

Alterna Bank - Quarterly Reporting

Residential Mortgage and Home Equity Lines of Credit (HELOC) Portfolio

Average LOAN TO VALUE ON NEWLY ORIGINATED UNINSURED RESIDENTIAL MORTGAGES AND HELOCS by Geographic location is:

PROVINCE	Q3, 2017	Q4, 2017	Q1, 2018	Q2, 2018
British Columbia	29.67%	0.00%	0.00%	0.00%
Ontario	72.35%	73.57%	73.14%	71.91%
Quebec	74.45%	72.43%	75.50%	70.55%
Total Newly Originated	71.25%	73.51%	73.58%	71.71%

AMORTIZATION PERIOD OF TOTAL RESIDENTIAL MORTGAGES AND HELOCS (%)

AMORTIZATION	Q3, 2017	Q4, 2017	Q1, 2018	Q2, 2018
	%	%	%	%
25 years or fewer	93.17%	84.57%	83.02%	86.79%
25 - 30 years	6.55%	15.31%	16.86%	13.21%
30 - 35 years	0.28%	0.12%	0.12%	0.00%
35 - 40 years	0.00%	0.00%	0.00%	0.00%
Over 40 years	0.00%	0.00%	0.00%	0.00%
Total	100.00%	100.00%	100.00%	100.00%

TOTAL RESIDENTIAL MORTGAGE LOANS AND HELOCS - INSURED VS UNINSURED (\$ 000's) (%)

	Q3, 2017		Q4, 2017		Q1, 2018		Q2, 2018	
	\$	%	\$	%	\$	%	\$	%
Insured*	205,044	69.42%	266,632	52.32%	244,071	47.98%	309,796	52.97%
Uninsured	90,343	30.58%	243,009	47.68%	264,629	52.02%	275,032	47.03%
Total	295,387	100.00%	509,641	100.00%	508,700	100.00%	584,828	100.00%

*Insured refers to mortgages insured against loss caused by default on the part of the borrower under a loan secured by real property.

TOTAL RESIDENTIAL MORTGAGE LOANS AND HELOCS - INSURED VS UNINSURED BY GEOGRAPHIC LOCATION (\$ 000's)

PROVINCE		Q3, 2017		Q4, 2017		Q1, 2018		Q2, 2018	
		\$	%	\$	%	\$	%	\$	%
AB	insured			29,065	5.70%	28,139	5.53%	41,807	7.15%
	uninsured			4,862	0.95%	2,334	0.46%	217	0.04%
BC	insured	1,222	0.41%	38,040	7.46%	35,159	6.91%	49,904	8.53%
	uninsured	973	0.33%	48,005	9.42%	58,977	11.59%	60,507	10.35%
MB	insured			4,492	0.88%	3,617	0.71%	6,605	1.13%
	uninsured			2,178	0.43%	1,461	0.29%	1,345	0.23%
NB	insured			649	0.13%	736	0.14%	730	0.12%
	uninsured			164	0.03%	162	0.03%	160	0.03%
NL	insured			525	0.10%	522	0.10%	518	0.09%
	uninsured			1,060	0.21%	479	0.09%	476	0.08%
NS	insured	309	0.10%	1,540	0.30%	1,526	0.30%	4,136	0.71%
	uninsured	-	0.00%	3,983	0.78%	706	0.14%	700	0.12%
ON	insured	154,985	52.48%	128,945	25.32%	111,489	21.92%	133,671	22.86%
	uninsured	23,894	8.09%	112,944	22.16%	130,731	25.70%	143,920	24.60%
PE	insured			204	0.04%	203	0.04%	200	0.03%
	uninsured			-	0.00%	-	0.00%	-	0.00%
QC	insured	48,528	16.43%	52,045	10.21%	54,003	10.62%	57,110	9.77%
	uninsured	65,476	22.16%	68,228	13.39%	67,136	13.20%	66,257	11.33%
SK	insured			11,127	2.18%	8,677	1.71%	15,115	2.58%
	uninsured			1,585	0.31%	2,643	0.52%	1,450	0.25%
Total	insured	205,044	69.42%	266,632	52.32%	244,071	47.98%	309,796	52.97%
	uninsured	90,343	30.58%	243,009	47.68%	264,629	52.02%	275,032	47.03%

Commentary

Management conducted a credit risk stress test in which properties in our geographical markets would be significantly devalued. The test indicated that this could result in a moderate increase in mortgage defaults which would lead to a moderate increase in the provision for loan losses and collection costs as well as a small reduction in net interest income. Management believes the Bank is well capitalized to absorb such losses.