



Equitable  
Bank

EQ Bank

# INVESTOR DAY

June 13, 2022

DRIVE CHANGE  
IN CANADIAN  
BANKING  
TO ENRICH  
PEOPLE'S  
LIVES

16.6%<sup>1</sup>

ROE 10-year average

340K+<sup>2</sup>

Customers

Carbon  
Neutral

Scope 1 & 2 GHG emissions

## CANADA'S CHALLENGER BANK™

540%<sup>1</sup>

10-year total  
shareholder return

15.7%<sup>1</sup>

EPS growth 10-year CAGR

<sup>1</sup> As at December 31st, 2021

<sup>2</sup> As at March 31st, 2022

# Land Acknowledgement

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Equitable acknowledges that it occupies offices on **Turtle Island**, a name that multiple Indigenous Nations gave to the land now known as North America. We gather together on land that is steeped in rich Indigenous history, and recognize the enduring presence of First Nations, Inuit and Métis peoples, and **pledge our ongoing commitment to the process of Truth and Reconciliation.**

# Investor Day Agenda

Time	Topic	Speakers	Duration
7:00 – 8:00	Registration & Breakfast		60 minutes
8:00 – 8:05	Opening	<i>Richard Gill</i>	5 minutes
8:05 – 8:20	Strategic Vision	<i>Andrew Moor</i>	15 minutes
8:20 – 8:50	Personal Banking	<i>Mahima Poddar</i>	30 minutes
8:50 – 9:10	Commercial Banking	<i>Darren Lorimer</i>	20 minutes
9:10 – 9:30	Technology	<i>Dan Broten</i>	20 minutes
9:30 – 10:00	<b>Question &amp; Answer</b>		30 minutes
10:00 – 10:20	Break / Refreshments		20 minutes
10:20 – 10:35	Human Capital	<i>Jody Sperling</i>	15 minutes
10:35 – 10:50	Risk Management	<i>Ron Tratch</i>	15 minutes
10:50 – 11:20	Financial Update	<i>Chadwick Westlake</i>	30 minutes
11:20 – 11:50	<b>Question &amp; Answer</b>		30 minutes
11:50 – 12:00	Closing Remarks	<i>Andrew Moor</i>	10 minutes
12:00 – 1:00	Lunch		60 minutes

# Caution Regarding Forward-Looking Statements

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Certain forward-looking statements may be made in this presentation, including statements regarding possible future business, financing and growth objectives. 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”. These statements include, but are not limited to, statements relating to our financial performance objectives, vision and strategic goals, statements related to the expected timing and completion of the acquisition of Concentra Bank (“Concentra”) described herein including anticipated synergies and estimated transaction and integration costs and the timing of incurrence thereof, 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 representatives. By their very nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that our predictions, forecast, projections, expectations or conclusions will not prove to be accurate, that our assumptions may not be correct and/or that our financial performance objectives, vision and strategic goals will not be achieved. As such, there can be no assurance that the expectations represented by our forward-looking statements will prove to be correct.

Investors are cautioned that such forward-looking statements involve risks and uncertainties detailed from time to time in our periodic reports filed with Canadian regulatory authorities. These risks and uncertainties – many of which are beyond our control and the effects of which can be difficult to predict – include, but are not limited to, the length, duration, magnitude and impact of the novel coronavirus (COVID-19) pandemic, including measures adopted by governmental or public authorities in response to it, global economic conditions and market activity, changes in government monetary and economic policies, legislative and regulatory developments, change in tax laws, unexpected changes in consumer spending and saving habits, the failure or delay to receive or fulfill regulatory approvals and notifications or otherwise satisfy the conditions to the completion of the acquisition or the subscription receipt or debt financing, potential undisclosed costs or liabilities associated with the acquisition, historical and pro forma consolidated financial information may not be representative of future performance, reputational risks and the reaction of our and Concentra’s personnel and customers to the transaction, changes in accounting standards as well as changes in competition. The preceding list is not exhaustive. 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.

When relying on forward-looking statements to make decisions with respect to us and our securities, investors and others should carefully consider the preceding factors, other uncertainties and potential events. Any forward-looking statements contained in this document represent the views of management only as of the date hereof and are presented for the purpose of assisting our shareholders and analysts in understanding our financial position, objectives and priorities, and anticipated financial performance as at and for the periods ended on the dates presented and may not be appropriate for other purposes. We do not undertake to update any forward-looking statements, oral or written, made by us or on our behalf except in accordance with applicable securities laws.

Additional information on items of note, reported results, risk factors and assumptions related to forward-looking statements are available in our Q4 2021 Management’s Discussion and Analysis and other public filings available on SEDAR at [www.sedar.com](http://www.sedar.com)



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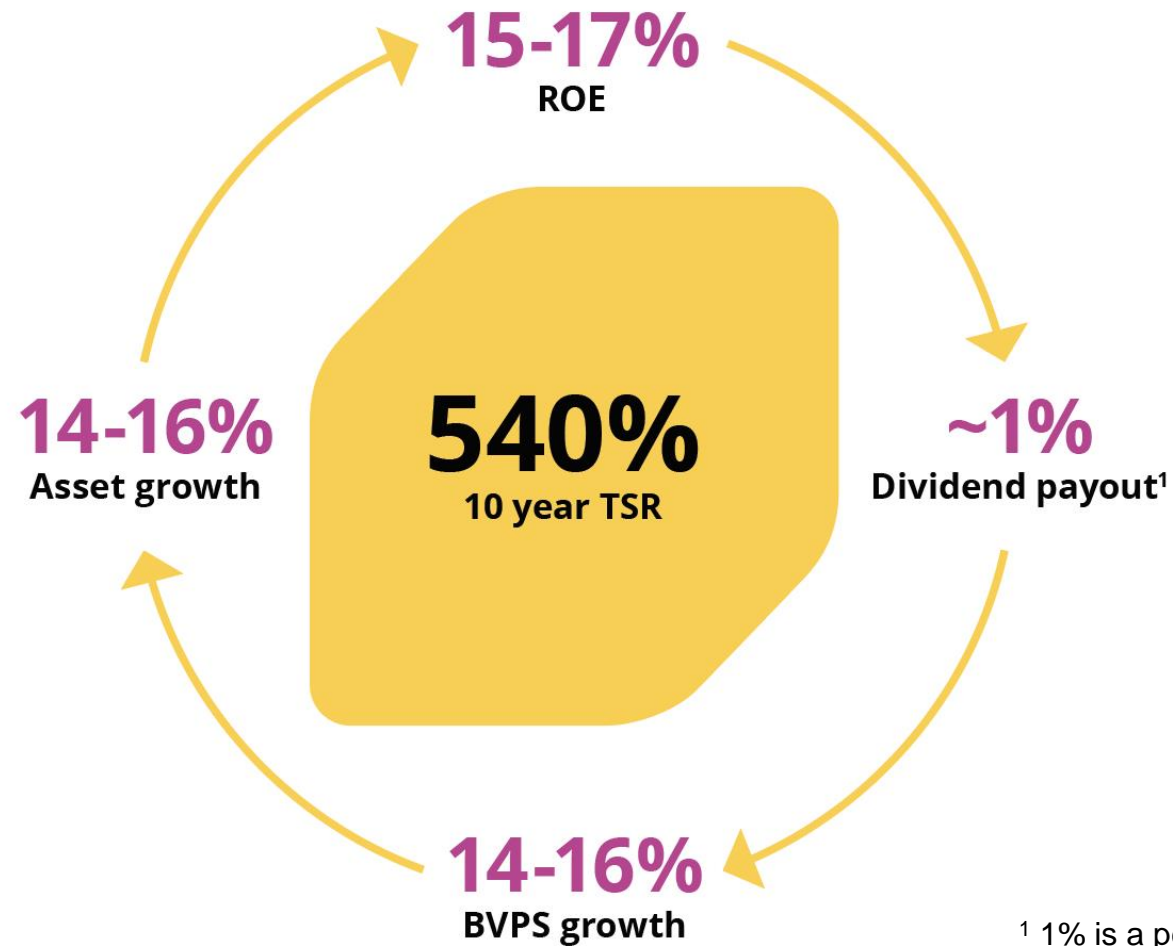
<sup>1</sup> As at December 31st, 2021

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**ANDREW MOOR**  
President and CEO

# We have a differentiated shareholder value creation method



<sup>1</sup> 1% is a percentage of capital

# Testing our differentiated shareholder value creation method

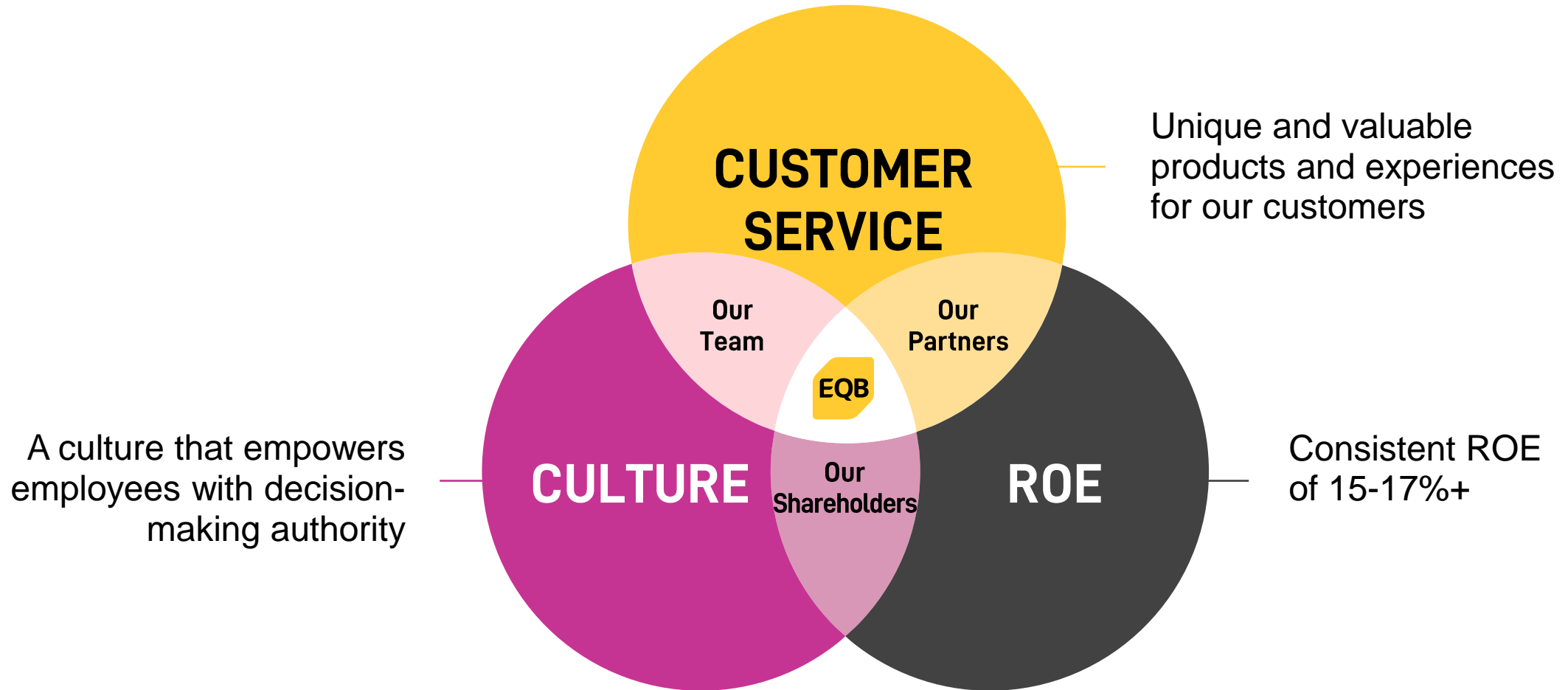
Our historical results				
	<i>At 2016 Investor Day</i>			
	<b>2016 Consensus</b>	<b>2021 Extrapolation</b>	<b>2021 Actuals</b>	<b>2016 to 2021 CAGR</b>
<b>Diluted EPS</b>	<b>\$4.06</b>	<i>Over \$8</i>	\$8.36	15% ✓
<b>Book Value Per Share</b>	<b>\$27.01</b>	<i>Almost \$55</i>	\$55.24	15% ✓



# Extrapolations for the next 5 years based on our value creation method

Looking forward...			
	2022 Consensus	2022 to 2027 CAGR	2027 Extrapolation
Diluted EPS	\$9.35	~15%	\$18.81
Book Value Per Share	\$63.88	~15%	\$128.49
Dividend Per Share			~\$4.00

# What it means to be **Canada's Challenger Bank™**

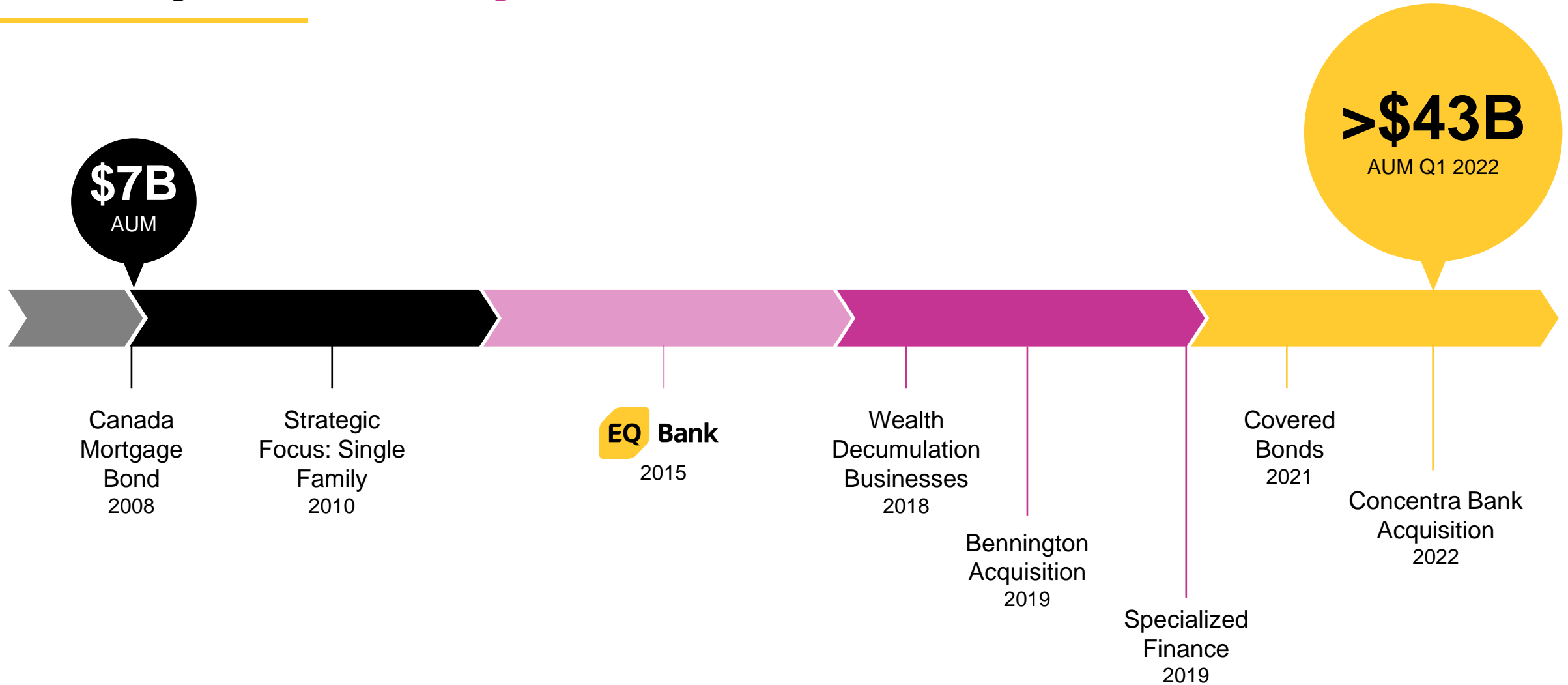


# How do we plan to deliver on the **Challenger ethos?**

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- A digital first approach
- Distinctive, differentiated services built on this digital prowess
- A brand that sets new standards of customer convenience and experience
- Authentic partnerships with innovative fintech service providers
- Fostering a competitive regulatory environment

