total interest payments made. (ii)On each distribution date, the amounts available to make principal payments on the notes will be applied sequentially to the class A-1, then A-2, then A-3, then A-4 notes, then B, then C, then D, notes, until each class is paid in full. The holder of the retained interest loan is to receive an amount equal to 5% of the total principal payments made.

Events of default

The occurrence of any certain events will constitute an event of default under the indenture:

- A default in the payment of any interest due on any note of the controlling class that continues for five business days or more.
- A default in the payment of the principal of any note at its legal final maturity date.
- The issuing entity's failure to duly observe or perform its covenants or agreements in the indenture, which continues unremedied for 90 days after the issuing entity receives written notice from the indenture trustee or noteholders representing at least a majority of the outstanding principal amount of the notes of the controlling class.
- Any representation or warranty of the issuing entity made in the indenture proving to be incorrect in any material respect when made and continuing unremedied for 90 days after the issuing entity receives written notice from the indenture trustee or noteholders representing at least a majority of the outstanding principal amount of the notes of the controlling class.
- The occurrence of certain events of bankruptcy, insolvency, receivership, or liquidation of the issuing entity.

Following an event of default, the payment priorities may change. On each payment date after the notes have been accelerated following an event of default (other than an event of default solely from a breach of a covenant, agreement, representation, or warranty), the indenture trustee will distribute the available funds according to the payment priority shown in table 6.

Table 6

Payment waterfall after an event of default(i)

Priority	Payment
1	Servicing fee and all prior unpaid servicing fees.
2	Accrued and unpaid fees, expenses, and indemnifications to the indenture trustee and the owner trustee.
3	Pro rata, (x) interest on the class A notes and (y) the loan share of interest on the class A notes(ii).
4	Pro rata, (x) principal to the class A-1 notes until the class A-1 notes have been paid in full, and (y) the loan share of the principal paid to the class A-1 notes(ii).
5	Pro rata, (x) pro rata principal to the class A-2, A-3, and A-4 notes until paid in full, and (y) the loan share of the principal paid to the class A-2, A-3, and A-4 notes(ii).
6	Pro rata, (x) interest on the class B notes and (y) the loan share of interest on the class B notes(ii).
7	Pro rata, (x) principal to the class B notes until the class B notes have been paid in full, and (y) the loan share of the principal paid to the class B notes.
8	Pro rata, (x) interest on the class C notes and (y) the loan share of interest on the class C notes(ii).
9	Pro rata, (x) principal to the class C notes until the class C notes have been paid in full, and (y) the loan share of the principal paid to the class C notes(ii).
10	Pro rata, (x) interest on the class D notes and (y) the loan share of interest on the class D notes(ii).
11	Pro rata, (x) principal to the class D notes until the class D notes have been paid in full, and (y) the loan share of the principal paid to the class D notes(ii).

Table 6

Payment waterfall after an event of default(i) (cont.)

Priority	Payment
12	Pro rata, (x) any remaining amounts to the residual certificateholders and (y) to the retained interest lender, the loan share of the amounts distributed to the certificateholders(ii).

(i)Excluding an event of default due to a breach in representations, warranties, and covenants. (ii)The holder of the retained interest loan is to receive an amount equal to 5% of the total interest or principal payments made.

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. In addition, we use our cash flow analysis in other aspects of our ratings analysis, including the testing of credit stability (sensitivity analysis) and legal final analysis.

Breakeven analysis

For the HUNT 2024-1 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 breakeven (maximum net losses the class can withstand without defaulting) and generally expect such breakeven level to be equal to or greater than the rating stressed scenario breakeven requirement.

Based on our stressed cash flows, the breakeven net loss 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 7

Breakeven cash flow assumptions

Servicing fee (%)	1
Recovery rate (%)	50
Charge-off and recovery lag (months)	5
Voluntary ABS (%)	1.50
CNL timing (months 12/24/36/48) (%)	
Front-loaded loss curve	45/80/95/100
Back-loaded loss curve	30/60/85/100

ABS--Absolute prepayment speed. CNL--Cumulative net loss.

Table 8

Breakeven cash flow results

	Class			
	A	B	C	D
Preliminary rating	AAA (sf)	AA+ (sf)	A+ (sf)	BBB+ (sf)

Table 8

Breakeven cash flow results (cont.)

	Class			
	A	B	C	D
CNL timing (months 12/24/36/48) (%)				
Front-loaded loss curve	45/80/95/100	45/80/95/100	45/80/95/100	45/80/95/100
Back-loaded loss curve	30/60/85/100	30/60/85/100	30/60/85/100	30/60/85/100
Approximate breakeven CNL levels (%)(i)				
Required	4.00	3.60	3.33	2.33
Available: Front-loaded loss curve	5.14	4.20	3.27	2.42
Available: Back-loaded loss curve	5.15	4.23	3.32	2.45

(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 breakeven cash flows, we undertook sensitivity analysis using the assumptions in table 7. We believe that under a moderate ('BBB') stress scenario (2.00x our 0.80% ECNL) 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 June 9, 2023 (see table 9).

