Residential Mortgage Disclosure

March 31, 2017

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In accordance with the *Office of the Superintendent of Financial Institutions Canada (OSFI) Guideline B20 – Residential Mortgage Underwriting Practices and Procedures* issued June 2012, additional disclosure is provided regarding the company's residential mortgage exposure.

The company is limited to providing residential real estate loans of no more than 80% of the collateral value. Lending at a higher loan-to-value (LTV) is permitted but requires default insurance. This insurance is contractual coverage of the eligible facilities that protects the company's real estate secured lending portfolio against potential losses caused by borrower default. It is provided by either government backed entities or other approved private mortgage insurers.

On an annual basis the company performs a stress test to determine the impact of a significant decline in house prices on the residential mortgage portfolio. Due to the high percentage of insured residential mortgages held on the balance sheet and the increase in house prices since initial underwriting, there is very little impact to the company's capital position from this stress event.

Residential mortgages and home equity lines of credit (insured vs. uninsured)

The following table presents amounts of insured and uninsured residential mortgages and home equity lines of credit (HELOCs), by geographic regions.

(Thousands of Canadian dollars, except percentage amounts)

	March 31,2017											
	Residential Mortgages				**HELOCs**				**Total**			
	Insured [1]		**Uninsured**		**Insured [1]**		**Uninsured**		**Insured [1]**		**Uninsured**	
	$	**%**	**$**	**%**	**$**	**%**	**$**	**%**	**$**	**%**	**$**	**%**
Province[2]												
Atlantic	334,925	6.54	15,626	2.09	-	-	-	-	334,925	6.54	15,626	2.09
Quebec	5,394	0.11	818	0.11	-	-	-	-	5,394	0.11	818	0.11
Ontario	2,211,262	43.14	514,918	68.79	153	14.45	-	-	2,211,415	43.12	514,918	68.56
Prairies & Territories	1,816,490	35.44	124,507	16.63	-	-	1,686	69.13	1,816,490	35.44	126,193	16.80
British Columbia	756,992	14.77	92,646	12.38	906	85.55	753	30.87	757,898	14.79	93,399	12.44
Total	5,125,063	100	748,515	100	1,059	100	2,439	100	5,126,122	100	750,954	100

(1) Default insurance is contractual coverage of eligible facilities whereby the company's exposure to real estate secured lending is protected against potential shortfalls caused by borrower default. This insurance is provided by either government backed or other private mortgage default insurers.

(2) The province represents the location of the property in Canada. There are no foreign operations.

Residential mortgages portfolio by amortization period

The following table provides a summary of the company's residential mortgages by remaining amortization period based on the contractual terms of the mortgage agreement. The table below does not reflect the additional payments which may be made during the term of the mortgage.

(Thousands of Canadian dollars, except percentage amounts)

	March 31, 2017	
	Total (1)	
	$	%
Amortization period		
≤25 years	4,483,155	76.28
>25 years ≤30 years	1,336,399	22.74
>30 years ≤35 years	57,522	0.98
>35 years ≤40 years	-	-
>40 years	-	-
Total	5,877,076	100

(1) There are no foreign operations.

Uninsured average loan-to-value ratio: newly originated and acquired

The following table provides a summary of the company's average LTV ratio for newly originated and acquired uninsured residential mortgages and HELOCs by geographic regions.

	Three months ending March 31, 2017		
	Residential Mortgages	HELOCs	Total
	%	%	%
Canada (1)			
Atlantic	62.63	-	62.63
Quebec	-	-	-
Ontario	60.63	-	60.63
Prairies & Territories	60.53	-	60.53
British Columbia	58.84	-	58.84
Total	60.40	-	60.40

(1) The province represents the location of the property in Canada. There are no foreign operations.