



Investor Presentation

Q1 2014

May 12th, 2014



Forward-Looking Statements

Certain forward-looking statements may be made in this presentation, including statements regarding possible future business, financing and growth objectives. Investors are cautioned that such forward-looking statements involve risks and uncertainties detailed from time to time in the Company's periodic reports filed with Canadian regulatory authorities. Many factors could cause actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Equitable Group Inc. does not undertake to update any forward-looking statements, oral or written, made by itself or on its behalf except in accordance with applicable securities laws.

www.equitablebank.ca

Business Profile

- **9th largest independent Schedule I bank in Canada by assets**
- **Proven lending and deposit-taking capabilities**
- **Diversified across residential and commercial markets**
- **40+ year track record**
- **165 most profitable company in Canada**
(Globe & Mail)



Metric	EQB	CWB	LB
ROE (%)	17.9%	14.7%	11.7%
Adjusted EPS Growth	20%	14%	(1%)
Assets	\$13Bn	\$19Bn	\$34Bn
CET1 Ratio	12.9%	8.0%	7.6%

Note: All performance figures are for Q1 2014

Our Lines of Business

Equitable Group

TSX:EQB

↓ 100% ownership



Single Family Residential
\$4.1Bn



- Business for self
- Newcomers
- Previously credit challenged

Commercial
\$2.4Bn



- Real estate investors
- Self employed-owner operators

Securitization Financing
\$5.8Bn



- Real estate investors
- Self employed-owner operators

Deposit Services
\$6.6Bn



- Canadian savers

Extensive mortgage origination and funding distribution channels

Broad Origination Channels

Mortgage Brokers

Bank Referrals

Partner Relationships



Deposits
(GICs and HISAs)

Warehouse Line

Deposit Notes

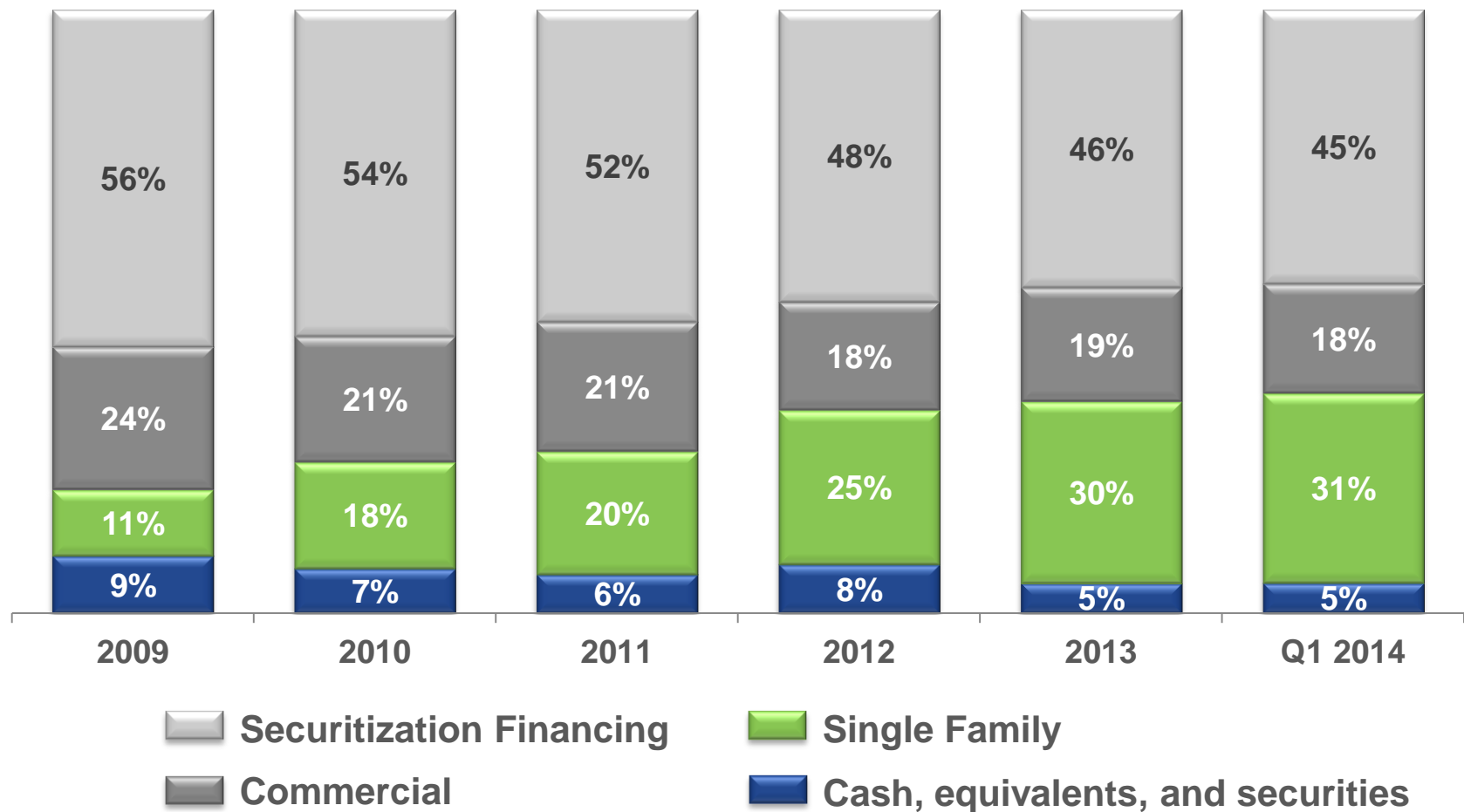
Securitization
(NHA programs)

