



EQUITABLE
BANK

Third Quarter 2017

November 2017



Forward-Looking Statements

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

Company Overview

Investment Thesis

- 1 Well positioned as a challenger bank**
- 2 Structural business model advantages**
- 3 Disciplined and proven value creation processes**
- 4 Track record of consistent performance**

Company Overview

Who We Are

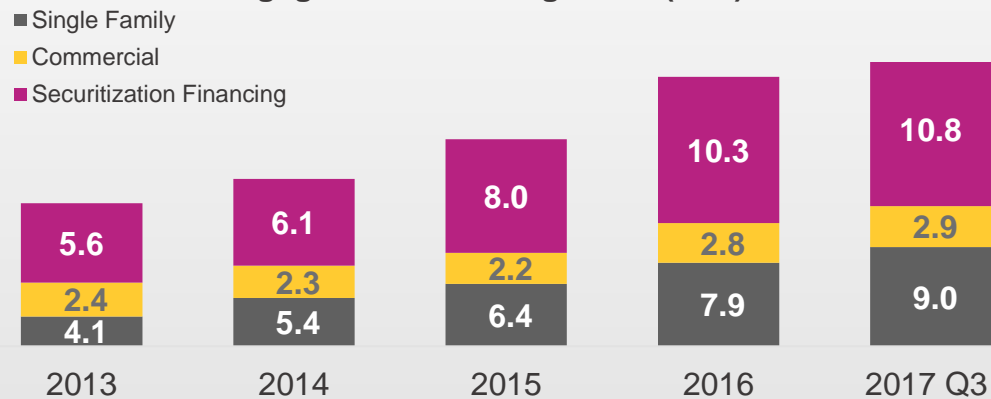
- 9th largest investable Schedule I bank in Canada by assets
- Proven lending and deposit-taking capabilities
- 45+ year track record
- 120th most profitable company in Canada
(*Globe & Mail*, 2016)

Our Vision

- Become Canada's leading challenger bank...
- ...by delivering the best customer service experience of any bank in Canada
- Nurture a distinctive culture that engages our employees
- Deliver a Return on Equity above 15% and maintain strong capital ratios

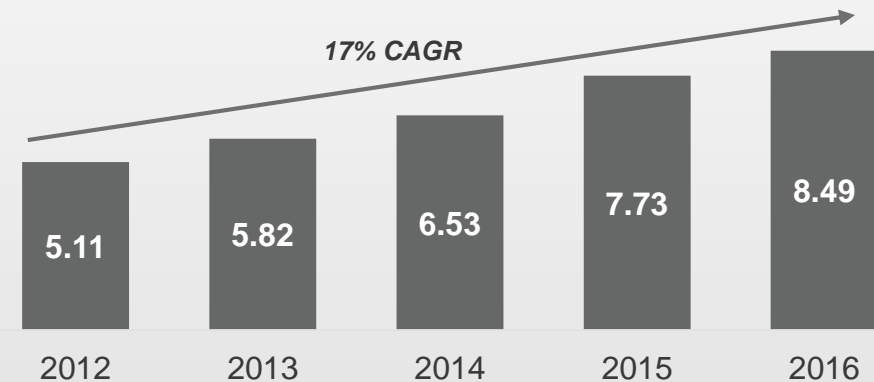
Diversified Business

Mortgages Under Management (\$Bn)



Earnings Momentum

Earnings Per Share (\$)

