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EQUITABLE

CANADA'S CHALLENGER BANK™

Third Quarter Report

For the three and nine months ended September 30, 2020

TSX.EQB | EQB.PR.C

EQUITABLE GROUP INC.

TABLE OF CONTENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

1 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
1 CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS
2 UPDATE ON THE IMPACT OF THE COVID-19 PANDEMIC
3 BUSINESS PROFILE AND OBJECTIVES
5 FINANCIAL OVERVIEW
6 Q3 2020 HIGHLIGHTS
7 BUSINESS OUTLOOK
10 FINANCIAL REVIEW – EARNINGS
16 FINANCIAL REVIEW – BALANCE SHEET
26 SUMMARY OF QUARTERLY RESULTS
27 ACCOUNTING POLICY CHANGES
27 CRITICAL ACCOUNTING ESTIMATES
28 OFF-BALANCE SHEET ACTIVITIES
28 RELATED PARTY TRANSACTIONS
29 RISK MANAGEMENT
32 UPDATED SHARE INFORMATION
32 RESPONSIBILITIES OF MANAGEMENT AND THE BOARD OF DIRECTORS
32 CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING
33 NON-GENERALLY ACCEPTED ACCOUNTING PRINCIPLES ("GAAP") FINANCIAL MEASURES

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

37 CONSOLIDATED BALANCE SHEETS
38 CONSOLIDATED STATEMENTS OF INCOME
39 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
40 CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
42 CONSOLIDATED STATEMENTS OF CASH FLOWS
43 NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

64 **SHAREHOLDER & CORPORATE INFORMATION**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the three and nine months ended September 30, 2020

Management's Discussion and Analysis ("MD&A") is provided to enable readers to assess the financial position and the results of the consolidated operations of Equitable Group Inc. ("Equitable" or the "Company") for the three months ("quarter") and nine months ended September 30, 2020. This MD&A should be read in conjunction with the Company's unaudited interim consolidated financial statements as at and for the three and nine months ended September 30, 2020, together with accompanying notes, which have been prepared in accordance with International Accounting Standard ("IAS") 34. This MD&A should also be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2019, together with accompanying notes. All amounts are in Canadian dollars. This report, and the information provided herein, is dated as at November 3, 2020. The Company's continuous disclosure materials, including interim filings, annual MD&A and Consolidated Financial Statements, Annual Information Form, Management Information Circular, Notice of Annual Meeting of Shareholders and Proxy Circular are available on the Company's website at www.equitablebank.ca and on SEDAR at www.sedar.com.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Statements made by the Company in the sections of this report including those entitled "Business Profile and Objectives", "Q3 2020 Highlights", "Update on the impact of the COVID-19 Pandemic", "Business Outlook", "Provision for Credit Losses", "Credit Quality and Allowance for Credit Losses", "Liquidity Investments and Equity Securities", "Deposits", "Capital Management – Equitable Bank", and "Risk Management", in other filings with Canadian securities regulators and in other communications include forward-looking statements within the meaning of applicable securities laws ("forward-looking statements"). These statements include, but are not limited to, statements about the Company's objectives, strategies and initiatives, financial performance expectations and other statements made herein, whether with respect to the Company's businesses or the Canadian economy. Generally, forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "planned", "estimates", "forecasts", "outlook", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases which state that certain actions, events or results "may", "could", "would", "should", "might" or "will be taken", "occur", "be achieved", "will likely" or other similar expressions of future or conditional verbs.

Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results, level of activity, closing of transactions, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking statements, including but not limited to risks related to capital markets and additional funding requirements, fluctuating interest rates and general economic conditions including, without limitation, impacts as a result of COVID-19, legislative and regulatory developments, changes in accounting standards, the nature of our customers and rates of default, and competition as well as those factors discussed under the heading "Risk Management" herein and in the Company's documents filed on SEDAR at www.sedar.com.

All material assumptions used in making forward-looking statements are based on management's knowledge of current business conditions and expectations of future business conditions and trends, including their knowledge of the current credit, interest rate, and liquidity conditions affecting the Company and the Canadian economy. Although the Company believes the assumptions used to make such statements are reasonable at this time and has attempted to identify in its continuous disclosure documents important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. Certain material assumptions are applied by the Company in making forward-looking statements, including without limitation, assumptions regarding its continued ability to fund its loan business, a continuation of the current level of economic uncertainty that affects real estate market conditions including, without limitation, impacts as a result of COVID-19, continued acceptance of its products in the marketplace, as well as no material changes in its operating cost structure and the current tax regime. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements that are contained herein, except in accordance with applicable securities laws.

UPDATE ON THE IMPACT OF THE COVID-19 PANDEMIC

The COVID-19 pandemic ("COVID-19") has continued to cause unparalleled global economic and social disruption. However, as businesses across the country opened their doors and consumers resumed spending, the Canadian economy began to rebound from its trough in April. Residential real estate market activity is strong, with September marking the third consecutive month of record sales. House prices have also been relatively firm as supply and demand dynamics remain in balance across most major Canadian markets. Much uncertainty prevails, especially with increasing COVID-19 case counts and the uncertainty around how policymakers will respond.

Equitable is fortunate to be operating a business that does not depend on daily sales activity to stay profitable over a medium-term horizon. We began 2020 with a portfolio of assets that generates revenue every day and is expected to support our operations and people throughout COVID-19, assuming that the economy weathers the potential impact of a second wave and continues on its path to recovery.

Protecting our employees

Operationally, our team has been able to deliver a high level of service to customers and other stakeholders throughout the crisis with a work-from-home model, a move made easier by our branchless business model and our cloud-based digital platform. We provided a small number of employees the option of returning to Equitable's offices at the beginning of July and invited all staff members to return on a voluntary basis in mid-September. We developed and rolled out new office protocols to enable social distancing and limit the number of staff in the office at any given time. With increasing COVID-19 case counts, it is unlikely that many employees will return to our offices in the near future. Equitable remains committed to ensuring that all of our employees have a safe workspace upon their return.

Serving our customers and business partners

Our digital-only *EQ Bank* platform, which was already a competitive advantage, is more so in this environment and will likely become an even greater strategic asset over the long term. We believe that COVID-19 has caused changes in consumer behaviour and accelerated the shift towards digital banking, a trend for which we are well positioned. Daily account applications to *EQ Bank* support that belief: they averaged 2,610 per month over the twelve months prior to COVID-19 and increased to 8,413 per month in Q3 2020. We continue to provide value with a better way to bank and offer competitive interest rates on all of our deposit accounts to help customers build their savings balances.

As markets and the economy were disrupted during March 2020, management determined that the Bank could play a constructive role in providing liquidity to the Canadian economy by increasing its focus on insured mortgage lending. Equitable did this in two ways: by redeploying resources to its insured single family business; and increasing the origination of multi-family insured mortgages. This realignment of resources led to a 31% increase in the Bank's Prime single family originations in the second and third quarters of 2020 compared to the same period in 2019. Further, gains on securitization activities increased by $8.8 million when comparing the same periods. We expect similarly strong earnings from securitization activities in Q4 of 2020.

In an effort to support our lending clients during COVID-19, our team worked with borrowers to help them manage their loan obligations in the midst of the pandemic, while at the same time protecting the interests of the Bank. We offered loan payment deferrals of up to six months to qualifying borrowers, consistent with our industry peers. As at October 23rd, active deferrals were down to only 0.3% of our loan portfolio, down from 6.0% at July 17, 2020.

In preparation for the possibility that some customers would have challenges meeting their payment obligations as their payment deferrals expired, we reviewed our internal procedures and workout arrangements, which leverage CMHC guidance, to ensure we provide our borrowers the support they need without exposing the Bank to undue risk. To date, few of our customers have required such arrangements.

Managing our risks and costs

While we are committed to supporting our team and not engaging in COVID-19-driven layoffs, we are managing our costs prudently in response to market uncertainty and our expectations of slower growth. We acted decisively to defer hiring, delay projects, and reduce discretionary spending.

Management continues to apply its long-standing, rigorous approach to risk management. We altered underwriting parameters in response to changing market conditions to limit risk in our single family, commercial, and equipment leasing businesses. These steps were necessary because of general economic conditions and uncertainty with respect to future real estate market activity levels and prices. As we gained comfort over the current economic forecasts and the resilience of the Canadian real estate market, we moved our Alternative single family underwriting criteria closer to pre-COVID-19 parameters. This transition occurred in late Q3 and we have seen a positive response from mortgage brokers and a corresponding strengthening of our mortgage pipeline and originations. We continue to monitor the performance of all credit exposures more tightly than normal and are prepared to act to tighten credit if the risk begins to extend beyond our prudent risk appetite.

The Government of Canada introduced a range of liquidity programs and regulatory changes to support the financial sector, and ultimately our customers, through the financial impact of COVID-19. We have used several of the programs to date and intend to continue using them while they are available. For example, we insured $687 million of Alternative single family mortgages under CMHC's portfolio insurance program in Q2 2020 and renewed our draw against the Bank of Canada's Standing Term Liquidity Facility. These actions strengthen our liquidity position, and at the same time provide us with funding at a lower cost than our traditional channels and with capital benefits.

Management has provided further details on our actions and expectations for the future in the *Business Outlook* section of the MD&A below. Given strong interventions by health authorities and governments, we are optimistic about the ability of our society to withstand the pandemic and about the long-term future of our business. We look forward to supporting the revival of the economy by bringing better banking to Canadians.

BUSINESS PROFILE AND OBJECTIVES

OVERVIEW

Equitable Group Inc. (TSX: EQB and EQB.PR.C) is a growing Canadian financial services business that operates through its wholly owned subsidiary, Equitable Bank (the "Bank"). Equitable Bank is a Schedule I Bank regulated by the Office of the Superintendent of Financial Institutions Canada ("OSFI") with total Assets Under Management[(1)] ("AUM") of $35.5 billion. The Bank serves retail and commercial customers across Canada with a range of savings and lending solutions, offered under the Equitable Bank, *EQ Bank*, and Equitable Trust brands. On January 1, 2019, Equitable Bank acquired Bennington Financial Corp. ("Bennington"), a Canadian equipment leasing company that finances a wide range of assets through the Bodkin and Equirex brands. Equitable is one of nine publicly traded banks that are members of the S&P/TSX Composite Index. Equitable is also a member of the S&P/TSX Dividend Aristocrats, S&P/TSX Small Cap, S&P Canada BMI, and MSCI Small Cap (Canada) indices. Measured by assets, Equitable Bank is the ninth largest independent Schedule I Bank in Canada.

Equitable's mission is to drive change in Canadian banking to enrich people's lives. Our strategy is to provide exceptional service and clear value to select segments of Canadian consumers and businesses. We concentrate on segments of the market in which we can improve the banking experience or achieve a sustainable competitive advantage. As *Canada's Challenger Bank*™, we rethink conventional approaches to banking, go above and beyond traditional banks in serving our customers, stay nimble so that we can act on new opportunities, and maintain focused, efficient service delivery channels. Service excellence and customer value are how Equitable differentiates itself in the market.

(1) *See Non-Generally Accepted Accounting Principles Financial Measures section of this MD&A.*

We are one of the few medium-size banks in Canada with enough scale to make meaningful strategic investments. Economic uncertainty due to COVID-19 has impacted our investment plans for 2020. At the same time, widespread physical distancing requirements have accelerated a consumer shift towards digital banking and our leading-edge technology platform, positioning us for success in a rapidly digitizing world. The flexibility of our platforms allows us to innovate quickly and deliver a better banking experience to our customers. We built our *EQ Bank* platform on Temenos' core banking system and a highly flexible middle tier on which we have layered award-winning interfaces that are available to our customers as an app on their mobile devices. *EQ Bank* provides not only an innovative platform to grow our deposit base, it expands the possibilities for our business by giving us a channel to introduce other new products and services such as joint accounts most recently.

We are continuously enhancing our systems to ensure that we can leverage our flexible middle tier to provide and consume secure Application Programming Interfaces ("APIs"). This approach allows us to collaborate with fintechs and other partners to deliver a broader range of services to Canadian consumers. We embraced fintech early and have seen the relationships we have built with market leaders such as TransferWise, Borrowell, Ratehub, and others, become a driving force in reaching new customers in our markets.

A differentiating factor in Equitable's business model compared to many other challenger banks around the world is our ability to deploy the deposits that we gather consistently and profitably. We operate an integrated balance sheet and lend across a growing range of retail and commercial asset categories. Our strategy involves continuing to diversify our assets in order to extend our growth runway and achieve our corporate objectives. Diversification provides the added benefit of reducing the risk profile of our business. We will pursue opportunities only if they align with our strategy, fit within our risk appetite, exceed our return thresholds, leverage some of our existing capabilities, and present a manageable level of integration risk.

FINANCIAL OVERVIEW

Table 1: Selected financial information

($ THOUSANDS, EXCEPT SHARE, PER SHARE AMOUNTS AND PERCENTAGES)	As at or for three months ended					Nine months ended		
	Sep 30, 2020	Jun 30, 2020	Change	Sep 30, 2019	Change	**Sep 30, 2020**	Sep 30, 2019	Change
RESULTS OF OPERATIONS								
Net income	**$ 73,928**	$ 52,482	41%	$ 54,942	35%	**$ 152,380**	$ 150,625	1%
Adjusted net income[1]	**70,910**	49,259	44%	54,754	30%	**150,117**	155,845	(4%)
Net income available to common shareholders	**72,809**	51,363	42%	53,751	35%	**149,023**	147,052	1%
Net interest income ("NII")	**127,431**	118,707	7%	118,147	8%	**366,289**	337,821	8%
Total revenue	**300,024**	290,151	3%	293,285	2%	**885,067**	848,404	4%
EPS – basic	**4.33**	3.06	42%	3.22	34%	**8.87**	8.84	0%
EPS – diluted	**4.30**	3.05	41%	3.18	35%	**8.81**	8.75	1%
Adjusted EPS – diluted[1]	**4.13**	2.86	44%	3.17	30%	**8.67**	9.06	(4%)
ROE[1]	**19.8%**	14.7%	5.1%	16.2%	3.6%	**13.7%**	15.5%	(1.8%)
Adjusted ROE[1]	**19.0%**	13.8%	5.2%	16.2%	2.8%	**13.5%**	16.0%	(2.5%)
Return on average assets[1]	**1.0%**	0.7%	0.3%	0.8%	0.2%	**0.7%**	0.8%	(0.1%)
Net interest margin ("NIM")[1]	**1.69%**	1.64%	0.05%	1.75%	(0.06%)	**1.68%**	1.73%	(0.05%)
Efficiency Ratio[1][2]	**35.7%**	39.2%	(3.5%)	39.5%	(3.8%)	**39.2%**	40.0%	(0.8%)
BALANCE SHEET								
Total assets	**30,447,086**	29,957,246	2%	27,544,976	11%			
Assets Under Management	**35,510,826**	34,662,258	2%	32,333,820	10%			
Loans receivable	**27,591,921**	27,708,917	(0%)	25,960,054	6%			
Loans Under Management[1]	**32,550,738**	32,330,889	1%	30,640,893	6%			
Preferred shares	**72,557**	72,557	-%	72,557	-%			
Common shareholders' equity	**1,501,344**	1,426,826	5%	1,338,965	12%			
CREDIT QUALITY								
Provision for credit losses ("PCL")	**(2,357)**	8,847	(127%)	3,463	(168%)	**42,177**	14,477	191%
PCL – rate[1]	**(0.03%)**	0.13%	(0.16%)	0.05%	(0.08%)	**0.21%**	0.08%	0.13%
Net impaired loans as a % of total loan assets	**0.33%**	0.54%	(0.21%)	0.47%	(0.14%)			
Allowance for credit losses as a % of total loan assets	**0.25%**	0.27%	(0.02%)	0.13%	0.12%			
SHARE CAPITAL								
Common shares outstanding	**16,822,244**	16,807,317	0%	16,743,253	0%			
Book value per common share[1]	**89.25**	84.89	5%	79.97	12%			
Common share price – close	**75.09**	71.39	5%	103.81	(28%)			
Common share market capitalization	**1,263,182**	1,199,874	5%	1,738,117	(27%)			
EQUITABLE BANK CAPITAL RATIOS[1]								
CET1 Ratio	**14.3%**	14.0%	0.3%	13.3%	1.0%			
Tier 1 Capital Ratio	**15.0%**	14.7%	0.3%	14.1%	0.9%			
Total Capital Ratio	**15.5%**	15.2%	0.3%	14.4%	1.1%			
Leverage Ratio	**4.9%**	4.8%	0.1%	4.8%	0.1%			

(1) *See Non-Generally Accepted Accounting Principles Financial Measures section of this MD&A.*
(2) *Increases in this ratio reflect reduced efficiencies, whereas decreases reflect improved efficiencies.*

Q3 2020 HIGHLIGHTS

PERFORMANCE AGAINST STRATEGIC PRIORITIES

Equitable generated all-time record earnings in Q3 2020 driven by:

- a widening of spreads as a result of lower funding costs and lower amortization of insurance premiums net of funding cost savings;
- higher gains on our securitization activities as we purposefully increased insured mortgage originations during a wider-spread environment; and
- slightly improved economic forecasts that led to a modest release of Stage 1 and 2 allowances for credit losses.

Adjusted EPS and ROE were $4.13 and 19.0%, respectively, compared to $2.86 and 13.8% in Q2 2020 and $3.17 and 16.2% in Q3 2019. Adjusted Q3 2020 results exclude the impact of $4.1 million of net mark-to-market gains on certain investments, loans, and derivative positions. Including these items, reported EPS and ROE were $4.30 and 19.8%, respectively.

Despite economic and market volatility, Equitable made progress against all of its 2020 strategic objectives in Q3:

Strategic Objectives for 2020	Accomplishments
Expand and enhance *EQ Bank*	• Grew *EQ Bank* deposits to $4.3 billion, an increase of $1 billion in the current quarter • Significantly grew our *EQ Bank* depositor base year-over-year by 68% to almost 149,000 customers, with nearly 25,000 customers signing up in Q3 2020 • Successfully launched *Joint Savings Plus* accounts which improved customer convenience and contributed to deposit growth
Grow our existing businesses with better service and innovation	• Grew our Retail and Commercial loan portfolios year-over-year by 5% and 9%, respectively • Increased deposits from strategic partnerships by $157 million or 30% to $678 million as compared with Q3 2019 • Successfully raised $200 million through issuance of a 3-year fixed rate deposit note in September on favourable terms and with the participation of 37 investors
Further diversify through our leasing, reverse mortgage, and CSV loan businesses	• Grew our equipment leasing portfolio by 11% over the prior year as we witnessed increased market activity in Q3 • Continued to expand customer awareness of our decumulation businesses (reverse mortgage and CSV line of credit products) and strengthened the origination pipeline • Grew our decumulation lending product balances by more than three-fold since last year, with balances now amounting to $67 million
Pursue AIRB and improve sophistication of our capital management	• Continued to conduct stress tests on our loan portfolios to ensure that we have sufficient capital to manage through a range of economic scenarios • Advanced our AIRB program with a commitment to its implementation in 2022 • Reported a CET1 Ratio of 14.3%, up from last year by 100 bps and above the top end of our target range
Enhance our capabilities through technology and people	• Recognized as one of the Best Workplaces™ in Canada by Great Place To Work® for the year 2020-21 • Continued to make enhancements to our cloud infrastructure and other applications supporting our *EQ Bank* platform • Sustained an industry leading Efficiency Ratio of 35.7% while investing significantly in digitization initiatives

ITEMS OF NOTE

Q3 2020 financial results were impacted by the following item, on a pre-tax basis:

- $4.1 million of net mark-to-market gains on certain investments, loans, and securitization-related derivative positions.

Q2 2020 financial results were impacted by the following item, on a pre-tax basis:

- $4.4 million of net mark-to-market gains on certain investments, loans, and securitization-related derivative positions.

There were no items of note in Q3 2019.

DIVIDENDS

Common share dividends

On November 3, 2020, the Company's Board of Directors ("the Board") declared a quarterly dividend of $0.37 per common share, payable on December 31, 2020, to common shareholders of record at the close of business on December 15, 2020. This dividend is consistent with last quarter and represents a 6% increase over dividends declared in November 2019.

In Q3 2019, Equitable announced its intention to grow its dividend at a rate between 20% and 25% for each of the next five years. The Board put these planned increases on hold because of regulatory guidance from OSFI in March 2020 meant to support the financial and operational resilience of all federally regulated banks. The Company intends to resume its previously announced dividend increases once regulatory restrictions are lifted.

Preferred share dividends

On November 3, 2020, the Board declared a quarterly dividend of $0.373063 per preferred share, payable on December 31, 2020, to common shareholders of record at the close of business on December 15, 2020.

RECENT APPOINTMENTS AND NEW STREAMLINED ORGANIZATIONAL STRUCTURE

On October 20th, 2020, Equitable announced the appointment of Chadwick Westlake as the Bank's new Senior Vice-President and Chief Financial Officer. He comes to Equitable following more than 18 years at Scotiabank in progressively senior roles, most recently as Executive Vice-President of Enterprise Productivity and Canadian Banking Finance.

Equitable also announced the appointments of Mahima Poddar as Group Head, Personal Banking and Darren Lorimer as Group Head, Commercial Banking. These changes reflect a broader plan to streamline decision-making while organizing around customers to deliver great value that makes a difference in the lives of Canadians. The balance of the Management Committee is made up of Ron Tratch, Senior Vice-President and Chief Risk Officer, Dan Dickinson, Senior Vice-President and Chief Information Officer, and Jody Sperling, Senior Vice-President and Chief Human Resources Officer.

BUSINESS OUTLOOK

Equitable believes that our strategy, including our disciplined approach to capital allocation, will continue to deliver value to shareholders and protect the money that depositors have trusted to the Bank.

