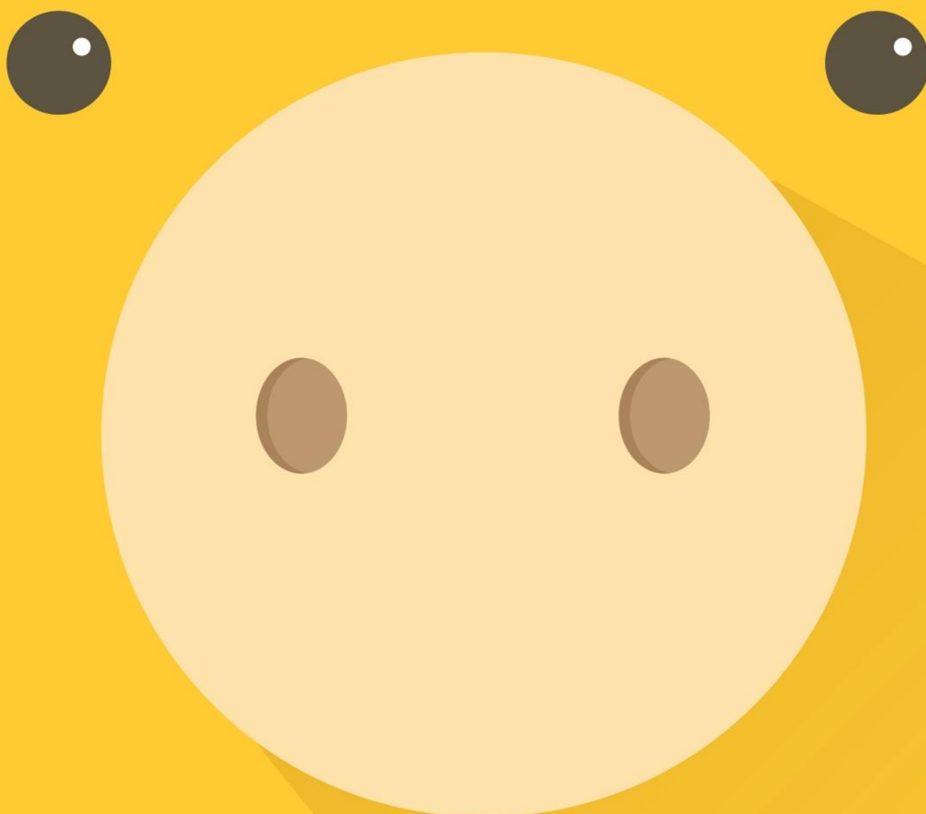
CHALLENGER

THIRD QUARTER REPORT 2018

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018



Equitable

TSX.EQB
EQB.PR.C

EQUITABLE GROUP INC.

TABLE OF CONTENTS

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

For the three and nine months ended September 30, 2018

Management's Discussion and Analysis ("MD&A") is provided to enable readers to assess the unaudited 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, 2018. 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, 2018, 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, 2017, together with accompanying notes. All amounts are in Canadian dollars. This report, and the information provided herein, is dated as at November 8, 2018. The Company's continuous disclosure materials, including interim filings, annual Management's Discussion and Analysis 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.

Effective January 1, 2018, the Company adopted IFRS 9 Financial Instruments ("IFRS 9") issued by the International Accounting Standards Board ("IASB"), which replaced IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). Please refer to Notes 3 and 4 to the interim consolidated financial statements for a summary of the Company's accounting policies as it relates to IFRS 9 and the transitional impact of IFRS 9 on January 1, 2018. We restated the opening retained earnings balance on January 1, 2018 to reflect the impact of the new requirements but did not restate the comparative periods, as permitted by the standard. Therefore, the provision and allowance for credit losses and related ratios for 2018 periods versus the prior year periods are not directly comparable.

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 2018 Highlights", "Business Outlook", "Credit Quality and Allowance for Credit Losses", "Liquidity Investments and Equity Securities", "Capital Management", "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", "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", 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 the 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, 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 mortgage business, a continuation of the current level of economic uncertainty that affects real estate market conditions, 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.

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)] of over $27 billion. We serve retail and commercial customers across Canada with a range of savings solutions and mortgage lending products, offered under the Equitable Bank and *EQ Bank* brands. Measured by assets, Equitable Bank is the ninth largest independent Schedule I Bank in Canada.

Equitable Bank provides mortgage loans to a wide range of customers including business-for-self borrowers, newcomers to Canada and commercial real estate investors. In 2018, as part of its ongoing growth and diversification plan, the Bank introduced a reverse mortgage product for Canadian seniors. The Bank also provides Canadians with various saving options that offer security and attractive interest rates, including Guaranteed Investment Certificates ("GIC"s), High Interest Savings Accounts ("HISA"s), and deposit notes. Equitable operates with a branchless banking model, which allows us to be efficient and to pass on these savings to our customers. We generally serve the market through extensive partnerships with Canada's mortgage brokers, mortgage bankers, deposit agents, investment dealers, and financial planners who provide independent professional advice to their clients. In 2016, Equitable broadened its distribution by launching *EQ Bank*, a digital bank providing attractive deposit products directly to Canadian savers. We intend to continue expanding the range of savings products and services offered through *EQ Bank*, while at the same time maintaining a strong commitment to our broker partners.

VISION AND STRATEGY – *Canada's Challenger Bank™*

Equitable's strategy is to provide exceptional service and clear value to select segments of Canadian consumers under the moniker *Canada's Challenger Bank™*. Although a new concept to Canada, the challenger bank model is entrenched and well understood in many other markets around the world. Challenger banks deliver high returns on equity by driving innovation and improving customer service levels in profitable market segments. As a 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 a focused, efficient service delivery method. We concentrate on segments of the market in which we can improve the banking experience or achieve a sustainable competitive advantage.

For further information on Equitable's vision and strategy, culture and values, capabilities, business lines, and key performance indicators please refer to our 2017 annual Management's Discussion and Analysis.

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

FINANCIAL OVERVIEW

Table 1: Selected financial information

($ THOUSANDS, EXCEPT SHARE, PER SHARE AMOUNTS AND PERCENTAGES)	Three months ended					Nine months ended		
	Sep 30, 2018[1]	Jun 30, 2018[1]	% Change	Sep 30, 2017	% Change	**Sep 30, 2018[1]**	Sep 30, 2017	% Change
RESULTS OF OPERATIONS								
Net income	**$ 47,806**	$ 37,537	27%	$ 37,869	26%	**$ 125,510**	$ 120,171	4%
Net income available to common shareholders	**46,615**	36,346	28%	36,678	27%	**121,937**	116,598	5%
Net interest income	**93,024**	79,496	17%	71,964	29%	**253,790**	228,665	11%
Total revenue	**232,410**	214,958	8%	189,290	23%	**648,154**	553,840	17%
EPS – basic	**2.82**	2.20	28%	2.23	26%	**7.38**	7.08	4%
EPS – diluted	**2.80**	2.19	28%	2.21	27%	**7.33**	7.03	4%
ROE[2]	**15.9%**	13.0%	2.9%	14.4%	1.5%	**14.4%**	16.1%	(1.7%)
Return on average assets[2]	**0.8%**	0.7%	0.1%	0.8%	-%	**0.8%**	0.8%	-%
NIM – TEB – total assets[2]	**1.69%**	1.51%	0.18%	1.47%	0.22%	**1.59%**	1.58%	0.01%
Efficiency Ratio – TEB[2][3]	**36.3%**	42.9%	(6.6%)	37.4%	(1.1%)	**38.9%**	36.6%	2.3%
BALANCE SHEET								
Total assets	**23,147,614**	21,944,721	5%	20,221,205	14%			
Assets Under Management	**27,495,398**	26,142,735	5%	24,274,172	13%			
Mortgages receivable	**21,671,338**	20,455,377	6%	18,787,348	15%			
Mortgages Under Management ("MUM")[2]	**25,935,686**	24,568,457	6%	22,753,938	14%			
Shareholders' equity	**1,259,875**	1,212,952	4%	1,098,325	15%			
CREDIT QUALITY								
Provision for credit losses	**517**	168	208%	40	1,193%	**1,455**	1,156	26%
Provision for credit losses – rate	**0.01%**	0.003%	0.01%	0.001%	0.01%	**0.01%**	0.01%	-%
Net impaired mortgages as a % of total mortgage assets[4]	**0.16%**	0.13%	0.03%	0.13%	0.03%			
Allowance for credit losses as a % of total mortgage assets	**0.11%**	0.12%	(0.01%)	0.18%	(0.07%)			
SHARE CAPITAL								
Common shares outstanding	**16,553,113**	16,520,618	0%	16,479,034	0%			
Book value per common share[2][5]	**71.73**	69.03	4%	62.25	15%			
Common share price – close	**68.87**	59.56	16%	56.00	23%			
Common share market capitalization	**1,140,013**	983,968	16%	922,826	24%			
EQUITABLE BANK CAPITAL RATIOS[2]								
CET1 Ratio	**13.8%**	14.3%	(0.5%)	14.8%	(1.0%)			
Tier 1 Capital Ratio	**14.7%**	15.3%	(0.6%)	15.8%	(1.1%)			
Total Capital Ratio	**15.0%**	15.6%	(0.6%)	17.2%	(2.2%)			
Leverage Ratio	**5.3%**	5.4%	(0.1%)	5.3%	-%			

(1) *Effective January 1, 2018, the amounts and ratios have been prepared in accordance with IFRS 9. Prior year period comparatives were prepared in accordance with IAS 39 and have not been restated. As a result, current year disclosures are not directly comparable to prior year periods.*

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

(3) *Increases in this ratio reflect reduced efficiencies, whereas decreases reflect improved efficiencies.*

(4) *Effective January 1, 2018, as a result of adoption of IFRS 9, net impaired mortgages have been revised to include all mortgages that are in arrears 90 days or more and reflect gross impaired mortgage assets less stage 3 allowances. Prior period net impaired mortgages are presented under IAS 39 and do not include insured mortgages that are less than 365 days in arrears. Prior period net impaired mortgages equals gross impaired mortgage assets less individual allowances.*

(5) *The adoption of IFRS 9 resulted in a $0.42 increase in our book value per common share as at January 1, 2018.*

Q3 2018 HIGHLIGHTS

PERFORMANCE AGAINST STRATEGIC PRIORITIES

Equitable produced record quarterly earnings and a strong ROE in Q3 2018, primarily due to an increase in Net interest income ("NII") and diversified asset growth, as well as a reduction in the size and costs of our secured backstop funding facility. EPS for the quarter was $2.80, $0.35 higher than the EPS of $2.45 recorded in Q2 2018, adjusted for the write-down of $5.9 million of unamortized upfront costs associated with the reduction of the secured backstop funding facility last quarter. ROE was still below its 10-year average of 17.2%, but increased by 1.4 and 1.5 percentage points compared to Q2 (adjusted) and the same quarter of last year, respectively. The growth in our assets and the credit quality of our mortgage book continues to exceed our expectations and we are increasingly optimistic about the remainder of 2018.

During this quarter, Equitable's results continued to be affected by the liquidity actions we took last year, although the impact has decreased from prior periods as a result of our decision in Q2 2018 to reduce the size of our secured backstop funding facility. These liquidity management costs, net of the associated funding cost benefits, reduced EPS and ROE in Q3 2018 by approximately $0.10 and 0.6 percentage points respectively (Q2 2018 – $0.25 and 1.4 percentage points, Q3 2017 – $0.42 and 2.7 percentage points).

Our key financial and operating metrics point to strength in business fundamentals and we continued to deliver on our key strategic objectives:

Strategic Objectives for 2018	Accomplishments
Grow our existing businesses through superior service	• Grew our Alternative Single Family assets by 13% over Q3 2017 • Recognized as best alternative lender in 5 categories in the Mortgage Professionals 12th annual broker survey • Grew our Commercial Lending portfolio by 27% over the prior year and achieved record quarterly originations of $562 million
Build *EQ Bank* into Canada's leading digital banking platform	• Grew *EQ Bank* deposit balances to almost $2.1 billion, an increase of 31% from Q3 of last year • Redesigned and enhanced our mobile app in preparation for a Q4 launch
Leverage our capabilities and balance sheet to diversify into adjacent markets	• Continued to build mortgage broker awareness of the *PATH Home Plan™* reverse mortgage product and refined our offering in response to market feedback • Launched a business to fund other specialty lenders operating in attractive markets, further diversifying our Commercial Lending operations
Maintain a disciplined approach to capital management and a low risk profile	• Maintained an average loan-to-value ratio of 64% on our uninsured residential mortgage portfolio, compared to 64% in Q2 2018 and 61% in Q3 2017 • Recorded a provision for credit losses of $0.5 million or 1 bp of average loan balances(1) • Reported a CET1 Ratio of 13.8%, which was well ahead of the regulatory minimum and most competitive benchmarks • Declared a common share dividend of $0.28 per share in November, which was 12% higher than the declaration in November 2017
Strengthen our key capabilities	• Rebranded Equitable to highlight our focus on top-tier service, commitment to innovation, and novel approach to banking as *Canada's Challenger Bank™* • Received Canada's Best Employer Platinum Award for 2019 by AON for the third consecutive year

(1) Provision for credit losses and related ratio for Q3 2018 were prepared in accordance with IFRS 9.

ITEMS OF NOTE

Q3 2018 financial results were impacted by the following item:

- $2.8 million of pre-tax fair value gains on derivative financial instruments related to securitization activities.

Q2 2018 financial results were impacted by the following item:

- $5.9 million pre-tax write-down of unamortized up-front costs associated with the size reduction of our secured backstop funding facility.

Q3 2017 financial results were impacted by the following item:

- $1.5 million of pre-tax fair value gains on derivative financial instruments related to securitization activities.

DIVIDENDS

On November 8, 2018, the Company's Board of Directors declared a quarterly dividend in the amount of $0.28 per common share, payable on January 3, 2019, to common shareholders of record at the close of business on December 14, 2018. This dividend represents a 12% increase over dividends declared in November 2017.

In addition, on November 8, 2018, the Company's Board of Directors declared a quarterly dividend in the amount of $0.396875 per preferred share, payable on December 31, 2018, to preferred shareholders of record at the close of business on December 14, 2018.

BUSINESS OUTLOOK

Equitable expects 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. Our asset quality remains high and our diversified business model presents profitable growth opportunities. We expect earnings to continue increasing and our ROE to be in the range of 15% in the fourth quarter as a result of our growing loan portfolio and stable margins. ROE will be below our 10-year average of 17.2% due to ongoing costs associated with successfully navigating through funding market disruptions that occurred in 2017 (see the Company's Q1 and Q2 2017 MD&As), our high level of common equity capital, and investments that we are making in key strategic initiatives. To the extent that the Bank has excess equity capital, and we do not identify profitable asset growth opportunities against which to deploy that capital, we will take actions to adjust our equity base such as initiating a stock buyback program.

The backstop liquidity facility that we obtained from a syndicate of Canada's big-6 banks last year matures in June 2019. We reduced the size of the facility from $2 billion to $850 million last quarter because of stability in the funding markets and other actions that we took to reinforce our liquidity profile. In advance of the 2019 maturity, our management and Board will work with other stakeholders to determine the optimal contingent liquidity risk management strategy for Equitable and the future of the backstop facility.

Asset Growth

The Bank operates lending businesses across a wide spectrum of secured real estate assets. This diversification improves our long–term growth potential, reduces our risk profile, and increases the depth of our relationships with our customers and distribution partners.

As a result of our continued emphasis on service quality and despite recent regulatory changes, we expect that Mortgages Under Management ("MUM")[(1)] will continue to grow in the fourth quarter of 2018. Our growth expectations for individual asset categories are described in detail below.

(1) *When discussing performance of our businesses, we generally refer to Mortgages Under Management rather than balance sheet assets because some of our securitized mortgages have been derecognized. In the opinion of management, MUM is a better indicator of the performance of our franchise.*

Our outlook on Alternative Single Family portfolio growth has improved since the beginning of the year; we now expect growth of 11% to 13% for 2018, up from the low single-digit growth rate we had expected heading into the year. Retention levels and originations have both been higher than anticipated. Originations are still slightly below last year's levels, which is a function of lower activity in real estate markets and constraints on lending activity caused by changes to B-20.

As the growth rate of Single Family has declined from prior years we have deployed more capital into Commercial Lending, reflecting the value of our diversified business model. We have deep expertise in Commercial Lending and believe we are growing this portfolio within our risk appetite.

Summary of Expectations for Mortgage Portfolio Growth for Q4 2018

Portfolio	Expectations[(1)]	Rationale and Assumptions[(1)]
Forecasting asset growth remains challenging given the magnitude of recent regulatory changes and competitive shifts. The outlook and comments below reflect our current views and are subject to change over time.		
Core Lending: Alternative Single Family	• Assets grow at year-over-year rates of between 11% and 13%	• Overall housing market activity and prices will be stable in most markets, notwithstanding the effects of normal seasonality • Originations will be lower than in 2017 due to market activity, the updated B-20 standards, and rising interest rates • Portfolio growth is helped by higher renewal rates and lower prepayments, which result partly from the changes to B-20 • Employment is stable and overall economic growth remains positive • Our current sources of funding continue to deliver sufficient volumes to profitably support this level of growth
Core Lending: Commercial	• Assets grow at year-over-year rates of between 20% and 25%	• The market continues to present quality opportunities and the competitive environment remains stable • Quarterly originations are below the record levels achieved in Q3 2018 • Attrition rates are slightly higher than Q3 levels
Securitization Financing: Prime Single Family	• Growth in assets is above 20%	• The economy and housing market perform as indicated above for Alternative Single Family • Market-wide insured prime mortgage origination trends will be consistent with recent quarters • Portfolio growth will be fueled by the approximately $400 million of mortgages that we source through a leading originator • Recently originated Prime mortgages will not contribute meaningfully to near-term profitability due to their narrow spreads
Securitization Financing: CMHC Multi-Unit Residential ("Multi")	• Balance sheet assets and MUM grow at rates in the high-single digits	• We will use our fixed rate CMB capacity (approximately $350 million to $400 million per quarter) for Multi renewals and originations • We will derecognize in the range of $150 million to $200 million of securitized Multis each quarter

(1) *All growth rates listed in this table are with reference to the prior year unless noted otherwise.*

The Bank may not realize the expected asset growth rates indicated in the table above if business or competitive conditions, funding availability, the regulatory environment, the housing market, or general economic conditions change, or if any of the other assumptions outlined in the table do not materialize in the amount or within the timeframes specified.