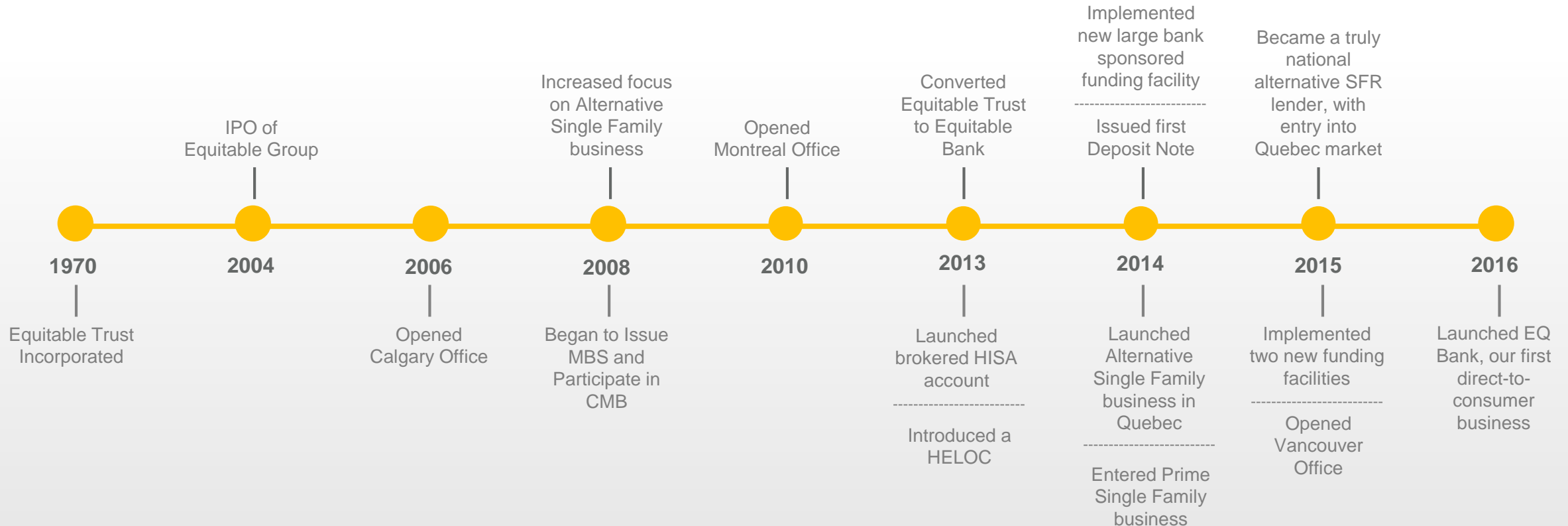


A Well Positioned Challenger Bank



Have been successfully evolving the business

INCREASING GEOGRAPHIC COVERAGE AND PRODUCT BREADTH



Long History as a Regulated Canadian Financial Institution

Equitable's Long-Term Value Creation Equation

Generate an ROE in the Mid to High Teens



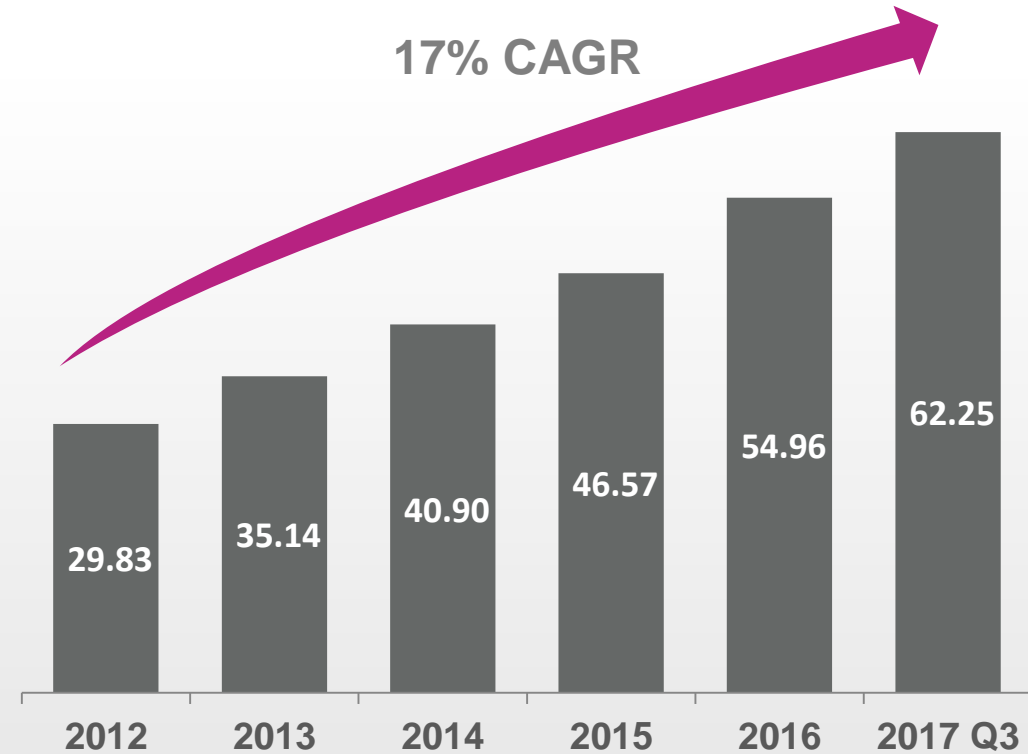
Grow Capital by Retaining the Majority of Earnings and Reinvesting it in the Business

Grow Assets at Rates In-Line With Capital Growth, if Opportunities Meet or Exceed Our ROE Targets

Pay Out a Consistently Growing Dividend to Our Shareholders

Book Value Per Share (\$)

17% CAGR



Disciplined capital management

Capital Management Framework

Strong capital base has allowed us to pursue our growth objectives while returning capital to shareholders

Capital Deployment

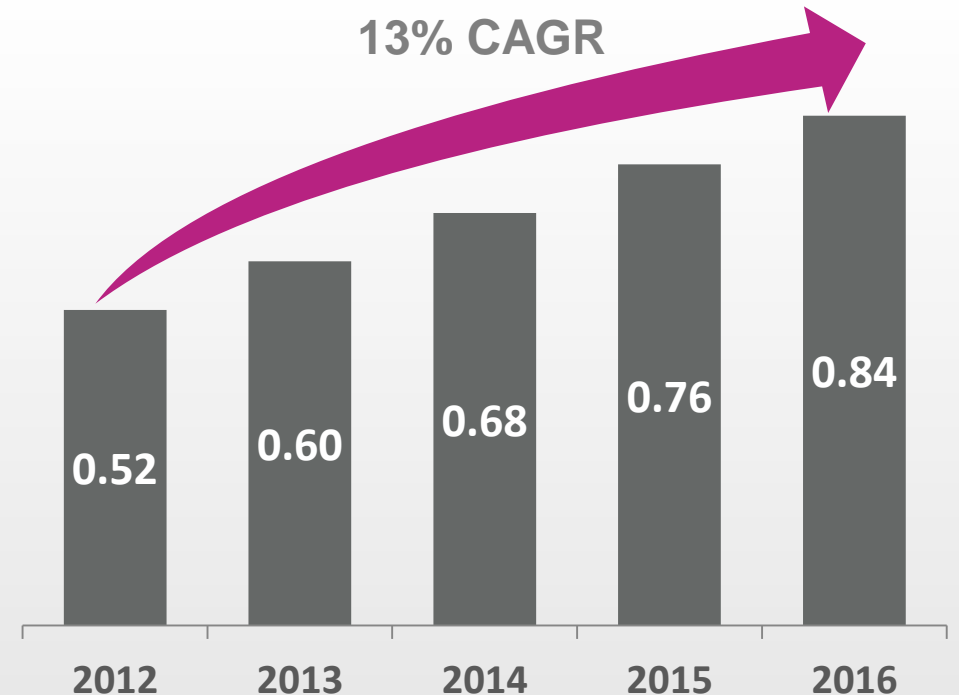
Maintain target CET1 and leverage ratios

Find attractive assets within existing markets; deploy to highest ROE opportunities first

