



Peoples Bank

PEOPLES BANK

PUBLIC DISCLOSURES

(RESIDENTIAL MORTGAGE UNDERWRITING PRACTICES)

As at December 31, 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 December 31 2020				
	Uninsured	Uninsured	Insured	Insured	Total
	Remaining		Remaining		
Principal	%	Principal	%		
British Columbia	7,990,846	7.40%	419,837	6.14%	8,410,682
Alberta	0	0.00%	1,419,008	20.75%	1,419,008
Ontario	99,934,611	92.60%	2,351,979	34.39%	102,286,590
Quebec	0	0.00%	2,551,620	37.31%	2,551,620
Manitoba	0	0.00%	0	0.00%	0
Saskatchewan	0	0.00%	95,761	1.40%	95,761
Total	107,925,457	100.00%	6,838,206	100.00%	114,763,663

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

Amortization	As at December 31 2020	
	Remaining	
	Principal	%
Interest only	6,114,466	5.33%
Under 20 years	3,288,193	2.87%
20 to <25 years	827,697	0.72%
25 to <30 years	20,908,454	18.22%
30 to <35 years	83,624,854	72.87%
35 years and greater	0	0.00%
Total	114,763,663	100.00%

The table below shows the average LTV Ratio for total newly originated uninsured residential mortgages at the end of Q4, grouped by geographic location.

LTV Ratio	Q4 2020	
	Principal	Average
	Amount	LVR %
British Columbia	4,600,921	56.27%
Ontario	85,198,538	65.40%
Total	89,799,459	

In the event of an economic downturn, the potential impact on the company's residential mortgages is deemed to be low as the uninsured portfolio is conservatively underwritten, limited to select markets and has an average LTV of 56%. The residential mortgage portfolio is well secured and operating well below the maximum LTV limit of 80%.

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