Debt and Equity
Capital

Strong and Stable Funding Sources

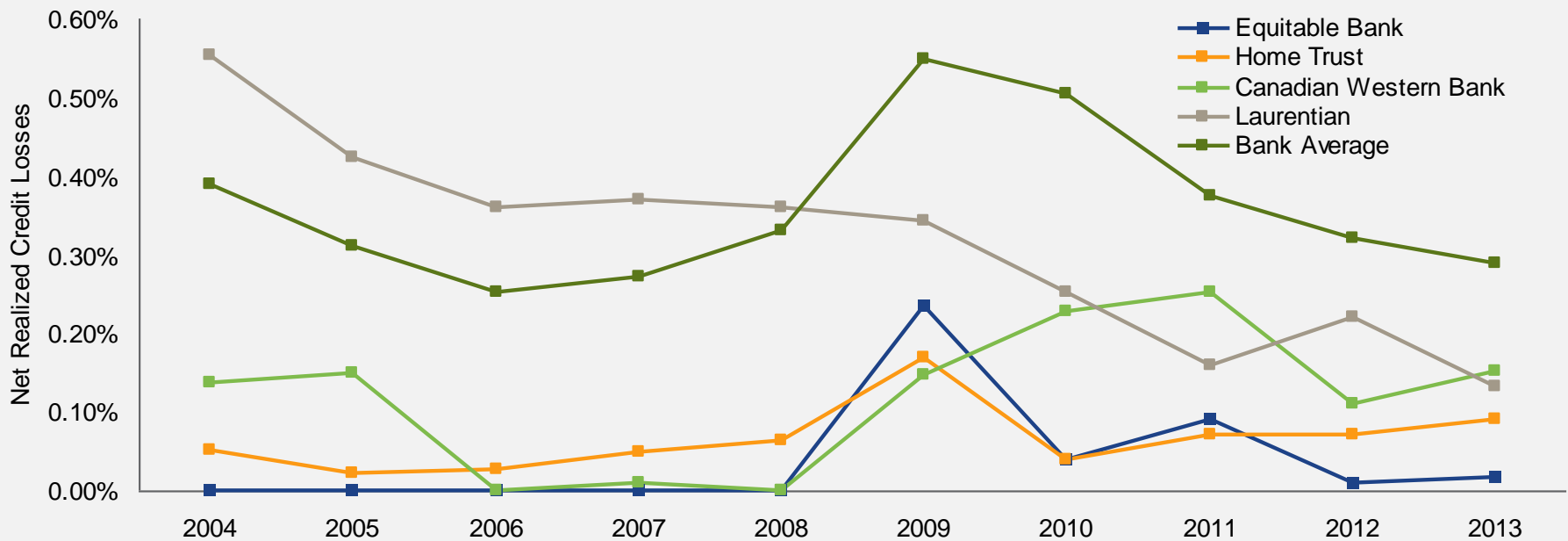
A diversified and changing asset mix

Distribution of Assets Under Management



A strong risk management framework and low loss levels

Net Realized Credit Losses as a % of Total Loans



Minimal Credit Losses and Strong Relative Performance Highlight Portfolio Quality



