

EQUITABLE

TSX EQB
EQB.PR.C



Second Quarter Report

2017
Q2

For the three and six months ended June 30, 2017

Canada's Challenger Bank. Money Well Banked.

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.

Market Developments and Our Response

**Two-Year \$2 Billion
Secured Funding Backstop**



Downside Protection in Place Should We Need It

Market Developments And Our Response

Funding Markets Disrupted

Equitable's Response

Insured, securitized \$892MM mortgages

EQ Bank advertising

Increased deposit rates

Sold \$22.5M preferred shares

Achieved Desired Outcomes

Total Liquid Assets

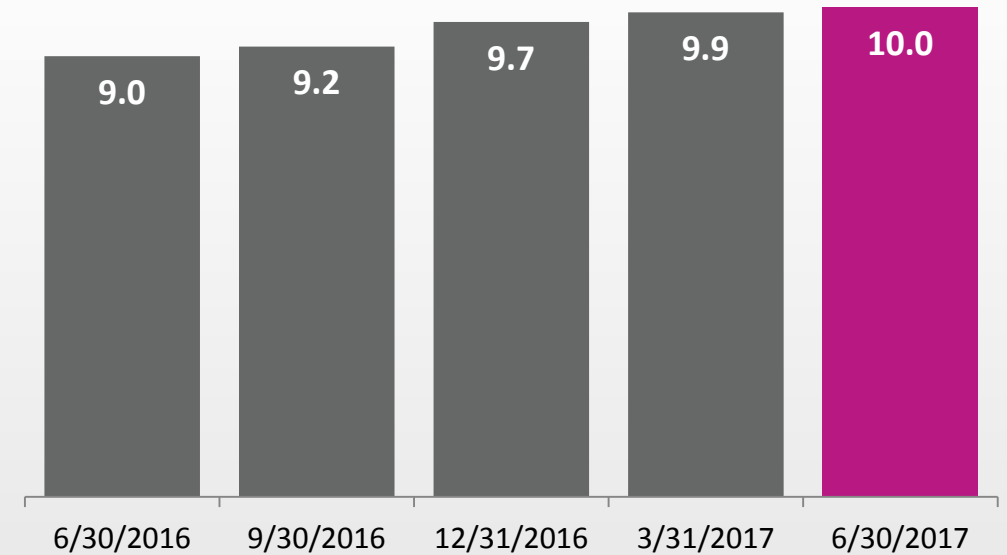
(\$ billion)



Liquidity Coverage Ratio Well Above 100%

Deposit Principal Balances

(\$ billion)

