For the three and six months ended April 30, 2024

It's Time.

Drive change in Canadian banking to enrich people's lives.

224.3% 10-year	$123 billion	639,000+
Total shareholder return	Total assets under management & administration	Customers served

Note: all cover measures as at April 30, 2024.

Canada's Challenger Bank ™

Table of contents

Caution regarding forward-looking statements

Statements made in the sections of this report including those entitled “EQB corporate profile”, “Overall business performance”, “Provision for credit losses”, “Credit portfolio quality”, “Liquidity investments and equity securities”, “Capital position”, “Risk management”, and 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 expectations 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”, “scheduled”, “guidance”, “planned”, “estimates”, “forecasts”, “outlook”, “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 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 including, without limitation, impacts as a result of COVID-19, global geopolitical risk, business acquisition, legislative and regulatory developments, changes in accounting standards, the nature of EQB customers and rates of default, and competition as well as those factors discussed under the heading “Risk Management” herein and in EQB’s documents filed on SEDAR at www.sedar.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 loan business, a continuation of the current level of economic uncertainty that affects real estate market conditions including, without limitation, impacts as a result of COVID-19, 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.

EQB strategy

Supported by its proven business model, EQB Inc. and its subsidiaries use a time-tested strategy and approach to drive change in Canadian banking to enrich people's lives.

Customer and service mission

Being the best at service, from building great digital experiences to empowering customer-facing teams to address customer needs

Differentiated value creation model

Deliver long-term shareholder value through disciplined capital allocation and business management that generates 15-17% ROE annually

Innovating and advocating for Canadians

Innovate across product and technology as Canada's leading digital bank and advocate for regulatory change to benefit Canadians, including Open Banking

Robust risk management

Consistently achieve the lowest credit losses of all Canadian bank peers by leveraging a prudent risk appetite and benefitting from decades of underwriting expertise

Building long-term franchise value

Allocate capital and investment dollars consistently to build lasting franchise value that translates into superior performance through cycles

Quick facts

> 639,000

Customers directly served by EQB Inc. and its subsidiaries, growing by hundreds every day

7^{th} largest bank

Equitable Bank is 7^{th} largest bank in Canada by assets, and the owner of Concentra Trust – the 7^{th} largest trust company in Canada

$123 billion

Assets under Management & Assets under Administration[1] diversified across Personal Banking, Commercial Banking, Trust services and private investment fund services

> 6 million

Canadians indirectly served with products and services delivered by Canadian credit unions to their members

#1

EQ Bank was named one of the Canada's top banks on the Forbes World's Best Banks list since 2021

Carbon neutral

Scope 1 and 2 carbon neutral and first Canadian bank to disclose Scope 3 carbon emissions

(1) See Glossary and Non-GAAP financial measures and ratios section of this MD&A.
Note: Quick facts as at April 30, 2024

EQB corporate profile

EQB Inc. (TSX: EQB and EQB.PR.C) is a leading financial services company with $123 billion in combined assets under management and administration[(1)]. Its wholly owned subsidiary Equitable Bank offers banking services to Canadians, while ACM Advisors, a majority-owned subsidiary acquired on December 14, 2023, specializes in alternative asset management primarily for institutional investors.

Equitable Bank is Canada's Challenger Bank™ and is the seventh largest bank by assets with a clear mission to drive change in Canadian banking to enrich people's lives.

Equitable Bank (the "Bank") serves 639,000 Canadians and nearly 200 Canadian credit unions with their approximately six million members, through two main businesses: Personal Banking - including EQ Bank, the leading digital bank in Canada - and Commercial Banking. Equitable Bank and Concentra Bank are regulated by the Office of the Superintendent of Financial Institutions Canada (OSFI).

EQB is a member of the S&P/TSX Composite, the S&P/TSX Bank, S&P/TSX Dividend Aristocrats, S&P/TSX Small Cap, S&P Canada BMI, and MSCI Small Cap (Canada) indices.

Equitable Bank is rated BBB (high) by DBRS and BBB- by Fitch, reflecting the Bank's sound credit fundamentals including consistent profitability, strong capital position, and diversification of assets and funding.

Canadians choose Equitable Bank for smarter products, unmatched value, and exceptional service. To deliver all three, the Bank specializes in market segments where it can improve the banking experience and deliver unique value by rethinking conventional approaches and pushing for smarter ways to do business. The Bank differentiates by providing a host of challenger bank retail services, single-family mortgage lending, reverse mortgage lending, insurance lending, commercial real estate mortgage lending, specialized commercial financing, equipment financing, credit union services and trust services.

The Bank's challenger approach has allowed it to become a leading single-family residential lender. In its commercial lending businesses, the Bank focuses on serving customers who build and renovate much-needed rental apartment and condominium supply, which has allowed it to become an active and leading participant in the insured multi-unit residential securitization market in Canada.

Continued innovation in the independent mortgage broker channel reflects the Bank's long-term focus on providing great service to brokers and mortgage customers.

(1) This is a Non-GAAP measure, see Non-GAAP financial measures and ratios section of this MD&A.

EQ Bank is Canada's first-born all-digital bank, providing great experience and value to Canadians, and serving as a convenient and compelling alternative to traditional banks. It was the first to move to a cloud-based platform and its digital capabilities are proven and differentiated to support cost-effective product development and fintech collaborations. As a leader in Canadian banking, EQ Bank was chosen by Forbes and Canadian consumers as Canada's Top Schedule I Bank in 2021, 2022 and 2023, and Best Online Bank in 2024.

The Bank operates with a fintech mindset and collaborates with partners to innovate rapidly to deliver best-in-class digital banking services to Canadian consumers. The Bank's relationships with market leaders like Wise, Wealthsimple, nesto, Ratehub, Flinks, Borrowell, Bloom, FinanceIT, ClearEstate, Trulioo and other fintechs continue to help the Bank reach new customers and deliver value to Canadians.

A strategic advantage of Equitable Bank's business model is the ability to deploy deposits consistently and profitably across its diverse personal and commercial lending operations. This approach to diversifying assets and deposit-funding sources allows the Bank to achieve its corporate growth objectives and reduces its risk profile.

Equitable Bank's talented teams are the foundation of its success. The Bank employs over 1,800 challengers who are aligned to drive change in Canadian banking. The Bank's inclusive, welcoming and pride-inducing workplace earned it the honour of being recognized as one of the top 50 organizations on the 2023 list of Canada's Best Workplaces™ and recently being ranked 4th in Canada by LinkedIn for workplace growth and career progression.

As a subsidiary of EQB Inc., ACM Advisors specializes in the creation, structuring, and management of pooled Canadian commercial mortgage funds. ACM is one of the largest private investment fund managers in Canada with over 2,000 clients including institutional investors and accredited retail investors. ACM contributes to fee-based revenue and supports EQB's long-term ROE performance ambition, without adding credit or balance sheet exposure. Strategically, it provides opportunities for EQB to explore opportunities to expand into specialized wealth management products.

Change of EQB’s fiscal year

EQB changed its fiscal year to end on October 31 for 2023 onward, from prior fiscal periods ending December 31. With this change, EQB’s reporting cycle is now consistent with Canada’s publicly traded banks.

Quarterly comparison periods throughout fiscal 2024 will compare the closest historical period. When the year is complete, the 12-month fiscal 2024 period will be presented compared to a 10-month fiscal 2023.

For this Q2 2024 report, quarterly data is presented as at or for the three months ended April 30, 2024 and compared to the prior quarter Q1 2024 ended January 31, 2024 and the prior years Q1 2023 ended March 31, 2023. Year-to-date figures are presented as at or for the six months ended April 30, 2024 vs. March 31, 2023.

The comparative period of six months ended March 31, 2023 included the acquisition of Concentra Bank on November 1, 2022, and as noted previously, contains several one-time items associated with the acquisition. Please see the Q4 2022 Management's Discussion and Analysis for more information. In addition, please see the comparison of performance relative to guidance below in “Overall Business Performance”.

The change in fiscal year did not result in changes to the dividend payment schedule. EQB continues to pay dividends on the last business day of March, June, September, and December.

Selected financial highlights

Select financial and other highlights	As at or for three months ended					For the six months ended		
	30-Apr-24	31-Jan-24	Change	31-Mar-23	Change	30-Apr-24	31-Mar-23	Change
Adjusted results ($000s)[(1)]								
Net interest income	**267,338**	256,010	4%	236,630	13%	**523,348**	455,405	15%
Non-interest revenue	**49,322**	42,762	15%	27,975	76%	**92,084**	44,292	108%
Revenue	**316,660**	298,772	6%	264,605	20%	**615,432**	499,697	23%
Non-interest expenses	**143,111**	134,034	7%	120,262	19%	**277,145**	222,521	25%
Pre-provision pre-tax income[(2)]	**173,549**	164,738	5%	144,343	20%	**338,287**	277,176	22%
Provision for credit losses	**22,217**	15,535	43%	6,248	256%	**37,752**	14,024	169%
Income before income taxes	**151,332**	149,203	1%	138,095	10%	**300,535**	263,152	14%
Income tax expense	**40,290**	40,853	(1%)	36,366	11%	**81,143**	68,928	18%
Net income	**111,042**	108,350	2%	101,729	9%	**219,392**	194,224	13%
Net income available to common shareholders	**108,177**	105,719	2%	99,411	9%	**213,896**	189,601	13%
Earnings per share – diluted ($)	**2.81**	2.76	2%	2.62	7%	**5.57**	5.09	9%
Return on equity (%)[(3)]	**15.9**	15.6	0.3	16.9	(1.0)	**15.7**	16.3	(0.6)
Efficiency ratio (%)[(3)(4)]	**45.2**	44.9	0.3	45.4	(0.2)	**45.0**	44.5	0.5
Reported results ($000s)								
Net interest income	**267,338**	256,010	4%	240,797	11%	**523,348**	459,122	14%
Non-interest revenue	**49,322**	42,762	15%	27,034	82%	**92,084**	43,416	112%
Revenue	**316,660**	298,772	6%	267,831	18%	**615,432**	502,538	22%
Non-interest expenses	**150,420**	139,485	8%	126,548	19%	**289,905**	265,728	9%
Pre-provision pre-tax income[(2)]	**166,240**	159,287	4%	141,283	18%	**325,527**	236,810	37%
Provision for credit losses (recoveries)	**22,217**	15,535	43%	6,248	256%	**37,752**	33,044	14%
Income before income taxes	**144,023**	143,752	0%	135,035	7%	**287,775**	203,766	41%
Income tax expense	**38,307**	39,370	(3%)	35,516	8%	**77,677**	58,428	33%
Net income	**105,716**	104,382	1%	99,519	6%	**210,098**	145,338	45%
Net income available to common shareholders	**103,041**	101,875	1%	97,201	6%	**204,916**	140,715	46%
Earnings per share ($) – basic	**2.70**	2.68	1%	2.58	5%	**5.38**	3.81	41%
Earnings per share ($) – diluted	**2.67**	2.66	0%	2.56	4%	**5.33**	3.78	41%
Return on equity (%)	**15.1**	15.0	0.1	16.5	(1.4)	**15.0**	12.1	2.9
Efficiency ratio (%)	**47.5**	46.7	0.8	47.2	0.3	**47.1**	52.9	(5.8)
Net interest margin (%)[(2)]	**2.11**	2.01	0.10	1.95	0.16	**2.06**	1.91	0.15
Revenue per average full time equivalent	**172**	165	4%	159	8%	**338**	303	12%
Balance sheet and other information ($ millions)								
Total assets	**53,940**	53,099	2%	51,793	4%			
Assets under management[(2)]	**76,515**	74,136	3%	63,336	21%			
Loans – Personal & Commercial	**47,909**	47,792	0%	46,580	3%			
Loans under management[(2)]	**65,525**	63,929	2%	58,238	13%			
Assets under administration[(2)]	**46,974**	44,725	5%	41,469	13%			
Total deposit principal	**33,559**	31,760	6%	31,278	7%			
EQ Bank deposit principal	**8,653**	8,328	4%	8,097	7%			
Total risk-weighted assets[(3)]	**19,720**	20,108	(2%)	18,981	4%			

Select financial and other highlights	As at or for the three months ended					For the six months ended		
	30-Apr-24	31-Jan-24	Change	31-Mar-23	Change	30-Apr-24	31-Mar-23	Change
Credit quality (%)								
Reported provision for credit losses – rate(3)	**0.19**	0.13	0.06	0.05	0.14	**0.16**	0.16	-
Net impaired loans as a % of total loan assets	**0.92**	0.94	(0.02)	0.32	0.60			
Net allowance for credit losses as a % of total loan assets	**0.23**	0.22	0.01	0.19	0.04			
Share information								
Common share price – close ($)	**83.11**	92.32	(10%)	58.30	43%			
Book value per common share ($)(3)	**73.73**	71.33	3%	64.47	14%			
Common shares outstanding (thousands)	**38,276**	38,173	0%	37,680	2%			
Common share market capitalization ($ millions)	**3,181**	3,524	(10%)	2,197	45%			
Common shareholders' equity ($ millions)(3)	**2,822**	2,723	4%	2,429	16%			
Dividends declared – common share ($)	**0.42**	0.40	5%	0.35	20%	**0.82**	0.68	21%
Dividends declared – preferred share – Series 3 ($)	**0.37**	0.37	-%	0.37	-%	**0.74**	0.74	-%
Dividend yield – common shares (%)(3)	**1.9**	1.9	-	2.3	(0.4)	**1.9**	2.4	(0.5)
Capital ratios and leverage ratio (%)(5)								
Common equity tier 1 ratio	**14.1**	14.2	(0.1)	14.0	0.1			
Tier 1 capital ratio	**14.8**	14.8	-	15.0	(0.2)			
Total capital ratio	**15.3**	15.4	(0.1)	15.5	(0.2)			
Leverage ratio	**5.2**	5.4	(0.2)	5.3	(0.1)			
Business information								
Employees – average full time equivalent	**1,836**	1,808	2%	1,685	9%	**1,822**	1,660	10%
EQ Bank customers (thousands)	**457**	426	7%	336	36%			

(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 Adjustments to financial results section, and Non-GAAP financial measures and ratios section of this MD&A.

(2) These are non-GAAP measures, see Non-GAAP financial measures and ratios section of this MD&A.

(3) See Glossary section of this MD&A.

(4) Increases in this ratio reflect reduced efficiencies, whereas decreases reflect improved efficiencies.

(5) Regulatory capital requirements for Equitable Bank are determined in accordance with OSFI's Capital Adequacy Requirements (CAR) Guideline, which is based on the capital standards developed by the Basel Committee on Banking Supervision. Leverage ratio is calculated using OSFI's Leverage Requirements (LR) Guideline. See Glossary section of this MD&A.

Selected financial highlights – eight quarters

Select financial highlights	2024		2023			2022		
	Q2	Q1	Four months Q4	Q2	Q1	Q4[3]	Q3	Q2
Adjusted results ($000s)[1]								
Net interest income	**267,338**	256,010	345,783	251,699	236,630	218,775	187,264	167,604
Non-interest revenue	**49,322**	42,762	49,503	32,883	27,975	16,317	9,481	(2,528)
Revenue	**316,660**	298,772	395,286	284,582	264,605	235,092	196,745	165,076
Non-interest expenses	**143,111**	134,034	173,012	121,910	120,262	102,259	78,903	75,567
Pre-provision pre-tax income[2]	**173,549**	164,738	222,274	162,672	144,343	132,833	117,842	89,509
Provision for credit losses	**22,217**	15,535	19,566	13,042	6,248	7,776	5,354	5,233
Income before income taxes	**151,332**	149,203	202,708	149,630	138,095	125,057	112,488	84,276
Income tax expense	**40,290**	40,853	55,673	34,124	36,366	32,562	30,339	22,742
Net income	**111,042**	108,350	147,035	115,506	101,729	92,495	82,149	61,534
Net income available to common shareholders	**108,177**	105,719	144,686	113,175	99,411	90,190	81,063	60,448
Earnings per share – diluted ($)	**2.81**	2.76	3.80	2.98	2.62	2.46	2.35	1.75
Return on equity (%)	**15.9**	15.6	16.5	18.3	16.9	15.9	15.6	12.1
Efficiency ratio (%)	**45.2**	44.9	43.8	42.8	45.4	43.5	40.1	45.8
Reported results ($000s)								
Net interest income	**267,338**	256,010	345,783	251,699	240,797	218,325	186,251	166,657
Non-interest revenue	**49,322**	42,762	49,503	60,848	27,034	16,382	9,481	(2,528)
Revenue	**316,660**	298,772	395,286	312,547	267,831	234,707	195,732	164,129
Non-interest expenses	**150,420**	139,485	181,165	127,030	126,548	139,180	84,082	78,276
Pre-provision pre-tax income[2]	**166,240**	159,287	214,121	185,517	141,283	95,527	111,650	85,853
Provision for credit losses	**22,217**	15,535	19,566	13,042	6,248	26,796	5,354	5,233
Income before income taxes	**144,023**	143,752	194,555	172,475	135,035	68,731	106,296	80,620
Income tax expense	**38,307**	39,370	53,409	41,550	35,516	22,912	28,717	21,784
Net income	**105,716**	104,382	141,146	130,925	99,519	45,819	77,579	58,836
Net income available to common shareholders	**103,041**	101,875	138,797	128,594	97,201	43,514	76,493	57,750
Earnings per share ($) – basic	**2.70**	2.68	3.67	3.41	2.58	1.20	2.24	1.69
Earnings per share ($) – diluted	**2.67**	2.66	3.64	3.39	2.56	1.19	2.22	1.67
Return on equity (%)	**15.1**	15.0	15.8	20.8	16.5	7.7	14.8	11.6
Efficiency ratio (%)	**47.5**	46.7	45.8	40.6	47.2	59.3	43.0	47.7
Revenue per average full time equivalent ($)[2]	**172**	165	227	180	159	139	141	122
Balance sheet and other information ($ millions)								
Total assets	**53,940**	53,099	52,933	53,319	51,793	51,145	40,150	39,418
Assets under management[2]	**76,515**	74,136	67,932	65,910	63,336	61,569	47,331	45,767
Loans – Personal & Commercial	**47,909**	47,792	47,361	47,437	46,580	46,510	36,792	36,246
Loans under management[2]	**65,525**	63,929	62,397	60,112	58,238	57,078	43,872	42,505
Assets under administration[2]	**46,974**	44,725	43,173	42,037	41,469	41,234	-	-
Total deposits principal	**33,559**	31,760	31,577	31,783	31,278	30,831	23,824	23,533
EQ Bank deposits principal	**8,653**	8,328	8,233	8,204	8,097	7,923	7,562	7,588
Total risk-weighted assets	**19,720**	20,108	19,809	19,427	18,981	18,926	15,459	14,748

Select financial highlights

	2024		2023			2022		
	Q2	Q1	Four months Q4	Q2	Q1	Q4(3)	Q3	Q2
Credit quality (%)								
Reported provision for credit losses – rate	**0.19**	0.13	0.12	0.11	0.05	0.25	0.06	0.06
Net impaired loans as a % of total loan assets	**0.92**	0.94	0.76	0.47	0.32	0.28	0.23	0.18
Net Allowance for credit losses as a % of total loan assets	**0.23**	0.22	0.22	0.20	0.19	0.18	0.15	0.14
Share information								
Common share price – close ($)	**83.11**	92.32	68.82	70.00	58.30	56.73	46.44	53.15
Book value per common share ($)	**73.73**	71.33	70.33	67.33	64.47	62.65	61.14	59.25
Common shares outstanding (thousands)	**38,276**	38,173	37,879	37,730	37,680	37,564	34,205	34,161
Common shareholders market capitalization ($ millions)	**3,181**	3,524	2,607	2,641	2,197	2,131	1,588	1,816
Common shareholders' equity ($ millions)	**2,822**	2,723	2,664	2,538	2,429	2,354	2,091	2,024
Dividends – common share ($)	**0.42**	0.40	0.38	0.37	0.35	0.33	0.31	0.29
Dividends – preferred share – Series 3 ($)	**0.37**	0.37	0.37	0.37	0.37	0.37	0.37	0.37
Dividend yield – common shares (%)	**1.9**	1.9	2.0	2.3	2.3	2.5	2.3	1.9
Capital ratios and leverage ratio (%)								
Common Equity Tier 1 ratio	**14.1**	14.2	14.0	14.1	14.0	13.7	13.3	13.5
Tier 1 capital ratio	**14.8**	14.8	14.6	14.8	15.0	14.7	13.7	14.0
Total capital ratio	**15.3**	15.4	15.2	15.4	15.5	15.1	14.0	14.3
Leverage ratio	**5.2**	5.4	5.3	5.2	5.3	5.3	5.1	5.1
Business information								
Employees – average full time equivalent	**1,836**	1,808	1,743	1,740	1,685	1,635	1,373	1,295
EQ Bank customers (thousands)	**457**	426	401	368	336	308	293	280

(1) Adjusted measures and ratios are Non-GAAP measures and ratios. For additional information, see Adjustments to financial results section, and Non-GAAP financial measures and ratios section of this MD&A.
(2) These are non-GAAP measures and ratios, see Non-GAAP financial measures and ratios section of this MD&A.
(3) Q4 2022 results included two months of Concentra Bank's contribution to income statement measures and to denominators of several measures.

Overall business performance

In Q2 2024, EQB's performance continued to reflect growth in revenue and loans under management along with strong and stable return on equity delivered through effective risk management across credit, liquidity, and market risk, prudent management of capital, and relentless pursuit of excellence in customer service. Adjusted revenue and pre-provision pre-tax income set new records in Q2 at $316.7 million +6% q/q and +20% y/y and $173.5 million, +5% q/q, +20% y/y (reported $166.2 million, +4% q/q, +18% y/y) respectively *(excluding Q4 2023, which had four months).*

Overall lending portfolio growth year to date is aligned to annual guidance, including strong growth in insured multi-unit residential of +13% YTD vs. full-year guidance of 20-25%, wealth decumulation +20% YTD vs. full-year guidance of 40-60% and single family uninsured +2% YTD vs. full-year guidance of 5-10%. Non-interest revenue continued to increase to 16% of total revenue in Q2 with higher fee-based revenue, including the contribution of ACM Advisors for the full three-month period, and the steady contribution from multi-unit residential securitization.

Adjusted Return on Equity (ROE) for the quarter was 15.9% (15.1% reported). Book value per share (BVPS) was $73.73 +14% y/y and +3% q/q, inclusive of impacts to shareholders equity associated with a tender option to acquire the remaining 25% ownership stake in ACM Advisors.

- **Net interest income:** Net interest margin (NIM) expanded sequentially to 2.11% in Q2 2024, +10bps from Q1 2024 and +16bps y/y, due to increases in prepayment income, margin improvement in single family residential driven by strong renewal rates over the last 12 months, the effect of fewer days in the quarter (90 vs. 92 days) and the ongoing benefits of funding diversification. Funds costs will continue to see benefits through the growth in both EQ Bank deposits and wholesale funding, such as the Bank's new Bearer Deposit Note program. which reached $566 million. In April, Equitable Bank completed two new wholesale funding issuances that will benefit ongoing quarters, including the Bank's new $300 million deposit note and Canada's first social covered bond issuance contributing €500 million ($735 million) in funding.
- **Non-interest revenue:** Aligned to management's strategy of diversifying and growing EQB's sources of revenue, non-interest revenue increased to 16% of total revenue in Q2 2024, up from 14% in Q1 2024 and from 11% in Q1 2023. This expansion can be attributed to consistent fee income from Concentra Trust, continued stable growth in gains on sale from Equitable Bank's multi-unit residential securitization business and a full quarter contribution of asset management fees from ACM Advisors in Q2. This results in growth in non-interest revenue ahead of EQB's 2022 Investor Day 3–5-year target. Going forward EQB expects to continue to focus on growing NIR related sources of revenue and could expect to see this range increase from 12-15% to 15-20% of revenue on average.
- **Earnings**: For Q2 2024, adjusted net income[(1)] was $111.0 million, +2% q/q, +9% y/y ($105.7 million reported, +1% q/q, +6% y/y), supported by portfolio growth, NIM expansion and growth in non-interest revenue, partially offset by higher provisions for credit losses in the period. Q2 2024 continued to reflect increased investments in EQ Bank product and services as well as the Second Chance marketing and brand campaigns focused on building long-term franchise value and growing the customer base.
- **Combined Assets under Management (AUM)[(2)] and Assets under Administration (AUA)[(2)]** reached $123 billion (+4% q/q and +18% y/y), driven by growth in Equitable businesses (conventional lending, multi-family residential loans under management, Concentra Trust), as well as the contribution of ACM Advisors to year-over-year growth.
- **Lending portfolio growth**: Total loans under management[(2)] (both on and off-balance sheet) grew+2% q/q and +13% y/y to $65.5 billion, driven by strong retention and growth in high-quality lending markets, including multi-unit residential and decumulation. Uninsured single-family residential mortgages +1% q/q and +4% y/y with higher renewal rates and lower unscheduled repayments offsetting relatively lower new originations resulting from a slower housing market in the face of elevated interest rates.

