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, 2016	Q3, 2016	Q4, 2016	Q1, 2017				
British Columbia	0.00%	73.53%	0.00%	0.00%				
Ontario	72.75%	73.54%	71.67%	79.19%				
Quebec	71.94%	72.30%	73.25%	70.41%				
Total Newly Originated	72.14%	72.61%	72.98%	69.42%				

AMORTIZATION PERIOD OF TOTAL RESIDENTIAL MORTGAGES AND HELOCS (%)							
AMORTIZATION	Q2, 2016	Q3, 2016	Q4, 2016	Q1, 2017			
	%	%	%	%			
25 years or fewer	96.16%	94.97%	91.77%	94.51%			
25 - 30 years	3.84%	5.03%	8.23%	5.49%			
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) (%)									
	Q2, 2016		Q3, 2016		Q4, 2016		Q1, 2017		
	\$	%	\$	%	\$	%	\$	%	
Insured*	73,334	50.47%	112,182	58.88%	110,953	57.76%	85,893	51.16%	
Uninsured	71,959	49.53%	78,342	41.12%	81,140	42.24%	81,985	48.84%	
Total	145,293	100.00%	190,524	100.00%	192,093	100.00%	167,878	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, 2016		Q3, 2016		Q4, 2016		Q1, 2017	
		\$	%	\$	%	\$	%	\$	%
ВС	insured	1,280	0.88%	1,267	0.67%	1,256	0.65%	1,244	0.74%
	uninsured	0	0.00%	415	0.22%	410	0.21%	405	0.24%
Ontario	insured	17,726	12.20%	57,918	30.40%	57,056	29.70%	32,441	19.32%
	uninsured	18,853	12.98%	15,749	8.27%	16,761	8.73%	17,458	10.40%
Nova Scotia	insured	0	0.00%	319	0.17%	317	0.17%	314	0.19%
	uninsured	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Quebec	insured	54,328	37.39%	52,678	27.64%	52,324	27.24%	51,894	30.91%
	uninsured	53,106	36.55%	62,178	32.63%	63,969	33.30%	64,122	38.20%
Total	insured	73,334	50.47%	112,182	58.88%	110,953	57.76%	85,893	51.16%
	uninsured	71,959	49.53%	78,342	41.12%	81,140	42.24%	81,985	48.84%

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.