



For advisor information only

Investment Loan Program Product Brochure



About B2B Trust

- A leading Canadian supplier of third-party investment and RRSP loans.
- Provides lending solutions to over 15,000 professionals across various channels within the financial services industry.
- A long-standing history of investment lending experience with a loan portfolio in the billions.
- Offers more loan types and options than any other third-party lender in Canada.

At B2B Trust, we are dedicated to advisors. We do not market our products directly to the public nor do we solicit your clients or provide investment advice. We are simply here to support you and your business.

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Identifying the opportunities



Choosing the right lender is the first step, but knowing what's appropriate for your client is key.

Banking that works for advisors®

At B2B Trust, we're committed to working with advisors to make investment lending a cornerstone of your growing business. As a leader in the investment lending marketplace, we believe it's important to offer **competitive rates**, a **wide range of products** and **easy administration**.

You're dedicated to your client's needs

An in-depth understanding of your client's complete financial picture is key to determining whether an investment loan is suitable for their particular circumstances. Determine if your client may qualify for an investment loan by asking yourself questions such as:

- Do they have good credit and positive net worth?
This demonstrates that individuals can manage their finances and have other means (beyond their purchased assets) to repay their debt.
- Do they have steady income and are their debts under control?
This is important because loan payments are due regardless of the performance of the investments.

About our loans

Once you've determined that borrowing to invest is the right strategy for your client, it's time to choose a lending provider you can count on.

Our Investment Loan Program provides you with a broad range of options and solutions that work for you and your client.

We offer four distinct loan types, all of which are competitively priced and available with or without a margin call option, allowing you to customize loans according to your client's needs.

Loan Types	Client's Portion	Borrowed Amount	Amount Invested
100% Loan B2B Trust finances 100% of the investment.	\$0	\$150,000	\$150,000
3 For 1 Loan B2B Trust lends up to three times the dollar amount pledged.	\$37,500	\$112,500	\$150,000
2 For 1 Loan B2B Trust lends up to two times the dollar amount pledged.	\$50,000	\$100,000	\$150,000
1 For 1 Loan B2B Trust matches the dollar amount pledged.	\$75,000	\$75,000	\$150,000

Key program benefits

Loan amounts up to \$300,000¹

Consolidate all of your client's loans with a single lending provider.

Highly competitive rates

Reduce the cost of borrowing with low interest rates, which make it more affordable for your clients.

Uniform pricing

Offer your client the same great rate whether they apply online or on paper.

Simplified loan offer

Flexible loan products with standardized features make it easier to explain to your clients.

100% Loans require less paperwork² for loan amounts up to \$100,000

Less documentation combined with fast funding make executing your client's financial plan easier.

Broad fund eligibility

A majority of Canadian investment industry assets qualify as eligible collateral for all loan types.

Variety and choice

Multiple loan types and options fit a variety of your client's needs.

Lending programs

There are now three ways of accessing B2B Trust investment loans — through our B2B Trust Standard Loan Program, our B2B Trust Select Loan Program and our B2B Trust Distribution Alliance Loan Program.

B2B Trust Standard Loan Program

Available for mutual fund investment loans

This program is used for multi-fund investments through any number of mutual fund manufacturers in one loan account.

- Standard pricing applies.
- Offers the largest variety of mutual funds.

B2B Trust Select Loan Program

Available for mutual fund investment loans

This program is used to purchase eligible mutual fund collateral from multiple B2B Trust distribution alliances.

- Discounted pricing applies.
- Offers your client better rates and greater portfolio diversification within one loan — which means only one loan account number and one statement.

B2B Trust Distribution Alliance Loan Program

Available for mutual and segregated fund investment loans

This program is used to invest within the same family of eligible funds offered by one Distribution Alliance.

- Preferred pricing applies.
- Offers your client the best rates with the exclusivity of investing within one fund manufacturer.

Easy-to-use online tool

Apply online with EASE, our Electronic Application Submission Entry (EASE) system, to receive an application status email within seconds. Then, track your application all the way to funding and generate several types of reports to help you manage your business.