(1) Adjusted measures and ratios are Non-GAAP measures and ratios. For additional information, see Adjustments to financial results section, and Non-GAAP financial measures and ratios section of this MD&A. (2) These are non-GAAP measures and ratios, see Non-GAAP financial measures and ratios section of this MD&A.

- **Commercial real estate – consistent focus on housing**: The central thrust of Equitable Bank's Commercial Business is providing solutions for the urban housing market in Canada. The commercial lending business focuses on supporting the development and renovation of apartments, and construction of multi-unit residential properties in major cities across the country. Nearly 77% (+7% q/q) of Equitable Bank's total commercial loans under management are insured through various Canada Mortgage and Housing Corporation (CMHC) programs. Of Equitable Bank's construction lending portfolio, over 66% is insured through these programs. On November 20, 2023, the Department of Finance Canada affirmed that the federal government would support the enhancement of the Canada Mortgage Bond (CMB) program by increasing the annual issuance limit from $40 billion to up to $60 billion. Equitable Bank is well-positioned to continue to be an active participant in delivering solutions to help housing get built in Canada, and shareholders continue to benefit from earnings contributed by this insured capital-efficient business.

- **Commercial real estate – limited office lending**: As part of its commercial business strategy and risk appetite, the Bank has historically limited its exposure to the commercial office sector. As a result, ~1.0% of the Bank's loan assets are office properties and, as a further risk mitigant, the average LTV of these loans is 67%. As at April 30, 2024, ~2% of the Bank's gross impaired loan assets were associated with office lending. As the Bank has intentionally increased focus on multi-unit residential and insured lending, office lending balances continued to decline during the second quarter. Equitable Bank's office lending is mostly restricted to properties located in major urban centres and smaller buildings, such as ones that often have medical and professional practice tenants.

- **Impaired loans**: Net impaired loans decreased $10.8 million over the quarter to 92 bps of total loans, compared to 94 bps last quarter and +60bps from March 31, 2023. As more commercial loan resolutions occurred, commercial impaired loan balances declined $68.4 million or 27% q/q, while both the pace of additions of impaired loans and early delinquencies declined q/q. The weighted average LTVs of these impaired residential and commercial mortgages are 71% and 72%, respectively, mitigating the potential for losses.

- **Provision for Credit Losses (PCLs)**: For Q2 2024, PCLs were $22.2 million or 19 bps of total loan principal, up 6 bps from Q1 2024. Stage 1 and 2 provision reversals in Q2 2024 are improvements in expected macroeconomic conditions and stage migration, offset by organic portfolio growth and modelling of future expected losses, which includes changes to current loan performance and arrears in the loan book. Stage 3 provisions of $24.2 million in Q2 2024 were primarily driven by the equipment financing business, which accounted for 54% or $13.2 million of the total, consistent with challenges in the long-haul transportation sector, and Commercial lending, which accounted for $11.6 million. Actual losses for the quarter, outside the equipment finance business, were $1.8 million, representing 0.4 bps of total loan assets.

- **Interest rate risk and capital management**: Equitable Bank maintained strong liquidity and capital levels in Q2 2024. In its management of interest rate risk, the Bank targets a duration of equity of approximately one year, limiting the Bank's economic exposure to movements in interest rates. As at Q2 2024, EQB's interest rate sensitivity to an immediate and sustained 100 bps parallel increase in interest rates as a measure of Economic Value of Shareholders' Equity (EVE) is (1.0%) or ($28.7 million). In the case of an immediate and sustained 100 bps decrease in rates, the impact on EVE is an improvement of 0.1% of EVE, or $1.7 million. Equitable Bank's CET1 capital position was stable at 14.1% supported by strong organic capital generation, above most Canadian banking peers. More detail on Equitable Bank's practices and approach to risk management can be reviewed in the Risk Management section of this MD&A.

Acquisition of alternative asset manager ACM Advisors Ltd.

EQB Inc. completed the acquisition of 75% ownership interest in ACM Advisors on December 14, 2023. ACM is one of the most respected independent alternative asset managers in Canada. Second quarter results benefitted from the ownership of ACM Advisors for the entire period. Financial measures are presented 100% consolidated with 25% management interest shown as non-controlling interest on both balance sheet and income statements. The acquisition added nearly $5.0 billion in assets under management and contributes to EQB's strategy of growing fee-based revenue and diversifying the drivers of revenue.

Performance relative to 2024 Guidance

The table below summarizes EQB's adjusted financial metrics[1] at April 30, 2024:

	YTD 2024 results	2024 Guidance[4]
Return on equity (ROE)[1]	**15.7%**	15%+
Pre-Provision Pre-tax Income (PPPT)[1]	**$338.3 million**	$660-700 million
Diluted EPS[1]	**$5.57**	$11.75-12.25
Dividend Growth – year-over-year[2]	**22%**	20-25%
BVPS Growth[3]	**5%**	13-15%
CET1 Ratio	**14.1%**	13%+

(1) Adjusted measures and ratio are Non-GAAP measures and ratios. For additional information, see Adjustments to financial results and Non-GAAP financial measures and ratios in this MD&A. (2) Dividend growth is calculated by comparing dividends to be paid in June 2024 vs. paid in June 2023. (3) BVPS refers to book value per common share. (4) Guidance represents expected amounts for fiscal 2024 and growth rates from October 31, 2023 to October 31, 2024.

The table below summarizes key loan portfolio metrics and EQ Bank customers as at April 30, 2024.

	Description	Year over year Mar 2023 to Apr 2024	YTD 2024 results	2024 Guidance[1]
Total loans under management	On and off-balance sheet loans	13%	5%	8-12%
Single Family Residential Lending	Uninsured residential mortgages	4%	2%	5-10%
Wealth Decumulation	Reverse mortgages and insurance lending	57%	20%	40-60%
Commercial lending (excluding multi-unit residential)	Loans to small businesses, medium-sized institutional/corporate investors, and equipment financing	9%	2%	5-10%
Multi-unit residential loans under management	On and off-balance sheet insured, multi-unit residential lending	35%	13%	20-25%
EQ Bank customers	Customer growth	36%	14%	30-40%

(1) Guidance represents expected growth rates from October 31, 2023 to October 31, 2024.

Management's Discussion and Analysis

For the three and six months ended April 30, 2024

Management's Discussion and Analysis (MD&A) is provided to enable readers to assess the financial position and the results of the consolidated operations of EQB Inc. (EQB) for the three months (quarter) and six months ended April 30, 2024. This MD&A should be read in conjunction with EQB's unaudited interim consolidated financial statements as at and for the six months ended April 30, 2024 together with accompanying notes. This report is dated as at May 29, 2024. All amounts are in Canadian dollars.

EQB's continuous disclosure materials, including interim filings, annual MD&A and Consolidated Financial Statements, Annual Information Form, Responsibility Report for Environmental, Social, and Governance (ESG) practices, Management Information Circular, Notice of Annual Meeting of Shareholders and Proxy Circular are available on EQB's website at eqb.investorroom.com and on SEDAR at www.sedar.com.

Acquisition of Concentra Bank

On November 1, 2022, Equitable Bank completed its acquisition of Concentra Bank. Both 2023 and 2024 results contain items related to transaction and integration adjustments. Refer to "Adjustments to financial results" for the income statement impact.

Acquisition of ACM Advisors Ltd.

On December 14, 2023, EQB Inc. acquired a 75% interest in ACM. EQB Inc.'s Consolidated Balance Sheet records 100% of ACM's assets and liabilities, with the 25% equity owned by other shareholders presented separately as non-controlling interest on the statement. Similarly, EQB Inc.'s Q2 2024 Consolidated Statement of Income includes the full impact of 100% of ACM's revenue and expenses (versus partial quarter impact in Q1 2024). Net income available to common shareholders is reported as net income, net of dividends and non-controlling interests allocated to the minority shareholders.

Contents

Adjustments to financial results

Adjustments impacting current and prior periods:

To enhance comparability between reporting periods, increase consistency with other financial institutions, and provide the reader with a better understanding of EQB's performance, adjusted results were introduced starting in Q1 2022. Adjusted results are non-GAAP financial measures.

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

Q2 2024

- $5.7 million non-recurring expenses and acquisition and integration-related costs associated with Concentra and ACM, and
- $1.6 million intangible asset amortization.

Q1 2024

- $2.1 million acquisition and integration-related costs associated with Concentra and ACM, and
- $3.4 million intangible asset amortization.

Q1 2023

- $3.2 million net fair value amortization adjustments,
- $4.7 million acquisition and integration-related costs, and
- $1.5 million intangible asset amortization.

The following table presents a reconciliation of GAAP reported financial results to non-GAAP adjusted financial results. For additional adjusted measures and information regarding non-GAAP financial measures, please refer to the Non-GAAP financial measures and ratios section of this MD&A.

Reconciliation of reported and adjusted financial results	For the three months ended			For the six months ended	
($000, except share and per share amounts)	30-Apr-24	31-Jan-24	31-Mar-23	30-Apr-24	31-Mar-23
Reported results					
Net interest income	**267,338**	256,010	240,797	**523,348**	459,122
Non-interest revenue	**49,322**	42,762	27,034	**92,084**	43,416
Revenue	**316,660**	298,772	267,831	**615,432**	502,538
Non-interest expense	**150,420**	139,485	126,548	**289,905**	265,728
Pre-provision pre-tax income(3)	**166,240**	159,287	141,283	**325,527**	236,810
Provision for credit loss	**22,217**	15,535	6,248	**37,752**	33,044
Income tax expense	**38,307**	39,370	35,516	**77,677**	58,428
Net income	**105,716**	104,382	99,519	**210,098**	145,338
Net income available to common shareholders	**103,041**	101,875	97,201	**204,916**	140,715
Adjustments					
Net interest income – earned on the escrow account	**-**	-	-	**-**	(2,220)
Net interest income – fair value amortization/adjustments	**-**	-	(4,167)	**-**	(843)
Net interest income – paid to subscription receipt holders	**-**	-	-	**-**	(654)
Non-interest revenue – fair value amortization/adjustments	**-**	-	941	**-**	876
Non-interest expenses – non-recurring and acquisition-related costs(1)	**(5,710)**	(2,053)	(4,744)	**(7,763)**	(41,665)
Non-interest expenses – fair value amortization/adjustments	**-**	-	(66)	**-**	(66)
Non-interest expenses – intangible asset amortization	**(1,599)**	(3,398)	(1,476)	**(4,997)**	(1,476)
Provision for credit loss – purchased loans	**-**	-	-	**-**	(19,020)
Pre-tax adjustments – income before tax	**7,309**	5,451	3,060	**12,760**	59,386
Income tax expense – tax impact on above adjustments(2)	**1,983**	1,483	850	**3,466**	16,121
Income tax expense – 2022 tax rate adjustment	**-**	-	-	**-**	(5,621)
Post-tax adjustments – net income	**5,326**	3,968	2,210	**9,294**	48,886
Adjusted results					
Net interest income	**267,338**	256,010	236,630	**523,348**	455,405
Non-interest revenue	**49,322**	42,762	27,975	**92,084**	44,292
Revenue	**316,660**	298,772	264,605	**615,432**	499,697
Non-interest expense	**143,111**	134,034	120,262	**277,145**	222,521
Pre-provision pre-tax income(3)	**173,549**	164,738	144,343	**338,287**	277,176
Provision for credit loss	**22,217**	15,535	6,248	**37,752**	14,024
Income tax expenses	**40,290**	40,853	36,366	**81,143**	68,928
Net income	**111,042**	108,350	101,729	**219,392**	194,224
Net income available to common shareholders	**108,177**	105,719	99,411	**213,896**	189,601
Diluted earnings per share					
Weighted average diluted common shares outstanding	**38,522,025**	38,344,339	37,910,348	**38,434,002**	37,264,510
Diluted earnings per share – reported	**2.67**	2.66	2.56	**5.33**	3.78
Diluted earnings per share – adjusted	**2.81**	2.76	2.62	**5.57**	5.09
Diluted earnings per share – adjustment impact	**0.14**	0.10	0.06	**0.24**	1.31

(1) Includes non-recurring 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 MD&A.

Detailed financial summary

Income statement and earnings summary

Table 1: Income statement highlights

($000s, except per share amounts)	For the three months ended					For the six months ended		
	30-Apr-24	**31-Jan-24**	**Change**	**31-Mar-23**	**Change**	**30-Apr-24**	**31-Mar-23**	**Change**
Adjusted results(1)								
Revenue	**316,660**	298,772	6%	264,605	20%	**615,432**	499,697	23%
Non-interest expenses	**143,111**	134,034	7%	120,262	19%	**277,145**	222,521	25%
Provision for credit losses	**22,217**	15,535	43%	6,248	256%	**37,752**	14,024	169%
Income tax expenses	**40,290**	40,853	(1%)	36,366	11%	**81,143**	68,928	18%
Net income	**111,042**	108,350	2%	101,729	9%	**219,392**	194,224	13%
Net income available to common shareholders	**108,177**	105,719	2%	99,411	9%	**213,896**	189,601	13%
Earnings per share – diluted ($)	**2.81**	2.76	2%	2.62	7%	**5.57**	5.09	9%
Reported results								
Revenue	**316,660**	298,772	6%	267,831	18%	**615,432**	502,538	22%
Non-interest expenses	**150,420**	139,485	8%	126,548	19%	**289,905**	265,728	9%
Provision for credit losses	**22,217**	15,535	43%	6,248	256%	**37,752**	33,044	14%
Income tax expenses	**38,307**	39,370	(3%)	35,516	8%	**77,677**	58,428	33%
Net income	**105,716**	104,382	1%	99,519	6%	**210,098**	145,338	45%
Net income available to common shareholders	**103,041**	101,875	1%	97,201	6%	**204,916**	140,715	46%
Earnings per share – diluted ($)	**2.67**	2.66	0%	2.56	4%	**5.33**	3.78	41%

(1) Adjusted measures and ratios are Non-GAAP measures and ratios. For additional information, see Adjustments to financial results section, and Non-GAAP financial measures and ratios section of this MD&A.

Net interest income

Net interest income (NII) is the main driver of EQB's revenue and profitability. Table 2 details EQB's NII by product and portfolio.

($000s, except percentages)	For the three months ended						For the six months ended			
	30-Apr-24		31-Jan-24		31-Mar-23		30-Apr-24		31-Mar-23	
	Revenue/ Expense	Average rate(1)	Revenue/ Expense	Average rate(1)	Revenue/ Expense	Average rate(1)	Revenue/ Expense	Average rate(1)	Revenue/ Expense	Average rate(1)
Revenues derived from:										
Cash and debt securities	**43,631**	**4.75%**	39,560	4.73%	36,025	4.51%	**83,191**	**4.74%**	62,950	4.15%
Equity securities	**457**	**5.19%**	415	4.89%	990	5.65%	**872**	**5.04%**	1,913	5.47%
Single family mortgages – insured	**94,905**	**3.68%**	95,129	3.63%	92,078	3.35%	**190,034**	**3.66%**	164,053	3.07%
Single family mortgages – uninsured	**333,897**	**6.92%**	321,435	6.53%	259,653	5.56%	**655,332**	**6.72%**	469,115	5.13%
Decumulation loans	**28,307**	**6.84%**	26,625	6.87%	17,150	6.69%	**54,932**	**6.85%**	29,707	6.27%
Consumer lending	**25,190**	**11.63%**	25,765	11.38%	22,221	11.04%	**50,955**	**11.50%**	35,446	10.25%
Total Personal loans	**482,299**	**6.00%**	468,954	5.75%	391,102	4.96%	**951,253**	**5.87%**	698,321	4.56%
Commercial loans	**190,270**	**8.92%**	195,042	9.01%	173,061	8.89%	**385,312**	**8.96%**	329,983	8.47%
Equipment financing	**30,531**	**9.81%**	31,775	9.77%	28,233	9.31%	**62,306**	**9.79%**	53,857	9.11%
Insured multi-unit residential mortgages	**37,041**	**2.98%**	36,064	2.85%	40,473	2.89%	**73,105**	**2.92%**	75,082	2.80%
Total Commercial loans	**257,842**	**7.00%**	262,881	7.00%	241,767	6.63%	**520,723**	**7.00%**	458,922	6.40%
Average interest-earning assets	**784,229**	**6.20%**	771,810	6.05%	669,884	5.43%	**1,556,039**	**6.12%**	1,222,106	5.09%
Expenses related to:										
Deposits	**366,002**	**4.63%**	358,562	4.55%	294,403	3.84%	**724,564**	**4.59%**	522,659	3.50%
Securitization liabilities	**131,776**	**3.52%**	127,253	3.43%	118,157	2.89%	**259,029**	**3.47%**	202,846	2.55%
Others	**19,113**	**5.39%**	29,985	5.69%	20,694	5.04%	**49,098**	**5.58%**	41,196	4.75%
Average interest-bearing liabilities	**516,891**	**4.30%**	515,800	4.25%	433,254	3.56%	**1,032,691**	**4.28%**	766,701	3.23%
Adjusted net interest income and margin(2)	**267,338**	**2.11%**	256,010	2.01%	236,630	1.92%	**523,348**	**2.06%**	455,405	1.89%
Interest earned on the subscription receipt escrow account	-		-		-		-		2,220	
Interest paid to subscription receipt holders	-		-		-		-		654	
Net fair value amortization – assets	-		-		2,976		-		24,690	
Net fair value amortization – liabilities	-		-		1,191		-		(23,847)	
Reported net interest income and margin	**267,338**	**2.11%**	256,010	2.01%	240,797	1.95%	**523,348**	**2.06%**	459,122	1.91%

(1) Average rates are calculated based on the daily average balances outstanding during the period. (2) Adjusted measures and ratios are Non-GAAP measures and ratios. For additional information, see Adjustments to financial results section, and Non-GAAP financial measures and ratios section of this MD&A.

Q2 2024 v Q1 2024

Net interest income in Q2 2024 was $267.3 million (+4% from $256.0 million in Q1 2024) and net interest margin +10bps to 2.11%, supported primarily by increasing yields in uninsured residential lending (including higher prepayment income and strong renewal rates). In Q2, interest expense growth was moderated by stable deposit costs of funds contributed through strong growth in cost-effective EQ Bank deposits, a stable policy rate through the period and lower interest costs associated with wholesale funding sources, including the Bank's new Bearer Deposit Note (BDN) program.

Q2 2024 v Q1 2023

Adjusted net interest income[(1)] +13% y/y (reported +11%), driven by higher net interest margin and conventional loan growth. Adjusted net interest margin[(1)] +19bps (reported +16bps), due to increasing yields on higher margin conventional commercial loans and growth in that portfolio, higher prepayment income in uninsured single-family residential mortgages, funding diversification and margin expansion on retail deposits driven by an increase in the Bank of Canada's policy interest rate over the year.

6-months 2024 v 6-months 2023

Adjusted and reported net interest income was $523.3 million, +15% (reported +14%). Overall growth in net interest income was primarily driven by EQB asset growth across its conventional loan portfolios, higher NIM and one extra month's contribution from Concentra Bank vs. the comparative period beginning October 1, 2022.

Adjusted NIM +17bps (reported +15bps), driven by the same reasons noted above when comparing to Q1 2023.

(1) Adjusted measures and ratios are Non-GAAP measures and ratios. For additional information, see Adjusted financial results section, and Non-GAAP financial measures and other financial and banking measures and terms section of this MD&A.

Non-interest revenue

Table 3: Non-interest revenue

($000s)	For the three months ended					For the six months ended		
	30-Apr-24	**31-Jan-24**	**Change**	**31-Mar-23**	**Change**	**30-Apr-24**	**31-Mar-23**	**Change**
Fees and other income[(1)]	**20,564**	16,615	24%	13,898	48%	**37,179**	24,401	52%
Gains (Losses) on strategic investments	**3,425**	(341)	n.m.	(2,613)	n.m.	**3,084**	(7,750)	n.m.
Net gains (losses) on other investments[(1)]	**3,704**	5,334	(31%)	(687)	n.m.	**9,038**	(764)	n.m.
Gains on sale and income from retained interests	**23,177**	19,409	19%	14,332	62%	**42,586**	23,579	81%
Net (losses) gains on securitization activities and derivatives	**(1,548)**	1,745	n.m.	2,104	n.m.	**197**	3,950	(95%)
Total non-interest revenue– reported	**49,322**	42,762	15%	27,034	82%	**92,084**	43,416	112%
Fair value amortization adjustment on other investments	**-**	-	-	*941*	*n.m.*	-	*876*	*n.m.*
Total non-interest revenue – adjusted[(2)]	**49,322**	42,762	15%	27,975	76%	**92,084**	44,292	108%

n.m. - not meaningful

(1) The grouping for certain gains reported under Net gains (losses) on other investments in Q1 2023, was changed to Fees and other income starting Q2 2023. Prior period grouping has not been changed. (2) Adjusted measures and ratios are Non-GAAP measures and ratios. For additional information, see Adjustments to financial results section, and Non-GAAP financial measures and ratios section of this MD&A.

Q2 2024 v Q1 2024

Total non-interest revenue (NIR) was up $6.6 million (+15%), largely due to full quarter of fee income from ACM Advisors recorded in Q2 versus a 1.5-month contribution in Q1 2024, higher gain on sale and income from retained interest (increased in margin) related to multi-unit securitization, and gains from investments. The overall increase was partially offset by $3.3 million of negative fair value movement associated with securitization and related derivative activity.

Q2 2024 v Q1 2023

Adjusted NIR(1) +76% y/y (reported +82%), primarily driven by fee income added by: ACM Advisors that EQB acquired in Q1 2024; higher EQ Bank prepaid card fees; equipment leasing administration charges; an increase in gains on sale (higher volume of CMHC Multis securitized and derecognized); and, revenue from both strategic investments and debt security holdings.

6-months 2024 v 6-months 2023

Non-interest revenue more than doubled when comparing the six-month periods ended Q2 2024 and Q1 2023, similarly driven by the addition of ACM Advisors and higher volume of multi-unit residential lending and revenue from strategic investments and securities holdings.

Provision for credit losses

Table 4: Provision for credit losses

($000s, except percentages)	For the three months ended					For the six months ended		
	30-Apr-24	**31-Jan-24**	**Change**	**31-Mar-23**	**Change**	**30-Apr-24**	**31-Mar-23**	**Change**
Stage 1 and 2 (recovery) provision	**(2,011)**	(1,760)	14%	2,746	n.m.	**(3,771)**	27,271	n.m.
Stage 3 provision	**24,228**	17,295	40%	3,502	592%	**41,523**	5,773	619%
Total Provision for credit losses – reported	**22,217**	15,535	43%	6,248	256%	**37,752**	33,044	14%
Less: Provision for credit losses – purchased loans	**-**	-	-	-	-	**-**	*(19,020)*	*n.m.*
Total Provision for credit losses – adjusted(1)	**22,217**	15,535	43%	6,248	256%	**37,752**	14,024	169%

n.m. not meaningful

The Provision for Credit Losses (PCL) represents the net addition to the Bank's Allowance for Credit Losses (ACL), accounting for any recoveries during the period. The ACL is the reserve set aside on the balance sheet to absorb future expected credit losses and is discussed in detail in the "Credit portfolio quality" section of this MD&A.

