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Preliminary Ratings (as of Dec. 7, 2017)

Class	Balance ($)	Preliminary Rating[1]	Modeled Coupon (%)	Subordination (% of original pool balance)	Maturity Date	WAL (Years)**
Class A	50,530,000	A	5.00	40.0	Jan. 2024	1.0
Class B	16,840,000	BBB	6.50	20.0	Jan. 2025	2.6
Class C	12,630,000	BB	10.75	5.0	Jan. 2026	4.0
Overcollateralization*	4,227,869	NR	N/A	0.0	N/A	N/A

[1]Morningstar analyzed this transaction using the U.S. Asset-Backed Securitization General Ratings Methodology and the U.S. Credit Card Receivables Ratings Methodology, available at www.morningstarcreditratings.com.

*Overcollateralization assumes the full prefunding cash amount will be used to purchase new receivables at 95 cents per dollar. It may increase or decrease before the closing date because of fluctuations in the credit card account balances, some accounts being charged off, or the addition of more eligible accounts.

**WAL = Weighted Average Life, assuming a 50% default rate and 30% haircut to monthly fee collections.

Transaction Overview

The securitized notes are backed by the outstanding balance and certain credit card fees on a static pool of credit card accounts originated by Mid America Bank & Trust Co. and Celtic Bank, and purchased by Continental Purchasing, LLC a wholly owned subsidiary of Continental Finance Co., LLC. CFC's business model focuses on borrowers with either limited credit history or with a below prime credit score. Most of the underlying credit card accounts are unsecured, with a small number being partially or fully secured. Besides the outstanding principal balance, the annual credit card fees, late payment charges, and the annual percentage rate charges make up the bulk of the receivables. The transaction features a sequential pay waterfall in which the amounts paid to the issuer are limited by various performance triggers.

Issuer	Continental Credit Card ABS 2017-1, LLC
Sponsor and Servicer	Continental Finance Co., LLC
Subservicer	Center One, LLC
Backup Servicer	First Associates Loan Servicing, LLC
Account Originators	Mid America Bank & Trust Co., Celtic Bank Corp.
Trustee, Paying Agent	Wilmington Trust, National Association

Initial Purchasers	Natixis Securities Americas LLC, JMP Securities LLC
Structure	IIPP - Interest, Interest, Principal, Principal (p. 9)
Expected Closing Date	Dec. 20, 2017
Interest Payments	Fixed, 15th of every month
Servicing Fee	Servicer - 3.5%. Backup Servicer - $5,000/month
Trustee and Paying Agent Fees	$2,000/month

Strengths (p. 3)

- Excess spread in the deal is approximately 60% per year.
- The sponsor's operating history goes back through the recession.
- The sponsor's management team is experienced in, and focused solely on, the credit card business.
- All accounts in the pool will be at least nine months old at closing.
- The static pool removes uncertainty around the collateral quality.
- The obligor concentration is geographically diversified.

Concerns (p. 4)

- The expected cumulative charge-off rate is between 50% and 55% of the original pool balance.
- Emergence of similar credit cards from competitors may increase attrition rates.
- Finance charges and other fees charged to the accounts may be lowered to reduce attrition or because of changes in industry regulations, competition, or adverse court decisions on challenges to such charges or fees.
- The sponsor's business depends on consumer spending.

Collateral Summary*

Pool Balance, Principal Receivables Only ($)	71,727,869
Pool Balance, Including Finance Charge Receivables ($)	74,011,873
Number of Accounts	154,058
Average Account Balance ($)	480
Total Credit Limit ($)	89,915,625
Credit Limit Used (%)	79.8
Average Interest Rate (%)	30.2

Account Age Range	0.75 - 6 years
Weighted Average Account Age	1.6 years
Vantage Score Range	0 - 850
Weighted Average Vantage Score	623
States > 5% by $ balance	CA, TX, FL, and NY
Receivables Generated by Celtic (%)	31.7
Receivables Generated by MABT (%)	68.3

* The summary is based on the collateral characteristics as of Nov. 30, 2017. The actual pool characteristics might vary.

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Ratings Rationale

Morningstar Credit Ratings, LLC modeled the transaction using its proprietary cash flow model. More details about the inputs, assumptions, and results are in the Cash Flow Modeling section. We also analyzed the integrity of the legal aspects of the transaction along with the servicer's track record and the backup servicing arrangement. Morningstar considered these major factors:

- The Class A notes benefit from subordination of 40% of the original pool balance, provided by the Class B and C notes as well as overcollateralization, and a spread reserve account, unfunded at closing, sized to 1% of the aggregate principal receivable balance as of the first day of the related monthly period. The Class B notes benefit from 20% subordination provided by the Class C notes and overcollateralization, and the spread reserve account. The Class C notes benefit from 5% overcollateralization and the spread reserve account.
- Excess spread is approximately 60% per year.
- The expected cumulative loss is approximately 50%-55% of the original pool balance.
- The priority of payments includes triggers that make the Class A and B notes stronger by deferring the Class C interest and by stopping any payments to the holder of the residual interest.
- Historical data show limited deterioration in performance during times of economic stress because of the necessity of the credit cards offered by CFC to its customers.
- The modeling results described in the Cash Flow Modeling section show the resilience of the notes to rating-specific stresses and scenarios.
- CFC's origination experience and performance history start in 2006, and thus go back through the last credit cycle. This is the second credit card asset-backed securities transaction issued by CFC. The first securitization was issued in December 2016, which continues to perform well.
- The backup servicer, First Associates, has over 30 years of experience in servicing consumer receivables.

Strengths and Concerns

Strengths

- **Excess spread in the deal is approximately 60% per year.** The high excess spread compensates for higher expected losses in the deal. Morningstar calculated the excess spread based on historical yield data, assuming no defaults and approximately 10% expenses on various fees and interest on the notes. The actual excess spread would be reduced because of attrition, delinquencies, and defaults in the pool.

