RFS Asset Securitization II LLC, Series 2024-1

$160 Million Note Issuance

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Executive Summary

This report summarizes Kroll Bond Rating Agency's (KBRA) analysis of RFS Asset Securitization II LLC Series 2024-1 ("RFS 2024-1" or the "Series 2024-1 Notes"), a small business loan and merchant cash advance ABS transaction. This report is based on information as of July 15, 2024. The ratings listed below are preliminary ratings and subsequent information may result in assigned ratings that differ from the preliminary ratings. This report does not constitute a recommendation to buy, hold, or sell securities.

Rated Notes					
Class	Initial Amount ($)	Interest Rate	Legal Final Maturity Date	Initial Credit Enhancement (%)	KBRA Preliminary Rating
Class A	83,380,000	TBD	July-29	49.43%	AA (sf)
Class B	27,118,000	TBD	July-29	32.82%	A (sf)
Class C	19,478,000	TBD	July-29	20.89%	BBB (sf)
Clsss D	21,959,000	TBD	July-29	7.44%	BB- (sf)
Class E	8,065,000	TBD	July-29	2.50%	B+ (sf)
Total	160,000,000				

Rapid Financial Services, LLC ("RFS"), a Delaware limited liability company and Small Business Financial Solutions, LLC, a Delaware limited liability company ("SBFS", together with RFS, the "Company") is a specialty financial services company that uses its proprietary risk scoring models, transactional data, and technology systems to provide capital to small and medium-sized businesses. RFS was founded in 2009 and since inception has provided over $4.3 billion in financing to over 55,000 businesses nationwide. As of March 31, 2024, the Company had 177 employees and contractors and is headquartered in Bethesda, MD.

RFS 2024-1 represents the Company's fifth offering of asset-backed securities sponsored by RFS, each of which has been rated by KBRA. RFS Asset Securitization II LLC (the "Issuer") will issue five classes of Series 2024-1 Notes (collectively the "Notes") totaling $160 million. Proceeds from the issuance of the Series 2024-1 Notes will be used to purchase receivables, fund the reserve account and capitalized interest account, and pay related fees and expenses.

The transaction features a three-year revolving period unless a Rapid Amortization Event has not occurred (the "Revolving Period"). During the Revolving Period, the Issuer will purchase additional receivables that meet the eligibility criteria and concentration limits. A Trigger Event, which results in a Rapid Amortization Event, will occur if the transaction's yield, excess spread or delinquent level breaches its trigger level as defined in the transaction documents.

The Notes are "expandable" term notes such that at any time during the Revolving Period, the Issuer may periodically upsize the current Notes, up to a maximum amount of $500 million, as long as certain conditions, including receipt of Rating Agency Condition ("RAC"), are met. The consent of existing noteholders will not be required for these upsizes. As such, upsizes may dilute the control and voting rights of existing noteholders. The Issuer may also issue additional series of notes without the consent of the holders of the Series 2024-1 Notes. Additionally, the transaction features a partial Call Option, whereby up to 30% of the Notes may be redeemed by RFS for 103% of par prior to August 2025, 101% of par after August 2025 but prior to July 2026, or 100% of par after July 2026.

This transaction is secured by a revolving pool of receivables ("Receivables") consisting of:

- Future receivables ("Factored Receivables") purchased from small- and medium-sized businesses ("Merchants") at a discounted purchase price. Purchased Receivables are also commonly referred to as a Merchant Cash Advance ("MCA"). Factored Receivables make up 2.3% of the statistical collateral pool as of March 31, 2024 (the "Statistical Cut-Off Date") but may change during the revolving period. There is no limitation on the percentage of Factored Receivables.
- Business Loans ("Loan Receivables") with fixed terms and rates made to Merchants. Loan Receivables make up 91.5% of the Statistical Cut-Off Date, but may change during the revolving period. There is no limitation on the percentage of Loan Receivables.
- Lines of Credit ("LOCs") with fixed terms and rates made to Merchants. LOCs make up 6.3% of the Statistical Cut-Off Date, but may change during the revolving period. The concentration limits allow for up to 50% LOCs.

Loan Receivables, Factored Receivables and LOCs are collectively referred to as "Receivables".

The Company offers Receivables to Merchants operating in a wide array of industries throughout the United States. To qualify for funding, these businesses generally have a minimum of $10,000 in average revenue in the most recent three months, must have at least twelve months of operating history and must not be in a prohibited industry. As of May 31, 2024 (the "Statistical Cutoff Date"), the statistical pool of receivables (the "Statistical Pool") had an aggregate outstanding receivables balance of approximately $138.2 million. While these measures will change during the revolving period subject to concentration limits, the typical borrower profile, as of the Statistical Cutoff Date, has a weighted average borrower credit score of 697, a weighted average time in business of 15.4 years, a weighted annual revenue of $2.2 million, an average amount financed of $69,621, a weighted average original term of 14.7 months, and a weighted average factor rate of 1.35x. Borrowers making daily payments represented 6.9% of the pool as of the Statistical Cutoff Date, with the remaining borrowers making weekly payments representing 93.1%.

Credit enhancement will consist of overcollateralization, subordination (except for the Class E Notes), excess spread, a reserve account (funded at closing) and the excess funding account.

The transaction parties for the RFS 2024-1 transaction are listed below:

Transaction Parties	
Issuer	RFS Asset Securitization II, LLC
Sponsor, Seller, and Servicer	Rapid Financial Services, LLC
Originators	Rapid Financial Services, LLC Small Business Financial Solutions, LLC
Indenture Trustee and Paying Agent	U.S. Bank Trust Company, National Association
Custodian	U.S. Bank National Association
Backup Servicer	Vervent, Inc.
Administrator	CBIZ MHM, LLC

Key Credit Considerations	
Experienced Servicer and Management Team RFS was founded in 2009, is headquartered in Bethesda, MD. Since inception, RFS has provided over $4.3 billion in financing to over 55,000 businesses nationwide. As the successor to Rapid Advance, LLC, which was founded in 2005, RFS has a history of operations and portfolio management through the 2008 financial crisis and COVID-19 pandemic. The senior management team has an average of 21 years of experience leading and managing financial companies. As of March 31, 2024, the Company had 177 employees with an office in Bethesda, MD. The Management section in this report provides more details on RFS's management team.	+
Financial Strength and Funding Sources In 2023 RFS experienced a net loss of $6.1 million versus a net income of $15.8 million in 2022. According to the Company, the reason for the net loss in 2023 was due to a higher interest expense as well as a change in accounting to fair value accounting, which requires previously deferred expenses to be recognized immediately. KBRA received unaudited financials that reported a net income of $2.5 million for Q1 2024. RFS had total shareholders' equity of $152 million as of March 31, 2024. The Company has a warehouse facility with a maximum commitment of $100 million ($57.9 million outstanding as of March 31, 2024) and a revolving period ending in June 2025. The Company's three outstanding term ABS notes provide an additional $240 million in revolving capacity. RFS intends to use the RFS 2024-1 proceeds to refinance the Series 2021-1 and Series 2022-1 Notes on the August 2024 payment date.	+
Transaction Structure The transaction benefits from sufficient credit enhancement to support the ratings on the Notes. Key credit enhancements consist of: ▪ Excess Spread: The weighted average receivables yield of the Statistical Pool at origination is approximately 39.20%, which results in excess spread before losses of approximately 28.64% per annum, based on 1.00% of servicing fee and 9.56% of the expected weighted average life	+

adjusted note rate. Failure to maintain excess spread above certain levels will result in a Rapid Amortization Event.

- Overcollateralization: The Outstanding Receivables Balances of all Pooled Receivables and funds deposited in the excess funding account will exceed the aggregate outstanding principal amount of all Series of Notes issued by the Issuer and will be available to offset or help offset losses on Charged-Off Receivables. The Required Overcollateralization ("O/C") is 2.00% of the Adjusted Pool Balance.
- Reserve Account: A non-declining reserve account funded on the closing date with an amount equal to 0.50% of the aggregate pool balance.
- Subordination: Each junior class of Notes will be subordinated in right of payment to each class of Notes that is senior.
- Priority of Payments: Interest on each class of notes is paid sequentially and ahead of all principal payments. No principal is paid during the revolving period, except to maintain the required O/C. Following the end of the revolving period, principal on the Notes is paid full-turbo sequentially, regardless if the revolving periods ends due to a Rapid Amortization Event.
- Rapid Amortization Events: See Trigger Efficacy section of this publication for further detail on performance related triggers.

Refer to the Transaction Structure section of this report for additional information.

Trigger Efficacy

The transaction includes performance-based rapid amortization events based on yield, excess spread and delinquent level. KBRA believes the yield trigger level is wide relative to RFS's performance history. As a result, performance-based rapid amortization may not occur until substantive performance degradation has occurred. However, KBRA believes the excess spread and delinquency triggers are set conservatively relative to RFS's performance history.

- Calculated Receivables Yield: is calculated using the expected collection period, the funded amount, the RTR Amount and assumes (i) no prepayments or defaults and (ii) monthly scheduled payments are received at an 80.00% Performance Ratio. The Calculated Receivables Yield is 39.20% as of the statistical cut-off date, yet the Series 2024-1 trigger level is set at 22.50%. Furthermore, the yield never dropped below 39.77% in the Series 2018-1 transaction during the pandemic prior to rapid amortization occurring. While the trigger is a positive aspect of the structure, the Receivables yield of receivables sold to the issuer can decrease materially prior to an amortization trigger being tripped.
- Excess Spread: is equal to the monthly collections minus transactions fees, interest on the notes and monthly charge-offs, divided by the outstanding pool balance, and annualized. Excess spread dropped to a low of 19.40% (April 2020 collection period) for Series 2018-1 prior to rapid amortization. Excess spread dropped to a low of dropped to 5.15% (July 2023 collection period) in Series 2022-2 before rebounding. The Series 2024-1 trigger level is set at 4.00%, which is conservative relative to the historical performance in Series 2022-2.
- Delinquency Ratio: is equal to balance of receivables with a Missed Payment Factor of greater than (i) 22 or higher for daily pay receivables, (ii) 4 or higher with respect to weekly pay receivables or (iii) 2 or higher with respect to bi-weekly pay receivables, divided by the outstanding pool balance. The 3-month delinquency ratio in the Series 2018-1 transaction breached its 15% threshold in the May 2020 collection period, causing a rapid amortization. The Series 2024-1 Delinquency ratio trigger is also set at 15.00%.

Partial Call Feature: The transaction allows for up to 30.00% of the notes to be redeemed within the first 2 years. The ability to redeem part of the notes may allow the issuer more flexibility to delay rapid amortization due to deteriorating asset performance which would otherwise be triggered in times of stress by the Delinquency, Excess Spread and Yield Trigger Events noted above. The partial call feature would allow the sponsor to partially pay down the notes and potentially cure an asset deficiency.

KBRA believes that the above yield trigger level is set well outside of the current portfolio performance of the Company. The weighted average calculated receivables yield at origination of the Statistical Pool is 39.20%. This is significantly above the three-month weighted average calculated receivables yield of 22.50% that the transaction has to maintain to prevent a Rapid Amortization Event. The transaction also generates very high excess spread and the weighted

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average RTR Ratio of the Statistical Pool is 1.35x. Nevertheless, the excess spread trigger is set conservatively relative to past performance.	
Performance Data KBRA analyzed RFS's static pool performance dating back to 2015. Greater weight was placed on these recent years since there were more originations and these receivables provided a better representation of the originations to be sold to the trust during the revolving period. KBRA used the Company's Risk Tiers to determine cash flow assumptions for the collateral pool, including gross defaults, performance ratio, recovery rates. Merchants are assigned a Risk Tier that ranges from one to four, with one being the most credit worthy Merchants. The Statistical Pool consists of 67.8% of Risk Tier one or two and 32.2% of Risk Tier three or four by pool balance. The pool composition related to Risk Tier may change during the revolving period, subject to eligibility criteria and concentration limits. Since the receivables in the pool have short repayment or remittance terms, KBRA was able to analyze full-lifecycle vintage performance, which included receivables originated prior to and during the pandemic. While small business credit performance throughout the pandemic was influenced by federal aid to small businesses, default rates for RFS portfolio receivables increased by roughly 1.25x – 1.5x times throughout the pandemic. Performance of 2023 vintages remains elevated relative to pre-pandemic levels. Further detail on KBRA's assumptions is provided in the Cash Flow Analysis section of this report.	+
Revolving Period The transaction features a three-year revolving period, during which no payments of principal of the Notes will be made unless the Issuer elects to prepay the Notes in full or in part on or after the payment date in August 2025 during the Call Period. Additionally, during the Revolving Period, if certain triggers are breached or other events occur that cause a Rapid Amortization Period, principal will be paid sequentially on the Notes. Otherwise, the amortization period begins on the July 2027 payment date. During the Revolving Period cash flow from principal collections may be reinvested to purchase additional Receivables, subject to the transaction's eligibility criteria and concentration limits. The existence of the Revolving Period adds uncertainty to the portfolio composition and could allow the portfolio to become more concentrated, migrate to higher risk loans that vary from the closing date. The Receivables in the transaction are subject to concentration limits that, when exceeded, will be excluded from the pool balance, which will require the Issuer to maintain additional credit enhancement for the Series 2024-1 Notes. These concentration limits include industry and state concentrations, receivable balance, years in business, delinquency status, material modifications, and Risk Tier. The pool must also maintain certain thresholds for weighted averaged RTR, yield, weighted average FICO, and Performance Ratio. A failure to cure a deficiency related to exceeding such thresholds will result in a Rapid Amortization Event. Further detail on the Concentration Limits are provided in the Transaction Structure section of this report.	-
Factored Receivables are Not Unconditional Agreements to Repay Under each Factored Receivables Agreement (FRSA), the Merchant does not unconditionally agree to "repay" the purchased amount. RFS purchases, at a discount and in a lump sum payment, a specified percentage of the business's future receivables that arise from the sale of goods and services in exchange. These purchase transactions are not loans or extensions of credit, but rather "true sales" of a portion of a Factored Receivables where RFS, as purchaser, bears the risk of loss. Each of these purchase transactions is evidenced by a FRSA, pursuant to which RFS receives a specified remittance amount on a daily, weekly, or bi-weekly basis, which remittance amount may be adjusted from time to time so that the minimum remittance amount is comparable to the percentage of future receivables actually purchased. If the Merchant fails to deliver the expected receivables or ceases operations, the Company has no recourse against the Merchant for absolute repayment of any shortfall absent a breach of the FRSA. However, the Merchant is subject to a performance guaranty, which if breached would provide the Company recourse against the Merchant.	-

