

# EQUITABLE

**SECOND QUARTER 2015  
SUPPLEMENTAL INFORMATION  
AND REGULATORY DISCLOSURES**



 **EQUITABLE  
GROUP INC.**



**SECOND QUARTER 2015  
SUPPLEMENTAL INFORMATION AND REGULATORY DISCLOSURES**

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## **Notes to Readers**

This Supplemental Information and Regulatory Disclosure Report provides the Reader with the following additional quantitative disclosures:

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's regulatory capital Basel Pillar III disclosures.

**Table 1: Mortgage principal outstanding – by property type**

(\$ THOUSANDS)	Jun 30, 2015			
	Uninsured	Insured	Total	% of total
Single family dwelling	\$ 5,240,123	\$ 706,643	\$ 5,946,766	45.1%
Mixed-use property	360,338	-	360,338	2.7%
Multi-unit residential	534,130	647	534,777	4.1%
Commercial	923,779	-	923,779	7.0%
Construction	470,663	-	470,663	3.6%
Mortgage principal – Core Lending	7,529,033	707,290	8,236,323	62.5%
Single family dwelling	-	1,078,712	1,078,712	8.2%
Multi-unit residential	-	3,860,512	3,860,512	29.3%
Mortgage principal – Securitization Financing	-	4,939,224	4,939,224	37.5%
<b>Total mortgage principal outstanding</b>	<b>\$ 7,529,033</b>	<b>\$ 5,646,514</b>	<b>\$ 13,175,547</b>	<b>100.0%</b>
	57.1%	42.9%	100.0%	

  

(\$ THOUSANDS)	Dec 31, 2014			
	Uninsured	Insured	Total	% of total
Single family dwelling	\$ 4,700,722	\$ 684,702	\$ 5,385,424	44.0%
Mixed-use property	346,850	-	346,850	2.8%
Multi-unit residential	516,371	690	517,061	4.2%
Commercial	1,037,015	-	1,037,015	8.5%
Construction	404,873	-	404,873	3.3%
Mortgage principal – Core Lending	7,005,831	685,392	7,691,223	62.8%
Single family dwelling	-	573,944	573,944	4.7%
Multi-unit residential	-	3,975,531	3,975,531	32.5%
Mortgage principal – Securitization Financing	-	4,549,475	4,549,475	37.2%
<b>Total mortgage principal outstanding</b>	<b>\$ 7,005,831</b>	<b>\$ 5,234,867</b>	<b>\$ 12,240,698</b>	<b>100.0%</b>
	57.2%	42.8%	100.0%	

  

(\$ THOUSANDS)	Jun 30, 2014			
	Uninsured	Insured	Total	% of total
Single family dwelling	\$ 4,071,168	\$ 502,395	\$ 4,573,563	41.1%
Mixed-use property	363,301	-	363,301	3.3%
Multi-unit residential	562,576	730	563,306	5.1%
Commercial	1,052,902	-	1,052,902	9.5%
Construction	278,435	-	278,435	2.5%
Mortgage principal – Core Lending	6,328,382	503,125	6,831,507	61.5%
Single family dwelling	-	163,659	163,659	1.5%
Multi-unit residential	-	4,112,110	4,112,110	37.0%
Mortgage principal – Securitization Financing	-	4,275,769	4,275,769	38.5%
<b>Total mortgage principal outstanding</b>	<b>\$ 6,328,382</b>	<b>\$ 4,778,894</b>	<b>\$ 11,107,276</b>	<b>100.0%</b>
	57.0%	43.0%	100.0%	



