

**GOLDEN CREDIT CARD TRUST<sup>®</sup>**

Issuing Entity

**ROYAL BANK OF CANADA**

Seller, Administrative Agent and Servicer

**6.35% Credit Card Receivables Backed Class B Notes, Series 2023-1****7.66% Credit Card Receivables Backed Class C Notes, Series 2023-1**

	<u>Class A Notes<sup>(1)</sup></u>	<u>Class B Notes</u>	<u>Class C Notes</u>
Principal amount	U.S.\$1,000,000,000	U.S.\$47,813,000	U.S.\$21,250,000
Interest rate	USD Compounded SOFR Index plus 1.20% per annum	6.35% per annum	7.66% per annum
Interest payment dates	Monthly on the 15 <sup>th</sup> (or next business day)	Monthly on the 15 <sup>th</sup> (or next business day)	Monthly on the 15 <sup>th</sup> (or next business day)
Expected principal payment date	April 17, 2028	April 17, 2028	April 17, 2028
Prescription date (legal maturity)	April 15, 2030	April 15, 2030	April 15, 2030

<sup>(1)</sup> The Class A Notes are not offered hereby.

On April 14, 2023 (the “**Series Closing Date**”), Golden Credit Card Trust, by its Issuer Trustee (the “**Trust**”), issued its Series 2023-1 Class A Notes, Class B Notes and Class C Notes, which are referred to together as the “**Series 2023-1 Notes**” or the “**Notes**”. The terms of the Series 2023-1 Notes were described in the Offering Memorandum, dated April 6, 2023 (the “**Offering Memorandum**”), pursuant to which the Class A Notes were offered to investors, which is attached hereto. On the Series Closing Date, the Class A Notes were sold to investors and the Class B Notes and the Class C Notes were purchased from the Trust by Royal Bank of Canada.

As described in the Offering Memorandum, the Class B Notes and the Class C Notes were initially issued as CDN\$-denominated, semi-annual pay notes. On December 15, 2023 (the “**Conversion Date**”), the Series 2023-1 Supplemental Indenture and the Series 2023-1 Purchase Agreement were amended to convert the Class B Notes and the Class C Notes from CDN\$-denominated, semi-annual pay notes to U.S.\$-denominated, monthly pay notes. The Trust also entered into Swap Confirmations with respect to the Class B Notes and the Class C Notes on the Conversion Date. The Class B Notes and the Class C Notes are represented by one or more Book-Entry Notes deposited on the Conversion Date with DTC, in New York, New York, or with the Indenture Trustee as custodian for DTC, and registered in the name of DTC or its nominee, in each case for credit to an account of a direct or indirect participant in DTC. The terms of the Class B Notes and the Class C Notes, as revised on the Conversion Date, are described in this Term Sheet.

The Class B Notes and the Class C Notes (together, the “**Offered Notes**”) have not been registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or under the securities or blue sky laws of any state, and may not be offered or sold to any person except pursuant to an exemption from the registration requirements of the Securities Act and applicable state securities and blue sky laws. Accordingly, the Offered Notes are being offered (i) within the United States only to “qualified institutional buyers” (“**QIBs**”) within the meaning of Rule 144A under the Securities Act (“**Rule 144A**”) in reliance on Rule 144A and in a manner that does not involve a public offering within the meaning of Section 4(a)(2) of the Securities Act and (ii) outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act. For a description of certain restrictions on transfer of the Offered Notes, see “Transfer Restrictions” in this Term Sheet.

This Term Sheet is confidential, is not to be shown or given to any person other than the person to whom it was delivered and is not to be copied or otherwise reproduced in any manner whatsoever. Failure to comply with this directive can result in a violation of the Securities Act.

The Notes are obligations of the Trust only and do not represent interests in or obligations of Royal Bank of Canada, Computershare Trust Company of Canada (other than in its capacity as Trustee of the Trust), CIBC Mellon Trust Company, BNY Trust Company of Canada, the Swap Counterparty, the beneficiaries of the Trust or any affiliate of any of the foregoing. The Trust is not a trust company and does not carry on or intend to carry on the business of a trust company. The Notes are not “deposits” within the meaning of the Canada Deposit Insurance Corporation Act or the Federal Deposit Insurance Act and none of the Series 2023-1 Ownership Interest, the Notes or the Receivables is insured or guaranteed by the Canada Deposit Insurance Corporation, the Federal Deposit Insurance Corporation or any other governmental agency or instrumentality.

