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## EQUITABLE GROUP REPORTS Q2 2020 RESULTS INCLUDING EARNINGS GROWTH OF 64% FROM Q1

Toronto, Ontario (July 28, 2020): Equitable Group Inc. (TSX: EQB and EQB.PR.C) (“Equitable”, “Company” or “Bank”) today announced its financial results for the three months ended June 30, 2020, a period in which it generated reported earnings of \$52.5 million and adjusted earnings of \$49.3 million while strengthening its capital position.

“Against a tough backdrop, Equitable’s earnings snapped back from the first quarter of the year as our team adjusted quickly to new realities,” said Andrew Moor, President and Chief Executive Officer. “Our original emergency responses to the crisis proved to be more than sufficient to protect our employees, support our customers and safeguard our institution. Now that the economy is reopening, we see room for further performance improvements in the back half of 2020. By challenging ourselves to create unique value for Canadians whenever they interact with Equitable, and adding innovative new features to our increasingly popular all-digital *EQ Bank* platform, we will play our part in the country’s recovery and continue to change banking for good as Canada’s Challenger Bank™.”

The Bank’s second quarter earnings on both a reported and adjusted basis rebounded from the first quarter of 2020 as a result of a reduction in the forward-looking Provision for Credit Losses (“PCL”) on performing loans. PCLs were still elevated compared with historical levels due to a deterioration in the macroeconomic forecasts used in the Company’s loss modelling. Actual realized losses and write-offs in Q2 2020 amounted to \$4.2 million or just 6 bps of total loan assets annualized.

### SECOND QUARTER HIGHLIGHTS

- **The Bank's CET1 Capital Ratio** at June 30, 2020 of 14.0% was at the top end of management’s target range and compares with 13.5% at March 31, 2020 and 13.1% at June 30, 2019.
- **Liquid assets** were \$1.9 billion or 6.4% of total assets at June 30, 2020 compared to \$1.6 billion or 6.0% of assets at June 30, 2019.
- **PCLs** of \$8.8 million were down from \$35.7 million in Q1 2020 and up from \$1.4 million in Q2 2019, as economic forecasts remained weak but most future expected losses were recorded in Q1.
- **Adjusted Diluted earnings per share** (“EPS”) were \$2.86, up 68% from Q1 2020 and down 10% from \$3.18 in Q2 2019.
- **Adjusted Return on Shareholders’ Equity** (“ROE”) was 13.8%, up from 8.4% in Q1 but lower than 16.9% in Q2 2019.
- **Book value per common share** of \$84.89 at June 30, 2020 was up 10% or \$7.67 per share from a year ago and 4% or \$2.89 higher than March 31, 2020
- **Deposits** at June 30, 2020 were \$15.6 billion, up 8% from \$14.5 billion a year ago.
- **EQ Bank**, Equitable’s digital platform, experienced 46% year-over-year growth in deposits on a 52% increase in its customer base which stood at approximately 124,000 at quarter end.
- **Retail loan principal outstanding** at June 30, 2020 was \$19.0 billion, up 12% from \$16.9 billion a year ago on growth in all retail asset categories.

- **Commercial loan principal outstanding** at June 30, 2020 was \$8.6 billion, up 10% from \$7.9 billion a year ago on growth in all commercial asset categories.

Reported Diluted EPS was \$3.05 and reported ROE was 14.7% in Q2 2020 and \$3.15 and 16.8% in Q2 2019. Adjusted Q2 2020 results exclude the impact of \$4.4 million of net mark-to-market gains on certain security investments, loans, and derivative positions.

## **DIVIDEND DECLARATIONS**

The Board of Directors (“Board”) today declared a dividend of \$0.37 per common share, payable on September 30, 2020 to common shareholders of record at the close of business September 15, 2020, unchanged from the dividend paid in June 2020 but a 12% increase over the dividend declared in July 2019. The Board’s previously announced plan to increase the dividend remains on hold as a result of regulatory guidance from OSFI to all federally regulated banks.

