News Release

EQB changed its fiscal year in 2023 to end October 31, resulting in a one-time ten-month transition year and a four-month final quarter of 2023. As a result, the comparisons below are shown year-over-year from the fourth quarter ending October 31, 2023, as the most similar and comparable three-month period ("y/y"). The information contained in this news release is unaudited.

EQB reports record annual earnings, dividend increase and growth guidance

TORONTO, December 4, 2024 – EQB Inc. (TSX: EQB) today reported record financial results for the fiscal year ended October 31, 2024, underpinned by 9% annual growth in loans under management, higher non-interest revenue and a substantial increase in EQ Bank customer accounts crossing over half a million. On the strength of this performance and a favourable outlook for personal and commercial loan originations in fiscal 2025, EQB raised its common share dividend and issued medium-term growth guidance anchored in a 15%+ ROE.

"This year marks our second decade as a publicly traded company and our most profitable year on record, with annual revenue surpassing $1 billion for the first time. Shareholder value creation, including ROE at 15% and four consecutive quarters of dividend increases, once again reflected efficient capital allocation and underlying business strength," said Andrew Moor, president and CEO, EQB.

While EQB generated record earnings for fiscal 2024, its Q4 results were negatively impacted by credit provisions in its equipment financing portfolio, including one particular credit exposure. This resulted in higher-than-anticipated provisions for credit losses (PCLs) for the quarter. As part of its continued strategic review of the equipment financing business, EQB has instated measures to derisk and diversify this modest portfolio, including shifting to higher credit quality exposures.

- **Adjusted ROE[1]** Q4 13.1% and FY24 15.0% (reported Q4 10.2% and FY24 13.8%)
- **Adjusted diluted EPS[1]** Q4 $2.51 and FY24 $11.03 (reported Q4 $1.95 and FY24 $10.11)
- **Book value per share** $77.51, +2% q/q, +10% y/y
- **Adjusted revenue** Q4 $321.6 million and FY24 $1,264.2 million (reported Q4 $312.8 million and FY24 $1,255.4 million)
- **Net interest margin[2]** Q4 2.07% and FY24 2.05%
- **Adjusted PPPT[3]** Q4 $173.0 million and FY24 $692.9 million (reported Q4 $159.1 million and FY24 $661.3 million)
- **Adjusted net income[1]** Q4 $101.4 million, and FY24 $438.0 million (reported Q4 $79.4 million and FY24 $401.7 million)
- **Total AUM + AUA[2]** $127.0 billion, +1% q/q, +14% y/y
- **EQ Bank** customer growth +6% q/q and +28% y/y to over 513,000 customers
- **Common share dividends** $0.49 per share declared, increasing 2 cents or +4% q/q, +23% y/y
- **Total capital ratio** 15.6% with CET1 of 14.3%

"Looking to 2025, we expect easing monetary policy will provide welcome relief for borrowers and drive loan origination growth across the bank. This new rate cycle will also bring into sharp focus the compelling value of our high interest, no-fee EQ Bank offerings as we enter our next phase of growth. I thank all members of Canada's Challenger Bank™ for driving change in Canadian banking to enrich people's lives with the innovation and value for which we are known," added Mr. Moor.

EQ Bank welcomes over 28,000 customers in Q4 growing to 513,000, +6% q/q and +28% y/y

- The Notice Savings Account, launched mid-year, continues to act as a significant customer and deposit growth driver for EQ Bank, deepening its everyday bank value proposition
- Beta launch of the EQ Bank Business Account, a high-interest, no-fee everyday bank account uniquely designed to suit Canadian small business owners' needs, warmly welcomed by the small business community in Canada with roll-out continuing through 2025
- EQ Bank named Brand of the Year by *strategy magazine*, recognized for its recent “Second Chance” and “Deuxième Chance” campaigns and corresponding impact on brand awareness

Personal Banking LUM steady on strong customer retention, decumulation business grows +47% y/y in line with guidance

- The single-family uninsured portfolio increased 1% q/q to $20.0 billion, as strong customer retention offset the impact of slower housing market activity on new originations
- Single-family insured lending declined 7% q/q to $9.2 billion as a result of a purposeful shift away from lower margin prime mortgages; going forward, EQB will focus on growing uninsured single-family lending through its differentiated and well recognized customer and broker experience advantage
- Decumulation lending (including reverse mortgages and insurance lending) +10% q/q and +47% y/y to $2.1 billion with growth accelerating as a result of successful consumer advertising that bolstered public awareness, strong broker service and value to borrowers

