Presale:

College Ave Student Loans 2023-A LLC

May 4, 2023

PRIMARY CREDIT ANALYST

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Preliminary ratings

Class	Preliminary rating	Preliminary amount (mil. $)	Interest rate(i)
A-1	AAA (sf)	116.08	One-month compound SOFR + a spread
A-2	AAA (sf)	146.68	Fixed
B	AA (sf)	60.16	Fixed
C	A (sf)	49.43	Fixed
D	A- (sf)	13.12	Fixed
E	NR	16.75	Fixed

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. The preliminary ratings should not be construed as evidence of final ratings. Subsequent information may result in the assignment of final ratings that differ from the preliminary ratings. (i)The interest rates will be determined on the pricing date. NR--Not rated.

Profile

Expected closing date	May 16, 2023.
Collateral	A pool of private student loans.
Sponsor	College Avenue Student Loans LLC.
Seller	College Avenue Depositor LLC.
Administrator	College Avenue Administrator LLC.
Servicer	University Accounting Services LLC.
Backup servicer	Pennsylvania Higher Education Assistance Agency.
Master servicer	College Avenue Student Loan Servicing LLC.
Trustee	Wilmington Trust N.A.
Grantor trust	College Avenue Grantor Trust 2023-A.
Owner trustee	Wilmington Savings Fund Society FSB.
Underwriters	Barclays Capital Inc. and BofA Securities Inc.

Rationale

The preliminary ratings assigned to College Ave Student Loans 2023-A LLC's (CASL 2023-A) asset-backed notes reflect the following:

- The availability of approximately 42.3%-44.2%, 35.80%-36.1%, 28.8%-29.0%, and 25.0%-25.3% credit support, for the class A, B, C, and D notes, respectively, based on stressed break-even cash flow scenarios. These credit support levels provide coverage of our expected base case net loss of approximately 5.8x, 4.7x, 3.8x, and 3.3x, to the class A, B, C, and D notes, respectively.
- Credit enhancement in the form of subordination (for the class A, B, C, and D notes), overcollateralization, a fully funded capitalized interest account initial equal to 6.75% of the initial pool balance ($27,246,461) with subsequent step-down dates, and a fully funded, non-amortizing reserve account equal to 0.50% of the initial pool balance ($2,018,256).
- The transaction's payment structure, which builds overcollateralization for the class A notes to the greater of 47.90% of the current pool balance or 7.50% of the initial pool balance, the class B notes to the greater of 33.40% of the current pool balance or 6.50% of the initial pool balance, class C notes to the greater of 20.75% of the current pool balance or 5.75% of the initial pool balance, the class D notes to the greater of 17.50% of the current pool balance or 4.75% of the initial pool balance and the class E notes to the greater of 13.35% of the current pool balance or 3.75% of the initial pool balance.
- Our weighted average base-case default rate assumption of 9.50%-10.5%.
- The pool characteristics at closing for the loan pool, including a weighted average FICO score of 758 at the time of the loan application and co-borrowers on 90.4% of the loans.
- The timely interest and principal payments by the final maturity dates made in the cash flow runs that simulated our rating stress scenarios for the notes.
- The class D notes have sufficient enhancement to receive timely interest and principal payments in our 'A' stress scenario. The assigned rating reflects its relative position in the capital structure to the class C notes and structural features such as priority principal payments, which could prioritize class D interest and principal payments to more senior notes.
- Our expectation that under a moderate ('BBB') stress scenario, the ratings on the class A and B notes would remain within one rating category of our preliminary 'AAA (sf)' and 'AA (sf)' ratings, respectively, and the ratings on the class C and D notes would remain within two rating categories of our preliminary 'A (sf)' and 'A- (sf)' ratings, within one year. These potential rating movements are consistent with the credit stability section of "S&P Global Ratings Definitions," published Jan. 5, 2021.
- The servicer's (University Accounting Services LLC [UAS]) and backup servicer's (Pennsylvania Higher Education Assistance Agency [PHEAA]) track records and experience servicing private student loans.
- The transaction's underlying payment structure, cash flow mechanics, document mechanics, and legal structure.

Environmental, Social, And Governance (ESG) Factors

Our rating analysis considers a transaction's potential exposure to ESG credit factors. For student loan ABS, we view the exposure to environmental credit factors as below average, social credit factors as average, and governance credit factors as below average (see "ESG Industry Report Card: Student Loan Asset-Backed Securities," published March 31, 2021). The transaction's exposure to ESG credit factors is in line with our sector benchmark.

Transaction Summary

At closing, the issuer expects to use the transaction's proceeds to acquire approximately $403.651 million of in-school and refi private student loans (including accrued interest to be capitalized as of March 31, 2023, statistical cut-off date).

All the loans in the pool were underwritten and originated under the College Avenue Private Education Loan Program. The loans are not guaranteed or reinsured under the Federal Family Education Loan Program (FFELP) or any other federal student loan program. The pool includes loans to provide private funding for students enrolled in traditional four-year programs and two-year programs, as well as loans for refinancing existing federal and private student loans. CASL 2023-A will be the first transaction by this sponsor that includes refi loans.