COVID-19 and the related restrictions that have disrupted the global economy, our industry, and our business has impacted the prospects for our 2020 financial performance. We are optimistic about the economy's trajectory but it is still difficult to predict the extent of the pandemic's impact on the economy and our business. Given this continuing uncertainty, management is not providing financial guidance.

Instead, we have commented on select aspects of our business and future performance below:

Funding and Liquidity

- Our funding markets have been delivering the volumes we need to maintain and grow our business. Our deposit products continue to offer competitive interest rates and we have been growing our *EQ Bank* customer base more quickly than during the pre-COVID-19 period.
- Government of Canada programs, which were first announced in March and were recently updated, have injected more liquidity into the banking system and are mitigating the systemic impact of COVID-19. These programs provide us with greater comfort in our liquidity risk profile now and looking forward.
- Funding costs, when viewed as spreads over Government of Canada benchmarks, have been lower than pre-crisis levels which has contributed to higher margins on new business. Movements in benchmark rates do not have a material impact on the profitability of our existing portfolio because we are largely match-funded.
- We re-instituted our wholesale funding program in Q3 given the resilience of the markets and remain committed to wholesale funding longer term. Wholesale funding, which is comprised primarily of deposit notes, currently accounts for 3% of our total deposit funding. We believe that covered bonds represent a valuable long-term funding source with a cheaper cost of funds than deposit notes and intend to issue our first bond in 2021.
- The revolving credit facilities that we have in place with some of the big-6 banks remain available and the terms are unchanged.
- Our $400 million secured backstop credit facility, provided by five of the big-6 banks, remains in place on the same terms and conditions as announced in June 2019. We have not drawn on the facility.

Loan Growth

- We believe that loan balances in our established Retail and Commercial portfolios will grow through to the end of the year, driven by Prime single family mortgages and Conventional commercial loans. Our new decumulation and specialized financing businesses should all grow over that period while Multi-unit residential loan balances may decline depending on derecognition levels.
- We expect our Alternative Single Family mortgage portfolio to grow modestly in the fourth quarter. Origination volumes remained low in Q3 2020 as a result of our reduced risk appetite in the face of housing market and economic uncertainty. We believe that origination volumes will return to more normal levels as our confidence in the outlook for housing markets and the economy in general improves and with the recent transition in our underwriting criteria closer to pre-COVID-19 parameters. We are also encouraged by the fact that immigration has continued throughout the pandemic with newcomers to Canada numbering almost 60,000 from April to August. Moreover, the Minister of Immigration, Refugees and Citizenship has recently announced new immigration targets of over 400,000 people in each of the years 2021 to 2023 to make up for any shortfall from the original target of 341,000 people in 2020 to current expectations of 175,000 to 200,000 people with the reduction being a result of pandemic-related travel restrictions.

Credit Quality

- As at October 23rd, active deferrals were down to only 0.3% of our loan portfolio.
- If economic projections continue to unfold in line with base case forecasts, our models project that there would be $6.5 million of reserves to be released.
- 56% of our loans under management or 51% of our total assets under management are insured. Further, our uninsured mortgage loans are supported by first-position charges on real estate and our leases by first-position charge on equipment. These factors significantly reduce the level of credit risk in our book.
- We also take comfort in our traditional, prudent approach to lending. We lend to borrowers who meet stringent qualifying criteria, in predominantly urban centres with diversified employment bases and more liquid real estate markets, and at reasonable LTV ratios.

- The weighted average LTV ratio of 62% on our uninsured residential mortgage portfolio at the end of Q3 protects us against an economic scenario involving a combination of higher defaults and a decrease in house prices.
- 45% of our Commercial loan portfolio is insured, and 58% of the portfolio is secured by multi-unit residential and mixed-use properties. Hotel and retail segments account for only 0.5% and 3.7%, respectively, of our Commercial loans or 0.1% and 1.2% of our total loan portfolio, respectively.
- PCLs should decrease in subsequent quarters, assuming economic forecasts stabilize or improve with the reopening of the Canadian economy and our borrowers' behaviour is consistent with what our credit loss models anticipate. If economic forecasts worsen or our borrowers react more negatively than expected to credit stress, provisions could be elevated in future quarters. The duration and depth of the economic contraction, as well as the positive impact of government support initiatives, will be the key determinants of the loan losses that we ultimately realize.

Expenses

- We expect that expenses will grow compared with 2019, but at a much lower rate than originally communicated in our February outlook in light of the expense actions we have taken. Expenses in Q4 should be consistent with Q3.
- We are focused on our long-term objectives and have been moving ahead with our most important strategic initiatives, namely the digitization of our Bank and our service offerings.

Earnings and Capital

- Earnings in Q4 2020 should be higher year over year, primarily due to growth in our assets and materially higher securitization earnings, offset in part by a higher expense base relative to last year. Earnings in Q4 will benefit from lower mortgage insurance costs and reduced interest rates paid on deposits in *EQ Bank*, offset by seasonally lower mortgage prepayment income.
- Net interest income will be enhanced as the insurance premium amortization costs associated with the $687 million of Alternative single family mortgages insured in Q2 2020 reduce in Q4. Mortgage insurance expenses net of funding cost savings should decline by approximately $2 million in Q4 and is expected to be a net benefit of $0.7 million in the first quarter of 2021.
- The Bank's CET1 ratio moved above the top of our target range in Q3 and suppressing our ROE by approximately 1.2 percentage points (assuming a ratio of 13.5%, the mid-point of our target range). We expect the Bank's CET1 ratio to remain relatively stable through the remainder of the year as the benefit of additional earnings added to our capital base will be used to support increases in our risk-weighted assets.
- Our capital levels are more than sufficient to absorb expected losses. We do not foresee a reasonable scenario under which we need to raise additional equity capital to support our existing businesses.
- In July 2019, Equitable announced its intention to grow dividends at a rate between 20% and 25% for each of the next five years. In March 2020, the Board put these planned increases on hold because of regulatory guidance to the banking industry. Our dividend payout ratio was a sustainable 9% for the current quarter, the lowest of any TSX Composite banks. We do not intend to reduce our dividend from the current $0.37 per quarter.

The Bank may not realize the performance levels discussed above if business or competitive conditions, funding availability, capacity in securitization markets, the regulatory environment, the housing market, the economic impact of COVID-19, or general economic conditions differ in either level or timing from expectations.

The purpose of this outlook is to give the reader an indication of factors that may affect Equitable's performance in the near term. Readers should be aware that information contained in this section may not be appropriate for any other purpose. **See "Cautionary Note Regarding Forward-Looking Statements" on page 1 of this MD&A.**

FINANCIAL REVIEW – EARNINGS

Table 2: Income statement highlights

($ THOUSANDS, EXCEPT PER SHARE AMOUNT)	Three months ended Sep 30, 2020	Jun 30, 2020	Change	Sep 30, 2019	Change	Nine months ended Sep 30, 2020	Sep 30, 2019	Change
Net income	**$ 73,928**	$ 52,482	41%	$ 54,942	35%	**$ 152,380**	$ 150,625	1%
Adjusted net income	**70,910**	49,259	44%	54,754	30%	**150,117**	155,845	(4%)
EPS – diluted	**4.30**	3.05	41%	3.18	35%	**8.81**	8.75	1%
Adjusted EPS – diluted	**4.13**	2.86	44%	3.17	30%	**8.67**	9.06	(4%)
Net interest income	**127,431**	118,707	7%	118,147	8%	**366,289**	337,821	8%
Provision for credit losses	**(2,357)**	8,847	(127%)	3,463	(168%)	**42,177**	14,477	191%
Non-interest expenses	**53,065**	51,467	3%	50,489	5%	**158,712**	145,096	9%

NET INTEREST INCOME

NII is the main driver of profitability for the Company. Table 3 details the Company's NII by product and portfolio.

Table 3: Net interest income

	Three months ended						Nine months ended			
	Sep 30, 2020		Jun 30, 2020		Sep 30, 2019		**Sep 30, 2020**		Sep 30, 2019	
($ THOUSANDS, EXCEPT PERCENTAGES)	**Revenue/ Expense**	**Average rate[(1)]**	Revenue/ Expense	Average rate[(1)]	Revenue/ Expense	Average rate[(1)]	**Revenue/ Expense**	**Average rate[(1)]**	Revenue/ Expense	Average rate[(1)]
Revenues derived from:										
Cash and equivalents	**$ 5,292**	**1.00%**	$ 5,131	1.10%	$ 7,319	1.94%	**$ 17,490**	**1.28%**	$ 20,987	2.00%
Equity securities	**2,149**	**7.63%**	1,404	5.52%	1,705	5.66%	**4,921**	**5.84%**	4,600	4.95%
Alternative single family mortgages	**130,257**	**4.63%**	135,863	4.73%	138,443	4.90%	**406,561**	**4.76%**	397,974	4.85%
Prime single family mortgages	**38,567**	**1.99%**	35,704	2.03%	37,447	2.43%	**115,035**	**2.13%**	105,085	2.41%
Other retail loans	**623**	**4.39%**	452	4.80%	192	5.86%	**1,427**	**4.76%**	381	5.97%
Total Retail loans	**169,447**	**3.56%**	172,019	3.71%	176,082	4.03%	**523,023**	**3.75%**	503,440	4.00%
Conventional commercial loans	**61,185**	**5.72%**	58,012	5.60%	58,208	5.98%	**178,313**	**5.74%**	173,972	6.04%
Equipment leases	**14,052**	**11.02%**	13,485	11.18%	13,128	11.05%	**41,045**	**11.09%**	38,880	11.63%
Insured multi-unit residential mortgages	**26,622**	**2.65%**	27,477	2.92%	27,141	3.07%	**81,681**	**2.83%**	81,462	3.14%
Total Commercial loans	**101,859**	**4.62%**	98,974	4.72%	98,477	4.98%	**301,039**	**4.73%**	294,314	5.07%
Average interest earning assets	**278,747**	**3.70%**	277,528	3.84%	283,583	4.20%	**846,473**	**3.89%**	823,341	4.22%
Expenses related to:										
Deposits	**89,088**	**2.22%**	93,147	2.40%	97,169	2.64%	**281,613**	**2.41%**	285,812	2.65%
Secured backstop funding facility[(2)]	**623**	**N/A**	617	N/A	632	N/A	**1,857**	**N/A**	4,322	N/A
Securitization liabilities	**59,932**	**2.08%**	63,302	2.34%	64,858	2.55%	**190,255**	**2.30%**	190,414	2.58%
Others	**1,673**	**0.83%**	1,755	0.86%	2,777	2.02%	**6,459**	**1.22%**	4,972	2.56%
Average interest bearing liabilities	**151,316**	**2.14%**	158,821	2.34%	165,436	2.60%	**480,184**	**2.35%**	485,520	2.64%
Net interest income and margin	**$ 127,431**	**1.69%**	$ 118,707	1.64%	$ 118,147	1.75%	**$ 366,289**	**1.68%**	$ 337,821	1.73%

(1) *Average rates are calculated based on the daily average balances outstanding during the period.*
(2) *Since its establishment in June 2017, there have been no draws on the secured backstop funding facility.*

Q3 2020 v Q3 2019

NII was up 8% year-over-year due to growth in our average asset balances of 12% and despite a 6 bp decrease in our NIM. The decrease in NIM was primarily driven by amortization of premiums paid to insure $687 million of Alternative single family mortgages in Q2 2020 (net of the associated funding cost advantage) and a mix shift towards lower margin Prime mortgages and lower yielding liquid assets.

Table 4(a): Factors affecting Q3 2020 v Q3 2019 NIM

	Impact (in bps)	**Drivers of change**
Business mix	(12)	• Mix shift towards lower spread Prime mortgages, which experienced high growth during the second half of 2019 and Q2 2020 • Increase in the relative size of our low yielding liquidity portfolio • Funding mix shift towards *EQ Bank* deposits which were offered at a higher rate compared to term deposits originated in 2020
Bulk insurance amortization	(2)	• $2.0 million of insurance premium net of funding cost benefits, related to the $687 million of Alternative single family loans insured in Q2 2020
Rates/spread[1]	6	• Higher spreads on Retail and Commercial mortgages originated in 2020, and the impact of interest rate floors on certain commercial mortgages • Lower rate of interest on our *EQ Bank* deposits and securitization liabilities over the prior year, *offset in part by:* • Lower rate of interest earned on our cash and equivalents
Other	2	• FV adjustments, and other
Change in Total NIM	(6)	

[1] *The rate effect is calculated after adjusting for the impact of business mix changes.*

Q3 2020 v Q2 2020

NII increased by 7% from last quarter as a result of a 5 bp increase in NIM and asset growth of 3%.

Table 4(b): Factors affecting Q3 2020 v Q2 2020 NIM

	Impact (in bps)	**Drivers of change**
Rates/spread[1]	7	• Lower rate of interest on our deposits products and securitization liabilities • Timing and basis differences on the reset of interest rates on our variable rate, securitized assets and liabilities in Q2
Bulk insurance amortization	3	• Lower insurance premium expenses in Q3 on $687 million of Alternative single family loans, net of funding cost benefits
Business mix	(5)	• Asset mix shift toward lower spread Prime mortgages • Increase in lower yielding cash and equivalents • Funding mix shift towards our *EQ bank* deposits, offered at a higher rate compared to term deposits originated during the quarter
Change in Total NIM	5	

[1] *The rate effect is calculated after adjusting for the impact of business mix changes.*

YTD 2020 v YTD 2019

NII increased by 8% from last year mainly driven by 11% growth in average assets and despite a 5 bp decrease in NIM.

Table 4(c): Factors affecting YTD 2020 v YTD 2019 NIM

	Impact (in bps)	Drivers of change
Business mix	(7)	• Asset mix shift towards lower spread Prime mortgages and lower yielding liquid assets • Funding mix shift towards relatively higher cost *EQ Bank* deposits and deposit notes
Bulk insurance amortization	(3)	• Premiums (net of funding cost benefits) related to the $687 million of Alternative single family loans insured in Q2 2020
Rates/spread(1)	2	• Higher spreads on Retail and Commercial mortgages originated over the past year • Lower rate of interest on our *EQ Bank* deposits compared to a year ago, *offset in part by:* • Timing and basis differences on the reset of interest rates on our variable rate, securitized assets and liabilities in Q2 2020 • Lower interest rates on our cash and equivalents
Backstop funding facility fees	1	• Lower fees associated with our downsized secured backstop funding facility
Other	2	• FV adjustments and other
Change in Total NIM	(5)	

(1) *The rate effect is calculated after adjusting for the impact of business mix changes.*

PROVISION FOR CREDIT LOSSES

Table 5: Provision for credit losses ("PCL")

	Three months ended					Nine months ended		
($ THOUSANDS, EXCEPT PERCENTAGES)	**Sep 30, 2020**	Jun 30, 2020	Change	Sep 30, 2019	Change	**Sep 30, 2020**	Sep 30, 2019	Change
Stage 1 and 2 provision	**$ (2,874)**	$ 5,386	(153%)	$ 1,020	(382%)	**$ 33,573**	$ 6,899	387%
Stage 3 provision	**517**	3,461	(85%)	2,443	(79%)	**8,604**	7,578	14%
Provision for credit losses(1)	**$ (2,357)**	$ 8,847	(127%)	$ 3,463	(168%)	**$ 42,177**	$ 14,477	191%
Provision for credit losses – rate(2)	**(0.03%)**	0.13%	(0.16%)	0.05%	(0.08%)	**0.21%**	0.08%	0.13%

(1) *Total provisions in YTD 2019 include a one-time charge under IFRS 9 on the acquisition of the Bennington leasing business. Adjusted for this charge, the PCL and PCL – rate would have been $8,728 and 5 basis points respectively.*
(2) *See Non-Generally Accepted Accounting Principles Financial Measures section of this MD&A.*

The Provision for Credit Losses represents the addition to our Allowance for Credit Losses (“ACL”), net of any recoveries, during the period. The ACL is the reserve set aside on our balance sheet to absorb future expected losses and is discussed in detail in the *Credit Quality and Allowance for Credit Losses* section of the MD&A below.

In Q3, we reduced our allowances for loans categorized as Stage 1 and Stage 2 (performing loans) in light of slightly improved macroeconomic forecasts compared to the outlook in preceding quarters, which led to a reversal of Stage 1 and 2 provisions in our income statement. Stage 3 provisions – those related to impaired loans – were down by $2.9 million from the preceding quarter primarily due to lower levels of provisions required on our mortgage portfolio and a reduced level of net impaired lease formations.

OTHER INCOME

Table 6: Other income

($ THOUSANDS)	Sep 30, 2020	Jun 30, 2020	Change	Sep 30, 2019	Change	Sep 30, 2020	Sep 30, 2019	Change
	Three months ended					Nine months ended		
Fees and other income:								
Fees and other income	**$ 5,042**	$ 5,089	(1%)	$ 5,812	(13%)	**$ 16,685**	$ 16,335	2%
Income from successor issuer activities	**(17)**	41	(141%)	298	(106%)	**193**	1,319	(85%)
Net gain (loss) on loans and investments	**4,367**	8,653	(50%)	(327)	1,435%	**4,489**	(1,072)	519%
Securitization activities:								
Gains on securitization and income from retained interests	**12,224**	3,020	305%	3,337	266%	**18,543**	8,594	116%
Fair value (losses) gains on derivative financial instruments	**(339)**	(4,180)	92%	582	(158%)	**(1,316)**	(113)	(1,065%)
Total	**$ 21,277**	$ 12,623	69%	$ 9,702	119%	**$ 38,594**	$ 25,063	54%

Q3 2020 v Q3 2019

Other income increased compared with Q3 2019, mainly due to:

- Higher gains on securitization and income from retained interests, due to higher derecognition volumes and a higher gain on sale margin. The increase in margin was driven by wider-spread multi-unit residential mortgages originated in Q2 during the funding market disruption. The spread on loans may be priced several months in advance resulting in a lag in these wider spreads being recognized in the financial performance of the Bank; and
- Net mark-to-market gains on loans and certain security investments compared loss a year ago;

Offset by:

- Lower fees and other income due to reduced activity triggered by COVID-19.

Q3 2020 v Q2 2020

Other income increased primarily due to:

- An increase gains on securitization and income from retained interests, driven by higher derecognition volumes and a higher gain on sale margin; and
- Lower unrealized fair value losses on derivative financial instruments related to securitization activities;

Offset by:

- A decrease in net unrealized fair value gains on loans and certain security investments.

YTD 2020 v YTD 2019

Other income increased on a year-to-date basis largely due to:

- Higher gains on securitization and income from retained interests mainly driven by a higher gain on sale margin; and
- Net mark-to-market gains on loans and certain security investments compared to losses in the prior year;

Offset by:

- Reduced income from successor issuer activities, representing income earned on certain assets we acquired from Maple Bank in Q4 2016.

NON-INTEREST EXPENSES

Table 7: Non-interest expenses and Efficiency Ratio

($ THOUSANDS, EXCEPT PERCENTAGES AND FTE)	Three months ended Sep 30, 2020	Jun 30, 2020	Change	Sep 30, 2019	Change	Nine months ended Sep 30, 2020	Sep 30, 2019	Change
Compensation and benefits	**$ 26,589**	$ 26,253	1%	$ 25,696	3%	**$ 79,737**	$ 75,731	5%
Technology and system costs	**9,244**	8,790	5%	8,254	12%	**27,525**	23,300	18%
Product costs	**5,540**	4,758	16%	4,339	28%	**15,392**	11,826	30%
Regulatory, legal and professional fees	**4,788**	4,624	4%	5,136	(7%)	**14,569**	14,257	2%
Marketing and corporate expenses	**4,076**	4,513	(10%)	4,801	(15%)	**13,334**	13,231	1%
Premises	**2,828**	2,529	12%	2,263	25%	**8,155**	6,751	21%
Total	**$ 53,065**	$ 51,467	3%	$ 50,489	5%	**$ 158,712**	$ 145,096	9%
Efficiency Ratio	**35.7%**	39.2%	(3.5%)	39.5%	(3.8%)	**39.2%**	40.0%	(0.8%)
Full-time employee ("FTE") – period average	**887**	884	0%	839	6%	**882**	818	8%

We continue to operate efficiently on both an absolute basis and relative to other financial institutions, even after taking into account the scale of our operations. Our Efficiency Ratio for the quarter was 35.7% compared to 39.2% in the preceding quarter and 39.5% a year ago. Our Efficiency Ratio was lower than in the preceding quarter as the increase in our net revenue (denominator) – driven by NIM expansion, asset growth, and gains on securitization – outpaced the growth of our expenses (numerator).

Q3 2020 v Q3 2019

Total non-interest expenses increased primarily because of:

- Higher product costs due to amortization of investments in projects completed over the past 12 months and higher transaction fees driven by portfolio growth;
- An increase in technology and system costs for support, maintenance, and enhancement of our core banking systems and the *EQ Bank* platform offset in part by lower IT consulting costs; and
- An increase in compensation and benefits costs due to headcount growth of 6% and annual salary inflationary adjustments offset in part by lower bonus accruals and incentives;

Offset by:

- Lower corporate expenses driven by reduced travel due to COVID-19 and an HST recovery in the current quarter.

Q3 2020 v Q2 2020

Total expenses increased compared with the preceding quarter primarily as a result of:

- An increase in product costs mainly driven by growth in title and discharge, MBS servicing and deposit related fees; and
- Higher technology and system costs for continued support and advancement of our core banking system;

Offset by:

- Lower corporate expenses mainly due to directors' compensation incurred in the preceding quarter.

YTD 2020 v YTD 2019

Total year-to-date non-interest expenses increased largely due to:

- Growth in technology and system costs for support, maintenance, and enhancement of our core banking systems and the *EQ Bank* platform;
- An increase in compensation and benefits costs due to headcount growth of 8% and annual salary inflationary adjustments offset in part by lower bonus accruals and incentives; and

- Higher product costs due to amortization of investments in major projects completed over the past 12 months and higher transaction costs.

