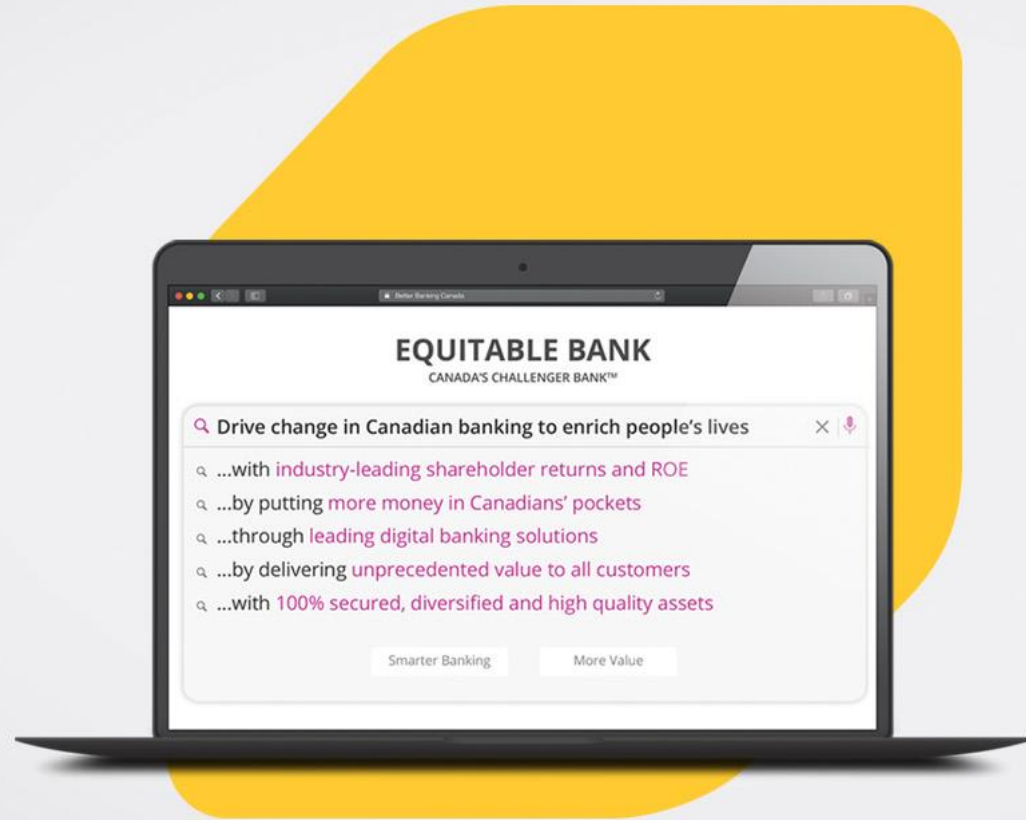




# Equitable

## Canada's Challenger Bank™

Fourth Quarter Results  
February 23, 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 Q4 2020 Management’s Discussion and Analysis other public filings available on SEDAR at [www.sedar.com](http://www.sedar.com)



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

# Performing at a Record Pace in Our 50th Year

EQB

## Customers

**>250,000**  
**+51% y/y**

- EQ Bank customer growth of ~190% Q4 y/y
- Now \$36B in AUM and \$16B deposits
- Supported in time of need, only 44 customers on deferral at year end

EQB

## Employees

**925**  
**+6%\* y/y**

- Our team grew by 54 Challengers in 2020
- Focused on health and well-being, high engagement, >95% WFH
- Canada's Best Workplaces™ in Financial Services

EQB

## Shareholders

**15.4%**  
**ROE**  
5-year average

- Q4 ROE 18.2% a true North Star
- Q4 EPS \$4.13 + 29% y/y
- CET1 14.6% (excess capital \$7 per share)
- BVPS \$93.35 + 12% y/y

\*At Dec 31, 2020

# Outlook and Trends: Positioned for Growth

---

## Canadian Economy

- Growth of between 3% to 5% in 2021
- Unemployment expected to stabilize at 8% by year-end
- Bond yields increasing

## Personal Savings

- >80% of Canadians now use online banking
- >60% of Canadians use mobile banking
- Digital adoption in Canada up 10%
- Weekly use of digital banks over 50% compared to just 32% two years prior

## Commercial Real Estate

- Apartment infrastructure aging
- Industrial and self-storage positively impacted by trends in home distribution, residential downsizing
- Retail suffering from Amazon-effect

## Housing

- HPI outlook stable
- Immigration and urbanization will revert to normal
- Demographic trends favour our decumulation business

# Growth Ambitions for 2021: Strong and Diversified

---

**Equitable**  
Loan Growth  
6% - 10%

**EQ Bank**  
Deposit Growth  
20% - 30%

## Personal Banking

- Uninsured to grow single digits
- Prime to grow double digits
- Decumulation to lead with highest growth rate
- EQ Bank momentum to continue