Revenue

Management believes that NII for the last quarter of 2018 will increase at year-over-year rates between 18% and 20%. Quarterly NIM may fluctuate and differ from our expectations due to mortgage prepayment income volatility and other factors such as seasonal variations in our liquidity holdings.

Summary of Expectations for Key Revenue Drivers for Q4 2018

Driver	Expectations	Rationale and Assumptions
NIM: **Core Lending**	• Will be in the range of 2.40% to 2.45%	• Our remaining $850 million backstop facility will cost us $2.2 million and have a negative 6 bp effect on NIM in Q4 • Market conditions will cause Single Family originations to shift to higher credit quality loans with lower margins • Spreads on Single Family originations and renewals will still be in-line with the NIM of our existing portfolio • Margins on Commercial assets continue to be slightly above the NIM of the existing portfolio • The latest B-20 changes and rising interest rates will cause early discharges and prepayment income to remain low • The overall portfolio shifts more towards higher spread commercial assets due to the growth rate of that business
NIM: **Securitization Financing**	• Will be in the range of 18 bps to 20 bps	• Margins on new and renewed Multis are consistent with recent levels • Prepayment income on Multis is down from prior years due to lower discharge activity, which compresses overall margins • Prime Single Family margins will remain very low for the remainder of 2018 due to the competitive environment
NIM: **Total**	• Will be in the range of 1.60% to 1.65%	• NIM within each business unit is stable • Overall weighted average NIM declines relative to Q3 2018 due to the shift in asset mix towards our lower margin Securitization portfolio
Income from NHA-MBS Successor Issuer Rights	• Will be approximately $1 million	• The assets underlying this revenue stream continue to amortize as expected through 2020

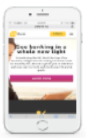
Non-Interest Expenses

We anticipate that in the last quarter of 2018 non-interest expenses will increase at year-over-year rates slightly higher than the growth rate of our assets, as we continue to make investments that build the Bank's franchise and reinforce our high level of customer service.

The Bank will continue to operate efficiently on both an absolute and relative basis compared to most other financial institutions due to our branchless business model. We expect that our Efficiency Ratio in Q4 will be in the high 30 percent range.

Strategic Initiatives

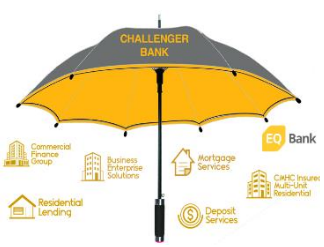
As *Canada's Challenger Bank™*, we will continue to pursue a range of strategic initiatives. These initiatives may reduce earnings in the near-term with the goal of building a foundation for growth and productivity that will benefit our shareholders over a longer horizon. We are focused on furthering our Challenger Bank position by enhancing our service levels, building our digital banking platform, improving the sophistication of our capital management framework, and diversifying our balance sheet.



We aim to grow in our Core Lending businesses by providing the best service in our chosen markets and will invest to deliver on that objective. For example, we recently established three programs to finance other specialty lenders' activities in attractive markets such as equipment leasing. These programs allow us to gain experience with other asset classes in which we believe we can build scale businesses over time. In addition, we began lending on CMHC-insured construction projects in the quarter and have underwritten almost $150 million of volume to date.

We plan to continually enhance the functionality of the *EQ Bank* platform and to release new products and services over time. We recently launched a new mobile app to improve customer experience and introduce new functionality such as biometric authentication. Earlier this year, we introduced GICs on the *EQ Bank* platform so that we could offer a broader range of savings products to our customers and extend the average term of our deposits. Growth of these direct-to-consumer retail accounts will be an enabler of our asset growth and a critical tool in managing our liquidity risk.

We continue to advance our AIRB initiative with the objective of operationalizing the program by the end of 2020. Although we will likely benefit from upcoming revisions to the standardized approach, we still intend to pursue AIRB as it will improve the sophistication of our risk management tools and make us more competitive across a broader range of asset classes.



We continually assess opportunities to diversify our business and solidify our position as *Canada's Challenger Bank™*. Our intention is to enter new businesses gradually with a bias toward organic growth in order to minimize operational risk, thereby building scale over a period of several years. Where required, we will also continue to collaborate with partners, including many well-known Fintech companies, to accelerate this growth.

We launched our reverse mortgage business in January under the *PATH Home Plan™* brand and it is an example of the asset diversification involved in our Challenger Bank strategy. Reverse mortgages are widely used in other countries and serve the growing Canadian demographic of seniors who want to continue living in their homes while accessing some of the underlying equity value. We do not expect this business to make a material contribution to our earnings in 2018 but it should create meaningful shareholder value and diversification benefits over time.

Recently, we committed to invest in a new Portag3 Ventures fund, furthering our role as *Canada's Challenger Bank™* by supporting the fintech ecosystem and building strategic partnerships with these businesses as they scale and flourish. We believe that investing in this way allows start-ups and incumbents, such as Equitable Bank, to work together and learn from each other in a symbiotic relationship.

Funding

We believe that our current sources of funding – most notably brokered term deposits and *EQ Bank* – will be adequate to support our asset growth going forward. Our deposit balances have grown steadily since the middle of 2017 and we believe this trend will continue for the foreseeable future. We have also taken actions to strengthen our liquidity position such as increasing the size of our liquidity portfolio, reducing our exposure to brokered demand deposits, and extending the duration of our deposit base.

Management will continue to look for opportunities to diversify the Bank's funding profile for risk management purposes. For example, we have applied to OSFI seeking approval to incorporate a new trust company subsidiary. This initiative would further the Company's ability to pursue its business diversification strategy and would also create a new issuer of deposits that are eligible for insurance through the Canada Deposit Insurance Corporation. These and other new funding sources may eventually be required to deliver on the Company's longer-term growth aspirations.

Credit Quality

Management consistently manages credit risk through the application of our prudent lending practices. As a result, we expect our arrears rates and credit loss provisions to be low for the remainder of 2018, assuming that Canadian economic conditions stay within the range of broad market expectations. Arrears rates have been unusually low in recent quarters and we believe that they are likely to increase from those levels. If actual economic conditions are worse than market expectations, losses and arrears may increase, but should still remain within our risk tolerance.

Recent economic data supports our view that risk in the Canadian residential real estate market has decreased. Most major urban centres are demonstrating price stability as well as balanced supply and demand dynamics. Nonetheless, we believe that risks still exist and we are actively monitoring market activity. Our prudent risk appetite and approach to lending should allow us to effectively manage through any negative changes in market conditions. For example, Equitable's low loan-to-value ratios ("LTVs") on its uninsured mortgages are designed to protect the Bank in the event of a softening real estate market and escalating borrower defaults caused by higher levels of unemployment. The weighted average LTV of 64% on our uninsured residential mortgage portfolio offers us protection against a significant decrease in house prices.

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, 2018[1]	Jun 30, 2018[1]	% Change	Sep 30, 2017	% Change	Nine months ended Sep 30, 2018[1]	Sep 30, 2017	% Change
Net income	**$ 47,806**	$ 37,537	27%	$ 37,869	26%	**$ 125,510**	$ 120,171	4%
EPS – diluted	**2.80**	2.19	28%	2.21	27%	**7.33**	7.03	4%
Net interest income	**93,024**	79,496	17%	71,964	29%	**253,790**	228,665	11%
Provision for credit losses	**517**	168	208%	40	1,193%	**1,455**	1,156	26%
Non-interest expenses	**37,797**	38,523	(2%)	31,642	19%	**110,130**	95,957	15%

(1) *Effective January 1, 2018, the amounts have been prepared in accordance with IFRS 9. Prior year period comparatives were prepared in accordance with IAS 39 and have not been restated. As a result, current year disclosures are not directly comparable to prior year periods.*

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

($ THOUSANDS, EXCEPT PERCENTAGES)	Three months ended Sep 30, 2018 Revenue/ Expense	Sep 30, 2018 Average rate[1]	Jun 30, 2018 Revenue/ Expense	Jun 30, 2018 Average rate[1]	Sep 30, 2017 Revenue/ Expense	Sep 30, 2017 Average rate[1]	Nine months ended Sep 30, 2018 Revenue/ Expense	Sep 30, 2018 Average rate[1]	Sep 30, 2017 Revenue/ Expense	Sep 30, 2017 Average rate[1]
Core Lending:										
Revenues derived from:										
Mortgages	**$ 164,775**	**4.89%**	$ 153,523	4.78%	$ 129,372	4.47%	**$ 461,413**	**4.78%**	$ 376,934	4.49%
Liquidity investments	**3,475**	**1.50%**	2,660	1.17%	2,089	0.93%	**8,670**	**1.27%**	5,090	0.84%
Equity securities – TEB[2]	**2,058**	**5.61%**	2,052	5.80%	1,402	5.92%	**5,529**	**5.66%**	4,660	6.09%
	170,308	**4.68%**	158,235	4.56%	132,863	4.23%	**475,612**	**4.56%**	386,684	4.26%
Expenses related to:										
Deposits and bank facilities	**69,909**	**2.38%**	62,479	2.24%	50,516	2.06%	**188,727**	**2.26%**	139,858	2.01%
Secured backstop funding facility[3]	**2,289**	**N/A**	10,999	N/A	5,425	N/A	**18,580**	**N/A**	6,803	N/A
Debentures	**-**	**N/A**	-	N/A	950	5.80%	**-**	**N/A**	2,850	5.86%
Securitization liabilities	**8,757**	**2.32%**	7,807	2.16%	8,089	1.86%	**24,498**	**2.18%**	21,309	1.70%
	80,955	**2.44%**	81,285	2.58%	64,980	2.24%	**231,805**	**2.45%**	170,820	2.07%
Net interest income – TEB	**89,353**	**2.47%**	76,950	2.21%	67,883	2.17%	**243,807**	**2.33%**	215,864	2.37%
Taxable Equivalent Basis – adjustment	**(577)**		(553)		(402)		**(1,503)**		(1,284)	
Core Lending	**$ 88,776**		$ 76,397		$ 67,481		**$ 242,304**		$ 214,580	
Securitization Financing:										
Revenues derived from:										
Mortgages	**$ 50,701**	**2.69%**	$ 46,063	2.60%	$ 43,368	2.54%	**$ 141,640**	**2.63%**	$ 133,480	2.56%
Liquidity investments	**1,504**	**3.01%**	1,504	2.35%	1,272	1.42%	**4,278**	**2.51%**	2,436	1.21%
	52,205	**2.70%**	47,567	2.59%	44,640	2.48%	**145,918**	**2.62%**	135,916	2.51%
Expenses related to:										
Securitization liabilities	**38,824**	**2.49%**	37,018	2.45%	35,558	2.36%	**111,470**	**2.45%**	108,650	2.38%
Deposits and secured funding facility	**9,133**	**2.58%**	7,450	2.63%	4,599	1.85%	**22,962**	**2.53%**	13,181	1.74%
	47,957	**2.50%**	44,468	2.48%	40,157	2.29%	**134,432**	**2.46%**	121,831	2.29%
Securitization Financing	**$ 4,248**	**0.23%**	$ 3,099	0.17%	$ 4,483	0.25%	**$ 11,486**	**0.20%**	$ 14,085	0.26%
Total interest earning assets – TEB	**$ 93,601**	**1.69%**	$ 80,049	1.51%	$ 72,366	1.47%	**$ 255,293**	**1.59%**	$ 229,949	1.58%

(1) *Average rates are calculated based on the daily average balances outstanding during the period.*
(2) *See Non-Generally Accepted Accounting Principles Financial Measures section of this MD&A.*
(3) *Since its establishment in June 2017, there have been no draws on the secured backstop funding facility.*

Q3 2018 v Q3 2017

NII grew 29% from the same quarter of last year as a result of a 13% increase in our average asset balances and a 22 bp increase in our overall NIM. The increase in Total NIM was largely the result of lower liquidity action costs during the quarter and higher spreads in our Commercial business.

Table 4(a): Factors affecting Q3 2018 v Q3 2017 NIM

	Impact (in bps)	**Drivers of change**
Core Lending NIM:		
Liquidity actions initiated in Q2 2017	23	• Lower fees associated with our secured backstop funding facility • Lower net insurance premium amortization related to the $892 million of Alternative Single Family mortgages insured in May 2017
Rates/spread[(1)]	8	• Higher spreads within our Commercial portfolios
Asset mix	4	• Increase in the relative size of our higher yielding equity securities • Decrease in the relative level of our low yielding liquidity portfolio • Shift towards our higher yielding Commercial Lending business
Funding mix	2	• Redemption of our higher rate Series 10 debentures last October • Growth of our *EQ Bank* deposit product, *offset by:* • Decrease in our low rate brokered HISA
Mortgage prepayment income	(7)	• Reduced levels of early discharges in Single Family Lending
Change in Core Lending NIM	30	
Securitization Financing NIM:		
Asset mix	2	• Reduction in the relative size of our lower yielding liquidity investments
Mortgage prepayment income	1	• Mortgage prepayment income on larger multi-unit residential mortgages is inherently volatile and the impact on NIM can vary quarter to quarter
Funding mix	(5)	• Greater volume of mortgages funded with higher cost deposits prior to securitization
Change in Securitization NIM	(2)	
Change in Total NIM[(2)]	22	

(1) *The rate effect is calculated after adjusting for the impact of asset and funding mix changes.*
(2) *Change in total NIM does not necessarily equal the sum of change in Core Lending and Securitization Financing NIMs for several reasons, including asset mix shifts between the two mortgage portfolios.*

Q3 2018 v Q2 2018

NII increased 17% from last quarter as a result of an 18 bp increase in overall NIM and a 5% increase in average assets. The rise in NIM was primarily the result of the write-down of upfront costs associated with the reduction of our secured backstop funding facility in Q2 2018.

Table 4(b): Factors affecting Q3 2018 v Q2 2018 NIM

	Impact (in bps)	**Drivers of change**
Core Lending NIM:		
Backstop funding facility write-down	17	• The $5.9 million write-down of unamortized upfront costs associated with the reduction of our secured backstop funding facility in Q2 2018
Liquidity actions initiated in Q2 2017	9	• Lower fees associated with our downsized secured backstop funding facility
Asset mix	3	• Decrease in the relative level of our low yielding liquidity investments • Shift towards our higher yielding Commercial Lending business
Funding mix	1	• Increase in our low rate brokered HISA • Growth of our *EQ Bank* deposit product
Rates/spreads(1)	(2)	• Lower spreads within our Single Family portfolios, *offset by:* • Higher spreads in our Commercial Lending business
Mortgage prepayment income	(2)	• Lower levels of early discharges in Single Family Lending
Change in Core Lending NIM	26	
Securitization Financing NIM:		
Mortgage prepayment income	4	• Mortgage prepayment income on larger multi-unit residential mortgages is inherently volatile and the impact on NIM can vary quarter to quarter
Asset mix	1	• Decrease in the relative size of our lower yielding liquidity investments
Funding mix	1	• Greater volume of mortgages funded with lower cost securitization liabilities
Change in Securitization NIM	6	
Change in Total NIM(2)	18	

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

(2) *Change in total NIM does not necessarily equal the sum of change in Core Lending and Securitization Financing NIMs for several reasons, including asset mix shifts between the two mortgage portfolios.*

YTD 2018 v YTD 2017

NII grew by 11% from the same period of last year primarily because of 10% growth in our average assets and a NIM that is consistent year-over-year.

Table 4(c): Factors affecting YTD 2018 v YTD 2017 NIM

	Impact (in bps)	Drivers of change
Core Lending NIM:		
Liquidity actions initiated in Q2 2017	4	• Lower net insurance premium amortization related to the $892 million of Alternative Single Family mortgages insured in May 2017, *offset by:* • Fees associated with our secured backstop funding facility (excluding the $5.9 million write-down)
Rates/spreads[1]	3	• Higher spreads within both our Single Family and Commercial portfolios
Funding mix	3	• Redemption of our higher rate Series 10 debentures last October • Growth of our *EQ Bank* deposit product, *offset by:* • Decrease in our low rate brokered HISA
Asset mix	(1)	• Shift towards our lower yielding but higher ROE Single Family business
Backstop funding facility write-down	(6)	• The $5.9 million write-down of unamortized upfront costs associated with the reduction of our secured backstop funding facility in Q2
Mortgage prepayment income	(7)	• Reduced levels of early discharges in Single Family Lending
Change in Core Lending NIM	(4)	
Securitization Financing NIM:		
Asset mix	1	• Reduction in the relative size of our lower yielding liquidity investments
Mortgage prepayment income	(1)	• Mortgage prepayment income on larger multi-unit residential mortgages is inherently volatile and the impact on NIM can vary quarter to quarter
Funding mix	(6)	• Greater volume of mortgages funded with higher cost deposits prior to securitization
Change in Securitization NIM	(6)	
Change in Total NIM[2]	1	

(1) The rate effect is calculated after adjusting for the impact of asset and funding mix changes.
(2) Change in total NIM does not necessarily equal the sum of change in Core Lending and Securitization Financing NIMs for several reasons, including asset mix shifts between the two mortgage portfolios.

PROVISION FOR CREDIT LOSSES

Table 5: Provision for credit losses

($ THOUSANDS, EXCEPT PERCENTAGES)	Three months ended					Nine months ended		
	Sep 30, 2018[(1)]	Jun 30, 2018[(1)]	% Change	Sep 30, 2017	% Change	**Sep 30, 2018[(1)]**	Sep 30, 2017	% Change
Stage 3 provision (individual provision under IAS 39)	**$ 267**	$ 695	(62%)	$ 40	568%	**$ 1,313**	$ 1,156	14%
Stage 1 and 2 provision (collective provision under IAS 39)	**250**	(527)	147%	-	N/A	**142**	-	N/A
Provision for credit losses	**$ 517**	$ 168	208%	$ 40	1,193%	**$ 1,455**	$ 1,156	26%
Provision for credit losses – rate	**0.01%**	0.003%	0.01%	0.001%	0.01%	**0.01%**	0.01%	-%
Allowance for credit losses	**24,930**	24,684	1%	33,545	(26%)			

(1) *Effective January 1, 2018, the amounts and ratios have been prepared in accordance with IFRS 9. Prior year period comparatives were prepared in accordance with IAS 39 and have not been restated. As a result, current year disclosures are not directly comparable to prior year periods.*

The credit quality of our mortgage portfolio remained strong in Q3 2018. Our provision for credit losses during the third quarter was $0.5 million, $0.3 million above the prior quarter and $0.5 million higher than the same quarter of 2017.