**Table 2: Mortgage principal under administration – by business line**

(\$ THOUSANDS)	Jun 30, 2015	Dec 31, 2014	% change	Jun 30, 2014	% change
Alternative single family lending	\$ 5,946,464	\$ 5,385,848	10%	\$ 4,573,340	30%
Commercial lending	2,289,859	2,305,375	(1%)	2,258,168	1%
<b>Total Core Lending</b>	<b>8,236,323</b>	<b>7,691,223</b>	<b>7%</b>	<b>6,831,508</b>	<b>21%</b>
Prime single family lending	1,078,712	573,944	88%	163,659	559%
Multi-unit residential	3,860,512	3,975,531	(3%)	4,112,109	(6%)
<b>Total Securitization Financing</b>	<b>4,939,224</b>	<b>4,549,475</b>	<b>9%</b>	<b>4,275,768</b>	<b>16%</b>
<b>Total on-balance sheet mortgage principal</b>	<b>13,175,547</b>	<b>12,240,698</b>	<b>8%</b>	<b>11,107,276</b>	<b>19%</b>
Prime single family lending	112,405	119,192	(6%)	128,304	(12%)
Multi-unit residential	1,771,894	1,399,816	27%	1,051,687	68%
<b>Total derecognized mortgage principal</b>	<b>1,884,299</b>	<b>1,519,008</b>	<b>24%</b>	<b>1,179,991</b>	<b>60%</b>
<b>Mortgages under management</b>	<b>\$ 15,059,846</b>	<b>\$ 13,759,706</b>	<b>9%</b>	<b>\$ 12,287,267</b>	<b>23%</b>
Alternative single family lending	\$ 5,946,464	\$ 5,385,848	10%	\$ 4,573,340	30%
Prime single family lending	1,191,117	693,136	72%	291,963	308%
Commercial lending	2,289,859	2,305,375	(1%)	2,258,168	1%
Multi-unit residential	5,632,406	5,375,347	5%	5,163,796	9%
<b>Mortgages under management</b>	<b>\$ 15,059,846</b>	<b>\$ 13,759,706</b>	<b>9%</b>	<b>\$ 12,287,267</b>	<b>23%</b>



**Table 3: Mortgage principal by interest rate type**

	Jun 30, 2015	Dec 31, 2014	Jun 30, 2014
Fixed rate mortgages	85%	87%	88%
Floating rate mortgages with interest rate floors <sup>(1)</sup>	7%	7%	6%
Floating rate mortgages without interest rate floors	8%	6%	6%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

<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 4: Mortgage principal by province<sup>(1)</sup>**

(\$ THOUSANDS)	Jun 30, 2015		Dec 31, 2014		Jun 30, 2014	
	Total	%	Total	%	Total	%
Ontario	\$ 8,052,971	61%	\$ 7,464,765	61%	\$ 6,682,023	60%
Alberta	2,067,794	16%	1,944,747	16%	1,724,898	16%
Quebec	1,290,788	10%	1,260,631	10%	1,308,733	12%
British Columbia	803,093	6%	722,654	6%	620,982	6%
Saskatchewan	337,595	3%	289,969	2%	233,444	2%
Other Provinces	623,306	4%	557,932	5%	537,196	4%
<b>Total mortgage principal</b>	<b>\$ 13,175,547</b>	<b>100%</b>	<b>\$ 12,240,698</b>	<b>100%</b>	<b>\$ 11,107,276</b>	<b>100%</b>

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



**Table 5: Residential mortgage principal by location<sup>(1)</sup>**

		Jun 30, 2015							
		Residential mortgages				HELOC <sup>(2)</sup>		Total	
		Insured <sup>(3)</sup>		Uninsured		Uninsured		Uninsured	
(\$ THOUSANDS)		Total	%	Total	%	Total	%	Total	%
Ontario	\$	1,045,484	15%	\$ 3,990,231	57%	\$ 11,049	77%	\$ 4,001,280	57%
Alberta		410,633	6%	787,053	11%	2,170	15%	789,223	11%
British Columbia		153,264	2%	198,000	3%	505	4%	198,505	3%
Manitoba		33,450	0%	70,783	1%	164	1%	70,947	1%
Saskatchewan		74,267	1%	67,888	1%	241	2%	68,129	1%
Other Provinces		68,257	1%	111,917	2%	122	1%	112,039	2%
Total residential mortgages	\$	1,785,355	25%	\$ 5,225,872	75%	\$ 14,251	100%	\$ 5,240,123	75%
Downtown Toronto condominiums <sup>(4)</sup>	\$	8,474	0%	\$ 47,519	1%	\$ 27	0%	\$ 47,546	1%
		Dec 31, 2014							
Total residential mortgages	\$	1,256,126	21%	\$ 4,692,662	79%	\$ 8,060	100%	\$ 4,700,722	79%
		Jun 30, 2014							
Total residential mortgages	\$	663,536	16%	\$ 4,071,168	86%	\$ 2,518	100%	\$ 4,073,686	86%