## Commercial Banking

- Commercial Finance Group to grow double-digits
- Specialized Finance to lead with highest growth rate

# EQ Bank's Next Chapter of Industry-Leading Innovation

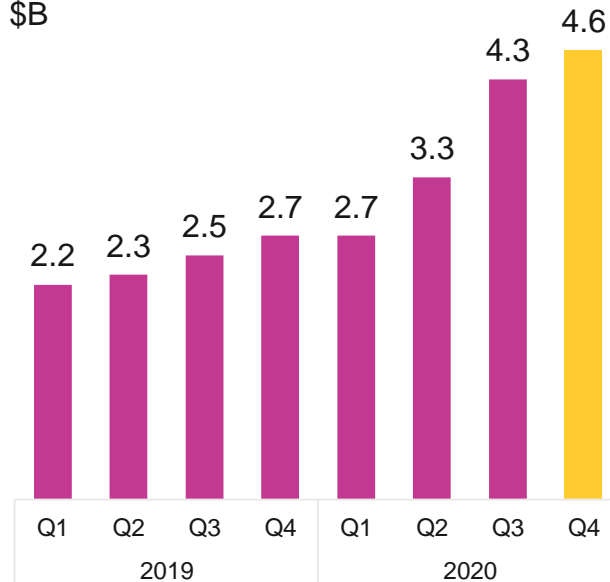
Deposits surpass **\$5B in February 2021**

Customers now exceed **185,000**, growing daily

Projected life-time value has increased while **cost of acquisition has declined y/y**



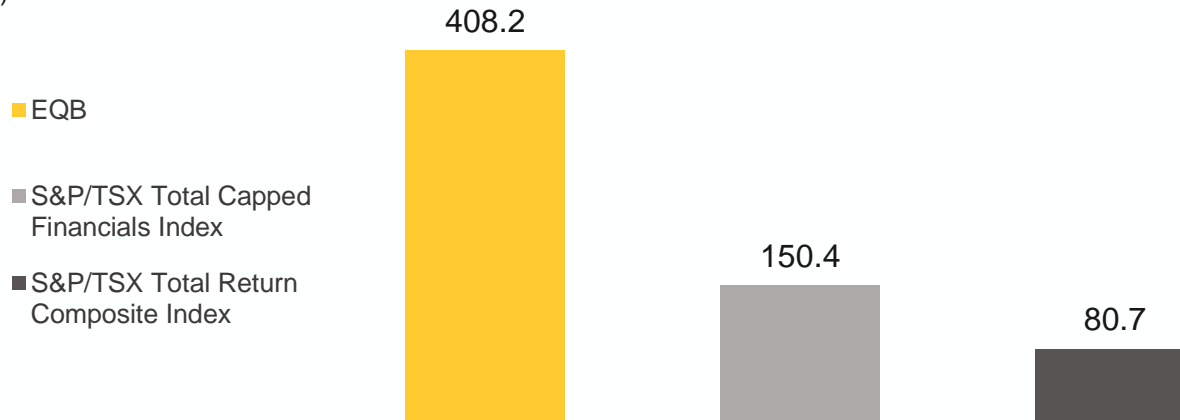
Deposits by Quarter  
\$B



2021 innovations include digital loan and wealth solutions, access card, re-designed site

# EQB – Outperforming Peers for Over a Decade

## Total Shareholder Return 2011-2020 (%)



|                          | Medium-Term Objectives | 2020 Actual | Q4 2020 |
|--------------------------|------------------------|-------------|---------|
| Adjusted ROE             | 15% – 17%              | 14.5%       | 17.5%   |
| Adjusted EPS Growth      | 12% – 15%              | 3%          | 25%     |
| Dividend Declared Growth | 20% – 25%              | 15%         | 6%      |
| CET1 Ratio               | 13% – 14%              | 14.6%       | 14.6%   |



## The Record is Clear



For a decade, we have delivered on our solid approach to value creation, with more inspiration than ever to push forward.