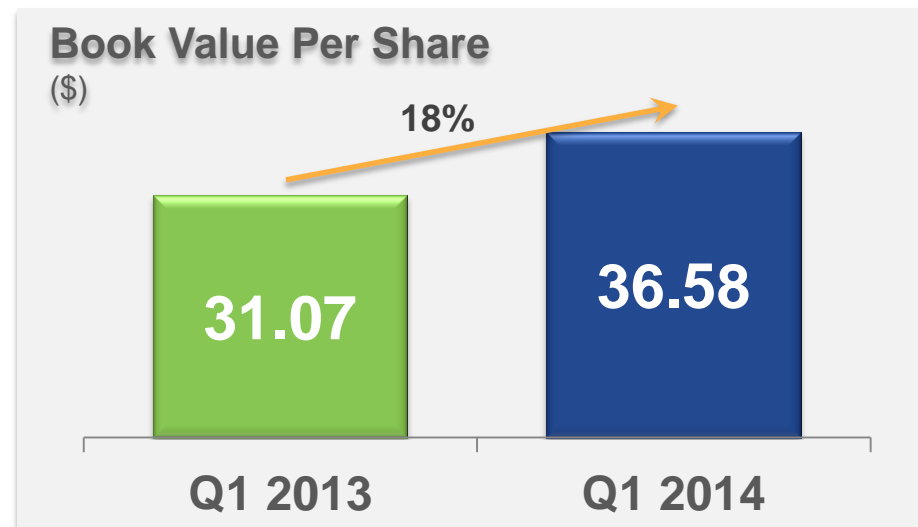
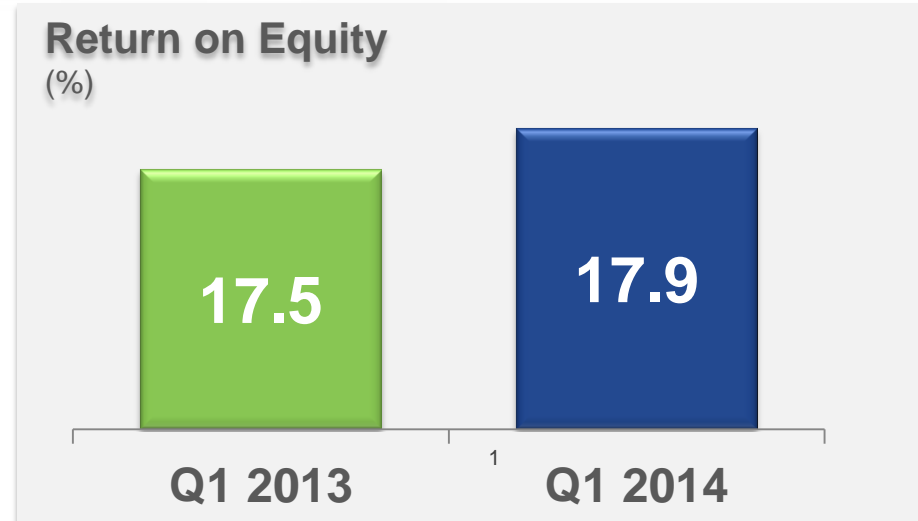
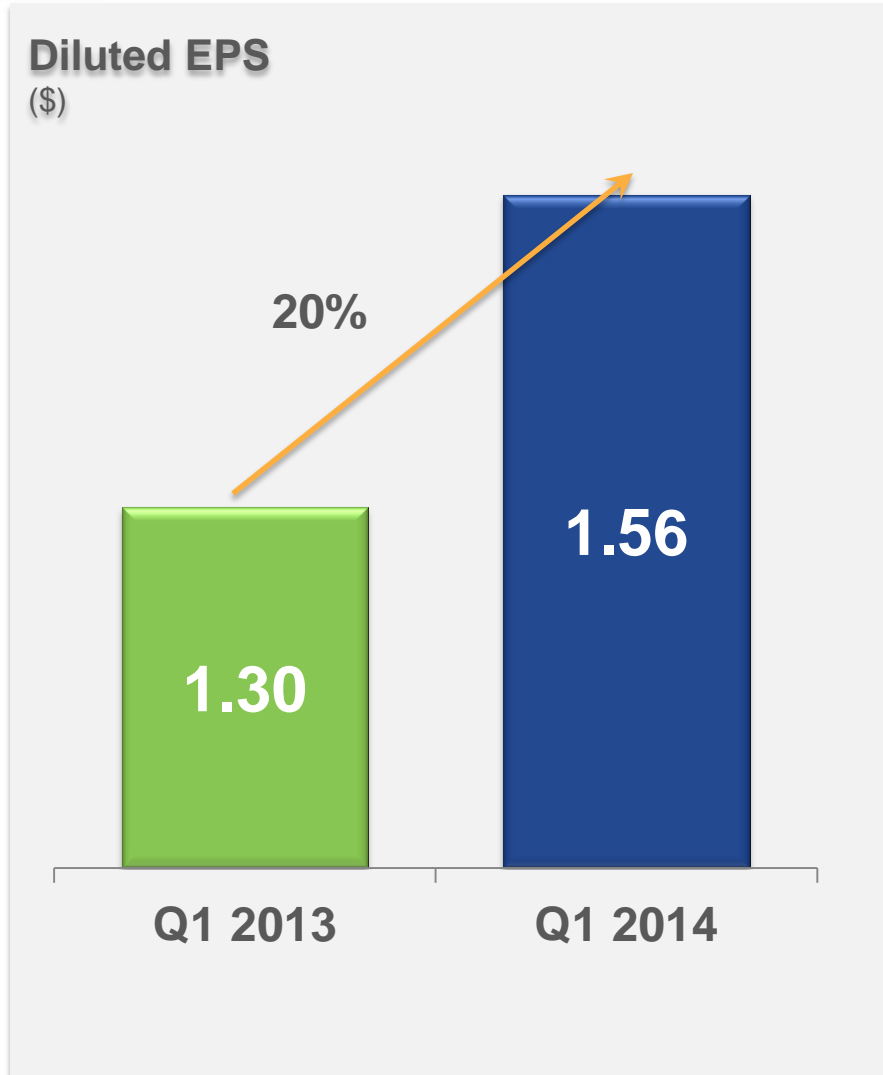
Q1 2014 Results