**RBC CAPITAL MARKETS**

The date of this Term Sheet is January 11, 2024

## **READING THIS TERM SHEET AND THE OFFERING MEMORANDUM**

This Term Sheet describes certain terms of the Class B Notes and the Class C Notes that were amended on the Conversion Date and apply to the Class B Notes and the Class C Notes as of the date hereof. The terms of the Class B Notes and the Class C Notes described in this Term Sheet supersede in their entirety the corresponding terms for the Class B Notes and the Class C Notes described in the attached Offering Memorandum. To the extent provisions in this Term Sheet conflict with the provisions of the Offering Memorandum, the provisions of this Term Sheet shall control.

The attached Offering Memorandum described certain terms of the Series 2023-1 Notes as of the Series Closing Date, which terms as they apply to the Class B Notes and the Class C Notes are superseded in their entirety by the information in this Term Sheet. The attached Offering Memorandum also includes, among other things, descriptions of the Credit Card Portfolio, the Trust, the Seller and the Seller's Credit Card Business, each of which speaks only as of the date of the Offering Memorandum and, except as specifically provided in this Term Sheet, does not purport to have been updated as of the date of this Term Sheet.

Capitalized terms have the meanings given in this Term Sheet or, if not defined herein, the meanings given in the Offering Memorandum. For the avoidance of doubt, references to the Class B Notes, the Class C Notes, the Series 2023-1 Supplemental Indenture and the Series 2023-1 Purchase Agreement refer to the Class B Notes, the Class C Notes, the Series 2023-1 Supplemental Indenture and the Series 2023-1 Purchase Agreement as amended on the Conversion Date. If capitalized terms with meanings given in this Term Sheet conflict with the meaning of such capitalized term given in the Offering Memorandum, the meaning given to the capitalized term in this Term Sheet shall control and shall be read into the Offering Memorandum.

### **CERTAIN TERMS OF THE CLASS B NOTES AND THE CLASS C NOTES**

The information under each of the following headings in the attached Offering Memorandum will apply with respect to the Class B Notes and the Class C Notes in the same manner as it applies to the Class A Notes as stated therein and, in each case, except as specifically provided in this Term Sheet, does not purport to have been updated as of the date of this Term Sheet.

**“AVAILABLE INFORMATION”**

**“ENFORCEABILITY OF CIVIL LIABILITIES AGAINST FOREIGN PERSONS”**

**“FORWARD-LOOKING STATEMENTS”**

**“NOTICE TO INVESTORS OF THE UNITED KINGDOM”**

**“NOTICE TO INVESTORS IN THE EUROPEAN ECONOMIC AREA”**

**“EEA AND UK DUE DILIGENCE AND RISK RETENTION RULES CONSIDERATIONS”**

**“JAPANESE RISK RETENTION”**

**“RISK FACTORS”**

**“CERTAIN FEATURES OF SERIES 2023-1 OWNERSHIP INTEREST AND NOTES --  
Book-Entry Registration”**

**“TRANSFER RESTRICTIONS”**

**“UNITED STATES FEDERAL INCOME TAX CONSEQUENCES”<sup>1</sup>**

**“CANADIAN FEDERAL INCOME TAX CONSIDERATIONS”**

**“ERISA CONSIDERATIONS”**

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<sup>1</sup> Excluding “United States Federal Income Tax Consequences – Consequences to Holders of the Offered Class A Notes – *Interest*”, which is superseded and replaced as provided herein.

Each of the following provisions appearing under the indicated headings supersedes and replaces in its entirety the corresponding provisions in the attached Offering Memorandum with respect to the Class B Notes and the Class C Notes.

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“SUMMARY OF TERMS”

	<b>Series 2023-1 Notes</b>		
	<u>Class A Notes<sup>(1)</sup></u>	<u>Class B Notes</u>	<u>Class C Notes</u>
<i>Principal Amount:</i>	U.S.\$1,000,000,000	U.S.\$47,813,000	U.S.\$21,250,000
<i>Initial % of Series 2023-1 Notes<sup>(2)</sup>:</i>	93.5%	4.5%	2.0%
<i>Current Ratings (DBRS /Fitch/Moody’s):</i>	AAA(sf)/ AAAsf/ Aaa(sf)	A (high)(sf)/ Asf/ Not Rated	BBB (high)(sf)/ BBB+sf/ Not Rated
<i>Credit Enhancement:</i>	Subordination of Class B Notes and Class C Notes; reserve account (once funded)	Subordination of Class C Notes; reserve account (once funded)	Reserve account (once funded)
<i>Interest Rate:</i>	USD Compounded SOFR Index <sup>(3)</sup> plus 1.20% per year	6.35% per year	7.66% per year
<i>Interest Accrual Method:</i>	Actual/360 Actual/365 or 366 (for interest on interest)	30/360 Actual/365 or 366 (for interest on interest)	30/360 Actual/365 or 366 (for interest on interest)
<i>Interest Payment Date (prior to Related Event of Default):</i>	Monthly (15 <sup>th</sup> or next business day)	Monthly (15 <sup>th</sup> or next business day)	Monthly (15 <sup>th</sup> or next business day)
<i>Interest Rate Index Reset Date:</i>	Five U.S. Government Securities Business Days preceding the last day of each Interest Period	N/A	N/A
<i>Interest Payment Dates (following Related Event of Default):</i>	Monthly (15 <sup>th</sup> or next business day)	Monthly (15 <sup>th</sup> or next business day)	Monthly (15 <sup>th</sup> or next business day)
<i>Commencement of Accumulation Period (subject to adjustment):</i>	March 15, 2028	March 15, 2028	March 15, 2028

