

It's Time.



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Introduction

EQB Inc. (TSX: EQB and EQB.PR.C) is a leading digital financial services company with over \$119 billion in combined assets under management and administration (as at January 31, 2024). It offers banking services through Equitable Bank, a wholly owned subsidiary and Canada's seventh largest bank by assets, and asset management through ACM Advisors, a majority owned subsidiary specializing in alternatives. As Canada's Challenger Bank™, Equitable Bank ("Equitable" or the "Bank") has a clear mission to drive change in Canadian banking to enrich people's lives. It leverages technology to deliver exceptional personal and commercial banking experiences and services to over 600,000 customers and six million credit union members. Through its digital EQ Bank platform (eqbank.ca), its customers have named it the best bank in Canada on the Forbes World's Best Banks list since 2021. Please visit eqb.investorroom.com for more details.

Canadians choose Equitable Bank for smarter products, with exceptional service. To deliver both, we choose to specialize in market segments where we can improve the banking experience and operate with sustainable competitive advantage. As a challenger bank, we rethink conventional approaches, and push for smarter ways to do business that benefit our customers and our Bank. In practice, we differentiate by providing a host of challenger bank deposit services, single-family and commercial mortgage lending, reverse mortgage lending, insurance lending, specialized commercial financing, and equipment leasing. Our challenger mindset has allowed us to become a leading single-family residential lender in Canada and the country's largest insured multi-family residential lender. Our innovations in the independent mortgage broker channel reflect our long-term focus on providing great service. As a branchless digital bank, we stay lean and nimble, which allows us to act quickly and profitably on new opportunities.

Our EQ Bank digital platform is the first all digital bank in Canada, and the first to move to a cloud-based system. Our technology is proven, differentiated and supports cost-effective product development and deployment, and fintech collaborations. We rely on cloud and API-first design principles which differentiates us from larger banks with legacy technology systems. Our scale enables us to move quickly and build on our technology platform. Practically, EQ Bank provides state-of-the-art digital banking services, like the Personal Account that reimagines banking by offering an everyday high interest rate with the flexibility of a chequing account. The platform also offers a wide range of smart banking solutions for Canadians, like fast and competitively priced international money transfers, US dollar accounts and a suite of tax-deferred (i.e., registered) products.

Approach to sustainability

As Canada's Challenger Bank™, our purpose of driving change in banking to enrich people's lives comes with an implicit pledge to always do what's right for our employees, customers, shareholders, business partners, regulators, and the communities where we do business.

A sustainability mindset is foundational to Equitable Bank's core values, long-term objectives, strategic priorities, and our pledge to advance environmental, social, and governance (ESG) practices to meet the needs of Canadian society and evolving disclosure requirements. The activities that drive our ESG agenda are best defined across the following five pillars:

Environmental	Social			Governance
Climate	Customers	Community	Challengers	Controls
Our business and all stakeholders are dependent on a healthy climate. We consider the following within our climate strategy: emissions, targets, risks, governance, and products and services. We are focused on doing our part to conserve resources and preserve/protect the natural environment.	Our Bank would not exist without customers. Since our customers have choices of where to bank, our differentiating purpose is to drive change in banking to enrich people's lives. We work tirelessly to provide best-in-class customer experience, and products that serve this purpose.	We believe we owe a duty of care to the communities that house our employees, customers, business partners, and shareholders. We consider ourselves an important piece of a wider puzzle and seek to support our communities with positive actions that are meaningful to them.	Approximately 1,800 employees of Equitable are Challengers as they deliver our Bank's purpose. As a matter of principle, structure, strategy, and practice, the Bank seeks to develop, empower, reward, and nurture its Challengers.	These are the principles by which we are governed. We run our business with a prudent risk appetite and never waver from ethical behaviour. We have an experienced and diverse group of people leading the charge.

Oversight of ESG strategy at Equitable Bank is included within the mandate of the Governance and Nominating Committee of our Board of Directors. While ESG is a company-wide priority lived each day by our employees that also affects our customers, shareholders, creditors, and partners, the Investor Relations and ESG Strategy team – closely overseen by the Chief Executive Officer and the Chief Financial Officer – develops bank-wide ESG strategy and holds day-to-day accountability for ESG disclosures and reporting.

The Bank is committed to proactive and transparent disclosures, and we engage with ESG rating agencies such as MSCI and Sustainalytics. Since 2019, EQB Inc. has maintained an "AA" rating from MSCI. MSCI ESG Ratings aim to measure a company's management of financially relevant ESG risks and opportunities and range from leader (AAA, AA), average (A, BBB, BB) to laggard (B, CCC). EQB Inc. has been assessed as a "Low Risk" company by Sustainalytics in December 2023. Sustainalytics' company ratings are categorized across five risk levels: Negligible, Low, Medium, High, and Severe, and a company's ESG risk is measured against its industry peers and against the global universe.

