

An objective of the Real Estate Finance Group is to increase its market share in term loans. This focus met with success in 2009 and continued with portfolio growth of nearly 50% in 2010.

#### Commercial portfolio shows strong growth

The second component of the Real Estate and Commercial segment concentrates on providing commercial clients with banking products and services, including credit operating facilities, operating accounts and international transactions. These activities are in Québec and Ontario only and represent a portfolio of \$800 million, with roughly 75% of the loans based in Québec.

The group continued its strong growth, particularly in Québec. Several new clients contributed to the portfolio growth in the past four years.

Real Estate and Commercial as a segment performed well against 2010 objectives. A priority to invest in human capital resulted in a 15% increase in the workforce. This included the hiring of an Assistant Vice President in Vancouver and two in Québec, the addition of more Commercial Account Managers and support employees to provide improved and more specialized services to facilitate ongoing growth.

The segment is also diversifying its funding sources by growing commercial deposits. Average deposits grew by more than 60%.

“A focus to increase the amount of term loans continued in 2010 with a nearly **50%** increase in this portfolio.”



Charles and David Mady (centre and right) of the Mady Development Corporation look over a model of a major, 500,000 square foot, mixed use site with the Bank's Rick Lane, Vice President, Real Estate Financing. The Madys are long-standing clients who have grown with the Bank, just as the Bank's Real Estate Financing sector has grown with them.

## Syndication team off to a strong start

A testimony to the success of the Bank's Real Estate Financing sector is a high level of repeat customers. But you have to be able to evolve with those clients as they grow.

The core activity of the Bank's real estate financing business is construction project financing in the \$2-\$30 million range. There are additional aggregate limits per borrower and per loan type. Sometimes, clients have projects that surpass the Banks' limits.

The Bank is happy with its existing risk management. So, in order to be able to support these larger projects, the solution was to create a formal syndication process.

“We had done the occasional syndication, but at the start of this year we opened our own syndication desk in Toronto,” says Rick Lane, Vice President, Real Estate Financing. “We're very pleased with the first year's results.”

The syndication desk is managed by Tony Da Silva, Vice President, Loan Syndications and a Bank veteran who rejoined real estate four years ago after running the Toronto credit department. In its first year, the desk did 19 transactions for three-quarters of a billion dollars.

The larger scale projects also tend to be more diversified. One mixed use site is integrating prime retail, office, medical and restaurant space with town homes and a condo tower in a total of some 500,000 square feet.

Thirteen of the syndicated loans were for the Bank's own customers, totaling just under \$400 million.