

**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	Q2,2014	Q3,2014	Q4,2014	Q1,2015
Ontario	59.74%	77.42%	72.67%	79.08%
Quebec	56.68%	70.27%	68.14%	74.57%
Total Newly Originated	<b>57.22%</b>	<b>73.49%</b>	<b>68.64%</b>	<b>71.19%</b>

**AMORTIZATION PERIOD OF TOTAL RESIDENTIAL MORTGAGES AND HELOCS (%)**

AMORTIZATION	Q2,2014	Q3,2014	Q4,2014	Q1,2015
	%	%	%	%
25 years or fewer	75.25%	76.27%	76.74%	91.17%
25 - 30 years	16.94%	17.10%	16.99%	8.75%
30 - 35 years	7.72%	6.55%	6.19%	0.08%
35 - 40 years	0.09%	0.08%	0.08%	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) (%)**

	Q2,2014		Q3,2014		Q4,2014		Q1,2015	
	\$	%	\$	%	\$	%	\$	%
Insured*	51,136	38.25%	50,952	37.62%	50,523	36.64%	49,971	35.59%
Uninsured	82,569	61.75%	84,476	62.38%	87,373	63.36%	90,438	64.41%
Total	133,705	100.00%	135,428	100.00%	137,896	100.00%	140,409	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		Q2,2014		Q3,2014		Q4,2014		Q1,2015	
		\$	%	\$	%	\$	%	\$	%
BC	insured	402	0.30%	399	0.29%	397	0.29%	394	0.28%
	uninsured	224	0.17%	-	0.00%	-	0.00%	-	0.00%
Ontario	insured	11,183	8.36%	11,022	8.14%	10,503	7.62%	10,458	7.45%
	uninsured	21,437	16.03%	21,040	15.54%	21,122	15.32%	21,214	15.11%
Quebec	insured	39,551	29.58%	39,531	29.19%	39,623	28.73%	39,119	27.87%
	uninsured	60,908	45.56%	63,436	46.84%	66,251	48.04%	69,224	49.29%
Total	insured	51,136	38.24%	50,952	37.62%	50,523	36.64%	49,971	35.60%
	uninsured	82,569	61.76%	84,476	62.38%	87,373	63.36%	90,438	64.40%

**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.