Q2 2024 v Q1 2024

Total provisions were $22.2 million in Q2, comprised of $24.2 million stage 3 PCL with a $2.0 million reversal in Stage 1 and 2 provisions. The $2.0 million recovery of Stage 1 and 2 provisions was recorded in this quarter, mainly due to improvements in forward-looking macroeconomic forecasts used in loss modelling and analysis associated with each of the lending portfolios resulting in stage migration from Stage 2 to Stage 1.

Stage 3 provisions are related to impaired loans. Stage 3 PCL was $24.2 million (+$6.9 million) in Q2 2024, mainly associated with non-performing equipment financing and commercial loans. Management carefully reviewed each impaired loan to assess the adequacy of its allowances and concluded that this level of provision and the resulting allowance for credit losses appropriately reflect the best estimates of likely credit losses on impaired loan balances.

(1) Adjusted measures and ratios are Non-GAAP measures and ratios. For additional information, see Adjusted financial results section, and Non-GAAP financial measures and other financial and banking measures and terms section of this MD&A.

Q2 2024 v Q1 2023

The PCL (recovery) movements are mainly due to the same reason cited above when compared to Q1 2024.

6-months 2024 v 6-months 2023

Stage 1 and 2 recovery of $3.8 million mainly resulted from a new cash reserve received from a consumer lending partner in Q1 2024 and a positive change in the macroeconomic forecast during the period, offset by provisions on new originations. The comparative PCL of $27.3 million included a $19.0 million one-time provision recorded in Q4 2022 associated with the Concentra acquisition. The increase in Stage 3 PCL in this period was due to the same reasons cited above when comparing Q2 2024 to Q1 2024.

Non-interest expenses

Table 5: Non-interest expenses and efficiency ratio

($000s, except percentages and FTE)	For the three months ended					For the six months ended		
	30-Apr-24	**31-Jan-24**	**Change**	**31-Mar-23**	**Change**	**30-Apr-24**	**31-Mar-23**	**Change**
Compensation and benefits	**66,961**	65,369	2%	58,362	15%	**132,330**	123,361	7%
Technology and system costs	**20,282**	19,498	4%	18,174	12%	**39,780**	42,143	(6%)
Regulatory, legal and professional fees	**15,020**	10,843	39%	12,863	17%	**25,863**	24,166	7%
Product costs	**23,271**	21,424	9%	17,957	30%	**44,695**	32,900	36%
Marketing and corporate expenses	**21,468**	19,320	11%	14,671	46%	**40,788**	34,817	17%
Premises	**3,418**	3,031	13%	4,521	(24%)	**6,449**	8,341	(23%)
Total non-interest expenses – reported	**150,420**	139,485	8%	126,548	19%	**289,905**	265,728	9%
Less: Integration related costs and other expenses	***(7,309)***	*(5,451)*	*n.m.*	*(6,286)*	*n.m.*	***(12,760)***	*(43,207)*	*n.m.*
Total non-interest expenses – adjusted[(1)]	**143,111**	134,034	7%	120,262	19%	**277,145**	222,521	25%
Efficiency ratio – reported	**47.5%**	46.7%	0.8%	47.2%	0.3%	**47.1%**	52.9%	(5.8%)
Efficiency ratio – adjusted[(1)]	**45.2%**	44.9%	0.3%	45.4%	(0.2%)	**45.0%**	44.5%	0.5%
Full-time employee equivalent (FTE) – period average	**1,836**	1,808	2%	1,685	9%	**1,822**	1,660	10%

n.m. not meaningful

Measured by adjusted efficiency ratio[(1)], EQB sustained a steady and efficient operating model, delivered through our smart-spending corporate strategy with core investments in people, innovation, and infrastructure.

Q2 2024 v Q1 2024

Adjusted non-interest expenses[(1)] was +$9.1 million (reported +$10.9 million), mainly due to an additional 1.5-months of ACM expenses, higher transaction fees, and marketing spend on EQ Bank nation-wide media campaign that was launched in January 2024.

(1) Adjusted measures and ratios are Non-GAAP measures and ratios. For additional information, see Adjusted financial results section, and Non-GAAP financial measures and other financial and banking measures and terms section of this MD&A.

Q2 2024 v Q1 2023

Adjusted non-interest expenses[(1)] +$22.8 million (reported +$23.9 million). Besides the inclusion of ACM expenses, other main contributors included:

- **Compensation & benefits** increased in support of the Challenger Bank's market expansion, product development, technology enhancement and modernization, risk monitoring and compliance, customer service and employee support.
- **Technology and system** increased to upgrade the digital capacity, enhance the performance, functionality, and security of our cloud-based banking system, as well as Concentra data system migration, which the vast majority has been completed and will lead to cost savings go-forward.
- **Product, marketing, and innovation** increased due to growth in EQ Bank Card product costs and other transaction servicing fees. Marketing expenditure was primarily for advertising the "Second Chance" program that encourages Canadians to move on from their first bank accounts to something fundamentally better: EQ Bank.

6-months 2024 v 6-months 2023

Adjusted non-interest expenses[(1)] +$54.6 million (reported +$24.2 million), primarily for the same reason cited above when comparing Q2 2024 to Q1 2023, plus one extra month of Concentra expenses.

(1) Adjusted measures and ratios are Non-GAAP measures and ratios. For additional information, see Adjusted financial results section, and Non-GAAP financial measures and other financial and banking measures and terms section of this MD&A.

Balance sheet review

Balance sheet summary

Table 6: Balance sheet highlights

($ millions, except percentages)	30-Apr-24	31-Jan-24	Change	31-Oct-23	Change	31-Mar-23	Change
Total assets	**53,940**	53,099	2%	52,933	2%	51,793	4%
Loan principal – Personal(1)	**32,799**	32,684	0.4%	32,416	1%	32,272	2%
Loan principal – Commercial(1)	**15,104**	15,123	(0.1%)	14,983	1%	14,423	5%
Total deposits principal(1)	**33,559**	31,760	6%	31,577	6%	31,278	7%
EQ Bank deposit principal(1)	**8,653**	8,328	4%	8,233	5%	8,097	7%
Total liquid assets(2) as a % of total assets	**8.4%**	6.9%	1.5%	7.2%	1.2%	7.5%	0.9%

(1) The principal numbers are reported on a consolidated basis, including Concentra, prior to any acquisition-related fair value adjustments that are captured in balance sheet measures. The Personal loan principal balance includes interests capitalized for Reverse Mortgage. Prior period comparatives have been updated to conform to current period presentation. (2) This is a Non-GAAP measure, refer to the Non-GAAP financial measures and ratios section of this MD&A.

Total assets increased 4% from March 31, 2023, due to organic growth in Personal Lending (+2%) and Commercial Lending (+5%), mostly in conventional loan segments. To support asset growth, deposit funding grew 7% and EQ Bank deposit principal reached $8.7 billion as at April 30, 2024.

Total loan principal

EQB maintains a diverse portfolio of loans to optimize ROE while managing credit risk rigorously. The table below presents EQB's loan principal by lending business and Table 8 provides continuity schedules for the on-balance sheet loan portfolio.

Table 7: Loan principal by lending business(1)

($000s)	30-Apr-24	31-Jan-24	Change	31-Mar-23	Change
Single family mortgages – insured	**10,235,929**	10,374,260	(1%)	11,109,325	(8%)
Single family mortgages – uninsured	**19,897,259**	19,790,711	1%	19,204,814	4%
Decumulation loans(3)	**1,747,252**	1,587,419	10%	1,114,401	57%
Consumer lending	**918,647**	931,200	(1%)	843,922	9%
Total Personal Lending – on balance sheet	**32,799,087**	32,683,590	0.4%	32,272,462	2%
Commercial loans	**8,859,286**	8,763,791	1%	8,015,424	11%
Equipment financing	**1,271,057**	1,334,219	(5%)	1,264,212	1%
Insured multi-unit residential mortgages	**4,973,400**	5,025,177	(1%)	5,142,900	(3%)
Total Commercial Lending – on balance sheet	**15,103,743**	15,123,187	(0.1%)	14,422,536	5%
Total Loans – on balance sheet	**47,902,830**	47,806,777	0.2%	46,694,998	3%
Insured multi-unit residential mortgages – derecognized	**17,621,815**	16,122,135	9%	11,542,502	53%
Total Commercial Lending – loans under management (LUM)(2)	**32,725,558**	31,245,322	5%	25,965,038	26%
Total Loans under management (LUM)(2)	**65,524,645**	63,928,912	2%	58,237,500	13%

(1) The principal numbers are reported on a consolidated basis, including Concentra, excluding any acquisition-related fair value adjustments that are captured in balance sheet measures. (2) This is a non-GAAP measure, see Non-GAAP financial measures and ratios section of this MD&A. (3) The Decumulation loan portfolio balance includes capitalized interest for reverse mortgage since Q4 2023. Prior period comparatives have been updated to conform to current period presentation.

Q2 2024 v Q1 2024

Personal Lending portfolio +$115 million, mostly fueled by Reverse mortgage growth, partially offset by a decrease in insured single-family mortgages due to a lower renewal rate. Uninsured residential mortgages +1%, due to steady originations and renewals.

Commercial Lending LUM +5%, mainly due to growth in insured multi-unit residential business (LUM +7%), partially offset by a decline in the equipment financing portfolio as amortization and repayments outpace originations in this business, partly driven by tightening in risk appetite.

Q2 2024 v Q1 2023

The growth in Personal Lending was primarily driven by uninsured single-family mortgages (+4%) and decumulation business (+57%). With a reduction in housing market activity, the single-family residential portfolio experienced lower originations over the past twelve months but benefitted from a consistently high loan renewal rate and a lower level of unscheduled payments.

Commercial loans (Commercial Finance Group, Business Enterprise Solutions, and Specialized Finance) +11%, due to strong originations, and despite higher attritions in the period. The Equipment Financing portfolio remained stable due to high discharges over the past year, which offset new advances. Insured multi-unit LUM continued to outperform, +35% to $22.6 billion from $16.7 billion in Q1 2023, backed by strong activity in multi-unit residential housing.

"Commercial Loans" in the table include both CMHC insured construction and other uninsured multi-unit residential lending (e.g., retirement homes, student residences, loans being readied for CMHC funding). Of the overall on-balance sheet portfolio, 68% is associated with multi-unit residential properties, inclusive of CMHC insured residential apartments.

Table 8: On-Balance Sheet loan principal continuity schedule(1)

($000s, except percentages)	As at or for the three months ended April 30, 2024		
	Personal	**Commercial**	**Total**
Q1 2024 closing balance	**32,683,590**	**15,123,187**	**47,806,777**
Originations	**1,554,449**	**2,694,140**	**4,248,589**
Derecognition	**-**	**(1,618,455)**	**(1,618,455)**
Net repayments	**(1,438,952)**	**(1,095,129)**	**(2,534,081)**
Q2 2024 closing balance	**32,799,087**	**15,103,743**	**47,902,830**
% Change from Q1 2024	**0.4%**	**(0.1%)**	**0.2%**
Net repayments percentage(2)	**4.4%**	**7.2%**	**5.3%**

($000s, except percentages)	As at or for the three months ended March 31, 2023		
	Personal	**Commercial**	**Total**
Q4 2022 closing balance	32,112,410	14,541,396	46,653,806
Originations	1,723,864	1,723,365	3,447,229
Derecognition	-	(1,188,175)	(1,188,175)
Net repayments	(1,563,812)	(654,050)	(2,217,862)
Q1 2023 closing balance	32,272,462	14,422,536	46,694,998
% Change from Q4 2022	0.5%	(0.8%)	0.1%
Net repayments percentage	4.9%	4.5%	4.8%

(1) Principal is reported on a consolidated basis, including Concentra, prior to acquisition-related fair value adjustments that are captured in balance sheet measures. (2) Net repayments percentage is calculated by dividing net repayments by the previous period's closing balance.

Credit portfolio quality

Equitable Bank regularly evaluates the profile of its loan portfolio and adjusts decisions and activities based on a range of inputs. These include borrower behaviours and external variables, including real estate values, equipment resale values, and economic conditions. When judging that the risk associated with a particular region or product is no longer acceptable, the Bank adjusts underwriting criteria so that the policies continue to be prudent and reflective of current and expected economic conditions, thereby safeguarding the future health of the portfolio.

There are several aspects of the Bank's risk management approach and existing loan portfolios that have and will continue to help mitigate the risk of credit losses. The Bank remains appropriately reserved for credit losses given the composition of its loan portfolios and current economic forecasts. Allowances for Credit Losses, net of cash reserves, as a percentage of total loan assets equaled 23 bps as at April 30, 2024 compared to 19 bps as at March 31, 2023.

Equitable Bank's general approach to lending is sound and the Bank has modest exposure to higher risk lending markets:

- The Bank focuses on lending in urban and suburban markets that have diversified employment bases and more liquid real estate markets. This approach results in lower risk as it reduces both the probability that borrowers will default and the loss in the event they do.
- Commercial Banking lending, including equipment financing, is diversified across industries and geographies. Commercial Banking has defined asset-class exposure limits and focuses on assets that the Bank believes will be resilient through an economic cycle, such as multi-unit residential and mixed-use properties. These segments make up 40% of the Commercial loan portfolio, while categories such as shopping centres and hotels, which the Bank believes are more sensitive to economic conditions, comprise 3.0% and 0.1% of Commercial loans or 1.0% and 0.03% of the total loan portfolio, respectively. Approximately 1.0% of the Bank's loan assets are offices with an average LTV of 67%, and where lending is largely restricted to small properties outside of the downtown office centres that are less impacted by the shift towards working from home.
- In Equipment Financing, a cash security deposit is required on most higher-risk leases and in some cases additional real assets are pledged.

Equitable Bank's loan portfolios have protection beyond a borrower's ability to repay:

- Underwriting focuses foremost on a borrower's ability to repay a loan. The average credit score of the Bank's uninsured single family residential borrowers, inclusive of Concentra Bank, was 711 as at April 30, 2024, consistent with January 31, 2024 and March 31, 2023. Similarly, the average credit score of small business mortgage borrowers was 730. These credit scores are indicative of a borrower's positive repayment histories and lower propensity to default under normal economic conditions.
- 54% of loans under management are insured against credit losses, ultimately with the backing of the Government of Canada.
- Approximately 97% of the Bank's uninsured loan portfolio is secured by assets. Uninsured mortgage loans are supported by first-position claims on real estate and leases by first position claims on equipment, so Equitable Bank has a real asset with tangible value behind almost every loan. While the consumer portfolio is not secured, relationships with origination partners include preferential return against lending receivables.
- If the prices of the assets securing mortgage loans decline, the Bank is further protected by a portfolio with a low overall LTV ratio. The average LTV on the Bank's uninsured residential mortgage portfolio was 65% as at April 30, 2024.
- Further to this collateral, almost all uninsured commercial mortgage borrowers and the majority of leases are backed by personal guarantees and/or personal or corporate covenants. In the mortgage business, due diligence involves assessing the financial capacity of borrowers and guarantors.

Allowance for Credit Losses

Stage 1 and 2 reserves increased year over year mostly due to growing loan assets, and a slightly higher expected loss rate for Stage 1 loans.

Stage 3 allowances are associated with Equitable Bank's impaired loans and determined on a loan-by-loan basis. Management believes that these allowances are adequate as at April 30, 2024. Stage 3 allowances on the Bank's loan portfolio are generally supported by up-to-date, independent property appraisals.

Table 9: Loan credit metrics – Allowance for Credit Losses

($000s, except percentages)	30-Apr-24	31-Jan-24	Change	31-Mar-23	Change
Stage 1 and 2 allowance for credit losses	**97,834**	99,467	(2%)	92,607	6%
Stage 3 allowance for credit losses	**30,480**	22,480	36%	8,835	245%
Total Allowance for Credit Losses	**128,314**	121,947	5%	101,442	26%
Net ACL – total net of cash reserves(1)	**112,813**	107,017	5%	86,996	30%
Net ACL as a % of total loan assets	**0.23%**	0.22%	0.01%	0.19%	0.04%
Net ACL as a % of uninsured loan assets	**0.37%**	0.35%	0.02%	0.30%	0.07%
Net ACL as a % of gross impaired	**24%**	23%	1%	55%	(31%)

The table below provides allowance metrics that illustrate stage migration and loss rate dynamics:

Table 10: Stage 1 and 2 loan credit metrics

	30-Apr-24	31-Jan-24	31-Oct-23	30-Jun-23	31-Mar-23
Stage 1 – proportion of loan assets(2)	**74.0%**	71.4%	72.1%	78.3%	77.5%
Stage 1 – effective allowance rate(3)	**0.13%**	0.12%	0.13%	0.12%	0.12%
Stage 2 – proportion of loan assets	**25.0%**	27.7%	27.1%	21.2%	22.3%
Stage 2 – effective allowance rate	**0.30%**	0.34%	0.32%	0.38%	0.35%

Table 11: Stage 1 and 2 Allowance for credit losses by lending business

($000s, except percentages and bps)	30-Apr-24	31-Jan-24	Change	31-Mar-23	Change
Uninsured personal loans (excluding consumer lending) – stage 1 & 2 allowances	**30,820**	31,941	(1,121)	23,742	7,078
as a % of uninsured personal loans (excluding consumer lending) (bps)	***14***	*15*	(1)	*12*	2
Consumer lending – stage 1 & 2 allowances net of cash reserves	**674**	940	(266)	6,618	(5,944)
as a % of consumer lending (bps)	***7***	*10*	(3)	*80*	(73)
Uninsured commercial loans – stage 1 & 2 allowances	**23,860**	24,755	(895)	25,292	(1,432)
as a % of uninsured commercial loans (bps)	***39***	*38*	1	*37*	2
Equipment financing – stage 1 & 2 allowances	**26,509**	25,647	862	21,619	4,890
as a % of equipment financing (bps)	***217***	*197*	20	*172*	45
Insured personal and commercial loans – stage 1 & 2 allowances	**1,457**	1,388	69	1,659	(202)
as a % of insured personal and commercial loans (bps)	***0.82***	*0.80*	0	*0.96*	(0)
Total loans – stage 1 & 2 allowances net of cash reserves	**83,820**	84,671	(1,351)	78,930	4,390
as a % of total loans (bps)	***18***	*18*	-	*17*	1

(1) The consumer lending portfolio is backed by guarantees of $15.5 million (January 31, 2024 - $14.9 million, March 31, 2023 - $14.4 million) provided by a third party.
(2) Stage 1 and 2 percentages do not equal 100%: loans in stage 3 account for the difference and are not included in this table.
(3) The effective allowance rate equals the net allowance for loans in the stage divided by the period end loan balances in that stage.

Compared to March 31, 2023, Stage 1 and 2 allowances against uninsured personal and commercial loans increased by 2 bps, while equipment financing increased 45 bps. Consumer lending allowance declines during the period were associated with a new agreement with a consumer lending origination partner and creation of a cash reserve to secure against losses. The Bank leverages macroeconomic forecasts from Moody's Analytics and uses them in credit loss modelling. For a summary of key forecast assumptions for each scenario, please refer to Note 8 (d & e) to the Q2 2024 interim consolidated financial statements.

Impaired loans

Table 12: Impaired loan metrics

($000s, except percentages)	30-Apr-24	31-Jan-24	Change	31-Mar-23	Change
Gross impaired loan assets	**472,398**	475,182	(1%)	156,863	201%
Net impaired loan assets	**441,918**	452,702	(2%)	148,028	199%
Net impaired loan assets as a % of total loan assets	**0.92%**	0.94%	(0.02%)	0.32%	0.60%

Q2 2024 v Q1 2024

Net impaired loans as at April 30, 2024 were $441.9 million, 92bps of total loan assets, declining $10.8 million over the quarter. The net movement in impaired loans was impacted by additions of $42.3 million in the residential mortgage business and $15.3 million related to Equipment financing. The Commercial loan portfolio saw a reduction in net impaired loans of $68.4 million to $184.8 million and declined from 183bps to 133bps as several larger loans resolved in the quarter.

- In the quarter, of impaired single family residential loans, $59.6million loans discharged or resolved (i.e. returned to current status). The weighted average LTV of outstanding impaired residential loan assets was 71% as at April 30, 2024. Early delinquencies in single family residential declined in the quarter by $12.0 million.

- Similarly, $119.7 million commercial loans discharged or resolved during the quarter. The impaired Commercial loan book as at April 30, 2024 has a weighted average LTV of 72%.

Q2 2024 v Q1 2023

Net impaired loan assets +$293.9 million (60bps of total loan assets), with increases in residential mortgages (+$157.9 million), conventional commercial loans (+$109.8 million) and equipment financing (+$26.0 million).

Equitable Bank has rigorously assessed each impaired loan and has taken appropriate steps to ensure a successful resolution. In most cases, LTVs are within acceptable thresholds, providing a buffer for Equitable Bank and reducing the risk of potential credit losses. Additionally, Equitable Bank has action plans in place to address the impaired loans and is closely monitoring each situation. Management believes Equitable Bank is well reserved to manage credit losses that may arise from impaired loans.

Deposits and funding

Deposits

Equitable Bank's deposits provide a reliable and diversified base of funding that can be effectively matched against loan maturities. Term deposits consistently contribute approximately 80% of total funding with demand deposits representing the remainder.

EQ Bank deposits +4% q/q and +7% y/y to $8.7 billion. The balance of demand and fixed deposits of EQ Bank shifted toward term through the year as customers chose to lock in higher rates for longer durations. Equitable Bank benefits from EQ Bank's fixed term deposits, as funding duration is closely aligned to loan durations, which naturally mitigates interest rate risk and reduces the need for hedging.

Total credit union balances declined 1% q/q and 22% y/y. Credit union deposits are primarily sourced through the excess liquidity of the Bank's credit union customers and are typically subject to seasonal fluctuations associated with their agricultural customer base, which includes draws in the spring and deposits in the fall harvest period.

In terms of wholesale funding, Equitable Bank's covered bond programme reached a new milestone. On April 23, 2024, the Bank completed its fifth covered bond issuance and Canada's first social covered bond (also EQB's first issuance of a social bond under its Sustainable Bond Framework) with an €500 million (CAD$735 million) offering, bringing the total amount of funding through the covered bond program to €1.7 billion as at April 30, 2024. Equitable Bank completed a $300 million fixed rate deposit note offering on April 9, 2024. These April wholesale funding issuances will first contribute their full impact in Q3 .

Table 13: Deposit principal

($000s)	30-Apr-24	31-Jan-24	Change	31-Mar-23	Change
Term deposits:					
Brokered	**16,625,037**	16,200,265	3%	15,405,626	8%
EQ Bank	**5,006,783**	4,837,528	3%	4,161,586	20%
Credit unions	**1,727,783**	1,803,494	(4%)	2,323,444	(26%)
Deposit notes	**1,618,550**	1,323,223	22%	1,967,938	(18%)
Covered bonds	**2,442,746**	1,705,443	43%	1,259,708	94%
Corporate and institutional	**53,160**	57,026	(7%)	139,502	(62%)
Total	**27,474,059**	25,926,979	6%	25,257,804	9%
Share of term deposits of total (%)	***82%***	*82%*		*81%*	
Demand deposits:					
Brokered	**470,028**	508,378	(8%)	725,201	(35%)
EQ Bank	**3,646,205**	3,490,145	4%	3,935,798	(7%)
Credit unions	**587,084**	533,411	10%	639,025	(8%)
Strategic partnerships	**1,233,545**	1,149,499	7%	551,937	123%
Corporate and institutional	**147,599**	151,681	(3%)	167,961	(12%)
Total	**6,084,461**	5,833,114	4%	6,019,922	1%
Share of demand deposits of total (%)	***18%***	*18%*		*19%*	
Total deposit principal	**33,558,520**	31,760,093	6%	31,277,726	7%
EQ Bank deposit principal (excludes accrued interest)	**8,652,988**	8,327,673	4%	8,097,384	7%

Liquidity investments and equity securities

Retail and securitization funding markets continue to be liquid and efficient

Equitable Bank maintains liquid assets at a level that is sufficient to meet its upcoming obligations even through periods of disruption in financial markets or challenging economic conditions. The size and composition of the liquidity portfolio at any point in time is influenced by several factors such as expected future cash needs and the availability of various funding sources. Further, the Bank applies a strategic approach to liquidity management through rigorous asset-liability matching analysis and stress testing. Even with this liquidity risk management framework, a significant or protracted disruption to funding markets could require the Bank to take further liquidity protection measures.

