

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, 2019	Q4, 2019	Q1, 2020	Q2, 2020
British Columbia	0.00%	0.00%	0.00%	23.33%
Ontario	67.01%	65.76%	66.57%	73.54%
Quebec	68.12%	75.05%	66.45%	69.41%
Total Newly Originated	67.37%	70.43%	66.56%	72.31%

AMORTIZATION PERIOD OF TOTAL RESIDENTIAL MORTGAGES AND HELOCS (%)

AMORTIZATION	Q3, 2019	Q4, 2019	Q1, 2020	Q2, 2020
	%	%	%	%
25 years or fewer	86.23%	85.96%	87.17%	88.25%
25 - 30 years	13.77%	14.04%	12.83%	11.75%
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) (%)

	Q3, 2019		Q4, 2019		Q1, 2020		Q2, 2020	
	\$	%	\$	%	\$	%	\$	%
Insured*	405,507	58.50%	488,263	62.03%	563,077	64.84%	701,237	80.24%
Uninsured	287,717	41.50%	298,903	37.97%	305,385	35.16%	172,635	19.76%
Total	693,388	100.00%	698,627	100.00%	868,462	100.00%	873,872	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, 2019		Q4, 2019		Q1, 2020		Q2, 2020	
		\$	%	\$	%	\$	%	\$	%
AB	insured	75,235	10.85%	92,360	11.73%	108,940	12.54%	117,417	13.44%
	uninsured	-	0.00%	-	0.00%	-	0.00%	-	0.00%
BC	insured	96,439	13.91%	143,659	18.25%	162,114	18.67%	211,446	24.20%
	uninsured	65,279	9.42%	77,796	9.88%	85,831	9.88%	33,976	3.89%
MB	insured	7,940	1.15%	9,347	1.19%	19,970	2.30%	16,234	1.86%
	uninsured	1,310	0.19%	1,302	0.17%	1,292	0.15%	-	0.00%
NB	insured	1,068	0.15%	1,059	0.13%	1,050	0.12%	897	0.10%
	uninsured	148	0.02%	146	0.02%	143	0.02%	141	0.02%
NL	insured	825	0.12%	818	0.10%	811	0.09%	1,252	0.14%
	uninsured	457	0.07%	453	0.06%	449	0.05%	-	0.00%
NS	insured	847	0.12%	828	0.11%	798	0.09%	1,603	0.18%
	uninsured	377	0.05%	374	0.05%	370	0.04%	-	0.00%
ON	insured	148,781	21.46%	155,708	19.80%	187,240	21.56%	266,673	30.52%
	uninsured	167,475	24.16%	166,326	21.12%	161,703	18.62%	92,247	10.55%
PE	insured	191	0.03%	189	0.02%	187	0.02%	-	0.00%
	uninsured	-	0.00%	-	0.00%	-	0.00%	-	0.00%
QC	insured	51,546	7.44%	57,416	7.29%	52,308	6.02%	52,562	6.01%
	uninsured	51,815	7.47%	51,656	6.56%	54,752	6.30%	46,018	5.27%
SK	insured	22,635	3.27%	26,879	3.41%	29,659	3.42%	33,153	3.79%
	uninsured	856	0.12%	850	0.11%	845	0.10%	253	0.03%
Total	insured	405,507	58.50%	488,263	62.03%	563,077	64.83%	701,237	80.24%
	uninsured	287,717	41.50%	298,903	37.97%	305,385	35.16%	172,635	19.76%

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.