# Forth Quarter 2017
# March 2018

# 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

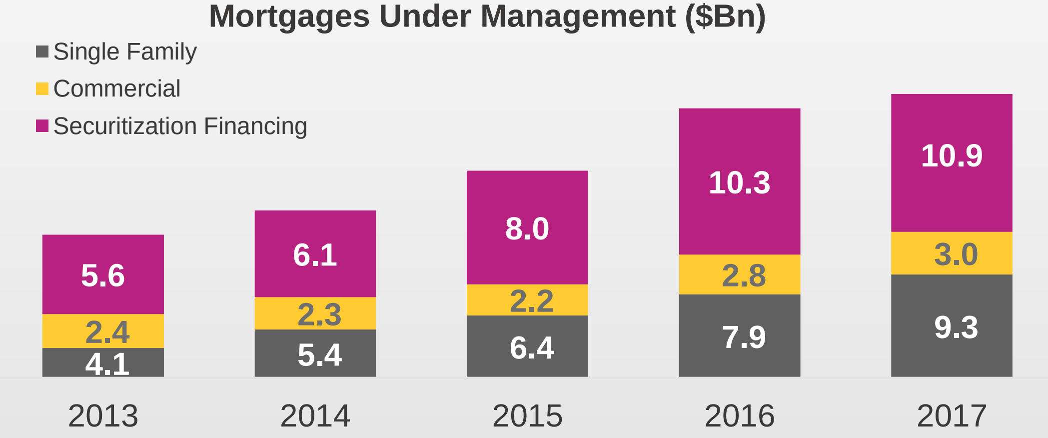
## Who We Are

- 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)*

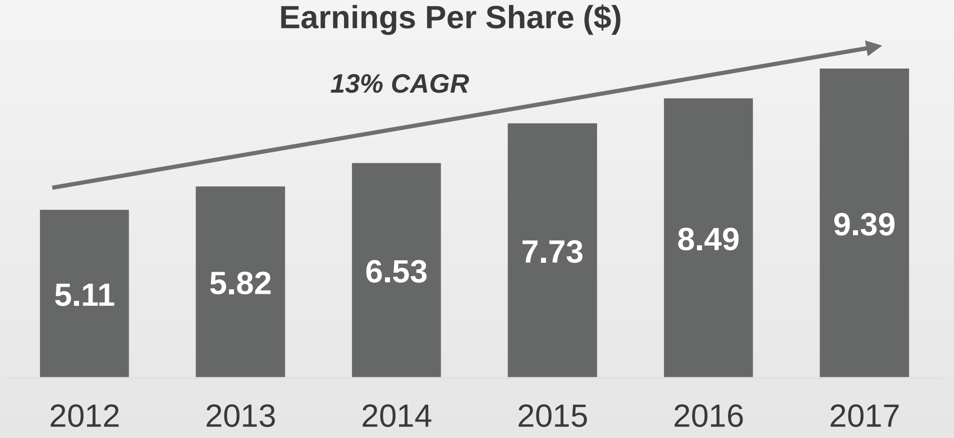
## Our Vision

- Become Canada's leading challenger bank…
- …by providing the best customer service experience of any bank in Canada
- Nurturing a distinctive culture that engages our employees
- Delivering a long-term Return on Equity above 15% and maintaining strong capital ratios

## Diversified Business




## Earnings Momentum

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# Canada's Challenger Bank™

# Have Been Successfully Evolving the Business

**INCREASING GEOGRAPHIC COVERAGE AND PRODUCT BREADTH**

**1970**
Equitable Trust Incorporated

**2004**
IPO of Equitable Group

**2006**
Opened Calgary Office

**2008**
Increased focus on Alternative Single Family business

Began to Issue MBS and Participate in CMB

**2010**
Opened Montreal Office

**2013**
Converted Equitable Trust to Equitable Bank

Launched brokered HISA account
--------------------------
Introduced a HELOC

**2014**
Implemented new large bank sponsored funding facility
--------------------------
Issued first Deposit Note

Launched Alternative Single Family business in Quebec
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Entered Prime Single Family business

**2015**
Became a truly national alternative SFR lender, with entry into Quebec market

Implemented two new funding facilities
--------------------------
Opened Vancouver Office

**2016**
Launched EQ Bank, our first direct-to-consumer business

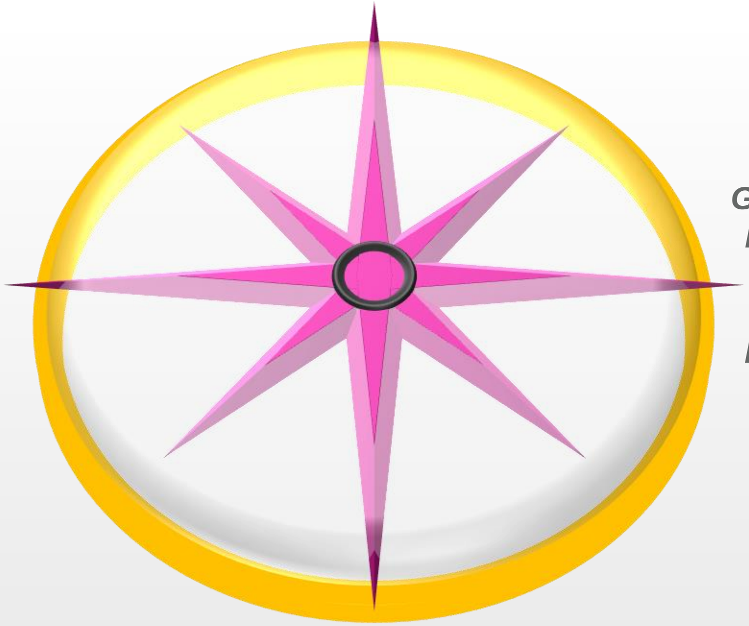
**2017**
Launched PATH Home Plan product

