

**AGF Trust Company**

Supplemental Disclosure

December 31st, 2009

# AGF Trust Supplemental Disclosure

For the six months ended December 31, 2009 (unaudited)

The top corporate entity to which Basel II applies at the consolidated level is AGF Trust Company (AGF Trust). This disclosure is intended to supplement the information provided in AGF Management Limited's most recent Management's Discussion and Analysis and Financial Statements.

## Loans by Province and Type

The following table is a breakdown of the total value of loans by province and by type:

As at December 31, 2009 (\$ millions)	Insured Mortgage Loans	Conventional Mortgage Loans	Secured Investment Loans	RSP Loans	HELOC Receivables	Finance Loans	Total
British Columbia	\$ 9.4	\$ 34.1	\$ 326.1	\$ 39.5	\$ 35.2	\$ 0.2	\$ 444.5
Alberta	58.8	146.6	207.5	43.6	272.0	1.2	729.7
Ontario	292.6	247.0	845.2	140.5	26.4	0.8	1,552.5
Quebec	130.0	136.1	126.8	168.3	0.2	1.1	562.5
Other	-	-	229.4	37.0	36.3	1.4	304.1
	\$ 490.8	\$ 563.8	\$ 1,735.0	\$ 428.9	\$ 370.1	\$ 4.7	\$ 3,593.3

The following table is a breakdown of the number of loans by province and by type:

As at December 31, 2009	Insured Mortgage Loans	Conventional Mortgage Loans	Secured Investment Loans	RSP Loans	HELOC Receivables	Finance Loans	Total
British Columbia	54	138	4,820	4,637	158	148	9,955
Alberta	268	697	3,597	3,873	1,170	629	10,234
Ontario	1,927	1,468	13,502	16,869	159	330	34,255
Quebec	741	911	2,341	16,595	4	542	21,134
Other	-	-	3,337	3,431	251	818	7,837
	2,990	3,214	27,597	45,405	1,742	2,467	83,415

## Loans Past Due But Not Impaired

The following table provides an aging of loans:

As at December 31, 2009 (\$ millions)	Current	1 to 29 days	30 to 60 days	61 to 90 days	Over 90 days	Total
Insured mortgage loans	\$ 434.8	\$ 19.9	\$ 7.1	\$ 3.8	\$ 25.2	\$ 490.8
Conventional mortgage loans	492.8	22.4	6.6	7.7	34.3	563.8
Secured investment loans	1,715.4	14.3	2.3	1.1	1.9	1,735.0
RSP loans	418.1	6.0	2.1	0.8	1.9	428.9
HELOC receivables	363.9	1.8	2.9	0.5	1.0	370.1
Finance loans	4.7	-	-	-	-	4.7
	\$ 3,429.7	\$ 64.4	\$ 21.0	\$ 13.9	\$ 64.3	\$ 3,593.3

## Impaired Loans

The following table provides a breakdown of impaired loans:

<b>As at December 31, 2009</b>	
(\$ thousands)	
Impaired Loans:	
Insured mortgage loans	\$ 7,167
Conventional mortgage loans	34,268
Secured investment loans	1,938
RSP loans	3,324
HELOC receivables	931
	<b>\$ 47,628</b>

## Allowance for Credit Losses

The following table provides the change in the allowance for loan losses:

<b>Six months ended December 31, 2009</b>			
(\$ thousands)	<b>Specific allowances</b>	<b>General allowances</b>	<b>Total allowances</b>
Balance, June 30, 2009	\$ 20,390	\$ 26,636	\$ 47,026
Amounts written off	(17,921)	-	(17,921)
Recoveries	947	-	947
Provision for loan losses	9,179	(1,976)	7,203
	<b>\$ 12,595</b>	<b>\$ 24,660</b>	<b>\$ 37,255</b>
Breakdown by category at December 31, 2009:			
Insured mortgage loans	\$ -	\$ 4,000	\$ 4,000
Conventional mortgage loans	3,927	5,365	9,292
Secured investment loans	3,393	4,336	7,729
RSP loans	5,175	10,079	15,254
HELOCs receivables	100	880	980
	<b>\$ 12,595</b>	<b>\$ 24,660</b>	<b>\$ 37,255</b>

