



# Glacier Credit Card Trust<sup>®</sup>

September 2, 2022

Using data primarily as at June 30, 2022

# 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.

Under no circumstances shall the information presented herein constitute an offer, invitation or solicitation of an offer to buy any notes of Glacier (the “**Notes**”). Neither this presentation nor anything contained herein shall form the basis of any contract or commitment whatsoever. Prior to making any offer to subscribe for or purchase any Notes, a prospective purchaser should review the base shelf prospectus or offering memorandum (in respect of asset-backed medium-term notes (“**term ABS**”)) or the information memorandum (in respect of asset-backed commercial paper (“**ABCP**”)) of Glacier and complete its own independent investigation of the Notes and the pool of Triangle and Canadian Tire-branded Mastercard<sup>1</sup> credit card receivables supporting the Notes (the “**Securitized Pool**<sup>2</sup>”). Investors should not subscribe for or purchase any Notes except on the basis of the information contained or referred to in the base shelf prospectus, offering memorandum or information memorandum of Glacier, as applicable. None of Glacier, CTB or CTC has any obligation to inform you of when information herein is out of date or may change, nor are Glacier, CTB or CTC obligated to provide updated information to you on the Notes or the Securitized Pool. That being said, certain information is updated on a regular basis on the websites outlined on slide 4 herein.

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)

By accepting this document you acknowledge that (a) Glacier, CTB and CTC are not in the business of providing (and you are not relying on Glacier, CTB or CTC for) legal, tax or accounting advice, (b) there may be legal, tax, accounting and other risks associated with a purchase of the Notes, and (c) you should receive (and rely on) separate and qualified legal, tax and accounting advice in respect of any purchase of Notes.

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>  
[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) and  
[https://s22.q4cdn.com/405442328/files/doc\\_presentations/en/2022/CTC\\_InvestorDay\\_MASTER\\_FINAL-4.pdf](https://s22.q4cdn.com/405442328/files/doc_presentations/en/2022/CTC_InvestorDay_MASTER_FINAL-4.pdf)
- on Bloomberg® under “1206Z CN Equity/Company Filings”

## Program 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](#)



# Program 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 63% of CTB's total receivables as at the end of Q2 2022<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
  - 51% of the Receivables in the Securitized Pool were owing by selected Accounts that had been outstanding for over 10 years as at the end of Q2 2022
- A healthy excess spread on the Notes
  - Currently 15.6%<sup>2</sup> as funding and write-off rates continue to remain historically low

# Program 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 4th<sup>1</sup> largest Canadian issuer of credit card receivables backed term ABS notes with \$2.2B<sup>2</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 \$50.4M<sup>2</sup> of Notes currently outstanding. The amount fluctuates between \$50M and \$300M

# Program 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 25 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 June 2025
  - All participate as selling agents for Glacier’s term ABS and ABCP Note issuances



# Program Highlights (cont'd)

- **Strong Brand Recognition**

- Canadian Tire is a leading brand in Canadian retail
  - Strong retail sales growth during 2020-22 reflect our continued ability to effectively navigate a challenging and dynamic environment given the continued strength and relevance of CTC's unique multi-category assortment and the success of strengthened omni-channel capabilities, especially eCommerce
- CTC's iconic My Canadian Tire Money® loyalty program, re-launched as Triangle Rewards™ in 2018:
  - Has contributed to gross average accounts receivable ("GAAR") in Q2'22 exceeding pre-COVID levels, thus reaching an all-time quarterly high as the average number of accounts with a balance and the average account balance were also at or near all-time quarterly highs
  - 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
  - 11 million Canadians are enrolled in the Triangle Rewards™ program and made a purchase in the past year
  - More information on the Triangle Rewards™ program is available at: <https://triangle.com>  
[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) and  
[https://s22.q4cdn.com/405442328/files/doc\\_presentations/en/2022/CTC\\_InvestorDay\\_MASTER\\_FINAL-4.pdf](https://s22.q4cdn.com/405442328/files/doc_presentations/en/2022/CTC_InvestorDay_MASTER_FINAL-4.pdf)



[Program Highlights](#)

