



Glacier Credit Card Trust®

September 30, 2021

# Disclaimer

The information that follows is a presentation of general background information about Glacier Credit Card Trust (“**Glacier**”), Canadian Tire Bank (“**CTB**”) and Canadian Tire Corporation, Limited (“**CTC**”) as of the date of this presentation or as otherwise indicated. It is information in summary form and does not purport to be complete. Some of the information in this presentation has not been audited and no representation or warranty, express or implied, is made concerning, and no reliance should be placed on, the accuracy, fairness, completeness, correctness, sufficiency or usefulness of the information presented herein.

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The Notes may not be suitable for all investors. None of Glacier, CTB or CTC is responsible for the lawfulness or appropriateness of the purchase of Notes by a prospective purchaser with regard to any law, regulation or policy applicable to it.

<sup>1</sup> Mastercard is a registered trademark of MasterCard International Incorporated. CTB is a licensee of the Mastercard trademark

<sup>2</sup> Also contains receivables owing on a relatively small number of legacy Canadian Tire credit cards. CTB’s receivables on accounts that have not been selected for inclusion in the Securitized Pool is herein referred to as the “**Unsecuritized Pool**”) 2

## Disclaimer (cont'd)

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The Notes will not represent interests in or obligations of CTB, CTC, Computershare Trust Company of Canada (other than in its capacity as trustee of Glacier), BNY Trust Company of Canada, any underwriters or selling agents of the Notes, any liquidity providers in respect of the ABCP, Bank of Montreal as paying agent for the ABCP, the beneficiary of Glacier or any affiliates thereof and none of these entities has represented or undertaken that the credit card receivables in the Securitized Pool (the “**Receivables**”) will realize their face value or any part thereof and, accordingly, neither Glacier nor its creditors will have any claim against any of these entities for any deficiency arising in any realization of the Receivables. Purchasers of Notes will not have any recourse to any ownership interests in the Securitized Pool or any enhancement in respect thereof other than the related series of ownership interest in the Securitized Pool and the enhancement supporting the related series of Notes.

Glacier is not a trust company and does not carry on or intend to carry on the business of a trust company. None of the Notes, the Receivables nor any ownership interests in the Securitized Pool are “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured or guaranteed by CTB, CTC, Computershare Trust Company of Canada, BNY Trust Company of Canada, the underwriters or selling agents of the Notes, Bank of Montreal as paying agent for the ABCP, the liquidity providers in respect of the ABCP, the beneficiary of Glacier or any affiliates thereof, or the Canada Deposit Insurance Corporation (“**CDIC**”) or any other governmental agency or instrumentality.

All dollar amounts in this presentation are in Canadian dollars. Certain defined/capitalized terms used herein are from Glacier’s legal documents.

# Contact Information / Further Information

Please direct any questions to: [corporate@cantire.com](mailto:corporate@cantire.com)

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Further information is available:

- under Glacier’s profile on Sedar at <https://www.sedar.com/DisplayCompanyDocuments.do?lang=EN&issuerNo=00016306> (Glacier remains a reporting issuer)
- at <https://corp.canadiantire.ca/English/investors/debtholders/glacier-credit-card-trust>
- Triangle Rewards™ program at <https://triangle.com> and [https://s22.q4cdn.com/405442328/files/doc\\_presentations/en/2019/Triangle\\_InvestorDeck\\_FINAL\\_Q4-2018.pdf](https://s22.q4cdn.com/405442328/files/doc_presentations/en/2019/Triangle_InvestorDeck_FINAL_Q4-2018.pdf)
- on Bloomberg® under “1206Z CN Equity/Company Filings”

## Investment Highlights

Overview of Canadian Tire and Canadian Tire Bank

Glacier Credit Card Trust and the Securitized Pool of Receivables

CTB's Credit Risk Management

Appendix: Subordinated Term ABS Notes



# Investment Highlights

- **Strong credit card program securing Glacier's Notes**

- CTB as Servicer of the Securitized Pool has a strong credit management team and sophisticated proprietary credit risk management systems to develop, evaluate and implement credit risk strategies
  - A proven track record through various economic cycles since the 1960s
- Historical performance metrics have fluctuated within the rating agencies' expected ranges through economic cycles
- A separate Securitized Pool of more seasoned Receivables results in enhanced performance metrics
  - The Securitized Pool contained 71% of CTB's total receivables as at the end of Q3 2021<sup>1</sup>
  - While there is no seasoning requirement in the Eligible Account definition for inclusion of an account in the Securitized Pool, newly originated credit card accounts first go into the Unsecuritized Pool and are usually not considered by CTB (as Administrator of Glacier) for inclusion into the Securitized Pool until such accounts have had some seasoning
  - ~50% of the Receivables in the Securitized Pool were owing by selected Accounts that had been outstanding for over 10 years as at end of Q2 2021
- A healthy excess spread on the Notes
  - Currently 16.1%<sup>2</sup> as funding and write-off rates continue to remain historically low

# Investment Highlights (cont'd)

- **Ratings from 3 credit rating agencies**

- DBRS and S&P rate the Series 2017-1, 2019-1 and 2020-1 term ABS Notes
  - AAA(sf) for the Senior term ABS Notes
  - A(sf) for the Subordinated term ABS Notes
- DBRS and Fitch rate the Series 1997-1 ABCP Notes (R-1(high)(sf)/F1+(sf)) and the Series 2018-1 term ABS Notes
  - AAA(sf)/AAAsf for the Senior term ABS Notes
  - A(sf)/Asf for the Subordinated term ABS Notes

- **Glacier has been a regular issuer of both term ABS and ABCP Notes since the mid-1990s**

- Currently the 3rd largest Canadian issuer of credit card receivables backed term ABS notes with \$2.2B<sup>1</sup> outstanding
- All issuances have been offered in the Canadian market to a longstanding diversified base of investors
- Only single-seller ABCP issuer in Canada with \$50.1M<sup>1</sup> of Notes currently outstanding



# Investment Highlights (cont'd)

- **CTB retains risk on each Series of Glacier Notes issued**
  - 46%-48% of the total credit enhancement for the Senior term ABS Notes is in the form of CTB first-loss risk retention (“**Overcollateralization**”). The remainder of the credit enhancement is in the form of Subordinated term ABS Notes
  - 100% of the credit enhancement for the ABCP and Subordinated term ABS Notes is in the form of Overcollateralization
  - See slide 27 for the details of the credit enhancement for each outstanding series of Notes
- **Strong support from Canada’s five largest banks**
  - The Bank of Nova Scotia (“**Scotiabank**”) owns a 20% interest in CTB’s parent and provides CTB with \$2.25B in committed credit facilities that currently expire in October 2024
  - All participate in the syndicated \$300M committed liquidity facility backstopping Glacier’s ABCP that currently expires in July 2024
  - All participate as selling agents for Glacier’s term ABS and ABCP Note issuances





# Investment Highlights (cont'd)

- **Strong Brand Recognition**

- Canadian Tire is a leading brand in Canadian retail
  - Consolidated comparable sales growth were 6.8% in Q3 YTD 2021 (i.e. strong results during COVID-19)
  - eCommerce, including click and collect and home delivery, has generated more than \$2.1B in retail sales in the 12 months ended Q3 2021 (11.7% of total; including curbside pickup during periods that stores were temporarily closed by government mandates)
- CTC's iconic My Canadian Tire Money® loyalty program, re-launched as Triangle Rewards™ in 2018, was one of Canada's fastest growing credit card and loyalty offerings prior to COVID-19's disruptions with 12.0% growth in CTC's overall credit card receivables from March 31, 2018 to February 29, 2020
  - Triangle Rewards™ offers an enhanced value proposition to customers who shop across CTC's banners by enabling them to:
    - collect electronic My Canadian Tire Money® ("eCTM") at most of CTC's retail banners and wherever Mastercard credit cards are accepted<sup>1</sup>, and
    - redeem the eCTM at most of CTC's retail banners
- Over 70% of Canadian households, or 10 million Canadians, are enrolled in the Triangle Rewards™ program
- More information on the Triangle Rewards™ program is available at: <https://triangle.com> and [https://s22.q4cdn.com/405442328/files/doc\\_presentations/en/2019/Triangle\\_InvestorDeck\\_FINAL\\_Q4-2018.pdf](https://s22.q4cdn.com/405442328/files/doc_presentations/en/2019/Triangle_InvestorDeck_FINAL_Q4-2018.pdf)



[Investment Highlights](#)