- **The sponsor's operating history goes back through the recession.** Morningstar analyzed the receivables' performance starting from 2006. Between May 2009 and March 2012, no new accounts were originated, making that period a proxy for a static-pool analysis of revolving credit card accounts through the recession.

- **The sponsor's management team is experienced in, and focused solely on, the credit card business.** CFC and its affiliates are expected to focus on providing the same standards of servicing for the accounts and providing customer service to borrowers during periods of financial stress or when no new accounts are originated, as the finance charges and various fees generated from existing customers would remain the sole source of revenue for the company.

- **All accounts in the pool will be at least nine months old at closing.** The seasoning of the accounts is a key variable in our expected loss estimation. The more seasoned the pool is, the lower the expected loss is in the transaction, as credit card defaults are usually front-loaded.

- **The static pool removes uncertainty around the collateral quality.** This allows us to analyze the pool with a greater certainty versus a revolving pool. There is prefunding provision for up to April 2, 2018 and approximately 15% of the collateral. The risk associated with unknown collateral going into the pool during prefunding period is mitigated because loans that are expected to be added to the pool have already been originated and they will be added only when they reach nine months seasoning and satisfy the eligibility criteria.

- **The obligor concentration is geographically diversified.** As of Nov. 30, 2017, California accounted for the highest number of accounts in the pool at approximately 10.2%, and Texas accounted for the highest outstanding principal balance, approximately 10.0% of the total dollar balance outstanding. Higher diversification reduces the exposure to regulatory risk from a particular state.

Concerns

- **The expected cumulative charge-off rate is between 50% and 55% of the original pool balance.** The charge-offs, if front-loaded, make the bonds weaker. However, the subordination, the excess spread, and the triggers in the priority of payments mitigate this risk.

- **Emergence of similar credit cards from competitors may increase attrition rates.** If more competitors enter the market with more-attractive features for customers, the attrition rates during the life of the ABS may increase. Some of the features offered by the competitors could be lower annual or monthly fees, lower APR, or lower late fees. We account for this risk by increasing the attrition rate in our cash flow analysis under different stress scenarios.

- **Finance charges and other fees charged to the accounts may be lowered to reduce attrition or because of changes in industry regulations, competition, or adverse court decisions on challenges to such charges or fees.** It is not uncommon to offer better terms such as reduced fees or APR to customers to retain their business. Credit card companies may also be required to lower one or more of their fees if there are changes to state or federal regulations for the industry.

  Developments around cases such as the Madden v. Midland, CashCall v. Morrisey, and Commonwealth of Pennsylvania v. Think Finance may affect CFC's business given the relationship between Mid America Bank & Trust Co. and CFC or between Celtic Bank and CFC. These cases have challenged the relationship between financial technology companies that purchase loans or receivables originated by third-parties, such as banks. These arrangements allow the financial technology company to assist a bank with marketing credit products to customers in states and/or at interest rates at which the financial technology company could not lend directly to consumers. Celtic is a defendant in two lawsuits, recently filed with respect to its small-business loan program, pursuant to which Celtic originated certain loans and sold them to a financial technology company. Both lawsuits allege that the financial technology company, not Celtic, is the true lender, and by virtue of being a nonbank, the lending arrangement violates certain states' usury laws. The lawsuits are (i) NRO Boston, LLC and Alice Indelicato v. Kabbage, Inc. and Celtic Bank Corp., and (ii) Barnabas Clothing, Inc. and Alexander Aquino v. TBF Financial I, LLC, Kabbage, Inc., Celtic Bank Corp. et al. Celtic Bank is in the early stages of defending such litigation, and it is not possible to predict the final outcome of the cases or any impact to the Celtic Bank's arrangement with CFC.

  While neither of the foregoing complaints relates to Celtic's credit card program with CFC, MABT and Celtic are the owners of the respective accounts they originate. They sell the receivables generated from these accounts to CFC, which also services these accounts. If a court finds CFC to be the true lender or otherwise finds CFC's credit card program to be in violation of state or federal laws, including, but not limited to, those related to usury, consumer protection and/or unfair and deceptive trade practices, it may render some or all of the receivables legally unenforceable and deteriorate the deal's performance. Morningstar believes that the low expected weighted average lives of the notes and the high frequency revolving nature of the credit card accounts help mitigate some of the risks associated with the credit program structure.

- **The sponsor's business depends on consumer spending.** Periods of economic stress may put undue financial pressure on the account holders, making the credit cards more expensive for customers and potentially increasing defaults and attrition. This concern is partially mitigated by the necessity of these credit cards for CFC's target customers.

Collateral

The debt service on the notes is provided by principal payments and various fees and charges applied to the credit card accounts in the underlying pool. The fees and charges include the annual fees, late fees, finance charges (or APR interest), interchange income, not-sufficient-funds fees, cash advance fees, and additional user fees. The monthly maintenance fee is not part of the collateral and does not service the outstanding notes. Apart from CFC's existing credit card product with a $500 initial credit limit, their new credit card product, with a $750 initial credit limit, is also a part of the collateral and can form up to 10% of the portfolio. There is also $11.9 million in prefunding balance at closing, which can be used till April 2, 2018, to add additional collateral, amounting to approximately 15% of the collateral, purchased at 95 cents/dollar. The remaining five cents/dollar will be considered a capital contribution from the seller to the issuer. All credit card accounts, initial or purchased using prefunding balance, need to be at least nine months seasoned to be eligible collateral. Table 1 provides a comparison of the structures and collateral characteristics for CFC's 2016-1 and 2017-1 securitizations.