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

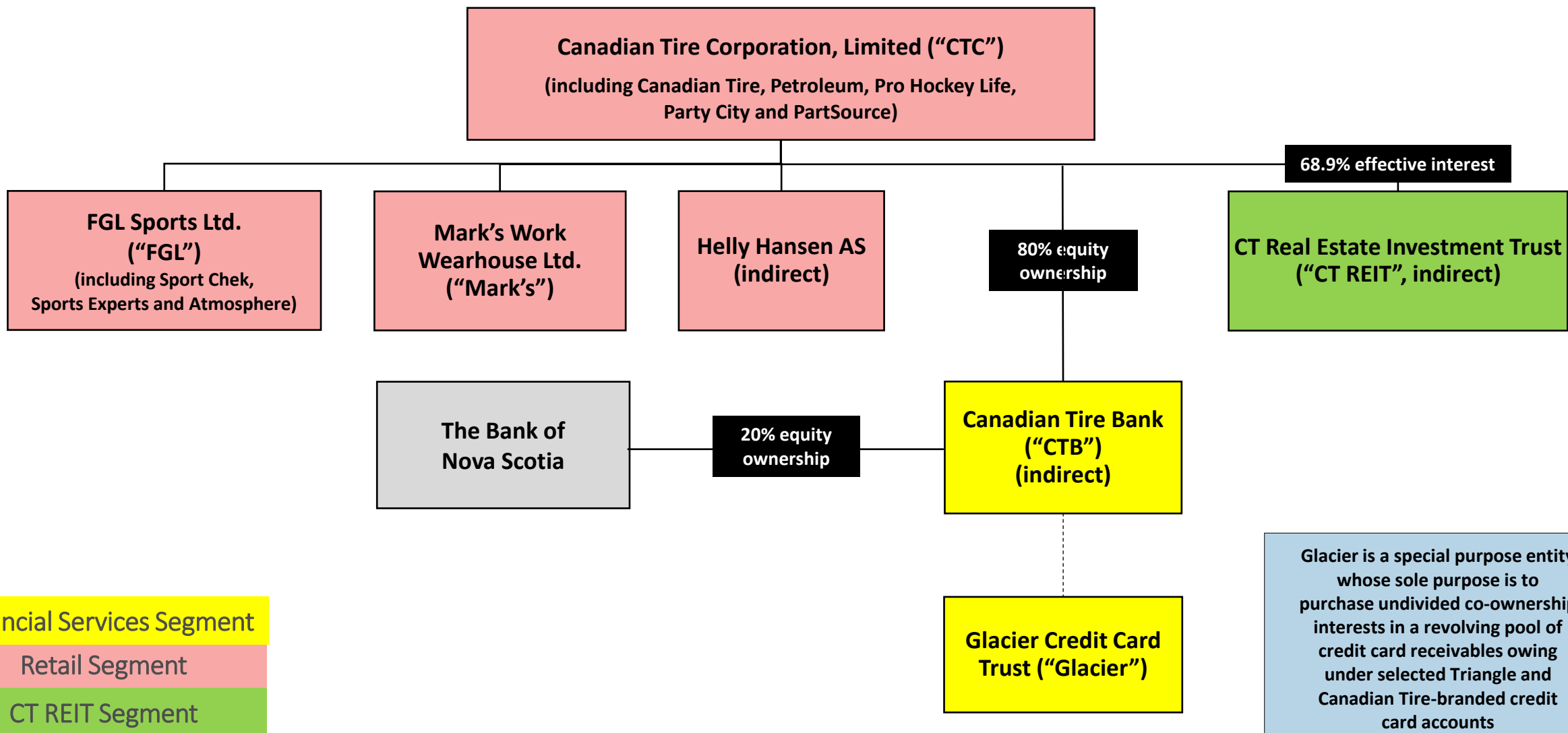
[Glacier Credit Card Trust and the Securitized Pool of Receivables](#)

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# 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>376 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>380 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>80 specialty automotive hard parts stores located in 7 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>292 retailer-operated gas bars and convenience stores located across Canada under the names Canadian Tire, Gas+ and Essence+ (Quebec) 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>\$6.6B in gross average credit card receivables (including deferred in-store financing)</li> <li>2.2M 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 364 properties totaling ~29.8M 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 92.2% of total gross leasable area</li> <li>CTC owns 68.9% of CT REIT with the remainder listed on the TSX (CRT.UN)</li> </ul>



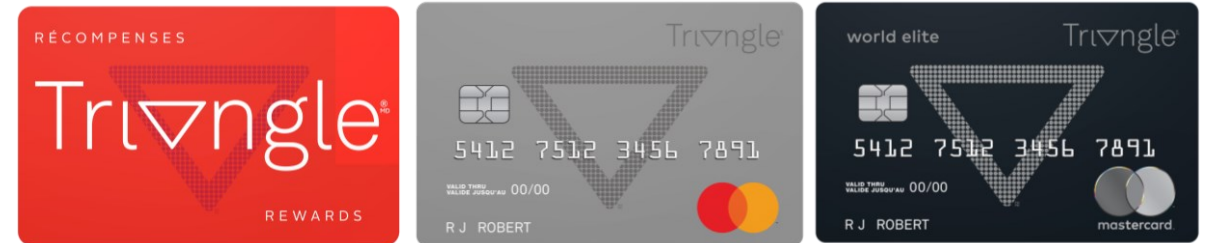
Triangle

Store, credit card and CT REIT numbers are as at the end of Q2 2022. 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 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



# 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 indirectly 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

- 2.2M<sup>1</sup> active credit card accounts with a \$6.6B<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