Accomplishments During Q1 2014

Objectives	Q1 2014 Results
<p>Consistently create shareholder value</p>	<ul style="list-style-type: none"> ✓ Delivered record first quarter earnings and book value ✓ Continued our consistently high levels of ROE
<p>Grow by providing effective service, competitive products and cost-efficient operations</p>	<ul style="list-style-type: none"> ✓ Set new Q1 Single Family originations record of \$404M (up 42% over Q1 2013) ✓ Surpassed \$4B in Single Family mortgage principal
<p>Build our capabilities and brand</p>	<ul style="list-style-type: none"> ✓ Opened Single Family business in Québec ✓ Prepared for launch as prime lender ✓ Grew HISA deposits ✓ Successfully completed \$150M Deposit Note
<p>Maintain a low risk profile</p>	<ul style="list-style-type: none"> ✓ Maintained an LTV of 69% in residential our portfolio ✓ Recorded an impairment recovery of \$42k ✓ Reported CET1 ratio of 12.9%

Record First Quarter Results

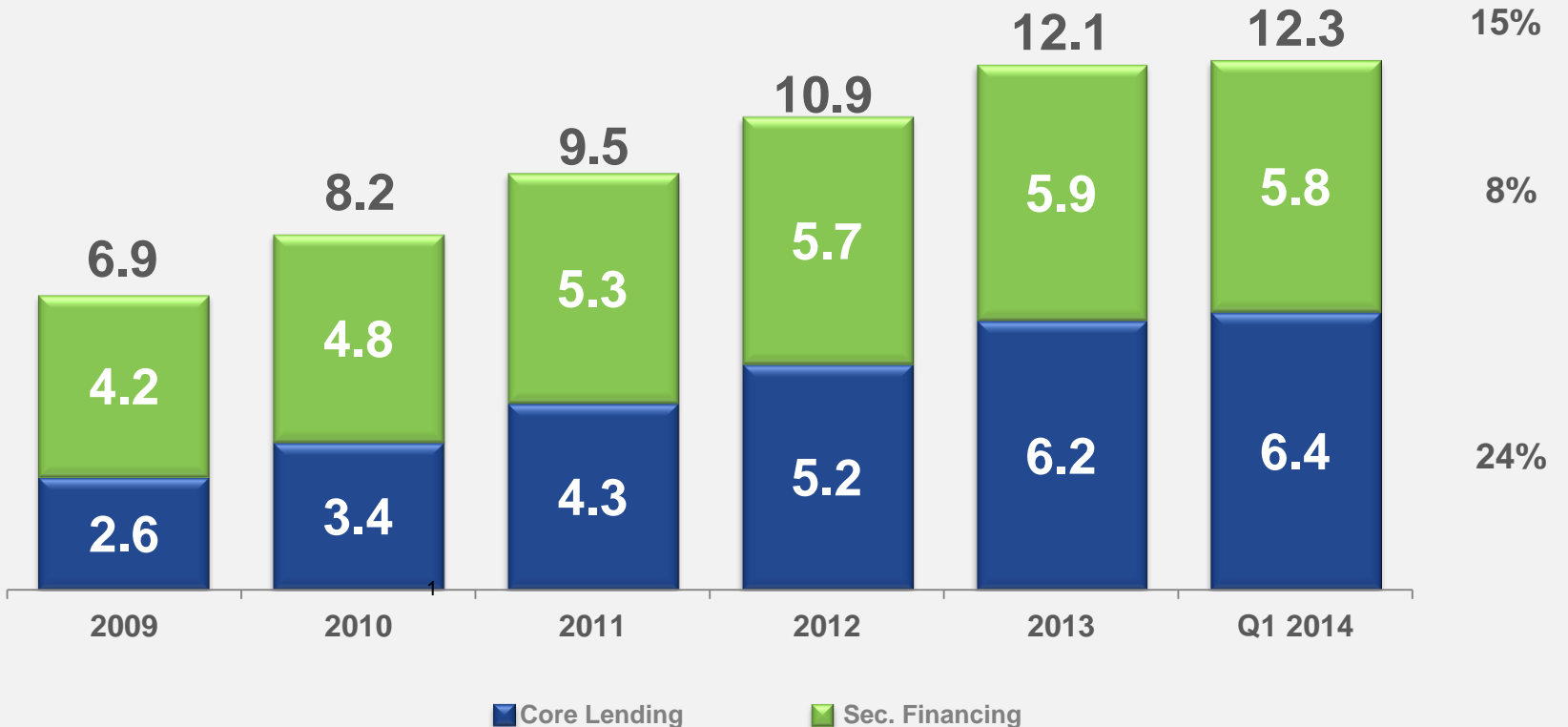
Growth in our key financial metrics



A consistently growing franchise

Mortgages Under Management
(\$billions)

