

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	Q1, 2016	Q2, 2016	Q3, 2016	Q4, 2016
British Columbia	0.00%	0.00%	73.53%	0.00%
Ontario	66.70%	72.75%	73.54%	71.67%
Quebec	76.16%	71.94%	72.30%	73.25%
Total Newly Originated	74.30%	72.14%	72.61%	72.98%

AMORTIZATION PERIOD OF TOTAL RESIDENTIAL MORTGAGES AND HELOCS (%)

AMORTIZATION	Q1, 2016	Q2, 2016	Q3, 2016	Q4, 2016
	%	%	%	%
25 years or fewer	95.85%	96.16%	94.97%	91.77%
25 - 30 years	4.00%	3.84%	5.03%	8.23%
30 - 35 years	0.15%	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) (%)

	Q1, 2016		Q2, 2016		Q3, 2016		Q4, 2016	
	\$	%	\$	%	\$	%	\$	%
Insured*	67,893	48.54%	73,334	50.47%	112,182	58.88%	110,953	57.76%
Uninsured	71,963	51.46%	71,959	49.53%	78,342	41.12%	81,140	42.24%
Total	139,856	100.00%	145,293	100.00%	190,524	100.00%	192,093	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		Q1, 2016		Q2, 2016		Q3, 2016		Q4, 2016	
		\$	%	\$	%	\$	%	\$	%
BC	insured	1,291	0.92%	1,280	0.88%	1,267	0.67%	1,256	0.65%
	uninsured	0	0.00%	0	0.00%	415	0.22%	410	0.21%
Ontario	insured	17,793	12.72%	17,726	12.20%	57,918	30.40%	57,056	29.70%
	uninsured	17,898	12.80%	18,853	12.98%	15,749	8.27%	16,761	8.73%
Nova Scotia	insured	0	0.00%	0	0.00%	319	0.17%	317	0.17%
	uninsured	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Quebec	insured	48,809	34.90%	54,328	37.39%	52,678	27.64%	52,324	27.24%
	uninsured	54,065	38.66%	53,106	36.55%	62,178	32.63%	63,969	33.30%
Total	insured	67,893	48.54%	73,334	50.47%	112,182	58.88%	110,953	57.76%
	uninsured	71,963	51.46%	71,959	49.53%	78,342	41.12%	81,140	42.24%

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.