



April 2025

John Withrow, Principal at AB CarVal

Asset-Based Credit

Fuel for the Real
Economy

AB CarVal: Firm Overview

Experienced Global Alternative Investment Manager

- Approximately \$20 billion in assets under management*
- 38-year firm history with a successful track record in opportunistic credit

Targeting Market Dislocations – Focus on Banking Sector

- Approximately 70 investment professionals in the US, Europe and Asia
- Ability to capitalize on traded and private market opportunities across the full credit spectrum

Core Tenets: Durable, Profitable, Flexible

- Diversified portfolio designed for stable returns and strong money multiple
- AB CarVal is part of AllianceBernstein's Private Alternatives business with approximately \$65 billion in assets under management†



Seek to build portfolios that protect principal and consistently generate strong risk-adjusted returns

*AUM is comprised of fee-earning AUM and fee-eligible AUM. Fee-earning AUM includes those assets currently qualified to generate management fees. Fee-eligible AUM includes capital that is committed to an AB CarVal Fund but is currently uncalled or callable. The number represented here excludes assets under AB CarVal's management that are not generating management fees due to the maturity of the Fund but includes amounts that do not generate management fees solely due to AB CarVal's decision not to charge management fees.

†Measured during the period from January 2020–December 2024. Includes invested equity for hard asset, loan portfolios, and renewable deals.

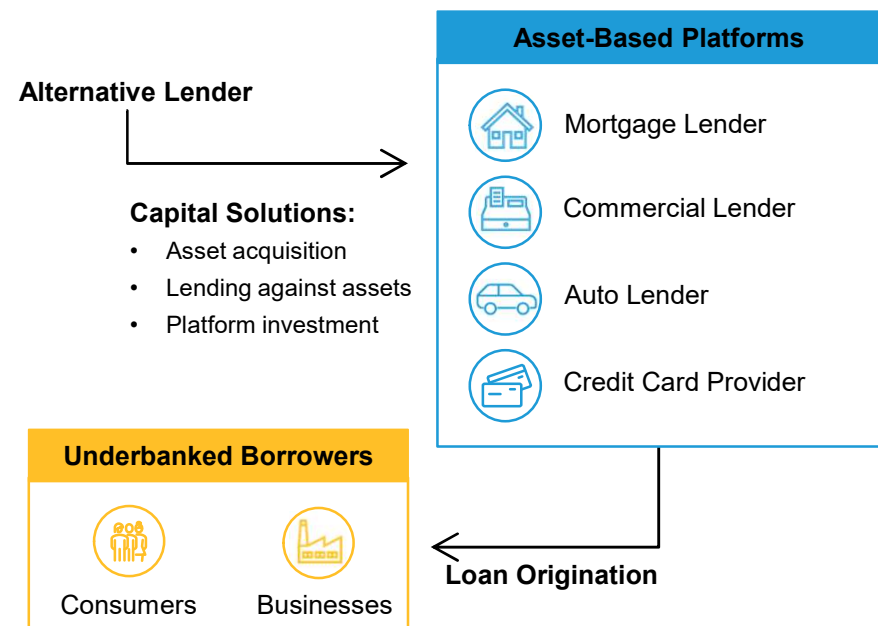
‡AUM as of December 31, 2024. AUM includes leverage where applicable and is comprised of fee-earning AUM and fee-eligible AUM. Fee-earning AUM includes those assets currently qualified to generate management fees. Fee-eligible AUM includes committed capital that is currently uncalled or callable. The figure is preliminary. AB-PCI and Total AUM include a \$500mm NAV Lending mandate that was business agreed prior to year end, but officially closed in January 2024. Total AUM also includes AB Energy Opportunities, which is not shown in the pie chart. All dollar figures refer to US Dollars. Total may not sum due to rounding. When AB reports its AUM publicly it excludes levered capital and does not include uncalled capital commitments. The above AUM figures only represent AB's Private Alternative strategies and not its Hedge Fund or FOF business. Source: AB; see A Word About Risk and Important Information and Disclosures at the end this presentation.

As of December 31, 2024

What is Asset-Based Finance?

