Presale:

Chase Issuance Trust (Class A(2024-1))

January 19, 2024

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Preliminary rating

Class	Preliminary rating	Interest rate (%)(i)	Preliminary amount (mil. $)(i)	Credit support (%)	Expected maturity date	Legal maturity date
A(2024-1)	AAA (sf)	TBD	500.00	14.00	Jan. 15, 2027	Jan. 16, 2029

Note: This presale report is based on information as of Jan. 19, 2024. The rating shown is preliminary. This report does not constitute a recommendation to buy, hold, or sell securities. Subsequent information may result in the assignment of a final rating that differs from the preliminary rating. (i)The interest rates and amount will be determined on the pricing date. TBD--To be determined.

Profile

Collateral	Credit card receivables that are generated by revolving credit card accounts owned by JPMorgan Chase Bank N.A. or one of its affiliates.
Issuer	Chase Issuance Trust.
Originator, sponsor, administrator, and servicer	JPMorgan Chase Bank N.A. (A+/Stable/A-1).
Depositor and transferor	Chase Card Funding LLC.
Indenture trustee and bank account provider	Wells Fargo Bank N.A. (A+/Stable/A-1).

Rationale

The preliminary rating assigned to Chase Issuance Trust's (CHAIT's) class A(2024-1) CHASEseries credit card asset-backed notes reflects:

- The 14.0% credit support that the subordinated class B and C notes provide, which we believe is sufficient to withstand the simultaneous stresses we apply to our 5.5% base-case loss rate, 22.5% base-case payment rate, 15.0% base-case yield, and 3.0% purchase rate assumptions, as well as our stressed excess spread assumption (see the S&P Global Ratings' Credit Ratings Assumptions section).
- Our expectation that under a moderate ('BBB') stress scenario, all else being equal, our preliminary rating on the class A(2024-1) notes will be within our credit stability limits (see the Sensitivity Analysis section).
- The timely payment of interest and ultimate principal payments by the designated legal final

maturity date under our stressed cash flow modeling scenarios, which we believe are appropriate for the assigned preliminary rating.

- Our view that the 5.0% minimum seller's interest will be insufficient in our 'AAA' stress scenarios to absorb dilution (noncash reductions in the receivables) stress of 6.00%, resulting in a 1.00% uncovered dilution, which is captured in our cash flow analysis.
- The collateral characteristics of the credit card receivables in the trust, together with our assessment of the collateral's credit risk, our updated macroeconomic forecast, and our forward-looking view of the U.S. economy (see the Credit Enhancement And Collateral section).
- Our operational risk assessment of JPMorgan Chase Bank N.A. (JPMorgan Chase; A+/Stable/A-1) as servicer, along with our view of its origination, underwriting, account management, collections, and general operational practices.
- The series' bank accounts at Wells Fargo Bank N.A., which do not constrain the preliminary rating.
- The transaction's payment and legal structure.

Environmental, Social, And Governance

Our rating analysis considers a transaction's potential exposure to environmental, social, and governance (ESG) credit factors. For credit card ABS, we view the exposure to environmental credit factors as below average, to social credit factors as above average, and to governance credit factors as average (see "ESG Industry Report Card: Credit Card Asset-Backed Securities," published March 31, 2021). In our view, the exposure to ESG credit factors in this transaction is in line with our sector benchmark. Social credit factors are generally viewed as above average given the relatively high interest rates for borrowers who carry a balance month to month. However, we believe our approach to determining yield stresses, which considers the effect of any potential legislation or regulatory actions on interest rates and fees, adequately accounts for this factor.

Governance credit factors are generally viewed as average, reflecting the originator's active role managing the revolving collateral pool over the transaction's life, exposing investors to the risk of loosening underwriting standards or potential adverse selection. To account for this risk, we assumed that the pool's composition and quality will reflect the originator/servicer's track records, operational strategies, and the historical performance data across varying economic cycles, typically resulting in a higher expected loss than that of the actual performance data.

Credit Enhancement And Collateral

Credit support

The CHASEseries has a senior-subordinated capital structure consisting of class A, B, and C notes. The class A notes benefit from the subordination of the class B and C notes, which together provide 14.0% credit support to the class A notes. Credit enhancement for the class B notes is provided by the class C notes, while credit enhancement for the class C notes is provided by the class C reserve account.

