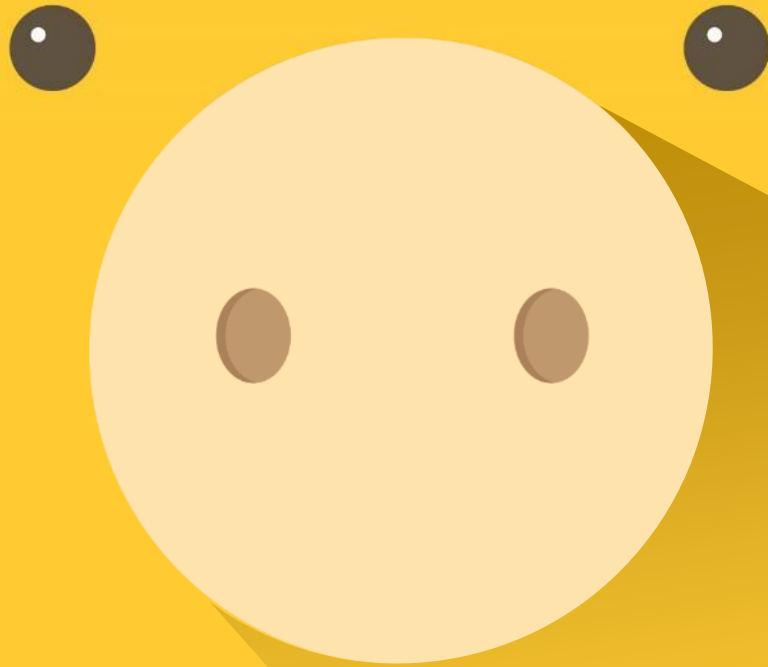




CHALLENGER

Second Quarter Report

For the three and six months ended June 30, 2018



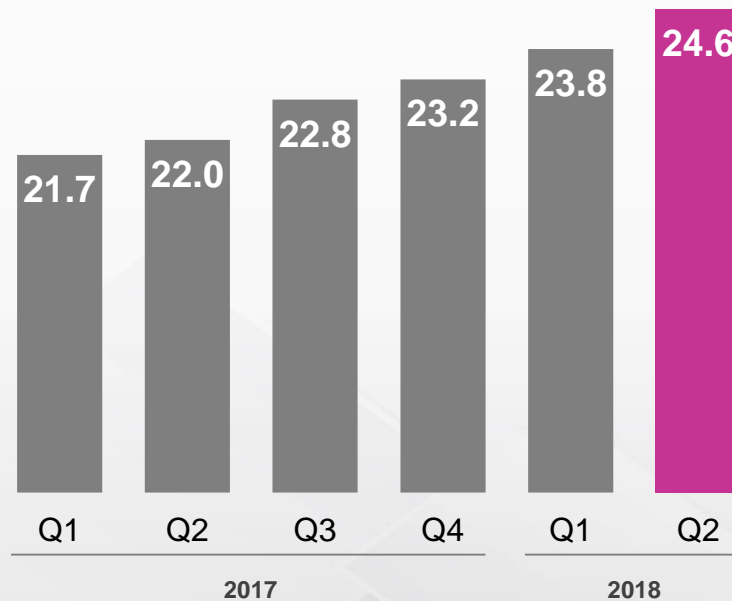
Forward-Looking Statements

Certain forward-looking statements may be made in this presentation, including statements regarding possible future business, financing and growth objectives. Forward-looking statements include, but are not limited to, statements relating to our financial performance objectives, vision and strategic goals, the economic and market review and outlook, the regulatory environment in which we operate, the outlook and priorities for each of our business lines, the risk environment including our liquidity and funding risk, and statements by our Chief Executive Officer and Chief Financial Officer. The forward-looking information contained herein is presented for the purpose of assisting the holders of our securities and financial analysts in understanding our financial position and results of operations as at and for the periods ended on the dates presented, as well as our financial performance