

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:

PROVINCE	Q4, 2020	Q1, 2021	Q2, 2021	Q3, 2021
British Columbia	52.00%	0.00%	0.00%	50.06%
Ontario	67.80%	69.10%	70.94%	64.47%
Quebec	73.66%	77.63%	76.58%	75.23%
Total Newly Originated	68.72%	70.71%	71.62%	66.22%

AMORTIZATION PERIOD OF TOTAL RESIDENTIAL MORTGAGES AND HELOCS (%)

AMORTIZATION	Q4, 2020	Q1, 2021	Q2, 2021	Q3, 2021
	%	%	%	%
25 years or fewer	90.19%	90.75%	93.62%	94.29%
25 - 30 years	9.81%	9.25%	6.38%	5.71%
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) (%)

	Q4, 2020		Q1, 2021		Q2, 2021		Q3, 2021	
	\$	%	\$	%	\$	%	\$	%
Insured*	588,640	79.34%	591,497	80.54%	752,226	84.01%	733,287	84.42%
Uninsured	153,312	20.66%	142,891	19.46%	143,143	15.99%	135,358	15.58%
Total	741,952	100.00%	734,388	100.00%	895,369	100.00%	868,645	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		Q4, 2020		Q1, 2021		Q2, 2021		Q3, 2021	
		\$	%	\$	%	\$	%	\$	%
AB	insured	113,474	15.29%	120,270	16.38%	156,022	17.43%	152,356	17.54%
	uninsured	-	0.00%	-	0.00%	-	0.00%	-	0.00%
BC	insured	185,612	25.02%	181,977	24.78%	200,465	22.39%	193,486	22.27%
	uninsured	30,059	4.05%	28,138	3.83%	25,420	2.84%	21,856	2.52%
MB	insured	12,266	1.65%	13,395	1.82%	36,781	4.11%	36,158	4.16%
	uninsured	-	0.00%	-	0.00%	-	0.00%	-	0.00%
NB	insured	1,202	0.16%	873	0.12%	8,065	0.90%	7,776	0.90%
	uninsured	136	0.02%	133	0.02%	577	0.06%	570	0.07%
NL	insured	791	0.11%	785	0.11%	19,378	2.16%	19,211	2.21%
	uninsured	-	0.00%	-	0.00%	-	0.00%	-	0.00%
NS	insured	1,214	0.16%	1,202	0.16%	42,639	4.76%	42,268	4.87%
	uninsured	149	0.02%	148	0.02%	294	0.03%	291	0.03%
ON	insured	198,281	26.74%	199,001	27.09%	200,421	22.38%	197,169	22.70%
	uninsured	80,280	10.82%	74,287	10.12%	75,825	8.48%	72,605	8.35%
PE	insured	-	0.00%	-	0.00%	823	0.09%	817	0.09%
	uninsured	-	0.00%	-	0.00%	-	0.00%	-	0.00%
QC	insured	46,541	6.27%	45,305	6.17%	59,349	6.63%	56,767	6.54%
	uninsured	42,438	5.72%	39,936	5.44%	40,780	4.55%	39,790	4.58%
SK	insured	29,259	3.94%	28,689	3.91%	28,283	3.16%	27,279	3.14%
	uninsured	250	0.03%	249	0.03%	247	0.03%	246	0.03%
Total	insured	588,640	79.34%	591,497	80.54%	752,226	84.01%	733,287	84.42%
	uninsured	153,312	20.66%	142,891	19.46%	143,143	15.99%	135,358	15.58%

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.