FINANCIAL REVIEW – BALANCE SHEET

Table 8: Balance sheet highlights

($ THOUSANDS, EXCEPT PERCENTAGES)	Sep 30, 2020	Jun 30, 2020	Change	Dec 31, 2019	Change	Sep 30, 2019	Change
Total assets	**$ 30,447,086**	$ 29,957,246	2%	$ 28,392,452	7%	$ 27,544,976	11%
Loan Principal – Retail	**18,831,618**	19,005,131	(1%)	18,250,574	3%	17,947,471	5%
Loan principal – Commercial	**8,655,380**	8,620,746	0%	8,259,779	5%	7,904,578	9%
Deposit principal	**16,372,790**	15,636,120	5%	15,231,888	7%	14,904,198	10%
Total liquid assets as a % of total assets[(1)]	**9.1%**	6.4%	2.7%	6.0%	3.1%	5.2%	3.9%

[(1)] *See Non-Generally Accepted Accounting Principles Financial Measures section of this MD&A.*

Total assets increased by $2.9 billion or 11% from last year driven by growth in our Retail and Commercial lending businesses and higher liquid asset balances.

TOTAL LOAN PRINCIPAL

Our strategy is to maintain a diverse portfolio of loan assets in order to optimize our ROE and maintain credit risk at an acceptable level. Table 9 presents our loan principal by lending business and Table 10 provides continuity schedules for our on-balance sheet loan assets.

Table 9: Loan Principal by lending business

($ THOUSANDS)	Sep 30, 2020	Jun 30, 2020	Change	Sep 30, 2019	Change
Alternative single family mortgages	**$ 11,039,734**	$ 11,397,453	(3%)	$ 11,346,539	(3%)
Prime single family mortgages	**7,724,801**	7,560,146	2%	6,586,036	17%
Other retail loans	**67,083**	47,532	41%	14,896	350%
Total Retail – on Balance Sheet	**18,831,618**	19,005,131	(1%)	17,947,471	5%
Conventional commercial loans	**4,258,566**	4,304,977	(1%)	3,916,484	9%
Equipment leases	**542,603**	518,483	5%	488,716	11%
Insured multi-unit residential mortgages	**3,854,211**	3,797,286	1%	3,499,378	10%
Total Commercial – on Balance Sheet	**8,655,380**	8,620,746	0%	7,904,578	9%
Total Loans – on Balance Sheet	**27,486,998**	27,625,877	(1%)	25,852,049	6%
Insured multi-unit residential mortgages – derecognized	**5,063,740**	4,705,012	8%	4,788,844	6%
Total Loans – off Balance Sheet	**5,063,740**	4,705,012	8%	4,788,844	6%
Total Loans Under Management	**$ 32,550,738**	$ 32,330,889	1%	$ 30,640,893	6%

Table 10: On-Balance Sheet loan principal continuity schedule

($ THOUSANDS, EXCEPT PERCENTAGES)	Three months ended September 30, 2020		
	Retail	**Commercial**	**Total**
Q2 2020 closing balance	**$ 19,005,131**	**$ 8,620,746**	**$ 27,625,877**
Originations	**1,178,853**	**1,140,807**	**2,319,660**
Derecognition	**-**	**(404,090)**	**(404,090)**
Net repayments	**(1,352,366)**	**(702,083)**	**(2,054,449)**
Q3 2020 closing balance	**$ 18,831,618**	**$ 8,655,380**	**$ 27,486,998**
% Change from Q2 2020	**(1%)**	**0%**	**(1%)**
% Change from Q3 2019	**5%**	**9%**	**6%**
Net repayments percentage[(1)]	**7.1%**	**8.1%**	**7.4%**

($ THOUSANDS, EXCEPT PERCENTAGES)	Three months ended September 30, 2019		
	Retail	Commercial	Total
Q2 2019 closing balance	$ 16,915,910	$ 7,857,199	$ 24,773,109
Originations	2,121,911	935,660	3,057,571
Derecognition	-	(293,037)	(293,037)
Net repayments	(1,090,350)	(595,244)	(1,685,594)
Q3 2019 closing balance	$ 17,947,471	$ 7,904,578	$ 25,852,049
% Change from Q2 2019	6%	1%	4%
Net repayments percentage[(1)]	6.4%	7.6%	6.8%

(1) *Net repayments percentage is calculated by dividing net repayments by the previous period's closing balance.*

Q3 2020 v Q3 2019

Total loan principal increased by $1.6 billion year over year, driven by growth in both our Retail and Commercial businesses.

Within Retail, Prime single family loans were the primary driver of growth. Prime single family grew $1.1 billion or 17% since Q3 2019 resulting from our strategic decision to provide liquidity to the Canadian economy through support of the Prime insured mortgage market and continued progress towards building our internal originations business and mortgages sourced through third parties. Our internal business generated record levels of monthly originations since May 2020, as we continued to expand our presence in the market. We sourced $1.2 billion from third parties over the past twelve months.

Alternative single family was down by 3% on lower originations in the past two quarters due to our reduced risk appetite in the face of housing market and economic uncertainty brought on by COVID-19. Attrition levels over the past twelve months have been in-line with historical averages but above the rates experienced in 2018 and early 2019.

Our Commercial business grew by 9% year-over-year, mainly due to Conventional commercial loans and Insured multis. Conventional commercial grew by $342 million or 9% due to strong originations in the multi-unit residential construction sector and more favourable competitive conditions. A secured specialized financing loan of $60 million that closed in Q1 2020 also contributed to Conventional commercial growth. Insured multis were up by $355 million or 10%, and Equipment leases by $54 million or 11%, both on strong origination volumes and lower attrition.

Q3 2020 v Q2 2020

Total loan principal decreased by $139 million from the preceding quarter mainly because of the decline in the Alternative single family portfolio offset in part by stronger originations and portfolio growth in Prime single family and Insured multis.

CREDIT QUALITY AND ALLOWANCE FOR CREDIT LOSSES

Management regularly evaluates the profile of Equitable's loan portfolio and its lending practices, taking into account borrower behaviours and external variables, including real estate values and economic conditions, that prevail in the markets in which we lend. When management judges that the risk associated with a particular region or product is no longer acceptable, we adjust underwriting criteria so that our policies continue to be prudent and reflective of current and expected economic conditions, thereby safeguarding the future health of our portfolio.

While the start of the pandemic caused us to take several steps to tighten our risk profile, we believe that credit losses from COVID-19 will be manageable and will not significantly impair our capital position. For example, we reduced our maximum LTVs slightly in light of the uncertainty around future real estate prices, temporarily reduced our appetite for certain asset classes, and introduced new language in our commercial real estate commitments that sets clear precedents to mitigate risks related to COVID-19. These actions may reduce future loan and revenue growth but will uphold the quality of our asset base.

There are several aspects of our risk management approach and existing loan portfolios that will help to mitigate the effects of the pandemic on our credit losses.

Our general approach to lending is sound:

- We lend only in urban centres that have diversified employment bases and more liquid real estate markets. We do not lend in cities or towns with an overly high concentration of employment in a single industry. This approach reduces both the probability that our borrowers will default and our loss in the event that they do.
- Our commercial lending businesses, including leasing, are diversified across industries and geographies. Our commercial mortgage business has defined asset-class exposure limits.
- Our underwriting focuses foremost on a borrower's ability to repay a loan. The average Beacon score of our Alternative single family residential borrowers was 700 at quarter-end, up from 690 just two years ago. Similarly, the average Beacon score of our small business mortgage borrowers was 743. These higher credit scores are indicative of our borrowers' positive repayment histories and lower propensity to default under normal economic conditions.

The vast majority of loans have protection beyond a borrower's ability to repay:

- 56% of our loans under management are insured against credit losses, ultimately with the backing of the Government of Canada.
- Almost 100% of our loan portfolio is secured. Our uninsured mortgage loans are supported by first-position claims on real estate and our leases by first position claims on equipment, so we have a real asset with tangible value behind almost every loan, even if those assets decline in value from pre-COVID-19 levels.
- If the prices of the assets securing our mortgage loans decline, we are further protected by the low LTVs at which we lend. The average LTV on our *uninsured* residential mortgage portfolio was 62% at quarter-end.
- Further to this collateral, almost all of our uninsured commercial mortgage borrowers and the majority of our lessees provide personal or corporate covenants against their borrowings. In our mortgage business, our due diligence on borrowers and guarantors involves assessing their financial resiliency and liquidity. This includes detailed verification of the net worth of the borrowers supporting these covenants and we generally ensure that it represents a meaningful percentage of the value of the loan.
- We require a cash security deposit on most of our higher risk leases and in some cases require additional real assets to be pledged against the lease. For example, we may place a mortgage on real estate owned by our lessees.

We have modest exposure to higher risk lending markets:

- We do not have any direct lending exposure to companies that operate in the oil and gas industry, a sector that will likely experience challenges as a result of low commodity prices.

- We expect that Alberta will experience a deeper and more prolonged economic decline than other provinces because of its higher exposure to commodity industries. Our uninsured retail loans in Alberta total $777 million or only 3% of our assets, and our uninsured commercial loans in Alberta total $584 million or only 2% of our assets, primarily consisting of multi-unit residential and mixed-use loans. Further, the vast majority of these loans are mortgage loans secured by real estate in Edmonton and Calgary, cities with broader economic foundations than other parts of the province.
- In our Commercial mortgage business, we focus on assets that we believe will be resilient through an economic cycle such as multi-unit residential and mixed-use properties. These segments now make up 58% of our Commercial loan portfolio while categories such as hotels and shopping centres comprise 0.5% and 3.7%, respectively, of our Commercial loans or 0.1% and 1.2%, respectively, of the total loan portfolio.
- In Single family, we focus on lending in the middle price segment of the market which is typically more liquid, less impacted by changes in home prices, and as a result lower risk. Only 5% of our Single family loans are against homes with a value of more than $1.5 million.

Notwithstanding the mitigating points above, we are watching some elements of our Commercial portfolio more closely due to the higher risk of loss related to prevailing economic uncertainty. Specifically, we have been more cautious about our construction portfolio, even though the risk of project disruptions has dissipated over the past several months. We are encouraged by the performance of this portfolio over the past two quarters and believe that it will stand up well despite COVID-19. One-third of the projects are substantially complete, our borrowers are still completing the majority of projects on-time and budget, and all have outside guarantees from strong counterparties. The construction portfolio accounts for 5% of our total loans and none have requested a loan payment deferral. We continue to lend against construction assets and see high quality opportunities in the market.

We believe that there may be an elevated level of risk in of our equipment leasing business but this risk is mitigated by the fact that almost 60% of our leasing assets are in transportation related industries. Transportation has a wide range of sub-segments that are impacted by COVID-19 in different ways, however, owing to the quality and diversity of our transportation portfolio, we believe its performance will stand up well to these economic challenges. This view is supported by the strength of secondary sales, recent auction prices, and demand for new lease originations. Despite this, our experienced team continues to closely monitor our overall equipment leasing portfolio and in particular, our exposures to higher-risk industries that have experienced material impacts from COVID-19 such as hospitality, retail, and personal services. These segments comprise only 0.4% of our total assets.

Allowance for Credit Losses

Our total allowance for credit losses decreased by $4.4 million in Q3, primarily due to a slightly improved forward-looking macroeconomic forecasts and lower impaired loans. IFRS 9 requires us to estimate expected losses taking into account macro-economic forecasts, and modeling variables improved in the current quarter under most of the five macroeconomic scenarios that we apply. Our loss estimates and macroeconomic scenarios attempt to factor in the wide range of Government support programs for Canadian individuals and businesses that we believe will mitigate our losses, though modelling those unprecedented actions is inherently difficult. Allowances decreased in both dollar terms and relative to loan balances, driven by a $2.9 million reversal in estimated future losses on performing loans (Stage 1 and 2 allowances).

Table 11: Allowance for credit losses

($ THOUSANDS, EXCEPT PERCENTAGES)	Sep 30, 2020	Jun 30, 2020	Change	Sep 30, 2019	Change
Allowance for credit losses – Stage 1 and 2	$ **65,418**	$ 68,292	(4%)	$ 30,671	113%
Allowance for credit losses – total	**69,327**	73,733	(6%)	34,496	101%
Allowance for credit losses – total as a % of total loan assets	**0.25%**	0.27%	(0.02%)	0.13%	0.12%
Allowance for credit losses – total as a % of uninsured loan assets	**0.48%**	0.50%	(0.02%)	0.23%	0.25%
Allowances for credit losses – total as a % of gross impaired	**73%**	47%	26%	27%	46%

The movement in Stage 1 and 2 allowances is a function of changes in both the probability that loans will default and the expected loss rates on loans. During the quarter, the decrease in the probability of default was primarily driven by improvements in macroeconomic variables, triggering a shift of $3.4 billion of loans from Stage 2 to Stage 1. This migration of loans back to Stage 1 resulted in a net release of allowances of $2.9 million. The net release is the result of the fact that Stage 1 allowances are based on expected losses *over the next twelve months* of a loan, while Stage 2 allowances are based on expected losses *over the projected life of a loan*. Expected loss rates on Stage 2 loans deteriorated, despite improvements in macroeconomic variables, as a result of a higher concentration of riskier loans in Stage 2 after the migration of lower risk loans to Stage 1. The chart below provides allowance metrics that illustrate these stage migration and loss rate dynamics:

Table 12: Stage 1 and 2 loan credit metrics

(PERCENTAGES)	**Sep 30, 2020**	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019
Stage 1 – proportion of loan assets[1]	**77.3%**	65.0%	75.0%	88.9%	86.4%
Stage 1 – effective allowance rate[2]	**0.16%**	0.16%	0.14%	0.08%	0.09%
Stage 2 – proportion of loan assets	**22.4%**	34.5%	24.5%	10.6%	13.1%
Stage 2 – effective allowance rate	**0.50%**	0.41%	0.54%	0.42%	0.31%

[1] *Stage 1 and 2 percentages do not equal 100%: loans in stage 3 account for the difference and are not included in this table.*
[2] *The effective allowance rate equals the total allowance for loans in the stage divided by the period end loan balances in that stage.*

Over the first two quarters of the year, allowances against each of our loan portfolios increased, though our leasing business drove a disproportionately high share of the change. Leasing is typically a higher-loss business, although the better spreads in that business more than compensate for higher losses through the credit cycle. We expect the rates of default in our leasing business to exceed those in our mortgage business and the loss given default to be higher. The higher loss on default results from the fact that we lend up to the full acquisition cost against depreciable assets, in line with standard industry practice.

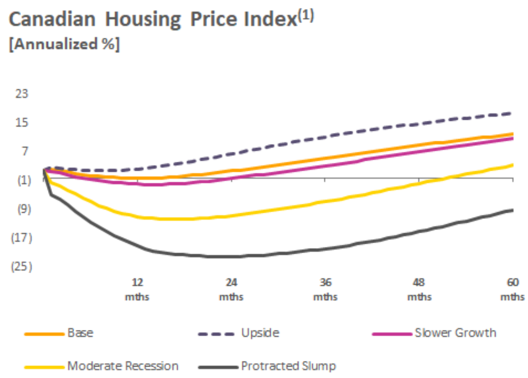
In Q3, Stage 1 and 2 allowances against our uninsured retail and commercial loans declined by $0.6 million and $2.5 million, respectively, while our allowances against our equipment leases increased by $0.2 million.

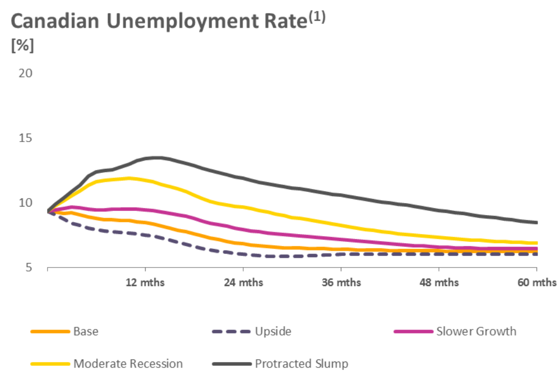
Table 13: Stage 1 and 2 Allowance for credit losses by lending business

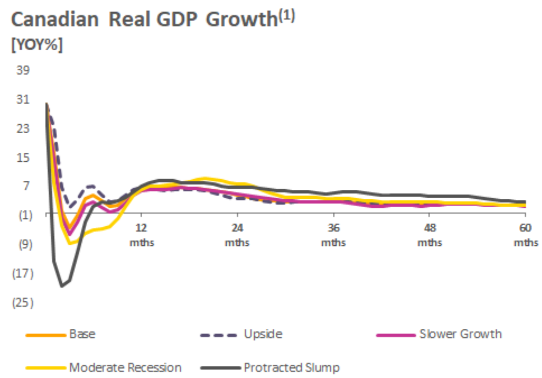
($ THOUSANDS, EXCEPT PERCENTAGES AND BPS)	**Sep 30, 2020**	Jun 30, 2020	Change	Sep 30, 2019	Change
Uninsured Retail loans – stage 1 and 2 allowances	**$ 19,083**	$ 19,637	(3%)	$ 4,986	283%
as a % of uninsured retail loans (bps)	***20***	*20*	*-*	*5*	*15*
Uninsured Commercial loans – stage 1 and 2 allowances	**$ 24,855**	$ 27,388	(9%)	$ 19,379	28%
as a % of uninsured commercial loans (bps)	***59***	*68*	*(9)*	*51*	*8*
Equipment leases – stage 1 and 2 allowances	**$ 21,471**	$ 21,255	1%	$ 6,306	240%
as a % of equipment leases (bps)	***419***	*438*	*(19)*	*135*	*284*
Insured Retail and Commercial loans – stage 1 and 2 allowances	**$ 9**	$ 12	(25%)	$ -	100%
as a % of insured retail and commercial loans (bps)	***0.01***	*0.01*	*-*	*-*	*0.01*
Total loans – stage 1 and 2 allowances	**$ 65,418**	$ 68,292	(4%)	$ 30,671	113%
as a % of total loans (bps)	***24***	*25*	*(1)*	*12*	*12*

Moody's Analytics provides the macroeconomic forecasts that we use in our credit loss modelling. The forecasts show a rebound commencing in Q4 2020, but expect a weak Canadian economy through the rest of 2020 and into 2021. It also expects that the rebound will be helped by continued and recently updated government support programs.

Generally, macroeconomic forecasts have improved across all significant factors since Q2 and has caused our Expected Credit Losses ("ECL") to decrease. Management has compared these forecasts to those of other Canadian economists, and the estimates that we used appear to be in line with market consensus. A multi-year view of the key forecast assumptions for each scenario that we model can be found below:







(1) *The starting point as illustrated is the weighted average of the September 2020 forecasted assumption under each scenario as certain measures are reported on a lagged basis.*

Table 14: Expected future credit losses by macroeconomic scenario

($ THOUSANDS EXCEPT PERCENTAGES)	Base Case	Upside Scenario	Slower Growth	Moderate Recession	Protracted Slump
Weighting for financial statement ECL calculation (%)	50	15	20	10	5
Expected credit losses if each scenario weighted 100%	$ 58,880	$ 45,078	$ 67,115	$ 98,424	$ 119,852
Difference vs. financial statement ECL	$ (6,538)	$ (20,340)	$ 1,697	$ 33,006	$ 54,434

Stage 3 allowances relate to impaired loans and were down by $1.5 million during the quarter. Stage 3 allowances are determined loan-by-loan and we believe that they are adequate at the end of Q3. The Stage 3 allowances on our mortgages are generally supported by up-to-date, independent property appraisals.

Taking into account all known information and acknowledging the high level of uncertainty inherent in current economic forecasts, management believes that the total Allowance for Credit Losses represents a reasonable estimate of future losses. Our estimates are subject to uncertainty and actual losses may differ materially if one or more of the underlying assumptions do not materialize as expected, including the expected impact of Government support programs. Actual losses may also differ from our estimates due to the weightings we apply to the underlying economic scenarios.

Impaired Loans

Impaired loans at the end of Q3 2020 were $94.9 million, down $31.4 million and $61.7 million respectively, from a year ago and the prior quarter. The change over the past 12 months relates primarily to the discharge, without loss to the Bank, of an impaired $39 million commercial loan in Vancouver and two commercial loans totaling $26 million that returned to performing status. Impaired equipment leases and insured single family mortgages also declined during the quarter by $3.2 million and 5.6 million, respectively.

Impaired loans may increase in Q4 2020 as a result of reduced loan payment deferrals and economic conditions remaining soft. Our models forecast that levels of impaired loans will increase in Q4 2020 under our base case scenario. This expectation is consistent with the discussion of expected credit losses above.

Table 15: Impaired loan metrics

($ THOUSANDS, EXCEPT PERCENTAGES)	Sep 30, 2020	Jun 30, 2020	Change	Sep 30, 2019	Change
Gross impaired loan assets	**$ 94,871**	$ 156,588	(39%)	$ 126,248	(25%)
Net impaired loan assets	**90,962**	151,147	(40%)	122,423	(26%)
Net impaired loan assets as a % of total loan assets	**0.33%**	0.54%	(0.21%)	0.47%	(0.14%)

LIQUIDITY INVESTMENTS AND EQUITY SECURITIES

Management believes that retail and securitization funding markets continue to be liquid and efficient. Significant programs announced by the Bank of Canada and other government agencies have provided further support to our liquidity position.

We maintain liquid asset balances at a level that we believe is sufficient for the Company to meet its upcoming obligations even through periods of disruption in the financial markets, including the current COVID-19 pandemic. The size and composition of our liquidity portfolio at any point in time is influenced by several factors such as our expected future cash needs and the availability of our various funding sources. Further, we apply a strategic approach to liquidity management through rigorous asset-liability matching analysis and stress testing. Even with this liquidity risk management framework, a significant or protracted disruption to funding markets could require the Company to take further liquidity protection measures. Please refer to the Risk Management section of this document for more detail on the Company's Liquidity and Funding Risk policies and procedures.