objectives, vision and strategic goals, and may not be appropriate for other purposes. Forward-looking statements are typically identified by words such as “believe”, “expect”, “foresee”, “forecast”, “anticipate”, “intend”, “estimate”, “goal”, “plan” and “project” and similar expressions of future or conditional verbs such as “will”, “may”, “should”, “could” or “would”. Investors are cautioned that such forward-looking statements involve risks and uncertainties detailed from time to time in the Company’s periodic reports filed with Canadian regulatory authorities. Many factors could cause actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Equitable Group Inc. does not undertake to update any forward-looking statements, oral or written, made by itself or on its behalf except in accordance with applicable securities laws.

Growth Across All Businesses

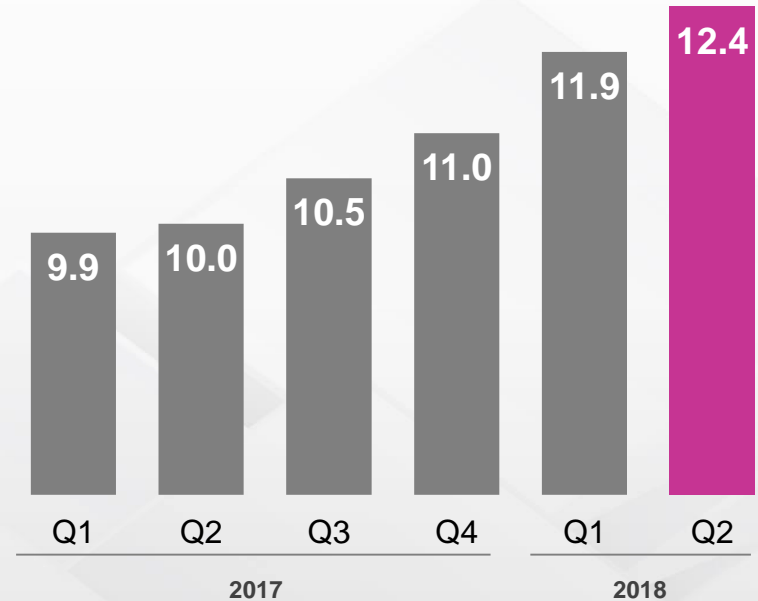
Mortgages Under Management¹

(\$ billions)



Deposit Principal Balances

(\$ billions)



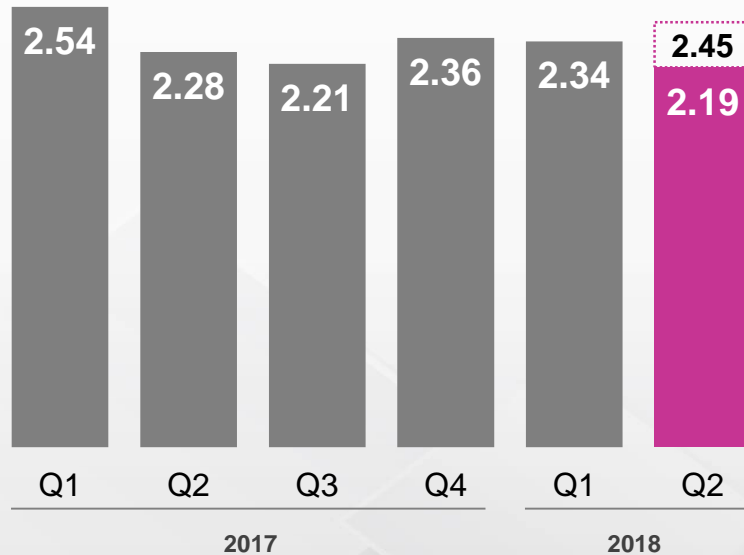
Expanding our role as Canada's Challenger Bank™