- Asset-based finance refers to financing activities that take place outside the traditional banking system
- Continued bank retrenchment has led to asset-based lenders playing an increasing role in financing transactions for consumers and businesses globally
- Alternative lenders are a key source of capital to these asset-based firms
 - Investment opportunities are privately originated/negotiated and typically collateralized by pools of financial and/or hard asset(s)

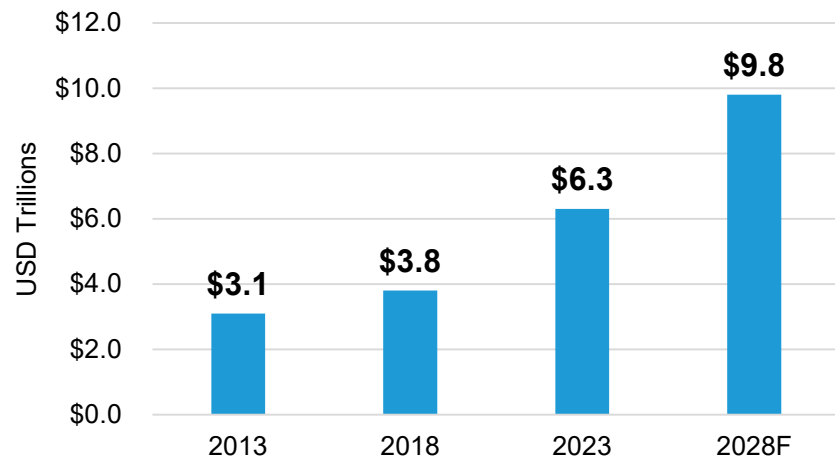
Asset-Based Lending Illustration



Asset-Based Finance Addressable Market and Opportunity

Asset-based finance is a multi-trillion-dollar global market supported by today's macro environment

\$6.3 Trillion Global Asset-Based Finance Market*



Constructive Backdrop

- Systemic shift of global banks away from long-term lending creates large credit vacuum
- More penal regulatory capital requirements and accounting changes have accelerated this trend, leaving large opportunity for more specialized non-bank lenders
- Rising interest rate environment allows regulated banks to focus on more vanilla core products
- Differs across geographies with the US having led the way and Europe following the path

*2013 and 2018 data sourced from FSB Global Monitoring Report on Non-Bank Financial Intermediation 2023 and reflect EF2. 2023 and 2028 Forecast are sourced from Integer Advisors and are as of June 30, 2023.