Relative to average mortgage principal outstanding during the period, the provision for credit losses was 1 bp, consistent with historical averages but slightly higher than the abnormally low levels experienced in Q2 2018 and Q3 2017. Based on our normal extensive review of mortgage assets and credit allowances, management concluded that this level of provision would maintain allowances at an appropriate level.

The provision for credit losses represents management's best estimate of changes in required allowance during the period. The amount of provision may vary from period to period based on impaired loan balances, the credit quality of our unimpaired loans, estimates of the likely credit losses on all loans, and both current and forward looking economic conditions. The provision does not represent the aggregate amount that we have reserved to absorb losses: the aggregate amount of reserves is represented by the allowance for credit losses on our consolidated interim balance sheet. The allowance was $24.9 million or 11 bps of total mortgage assets as at September 30, 2018, which is in excess of our 10 year average annual loss rate of 4 bps.

OTHER INCOME

Table 6: Other income

($ THOUSANDS)	Three months ended					Nine months ended		
	Sep 30, 2018[(1)]	Jun 30, 2018[(1)]	% Change	Sep 30, 2017	% Change	**Sep 30, 2018[(1)]**	Sep 30, 2017	% Change
Fees and other income:								
Fees and other income	**$ 3,798**	$ 5,071	(25%)	$ 4,839	(22%)	**$ 12,949**	$ 14,727	(12%)
Income from successor issuer activities	**1,045**	1,476	(29%)	2,653	(61%)	**3,818**	7,422	(49%)
Net gain (loss) on investments	**131**	138	(5%)	(100)	231%	**(101)**	(888)	89%
Securitization activities:								
Gains on securitization and income from retained interests	**2,716**	2,685	1%	3,304	(18%)	**7,837**	10,477	(25%)
Fair value gains on derivative financial instruments	**2,784**	339	721%	1,493	86%	**3,624**	786	361%
Total	**$ 10,474**	$ 9,709	8%	$ 12,189	(14%)	**$ 28,127**	$ 32,524	(14%)

(1) *Effective January 1, 2018, the amounts and ratios have been prepared in accordance with IFRS 9. Prior year period comparatives were prepared in accordance with IAS 39 and have not been restated. As a result, current year disclosures are not directly comparable to prior year periods.*

Q3 2018 v Q3 2017

Other income decreased compared with Q3 2017, mainly due to:

- Reduced Income from successor issuer activities, representing income earned from certain Maple Assets and which is expected to be recurring on a diminishing basis through 2020;
- Lower Fees and other income, mainly resulting from lower gains on sale of foreclosed assets and a change in the amortization period and categorization of certain fees; and
- A decrease in Gains on securitization and income from retained interests, driven by a lower volume of securitization transactions that qualify for derecognition and despite a higher gain on sale margin;

Offset by:

- Higher Fair value gains on derivative financial instruments related to securitization activities.

Q3 2018 v Q2 2018

Other income increased compared to the preceding quarter primarily because of:

- Higher Fair value gains on derivative financial instruments related to securitization activities;

Offset by:

- Lower Fees and other income, mainly resulting from a change in the amortization period and categorization of certain fees; and
- Reduced Income from successor issuer activities.

YTD 2018 v YTD 2017

Other income decreased from a year ago, largely due to the same reasons cited above when comparing Q3 2018 to Q3 2017.

NON-INTEREST EXPENSES

Table 7: Non-interest expenses and Efficiency Ratio

	Three months ended					Nine months ended		
($ THOUSANDS, EXCEPT PERCENTAGES AND FTE)	**Sep 30, 2018[(1)]**	Jun 30, 2018[(1)]	% Change	Sep 30, 2017	% Change	**Sep 30, 2018[(1)]**	Sep 30, 2017	% Change
Compensation and benefits	**$ 19,406**	$ 19,032	2%	$ 16,495	18%	**$ 57,041**	$ 49,385	16%
Technology and system costs	**6,137**	5,751	7%	4,974	23%	**16,789**	15,547	8%
Marketing and corporate expenses	**3,509**	5,696	(38%)	2,527	39%	**12,167**	9,627	26%
Product costs	**3,278**	3,377	(3%)	3,128	5%	**9,710**	9,176	6%
Regulatory, legal and professional	**3,780**	3,117	21%	2,950	28%	**9,646**	7,504	29%
Premises	**1,687**	1,550	9%	1,568	8%	**4,777**	4,718	1%
Total non-interest expenses	**$ 37,797**	$ 38,523	(2%)	$ 31,642	19%	**$ 110,130**	$ 95,957	15%
Efficiency Ratio – TEB	**36.3%**	42.9%	(6.6%)	37.4%	(1.1%)	**38.9%**	36.6%	2.3%
Full-time employee ("FTE") – period average	**640**	613	4%	573	12%	**620**	569	9%

(1) *Effective January 1, 2018, the Efficiency Ratio has been prepared in accordance with IFRS 9. Prior period comparatives were prepared in accordance with IAS 39 and have not been restated. As a result, fiscal periods of 2018 disclosures are not directly comparable to prior periods.*

We continue to operate efficiently on both an absolute basis and relative to other financial institutions, particularly taking into account the scale of our operations. Our Efficiency Ratio for the quarter decreased to 36.3% from 42.9% in the preceding quarter and 37.4% a year ago.

Q3 2018 v Q3 2017

Total non-interest expenses increased primarily because of:

- Higher Compensation and benefits costs, which resulted from several factors including 12% growth in our FTE and annual inflationary salary adjustments;
- An increase in Technology and system costs primarily to support and maintain of our core systems;
- Higher Marketing expenditures to promote the Bank and its *EQ Bank* products; and
- Growth in Regulatory, legal and professional fees driven by an increase in CDIC's standard premium rates, higher deposit balances, and business growth.

Q3 2018 v Q2 2018

Non-interest expenses declined relative to the preceding quarter mainly because of:

- A reduction in Marketing expenses with the completion of the promotional campaign to successfully launch *EQ Bank GICs* in Q2; and
- A decrease in Corporate expenses, which resulted from the timing of annual Deferred Share Units ("DSU") grants that occurred in the previous quarter and a sales tax recovery that was recorded in the current quarter;

Offset by:

- Higher Regulatory, legal and professional fees driven by an increase in CDIC's standard premium rates and higher deposit balances; and legal fees associated with the application to incorporate a new trust company subsidiary.

YTD 2018 v YTD 2017

Total non-interest expenses on a year-to-date basis increased largely due to the same reasons cited above when comparing Q3 2018 to the same quarter of 2017.

INCOME TAXES

Q3 2018 v Q3 2017

Our effective income tax rate for the quarter decreased to 26.7% from 27.8% a year ago mainly due to higher tax-exempt dividend income earned from our preferred share investments and other adjustments.

Q3 2018 v Q2 2018

Our effective income tax rate for the quarter increased to 26.7% from 25.6% in the preceding quarter mainly due to an increase in non-deductible expenses and other adjustments.

YTD 2018 v YTD 2017

Our year-to-date effective income tax rate was 26.3%, 0.5 percentage points lower than the 26.8% recorded in the same period of 2017.

Table 8: Balance sheet highlights

($ THOUSANDS, EXCEPT PERCENTAGES)	Sep 30, 2018[(1)]	Jun 30, 2018[(1)]	% Change	Dec 31, 2017	% Change	Sep 30, 2017	% Change
Total assets	**$ 23,147,614**	$ 21,944,721	5%	$ 20,634,250	12%	$ 20,221,205	14%
Mortgage principal – Core Lending	**13,856,250**	13,079,619	6%	12,291,564	13%	11,908,020	16%
Mortgage principal – Securitization Financing	**7,731,652**	7,290,824	6%	6,923,137	12%	6,792,951	14%
Deposit principal	**12,894,384**	12,366,734	4%	11,024,720	17%	10,506,896	23%
Total liquid assets as a % of total assets[(2)]	**6.2%**	8.1%	(1.9%)	7.2%	(1.0%)	7.2%	(1.0%)

(1) *Effective January 1, 2018, the amounts and ratios have been prepared in accordance with IFRS 9. Prior year period comparatives were prepared in accordance with IAS 39 and have not been restated. As a result, current year disclosures are not directly comparable to prior year periods.*

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

TOTAL MORTGAGE PRINCIPAL

Our strategy is to maintain a diverse portfolio of mortgage assets in order to optimize our ROE while reducing our credit risk. The following table provides mortgage principal continuity schedules by lending portfolio for Q3 2018 and Q3 2017:

Table 9: Mortgage principal continuity schedule

	Three months ended September 30, 2018[(1)]						
($ THOUSANDS, EXCEPT PERCENTAGES)	**Single Family Lending**	**Commercial Lending**	**Total Core Lending**	**Securitization Financing**	**Total Mortgage Principal**	**Derecognized Mortgage Principal[(2)]**	**Securitization Financing MUM[(3)]**
Q2 2018 closing balance	**$ 9,827,296**	**$ 3,252,323**	**$ 13,079,619**	**$ 7,290,824**	**$ 20,370,443**	**$ 4,198,014**	**$ 11,488,838**
Originations	**996,277**	**561,612**	**1,557,889**	**827,631**	**2,385,520**	**-**	**827,631**
Derecognition	**-**	**-**	**-**	**(196,858)**	**(196,858)**	**196,858**	**-**
Net repayments	**(596,274)**	**(184,984)**	**(781,258)**	**(189,945)**	**(971,203)**	**(47,088)**	**(237,033)**
Q3 2018 closing balance	**$ 10,227,299**	**$ 3,628,951**	**$ 13,856,250**	**$ 7,731,652**	**$ 21,587,902**	**$ 4,347,784**	**$ 12,079,436**
% Change from Q2 2018	**4%**	**12%**	**6%**	**6%**	**6%**	**4%**	**5%**
% Change from Q3 2017	**13%**	**27%**	**16%**	**14%**	**15%**	**7%**	**11%**
Net repayments percentage[(4)]	**6.1%**	**5.7%**	**6.0%**	**2.6%**	**4.8%**	**1.1%**	**2.1%**

	Three months ended September 30, 2017						
($ THOUSANDS, EXCEPT PERCENTAGES)	Single Family Lending	Commercial Lending	Total Core Lending	Securitization Financing	Total Mortgage Principal	Derecognized Mortgage Principal[(2)]	Securitization Financing MUM[(3)]
Q2 2017 closing balance	$ 8,541,004	$ 2,835,293	$ 11,376,297	$ 6,791,596	$ 18,167,893	$ 3,845,560	$ 10,637,156
Originations	1,098,725	380,442	1,479,167	492,905	1,972,072	-	492,905
Derecognition	-	-	-	(276,902)	(276,902)	276,902	-
Net repayments	(584,945)	(362,499)	(947,444)	(214,648)	(1,162,092)	(69,495)	(284,143)
Q3 2017 closing balance	$ 9,054,784	$ 2,853,236	$ 11,908,020	$ 6,792,951	$ 18,700,971	$ 4,052,967	$ 10,845,918
% Change from Q2 2017	6%	1%	5%	0%	3%	5%	2%
Net repayments percentage[(4)]	6.8%	12.8%	8.3%	3.2%	6.4%	1.8%	2.7%

(1) *Effective January 1, 2018, the amounts and ratios have been prepared in accordance with IFRS 9. Prior period year comparatives were prepared in accordance with IAS 39 and have not been restated. As a result, current year disclosures are not directly comparable to prior year periods.*

(2) *Derecognized Mortgage Principal represents Mortgages Under Administration that are not reported on Equitable's consolidated balance sheets. These mortgages were securitized using transaction structures that transferred substantially all of the risks and rewards or control associated with the mortgages to third parties, resulting in the derecognition of the securitized mortgages.*

(3) *Securitization Financing MUM includes Securitization Financing balance sheet assets and Derecognized Mortgage Principal.*

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

Q3 2018 v Q3 2017

Total MUM increased by $3.2 billion or 14%, driven by growth in both our Core Lending and Securitization Financing businesses.

Within Core Lending, both the Commercial Lending and Alternative Single Family portfolios grew due to strong origination levels and low attrition over the past four quarters. Commercial Lending originations reflected our strategic decision to deploy additional capital into this business and demonstrated our continued success in growing the breadth and depth of our relationships with brokers and business partners. The Single Family Lending portfolio has benefited from 2018 renewal rates that are almost ten percentage points higher than in 2017.

Securitization Financing MUM increased primarily because of strong Multi and Prime Single Family originations and relatively low attrition rates in our Multi portfolio.

Q3 2018 v Q2 2018

Total MUM increased 6% as a result of growth in both Core Lending and Securitization Financing MUM.

Core Lending growth was driven by high origination volumes in both our Commercial lending and Alternative Single Family portfolios. During Q3 2018, we achieved a new record level of Commercial Lending originations. This success reflects our continued focus on this segment, the strength of the Canadian commercial markets, and our success in pursuing opportunities in new asset categories.

Securitization Financing MUM increased in large part due to high originations and low attrition levels in our Multi business and the sourcing of Prime Single Family mortgages from a leading originator.

CREDIT QUALITY AND ALLOWANCE FOR CREDIT LOSSES

The Company's active management of credit risk and our workout efforts continue to yield positive results as highlighted in the metrics in following table. We believe that these measures reflect the health of the Company's mortgage portfolio and indicate that our allowances adequately provide for the risk of loss.

Table 10: Mortgage credit metrics(1)

($ THOUSANDS, EXCEPT PERCENTAGES)	**Sep 30, 2018(1)**	Jun 30, 2018(1)	Sep 30, 2017
Gross impaired mortgage assets(2)	**$ 35,517**	$ 28,394	$ 26,242
Net impaired mortgage assets(3)	**34,286**	27,159	24,587
Net impaired mortgage assets as a % of total mortgage assets	**0.16%**	0.13%	0.13%
Allowance for credit losses	**24,930**	24,684	33,545
Allowance for credit losses as a % of total mortgage assets	**0.11%**	0.12%	0.18%
Allowances for credit losses as a % of gross impaired mortgage assets	**70%**	87%	128%

(1) *Effective January 1, 2018, the amounts and ratios have been prepared in accordance with IFRS 9. Prior year period comparatives were prepared in accordance with IAS 39 and have not been restated. As a result, current year disclosures are not directly comparable to prior year periods.*

(2) *Under IFRS 9, mortgages are reassessed and deemed to be impaired at the earlier of the date they have been individually provided for or when they have been in arrears for 90 days or more. Under IAS 39, uninsured mortgages were deemed to be impaired at the earlier of the date they have been individually provided for or when they have been in arrears over 90 days; Insured mortgages were deemed to be impaired when payment is contractually past due 365 days. Impaired mortgages at September 30, 2018 includes $6.1 million (June 30, 2018 - $4.9 million) of insured mortgages that were between 90 and 365 days past due which would have been deemed not impaired under IAS 39.*

(3) *Net impaired mortgage assets reflect gross impaired mortgages less stage 3 allowances under IFRS 9 and were reported as gross impaired mortgages less individual allowances under IAS 39.*

Q3 2018 v Q3 2017

In aggregate, our credit metrics indicate that the quality of our mortgage portfolio remained high in Q3 2018:

- The increase in impaired loans was mainly attributable to our Alternative Single Family portfolio and the addition of $5 million of insured mortgages that were between 90 and 365 days past due, a change necessitated by the adoption of IFRS 9. Under IAS 39, insured mortgages were only deemed to be impaired when payment was 365 days contractually past due. The increase was partly offset by the discharge of one large commercial loan that was impaired at the end of Q3 2017. This level of Gross impaired mortgage assets remains within our historical norms;
- The allowance for credit losses decreased in dollar terms and as a percentage of total mortgage assets, primarily because of an $8.5 million transitional adjustment as a result of the adoption of IFRS 9 that was processed on January 1, 2018. The allowance for credit losses remains sufficient in the opinion of management.

Q3 2018 v Q2 2018

Our key credit risk metrics remained relatively stable compared to the prior quarter except for a $7 million increase in Gross impaired loans. The increase was primarily attributable to our Alternative Single Family portfolio. The increase was not attributable to a specific loan nor was it concentrated in a particular region.

LIQUIDITY INVESTMENTS AND EQUITY SECURITIES

Management believes that funding markets are currently stable and that the Company's liquid assets are sufficient. We hold enough liquid assets to ensure that we can meet our upcoming obligations even through a disruption in the financial markets. 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 our liquidity management through rigorous asset-liability matching analysis and stress tests. Despite our liquidity risk management framework, a significant or protracted disruption to funding markets could require the Company to take further liquidity protection measures, as we did in Q2 2017. Please refer to the Risk Management section of this document and our 2017 Annual Report for more detail on the Company's Liquidity Risk.

In addition to assets that are held for the purpose of providing liquidity protection, we also maintain a portfolio of equity securities (the majority of which is investment grade preferred shares) to yield tax-preferred dividend income. This portfolio could be liquidated in the event of financial stress.

Table 11: Liquid assets

($ THOUSANDS, EXCEPT PERCENTAGES)	Sep 30, 2018[1]	Jun 30, 2018[1]	Sep 30, 2017
Eligible deposits with regulated financial institutions[2]	**$ 755,799**	$ 793,513	$ 723,934
Debt securities issued by regulated financial institutions	**2,432**	2,441	-
Government issued or guaranteed debt instruments:			
Mortgages held in the form of debt securities guaranteed by Government of Canada[3]	**838,874**	1,046,914	955,867
Obligations under repurchase agreements	**(299,028)**	(202,928)	(316,087)
Liquid assets held for regulatory purposes	**1,298,077**	1,639,940	1,363,714
Other deposits with regulated financial institutions	**153**	175	380
Equity securities[4]	**141,164**	142,790	95,617
Total liquid assets	**$ 1,439,394**	$ 1,782,905	$ 1,459,711
Total assets held for regulatory purposes as a % of total Equitable Bank assets	**5.6%**	7.5%	6.7%
Total liquid assets as a % of total assets	**6.2%**	8.1%	7.2%

(1) *Effective January 1, 2018, the amounts and ratios have been prepared in accordance with IFRS 9. Prior year period comparatives were prepared in accordance with IAS 39 and have not been restated. As a result, current year disclosures are not directly comparable to prior year periods.*

(2) *Eligible deposits with regulated financial institutions represents deposits of Equitable Bank which are held with major Canadian financial institutions and excludes $8.8 million (June 30, 2018 – $12.5 million, September 30, 2017 – $22.0 million) of restricted cash held as collateral with third parties for the Company's interest rate swap and other transactions and $350 million (June 30, 2018 – $335 million, September 30, 2017 – $375 million) of cash held in trust accounts and deposits held with banks as collateral for the Company's securitization activities.*

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

(4) *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, 2018, our LCR was well in excess of the regulatory minimum of 100%.