Qualifying criteria and application guidelines

B2B Trust follows industry-standard procedures to minimize the risk of loan default. This section outlines some of our criteria.

Net worth

Net worth measures an applicant's overall financial resources. It's calculated by subtracting total outstanding liabilities (debt obligations) from total verifiable assets (Net worth = Assets – Liabilities).

Assets include:

A home
Registered plans
Non-registered investments
Stocks

Liabilities include:

Mortgages, leases
Personal loans
Credit card debt
Line of credit balances

Net worth minimums:

1 x loan amount if < \$100,000
1.5 x loan amount if ≥ \$100,000
2 x loan amount if > \$250,000

NOTE: Net worth minimum requirements are applicable to 100% Loans or to any loan greater than \$250,000.

Total debt service ratio (TDSR)

TDSR measures an applicant's capacity to repay debt. Regularly recurring monthly debt payments should be less than 40% of gross monthly income.

$$\frac{\text{Monthly debt (including new loan payment)}}{\text{Gross monthly income}} \times 100\% = \text{TDSR}$$

Income consists of:

Salary
Commissions
Net self-employed earnings

NOTE: TDSR requirements are applicable to 100% Loans or to any loan greater than \$250,000. TDSR for 100% Loans should not be greater than 40%. TDSR will be calculated for 3 For 1, 2 For 1 and 1 For 1 Loans but will not solely determine credit decision.

Credit history

Credit history shows how an applicant has managed credit in the past. At B2B Trust, we require that all applicant obligations are up-to-date and paid as agreed — no bankruptcies, collections or judgments. For a thorough understanding of the credit evaluation process, please download a copy of our *5 Cs of Credit* brochure at b2btrust.com.

Applicants who apply for our investment loan program must meet the following criteria.

Basic application rules:

- The applicant must be an individual; applications and pledges of collateral in company names are not permitted.
- Loans can be registered individually or jointly; Power of Attorney forms are not accepted.
- Applicants must be at least 18 years of age.
- Applicants must be Canadian residents and have a Canadian personal chequing account for pre-authorized loan payments.

The following questions may help you determine if a client is likely to qualify for an investment loan:

1. Have they been approved for another loan before — car, RRSP, line of credit?
2. Do they make monthly bill, loan and credit card payments on time?
3. Do they usually have money left over after meeting their monthly expenses and debt obligations?

If your client answers **No** to one or more of these questions, it is important to properly manage their expectations, as they may not qualify for an investment loan.

Calculating loan payments

Prior to applying for a loan, you may want to calculate your client's potential monthly payment to determine if they qualify based on TDSR and if they can afford this extra payment.

Interest Only payments

The loan amount times the interest rate (Prime Rate + applicable percentage) divided by 12 will give you the monthly payment amount.

Here's a sample calculation for a \$100,000 100% Loan at an interest rate of 4.50%.

$$\frac{\text{Loan amount } (\$100,000) \times \text{interest rate } (4.50\%) = \text{Monthly payment } (\$375.00)}{12}$$

Monthly payment amounts may be adjusted at least annually to reflect changes in the outstanding principal of the loan and the Prime Rate. Any adjusted payments are effective in January and usually remain fixed for the entire calendar year.³

Principal & Interest payments

Monthly payments can be amortized for up to 20 years and are determined by multiplying the loan amount by the applicable interest rate factor.

Here's a sample calculation for a \$100,000 100% Loan at an interest rate of 4.50% and a 20-year amortization period.

$$\text{Loan amount } (\$100,000) \times \text{interest rate factor } (0.00633) = \text{Monthly payment } (\$633.00)$$

NOTE: the Prime Rate means the annual interest rate announced by B2B Trust from time to time as being its reference rate in effect (the "Prime Rate"). The examples presented are for illustration purposes. The payment amount will vary based on loan amount, interest rate, deferral period and loan type selected.