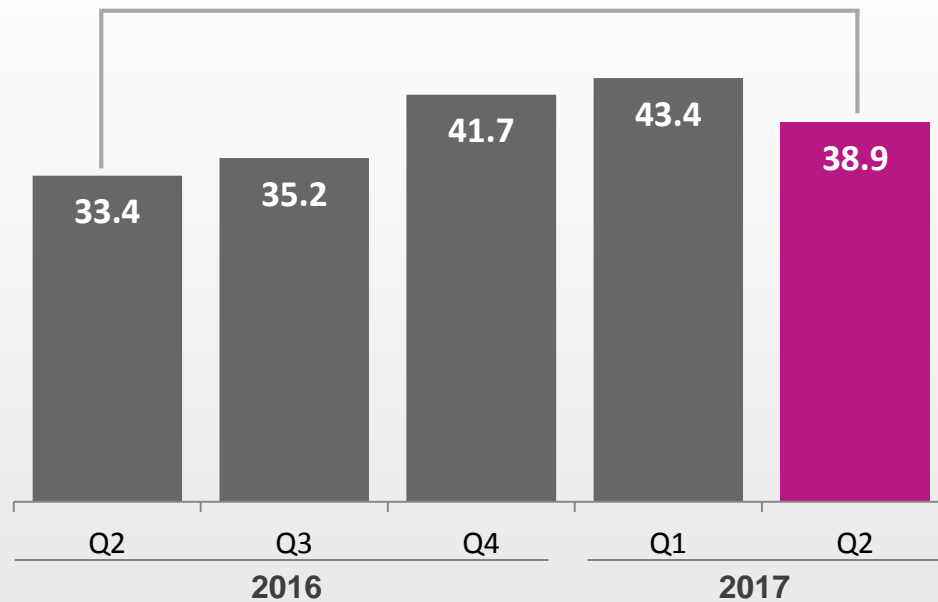


Deposits Well Diversified and Growing

Second Quarter Performance Highlights

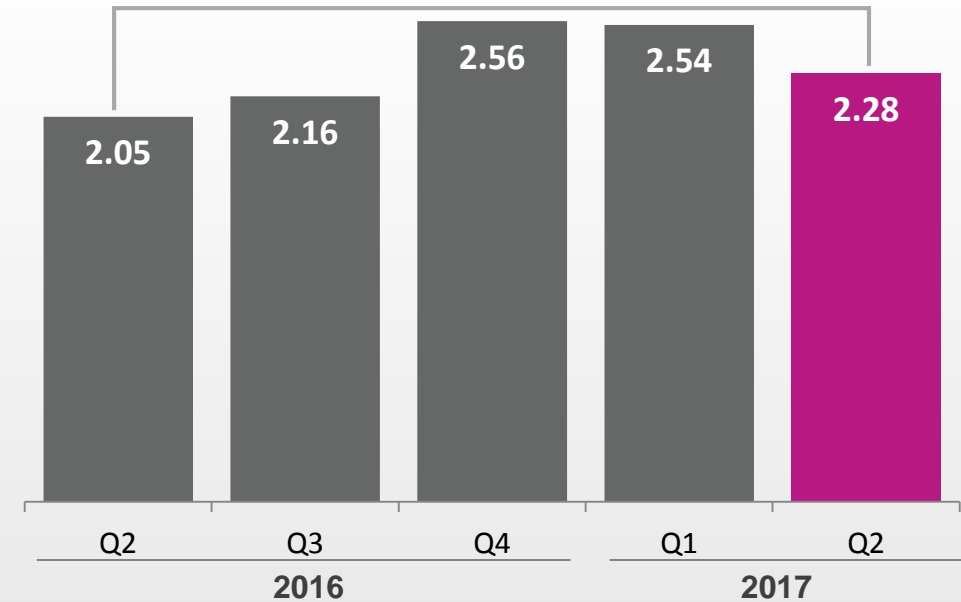
Net Income

(\$ millions)



Earnings Per Share Diluted

(\$)



Earnings Grew Despite Costs Incurred To Provide Downside Protection

Second Quarter Performance Highlights

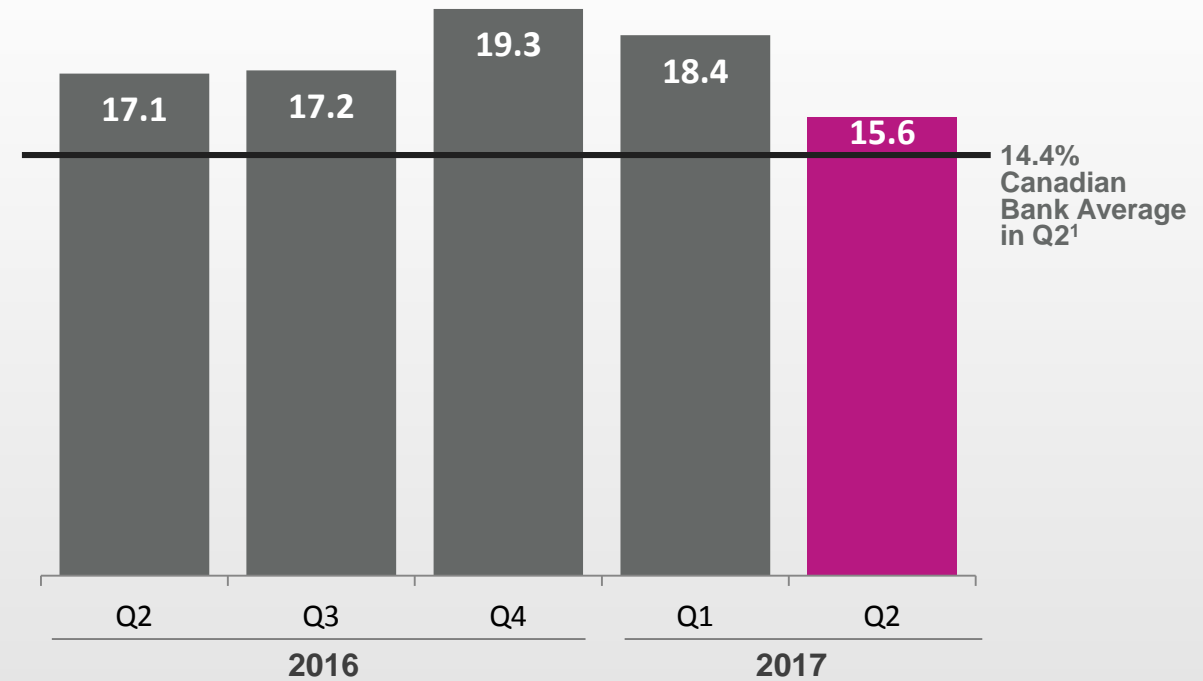
Book Value per Share

(\$)



