

# EQUITABLE

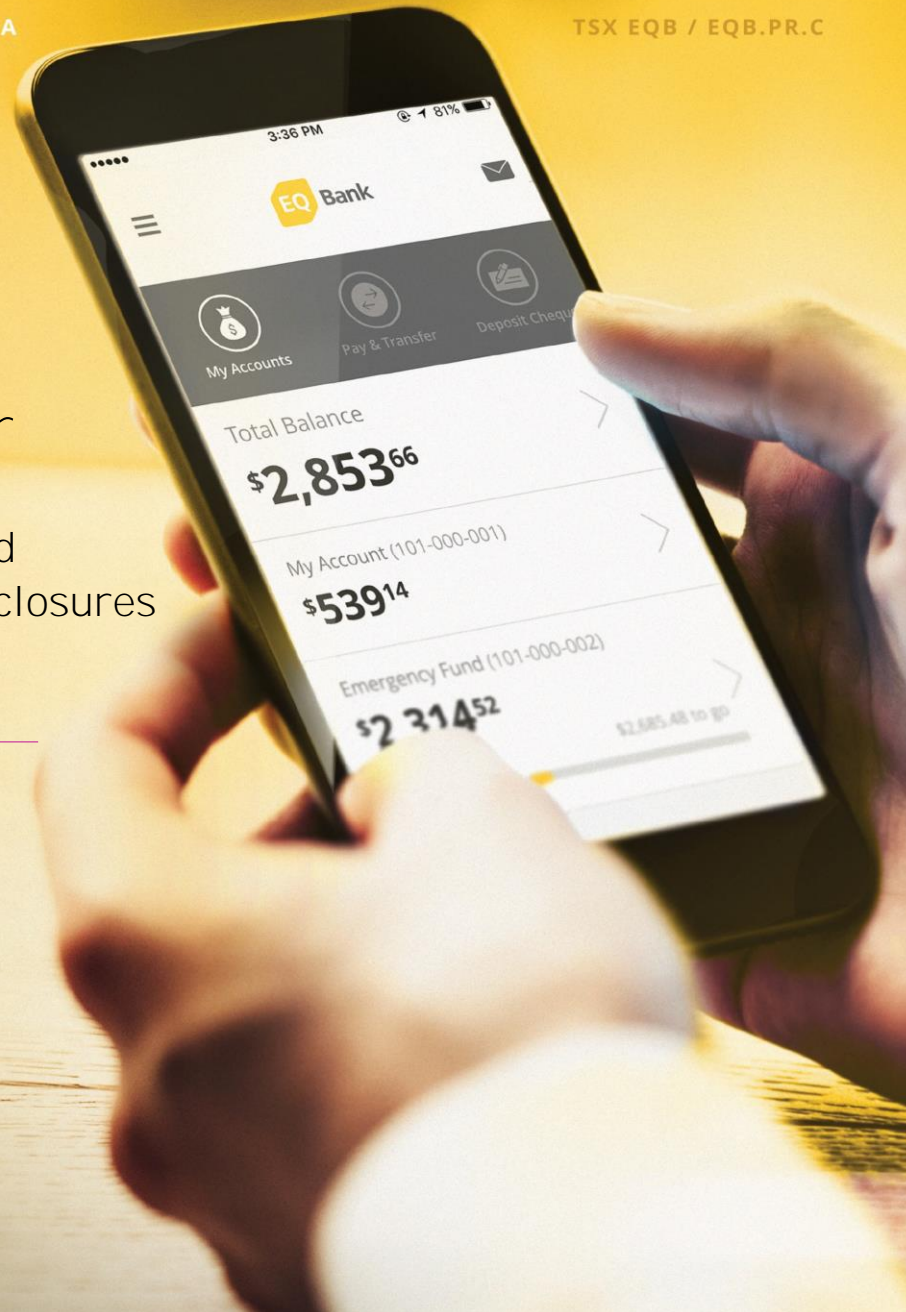
EQUITABLEBANK.CA

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## First Quarter Supplemental Information and Regulatory Disclosures

For the three months  
ended March 31, 2016

2016





**FIRST QUARTER 2016  
SUPPLEMENTAL INFORMATION AND REGULATORY DISCLOSURES**

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## **Notes to Readers**

### **Purpose of this document**

This Supplemental Information and Regulatory Disclosure Report (the "Report") aims to provide the readers with the following regulatory disclosures and other additional voluntary disclosures that will assist the readers' assessment of business performance of Equitable Group Inc. (the "Company" or "Equitable").

1. Disclosures related to the Company's mortgage portfolio, some of which relate to disclosure requirements outlined in OSFI's Guideline B-20, 'Residential Mortgage Underwriting Practices and Procedures', effective for Equitable Bank on January 1, 2013.
2. Equitable Bank (the "Bank")'s regulatory capital Basel Pillar III disclosures.

### **Use of this document**

Readers are cautioned that financial information contained in this Report include both Generally Accepted Accounting Principles ("GAAP") and non-GAAP measures. The latter often does not have any standardized meaning, and therefore, are not comparable to similar measures presented by other financial institutions.

In addition to GAAP and non-GAAP financial measures, management also uses additional GAAP financial measures it believes provide useful information to investors regarding the Company's financial results of operations. Readers are cautioned that additional GAAP measures do not have any standardized meaning, and therefore, may not be comparable to similar measures presented by other companies.

This Report should be read in conjunction with the Company's unaudited interim consolidated financial statements and accompanying notes, as well as Management's Discussion and Analysis ("MD&A") for the quarter ended March 31, 2016.

### **Basis of presentation**

All amounts in this Report are Canadian dollars and are unaudited.

GAAP measures have been prepared in accordance with International Financial Reporting Standards ("IFRS") unless otherwise stated. Non-GAAP and additional GAAP measures used in this Report are defined under the Section "Non-GAAP measures" and "Additional GAAP measures", respectively.

### **Comparative figures**

Certain prior period comparative numbers have been reclassified to conform with current period presentation.



**Table 1: Financial highlights**

(\$ THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)	2015					2014			
	2016	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
<b>RESULTS OF OPERATIONS</b>									
Net income	\$ 28,012	\$ 31,436	\$ 31,448	\$ 33,520	\$ 29,461	\$ 26,885	\$ 27,764	\$ 26,778	
Net income available to common shareholders	26,821	30,245	30,257	32,330	28,270	24,993	26,857	25,872	
Total revenue <sup>(1)</sup>	151,691	151,495	147,625	145,595	137,279	134,928	131,900	129,752	
EPS – basic	\$ 1.73	\$ 1.95	\$ 1.96	\$ 2.09	\$ 1.83	\$ 1.62	\$ 1.74	\$ 1.68	
EPS – diluted	\$ 1.71	\$ 1.93	\$ 1.93	\$ 2.06	\$ 1.81	\$ 1.59	\$ 1.71	\$ 1.65	
Net interest income	63,594	63,458	61,437	60,995	56,337	54,220	51,716	49,902	
NIM – TEB <sup>(2)</sup>									
Total Assets	1.63%	1.70%	1.73%	1.79%	1.73%	1.76%	1.76%	1.70%	
Core Lending	2.55%	2.68%	2.59%	2.65%	2.60%	2.62%	2.66%	2.57%	
Securitization Financing	0.25%	0.18%	0.28%	0.28%	0.23%	0.29%	0.27%	0.31%	
ROE <sup>(3)</sup>	14.7%	17.0%	17.5%	19.8%	17.9%	16.0%	17.8%	18.0%	
Return on average assets <sup>(2)</sup>	0.7%	0.8%	0.9%	1.0%	0.9%	0.8%	0.9%	1.0%	
Efficiency Ratio – TEB <sup>(2)(3)</sup>	43.2%	35.7%	33.4%	32.8%	32.4%	35.4%	31.5%	31.3%	
<b>BALANCE SHEET</b>									
Total assets	16,411,221	15,527,584	14,827,610	14,329,824	13,387,915	12,854,903	12,193,335	11,785,388	
Assets under Management <sup>(2)</sup>	18,616,018	17,600,072	16,839,263	16,214,123	15,075,279	14,373,911	13,557,782	12,965,379	
Mortgages receivable	15,540,241	14,700,806	13,959,432	13,216,267	12,785,852	12,269,945	11,555,700	11,128,395	
Mortgages under Management <sup>(2)</sup>	17,668,821	16,706,935	15,917,079	15,059,846	14,437,643	13,759,706	12,897,244	12,287,267	
Liquid assets	939,691	895,056	849,349	1,251,692	756,017	676,559	664,663	707,631	
Total assets held for regulatory purposes as a % of total Equitable									
Bank assets	4.9%	4.9%	4.9%	7.8%	4.5%	4.1%	4.4%	5.0%	
Total liquid assets as a % of total assets	5.7%	5.8%	5.7%	8.7%	5.6%	5.3%	5.5%	6.0%	
Deposit principal	8,732,113	8,115,483	7,961,678	8,128,474	7,633,996	7,385,456	6,959,533	6,411,549	
Shareholders' equity	816,049	796,116	764,679	750,149	723,606	703,694	682,863	636,376	
<b>CREDIT QUALITY</b>									
Provision for credit losses	227	1,064	930	830	814	842	733	545	
Net impaired mortgages as a % of total mortgage assets <sup>(4)</sup>	0.22%	0.22%	0.21%	0.18%	0.28%	0.30%	0.32%	0.31%	
Allowance for credit losses as a % of total mortgage assets	0.21%	0.23%	0.25%	0.26%	0.26%	0.27%	0.28%	0.29%	
<b>SHARE CAPITAL</b>									
Shares outstanding	15,551,865	15,538,605	15,476,687	15,469,787	15,452,125	15,435,356	15,412,206	15,406,247	
Book value per share <sup>(2)</sup>	\$ 47.81	\$ 46.57	\$ 44.72	\$ 43.80	\$ 42.13	\$ 40.90	\$ 39.61	\$ 38.16	
Share price – close	\$ 50.76	\$ 51.50	\$ 56.25	\$ 61.27	\$ 56.51	\$ 65.67	\$ 62.51	\$ 61.01	
Market capitalization	789,413	800,238	870,564	947,834	873,200	1,013,640	963,417	939,935	
Dividends declared per:									
Common share	\$ 0.20	\$ 0.20	\$ 0.19	\$ 0.19	\$ 0.18	\$ 0.18	\$ 0.17	\$ 0.17	
Preferred share - Series 1 <sup>(5)</sup>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.45	\$ 0.45	
Preferred share - Series 3 <sup>(6)</sup>	\$ 0.40	\$ 0.40	\$ 0.40	\$ 0.40	\$ 0.40	\$ 0.63	\$ -	\$ -	
<b>EQUITABLE BANK CAPITAL RATIOS <sup>(8)</sup></b>									
CET1 Ratio	13.5%	13.6%	13.4%	13.5%	13.2%	13.5%	13.3%	13.4%	
Tier 1 Capital Ratio	14.9%	15.0%	14.8%	14.9%	14.7%	14.9%	14.9%	14.3%	
Total Capital Ratio	16.7%	16.8%	17.1%	17.2%	17.0%	17.3%	17.5%	17.0%	
Leverage Ratio <sup>(7)</sup>	5.0%	5.2%	5.2%	5.3%	5.5%	N/A	N/A	N/A	
Assets-to-Capital Multiple ("ACM") <sup>(8)</sup>	N/A	N/A	N/A	N/A	N/A	14.7	13.8	13.9	

<sup>(1)</sup> See Additional GAAP Measures section.

