



# Glacier Credit Card Trust®

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July 2018

# Disclaimer

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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. 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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# 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 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 of 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 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 or 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 of 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.

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# Contact Information

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## **Investment Highlights**

**Overview of Canadian Tire, Canadian Tire Bank and Glacier Credit Card Trust**

**Securitized Pool of Receivables – Composition, Performance and Credit Risk Management**

**Glacier's Structure**

# Investment Highlights

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- Glacier:
    - has been a continuous issuer of both AAA-rated term ABS and R-1(high)-rated ABCP since the mid-1990s; and
    - has \$2.1B of outstanding notes in the Canadian market as at March 31, 2018 with 12.0% - 12.5% enhancement levels on the term ABS notes, about half of which is CTB risk retention (\$112M).
  - CTB:
    - has been a credit card issuer since the 1960s (including its predecessor companies);
    - has a strong management team and sophisticated proprietary credit risk management systems to develop, evaluate, and implement credit risk strategies; and
    - is strengthened by being able to leverage its relationship with CTC and its retail banners (i.e. loyalty program, numerous marketing channels and customer analytics).
  - Securitized Pool of Receivables' write-off (5.02%<sup>1</sup>), delinquency (2.31%<sup>1</sup>) and collection (24.91%<sup>1</sup>) rates have been trending positively while yield continues to remain strong at 20.52%<sup>1</sup>
  - Strong support from Canada's five largest banks:
    - all are term ABS and ABCP selling agents
    - all are in the syndicate of lenders for the \$300 million ABCP liquidity facility
    - Scotiabank owns a 20% interest in CTB's parent
  - Glacier is a reporting issuer. Information is available:
    - under Glacier's profile on [www.sedar.com](http://www.sedar.com);
    - on Bloomberg® under "1206Z CN Equity/Company Filings"; and
    - at <https://corp.canadiantire.ca/English/investors/debtholders/glacier-credit-card-trust>.
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<sup>1</sup> 3 month average to March 31, 2018



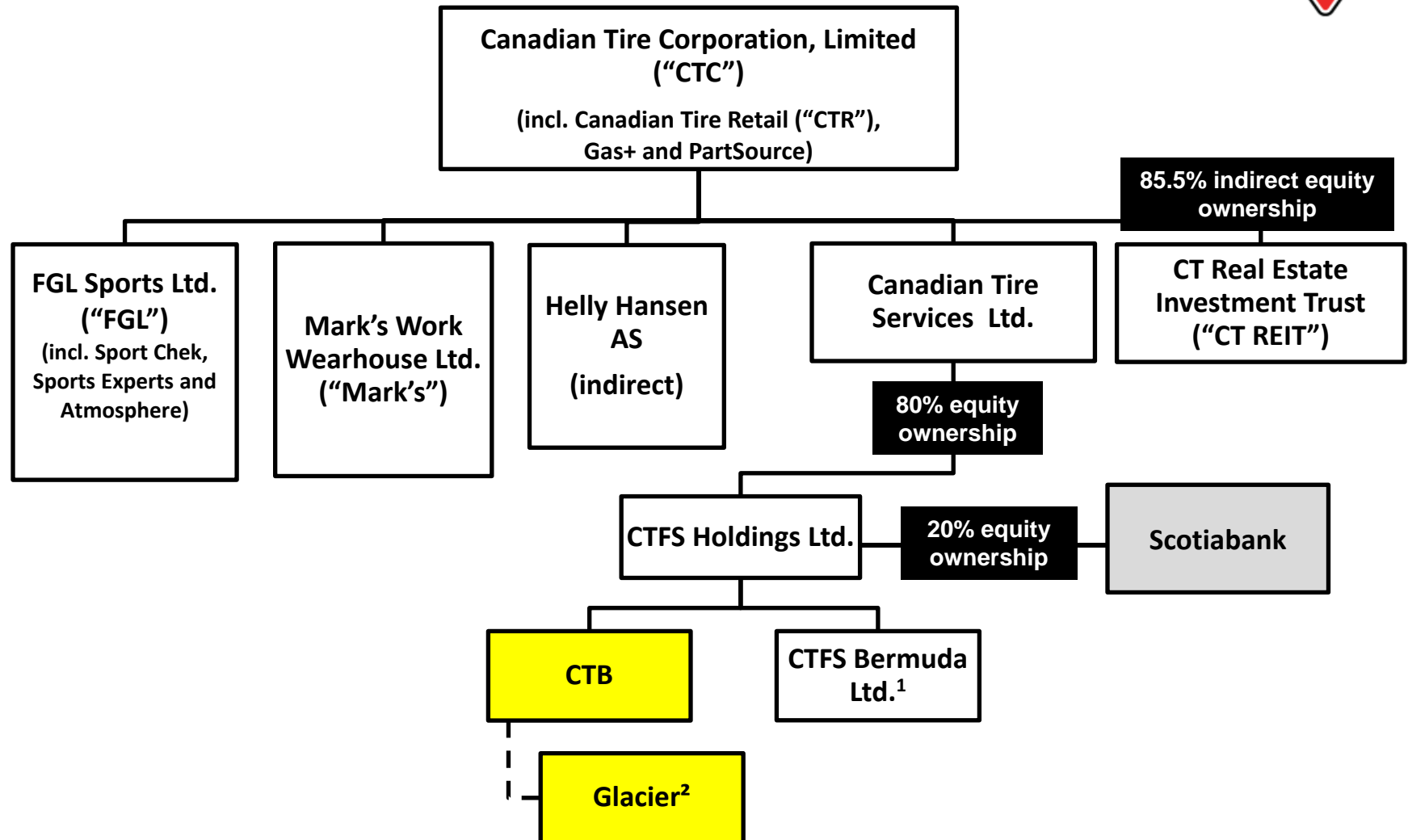
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# Organizational Structure



