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EDITED TRANSCRIPT

EQB.TO - Q4 2014 Equitable Group Inc Earnings Call

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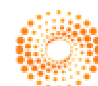

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CORPORATE PARTICIPANTS

Andrew Moor *Equitable Group Inc. - President & CEO*

Ron Tratch *Equitable Group Inc. - Chief Risk Officer*

Tim Wilson *Equitable Group Inc. - CFO*

CONFERENCE CALL PARTICIPANTS

Geoff Kwan *- Analyst*

Graham Ryding *- Analyst*

PRESENTATION

Operator

Good morning, ladies and gentlemen. I would like to welcome shareholders and analysts to the Equitable Group fourth quarter and annual 2014 conference call.

Before we begin, we would like to remind you that certain forward-looking statements may be made on this call, including statements regarding possible future business and growth prospects. You are cautioned that such forward-looking statements involve risks and uncertainties detailed in the Company's periodic filing with the Canadian regulatory authorities.

Many factors could cause actual results or performance to be different from those expressed by such forward-looking statements. Equitable does not undertake to update any forward-looking statements made by itself or on its behalf except in accordance with applicable security laws.

This call is being recorded for replay purposes. It is now my pleasure to turn the call over to Mr. Andrew Moor, President and CEO of Equitable Group and Equitable Bank. Please go ahead, Mr. Moor.

Andrew Moor *- Equitable Group Inc. - President & CEO*

Thank you, Ashton and good morning, everyone. Joining me is Tim Wilson, Chief Financial Officer of the bank and Equitable Group and Ron Tratch, our Chief Risk Officer. Ron assumed his new role with the bank at the beginning of this year, following the planned retirement of Bill Edmunds. As you may know, Ron is a long time Equitable banker, who previously served as our Vice President of Commercial Credit.

Given recent events in Alberta and Saskatchewan, I've asked Ron to address our credit strategies and our exposure to areas that could feel a pinch from lower oil prices a little later in our call. Before we get started, a reminder that we are webcasting our remarks with accompanying slides and those slides have already been posted to our website.

2014 was a year of outstanding growth and performance for the bank, a year in which we gained significant share of the mortgage broker channel with a substantial gain recorded in the fourth quarter, supporting 50% growth in single-family mortgage originations, broadened our saving and lending product offerings to consumers with a successful launch of the Equitable Bank high-interest savings account and our prime lending business, opened for single-family lending in Quebec and three maritime provinces, making Equitable a true coast to coast lender. While expanding our presence as a mid-size bank, Equitable drove net income over the CAD100 million mark for the first time and again demonstrated status as one of the best creators of value in the financial sector with a customarily high ROE.

I know our team are extremely proud of these accomplishments. They illustrate three key points about the bank. First, our passion for giving great service works, as does our exclusive commitment to the mortgage broker channel.

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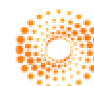

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We're absolutely delighted that of all the choices they have available for alternative mortgages, brokers were increasingly choosing Equitable. Recent stats support the fact that we gained significant share in the alternative single-family mortgage channel, particularly in Q4. According to our analysis, in Q4 alone we picked up approximately 700 percentage points of market share against our closest competitors.

Our highest share was reflected in overall mortgage originations in 2014, which stood at an all time annual record of CAD4.6 billion. Congratulations to Equitable employees for delivering on our service promise and for taking on the demand of expertly bringing forward new and exciting banking services.

Second, the growth we realized in 2014 reaffirms the comparative strengths and economic advantages of our branchless business model. This model is becoming even more valuable as consumers realize the convenience of banking with us, whether on the lending or saving side.

Without the burden of branches, our bank grows with much greater flexibility and efficiency than traditional branch-based banks. We pass on these advantages to consumers and they responded in kind, placing additional CAD1 billion of their savings with us in 2014, including about CAD346 million earmarked for our new high-interest savings account product. Having a strong savings business conveys a significant competitive advantage to Equitable and we advanced this strength in 2014 with more to follow.

