



FOURTH QUARTER 2014
SUPPLEMENTAL INFORMATION AND
REGULATORY DISCLOSURES



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Notes to Readers

This Supplemental Information and Regulatory Disclosure Report provides additional quantitative 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. Equitable Bank's regulatory capital Basel Pillar 3 disclosures are also provided on Table 10.



Table 1: Mortgage principal outstanding – by property type

| (\$ THOUSANDS) | December 31, 2014 | | | |
|---|--------------------------|---------------------|----------------------|---------------|
| | Uninsured ⁽¹⁾ | Insured | Total | % of total |
| Single family dwelling | \$ 4,700,722 | \$ 258,704 | \$ 4,959,426 | 40.5% |
| 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 | 259,394 | 7,265,225 | 59.4% |
| Single family dwelling | - | 999,942 | 999,942 | 8.2% |
| Multi-unit residential | - | 3,975,531 | 3,975,531 | 32.5% |
| Mortgage principal – Securitization Financing | - | 4,975,473 | 4,975,473 | 40.6% |
| Total mortgage principal outstanding | \$ 7,005,831 | \$ 5,234,867 | \$ 12,240,698 | 100.0% |
| | 57.2% | 42.8% | 100.0% | |

| (\$ THOUSANDS) | December 31, 2013 | | | |
|---|---------------------|---------------------|----------------------|---------------|
| | Uninsured | Insured | Total | % of total |
| Single family dwelling | \$ 3,725,852 | \$ 71,968 | \$ 3,797,820 | 34.2% |
| Mixed-use property | 352,610 | - | 352,610 | 3.2% |
| Multi-unit residential | 600,544 | 772 | 601,316 | 5.4% |
| Commercial | 1,168,587 | - | 1,168,587 | 10.5% |
| Construction | 276,597 | - | 276,597 | 2.5% |
| Mortgage principal – Core Lending | 6,124,190 | 72,740 | 6,196,930 | 55.8% |
| Single family dwelling | - | 489,316 | 489,316 | 4.4% |
| Multi-unit residential | - | 4,420,802 | 4,420,802 | 39.7% |
| Mortgage principal – Securitization Financing | - | 4,910,118 | 4,910,118 | 44.2% |
| Total mortgage principal outstanding | \$ 6,124,190 | \$ 4,982,858 | \$ 11,107,048 | 100.0% |
| | 55.1% | 44.9% | 100.0% | |

⁽¹⁾ Uninsured residential includes \$8.1 million Home Equity Line of Credit ("HELOC") principal outstanding.

Table 2: Mortgage principal under administration – by business line

| (\$ THOUSANDS) | Dec 31, 2014 | Dec 31, 2013 | % change |
|--|----------------------|---------------|----------|
| Alternative single family lending | \$ 4,959,850 | \$ 3,797,999 | 31% |
| Commercial lending | 2,305,375 | 2,398,931 | (4%) |
| Total Core Lending | 7,265,225 | 6,196,930 | 17% |
| Alternative single family lending ⁽¹⁾ | 425,998 | 317,691 | 34% |
| Prime single family lending | 573,944 | 171,626 | 234% |
| Multi-unit residential | 3,975,531 | 4,420,801 | (10%) |
| Total Securitization Financing | 4,975,473 | 4,910,118 | 1% |
| Total on-balance sheet mortgage principal | 12,240,698 | 11,107,048 | 10% |
| Prime single family lending | 119,192 | 137,920 | (14%) |
| Multi-unit residential | 1,399,816 | 654,615 | 114% |
| Total derecognized mortgage principal | 1,519,008 | 792,535 | 92% |
| Mortgages under management | \$ 13,759,706 | \$ 11,899,583 | 16% |
| Alternative single family lending | \$ 5,385,848 | \$ 4,115,690 | 31% |
| Prime single family lending | 693,136 | 309,546 | 124% |
| Commercial lending | 2,305,375 | 2,398,931 | (4%) |
| Multi-unit residential | 5,375,347 | 5,075,416 | 6% |
| Mortgages under management | \$ 13,759,706 | \$ 11,899,583 | 16% |

⁽¹⁾ Alternative single family lending within Securitization Financing represents alternative single family lending mortgages which have been portfolio insured and subsequently securitized. Upon securitization, these mortgages are reallocated to Securitization Financing.



