



EQ Bank

Equitable Bank

EQB Inc. Q1 2023 Results

May 3, 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 First Quarter Report 2023, which is available on [SEDAR](#)



Andrew Moor
President & CEO

A multi-milestone quarter

515,000+

Direct customer relationships

Over \$100 million

Q1 earnings – a new record

16.9%

Return-on-Equity

**WORLD'S
BEST BANKS**

Forbes

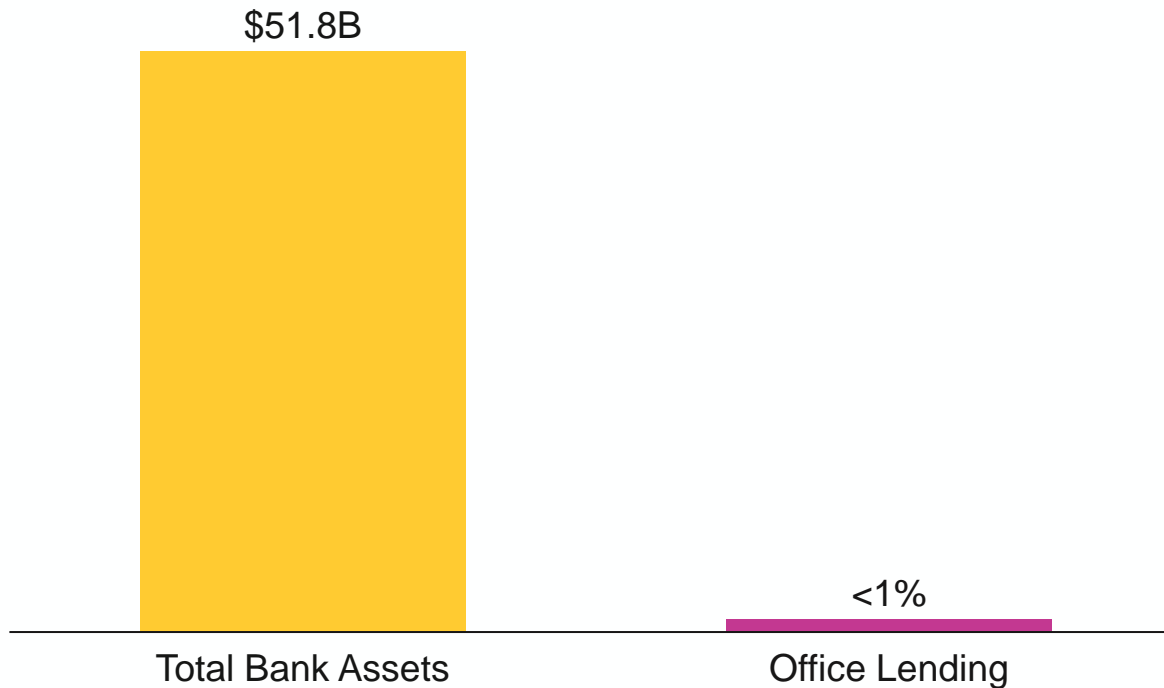
2021 – 2023

POWERED BY STATISTA

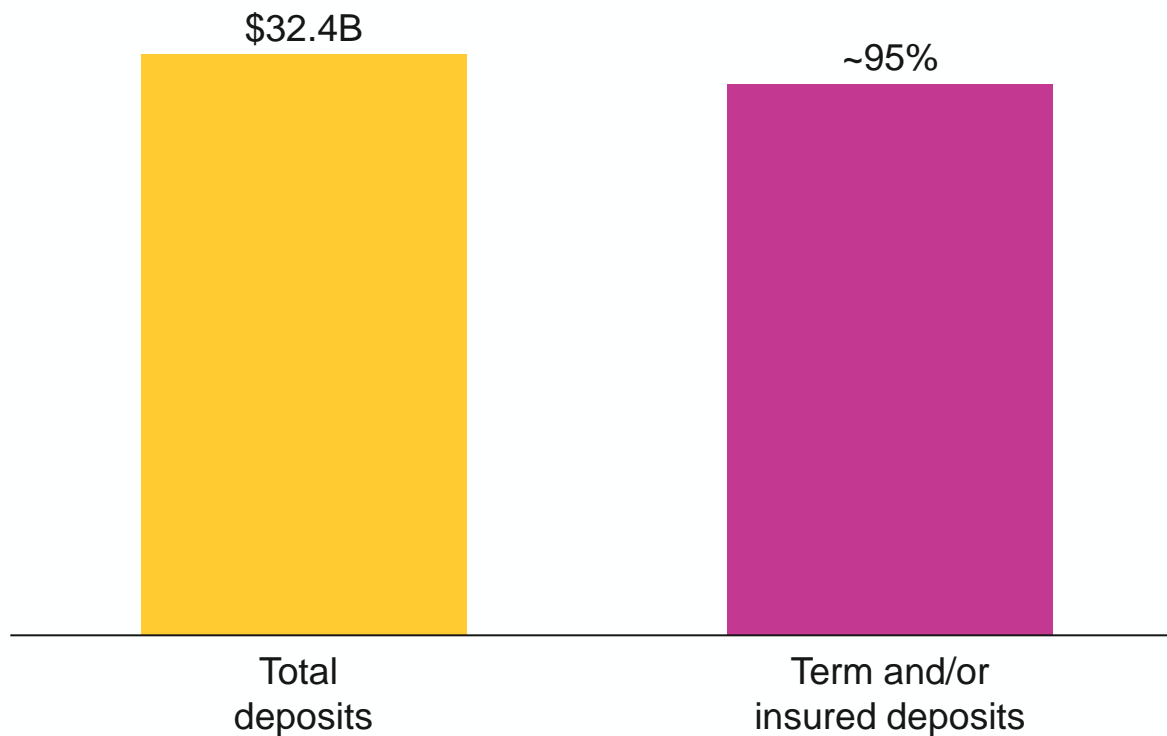
RANKED NO. 1 BANK IN CANADA



Well-managed exposure amid market uncertainty



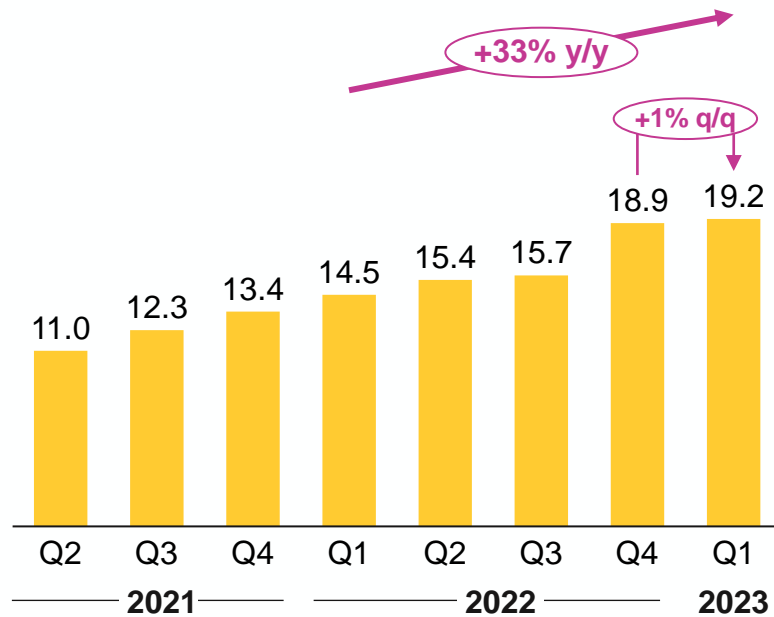
Prudent Liquidity Management



Maintaining 2023 portfolio guidance

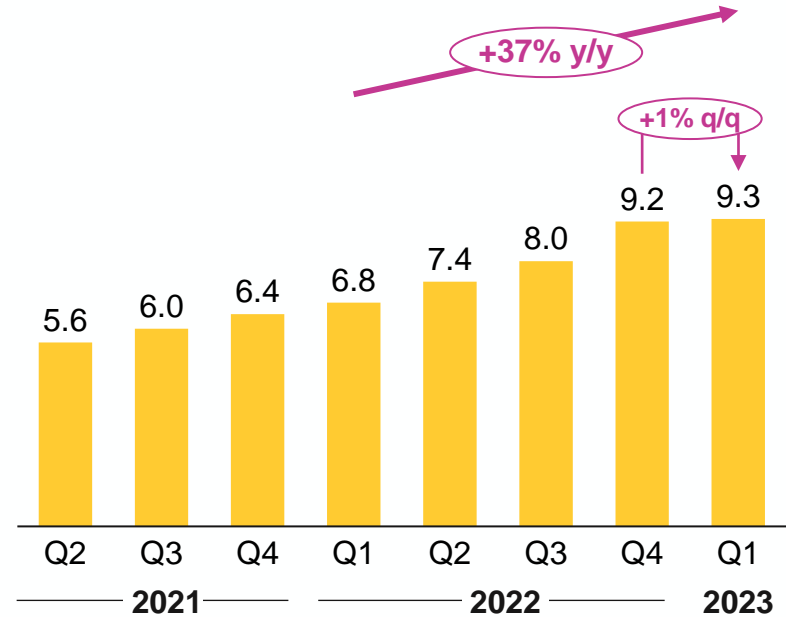
Single family residential loan principal