Commercial Banking LUM led by 30% y/y expansion in multi-unit residential to $26.1B

- EQB continues to prioritize insured lending for multi-unit residential properties (primarily rental apartments) in major cities across the country with 81% of its total commercial loans under management (LUM) insured through various CMHC programs; insured multi-unit residential LUM +8% q/q and +30% y/y to $26.1 billion
- As a result of the Bank’s lending focus on properties where people live, it maintains limited exposure to the Canadian commercial office real estate market (~0.5% of loan assets), and those balances declined in Q4; consistent with the Bank’s long-term risk appetite, commercial office lending is generally confined to multi-tenanted, mixed-used properties occupied by medical and professional businesses

Increased PCL primarily driven by equipment financing with expected improvement in FY25

- The Bank is appropriately reserved for credit losses with net allowances as a percentage of total loan assets of 32 bps, compared to 26 bps at July 31, 2024, and 22 bps at October 31, 2023
- Total Q4 adjusted PCL of $31.9 million (reported $48.0 million in Q4), or 27bps of total loan assets, includes $16 million from equipment financing PCL, $5.2 million from personal and $10.7 million from commercial excluding equipment financing
- Of FY24 adjusted PCL of $89.2 million, 71% is attributable to equipment financing, including anomalous losses associated with Pride Group exposure; following elevated provisions and losses booked in Q4, performance is expected to significantly improve in FY25
- Reflected in Q4 reported results is the Bank’s previously identified operational exposure and losses associated with Pride Group; as part of the active *Companies’ Creditors Arrangement Act* process for Pride Group and the operational exposure associated with suspected irregularities, expected credit

losses associated with these leases have been separated from normal course business but remain accounted for in PCL

- Net impaired loans increased by $97.0 million to $623.7 million, or 132 bps of total loan assets, compared to 109 bps at July 31, 2024, and 76 bps from October 31, 2023; half of which can be attributed to one commercial loan. While the pace of resolutions is improving, declines in impaired loans are expected by the second half of fiscal 2025

EQB increases common share dividend

- EQB's Board of Directors declared a dividend of $0.49 per common share payable on December 31, 2024, to shareholders of record as of December 13, 2024, representing a 4% increase from the dividend paid in September 2024 and 23% above the payment made in December 2023
- For the purposes of the *Income Tax Act (Canada)* and any similar provincial legislation, dividends declared are eligible dividends, unless otherwise indicated

EQB issues updated growth guidance

- FY25 and medium term guidance for adjusted pre-provision pre-tax earnings, adjusted diluted EPS, adjusted ROE, dividends, book value per share, CET1 ratio and balance sheet growth are found in *Supplementary Management Information* in the Financials section of EQB's investor website at eqb.investorroom.com and which will be included in EQB's Q4 2024 MD&A to be filed under EQB's profile on www.sedarplus.ca
- EQB has a Normal Course Issuer Bid (NCIB) that expires in January 2025 and intends to renew and increase the size of its NCIB for the following twelve-month period which gives it additional options for capital deployment.[4]

"We are proud of EQB's strategic progress in fiscal 2024, particularly considering the economic environment and atypical pressure in our credit book. The diversification and strength of our business model translated to solid ROE and excellent growth in key asset classes. Excluding the elevated equipment financing credit losses, EQB would have achieved the high-end of 2024 expectations," said Chadwick Westlake, CFO, EQB. "Our updated growth guidance reflects our bullish view on loan origination prospects, tailwinds for provisioning given steps taken in equipment financing in Q4 and the expectation for significant improvement in impaired loans. While our first priority in capital allocation remains organic lending growth, we continue to assess select inorganic growth opportunities, and we have levers for returning capital to shareholders that collectively position us for strength in 2025."

[1] Adjusted measures and ratios are Non-Generally Accepted Accounting Principles (GAAP) measures and ratios. Adjusted measures and ratios are calculated in the same manner as reported measures and ratios, except that financial information included in the calculation of adjusted measures and ratios is adjusted to exclude the impact of the Concentra Bank and ACM acquisition and integration related costs, and other non-recurring items which management determines would have a significant impact on a reader's assessment of business performance. For additional information and a reconciliation of reported results to adjusted results, see the "Non-GAAP financial measures and ratios" section.
[2] These are non-GAAP measures, see the "Non-GAAP financial measures and ratios" section.
[3] PPPT represents pre-provision-pre-tax income, a non-GAAP measure of financial performance.
[4] Subject to regulatory approvals.