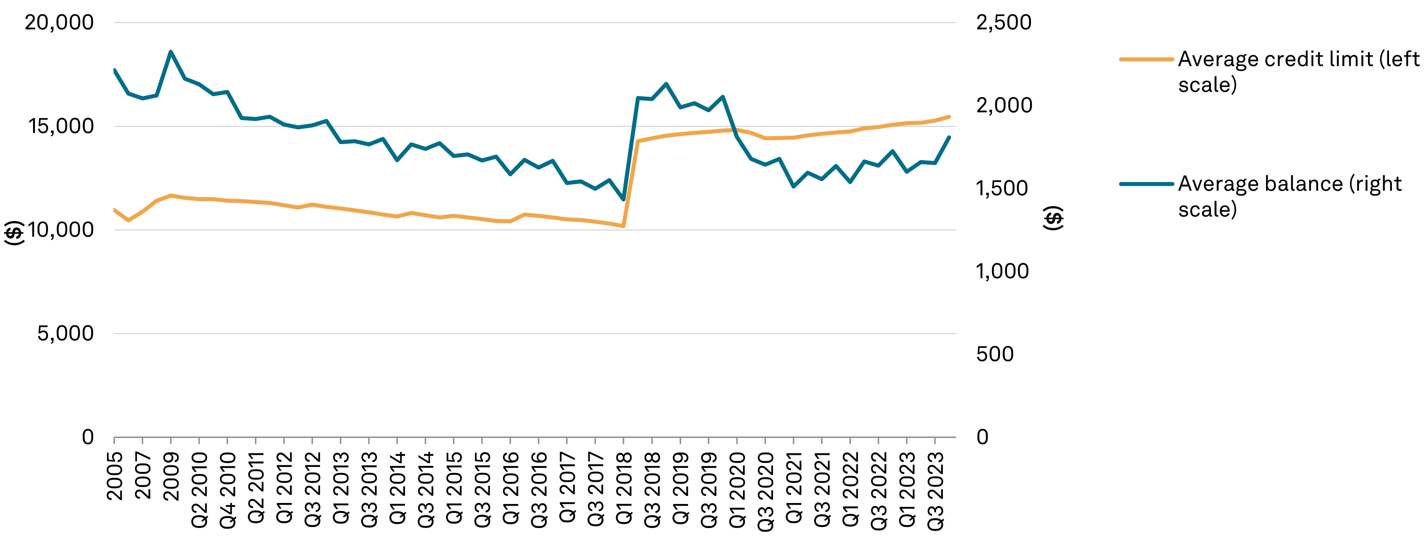
Collateral

The trust's collateral is a revolving pool of U.S. dollar-denominated Visa and MasterCard credit card receivables, generated by personal accounts, and originated or acquired by JPMorgan Chase or its affiliates.

We believe the receivables designated to the trust reflect a geographically diverse portfolio of well-seasoned prime accounts. The average credit limits and balances have been relatively stable for the past several years. As of fourth-quarter 2023, accounts older than 60 months generated all the receivables. In addition, the receivables representing FICO scores greater than 720 have generally risen during the past several years, and those representing FICO scores less than 660 have generally declined. As of December 31, 2023, receivables with FICO scores greater than 720 comprised about 78.1% of the total trust, and those with FICO scores below 660 represented only about 5.7%. Assuming this pool's collateral composition does not change, we believe the receivables will continue to perform well in 2024 (see charts 1-3).

Chart 1

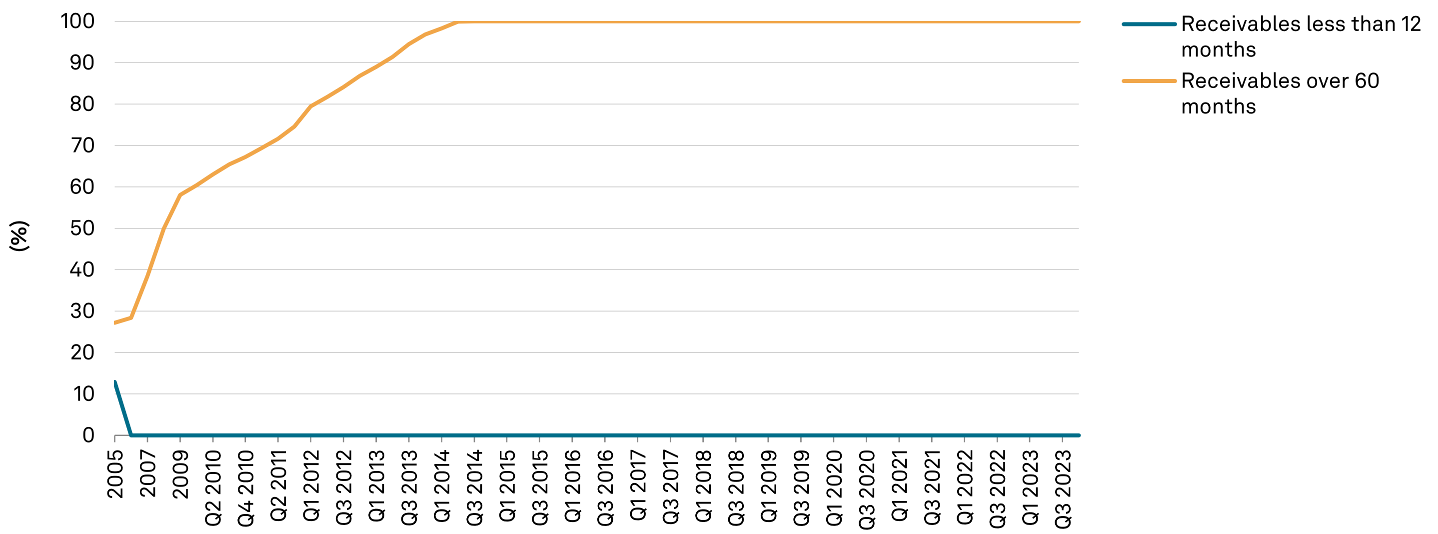
Historical master trust average account balance and credit limit*§



*Data not available for fourth-quarter 2011. §In May 2018, Chase made a change in reporting methodology to no longer include inactive accounts in the calculation of total trust accounts. We believe the reporting methodology change did not affect the overall credit quality of the pool.

