News release

EQB reports Q4 and 2022 guidance achieved and a 6% dividend increase

Toronto, Ontario (February 16, 2023): EQB Inc. (*TSX: EQB, EQB.PR.C*) (EQB) today reported financial results for the three and twelve months ended December 31, 2022.

Results in both periods reflected strong organic lending growth and margins with low loan losses that enabled EQB to achieve its key 2022 performance guidance including adjusted ROE and earnings. The fourth quarter included two months of results from Concentra Bank, which was acquired on November 1, 2022. The acquisition immediately added portfolio and revenue growth, with broad earnings diversification and distribution benefits. In addition, and as expected, closing the acquisition resulted in significant one-time charges to reported results, including standard accounting-related impacts primarily due to integration charges and the acquisition-related accounting of expected future credit losses required under IFRS 9. Please see EQB's Q4 2022 Management's Discussion and Analysis (MD&A) for details.

- **Adjusted ROE**[1] 15.9% in Q4 and 15.7% in 2022 ahead of adjusted guidance of 15%+ (reported 7.7% in Q4 and 12.9% for 2022)
- **Adjusted diluted EPS**[1] $2.46 in Q4 (+7% y/y) and $9.17 in 2022 (+9%) achieving 2022 adjusted guidance of 8-10% (reported $1.19 diluted in Q4 and $7.55 for 2022), including the impact of higher weighted average common shares following the conversion of subscription receipts to common shares in Q4
- **Common share dividends** declared $1.21 per share in 2022, +64% y/y
- **Total capital** 15.1% with CET1 of 13.7% vs. CET1 guidance of 13%+
- **Conventional loans**[2] $30.3 billion, +43% y/y, **AUM**[2] $61.6 billion (+47% y/y), **AUA**[2] $41.2 billion (nil in 2021)
- **EQ Bank** customer growth +23% y/y to 308,286 with approximately $7.9 billion in deposits (+14% y/y)
- **Change in financial reporting year** EQB will move to a fiscal year ending October 31, 2023 - details to be shared at the May 2023 Annual General Meeting

"2022 was a pivotal year as we became Canada's 7th largest independent bank with nearly $103 billion in combined assets under management and assets under administration following the closing of the Concentra Bank acquisition. But what made 2022 most memorable was the opportunity to deliver better banking experiences to many more people in Canada. Among the highlights was the launch of EQ Bank in Québec in December 2022, where we are rapidly gaining new customers. Momentum continued in January with the launch of the EQ Bank Card, with tens of thousands already ordered by customers. While expanding services and digital solutions, we once again delivered on our ROE North Star at 15.7% adjusted for 2022 and with it, extended our decades-long track record of consistent value creation. Our Challenger Bank workforce deserves full marks for achieving these results while completing a large acquisition and expertly addressing heightened economic risk. Our task now is clear, make 2023 our best year yet by continuing to drive change in Canadian banking and keeping customer service at the heart of our efforts," said Andrew Moor, President and Chief Executive Officer.

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 acquisition and integration related costs. For additional information and a reconciliation of reported results to adjusted results, see the "Non-GAAP financial measures and ratios" section. 2. These are non-GAAP measures, see the "Non-GAAP financial measures and ratios" section.

Diversified revenue +22% y/y on conventional asset expansion, margin management

- Adjusted Q4 revenue[1] +37% y/y to $235.1 million and for 2022 +22% to $785.4 million (Q4 reported $234.7 million, 2022 $782.2 million)
- Adjusted Net Interest Income (NII)[1] for Q4 +40% y/y to $218.8 million (Q4 reported NII $218.3 million) driven by asset growth across Personal and Commercial conventional loans. Annual adjusted NII increased 26% y/y supported by portfolio growth and a 6 bps y/y increase in Net Interest Margin[1] to 1.87% as asset mix shifted towards higher-spread conventional loans and as asset yields increased faster than diversified cost of funds
- Non-interest revenue +3% y/y to $16.4 million for Q4 and +73% from Q3 2022, benefitting from the fee income from the new Concentra Trust business through Concentra Bank and multi-family insured