# 2021 Priorities

- 1 Drive change in Canadian banking to enrich people's lives
- 2 Deploy capital to generate industry-leading ROE
- 3 More diversification in funding and revenue
- 4 Energetically lead in Canadian financial services innovation
- 5 Bring clarity to the value of Canada's Challenger Bank™

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**

# A Record-Setting End to 2020

|                            | Change   |         |         |
|----------------------------|----------|---------|---------|
|                            | Q4 2020  | Y/Y     | Q/Q     |
| Revenue                    | \$151.9M | 13%     | 2%      |
| NIE                        | \$55.3M  | 2%      | 4%      |
| PPPT                       | \$96.6M  | 21%     | 1%      |
| PCL                        | \$0.1M   | -97%    | 104%    |
| NIAT                       | \$71.4M  | 28%     | -3%     |
| Diluted EPS                | \$4.13   | 29%     | -4%     |
| Fair Mkt Value Adjustments | -\$0.15  | -1,600% | 12%     |
| Adjusted EPS               | \$3.98   | 24%     | 4%      |
| NIM                        | 1.74%    | -4bps   | 5bps    |
| Efficiency Ratio           | 36.4%    | -420bps | 70bps   |
| Operating Leverage         | 4.7%     | 610bps  | 250bps  |
| ROE                        | 18.2%    | 230bps  | -160bps |

## Revenue

- Near-peer leading growth
- Strongest Q4 ever

## Expenses

- Best efficiency of any Canadian bank
- Annual increases in FTE (6%), technology (14%) and products (30%) support/enable continued growth

## Earnings

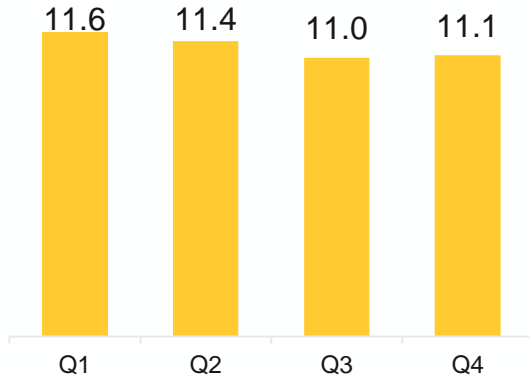
- Strong Net Interest Income from growth in core assets, complemented by gain on sale (a high-quality repeatable income stream that adds to our capital base) and modest reserve release

## ROE

- Shows continued strength despite higher capital

# Capital Deployment in Personal Banking

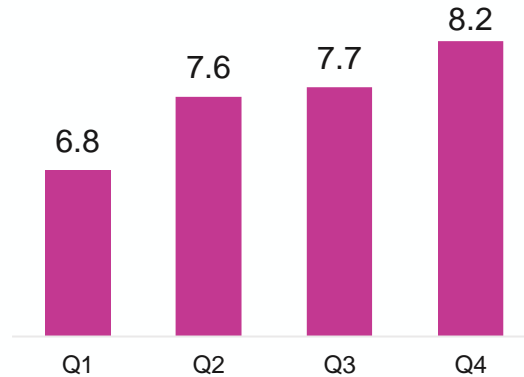
**SFR Alt Loan Principal**  
\$B



**Q4 originations up 2% y/y**

- Q4 higher on normalized underwriting
- Beacon score up to 702
- Market share up in December

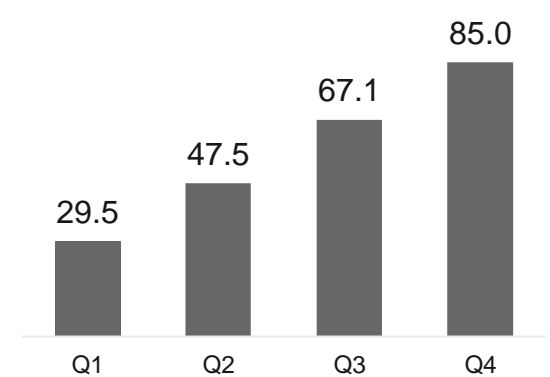
**SFR Prime Loan Principal**  
\$B



**Q4 originations up 87% y/y**

- Q4 higher q/q due to 63% increase in originations
- Asset growth of 20% y/y

**Decumulation Loan Principal**  
\$MM



**Q4 originations up 177% y/y**

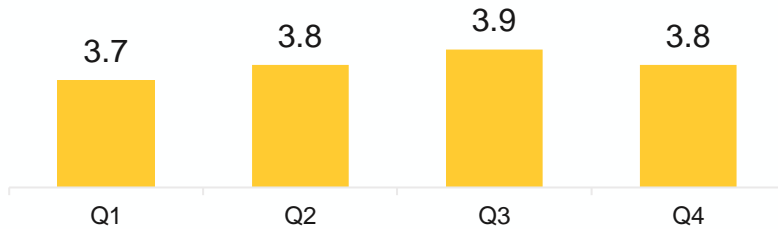
- Asset growth up almost 3x y/y or 27% q/q
- Introduced new products, channel and partners

