



PEOPLES TRUST COMPANY

PUBLIC DISCLOSURES (RESIDENTIAL MORTGAGE UNDERWRITING PRACTICES) As at March 31, 2018

Disclosure Policy

This document represents the Office of the Superintendent of Financial Institutions (“OSFI”) B-20 Residential Mortgage Underwriting Practices and Procedures Guideline disclosures for Peoples Trust Company (“PTC”). These disclosures are made to allow market participants greater transparency, clarity and public confidence in PTC’s residential mortgage underwriting operations.

These disclosures are published under the Regulatory Disclosures section of PTC’s website and shall be made on a quarterly basis.

This report is subject to internal review but has not been audited by PTC’s external auditors.

Specific Disclosure relating to Mortgages

For residential mortgages, a combination of lending policy criteria, lending guidelines, and underwriting are utilized in the credit application approval process. The primary factors considered are affordability, credit and employment history, nature of income, quality of the collateral, and Loan-to-Value (“LTV”) of the residential property. For purposes of these disclosures, a “residential mortgage” means any loan to an individual that is secured by residential property (one to four-unit dwellings). PTC does not presently offer home equity lines of credit. The LTV Ratio is an evaluation of the amount of collateral value that can be used to support the loan.

An analysis of the amount and percentage of the total residential mortgage loans that are insured versus uninsured, grouped by geographic concentration, are set out in the table below. For purposes of this section, the term “insured” means those residential mortgages which are insured by CMHC against borrower default (*depicts actual numbers*).

Type/Province	As at March 31 2018				
	Uninsured Remaining Principal	Uninsured %	Insured Remaining Principal	Insured %	Total
British Columbia	194,771,596	94.11%	75,575,217	20.28%	270,346,813
Alberta	4,838,646	2.34%	102,621,191	27.54%	107,459,837
Ontario	7,356,674	3.55%	134,920,713	36.20%	142,277,388
Quebec	0	0.00%	42,827,948	11.49%	42,827,948
Manitoba	0	0.00%	5,114,307	1.37%	5,114,307
Saskatchewan	0	0.00%	11,632,555	3.12%	11,632,555
Total	206,966,916	100.00%	372,691,932	100.00%	579,658,848

The following table provides the percentage of residential mortgages categorized by amortization period.

Amortization	As at March 31 2018	
	Remaining Principal	%
Interest only	195,994,179	33.81%
Under 20 years	9,259,790	1.60%
20 to <25 years	21,176,933	3.65%
25 to <30 years	151,049,143	26.06%
30 to <35 years	116,835,380	20.16%
35 years and greater	85,343,423	14.72%
Total	579,658,848	100.00%

The table below shows the average LTV Ratio for total newly originated uninsured residential mortgages at the end of Q1, grouped by geographic location.

LTV Ratio	Q1 2018	
	Principal Amount	Average LVR %
British Columbia	28,907,500	49.20%
Ontario	2,379,174	57.15%
Total	31,286,674	

In the event of an economic downturn, the potential impact on the company's residential mortgages is deemed to be very low, since the residential mortgage portfolio is well secured and operating below the internal maximum LTV limit of 65%.

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