

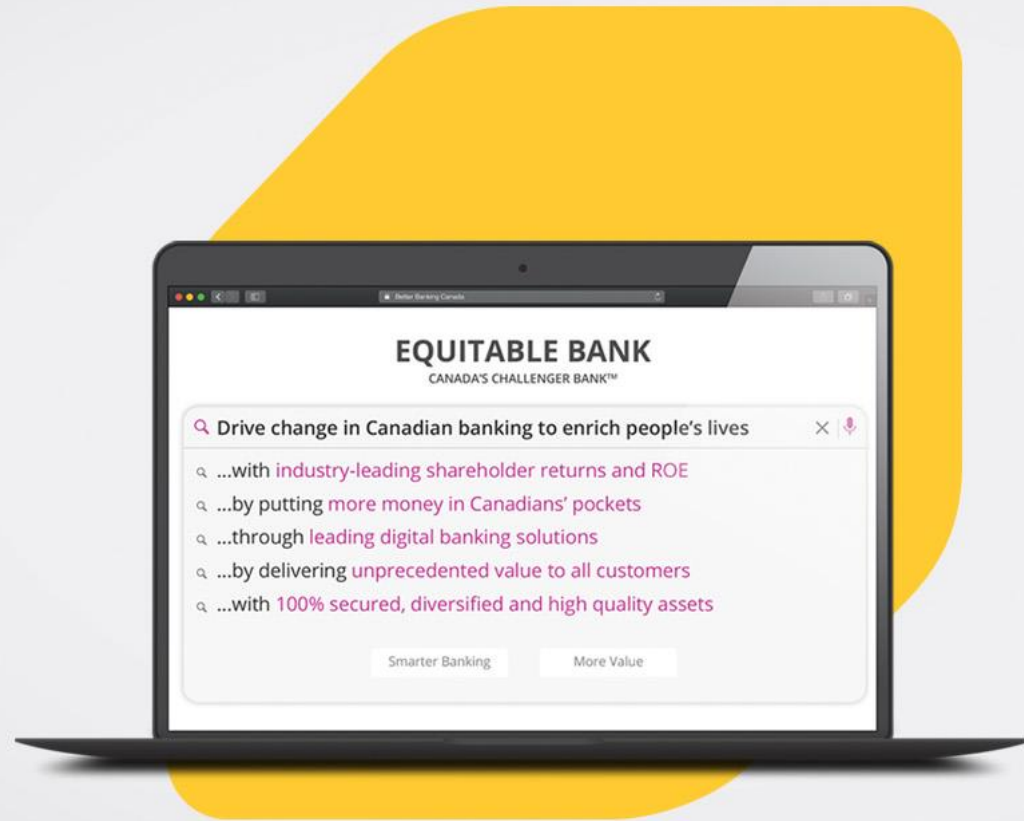


# Equitable

## Canada's Challenger Bank™

Q1 2021 Results

May 5, 2021



# Caution regarding forward-looking statements

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, 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 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, 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. 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 Q1 2021 Management’s Discussion and Analysis other public filings available on SEDAR at [www.sedar.com](http://www.sedar.com)

A large, bright yellow rounded square graphic is positioned on the left side of the slide, partially overlapping the text.