Equitable has made strides in delivering on its ESG strategy, with some of the Bank's major accomplishments noted below:

- Remained the only Schedule I Canadian bank to report all applicable categories of Scope 3 greenhouse gas ("GHG") emissions across the entire portfolio including financed emissions
- Maintained carbon neutrality across Scope 1 and 2 greenhouse gas emissions since 2020 through the purchase of verified carbon credits that support important Canadian conservation projects, and committed to maintaining carbon neutrality in future years
- Created a climate strategy to guide our actions over the short-, medium-, and long-term, which will see us tackle important matters such as target setting, risk management, and governance over climate risks – all of which will complement the Bank's other comprehensive enterprise-risk management activities
- Performed a qualitative climate scenario analysis to identify our top physical risks, transition risks, and transition opportunities
- Served more than 400,000 Canadians with an innovative deposit account that does not charge any fees for everyday banking functionality including ATM withdrawals, pays a competitive savings rate, facilitates zero-fee foreign transactions, and positively differentiates us from Canada's six big banks
- Developed and implemented an Equitable-specific Unconscious Bias and Anti-Racism course, in which each employee enrolled and participated as part of their annual targets.
- Maintained industry-best Board diversity as at February 2024: 40% of independent directors were women; 20% of independent directors self-identified as a member of a visible minority; and our only non-independent director was our Chief Executive Officer (CEO).

Equitable Bank believes in making a positive impact on society beyond the provision of financial services. Sustainability Bond issuance is a natural extension of Equitable Bank's sustainable business practices by enabling the Bank to further support projects and lending activities with a direct environmental and social benefit. In particular, housing in Canada is a complex issue, with rising costs and a lack of affordable options for many individuals and families. Equitable Bank intends to issue Sustainability Bonds with a focus on affordable housing, recognizing the challenges and importance of ensuring adequate and affordable housing for everyone in Canada. Provision and promotion of affordable housing reduces the risk of poverty and increases the opportunities for social participation of people and families in lower income groups.

Sustainable Bond Framework

Equitable Bank has developed a Sustainable Bond Framework (the “Framework”) under which it can issue three types of Bonds:

1. Green Bonds – Bond instruments where the proceeds will be exclusively applied to finance or refinance, in part or in full, new and/or existing Green Projects (as defined in “Use of Proceeds” below) and which are aligned with the four core components of this Framework.
2. Social Bonds – Bond instruments where the proceeds will be exclusively applied to finance or refinance, in part or in full, new and/or existing Social Projects (as defined in “Use of Proceeds” below) and which are aligned with the four core components of this Framework.
3. Sustainability Bonds – Bond instruments where the proceeds will be exclusively applied to finance or refinance, in part or in full, new and/or existing Green Projects and/or Social Projects (as both terms are defined in “Use of Proceeds” below) and which are aligned with the four core components of this Framework.

Following the International Capital Market Association (“ICMA”) Green Bond Principles (2021), Social Bond Principles (2023) and Sustainability Bond Guidelines (2021), the Framework is based on four core components:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

The Framework also describes the manner in which Equitable Bank’s Green, Social and Sustainability Bonds support and contribute towards meeting the United Nations Sustainable Development Goals (SDGs). Upon issuance, additional details regarding the objective of the Bond, intended benefits and Eligible Categories of the assets may be disclosed.

The Framework may be updated in the future to reflect the evolution of applicable standards. Any subsequent version of the Framework will either maintain or improve the current level of transparency.




I. Use of Proceeds

Equitable Bank intends to allocate an amount equivalent to the net proceeds from the sale of any Green, Social or Sustainability Bond issuances to finance or refinance, in whole or in part, one or more new or existing Eligible Green and/or Social Projects in the following Eligible Categories (the “Eligible Projects”).

The look-back period with respect to the use of new proceeds will be 36 months immediately prior to the issuance date of the applicable Sustainable Bond. Equitable Bank’s goal is to fully allocate an amount equal to the net proceeds of each Sustainable Bond within 24 months of issuance.

General corporate finance loans are eligible for funding by an Equitable Bank Sustainable Bond if at least 90% of the loan recipient’s revenue is derived from sources that meet the relevant eligibility criteria detailed below.