Third and of utmost interest to shareholders, Equitable's 2014 performance was part of a trend of consistent value creation. Since 2010, diluted EPS has increased at an average annual rate of just over 14%. Book value has grown by an average of over 13% per year and the bank's ROE average was 17.5%. This high rate of return continues to justify a strategy of reserving and redeploying the vast majority of earnings, about 90%, within the business to fuel future growth.

At the same time, Equitable's further rewarded shareholders by returning in aggregate over CAD27.5 million in common share dividends in the last three years. During that period we have increased the common share dividend five times. With total shareholder returns of 174% since 2011, we have delivered the highest return to shareholders of all Canadian banks in each of the last three years. By following the same disciplined approach to growth and capital allocation, I believe Equitable can extend its value creation track record going forward.

Now I would like to move to the fourth quarter results. Earnings for the period were very solid at CAD1.59 per share and ROE was 16%. However, for a couple of reasons, we did not surpass the earnings record set in the last year's fourth quarter.

Specifically, we incurred CAD700,000 in aggregate extra costs in the quarter to fund the payment of dividends on a new series 3 preferred shares. You recall that we issued these shares on August 8. Instead of paying preferred shareholders dividends for the final few weeks of the third quarter, we in effect doubled up by paying extra in the fourth quarter. This alone reduced EPS by CAD0.04.

Second, we incurred extra costs for strategically important investments that we made in our service platform and in our future growth. These investments occurred ahead of many of the [first year] benefits, specifically top-line revenue. In aggregate, these investments totaled CAD1.6 million in Q4 and reduced EPS by CAD0.08.

As much as investing our strategy affects our current period EPS, Equitable has its eyes on the long-term and believes that these investments will reward our shareholders over time. Together with stub period preferred share dividend costs, these variances kept us from delivering what would have otherwise have been a fourth quarter record for performance.

We keep a tight leash on everyday expenses and I can assure you that for my management team, earnings and ROE remain critical benchmarks, measures of our success. Of course, earnings are derived from our mortgage books, so we take record growth in our portfolio by CAD862 million or 7% in the fourth quarter alone as a sign that our strategies are working as intended.

In particular, fourth quarter growth in single-family lending services was absolutely outstanding. The portfolio increased by CAD407 million or 9% in the quarter and was up 31% over 2013. This performance was largely due to mortgage originations, which grew 50% to an all-time record high of CAD758 million.

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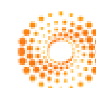

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In spite of seasonality that favors the third quarter over the fourth, fourth quarter single-family origination volumes surpassed the previous record set in the September 30 period by CAD113 million or 17%.

The bank's commercial lending services business also had a great finish to the year, generating 39% growth in originations. As you know, a few significant deals either way can make a big difference in commercial, so I choose to see the progress of the longer term lends of building sustaining our partnerships and doing deals that make economic sense relative to our ROE thresholds and risk tolerances. Of commercial mortgage principle, CAD2.3billion at year end, the bank is a diversified lender and commercial lending is important to our overall business.

Given comparative dynamics and our disciplined approach to allocating capital, we continue to expect commercial mortgage principle will remain at around current levels through 2015. Securitization financing mortgages under management grew 10% year over year to CAD6.5 billion. [Two parties] have strong activity in the multi-unit residential market. The performance was also helped by CAD270 million of prime single-family originations resulting from the launch of our prime business in Q3.

The majority of these prime mortgages were sourced through business partners as planned, but we also made a good start on internally generating business. I will discuss this in my closing remarks.

Now I would like to turn the call over to Ron for his thoughts. Just as a reminder, Ron previously ran the bank's commercial business and was working alongside his predecessor as CRO for much of the last year to ready himself to really come up to speed on the CRO role and he did assume the CRO role January 1, 2015.