1. Mortgages Under Management, which includes certain mortgages derecognized from the balance sheet on securitization.

Solid Profitability Despite Backstop Costs

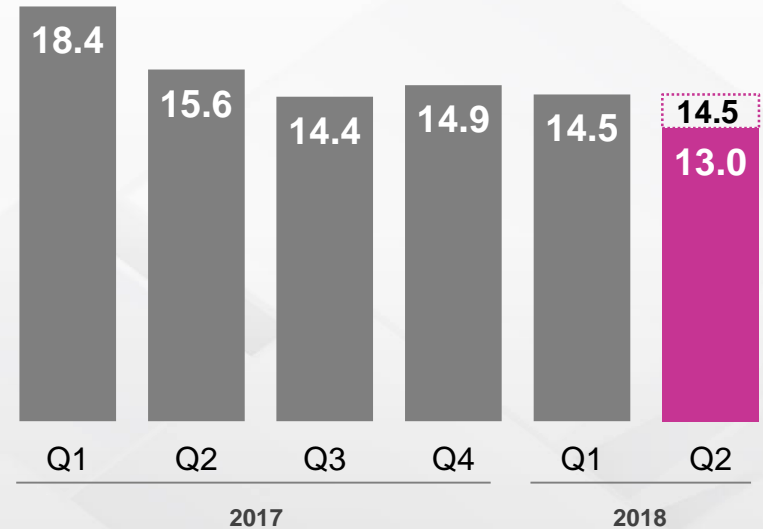
Earnings Per Share Diluted

(\$)



ROE

(%)



Q2 EPS reduced by \$0.26, ROE reduced by 1.5% due to backstop-related write down

Profitability Driving Book Value Consistently Higher

Book Value Per Share

(\$)



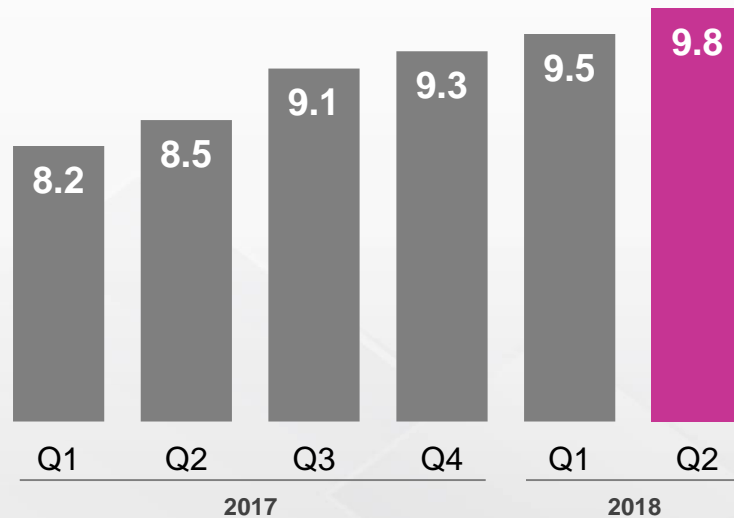
1



Grow Existing Business Through Superior Service

Alternative Single Family

Mortgage Principal
(\$ billions)



- Mortgage Principal 15% higher than last year
- Originations 51% higher than Q1 (versus 40%-45% growth originally expected)
- Renewals up
- ~10% year-over-year asset growth expected in Q3 and Q4 (versus low-single digit growth originally expected)

Growth in Q2 originations and growth in assets faster than expected at beginning of the year