In addition to assets that are held for the purpose of providing liquidity protection, we also maintain a portfolio of liquid equity securities (99% of which are investment grade preferred shares) to yield tax-preferred dividend income. We have the ability to liquidate this portfolio in the event of financial stress.

Table 16: Liquid assets

($ THOUSANDS, EXCEPT PERCENTAGES)	Sep 30, 2020	Jun 30, 2020	Change	Sep 30, 2019	Change
Eligible deposits with regulated financial institutions[1]	$ 1,147,475	$ 569,573	101%	$ 373,720	207%
Debt securities	291,418	293,488	(1%)	76,293	282%
Government of Canada issued or guaranteed debt instruments:					
Investments purchased under reverse repurchase agreements	200,008	200,370	(0%)	250,079	(20%)
Investments in Mortgage backed securities	-	-	N/A	24,386	N/A
Loans held in the form of debt securities[2], net of obligations under repurchase agreements	1,031,388	762,098	35%	595,103	73%
Liquid assets held for regulatory purposes	2,670,289	1,825,529	46%	1,319,581	102%
Other deposits with regulated financial institutions	529	115	360%	184	188%
Equity securities[3]	103,824	94,645	10%	112,175	(7%)
Total liquid assets	$ 2,774,642	$ 1,920,289	44%	$ 1,431,940	94%
Total assets held for regulatory purposes as a % of total Equitable Bank assets	8.8%	6.1%	2.7%	4.8%	4.0%
Total liquid assets as a % of total assets	9.1%	6.4%	2.7%	5.2%	3.9%

(1) *Eligible deposits with regulated financial institutions represents deposits of Equitable Bank which are held at major Canadian financial institutions and excludes $41.9 million (June 30, 2020 – $43.4 million, September 30, 2019 – $8.1 million) of restricted cash held as collateral with third parties for the Company's interest rate swap transactions and $526.1 million (June 30, 2020 – $545.7 million, September 30, 2019 – $400.5 million) of cash held in trust accounts and deposits held with banks as collateral for the Company's securitization activities.*

(2) *Loans held in the form of debt securities represent loans securitized and retained by the Company and are reported in our Loans receivable balances. The values reported above represent the fair market value of the associated MBS securities.*

(3) *Equity securities include publicly traded common and preferred shares and exclude privately held investments.*

To ensure institutions have sufficient high-quality liquid assets to survive a significant stress scenario lasting 30 calendar days, OSFI has mandated that Canadian deposit-taking institutions monitor and report their Liquidity Coverage Ratio ("LCR")[1]. At September 30, 2020, our LCR was well in excess of the regulatory minimum of 100%.

Liquid assets held for regulatory purposes were $2.7 billion at Q3 2020, up $845 million from the prior quarter and $1.4 billion over a year ago. The current level of liquid assets reflects measures taken by management to strengthen Equitable's liquidity position in light of COVID-19 related uncertainties, higher levels of required liquidity as a result of growth in *EQ Bank* deposits, timing of proceeds from securitization activities, and anticipated cash needs in the near term.

DEPOSITS

Table 17: Deposit principal

($ THOUSANDS)	Sep 30, 2020	Jun 30, 2020	Change	Sep 30, 2019	Change
Brokered deposits:					
Term	$ 10,086,228	$ 10,679,411	(6%)	$ 10,943,430	(8%)
Demand	735,306	638,409	15%	573,261	28%
	10,821,534	11,317,820	(4%)	11,516,691	(6%)
EQ Bank deposits:					
Term	669,951	469,062	43%	912,049	(27%)
Demand	3,648,861	2,818,540	29%	1,604,372	127%
	4,318,812	3,287,602	31%	2,516,421	72%
Strategic partnerships	677,813	675,433	0%	520,948	30%
Deposit notes	554,631	355,265	56%	350,138	58%
Total	$ 16,372,790	$ 15,636,120	5%	$ 14,904,198	10%

(1) *See Non-Generally Accepted Accounting Principles Financial Measures section of this MD&A.*

Total deposit principal was up $1.5 billion or 10% higher compared to prior year and $737 million or 5% from the preceding quarter.

We continued to experience increasing demand digital banking services as a result of COVID-19. Consequently, our award-winning *EQ Bank* platform experienced a surge of customer sign-ups and balance growth. With $1 billion or 31% added in the third quarter alone, *EQ Bank* deposits grew to $4.3 billion, up $1.8 billion or 72% from a year ago. Our customer base stood at nearly 149,000 customers at the end of Q3 2020, up 60,000 from a year ago with nearly 25,000 of those customers added in the third quarter. We expect to continue growing our customer base and balances as we enhance the platform by adding more services and products such as the recently launched *Joint Savings Plus* account, offer a competitive deposit rate, and provide superior service.

We are also committed to building our deposit note program over the long-term. During Q3 2020, the Bank issued a $200 million 3-year fixed rate deposit note that ranks equally and ratably with all present and future unsecured and unsubordinated liabilities of the Bank and has a maturity date of September 21, 2023. The deposit note was priced at 150 bps over comparable term Government of Canada bonds and with broad investor participation.

Our brokered term deposits decreased compared to both Q2 2020 and Q3 2019 as we continued to diversify our funding based. We continue to deliver value to our customers and demonstrate the strength of our relationships with our distribution partners. Our distribution network remains as broad as that of any non-big 6 bank.

Our funding profile has been further diversified through the deepening of our Strategic partnerships. The more stable deposits obtained through our partners in this channel grew to $678 million at quarter end, up $157 million or 30% year-over-year. These relationships have allowed us to expand our reach to new customers across Canada.

Brokered demand deposits grew over the past year mainly due to the HISAs offered through our Trust company and the launch of a competitive USD product, but these deposits remain a small component of our overall funding base. We will continue to offer these deposits with a competitive rate and aim to grow balances only modestly. While balances may increase in nominal terms, we expect them to remain a small share of our total funding.

CAPITAL MANAGEMENT – EQUITABLE BANK

On March 27, 2020, OSFI announced several actions to address operational issues stemming from the economic impact of COVID-19 including the introduction of a transitional arrangement for expected credit loss provisioning on capital. This transitional arrangement results in a portion of allowances that would otherwise be included in Tier 2 capital of the Bank to be included in CET1 capital. The adjustment is equal to the increase in Stage 1 and Stage 2 allowances relative to December 31, 2019. This increase is tax-effected and subject to a scaling factor that will decrease over time. The scaling factor is set at 70% for 2020, 50% for 2021, and 25% for 2022.

Management believes that the Bank's current level of capital and earnings in future periods will be sufficient to support our strategic objectives and ongoing growth. Equitable Bank's Capital Ratios at Q3 2020 exceeded regulatory minimums and were above the top end of our target range. Our CET1 ratio increased by 30 bps from the preceding quarter as our capital growth, driven by quarterly earnings, outpaced the increase in risk-weighted assets.

Canadian banks are required to report on OSFI's Leverage Ratio which is based on Basel III guidelines. OSFI has established Leverage Ratio targets on a confidential and institution-by-institution basis. Equitable Bank's Leverage Ratio was 4.9% at the end of Q3 2020 and the Bank was fully compliant with its regulatory requirements.

As part of our capital management process, we stress test the loan portfolio on a regular basis to understand the potential impact of extreme but plausible adverse economic scenarios. We use these tests to analyze the impact that an increase in unemployment, rising interest rates, a decline in real estate prices, and other factors could have on our financial position. In light of COVID-19, we also run a variety of financial and capital stress tests to ensure we are positioned to manage through any of the potential scenarios that may transpire. Based on the results of the stress tests performed to date, we have determined that even in the most adverse scenario analyzed, the Company has sufficient capital to absorb the potential losses without impairing the viability of the institution and that we would remain profitable in each year of the testing horizon.

Table 18: Capital measures of Equitable Bank

($ THOUSANDS, EXCEPT PERCENTAGES)	Sep 30, 2020	Jun 30, 2020	Change	Sep 30, 2019	Change
Total risk-weighted assets ("RWA")	**$ 10,179,647**	$ 9,936,298	2%	$ 9,586,356	6%
Common Equity Tier 1 Capital:					
Common shares	**214,980**	214,418	0%	211,528	2%
Contributed surplus	**9,337**	8,910	5%	7,990	17%
Retained earnings	**1,321,847**	1,255,281	5%	1,142,589	16%
Accumulated other comprehensive (loss) income ("AOCI")[(1)]	**(24,643)**	(29,580)	17%	(20,687)	(19%)
Less: Regulatory adjustments to Common Equity Tier 1 Capital[(2)]	**(63,276)**	(58,214)	(9%)	(63,240)	(0%)
Common Equity Tier 1 Capital	**1,458,245**	1,390,815	5%	1,278,180	14%
Additional Tier 1 capital:					
Non-cumulative preferred shares	**72,554**	72,554	-%	72,554	-%
Tier 1 Capital	**1,530,799**	1,463,369	5%	1,350,734	13%
Tier 2 Capital:					
Eligible Stage 1 and 2 allowance	**65,418**	68,291	(4%)	30,671	113%
Less: Transitional adjustment in response to COVID-19	**(17,293)**	(18,772)	8%	-	N/A
Tier 2 Capital	**48,125**	49,519	(3%)	30,671	57%
Total Capital	**$ 1,578,924**	$ 1,512,888	4%	$ 1,381,405	14%
Capital ratios:					
CET1 Ratio	**14.3%**	14.0%	0.3%	13.3%	1.0%
Tier 1 Capital Ratio	**15.0%**	14.7%	0.3%	14.1%	0.9%
Total Capital Ratio	**15.5%**	15.2%	0.3%	14.4%	1.1%
Leverage Ratio	**4.9%**	4.8%	0.1%	4.8%	0.1%

(1) *As prescribed by OSFI (under Basel III rules), AOCI is part of the CET1 in its entirety, however, the amount of cash flow hedge reserves that relate to the hedging of items that are not fair valued is excluded.*

(2) *The includes the positive effect of the transitional adjustment of $17.3 million (June 30, 2020 – $18.8 million), as prescribed by OSFI.*

SUMMARY OF QUARTERLY RESULTS

The following table summarizes the Company's performance over the last eight quarters. Equitable does not typically experience material seasonality in its earnings, but changes in loan prepayment income, and fair value of our security investments and hedging activities may cause some volatility in earnings from quarter to quarter.

Table 19: Summary of quarterly results

($ THOUSANDS, EXCEPT SHARE, PER SHARE AMOUNTS AND PERCENTAGES)	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4
RESULTS OF OPERATIONS								
Net income	**$ 73,928**	$ 52,482	$ 25,970	$ 55,854	$ 54,942	$ 54,022	$ 41,661	$ 40,116
Adjusted net income	**70,910**	49,259	29,948	56,045	54,754	54,512	46,579	45,535
Net income available to common shareholders	**72,809**	51,363	24,851	54,736	53,751	52,831	40,470	38,926
NII	**127,431**	118,707	120,151	124,827	118,147	114,322	105,352	94,591
Total revenue	**300,024**	290,151	294,892	302,822	293,285	283,625	271,494	239,568
EPS – basic(1)	**4.33**	3.06	1.48	3.27	3.22	3.17	2.44	2.35
EPS – diluted(1)	**4.30**	3.05	1.46	3.21	3.18	3.15	2.42	2.33
Adjusted EPS – diluted(1)	**4.13**	2.86	1.70	3.22	3.17	3.18	2.72	2.66
ROE	**19.8%**	14.7%	7.2%	15.9%	16.2%	16.8%	13.4%	12.9%
Adjusted ROE	**19.0%**	13.8%	8.4%	15.9%	16.2%	16.9%	15.0%	14.7%
Return on average assets	**1.0%**	0.7%	0.4%	0.8%	0.8%	0.8%	0.7%	0.7%
NIM	**1.69%**	1.64%	1.71%	1.78%	1.75%	1.76%	1.67%	1.58%
Efficiency Ratio	**35.7%**	39.2%	43.4%	40.6%	39.5%	39.5%	41.1%	41.7%
BALANCE SHEET								
Total assets	**30,447,086**	29,957,246	29,153,879	28,392,452	27,544,976	26,361,201	26,327,464	25,037,145
AUM	**35,510,826**	34,662,258	33,936,125	33,005,353	32,333,820	30,909,183	30,830,162	29,410,999
Loans receivable	**27,591,921**	27,708,917	26,781,248	26,607,830	25,960,054	24,867,909	24,446,452	23,526,404
LUM	**32,550,738**	32,330,889	31,496,058	31,123,254	30,640,893	29,321,091	28,848,831	27,800,546
Preferred Shares	**72,557**	72,557	72,557	72,557	72,557	72,557	72,557	72,557
Common shareholders' equity	**1,501,344**	1,426,826	1,378,144	1,395,157	1,338,965	1,287,089	1,241,411	1,207,470
Liquid assets	**2,774,642**	1,920,289	2,270,331	1,690,337	1,431,940	1,592,125	2,046,896	1,406,592
CREDIT QUALITY								
PCL	**(2,357)**	8,847	35,687	3,917	3,463	1,386	9,628	628
PCL – rate	**(0.03%)**	0.13%	0.54%	0.06%	0.05%	0.02%	0.16%	0.01%
Net impaired loans as a % of total loan assets	**0.33%**	0.54%	0.47%	0.44%	0.47%	0.42%	0.49%	0.16%
Allowance for credit losses as a % of total loan assets	**0.25%**	0.27%	0.26%	0.14%	0.13%	0.13%	0.13%	0.11%

(1) *Annual EPS may not equal to the sum of quarterly EPS as a result of rounding and the computation of the in-the-money options for the year versus the quarter.*

Table 19: Summary of quarterly results (continued)

($ THOUSANDS, EXCEPT SHARE, PER SHARE AMOUNTS AND PERCENTAGES)	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4
SHARE CAPITAL								
Common shares outstanding								
Weighted average basic	**16,812,434**	16,807,317	16,800,410	16,756,323	16,705,416	16,650,635	16,573,522	16,553,212
Weighted average diluted	**16,914,812**	16,857,386	16,989,227	17,031,780	16,920,557	16,770,276	16,702,520	16,672,512
Book value per common share	**89.25**	84.89	82.00	83.06	79.97	77.22	74.59	72.94
Common share price – close	**75.09**	71.39	58.07	109.35	103.81	72.59	64.73	59.12
Common share market capitalization	**1,263,182**	1,199,874	976,001	1,836,817	1,738,117	1,209,850	1,077,281	978,674
Dividends declared per:(1)								
Common share	**0.37**	0.37	0.37	0.35	0.33	0.31	0.30	0.28
Preferred share – Series 3	**0.37**	0.37	0.37	0.37	0.40	0.40	0.40	0.40
EQUITABLE BANK CAPITAL RATIOS								
CET1 Ratio	**14.3%**	14.0%	13.5%	13.6%	13.3%	13.1%	12.9%	13.5%
Tier 1 Capital Ratio	**15.0%**	14.7%	14.3%	14.4%	14.1%	13.9%	13.7%	14.3%
Total Capital Ratio	**15.5%**	15.2%	14.7%	14.7%	14.4%	14.2%	14.0%	14.5%
Leverage Ratio	**4.9%**	4.8%	4.7%	4.9%	4.8%	4.9%	4.7%	5.0%

(1) *Annual dividends declared per share may not equal the sum of the quarterly dividends per share due to rounding.*

ACCOUNTING POLICY CHANGES

The Company's significant accounting policies are essential to an understanding of its reported results of operations and financial position. Accounting policies applied by the Company in the Q3 2020 interim consolidated financial statements are the same as those applied by the Company as at and for the year ended December 31, 2019. Please refer to Note 3 to the interim consolidated financial statements for further discussion.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenue and expenses. Estimates and underlying assumptions are reviewed by management on an ongoing basis. The critical estimates and judgments utilized in preparing the Company's consolidated financial statements affect the assessment of the allowance for credit losses on loans, impairment of other financial instruments, fair values of financial assets and liabilities, derecognition of financial assets transferred in securitization transactions, effectiveness of financial hedges for accounting purposes and income taxes.

In making estimates and judgments, management uses external information and observable market conditions where possible, supplemented by internal analysis as required. These estimates and judgments have been applied in a manner consistent with prior periods and there are no known trends, commitments or events that we believe will materially affect the methodology or assumptions utilized in making these estimates and judgments in these interim consolidated financial statements, except as discussed below. Actual results could differ from these estimates, in which case the impact would be recognized in the consolidated financial statements in future periods.

Impact of COVID-19 on expected credit losses under IFRS 9

As a result of the COVID-19 pandemic, the economic environment has experienced a high degree of volatility and uncertainty. This has resulted in a direct impact on the forward-looking macroeconomic indicators which management uses as part of its underlying assumptions for calculating the ECL, as discussed in our MD&A for the year ended December 31, 2019 under "Critical Accounting Estimates". Management has used the latest forward-looking macroeconomic indicators provided by Moody's Analytics in calculating the ECL.

Recognizing the prevailing economic situation, management had revised the probability-weights assigned to the economic scenarios in Q1 and exercised its judgment in determining the amount of ECL by considering reasonable and supportable information that was not already incorporated in the ECL modelling process. The estimate of ECL is inherently uncertain because it involves judgment and is highly sensitive to changes in economic conditions and other factors outside of our control. As better information emerges on the impact of the COVID-19 pandemic on the credit condition of loan portfolios and groups of borrowers, the assumptions will be revised as appropriate and the ability to evaluate where significant increase in credit risk has occurred will improve.

Refer to Notes 2(d) and 7(d) to (f) to the Q3 2020 interim consolidated financial statements for further discussion.

OFF-BALANCE SHEET ACTIVITIES

The Company engages in certain financial transactions that, for accounting purposes, are not recorded on our interim consolidated balance sheets. Off-Balance sheet transactions are generally undertaken for risk, capital and funding management purposes. These include certain securitization transactions, the commitments we make to fund our pipeline of loan originations (see Note 23 to the audited consolidated financial statements in the Company's 2019 Annual Report) and letters of credit issued in the normal course of business.

SECURITIZATION OF FINANCIAL ASSETS

Certain securitization transactions qualify for derecognition when the Company has transferred substantially all of the risks and rewards or control associated with the securitized assets. The outstanding securitized loan principal that qualified for derecognition totalled $5.1 billion at September 30, 2020 (June 30, 2020 – $4.7 billion, September 30, 2019 – $4.8 billion). The securitization liabilities associated with these transferred assets were approximately $5.0 billion at September 30, 2020 (June 30, 2020 – $4.7 billion, September 30, 2019 – $4.8 billion). The securitization retained interests recorded with respect to certain securitization transactions were $171.7 million at September 30, 2020 (June 30, 2020 – $149.3 million, September 30, 2019 – $132.7 million) and the associated servicing liability was $32.6 million at September 30, 2020 (June 30, 2020 – $28.6 million, September 30, 2019 – $27.8 million).

COMMITMENTS AND LETTERS OF CREDIT

The Company provides commitments to extend credit to our borrowers. The Company had outstanding commitments to fund $2.0 billion of loans in the ordinary course of business at September 30, 2020 (June 30, 2020 – $1.8 billion, September 30, 2019 – $2.1 billion).

The Company issues letters of credit which represent assurances that the Company will make payments in the event that a borrower cannot meet its obligations to a third party. Letters of credit in the amount of $26.1 million were outstanding at September 30, 2020 (June 30, 2020 – $26.9 million, September 30, 2019 – $24.4 million), none of which were drawn upon.

RELATED PARTY TRANSACTIONS

Certain of the Company's key management personnel have transacted with the Company and/or invested in deposits, and/or the Series 3 preferred shares of the Company in the ordinary course of business, on market terms and conditions. See Note 24 to the audited consolidated financial statements in the Company's 2019 Annual Report for further details.

RISK MANAGEMENT

Through Equitable Bank and its wholly-owned subsidiaries, the Company is exposed to risks that are similar to those of other financial institutions, including the symptoms and effects of both domestic and global economic conditions and other factors that could adversely affect our business, financial condition and operating results. These factors may also influence an investor's decision to buy, sell or hold shares in the Company. Many of these risk factors are beyond the Company's direct control. The Board plays an active role in monitoring the Company's key risks and in determining the policies, practices, controls and other mechanisms that are best suited to manage these risks.

For a detailed discussion of our approach to risk management and the risks that affect the Company, please refer to the section entitled Risk Management in the Company's 2019 Annual Report which is available on SEDAR at www.sedar.com. While the seven core risks discussed in that report remain relevant, the COVID-19 pandemic increased the downside potential within each and caused us to take the actions outlined earlier in this report.

The following sections address the risks associated with COVID-19 and provide updates on our credit risk and liquidity risk profiles.

COVID-19

This section should be read in conjunction with the other comments about COVID-19 and management's actions in other parts of this document, in particular but not limited to the sections titled "COVID-19", "Business Outlook", and "Credit Quality and Allowances".

As a result of the global COVID-19 pandemic, the risks to our business have increased. The pandemic continues to have an adverse impact on businesses in Canada and around the world and the economic environments in which they operate. The spread of COVID-19 and resulting efforts to contain its spread has resulted in a recession and elevated unemployment in Canada that has been met by a response from Government in the form of income support for people and businesses impacted by enforced shutdowns of businesses.

Provincial governments restricted mobility and social interaction beginning in March which has had a significant impact on economic activity. Although, many of these restrictions were lifted during the summer, recent increases in COVID-19 case counts have caused a general trend of tightening restrictions in many provinces.

The ultimate extent of the impact on the Company's business, financial condition, liquidity, results of operations and prospects will depend on future developments, which are uncertain, including new information that may emerge concerning the severity of the pandemic, and actions taken to contain or prevent further spread. The Bank of Canada reduced its policy interest rates by 1.5 percentage points in three separate moves in March 2020. This monetary easing has caused mortgage rates to drop markedly which has improved housing affordability and supported the value of residential real estate that the Bank holds as collateral for its mortgage portfolios.

