

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, 2015	Q3, 2015	Q4, 2015	Q1, 2016
Ontario	74.05%	76.49%	57.67%	66.70%
Quebec	72.92%	67.70%	66.78%	76.16%
Total Newly Originated	70.38%	71.75%	69.04%	74.30%

AMORTIZATION PERIOD OF TOTAL RESIDENTIAL MORTGAGES AND HELOCS (%)

AMORTIZATION	Q2, 2015	Q3, 2015	Q4, 2015	Q1, 2016
	%	%	%	%
25 years or fewer	92.47%	77.97%	94.86%	95.85%
25 - 30 years	7.45%	19.59%	5.06%	4.00%
30 - 35 years	0.08%	2.44%	0.08%	0.15%
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, 2015		Q3, 2015		Q4, 2015		Q1, 2016	
	\$	%	\$	%	\$	%	\$	%
Insured*	53,787	37.73%	63,078	45.14%	66,397	47.34%	67,893	48.54%
Uninsured	88,775	62.27%	76,651	54.86%	73,869	52.66%	71,963	51.46%
Total	142,562	100.00%	139,729	100.00%	140,266	100.00%	139,856	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, 2015		Q3, 2015		Q4, 2015		Q1, 2016	
		\$	%	\$	%	\$	%	\$	%
BC	insured	392	0.27%	389	0.28%	386	0.28%	1,291	0.92%
	uninsured	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Ontario	insured	11,575	8.12%	17,586	12.59%	18,031	12.85%	17,793	12.72%
	uninsured	20,151	14.13%	14,140	10.12%	12,750	9.09%	17,898	12.80%
Quebec	insured	41,820	29.34%	45,103	32.27%	47,980	34.21%	48,809	34.90%
	uninsured	68,624	48.14%	62,511	44.74%	61,119	43.57%	54,065	38.66%
Total	insured	53,787	37.73%	63,078	45.14%	66,397	47.34%	67,893	48.54%
	uninsured	88,775	62.27%	76,651	54.86%	73,869	52.66%	71,963	51.46%

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.