

Equitable Bank | **EQ Bank**

Canada's Challenger Bank™

Q3 Report
For the three and nine months
ended September 30, 2020

Published November 3, 2020

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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 all Equitable representatives. 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 the Company's periodic reports filed with Canadian regulatory authorities. These risks and uncertainties 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. 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. Additional information on items of note, the Company's reported results, risk factors and assumptions related to forward-looking statements are available in Equitable Bank's Q3 2020 Management's Discussion and Analysis ("MD&A") as well as the earnings news release as well as the Company's other public filings available on SEDAR at www.SEDAR.com

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A New Organizational Structure

Leadership Committee

Andrew Moor
President and CEO

- Mahima Poddar**
Group Head, Personal Banking
- Darren Lorimer**
Group Head, Commercial Banking
- Ron Tratch**
Chief Risk Officer
- Dan Dickinson**
Chief Information Officer
- Jody Sperling**
Chief Human Resources Officer
- Chadwick Westlake**
Chief Financial Officer

Aligned To How We Serve Customers, Address Market As Canada's Challenger Bank™

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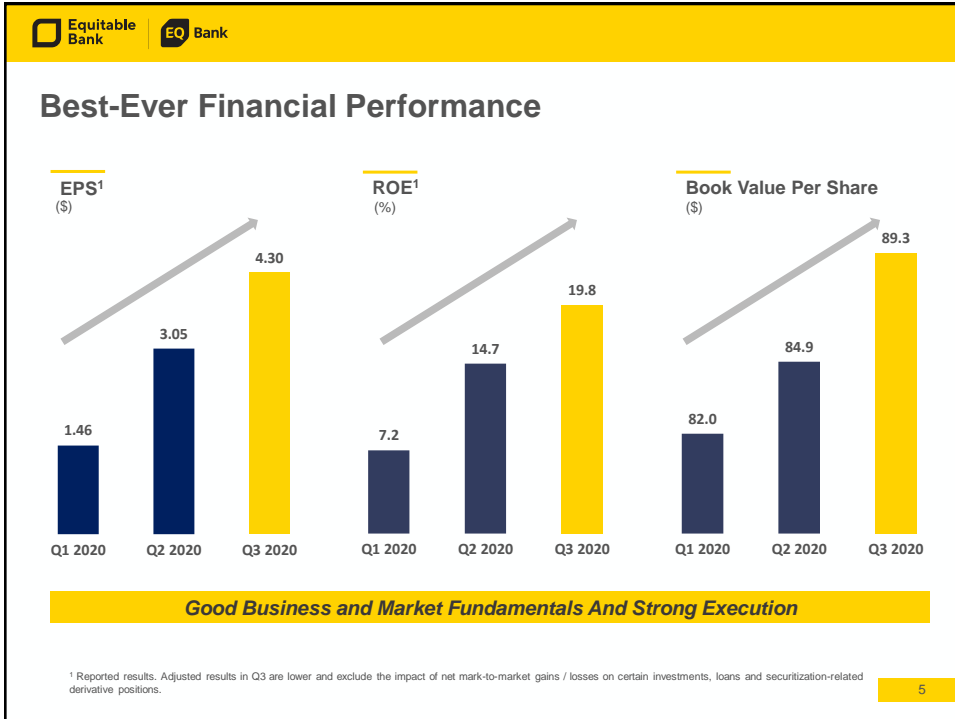
Navigating The Challenges Of A Pandemic Economy

- Pivoted to provide liquidity to insured mortgage lending market – residential and multi-unit – with **high-quality asset growth**
- Responded dynamically to **improved market conditions** in Alternative single family
- Assisted customers with mortgage payment deferrals with most loans on deferral back on **regular payment schedules**
- Introduced new **EQ Bank** customer services and registered dramatic growth in deposits/new account openings