<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 6: Residential mortgage portfolio by remaining amortization**

Jun 30, 2015									
(\$ THOUSANDS)	<5 years	5 - <10 years	10 - <15 years	15 - <20 years	20 - <25 years	25 - <30 years	30 - <35 years	>=35 years	Total
Total residential mortgages	\$ 1,380	\$ 8,420	\$ 28,337	\$ 138,473	\$ 1,284,811	\$ 5,273,219	\$ 271,991	\$ 4,595	\$ 7,011,226
	0%	0%	1%	2%	18%	75%	4%	0%	100%

  

Dec 31, 2014									
(\$ THOUSANDS)	<5 years	5 - <10 years	10 - <15 years	15 - <20 years	20 - <25 years	25 - <30 years	30 - <35 years	>=35 years	Total
Total residential mortgages	\$ 717	\$ 7,304	\$ 24,697	\$ 111,945	\$ 816,774	\$ 4,580,706	\$ 396,498	\$ 12,666	\$ 5,951,307
	0%	0%	0%	2%	14%	77%	7%	0%	100%

  

Jun 30, 2014									
(\$ THOUSANDS)	<5 years	5 - <10 years	10 - <15 years	15 - <20 years	20 - <25 years	25 - <30 years	30 - <35 years	>=35 years	Total
Total residential mortgages	\$ 1,535	\$ 6,327	\$ 22,110	\$ 101,961	\$ 386,977	\$ 3,708,389	\$ 487,822	\$ 22,101	\$ 4,737,222
	0%	0%	1%	2%	8%	78%	10%	1%	100%

**Table 7: Uninsured average loan-to-value of newly originated and newly acquired<sup>(1)</sup>**

(\$ THOUSANDS)	For the three months ended			
	Jun 30, 2015		Jun 30, 2014	
	Residential mortgages	HELOC <sup>(2)</sup>	Residential mortgages	HELOC <sup>(2)</sup>
Ontario	74%	5%	75%	5%
Alberta	72%	4%	74%	6%
British Columbia	70%	4%	74%	1%
Manitoba	74%	3%	74%	5%
Saskatchewan	66%	2%	71%	1%
Other Provinces	70%	5%	69%	1%
<b>Total Canada</b>	<b>74%</b>	<b>5%</b>	<b>75%</b>	<b>5%</b>
Downtown Toronto condominiums <sup>(3)</sup>	64%	2%	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 LTV's are not presented on this chart. Aggregate LTV's do not exceed 80%.

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



**Table 8: Average loan-to-value of existing residential mortgages<sup>(1)</sup>**

	Jun 30, 2015	Dec 31, 2014	Jun 30, 2014
	Total existing residential mortgages <sup>(2)(3)</sup>	Total existing residential mortgages <sup>(2)(3)</sup>	Total existing residential mortgages <sup>(2)(3)</sup>
(\$ THOUSANDS)			
Ontario	69%	68%	68%
Alberta	73%	70%	66%
British Columbia	72%	73%	68%
Manitoba	73%	71%	67%
Saskatchewan	75%	74%	70%
Other Provinces	75%	76%	71%
<b>Total Canada</b>	<b>70%</b>	<b>69%</b>	<b>68%</b>
Downtown Toronto condominiums <sup>(4)</sup>	56%	56%	56%

<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> Loan-to-values presented above are based on both insured and uninsured residential mortgages.