Factored Receivables: Undefined Collection Period and Periodic Collection Amount Factored Receivables have no fixed term or maturity date. Instead, Factored Receivables continue to be collected until the purchased amount has been remitted. Under the FRSA, a specified amount is remitted to RFS on either a daily, weekly, or bi-weekly basis. As of the Statistical Cut-off Date, approximately 2.3% of the portfolio balance is in the form of Factored Receivables. However, the transaction has no limit on the Factored Receivables and up to 20% of the portfolio could contain Variable Payment Receivables where the Seller expects to receive a varying amount of collections during each period. Further, RFS estimates an expected collection period for the FRSAs at the time of origination. For such Variable Payment Receivables, the amount that the Merchant owes per payment period for Factored Receivables are based on a percentage of sales, which fluctuates with the Merchant's sales volume. This expected collection period ranges typically from 3 to 24 months. Rather than a stated interest rate, the RTR factor is a multiple on the Purchase Price that determines the sale price. In the case of Variable Payment Receivables, RFS and therefore the securitization is entitled to receive a percentage of the Merchant's receivables relative to their sales, rather than a fixed percentage of expected sales. If a Merchant has low sales, the specified amount may not be fully remitted. The transaction includes the concept of a Missed Payment Factor ("MPF") that normalizes a delinquency ratio and incorporate slow payments of the daily, weekly, or bi-weekly basis pay Receivables. MPF calculates the difference between cumulative expected collections and cumulative actual collections divided by the expected scheduled monthly payment. This measure quantifies how many payments the Merchant is ahead or behind. Please see Asset Performance Measures for a breakdown of the MPF Factor concept.	**-**
Receivables Originated by Funding Partners RFS originates new Loan Receivables, Factored Receivables and LOCs through funding partners and through direct sales. Historically more than 60% of originations were through the funding partner channel. The Company sources prospective customers through relationships with third-party independent advisors, brokers or companies ("Partners") that offer a variety of services to small businesses. Partner-sourced Receivables carry greater risk than direct sales products due to potentially incomplete or inaccurate information, misaligned incentives between the Partner and RFS, and less oversight of compliance with regulatory requirements. To mitigate this risk, RFS does not rely on its Partners for any part of its underwriting process, but rather independently underwrites each Receivable. RFS also monitors Partners on deal quality, conversion, and losses. Additionally, a portion of Partners are also syndication participants ("Syndication Participants"), that have the option to purchase a participation interest of up to 50% in the receivables originated by RFS, which helps align the interests of RFS and the Partner, further mitigating the quality control risk of Partner sourced receivables. In 2023, RFS processed fundings from 652 Partners, which represented 80% of the Company's funding volume in 2023. The top Partner represented 3.7% of 2023 funding volume.	**-/+**
Syndicated Transactions As part of its funding sources, risk mitigation strategies and funding partner referral incentives for its products, RFS enters into syndication agreements with various third parties ("Participants"). In such instances, the securitization will receive a participation equal to the remainder of the receivable transaction. Under the Master Syndication Agreements, RFS retains the exclusive right to service the receivable and does not require the consent of the Syndication Participants to take any action with respect to servicing the Syndicated Transactions. The Syndication Participants' portions of receivable will be part of the collateral but will not be included in the outstanding pool balance. RFS is obligated to pay the Syndication Participants a portion of the amounts received from collections based on their respective portion of the receivables.	**-/+**

If there is a servicer default, the backup servicer will be automatically appointed to administer and service the various merchant agreements. It is possible that the Syndication Participants could dispute such appointment and may seek to have another third party appointed. KBRA recognizes that each Syndication Participants is required to appoint RFS as the exclusive administrator and agent for related merchant agreement. RFS retains the exclusive right to service the receivables and retain the right to all communications with the Merchant. The Issuer is also expected to hold at least 50% of the receivables arising under each merchant agreement that is subject to a Master Syndication Agreements.	
Portfolio Expected Remaining Term The original contractual or expected term of each individual Receivable originated by the Company to be included in the pooled Receivables ranges from less than 3 months to 24 months. As of Statistical Cutoff Date, the pool has an initial weighted average remaining expected term of approximately 11.6 months. The remaining expected term is estimated using an approximation at the time of origination, even though RFS expects to receive varying amounts of collections each period for these receivables. The transaction includes restrictions when adding additional receivables that such receivable has an underwritten expected term no more than 24 months. In addition, the concentration limits restrict 19+ month receivables (receivables with an expected collection period of greater than 19 months) to 2.5% of the RFS 2024-1 adjusted pool balance. The shorter remaining term allows for less time for an obligor default to occur. KBRA recognizes the tenor of the collateral could create potential stress or affordability issues for the obligors due to the high cost of financing and short-term nature of the Receivables. KBRA has addressed this concern in its performance assumptions for the Receivables (see Cash Flow Analysis).	**+/-**
Portfolio Concentration The portfolio is currently diversified across geographic locations and industries. The three largest states based on outstanding Receivables balance include Florida (11.9%), Texas (10.5%) and California (7.7%) which together represent approximately 30.1% of the Statistical Pool. All other states are each less than 6.5%. The three largest industry concentrations based on outstanding Receivables balance of the Statistical Pool in the transaction include eating and drinking places (11.9%), business services (10.1%) and health services (9.5%). All other merchant industry concentrations are less than 9.0%. While the compositions of the Receivables could change over time, the transaction contains concentration limits to limit merchant concentration during the Revolving Period. Merchant businesses in the highest one, two, five, and 10 concentration industries cannot be more than 25%, 40%, 65%, and 90% of the pool, respectively. Merchants located in California cannot be more than 25% of the pool, and Merchants located New York, Florida, and Texas cannot each be more than 20% of the pool. Merchants located in any other single state cannot be more than 10% of the pool. The diversity of RFS's managed pool benefited RFS 2018-1 throughout the COVID-19 pandemic. Strict lockdown measures which varied by state would have otherwise created difficulty on collecting payments if the portfolio was concentrated in states with tighter restrictions. By having a diverse collateral pool and high touch servicing practice, RFS was able to maintain high collection levels. As noted in the Revolving Period Key Credit Consideration and the Transaction Structure section of this report, the receivables are also subject to certain other concentration limits, which include state and industry limits, receivable balance, years in business, delinquency status, material modifications, and Risk Tier.	**+**
Renewal Receivables Merchants that have an existing Receivable balance are actively solicited for a new Receivable once fully paid off or can apply for and be considered for a new Receivable once they have repaid 50% or more of the RTR Amount of the original Receivable. Nevertheless, in order to receive a renewal a merchant must requalify based on their current credit and underwriting standards. Each Receivable originated after the initial Receivable contract with a Merchant is considered a "renewal".	**+**

For renewal originations, RFS analyzes the payment or remittance history of the prospective Merchant's prior RFS Receivable, length of relationship, and trends in cash flow, stability, bureau attribute trends, and payment performance. Additionally, every renewal is provided additional funds (borrowers cannot renew for the purpose of extending the actual or estimated term of the previous obligation). Due to the additional data available to RFS to make its underwriting decision, renewals generally perform better than similar products to new customers. The split between renewal customers and new customers as a percentage of the pool balance of the Statistical Pool is approximately 50.5% and 49.5%, respectively.	
RTR and Prepayments RFS originates its Loan Receivables with a specific RTR amount. However, the Company offers a discount of up to 20% on the remaining interest component of the RTR ratio to any merchant that decides to prepay its Loan Receivable withing the first one-third of the loan term (starting from the origination date). Such prepayments could lower the yield and ultimately constrain excess spread in the transaction. To help mitigate this risk, the transaction documents require that the discount to RTR cannot result in an annualized yield below 37.336% on the related prepaid Loan Receivable, or else the Receivable becomes ineligible. Furthermore, in its cashflow modeling, KBRA haircuts the performance ratio, which stresses the yield. Currently, RFS does not offer early payment discounts for Factored Receivables.	**-/+**
Experienced Back-Up Servicer RFS will be the primary Servicer and is responsible for all payment processing and collection activities including when the receivable is charged off. If RFS is terminated as Servicer, Vervent will act as the Back-Up Servicer. Duties of the Backup Servicer include data mapping, transition plan development and monthly reporting obligations. Performance could be negatively impacted while servicing responsibilities are transferred to the Back-Up Servicer. However, Vervent has extensive experience as a servicer, with an experienced management team, a large global staff, and owns loan service centers, offices and data centers around the world. In addition, Vervent has been the back-up servicer for several other small business loan and merchant cash advance securitizations. KBRA views Vervent being the Back-Up Servicer as a credit positive for the transaction.	**+**
Third Party Due Diligence Review CBIZ MHM, LLC will be engaged as the Administrator to provide certain reporting services both monthly and annually, including a data file review of a sample of 100 Receivables (consisting of the 50 largest receivables and 50 receivables chosen in the Administrator's judgement) from the Servicer's month-end data file, and compare, confirm or calculate 18 data fields with reference to the source documents or the Servicer's operating system, as applicable. If the sample error rate of any of the data fields exceeds 4%, then in the following month the Administrator will review 200 Receivables consisting of the 100 largest receivables and the other 100 receivables based on judgment. If the sample error rate still exceeds 4%, then the Administrator will notify various transaction parties of a data integrity discrepancy, and a Receivable File Discrepancy Event will occur which constitutes a Rapid Amortization Event under the Indenture. Third party review and verification of data should contribute to higher quality reporting, while identifying potential errors, which would potentially result in an acceleration of the repayment of the notes if data and reporting errors are prevalent.	**+**

Transaction Summary

The chart below displays the characteristics of the collateral pool and credit enhancement structure of RFS 2024-1 compared to the prior RFS transactions.

	RFS 2024-1	RFS 2022-2	RFS 2022-1	RFS 2021-1
Transaction Date	7/25/2024(1)	11/3/2022	6/29/2022	7/28/2021
Collateral Stratification				
Initial Pool Size (as of statistical cutoff date)	$138,221,150	$105,036,423	$212,572,448	$115,366,726
Average Original Receivables Balance per Receivable	$69,621	$50,297	$58,282	$49,289
Weighted Average Original Expected Term (months)	14.7	13.7	14.8	13.1
Weighted Average RTR Ratio	1.35x	1.32x	1.32x	1.33x
Weighted Average Calculated Receivables Yield at Origination	39.20%	40.67%	37.39%	43.53%
Weighted Average Credit Score	697	683	685	676
Weighted Average Time in Business (years)	15.4	13.5	13.5	13.0
Weighted Average Performance Ratio/Collection Variance Ratio	100.4%	99.5%	98.9%	102.6%
Percentage of Advance Receivable / MCA	2.3%	4.4%	3.6%	5.5%
Percentage of Loan	91.5%	81.6%	91.9%	94.5%
Percentage of LOCs	6.3%	14.0%	4.5%	0.0%
Concentration Limits				
Maximum Percentage of Non-Straight Line Receivables in Pool	20.0%	30.0%	30.0%	30.0%
Minimum Total Receivables Weighted Average Perfomance Ratio/Collection Variance Ratio	80.0%	80.0%	80.0%	80.0%
Minimum Total Receivables Weighted Average RTR Ratio	1.27 - 1.50(2)	1.250	1.215	1.215
Minimum Total Receivables Weighted Average Yield	22.50%	22.50%	22.50%	22.50%
FICO Distribution				
Less than 500	0.21%	0.42%	0.29%	0.32%
500 to 549	1.02%	1.41%	1.35%	1.55%
550 to 599	3.29%	5.96%	6.97%	9.76%
600 to 649	15.38%	19.58%	18.59%	20.18%
650 to 699	29.81%	33.59%	30.68%	32.44%
700 to 749	32.82%	25.08%	26.01%	23.99%
750 to 799	13.89%	12.17%	14.04%	9.80%
800 to 850	3.58%	1.78%	2.07%	1.93%
Industry Diversification				
Industry 1	Eating and Drinking: 11.89%	Construction: 17.50%	Construction: 14.65%	Construction: 14.75%
Industry 2	Business Services: 10.11%	Eating and Drinking: 11.88%	Eating and Drinking: 10.65%	Health Services: 9.42%
Industry 3	Hleath Services: 9.50%	Miscellaneous Retail: 8.35%	Health Services: 7.90%	Miscellaneous Retail: 8.68%
Geographic Concentration				
State 1	FL: 11.89%	FL: 12.64%	FL: 12.89%	TX: 10.69%
State 2	TX: 10.54%	TX: 10.44%	TX: 10.00%	FL: 10.33%
State 3	CA: 7.70%	CA: 7.51%	CA: 7.95%	NY: 7.37%
Initial Note Balance				
Class A	$83,380,000	$60,329,000	$63,157,000	$63,157,000
Class B	$27,118,000	$9,045,000	$11,316,000	$11,316,000
Class C	$19,478,000	$12,230,000	$11,316,000	$11,316,000
Class D	$21,959,000	$9,609,000	$9,211,000	$9,211,000
Class E	$8,065,000	$8,787,000	$5,000,000	$5,000,000
Total (3)	$160,000,000	$100,000,000	$100,000,000	$100,000,000
Credit Enhancement (% of Initial Collateral Amount)				
Overcollateralization	2.00%	2.70%	5.00%	5.00%
Reserve Account	0.50%	0.50%	0.50%	0.50%
% Total Initial Credit Enhancement				
Class A	49.43%	41.80%	40.50%	40.50%
Class B	32.82%	33.00%	29.75%	29.75%
Class C	20.89%	21.10%	19.00%	19.00%
Class D	7.44%	11.75%	10.25%	10.25%
Class E	2.50%	3.20%	5.50%	5.50%
KBRA Base Case Cumulative Charge-Off Rate Expectation				
KBRA Base Case Charge-Off Rate	13.00%	8.24%	8.84%	8.84%

(1) Expected Closing Date; Collateral stratification as of May 31, 2024.