Analyst conference call and webcast: 10:30 a.m. ET December 5, 2024

EQB's Andrew Moor, president and CEO, Chadwick Westlake, CFO, and Marlene Lenarduzzi, CRO, will host the company's fourth quarter conference call and webcast. The listen-only webcast with accompanying slides will be available at: eqb.investorroom.com. To access the conference call with operator assistance, dial **416-945-7677** five minutes prior to the start time.

Further information

Further information on EQB's unaudited Q4 and 2024 results may be found under the Financials section of the EQB investor website at eqb.investorroom.com.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet (unaudited)

($000s) As at	**October 31, 2024**	October 31, 2023
Assets:		
Cash and cash equivalents	**591,641**	549,474
Restricted cash	**971,987**	767,195
Securities purchased under reverse repurchase agreements	**1,260,118**	908,833
Investments	**1,627,314**	2,120,645
Loans – Personal	**32,273,551**	32,390,527
Loans – Commercial	**14,760,367**	14,970,604
Securitization retained interests	**813,719**	559,271
Deferred tax assets	**36,104**	14,230
Other assets	**899,120**	652,675
Total assets	**53,233,921**	52,933,454
Liabilities and Shareholders' Equity		
Liabilities:		
Deposits	**33,739,612**	31,996,450
Securitization liabilities	**14,594,304**	14,501,161
Obligations under repurchase agreements	**-**	1,128,238
Deferred tax liabilities	**177,933**	128,436
Funding facilities	**946,956**	1,731,587
Other liabilities	**636,931**	602,039
Total liabilities	**50,095,736**	50,087,911
Shareholders' Equity:		
Preferred shares	**-**	181,411
Common shares	**505,876**	471,014
Other equity instruments	**147,440**	-
Contributed (deficit) surplus	**(17,374)**	12,795
Retained earnings	**2,483,309**	2,185,480
Accumulated other comprehensive income (loss)	**8,555**	(5,157)
	3,127,806	2,845,543
Non-controlling interests	**10,379**	-
Total equity	**3,138,185**	2,845,543
Total liabilities and equity	**53,233,921**	52,933,454

Consolidated statement of income (unaudited)

($000s, except per share amounts) Year/Period ended	**2024**	2023
Interest income:		
Loans – Personal	**1,945,011**	1,410,571
Loans – Commercial	**1,019,682**	860,363
Investments	**66,766**	65,362
Other	**108,082**	70,123
	3,139,541	2,406,419
Interest expense:		
Deposits	**1,490,075**	1,077,520
Securitization liabilities	**522,673**	402,443
Funding facilities	**50,940**	44,527
Other	**25,364**	43,650
	2,089,052	1,568,140
Net interest income	**1,050,489**	838,279
Non-interest revenue:		
Fees and other income	**81,087**	46,895
Net gains on loans and investments	**20,279**	34,442
Gain on sale and income from retained interests	**89,020**	56,384
Net gains (losses) on securitization activities and derivatives	**14,567**	(336)
	204,953	137,385
Revenue	**1,255,442**	975,664
Provision for credit losses	**107,013**	38,856
Revenue after provision for credit losses	**1,148,429**	936,808
Non-interest expenses:		
Compensation and benefits	**272,346**	199,752
Other	**321,753**	234,991
	594,099	434,743
Income before income taxes	**554,330**	502,065
Income taxes:		
Current	**134,253**	84,066
Deferred	**18,405**	46,409
	152,658	130,475
Net income	**401,672**	371,590
Dividends on preferred shares	**8,140**	6,998
Distribution to LRCN holders	**2,586**	-
Net income available to common shareholders and non-controlling interests	**390,946**	364,592
Net income attributable to:		
Common shareholders	**389,836**	364,592
Non-controlling interests	**1,110**	-
	390,946	364,592
Earnings per share:		
Basic	**10.19**	9.67
Diluted	**10.11**	9.59

Consolidated statement of comprehensive income (unaudited)

