Concentra®

Residential Mortgage Disclosure

September 30, 2022

September 30, 2022 Residential Mortgage Disclosure

In accordance with the *Office of the Superintendent of Financial Institutions Canada (OSFI) Guideline B20 – Residential Mortgage Underwriting Practices and Procedures* issued June 2012, additional disclosure is provided regarding the company's residential mortgage exposure.

The company is limited to providing residential real estate loans of no more than 80% of the collateral value. Lending at a higher loan-to-value (LTV) is permitted but requires default insurance. This insurance is contractual coverage of the eligible facilities that protects the company's real estate secured lending portfolio against potential losses caused by borrower default. It is provided by either government backed entities or other approved private mortgage insurers.

On an annual basis the company performs a stress test to determine the impact of a significant decline in house prices on the residential mortgage portfolio. Due to the high percentage of insured residential mortgages held on the balance sheet and the increase in house prices since initial underwriting, there is very little impact to the company's capital position from this stress event.

Residential mortgages and home equity lines of credit (insured vs. uninsured) (1)

The following table presents amounts of insured and uninsured residential mortgages and home equity lines of credit (HELOCs), by geographic regions.

(Thousands of Canadian dollars, except percentage amounts)

	September 30, 2022											
	Residential Mortgages				HELOCs				Total			
	Insured (2)		Uninsured		Insured (2)		Uninsured		Insured (2)		Uninsured	
	$	%	$	%	$	%	$	%	$	%	$	%
Province(3)												
Atlantic	249,064	6.61	18,408	0.59	-	-	4,594	1.61	249,064	6.61	23,002	0.68
Quebec	8,857	0.24	-	-	-	-	-	-	8,857	0.24	-	-
Ontario	1,491,619	39.61	2,455,176	78.91	-	-	173,579	60.95	1,491,619	39.60	2,628,755	77.39
Prairies & Territories	1,525,851	40.51	175,630	5.64	-	-	28,351	9.96	1,525,851	40.51	203,981	6.01
British Columbia	490,840	13.03	462,338	14.86	350	100.00	78,255	27.48	491,190	13.04	540,593	15.92
Total	3,766,231	100	3,111,552	100	350	100	284,779	100	3,766,581	100	3,396,331	100

(1) This table was prepared based on the disclosure requirements contained in OSFI's B-20 Guideline. All reverse mortgages secured by residential property are considered to be HELOC.

(2) Default insurance is contractual coverage of eligible facilities whereby the company's exposure to real estate secured lending is protected against potential shortfalls caused by borrower default. This insurance is provided by either government backed or other private mortgage default insurers.

(3) The province represents the location of the property in Canada. There are no foreign operations.

Residential mortgages portfolio by amortization period

The following table provides a summary of the company's residential mortgages by remaining amortization period based on the contractual terms of the mortgage agreement. The table below does not reflect the additional payments which may be made during the term of the mortgage.

(Thousands of Canadian dollars, except percentage amounts)

	September 30, 2022	
	Total (1)	
	$	%
Amortization period		
≤25 years	4,780,538	66.74
>25 years ≤30 years	2,307,698	32.22
>30 years ≤35 years	36,003	0.50
>35 years ≤40 years	38,673	0.54
>40 years	-	-
Total	7,162,912	100

(1) There are no foreign operations.

Uninsured average loan-to-value ratio: newly originated and acquired

The following table provides a summary of the company's average LTV ratio for newly originated and acquired uninsured residential mortgages and HELOCs by geographic regions.

	Three months ending September 30, 2022		
	Residential Mortgages	HELOCs	Total
	%	%	%
Canada (1)			
Atlantic	68.51	35.12	63.74
British Columbia	65.52	31.35	52.20
Prairies & Territories	68.60	-	68.60
Quebec	-	-	-
Ontario	67.27	30.66	59.63
Total	67.24	30.88	59.43

(1) The province represents the location of the property in Canada. There are no foreign operations.