CASL 2023-A incorporates the following structural features:

- Five note classes consisting of class A notes, including a floating-rate secured overnight financing rate (SOFR) tranche (A-1) and fixed-rate tranche (A-2), representing approximately 65.3% of the total issuance, and four fixed-rate note classes (B, C, D, and E), representing approximately 15.0%, 12.3%, 3.3%, and 4.2%, respectively, of the total issuance.
- The floating-rate notes in the transaction are referenced to one-month compound SOFR plus a fixed margin.
- Approximately 43.9% of the collateral for loan pool is indexed to floating-rate SOFR, 0.3% of the collateral is indexed to floating LIBOR, and approximately 55.8% of the collateral bears interest at a fixed rate.
- Each class of notes has an overcollateralization target subject to a floor of the initial pool balance (see table 1 below). After meeting each class' target, principal payments will be shared pro rata with the next-most junior class, subject to each note class' overcollateralization targets and certain fees and expenses to the servicer, trustees, listing agent, and administrator. If any funds remain after these payments, they will be released to the residual certificateholders.
- At closing, the trust will use a portion of the notes' proceeds to deposit $27,246,461 (6.75% of the initial pool balance) into a capitalized interest account. Funds in the capitalized interest account in excess of 2.70% of the initial pool balance on December 2023, 1.90% on June 2024, and 0.20% on June 2025 will be distributed as part of available funds. In May 2026, any remaining amounts in the capitalized interest account will be distributed as part of available funds. The funds in the capitalized interest account will generally be available to pay senior transaction fees and interest on the notes.
- At closing, the trust will use a portion of the notes' proceeds to deposit $2,018,256 (0.50% of the initial pool balance) into a reserve account, which will be maintained at 0.50% of the initial pool balance. The trust may replenish the reserve account balance to the required level on each

distribution date if any funds remain after the first eight items in the payment waterfall are paid. The funds in the reserve account will generally be available to pay items one through 16 of the payment waterfall and the notes' principal on the legal final maturity dates.

Payment Structure

The trust will make payments on the notes from collections on a pool of private student loans on the 25th day of each month or the following business day beginning July 2023. The trust will make the payments in a specified priority (see table 2). Within the class A notes, principal is paid pro rata to the A-1 and A-2 notes. Between classes A, B, C, D, and E, principal is initially paid sequentially until each class reaches a specified overcollateralization target.

Table 1

Class O/C Targets

	Target O/C (% of the current pool balance)	Initial O/C (% of the initial pool balance)	Floor O/C (% of the initial pool balance)
Class A	47.90	34.90	7.50
Class B	33.40	20.00	6.50
Class C	20.75	7.75	5.75
Class D	17.50	4.50	4.75
Class E	13.35	0.35	3.75

Class A--collectively, class A-1 and A-2 notes. O/C--Overcollateralization.

Upon achieving each overcollateralization target, principal will be distributed to each class, as long as each of the class overcollateralization target amounts are maintained. Any payment of principal will cause the dollar amount of the class B, C, D, and E subordination available as credit support to a higher rated class to decline over time. Such declining subordination for more senior classes is in contrast to a sequential principal payment priority under which the dollar amount of subordination does not amortize over time. The payment priority also includes provisions for priority principal distribution amounts to be made to the class A, B, C, and D notes if a higher rated class of notes becomes undercollateralized. If a priority principal distribution arises, a more junior class of debt may experience an interest payment shortfall until the imbalance is resolved.

Table 1

Payment waterfall

Priority	Payment
1	Senior transaction fees(i), including capped extraordinary expenses of trustee and owner trustee, pro rata.
2	Interest payments to the class A noteholders, pro rata.
3	Class A first-priority principal distribution amount(ii), if any, to the class A-1 and A-2 notes, pro rata.
4	Interest payments to the class B noteholders.
5	Second-priority principal distribution amount(iii), if any, to the class A notes, pro rata, until paid in full, and then to class B notes.
6	Interest payments to the class C noteholders.
7	Third-priority principal distribution amount(iv), if any, to the class A notes, pro rata, until paid in full, and then to class B notes until paid in full, and then to class C notes.

Table 1

Payment waterfall (cont.)

Priority	Payment
8	Interest payments to the class D noteholders.
9	Fourth-priority principal distribution amount(v), if any, to the class A notes, pro rata, until paid in full, then to class B notes until paid in full, then to class C notes until paid in full, and then to class D notes.
10	Interest payments to the class E noteholders.
11	If necessary, replenish the reserve account to the required level.
12	Class A regular principal distribution amount(vi) to the class A-1 and A-2 notes, pro rata.
13	Class B regular principal distribution amount(vi) to the class B notes.
14	Class C regular principal distribution amount(vi) to the class C notes.
15	Class D regular principal distribution amount(vi) to the class D notes.
16	Class E regular principal distribution amount(vi) to the class E notes.
17	Subordinate transaction fees(vii), pro rata.
18	Any remaining amounts to the issuing trust to the residual certificateholders.

(i)Senior transaction fees include trustee fees of the greater of 0.015% per year and $600, administration fees of 0.05% per year, servicing fees of 0.95% per year, owner trustee fee of $15,000 per year, other fixed fees totaling $30,500 per year, and extraordinary trustee expenses capped at $30,000 per year. (ii)The class A first-priority principal distribution amount is defined as the amount that the class A notes exceed the pool balance less $250,000. (iii)The second-priority principal distribution amount is defined as the amount that the class A notes plus the class B notes exceed the pool balance less $250,000. (iv)The third-priority principal distribution amount is defined as the amount that the class A notes plus the class B notes plus the class C notes exceed the pool balance less $250,000. (v)The fourth-priority principal distribution amount is defined as the amount that the class A notes plus the class B notes plus the class C notes plus the class D notes exceed the pool balance less $250,000. (vi)The class A, B, C, D, and E regular principal distribution amounts are designed to build and maintain the target overcollateralization of 47.90%, 33.40%, 20.75%, 17.50%, and 13.35%, respectively, of the current pool balance with a floor of 7.50%, 6.50%, 5.75%,4.75%, and 3.75% of the initial pool balance, respectively. (vi)Subordinate transaction fees include any extraordinary trustee expenses that are not payable as senior transaction fees capped at $150,000 per year, any extraordinary administrator expenses, and any extraordinary servicer expenses.