Note: As at July, 2018. Entities are 100% owned unless otherwise indicated.

<sup>1</sup> Contains the reinsurance business (e.g. credit protector, warranty and accidental death)

<sup>2</sup> Glacier is a special purpose entity that was created solely to buy and finance undivided co-ownership interests in the revolving pool of securitized Receivables. CTB and CTC consolidate Glacier in their financial statements under Canadian accounting guidelines. CTB is the Administrator of Glacier.

# Business Segments



## Retail Segment



CTR<sup>1</sup>

FGL<sup>1</sup>

Mark's<sup>1</sup>

Petroleum<sup>1</sup>

PartSource

Helly  
Hansen

Financial  
Services<sup>1</sup>

CT REIT

- One of Canada's most trusted and iconic brands
- Market leader across core categories
- 501 stores located across Canada in superior real estate locations under the Canadian Tire name
- Strong Dealer network, operating all stores, that is focused on meeting local needs

- Canada's largest sporting goods retailer with 409 stores located across Canada under the names Sport Chek, Sport Experts, Atmosphere, National Sports, Sports Rousseau and Hockey Experts
- Strong relationships with elite vendor brands
- Leader in digital marketing and concept stores

- Focused on developing durable, high-quality, and comfortable items for industrial and casual use
- 385 stores located across Canada under the names Mark's, Mark's Work Wearhouse and L'Équipeur
- Strong owned brands with complementing exclusive and national brands

- One of Canada's largest independent retailers of gasoline
- 298 retailer-operated gas bars located across Canada under the names Canadian Tire and Gas+ with the majority co-located with a Canadian Tire store

- 90 specialty automotive hard parts stores located in 5 Canadian provinces
- Caters to medium to heavy "do it yourselfers", automotive enthusiasts and commercial installers
- Supplies auto parts to Canadian Tire stores in small to midsize markets

- Founded in 1877 and based in Oslo, Norway
- Product sales in over 40 countries around the world
- Global leader in technical performance products
- Wholesale, store network and ship-to-home eCommerce fulfilment capabilities globally

- Markets a range of Canadian Tire-branded credit cards
- \$5.4B in credit card receivables
- 1.9M active credit card accounts
- Extensive customer data and strong analytics capabilities
- Award winning customer service
- Owned 20% by Scotiabank

- Geographically-diversified portfolio of 331 properties totaling ~25.8M ft<sup>2</sup>
- Cash flow predictability and reliable monthly distributions
- CTC is CT REIT's largest tenant occupying 95.3% of total gross leasable area
- 14.5% effective interest listed on the TSX (CRT.UN)

Store and credit card numbers are as at March 31, 2018. CT REIT numbers are as at December 30, 2017.

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

# Canadian Tire Bank History

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- **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 retail 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<sup>1</sup>. Canadian Tire Receivables Trust (“**CTRT**”) was established to fund the ensuing growth in credit card receivables through both senior and subordinated term asset-backed notes (“**ABS**” or “**MTNs**”) and asset-backed commercial paper (“**ABCP**”).
- **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
- **2007** - CTB added non-redeemable, CDIC-insured deposits as a source of funding
- **2014** - 20% of the Financial Services business was sold to Scotiabank, who also provided CTB with a \$2.25B 3-year committed funding facility
- **2018** - Canadian Tire’s loyalty program was enhanced by enabling customers to earn and redeem Canadian Tire Money in more of its banners. The name of the program was changed to Triangle Rewards and CTB’s credit cards are now called the Triangle Mastercard.

