

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	Q2, 2017	Q3, 2017	Q4, 2017	Q1, 2018
British Columbia	0.00%	29.67%	0.00%	0.00%
Ontario	69.12%	72.35%	73.57%	72.38%
Quebec	70.30%	74.45%	72.43%	72.63%
Total Newly Originated	70.05%	71.25%	73.51%	72.42%

AMORTIZATION PERIOD OF TOTAL RESIDENTIAL MORTGAGES AND HELOCS (%)

AMORTIZATION	Q2, 2017	Q3, 2017	Q4, 2017	Q1, 2018
	%	%	%	%
25 years or fewer	97.53%	93.17%	84.57%	83.02%
25 - 30 years	2.47%	6.55%	15.31%	16.86%
30 - 35 years	0.00%	0.28%	0.12%	0.12%
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) (%)

	Q2, 2017		Q3, 2017		Q4, 2017		Q1, 2018	
	\$	%	\$	%	\$	%	\$	%
Insured*	77,979	49.24%	205,044	69.42%	266,632	52.32%	244,071	47.98%
Uninsured	80,388	50.76%	90,343	30.58%	243,009	47.68%	264,629	52.02%
Total	158,367	100.00%	295,387	100.00%	509,641	100.00%	508,700	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		Q2, 2017		Q3, 2017		Q4, 2017		Q1, 2018	
		\$	%	\$	%	\$	%	\$	%
AB	insured					29,065	5.70%	28,139	5.53%
	uninsured					4,862	0.95%	2,334	0.46%
BC	insured	1,233	0.78%	1,222	0.41%	38,040	7.46%	35,159	6.91%
	uninsured	400	0.25%	973	0.33%	48,005	9.42%	58,977	11.59%
MB	insured					4,492	0.88%	3,617	0.71%
	uninsured					2,178	0.43%	1,461	0.29%
NB	insured					649	0.13%	736	0.14%
	uninsured					164	0.03%	162	0.03%
NL	insured					525	0.10%	522	0.10%
	uninsured					1,060	0.21%	479	0.09%
NS	insured	312	0.20%	309	0.10%	1,540	0.30%	1,526	0.30%
	uninsured	-	0.00%	-	0.00%	3,983	0.78%	706	0.14%
ON	insured	26,927	17.00%	154,985	52.48%	128,945	25.32%	111,489	21.92%
	uninsured	17,035	10.76%	23,894	8.09%	112,944	22.16%	130,731	25.70%
PE	insured					204	0.04%	203	0.04%
	uninsured					-	0.00%	-	0.00%
QC	insured	49,507	31.26%	48,528	16.43%	52,045	10.21%	54,003	10.62%
	uninsured	62,953	39.75%	65,476	22.16%	68,228	13.39%	67,136	13.20%
SK	insured					11,127	2.18%	8,677	1.71%
	uninsured					1,585	0.31%	2,643	0.52%
Total	insured	77,979	49.24%	205,044	69.42%	266,632	52.32%	244,071	47.98%
	uninsured	80,388	50.76%	90,343	30.58%	243,009	47.68%	264,629	52.02%

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.