

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, 2020	Q4, 2020	Q1, 2021	Q2, 2021
British Columbia	0.00%	52.00%	0.00%	0.00%
Ontario	67.49%	67.80%	69.10%	70.94%
Quebec	62.98%	73.66%	77.63%	76.58%
Total Newly Originated	67.35%	68.72%	70.71%	71.62%

AMORTIZATION PERIOD OF TOTAL RESIDENTIAL MORTGAGES AND HELOCS (%)

AMORTIZATION	Q3, 2020	Q4, 2020	Q1, 2021	Q2, 2021
	%	%	%	%
25 years or fewer	88.64%	90.19%	90.75%	93.62%
25 - 30 years	11.36%	9.81%	9.25%	6.38%
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, 2020		Q4, 2020		Q1, 2021		Q2, 2021	
	\$	%	\$	%	\$	%	\$	%
Insured*	673,415	80.53%	588,640	79.34%	591,497	80.54%	752,226	84.01%
Uninsured	162,819	19.47%	153,312	20.66%	142,891	19.46%	143,143	15.99%
Total	836,234	100.00%	741,952	100.00%	734,388	100.00%	895,369	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, 2020		Q4, 2020		Q1, 2021		Q2, 2021	
		\$	%	\$	%	\$	%	\$	%
AB	insured	113,410	13.56%	113,474	15.29%	120,270	16.38%	156,022	17.43%
	uninsured	-	0.00%	-	0.00%	-	0.00%	-	0.00%
BC	insured	206,291	24.67%	185,612	25.02%	181,977	24.78%	200,465	22.39%
	uninsured	31,181	3.73%	30,059	4.05%	28,138	3.83%	25,420	2.84%
MB	insured	15,518	1.86%	12,266	1.65%	13,395	1.82%	36,781	4.11%
	uninsured	-	0.00%	-	0.00%	-	0.00%	-	0.00%
NB	insured	889	0.11%	1,202	0.16%	873	0.12%	8,065	0.90%
	uninsured	138	0.02%	136	0.02%	133	0.02%	577	0.06%
NL	insured	1,241	0.15%	791	0.11%	785	0.11%	19,378	2.16%
	uninsured	-	0.00%	-	0.00%	-	0.00%	-	0.00%
NS	insured	1,584	0.19%	1,214	0.16%	1,202	0.16%	42,639	4.76%
	uninsured	-	0.00%	149	0.02%	148	0.02%	294	0.03%
ON	insured	251,273	30.04%	198,281	26.74%	199,001	27.09%	200,421	22.38%
	uninsured	87,077	10.41%	80,280	10.82%	74,287	10.12%	75,825	8.48%
PE	insured	-	0.00%	-	0.00%	-	0.00%	823	0.09%
	uninsured	-	0.00%	-	0.00%	-	0.00%	-	0.00%
QC	insured	50,529	6.04%	46,541	6.27%	45,305	6.17%	59,349	6.63%
	uninsured	44,171	5.28%	42,438	5.72%	39,936	5.44%	40,780	4.55%
SK	insured	32,680	3.91%	29,259	3.94%	28,689	3.91%	28,283	3.16%
	uninsured	252	0.03%	250	0.03%	249	0.03%	247	0.03%
Total	insured	673,415	80.53%	588,640	79.34%	591,497	80.54%	752,226	84.01%
	uninsured	162,819	19.47%	153,312	20.66%	142,891	19.46%	143,143	15.99%

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.