Consistently grow dividends

Invest in growth and diversification initiatives that meet return thresholds

History of Consistent Dividend Growth



Balance sheet strength

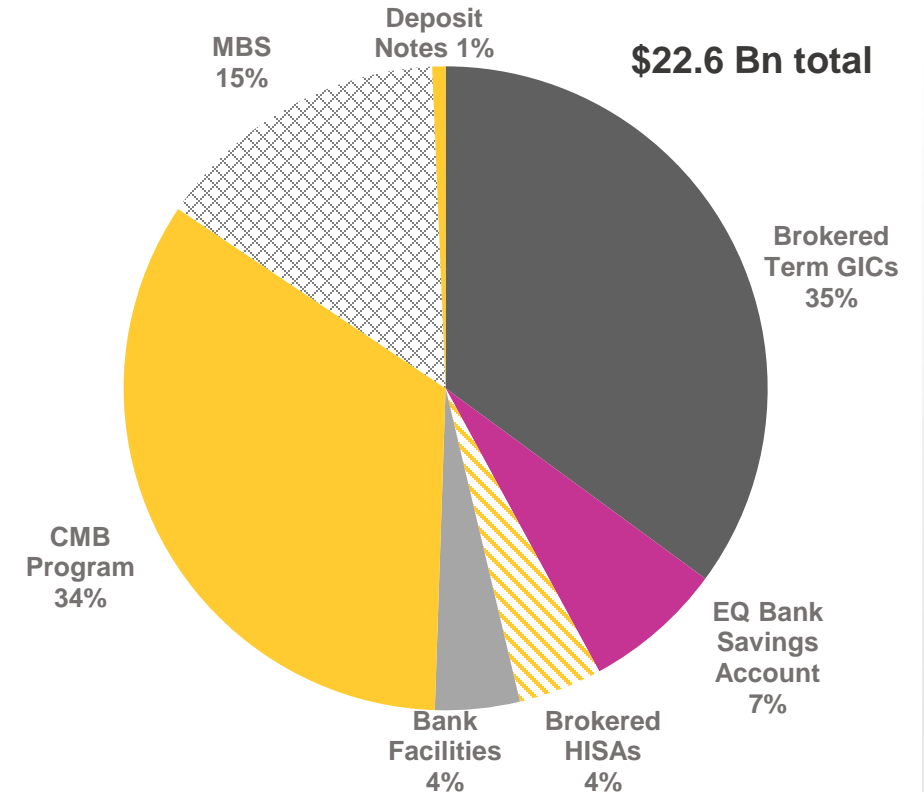
Strong Regulatory Capital Position

- Higher CET1 and Total Capital ratios than any of the eight largest publicly traded Canadian Banks...
 - ...even though we use the standardized approach to risk weight our assets
- 85% of regulatory capital in high-quality common equity

Resilient Liquidity Position

- \$2.0 Bn backstop funding facility from big-6 Canadian Banks
- Liquidity portfolio of \$1.5 Bn or 7.2% of total assets
 - 93% is cash held at big-6 Canadian banks or in government guaranteed accounts/instruments
- LCR well in excess of regulatory minimum
- 99% of securities investments are preferred shares rated P-3(mid) or higher, with 42% rated P2(low) or higher