<i>End of Accumulation Period:</i>	Earliest of (i) the first Distribution Day on which the Invested Amount is reduced to zero, (ii) the Amortization Commencement Day, if applicable, and (iii) April 15, 2030	Earliest of (i) the first Distribution Day on which the Invested Amount is reduced to zero, (ii) the Amortization Commencement Day, if applicable, and (iii) April 15, 2030	Earliest of (i) the first Distribution Day on which the Invested Amount is reduced to zero, (ii) the Amortization Commencement Day, if applicable, and (iii) April 15, 2030
<i>Expected Final Payment Date (Principal):</i>	April 17, 2028	April 17, 2028	April 17, 2028
<i>Prescription Date:</i>	April 15, 2030	April 15, 2030	April 15, 2030
<i>ERISA eligibility:</i>	Yes, subject to important considerations described under “ERISA Considerations” in the Offering Memorandum		
<i>Debt for United States Federal Income Tax Purposes:</i>	Yes, subject to important considerations described under “United States Federal Income Tax Consequences” in the Offering Memorandum		

<sup>(1)</sup> The Class A Notes are not offered hereby.

<sup>(2)</sup> Based on the CDNS\$-equivalent of each Class of Notes under the related Swap Agreement.

<sup>(3)</sup> The interest rate for the Class A Notes is a rate initially based on USD Compounded SOFR Index; however, the benchmark may change in certain situations. For a description of how the interest rate for the Class A Notes is determined and the circumstances under which the benchmark may change, see “Certain Features of Series 2023-1 Ownership Interest and Notes – Details of the Offering –Interest” in the Offering Memorandum.

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### **Credit Support for the Notes**

The Class B Notes and the Class C Notes serve as credit support for the Class A Notes. Following any occurrence of a Related Event of Default and the acceleration of the Notes, repayment of the principal and interest owing on the Class B Notes and the Class C Notes will not be made until all principal and interest owing under the Class A Notes have been fully paid. The Class C Notes serve as credit support for the Class B Notes. Following any occurrence of a Related Event of Default and the acceleration of the Notes, repayment of the principal and interest owing on the Class C Notes will not be made until all principal and interest owing under the Class B Notes have been fully paid. See “Certain Features of Series 2023-1 Ownership Interest and Notes — Details of the Offering – Credit Support for the Notes” and “Certain Features of Series 2023-1 Ownership Interest and Notes - Payment Priorities”.

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### **Swap Agreement**

Interest and principal on the Receivables is paid in Canadian Dollars at a fixed rate and any interest earned on the deposit balance of the Series Distribution Account while the Notes are in their Accumulation Period will be based upon a short term deposit or investment rate. The Trust, through the Series 2023-1 Ownership Interest, is entitled to its allocated share of this interest and principal. However, interest and principal on the Notes are paid in U.S. Dollars and interest on the Class A Notes is payable at a floating

rate of interest based on USD Compounded SOFR Index or other applicable Benchmark. The risk of this interest rate and currency mismatch has been reduced by the Trust by entering into a swap agreement (the “**Swap Agreement**”) with RBC as swap counterparty (in such capacity, the “**Swap Counterparty**”) including under a swap confirmation with respect to the Class A Notes entered into on the Closing Date (the “**Class A Swap Confirmation**”), a swap confirmation with respect to the Class B Notes entered into on the Conversion Date (the “**Class B Swap Confirmation**”) and a swap confirmation with respect to the Class C Notes entered into on the Conversion Date (the “**Class C Swap Confirmation**”).

