



Peoples Bank

PEOPLES BANK

PUBLIC DISCLOSURES

(RESIDENTIAL MORTGAGE UNDERWRITING PRACTICES)

As at June 30, 2020

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 Bank of Canada (“PBC”). These disclosures are made to allow market participants greater transparency, clarity and public confidence in PBC’s residential mortgage underwriting operations.

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

This report is subject to internal review but has not been audited by PBC’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). PBC 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 June 30 2020				
	Uninsured		Insured		Total
	Remaining Principal	Uninsured %	Remaining Principal	Insured %	
British Columbia	3,667,004	23.57%	4,328,205	16.01%	
Alberta	0	0.00%	4,016,303	14.86%	4,016,303
Ontario	11,888,930	76.43%	11,571,225	42.80%	23,460,155
Quebec	0	0.00%	5,831,988	21.57%	5,831,988
Manitoba	0	0.00%	583,006	2.16%	583,006
Saskatchewan	0	0.00%	705,788	2.61%	705,788
Total	15,555,934	100.00%	27,036,514	100.00%	42,592,448

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

Amortization	As at June 30 2020	
	Remaining Principal	%
Interest only	9,816,981	23.05%
Under 20 years	0	0.00%
20 to <25 years	28,765,628	67.54%
25 to <30 years	1,415,409	3.32%
30 to <35 years	2,594,429	6.09%
35 years and greater	0	0.00%
Total	42,592,448	100.00%

The table below shows the average LTV Ratio for total newly originated uninsured residential mortgages at the end of Q2, grouped by geographic location.

LTV Ratio	Q2 2020	
	Principal Amount	Average LVR %
British Columbia	200,000	46.09%
Ontario	4,509,595	54.99%
Total	4,709,595	

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

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