In addition to assets that are held for the purpose of providing liquidity protection, the Bank maintains a portfolio of equity securities, 60% of which are investment-grade preferred shares, that the Bank is able to liquidate in the event of financial stress. Please refer to the Risk Management section of this document for more details on the Bank's Liquidity and Funding Risk policies and procedures.

Table 14: Liquid assets

($000s, except percentages)	30-Apr-24	31-Jan-24	Change	31-Mar-23	Change
Eligible deposits with regulated financial institutions[1]	**632,176**	530,742	19%	342,900	84%
Debt securities	**45,835**	61,392	(25%)	47,481	(3%)
Debt instruments issued or guaranteed by Government of Canada or provincial governments:					
Investments purchased under reverse repurchase agreements	**1,399,955**	805,612	74%	732,608	91%
Loans and investments held in the form of debt securities[2], net of obligations under repurchase agreements	**2,411,881**	2,215,571	9%	2,691,456	(10%)
Liquid assets held for regulatory purposes	**4,489,847**	3,613,317	24%	3,814,445	18%
Other deposits with regulated financial institutions[3]	**25,043**	13,605	84%	2,903	763%
Equity securities[4]	**41,782**	38,899	7%	64,858	(36%)
Total	**4,556,672**	3,665,821	24%	3,882,206	17%
Total assets held for regulatory purposes as a % of total Equitable Bank assets	**8.3%**	6.8%	1.5%	7.4%	0.9%
Total liquid assets as a % of total assets	**8.4%**	6.9%	1.5%	7.5%	0.9%

n.m. not meaningful

(1) Eligible deposits with regulated financial institutions represent deposits of Equitable Bank and its subsidiaries, which are held at major Canadian financial institutions and excludes $178.9 million (January 31, 2024 – $241.1 million, March 31, 2023 – $225.6 million) of restricted cash held as collateral with third parties for Equitable Bank's interest rate swap transactions, issuance of letters of credit, loan origination and servicing activities, BIN sponsorship and banking settlements in the normal course of business and $604.2 million (January 31, 2024 – $421.7 million, March 31, 2023 – $441.0 million) of cash held in trust accounts and deposits held with banks as collateral for Equitable Bank's securitization activities.
(2) Loans held in the form of debt securities represent loans securitized and retained by Equitable Bank and are reported in the Loans receivable balances. Investments held in the form of debt securities include MBS, CMB and provincial bonds purchased from third parties. The investments' reported values represent the fair market values associated with these securities.
(3) Other deposits with regulated financial institutions are deposits held by EQB Inc.
(4) Equity securities are 60% investment-grade publicly traded preferred shares and 40% publicly traded common shares.

Liquid assets[1] were $4.6 billion as at April 30, 2024, +24% from January 31, 2024, and +17% from March 31, 2023, reflecting the level of liquidity required after taking into account shifts in the demand-term deposit mix and anticipated funding needs, including maturities in Q3 2024 of previously issued deposit notes.

(1) This is a non-GAAP measures, see Non-GAAP financial measures and ratios section of this MD&A.

Off-balance sheet arrangements

EQB engages in certain financial transactions that, for accounting purposes, are not recorded on its consolidated balance sheets. Off-balance sheet transactions are generally undertaken for risk, capital, and funding management purposes. These include certain securitization transactions, the commitments EQB makes to fund its pipeline of loan originations, and letters of credit issued in the normal course of business (see Note 24 to the 2023 consolidated financial statements).

Securitization of financial assets

Certain securitization transactions qualify for derecognition when EQB has transferred substantially all of the risks, rewards, and control associated with securitized assets. The outstanding securitized loan principal that qualified for derecognition totalled $17.6 billion as at April 30, 2024 (January 31, 2024 – $16.1billion, March 31, 2023 – $11.5 billion).

The securitization liabilities associated with these transferred assets were approximately $17.9 billion as at April 30, 2024 (January 31, 2024 – $16.3 billion, March 31, 2023 – $11.6 billion). The securitization retained interests recorded with respect to certain securitization transactions were $663.6 million as at April 30, 2024 (January 31, 2024 – $607.8 million, March 31, 2023 – $410.4 million) and the associated servicing liability was $91.5 million as at April 30, 2024 (January 31, 2024 – $85.6 million, March 31, 2023 – $63.6 million).

Commitments and letters of credit

The Bank provides commitments, including letters of credit, to extend credit to borrowers and had outstanding commitments to fund $6.3 billion (January 31, 2024 – $6.2 billion, March 31, 2023 – $4.7 billion) of loans and investments in the ordinary course of business as at April 30, 2024.

The letters of credit represent assurances that it will make payments in the event that a borrower cannot meet its obligations to a third party. The letters of credit in the amount of $63.4 million were issued and outstanding as at April 30, 2024 (January 31, 2024 – $74.1 million, March 31, 2023 – $84.8 million), none of which were claimed.

Related-party transactions

Certain of EQB's management personnel have transacted with it and/or invested in its deposits, and/or the Series 3 preferred shares in the ordinary course of business. See Note 25 to the 2023 consolidated financial statements for further details.

Capital position

Equitable Bank manages its capital in accordance with guidelines established by OSFI, based on standards issued by the Bank for International Settlements' Basel Committee on Banking Supervision (BCBS). OSFI's Capital Adequacy Requirements (CAR) Guideline details how Basel III rules apply to Canadian banks.

OSFI has mandated that all Canadian-regulated financial institutions meet minimum target Capital Ratios: those being a CET1 Ratio of 7.0%, a Tier 1 Capital Ratio of 8.5%, and a Total Capital Ratio of 10.5%. To govern the quality and quantity of capital necessary based on Equitable Bank's inherent risks, it utilizes an Internal Capital Adequacy Assessment Process (ICAAP).

Regulatory capital developments

Effective April 1, 2023, Equitable Bank adopted Basel III banking reforms in accordance with OSFI's announced revised capital, leverage, liquidity, and disclosure requirements to help Canadian deposit-taking institutions (DTIs) more effectively manage risks and sustain resilience. The Basel III reforms implemented include:

- CAR with revised standard approach for credit risk and operational risk
- Leverage Requirements (LR)
- Liquidity Adequacy Requirements (LAR)
- Small and Medium-Sized Deposit-Taking Institutions (SMSBs) Capital and Liquidity Requirements
- Pillar 3 Disclosures

The Bank assessed the impact of these changes on its capital position, increased risk sensitivity, segmentation requirements and targeted optionality. Although the results are very much contingent on the composition of the Bank's assets, the overall impact is not significant given the Bank's long history of consistency with prudent lending practice, moderate risk appetite and rigorous risk framework (see "Risk Management" section of this MD&A).

On October 20, 2023, OSFI released an update of CAR (2024 Capital Adequacy Requirements) that took effect fiscal Q1 2024. It includes changes in capital requirements associated with negative amortization mortgages with growing balances, where payments are insufficient to cover the interest components. Equitable Bank's capital requirements have not changed as a result of this requirement, as the Bank does not offer variable rate residential mortgage products with fixed payments that lead to this impact. Ongoing updates to CAR have the potential to change the treatment of current lending portfolio and impact future risk-weighted assets.

Since Q2 2023, results have reflected the revised Basel III disclosures and prior periods have not been restated.

Table 15: Capital measures of Equitable Bank

($000s, except percentages)	30-Apr-24	31-Jan-24	Change	31-Mar-23	Change
Common Equity Tier 1 Capital (CET1):					
Common shares	**932,032**	931,149	0%	928,367	0%
Contributed surplus	**14,145**	13,928	2%	13,094	8%
Retained earnings	**2,078,062**	2,142,859	(3%)	1,931,789	8%
Accumulated other comprehensive loss (AOCI)[2]	**(43,848)**	(46,858)	(6%)	(32,349)	36%
Less: Regulatory adjustments to CET1 Capital	**(192,412)**	(188,153)	2%	(183,547)	5%
Common Equity Tier 1 Capital[1]	**2,787,979**	2,852,925	(2%)	2,657,354	5%
Additional Tier 1 capital (AT1):					
Non-cumulative preferred shares	**72,554**	72,554	-%	72,554	-%
Additional Tier 1 capital issued by a subsidiary to third parties (amount allowed in AT1)	**53,603**	54,480	(2%)	110,987	(52%)
Tier 1 Capital[1]	**2,914,136**	2,979,959	(2%)	2,840,895	3%
Tier 2 Capital:					
Eligible Stage 1 and 2 allowance	**97,834**	99,469	(2%)	92,605	6%
Additional Tier 1 capital issued by a subsidiary to third parties (amount allowed in Tier 2)	**7,935**	7,767	2%	-	n.m.
Tier 2 Capital[1]	**105,769**	107,236	(1%)	92,605	14%
Total Capital[1]	**3,019,905**	3,087,195	(2%)	2,933,500	3%
Total risk-weighted assets (RWA)[1]	**19,719,645**	20,108,011	(2%)	18,980,786	4%
Capital ratios and Leverage ratio[1]:					
CET1 ratio	**14.1%**	14.2%	(0.1%)	14.0%	0.1%
Tier 1 capital ratio	**14.8%**	14.8%	0.0%	15.0%	(0.2%)
Total capital ratio	**15.3%**	15.4%	(0.1%)	15.5%	(0.2%)
Leverage ratio	**5.2%**	5.4%	(0.2%)	5.3%	(0.1%)

n.m. not meaningful

(1) See Glossary section of this MD&A. (2) As prescribed by OSFI (under Basel III rules), AOCI is recognized as part of CET1, however, the AOCI associated with cash flow hedge reserves that relate to the hedging of items that are not fair valued is excluded.

Risk-weighted assets (RWA) of Equitable Bank

Relative to January 31, 2024, RWA decreased by $0.4 billion (-2%), mainly due to declines in uninsured commercial lending assets and commitments, partially offset by increases in uninsured single family residential mortgages and reverse mortgages, as well as operational risk in Q2.

Equitable Bank's RWA increased $0.7 billion, +4% from a year ago, mainly driven by organic growth of conventional lending assets, and higher operational risk capital charges due to revenue growth.

Regulatory capital components

Change in quarter-over-quarter regulatory capital of Equitable Bank was primarily driven by $101 million in contributions due to net income to common shareholders of the period and reduced by a $150 million special dividend to its parent, EQB Inc., which was used to repay part of its outstanding credit facilities. The net impact to total regulatory capital was a decrease of $67 million; however, with the parallel decline in RWA, quarter-over-quarter, capital ratios did not move significantly.

Compared to March 31, 2023, Equitable Bank's total regulatory capital increased +$86 million, due to strong net income over the period, while dividend payments made to its parent company, EQB Inc., of $100 million in Q4 2023 and $150 million in Q2 2024 reduced retained earnings of Equitable Bank. EQB Inc. used the funds to repay part of its outstanding credit facilities. The increase was also offset by the reduction associated with the preferred shares issued by Concentra Bank to third parties, as a portion of it was not recognized as Tier 1 capital for Equitable Bank.

Capital ratios

Equitable Bank's CET 1 ratio and Total Capital ratio ended the quarter at 14.1% and 15.3% respectively, remaining stable quarter over quarter, driven by the net effects of the above noted declines in CET1 and the reduction in RWA quarter-over-quarter.

On a year-over-year basis, Equitable Bank's CET1 ratio increased +10bp, mainly due to 5% increase in CET 1 capital from retained earnings, higher than the pace of RWA growth (+4%) over the period. Tier 1 and Total Capital ratio decreased by 20 bps, mainly because a smaller portion of the preferred shares issued by Concentra Bank to third parties was not recognized as Tier 1 capital for Equitable Bank (noted above as "Additional Tier 1 & Tier 2 capital issued by a subsidiary to third parties").

Leverage ratio

Canadian banks are required to report on OSFI's Leverage Ratio based on Basel III guidelines. OSFI has established minimum Leverage Ratio targets on a confidential and institution-by-institution basis. Equitable Bank remained fully compliant with its regulatory requirements and its Leverage Ratio was 5.2% at April 30, 2024, down 20bps from January 31, 2024 and 10 bps from March 31, 2023. The quarter-over-quarter decrease was primarily due to the decline in Tier 1 capital as a result of the change in retained earnings discussed in Section "Regulatory capital components", while the Bank's total exposures increased 1%. Year-over-year from March 2023, the Leverage Ratio declined as the total Tier 1 capital +3% while the total exposure +5% over the year.

Stress test

As part of its capital management process, Equitable Bank performs stress tests on a regular basis to understand the potential impact of extreme but plausible adverse economic scenarios. Equitable Bank uses these tests to analyze the impact that an increase in unemployment, rising interest rates, a decline in real estate values, and other factors could have on Equitable Bank's financial position across a range of economic scenarios.

Based on the results of the stress tests performed to date, management has determined that even in the most adverse scenario analyzed, Equitable Bank has sufficient capital to absorb the potential losses modelled without impairing the viability of the institution and that it would remain profitable in each year of the testing horizon.

Shareholders' equity

Common and preferred shares

At April 30, 2024, EQB had 38,276,294 common shares and 2,911,800 Series 3 preferred shares issued and outstanding. In addition, there were 1,126,249 unexercised stock options, which are, or will be, exercisable to purchase common shares for maximum proceeds of $70.8 million. For additional information on outstanding stock options and their associated exercise prices, please refer to Note 16 (a) to the Q2 2024 interim consolidated financial statements.

Normal course issuer bid (NCIB)

During the first six months of fiscal 2024, no common or preferred shares were purchased or cancelled under the NCIB.

Common share dividends

Despite changes to its fiscal reporting calendar, EQB maintains the same dividend payment schedule (i.e., the last business day of March, June, September, and December).

On May 29, 2024, EQB's Board declared a quarterly dividend of $0.45 per common share, payable on June 28, 2024, to common shareholders of record at the close of business on June 14, 2024. This dividend represents a 22% and 7% increase over dividends paid in June 2023 and March 2024, respectively.

On February 7, 2022, EQB's Board of Directors reinstated EQB's common share Dividend Reinvestment Plan (DRIP) at a 2% discount. Participation in the plan is optional under the terms of the plan. Shareholders may elect to reinvest their cash dividends to purchase additional common shares based on the volume weighted average trading price of the common shares on the TSX for the five trading days immediately preceding the dividend payment date. Common shares issued through the DRIP are issued from treasury stock. EQB may elect to issue shares to participating shareholders at a discount. As at February 28, 2024, EQB has set the DRIP discount at 0%. EQB maintains the right to suspend the DRIP in future periods.

Preferred shares of EQB

On May 29, 2024, the Board declared a quarterly dividend of $0.373063 per preferred share, payable on June 28, 2024, to preferred shareholders of record at the close of business on June 14, 2024.

Preferred shares of Concentra Bank

As at April 30, 2024, Concentra Bank has $111 million in preferred shares issued and outstanding.

Accounting standards and policies

Accounting policy changes

EQB's significant accounting policies are essential to an understanding of its reported results of operations and financial position. Accounting policies applied by EQB in the Q2 2024 interim consolidated financial statements are the same as those applied by EQB as at and for the fiscal year ended October 31, 2023.

Critical accounting estimates

The preparation of the consolidated financial statements requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. Estimates and underlying assumptions are reviewed by management on an ongoing basis. Critical estimates and judgments utilized in preparing EQB's consolidated financial statements affect the assessment of the allowance for credit losses on loans, impairment of other financial instruments, fair values of financial assets and liabilities, derecognition of financial assets transferred in securitization transactions, effectiveness of financial hedges for accounting purposes, fair values of net identifiable assets acquired, liabilities assumed and intangible assets recognized in a business combination, and income taxes.

In making estimates and judgments, management uses external information and observable market inputs where possible, supplemented by internal analysis as required. These estimates and judgments have been made taking into consideration the economic impact of the current market volatility and uncertainty due to ongoing geopolitical uncertainty, the higher for longer interest rate environment, and inflationary pressures. Actual results could differ materially from these estimates, in which case the impact would be recognized in the consolidated financial statements in future periods.

Allowance for credit losses under IFRS 9

The Expected Credit Loss (ECL) model requires management to make judgments and estimates in a number of areas. Management must exercise significant experienced credit judgment in determining whether there has been a significant increase in credit risk since initial recognition and in estimating the amount of ECL. The measurement of ECL incorporates forward-looking macroeconomic variables and probability weightings of macroeconomic scenarios, which requires significant judgment. Management also exercises significant experienced credit judgment in determining the amount of ECL at each reporting date by considering reasonable and supportable information that is not already incorporated in the modelling process. Changes in these inputs, assumptions, models, and judgments directly impact the measurement of ECL.

As a result of ongoing geopolitical uncertainty, the higher for longer interest rate environment, and inflationary pressures, the macroeconomic environment continues to experience volatility and uncertainty. This has resulted in a direct impact on the forward-looking macroeconomic variables which management uses as part of its underlying assumptions for calculating ECL. Management has used the latest forward-looking macroeconomic variables provided by Moody's Analytics economic forecasting services for calculating ECL.

For further information regarding critical accounting estimates, please refer to Notes 2(d) and 10(d) to (f) to the 2023 consolidated financial statements.

Responsibilities of management and the board of directors

Management is responsible for the information disclosed in this MD&A and the accompanying interim consolidated financial statements. EQB has in place appropriate information systems and procedures to ensure that information used internally and disclosed externally is materially complete and reliable.

In addition, EQB's Audit Committee, on behalf of the Board, performs an oversight role with respect to all public financial disclosures and has reviewed and approved this MD&A and the accompanying interim consolidated financial statements and accompanying notes.

Changes in Internal control over financial reporting

There were no changes to EQB's internal control over financial reporting that occurred during Q2 2024 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Risk management

Through its wholly owned subsidiary, Equitable Bank (the Bank), EQB is exposed to risks that are similar to those of other financial institutions, including the symptoms and effects of both domestic and global economic conditions and other factors that could adversely affect its business, financial condition, and operating results. These factors may also influence an investor's decision to buy, sell or hold shares in EQB. Many of these risk factors are beyond EQB's direct control. The Board plays an active role in monitoring the Bank's key risks and in determining the policies, practices, controls, and other mechanisms that are best suited to manage these risks.

For a detailed discussion of our approach to risk management and the risks that affect EQB, please refer to the section entitled Risk Management in EQB's 2023 Fourth Quarter Report which is available on EQB's website at eqb.investorroom.com and on SEDAR at sedar.com.

Credit risk

Credit risk is defined as the possibility that Equitable Bank will not receive the full value of amounts and recovery costs owed to it if counterparties fail to honour their obligations to the Bank. Credit risk arises principally from the Bank's lending activities and our investment in debt and equity securities. The Bank's exposure to credit risk is monitored by senior management, the Enterprise Risk Management Committee, as well as the Risk and Capital Committee of the Board, which also undertakes the approval and monitoring of the Bank's investment and lending policies.

Equitable Bank's primary lending business is providing first or insured mortgages on real estate located across Canada. The Bank also provides other forms of secured financing which mainly include insurance lending and equipment leasing. For information related to the credit quality of the portfolio, see the section entitled "Credit quality and allowance for credit losses" of this MD&A.

The Bank invests in corporate bonds to diversify its liquidity holdings and to generate higher returns. These investments also expose the Bank to credit risk, should the issuer of these securities be unable to make timely interest payments or, under a worst-case scenario, if the issuer becomes insolvent. To limit its exposure to this credit risk, the Bank establishes policies with exposure limits based on credit rating and investment type. Securities rated BBB- and higher (which is considered “low risk”) comprised 92% of the Bank’s corporate bond portfolio as at April 30, 2024 (October 31, 2023 – 97%, March 31, 2023 – 93%).

The Bank invests in equity securities to generate returns that meet certain internally acceptable ROE thresholds. Preferred share securities rated P-2 or higher comprised 5% or $6 million of the total equity securities portfolio as at April 30, 2024, compared to 17% or $23 million as at March 31, 2023. Preferred share securities rated P-3 or higher comprised 21% of the total equity securities portfolio at the end of Q2 2024.

Table 16: Credit risk exposure ratings scale

	Low risk	Standard risk	High risk
Cash and cash equivalents, investments, and derivatives:			
S&P equivalent grade	**AAA – BBB-**	**BB+ – B**	**B- – CC**
Mortgages receivable:			
Mortgage risk rating	**0 – 3**	**4 – 5**	**6 – 8**

Management assessed the credit quality of the Bank’s assets as at April 30, 2024 on the basis of the above mapping of internal and external risk ratings to the credit risk exposure categories.

The table below provides the gross carrying amount of all the Bank’s debt instruments, for which a loss allowance is calculated, including contractual amounts of undrawn loan commitments, based on the Bank’s credit risk exposure rating scale.

Table 17: Credit quality analysis

($000s)				As at April 30, 2024
	Stage 1	Stage 2	Stage 3	Total
Loans receivable:				
Low risk	15,396,245	2,251,348	-	17,647,593
Standard risk	19,865,592	8,510,608	-	28,376,200
High risk	296,689	1,244,336	-	1,541,025
Impaired	-	-	472,398	472,398
Total	35,558,526	12,006,292	472,398	48,037,216
Less allowance	(57,277)	(38,789)	(30,480)	(126,546)
	35,501,249	11,967,503	441,918	47,910,670
Loan commitments:				
Low risk	2,912,085	552,180	-	3,464,265
Standard risk	1,600,001	195,714	-	1,795,715
High risk	33,486	20,001	-	53,487
Total	4,545,572	767,895	-	5,313,467
Less allowance	(1,604)	(164)	-	(1,768)
	4,543,968	767,731	-	5,311,699

The table below provides a breakdown of Equitable Bank's loan principal by insured vs uninsured and by lending business.

Table 18: Loan principal by lending business

($000s, except percentages)	30-Apr-24	31-Jan-24	Change	31-Mar-23	Change
Insured:					
Personal	**10,235,929**	10,374,260	(1%)	11,109,325	(8%)
Commercial	**7,487,169**	7,054,435	6%	6,265,073	20%
Total loan principal outstanding	**17,723,098**	17,428,695	2%	17,374,398	2%
Total loan principal outstanding percentage	**37%**	36%	1%	37%	-%
Uninsured:					
Personal	**22,563,158**	22,309,330	1%	21,163,137	7%
Commercial	**7,616,574**	8,068,752	(6%)	8,157,463	(7%)
Total loan principal outstanding	**30,179,732**	30,378,082	(1%)	29,320,600	3%
Total loan principal outstanding percentage	**63%**	64%	(1%)	63%	-%

As part of the Bank's risk management, it lends at lower LTV's, adding further credit loss protection to its loan portfolio. The average LTV on the Bank's uninsured residential mortgage portfolio was 65% as at April 30, 2024 (January 31, 2024 – 64%, March 31, 2023 – 65%). The table below presents the Bank's average uninsured residential LTVs on existing loans by province.