Total Personal Banking growth of \$1.1B or 6% in 2020

# Capital Deployment in Commercial Banking

## Insured Multi-Unit Residential Loan Principal

\$B

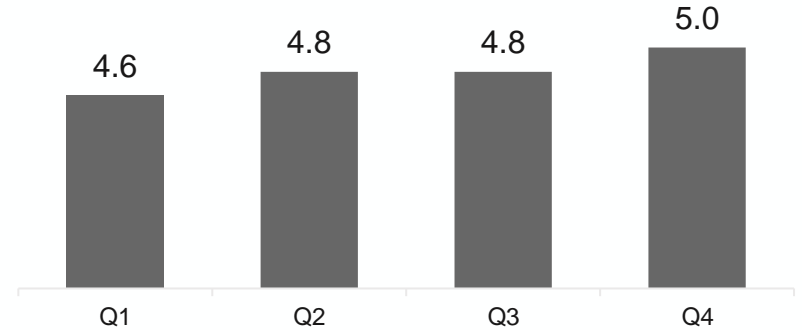


### Originations up 7% in Q4 y/y

- Insured multis up 3% y/y despite higher derecognition volume

## Conventional Commercial Loan Principal

\$B



### Originations consistent in Q4 y/y

- Conventional grew 11% y/y due to strong originations in the multi-unit construction sector
- Secured specialized financing portfolio up 21%, equipment leases up 13%

Total Commercial Banking growth of \$1.2B or 9% in 2020

# Growing and Diversifying Our Sources of Funds

## Total deposits \$16.4B up 8% y/y

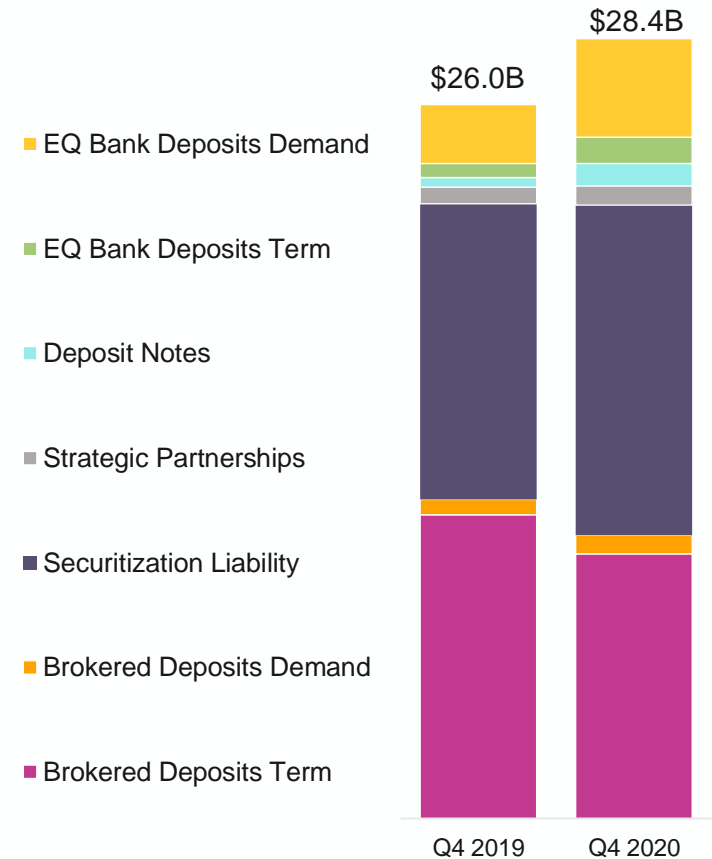
- EQ Bank deposit principal up 71% to \$4.6B with term up 86% and demand up 67%
- Brokered demand product up 21% due to Equitable Trust HISA and US\$ product launch
- Deposits through strategic partnerships up 15%

## Securitization \$12.0B up 12% y/y

- Growth due to higher Prime SFR loans
- Included \$654MM of securitizations through D-SIB funding program