($000s) Year/Period ended	**2024**	2023
Net income	**401,672**	371,590
Other comprehensive income – items that will be reclassified subsequently to income:		
Debt instruments at Fair Value through Other Comprehensive Income:		
Reclassification of losses from AOCI on sale of investments	**(2,051)**	-
Net change in unrealized gains (losses) on fair value	**68,127**	(36,208)
Reclassification of net (gains) losses to income	**(52,096)**	37,432
Other comprehensive income – items that will not be reclassified subsequently to income:		
Equity instruments designated at Fair Value through Other Comprehensive Income:		
Reclassification of losses from AOCI on sale of investments	**(31,340)**	(10,951)
Net change in unrealized gains (losses) on fair value	**1,176**	(34,767)
Reclassification of net losses to retained earnings	**31,588**	11,042
	15,404	(33,452)
Income tax (expense) recovery	**(4,063)**	9,210
	11,341	(24,242)
Cash flow hedges:		
Net change in unrealized (losses) gains on fair value	**(22,798)**	40,951
Reclassification of net gains to income	**(7,377)**	(38,718)
	(30,175)	2,233
Income tax recovery (expense)	**8,174**	(631)
	(22,001)	1,602
Total other comprehensive loss	**(10,660)**	(22,640)
Total comprehensive income	**391,012**	348,950
Total comprehensive income attributable to:		
Common shareholders	**389,902**	348,950
Non-controlling interests	**1,110**	-
	391,012	348,950

Consolidated statement of changes in shareholders' equity (unaudited)

($000s)											2024
						Accumulated other comprehensive income (loss)					
	Preferred Shares	Common Shares	Other equity instruments	Contributed Deficit	Retained Earnings	Cash Flow Hedges	Financial Instruments at FVOCI	Total	Attributable to equity holders	Non-controlling interests	Total
Balance, beginning of year	181,411	471,014	-	12,795	2,185,480	43,618	(48,775)	(5,157)	2,845,543	-	2,845,543
Non-controlling interest on acquisition	-	-	-	-	-	-	-	-	-	10,770	10,770
Net Income	-	-	-	-	400,562	-	-	-	400,562	1,110	401,672
Realized losses on sale of shares, net of tax	-	-	-	-	(23,056)	-	-	-	(23,056)	-	(23,056)
Transfer of AOCI losses to retained earnings, net of tax	-	-	-	-	-	-	22,875	22,875	22,875	-	22,875
Transfer of AOCI losses to income, net of tax	-	-	-	-	-	-	1,497	1,497	1,497	-	1,497
Other comprehensive loss, net of tax	-	-	-	-	-	(22,001)	11,341	(10,660)	(10,660)	-	(10,660)
Common shares issued	-	11,000	-	-	-	-	-	-	11,000	-	11,000
Exercise of stock options	-	20,290	-	-	-	-	-	-	20,290	-	20,290
Redemption of preferred shares	(181,411)	-	-	-	(2,371)	-	-	-	(183,782)	-	(183,782)
Limited recourse capital notes issued	-	-	150,000	-	-	-	-	-	150,000	-	150,000
Issuance cost, net of tax	-	-	(2,560)	-	-	-	-	-	(2,560)	-	(2,560)
Limited recourse capital note distributions, net of tax	-	-	-	-	(2,586)	-	-	-	(2,586)	-	(2,586)
Dividends:											
Preferred shares	-	-	-	-	(8,140)	-	-	-	(8,140)	-	(8,140)
Common shares	-	-	-	-	(66,580)	-	-	-	(66,580)	(1,501)	(68,081)
Share tender rights	-	-	-	(30,613)	-	-	-	-	(30,613)	-	(30,613)
Stock-based compensation	-	-	-	4,016	-	-	-	-	4,016	-	4,016
Transfer relating to the exercise of stock options	-	3,572	-	(3,572)	-	-	-	-	-	-	-
Balance, end of year	-	505,876	147,440	(17,374)	2,483,309	21,617	(13,062)	8,555	3,127,806	10,379	3,138,185

