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	Q4,2013	Q1,2014	Q2,2014	Q3,2014
Ontario	74.89%	64.87%	59.74%	77.42%
Quebec	73.65%	73.35%	56.68%	70.27%
Total Newly Originated	**74.00%**	**71.28%**	**57.22%**	**73.49%**

AMORTIZATION PERIOD OF TOTAL RESIDENTIAL MORTGAGES AND HELOCS (%)

AMORTIZATION	Q4,2013	Q1,2014	Q2,2014	Q3,2014
	%	%	%	%
25 years or fewer	73.54%	74.31%	75.25%	76.27%
25 - 30 years	16.50%	16.35%	16.94%	17.10%
30 - 35 years	9.65%	9.13%	7.72%	6.55%
35 - 40 years	0.31%	0.21%	0.09%	0.08%
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) (%)

	Q4,2013		Q1,2014		Q2,2014		Q3,2014	
	$	%	$	%	$	%	$	%
Insured*	52,623	39.82%	52,050	39.61%	51,136	38.25%	50,952	37.62%
Uninsured	79,530	60.18%	79,348	60.39%	82,569	61.75%	84,476	62.38%
Total	132,153	100.00%	131,398	100.00%	133,705	100.00%	135,428	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		Q4,2013		Q1,2014		Q2,2014		Q3,2014	
		$	%	$	%	$	%	$	%
BC	insured	406	0.31%	404	0.31%	402	0.30%	399	0.29%
	uninsured	228	0.17%	226	0.17%	224	0.17%	-	0.00%
Ontario	insured	11,830	8.95%	11,647	8.86%	11,183	8.36%	11,022	8.14%
	uninsured	23,013	17.41%	22,327	16.99%	21,437	16.03%	21,040	15.54%
Quebec	insured	40,387	30.56%	39,999	30.44%	39,551	29.58%	39,531	29.19%
	uninsured	56,289	42.60%	56,795	43.23%	60,908	45.56%	63,436	46.84%
Total	insured	52,623	39.82%	52,050	39.61%	51,136	38.24%	50,952	37.62%
	uninsured	79,530	60.18%	79,348	60.39%	82,569	61.76%	84,476	62.38%

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.