**Overview of Canadian Tire and Canadian Tire Bank**

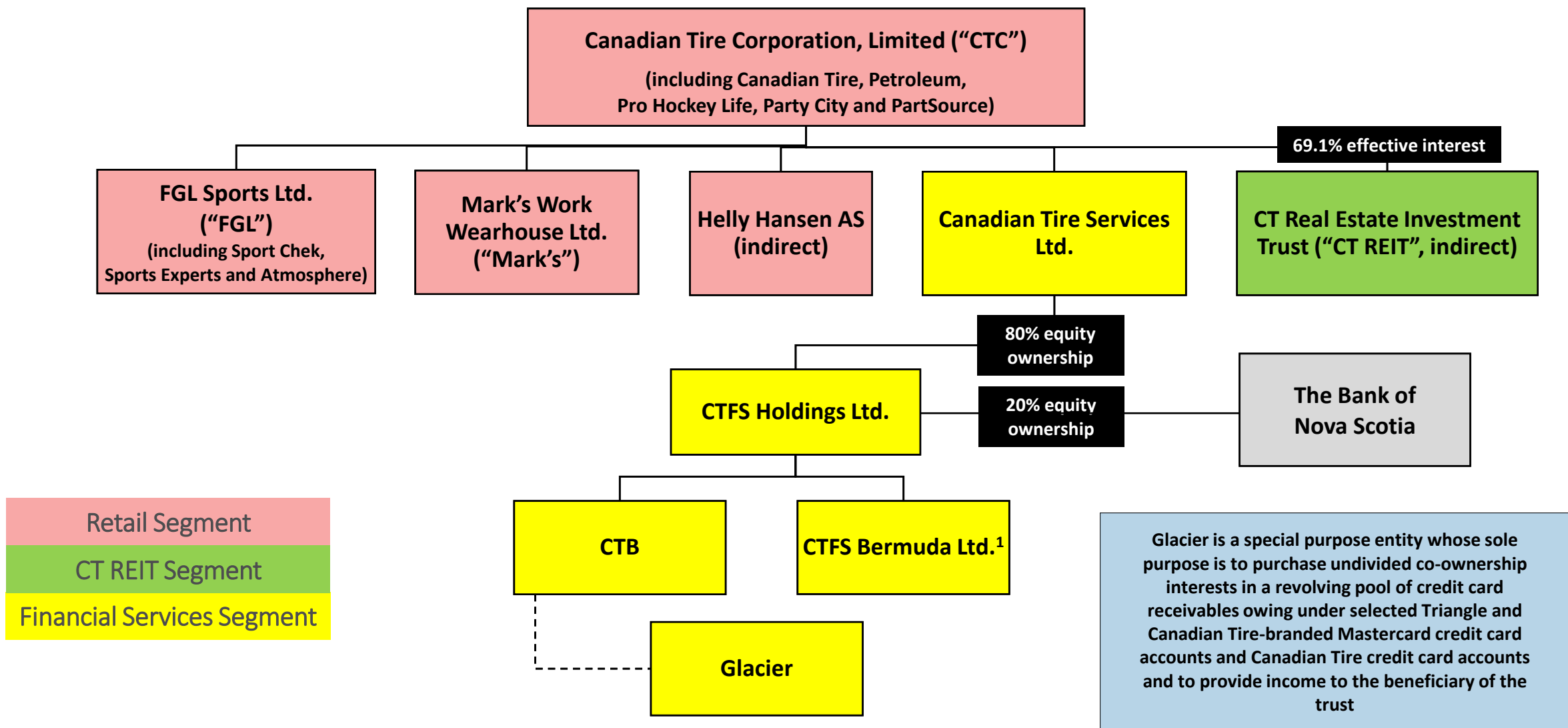
[Glacier Credit Card Trust and the Securitized Pool of Receivables](#)

[CTB's Credit Risk Management](#)

[Appendix: Subordinated Term ABS Notes](#)



# CTC's Simplified Organizational Structure



# CTC's Business Segments

## Retail Segment



Canadian Tire <sup>1</sup> (est. 1922)	Party City <sup>1</sup> (est. 1986 in USA & 2012 in Canada acq. Canadian business in 2019)	SportChek <sup>1</sup> (est. 1974 acq. 2011)	Helly Hansen (est. 1877 acq. 2018)	Mark's <sup>1</sup> (est. 1977 acq. 2001)	PartSource (est. 1999)	Petroleum <sup>1</sup> (est. 1958)	Financial Services <sup>1</sup> (est. 1960s)	CT REIT (est. 2013)
<ul style="list-style-type: none"> <li>One of Canada's most trusted and iconic brands</li> <li>Market leader across core categories</li> <li>504 Dealer-operated stores located across Canada in superior real estate locations under the Canadian Tire banner</li> <li>Continues to innovate with exciting merchandise strategies, great new Owned Brands and market-leading programs</li> </ul>	<ul style="list-style-type: none"> <li>65 Dealer-operated specialty party supply stores located in 7 Canadian provinces</li> <li>Recognized leader in party supplies: from balloons and costumes to paper plates and party favours</li> <li>Select Party City products are also available at Canadian Tire stores and on Canadian Tire's website</li> </ul>	<ul style="list-style-type: none"> <li>Canada's largest sporting goods retailer</li> <li>377 stores located across Canada under the banners SportChek, Sport Experts, Hockey Experts, Sports Rousseau, and L'Entrepôt du Hockey (last 3 banners in Quebec only)</li> <li>Strong relationships with national vendor brands</li> <li>CTC's digital lab and testing ground</li> </ul>	<ul style="list-style-type: none"> <li>Based in Oslo, Norway</li> <li>Product sales in over 40 countries</li> <li>Global leader in innovative and high-quality technical performance products within its core categories of sailing, skiing, mountain, urban, base-layer and workwear</li> <li>Wholesale, store network (mainly in Europe) and ship-to-home eCommerce fulfilment capabilities globally</li> </ul>	<ul style="list-style-type: none"> <li>One of Canada's largest casual and industrial apparel and footwear retailers, known for offering quality and innovative products through owned and national brands</li> <li>382 stores located across Canada under the banners Mark's, Mark's Work Warehouse and L'Équipeur (Quebec)</li> </ul>	<ul style="list-style-type: none"> <li>82 specialty automotive hard parts stores located in 5 Canadian provinces</li> <li>Caters to medium to heavy "do it yourselfers", automotive enthusiasts and commercial installers</li> <li>Supplies auto parts to Canadian Tire stores in small to midsize markets</li> </ul>	<ul style="list-style-type: none"> <li>One of Canada's largest independent retailers of gasoline</li> <li>293 retailer-operated gas bars and convenience stores located across Canada under the names Canadian Tire and Gas+ with the majority co-located with a Canadian Tire store</li> </ul>	<ul style="list-style-type: none"> <li>Markets Triangle and Canadian Tire-branded Mastercard credit cards</li> <li>\$5.9B in gross average credit card receivables (including deferred in-store financing)</li> <li>2.1M active credit card accounts</li> <li>Extensive customer data and strong analytics capabilities</li> <li>Best-in-class Canadian-based contact centers</li> <li>Owned 20% by Scotiabank</li> </ul>	<ul style="list-style-type: none"> <li>Geographically diversified portfolio of 358 properties totaling ~28.7M ft<sup>2</sup> of gross leasable area</li> <li>Cash flow predictability and reliable monthly distributions</li> <li>CTC is CT REIT's largest tenant occupying 92.4% of total gross leasable area</li> <li>CTC owns 69.1% of CT REIT with the remainder listed on the TSX (CRT.UN)</li> </ul>



Triangle

Store, credit card and CT REIT numbers are as at the end of Q3 2021. Not included is the 16 store Pro Hockey Life banner. Most retail banners also operate eCommerce websites 12

<sup>1</sup> Participant in the Triangle Rewards loyalty program

# Triangle Rewards Loyalty and Credit Card Program

- Triangle Rewards™, which enables members to collect and redeem eCTM across most of CTC's retail banners<sup>1</sup>:
  - Allows CTB to originate new credit card accounts cheaply in SportChek and Mark's stores in addition to the traditional Canadian Tire store channel. Each banner has a slightly different demographic (e.g. Sport Chek has more affluent and younger shoppers)
  - Expands CTB's analytics capabilities through cardholders' purchase data coming from more stores / credit card transactions
  - CTB now provides all of CTC's retail businesses with SKU level customer data to allow personalized offers and content
  - CTB offers an in-store-financing program in CTC's retail banners
- In 2020, CTC enhanced the omnichannel capabilities and Triangle mobile application to heightened engagement with customers across banners



Tri△ngle



Tri△ngle

<sup>1</sup> Includes enhanced value collection at participating Husky gas stations and AVIS and Budget car rental locations

# Canadian Tire Bank History

**1960s** - Midland Shoppers Credit Limited, a small financial services firm offering third-party credit card processing for local retailers, began adding Canadian Tire stores to its client list

**1968** - Midland became a wholly-owned subsidiary of CTC and was renamed Canadian Tire Acceptance Limited (“**CTAL**”). CTAL issued the Canadian Tire credit card which can only be used at Canadian Tire stores and gas bars. CTAL was later renamed Canadian Tire Financial Services Limited (“**CTFS**”) and then Canadian Tire Services Limited

**1995** - CTFS became the first non-deposit taking financial institution worldwide to launch a Mastercard credit card. Canadian Tire Receivables Trust (“**CTRT**”) was established to fund the ensuing growth in credit card receivables through both Senior and Subordinated term ABS and ABCP Notes

**2003** - CTB, a federally chartered Schedule I bank, was established; CTFS’ credit card operations were transferred into CTB; and the name of CTRT was changed to Glacier Credit Card Trust (“**Glacier**”)

**2007** - CTB added non-redeemable, CDIC eligible deposits as a source of funding

**2014** - 20% of the Financial Services business was sold to Scotiabank, which also provides CTB with \$2.25B in committed credit facilities which currently expire in October 2024