**Andrew Moor**  
**President & CEO**

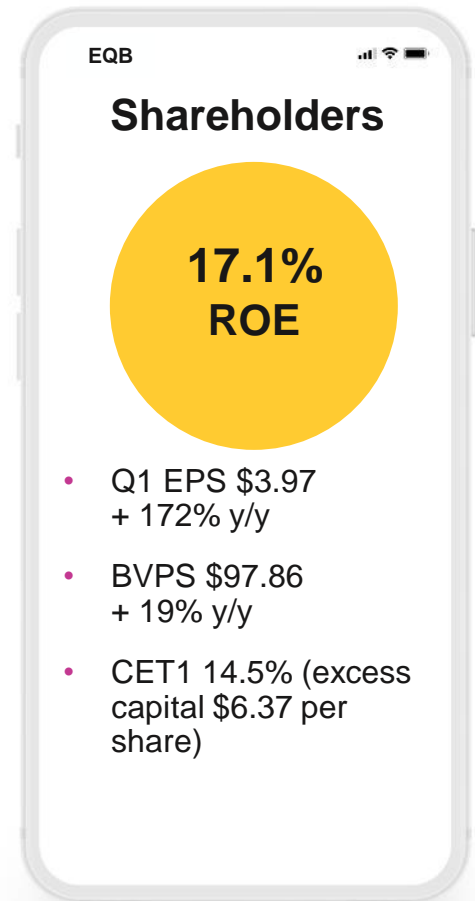
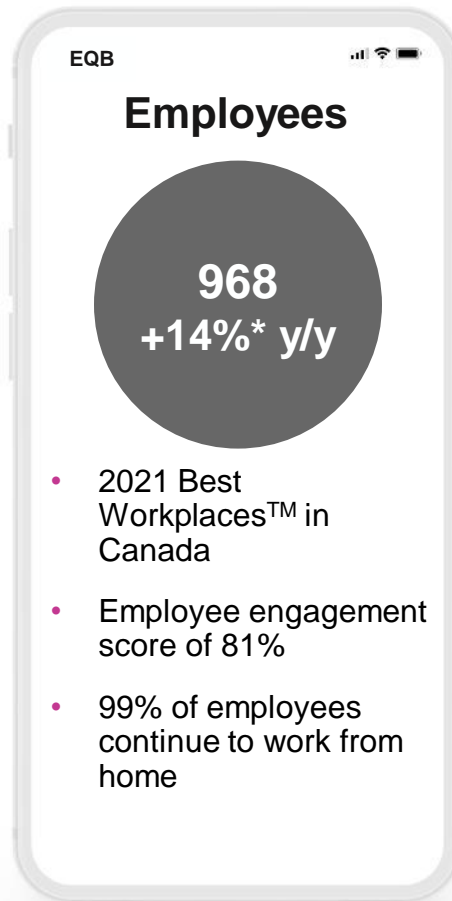
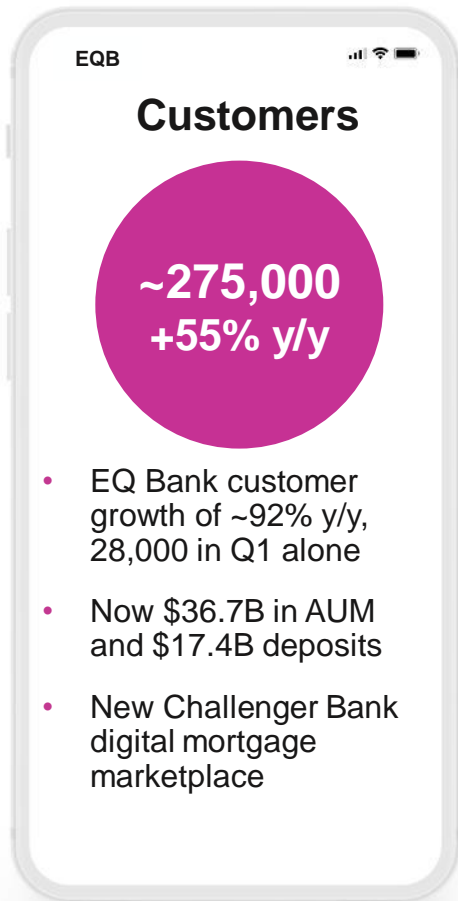
## EQ Bank named #1 bank in Canada

---

A graphic for the Forbes 2021 World's Best Banks award. It features a large yellow shape on the left and a black square with a green border on the right. The text 'Forbes 2021' is at the top, 'WORLD'S BEST BANKS' is in the center, and 'POWERED BY STATISTA' is at the bottom.