Table 1: Comparison With Previous Securitizations

Securitization	2017-1	2016-1
Class A Rating, Size (% Collateral Balance*)	A, 60%	A+, 60%
Class B Rating, Size (% Collateral Balance*)	BBB, 20%	BBB+, 20%
Class C Rating, Size (% Collateral Balance*)	BB, 15%	BB+, 15%
Expected Loss (%)	50 - 55	45 - 50
Minimum Account Age for Eligible Collateral (months)	9	12
$750 Initial-Credit-Limit Product Concentration Limit (% Collateral Balance)	10.0	0.0
Collateral Cutoff Date	Nov. 30, 2017	Oct. 31, 2016
Prefunding Cash Balance ($)	11,875,000	0
Pool Balance, Including Finance Charge Receivables ($)	74,011,873	71,485,338
Number of Accounts	154,058	170,086
Average Account Balance ($)	480	420
Total Credit Limit ($)	89,915,625	86,699,400
Credit Limit Used (%)	79.8	78.3
Average Interest Rate (%)	30.2	29.1
Weighted Average Account Age	1.6 years	2.4 years
Weighted Average Vantage Score	623	624

*For 2017-1 collateral balance calculation we assume that the full prefunding cash amount will be used to purchase new receivables at 95 cents per dollar.

Managed Portfolio

Key statistics for CFC-managed pool performance are in Table 2.

Table 2: Pool Performance of CFC's Managed Portfolio

	Nine Months Ended Sept. 30, 2017	2016	2015	2014	2013	2012
Average Outstanding Balance ($)	187,584,220	170,077,348	149,794,582	76,544,660	52,147,039	20,644,101
Portfolio Yield Collected (%)	60.6	57.5	61.1	68.5	66.5	42.2
Charge-Off Rate (%)	41.1	43.3	38.5	32.3	31.8	18.9
Monthly Principal Payment Rate (%)	9.0	8.4	9.3	10.5	14.4	10.9

Source: Preliminary Offering Memorandum

The managed pool statistics may not reflect the expected performance of the securitization's static pool. For example, the charge-off rate is suppressed because of an increasing amount of receivables added each year, so the charge-off rate would likely be higher in a static pool. However, it is also adjusted lower for this static pool because only receivables that are at least nine months old are in the securitized portfolio, and observed losses are front-loaded. The charge-off rate in Table 2 seems to be increasing over time; this is largely because CFC did not originate any new receivables between April 2009 and March 2012. As a result, at the beginning of 2012 the pool was almost three years old and exhibited a lower charge-off rate. After CFC resumed origination of new accounts, more charge-offs from the newer accounts contributed to the elevated charge-off rate.

Securitized Portfolio Stratification – Static Pool

The following tables highlight some key statistics of the pool. Please note that in some cases the aggregate of balances may not equal the total amount listed because of rounding.

Table 3: Pool Stratification by Vantage Score (as of Nov. 30, 2017)

Vantage Score	Number of Accounts	% (by Number of Accounts)	$ Balance	% (by $ Balance)
No Score	325	0.2	145,777	0.2
1-559	2,766	1.8	1,406,893	1.9
560-599	34,162	22.2	17,102,402	23.1
600-629	52,712	34.2	25,703,704	34.7
630-659	42,635	27.7	20,056,681	27.1
660-689	16,154	10.5	7,324,459	9.9
690-719	4,292	2.8	1,880,508	2.5
720-749	887	0.6	346,476	0.5
750+	125	0.1	44,974	0.1
Total	154,058	100.0	74,011,873	100.0

Table 4: Pool Stratification by Account Age (as of Nov. 30, 2017)

Age of Account	Number of Accounts	% (by Number of Accounts)	$ Balance	% (by $ Balance)
Below 1	47,208	30.6	23,017,389	31.1
1 - 2 years	67,506	43.8	32,282,317	43.6
2 - 3 years	27,195	17.7	12,665,969	17.1
3 - 4 years	12,053	7.8	6,021,391	8.1
4+ years	96	0.1	24,807	0.0
Total	154,058	100.0	74,011,873	100.0

Table 5: Top 10 States by Outstanding Account Balance (as of Nov. 30, 2017)

Top 10 States	Number of Accounts	% (by Number of Accounts)	$ Balance	% (by $ Balance)
Texas	14,964	9.7	7,376,178	10.0
California	15,739	10.2	7,232,564	9.8
Florida	15,128	9.8	7,111,336	9.6
New York	11,305	7.3	5,418,418	7.3
Pennsylvania	7,099	4.6	3,439,792	4.6
Illinois	6,861	4.5	3,331,809	4.5
Georgia	6,777	4.4	3,303,140	4.5
Ohio	6,071	3.9	2,984,697	4.0
North Carolina	5,882	3.8	2,920,075	3.9
Michigan	5,013	3.3	2,457,030	3.3

Table 6: Pool Stratification by APR (as of Nov. 30, 2017)

APR (%)	Number of Accounts	% (by Number of Accounts)	$ Balance	% (by $ Balance)
0 – 19.90	7,265	4.7	4,669,857	6.3
19.91 – 25.90	5,228	3.4	3,102,460	4.2
25.91 – 31.90	141,565	91.9	66,239,556	89.5
31.91+	-	0.0	-	0.0
Total	154,058	100.0	74,011,873	100.0

Table 7: Pool Stratification by Credit Limit (as of Nov. 30, 2017)

Credit Limit ($)	Number of Accounts	% (by Number of Accounts)	$ Balance	% (by $ Balance)
300.01 - 500	105,857	68.7	45,041,071	60.9
500.01 - 600	5	0.0	1,683	0.0
600.01 - 700	10,577	6.9	5,728,630	7.7
700.01 - 1,200	37,618	24.4	23,237,386	31.4
1,200+	1	0.0	3,103	0.0
Total	154,058	100.0	74,011,873	100.0