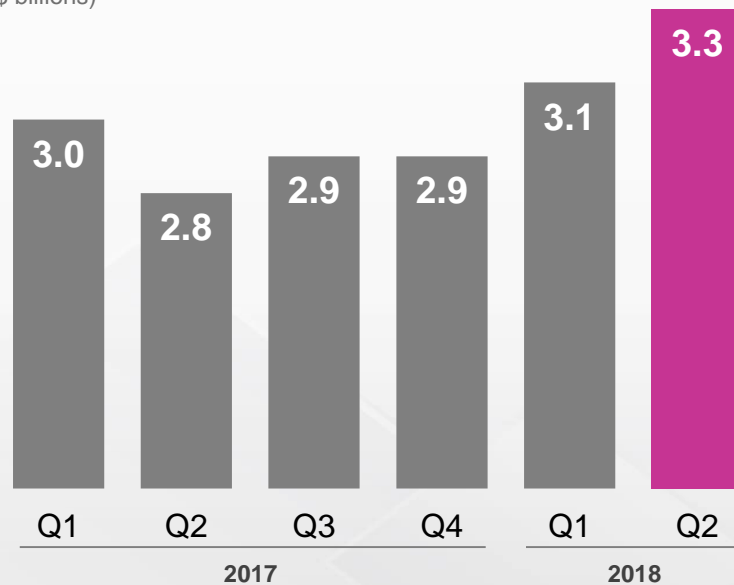
1



Grow Existing Business Through Superior Service

Commercial Lending

Mortgage Principal
(\$ billions)



- Mortgage Principal 15% higher than last year
- Originations 134% higher than last year (up 11% compared to Q1)
- Growth reflects capital allocation strategy, broader partner network

Q2 Commercial originations an all-time record

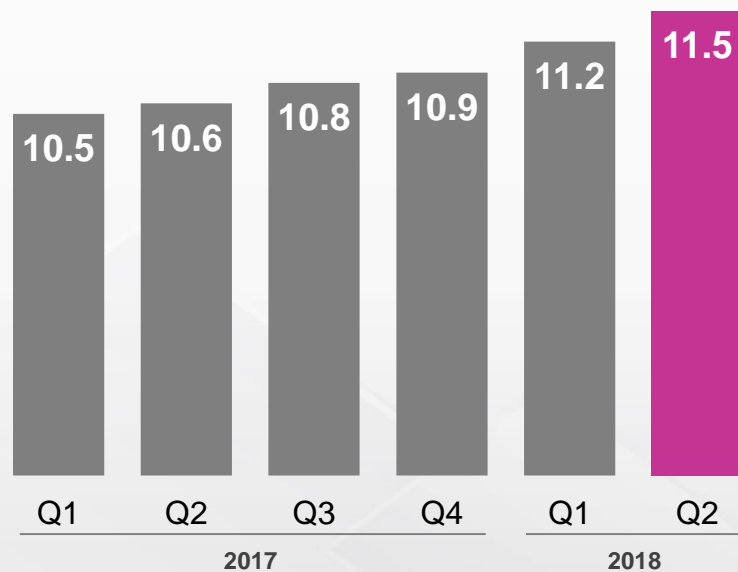
1



Grow Existing Business Through Superior Service

Securitization Financing

Mortgages Under Management
(\$ billions)



- MUM 8% higher than last year
- Originations 30% above last year (47% above Q1)
- Driven by an increase in CMB capacity, strength in Multi market, stability in Prime

2

Build EQ Bank Into Canada's Leading Digital Platform



3



Leverage Our Capabilities and Balance Sheet to Grow In Adjacent Markets

Enjoy your life
and your home.

Equitable Bank Tower
30 St. Clair Avenue West, Suite 700
Toronto, Ontario
M4V 3A1
416-515-7000
Toll-Free 1-866-407-0004

PATH.EQUITABLEBANK.CA

PATH HOME PLAN

EQUITABLE BANK

This is Carrie. She has four kids and six grandkids. She likes to surf in Hawaii with her husband - at least twice a year. And she lives at home.