Forbes 2021  
WORLD'S  
BEST BANKS  
POWERED BY STATISTA

# A great start to 2021, more to follow

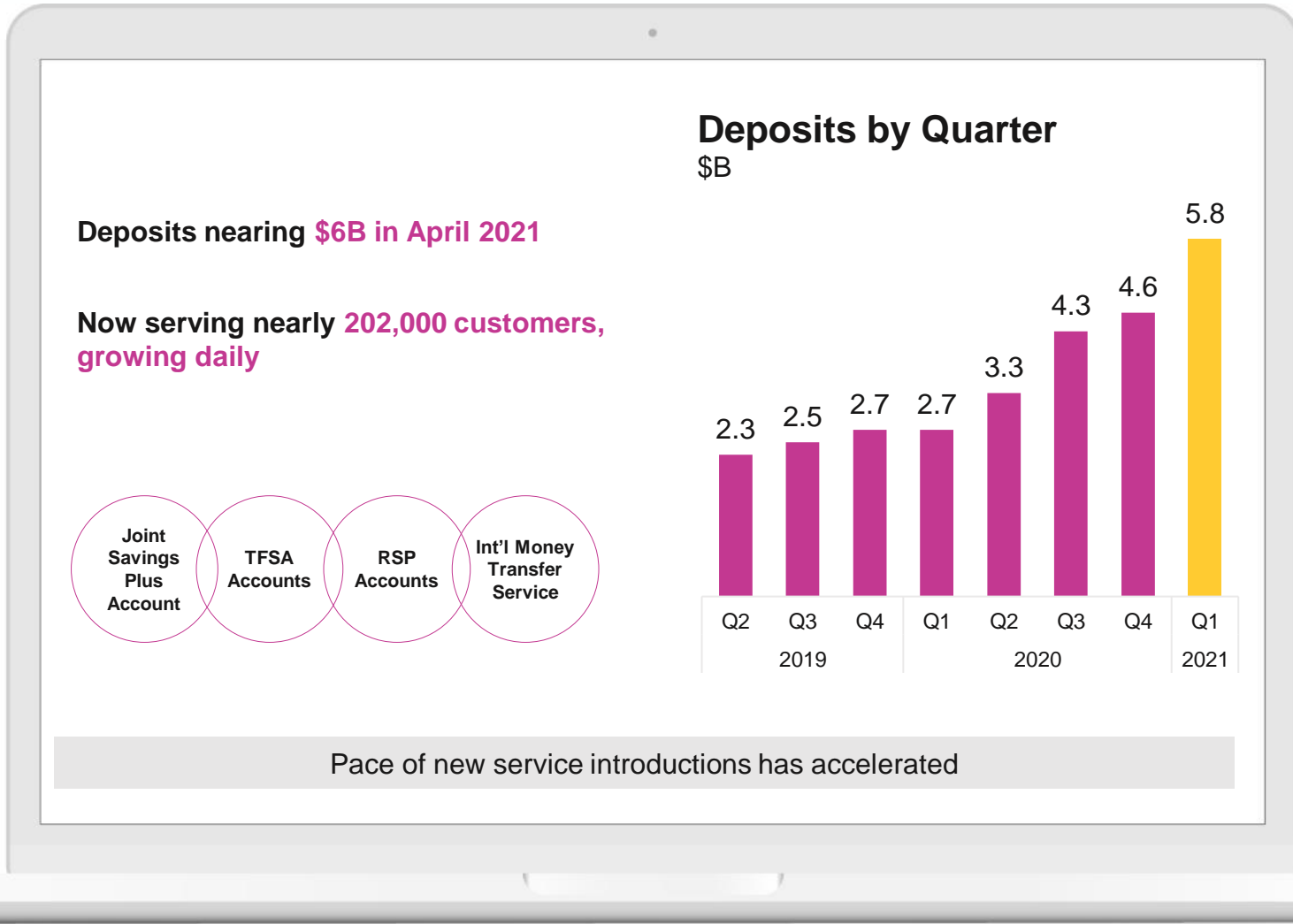


\*At March 31, 2021

# An upgraded outlook for 2021 growth and performance

Personal Banking		New Outlook	Original Outlook
EQ Bank	Deposits	<b>30%-50%</b>	20%-30%
Single Family Residential Lending	Prime Mortgages	<b>5%-10%</b>	12%-15%
	Alternative Mortgages	<b>12%-15%</b>	5%-8%
Wealth Decumulation	Reverse Mortgages	<b>200%+</b>	100%+
	Cash Surrender Value Loans	<b>150%+</b>	100%+
Commercial Banking		New Outlook	Original Outlook
Business Enterprise Solutions	Loans to entrepreneurs & SMEs	<b>7%-10%</b>	5%-8%
Commercial Finance Group	Loans to institutional/corporates	<b>20%-25%</b>	12%-15%
Multi-Unit Insured	CMHC Insured Real Estate Mortgages (on-balance sheet)	<b>Slight Decline</b>	Flat
Specialized Finance	Total Loans	<b>20%-25%</b>	20%-25%
Equipment Leasing	Total Loans	<b>5%-8%</b>	1%-4%

# Growth trends in digital banking firmly intact





**Mahima Poddar**  
**Group Head,**  
**Personal Banking**





# Introducing the EQ Bank Mortgage Marketplace

The screenshot shows the EQ Bank website's mortgage marketplace landing page. At the top, there is a navigation bar with the EQ Bank logo on the left and links for Personal Banking, About Us, Education Center, and Help. On the right side of the navigation bar are icons for a phone, the language FR, a Sign in link, and a purple Join now button. The main content area features a large yellow house icon with a white outline. Inside the house icon, a man is smiling and holding a young girl on his shoulders. To the left of this image, the text reads "Mortgage Marketplace" followed by "Get the best rates in the market with a smart online process." Below this text are two buttons: a purple "Prequalify now" button and a white "Start application" button with a black border. Below the main image, there is a section titled "Don't miss our exclusive rates" which contains two columns of information. The first column shows "APR 1.83%" for an "EQ Bank 5 year closed fixed rate\*" with a purple "Get this rate" button below it. The second column shows "APR 1.22%" for an "EQ Bank 5 year closed variable rate\*" with a purple "Get this rate" button below it. In the bottom left corner of the screenshot, there is a portrait of a smiling woman with dark hair wearing a yellow top.