# We are good at building businesses



# Concentra adds scale without changing our value creation method

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01

**Growth with  
Complementary  
Assets**

02

**Diversifies and  
Enhances Revenue  
and Funding Sources**

03

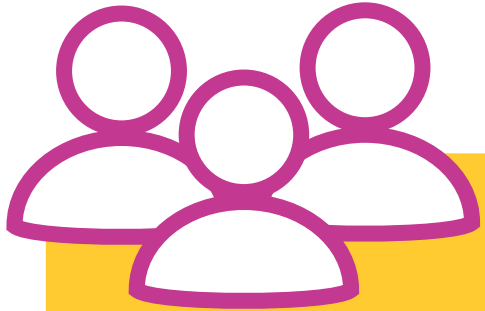
**Expands the Reach of  
Canada's Challenger  
Bank™**

04

**Financially  
Compelling, While  
Maintaining Strong  
Capital**

# Our people strategy and culture enable business outcomes

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**Strength and depth of our management team will continue to drive our agenda forward**

**Culture that empowers employees with decision-making authority to carry out our vision**

# Leadership Team – in order of presentations today

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**ANDREW MOOR**  
*President and Chief  
Executive Officer*



**MAHIMA PODDAR**  
*Group Head,  
Personal Banking*



**DARREN LORIMER**  
*Group Head,  
Commercial Banking*



**DAN BROTEN**  
*Chief Technology  
Officer*



**JODY SPERLING**  
*Chief Human  
Resources Officer*



**RON TRATCH**  
*Chief Risk  
Officer*



**CHADWICK WESTLAKE**  
*Chief Financial  
Officer*

# Significant levers of growth exist across our business

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- Canada's Challenger Bank™ is **strongly positioned**
- Our **digital expertise** is key to driving value
- Business model is set to **build more shareholder value**

***Desire to grow in a risk-controlled manner***

*Ability to fund growth from retained earnings to create a sustainable business model*





**MAHIMA  
PODDAR**

**Group Head,  
Personal Banking**

# Personal Banking operates through **three business lines**

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Enriching the lives of customers by delivering better banking options


**Single Family  
Residential Lending**  
Alternative and  
Prime Mortgages

**Wealth  
Decumulation**  
Reverse Mortgages and Life  
Insurance Lending

**EQ Bank**

Deposits

# Personal Banking continues to deliver **strong results**

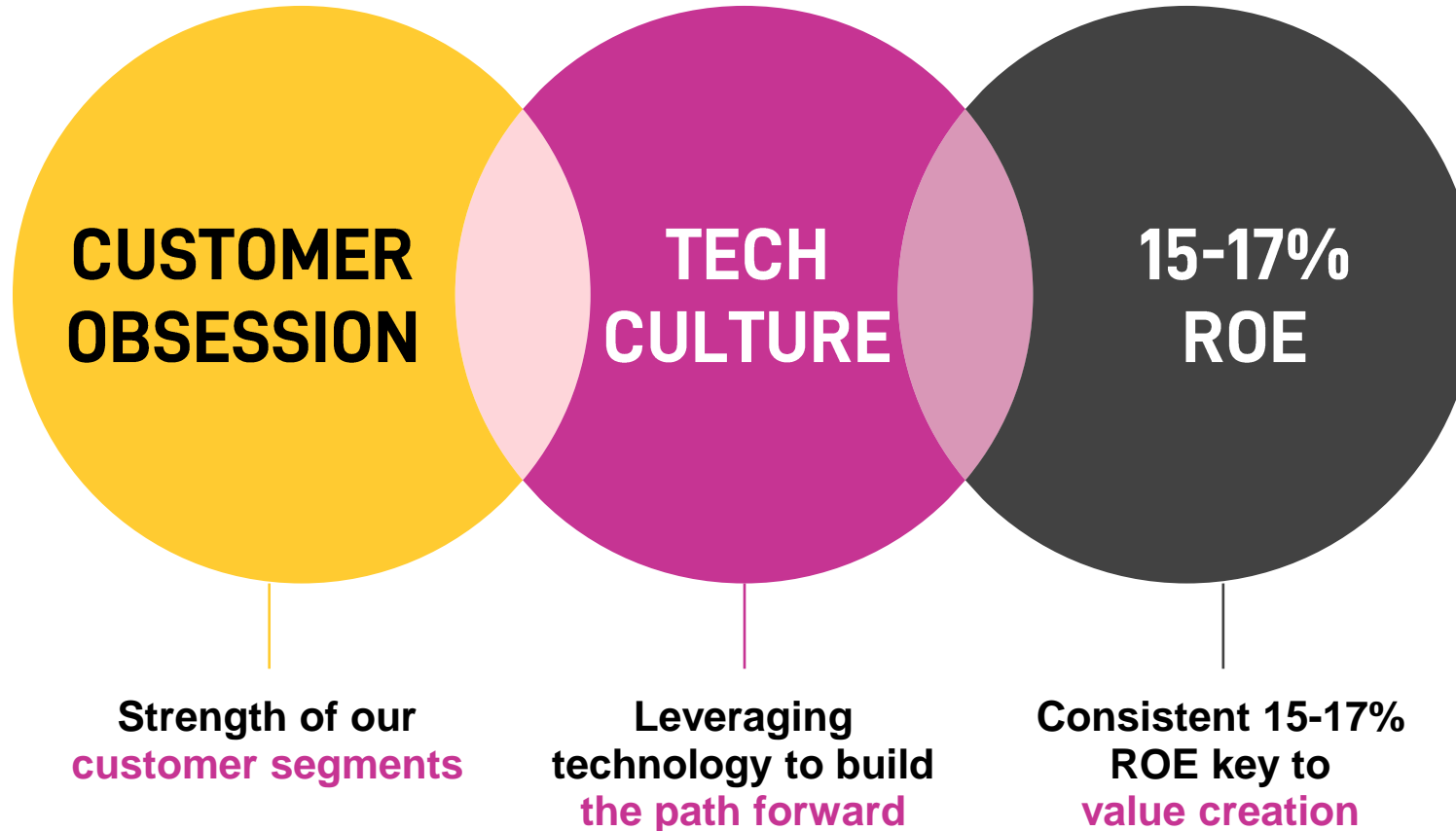
	Single Family Residential Alternative Lending	Wealth Decumulation	 <b>EQ Bank</b>
<b>Q1 2022<sup>1</sup></b>	<b>\$15B+</b>	<b>~\$0.4B</b>	<b>\$7B+</b>
<b>CAGR</b> 2016 to 2021	<b>14%</b>	<b>340%<sup>2</sup></b>	<b>46%</b>
<b>CAGR</b> 2022E to 2027E	<b>~15%</b>	<b>~45%</b>	<b>~25%</b>

1. Single Family Residential Lending and Wealth Decumulation are asset balances, EQ Bank is deposit balance.

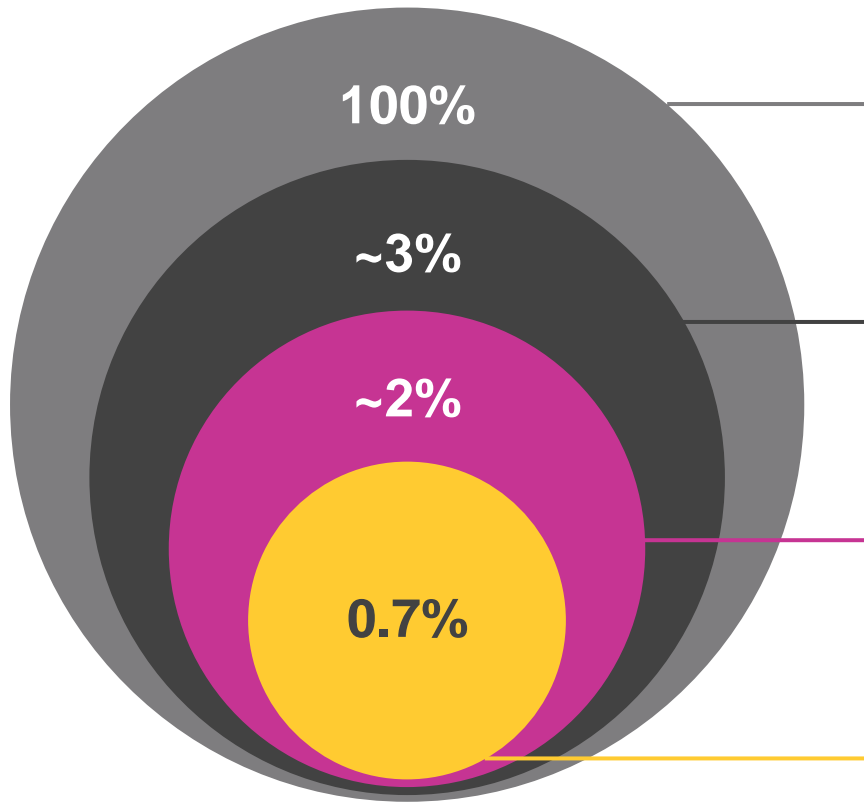
2. Wealth Decumulation CAGR represents a 3-year CAGR from 2018 to 2021

# Strategy focused on leveraging **technology** to deliver better experiences for our **customers** and results for our **shareholders**

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# The Alt A lending market is material and EQB gaining share

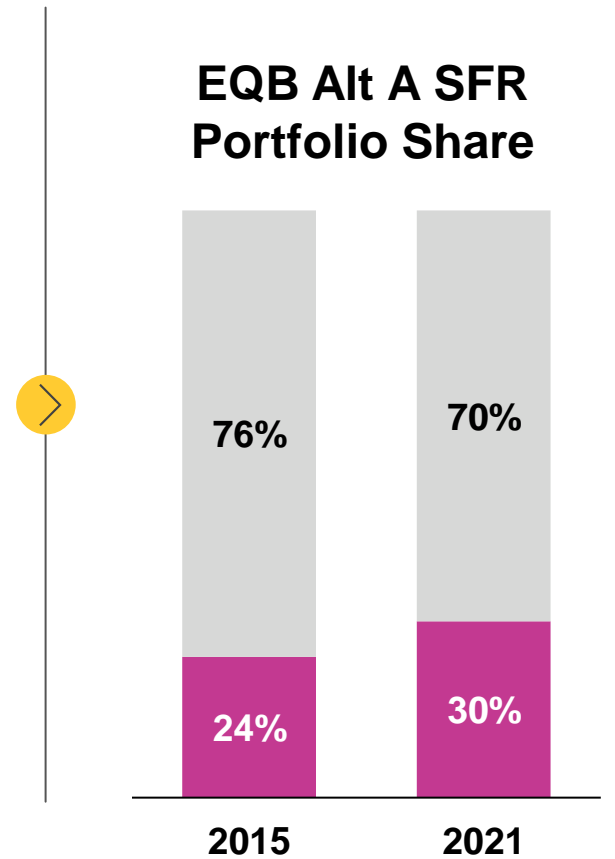


2021 Total Canadian Mortgage Market  
~\$1.9 trillion | 2015-2021 CAGR: 7%

Total Alternative (Regulated + MICs)  
~\$66.3 billion | 2015-2021 CAGR: 9%

Alt A (Regulated)  
~\$47.6 billion | 2015-2021 CAGR: 10%

2021 EQB Alt A SFR Portfolio  
\$14.4 billion | 2015-2021 CAGR: 14%



SFR • DECUMULATION • EQ BANK

Note: Charts represent mortgage asset balances and are not to scale.

# Tailwinds support growth of **Alt A lending customer segment**

## Levers of Alternative Market Growth

**>1.3 million**  
target for 2022 to 2024

**Return of  
Immigration**

**Strong self-  
employment  
sector**

**13.7%**  
of the labour force

**47%**  
of originations,  
up from low-20%

**Growing  
broker  
channel**

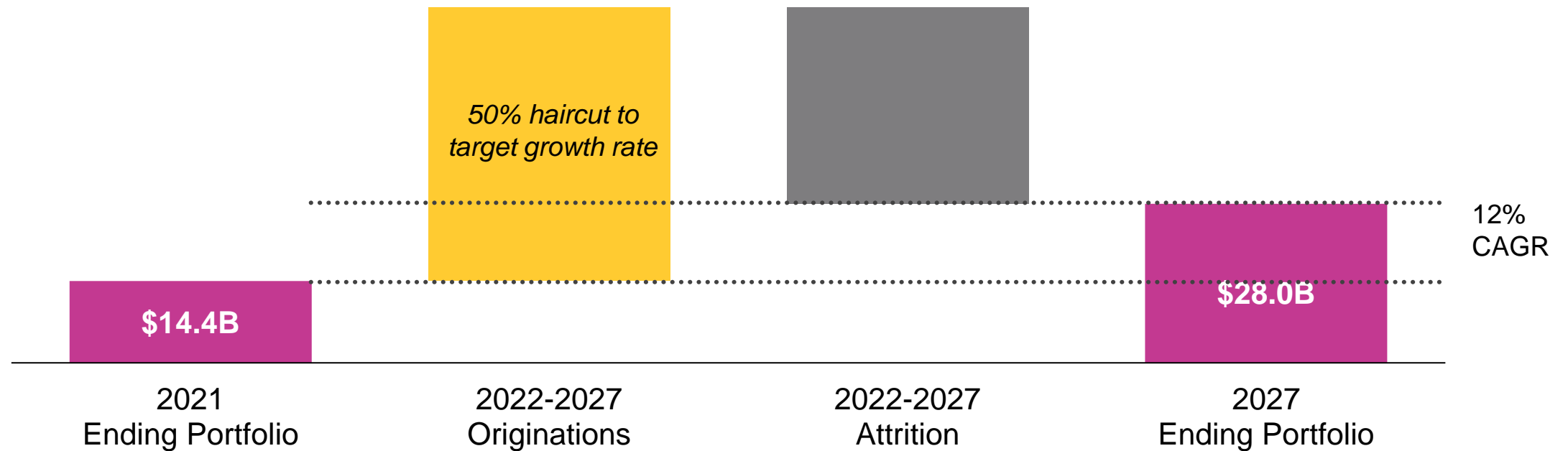
**Prime market  
shift to  
Alternative**