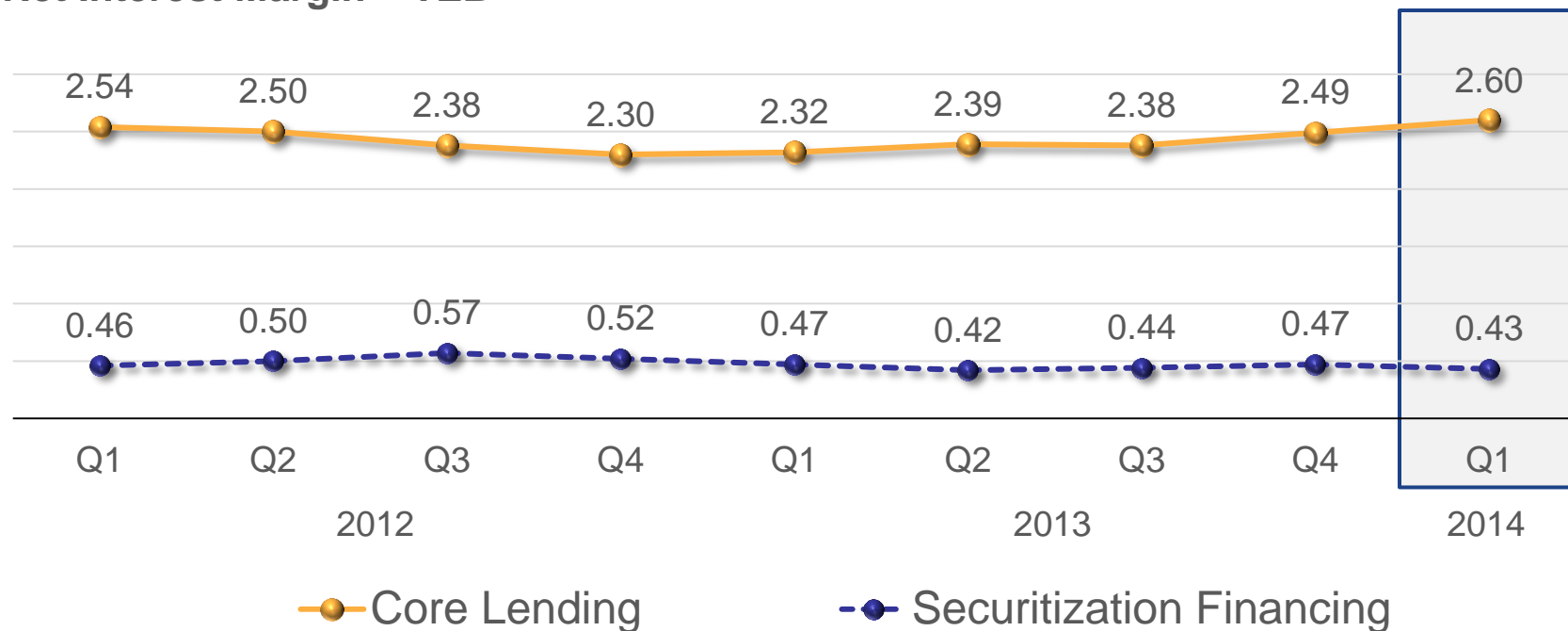
CAGR



Service Drives Growth and Market Share Gains

Margin Expansion Continues

Net Interest Margin – TEB



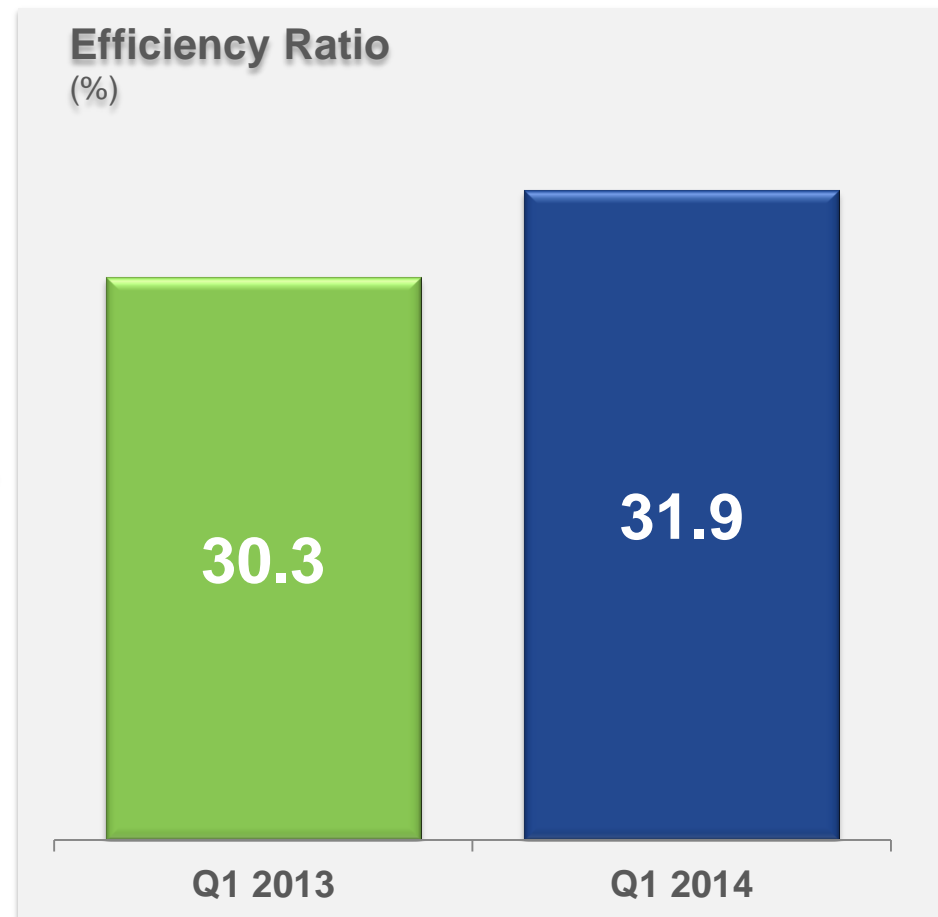
Total	1.45%	1.49%	1.49%	1.44%	1.42%	1.46%	1.50%	1.60%	1.67%
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Operating Efficiently