Liquid asset balances were $1.4 billion at Q3 2018, down $20 million and $344 million from Q3 2017 and Q2 2018 respectively. This lower level of liquid asset holdings reflects primarily the seasonality of our funding needs.

DEPOSITS

Table 12: Deposit principal

($ THOUSANDS)	Sep 30, 2018[1]	Jun 30, 2018[1]	Sep 30, 2017
Brokered term deposits (GICs)	**$ 9,839,929**	$ 9,402,210	$ 7,824,106
EQ Bank deposits[2]	**2,070,079**	1,973,986	1,583,674
Other deposits[3]	**834,376**	840,538	949,116
Deposit notes	**150,000**	150,000	150,000
	$ 12,894,384	$ 12,366,734	$ 10,506,896

(1) *Effective January 1, 2018, the amounts and ratios have been prepared in accordance with IFRS 9. Prior year period comparatives were prepared in accordance with IAS 39 and have not been restated. As a result, current year disclosures are not directly comparable to prior year periods.*

(2) *EQ Bank deposits include both demand and term deposits offered through our digital banking platform under the EQ Bank brand.*

(3) *Other deposits include demand deposits sourced through brokers, as well as other distribution partners with whom we have strategic relationships.*

Total deposit principal was up $0.5 billion or 4% from Q2 2018 and $2.4 billion or 23% from Q3 2017, as we raised the funding needed to support the growth in our Core Lending portfolio and liquid assets. A significant portion of this growth was in brokered term deposits, a market that is deep and continues to provide significant funding for our business strategy. We continue to have strong relationships with our deposit agents and brokers, and our distribution network remains as broad as that of any non-Big 6 bank.

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

Also contributing to the growth of our deposits was the *EQ Bank* platform, which grew its deposits to $2.1 billion as at September 30, 2018. *EQ Bank* deposit principal was $486 million above Q3 of last year and up $96 million from Q2 2018, reflecting our efforts to enhance the platform, maintain a highly competitive rate, provide superior service, and grow our customer base. *EQ Bank*'s growth was partially driven by growth of the GIC product that was launched in early March. *EQ Bank* is a key strategic pillar for us as *Canada's Challenger Bank*™ and we expect these deposits to represent a growing share of our overall funding base in future periods.

As part of strengthening the stability of our funding position, the Bank has entered into strategic partnerships such as the one with Wealthsimple. The deposits obtained through these partnerships are reported as Other deposits, which also includes demand deposits sourced through our traditional broker channels. We will continue to offer brokered demand products, with a competitive rate, but have taken steps aimed at reducing these overall balances and encouraging account stability, such as lowering the interest rate and the maximum allowable account balance.

CAPITAL MANAGEMENT – EQUITABLE BANK

Management believes that the Bank's current level of capital and its earnings in future periods will be sufficient to support our strategic objectives and ongoing growth. Equitable Bank's Capital Ratios at Q3 2018 exceeded regulatory minimums. Our CET1, Tier 1 Capital and Total Capital Ratios declined from last year and the prior quarter primarily due to asset growth and an increase in the risk weight density of our assets, despite our strategy of retaining the vast majority of our earnings. Risk weight density increased largely because of mortgage asset growth, particularly in our Commercial Lending business and growth of our mortgage commitment pipeline. Our Total Capital Ratio was also impacted by our redemption of $65 million of debentures during Q4 2017 which qualified as Tier 2 Capital. At current levels, Capital Ratios are above management's target levels.

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 5.3% at Q3 2018 and the Bank remains fully compliant with our regulatory requirements. Our Leverage Ratio has remained relatively stable compared to June 30, 2018 and September 30, 2017.

As part of our capital management process, we stress test the mortgage portfolio on a regular basis in order 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. 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 13: Capital measures of Equitable Bank

($ THOUSANDS, EXCEPT PERCENTAGES)		Sep 30, 2018[1]		Jun 30, 2018[1]		Sep 30, 2017
Total risk-weighted assets ("RWA")	$	**8,389,236**	$	7,790,674	$	6,814,247
Common Equity Tier 1 Capital:						
Common shares		**203,237**		201,784		199,968
Contributed surplus		**7,799**		7,704		6,962
Retained earnings		**976,500**		933,922		826,479
Accumulated other comprehensive (loss) income ("AOCI")[2]		**(6,516)**		(7,147)		(11,577)
Less: Regulatory adjustments to Common Equity Tier 1 Capital		**(19,520)**		(18,744)		(16,299)
Common Equity Tier 1 Capital		**1,161,500**		1,117,519		1,005,533
Additional Tier 1 capital:						
Non-cumulative preferred shares		**72,554**		72,554		72,554
Tier 1 Capital		**1,234,054**		1,190,073		1,078,087
Tier 2 Capital:						
Eligible Stage 1 and 2 allowance (collective allowance under IAS 39)		**23,699**		23,449		31,890
Subordinated debentures		**-**		-		62,891
Tier 2 Capital		**23,699**		23,449		94,781
Total Capital	$	**1,257,753**	$	1,213,522	$	1,172,868
Capital ratios:						
CET1 Ratio		**13.8%**		14.3%		14.8%
Tier 1 Capital Ratio		**14.7%**		15.3%		15.8%
Total Capital Ratio		**15.0%**		15.6%		17.2%
Leverage Ratio		**5.3%**		5.4%		5.3%

(1) *Effective January 1, 2018, the amounts and ratios have been prepared in accordance with IFRS 9. Prior year period comparatives were prepared in accordance with IAS 39 and have not been restated. As a result, current year disclosures are not directly comparable to prior year periods.*

(2) *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.*

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 earnings, but changes in mortgage prepayment income and hedging activities may cause some volatility in earnings from quarter to quarter.

Table 14: Summary of quarterly results

($ THOUSANDS, EXCEPT SHARE, PER SHARE AMOUNTS AND PERCENTAGES)	2018 Q3[1]	2018 Q2[1]	2018 Q1[1]	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4
RESULTS OF OPERATIONS								
Net income	**$ 47,806**	$ 37,537	$ 40,167	$ 40,446	$ 37,869	$ 38,909	$ 43,393	$ 41,678
Net income available to common shareholders	**46,615**	36,346	38,976	39,256	36,678	37,718	42,202	40,488
Net interest income	**93,024**	79,496	81,270	79,697	71,964	78,349	78,352	77,926
Total revenue	**232,410**	214,958	200,786	197,648	189,290	183,025	181,525	179,939
EPS – basic[2]	**2.82**	2.20	2.36	2.38	2.23	2.29	2.56	2.58
EPS – diluted[2]	**2.80**	2.19	2.34	2.36	2.21	2.28	2.54	2.56
ROE	**15.9%**	13.0%	14.5%	14.9%	14.4%	15.6%	18.4%	19.3%
Return on average assets	**0.8%**	0.7%	0.8%	0.8%	0.8%	0.8%	0.9%	0.9%
NIM – TEB:								
Total Assets	**1.69%**	1.51%	1.58%	1.59%	1.47%	1.63%	1.66%	1.70%
Core Lending	**2.47%**	2.21%	2.31%	2.33%	2.17%	2.41%	2.55%	2.64%
Securitization Financing	**0.23%**	0.17%	0.22%	0.24%	0.25%	0.30%	0.22%	0.24%
Efficiency Ratio – TEB	**36.3%**	42.9%	37.7%	37.3%	37.4%	39.2%	33.2%	33.9%
MORTGAGE ORIGINATIONS								
Single Family Lending Services	**996,277**	921,889	609,434	850,617	1,098,725	938,591	835,780	930,449
Commercial Lending Services	**561,612**	471,531	424,468	359,479	380,442	201,789	379,996	377,578
Core Lending	**1,557,889**	1,393,420	1,033,902	1,210,096	1,479,167	1,140,380	1,215,776	1,308,027
Securitization Financing	**827,631**	631,800	429,270	457,702	492,905	486,621	409,264	871,391
Total originations	**2,385,520**	2,025,220	1,463,172	1,667,798	1,972,072	1,627,001	1,625,040	2,179,418
BALANCE SHEET								
Total assets	**23,147,614**	21,944,721	21,054,763	20,634,250	20,221,205	19,795,986	19,300,418	18,973,588
Assets Under Management	**27,495,398**	26,142,735	25,259,152	24,652,969	24,274,172	23,641,546	22,959,080	22,277,769
Mortgages receivable	**21,671,338**	20,455,377	19,676,690	19,298,548	18,787,348	18,263,623	18,164,958	17,783,803
MUM	**25,935,686**	24,568,457	23,794,216	23,233,420	22,753,938	22,013,453	21,743,431	21,004,013
Shareholders' equity	**1,259,875**	1,212,952	1,181,472	1,138,117	1,098,325	1,060,852	1,023,702	977,150
Liquid assets	**1,439,394**	1,782,905	1,775,459	1,479,429	1,459,711	1,570,532	1,153,174	1,280,591
CREDIT QUALITY								
Provision for credit losses	**517**	168	770	387	40	378	738	870
Provision for credit losses – rate	**0.01%**	0.003%	0.02%	0.01%	0.001%	0.01%	0.02%	0.02%
Net impaired mortgages as a % of total mortgage assets	**0.16%**	0.13%	0.13%	0.12%	0.13%	0.16%	0.21%	0.21%
Allowance for credit losses as a % of total mortgage assets	**0.11%**	0.12%	0.13%	0.17%	0.18%	0.19%	0.19%	0.19%

(1) *Effective January 1, 2018, the amounts and ratios have been prepared in accordance with IFRS 9. Prior year period comparatives were prepared in accordance with IAS 39 and have not been restated. As a result, current year disclosures are not directly comparable to prior year periods.*

(2) *Annual EPS may not equal the sum of quarterly EPS as a result of rounding.*

Table 14: Summary of quarterly results (continued)

($ THOUSANDS, EXCEPT SHARE, PER SHARE AMOUNTS AND PERCENTAGES)	2018 Q3[1]	2018 Q2[1]	2018 Q1[1]	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4
SHARE CAPITAL								
Common shares outstanding								
Weighted average basic	**16,528,351**	16,517,020	16,507,603	16,486,677	16,478,314	16,477,456	16,464,170	15,692,833
Weighted average diluted	**16,654,209**	16,603,186	16,629,832	16,625,927	16,570,256	16,567,699	16,614,221	15,808,124
Book value per common share	**71.73**	69.03	67.14	64.57	62.25	59.98	57.73	54.96
Common share price – close	**68.87**	59.56	53.68	71.50	56.00	59.48	69.37	60.46
Common share market capitalization	**1,140,013**	983,968	886,538	1,179,996	922,826	980,091	1,142,881	995,180
Dividends declared per:[2]								
Common share	**0.27**	0.27	0.26	0.25	0.24	0.23	0.23	0.22
Preferred share – Series 3	**0.40**	0.40	0.40	0.40	0.40	0.40	0.40	0.40
EQUITABLE BANK CAPITAL RATIOS								
CET1 Ratio	**13.8%**	14.3%	14.7%	14.8%	14.8%	14.8%	13.9%	14.0%
Tier 1 Capital Ratio	**14.7%**	15.3%	15.7%	15.9%	15.8%	15.9%	15.0%	15.1%
Total Capital Ratio	**15.0%**	15.6%	16.0%	16.3%	17.2%	17.4%	16.4%	16.6%
Leverage Ratio	**5.3%**	5.4%	5.5%	5.4%	5.3%	5.3%	5.3%	5.1%

(1) *Effective January 1, 2018, the amounts and ratios have been prepared in accordance with IFRS 9. Prior year period comparatives were prepared in accordance with IAS 39 and have not been restated. As a result, current year disclosures are not directly comparable to prior year periods.*

(2) *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 2018 interim consolidated financial statements are the same as those applied by the Company as at and for the year ended December 31, 2017, except for the adoption of IFRS 9 and IFRS 15 Revenue from Contracts with Customers ("IFRS 15"), effective January 1, 2018. The transitional impact of adopting IFRS 15 was immaterial given that the majority of revenues generated by the Company are interest income from financial instruments which are not within the scope of the standard. Please refer to Note 3 to the interim consolidated financial statements for further discussion.

FUTURE ACCOUNTING POLICIES

IFRS 16 *"Leases"* is mandatorily effective for annual periods beginning on or after January 1, 2019. The Company completed its preliminary analysis and does not expect a material impact from the adoption of IFRS 16 on its financial statements. Please refer to Note 3 to the audited consolidated financial statements in the Company's 2017 Annual Report for further discussion.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the interim consolidated financial statements requires management to make estimates and assumptions in the process of applying its accounting policies to measure or disclose its financial results. Management is prudent in determining such estimates and assumptions, and where possible, relies on external information and observable market conditions, supplemented by internal analysis as required. Actual results could differ from these estimates, in which case the impact would be recognized in the interim consolidated financial statements in future periods. Refer to Note 2(d) to the Q3 2018 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 mortgage originations (see Note 9 and Note 22 to the audited consolidated financial statements in the Company's 2017 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 mortgage principal that qualified for derecognition totaled $4.3 billion at September 30, 2018 (June 30, 2018 – $4.2 billion, September 30, 2017 – $4.1 billion). The securitization liabilities associated with these transferred assets were approximately $4.3 billion at September 30, 2018 (June 30, 2018 – $4.2 billion, September 30, 2017 – $4.0 billion). The securitization retained interests recorded with respect to certain securitization transactions were $111.2 million at September 30, 2018 (June 30, 2018 – $109.2 million, September 30, 2017 – $102.7 million) and the associated servicing liability was $26.4 million at September 30, 2018 (June 30, 2018 – $26 million, September 30, 2017 – $25.7 million).

COMMITMENTS AND LETTERS OF CREDIT

The Company provides commitments to extend credit to our borrowers. The Company had outstanding commitments to fund $1.7 billion of mortgages in the ordinary course of business at September 30, 2018 (June 30, 2018 – $1.7 billion, September 30, 2017 – $1.2 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 $13.9 million were outstanding at September 30, 2018 (June 30, 2018 – $12.1 million, September 30, 2017 – $8.3 million), none of which have been drawn upon.

RELATED PARTY TRANSACTIONS

Certain of the Company's key management personnel have 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 23 to the audited consolidated financial statements in the Company's 2017 Annual Report for further details.

RISK MANAGEMENT

Through our wholly owned subsidiary Equitable Bank, 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 of Directors (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 the risks that affect the Company, please refer to the section entitled Risk Management in the Company's 2017 Annual Report which is available on SEDAR at www.sedar.com. The most significant of those risks are summarized below.

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. 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.

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 44% or $60 million of the total equity securities portfolio at September 30, 2018, compared to 42% or $38 million a year earlier. Preferred share securities rated P-3 (mid) or higher comprised 98% of the total equity securities portfolio at the end of Q3.

Table 15: 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**
Mortgages receivable:			
Mortgage risk rating	**0 – 3**	**4 – 5**	**6 – 8**

Management has assessed the credit quality of the Company's assets as at September 30, 2018 on the basis of the above mapping of internal and external risk ratings to the credit risk exposure categories.

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 16: Credit quality analysis

				September 30, 2018[(1)]
	Stage 1	Stage 2	Stage 3	Total
Mortgages receivable:				
Low risk	$ 9,483,501	$ 607,852	$ -	$ 10,091,353
Standard risk	8,107,865	3,203,578	-	11,311,443
High risk	138,804	119,151	-	257,955
Impaired	-	-	35,517	35,517
Total	$ 17,730,170	$ 3,930,581	$ 35,517	$ 21,696,268
Less allowance	(14,321)	(9,251)	(1,231)	(24,803)
	$ 17,715,849	$ 3,921,330	$ 34,286	$ 21,671,465

				September 30, 2018[(1)]
	Stage 1	Stage 2	Stage 3	Total
Mortgages commitments:				
Low risk	$ 134,219	$ -	$ -	$ 134,219
Standard risk	781,448	205,993	-	987,441
High risk	-	-	-	-
Total	$ 915,667	$ 205,993	$ -	$ 1,121,660
Less allowance	(98)	(29)	-	(127)
	$ 915,569	$ 205,964	$ -	$ 1,121,533

(1) *The amounts for the period ended September 30, 2018 have been prepared in accordance with IFRS 9.*

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 its backstop funding facility.

MARKET RISK

Market Risk consists of Interest Rate and Equity Price risk. 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, 2018, see Note 14 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 modeling 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, 2018. 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 17: Net interest income shock

($ THOUSANDS, EXCEPT PERCENTAGES)	Increase in interest rates	Decrease in interest rates[(1)]
100 basis point shift		
Impact on net interest income	**$ 13,597**	**$ (6,544)**
Impact on EVE	**(13,685)**	**13,045**
EVE impact as a % of common shareholders' equity	**(1.2%)**	**1.1%**
200 basis point shift		
Impact on net interest income	**$ 24,516**	**$ (2,963)**
Impact on EVE	**(23,722)**	**60,566**
EVE impact as a % of common shareholders' equity	**(2.0%)**	**5.1%**

(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.

