

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	Q1, 2020	Q2, 2020	Q3, 2020	Q4, 2020
British Columbia	0.00%	23.33%	0.00%	52.00%
Ontario	66.57%	73.54%	67.49%	67.80%
Quebec	66.45%	69.41%	62.98%	73.66%
Total Newly Originated	66.56%	72.31%	67.35%	68.72%

AMORTIZATION PERIOD OF TOTAL RESIDENTIAL MORTGAGES AND HELOCS (%)

AMORTIZATION	Q1, 2020	Q2, 2020	Q3, 2020	Q4, 2020
	%	%	%	%
25 years or fewer	87.17%	88.25%	88.64%	90.19%
25 - 30 years	12.83%	11.75%	11.36%	9.81%
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) (%)

	Q1, 2020		Q2, 2020		Q3, 2020		Q4, 2020	
	\$	%	\$	%	\$	%	\$	%
Insured*	563,077	64.84%	701,237	80.24%	673,415	80.53%	588,640	79.34%
Uninsured	305,385	35.16%	172,635	19.76%	162,819	19.47%	153,312	20.66%
Total	868,462	100.00%	873,872	100.00%	836,234	100.00%	741,952	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		Q1, 2020		Q2, 2020		Q3, 2020		Q4, 2020	
		\$	%	\$	%	\$	%	\$	%
AB	insured	108,940	12.54%	117,417	13.44%	113,410	13.56%	113,474	15.29%
	uninsured	-	0.00%	-	0.00%	-	0.00%	-	0.00%
BC	insured	162,114	18.67%	211,446	24.20%	206,291	24.67%	185,612	25.02%
	uninsured	85,831	9.88%	33,976	3.89%	31,181	3.73%	30,059	4.05%
MB	insured	19,970	2.30%	16,234	1.86%	15,518	1.86%	12,266	1.65%
	uninsured	1,292	0.15%	-	0.00%	-	0.00%	-	0.00%
NB	insured	1,050	0.12%	897	0.10%	889	0.11%	1,202	0.16%
	uninsured	143	0.02%	141	0.02%	138	0.02%	136	0.02%
NL	insured	811	0.09%	1,252	0.14%	1,241	0.15%	791	0.11%
	uninsured	449	0.05%	-	0.00%	-	0.00%	-	0.00%
NS	insured	798	0.09%	1,603	0.18%	1,584	0.19%	1,214	0.16%
	uninsured	370	0.04%	-	0.00%	-	0.00%	149	0.02%
ON	insured	187,240	21.56%	266,673	30.52%	251,273	30.04%	198,281	26.74%
	uninsured	161,703	18.62%	92,247	10.55%	87,077	10.41%	80,280	10.82%
PE	insured	187	0.02%	-	0.00%	-	0.00%	-	0.00%
	uninsured	-	0.00%	-	0.00%	-	0.00%	-	0.00%
QC	insured	52,308	6.02%	52,562	6.01%	50,529	6.04%	46,541	6.27%
	uninsured	54,752	6.30%	46,018	5.27%	44,171	5.28%	42,438	5.72%
SK	insured	29,659	3.42%	33,153	3.79%	32,680	3.91%	29,259	3.94%
	uninsured	845	0.10%	253	0.03%	252	0.03%	250	0.03%
Total	insured	563,077	64.83%	701,237	80.24%	673,415	80.53%	588,640	79.34%
	uninsured	305,385	35.16%	172,635	19.76%	162,819	19.47%	153,312	20.66%

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.