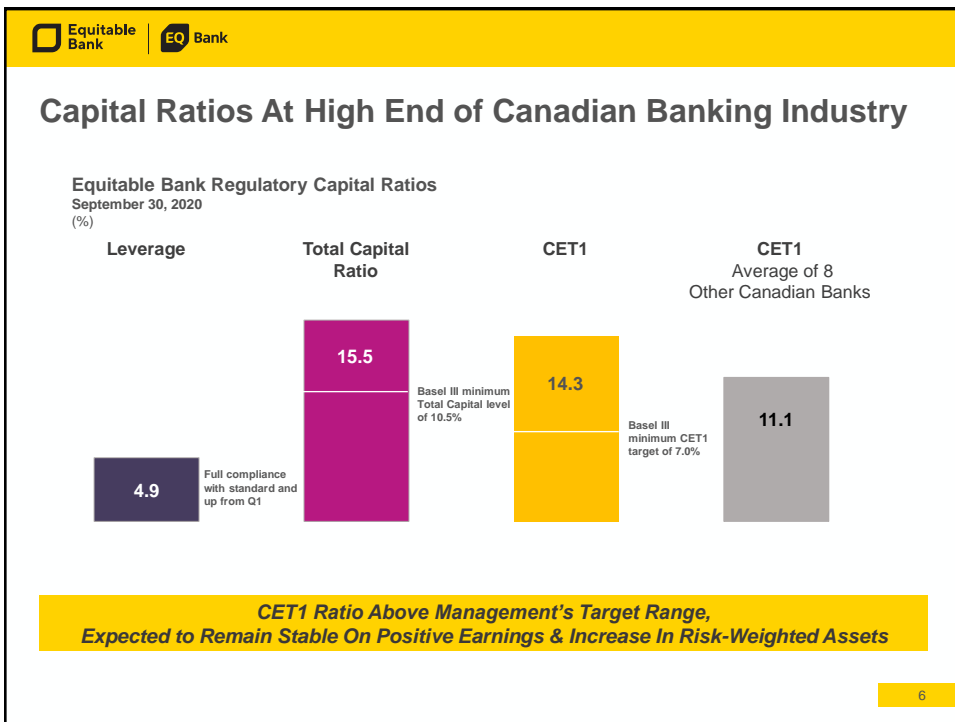
Our Purpose Is To Drive Change In Banking To Enrich People's Lives as Canada's Challenger Bank

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Serving Customers: Loan Deferral Experience

- 0.3% of total balances on active deferrals at the end of October representing 280 accounts



Exceedingly Well Protected From The Prospect Of Loss

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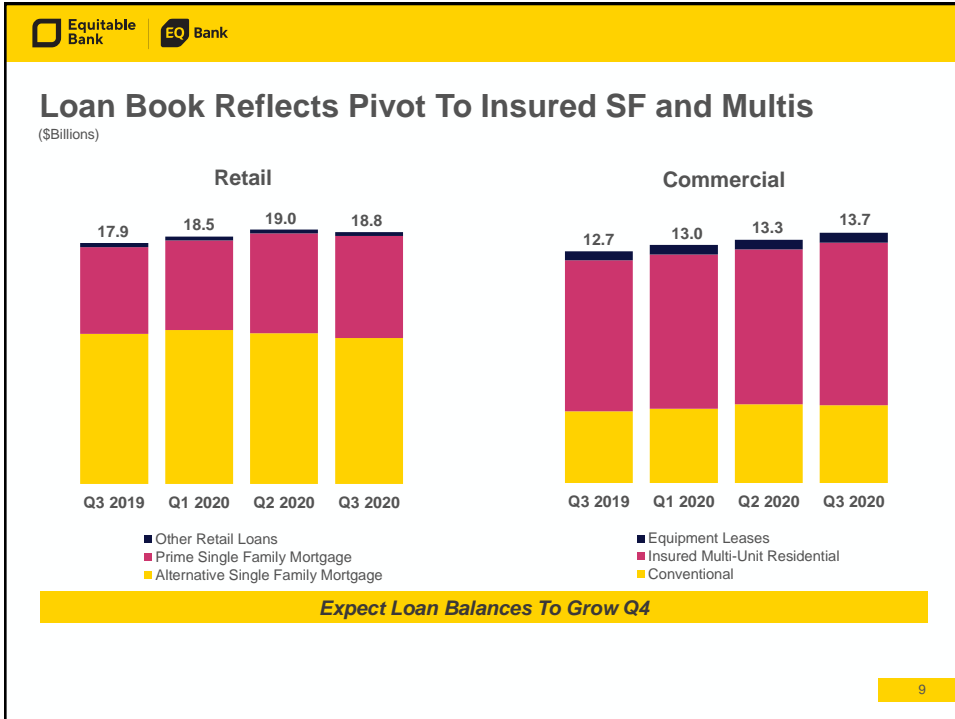
Modest Reserve Release On Improved Economic Scenarios