($000s)										2023
					Accumulated other comprehensive income (loss)					
	Preferred Shares	Common Shares	Contributed surplus	Retained Earnings	Cash Flow Hedges	Financial Instruments at FVOCI	Total	Attributable to equity holders	Non-controlling interests	Total
Balance, beginning of year	181,411	462,561	11,445	1,870,100	42,016	(32,578)	9,438	2,534,955	-	2,534,955
Net Income	-	-	-	371,590	-	-	-	371,590	-	371,590
Realized losses on sale of shares, net of tax	-	-	-	(7,722)	-	-	-	(7,722)	-	(7,722)
Transfer of AOCI losses to retained earnings, net of tax	-	-	-	-	-	8,045	8,045	8,045	-	8,045
Transfer of AOCI losses to net income, net of tax	-	-	-	-	-	-	-	-	-	-
Other comprehensive loss, net of tax	-	-	-	-	1,602	(24,242)	(22,640)	(22,640)	-	(22,640)
Exercise of stock options	-	13,161	-	-	-	-	-	13,161	-	13,161
Share Issuance cost, net of tax	-	(6,230)	-	-	-	-	-	(6,230)	-	(6,230)
Dividends:										
Preferred shares	-	-	-	(6,998)	-	-	-	(6,998)	-	(6,998)
Common shares	-	-	-	(41,490)	-	-	-	(41,490)	-	(41,490)
Stock-based compensation	-	-	2,872	-	-	-	-	2,872	-	2,872
Transfer relating to the exercise of stock options	-	1,522	(1,522)	-	-	-	-	-	-	-
Balance, end of period	181,411	471,014	12,795	2,185,480	43,618	(48,775)	(5,157)	2,845,543	-	2,845,543

Consolidated statement of cash flows (unaudited)

($000s) Year/Period ended	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	**401,672**	371,590
Adjustments for non-cash items in net income:		
Financial instruments at fair value through income	**13,152**	45,533
Amortization of premiums/discount on investments	**(56,548)**	7,678
Amortization of capital and intangible costs	**60,036**	39,155
Provision for credit losses	**107,013**	38,856
Securitization gains	**(66,348)**	(46,948)
Stock-based compensation	**4,016**	2,871
Dividend income earned, not received	**-**	(28,380)
Income taxes	**152,658**	130,475
Securitization retained interests	**129,719**	75,304
Changes in operating assets and liabilities:		
Restricted cash	**(204,792)**	(29,539)
Securities purchased under reverse repurchase agreements	**(351,285)**	(708,401)
Loans receivable, net of securitizations	**(89,825)**	(1,126,698)
Other assets	**(53,917)**	(57,566)
Deposits	**1,614,275**	865,734
Securitization liabilities	**81,156**	(519,066)
Obligations under repurchase agreements	**(1,128,238)**	462,931
Funding facilities	**(784,631)**	491,883
Other liabilities	**8,314**	108,201
Income taxes paid	**(98,042)**	(90,318)
Cash flows (used in) from operating activities	**(278,243)**	33,295
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common shares	**31,290**	6,931
Redemption of preferred shares	**(183,782)**	-
Net proceeds from issuance of limited recourse notes	**147,440**	-
Distributions to other equity holders	**(2,586)**	-
Dividends paid on preferred shares	**(8,140)**	(6,998)
Dividends paid on common shares	**(66,580)**	(41,490)
Cash flows used in financing activities	**(82,358)**	(41,557)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	**(401,650)**	(989,055)
Proceeds on sale or redemption of investments	**921,021**	1,007,663
Acquisition of subsidiary	**(75,483)**	-
Investment in associate	**(50,000)**	-
Net change in Canada Housing Trust re-investment accounts	**76,243**	78,988
Purchase of capital assets and system development costs	**(67,363)**	(34,966)
Cash flows from investing activities	**402,768**	62,630
Net increase in cash and cash equivalents	**42,167**	54,368
Cash and cash equivalents, beginning of year	**549,474**	495,106
Cash and cash equivalents, end of year	**591,641**	549,474
Cash flows from operating activities include:		
Supplemental statement of cash flows disclosures		
Interest received	**2,922,693**	2,137,216
Interest paid	**(1,747,235)**	(1,221,598)
Dividends received	**1,944**	31,243

About EQB Inc.

EQB Inc. (TSX: EQB) is a leading digital financial services company with $127 billion in combined assets under management and administration (as at October 31, 2024). It offers banking services through Equitable Bank, a wholly owned subsidiary and Canada's seventh largest bank by assets, and wealth management through ACM Advisors, a majority owned subsidiary specializing in alternative assets. As Canada's Challenger Bank™, Equitable 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 nearly 700,000 customers and more than six million credit union members through its businesses. Through its digital EQ Bank platform (eqbank.ca), its customers have named it one of Canada's top banks on the Forbes World's Best Banks list since 2021.