**\$7B+**  
of uninsured mortgages today  
could be Alt eligible tomorrow

SFR • DECUMULATION • EQ BANK

# Portfolio **remains strong** even if short-term market conditions change

## Alternative SFR Portfolio if Growth Slows



SFR • DECUMULATION • EQ BANK

# Reverse mortgage market is largely untapped with great potential

## Growing demand for reverse mortgages among Canadian seniors



### Increasing debt levels

*Household debt to disposable income 186.2% in 2021*



### Rising costs of living

*Inflation rate reached 6.7% in the month of March*



### Strong property values

*Average home prices expected to exceed \$800,000 in 2023*



### Maintain age-in-place lifestyle

*92% of Canadians 45+ want to age in place*

## Strong Canadian market potential given demand & other markets

**~\$30B+**

Current Estimated Canadian  
REM Industry Potential

**~17%**

Industry CAGR 2021 to 2026E

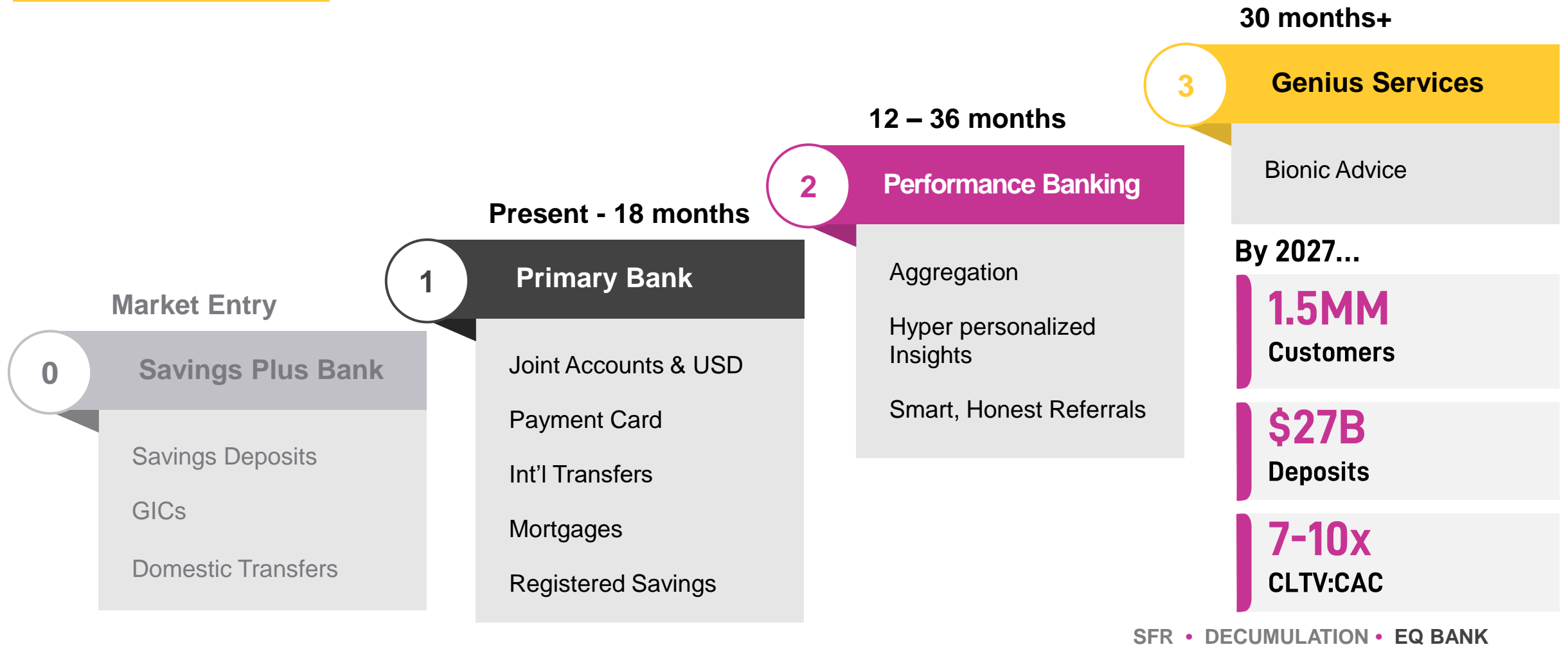
**0.8%**

Current Customer Adoption Rate

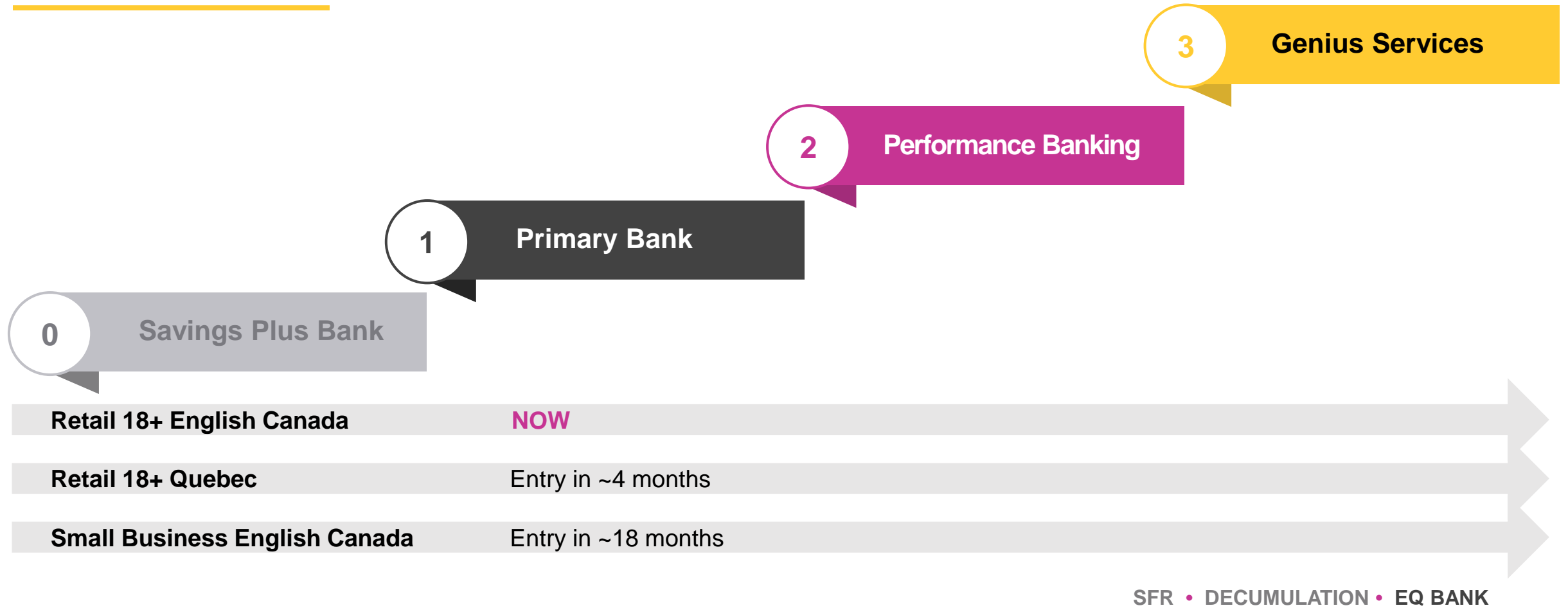
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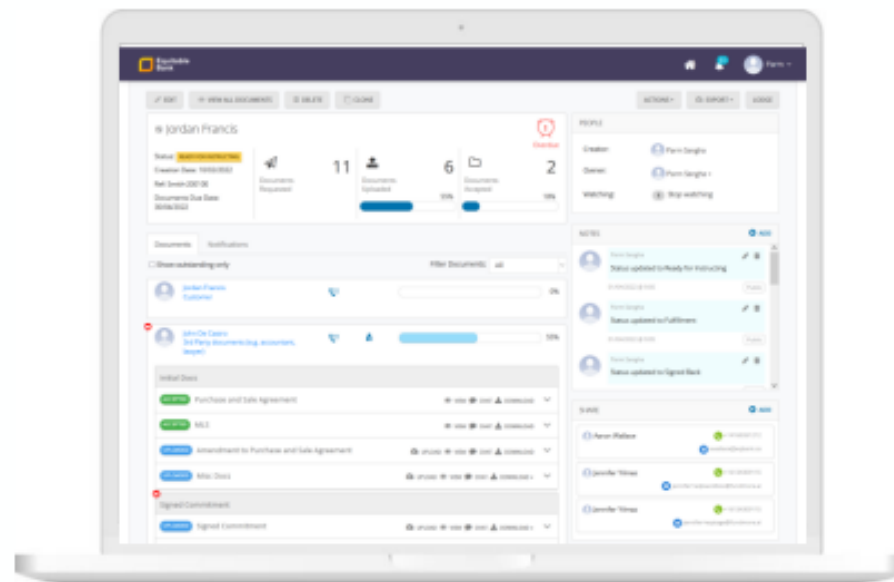
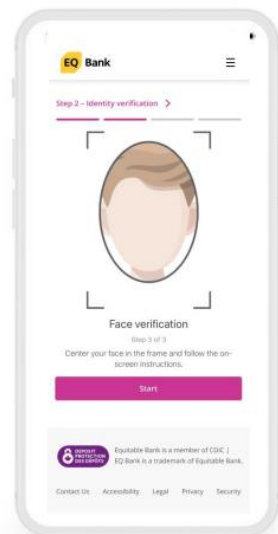
# EQ Bank's 3 horizons of growth, each with deeper client engagement



# EQ's growth plan introduces **new customer segments**, which ultimately follow the same product evolution



# Technology sets us up to win on our experience promise & enables growth



## EQ BANK

*Payments Infrastructure, Data Lake,  
Open Banking APIs, Agile Pods*

*Customer satisfaction from 89% to 95%*

## LENDING

*Equitable Connect Portal,  
Loan Origination System*

*Customer satisfaction from 84% to 90%*

# Technology and other core competencies creating new fee income streams that will **improve ROE**

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Payments-as-a-Service



Interchange revenue



Forex revenue



Referral income



3<sup>rd</sup> party asset management

*Targeting approximately \$15 to \$20 million in associated fee revenue by 2027*

# Key takeaways

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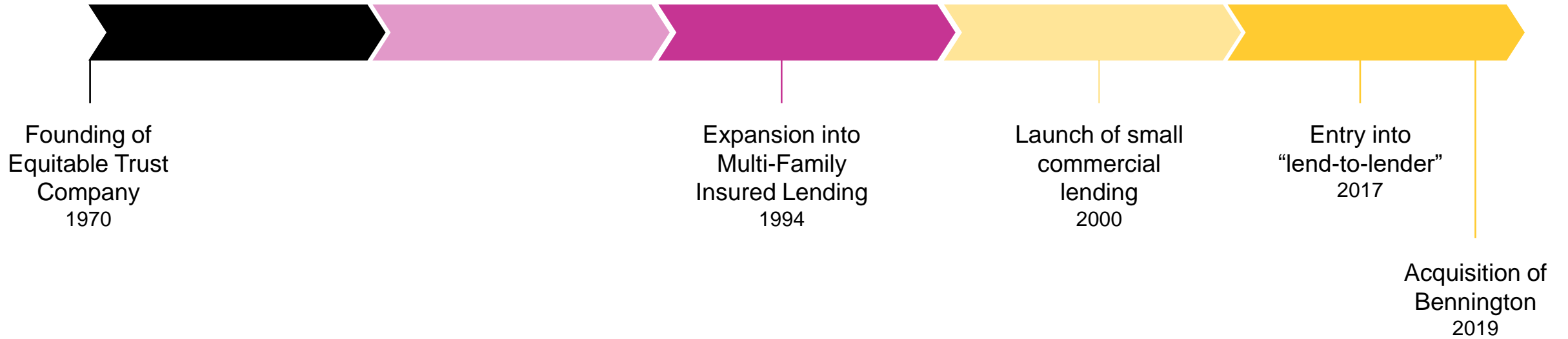
- Strong position in **sizeable Alt mortgage market**
- Growing demand and market potential for **decumulation products**
- **EQ Bank** brand continues to gain recognition and set to deliver outstanding growth
- **Technology culture** to innovate ahead of customer needs
- **Strong ROE from core businesses** plus growing fee income



**DARREN  
LORIMER**  
Group Head,  
Commercial  
Banking

# Our growth story

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# Achieving scale from humble beginnings

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- Commercial Finance Group
- Multi-Family Insured Lending
- Business Enterprise Solutions
- Specialized Finance
- Equipment Leasing

**18,000+**  
Customers

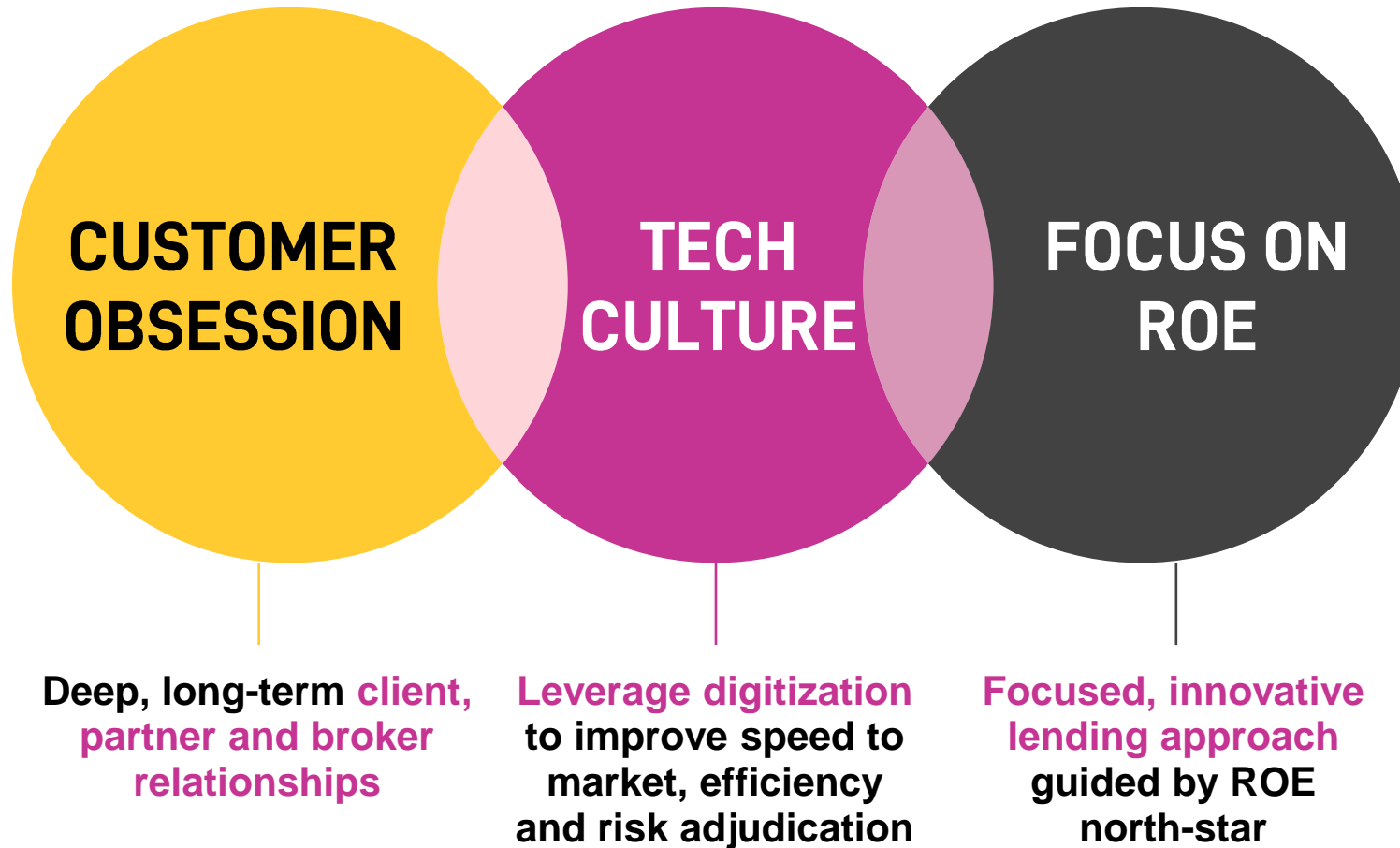
**\$17.2B**  
Total LUM

**~Half**  
Total net income contribution



# Strategy focused on deepening client relations, digitization, and ROE

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# Our fastest growing business line is the **Specialized Finance Group**

Niche structured financing with a “**lend-to-lender**” focus including fintechs

Leverage existing credit expertise to identify asset classes that are underserved by the “Big 5”



**~60%**

**Core**

(Residential & Commercial Mortgages)

**~40%**

**Adjacent**

(Litigation Finance, First Nations, Consumer Loans, ...)