Reminders

With changes in the Prime Rate, the actual amount of interest charged may vary from month to month. When monthly payments exceed the actual interest costs, the difference will be used to reduce the principal. When the actual interest cost exceeds the monthly payment, the difference will be added to the principal.

Borrowers may select a monthly pre-authorized payment date that's convenient for them, from the 1st to the 28th of the month. Flexible payment dates can help your client manage their monthly cash flow.

Remember to include the estimated monthly loan payment when calculating your client's TDSR.

For current investment lending interest rates, please visit the I Need section of b2btrust.com.

Use the following interest rate factors to calculate your client's monthly Principal & Interest loan payment.
 Or, use our Investment Loan Calculator at [b2btrust.com](https://www.b2btrust.com).

RATE	AMORTIZATION PERIOD							
	1 Year	2 Year	3 Year	4 Year	5 Year	10 Year	15 Year	20 Year
2.25%	0.08435	0.04265	0.02875	0.02180	0.01764	0.00931	0.00655	0.00518
2.50%	0.08447	0.04276	0.02886	0.02191	0.01775	0.00943	0.00667	0.00530
2.75%	0.08458	0.04287	0.02897	0.02202	0.01786	0.00954	0.00679	0.00542
3.00%	0.08469	0.04298	0.02908	0.02213	0.01797	0.00966	0.00691	0.00555
3.25%	0.08481	0.04309	0.02919	0.02224	0.01808	0.00977	0.00703	0.00567
3.50%	0.08492	0.04320	0.02930	0.02236	0.01819	0.00989	0.00715	0.00580
3.75%	0.08504	0.04331	0.02941	0.02247	0.01830	0.01001	0.00727	0.00593
4.00%	0.08515	0.04342	0.02952	0.02258	0.01842	0.01012	0.00740	0.00606
4.25%	0.08526	0.04354	0.02964	0.02269	0.01853	0.01024	0.00752	0.00619
4.50%	0.08538	0.04365	0.02975	0.02280	0.01864	0.01036	0.00765	0.00633
4.75%	0.08549	0.04376	0.02986	0.02292	0.01876	0.01048	0.00778	0.00646
5.00%	0.08561	0.04387	0.02997	0.02303	0.01887	0.01061	0.00791	0.00660
5.25%	0.08572	0.04398	0.03008	0.02314	0.01899	0.01073	0.00804	0.00674
5.50%	0.08584	0.04410	0.03020	0.02326	0.01910	0.01085	0.00817	0.00688
5.75%	0.08595	0.04421	0.03031	0.02337	0.01922	0.01098	0.00830	0.00702
6.00%	0.08607	0.04432	0.03042	0.02349	0.01933	0.01110	0.00844	0.00716
6.25%	0.08618	0.04443	0.03054	0.02360	0.01945	0.01123	0.00857	0.00731
6.50%	0.08630	0.04455	0.03065	0.02371	0.01957	0.01135	0.00871	0.00746
6.75%	0.08641	0.04466	0.03076	0.02383	0.01968	0.01148	0.00885	0.00760
7.00%	0.08653	0.04477	0.03088	0.02395	0.01980	0.01161	0.00899	0.00775
7.25%	0.08664	0.04489	0.03099	0.02406	0.01992	0.01174	0.00913	0.00790
7.50%	0.08676	0.04500	0.03111	0.02418	0.02004	0.01187	0.00927	0.00806
7.75%	0.08687	0.04511	0.03122	0.02430	0.02016	0.01200	0.00941	0.00821
8.00%	0.08699	0.04523	0.03134	0.02441	0.02028	0.01213	0.00956	0.00836
8.25%	0.08710	0.04534	0.03145	0.02453	0.02040	0.01227	0.00970	0.00852
8.50%	0.08722	0.04546	0.03157	0.02465	0.02052	0.01240	0.00985	0.00868
8.75%	0.08734	0.04557	0.03168	0.02477	0.02064	0.01253	0.00999	0.00884
9.00%	0.08745	0.04568	0.03180	0.02489	0.02076	0.01267	0.01014	0.00900

Understanding margin loans

Margin call loans are tied to loan-to-value (LTV) ratios. Over time, the value of the loan collateral will fluctuate with the market. Choosing between a margin call loan and a no margin call loan comes down to an investor's comfort level with potential market volatility.