**Long History as a Regulated Canadian Financial Institution**

# Equitable's Long-Term Value Creation Equation

*Generate an ROE in the Mid to High Teens*

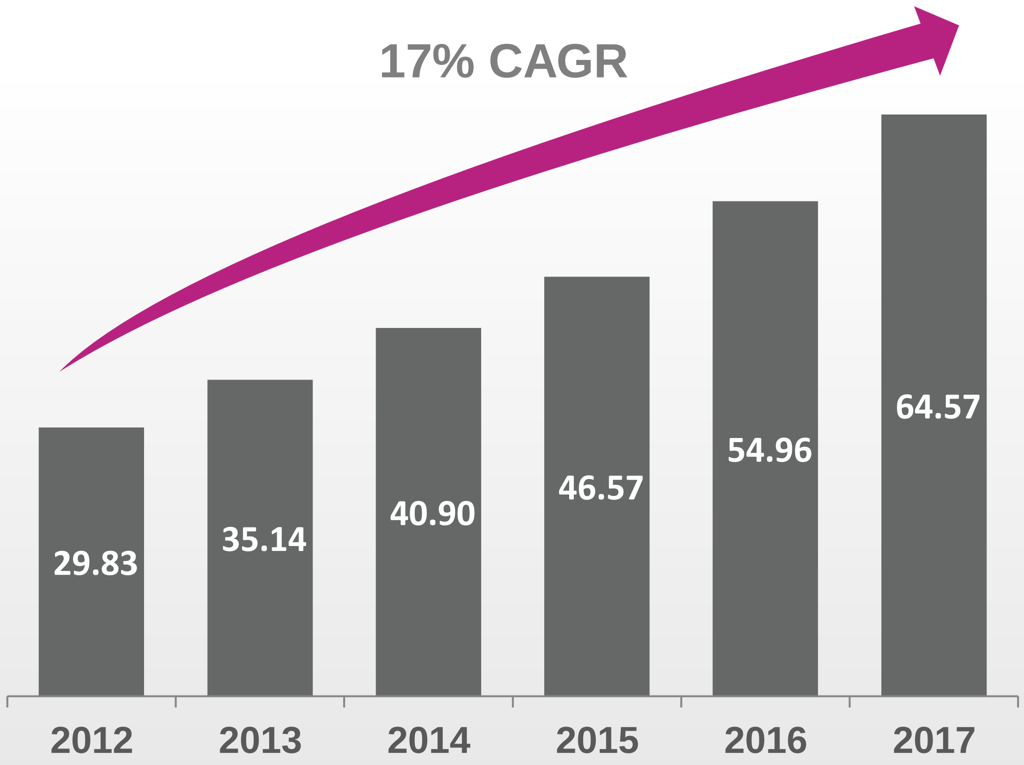
*Grow Capital by Retaining the Majority of Earnings and Reinvesting in the Business*



*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 ($)



# Disciplined Capital Management

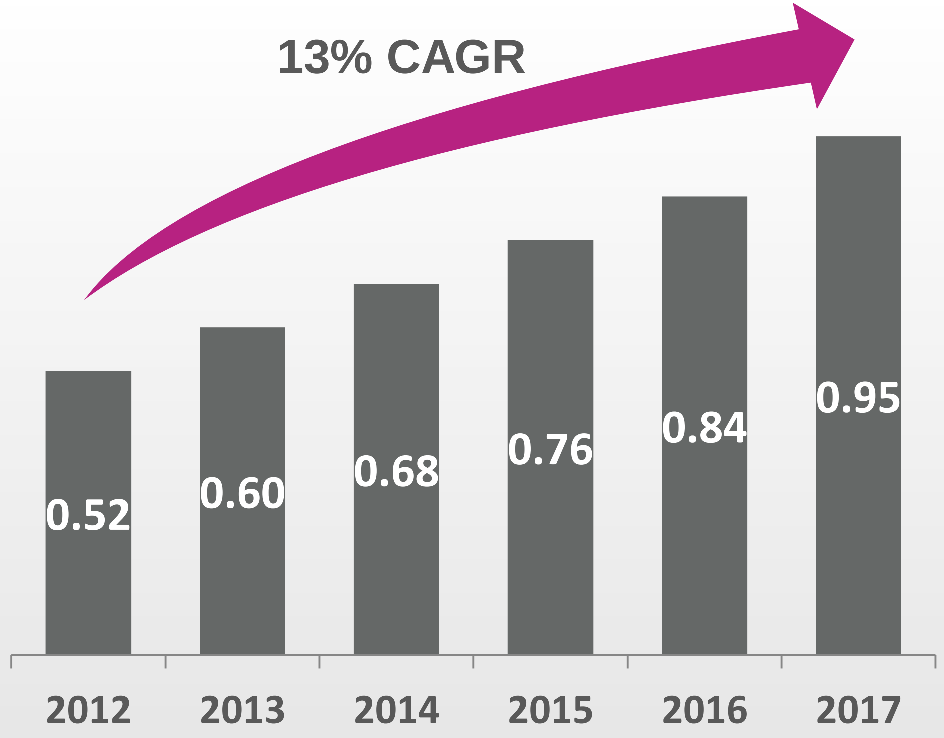
## Capital Management Framework

*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

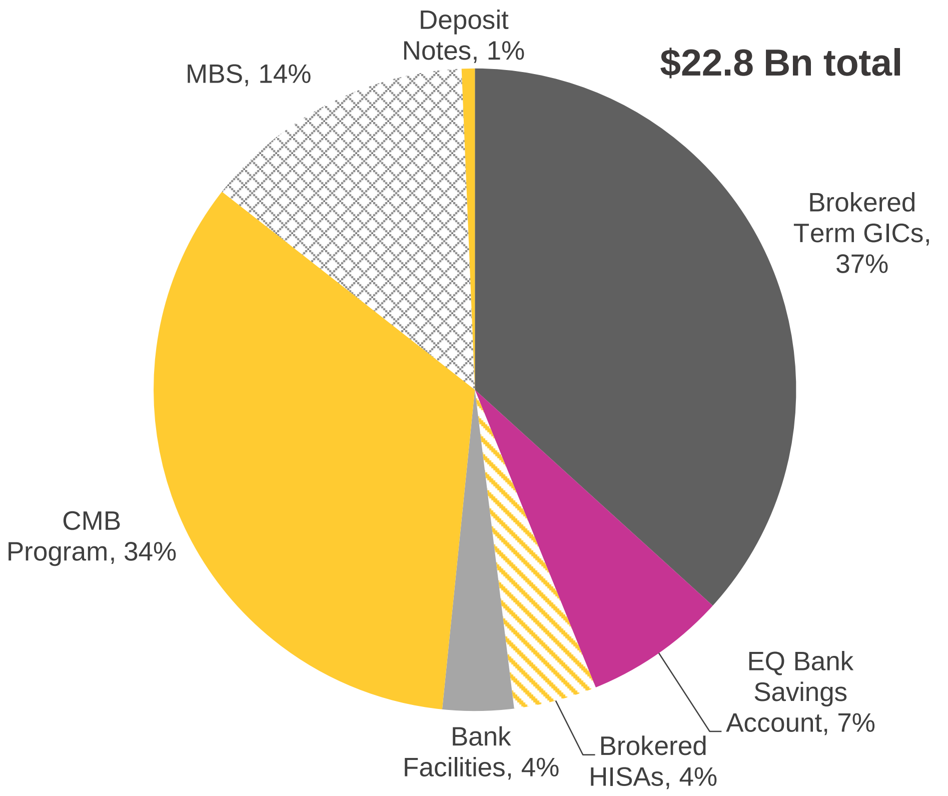
## Strong Regulatory Capital Position

- 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
- 91% 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 $1.4 Bn or 6.8% 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
- 100% of securities investments are preferred shares rated P-3(mid) or higher, with 42% rated P2(low) or higher

