



EQ Bank

Equitable Bank

# EQB Inc. Q2 2023 Results

August 2, 2023

TSX: EQB | EQB.PR.C

*We believe this image is a powerful expression of our commitment to challenge the status quo in Canadian banking. We believe the confidence depicted is synonymous with EQB's bold ambition to drive change that enriches people's lives. Our approach is unique in the market and is clearly demonstrated with the strikingly beautiful image presented.*



RETURNS  
GROWTH  
WEALTH  
INNOVATION  
SCALE  
GAINS  
SUSTAINABILITY

**DRIVE CHANGE**

TO ENRICH PEOPLE'S LIVES

RETURNS  
GROWTH  
WEALTH  
INNOVATION  
SCALE  
GAINS

# 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. Such forward looking information is presented for the purpose of assisting the holders of EQB Inc., an Ontario corporation (the "Company") securities and financial analysts in understanding its financial position and results of operations as at and for the periods ended on the dates presented, as well as its 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 the expected impact of the acquisition of Concentra Bank described herein (the "Acquisition"), the anticipated benefits of the Acquisition, including the expected impact on the Company's size, operations, capabilities, growth drivers and opportunities, activities, attributes, profile, business services portfolio and loans, revenue and assets mix, market position, profitability, performance, and strategy; the expected impact of the Acquisition on the Company's financial performance; expectations regarding the Company's business model, plans and strategy, the maintenance of CET1 ratio and changes in adjusted EPS; retention of Concentra management and employees and the strategic fit and complementarity of Concentra and Equitable Bank; anticipated synergies and estimated transaction and integration costs and the timing of incurrence thereof; the Company's 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 liquidity, funding and interest rate risk; and statements by Company representatives.

By their very nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that such predictions, forecast, projections, expectations or conclusions will not prove to be accurate, that such assumptions may not be correct and/or that the financial performance objectives, vision and strategic goals will not be achieved. As such, there can be no assurance that the expectations represented by any forward-looking statements will prove to be correct. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. Certain important assumptions by the Company in making forward-looking statements include, but are not limited to; the maintenance of the Equitable Bank's CET1 ratio; the Company's ability to execute its transformation plan and strategy; the successful and timely integration of the Company and Concentra and the realization of the anticipated benefits and synergies of the acquisition in the timeframe anticipated, including impact and accretion in various financial metrics; the ability to retain management and key employees of Concentra; the ability of the Company to access the capital markets; the absence of significant undisclosed costs or liabilities associated with the Acquisition; the expectation of regulatory stability; no downturn in economic conditions; sufficient liquidity and capital resources; no material changes in competition, market conditions or in government monetary, fiscal and economic policies; and the maintenance of credit ratings.

The Company cautions readers against placing undue reliance on forward-looking statements when making decisions, as the actual results could differ considerably from the opinions, plans, objectives, expectations, forecasts, estimates and intentions expressed in such forward-looking statements due to various factors. Among other things, these factors include: potential undisclosed costs or liabilities associated with the Acquisition; historical and pro forma consolidated financial information may not be representative of future performance; reputational risks and the reaction of the Company's and Concentra's personnel and customers to the transaction; the failure to realize, in the timeframe anticipated or at all, the anticipated benefits and synergies of the Acquisition; factors relating to the integration of the Company and Concentra, diversion of management time and unanticipated costs of integration. These risks and uncertainties, many of which are beyond the Company's control and the effects of which can be difficult to predict, also 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. 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. The Company does not undertake to update any forward-looking statements, oral or written, made by it or on its 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 the Company's Annual MD&A and other public filings available on [SEDAR](#)

The Company is not affiliated with, and should not be confused with, Equitable Holdings Inc., Equitable Financial Corp. or Equitable Financial Group Inc.

## Non-IFRS and other financial measures

Our financial condition and results of operations, as well as and measures derived using such quantitative metrics, in this document are presented on an International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS) basis. The Company also uses a number of financial measures when assessing its results and overall performance. Some of these financial measures are not calculated in accordance with IFRS. We present non-IFRS financial measures because management uses these measure to assess its own performance and we believe such measures may help readers analyze the Company's results and assess results before certain items that may not reflect the Company's underlying performance. Readers are cautioned that the Company's non-IFRS financial measures do not have standardized meanings under IFRS and may not be comparable to similar measures used by other companies or peers.

