



**Haventree  
Bank**

**B-20 RESIDENTIAL MORTGAGE GUIDELINES**

**PUBLIC DISCLOSURES**

**SEPTEMBER 30, 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 September 30, 2020, the Bank has issued uninsured residential mortgages on properties located in Ontario, British Columbia, Alberta, Manitoba, Saskatchewan, Nova Scotia and Quebec.

## Downward economic impacts

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus ("COVID-19"). The pandemic continues to cause economic disruption with uncertainty around the length of continuing social distancing measures. During the quarter, the province has experienced a surge in the number of COVID-19 cases and, as such, government and regulatory bodies in affected areas have imposed a number of measures designed to contain the outbreak in the second wave, including government mandatory social distancing measures, quarantine, and stay at home directives.

The extent of the impact of COVID-19 on local, provincial, national and global economies and the pace of recovery continues to evolve. In light of the uncertainties, Management continues to make judgments, estimates and assumptions based on available external data that are believed to be reasonable as at September 30, 2020.

The Bank's credit risk profile increased due to COVID-19 as a result of unstable incomes to service contractual mortgage obligations and the resultant increase in the number of borrower requests for temporary payment relief (payment deferral). For more details on the effect of the COVID-19 pandemic on credit risk, please refer to Pillar III Disclosures on our website.

The Bank lends to borrowers in Ontario, British Columbia, Alberta, Manitoba, Saskatchewan, Nova Scotia and Quebec. 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 |      | Quebec |      | Total |      |
|                                   | \$      | %     | \$               | %     | \$      | %    | \$       | %    | \$           | %    | \$          | %    | \$     | %    | \$    | %    |
| Residential mortgages, insured    | -       | -     | -                | -     | -       | -    | -        | -    | -            | -    | -           | -    | -      | -    | -     | -    |
| Residential mortgages, uninsured  | 1,650   | 80.8% | 213              | 10.4% | 139     | 6.8% | 16       | 0.8% | 9            | 0.4% | 13          | 0.6% | 1      | 0.0% | 2,041 | 100% |
| HELOCs, insured                   | -       | -     | -                | -     | -       | -    | -        | -    | -            | -    | -           | -    | -      | -    | -     | -    |
| HELOCs, uninsured                 | -       | -     | -                | -     | -       | -    | -        | -    | -            | -    | -           | -    | -      | -    | -     | -    |

| Amortization period based on \$ |       |
|---------------------------------|-------|
| ≤ 20 years                      | 1.1%  |
| > 20 and ≤ 25 years             | 9.8%  |
| > 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 | Quebec | Average |
| Residential mortgages                                  | 69%     | 70%              | 70%     | 80%      | 74%          | 76%         | 80%    | 69%     |
| HELOCs   | -       | -                | -       | -        | -            | -           | -      | -       |