(2) Weighted Average RTR Ratio is based on Actual/Expected Collection Period of Receivables.

(3) Total Initial Note Balance is only reflective of additional Series issuances since transaction closing for RFS 2022-1.

Key Changes from RFS 2022-2 Notes Issuance

Below is a summary of key changes from RFS 2022-2, the Company's most recent securitization rated by KBRA.

Company

3rd Generation Model

The Company introduced its 3rd generation LEM Score model in March 2024. The new generation LEM model buckets borrowers into four credit tiers. The previous generation bucketed borrowers into 10 credit tiers. The 3rd generation model includes four additional years of Company originated collateral performance data.

Headcount Reduction

Based on lower origination volume in 2023 versus 2022, RFS downsized the number of team members from 287 as of September 2022 to 177 as of March 2024. Furthermore, in March 2023 RFS permanently closed its Detroit location, where the majority of the headcount reductions took place. The reduction in headcount was prompted by the reduction in origination volume in 2023 versus 2022. Total originations in 2023 were $513 million, down 43% from 2022. The departments most impacted by the headcount reductions include front-end acquisition functions (i.e. Sales, Marketing and Data entry) as well as servicing and collections.

Reductions in servicing and collections staff have not shown a material impact in collateral performance.

Transaction Structure and Collateral

Change in Priority of Payments

The Priority of Payments incorporates a Priority Principal Distribution Amount mechanic, which is commonly seen in other ABS transactions. If a senior class becomes undercollateralized, additional available funds will be used to pay the principal of the senior class before interest is paid to the junior classes. KBRA notes that there are no interest shortfalls or deferrals for any class of notes in the cash flow stress scenarios at their respective rating levels.

Receivables File Discrepancy Event

The occurrence of a Receivables File Discrepancy Event is a Rapid Amortization Event for Series 2024-1. For Series 2022-2, it was an Event of Default.

Change in Concentration Limits

Concentration limits for Series 2024-1 vary from those in Series 2022-2 in terms of geography, credit grade, origination loan size, variable pay receivables, LOC, RTR, outstanding balance, and origination loan term. However, it still maintains adequate diversification, allows the Company greater flexibility when originating.

Changes in concentration limits are as follows:

Concentration Limit	Series 2024-1	Series 2022-2	Difference
Merchants located in New York	20.00%	25.00%	-5.00%
Merchants located in Florida	20.00%	25.00%	-5.00%
Merchants located in Texas	20.00%	25.00%	-5.00%
Merchants located in any other single state	10.00%	15.00%	-5.00%
Merchants with outstanding Receivables balances greater than $75,000	60.00%	55.00%	5.00%
Merchants with outstanding Receivables balances greater than $125,000	35.00%	30.00%	5.00%
Merchants with outstanding Receivables balances greater than $400,000	7.00%	5.00%	2.00%
Receivables that are 13+ month Receivables	55.00%	47.50%	7.50%
Variable Payment Receivables	20.00%	30.00%	-10.00%
Receivables that are 19+ Receivables	2.50%	5.00%	-2.50%
Receivables that are LOC Receivables	50.00%	20.00%	30.00%
No Receivables with an Original Expected Term of 1-13 / 14-19 / 20- 24 months that cause the weighted average RTR Ratio to be below	1.27x / 1.32x / 1.50x	1.25x	--
No Receivables that cause the average outstanding Merchant balance to exceed	$ 65,000	$ 55,000	$ 10,000

Concentration limits by Risk Tier were also amended given the change to the 3rd generation LEM Score model. Therefore, Series 2024-1 has concentration limits for Risk Tiers one through four, while Series 2022-2 has concentration limits for Risk Tiers one through 10.

KBRA assumed the worst-case pool distribution when running cashflows. More information on Series 2024-1 concentration limits is detailed in the Transaction Structure section.

Credit Enhancement

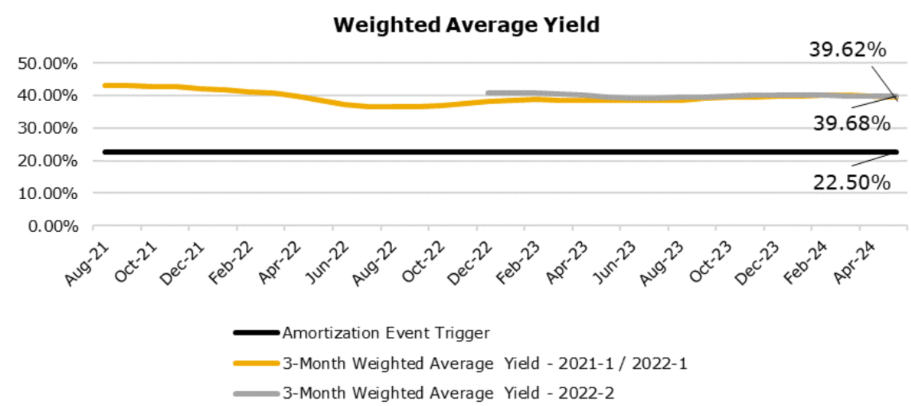
Credit enhancement for the notes is greater for the Series 2024-1 than that for the Series 2022-2. This is most likely driven by KBRA's higher base case net loss rate. Credit enhancement differences are shown in the table below.

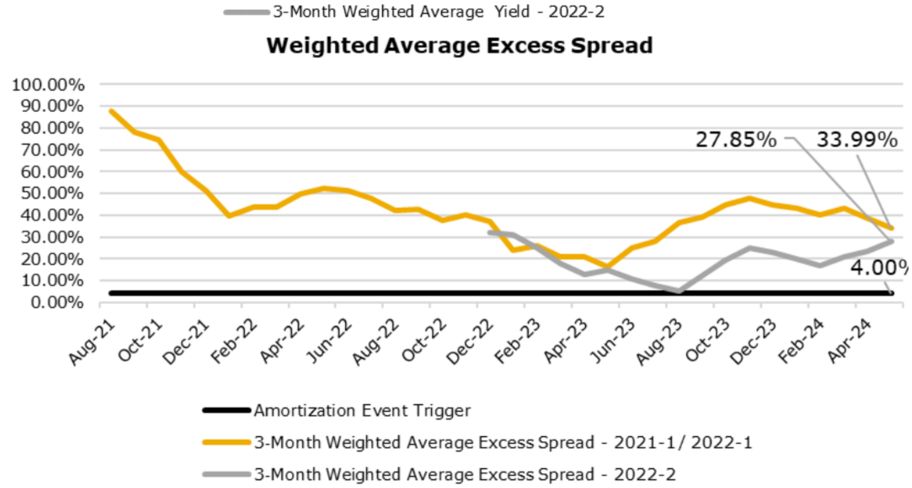
Deal Name	RFS 2024-1	RFS 2022-2	Difference
% of Total Initial Credit Enhancement			
AAA (sf)	--	41.80%	N/A
AA (sf)	49.43%	33.00%	16.43%
A (sf)	32.82%	21.10%	11.72%
BBB (sf)	20.89%	11.75%	9.14%
BB (sf)	--	3.20%	4.24%
BB- (sf)	7.44%	--	
B+ (sf)	2.50%	--	N/A
Credit Enhancement (% of Initial Collateral Amount)			
Overcollateralization	2.00%	2.70%	-0.70%
Reserve Account	0.50%	0.50%	0.00%
KBRA Base Case Cumulative Net Loss Expectation			
KBRA Base Case Loss	13.00%	8.24%	4.76%

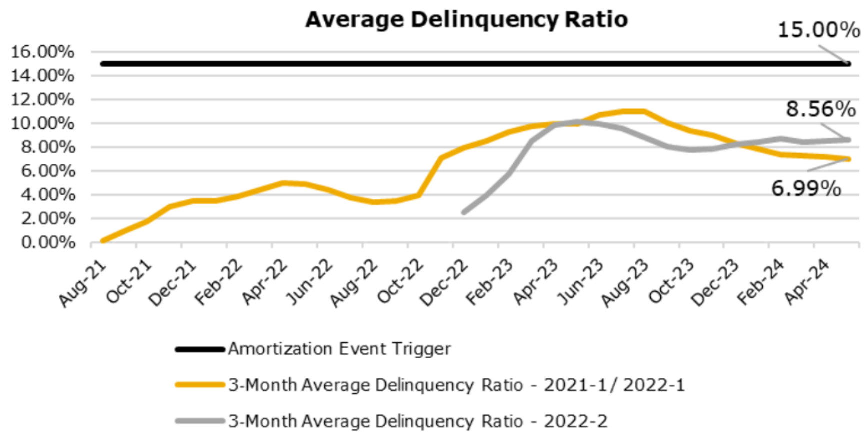
The higher KBRA base case loss rate is primarily driven by increased assumptions by Risk Tier and a lower recovery rate assumption of 10% (versus 15% for RFS 2022-2).

Performance of RFS Asset Securitization II & V LLC

KBRA has outstanding ratings on RFS Asset Securitization II LLC and RFS Asset Securitization V LLC. To date, timely interest distributions have been made to each of the outstanding notes through the May 2024 distribution date. Thus far, the transactions have not breached any trigger. Below are charts tracking the three-month weighted average calculated receivables yield, weighted average excess spread, and average delinquency ratio against their respective triggers.







KBRA Process

In performing the rating review, KBRA utilized its General Global ABS Rating Methodology for Asset Backed Securities, as well as its Global Structured Finance Counterparty Methodology and ESG Global Rating Methodology. Within the General Global ABS Rating Methodology, the transaction falls within Category 1 – Financial Assets, which typically relates to transactions that are backed by pools of consumer or commercial financial obligations owed by diverse obligors with payment terms that fully pay interest and principal on the Asset-Backed Securities.

KBRA's general methodology incorporates an analysis of: (1) the underlying collateral pool, (2) the platform's historical static pool data, segmented by characteristics including credit quality and product type, (3) the proposed capital structure for the transaction, (4) KBRA's operational review of the platform and servicer, and (5) the legal structure, transaction documents, and legal opinions.

KBRA considered its operational review of RFS which was conducted at their Bethesda, Maryland headquarters as well as periodic business update calls with the Company over the past few years. Operative agreements and legal opinions will be reviewed prior to closing.

Sponsor, Seller and Servicer

The information in this section is based on materials provided by the Company and/or public sources.

Company Overview

RFS, a Delaware limited liability company and Small Business Financial Solutions, LLC, a Delaware limited liability company ("SBFS", together with RFS, the "Company") is a specialty financial services company that uses its proprietary risk scoring models, transactional data, and technology systems to provide capital to small and medium-sized businesses. RFS was founded in 2009, is headquartered in Bethesda, MD. Since inception, RFS has provided over $4.3 billion in financing to over 55,000 businesses nationwide. As of March 31, 2024, the Company had 177 employees and contractors and is headquartered in Bethesda, MD.

In 2013, Rockbridge Growth Equity LLC ("Rockbridge") invested in RFS to develop a technology platform for small business financing. Rockbridge is a Detroit based private equity firm focused on bringing technology investment to high growth, middle market financial services businesses. Since the investment, the Company has replaced and enhanced its underwriting and operational workflows, credit modeling and risk-based pricing engine, Receivables system of record, partner channel systems and integrations, and built a direct sales and marketing operation.

In 2023 RFS experienced a net loss of $6.1 million versus a net income in 2022 of $15.8 million. The reason for the net loss in 2023 was due to a higher interest expense as well as a change in accounting to fair value accounting, which requires previously deferred expenses to be recognized immediately. KBRA received unaudited financials that show YTD income was $2.5 million as of March 31, 2024. RFS had total shareholders' equity of $152 million as of March 31, 2024 (on an unaudited basis).

The Company has a warehouse with a maximum commitment of $100 million ($57.9 million outstanding as of March 31, 2024) whose revolving period ends in June 2025. The Company's three outstanding term ABS notes provide an additional $240 million in revolving capacity. RFS 2024-1 is meant to refinance the Series 2021-1 and Series 2022-1 Notes.

Management

Jeremy Brown, Chairman and Co-founder
Mr. Brown founded RFS and was the Company's CEO until 2015, after which he assumed the role of executive chairman. He has over 30 years of management experience running small and mid-sized businesses in various industries. Before co-founding RFS, Mr. Brown served as COO of a national audiovisual service company, the CEO of a commercial construction contractor, and president of a retail computer company.

Will Tumulty, Chief Executive Officer
Mr. Tumulty joined RFS as CEO in 2015. He has 20 years of experience in the banking and payments industry and has held management positions in marketing, operations and IT at Capital One and AccountNow. In 2006, Mr. Tumulty founded Ready Financial Group, Inc., a prepaid debit card and online payment service, and served as president and CEO until the firm was acquired by Green Dot in 2015.