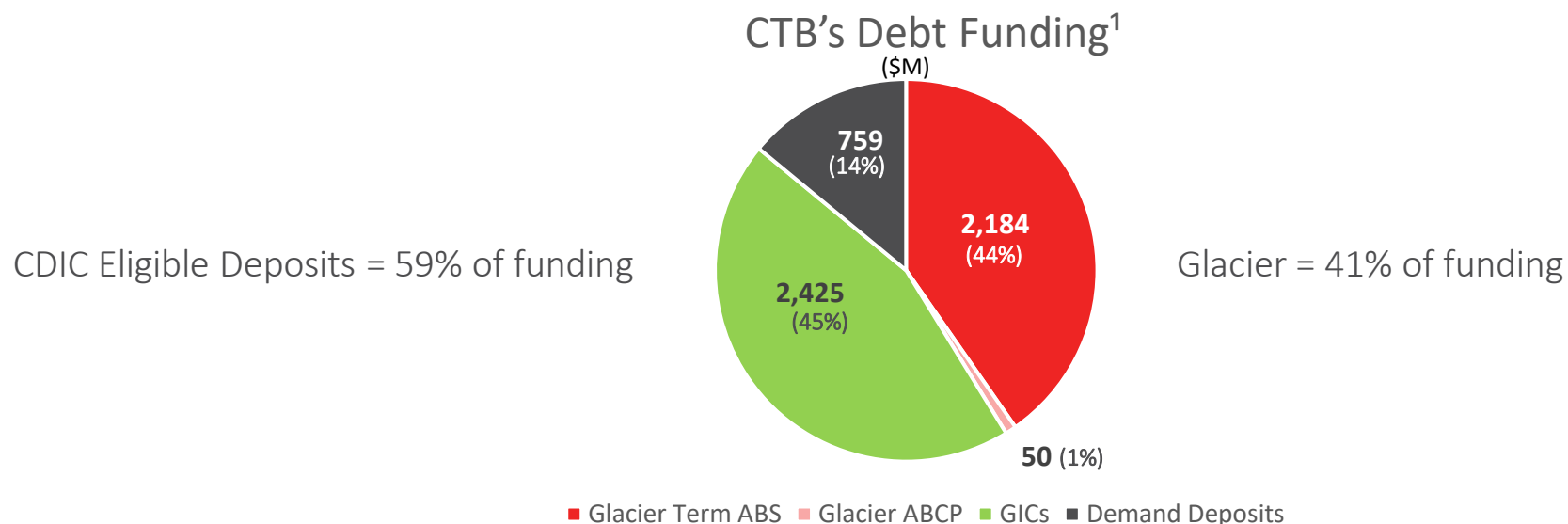
## Competitive Advantages

- 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
  - 85%<sup>1</sup> of debt funding is fixed rate and laddered over 5 years and is non-redeemable (the vast majority of the term debt funding is issued for 5 year terms)
  - CTB is an active interest rate hedger for both Glacier term ABS and GIC future issuances
  - only 14%<sup>1</sup> of funding is sourced from demand deposits (high interest and tax-free savings accounts)
- CTB holds regulatory reserves for emergency liquidity and has ongoing operating earnings. The 16.83% total capital ratio as at the end of Q2'22 exceeded the OSFI minimum. Total equity was \$1.1B as at the end of Q2'22
- CTB has access to \$2.25B of committed credit facilities from Scotiabank<sup>2</sup>, including \$1B available on a same day notice basis



[Program Highlights](#)

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

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

[CTB's Credit Risk Management](#)

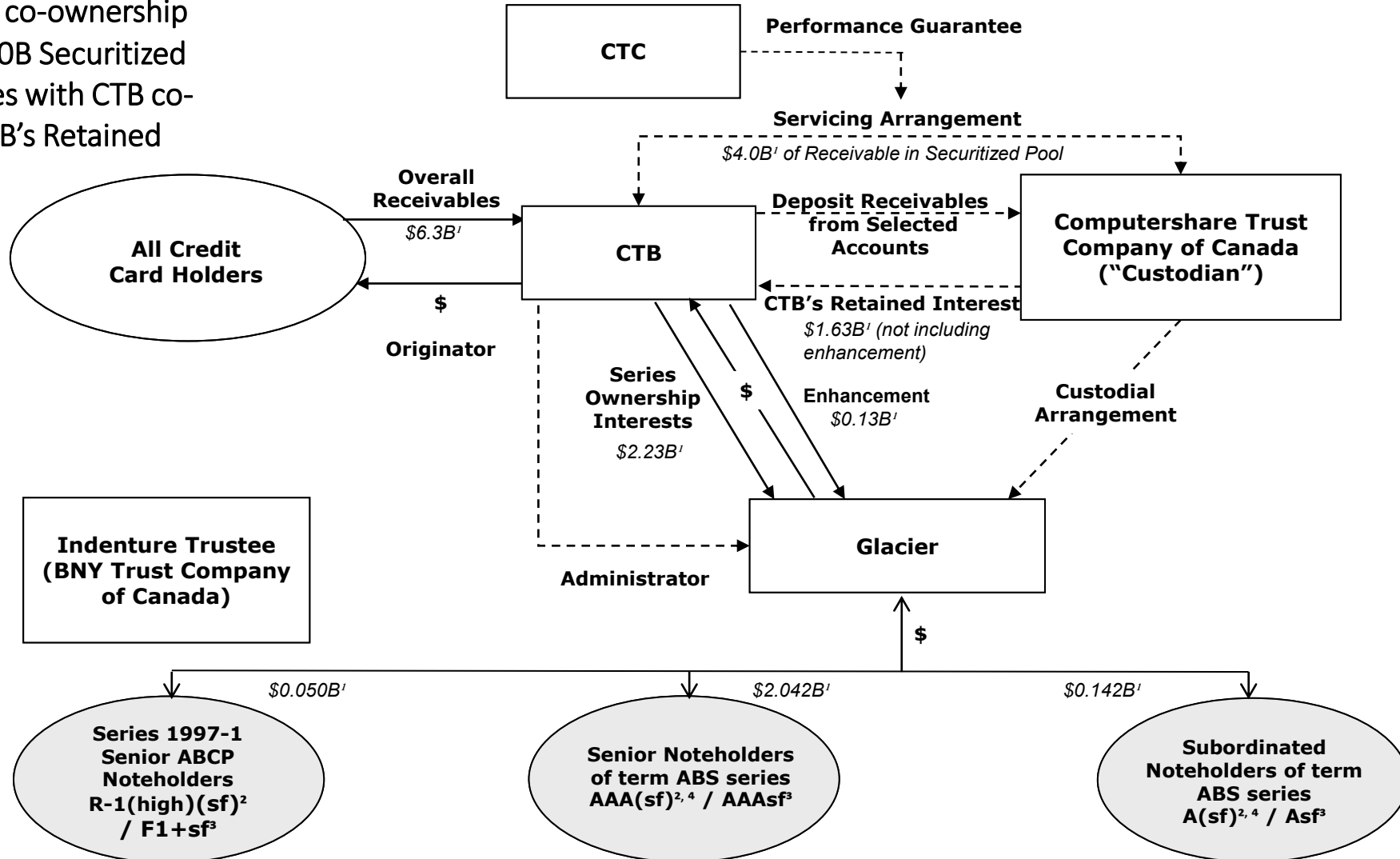
[Appendix: Subordinated Term ABS Notes](#)