Chart 2

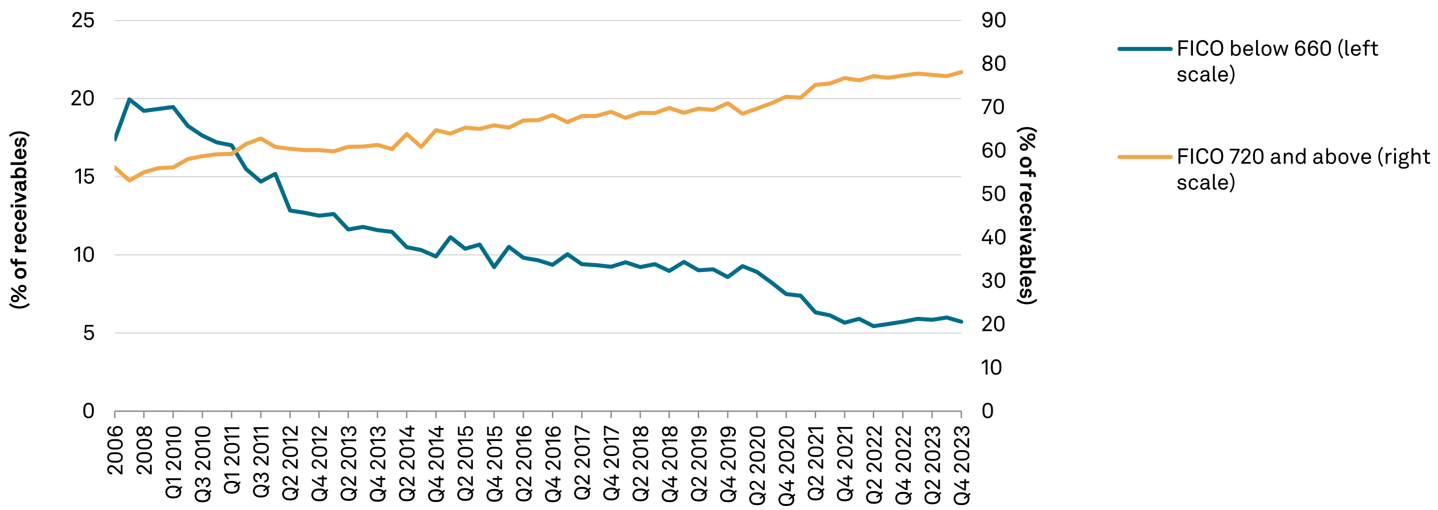
Historical master trust seasoning*§



*Data not available for fourth-quarter 2011. §In May 2018, Chase made a change in reporting methodology to no longer include inactive accounts in the calculation of total trust accounts. We believe the reporting methodology change did not affect the overall credit quality of the pool.

Chart 3

Historical master trust FICO scores*



*Data not available for fourth-quarter 2011.

Table 1

Collateral comparison

	As of			
	Dec-23	Jun-23	Dec-22	Dec-21
(% of receivables balance)				
Total receivables balance (mil. $)	9,445	9,152	9,637	11,085
Number of accounts	5,224,552	5,513,064	5,588,138	6,778,999
Number of accounts with zero or credit balance	2,559,322	2,826,794	2,812,675	3,445,255
Number of accounts of high balance ($>10,000)	259,452	248,429	260,570	292,030
Average account balance (excluding accounts with zero or credit balance) ($)	3,550	1,682	3,478	3,332
Average credit limit	15,455	15,167	15,068	14,708
Utilization (%)	11.7	10.9	11.4	11.1
Account balance (% of receivables)				
No balance	0.00	0.00	0.00	0.00
$1 to $5,000	27.96	28.77	28.95	30.25
$5,000 to $10,000	24.85	25.27	25.63	26.14
$10,000 to $20,000	28.60	28.64	28.71	28.34
Over $20,000	18.76	17.50	16.89	15.47

Table 1

Collateral comparison (cont.)

	As of			
	Dec-23	Jun-23	Dec-22	Dec-21
Account age (as a % of receivables)				
Under five years	0.00	0.00	0.0	0.00
5+ years	100.00	100.00	100.00	100.00
Top five states (as a % of receivables)				
California	11.98	11.86	11.79	11.80
New York	8.51	10.60	10.65	10.74
Florida	6.52	9.76	9.78	9.57
Texas	7.94	7.31	7.38	7.35
Illinois	5.82	6.08	6.08	6.01

We believe that the trust's collateral characteristics have generally remained stable. We believe that certain key macroeconomic factors, including household debt levels and higher unemployment, could contribute to deterioration in credit card collateral performance. Our existing base-case assumptions for the trust incorporate stressed performance over various economic cycles (see the S&P Global Ratings' Credit Rating Assumptions section).