The Federal Government and Bank of Canada have introduced a range of liquidity programs and regulatory changes to support the financial sector. Equitable Bank has used several of the programs to date and intends to continue using them while they are available. There is no certainty as to how long such programs may be available. Future legislative and regulatory developments in relation to COVID-19 could limit management's flexibility in managing the business and taking action in relation to capital distribution and capital allocation and could temporarily require Equitable Bank to conduct business related to foreclosures, repossessions and payments differently.

The Company has established a pandemic response plan and procedures. The response plan outlines precautions to protect the safety and well-being of its employees and customers but no assurance can be given that these actions will be adequate or appropriate. The unprecedented move across industries around the globe to conduct business from home and away from primary office locations increases both the demand on our technology infrastructure but also the risk of cyber-attacks which could lead to technology failures, security breaches, unauthorized access, loss or destruction of data or unavailability of services. Any of these events could result in litigation or result in a financial loss, disruption of our business activities, liability to our customers, government intervention or damage to our reputation. The spread of COVID-19 could also negatively impact availability of key personnel and employee productivity, as well as the business and operations of third-party service providers who perform critical services for the Company, which could adversely impact the ability to deliver products and services to customers. While being alert to this risk, the Company's cloud based infrastructure has allowed the Bank's operations to be effectively conducted while most employees are working from home.

The management committee of the Company is actively monitoring its response to the financial and non-financial risk of COVID-19. The CEO provides the Board with regular updates on the impact on the business, our workforce, and customers.

CREDIT RISK

Credit risk is defined as the possibility that the Company will not receive the full value of amounts and recovery costs owed to it if counterparties fail to honour their obligations to the Company. Credit risk arises principally from the Company's lending activities and our investment in debt and equity securities. The Company's exposure to credit risk is monitored by senior management, the Enterprise Risk Management Committee, as well as the Risk and Capital Committee of the Board, which also undertakes the approval and monitoring of the Company's investment and lending policies.

The Company's primary lending business is providing first mortgages on real estate located across Canada. The Company also provides other forms of secured financing which mainly include equipment leasing. For information related to the credit quality of the portfolio, see the section entitled Credit Quality and Allowance for Credit Losses of this MD&A.

The Company invests in corporate bonds to diversify its liquidity holdings and to generate higher returns. These investments also expose the Company to credit risk, should the issuer of these securities be unable to make timely interest payments or, under a worst-case scenario, if the issuer becomes insolvent. To limit its exposure to this credit risk, the Company establishes policies with exposure limits based on credit rating and investment type. Securities rated BBB- and higher (which is considered "low risk") comprised 100% of the Company's corporate bond portfolio at September 30, 2020 (December 31, 2019 – 100%, September 30, 2019 – 100%).

We also invest in equity securities to generate returns that meet certain internally acceptable ROE thresholds. Preferred share securities rated P-2 or higher comprised 41% or $43 million of the total equity securities portfolio at September 30, 2020, compared to 42% or $47 million a year earlier. Preferred share securities rated P-3 or higher comprised 98% of the total equity securities portfolio at the end of Q3 2020.

Table 20: Credit risk exposure ratings scale

	Low risk	Standard risk	High risk
Cash and cash equivalents, investments, and derivatives:			
S&P equivalent grade	AAA – BBB-	BB+ – B	B- – CC
Loans receivable:			
Loans risk rating	0 – 3	4 – 5	6 – 8

Management has assessed the credit quality of the Company's assets as at September 30, 2020 on the basis of the above mapping of internal and external risk ratings to the credit risk exposure categories. In the context of COVID-19, management has applied industry guidance in assessing the Risk Ratings of loans where payment deferrals have been granted. As such, we have generally not considered COVID-19 related payment deferral as an erosion in risk rating.

The table below provides the gross carrying amount of all the debt instruments of the Company, for which a loss allowance is calculated, including contractual amounts of undrawn loan commitments, based on the Company's credit risk exposure rating scale.

Table 21: Credit quality analysis

($ THOUSANDS)				September 30, 2020
	Stage 1	Stage 2	Stage 3	Total
Loans receivable:				
Low risk	$ 12,485,778	$ 1,713,929	$ -	$ 14,199,707
Standard risk	8,668,164	4,202,436	-	12,870,600
High risk	227,909	268,161	-	496,070
Impaired	-	-	94,871	94,871
Total	21,381,851	6,184,526	94,871	27,661,248
Less allowance	(34,445)	(30,840)	(3,909)	(69,194)
	$ 21,347,406	$ 6,153,686	$ 90,962	$ 27,592,054
Loan commitments:				
Low risk	$ 418,417	$ 1,549	$ -	$ 419,966
Standard risk	695,473	151,222	-	846,695
High risk	19,405	9,534	-	28,939
Total	1,133,295	162,305	-	1,295,600
Less allowance	(109)	(24)	-	(133)
	$ 1,133,186	$ 162,281	$ -	$ 1,295,467

LIQUIDITY AND FUNDING RISK

Liquidity and Funding risk is defined as the possibility that we will be unable to generate sufficient funds in a timely manner and at a reasonable price to meet our financial obligations as they come due. These financial obligations mainly arise from the redemption or maturity of deposits, the maturity of mortgage-backed securities and commitments to extend credit. Redemption rates are affected by many factors, including the level of consumer confidence in the Bank. Funding and Liquidity Risk may also be affected if an unduly large proportion of our deposit-taking business involves a single person, organization or group of related persons/organizations or a single geographic area.

We have a low tolerance for liquidity and funding risk and adhere to a Liquidity and Funding Risk Management policy that requires us to maintain a pool of high-quality liquid assets. We closely monitor our liquidity position on a daily basis and ensure that the level of liquid resources held, together with our ability to raise new deposits, is sufficient to meet our funding commitments, deposit maturity obligations, and properly discharge our other financial obligations. Despite these precautions, there is a risk that a disruption in funding markets may be so severe or prolonged that the Company may need to take further actions to protect its liquidity position, which may even include curtailing lending activity or drawing on either its backstop funding facility or Government managed funding programs.

MARKET RISK

Market Risk consists of Interest rate, Equity price and Foreign currency rate risks. Interest rate risk is defined as the possibility that changes in market interest rates will adversely affect the Company's profitability or financial condition. Interest rate risk may be affected if an unduly large proportion of the Company's assets or liabilities have unmatched terms, interest rates or other attributes. For the interest sensitivity position of the Company as at September 30, 2020, see Note 17 to the interim consolidated financial statements.

The Company closely monitors interest rates and acts upon any mismatches in a timely manner to ensure that any sudden or prolonged change in rates would not adversely affect the Company's economic value of shareholders' equity ("EVE") and its NII. The table below illustrates the results of management's sensitivity modelling to immediate and sustained interest rate increase and decrease scenarios. The models measure the impact of interest rate changes on EVE and on NII during the 12-month period following September 30, 2020. The estimate of sensitivity to interest rate changes is dependent on a number of assumptions that could result in a different outcome in the event of an actual interest rate change.

Table 22: Net interest income shock

($ THOUSANDS, EXCEPT PERCENTAGE)	Increase in interest rates	Decrease in interest rates[1]
100 basis point shift		
Impact on net interest income	**$ 17,878**	**$ (1,860)**
Impact on EVE	**(22,369)**	**(1,580)**
EVE impact as a % of common shareholders' equity	**(1.5%)**	**(0.1%)**
200 basis point shift		
Impact on net interest income	**$ 37,350**	**$ (1,849)**
Impact on EVE	**(42,094)**	**(1,588)**
EVE impact as a % of common shareholders' equity	**(2.8%)**	**(0.1%)**

(1) Interest rate is not allowed to decrease beyond a floor of 0% and is therefore not allowed to be negative.

Equity price risk is defined as the risk of loss from an adverse movement in the value of the Company's securities portfolio due to volatility in financial markets. We mitigate this risk by investing only in high-quality, liquid shares and actively monitoring our investment portfolio.

Foreign currency rate risk is defined as the risk of loss resulting from changes in currency exchange rates arising from the exposure of Company's debt products denominated in foreign currency. We mitigate this risk through hedging, using foreign exchange derivatives.

On a monthly basis, the Asset and Liability Committee ("ALCO") reviews the investment performance, composition, and quality of the portfolio. This information is also reviewed by a Committee of the Board quarterly.

UPDATED SHARE INFORMATION

At November 3, 2020, the Company had 16,822,244 common shares and 3,000,000 non-cumulative 5-year rate reset preferred shares issued and outstanding. In addition, there were 654,766 unexercised stock options, which are, or will be, exercisable to purchase common shares for maximum proceeds of $43.2 million.

RESPONSIBILITIES OF MANAGEMENT AND THE BOARD OF DIRECTORS

Management is responsible for the information disclosed in this MD&A and the accompanying interim consolidated financial statements. Equitable has in place appropriate information systems and procedures to ensure that information used internally by management and disclosed externally is materially complete and reliable. In addition, the Company's Audit Committee, on behalf of the Board, performs an oversight role with respect to all public financial disclosures made by the Company and has reviewed and approved this MD&A and the accompanying interim consolidated financial statements and accompanying notes.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

Equitable's Senior Vice-President and Chief Financial Officer left the Bank on August 31, 2020. There were no other changes in the Company's internal control over financial reporting that occurred during the third quarter of 2020 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

NON-GENERALLY ACCEPTED ACCOUNTING PRINCIPLES ("GAAP") FINANCIAL MEASURES

Management uses a variety of financial measures to evaluate the Company's performance. In addition to GAAP prescribed measures, management uses certain non-GAAP measures that it believes provide useful information to investors regarding the Company's financial condition and results of operations. Readers are cautioned that non-GAAP measures often do not have any standardized meaning, and therefore, are unlikely to be comparable to similar measures presented by other companies. The primary non-GAAP measures used in this MD&A are:

- **Adjusted results:** in periods where management determines that non-recurring or unusual items will have a significant impact on a user's assessment of business performance, the Company may present adjusted results in addition to reported results by removing the non-recurring or unusual items from the reported results. Management believes that adjusted results, if any, can to some extent enhance comparability between reporting periods or provide the reader with a better understanding of how management views the Company's performance. Adjusted results are also intended to provide the user with greater consistency and comparability to other financial institutions. Adjustments that remove non-recurring or unusual items from net income will affect the calculation of other measures such as adjusted ROE and adjusted EPS.

Reconciliation of Adjusted net income, Adjusted net income available to common shareholders and Adjusted ROE

	Three months ended					Nine months ended		
($ THOUSANDS EXCEPT PERCENTAGES)	**Sep 30, 2020**	Jun 30, 2020	Change	Sep 30, 2019	Change	**Sep 30, 2020**	Sep 30, 2019	Change
Net income	**$ 73,928**	$ 52,482	41%	$ 54,942	35%	**$ 152,380**	$ 150,625	1%
Adjustments on an after-tax basis:								
Provision for credit losses on equipment leases at Bennington's acquisition date	**-**	-	N/A	-	N/A	**-**	4,226	N/A
Fair value adjustments related to securities, loans and derivatives	**(3,018)**	(3,223)	6%	(188)	(1,505%)	**(2,263)**	994	(328%)
Adjusted net income	**$ 70,910**	$ 49,259	44%	$ 54,754	30%	**$ 150,117**	$ 155,845	(4%)
Less: Dividends on preferred shares	**1,119**	1,119	-%	1,191	(6%)	**3,357**	3,573	(6%)
Adjusted income available to common shareholders	**$ 69,791**	$ 48,140	45%	$ 53,563	30%	**$ 146,760**	$ 152,272	(4%)
Adjusted weighted average common equity	**1,462,444**	1,400,873	4%	1,312,774	11%	**1,446,898**	1,274,643	14%
Adjusted ROE	**19.0%**	13.8%	5.2%	16.2%	2.8%	**13.5%**	16.0%	(2.5%)

Reconciliation of Adjusted EPS – diluted

	Three months ended					Nine months ended		
($ PER SHARE AMOUNT)	**Sep 30, 2020**	Jun 30, 2020	Change	Sep 30, 2019	Change	**Sep 30, 2020**	Sep 30, 2019	Change
EPS – diluted	**$ 4.30**	$ 3.05	41%	$ 3.18	35%	**$ 8.81**	$ 8.75	1%
Adjustments on an after-tax basis:								
Provision for credit losses on equipment leases at Bennington's acquisition date	**-**	-	N/A	-	N/A	**-**	0.26	N/A
Fair value adjustments related to securities, loans and derivatives	**(0.17)**	(0.19)	11%	(0.01)	1,600%	**(0.14)**	0.05	(380%)
Adjusted EPS – diluted	**$ 4.13**	$ 2.86	44%	$ 3.17	30%	**$ 8.67**	$ 9.06	(4%)

Adjusted Efficiency Ratio

($ THOUSANDS EXCEPT PERCENTAGES)	Three months ended Sep 30, 2020	Jun 30, 2020	Change	Sep 30, 2019	Change	Nine months ended Sep 30, 2020	Sep 30, 2019	Change
Non-interest expenses	**$ 53,065**	$ 51,467	3%	$ 50,489	5%	**$ 158,712**	$ 145,096	9%
Net revenue	**148,708**	131,330	13%	127,849	16%	**404,883**	362,884	12%
Adjustments on a pre-tax basis:								
Fair value adjustments related to securities, loans and derivatives	**(4,106)**	(4,385)	6%	(255)	(1,510%)	**(3,079)**	1,354	(327%)
Adjusted net revenue	**144,602**	126,945	14%	127,594	13%	**401,804**	364,238	10%
Adjusted Efficiency Ratio	**$ 36.7%**	$ 40.5%	(3.8%)	$ 39.6%	(2.9%)	**$ 39.5%**	$ 39.8%	(0.3%)

- **Assets Under Management ("AUM"):** is the sum of total assets reported on the consolidated balance sheet and loan principal derecognized but still managed by the Company.

($ THOUSANDS)	Sep 30, 2020	Jun 30, 2020	Change	Sep 30, 2019	Change
Total assets on the consolidated balance sheet	**$ 30,447,086**	$ 29,957,246	2%	$ 27,544,976	11%
Loan principal derecognized	**5,063,740**	4,705,012	8%	4,788,844	6%
Assets Under Management	**$ 35,510,826**	$ 34,662,258	2%	$ 32,333,820	10%

- **Book value per common share:** is calculated by dividing common shareholders' equity by the number of common shares outstanding.

($ THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)	Sep 30, 2020	Jun 30, 2020	Change	Sep 30, 2019	Change
Shareholders' equity	**$ 1,573,901**	$ 1,499,383	5%	$ 1,411,522	12%
Preferred shares	**(72,557)**	(72,557)	-%	(72,557)	-%
Common shareholders' equity	**$ 1,501,344**	$ 1,426,826	5%	$ 1,338,965	12%
Common shares outstanding	**16,822,244**	16,807,317	0%	16,743,253	0%
Book value per common share	**$ 89.25**	$ 84.89	5%	$ 79.97	12%

- **Capital ratios:**
  - **CET1 Ratio:** this key measure of capital strength is defined as CET1 Capital as a percentage of total RWA. This ratio is calculated by the Bank in accordance with the guidelines issued by OSFI. CET1 Capital is defined as shareholders' equity plus any qualifying other non-controlling interest in subsidiaries less preferred shares issued and outstanding, any goodwill, other intangible assets and cash flow hedge reserve components of accumulated other comprehensive income.
  - **Tier 1 and Total Capital Ratios:** these adequacy ratios are calculated by the Bank, in accordance with the guidelines issued by OSFI by dividing Tier 1 or Total Capital by total RWA. Tier 1 Capital is calculated by adding non-cumulative preferred shares to CET1 Capital. Tier 2 Capital is equal to the sum of the Bank's eligible Stage 1 and 2 allowance. Total Capital equals to Tier 1 plus Tier 2 Capital.
  - **Leverage Ratio:** this measure is calculated by dividing Tier 1 Capital by an exposure measure. The exposure measure consists of total assets (excluding items deducted from Tier 1 Capital) and certain off-balance sheet items converted into credit exposure equivalents. Adjustments are also made to derivatives and secured financing transactions to reflect credit and other risks.

  A detailed calculation of all Capital ratios can be found in Table 18 of this MD&A.

- **Economic value of shareholders' equity ("EVE"):** is a calculation of the present value of the Company's asset cash flows less the present value of liability cash flows on an after-tax basis. EVE is a more comprehensive measure of our exposure to interest rate changes than net interest income because it captures all interest rate mismatches across all terms.

- **Efficiency Ratio:** this measure is used to assess the efficiency of the Company's cost structure in terms of revenue generation. This ratio is derived by dividing non-interest expenses by the sum of net revenue. A lower Efficiency Ratio reflects a more efficient cost structure.

	Three months ended				Nine months ended		
($ THOUSANDS, EXCEPT PERCENTAGES)	**Sep 30, 2020**	Jun 30, 2020	Change	Sep 30, 2019	Change	**Sep 30, 2020**	Sep 30, 2019	Change
Non-interest expenses	**$ 53,065**	$ 51,467	3%	$ 50,489	5%	**$ 158,712**	$ 145,096	9%
Net revenue	**148,708**	131,330	13%	127,849	16%	**404,883**	362,884	12%
Efficiency Ratio	**35.7%**	39.2%	(3.5%)	39.5%	(3.8%)	**39.2%**	40.0%	(0.8%)

- **Liquid assets:** is a measure of the Company's cash or assets that can be readily converted into cash, which are held for the purposes of funding mortgages, deposit maturities, and the ability to collect other receivables and settle other obligations. A detailed calculation can be found in Table 16 of this MD&A.

- **Liquidity Coverage Ratio ("LCR"):** this ratio, calculated according to OSFI's Liquidity Adequacy Requirements, measures the Bank's ability to meet its liquidity needs for a 30 calendar day liquidity stress scenario. It is equal to high-quality liquid assets divided by total net cash outflows over the next 30-calendar days.

- **Loans Under Management ("LUM"):** is the sum of loan principal reported on the consolidated balance sheet and loan principal derecognized but still managed by the Company. A detailed calculation can be found in Table 9 of this MD&A.

- **Net interest margin ("NIM"):** this profitability measure is calculated on an annualized basis by dividing net interest income by the average total interest earning assets for the period. A detailed calculation can be found in Table 3 of this MD&A.

- **Net revenue:** is calculated as the sum of net interest income, and other income.

	Three months ended					Nine months ended		
($ THOUSANDS)	**Sep 30, 2020**	Jun 30, 2020	Change	Sep 30, 2019	Change	**Sep 30, 2020**	Sep 30, 2019	Change
Net interest income	**$ 127,431**	$ 118,707	7%	$ 118,147	8%	**$ 366,289**	$ 337,821	8%
Other income	**21,277**	12,623	69%	9,702	119%	**38,594**	25,063	54%
Net revenue	**$ 148,708**	$ 131,330	13%	$ 127,849	16%	**$ 404,883**	$ 362,884	12%

- **Provision for credit losses – rate**: this credit quality metric is calculated on an annualized basis and is defined as the provision for credit losses as a percentage of average loan portfolio outstanding during the period.

	Three months ended					Nine months ended		
($ THOUSANDS, EXCEPT PERCENTAGES)	**Sep 30, 2020**	Jun 30, 2020	Change	Sep 30, 2019	Change	**Sep 30, 2020**	Sep 30, 2019	Change
Provision for credit losses	**$ (2,357)**	$ 8,847	(127%)	$ 3,463	(168%)	**$ 42,177**	$ 14,477	191%
Divided by: average loan principal	**27,556,438**	27,169,845	1%	25,312,579	9%	**26,998,676**	24,858,419	9%
Provision for credit losses – rate	**(0.03%)**	0.13%	(0.16%)	0.05%	(0.08%)	**0.21%**	0.08%	0.13%

- **Return on average assets:** this profitability measure is calculated on an annualized basis and is defined as net income as a percentage of average month-end total assets balances outstanding during the period.

	Three months ended					Nine months ended		
($ THOUSANDS, EXCEPT PERCENTAGES)	**Sep 30, 2020**	Jun 30, 2020	Change	Sep 30, 2019	Change	**Sep 30, 2020**	Sep 30, 2019	Change
Net income	**$ 73,928**	$ 52,482	41%	$ 54,942	35%	**$ 152,380**	$ 150,625	1%
Average total assets	**30,292,696**	29,510,706	3%	27,112,180	12%	**29,473,481**	26,399,669	12%
Return on average assets	**1.0%**	0.7%	0.3%	0.8%	0.2%	**0.7%**	0.8%	(0.1%)

- **Return on shareholders' equity ("ROE"):** this profitability measure is calculated on an annualized basis and is defined as net income available to common shareholders as a percentage of the weighted average common equity outstanding during the period.

	Three months ended					Nine months ended		
($ THOUSANDS, EXCEPT PERCENTAGES)	**Sep 30, 2020**	Jun 30, 2020	Change	Sep 30, 2019	Change	**Sep 30, 2020**	Sep 30, 2019	Change
Net income available to common shareholders	**$ 72,809**	$ 51,363	42%	$ 53,751	35%	**$ 149,023**	$ 147,052	1%
Weighted average common equity	**1,463,953**	1,402,485	4%	1,312,868	12%	**1,448,030**	1,272,033	14%
Return on shareholders' equity	**19.8%**	14.7%	5.1%	16.2%	3.6%	**13.7%**	15.5%	(1.8%)

- **Risk-weighted assets ("RWA"):** represents the Bank's assets and off-balance sheet exposures, weighted according to risk as prescribed by OSFI under the CAR Guideline.