**2018** - Canadian Tire’s loyalty and credit card program was enhanced by enabling members to collect and redeem eCTM across most of CTC’s retail banners. The name of the program was changed to Triangle Rewards™ and most of CTB’s credit cards are now called the Triangle™ Mastercard

# Canadian Tire Bank (CTB)

## Canadian Federally Regulated Schedule I Chartered Bank

- CTB is an 80%-owned indirect subsidiary of CTC, with the remaining 20% owned by Scotiabank
- CTB is primarily engaged in:
  - advancing credit to holders of the credit cards that it issues
  - managing the related credit card accounts and receivables (including acting as the “**Servicer**” of the Securitized Pool of Receivables)
  - administering Glacier (the “**Administrator**”)
  - offering deposit products to customers to fund a portion of its credit card receivables

## Overall Credit Card Portfolio

- 2.1M<sup>1</sup> active credit card accounts with a \$5.9B<sup>1</sup> gross average receivables balance
  - substantially all of the accounts are Mastercard credit cards with the remainder being legacy Canadian Tire credit cards

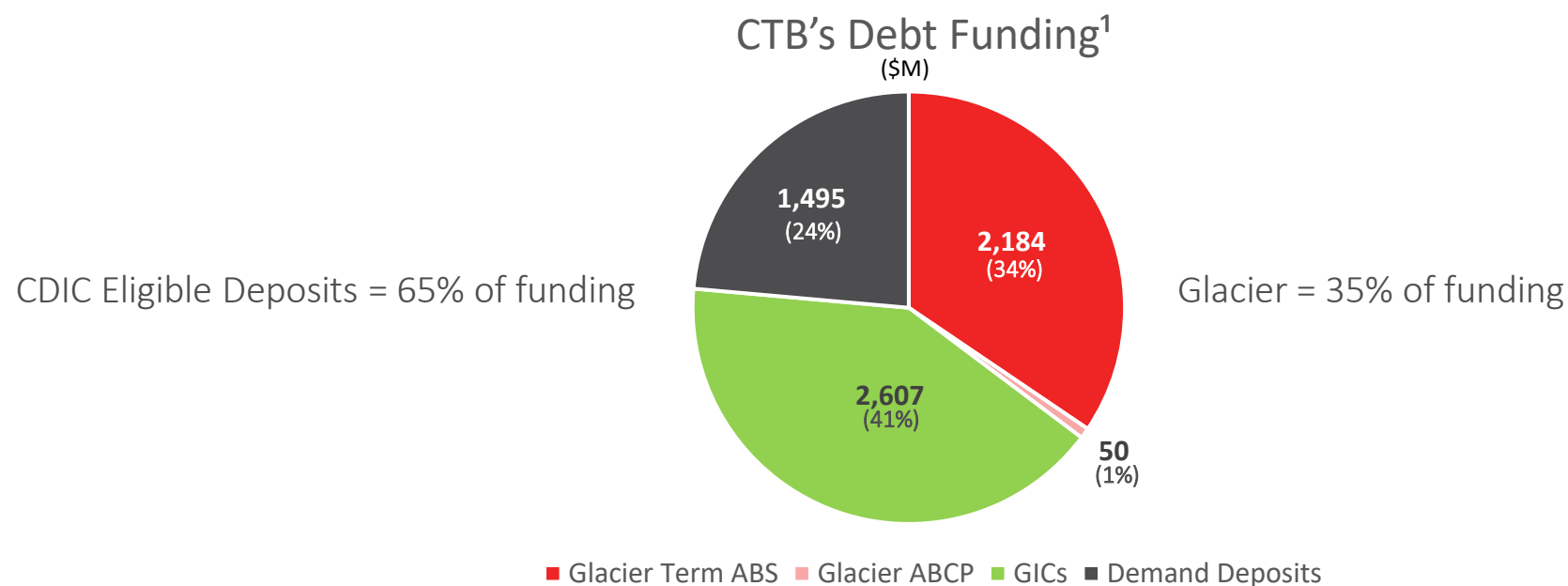
## Competitive Advantages

- The strength of the Canadian Tire brand and the deep loyalty that customers have towards it
- Triangle Rewards™ / CT Money® is one of Canada’s most longstanding and beloved loyalty programs
- A low cost and consistent credit card origination channel through CTC’s stores
- Numerous marketing channels (e.g. in-store, flyer, online)
- Sophisticated credit risk management systems and personnel
- Strategic use of data (e.g. using customer purchasing pattern data from CTC’s stores for predicting risk, creating proprietary models, etc.)
- Best-in-class Canadian-based contact centers



# CTB's Diversified Funding and Liquidity

- Multiple Canadian funding channels
- Minimal refinancing and interest rate risk
  - 76%<sup>1</sup> of debt funding is laddered over 5 years and is non-redeemable (the vast majority of the term debt funding is issued for 5 year terms)
  - 24%<sup>1</sup> of funding is sourced from demand deposits (high interest and tax-free savings accounts)
  - CTB is an active interest rate hedger for both Glacier term ABS and GIC issuances
- CTB has access to \$2.25B of committed credit facilities from Scotiabank including a \$500M unsecured revolving credit facility and \$1.75B of note purchase facilities funded through Glacier (“NPFs”) (currently all facilities expire in October 2024)





[Investment Highlights](#)

[Overview of Canadian Tire and Canadian Tire Bank](#)

**Glacier Credit Card Trust and the Securitized Pool of Receivables**

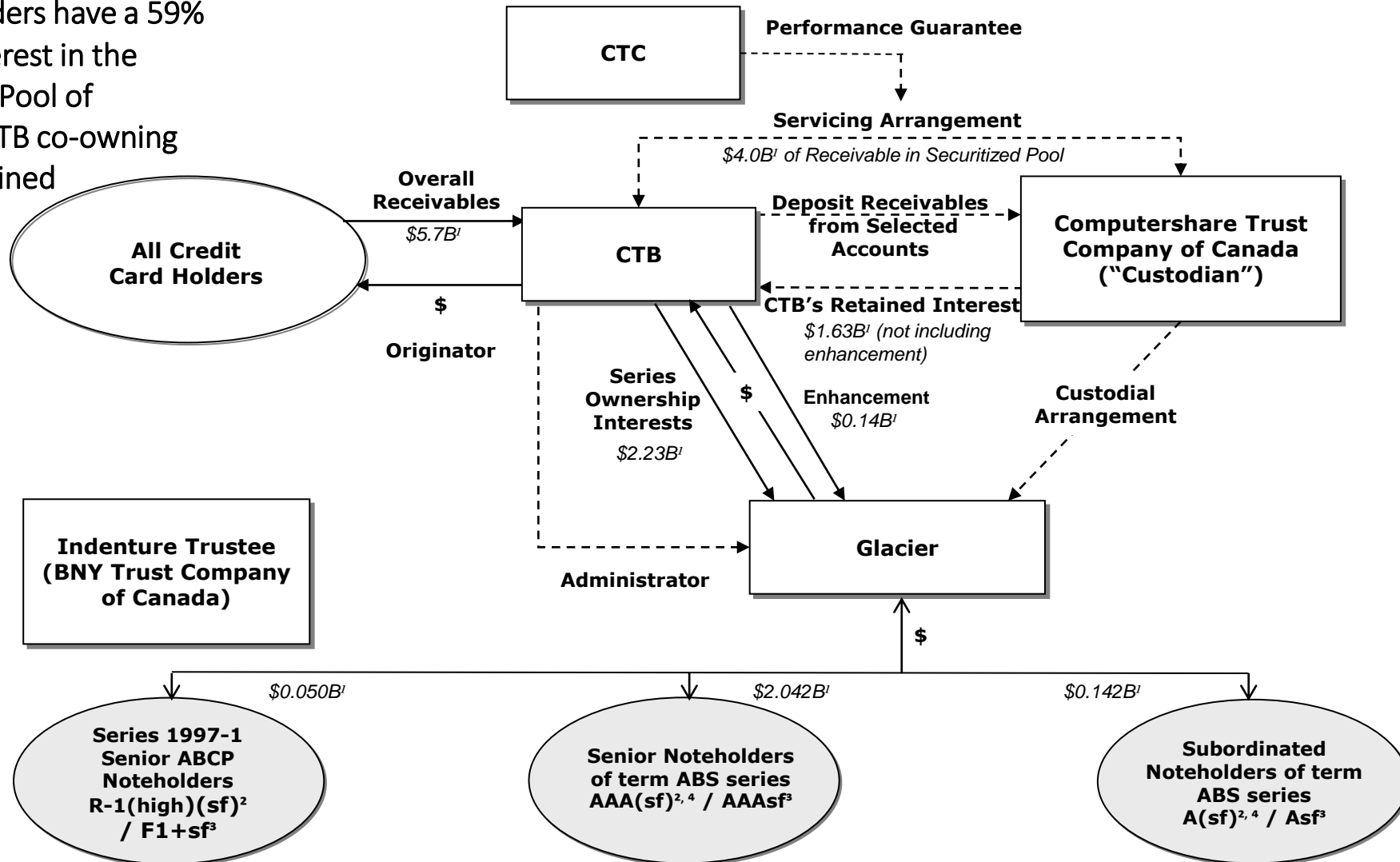
[CTB's Credit Risk Management](#)

[Appendix: Subordinated Term ABS Notes](#)