Mark Cerminaro, Chief Revenue Officer
Mr. Cerminaro is RFS's Chief Revenue Officer and joined the Company in 2007. He oversees business development, third-party relationship management, and partnership sales efforts. He has 17 years of experience in commercial finance and prior to joining the Company, Mr. Cerminaro was a financial advisor and associate branch manager at Morgan Stanley. He was named a 2016 40 Under 40 award winner by the Commercial Finance Association, an award that recognizes finance professional and service providers in the industry.

Joseph Looney, Chief Operation Officer and General Counsel
Mr. Looney has served as COO and General Counsel of RFS since 2007. Mr. Looney has 26 years of experience in the legal sector and oversees the Company's legal and compliance functions. Prior to joining the Company, he was a partner at Hudson Cook, LLP where he specialized in financial services compliance.

Bogdan Nastea, Chief Technology Officer
Mr. Nastea has served as Chief Technology Officer of RFS since 2012. He has 11 years of experience in various technology roles and prior to joining RFS, Mr. Nastea worked on Accenture led government contracts and ran technology for multiple firms, including State Ventures LLC from February 2010 to December 2012.

Young Kim, Chief Financial Officer
Mr. Kim joined RFS in 2016 after serving as Vice President and Controller at CW Capital Asset Management from 2011 to 2016. He also served in various management roles at Fannie Mae and Freddie Mac between 2001 and 2011. Mr. Kim's career experience includes over 15 years in the financial services industry and seven years in audit and financial consulting roles with Deloitte and PricewaterhouseCoopers. Mr. Kim is a CPA.

Terry Thornton, Chief Credit Officer
Mr. Thornton joined RFS in January 2018 as Vice President of Credit and Analysis. He previously worked at Capital One for 23 years in various Credit Risk Management, Credit Talent Development, and Marketing roles.

Origination

RFS provides loans and receivable factoring to small and medium size businesses that operate in all 50 U.S. states and the District of Colombia. RFS's core market is businesses with less than $10 million in annual sales in all industries consistent with the RFS credit policy and underwriting guidelines.

RFS originates new Receivables through three primary origination channels:

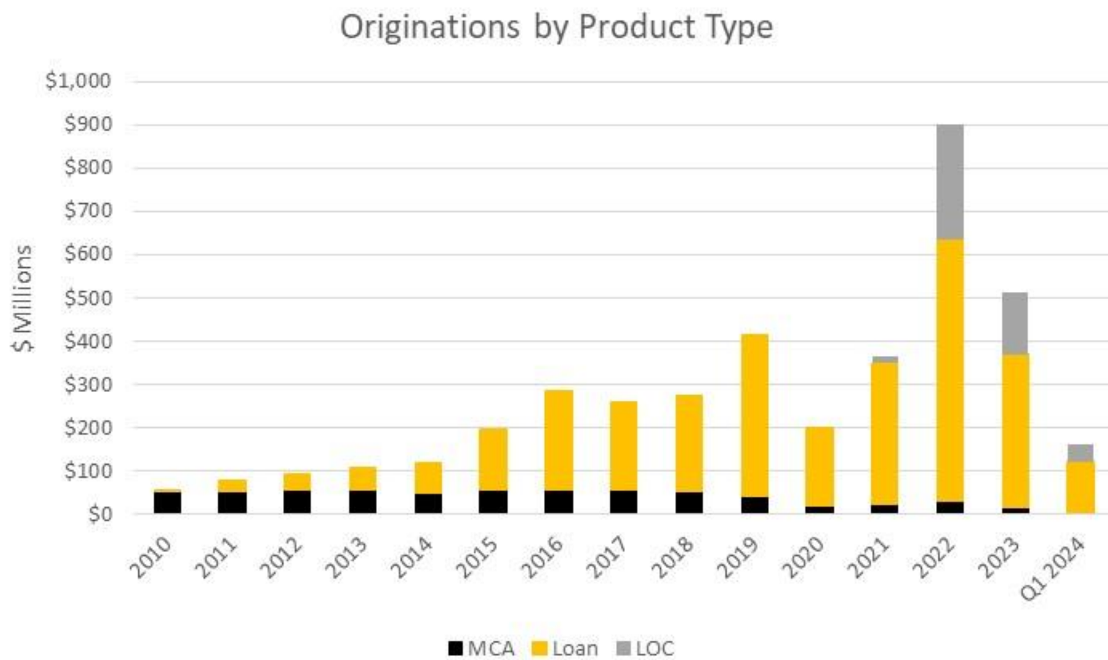
- **Funding Partners:** RFS originates the majority of its new Receivables through funding partners. RFS has been originating through their funding partner channel since 2007. In the funding partner channel, the Company sources prospective customers through relationships with third-party independent advisors/brokers ("Partners"), which operate principally in the merchant acquisition, credit card processing and equipment leasing verticals. Partners submit applications to RFS via an online portal that feeds into the RFS Platform, through e-mail, and through application programming interface connectivity. To become a Partner, the Partner must sign an agreement with RFS and receive training. In 2023, RFS processed fundings from 652 Partners, which represented 80% of the Company's funding volume in 2023. The top Partner represented 3.7% of 2023 funding volume.
- **Direct Sales:** RFS's direct sales team consists of 5 FTE who solicit Merchants through multiple acquisition channels, including search engine marketing and search engine optimization, TV advertisements, direct mail, referral partners, display advertisements on Facebook and other social media websites, and retargeting prior RFS customers.

- **Repeat Merchant Customer:** RFS also originates Receivables through its existing Merchant base. When a Merchant that has previously received a Receivable from RFS returns for a repeat product, including Merchants initially acquired via a Partner, RFS's direct sales team typically interacts directly with the Merchant to help facilitate the process.

Merchants with an outstanding Receivable may be considered for a renewal. The proceeds of the new Receivable may be applied to repay or satisfy the outstanding RTR Amount of the existing Receivable before any proceeds are remitted to the Merchant. In order to be approved for a renewal, merchant must requalify based on its current credit and underwriting standards and meet specific criteria, such as a minimum of 50% of the RTR amount of an existing Receivable must be paid down or remitted.

Originations

RFS underwrites, processes and services all of the Receivables on its platform regardless of acquisition channel. RFS's portfolio is comprised of Loan Receivables, Factored Receivables and LOCs, and it conducts business in all 50 states. The table below summarizes the breakdown of each product that RFS has originated since 2010 through March 31, 2024.



Participation Arrangements

RFS may enter into participation agreements (the "Master Syndication Agreements") with various third parties (the "Syndication Participants"). Under the Master Syndication Agreements, the Syndication Participants may request to participate and provide funds to RFS equal to a portion of the aggregate Receivables purchase made under the applicable Merchant Agreement. Such requests are generally required to be received by RFS prior to the origination of the applicable Receivable. If a Syndication Participant requests to participate and RFS approves, the Syndication Participant will have a participation interest related to a specified percentage of such Syndicated Receivable. The portion of the Syndicated Receivables sold to Syndicated Participants will not be reflected in the Series 2024-1 Adjusted Pool Balances and the Issuer has no obligation to pay any amounts to the Syndication Participants.

Underwriting

RFS takes into account all available information when evaluating a Merchant's eligibility for each of its products. RFS's underwriting process verifies the identity of the applicant, assesses the applicant's intent and ability to repay, and makes an offer that RFS believes is within the Merchant's ability to repay at an appropriate risk-based price.

RFS utilizes a two-step process for underwriting: Upfront Underwriting and Backend Underwriting

Upfront Underwriting: RFS performs upfront underwriting upon receipt of an application from a Merchant. In this process RFS:

- reviews the submission form, associated businesses, nature of the business, age of the business, general geographic location, revenue, entity type, prior RFS funding history, prior repayment history and prior approvals or declines;
- generates a Risk Tier based on personal credit history, business credit history, bank statements and application data and reviews a personal credit report for recent derogatory events to assess business revenue and cash management;
- reviews bank statements data for sufficiency of revenue and to check for auto decline items in respect of personal bank accounts, such as excessive negative bank balances, concentration of revenue or inconsistency in revenue, or pre-existing balances with other lenders or competitors;
- performs background checks on the Merchant;
- completes bank statement analysis to assess income accuracy;
- analyzes credit card statements (if provided by Merchant).

RFS's proprietary risk models use a combination of business, business owner, and product attributes to optimize underwriting decisions. RFS's RAM model assesses the riskiness of the Merchant based solely on the attributes of the owner and Merchant's business (the product features are not taken into account). Then a Loss Estimation Model ("LEM") uses the combination of RAM score, prior relationship history with the obligor and specific product features to determine a loss estimate. The Company introduced its 3rd generation LEM Score model in March 2024. The new generation LEM model buckets borrowers into four credit tiers. The previous generation bucketed borrowers into 10 credit tiers. The 3rd generation model includes four additional years of Company originated collateral performance data.

The LEM Score can range from 0 to 100% and is an estimated rate of default, however the Company categorizes each of their originations into four Risk Tiers by LEM Score.

Once a LEM Score is determined from the model, certain hard-cut business rules and other requirements to determine product eligibility options for merchants. These rules include minimum time in business, thresholds on funding size, term and certain other restrictions.

Backend Underwriting: Prior to funding, RFS performs backend underwriting upon receipt of a signed Merchant Agreement. Backend underwriting consists of the following:

- review the file, analyze any new documentation provided, and request additional information if any underwriting concerns are not addressed;
- confirm conditions precedent to funding have been satisfied;
- perform an additional background check to determine if any new adverse filings have been made since the date of the offer and analyze any new documents provided;
- potentially conduct reference calls and a funding call to make the customer aware of their payment obligations after funding;
- complete any additional missing items and submit the file to a manager for final review and initiation of the funding.

UCC Filing

In certain instances, RFS will file a UCC-1 if risk factors become present including an event of default by the Merchant. As a result, the RFS's security interest under the Factoring Agreement or Loan Agreement may be unperfected or subject to the prior liens of other creditors, which could impact the recovery on the receivables. However, under the Servicing Agreement, the Servicer will file a UCC-1 statement to protect the purchased receivables and the security interest in the personal property of the Merchant if a Receivable becomes 60 days delinquent based on a Missed Payment Factor greater than (a) 44 for Daily Pay Receivables, (b) 8 for Weekly Pay Receivables, and (c) 4 for Bi-Weekly Pay Receivables.

Guarantees

Business Loans and LOCs require a personal guarantee from business owners who sign the Business Loan and Security Agreement (LSA). Factored Receivables require a performance guarantee from the business owner who sign the FRSA.

Servicing

RFS will act as the servicer of the Receivables pursuant to the servicing agreement. The Company, through its predecessor, has been servicing its Factored Receivables since first originating the product in 2005 and has been servicing its Loans and LOCs since these were introduced in 2010 and 2021, respectively. RFS's collections representatives, which consist of 57 FTE, are responsible for contacting Merchants who have missed one or more payments or are in default of their Merchant Agreement. Collections representatives will work with Merchants who have missed one or more payments to try to maintain a business relationship in an effort to enhance the collectability of the Receivables.

The Merchant's operating account used by RFS to underwrite the Receivable is required to be the designated Merchant bank account used for the ACH debit process. RFS will either debit the Merchant’s bank account daily, weekly, or bi-weekly depending on the receivable’s payment frequency.

Delinquency Collections and Recoveries
RFS segments the servicing for accounts based on consecutive days of non-payment by the Merchant. Each segment has a specific strategy that is utilized to return the Merchant to paying in accordance with the terms of the applicable Agreement.

I) Stage one of the collections cycle covers loans and factored receivables for which there have been 1 to 16 days of non-payment by the Merchant. In this stage, RFS focuses on understanding the cause of the missed payments and returning the Merchant to compliance with the automated cash management platform, restarting payments and making up any payments that were missed. If payments were missed due to hardship, unanticipated variables in sales volume or other influences, and the Merchant is unable to return to its scheduled payments plan, the collection agent can request a temporary adjustment to the payment amount or frequency in an effort to reestablish compliance with the Merchant Agreement.

II) Stage two of the collections cycle covers loans and factored receivables for which there have been 17 to 30 days of non-payment by a Merchant. In stage two, assuming RFS has identified a breach, RFS seeks to collect a single payment from the delinquent Merchant to demonstrate a good faith intention to repay the amounts due. A collection agent then works with the Merchant to find a longer term solution to the delinquency either through adjustments to the payment frequency or amount, a change in the method by which collection is obtained, or other strategies that will return the Merchant to compliance with the original terms of the Merchant Agreement.

III) Stage three of the collections cycle covers loans and factored receivables for which there have been 31 to 60 days of non-payment by the Merchant. In this stage, collection agents contact the delinquent Merchant and its owners to negotiate a repayment plan, if there has been a breach. Third party information services are utilized to identify the most effective method of communication. Advanced skip tracing and broader calling plans may be utilized.

Any receivables for which no payment has been received for more than 90 days are categorized as “charged-off” pursuant to the Credit Policy and included in stage four of the collections cycle. RFS seeks to maximize recovery by offering a longer payment period or other terms to maximize the recoveries. RFS will, in many instances, reach a settlement with a Merchant that materially affects the original payment terms by, for example, agreeing to accept less than the full RTR Amount owing under a Merchant Agreement or accepting an extended repayment period. Under the Transaction Documents, the Issuer can sell any Charged-Off Receivables to the Servicer or a wholly owned subsidiary thereof subject to the satisfaction of certain conditions.