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## “**ADDITIONAL RISK FACTORS FOR PURCHASERS OF CLASS B AND CLASS C NOTES**”

### **Subordination**

The Class B Notes and the Class C Notes serve as credit support for the Class A Notes and the Class C Notes serve as credit support for the Class B Notes. Repayment of the principal amount of the Class B Notes and the Class C Notes will not be made until all principal and interest on the Class A Notes have been fully paid and repayment of the principal amount of the Class C Notes will not be made until all principal and interest on the Class B Notes have been fully paid. If an Event of Default occurs that has not been waived, repayment of the principal amount of and interest on the Class B Notes and the Class C Notes will not be made until all principal and interest on the Class A Notes have been fully paid and repayment of the principal amount of and interest on the Class C Notes will not be made until all principal and interest on the Class B Notes have been fully paid. In such circumstances, a holder of the Class B Notes or a holder of the Class C Notes could lose some or all of its initial investment in such Notes.

### **Voting**

Subject to special class rights of noteholders, certain amendments may be made to the Programme Agreements and certain directions may be provided, based on a direction given by the holders of all Classes of notes of a series voting together as a single series. As the holders of the Class B Notes and the Class C Notes will generally constitute a minority of the Notes eligible to vote at a meeting called to consider such amendments or to provide written directions, the holders of the Class A Notes will generally have the ability to control any direction provided to the Indenture Trustee and the Trust. Accordingly, subject to the special class rights of the holders of the Class B Notes and the Class C Notes, the holders of the Class A Notes will, in practical terms, have the power to determine whether amendments will be permitted and actions may be taken without regard to the position or interests of the holders of the Class B Notes and the Class C Notes. In certain circumstances, the position or interests of holders of the Class A Notes and of holders of the Class B Notes and the Class C Notes may be in conflict. As a result, holders of the Class B Notes and the Class C Notes may be adversely affected by determinations made which are beyond their control.

If any business to be transacted materially affects the rights relating to the Class B Notes or the Class C Notes, then holders of any such Class of Notes shall not be bound by any action taken at a meeting or by an instrument in writing, unless a special class meeting of the holders of such Class of Notes is held for which approval rules as specified in the Trust Indenture shall apply. Such rules include the requirement for matters to be passed by the holders of the affected Notes by an Extraordinary Noteholder Direction.

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**“CERTAIN FEATURES OF SERIES 2023-1  
OWNERSHIP INTEREST AND NOTES”**

\* \* \*

**Details of the Offering**

\* \* \*

*The Notes*

\* \* \*

(ii) Class B Notes

The Class B Notes were initially issued on the Closing Date as CDN\$-denominated, semi-annual pay notes. On the Conversion Date, the Class B Notes were converted from CDN\$-denominated, semi-annual pay notes to U.S.\$-denominated, monthly pay notes in an aggregate principal amount of U.S.\$47,813,000, which bear interest at the rate of 6.35% per annum and will be offered in minimum denominations of U.S.\$1,000 and integral multiples of U.S.\$1,000, except as otherwise provided herein. The Expected Final Payment Date for the Class B Notes is April 17, 2028, based upon, among other things, an Accumulation Commencement Day for the Series 2023-1 Ownership Interest of March 15, 2028. Holders of the Class B Notes will receive payments of principal and interest until the earlier of (a) the date on which the outstanding principal amounts of the Class B Notes and all interest accrued thereon has been paid in full, and (b) the Prescription Date.

(iii) Class C Notes

The Class C Notes were initially issued on the Closing Date as CDN\$-denominated, semi-annual pay notes. On the Conversion Date, the Class B Notes were converted from CDN\$-denominated, semi-annual pay notes to U.S.\$-denominated, monthly pay notes in an aggregate principal amount of U.S.\$21,250,000, which bear interest at the rate of 7.66% per annum and will be offered in minimum denominations of U.S.\$1,000 and integral multiples of U.S.\$1,000, except as otherwise provided herein. The Expected Final Payment Date for the Class C Notes is April 17, 2028, based upon, among other things, an Accumulation Commencement Day for the Series 2023-1 Ownership Interest of March 15, 2028. Holders of the Class C Notes will receive payments of principal and interest until the earlier of (a) the date on which the outstanding principal amounts of the Class C Notes and all interest accrued thereon has been paid in full, and (b) the Prescription Date.

*Interest*

Interest will accrue on the unpaid principal amount of the Class A Notes at the Class A Interest Rate, will accrue on the unpaid principal amount of the Class B Notes at a rate of 6.35% per annum and will accrue on the unpaid principal amount of the Class C Notes at a rate of 7.66% per annum. Except as otherwise provided herein or in the Offering Memorandum, interest on each Class of Notes will be paid monthly in arrears on each Interest Payment Date to the applicable Series 2023-1 Noteholders. Interest on each Class of Notes will be payable in U.S. Dollars. Interest payments on each Interest Payment Date (other than the first Interest Payment Date) will include interest accrued to, but excluding such Interest Payment Date and will be calculated on the basis of the actual number of days in the applicable Interest Period and a 360 day year, in the case of the Class A Notes, and a 30 day period and a 360 day year, in the case of the Class B Notes and the Class C Notes. Any interest due but not paid on any Interest Payment Date will be