# Glacier Structure

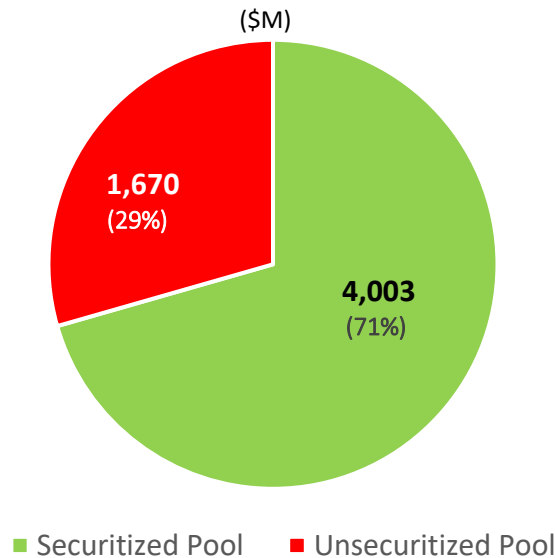
Glacier's noteholders have a 59% co-ownership interest in the \$4.0B Securitized Pool of Receivable with CTB co-owning 41%<sup>1</sup> ("CTB's Retained Interest")



# Pools of Credit Card Receivables

- Because CTB has multiple funding channels, not all of the credit card receivables originated by CTB are securitized
- There are two pools of credit card receivables, the Unsecuritized Pool and the Securitized Pool
- All new credit card accounts originated by CTB start in the Unsecuritized Pool
- Certain selected Eligible Accounts in the Unsecuritized Pool are periodically transferred by CTB into the Securitized Pool (e.g. to offset attrition and written off accounts). Transferred accounts therefore have some seasoning. The last transfer occurred in April 2020.

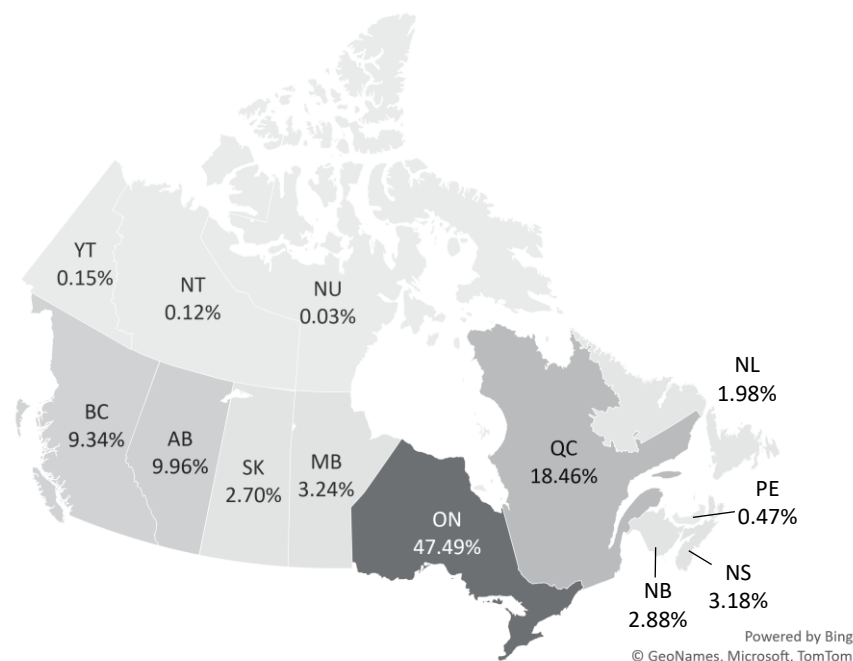
CTB's Credit Card Receivables<sup>1</sup>



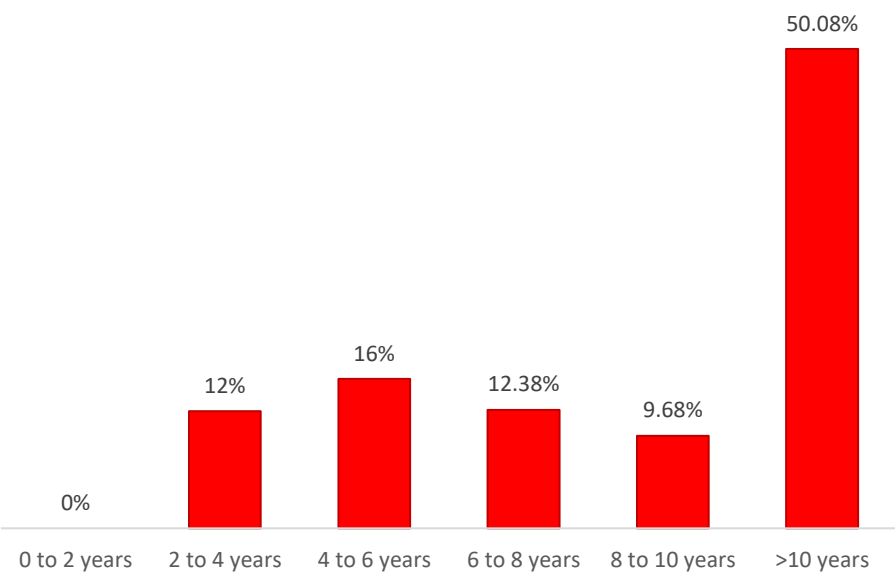
# Securitized Pool of Credit Card Receivables

- The selected Accounts in the Securitized Pool are well-seasoned and are geographically diversified across Canada in general alignment with the location of CTC’s stores and Canadian economic activity
- The Account Age graph below shows that all of the remaining accounts transferred into the Securitized Pool in April 2020 (i.e. 17 months prior to the end of Q3 2021) had at least 2 years of seasoning as at the end of Q3 2021

Geographic Distribution<sup>1</sup>



Account Age<sup>1</sup>



<sup>1</sup> By % of outstanding balance as at the end of Q3 2021

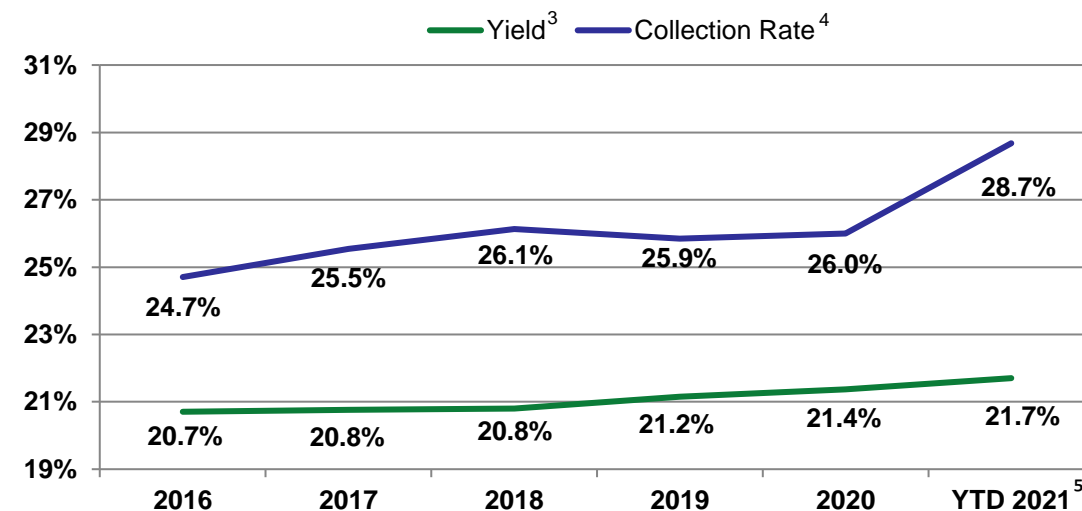
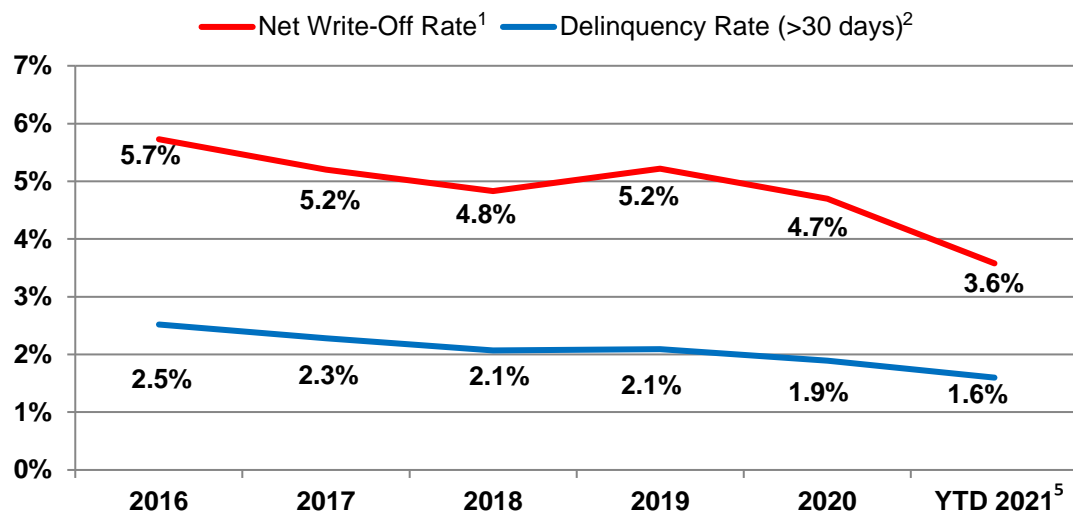
# Securitized Pool of Credit Card Receivables (cont'd)