## Diversified Funding Sources

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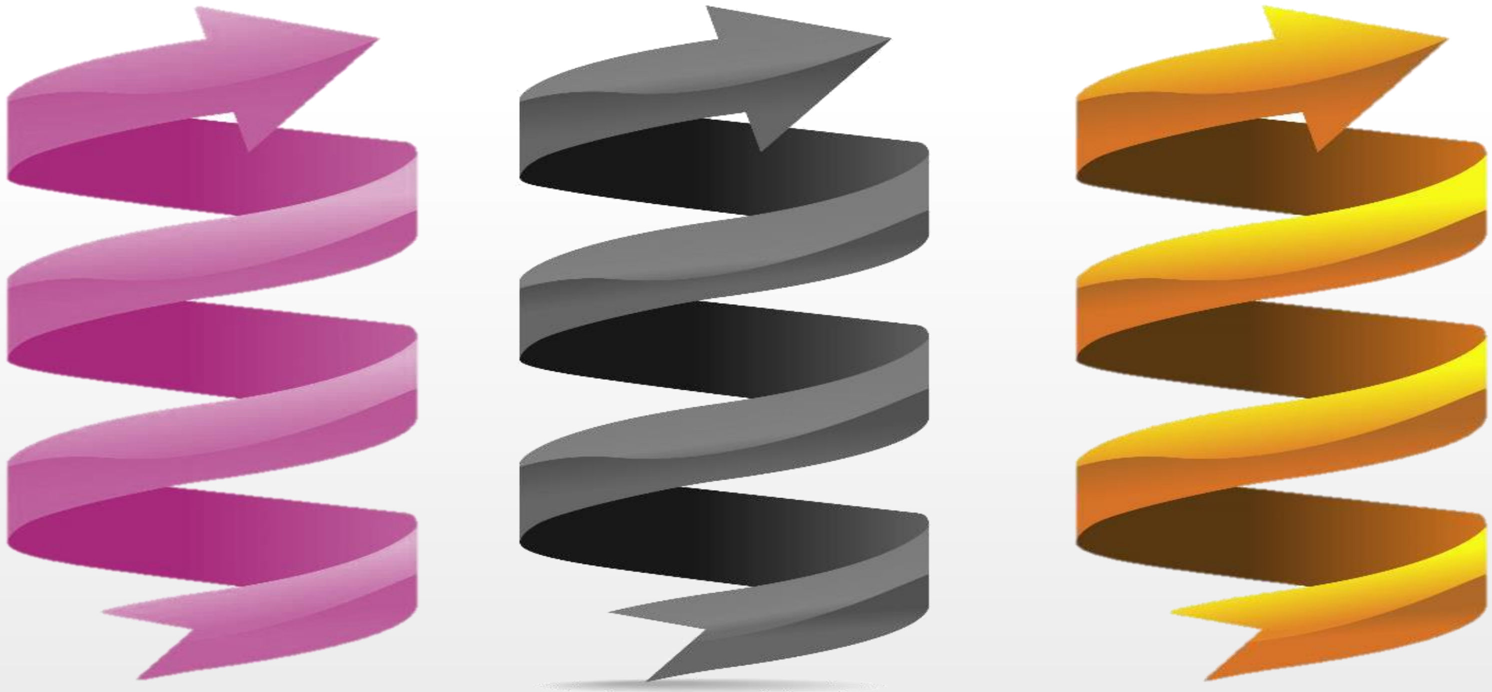
# Our Digital Strategy

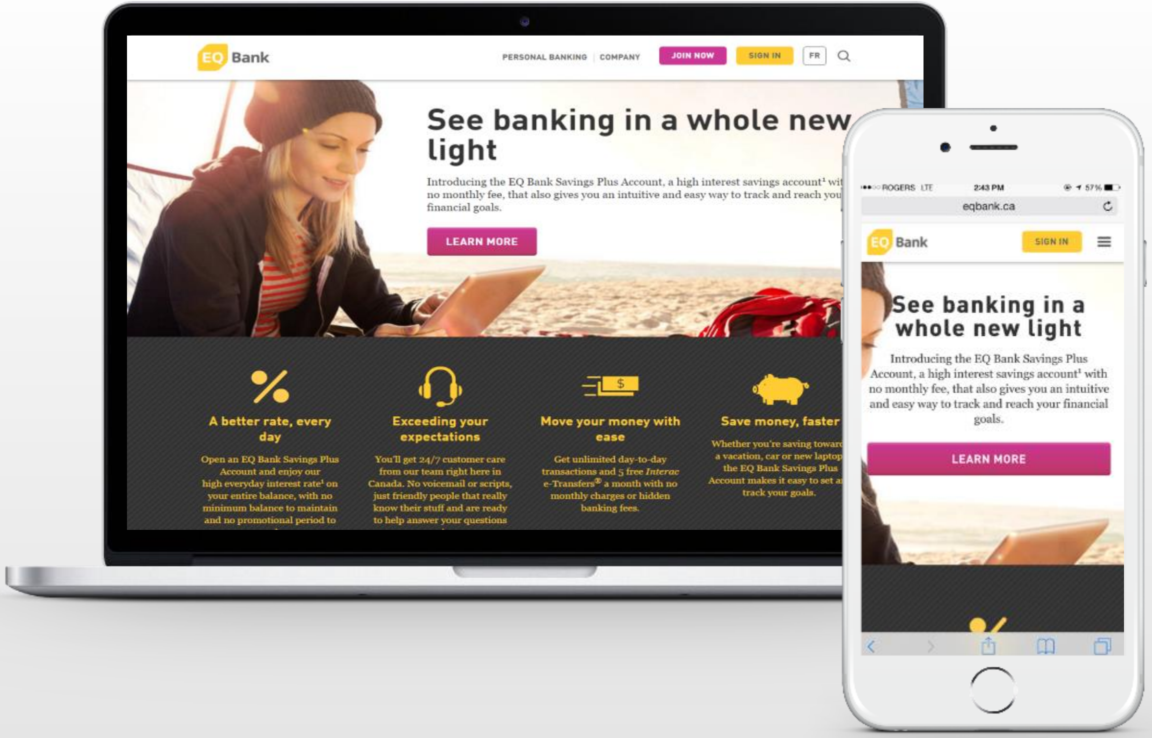
# Equitable is embracing FinTech

***Be Open*** | ***Be Collaborative*** | ***Be Invested***



EQ Bank | ratehub™ | Live well. Save well. Borrowell

# 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

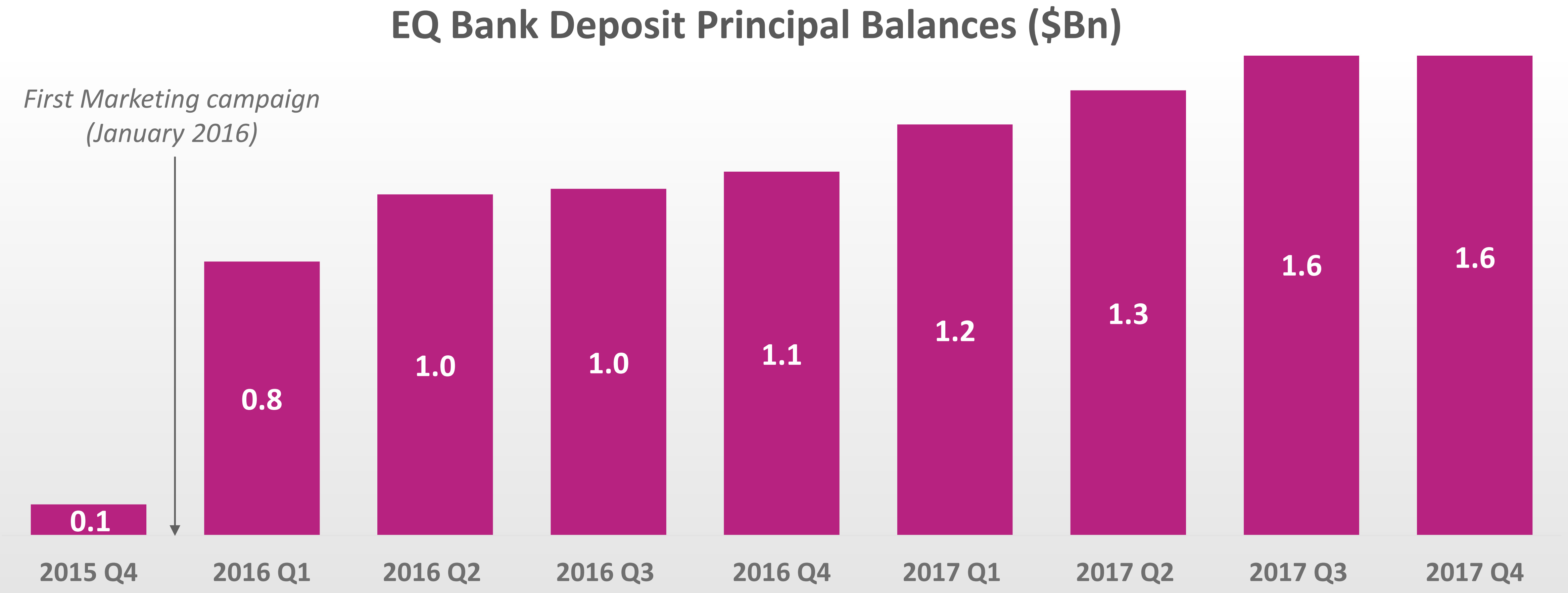
# What our customers are saying about us