## A demonstration of our newest EQ Bank service

**EQ BANK USD ACCOUNT:  
FASTER, BETTER,  
MORE TRANSPARENT FOR CUSTOMERS**

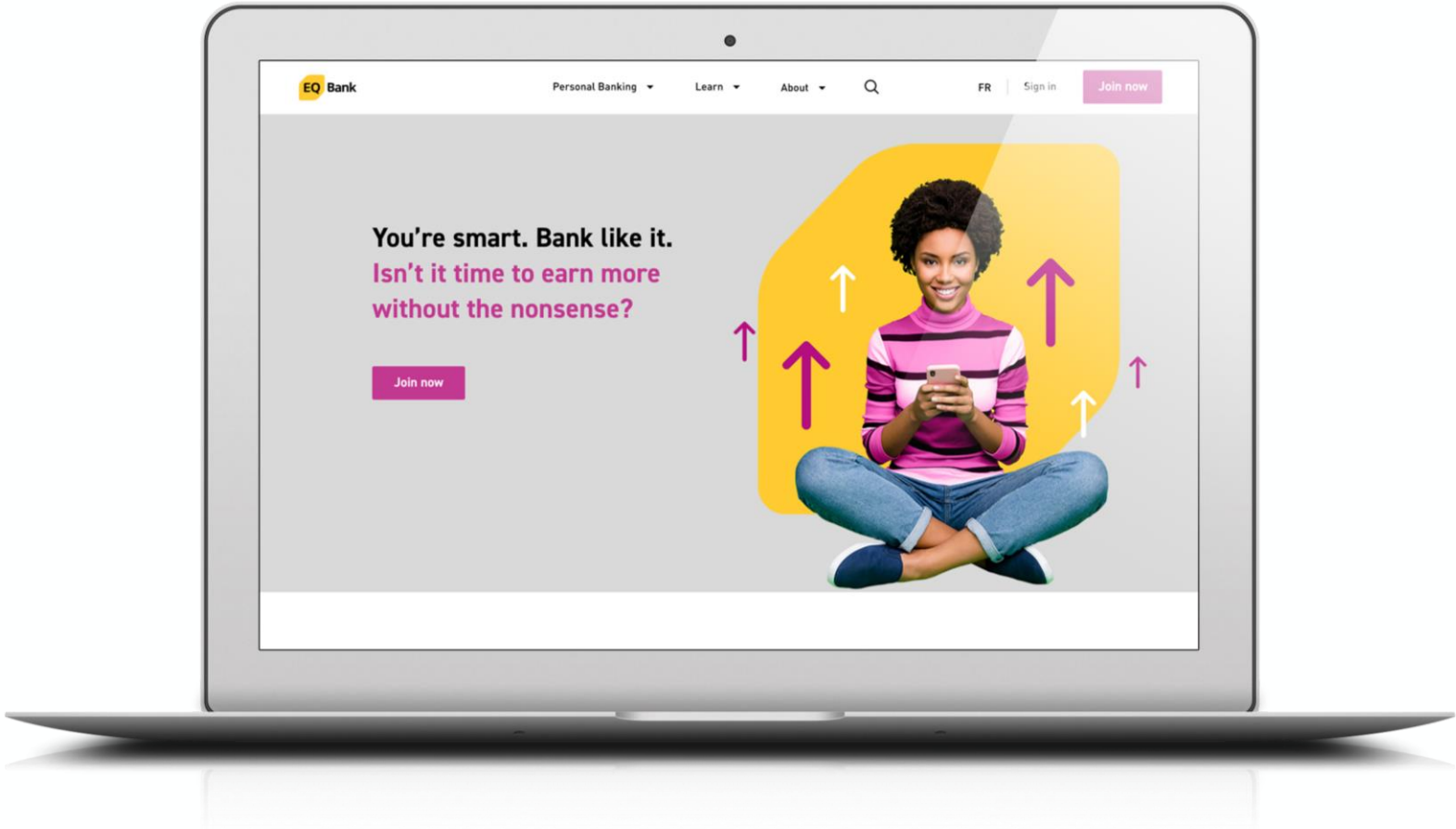


Try it out [Here...](#)

Or here...



# New EQ Bank customer site launched on April 30<sup>th</sup>



A large yellow rounded square graphic with a white border, positioned on the left side of the slide. The text is centered within this graphic.

**Chadwick Westlake**  
**CFO**

# Q1 dashboard: A strong start

In \$MM, unless otherwise noted and except for per share amounts

	Change		
	Q1 2021	Y/Y	Q/Q
<b>ROE</b>	17.1%	+9.9%	-1.1%
<b>Revenue</b>	\$150.2	20%	-1%
<b>NIE</b>	\$57.3	6%	4%
<b>PPPT</b>	\$92.9	31%	-4%
<b>PCL</b>	(\$0.8)	-102%	-850%
<b>Net Income</b>	\$69.2	166%	-3%
<b>Diluted EPS</b>	\$3.97	172%	-4%
<b>NIM</b>	1.77%	+6bps	+3bps
<b>Efficiency Ratio</b>	38.2%	-5.2%	+1.8%
<b>Operating Leverage</b>	14.5%	20.8%	9.8%

## Revenue

- Near-peer leading growth
- Strongest Q1 ever

## Expenses

- Best efficiency of any Canadian bank
- y/y increase in FTE (9%), technology (4%) and products (21%) support/enable ongoing growth
- Planned Q2 and Q3 investments in people, process, technology will exceed last year's constrained levels, Efficiency Ratio target for 2021 unchanged at 39-41%

## Earnings

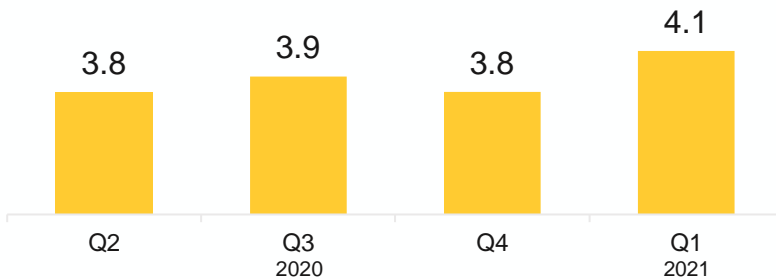
- Strong Net Interest Income from growth in core assets, complemented by gain on sale (a high-quality income stream that adds to our capital base) and modest reserve release
- EPS \$0.03 lower sequentially due to the impact of a higher share price on the share count from employee stock options

## ROE

- Shows continued strength despite higher capital suppressing Q1 performance by 1.3%

# Double-digit origination growth in Commercial Banking

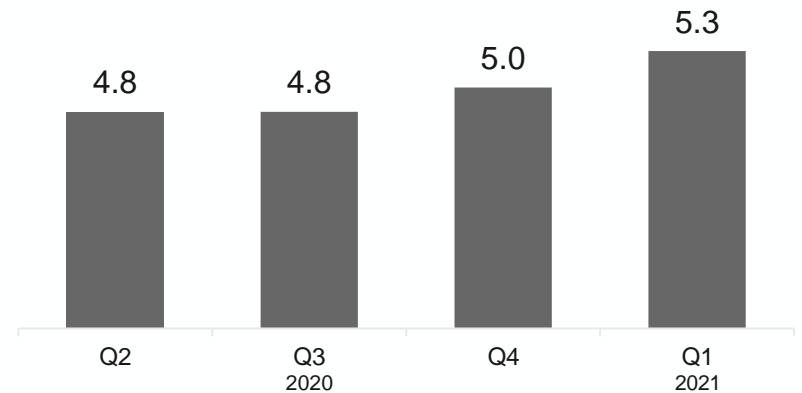
**Insured Multi-Unit Residential Loan Principal**  
\$B