# Glacier Structure

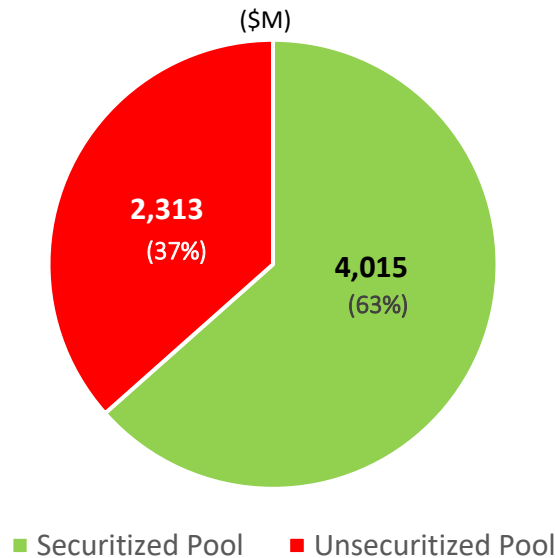
Glacier has a 56% co-ownership interest in the \$4.0B Securitized Pool of Receivables with CTB co-owning 44%<sup>1</sup> ("CTB's Retained Interest")



# 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.

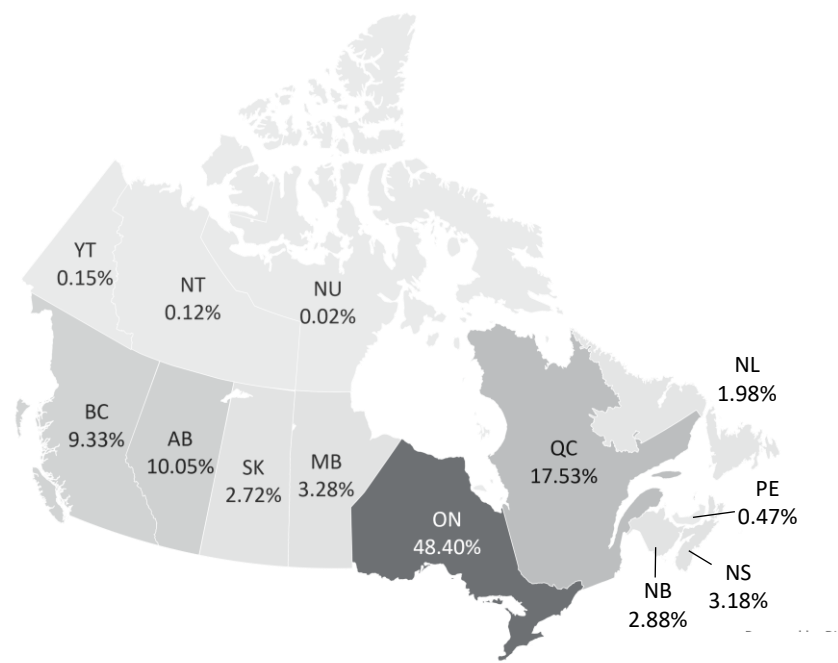
CTB's Credit Card Receivables<sup>1</sup>



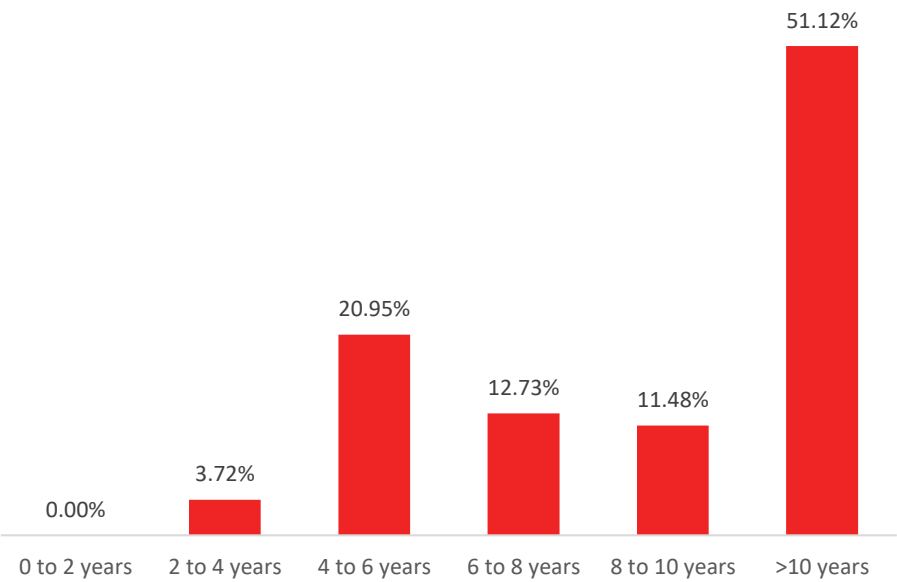
# Securitized Pool of Credit Card Receivables

- 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
- 51% of the Receivables are owing by long-time loyal customers with over 10 years of seasoning
- The Account Age graph below shows that the accounts transferred into the Securitized Pool in April 2020 generally had at least 2 years of seasoning at that time (i.e. there is currently nothing in the 0-2 year category)