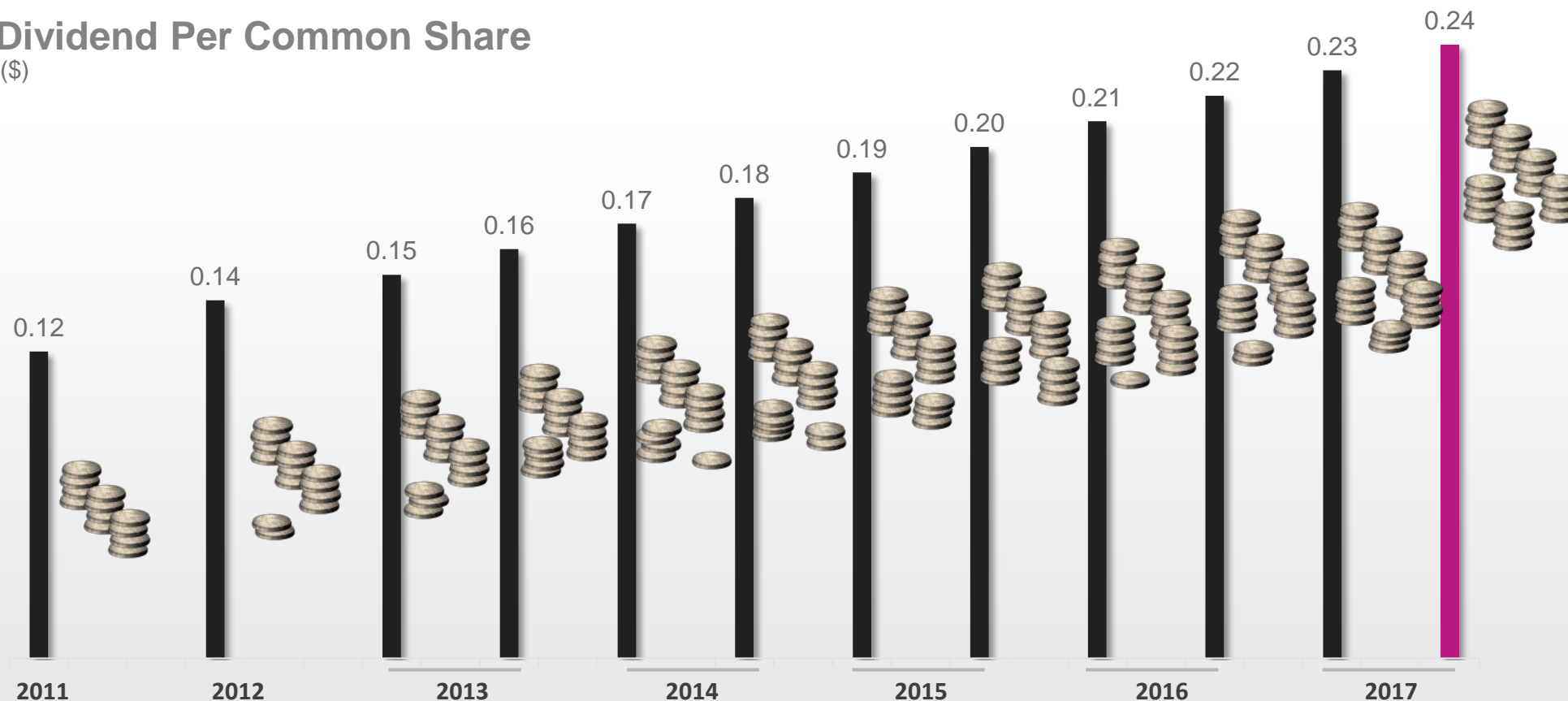
Return On Equity

(%)



Extending Our Dividend Growth Track Record

Dividend Per Common Share
(\$)



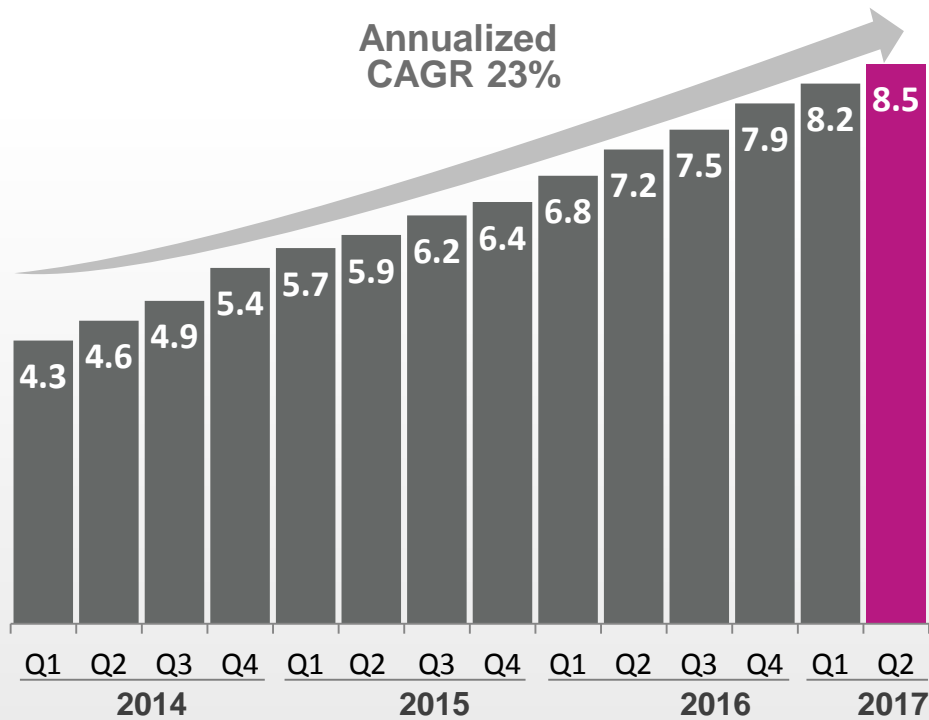
Originations Impacted by Market Events and Regulatory Changes

