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	Q3,2014	Q4,2014	Q1,2015	Q2,2015				
Ontario	77.42%	72.67%	79.08%	74.05%				
Quebec	70.27%	68.14%	74.57%	72.92%				
Total Newly Originated	73.49%	68.64%	71.19%	70.38%				

AMORTIZATION PERIOD OF TOTAL RESIDENTIAL MORTGAGES AND HELOCS (%)							
AMORTIZATION	Q3,2014	Q4,2014	Q1,2015	Q2,2015			
	%	%	%	%			
25 years or fewer	76.27%	76.74%	91.17%	92.47%			
25 - 30 years	17.10%	16.99%	8.75%	7.45%			
30 - 35 years	6.55%	6.19%	0.08%	0.08%			
35 - 40 years	0.08%	0.08%	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) (%)								
	Q3,2014		Q4,2014		Q1,2015		Q2,2015	
	\$	%	\$	%	\$	%	\$	%
Insured*	50,952	37.62%	50,523	36.64%	49,971	35.59%	53,787	37.73%
Uninsured	84,476	62.38%	87,373	63.36%	90,438	64.41%	88,775	62.27%
Total	135,428	100.00%	137,896	100.00%	140,409	100.00%	142,562	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		Q3,2014		Q4,2014		Q1,2015		Q2,2015	
		\$	%	\$	%	\$	%	\$	%
ВС	insured	399	0.29%	397	0.29%	394	0.28%	392	0.27%
	uninsured	-	0.00%	•	0.00%	-	0.00%	-	0.00%
Ontario	insured	11,022	8.14%	10,503	7.62%	10,458	7.45%	11,575	8.12%
	uninsured	21,040	15.54%	21,122	15.32%	21,214	15.11%	20,151	14.13%
Quebec	insured	39,531	29.19%	39,623	28.73%	39,119	27.87%	41,820	29.34%
	uninsured	63,436	46.84%	66,251	48.04%	69,224	49.29%	68,624	48.14%
Total	insured	50,952	37.62%	50,523	36.64%	49,971	35.60%	53,787	37.73%
	uninsured	84,476	62.38%	87,373	63.36%	90,438	64.40%	88,775	62.27%

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.