Table 9

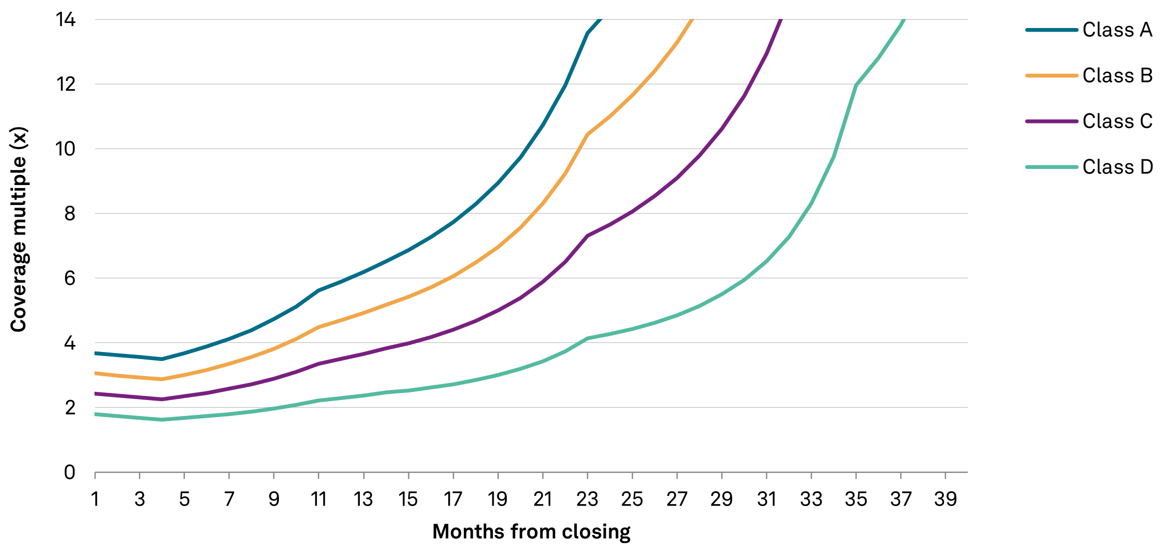
Credit stability as a limiting factor on ratings(i)

	Maximum projected deterioration associated with rating levels for one-year and three-year horizons under moderate stress conditions				
Horizon	**AAA**	**AA**	**A**	**BBB**	**BB**
One year	AA	A	BB	B	CCC
Three years	BBB	BB	B	CCC	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 4

'BBB' sensitivity net loss coverage multiples



Legal final maturity

To test the legal final maturity dates set for classes A-2 through C, we determined when the respective notes would be fully amortized in a zero-loss and zero-prepayment scenario and then added three months to the result. To test the legal final maturity date for the class D notes, which is the longest-dated security, we determined the latest maturing loan's distribution date and then added at least 11 months to accommodate extensions. Furthermore, in the breakeven scenario for each respective rating level, we confirmed that there was sufficient credit enhancement to both cover losses and repay the related notes in full by the legal final maturity date.

Money market tranche sizing

The proposed money market tranche (class A-1) has a 12-month legal final maturity date (Feb. 18, 2025). To test whether the money market tranche can be repaid by month 12, we ran cash flows using assumptions to delay the principal collections during that time. We assumed zero defaults as well as a 0.25% voluntary absolute prepayment speed in our cash flow run. Based on our cash flow runs, the money market tranche is paid in full at least one month before the legal final maturity date.

Counterparty And Operational Risks

Bank account provider

On or before the closing date, the series bank accounts will be established in the name of the account bank, Citibank N.A., as segregated trusts 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, The Huntington National Bank has an experienced management team that oversees origination, underwriting, servicing, collections, and general operational practices. Commingling risk is addressed by the requirement that all collections are deposited to the series collections account within two business days of collection. Our operational risk assessment of The Huntington National Bank as servicer does not constrain the ratings (see "Global Framework For Assessing Operational Risk In Structured Finance Transactions," published Oct. 9, 2014).

The Huntington National Bank

The Huntington National Bank, a wholly owned subsidiary of Huntington Bancshares Inc., is headquartered in Columbus, Ohio. The Huntington National Bank, as well as other subsidiaries of Huntington Bancshares, provides full-service commercial and consumer banking services, mortgage banking services, automobile financing, equipment leasing, investment management, trust services, brokerage services, and other insurance and financial products and services.

The Huntington National Bank has been servicing and originating its motor vehicle contracts and loans for more than 70 years. As of Dec. 31, 2023, The Huntington National Bank's serviced portfolio of motor vehicle retail sale contracts and loans included more than 660,000 contracts with an aggregate balance of $12.17 billion, approximately a 5.00% decrease from the previous year.

The Huntington National Bank provides financial services to and through over 5,000 motor vehicle dealers in 33 states. The bank has 12 strategically located offices in Ohio, Indiana, Michigan, Wisconsin, Pennsylvania, Kentucky, Illinois, Texas, Massachusetts, and Florida.

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 | 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

Related Research

- U.S. Auto Loan ABS Tracker: November 2023 Performance, Jan. 9, 2024
- Credit Conditions North America Q1 2024: A Cluster Of Stresses, Nov. 28, 2023
- Economic Outlook U.S. Q1 2024: Cooling Off But Not Breaking, Nov. 27, 2023
- Huntington Bancshares Inc., July 11, 2023

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