Ron Tratch - *Equitable Group Inc. - Chief Risk Officer*

Thanks, Andrew. Despite the dramatic growth in our mortgage book, we have remained disciplined in our underwriting and credit practices in every region of the country, including western Canada. Of course, given the recent decline in the price of oil, the wild card for forecasters is what happens in Alberta and Saskatchewan. This decline has already led to layoffs and has created uncertainty for the economies of both provinces.

In terms of our perspective, we have CAD1.1 billion of uninsured mortgages or 10% of our total mortgage book in these provinces, which illustrates the success that we've had in building our franchise in western Canada since we opened for business six years ago. While that makes our book sizable enough to warrant management's attention, we have been disciplined in our credit and underwriting practices in these markets and that discipline makes us comfortable with the quality of our book.

We continue to monitor the related developments closely and have made certain adjustments to our risk management approach in both markets and will continue to do so if warranted. As part of our underwriting framework and consistent with our approach across the country, we lend primarily in urban centers like Calgary and Edmonton. These centers, while certainly influenced by the performance of the energy sector, also feature many other anchoring aspects to their economies such as government, health care, transportation and the like.

Our team has recently spent time running stress tests on our portfolio and based on the size and quality of our book in Alberta and Saskatchewan, we do not anticipate incurring material losses in either province. We do, however, expect that arrears rates in these areas may increase relative to our national book and will monitor portfolio performance closely.

One of the best ways to see our credit and underwriting performance is to review our impairment provision. Reflecting the low level of losses anticipated on our impaired loans, this provision was just 2 basis points of the total mortgage portfolio in the fourth quarter and 1 basis point for the year. Based on what we see currently, which is informed by a range of economic forecasts, we expect arrears rates and our impairment provision will remain low nationally in 2015.

Overall, plotting our credit losses against total loans shows that for most of the past decade Equitable has consistently outperformed the average of the big six, the well known regional banks and large trust companies. We intend to further this track record in 2015. Tim will now provide his analysis before Andrew discusses the way forward.

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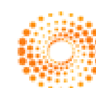

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Tim Wilson - *Equitable Group Inc. - CFO*

Thanks, Ron. From my perspective, 2014 was a positive year that reflected well on our long-term strategies and during which we realized substantial growth in our earnings. Looking at profitability drivers in the fourth quarter, net interest income grew 15% year over year, reflecting a 6% growth in our average asset balances and NIM expansion of 12 basis points. NIM increased partly due to the continued shift in favor of our higher margin core lending business, in other words, single-family and commercial.

Quarter over quarter, NII was up by 5% due to growth in our assets. Our NIM was flat, as the effect of the shift in the portfolio towards core lending was offset by lower margins within core lending itself, as we had expected. Core lending margins declined slightly because of lower prepayment income, which tends to be volatile and the high relative growth of our single-family assets. Single-family mortgages are lower spread than commercial assets, but generally have a higher return on equity.

Looking to 2015, we continue to expect that net interest income will increase at low double- digit rates on growth of our assets, a very positive outcome reflecting the expansion of our franchise. From the perspective of NIM, there are a couple of dynamics at work that are worth considering as you think about our outlook. I highlighted these dynamics last quarter, but will take a moment to lay them out for you again.

Specifically, while we expect single-family NIM to remain stable through 2015, the high growth of this portfolio relative to commercial will lead to slight spread compression in core lending margins, as we saw in Q4. Similarly, we expect the overall weighted average NIM of our securitization financing portfolio to decrease marginally because of the lower spreads on new and renewed mortgages. This effect will be less than in prior years because the large volume of mortgages that we originated back when spreads were extraordinarily high following the financial crisis have now largely matured.

Additionally, we expect the growth rates of our core lending and securitization financing portfolios will start to converge due to an increased rate of growth in securitization financing. With that, we should benefit to a lesser extent than we have in recent quarters from the mixed shift towards our high-margin core lending business.