**Originations up 42% in Q1 y/y**

- Insured multis +10% y/y despite higher derecognition volume

**Conventional Commercial Loan Principal\***  
\$B



**Originations up 65% in Q1 y/y**

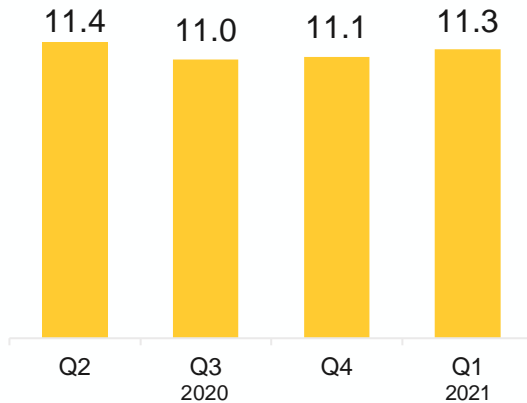
- Conventional +17% y/y due to strong originations in the multi-unit construction sector

Total Commercial Banking growth of \$1.2B or 14% y/y in Q1 2021

\*Includes equipment leases

# Broad-based growth in Personal Banking

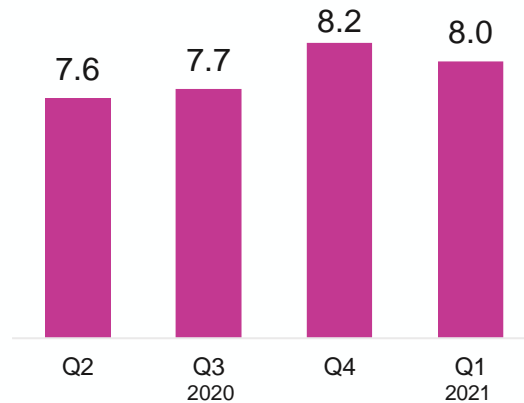
**SFR Alt Loan Principal**  
\$B



**Q1 originations up 17% y/y**

- Higher on normalized underwriting
- Origination market share leader in Q1
- Average Beacon Score 705 (up from 682 two years ago)

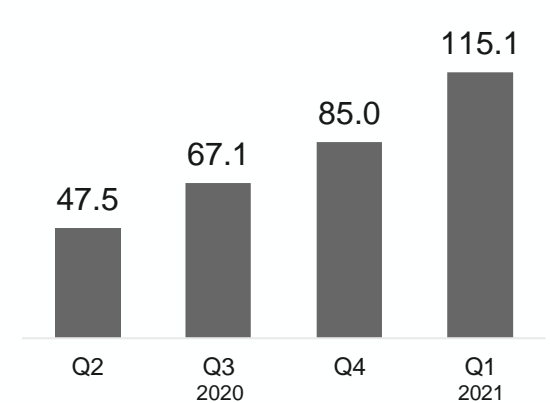
**SFR Prime Loan Principal**  
\$B



**Q1 originations up 78% y/y**

- Asset growth of 18% y/y
- Strong internal origination
- Portfolio declined q/q due to reduced 3rd party purchases as focus shifts to internal capabilities

**Decumulation Loan Principal**  
\$MM



**Q1 originations up 314% y/y**

- Asset growth almost tripled y/y
- Reverse mortgage originations +426% y/y
- CSV originations +102% y/y

Total Personal Banking growth of \$0.9B or 5% y/y in Q1 2021

# Growing and diversifying our sources of funds

## Total deposits \$17.4B +13% y/y

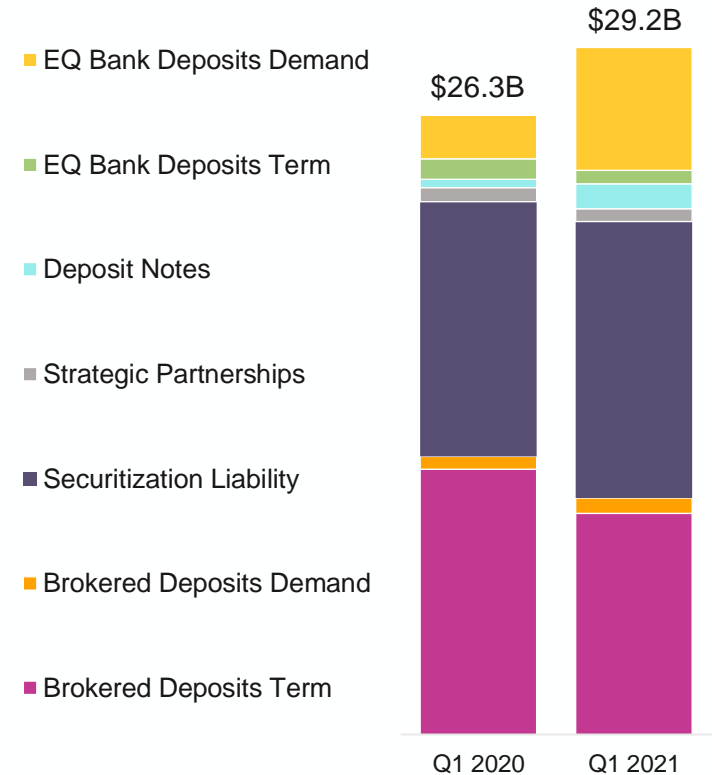
- EQ Bank deposit principal +114% to \$5.8B with demand +45% within Q1
- Brokered demand product +24% y/y due to Equitable Trust HISA and new US\$ product