The role of the LTV ratio

If the value of the collateral **depreciates**, the LTV will increase. Depending on the severity of the depreciation, the result may be a margin warning or a margin call.

If the value of the collateral **appreciates**, the LTV will decrease. Significant degrees of collateral appreciation could result in excess collateral.

Conversion of no margin call — Interest Only loans⁴

No margin call, Interest Only loans will convert to Principal & Interest payments when the LTV ratios are equal to or exceed minimum thresholds. For more information, see our Investment Loan Program Overview at [b2btrust.com](https://www.b2btrust.com).

Did you know that excess collateral can be released to your clients? Find out how — see our *Investment Loan Admin Tips* at [b2btrust.com](https://www.b2btrust.com).

Understanding margin loans

Margin warnings/margin calls

Margin warnings or margin calls are triggered when the LTV reaches certain percentages. Here's an illustration:

Loan Type	Amount	Collateral	LTV Ratios
100% Loan	\$20,000	\$20,000	100% at approval
	\$20,000	\$18,182	110% margin warning
	\$20,000	\$16,667	120% margin call
3 For 1 Loan	\$20,000	\$26,667 ⁵	75% at approval
	\$20,000	\$23,529	85% margin warning
	\$20,000	\$21,053	95% margin call
2 For 1 Loan	\$20,000	\$30,000 ⁵	66.6% at approval
	\$20,000	\$26,667	75% margin warning
	\$20,000	\$23,529	85% margin call
1 For 1 Loan	\$20,000	\$40,000 ⁵	50% at approval
	\$20,000	\$26,667	75% margin warning
	\$20,000	\$23,529	85% margin call

Margin warning

Margin warning letters may be sent to borrowers when their LTV ratios reach the applicable percentage; in the event we notify your clients, we will also send you a report of any clients with accounts in warning position. This allows you to discuss what action should be taken in the event of a margin call. Please note that it is your responsibility to monitor the ratios of your clients investment loan accounts to ensure that they remain at acceptable LTV levels.

Margin call

In the event that the LTV ratio reaches the applicable percentage, a margin call may be made and you may be notified. In this case, the borrower will be required to invest an additional sum into non-registered eligible funds or provide cash to pay down the loan. Note that margin calls are triggered on gross market value (before the deferred sales charge).

Understanding margin loans



Use these formulas to calculate margin warning and margin call amounts.

Loan Type	Margin Warning Amount	Margin Call Amount
100% Loan	$\frac{\text{Borrowed amount}}{1.10}$	$\frac{\text{Borrowed amount}}{1.20}$
3 For 1 Loan	$\frac{\text{Borrowed amount}}{0.85}$	$\frac{\text{Borrowed amount}}{0.95}$
2 For 1 Loan	$\frac{\text{Borrowed amount}}{0.75}$	$\frac{\text{Borrowed amount}}{0.85}$
1 For 1 Loan	$\frac{\text{Borrowed amount}}{0.75}$	$\frac{\text{Borrowed amount}}{0.85}$

About collateral

As a lender and loan account administrator, B2B Trust does not provide investment advice to individuals or advisors. We do, however, hold pledged funds as collateral for loans.

Broad fund eligibility

A majority of industry assets qualify as eligible collateral for all loan types, giving your client a broad range of investment options.⁶

- To qualify, funds must trade electronically in Canadian dollars and be valued at least weekly.
- The following categories are not eligible as collateral for any B2B Trust loan product: Retail Venture Capital, Alternative Strategies and Miscellaneous/Specialty (including Principal Protected Notes).

Flexible dividend/distribution options

Dividends or fund distributions can be managed in one of the following ways for 3 For 1, 2 For 1 and 1 For 1 Loans as well as 100% Loans with Principal & Interest payments:

- Reinvested in the same fund.
- Deposited to the client's bank account.
- Used to pay down the loan balance.