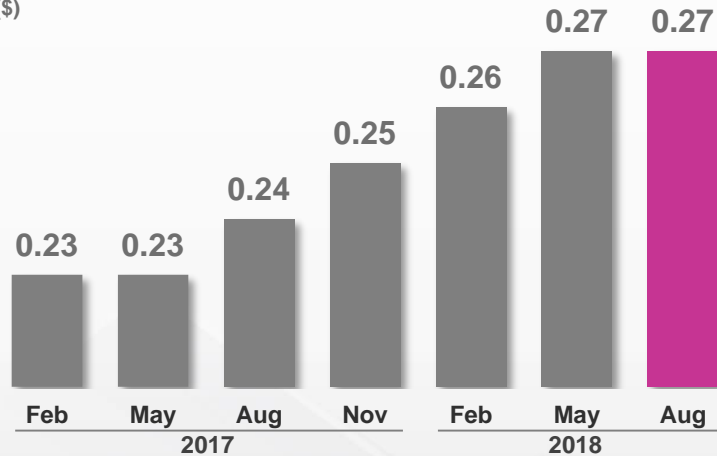
Carrie found her options with Equitable Bank's Path.

Mortgage broker awareness of our reverse mortgage product is growing

Maintain Capital Management Discipline, Low-Risk Profile

Dividend Per Common Share - Declared

(\$)



(%) June 30, 2018

Leverage Ratio

5.4

Full compliance with standard

CET1

14.3

Basel III minimum CET1 target of 7.0%

Total Capital

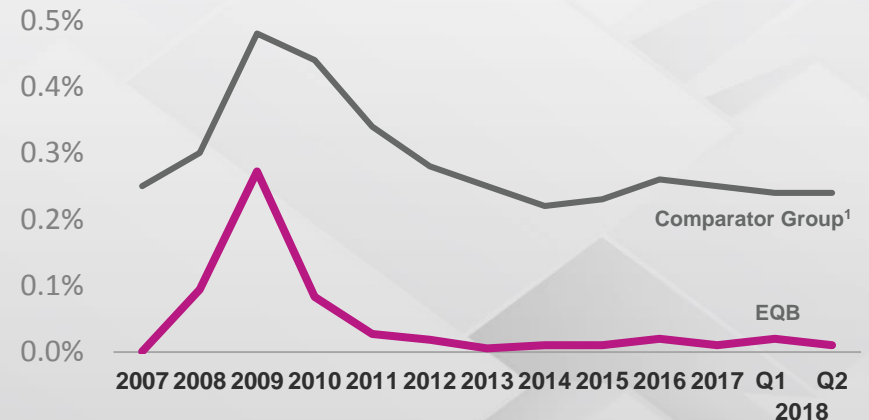
15.6

Basel III minimum Total Capital level of 10.5%

Low Risk Profile

- Net impaired mortgage assets of \$27.2M or only 0.13% of total mortgage book (vs. 0.16% a year ago)
- Allowance for credit losses to total mortgage assets of 0.12% (higher than Bank's average loss rate of 0.04% over past decade)
- PCL of \$0.2M reflects quality of book and improved macroeconomic forecasts
- IFRS 9 adopted January 1, 2018