## Securitization \$11.7B +9% y/y

- Growth due to higher Prime SFR loans

## Wholesale funding \$1.1B +196% y/y

- Deposit Note program surpasses \$1B with \$250MM 4-year offering with lowest spread (120 bps) yet

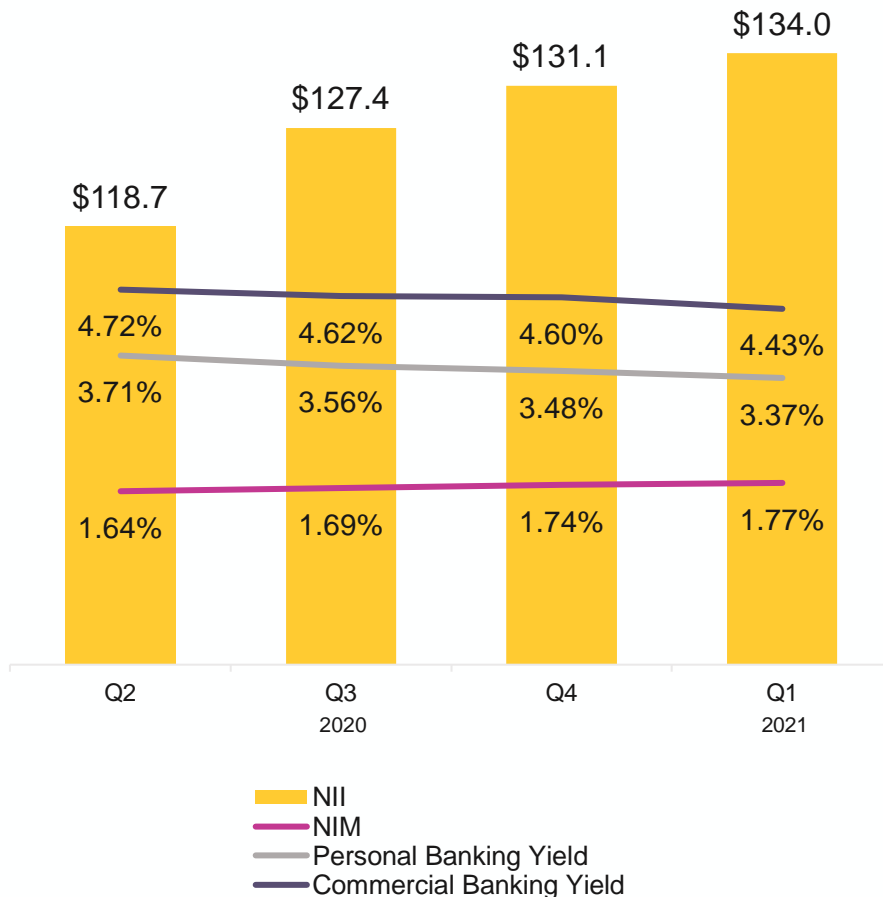




# Strong NII growth

## Impact on NIM

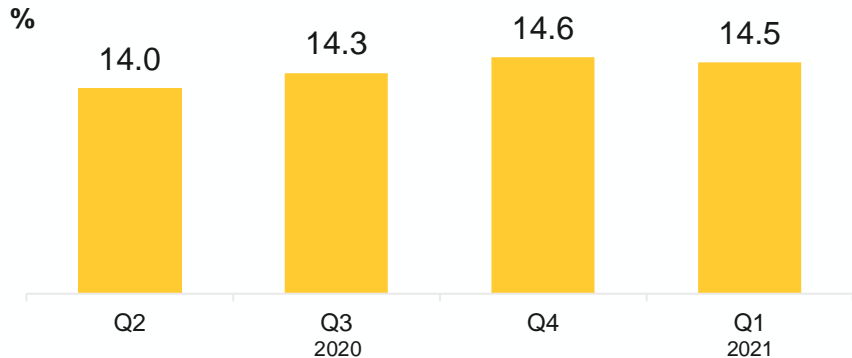
\$MM



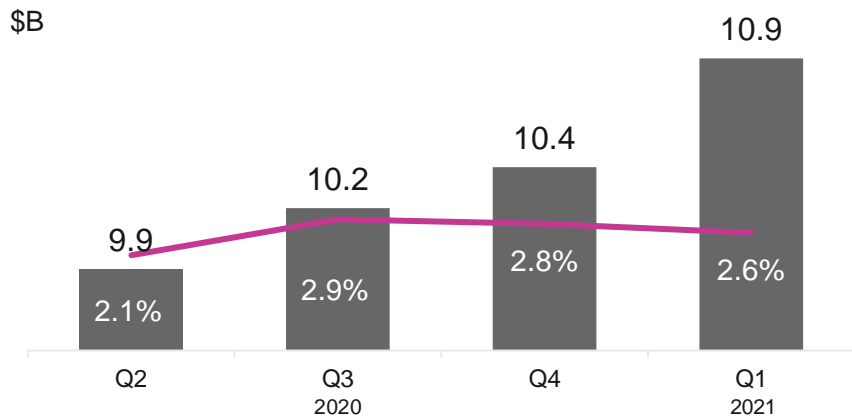
- Q1 Total NII up 11% y/y on growth in average asset balances
- Q1 NIM up 3 bps sequentially, 6 bps y/y
- SFR asset yield 4.39% in Q1, best Personal Banking segment performer
- Decumulation asset yield 3.92% in Q1
- Commercial asset yield 4.43%