- \$0.4 million of expenses related to a 22% increase in our stock price during Q1
- \$0.3 million of new amortization for our HELOC product development
- \$0.2 million of severance
- 17% growth in FTE to support growth of the business



Non-branch business model makes us highly cost efficient

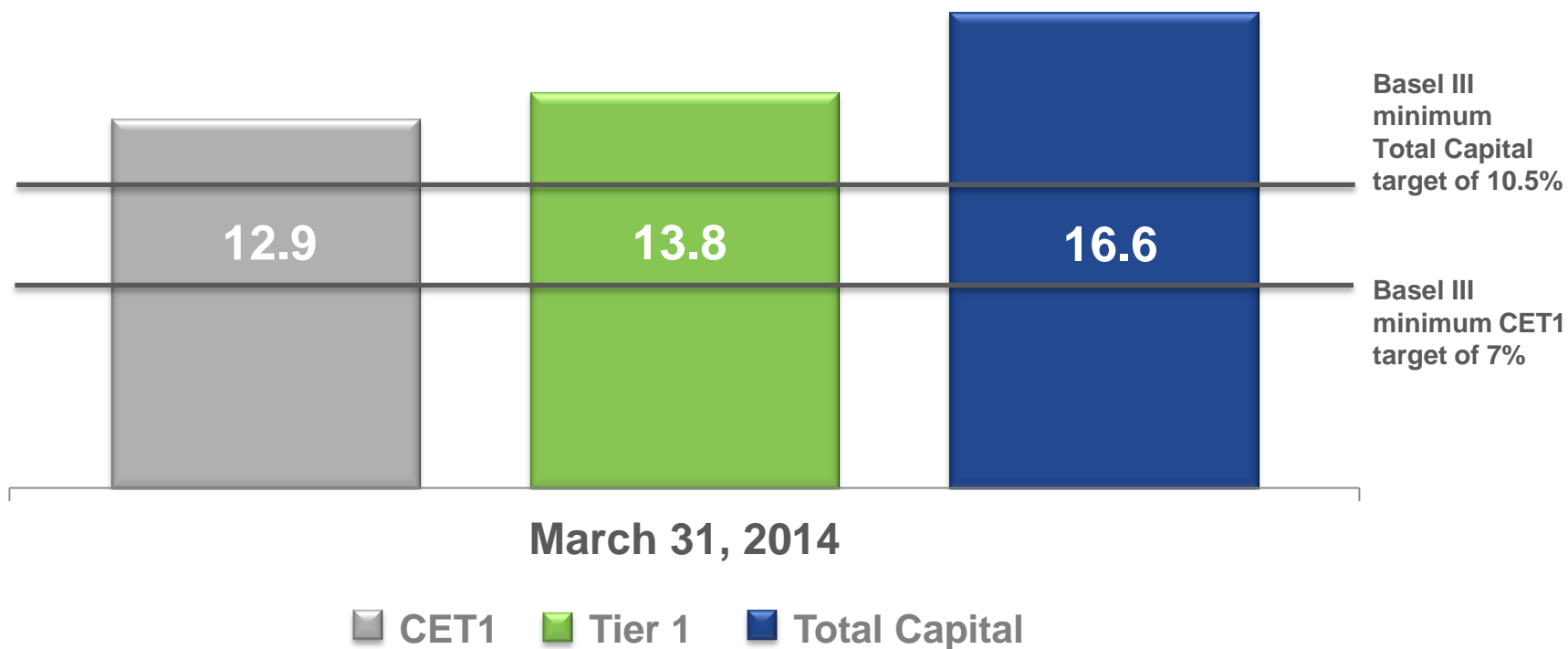


High level of credit quality

Portfolio Credit Risk Metrics	Q1 2014	Q4 2013	Q1 2013
Average LTV of residential portfolio (current value)	69%	69%	70%
Insured mortgages as a % of total	45%	45%	51%
Uninsured Downtown Toronto condo exposure	\$49MM	\$50 MM	\$51MM
Net impaired mortgages as a % of total	0.35%	0.24%	0.34%
Allowance for losses as a % of impaired loans	75%	105%	69%

Solid Capital Ratios

Equitable Bank Capital Ratios (%)