## Wholesale funding \$456MM up 131% y/y

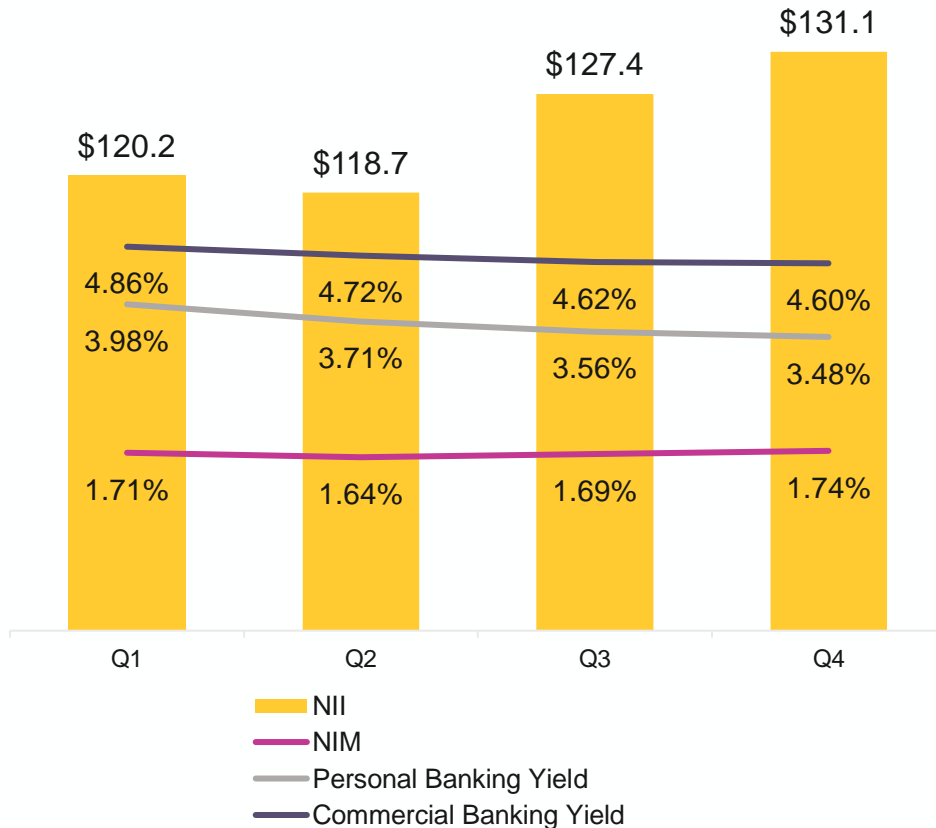
- Expansion with Deposit Notes



# Strong NII Growth, Stable and Improving NIMs

## Impact on NIM

\$MM

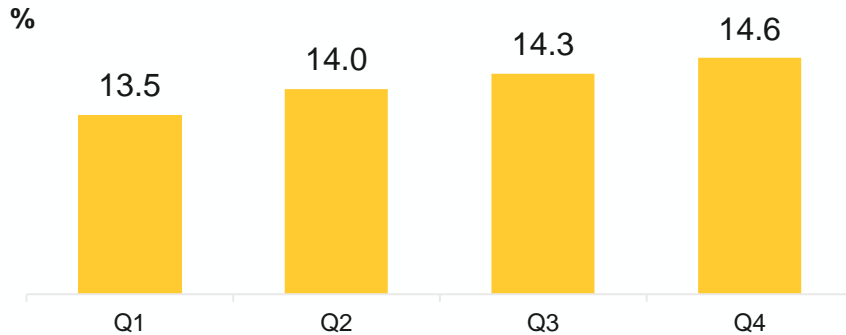


- Q4 Total NII up 5% y/y on growth in average asset balances
- Q4 NIM up 5 bps sequentially
- SFR asset yield 4.56% in Q4, best Personal Banking segment performer
- Decumulation asset yield 4.10% in Q4 and averaged 4.51% for the year
- Commercial asset yield 4.6%, down slightly from Q3