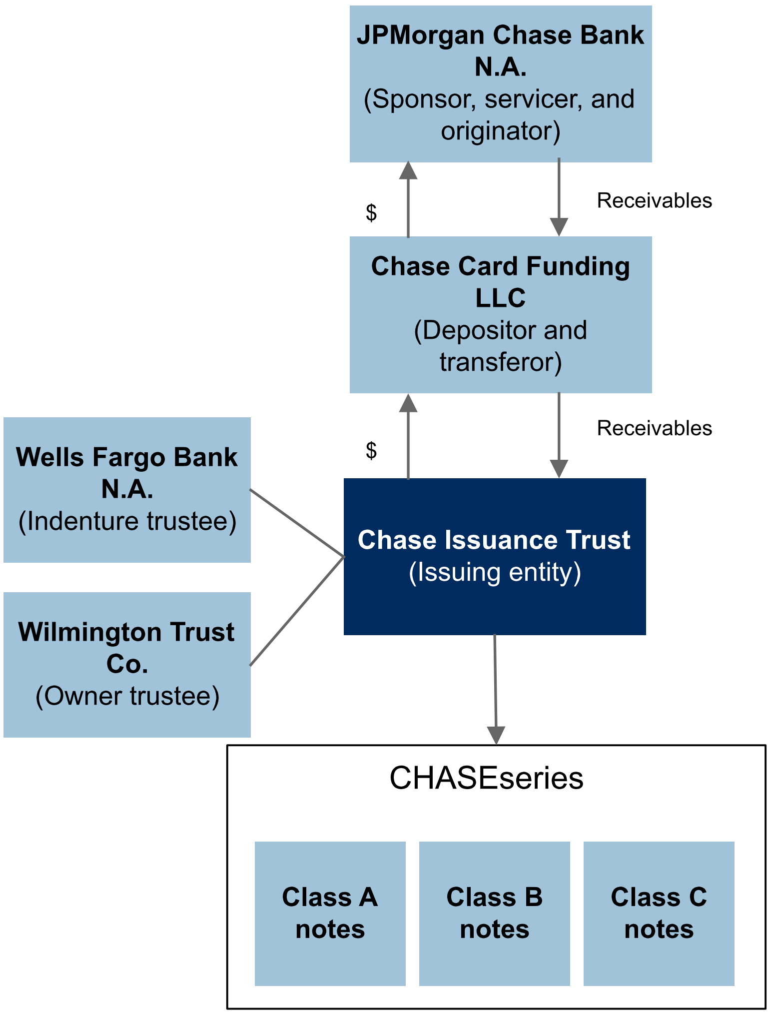
Legal Overview and Transaction Structure

In rating this transaction, we will review the legal matters and opinions that we believe are relevant to our analysis as outlined in our criteria.

CHAIT is the issuer of the CHASEseries class A, B, and C notes. These class A(2024-1) notes are part of the CHASEseries, in which delinked tranches can be issued as long as certain conditions are met, such as ensuring the minimum required credit support is available for each class of notes. The receivables backing the notes are originated in Visa and Mastercard accounts owned by JPMorgan Chase. The receivables are then transferred by JPMorgan Chase to Chase Card Funding and by Chase Card Funding to the issuing entity (see chart 4).

Chart 4

Transaction structure



All aspects of the note structure are unchanged from the prior note issuance, including the issuer, eligible accounts and receivables, payment priority, collections and allocation mechanics, early redemption events, and events of default.

The key features of the class A(2024-1) issuance are that:

- The notes pays interest on the 15th day of each month, beginning Feb. 15, 2024. The preliminary rating addresses the full principal payment by the legal final maturity date rather than the expected maturity date.
- The notes' credit support will be provided by the subordinated class B and C notes issued by the trust. Based on the transaction documents, CHAIT may issue additional class A notes as long as the minimum required amounts of the class B and C notes are outstanding to support them.
- The class B and C notes will each provide minimum subordination of 8.14%, giving 16.28% total credit support for the class A notes, when expressed as a percentage of the class A principal

balance. Based on the capital structure, these credit support levels translate to 7.00% credit support each from the class B and C notes, which is 14.00% total credit support for the class A notes.

Payment Priority

The issuer allocates available finance charge collections to the CHASEseries notes on each distribution date in the priority shown in table 2.

Table 2

Finance charge waterfall

Priority	Payment
1	Accrued and unpaid interest on each class A note tranche.
2	Accrued and unpaid interest on each class B note tranche.
3	Accrued and unpaid interest on each class C note tranche.
4	Due and unpaid servicing fees.
5	Treat as available principal collections to cover the CHASEseries default amount.
6	Treat as available principal collections to cover the nominal liquidation amount deficit.
7	Deposit into the class C reserve account, if necessary.
8	Any other payments or deposits required for any tranche of notes.
9	Treat as shared excess available finance charge collections to cover finance charge shortfalls for other series, if any.
10	Treat as unapplied excess finance charge collections to cover finance charge shortfalls in any designated master trusts.
11	Pay to Chase Card Funding LLC as the transferor.

If an early redemption event occurs, all of the principal collections that the issuer allocates to the CHASEseries notes, in addition to the series' finance charge amounts available to reimburse charged-off receivables and the subordinated notes' nominal liquidation amount deficits, will be available to make payments subject to the indenture supplement's cash flow provisions in the priority outlined in the principal waterfall (see table 3).

Table 3

Principal waterfall

Priority	Payment
1	Cover interest shortfalls for each class A note tranche until their nominal liquidation amount or unused subordinated amount equals zero.
2	Cover interest shortfalls for each class B note tranche until their nominal liquidation amount or unused subordinated amount equals zero.
3	Cover servicing fee shortfalls for each class A and B note tranche until their nominal liquidation amounts or unused subordinated amounts equal zero.
4	Targeted deposits to the principal funding account for each class A note tranche.
5	Targeted deposits to the principal funding account for each class B note tranche.
6	Targeted deposits to the principal funding account for each class C note tranche.

