Basel III Pillar 3 and Leverage Ratio Quarterly Supplemental Disclosures of

ALTERNA BANK

March 31, 2017

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CS Alterna Bank, a member of the Canada Deposit Insurance Corporation ("CDIC"), operates under the name "Alterna Bank". It is a Schedule 1 Bank and received letters patent from the Minister of Finance of Canada to operate under the Bank Act on October 2, 2000. The registered office address of Alterna Bank is 319 McRae, Ottawa, Ontario, K1Z 0B9.

The Pillar 3 and Leverage Ratio Disclosures are additional summary descriptions and quantitative financial information. The disclosures produced within this document have been prepared in accordance with minimum disclosure requirements interpreted by the Office of the Superintendent of Financial Institutions Canada ('OSFI') and established under the OSFI Advisory on Pillar 3 Disclosure Requirements (November 2007), related OSFI guidelines and letters and Basel III leverage ratio framework and disclosure requirements (September 2014).

The table below provides the modified minimum composition of capital disclosures under Basel III as required by the OSFI for the quarter ended March 31, 2017.

all amounts in 000's CAD dollars, except where noted

31-Mar-17

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	All-in	Transitional
Transitional Common Equity Tier 1 capital: instruments and reserves		
Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related	ı	
1 stock surplus	25,000	
2 Retained earnings	12,518	
3 Accumulated other comprehensive income (and other reserves)	387	
4 Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	-	
5 Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-	
6 Common Equity Tier 1 capital before regulatory adjustments	37,905	
Common Equity Tier 1 capital: regulatory adjustments		
28 Total regulatory adjustments to Common Equity Tier 1	(72)	
29 Common Equity Tier 1 capital (CET1)	37,833	
Additional Tier 1 capital: regulatory adjustments		
45 Tier 1 capital (T1 = CET1 + AT1)	37,833	37,847
Tier 2 capital: regulatory adjustments		
59 Total capital (TC = T1 + T2)	37,833	37,847
60 Total risk-weighted assets	100,238	100,267
Capital ratios		
61 Common Equity Tier 1 (as percentage of risk-weighted assets)	37.74%	
62 Tier 1 (as percentage of risk-weighted assets)	37.74%	
63 Total capital (as percentage of risk-weighted assets)	37.74%	
OSFI all-in target		
69 Common Equity Tier 1 capital all-in target ratio	7.00%	
70 Tier 1 capital all-in target ratio	8.50%	
71 Total capital all-in target ratio	10.50%	

The difference between the all-in and transitional capital ratios above is due to the deduction of deferred tax asset from CET1 and Risk Weighted Assets; this deduction is phased-in during the transition period of 2013 to 2018.

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The table below summarizes the Bank's all-in Basel III Leverage Ratio for the quarter ended March 31, 2017.

all amounts in 000's CAD dollars, except where noted	31-Mar-17		
Item	Leverage Ratio Framework		
On-balance sheet exposures			
On-balance sheet items (excluding derivatives, SFTs and grandfathered securitization exposures but			
1 including collateral)	463,546		
2 (Asset amounts deducted in determining Basel III "all-in" Tier 1 capital)	(71)		
3 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	463,475		
Derivative exposures			
4 Replacement cost associated with all derivative transactions (i.e. net of eligible cash variation margin)	104		
5 Add-on amounts for PFE associated with all derivative transactions	89		
11 Total derivative exposures (sum of lines 4 to 10)	193		
Other off-balance sheet exposures			
17 Off-balance sheet exposure at gross notional amount	22,805		
18 (Adjustments for conversion to credit equivalent amounts)	(20,493)		
19 Off-balance sheet items (sum of lines 17 and 18)	2,312		
Capital and Total Exposures			
20 Tier 1 capital	37,833		
21 Total Exposures (sum of lines 3, 11, 16 and 19)	465,980		
Leverage Ratios			
22 Basel III lewrage ratio	8.12%		