Further information regarding the composition of our non-IFRS financial measures and reconciliations of such measures to the most closely comparable IFRS measures are provided in the Glossary section of our Second Quarter Report 2023, which is available on [SEDAR](#)





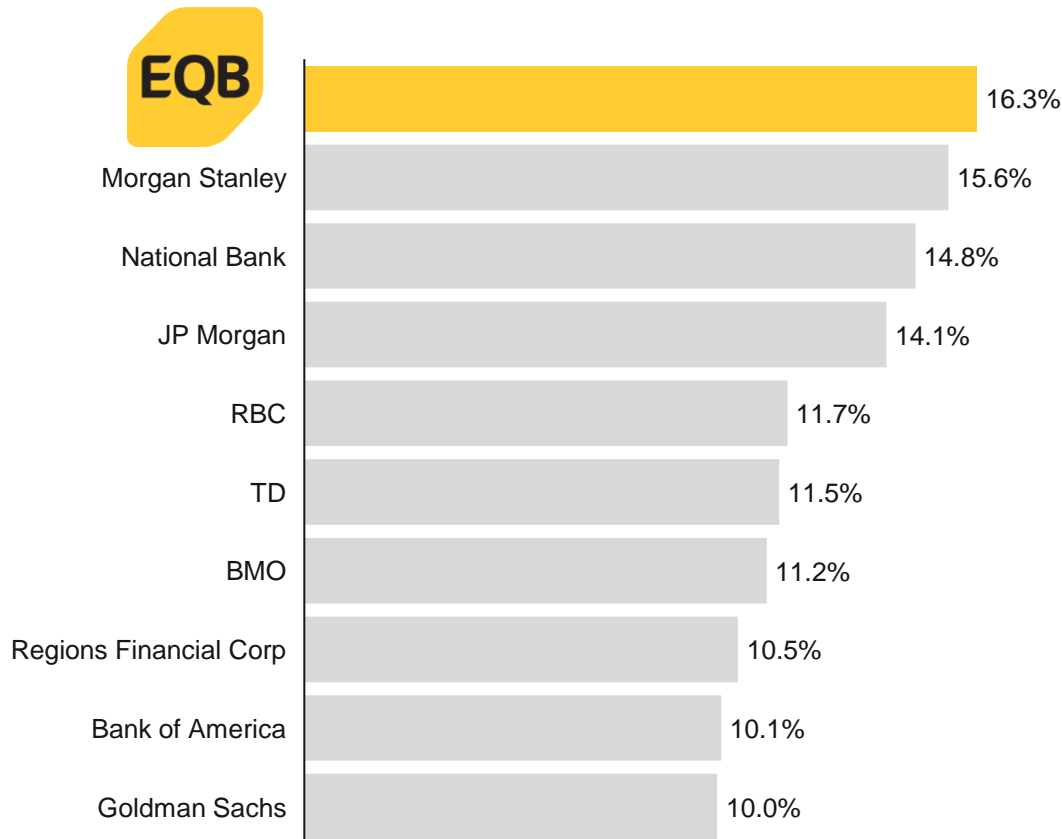
**Andrew Moor**  
**President & CEO**

## Best-ever quarterly earnings reflect long-term execution

|   | <i>Adjusted</i>  | <i>Reported</i>  |
|---|------------------|------------------|
| Quarterly Earnings                                    | <b>\$115.5MM</b> | <b>\$130.9MM</b> |
| Return on Equity                                      | <b>18.3%</b>     | <b>20.8%</b>     |
| Assets under Management & Assets under Administration |                  | <b>\$108B</b>    |