Account Balances (As at September 30th, 2021)				
Balances	# of Selected Accounts	% of Total # of Selected Accounts	Outstanding Balances (\$ 000's)	% of Outstanding Balances
Credit Balance	106,918	2.91%	(18,864)	(0.47%)
\$0.00	2,221,365	60.41%	-	0.00%
\$0.01 - 499.99	456,471	12.41%	75,761	1.89%
\$500 - 999.99	166,192	4.52%	102,322	2.56%
\$1,000 - 1,999.99	194,150	5.28%	250,461	6.26%
\$2,000 - 2,999.99	110,259	3.00%	246,237	6.15%
\$3,000 - 3,999.99	75,159	2.04%	244,663	6.11%
\$4,000 - 4,999.99	64,608	1.76%	276,346	6.90%
\$5,000 - 5,999.99	42,497	1.16%	223,760	5.59%
\$6,000 - 7,499.99	49,677	1.35%	324,645	8.11%
\$7,500 - 9,999.99	64,515	1.75%	547,798	13.68%
Greater Than \$10,000	125,442	3.41%	1,730,054	43.22%
Total	3,677,253	100.00%	4,003,183	100.00%
Credit Limits (As at September 30th, 2021)				
Limits	# of Selected Accounts	% of Total # of Selected Accounts	Outstanding Balances (\$ 000's)	% of Outstanding Balances
\$0 - 500	117,798	3.20%	6,381	0.16%
\$501 - 1,000	149,960	4.08%	9,743	0.24%
\$1,001 - 2,000	437,012	11.88%	73,843	1.84%
\$2,001 - 3,000	388,848	10.57%	82,179	2.05%
\$3,001 - 4,000	310,313	8.44%	109,676	2.74%
\$4,001 - 5,000	479,157	13.03%	240,178	6.00%
\$5,001 - 6,000	243,033	6.61%	165,861	4.14%
\$6,001 - 7,500	266,997	7.26%	249,801	6.24%
\$7,501 - 10,000	344,025	9.36%	422,546	10.56%
Greater Than \$10,000	940,110	25.57%	2,642,975	66.02%
Total	3,677,253	100.00%	4,003,183	100.00%



# Securitized Pool Performance

- Notwithstanding the higher unemployment rate resulting from COVID-19, the performance metrics are at historically strong levels. Other Canadian credit card issuers are also experiencing strong performance metrics (see slide 28)
- The write-off and delinquency rates have declined and the collection rate has increased due in part to restrictions on cardholder spending during COVID-19 (e.g. international travel) leading to higher savings rates amongst Canadians (see next slide)
- There was a relatively minor amount of relief granted by CTB to cardholders in 2020-21 due to COVID-19 and so there was little related impact on the performance metrics. This was due in part to the financial assistance provided by governments and other financial institutions. The small amount of interest rate relief granted did not impact yield's increasing trend



<sup>1</sup> Is calculated as the annual average of each monthly net write-off rate, which is calculated as the total gross write-off amount on the selected Accounts during the month, less the total recoveries on selected Accounts during the month, annualized, and divided by the monthly average Receivables balance where the monthly average Receivables balance is the average of the amount of Receivables owing on selected Accounts at the beginning of the month and the amount of Receivables owing on selected Accounts at the end of the month (the "Monthly Average Receivables Balance")

<sup>2</sup> Is calculated as the annual average of each monthly delinquency rate, which is the percentage of outstanding Receivables on the selected Accounts that are >30 days delinquent

<sup>3</sup> Is calculated as the annual average of each monthly yield which is calculated as the total credit charges and interchange earned in the month on selected Accounts, annualized, and divided by the Monthly Average Receivables Balance

<sup>4</sup> Is calculated as the annual average of each monthly collection rate, which is calculated as the total collections on the selected Accounts during the month divided by the Monthly Average Receivables Balance

<sup>5</sup> Q3 YTD 2021

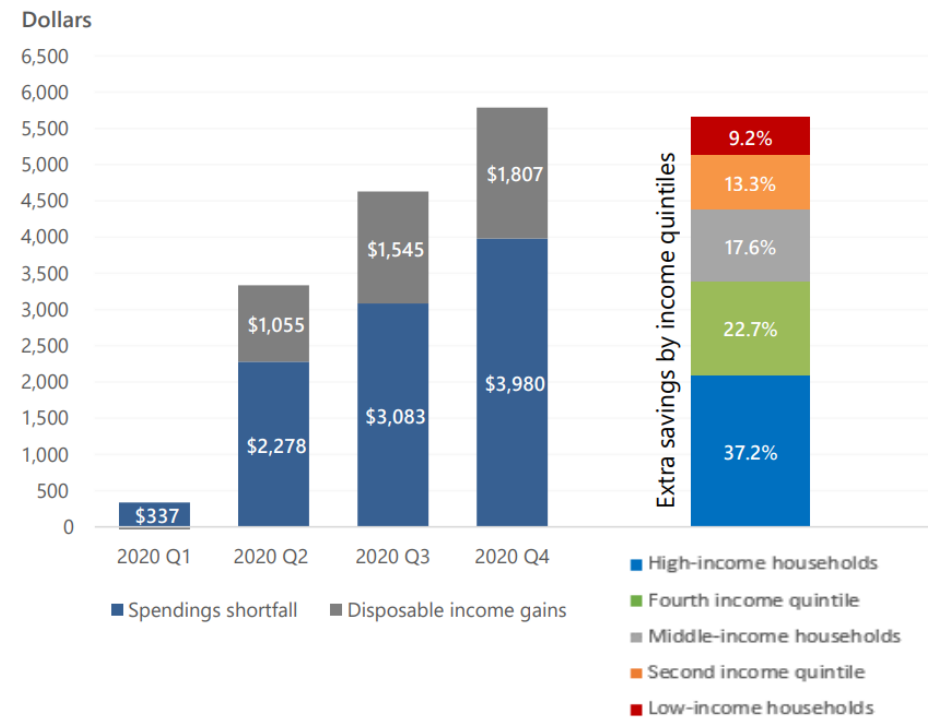


TriANGLE

# Securitized Pool Performance (cont'd)

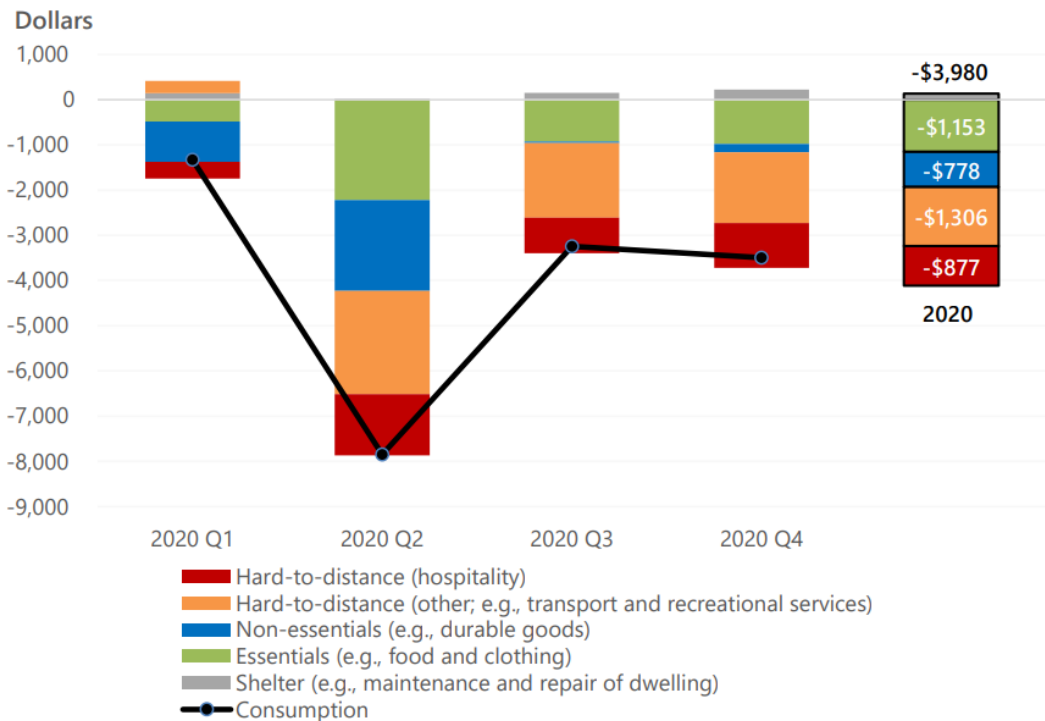
The following charts are from the Bank of Canada’s report “COVID-19, savings and household spending”<sup>1</sup>. No similar charts are available for 2021, however, based on the Securitized Pool’s historically strong YTD 2021 performance metrics on the previous slide, we expect that extra savings and lower spending has also occurred in 2021