Table 19: Average loan-to-value of existing uninsured residential mortgages(1)(2)(3)(4)

($000s, except percentages)	30-Apr-24	31-Jan-24	Change	31-Mar-23	Change
Alberta, Manitoba & Saskatchewan	**62%**	61%	1%	63%	(1%)
Atlantic provinces & Quebec	**64%**	64%	-%	66%	(2%)
British Columbia and Territories	**65%**	64%	1%	67%	(2%)
Ontario	**65%**	65%	-%	66%	(1%)
Total Canada	**65%**	64%	1%	65%	-%

(1) Geographic location based on the address of the property mortgaged. (2) Based on property values estimated using the Teranet National Bank House Price Indices, adjusting for the Bank's unique portfolio by using sub-indices corresponding to the 11 cities in Teranet-National Bank National Composite 11 to estimate property values loan by loan. The index is based on actual transaction dates and prices, which Equitable Bank believes to be most accurate and representative; however, may lag other indices leveraging data tied to date of sale. (3) The LTV of the Bank's HELOC (HELOC, SHELOC and Reverse Mortgage) products is not included in this table. (4) Equitable Bank has arrangements with other lenders to participate in its single-family residential loans in certain circumstances, namely if Equitable Bank wants to cap the value of its own exposure to stay within the boundaries of its risk appetite while still meeting a borrower's needs. The arrangements, which have been entered into in the normal course of business at arm's length and on market terms, are structured such that the other lenders' participation would always bear the first loss on the mortgage. The loan-to-value ratios above therefore do not take into account the other lenders' participation in order to reflect both the substance and legal form of Equitable Bank's exposure. Equitable Bank underwrites the loans based on the total value of its own advance and the other lender's participation to ensure that the borrower is able to service the aggregate amount of the loan. Other lenders' participation in Equitable Bank's (including Concentra) single family residential loans was $80.4 million as at April 30, 2024.

Within Commercial Banking, the Bank prioritizes lending against multi-unit residential rental properties, including affordable housing. Due to strong demand in Canada for housing and the Bank's focus on and capabilities in the insured lending market, over two thirds of the Bank's total Commercial loans are backed by credit insurance. Based on its strategy and risk appetite, ~1.0% of total Bank assets are offices and this small portfolio has an average LTV of 67%. The Bank is selective in lending to commercial offices, largely restricting loans to properties located in major urban centres and smaller buildings. The Bank has limited exposure to hotels, shopping malls, big box retail and large commercial office. The Bank restricts LTVs, today averaging 65% for uninsured commercial loans.

Table 20: Commercial loans under management by business[(1)]

($000s, except percentages)	30-Apr-24	31-Jan-24	Change	31-Mar-23	Change
Mortgages – to Corporates	**2,404,000**	2,659,854	(10%)	2,845,597	(16%)
Mortgages – to Small Business	**1,558,583**	1,513,614	3%	1,333,971	17%
Specialized financing loans	**1,110,812**	1,074,940	3%	1,097,176	1%
Construction loans[(2)]	**3,785,891**	3,515,383	8%	2,738,680	38%
Equipment financing	**1,271,057**	1,334,219	(5%)	1,264,212	1%
Insured multi-unit residential mortgages[(3)]	**22,595,215**	21,147,312	7%	16,685,402	35%
Total	**32,725,558**	31,245,322	5%	25,965,038	26%

(1) The numbers in this table are reported on consolidated basis, including Concentra, prior to acquisition-related fair value adjustments that are captured in balance sheet measures. (2) Share of construction loans that are insured by CMHC was 66% at April 30, 2024 and 57% at January 31, 2024 (3) Insured against credit loss by CMHC.

Liquidity and funding risk

Liquidity and Funding risk is defined as the possibility that the Bank will be unable to generate sufficient funds in a timely manner and at a reasonable price to meet financial obligations as they come due. These financial obligations mainly arise from the redemption or maturity of deposits, the maturity of mortgage-backed securities, the maturity of covered bonds, and commitments to extend credit. Redemption rates are affected by many factors, including the level of consumer confidence in the Bank. Funding and Liquidity Risk may also be affected if an unduly large proportion of the Bank's deposit-taking business involves a single person, organization or group of related persons/organizations or a single geographic area.

Management has a low tolerance for liquidity and funding risk and adheres to a Liquidity and Funding Risk Management policy that requires the Bank to maintain a pool of high-quality liquid assets. The Bank closely monitors the liquidity position daily and ensures that the level of liquid resources held, together with the Bank's ability to raise new deposits, is sufficient to meet funding commitments, deposit and bond maturity obligations, and properly discharge other financial obligations. Despite these precautions, there is a risk that a disruption in funding markets may be so severe or prolonged that the Bank may need to take further actions to protect its liquidity position, which may even include curtailing lending activity or drawing on its government-managed funding programs.

Market risk

Market Risk consists of interest rate risk, equity price risk, and currency risk. Market Risk is broadly defined as the possibility that changes in either market interest rates or equity prices may have an adverse effect on profitability or financial condition. Interest rate risk may be affected if assets or liabilities have unmatched terms, interest rates or other attributes. Overall, Equitable Bank has a 'low' appetite for market risk.

The Bank defines its low risk tolerance for market risk and applies capital for these risks within its Internal Capital Adequacy Assessment Plan. The Bank monitors market risk at several management committees: quarterly at the Enterprise Risk Management Committee (ERM), at least 10 months per year at the Asset Liability Committee (ALCO) and weekly at the Treasury Committee. In addition, the Board reviews reports from both the ALCO and ERM quarterly. The responsibility for management of the Bank's interest rate risk resides with the ALCO. ALCO has delegated to Treasury the day-to-day responsibility for the measurement and management of market risks. The ALCO meets regularly to review and approve Treasury related policies, to review key market risk metrics including compliance to established limits, and to provide direction on market risk management.

The Bank has immaterial exposure to foreign currency risk arising from general business activities. The covered bond program is dependent on foreign funding sources, and the related foreign exchange risks are fully hedged. Differences in how the issuance and hedges are accounted may result in some income timing differences in the financial statements.

Equity price risk represents the risk to the value of the securities portfolio, which are impacted by a variety of factors which are beyond the Bank's control, such as interest rates, credit spreads, and general market sentiment.

EQB's Interest rate risk exposure as at April 30, 2024 is reported in Table 21 and Note 19 to the consolidated financial statements.

With Interest Rate Risk in the Banking Book ("IRRBB"), EQB's objective is to manage and control interest rate risk exposures within its low risk tolerance. EQB's priority measure of interest rate exposure is dollar duration of equity, which it has managed within a tight range for many years. The primary method of managing its interest rate risk involves funding assets with liabilities with similar repricing terms. EQB uses interest rate derivatives to mitigate residual interest rate risk. EQB has established a target for the duration of equity, and actively manages excess exposures at each key rate through its hedging program.

We monitor interest rate risk by utilizing cashflow and valuation models with simulated interest rate changes. These models estimate the effects of various interest rate changes on net interest income and on the economic value of shareholders' equity (EVE). EVE is a calculation of the present value of EQB's asset cash flows, less the present value of liability cash flows on a pre-tax basis. EQB models various market rate scenarios, including parallel and non-parallel yield curve changes and regulator-prescribed interest rate shock scenarios. EVE exposure is a critical measure for measuring and managing risk. Management considers this measure to be more comprehensive than measuring changes in net interest income, as it captures all interest rate mismatches across all terms. EQB's policy establishes limits for the permissible change in EVE as well as changes in net interest income for specified rate shock to interest rates.

EQB's models contain numerous assumptions intended to reflect the contractual and expected behaviour of its assets and liabilities. Certain assumptions are based on historical experience while other assumptions are based on business judgement. Below are further details on modeling.

The table below illustrates the results of management's sensitivity modeling to immediate and sustained interest rate increase and decrease scenarios. The models measure the impact of interest-rate changes on EVE and net interest income as at April 30, 2024. The estimate of sensitivity to interest rate changes is dependent on several assumptions that could result in a different outcome in the event of an actual interest rate change.

Table 21: Net interest income shock

($000s, except percentages)	Increase in interest rates	Decrease in interest rates[2]
100 basis point shift		
Impact on net interest income	**4,780**	**(986)**
Impact on EVE[1]	**(28,678)**	**1,715**
EVE impact as a % of common shareholders' equity	**(1.0%)**	**0.1%**

(1) EVE numbers are reported on a pre-tax basis. (2) Interest rate is not allowed to decrease beyond a floor of 0% and is therefore not allowed to be negative.

Reported EVE sensitivities above include assumptions about the behaviour of embedded options such as mortgage commitments. These sensitivities are intended to measure the impact of immediate and sustained 100bps shocks.

Equity Price Risk is defined as the risk of loss from an adverse movement in the value of the Bank's securities portfolio due to volatility in financial markets. The Bank mitigates this risk by investing only in high-quality, liquid shares and actively monitors the investment portfolio. The Bank has been reducing the size of its equity securities portfolio, which also reduces this risk.

The Bank's ALCO reviews the investment performance, composition, and quality of the portfolio at least 10 times a year. This information is also reviewed by a Committee of the Board quarterly.

Glossary

- **Book value per common share** is calculated by dividing common shareholders' equity by the number of common shares outstanding.
- **Capital ratios:** A detailed calculation of all Capital ratios can be found in Table 15 of this MD&A.
  - **CET1 ratio:** this measure of capital strength is defined as CET1 Capital as a percentage of total risk weighted assets. This ratio is calculated for Equitable Bank in accordance with the guidelines issued by OSFI. CET1 Capital is defined as shareholders' equity plus any qualifying other non-controlling interest in subsidiaries less preferred shares issued and outstanding, any goodwill, other intangible assets and cash flow hedge reserve components of accumulated other comprehensive income.
  - **Tier 1 and Total Capital ratios:** these adequacy ratios are calculated for Equitable Bank, in accordance with the guidelines issued by OSFI by dividing Tier 1 or Total Capital by total RWA. Tier 1 Capital is calculated by adding non-cumulative preferred shares, as well as additional Tier 1 capital issued by a subsidiary to third parties that is allowed in Tier 1, to CET1 capital. Tier 2 Capital is equal to Equitable Bank's eligible Stage 1 and 2 allowance plus additional Tier 1 capital issued by a subsidiary to third parties that is allowed in Tier 2 capital. Total Capital equals to Tier 1 plus Tier 2 Capital.
  - **Leverage ratio:** this measure is calculated by dividing Tier 1 Capital by an exposure measure. The exposure measure consists of total assets (excluding items deducted from Tier 1 Capital) and certain off-balance sheet items converted into credit exposure equivalents. Adjustments are also made to derivatives and secured financing transactions to reflect credit and other risks.
- **Dividend yield** is calculated on an annualized basis and is defined as dividend per common share divided by average of daily closing price per common share for the period.
- **Economic value of shareholders' equity (EVE)** is a calculation of the present value of EQB's asset cash flows, less the present value of liability cash flows on a pre-tax basis. EVE is a more comprehensive measure of exposure to interest rate changes than net interest income because it captures all interest rate mismatches across all terms.
- **Efficiency ratio:** this measure is used to assess the efficiency of EQB's cost structure relative to revenue generation. This ratio is derived by dividing non-interest expenses by revenue. A lower efficiency ratio reflects a more efficient cost structure.
- **Provision for credit losses (PCL) – rate:** this credit quality metric is calculated on an annualized basis and is defined as the provision for credit losses as a percentage of average loan principal outstanding during the period.
- **Return on equity (ROE):** this profitability measure is calculated on an annualized basis and is defined as net income available to common shareholders as a percentage of weighted average common shareholders' equity outstanding during the period.
- **Revenue per full time equivalent (FTE)** is calculated as revenue for the period divided by the average number of full-time equivalent employees during that period.
- **Risk-weighted assets (RWA)** represent Equitable Bank's assets and off-balance sheet exposures, weighted according to risk as prescribed by OSFI under the CAR Guideline.

Non-Generally Accepted Accounting Principles (GAAP) financial measures and ratios

This section provides further discussion regarding the variety of financial measures to evaluate EQB's performance.

Non-GAAP measures

In addition to GAAP prescribed measures, EQB uses certain non-GAAP measures that management believes 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. The primary non-GAAP measures used in this MD&A are:

Adjusted results

In addition to the adjusted results that are presented in the "Adjustments to financial result" section of this MD&A, additional adjusted financial measures and ratios are described as follows:

- **Adjusted efficiency ratio** is derived by dividing adjusted non-interest expenses by adjusted revenue. A lower adjusted efficiency ratio reflects a more efficient cost structure.
- **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.

Other non-GAAP financial measures and ratios:

- **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.
- **Conventional lending:** are the total on-balance sheet loan principal excluding insured single-family mortgages and insured multi-unit residential mortgages.
- **Liquid assets:** is a measure of EQB's cash or assets that can be readily converted into cash, which are held for the purposes of funding loans, deposit maturities, and the ability to collect other receivables and settle other obligations. A detailed calculation can be found in Table 14 of this MD&A.
- **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. A detailed calculation can be found in Table 7 of this MD&A.
- **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. A detailed calculation can be found in Table 2 of this MD&A.
- **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**.**

Consolidated balance sheet (unaudited)

($000s) As at [1]	Note	**April 30, 2024**	October 31, 2023	March 31, 2023
Assets:				
Cash and cash equivalents		**657,219**	549,474	345,621
Restricted cash		**783,148**	767,195	666,530
Securities purchased under reverse repurchase agreements		**1,399,955**	908,833	732,608
Investments	7	**1,817,916**	2,120,645	2,483,604
Loans – Personal	8,9	**32,823,421**	32,390,527	32,183,036
Loans – Commercial	8,9	**15,085,481**	14,970,604	14,397,192
Securitization retained interests	9	**663,593**	559,271	410,441
Deferred tax assets	12	**14,921**	14,230	15,024
Other assets	10	**694,542**	652,675	558,962
Total assets		**53,940,196**	52,933,454	51,793,018
Liabilities and Shareholders' Equity				
Liabilities:				
Deposits	11	**34,123,703**	31,996,450	31,589,063
Securitization liabilities	9	**15,181,341**	14,501,161	15,311,657
Obligations under repurchase agreements	9	**-**	1,128,238	904,658
Deferred tax liabilities	12	**148,549**	128,436	92,417
Funding facilities	13	**839,841**	1,731,587	768,717
Other liabilities	14	**630,954**	602,039	515,871
Total liabilities		**50,924,388**	50,087,911	49,182,383
Shareholders' Equity:				
Preferred shares	15	**181,411**	181,411	181,411
Common shares	15	**495,707**	471,014	463,862
Contributed (deficit) surplus	16	**(24,811)**	12,795	12,002
Retained earnings		**2,359,116**	2,185,480	1,954,394
Accumulated other comprehensive loss		**(7,804)**	(5,157)	(1,034)
		3,003,619	2,845,543	2,610,635
Non-controlling interests		**12,189**	-	-
Total equity		**3,015,808**	2,845,543	2,610,635
Total liabilities and equity		**53,940,196**	52,933,454	51,793,018

See accompanying notes to the consolidated financial statements.

(1) Effective January 1, 2023, EQB changed its fiscal year-end reporting date from December 31 to October 31. Accordingly, the quarter end reporting periods changed as well. The comparative quarter presented is based on the original year-end reporting period and therefore, is not entirely comparable. Refer to Note 2(f).

Consolidated statement of income (unaudited)

		Three months ended		Six months ended	
($000s, except per share amounts)	Note	**April 30, 2024**	March 31, 2023	**April 30, 2024**	March 31, 2023
Interest income:					
Loans – Personal		**482,299**	391,816	**951,253**	719,412
Loans – Commercial		**257,842**	241,768	**520,723**	460,196
Investments		**16,879**	21,893	**34,755**	32,647
Other		**27,209**	17,352	**49,308**	36,650
		784,229	672,829	**1,556,039**	1,248,905
Interest expense:					
Deposits		**366,002**	293,231	**724,564**	537,644
Securitization liabilities		**131,776**	118,174	**259,029**	211,337
Funding facilities		**13,521**	7,918	**28,804**	18,942
Other		**5,592**	12,709	**20,294**	21,860
		516,891	432,032	**1,032,691**	789,783
Net interest income		**267,338**	240,797	**523,348**	459,122
Non-interest revenue[(2)]:					
Fees and other income		**20,564**	13,898	**37,179**	24,401
Net gains (losses) on loans and investments		**7,129**	(3,300)	**12,122**	(8,514)
Gains on sale and income from retained interests	9	**23,177**	14,332	**42,586**	23,579
Net (losses) gains on securitization activities and derivatives		**(1,548)**	2,104	**197**	3,950
		49,322	27,034	**92,084**	43,416
Revenue		**316,660**	267,831	**615,432**	502,538
Provision for credit losses		**22,217**	6,248	**37,752**	33,044
Revenue after provision for credit losses		**294,443**	261,583	**577,680**	469,494
Non-interest expenses:					
Compensation and benefits		**66,961**	58,362	**132,330**	123,361
Other		**83,459**	68,186	**157,575**	142,367
		150,420	126,548	**289,905**	265,728
Income before income taxes		**144,023**	135,035	**287,775**	203,766
Income taxes:	12				
Current		**32,734**	28,651	**71,268**	50,805
Deferred		**5,573**	6,865	**6,409**	7,623
		38,307	35,516	**77,677**	58,428
Net income		**105,716**	99,519	**210,098**	145,338
Dividends on preferred shares		**2,346**	2,318	**4,703**	4,623
Net income available to common shareholders and non-controlling interests		**103,370**	97,201	**205,395**	140,715
Net income attributable to:					
Common shareholders		**103,041**	97,201	**204,916**	140,715
Non-controlling interests		**329**	-	**479**	-
		103,370	97,201	**205,395**	140,715
Earnings per share:	17				
Basic		**2.70**	2.58	**5.38**	3.81
Diluted		**2.67**	2.56	**5.33**	3.78

See accompanying notes to the consolidated financial statements. (1) Effective January 1, 2023, EQB changed its fiscal year-end reporting date from December 31 to October 31. Accordingly, the quarter end reporting periods changed as well. The comparative quarter presented is based on the original year-end reporting period and therefore, is not entirely comparable. Refer to Note 2(f). (2) Effective January 1, 2023, EQB changed the presentation of the line items under the Non-interest revenue. Prior period presentation has been updated accordingly.

Consolidated statement of comprehensive income (unaudited)

($000s) [1]	Three months ended		Six months ended	
	April 30, 2024	March 31, 2023	**April 30, 2024**	March 31, 2023
Net income	**105,716**	99,519	**210,098**	145,338
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	**(30)**	-	**(143)**	-
Net unrealized (losses) gains from change in fair value	**(16,240)**	14,974	**25,321**	13,186
Reclassification of net losses (gains) to income	**17,217**	(12,205)	**(18,497)**	(8,220)
Other comprehensive income – items that will not be reclassified subsequently to income:				
Equity instruments designated at Fair Value through Other Comprehensive Income:				
Reclassification of gains from AOCI on sale of investment	**-**	-	**-**	604
Net unrealized gains (losses) from change in fair value	**3,132**	(793)	**1,552**	(2,336)
Reclassification of net (gains) losses to retained earnings	-	(22)	-	776
	4,079	1,954	**8,233**	4,010
Income tax expense	**(1,090)**	(542)	**(2,233)**	(727)
	2,989	1,412	**6,000**	3,283
Cash flow hedges:				
Net unrealized gains (losses) from change in fair value	**11,961**	(15,802)	**(269)**	(10,752)
Reclassification of net gains to income	**(5,070)**	(651)	**(11,764)**	(2,047)
	6,891	(16,453)	**(12,033)**	(12,799)
Income tax (expense) recovery	**(1,879)**	4,569	**3,282**	3,611
	5,012	(11,884)	**(8,751)**	(9,188)
Total other comprehensive income (loss)	**8,001**	(10,472)	**(2,751)**	(5,905)
Total comprehensive income	**113,717**	89,047	**207,347**	139,433
Total comprehensive income attributable to:				
Common shareholders	**113,388**	89,047	**206,868**	139,433
Non-controlling interests	**329**	-	**479**	-
	113,717	89,047	**207,347**	139,433

See accompanying notes to the consolidated financial statements.

(1) Effective January 1, 2023, EQB changed its fiscal year-end reporting date from December 31 to October 31. Accordingly, the quarter end reporting periods changed as well. The comparative quarter presented is based on the original year-end reporting period and therefore, is not entirely comparable. Refer to Note 2(f).

Consolidated statement of changes in shareholders' equity (unaudited)

($000s) Three-month period ended [1]										April 30, 2024
					Accumulated other comprehensive income (loss)					
	Preferred Shares	Common Shares	Contributed Deficit	Retained Earnings	Cash Flow Hedges	Financial Instruments at FVOCI	Total	Attributable to equity holders	Non-controlling interests	Total
Balance, beginning of period	181,411	489,944	(23,055)	2,272,116	29,855	(45,681)	(15,826)	2,904,590	12,460	2,917,050
Net Income	-	-	-	105,387	-	-	-	105,387	329	105,716
Transfer of AOCI losses to income	-	-	-	-	-	21	21	21	-	21
Other comprehensive income, net of tax	-	-	-	-	5,012	2,989	8,001	8,001	-	8,001
Exercise of stock options	-	4,881	-	-	-	-	-	4,881	-	4,881
Dividends:										
Preferred shares	-	-	-	(2,346)	-	-	-	(2,346)	-	(2,346)
Common shares	-	-	-	(16,041)	-	-	-	(16,041)	(600)	(16,641)
Share tender rights	-	-	(1,974)	-	-	-	-	(1,974)	-	(1,974)
Stock-based compensation	-	-	1,100	-	-	-	-	1,100	-	1,100
Transfer relating to the exercise of stock options	-	882	(882)	-	-	-	-	-	-	-
Balance, end of period	181,411	495,707	(24,811)	2,359,116	34,867	(42,671)	(7,804)	3,003,619	12,189	3,015,808

See accompanying notes to the consolidated financial statements.

(1) Effective January 1, 2023, EQB changed its fiscal year-end reporting date from December 31 to October 31. Accordingly, the quarter end reporting periods changed as well. The comparative quarter presented is based on the original year-end reporting period and therefore, is not entirely comparable. Refer to Note 2(f).

($000s) Three-month period ended [1]											March 31, 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 period	181,411	462,561	11,445	1,870,100	42,016	(32,578)	9,438	2,534,955	-	2,534,955
Net Income	-	-	-	99,519	-	-	-	99,519	-	99,519
Realized gain on sale of financial instruments	-	-	-	271	-	-	-	271	-	271
Other comprehensive loss, net of tax	-	-	-	-	(11,884)	1,412	(10,472)	(10,472)	-	(10,472)
Exercise of stock options	-	3,763	-	-	-	-	-	3,763	-	3,763
Share issuance cost, net of tax	-	(2,908)	-	-	-	-	-	(2,908)	-	(2,908)
Dividends:										
Preferred shares	-	-	-	(2,318)	-	-	-	(2,318)	-	(2,318)
Common shares	-	-	-	(13,178)	-	-	-	(13,178)	-	(13,178)
Stock-based compensation	-	-	1,003	-	-	-	-	1,003	-	1,003
Transfer relating to the exercise of stock options	-	446	(446)	-	-	-	-	-	-	-
Balance, end of period	181,411	463,862	12,002	1,954,394	30,132	(31,166)	(1,034)	2,610,635	-	2,610,635

See accompanying notes to the consolidated financial statements.

(1) Effective January 1, 2023, EQB changed its fiscal year-end reporting date from December 31 to October 31. Accordingly, the quarter end reporting periods changed as well. The comparative quarter presented is based on the original year-end reporting period and therefore, is not entirely comparable. Refer to Note 2(f).