Geographic Distribution<sup>1</sup>



Account Age<sup>1</sup>



<sup>1</sup> By % of outstanding balance as at the end of Q2 2022

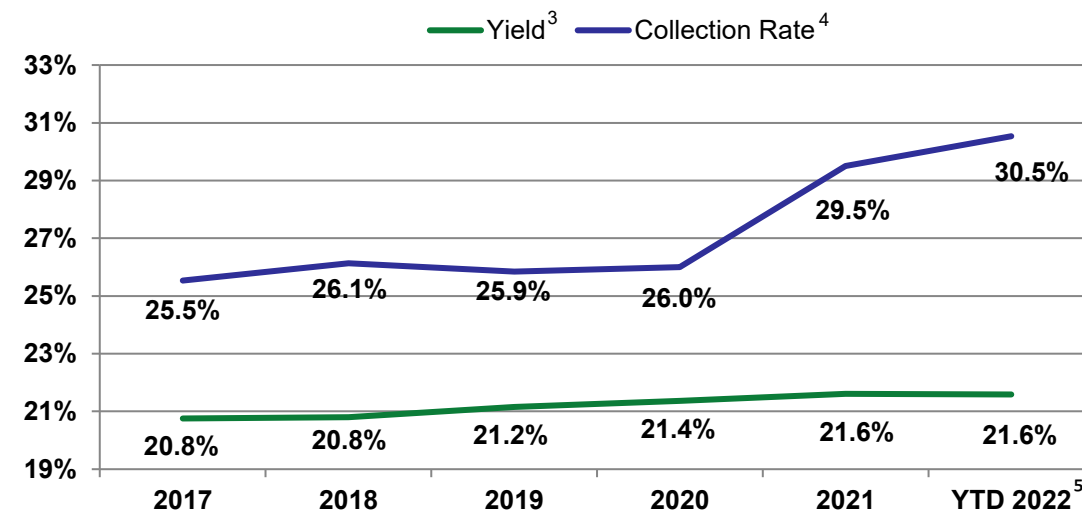
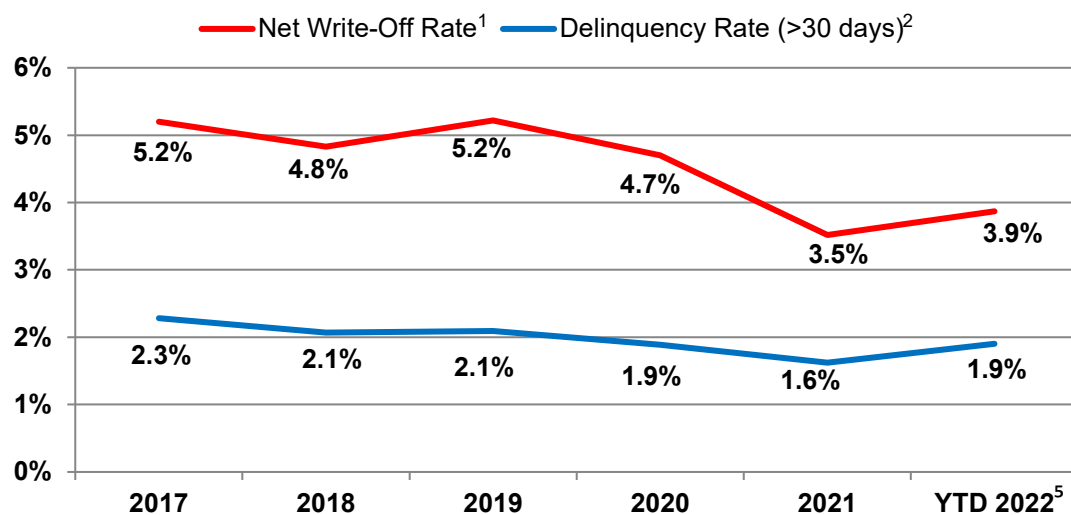
# Securitized Pool of Credit Card Receivables (cont'd)

Account Balances (As at June 30, 2022)				
Balances	# of Selected Accounts	% of Total # of Selected Accounts	Outstanding Balances (\$ 000's)	% of Outstanding Balances
Credit Balance	93,433	2.51%	(\$19,631)	(0.49%)
\$0.00	2,349,471	63.04%	-	0.00%
\$0.01 - 499.99	415,791	11.16%	70,530	1.76%
\$500 - 999.99	157,339	4.22%	97,458	2.43%
\$1,000 - 1,999.99	182,340	4.89%	232,457	5.79%
\$2,000 - 2,999.99	105,547	2.83%	233,962	5.83%
\$3,000 - 3,999.99	73,619	1.98%	237,797	5.92%
\$4,000 - 4,999.99	61,800	1.66%	263,105	6.55%
\$5,000 - 5,999.99	42,981	1.15%	226,340	5.64%
\$6,000 - 7,499.99	50,886	1.37%	331,742	8.26%
\$7,500 - 9,999.99	64,474	1.73%	547,125	13.63%
Greater Than \$10,000	129,303	3.47%	1,794,050	44.68%
Total	3,726,984	100.00%	\$4,014,935	100.00%
Credit Limits (As at June 30, 2022)				
Limits	# of Selected Accounts	% of Total # of Selected Accounts	Outstanding Balances (\$ 000's)	% of Outstanding Balances
\$0 - 500	114,130	3.06%	4,615	0.11%
\$501 - 1,000	148,862	3.99%	8,254	0.21%
\$1,001 - 2,000	443,769	11.91%	59,703	1.49%
\$2,001 - 3,000	389,669	10.46%	72,922	1.82%
\$3,001 - 4,000	305,677	8.20%	104,356	2.60%
\$4,001 - 5,000	474,875	12.74%	216,967	5.40%
\$5,001 - 6,000	244,063	6.55%	161,650	4.03%
\$6,001 - 7,500	270,492	7.26%	248,299	6.18%
\$7,501 - 10,000	349,624	9.38%	407,934	10.16%
Greater Than \$10,000	985,823	26.45%	2,730,235	68.00%
Total	3,726,984	100.00%	4,014,935	100.00%