Net Realized Credit Losses as a % of Total Loans



1. Represents eight largest publicly traded banks

5



Strengthen Key Capabilities

New Switch Program

Easily move Prime mortgages to Equitable from other lenders



Creditor Life Insurance

Added value for Alternative or Prime borrowers



Financial Metrics Reduced by Write Down; Write Down Costs Recovered by Year End

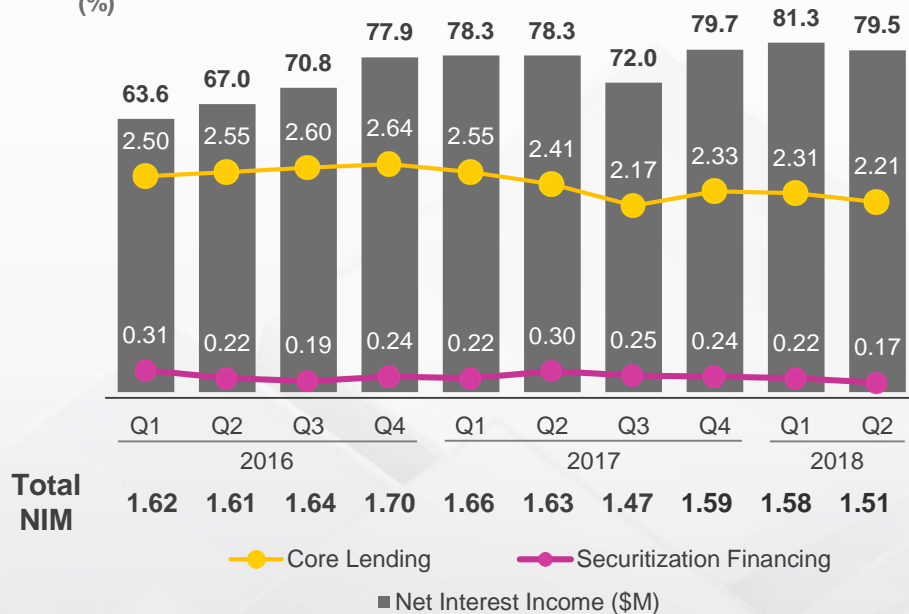
Net Interest Income Impact	\$5.9M
NIM Impact	11 bps
Core Lending NIM Impact	17 bps
Net Income Impact	\$4.3M
EPS/BVPS Impact	\$0.26

*Backstop-related vs recent run-rate expenses will decline \$2.8M per quarter
Q3 2018 - Q2 2019*

Margin Trends

- **NII** relatively consistent YoY as 10% growth in average asset balances offset by 12 bps decline in NIM
- **Core Lending NIM** lower due to backstop costs, asset and funding mix, partially offset by lower insurance premiums
- **Securitization NIM** lower due to funding mix, mortgage prepayment income partially offset by asset mix

Net Interest Income / Margin – TEB (%)

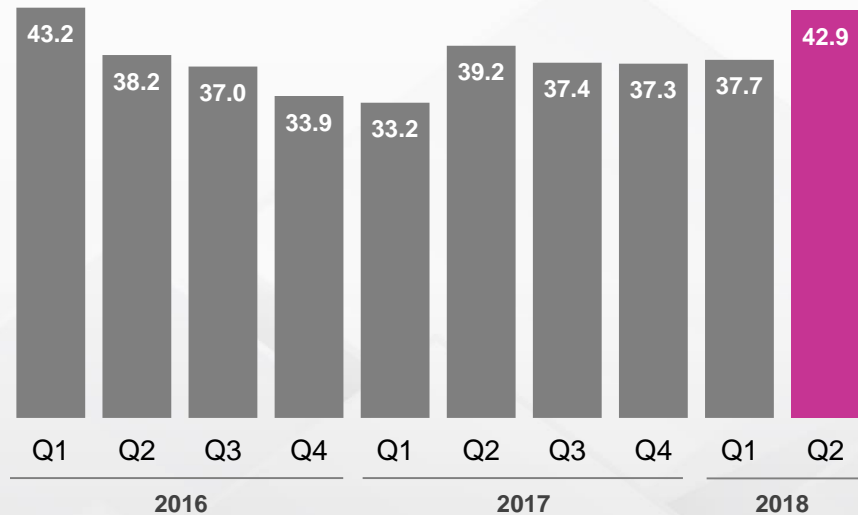


Expected NIM range of 1.55% to 1.60% in Q3 and Q4 2018

Investing While Maintaining Tight Cost Controls

- **Q2 Efficiency Ratio** elevated by EQ Bank marketing investment and writedowns
- **Q2 non-interest expenses** 12% higher Y-o-Y on 8% FTE growth, higher marketing expenses in connection with EQ Bank and regulatory/legal fees

Efficiency Ratio
(%)



Canada's Most Efficient Schedule I Bank

Summary



- Differentiation strategy contributing to brand and shareholder value
- Product and technology roadmaps will be executed with discipline and creativity
- Improved outlook for Alternative Single Family asset growth
- Expect diversified asset growth to continue