The total loan-to-value excluding insured residential mortgages was 69% as at March 31, 2015.

<sup>(4)</sup> Included in Ontario totals above.



**Table 9: Alberta and Saskatchewan portfolios**

(\$ THOUSANDS)	Jun 30, 2015													
	Insured <sup>(1)</sup>						Uninsured							
	Residential		Commercial <sup>(2)</sup>		Total	%	Residential <sup>(3)</sup>		%	Commercial <sup>(4)</sup>		%	Total	%
Alberta	\$ 410,633	3%	\$ 588,630	4%	\$ 999,263	8%	\$ 789,223	6%	\$ 279,308	2%	\$ 1,068,531	8%	\$ 2,067,794	16%
Saskatchewan	74,267	1%	159,779	1%	234,046	2%	68,129	1%	35,420	0%	103,549	1%	337,595	3%
Other provinces	1,300,455	10%	3,112,750	24%	4,413,205	33%	4,382,771	33%	1,974,182	15%	6,356,953	48%	10,770,158	81%
<b>Total Mortgage Principal</b>	<b>\$ 1,785,355</b>	<b>14%</b>	<b>\$ 3,861,159</b>	<b>29%</b>	<b>\$ 5,646,514</b>	<b>43%</b>	<b>\$ 5,240,123</b>	<b>40%</b>	<b>\$ 2,288,910</b>	<b>17%</b>	<b>\$ 7,529,033</b>	<b>57%</b>	<b>\$ 13,175,547</b>	<b>100%</b>
<b>Included in Alberta:</b>														
Greater Edmonton	\$ 167,598	1%	\$ 321,736	2%	\$ 489,334	4%	\$ 332,993	3%	\$ 150,064	1%	\$ 483,057	4%	\$ 972,391	7%
Greater Calgary	160,817	1%	178,238	1%	339,055	3%	414,637	3%	83,752	1%	498,389	4%	837,444	6%
	\$ 328,415	2%	\$ 499,974	3%	\$ 828,389	7%	\$ 747,630	6%	\$ 233,816	2%	\$ 981,446	8%	\$ 1,809,835	13%
<b>Included in Saskatchewan:</b>														
Regina	\$ 21,078	0%	\$ 60,919	1%	\$ 81,997	1%	\$ 36,214	0%	\$ 1,874	0%	\$ 38,088	0%	\$ 120,085	1%
Saskatoon	33,500	0%	77,008	1%	110,508	1%	27,033	0%	33,546	0%	60,579	1%	171,087	2%
	\$ 54,578	0%	\$ 137,927	2%	\$ 192,505	2%	\$ 63,247	0%	\$ 35,420	0%	\$ 98,667	1%	\$ 291,172	3%

<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 \$14 million HELOC principal outstanding.