<sup>(2)</sup> See Non-GAAP Measures section.

<sup>(3)</sup> Increases in this ratio reflect reduced efficiencies, whereas decreases reflect improved efficiencies.

<sup>(4)</sup> Net impaired mortgages do not include insured mortgages that are less than 365 days in arrears and reflect gross impaired mortgage assets less individual allowances.

<sup>(5)</sup> The Company fully redeemed its Series 1 Preferred Shares on September 30, 2014.

<sup>(6)</sup> The Company issued its Series 3 Preferred Shares in August 2014 and the Q4 2014 Series 3 Preferred Shares dividend declaration represented dividends payable for the period from August 8, 2014 to December 31, 2014.

<sup>(7)</sup> The Leverage Ratio is measured under Basel III framework, effective the first quarter of 2015. Thus it is not applicable for the prior periods.

<sup>(8)</sup> The ACM was replaced by Leverage Ratio effective the first quarter of 2015.



**Table 2: Interim consolidated statements of income**

	2016	2015				2014		
(\$ THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Interest income:								
Mortgages – Core Lending	\$ 101,419	\$ 101,848	\$ 99,135	\$ 98,146	\$ 93,333	\$ 89,883	\$ 86,342	\$ 83,266
Mortgages – Securitization Financing	43,607	41,978	40,907	39,066	37,296	38,051	38,291	39,528
Investments	1,876	1,894	1,599	2,102	1,578	2,123	1,315	1,515
Other	1,052	1,464	1,821	1,726	1,265	1,542	1,703	1,947
	147,954	147,184	143,462	141,040	133,472	131,599	127,651	126,256
Interest expense:								
Deposits	43,659	42,085	43,560	43,226	41,828	41,630	38,913	37,634
Securitization liabilities	39,185	38,979	35,466	34,120	33,002	33,414	34,859	36,622
Bank facilities	566	1,292	1,407	885	614	838	760	699
Debentures	950	1,213	1,274	1,269	1,277	1,402	1,403	1,399
Other	-	157	318	545	414	95	-	-
	84,360	83,726	82,025	80,045	77,135	77,379	75,935	76,354
Net interest income	63,594	63,458	61,437	60,995	56,337	54,220	51,716	49,902
Provision for credit losses	227	1,064	930	830	814	842	733	545
Net interest income after provision for credit losses	63,367	62,394	60,507	60,165	55,523	53,378	50,983	49,357
Other income:								
Fees and other income	3,177	3,454	3,117	2,534	2,308	2,480	2,231	2,168
Net (loss) gain on investments	-	(13)	-	(247)	(203)	(1)	426	591
Gains on securitization activities and income from securitization retained interests	560	870	1,046	2,268	1,702	850	1,592	737
	3,737	4,311	4,163	4,555	3,807	3,329	4,249	3,496
Net interest and other income	67,104	66,705	64,670	64,720	59,330	56,707	55,232	52,853
Non-interest expenses:								
Compensation and benefits	14,978	13,572	12,474	12,804	11,386	11,443	10,742	10,224
Other	14,400	10,857	9,649	8,906	8,314	9,109	7,025	6,656
	29,378	24,429	22,123	21,710	19,700	20,552	17,767	16,880
Income before income taxes	37,726	42,276	42,547	43,010	39,630	36,155	37,465	35,973
Income taxes								
Current	8,419	7,855	6,133	7,250	6,609	5,567	8,820	8,480
Deferred	1,295	2,985	4,966	2,240	3,560	3,703	881	715
	9,714	10,840	11,099	9,490	10,169	9,270	9,701	9,195
Net income	\$ 28,012	\$ 31,436	\$ 31,448	\$ 33,520	\$ 29,461	\$ 26,885	\$ 27,764	\$ 26,778
Dividends on preferred shares	1,191	1,191	1,191	1,190	1,191	1,892	907	906
Net income available to common shareholders	\$ 26,821	\$ 30,245	\$ 30,257	\$ 32,330	\$ 28,270	\$ 24,993	\$ 26,857	\$ 25,872
Common shares outstanding								
Weighted average basic	15,543,952	15,493,549	15,471,960	15,461,161	15,440,328	15,416,625	15,408,311	15,398,461
Weighted average diluted	15,674,734	15,677,954	15,661,842	15,687,647	15,660,067	15,683,821	15,672,253	15,644,288
Earnings per share								
Basic	\$ 1.73	\$ 1.95	\$ 1.96	\$ 2.09	\$ 1.83	\$ 1.62	\$ 1.74	\$ 1.68
Diluted	\$ 1.71	\$ 1.93	\$ 1.93	\$ 2.06	\$ 1.81	\$ 1.59	\$ 1.71	\$ 1.65



Table 3: Net interest income

	2016		2015						2014							
	Q1		Q4		Q3		Q2		Q1		Q4		Q3		Q2	
(\$ THOUSANDS)	Revenue/ Expense	Average rate <sup>(1)</sup>	Revenue/ Expense	Average rate <sup>(1)</sup>	Revenue/ Expense	Average rate <sup>(1)</sup>	Revenue/ Expense	Average rate <sup>(1)</sup>	Revenue/ Expense	Average rate <sup>(1)</sup>	Revenue/ Expense	Average rate <sup>(1)</sup>	Revenue/ Expense	Average rate <sup>(1)</sup>	Revenue/ Expense	Average rate <sup>(1)</sup>
<b>Core Lending:</b>																
<i>Revenues derived from:</i>																
Mortgages	\$ 101,419	4.59%	\$ 101,848	4.74%	\$ 99,135	4.77%	\$ 98,146	4.84%	\$ 93,333	4.80%	\$ 89,883	4.84%	\$ 86,342	4.95%	\$ 83,266	4.93%
Liquidity investments	1,161	1.04%	1,318	1.07%	1,713	1.18%	1,700	1.28%	1,076	1.36%	1,214	1.48%	1,301	1.68%	1,389	1.37%
Equity securities – TEB <sup>(2)</sup>	2,159	6.66%	2,285	6.88%	2,031	6.07%	2,595	7.00%	2,047	5.42%	2,459	7.28%	1,573	4.88%	1,760	5.93%
	<b>104,739</b>	<b>4.45%</b>	<b>105,451</b>	<b>4.58%</b>	<b>102,879</b>	<b>4.56%</b>	<b>102,441</b>	<b>4.66%</b>	<b>96,456</b>	<b>4.68%</b>	<b>93,556</b>	<b>4.74%</b>	<b>89,216</b>	<b>4.81%</b>	<b>86,415</b>	<b>4.75%</b>
<i>Expenses related to:</i>																
Deposits and bank facilities	40,017	2.10%	40,271	2.08%	41,506	2.13%	41,819	2.18%	40,351	2.23%	39,938	2.30%	37,716	2.33%	37,083	2.35%
Debentures	950	5.86%	1,213	6.02%	1,274	5.94%	1,269	5.99%	1,277	6.09%	1,402	6.14%	1,403	6.02%	1,399	6.07%
Securitization liabilities	3,466	1.57%	2,622	1.60%	1,830	1.73%	1,112	1.73%	784	2.40%	796	2.29%	953	2.27%	1,116	2.46%
	<b>44,433</b>	<b>2.07%</b>	<b>44,106</b>	<b>2.08%</b>	<b>44,610</b>	<b>2.14%</b>	<b>44,200</b>	<b>2.21%</b>	<b>42,412</b>	<b>2.28%</b>	<b>42,136</b>	<b>2.35%</b>	<b>40,072</b>	<b>2.38%</b>	<b>39,598</b>	<b>2.41%</b>
Net interest income – TEB <sup>(2)(3)</sup>	60,306	2.55%	61,345	2.68%	58,269	2.59%	58,241	2.65%	54,044	2.60%	51,420	2.62%	49,144	2.66%	46,817	2.57%
Taxable Equivalent Basis – adjustment <sup>(2)</sup>	(624)		(609)		(589)		(660)		(624)		(499)		(433)		(468)	
Core Lending	\$ 59,682		\$ 60,736		\$ 57,680		\$ 57,581		\$ 53,420		\$ 50,921		\$ 48,711		\$ 46,349	
<b>Securitization Financing:</b>																
<i>Revenues derived from:</i>																
Mortgages	\$ 43,607	2.79%	\$ 41,978	2.90%	\$ 40,907	3.09%	\$ 39,066	3.21%	\$ 37,296	3.20%	\$ 38,051	3.38%	\$ 38,291	3.50%	\$ 39,528	3.58%
Liquidity investments	232	1.20%	364	0.97%	265	1.06%	193	0.93%	344	1.77%	491	1.78%	577	1.56%	781	2.16%
	<b>43,839</b>	<b>2.77%</b>	<b>42,342</b>	<b>2.85%</b>	<b>41,172</b>	<b>3.06%</b>	<b>39,259</b>	<b>3.22%</b>	<b>37,640</b>	<b>3.18%</b>	<b>38,542</b>	<b>3.34%</b>	<b>38,868</b>	<b>3.44%</b>	<b>40,309</b>	<b>3.53%</b>
<i>Expenses related to:</i>																
Securitization liabilities	35,719	2.60%	36,357	2.76%	33,636	2.90%	33,008	3.02%	32,218	3.08%	32,618	3.15%	33,906	3.26%	35,506	3.30%
Deposits and secured funding facility	4,208	2.13%	3,263	2.05%	3,779	2.14%	2,837	2.21%	2,505	2.24%	2,625	2.36%	1,957	2.41%	1,250	2.30%
	<b>39,927</b>	<b>2.54%</b>	<b>39,620</b>	<b>2.68%</b>	<b>37,415</b>	<b>2.80%</b>	<b>35,845</b>	<b>2.94%</b>	<b>34,723</b>	<b>2.99%</b>	<b>35,243</b>	<b>3.07%</b>	<b>35,863</b>	<b>3.20%</b>	<b>36,756</b>	<b>3.25%</b>
Securitization Financing	\$ 3,912	0.25%	\$ 2,722	0.18%	\$ 3,757	0.28%	\$ 3,414	0.28%	\$ 2,917	0.23%	\$ 3,299	0.29%	\$ 3,005	0.27%	\$ 3,553	0.31%
Total – TEB <sup>(2)(3)</sup>	\$ 64,218	1.63%	\$ 64,067	1.70%	\$ 62,026	1.73%	\$ 61,655	1.79%	\$ 56,961	1.73%	\$ 54,719	1.76%	\$ 52,149	1.76%	\$ 50,370	1.70%
Net interest income	\$ 63,594		\$ 63,458		\$ 61,437		\$ 60,995		\$ 56,337		\$ 54,220		\$ 51,716		\$ 49,902	

<sup>(1)</sup> Average rates are calculated based on the average of the month-end asset or liability balances outstanding during the period.