# EQB outperforms for shareholders and customers

## Best 10-yr Total Shareholder Return of TSX and S&P500 listed Banks<sup>1</sup>



## Serving More and More Canadians<sup>2</sup>

543,000+

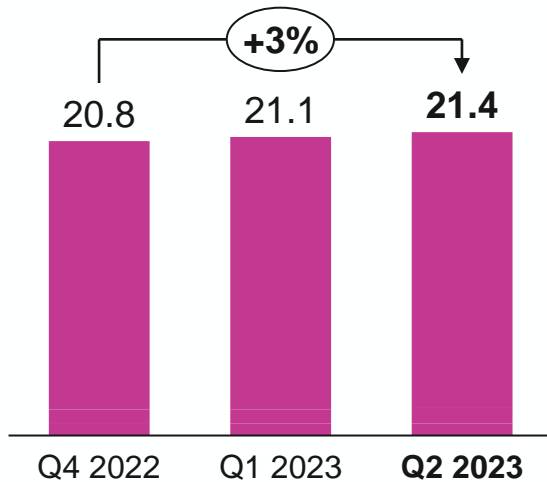
1. 10-year TSR CAGR %; period between June 2013 and June 2023

2. Customers directly served by Equitable Bank

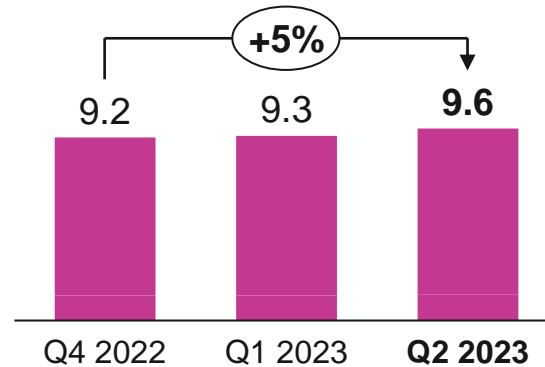
# Maintaining strong positions amid market headwinds

(\$ billions)

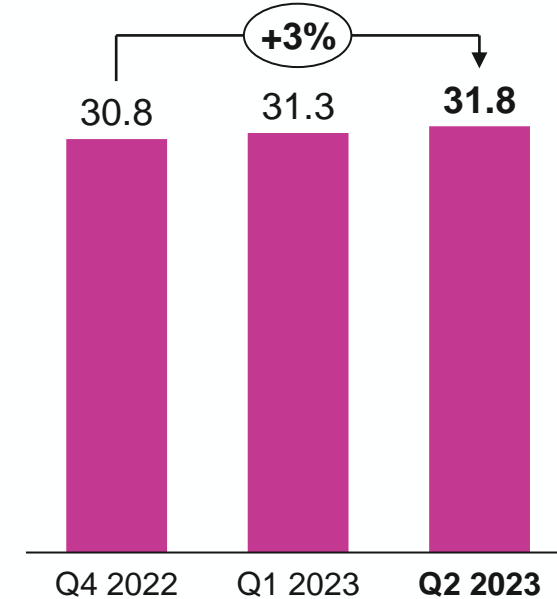
## Personal Conventional Lending



## Commercial Conventional Lending



## Total Deposit Principal





# EQ Bank innovations deliver more value to Canadians

## Mobile wallet for EQ Card



## Canada's first all-digital FHSA



Forbes 2021 – 2023

**WORLD'S  
BEST BANKS**

POWERED BY STATISTA

**Chadwick  
Westlake  
CFO**



# Reported results: Performing ahead of guidance despite the market

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

|                                     | Q2 2023<br>Reported | Q/Q<br>Change | Y/Y<br>Change |
|-------------------------------------|---------------------|---------------|---------------|
| ROE                                 | 20.8%               | 4.3%          | 9.2%          |
| Loans Under Management (\$B)        | \$60.0              | 3%            | 41%           |
| Net Interest Margin (NIM)           | 1.99%               | 4bps          | 19bps         |
| Net Interest Income (NII)           | \$251.7             | 5%            | 51%           |
| Non-Interest Revenue (NIR)          | \$60.8              | 125%          | n.m.          |
| Total Revenue                       | \$312.5             | 17%           | 90%           |
| Non-Interest Expenses               | \$127.0             | 0%            | 62%           |
| Pre-Provision Pre-Tax Income (PPPT) | \$185.5             | 31%           | 116%          |
| Net Income After Tax                | \$130.9             | 32%           | 123%          |
| Efficiency Ratio                    | 40.6%               | -6.6%         | -7.1%         |
| Diluted EPS (\$)                    | 3.39                | 32%           | 103%          |
| Book Value Per Share (\$)           | \$67.33             | 4%            | 14%           |
| CET1                                | 14.10%              | 0.10%         | 0.60%         |