Regulatory

Although merchants agree that they are entering into a commercial transaction and that the proceeds of the loans will be used solely for business purposes, if the loans are deemed not to constitute business loans, RFS could become subject to the purview of the CFPB and other additional federal and state regulatory agencies. In addition, changes in laws or regulations could subject RFS to additional licensing, registration and other regulatory requirements in the future or could adversely affect its operations.

The Company is subject to extensive federal, state and local regulation. At the federal level, receivables are subject to numerous laws and related regulations, including, among others:

- Fair Credit Reporting Act
- Equal Credit Opportunity Act
- Service Members Civil Relief Act
- Telephone Consumer Protection Act
- Office of Foreign Assets Control Regulation
- Electronic Signatures in Global and National Commerce Act

RFS’s current policies and procedures have been reviewed by its internal legal and compliance staff with advice from external regulatory compliance counsel.

Collateral Overview

RFS offers three product types: Loan Receivables, LOC, and Factored Receivables (which are also known as merchant cash advances). The primary difference between Loan Receivables and MCA Receivables is whether periodic payment amounts are fixed or variable.

Loan Receivables

Loan Receivables are comprised of Term Loan Receivables and Line of Credit ("LOC") Receivables. Each Term Loan Receivable is a non-revolving, fixed-rate business loan made to a borrower by the Originator. Each Term Loan Receivable has a term of up to 24 months and provides for scheduled daily or weekly payments. The Term Loan Receivables will be fully amortizing loans and will require equal scheduled loan payments over their terms.

Loan Receivables are secured by a pledge from the related Merchant of a security interest in all of the Merchant's business assets. The Loan Agreement authorizes the Originator to file a UCC-1 financing statement to perfect its security interest. Each Loan Agreement provides for a personal guarantee of payment and performance of all contractual covenants by the applicant.

The list below summarizes the characteristics of Business Loan.

- Fixed Term and RTR Amount
- Personal Guarantee
- Daily/Weekly Payments
- Fixed ACH Collections

Line of Credit Receivables

Each LOC Receivable is a revolving line of credit, fixed rate business loan made to a borrower by the Originator. A LOC Receivable will have a principal amount outstanding and accrued but unpaid interest outstanding. Each LOC Receivable provides for scheduled weekly payments that are re-calculated at the time of each draw and provides for payment of the then outstanding balance over six, nine or 12 months from the date of the most recent draw. There is no fixed term for the LOC Agreement. RFS performs a credit evaluation at the time of each draw.

An LOC Receivable is a Loan Receivable that can be prepaid without penalty (i.e., the Merchant will not owe the full RTR Amount, just the current month's interest payment) and with respect to which the Merchant may make additional Draws in the Originator's discretion to the extent provided in the related LOC Agreement. Upon the commencement of a Rapid Amortization Event, no further draws will be permitted under the LOC Agreements. These draws increase the total outstanding principal amount of the LOC Receivables held by the Issuer, as the Issuer purchases the additional amount represented by the draw with Principal Proceeds.

The list below summarizes the characteristics of a LOC.

- Fixed Term
- Personal Guarantee
- Weekly Payments
- Fixed or Variable ACH Collections

Factored Receivables

RFS also provides Merchants with funding in the form of Factored Receivables by purchasing a specified amount of a Merchant's future payment receivables that arise from the sale of goods and services in exchange for a discounted purchase price paid in a lump sum up front. These are not considered loans but rather "true sales" of a portion of a Merchant's future receivables. RFS, as purchaser of the future receivables, bears the risk of loss.

Similar to Term Loans, Factored have initial funded amounts and RTR Amounts; however, Factored Receivables do not have a stated term or fixed periodic payments. RFS estimates a collection period for it to receive the RTR Amount, and instead of receiving fixed payments, RFS is owed a specified percentage of the Merchant's daily or weekly sales under the agreement.

RFS as Originator has the right to file one or more UCC-1 financing statements to evidence its security interest in receivables, in the event of breaches of specified representations, warranties or covenants under the Factoring Agreement, to perfect its security interest in collateral.

In each Factoring Agreement, the Merchant represents and agrees that the transaction is a sale transaction and not a loan and that the Merchant will not use any amount advanced for personal, family or household purposes.

The list below summarizes the characteristics of a Factored Receivable.

- "True Sales", No Fixed Term, No stated interest rate, RTR Amount
- Guarantee of Performance
- Daily/Weekly/Bi-Monthly Remittances
- Fixed or Variable ACH Collections

Collateral Composition of Statistical Pool:
The table below summarizes the characteristics of the total Statistical Pool as of the Statistical Cutoff Date.

RFS 2024-1 Summary (As of 5/31/2024)	
Number of Receivables	2,912
Number of Obligors	2,796
Average Number of Receivables per Obligor	1.04
Pool Outstanding Receivables Balance	$138,221,150
Percentage of Total Outstanding Receivables Balance	100.00%
Average Outstanding Receivables Balance per Receivable	$47,466
Maximum Outstanding Receivables Balance per Receivable	$546,000
Average Outstanding Receivables Balance per Obligor	$49,435
Maximum Outstanding Receivables Balance per Obligor	$546,000
Aggregate Original Receivables Balance	$202,737,504
Average Original Receivables Balance per Receivable	$69,621
Average Original Receivables Balance per Obligor	$72,510
Weighted Average Original Expected Collection Period (months)	14.7
Weighted Average Remaining Expected Collection Period (months)	11.6
Weighted Average Age (months)	3.1
Weighted Average RTR Ratio	1.35
Weighted Average Calculated Receivables Yield at Origination	39.20%
Weighted Average Credit Score	697
Weighted Average Time In Business (years)	15.4
Weighted Average Performance Ratio	100.4%

The Receivables in the pool generally have an original balance between $25,000 and $250,000.

Collateral Strats by Original Receivables Balance							
Original Receivables Balance	Number of Receivables	Pool Outstanding Receivables Balance ('000s)	Average Outstanding Receivables Balance	% of Pool Outstanding Receivables Balance	Weighted Average Time in Business (years)	Weighted Average FICO	Weighted Average RTR
$5,000 or less	93	$1,683	$18,100	1.22%	16.9	707	1.31
$5,000 to $10,000	133	$1,219	$9,162	0.88%	13.8	685	1.31
$10,000 to $25,000	568	$8,088	$14,240	5.85%	13.0	677	1.35
$25,000 to $50,000	733	$18,893	$25,775	13.67%	13.5	678	1.36
$50,000 to $75,000	503	$21,275	$42,295	15.39%	14.2	690	1.35
$75,000 to $100,000	239	$14,432	$60,384	10.44%	15.5	690	1.36
$100,000 to $125,000	143	$9,864	$68,979	7.14%	13.7	700	1.34
$125,000 to $150,000	296	$29,668	$100,230	21.46%	15.8	706	1.37
$150,000 to $175,000	32	$3,297	$103,022	2.39%	15.6	701	1.36
$175,000 to $200,000	34	$4,761	$140,027	3.44%	19.5	717	1.33
$200,000 to $250,000	116	$17,986	$155,051	13.01%	17.1	704	1.32
$250,000 to $300,000	5	$933	$186,620	0.68%	12.3	727	1.31
$300,000 to $400,000	6	$1,710	$284,937	1.24%	17.8	735	1.29
$400,000 to $500,000	4	$1,544	$385,888	1.12%	13.8	735	1.35
$500,000 to $600,000	7	$2,870	$410,005	2.08%	25.2	725	1.31
Total	2,912	$138,221	$47,466	100.00%	15.4	697	1.35

The receivables in the pool generally have an original term between 4 to 20 months.

Collateral Strats by Original Expected Term (months)							
Original Expected Term (months)	Number of Receivables	Outstanding Principal Balance	Average Outstanding Principal Balance	Percentage of Outstanding Principal Balance	Weighted Average Time in Business (years)	Weighted Average FICO	Weighted Average RTR
4.000 months or less	17	$546	$32,121	0.40%	14.8	741	1.14
4.001 to 6.000 months	76	$2,343	$30,824	1.69%	15.1	694	1.19
6.001 to 8.000 months	77	$2,585	$33,574	1.87%	16.3	703	1.25
8.001 to 10.000 months	362	$10,473	$28,930	7.58%	11.8	671	1.31
10.001 to 12.000 months	928	$38,326	$41,300	27.73%	13.1	699	1.30
12.001 to 14.000 months	11	$362	$32,901	0.26%	16.6	657	1.29
14.001 to 16.000 months	443	$20,870	$47,111	15.10%	15.0	687	1.38
16.001 to 18.000 months	996	$62,602	$62,853	45.29%	17.4	703	1.38
18.001 to 20.000 months	2	$114	$57,158	0.08%	11.4	642	1.39
Total	2,912	$138,221	$47,466	100.00%	15.4	697	1.35

The collateral pool is diversified across industries. The table below shows the distribution of the current pool in the top 15 most concentrated industries:

Collateral Strats by Industry							
Industry	Number of Receivables	Pool Outstanding Receivables Balance ('000s)	Average Outstanding Receivables Balance	% of Pool Outstanding Receivables Balance	Weighted Average Time in Business (years)	Weighted Average FICO	Weighted Average RTR
Eating And Drinking Places	344	$16,441	$47,793	11.89%	15.0	686	1.36
Business Services	249	$13,969	$56,099	10.11%	15.3	712	1.35
Health Services	333	$13,136	$39,447	9.50%	14.4	689	1.35
Miscellaneous Retail	253	$12,372	$48,902	8.95%	12.9	702	1.34
Personal Services	286	$9,386	$32,817	6.79%	13.8	680	1.35
Rubber And Miscellaneous Plastics Products	109	$7,863	$72,138	5.69%	19.2	705	1.35
Building Construction General Contractors And Operative Builders	158	$7,291	$46,146	5.27%	18.2	697	1.30
Wholesale Trade-durable Goods	90	$6,945	$77,168	5.02%	14.2	706	1.34
Miscellaneous Services	104	$6,054	$58,212	4.38%	13.8	703	1.37
Construction Special Trade Contractors	130	$5,878	$45,218	4.25%	18.0	693	1.35
Automotive Repair, Services, And Parking	163	$5,737	$35,198	4.15%	16.1	690	1.38
Motor Freight Transportation And Warehousing	86	$5,042	$58,630	3.65%	13.6	712	1.37
Amusement And Recreation Services	74	$3,527	$47,657	2.55%	14.4	695	1.35
Metal Mining	61	$3,496	$57,317	2.53%	25.3	694	1.32
United States Postal Service	51	$3,327	$65,232	2.41%	14.2	692	1.31
Other Industries	421	$17,757	$42,179	12.85%	15.0	698	1.34
Total	2,912	$138,221	$47,466	100.00%	15.4	697	1.35

About 67.8% of this pool is has a LEM Risk Tier of 1 or 2.

Collateral Strats by Risk Tier							
Risk Tier	Number of Receivables	Outstanding Principal Balance	Average Outstanding Principal Balance	Percentage of Outstanding Principal Balance	Weighted Average Time in Business (years)	Weighted Average FICO	Weighted Average RTR
Risk Tier 1	682	$32,644	$47,866	23.62%	17.5	700	1.26
Risk Tier 2	1,252	$61,087	$48,792	44.20%	15.0	699	1.34
Risk Tier 3	837	$38,089	$45,506	27.56%	14.4	693	1.41
Risk Tier 4	141	$6,401	$45,395	4.63%	14.4	679	1.46
Total	2,912	$138,221	$47,466	100.00%	15.4	697	1.35

About 91.4% of the Statistical Cutoff Date pool are Loan Receivables, 2.3% are Factored Receivables and 6.3% are LOC.

Collateral Strats by Product Type							
Product Type	Number of Receivables	Pool Outstanding Receivables Balance ('000s)	Average Outstanding Receivables Balance	% of Pool Outstanding Receivables Balance	Weighted Average Time in Business (years)	Weighted Average FICO	Weighted Average RTR
Loan	2,493	$126,398	$50,701	91.45%	15.3	697	1.35
MCA	129	$3,132	$24,276	2.27%	17.4	663	1.34
Line of Credit	290	$8,692	$29,971	6.29%	15.1	708	1.33
Total	2,912	$138,221	$47,466	100.00%	15.4	697	1.35

More than 60% of Merchants have been in business for at least 10 years. Those in business for at least 5 years make up about 88%.

Collateral Strats by Time in Business (years)							
Time in Business (years)	Number of Receivables	Pool Outstanding Receivables Balance ('000s)	Average Outstanding Receivables Balance	% of Pool Outstanding Receivables Balance	Weighted Average Time in Business (years)	Weighted Average FICO	Weighted Average RTR
Less than 2.00	5	$174	$34,780	0.13%	1.5	714	1.39
2.00 to 4.99	399	$16,375	$41,039	11.85%	3.9	694	1.34
5.00 to 9.99	881	$38,100	$43,246	27.56%	7.4	693	1.36
10.00 to 14.99	598	$28,976	$48,456	20.96%	12.2	695	1.35
15.00 to 19.99	405	$19,538	$48,241	14.13%	17.3	690	1.36
20.00 to 24.99	245	$12,261	$50,047	8.87%	22.1	709	1.34
25.00 to 29.99	155	$8,536	$55,073	6.18%	27.3	697	1.34
30.00 to 39.99	146	$8,667	$59,363	6.27%	34.1	709	1.33
40.00 to 49.99	48	$2,713	$56,526	1.96%	43.7	722	1.31
50.00 to 59.99	22	$2,391	$108,672	1.73%	55.0	716	1.37
60.00 or greater	8	$490	$61,238	0.35%	74.2	683	1.29
Total	2,912	$138,221	$47,466	100.00%	15.4	697	1.35

The current pool has a high mix of Receivables with a Performance Ratio of at least 90%.