Without limitation, capital projects in the following sectors will generally be considered eligible:





	Project Category	Eligible Categories	UN SDG Alignment
Green Categories	Green Buildings	<p>Financings and expenditures related to the construction, development, operation, acquisition, and maintenance of residential and commercial buildings that meet at least one of these criteria:</p> <ol style="list-style-type: none"> a) Achieved, or expected to achieve, at least 20% reduction of energy use and GHG emissions compared to reference house built under the 2015 or later National Energy Code of Buildings (NECB), demonstrated by an energy consultant building attestation; or b) Received, or expect to receive based on their design, construction and operation plans, certification according to the following third party verified building standards: <ul style="list-style-type: none"> • LEED¹ Gold or Platinum • BOMA² BEST Gold or Platinum • BREEAM³ Excellent or Outstanding • ENERGY STAR (score >85) • Toronto Green Standard (v3) Tier 2 or higher • BC Step Code (Step 3 or above) • BuiltGreen High Density Gold or Platinum • NovoClimat Big-Multiple Unit Building • Passive House Classic, Plus or Premium • CaGBC Zero Carbon Building Standard (Flexible, Passive or Renewable⁴); or c) Achieved, based on third-party assessment, GHG emission performance in the top 15% of their city, province/state or country 	
	Energy Efficiency	<p>Building improvements (excluding fossil-fuel powered equipment) that increase energy efficiency and/or reduce energy consumption or mitigate GHG emission intensity of existing residential and/or commercial buildings by 25% or more over the baseline, including any of:</p> <ol style="list-style-type: none"> a) Energy efficient non-fossil fuel powered heating and cooling systems, lighting, technologies and equipment b) Equipment and infrastructure for energy management and storage systems, for example, updated building controls that reduce energy consumption, battery storage or lighting / Heating, Ventilation, and Air Conditioning (HVAC) sensors c) Smart grid systems and equipment for more efficient monitoring, transmission, and distribution of electricity d) Building energy retrofit projects and building control optimization projects that reduce energy consumption or increase energy efficiency 	 

¹ LEED stands for Leadership in Energy and Environmental Design.

² BOMA stands for Building Owners and Managers Association.

³ BREEAM stands for Building Research Establishment Environmental Assessment Method.

⁴ Canada Green Building Council (CaGBC) Zero Carbon Building Standard Passive and Renewable Certification approaches must achieve a 20% improvement over NECB 2015 or later in order to qualify.

	Project Category	Eligible Categories	UN SDG Alignment
Social Categories	Social and Affordable Housing	<p>Financings related to the construction, development, acquisition, operation, and maintenance of new or existing buildings or single-family residences that provide housing that meet one of the following criteria:</p> <ul style="list-style-type: none"> a) Housing for households or individuals whose income is below 80% of the area median income (AMI), or 120% AMI for high-cost areas⁵, and where housing costs⁶ are ≤30% of pre-tax income⁷ b) Canada Mortgage and Housing Corporation (CMHC) MLI Select – Affordability⁸ 	   
	Access to Essential Services	<p>Financings for the acquisition of housing for households or individuals whose income is below 100% of the area median income (AMI), or 120% AMI for high-cost areas and that meet one of the following criteria:</p> <ul style="list-style-type: none"> • Individuals with low⁹ or no FICO, or equivalent, credit scores • Self-employed individuals • Other equity deserving groups and/or marginalised populations¹⁰ <p>Financings that support micro-, small- and medium-sized enterprises¹¹ that are at least 51% or more owned, managed or controlled by other equity deserving groups.</p>	

⁵ Aligned with the definition of low- or moderate-income household provided by the US Federal Reserve. High cost areas include City of Toronto, Ottawa, Mississauga, Vancouver, Victoria and North Vancouver. Source: Numbeo.

⁶ Housing costs include principal or rent + interest + taxes + heat divided by gross annual income.

⁷ Aligned with the definition of affordable housing provided by the Canada Mortgage and Housing Corporation.

⁸ The Bank commits to taking a pro rata approach based on units that meet CMHC MLI Select affordability criteria and report the estimated (if during construction) or actual percentage of affordable units among the portfolio of financed properties.

⁹ A low FICO score is defined as ≤660.

¹⁰ Other equity deserving groups and/or marginalised populations: Women, Black, Indigenous and People of Colour (BIPOC), newcomers, LGBTQ+, and/or persons with disabilities. Newcomers are defined as those individuals who have been admitted to Canada permanently in the 5 years or less prior to the date the person obtained the financial product from Equitable, e.g., mortgage.

¹¹ The Framework defines micro/small and medium enterprises (SME) as those that have fewer than 100 and 100 to 499 employees respectively. Small and medium-sized enterprises in particular support the local labour market, promote social participation and are especially dependent on credit financing from bank.