Please visit eqb.investorroom.com for more details.

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Cautionary Note Regarding Forward-Looking Statements

Statements made by EQB in the sections of this news release, in other filings with Canadian securities regulators 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's objectives, strategies and initiatives, financial performance expectation, statements with respect to EQB's intention to renew and/or make share repurchases under its NCIB, and other statements made herein, whether with respect to EQB's businesses or the Canadian economy. Generally, forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "intends", "scheduled", "planned", "estimates", "forecasts", "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", "might" or "will be taken", "occur" or "be achieved", 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 to be materially different from those expressed or implied by such forward-looking statements, including but not limited to risks related to capital markets and additional funding requirements, fluctuating interest rates and general economic conditions, 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 EQB's Q3 MD&A and in EQB's documents filed on SEDAR at www.sedarplus.ca and in Q4: Supplemental Management Information that is available under the Financials section of EQB's investor website at eqb.investorroom.com. All material assumptions used in making forward-looking statements are based on management's knowledge of current business conditions and expectations of future business conditions and trends, including their knowledge of the current credit, interest rate and liquidity conditions affecting EQB and the Canadian economy. Although EQB believes the assumptions used to make such statements are reasonable at this time and has attempted to identify in its continuous disclosure documents important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. Certain material assumptions are applied by EQB in making forward-looking statements, including without limitation, assumptions regarding its continued ability to fund its mortgage business, a continuation of the current level of economic uncertainty that affects real estate market conditions, continued acceptance of its products in the marketplace, as well as no material changes in its operating cost structure and the current tax regime. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. EQB does not undertake to update any forward-looking statements that are contained herein, except in accordance with applicable securities laws.

Non-Generally Accepted Accounting Principles (GAAP) Financial Measures and Ratios

In addition to GAAP prescribed measures, this news release references certain non-GAAP measures, including adjusted financial results, that we believe provide useful information to investors regarding EQB's financial condition and results of operations. Readers are cautioned that non-GAAP measures often do not have any standardized meaning, and therefore, are unlikely to be comparable to similar measures presented by other companies.

Adjustments listed below are presented on a pre-tax basis:

FY 2024

- $8.8 million fair value adjustment on a covered bond maturity,
- $2.2 million new office lease related costs prior to occupancy,
- $11.2 million non-recurring operational effectiveness expenses and acquisition and integration-related costs associated with Concentra and ACM,
- $9.3 million intangible asset amortization,
- $16.1 million provision for credit losses associated with an equipment financing purchase facility, and
- $1.7 million provision for credit losses due to a one-time change in ECL methodology from five to four economic scenarios and adjusting associated weights.

FY 2023

- $28.0 million related to a one-time strategic investment gain,
- $15.1 million acquisition and integration-related costs associated with Concentra and ACM,
- $3.5 million intangible asset amortization,
- $3.3 million net fair value amortization adjustments, and
- $0.9 million other expenses.

The following table presents a reconciliation of GAAP reported financial results to non-GAAP adjusted financial results (unaudited).

