

ARC Ratings, S.A. accords a public, final 'A(sf)' rating to the Revolving Credit Facility of Everglades Credit LLC, with stable outlook

<u>BORROWER</u> Everglades Credit LLC	<u>ISSUE RATING</u> A(sf) Revolving Credit Facility (A(sf), with stable outlook)
<u>RATING DATE</u> 31 December 2018	<u>NEXT REVIEW DATE</u> 31 December 2019

ARC Ratings, S.A. (ARC) has accorded a final, long-term public rating of 'A(sf)' with stable outlook to the Revolving Credit Facility of Everglades Credit LLC.

COMPANY PROFILE

- Everglades Credit LLC (the 'Borrower') will acquire from the Seller all right, title and interest in Receivables generated by certain Accounts. To fund the purchase of the Receivables, the Borrower will request Floating Rate Loans from the Lenders: BNP Conduit Lender (which may issue Commercial Paper Notes as funding for its Loan Amount) and BNP Initial Committed Lender and Managing Agent.
- Everglades Credit 2 LLC is the Sponsor and will provide a minimum of 5% as risk retention in this transaction. The Collateral Agent is US Bank NA.
- Everglades Credit LLC is the Purchaser in this transaction and is a Delaware Limited Liability Company. A Delaware chartered state bank and a Utah industrial bank will sell Receivables to the Purchaser. Both banks will also act as the Servicers in this transaction.

TRANSACTION OVERVIEW & CAPITAL STRUCTURE

- The Revolving Credit Facility consists of two underlying credit card portfolios: A MasterCard portfolio and a Visa portfolio. The Delaware chartered state bank is party to the MasterCard Plan Agreement and has extended credit to qualifying individuals in the form of cobranded, open-ended, general purpose MasterCard credit card accounts. The Utah industrial bank is a party to the Visa Plan Agreement and has extended credit to qualifying individuals in the form of cobranded, open-ended, general purpose Visa credit card accounts.
- The Maximum Facility Amount is USD 135,000,000, which may increase by USD 10,000,000 one year after the Closing Date and by USD 5,000,000 two years after the Closing Date (unless an Early Termination or Commitment Termination Event has occurred).

- The Advance Rate is 77% with respect to any Eligible Receivable.

RATING HIGHLIGHTS

- Transaction Analysis: ARC has reviewed the Eligibility Criteria and Early Amortization Triggers in place. The Triggers include the following: the 3-Month Annualized Loss Rate must not exceed 9%, the 3-Month Average Excess Spread must be at least 1.5% and the 3-Month Gross Principal Repayment Rate must be at least 13%. ARC deems these Triggers as sufficient to limit significant portfolio deterioration in the Revolving Period.
- Risk Analysis: ARC has calculated the Annualized Loss Rate for the period September 2015 to October 2018 given the portfolio provided. ARC calculated the average of the last 12 months' Annualized Loss Rates and stressed this at an 'A(sf)' rating level. Tail risk is mitigated as there is a Maximum Servicer Fee Amount outlined in the Servicing Agreement provided to ARC.
- Credit Enhancement (CE): For the Revolving Credit Facility, CE comprises of 23% over-collateralisation provided by the transaction structure and 5% required risk retention by the Sponsor. ARC believes this is sufficient to protect the Revolving Credit Facility against losses at an 'A(sf)' rating level.

SUMMARY OF RATING METHODOLOGIES

The rating of the Revolving Credit Facility is derived by applying ARC's Global Structured Finance Rating Criteria (updated September 2018) and ARC's Global Consumer ABS Rating Criteria (updated September 2018). These methodologies are freely available from www.arcratings.com.

THIS DISCLOSURE IS FOR INFORMATION PURPOSES ONLY.

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Ratings assigned by ARC represent opinions on the capacity and willingness of an entity to make all required payments on a given obligation in a timely manner.

The rating(s) assigned by ARC in this report was / were sought by the entity whose financial commitments are being rated.

Prior to the assignment or revision of a rating ARC provides to the entity whose financial commitments are being rated the documents that substantiate the rating to be attributed (the Preliminary Rating Report). This entity is thus given the opportunity to clarify or correct factual details, thus allowing the rating assigned to be as accurate as possible. The comments made by the entity whose financial commitments are being rated are taken into account by ARC in the assignment of the rating.

ARC historical default rates are published in the European Securities and Markets Authority Central Repository (CEREP) which can be accessed on the website cerep.esma.europa.eu/cerep-web/. ARC default rate is the probability of lack of full and timely payment of capital or interest or of the occurrence of any event that explicitly indicates that the future full and timely payment of those commitments will not occur (e.g., in case of insolvency).

Ratings do not constitute a recommendation to buy or sell, but only one of the factors to be weighted by investors.

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