<sup>(2)</sup> See Non-GAAP Measures section.

<sup>(3)</sup> See Additional GAAP Measures section.



**Table 4: Securitization and derecognition activity**

(\$ THOUSANDS)	2016	2015				2014		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Securitization derecognized - non-prepayable Multis	\$ 151,544	\$ 69,263	\$ 143,742	\$ 214,098	\$ 180,753	\$ 166,709	\$ 197,927	\$ 105,254
Securitization derecognized - prepayable mortgages <sup>(1)</sup>	-	9,157	-	-	-	-	-	-
<b>Total principal derecognized</b>	<b>151,544</b>	<b>78,420</b>	<b>143,742</b>	<b>214,098</b>	<b>180,753</b>	<b>166,709</b>	<b>197,927</b>	<b>105,254</b>
Gains on sale	1,619	755	1,259	1,703	1,530	1,154	1,291	764
Income from securitization activities and retained interests:								
Income from retained interests	174	194	165	270	275	105	269	125
Fair value (losses) gains on derivative financial instruments	(1,233)	(79)	(378)	295	(103)	(409)	32	(152)
Gains on securitization activities and income from securitization retained interests	\$ 560	\$ 870	\$ 1,046	\$ 2,268	\$ 1,702	\$ 850	\$ 1,592	\$ 737
Gains on sale margin <sup>(2)</sup>	1.07%	0.96%	0.88%	0.80%	0.85%	0.69%	0.65%	0.73%

<sup>(1)</sup> In order to derecognize prepayable mortgages, Equitable needs to securitize the mortgages through CMHC's CMB or NHA-MBS programs and also then engage in a transaction that transfers the residual risks and rewards to third parties. This additional transaction is not required to derecognize non-prepayable mortgages.

<sup>(2)</sup> Gains on sale margin represents the gains on sale as a percentage of total principal derecognized.



**Table 5: Non-interest expenses and Efficiency Ratio**

(\$ THOUSANDS, EXCEPT FTE)	2016	2015				2014		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Growth of our franchise:								
Compensation and benefits	\$ 13,555	\$ 12,666	\$ 11,941	\$ 12,277	\$ 10,835	\$ 10,961	\$ 10,437	\$ 9,934
Premises, equipment, and systems costs	3,494	3,141	2,680	2,879	2,586	2,162	2,343	1,825
Other	2,347	2,151	2,246	2,238	2,017	1,927	1,396	1,547
Licenses, regulatory fees and insurance	1,337	1,472	1,366	1,181	1,010	1,135	1,123	847
Amortization	1,146	930	771	823	657	692	683	764
Mortgage servicing	980	1,000	1,039	1,018	999	961	976	993
Marketing and travel	780	676	618	630	503	1,156	504	591
Non-interest expenses before strategic investments	23,639	22,036	20,661	21,046	18,607	18,994	17,462	16,501
Investments in our future:								
Compensation and benefits	1,423	906	533	527	551	482	305	290
Other	4,316	1,487	929	137	542	1,076	-	89
Total investments in our future <sup>(1)</sup>	5,739	2,393	1,462	664	1,093	1,558	305	379
Total non-interest expenses	\$ 29,378	\$ 24,429	\$ 22,123	\$ 21,710	\$ 19,700	\$ 20,552	\$ 17,767	\$ 16,880
Efficiency Ratio – TEB <sup>(1)</sup>	43.2%	35.7%	33.4%	32.8%	32.4%	35.4%	31.5%	31.3%
Full-time employee ("FTE") – period average	507	484	452	430	412	391	360	333

<sup>(1)</sup> See Non-GAAP Measures section.





**Table 6: Interim consolidated balance sheets**

(\$ THOUSANDS)	2016		2015			2014		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
<b>Assets</b>								
Cash and cash equivalents	\$ 427,800	\$ 423,366	\$ 413,518	\$ 631,917	\$ 243,634	\$ 230,063	\$ 317,306	\$ 294,894
Restricted cash	129,453	107,988	116,894	107,338	64,117	67,690	47,698	59,061
Securities purchased under reverse repurchase agreements	30,346	19,918	63,598	102,025	10,535	18,117	23,546	9,999
Investments	154,397	153,714	149,734	163,390	182,221	187,664	177,538	231,249
Mortgages receivable – Core Lending	9,061,191	8,674,599	8,458,087	8,229,510	8,014,573	7,684,425	7,184,989	6,824,141
Mortgages receivable – Securitization Financing	6,479,050	6,026,207	5,501,345	4,986,757	4,771,279	4,585,520	4,370,711	4,304,254
Securitization retained interests	66,665	61,650	61,524	56,982	52,957	44,983	40,645	35,471
Other assets	62,319	60,142	62,910	51,905	48,599	36,441	30,902	26,319
	<b>\$ 16,411,221</b>	<b>\$ 15,527,584</b>	<b>\$ 14,827,610</b>	<b>\$ 14,329,824</b>	<b>\$ 13,387,915</b>	<b>\$ 12,854,903</b>	<b>\$ 12,193,335</b>	<b>\$ 11,785,388</b>
<b>Liabilities and Shareholders' Equity</b>								
<b>Liabilities:</b>								
Deposits	\$ 8,845,184	\$ 8,211,265	\$ 8,055,591	\$ 8,236,361	\$ 7,750,244	\$ 7,489,418	\$ 7,054,617	\$ 6,510,114
Securitization liabilities	6,576,177	6,109,436	5,485,344	4,870,987	4,457,760	4,355,328	4,182,709	4,374,999
Obligations under repurchase agreements	-	-	163,189	167,767	225,698	52,413	33,569	-
Deferred tax liabilities	29,993	28,698	25,713	20,747	18,507	14,843	11,140	12,122
Other liabilities	78,818	81,290	58,094	57,011	60,014	61,971	40,967	41,353
Bank facilities	-	235,779	190,000	141,802	67,086	92,236	94,987	117,941
Debentures	65,000	65,000	85,000	85,000	85,000	85,000	92,483	92,483
	<b>15,595,172</b>	<b>14,731,468</b>	<b>14,062,931</b>	<b>13,579,675</b>	<b>12,664,309</b>	<b>12,151,209</b>	<b>11,510,472</b>	<b>11,149,012</b>
<b>Shareholders' equity:</b>								
Preferred shares	72,557	72,557	72,557	72,557	72,557	72,412	72,412	48,494
Common shares	144,159	143,690	141,971	141,794	141,245	140,657	139,985	139,784
Contributed surplus	4,935	4,706	4,808	4,640	4,505	4,331	4,213	5,542
Retained earnings	629,147	605,436	578,295	550,979	521,587	496,097	473,882	449,644
Accumulated other comprehensive loss	(34,749)	(30,273)	(32,952)	(19,821)	(16,288)	(9,803)	(7,629)	(7,088)
	<b>816,049</b>	<b>796,116</b>	<b>764,679</b>	<b>750,149</b>	<b>723,606</b>	<b>703,694</b>	<b>682,863</b>	<b>636,376</b>
	<b>\$ 16,411,221</b>	<b>\$ 15,527,584</b>	<b>\$ 14,827,610</b>	<b>\$ 14,329,824</b>	<b>\$ 13,387,915</b>	<b>\$ 12,854,903</b>	<b>\$ 12,193,335</b>	<b>\$ 11,785,388</b>



**Table 7: Average balance sheet information <sup>(1)</sup>**

(\$ THOUSANDS)	2016		2015				2014		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	
<b>Assets</b>									
Cash and cash equivalents	\$ 355,924	\$ 397,610	\$ 505,232	\$ 469,249	\$ 274,312	\$ 286,245	\$ 256,833	\$ 321,211	
Restricted cash	113,817	167,553	109,885	89,727	77,389	70,595	84,270	102,233	
Securities purchased under reverse repurchase agreements	20,266	50,991	46,019	30,645	13,252	34,088	12,278	12,582	
Investments	172,083	151,647	156,371	174,885	187,204	178,057	227,181	235,188	
Mortgages receivable – Core Lending	8,885,286	8,602,257	8,314,489	8,140,141	7,840,103	7,435,567	6,992,071	6,786,041	
Mortgages receivable – Securitization Financing	6,278,452	5,800,723	5,290,134	4,890,747	4,687,897	4,511,993	4,374,285	4,432,872	
Securitization retained interests	63,063	61,059	58,459	54,026	48,147	41,704	37,357	33,717	
Other assets	63,134	61,294	56,518	47,644	42,398	31,926	28,950	26,681	
	<b>\$ 15,952,025</b>	<b>\$ 15,293,134</b>	<b>\$ 14,537,107</b>	<b>\$ 13,897,064</b>	<b>\$ 13,170,702</b>	<b>\$ 12,590,175</b>	<b>\$ 12,013,225</b>	<b>\$ 11,950,525</b>	
<b>Liabilities and Shareholders' Equity</b>									
<b>Liabilities:</b>									
Deposits	\$ 8,474,357	\$ 8,085,075	\$ 8,133,780	\$ 7,968,948	\$ 7,602,609	\$ 7,268,269	\$ 6,730,913	\$ 6,542,128	
Securitization liabilities	6,396,861	5,926,749	5,059,275	4,657,870	4,386,508	4,297,869	4,340,098	4,512,683	
Obligations under repurchase agreements	-	64,655	161,496	218,438	186,342	42,663	8,392	-	
Deferred tax liabilities	29,022	26,933	21,989	19,033	15,724	12,534	11,714	11,585	
Other liabilities	89,586	68,690	53,654	59,682	66,092	50,288	37,646	43,566	
Bank facilities	94,134	258,599	264,076	150,409	116,178	133,363	118,873	123,792	
Debentures	65,000	80,000	85,000	85,000	85,000	90,612	92,483	92,483	
	<b>15,148,960</b>	<b>14,510,701</b>	<b>13,779,270</b>	<b>13,159,380</b>	<b>12,458,453</b>	<b>11,895,598</b>	<b>11,340,119</b>	<b>11,326,237</b>	
<b>Shareholders' equity:</b>									
Preferred shares	72,557	72,557	72,557	72,557	72,498	72,412	72,667	48,494	
Common shares	143,869	142,499	141,867	141,491	140,838	140,181	139,871	139,463	
Contributed surplus	4,812	4,839	4,740	4,607	4,419	4,281	5,251	5,466	
Retained earnings	618,199	593,009	565,578	536,611	509,321	486,255	462,455	438,450	
Accumulated other comprehensive loss	(36,372)	(30,471)	(26,905)	(17,582)	(14,827)	(8,552)	(7,138)	(7,585)	
	<b>803,065</b>	<b>782,433</b>	<b>757,837</b>	<b>737,684</b>	<b>712,249</b>	<b>694,577</b>	<b>673,106</b>	<b>624,288</b>	
	<b>\$ 15,952,025</b>	<b>\$ 15,293,134</b>	<b>\$ 14,537,107</b>	<b>\$ 13,897,064</b>	<b>\$ 13,170,702</b>	<b>\$ 12,590,175</b>	<b>\$ 12,013,225</b>	<b>\$ 11,950,525</b>	

<sup>(1)</sup> Average balance is calculated based on opening and closing month-end balances outstanding during the period.