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



## Canadian Federally Regulated Schedule I Bank

- CTB is an 80%-owned indirect subsidiary of CTC;
- CTB is primarily engaged in:
  - advancing credit to holders of the credit cards that it issues;
  - managing the related credit card accounts and receivables; and
  - offering deposit products to customers to fund the receivables (see next slide for more details)

## Credit Card Portfolio

- As at March 31, 2018, CTB managed 1.9M active credit card accounts with a \$5.4B total receivable balance. Substantially all of the accounts are Mastercard credit cards with the remainder being legacy Canadian Tire retail and Visa<sup>1</sup> credit cards.

## Competitive Advantage

- The strength of the Canadian Tire brand and the deep loyalty that customers have towards it
- One of Canada's most 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
- Strategic use of data (e.g. using customer purchasing pattern data from CTC's stores for predicting risk, creating proprietary models, etc.)
- Award-winning Canadian-based call centers

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<sup>1</sup> Visa is a registered trademark of Visa International Service Association. CTB is a licensee of the Visa trademark. As of the date of this presentation, the Securitized Pool of Receivables does not consist of any Visa credit card receivables.

# Canadian Tire Bank Funding

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- The following is a breakdown of CTB's funding sources as at March 31, 2018:
    - Glacier ABS (40% of total financing, ~5 year terms at issuance)
    - Glacier ABCP (6% of total financing, revolving)
    - Non-redeemable broker and retail guaranteed investment certificates ("**GICs**") (40% of total financing, mostly 5 year terms at issuance)
    - Retail high-interest savings accounts ("**HIS**") and tax-free savings accounts ("**TFSA**") (12% of total financing, revolving)
    - Bank Line/intercompany loans (2% of total financing, revolving)
  - Broker and retail deposits became an important source of financing when the Canadian securitization market was disrupted between 2007 and 2009. Today, deposits continue to be an important and cost-effective source of financing for CTB and are viewed by depositors as a safe haven due to the CDIC insurance feature.
  - About 80% of CTB's funding is laddered over 5 years to reduce refinancing and interest rate risk.
  - CTB also has access to \$2.25B of committed funding from Scotiabank through: a \$250M revolving line of credit; a \$500M Glacier note purchase facility with same-day access; and a \$1.5B Glacier note purchase facility with 35-day notice. The commitments currently expire in October 2020.
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# Pools of Credit Card Receivables



- Because Glacier provides less than half of CTB's total funding, not all of the credit card receivables originated by CTB are securitized. There are two pools of credit card receivables:

<b>Pools of Credit Card Receivables (as at Mar. 31, 2018)</b>	<b>Total Receivables (\$000s)</b>	<b>% of Total</b>	<b>CTB's Ownership</b>	<b>Glacier's Ownership</b>
Unsecuritized Pool	2,077,928	39%	100%	0%
Securitized Pool	3,289,218	61%	36% <sup>1</sup>	64%
<b>Total Pool</b>	<b>5,367,146</b>			

- All new credit card accounts originated by CTB start in the Unsecuritized Pool. Eligible accounts in the Unsecuritized Pool can be transferred by CTB into the Securitized Pool (e.g. to offset attrition) to become "Selected Accounts". (slide 16 shows that the Selected Accounts are well-seasoned).
- Glacier purchases undivided co-ownership interests in the revolving Securitized Pool of Receivables from CTB, which retains a co-ownership interest in the Securitized Pool. A portion of CTB's retained interest in the Securitized Pool serves as enhancement for the Notes. The Glacier senior term Notes and ABCP each have the highest credit rating, with the ABCP also having the highest rating modifier for ABCP.

<sup>1</sup> \$145M (12%) of CTB's retained interest in the Securitized Pool represents enhancement provided to Glacier's series of co-ownership interests in the Securitized Pool.

# 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 March 31, 2018, Glacier had 6 outstanding series of Notes:

Glacier Outstanding Series	Amount Outstanding (\$M) <sup>1</sup>	Limit (\$M) <sup>2</sup>	Interest Rate <sup>3</sup>	Remaining Term (in years)	Repayment Date
Series 2013-1	265		2.78%	0.5	20-Nov-18
Series 2014-1	500		2.60%	1.3	20-Sep-19
Series 2015-1	500		2.31%	2.3	20-Sep-20
Series 2017-1	560		2.13%	4.3	20-Sep-22
<b>Total MTNs</b>	<b>1,825</b>		<b>2.40%</b>	<b>2.4</b>	
Series 1997-1 (ABCP)	291	300	not public		< 1 year
Series 2016-A (VFNs)	0 <sup>4</sup>	500	not public		by Oct. 2019
<b>Total Variable Series</b>	<b>291</b>	<b>800</b>			
<b>Total Term and Variable Series</b>	<b>2,117</b>				

- Series 2016-A senior and subordinated variable funding notes (“VFNs”) have been issued privately to Scotiabank and can be increased up to \$500M, in aggregate, subject to a sufficient Securitized Pool balance. The other \$1.5B available under the Scotiabank note purchase facilities would be issued privately to Scotiabank under one or more new series, if required.
- 16 series of MTNs totaling \$5.3B have matured and been fully repaid since Glacier was established in 1995.