# Securitized Pool Performance

- Glacier performance metrics as of July 2022 continue to be historically strong and given the economic environment, other Canadian credit card issuers are also experiencing strong performance metrics (see slide 26)
- The write-off and delinquency rates have increased slightly vs last year as consumers have increased their spending. Slide 27 shows that the write-off rate remains below the longer-term trend
- The collection rate has increased further and yield has remained fairly constant. Only a small amount of interest rate relief was granted during COVID-19



<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

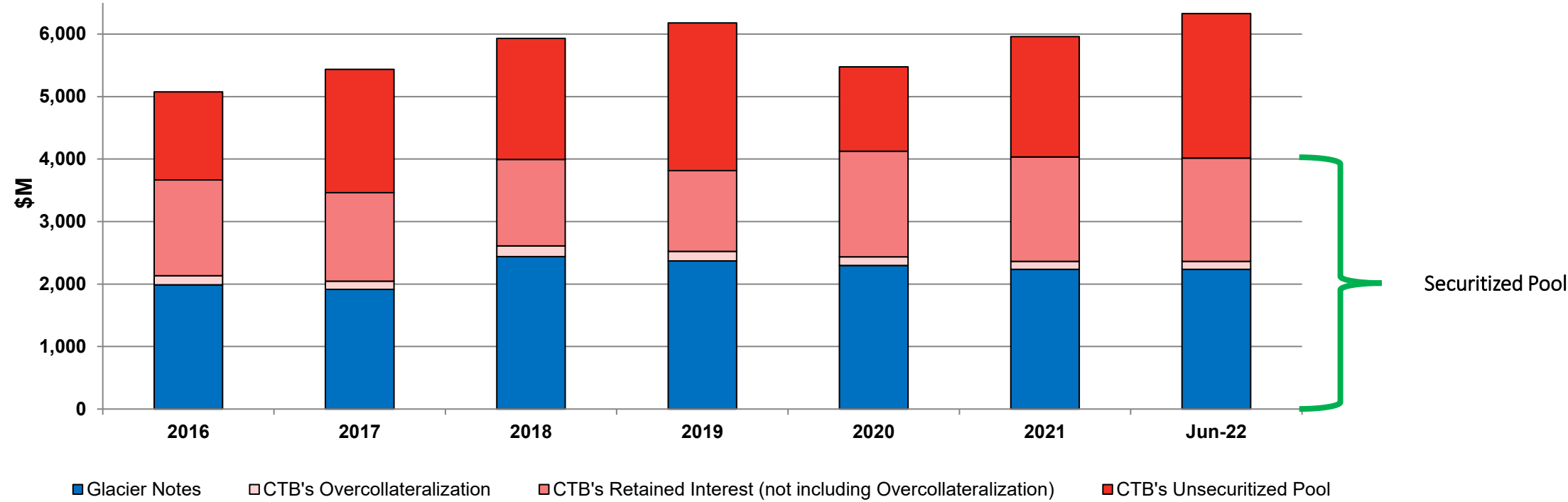
<sup>5</sup> Q2 YTD 2022



Triangle

# Size of Securitized Pool and Total Glacier Notes

- COVID-19 negatively impacted CTB’s overall receivables balance due to cardholders purchasing less and making greater principal payments on the cards. The trend has reversed with gross average accounts receivable reaching an all-time quarterly high in Q2’22
- 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 to allow 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 Q2 2022, Glacier had 6 outstanding Series of Notes totaling \$2.2B:

(C\$ in millions)	Amount Outstanding			Limit <sup>1</sup>	Wtd. Avg. Interest Rate <sup>2</sup>	Remaining Term (in years) <sup>3</sup>	Expected Repayment Date <sup>4</sup>
	Senior Notes	Subordinated Notes	Total Notes				
<b>Glacier Outstanding Series</b>							
Series 2017-1 (term ABS)	523.6	36.4	560.0		2.13%	0.05	20-Sep-22
Series 2018-1 (term ABS)	546.0	38.0	584.0		3.20%	1.0	20-Sep-23
Series 2019-1 (term ABS)	523.6	36.4	560.0		2.35%	1.8	6-Jun-24
Series 2020-1 (term ABS)	448.8	31.2	480.0		1.46%	3.1	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>1.4</b>	
Series 1997-1 (ABCP)	50.4	-	50.4	300.0	private		< 1 year
Series 2020-B (VFNs)	0 <sup>5</sup>	0 <sup>5</sup>	0 <sup>5</sup>	500.0	private		by Oct. 2024
<b>Total Variable Series</b>	<b>50.4</b>	<b>-</b>	<b>50.4</b>	<b>800.0</b>			
<b>Overall Total/Wtd. Avg.</b>	<b>2,092.4</b>	<b>142.0</b>	<b>2,234.4</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

<sup>1</sup> The limit for the ABCP is the \$300M commitment amount in the syndicated liquidity facility backstopping the ABCP and for the VFNs is the commitment amount provided by Scotiabank for the NPF with same-day notice that is funded by Series 2020-B

<sup>2</sup> The weighted average coupon on the senior and subordinated term ABS notes