## Highlights

- ROE YTD is at 18.6%, ahead of 2023 guidance of 15%+
- Concentra integration cost savings ahead of schedule, reflected in improved efficiency ratio of 43.7%
- BVPS +14% y/y at higher end of guidance
- CET1 capital increased 10bps over Q1

# Adjusted results: Performing ahead of guidance despite the market

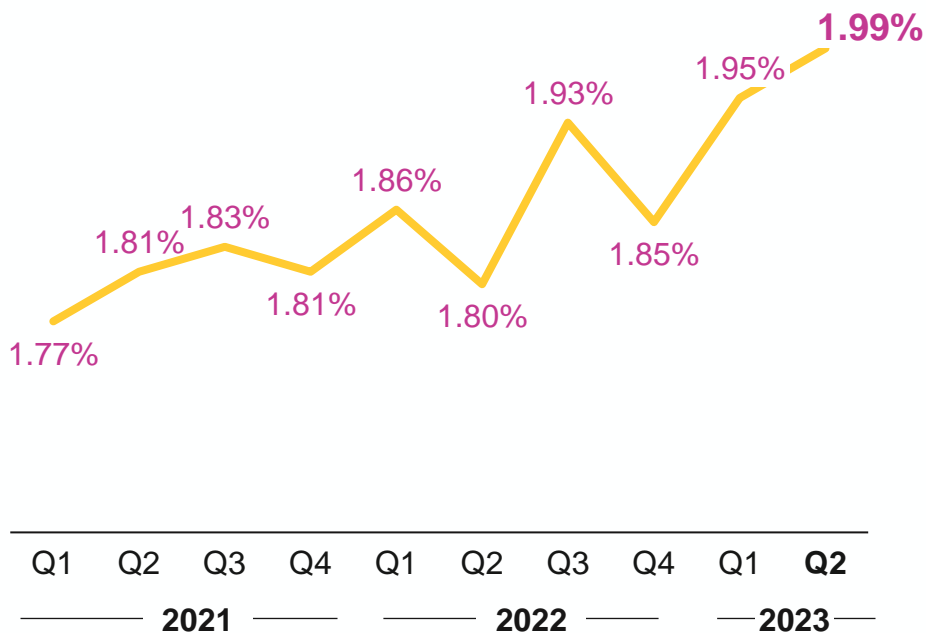
| \$ millions, unless otherwise noted<br>and except for per share amounts | Q2 2023<br>Adjusted <sup>1</sup> | Q/Q<br>Change | Y/Y<br>Change |
|---|----------------------------------|---------------|---------------|
| ROE   | 18.3%                            | 1.4%          | 6.2%          |
| Loans Under Management (\$B)  | \$60.0                           | 3%            | 41%           |
| Net Interest Margin (NIM)   | 1.99%                            | 7bps          | 18bps         |
| Net Interest Income (NII)   | \$251.7                          | 6%            | 50%           |
| Non-Interest Revenue (NIR)  | \$32.9                           | 18%           | n.m.          |
| Total Revenue   | \$284.6                          | 8%            | 72%           |
| Non-Interest Expenses   | \$121.9                          | 1%            | 61%           |
| Pre-Provision Pre-Tax Income (PPPT)                                     | \$162.7                          | 13%           | 82%           |
| Net Income After Tax  | \$115.5                          | 14%           | 88%           |
| Efficiency Ratio  | 42.8%                            | -2.6%         | -3.0%         |
| Diluted EPS (\$)  | \$2.98                           | 14%           | 70%           |
| Book Value Per Share (\$)   | \$67.33                          | 4%            | 14%           |
| CET1  | 14.10%                           | 0.10%         | 0.60%         |