Note that even though higher growth in securitization financing has that dampening effect on our margins, it will still benefit net interest income and our bottom line. Similarly, we expect NII and earnings to benefit from the overall growth in our assets next year, even as total NIM decreases slightly quarter to quarter from Q4 2014 levels as a result of the factors I discussed.

Moving along, Andrew discussed the impact of higher costs on our fourth quarter earnings. Specifically, our non-interest expenses increased by CAD5.8 million compared to last year or 40%. This partly reflected normal cost inflation that came from growing our core lending mortgage portfolio by 17% year over year.

Costs to support our existing business increased by CAD4.4 million, driven mainly by our growth in our FTE. These additional people were required to deliver on our origination volumes and our service commitment.

Also included in our costs are CAD0.8 million of loyalty incentives paid to brokers for exceeding certain origination thresholds. These incentives and our people growth both relate to the strength of our performance; a performance that well exceeded our own expectations in Q4, I might add, and represents good news for our shareholders over the long-term.

As Andrew mentioned, the results of an additional CAD1.4 million of costs incurred to push ahead our products and service expansion. Although these investments reduced our EPS in Q4, we expect to realize significant benefits in later quarters.

The short term effect was a spike in our efficiency ratio to 35.4% in the fourth quarter. Even so, Equitable's 32.6% average for the year as a whole was far and away better than the average for the big six and our mid-sized peers.

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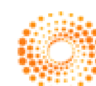

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Looking ahead to the first half of 2015, we expect our expense levels to come down slightly and our efficiency ratio to improve over fourth quarter levels. As discussed last quarter, with higher spending planned for the second half of the year, we will see another increase in our expenses and our efficiency ratio then, but our branchless business model will allow us to retain our standing as one of the country's most efficient banks.

Our capital ratios at year end all continued to surpass minimum regulatory standards and most industry benchmarks. We expect to continue operating above these benchmarks as we grow, including on the new Basel III leverage ratio, which we will begin to report in Q1.

My final comment relates to future performance and that is with respect to the surprise announcement by the Bank of Canada to lower its overnight rate. You should know that we maintain a very low level of interest rate risk in our book and although we lowered our prime rate alongside other banks, do not expect that this decision will have a significant impact on our margins or ROE this year.

For further information regarding the sensitivity of our book to interest rate changes, you can reference table 33 of our Q4 MD&A. Overall, the bank is well situated to grow profitably in 2015 and we fully expect to be reporting good progress with our first quarter results in a couple of months. Now, back to Andrew.

Andrew Moor - *Equitable Group Inc. - President & CEO*

Thanks, Tim. On our last call, we just launched our prime lending business in the greater Toronto area. Since then, we've expanded to Calgary and I'm pleased to say the market response in each case has been positive.

We closed almost CAD40 million of internally originated prime mortgages in the fourth quarter and are on track to surpass that volume in the first quarter. Given the targeted nature of our launch, I consider this to be a good start that reinforces our belief that we can build this business on the basis of great service to become a meaningful [back] part of the bank's profitability over the next few years.

Equitable has many advantages as a prime lender, including the fact that we are well known and trusted in the mortgage broker channel. As such, we've been able to get our prime products on the shelf pretty quickly so that they can be fully considered by borrowers.

Mortgage brokers also tell us that they like the flexibility associated with our prime offering and like the fact that we're committed to giving them great service, just as we do when we present alternative mortgage offerings. It is on service that we choose to differentiate the bank and that extends to our new prime business. From a shareholder perspective, prime single-family offers attractive economics and also provides important risk diversification benefits.

Moving forward, as with all new ventures here at the bank, we're determined to continuously improve our prime offering, which means building robust behind the scenes processes and locking down the systems that will guarantee effective service for mortgage brokers and borrowers in every market. Based on what we have seen so far, we are confident that we can become a significant player in the prime space, originating upwards of CAD1 billion to CAD2 billion per annum within the next three to five years.