Base Case	September 30 forecast	June 30 forecast	March 31 forecast
	Next 12 months	Next 12 months	Next 12 months
Unemployment rate %	9.6	10.2	7.9
Real GDP growth rate %	0.6	(5.9)	(2.3)
Home Price Index growth rate %	(3.5)	(3.6)	(3.8)
Household income growth rate %	(6.7)	(8.2)	(1.8)

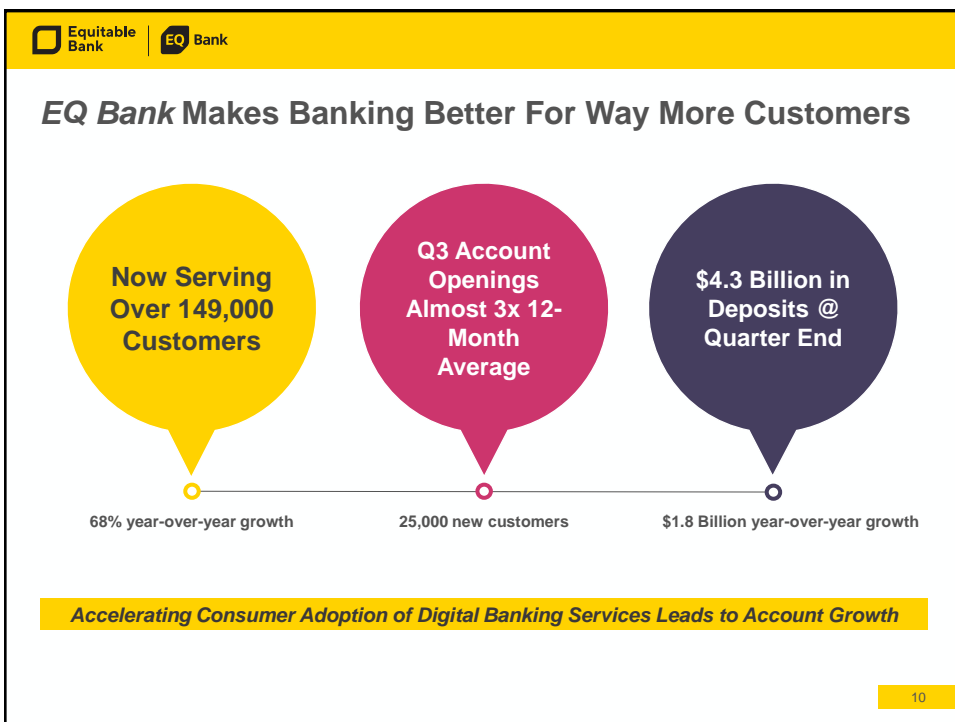
Q3 PCL Was A Net Benefit Of \$2.4 Million, Driven By Reserve Releases Resulting From Improved Independent Macroeconomic Forecasts Used For Loss Modelling

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EQ Bank Joint Savings Plus Accounts Help Drive Growth

SMART MONEY HAS THE POTENTIAL TO MULTIPLY.



1.50% everyday interest*

- + No monthly fees
- + Cheap international money transfers
- + Unlimited transactions**
- + No minimum balance

[SET UP AN ACCOUNT](#)


More New EQ Bank Services On The Way!

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Welcome To Chadwick Westlake



Chadwick Westlake, CFA

Most recently Executive Vice President,
Enterprise Productivity & Canadian Banking Finance,
Bank of Nova Scotia

Expert Skills, Energy, The Perfect Match For Our Organization's Challenger Mindset