**Table 8: Mortgage principal under administration – by lending business**

(\$ THOUSANDS)	2016		2015				2014			
		Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	
Single Family Lending	\$	6,751,013	\$ 6,449,663	\$ 6,225,409	\$ 5,946,464	\$ 5,691,465	\$ 5,385,848	\$ 4,909,131	\$ 4,573,340	
Commercial Lending		2,313,337	2,229,466	2,240,474	2,289,859	2,328,651	2,305,375	2,283,825	2,258,168	
Total Core Lending		9,064,350	8,679,129	8,465,883	8,236,323	8,020,116	7,691,223	7,192,956	6,831,508	
Multi-unit residential		4,013,890	3,992,388	3,911,108	3,860,512	3,988,627	3,975,531	4,026,918	4,112,109	
Prime single family residential		2,385,784	1,962,930	1,528,435	1,078,712	741,536	573,944	312,923	163,659	
Total Securitization Financing		6,399,674	5,955,318	5,439,543	4,939,224	4,730,163	4,549,475	4,339,841	4,275,768	
Total on-balance sheet mortgage principal		15,464,024	14,634,447	13,905,426	13,175,547	12,750,279	12,240,698	11,532,797	11,107,276	
Multi-unit residential		2,100,591	1,965,663	1,901,926	1,771,894	1,570,278	1,399,816	1,241,999	1,051,687	
Prime single family residential		104,206	106,825	109,727	112,405	117,086	119,192	122,448	128,304	
Total derecognized mortgage principal		2,204,797	2,072,488	2,011,653	1,884,299	1,687,364	1,519,008	1,364,447	1,179,991	
Mortgages Under Management	\$	17,668,821	\$ 16,706,935	\$ 15,917,079	\$ 15,059,846	\$ 14,437,643	\$ 13,759,706	\$ 12,897,244	\$ 12,287,267	
Single Family Lending	\$	6,751,013	\$ 6,449,663	\$ 6,225,409	\$ 5,946,464	\$ 5,691,465	\$ 5,385,848	\$ 4,909,131	\$ 4,573,340	
Prime single family residential		2,489,990	2,069,755	1,638,162	1,191,117	858,622	693,136	435,371	291,963	
Commercial Lending		2,313,337	2,229,466	2,240,474	2,289,859	2,328,651	2,305,375	2,283,825	2,258,168	
Multi-unit residential		6,114,481	5,958,051	5,813,034	5,632,406	5,558,905	5,375,347	5,268,917	5,163,796	
Mortgages Under Management	\$	17,668,821	\$ 16,706,935	\$ 15,917,079	\$ 15,059,846	\$ 14,437,643	\$ 13,759,706	\$ 12,897,244	\$ 12,287,267	



**Table 9: Mortgage originations - by lending business**

(\$ THOUSANDS)	2016		2015				2014		
	Q1	Q4	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Single Family Lending	\$ 674,417	\$ 719,361	\$ 744,416	\$ 641,095	\$ 568,278	\$ 758,442	\$ 645,842	\$ 501,434	
Commercial Lending	201,849	259,502	235,987	199,977	207,767	253,961	193,668	187,036	
Total Core Lending	876,266	978,863	980,403	841,072	776,045	1,012,403	839,510	688,470	
Multi-unit residential	248,773	269,948	267,103	175,585	277,308	306,352	321,845	237,522	
Prime single family residential	444,354	489,310	522,919	379,687	191,414	270,175	157,259	-	
Total Securitization Financing	693,127	759,258	790,022	555,272	468,722	576,527	479,104	237,522	
Total mortgage originations	\$ 1,569,393	\$ 1,738,121	\$ 1,770,425	\$ 1,396,344	\$ 1,244,767	\$ 1,588,930	\$ 1,318,614	\$ 925,992	



**Table 10: Deposit principal**

(\$ THOUSANDS)	2016		2015				2014		
		Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
GICs	\$	6,606,137	\$ 6,931,771	\$ 6,934,026	\$ 7,239,484	\$ 6,894,012	\$ 6,869,073	\$ 6,547,226	\$ 6,102,968
Broked HISAs		1,096,641	947,675	791,472	652,806	503,554	366,239	262,297	158,576
Savings Plus Accounts		793,633	91	-	-	-	-	-	-
Deposit notes		235,702	235,946	236,180	236,184	236,430	150,144	150,010	150,005
<b>Total deposit principal</b>	<b>\$</b>	<b>8,732,113</b>	<b>\$ 8,115,483</b>	<b>\$ 7,961,678</b>	<b>\$ 8,128,474</b>	<b>\$ 7,633,996</b>	<b>\$ 7,385,456</b>	<b>\$ 6,959,533</b>	<b>\$ 6,411,549</b>



**Table 11: Mortgage credit metrics**

(\$ THOUSANDS)	2016	2015				2014		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Provision for credit losses	\$ 227	\$ 1,064	\$ 930	\$ 830	\$ 814	\$ 842	\$ 733	\$ 545
Provision for credit losses-rate <sup>(1)</sup>	0.01%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.02%
Gross impaired mortgage assets <sup>(2)</sup>	36,048	34,183	33,241	27,566	39,436	41,254	40,521	38,040
Net impaired mortgage assets <sup>(2)(3)</sup>	34,783	32,857	29,622	24,382	35,742	37,315	36,904	34,646
Net impaired mortgage assets as a % of total mortgage assets <sup>(2)(3)</sup>	0.22%	0.22%	0.21%	0.18%	0.28%	0.30%	0.32%	0.31%
Allowance for credit losses	33,155	33,216	34,911	34,007	33,772	33,447	32,928	32,252
Allowance for credit losses as a % of total mortgage assets	0.21%	0.23%	0.25%	0.26%	0.26%	0.27%	0.28%	0.29%
Allowances for credit losses as a % of gross impaired mortgage assets	92%	97%	105%	123%	86%	81%	81%	85%

<sup>(1)</sup> See Non-GAAP Measures section.

<sup>(2)</sup> Conventional mortgages are deemed to be impaired at the earlier of the date they have been individually provided for or when they have been in arrears for 90 days. Mortgages guaranteed by the Government of Canada are deemed to be impaired when payment is contractually past due 365 days.

<sup>(3)</sup> Net impaired mortgage assets reflect gross impaired mortgages less individual allowances.



**Table 12: Allowance for credit losses continuity**

(\$ THOUSANDS)	2016		2015				2014		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	
<b>Individual allowance</b>									
Balance, beginning of period	\$ 1,326	\$ 3,619	\$ 3,184	\$ 3,694	\$ 3,937	\$ 3,617	\$ 3,394	\$ 3,214	
Provision for credit losses	227	466	461	85	246	643	280	332	
Realized losses	(307)	(2,763)	(32)	(615)	(491)	(323)	(60)	(154)	
Recoveries	19	4	6	20	2	0	3	2	
Balance, end of period	\$ 1,265	\$ 1,326	\$ 3,619	\$ 3,184	\$ 3,694	\$ 3,937	\$ 3,617	\$ 3,394	
<b>Collective allowance</b>									
Balance, beginning of period	\$ 31,890	\$ 31,292	\$ 30,823	\$ 30,078	\$ 29,510	\$ 29,311	\$ 28,858	\$ 28,645	
Provision for credit losses	-	598	469	745	568	199	453	213	
Balance, end of period	\$ 31,890	\$ 31,890	\$ 31,292	\$ 30,823	\$ 30,078	\$ 29,510	\$ 29,311	\$ 28,858	
<b>Total allowance</b>									
Balance, beginning of period	\$ 33,216	\$ 34,911	\$ 34,007	\$ 33,772	\$ 33,447	\$ 32,928	\$ 32,252	\$ 31,859	
Provision for credit losses	227	1,064	930	830	814	842	733	545	
Realized losses	(307)	(2,763)	(32)	(615)	(491)	(323)	(60)	(154)	
Recoveries	19	4	6	20	2	0	3	2	
Balance, end of period	\$ 33,155	\$ 33,216	\$ 34,911	\$ 34,007	\$ 33,772	\$ 33,447	\$ 32,928	\$ 32,252	



**Table 13: Mortgage principal outstanding – by property type**

(\$ THOUSANDS)	2016		2015			2014		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
<b>Uninsured</b>								
Single family dwelling	\$ 6,019,695	\$ 5,666,406	\$ 5,588,827	\$ 5,240,123	\$ 5,041,423	\$ 4,700,722	\$ 4,452,025	\$ 4,071,168
Mixed-use property	368,175	357,738	362,013	360,338	357,642	346,850	362,528	363,301
Multi-unit residential	506,860	507,921	489,986	534,130	509,560	516,371	508,017	562,576
Commercial	868,590	854,016	926,301	923,779	1,009,257	1,037,015	1,047,122	1,052,903
Construction	564,747	510,408	461,337	470,663	451,093	404,873	364,416	278,435
Mortgage principal – Core Lending	8,328,067	7,896,489	7,828,464	7,529,033	7,368,975	7,005,831	6,734,108	6,328,383
Single family dwelling	70,133	53,149	2,386	-	-	-	-	-
Mortgage principal – Securitization Financing	70,133	53,149	2,386	-	-	-	-	-
<b>Total mortgage principal outstanding</b>	<b>\$ 8,398,200</b>	<b>\$ 7,949,638</b>	<b>\$ 7,830,850</b>	<b>\$ 7,529,033</b>	<b>\$ 7,368,975</b>	<b>\$ 7,005,831</b>	<b>\$ 6,734,108</b>	<b>\$ 6,328,383</b>
<b>Total mortgage principal outstanding percentage</b>	<b>54.3%</b>	<b>54%</b>	<b>56%</b>	<b>57%</b>	<b>58%</b>	<b>57%</b>	<b>58%</b>	<b>57%</b>
<b>Insured</b>								
Single family dwelling	\$ 730,160	\$ 782,035	\$ 636,793	\$ 706,643	\$ 650,473	\$ 684,702	\$ 458,138	\$ 502,395
Multi-unit residential	6,123	605	626	647	668	690	710	730
Mortgage principal – Core Lending	736,283	782,640	637,419	707,290	651,141	685,392	458,848	503,125
Single family dwelling	2,315,651	1,909,781	1,526,049	1,078,712	741,536	573,944	312,923	163,659
Multi-unit residential	4,013,890	3,992,388	3,911,108	3,860,512	3,988,627	3,975,531	4,026,918	4,112,109
Mortgage principal – Securitization Financing	6,329,541	5,902,169	5,437,157	4,939,224	4,730,163	4,549,475	4,339,841	4,275,768
<b>Total mortgage principal outstanding</b>	<b>\$ 7,065,824</b>	<b>\$ 6,684,809</b>	<b>\$ 6,074,576</b>	<b>\$ 5,646,514</b>	<b>\$ 5,381,304</b>	<b>\$ 5,234,867</b>	<b>\$ 4,798,689</b>	<b>\$ 4,778,893</b>
<b>Total mortgage principal outstanding percentage</b>	<b>45.7%</b>	<b>46%</b>	<b>44%</b>	<b>43%</b>	<b>42%</b>	<b>43%</b>	<b>42%</b>	<b>43%</b>
<b>Total</b>								
Single family dwelling	\$ 6,749,855	\$ 6,448,441	\$ 6,225,620	\$ 5,946,766	\$ 5,691,896	\$ 5,385,424	\$ 4,910,163	\$ 4,573,563
Mixed-use property	368,175	357,738	362,013	360,338	357,642	346,850	362,528	363,301
Multi-unit residential	512,983	508,526	490,612	534,777	510,228	517,061	508,727	563,306
Commercial	868,590	854,016	926,301	923,779	1,009,257	1,037,015	1,047,122	1,052,903
Construction	564,747	510,408	461,337	470,663	451,093	404,873	364,416	278,435
Mortgage principal – Core Lending	9,064,350	8,679,129	8,465,883	8,236,323	8,020,116	7,691,223	7,192,956	6,831,508
Single family dwelling	2,385,784	1,962,930	1,528,435	1,078,712	741,536	573,944	312,923	163,659
Multi-unit residential	4,013,890	3,992,388	3,911,108	3,860,512	3,988,627	3,975,531	4,026,918	4,112,109
Mortgage principal – Securitization Financing	6,399,674	5,955,318	5,439,543	4,939,224	4,730,163	4,549,475	4,339,841	4,275,768
<b>Total mortgage principal outstanding</b>	<b>\$ 15,464,024</b>	<b>\$ 14,634,447</b>	<b>\$ 13,905,426</b>	<b>\$ 13,175,547</b>	<b>\$ 12,750,279</b>	<b>\$ 12,240,698</b>	<b>\$ 11,532,797</b>	<b>\$ 11,107,276</b>
<b>Total mortgage principal outstanding percentage</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>