# Strong conviction in **expected acceleration of CMHC insured lending**

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## Growth levers

- Aggregator with full CMB limits
- Affordable homes growth segment
- Unique Treasury solutions and capabilities
- Integrated model establishes robust pipeline

## Going forward

- Expect to **double the current ~\$1.5B CMB capacity** (lowest cost source of funds for multis) with Aggregator by the end of 2023
- Expect to **exceed \$1B in affordable home pools annually** by the end of 2023

# Technology enabling quality decision making and great customer experience

## RAISE – our proprietary underwriting platform

The screenshot displays the RAISE underwriting platform interface. At the top, there is a search bar for 'Credit Request ID'. Below it, the facility details for 'Facility #5647' are shown, including 'CFG Broker/Partner' and 'Active' status. The interface is divided into several sections:

- Key Lending Ratios:** A table showing 'Facility: Loan To Valuations (LTVs)' with columns for 'First Tranche Loan Amount', 'Loan Amount', and 'Calculation based on' (Stabilized and Appraisal). The table includes rows for EQB Loan(s), Overall Loan, and Global Financing, all showing a 73.63% stabilized ratio and a 71.45% appraisal ratio.
- Residential Income Analysis:** A detailed table showing 'Residential Income Analysis' with columns for 'Type', 'Total', and '% / Per Unit'. It includes sections for Income (Gross Standard Rental Income, Gross Income, Effective Gross Income) and Expense (Management, Property Taxes, Utilities, Insurance, Wages, Repair & Maintenance, Total Expense Residential, NOI, Cap Rate).

- High-quality underwriting and decision making
- Speed through automation and standardization

# Commercial banking continues to have strong growth potential

## Conventional

CFG and BES<sup>1</sup>

Specialized Finance & Equipment Leasing

Multi-Family Insured Lending

Q1 2022

\$5B+

\$1.5B

>\$10B<sup>2</sup>

CAGR

2016 to 2021

13%

68%

5%

CAGR

2022E to 2027E

~15%

~16%

~10%<sup>2</sup>

1. Commercial Finance Group and Business Enterprise Solutions

2. Based on loans under management

# Prudent lending approach that **safeguards our capital**

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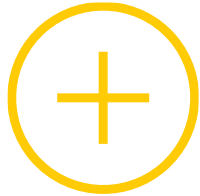


- **Focused lending approach**
  - Deep understanding of areas we lend in (50+ years experience)
- **Collateral is critical in all lending decisions**
  - 100% of uninsured loans are first position
  - 63% of loans under management are insured
  - Almost 95% of loans under management are secured by real estate
- **Standardized quality underwriting through proprietary RAISE platform**

# Success of Bennington sets us up for Concentra Bank integration

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2019 acquisition for ~\$47MM (~1.3x book value) has been highly successful



**Diversified into  
new asset class**

Thoughtful and  
meaningful entry into  
equipment leasing



**Achieved consistent  
portfolio growth**

3-year CAGR of 18.7%



**Amplified ROE  
north star**

Steadfast contributor to  
overall ROE results

# Key takeaways

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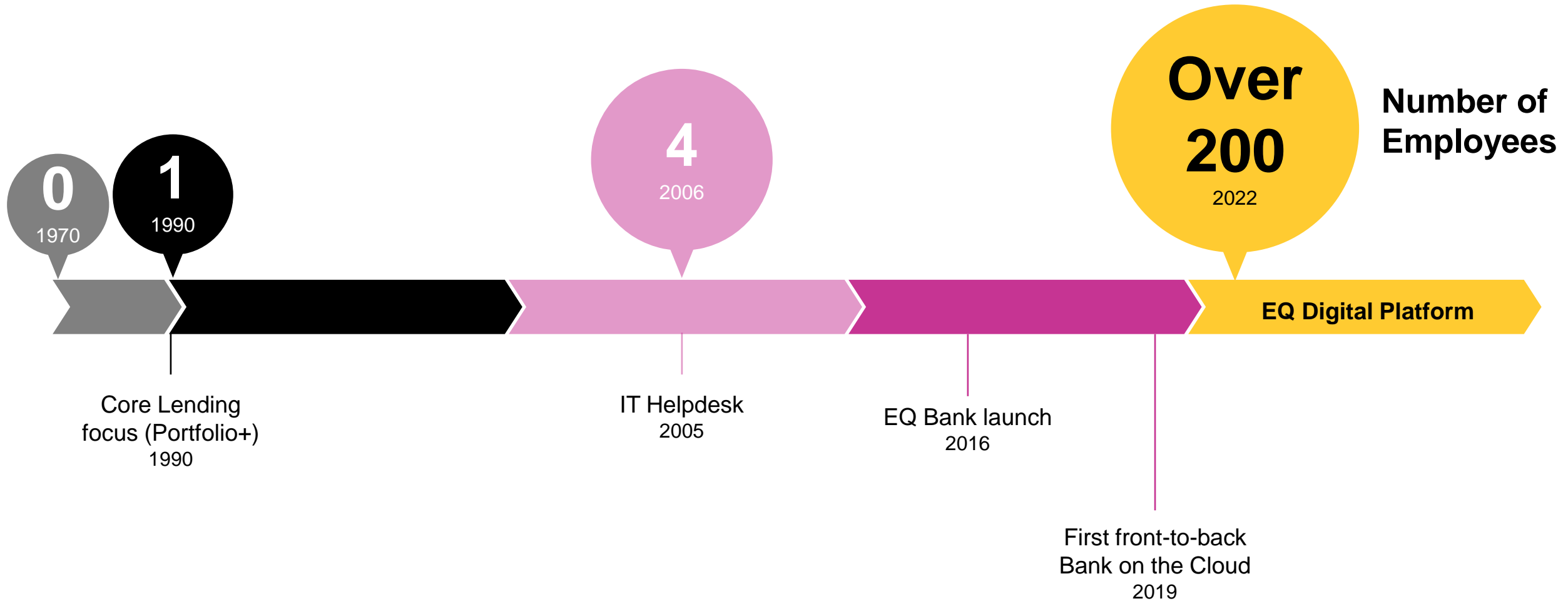
- Equitable is a proven, high growth commercial lender with a 50+ year track record
- **Deep relationships with partners and brokers** and innovating lending approach continue fueling growth in our core business
- Further **diversification through higher growth specialized finance and equipment leasing** areas
- **Strong focus on collateral and deep understanding of our lending areas** will ensure continued strong capital preservation
- The multi-year build of our **underwriting platform** is expected to make a meaningful contribution to growth and effectiveness in the years ahead





**DAN BROTEN**  
**Chief Technology  
Officer**

# Growing importance of Technology





**We are technology.**

# Our priority is to drive scalability and efficiency of the business

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**Smaller changes,  
Easier changes,  
Frequent changes**

**Platform approach  
is key**

**Ability to  
release ~30  
times a month**

*Agility, speed, and a modern tech stack enable our operating model*

# We leverage technology to drive scalability and efficiency

Cloud-first strategy & continued migration of data and modernizing lending stack



# Reaping the benefits of public cloud: scalable, pace enabler, reliable, lower cost

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**70%**

of our operations are  
in the cloud today

We aspire to be Canada's first  
**Cloud-only bank**

CLOUD-FIRST > HYBRID > OPS MATURITY > API CENTRIC > REAL-TIME-RAIL

# “Work from anywhere” workforce and tech stack: secure, resilient, modern

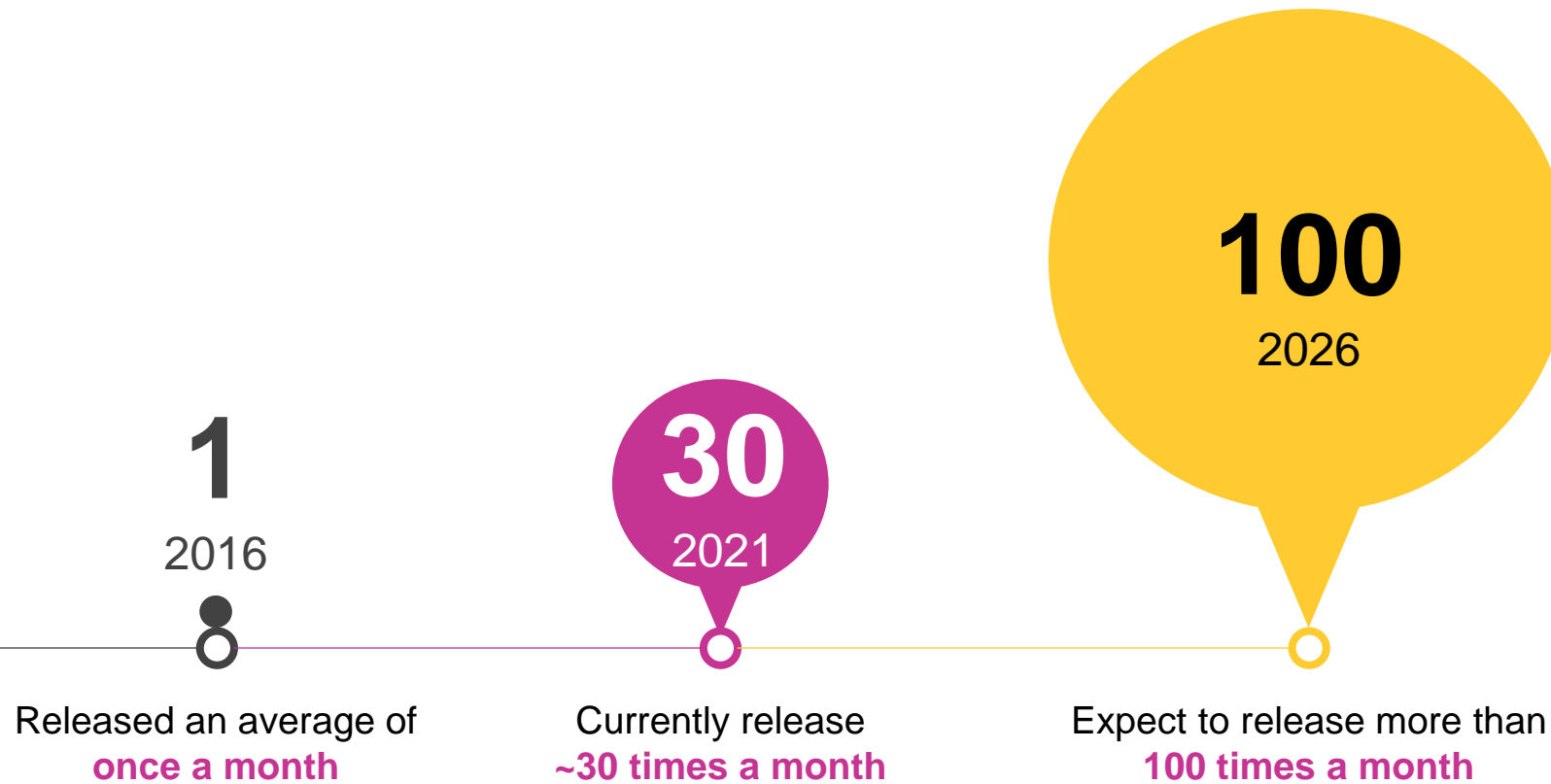
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- Transitioning to a remote hybrid model to promote efficiency and reduce operating complexity – no VPN which is legacy technology and often reduces productivity
- **First bank in Canada to fully operate over the internet** – further reduces cybersecurity risk



CLOUD-FIRST > HYBRID > OPS MATURITY > API CENTRIC > REAL-TIME-RAIL

# Product-centric operating model drives change faster, with better quality experiences for customers



CLOUD-FIRST > HYBRID > OPS MATURITY > API CENTRIC > REAL-TIME-RAIL



# We embrace a **platform approach** – enables **scalable, cost-effective access to advanced tools**

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## Our Open API approach

- Develops a **composable API ecosystem**
- Further strengthens our ability to work with Fintechs to **maximize time to market**

## Use cases

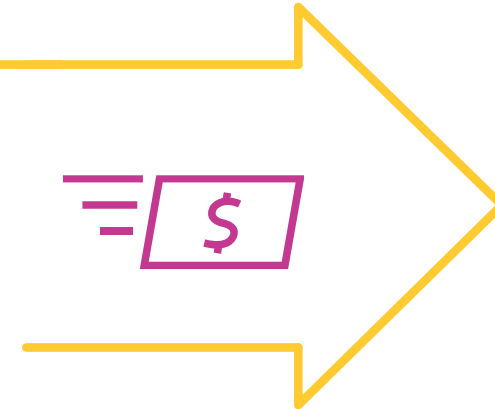
- International money transfer
- AI-powered onboarding feature

CLOUD-FIRST > HYBRID > OPS MATURITY > API CENTRIC > REAL-TIME-RAIL

# Payments modernization will accelerate customer facing innovation and business growth

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We are **driving modernization** in moving money faster and cheaper...  
...with a **~400% growth in daily transactions** due to increased demand



CLOUD-FIRST > HYBRID > OPS MATURITY > API CENTRIC > REAL-TIME-RAIL

# Key takeaways

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- Continue to **build business lines** with strong Technology support and collaboration
- Become the first **cloud-only bank** by 2026 to drive scale and efficiency
- **Composable API architecture** enables Payments, Deposits, Open API ecosystem to **enable Fintech collaboration**



**Question & Answer**

# Break & Refreshments



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**JODY SPERLING**  
**Chief Human  
Resources Officer**

# Our growth story

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	2016	Q1 2022	
<b># of Employees</b>	555	1,219	2.2x
<b>Revenue (\$MM)</b>	\$306	\$680 <sup>1</sup>	2.2x