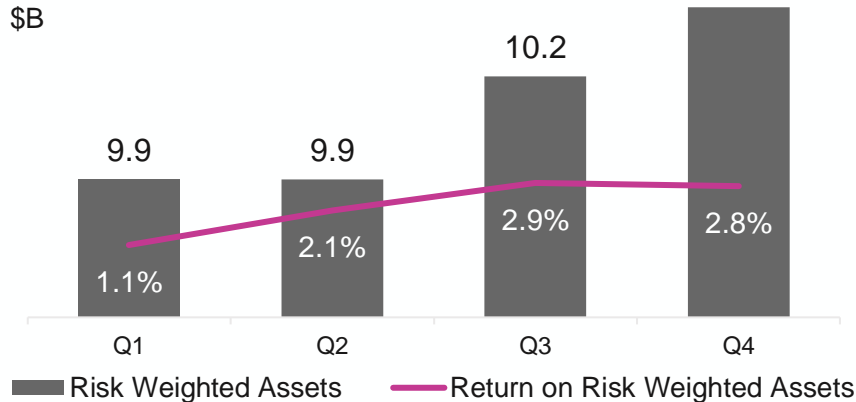


# Excess Capital Above 13.5% CET1, at \$118MM or \$7/share

## CET1



## RWA

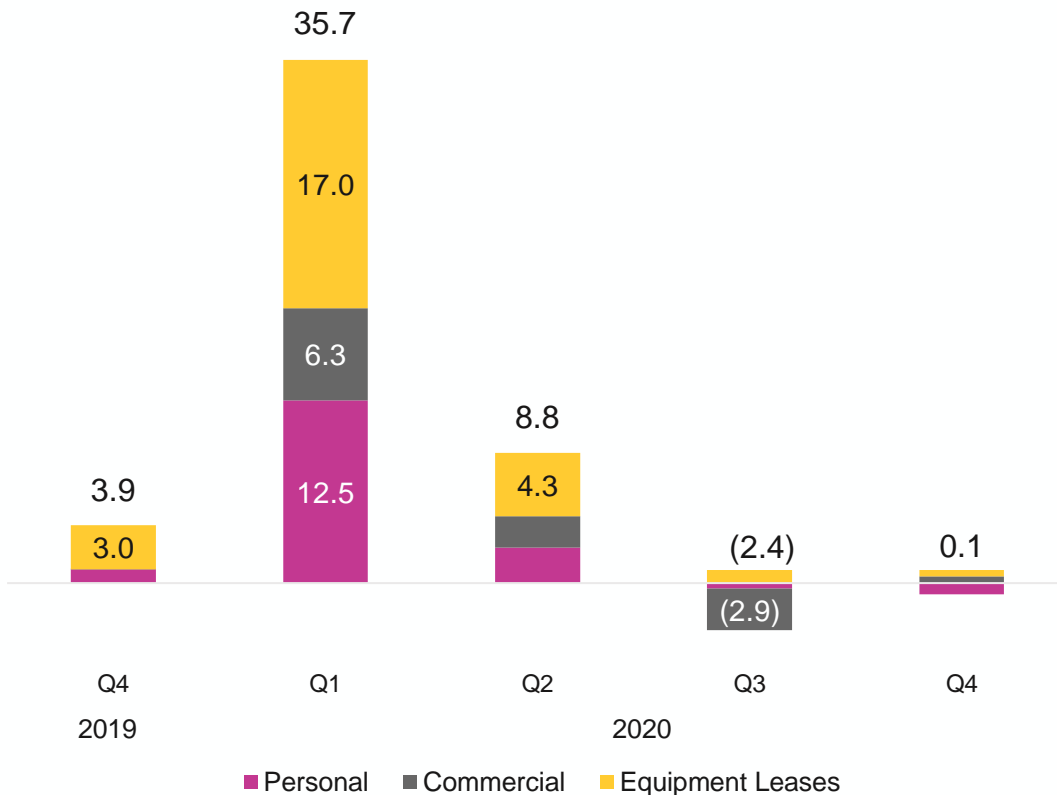


- CET1 30 bps higher sequentially due to 5% growth in shareholders' equity as earnings outpaced the 2% growth in risk-weighted assets
- Rise in CET1 y/y reflected our decision to constrain origination growth and regulatory limits on capital distributions

# Modest Reserve Release in Q4

## Provision for Credit Losses

\$MM

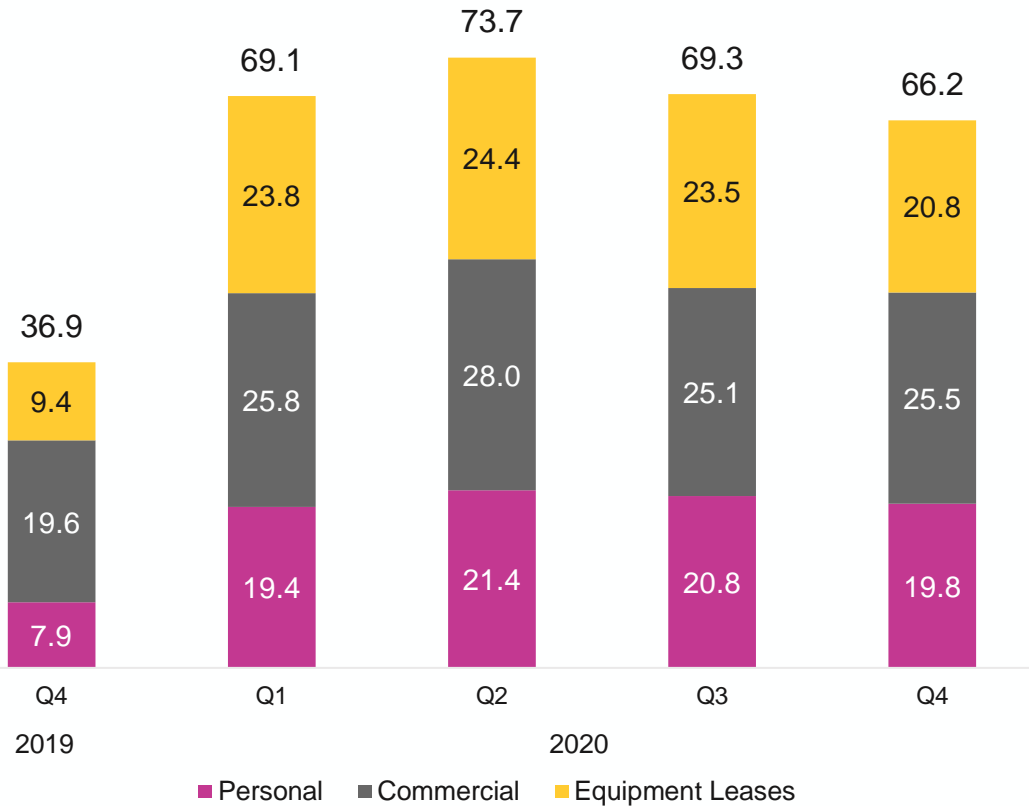


- Q4 PCL reflects release of \$2.8MM under stages 1 and 2
- \$1.7B moved from stage 2 back to stage 1
- Changes guided by latest independent economic forecasts, and expert credit judgement