	Originations Q2 2017	Change Year over Year	Mortgage Principal June 30, 2017	Change Year over Year
Single Family	\$939M	(2)% ↓	\$8.5B	19% ↑
Commercial	\$202M	(38)% ↓	\$2.8B	16% ↑
Securitization Financing MUM			\$10.6B	17% ↑
Multi-Unit Residential	\$343M	40% ↑		
Prime	\$143M	(71)% ↓		
Total	\$1.6B	(20)% ↓	\$22.0B	18% ↑

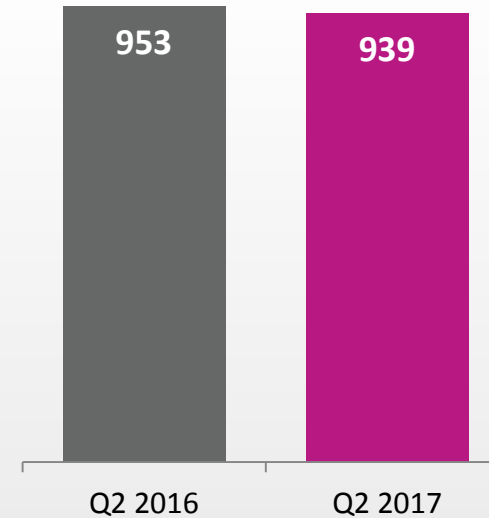
Originations Reflect Decision to Control Growth Cadence and Impact of Mortgage Insurance Rule Changes Last Fall

Alternative Single Family Lending

Mortgage Principal
(\$ billions)



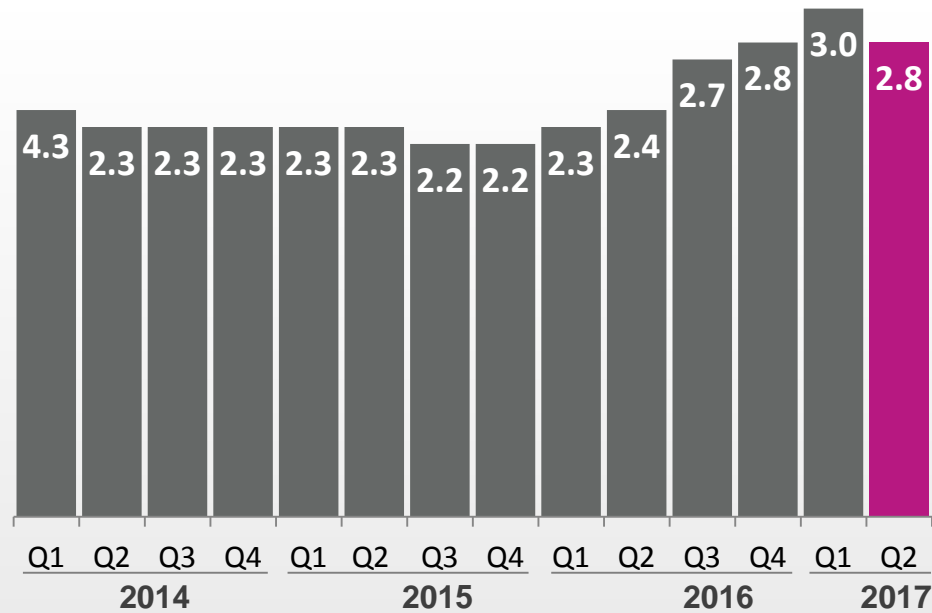
Mortgage Originations
(\$ millions)



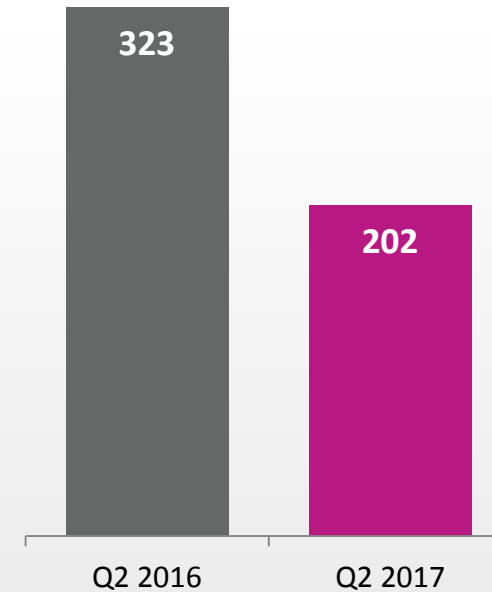
Despite Surge In Demand We Chose to Constrain Originations

Commercial Lending

Mortgage Principal
(\$ billions)