<sup>3</sup> As at September 3, 2022

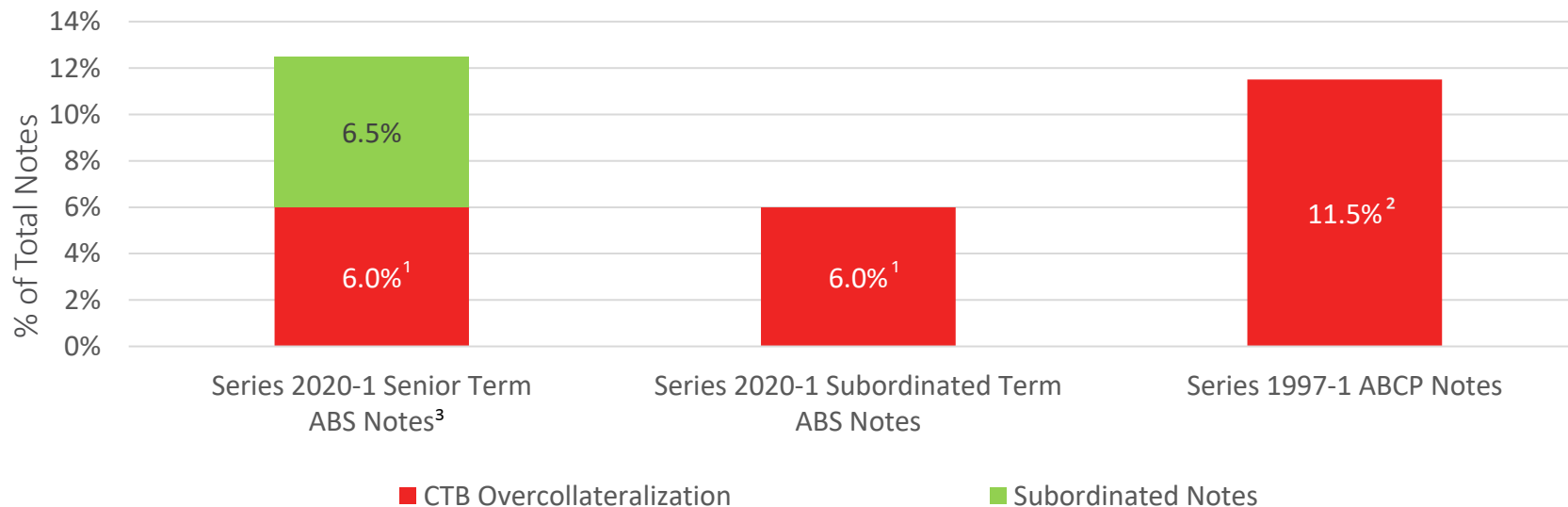
<sup>4</sup> Although the ABCP notes have terms < 1 year, the liquidity facility currently expires in June 2025

<sup>5</sup> There is a nominal balance to maintain the series’ co-ownership interest



# 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 Q2 2022, the total enhancement on the outstanding Glacier Notes ranged from \$60-70M on the Senior term ABS Notes and was \$5.8M on the ABCP Notes:

Glacier Outstanding Series	Total Notes Outstanding (\$M)	Senior Notes									
		Total Senior Notes Outstanding (\$M)	Subordinated Note Enhancement			CTB Overcollateralization Enhancement			Total Enhancement		
			% of Total	% of Senior	% of Total	% of Senior	% of Total	% of Senior			
\$M	Notes	Notes	\$M	Notes	Notes	\$M	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%
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%
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%
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%
Series 1997-1 (ABCP)	50.4	50.4	-	n/a	n/a	5.8	11.5%	11.5%	5.8	11.5%	11.5%
Series 2020-B (VFNs)	-	-	private			private			private		
Total	2,234.4	2,092.4	142.0			128.3			270.3		

- The ABCP Notes' enhancement can be 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> (i.e. it can be >11.5% if the total amount of ABCP is reduced).



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

- The demographic of the cardholders that currently represent the selected Accounts (i.e. CTC's shoppers) are different than those in the other Canadian credit card ABS issuers' (the "Other Credit Card ABS Issuers") receivables pools (the "Other Pools"). This demographic results in consistently higher write-off rates and lower collection rates versus the Other Pools. The Rating Agencies therefore require that Glacier's Notes have a higher credit enhancement % versus the Other Credit Card ABS Issuers' notes. The following table shows average pool performance for the three months ended June 30, 2022.

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	\$41.8B	\$2.0B	\$8.2B	\$3.1B	\$7.0B	\$9.7B	\$7.9B	\$3.9B
<b>Securitized Pool Performance <sup>2, 3</sup></b>									
Net Loss/Write-Off Rate	4.09%	1.64%	2.13%	1.31%	2.35%	1.49%	1.48%	1.83%	1.87%
Delinquency Rate (>30 days)	1.85%	1.31%	1.28%	1.30%	1.15%	1.08%	1.61%	1.38%	0.96%
Payment/Collection Rate	31.87%	64.55%	70.97%	55.68%	70.92%	65.45%	70.59%	59.44%	68.81%
Yield	21.88%	26.01%	27.50%	24.75%	25.25%	25.13%	25.99%	26.91%	28.19%
Credit Enhancement <sup>4</sup> , <sup>5</sup> - AAA	12.50%	6.59%	5.75%	7.25%	7.00%	6.50%	6.50%	5.50%	8.00%
Credit Enhancement <sup>5</sup> – A	6.00%	2.66%	2.75%	3.00%	3.50%	2.50%	2.00%	n/a	3.00%

<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' June 2022 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 numbers are pool weighted averages and the credit enhancement numbers are debt weighted averages