Table 8: Pool Stratification by Outstanding Account Balance (as of Nov. 30, 2017)

Balance Range ($)	Number of Accounts	% (by Number of Accounts)	$ Balance	% (by $ Balance)
Credit Balance	759	0.5	(39,627)	-0.1
0	5,001	3.2	0	0.0
0.01 - 100	6,103	4.0	222,562	0.3
100.01 - 200	5,931	3.8	857,130	1.2
200.01 - 300	7,630	5.0	1,942,362	2.6
300.01 - 400	14,181	9.2	5,053,296	6.8
400.01 - 500	42,453	27.6	19,601,037	26.5
500.01 - 600	32,623	21.2	17,783,914	24.0
600.01 - 700	17,533	11.4	11,283,279	15.2
700.01 - 800	15,832	10.3	11,911,568	16.1
800+	6,012	3.9	5,396,352	7.3
Total	154,058	100.0	74,011,873	100.0

Table 9: Collateral Pool Delinquencies (as of Nov. 30, 2017)

Delinquency (Day)	Number of Accounts	% (by Number of Accounts)	$ Balance	% (by $ Balance)
Current	133,770	86.8	62,166,431	84.0
1 - 29	12,365	8.0	6,880,124	9.3
30 - 59	7,923	5.1	4,965,318	6.7
60+	-	0.0	-	0.0
Total	154,058	100.0	74,011,873	100.0

Key Transaction Parties

Servicer: Continental Finance Co., LLC

Continental Finance Co., LLC markets and services secured, partially secured, and nonsecured credit cards for consumers with nonprime and near-prime credit scores and limited credit profiles. The company was founded in 2005 and is headquartered in Newark, Delaware. Since March 2006, CFC has reviewed over 9 million credit card applications and approved approximately 2.3 million. CFC has outsourced the card activation and servicing to Center One LLC, a customer relationship management services company offering credit card portfolio management in Buffalo, New York, and Beaver Falls, Pennsylvania. CFC's COO is in the Center One Buffalo office.

Management and Staff: CFC's senior management team averages close to 12 years of company tenure and 29 years of industry experience.

Audit and Quality Control: CFC has engaged RSM US LLP and Hudson Cook, LLP to complete internal and external audits. RSM is an audit, tax, and consulting firm specializing in middle-market firms. Hudson Cook is a law firm focused on companies providing consumer financial services. The most recent RSM internal audits covered the Fair and Accurate Credit Transactions Act, the Fair Credit Reporting Act, credit card collections and compliance, credit card servicing, and credit card collections. The internal audit for credit card servicing did identify two areas that need improvement. CFC had identified these needs before to the internal audit and remediated the issues. The remaining audits all resulted in satisfactory findings with no material adverse findings.

Marketing and Origination: CFC markets to consumers with FICO scores less than 660, who have difficulty getting credit, and are trying to build or rebuild their credit score or are seeking an alternative way to pay for transactions versus cash or checks. The company's marketing channels include targeted direct mail, email campaigns, affiliate marketing, Internet popups, and search engine inquiries.

Underwriting: CFC has developed a proprietary automated decision engine that analyzes over 2,500 data points on each application. The company uses data from external and internally developed proprietary sources to create a risk grading CFC score. CFC completes a LexisNexis identification verification to confirm borrower information such as the applicant's identity, address, age, and other verifications to comply with regulatory requirements and reduce fraud. The underwriting engine uses TransUnion's VantageScore and a custom credit score developed by TransUnion that is based entirely on CFC's portfolio of proprietary data. The automated underwriting engine has approved approximately 25% of credit card applications and determined the type of credit card the applicant is eligible for.

Servicing: CFC outsources all of its servicing functions to Center One, a company established in 2005 to service CFC's portfolio. Center One has almost 300 employees. Center One is responsible for collections, card activations, supporting marketing applications, fraud monitoring, verifying additional information on applications, customer service, bankruptcy processing, returned mail processing, written correspondence, and dispute processing. Center One activates credit cards for CFC customers with both interactive voice responses and live customer service agents.

CFC has a customer support team that works with clients who face financial hardships and have difficulty making their credit card payments. The company has policies and procedures to evaluate the customer's financial situation to determine the appropriate action. CFC can propose temporary revised terms of repayment, allowing the customer the chance to rebuild and meet the original payment terms.

Disaster Recovery and Business Continuity: CFC has disaster-recovery and business-continuity plans to guide the company's operations in the event of a business disruption. The disaster-recovery and business-continuity plans spell out the responsibilities of different groups within the company in the event of a disaster. The company works in a cloud environment provided through Amazon Web Services with co-locations in Northern Virginia and Oregon data centers. CFC has a geographically separate standby facility that the information-technology and disaster-recovery teams use if the primary office is not operable. Employees can securely connect to the network remotely and do not need to relocate in the event of an emergency. CFC's primary servers are in the Northern Virginia data center. Data on the company's production structured query language servers is replicated to a hot standby every 60 seconds, and all file servers use Microsoft's Volume Shadow Copy Service for point-in-time recovery.

Legal and Regulatory: In February 2015, CFC entered into a consent order with the Consumer Financial Protection Bureau regarding an investigation of approximately 98,000 accounts that claimed that CFC deceptively charged a paper statement fee to its customers and misrepresented that certain cards were FDIC insured when many funds were not during a certain time period. While the consent order stipulated that CFC neither admitted or denied any of the findings of facts or conclusions of law, CFC represented they refunded all of the paper statement fees, totaling to $2.7 million, to its customers. According to CFC's senior management, in September 2016, the company discovered an instance of embezzlement where an employee fraudulently diverted approximately $6.3 million over several years. CFC's external auditor, along with another independent firm, conducted a forensic audit of vendor payments, and the company's internal investigation concluded that more controls were required to detect or prevent unauthorized, fraudulent transactions. Senior management represented

CFC has taken measures to enhance its cash controls and procedures, including adopting enhanced approval procedures and additional audit procedures pertaining to expenses. The related funds were diverted from the company's working capital and retained earnings, and the credit card portfolio cash accounts were not affected.