Table 3: Mortgage principal by interest rate type

| | Dec 31, 2014 | Dec 31, 2013 |
|--|--------------|--------------|
| Fixed rate mortgages | 87% | 88% |
| Floating rate mortgages with interest rate floors ⁽¹⁾ | 7% | 6% |
| Floating rate mortgages without interest rate floors | 6% | 6% |
| Total | 100% | 100% |

⁽¹⁾ 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⁽¹⁾

| (\$ THOUSANDS) | Dec 31, 2014 | | Dec 31, 2013 | |
|---------------------------------|----------------------|-------------|----------------------|-------------|
| | Total | % | Total | % |
| Ontario | \$ 7,464,765 | 61% | \$ 6,600,369 | 59% |
| Alberta | 1,944,747 | 16% | 1,777,155 | 16% |
| Quebec | 1,260,631 | 10% | 1,276,446 | 11% |
| British Columbia | 722,654 | 6% | 646,586 | 6% |
| Saskatchewan | 289,969 | 2% | 249,819 | 2% |
| Other Provinces | 557,932 | 5% | 556,673 | 6% |
| Total mortgage principal | \$ 12,240,698 | 100% | \$ 11,107,048 | 100% |

⁽¹⁾ Geographic location based on the address of the property mortgaged.



Table 6: Residential mortgage portfolio by remaining amortization

| | | December 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% |

| | | December 31, 2013 | | | | | | | | |
|-----------------------------|----|-------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------|-----------|
| (\$ 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 | \$ | 2,322 | 5,840 | 23,709 | 92,590 | 386,146 | 3,176,233 | 571,090 | 29,206 | 4,287,136 |
| | | 0% | 0% | 1% | 2% | 9% | 74% | 13% | 1% | 100% |

Table 7: Uninsured average loan-to-value of newly originated and newly acquired⁽¹⁾

| (\$ THOUSANDS) | For the three months ended | | | For the year ended | | |
|--|----------------------------|----------------------|-----------------------|-----------------------|----------------------|-----------------------|
| | Dec 31, 2014 | | Dec 31, 2013 | Dec 31, 2014 | | Dec 31, 2013 |
| | Residential mortgages | HELOC ⁽²⁾ | Residential mortgages | Residential mortgages | HELOC ⁽²⁾ | Residential mortgages |
| Ontario | 75% | 6% | 75% | 75% | 5% | 75% |
| Alberta | 74% | 9% | 74% | 74% | 8% | 74% |
| British Columbia | 73% | 3% | 71% | 73% | 3% | 70% |
| Manitoba | 74% | 3% | 75% | 74% | 6% | 73% |
| Saskatchewan | 72% | 5% | 73% | 72% | 7% | 72% |
| Other Provinces | 71% | 3% | 73% | 71% | 4% | 71% |
| Total Canada | 75% | 7% | 75% | 75% | 6% | 75% |
| Downtown Toronto condominiums ⁽³⁾ | 68% | 3% | 62% | 66% | 2% | 64% |

⁽¹⁾ Geographic location based on the address of the property mortgaged.

⁽²⁾ The loan-to-value of the HELOC represents the authorized HELOC amount as a percentage of original property value.

⁽³⁾ Included in Ontario totals above.

Table 8: Average loan-to-value of existing residential mortgages⁽¹⁾

| | Dec 31, 2014 | Dec 31, 2013 |
|---|--|--|
| | Total existing residential mortgages ⁽²⁾ | Total existing residential mortgages ⁽²⁾ |
| (\$ THOUSANDS) | | |
| Ontario | 68% | 69% |
| Alberta | 70% | 68% |
| British Columbia | 73% | 69% |
| Manitoba | 71% | 67% |
| Saskatchewan | 74% | 70% |
| Other Provinces | 76% | 71% |
| Total Canada | 69% | 69% |
| Downtown Toronto condominiums ⁽³⁾ | 56% | 57% |

⁽¹⁾ Geographic location based on the address of the property mortgaged.

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

⁽³⁾ Included in Ontario totals above.