For 100% Loans with Interest Only payments, dividends or fund distributions can only be reinvested in the same fund or used to pay down the loan balance.

NOTE: Because systematic withdrawal plans (SWPs) systematically reduce the value of a fund holding, they are not permitted on any asset pledged as collateral against an investment loan.

Marketing and sales support

B2B Trust offers you full support before, during and after the sale.

Build your business with our user-friendly marketing support materials. Here's a snapshot of what you'll find in the **I Need** section of **b2btrust.com**:

Sample Applications

See what a correctly completed investment loan application looks like.

Frequently Asked Questions

Answers to the most common questions regarding investment lending.

Marketing Materials

Access information about our company, products and services.

Learn what we look for when assessing your client's creditworthiness in our *5 Cs of Credit* brochure.

Admin Tips

Post sale how-to instructions for typical transactions such as:

- Calculating and withdrawing excess collateral.
- Changing dividend/distribution payments.
- Pledging additional collateral.

EASE Demo

Online step-by-step guide to completing an application using our Electronic Application Submission Entry (EASE) system.



Business Development support

From coast-to-coast, B2B Trust Business Development Managers are ready and eager to assist you. For product training, sales presentations or to discuss business opportunities, please visit b2btrust.com/contactus where you'll find an interactive map listing the Business Development representative in your area. You may also call us at 1.800.263.8349.

Client Service support

For general inquiries or service support, call one of our B2B Trust Client Service Representatives at 1.800.263.8349 from Monday to Friday, 8:00 a.m. to 8:00 p.m. (ET).

Other B2B Trust product solutions

Visit b2btrust.com to learn more about other B2B Trust products such as:

RRSP loans

Our RRSP loans are an affordable way for your clients to make their RRSP contribution.

Mortgages

Competitive rates on broker mortgage and lines of credit.

Banking services


A suite of financial products to meet everyday banking needs.

Deposits

GICs at rates among the most competitively priced in the industry.

Self-directed accounts

A variety of account options available for registered and non-registered plans, including a Tax-Free Savings Account (TFSA).



At B2B Trust, we're committed to working with you to make investment lending a cornerstone of your growing business and a key part of your client's financial success.

¹Loan applications for amounts greater than \$300,000 are welcome but may require additional documents and processing time. ²Additional documents may be requested at the discretion of B2B Trust. ³B2B Trust reserves the right to adjust the payment amount at any time to maintain it at a level sufficient to cover the accruing interest. ⁴Will occur once the LTV ratio is equal to or greater than 125% for 100% Loans or 100% for 3 For 1, 2 For 1 or 1 For 1 Loans. If after 3 months, the LTV ratios fall below 125% for 100% Loans and 100% for 3 For 1, 2 For 1 and 1 For 1 Loans, the borrower may request in writing to resume the Interest Only payments. ⁵The collateral value is comprised of the initial deposit plus the loan amount. ⁶B2B Trust's inclusion of certain funds as eligible loan collateral should not be construed as an endorsement of the fund or an indication of the fund's appropriateness as investment loan collateral for an individual investor. Other investment products may be eligible on a case-by-case basis. Mutual funds are not guaranteed, unit values change frequently and past performance may not be repeated. Borrowed monies are due and payable regardless of the performance of the investments purchased.

B2B Trust is a wholly-owned subsidiary of Laurentian Bank of Canada. B2B Trust does not provide investment advice to individuals or advisors and does not endorse or promote any investment products. The dealer and advisor, not B2B Trust, are responsible for determining the suitability of investments for their clients and for informing them of the risks associated with borrowing to invest. B2B Trust acts solely in the capacity of lender and loan account administrator. Any loan approval from B2B Trust should not be construed as an endorsement of any investment choice, program or strategy. All loans are subject to credit approval and borrowed monies are due and payable regardless of the performance of the investments purchased. B2B Trust reserves the right to request additional information or documentation at its sole discretion. The B2B Trust Investment Loan Program is available exclusively through licensed financial advisors. This document is for advisor information only.

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