Collateral Strats by Performance Ratio							
Performance Ratio	Number of Receivables	Pool Outstanding Receivables Balance ('000s)	Average Outstanding Receivables Balance	% of Pool Outstanding Receivables Balance	Weighted Average Time in Business (years)	Weighted Average FICO	Weighted Average RTR
Not Available	2	$181	$90,500	0.13%	13.2	756	1.39
74.990% or less	17	$670	$39,410	0.48%	10.4	708	1.36
75.00% to 79.99%	12	$620	$51,684	0.45%	13.3	701	1.39
80.00% to 84.99%	13	$539	$41,438	0.39%	15.5	667	1.34
85.00% to 89.99%	48	$2,352	$49,001	1.70%	13.3	681	1.34
90.00% to 94.99%	81	$2,796	$34,513	2.02%	13.6	678	1.37
95.00% to 99.99%	235	$6,203	$26,397	4.49%	15.1	675	1.35
100.00% to 104.99%	2,423	$121,895	$50,308	88.19%	15.5	698	1.35
105.00% to 109.99%	21	$751	$35,752	0.54%	18.6	697	1.37
110.00% to 114.99%	9	$683	$75,859	0.49%	10.6	700	1.33
115.00% to 119.99%	3	$101	$33,678	0.07%	9.7	678	1.45
120.00% to 124.99%	9	$301	$33,432	0.22%	11.4	712	1.39
125.00% or greater	39	$1,130	$28,964	0.82%	15.6	716	1.34
Total	2,912	$138,221	$47,466	100.00%	15.4	697	1.35

New customers consist of 49.5% of the current pool. The remainder are existing customers.

Collateral Strats by Renewal Status							
Renewal Status	Number of Receivables	Pool Outstanding Receivables Balance ('000s)	Average Outstanding Receivables Balance	% of Pool Outstanding Receivables Balance	Weighted Average Time in Business (years)	Weighted Average FICO	Weighted Average RTR
New Customer	1,510	$68,438	$45,323	49.51%	14.1	709	1.37
Existing Customer	1,402	$69,783	$49,774	50.49%	16.6	685	1.33
Total	2,912	$138,221	$47,466	100.00%	15.4	697	1.35

About 90.1% of the receivables have an RTR rate ranging from 1.20x to 1.49x. The pool has a weighted average RTR of 1.35x.

Collateral Strats by RTR Ratio							
RTR Ratio	Number of Receivables	Pool Outstanding Receivables Balance ('000s)	Average Outstanding Receivables Balance	% of Pool Outstanding Receivables Balance	Weighted Average Time in Business (years)	Weighted Average FICO	Weighted Average RTR
Less than 1.10	1	$220	$220,000	0.16%	7.5	710	1.09
1.10 to 1.20	130	$7,465	$57,423	5.40%	16.4	714	1.16
1.20 to 1.30	640	$31,426	$49,102	22.74%	16.0	700	1.26
1.30 to 1.40	1,296	$56,170	$43,341	40.64%	15.6	700	1.35
1.40 to 1.50	704	$36,953	$52,490	26.73%	14.6	689	1.43
1.50 to 1.60	140	$5,880	$42,002	4.25%	13.3	673	1.51
1.60 to 1.70	1	$107	$107,215	0.08%	16.6	758	1.61
Total	2,912	$138,221	$47,466	100.00%	15.4	697	1.35

KBRA Comparative Analytic Tool (KCAT)

The table below summarizes the structure of this transaction as compared to the recent Kalamata, Credibly, and CAN Capital, which were also rated by KBRA.

	RFS 2024-1	CCAS 2024-1	KCG 2024-1	CRDBL 2024-1
Transaction Date	7/25/2024*	6/20/2024	4/9/2024	3/15/2024
Collateral Stratification				
Initial Pool Size (as of statistical cutoff date)	$138,221,150	$139,256,846	$70,711,843	$75,059,698
Average Original Receivables Balance per Receivable	$69,621.00	$76,604.30	$74,986.05	$72,367.34
Weighted Average Original Expected Term (months)	14.7	17.4	12.6	12.2
Weighted Average RTR Ratio	1.35x	1.33	1.32	1.32
Weighted Average Calculated Receivables Yield at Origination	39.20%	32.28%	54.26%	52.26%
Weighted Average Credit Score	697	716	716	698
Weighted Average Time in Business (years)	15.4	19.5	12.0	9.2
Weighted Average Performance Ratio/Collection Variance Ratio	100.4%	99.7%	95.2%	98.5%
Percentage of Advance Receivable / MCA	2.3%	0.0%	76.0%	40.8%
Percentage of Loan / LOCs	97.7%	100.0%	24.0%	59.2%
Concentration Limits				
Maximum Percentage of Non-Straight Line Receivables in Pool	20.0%	--	--	20.0%
Minimum Total Receivables Weighted Average Perfomance Ratio/Collection Variance Ratio	80.0%	80.0%	80.0%	82.0%
Minimum Total Receivables Weighted Average RTR Ratio	1.27 - 1.50[1]	1.21x - 1.37x[1]	1.285x - 1.300x[1]	1.24x
Minimum Total Receivables Weighted Average Yield	22.50%	25.0%	25.0%	35.0%
FICO Distribution				
Less than 550	1.24%	0.00%	0.00%	0.00%
550 to 649	18.67%	9.43%	5.58%	17.89%
650 to 699	29.81%	28.79%	33.84%	35.69%
700 to 749	32.82%	36.37%	37.42%	28.89%
750 to 799	13.89%	18.35%	17.78%	14.85%
800 or greater	3.58%	7.06%	5.37%	2.67%
Industry Diversification				
Industry 1	Eating and Drinking: 11.89%	Health Services: 15.4%	Eating Places: 15.0%	Eating Places: 11.2%
Industry 2	Business Services: 10.11%	Eating and Drinking Places: 10.7%	Specialty Trade Contractors: 7.4%	General Contracts (Non-Residential): 3.4%
Industry 3	Hleath Services: 9.50%	Special Trade Contractors: 8.9%	Health Services: 3.9%	Lawn Services: 2.9%
Geographic Concentration				
State 1	FL: 11.89%	CA: 13.86%	CA: 14.80%	CA: 14.70%
State 2	TX: 10.54%	FL: 8.64%	TX: 11.90%	FL: 10.30%
State 3	CA: 7.70%	TX: 8.23%	FL: 9.20%	TX: 8.80%
Initial Note Balance				
Class A	$83,380,000	$88,699,000	$70,158,000	$52,500,000
Class B	$27,118,000	$16,111,000	$9,842,000	$9,375,000
Class C	$19,478,000	$20,190,000	--	$6,037,000
Class D	$21,959,000	--	--	$6,037,000
Class E	$8,065,000			
Total	$160,000,000	$125,000,000	$80,000,000	$73,949,000
Credit Enhancement (% of Initial Collateral Amount)				
Overcollateralization	2.00%	7.75%[2]	7.80%	1.40%
Reserve Account	0.50%	0.50%[2]	0.80%	0.50%
% Total Initial Credit Enhancement				
AA (sf)	49.43%	--	--	30.50%
A+ (sf)	--	--	--	--
A (sf)	32.82%	35.04%[2]	--	18.00%
BBB+ (sf)	--	--	--	--
BBB (sf)	20.89%	23.15%[2]	19.94%	9.95%
BBB- (sf)	--	--	--	--
BB+ (sf)	--	--	--	--
BB (sf)	--	--	8.60%	1.90%
BB- (sf)	7.44%	8.25%[2]	--	--
B+ (sf)	2.50%	--	8.60%	1.90%
KBRA Base Case Cumulative Charge-Off Rate Expectation				
KBRA Base Case Charge-Off Rate	13.00%	11.40%[2]	10.81%	7.32%

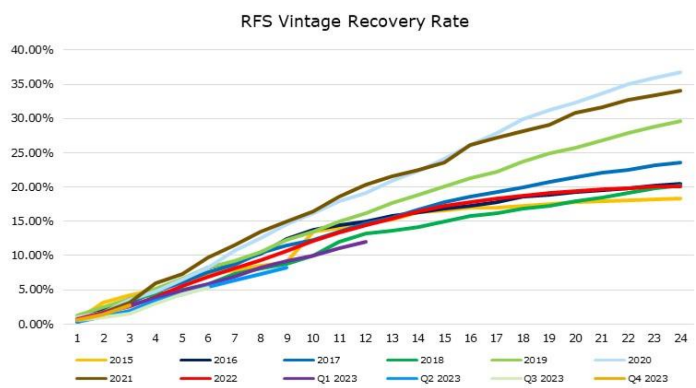
*Collateral Stratification as of 5/31/2024

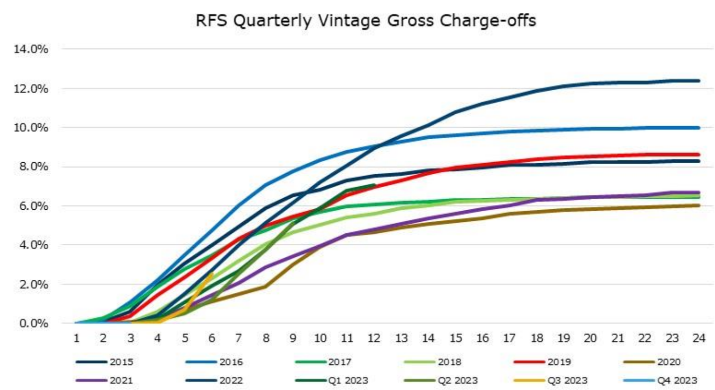
1. Weighted Average RTR Ratio is based on Actual/Expected Collection Period of Receivables.
2. Based on Matrix 8 of the Collateral Quality Matrix. Actual may vary depending on the Matrix Row that is chosen by the Servicer.

The KCAT for RFS 2024-1 is also available here.

Historical Performance

Gross Defaults and Recovery
RFS scores its Loan Receivables, Factored Receivables and LOC's using its proprietary underwriting model. These receivables are segmented into LEM Risk Tier 1 through 4, with the LEM Risk Tier 1 being the highest credit worthy Merchants. Below are charts showing RFS's gross losses and recoveries for quarterly vintages from Q1 2015 to Q4 2023.



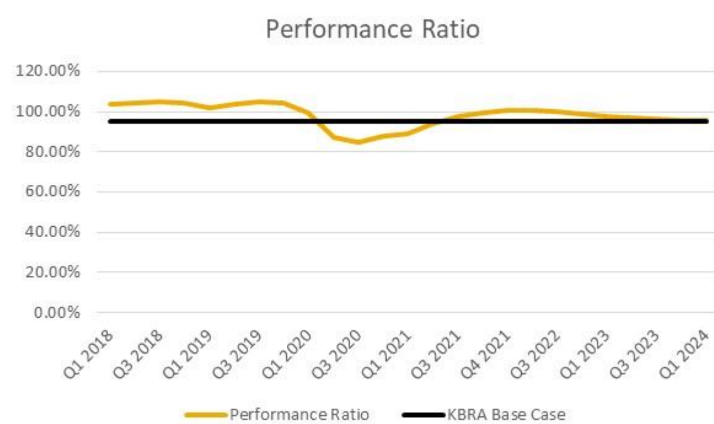


Asset Performance Measures:
RFS uses the Performance Ratio and Missed Payment Factor ("MPF") concepts to evaluate performance of its Loan Receivables and Factored Receivables.

The Performance Ratio is a metric that shows how close or how far the actual cumulative amount of collections received are to the expected cumulative amount of collections at that point. The formula below shows how the Performance Ratio is calculated.

Performance Ratio = (Cumulative Actual $ Collected) / (Cumulative Expected $)

Based on this formula, if the Performance Ratio is less than a value of 1, the actual amount of collections is less than what was expected to be collected at that point. If the Performance Ratio is greater than a value of 1, the actual amount of collections is greater than what was expected to be collected at that point. KBRA analyzed the Company's historical Performance Ratio since 2018 and a base case of 95% was assumed, which was haircut at various levels depending on KBRA's rating of the notes as described in the Cash Flow Analysis section. The Performance Ratio dropped in 2020 during the peak of the COVID-19 lockdowns but has since risen to earlier levels.



Sub-Performing Receivable – means it has a Performance Ratio less than (x) 40% at any time during the first 50% of the expected collection period, (y) 50% after the first 50% of the expected collection period and prior to 175% of the expected collection period or (z) 100% at or after the expiration of 175% of the expected collection period. A Sub-Performing Receivable, similar to a Charged-off Receivable will be excluded from an Eligible Receivable and Outstanding Receivables Balance and therefore the calculation of the Series 2024-1 Adjusted Pool Balance and overcollateralization.

The other performance metric is the Missed Payment Factor. The MPF is a fraction with the numerator being the total past due amount of scheduled loan payments with respect to a Loan Receivable or expected receivables with respect to a Factored Receivable and the denominator being the expected or projected daily or weekly amount. This measure quantifies how many payments the customer is either ahead or behind.

MPF = CUMULATIVE AMOUNT PAST DUE / EXPECTED PMT
MPF >0 = Merchant is behind on payment
MPF < 0 = Merchant has paid more than expected

A MPF of < 0 means the Businesses aggregate payments is greater than the aggregate payments expected at that time. The MPF concept is used in:

a. the calculation of the Delinquency Ratio. When the three-month average Delinquency Ratio exceeds 15%, a Rapid Amortization Event will occur;
b. The transaction's Concentration Limits (Receivables that are approximately 31 to 60 calendar days past due, based on an MPF or 22 or higher for daily pay receivables, (ii) 4 or higher with respect to weekly pay receivables or (iii) 2 or higher with respect to bi-weekly pay receivables; and
c. the calculation of Charged-Off Receivable (with respect to Daily Pay Receivables, 66 or higher as of such Determination Date; (ii) with respect to Weekly Pay Receivables, 12 or higher as of such Determination Date; (iii) with respect to Bi-Weekly Pay Receivables, 6 or higher as of such Determination Date; and (iv) no payment has been received for a period of 90 or more consecutive days in respect of such Receivable).