## Highlights

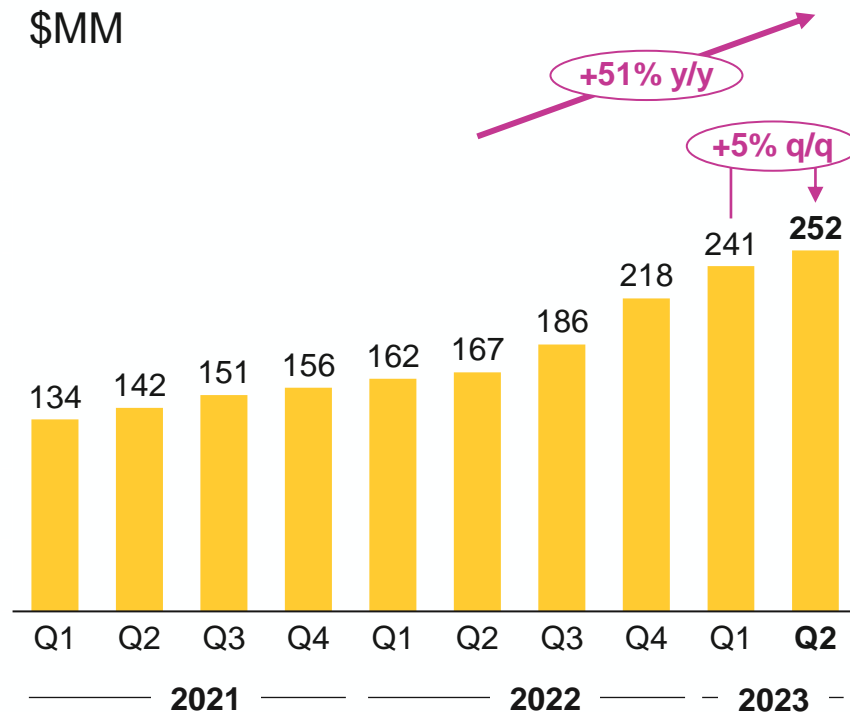
- ROE YTD is at 17.5%, ahead of 2023 guidance of 15%+
- Concentra integration cost savings ahead of schedule, reflected in improved efficiency ratio of 42.8%
- BVPS +14% y/y at higher end of guidance
- CET1 capital increased 10bps over Q1