due on the next succeeding Interest Payment Date with additional interest at the same rate on such amount, provided that such interest on unpaid interest will be calculated on the basis of the actual number of days in the applicable Interest Period and a 365 or 366 day year, as applicable. Interest will accrue but will not be paid on any day in respect of the Class B Notes or the Class C Notes if any amount required to be paid in respect of interest on the Class A Notes on that day remains outstanding as due and payable. Interest will not be paid on any day in respect of the Class C Notes if any amount required to be paid in respect of interest on the Class B Notes on that day remains outstanding as due and payable. The record date (“**Record Date**”) for holders of Notes entitled to receive interest on any Interest Payment Date will be the date that is 15 days prior to the related Interest Payment Date (or if such day is not a Business Day, the next succeeding Business Day).

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### *Principal*

It is expected that payment in full of the principal and interest on the Notes will be made on the Expected Final Payment Date. No principal payments will be made to the holders of the Notes until the Expected Final Payment Date or, upon the occurrence of an Amortization Commencement Day, the first Interest Payment Date thereafter. On each Interest Payment Date during an Amortization Period, holders of the Notes will be paid a *pro rata* share of the amount deposited into the Series Distribution Account, plus amounts earned on investments on such deposits during the month on account of interest and principal, subject to prior payment or reservation for payment of certain amounts. No principal payments will be made to the holders of the Class B Notes or the Class C Notes until the Expected Final Payment Date or, upon the occurrence of an Amortization Commencement Day, until the first Interest Payment Date following payment to the holders of the Class A Notes of all interest and principal owing to them. No principal payments will be made to the holders of the Class C Notes until the Expected Final Payment Date or, upon the occurrence of an Amortization Commencement Day, until the first Interest Payment Date following payment to the holders of the Class B Notes of all interest and principal owing to them. See “Certain Features of Series 2023-1 Ownership Interest and Notes - Payment Priorities”.

### *Credit Support for the Notes*

The Class B Notes and the Class C Notes serve as credit support for the Class A Notes. Repayment of the principal amounts of the Class B Notes and the Class C Notes will not be made until all principal and interest owing under the Class A Notes have been fully paid. The Class C Notes serve as credit support for the Class B Notes. Repayment of the principal amounts of the Class C Notes will not be made until all principal and interest owing under the Class B Notes have been fully paid. See “Certain Features of Series 2023-1 Ownership Interest and Notes - Payment Priorities”.

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### **Payment Priorities**

Subject to the occurrence of a Related Event of Default, all amounts (including, for greater certainty, any Counterparty Termination Payments and any net swap receipts received by the Trust under the Swap Agreement) on deposit in the Series Distribution Account then available to be distributed to the Trust in respect of the Series 2023-1 Ownership Interest shall be applied in the following order of priority; provided, however, that payments in respect of interest (including Class A Swap Payments, Class B Swap Payments and Class C Swap Payments) shall only occur on the Interest Payment Date and payments in respect of principal (including Class A Swap Exchange Amounts, Class B Swap Exchange Amounts and Class C Swap Exchange Amounts) shall only occur on the Expected Final Payment Date (or Interest

Payment Date after the occurrence of a Related Event of Default which has not been waived or remedied, as described in “Certain Features of Series 2023-1 Ownership Interest and Notes - Details of the Offering–Principal”):