<sup>3</sup> Three month average performance as of June 30, 2022

<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

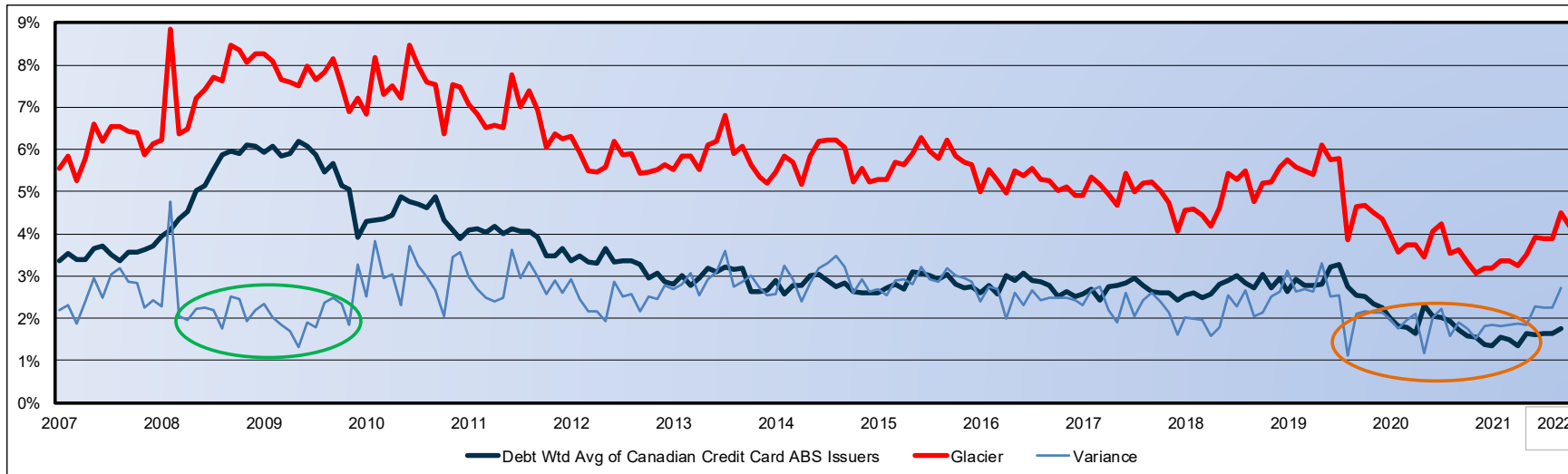
<sup>5</sup> Percentages provided are in relation to the total notes issued (i.e. senior notes plus subordinated notes)

# Glacier's Securitized Pool Write-off Rates as Compared to Other Canadian Credit Card ABS Issuers' Receivables Pools

- CTB's strong credit risk management has resulted in Glacier's volatility in write-off rates being lower than other Canadian Credit Card ABS issuers' receivable pools during economic downturns
- 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 Pools

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
<b>Net Loss Volatility<sup>2</sup></b>									
September 2008	6.32%	3.28%	3.74%	3.81%	3.14%	n/a	2.52%	2.88%	n/a
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>	

- The variance between the write-off rate for Glacier's Securitized Pool and the Other Pools also declined during COVID



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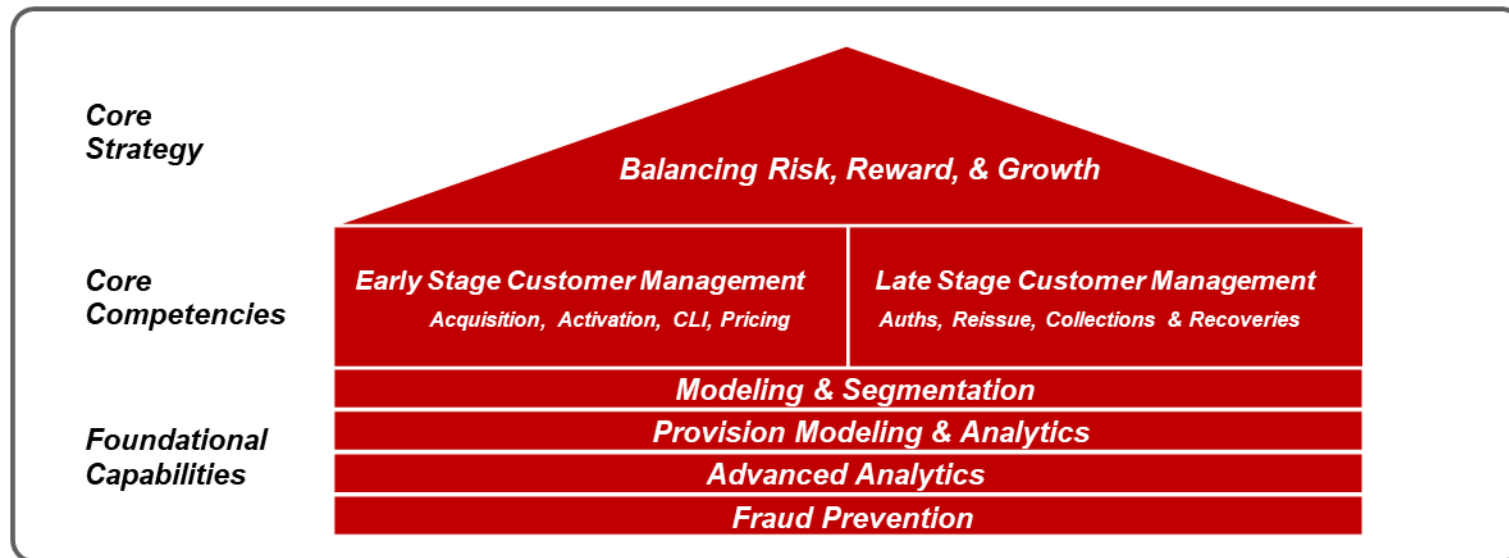
**CTB's Credit Risk Management**

[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**

- 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

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[CTB's Credit Risk Management](#)

**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 any 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 any 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 15.6%<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
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## Selected Accounts' Performance as at the end of Q2 2022

Last 12 Month Average	3.54%	30.74%	21.55%
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## Rating Agency Stresses

### 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	9.0% <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%