<sup>1</sup> Includes senior and subordinated notes

<sup>2</sup> The limit for the ABCP is the committed amount provided by the liquidity lenders in the liquidity facility and for the VFNs is the committed amount provided in the note purchase facility with Scotia.

<sup>3</sup> The weighted average coupon on the senior and subordinated term Notes for the MTN series

<sup>4</sup> Nominal balance to maintain the series’ co-ownership interest



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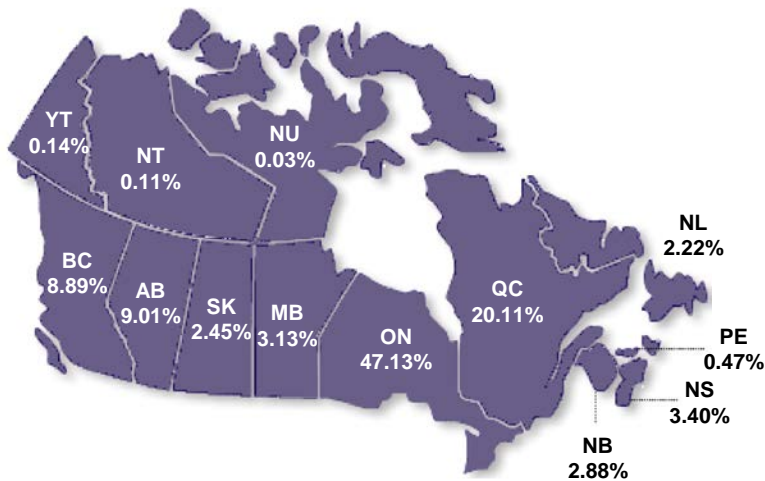
# Securitized Pool Composition



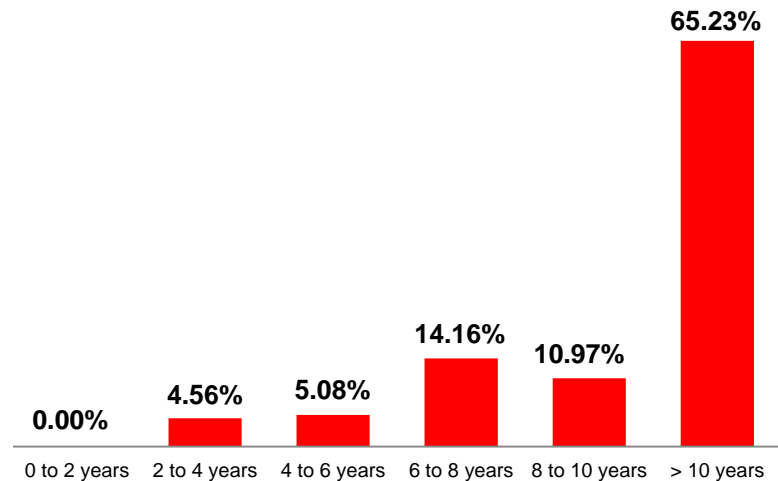
## Distribution by Outstanding Receivables Balances

- The Selected Accounts are well-seasoned and geographically diversified across Canada.
- Substantially all of the Receivables are now generated under Mastercard credit card accounts, as opposed to the legacy Canadian Tire retail credit card accounts.

**Geographic Distribution<sup>1</sup>**



**Account Age<sup>1</sup>**



<sup>1</sup> Reflects credit card receivable balances as at March 31, 2018. Future quarterly updates will be available on [sedar.com](http://sedar.com).

# Securitized Pool Composition



## Account Balance (as at March 31, 2018<sup>1</sup>)

Balances	# of Accounts	% of # of Accounts	Outstanding Balances (\$000's)	% of Outstanding Balances
Credit Balance	105,059	3.18%	(\$11,879)	(0.36%)
\$0.00 <sup>2</sup>	2,185,915	66.25%	-	0.00%
\$0.01 – 499.99	356,794	10.81%	56,962	1.73%
\$500 – 999.99	122,619	3.72%	79,609	2.42%
\$1,000 – 1,999.99	131,976	4.00%	176,400	5.36%
\$2,000 – 2,999.99	74,114	2.25%	173,914	5.29%
\$3,000 – 3,999.99	51,010	1.55%	171,731	5.22%
\$4,000 – 4,999.99	40,263	1.22%	176,496	5.37%
\$5,000 – 5,999.99	31,315	0.95%	168,933	5.14%
\$6,000 – 7,499.99	37,292	1.13%	247,556	7.53%
\$7,500 – 9,999.99	50,083	1.52%	432,301	13.14%
Greater than \$10,000	113,193	3.43%	1,617,196	49.17%
<b>Total</b>	<b>3,299,633</b>	<b>100.00%</b>	<b>\$3,289,218</b>	<b>100.00%</b>