- (a) first, in payment or reimbursement in the following order of priority:
  - (A) all amounts due, accruing due or owing to the Indenture Trustee under the Trust Indenture (excluding principal and interest payable pursuant to the Notes) and all amounts due, accruing due or owing to the Issuer Trustee in its individual capacity under the Declaration of Trust; and
  - (B) after the occurrence of a Related Event of Default, all costs, charges and expenses of the Indenture Trustee incurred in exercising any right, remedy or power granted to it under the Trust Indenture with respect to the Series 2023-1 Ownership Interest (including the appointment of a receiver), including all outgoings properly paid by the Indenture Trustee in exercising such rights, remedies and powers, including, without limitation, the reasonable remuneration of such receiver or any agent or employee of such receiver or any agent of the Indenture Trustee;
- (b) second, toward the payment of the Class A Swap Payment (which, for greater certainty, shall not include any amounts payable by the Trust upon any applicable early termination under the Swap Agreement);
- (c) third, toward the payment of the Class A Swap Exchange Amount (which, for greater certainty, shall not include any amounts payable by the Trust upon any applicable early termination under the Swap Agreement);
- (d) fourth, toward the payment of the Class B Swap Payment (which, for greater certainty, shall not include any amounts payable by the Trust upon any applicable early termination under the Swap Agreement);
- (e) fifth, toward the payment of the Class B Swap Exchange Amount (which, for greater certainty, shall not include any amounts payable by the Trust upon any applicable early termination under the Swap Agreement);
- (f) sixth, toward the payment of the Class C Swap Payment (which, for greater certainty, shall not include any amounts payable by the Trust upon any applicable early termination under the Swap Agreement);
- (g) seventh, toward the payment of the Class C Swap Exchange Amount (which, for greater certainty, shall not include any amounts payable by the Trust upon any applicable early termination under the Swap Agreement);
- (h) eighth, in or towards payment of amounts owing in respect of item (b) of the definition of “**Additional Funding Expenses**” and any expenses paid by the Administrative Agent on behalf of the Trust in respect of such items pursuant to item (c)(iv) of such definition and any amounts owing in respect of item (c)(v) of such definition (in order of priority corresponding to the order in which each appears in the definition thereof);
- (i) ninth, in or toward payment of the following related Secured Obligations in respect of the Notes then owing in the following order of priority:

- (A) all other amounts properly incurred and owing by the Trust and which are solely attributable to the Notes, the related Secured Obligations or the related Programme Agreements and not otherwise specified in the Series 2023-1 Supplemental Indenture; and
  - (B) the related proportionate share of all other amounts properly incurred and owing by the Trust which are not solely attributable to the related Secured Obligations or related Programme Agreements and not otherwise specified in the Series 2023-1 Supplemental Indenture; and
- (j) tenth, the balance to the Trust.

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“**Funding Costs**” means, for any Interest Period and the related Distribution Day, the sum of:

- (a) the Class A Swap Payment,

plus

- (b) the Class B Swap Payment,

plus

- (c) the Class C Swap Payment,

minus

- (d) the amount of interest and investment earnings on amounts on deposit in the Series Distribution Account for such Interest Period.

“**Class A Swap Exchange Amount**” means, for any Interim Exchange Date, the Party B Interim Exchange Amount and, on the Final Exchange Date, the Final Exchange Amount (each as defined in the Class A Swap Confirmation) payable by the Trust on such dates under the Swap Agreement.

“**Class A Swap Payment**” means, for any Swap Payment Date, the Fixed Amount (as defined in the Class A Swap Confirmation) payable by the Trust under the Swap Agreement.

“**Class B Swap Exchange Amount**” means, for any Interim Exchange Date, the Party B Interim Exchange Amount and, on the Final Exchange Date, the Final Exchange Amount (each as defined in the Class B Swap Confirmation) payable by the Trust on such dates under the Swap Agreement.

“**Class B Swap Payment**” means, for any Swap Payment Date, the Party B Fixed Amount (as defined in the Class B Swap Confirmation) payable by the Trust under the Swap Agreement.

“**Class C Swap Exchange Amount**” means, for any Interim Exchange Date, the Party B Interim Exchange Amount and, on the Final Exchange Date, the Final Exchange Amount (each as defined in the Class C Swap Confirmation) payable by the Trust on such dates under the Swap Agreement.

“**Class C Swap Payment**” means, for any Swap Payment Date, the Party B Fixed Amount (as defined in the Class C Swap Confirmation) payable by the Trust under the Swap Agreement.

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## Note Liquidation Account

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The Indenture Trustee will withdraw from the Note Liquidation Account and apply the aggregate amount on deposit in the Note Liquidation Account (a) first, on each Interest Payment Date with respect to the Class A Notes toward the payment of all interest (including interest on overdue interest) due and payable in accordance with the Class A Notes, *pari passu*, (b) second, on the Expected Final Payment Date (or Interest Payment Date after the occurrence of a Related Event of Default which has not been waived or remedied) toward the payment of all amounts due and owing under the Class A Notes in respect of principal, *pari passu*, (c) third, on each Interest Payment Date with respect to the Class B Notes toward the payment of all interest (including interest on overdue interest) due and payable in accordance with the Class B Notes, *pari passu*; (d) fourth, on the Expected Final Payment Date (or Interest Payment Date after the occurrence of a Related Event of Default which has not been waived or remedied) toward the payment of all amounts due and owing under the Class B Notes in respect of principal, *pari passu*; (e) fifth, on each Interest Payment Date with respect to the Class C Notes toward the payment of all interest (including interest on overdue interest) due and payable in accordance with the Class C Notes, *pari passu*; and (f) sixth, on the Expected Final Payment Date (or Interest Payment Date after the occurrence of a Related Event of Default which has not been waived or remedied) toward the payment of all amounts due and owing under the Class C Notes in respect of principal, *pari passu*.