Personal Banking conventional loans[2] +43% y/y to $21.1 billion

- Single-family alternative portfolio +34% y/y to $19.2 billion and 17% q/q following EQB's consistent and prudent approach to credit risk management. Organic 2022 growth y/y was +15% relative to annual guidance +12-15%
- Reverse mortgage assets +249% y/y to $860 million and +68% q/q. Growth reflected expanded distribution, increasing brand awareness of Equitable Bank's solution among Canadians nearing or in retirement, and growing share of an expanding market
- Insurance lending assets +80% y/y to $88 million (2022 annual guidance +100%) and +11% q/q. New loan originations exceeded growth targets, but the portfolio was impacted by repayment activity given the substantial increases in the prime interest rate

Commercial Banking conventional loans[2] +44% y/y to $9.2 billion

- Commercial Finance Group loan portfolio +43% y/y to $5.6 billion and +13% q/q. Organic growth y/y was 26.5% relative to 2022 annual guidance of +10-15%; Business Enterprise Solutions +22% y/y to $1.3 billion and +1% q/q. Organic growth y/y was 22% relative to 2022 annual guidance of +10-15%; Specialized Finance business +52% y/y to $1 billion and +31% q/q relative to 2022 annual guidance of +20-30%)
- Equipment financing assets +72% y/y to $1.3 billion and +31% q/q. Excluding Concentra, growth y/y was 34% relative to 2022 annual guidance of +10-15%. This growth includes the addition of $280 million in Concentra Bank prime equipment financing assets in Q4
- Insured multi-unit residential loans under management +30% y/y to $5.3 billion and +20% q/q. Gains on securitization in this portfolio contributed $8 million to non-interest revenue in Q4

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Credit quality indicators reflect prudence in a higher interest rate environment

- Adjusted provision for credit losses (PCL) [1] $7.8 million in Q4 to account for continued organic portfolio growth, changing macroeconomic forecasts and loss modelling. This includes the acquired Concentra Bank portfolio (reported Q4 PCL was $26.8 million, including a provision related to the required accounting treatment of acquired loans—please see the Non-GAAP financial measures and ratios section herein)
- Net impaired loans 0.28% of total assets at December 31, 2022, +1 bps from prior year and +5 bps sequentially. Compared to Q3, the net impaired loan increase was primarily attributable to one significant loan where EQB does not expect any loss. Annualized realized loss rate for Q4 were 3 bps of total loan assets ($3.2 million), compared to 2 bps y/y ($1.8 million)
- EQB remains well reserved for credit losses with allowances as a percentage of total loan assets of 18 bps at December 31, 2022, elevated above prior quarters in part due to addition of Concentra Bank portfolios including the new consumer lending portfolio. Provisions for credit losses in 2023 is expected to be driven primarily due to portfolio growth, providing that market conditions unfold as anticipated in current economic forecasts

EQ Bank customers +23% y/y, deposits +14%

- EQ Bank customer base reached more than 308,000 in 2022 with strong momentum early in 2023
- EQ Bank customer everyday engagement reached an all-time high of 48% in Q4 (frequency of digital transactions +43% y/y and accounts held per customer +28% y/y)
- EQ Bank is positioned for continued growth following the launch of the EQ Bank Card in early January 2023, giving customers more solutions to meet their everyday banking needs, including the advantages of fee-free cash withdrawals at any ATM nationally, no foreign exchange fees on international purchases and cashback

Concentra Bank contributed to results in Q4 and added $13 billion in AUM

- Upon closing November 1, 2022, Concentra Bank introduced complementary asset growth, diversification in funding and revenue sources and enhanced distribution capabilities for Equitable Bank
- The integration of Concentra Bank's conventional loan[2] portfolio added $4.9 billion or 23% to Q4 2022 conventional loan y/y growth of 43%, as well as a consumer lending portfolio related to fintech partnerships.
- Integration costs and synergy realization are tracking to plan with synergy realization adding to performance in 2023 and 2024

EQB announces +6% q/q increase in common share dividend for Q1 2023

- EQB's Board of Directors declared a common share dividend of $0.35 per common share or $1.40 annualized, payable on March 31, 2023 to shareholders of record as of March 15, 2023. This represents a 6% increase from the dividend declared in November 2022 and a 25% increase from Q1 2022 and reflects EQB's philosophy of growing the dividend while maintaining a payout ratio that is much lower than other Canadian banks and using retained capital to fuel growth
- EQB's Board also declared a quarterly dividend of $0.373063 per preferred share, payable on March 31, 2023 to shareholders of record at the close of business March 15, 2023

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EQB confirms guidance for 2023 including 15%+ ROE, adjusted diluted EPS 10%-15%