The Board declared a quarterly dividend in the amount of \$0.373063 per preferred share, payable on September 30, 2020 to preferred shareholders of record at the close of business on September 15, 2020.

## **COMMENTARY ON PERFORMANCE AND OUTLOOK**

“2020 so far has been a year of unprecedented challenges and significant achievements for most businesses,” said Mr. Moor. “Our cloud-based, state-of-the-art systems provided a strong platform on which to adapt our own business to this new environment. Our employees have done a great job of maintaining focus on customer service. Our people have shown true character by assisting customers in need with loan payment deferrals, continuing to lend to good quality retail and commercial customers across the country, and balancing those decisions with our tighter risk appetite.

“At *EQ Bank*, we saw dramatic growth in new account openings during the quarter, almost tripling our historical average over the past 12 months. This is a sign that our business is benefitting as consumers increasingly adopt digital services in all areas of their lives – including banking. Adding to momentum, in July we launched a joint savings account for *EQ Bank* customers. The *EQ Bank* team did a fantastic job in creating joint account functionality that is both simple and intuitive for accountholders to use. The account opening process eliminates all of the needless complexities including travelling to a branch that are commonplace with joint account creation at traditional banks. This is another great example of bringing real innovation to the market. For every *EQ Bank* customer drawn to us by features such as no everyday banking fees, great rates and our international money service, Equitable gains tangible franchise value that is important to our future.”

As the duration of COVID-19 is not known, the timetable for an economic recovery is also uncertain. Management is therefore not providing a specific quantitative outlook for the Bank’s 2020 financial performance. Qualitatively, earnings in Q3 to Q4 2020 are expected to trend positively from the earnings reported in Q2 while the Bank’s CET1 ratio is expected to increase. Assuming economic forecasts do not worsen, PCLs should decrease in subsequent quarters. The duration and depth of the economic contraction, as well as the impact of government support initiatives, will be the key determinants of the defaults and loan losses that are ultimately realized. A positive signal for defaults is that total active mortgage payment deferrals as at July 17, 2020 were down to 30% of peak levels. The Bank’s liquidity position is solid and management will evaluate reducing liquid asset balances as the economy improves.

“Equitable marks its 50<sup>th</sup> anniversary this year with a simple pledge: we will continue to challenge the status quo and challenge ourselves to provide an exceptional banking experience for our customers,” said Mr. Moor. “This is a challenge we undertake knowing that we have the expertise, resources and purpose-built digital capabilities including our cloud-based architecture to make thoughtful and meaningful contributions to a banking industry that will benefit from new ways of thinking and acting.”

Management’s updated business outlook can be found in Management’s Discussion and Analysis (“MD&A”) for the three and six months ended June 30, 2020 which is available on SEDAR and on Equitable’s website.

#### **CONFERENCE CALL AND WEBCAST**

Equitable will hold its second quarter conference call and webcast at 8:30 a.m. ET Wednesday, July 29, 2020. To access the call live, please dial (647) 427-7450 five minutes prior to the start time. The listen-only webcast with accompanying slides will be available at [www.equitablebank.ca](http://www.equitablebank.ca) under Investor Relations. The call will be hosted by Andrew Moor, President and Chief Executive Officer.

A replay of the call will be available until August 5, 2020 at midnight and it can be accessed by dialing (416) 849-0833 and entering passcode 7891509 followed by the number sign. Alternatively, the call will be archived on the Company’s website for three months.

## INTERIM CONSOLIDATED FINANCIAL STATEMENTS

### CONSOLIDATED BALANCE SHEETS (unaudited)

AS AT JUNE 30, 2020

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

(\$ THOUSANDS)

