

*Basel III Pillar 3 Quarterly Supplemental Disclosures of*

**ALTERNA BANK**

**March 31, 2015**

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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 400 Albert Street, Ottawa, Ontario, K1R 5B2. The nature of Alterna Bank’s operations and principal activities are the provision of deposit taking facilities and loan facilities to the clients of the Bank in Ontario and Quebec.

The Pillar 3 Supplemental Disclosures are additional summary descriptions and quantitative financial information which supplement those made in Alterna Bank’s annual audited financial statements.

The table below provides the modified minimum composition of capital disclosures under Basel III as required by the Office of the Superintendent of Financial Institutions Canada (‘OSFI’) for the quarter ended March 31, 2015.

all amounts in 000's CAD dollars, except where noted		31-Mar-15	
		All-in	Transitional
<b>Transitional Common Equity Tier 1 capital: instruments and reserves</b>			
1	Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	15,000	
2	Retained earnings	10,882	
3	Accumulated other comprehensive income (and other reserves)	622	
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	<b>Common Equity Tier 1 capital before regulatory adjustments</b>	26,504	
<b>Common Equity Tier 1 capital: regulatory adjustments</b>			
28	Total regulatory adjustments to Common Equity Tier 1	-	
29	<b>Common Equity Tier 1 capital (CET1)</b>	26,504	
<b>Additional Tier 1 capital: instruments</b>			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	-	
31	of which: classified as equity under applicable accounting standards	-	
32	of which: classified as liabilities under applicable accounting standards	-	
33	Directly issued capital instruments subject to phase out from Additional Tier 1	-	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-	
35	of which: instruments issued by subsidiaries subject to phase out	-	
36	<b>Additional Tier 1 capital before regulatory adjustments</b>	-	
<b>Additional Tier 1 capital: regulatory adjustments</b>			
43	Total regulatory adjustments to Additional Tier 1 capital	-	
44	<b>Additional Tier 1 capital (AT1)</b>	-	
45	<b>Tier 1 capital (T1 = CET1 + AT1)</b>	26,504	26,504
<b>Tier 2 capital: instruments and allowances</b>			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	-	
47	Directly issued capital instruments subject to phase out from Tier 2	-	
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-	
49	of which: instruments issued by subsidiaries subject to phase out	-	
50	Collective allowances	-	
51	<b>Tier 2 capital before regulatory adjustments</b>	-	
<b>Tier 2 capital: regulatory adjustments</b>			
57	Total regulatory adjustments to Tier 2 capital	-	
58	<b>Tier 2 capital (T2)</b>	-	
59	<b>Total capital (TC = T1 + T2)</b>	26,504	26,504
60	<b>Total risk-weighted assets</b>	53,019	53,036
<b>Capital ratios</b>			
61	Common Equity Tier 1 (as percentage of risk-weighted assets)	49.99%	
62	Tier 1 (as percentage of risk-weighted assets)	49.99%	
63	Total capital (as percentage of risk-weighted assets)	49.99%	
<b>OSFI all-in target</b>			
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%	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022)			
80	<b>Current cap on CET1 instruments subject to phase out arrangements</b>	-	
81	Amounts excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	
82	<b>Current cap on AT1 instruments subject to phase out arrangements</b>	-	
83	Amounts excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	
84	<b>Current cap on T2 instruments subject to phase out arrangements</b>	-	
85	Amounts excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	