

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, 2016	Q1, 2017	Q2, 2017	Q3, 2017
British Columbia	0.00%	0.00%	0.00%	29.67%
Ontario	71.67%	79.19%	69.12%	72.35%
Quebec	73.25%	70.41%	70.30%	74.45%
Total Newly Originated	72.98%	69.42%	70.05%	71.25%

AMORTIZATION PERIOD OF TOTAL RESIDENTIAL MORTGAGES AND HELOCS (%)

AMORTIZATION	Q4, 2016	Q1, 2017	Q2, 2017	Q3, 2017
	%	%	%	%
25 years or fewer	91.77%	94.51%	97.53%	99.72%
25 - 30 years	8.23%	5.49%	2.47%	0.28%
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) (%)

	Q4, 2016		Q1, 2017		Q2, 2017		Q3, 2017	
	\$	%	\$	%	\$	%	\$	%
Insured*	110,953	57.76%	85,893	51.16%	77,979	49.24%	205,044	69.42%
Uninsured	81,140	42.24%	81,985	48.84%	80,388	50.76%	90,343	30.58%
Total	192,093	100.00%	167,878	100.00%	158,367	100.00%	295,387	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, 2016		Q1, 2017		Q2, 2017		Q3, 2017	
		\$	%	\$	%	\$	%	\$	%
BC	insured	1,256	0.65%	1,244	0.74%	1,233	0.78%	1,222	0.41%
	uninsured	410	0.21%	405	0.24%	400	0.25%	973	0.33%
Ontario	insured	57,056	29.70%	32,441	19.32%	26,927	17.00%	154,985	52.48%
	uninsured	16,761	8.73%	17,458	10.40%	17,035	10.76%	23,894	8.09%
Nova Scotia	insured	317	0.17%	314	0.19%	312	0.20%	309	0.10%
	uninsured	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Quebec	insured	52,324	27.24%	51,894	30.91%	49,507	31.26%	48,528	16.43%
	uninsured	63,969	33.30%	64,122	38.20%	62,953	39.75%	65,476	22.16%
Total	insured	110,953	57.76%	85,893	51.16%	77,979	49.24%	205,044	69.42%
	uninsured	81,140	42.24%	81,985	48.84%	80,388	50.76%	90,343	30.58%

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.