	June 30, 2020	December 31, 2019	June 30, 2019
<b>Assets:</b>			
Cash and cash equivalents	\$ 569,688	\$ 508,853	\$ 424,422
Restricted cash	589,046	462,992	462,438
Securities purchased under reverse repurchase agreements	200,370	150,069	125,069
Investments	566,859	362,611	196,699
Loans – Retail	19,135,799	18,359,805	17,014,738
Loans – Commercial	8,573,118	8,248,025	7,853,171
Securitization retained interests	149,307	139,009	124,561
Other assets	173,059	161,088	160,103
	<b>\$ 29,957,246</b>	<b>\$ 28,392,452</b>	<b>\$ 26,361,201</b>
<b>Liabilities and Shareholders' Equity</b>			
<b>Liabilities:</b>			
Deposits	\$ 15,861,725	\$ 15,442,207	\$ 14,720,700
Securitization liabilities	11,190,224	10,706,956	10,024,334
Obligations under repurchase agreements	598,956	507,044	-
Deferred tax liabilities	50,546	54,689	58,100
Other liabilities	256,038	213,842	198,421
Bank facilities	500,374	-	-
	<b>28,457,863</b>	<b>26,924,738</b>	<b>25,001,555</b>
<b>Shareholders' equity:</b>			
Preferred shares	72,557	72,557	72,557
Common shares	213,701	213,277	206,039
Contributed surplus	7,818	6,973	7,132
Retained earnings	1,257,268	1,193,493	1,096,231
Accumulated other comprehensive loss	(51,961)	(18,586)	(22,313)
	<b>1,499,383</b>	<b>1,467,714</b>	<b>1,359,646</b>
	<b>\$ 29,957,246</b>	<b>\$ 28,392,452</b>	<b>\$ 26,361,201</b>

## CONSOLIDATED STATEMENTS OF INCOME (unaudited)

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2020

With comparative figures for the three and six month periods ended June 30, 2019

(\$THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	Three months ended		Six months ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Interest income:				
Loans – Retail	\$ 172,019	\$ 168,136	\$ 353,576	\$ 327,358
Loans – Commercial	98,974	98,208	199,180	195,837
Investments	3,315	2,084	5,803	3,905
Other	3,220	6,724	9,167	12,658
	277,528	275,152	567,726	539,758
Interest expense:				
Deposits	94,022	96,280	195,842	189,976
Securitization liabilities	63,302	62,653	130,323	125,556
Bank facilities	1,497	1,897	2,703	4,552
	158,821	160,830	328,868	320,084
Net interest income	118,707	114,322	238,858	219,674
Provision for credit losses	8,847	1,386	44,534	11,014
Net interest income after provision for credit losses	109,860	112,936	194,324	208,660
Other income:				
Fees and other income	5,130	5,900	11,853	11,544
Net gain (loss) on loans and investments	8,653	76	122	(745)
(Losses) gains on securitization activities and income from securitization retained interests	(1,160)	2,497	5,342	4,562
	12,623	8,473	17,317	15,361
Net interest and other income	122,483	121,409	211,641	224,021
Non-interest expenses:				
Compensation and benefits	26,253	25,751	53,148	50,035
Other	25,214	22,745	52,499	44,572
	51,467	48,496	105,647	94,607
Income before income taxes	71,016	72,913	105,994	129,414
Income taxes:				
Current	16,106	17,861	31,686	31,437
Deferred	2,428	1,030	(4,144)	2,294
	18,534	18,891	27,542	33,731
Net income	\$ 52,482	\$ 54,022	\$ 78,452	\$ 95,683
Dividends on preferred shares	1,119	1,191	2,238	2,382
Net income available to common shareholders	\$ 51,363	\$ 52,831	\$ 76,214	\$ 93,301
Earnings per share:				
Basic	\$ 3.06	\$ 3.17	\$ 4.54	\$ 5.62
Diluted	\$ 3.05	\$ 3.15	\$ 4.50	\$ 5.57

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (unaudited)

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2020

With comparative figures for the three and six month periods ended June 30, 2019

(\$ THOUSANDS)