KBRA Loss Expectation

KBRA has analyzed RFS's historical static pool performance loss data since 2015. Greater weight was placed on these recent years since there were significantly more originations which provided a better representation of the current pool. KBRA examined data on receivables cash collections and the variance of this data segmented by RFS's LEM Risk Tier in order to develop a KBRA base case loss expectation per KBRA's Global General Rating Methodology for Asset-Backed Securities.

KBRA assigned a gross loss rate to each LEM Risk Tier. A worst-case pool mix was created based on the eligibility criteria, based off Risk Tier concentration limits and this resulted in a base case gross loss rate of 14.44% and a base case net loss of 13.00%. The recovery rate used was 10.00%.

Cash Flow Analysis

KBRA performed a cash flow analysis to test the transaction structure and assess whether the proposed enhancement levels are sufficient to warrant the ratings for each of the rated Notes. Our analysis includes various timing of losses, recovery timing, expected term, and a base case performance ratio. In addition, the performance ratio was given various haircuts based on the KBRA Rating scale shown below. KBRA modeled a 28% CPR stress for LOC collateral. The multiples shown in the cash flow modeling results below are compared to the KBRA base case net loss rate of 13.00%.

KBRA Stresses	
KBRA Rating	Performance Ratio (haircut to base case)
Class A	9.00%
Class B	7.00%
Class C	5.00%
Class D	4.00%
Class E	2.00%

Under these assumptions, the cash flow stresses resulted in the following coverage of the base case cumulative net loss assumption:

Cash Flow Modeling Results			
Class	Breakeven CGL	Breakeven CNL	Breakeven CNL Multiple
Class A	67.75%	60.97%	4.69x
Class B	52.38%	47.14%	3.63x
Class C	40.65%	36.58%	2.81x
Class D	27.14%	24.43%	1.88x
Class E	22.30%	20.07%	1.54x

Scenario/Sensitivity Analysis

The ratings on the RFS 2024-1 transaction will be monitored through the life of the transaction. If performance of the transaction, including losses, differs meaningfully from the expected levels, KBRA may consider making a rating change.

The table below illustrates the potential for downgrade of each investment grade rated class if the expected cumulative net loss levels exceed initial expectations based upon the leverage in the transaction currently. KBRA notes that this transaction is structured to de-lever which may result in more stability in the ratings. 'Stable' means a downgrade is unlikely. 'Moderate' means a potential downgrade of up to one rating category is possible. 'Severe' indicates a multi-category downgrade is possible.

In addition to providing insight into the risk of rating migration, the table also indicates which scenarios may cause particular classes to default. Any scenario that indicates 'Default' for a class means that our cash flow projection indicated a default in the payment of principal under that scenario.

		Class and Rating Sensitivity		
CNL Increase	Resulting CNL	Class A	Class B	Class C
Current Base Case CNL	13.00%	Stable	Stable	Stable
5%	13.65%	Stable	Stable	Stable
10%	14.30%	Stable	Stable	Stable
15%	14.95%	Stable	Stable	Moderate
20%	15.60%	Stable	Moderate	Moderate
25%	16.25%	Stable	Severe	Severe
30%	16.90%	Stable	Severe	Severe
35%	17.55%	Stable	Severe	Severe
40%	18.20%	Stable	Severe	Severe
45%	18.85%	Moderate	Severe	Severe
50%	19.50%	Moderate	Severe	Severe
55%	20.15%	Severe	Severe	Severe
180%	36.40%	Severe	Severe	Severe
185%	37.05%	Severe	Severe	Default

It should be noted that many factors, including economic stress, market conditions and servicing operations can impact the performance of the receivables pool and influence rating decisions, both positively and negatively. Furthermore, the above table considers the current credit enhancement available to the transaction as well as KBRA's assumptions regarding the timing of losses.

ESG Considerations

KBRA ratings incorporate relevant credit factors, including those that relate to **Environmental**, Social, and Governance (ESG). The following section highlights ESG considerations that are generally associated with ABS securitizations such as the subject transaction. Transaction-specific ESG factors are highlighted below, where applicable, using Environmental, Social, and Governance indicators.

Climate Change and Natural Disasters

Climate change, natural disasters, and the outbreak of epidemic disease can pose long-term economic risk that can put meaningful and, at times, sudden, pressure on the cash flows of borrowers. Portfolio diversity at the individual obligor level can help mitigate this risk relative to more concentrated pools. Conversely, high state concentration leaves the collateral pool susceptible to adverse economic conditions, regional recessions, and natural disasters, which may negatively affect loan performance or collections. Certain states are vulnerable to natural disasters such as earthquakes, wildfires, and hurricanes. The occurrence of such an event may cause increased voluntary or involuntary delinquencies for loans in the transaction. KBRA's analytical process incorporates positive adjustments for portfolio diversification by obligor and industry. Highlights regarding the subject transaction's portfolio diversity profile are available in the Collateral Composition of Statistical Pool section of this report.

- The pool's largest state exposure (11.9%) is lower than the average of (14.5%) for the comparison set, which ranged from 13.9% to 14.8%.

Social Factors

Demographic and Economic Trends

Demographic trends drive consumer preferences and the overall direction of the economy, which influences the demand for products and the performance of financial assets. Changes in demographic trends and consumer preferences impact the long-term viability of the product and Company. KBRA considers changes in demographic trends, consumer preferences, and the long-term viability of the product and Company in its rating assessment. Products with low customer satisfaction, that are inefficient, or have not embraced technological developments have a greater likelihood of being disintermediated or replaced by newer products that address these factors. Demand for financial products is also affected by population growth and consumers' age, demographic changes, employment rates, consumer behavior, and other secular trends.

Governance Factors

Key Transaction Parties

KBRA considers the capabilities of key parties and their respective affiliates involved in effectuating transaction functions in its analysis. Historical performance data, which includes defaults, recoveries, and performance ratio, are important considerations used to predict future performance of the underlying assets. KBRA segmented this data by certain Company's loan grades or loan attributes and relied on more recent vintage cohorts to establish assumptions for the collateral supporting this transaction. The Company has an experienced compliance and legal department that manages legal and regulatory risks and compliance with applicable laws. This department helps identify weaknesses in and evaluates the effectiveness of Company controls enabling adherence to regulatory requirements.

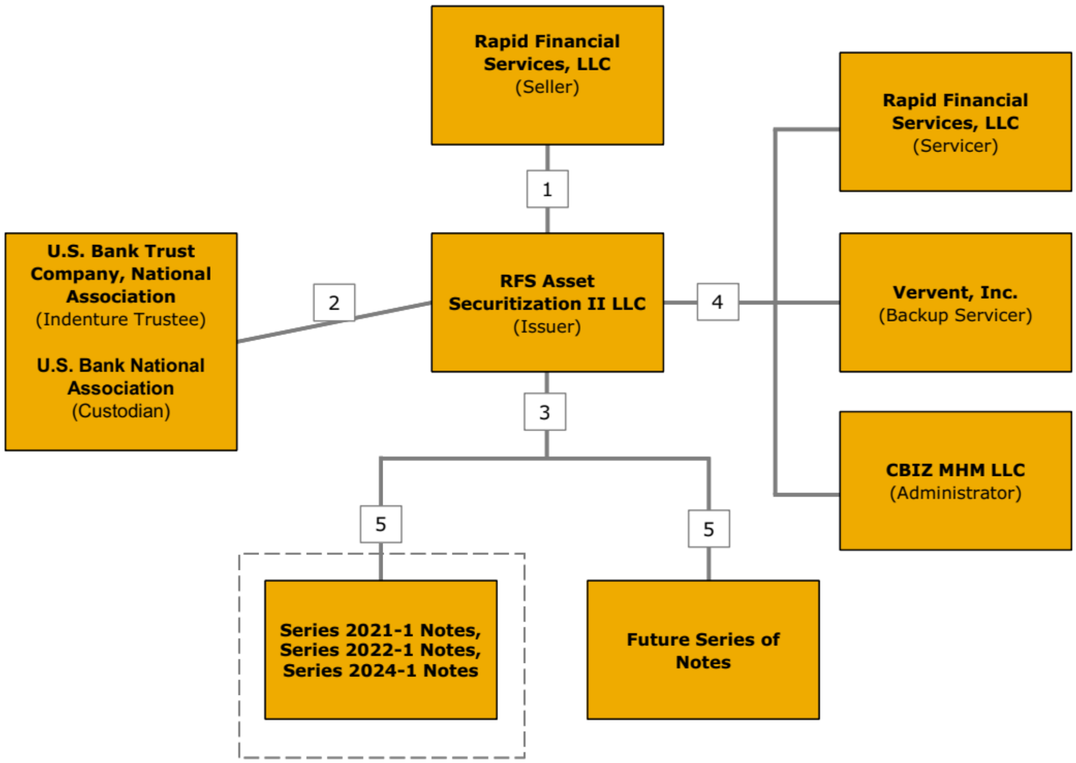
Structure

Transaction structure is an important governance factor in structured finance transactions as many structural aspects, such as adherence to representations and warranties, compliance with origination standards and eligibility criteria, reporting of collateral performance, and segregation and application of cashflows, require parties to act in good faith and certify the accuracy of such information. Failure to do so could impact actual performance. KBRA considers various aspects of the transaction structure in its analysis, including, but not limited to, the bankruptcy remoteness of collateral, perfection of collateral security interests, how loans are underwritten and serviced, and the transaction waterfall, as well as the applicable operative documents. KBRA holistically considers these structural features, credit enhancement, and transaction documents during the course of our credit analysis and ratings assignment process. A summary of the transaction's structure can be found in the Transaction Structure Key Credit Consideration.

Transaction Structure

Please note that the following is intended to be a concise summary of the transaction structure. It does not contain all the information that may be relevant to understanding the transaction's mechanics, which are available in the offering materials and/or transaction documents.

Legal Structure	
Transaction Structure	The Notes are newly issued asset-backed securities collateralized by a revolving pool of receivables. The following diagram illustrates the basic securitization structure:



1. On the Closing Date, the Seller will transfer Loan Receivables and Factored Receivables to the Issuer for cash available from the sale of the Series 2024-1 Notes or as a contribution of capital to the Issuer. From time to time, the Seller will transfer Receivables to the Issuer in exchange for cash available from payments on the Receivables owned by the Issuer or from the issuances of series of notes or otherwise as contributions to capital of the Issuer.
2. The Issuer pledges the Receivables it acquires from the Seller and certain other assets to the Indenture Trustee to secure its notes, including the Series 2024-1 Notes.
3. The Issuer issues the Series 2024-1 Notes and from time to time in the future may issue additional Series 2024-1 Notes and other Series of Notes to investors.
4. The Servicer services the Receivables and remits amounts received with respect to the Receivables received from the Merchants to the collection account. The Backup Servicer will provide certain services in respect of reports generated by the Servicer and other matters and, in the event that the Servicer is terminated after a Servicer Default, will agree at the request of the Indenture Trustee at the direction of the Requisite Noteholders or at the request of the Requisite Noteholders to act as the successor servicer.
5. Collections on the Receivables will be used to make payments on the Series 2021-1 Notes, the Series 2022-1 Notes, the Series 2024-1 Notes, and any other additional series of Notes issued pursuant to the Base Indenture and a corresponding indenture supplement. Collections on the Receivables allocated to the Series 2024-1 Notes will be used to make payments on the Series 2024-1 Notes and during the revolving period to purchase additional Receivables from the Seller, in each case pursuant to the payment priorities described in the offering document.

For further details, see the respective offering document.