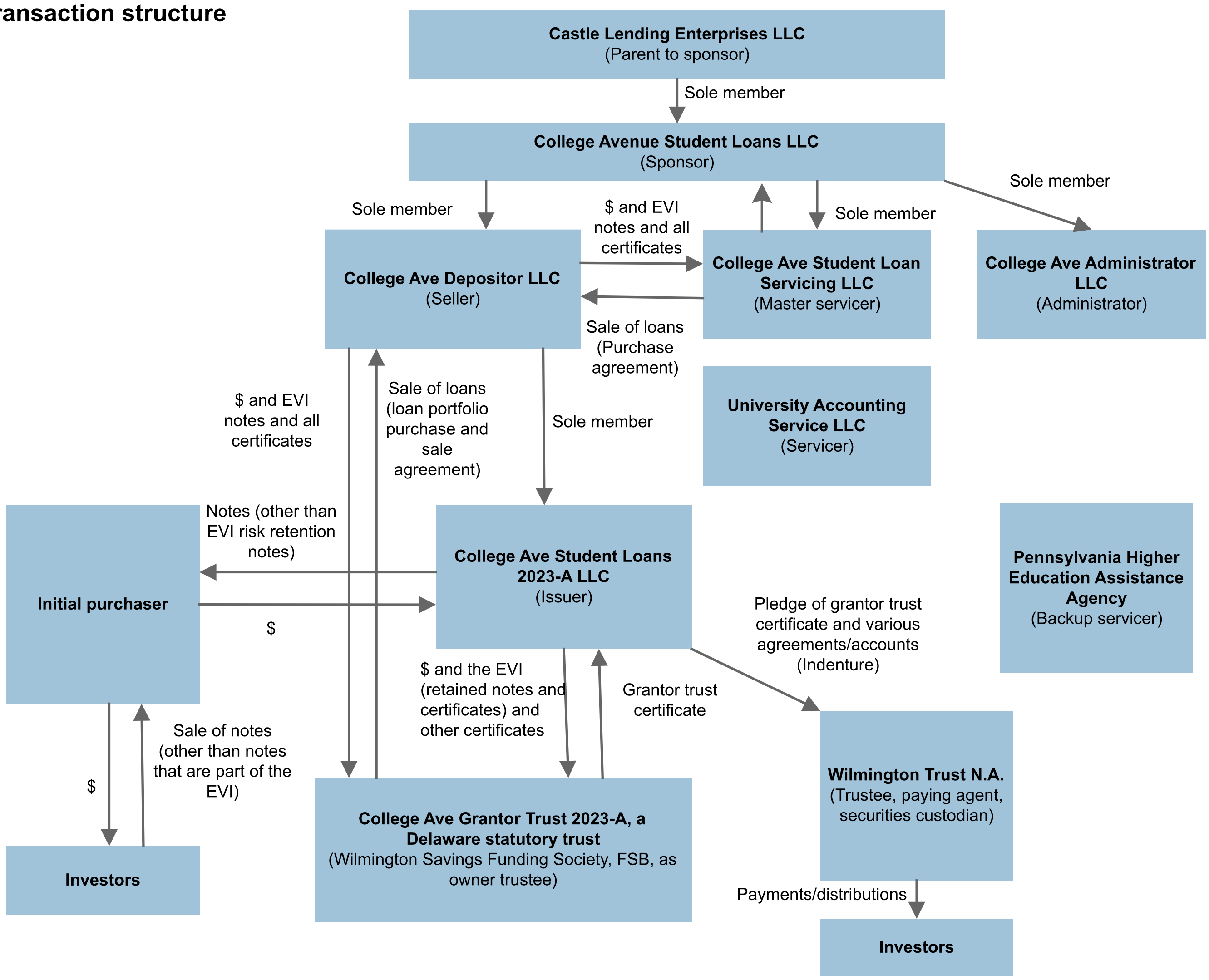
Transaction Overview

According to the indenture, the CASL 2023-A issuing trust will transfer a portion of the proceeds from the sale of the notes and the residual certificates to College Ave Grantor Trust 2023-A in exchange for the issuance of the grantor trust certificate. The issuing trust will be the sole beneficiary and equity owner of the grantor trust. The grantor trust will use a portion of the proceeds received to acquire the private student loans from College Avenue Depositor LLC (depositor). The private student loans were acquired by the depositor from College Avenue Student Loan Servicing LLC (master servicer). The master servicer aggregated the private student loans from the originating bank, its wholly owned special purpose subsidiary and another third party in separate transactions.

In rating this transaction, S&P Global Ratings reviews the legal matters that it believes are relevant to its analysis as outlined in its criteria (see chart 1).

Chart 1

Transaction structure



Pool Analysis

The noteholders will receive payments primarily from collections on a pool of in-school and refi private student loans (see table 3 for the CASL 2023-A initial pool's characteristics as of the statistical cut-off date).

Table 2

Initial pool characteristics

	2023-A	2021-C	2021-B	2021-A	2019-A	2018-A	2017-A
Cut-off date	March 31, 2023	Sept. 22, 2021	April 30, 2021	Dec. 31, 2020	April 30, 2019	April 30, 2018	May 16, 2017

Table 2

Initial pool characteristics (cont.)