## Credit Limits (as at March 31, 2018<sup>1</sup>)

Limits	# of Accounts	% of # of Accounts	Outstanding Balances (\$000's)	% of Outstanding Balances
\$0 – 500	114,303	3.46%	\$3,334	0.10%
\$501 – 1,000	188,373	5.71%	9,292	0.28%
\$1,001 – 2,000	433,773	13.15%	35,671	1.08%
\$2,001 – 3,000	383,238	11.61%	47,606	1.45%
\$3,001 – 4,000	227,796	6.90%	62,522	1.90%
\$4,001 – 5,000	396,373	12.01%	129,904	3.95%
\$5,001 – 6,000	216,450	6.56%	118,093	3.59%
\$6,001 – 7,500	256,830	7.78%	184,170	5.60%
\$7,501 – 10,000	306,198	9.28%	325,051	9.88%
Greater than \$10,000	776,299	23.53%	2,373,576	72.16%
<b>Total</b>	<b>3,299,633</b>	<b>100.00%</b>	<b>\$3,289,218</b>	<b>100.00%</b>

<sup>1</sup> Future quarterly updates will be available on [sedar.com](http://sedar.com).

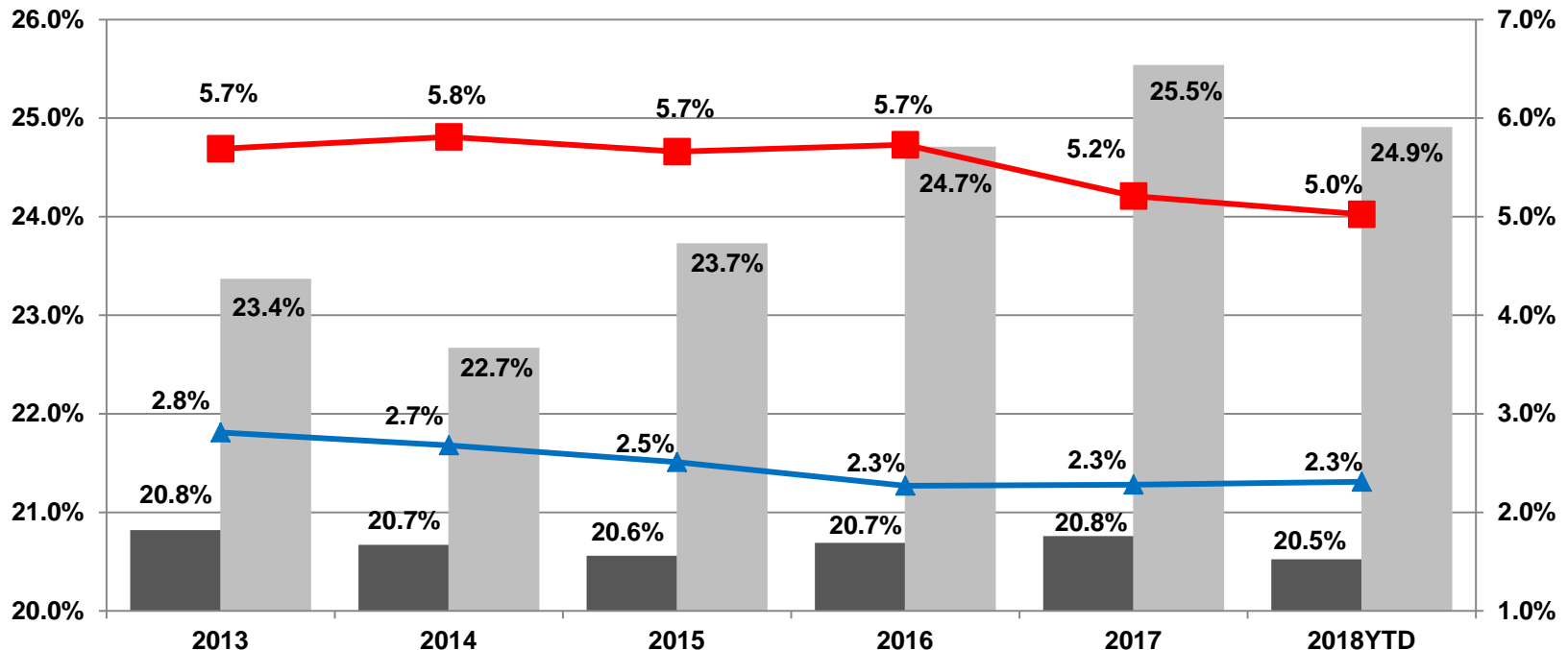
<sup>2</sup> The number of zero balance credit card accounts include accounts that have been closed

# 5 Year Securitized Pool Performance



- The write-off and delinquency rates have trended lower primarily as a result of favourable macroeconomic conditions, effective credit risk management strategies and the seasoning of the Securitized Pool. Yield has remained stable. The collection rate has increased due to cardholder behaviour and moving some high paying accounts from the Unsecuritized Pool to the Securitized Pool in 2015.