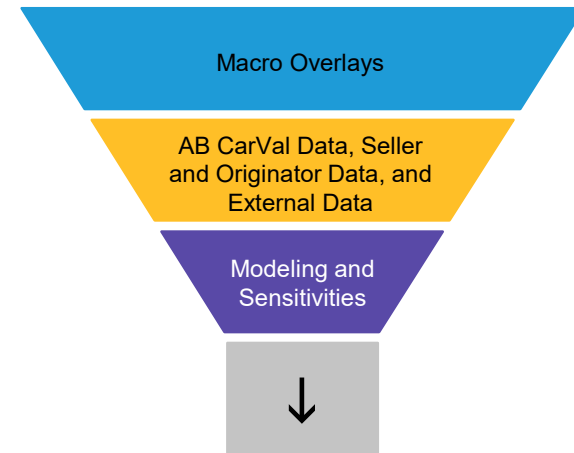
Consumer Credit Approach

Underwrite the underwriter and leverage extensive data sets

We seek platforms with competitive advantages and who share similar risk views

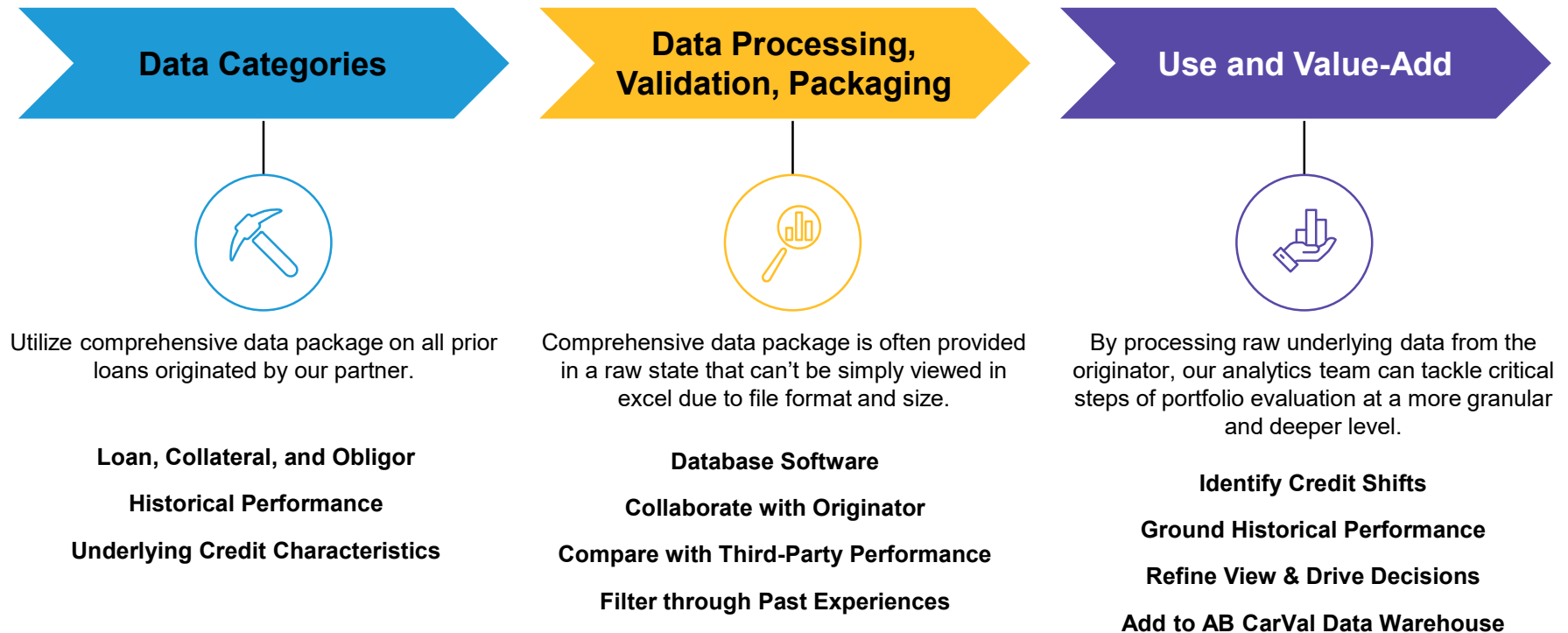


Extensive amount of data and analytics drive decisions

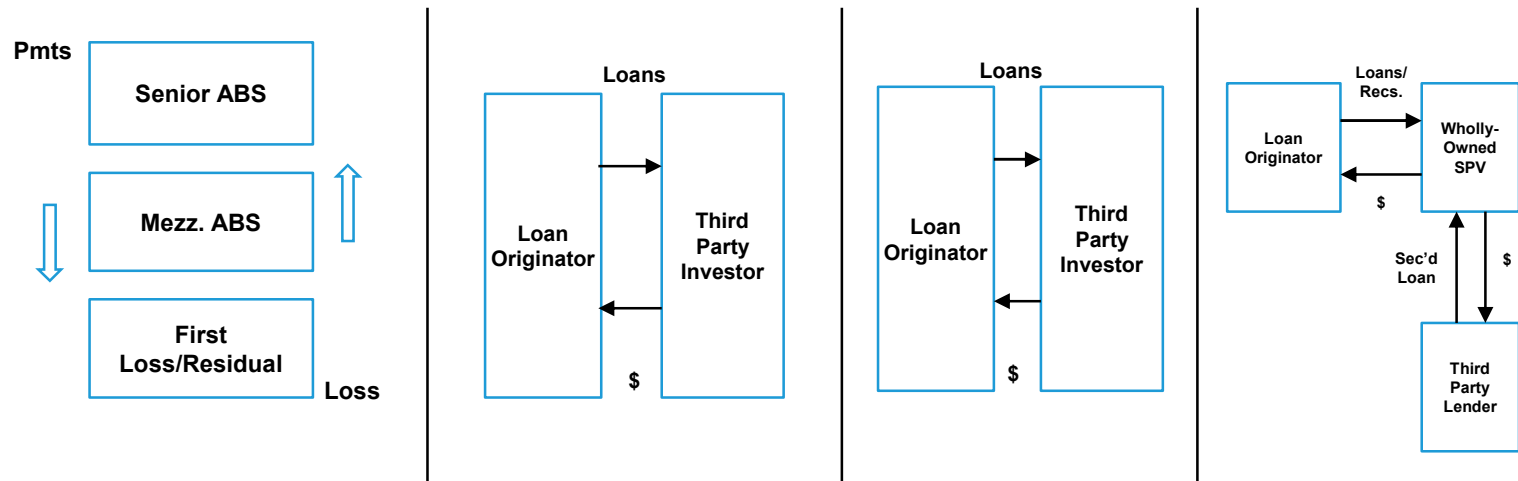


Informs partner selection, asset selection, deal pricing and structuring, and asset management decisions

Deriving Value from Extensive Data Available from Originators



Ways to Invest: Types of Transactions



Transaction Type	Asset-Backed Securities	Whole Loans Forward Flow	Whole Loans Back Book	Secured Lending Mezz. or Stretch Senior
Description	<ul style="list-style-type: none"> SEC-registered or 144A ABS of pool of static loans issues to bond investors May be form of Seniors, Mezz, or First Loss/Residual 	<ul style="list-style-type: none"> Sale of whole loans to