## Swap Agreement

Interest and principal on the Receivables is paid in Canadian Dollars at a fixed rate and any interest earned on the deposit balance of the Series Distribution Account while the Notes are in their Accumulation Period will be based upon a short term deposit or investment rate. The Trust, through the Series 2023-1 Ownership Interest, will be entitled to its allocated share of this interest and principal. However, interest and principal on the Notes will be paid in U.S. Dollars and interest on the Class A Notes will be payable at a floating rate of interest based on USD Compounded SOFR Index or other applicable Benchmark. The risk of this interest rate and currency mismatch has been reduced by the Trust by entering into the Swap Agreement with the Swap Counterparty.

Under the Swap Agreement, on the Closing Date, the Trust paid to the Swap Counterparty the U.S. Dollar proceeds of the Notes and received the Canadian Dollar Equivalent of such amount, using an exchange rate determined on such date, which was used to purchase the Series 2023-1 Ownership Interest. On the Swap Termination Date, the Trust will receive the U.S. Dollar principal amount of the Notes from the Swap Counterparty, which will be used to repay the Series 2023-1 Noteholders, and will pay to the Swap Counterparty the Canadian Dollar Equivalent of such amount, determined at the exchange rate used on the Closing Date. In addition, (i) under the swap transaction relating to the Class A Notes, the Trust will be required to pay to the Swap Counterparty, on each Swap Payment Date, a fixed amount based on a rate of 1.72% of the Canadian Dollar Equivalent of the principal amount of the Class A Notes, and the Swap Counterparty will be required to pay to the Trust on each such Swap Payment Date an amount equal to the interest payable, in U.S. Dollars, on the Class A Notes on such Swap Payment Date, (ii) under the swap transaction relating to the Class B Notes, the Trust will be required to pay to the Swap Counterparty, on each Swap Payment Date, a fixed amount based on a rate of 6.35% of the Canadian Dollar Equivalent of the principal amount of the Class B Notes, and the Swap Counterparty will be required to pay to the Trust on each such Swap Payment Date an amount equal to the interest payable, in U.S. Dollars, on the Class B Notes on such Swap Payment Date and (iii) under the swap transaction relating to the Class C Notes, the Trust will be required to pay to the Swap Counterparty, on each Swap Payment Date, a fixed amount based

on a rate of 7.66% of the Canadian Dollar Equivalent of the principal amount of the Class C Notes, and the Swap Counterparty will be required to pay to the Trust on each such Swap Payment Date an amount equal to the interest payable, in U.S. Dollars, on the Class C Notes on such Swap Payment Date.

In addition, on each Swap Payment Date after an Amortization Commencement Day in respect of the Series 2023-1 Ownership Interest, (i) the Trust will receive from the Swap Counterparty the lesser of the outstanding principal amount of the Class A Notes on that Swap Payment Date and the U.S. Dollar equivalent of the amount available at clause (c) of the priority of payments in “Certain Features of Series 2023-1 Ownership Interest and Notes — Payment Priorities”, which will be used to repay the holders of the Class A Notes, and the Trust will pay to the Swap Counterparty the Canadian Dollar equivalent of such amount, in each case, determined at the exchange rate used on the Closing Date, (ii) the Trust will receive from the Swap Counterparty the lesser of the outstanding principal amount of the Class B Notes on that Swap Payment Date and the U.S. Dollar equivalent of the amount available at clause (e) of the priority of payments in “Certain Features of Series 2023-1 Ownership Interest and Notes — Payment Priorities”, which will be used to repay the holders of the Class B Notes, and the Trust will pay to the Swap Counterparty the Canadian Dollar equivalent of such amount, in each case, determined at the exchange rate used on the Closing Date and (iii) the Trust will receive from the Swap Counterparty the lesser of the outstanding principal amount of the Class C Notes on that Swap Payment Date and the U.S. Dollar equivalent of the amount available at clause (g) of the priority of payments in “Certain Features of Series 2023-1 Ownership Interest and Notes — Payment Priorities”, which will be used to repay the holders of the Class C Notes, and the Trust will pay to the Swap Counterparty the Canadian Dollar equivalent of such amount, in each case, determined at the exchange rate used on the Closing Date.