Positive outlook

Geographic Expansion

Product Diversification

Market Share Gains

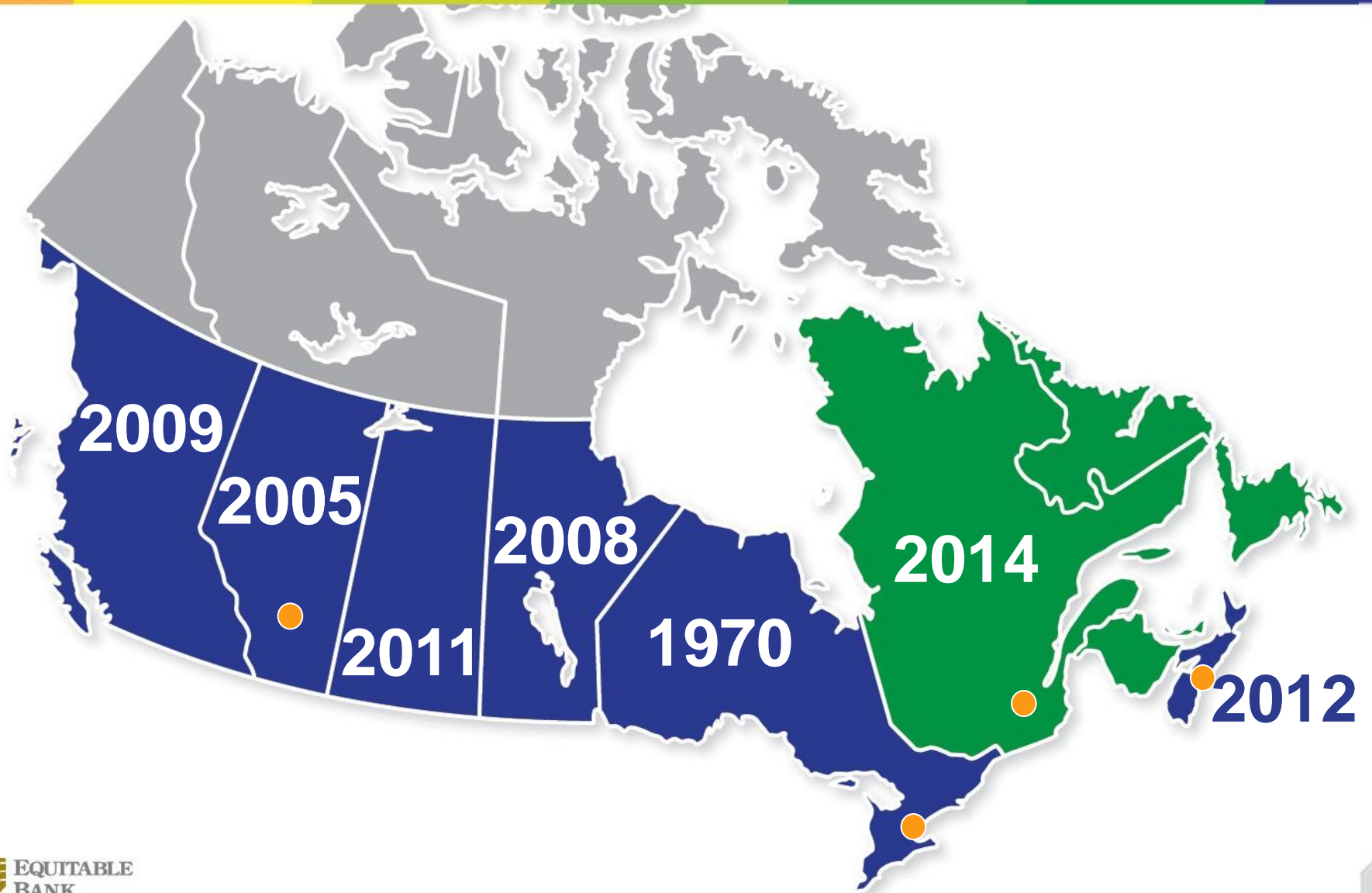
Organic Growth of Core Markets

Key Market Developments



- **Creates opportunities for Equitable to:**
 - Increase origination of insured mortgages
 - Enter the prime single family business
 - Insure conventional mortgages and access lower cost funding
- **May also create a shift in higher credit quality borrowers from the banks to alternative lenders**





