

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, 2016	Q4, 2016	Q1, 2017	Q2, 2017
British Columbia	73.53%	0.00%	0.00%	0.00%
Ontario	73.54%	71.67%	79.19%	69.12%
Quebec	72.30%	73.25%	70.41%	70.30%
Total Newly Originated	72.61%	72.98%	69.42%	70.05%

AMORTIZATION PERIOD OF TOTAL RESIDENTIAL MORTGAGES AND HELOCS (%)

AMORTIZATION	Q3, 2016	Q4, 2016	Q1, 2017	Q2, 2017
	%	%	%	%
25 years or fewer	94.97%	91.77%	94.51%	97.53%
25 - 30 years	5.03%	8.23%	5.49%	2.47%
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, 2016		Q4, 2016		Q1, 2017		Q2, 2017	
	\$	%	\$	%	\$	%	\$	%
Insured*	112,182	58.88%	110,953	57.76%	85,893	51.16%	77,979	49.24%
Uninsured	78,342	41.12%	81,140	42.24%	81,985	48.84%	80,388	50.76%
Total	190,524	100.00%	192,093	100.00%	167,878	100.00%	158,367	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, 2016		Q4, 2016		Q1, 2017		Q2, 2017	
		\$	%	\$	%	\$	%	\$	%
BC	insured	1,267	0.67%	1,256	0.65%	1,244	0.74%	1,233	0.78%
	uninsured	415	0.22%	410	0.21%	405	0.24%	400	0.25%
Ontario	insured	57,918	30.40%	57,056	29.70%	32,441	19.32%	26,927	17.00%
	uninsured	15,749	8.27%	16,761	8.73%	17,458	10.40%	17,035	10.76%
Nova Scotia	insured	319	0.17%	317	0.17%	314	0.19%	312	0.20%
	uninsured	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Quebec	insured	52,678	27.64%	52,324	27.24%	51,894	30.91%	49,507	31.26%
	uninsured	62,178	32.63%	63,969	33.30%	64,122	38.20%	62,953	39.75%
Total	insured	112,182	58.88%	110,953	57.76%	85,893	51.16%	77,979	49.24%
	uninsured	78,342	41.12%	81,140	42.24%	81,985	48.84%	80,388	50.76%

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.