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 8, 2018, the Company had 16,553,113 common shares and 3,000,000 non-cumulative 5-year rate reset preferred shares issued and outstanding. In addition, there were 673,751 unexercised stock options, which are, or will be, exercisable to purchase common shares for maximum proceeds of $35.4 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 of Directors, 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

There were no changes in the Company's internal control over financial reporting that occurred during the third quarter of 2018 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

	Three months ended					Six months ended		
($ THOUSANDS)	**Sep 30, 2018[(1)]**	Jun 30, 2018[(1)]	% Change	Sep 30, 2017	% Change	**Sep 30, 2018[(1)]**	Sep 30, 2017	% Change
Net income	**$ 47,806**	$ 37,537	27%	$ 37,869	26%	**$ 125,510**	$ 120,171	4%
Add back:								
Backstop funding facility write-down, after income taxes	**-**	4,323	N/A	-	N/A	**4,323**	-	N/A
Adjusted net income	**$ 47,806**	$ 41,860	14%	$ 37,869	26%	**$ 129,833**	$ 120,171	8%

(1) *Effective January 1, 2018, the amounts have been prepared in accordance with IFRS 9. Prior year period comparatives were prepared in accordance with IAS 39 and have not been restated. As a result, current year disclosures are not directly comparable to prior year periods*

Reconciliation of Adjusted EPS – diluted

($ PER SHARE AMOUNTS)	Three months ended					Six months ended		
	Sep 30, 2018[(1)]	Jun 30, 2018[(1)]	% Change	Sep 30, 2017	% Change	**Sep 30, 2018[(1)]**	Sep 30, 2017	% Change
EPS – diluted	**$ 2.80**	$ 2.19	28%	$ 2.21	27%	**$ 7.33**	$ 7.03	4%
Add back:								
Backstop funding facility write-down	**-**	0.26	N/A	-	N/A	**0.26**	-	N/A
Adjusted EPS – diluted	**$ 2.80**	$ 2.45	14%	$ 2.21	27%	**$ 7.59**	$ 7.03	8%

(1) *Effective January 1, 2018, the amounts have been prepared in accordance with IFRS 9. Prior year period comparatives were prepared in accordance with IAS 39 and have not been restated. As a result, current year disclosures are not directly comparable to prior year periods.*

Reconciliation of Adjusted Return on shareholders' equity

($ THOUSANDS, EXCEPT PERCENTAGES)	Three months ended					Six months ended		
	Sep 30, 2018[(1)]	Jun 30, 2018[(1)]	% Change	Sep 30, 2017	% Change	**Sep 30, 2018[(1)]**	Sep 30, 2017	% Change
Net income available to common shareholders	**$ 46,615**	$ 36,346	28%	$ 36,678	27%	**$ 121,937**	$ 116,598	5%
Add back:								
Backstop funding facility write-down, after income taxes	**-**	4,323	N/A	-	N/A	**4,323**	-	N/A
Adjusted income available to common shareholders	**46,615**	40,669	15%	36,678	27%	**126,260**	116,598	8%
Adjusted weighted average common equity	**1,163,540**	1,126,791	3%	1,007,031	16%	**1,131,624**	965,337	17%
Return on shareholders' equity	**15.9%**	14.5%	1.4%	14.4%	1.5%	**14.9%**	16.1%	(1.2%)

(1) *Effective January 1, 2018, the amounts have been prepared in accordance with IFRS 9. Prior year period comparatives were prepared in accordance with IAS 39 and have not been restated. As a result, current year disclosures are not directly comparable to prior year periods.*

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

($ THOUSANDS)	**Sep 30, 2018[(1)]**	Jun 30, 2018[(1)]	% Change	Sep 30, 2017	% Change
Total assets on the consolidated balance sheet	**$ 23,147,614**	$ 21,944,721	5%	$ 20,221,205	14%
Mortgage principal derecognized	**4,347,784**	4,198,014	4%	4,052,967	7%
Assets Under Management	**$ 27,495,398**	$ 26,142,735	5%	$ 24,274,172	13%

(1) *Effective January 1, 2018, the amounts have been prepared in accordance with IFRS 9. Prior year period comparatives were prepared in accordance with IAS 39 and have not been restated. As a result, current year disclosures are not directly comparable to prior year periods.*

- **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, 2018[(1)]**	Jun 30, 2018[(1)]	% Change	Sep 30, 2017	% Change
Shareholders' equity	**$ 1,259,875**	$ 1,212,952	4%	$ 1,098,325	15%
Preferred shares	**(72,557)**	(72,557)	-%	(72,557)	-%
Common shareholders' equity	**$ 1,187,318**	$ 1,140,395	4%	$ 1,025,768	16%
Common shares outstanding	**16,553,113**	16,520,618	0%	16,479,034	0%
Book value per common share	**$ 71.73**	$ 69.03	4%	$ 62.25	15%

(1) *Effective January 1, 2018, the amounts have been prepared in accordance with IFRS 9. Prior year period comparatives were prepared in accordance with IAS 39 and have not been restated. As a result, current year disclosures are not directly comparable to prior year periods.*

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 (collective allowance under IAS 39) and subordinated debentures. 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.

The Capital ratios are calculated in accordance with OSFI's CAR Guideline. A detailed calculation of all Capital ratios can be found in Table 13 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.

($ THOUSANDS, EXCEPT PERCENTAGES)	Three months ended					Nine months ended		
	Sep 30, 2018[(1)]	Jun 30, 2018[(1)]	% Change	Sep 30, 2017	% Change	**Sep 30, 2018[(1)]**	Sep 30, 2017	% Change
Non-interest expenses	**$ 37,797**	$ 38,523	(2%)	$ 31,642	19%	**$ 110,130**	$ 95,957	15%
Net revenue	**104,075**	89,758	16%	84,555	23%	**283,420**	262,473	8%
Efficiency Ratio	**36.3%**	42.9%	(6.6%)	37.4%	(1.1%)	**38.9%**	36.6%	2.3%

(1) *Effective January 1, 2018, the amounts have been prepared in accordance with IFRS 9. Prior year period comparatives were prepared in accordance with IAS 39 and have not been restated. As a result, current year disclosures are not directly comparable to prior year periods.*

- **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.
- **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.
- **Mortgages Under Management ("MUM"):** is the sum of mortgage principal reported on the consolidated balance sheet and mortgage principal derecognized but still managed by the Company.

($ THOUSANDS)	**Sep 30, 2018[(1)]**	Jun 30, 2018[(1)]	% Change	Sep 30, 2017	% Change
Mortgage principal reported on the consolidated balance sheet	**$ 21,587,902**	$ 20,370,443	6%	$ 18,700,971	15%
Mortgage principal derecognized	**4,347,784**	4,198,014	4%	4,052,967	7%
Mortgages Under Management	**$ 25,935,686**	$ 24,568,457	6%	$ 22,753,938	14%

(1) *Effective January 1, 2018, the amounts have been prepared in accordance with IFRS 9. Prior year period comparatives were prepared in accordance with IAS 39 and have not been restated. As a result, current year disclosures are not directly comparable to prior year periods.*

- **Net interest margin ("NIM"):** this profitability measure is calculated on an annualized basis by dividing net interest income – TEB 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, other income, and the TEB adjustment.

($ THOUSANDS,)	Sep 30, 2018[(1)]	Jun 30, 2018[(1)]	% Change	Sep 30, 2017	% Change	Sep 30, 2018[(1)]	Sep 30, 2017	% Change
	Three months ended					Nine months ended		
Net interest income	$ 93,024	$ 79,496	17%	$ 71,964	29%	$ 253,790	$ 228,665	11%
Other income	10,474	9,709	8%	12,189	(14%)	28,127	32,524	(14%)
TEB adjustment	577	553	4%	402	44%	1,503	1,284	17%
Net revenue	104,075	89,758	16%	84,555	23%	283,420	262,473	8%

(1) *Effective January 1, 2018, the amounts have been prepared in accordance with IFRS 9. Prior year period comparatives were prepared in accordance with IAS 39 and have not been restated. As a result, current year disclosures are not directly comparable to prior year periods.*

- **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.

($ THOUSANDS, EXCEPT PERCENTAGES)	Sep 30, 2018[(1)]	Jun 30, 2018[(1)]	% Change	Sep 30, 2017	% Change	Sep 30, 2018[(1)]	Sep 30, 2017	% Change
	Three months ended					Nine months ended		
Provision for credit losses	$ 517	$ 168	208%	$ 40	1,193%	$ 1,455	$ 1,156	26%
Divided by: average mortgage principal	20,979,173	19,980,135	5%	18,434,432	14%	20,401,302	18,200,402	12%
Provision for credit Losses – rate	0.01%	0.003%	0.01%	0.001%	0.01%	0.01%	0.01%	-%

(1) *Effective January 1, 2018, the amounts have been prepared in accordance with IFRS 9. Prior year period comparatives were prepared in accordance with IAS 39 and have not been restated. As a result, current year disclosures are not directly comparable to prior year periods.*

- **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.

($ THOUSANDS, EXCEPT PERCENTAGES)	Sep 30, 2018[(1)]	Jun 30, 2018[(1)]	% Change	Sep 30, 2017	% Change	Sep 30, 2018[(1)]	Sep 30, 2017	% Change
	Three months ended					Nine months ended		
Net income	$ 47,806	$ 37,537	27%	$ 37,869	26%	$ 125,510	$ 120,171	4%
Average total assets	22,490,018	21,453,473	5%	19,971,606	13%	21,598,469	19,561,267	10%
Return on average assets	0.8%	0.7%	0.1%	0.8%	-%	0.8%	0.8%	-%

(1) *Effective January 1, 2018, the amounts have been prepared in accordance with IFRS 9. Prior year period comparatives were prepared in accordance with IAS 39 and have not been restated. As a result, current year disclosures are not directly comparable to prior year periods.*

- **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.

($ THOUSANDS, EXCEPT PERCENTAGES)	Sep 30, 2018[(1)]	Jun 30, 2018[(1)]	% Change	Sep 30, 2017	% Change	Sep 30, 2018[(1)]	Sep 30, 2017	% Change
	Three months ended					Nine months ended		
Net income available to common shareholders	$ 46,615	$ 36,346	28%	$ 36,678	27%	$ 121,937	$ 116,598	5%
Weighted average common equity	1,163,540	1,124,630	3%	1,007,031	16%	1,129,463	965,337	17%
Return on shareholders' equity	15.9%	13.0%	2.9%	14.4%	1.5%	14.4%	16.1%	(1.7%)

(1) *Effective January 1, 2018, the amounts have been prepared in accordance with IFRS 9. Prior year period comparatives were prepared in accordance with IAS 39 and have not been restated. As a result, current year disclosures are not directly comparable to prior year periods.*

- **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.
- **Securitization Financing MUM:** is the sum of Securitization Financing mortgage principal reported on the consolidated balance sheet and Securitization Financing mortgage principal derecognized but still managed by the Company. A detailed calculation can be found in Table 9 of this MD&A.
- **Taxable equivalent basis ("TEB"):** the presentation of financial information on a TEB is a common practice among financial institutions. On a selective basis, the Company uses TEB in the discussion of revenues, interest margins and Efficiency Ratios in this MD&A. The TEB methodology grosses up tax-exempt income, such as dividends from equity securities, by an amount that makes this income comparable on a pre-tax basis to regular taxable income such as mortgage interest. For the three months ended September 30, 2018, June 30, 2018 and September 30, 2017, the TEB adjustment was $0.6 million, $0.6 million and $0.4 million, respectively. For the nine months ended September 30, 2018, the TEB adjustment was $1.5 million compared to $1.3 million for the same period in 2017.

CONSOLIDATED BALANCE SHEETS (unaudited)

AS AT SEPTEMBER 30, 2018

With comparative figures as at December 31, 2017 and September 30, 2017

($ THOUSANDS)

	Note	**September 30, 2018[1]**	December 31, 2017	September 30, 2017
Assets:				
Cash and cash equivalents		**$ 755,952**	$ 660,930	$ 724,314
Restricted cash		**359,283**	366,038	397,365
Investments	*7*	**159,034**	107,442	112,255
Mortgages receivable – Core Lending	*8, 9*	**13,873,668**	12,304,741	11,921,274
Mortgages receivable – Securitization Financing	*8, 9*	**7,797,670**	6,993,807	6,866,074
Securitization retained interests		**111,202**	104,429	102,715
Other assets		**90,805**	96,863	97,208
		$ 23,147,614	$ 20,634,250	$ 20,221,205
Liabilities and Shareholders' Equity				
Liabilities:				
Deposits	*10*	**$ 13,021,485**	$ 11,114,313	$ 10,594,205
Securitization liabilities	*9*	**8,175,776**	7,565,545	7,730,776
Obligations under repurchase agreements	*9*	**299,028**	452,001	316,087
Deferred tax liabilities		**38,990**	35,802	31,869
Other liabilities		**178,946**	199,601	191,289
Bank facilities		**173,514**	128,871	193,654
Debentures		**-**	-	65,000
		21,887,739	19,496,133	19,122,880
Shareholders' equity:				
Preferred shares		**72,557**	72,557	72,557
Common shares		**200,760**	198,660	197,488
Contributed surplus		**6,707**	6,012	5,870
Retained earnings		**980,272**	866,109	830,976
Accumulated other comprehensive loss		**(421)**	(5,221)	(8,566)
		1,259,875	1,138,117	1,098,325
		$ 23,147,614	$ 20,634,250	$ 20,221,205

[1] The amounts for the period ended September 30, 2018 have been prepared in accordance with IFRS 9; prior period amounts have not been restated (see Notes 3 and 4).

See accompanying notes to the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME (unaudited)

FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2018

With comparative figures for the three and nine month periods ended September 30, 2017

($THOUSANDS, EXCEPT PER SHARE AMOUNTS)

		Three months ended		Nine months ended	
	Note	**September 30, 2018[(1)]**	September 30, 2017	**September 30, 2018[(1)]**	September 30, 2017
Interest income:					
Mortgages – Core Lending		**$ 164,775**	$ 129,372	**$ 461,413**	$ 376,934
Mortgages – Securitization Financing		**50,701**	43,368	**141,640**	133,480
Investments		**1,496**	65	**4,042**	3,563
Other		**4,964**	4,296	**12,932**	7,339
		221,936	177,101	**620,027**	521,316
Interest expense:					
Deposits		**77,908**	54,004	**209,584**	150,815
Securitization liabilities		**47,581**	43,647	**135,968**	129,959
Bank facilities		**3,423**	6,536	**20,685**	9,027
Debentures		**-**	950	**-**	2,850
		128,912	105,137	**366,237**	292,651
Net interest income		**93,024**	71,964	**253,790**	228,665
Provision for credit losses	*8*	**517**	40	**1,455**	1,156
Net interest income after provision for credit losses		**92,507**	71,924	**252,335**	227,509
Other income:					
Fees and other income		**4,843**	7,492	**16,767**	22,149
Net gain/(loss) on investments		**131**	(100)	**(101)**	(888)
Gains on securitization activities and income from securitization retained interests	*9*	**5,500**	4,797	**11,461**	11,263
		10,474	12,189	**28,127**	32,524
Net interest and other income		**102,981**	84,113	**280,462**	260,033
Non-interest expenses:					
Compensation and benefits		**19,406**	16,495	**57,041**	49,385
Other		**18,391**	15,147	**53,089**	46,572
		37,797	31,642	**110,130**	95,957
Income before income taxes		**65,184**	52,471	**170,332**	164,076
Income taxes:					
Current		**17,124**	15,773	**43,848**	39,860
Deferred		**254**	(1,171)	**974**	4,045
		17,378	14,602	**44,822**	43,905
Net income		**$ 47,806**	$ 37,869	**$ 125,510**	$ 120,171
Dividends on preferred shares		**1,191**	1,191	**3,573**	3,573
Net income available to common shareholders		**$ 46,615**	$ 36,678	**$ 121,937**	$ 116,598
Earnings per share:	*12*				
Basic		**$ 2.82**	$ 2.23	**$ 7.38**	$ 7.08
Diluted		**$ 2.80**	$ 2.21	**$ 7.33**	$ 7.03

(1) The amounts for the period ended September 30, 2018 have been prepared in accordance with IFRS 9; prior period amounts have not been restated (see Notes 3 and 4).

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, 2018

With comparative figures for the three and nine month periods ended September 30, 2017

($ THOUSANDS)

	Three months ended		Nine months ended	
	September 30, 2018[(1)]	September 30, 2017	**September 30, 2018[(1)]**	September 30, 2017
Net income	**$ 47,806**	$ 37,869	**$ 125,510**	$ 120,171
Other comprehensive income – items that will be reclassified subsequently to income:				
Debt instruments at Fair Value through Other Comprehensive Income/Available for sale:				
Net unrealized (losses)/gains from change in fair value	**(4)**	1,755	**(30)**	11,835
Reclassification of net losses to income	**17**	11	**17**	412
Other comprehensive income – items that will not be reclassified subsequently to income:				
Equity instruments designated at Fair Value through Other Comprehensive Income:				
Net unrealized losses from change in fair value	**831**	N/A	**603**	N/A
Reclassification of net losses to retained earnings	**14**	N/A	**8**	N/A
	858	1,766	**598**	12,247
Income tax expense	**(228)**	(469)	**(159)**	(3,221)
	630	1,297	**439**	9,026
Cash flow hedges*:*				
Net unrealized gains from change in fair value	**3,533**	3,501	**2,564**	5,333
Reclassification of net (gains)/losses to income	**(4)**	758	**1,441**	2,086
	3,529	4,259	**4,005**	7,419
Income tax expense	**(936)**	(1,131)	**(1,062)**	(2,028)
	2,593	3,128	**2,943**	5,391
Total other comprehensive income	**3,223**	4,425	**3,382**	14,417
Total comprehensive income	**$ 51,029**	$ 42,294	**$ 128,892**	$ 134,588

[(1)] The amounts for the period ended September 30, 2018 have been prepared in accordance with IFRS 9; prior period amounts have not been restated (see Notes 3 and 4).

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, 2018

With comparative figures for the three month period ended September 30, 2017

($ THOUSANDS)

					Accumulated other comprehensive income (loss)			
September 30, 2018	**Preferred shares**	**Common shares**	**Contributed surplus**	**Retained earnings**	**Cash flow hedges**	**Financial instruments at FVOCI[(1)]**	**Total**	**Total**
Balance, beginning of period	**$ 72,557**	**$ 199,305**	**$ 6,612**	**$ 938,122**	**$ 3,503**	**$ (7,147)**	**$ (3,644)**	**$ 1,212,952**
Net income	**-**	**-**	**-**	**47,806**	**-**	**-**	**-**	**47,806**
Other comprehensive income, net of tax	**-**	**-**	**-**	**-**	**2,593**	**630**	**3,223**	**3,223**
Exercise of stock options	**-**	**1,229**	**-**	**-**	**-**	**-**	**-**	**1,229**
Dividends:								
Preferred shares	**-**	**-**	**-**	**(1,191)**	**-**	**-**	**-**	**(1,191)**
Common shares	**-**	**-**	**-**	**(4,465)**	**-**	**-**	**-**	**(4,465)**
Stock-based compensation	**-**	**-**	**321**	**-**	**-**	**-**	**-**	**321**
Transfer relating to the exercise of stock options	**-**	**226**	**(226)**	**-**	**-**	**-**	**-**	**-**
Balance, end of period	**$ 72,557**	**$ 200,760**	**$ 6,707**	**$ 980,272**	**$ 6,096**	**$ (6,517)**	**$ (421)**	**$ 1,259,875**

					Accumulated other comprehensive income (loss)			
September 30, 2017	Preferred shares	Common shares	Contributed surplus	Retained earnings	Cash flow hedges	Available for sale investments	Total	Total
Balance, beginning of period	$ 72,557	$ 197,439	$ 5,594	$ 798,253	$ (510)	$ (12,481)	$ (12,991)	$ 1,060,852
Net income	-	-	-	37,869	-	-	-	37,869
Other comprehensive income, net of tax	-	-	-	-	3,128	1,297	4,425	4,425
Exercise of stock options	-	40	-	-	-	-	-	40
Dividends:								
Preferred shares	-	-	-	(1,191)	-	-	-	(1,191)
Common shares	-	-	-	(3,955)	-	-	-	(3,955)
Stock-based compensation	-	-	285	-	-	-	-	285
Transfer relating to the exercise of stock options	-	9	(9)	-	-	-	-	-
Balance, end of period	$ 72,557	$ 197,488	$ 5,870	$ 830,976	$ 2,618	$ (11,184)	$ (8,566)	$ 1,098,325

(1) Current period balance is classified as at FVOCI for debt and equity instruments, however, balance at the beginning of the period is classified as Available for Sale under IAS 39.

