

Residential Mortgage Lending

Residential mortgages (insured vs. uninsured):

The following table presents amount of insured and uninsured residential mortgages by geographic areas:

% and \$ - Residential mortgages by Province as of March 31, 2013					
Insured			Uninsured		
Province	%	\$	Province	%	\$
NS	26.91%	1,080,931	NS	51.33%	1,593,624
NB	30.93%	1,242,396	NB	45.71%	1,418,901
NL	24.49%	983,665	NL	0.00%	-
PE	17.67%	709,630	PE	2.96%	91,883
Total	100.00%	4,016,622	Total	100.00%	3,104,409

Insured residential mortgages are mortgages where our exposure to default is mitigated by insurance through Canada Mortgage and Housing Corporation (CMHC) or other private mortgage default insurers.

Residential mortgages by amortization period:

The following table provides a summary of the percentage of residential mortgages that fall within various remaining amortization period ranges based upon the contractual terms of the mortgage agreement:

% Residential mortgages by Amortization as of March 31, 2013							
0 - 4 yrs	5 - 9 yrs	10 - 14 yrs	15 - 19 yrs	20 - 24 yrs	25 - 29 yrs	30 - 34 yrs	35 - 39 yrs
26.67%	40.00%	22.67%	8.00%	1.33%	0.00%	0.00%	1.33%

Average loan-to-value (LTV) ratio for newly originated and acquired uninsured mortgage

The following table provides a summary of our average LTV ratio for newly originated and acquired uninsured conventional mortgages by geographic region:

Average Loan to Value by Province Uninsured Residential January 1st to March 31st, 2013			
<u>NS</u>	<u>NB</u>	<u>NL</u>	<u>PE</u>
0.00%	0.00%	0.00%	0.00%

**There were no newly acquired or originated uninsured mortgages during the period.

Stress testing is part of Atlantic Central's Enterprise Risk Management framework, and the company utilizes stress testing to consider the potential effects on the company's financial condition corresponding to exceptional but plausible events. The company also limits exposure to potential lending losses through Board Policy restrictions and limitations on lending portfolio holdings. As of March 31, 2013 the company's residential uninsured mortgage portfolio was less than two hundred thousand dollars. Given the current balance sheet, including the small residential uninsured mortgage portfolio, the company considers itself well positioned to accommodate an economic downturn involving significant real estate devaluations.