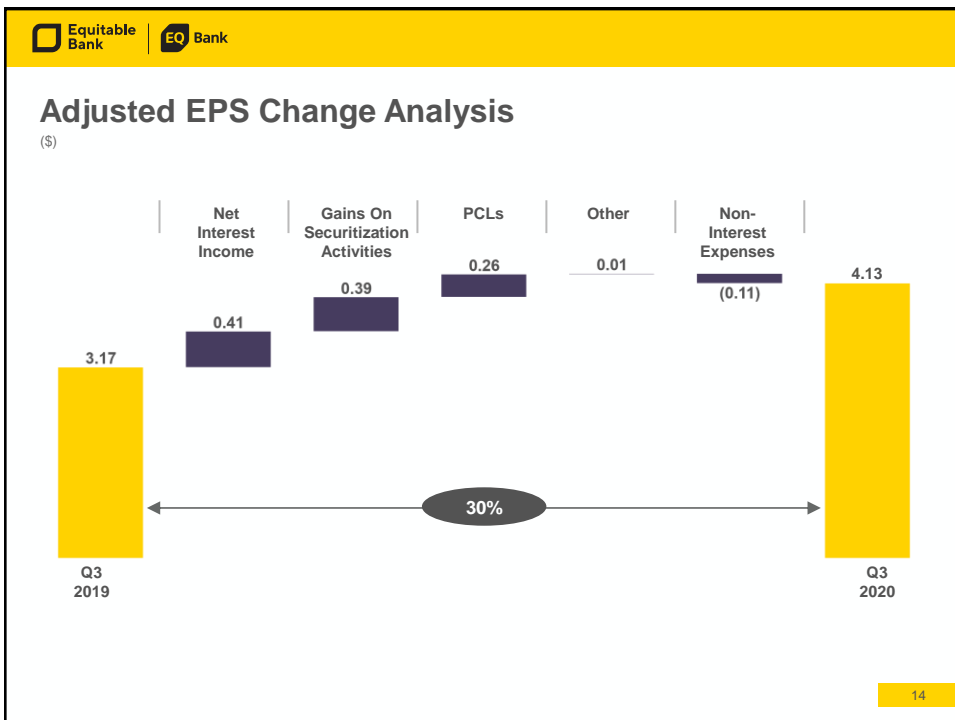
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Metric	Q3 Result	Change YoY
LUM ¹	\$32.6B	+6%
Adjusted Net Income ^{1,2}	\$70.9M	+30%
Adjusted EPS ^{1,2}	\$4.13	+30%
Adjusted ROE ^{1,2}	19.0%	+2.8%
Book Value per Share ¹	\$89.25	+12%
Common Share Dividend Declared	\$0.37	+6%
Net Interest Margin ¹	1.69%	-6bps <small>mortgage insurance impact</small>
PCL – rate ¹	(0.03)%	-8bps

¹ See Non-Generally Accepted Accounting Principles Financial Measures in the MD&A
² Exclude impact of \$4.1 million mark-to-market gains on certain security investments, loans and securitization-related derivative financial positions.

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NII Up 8% Due To Growth In Average Asset Balances

- NIM lower by 6 basis points year over year primarily driven by:
 - Amortization of premiums paid to insure \$687M of Alternative Single Family mortgages (2 basis point impact)
 - Mix shift toward Prime mortgages and increase in relative size of low yielding liquid assets (12 basis point impact)
 - Higher spreads on Retail and Commercial mortgages originated in 2020, interest rate floors on certain commercial mortgages, lower rate of interest on *EQ Bank* deposits and securitization liabilities (6 basis point impact)

Cost Of Insuring Mortgages Disappears In Q4, Replaced by Pre-Tax \$0.7-1.5M Benefit Per Quarter In 2021

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Successful Completion Of New Deposit Note Offering

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\$200M
3-Year Fixed Rate

37 Investors. Priced at 150 bp over Government of Canada Bonds.

Part Of Broader Strategy To Diversify Our Funding Sources By Creating Attractive Products For Consumers, Investors And Equitable

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Believe Open Banking Is The Way Forward

CANADA'S Challenger Bank™

OPEN BANKING IS BACK ON THE AGENDA

Now is the time to revisit your Open Banking strategy as Canada's Department of Finance has signalled its potential to play a pivotal role in the country's economic recovery.

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A Strong Bank in a Unique Position

- Contributing to Canada's economic recovery in a positive way
- Capital and liquidity positions strong, all-time record quarterly earnings
- Encouraging improvement in business conditions
- *EQ Bank* innovations creating surge of new account activity
- Well positioned for accelerated consumer adoption of digital services as Canada's Challenger Bank™

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