	Three months ended		Six months ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Net income	\$ 52,482	\$ 54,022	\$ 78,452	\$ 95,683
Other comprehensive income – items that will be reclassified subsequently to income:				
Debt instruments at Fair Value through Other Comprehensive Income:				
Net unrealized gains from change in fair value	3,899	143	3,074	545
Reclassification of net gains to income	(351)	(162)	(1,019)	(162)
Other comprehensive income – items that will not be reclassified subsequently to income:				
Equity instruments designated at Fair Value through Other Comprehensive Income:				
Net unrealized gains (losses) from change in fair value	6,239	(1,668)	(16,669)	(3,499)
Reclassification of net losses (gains) to retained earnings	-	(646)	-	(638)
Income tax (expense) recovery	9,787	(2,333)	(14,614)	(3,754)
	(2,586)	620	3,861	999
	7,201	(1,713)	(10,753)	(2,755)
Cash flow hedges:				
Net unrealized losses from change in fair value	(5,293)	(1,856)	(33,354)	(6,445)
Reclassification of net (gains) losses to income	(245)	(56)	2,610	123
	(5,538)	(1,912)	(30,744)	(6,322)
Income tax recovery	1,462	508	8,121	1,680
	(4,075)	(1,404)	(22,622)	(4,642)
Total other comprehensive income (loss)	3,126	(3,117)	(33,375)	(7,397)
Total comprehensive income	\$ 55,608	\$ 50,905	\$ 45,077	\$ 88,286

## CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (unaudited)

FOR THE THREE MONTH PERIOD ENDED JUNE 30, 2020

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

(\$ THOUSANDS)

	June 30, 2020								
	Accumulated other comprehensive income (loss)							Total	Total
	Preferred shares	Common shares	Contributed surplus	Retained earnings	Cash flow hedges	Financial instruments at FVOCI			
						Total	Total		
Balance, beginning of period	\$ 72,557	\$ 213,701	\$ 7,405	\$ 1,212,125	\$ (18,306)	\$ (36,781)	\$ (55,087)	\$ 1,450,701	
Net income	-	-	-	52,482	-	-	-	52,482	
Other comprehensive loss, net of tax	-	-	-	-	(4,075)	7,201	3,126	3,126	
Dividends:									
Preferred shares	-	-	-	(1,119)	-	-	-	(1,119)	
Common shares	-	-	-	(6,220)	-	-	-	(6,220)	
Stock-based compensation	-	-	413	-	-	-	-	413	
Transfer relating to the exercise of stock options	-	-	-	-	-	-	-	-	
Balance, end of period	\$ 72,557	\$ 213,701	\$ 7,818	\$ 1,257,268	\$ (22,381)	\$ (29,580)	\$ (51,961)	\$ 1,499,383	

	June 30, 2019								
	Accumulated other comprehensive income (loss)							Total	Total
	Preferred shares	Common shares	Contributed surplus	Retained earnings	Cash flow hedges	Financial instruments at FVOCI			
						Total	Total		
Balance, beginning of period	\$ 72,557	\$ 204,492	\$ 6,907	\$ 1,049,208	\$ (589)	\$ (18,607)	\$ (19,196)	\$ 1,313,968	
Net income	-	-	-	54,022	-	-	-	54,022	
Transfer of losses on sale of equity instruments	-	-	-	(646)	-	646	646	-	
Other comprehensive loss, net of tax	-	-	-	-	(1,404)	(2,359)	(3,763)	(3,763)	
Exercise of stock options	-	1,399	-	-	-	-	-	1,399	
Dividends:									
Preferred shares	-	-	-	(1,191)	-	-	-	(1,191)	
Common shares	-	-	-	(5,162)	-	-	-	(5,162)	
Stock-based compensation	-	-	373	-	-	-	-	373	
Transfer relating to the exercise of stock options	-	148	(148)	-	-	-	-	-	
Balance, end of period	\$ 72,557	\$ 206,039	\$ 7,132	\$ 1,096,231	\$ (1,993)	\$ (20,320)	\$ (22,313)	\$ 1,359,646	

## CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (unaudited)

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2020

With comparative figures for the six month period ended June 30, 2019

(\$ THOUSANDS)

