

Residential Mortgages Disclosure

Third Quarter of 2020

A. Definition of Insured Mortgages

Borrowers purchasing a Residential house with a down payment of less than 20% of the purchase price require Mortgage Loan Insurance. Mortgages sanctioned with such insurance are called "Insured Mortgages". The insurance product is offered by Canada Mortgage and Housing Corporation (CMHC) and other authorised insurers to provide opportunity for borrowers to purchase a home with a down payment as low as 5%. All the insured mortgages at SBIC have been insured with CMHC only.

B. Disclosures:

Total Residential Mortgages and Home Equity Lines of Credit (HELOC) Portfolio Amount and Percentage that are Insured vs. Uninsured								
As on 30 th Sept 2020	Insured			Uninsured			(\$ in 000's)	
	Outstanding Amount	Outstanding Percentage	Outstanding Amount	Outstanding Percentage	Total			
Mortgages	21,998.54	22.80%	74,472.05	77.20%	96,470.59			
HELOC	0.00	0.00%	4,598.29	100.00%	4,598.29			
	21,998.54	21.76%	79,070.34	78.24%	101,068.89			
Provincial Breakdown of Total Residential Mortgages and HELOCs (\$ in 000's, % in brackets)								
As on 30 th Sept 2020	Mortgages				HELOC		Total	
Province	Insured		Uninsured		Uninsured		Total	
British Columbia	4,902.66	22.29%	20,984.09	28.18%	2,351.31	51.26%	28,244.07	27.94%
Ontario	17,095.88	77.71%	53,442.33	71.76%	2,240.98	48.74%	72,779.19	72.01%
New Brunswick	0.00	0.00%	45.62	0.06%	0.00	0.00%	45.62	0.05%
Outside of Canada	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%
Total	21,998.54	100%	74,472.05	100%	4,598.29	100%	101,068.89	100%

Total Residential Mortgages by Amortization Period

Initial Amortization Period	As Percentage of Total Portfolio
15-20 years	5.13%
21-25 years	63.22%
26-30 years	30.83%
Above 30 years	0.00%
less than 15 years	0.82%
Total	100.00%

Provincial Breakdown of Loan to Value Ratio (LTV) for the Newly Originated Uninsured Residential Mortgage Loans and HELOCs during Q3 of 2020 (Jun-Sept'20)

Province	Loan-to-Value Ratio (Average)	
	Residential Mortgages	Home Equity Lines of Credit*
British Columbia	66.80%	0.00%
Ontario	50.08%	39.87%
New Brunswick	-	-
Outside of Canada	0.00	0.00
Overall Average	55.44%	39.87%

* Where both mortgages and HELOC facilities have been approved against same property, the LTV for the HELOC cannot exceed above 65% of the value of the property.

C. Discussion on Potential Impact on Portfolio in the event of an economic downturn:

The Bank regularly conducts stress tests to consider the potential impact on its Residential mortgage portfolio due to adverse economic events, such as the impact of a downturn in real estate values in Vancouver and the pandemic impact on employment. The results indicate that since the bank has overall RM exposure of more than 65% in GTA and more than 70% of uninsured is also in GTA which has shown consistency in value and growth. Accordingly, the bank has adequate capital for such potential impact to be absorbed easily.