

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	Q3, 2021	Q4, 2021	Q1, 2022	Q2, 2022
British Columbia	50.06%	0.00%	0.00%	0.00%
Ontario	64.47%	68.74%	72.07%	65.51%
Quebec	75.23%	67.18%	65.37%	67.97%
Total Newly Originated	66.22%	68.49%	71.26%	65.96%

AMORTIZATION PERIOD OF TOTAL RESIDENTIAL MORTGAGES AND HELOCS (%)

AMORTIZATION	Q3, 2021	Q4, 2021	Q1, 2022	Q2, 2022
	%	%	%	%
25 years or fewer	94.29%	94.44%	93.27%	93.00%
25 - 30 years	5.71%	5.56%	6.73%	7.00%
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, 2021		Q4, 2021		Q1, 2022		Q2, 2022	
	\$	%	\$	%	\$	%	\$	%
Insured*	733,287	84.42%	733,684	85.12%	817,307	86.74%	857,631	87.70%
Uninsured	135,358	15.58%	128,259	14.88%	124,928	13.26%	120,235	12.30%
Total	868,645	100.00%	861,943	100.00%	942,235	100.00%	977,866	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, 2021		Q4, 2021		Q1, 2022		Q2, 2022	
		\$	%	\$	%	\$	%	\$	%
AB	insured	152,356	17.54%	156,081	18.11%	192,201	20.40%	215,765	22.06%
	uninsured	-	0.00%	-	0.00%	-	0.00%	306	0.03%
BC	insured	193,486	22.27%	189,801	22.02%	193,843	20.57%	196,537	20.10%
	uninsured	21,856	2.52%	20,585	2.39%	18,468	1.96%	16,550	1.69%
MB	insured	36,158	4.16%	35,923	4.17%	35,873	3.81%	35,507	3.63%
	uninsured	-	0.00%	-	0.00%	-	0.00%	248	0.03%
NB	insured	7,776	0.90%	7,553	0.88%	7,655	0.81%	7,581	0.78%
	uninsured	570	0.07%	562	0.07%	531	0.06%	414	0.04%
NL	insured	19,211	2.21%	19,043	2.21%	19,875	2.11%	19,923	2.04%
	uninsured	-	0.00%	-	0.00%	-	0.00%	-	0.00%
NS	insured	42,268	4.87%	42,149	4.89%	41,782	4.43%	40,760	4.17%
	uninsured	291	0.03%	288	0.03%	285	0.03%	283	0.03%
ON	insured	197,169	22.70%	197,283	22.88%	224,706	23.85%	226,954	23.20%
	uninsured	72,605	8.35%	67,302	7.80%	66,455	7.05%	62,179	6.37%
PE	insured	817	0.09%	1,110	0.13%	824	0.09%	1,077	0.11%
	uninsured	-	0.00%	-	0.00%	-	0.00%	-	0.00%
QC	insured	56,767	6.54%	56,234	6.52%	64,729	6.87%	74,495	7.62%
	uninsured	39,790	4.58%	39,278	4.56%	38,946	4.13%	40,014	4.09%
SK	insured	27,279	3.14%	28,507	3.31%	35,819	3.80%	39,032	3.99%
	uninsured	246	0.03%	244	0.03%	243	0.03%	241	0.02%
Total	insured	733,287	84.42%	733,684	85.12%	817,307	86.74%	857,631	87.70%
	uninsured	135,358	15.58%	128,259	14.88%	124,928	13.26%	120,235	12.30%

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.