Reconciliation of reported and adjusted financial results	**As at or for the quarter ended**			**For the year ended**	
($000, except share and per share amounts)	**31-Oct-24**	**31-Jul-24**	**31-Oct-23 (fourth months)**	**31-Oct-24**	**31-Oct-23 (ten months)**
Reported results					
Net interest income	**255,774**	271,367	345,783	**1,050,489**	838,279
Non-interest revenue	**56,998**	55,871	49,503	**204,953**	137,385
Revenue	**312,772**	327,238	395,286	**1,255,442**	975,664
Non-interest expense	**153,625**	150,569	181,165	**594,099**	434,743
Pre-provision pre-tax income(3)	**159,147**	176,669	214,121	**661,343**	540,921
Provision for credit loss	**47,987**	21,274	19,566	**107,013**	38,856
Income tax expense	**31,740**	43,241	53,409	**152,658**	130,475
Net income	**79,420**	112,154	141,146	**401,672**	371,590
Net income available to common shareholders	**75,382**	109,538	138,797	**389,836**	364,592
Adjustments					
Net interest income – covered bond fair value adjustment	**8,804**	-	-	**8,804**	-
Net interest income – fair value amortization/adjustments	**-**	-	-	**-**	(4,167)
Non-interest revenue – strategic investment	**-**	-	-	**-**	(27,965)
Non-interest revenue – fair value amortization/adjustments	**-**	-	-	**-**	941
Non-interest expenses – new office lease related costs	**(2,208)**	-	-	**(2,208)**	-
Non-interest expenses – non-recurring operational effectiveness and acquisition-related costs(1)	**(755)**	(2,652)	(6,972)	**(11,171)**	(15,093)
Non-interest expenses – other expenses	**-**	-	-	**-**	(858)
Non-interest expenses – fair value amortization/adjustments	**-**	-	-	**-**	(66)
Non-interest expenses – intangible asset amortization	**(2,115)**	(2,223)	(1,181)	**(9,334)**	(3,542)
Provision for credit loss – equipment financing	**(16,085)**	-	-	**(16,085)**	-
Provision for credit loss – ECL methodology change and weights	**-**	(1,698)	-	**(1,698)**	-
Pre-tax adjustments – income before tax	**29,967**	6,573	8,153	**49,301**	(11,631)
Income tax expense – tax impact on above adjustments(2)	**7,988**	1,543	2,264	**12,997**	(4,311)
Post-tax adjustments – net income	**21,979**	5,030	5,889	**36,303**	(7,320)
Adjustments attributed to minority interests	**(288)**	(310)	-	**(912)**	-
Post-tax adjustments – net income to common shareholders	**21,691**	4,720	5,889	**35,391**	(7,320)
Adjusted results					
Net interest income	**264,578**	271,367	345,783	**1,059,293**	834,112
Non-interest revenue	**56,998**	55,871	49,503	**204,953**	110,361
Revenue	**321,576**	327,238	395,286	**1,264,246**	944,473
Non-interest expense	**148,547**	145,694	173,012	**571,386**	415,184
Pre-provision pre-tax income(3)	**173,029**	181,544	222,274	**692,860**	529,289
Provision for credit loss	**31,902**	19,576	19,566	**89,230**	38,856
Income tax expenses	**39,728**	44,784	55,673	**165,655**	126,163
Net income	**101,399**	117,184	147,035	**437,975**	364,270
Net income available to common shareholders	**97,073**	114,258	144,686	**425,227**	357,272
Diluted earnings per share					
Weighted average diluted common shares outstanding	**38,723,974**	38,606,268	38,117,929	**38,549,300**	38,013,724
Diluted earnings per share – reported	**1.95**	2.84	3.64	**10.11**	9.59
Diluted earnings per share – adjusted	**2.51**	2.96	3.80	**11.03**	9.40
Diluted earnings per share – adjustment impact	**0.56**	0.12	0.16	**0.92**	(0.19)

(1) Includes non-recurring operational effectiveness and acquisition and integration-related costs associated with Concentra Bank and ACM. (2) Income tax expense associated with non-GAAP adjustment was calculated based on the statutory tax rate applicable for that period, taking into account the federal tax rate increase. (3) This is a non-GAAP measure, see Non-GAAP financial measures and ratios section of this document.

Other non-GAAP financial measures and ratios:

- **Adjusted return on equity (ROE)** is calculated on an annualized basis and is defined as adjusted net income available to common shareholders as a percentage of weighted average common shareholders' equity (reported) outstanding during the period.
- **Assets under administration (AUA):** is sum of (1) assets over which EQB's subsidiaries have been named as trustee, custodian, executor, administrator, or other similar role; (2) loans held by credit unions for which EQB's subsidiaries act as servicer.
- **Assets under management (AUM):** is the sum of total balance sheet assets, loan principal derecognized but still managed by EQB, and assets managed on behalf on investors.
- **Loans under management (LUM):** is the sum of loan principal reported on the consolidated balance sheet and loan principal derecognized but still managed by EQB.
- **Net interest margin (NIM):** this profitability measure is calculated on an annualized basis by dividing net interest income by the average total interest earning assets for the period.
- **Pre-provision pre-tax income (PPPT):** this is the difference between revenue and non-interest expenses.
- **Total loan assets:** this is calculated on a gross basis (prior to allowance for credit losses) as the sum of both **Loans – Personal** and **Loans – Commercial** on the balance sheet and adding their associated allowance for credit losses.