“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

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# Our Recent Performance

# 2017 Performance Highlights

| Objectives | Results |
|---|---|
| **Grow by providing superior service, competitive products and cost-efficient operations** | ✓ Grew assets by 9% to $20.6 billion<br>✓ Completed development of *PATH Home Plan*™, an equity release solution that launched in early 2018 and diversifies our product suite |
| **Build our capabilities and brand** | ✓ Increased our deposit balances by $1.3 billion or 14% to $11 billion from $9.7 billion a year ago<br>✓ Awarded 6th place in Financial IT's 2017 ranking of the top digital banks globally<br>✓ Received Canada's Best Employer Platinum Award for 2018 by AON for the second consecutive year<br>✓ Completed our IFRS 9 program and implemented it on January 1, 2018 |
| **Consistently create shareholder value** | ✓ Delivered EPS of $9.39, 11% higher than in the preceding year even with $1.11 of costs related to successfully managing through a liquidity event<br>✓ Produced an ROE of 15.8%<br>✓ Declared common share dividends that were 13% higher than in 2016 |
| **Maintain a low risk profile** | ✓ Recorded a provision for credit losses of $1.5 million or 1 bp of average loan balances<br>✓ Reported a CET1 Ratio of 14.8%, which remained ahead of regulatory minimums, our own internal targets, and most competitive benchmarks |

# Continued high returns

**Superior Customer Service**


**Specialized Underwriting Process**

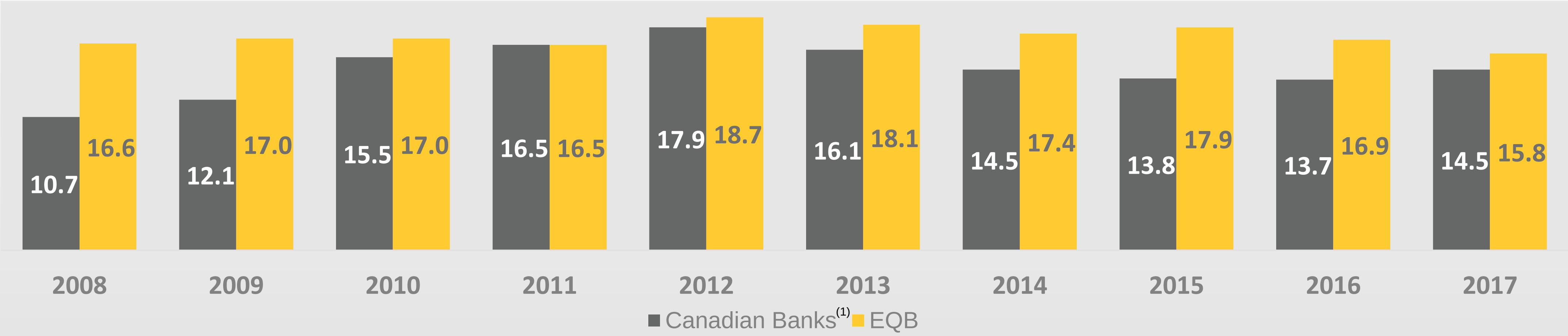

**Sophisticated Risk Management Framework**

**Deep Broker Relationships**


**Efficient Branchless Operations**


**Diverse, Low Cost Funding**

## Higher Return on Equity Than Benchmarks

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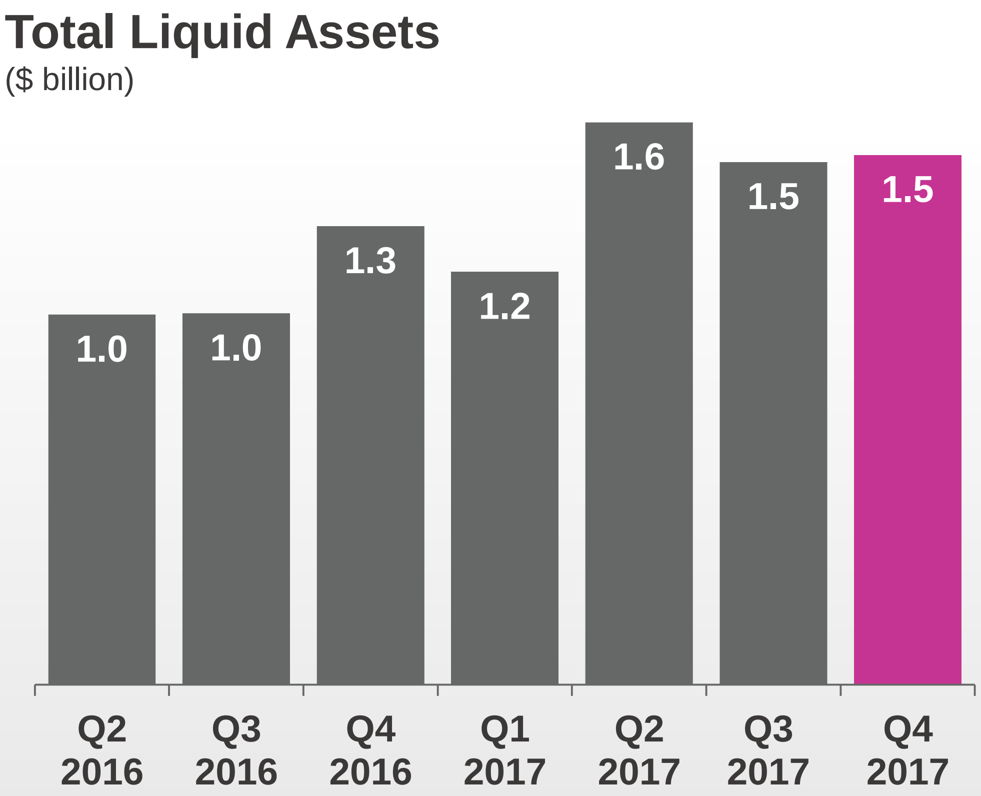
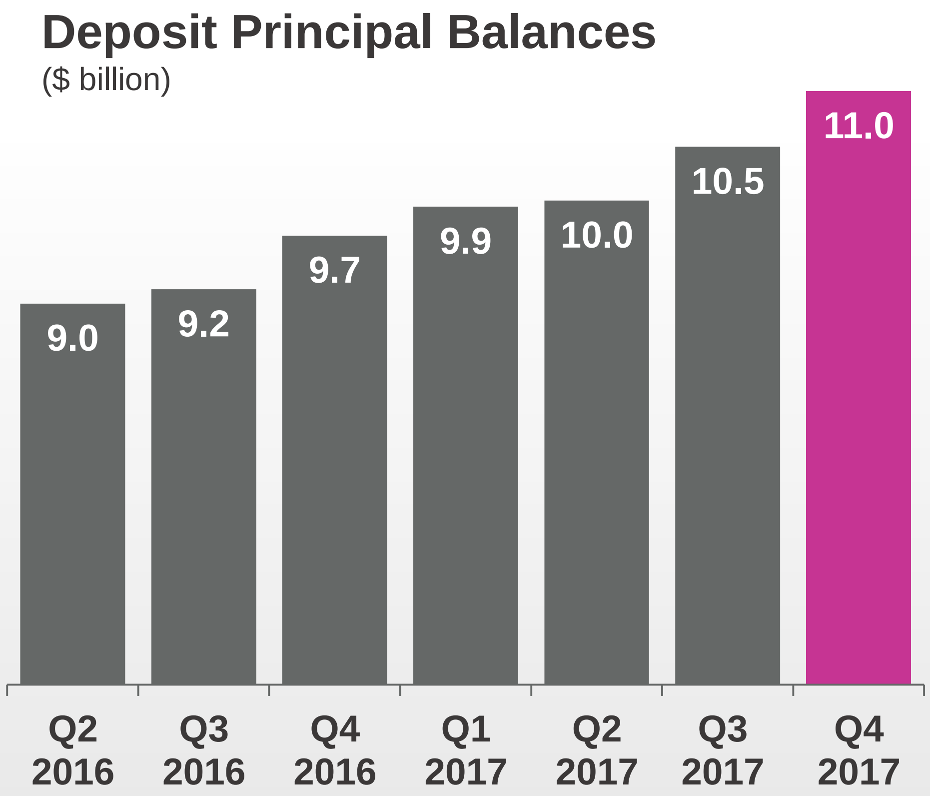
*Includes eight largest publicly traded Canadian Banks*
*Source: company filings, Bloomberg, Equitable analysis*

