

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	Q4, 2017	Q1, 2018	Q2, 2018	Q3, 2018
Ontario	73.57%	73.14%	71.91%	71.10%
Manitoba	0.00%	0.00%	0.00%	1.56%
Quebec	72.43%	75.50%	70.55%	75.37%
Total Newly Originated	73.51%	73.58%	71.71%	72.40%

AMORTIZATION PERIOD OF TOTAL RESIDENTIAL MORTGAGES AND HELOCS (%)

AMORTIZATION	Q4, 2017	Q1, 2018	Q2, 2018	Q3, 2018
	%	%	%	%
25 years or fewer	84.57%	83.02%	86.79%	87.55%
25 - 30 years	15.31%	16.86%	13.21%	12.45%
30 - 35 years	0.12%	0.12%	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, 2017		Q1, 2018		Q2, 2018		Q3, 2018	
	\$	%	\$	%	\$	%	\$	%
Insured*	266,632	52.32%	244,071	47.98%	309,796	52.97%	392,459	54.10%
Uninsured	243,009	47.68%	264,629	52.02%	275,032	47.03%	332,915	45.90%
Total	509,641	100.00%	508,700	100.00%	584,828	100.00%	725,374	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, 2017		Q1, 2018		Q2, 2018		Q3, 2018	
		\$	%	\$	%	\$	%	\$	%
AB	insured	29,065	5.70%	28,139	5.53%	41,807	7.15%	63,354	8.73%
	uninsured	4,862	0.95%	2,334	0.46%	217	0.04%	1,712	0.24%
BC	insured	38,040	7.46%	35,159	6.91%	49,904	8.53%	80,000	11.03%
	uninsured	48,005	9.42%	58,977	11.59%	60,507	10.35%	71,803	9.90%
MB	insured	4,492	0.88%	3,617	0.71%	6,605	1.13%	9,537	1.31%
	uninsured	2,178	0.43%	1,461	0.29%	1,345	0.23%	2,227	0.31%
NB	insured	649	0.13%	736	0.14%	730	0.12%	1,612	0.22%
	uninsured	164	0.03%	162	0.03%	160	0.03%	157	0.02%
NL	insured	525	0.10%	522	0.10%	518	0.09%	748	0.10%
	uninsured	1,060	0.21%	479	0.09%	476	0.08%	747	0.10%
NS	insured	1,540	0.30%	1,526	0.30%	4,136	0.71%	850	0.12%
	uninsured	3,983	0.78%	706	0.14%	700	0.12%	907	0.13%
ON	insured	128,945	25.32%	111,489	21.92%	133,671	22.86%	156,205	21.54%
	uninsured	112,944	22.16%	130,731	25.70%	143,920	24.60%	183,406	25.28%
PE	insured	204	0.04%	203	0.04%	200	0.03%	3,849	0.53%
	uninsured	-	0.00%	-	0.00%	-	0.00%	-	0.00%
QC	insured	52,045	10.21%	54,003	10.62%	57,110	9.77%	65,395	9.02%
	uninsured	68,228	13.39%	67,136	13.20%	66,257	11.33%	70,391	9.70%
SK	insured	11,127	2.18%	8,677	1.71%	15,115	2.58%	10,909	1.50%
	uninsured	1,585	0.31%	2,643	0.52%	1,450	0.25%	1,565	0.22%
Total	insured	266,632	52.32%	244,071	47.98%	309,796	52.97%	392,459	54.10%
	uninsured	243,009	47.68%	264,629	52.02%	275,032	47.03%	332,915	45.90%

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.