**Table 14: Mortgage principal outstanding – by interest rate type**

	2016	2015				2014		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Fixed rate mortgages	83%	83%	84%	85%	86%	87%	87%	88%
Floating rate mortgages with interest rate floors <sup>(1)</sup>	7%	7%	7%	7%	7%	7%	7%	6%
Floating rate mortgages without interest rate floors	11%	10%	9%	8%	7%	6%	6%	6%
<b>Total</b>	<b>100%</b>	100%	100%	100%	100%	100%	100%	100%

<sup>(1)</sup> Floating rate mortgages with interest rate floors represent mortgages whose rate are allowed to move up or down by way of reference to an index rate, but are subject to a minimum fixed rate.

**Table 15: Mortgage principal outstanding – by province<sup>(1)</sup>**

(\$ THOUSANDS)	2016		2015						2014							
	Q1		Q4		Q3		Q2		Q1		Q4		Q3		Q2	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Single Family Lending</b>																
Ontario	\$ 5,184,491	34%	\$ 4,958,225	34%	\$ 4,765,953	34%	\$ 4,542,015	34%	\$ 4,355,572	34%	\$ 4,122,706	34%	\$ 3,771,434	33%	\$ 3,517,509	32%
Alberta	914,251	6%	909,425	6%	909,805	7%	906,994	7%	895,001	7%	876,586	7%	800,149	7%	744,727	7%
Quebec	163,888	1%	137,910	1%	114,548	1%	86,872	1%	61,484	0%	36,877	0%	16,628	0%	6,193	0%
British Columbia	284,356	2%	243,914	2%	235,591	2%	216,048	2%	190,129	1%	170,725	1%	154,624	1%	145,010	1%
Saskatchewan	76,435	0%	77,252	1%	79,903	1%	80,363	1%	82,188	1%	78,694	1%	74,927	1%	70,812	1%
Other Provinces	127,592	1%	122,938	1%	119,609	1%	114,172	1%	107,091	1%	100,260	1%	91,369	1%	89,089	1%
	\$ 6,751,013	44%	\$ 6,449,663	44%	\$ 6,225,409	45%	\$ 5,946,464	45%	\$ 5,691,465	45%	\$ 5,385,848	44%	\$ 4,909,131	43%	\$ 4,573,340	41%
<b>Commercial Lending</b>																
Ontario	\$ 1,465,093	9%	\$ 1,426,315	10%	\$ 1,413,563	10%	\$ 1,464,394	11%	\$ 1,468,631	12%	\$ 1,460,167	12%	\$ 1,468,037	13%	\$ 1,461,834	13%
Alberta	267,008	2%	246,922	2%	272,998	2%	278,400	2%	295,090	2%	290,705	2%	290,778	3%	272,808	2%
Quebec	393,323	3%	384,052	3%	386,402	3%	381,832	3%	378,753	3%	389,599	3%	362,490	3%	361,788	3%
British Columbia	50,886	0%	32,606	0%	30,111	0%	38,594	0%	60,290	0%	55,231	0%	49,826	0%	50,133	0%
Saskatchewan	39,429	0%	38,156	0%	35,941	0%	35,420	0%	32,498	0%	29,658	0%	34,875	0%	34,725	0%
Other Provinces	97,599	1%	101,415	1%	101,459	1%	91,219	1%	93,388	1%	80,014	1%	77,819	1%	76,880	1%
	\$ 2,313,337	15%	\$ 2,229,466	15%	\$ 2,240,474	16%	\$ 2,289,859	17%	\$ 2,328,651	18%	\$ 2,305,375	19%	\$ 2,283,825	20%	\$ 2,258,168	20%
<b>Total mortgage principal - Core Lending</b>	\$ 9,064,350	59%	\$ 8,679,129	59%	\$ 8,465,883	61%	\$ 8,236,323	63%	\$ 8,020,116	63%	\$ 7,691,223	63%	\$ 7,192,956	62%	\$ 6,831,508	62%
<b>Multi-unit residential</b>																
Ontario	\$ 1,560,075	10%	\$ 1,516,645	10%	\$ 1,551,250	11%	\$ 1,543,023	12%	\$ 1,686,992	13%	\$ 1,656,273	14%	\$ 1,685,359	15%	\$ 1,642,701	15%
Alberta	673,371	4%	670,894	5%	628,166	5%	588,644	4%	608,581	5%	600,977	5%	612,865	5%	673,836	6%
Quebec	880,665	6%	885,550	6%	833,527	6%	822,084	6%	821,493	6%	834,182	7%	881,238	8%	940,773	8%
British Columbia	410,498	3%	438,295	3%	409,698	3%	412,730	3%	382,201	3%	410,328	3%	396,652	3%	386,595	3%
Saskatchewan	158,013	1%	155,411	1%	156,354	1%	159,788	1%	156,894	1%	143,558	1%	106,326	1%	116,537	1%
Other Provinces	331,268	2%	325,593	2%	332,113	2%	334,243	3%	332,466	3%	330,213	3%	344,477	3%	351,667	3%
	\$ 4,013,890	26%	\$ 3,992,388	27%	\$ 3,911,108	28%	\$ 3,860,512	29%	\$ 3,988,627	31%	\$ 3,975,531	32%	\$ 4,026,918	35%	\$ 4,112,109	37%
<b>Prime single family residential</b>																
Ontario	\$ 1,280,348	8%	\$ 1,033,032	7%	\$ 758,823	5%	\$ 503,539	4%	\$ 310,014	2%	\$ 223,626	2%	\$ 100,581	1%	\$ 59,283	1%
Alberta	514,056	3%	448,413	3%	378,425	3%	293,769	2%	218,176	2%	176,501	1%	98,598	1%	34,087	0%
Quebec	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
British Columbia	285,527	2%	213,577	1%	166,826	1%	135,721	1%	102,064	1%	86,607	1%	60,978	1%	39,264	0%
Saskatchewan	117,454	1%	106,499	1%	92,675	1%	62,032	0%	47,543	0%	38,059	0%	22,972	0%	11,370	0%
Other Provinces	188,399	1%	161,409	1%	131,686	1%	83,651	1%	63,739	0%	49,151	0%	29,795	0%	19,655	0%
	\$ 2,385,784	15%	\$ 1,962,930	14%	\$ 1,528,435	11%	\$ 1,078,712	8%	\$ 741,536	6%	\$ 573,944	5%	\$ 312,923	3%	\$ 163,659	1%
<b>Total mortgage principal - Securitization Financing</b>	\$ 6,399,674	41%	\$ 5,955,318	41%	\$ 5,439,543	39%	\$ 4,939,224	37%	\$ 4,730,163	37%	\$ 4,549,475	37%	\$ 4,339,841	38%	\$ 4,275,768	38%
<b>Total</b>																
Ontario	\$ 9,490,008	61%	\$ 8,934,217	61%	\$ 8,489,589	61%	\$ 8,052,971	61%	\$ 7,821,210	61%	\$ 7,462,772	61%	\$ 7,025,411	61%	\$ 6,681,327	60%
Alberta	2,368,686	15%	2,275,654	16%	2,189,394	16%	2,067,807	16%	2,016,848	16%	1,944,770	16%	1,802,390	16%	1,725,458	16%
Quebec	1,437,876	9%	1,407,511	10%	1,334,477	10%	1,290,788	10%	1,261,729	10%	1,260,658	10%	1,260,356	11%	1,308,755	12%
British Columbia	1,031,267	7%	928,391	6%	842,226	6%	803,093	6%	734,685	6%	722,890	6%	662,081	6%	621,002	6%
Saskatchewan	391,330	3%	377,319	3%	364,873	3%	337,602	3%	319,123	3%	289,970	2%	239,100	2%	233,444	2%
Other Provinces	744,859	5%	711,355	5%	684,867	5%	623,286	5%	596,684	5%	559,638	5%	543,459	5%	537,290	5%
<b>Total mortgage principal</b>	\$ 15,464,024	100%	\$ 14,634,447	100%	\$ 13,905,426	100%	\$ 13,175,547	100%	\$ 12,750,279	100%	\$ 12,240,698	100%	\$ 11,532,797	100%	\$ 11,107,276	100%

<sup>(1)</sup> Geographic location based on the address of the property mortgaged.