Table 9: Alberta and Saskatchewan portfolios

| (\$ THOUSANDS) | December 31, 2014 | | | | | | | | | | | | | |
|----------------------------------|------------------------|-----------|---------------------------|------------|---------------------|------------|----------------------------|------------|---------------------|---------------------------|---------------------|------------|----------------------|-------------|
| | Insured ⁽¹⁾ | | | | | | Uninsured | | | | | | | |
| | Residential | | Commercial ⁽²⁾ | | Total | % | Residential ⁽³⁾ | | % | Commercial ⁽⁴⁾ | | % | Total | % |
| Alberta | \$ 295,607 | 2% | \$ 600,954 | 5% | \$ 896,561 | 7% | \$ 756,564 | 6% | \$ 291,622 | 2% | \$ 1,048,186 | 9% | \$ 1,944,747 | 16% |
| Saskatchewan | 50,089 | 0% | 143,558 | 1% | 193,647 | 2% | 66,664 | 1% | 29,658 | 0% | 96,322 | 1% | 289,969 | 2% |
| Other provinces | 912,950 | 7% | 3,231,709 | 26% | 4,144,659 | 34% | 3,877,493 | 32% | 1,983,830 | 16% | 5,861,323 | 48% | 10,005,982 | 82% |
| Total Mortgage Principal | \$ 1,258,646 | 9% | \$ 3,976,221 | 32% | \$ 5,234,867 | 43% | \$ 4,700,721 | 39% | \$ 2,305,110 | 18% | \$ 7,005,831 | 58% | \$ 12,240,698 | 100% |
| Included in Alberta: | | | | | | | | | | | | | | |
| Greater Edmonton | \$ 125,010 | 1% | \$ 346,365 | 3% | \$ 471,375 | 4% | \$ 319,275 | 3% | \$ 143,154 | 1% | \$ 462,429 | 4% | \$ 933,804 | 8% |
| Greater Calgary | 112,810 | 1% | 164,629 | 1% | 277,439 | 2% | 399,739 | 3% | 83,168 | 1% | 482,907 | 4% | 760,346 | 6% |
| | 237,820 | 2% | 510,994 | 4% | 748,814 | 6% | 719,014 | 6% | 226,322 | 2% | 945,336 | 8% | 1,694,150 | 14% |
| Included in Saskatchewan: | | | | | | | | | | | | | | |
| Regina | \$ 15,894 | 0% | \$ 42,114 | 0% | \$ 58,008 | 0% | \$ 35,181 | 0% | \$ - | 0% | \$ 35,181 | 0% | \$ 93,189 | 1% |
| Saskatoon | 20,780 | 0% | 81,646 | 1% | 102,426 | 1% | 27,565 | 0% | 28,163 | 0% | 55,728 | 0% | 158,154 | 1% |
| | \$ 36,674 | 0% | \$ 123,760 | 1% | \$ 160,434 | 1% | \$ 62,746 | 1% | \$ 28,163 | 0% | \$ 90,909 | 1% | \$ 251,343 | 2% |

⁽¹⁾ Insured by either CMHC or Genworth.

⁽²⁾ Insured Commercial mortgages are all multi-units residential mortgages.

⁽³⁾ Uninsured residential includes \$8.1 million HELOC principal outstanding.

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

Table 10: Modified Capital Disclosure Template - Equitable Bank

| Modified Capital Disclosure Template | | All-in | Transitional |
|--|---|------------------|---------------------|
| Common Equity Tier 1 capital: instruments and reserves | | | |
| 1 | Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus | 148,564 | |
| 2 | Retained earnings | 490,774 | |
| 3 | Accumulated other comprehensive income (and other reserves) | (2,453) | |
| 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 | Common Equity Tier 1 capital before regulatory adjustments | 636,885 | |
| Common Equity Tier 1 capital: regulatory adjustments | | | |
| 28 | Total regulatory adjustments to Common Equity Tier 1 | (1,723) | |
| 29 | Common Equity Tier 1 capital (CET1) | 635,162 | 640,654 |
| Additional Tier 1 capital : instruments | | | |
| 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> | 72,409 | |
| 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 | Additional Tier 1 capital before regulatory adjustments | 72,409 | |
| Additional Tier 1 capital : regulatory adjustments | | | |
| 43 | Total regulatory adjustments to Additional Tier 1 capital | (4,806) | |
| 44 | Additional Tier 1 capital (AT1) | 67,603 | |
| 45 | Tier 1 capital (T1 = CET1 + AT1) | 702,765 | 707,988 |
| Tier 2 capital: instruments and allowances | | | |
| 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 | 29,510 | |
| 51 | Tier 2 capital before regulatory adjustments | 114,510 | |
| Tier 2 capital: regulatory adjustments | | | |
| 57 | Total regulatory adjustments to Tier 2 capital | | |
| 58 | Tier 2 capital (T2) | 114,510 | |
| 59 | Total capital(TC = T1 +T2) | 817,275 | 822,498 |
| 60 | Total risk-weighted assets | 4,721,132 | 4,729,127 |
| Capital ratios | | | |
| 61 | Common Equity Tier 1 (as a percentage of risk-weighted assets) | 13.46% | 13.55% |
| 62 | Tier 1 (as a percentage of risk-weighted assets) | 14.89% | 14.97% |
| 63 | Total capital (as a percentage of risk-weighted assets) | 17.31% | 17.39% |
| OSFI all-in target | | | |
| 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% | |
| Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022) | | | |
| 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> | - | |