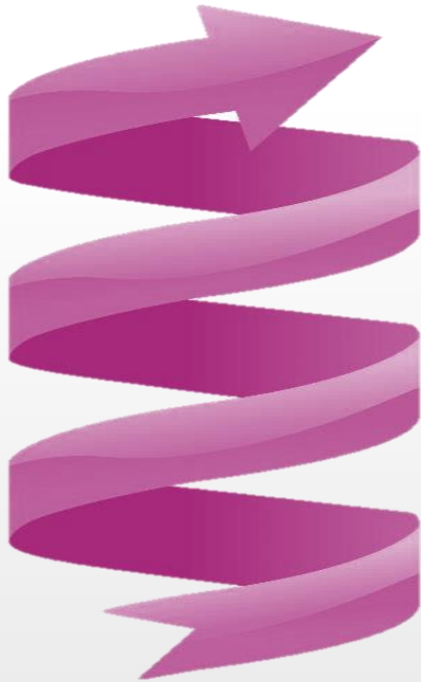
Diversified Funding Sources



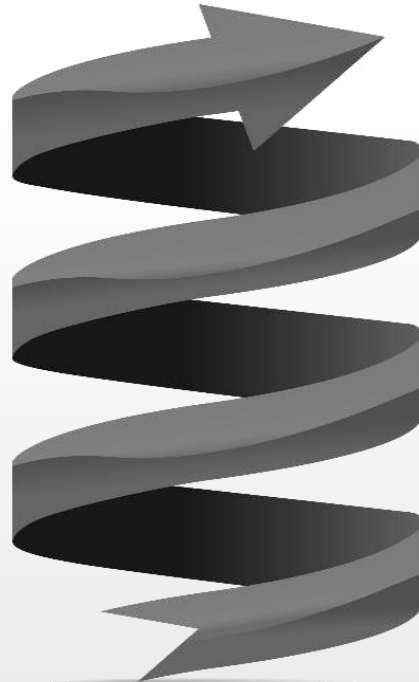
Our Digital Strategy

Equitable is embracing FinTech

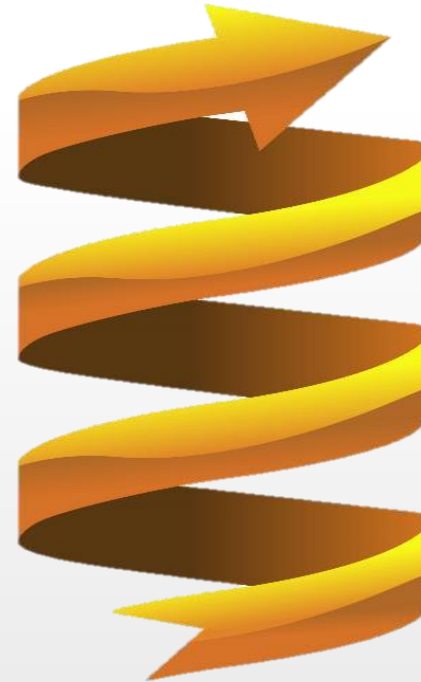
Be Open



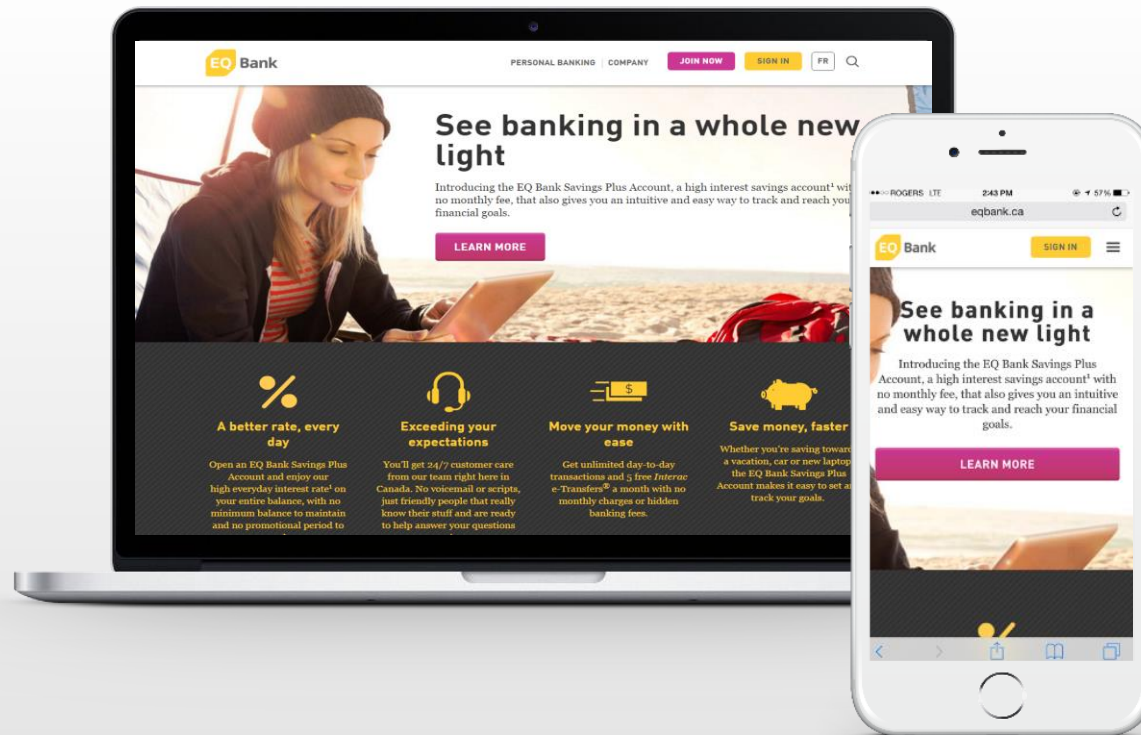
Be Collaborative



Be Invested



Digital simplicity, absent of legacy infrastructure, enables innovation



State-of-the-Art Banking Systems and Central Data Depository



Account Opening Now More Automated For Quick Approval With Full FINTRAC Compliance

What our customers are saying about us

“All things being equal I prefer the EQ experience. Using EQ I’ve grown to hate the ‘Tangerine two-step’ (transfer from savings to chequing and *then* pay bill) almost as much as I used to hate the 1-day delay transferring from PCF savings to chequing.”

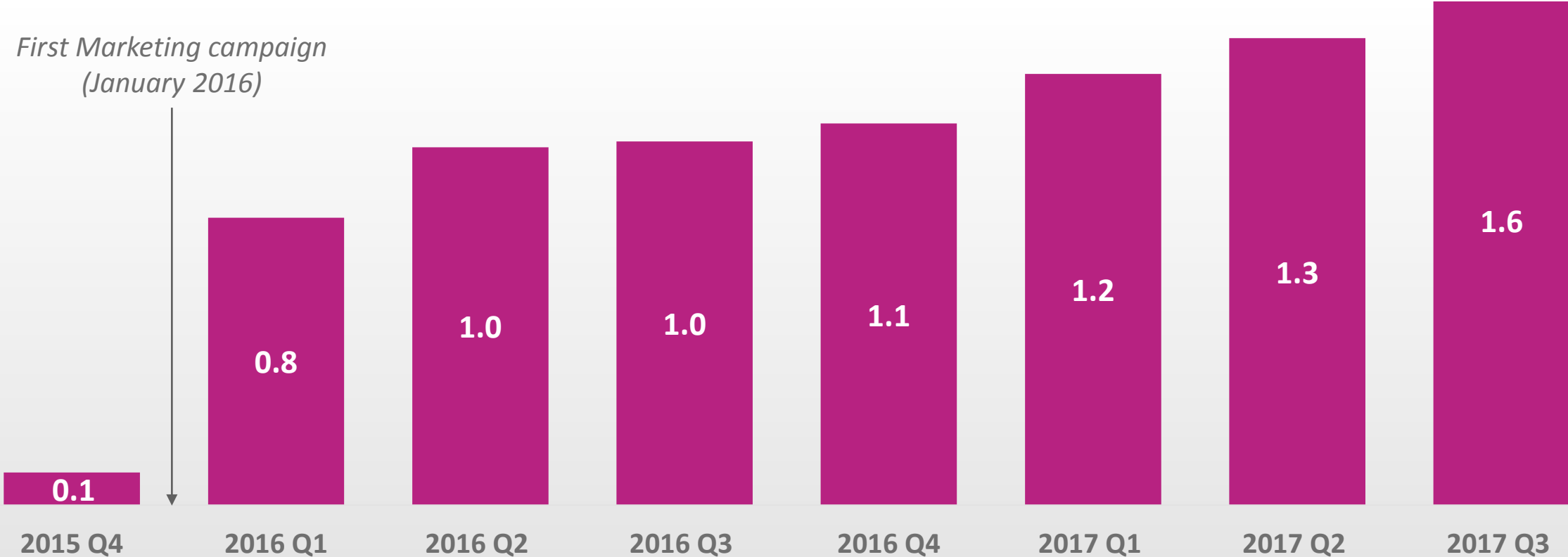
“IMO, EQ is better in this respect since they don’t play games with timing of deposits, starting balances, ‘new money’, etc. Every dollar of every customer earns the same 2%. That’s the fairest by far.”

“EQ > Tangerine > PCF in my personal experience.”