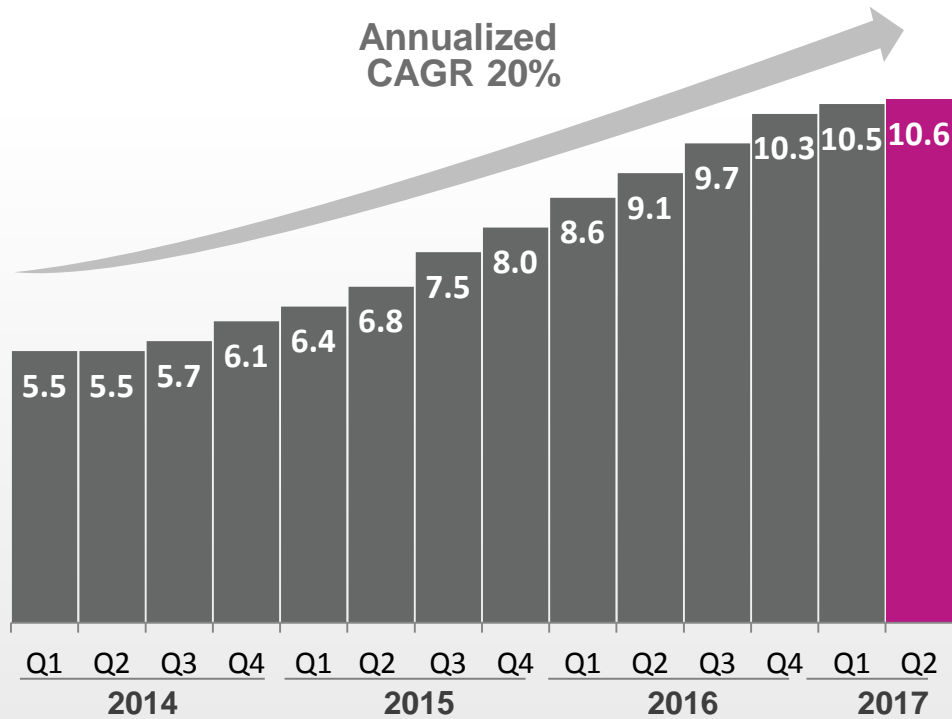
Mortgage Originations
(\$ millions)



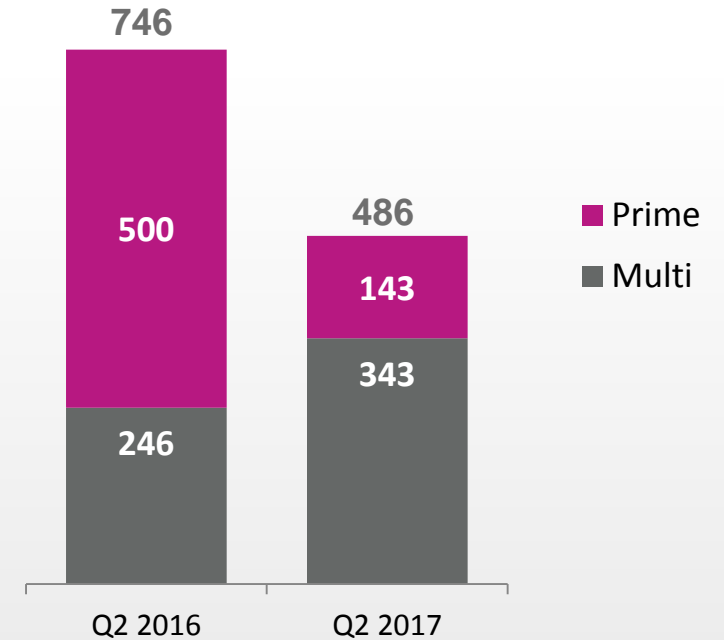
Commercial Originations Reflected Focus on Single Family Market Opportunities

Securitization Financing

Mortgages Under Management
(\$ billions)



Originations
(\$ millions)