Table 3

Principal waterfall (cont.)

Priority	Payment
7	Treat as shared excess available principal collections to cover principal shortfalls for other series, if any.
8	Deposit into an excess funding account until the required transferor amount and minimum pool balance are reached.
9	Pay to Chase Card Funding LLC as the transferor.

Early redemption events include:

- For any month, the three-month average excess spread percentage is less than zero.
- JPMorgan Chase fails to designate additional credit card receivables for the issuer to include when such action is required.
- Any issuing entity servicer default that has a materially adverse effect on the noteholders.
- The restriction of JPMorgan Chase's or Chase Card Funding LLC's ability to designate additional credit card receivables to include in the issuing entity or to designate additional credit card receivables for inclusion in a securitization special-purpose entity that has issued a collateral certificate included in the issuing entity, causing either the pool balance to not meet the minimum pool balance or the transferor amount to not meet the required transferor amount, and the issuing entity failing to meet those tests for 10 days.
- An event of default that causes a class or tranche of notes to be accelerated.
- The issuing entity fails to fully pay a tranche of notes by its expected principal payment date.
- The issuing entity becomes an "investment company" under the Investment Company Act of 1940 as amended.
- JPMorgan Chase experiences insolvency, conservatorship, or receivership.

Events of default include:

- The issuing entity fails to pay interest for 35 days on any tranche of notes when that interest becomes due and payable.
- The issuing entity fails to pay the stated principal amount of any tranche of notes on its applicable legal maturity date.
- The issuing entity defaults in performance or breaches any of its covenants or warranties in the indenture for 90 days after either the indenture trustee or the holders of 25% of the affected outstanding note class's or tranche's aggregate outstanding dollar principal amount has provided written notice requesting that breach's remedy. In addition, the default must materially and adversely affect the related noteholders' interests and continue to materially and adversely affect them during the 90-day period.
- The issuing entity becomes bankrupt or insolvent.

S&P Global Ratings' Credit Rating Assumptions

In our cash flow analysis, we assess the availability of asset cash flows to meet the transaction's promised obligations under a variety of stress assumptions, while considering the transaction's structure and available credit support. We also use cash flow analysis in other aspects of our ratings analysis, including the testing of credit stability (sensitivity analysis) and legal final analysis.

Our cash flow analysis assumes an early amortization scenario, during which the stressed yield collections are applied to cover the transaction's monthly expenses (coupons, servicing fee, defaults, and other costs), and principal collections are passed through to investors to pay down the notes.

For CHAIT, we applied the assumptions outlined in table 4 in our cash flow analysis to simulate stress scenarios that we believe are appropriate for the assigned preliminary rating. Our assumptions for the trust also considered the potential shift in collateral composition due to the potential contract termination of certain co-brand relationships and the resulting involuntary removal of receivables from the trust's collateral pool.

We believe the assumptions adequately reflect our views regarding: the credit risk of the prime credit card receivables and corresponding performance; the macroeconomic forecast for the U.S. (see "Economic Outlook U.S. Q1 2024: Cooling Off But Not Breaking," published Nov. 27, 2023).

In assigning a rating to a class, we considered the class's break-even levels (the maximum net losses the class can withstand without defaulting) and generally expect it to be equal to or greater than the rating stressed scenario break-even requirement.

Based on our stressed cash flows, the break-even net loss results show that the notes are credit-enhanced to the degree appropriate for the assigned preliminary rating.

Table 4

S&P Global Ratings' credit rating assumptions

	Net losses(i)	Total payment rate(ii)	Yield(ii)	Purchase rate(ii)	Uncovered dilution
Base-case assumption (%)	5.50	22.50	15.00	N/A	N/A
'AAA' rating stresses (%)	32.00	11.25	10.00	3.00	1.00

(i)In our 'AAA' rating scenario, losses rise to the stressed level over 12 months. (ii)The total payment rate, yield, and purchase rate start at the stressed levels in the first month of our cash flow runs. N/A--Not applicable.

