

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	Q2, 2019	Q3, 2019	Q4, 2019	Q1, 2020
Ontario	66.65%	67.01%	65.76%	66.57%
Quebec	63.32%	68.12%	75.05%	66.45%
Total Newly Originated	64.25%	67.37%	70.43%	66.56%

AMORTIZATION PERIOD OF TOTAL RESIDENTIAL MORTGAGES AND HELOCS (%)

AMORTIZATION	Q2, 2019	Q3, 2019	Q4, 2019	Q1, 2020
	%	%	%	%
25 years or fewer	85.62%	86.23%	85.96%	87.17%
25 - 30 years	14.38%	13.77%	14.04%	12.83%
30 - 35 years	0.00%	0.00%	0.00%	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) (%)

	Q2, 2019		Q3, 2019		Q4, 2019		Q1, 2020	
	\$	%	\$	%	\$	%	\$	%
Insured*	405,374	58.02%	405,507	58.50%	488,263	62.03%	563,077	64.84%
Uninsured	293,253	41.98%	287,717	41.50%	298,903	37.97%	305,385	35.16%
Total	696,632	100.00%	693,388	100.00%	698,627	100.00%	868,462	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		Q2, 2019		Q3, 2019		Q4, 2019		Q1, 2020	
		\$	%	\$	%	\$	%	\$	%
AB	insured	70,459	10.09%	75,235	10.85%	92,360	11.73%	108,940	12.54%
	uninsured	-	0.00%	-	0.00%	-	0.00%	-	0.00%
BC	insured	92,887	13.30%	96,439	13.91%	143,659	18.25%	162,114	18.67%
	uninsured	63,845	9.14%	65,279	9.42%	77,796	9.88%	85,831	9.88%
MB	insured	9,226	1.32%	7,940	1.15%	9,347	1.19%	19,970	2.30%
	uninsured	1,327	0.19%	1,310	0.19%	1,302	0.17%	1,292	0.15%
NB	insured	1,077	0.15%	1,068	0.15%	1,059	0.13%	1,050	0.12%
	uninsured	150	0.02%	148	0.02%	146	0.02%	143	0.02%
NL	insured	832	0.12%	825	0.12%	818	0.10%	811	0.09%
	uninsured	461	0.07%	457	0.07%	453	0.06%	449	0.05%
NS	insured	855	0.12%	847	0.12%	828	0.11%	798	0.09%
	uninsured	679	0.10%	377	0.05%	374	0.05%	370	0.04%
ON	insured	157,947	22.59%	148,781	21.46%	155,708	19.80%	187,240	21.57%
	uninsured	171,223	24.51%	167,475	24.16%	166,326	21.12%	161,703	18.62%
PE	insured	193	0.03%	191	0.03%	189	0.02%	187	0.02%
	uninsured	-	0.00%	-	0.00%	-	0.00%	-	0.00%
QC	insured	51,390	7.36%	51,546	7.44%	57,416	7.29%	52,308	6.02%
	uninsured	54,446	7.79%	51,815	7.47%	51,656	6.56%	54,752	6.30%
SK	insured	20,508	2.94%	22,635	3.27%	26,879	3.41%	29,659	3.42%
	uninsured	1,122	0.16%	856	0.12%	850	0.11%	845	0.10%
Total	insured	405,374	58.02%	405,507	58.50%	488,263	62.03%	563,077	64.84%
	uninsured	293,253	41.98%	287,717	41.50%	298,903	37.97%	305,385	35.16%

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.