Sustainable Categories

Sustainability Bonds will be used to raise capital for businesses, projects and assets that qualify under Green and/or Social Categories outlined above. A Sustainability Bond can have proceeds which are allocated across both categories of activities.

Exclusionary Criteria

Proceeds will not knowingly be allocated to finance or refinance any entity whose current principal industry or primary activity has been assessed by Equitable Bank as being any of the following:

- Weapons
- Tobacco
- Gambling
- Adult entertainment
- Predatory lending
- Fossil fuel-related activities

II. Process for Project Evaluation and Selection

Equitable Bank has established a Sustainable Bond Committee (the "Committee") with responsibility for governing the selection and monitoring of Eligible Projects. The Committee will be chaired by the Vice President and Treasurer, and include senior members of the following teams representing Equitable Bank: Treasury, Capital Markets, ESG and Legal.

The Committee will be principally responsible for 1) evaluations and selecting Eligible Projects, 2) Annually reviewing the list of previously allocated Eligible Projects against the eligibility criteria and 3) reviewing and approving updates to this Framework.

When evaluating Eligible Projects, the Committee will assess whether the Eligible Projects meet the eligibility criteria laid out in the Use of Proceeds section of this Framework. In addition, it is expected that any financed properties (both new and existing buildings) or projects comply with applicable laws, regulations and Equitable Bank policies and/or guidelines. Applicable laws and regulations include building codes, zoning requirements, labour standards, health and safety standards, and environmental protection and remediation requirements that address topics such as land use, waste management, emissions, pollutants, biodiversity, occupational health and safety, and other potential environmental or social impacts to local communities. Equitable Bank's policies also include a statement on anti-predatory lending and ensures that all mortgages are originated in accordance with accepted industry standards for Schedule I Banks. Equitable Bank will not knowingly finance a property or project that is in breach of any applicable laws or regulations and will remove any projects that do not adhere to these standards.

Additionally, the Committee will, if a project no longer meets the eligibility criteria set forth in this Framework, review and approve removing it and replacing it with another Eligible Project. Any updated or amended Sustainable Bond Framework will be applied to Green, Social and Sustainability Bonds issued by the Bank following such updates or amendments.

III. Management of Proceeds

Equitable Bank's Treasury team will manage and track the allocation of an amount equivalent to the net proceeds of the Green, Social or Sustainability Bond to Eligible Projects. Net proceeds will be recorded separately in Equitable Bank's records in order to clearly track the use of and allocation of funds for Eligible Projects. Equitable Bank will strive to achieve a level of allocation to the Eligible Project Portfolio that matches or exceeds the balance of net proceeds of its outstanding Green, Social or Sustainability Bonds within 24 months of issuance of each Sustainable Bond. Pending full allocation of an amount equal to the net proceeds of outstanding Green, Social or Sustainability Bonds, the proceeds will be held in temporary investments such as cash, cash equivalents and/or other liquid marketable investments in line with Equitable Bank's normal liquidity policies or used to pay outstanding indebtedness (unrelated

to carbon intensive activities).

If any Eligible Projects are removed from the Eligible Project Portfolio, Equitable Bank will strive to substitute those projects with replacement eligible projects, as soon as possible and in any case within 24 months.

IV. Reporting

For each Green, Social or Sustainability Bond issued, Equitable Bank commits to publish an allocation and impact report annually within one year of issuance until full allocation of the proceeds and in the event of any material changes until the relevant maturity date. Equitable Bank's reporting will be made publicly available on our website.

Allocation Reporting

Equitable Bank will provide information on allocation of the net proceeds of its Green, Social or Sustainability Bond issuances on its website. The information will contain at least the following details:

- a. Net proceeds of outstanding Green, Social or Sustainability Bonds
- b. The proportion of spending by Eligible Project category as defined in the Use of Proceeds section
- c. Subject to confidentiality considerations, a list of the Eligible Projects financed through Equitable Bank's Green, Social or Sustainability Bonds, including a description of the projects and allocated amounts
- d. The proportional allocation of proceeds between existing projects (refinancing) and new projects
- e. The remaining balance of unallocated proceeds, if any

Impact Reporting

On a best effort basis Equitable Bank intends to align the Impact Reporting with the portfolio approach described in the June 2023 edition of the ICMA Harmonized Framework for Impact Reporting (the "ICMA Reporting Handbook").

Equitable Bank will report on relevant environmental and social impact metrics, where feasible and on a proportion-funded basis and disclose measurement methodology. Examples of impact metrics that may be reported are found in the below table. The report will be made publicly available on Equitable Bank's investor relations website.