Canadians have responded well to our innovative digital banking platform

EQ Bank Deposit Principal Balances (\$Bn)

First Marketing campaign
(January 2016)



Our Recent Performance

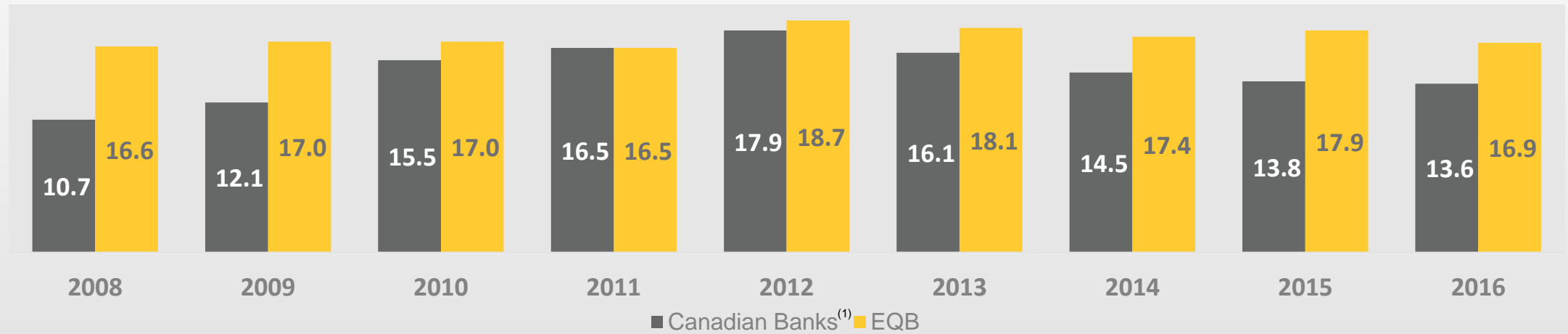
Q3 2017 Performance Highlights

| Objectives | Results |
|---|--|
| <p>Consistently create shareholder value</p> | <ul style="list-style-type: none"> ✓ Delivered record third quarter EPS of \$2.21 in spite of \$0.42 of costs related to recent liquidity events ✓ Produced an ROE of 14.4%, surpassing the quarterly average of the eight largest publicly traded Canadian banks ✓ Declared a common share dividend of \$0.25 per share in November, which was 14% higher than last year |
| <p>Grow by providing effective service, competitive products and cost-efficient operations</p> | <ul style="list-style-type: none"> ✓ Grew Alternative Single Family assets by 20% over Q3 2016, originated a record \$1.1 billion of mortgages while maintaining stringent credit criteria ✓ Grew our Commercial Lending portfolio by 7% over the prior year ✓ Increased our Prime Single Family Mortgages Under Management by 17% |
| <p>Build our capabilities and brand</p> | <ul style="list-style-type: none"> ✓ Increased our GIC principal balances by \$1.0 billion from a year ago ✓ Grew EQ Bank Savings Plus Account balances to over \$1.5 billion, up 56% from the third quarter of 2016 and 21% from last quarter ✓ Awarded 6th place in Financial IT's 2017 ranking of the top digital banks globally ✓ Received Canada's Best Employer Platinum Award for 2018 by AON for the second consecutive year |
| <p>Maintain a low risk profile</p> | <ul style="list-style-type: none"> ✓ Recorded a provision for credit losses of \$40 thousand, partly because we released \$0.9 million of provisions related to mortgages that were resolved ✓ Reported a CET1 Ratio of 14.8%, well ahead of regulatory minimums and most competitive benchmarks |

Continued industry outperformance

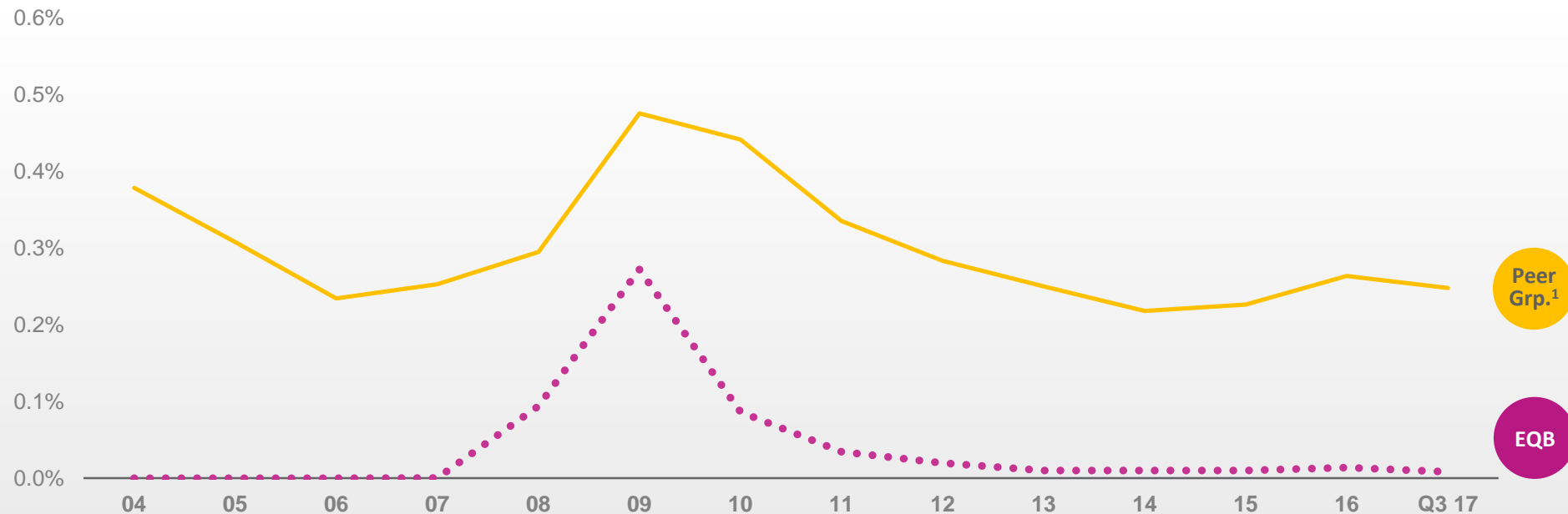
| | | | | | |
|---|---|--|---|---|---|
|  |  |  |  |  |  |
| Superior Customer Service | Specialized Underwriting Process | Sophisticated Risk Management Framework | Deep Broker Relationships | Efficient Branchless Operations | Diverse, Low Cost Funding |

Higher Return on Equity Than Benchmarks



A strong risk management framework and low loss levels

Actual Credit Loss Rates, Selected Canadian Banks



Minimal Credit Losses and Strong Relative Performance Highlight Portfolio Quality