CFC disclosed that in December 2016, the New York Attorney General's Office initiated an investigation into CFC's direct mail marketing material sent to New York residents. The investigation was based on the NYAG's claim the marketing materials did not properly disclose that the annual fee would reduce the available credit. CFC said that it believes its disclosures comply with all applicable laws and represents the NYAG did not allege a violation of any specific disclosure requirement. In October 2017, CFC and the NYAG agreed to settle the matter, with CFC modifying its direct mail marketing material and providing restitution to certain New York consumers in an aggregate amount less than $20,000 in consideration for a release from any potential liability under applicable New York laws.

CFC represented that it is currently involved in litigation or arbitration regarding 12 complaints. The complaints do not appear to be outside the normal course of business and are expected to be dismissed or settled for a nominal sum.

Backup Servicer – First Associates Loan Servicing, LLC

First Associates Loan Servicing, LLC, a Delaware limited liability company, will serve as the backup servicer for this transaction. Its principal offices are in San Diego, and it has been in business for over 30 years. First Associates started servicing credit card receivables and unsecured personal loans in 2009, with its team primarily responsible for backup servicing, payment processing, customer service, delinquency management, and workouts, according to the deal offering document.

Account Originators - Mid America Bank & Trust Co. and Celtic Bank

Mid America Bank & Trust, a member of the FDIC, is a bank chartered by the state of Missouri. As of Sept. 30, 2017, the bank had over $166 million in assets and $32.4 million in tier 1 capital, according to the deal offering document. Celtic Bank, also a member of the FDIC, is a Utah chartered industrial bank. As of Sept. 30, 2017, the bank had over $649 million in assets and $107.9 million in tier 1 capital, according to the deal offering document. Both Mid America Bank & Trust and Celtic Bank, as duly registered principal members of MasterCard International, Inc., are authorized to establish and own MasterCard accounts that CFC markets to customers. Under the receivables purchase agreements with CFC, the originators have transferred, and will continually transfer on an ongoing basis, all of their rights, title, and interest in the receivables to the seller, Continental Purchasing, LLC.

Structural and Legal Considerations

Priority of Payments

During the targeted amortization period, which is the first four years after the closing date, the priority of payments is as follows:

1. The indenture trustee fee, the paying agent fee, the servicing fee, the backup servicing fee, and any indemnification or reimbursement amounts owed to the trustee and the paying agent subject to a cap of $100,000 in any calendar year, all on a pro rata basis. The cap is not applicable for expenses incurred by the trustee when it is required to petition a court to appoint a successor servicer.
2. Accrued and any previous unpaid interest on Class A.
3. Accrued and any previous unpaid interest on Class B.
4. Accrued and any previous unpaid interest on Class C.
5. To the servicer, any unreimbursed liquidity advances.
6. In sequential order until the senior-most class outstanding is paid off: principal for Class A, Class B, and Class C, until the target advance rate for that payment date is reached. Target advance rates for the first, second, third, fourth, and subsequent years are 95%, 90%, 85%, 75%, and 0%, respectively.
7. To the spread account, up to the required spread account amount.
8. If the payment date is before the scheduled amortization date, or the 48th payment date - residual payment to the issuer, up to a maximum amount of $7.0 million for any period of 12 consecutive months, and up to a maximum amount of $21.0 million for the life of the transaction.
9. In sequential order: principal for Class A, Class B, and Class C, until each class is paid off.
10. Any prior unpaid amounts owed to the indenture trustee, the paying agent, the authenticating agent, the transfer agent and the registrar.
11. Any remaining amounts to the issuer.

Note: Morningstar ratings do not account for uncapped expenses incurred under extraordinary circumstances.

If an early amortization event exists, as defined in the Early Amortization Events section, the priority of payments is as follows:

1. All on a pro rata basis, (i) fees and any indemnification and reimbursement amounts owed to the indenture trustee, the paying agent, the servicer, and the backup servicer, and (ii) if the servicer transition has commenced, any unpaid servicer transition costs to the successor servicer, up to a maximum of $25,000. The indemnification amounts are subject to a cap of $100,000 in any calendar year, unless the early amortization event exists due to an event of default or if the trustee is required to petition a court to appoint a successor servicer.
2. Accrued and any previous unpaid interest on Class A.
3. Accrued and any previous unpaid interest on Class B.
4. To the servicer, any unreimbursed liquidity advances.
5. In sequential order: principal for Class A and Class B, until each class is paid off. Then to Class C, accrued interest plus any unpaid deferred interest and principal payment until Class C is paid off.
6. If the servicer transition has commenced, any unpaid servicer transition costs to the successor servicer.
7. Any prior unpaid amounts owed to the indenture trustee, the paying agent, the authenticating agent, the transfer agent and the registrar.
8. Any remaining amounts to the issuer.

Note: During an early amortization event, Class C interest is deferred.

