B-20 Residential Mortgage Guidelines
Public Disclosures

For the period ended June 30, 2019

Overview

This Public Disclosure has been prepared by Community Trust Company ("CTC" or the "Company") in accordance with requirements of the *OSFI B-20 Residential Mortgage Underwriting Practices and Procedures Guideline, November 2014.*

In accordance with the Guideline, increased disclosure leads to greater transparency, clarity and public confidence in FRFI residential mortgage underwriting practices. Federally Regulated Financial Institutions ("FRFI"s), such as Community Trust Company, should publicly disclose sufficient information related to their residential mortgage portfolios for market participants to be able to conduct an adequate evaluation of the soundness and condition of FRFIs' residential mortgage operations.

Insured mortgages - defined

An insured mortgage is one that carries with it an insurance policy that protects the mortgage lender or title holder in the event that the borrower defaults on payments, or is otherwise unable to meet the contractual obligations of the mortgage.

CTC requires mortgage insurance where the loan-to-value ("LTV") ratio exceeds 80% of the purchase price. Mortgage loan insurance helps protect lenders against mortgage default, and enables consumers to purchase homes with a minimum down payment of 5%.

CTC pays the insurance premium and passes on the cost of the premiums to the borrower. The premium payable is based on a percentage of the home's purchase price that is financed by a mortgage. The premium can be paid in a single lump sum or it can be added to the mortgage and included in the monthly payments.

Mortgage loan insurance is not to be confused with mortgage life insurance which guarantees the remaining mortgage balance repayment at the time of death.

Downward economic impacts

An economic downturn could impact a financial institution that carries mortgages secured against residential properties. CTC's residential mortgage portfolio is exposed to such downtuns, however, negative implications are managed through mortgage insurance on loans in excess of 80% LTV, prudent management of LTV's to an appropriate limit, and regular stress testing of the portfolio.
At June 30, 2019, the LTV of the residential mortgage portfolio was 69% excluding insured mortgages, and 69% including insured mortgages.
Based on most CTC appraisal values, stress testing results indicate that a 30% reduction in real estate values would result in a potential loss of $5,076 mil. The limited loss is a result of 1% of the portfolio being insured mortgages, and the relatively low LTV of 69% on the uninsured portion of the portfolio.

Residential Public Disclosure

Insured vs. Uninsured by Total Residiential Mortgage and HELOC's by Province

Geographic Split by $		Nfld	NS	NB	PEI	Que	Ont	Man	Sask	Alb	BC	Territories	O/S Canada	TOTAL
Total Residential Mortgages	Insured	-	-	-	-	-	1,595,521	-	-	-	-	-	-	1,595,521
	Uninsured	-	-	-	-	-	906,001,015	-	-	-	31,986,963	-	-	937,987,978
HELOCs	Insured	-	-	-	-	-	-	-	-	-	-	-	-	-
	Uninsured	-	-	-	-	-	26,398,961	-	-	-	-	-	-	26,398,961
Total		-	-	-	-	-	933,995,497	-	-	-	31,986,963	-	-	965,982,460

Geographic Split by %		Nfld	NS	NB	PEI	Que	Ont	Man	Sask	Alb	BC	Territories	O/S Canada	TOTAL
Total Residential Mortgages	Insured	-	-	-	-	-	0.17%	-	-	-	-	-	-	0.17%
	Uninsured	-	-	-	-	-	93.79%	-	-	-	3.31%	-	-	97.10%
HELOCs	Insured	-	-	-	-	-	-	-	-	-	-	-	-	-
	Uninsured	-	-	-	-	-	2.73%	-	-	-	-	-	-	2.73%
Total		0.00%	0.00%	0.00%	0.00%	0.00%	96.69%	0.00%	0.00%	0.00%	3.31%	0.00%	0.00%	100.00%

Amortization Period based on %

Amortization Period	<=20	>20 to <=25	>25 to <=30	>30 to <=35	>35	TOTAL
Total Residential Mortgages	0.68%	12.14%	86.92%	0.26%	0.00%	100.00%

Average LTV of Mortgage Purchased/Originated During the Quarter

	Nfld	NS	NB	PEI	Que	Ont	Man	Sask	Alb	BC	Territories	O/S Canada	Average
Total Uninsured Residential Mortgages	-	-	-	-	-	69.16%	-	-	-	-	-	-	69.16%
Uninsured HELOCs	-	-	-	-	-	61.15%	-	-	-	-	-	-	61.15%