Table 16: Residential mortgage and HELOC principal outstanding – by province<sup>(1)</sup>

(\$ THOUSANDS)	Residential mortgages				HELOC <sup>(2)</sup>		Total	
	Insured <sup>(3)</sup>		Uninsured		Uninsured		Uninsured	
	Total	%	Total	%	Total	%	Total	%
	<b>Q1 2016</b>							
Ontario	\$ 1,794,388	20%	\$ 4,653,227	51%	\$ 17,027	79%	\$ 4,670,254	51%
Alberta	616,155	7%	808,447	9%	2,809	13%	811,256	9%
British Columbia	294,702	3%	274,248	3%	932	4%	275,180	3%
Manitoba	64,836	1%	71,982	1%	258	1%	72,240	1%
Saskatchewan	128,966	1%	64,556	1%	367	2%	64,923	1%
Other Provinces	146,764	2%	195,798	2%	177	1%	195,975	2%
<b>Total residential mortgages</b>	<b>\$ 3,045,811</b>	<b>34%</b>	<b>\$ 6,068,258</b>	<b>66%</b>	<b>\$ 21,570</b>	<b>100%</b>	<b>\$ 6,089,828</b>	<b>67%</b>
Downtown Toronto condominiums <sup>(4)</sup>	\$ 7,593	0%	\$ 56,424	1%	\$ 121	1%	\$ 56,545	1%
	<b>Q4 2015</b>							
Ontario	\$ 1,592,575	19%	\$ 4,383,369	52%	\$ 15,220	79%	\$ 4,398,589	52%
Alberta	561,389	7%	792,865	9%	2,684	14%	795,549	9%
British Columbia	232,672	3%	224,016	3%	802	4%	224,818	3%
Manitoba	59,608	1%	70,371	1%	220	1%	70,591	1%
Saskatchewan	118,918	1%	64,558	1%	276	1%	64,834	1%
Other Provinces	126,654	2%	164,997	2%	177	1%	165,174	2%
<b>Total residential mortgages</b>	<b>\$ 2,691,816</b>	<b>33%</b>	<b>\$ 5,700,176</b>	<b>67%</b>	<b>\$ 19,379</b>	<b>100%</b>	<b>\$ 5,719,555</b>	<b>68%</b>
Downtown Toronto condominiums <sup>(4)</sup>	\$ 7,920	0%	\$ 54,704	1%	\$ 111	1%	\$ 54,815	1%
	<b>Q1 2015</b>							
Ontario	\$ 808,499	13%	\$ 3,849,762	60%	\$ 8,670	77%	\$ 3,858,432	60%
Alberta	331,720	5%	778,769	12%	1,776	16%	780,545	12%
British Columbia	115,775	2%	176,077	3%	341	3%	176,418	3%
Manitoba	26,226	0%	71,082	1%	151	1%	71,233	1%
Saskatchewan	58,881	1%	70,625	1%	224	2%	70,849	1%
Other Provinces	50,908	1%	83,878	1%	68	1%	83,946	1%
<b>Total residential mortgages</b>	<b>\$ 1,392,009</b>	<b>22%</b>	<b>\$ 5,030,193</b>	<b>78%</b>	<b>\$ 11,230</b>	<b>100%</b>	<b>\$ 5,041,423</b>	<b>78%</b>
Downtown Toronto condominiums <sup>(4)</sup>	\$ 8,998	0%	\$ 47,519	1%	\$ 27	0%	\$ 47,546	1%

<sup>(1)</sup> Geographic location based on the address of the property mortgaged.

<sup>(2)</sup> HELOC represents the drawn amount of the secured line of credit.

<sup>(3)</sup> Insured by either CMHC or Genworth.

<sup>(4)</sup> Represents single family residential condominium mortgages and are included in Ontario totals above.



**Table 17: Residential mortgage principal outstanding – by remaining amortization<sup>(1)</sup>**

(\$ THOUSANDS)	<5 years	5 - <10 years	10 - <15 years	15 - <20 years	20 - <25 years	25 - <30 years	30 - <35 years	>=35 years	Total
<b>Q1 2016</b>									
Total residential mortgages	\$ 1,095 0%	\$ 10,686 0%	\$ 44,659 0%	\$ 221,261 2%	\$ 2,170,411 24%	\$ 6,525,904 72%	\$ 138,318 2%	\$ 1,735 0%	\$ 9,114,069 100%
<b>Q4 2015</b>									
Total residential mortgages	\$ 935 0%	\$ 9,367 0%	\$ 35,678 0%	\$ 185,372 3%	\$ 1,931,540 23%	\$ 6,074,542 72%	\$ 153,039 2%	\$ 1,519 0%	\$ 8,391,992 100%
<b>Q3 2015</b>									
Total residential mortgages	\$ 1,078 0%	\$ 7,745 0%	\$ 31,889 0%	\$ 157,311 3%	\$ 1,656,206 21%	\$ 5,680,184 73%	\$ 201,087 3%	\$ 1,911 0%	\$ 7,737,411 100%
<b>Q2 2015</b>									
Total residential mortgages	\$ 1,380 0%	\$ 8,420 0%	\$ 28,337 0%	\$ 138,473 2%	\$ 1,284,811 18%	\$ 5,273,219 75%	\$ 271,991 4%	\$ 4,595 0%	\$ 7,011,226 100%
<b>Q1 2015</b>									
Total residential mortgages	\$ 987 0%	\$ 8,384 0%	\$ 28,631 0%	\$ 122,656 2%	\$ 999,152 16%	\$ 4,911,680 76%	\$ 344,319 5%	\$ 6,393 0%	\$ 6,422,202 100%
<b>Q4 2014</b>									
Total residential mortgages	\$ 717 0%	\$ 7,304 0%	\$ 24,697 0%	\$ 111,945 2%	\$ 816,774 14%	\$ 4,580,706 77%	\$ 396,498 7%	\$ 12,667 0%	\$ 5,951,308 100%
<b>Q3 2014</b>									
Total residential mortgages	\$ 388 0%	\$ 7,217 0%	\$ 21,497 0%	\$ 103,829 2%	\$ 559,440 11%	\$ 4,064,455 78%	\$ 445,999 9%	\$ 15,826 0%	\$ 5,218,651 100%
<b>Q2 2014</b>									
Total residential mortgages	\$ 1,535 0%	\$ 6,327 0%	\$ 22,110 1%	\$ 101,961 2%	\$ 386,977 8%	\$ 3,708,389 78%	\$ 487,822 10%	\$ 22,101 1%	\$ 4,737,222 100%

<sup>(1)</sup> The above residential mortgage balances do not include HELOC amount.

**Table 18: Uninsured average loan-to-value of newly originated and newly acquired<sup>(1)</sup>**

(\$ THOUSANDS)	2016		2015								2014					
	Q1		Q4		Q3		Q2		Q1		Q4		Q3		Q2	
	Residential mortgages	HELOC <sup>(2)</sup>	Residential mortgages	HELOC <sup>(2)</sup>	Residential mortgages	HELOC <sup>(2)</sup>	Residential mortgages	HELOC <sup>(2)</sup>	Residential mortgages	HELOC <sup>(2)</sup>	Residential mortgages	HELOC <sup>(2)</sup>	Residential mortgages	HELOC <sup>(2)</sup>	Residential mortgages	HELOC <sup>(2)</sup>
Ontario	73%	7%	74%	6%	75%	6%	74%	5%	75%	6%	75%	6%	75%	5%	75%	5%
Alberta	72%	4%	71%	6%	72%	3%	72%	4%	72%	10%	74%	9%	75%	5%	74%	6%
British Columbia	71%	6%	68%	3%	72%	4%	70%	4%	71%	3%	73%	3%	73%	5%	74%	1%
Manitoba	75%	1%	75%	5%	74%	8%	74%	3%	77%	2%	74%	3%	74%	8%	74%	5%
Saskatchewan	69%	2%	73%	1%	68%	8%	66%	2%	71%	18%	72%	5%	73%	2%	71%	1%
Other Provinces	71%	3%	70%	2%	71%	2%	70%	5%	70%	4%	71%	3%	71%	5%	69%	1%
Total Canada	73%	7%	74%	6%	75%	6%	74%	5%	74%	6%	75%	7%	75%	5%	75%	5%
Downtown Toronto condominiums <sup>(3)</sup>	64%	2%	64%	2%	64%	2%	64%	2%	64%	2%	68%	3%	70%	0%	67%	1%

<sup>(1)</sup> Geographic location based on the address of the property mortgaged.

<sup>(2)</sup> The loan-to-value ("LTV") of the HELOC represents the authorized HELOC amount as a percentage of the original property value. There are also mortgages associated with most of these properties, but the aggregate LTVs are not presented on this chart.

Aggregate LTVs do not exceed 80%.

<sup>(3)</sup> Included in Ontario totals above.

**Table 19: Average loan-to-value of existing residential mortgages<sup>(1)(3)</sup>**

(\$ THOUSANDS)	2016			2015												2014								
			Q1	Q4			Q3			Q2			Q1			Q4			Q3			Q2		
	Insured <sup>(2)</sup>	Uninsured <sup>(2)</sup>	Total <sup>(2)</sup>	Insured <sup>(2)</sup>	Uninsured <sup>(2)</sup>	Total <sup>(2)</sup>	Insured <sup>(2)</sup>	Uninsured <sup>(2)</sup>	Total <sup>(2)</sup>	Insured <sup>(2)</sup>	Uninsured <sup>(2)</sup>	Total <sup>(2)</sup>	Insured <sup>(2)</sup>	Uninsured <sup>(2)</sup>	Total <sup>(2)</sup>	Insured <sup>(2)</sup>	Uninsured <sup>(2)</sup>	Total <sup>(2)</sup>	Insured <sup>(2)</sup>	Uninsured <sup>(2)</sup>	Total <sup>(2)</sup>	Insured <sup>(2)</sup>	Uninsured <sup>(2)</sup>	Total <sup>(2)</sup>
Ontario	74%	67%	69%	74%	67%	69%	74%	66%	68%	73%	67%	69%	72%	69%	70%	67%	69%	68%	65%	68%	67%	64%	69%	68%
Alberta	85%	70%	77%	85%	69%	76%	84%	67%	74%	83%	68%	73%	82%	68%	72%	79%	67%	70%	76%	66%	68%	65%	67%	66%
British Columbia	76%	62%	69%	79%	63%	71%	81%	64%	72%	82%	64%	72%	84%	65%	73%	84%	66%	73%	82%	66%	71%	75%	65%	68%
Manitoba	82%	70%	76%	83%	70%	76%	84%	70%	76%	81%	69%	73%	80%	70%	73%	77%	68%	71%	72%	67%	68%	66%	67%	67%
Saskatchewan	83%	63%	77%	85%	64%	77%	85%	63%	77%	85%	65%	75%	85%	67%	75%	84%	67%	74%	81%	66%	71%	73%	67%	68%
Other Provinces	87%	70%	77%	86%	69%	76%	87%	68%	76%	86%	68%	75%	87%	70%	76%	86%	69%	76%	80%	67%	72%	74%	66%	69%
Total Canada	78%	67%	71%	78%	67%	71%	78%	66%	70%	77%	67%	70%	77%	69%	71%	73%	69%	69%	70%	67%	68%	66%	68%	68%

<sup>(1)</sup> Geographic location based on the address of the property mortgaged.

<sup>(2)</sup> Based on current property values. Current values are estimated using the Teranet Housing Price Index.

<sup>(3)</sup> The LTV of HELOC is not included in this chart.