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, 2018

With comparative figures for the nine month period ended September 30, 2017

($ THOUSANDS)

					Accumulated other comprehensive income (loss)			
September 30, 2018	**Preferred shares**	**Common shares**	**Contributed surplus**	**Retained earnings**	**Cash flow hedges**	**Financial instruments at FVOCI[1]**	**Total**	**Total**
Balance, beginning of period	**$ 72,557**	**$ 198,660**	**$ 6,012**	**$ 866,109**	**$ 3,153**	**$ (8,374)**	**$ (5,221)**	**$ 1,138,117**
Cumulative effect of adopting IFRS 9[2]	**-**	**-**	**-**	**5,450**	**-**	**1,418**	**1,418**	**6,868**
Restated balance as at January 1, 2018	**72,557**	**198,660**	**6,012**	**871,559**	**3,153**	**(6,956)**	**(3,803)**	**1,144,985**
Net income	**-**	**-**	**-**	**125,510**	**-**	**-**	**-**	**125,510**
Other comprehensive income, net of tax	**-**	**-**	**-**	**-**	**2,943**	**439**	**3,382**	**3,382**
Net realized losses on sale of equity investments	**-**	**-**	**-**	**(6)**	**-**	**-**	**-**	**(6)**
Exercise of stock options	**-**	**1,754**	**-**	**-**	**-**	**-**	**-**	**1,754**
Dividends:								
Preferred shares	**-**	**-**	**-**	**(3,573)**	**-**	**-**	**-**	**(3,573)**
Common shares	**-**	**-**	**-**	**(13,218)**	**-**	**-**	**-**	**(13,218)**
Stock-based compensation	**-**	**-**	**1,041**	**-**	**-**	**-**	**-**	**1,041**
Transfer relating to the exercise of stock options	**-**	**346**	**(346)**	**-**	**-**	**-**	**-**	**-**
Balance, end of period	**$ 72,557**	**$ 200,760**	**$ 6,707**	**$ 980,272**	**$ 6,096**	**$ (6,517)**	**$ (421)**	**$ 1,259,875**

					Accumulated other comprehensive income (loss)			
September 30, 2017	Preferred shares	Common shares	Contributed surplus	Retained earnings	Cash flow hedges	Available for sale investments	Total	Total
Balance, beginning of period	$ 72,557	$ 196,608	$ 5,056	$ 725,912	$ (2,773)	$ (20,210)	$ (22,983)	$ 977,150
Net income	-	-	-	120,171	-	-	-	120,171
Other comprehensive income, net of tax	-	-	-	-	5,391	9,026	14,417	14,417
Exercise of stock options	-	737	-	-	-	-	-	737
Dividends:								
Preferred shares	-	-	-	(3,573)	-	-	-	(3,573)
Common shares	-	-	-	(11,534)	-	-	-	(11,534)
Stock-based compensation	-	-	957	-	-	-	-	957
Transfer relating to the exercise of stock options	-	143	(143)	-	-	-	-	-
Balance, end of period	$ 72,557	$ 197,488	$ 5,870	$ 830,976	$ 2,618	$ (11,184)	$ (8,566)	$ 1,098,325

(1) *Current period balance is classified as at FVOCI for debt and equity instruments, however, balance at the beginning of the period is classified as Available for Sale under IAS 39.*

(2) *See Note 4 – Transition to IFRS 9.*

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, 2018

With comparative figures for the three and nine month periods ended September 30, 2017

($ THOUSANDS)

	Three months ended		Nine months ended	
	September 30, 2018[(1)]	September 30, 2017	**September 30, 2018[(1)]**	September 30, 2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period	**$ 47,806**	$ 37,869	**$ 125,510**	$ 120,171
Adjustments for non-cash items in net income:				
Financial instruments at fair value through income	**(416)**	640	**(4,136)**	1,989
Amortization of premiums/discount on investments	**1,873**	2,775	**6,410**	7,559
Amortization of capital assets and intangible costs	**2,431**	2,343	**7,190**	6,516
Provision for credit losses	**517**	40	**1,455**	1,156
Securitization gains	**(5,500)**	(2,504)	**(11,461)**	(8,791)
Net loss on sale or redemption of investments	**-**	100	**-**	888
Stock-based compensation	**321**	285	**1,041**	957
Income taxes	**17,378**	14,602	**44,822**	43,905
Securitization retained interests	**7,055**	6,479	**20,755**	18,088
Changes in operating assets and liabilities:				
Restricted cash	**(11,998)**	14,671	**6,755**	(149,487)
Securities purchased under reverse repurchase agreements	**-**	-	**-**	199,401
Mortgages receivable, net of securitizations	**(1,214,589)**	(532,881)	**(2,366,993)**	(1,029,493)
Other assets	**(3,138)**	6,849	**12,118**	(12,697)
Deposits	**544,511**	499,201	**1,909,474**	837,681
Securitization liabilities	**591,449**	(19,227)	**610,542**	(30,901)
Obligations under repurchase agreements	**96,101**	(112,898)	**(152,972)**	203,599
Bank facilities	**(77,297)**	51,839	**44,643**	143,654
Other liabilities	**(5,733)**	(37,099)	**(25,879)**	(28,381)
Income taxes paid	**(15,485)**	(10,709)	**(49,183)**	(48,330)
Cash flows (used in)/from operating activities	**(24,714)**	(77,625)	**180,091**	277,484
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid on preferred shares	**(1,191)**	(1,191)	**(3,573)**	(3,573)
Dividends paid on common shares	**(4,461)**	(3,955)	**(12,879)**	(14,977)
Proceeds from issuance of common shares	**1,229**	40	**1,754**	737
Cash flows used in financing activities	**(4,423)**	(5,106)	**(14,698)**	(17,813)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	**(4,847)**	-	**(57,469)**	(40,462)
Proceeds on sale or redemption of investments	**-**	76	**45**	70,219
Net change in Canada Housing Trust re-investment Accounts	**(12)**	12	**26**	239
Purchase of capital assets and system development costs	**(3,740)**	(4,508)	**(12,973)**	(9,532)
Cash flows (used in)/from investing activities	**(8,599)**	(4,420)	**(70,371)**	20,464
Net (decrease)/increase in cash and cash equivalents	**(37,736)**	(87,151)	**95,022**	280,135
Cash and cash equivalents, beginning of period	**793,688**	811,465	**660,930**	444,179
Cash and cash equivalents, end of period	**$ 755,952**	$ 724,314	**$ 755,952**	$ 724,314
Cash flows from operating activities include:				
Interest received	**$ 210,403**	$ 174,746	**$ 601,246**	$ 520,521
Interest paid	**(67,545)**	(92,216)	**(211,782)**	(250,221)
Dividends received	**1,517**	1,112	**4,091**	3,571

(1) *The amounts for the period ended September 30, 2018 have been prepared in accordance with IFRS 9; prior period amounts have not been restated (see Notes 3 and 4).*

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 offers savings and mortgage 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 2017 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 8, 2018.

(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 years. 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 mortgages, the impairment of other financial instruments, the 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.

The critical estimates and judgments made in the preparation of the Company's consolidated financial statements include probability of default and loss given default for mortgages receivable, determination of whether there has been a significant increase in credit risk on a financial asset, discount rates utilized in the valuation of the Company's financial assets and liabilities, the credit worthiness of the Company to its counterparties, the values of comparable assets and the fair value of securities not traded in an active market. 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 consolidated financial statements. Actual results could differ from these estimates, in which case the impact would be recognized in the consolidated financial statements in future periods.

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, 2017 as described in Note 3 of the audited consolidated financial statements in the Company's 2017 Annual Report, except for changes to the accounting for financial instruments resulting from the adoption of International Financial Reporting Standards 9, Financial Instruments ("IFRS 9") and the adoption of International Financial Reporting Standards 15, Revenue from contracts with customers ("IFRS 15"). As a result, the Company changed its accounting policies as outlined below, effective January 1, 2018.

IFRS 9:

As permitted by the transition provisions of IFRS 9, the Company elected not to restate comparative period results, therefore all comparative period information is presented in accordance with our previous accounting policies. Adjustments to the carrying amounts of financial assets and liabilities, at the date of initial application have been recognized in opening retained earnings and other components of equity for the current period. New or amended interim disclosures have been provided for the current period, where applicable, while comparative period disclosures are consistent with those made in prior periods.

(a) Classification and measurement of financial assets

Financial assets are measured at initial recognition at fair value, and are classified and subsequently measured at fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVOCI") or amortized cost ("AMC"), based on the business model for managing the financial instruments and the contractual cash flow characteristics of the instrument.

(i) Debt Instruments

On initial recognition, all debt instruments, including mortgages, are classified based on:

- The business model under which the asset is held; and
- The contractual cash flow characteristics of the financial instrument

Business model assessment

Business model assessment involves determining whether financial assets are held and managed by the Company for generating and collecting contractual cash flows, selling the financial assets or both. The Company assesses the business model at a portfolio level using judgment and is supported by relevant objective evidence including:

- how the performance of the asset is evaluated and reported to the Company's management;
- the frequency, volume, reason and timing of sales in prior periods and expectations about future sales activity;
- whether the assets are held for trading purposes i.e., assets that are acquired by the Company principally for the purpose of selling or repurchase in the near term, or held as part of a portfolio that is managed together for short-term profits.
- the risks that affect the performance of assets held within a business model and how those risks are managed

Cash flow characteristics assessment

The contractual cash flow characteristics assessment involves assessing the contractual features of an instrument to determine if they give rise to cash flows that are consistent with a basic lending arrangement i.e. if they represent cash flows that are solely payments of principal and interest ("SPPI").

Principal is defined as the fair value of the instrument at initial recognition. Principal may change over the life of the instruments due to repayments. Interest is defined as consideration for the time value of money and the credit risk associated with the principal amount outstanding and for other basic lending risks and costs (liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains any contractual terms that could change the timing or amount of contractual cash flows such that the financial asset would not meet the SPPI criteria. In making the assessment the Company considers:

- contingent events that would change the amount and/or timing of cash flows;
- leverage features;
- prepayment and extension terms;
- associated penalties relating to prepayments;
- terms that limit the Company's claim to cash flows from specified assets; and
- features that modify consideration of the time value of money.

Debt instruments measured at AMC

Debt instruments are measured at AMC using the effective interest rate, if they are held within a business model whose objective is to hold the financial asset for collecting contractual cash flows where those cash flows represent SPPI. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. AMC is calculated taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate. Amortization of these deferred costs is included in Interest income in the Consolidated Statements of Income.

Impairment on debt instruments measured at AMC is calculated using the expected credit loss approach. Loans and debt securities measured at amortized cost are presented net of the allowance for credit losses ("ACL") in the Consolidated Balance Sheets.

Debt instruments measured at FVOCI

Debt instruments are measured at FVOCI if they are held within a business model whose objective is to hold the financial asset for collection of contractual cash flows and for selling financial assets, where the cash flows represent payments that are SPPI. Subsequent to initial recognition, the assets are fair valued and unrealized gains and losses are recorded in other comprehensive Income ("OCI"), unless the instrument is designated in a fair value hedge relationship. When designated in a fair value hedge relationship, any changes in fair value due to changes in the hedged risk is recognized in Interest Income – Investments in the Consolidated Statements of Income. Upon derecognition, realized gains and losses are reclassified from OCI and recorded in other income in the Consolidated Statements of Income. Premiums, discounts and related transaction costs are amortized over the expected life of the instrument to investments income in the Consolidated Statements of Income using the effective interest rate method.

Impairment on debt instruments measured at FVOCI is calculated using the expected credit loss approach. The ACL on debt instruments measured at FVOCI does not reduce the carrying amount of the asset in the Consolidated Balance Sheets, which remains at its fair value. Instead, an amount equal to the impairment is recognized in accumulated other comprehensive income ("AOCI") with a corresponding charge to Provision for credit losses in the Consolidated Statements of Income. The accumulated allowance recognized in AOCI is recycled to the Consolidated Statements of Income upon derecognition of the debt instrument.

Debt instruments measured at FVTPL

Debt instruments measured at FVTPL include assets held as part of a portfolio managed on a fair value basis and assets whose cash flows do not represent payments that are SPPI. These instruments are measured at fair value in the Consolidated Balance Sheets, with transaction costs recognized immediately in the Consolidated Statements of Income as part of other income. Realized and unrealized gains and losses are recognized as part of other income in the Consolidated Statements of Income.

(ii) Equity instruments

Equity instruments are measured at FVTPL, unless they are not held for trading purposes and an irrevocable election is made to designate these instruments at FVOCI upon initial recognition. The measurement election is made on an instrument-by-instrument basis. Changes in fair value are recognized as part of Investments income in the Consolidated Statements of Income for equity instruments measured as at FVTPL. The Company has elected to measure certain equity investments at FVOCI that are held for longer term investment purposes. These instruments are measured at fair value in the Consolidated Balance Sheets, with transaction costs being added to the cost of the instrument. Dividends received that represent return on capital, are recorded in Investments income in the Consolidated Statements of Income. Unrealized fair value gains/losses are recognized in OCI and are not subsequently reclassified to the Consolidated Statements of Income when the instrument is derecognized or sold.

(iii) Financial assets and liabilities designated at FVTPL

Financial assets and financial liabilities classified in this category are those that have been designated by the Company on initial recognition. Financial assets are designated at FVTPL if doing so eliminates or significantly reduces an accounting mismatch which would otherwise arise.

Financial liabilities are designated at FVTPL when one of the following criteria is met:

- The designation eliminates or significantly reduces an accounting mismatch which would otherwise arise; or
- The financial liability contains one or more embedded derivatives which significantly modify the cash flows otherwise required.

Financial assets and financial liabilities designated at FVTPL are recorded in the Consolidated Balance Sheets at fair value. For assets designated at FVTPL, changes in fair values are recognized in other income in the Consolidated Statements of Income. For liabilities designated at FVPTL, all changes in fair value are recognized in other income in the Consolidated Statements of Income, except for changes in fair value arising from changes in the Company's own credit risk are recognized in OCI and are not subsequently reclassified to the Consolidated Statements of Income upon derecognition/extinguishment of the liabilities.

(b) Impairment

Scope

The company applies the three-stage approach to measure Allowance for Credit Losses ("ACL"), using the expected credit loss impairment approach as required under IFRS 9, for the following categories of financial instruments that are not measured at FVTPL:

- Financial assets at AMC
- Debt securities as at FVOCI; and
- Off-balance sheet loan commitments

The ACL is calculated based on the stage in which the financial instruments falls at the reporting date. The financial instruments migrate through the three stages based on the change in their risk of default since initial recognition.

Expected credit loss ("ECL") impairment model

The Company's ACL calculations are outputs of an ECL model with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The ECL impairment model reflects the present value of all cash shortfalls related to default events either (i) over the following twelve months or (ii) over the expected life of the financial instrument depending on credit deterioration of the instrument since its inception. The ACL calculated using the ECL model reflects an unbiased, probability-weighted credit loss which considers multiple scenarios based on reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. Forward-looking information is explicitly incorporated into the estimation of ECL.

Measurement of ECL

The ECL impairment model measures the credit losses using the following three-stage approach based on the extent of credit deterioration of the financial assets since initial recognition:

- Stage 1 – Where there has not been a significant increase in credit risk ("SICR") since initial recognition of a financial instrument, an amount equal to twelve months ECL is recorded. The ECL is computed using a probability of default ("PD") occurring over the next twelve months. For those instruments with a remaining maturity of less than twelve months, a probability of default corresponding to remaining term to maturity is used.
- Stage 2 – When a financial instrument experiences a SICR subsequent to initial recognition but is not considered to be in default, it is included in Stage 2. This requires the computation of ECL based on the PD over the remaining estimated life of the financial instrument.
- Stage 3 – Financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the ACL captures lifetime ECL.

The PD, exposure at default ("EAD"), and loss given default ("LGD") are inputs used to estimate the ECL, and are modelled based on macroeconomic factors that are closely related with credit losses in the relevant portfolios, and are probability-weighted using five scenarios.

Details of these statistical parameters/inputs are as follows:

- PD is an estimate of the likelihood of default over a given time horizon, and is expressed as a percentage.
- EAD is the expected exposure in the event of default at a future default date, and is expressed as an amount.
- LGD is an estimate of the loss arising in case where a default occurs at a given time and is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realization of any collateral. It is expressed as a percentage of the EAD.

Forward-looking information ("FLI") and Macroeconomic factors

The measurement of ACL for each stage and the assessment of SICR considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of FLI requires significant judgement.

The Company relies on a broad range of FLIs, such as expected GDP growth, unemployment rates, central bank base rates, house price indices and family income. The inputs used in the model for calculating ACL may not always capture all characteristics of the market at the date of the financial statements. To capture portfolio characteristics and risks, qualitative adjustments or overlays are made using management judgement.

Multiple forward-looking scenarios

The Company determines ACL using five probability-weighted forward-looking scenarios obtained on a periodic basis from an external third party. These scenarios include a 'base case' scenario which represents the most likely outcome and four additional scenarios representing more optimistic and more pessimistic outcomes. These additional scenarios are designed to capture material non-linearity of potential credit losses in portfolios. Periodically, the Company carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

Assessment of significant increase in credit risk ("SICR")

The determination of whether the ECL on a financial instrument is calculated on a twelve month period or lifetime basis is dependent on the stage the financial asset falls into at the reporting date. A financial instrument moves across stages based on an increase or decrease in its risk of default at the reporting date compared to its risk of default at initial recognition.