\$B, uninsured mortgages



Commercial loan principal

\$B (excludes multi-family residential)



Canada's Best Bank helping more Canadians with their everyday banking needs

\$8.1B

Total deposits
+12% y/y

~336,000

Customers
+26% y/y

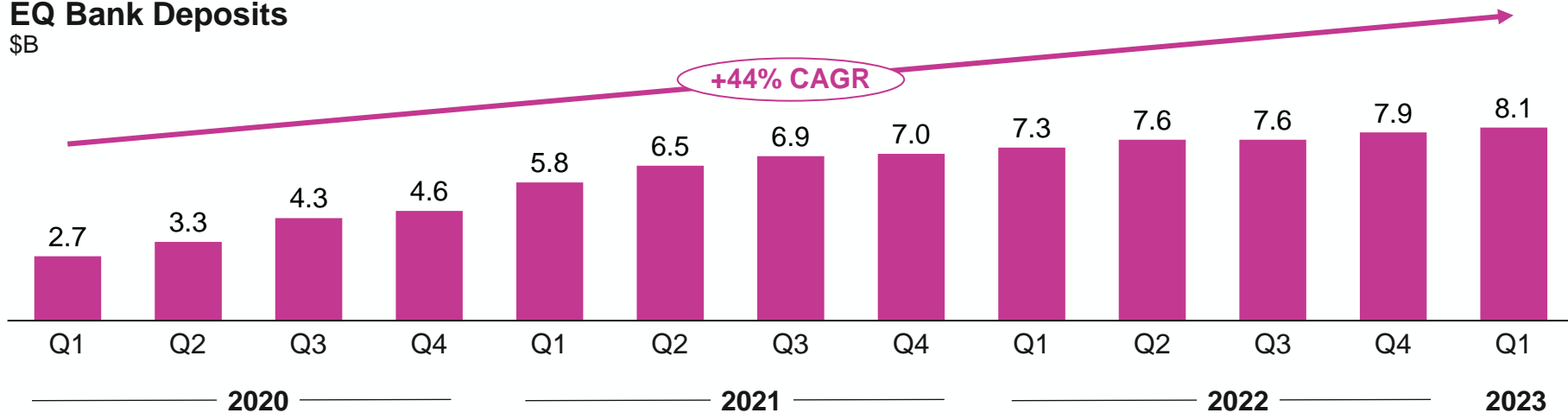
40,000+

Customers with
EQ Bank Card

Mobile Wallet

Aim to launch in
Summer 2023

EQ Bank Deposits
\$B



EQ Bank expects deposit growth of 20-30% in 2023

A large yellow rounded square graphic with a white border, positioned on the left side of the slide. It contains the text 'Chadwick Westlake CFO' in a bold, sans-serif font. The words 'Chadwick Westlake' are in black, and 'CFO' is in a vibrant purple color.

Chadwick Westlake
CFO

Margin expansion and record-breaking earnings

In \$MM, unless otherwise noted and except for per share amounts	Q1 2023 Adjusted ¹	Change	
		Q/Q	Y/Y
ROE	16.9%	1.0%	(2.3%)
Conventional Loans (\$B)	\$30.4	1%	41%
NIM	1.92%	0.05%	0.05%
Net Interest Income	\$236.6	8%	45%
Total Revenue	\$264.6	13%	40%
PCL	\$6.2	(20%)	(5,098%)
Non-Interest Expenses	\$120.3	18%	72%
Pre-Provision Pre-Tax	\$144.3	9%	22%
Net Income After Tax	\$101.7	10%	10%
Efficiency Ratio	45.4%	1.9%	8.4%
Diluted EPS	\$2.62	7%	(1%)
Book Value Per Share	\$64.47	3%	12%
CET1	14.0%	0.3%	0.5%