# Liquidity and funding position has been stable




***Liquidity Coverage Ratio Well Above 100%***




***Deposits Diversified and Growing***

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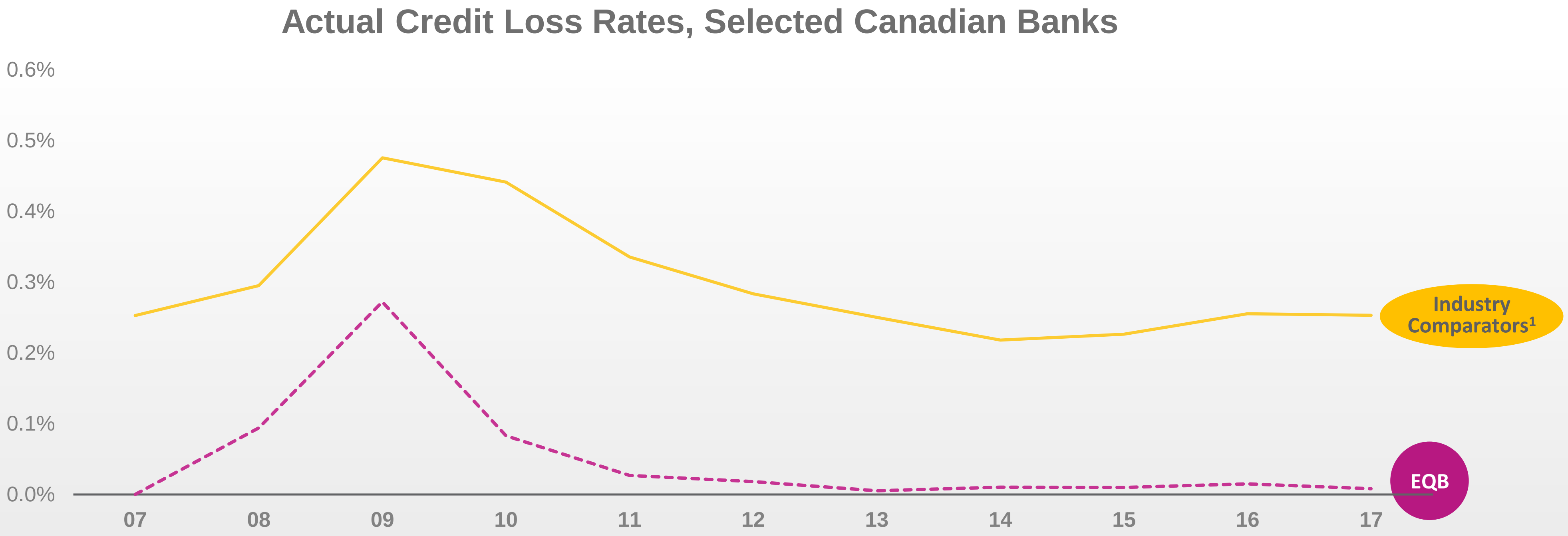
# A strong risk management framework and low loss levels