Consolidated statement of changes in shareholders' equity (unaudited)

($000s) Six month period ended [1]										April 30, 2024
					Accumulated other comprehensive income (loss)					
	Preferred Shares	Common Shares	Contributed Surplus (Deficit)	Retained Earnings	Cash Flow Hedges	Financial Instruments at FVOCI	Total	Attributable to equity holders	Non-controlling interests	Total
Balance, beginning of period	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	-	-	-	-	-	-	-	-	12,310	12,310
Net Income	-	-	-	209,619	-	-	-	209,619	479	210,098
Transfer of AOCI losses to income	-	-	-	-	-	104	104	104	-	104
Other comprehensive income, net of tax	-	-	-	-	(8,751)	6,000	(2,751)	(2,751)	-	(2,751)
Common shares issued	-	11,000	-	-	-	-	-	11,000	-	11,000
Exercise of stock options	-	11,839	-	-	-	-	-	11,839	-	11,839
Dividends:										
Preferred shares	-	-	-	(4,703)	-	-	-	(4,703)	-	(4,703)
Common shares	-	-	-	(31,280)	-	-	-	(31,280)	(600)	(31,880)
Share tender rights	-	-	(37,865)	-	-	-	-	(37,865)	-	(37,865)
Stock-based compensation	-	-	2,113	-	-	-	-	2,113	-	2,113
Transfer relating to the exercise of stock options	-	1,854	(1,854)	-	-	-	-	-	-	-
Balance, end of period	181,411	495,707	(24,811)	2,359,116	34,867	(42,671)	(7,804)	3,003,619	12,189	3,015,808

See accompanying notes to the consolidated financial statements.

(1) Effective January 1, 2023, EQB changed its fiscal year-end reporting date from December 31 to October 31. Accordingly, the quarter end reporting periods changed as well. The comparative quarter presented is based on the original year-end reporting period and therefore, is not entirely comparable. Refer to Note 2(f).

($000s) Six month period ended[1]										March 31, 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 period	70,424	236,368	10,908	1,839,561	39,320	(34,928)	4,392	2,161,653	-	2,161,653
Net Income	-	-	-	145,338	-	-	-	145,338	-	145,338
Realized gain on sale of financial instruments	-	-	-	(317)	-	-	-	(317)	-	(317)
Transfer of AOCI losses to retained earnings	-	-	-	-	-	446	446	446	-	446
Investment elimination on acquisition	-	-	-	-	-	33	33	33	-	33
Other comprehensive loss, net of tax	-	-	-	-	(9,188)	3,283	(5,905)	(5,905)	-	(5,905)
Common shares issued	-	223,112	-	-	-	-	-	223,112	-	223,112
Exercise of stock options	-	7,196	-	-	-	-	-	7,196	-	7,196
Share issuance cost, net of tax	-	(2,908)	-	-	-	-	-	(2,908)	-	(2,908)
Dividend payout from principal	-	(655)	-	-	-	-	-	(655)	-	(655)
Dividends:										
Preferred shares	-	-	-	(4,623)	-	-	-	(4,623)	-	(4,623)
Common shares	-	-	-	(25,565)	-	-	-	(25,565)	-	(25,565)
Stock-based compensation	-	-	1,843	-	-	-	-	1,843	-	1,843
Transfer relating to the exercise of stock options	-	749	(749)	-	-	-	-	-	-	-
Shares on acquisition	110,987	-	-	-	-	-	-	110,987	-	110,987
Balance, end of period	181,411	463,862	12,002	1,954,394	30,132	(31,166)	(1,034)	2,610,635	-	2,610,635

See accompanying notes to the consolidated financial statements.

(1) Effective January 1, 2023, EQB changed its fiscal year-end reporting date from December 31 to October 31. Accordingly, the quarter end reporting periods changed as well. The comparative quarter presented is based on the original year-end reporting period and therefore, is not entirely comparable. Refer to Note 2(f).

Consolidated statement of cash flows (unaudited)

($000s)	Three months ended		Six months ended	
	April 30, 2024	March 31, 2023	**April 30, 2024**	March 31, 2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	**105,716**	99,519	**210,098**	145,338
Adjustments for non-cash items in net income:				
Financial instruments at fair value through income	**(5,177)**	(38,426)	**11,360**	(46,628)
Amortization of premiums/discount on investments	**(34,159)**	1,784	**(31,029)**	2,058
Amortization of capital assets and intangible costs	**11,679**	12,244	**23,120**	31,374
Provision for credit losses	**22,217**	6,248	**37,752**	33,044
Securitization gains	**(17,486)**	(12,745)	**(32,002)**	(19,942)
Stock-based compensation	**1,100**	1,003	**2,113**	1,843
Income taxes	**38,307**	35,516	**77,677**	58,428
Securitization retained interests	**30,701**	19,857	**58,634**	35,054
Changes in operating assets and liabilities:				
Restricted cash	**(120,389)**	71,126	**(15,953)**	(36,822)
Securities purchased under reverse repurchase agreements	**(594,342)**	(532,176)	**(491,122)**	17,464
Loans receivable, net of securitizations	**(222,907)**	(54,117)	**(715,022)**	(1,192,508)
Other assets	**(7,205)**	(26,449)	**(8,531)**	149,593
Deposits	**1,887,780**	503,951	**2,089,142**	921,190
Securitization liabilities	**(205,820)**	284,388	**677,411**	964,786
Obligations under repurchase agreements	**(482,574)**	239,351	**(1,128,238)**	155,777
Funding facilities	**(493,062)**	(470,987)	**(891,746)**	(385,673)
Subscription receipts	**-**	-	**-**	(232,018)
Other liabilities	**47,598**	(51,115)	**41,636**	(187,287)
Income taxes paid	**(23,962)**	(47,517)	**(50,074)**	(78,426)
Cash flows (used in) from operating activities	**(61,985)**	41,455	**(134,774)**	336,645
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of common shares	**4,881**	855	**22,839**	226,745
Term loan facility	**-**	-	**-**	275,000
Dividends paid on preferred shares	**(2,346)**	(2,318)	**(4,703)**	(4,622)
Dividends paid on common shares	**(16,041)**	(13,178)	**(31,280)**	(25,565)
Cash flows used in financing activities	**(13,506)**	(14,641)	**(13,144)**	471,558
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	**(8,004)**	(547,308)	**(344,423)**	(1,065,737)
Acquisition of subsidiary	**45**	-	**(75,483)**	(495,369)
Proceeds on sale or redemption of investments	**191,245**	388,062	**656,646**	669,824
Net change in Canada Housing Trust re-investment accounts	**28,954**	(8,817)	**46,959**	168,640
Purchase of capital assets and system development costs	**(23,289)**	(8,236)	**(28,036)**	(38,939)
Cash flows from (used in) investing activities	**188,951**	(176,299)	**255,663**	(761,581)
Net increase (decrease) in cash and cash equivalents	**113,460**	(149,485)	**107,745**	46,622
Cash and cash equivalents, beginning of period	**543,759**	495,106	**549,474**	298,999
Cash and cash equivalents, end of period	**657,219**	345,621	**657,219**	345,621
Cash flows from operating activities include:				
Interest received	**846,075**	489,824	**1,534,404**	1,004,403
Interest paid	**(443,052)**	(234,912)	**(814,672)**	(378,241)
Dividends received	**564**	1,041	**1,113**	2,086

See accompanying notes to the consolidated financial statements.

Notes to consolidated financial statements

($000s, except per share amounts)

Note 1 – Reporting Entity

EQB Inc. (EQB) was formed on January 1, 2004 as the parent company of its wholly owned subsidiary, Equitable Bank. EQB is listed on the Toronto Stock Exchange (TSX) and domiciled in Canada with its registered office located at 30 St. Clair Avenue West, Suite 700, Toronto, Ontario. Equitable Bank is a Schedule I Bank under the Bank Act (Canada) and is regulated by the Office of the Superintendent of Financial Institutions Canada (OSFI). Equitable Bank and its subsidiaries offer savings and lending products to personal and commercial customers across Canada. EQB also owns 75% of ACM Advisors (ACM), one of Canada's largest alternative asset managers.

Note 2 – Basis of Preparation

(a) Statement of compliance

These interim consolidated financial statements of EQB have been prepared in accordance with IAS 34 Interim Financial Reporting and do not include all the information required for full annual financial statements. These interim consolidated financial statements should be read in conjunction with EQB's 2023 annual audited consolidated financial statements.

These interim consolidated financial statements were approved for issuance by EQB's Board of Directors (the Board) on May 29, 2024.

(b) Basis of measurement

The interim consolidated financial statements have been prepared on a historical cost basis except for the following items which are stated at fair value: derivative financial instruments, financial assets and liabilities that are classified or designated as at fair value through profit and loss and fair value through other comprehensive income.

(c) Functional currency

The functional currency of EQB and its subsidiaries is Canadian dollars, which is also the presentation currency of the interim consolidated financial statements.

(d) Use of estimates and accounting judgments in applying accounting policies

The preparation of the consolidated financial statements requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. Estimates and underlying assumptions are reviewed by management on an ongoing basis. Critical estimates and judgments utilized in preparing EQB's consolidated financial statements affect the assessment of the allowance for credit losses on loans, impairment of other financial instruments, fair values of financial assets and liabilities, derecognition of financial assets transferred in securitization transactions, effectiveness of financial hedges for accounting purposes, fair values of net identifiable assets acquired, liabilities assumed and intangible assets recognized in a business combination, and income taxes.

In making estimates and judgments, management uses external information and observable market inputs where possible, supplemented by internal analysis as required. These estimates and judgments have been made taking into consideration the economic impact of the current market volatility and uncertainty due to ongoing geopolitical uncertainty, the higher for longer interest rate environment, and inflationary pressures. Actual results could differ materially from these estimates, in which case the impact would be recognized in the consolidated financial statements in future periods.

Allowance for credit losses under IFRS 9

The Expected Credit Loss (ECL) model requires management to make judgments and estimates in a number of areas. Management must exercise significant experienced credit judgment in determining whether there has been a significant increase in credit risk since initial recognition and in estimating the amount of ECL. The measurement of ECL incorporates forward-looking macroeconomic variables and probability weightings of macroeconomic scenarios, which requires significant judgment. Management also exercises significant experienced credit judgment in determining the amount of ECL at each reporting date by considering reasonable and supportable information that is not already incorporated in the modelling process. Changes in these inputs, assumptions, models, and judgments directly impact the measurement of ECL.

As a result of ongoing geopolitical uncertainty, the higher for longer interest rate environment, and inflationary pressures, the macroeconomic environment continues to experience volatility and uncertainty. This has resulted in a direct impact on the forward-looking macroeconomic variables which management uses as part of its underlying assumptions for calculating ECL. Management has used the latest forward-looking macroeconomic variables provided by Moody's Analytics economic forecasting services for calculating ECL. Please refer to note 8(d).

(e) Consolidation

The interim consolidated financial statements as at and for the three and six months ended April 30, 2024 and March 31, 2023 include the assets, liabilities and results of operations of EQB and its subsidiaries, after the elimination of intercompany transactions and balances. EQB has control over its subsidiaries as it is exposed to and has rights to variable returns from its involvement with the subsidiaries and it can affect those returns through its power over their relevant activities.

EQB has a 100% ownership interest in Equitable Bank and a 75% ownership in ACM. Equitable Bank is the parent company of its wholly owned subsidiaries, Equitable Trust, Concentra Bank, Concentra Trust, Bennington Financial Services, EQB Covered Bond (Legislative) GP Inc., and EQB Covered Bond (Legislative) Guarantor Limited Partnership. All these subsidiaries have been consolidated in the consolidated financial statements of EQB as at April 30, 2024.

Non-controlling interests are presented within equity on the Consolidated Balance Sheet separate from equity attributable to holders of common shares of EQB. The net income attributable to non-controlling interests is presented separately in the Consolidated Statement of Income.

(f) Fiscal year-end reporting date change

Effective January 1, 2023, EQB changed its fiscal year-end reporting date from December 31 to October 31. Accordingly, the 2024 fiscal year quarter end periods are January 31, 2024, April 30, 2024, and July 31, 2024, and the comparative quarter end periods are December 31, 2022, March 31, 2023 and June 30, 2023, respectively. The comparative quarters are for a three, six, and nine-month period, however, they are not entirely comparable as these are not the same calendar months.

Note 3 – Material Accounting Policies

The material accounting policies applied by EQB in these interim consolidated financial statements are the same as those applied by EQB as at and for the year ended October 31, 2023, as described in Note 3 of the audited consolidated financial statements in EQB's 2023 Annual Report.

Note 4 – Risk Management

EQB, like other financial institutions, is exposed to the symptoms and effects of global economic conditions and other factors that could adversely affect its business, financial condition, and operating results, which may also influence an investor to buy, sell, or hold shares in EQB. Many of these risk factors are beyond EQB's direct control. The use of financial instruments exposes EQB to credit risk, liquidity risk, and market risk.

A discussion of EQB's risk exposures and how it manages those risks can be found in the Risk Management section of the Management's Discussion & Analysis of EQB's 2023 Annual Report and the 2024 second quarter report.

Note 5 – Business Combination

On December 14, 2023, EQB acquired 75% ownership in ACM which has $5 billion in assets under management. ACM specializes in the creation, structuring, and management of pooled Canadian commercial mortgage funds. ACM's existing management team has retained a 25% ownership position and will remain with the organization. ACM will continue to operate independently as a majority-owned subsidiary of EQB and contribute to an increase in EQB's fee-based revenue.

EQB paid $86,483 in total purchase consideration for acquiring 75% ownership in ACM. The purchase consideration included EQB common shares of $11,000 and $75,483 in cash. The fair value of the 137,244 EQB common shares issued as part of the consideration was measured using the five days volume weighted average price prior to the deal close date. As at December 14, 2023, the acquisition contributed $2,970 of assets and $1,472 of liabilities to EQB's consolidated balance sheet. The excess of consideration over the fair value of identifiable net assets has been allocated to customer contracts intangible asset of $62,000, a deferred tax liability of $14,260, and goodwill of $49,555. None of the goodwill recognized is expected to be deductible for income tax purposes. EQB also recognized a non-controlling interest of $12,310 based on the proportionate interest of non-controlling shareholders in the identifiable net assets of ACM. The purchase price allocation is subject to refinement as EQB completes its valuation of the fair value of identifiable assets acquired and liabilities assumed.

Goodwill recognized mainly pertains to access to a diversified new source of service revenue through the mortgage funds management business and expected future business growth. Customer contracts intangible asset of $62,000 pertains to existing customer contracts acquired as part of the acquisition that provides a long term, stable source of service fee revenue. The valuation of the intangible asset requires management to make significant judgments and estimates relating to customer retention, future cash flows and discount rates.

Transaction costs of $362 relating to the acquisition were expensed and included in non-interest expenses. From the date of acquisition to April 30, 2024, ACM has contributed $7,757 of revenues and $2,712 to profit before tax to EQB's financial results. If the business combination had taken place on November 1, 2023, management estimates that the revenue for EQB for the period would have been $618,093 and profit before tax would have been $288,130.

Note 6 – Financial Instruments

EQB's business activities result in a Consolidated Balance Sheet that consists primarily of financial instruments. The majority of EQB's net income is derived from gains, losses, income, and expenses related to these financial assets and liabilities.

(a) Valuation methods and assumptions

Valuation methods and assumptions used to estimate fair values of financial instruments are as follows:

(i) Financial instruments whose cost or amortized cost approximates fair value

The fair value of Cash and cash equivalents and Restricted cash approximate their cost due to their short-term nature.

Securities purchased under reverse repurchase agreements, obligations under repurchase agreements, bank facilities and certain other financial assets and liabilities are carried at cost or amortized cost, which approximates fair value.

(ii) Financial instruments classified as at FVOCI, Fair value through equity (FVEQ) and FVTPL

These financial assets and financial liabilities are measured on the Consolidated Balance Sheet at fair value. For financial instruments measured at fair value where active market prices are available, bid prices are used for financial assets and ask prices for financial liabilities. For those financial instruments measured at fair value that are not traded in an active market, fair value estimates are determined using valuation methods which maximize the use of observable market data and include discounted cash flow analysis and other commonly used valuation techniques.

(iii) Loans receivable

The estimated fair value of loans receivable is determined using a discounted cash flow calculation and the market interest rates offered for loans with similar terms and credit risks.

(iv) Deposits

The estimated fair value of deposits is determined by discounting expected future contractual cash flows using observed market interest rates offered for deposits with similar terms. Deposit liabilities include GICs that are measured at fair value through income and are guaranteed by Canada Deposit Insurance Corporation (CDIC). This guarantee from CDIC is reflected in the fair value measurement of the deposit liabilities.

(v) Securitization liabilities

The estimated fair value of securitization liabilities is determined by discounting expected future contractual cash flows using market interest rates offered for similar terms.

(vi) Derivatives

Fair value estimates of derivative financial instruments are determined based on commonly used pricing methodologies (primarily discounted cash flow models) that incorporate observable market data. Frequently applied valuation techniques incorporate various inputs such as stock prices, bond prices, and interest rate curves into present value calculations.

(vii) Other liabilities

The fair value of liabilities representing the right of certain third parties to tender their shares has been determined using a discounted cash flow model which uses non-observable inputs to estimate the future purchase price at the settlement date.

The following tables present the carrying values for each category of financial assets and liabilities and their estimated fair values as at April 30, 2024 and March 31, 2023. The tables do not include assets and liabilities that are not financial instruments.

($000s)							April 30, 2024
	FVTPL – Mandatorily	FVOCI – Debt instruments	FVOCI – Equity instruments	FVEQ - Elected	Amortized cost	Total carrying value	Fair value
Financial assets:							
Cash and cash equivalents	-	-	-	-	657,219	657,219	657,219
Restricted cash	-	-	-	-	783,148	783,148	783,148
Securities purchased under reverse repurchase agreements	-	-	-	-	1,399,955	1,399,955	1,399,955
Investments	202,617	1,478,000	54,239	-	83,060	1,817,916	1,796,098
Loans – Personal	-	-	-	-	32,823,421	32,823,421	32,494,749
Loans – Commercial[(1)]	571,618	-	-	-	13,277,137	13,848,755	13,672,744
Securitization retained interests	-	-	-	-	663,593	663,593	653,550
Other assets:							
Derivative financial instruments[(2)]:							
Interest rate swaps	87,970	-	-	-	-	87,970	87,970
Cross-currency interest rate swaps	78,523	-	-	-	-	78,523	78,523
Total return swaps	19,200	-	-	-	-	19,200	19,200
Bond forwards	16,560	-	-	-	-	16,560	16,560
Foreign exchange forwards	5,822	-	-	-	-	5,822	5,822
Other	-	-	-	-	61,886	61,886	61,886
Total financial assets	982,310	1,478,000	54,239	-	49,749,419	52,263,968	51,727,424
Financial liabilities:							
Deposits	-	-	-	-	34,123,703	34,123,703	33,971,801
Securitization liabilities	-	-	-	-	15,181,341	15,181,341	14,719,437
Funding facilities	-	-	-	-	850,233	850,233	850,014
Other liabilities:							
Derivative financial instruments[(2)]:							
Interest rate swaps	71,048	-	-	-	-	71,048	71,048
Cross-currency interest rate swaps	29,312	-	-	-	-	29,312	29,312
Total return swaps	3,831	-	-	-	-	3,831	3,831
Bond forwards	332	-	-	-	-	332	332
Foreign exchange forwards	283	-	-	-	-	283	283
Loan commitments	1,612	-	-	-	-	1,612	1,612
Other	-	-	-	37,865	459,774	497,639	497,941
Total financial liabilities	106,418	-	-	37,865	50,615,051	50,759,334	50,145,611

(1) Loans – Commercial does not include $1,236,726 (March 31, 2023 – $1,200,279) of Finance leases, as these are specifically excluded for classification and measurement under IFRS 9.
(2) Derivative financial instruments are non-trading, and include derivatives held in hedge accounting relationships.

($000s)						March 31, 2023
	FVTPL – Mandatorily	FVOCI – Debt instruments	FVOCI – Equity instruments	Amortized cost	Total carrying value	Fair value
Financial assets:						
Cash and cash equivalents	-	-	-	345,621	345,621	345,621
Restricted cash	-	-	-	666,530	666,530	666,530
Securities purchased under reverse repurchase agreements	-	-	-	732,608	732,608	732,608
Investments	208,960	2,005,062	60,504	209,078	2,483,604	2,477,770
Loans – Personal	-	-	-	32,183,036	32,183,036	31,763,683
Loans – Commercial(1)	309,064	-	-	12,887,849	13,196,913	13,064,541
Securitization retained interests	-	-	-	410,441	410,441	407,934
Other assets:						
Derivative financial instruments(2):						
Interest rate swaps	104,856	-	-	-	104,856	104,856
Cross currency interest rate swaps	53,467			-	53,467	53,467
Total return swaps	8,228	-	-	-	8,228	8,228
Bond forwards	3,270	-	-	-	3,270	3,270
Foreign exchange forwards	1,460	-	-	-	1,460	1,460
Other	-	-	-	66,875	66,875	66,875
Total financial assets	689,305	2,005,062	60,504	47,502,038	50,256,909	49,696,843
Financial liabilities:						
Deposits	-	-	-	31,589,063	31,589,063	32,073,426
Securitization liabilities	-	-	-	15,311,657	15,311,657	14,922,744
Obligations under repurchase agreements	-	-	-	904,658	904,658	904,658
Other liabilities:						
Derivative financial instruments(2):						
Interest rate swaps	133,555	-	-	-	133,555	133,555
Cross-currency interest rate swaps	40,258	-	-	-	40,258	40,258
Total return swaps	11,307	-	-	-	11,307	11,307
Bond forwards	5,628	-	-	-	5,628	5,628
Foreign exchange forwards	1,390	-	-	-	1,390	1,389
Loan commitments	717	-	-	-	717	717
Funding facilities	-	-	-	776,305	776,305	776,308
Other	-	-	-	264,117	264,117	264,117
Total financial liabilities	192,855	-	-	48,845,800	49,038,655	49,134,107

(1) Loans – Commercial does not include $1,236,726 (March 31, 2023 – $1,200,279) of Finance leases, as these are specifically excluded for classification and measurement under IFRS 9.
(2) Derivative financial instruments are non-trading, and include derivatives held in hedge accounting relationships

Fair value hierarchy

Financial instruments recorded at fair value on the interim Consolidated Balance Sheet are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy has the following levels:

Level 1: valuation based on quoted prices (unadjusted) observed in active markets for identical assets and liabilities.

Level 2: valuation techniques based on inputs other than quoted prices included in Level 1 that are either directly or indirectly observable for the asset or liability.

Level 3: valuation techniques with significant unobservable market inputs.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The following table presents the fair value hierarchy of all financial instruments, whether or not measured at fair value in the interim Consolidated Balance Sheet, except for certain financial instruments whose carrying amount always approximates their fair values due to their short-term nature:

($000s) April 30, 2024	Level 1	Level 2	Level 3	Total financial assets/financial liabilities at fair value
Financial assets:				
Investments	**1,664,806**	**53,031**	**78,261**	**1,796,098**
Loans – Personal	**-**	**-**	**32,494,749**	**32,494,749**
Loans – Commercial	**-**	**571,618**	**13,101,126**	**13,672,744**
Securitization retained interests	**-**	**653,550**	**-**	**653,550**
Other assets:				
Derivative financial instruments [1]:				
Interest rate swaps	**-**	**87,970**	**-**	**87,970**
Cross-currency interest rate swaps	**-**	**78,523**	**-**	**78,523**
Total return swaps	**-**	**8,057**	**11,143**	**19,200**
Bond forwards	**-**	**16,560**	**-**	**16,560**
Foreign exchange forwards	**-**	**5,822**	**-**	**5,822**
Other	**-**	**61,886**	**-**	**61,886**
Total financial assets	**1,664,806**	**1,537,017**	**45,685,279**	**48,887,102**
Financial liabilities:				
Deposits	**-**	**33,971,801**	**-**	**33,971,801**
Securitization liabilities	**-**	**12,189,899**	**2,529,538**	**14,719,437**
Funding Facilities	**-**	**850,014**	**-**	**850,014**
Other liabilities:				
Derivative financial instruments [1]:				
Interest rate swaps	**-**	**71,048**	**-**	**71,048**
Cross-currency interest rate swaps	**-**	**29,312**	**-**	**29,312**
Total return swaps	**-**	**-**	**3,831**	**3,831**
Bond forwards	**-**	**332**	**-**	**332**
Foreign exchange forwards	**-**	**283**	**-**	**283**
Loan Commitments	**-**	**-**	**1,612**	**1,612**
Other	**-**	**460,076**	**37,865**	**497,941**
Total financial liabilities	**-**	**47,572,765**	**2,572,846**	**50,145,611**

(1) Derivative financial instruments are non-trading, and include derivatives held in hedge accounting relationships.