Highlights

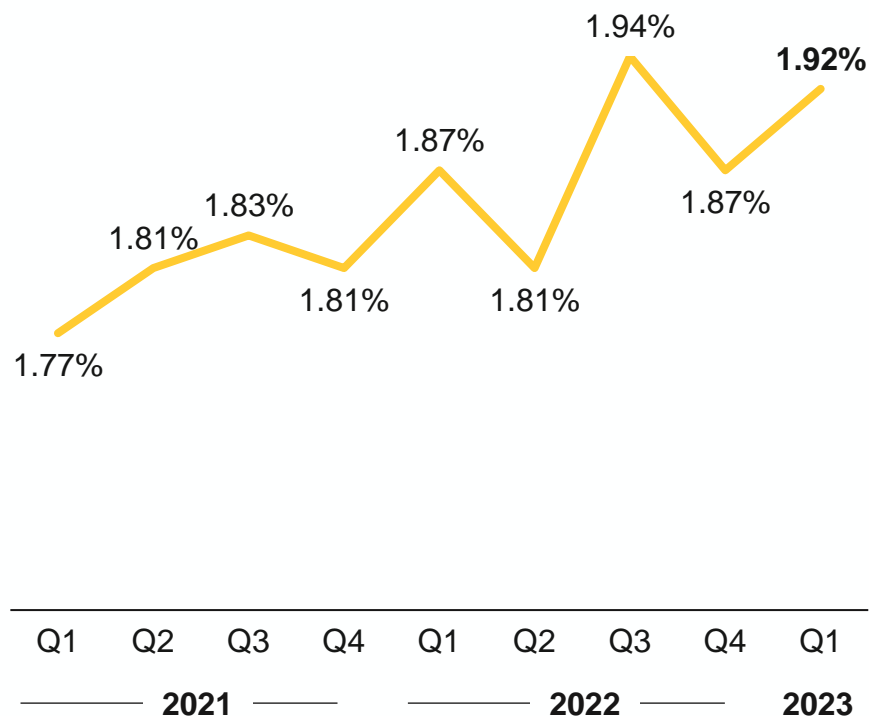
- ROE for Q1 2023 was 16.9%, ahead of 2023 guidance
- ROE focus, including disciplined pricing in all lending and optimizing cost of funds, translated to NIM increasing 5bps q/q
- BVPS growth +12% y/y inline with 2023 guidance
- CET1 capital consistent with guidance

1) Adjusted results are Non-GAAP, see Non-GAAP financial measures and ratios section of EQB's Q1 2023 MD&A for more information.

Growing yields, optimizing cost of funds delivers margin expansion

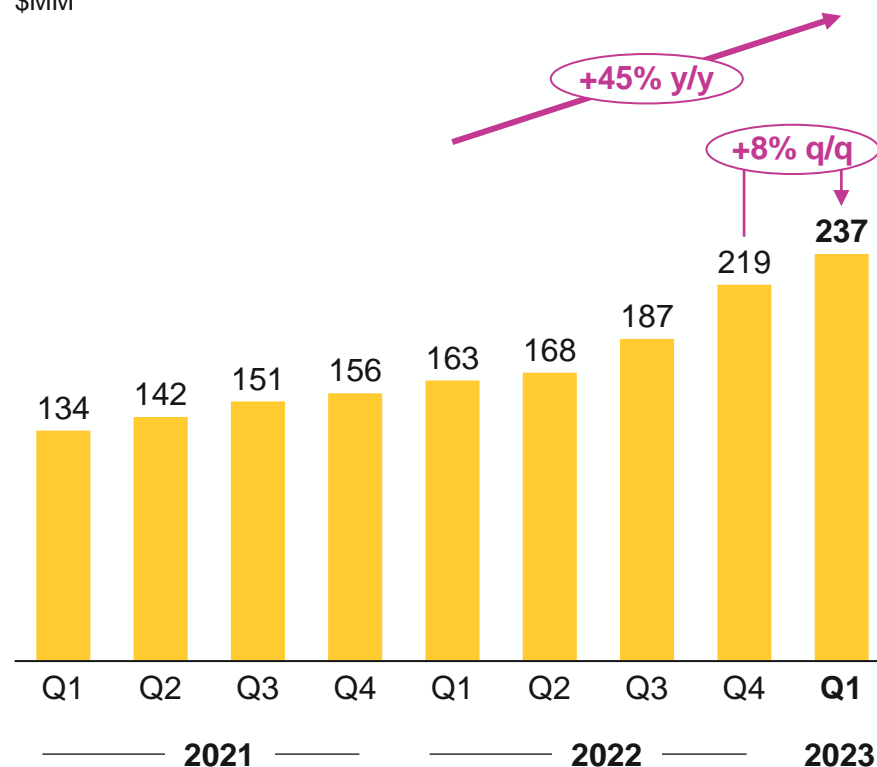
Net Interest Margin (NIM)