Yield (left scale)<sup>1</sup>
 Collection Rate (left scale)<sup>2</sup>
 Net Write-Off Rate (right scale)<sup>3</sup>
 Delinquency Rate (>30 days)(right scale)<sup>4</sup>



<sup>1</sup> Annual avg. of each monthly annualized yield from credit charges and interchange generated on the Selected Accounts. YTD 2018 is an avg. of the first three months of 2018 (same for <sup>2</sup>, <sup>3</sup> & <sup>4</sup>).

<sup>2</sup> Annual avg. of each monthly collection rate, which is calculated as the total collections on the Selected Accounts during the month divided by the monthly avg. Receivables balance, where the monthly avg. Receivables balance is the avg. of the amount of Receivables at the beginning of the month and the amount of Receivables at the end of the month

<sup>3</sup> Annual avg. of each monthly net write-off rate, which is calculated as the cumulative gross write-off amount on the Selected Accounts, adjusted for recoveries in the period, annualized for periods less than one year, and divided by the avg. over the period of the monthly avg. Receivables balances, where the monthly avg. Receivables balance is calculated in the same manner as in footnote 2 above

<sup>4</sup> Annual avg. of each monthly delinquency rate, which is the percentage of outstanding balances on the Selected Accounts that are >30 days delinquent.

# Comparable Performance and Enhancement Levels<sup>1</sup>



- A key performance metric used in evaluating the credit risk of a credit card portfolio is the Securitized Pool's loss rate. During the 2007-09 financial crisis, the volatility of this metric was in almost all cases less than half of other Canadian ABS programs.
- Glacier has higher credit enhancement due to higher write-off rates and lower collection rates. The reason for this is discussed on next slide.

Issuer <sup>2</sup>	Glacier	Canadian II	Cards II	Eagle	Evergreen	Golden	Master II	Trillium II
Seller	CTB	NBC	CIBC	PCF	TD	RBC	BMO	BNS
Securitized Pool Size <sup>3</sup>	\$3.3B	\$1.8B	\$11.5B	\$1.9B	\$8.0B	\$10.8B	\$7.3	\$4.5B
<b>Portfolio Performance <sup>4</sup></b>								
Net Loss/Write-Off Rate	5.02%	3.72%	3.36%	2.88%	2.07%	2.37%	3.15%	2.92%
Delinquency Rate (30+)	2.31%	1.72%	2.58%	1.51%	1.51%	1.95%	3.17%	2.50%
Payment/Collection Rate	24.91%	45.66%	35.84%	57.69%	47.97%	47.48%	47.23%	40.54%
Yield	20.52%	25.78%	22.54%	25.15%	20.20%	22.17%	26.32%	23.59%
<b>Net Loss Volatility <sup>5</sup></b>								
September 2008	6.32%	3.74%	3.81%	3.14%	n/a	2.52%	2.88%	n/a
Subsequent Peak	8.85%	7.22%	7.28%	7.45%		4.22%	5.61%	
<b>% Change</b>	<b>40.0%</b>	<b>93.0%</b>	<b>91.1%</b>	<b>137.3%</b>		<b>67.5%</b>	<b>94.8%</b>	
<b>Total Credit Enhancement</b>	<b>11.50%-12.50%<sup>6</sup></b>	<b>7.75%</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>

<sup>1</sup> The table contains information comparing the basic performance metrics (net loss/write-off, delinquency and payment/collection rates and yield) of the Receivables backing Glacier's Notes as well as the credit enhancement structure supporting Glacier's Notes to the same metrics of other Canadian credit card receivables-backed securities issuers. These issuers have been selected as comparable issuers on the basis that they offer securities backed by Canadian credit card receivables and have completed at least one term ABS issuance since the beginning of 2016. These metrics were chosen to compare with other issuers as they are the primary performance metrics typically used in evaluating the credit risk of the assets in credit card receivables-backed security structures.

<sup>2</sup> The full names of the 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).