I mentioned earlier we are also expanding our single-family lending footprint in 2014 and essentially completed our national rollout by adding key communities: Atlantic Canada and Quebec. It's important for the bank to be national in scope as it opens new growth avenues and positions us as a more capable partner to large national mortgage brokers as well as regional and local brokers. We are very pleased to bring the Equitable service excellence approach to brokers and borrowers in all markets that we now serve.

The final topic today is growth in our savings business. As you heard, we had a great year, adding CAD1 billion in GICs and high-interest savings accounts with more than a third of that as a result in choosing the Equitable Bank HISA. As of yesterday, HISA balances were CAD426 million, up from CAD20.5 million at 2013 year end.

With our top-of-class 1.5% interest rate, these deposits create value for Canadian savers, representing an economical source of funding for our core lending businesses. To support ongoing growth, we are firming up plans to introduce digital banking capabilities, likely late in 2015, which will make it easier for consumers to do business with us directly and improve our ability to stay abreast of customer needs and preferences.

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Getting these capabilities right is important. We have a very knowledgeable and talented team on the case. Stay tuned.

To support our lending and savings growth, we plan to invest significantly in the back half of the year to strengthen our consumer brand; making Equitable Bank top-of-mind as a lending and savings institution in the minds of retail consumers will have benefits for asset gathering and retention. From an initial assessment of what it will take to establish a higher profile, we expect to spend an additional CAD3 million to CAD5 million in the second half of the year, subject to finalization.

These amounts could increase in later years depending on our initial launch experience and on how our strategies evolve. The earnings impact from this spending should be neutral as we offset it with new revenue from our prime business. All of these developments support our positive outlook.

In summary, we expect to deliver solid year-over-year growth in earnings and high returns on equity in 2015 while we build Equitable's status as a leading mid-size bank. That concludes our prepared remarks. Now I would like to invite your questions. Ashton, can you please open the lines to our callers?

QUESTIONS AND ANSWERS

Operator

(Operator instructions)

Your first question comes from Geoff Kwan. Please go ahead.

Geoff Kwan - - *Analyst*

Hi. Good morning.

First question I had was, you made the reference to potentially looking to go down the AIRB route, and I'm just wondering is that going to result in some incremental costs in terms of having to do the analytics and what-not to see if that makes sense for you? And how much might that be and how long might those expenses be in place?

Andrew Moor - *Equitable Group Inc. - President & CEO*

Yes, Geoff. Good morning. It certainly would have some cost implications. We don't expect them to be terribly material in this current year, a few hundreds of thousands of dollars maybe.

It's a bit of a chicken and egg situation. We have got to understand what the regulatory view is on that. There's also some changes proposed at the Basel level that would influence our thinking on this.

So we can't give you very clear guidance on this. We do expect it to be a two to three year program to actually move to full AIRB implementation if we choose to do that.

The benefits of course, are that we would have a more sensitive way of allocating capital to risk in the lending book. We think in the longer term that could really open up some other opportunities to us. So certainly there is short term costs, but potentially some long-term big strategic wins if we do make this kind of move.

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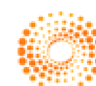

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Geoff Kwan - - *Analyst*

And the thought process around looking to go down this route now versus beforehand, is that a function because you're a much bigger company right now? And then with the potential benefit from a capital perspective, it makes more sense to look at it today than maybe a few years ago or at whatever point in the past?

Andrew Moor - *Equitable Group Inc. - President & CEO*

I think we have become not only larger, we have become a lot more sophisticated in our measurements of risks. Mark McPhail, who runs our portfolio analytics team, has brought a lot of really strong thinking to the analytics around credit loss and so on that we probably didn't, to be fair, we didn't have in house four or five years ago. It feels like the time is right to move up to that next platform.

We do believe that the relative simplicity of the bank as it stands today as well, would make it easier for us to transition to AIRB than perhaps some other institutions of the same size and asset base. So the cost of converting now and then growing with it is probably a better way of doing it than thinking, let's try and do this five years from now and there might be other complexities that would make the transition more complex.