CONSOLIDATED BALANCE SHEETS (unaudited)

AS AT SEPTEMBER 30, 2020

With comparative figures as at December 31, 2019 and September 30, 2019

($ THOUSANDS)

	Note	**September 30, 2020**	December 31, 2019	September 30, 2019
Assets:				
Cash and cash equivalents		**$ 1,148,004**	$ 508,853	$ 373,904
Restricted cash		**567,994**	462,992	408,635
Securities purchased under reverse repurchase agreements		**200,008**	150,069	250,079
Investments	*6*	**554,975**	362,611	250,927
Loans – Retail	*7, 8*	**18,963,470**	18,359,805	18,059,496
Loans – Commercial	*7, 8*	**8,628,451**	8,248,025	7,900,558
Securitization retained interests		**171,736**	139,009	132,683
Other assets	*9*	**212,448**	161,088	168,694
		$ 30,447,086	$ 28,392,452	$ 27,544,976
Liabilities and Shareholders' Equity				
Liabilities:				
Deposits	*10*	**$ 16,603,178**	$ 15,442,207	$ 15,111,948
Securitization liabilities	*8*	**11,691,653**	10,706,956	10,294,459
Obligations under repurchase agreements	*8*	**154,364**	507,044	463,071
Deferred tax liabilities	*11*	**55,691**	54,689	63,284
Other liabilities	*12*	**218,038**	213,842	200,692
Bank facilities	*13*	**150,261**	-	-
		28,873,185	26,924,738	26,133,454
Shareholders' equity:				
Preferred shares		**72,557**	72,557	72,557
Common shares		**214,657**	213,277	210,794
Contributed surplus	*14*	**8,245**	6,973	6,898
Retained earnings		**1,323,855**	1,193,493	1,144,628
Accumulated other comprehensive loss		**(45,413)**	(18,586)	(23,355)
		1,573,901	1,467,714	1,411,522
		$ 30,447,086	$ 28,392,452	$ 27,544,976

See accompanying notes to the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME (unaudited)

FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2020

With comparative figures for the three and nine month periods ended September 30, 2019

($THOUSANDS, EXCEPT PER SHARE AMOUNTS)

		Three months ended		Nine months ended	
	Note	**September 30, 2020**	September 30, 2019	**September 30, 2020**	September 30, 2019
Interest income:					
Loans – Retail		**$ 169,447**	$ 176,082	**$ 523,023**	$ 503,440
Loans – Commercial		**101,859**	98,477	**301,039**	294,314
Investments		**3,569**	2,304	**9,372**	6,209
Other		**3,872**	6,720	**13,039**	19,378
		278,747	283,583	**846,473**	823,341
Interest expense:					
Deposits		**89,658**	98,872	**285,500**	288,848
Securitization liabilities		**59,932**	64,858	**190,255**	190,414
Bank facilities		**1,726**	1,706	**4,429**	6,258
		151,316	165,436	**480,184**	485,520
Net interest income		**127,431**	118,147	**366,289**	337,821
Provision for credit losses	*7*	**(2,357)**	3,463	**42,177**	14,477
Net interest income after provision for credit losses		**129,788**	114,684	**324,112**	323,344
Other income:					
Fees and other income		**5,025**	6,110	**16,878**	17,654
Net gain (loss) on investments		**4,367**	(327)	**4,489**	(1,072)
Gains on securitization activities and income from securitization retained interests	*8*	**11,885**	3,919	**17,227**	8,481
		21,277	9,702	**38,594**	25,063
Net interest and other income		**151,065**	124,386	**362,706**	348,407
Non-interest expenses:					
Compensation and benefits		**26,589**	25,696	**79,737**	75,731
Other		**26,476**	24,793	**78,975**	69,365
		53,065	50,489	**158,712**	145,096
Income before income taxes		**98,000**	73,897	**203,994**	203,311
Income taxes:	*11*				
Current		**18,927**	14,524	**50,613**	45,961
Deferred		**5,145**	4,431	**1,001**	6,725
		24,072	18,955	**51,614**	52,686
Net income		**$ 73,928**	$ 54,942	**$ 152,380**	$ 150,625
Dividends on preferred shares		**1,119**	1,191	**3,357**	3,573
Net income available to common shareholders		**$ 72,809**	$ 53,751	**$ 149,023**	$ 147,052
Earnings per share:	*15*				
Basic		**$ 4.33**	$ 3.22	**$ 8.87**	$ 8.84
Diluted		**$ 4.30**	$ 3.18	**$ 8.81**	$ 8.75

See accompanying notes to the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (unaudited)

FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2020

With comparative figures for the three and nine month periods ended September 30, 2019

($ THOUSANDS)

	Three months ended		Nine months ended	
	September 30, 2020	September 30, 2019	**September 30, 2020**	September 30, 2019
Net income	**$ 73,928**	$ 54,942	**$ 152,380**	$ 150,625
Other comprehensive income – items that will be reclassified subsequently to income:				
Debt instruments at Fair Value through Other Comprehensive Income:				
Net unrealized gains (losses) from change in fair value	**1,091**	(71)	**4,165**	474
Reclassification of net gains to income	**(281)**	-	**(1,300)**	(162)
Other comprehensive income – items that will not be reclassified subsequently to income:				
Equity instruments designated at Fair Value through Other Comprehensive Income:				
Net unrealized gains (losses) from change in fair value	**5,901**	(425)	**(10,768)**	(3,924)
Reclassification of net gains to retained earnings	**-**	-	**-**	(638)
	6,711	(496)	**(7,903)**	(4,250)
Income tax (expense) recovery	**(1,773)**	128	**2,088**	1,127
	4,938	(368)	**(5,815)**	(3,123)
Cash flow hedges*:*				
Net unrealized gains (losses) from change in fair value	**1,770**	582	**(31,584)**	(5,863)
Reclassification of net losses (gains) to income	**418**	(1,496)	**3,028**	(1,373)
	2,188	(914)	**(28,556)**	(7,236)
Income tax (expense) recovery	**(578)**	240	**7,544**	1,920
	1,610	(674)	**(21,012)**	(5,316)
Total other comprehensive income (loss)	**6,548**	(1,042)	**(26,827)**	(8,439)
Total comprehensive income	**$ 80,476**	$ 53,900	**$ 125,553**	$ 142,186

See accompanying notes to the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (unaudited)

FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2020

With comparative figures for the three month period ended September 30, 2019

($ THOUSANDS)

								September 30, 2020
					Accumulated other comprehensive income (loss)			
	Preferred shares	Common shares	Contributed surplus	Retained earnings	Cash flow hedges	Financial instruments at FVOCI	Total	Total
Balance, beginning of period	$ 72,557	$ 213,701	$ 7,818	$ 1,257,268	$ (22,381)	$ (29,580)	$ (51,961)	$ 1,499,383
Net income	-	-	-	73,928	-	-	-	73,928
Other comprehensive loss, net of tax	-	-	-	-	1,610	4,938	6,548	6,548
Exercise of stock options	-	812	-	-	-	-	-	812
Dividends:								
Preferred shares	-	-	-	(1,119)	-	-	-	(1,119)
Common shares	-	-	-	(6,222)	-	-	-	(6,222)
Stock-based compensation	-	-	571	-	-	-	-	571
Transfer relating to the exercise of stock options	-	144	(144)	-	-	-	-	-
Balance, end of period	$ 72,557	$ 214,657	$ 8,245	$ 1,323,855	$ (20,771)	$ (24,642)	$ (45,413)	$ 1,573,901

								September 30, 2019
					Accumulated other comprehensive income (loss)			
	Preferred shares	Common shares	Contributed surplus	Retained earnings	Cash flow hedges	Financial instruments at FVOCI	Total	Total
Balance, beginning of period	$ 72,557	$ 206,039	$ 7,132	$ 1,096,231	$ (1,993)	$ (20,320)	$ (22,313)	$ 1,359,646
Net income	-	-	-	54,942	-	-	-	54,942
Transfer of losses on sale of equity instruments	-	-	-	169	-	(169)	(169)	-
Other comprehensive loss, net of tax	-	-	-	-	(674)	(199)	(873)	(873)
Exercise of stock options	-	4,132	-	-	-	-	-	4,132
Dividends:								
Preferred shares	-	-	-	(1,191)	-	-	-	(1,191)
Common shares	-	-	-	(5,523)	-	-	-	(5,523)
Stock-based compensation	-	-	389	-	-	-	-	389
Transfer relating to the exercise of stock options	-	623	(623)	-	-	-	-	-
Balance, end of period	$ 72,557	$ 210,794	$ 6,898	$ 1,144,628	$ (2,667)	$ (20,688)	$ (23,355)	$ 1,411,522

See accompanying notes to the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (unaudited)

FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2020

With comparative figures for the nine month period ended September 30, 2019

($ THOUSANDS)

								September 30, 2020
					Accumulated other comprehensive income (loss)			
	Preferred shares	**Common shares**	**Contributed surplus**	**Retained earnings**	**Cash flow hedges**	**Financial instruments at FVOCI**	**Total**	**Total**
Balance, beginning of period	**$ 72,557**	**$ 213,277**	**$ 6,973**	**$ 1,193,493**	**$ 241**	**$ (18,827)**	**$ (18,586)**	**$ 1,467,714**
Net income	**-**	**-**	**-**	**152,380**	**-**	**-**	**-**	**152,380**
Other comprehensive loss, net of tax	**-**	**-**	**-**	**-**	**(21,012)**	**(5,815)**	**(26,827)**	**(26,827)**
Exercise of stock options	**-**	**1,169**	**-**	**-**	**-**	**-**	**-**	**1,169**
Dividends:								
Preferred shares	**-**	**-**	**-**	**(3,357)**	**-**	**-**	**-**	**(3,357)**
Common shares	**-**	**-**	**-**	**(18,661)**	**-**	**-**	**-**	**(18,661)**
Stock-based compensation	**-**	**-**	**1,483**	**-**	**-**	**-**	**-**	**1,483**
Transfer relating to the exercise of stock options	**-**	**211**	**(211)**	**-**	**-**	**-**	**-**	**-**
Balance, end of period	**$ 72,557**	**$ 214,657**	**$ 8,245**	**$ 1,323,855**	**$ (20,771)**	**$ (24,642)**	**$ (45,413)**	**$ 1,573,901**

								September 30, 2019
					Accumulated other comprehensive income (loss)			
	Preferred shares	Common shares	Contributed surplus	Retained earnings	Cash flow hedges	Financial instruments at FVOCI	Total	Total
Balance, beginning of period	$ 72,557	$ 200,792	$ 7,035	$ 1,014,559	$ 2,649	$ (17,565)	$ (14,916)	$ 1,280,027
Cumulative effect of adopting IFRS 16[(1)]	-	-	-	(840)	-	-	-	(840)
Restated balance as at January 1, 2019	72,557	200,792	7,035	1,013,719	2,649	(17,565)	(14,916)	1,279,187
Net income	-	-	-	150,625	-	-	-	150,625
Transfer of losses on sale of equity instruments	-	-	-	(469)	-	469	469	-
Other comprehensive loss, net of tax	-	-	-	-	(5,316)	(3,592)	(8,908)	(8,908)
Exercise of stock options	-	8,664	-	-	-	-	-	8,664
Dividends:								
Preferred shares	-	-	-	(3,573)	-	-	-	(3,573)
Common shares	-	-	-	(15,674)	-	-	-	(15,674)
Stock-based compensation	-	-	1,201	-	-	-	-	1,201
Transfer relating to the exercise of stock options	-	1,338	(1,338)	-	-	-	-	-
Balance, end of period	$ 72,557	$ 210,794	$ 6,898	$ 1,144,628	$ (2,667)	$ (20,688)	$ (23,355)	$ 1,411,522

[(1)] *The Company adopted IFRS 16 effective January 1, 2019 using the modified retrospective approach, with the cumulative effect of initially applying the standard recognized in opening retained earnings at the date of initial application. The adjustment of $840 is net of tax.*

See accompanying notes to the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2020

With comparative figures for the three and nine month periods ended September 30, 2019

($ THOUSANDS)

	Three months ended		Nine months ended	
	September 30, 2020	September 30, 2019	**September 30, 2020**	September 30, 2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period	**$ 73,928**	$ 54,942	**$ 152,380**	$ 150,625
Adjustments for non-cash items in net income:				
Financial instruments at fair value through income	**(6,191)**	4,715	**8,153**	9,938
Amortization of premiums/discount on investments	**301**	483	**1,758**	2,075
Amortization of capital assets and intangible costs	**5,806**	4,454	**16,541**	12,538
Provision for credit losses	**(2,357)**	3,463	**42,177**	14,477
Securitization gains	**(11,693)**	(2,861)	**(16,976)**	(7,221)
Stock-based compensation	**571**	389	**1,483**	1,201
Income taxes	**24,072**	18,955	**51,614**	52,686
Securitization retained interests	**18,011**	7,930	**27,009**	22,969
Changes in operating assets and liabilities:				
Restricted cash	**21,052**	53,802	**(105,002)**	(38,961)
Securities purchased under reverse repurchase agreements	**364**	(125,011)	**(49,939)**	(79)
Loans, net of securitizations	**91,169**	(1,107,255)	**(1,054,112)**	(2,046,715)
Other assets	**(22,910)**	(6,234)	**(26,900)**	38,095
Deposits	**744,324**	393,648	**1,148,638**	1,427,120
Securitization liabilities	**500,952**	270,452	**979,191**	668,621
Obligations under repurchase agreements	**(444,592)**	463,071	**(352,680)**	121,061
Bank facilities	**(350,113)**	-	**150,261**	(320,421)
Other liabilities	**(31,400)**	(4,769)	**(17,597)**	(25,080)
Income taxes paid	**(38,991)**	(11,328)	**(76,910)**	(37,019)
Cash flows from operating activities	**572,303**	18,846	**879,089**	45,910
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of common shares	**812**	4,132	**1,169**	8,664
Dividends paid on preferred shares	**(1,119)**	(1,191)	**(3,357)**	(3,573)
Dividends paid on common shares	**(6,222)**	(5,523)	**(18,661)**	(20,309)
Cash flows used in financing activities	**(6,529)**	(2,582)	**(20,849)**	(15,218)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	**(27,563)**	(37,325)	**(297,340)**	(70,708)
Acquisition of subsidiary	**-**	-	**-**	(46,772)
Proceeds on sale or redemption of investments	**36,372**	43	**148,598**	22,591
Net change in Canada Housing Trust re-investment Accounts	**10,796**	(24,363)	**(49,871)**	(24,208)
Purchase of capital assets and system development costs	**(7,063)**	(5,137)	**(20,476)**	(14,301)
Cash flows from (used in) investing activities	**12,542**	(66,782)	**(219,089)**	(133,398)
Net increase (decrease) in cash and cash equivalents	**578,316**	(50,518)	**639,151**	(102,706)
Cash and cash equivalents, beginning of period	**569,688**	424,422	**508,853**	476,610
Cash and cash equivalents, end of period	**$ 1,148,004**	$ 373,904	**$ 1,148,004**	$ 373,904
Cash flows from operating activities include:				
Interest received	**$ 278,199**	$ 276,761	**$ 833,558**	$ 791,791
Interest paid	**(125,440)**	(173,966)	**(419,163)**	(379,096)
Dividends received	**4,867**	1,505	**7,943**	5,119

See accompanying notes to the interim consolidated financial statements.

Note 1 – Reporting Entity

Equitable Group Inc. (the "Company") was formed on January 1, 2004 as the parent company of its wholly owned subsidiary, Equitable Bank. The Company is listed on the Toronto Stock Exchange ("TSX") and domiciled in Canada with its registered office located at 30 St. Clair Avenue West, Suite 700, Toronto, Ontario. Equitable Bank is a Schedule I Bank under the Bank Act (Canada) and is regulated by the Office of the Superintendent of Financial Institutions Canada ("OSFI"). Equitable Bank and its subsidiaries offer savings and lending products to retail and commercial customers across Canada.

Note 2 – Basis of Preparation

(a) Statement of compliance:

These interim consolidated financial statements of Equitable Group Inc. have been prepared in accordance with IAS 34 *Interim Financial Reporting* and do not include all of the information required for full annual financial statements. These interim consolidated financial statements should be read in conjunction with the Company's 2019 annual audited consolidated financial statements.

These interim consolidated financial statements were approved for issuance by the Company's Board of Directors (the "Board") on November 3, 2020.

(b) Basis of measurement:

The interim consolidated financial statements have been prepared on the historical cost basis except for the following items which are stated at fair value: derivative financial instruments, financial assets and liabilities that are classified or designated as at fair value through profit and loss and fair value through other comprehensive income.

(c) Functional currency:

The functional currency of the Company and its subsidiaries is Canadian dollars, which is also the presentation currency of the interim consolidated financial statements.

(d) Use of estimates and accounting judgments in applying accounting policies:

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenue and expenses during the periods. Estimates and underlying assumptions are reviewed by management on an ongoing basis. The critical estimates and judgments utilized in preparing the Company's consolidated financial statements affect the assessment of the allowance for credit losses on loans, impairment of other financial instruments, fair values of financial assets and liabilities, derecognition of financial assets transferred in securitization transactions, effectiveness of financial hedges for accounting purposes, and income taxes.

In making estimates and judgments, management uses external information and observable market conditions where possible, supplemented by internal analysis as required. These estimates and judgments have been applied in a manner consistent with prior periods and there are no known trends, commitments, or events that we believe will materially affect the methodology or assumptions utilized in making these estimates and judgments in these interim consolidated financial statements. These estimates and judgments have been made taking into consideration the economic impact of the COVID-19 pandemic and the significant economic volatility and uncertainty it has created. Actual results could differ materially from these estimates, in which case the impact would be recognized in the consolidated financial statements in future periods.

Allowance for credit losses under IFRS 9

The expected credit loss (the "ECL") model requires management to make judgements and estimates in a number of areas. Management must exercise significant judgement in determining whether there has been a significant increase in credit risk since initial recognition and in estimating the amount of expected credit losses. The calculation of expected credit losses includes the incorporation of forward-looking forecasts of future economic conditions, macroeconomic variables and probability weightings to macroeconomic scenarios, which requires significant judgement. Management also exercises significant expert judgement in determining the amount of the ECL at each reporting date by considering reasonable and supportable information that is not already incorporated in the modelling process. Changes in these inputs, assumptions, models, and judgements directly impact the measurement of the ECL.

As a result of the COVID-19 pandemic, the macroeconomic environment has experienced significant volatility and uncertainty. This has resulted in a direct impact on the forward-looking macroeconomic variables which management uses as part of its underlying assumptions for calculating the ECL. Management has used the latest forward-looking macroeconomic variables provided by Moody's Analytics economic forecasting services for calculating the ECL. Please refer to note 7(d).

Recognizing the current economic situation, management has also revised the probability-weights assigned to the economic scenarios and has also exercised its judgment in determining the amount of the ECL by considering reasonable and supportable information that was not already incorporated in the ECL modelling process.

(e) Consolidation

The interim consolidated financial statements as at and for the nine months ended September 30, 2020 and September 30, 2019 include the assets, liabilities and results of operations of the Company and its subsidiaries, after the elimination of intercompany transactions and balances. The Company has control of its subsidiaries as it is exposed to and has rights to variable returns from its involvement with the subsidiaries and it has the ability to affect those returns through its power over their relevant activities.

Note 3 – Significant Accounting Policies

The significant accounting policies applied by the Company in these interim consolidated financial statements are the same as those applied by the Company as at and for the year ended December 31, 2019 as described in Note 3 of the audited consolidated financial statements in the Company's 2019 Annual Report.

Future accounting policies:

There are no significant updates to future accounting developments subsequent to the disclosure in Note 3 of the audited consolidated financial statements in the Company's 2019 Annual Report.

Note 4 – Risk Management

The Company, like other financial institutions, is exposed to the symptoms and effects of global economic conditions and other factors that could adversely affect its business, financial condition and operating results, which may also influence an investor to buy, sell or hold shares in the Company. Many of these risk factors are beyond the Company's direct control. The use of financial instruments exposes the Company to credit risk, liquidity risk and market risk. A discussion of the Company's risk exposures and how it manages those risks can be found on pages 29 to 32 of the Company's third quarter 2020 Management 's Discussion & Analysis and pages 50 to 64 of the Company's 2019 Annual Report.

Note 5 – Financial Instruments

The Company's business activities result in a consolidated balance sheets that consists primarily of financial instruments. The majority of the Company's net income is derived from gains, losses, income and expenses related to these financial assets and liabilities.

(a) Valuation methods and assumptions:

Valuation methods and assumptions used to estimate fair values of financial instruments are as follows:

(i) Financial instruments whose cost or amortized cost approximates fair value

The fair value of Cash and cash equivalents and Restricted cash approximate their cost due to their short term nature.

Securities purchased under reverse repurchase agreements, obligations under repurchase agreements, bank facilities and certain other financial assets and liabilities are carried at cost or amortized cost, which approximates fair value.

(ii) Financial instruments classified as at FVOCI and FVTPL

These financial assets and financial liabilities are measured on the consolidated balance sheets at fair value. For financial instruments measured at fair value where active market prices are available, bid prices are used for financial assets and ask prices for financial liabilities. For those financial instruments measured at fair value that are not traded in an active market, fair value estimates are determined using valuation methods which maximize the use of observable market data and include discounted cash flow analysis and other commonly used valuation techniques.

(iii) Loans

The estimated fair value of loans receivable is determined using a discounted cash flow calculation and the market interest rates offered for loans with similar terms and credit risks.

(iv) Deposits

The estimated fair value of deposits is determined by discounting expected future contractual cash flows using observed market interest rates offered for deposits with similar terms. Deposit liabilities include GICs that are measured at fair value through income and are guaranteed by Canada Deposit Insurance Corporation ("CDIC"). This guarantee from CDIC is reflected in the fair value measurement of the deposit liabilities.

(v) Securitization liabilities

The estimated fair value of securitization liabilities is determined by discounting expected future contractual cash flows using market interest rates offered for similar terms.

(vi) Derivatives

Fair value estimates of derivative financial instruments are determined based on commonly used pricing methodologies (primarily discounted cash flow models) that incorporate observable market data. Frequently applied valuation techniques incorporate various inputs such as stock prices, bond prices and interest rate curves into present value calculations.