**Chart 4: Canadians accumulated on average \$5,800 in extra savings by the end of 2020, mostly by high-income households**  
Extra savings per capita (seasonally adjusted) and share of accumulated savings per income quintiles



Sources: Statistics Canada and Bank of Canada calculations

**Chart 3: Canadians spent on average \$4,000 less in 2020**  
Gap between actual per capita consumption and a linear trend (quarterly data are nominal and seasonally adjusted at annual rate)

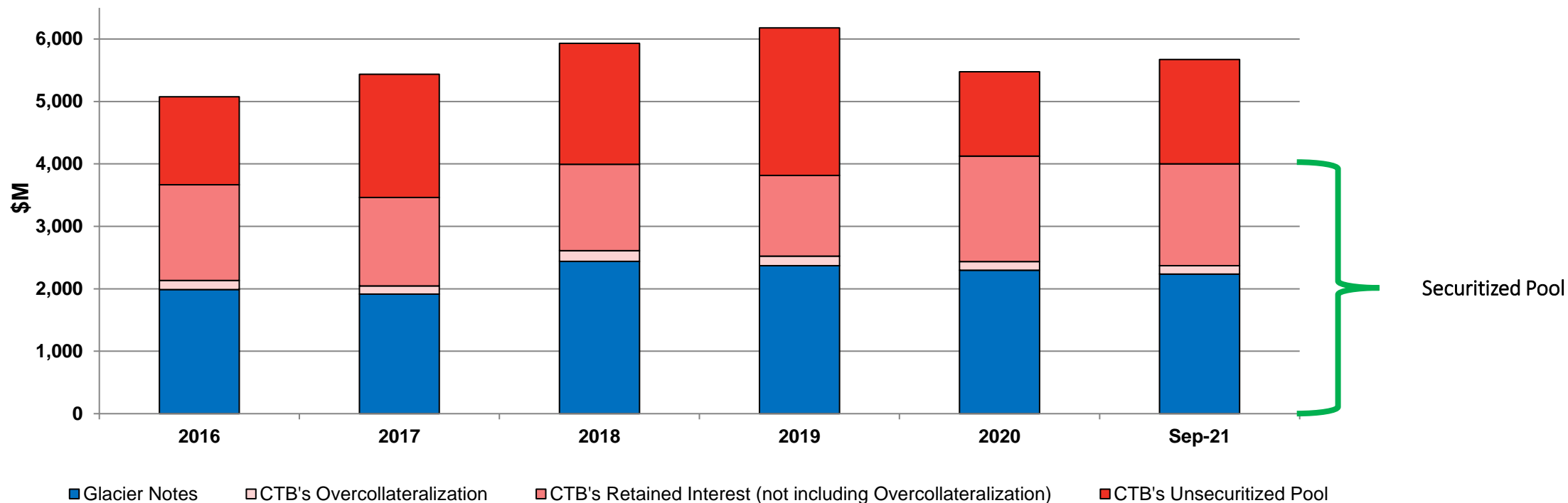


Note: These figures represent the per capita (population aged 15 and older) gap between a linear trend (2016–19) and actual nominal consumption in 2020.  
Sources: Statistics Canada and Bank of Canada calculations



# Size of Securitized Pool and Total Glacier Notes

- COVID-19 negatively impacted CTB's overall receivables balance due to cardholders purchasing less and paying more on the cards. This is expected to reverse after COVID-19 and some reversal has already been experienced thus far in 2021 (total receivables were up 3.6% year-over-year as at the end of Q3 2021)
- Account transfers from CTB's Unsecuritized Pool to the Securitized Pool are made periodically (i.e. in 2018 and 2020) to offset attrition and write-offs and to maintain an adequate amount of CTB's Retained Interest in the Securitized Pool for the use of the Scotiabank NPFs





# Outstanding Glacier Notes

- Glacier finances its purchases of co-ownership interests in the Securitized Pool of Receivables through direct issuances of multiple types of Notes. As at the end of Q3 2021, Glacier had 6 outstanding Series of Notes totaling \$2.2B:

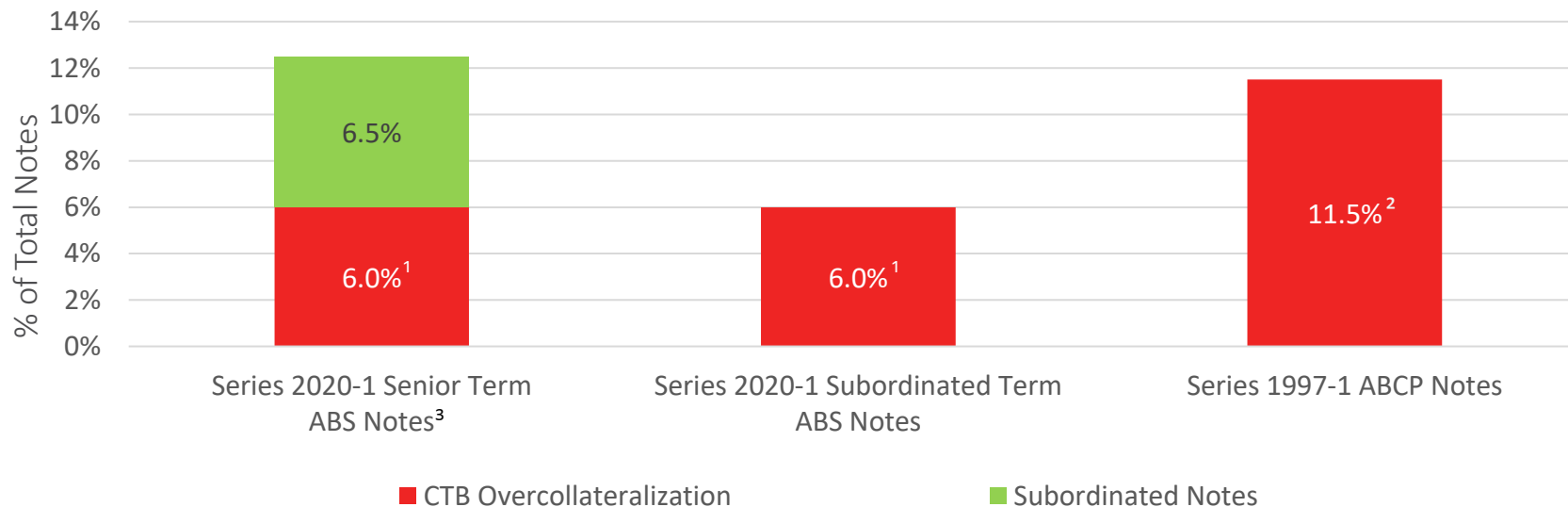
(C\$ in millions)	Amount Outstanding			Limit <sup>1</sup>	Wtd. Avg. Interest Rate	Remaining Term (in years)	Expected Repayment Date
	Senior Notes	Subordinated Notes	Total Notes				
<b>Glacier Outstanding Series</b>							
Series 2017-1 (term ABS)	523.6	36.4	560.0		2.13%	1.0	20-Sep-22
Series 2018-1 (term ABS)	546.0	38.0	584.0		3.20%	2.0	20-Sep-23
Series 2019-1 (term ABS)	523.6	36.4	560.0		2.35%	2.7	6-Jun-24
Series 2020-1 (term ABS)	448.8	31.2	480.0		1.46%	4.0	22-Sep-25
<b>Total Term ABS</b>	<b>2,042.0</b>	<b>142.0</b>	<b>2,184.0</b>		<b>2.33%</b>	<b>2.3</b>	
Series 1997-1 (ABCP)	50.1	-	50.1	300.0	private		< 1 year
Series 2020-B (VFNs)	0 <sup>2</sup>	0 <sup>2</sup>	0 <sup>2</sup>	500.0	private		by Oct. 2022
<b>Total Variable Series</b>	<b>50.1</b>	<b>-</b>	<b>50.1</b>	<b>800.0</b>			
<b>Overall Total/Wtd. Avg.</b>	<b>2,092.1</b>	<b>142.0</b>	<b>2,234.1</b>				

- Series 2020-B Senior and Subordinated variable funding Notes (“VFNs”) have been issued privately to Scotiabank under the \$500M NPF with funding available on the same day that notice is provided to Scotiabank.
- If required, up to \$1.25B is also available under the other NPF with 35 days required prior notice. Under this NPF, Senior and Subordinated Notes would be issued privately to Scotiabank under one or more new Series



# Glacier Credit Enhancement

- Glacier's term ABS Series have credit enhancement in the form of:
  - A-rated Subordinated term ABS Notes which enhance the AAA-rated Senior term ABS Notes, and
  - CTB Overcollateralization which enhances both the Senior term ABS Notes and the Subordinated term ABS Notes
- All of the credit enhancement for the R-1(high)/F1+ rated ABCP Notes is in the form of CTB Overcollateralization
- The healthy margin on the Securitized Pool (excess spread) has ensured that there has never been an Amortization Event
- Credit enhancement levels are determined with the rating agencies at the time of term ABS Note issuance based on the Securitized Pool performance metrics relative to such rating agencies' stress test models. The Senior term ABS and ABCP Notes each have the highest credit rating



<sup>1</sup> The Senior term ABS Notes benefit from the Overcollateralization before the Subordinated term ABS Notes