Our Underwriting Risk Management System



Mortgage Application

Supporting Documentation

1st line:
Operational
Management Control

Underwriter

- Assesses credit and determines terms of deal

Mortgage Officer

- Reviews and verifies documents
- Confirms income through independent sources

2nd line:
Risk Management and
Compliance

- Quality assurance and compliance teams each review ~ 100+ files monthly
- Senior leaders, including CEO, review an additional 30 files monthly

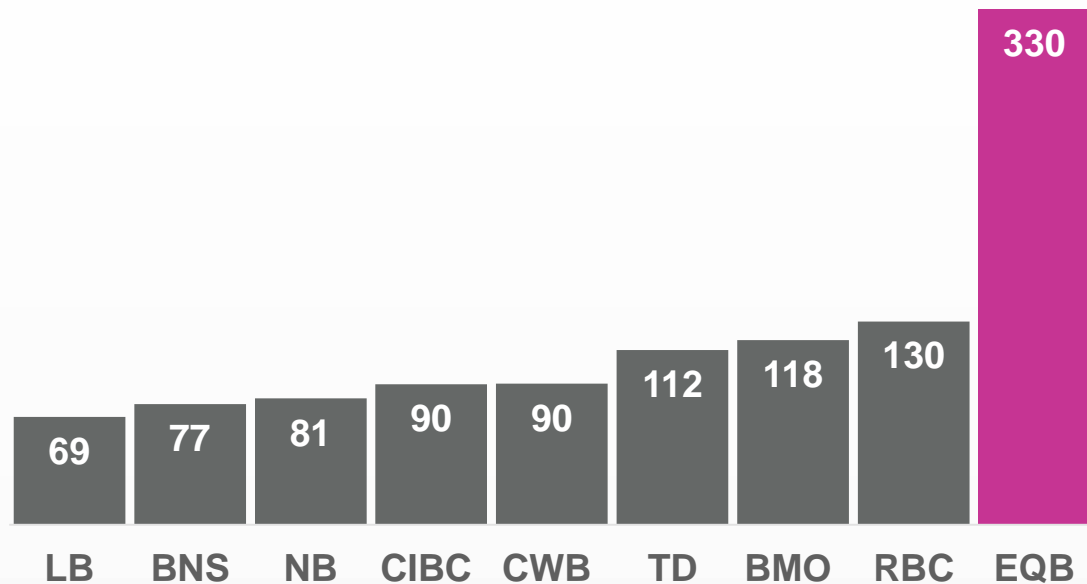
3rd line:
Internal Audit

- Conducts independent audits of single family lending at least annually

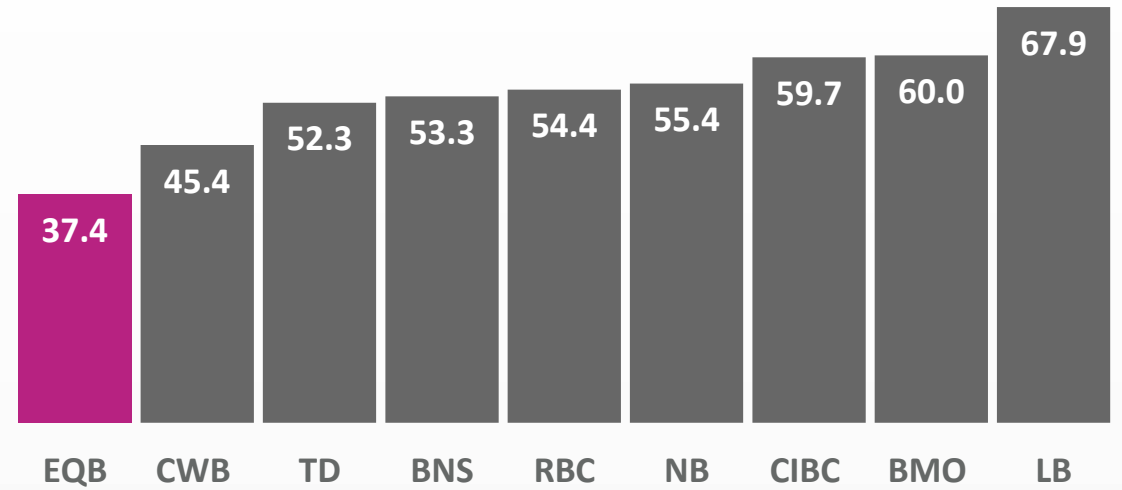
Supported by a culture of risk management awareness and integrity