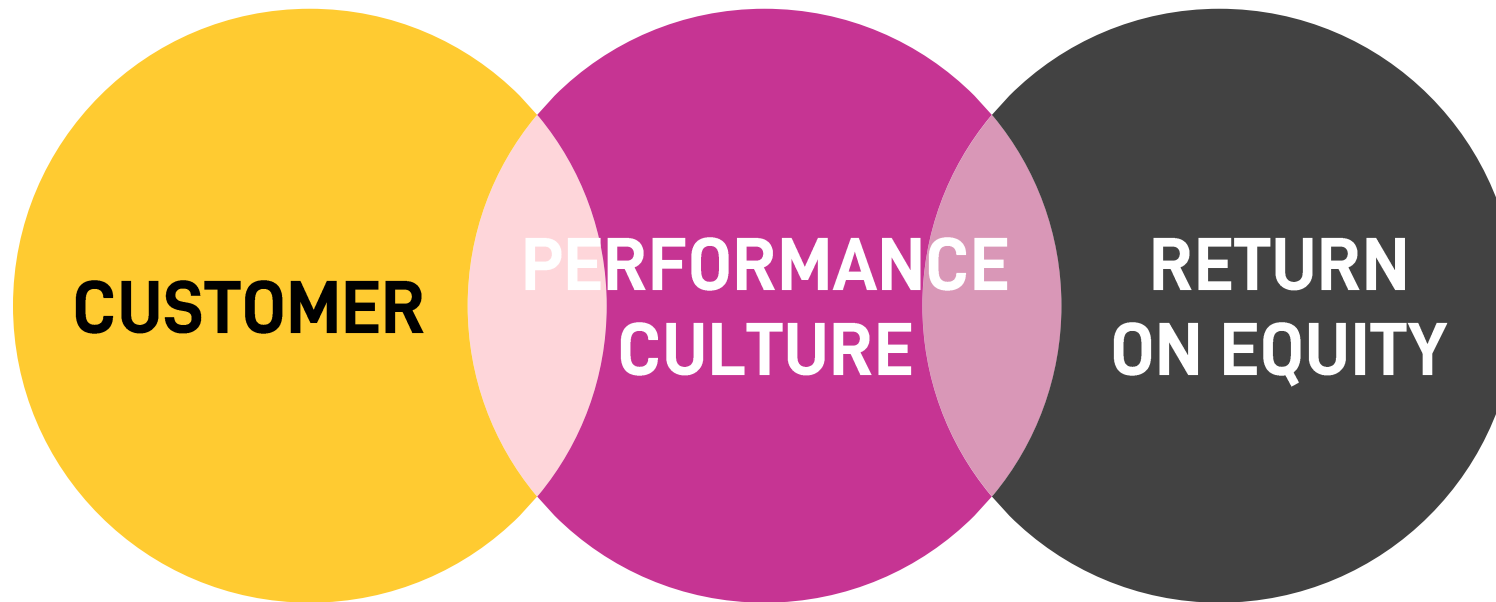
1. Last 12 months (LTM) as at Q1 2022



# Our purpose is driven by **our people**

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**Driving Change** in Canadian Banking to **Enrich People's Lives**



**Employee Experience • Values • Ways We Operate**

# A diverse and engaged workforce

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**1,200+**

Full-time employees

**>50%**

Of employees self-identify as a member of a visible minority

**44%**

Of independent board members are women

**80%**

Employee Engagement Score

**Our workforce is purposefully diverse, reflecting the customers and communities we serve**

# Our unique performance culture

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**A Challenger  
Mindset employee  
experience**

**A True Sense of  
Belonging and  
Connection,  
leading to high  
retention rates**

**Environment that  
creates strong  
resonance for  
technology talent**

# Our people strategy and culture enable business outcomes



March 2022

Peer  
Banks

April 2022

## Assets per Employee



## Revenue<sup>1</sup> per Employee



1. Last 12 months (LTM)

# We continue to adapt as the workforce changes

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## New HQ with focus on collaboration

Moving to  
25 Ontario Street, Toronto

## Hybrid workplace strategy

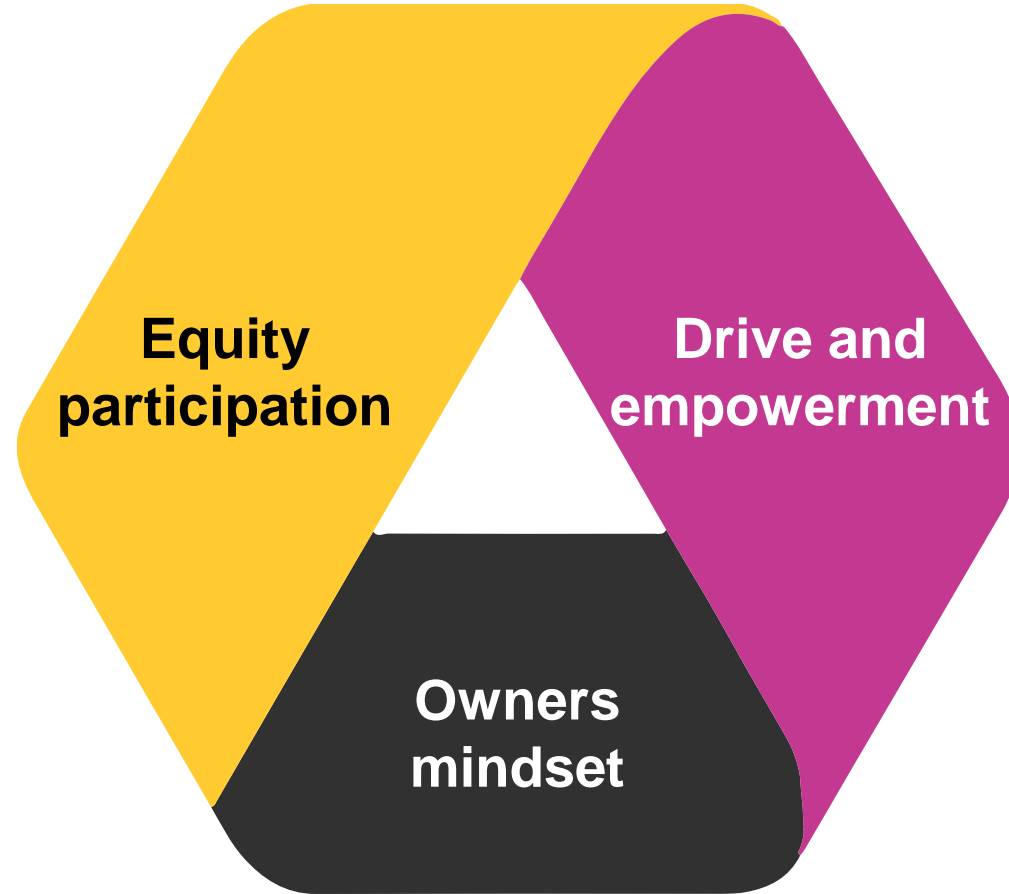
Adapting our requirements  
by employee segments

## How we differentiate

Differentiated mission and  
culture from our peers

# Aligned incentives for senior leaders

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# We have a **strong bench** of VP level management team

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**30**

Vice Presidents

**~70%**

Of Vice Presidents have MBAs,  
CFAs, CPAs and/or PhDs

**~25%**

Hired in the past year

**We continue to develop our long-standing senior leaders as well as recruit top talent from D-SIBs, Silicon Valley, leading large fintechs and top management consulting firms**

# Key takeaways

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- Strong **entrepreneurial culture to help drive innovation**
- World class talent recruitment, development and retention program as an **employer of choice**
- Aligned incentives to **drive business growth**





**RON TRATCH**  
**Chief Risk Officer**

# Our strong risk framework: **the Core of our success**

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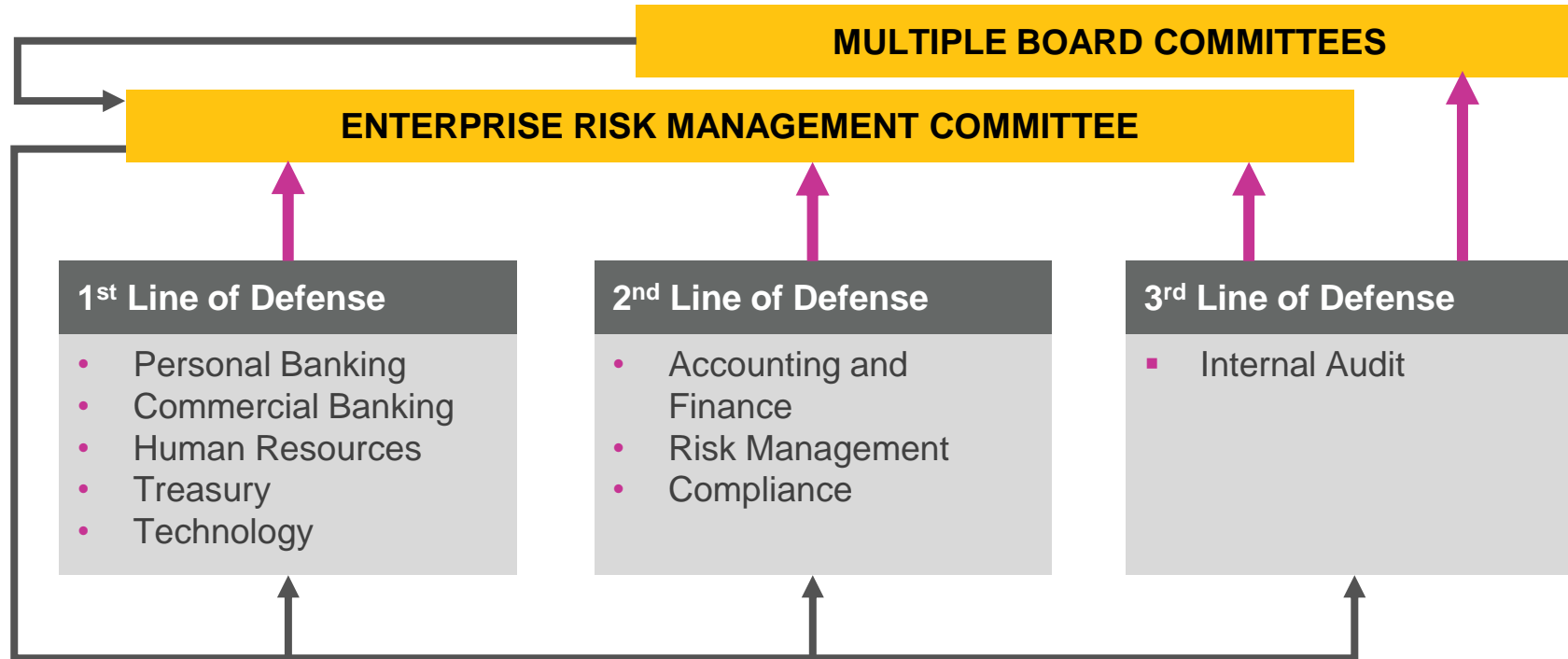
**Methodology supports  
superior risk-adjusted  
returns**

**Unique products  
managed through a  
robust risk management  
framework**

**Very healthy risk** always  
in line with long-term  
risk appetite

*Risk collaborates with business lines to **fuel future growth***

# We engage second and third lines in all that we do



- **Top three core risks: Credit risk, liquidity and funding risk, and market risk**
- Other core risks: Operational risk, legal and regulatory risk, business and strategic risk, and reputational risk

# Our underwriting process is selective and robust

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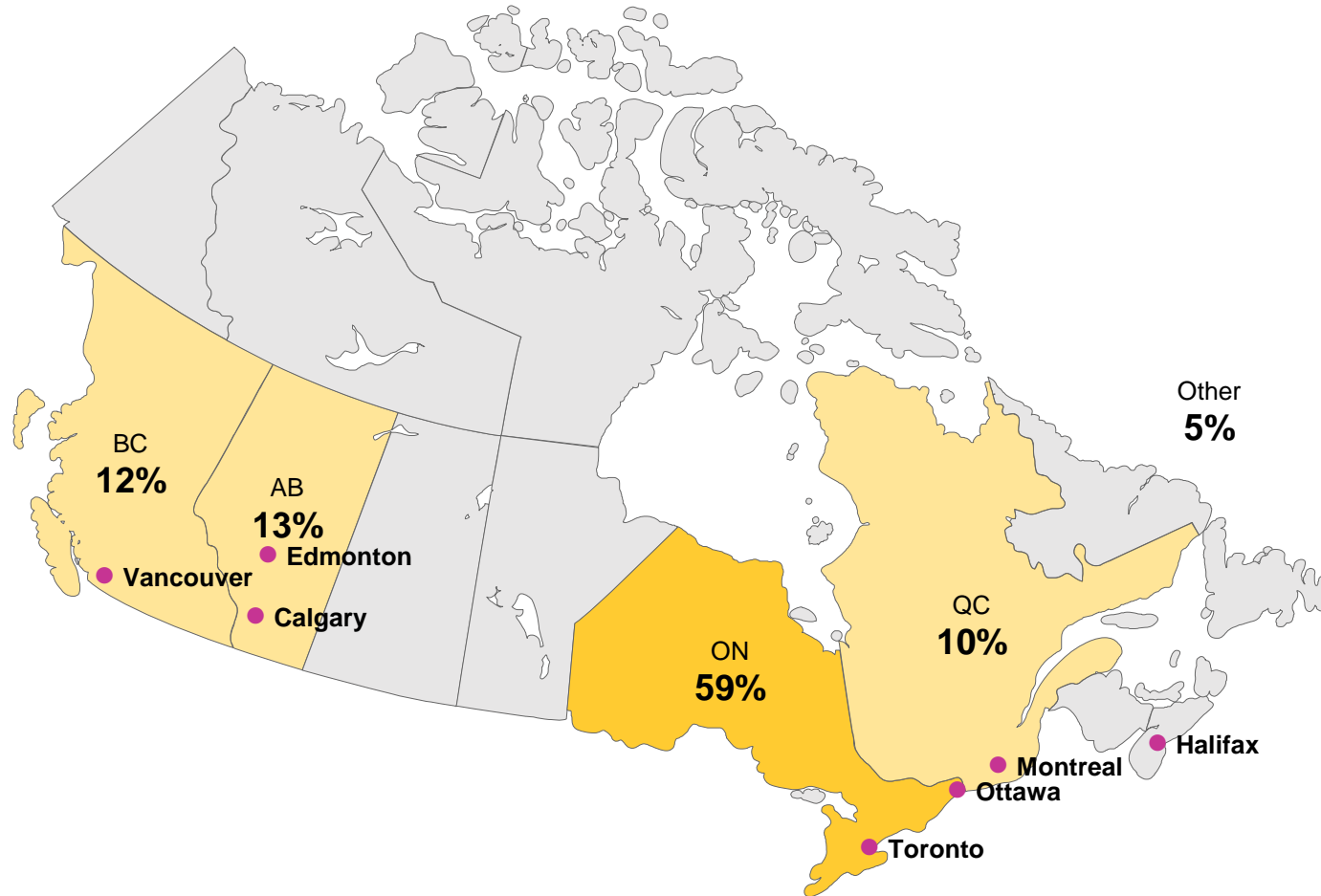
## Disciplined underwriting process

