

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, 2015	Q1, 2016	Q2, 2016	Q3, 2016
British Columbia	0.00%	0.00%	0.00%	73.53%
Ontario	57.67%	66.70%	72.75%	73.54%
Quebec	66.78%	76.16%	71.94%	72.30%
Total Newly Originated	69.04%	74.30%	72.14%	72.61%

AMORTIZATION PERIOD OF TOTAL RESIDENTIAL MORTGAGES AND HELOCS (%)

AMORTIZATION	Q4, 2015	Q1, 2016	Q2, 2016	Q3, 2016
	%	%	%	%
25 years or fewer	94.86%	95.85%	96.16%	94.97%
25 - 30 years	5.06%	4.00%	3.84%	5.03%
30 - 35 years	0.08%	0.15%	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, 2015		Q1, 2016		Q2, 2016		Q3, 2016	
	\$	%	\$	%	\$	%	\$	%
Insured*	66,397	47.34%	67,893	48.54%	73,334	50.47%	112,182	58.88%
Uninsured	73,869	52.66%	71,963	51.46%	71,959	49.53%	78,342	41.12%
Total	140,266	100.00%	139,856	100.00%	145,293	100.00%	190,524	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, 2015		Q1, 2016		Q2, 2016		Q3, 2016	
		\$	%	\$	%	\$	%	\$	%
BC	insured	386	0.28%	1,291	0.92%	1,280	0.88%	1,267	0.67%
	uninsured	0	0.00%	0	0.00%	0	0.00%	415	0.22%
Ontario	insured	18,031	12.85%	17,793	12.72%	17,726	12.20%	57,918	30.40%
	uninsured	12,750	9.09%	17,898	12.80%	18,853	12.98%	15,749	8.27%
Nova Scotia	insured	0	0.00%	0	0.00%	0	0.00%	319	0.17%
	uninsured	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Quebec	insured	47,980	34.21%	48,809	34.90%	54,328	37.39%	52,678	27.64%
	uninsured	61,119	43.57%	54,065	38.66%	53,106	36.55%	62,178	32.63%
Total	insured	66,397	47.34%	67,893	48.54%	73,334	50.47%	112,182	58.88%
	uninsured	73,869	52.66%	71,963	51.46%	71,959	49.53%	78,342	41.12%

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.