**Minimal Credit Losses and Strong Relative Performance Highlight Portfolio Quality**

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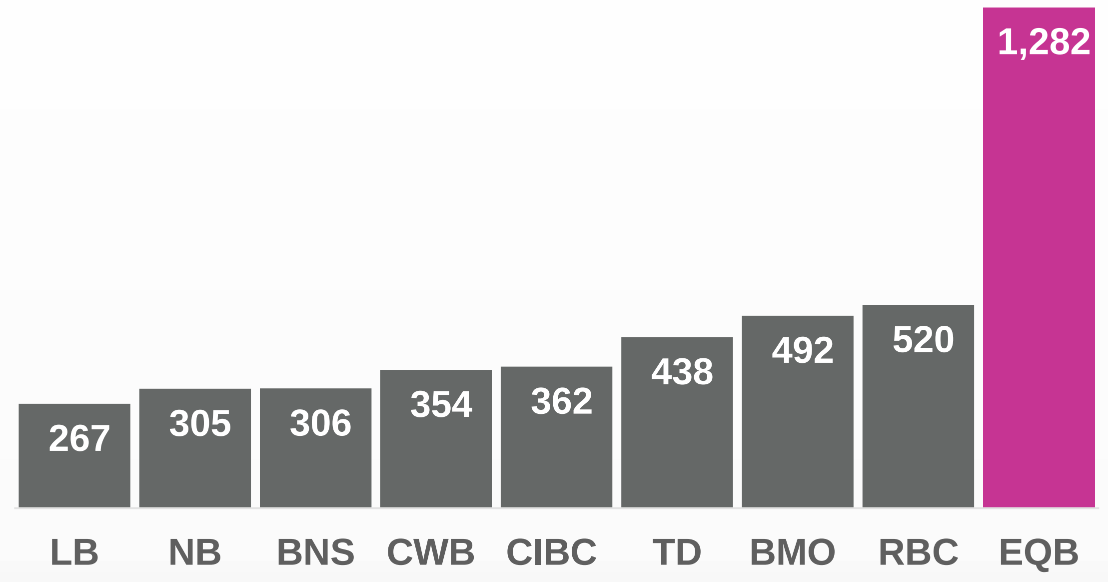
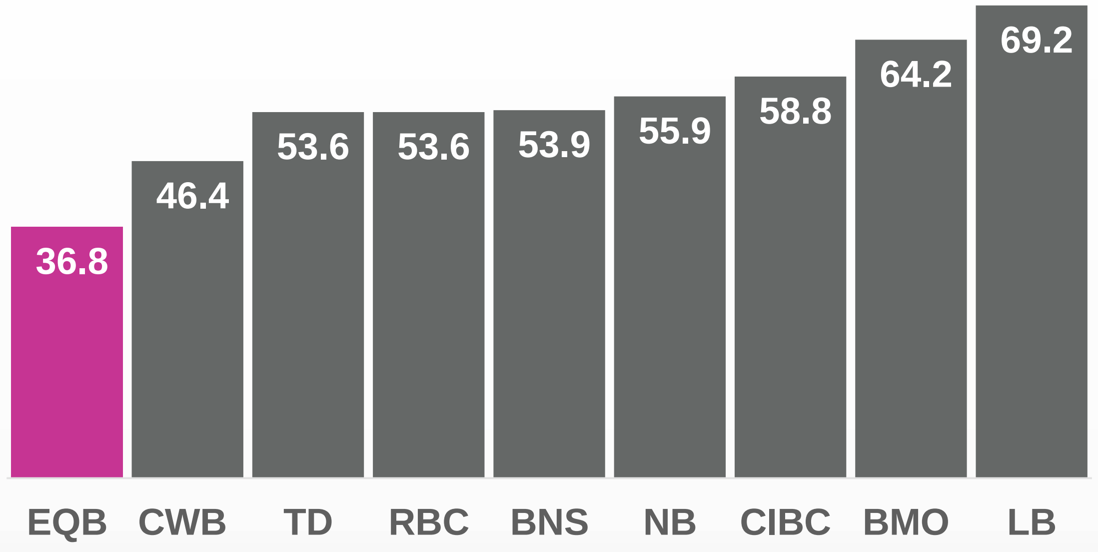
*Notes: [1]Industry Comparator group represents eight largest publicly traded Canadian banks*
*Source: company filings, Bloomberg, Equitable analysis*

# Branchless operating model yields higher productivity and efficiency

**2017 Revenue per Employee** ($000s/Employee)




**2017 Efficiency Ratios (%)**

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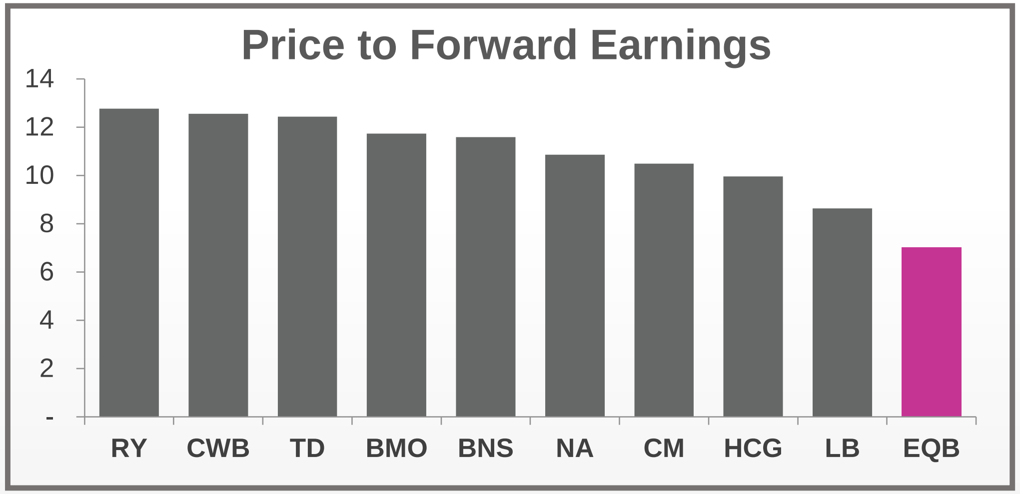
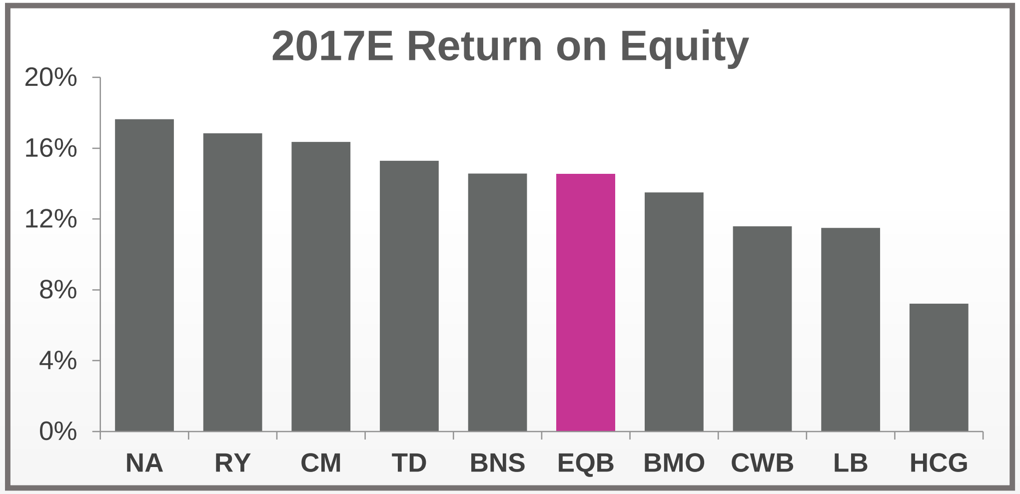
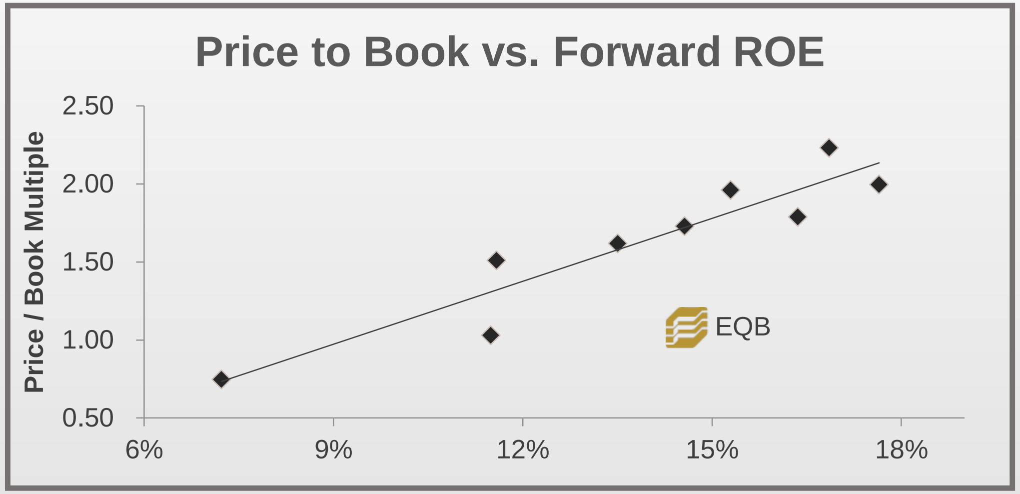
*Source: company filings, Equitable analysis*