- Maintain 1st lien position on all loans
- Lend primarily on income and verify income on 100% of loans
- Seek high credit score borrowers
- Lend almost exclusively in urban centres
- Focus on highly liquid mid-market properties

## Protected beyond the borrower

- 48% of loans under management are insured and essentially 100% of our portfolio is secured
- Further protected by low LTVs – 58% average LTV on uninsured residential mortgage portfolio at Q1 2022
- Diversified across industries and geographies

# Our lending is focused in **urban centres**

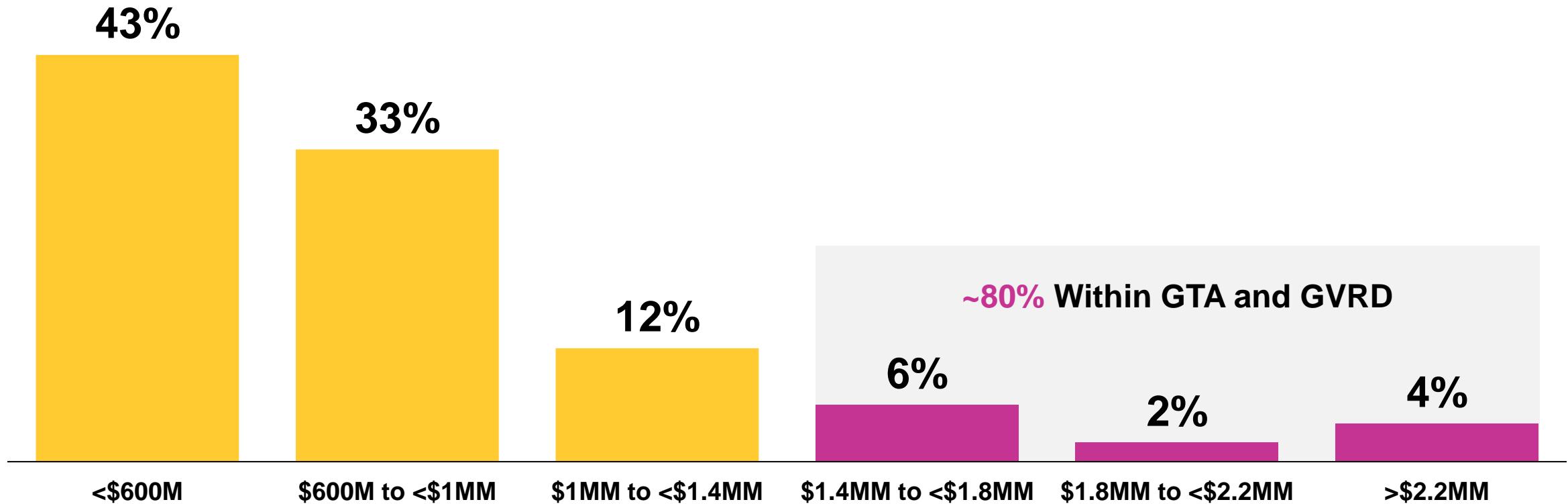


## Distribution of Uninsured Personal Loans

Urban centres	~70%
.....	
Urban centres and surrounding areas	~90%

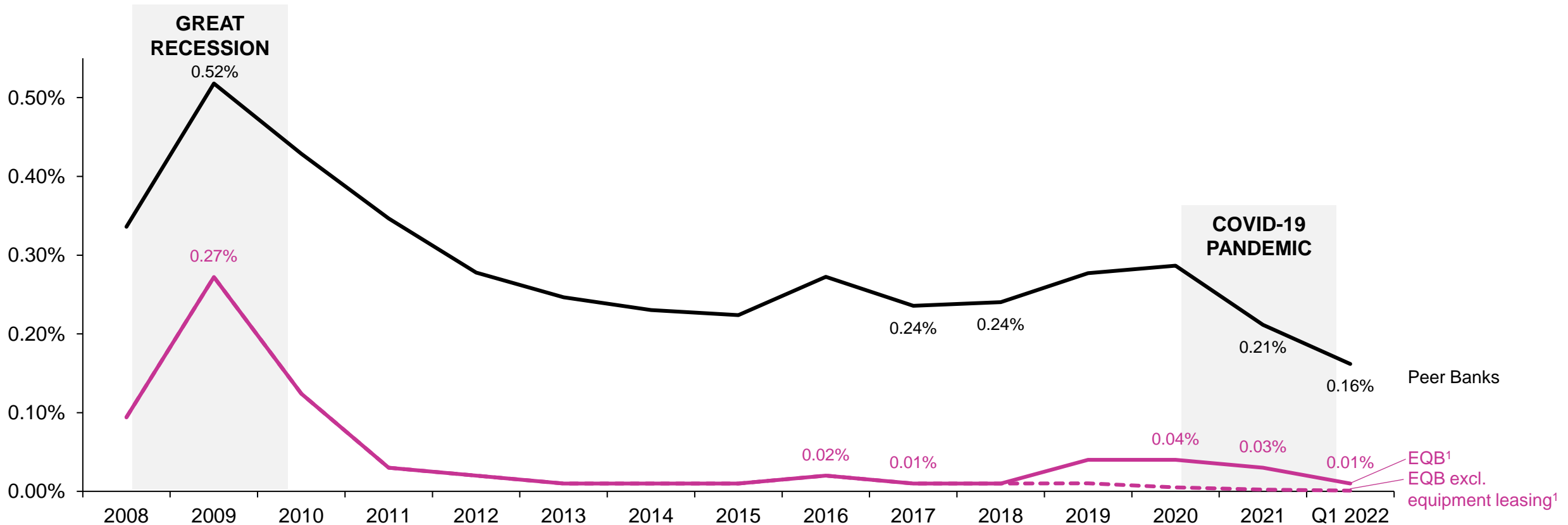
# Majority of loan principal is focused on **moderately priced properties**

**% of Total Remaining Personal Loan Principal  
by Appraisal Value at Origination**



# Our consistent approach to lending translates across economic cycles

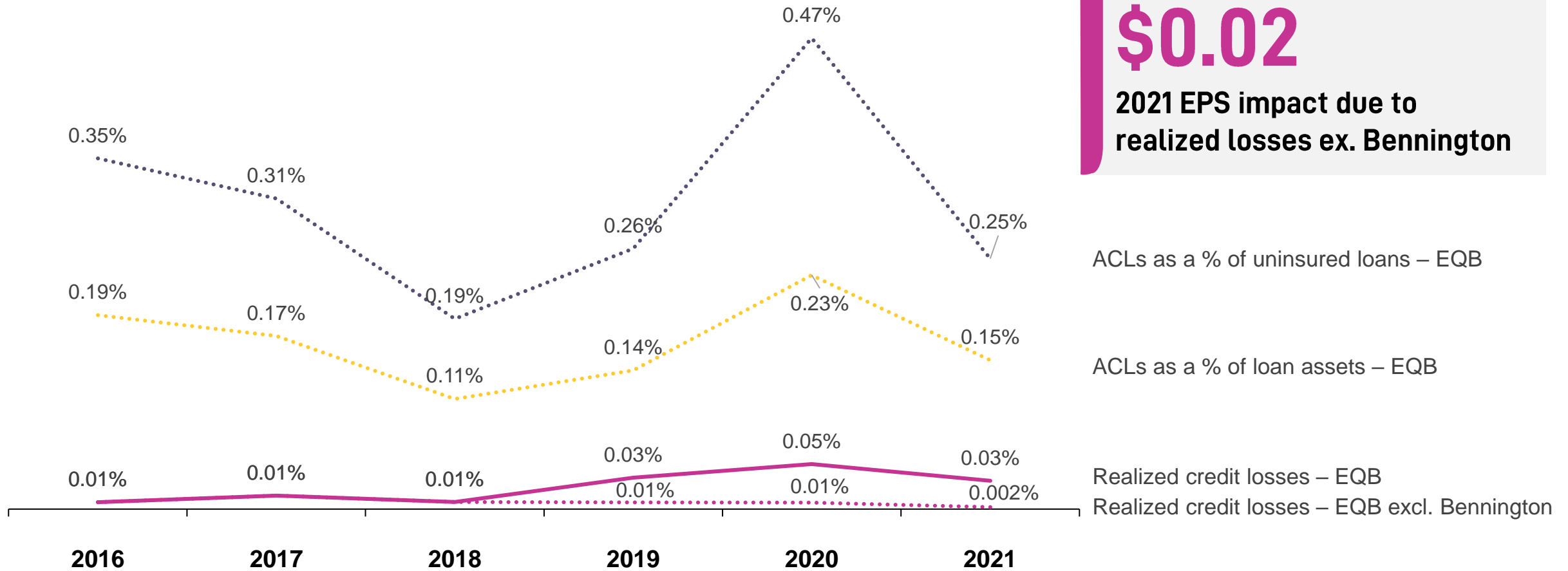
## Historical Loss Rates<sup>1</sup>, Select Canadian Banks



1. Defined as Stage 3 losses under IFRS 9 methodology divided by gross loans receivable  
Bank Peers include Big 6 Banks, CWB, and LB

# We have demonstrated success in loss management

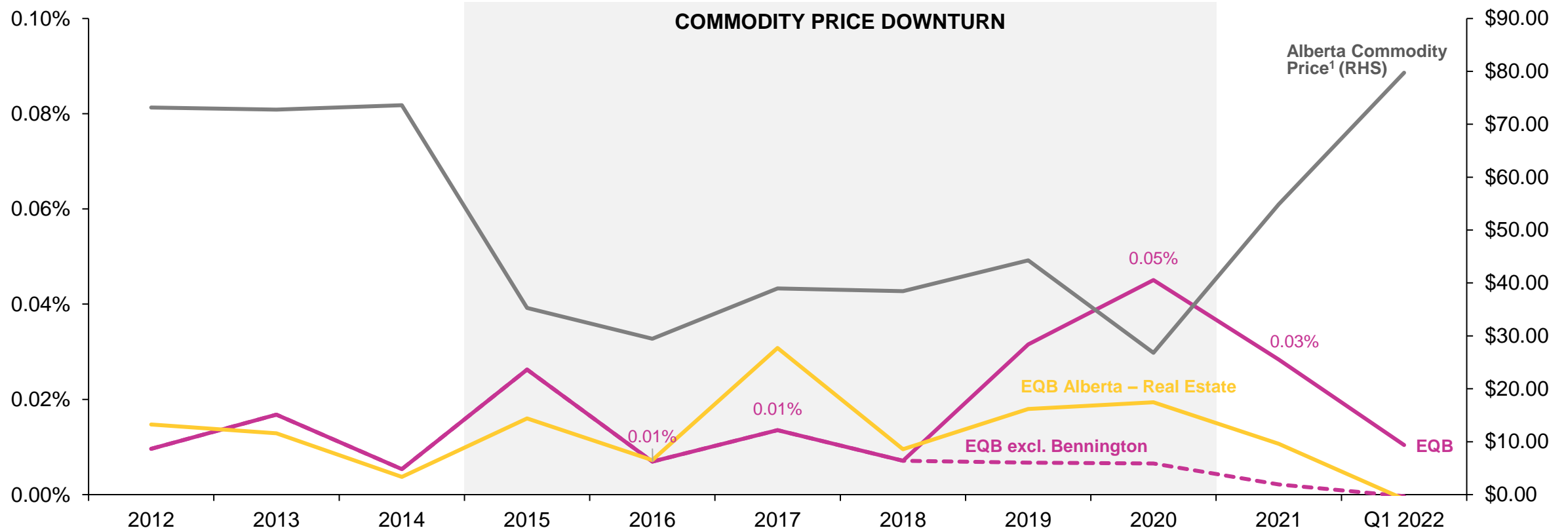
**\$0.02**  
**2021 EPS impact due to realized losses ex. Bennington**





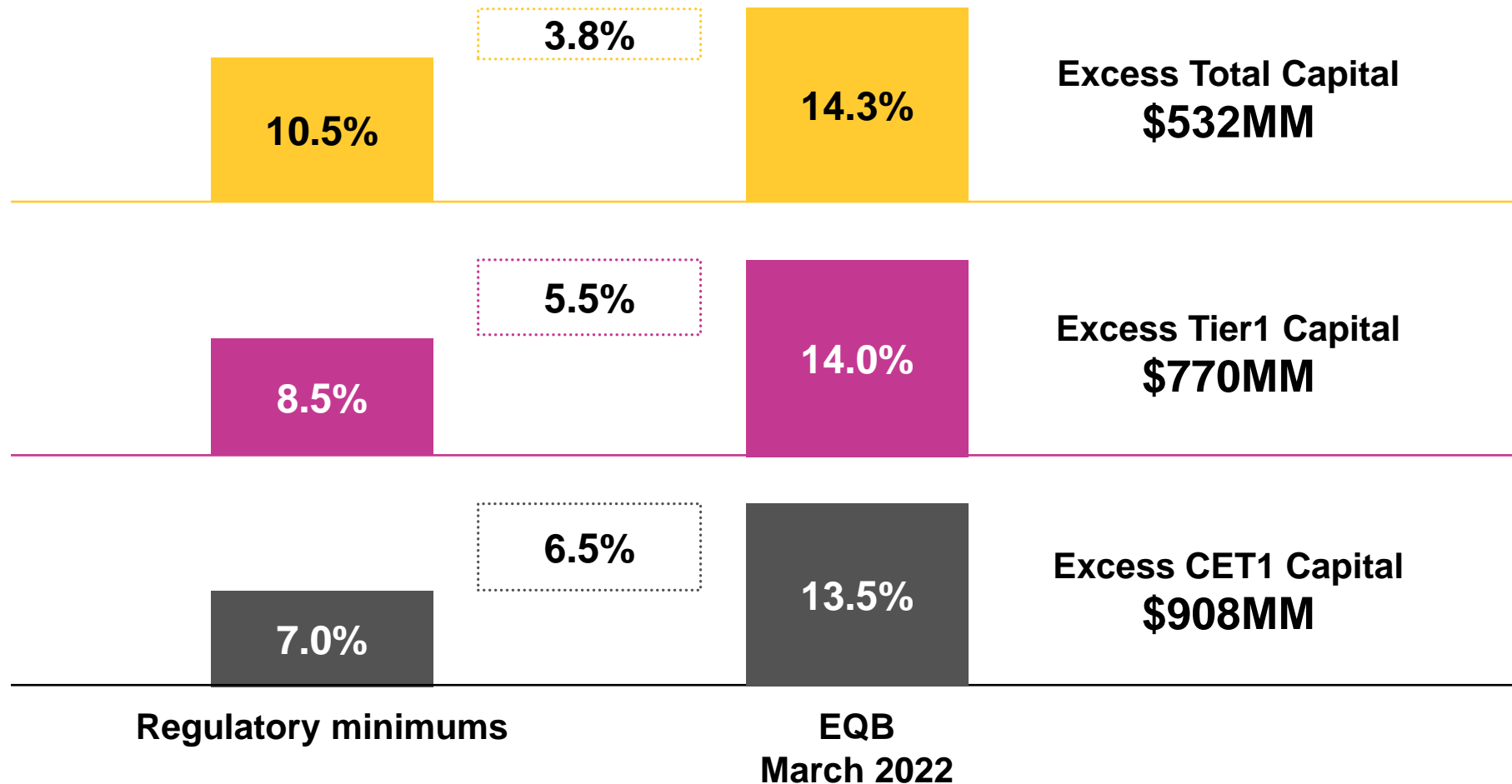
# EQB's realized credit losses in Alberta are in line with overall trends

## Realized Credit Losses, Last 10 Years



1. Represents the average monthly price of Western Canada Select (WCS), measured in \$US/bbl. Metric is used as a benchmark price for Canadian crude oil.