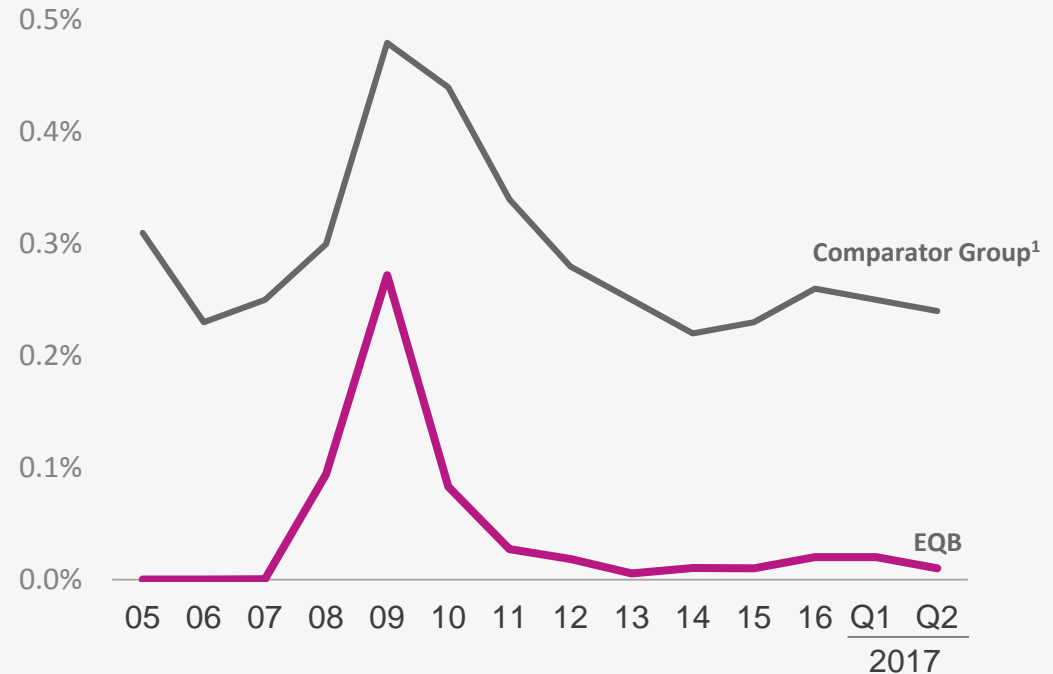


Prime Originations Limited by Regulatory Changes

Best in Class Credit Performance Continues

- Net impaired mortgage assets \$29.3M, down from Q1 2017 and Q2 2016 but now only 0.16% of total mortgage book
- Allowance for credit losses to total mortgage assets ratio of 0.19% much higher than Bank's average loss rate of 0.04% over past decade
- PCL was 0.01% of average mortgage principal in Q2 reflecting quality of book

Net Realized Credit Losses as a % of Total Loans

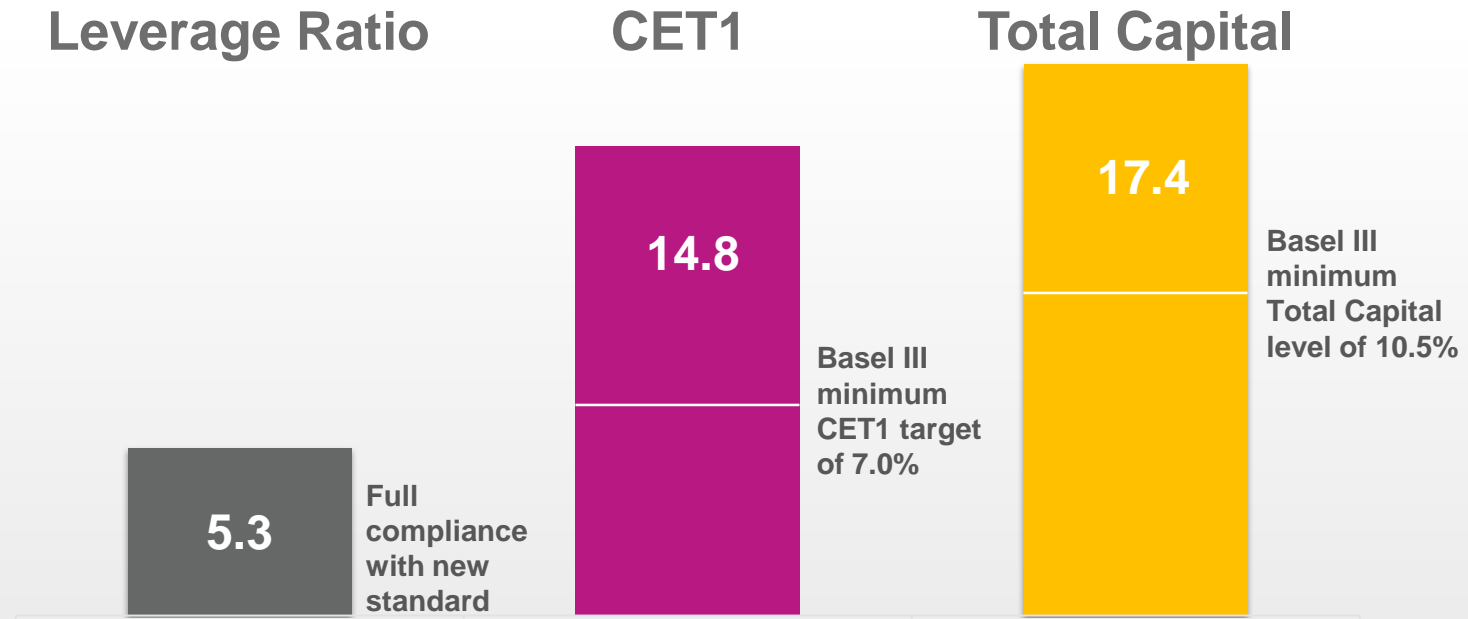


1. Represents eight largest publicly traded banks

Well Protected By Allowance for Credit Losses

Solid Capital Ratios

June 30, 2017 (%)