Geoff Kwan - - *Analyst*

Okay. One last question I had is, obviously you have enjoyed good traction and growth in the non-prime residential part of your business. Do you get a sense as to maybe how much, if any, the benefit might be from that market expanding a little bit, whether or not it's more people falling into it to the extent that for example, banks are turning down people and people are becoming more self-employed?

Separate to that, but on a similar basis is, do you feel that in a housing market where overall in Canada things may be slowing or at least not as strong as prior years, do you feel you can sustain the momentum and pick up more share from where you are today?

Andrew Moor - *Equitable Group Inc. - President & CEO*

Yes. I think we're seeing -- we are the beneficiaries of two things going on at the same time, the alternative lending market growing as a percentage of the overall market. We didn't see much of that in Q4, to be fair, compared to Q3, but that has been the longer term dynamic over the last few years.

I go back to our team's focus on service. It's a very hard thing to replicate and they're doing a bang-up job. It's really been a lot of hard work; everything from simplifying our commitment letters to improving our systems to communicating and training, how we communicate better between salespeople and underwriters and mortgage officers.

I think we're winning that argument. We're dedicated to winning mind share with the brokers by delivering them excellent service and making it easier for them to do business with us. It's becoming more complicated to do business in this environment too, with more regulation, more concerns about AML, more concerns about proving income.

It's tricky to get a mortgage closed and our team makes what's inherently a painful process as easy as possible while being compliant. I think if we can keep on that track, we stand a chance, a good chance of winning more share here. None of these things, of course, are predestined and our team has to show up to work every day and roll up the sleeves and get on with it. I really feel we have got a great attitude on the underwriting floor and a great team that are executing every day.

Geoff Kwan - - *Analyst*

Okay. Great. Thank you.

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Operator

Your second question comes from Graham Ryding. Please go ahead.

Graham Ryding - - *Analyst*

Thanks. I appreciate the color around Alberta and Saskatchewan.

Could you provide a little bit more color around, you mentioned you did some stress testing. You don't expect any material losses. Could you maybe provide some color around what was implied in your stress testing relative to the current environment?

Andrew Moor - *Equitable Group Inc. - President & CEO*

Yes. I'll let Ron handle more of the technical details of what has gone on there.

I think we have tried to look at the economy as a whole and take a more balanced view on it. Clearly, the big drivers of defaults and losses are both the change in house prices and changes in unemployment. Those are the two factors we have stressed in those markets in particular.

My own view is that perhaps there's a 10% decrease in house prices, seems possibly quite reasonable in this environment and a 3% increase in unemployment. I know Ron's team have stressed it much more, a bit more aggressively than that. Perhaps, Ron, you can talk to that.

Ron Tratch - *Equitable Group Inc. - Chief Risk Officer*

Given the range of very subtle impact to the much more severe comments we have heard of late, we chose to stress it on a variety of different levels as Andrew said, on two levels. One being dramatic or not dramatic hit to the unemployment levels because we believe that unemployment in our book is a very strongly correlated driver of delinquency and then subsequent default. And then also meshing that with potential reductions in the overall housing prices.

In all scenarios, we do end up when we correlate that with our historical performance through some of the other cycles that that region of the country has gone through, would indicate that our portfolio is positioned very, very well with an overall LTV of 68% to play well within the forecasts that we had originally set for 2015. And our underwriting fundamentals will carry us through.

Graham Ryding - - *Analyst*

Okay. Great.

So it sounds like you are expecting perhaps some arrears to increase, but not material losses. Does that imply though, that you might see somewhat higher credit losses but still not material? Is that fair?

Ron Tratch - *Equitable Group Inc. - Chief Risk Officer*

Well, I don't know if I would say expecting, but we are certainly prepared and we're monitoring for that very closely. In addition to the standard 90-day plus delinquency we're watching in that part of the country, the 30 or even sub-30 day delinquency to see how things might roll through in the normal course and see how that develops.