Project Category	Key Performance Indicators
Green Buildings	<ul style="list-style-type: none"> • List of eligible buildings that received third party-verified green building certification • Floor space of green real estate (m²) • Amount of energy saved (MWh) • Estimated annual GHG emissions avoided (in tCO₂e)
Energy Efficiency	<ul style="list-style-type: none"> • Amount of energy saved (MWh) • Estimated annual GHG emissions avoided (in tCO₂e)
Social and Affordable Housing	<ul style="list-style-type: none"> • Number of people with access to safe, affordable and/or sustainable housing • Value of loans to those seeking access to affordable housing • Number of eligible housing units financed • Estimated (if during construction) or actual percentage of affordable units among the portfolio of financed properties
Access to Essential Services	<ul style="list-style-type: none"> • # of home owners in underserved groups supported • # of eligible loans granted to SMEs • Value of eligible loans granted to SMEs • Number of jobs created • Number of women owned businesses financed • Number of eligible loans provided to Indigenous People

- Value of eligible loans provided to Indigenous People
- Number of Indigenous communities supported

V. External Review

Equitable Bank's Sustainable Bond Framework is supported by a second-party opinion and post-issuance external verification on reporting to be conducted as follows:

Second-Party Opinion

Equitable Bank has retained Sustainalytics to provide a Second-Party Opinion ("SPO") on its Sustainable Bond Framework, to confirm alignment with the Green Bond Principles (2021), Social Bond Principles (2023) and Sustainability Bond Guidelines (2021). The SPO is available at <https://eqbank.investorroom.com/esg-overview>.

Post-Issuance External Verification on Reporting

Equitable Bank will request annually, within one year after issuance and until full allocation, a limited assurance report on the allocation of the Green, Social or Sustainability Bond proceeds to eligible projects to be provided by a third-party verification firm or auditor.

DISCLAIMER

This Sustainable Bond Framework is provided for informational purposes only and is subject to change without notice. Equitable Bank may update or amend the Framework periodically.

The Bank does not assume any responsibility or obligation to update or revise any statements in this document, regardless of whether those statements are affected by the results of new information, future events or otherwise. No representation or warranty, express or implied, is or will be made in relation to the accuracy, reliability or completeness of the information contained herein. No liability whatsoever is or will be accepted by the Bank for any loss or damage howsoever arising out of or in connection with the use of, or reliance upon, the information contained in this document.

Nothing in this document shall constitute, or form part of, an offer to sell or solicitation of an offer to buy or subscribe for any security or other instrument of the Bank or any of its affiliates, or as an invitation, recommendation or inducement to engage in any investment activity, and no part of this document shall form the basis of or be relied upon in connection with any contract, commitment, or investment decision whatsoever. Offers to sell, sales, solicitation of offers to buy or purchases of securities issued by the Bank or any affiliate thereof may only be made or entered into pursuant to appropriate offering materials prepared and distributed in accordance with the laws, regulations, rules and market practices of the jurisdictions in which such offers, solicitations or sales may be made. Professional advice should be sought prior to any decision to invest in securities.

This Sustainable Bond Framework is not intended for distribution to, or use by, any person or entity in any jurisdiction where such distribution or use would be contrary to law or regulation. Statements made in this Framework and in other filings with Canadian securities regulatory authorities, and in other communications include forward-looking statements within the meaning of applicable securities laws (forward-looking statements). These statements include, but are not limited to, statements about EQB Inc., and its affiliates, including Equitable Bank, and the implementation of this Equitable Bank Sustainable Bond Framework. Generally, forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "goal", "strives", "budget", "scheduled", "guidance", "planned", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases which state that certain actions, events or results "may", "could", "would", "should", "might" or "will be taken", "occur", "be achieved", "will likely" or other similar expressions of future or conditional verbs.

Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, closing of transactions, performance or achievements of EQB and Equitable Bank to be materially different from those expressed or implied by such forward- looking statements.

Readers of this document are cautioned not to place undue reliance on these forward-looking statements as a number of risk factors, many of which are beyond the EQB Inc. and the Bank's control and effects of which can be difficult to predict, could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements including but not limited to risks related to capital markets and additional funding requirements, fluctuating interest rates and general economic conditions including, without limitation, global geopolitical risk, legislative and regulatory developments, changes in accounting standards, the nature of our customers and rates of default, and competition as well as those factors discussed under the heading "Risk Management" in the EQB's Management Discussion and Analysis for the three and 10 months ending October 31, 2023 and in EQB's other documents filed on SEDAR at www.sedar.com. Readers are cautioned that these risk factors are not exhaustive and other factors could also adversely affect EQB Inc. and Equitable Bank's results.

Except as required by law, the EQB Inc. and Equitable Bank do not undertake to update any forward-looking statement in this document.