third party investors for set period of time and settlement frequency Can be committed or uncommitted 	<ul style="list-style-type: none"> Sale of static pool of whole loans to third party investors 	<ul style="list-style-type: none"> Secured (senior or mezz) loan made to BK-remote entity, collateralized by its property (primarily loans)
Indicative Returns*	<ul style="list-style-type: none"> Seniors: 4.75-6.0%† Mezz: 5.75-7.25%† First Loss: 17.5-25% 	<ul style="list-style-type: none"> 12.5-20% 	<ul style="list-style-type: none"> 11.5-16.5% 	<ul style="list-style-type: none"> 10-15%

*Gross levered returns unless otherwise noted.

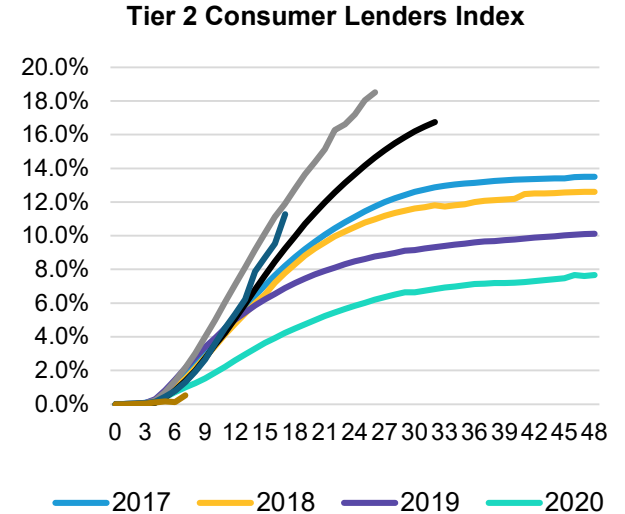
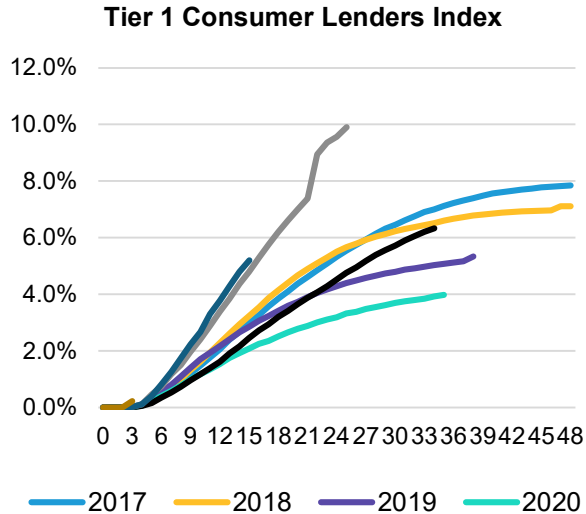
†Senior and Mezz ABS and Secured Lending returns are Gross Unlevered Returns; each benefits from structural leverage and do not reflect repo financing. Returns will vary by asset class, rating, and term.