# High capital level protects the bank if tail risks were to materialize



# Looking ahead: Transition to AIRB **unlocks more potential**

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## **AIRB as a differentiator**

- Strategic enabler – properly pricing risk
- Continued safe growth through higher sophistication in capital measurement
- Increased competitiveness through Risk adjusted Capital allocation

## Key takeaways

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- **Repeatedly proven risk framework** during challenging market and economic conditions
- No change in risk appetite as we add new products and business lines
- Continue to strengthen a deeply ingrained and integrated approach that has delivered the **best long-term track record of credit risk management among Canadian banks**
- Sensible approach to grow insured and uninsured loans with a bias to large urban centres



**CHADWICK  
WESTLAKE**  
**CFO**

# Risk-managed ROE is our culture and non-negotiable

**16.6%**

**ROE**

*10-year average*

## **GROWTH**

leading among  
publicly traded  
Canadian  
Banks

**15.7%**

**EPS growth  
10-year CAGR**

## **DIVERSIFYING**

sources and  
uses of funding  
and capital

**€650MM**

**Combined covered  
bond issuance to date**

## **ROE LONG- TERM TREND**

value continues  
to be  
discounted

**0.56**

**10-year avg PEG ratio,  
significant discount**

**Growth**

**leading among publicly  
traded Canadian banks**

# We are focused on growth in high quality conventional loans

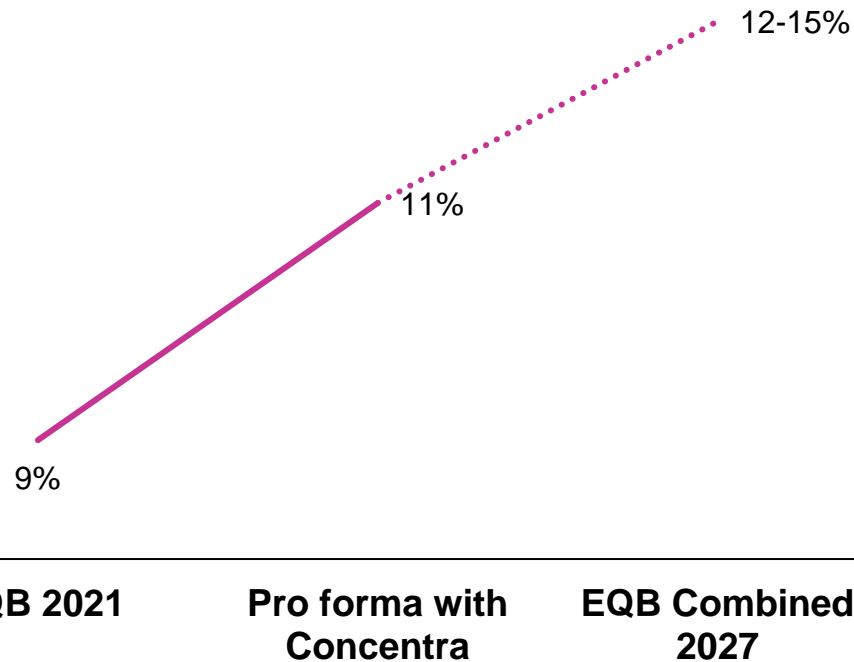
Earnings Engine									
		2012 (\$B)	2016 (\$B)	2021 (\$B)	Q1 2022 (\$B)	2016-2021 CAGR	2022-2027 Organic CAGR	2022-2027 CAGR with Concentra	2027 with Concentra (\$B)
Conventional Loans	Personal	\$3.0	\$7.9	\$14.7	\$15.8	13%	15%	18%	\$41
	Commercial	\$2.1	\$2.8	\$6.4	\$6.8	18%	15%	18%	\$17
	Total	\$5.2	\$10.7	\$21.1	\$22.5	15%	15%	18%	\$58
Assets Under Management		\$11.9	\$22.3	\$42.0	\$43.4	14%	13%	16%	\$103

**Total assets expected to reach \$90B by 2027**



# Total non-interest revenue expected to grow to 12-15% of revenue by 2027

Total Non-interest revenue as a % of total revenue

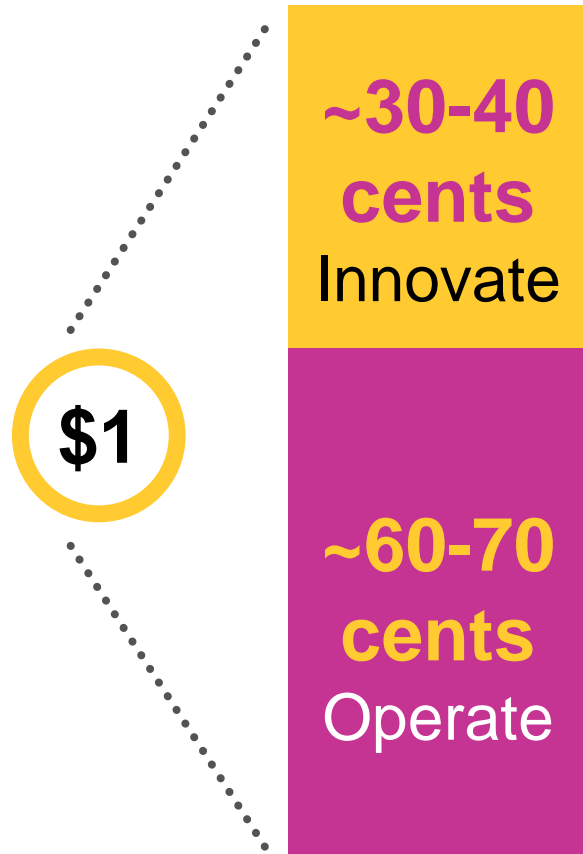


Annual Fee Based Revenue \$MM



Pro forma with Concentra includes Concentra non-interest revenues for LTM Nov-21

# World class efficiency enables a higher investment into innovation



- Over the next 5 years, we expect **cumulative** investments of up to **\$1 billion into innovation** across people, process and platforms
- Our 2021 world class efficiency ratio of **~40%** vs. peer average of **~55%**, means that we had an additional **~\$100 million** to invest in our bank

# Capital allocation – #1 organic spend and investments

Investments in Growth (EQB only)				
	2016	2021	Past 5 Years CAGR	2027
Non-interest expenses \$MM	\$117	\$260	17%	\$575-\$600
Efficiency ratio	38.1%	40.5%	-	<40%

14% CAGR (2022 – 2027)	
People	15%
Process	12%
Platform	15%

# Capital allocation – #2 with partnerships: thought leadership + velocity

## EQ Bank, Deposit Services, Investments



## Decumulation



## Residential and Commercial Lending



## Specialized Finance



# Capital allocation – #3 non-organic, now with Concentra will step change our existing growth path by 2 to 3 years


## Accelerated Growth with Concentra

2022-2027 CAGR

	2021 (\$B)	EQB standalone	EQB with Concentra	2027 with Concentra (\$B)
Conventional Loans	\$21.1	15%	18%	~\$58
Revenue	\$0.6	15%	18%	~\$1.7
Earnings	\$0.3	15%	18%	~\$0.8

Total AUM is expected to surpass \$100B by 2027

Total common shareholders equity expected to increase to \$4.5B – \$5B by 2027

A large, yellow, rounded rectangular shape with a diagonal cutout on the left side, serving as a background for the main text.

# Diversifying sources and uses of funding and capital

# **Diversification** reduces risk, deepens earnings mix and ROE stability

---

**Funding  
diversification**

**Asset  
diversification**

**Revenue  
diversification**

*Diversification is forming the foundation **for stable and steady growth***



Equitable  
Bank

EQ Bank

# INVESTOR DAY

June 13, 2022

DRIVE CHANGE  
IN CANADIAN  
BANKING  
TO ENRICH  
PEOPLE'S  
LIVES

16.6%<sup>1</sup>

ROE 10-year average

340K+<sup>2</sup>

Customers

Carbon  
Neutral

Scope 1 & 2 GHG emissions

## CANADA'S CHALLENGER BANK™

540%<sup>1</sup>

10-year total  
shareholder return

15.7%<sup>1</sup>

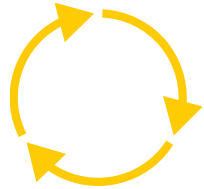
EPS growth 10-year CAGR

<sup>1</sup> As at December 31st, 2021

<sup>2</sup> As at March 31st, 2022



# Lower funding costs and proven pricing strategy spur robust margins



Continuously drive **lower** weighted average cost of funds, including with improved credit ratings: **target from BBB (positive) to A- within 2 years**



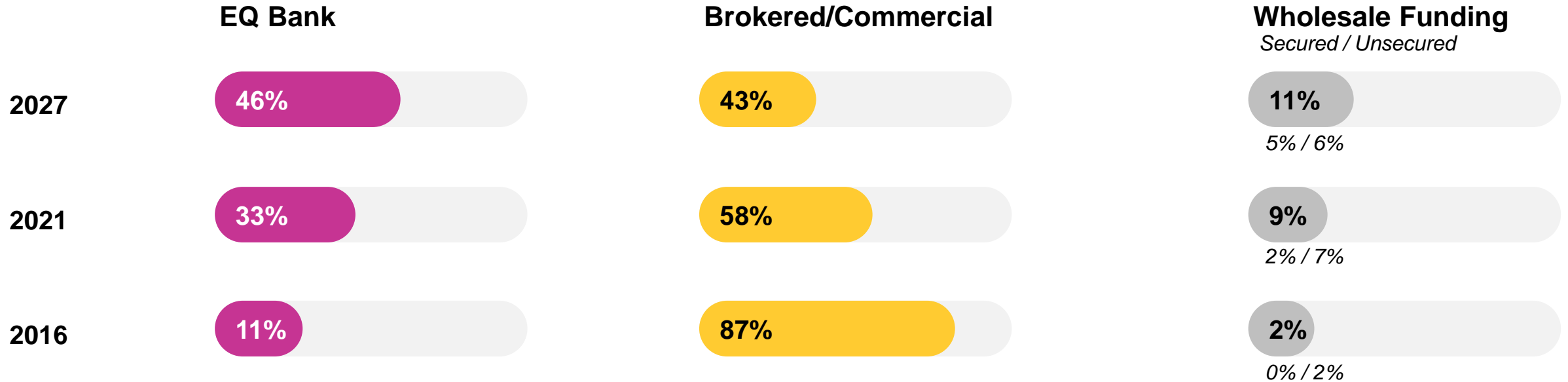
**Active hedging strategy** to mitigate impact of macroeconomic shocks



Ensure pricing is in line with our **long-term ROE targets**



# EQ Bank and secured wholesale to increase to 51% of deposits

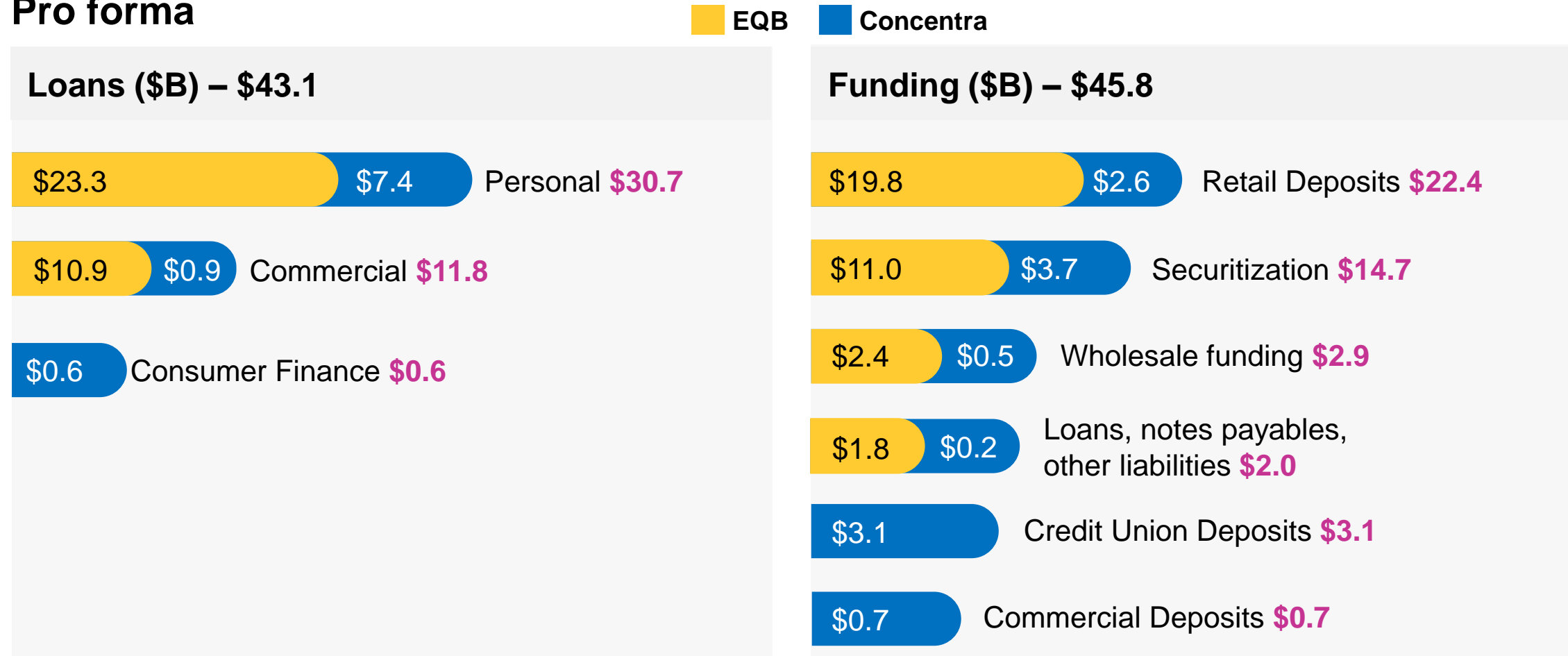


Brokered and commercial deposits to decline **by more than half** from 2016-2027 as a % share of total deposits