# Excess capital above 13.5% CET1, at \$108MM or \$6.37/share

## CET1



## RWA



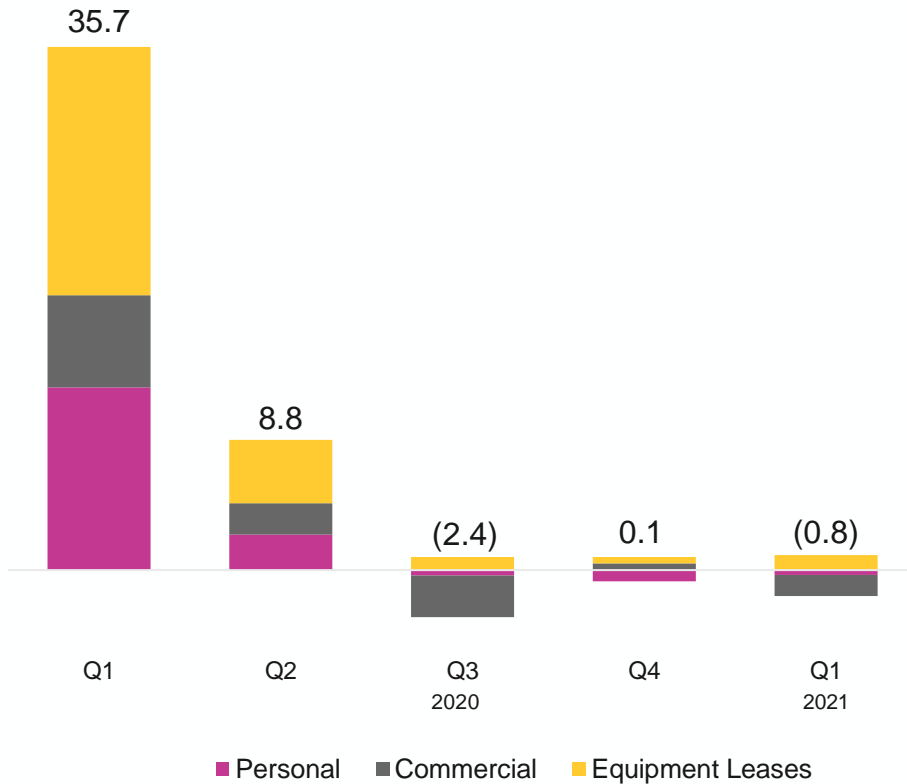
■ Risk Weighted Assets    — Return on Risk Weighted Assets

- CET1 down sequentially due to higher relative increase in RWA
- Remain in excess capital position
- Additional capital savings of \$100MM - \$150MM anticipated with finalization of Basel III reforms and advancing proportionality for Small and Medium DTIs
- AIRB transition expected in early 2023