Percent



Net Interest Income

\$MM

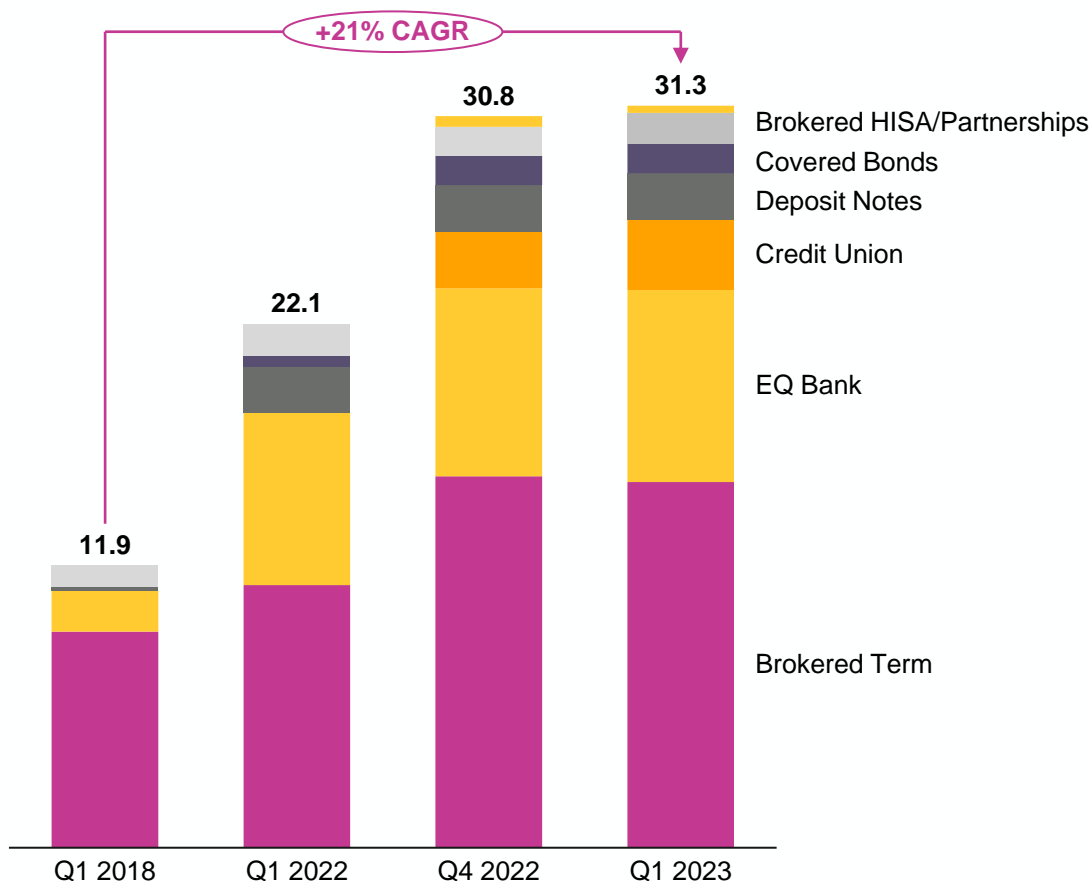


1. Adjusted results are Non-GAAP—net interest income is adjusted for Interest expense paid to subscription receipt holders and interest earned on the subscription receipt escrow account. See Non-GAAP financial measures and ratios section of EQB's Q1 2023 MD&A for more information.