($000s) March 31, 2023	Level 1	Level 2	Level 3	Total financial assets/financial liabilities at fair value
Financial assets:				
Investments	1,656,740	755,870	65,160	2,477,770
Loans – Personal	-	-	31,763,683	31,763,683
Loans – Commercial	-	309,064	12,755,477	13,064,541
Securitization retained interests	-	407,934	-	407,934
Other assets:				
Derivative financial instruments(1):				
Interest rate swaps	-	104,856	-	104,856
Cross currency interest rate swaps	-	53,467	-	53,467
Total return swaps	-	-	8,228	8,228
Bond forwards	-	3,270	-	3,270
Foreign exchange forwards	-	1,460	-	1,460
Other	-	66,875	-	66,875
Total financial assets	1,656,740	1,702,796	44,592,548	47,952,084
Financial liabilities:				
Deposits	-	32,073,426	-	32,073,426
Securitization liabilities	-	13,117,489	1,805,255	14,922,744
Other liabilities:				
Derivative financial instruments(1):				
Interest rate swaps	-	133,555	-	133,555
Cross currency interest rate swaps	-	40,258	-	40,258
Total return swaps	-	4,852	6,455	11,307
Bond forwards	-	5,628	-	5,628
Foreign exchange forwards	-	1,389	-	1,389
Funding facilities	-	776,308	-	776,308
Loan commitments	-	-	717	717
Other	-	264,117	-	264,117
Total financial liabilities	-	46,417,022	1,812,427	48,229,449

(1) Derivative financial instruments are non-trading, and include derivatives held in hedge accounting relationships.

Note 7 – Investments

Carrying value of investments is as follows:

($000s)	**April 30, 2024**	October 31, 2023	March 31, 2023
Equity securities measured at FVOCI	**54,239**	52,686	60,504
Equity securities measured at FVTPL	**20,548**	17,629	17,243
Debt securities measured at FVOCI	**1,478,000**	1,742,510	2,005,062
Debt securities measured at FVTPL	**182,069**	177,557	191,717
Debt securities measured at AMC	**83,060**	130,263	209,078
	1,817,916	2,120,645	2,483,604

EQB has elected to designate certain Equity securities to be measured at FVOCI as these investments are expected to be held for the long term. For the period ended April 30, 2024, EQB earned dividends of $1,113 (March 31, 2023 − $1,765) on these Equity securities. During the period, none of the Equity securities were redeemed/sold (March 31, 2023 − $5,143 and recognized a loss on sale of $776 in Retained earnings).

As at April 30, 2024, EQB had a commitment to invest $19,384 (October 31, 2023 - $21,854, March 31, 2023 − $30,122) in certain equity securities measured at FVTPL.

Net unrealized gains (losses) on investments measured at FVOCI and FVTPL are as follows:

($000s)	**April 30, 2024**	March 31, 2023
Equity securities measured at FVOCI	**1,553**	(957)
Equity securities measured at FVTPL	**2,631**	2,196
Debt securities measured at FVOCI	**8,129**	57,495
Debt securities measured at FVTPL	**3,696**	(469)

Note 8 – Loans Receivable

(a) Loans receivable

($000s)							**April 30, 2024**
		Allowance for credit losses					
	Gross amount	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Net amount**
Loans – Personal	**32,874,561**	**27,199**	**19,758**	**4,183**	**51,140**	**32,823,421**
Loans – Commercial	**15,162,655**	**31,682**	**19,195**	**26,297**	**77,174**	**15,085,481**
	48,037,216	**58,881**	**38,953**	**30,480**	**128,314**	**47,908,902**

($000s)						October 31, 2023
		Allowance for credit losses				
	Gross amount	Stage 1	Stage 2	Stage 3	Total	Net amount
Loans – Personal	32,445,945	29,947	21,758	3,713	55,418	32,390,527
Loans – Commercial	15,034,341	27,503	21,953	14,281	63,737	14,970,604
	47,480,286	57,450	43,711	17,994	119,155	47,361,131

($000s)						March 31, 2023
		Allowance for credit losses				Net amount
	Gross amount	Stage 1	Stage 2	Stage 3	Total	
Loans – Personal	32,232,002	28,097	17,223	3,646	48,966	32,183,036
Loans – Commercial	14,449,668	25,911	21,376	5,189	52,476	14,397,192
	46,681,670	54,008	38,599	8,835	101,442	46,580,228

Loans – Personal include certain uninsured residential loans with a carrying value of $3,243,280 (October 31, 2023 – $2,382,931, March 31, 2023 – $1,486,938) that have been sold but are not derecognized. Equitable Bank issues Euro denominated covered bonds in Europe by securitizing uninsured residential loans on properties in Canada. These uninsured residential loans are sold and held in a separate guarantor entity i.e. EQB Covered Bond (Legislative) Guarantor Limited Partnership (Guarantor LP), established by Equitable Bank exclusively for the Covered Bonds Program (the Program). The legal title on the uninsured residential loans that are secured under the Program are held by the Guarantor LP. The residential loans sold to the Guarantor LP under the Program do not qualify for derecognition as Equitable Bank continues to be exposed to substantially all of the risks and rewards associated with the transferred assets and retains control of the assets. A key risk associated with transferred loans to which Equitable Bank remains exposed after the transfer in the Program is the risk of prepayment. As a result, the loans continue to be recognized on

EQB's interim Consolidated Balance Sheet at amortized cost and are accounted for as collateral for the secured funding arrangement, with the corresponding liability presented under Deposits.

Loans – Commercial include certain loans measured at FVTPL that are held for securitization activities. As at April 30, 2024, the carrying value of these loans was $570,892 (October 31, 2023 – $481,037, March 31, 2023 – $308,223) and included fair value adjustment of ($8,765) (October 31, 2023 – ($8,614), March 31, 2023 – $1,158).

Loans – Commercial also include certain loans that are designated and measured at FVTPL. As at April 30, 2024, the carrying amount of these loans was $726 (October 31, 2023 – $756, March 31, 2023 – $842) and included fair value adjustment of ($60) (October 31, 2023 – ($87), March 31, 2023 – ($66)).

The impact of changes in fair value for loans measured at fair value through income is as follows:

($000s)	**April 30, 2024**	March 31, 2023
Net (losses) gains in fair values for loans measured at FVTPL included in gains on securitization activities	**(151)**	1,626
Net gains in fair values for loans measured at FVTPL and recognized in net gains or losses on loans and investments	**-**	1

Loans – Commercial include loans of $937,727 (October 31, 2023 – $852,440, March 31, 2023 – $792,487) invested in certain asset-backed structured entities. EQB holds a senior position in these investments and the maximum exposure to loss is limited to the carrying value of the investment. EQB does not have the ability to direct the relevant activities of these structured entities and has no exposure to their variable returns, other than the right to receive interest income from these investments. Consequently, EQB does not control these structured entities and has not consolidated them.

Loans – Commercial also include EQB's net investment in equipment financing of $1,236,726 (October 31, 2023 – $1,320,684, March 31, 2023 – $1,200,279).

At April 30, 2024, EQB had commitments to fund a total of $6,269,305 (October 31, 2023 − $5,780,730, March 31, 2023 – $4,381,088) loans in the ordinary course of business.

(b) Impaired and past due loans

Outstanding impaired loans, net of specific allowances are as follows:

($000s)			**April 30,2023**	October 31, 2023	March 31, 2023
	Gross [1]	**Allowance for credit losses**	**Net**	Net	Net
Loans – Personal	**219,984**	**4,183**	**215,801**	118,077	57,748
Loans – Commercial – Conventional and Insured	**206,998**	**22,179**	**184,819**	212,830	74,974
Loans – Commercial – Equipment financing	**45,416**	**4,118**	**41,298**	30,689	15,306
	472,398	**30,480**	**441,918**	361,596	148,028

(1) Gross balances include insured loan balances of $13,383 (October 31, 2023 − $9,962, March 31, 2023 – $12,074).

Outstanding loans that are past due but not classified as impaired are as follows:

($000s)				**April 30, 2024**
	30 – 59 days	**60 – 89 days**	**90 days or more**	**Total**
Loans – Personal	**160,877**	**66,224**	**-**	**227,101**
Loans – Commercial – Conventional and Insured	**65,236**	**79,079**	**-**	**144,315**
Loans – Commercial – Finance financing	**28,118**	**25,410**	**-**	**53,528**
	254,231	**170,713**	**-**	**424,944**

($000s)				October 31, 2023
	30 – 59 days	60 – 89 days	90 days or more	Total
Loans – Personal	154,744	73,277	3,764	231,785
Loans – Commercial – Conventional and Insured	68,726	35,994	-	104,720
Loans – Commercial – Finance financing	29,198	14,077	-	43,275
	252,668	123,348	3,764	379,780

($000s)				March 31, 2023
	30 – 59 days	60 – 89 days	90 days or more	Total
Loans – Personal	84,126	27,290	3,987	115,403
Loans – Commercial – Conventional and Insured	32,311	31,961	-	64,272
Loans – Commercial – Finance financing	18,927	6,631	-	25,558
	135,364	65,882	3,987	205,233

(c) Allowance for credit losses

($000s)				**April 30, 2024**
	12 months ECL	**Lifetime non-credit impaired**	**Lifetime credit impaired**	
Loans – Personal	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance, beginning of period	**29,947**	**21,758**	**3,713**	**55,418**
Provision for credit losses:				
Transfers to (from) Stage 1	**3,747**	**(3,370)**	**(377)**	**-**
Transfers to (from) Stage 2	**(3,260)**	**4,088**	**(828)**	**-**
Transfers to (from) Stage 3	**(214)**	**(563)**	**777**	**-**
Re-measurement [(1)]	**(5,616)**	**(632)**	**7,408**	**1,160**
Originations	**4,790**	**-**	**-**	**4,790**
Discharges	**(2,195)**	**(1,523)**	**(4,028)**	**(7,746)**
Write-off	**-**	**-**	**(984)**	**(984)**
Realized losses	**-**	**-**	**(1,871)**	**(1,871)**
Recoveries	**-**	**-**	**373**	**373**
Balance, end of period	**27,199**	**19,758**	**4,183**	**51,140**

($000s)				**April 30, 2024**
	12 months ECL	**Lifetime non-credit impaired**	**Lifetime credit impaired**	
Loans – Commercial	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance, beginning of period	**27,503**	**21,953**	**14,281**	**63,737**
Provision for credit losses:				
Transfers to (from) Stage 1	**11,674**	**(9,813)**	**(1,861)**	**-**
Transfers to (from) Stage 2	**(5,156)**	**6,745**	**(1,589)**	**-**
Transfers to (from) Stage 3	**(683)**	**(8,051)**	**8,734**	**-**
Re-measurement (1)	**(7,085)**	**12,531**	**33,414**	**38,860**
Originations	**8,473**	**-**	**-**	**8,473**
Discharges	**(3,044)**	**(4,170)**	**-**	**(7,214)**
Write-off	**-**	**-**	**(25,181)**	**(25,181)**
Realized losses	**-**	**-**	**(1,502)**	**(1,502)**
Recoveries	**-**	**-**	**1**	**1**
Balance, end of period	**31,682**	**19,195**	**26,297**	**77,174**

(1) Includes movement as a result of significant increase or decrease in credit risk and changes in credit risk due to model inputs/assumptions that did not result in a transfer between stages.

($000s)				March 31, 2023
	12 months ECL	Lifetime non-credit impaired	Lifetime credit impaired	
Loans – Personal	Stage 1	Stage 2	Stage 3	Total
Balance, beginning of period	5,705	7,537	642	13,884
Provision for credit losses:				
Transfers to (from) Stage 1	1,430	(1,402)	(28)	-
Transfers to (from) Stage 2	(4,448)	4,743	(295)	-
Transfers to (from) Stage 3	(437)	(3,990)	4,427	-
Re-measurement (1)	3,659	5,283	(2,437)	6,505
Originations	3,371	-	-	3,371
Discharges	(1,531)	(866)	-	(2,397)
Loans acquired on business combination	20,348	5,918	1,937	28,203
Write-off	-	-	-	-
Realized losses	-	-	(885)	(885)
Recoveries	-	-	285	285
Balance, end of period	28,097	17,223	3,646	48,966

(1) Includes movement as a result of significant increase or decrease in credit risk and changes in credit risk due to model inputs/assumptions that did not result in a transfer between stages.

($000s)				March 31, 2023
	12 months ECL	Lifetime non-credit impaired	Lifetime credit impaired	
Loans – Commercial	Stage 1	Stage 2	Stage 3	Total
Balance, beginning of period	22,504	15,912	2,891	41,307
Provision for credit losses:				
Transfers to (from) Stage 1	9,077	(9,026)	(51)	-
Transfers to (from) Stage 2	(3,726)	3,830	(104)	-
Transfers to (from) Stage 3	(155)	(693)	848	-
Re-measurement (1)	(4,937)	7,423	3,989	6,475
Originations	4,289	-	-	4,289
Discharges	(1,865)	(1,622)	-	(3,487)
Loans acquired on business combination	724	5,552	2,180	8,456
Write-off	-	-	(6,736)	(6,736)
Realized losses	-	-	(171)	(171)
Recoveries	-	-	2,343	2,343
Balance, end of period	25,911	21,376	5,189	52,476

(1) Includes movement as a result of significant increase or decrease in credit risk and changes in credit risk due to model inputs/assumptions that did not result in a transfer between stages.

The Stage 1 and 2 allowance for credit losses includes allowance on loan commitments amounting to $1,768 (October 31, 2023 − $1,722, March 31, 2023 − $1,305).

(d) Key inputs, assumptions, and model techniques

EQB's allowance for credit losses is estimated using statistical models that involve a number of inputs and assumptions. The key drivers of changes in ECL include the following:

- Transfers between stages, due to significant changes in credit risk;
- Changes in forward-looking macroeconomic variables, specifically the macroeconomic variables to which the ECL models are calibrated, which are closely correlated with the credit losses in the relevant portfolios; and
- Changes to the probability weights assigned to each scenario.

In addition, these elements are also subject to a high degree of judgment which could have a significant impact on the level of ACL recognized. The inputs and models used for calculating ECL may not always capture all characteristics of the underlying risk. Qualitative adjustments or overlays may be made by management for certain portfolios as temporary adjustments in circumstances where the assumptions and/or modelling techniques do not capture all relevant risk factors.

In considering the assumptions for calculating ECL, EQB has also considered the ongoing geo-political uncertainty, the higher for longer interest rate environment, and inflationary pressures. EQB has applied experienced credit judgment in the assessment of underlying credit deterioration and migration of balances to progressive stages.

(e) Forward-looking macroeconomic scenarios

EQB subscribes to Moody's Analytics economic forecasting services and leverages its forward-looking macroeconomic information to model ECL. EQB considers five macroeconomic scenarios: a base-case scenario, one upside and three downside scenarios. Each macroeconomic scenario is assigned a probability weighting (which could be between 0% to 60%), and may vary from period to period, with the base-case scenario receiving the highest weight and lower weights to the less probable scenarios compared to the base-case scenario. The probability-weighted macroeconomic scenarios are incorporated into both measurement of ECL and assessment of whether the credit risk of an instrument has increased significantly since its initial recognition.

The following table provides the primary macroeconomic variables used in models to estimate ECL on performing loans:

										April 30, 2024
	Base-Case Scenario		**Upside Scenario**		**Downside Scenarios**					
					Scenario 1		**Scenario 2**		**Scenario 3**	
	Next 12 months	**2 to 5 years**	**Next 12 months**	**2 to 5 years**	**Next 12 months**	**2 to 5 years**	**Next 12 months**	**2 to 5 years**	**Next 12 months**	**2 to 5 years**
Unemployment rate %	**6.3**	**6.1**	**5.4**	**5.3**	**7.6**	**7.0**	**8.8**	**7.9**	**10.3**	**9.5**
Real GDP growth rate %	**1.3**	**1.9**	**2.6**	**2.4**	**(0.3)**	**1.9**	**(1.1)**	**1.7**	**(2.5)**	**1.5**
Home Price Index growth rate % (1)	**1.3**	**1.5**	**2.7**	**2.5**	**0.2**	**0.8**	**(5.1)**	**0.3**	**(9.7)**	**(1.6)**
Commercial Property Index growth rate %	**1.3**	**1.8**	**2.8**	**2.6**	**(0.1)**	**1.4**	**(4.3)**	**1.0**	**(8.2)**	**(0.3)**
Household income growth rate %	**(0.5)**	**0.4**	**(0.7)**	**0.8**	**(0.6)**	**0.1**	**(0.6)**	**(0.4)**	**(0.5)**	**(1.0)**
Canadian Equity index %	**(0.8)**	**10.7**	**9.3**	**6.2**	**(19.2)**	**10.0**	**(35.5)**	**16.8**	**(44.2)**	**30.5**
West Texas Intermediate oil price %	**(0.5)**	**(1.2)**	**2.9**	**(1.2)**	**(17.3)**	**6.8**	**(30.1)**	**11.5**	**(43.5)**	**30.6**

(1) The Home Price Index growth rate % used by EQB is the Moody's Analytics Home and Land Price Index.

										October 31, 2023
	Base-Case Scenario		Upside Scenario		Downside Scenarios					
					Scenario 1		Scenario 2		Scenario 3	
	Next 12 months	2 to 5 years	Next 12 months	2 to 5 years	Next 12 months	2 to 5 years	Next 12 months	2 to 5 years	Next 12 months	2 to 5 years
Unemployment rate %	5.7	5.6	4.6	5.1	6.9	5.9	8.2	6.3	9.7	7.2
Real GDP growth rate %	0.7	2.0	1.5	2.5	(0.4)	1.9	(1.0)	1.6	(2.0)	1.3
Home Price Index growth rate % (1)	(2.7)	(0.2)	(0.6)	3.7	(3.9)	(1.5)	(10.8)	(1.1)	(15.9)	(7.2)
Commercial Property Index growth rate %	(0.7)	2.8	2.0	4.3	(2.6)	2.2	(9.2)	3.9	(14.5)	1.1
Household income growth rate %	(1.5)	(1.8)	0.8	2.4	(2.2)	1.3	(3.6)	0.4	(5.0)	(1.1)
Canadian Equity index %	1.5	14.6	8.8	(3.1)	(9.2)	6.5	(22.9)	12.5	(39.7)	35.6
West Texas Intermediate oil price %	5.2	(2.9)	11.2	9.8	(18.9)	14.2	(33.8)	23.0	(40.5)	36.2

(1) The Home Price Index growth rate % used by EQB is the Moody's Analytics Home and Land Price Index.

										March 31, 2023
	Base-Case Scenario		Upside Scenario		Downside Scenarios					
					Scenario 1		Scenario 2		Scenario 3	
	Next 12 months	2 to 5 years	Next 12 months	2 to 5 years	Next 12 months	2 to 5 years	Next 12 months	2 to 5 years	Next 12 months	2 to 5 years
Unemployment rate %	5.7	5.7	4.8	5.1	6.8	6.0	7.8	6.6	9.2	7.6
Real GDP growth rate %	0.8	8.3	2.4	10.1	(0.9)	8.4	(1.4)	6.9	(2.8)	5.7
Home Price Index growth rate % (1)	(2.9)	(1.1)	(1.0)	2.1	(4.1)	(3.4)	(10.8)	(3.9)	(16.0)	(10.1)
Commercial Property Index growth rate %	(0.2)	1.6	2.7	3.9	(2.5)	0.5	(10.3)	1.2	(16.9)	(2.6)
Household income growth rate %	(0.8)	0.9	0.2	2.9	(2.1)	0.3	(3.0)	(1.3)	(3.9)	(3.7)
Canadian Equity index %	2.0	13.8	12.1	9.1	(17.5)	13.1	(33.9)	20.8	(41.6)	34.6
West Texas Intermediate oil price %	(4.7)	(0.1)	(2.1)	(0.2)	(15.4)	8.8	(29.0)	14.7	(44.8)	37.7

(1) The Home Price Index growth rate % used by EQB is the Moody's Analytics Home and Land Price Index.

(f) Sensitivity of allowance for credit losses

ECL is sensitive to the inputs used in internally developed models, macroeconomic variables in the forward-looking forecasts, the probability weightings of our macroeconomic scenarios, and other factors considered when applying experienced credit judgement. Changes in these inputs, assumptions, models, and judgements would have an impact on the assessment of credit risk and the measurement of ECL.

Impact of probability-weighting on ACL

The following table presents a comparison of EQB's ACL using only the base-case scenario and downside scenario instead of the five probability-weighted macroeconomic scenarios for performing loans:

($000s)	**April 30, 2024**	October 31, 2023	March 31, 2023
ACL – Five probability-weighted macroeconomic scenarios (actual)	**97,834**	101,161	92,607
ACL – Base-case scenario only	**80,235**	85,231	87,051
ACL – Downside scenario 3 only	**256,777**	221,284	162,659
Difference – Actual versus base-case scenario only	**17,599**	15,930	5,556
Difference – Actual versus Downside scenario 3 only	**(158,943)**	(120,123)	(70,052)

Impact of staging on ACL

The following table illustrates the impact of staging on EQB's ACL by comparing the allowance if all performing loans were in Stage 1, with other assumptions held constant, to the actual ACL recorded:

($000s)	**April 30, 2024**	October 31, 2023	March 31, 2023
ACL – Loans in Stage 1 and Stage 2 (actual)	**97,834**	101,161	92,607
ACL – Assuming all loans in Stage 1	**84,562**	85,302	81,333
Lifetime ACL impact	**13,272**	15,859	11,274

Note 9 – Derecognition of Financial Assets

In the normal course of business, EQB enters into transactions that result in the transfer of financial assets. Transferred financial assets are recognized in their entirety or derecognized in their entirety, subject to the extent of EQB's continuing involvement. EQB transfers its financial assets through its securitization activities and sale of assets under repurchase agreements. For further details, refer to Note 11 to the audited consolidated financial statements in EQB's 2023 Annual Report.