# Valuation Metrics vs. Other Canadian FIs







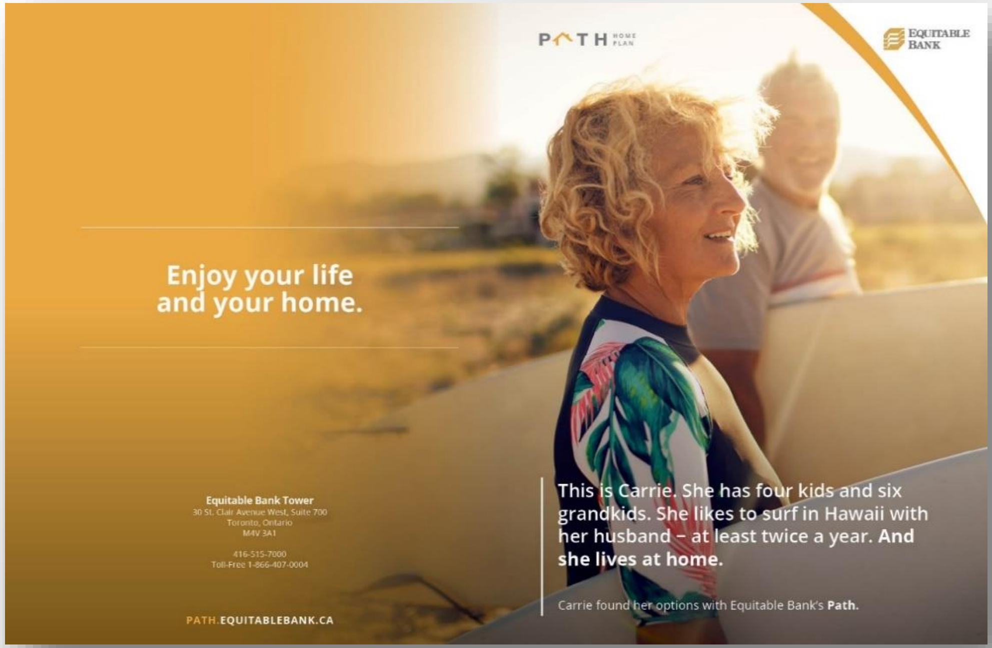

*Source: Bloomberg, Equitable analysis*

# Looking Forward

# Our 2018 objectives build on our capabilities and our market opportunities

1. Grow our core lending businesses
2. Launch an equity release solution
3. Diversify into adjacent businesses and win on service
4. Continue building EQ Bank
5. Pursue AIRB initiative

# Equity Release Product Overview




**Target Market**

- Homeowners 55 years and older
- Residents of larger urban centers, such as Toronto or Calgary

**Distribution**

- Through Canada's vibrant mortgage broker community

**Loan Parameters**

- Maximum LTV at origination of 40%
- Term of up to 5 years
- Floating interest rate (based off prime)

**Brand**

- PATH Home Plan branding
- Delivers message of equity release being a natural part of an overall financial plan

# Why and Why Now?

## Attractive Market

- Targets the growing demographic of aging Canadians
- Addresses increasing gap between retirement savings and needs
- Provides an option for borrowers if recent regulatory changes reduce availability of traditional mortgage credit

## Diversification Platform

- New asset class but adjacent to existing businesses
- Broader range of products enhances our value proposition to the broker community
- Leverages existing capabilities and financial strength