# NIM expanding with lending business mix, funding diversification and Treasury management

**Net Interest Margin (NIM)**  
Percent

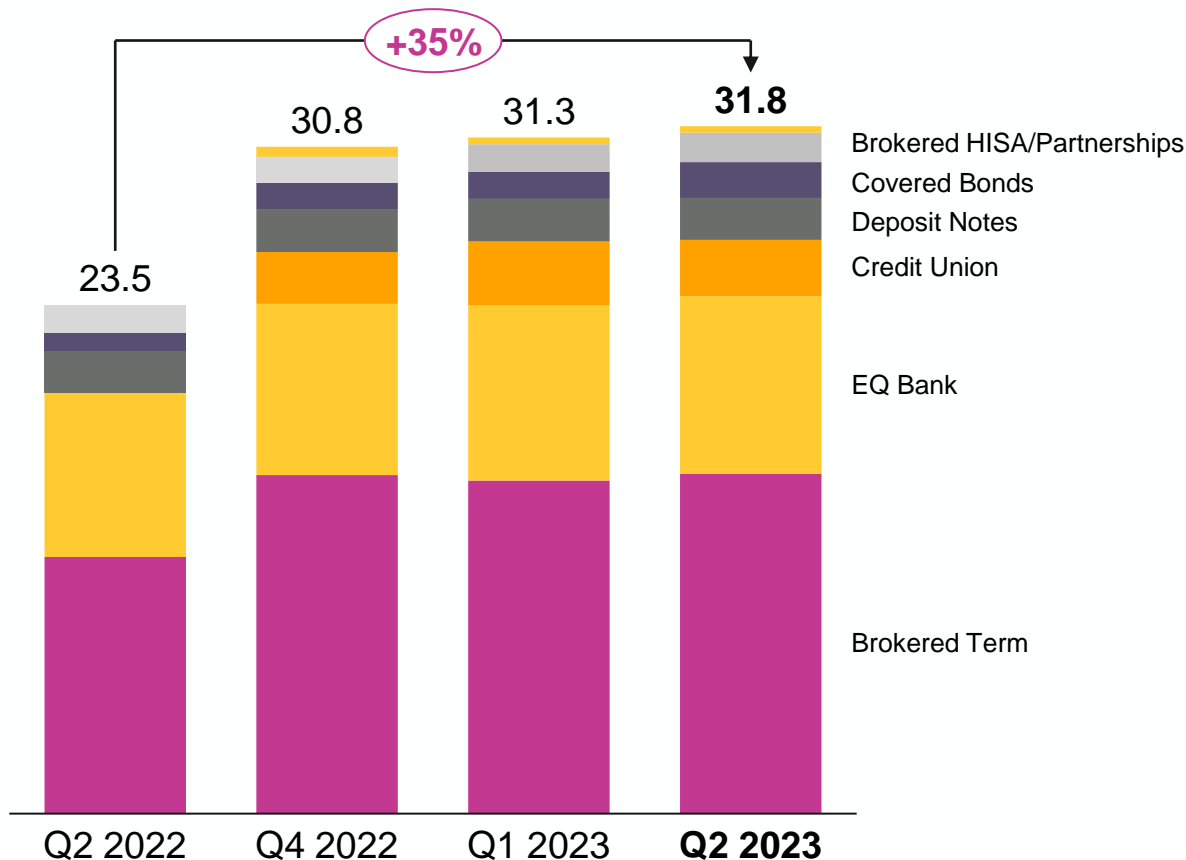


**Net Interest Income**  
\$MM



# Continued benefit of lower deposit beta with EQ Bank everyday savings+ accounts + customer engagement

Total deposit principal  
\$B



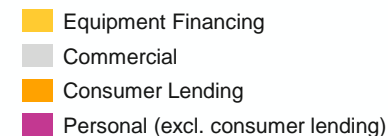
**Total deposit principal  
+35% y/y**

- EQ Bank deposits +8.1% y/y, +1.3% q/q to \$8.2B
- Equitable Bank funding costs move at lower velocity than BoC changes

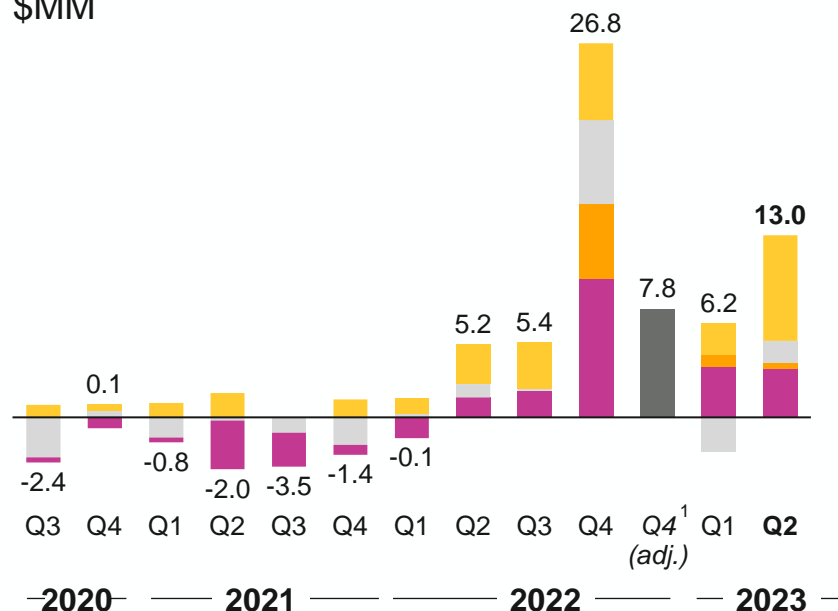
**Successfully diversifying  
funding stack**