Increasing benefits from funding diversification and lower deposit beta

Total deposit principal

\$B



Total deposit principal +42% y/y

- EQ Bank deposits +12% y/y, +2% q/q to \$8.1B; EQ bank term deposits +67% y/y, +12% q/q
- Equitable Bank funding costs move at lower velocity than BoC changes

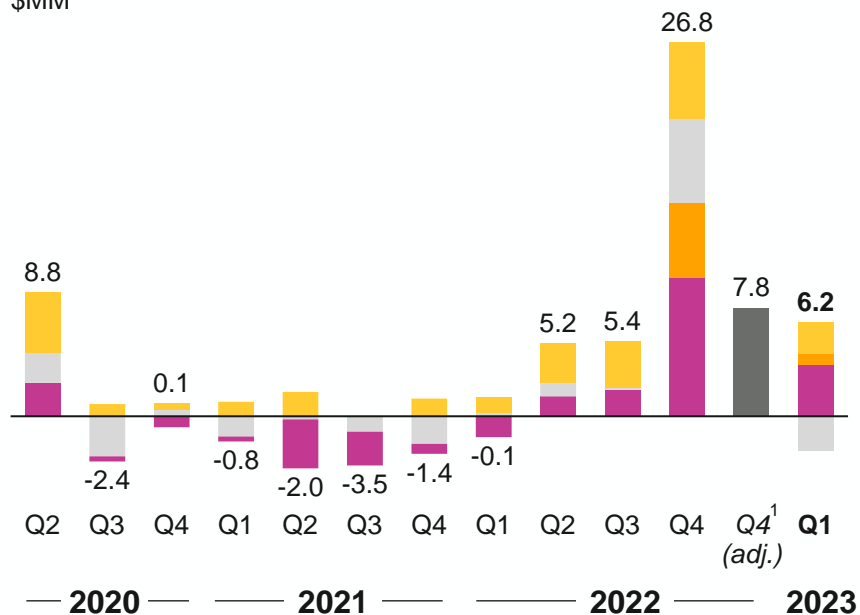
Successfully diversifying funding stack

- EQ Bank represented 26% of deposit principal (vs. 15% in Q1 2018)
- Brokered term 49% (vs. 77% in Q1 2018)

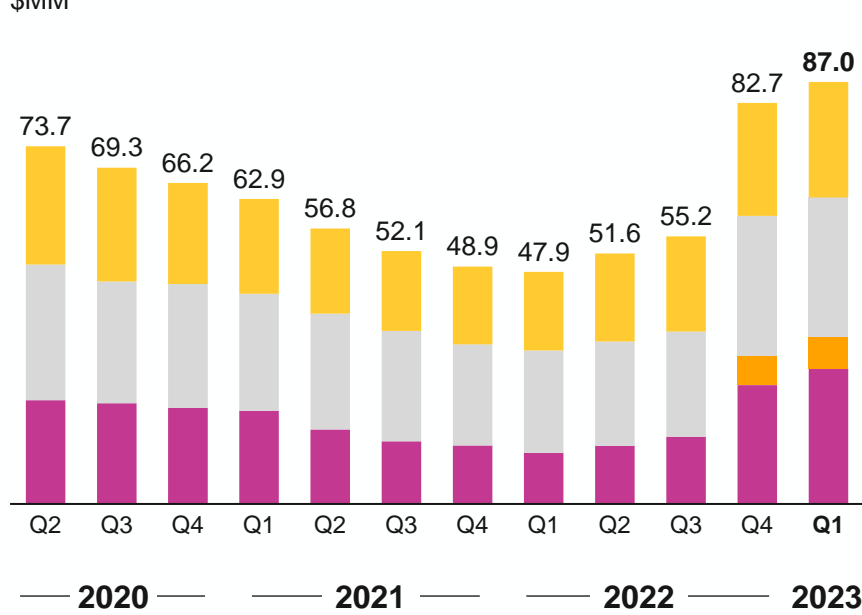
Well-provisioned with net allowance for credit losses +1bps q/q to 19bps as % of lending assets

- Equipment Leases
- Commercial
- Consumer Lending
- Personal (excl. consumer lending)