Additional Issuances	The Notes are "expandable" term notes such that at any time during the Revolving Period, the Issuer may periodically issue additional Series 2024-1 Notes, subject to the following conditions: 1. such issuance does not cause the maximum issuance amount of each class to exceed the maximum class amounts as described in the transaction documents; 2. the Rating Agency Condition for the Series 2024-1 Notes is satisfied; 3. the Issuer and the Receivables to be acquired by the Issuer in connection with such issuance satisfy all conditions set forth in the Transaction Documents; 4. at the time of such issuance a Rapid Amortization Event has not occurred and is not continuing; 5. such issuance will constitute a "qualified reopening" of such corresponding Class of Series 2024-1 Notes for U.S. federal income tax purposes; 6. the Issuer shall deliver to the Indenture Trustee an officer's certificate stating that the foregoing conditions and all other conditions precedent to the authentication of the additional Notes by the Indenture Trustee have been satisfied; and 7. the Issuer receives an opinion from independent tax counsel that the issuance of any additional notes are properly characterized as indebtedness for U.S. federal income tax purposes at the same level of tax opinion certainty as the related Class of Series 2024-1 Notes originally issued and then outstanding. Each additional issuance of Notes will have the same terms as the corresponding Class of Series 2024-1 Notes issued on the closing date, including the same Note Rate, Legal Final Payment Date and CUSIP.
Optional Call Period	With respect to up to 30% of the Series 2024-1 Notes, pro rata to each class, (a) at 103% of their outstanding principal amount plus accrued interest on any payment date prior to but excluding the Payment Date in August 2025, (b) at 101% of their outstanding principal amount plus accrued interest on any Payment Date on or after the Payment Date in August 2025 and prior to but excluding the Payment Date in July 2026 and (c) in whole or in part at par plus accrued on any Payment Date on or after the Payment Date in July 2026.
Revolving Period End Date	July 2027
Legal Final Payment Date	July 2029
Priority of Payments	Available funds for each month will be applied in the following order: 1. To pay the Indenture Trustee, Depository Bank, the Custodian and the Administrator up to the respective caps 2. To pay the Servicing Fee 3. To pay the Backup Servicing fee up to a specified cap 4. To pay interest to the Class A Notes 5. To pay First Priority Principal Distribution Amounts 6. To pay interest to the Class B Notes 7. To pay Second Priority Principal Distribution Amounts 8. To pay interest to the Class C Notes 9. To pay Third Priority Principal Distribution Amounts 10. To pay interest to the Class D Notes 11. To pay Fourth Priority Principal Distribution Amounts 12. To pay interest to the Class E Notes 13. To pay Fifth Priority Principal Distribution Amounts 14. To cure an Asset Deficiency during the Revolving Period, if applicable 15. During the Revolving Period, to the Reserve Account, a deposit amount, if any, that will bring the account to its required amount 16. To pay principal on the Notes in sequential order during the amortization period 17. To pay remaining transaction party fees (other than the Backup Servicer) on a pro rata basis without regard to any fee caps 18. To the Backup Servicer, any portion of the backup servicing fee not paid due to the operation of the annual fee limit, and 19. Any remaining amounts to the Issuer

Rapid Amortization Events	The following events will be automatic "Rapid Amortization Events" with respect to the Series 2024-1 Notes:
	
	▪ the occurrence of any of the following events as of any payment date on or after the October 2024 payment date:
	    ▪ the three-month weighted average Calculated Receivables Yield on such payment date is less than 22.50%;
	    ▪ the three-month weighted average Excess Spread on such payment date is less than 4.00%; or
	    ▪ the three-month average Delinquency Ratio on such payment date is greater than 15.00%;
	▪ a Series 2024-1 Asset Deficiency shall occur and continue until the second Payment Date following its commencement, or if it started on a Payment Date, on the next Payment Date; provided, however, that so long as a Series 2024-1 Asset Deficiency has occurred and is continuing (i) no Receivables can be transferred to the Issuer and (ii) no excess cashflow can be released to the Issuer unless or until such Series 2024-1 Asset Deficiency is cured
	▪ a Servicer Default occurs;
	▪ an Event of Default with respect to the Series 2024-1 Notes occurs under the transaction documents;
	▪ either the Seller or the Servicer suffers certain specified bankruptcy or insolvency events;
	▪ the occurrence of a Receivables File Discrepancy Event; or
	▪ the Issuer fails to redeem in full either (i) the Series 2021-1 Notes in or (ii) the Series 2022-1 Notes on the Payment Date in August 2024.

Events of Default	The occurrence of any of the following events will constitute an "Event of Default" under the indenture: ▪ failure to pay interest either (a) on any Controlling Class or (b) any note on such notes' Legal Final Maturity Date when due for five business days; ▪ failure to pay principal when due; ▪ failure by the Issuer to observe or perform any covenant or agreement in the transaction documents and that failure has a materially and adverse effect on holders of the Notes and continues or is not cured within the required cure period; ▪ the receipt by the Issuer of a final determination that it will be treated as an association or a publicly traded partnership taxable as a corporation for federal income tax purposes; ▪ the Issuer is an "investment company" within the meaning of the Investment Company Act; ▪ certain bankruptcy or insolvency events occur with respect to the Issuer; ▪ the Indenture Trustee fails to have a valid and perfected first priority security interest in the collateral and such failure continues for five business days; or ▪ any of the transaction documents ceases for any reason to be in full force and effect other than in accordance with its terms.
Series 2024-1 Required Overcollateralization Percentage	An amount equal to 100% minus the product of (i) 2.00% and (ii) the quotient of (a) the Series 2024-1 Adjusted Pool Balance and (b) the Series 2024-1 Pool Balance.
Excess Concentration	The Receivables are subject to certain concentration limits that, when exceeded, will be excluded from the Series 2024-1 Adjusted Pool Balance which will require the Issuer to maintain additional credit enhancement for the Notes. Such concentration limits are based on the amounts, without duplication, in excess of the following limits, determined as a percentage of the aggregate outstanding receivables balance of Eligible Receivables (collectively, the "Series 2024-1 Excess Concentration Amounts").

	RFS 2024-1 Excess Concentration

Concentration test	RFS 2024-1
Merchants located in California	25.00%
Merchants located in New York	20.00%
Merchants located in Florida	20.00%
Merchants located in Texas	20.00%
Merchants located in any other single state	10.00%
Merchants with outstanding Receivables balances greater than $75,000[(1)]	60.00%
Merchants with outstanding Receivables balances greater than $125,000[(1)]	35.00%
Merchants with outstanding Receivables balances greater than $400,000[(1)]	7.00%
Merchants with outstanding Receivables balances greater than $600,000[(1)]	0.00%
Merchants in business for less than 1 year	1.00%
Merchants in business for less than 2 years	10.00%
Merchants in business for less than 3 years	20.00%
Merchants in business for less than 4 years	40.00%
Merchant businesses in highest concentration industry[(2)]	25.00%
Merchant businesses in highest 2 concentration industries[(2)]	40.00%
Merchant businesses in highest 5 concentration industries[(2)]	65.00%
Merchant businesses in highest 10 concentration industries[(2)]	90.00%
Receivables that are 13+ month Receivables	55.00%
LOC Receivables that are 13+ month Receivables	0.00%
Receivables with an Expected Collection Period greater than 24 months (12 months from the latest Draw for LOC Receivables)	0.00%
Variable Payment Receivables	20.00%
Receivables that are 19+ Receivables	2.50%
Receivables that are LOC Receivables	50.00%
Receivables that are approximately 31 to 60 days delinquent, based on a Missed Payment Factor of greater than (a) 22 for Daily Pay Receivables; (b) 4 for Weekly Pay Receivables; and (c) 2 for Bi-Weekly Pay Receivables	15.00%
Receivables that are approximately 61 or more days delinquent, based on a Missed Payment Factor greater than (a) 44 for Daily Pay Receivables; (b) 8 for Weekly Pay Receivables; and (c) 4 for Bi-Weekly Pay Receivables	0.00%
Receivables that are subject to Material Modifications	15.00%
Receivables with a Risk Tier of 1 is equal to at least	17.00%
Receivables with a Risk Tier of 1 or 2 is equal to at least	59.00%
Receivables with a Risk Tier of 1, 2 or 3 is equal to at least	94.00%
Receivables with a Risk Tier of 4 does not exceed	6.00%
Receivables that cause the weighted average Performance Ratio to be below 80.00%	0.00%
Receivables with an Original Expected Term of 1-13 months that cause the weighted average RTR Ratio to be below 1.270	0.00%
Receivables with an Original Expected Term of 14-19 months that cause the weighted average RTR Ratio to be below 1.32	0.00%
Receivables with an Original Expected Term of 20-24 months that cause the weighted average RTR Ratio to be below 1.500	0.00%
Receivables that cause the weighted average Calculated Receivables Yield to be below 22.50%	0.00%
Receivables that cause the weighted average Credit Score to be below 625	0.00%
Receivables that cause the average outstanding Merchant balance to exceed $65,000	0.00%

[(1)]Represents participation interest owed by Seller.

[(2)]Industries are classified by two digit SIC industry code. For purposes of this test, Receivables relating to Merchants in unclassified industries will be counted as a single industry.

Material Modifications	A Material Modification means, with respect to any Loan Receivable, a reduction in the interest rate or repayment amount, an extension of the term, or a change in frequency or amount of any payment requirement (other than temporary modifications) and, with respect to any Factored Receivable, a reduction in the discount rate or the specified amount, or a change in the percentage of receivables delivered in each payment period (other than temporary modifications or fluctuations based on Non-Straight Line Payment Collections).
Funded Amount	The Funded Amount, with respect to a Receivable, is The funds provided by the Seller to a Merchant pursuant to a Merchant Agreement and identified as either the "Purchase Price" or "Amount of Loan" or for LOC Receivables, the principal balance of such LOC Receivables outstanding from time to time.

Outstanding Receivables Balance	The Outstanding Receivables Balance, as of any date, is described below i) Term Loan Receivable – the original Funded Amount less payments received and allocated by the Servicer to such Funded Amount ii) Line of Credit – the principal balance of such LOC Receivables outstanding from time to time iii) Factored Receivables – the original Funded Amount less collected receivables allocated by the Servicer to such Funded Amount The amount of payments or collected receivables allocated to the Funded Amount of a Receivable is determined by dividing the total payments or collections received on such Receivable as of the applicable determination date by the related RTR Ratio applicable to such Receivable, and subtracting the result from the original Funded Amount. The Outstanding Receivables Balance of Charged-Off Receivables or Sub-Performing Receivables will be zero.
Series 2024-1 Required Reserve Account Amount	The Series 2024-1 Required Reserve Account Amount will be: i) On the Closing Date of the Series 2024-1 Notes, 0.50% of the aggregate initial principal amount of the Series 2024-1 Notes divided by 98.00% ii) On the closing date of each additional issuance of Series 2024-1 Notes, 0.50% of the aggregate initial principal balance of such additional Series 2024-1 Notes divided by 98.00%
Charged-Off Receivable	Means a Receivable that is subject to a Charged-Off Event. A Charged-Off Event means with respect to any Receivable, the earlies to occur of (a) has a Missed Payment Factor (i) in the case of a Daily Pay Receivable, higher than 66, (ii) in the case of a Weekly Pay Receivable, higher than 12, or (iii) in the case of a Bi-Weekly Pay Receivable, higher than 6, (b) no payment has been received for a period of 90 or more consecutive days in respect of such Receivable, or (c) consistent with the Credit Policies, has or should have been written off by the Servicer
Eligible Merchant	Criteria for an "Eligible Merchant" means a Merchant that satisfies each of the following criteria: ▪ is domiciled in the United States; ▪ is not a Governmental Authority; ▪ is not subject to any proceedings under the Bankruptcy Code or under any other applicable bankruptcy, insolvency or similar law now or hereafter in effect; ▪ is not an employee or affiliate of the issuer or the seller or an employee of an affiliate of the Issuer or the Seller; ▪ is a not a natural person (other than in the case of a sole proprietorship); ▪ any "additional merchant eligibility criteria" specified in any indenture supplement.
Weighted Average Excess Spread	The Weighted Average Excess spread is a ratio equal to a fraction: (a) the numerator is the sum of (i) all collections on the Receivables excluding collections that are principal payments or payments constituting fees from Merchants, plus all recoveries with respect to Charged-Off Receivables; less (b) the sum (1) of the amounts due and payable per clauses (i) through (iii) of the Priority of Payments (2) the interest due, plus the aggregate Outstanding Receivables Balance (immediately prior to becoming a Charged Off Receivable) of all Receivables that became Charged Off Receivables during the Collection Period; and the denominator is the average daily of the product of (i) the Series 2024-1 Invested Percentage and (ii) the Outstanding Receivables Balance of all Eligible Receivables during the related Collection Period
Delinquency Ratio	"Delinquency Ratio" means, as of any Determination Date, the percentage equivalent of a fraction

	(a) the numerator of which is the aggregate Outstanding Receivables Balance of all Receivables that had a Missed Payment Factor greater than (i) with respect to Daily Pay Receivables, 22 as of such Determination Date; (ii) with respect to Weekly Pay Receivables, 4 as of such Determination Date; (iii) with respect to Bi-Weekly Pay Receivables, 2 as of such Determination Date and (b) the denominator of which is the Pool Outstanding Receivables Balance as of such Determination Date.
Servicer Defaults	The occurrence of any of the following events will constitute a "Servicer Default" under the servicing agreement: ▪ the Servicer fails to make any payment, transfer or deposit to the Indenture Trustee on the date that payment, transfer or deposit was due and such failure shall continue for five business days; ▪ any representation or warranty made by the Servicer in the servicing agreement or in any statement or certificate at any time given by the Servicer in writing pursuant to the transaction documents is incorrect when made and such inaccuracy has a material and adverse effect on the interests of the holders of the Notes and such inaccuracy is not cured for a period of 30 consecutive days; ▪ any failure by the Servicer to comply with any of its agreements or covenants contained in the transaction documents and such failure has a material and adverse effect on the interests of the holders of the Notes and such failure is not cured for a period of 30 consecutive days; ▪ certain bankruptcy or insolvency events shall have occurred with respect to the Servicer; ▪ with respect to any other Series of Notes outstanding, any additional servicer default specified in the related indenture supplement; ▪ the occurrence of any of the following events as of any Payment Date beginning with the October 2024 Payment Date: A. three-month weighted average Excess Spread on such payment date is less than 4%; or B. the three-month weighted average Delinquency Ratio on such payment date is greater than 15.00%.
Transaction Amendment Process	The transaction's indenture may be amended without noteholders consent, provided that such amendment does not in any material respect adversely affect the interest of any noteholder and the Rating Agency Condition is satisfied. Further, if the Rating Agency Condition is satisfied, Additional Servicer Defaults can be modified or waived without noteholders' consent. "Rating Agency Condition" means, with respect to the Series 2024-1 Notes and any event or circumstance subject to such condition, the delivery to the Rating Agency of written notice of such event or circumstance (i) at least ten (10) Business Days prior to the occurrence of such event or circumstance or (ii) in the case of a proposed change related to an additional issuance of Notes, at least thirty (30) days prior to the effectiveness thereof and the Rating Agency has issued a written notice that such action will not result in a downgrade or withdrawal of its rating assigned to any of the Series 2024-1 Notes.
Representations and Warranties	For more detailed information regarding the representations, warranties and enforcement mechanisms available under the transaction documents, please see KBRA's RFS Asset Securitization II LLC, Series 2024-1 Representations and Warranties Disclosure available here.