Branchless operating model yields higher productivity and efficiency

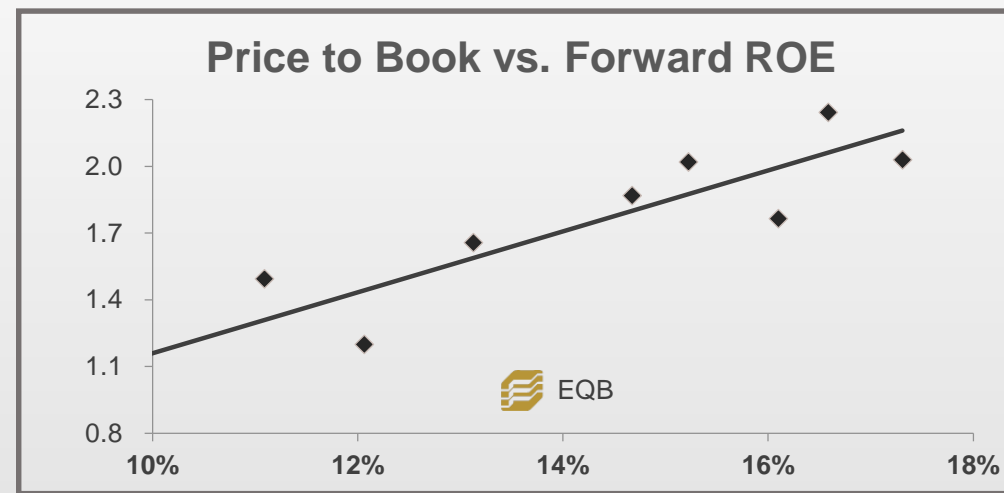
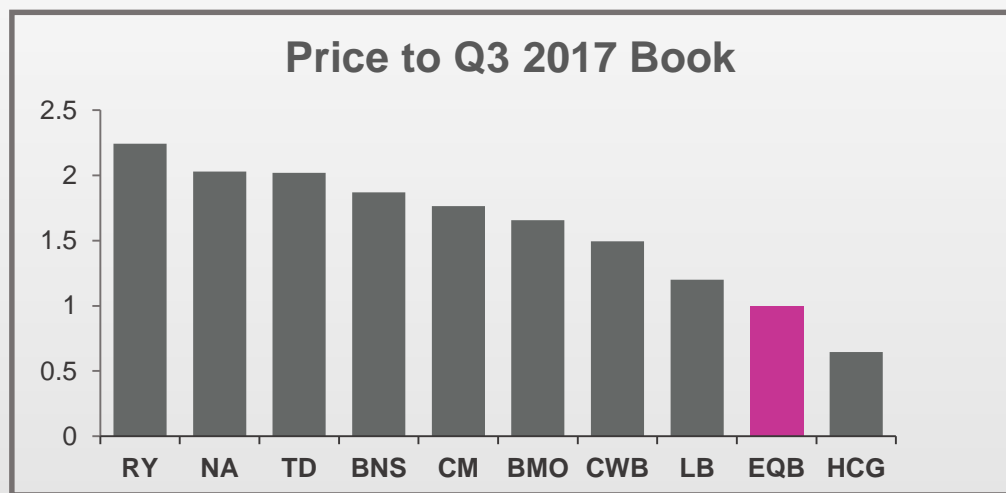
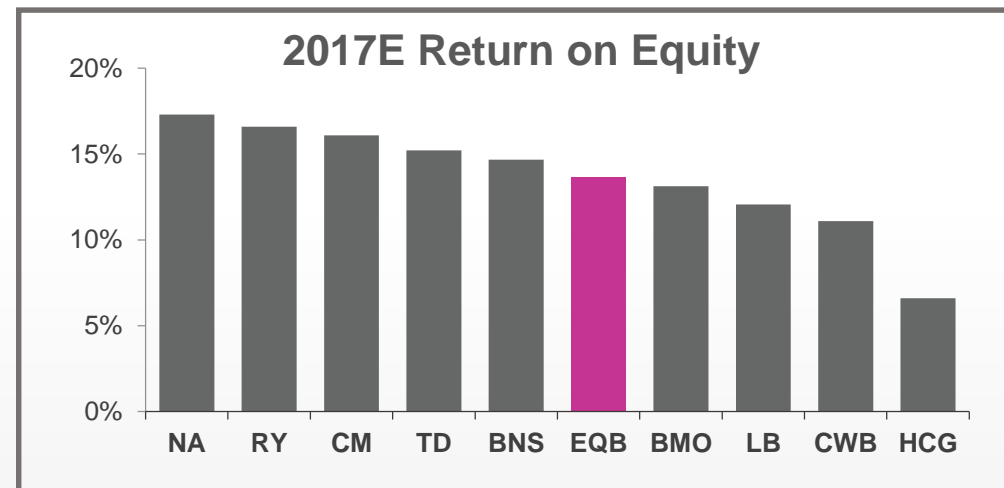
2017 Q3 Revenue per Employee (\$000s/Employee)