<sup>2</sup> The next slide discusses how the enhancement will exceed 11.5% if the outstanding ABCP balance declines to below 40% of the maximum balance in the past 12 months

<sup>3</sup> The enhancement percentages provided are on a % of total Notes basis (i.e. Senior Notes plus Subordinated Notes)

# Glacier Credit Enhancement (cont'd)

- As at the end of Q3 2021, the total enhancement on the outstanding Glacier Notes ranged from \$60-70M on the Senior term ABS Notes and was \$13.6M on the ABCP Notes:

Glacier Outstanding Series	Total Notes Outstanding (\$M)	Total Senior Notes Outstanding (\$M)	Senior Notes									Subordinated Notes
			Subordinated Note Enhancement			CTB Overcollateralization Enhancement			Total Enhancement			CTB Overcollateralization Enhancement
			\$M	% of Total	% of Senior	\$M	% of Total	% of Senior	\$M	% of Total	% of Senior	
				Notes	Notes		Notes	Notes		Notes	Notes	
Series 2017-1 (term ABS)	560.0	523.6	36.4	6.5%	7.0%	30.8	5.5%	5.9%	67.2	12.0%	12.8%	5.5%
Series 2018-1 (term ABS)	584.0	546.0	38.0	6.5%	7.0%	32.1	5.5%	5.9%	70.1	12.0%	12.8%	5.5%
Series 2019-1 (term ABS)	560.0	523.6	36.4	6.5%	7.0%	30.8	5.5%	5.9%	67.2	12.0%	12.8%	5.5%
Series 2020-1 (term ABS)	480.0	448.8	31.2	6.5%	7.0%	28.8	6.0%	6.4%	60.0	12.5%	13.4%	6.0%
Series 1997-1 (ABCP)	50.1	50.1	-	n/a	n/a	13.6	27.2%	27.2%	13.6	27.2%	27.2%	n/a
Series 2020-B (VFNs)	-	-		private			private			private		private
<b>Total</b>	<b>2,234.1</b>	<b>2,092.1</b>	<b>142.0</b>			<b>136.2</b>			<b>278.1</b>			

- The ABCP Notes' enhancement is currently impacted by the "40% of the largest Unadjusted Invested Amount of the Series 1997-1 Ownership Interest at any time during the most recently completed twelve Determination Periods;" clause in Section 4.1(a)(i)(x) of the Amended and Restated Series 1997-1 Purchase Agreement<sup>1</sup>. During October 2020 to January 2021, the outstanding balance of the ABCP Notes was decreased from \$296.8M to \$50.0M. In January 2022, the enhancement on the ABCP Notes will decrease to \$5.8M (11.5%) if the outstanding ABCP Note balance remains at the current \$50.1M



# Glacier's Securitized Pool Performance Metrics and Credit Enhancement as Compared to Other Canadian Credit Card ABS Issuers

- During the 2007-09 financial crisis, the volatility of the write-off rate for Glacier's Securitized Pool was in almost all cases less than half that of the other Canadian credit card ABS issuers' (the "Other Credit Card ABS Issuers") receivables pools (the "Other Pools") demonstrating CTB's strong credit risk management competencies
- Glacier's Notes have a higher credit enhancement % versus the Other Credit Card ABS Issuers due to consistently higher write-off rates and lower collection rates versus the Other Pools reflecting the demographic of the cardholders that currently represent the selected Accounts

Credit Card ABS Issuer <sup>1</sup>	Glacier	Other Pools	Canadian II	Cards II	Eagle	Evergreen	Golden	Master II	Trillium II
Seller	CTB	Overall	NB	CIBC	PCB	TD	RBC	BMO	BNS
Securitized Pool Size <sup>2</sup>	\$4.0B	\$39.7B	\$1.9B	\$8.0B	\$2.6B	\$6.8B	\$9.5B	\$7.4B	\$3.6B
<b>Securitized Pool Performance<sup>2,3</sup></b>									
Net Loss/Write-Off Rate	3.21%	1.51%	1.85%	0.92%	2.29%	1.38%	1.16%	1.72%	1.72%
Delinquency Rate (>30 days)	1.52%	1.33%	1.19%	0.98%	1.11%	1.12%	1.46%	1.63%	1.15%
Payment/Collection Rate	30.34%	60.15%	61.88%	52.28%	66.45%	59.79%	64.43%	57.61%	58.62%
Yield	21.60%	25.00%	26.24%	23.27%	24.67%	23.70%	24.67%	26.30%	26.80%
<b>Net Loss Volatility<sup>2</sup></b>									
September 2008	6.32%	3.28%	3.74%	3.81%	3.14%		2.52%	2.88%	
Subsequent Peak	8.85%	6.31%	7.22%	7.28%	7.45%	n/a	4.22%	5.61%	n/a
<b>% Change</b>	<b>40.0%</b>	<b>92.1%</b>	<b>93.0%</b>	<b>91.1%</b>	<b>137.3%</b>		<b>67.5%</b>	<b>94.8%</b>	
<b>Credit Enhancement<sup>4, 5</sup> - AAA</b>	<b>12.50%</b>	<b>6.47%</b>	<b>5.75%</b>	<b>7.25%</b>	<b>7.00%</b>	<b>6.50%</b>	<b>6.50%</b>	<b>5.50%</b>	<b>8.00%</b>
<b>Credit Enhancement<sup>5</sup> – A</b>	<b>6.00%</b>	<b>2.46%</b>	<b>2.75%</b>	<b>2.50%</b>	<b>3.50%</b>	<b>2.50%</b>	<b>2.00%</b>	<b>n/a</b>	<b>3.00%</b>

<sup>1</sup> The full names of the Other Credit Card ABS Issuers are: Canadian Credit Card Trust II (Canadian II); CARDS II Trust (Cards II); Eagle Credit Card Trust (Eagle); Evergreen Credit Card Trust (Evergreen); Golden Credit Card Trust (Golden); Master Credit Card Trust II (Master II); and Trillium Credit Card Trust II (Trillium II)

<sup>2</sup> For the Other Pools, the numbers are sourced from DBRS' September 2021 Monthly Canadian ABS Report and have not been verified by Glacier or CTB. For the overall column, the pool size is the total, the pool performance and volatility numbers are pool weighted averages and the credit enhancement numbers are debt weighted averages

<sup>3</sup> Three month average performance as of September 30, 2021

<sup>4</sup> For Glacier, varies by Series due primarily to conditions at the time of Note issuance. Some or all of this enhancement represents a portion of CTB's Retained Interest in the Securitized Pool of Receivables. For Other Credit Card ABS Issuers, the value provided is from the most recent issuance of term ABS senior notes with a fixed rate

<sup>5</sup> Percentages provided are in relation to the total notes issued (i.e. senior notes plus subordinated notes)

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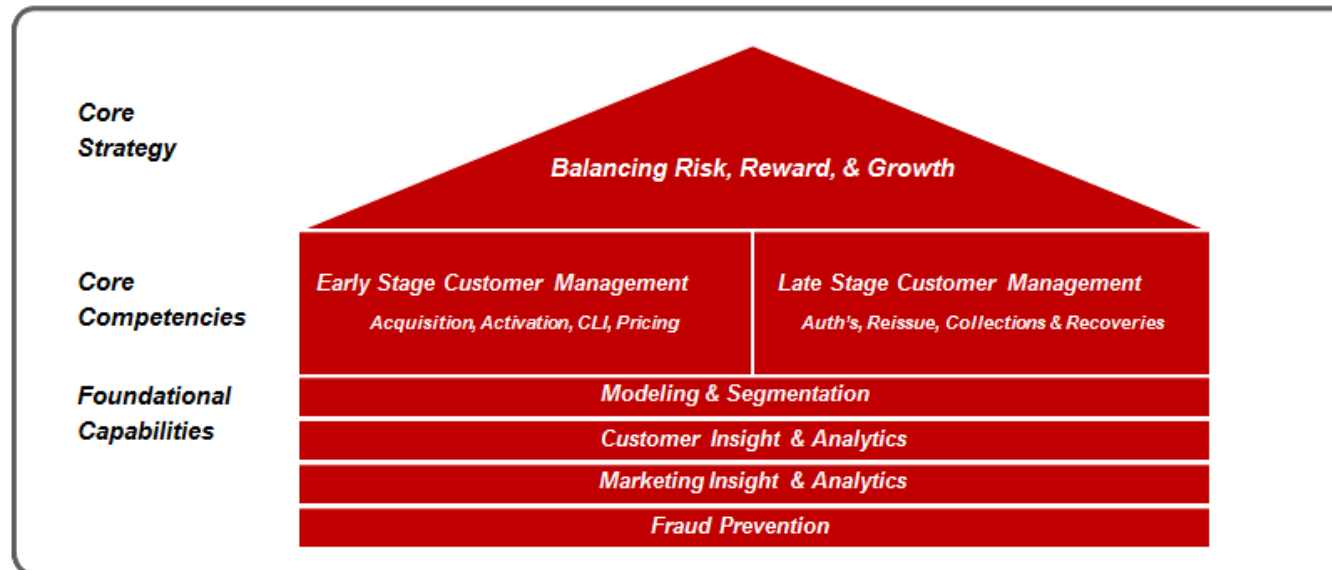
**CTB's Credit Risk Management**

