

B-20 RESIDENTIAL MORTGAGE GUIDELINES PUBLIC DISCLOSURES

June 30, 2023

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 June 30, 2023, the Bank has issued uninsured residential mortgages on properties located in Ontario, British Columbia, Alberta, Manitoba, Quebec, Nova Scotia and Saskatchewan.

To mitigate the impact of an economic slowdown and establish appropriate standards for portfolio quality, the Bank has in place well defined underwriting and risk management process in respect of residential mortgages. The Bank conducts diligence on each borrower and by dealing with known and reputable mortgage brokers. In addition, 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. The Bank reviews the credit performance and credit quality of its mortgage portfolio on an ongoing basis and uses forward looking information, including unemployment, home prices, interest rates to anticipate potential for normal events to negatively impact the portfolio. These are reflected in our Expected Credit Loss provision. In addition, the Bank performs stress tests on possible, but not likely events to ensure it has sufficient capital to withstand unexpected shocks of a more severe economic slowdown. In the event of an economic slowdown, the potential impact on the residential mortgage portfolio will be limited given the sound underwriting and proactive risk management of the Bank's residential mortgage portfolio.

RESIDENTIAL MORTGAGE PORTFOLIO DISCLOSURE (\$ millions)

Insured vs Uninsured by Province								
	Residential mortgages, insured		Residential mortgages, uninsured		HELOCs, insured		HELOCs, uninsured	
	\$	%	\$	%	\$	%	\$	%
Ontario	—	—	1,838	63 %	—	—	—	—
British Columbia	—	—	326	11 %	—	—	—	—
Quebec	—	—	363	12 %	—	—	—	—
Alberta	—	—	281	10 %	—	—	—	—
Manitoba	—	—	49	2 %	—	—	—	—
Nova Scotia	—	—	32	1 %	—	—	—	—
Saskatchewan	—	—	16	1 %	—	—	—	—
Total	—	—	2,905	100 %	—	—	—	—

Amortization period based on \$	
≤ 20 years	1.2 %
> 20 and ≤ 25 years	8.6 %
> 25 and ≤ 30 years	66.1 %
> 30 and ≤ 35 years	13.2 %
>35 years	10.9 %

Average LTV of Mortgages Originated in Q2 2023		
	Residential	HELOCs
Ontario	69 %	— %
British Columbia	69 %	— %
Alberta	74 %	— %
Quebec	71 %	— %
Manitoba	76 %	— %
Nova Scotia	73 %	— %
Saskatchewan	76 %	— %
Average	70 %	— %