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## **DBRS Assigns Provisional Ratings to Canadian Credit Card Trust, Series 2008-1**

### **Industry: Sec.--Credit Card & Consumer Lending**

DBRS has today assigned provisional ratings to the Credit Card-Backed Investor Certificates, Series 2008-1 to be issued by Canadian Credit Card Trust (the Trust) as indicated below:

- AAA to the Class A Credit Card-Backed Investor Certificates, Series 2008-1
- "A" to the Class B Credit Card-Backed Investor Certificates, Series 2008-1
- BBB to the Class C Credit Card-Backed Investor Certificates, Series 2008-1

The provisional ratings are based on the following factors:

(1) Credit enhancement provided by subordination for the Class A Certificates and Class B Certificates (5.50% and 2.75%, respectively) and by excess spread (estimated to be approximately 10%).

(2) Over the past five years, the portfolio (adjusted for the inclusion of two credit card receivables pools) has performed consistently well, with gross revenue yields (including interchange) generally in the 18% to 19% range, losses in the 3% to 4% range and monthly payment rates in the 26% to 30% range. The addition of the two credit card receivables pools has positively contributed to the performance characteristics of the portfolio.

(3) The Trust has a well-seasoned client base, with more than 65% of receivables arising from accounts greater than 48 months old.

The portfolio is largely concentrated in Québec, which is both a positive and a negative. From a positive perspective, the portfolio has been comparatively insulated from the increased competition in the Canadian credit card market. Notwithstanding the relative insulation, however, there has been a slight increase in the loss rate, which is still within the expected range and in line with the overall Canadian credit card industry. From a negative perspective, there is considerably more geographic and regional economic risk with the Québec concentration.

Stress testing indicates that the structure can withstand scenarios that combine the effects of low payment rates, low revenue yield and significant multiples of historical losses, the magnitudes of which are commensurate with the ratings assigned by DBRS, without resulting in losses to noteholders.



**Note:**

All figures are in Canadian dollars unless otherwise noted.

**Media Contact:**

Caroline Creighton  
Senior Vice President  
+1 416 597 7317  
ccreighton@dbrs.com

Issuer	Debt Rated	Rating Action	Rating	Trend	Latest Event
Canadian Credit Card Trust	Class A Credit Card-Backed Investor Certificates, Series 2008-1	New Rating - Provisional	AAA	--	Apr 8, 2008
Canadian Credit Card Trust	Class B Credit Card-Backed Investor Certificates, Series 2008-1	New Rating - Provisional	A	--	Apr 8, 2008
Canadian Credit Card Trust	Class C Credit Card-Backed Investor Certificates, Series 2008-1	New Rating - Provisional	BBB	--	Apr 8, 2008

The full report providing additional analytical detail is available by clicking on the link below or by contacting us at [info@dbrs.com](mailto:info@dbrs.com).

Kevin Chiang  
Vice President - Canadian Structured Finance  
+1 416 597 7583  
kchiang@dbrs.com

Jerry Marriott  
Managing Director - Canadian RMBS/ABS  
+1 416 597 7358  
jmarriott@dbrs.com