Note: Size of bands are not to scale

# Acquisition of Concentra will immediately enhance diversification

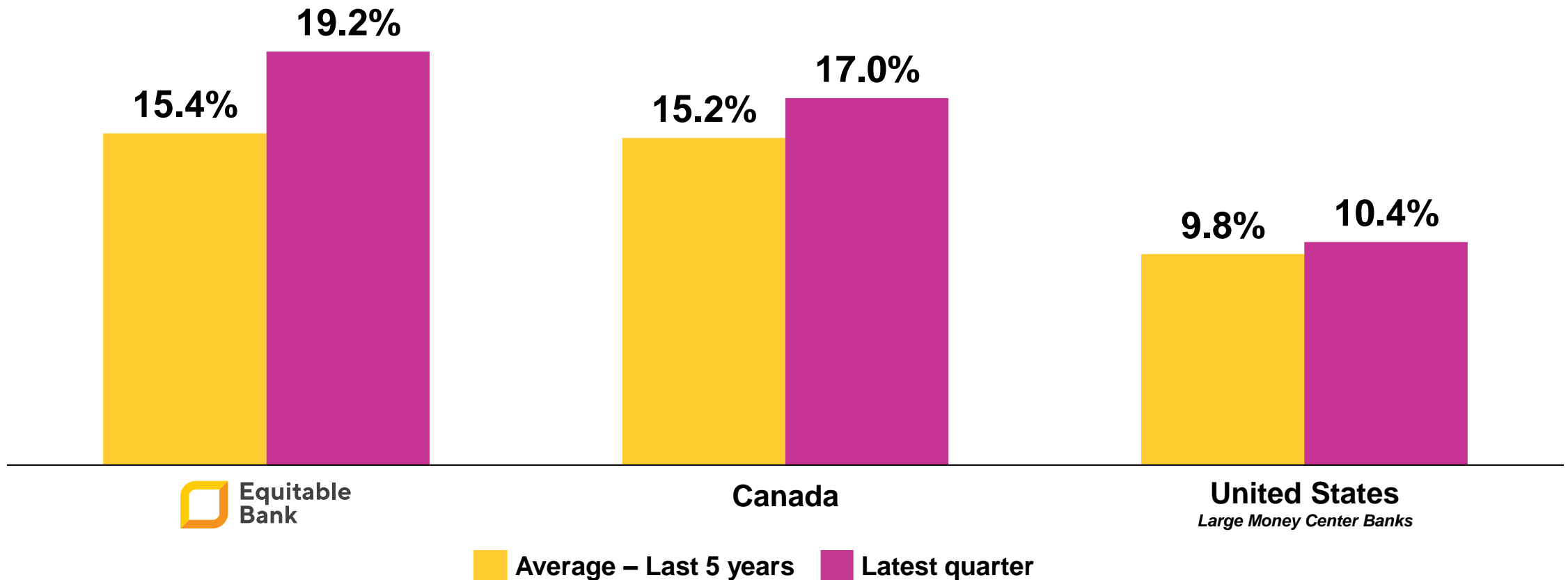
## Pro forma



EQB figures as at March 31, 2022; Concentra figures as at November 30, 2021; Other liabilities includes obligations under repurchase agreements  
Size of bands are not to scale.

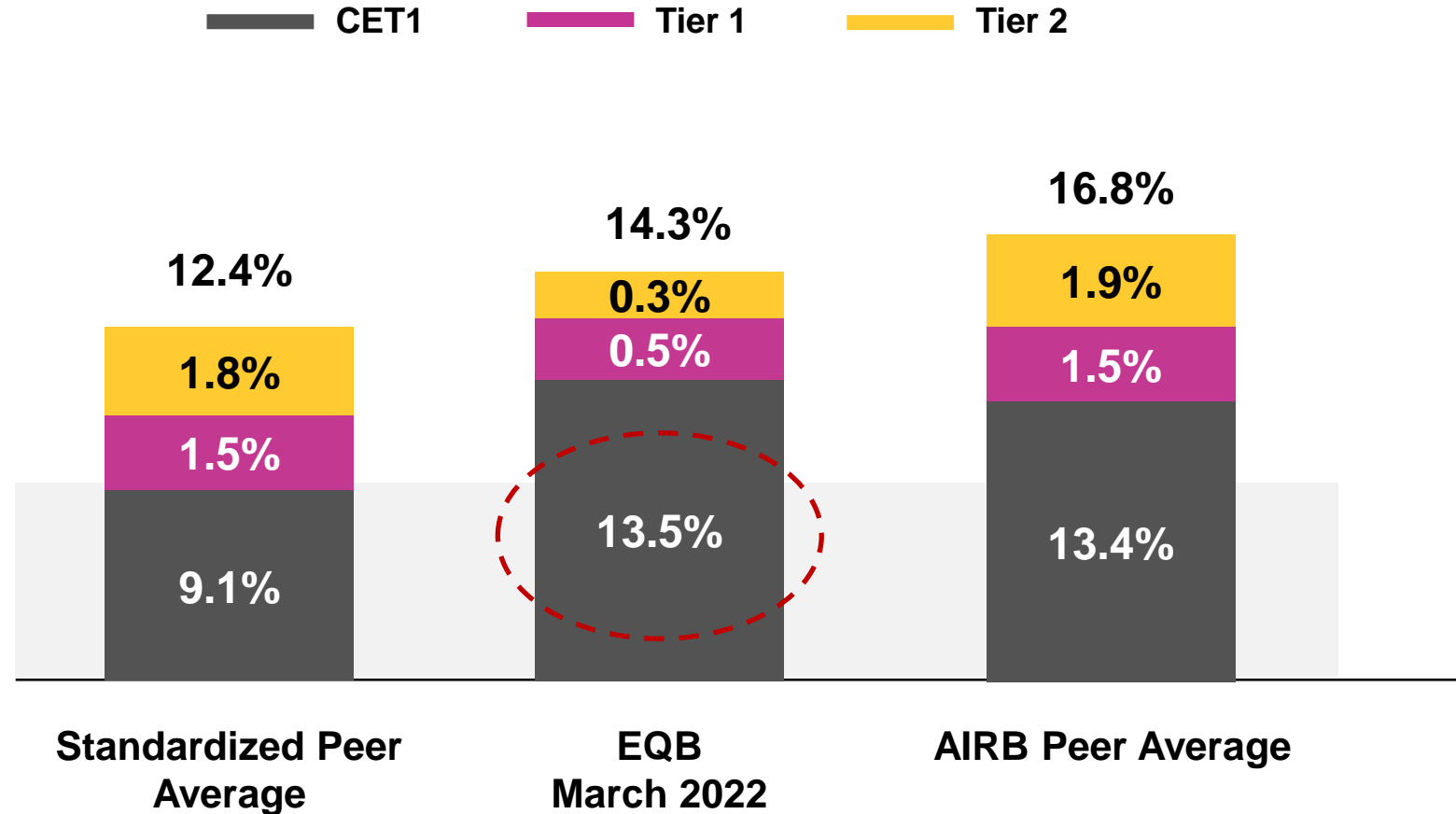
**ROE long-term trend  
valuation continues  
to be discounted**

# Across benchmarks, EQB outperforms in ROE discipline and results



Canada: RBC, TD, BNS, BMO, CIBC, NA; United States: JP Morgan, Bank of America, Wells Fargo, Citibank

# We will increase the sophistication of our abundant capital



## Road to 2027

- ↑ Internal capital generation
- ↑ New capital stack
- ↑ AIRB risk weight evolution
- ↑ RWA return to 15% trend

# We are well-positioned to perform during potential downturns

**\$34B**

**Q1 2022 Loans Receivable**

**1bps**  
Change in  
PCLs

**\$0.02**

**Quarterly impact on  
Earnings Per Share (EPS)**

# Medium-term targets – we remain **focused on the long-term trend**

## Updated Medium Term Targets

	2021	2022 Guidance Adjusted	2016-2021 Average	2022-2027 CAGR
<b>Diluted EPS Growth</b>	\$8.36	8-10%	15%	~15%
<b>Book Value Per Share Growth</b>	\$55.24	12%+	15%	~15%
<b>Return on Equity</b>	16.7%	15%+	15.4%	15%-17%
<b>CET1 Ratio</b>	13.3%	13%+	14.0%	13%+
<b>Operating Leverage</b>	(6.0%)	Flat	(1.5%)	Flat for consistent efficiency



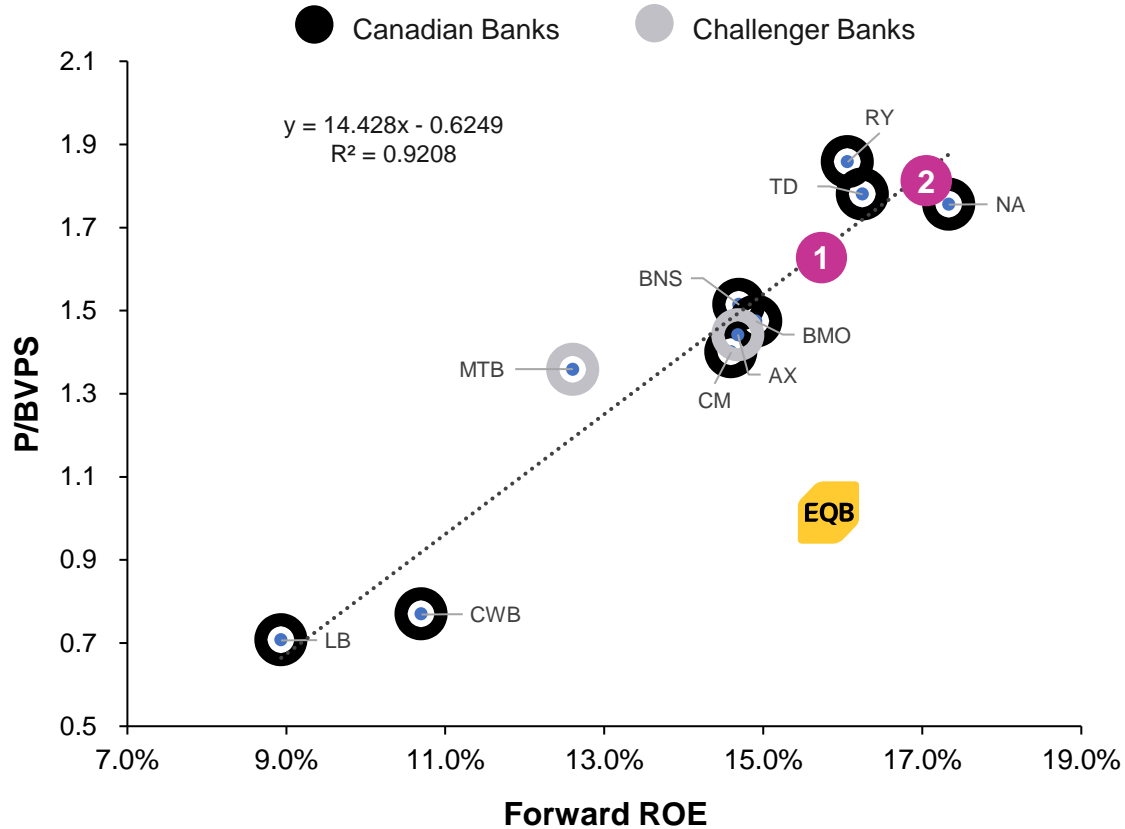
# There remains **misalignment between our valuation and our growth**

	Peer comparisons					
	2011		2016		June 10, 2022	
	EQB	Peer Avg	EQB	Peer Avg	EQB	Peer Avg
<b>P/E</b>	6.0x	10.8x	7.1x	11.1x	6.4x	9.5x
<b>P/BV</b>	1.0x	1.9x	1.1x	1.5x	1.0x	1.4x
<b>PEG</b>	0.4x	1.4x	0.5x	1.8x	0.3x	1.0x

Peers include RBC, TD, BNS, BMO, CIBC, NA, CWB, and LB. As at June 10, 2022.

# If EQB was at peer average discount today, we would be at \$94-\$104

## P/B vs. ROE Regression



Current<sup>1</sup> 1.0 P/B and 2022 Consensus ROE of 15.7%



2022 Consensus ROE and implied 1.6x P/B means a share price of \$94

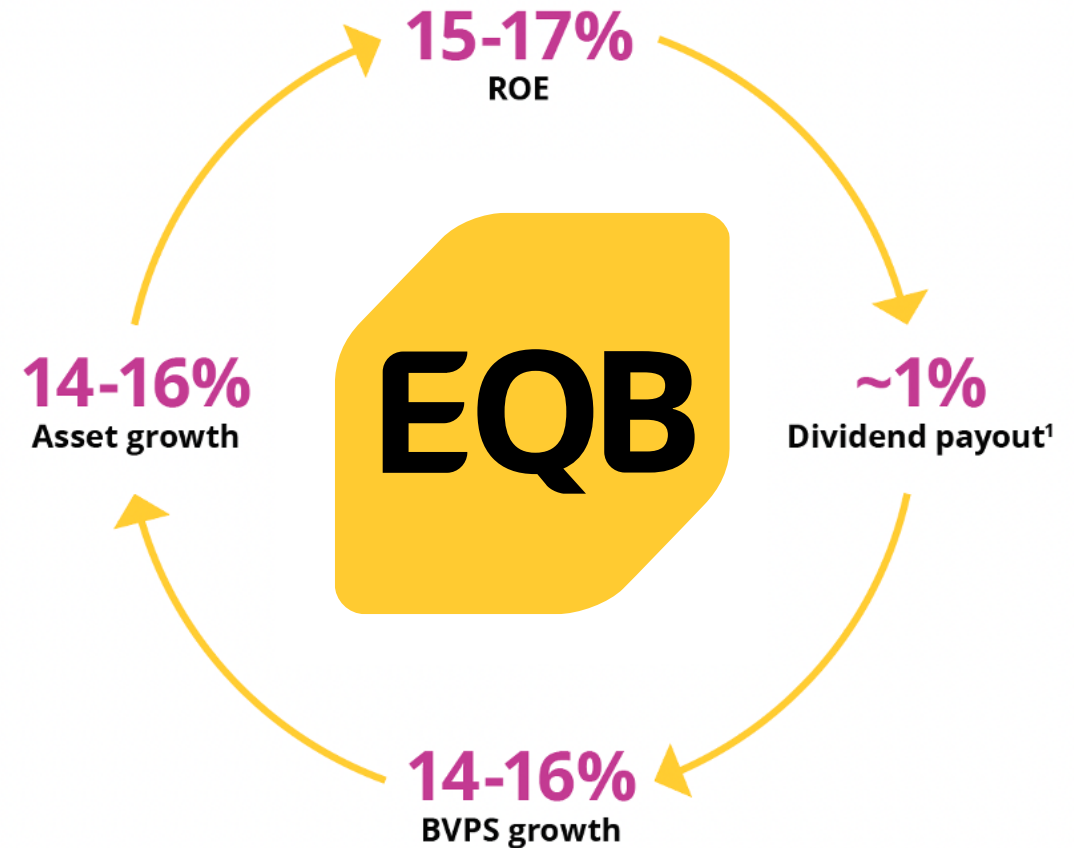


17% ROE aspiration and implied 1.8x P/B means a share price of \$104

1. Closing share price of \$58.19 as at June 10, 2022, includes impact of subscription receipts

# Key takeaways

- Growth leading among Canadian Banks
- Diversifying across the bank
- Fortress level balance sheet
- Differentiated and resilient business model
- Expect consistent ROE formula to continue



<sup>1</sup> 1% is a percentage of capital



**Question & Answer**



**ANDREW MOOR**  
**CEO**



Equitable  
Bank

EQ Bank

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**Lunch**



Equitable Bank

EQ Bank

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