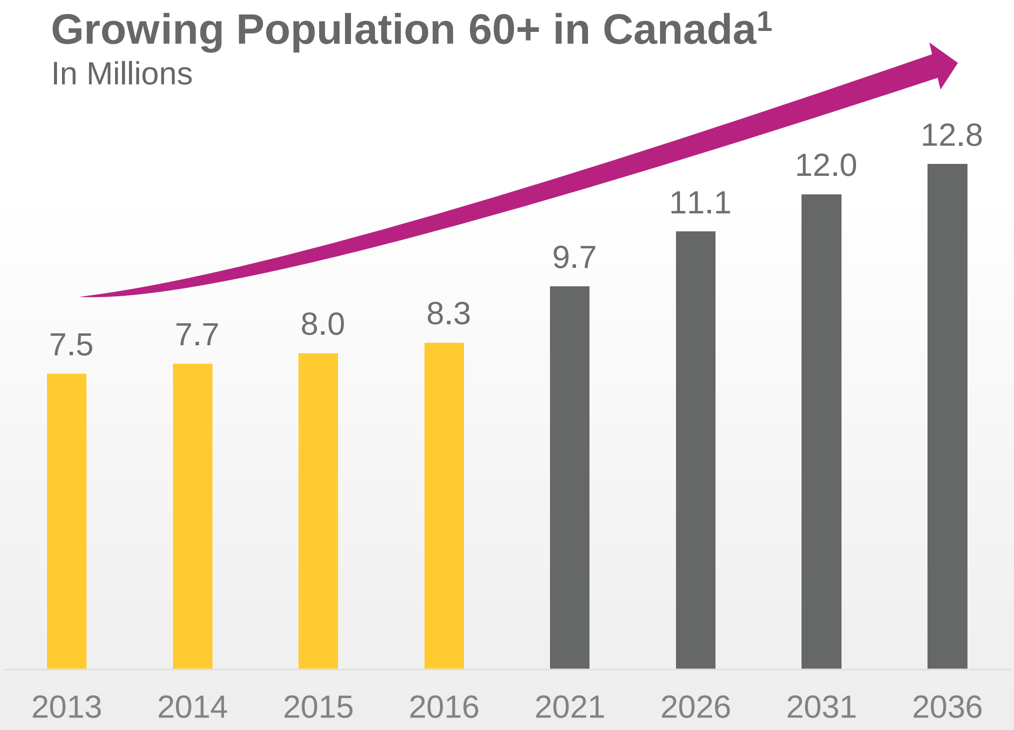
## Favorable Competitive Landscape

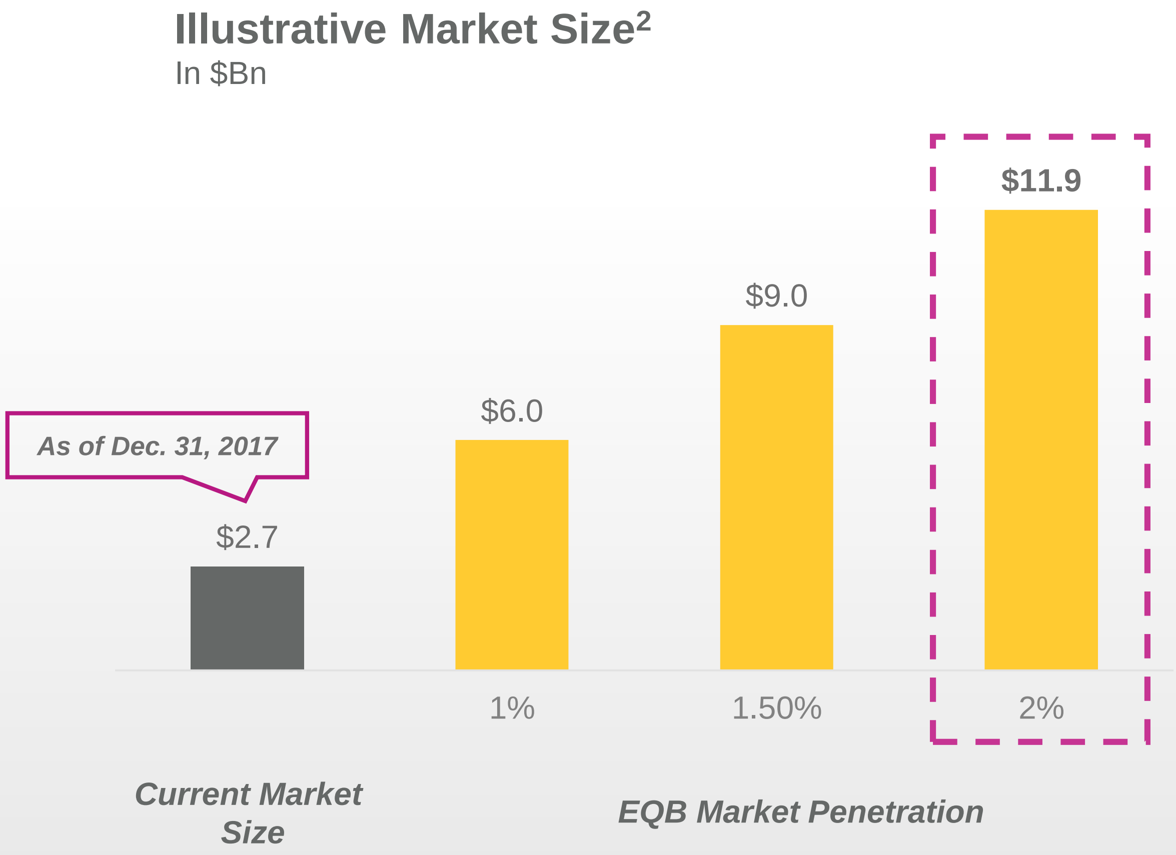
- Only one incumbent regulated player
- Market size will likely make it appealing to only mid-sized FIs; niche market not addressed by big-6

## Synergies with Existing Business

- Cash flow from current operations can finance reverse mortgage investments
- Systems, corporate centre, and funding channels
- Relationships with brokers
- Robust risk management framework

# Significant Market Opportunity




**Penetration rates in other established equity release markets such as Australia, the UK and the U.S. range from 1.2% to 3.5%**

*Source: 1. Statistics Canada – Projections for Canada, Provinces and Territories*
*2. Statistics Canada, 2011 National Household survey. Assumes approximately 5.8 million households with borrowers over 60, and a 69% ownership rate among those households. Average mortgage size is assumed to be $150,000 based on $500,000 house price and 30% LTV*

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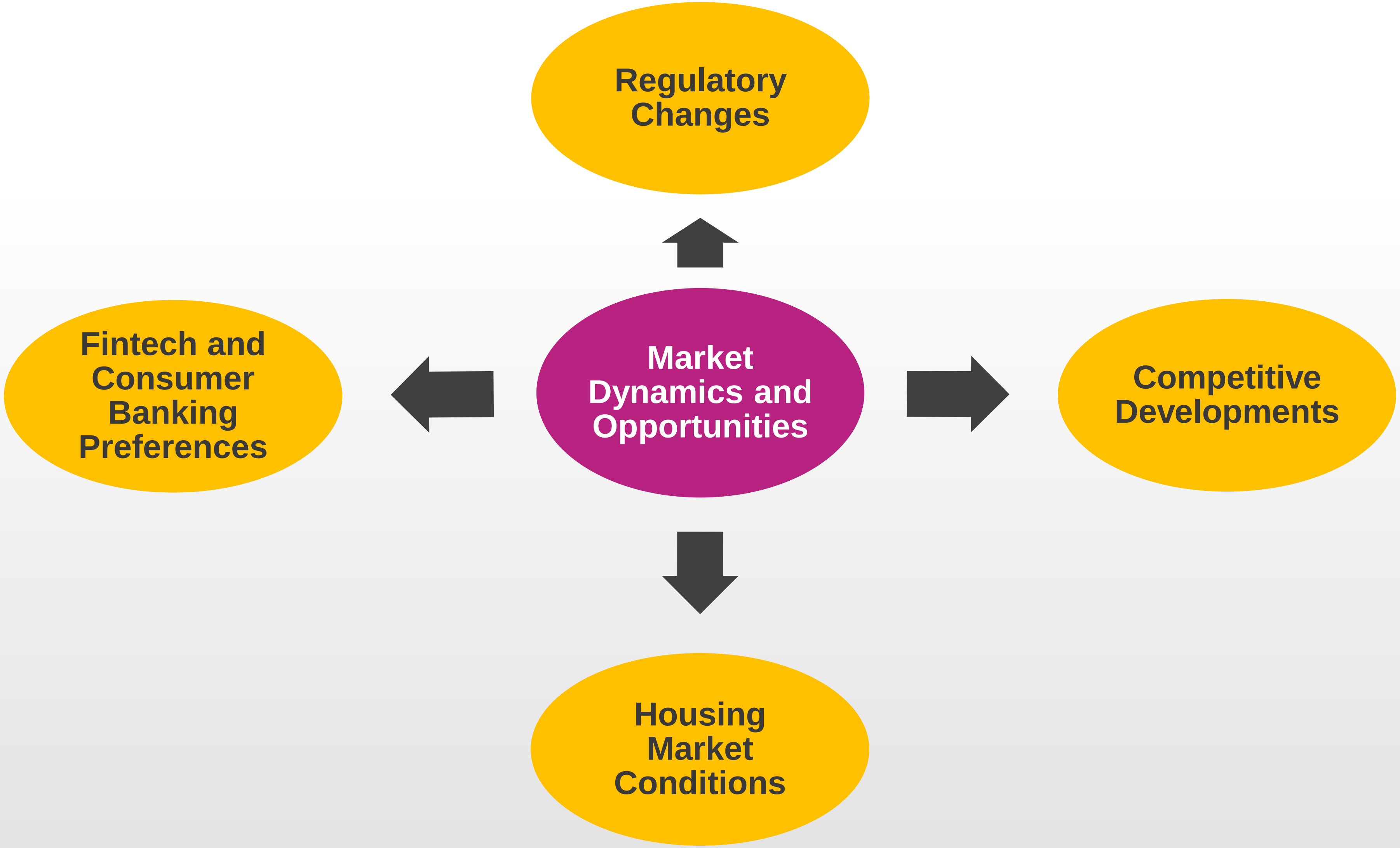
# Market Developments

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# Recent regulatory proposals create operating uncertainty

***OSFI has changed its Underwriting Guideline B-20***

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

- Impact on Equitable currently unclear, though we expect it to be negative
- Difficult to forecast competitor and consumer reactions
- Intend to offset some of the effect with higher commercial asset growth and new products