	2023-A	2021-C	2021-B	2021-A	2019-A	2018-A	2017-A
Aggregate outstanding principal balance (mil. $)	403.7	250.0	279.6	385.6	300.1	201.7	166.7
Avg. outstanding principal balance per borrower ($)	15,316	17,440	14,811	15,430	14,919	15,528	16,112
WA borrower rate (%)	10.61	7.54	8.35	9.19	10.21	8.97	9.07
WA margin above LIBOR (%)	10.64	6.91	6.13	7.17	7.46	6.80	6.09
WA margin above SOFR (%)	7.47						
WA remaining term to the scheduled maturity date (mos.)	134	156	124	111	136	118	140
Loans cosigned/non-cosigned (%)	90/10	94/6	91/9	91/9	93/7	93/7	90/10
WA FICO	758	768	762	755	759	769	763
Loan program (%)							
In-school	93.8	100.0	100.0	100.0	100.0	100.0	100.0
Refi	6.2	0.0	0.0	0.0	0.0	0.0	0.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
FICO distribution (%)							
660-669	3.3	1.9	3.7	6.1	3.0	0.0	0
670-699	14.5	9.7	11.2	12.1	13.1	13.0	16.2
700-739	20.8	18.4	20.1	23.0	22.6	19.4	19.9
740 and above	61.4	70.0	65.0	58.8	61.4	67.5	63.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
School type (%)							
Four-year institution	99.0(i)	98.3	98.9	97.4	98.8	98.6	98.7
Two-year institution	1.0(i)	1.6	1.1	2.5	1.2	1.4	1.2
Proprietary/vocational	0.0(i)	0.1	0.0	0.1	0.0	0.0	0.0
Total	100.0(i)	100.0	100.0	100.0	100.0	100.0	100.0
School designation (%)							
For-profit	4.2(i)	12.6	7.3	18.7	12.4	17.3	12.0
Not-for-profit	95.8(i)	87.4	92.7	81.3	87.6	82.7	88.0
Total	100.0(i)	100.0	100.0	100.0	100.0	100.0	100.0
Loan type at origination (%)							
Deferred payment	38.1	31.4	32.6	37.8	37.2	37.7	42.0
$25 fixed payment	31.7	36.5	35.9	33.0	32.2	33.1	23.0
Interest-only payment	10.4	15.8	15.1	12.7	18.8	17.5	20.2
Full principal & interest	19.8	16.3	16.4	16.5	11.7	11.8	14.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Loan interest rate (%)							
Floating (LIBOR)	0.3	43.4	44.9	36.6	38.3	49.1	68.7

Table 2

Initial pool characteristics (cont.)

	2023-A	2021-C	2021-B	2021-A	2019-A	2018-A	2017-A
Floating (SOFR)	43.9						
Fixed	55.8	56.6	55.1	63.4	61.7	50.9	31.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Payment status (%)(ii)							
Enrolled	89.9	98.5	96.3	68.4	91.1	91.1	79.4
Grace	3.5	1.2	2.8	18.4	7.0	7.6	12.6
Deferment	0.0	0.0	0.2	1.2	0.1	0.1	0.1
Forbearance	0.3	0.1	0.2	0.9	0.0	0.0	0.1
Repayment	6.3	0.3	0.6	11.1	1.8	1.2	7.8

(i)In-school loans only. (ii)Enrolled, grace, and deferment statuses may have a repayment obligation. WA--Weighted average.

Expected Default Rate: 9.5%-10.5%

In sizing the cumulative expected default rates for the CASL 2023-A transaction, we evaluated the loan pool's composition by considering the loan types and seasoning level. We determined the transaction's expected default rates by loan type based on available industry data for similar loan type performance and adjusted our analysis to reflect the composition of the loan pool.

Our expected default rate for the loan pool reflects a weighted average of our expected default rates for similar collateral pool sub-segments, which we review periodically. We segmented the loans by:

- Loan payment type: fully deferred, fixed-payment, interest-only, or full principal and interest;
- School status: for-profit or not-for-profit;
- Cosigner presence: cosigned or non-cosigned loans;
- FICO score range: three FICO ranges starting at the minimum of 640 and going higher; and
- Graduate, parent and refi obligors versus undergraduate obligors.

We summarized our expected default rates on a weighted average basis for each loan type (see table 3).

Table 3

Expected default rates

Loan type	Expected default rate (%)	Approximate CASL 2023-A loan pool composition (%)
Fully deferred payment (cosigned)	13.0	34.9
Fully deferred payment (non-cosigned)	21.0	0.9
Interest-only payment (cosigned)	6.5	9.2
Interest-only payment (non-cosigned)	11.0	0.1
Fixed payment (cosigned)	11.0	29.1

Table 3

Expected default rates (cont.)

Loan type	Expected default rate (%)	Approximate CASL 2023-A loan pool composition (%)
Fixed payment (non-cosigned)	15.0	0.9
Full principal and interest (cosigned)	7.0	11.1
Full principal and interest (non-cosigned)	10.5	0.3
Refi (cosigned)	4.5	2.5
Refi (non-cosigned)	8.5	3.7
Graduate and parent	4.4	7.2

CASL--College Avenue Student Loans.

Based on the loan data we analyzed, we expect loans with comparable loan and obligor characteristics to perform as follows:

- Not-for-profit school loan obligors will outperform for-profit school loans.
- Obligors with higher FICO scores will outperform obligors with lower FICO scores.
- Loans that have been making principal and interest (P&I) payments will outperform loans yet to enter P&I repayment status.
- Cosigned loans will outperform non-cosigned loans.
- Graduate/parent and refi loans will outperform in-school undergraduate loans.

In establishing our base-case default range, we considered information provided by the sponsor, including the percentage of the loans in the pool above respective state usury limits that may be exposed to true lender risk. The percentage of the loans above respective state usury limits in the pool is de minimus, and in our view, accounted for in our base-case default analysis.

Based on the information we reviewed, we expect the transaction's cumulative default rate to be in the 9.5%-10.5% range. We gave no seasoning credit because the loans in the pool are all recently originated.

Based on the information provided by the sponsor and comparisons of the performance of loans supporting the transaction to similar loans over time, we assumed a 25.0% cumulative base-case recovery rate, which yields an expected net loss rate of approximately 7.1%-7.9% for the transaction.

Cash Flow Modeling Assumptions And Results

We modeled the CASL 2023-A transaction to simulate stress scenarios that we believe are commensurate with the assigned preliminary ratings (see tables 4-6).

Table 4

Stressed cash flow modeling assumptions for 'AAA' scenarios

Cumulative default rate (%)	36.5-37.5
Cumulative default timing–fast scenario (approximate %) per year(i)	20/20/20/20/20

Table 4

Stressed cash flow modeling assumptions for 'AAA' scenarios (cont.)