Consumer Performance Themes

Narrative centers around COVID distortions and how originators changed their underwriting

Key Performance Themes

- COVID distortions
 - Shape of existing vintages (flattening out)
 - 2020 vintage performance
- Credit box widening 2020-2021
- 2022 under-performance
 - Differences across asset classes, platforms
 - Volume growth
- 2023 tightening
 - Differences across asset classes, platforms
 - Volume decreases
- 2024 performance



Source: Kroll Bond Rating Agency, U.S. Marketplace Consumer Loan ABD Indices, September 2024.

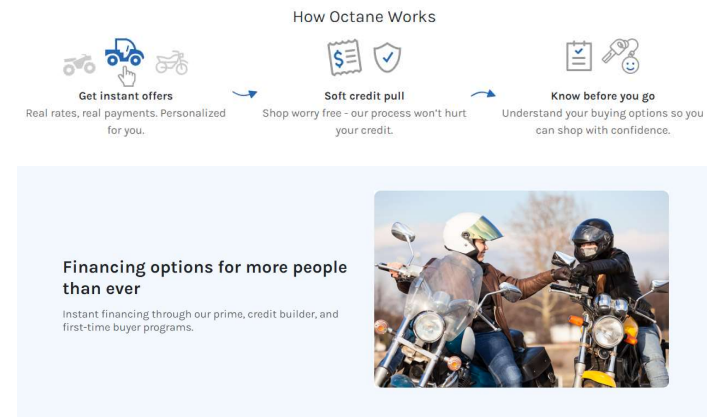
The Tier 1 MPL index generally have weighted average FICOs between 710 and 760.

The Tier 2 MPL index generally have weighted average FICOs between 660 and 710.

Octane: Powersports Lending

\$500 million forward-flow purchase agreement with US Fintech

- \$500 million forward-flow facility with Octane, a powersports lender founded in 2014
- UTVs, ATVs, sportbikes, personal watercraft, and other powersports vehicles
- Octane's in-house loan servicer will service the loans
- More than 30 OEM and 4,000 dealer partners across the US
- Downside loss protection via senior/subordinate servicing fee structure



See disclaimer regarding Investment Examples, Projections and Risk of Loss.

Key Takeaways

- Asset-based finance is a strong and growing market
- Strong downside protected returns
- Low correlation to public market securities

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A Word About Risk

The value of an investment can go down as well as up and investors may not get back the full amount they invested. Capital is at risk. Past performance does not guarantee future results.

There can be no assurance that any alternative investment objectives will be achieved. Investments in alternative strategies can be speculative and involve a high degree of risk and volatility. Performance compensation may create an incentive to make riskier investments. Alternative investments may involve higher fees and limit transferability and liquidity. AllianceBernstein and its affiliates have relationships and may engage in activities that may pose conflicts of interest.

Some of the principal risks of investing in alternative investments include:

Default Risk: The risk that issuers or counterparties may not be able to meet interest payments nor repay the capital borrowed. A default by the issuer may impact the value of the assets.

Securitized Asset Risk: Investments in mortgage-backed and other asset-backed securities may be particularly sensitive to changes in interest rates. They may also be subject to higher rates of default in the mortgages or assets backing the securities or risks associated with the nature and servicing of those securities.

Liquidity Risk: Adverse market conditions can affect the ability to sell assets when necessary. Reduced liquidity may have a negative impact on the price of the assets.

Market Risk: The market values of the investments may rise and fall from day to day, so investments may lose value.

Interest Rate Risk: Bonds may lose value if interest rates rise or fall—long-duration bonds tend to rise and fall more than short-duration bonds.

Credit Risk: A bond's credit rating reflects the issuer's ability to make timely payments of interest or capital—the lower the rating, the higher the risk of default. If the issuer's financial strength deteriorates, the issuer's rating may be lowered and the bond's value may decline.

Allocation Risk: Allocating to different types of assets may have a large impact on returns if one of these asset classes significantly underperforms the others.

Foreign Risk: Investing in overseas assets may be more volatile because of political, regulatory, market and economic uncertainties associated with them. These risks are magnified in assets of emerging or developing markets.

Currency Risk: Currency fluctuations may have a large impact on returns and the value of an investment may be negatively affected when translated into the currency in which the initial investment was made.

Capitalization Size Risk: Holdings in smaller companies are often more volatile than holdings in larger ones.