Table 20: Alberta and Saskatchewan portfolios

(\$ THOUSANDS)	Insured <sup>(1)</sup>				Uninsured <sup>(1)</sup>				Total	%				
	Residential	Commercial <sup>(2)</sup>	Total	%	Residential <sup>(3)</sup>	%	Commercial <sup>(4)</sup>	%						
										<b>Q1 2016</b>				
Alberta	\$ 616,155	4%	\$ 673,361	4%	\$ 1,289,516	8%	\$ 811,256	5%	\$ 267,914	2%	\$ 1,079,170	7%	\$ 2,368,686	15%
Saskatchewan	128,966	1%	158,013	1%	286,979	2%	64,923	0%	39,428	0%	104,351	1%	391,330	3%
Other provinces	2,300,690	15%	3,188,639	21%	5,489,329	36%	5,213,649	34%	2,001,031	13%	7,214,680	47%	12,704,009	82%
<b>Total Mortgage Principal</b>	<b>\$ 3,045,811</b>	<b>20%</b>	<b>\$ 4,020,013</b>	<b>26%</b>	<b>\$ 7,065,824</b>	<b>46%</b>	<b>\$ 6,089,828</b>	<b>39%</b>	<b>\$ 2,308,372</b>	<b>15%</b>	<b>\$ 8,398,200</b>	<b>54%</b>	<b>\$ 15,464,024</b>	<b>100%</b>
<b>Included in Alberta:</b>														
Greater Edmonton	\$ 251,672	2%	\$ 365,315	2%	\$ 616,987	4%	\$ 333,635	2%	\$ 112,133	1%	\$ 445,768	3%	\$ 1,062,755	7%
Greater Calgary	253,394	2%	222,160	1%	475,554	3%	434,175	3%	115,024	1%	549,199	4%	1,024,753	7%
	\$ 505,066	3%	\$ 587,475	4%	\$ 1,092,541	7%	\$ 767,810	5%	\$ 227,157	1%	\$ 994,967	6%	\$ 2,087,508	14%
<b>Included in Saskatchewan:</b>														
Regina	\$ 35,199	0%	\$ 60,009	0%	\$ 95,208	1%	\$ 34,164	0%	\$ -	0%	\$ 34,164	0%	\$ 129,372	1%
Saskatoon	59,608	0%	79,305	1%	138,913	1%	25,967	0%	39,429	0%	65,396	0%	204,309	1%
	\$ 94,807	1%	\$ 139,314	1%	\$ 234,121	2%	\$ 60,131	0%	\$ 39,429	0%	\$ 99,560	1%	\$ 333,681	2%
														<b>Q4 2015</b>
Alberta	\$ 561,389	4%	\$ 670,881	5%	\$ 1,232,270	8%	\$ 795,549	5%	\$ 247,835	2%	\$ 1,043,384	7%	\$ 2,275,654	16%
Saskatchewan	118,918	1%	155,411	1%	274,329	2%	64,834	0%	38,156	0%	102,990	1%	377,319	3%
Other provinces	2,011,509	14%	3,166,701	22%	5,178,210	35%	4,859,172	33%	1,944,092	13%	6,803,264	46%	11,981,474	81%
<b>Total Mortgage Principal</b>	<b>\$ 2,691,816</b>	<b>18%</b>	<b>\$ 3,992,993</b>	<b>27%</b>	<b>\$ 6,684,809</b>	<b>46%</b>	<b>\$ 5,719,555</b>	<b>39%</b>	<b>\$ 2,220,083</b>	<b>15%</b>	<b>\$ 7,949,638</b>	<b>54%</b>	<b>\$ 14,634,447</b>	<b>100%</b>
<b>Included in Alberta:</b>														
Greater Edmonton	\$ 232,490	2%	\$ 356,017	2%	\$ 588,507	4%	\$ 325,784	2%	\$ 92,474	1%	\$ 418,258	3%	\$ 1,006,765	7%
Greater Calgary	226,430	2%	225,313	2%	451,743	3%	425,986	3%	114,391	1%	540,377	4%	992,120	7%
	\$ 458,920	3%	\$ 581,330	4%	\$ 1,040,250	7%	\$ 751,770	5%	\$ 206,865	1%	\$ 958,635	7%	\$ 1,998,885	14%
<b>Included in Saskatchewan:</b>														
Regina	\$ 32,898	0%	\$ 60,315	0%	\$ 93,213	1%	\$ 33,839	0%	\$ -	0%	\$ 33,839	0%	\$ 127,052	1%
Saskatoon	54,868	0%	76,175	1%	131,043	1%	26,172	0%	38,156	0%	64,328	0%	195,371	1%
	\$ 87,766	1%	\$ 136,490	1%	\$ 224,256	2%	\$ 60,011	0%	\$ 38,156	0%	\$ 98,167	1%	\$ 322,423	2%
														<b>Q1 2015</b>
Alberta	\$ 331,720	3%	\$ 608,547	5%	\$ 940,267	7%	\$ 780,545	6%	\$ 296,036	2%	\$ 1,076,581	8%	\$ 2,016,848	16%
Saskatchewan	58,881	0%	156,855	1%	215,736	2%	70,849	1%	32,538	0%	103,387	1%	319,123	3%
Other provinces	1,001,408	8%	3,223,893	25%	4,225,301	33%	4,190,029	33%	1,998,978	16%	6,189,007	49%	10,414,308	81%
<b>Total Mortgage Principal</b>	<b>\$ 1,392,009</b>	<b>11%</b>	<b>\$ 3,989,295</b>	<b>31%</b>	<b>\$ 5,381,304</b>	<b>42%</b>	<b>\$ 5,041,423</b>	<b>40%</b>	<b>\$ 2,327,552</b>	<b>18%</b>	<b>\$ 7,368,975</b>	<b>58%</b>	<b>\$ 12,750,279</b>	<b>100%</b>
<b>Included in Alberta:</b>														
Greater Edmonton	\$ 141,419	1%	\$ 359,450	3%	\$ 500,869	4%	\$ 327,766	3%	\$ 151,410	1%	\$ 479,176	4%	\$ 980,045	8%
Greater Calgary	127,585	1%	159,786	1%	287,371	2%	414,421	3%	79,916	1%	494,337	4%	781,708	6%
	\$ 269,004	2%	\$ 519,236	4%	\$ 788,240	6%	\$ 742,187	6%	\$ 231,326	2%	\$ 973,513	8%	\$ 1,761,753	14%
<b>Included in Saskatchewan:</b>														
Regina	\$ 16,608	0%	\$ 41,909	0%	\$ 58,517	0%	\$ 37,220	0%	\$ -	0%	\$ 37,220	0%	\$ 95,737	1%
Saskatoon	24,553	0%	77,419	1%	101,972	1%	28,935	0%	31,003	0%	59,938	0%	161,910	1%
	\$ 41,161	0%	\$ 119,328	1%	\$ 160,489	1%	\$ 66,155	1%	\$ 31,003	0%	\$ 97,158	1%	\$ 257,647	2%

<sup>(1)</sup> Insured by either CMHC or Genworth.

<sup>(2)</sup> Insured Commercial mortgages are all multi-unit residential mortgages.

<sup>(3)</sup> Uninsured residential includes \$21.6 million (December 31, 2015 - \$19.4 million, March 31, 2015 - \$11.2 million) HELOC principal outstanding.

<sup>(4)</sup> There are no multi-units residential mortgages in the uninsured commercial portfolio.



Table 21: Modified Capital Disclosure Template - Equitable Bank

(\$ THOUSANDS)	2016		2015							
	Q1		Q4		Q3		Q2		Q1	
	All-in	Transitional	All-in	Transitional	All-in	Transitional	All-in	Transitional	All-in	Transitional
<b>Common Equity Tier 1 capital: instruments and reserves</b>										
1	\$ 152,667		\$ 151,962	\$ 150,353	\$ 150,008		\$ 149,324			
2	623,756		600,128	572,947	545,500		516,230			
3	(26,605)		(22,458)	(25,762)	(13,023)		(8,263)			
4	-		-	-	-		-			
5	-		-	-	-		-			
6	\$ 749,818		\$ 729,632	\$ 697,538	\$ 682,485		\$ 657,291			
<b>Common Equity Tier 1 capital: regulatory adjustments</b>										
28	\$ (13,951)		\$ (14,574)	\$ (13,206)	\$ (12,088)		\$ (11,396)			
29	\$ 735,867	\$ 752,089	\$ 715,058	\$ 737,277	\$ 684,332	\$ 708,644	\$ 670,397	\$ 686,445	\$ 645,895	\$ 657,872
<b>Additional Tier 1 capital : instruments</b>										
30	\$ -		\$ -	\$ -	\$ -		\$ -		\$ -	
31	-		-	-	-		-		-	
32	-		-	-	-		-		-	
33	72,554		72,554	72,554	72,554		72,554		72,554	
34	-		-	-	-		-		-	
35	-		-	-	-		-		-	
36	\$ 72,554		\$ 72,554	\$ 72,554	\$ 72,554		\$ 72,554		\$ 72,554	
<b>Additional Tier 1 capital : regulatory adjustments</b>										
43	\$ -		\$ -	\$ -	\$ -		\$ (4,735)			
44	72,554		72,554	72,554	72,554		67,819			
45	\$ 808,421	\$ 814,001	\$ 787,612	\$ 796,356	\$ 756,886	\$ 764,810	\$ 742,951	\$ 750,204	\$ 713,714	\$ 722,371
<b>Tier 2 capital: instruments and allowances</b>										
46	\$ -		\$ -	\$ -	\$ -		\$ -		\$ -	
47	65,000		65,000	85,000	85,000		85,000		85,000	
48	-		-	-	-		-		-	
49	-		-	-	-		-		-	
50	31,890		31,889	31,292	30,275		29,082			
51	\$ 96,890		\$ 96,889	\$ 116,292	\$ 115,275		\$ 114,082			
<b>Tier 2 capital: regulatory adjustments</b>										
57	\$ -		\$ -	\$ -	\$ -		\$ -		\$ -	
58	96,890		96,889	116,292	115,275		114,082			
59	\$ 905,311	\$ 910,890	\$ 884,501	\$ 893,245	\$ 873,178	\$ 881,102	\$ 858,226	\$ 865,479	\$ 827,796	\$ 836,453
60	\$ 5,433,025	\$ 5,440,496	\$ 5,259,384	\$ 5,270,468	\$ 5,113,009	\$ 5,123,316	\$ 4,983,762	\$ 4,993,524	\$ 4,867,218	\$ 4,879,538
<b>Capital ratios</b>										
61	13.5%	13.8%	13.6%	14.0%	13.4%	13.8%	13.5%	13.7%	13.2%	13.5%
62	14.9%	15.0%	15.0%	15.1%	14.8%	14.9%	14.9%	15.0%	14.7%	14.8%
63	16.7%	16.7%	16.8%	16.9%	17.1%	17.2%	17.2%	17.3%	17.0%	17.1%
<b>OSFI all-in target</b>										
69	7.0%		7.0%	7.0%	7.0%		7.0%		7.0%	
70	8.5%		8.5%	8.5%	8.5%		8.5%		8.5%	
71	10.5%		10.5%	10.5%	10.5%		10.5%		10.5%	
<b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022)</b>										
80	N/A		N/A	N/A	N/A		N/A		N/A	
81	N/A		N/A	N/A	N/A		N/A		N/A	
82	N/A		N/A	N/A	N/A		N/A		N/A	
83	-		-	-	-		-		-	
84	N/A		N/A	N/A	N/A		N/A		N/A	
85	-		-	-	-		-		-	





