

Fitch Affirms 4 Classes of Harley-Davidson Motorcycle Trust 2013-1

Written by Australian Business

NEW YORK--([BUSINESS WIRE](#))--Fitch Ratings has affirmed four classes of the Harley-Davidson Motorcycle Trust 2013-1 transaction as follows:

-- Class A-2 at 'AAAsf'; Outlook Stable;

-- Class A-3 at 'AAAsf'; Outlook Stable;

-- Class A-4 at 'AAAsf'; Outlook Stable;

-- Class B at 'AAsf'; Outlook revised to Positive from Stable.

KEY RATING DRIVERS

The affirmations of the class A-2, A-3, A-4, and B notes reflect loss coverage levels consistent with their current ratings.

While delinquency and loss performance is slightly higher in comparison to prior recent transactions from Harley-Davidson Financial Services (HDFS), the pool is still performing within Fitch's initial expectations. The Positive Outlook on the class B notes reflects Fitch's view that loss coverage is expected to continue to improve as credit enhancement grows and the pool amortizes further.

The ratings also reflect the quality of Harley-Davidson Financial Services' retail motorcycle loan originations, the strength of its servicing capabilities, and the sound financial and legal structure of the transaction.

RATING SENSITIVITY

Unanticipated increases in the frequency of defaults and loss severity could produce loss levels higher than the current projected base case loss proxy and impact available loss coverage and multiple levels for the transaction. Lower loss coverage could impact ratings and outlooks, depending on the extent of the decline in coverage.

In Fitch's initial review of the transaction, the notes were found to have limited sensitivity to a 1.5x increase of Fitch's base case loss expectation and moderate sensitivity to a 2.5x increase. To date, the transaction has performed within Fitch's initial expectations. In addition, increasing credit enhancement levels have resulted in rising loss coverage and multiples. As such, a strong deterioration in performance would have to occur within the asset pool to have potential negative impact on the outstanding ratings.

Fitch's analysis of the Representation and Warranties (R&W) of 2013-1 can be found in 'Harley-Davidson Motorcycle Trust 2013-1 -- Appendix'. The R&W are compared to those of typical R&W for the asset class as detailed in the special report 'Representations, Warranties, and Enforcement Mechanisms in the Global Structured Finance Transactions' dated April 17, 2012.

Additional information is available at 'www.fitchratings.com'.

Applicable Criteria and Related Research:

-- 'Rating Criteria for U.S. Auto Loan ABS', dated April 7, 2014;

-- 'Global Structured Finance Rating Criteria', dated May 24, 2013;

-- 'Harley-Davidson Motorcycle Trust 2013-1 -- Appendix', dated April 15, 2013.

Applicable Criteria and Related Research:

Rating Criteria for U.S. Auto Loan ABS http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=738718

Global Structured Finance Rating Criteria http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=708661

Harley-Davidson Motorcycle Trust 2013-1 -- Appendix http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=706295

Additional Disclosure

Solicitation Status http://www.fitchratings.com/gws/en/disclosure/solicitation?pr_id=826461

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