	June 30, 2020								
	Accumulated other comprehensive income (loss)							Total	Total
	Preferred shares	Common shares	Contributed surplus	Retained earnings	Cash flow hedges	Financial instruments at FVOCI			
						Total	Total		
Balance, beginning of period	\$ 72,557	\$ 213,277	\$ 6,973	\$ 1,193,493	\$ 241	\$ (18,827)	\$ (18,586)	\$ 1,467,714	
Net income	-	-	-	78,452	-	-	-	78,542	
Transfer of losses on sale of equity instruments	-	-	-	-	-	-	-	-	
Other comprehensive loss, net of tax	-	-	-	-	(22,622)	(10,753)	(33,375)	(33,375)	
Exercise of stock options	-	357	-	-	-	-	-	357	
Dividends:									
Preferred shares	-	-	-	(2,238)	-	-	-	(2,238)	
Common shares	-	-	-	(12,439)	-	-	-	(12,439)	
Stock-based compensation	-	-	912	-	-	-	-	912	
Transfer relating to the exercise of stock options	-	67	(67)	-	-	-	-	-	
Balance, end of period	\$ 72,557	\$ 213,701	\$ 7,818	\$ 1,257,268	\$ (22,381)	\$ (29,580)	\$ (51,961)	\$ 1,499,383	

	June 30, 2019								
	Accumulated other comprehensive income (loss)							Total	Total
	Preferred shares	Common shares	Contributed surplus	Retained earnings	Cash flow hedges	Financial instruments at FVOCI			
						Total	Total		
Balance, beginning of period	\$ 72,557	\$ 200,792	\$ 7,035	\$ 1,014,559	\$ 2,649	\$ (17,565)	\$ (14,916)	\$ 1,280,027	
Cumulative effect of adopting IFRS 16 <sup>(1)</sup>	-	-	-	(840)	-	-	-	(840)	
Restated balance as at January 1, 2019	72,557	200,792	7,035	1,013,719	2,649	(17,565)	(14,916)	1,279,187	
Net income	-	-	-	95,683	-	-	-	95,683	
Transfer of losses on sale of equity instruments	-	-	-	(638)	-	638	638	-	
Other comprehensive income, net of tax	-	-	-	-	(4,642)	(3,393)	(8,035)	(8,035)	
Exercise of stock options	-	4,532	-	-	-	-	-	4,532	
Dividends:									
Preferred shares	-	-	-	(2,382)	-	-	-	(2,382)	
Common shares	-	-	-	(10,151)	-	-	-	(10,151)	
Stock-based compensation	-	-	812	-	-	-	-	812	
Transfer relating to the exercise of stock options	-	715	(715)	-	-	-	-	-	
Balance, end of period	\$ 72,557	\$ 206,039	\$ 7,132	\$ 1,096,231	\$ (1,993)	\$ (20,320)	\$ (22,313)	\$ 1,359,646	

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



## CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2020

With comparative figures for the three and six month periods ended June 30, 2019

(\$ THOUSANDS)