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and expert credit assessment, delinquency and monitoring, and macroeconomic outlook including forward-looking information. With regards to delinquency and monitoring, there is a rebuttable presumption that the risk of default of the financial instrument has increased since initial recognition when contractual payments are more than 30 days overdue.

With regards to the macroeconomic outlook assessment, the Company considers the movements in Beacon score, Consumer Price Index ("CPI"), Gross Domestic Product ("GDP"), Housing Price Index ("HPI"), Forward looking PD, Unemployment Rate, and Non Residential Building Permits ("NRBP").

Modified financial assets

The original terms of a financial asset may be renegotiated or otherwise modified, resulting in changes to the contractual terms of the financial asset that affect the contractual cash flows.

If the terms of a financial asset are modified or an existing financial asset is replaced with a new one, an assessment is made to determine if the modification is substantial. If the modification is substantial, the original asset is derecognized and a new asset is recognized at fair value. The new financial asset is generally recorded in Stage 1, unless it is determined to be credit-impaired at the time of the renegotiation. Where the modification does not result in derecognition, the date of the origination continues to be used to determine the significant increase in credit risk.

Definition of default

The Company considers a financial instrument to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing collateral (if any is held); or
- the borrower is past due more than 90 days on any material credit obligation to the Company.

The Company classifies a mortgage receivable as impaired when, in the opinion of management, there is a reasonable doubt as to the timely collectability, either in whole or in part, of principal or interest, or the mortgage is past due 90 days.

Write-off

The Company writes off an impaired financial asset, either partially or in full, when there is no realistic prospect of recovery. Where financial assets are secured, write-off is after the expected proceeds from the realization of collateral. In subsequent periods, recoveries if any, against written off loans are credited to the provision for credit losses in the Consolidated Statement of Income.

(c) Hedge accounting

The Company has retained the IAS 39 hedge accounting requirements. The hedge accounting policy applied by the Company in these interim consolidated financial statements are the same as those described in Note 3 of the audited consolidated financial statements in the Company's 2017 Annual Report.

IFRS 15:

There is no material impact on the Company's financial statements and its accounting policies from the adoption of IFRS 15 as majority of the Company's revenue includes interest income from financial instruments which do not fall within the scope of this standard.

Future accounting policies:

Besides the adoption of IFRS 9 and IFRS 15, there are no significant updates to future accounting policies disclosed by the Company in Note 3 of the audited consolidated financial statements in the Company's 2017 Annual Report.

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

Note 4 – Transition to IFRS 9

(a) Reconciliation of IAS 39 to IFRS 9:

On adoption of IFRS 9, the Company has assessed all its financial assets and liabilities based on the business model and solely payments of principal and interest ("SPPI") tests. This has resulted in the re-classification and re-measurement of certain financial assets and liabilities as at January 1, 2018, which are summarized in the table below:

	As at December 31, 2017				As at January 1, 2018	
	IAS 39				IFRS 9	
	Measurement basis	Carrying amount	Re-classification	Re-measurement	Carrying amount	Measurement basis
Financial assets:						
Cash and cash equivalents	FVTPL	$ 660,930	$ (660,930)	$ -	$ -	-
Cash and cash equivalents	-	-	660,930	-	660,930	AMC
Restricted cash	FVTPL	366,038	(366,038)	-	-	-
Restricted cash	-	-	366,038	-	366,038	AMC
Investments:						
Common shares	FVTPL	300	-	-	300	FVTPL
Common shares	FVOCI	86	-	-	86	FVOCI
Preferred shares	FVOCI	92,893	(23,180)	-	69,713	FVOCI
Preferred shares(1)	-	-	21,794	-	21,794	FVTPL
Preferred shares(2)	-	-	1,386	(49)	1,337	AMC
Others	AMC	2,258	-	-	2,258	AMC
Others(3)	FVOCI	11,905	(11,905)	-	-	-
Others(3)	-	-	11,905	-	11,905	FVTPL
Mortgages receivable - Core lending	AMC	12,291,933	(137,812)	8,195	12,162,316	AMC
Mortgages receivable - Core lending(4)	-	-	150,620	675	151,295	FVTPL
Mortgages receivable - Core lending(5)	FVTPL	12,808	(12,808)	-	-	-
Mortgages receivable - Securitization(6)	AMC	6,934,688	(59,121)	-	6,875,567	AMC
Mortgages receivable - Securitization(6)	FVTPL	59,119	59,121	-	118,240	FVTPL
Securitization retained interests(7)	FVOCI	104,429	(104,429)	-	-	-
Securitization retained interests(7)	-	-	104,429	569	104,998	AMC
Other assets:						
Derivative financial instruments	FVTPL	12,827	-	-	12,827	FVTPL
Others	AMC	11,066	-	-	11,066	AMC
		$ 20,561,280	$ -	$ 9,390	$ 20,570,670	
Financial liabilities:						
Deposits(8)	AMC	$ 11,103,561	$ 10,752	$ (28)	$ 11,114,285	AMC
Deposits(8)	FVTPL	10,752	(10,752)	-	-	-
Securitization liabilities	AMC	7,565,545	-	-	7,565,545	AMC
Obligations under repurchase agreements	AMC	452,001	-	-	452,001	AMC
Other liabilities:						
Derivative financial instruments	FVTPL	10,049	-	-	10,049	FVTPL
Mortgage commitments	FVTPL	60	-	-	60	FVTPL
Other	AMC	182,249	-	-	182,249	AMC
Bank facilities	AMC	128,871	-	-	128,871	AMC
		$ 19,453,088	$ -	$ (28)	$ 19,453,060	

(1) *Preferred shares of $21,794 are reclassified from FVOCI to FVTPL, as these are hybrid instruments and do not meet the SPPI criteria.*
(2) *Preferred shares of $1,386 are reclassified from FVOCI to AMC, as the business model for the instrument is "held-to-collect" and the cash flows meet the SPPI criteria.*
(3) *Investments of $11,905 are reclassified from FVOCI to FVTPL as the cash flows do not meet the SPPI criteria.*
(4) *Mortgages receivable – Core lending of $150,620 are reclassified from AMC to FVTPL as the SPPI criteria is not met.*
(5) *Mortgages receivable – Core lending of $12,808 are reclassified from FVTPL to AMC as the business model is "held-to-collect" and the cash flows meet the SPPI criteria.*
(6) *Mortgages receivable – Securitization of $59,121 are reclassified from AMC to FVTPL as they do not meet the SPPI criteria.*
(7) *Securitization retained interests of $104,429 are reclassified from FVOCI to AMC, as the business model for the instrument is "held-to-collect" and the cash flows meet the SPPI criteria.*
(8) *Under IAS 39, Deposits of $10,752 were designated at FVTPL as they were economically hedging certain Mortgage receivables. On transition to IFRS 9, the hedged mortgages are now classified at AMC, and correspondingly these deposits are reclassified from FVTPL to AMC.*

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

(b) The following table shows the effects of the reclassification of financial assets from IAS 39 categories into the "amortized cost" category under IFRS 9:

	Fair value
Assets reclassified from available-for-sale to amortized cost:	
Fair value as at September 30, 2018	$ 111,192
Fair value losses that would have been recognized during 2018 in OCI if the financial assets had not been reclassified	1,397

(c) Reconciliation of impairment allowance balance from IAS 39 to IFRS 9:

The following table reconciles the closing allowance for credit losses in accordance with IAS 39 as at December 31, 2017 to the opening ECL allowance in accordance with IFRS 9 as at January 1, 2018:

	As at December 31, 2017				As at January 1, 2018			
	IAS 39				IFRS 9			
	Individual	Collective	Total	Transition adjustments(1)	Total	Stage 1	Stage 2	Stage 3
Mortgages – Core Lending	$ 1,464	$ 31,890	$ 33,354	$ (8,470)	$ 24,884	$ 13,930	$ 9,627	$ 1,327

(1) *As at January 1, 2018, adoption of IFRS 9 - Expected credit losses, has decreased the allowances for credit losses by $8,470, and increased the opening shareholders' equity by $6,223, net of tax.*

Note 5 – 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 45 to 56 of the Company's 2017 Annual Report.

Note 6 – 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) Mortgages receivable

The estimated fair value of mortgages receivable is determined using a discounted cash flow calculation and the market interest rates offered for mortgages 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, 2018 and December 31, 2017. The tables do not include assets and liabilities that are not financial instruments.

						September 30, 2018[1]
	FVTPL - Mandatorily	FVOCI - Debt instruments	FVOCI - Equity instruments	Amortized cost	Total carrying value	Fair value
Financial assets:						
Cash and cash equivalents	$ -	$ -	$ -	$ 755,952	$ 755,952	$ 755,952
Restricted cash	-	-	-	359,283	359,283	359,283
Investments	34,057	5,465	115,937	3,575	159,034	159,034
Mortgages receivable – Core Lending	128,217	-	-	13,745,451	13,873,668	13,810,730
Mortgages receivable – Securitization Financing	71,553	-	-	7,726,117	7,797,670	7,670,966
Securitization retained interests	-	-	-	111,202	111,202	109,816
Other assets:						
Derivative financial instruments[2]:						
interest rate swaps	10,764	-	-	-	10,764	10,764
total return swaps	4,638	-	-	-	4,638	4,638
bond forwards	1,080	-	-	-	1,080	1,080
Other	-	-	-	11,144	11,144	11,144
Total financial assets	$ 250,309	$ 5,465	$ 115,937	$ 22,712,724	$ 23,084,435	$ 22,893,407
Financial liabilities:						
Deposits	$ -	$ -	$ -	$ 13,021,485	$ 13,021,485	$ 12,957,276
Securitization liabilities	-	-	-	8,175,776	8,175,776	8,093,594
Obligations under repurchase agreements	-	-	-	299,028	299,028	299,028
Other liabilities:						
Derivative financial instruments[2]:						
interest rate swaps	17,619	-	-	-	17,619	17,619
total return swaps	1,041	-	-	-	1,041	1,041
Mortgage commitments	-	-	-	35	35	35
Other	-	-	-	156,601	156,601	156,601
Bank facilities	-	-	-	173,514	173,514	173,514
Total financial liabilities	$ 18,660	$ -	$ -	$ 21,826,439	$ 21,845,099	$ 21,698,708

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

	December 31, 2017						
	Financial instruments classified as held for trading	Financial instruments designated as at fair value through income	Held to maturity	Available for sale	Loans and receivables/ financial liabilities at cost or amortized cost	Total carrying value	Fair value
Financial assets:							
Cash and cash equivalents	$ 660,930	$ -	$ -	$ -	$ -	$ 660,930	$ 660,930
Restricted cash	366,038	-	-	-	-	366,038	366,038
Investments	300	-	2,258	104,884	-	107,442	107,442
Mortgages receivable – Core Lending	-	12,808	-	-	12,291,933	12,304,741	12,248,843
Mortgages receivable – Securitization Financing	59,119	-	-	-	6,934,688	6,993,807	6,925,654
Securitization retained interests	-	-	-	104,429	-	104,429	104,429
Other assets:							
Derivative financial instruments(2):							
interest rate swaps	10,198	-	-	-	-	10,198	10,198
total return swaps	2,283	-	-	-	-	2,283	2,283
bond forwards	346	-	-	-	-	346	346
Other	-	-	-	-	11,066	11,066	11,066
Total financial assets	$ 1,099,214	$ 12,808	$ 2,258	$ 209,313	$ 19,237,687	$ 20,561,280	$ 20,437,229
Financial liabilities:							
Deposits	$ -	$ 10,752	$ -	$ -	$ 11,103,561	$ 11,114,313	$ 11,059,918
Securitization liabilities	-	-	-	-	7,565,545	7,565,545	7,552,336
Obligations under repurchase agreements	-	-	-	-	452,001	452,001	452,001
Other liabilities:							
Derivative financial instruments(2):							
interest rate swaps	10,049	-	-	-	-	10,049	10,049
Mortgage commitments	60	-	-	-	-	60	60
Other	-	-	-	-	182,249	182,249	182,249
Bank facilities	-	-	-	-	128,871	128,871	128,871
Total financial liabilities	$ 10,109	$ 10,752	$ -	$ -	$ 19,432,227	$ 19,453,088	$ 19,385,484

(1) *The amounts for the period ended September 30, 2018 have been prepared and classified in accordance with IFRS 9; prior period amounts in the following table have not been restated and have been prepared and classified in accordance with IAS 39.*
(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 in the consolidated balance sheets:

				September 30, 2018[1]
	Level 1	Level 2	Level 3	Total financial assets/ financial liabilities at fair value
Financial assets:				
Cash and cash equivalents	$ 755,952	$ -	$ -	$ 755,952
Restricted cash	359,283	-	-	359,283
Investments	148,277	2,234	8,523	159,034
Mortgages receivable – Core Lending	-	128,217	13,682,513	13,810,730
Mortgages receivable – Securitization Financing	-	71,553	7,599,413	7,670,966
Securitization retained interests	-	109,816	-	109,816
Other assets:				
Derivative financial instruments[2]:				
interest rate swaps	-	10,660	104	10,764
total return swaps	-	1,745	2,893	4,638
bond forwards	-	1,080	-	1,080
Other	-	11,144	-	11,144
Total financial assets	$ 1,263,512	$ 336,449	$ 21,293,446	$ 22,893,407
Financial liabilities:				
Deposits	$ -	$ 12,957,276	$ -	$ 12,957,276
Securitization liabilities	-	1,887,937	6,205,657	8,093,594
Obligations under repurchase agreements	-	299,028	-	299,028
Other liabilities:				
Derivative financial instruments[2]:				
interest rate swaps	-	17,619	-	17,619
total return swaps	-	-	1,041	1,041
Mortgage Commitments	-	-	35	35
Other	-	156,601	-	156,601
Bank facilities	-	173,514	-	173,514
Total financial liabilities	$ -	$ 15,491,975	$ 6,206,733	$ 21,698,708

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

				December 31, 2017
	Level 1	Level 2	Level 3	Total financial assets/ financial liabilities at fair value
Financial assets:				
Cash and cash equivalents	$ 660,930	$ -	$ -	$ 660,930
Restricted cash	366,038	-	-	366,038
Investments	93,279	2,258	11,905	107,442
Mortgages receivable – Core Lending	-	12,808	12,236,035	12,248,843
Mortgages receivable – Securitization Financing	-	59,119	6,866,535	6,925,654
Securitization retained interests	-	104,429	-	104,429
Other assets:				
Derivative financial instruments(2):				
interest rate swaps	-	10,198	-	10,198
total return swaps	-	1,294	989	2,283
bond forwards	-	346	-	346
Other	-	11,066	-	11,066
Total financial assets	$ 1,120,247	$ 201,518	$ 19,115,464	$ 20,437,229
Financial liabilities:				
Deposits	$ -	$ 11,059,918	$ -	$ 11,059,918
Securitization liabilities	-	1,780,117	5,772,219	7,552,336
Obligations under repurchase agreements	-	452,001	-	452,001
Other liabilities:				
Derivative financial instruments(2):				
interest rate swaps	-	10,049	-	10,049
Mortgage commitments	-	-	60	60
Other	-	182,249	-	182,249
Bank facilities	-	128,871	-	128,871
Total financial liabilities	$ -	$ 13,613,205	$ 5,772,279	$ 19,385,484

(1) *The amounts for the period ended September 30, 2018 have been prepared in accordance with IFRS 9; prior period amounts have not been restated (see Notes 3 and 4).*

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

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

Note 7 – Investments

Carrying value of investments under IFRS 9 is as follows:

		September 30, 2018
Equity securities measured at FVOCI	**$**	**115,937**
Equity securities measured at FVTPL		**300**
Debt securities measured at FVTPL		**33,757**
Debt securities measured at AMC		**3,575**
Debt securities measured as at FVOCI		**5,465**
	$	**159,034**

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, 2018, the Company did not sell any investments and earned dividend income of $3,299.

Carrying value of investments under IAS 39 was as follows:

		December 31, 2017		September 30, 2017
Equity securities – preferred shares	$	92,893	$	95,197
Equity securities – common shares		386		420
Debt securities – Successor issuer rights		11,905		14,378
Canada Housing Trust re-investment accounts[(1)]		2,258		2,260
	$	107,442	$	112,255

[(1)] *Canada Housing Trust re-investment accounts are restricted investments, held to repay the securitization liabilities in connection with the Company's participation in the CMB program.*

Net unrealized gains/(losses) on investments measured as at FVOCI under IFRS 9 are as follows:

		September 30, 2018
Equity securities measured at FVOCI	**$**	**(9,402)**
Debt securities measured at FVOCI		**4**

Net unrealized gains/(losses) on available for sale investments recorded in accumulated other comprehensive loss under IAS 39 are as follows:

		December 31, 2017		September 30, 2017
Equity securities – preferred shares	$	(11,255)	$	(14,920)
Equity securities – common shares		1		15
Debt securities – Successor issuer rights		(126)		(109)
	$	(11,380)	$	(15,014)

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

Note 8 – Mortgages Receivable

(a) Mortgages receivable:

September 30, 2018	Gross amount	Allowance for credit losses Stage 1	Stage 2	Stage 3	Total	IFRS 9 Net amount
Mortgages – Core Lending	$ 13,898,598	$ 14,419	$ 9,280	$ 1,231	$ 24,930	$ 13,873,668
Mortgages – Securitization Financing	7,797,670	-	-	-	-	7,797,670
	$ 21,696,268	$ 14,419	$ 9,280	$ 1,231	$ 24,930	$ 21,671,338

December 31, 2017	Gross amount	Allowance for credit losses Individual	Collective	Total	IAS 39 Net amount
Mortgages – Core Lending	$ 12,299,546	$ 621	$ 31,890	$ 32,511	$ 12,267,035
Mortgages – Securitization Financing	6,982,307	-	-	-	6,982,307
Accrued interest	50,049	843	-	843	49,206
	$ 19,331,902	$ 1,464	$ 31,890	$ 33,354	$ 19,298,548

September 30, 2017	Gross amount	Allowance for credit losses Individual	Collective	Total	IAS 39 Net amount
Mortgages – Core Lending	$ 11,918,102	$ 769	$ 31,890	$ 32,659	$ 11,885,443
Mortgages – Securitization Financing	6,855,187	-	-	-	6,855,187
Accrued interest	47,604	886	-	886	46,718
	$ 18,820,893	$ 1,655	$ 31,890	$ 33,545	18,787,348

Mortgages – Securitization Financing include mortgages measured as at FVTPL with changes in fair value included in gains on securitization activities. As at September 30, 2018, the carrying value of these mortgages is $71,553 (December 31, 2017 – $59,119, September 30, 2017 – $43,484) and includes fair value adjustment of ($399) (December 31, 2017 – ($403), September 30, 2017 – ($269)).

