

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, 2017	Q2, 2017	Q3, 2017	Q4, 2017
British Columbia	0.00%	0.00%	29.67%	0.00%
Ontario	79.19%	69.12%	72.35%	73.57%
Quebec	70.41%	70.30%	74.45%	72.43%
Total Newly Originated	69.42%	70.05%	71.25%	73.51%

AMORTIZATION PERIOD OF TOTAL RESIDENTIAL MORTGAGES AND HELOCS (%)

AMORTIZATION	Q1, 2017	Q2, 2017	Q3, 2017	Q4, 2017
	%	%	%	%
25 years or fewer	94.51%	97.53%	93.17%	84.57%
25 - 30 years	5.49%	2.47%	6.55%	15.31%
30 - 35 years	0.00%	0.00%	0.28%	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) (%)

	Q1, 2017		Q2, 2017		Q3, 2017		Q4, 2017	
	\$	%	\$	%	\$	%	\$	%
Insured*	85,893	51.16%	77,979	49.24%	205,044	69.42%	266,632	52.32%
Uninsured	81,985	48.84%	80,388	50.76%	90,343	30.58%	243,009	47.68%
Total	167,878	100.00%	158,367	100.00%	295,387	100.00%	509,641	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, 2017		Q2, 2017		Q3, 2017		Q4, 2017	
		\$	%	\$	%	\$	%	\$	%
AB	insured							29,065	5.70%
	uninsured							4,862	0.95%
BC	insured	1,244	0.74%	1,233	0.78%	1,222	0.41%	38,040	7.46%
	uninsured	405	0.24%	400	0.25%	973	0.33%	48,005	9.42%
MB	insured							4,492	0.88%
	uninsured							2,178	0.43%
NB	insured							649	0.13%
	uninsured							164	0.03%
NL	insured							525	0.10%
	uninsured							1,060	0.21%
Nova Scotia	insured	314	0.19%	312	0.20%	309	0.10%	1,540	0.30%
	uninsured	-	0.00%	-	0.00%	-	0.00%	3,983	0.78%
Ontario	insured	32,441	19.32%	26,927	17.00%	154,985	52.48%	128,945	25.32%
	uninsured	17,458	10.40%	17,035	10.76%	23,894	8.09%	112,944	22.16%
PE	insured							204	0.04%
	uninsured							-	0.00%
Quebec	insured	51,894	30.91%	49,507	31.26%	48,528	16.43%	52,045	10.21%
	uninsured	64,122	38.20%	62,953	39.75%	65,476	22.16%	68,228	13.39%
SK	insured							11,127	2.18%
	uninsured							1,585	0.31%
Total	insured	85,893	51.16%	77,979	49.24%	205,044	69.42%	266,632	52.32%
	uninsured	81,985	48.84%	80,388	50.76%	90,343	30.58%	243,009	47.68%

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.