



**Haventree
Bank**

**B-20 RESIDENTIAL MORTGAGE GUIDELINES
PUBLIC DISCLOSURES**

MARCH 31, 2020

Overview

This disclosure is prepared in accordance with the requirements of OSFI Guideline B-20 - Residential Mortgage Underwriting Practices and Procedures. These disclosures are made to enable market participants to conduct an adequate evaluation of the soundness and condition of Haventree Bank's (the "Bank") residential mortgage operations.

Insured and uninsured mortgages

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.

The Bank's mortgage portfolio consists of uninsured mortgages primarily for owner-occupied, single-family residential properties for purchases, refinances, equity take-outs and debt consolidation. In addition to borrower payment defaults, as an uninsured residential mortgage lender, credit risk also results from reliance on the maintenance of collateral values. The Bank is therefore selective in the types of property accepted as collateral, the reliance on the appraisal of the property, and its geographic location. As at March 31, 2020, the Bank has issued uninsured residential mortgages on properties located in Ontario, British Columbia, Alberta, Manitoba, Saskatchewan and Nova Scotia.

Downward economic impacts

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus ("COVID-19"). The situation continues to evolve, with considerable uncertainty around the length of social distancing measures in place. The extent of impact on local, provincial, national and global economies depend on the duration of the current shutdowns and the ability and pace of recovery efforts. In light of the uncertainties, Management continues to make judgments, estimates and assumptions based on available external data that are believed to be reasonable under the current circumstances.

The Bank's credit risk has increased due to COVID-19 as a result of unstable incomes to service contractual mortgage obligations, the resultant increase in the number of borrower requests for temporary payment relief (payment deferral), the inability of appraisers to enter properties in order to complete a full traditional appraisal and a general softening in the residential real estate market.

The Bank lends to borrowers in Ontario, British Columbia, Alberta, Manitoba, Saskatchewan and Nova Scotia. Lending operations outside of Ontario began in 2018 and as such the geographic distribution of the Bank's lending portfolio does not yet reflect the long-term desired distribution based on population and adjusted for variations in geographic risk appetite. Although some of these lending areas are among Canada's largest housing markets, a significant economic shock to the regional economy in Ontario could have a disproportionately adverse impact on the mortgage portfolio compared to the impact for a lender with a more regionally or nationally diversified mortgage portfolio.

Residential Mortgage Portfolio Disclosure (\$millions)

Insured vs. Uninsured by Province														
	Ontario		British Columbia		Alberta		Manitoba		Saskatchewan		Nova Scotia		Total	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Residential mortgages, insured	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Residential mortgages, uninsured	1,541	82.3%	183	9.8%	123	6.6%	12	0.6%	7	0.4%	6	0.3%	1,872	100%
HELOCs, insured	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HELOCs, uninsured	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Amortization period based on \$

≤ 20 years	1.0%
> 20 and ≤ 25 years	9.9%
> 25 and ≤ 30 years	88.3%
>30 years	0.8%

Average LTV of Mortgages Originated During the Quarter

	Ontario	British Columbia	Alberta	Manitoba	Saskatchewan	Nova Scotia	Average
Residential mortgages	68%	69%	73%	77%	68%	76%	69%
HELOCs	-	-	-	-	-	-	-