Capital Ratios Benefitted From Mortgage Insurance

Assessing the Costs of Adding Downside Protection

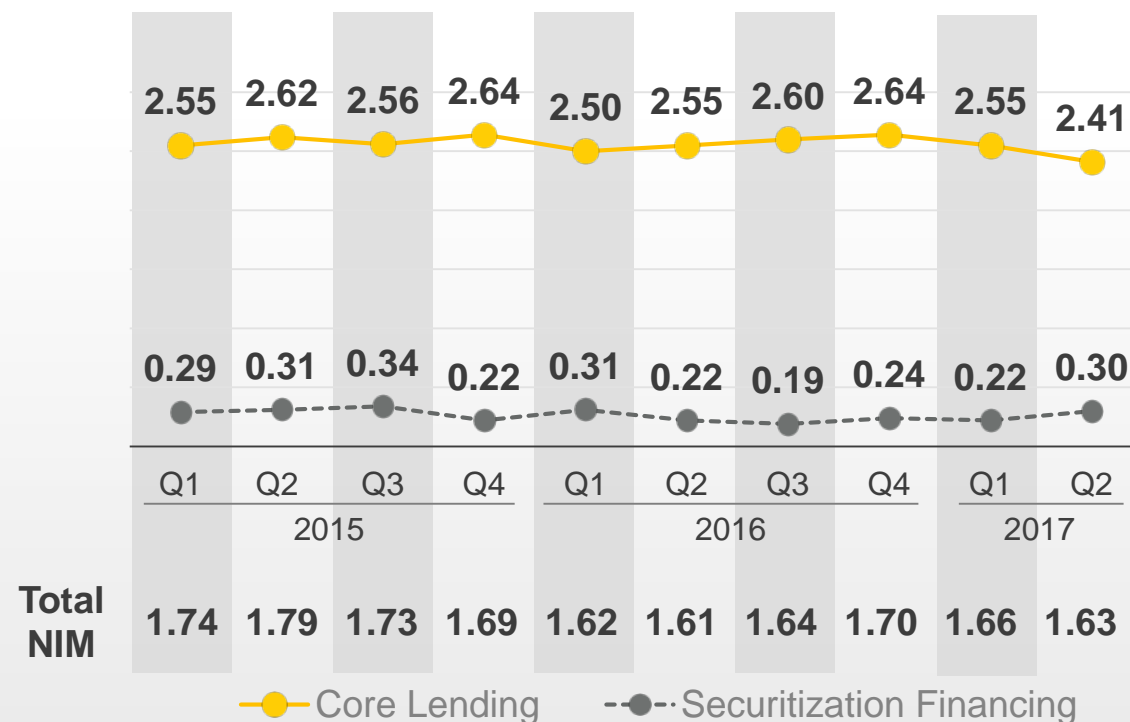
	Q2 EPS Impact ¹	Impact Registered In
Backstop Funding Facility	\$0.06	NII
Insurance on \$892MM mortgage portfolio	\$0.20	NII
EQ Bank Advertising	\$0.12	Non-interest Expense
Total	\$0.38	Net Income

Profitability Trends

Q2 NII of \$78.3M, 17% above Q2 2016:

- Growth in average asset balances
- 2 basis point increase in NIM on:
 - Shift in mix to our lower-cost securitization funding options
 - Redemption of a higher-rate deposit note
 - Mortgage prepayment income
 - Partially offset by costs incurred in relation to our liquidity events, slightly lower spreads on SF & Commercial portfolios

Net Interest Margin – TEB



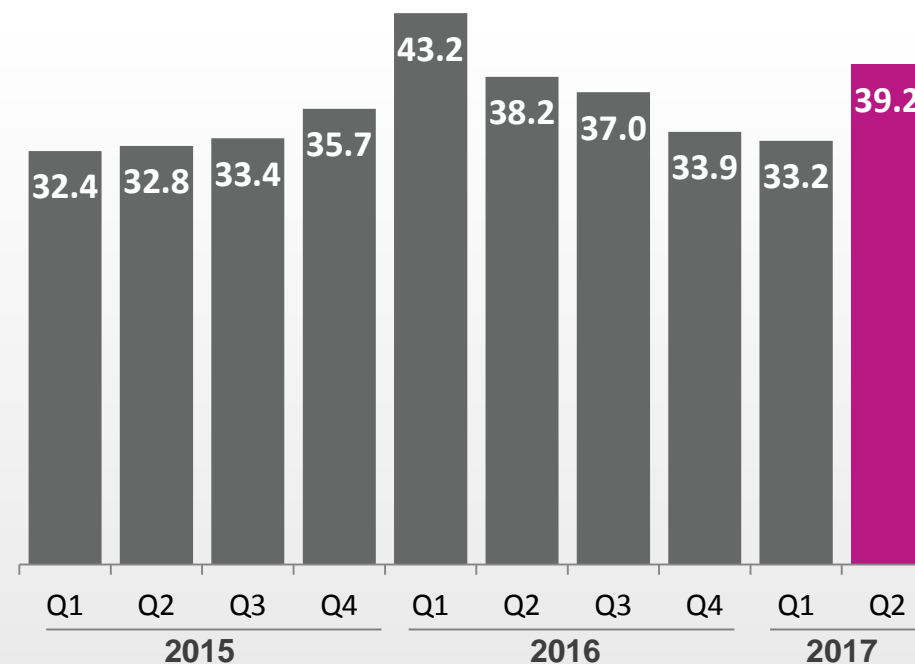
Expect NII To Decline In Second Half Of 2017