[Appendix: Subordinated Term ABS Notes](#)



# CTB's Credit Risk Organizational Structure

- CTB has a strong credit management team and sophisticated proprietary credit risk management models and processes
- The mandate of Credit Risk is to balance the pursuit of shorter term financial targets with a longer term goal of higher quality receivables and lower portfolio volatility
- This is accomplished by:
  - CTB uses sophisticated statistical techniques to analyze historical performance in order to identify characteristics that are predictive of future customer behaviour (including the use of purchase data from CTC's stores)
  - utilizing sophisticated technologies to develop, evaluate and implement credit risk strategies
  - interpreting and evolving current strategies into more effective solutions for the future



# CTB's Early Stage Customer Management

**Customer acquisition is only the beginning of CTB's growth strategy**

## New Account Acquisition

- Most new accounts are acquired in Canadian Tire, SportChek and Mark's stores and online
- CTB uses a variety of models and data, including credit bureau data, to adjudicate credit for the customer while in the store or online
  - determine which applicants to extend credit to, how much credit to extend (limit) and at what interest rate (pricing)
  - initial limits start as low as \$200 – small limits will be increased regularly if the cardholder demonstrates early good credit behaviour
  - develops and tests new strategies, methods and tools for improved adjudication policies on an ongoing basis

## Account Acquisition Strategy

- The approval decision is based more on willingness to pay and less on ability to pay
- The limit decision is based more on ability to pay and less on willingness to pay

# CTB's Account Management

**Every account is continually monitored to manage risk and maximize profitability**

- Account management strategies are dynamic and based on an account's:
  - Credit scores (varieties include: Credit Bureau, insolvency, behaviour, CTB's proprietary Fusion, debt service ratio and revenue)
  - Credit limit utilization
  - Past due status
- The scores are generally re-calculated for most active cardholders on a monthly billing cycle basis to ensure decisions are made using the most accurate and up-to-date information available. Scores are re-calculated nightly on all delinquent customers.
- Sophisticated adaptive control software (TRIAD) is used to develop, test and deploy account management strategies
- Account Management focuses on several key areas:

Key Areas	Action
Credit Limits	Reviewed monthly for increases and decreases
Cash Limits	Reviewed monthly for increases and decreases
Authorizations	Monitor PAD and transaction type
Performance Based Pricing	Reviewed monthly for increases and decreases
Payment Withholding	Withhold open to buy from high NSF accounts
Card Reissue	Length of time to issue cards
Pre-Delinquency	Monitor high risk accounts in good standing
Early Stage Collections	Monitor accounts not in good standing



# CTB's Modeling and Analytics

**Modeling and analytics combines the art of strategy development  
with the science of analytics to predict customer behaviour**

- Credit risk models are the foundation on which risk and marketing strategies are developed
- Utilizes sophisticated statistical techniques to analyze historical performance in order to identify characteristics that are predictive of future customer behaviour (including the use of purchase data from CTC's stores)<sup>1</sup>
- The following sources of data are used in creating models:
  - Credit Bureau data
  - Internal data
  - Behaviour data
  - Delinquency history
  - Payment history
  - Balance growth / utilization
  - Call Center data
  - Transactional data
  - SKU level and MCC data
- CTB has created over 350 proprietary scorecard models including:
  - Risk models
  - Fraud models
  - Attrition scores
  - Acquisition scores
  - Marketing models
  - Revenue models
  - Income models
  - Propensity to purchase models

# CTB's Late Stage Customer Management

**CTB develops, tests and implements analytically based collection strategies across lending portfolios to maximize the effectiveness of the collection process**

- CTB's Ontario-based call centres are integral to balancing loss reduction with striving to maintain delinquent cardholders as CTC customers
- The collection strategies reduce CTB's net write-off rate and increase overall collection results by balancing loss reduction against operating expenses
- Collection scores and customer scores are re-calculated on all delinquent customers on a nightly billing cycle basis to ensure decisions are made using the most accurate information available
- Sophisticated analytics are used to develop, test and deploy collection prioritization strategies including:
  - short message service (SMS) / email / online collection tactics
  - skip tracing techniques
  - payment programs/offers
  - agency assignments & fees

# CTB's Fraud Prevention Strategy

- **Mandate**

- To develop strategies and operational solutions to manage financial losses and related customer attrition resulting from fraud

- **Differentiators**

- Industry leading fraud loss rates
  - A team and culture that balances loss mitigation with customer treatment to protect the Canadian Tire brand
  - A dynamic infrastructure that enables customer differentiated treatments
  - Champions of continuous technology and process innovation for fraud detection, onboarding and authentication

# COVID-19

- In March 2020, CTB informed cardholders that the following forms of relief would be granted to qualified customers that made a request.
  - payment deferrals;
  - temporary interest rate reductions; and
  - payment sharing whereby CTB funds a portion of the minimum payment due
- Note that these programs were already in existence as a suite of tools that CTB regularly uses to help cardholders that experience temporary financial hardship
- Relief programs peaked in April 2020 at only 1.1% of CTB's overall active accounts and 3.2% of CTB's overall receivables. 74%<sup>1</sup> of the relief offers were granted on receivables that were current in their payments at the time the grant was made. Given government stimulus and the various other financial institutions' relief programs available, there was a short term and relatively low level of demand for CTB's relief programs, despite the relatively large increase in the Canadian unemployment rate
- With respect to COVID-19 relief, the payment deferral program ended in September 2020 and the payment sharing program ended in November 2020. Currently, only the temporary interest rate reduction relief program is active with substantially lower volume than last year
- COVID-19 also resulted in the temporary closure of some of CTC's retail stores during 2020-21 which negatively impacted new card origination and spending on the cards
- See slides 22 and 23 for COVID-19's impact on the performance metrics of the Securitized Pool

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**Appendix: Subordinated Term ABS Notes**



# Appendix: Subordinated Term ABS Notes

- Glacier offers one Class of Subordinated Notes on each of its term ABS issuances
  - In recent years, Subordinated Note offerings have ranged in size from \$31M to \$38M, representing 6.5% of the total Series Notes

Glacier Outstanding Series	Subordinated Notes as a % of Total Series Notes	Subordinated Notes as a % of Senior Notes	Subordinated Note Amount Outstanding (\$M)	Subordinated Note Credit Enhancement (CTB Overcollateralization)	Subordinated Note Credit Ratings
Series 2017-1 (term ABS)	6.5%	7.0%	36.4	5.5%	A(sf) <sup>1</sup> / A(sf) <sup>3</sup>
Series 2018-1 (term ABS)	6.5%	7.0%	38.0	5.5%	A(sf) <sup>1</sup> / A(sf) <sup>2</sup>
Series 2019-1 (term ABS)	6.5%	7.0%	36.4	5.5%	A(sf) <sup>1</sup> / A(sf) <sup>3</sup>
Series 2020-1 (term ABS)	6.5%	7.0%	31.2	6.0%	A(sf) <sup>1</sup> / A(sf) <sup>3</sup>
<b>Total</b>			<b>142.0</b>		

- During the Revolving Period or, if applicable, during an Amortization Period, holders of the Subordinated term ABS Notes are paid interest after interest is paid to the holders of the Senior term ABS Notes
- On the Expected Repayment Date or, if applicable, during an Amortization Period, holders of the Subordinated term ABS Notes are paid principal after principal has been paid in full to the holders of the Senior term ABS Notes
- A-rated Subordinated term ABS Notes benefit from
  - 5.5% - 6.0% credit enhancement in the form of CTB Overcollateralization
  - A well seasoned Securitized Pool of selected Accounts exhibiting relatively stable performance metrics, even during COVID-19
  - A healthy excess spread/margin (currently 16.1%<sup>4</sup>)



# Appendix: Subordinated Term ABS Notes (cont'd)

- Rated credit card receivables backed notes pass stringent stress tests that include a reduction in the base case yield and collection rates and an increase in the base case net write-off rate
- The variables stressed for A-rated notes are the same as those used to stress AAA-rated notes with the biggest difference being that the stressed assumptions are not as severe for an A rating
- Glacier's Series 2018-1 Subordinated Notes are rated 'A(sf)' by both DBRS and Fitch and Glacier's Series 2017-1, 2019-1 and 2020-1 Subordinated Notes are rated 'A(sf)' by both DBRS and S&P

	Net Write-off Rate	Collection Rate	Yield
<u>Selected Accounts' Performance as at the end of Q3 2021</u>			
Last 12 Month Average	3.63%	28.50%	21.61%
<u>Rating Agency Stresses</u>			
DBRS			
Base-case	Not public	Not public	Not public
'AAA' Stress for Glacier 2020-1	4.0-5.0x	35-50%	30-45%
'A' Stress for Glacier 2020-1	2.5-3.5x	30-40%	20-30%
Fitch			
Steady State	10.0% <sup>1</sup>	22.0%	18.0%
'AAA' Stress for Glacier 2018-1	4.0x	45%	35%
'A' Stress for Glacier 2018-1	2.6x	35%	25%
S&P			
Base-case	8.5%	19.0%	17.0%
'AAA' Stress to base-case for Glacier 2020-1	3.5x	50%	64.71%
'A' Stress to base-case for Glacier 2020-1	2.5x	60%	70.59%