($ THOUSANDS, EXCEPT SHARE, PER SHARE AND STOCK OPTION AMOUNTS)

The following tables present the carrying values for each category of financial assets and liabilities and their estimated fair values as at September 30, 2020 and December 31, 2019. The tables do not include assets and liabilities that are not financial instruments.

						September 30, 2020
	FVTPL – Mandatorily	FVOCI – Debt instruments	FVOCI – Equity instruments	Amortized cost	Total carrying value	Fair value
Financial assets:						
Cash and cash equivalents	$ -	$ -	$ -	$ 1,148,004	$ 1,148,004	$ 1,148,004
Restricted cash	-	-	-	567,994	567,994	567,994
Securities purchased under reverse repurchase agreements	-	-	-	200,008	200,008	200,008
Investments	149,167	174,362	81,516	149,930	554,975	558,998
Loans – Retail	-	-	-	18,963,470	18,963,470	19,155,080
Loans – Commercial(1)	129,022	-	-	7,980,293	8,109,315	8,278,735
Securitization retained interests	-	-	-	171,736	171,736	176,951
Other assets:						
Derivative financial instruments(2):						
Interest rate swaps	25,808	-	-	-	25,808	25,808
Total return swaps	2,491	-	-	-	2,491	2,491
Bond forwards	991	-	-	-	991	991
Foreign exchange forwards	309	-	-	-	309	309
Loan commitments	-	-	-	-	-	-
Other	-	-	-	36,877	36,877	36,877
Total financial assets	$ 307,788	$ 174,362	$ 81,516	$ 29,218,312	$ 29,781,978	$ 30,152,246
Financial liabilities:						
Deposits	$ -	$ -	$ -	$ 16,603,178	$ 16,603,178	$ 16,754,131
Securitization liabilities	-	-	-	11,691,653	11,691,653	12,012,776
Obligations under repurchase agreements	-	-	-	154,364	154,364	154,364
Other liabilities:						
Derivative financial instruments(2):						
Interest rate swaps	35,026	-	-	-	35,026	35,026
Total return swaps	19,194	-	-	-	19,194	19,194
Bond forwards	132	-	-	-	132	132
Bank facilities	-	-	-	150,261	150,261	150,261
Other	-	-	-	163,366	163,366	163,366
Total financial liabilities	$ 54,352	$ -	$ -	$ 28,762,822	$ 28,817,174	$ 29,289,250

($ THOUSANDS, EXCEPT SHARE, PER SHARE AND STOCK OPTION AMOUNTS)

						December 31, 2019
	FVTPL – Mandatorily	FVOCI – Debt instruments	FVOCI – Equity instruments	Amortized cost	Total carrying value	Fair value
Financial assets:						
Cash and cash equivalents	$ -	$ -	$ -	$ 508,853	$ 508,853	$ 508,853
Restricted cash	-	-	-	462,992	462,992	462,992
Securities purchased under reverse repurchase agreements	-	-	-	150,069	150,069	150,069
Investments	55,533	43,199	92,386	171,493	362,611	361,134
Loans – Retail	-	-	-	18,359,805	18,359,805	18,331,260
Loans – Commercial[(1)]	195,051	-	-	7,566,364	7,761,415	7,771,496
Securitization retained interests	-	-	-	139,009	139,009	139,336
Other assets:						
Derivative financial instruments[(2)]:						
Interest rate swaps	14,468	-	-	-	14,468	14,468
Total return swaps	6,686	-	-	-	6,686	6,686
Bond forwards	1,939	-	-	-	1,939	1,939
Other	-	-	-	19,139	19,139	19,139
Total financial assets	$ 273,677	$ 43,199	$ 92,386	$ 27,377,724	$ 27,786,986	$ 27,767,372
Financial liabilities:						
Deposits	$ -	$ -	$ -	$ 15,442,207	$ 15,442,207	$ 15,451,289
Securitization liabilities	-	-	-	10,706,956	10,706,956	10,719,070
Obligations under repurchase agreements	-	-	-	507,044	507,044	507,044
Other liabilities:						
Derivative financial instruments[(2)]:						
Interest rate swaps	4,959	-	-	-	4,959	4,959
Total return swaps	7,083	-	-	-	7,083	7,083
Loan commitments	209	-	-	-	209	209
Other	-	-	-	179,740	179,740	179,740
Total financial liabilities	$ 12,251	$ -	$ -	$ 26,835,947	$ 26,848,198	$ 26,869,394

(1) *Loans – Commercial does not include $519,136 (December 31, 2019 - $486,610) of Finance leases, as these are specifically excluded for classification and measurement under IFRS 9.*

(2) *Derivative financial instruments are non-trading, and include derivatives held in hedge accounting relationships.*

(b) Fair value hierarchy:

Financial instruments recorded at fair value on the consolidated balance sheets are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy has the following levels:

Level 1: valuation based on quoted prices (unadjusted) observed in active markets for identical assets and liabilities.

Level 2: valuation techniques based on inputs other than quoted prices included in Level 1 that are either directly or indirectly observable for the asset or liability.

Level 3: valuation techniques with significant unobservable market inputs.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

($ THOUSANDS, EXCEPT SHARE, PER SHARE AND STOCK OPTION AMOUNTS)

The following table presents the fair value hierarchy of all financial instruments, whether or not measured at fair value on the Consolidated Balance Sheets, except for certain financial instruments whose carrying amount always approximates their fair values due to their short-term in nature:

				September 30, 2020
	Level 1	Level 2	Level 3	Total financial assets/ financial liabilities at fair value
Financial assets:				
Investments	$ 550,454	$ -	$ 8,544	$ 558,998
Loans – Retail	-	-	19,155,080	19,155,080
Loans – Commercial	-	129,022	8,149,713	8,278,735
Securitization retained interests	-	176,951	-	176,951
Other assets:				
Derivative financial instruments(1):				
Interest rate swaps	-	25,808	-	25,808
Total return swaps	-	2,198	293	2,491
Bond forwards	-	991	-	991
Foreign exchange forwards	-	309	-	309
Loan commitments	-	-	-	-
Other	-	36,877	-	36,877
Total financial assets	$ 550,454	$ 372,156	$ 27,313,630	$ 28,236,240
Financial liabilities:				
Deposits	$ -	$ 16,754,131	$ -	$ 16,754,131
Securitization liabilities	-	11,425,278	587,498	12,012,776
Bank facilities	-	150,261	-	150,261
Other liabilities:				
Derivative financial instruments(1):				
Interest rate swaps	-	35,026	-	35,026
Total return swaps	-	515	18,679	19,194
Bond forwards	-	132	-	132
Other	-	163,366	-	163,366
Total financial liabilities	$ -	$ 28,528,709	$ 606,177	$ 29,134,886

($ THOUSANDS, EXCEPT SHARE, PER SHARE AND STOCK OPTION AMOUNTS)

				December 31, 2019
	Level 1	Level 2	Level 3	Total financial assets/ financial liabilities at fair value
Financial assets:				
Investments	$ 353,973	$ -	$ 7,161	$ 361,134
Loans – Retail	-	-	18,331,260	18,331,260
Loans – Commercial	-	195,051	7,576,445	7,771,496
Securitization retained interests	-	139,336	-	139,336
Other assets:				
Derivative financial instruments[1]:				
Interest rate swaps	-	14,468	-	14,468
Total return swaps	-	6,242	444	6,686
Bond forwards	-	1,939	-	1,939
Other	-	19,139	-	19,139
Total financial assets	$ 353,973	$ 376,175	$ 25,915,310	$ 26,645,458
Financial liabilities:				
Deposits	$ -	$ 15,451,289	$ -	$ 15,451,289
Securitization liabilities	-	9,809,562	909,508	10,719,070
Other liabilities:				
Derivative financial instruments[1]:				
Interest rate swaps	-	4,959	-	4,959
Total return swaps	-	12	7,071	7,083
Loan commitments	-	-	209	209
Other	-	179,740	-	179,740
Total financial liabilities	$ -	$ 25,445,562	$ 916,788	$ 26,362,350

[1] *Derivative financial instruments are non-trading, and include derivatives held in hedge accounting relationships.*

Note 6 – Investments

Carrying value of investments is as follows:

	September 30, 2020	December 31, 2019	September 30, 2019
Equity securities measured at FVOCI	**$ 81,516**	$ 92,386	$ 89,497
Equity securities measured at FVTPL	**1,119**	1,100	1,113
Debt securities measured at FVTPL	**148,048**	54,432	50,098
Debt securities measured at AMC	**149,930**	171,493	54,640
Debt securities measured as at FVOCI	**174,362**	43,200	55,579
	$ 554,975	$ 362,611	$ 250,927

The Company has elected to designate certain Equity securities to be measured at FVOCI as these investments are expected to be held for the long term. For the period ended September 30, 2020, the Company earned dividends of $3,474 (September 30, 2019 – $4,129) on these Equity securities. During the period, the Company has sold $nil (September 30, 2019 – $5,829) of these Equity securities, and recognized a loss of $nil (September 30, 2019 – $638) in Retained earnings.

($ THOUSANDS, EXCEPT SHARE, PER SHARE AND STOCK OPTION AMOUNTS)

Net unrealized gains (losses) on investments measured as at FVOCI and FVTPL are as follows:

	September 30, 2020	September 30, 2019
Equity securities measured at FVOCI	**$ (10,768)**	$ (4,562)
Equity securities measured at FVTPL	**(2,702)**	(268)
Debt securities measured at FVOCI	**2,865**	312
Debt securities measured at FVTPL	**4,829**	(1,953)

Note 7 – Loans

(a) Loans receivable:

						September 30, 2020
		Allowance for credit losses				
	Gross amount	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Net amount**
Loans – Retail	**$ 18,984,251**	**$ 11,375**	**$ 7,708**	**$ 1,698**	**$ 20,781**	**$ 18,963,470**
Loans – Commercial	**8,676,997**	**23,179**	**23,156**	**2,211**	**48,546**	**8,628,451**
	$ 27,661,248	**$ 34,554**	**$ 30,864**	**$ 3,909**	**$ 69,327**	**$ 27,591,921**

						December 31, 2019
		Allowance for credit losses				
	Gross amount	Stage 1	Stage 2	Stage 3	Total	Net amount
Loans – Retail	$ 18,367,715	$ 3,295	$ 2,417	$ 2,198	$ 7,910	$ 18,359,805
Loans – Commercial	8,277,022	16,758	9,375	2,864	28,997	8,248,025
	$ 26,644,737	$ 20,053	$ 11,792	$ 5,062	$ 36,907	$ 26,607,830

						September 30, 2019
		Allowance for credit losses				
	Gross amount	Stage 1	Stage 2	Stage 3	Total	Net amount
Loans – Retail	$ 18,066,569	$ 2,726	$ 2,260	$ 2,087	$ 7,073	$ 18,059,496
Loans – Commercial	7,927,981	17,233	8,452	1,738	27,423	7,900,558
	$ 25,994,550	$ 19,959	$ 10,712	$ 3,825	$ 34,496	$ 25,960,054

As at September 30, 2020, Loans – Commercial include certain loans measured as at FVTPL with changes in fair value included in gains on securitization activities and income from securitization retained interests. As at September 30, 2020, the carrying value of these loans is $57,955 (December 31, 2019 – $96,779, September 30, 2019 – $125,331) and includes fair value adjustment of $38 (December 31, 2019 – ($726), September 30, 2019 – $276).

Loans – Commercial also include certain loans measured as at FVTPL with changes in fair value included in net gain (loss) on loans and investments. As at September 30, 2020, the carrying amount of these loans is $71,067 (December 31, 2019 – $98,272, September 30, 2019 – $103,820) and includes fair value adjustment of $119 (December 31, 2019 – $424, September 30, 2019 – ($186)).

($ THOUSANDS, EXCEPT SHARE, PER SHARE AND STOCK OPTION AMOUNTS)

The impact of changes in fair value for loans measured as at fair value through income is as follows:

	September 30, 2020	September 30, 2019
Net gains (losses) in fair values for loans measured as at FVTPL included in gains on securitization activities	$ 764	$ (751)
Net (losses) gains in fair values for loans measured as at FVTPL and recognized in net gain (loss) on loans and investments	(380)	545

Loans – Commercial include loans of $196,424 (December 31, 2019 – $169,859, September 30, 2019 – $157,334) invested in certain asset-backed structured entities. The Company holds a senior position in these investments and the maximum exposure to loss is limited to the carrying value of the investment. The Company does not have the ability to direct the relevant activities of these structured entities and has no exposure to their variable returns, other than the right to receive interest income from these investments. Consequently, the Company does not control these structured entities and does not consolidate them.

Loans – Commercial also include the Company's net investment in finance leases of $519,136 (December 31, 2019 – $486,610, September 30, 2019 – $480,793).

At September 30, 2020, the Company had commitments to fund a total of $2,017,460 (December 31, 2019 – $1,935,712, September 30, 2019 – $2,106,043) loans in the ordinary course of business.

(b) Impaired and past due loans:

Outstanding impaired loans, net of specific allowances are as follows:

	September 30, 2020			December 31, 2019	September 30, 2019
	Gross	Allowance for credit losses	Net	Net	Net
Loans – Retail	$ 45,458	$ 1,698	$ 43,760	$ 48,863	$ 59,372
Loans – Commercial – Conventional and Insured	19,286	215	19,071	45,296	42,343
Loans – Commercial – Finance Leases	30,127	1,996	28,131	23,233	20,708
	$ 94,871	$ 3,909	$ 90,962	$ 117,392	$ 122,423

($ THOUSANDS, EXCEPT SHARE, PER SHARE AND STOCK OPTION AMOUNTS)

Outstanding loans that are past due but not classified as impaired are as follows:

				September 30, 2020[1]
	30 – 59 days	**60 – 89 days**	**90 days or more**	**Total**
Loans – Retail	**$ 83,366**	**$ 17,982**	**$ -**	**$ 101,348**
Loans – Commercial – Conventional and Insured	**671**	**4,145**		**4,816**
Loans – Commercial – Finance Leases	**10,246**	**3,301**	**-**	**13,547**
	$ 94,283	**$ 25,428**	**$ -**	**$ 119,711**

				December 31, 2019
	30 – 59 days	60 – 89 days	90 days or more	Total
Loans – Retail	$ 39,872	$ 16,207	$ -	$ 56,079
Loans – Commercial – Conventional and Insured	8,922	2,760	-	11,682
Loans – Commercial – Finance Leases	16,690	6,213	-	22,903
	$ 65,484	$ 25,180	$ -	$ 90,664

				September 30, 2019
	30 – 59 days	60 – 89 days	90 days or more	Total
Loans – Retail	$ 44,973	$ 15,674	$ -	$ 60,647
Loans – Commercial – Conventional and Insured	5,625	3,678		9,303
Loans – Commercial	8,759	4,849	-	13,608
	$ 59,357	$ 24,201	$ -	$ 83,558

(1) *Loans that have been granted payment deferrals as a result of COVID-19 and do not exhibit other characteristics that indicate a significant increase in credit risk are considered current and not reported as past due or impaired.*

(c) Allowance for credit losses:

				September 30, 2020
	12 months ECL	**Lifetime non-credit impaired**	**Lifetime credit impaired**	
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance, beginning of period	**$ 20,053**	**$ 11,792**	**$ 5,062**	**$ 36,907**
Provision for credit losses:				
Transfers to (from) Stage 1	**8,734**	**(7,898)**	**(836)**	**-**
Transfers to (from) Stage 2	**(8,253)**	**8,732**	**(479)**	**-**
Transfers to (from) Stage 3	**(54)**	**(1,614)**	**1,668**	**-**
Re-measurement[1]	**6,559**	**21,376**	**8,251**	**36,186**
Originations	**8,397**	**-**	**-**	**8,397**
Discharges	**(882)**	**(1,524)**	**-**	**(2,406)**
Write-offs	**-**	**-**	**(8,126)**	**(8,126)**
Realized losses	**-**	**-**	**(1,664)**	**(1,664)**
Recoveries	**-**	**-**	**33**	**33**
Balance, end of period	**$ 34,554**	**$ 30,864**	**$ 3,909**	**$ 69,327**

($ THOUSANDS, EXCEPT SHARE, PER SHARE AND STOCK OPTION AMOUNTS)

				September 30, 2019
	12 months ECL	Lifetime non-credit impaired	Lifetime credit impaired	
	Stage 1	Stage 2	Stage 3	Total
Balance, beginning of period	$ 14,596	$ 9,176	$ 1,526	$ 25,298
Provision for credit losses:				
Transfers to (from) Stage 1	1,042	(548)	(494)	-
Transfers to (from) Stage 2	(601)	723	(122)	-
Transfers to (from) Stage 3	(3)	(16)	19	-
Re-measurement[(1)]	(869)	(192)	2,979	1,918
Originations	1,286	-	-	1,286
Discharges	(155)	(74)	-	(229)
Finance leases	4,663	1,643	5,196	11,502
Write-offs	-	-	(3,579)	(3,579)
Realized losses	-	-	(1,804)	(1,804)
Recoveries	-	-	104	104
Balance, end of period	$ 19,959	$ 10,712	$ 3,825	$ 34,496

(1) *Includes movement as a result of significant increase or decrease in credit risk and changes in credit risk due to model inputs/assumptions that did not result in a transfer between stages.*

The Stage 1 and 2 allowance for credit losses includes allowances on loan commitments amounting to $133 (September 30, 2019 – $128).

(d) Key inputs, assumptions and model techniques:

The Company's allowance for credit losses is estimated using statistical models that involve a large number of inputs and assumptions. The key drivers of the change in the ECL include the following:

- Transfers between stages, due to significant changes in credit risk;
- Changes in forward looking macroeconomic conditions, specifically the macroeconomic variables to which the ECL models are calibrated, which are closely correlated with the credit losses in the relevant portfolios; and
- Changes to the probability weights assigned to each scenario.

In addition, these elements are also subject to a high degree of judgment which could have a significant impact on the level of ACL recognized.

(e) Forward-looking macroeconomic scenarios:

The Company subscribes to Moody's Analytics economic forecasting services and leverages its forward-looking macroeconomic information to model the ECL. The Company considers five economic scenarios: a base-case scenario, one upside and three downside scenarios. Each scenario is assigned a probability weighting, with the base-case scenario receiving the highest weight. The probability-weighted scenarios are incorporated into both measurement of the ECL and assessment of whether the credit risk of an instrument has increased significantly since its initial recognition.

The following table provides the primary macroeconomic variables used in models to estimate the ECL on performing loans:

($ THOUSANDS, EXCEPT SHARE, PER SHARE AND STOCK OPTION AMOUNTS)

	September 30, 2020									
					Downside Scenarios					
	Base-Case Scenario		Upside Scenario		Scenario 1		Scenario 2		Scenario 3	
	Next 12 months	2 to 5 years	Next 12 months	2 to 5 years	Next 12 months	2 to 5 years	Next 12 months	2 to 5 years	Next 12 months	2 to 5 years
Unemployment rate %	**9.6**	**7.3**	**8.9**	**6.7**	**9.9**	**7.9**	**12.1**	**9.3**	**13.0**	**11.2**
Real GDP growth rate %	**0.6**	**3.5**	**3.6**	**3.5**	**(0.3)**	**3.1**	**(5.2)**	**3.9**	**(11.3)**	**5.0**
Home Price Index growth rate %	**(3.5)**	**2.9**	**(2.6)**	**3.4**	**(4.4)**	**2.6**	**(7.1)**	**2.2**	**(8.9)**	**1.3**
Commercial Property Index growth rate %	**(3.7)**	**5.1**	**(0.3)**	**5.5**	**(6.1)**	**5.2**	**(14.5)**	**6.2**	**(20.5)**	**4.7**
Household income growth rate %	**(6.7)**	**1.8**	**(5.4)**	**2.5**	**(7.2)**	**1.0**	**(9.5)**	**0.7**	**(11.6)**	**(0.1)**

	December 31, 2019									
					Downside Scenarios					
	Base-Case Scenario		Upside Scenario		Scenario 1		Scenario 2		Scenario 3	
	Next 12 months	2 to 5 years	Next 12 months	2 to 5 years	Next 12 months	2 to 5 years	Next 12 months	2 to 5 years	Next 12 months	2 to 5 years
Unemployment rate %	5.8	6.1	5.4	5.6	5.9	6.8	6.9	7.9	7.0	9.1
Real GDP growth rate %	2.2	1.6	2.8	2.1	1.6	1.0	(0.6)	1.2	(1.1)	0.2
Home Price Index growth rate %	0.4	1.3	0.9	1.7	(0.4)	0.9	(2.2)	0.3	(3.3)	(1.2)
Commercial Property Index growth rate %	1.4	1.4	3.3	2.0	1.1	0.7	(1.9)	0.6	(3.1)	(0.9)
Household income growth rate %	0.0	0.1	0.0	0.9	(0.4)	(0.6)	(1.2)	(1.2)	(1.1)	(2.6)

	September 30, 2019									
					Downside Scenarios					
	Base-Case Scenario		Upside Scenario		Scenario 1		Scenario 2		Scenario 3	
	Next 12 months	2 to 5 years	Next 12 months	2 to 5 years	Next 12 months	2 to 5 years	Next 12 months	2 to 5 years	Next 12 months	2 to 5 years
Unemployment rate %	5.9	6.1	5.6	5.6	5.9	6.7	6.5	7.9	6.6	9.1
Real GDP growth rate %	2.6	1.6	2.9	2.3	2.3	1.1	0.7	1.0	0.2	(0.1)
Home Price Index growth rate %	0.5	1.4	0.9	2.0	0.1	1.0	(0.8)	0.1	(1.4)	(1.4)
Commercial Property Index growth rate %	3.1	1.3	4.4	2.1	3.0	0.6	0.8	0.1	0.1	(1.5)
Household income growth rate %	(0.0)	0.1	0.1	0.7	(0.2)	(0.3)	(0.7)	(0.6)	(0.7)	(1.5)

(f) Sensitivity of allowance for credit losses:

The ECL is sensitive to the inputs used in internally developed models, macroeconomic variables in the forward-looking forecasts, the probability weightings of our five scenarios, and other factors considered when applying judgment. Changes in these inputs, assumptions, models, and judgments would have an impact on the assessment of credit risk and the measurement of the ECL.