Table 21: Modified Capital Disclosure Template - Equitable Bank

(\$ THOUSANDS)	2014					
	Q4		Q3		Q2	
	All-in	Transitional	All-in	Transitional	All-in	Transitional
<b>Common Equity Tier 1 capital: instruments and reserves</b>						
1	\$ 148,564		\$ 147,773		\$ 147,368	
2	490,774		468,342		443,977	
3	(2,453)		(786)		(2,016)	
4	-		-		-	
5	-		-		-	
6	\$ 636,885		\$ 615,329		\$ 589,329	
<b>Common Equity Tier 1 capital: regulatory adjustments</b>						
28	\$ (1,723)		\$ (1,755)		\$ (1,160)	
29	\$ 635,162	\$ 640,654	\$ 613,574	\$ 617,943	\$ 588,169	\$ 592,192
<b>Additional Tier 1 capital : instruments</b>						
30	\$ -		\$ -		\$ -	
31	-		-		-	
32	-		-		-	
33	72,409		72,409		40,000	
34	-		-		-	
35	-		-		-	
36	\$ 72,409		\$ 72,409		\$ 40,000	
<b>Additional Tier 1 capital : regulatory adjustments</b>						
43	\$ (4,806)		\$ -		\$ -	
44	67,603		72,409		40,000	
45	\$ 702,765	\$ 707,988	\$ 685,983	\$ 687,387	\$ 628,169	\$ 629,329
<b>Tier 2 capital: instruments and allowances</b>						
46	\$ -		\$ -		\$ -	
47	85,000		92,483		92,483	
48	-		-		-	
49	-		-		-	
50	29,510		29,311		28,858	
51	\$ 114,510		\$ 121,794		\$ 121,341	
<b>Tier 2 capital: regulatory adjustments</b>						
57	\$ -		\$ -		\$ -	
58	114,510		121,794		121,341	
59	\$ 817,275	\$ 822,498	\$ 807,777	\$ 809,181	\$ 749,510	\$ 750,671
60	\$ 4,721,132	\$ 4,729,127	\$ 4,614,415	\$ 4,615,819	\$ 4,399,956	\$ 4,401,116
<b>Capital ratios</b>						
61	13.5%	13.5%	13.3%	13.4%	13.4%	13.5%
62	14.9%	15.0%	14.9%	14.9%	14.3%	14.3%
63	17.3%	17.4%	17.5%	17.5%	17.0%	17.1%
<b>OSFI all-in target</b>						
69	7.0%		7.0%		7.0%	
70	8.5%		8.5%		8.5%	
71	10.5%		10.5%		10.5%	
<b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022)</b>						
80						
81	N/A		N/A		N/A	
82	N/A		N/A		N/A	
83	-		-		-	
84	N/A		N/A		N/A	
85	-		-		-	



**Table 22: Leverage Ratio - Equitable Bank<sup>(1)(2)</sup>**

(\$ THOUSANDS)	2016		2015			
	Q1	Q4	Q3	Q2	Q1	
<b>On-balance sheet exposure</b>						
1 On-balance sheet items (excluding derivatives, SFTs and grandfathered securitization exposures but including collateral)	\$ 15,853,057	\$ 14,956,797	\$ 14,185,631	\$ 13,629,767	\$ 12,741,624	
2 (Asset amounts deducted in determining Basel III "all-in" Tier 1 capital)	5,807	6,760	6,016	5,290	10,148	
3 <b>Total on-balance sheet exposures</b> (excluding derivatives and SFTs) (sum of lines 1 and 2)	\$ 15,847,250	\$ 14,950,037	\$ 14,179,615	\$ 13,624,477	\$ 12,731,476	
<b>Derivative exposures</b>						
4 Replacement cost associated with all derivative transactions (i.e. net of eligible cash variation margin)	\$ 627	\$ 1,468	\$ 1,983	\$ 1,956	\$ 6,863	
5 Add-on amounts for PFE associated with all derivative transactions	13,476	9,411	11,128	11,128	4,260	
6 Gross up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-	-	-	-	-	
7 (Deductions of receivables assets for cash variation margin provided in derivative transactions)	-	-	-	-	-	
8 (Exempted CCP-leg of client cleared trade exposures)	-	-	-	-	-	
9 Adjusted effective notional amount of written credit derivatives	-	-	-	-	-	
10 (Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-	-	-	-	
11 <b>Total derivative exposures (sum of lines 4 to 10)</b>	\$ 14,103	\$ 10,879	\$ 13,111	\$ 13,084	\$ 11,123	
12 Gross SFT assets recognised for accounting purposes (with no recognition of netting), after adjusting for sale accounting transactions	\$ 30,346	\$ 19,919	\$ 63,598	\$ 102,025	\$ 10,535	
13 (Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-	-	-	-	
14 Counterparty credit risk (CCR) exposure for SFTs	-	-	-	-	-	
15 Agent transaction exposures	-	-	-	-	-	
16 <b>Total securities financing transaction exposures (sum of lines 12 to 15)</b>	\$ 30,346	\$ 19,919	\$ 63,598	\$ 102,025	\$ 10,535	
<b>Other off-balance sheet exposures</b>						
17 Off-balance sheet exposure at gross notional amount	\$ 657,181	\$ 659,411	\$ 552,537	\$ 514,332	\$ 432,460	
18 (Adjustments for conversion to credit equivalent amounts)	(408,910)	(402,620)	(326,121)	(329,787)	(274,384)	
19 <b>Off-balance sheet items (sum of lines 17 and 18)</b>	\$ 248,271	\$ 256,791	\$ 226,416	\$ 184,545	\$ 158,076	
<b>Capital and Total Exposure</b>						
20 Tier 1 capital	\$ 808,421	\$ 787,612	\$ 756,886	\$ 742,951	\$ 713,714	
21 <b>Total Exposures (sum of lines 3, 11, 16 and 19)</b>	\$ 16,139,970	\$ 15,237,626	\$ 14,482,740	\$ 13,924,131	\$ 12,911,210	
<b>Leverage Ratios</b>						
22 <b>Basel III Leverage Ratio</b>	5.0%	5.2%	5.2%	5.3%	5.5%	

<sup>(1)</sup> This table has been extracted from and should be read in conjunction with the BCBS Leverage Ratio Framework and OSFI's Leverage Requirements guideline.

<sup>(2)</sup> The Leverage Ratio has replaced the OSFI ACM effective January 1, 2015, thus it is not applicable for prior periods.



#### **Non-GAAP measures**

##### **Assets-to-Capital Multiple ("ACM")**

is measured by dividing the Bank's gross adjusted assets by total regulatory capital. The ACM is calculated on the "transitional" basis in accordance with OSFI's CAR Guideline.

##### **Assets Under Management ("AUM")**

is the sum of total assets reported on the consolidated balance sheet and mortgage principal derecognized but still managed by the Company.

##### **Book value per common share**

is calculated by dividing common shareholders' equity by the number of common shares outstanding.

##### **Common Equity Tier 1 Capital ("CET1")**

is defined as shareholders' equity plus any qualifying other non-controlling interest in subsidiaries less preferred shares issued and outstanding, any goodwill, other intangible assets and cash flow hedge reserve components of accumulated other comprehensive income.

##### **CET1 Ratio**

is defined as CET1 as a percentage of total RWA. This ratio is calculated for the Bank on the "all-in" basis in accordance with the guidelines issued by OSFI.

##### **Efficiency Ratio**

is derived by dividing non-interest expenses by the sum of net revenue. A lower efficiency ratio reflects a more efficient cost structure.

##### **Investments in our future**

is the portion of non-interest expenses spent on various strategic initiatives to enable future growth and maintain our superior level of service.

##### **Leverage Ratio**

is calculated by dividing Tier 1 Capital by an exposure measure. The exposure measure consists of total assets (excluding items deducted from Tier 1 Capital) and certain off-balance sheet items converted into credit exposure equivalents. Adjustments are also made to derivatives and secured financing transactions to reflect credit and other risks. This ratio is calculated for the Bank on the "all-in" basis in accordance with the guidelines issued by OSFI.

##### **Liquid assets**

is a measure of the Company's cash or assets that can be readily converted into cash, which are held for the purposes of funding mortgages, deposit maturities, and the ability to collect other receivables and settle other obligations.

##### **Mortgages Under Management ("MUM")**

is the sum of mortgage principal reported on the consolidated balance sheet and mortgage principal derecognized but still managed by the Company.



#### **Non-GAAP measures**

##### **Net interest margin ("NIM")**

is calculated on an annualized basis by dividing net interest income – TEB by the average total interest earning assets for the period.

##### **Net revenue**

is calculated as the sum of net interest income, other income, and the TEB adjustment.

##### **Provision for credit losses rate**

is calculated on an annualized basis and is defined as the provision for credit losses as a percentage of average loan portfolio outstanding during the period.

##### **Return on average assets**

is calculated on an annualized basis and is defined as net income as a percentage of average month-end total assets balances outstanding during the period.

##### **Return on shareholders' equity ("ROE")**

is calculated on an annualized basis and is defined as net income available to common shareholders as a percentage of the weighted average common equity outstanding during the period.

##### **Risk-weighted assets ("RWA")**

represents the Bank's assets and off-balance sheet exposures, weighted according to risk as prescribed by OSFI under the CAR Guideline.

##### **Securitization Financing MUM**

is the sum of Securitization Financing mortgage principal reported on the consolidated balance sheet and Securitization Financing mortgage principal derecognized but still managed by the Company.

##### **Taxable equivalent basis ("TEB")**

The TEB methodology grosses up tax-exempt income, such as dividends from equity securities, by an amount which makes this income comparable on a pre-tax basis to regular taxable income such as mortgage interest.

##### **Tier 1 Capital**

is calculated by adding non-cumulative preferred shares to CET1.

##### **Tier 2 Capital**

is equal to the sum of the Bank's collective allowance and subordinated debentures.

##### **Tier 1 Ratio**

is calculated by dividing Tier 1 Capital by Total RWA. This ratio is calculated for the Bank on the "all-in" basis in accordance with the guidelines issued by OSFI.

##### **Total Capital**

equals to Tier 1 plus Tier 2 Capital.

##### **Total Capital Ratio**

is calculated by dividing Total Capital by Total RWA. This ratio is calculated for the Bank on the "all-in" basis in accordance with the guidelines issued by OSFI.



**Additional GAAP measures**

**Net interest income**

is defined as total revenues derived from interest or dividend generating assets less total expenses related to interest bearing liabilities.

**Total revenue**

is defined as interest income plus other income.



## **Acronyms**

### **AOCI**

Accumulated Other Comprehensive Income (Loss)

### **BCBS**

Basel Committee on Banking Supervision

### **CAR**

Capital Adequacy Requirements

### **CMHC**

Canada Mortgage and Housing Corporation

### **EPS**

Earnings per Share

### **GAAP**

Generally Accepted Accounting Principles

### **GICs**

Guaranteed Investment Certificates

### **HELOC**

Home Equity Line of Credit

### **HISAs**

High Interest Savings Accounts

### **LTV**

Loan-to-Value ratio

### **OSFI**

Office of the Superintendent of Financial Institutions Canada

### **TFSAs**

Tax-Free Savings Accounts