

Basel III Pillar 3 and Leverage Ratio Quarterly Supplemental Disclosures of

ALTERNA BANK

September 30, 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 September 30, 2017.

all amounts in 000's CAD dollars, except where noted		30-Sep-17	
		All-in	Transitional
Transitional Common Equity Tier 1 capital: instruments and reserves			
1	Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	35,000	
2	Retained earnings	12,997	
3	Accumulated other comprehensive income (and other reserves)	2,432	
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	50,429	
Common Equity Tier 1 capital: regulatory adjustments			
28	Total regulatory adjustments to Common Equity Tier 1	-	
29	Common Equity Tier 1 capital (CET1)	50,429	
Additional Tier 1 capital: regulatory adjustments			
45	Tier 1 capital (T1 = CET1 + AT1)	50,429	50,429
Tier 2 capital: regulatory adjustments			
59	Total capital (TC = T1 + T2)	50,429	50,429
60	Total risk-weighted assets	137,632	137,645
Capital ratios			
61	Common Equity Tier 1 (as percentage of risk-weighted assets)	36.64%	
62	Tier 1 (as percentage of risk-weighted assets)	36.64%	
63	Total capital (as percentage of risk-weighted assets)	36.64%	
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 phase-in adjustment of CVA from Risk-weighted Capital 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 September 30, 2017.

all amounts in 000's CAD dollars, except where noted		30-Sep-17
	Item	Leverage Ratio Framework
On-balance sheet exposures		
1	On-balance sheet items (excluding derivatives, SFTs and grandfathered securitization exposures but including collateral)	721,163
2	(Asset amounts deducted in determining Basel III "all-in" Tier 1 capital)	-
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	721,163
Derivative exposures		
4	Replacement cost associated with all derivative transactions (i.e. net of eligible cash variation margin)	289
5	Add-on amounts for PFE associated with all derivative transactions	153
11	Total derivative exposures (sum of lines 4 to 10)	442
Other off-balance sheet exposures		
17	Off-balance sheet exposure at gross notional amount	24,412
18	(Adjustments for conversion to credit equivalent amounts)	(21,836)
19	Off-balance sheet items (sum of lines 17 and 18)	2,576
Capital and Total Exposures		
20	Tier 1 capital	50,429
21	Total Exposures (sum of lines 3, 11, 16 and 19)	724,181
Leverage Ratios		
22	Basel III leverage ratio	6.96%