	Three months ended		Six months ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income for the period	\$ 52,482	\$ 37,537	\$ 78,452	\$ 77,704
Adjustments for non-cash items in net income:				
Financial instruments at fair value through income	982	(6,985)	14,344	(3,720)
Amortization of premiums/discount on investments	1,148	2,247	1,457	4,537
Amortization of capital assets and intangible costs	5,504	2,424	10,735	4,759
Provision for credit losses	8,847	168	44,534	938
Securitization gains	(2,516)	(3,024)	(5,283)	(5,961)
Stock-based compensation	413	334	912	720
Income taxes	18,534	12,977	27,542	27,444
Securitization retained interests	518	6,966	8,998	13,700
Changes in operating assets and liabilities:				
Restricted cash	(198,648)	(14,188)	(126,054)	18,753
Securities purchased under reverse repurchase agreements	299,594	-	(50,303)	-
Loans, net of securitizations	(939,714)	(777,267)	(1,145,281)	(1,152,404)
Other assets	(1,520)	9,954	(3,990)	15,256
Deposits	168,440	478,126	404,314	1,364,963
Securitization liabilities	412,120	29,380	478,239	19,093
Obligations under repurchase agreements	169,609	98,276	91,912	(249,073)
Bank facilities	386	250,811	500,374	121,940
Other liabilities	(8,057)	4,595	13,803	(20,146)
Income taxes paid	(420)	(15,355)	(37,919)	(33,698)
Cash flows (used in) from operating activities	(12,298)	116,976	306,786	204,805
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from issuance of common shares	-	151	357	525
Dividends paid on preferred shares	(1,119)	(1,191)	(2,238)	(2,382)
Dividends paid on common shares	(6,220)	(4,294)	(12,439)	(8,418)
Cash flows used in financing activities	(7,339)	(5,334)	(14,320)	(10,275)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments	(153,815)	(9,952)	(269,777)	(52,622)
Proceeds on sale or redemption of investments	50,045	-	112,226	45
Net change in Canada Housing Trust re-investment Accounts	(36,997)	19	(60,667)	38
Purchase of capital assets and system development costs	(7,243)	(6,380)	(13,413)	(9,233)
Cash flows used in investing activities	(148,010)	(16,313)	(231,631)	(61,772)
Net (decrease) increase in cash and cash equivalents	(167,647)	95,329	60,835	132,758
Cash and cash equivalents, beginning of period	737,335	698,359	508,853	660,930
Cash and cash equivalents, end of period	\$ 569,688	\$ 793,688	\$ 569,688	\$ 793,688
Cash flows from operating activities include:				
Interest received	\$ 275,050	\$ 199,575	\$ 555,359	\$ 390,844
Interest paid	(150,628)	(80,334)	(293,723)	(144,237)
Dividends received	1,522	1,472	3,076	2,574

## **ABOUT EQUITABLE GROUP INC.**

Equitable Group Inc. is a growing Canadian financial services business that operates through its wholly-owned subsidiary, Equitable Bank. Equitable Bank, Canada's Challenger Bank™, has grown to become the country's ninth largest independent Schedule I bank through its proven branchless approach and customer service focus in providing residential lending, commercial lending and savings solutions to Canadians. *EQ Bank*, the digital banking platform offered by Equitable Bank, provides state-of-the-art digital banking services. The *EQ Bank Savings Plus Account* reimagines banking for Canadians by offering the functionality of a chequing account to perform daily banking with ease, as well as a great everyday interest rate to help transactional balances grow into bigger savings. From unlimited Interac e-Transfers® and bill payments to payroll deposits and no monthly fees, everyday banking is now a richer prospect for Canadians. Equitable Bank is a member of Canada Deposit Insurance Corporation (CDIC) and employs over 900 dedicated professionals across the country. For more information about Equitable Bank and its products, please visit [equitablebank.ca](http://equitablebank.ca).

## **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

Statements made by the Company in the sections of this news release, 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", "might" or "will be taken", "occur" or "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" in the MD&A and in the Company's documents filed on SEDAR at [www.sedar.com](http://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.

#### **NON-GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (“GAAP”) FINANCIAL MEASURES**

This news release references certain non-GAAP measures such as Adjusted Diluted earnings per share, Adjusted Return on Shareholders’ Equity, Reported Return on Shareholders’ Equity, Liquid Assets, Book value per common share and CET1 Capital Ratio that management believes provide useful information to investors regarding the Company’s financial condition and results of operations. The “NON-GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (“GAAP”) FINANCIAL MEASURES” section of the Company’s second quarter 2020 MD&A provides a detailed description of each non-GAAP measure and should be read in conjunction with this release. The MD&A also provides a reconciliation between all non-GAAP measures and the most directly comparable GAAP measure, where applicable. Readers are cautioned that non-GAAP measures often do not have any standardized meaning, and therefore, may not be comparable to similar measures presented by other companies.

#### **FOR MORE INFORMATION:**

Andrew Moor  
President and Chief Executive Officer  
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Tim Wilson  
Senior Vice President and Chief Financial Officer  
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