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#### “UNITED STATES FEDERAL INCOME TAX CONSEQUENCES”

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#### **Consequences to Holders of the Offered Notes**

*Interest.* In general (and subject to the discussion in the Offering Memorandum under “Changes in U.S. Federal Tax Laws”), stated interest on a Note that constitutes “qualified stated interest” will be includible in gross income as it accrues or is received in accordance with the U.S. Holder’s usual method of tax accounting. Interest received on the Notes may also constitute “investment income” for purposes of certain limitations of the Code concerning the deductibility of investment interest expense. The Class A Notes were not issued with original issue discount within the meaning of Section 1273 of the Code (“**OID**”). However, the Class B Notes and the Class C Notes may be issued with OID. For a discussion of the law and potential consequences of OID, see as described below under “Original Issue Discount”. Prospective investors should consult their independent tax advisors regarding the potential U.S. federal income tax consequences to them of interest on the Offered Notes.

#### *Original Issue Discount*

The stated interest on a Note that constitutes “qualified stated interest” will be taxable to a holder as ordinary income when received or accrued according to the holder’s method of tax accounting. For stated interest to be treated as qualified stated interest, it must be payable at least annually at a single rate that takes into account the length of the interval between interest payment dates, and reasonable remedies must exist to compel timely payment or the terms of the instrument must make late payment or non-payment sufficiently remote for purposes of the OID rules. Although stated interest on the Class B Notes and the Class C Notes can be deferred under certain circumstances, the Trust intends to treat the potential deferral

as sufficiently remote for purposes of the OID rules and treat the stated interest on the Notes as qualified stated interest. In the case of such a deferral, the Notes with respect to which interest is deferred would be treated as reissued for purposes of the OID rules at the time of the interest deferral and at that time such Notes may be treated as OID obligations.

One or both classes of the Offered Notes may be issued with OID of more than a de minimis amount. In general, OID is the excess of the “stated redemption price at maturity” of a debt instrument over its “issue price”, unless that excess is less than a de minimis amount (i.e., 0.25% multiplied by the weighted average maturity of the debt instrument). A Note’s stated redemption price at maturity is the aggregate of all payments required to be made under the Note except qualified stated interest. The issue price for a class of Offered Notes will be the first price at which a substantial amount of such Notes are sold, excluding sales to bond houses, brokers or similar persons acting as underwriters, placement agents or wholesalers. A holder of Notes treated as issued with OID that is not de minimis must include OID in its gross income as ordinary interest income as it accrues, regardless of the holder’s regular method of accounting, generally under a constant yield method.

Under Section 1272(a)(6) of the Code, special provisions apply to debt instruments on which payments may be accelerated due to prepayments of other obligations securing those debt instruments. However, no regulations have been issued interpreting those provisions, and the manner in which those provisions would apply to the Offered Notes is unclear, but the application of Section 1272(a)(6) could affect the rate of accrual of OID and could have other consequences to holders of Offered Notes.

In addition, a subsequent purchaser who buys a Note for less than its stated redemption price at maturity may be subject to the “market discount” rules of the Code. A subsequent purchaser who buys a Note for more than its stated redemption price at maturity may be subject to the “market premium” rules of the Code.

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**“THE SELLER”**

\* \* \*

**Credit Risk Retention**

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The Seller is required to maintain the Pool Balance in an amount at least equal to the Required Pool Balance, which equals the sum of the Invested Amounts of each Series times the maximum Required Pool Percentage for any Series at such time. The Required Pool Percentage for the Series 2023-1 Ownership Interest is 107%, which means that the amount of the Retained Interest is required to be at least 7% of the aggregate Invested Amounts of all outstanding series of Notes issued by the Trust for so long as the Credit Card Receivables Backed Notes, Series 2023-1 are outstanding, or an Amortization Event could occur. Although similar in concept, the requirement to maintain the Retained Interest as set forth above and the obligation to comply with Regulation RR are independent obligations and are calculated differently. The “seller’s interest” is required to be at least 5% of the aggregate principal amount of all outstanding series of Notes issued by the Trust. Because the Invested Amount for a series of Notes may be less than the principal amount of that series of Notes, such calculations may differ, and the Seller will report the percentage using both calculations on the Monthly Portfolio Report Summary. The Seller expects the amount of the Retained Interest to be equal to CDN\$6,220,373,038.18, representing approximately 94.16% of the aggregate principal amount of all outstanding series of Notes issued by the Trust as of the date hereof.

As permitted under the U.S. risk retention rule, for purposes of determining the expected amount of the Retained Interest on the date hereof, the Seller has used the Pool Balance as of December 31, 2023 and the percentage set out in the prior sentence is based on the aggregate principal amount of each series of Notes issued by the Trust (calculated for each outstanding series or class of Notes, as applicable, using the rate of exchange of the Canadian dollar to the United States dollar used in the swap agreement for such series of Notes) that are outstanding as of the date hereof. The actual amount of the Retained Interest on the date hereof will be disclosed by the Trust in the first Monthly Portfolio Report Summary following the date hereof.

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