Cumulative default timing–slow scenario (approximate %) per year(i)	15/15/15/15/10/10/10/10
Cumulative recovery rate (%)	10.0
Cumulative recovery rate timing (approximate %) per year	Evenly over 10 years
Voluntary prepayment rate- standard prepayment scenario (% CPR) per year	5/6/7/8/9/10 for the transaction's remaining life
Deferment (for loans without advanced degree in repayment and other loans without advanced degree as they enter repayment)	25.0% of loans go into deferment for 36 months
Forbearance % per year (for all loans in repayment and other loans as they enter repayment)	14.0% of loans go into forbearance for 12 months

(i)We ran separate fast and slow default timing scenarios. CPR--Constant prepayment rate.

Table 5

Stressed cash flow modeling assumptions for 'AA' scenarios

Overall cumulative default rate (%)	31.0-32.0
Cumulative default timing–fast scenario (approximate %) per year(i)	20/20/20/20/20
Cumulative default timing–slow scenario (approximate %) per year(i)	15/15/15/15/10/10/10/10
Cumulative recovery rate (%)	12.0
Cumulative recovery rate timing (approximate %) per year	Evenly over 10 years
Voluntary prepayment rate (% CPR) per year	4/5/6/7/8/9 for the transaction's remaining life
Deferment % per year (for loans without advanced degree in repayment and other loans without advanced degree as they enter repayment)	22.0% of loans go into deferment for 36 months
Forbearance % per year (for all loans in repayment and other loans as they enter repayment)	12.0% of loans go into forbearance for 12 months

(i)We ran separate fast and slow default timing scenarios. CPR--Constant prepayment rate.

Table 6

Stressed cash flow modeling assumptions for 'A' scenarios

Cumulative default rate (%)	25.5-26.5
Cumulative default timing–fast scenario (approximate %) per year(i)	20/20/20/20/20
Cumulative default timing–slow scenario (approximate %) per year(i)	15/15/15/15/10/10/10/10
Cumulative recovery rate (%)	15.0
Cumulative recovery rate timing (approximate %) per year	Evenly over 10 years
Voluntary prepayment rate- standard prepayment scenario (% CPR) per year	3/4/5/6/7/8 for the transaction's remaining life
Deferment (for loans without advanced degree in repayment and other loans without advanced degree as they enter repayment)	20.0% of loans go into deferment for 36 months
Forbearance % per year (for all loans in repayment and other loans as they enter repayment)	10.0% of loans go into forbearance for 12 months

(i)We ran separate fast and slow default timing scenarios. CPR--Constant prepayment rate.

We use a credit rating model based on the Cox-Ingersoll-Ross framework (the CIR model) to simulate interest rate scenarios for the relevant rating stress levels commensurate to the ratings of the liabilities. These include up/down and down/up interest rate scenarios for floating-rate indices. Approximately 43.9% of the collateral pool consists of loans with interest rates indexed to one-month compound SOFR. There are a very small number of loans indexed to one-month LIBOR (0.3%). These loans will convert to one-month term SOFR once LIBOR is terminated. Given the de minimis amount, we have assumed those loans will also be indexed to compound SOFR in all periods in our analysis. For the SOFR index, we selected a scenario with an initial interest rate of 4.5% (see "Methodology To Derive Stressed Interest Rates In Structured Finance," published Oct. 18, 2019).

Approximately 44.2% of the loan pool consists of loans with floating interest rates with the remaining 55.8% of the loan pool made up of loans with fixed interest rates. The class A-1 notes (28.9% of the total notes) have a coupon indexed to one-month compound SOFR and the remaining notes have a fixed coupon. To assess basis risk, we ran a down interest rate scenario where floating-rate indices begin at the same point as noted above, and remain at relatively low levels to consider the effect of decreased interest on the floating-rate assets against the fixed-rate cost of debt.

Stressed Cash Flow Results

We stressed the cumulative default rates for the pool according to the assigned ratings. We derived the recovery rate, voluntary prepayment rate, deferment rate, and forbearance rate stresses from our review of the sponsor's and the industry's historical data, which we adjusted to reflect the CASL 2023-A's pool composition and the assigned preliminary ratings. In all the stressed cash flow scenarios, the notes received interest payments due on every distribution date and full principal payment by the notes' maturity dates in the stressed scenarios consistent with the ratings assigned.

In addition, we ran two liquidity cash flow scenarios with zero voluntary prepayment rates to ensure that all the notes were retired by their maturity dates. The first set of liquidity scenarios assumed a zero-default rate in different interest rate environments. The second set of liquidity scenarios assumed the base-case default rate and a slow default curve in different interest rate environments with all other stressed assumptions unchanged. In these liquidity cash flow scenarios, the notes received interest payments due on every distribution date and full principal payment by the notes' maturity dates.

Break-Even Cash Flow Results

In addition to cash flow scenarios using the stress default-rate assumptions, we ran break-even cash flow scenarios that maximized the default rate while keeping all other assumptions at the stressed levels.

In 'AAA' break-even scenarios, the class A notes were able to absorb cumulative defaults of approximately 49.1%-49.2% and cumulative net losses of approximately 44.2%-44.3% depending on the interest rate scenario. In the break-even scenarios, the class A notes received interest payments due on every distribution date and principal payments by the notes' maturity dates. These results support coverage multiples of approximately 5.8x for the class A notes.

In an 'AA' break-even scenarios, the class B notes were able to absorb cumulative defaults of approximately 40.7%-41.1% and cumulative net losses of approximately 35.8%-36.1% depending on the interest rate scenario. In the break-even scenarios, the class B notes received interest payments due on every distribution date and principal payments by the notes' maturity dates. These results support coverage multiples of approximately 4.7x for the class B notes.