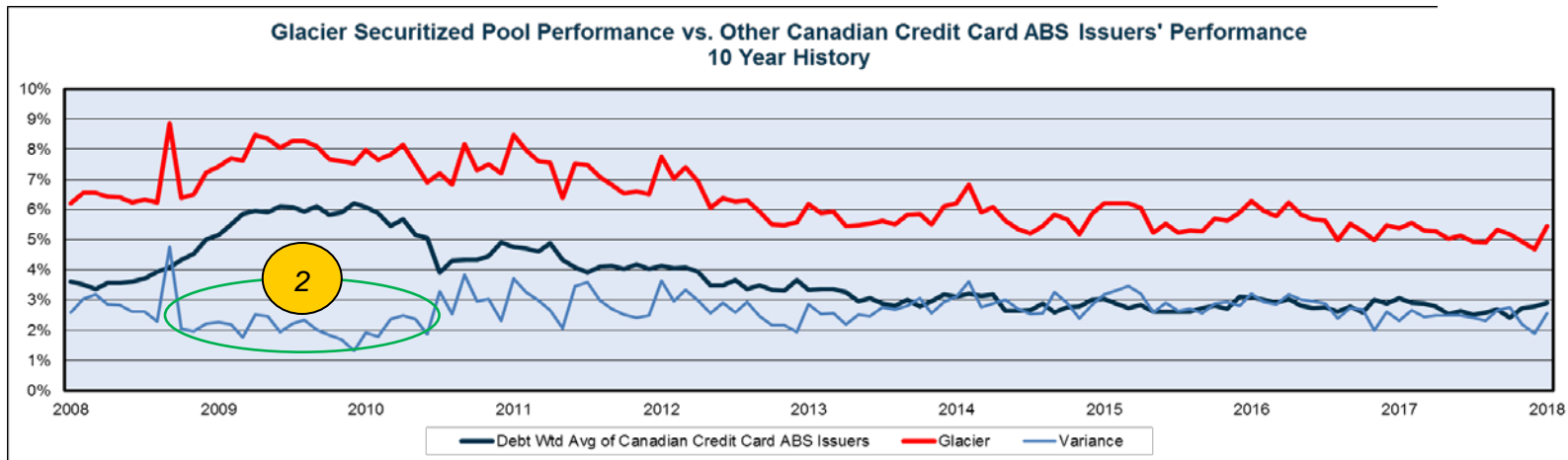
<sup>3</sup> For the non-Glacier trusts, was sourced from DBRS' March 31, 2018 Canadian ABS Report.

<sup>4</sup> Three month average performance as of March 31, 2018. For the non-Glacier trusts, was sourced from DBRS' March 31, 2018 Canadian ABS Report, SEDAR and [www.td.com/investor-relations/ir-homepage/debt-information/asset-securitization-program/evergreen-credit-card-trust-a.jsp](http://www.td.com/investor-relations/ir-homepage/debt-information/asset-securitization-program/evergreen-credit-card-trust-a.jsp) for Evergreen. The metrics were obtained from public sources and have not been verified by Glacier or CTB.

<sup>5</sup> For the non-Glacier trusts, was sourced from DBRS' Monthly Canadian ABS Reports from the applicable time period. The loss rates used in this calculation were obtained from public sources and have not been verified by Glacier or CTB.

<sup>6</sup> Varies by series due to conditions at note issuance. Some or all of this enhancement represents a portion of CTB's interest in the Securitized Pool of Receivables.

# Net Write-Off Rate: Comparable Performance



## Net Write-Off Rate Performance Over Time:

- (1) CTB manages at a higher net write-off rate than the industry average. CTB has developed specific expertise in the management of higher risk receivables. The delta between CTB and the industry average has remained fairly stable over time.
- (2) During the last period of Canadian economic weakness, loss volatility was lower for CTB when compared to other Canadian ABS issuers due to strong credit risk practices grounded in proven models that are continually refined.

# 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
- Utilize sophisticated statistical techniques to analyze historical performance in order to identify characteristics that are predictive of future customer behaviour
- Can be developed to predict different outcomes of future behaviour
- 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



## Custom developed models improve the ability to manage risk on our card portfolio

- With a parent that is a retailer, CTB is in a strategic position to utilize customer purchasing pattern and product data. Detailed transactional attributes, at the level of merchant category or SKU level enables CTB to add another dimension to risk predictions.
- CTB develops custom models taking advantage of valuable internal data and reflecting the unique attributes of our card portfolio. Historical testing has shown these proprietary models outperform third party risk scores built on the broader Canadian credit card population.
- Active score management allows CTB to base decisions on the most up-to-date information available. CTB has established a process where inquiries occur prior to cycle date and scores are calculated each month.
- CTB aggregates many of these individual predictions into one model (Fusion) to use for internal reporting, loss provisioning and credit risk strategies.