2017 Q3 Efficiency Ratios (%)



Valuation Metrics vs. Other Canadian FIs



Looking Forward

Our 2017 objectives build on our capabilities and our market opportunities

1

Grow our Single Family Business

2

Optimize Returns in Commercial

3

Advance our Mortgage Servicing Capabilities

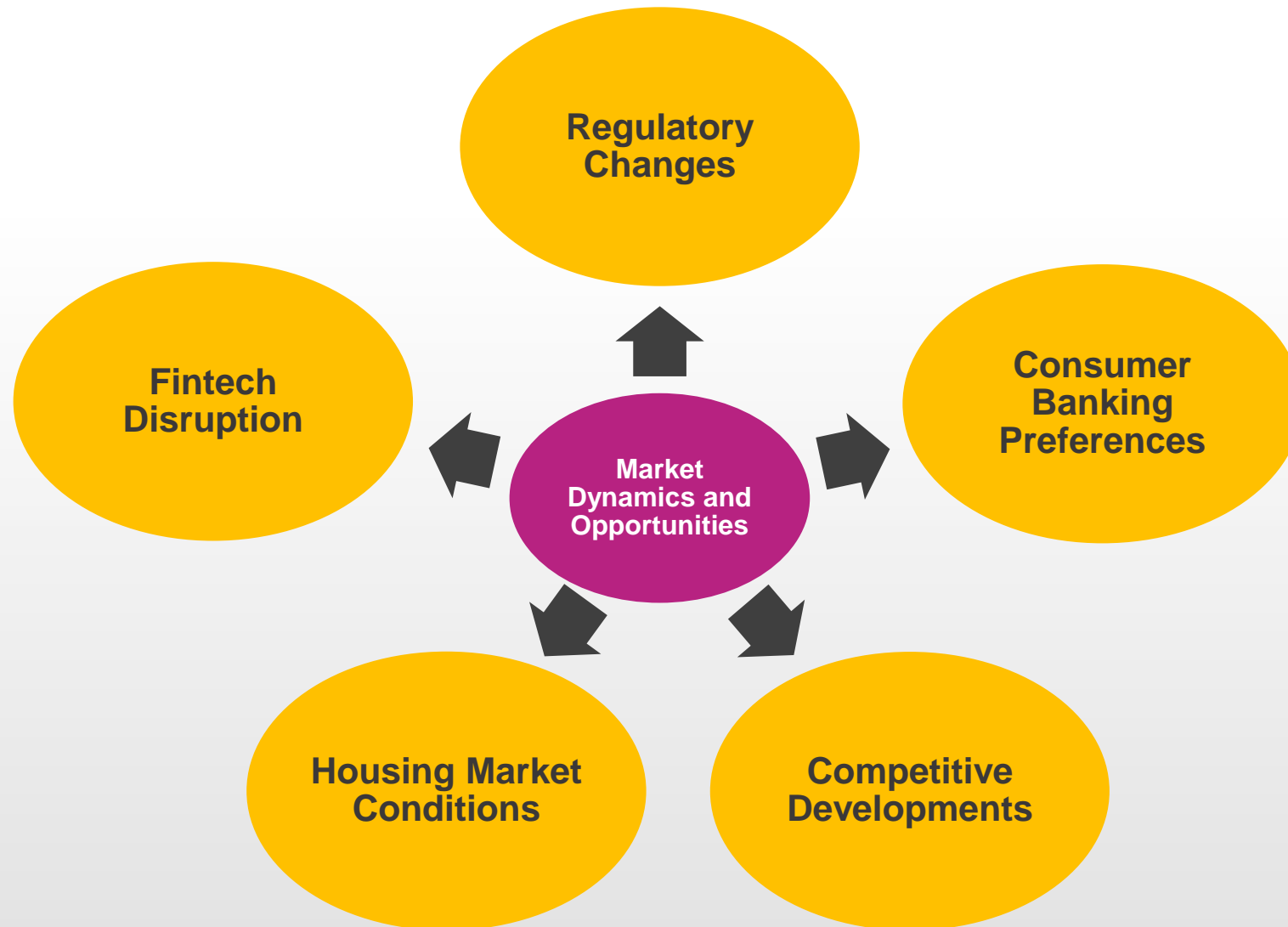
4

Enhance Digital Banking Platform

5

Pursue AIRB initiative

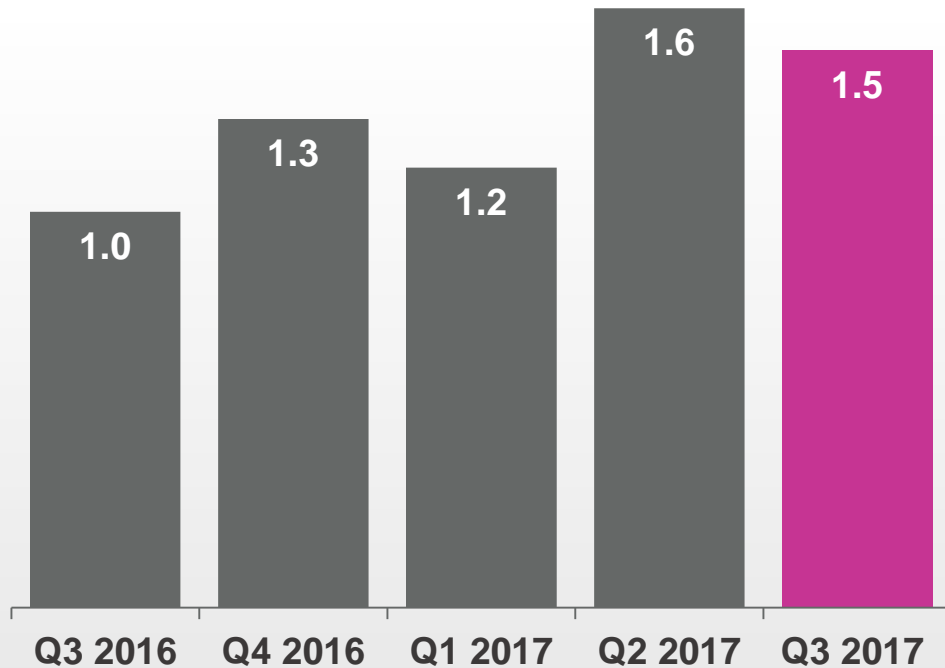
Market Developments



Liquidity and funding position has been stable

Total Liquid Assets

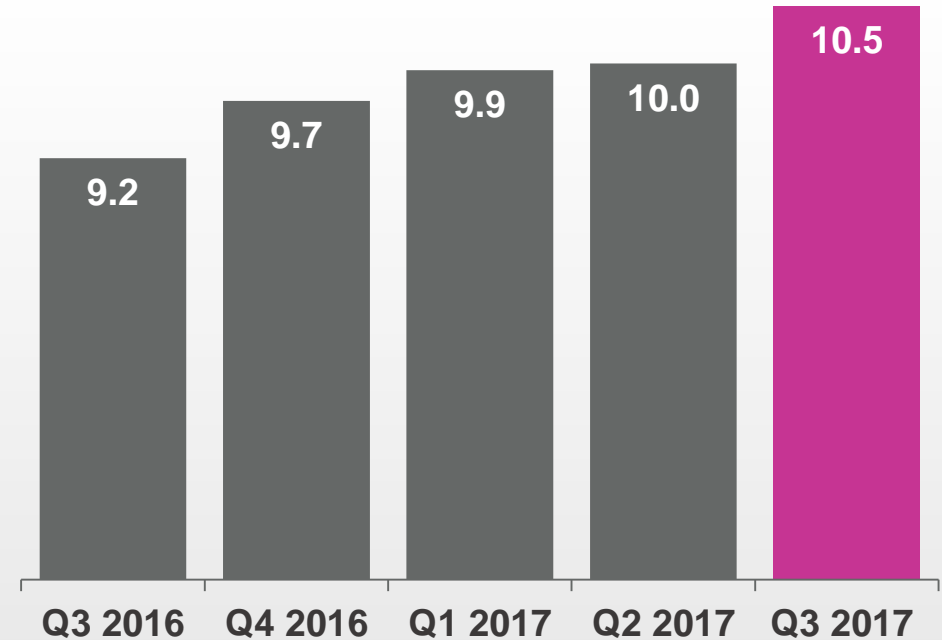
(\$ billion)



Liquidity Coverage Ratio Well Above 100%

Deposit Principal Balances

(\$ billion)



Deposits Well Diversified and Growing

Recent regulatory proposals create some operating uncertainty

OSFI has proposed changes to its Underwriting Guideline B-20

- Interest rate stress test
- Dynamic LTV measurements
- Restrictions on co-lending



- Impact on Equitable will be slightly negative, though full effect still unclear
- Difficult to forecast competitor and consumer reactions
- Even if originations decline substantially, still expect modest portfolio growth
- Opportunity to offset some of the effect with higher commercial asset growth