Included in Mortgages – Core Lending are certain mortgages measured as at FVTPL with changes in fair value included in Interest income – Mortgages – Core Lending. As at September 30, 2018, the carrying amount of these mortgages is $128,217 (December 31, 2017 – $12,742, September 30, 2017 – $12,828) and includes fair value adjustment of ($23) (December 31, 2017 – $66, September 30, 2017 – $150).

Included in Mortgages – Core lending are commercial loans of $179,229 (December 31, 2017 – $202,843, September 30, 2017 – 187,481) made to 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 its investments. Consequently, the Company does not control these structured entities and has not consolidated them.

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

	September 30, 2018	September 30, 2017
Net gains/(losses) in fair values for mortgages measured as at FVTPL included in gains on securitization activities	$ 4	$ (146)
Net losses in fair values for mortgages designated as at FVTPL and recognized in interest income – Mortgages – Core Lending	(89)	(682)

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

At September 30, 2018, the Company had commitments to fund a total of $1,737,957 (December 31, 2017 – $1,242,185, September 30, 2017 – $1,180,945) of mortgages in the ordinary course of business.

(b) Impaired and past due mortgages:

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

			September 30, 2018	December 31, 2017	September 30, 2017
			IFRS 9	IAS 39	IAS 39
	Gross	Allowance for credit losses	Net	Net	Net
Mortgages – Core Lending	$ 29,408	$ 1,231	$ 28,177	$ 21,767	$ 24,302
Mortgages – Core Lending – Insured	2,345	-	2,345	-	282
Mortgages – Securitization Financing – Insured	3,764	-	3,764	689	-
Accrued Interest	-	-	-	33	3
	$ 35,517	$ 1,231	$ 34,286	$ 22,489	$ 24,587

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

				September 30, 2018
				IFRS 9
	30 – 59 days	60 – 89 days	90 days or more[1]	Total
Mortgages – Core Lending	$ 33,846	$ 10,832	$ -	$ 44,678
Mortgages – Core Lending – Insured	2,183	338	-	2,521
Mortgages – Securitization Financing – Insured	9,477	1,992	-	11,469
	$ 45,506	$ 13,162	$ -	$ 58,668

				December 31, 2017
				IAS 39
	30 – 59 days	60 – 89 days	90 days or more	Total
Mortgages – Core Lending	$ 30,479	$ 7,923	$ -	$ 38,402
Mortgages – Core Lending – Insured	4,191	1,383	954	6,528
Mortgages – Securitization Financing – Insured	4,499	1,422	4,269	10,190
	$ 39,169	$ 10,728	$ 5,223	$ 55,120

				September 30, 2017
				IAS 39
	30 – 59 days	60 – 89 days	90 days or more	Total
Mortgages – Core Lending	$ 22,953	$ 9,577	$ -	$ 32,530
Mortgages – Core Lending – Insured	771	524	1,329	2,624
Mortgages – Securitization Financing – Insured	6,029	899	1,305	8,233
	$ 29,753	$ 11,000	$ 2,634	$ 43,387

[1] *Under IFRS 9, all mortgages overdue for 90 days or more are considered impaired, whereas under IAS 39, Insured mortgages were classified as impaired only when they were overdue for more than 365 days.*

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

(c) Allowance for credit losses:

IFRS 9								September 30, 2018[1]
		12 months ECL		Lifetime non-credit impaired		Lifetime credit impaired		
		Stage 1		Stage 2		Stage 3		Total
Balance, beginning of period	$	13,930	$	9,627	$	1,327	$	24,884
Transfer to (from):								
Stage 1		1,199		(1,010)		(189)		-
Stage 2		(668)		750		(82)		-
Stage 3		(2)		(7)		9		-
Re-measurement[2]		(1,031)		17		1,575		561
Originations		1,062		-		-		1,062
Discharges		(71)		(97)		-		(168)
Realized losses		-		-		(1,467)		(1,467)
Recoveries		-		-		58		58
Balance, end of period	$	14,419	$	9,280	$	1,231	$	24,930

[1] *The allowance for credit losses includes allowance on mortgage commitments amounting to $127.*
[2] *Includes movement as a result of significant changes in credit risk, changes in credit risk that did not result in a transfer between stages and changes in model inputs and assumptions.*

IAS 39						December 31, 2017
		Individual allowance		Collective allowance		Total
Balance, beginning of period	$	2,536	$	31,890	$	34,426
Provision for credit losses		1,543		-		1,543
Realized losses		(2,664)		-		(2,664)
Recoveries		49		-		49
Balance, end of period	$	1,464	$	31,890	$	33,354

IAS 39						September 30, 2017
		Individual allowance		Collective allowance		Total
Balance, beginning of period	$	2,536	$	31,890	$	34,426
Provision for credit losses		1,156		-		1,156
Realized losses		(2,069)		-		(2,069)
Recoveries		32		-		32
Balance, end of period	$	1,655	$	31,890	$	33,545

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

Note 9 – 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 9 to the audited consolidated financial statements in the Company's 2017 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, 2018		December 31, 2017		September 30, 2017	
	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[(1)]	**$ 8,227,422**	**$ 299,028**	$ 7,634,095	$ 452,001	$ 7,788,601	$ 316,087
Carrying amount of associated liability	**8,175,776**	**299,028**	7,565,545	452,001	7,730,776	316,087
Carrying amount, net position	**$ 51,646**	**$ -**	$ 68,550	$ -	$ 57,825	$ -
Fair value of assets	**$ 8,108,717**	**$ 299,028**	$ 7,575,302	$ 452,001	$ 7,743,798	$ 316,087
Fair value of associated liability	**8,093,594**	**299,028**	7,552,335	452,001	7,710,320	316,087
Fair value, net position	**$ 15,123**	**$ -**	$ 22,967	$ -	$ 33,478	$ -

(1) *The carrying amount of assets excludes securitized assets that were retained by the Company and not transferred to third parties of $858,636 (December 31, 2017 – $1,185,216, September 30, 2017 – $962,565). In the prior quarters, these numbers included assets that were retained and not transferred to third parties and hence prior quarter comparatives have been adjusted accordingly.*

The carrying amount of assets excludes mortgages held for securitization of $619,279 (December 31, 2017 – $343,366, September 30, 2017 – $319,008).

(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 are derecognized in their entirety during the period:

	September 30, 2018	September 30, 2017
Mortgages securitized and sold	**$ 675,388**	$ 941,563
Carrying value of Securitization retained interests	**26,960**	33,100
Carrying value of Securitized mortgage servicing liability	**6,119**	7,513
Gains on mortgages securitized and sold	**6,525**	8,791
Gain from securitization activities and retained interests	**4,936**	2,472

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

Note 10 – Deposits

	September 30, 2018	December 31, 2017	September 30, 2017
Term and other deposits	$ 12,894,384	$ 11,024,720	$ 10,506,896
Accrued interest	158,272	116,919	111,641
Deferred deposit agent commissions	(31,171)	(27,326)	(24,332)
	$ 13,021,485	$ 11,114,313	$ 10,594,205

Term and other deposits include nil (December 31, 2017 – $10,723, September 30, 2017 – $10,724) deposits designated as at fair value through income with changes in fair value included in Interest expense – Deposits. Changes in fair value reflect changes in interest rates which have occurred since the deposits were issued, and the fair value adjustment as at September 30, 2018 is nil (December 31, 2017 – $29, September 30, 2017 – $42).

Note 11 – 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, 2018, the maximum number of common shares available for issuance under the plan is 1,475,570. The outstanding options expire on various dates to March 2025. A summary of the Company's stock option activity and related information for the periods ended September 30, 2018 and September 30, 2017 is as follows:

	September 30, 2018		September 30, 2017	
	Number of stock options	Weighted average exercise price	Number of stock options	Weighted average exercise price
Outstanding, beginning of period	619,771	$ 50.80	557,467	$ 46.03
Granted	121,159	55.66	110,060	70.93
Exercised	(49,676)	35.29	(18,892)	39.01
Forfeited/cancelled	(17,503)	59.82	(4,461)	57.58
Outstanding, end of period	673,751	$ 52.58	644,174	$ 50.41
Exercisable, end of period	394,628	$ 47.61	358,861	$ 41.92

Under the fair value-based method of accounting for stock options, the Company has recorded compensation expense in the amount of $1,041 (September 30, 2017 – $957) 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, 2018 was estimated at the date of grant using the Black-Scholes valuation model, with the following assumptions:

	September 30, 2018	September 30, 2017
Risk-free rate	2.1%	1.0%
Expected option life (years)	4.8	4.8
Expected volatility	26.2%	28.6%
Expected dividends	1.5%	1.4%
Weighted average fair value of each option granted	$ 13.7	$ 13.3

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

(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 these plans, refer to Note 19 to the audited consolidated financial statements in the Company's 2017 Annual Report.

Under the DSU plan, the activity for the periods ended September 30, 2018 and September 30, 2017 is as follows:

	September 30, 2018	September 30, 2017
	Number of DSUs	Number of DSUs
Outstanding, beginning of period	**32,915**	32,216
Granted	**9,457**	6,515
Dividends reinvested	**441**	334
Paid out	**(1,871)**	(3,138)
Outstanding, end of period	**40,942**	35,927

The liability associated with DSUs outstanding as at September 30, 2018 was $2,807 (September 30, 2017 – $2,017). Compensation expense recorded, including offsetting hedges, relating to DSUs outstanding during the nine months ended September 30, 2018 amounted to $563 (September 30, 2017 – $231).

Under the Company's RSU and PSU plan, the activity for the periods ended September 30, 2018 and September 30, 2017 is as follows:

	September 30, 2018	September 30, 2017
	Number of RSUs and PSUs	Number of RSUs and PSUs
Outstanding, beginning of period	**56,762**	58,126
Granted	**44,021**	27,686
Dividends reinvested	**1,130**	800
Vested and paid out	**(1,858)**	(152)
Forfeited/cancelled	**(2,978)**	(3,788)
Outstanding, end of period	**97,077**	82,672

The liability associated with RSUs and PSUs outstanding as at September 30, 2018 was $3,413 (September 30, 2017 – $2,656). Compensation expense, including offsetting hedges, relating to RSUs and PSUs outstanding during the nine months ended September 30, 2018 amounted to $1,783 (September 30, 2017 – $997).

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

Note 12 – 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, 2018[1]		September 30, 2017
Earnings per common share – basic:				
Net income	$	125,510	$	120,171
Dividends on preferred shares		3,573		3,573
Net income available to common shareholders	$	121,937	$	116,598
Weighted average basic number of common shares outstanding		16,517,734		16,473,366
Earnings per common share – basic	$	7.38	$	7.08
Earnings per common share – diluted:				
Net income available to common shareholders	$	121,937	$	116,598
Weighted average basic number of common shares outstanding		16,517,734		16,473,366
Adjustment to weighted average number of common shares outstanding:				
Stock options		111,438		110,532
Weighted average diluted number of common shares outstanding		16,629,172		16,583,898
Earnings per common share – diluted	$	7.33	$	7.03

[1] *The amounts for the period ended September 30, 2018 have been prepared in accordance with IFRS 9; prior period amounts have not been restated (see Notes 3 and 4).*

For the period ended September 30, 2018, the calculation of the diluted earnings per share excluded 180,547 (September 30, 2017 – 239,570) average options outstanding with a weighted average exercise price of $65.23 (September 30, 2017 – $61.37) as the exercise price of these options was greater than the average price of the Company's common shares.

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

Note 13 – 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. For further details refer to the pages 24-25 of the MD&A.

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 year, Equitable Bank complied with all internal and external capital requirements.

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

	September 30, 2018[1]	December 31, 2017	September 30, 2017
Common Equity Tier 1 Capital ("CET1"):			
Common shares	**$ 203,237**	$ 200,990	$ 199,968
Contributed surplus	**7,799**	7,104	6,962
Retained earnings	**976,500**	861,862	826,479
Accumulated other comprehensive loss[2]	**(6,516)**	(8,748)	(11,577)
Less: Regulatory adjustments to Common Equity Tier 1 Capital	**(19,520)**	(17,046)	(16,299)
Common Equity Tier 1 Capital	**1,161,500**	1,044,162	1,005,533
Additional Tier 1 capital:			
Non-cumulative preferred shares	**72,554**	72,554	72,554
Tier 1 Capital	**1,234,054**	1,116,716	1,078,087
Tier 2 Capital:			
Eligible stage 1 and 2 allowance (collective allowance under IAS 39)	**23,699**	31,890	31,890
Subordinated debentures	**-**	-	62,891
Tier 2 Capital	**23,699**	31,890	94,781
Total Capital	**$ 1,257,753**	$ 1,148,606	$ 1,172,868

(1) *The amounts for the period ended September 30, 2018 have been prepared in accordance with IFRS 9; prior period amounts have not been restated (see Notes 3 and 4).*
(2) *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 14 – 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, 2018.

								September 30, 2018
	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	**$ 5,150,200 $**	**1,830,983 $**	**5,674,025 $**	**12,655,208 $**	**8,909,626 $**	**1,232,012 $**	**350,768 $**	**23,147,614**
Total liabilities and equity[2][3]	**(198)**	**(6,239,615)**	**(4,544,426)**	**(10,784,239)**	**(9,723,304)**	**(1,068,754)**	**(1,571,317)**	**(23,147,614)**
Off-balance sheet items[4]	**-**	**(1,589,928)**	**73,590**	**(1,516,338)**	**1,477,369**	**38,969**	**-**	**-**
Interest rate sensitive gap	**$ 5,150,002 $**	**(5,998,560) $**	**1,203,189 $**	**354,631 $**	**663,691 $**	**202,227 $**	**(1,220,549) $**	**-**
Cumulative gap [2]	**$ 5,150,002 $**	**(848,558) $**	**354,631 $**	**354,631 $**	**1,018,322 $**	**1,220,549 $**	**- $**	**-**
Cumulative gap as a percentage of total assets	**22.25%**	**(3.67%)**	**1.53%**	**1.53%**	**4.40%**	**5.27%**	**-%**	**-%**

								December 31, 2017
	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[2][3][4]	$ 4,375,847 $	(932,924) $	94,429 $	94,429 $	886,197 $	1,099,274 $	- $	-
Cumulative gap as a percentage of total assets	21.21%	(4.52%)	0.45%	0.45%	4.20%	5.32%	-%	-%

								September 30, 2017
	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[2][3][4]	$ 4,427,894 $	(1,191,703) $	416,587 $	416,587 $	939,234 $	1,066,535 $	- $	-
Cumulative gap as a percentage of total assets	21.90%	(5.89%)	2.06%	2.06%	4.64%	5.27%	-%	-%

(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) *Any prepayments of debentures, contractual or otherwise, have not been estimated as these would require Equitable Bank to receive regulatory pre-approval.*
(4) *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.*

DIRECTORS

Eric Beutel
Vice-President, Oakwest Corporation Limited, an investment holding company

Michael Emory
President and Chief Executive Officer, Allied Properties REIT

Susan Ericksen
Corporate Director

Kishore Kapoor
Corporate Director

David LeGresley
Chair of the Board and a Corporate Director

Lynn McDonald
Corporate Director

Andrew Moor
President and Chief Executive Officer of Equitable Group Inc. and Equitable Bank

Rowan Saunders
President and Chief Executive Officer, Economical Mutual Insurance Company

Vincenza Sera
Corporate Director

Michael Stramaglia
Corporate Director and President and Founder of Matrisc Advisory Group Inc., a risk management consulting firm

OFFICERS

Andrew Moor
President and Chief Executive Officer

Ron Tratch
Senior Vice-President and Chief Risk Officer

Tim Wilson
Senior Vice-President and Chief Financial Officer

Dan Dickinson
Senior Vice-President and Chief Digital Officer

Kimberly Kukulowicz
Senior Vice-President, Marketing and Residential Sales

Brian Leland
Senior Vice-President, Residential Lending

Darren Lorimer
Senior Vice-President, Commercial Lending

Jody Sperling
Senior Vice-President, Human Resources

Aviva Braude
Vice-President, Mortgage Services

Tim Charron
Vice-President and Treasurer

Kasey Chauhan
Vice-President, Commercial Finance Group Origination

Lisa Cinelli
Vice-President and Chief Compliance Officer

Isabelle Farella
Vice-President, Internal Audit

Tamara Malozewski
Vice-President, Finance

Paul von Martels
Vice-President, Equity Release and Prime Credit

Mark McPhail
Vice-President, Risk and Capital Analytics

Michael Mignardi
Vice-President and General Counsel

Alex Prokoudine
Vice-President, Capital Markets

Mahima Poddar
Vice-President, Product and Corporate Development

Rajesh Raut
Vice-President and Controller

John Simoes
Vice-President, Financial Planning and Reporting

David Soni
Vice-President, Risk Policy

Nicholas Strube
Vice-President, Treasury

David Yu
Vice-President, Information Technology

SHAREHOLDER AND CORPORATE INFORMATION

Corporate Head Office
Equitable Bank Tower
30 St. Clair Avenue West, Suite 700
Toronto, Ontario, Canada, M4V 3A1

Regional Offices:

Montreal
1411 Peel Street, Suite 501
Montreal, Quebec, Canada, H3A 1S5

Calgary
600 - 1333 8th Street S.W, Suite 600
Calgary, Alberta, Canada, T2R 1M6

Vancouver
777 Hornby Street, Suite 1240
Vancouver, British Columbia, Canada, V6Z 1S4

Halifax
1959 Upper Water Street, Suite 1300
Halifax, Nova Scotia, Canada, B3J 3N

Website
www.equitablebank.ca

Stock Listings
TSX: EQB and EQB.PR.C

Quarterly Conference Call and Webcast
Friday, November 9, 2018, 8:30 a.m. EST
Live: 416.764.8609
Replay: 416.764.8677 (code 451647)
Archive: www.equitablebank.ca

Investor Relations
Tim Wilson
Senior Vice-President and Chief Financial Officer
416.515.7000
investor@equitablegroupinc.com

Transfer Agent and Registrar
Computershare Investor Services Inc.
100 University Avenue, 9th Floor
Toronto, Ontario, Canada, M5J 2Y1
1.800.564.6253