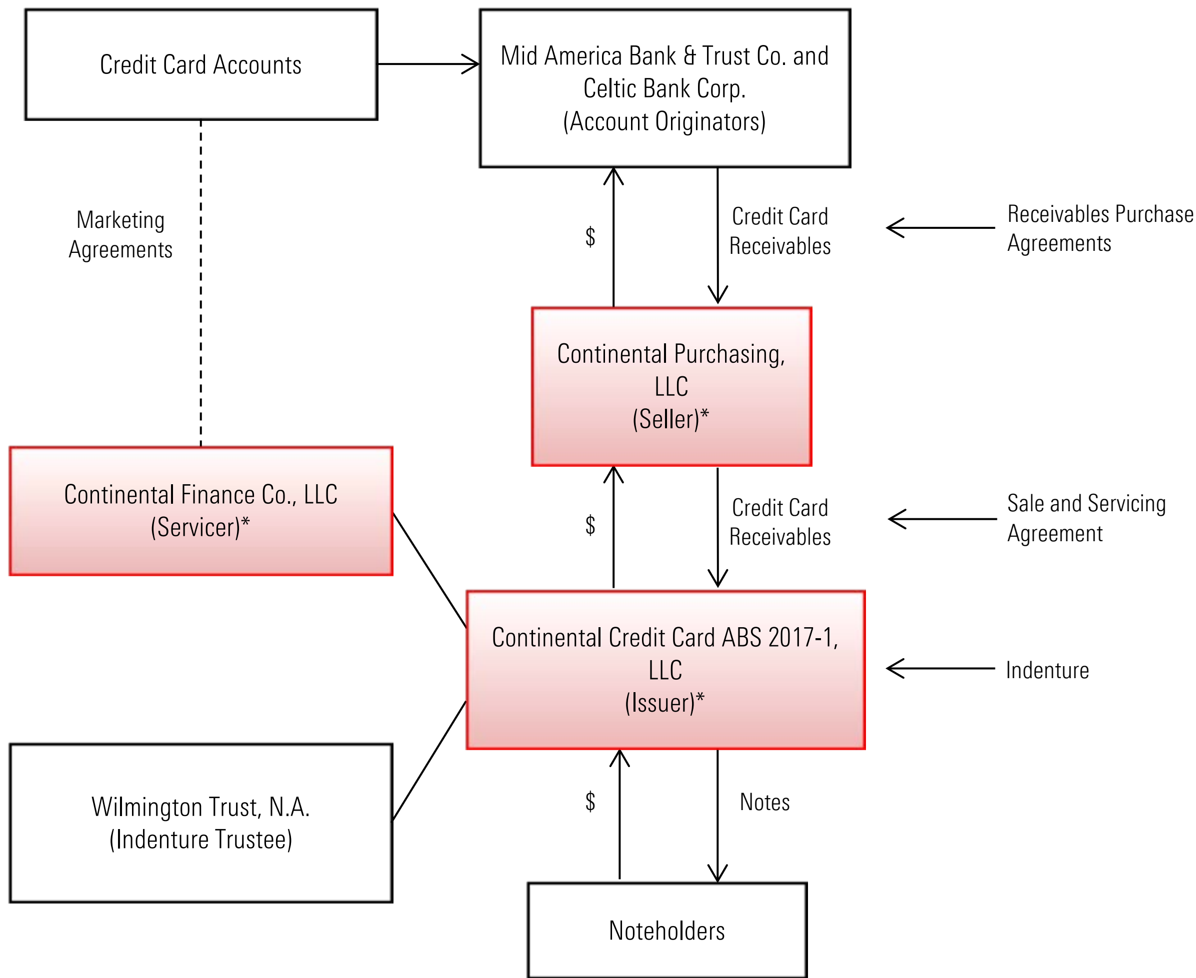
Early Amortization Events

An early amortization event occurs if any of the following is true:

1. The average excess spread over the past three months is less than 0%.
2. The average monthly principal payment rate over the past three months is less than 4%.
3. The cumulative charge-offs (net of recoveries) over the past three months as a percentage of the beginning principal balance three payment dates ago is more than 15%.
4. A cash sweep trigger, as defined below, exists. A cash sweep trigger is curable.
    a) The average excess spread over the past three months is less than 5%.
    b) The cumulative charge-offs (net of recoveries) over the past three months as a percentage of the beginning principal balance three payment dates ago is more than 12%.
5. Any issuer or seller representation or warranty proves to have been incorrect in any respect and continues unremedied for 30 days (or longer if allowed by the transaction documents).
6. An event of default, as defined below, occurs.
    a) Default in the payment of the principal in full of any note by its maturity date or the redemption date.
    b) Default in the payment of interest on any note when it's due and payable, and such default continues unremedied for five business days.
    c) A servicer default.
    d) Failure by the seller or the issuer to honor its covenants or agreements as per the transaction documents, and it continues unremedied for 30 days (or longer if allowed by the transaction documents).
    e) Insolvency of the issuer.
    f) The issuer becomes an investment company or a company controlled by an investment company.
    g) The indenture trustee ceases to have a perfected security interest in the collateral.
7. A default trigger, as defined below, occurs.
    a) An event of default.
    b) Insolvency of CFC or a material subsidiary.
    c) Either originator bank ceases to originate new receivables for the securitized accounts or ceases to sell those receivables to the seller, unless, within 30 days, a successor originator has been appointed and has started originating receivables.
    d) CFC is terminated as the servicer following a servicer default.

Note: Once a default trigger occurs, collections cannot be used to purchase new receivables into the securitized accounts.

Transaction Structure



* The seller is a wholly owned subsidiary of the servicer, and the issuer is a wholly owned subsidiary of the seller.
Source: Preliminary Offering Memorandum

Opinions and Legal Structure

The issuer is a bankruptcy-remote limited-purpose entity that was formed as a Delaware limited liability company on Nov. 27, 2017. We expect the issuer to appoint at least one independent director and for its purposes to be limited to acquisition of underlying receivables. We expect to receive opinions from Wilkie Farr & Gallagher LLP confirming true sale of the receivables from the seller to the issuer and no substantive consolidation in a bankruptcy of the seller, such that there should be legal separation of assets held by the issuer in trust for the benefit of noteholders. The issuer's assets will consist of all collections and proceeds from the underlying accounts that constitute the collateral for the ABS, and the trust accounts.

