

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 17 STATED CAPITAL

AUTHORIZED

The authorized capital of Power Financial consists of an unlimited number of First Preferred Shares, issuable in series; an unlimited number of Second Preferred Shares, issuable in series; and an unlimited number of common shares.

ISSUED AND OUTSTANDING

| | 2014 | | 2013 | |
|------------------------------------|------------------|----------------|------------------|----------------|
| DECEMBER 31 | NUMBER OF SHARES | STATED CAPITAL | NUMBER OF SHARES | STATED CAPITAL |
| FIRST PREFERRED SHARES (perpetual) | | | | |
| Series A ^[i] | 4,000,000 | 100 | 4,000,000 | 100 |
| Series D ^[ii] | 6,000,000 | 150 | 6,000,000 | 150 |
| Series E ^[ii] | 8,000,000 | 200 | 8,000,000 | 200 |
| Series F ^[ii] | 6,000,000 | 150 | 6,000,000 | 150 |
| Series H ^[ii] | 6,000,000 | 150 | 6,000,000 | 150 |
| Series I ^[ii] | 8,000,000 | 200 | 8,000,000 | 200 |
| Series K ^[ii] | 10,000,000 | 250 | 10,000,000 | 250 |
| Series L ^[ii] | 8,000,000 | 200 | 8,000,000 | 200 |
| Series M ^[iii] | — | — | 7,000,000 | 175 |
| Series O ^[ii] | 6,000,000 | 150 | 6,000,000 | 150 |
| Series P ^[ii] | 11,200,000 | 280 | 11,200,000 | 280 |
| Series R ^[ii] | 10,000,000 | 250 | 10,000,000 | 250 |
| Series S ^[ii] | 12,000,000 | 300 | 12,000,000 | 300 |
| Series T ^[ii] | 8,000,000 | 200 | 8,000,000 | 200 |
| | 2,580 | | 2,755 | |
| COMMON SHARES | | | | |
| Balance, beginning of year | 711,173,680 | 721 | 709,104,080 | 664 |
| Issued under Stock Option Plan | 550,000 | 22 | 2,069,600 | 57 |
| Balance, end of year | 711,723,680 | 743 | 711,173,680 | 721 |

FIRST PREFERRED SHARES

[i] The Series A First Preferred Shares are entitled to an annual cumulative dividend, payable quarterly at a floating rate equal to 70% of the prime rate of two major Canadian chartered banks and are redeemable, at the Corporation's option, at \$25.00 per share, together with all declared and unpaid dividends to, but excluding, the date of redemption.

[ii] The following First Preferred Shares series are entitled to fixed non-cumulative preferential cash dividends payable quarterly. The Corporation may redeem for cash the First Preferred Shares, in whole or in part, at the Corporation's option, with all declared and unpaid dividends to, but excluding, the date of redemption.

| FIRST PREFERRED SHARES | CASH DIVIDENDS PAYABLE QUARTERLY | EARLIEST ISSUER REDEMPTION DATE | REDEMPTION PRICE |
|--|----------------------------------|---------------------------------|------------------|
| | (\$/SHARE) | | (\$/SHARE) |
| Non-cumulative, fixed rate | | | |
| Series D, 5.50% | 0.343750 | Currently redeemable | 25.00 |
| Series E, 5.25% | 0.328125 | Currently redeemable | 25.00 |
| Series F, 5.90% | 0.368750 | Currently redeemable | 25.00 |
| Series H, 5.75% | 0.359375 | Currently redeemable | 25.00 |
| Series I, 6.00% | 0.375000 | Currently redeemable | 25.00 |
| Series K, 4.95% | 0.309375 | Currently redeemable | 25.00 |
| Series L, 5.10% | 0.318750 | Currently redeemable | 25.25 |
| Series O, 5.80% | 0.362500 | Currently redeemable | 26.00 |
| Series R, 5.50% | 0.343750 | April 30, 2017 | 26.00 |
| Series S, 4.80% | 0.300000 | April 30, 2018 | 26.00 |
| Non-cumulative, 5-year rate reset ^[1] | | | |
| Series P, 4.40% | 0.275000 | January 31, 2016 | 25.00 |
| Series T, 4.20% | 0.262500 | January 31, 2019 | 25.00 |

[1] The dividend rate will reset on the earliest issuer redemption date and every fifth year thereafter at a rate equal to the 5-year Government of Canada bond yield plus a reset spread (1.60% for Series P and 2.37% for Series T). The holders have the option to convert their shares into non-cumulative floating rate First Preferred Shares subject to certain conditions on the earliest redemption date and every fifth year thereafter at a rate equal to the three-month Government of Canada Treasury Bill rate plus the reset spread indicated.

[iii] On January 31, 2014, the Corporation redeemed all of its 6.00% Non-Cumulative First Preferred Shares, Series M for cash consideration of \$175 million.