# Macro forecasts lead to reversals

## Provision for Credit Losses

\$MM

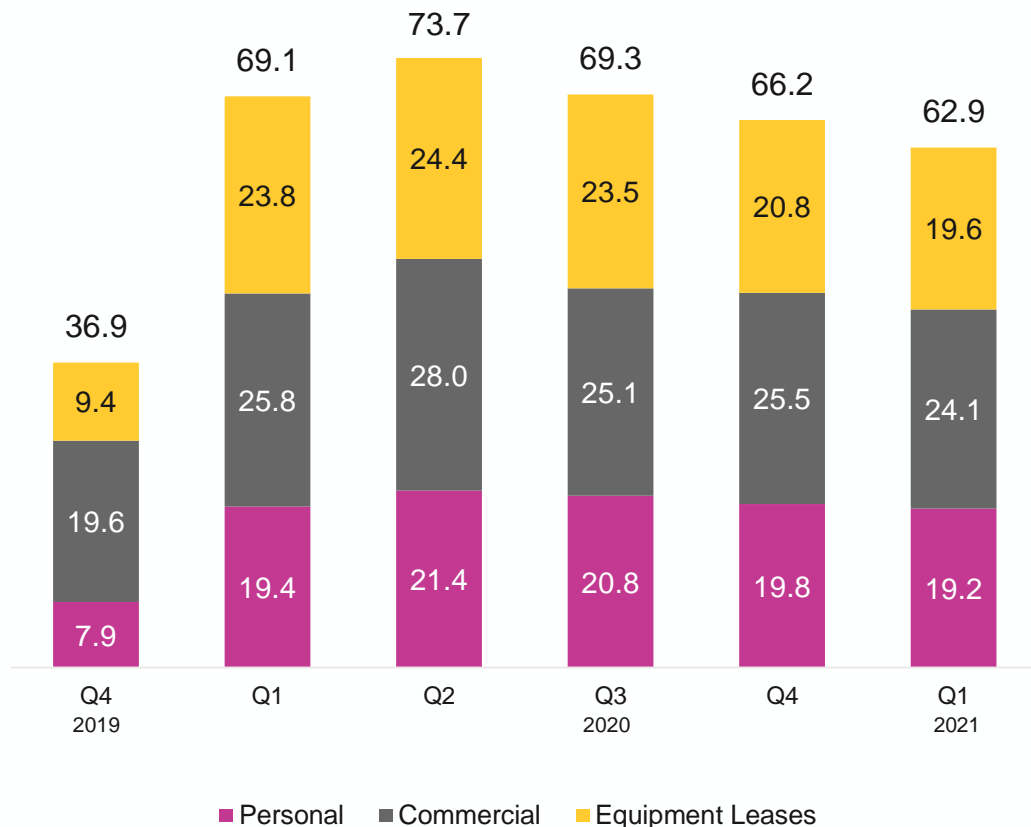


- Q1 PCL reflects \$3.1 million reversal in Stage 1 and 2
- \$1.1B moved from Stage 2 back to Stage 1
- Economic forecasts continue to improve
- Reduced level of net impaired lease formations y/y

# Bank remains well provisioned

## Allowance for Credit Losses

\$MM

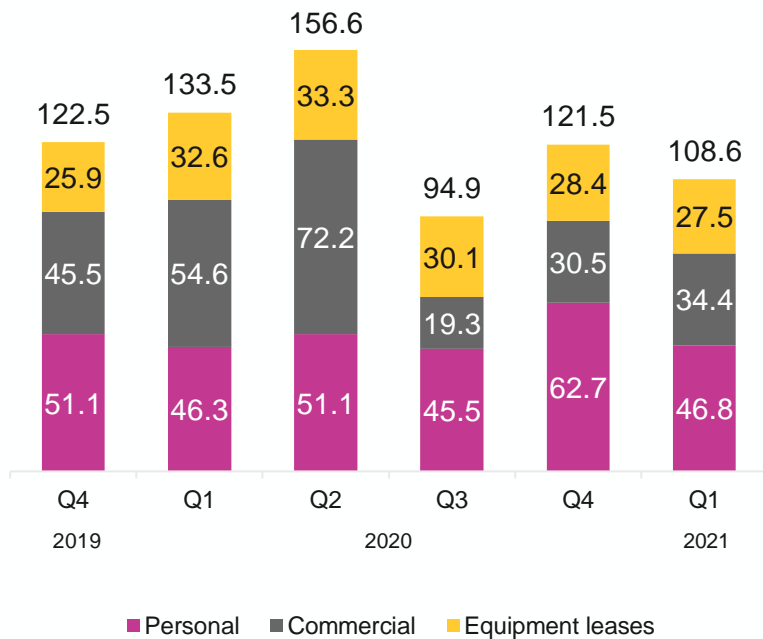


- ACL -9% from a year ago due to release of Stage 1 and 2 allowances on improving macroeconomic forecasts
- Early delinquencies returned to pre-pandemic levels in all business lines at quarter end
- If base-case scenario plays out, additional release of \$5.1MM is possible

# Credit trends improved over prior quarter

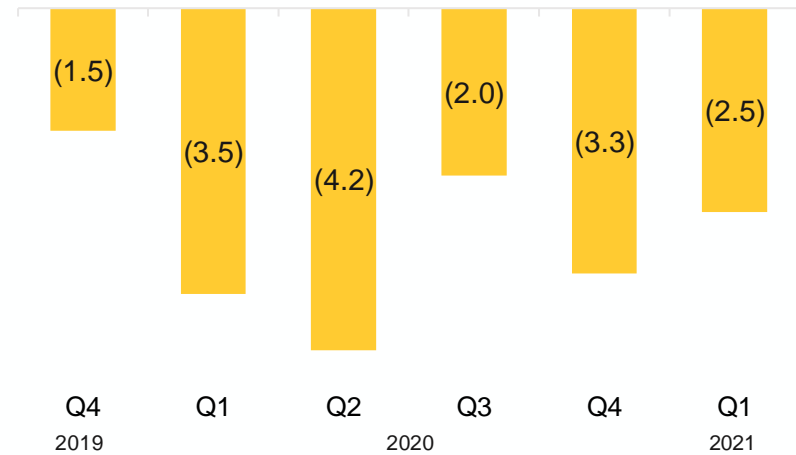
## Gross Impaired Loans

\$MM



## Write-offs

\$MM



**Write-offs were 3bps of total portfolio in Q1 2021**

# 2021 sets the table for strong 2022 results, achievement of key objectives

Key Medium-Term Objectives	
ROE	15%-17%
EPS Growth	12%-15%
Dividend Growth	20%-25%
CET1 Ratio	13%-14%

# Final Thoughts

- New technology and digital innovation propelling record deposit and customer growth at EQ Bank
- Expanding position in wealth decumulation market, especially in reverse mortgages
- Investments are accelerating growth
- Strong capital position
- Ready to fulfill our purpose of driving change in Canadian banking to enrich people's lives

# Committed to ESG excellence

Canada's Challenger Bank™

## 2020 Sustainability Report and Public Accountability Statement

MSCI  
ESG RATINGS

AA

CCC B BB BBB A AA AAA