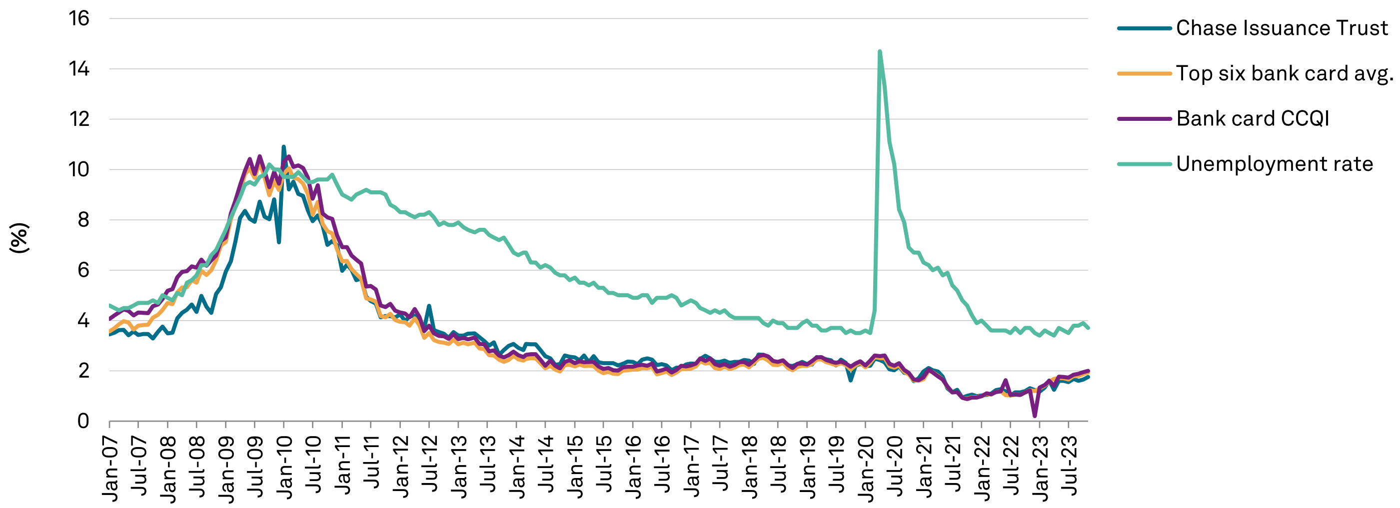
Loss Rate

Our base-case loss assumption is 5.5%. We expect the master trust loss rate to remain below the base case through 2024 based on the current pool composition.

The 32.0% 'AAA' stressed annualized peak loss assumption that we used in our cash flow model for the pool is less than the 33.0% floor that we established for a benchmark pool because we believe this pool will perform better than the benchmark pool in an extreme economic scenario, as was demonstrated during the 2008-2009 recession (see chart 5). CHAIT's base-case loss assumption peaked at approximately 9.3% in June 2010, which is lower than the 10.1% peak for the Credit Card Quality Index (CCQI) in May 2010. From 2018 through 2023, net losses for CHAIT were in line with the industry average as calculated in S&P Global Ratings' CCQI.

Chart 5

Loss rate



CCQI--Credit Card Quality Index.

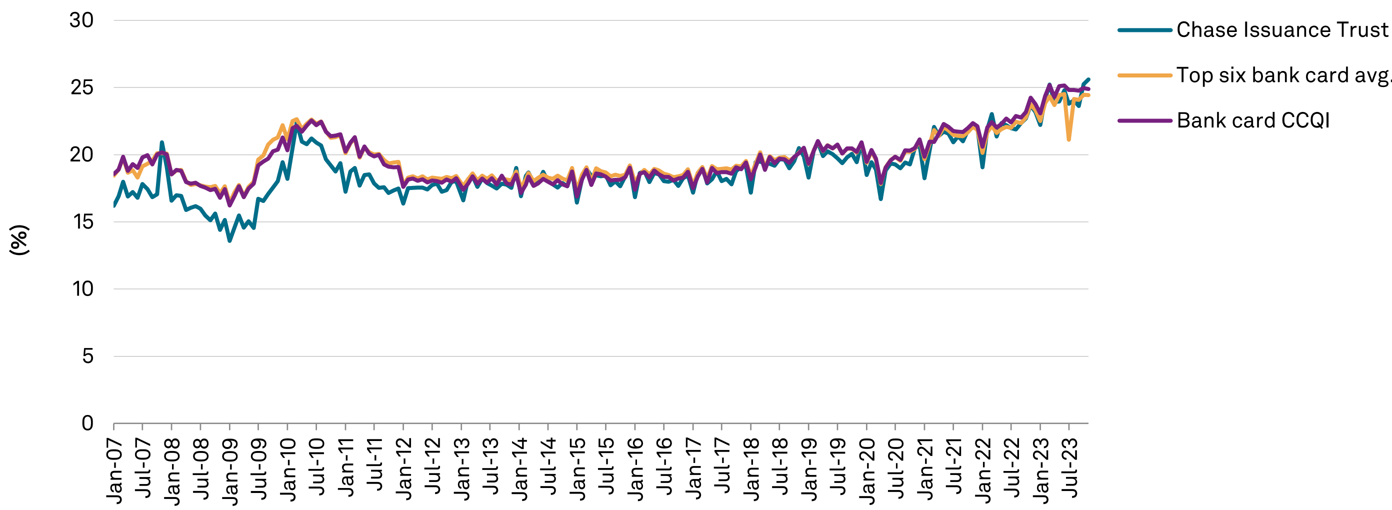
Yield

Our base-case yield assumption is 15.00%. From 2011 until 2020, yield remained relatively stable around 18.00%. For the past three years, yield has increased slightly to an average of 22.6%. We believe this pool's receivables historically have not generated high yields because the pool includes mainly prime accounts, about 94.28% of which have FICO scores higher than 660.

In cash flows at the 'AAA' rating level for bank credit card pools, we generally assume yield will be compressed in the 10.00%-13.00% range by the time a trust enters rapid amortization. For this trust, our stressed assumption of 10.00% at the 'AAA' rating level is 66.67% of the base-case assumption of 15.00%. The haircut applied to this trust's yield is lower relative to the example of the general range of stresses we publish in our criteria, reflecting our assumption that, due to high credit quality, seasoned cardholders are more likely to experience smaller increases in delinquencies than nonprime accounts in a downturn. This results in less volatility in stressed yield compared with pools that include a high portion of nonprime accounts. In addition, we also consider the effect legislation or regulatory actions could have on interest rates, fees, and competitive pressures, which could result in a yield in the 10.00%-13.00% range.