# Bank is Well Provisioned

## Allowance for Credit Losses

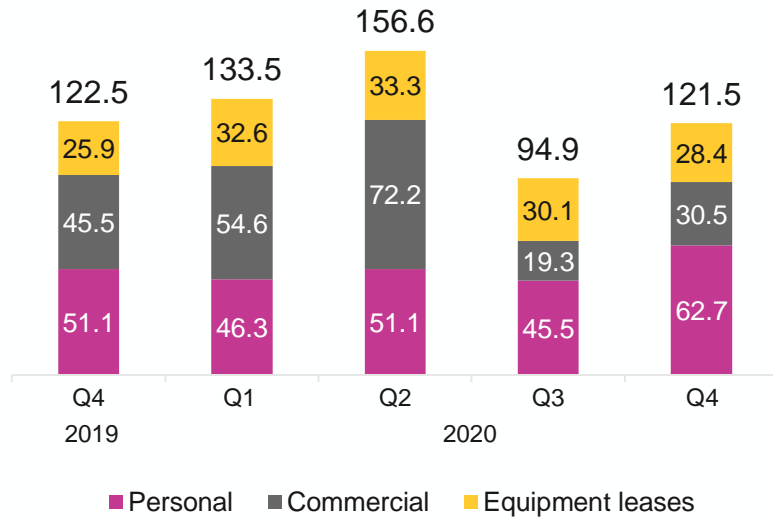
\$MM



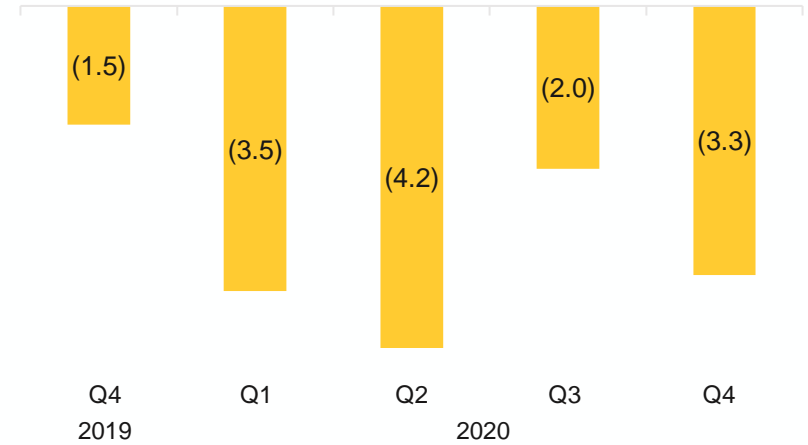
- ACL 79% higher than a year ago reflecting a prudent build
- If base-case scenario plays out, additional release of \$4.7MM is possible in 2021