- EQ Bank represents 26% of deposit principal
- Brokered term represents 49% of deposit principal

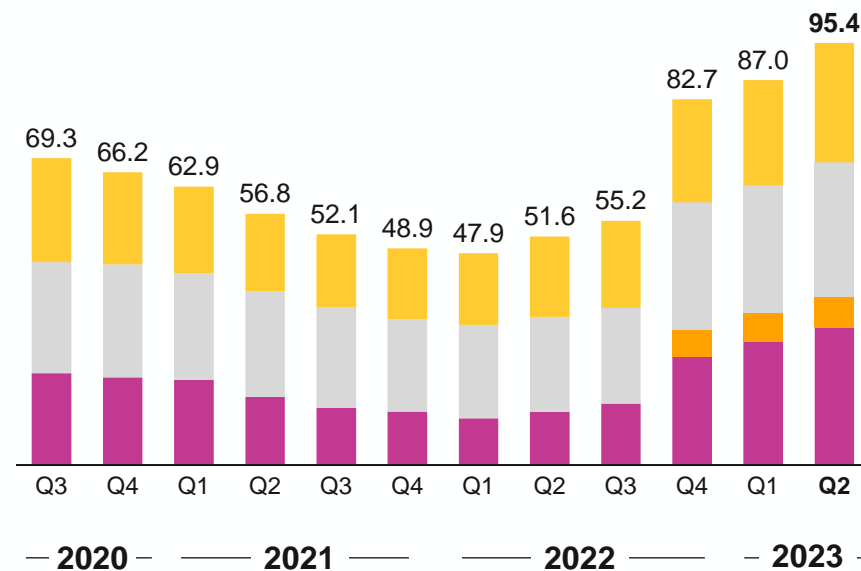
# Well provisioned with net ACL ratio +1bps q/q



**Provision for Credit Losses**  
\$MM



**Net allowance for Credit Losses**  
\$MM



**Q1 2022 included a \$2.3MM PCL reversal that lowered the PCL for the quarter  
(Stage 1- 32% of PCL, Stage 2- 13%, Stage 3- 55%)**

1. Adjusted results are non-GAAP- Provision for credit losses (PCL) for Q4 2022 was adjusted as a result of the newly acquired Concentra Bank's loan portfolio



# Updated and increased guidance

## Adjusted measures

| Financial measures   | Actual Results<br>YTD June 2023<br>Reflects YTD y/y | Original Guidance <sup>3</sup><br>2023 12-month<br>Reflects annual y/y | Updated Guidance <sup>3</sup><br>2023 12-month<br>Reflect annual y/y | Guidance for 2023<br>10-month period to<br>October 31, 2023 |
|--|---|--|--|---|
| Return on Equity (ROE) <sup>1</sup>                        | 17.5%   | 15%+   | 16%+   | 16%+  |
| Pre-Provision Pre-Tax Income<br>Growth (PPPT) <sup>1</sup> | 47%   | 25-35%   | 30-35%   | \$490-520MM   |
| Diluted EPS Growth <sup>1</sup>                            | 27%   | 10-15%   | 18-21%   | \$9.00-9.20 / share   |
| Dividend Growth  | 26%   | 20-25%   | 20-25%   | 20-25%  |
| BVPS Growth <sup>2</sup>                                   | 7.5% (YTD)  | 12-15%   | 14-16%   | 11-13%  |
| CET1 Ratio   | 14.1%   | 13%+   | 13%+   | 13%+  |

1. Adjusted measures and ratio are Non-GAAP measures and ratios.

2. BVPS refers to book value per common share.

3. Guidance represents expected growth rates from December 31, 2022 to December 31, 2023.



**Make  
Bank**



## Final Thoughts

- Best quarter ever
- Increased our guidance for 2023
- Continued momentum for our challenger story
- Delivering best long-term shareholder return



*A note about the cover: The photo selected is meant to be a powerful expression of our commitment to challenge the status quo in Canadian banking. We believe the confidence depicted is synonymous with EQB's bold ambition to drive change. Our approach provides a unique perspective within the market which is clearly demonstrated with the strikingly beautiful image presented.*