

ARC Ratings, S.A. affirms the 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> 30 December 2019	<u>NEXT REVIEW DATE</u> 30 November 2020

ARC Ratings, S.A. (ARC) has affirmed the final, long-term public rating of 'A(sf)' with stable outlook accorded to the Revolving Credit Facility (RCF) of Everglades Credit LLC. The transaction is presently within its revolving period ending, at the latest, by December 2021, with the final legal maturity occurring on 28 December 2022. The rating refers to the timely payment of interest and the ultimate repayment of principal.

COMPANY PROFILE

- Everglades Credit LLC (the 'Borrower') has acquired from the Seller all rights, title and interest in Receivables generated by two portfolios. To fund the purchase of the Receivables, the Borrower requests Floating Rate Loans from the Lenders: BNP Conduit Lender (which may issue Commercial Paper as funding for its Loan Amount) and BNP Initial Committed Lender and Managing Agent.
- Everglades Credit 2 LLC is the Sponsor and holds a minimum of 5% as risk retention in this transaction.
- 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 RCF consists of two underlying credit card portfolios, one being a MasterCard Plan Agreement and the other a Visa Plan Agreement. The receivables originated under the MasterCard Plan Agreement come from a Delaware chartered state bank who has extended credit to qualifying individuals in the form of cobranded, open-ended, general purpose MasterCard credit card accounts. The receivables originated under the Visa Plan Agreement come from a Utah industrial bank who 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. The option to increase the Maximum Facility Amount has not been exercised. The current outstanding Facility Amount is USD 98,189,660.22 with a receivables principal balance of USD 121,918,840.79.

- The transaction benefits from an Advance Rate of 77% with respect to any Eligible Receivable, thus providing 23% of credit enhancement.

RATING HIGHLIGHTS

- Transaction Analysis: ARC has reviewed the Eligibility Criteria and Early Amortization Triggers in place. The Triggers include the following: 3-Month Annualized Loss Rate must not exceed 13.00% (presently 7.23%), 3-Month Average Excess Spread must be at least 1.5% (presently 6.46%) and the 3-Month Gross Principal Repayment Rate must be at least 14% (presently 18.57%).
- Risk Analysis: ARC calculated the average Annualized Loss Rates over the last 12 months and stressed this average at an 'A(sf)' rating level. In addition, ARC stressed the average payment rate as well as the average yield at levels commensurate of an 'A(sf)' rating.
- Credit Enhancement (CE): The transaction benefits from 23% CE, which is in the form of equity given the 77% Advance Rate, as well as additional CE in the form of excess spread. ARC modelled the cashflows for the transaction under stresses commensurate of an 'A(sf)', with the facility being repaid prior to the final maturity date, with respect to the timely payment of interest and the ultimate repayment of principal.

SUMMARY OF RATING METHODOLOGIES

The rating of the RCF is derived by applying ARC's Global Structured Finance Rating Criteria (updated September 2019) and ARC's Global Consumer ABS Rating Criteria (updated September 2019). These methodologies are freely available from www.arcratings.com.

THIS DISCLOSURE IS FOR INFORMATION PURPOSES ONLY

ARC Ratings, S.A.

11 Hollingworth Court
Turkey Mill, Ashford Road
Maidstone, Kent ME14 5PP
UNITED KINGDOM
Phone: +44 (0) 1622 397350
E-mail: arcratings@arcratings.com
Site: www.arcratings.com

Key Contacts:

Ashley Thomas
Lead Analyst
ashley.thomas@arcratings.com

Tascony Matthews
Back-up Analyst
tascony.matthews@arcratings.com

Mark Vrdoljak
Head of Structured Finance & Panel Chairperson
mark.vrdoljak@arcratings.com



Note that ARC Ratings is not a legal, tax or financial adviser, and only provides a credit opinion of the rated securities. For example, a rating does not cover a potential change in laws nor can it be regarded as an audit. Moreover, ARC Ratings is not a party to the transaction documents. Users of our credit ratings should familiarise themselves with the transaction documents / mechanics and should form their own views in this respect. They should not rely on ARC Ratings for legal, tax or financial advice, and are encouraged to contact the relevant advisers.

ARC Ratings, S.A. is registered as a Credit Rating Agency (CRA) by the European Securities and Markets Authority (ESMA), within the scope of the REGULATION (EC) N° 1060/2009 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL, of 16 September, and recognised as External Credit Assessment Institution (ECAI).

This Review Report should be read together with initial Rating Report and with the subsequent Review reports.

Ratings assigned by ARC Ratings 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 Ratings 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 Ratings provides to the entity whose financial commitments are being rated the documents that substantiate the rating to be attributed. 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 Ratings in the assignment of the rating.

ARC Ratings, S.A. 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 Ratings 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.

Throughout the entire period during which ratings are valid, ARC Ratings monitors the issuer's performance on a constant basis, and may even bring forward the date of the review unless stated as point in time. Hence, prior to an investor using a rating, ARC Ratings recommends that it be confirmed, namely by consulting the list of public ratings available on the website www.arcratings.com.

ARC Ratings' ratings are assigned based on information, which may include confidential information, collected from a wide group of sources, which may include the entity whose financial commitments are subject to rating. ARC Ratings uses and treats this information with due care and attention. Although all due care was taken in the collection, cross-checking and processing of the information for the purposes of the rating analysis, ARC Ratings cannot be held liable for its accuracy. ARC Ratings must make sure that the information has a minimum level of quality prior to assigning a rating based on such information.

In the rating process, ARC Ratings adopts procedures and methodologies aimed at ensuring transparency, credibility and independence, and also that rating classifications are not influenced by situations of conflict of interests. Any exceptions to these principles are disclosed by ARC Ratings together with the rating of the financial commitment in question.