Provision for Credit Losses
\$MM



Allowance for Credit Losses, net of cash reserves
\$MM



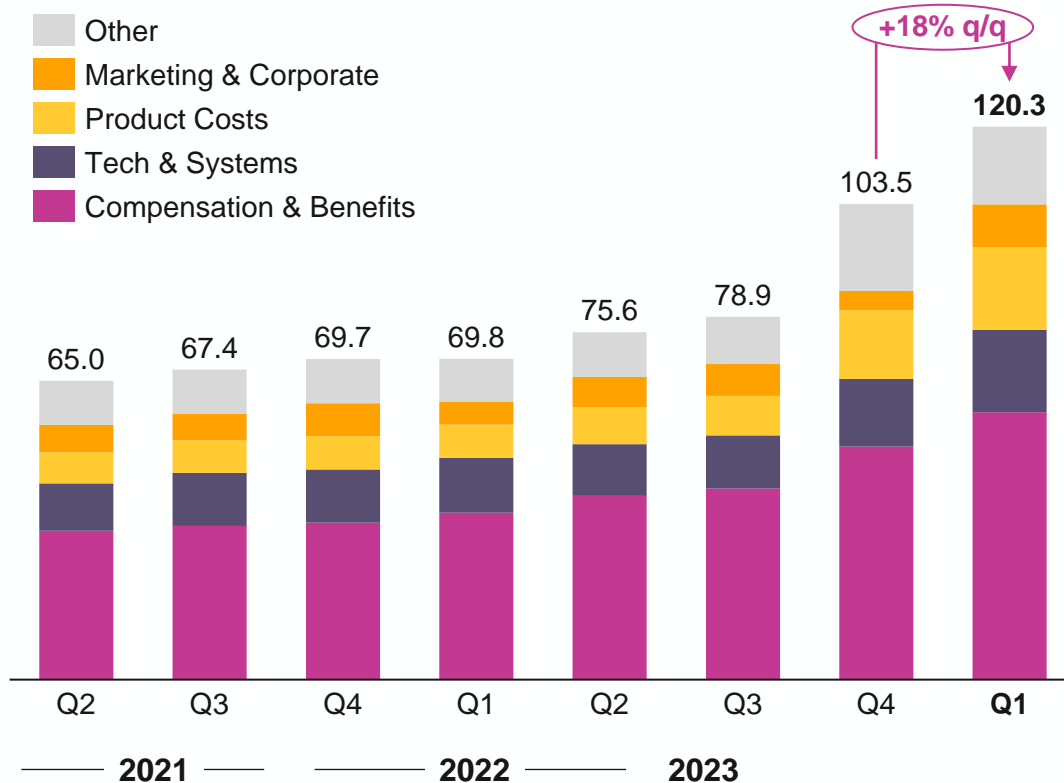
ACL now approximately 19 bps as a percentage of total lending assets, net of cash reserves

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

Early positive signs from Concentra integration

Non-Interest Expenses

\$MM



Q1 efficiency ratio increased from 43.5% to 45.4% with the full three-month contribution of Concentra Bank in the quarter.

Integration activities progressing to plan with synergies as expected

Affirming our 2023 guidance – on-track through Q1

Financial measures	YTD 2023 Results	2023 Guidance ¹ Reflects annual y/y
Return on Equity (ROE)	16.9%	15%+
Pre-Provision Pre-Tax Income Growth (PPPT)	8.7% q/q	25%-35%
Diluted EPS Growth	6.5% q/q	10-15%
Dividend Growth	6.1% q/q	20%-25%
BVPS Growth	2.9% q/q	12%-15%
CET1 Ratio	14.0%	13%+

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



Make Bank



Final Thoughts

- Leading Challenger Bank approach delivers all-time record earnings
- Guidance confirmed
- Integration performing to plan
- Structural and cultural advantages translating to fortress balance sheet



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 the Bank'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.

Appendix: Selected Financial Highlights

Q1 2023	Diluted EPS	NIM	NII \$MM	ROE
Adjusted ¹	\$2.62 -1% y/y +7% q/q	1.92% +0.05% y/y +0.05% q/q	\$237 +45% y/y +8% q/q	16.9% -2.3% y/y +1.0% q/q
Reported	\$2.56 +2% y/y +115% q/q	1.95% +0.09% y/y +0.10% q/q	\$241 +48% y/y +10% q/q	16.5% -1.8% y/y +8.8% q/q

1. Adjusted results are Non-GAAP, see Non-GAAP financial measures and ratios section of EQB's Q1 2023 MD&A for more information. Adjusted results were introduced starting Q1 2022 relating to Concentra Bank acquisition and integration costs.