Limited Rating Agency Confirmation/Notice

Rating agency confirmation may not be required for certain material amendments or modifications to the contractual terms for the underlying accounts and/or material amendments to the indenture or sale and servicing agreement. In addition, notice of such items may be provided to the rating agency after such items are effectuated. Because the rating agency may obtain knowledge of these various items later, surveillance activities and any related rating adjustments may occur later than if rating agency confirmation and/or prior notice of such items was provided.

Cash Flow Modeling

We used a cash flow model to estimate the break-even amount of cumulative defaults, as a percentage of the original pool balance, that a class of notes can sustain before taking the first dollar of loss. These break-even defaults were calculated under various stress scenarios where we assumed different timing and magnitude for various variables in the model, such as default percentage, haircut to monthly fee collections, attrition rate, recovery rate, and payment rate. The break-evens were compared with the base-case expected loss of the pool, along with historically observed losses during periods of economic stress. Model outputs across various scenarios, in conjunction with analysis of the transaction's legal structure, were critical in assigning the preliminary ratings to the notes.

Expected Losses and Excess Spread in the Pool

We analyzed over 10 years of historical charge-off data provided by CFC to calculate our base-case expected charge-offs for the securitization pool and to estimate the fees generated by the underlying accounts. The trends were analyzed based on both CFC's proprietary credit score as well as the customers' Vantage scores. We took into account that the securitized pool consists only of accounts that are at least nine months old and the inclusion of the new $750 initial credit limit product. Because the securitization pool is static, we focused our analysis on the accounts originated by CFC during various periods of time and the cash flow generated by the same over the life of those accounts. Additionally, CFC did not originate new accounts between April 2009 and March 2012, and the fees and customer default trends observed during that period provide valuable insight into the performance of a static pool during an economically stressful period. Morningstar estimates the expected loss in the pool over the life of the deal to be between 50% and 55% of the original outstanding account balance, and excess spread to be approximately 60% per year.

Default Timing Vectors

CFC credit card accounts have historically shown higher losses in the first two years with a significant slowdown afterwards. However, because of factors mentioned in the Concerns section, we looked at the deal's performance under loss curves, or default timing vectors, that are back-loaded in losses along with the more expected front-loaded DTVs. Given the high excess spread in the deal, the back-loaded DTVs show stronger performance. Table 10 shows some sample DTVs; each of terms one through six across the top of the table represents a period of one year, and each number along the vertical axis designates a different DTV. For example, in a scenario where DTV 3 applies, 40% of the total losses over the life of the deal will happen during year two of the transaction. In these sample DTVs no defaults occur in year six and onward because in general the percentage of defaults that occurs after three to four years is small.

Table 10: Sample Default Timing Vectors

	Year					
Default Timing Vector	1	2	3	4	5	6
1	100					
2	70	20	10			
3	50	40	10			
4	35	25	20	15	5	
5	20	20	20	20	20	
6	20	40	30	10		
7	20	20	50	10		
8	10	20	70			

Modeling Results And Assumption Sensitivity

Table 11 shows the break-even cumulative default rates for each class of rated notes under two sets of rating scenarios. The left portion shows the break-even defaults under the respective assigned rating stresses, and the right portion shows the break-even defaults under a higher rating stress. For example, the left side shows Class C under the BB stress with a 20% haircut to monthly fee collections and a 5% recovery rate, while the right side shows Class C under the BBB stress with a 30% haircut to monthly fee collections and a 0% recovery rate. The current average recoveries on defaulted receivables is approximately 20%. Both sets of stresses are run with multiple timing options for the elevated attrition stress– zero, six, and 12 months from closing. This elevated attrition stress is run to assess the sensitivity of break-even defaults to possible attrition increases for reasons described in the Concerns section, and it raises the attrition rate in the pool by up to 1% per month over its recently observed average of 10% per year. The monthly payment rate vector was kept just above the trigger level.

Table 11: Break-Even Cumulative Default Rate (%)

	Rating-Specific Assumptions			Stressed Assumptions		
Rating Category	A	BBB	BB	AA	A	BBB
Haircut to Monthly Fee Collections (%)	40	30	20	50	40	30
Recovery Rate (%)	0	0	5	0	0	0
	Class A	Class B	Class C	Class A	Class B	Class C
Elevated Attrition After 12 Months						
Default Timing Vector						
1	67	66	63	62	61	57
2	71	70	67	66	65	60
3	74	72	68	68	66	62
4	80	76	68	75	72	61
5	80	72	70	76	69	64
6	77	74	72	71	67	64
7	80	70	70	77	63	62
8	77	71	71	73	64	63
Elevated Attrition After 6 Months						
Default Timing Vector						
1	66	65	62	61	60	56
2	70	68	65	64	63	58
3	72	70	65	66	64	60
4	77	73	65	73	70	58
5	77	70	67	73	66	61
6	74	70	68	70	64	61
7	78	67	67	74	60	59
8	74	68	67	70	61	60
Elevated Attrition After 0 Months						
Default Timing Vector						
1	64	62	59	59	58	53
2	68	65	62	62	60	56
3	70	67	62	64	62	56
4	74	69	61	70	66	54
5	74	67	63	71	63	58
6	71	67	65	70	61	57
7	74	63	63	71	57	55
8	71	64	63	67	58	56

We compared the break-even results in Table 11 to the levels proposed as guidance in Table 12 below. This table provides guidance only for this transaction, and this guidance may change for other transactions we rate based on many variables such as the expected loss, expected volatility in the pool performance, amount of historical data available, granularity of the pool, range of APR in the securitized accounts, and other qualitative factors mentioned in this report. For example, Morningstar would look at a pool of prime credit card accounts differently. The haircuts and target break-even default ranges may be lowered considering the significantly lower expected loss and excess spread.

