

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, 2018	Q4, 2018	Q1, 2019	Q2, 2019
Ontario	71.10%	69.56%	71.55%	66.65%
Manitoba	1.56%	0.00%	0.00%	0.00%
Quebec	75.37%	69.81%	63.87%	63.32%
Total Newly Originated	72.40%	69.66%	70.99%	64.25%

AMORTIZATION PERIOD OF TOTAL RESIDENTIAL MORTGAGES AND HELOCS (%)				
AMORTIZATION	Q3, 2018	Q4, 2018	Q1, 2019	Q2, 2019
	%	%	%	%
25 years or fewer	87.55%	81.58%	84.25%	85.62%
25 - 30 years	12.45%	18.42%	15.75%	14.38%
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, 2018		Q4, 2018		Q1, 2019		Q2, 2019	
	\$	%	\$	%	\$	%	\$	%
Insured*	392,459	54.10%	398,490	57.20%	397,623	57.35%	405,374	58.02%
Uninsured	332,915	45.90%	298,142	42.80%	295,765	42.65%	293,253	41.98%
Total	725,374	100.00%	696,632	100.00%	693,388	100.00%	698,627	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, 2018		Q4, 2018		Q1, 2019		Q2, 2019	
		\$	%	\$	%	\$	%	\$	%
AB	insured	63,354	8.73%	62,536	8.98%	69,034	9.96%	70,459	10.09%
	uninsured	1,712	0.24%	218	0.03%	-	0.00%	-	0.00%
BC	insured	80,000	11.03%	78,714	11.30%	78,852	11.37%	92,887	13.30%
	uninsured	71,803	9.90%	65,762	9.44%	63,949	9.22%	63,845	9.14%
MB	insured	9,537	1.31%	8,528	1.22%	7,796	1.12%	9,226	1.32%
	uninsured	2,227	0.31%	1,358	0.19%	1,350	0.19%	1,327	0.19%
NB	insured	1,612	0.22%	1,510	0.22%	1,087	0.16%	1,077	0.15%
	uninsured	157	0.02%	155	0.02%	153	0.02%	150	0.02%
NL	insured	748	0.10%	1,016	0.15%	1,000	0.14%	832	0.12%
	uninsured	747	0.10%	468	0.07%	464	0.07%	461	0.07%
NS	insured	850	0.12%	1,030	0.15%	1,414	0.20%	855	0.12%
	uninsured	907	0.13%	690	0.10%	684	0.10%	679	0.10%
ON	insured	156,205	21.54%	167,219	23.99%	166,295	23.99%	157,947	22.59%
	uninsured	183,406	25.28%	165,340	23.74%	163,257	23.55%	171,223	24.51%
PE	insured	3,849	0.53%	197	0.03%	195	0.03%	193	0.03%
	uninsured	-	0.00%	-	0.00%	-	0.00%	-	0.00%
QC	insured	65,395	9.02%	59,898	8.60%	54,269	7.83%	51,390	7.36%
	uninsured	70,391	9.70%	63,013	9.05%	64,778	9.34%	54,446	7.79%
SK	insured	10,909	1.50%	17,842	2.56%	17,681	2.55%	20,508	2.94%
	uninsured	1,565	0.22%	1,138	0.16%	1,130	0.16%	1,122	0.16%
Total	insured	392,459	54.10%	398,490	57.20%	397,623	57.35%	405,374	58.02%
	uninsured	332,915	45.90%	298,142	42.80%	295,765	42.65%	293,253	41.98%

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.