Impact of probability-weighting on ACL

The following table presents a comparison of the Company's ACL using only the base-case scenario and downside scenario instead of the five probability-weighted scenarios for performing loans:

($ THOUSANDS, EXCEPT SHARE, PER SHARE AND STOCK OPTION AMOUNTS)

	September 30, 2020	December 31, 2019	September 30, 2019
ACL – Five probability-weighted scenarios (actual)	**$ 65,418**	$ 31,845	$ 30,671
ACL – Base-case scenario only	**58,880**	30,202	29,701
ACL – Downside scenario 3 only	**119,852**	43,935	37,620
Difference – Actual versus base-case scenario only	**6,538**	1,643	970
Difference – Actual versus downside scenario 3 only	**$ (54,434)**	$ (12,090)	$ (6,949)

Impact of staging on ACL

The following table illustrates the impact of staging on the Company's ACL by comparing the allowance if all performing loans were in Stage 1 to the actual ACL recorded:

	September 30, 2020	December 31, 2019	September 30, 2019
ACL – Loans in Stage 1 and Stage 2 (actual)	**$ 65,418**	$ 31,845	$ 30,671
ACL – Assuming all loans in Stage 1	**60,547**	29,625	29,393
Lifetime ACL impact	**$ 4,871**	$ 2,220	$ 1,278

Note 8 – Derecognition of Financial Assets

In the normal course of business, the Company enters into transactions that result in the transfer of financial assets. Transferred financial assets are recognized in their entirety or derecognized in their entirety, subject to the extent of the Company's continuing involvement. The Company transfers its financial assets through its securitization activities and sale of assets under repurchase agreements. For further details, refer to Note 11 to the audited consolidated financial statements in the Company's 2019 Annual Report.

(a) Transferred financial assets that are not derecognized in their entirety:

The following table provides information on the carrying amount and the fair values related to transferred financial assets that are not derecognized in their entirety and the associated liabilities:

	September 30, 2020		December 31, 2019		September 30, 2019	
	Securitized assets	**Assets sold under repurchase agreements**	Securitized assets	Assets sold under repurchase agreements	Securitized assets	Assets sold under repurchase agreements
Carrying amount of assets	**$ 11,679,535**	**$ 154,364**	$ 10,707,145	$ 507,044	$ 10,351,035	$ 463,071
Carrying amount of associated liability	**11,691,653**	**154,364**	10,706,956	507,044	10,294,459	463,071
Carrying amount, net position	**$ (12,118)**	**$ -**	$ 189	$ -	$ 56,576	$ -
Fair value of assets	**$ 11,935,211**	**$ 154,364**	$ 10,703,277	$ 507,044	$ 10,341,240	$ 463,071
Fair value of associated liability	**12,012,777**	**154,364**	10,718,809	507,044	10,349,407	463,071
Fair value, net position	**$ (77,566)**	**$ -**	$ (15,532)	$ -	$ (8,167)	$ -

The carrying amount of assets includes $57,914 (December 31, 2019 – $167,113, September 30, 2019 – $200,506) of the Company's net investment in finance leases that were securitized and not derecognized. The carrying value of associated liability includes $45,538 (December 31, 2019 – $160,658, September 30, 2019 – $197,025) of liabilities pertaining to finance leases securitized.

($ THOUSANDS, EXCEPT SHARE, PER SHARE AND STOCK OPTION AMOUNTS)

The Company's outstanding securitization liabilities are as follows:

	September 30, 2020	December 31, 2019	September 30, 2019
Securitization principal	**$ 11,705,017**	$ 10,752,193	$ 10,333,173
Deferred net discount and issuance costs	**(43,059)**	(69,265)	(65,631)
Accrued interest	**29,695**	24,028	26,917
	$ 11,691,653	$ 10,706,956	$ 10,294,459

(b) Transferred financial assets that are derecognized in their entirety:

The following table provides quantitative information of the Company's securitization activities and transfers that were derecognized in their entirety during the period:

	September 30, 2020	September 30, 2019
Loans securitized and sold	**$ 833,266**	$ 709,761
Carrying value of Securitization retained interests	**59,736**	40,321
Carrying value of Securitized loan servicing liability	**10,663**	6,390
Gains on loans securitized and sold	**16,976**	7,221
Gains from securitization activities and retained interests	**251**	1,260

Note 9 – Other Assets

	September 30, 2020	December 31, 2019	September 30, 2019
Intangible assets	**$ 67,823**	$ 53,536	$ 51,078
Receivable relating to securitization activities	**43,033**	16,589	18,679
Goodwill	**16,944**	16,944	15,079
Property and equipment	**15,915**	17,754	17,922
Income taxes receivable	**13,626**	-	-
Right-of-use assets	**11,984**	13,554	13,990
Prepaid expenses and other	**8,820**	14,648	13,962
Accrued interest and dividends on non-loan assets	**4,306**	3,008	1,947
Deferred cost – Contingent liquidity facility	**201**	411	481
Real estate owned	**197**	1,551	1,417
Derivative financial instruments:			
Interest rate swaps	**25,808**	14,468	23,026
Total return swaps	**2,491**	6,686	6,594
Bond forwards	**991**	1,939	865
Foreign exchange forwards	**309**	-	
Loan commitments	**-**	-	3,654
	$ 212,448	$ 161,088	$ 168,694

Intangible assets include system and software development costs relating to the Company's information systems.

As at September 30, 2020, the Company evaluated Intangible assets and Goodwill and determined that there were no indicators of impairment.

As at December 31, 2019, Prepaid expenses and other included an amount of $3,100 (September 30, 2019 – $3,100) related to a litigation matter that was identified in 2011. During the first quarter, the Company received an insurance settlement amounting to $4,300 and recorded a gain of $1,127 in Fees and other income.

($ THOUSANDS, EXCEPT SHARE, PER SHARE AND STOCK OPTION AMOUNTS)

The Company has recognized right-of-use assets for its leased office premises located in Toronto, Oakville, Calgary, Montreal and Vancouver, and for its leased data centres as follows:

	September 30, 2020
Carrying amount of right-of-use assets	$ 11,984
Depreciation on right-of-use assets for the period	1,821
Cash outflows for leases	2,305
Interest expense on lease liabilities	548

Note 10 – Deposits

	September 30, 2020	December 31, 2019	September 30, 2019
Term and other deposits	$ 16,372,790	$ 15,231,888	$ 14,904,198
Accrued interest	256,381	241,406	238,819
Deferred deposit agent commissions and issuance costs	(25,993)	(31,087)	(31,069)
	$ 16,603,178	$ 15,442,207	$ 15,111,948

Note 11 – Income Taxes

(a) Income tax provision:

	September 30, 2020	September 30, 2019
Current tax expense:		
Current year	$ 50,099	$ 45,895
Adjustment for prior years	514	66
	50,613	45,961
Deferred tax expense:		
Reversal of temporary differences	2,278	7,205
Adjustment for prior years	(1,235)	(80)
Changes in tax rates	(42)	(400)
	1,001	6,725
Total income tax expense	$ 51,614	$ 52,686

The provision for income taxes shown in the Consolidated Statements of Income differs from that obtained by applying statutory income tax rates to income before provision for income taxes due to the following reasons:

	September 30, 2020	September 30, 2019
Canadian statutory income tax rate	26.4%	26.5%
Increase (decrease) resulting from:		
Tax-exempt income	(1.0%)	(0.7%)
Rate differential	-	(0.2%)
Non-deductible expenses and other	(0.1%)	0.3%
Effective income tax rate	25.3%	25.9%

($ THOUSANDS, EXCEPT SHARE, PER SHARE AND STOCK OPTION AMOUNTS)

(b) Deferred tax liabilities:

Net deferred income tax liabilities are comprised of:

	September 30, 2020	December 31, 2019	September 30, 2019
Deferred income tax assets:			
Tax losses	$ 17,962	$ 11,068	$ 18,154
Allowance for credit losses	11,596	6,657	6,458
Share issue expenses	29	101	125
Net loan fees	-	2,440	-
Other	3,091	2,507	2,669
	32,678	22,773	27,406
Deferred income tax liabilities:			
Securitization activities	47,861	39,907	37,968
Leasing activities	28,586	25,465	32,640
Deposit agent commissions	6,423	7,929	7,936
Intangible costs	1,525	2,222	2,314
Net origination fees	397	-	7,952
Other	3,577	1,939	1,880
	88,369	77,462	90,690
Net deferred income tax liabilities	$ 55,691	$ 54,689	$ 63,284

Note 12 – Other Liabilities

	September 30, 2020	December 31, 2019	September 30, 2019
Accounts payable and accrued liabilities	$ 98,783	$ 86,917	$ 114,202
Loan realty taxes	18,308	50,302	20,599
Securitized mortgage servicing liability	32,631	27,774	27,789
Right-of-use liabilities	13,964	15,478	15,908
Income taxes payable	-	21,120	2,948
Loan Commitments	-	209	-
Derivative financial instruments :			
Interest rate swaps	35,026	4,959	3,998
Total return swaps	19,194	7,083	10,243
Bond forwards	132	-	5,005
	$ 218,038	$ 213,842	$ 200,692

Accounts payable and accrued liabilities include $22,957 (December 31, 2019 – $26,230, September 30, 2019 – $32,549) relating to obligations associated with the purchase of the Maple portfolio in 2016.

($ THOUSANDS, EXCEPT SHARE, PER SHARE AND STOCK OPTION AMOUNTS)

Note 13 – Bank Facilities

(a) Operating credit facility:

The Company has a $35,000 credit facility in place with a major Schedule I Canadian bank. The facility is secured by a portion of the Company's investments in equity securities. There was no outstanding balance on this facility as at September 30, 2020 (December 31, 2019 – $nil, September 30, 2019 – $nil).

(b) Secured funding facilities:

The Company has two credit facilities totaling $600,000 with major Schedule I Canadian banks to finance insured residential loans prior to securitization. The Company also has access to several liquidity facilities sponsored by the Government of Canada, namely the Bank of Canada's Standing Term Liquidity Facility, Emergency Lending Assistance facility, and Contingent Term Repo Facility, as well as Canada Mortgage and Housing Corporation's Insured Mortgage Purchase Program. As at September 30, 2020, the Company had an outstanding balance of $150,261 (December 31, 2019 – $nil, September 30, 2019 – $nil) on these facilities.

(c) Backstop funding facility:

The Company has a secured backstop funding facility of $400,000. The terms of the facility include a 0.55% standby fee on any unused portion of the facility, and an interest rate on the drawn portion of the facility equal to 3 month CDOR + 1.25%. The Company has not made any draws on this facility since its inception.

Note 14 – Stock-Based Compensation

(a) Stock-based compensation plan:

Under the Company's stock option plan, options on common shares are periodically granted to eligible participants for terms of seven years and vest over a four-year period. As at September 30, 2020, the maximum number of common shares authorized for issuance under the plan is 2,000,000. The outstanding options expire on various dates to August 2027. A summary of the Company's stock option activity and related information for the periods ended September 30, 2020 and September 30, 2019 is as follows:

	September 30, 2020		September 30, 2019	
	Number of stock options	**Weighted average exercise price**	Number of stock options	Weighted average exercise price
Outstanding, beginning of period	**577,012**	**$ 60.75**	671,332	$ 52.59
Granted	**105,556**	**90.41**	140,967	68.12
Exercised	**(24,651)**	**47.39**	(166,747)	41.89
Forfeited/cancelled	**(3,151)**	**78.10**	(18,593)	65.60
Outstanding, end of period	**654,766**	**$ 65.95**	626,959	$ 58.54
Exercisable, end of period	**387,618**	**$ 59.89**	331,763	$ 54.07

Under the fair value-based method of accounting for stock options, the Company has recorded compensation expense in the amount of $1,483 (September 30, 2019 – $1,201) related to grants of options under the stock option plan. This amount has been credited to Contributed surplus. The fair value of options granted during the period ended September 30, 2020 was estimated at the date of grant using the Black-Scholes valuation model, with the following assumptions:

($ THOUSANDS, EXCEPT SHARE, PER SHARE AND STOCK OPTION AMOUNTS)

	September 30, 2020	September 30, 2019
Risk-free rate	**1.4%**	1.8%
Expected option life (years)	**4.8**	4.8
Expected volatility	**27.2%**	27.8%
Expected dividends	**1.8%**	1.8%
Weighted average fair value of each option granted	**$ 18.79**	$ 14.99

(b) Other stock based plans:

The Company has an Employee share purchase ("ESP") plan, a Restricted share unit ("RSU" and "PSU") plan for eligible employees, and a Deferred share unit ("DSU") plan for Directors. For details on the plans, refer to Note 20 to the audited consolidated financial statements in the Company's 2019 Annual Report.

Under the DSU plan, the activity for the periods ended September 30, 2020 and September 30, 2019 was as follows:

	September 30, 2020	September 30, 2019
	Number of DSUs	Number of DSUs
Outstanding, beginning of period	**54,237**	42,697
Granted	**11,732**	10,014
Dividends reinvested	**1,031**	780
Paid out	**-**	-
Outstanding, end of period	**67,000**	53,491

The liability associated with DSUs outstanding as at September 30, 2020 was $5,067 (September 30, 2019 – $5,521). Compensation expense, including offsetting hedges, relating to DSUs outstanding during the nine months ended September 30, 2020 amounted to $772 (September 30, 2019 – $793).

Under the Company's RSU and PSU plan, the activity for the periods ended September 30, 2020 and September 30, 2019 was as follows:

	September 30, 2020	September 30, 2019
	Number of RSUs and PSUs	Number of RSUs and PSUs
Outstanding, beginning of period	**86,335**	67,180
Granted	**37,068**	45,241
Dividends reinvested	**2,031**	1,626
Vested and paid out	**(4,848)**	(1,306)
Forfeited/cancelled	**(5,339)**	(4,916)
Outstanding, end of period	**115,247**	107,825

The liability associated with RSUs and PSUs outstanding as at September 30, 2020 was $4,994 (September 30, 2019 – $5,528). Compensation expense, including offsetting hedges, relating to RSUs and PSUs outstanding during the nine months ended September 30, 2020 amounted to $2,684 (September 30, 2019 – $1,401).

($ THOUSANDS, EXCEPT SHARE, PER SHARE AND STOCK OPTION AMOUNTS)

Note 15 – Earnings Per Share

Diluted earnings per share is calculated based on net income available to common shareholders divided by the weighted average number of common shares outstanding during the year, taking into account the dilution effect of stock options using the treasury stock method.

	September 30, 2020	September 30, 2019
Earnings per common share – basic:		
Net income	**$ 152,380**	$ 150,625
Dividends on preferred shares	**3,357**	3,573
Net income available to common shareholders	**$ 149,023**	$ 147,052
Weighted average basic number of common shares outstanding	**16,806,741**	16,643,674
Earnings per common share – basic	**$ 8.87**	$ 8.84
Earnings per common share – diluted:		
Net income available to common shareholders	**$ 149,023**	$ 147,052
Weighted average basic number of common shares outstanding	**16,806,741**	16,643,674
Adjustment to weighted average number of common shares outstanding:		
Stock options	**113,438**	154,909
Weighted average diluted number of common shares outstanding	**16,920,179**	16,798,583
Earnings per common share – diluted	**$ 8.81**	$ 8.75

For the nine month period ended September 30, 2020, the calculation of the diluted earnings per share excluded 155,915 (September 30, 2019 – 154,246) average options outstanding with a weighted average exercise price of $81.54 (September 30, 2019 − $69.47) as the exercise price of these options was greater than the year to date average price of the Company's common shares.

Note 16 – Capital Management

Equitable Bank manages its capital in accordance with guidelines established by OSFI, based on standards issued by the Basel Committee on Banking Supervision. OSFI's Capital Adequacy Requirements ("CAR") Guideline details how Basel III rules apply to Canadian banks. OSFI has mandated that all Canadian-regulated financial institutions meet target Capital Ratios: those being a CET1 Ratio of 7.0%, a Tier 1 Capital Ratio of 8.5%, and a Total Capital Ratio of 10.5%. In order to govern the quality and quantity of capital necessary based on the Bank's inherent risks, Equitable Bank utilizes an Internal Capital Adequacy Assessment Process ("ICAAP").

The Bank's CET1 Ratio was 14.3% as at September 30, 2020, while Tier 1 Capital and Total Capital Ratios were 15% and 15.5% respectively. The Bank's Capital Ratios at September 30, 2020 exceeded the regulatory minimums.

Equitable Bank maintains a Capital Management Policy and an Internal Capital Adequacy Assessment Process to govern the quality and quantity of capital utilized in its operations.

During the period, Equitable Bank complied with all internal and external capital requirements.

($ THOUSANDS, EXCEPT SHARE, PER SHARE AND STOCK OPTION AMOUNTS)

Regulatory capital (relating solely to Equitable Bank) is as follows:

	September 30, 2020	December 31, 2019	September 30, 2019
Common Equity Tier 1 Capital ("CET1"):			
Common shares	**$ 214,980**	$ 213,995	$ 211,528
Contributed surplus	**9,337**	8,065	7,990
Retained earnings	**1,321,847**	1,191,562	1,142,589
Accumulated other comprehensive loss(1)	**(24,643)**	(18,827)	(20,687)
Less: Regulatory adjustments	**(63,276)**	(66,591)	(63,240)
Common Equity Tier 1 Capital	**1,458,245**	1,328,204	1,278,180
Additional Tier 1 capital:			
Non-cumulative preferred shares	**72,554**	72,554	72,554
Tier 1 Capital	**1,530,799**	1,400,758	1,350,734
Tier 2 Capital:			
Eligible stage 1 and 2 allowance	**65,418**	31,844	30,671
Less: Regulatory adjustments	**(17,293)**	-	-
Tier 2 Capital	**48,125**	31,844	30,671
Total Capital	**$ 1,578,924**	$ 1,432,602	$ 1,381,405

(1) *As prescribed by OSFI (under Basel III rules), AOCI is part of CET1 in its entirety, however, the amount of cash flow hedge reserves that relates to the hedging of items that are not fair valued are excluded.*

($ THOUSANDS, EXCEPT SHARE, PER SHARE AND STOCK OPTION AMOUNTS)

Note 17 – Interest Rate Sensitivity

The following table shows the Company's position with regard to interest rate sensitivity of assets, liabilities and equity on the date of the earlier of contractual maturity or re-pricing date, as at September 30, 2020.

								September 30, 2020
	Floating rate	0 to 3 months	4 months to 1 year	Total within 1 year	1 year to 5 years	Greater than 5 years	Non-interest sensitive[1]	Total[1]
Total assets	$ 6,939,545	$ 2,457,939	$ 6,238,287	$ 15,635,771	$ 12,970,530	$ 1,277,392	$ 563,393	$ 30,447,086
Total liabilities and equity[2]	(906)	(10,285,512)	(5,318,842)	(15,605,260)	(11,707,103)	(987,869)	(2,146,854)	(30,447,086)
Off-balance sheet items[3]	-	1,334,692	(1,543,068)	(208,376)	36,017	172,359	-	-
Interest rate sensitive gap	$ 6,938,639	$ (6,492,881)	$ (623,623)	$ (177,865)	$ 1,299,444	$ 461,882	$ (1,583,461)	$ -
Cumulative gap	$ 6,938,639	$ 445,758	$ (177,865)	$ (177,865)	$ 1,121,579	$ 1,583,461	$ -	$ -
Cumulative gap as a percentage of total assets	22.79%	1.46%	(0.58%)	(0.58%)	3.68%	5.20%	-%	-%

								December 31, 2019
	Floating rate	0 to 3 Months	4 months to 1 year	Total within 1 year	1 year to 5 years	Greater than 5 years	Non-interest sensitive[1]	Total[1]
Cumulative gap	$5,914,549	$ (281,201)	$ 481,196	$ 481,196	$ 1,202,821	$ 1,430,531	$ -	$ -
Cumulative gap as a percentage of total assets	20.83%	(0.99%)	1.69%	1.69%	4.24%	5.04%	-%	-%

								September 30, 2019
	Floating rate	0 to 3 months	4 months to 1 year	Total within 1 year	1 year to 5 years	Greater than 5 years	Non-interest sensitive[1]	Total[1]
Cumulative gap	$5,700,295	$ (376,060)	$ 576,138	$ 576,138	$ 1,005,228	$ 1,362,151	$ -	$ -
Cumulative gap as a percentage of total assets	20.69%	(1.37%)	2.09%	2.09%	3.65%	4.95%	-%	-%

(1) *Accrued interest is included in "Non- interest sensitive" assets and liabilities.*
(2) *Cashable GIC deposits are included in the "0 to 3 months" as these are cashable by the depositor upon demand after 30 days from the date of issuance.*
(3) *Off-balance sheet items include the Company's interest rate swaps, hedges on funded assets, as well as mortgage rate commitments that are not specifically hedged. Mortgage rate commitments that are specifically hedged, along with their respective hedges, are assumed to substantially offset.*

SHAREHOLDER AND CORPORATE INFORMATION

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Website
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Toronto Stock Exchange Listings
EQB and EQB.PR.C

Eligible Dividend Designation
The Company designates all common and preferred share dividends paid to Canadian residents as "eligible dividends", as defined in the Income Tax Act (Canada), unless otherwise noted.

Auditors
KPMG LLP
Toronto, Ontario, Canada

Quarterly Conference Call and Webcast
Wednesday, November 4, 2020, 8:30 a.m. EST
Live: 647.427.7450
Replay: 416.849.0833 (code 2647803)
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