Chart 6

Yield



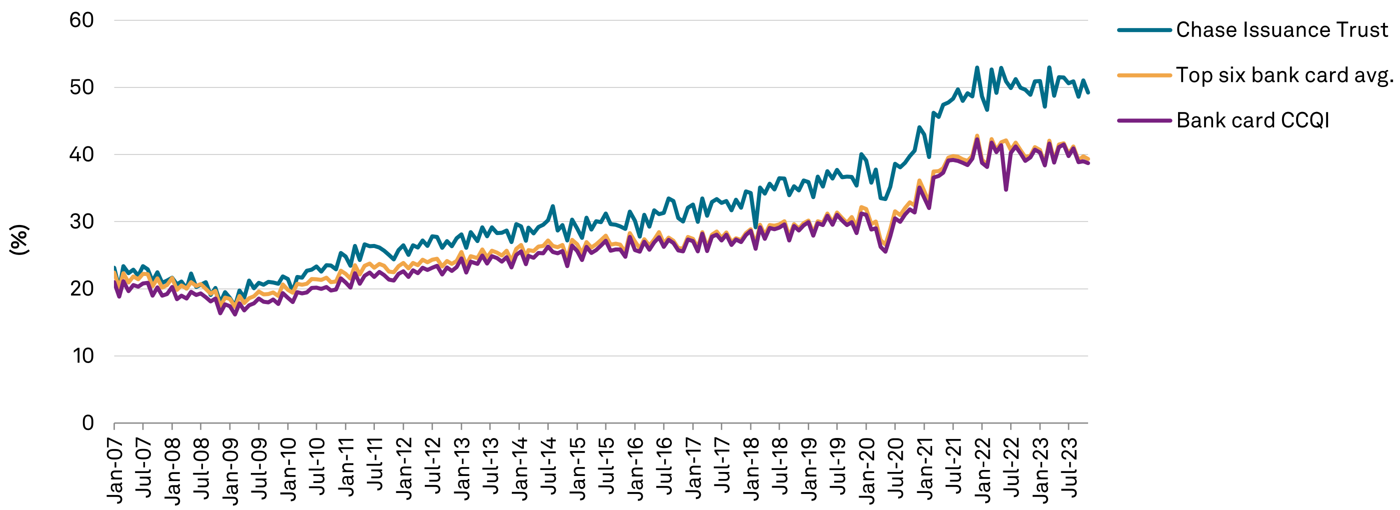
CCQI--Credit Card Quality Index.

Payment Rate

Our base-case total payment rate assumption for the pool is 22.50%. Payment rates have been steadily increasing since 2011 and have averaged 50.3% during the past two years (see chart 7). As of fourth-quarter 2023, approximately 30.50% of obligors made full payments, and 2.94% made minimum payments (see chart 8). Convenience usage is typically tied to co-brand relationships, which attract obligors who charge their cards to receive a reward, such as cash or airline miles, and then pay the outstanding balance in full each month. In our stress scenarios, we assumed that the number of convenience users in the pool will decline before the amortization period begins and that the portion of revolvers who carry at least some of their debt over to subsequent months will increase, significantly decreasing payment rates. Therefore, our 22.50% base-case assumption is considerably less than the actual monthly total payment rates reported.

Chart 7

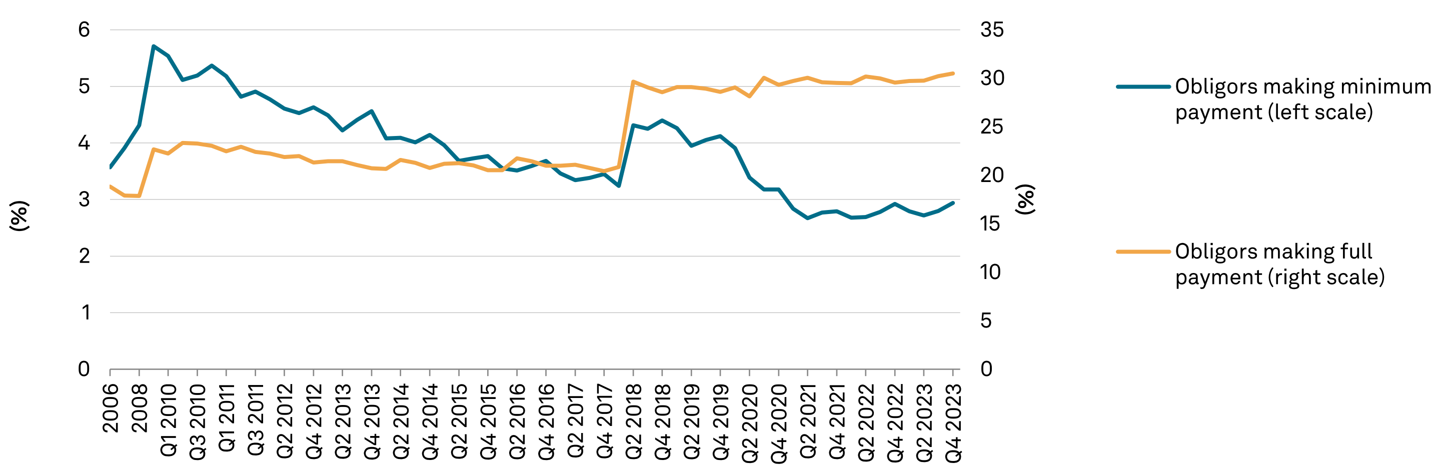
Payment rate



CCQI--Credit Card Quality Index.