Investing For Our Future And Driving EQ Bank Deposits

Non-interest expenses \$34.5M,
22% higher y-o-y reflecting:

- 8% higher FTE
- 14% growth in technology costs
- 125% increase in marketing
- 25% increase in product costs
- 37% increase in regulatory fees

Efficiency Ratio
(%)



Remain Canada's Most Efficient Schedule I Bank

Gauging the Impact

OSFI's Proposed Changes to Underwriting Rules

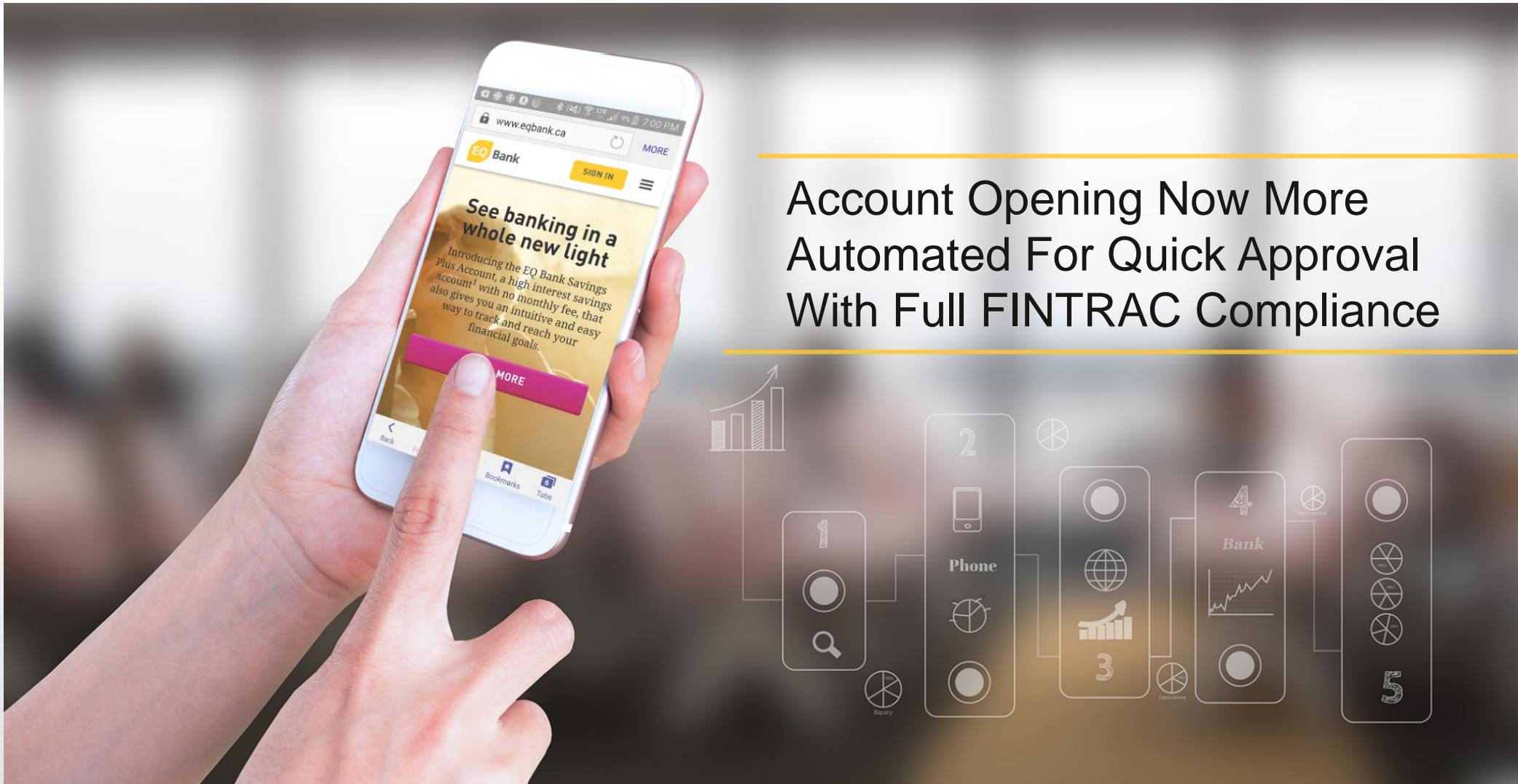


OSFI
BSIF

B-20

Creates Outlook Uncertainty

Latest EQ Bank Advancement



Summary

- Regulatory changes create uncertainty
- Our Bank will continue to create shareholder value, protect depositors