Table 12: Approximate Break-Even Stresses for Various Rating Categories

Rating Category	Break-Even Cumulative Default Rate (%)	Haircut to Monthly Fee Collections (%)
AAA	80+	60
AA	75 - 85	50
A	70 - 80	40
BBB	65 - 75	30
BB	55 - 65	20
B	45 - 55	10
Expected Loss (%)	50 - 55	0

Table 11 shows that Class C performs well under the BB stress but falls short in the BBB stress. Similarly, Class B seems to pass the BBB stress much more comfortably than the A stress, just as Class A performs well under the A stress versus the AA stress. Note that these results are just a sample of model outputs, and the ratings committee may have reviewed additional model runs, along with qualitative factors such as the ones listed under the Ratings Rationale and Strengths and Concerns sections.

Monitoring and Surveillance

We expect to receive a monthly report from the trustee, Wilmington Trust, N.A., detailing the payments made to the notes on each payment date and any additional reporting, provided by the servicer, that the servicer determines should be disclosed to noteholders.

Our surveillance, which we conduct subject to the terms of Appendix A below, involves quantitative and qualitative analysis that includes reviewing transaction performance relative to initial expectations, the likelihood that deal triggers will be breached, and information obtained from any ongoing operational reviews.

Representations, Warranties, and Enforcement Mechanisms

Morningstar's Rule 17g-7 report on the Representations, Warranties, and Enforcement Mechanisms for this transaction is available on its website, www.morningstarcreditratings.com and is incorporated herein by reference.

Appendix A: Morningstar Rating Surveillance

Morningstar will maintain active surveillance of this transaction, which will include detailed reviews on a regular, at least annual, basis. Morningstar's surveillance analysis is focused on the performance of the collateral and developments that may affect future cash flows, valuation and recoveries. We will continue our dialogue with the sponsor and will publish updated ratings on the rated notes if and when necessary.

Any surveillance activities described herein are conditioned on Morningstar's receipt of certain information to enable Morningstar to perform surveillance.

Appendix B: Morningstar Rating Characteristics

The preliminary ratings provided in this report address the likelihood of the timely receipt of distributions of interest by noteholders to which they are entitled and, the ultimate distribution of principal by the maturity date.

The preliminary ratings are based solely on the scope of review enumerated in this report and the information related thereto provided to Morningstar through the arranger website as of the date hereof or as expressly enumerated herein which we believe to be reliable. Unless otherwise in accordance with Morningstar's policies and procedures, Morningstar does not audit or verify the truth or accuracy of any such information. Morningstar did not review the transaction documentation for the underlying documents including, but not limited to, the deeds of trust, mortgages, and leases.

These preliminary ratings are not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by Morningstar. In addition, these ratings do not address: (a) the likelihood, timing, or frequency of prepayments (both voluntary and involuntary) and its impact on interest payments or the degree to which such prepayments might differ from those originally anticipated, (b) the possibility that a noteholder might suffer a lower than anticipated yield, (c) the likelihood of receipt of yield or spread maintenance charges, prepayment charges, yield or spread maintenance premiums or penalties, spread maintenance default premiums, yield maintenance default premiums, yield maintenance non-default premiums, prepayment premiums, default prepayment premiums, spread maintenance payments, release spread maintenance premiums, extension fees or any increase or adjustment to any pass-through rates or interest amounts relating to any extensions, prepayment fees, charges or penalties, assumption fees, modification fees, penalty charges, post-maturity interest shortfall amounts, post-maturity interest shortfall distribution amounts, default interest or post-anticipated repayment date additional interest, (d) the likelihood of experiencing prepayment interest shortfalls, reimbursement or allocation of prepayment interest shortfalls, an assessment of whether or to what extent the interest payable on any class of rated notes may be reduced in connection with any prepayment interest shortfalls, or of receiving compensating interest payments and/or interest on shortfalls, (e) the tax treatment of the notes or effect of taxes on the payments received, (f) the likelihood or willingness of the parties to the respective documents to meet their contractual obligations or the likelihood or willingness of any party or court to enforce or hold enforceable, the documents in whole or in part, (g) an assessment of the yield to maturity that investors may experience, (h) the likelihood, timing or receipt of any payments of interest to the holders of the rated notes resulting from an increase or decrease in the interest rate on any underlying loan in connection with a loan modification, waiver or amendment, (i) excess interest, interest at any applicable scheduled extension margin, applicable scheduled extension spread, additional interest amounts or any remaining or excess funds, (j) any CREFC license fee or similar amount(s), (k) any likelihood, payment, assessment and/or impact of any additional interest distribution amounts on the notes, (l) any trust advisor, operating advisor or asset representations reviewer fees, asset review fees, expenses or similar amounts, or (m) other noncredit risks, including, without limitation, market risks or liquidity.

Morningstar's preliminary ratings take into consideration certain credit risks, and the extent to which the payment stream of the tower sites and tenant leases is adequate to make payments required under the offered notes based on information identified as subject to review herein and to the extent provided to Morningstar on arranger's website for the transaction as of the date hereof. However, as noted above, the ratings do not represent an assessment of the likelihood, timing or frequency of principal prepayments (both voluntary and involuntary), or the degree to which such prepayments might differ from those originally anticipated. In general, the ratings address credit risk and not prepayment risk. In addition, the ratings do not represent an assessment of the yield to maturity that investors may experience or the possibility that the noteholders of the notes might not fully recover their initial investment in the event of delinquencies or defaults or rapid prepayments (including both voluntary and involuntary) or the application of any realized losses. In the event that holders of such notes do not fully recover their investment as a result of rapid principal prepayments, all amounts "due" to these holders will nevertheless have been paid, and this result is consistent with the ratings assigned to such notes.

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