Chart 8

Historical master trust obligor minimum and full payments*



*In May 2018, Chase made a change in reporting methodology to no longer include inactive accounts in the calculation of total trust accounts. We believe the reporting methodology change did not affect the overall credit quality of the pool.

Purchase Rate

We assumed a 3.0% purchase rate in our 'AAA' rating scenario. Our purchase rate assumption accounts for our credit rating on the originator relative to the rating we assigned to the notes, the originator's ability to continue generating and transferring receivables to the master trust, and the originated receivables' credit characteristics.

For CHAIT, our purchase rate assumption considers the issuer credit rating assigned to JPMorgan Chase (A+/Stable/A-1), the originator. In our view, JPMorgan Chase has proven it can consistently originate, manage, and service accounts and receivables throughout economic and business cycles.

Dilution Analysis

Dilutions are noncash reductions to the receivables balance as a result of returns, fraud, and rebates. Dilution, which we measure as percentage of outstanding receivables, typically runs slightly higher in portfolios with high rates of new purchases compared to portfolios with more revolvers.

In our analysis, we reviewed the trust's historical monthly dilution data, as well as peer data. Due to the increasing trend observed in monthly dilution (store credits, returns, and other non-cash reductions in the receivables) over the past three years, we believe that the 5.0% minimum transferor's interest will be insufficient in our 'AAA' stress scenario to cover our dilution stress of 6.0%. Our 'AAA' stress reflects 1.0% uncovered dilution, which is captured in our cash flow analysis.

Sensitivity Analysis

In addition to running break-even cash flows, we undertook a sensitivity analysis using the assumptions in table 5. We believe that under a moderate ('BBB') stress scenario all else being equal, our ratings will be within the credit stability limits specified in section A.4 of the Appendix in "S&P Global Ratings Definitions," published June 9, 2023 (see table 5).

Table 5

Credit stability as a limiting factor on ratings

	Maximum projected deterioration associated with rating levels for one- and three-year horizons under moderate stress conditions					
Horizon	**AAA**	**AA**	**A**	**BBB**	**BB**	**B**
One year	AA	A	BB	B	CCC	D
Three years	BBB	BB	B	CCC	D	D

(i)These credit-quality transitions do not reflect our view of the expected degree of deterioration that rated issuers or obligations could experience over the specified time horizons, nor do they reflect the typical historical levels of deterioration among rated issuers and securities.

Legal Final Maturity

To test the legal final maturity dates set for class A, our cash flow analysis assessed the timely interest and ultimate principal payments by the legal final maturity date of Jan. 16, 2029. We confirmed that there was sufficient credit enhancement both to cover losses and to repay the related notes in full by legal final maturity.

Counterparty And Operational Risks

On or before the closing date, the bank accounts will be established in the name of the indenture trustee, Wells Fargo Bank N.A. (A+/Stable/A-1). Our assessment of the bank account provider is consistent with our counterparty criteria for a 'AAA' supported transaction given its status on the Office of the Comptroller of the Currency's Title 12 list (see "Counterparty Risk Framework: Methodology And Assumptions," published March 8, 2019).

As servicer, JPMorgan Chase has an experienced management team that oversees origination, underwriting, servicing, collections, and general operational practices. Commingling risk is addressed by the requirement that all collections are deposited into the series collections account within two business days of collection unless the servicer is rated above 'A-1'. This requirement meets our counterparty criteria framework. Our operational risk assessment of JPMorgan Chase as servicer does not constrain the ratings (see "Global Framework For Assessing Operational Risk In Structured Finance Transactions," published Oct. 9, 2014).

Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Structured Finance | General: Global Framework For Payment Structure And Cash Flow Analysis Of Structured Finance Securities, Dec. 22, 2020
- Criteria | Structured Finance | Legal: U.S. Structured Finance Asset Isolation And Special-Purpose Entity Criteria, May 15, 2019
- Criteria | Structured Finance | General: Counterparty Risk Framework: Methodology And Assumptions, March 8, 2019
- Criteria | Structured Finance | General: Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions, Jan. 30, 2019
- Criteria | Structured Finance | ABS: U.S. Credit Card Securitizations: Methodology And Assumptions, Aug. 24, 2017
- Criteria | Structured Finance | General: Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
- General Criteria: Global Investment Criteria For Temporary Investments In Transaction Accounts, May 31, 2012
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- Criteria | Structured Finance | General: Methodology For Servicer Risk Assessment, May 28, 2009

Related Research

- Global Structured Finance 2024 Outlook, Jan. 10, 2024
- Economic Outlook U.S. Q1 2024: Cooling Off But Not Breaking, Nov. 27, 2023
- U.S. And Canada Credit Cards ABS Review, Feb. 23, 2023