# Credit Quality Reflects Disciplined Lending

**Total Gross Impaired Loans**  
\$MM



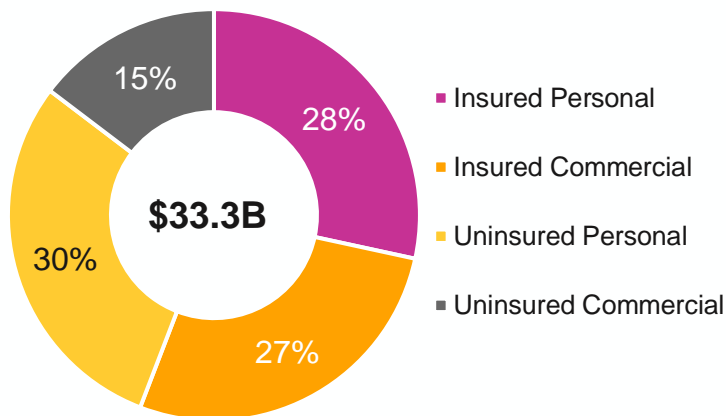
**Write-offs**  
\$MM



# Bank's Risk is Well Diversified, 56% of All Loans Insured

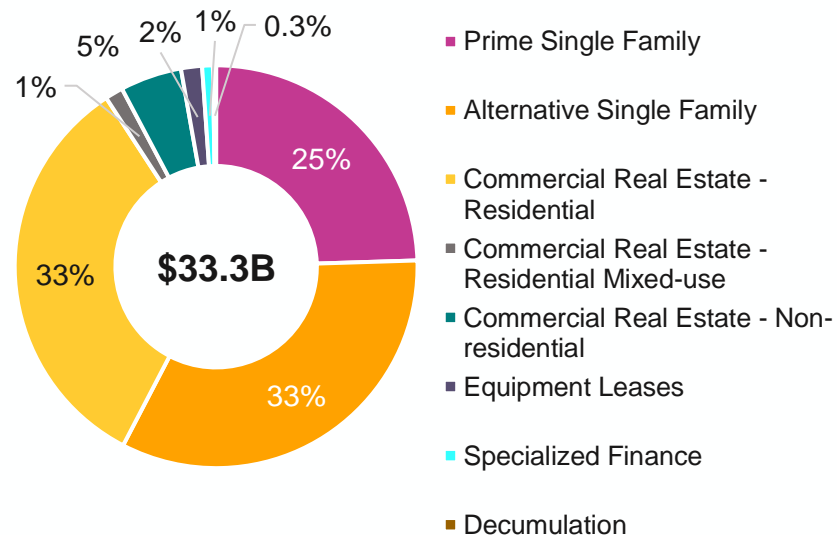
## Insured and Uninsured LUM

(At Dec 31, 2020)



## LUM By Type

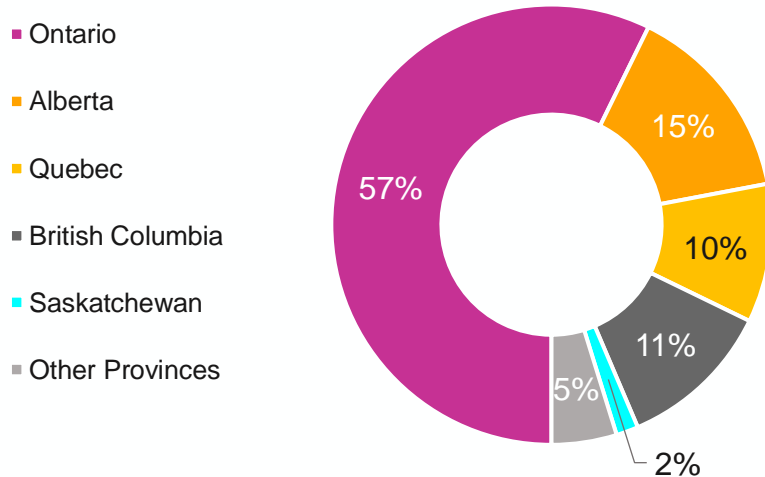
(At Dec 31, 2020)



67% of commercial loans concentrated in multi-unit residential; 65% of these loans CMHC insured

# Bank's Geographic Exposure Well Managed

## Total Loan Principal by Province



- Portfolio generally tracks Canada's population, economic distribution
- Limited exposure to oil and gas regions
- Uninsured Personal and Commercial loans in Alberta are 3% and 2% of total assets, respectively

# A 2021 Outlook for Growth and Performance

| Personal Banking                  |                                    | Portfolio Size (\$B) | 2021 Outlook |
|-----------------------------------|------------------------------------|----------------------|--------------|
| EQ Bank                           | Deposits                           | 4.6                  | 20%-30%      |
| Single Family Residential Lending | Prime Mortgages                    | 8.2                  | 12%-15%      |
|                                   | Alternative Mortgages              | 11.1                 | 5%-8%        |
| Wealth Decumulation               | Reverse Mortgages                  | 0.06                 | 100%+        |
|                                   | Cash Surrender Value Loans         | 0.03                 |              |
| Commercial Banking                |                                    | Portfolio Size (\$B) | 2021 Outlook |
| Business Enterprise Solutions     | Small Real Estate Mortgages        | 0.9                  | 5%-8%        |
| Commercial Finance Group          | Large Real Estate Mortgages        | 3.2                  | 12%-15%      |
| Multi-Unit Insured                | CMHC Insured Real Estate Mortgages | 3.8                  | Flat         |
| Specialized Finance               | Total Loans                        | 0.3                  | 20%-25%      |
| Equipment                         | Total Loans                        | 0.6                  | 1%-4%        |

# Reaffirming Medium-Term Objectives

## Key Medium-Term Objectives

|                     |           |
|---------------------|-----------|
| Adjusted ROE        | 15% – 17% |
| Adjusted EPS Growth | 12% – 15% |
| Dividend Growth     | 20% – 25% |
| CET1 Ratio          | 13% – 14% |



# Final Thoughts

- Added customers at a record pace in 2020 and again in early 2021
- Launched new Challenger Bank products for growth and diversification
- Best-ever annual results, capped by record Q4
- Strong capital position
- Ready to fulfill our purpose of driving change in Canadian banking to enrich people's lives