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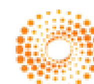

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Again, given that that percentage of our book is 10% of our total portfolio and it has performed very well, we do underwrite to solve underwriting fundamentals that are designed to take us through cycles as opposed to adjusting our underwriting fundamentals on a consistent basis to a frothy market. The overall impact, even if we do see elevated delinquency levels there, it should be able to be well-managed within the overall context of our national book.

Andrew Moor - *Equitable Group Inc. - President & CEO*

To give you some big picture numbers on that, Graham, we would be very surprised to see credit losses over CAD1 million in each of the next two years in those markets on the more severe stress assumptions that the team has made. Which is obviously a big number compared to where we are today and have been over the last few years, but in the scheme of a bank that's making over CAD100 million after tax it's not a particularly material number.

Graham Ryding - *- Analyst*

Yes. Okay. I appreciate that.

On the expense side, I'm wondering, Tim, if you could perhaps give us some [globals] here. Should we be thinking about the efficiency ratio for 2015 overall to be similar to this year's level, albeit, lower than, obviously Q4 seems like a bit of an outlier. Is that fair?

Tim Wilson - *Equitable Group Inc. - CFO*

What I would say is that the first focus would be on expenses. Clearly in Q4 2014, expenses were elevated. Our expectation is that the expense levels will come down slightly in the first half of 2015. But then as a result mainly of that CAD3 million to CAD5 million of brand spending that Andrew referenced, expenses to pop up again in the back half of the year.

Helping the efficiency ratio in spite of those expense increases, is obviously revenue growth, so two parts to calculate in the ratio. I would say when you balance out expense increases and revenue increases, the efficiency ratio, it's going to be higher than 2014 in totality. But when you look at 2015 compared to Q4 of 2014, we do expect it to come down a bit.

Graham Ryding - *- Analyst*

Yes.

Tim Wilson - *Equitable Group Inc. - CFO*

Somewhere in between Q4 and the average of 2014 is what I would expect.

Graham Ryding - *- Analyst*

Yes. I appreciate that.

And the marketing expenses that you signaled for 2015. Do you expect that to continue on into 2016 or is that largely related to ramping up your digital platform and your insured, your prime product?

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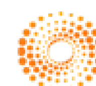

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Andrew Moor - *Equitable Group Inc. - President & CEO*

I think we haven't yet made that decision. Clearly, there's a bit of a burst of spending to get our name and build our brand in the marketplace for our digital banking initiatives. So there will be some upfront costs and no doubt it will dial back a little bit after that. We would expect it to be -- it's going to be a meaningful number over the next few years, for sure.

Graham Ryding - - *Analyst*

Great. If I could sneak one last one in on the market share front.

700 basis points I think was in reference to year-over-year. Is that a combination of taking market share from the other larger lenders out there as well as from the private lenders?

Andrew Moor - *Equitable Group Inc. - President & CEO*

We actually just look at the companies that we consider to be our peers where we can get public data and Teranet data. I think actually that 700 basis point is a --

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Tim Wilson - *Equitable Group Inc. - CFO*

Quarter over quarter.

Andrew Moor - *Equitable Group Inc. - President & CEO*

It's a Q3 over Q4 number. I think we have talked many times, Graham, about the typical people that we're competing with. We're just looking at that peer group in terms of making that comment.

Graham Ryding - - *Analyst*

Okay. Thank you.

Operator

(Operator Instructions)

Mr. Moor, there are no further questions at this time. Back to you.

Andrew Moor - *Equitable Group Inc. - President & CEO*

Thanks, Ashton. As there are no other questions, I would like to thank you for joining us. We look forward to reporting our first quarter results on May 12 and hosting our annual meeting in Toronto on May 13. Thanks for listening and good-bye for now.

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