(a) Transferred financial assets that are not derecognized in their entirety

The following table provides information on the carrying amount and the fair values related to transferred financial assets that are not derecognized in their entirety and the associated liabilities:

($000s)	April 30, 2024		October 31, 2023		March 31, 2023	
	Securitized assets	**Assets sold under repurchase agreements**	Securitized assets	Assets sold under repurchase agreements	Securitized assets	Assets sold under repurchase agreements
Carrying amount of assets	**15,673,338**	**-**	15,138,612	1,128,238	16,017,049	904,658
Carrying amount of associated liability	**15,181,341**	**-**	14,501,161	1,128,238	15,311,657	904,658
Carrying value, net position	**491,997**	**-**	637,451	-	705,392	-
Fair value of assets	**15,266,881**	**-**	14,648,752	1,128,238	15,536,533	904,658
Fair value of associated liability	**14,719,437**	**-**	13,977,423	1,128,238	14,922,744	904,658
Fair value, net position	**547,444**	**-**	671,329	-	613,789	-

EQB's outstanding securitization liabilities are as follows:

($000s)	April 30, 2024	October 31, 2023	March 31, 2023
Securitization principal	**15,297,906**	14,586,901	15,458,790
Deferred net discount and issuance costs	**(151,550)**	(117,693)	(177,460)
Accrued interest	**34,985**	31,953	30,327
	15,181,341	14,501,161	15,311,657

(b) Transferred financial assets that are derecognized in their entirety

The following table provides quantitative information of EQB's securitization activities and transfers that are derecognized in their entirety during the period:

($000s)	April 30, 2024	March 31, 2023
Loans securitized and sold	**3,178,598**	1,890,767
Carrying value of Securitization retained interests	**162,759**	97,049
Carrying value of Securitized loan servicing liability	**19,264**	13,690
Gains on loans securitized and sold	**32,002**	19,942
Income from securitization activities and retained interests	**10,584**	3,637

Note 10 – Other Assets

($000s)	April 30,2024	October 31,2023	March 31,2023
Intangible assets	**217,284**	154,250	149,335
Goodwill	**105,960**	57,595	57,595
Prepaid expenses and other	**102,079**	93,562	58,696
Property and equipment	**37,366**	31,521	27,178
Accrued interest and dividends on non-loan assets	**10,966**	12,407	9,358
Income Taxes receivable	**7,330**	27,124	74,536
Right-of-use assets	**2,739**	3,688	8,552
Receivable relating to securitization activities	**2,491**	893	2,045
Real estate owned	**252**	395	386
Derivative financial instruments:			
Interest rate swaps	**166,493**	226,847	158,323
Total return swaps	**19,200**	16,989	8,228
Bond forwards	**16,560**	18,366	3,270
Foreign exchange forwards	**5,822**	9,038	1,460
	694,542	652,675	558,962

Intangible assets include system, and software development costs relating to EQB's information systems, and core customer deposits and customer related intangibles recognized on the acquisition of subsidiaries.

Note 11 – Deposits

($000s)	**April 30, 2024**	October 31, 2023	March 31, 2023
Term and other deposits	**33,558,520**	31,577,150	31,277,726
Fair value of acquisition	**(41,770)**	(67,110)	(110,850)
Accrued interest	**649,590**	524,703	455,851
Deferred deposit agent commissions	**(42,637)**	(38,293)	(33,664)
	34,123,703	31,996,450	31,589,063

Deposits also include $2,467,576 (October 31, 2023 – $1,709,181, March 31, 2023 – $1,267,365) of funding from the covered bond program. This funding is secured against $3,247,518 (October 31, 2023 – $2,385,035, March 31, 2023 – $1,488,072) of Loans – Personal.

Note 12 – Income Taxes

(a) Income tax provision:

($000s)	**April 30, 2024**	March 31, 2023
Current tax expense:		
Current year	**69,848**	50,806
Adjustments for prior years	**1,420**	(1)
	71,268	50,805
Deferred tax expense:		
Reversal of temporary differences	**8,309**	4,065
Adjustments for prior years	**(1,961)**	2
Changes in tax rates	**61**	3,556
	6,409	7,623
Total income tax expense	**77,677**	58,428

The provision for income taxes shown in the Consolidated Statements of Income differs from that obtained by applying statutory income tax rates to income before provision for income taxes due to the following reasons:

(Percentages)	**April 30, 2024**	March 31, 2023
Canadian statutory income tax rate	**26.9%**	27.1%
Increase (decrease) resulting from:		
Tax-exempt income	**0.1%**	(0.3%)
Non-deductible expenses and other	**0.0%**	1.9%
Effective income tax rate	**27.0%**	28.7%

(b) Deferred tax [1]:

Net deferred income tax liabilities comprise:

($000s)	**April 30, 2024**	October 31, 2023	March 31, 2023
Deferred income tax assets:			
Tax losses [2]	**22,804**	11,148	11,143
Allowance for credit losses	**16,868**	18,072	16,348
Leasing activities	**9,285**	7,535	10,271
Net loan fees	**-**	317	1,748
Other	**16,649**	13,315	7,744
Share issue expenses	**3,349**	3,768	3,202
	68,955	54,155	50,456
Deferred income tax liabilities:			
Securitization activities	**157,927**	132,186	100,120
Equipment financing activities	**-**	7,821	
Intangible costs	**33,578**	21,349	21,035
Leasing activities [3]	**3,227**	-	-
Net loan fees	**703**	-	-
Other	**-**	-	60
Deposit agent commissions	**7,148**	7,005	6,634
	202,583	168,361	127,849
Net deferred income tax liabilities	**133,628**	114,206	77,393

(1) The corresponding amounts to the change in deferred tax balances is a tax charge to Statement of Income of $6,409, a tax charge of $14,147 to Shareholders Equity/Retained Earnings, and reclass of $1,135 into current tax payable.
(2) Deferred tax asset pertains to income tax losses of approximately $22,573 from Equitable Trust Company and $231,000 from other entities within the group.
(3) The deferred tax liability relating to leasing activities pertains to the temporary difference resulting from difference in accounting treatment versus tax treatment for finance lease receivables.

Deferred income tax assets and liabilities are reflected on the Consolidated Balance Sheet as follows:

($000s)	**April 30, 2024**	October 31, 2023	March 31, 2023
Deferred tax assets	**14,921**	14,230	15,024
Deferred tax liabilities	**148,549**	128,436	92,417
Net deferred tax liabilities	**133,628**	114,206	77,393

Certain taxable temporary differences associated with investments in subsidiaries did not result in the recognition of deferred tax liabilities as at April 30, 2024. The total amount of these temporary differences was $1.961 billion as at April 30, 2024 (October 31, 2023 – $1.793 billion).

Note 13 – Funding Facilities

(a) Secured funding facilities:

EQB has two credit facilities totaling $1,600,000 (October 31, 2023 – 1,600,000, March 31, 2023 - $1,100,000) with major Schedule I Canadian banks to finance residential loans prior to securitization. Equitable Bank also has access to liquidity facilities sponsored by the Government of Canada, namely the Bank of Canada's Standing Term Liquidity Facility and Emergency Lending Assistance program. As at April 30, 2024, EQB had an outstanding balance of $nil (October 31, 2023 – $1,058,619, March 31, 2023 – $286,419) on facilities from the Schedule I Canadian banks. The facilities from the Schedule I Canadian banks carry interest rates at 1-month CDOR plus 0.70% to 0.85%.

Concentra Bank maintains a $25,000 (October 31, 2023 – 25,000, March 31, 2023 – $400,000) secured credit facility with a major Schedule I Canadian banks to backstop issued letters of credit and for general liquidity management. The credit facility carries interest rates at Banker's Acceptance plus 0.50%. Concentra Bank also maintains $100,000 (October 31, 2023 – 100,000, March 31, 2023 - $100,000) secured line of credit with SaskCentral which is used primarily for settlement and clearing purposes. The line of credit carries interest rates at Prime less 0.50%. As at April 30, 2024, there were no outstanding balances on either of these facilities (October 31, 2023 – $nil, March 31, 2023 – $nil).

(b) Unsecured funding facilities:

EQB has a funding agreement with a consortium of Schedule I banks for senior unsecured funding facilities comprising of a revolving facility (Revolving Facility) of up to $200,000 and a term loan facility (Term Loan) of up to $275,000. As at April 30, 2024, EQB had an outstanding balance of $273,410 (October 31, 2023 – $372,619, March 31, 2023 – $467,412) on the above facilities including deferred cost of $333 (October 31, 2023 – $486, March 31, 2023 – $665), and prepaid interest of $1,291 (October 31, 2023 – $1,912, March 31, 2023 – $6,293). The Revolving and Term Loan facilities carry interest rates at 1-month CDOR plus applicable margins.

Equitable Bank has established Bearer Deposit Notes (BDN) program through which it issues short-term unsecured notes. As at April 30, 2024 the outstanding balance of the notes issued under BDN program was $566,431 (October 31, 2023 – $300,349, March 31, 2023 – $nil) including deferred costs of $85 (October 31, 2023 – $25, March 31, 2023 – $nil) and discounts of $8,683 (October 31, 2023 – $2,626, March31, 2023 – $nil). The interest rate on outstanding BDN issuance ranges from 5.00% to 5.85%.

Concentra Bank also maintains a BDN program. As at April 30, 2024 there were no notes outstanding under Concentra's program (October 31, 2023 – $nil, March 31, 2023 – $14,886).

EQB's other subsidiary, ACM, maintains a $1,000 (October 31, 2023 - $nil, March 31, 2023 - $nil) operating line of credit to support day to day liquidity management. The line of credit carries interest at Prime plus 1.00% and there was no amount outstanding at April 30, 2024 (October 31, 2023 - $nil; March 31, 2023 - $nil).

Note 14 – Other Liabilities

($000s)	**April 30, 2024**	October 31, 2023	March 31, 2023
Accounts payable and accrued liabilities	**357,359**	317,997	150,786
Securitized loan servicing liability	**91,514**	81,150	63,574
Loan realty taxes	**49,660**	21,292	52,681
Unearned revenue	**19,707**	18,299	4,566
Right-of-use liabilities	**3,242**	4,561	10,737
Income taxes payable	**3,054**	2,847	40,672
Loan commitments	**1,612**	3,620	717
Derivative financial instruments:			
Interest rate swaps	**100,360**	145,555	173,813
Total return swaps	**3,831**	4,067	11,307
Bond forwards	**332**	2,179	5,628
Foreign exchange forwards	**283**	472	1,390
	630,954	602,039	515,871

Note 15 – Shareholder's Equity

Normal course issuer bid (NCIB):

On December 21, 2020, EQB announced that the Toronto Stock Exchange had approved a NCIB pursuant to which EQB may repurchase for cancellation up to 2,288,490 of its common shares and 297,250 of its Series 3 – 5-year rate reset preferred shares, representing 10% of its public float of each class of shares. On December 21, 2022, the NCIB was renewed and approved by the Toronto Stock Exchange, pursuant to which EQB may repurchase for cancellation up to 3,025,798 of its common shares and 288,680 of its Series 3 – 5-year rate reset preferred shares, representing 10% of its public float of each class of shares. EQB only intends to purchase a maximum of 1,150,000 common shares under the terms of the NCIB. The actual number of preferred shares purchased under the NCIB and the timing of any such purchases will be at EQB's discretion. As at April 30, 2024, EQB repurchased and canceled 88,200, at a volume weighted average price of $25.91 of its Series 3 – 5-year rate reset preferred shares (October 31, 2023 – 88,200, at a volume weighted average price of $25.91, March 31, 2023 – 88,200, at a volume weighted average price of $25.9). No common shares have been purchased and cancelled under the NCIB.

Note 16 – Stock-based Compensation

(a) Stock-based compensation plan:

Under EQB's stock option plan, options on common shares are periodically granted to eligible participants for terms of seven years or ten years and vest over a four-year period. As at April 30, 2024, the maximum number of common shares available for issuance under the plan was 5,150,000. The outstanding options expire on various dates to April 2034. A summary of EQB's stock option activity and related information for the periods ended April 30, 2024 and March 31, 2023 is as follows:

($000s, except share, per share and stock option amounts)		**April 30, 2024**		March 31, 2023
	Number of stock options	**Weighted average exercise price**	Number of stock options	Weighted average exercise price
Outstanding, beginning of period	**1,173,719**	**54.82**	1,304,518	48.12
Granted	**207,046**	**83.95**	193,437	67.12
Exercised	**(215,301)**	**37.71**	(155,982)	27.11
Forfeited/cancelled	**(39,215)**	**71.24**	(24,801)	70.07
Outstanding, end of period	**1,126,249**	**62.87**	1,317,172	52.98
Exercisable, end of period	**623,804**	**52.94**	769,088	42.78

Under the fair value-based method of accounting for stock options, EQB has recorded compensation expense in the amount of $2,113 (March 31, 2023 – $1,843) related to grants of options under the stock option plan. This amount has been credited to Contributed surplus. The fair value of options granted during the period ended April 30, 2024 was estimated at the date of grant using the Black-Scholes valuation model, with the following assumptions:

(Percentages, except per share amount and number of years)	**April 30, 2024**	March 31, 2023
Risk-free rate	**3.6%**	3.1%
Expected option life (years)	**5.5**	5.5
Expected volatility	**31.0%**	31.1%
Expected dividends	**2.2%**	2.2%
Weighted average fair value of each option granted	**23.24**	17.92

(b) Other stock-based plans:

EQB has an Employee Share Purchase (ESP) plan, a Restricted share unit (RSU, PSU and TSU) plan for eligible employees, and a Deferred share unit (DSU) plan for Directors. For details on the plans, refer to Note 20 to the audited consolidated financial statements in EQB's 2023 Annual Report.

Under the DSU plan, the activity for the periods ended April 30, 2024 and March 31, 2023, is as follows:

	April 30, 2024	March 31, 2023
	Number of DSUs	Number of DSUs
Outstanding, beginning of period	**143,789**	153,850
Granted	**10,336**	4,970
Dividend reinvested	**990**	1,720
Paid out	**(16,900)**	(12,139)
Outstanding, end of period	**138,215**	148,401

The liability associated with DSUs outstanding as at April 30, 2024 was $12,135 (March 31, 2023 – $8,232). Compensation expense, including offsetting hedges, relating to DSUs outstanding during the six months ended April 30, 2024 amounted to $1,152 (March 31, 2023 – $438).

Under EQB's RSU and PSU plan, the activity for the periods ended April 30, 2024 and March 31, 2023, is as follows:

	April 30, 2024	March 31, 2023
	Number of RSUs and PSUs	Number of RSUs and PSUs
Outstanding, beginning of period	**251,887**	209,633
Granted	**121,543**	134,734
Dividend reinvested	**3,108**	2,452
Vested and paid out	**(48,572)**	(74,629)
Forfeited/cancelled	**(14,587)**	(5,593)
Outstanding, end of period	**313,379**	266,597

The liability associated with RSUs and PSUs outstanding as at April 30, 2024 was $10,825 (March 31, 2023 – $4,122). Compensation expense, including offsetting hedges, relating to RSUs and PSUs outstanding during the six months ended April 30, 2024 amounted to $4,148 (March 31, 2023 – $1,806).

The TSU plan was adopted in 2022. Effective January 1, 2023, EQB has granted Treasury Share Units (TPSUs) to eligible employees for a term of ten years. Under the plan, 50% of the TPSUs cliff vest after 3 years, and the remaining 50% cliff vest after 4 years, with number of units adjusted on the vesting date based on the performance factors up to each vesting date. Under the plan, each TPSU represents one notional common share and earns notional dividends, which are reinvested into additional TPSUs when cash dividends are paid on EQB's common shares. When the TPSUs vest, the eligible employee can elect to settle in shares issued from treasury, or in cash.

As at April 30, 2024, the maximum number of common shares available for issuance under the TSU plan was 500,000. The outstanding TPSUs expire in December 2033.

Under EQB's TSU plan, the activity for the periods ended April 30, 2024 and March 31, 2023 is as follows:

	April 30, 2024	March 31, 2023
	Number of TPSUs	Number of TPSUs
Outstanding, beginning of period	**45,043**	-
Granted	**42,358**	47,936
Dividend reinvested	**842**	303
Paid out	**(483)**	-
Forfeited/cancelled	**(2,184)**	(787)
Outstanding, end of period	**85,576**	47,452

The liability associated with TPSUs outstanding as at April 30, 2024 was $1,766 (March 31, 2023 – $68). Compensation expense, including offsetting hedges, relating to TPSUs outstanding during the six months ended April 30, 2024, amounted to $887 (March 31, 2023 – $66).

Note 17 – Earnings Per Share

Diluted earnings per share is calculated based on net income available to common shareholders divided by the weighted average number of common shares outstanding during the year, considering the dilution effect of stock options using the treasury stock method.

($000s, except share, per share and stock option amounts)	**April 30, 2024**	March 31, 2023
Earnings per common share − basic:		
Net income available to common shareholders	**204,916**	140,715
Weighted average basic number of common shares outstanding	**38,106,932**	36,974,625
Earnings per common share − basic	**5.38**	3.81
Earnings per common share − diluted:		
Net income available to common shareholders	**204,916**	140,715
Weighted average basic number of common shares outstanding	**38,106,932**	36,974,625
Adjustment to weighted average number of common shares outstanding:		
Stock options	**327,070**	289,885
Weighted average diluted number of common shares outstanding	**38,434,002**	37,264,510
Earnings per common share − diluted	**5.33**	3.78

For the period ended April 30, 2024, the calculation of the diluted earnings per share excluded 149,210 (March 31, 2023 – 560,539) average options outstanding with a weighted average exercise price of $83.52 (March 31, 2023 − $71.22) as the exercise price of these options was greater than the average price of EQB's common shares.

Note 18 – Capital Management

Equitable Bank manages its capital in accordance with guidelines established by OSFI, based on standards issued by the Basel Committee on Banking Supervision. OSFI's Capital Adequacy Requirements (CAR) Guideline details how Basel III rules apply to Canadian banks. OSFI has mandated that all Canadian-regulated financial institutions meet target Capital Ratios: those being a CET1 Ratio of 7.0%, a Tier 1 Capital Ratio of 8.5%, and a Total Capital Ratio of 10.5%. To govern the quantity and quality of capital necessary based on its inherent risks, Equitable Bank maintains a Capital Management Policy and utilizes an Internal Capital Adequacy Assessment Process (ICAAP).

Equitable Bank's CET1 Ratio was 14.1% as at April 30, 2024, while Tier 1 Capital and Total Capital Ratios were 14.8% and 15.3%, respectively. Equitable Bank's Capital Ratios at April 30, 2024 exceeded the regulatory minimums.

Equitable Bank maintains a Capital Management Policy and an ICAAP to govern the quality and quantity of capital utilized in its operations.

During the period, Equitable Bank complied with all externally imposed capital requirements.

Regulatory capital (relating solely to Equitable Bank) is as follows:

($000s)	April 30, 2024	October 31, 2023	March 31, 2023
	Revised Basel III [1]	Basel III	Basel III
Common Equity Tier 1 Capital (CET1):			
Common shares	**932,032**	930,178	928,367
Contributed surplus	**14,145**	13,886	13,094
Retained earnings	**2,078,062**	2,057,262	1,931,789
Accumulated other comprehensive loss [1]	**(43,848)**	(49,956)	(32,349)
Less: Regulatory adjustments	**(192,412)**	(187,870)	(183,547)
Common Equity Tier 1 Capital	**2,787,979**	2,763,500	2,657,354
Additional Tier 1 Capital:			
Non-cumulative preferred shares	**72,554**	72,554	183,541
Additional Tier 1 capital issued by a subsidiary to third parties (amount allowed in AT1)	**53,603**	57,628	-
Tier 1 Capital	**2,914,136**	2,893,682	2,840,895
Tier 2 Capital:			
Eligible stage 1 and 2 allowance	**97,834**	101,162	92,605
Additional Tier 1 capital issued by a subsidiary to third parties (amount allowed in Tier 2)	**7,935**	6,719	-
Less: Regulatory adjustments	**-**	-	-
Tier 2 Capital	**105,769**	107,881	92,605
Total Capital	**3,019,905**	3,001,563	2,933,500

(1) As prescribed by OSFI (under Basel III rules), AOCI is part of CET1 in its entirety, however, the AOCI associated with cash flow hedge reserves that relates to the hedging of items that are not fair valued is excluded.

Note 19 – Interest Rate Sensitivity

The following table shows EQB's position regarding interest rate sensitivity of assets, liabilities, and equity on the date of the earlier of contractual maturity or re-pricing date, as at April 30, 2024.

($000s, except percentages)								**April 30, 2024**
	Floating rate	**0 to 3 months**	**4 months to 1 year**	**Total within 1 year**	**1 year to 5 years**	**Greater than 5 years**	**Non-interest sensitive [1]**	**Total**
Total assets	**12,376,983**	**5,679,919**	**11,519,283**	**29,576,185**	**19,849,526**	**2,434,770**	**2,079,715**	**53,940,196**
Total liabilities and shareholders' equity	**(902,594)**	**(16,651,325)**	**(13,482,256)**	**(31,036,175)**	**(17,644,247)**	**(1,011,363)**	**(4,248,411)**	**(53,940,196)**
Off-balance sheet items [3]	**-**	**(2,982,277)**	**3,184,253**	**201,976**	**680,734**	**(882,710)**	**-**	**-**
Interest rate sensitivity gap	**11,474,389**	**(13,953,683)**	**1,221,280**	**(1,258,014)**	**2,886,013**	**540,697**	**(2,168,696)**	**-**
Cumulative gap [2]	**11,474,389**	**(2,479,294)**	**(1,258,014)**	**(1,258,014)**	**1,627,999**	**2,168,696**	**-**	**-**
Cumulative gap as a percentage of total assets	**21.27%**	**(4.60%)**	**(2.33%)**	**(2.33%)**	**3.02%**	**4.02%**	**-%**	**-%**

(1) Accrued interest is included in "Non-interest sensitive" assets and liabilities.
(2) Cashable GIC deposits are included in the "0 to 3 months" as these are cashable by the depositor upon demand after 30 days from the date of issuance.
(3) Off-balance sheet items include EQB's interest rate swaps, hedges on funded assets, as well as loan rate commitments that are not specifically hedged. Loan rate commitments that are specifically hedged, along with their respective hedges, are assumed to substantially offset.

($000s, except percentages)								October 31, 2023
	Floating rate	0 to 3 months	4 months to 1 year	Total within 1 year	1 year to 5 years	Greater than 5 years	Non-interest sensitive (1)	Total
Cumulative gap (2)(3)	11,280,713	(2,054,794)	(449,776)	(449,776)	1,482,667	2,082,112	-	-
Cumulative gap as a percentage of total assets	21.31%	(3.88%)	(0.85%)	(0.85%)	2.80%	3.93%	-%	-%

(1) Accrued interest is included in “Non-interest sensitive” assets and liabilities.
(2) Cashable GIC deposits are included in the “0 to 3 months” as these are cashable by the depositor upon demand after 30 days from the date of issuance.
(3) Off-balance sheet items include EQB’s interest rate swaps, hedges on funded assets, as well as loan rate commitments that are not specifically hedged. Loan rate commitments that are specifically hedged, along with their respective hedges, are assumed to substantially offset.

($000s, except percentages)								March 31, 2023
	Floating rate	0 to 3 months	4 months to 1 year	Total within 1 year	1 year to 5 years	Greater than 5 years	Non-interest sensitive (1)	Total
Cumulative gap (2)(3)	11,205,633	(1,305,906)	(362,324)	(362,324)	1,306,361	1,995,885	-	-
Cumulative gap as a percentage of total assets	21.64%	(2.52%)	(0.70%)	(0.70%)	2.52%	3.85%	-%	-%

(1) Accrued interest is included in “Non-interest sensitive” assets and liabilities.
(2) Cashable GIC deposits are included in the “0 to 3 months” as these are cashable by the depositor upon demand after 30 days from the date of issuance.
(3) Off-balance sheet items include EQB’s interest rate swaps, hedges on funded assets, as well as loan rate commitments that are not specifically hedged. Loan rate commitments that are specifically hedged, along with their respective hedges, are assumed to substantially offset.

Shareholder and Corporate Information

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Toronto Stock Exchange Listings
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Preferred Shares: EQB.PR.C

Analyst Conference Call and Webcast
Thursday, May 30, 2024,
10:00 a.m. EST
Live: 416.764.8609
Replay and archive: eqb.investorroom.com

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More comprehensive investor information including supplemental financial reports, quarterly news releases, and investor presentations is availablein the Investor Relations section at eqb.investorroom.com

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Dividend Reinvestment Plan
EQB's dividend reinvestment plan allows common shareholders to purchase additional common shares by reinvesting their cash dividend without incurring brokerage and commission fees. For information about participation in the plan, please contact the Transfer Agent and Registrar.

Equitable Bank's Public Accountability Statement and Responsibility Report for 2023 are available at eqb.investorroom.com

Eligible dividends
EQB designates all common and preferred share dividends paid to Canadian residents as "eligible dividends" as defined in the Income Tax Act (Canada), unless otherwise indicated.

Online
For product, corporate, financial and shareholder information:
eqb.investorroom.com