

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:

Ontario	71.87%
Quebec	66.20%
Total Newly Originated	65.75%

AMORTIZATION PERIOD OF TOTAL RESIDENTIAL MORTGAGES AND HELOCS (%)

AMORTIZATION	Q1, 2013	Q2, 2013	Q3, 2013	Q4, 2013
	%	%	%	%
25 years or fewer	66.76%	68.06%	69.81%	70.89%
25 - 30 years	19.18%	18.83%	18.86%	18.29%
30 - 35 years	12.87%	12.39%	10.98%	10.48%
35 - 40 years	1.19%	0.72%	0.35%	0.34%
Over 40 years	0.00%	0.00%	0.00%	0.00%
Total	100%	100%	100%	100%

TOTAL RESIDENTIAL MORTGAGE LOANS AND HELOCS - INSURED VS UNINSURED (\$ 000's) (%)

	Q1, 2013		Q2, 2013		Q3, 2013		Q4, 2013	
	\$	%	\$	%	\$	%	\$	%
Insured*	53,541	46.36%	53,087	45.97%	54,050	45.99%	52,623	44.14%
Uninsured	61,955	53.64%	62,407	54.03%	63,480	54.01%	66,589	55.86%
Total	115,496	100.00%	115,494	100.00%	117,530	100.00%	119,212	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, 2013		Q2, 2013		Q3, 2013		Q4, 2013	
		\$	%	\$	%	\$	%	\$	%
Alberta	insured	623	0.54%	620	0.54%	1,016	0.86%	1,008	0.85%
	uninsured								
BC	insured								
	uninsured	1,127	0.98%	789	0.68%	328	0.28%	228	0.19%
Manitoba	insured	119	0.10%	117	0.10%	115	0.10%	113	0.09%
	uninsured								
New Brunswick	insured								
	uninsured								
Newfoundland	insured								
	uninsured								
Nova Scotia	insured								
	uninsured								
Ontario	insured	14,203	12.30%	12,777	11.06%	11,981	10.19%	12,694	10.65%
	uninsured	21,142	18.31%	20,631	17.86%	20,932	17.81%	20,718	17.38%
PEI	insured								
	uninsured								
Quebec	insured	38,596	33.42%	39,573	34.26%	40,938	34.83%	38,808	32.55%
	uninsured	39,686	34.36%	40,987	35.49%	42,220	35.92%	45,643	38.29%
Saskatchewan	insured								
	uninsured								
Other Jurisdictions	insured								
	uninsured	-							
Total	insured	53,541	46.36%	53,087	45.97%	54,050	45.99%	52,623	44.14%
	uninsured	61,955	53.64%	62,407	54.03%	63,480	54.01%	66,589	55.86%

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.