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

**Table 10: Modified Capital Disclosure Template - Equitable Bank**

<b>Modified Capital Disclosure Template</b>		<b>All-in</b>	<b>Transitional</b>
<b>Common Equity Tier 1 capital: instruments and reserves</b>			
1	Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	150,008	
2	Retained earnings	545,500	
3	Accumulated other comprehensive income (and other reserves)	(13,023)	
4	<i>Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)</i>		
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-	
6	<b>Common Equity Tier 1 capital before regulatory adjustments</b>	682,485	
<b>Common Equity Tier 1 capital: regulatory adjustments</b>			
28	Total regulatory adjustments to Common Equity Tier 1	(12,088)	
29	<b>Common Equity Tier 1 capital (CET1)</b>	670,397	686,445
<b>Additional Tier 1 capital : instruments</b>			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus		
31	of which: classified as equity under applicable accounting standards		
32	of which: classified as liabilities under applicable accounting standards		
33	<i>Directly issued capital instruments subject to phase out from Additional Tier 1</i>	72,554	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)		
35	<i>of which: instruments issued by subsidiaries subject to phase out</i>		
36	<b>Additional Tier 1 capital before regulatory adjustments</b>	72,554	
<b>Additional Tier 1 capital : regulatory adjustments</b>			
43	Total regulatory adjustments to Additional Tier 1 capital		
44	<b>Additional Tier 1 capital (AT1)</b>	72,554	
45	<b>Tier 1 capital (T1 = CET1 + AT1)</b>	742,951	750,204
<b>Tier 2 capital: instruments and allowances</b>			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus		
47	<i>Directly issued capital instruments subject to phase out from Tier 2</i>	85,000	
48	Tier 2 instruments (and CET1 and AT1 instruments not included in row 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)		
49	<i>of which: instruments issued by subsidiaries subject to phase out</i>		
50	Collective allowances	30,275	
51	<b>Tier 2 capital before regulatory adjustments</b>	115,275	
<b>Tier 2 capital: regulatory adjustments</b>			
57	Total regulatory adjustments to Tier 2 capital		
58	<b>Tier 2 capital (T2)</b>	115,275	
59	<b>Total capital(TC = T1 +T2)</b>	858,226	865,479
60	<b>Total risk-weighted assets</b>	4,983,762	4,993,524
<b>Capital ratios</b>			
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	13.46%	13.75%
62	Tier 1 (as a percentage of risk-weighted assets)	14.91%	15.02%
63	Total capital (as a percentage of risk-weighted assets)	17.22%	17.33%
<b>OSFI all-in target</b>			
69	Common Equity Tier 1 capital all-in target ratio	7.0%	
70	Tier 1 capital all-in target ratio	8.5%	
71	Total capital all-in target ratio	10.5%	
<b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022)</b>			
80	<i>Current cap on CET1 instruments subject to phase out arrangements</i>	N/A	
81	<i>Amounts excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i>	N/A	
82	<i>Current cap on AT1 instruments subject to phase out arrangements</i>	N/A	
83	<i>Amounts excluded from AT1 due to cap (excess over cap after redemptions and maturities)</i>	-	
84	<i>Current cap on T2 instruments subject to phase out arrangements</i>	N/A	
85	<i>Amounts excluded from T2 due to cap (excess over cap after redemptions and maturities)</i>	-	

**Table 11: Leverage Ratio - Equitable Bank\***

Item		Leverage Ratio Framework
<b>On-balance sheet exposure</b>		
1	On-balance sheet items (excluding derivatives, SFTs and grandfathered securitization exposures but including collateral)	13,629,767
2	(Asset amounts deducted in determining Basel III "all-in" Tier 1 capital)	5,290
3	<b>Total on-balance sheet exposures</b> (excluding derivatives and SFTs) (sum of lines 1 and 2)	13,624,477
<b>Derivative exposures</b>		
4	Replacement cost associated with all derivative transactions (i.e. net of eligible cash variation margin)	1,956
5	Add-on amounts for PFE associated with all derivative transactions	11,128
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>	13,084
12	Gross SFT assets recognised for accounting purposes (with no recognition of netting), after adjusting for sale accounting transactions	102,025
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>	102,025
<b>Other off-balance sheet exposures</b>		
17	Off-balance sheet exposure at gross notional amount	514,332
18	(Adjustments for conversion to credit equivalent amounts)	(329,787)
19	<b>Off-balance sheet items (sum of lines 17 and 18)</b>	184,545
<b>Capital and Total Exposure</b>		
20	Tier 1 capital	742,951
21	<b>Total Exposures (sum of lines 3, 11, 16 and 19)</b>	13,924,131
<b>Leverage Ratios</b>		
22	<b>Basel III leverage ratio</b>	5.3%

\* This table has been extracted from and should be read in conjunction with the BCBS Leverage Ratio Framework and OSFI's Leverage Requirements guideline.