Growing our national footprint





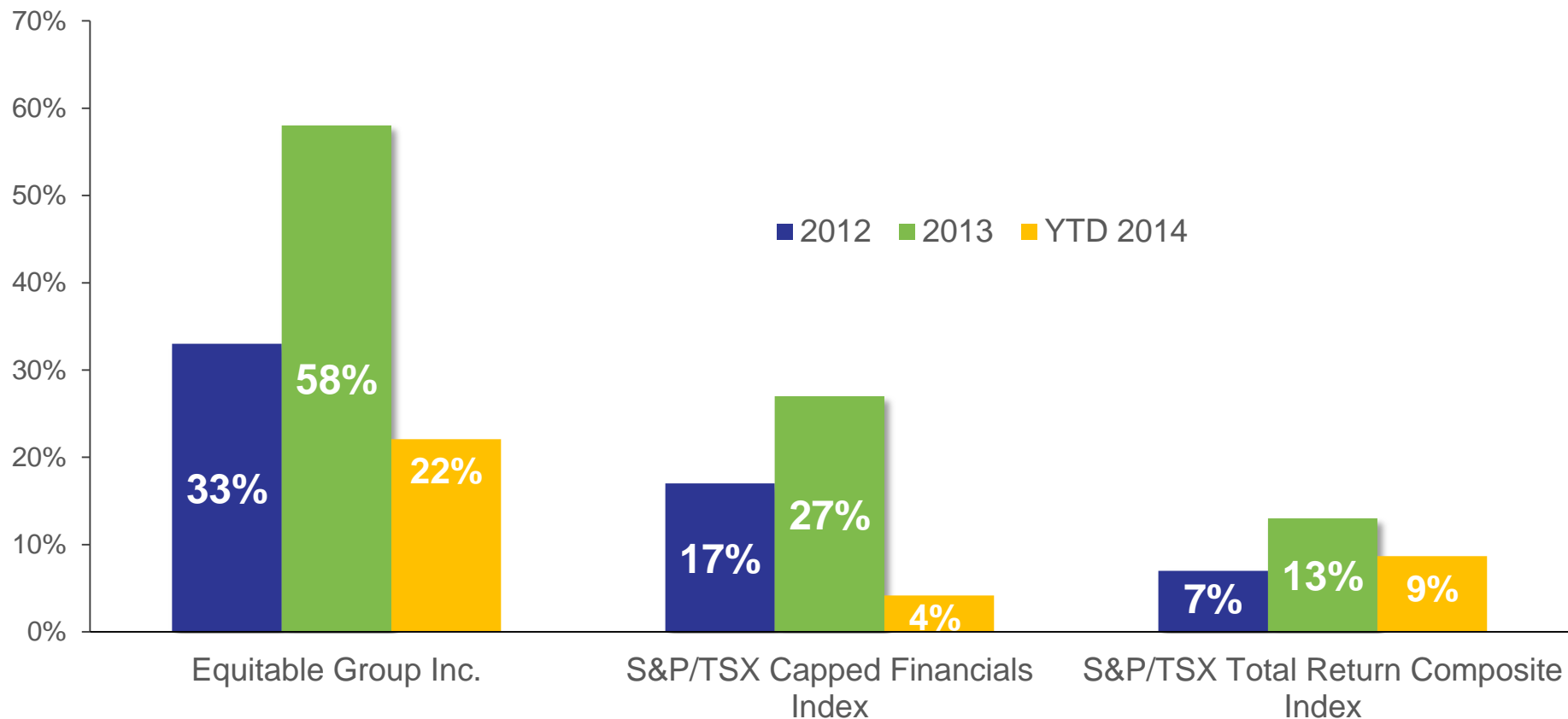
Summary

Why invest?

-  **Growing and differentiated financial services company, operating through our bank subsidiary**
-  **Long-term record of consistently high returns and low credit losses**
-  **Compelling valuation metrics**
-  **Positive momentum and market developments**

Delivering high returns to shareholders

Total Shareholder Return vs. Benchmarks

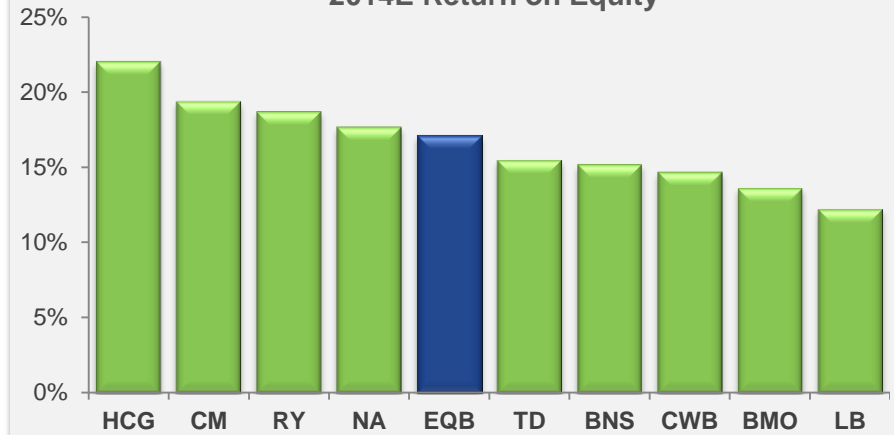


Valuation Metrics vs. Other Canadian FIs

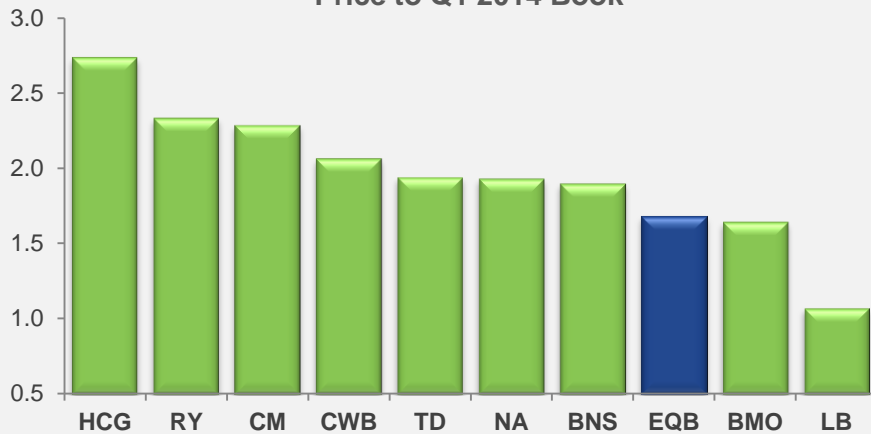
Price to Forward Earnings (4 quarter)



2014E Return on Equity



Price to Q1 2014 Book



Price to Book vs. Forward ROE