In an 'A' break-even scenarios, the class C notes were able to absorb cumulative defaults of approximately 33.9%-34.1% and cumulative net losses of approximately 28.8%-29.0% depending on the interest rate scenario. In the break-even scenarios, the class C notes received interest payments due on every distribution date and principal payments by the notes' maturity dates. These results support coverage multiples of approximately 3.8x for the class C notes.

Also in an 'A' break-even scenarios, the class D notes were able to absorb cumulative defaults of approximately 31.1%-30.6% and cumulative net losses of approximately 26.0%-26.4% depending on the interest rate scenario. In the break-even scenarios, the class D notes received interest payments due on every distribution date and principal payments by the notes' maturity dates. These results support coverage multiples of approximately 3.4x for the class D notes.

Sensitivity Cash Flow Analysis

In addition to the stressed and break-even cash flows, we ran cash flow scenarios to assess the stability of the assigned preliminary ratings under moderate stress conditions (a 'BBB' stress scenario) (see table 7).

Table 7

Sensitivity Cash Flow Modeling Assumptions

Cumulative default rate (%)	22.5-23.5
Cumulative default timing–fast scenario (approximate %) per year(i)	20/20/20/20/20
Cumulative default timing–slow scenario (approximate %) per year(i)	15/15/15/15/10/10/10/10
Cumulative recovery rate (%)	20.0
Cumulative recovery rate timing (approximate %) per year	Evenly over 10 years
Voluntary prepayment rate (% CPR) per year (other than Smart Option loans)	2/3/4/5/6/7 for the transaction's remaining life
Deferment (for loans without advanced degree in repayment and other loans without advanced degree as they enter repayment)	18.0% of loans go into deferment for a period of 36 months
Forbearance % per year (for all loans in repayment and other loans as they enter repayment)	8.0% of loans go into forbearance for a period of 12 months

(i)We ran separate fast and slow default scenarios. CPR--Constant prepayment rate.

In moderate stress scenarios, the cumulative remaining credit enhancement coverage of the remaining net losses build over time (see charts 2-5). The lines in the charts below represent the credit enhancement as a multiple of the remaining net losses in a moderate stress scenarios.

The class A notes would have a coverage multiple of the remaining net losses of approximately 3.1x-3.3x. After one year, these coverage multiples are 3.3x-3.4x. The class B notes would have a coverage multiple of the remaining net losses of approximately 2.5x-2.7x. After one year, these coverage multiples are 2.6x-2.8x. The class C notes would have a coverage multiple of the remaining net losses of approximately 1.9x-2.1x. After one year, these coverage multiples are 2.0x-2.2x. The class D notes would have a coverage multiple of the remaining net losses of approximately 1.8x-1.9x. After one year, these coverage multiples are 1.9x-2.0x. Thereafter, each of the coverage multiples increase steadily over the life of transaction in each of our moderate stress scenarios.

Based on the cash flow scenarios above, we would expect our ratings on the class A and B notes to remain within one rating category of our preliminary 'AAA (sf)' and 'AA (sf)' ratings in the first year, and the class C and D notes to remain within two rating categories of our preliminary 'A (sf)' and 'A- (sf)' ratings, respectively, in the first year. This is consistent with our views on credit stability.