## Term to Contractual Repricing of Interest Rates

The following table represents the period of contractual repricing of interest rates on outstanding amounts. As at December 31, 2009, AGF Trust's mortgage portfolio comprises fixed rate and variable rate residential mortgages, of which \$490.8 million are insured, with a weighted average term to repricing of 1.8 years, and a weighted average yield of 6.60%. Investment loans, RSP loans and HELOC receivables have interest rates based on prime. As at December 31, 2009, the average interest rate on investment loans was 4.02%, on RSP loans was 5.39% and on HELOCs was 4.19%. Mortgage and HELOC loans are secured primarily by residential real estate. Investment loans of \$1.7 billion are secured by collateral of approximately \$1.5 billion.

(\$ thousands)	Term to contractual repricing			
	Variable rate	1 year or less	1 to 5 years	December 31, 2009
Mortgage loans	\$ 1,182	\$ 426,439	\$ 627,019	\$ 1,054,640
Investment loans	1,734,979	–	–	1,734,979
RSP Loans	428,904	–	–	428,904
HELOC receivables	370,050	–	–	370,050
Finance Loans	–	2,564	2,172	4,736
	2,535,115	429,003	629,191	3,593,309
Less: allowance for loan losses				(37,255)
Add: net deferred sales commissions and commitment fees				4,786
				3,560,840
Less: current portion				(533,915)
				3,026,925
Impaired loans included in above				47,628
Less: specific allowance for loan losses				(12,595)
				\$ 35,033

## Interest Rate Risk

The Company is exposed to interest rate risk through its floating-rate debt and cash balances. The following table shows the effect of a 1% increase in interest rates on net interest income:

As at December 31, 2009	
(\$ millions)	1% Increase in Interest Rates
Impact on net interest income	4.8

As a result of the current interest rate environment, a sensitivity analysis based on a 1% decrease in interest rates would not provide meaningful information.

## Securitization of AGF Trust Loans

Securitization is used strictly as a source of funding. As at December 31, 2009, \$104.7 million of securitized loans were outstanding. Impaired loans included in the securitized balances were \$0.3 million, and the amounts written off in the six months ended December 31, 2009 were \$1.0 million. AGF Trust was not involved in any new securitization transactions during the six months ended December 31, 2009. DBRS is used as an external credit assessment institution to monitor exposure to over-collateralization.

The significant assumptions used to value the sold and retained interests were as follows:

Excess spread	4.7% – 4.9%
Discount rate on interest-only strip	7.5%
Expected credit losses	1.7% – 2.0%
Prepayment rate	16.3% – 18.3%
Expected weighted average life of RSP loans	1.8 years

The following table presents key economic assumptions and the sensitivity of the current fair value of retained interests to two adverse changes in each key assumption as at December 31, 2009. Since the sensitivity is hypothetical, it should be used with caution. The effect of changes in the fair value of retained interests was calculated using a discounted cash flow analysis.

As at December 31, 2009 (\$ thousands)	Impact on fair value of retained interests
Discount rate	
+10%	\$ (34)
+20%	(67)
Prepayment rate	
+10%	\$ (55)
+20%	(100)
Expected credit losses	
+10%	\$ (318)
+20%	(636)
Excess spread	
-10%	\$ (613)
-20%	(1,223)

## Counterparty Risk

The following table provides AGF Trust's counterparty exposure by type:

As at December 31, 2009 (\$ millions)	
Deposits with Canadian chartered bank	\$ 224
Loans	
Real-estate secured loans	1,425
Investment loans	2,169
Derivative Instruments	
Canadian chartered banks	43
Available-for-sale investments	
Corporate	169
Sovereign	365
Interest receivable on available-for-sale investments	6
Total Counterparty Risk	\$ 4,401

**Credit Risk**

Approximately \$541 million of mutual fund assets is recognized as eligible collateral for CRM purposes. The net impact on risk weighted assets after CRM is a reduction of approximately \$406 million.

**Additional Information**

Refer to the Office of the Superintendent of Financial Institutions of Canada ('OSFI') website for additional AGF Trust disclosure.