RFA BANK OF CANADA

B-20 RESIDENTIAL MORTGAGE GUIDELINES

PUBLIC DISCLOSURES

JUNE 30, 2026

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1. Overview

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

2. Insured and Uninsured Residential Mortgages

The Bank defines "insured" residential mortgage loans as any loan that has been insured individually or as part of a portfolio of loans, by either Canada Mortgage Housing Corporation ("CMHC") or one of two government backed private insurers in the Canadian market. The insurance policy protects the Bank in the event the borrower defaults on payments or is otherwise unable to meet the contractual obligations of the mortgage.

As of June 30, 2026, the Bank held $34.7 million of insured residential mortgages on its balance sheet. Approximately $27.7 million of these mortgages have been securitized through the National Housing Act Mortgage-Backed Securities ("NHA MBS") program. These NHA MBS pools have not yet been sold to investors and are held as a component of the Bank's liquid assets, as they can be readily converted to cash. The Bank also held $7.0 million of prime insured loans being held to maturity.

The Bank's uninsured portfolio, net of unamortized deferred costs and allowance for credit losses, totalled $2.4 billion as of June 30, 2026. This portfolio consists of $2.3 billion of Bank originated Alt-A mortgages, $105 million of third-party originated Alt-A mortgages, and $0.9 million uninsured prime Bank originated mortgages. Both Alt-A products are non-prime residential uninsured mortgages, consisting entirely of first mortgages that target a market segment that consists of credit-worthy, but generally under-served, borrowers who may not qualify for a prime residential mortgage.

Uninsured mortgages have an inherently higher credit risk than insured products. The Bank originates uninsured mortgages and mitigates this risk by adhering to credit policies and underwriting standards that are B-20 compliant. The Bank further reduces this risk by funding properties in predominantly urban areas where liquidity is higher.

For uninsured mortgages that have been acquired, the Bank mitigates credit risk by reviewing a sample of the original underwriting documents to ensure the credit quality is within the Bank's risk appetite. Additionally, the purchase contract allows the Bank to put back, within a specified time frame, mortgages that do not conform with the Bank's credit standards.

The tables below detail the geographic distribution and remaining amortization of the insured and uninsured residential mortgage loans that the Bank holds on-balance sheet, net of unamortized deferred costs and allowance for credit losses.

3. Residential Mortgages by Province

The Bank originates most of its uninsured RFA Alternative mortgages in Ontario, British Columbia, and Alberta. The Bank does not do business in Quebec; however, at times a small portion of its purchased insured mortgages may be located in that province. The table below shows a breakdown of the total portfolio by province:

(in thousands of $, except %)	Insured Residential Mortgages	Percentage of Insured by Province	Uninsured Residential Mortgages	Percentage of Uninsured by Province	Total	Percentage of Total by Province
						As at June 30, 2026
Ontario	14,758	42.5%	1,635,478	68.2%	$ 1,650,236	67.9%
Alberta	8,518	24.5%	357,238	14.9%	365,756	15.0%
British Columbia	8,249	23.8%	321,710	13.4%	329,959	13.6%
Atlantic	526	1.5%	46,314	1.9%	46,840	1.9%
Prairies	2,663	7.7%	36,677	1.5%	39,340	1.6%
Quebec	-	0.0%	-	0.0%	-	0.0%
	$ 34,714	100.0%	$ 2,397,417	100.0%	$ 2,432,131	100.0%
Insured vs. Uninsured Split	1.4%		98.6%		100.0%	

4. Insured and Uninsured Residential Mortgages by Effective Remaining Amortization Period

The table below shows the total portfolio breakdown by effective remaining amortization period as of Q2 2026.

(in thousands of $, except %)	≤ 20 years	> 20 and ≤ 25 years	> 25 and ≤ 30 years	> 30 and ≤ 35 years	> 35 years	Total
						As at June 30, 2026
Balance outstanding	$ 71,564	$ 292,574	$ 1,371,406	$ 696,587	$ -	$ 2,432,131
Percentage of total	2.9%	12.0%	56.4%	28.6%	0.0%	100.0%

5. Weighted Average LTV ratios for Uninsured Residential Mortgages Originated and Purchased

The table below shows the weighted average loan to value ("LTV") ratios for all uninsured mortgages originated during Q2 2026. There were no purchases in Q2 2026.

	For the three months ended June 30, 2026	
	Originated and held on balance sheet	
(in thousands of $, except %)	Volume	LTV
Ontario	$ 154,872	71.9%
Alberta	40,753	74.9%
British Columbia	28,160	72.9%
Prairies	2,952	73.6%
Atlantic	7,940	71.2%
	$ 234,677	72.6%

6. Economic Downturn

The Bank reviews the credit performance and credit quality of its mortgage portfolio on an ongoing basis and performs stress testing that includes scenarios that are based on potential adverse economic events. These scenarios include combinations of rising unemployment, increasing interest rates, declining real-estate values, as well as specific operational and reputational stress tests. Historical data has shown a strong correlation between mortgage default rates and macro-economic indicators such as rising unemployment and declining real estate values. Consequently, in an economic downturn, the Bank would expect an increase in mortgage defaults and losses on uninsured mortgages driven by these factors.

Forward-looking economic indicators are reviewed/monitored regularly by the Bank and integrated into its Expected Credit Loss provisioning. The Bank's stress testing indicates that it has sufficient capital to absorb stress events associated with an adverse economic event, albeit with reduced income due to increased credit losses.