Chart 2

Class A sensitivity summary

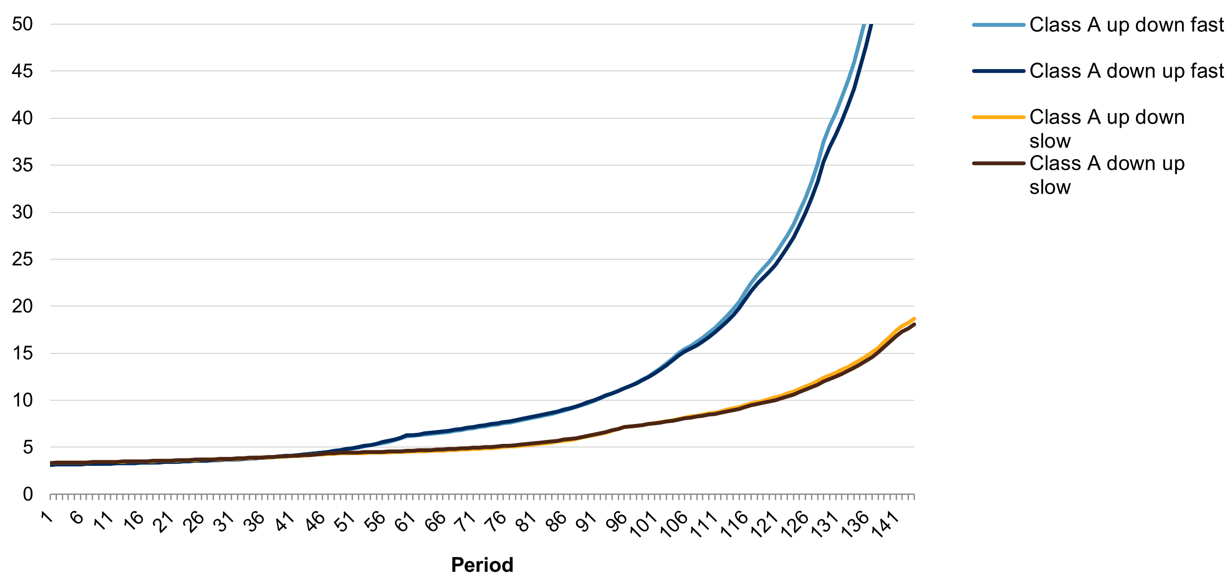


Chart 3

Class B sensitivity summary

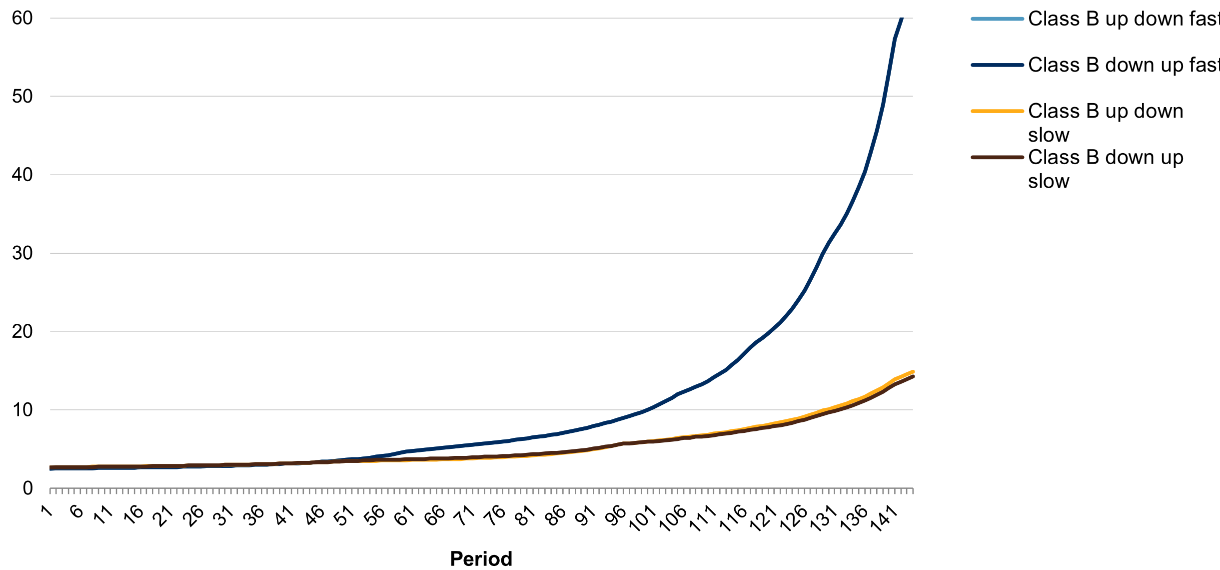


Chart 4

Class C sensitivity summary

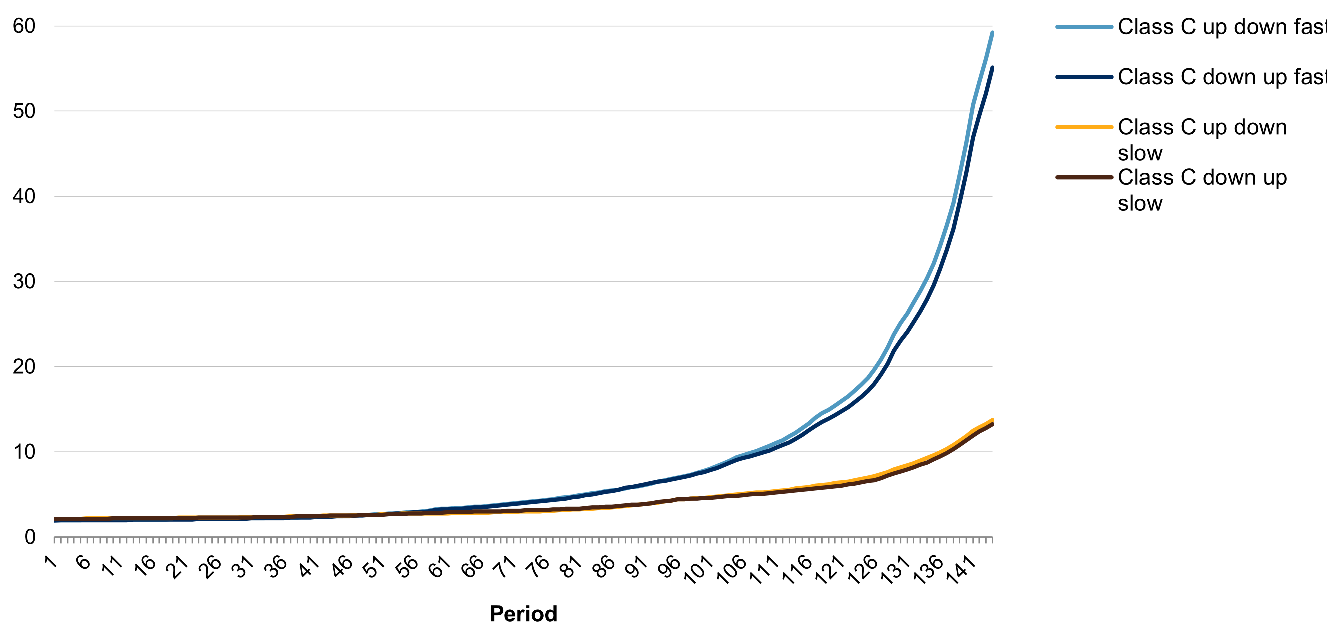
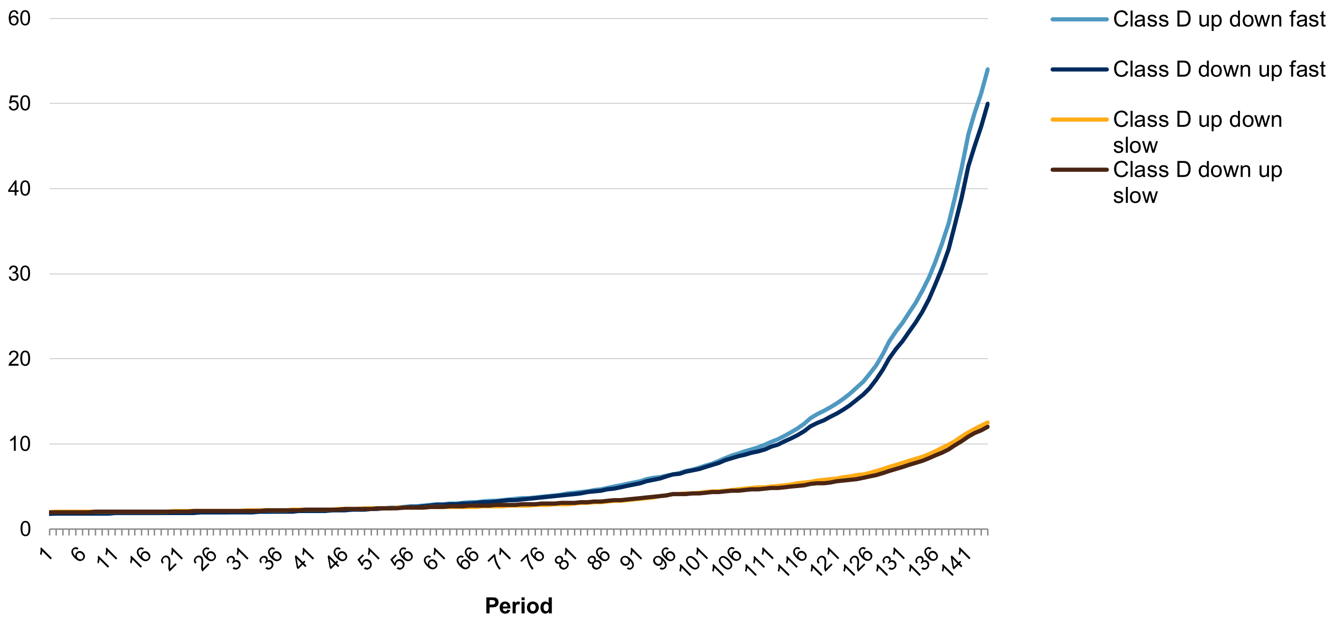