# Early Stage Customer Management

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

## **New Account Acquisition:**

- Determining which applicants to extend credit to, how much credit to extend (limit), and at what interest rate (pricing)
- Development and testing of new strategies, methods, and tools for improved adjudication policies

## **Account Acquisition Strategy is based on:**

- 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

# Account Management



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

- Account management treatment strategies are dynamic and based on an account's:
  - Scores (Credit Bureau, proprietary Fusion, Bankruptcy, Behaviour, Debt Service Ratio, and Revenue)
  - Credit limit utilization
  - Past due status
- The scores are re-calculated on all CTB cardholders on a monthly billing cycle basis to ensure decisions are made using the most accurate and up-to-date information available
- 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

# Late Stage Customer Management

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

- The collection strategy will reduce CTB's net write-off rate and increase overall collection results by balancing loss reduction against operating expenses
- Strategy success measures include the cost to collect and the impact to net write-off rates
- 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:
  - SMS / Email / Online collection tactics
  - Skip Tracing techniques
  - Payment Programs/Offers
  - Agency Assignments & Fees



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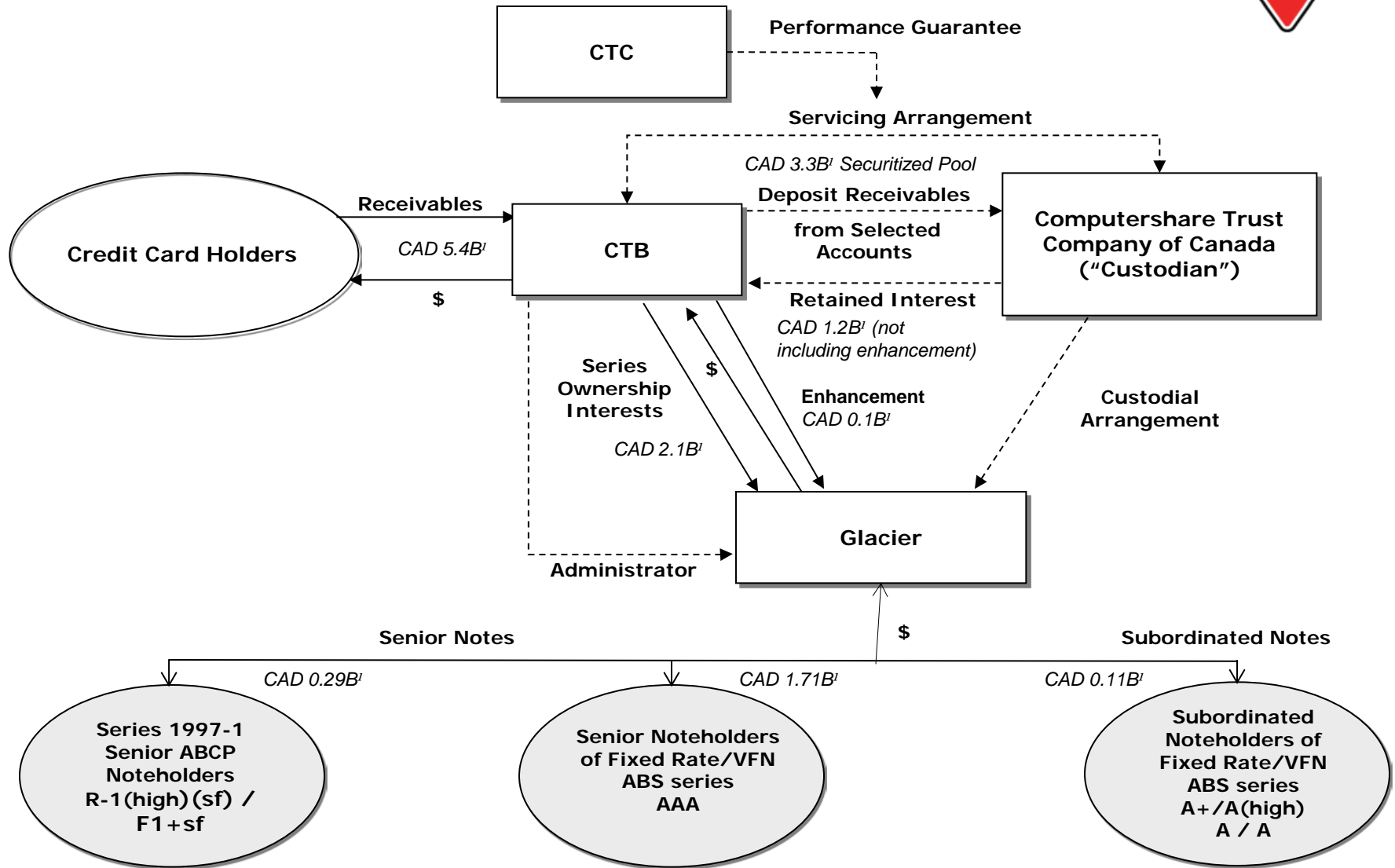
**Investment Highlights**

**Overview of Canadian Tire, Canadian Tire Bank and Glacier Credit Card Trust**

**Securitized Pool of Receivables – Composition, Performance and Credit Risk Management**

**Glacier's Structure**

# Glacier Structure



<sup>1</sup> As at March 31, 2018