Chart 5

Class D sensitivity summary



Administration And Servicing For The CASL 2023-A Loan Portfolio

Administrator and master servicer

CASL, the sponsor, is a Delaware limited liability company organized in July 2014. CASL is a fintech lending company with a primary focus on private loans. The sponsor, through its wholly owned subsidiaries, will be the administrator and master servicer.

CASL offers lending services to families who need to cover current school costs or graduates who want to refinance existing student loan debt.

CASL's core products are private undergraduate, graduate, and parent loans. These products serve current students (and students' parents) at most not-for-profit and select for-profit institutions. Applicants must meet school eligibility and credit underwriting requirements, and the loans must be certified by the institution. CASL also offers student loan refinancing for both federal and private student loans. Applicants must meet credit underwriting requirements to qualify.

CASL has continued to increase its origination volume over the past six years as it develops new loan products.

Servicer

UAS will be the initial servicer. Established in 1969, UAS was the first company to focus specifically on campus-based private loan services. Today, UAS continues to provide custom loan support programs to their client base of more than 500 colleges, universities, and private lenders across the country. Their experience encompasses all types of loan programs and delinquent receivables, including private education loans, Federal Perkins loans, Health Professions Student Loans, Loans to Disadvantaged Students, miscellaneous receivables (delinquent and non-delinquent), National Defense/Direct Student Loans, Nurse Faculty Loan Program, Nursing Student Loans, Primary Care Loans, private institutional programs, state-mandated loan and forgiveness programs, and student tuition.

UAS services an active portfolio of more than 900,000 active borrowers with an outstanding balance of approximately $7 billion. UAS' portfolio is split between student loans originated by private lenders and colleges/universities directly (with a mix of federal and institutional programs). In connection with its portfolio, UAS services over 250 financial institutions and 250 private college and universities across the U.S.

Backup servicer

PHEAA will be the initial backup servicer. PHEAA is a corporate and political body, constituting a public corporation and government instrument created pursuant to an act of the Pennsylvania legislature. Under its enabling legislation, PHEAA is authorized to undertake the origination and servicing of loans made by PHEAA and others.

As of Dec. 31, 2022, PHEAA had approximately 1,200 employees and contractors. PHEAA services student loans through its commercial servicing, FedLoan servicing (FLS), and remote servicing lines of business. The commercial servicing line of business services private student loans and FFELP loans for customers, which consist of national and regional banks and credit unions, secondary markets, and government entities. The FLS line of business services federally owned FFELP and William D. Ford (Direct Loan) program loans. The remote servicing line of business provides PHEAA's systems to guarantors, other servicers, and not-for-profit servicers, who were awarded servicing contracts under the direct loan program for use in servicing borrowers.

As of Dec. 31, 2022, PHEAA serviced approximately 954,000 student borrowers, representing an approximate aggregate of $19.8 billion outstanding principal amount under its Commercial Servicing line of business. Also, as of Dec. 31, 2022, through its Commercial Servicing line of business, PHEAA serviced $6.2 billion principal balance of private student loans outstanding, which makes PHEAA one of the nation's largest servicers of private student loans.

Related Criteria

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- Criteria | Structured Finance | General: Global Framework For Payment Structure And Cash Flow Analysis Of Structured Finance Securities , Dec. 22, 2020
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- Criteria | Structured Finance | Legal: U.S. Structured Finance Asset Isolation And

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- Criteria | Structured Finance | General: Counterparty Risk Framework: Methodology And Assumptions , March 8, 2019
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- Criteria | Structured Finance | General: Global Framework For Assessing Operational Risk In Structured Finance Transactions , Oct. 9, 2014
- Criteria | Structured Finance | ABS: Methodology And Assumptions For U.S. Private Student Loan ABS Credit Analysis , Feb. 13, 2013
- 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

- Global Structured Finance 2023 Outlook, Jan. 11, 2023
- U.S. Economic Outlook Q1 2023: Tipping Toward Recession, Nov. 28, 2022
- S&P Global Ratings Expects The Russia-Ukraine Conflict To Have Limited Direct Impact On Global Structured Finance, March 3, 2022
- Global Credit Conditions Special Update, Feb. 8, 2022