- EQB's twelve-month 2023 guidance can be found in the Q4 2022 Management discussion and Analysis (MD&A). Guidance measures are based on adjusted results for ROE, pre-provision pre-tax earnings (PPPT), diluted EPS, dividend growth, book value per share growth and a CETI ratio of 13%+, as well as balance sheet growth ranges—all inclusive of Concentra Bank

Board of Directors moves EQB's financial reporting year to October 31st

- In keeping with industry practice for Canadian Banks, and reflecting the scale and diversification of Equitable Bank, EQB will transition its financial reporting year to end on October 31, 2023, with the first day of fiscal 2024 commencing November 1, 2023
- Current growth guidance for 2023 is based on 12 months and will be adjusted later in 2023 to reflect a 10-month fiscal year transition
- More details will be shared at the EQB Annual General Meeting in May

"EQB has been proven to deliver industry-leading performance across economic cycles and we're expressing confidence in this trend by reaffirming 2023 guidance, most importantly 15%+ adjusted ROE. Guided by financial discipline, robust risk management and a differentiated customer service mission that is fundamentally changing Canadian banking, we intend to capitalize on the additional strength afforded by our new level of scale and diversification achieved in 2022. While we have taken heightened economic risks into account, our credit book is in great shape, our risk appetite is consistent and we continue to expect to operate with our track record of low credit losses. The bottom line is that Canada's Challenger Bank has never been stronger or more capable of fulfilling its purpose of driving change in Canadian banking to enrich people's lives," said Chadwick Westlake, EQB's Chief Financial Officer.

Analyst conference call and webcast: 8:30 a.m. ET Eastern February 17, 2023

EQB will host its third quarter conference call and webcast on Friday, February 17, 2023. To access the call with operator assistance, dial **(416) 764-8609** five minutes prior to the start time. Or to join without operator assistance, you may register your phone number up to 15 minutes in advance of start time to receive an automatic call-back connection to the conference at: click to register here.

Call archive

The webcast will be archived on EQB's Investor Relations website. A replay of the call will be available until midnight March 3, 2023 at (416) 764-8677 (passcode 570770 followed by the number sign).

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet

($000s) As at December 31	**2022**	2021
Assets:		
Cash and cash equivalents	**495,106**	773,251
Restricted cash	**737,656**	462,164
Securities purchased under reverse repurchase agreements	**200,432**	550,030
Investments	**2,289,618**	1,033,438
Loans – Personal	**31,996,950**	22,421,603
Loans – Commercial	**14,513,265**	10,479,159
Securitization retained interests	**373,455**	207,889
Other assets	**538,475**	231,536
	51,144,957	36,159,070
Liabilities and shareholders' equity		
Liabilities:		
Deposits	**31,051,813**	20,856,383
Securitization liabilities	**15,023,627**	11,375,020
Obligations under repurchase agreements	**665,307**	1,376,763
Deferred tax liabilities	**72,675**	63,141
Funding facilities	**1,239,704**	200,128
Other liabilities	**556,876**	335,001
	48,610,002	34,206,436
Shareholders' equity:		
Preferred shares	**181,411**	70,607
Common shares	**462,561**	230,160
Contributed surplus	**11,445**	8,693
Retained earnings	**1,870,100**	1,650,757
Accumulated other comprehensive income (loss)	**9,438**	(7,583)
	2,534,955	1,952,634
	51,144,957	36,159,070

Consolidated statement of income

($000s, except per share amounts) Years ended December 31	2022	2021
Interest income:		
Loans – Personal	**917,708**	660,945
Loans – Commercial	**640,293**	422,392
Investments	**21,337**	14,437
Other	**36,893**	9,546
	1,616,231	1,107,320
Interest expense:		
Deposits	**578,998**	307,684
Securitization liabilities	**260,761**	214,535
Funding facilities	**19,979**	901
Other	**23,088**	1,591
	882,826	524,711
Net interest income:	**733,405**	582,609
Fees and other income	**31,055**	22,157
Net (loss) gain on loans and investments	**(25,689)**	16,358
Gains on securitization activities and income from securitization retained interests	**43,415**	21,783
	48,781	60,298
Revenue	**782,186**	642,907
Provision for credit losses (recoveries)	**37,258**	(7,674)
Revenue after provision for credit losses	**744,928**	650,581
Non-interest expenses:		
Compensation and benefits	**183,605**	128,965
Other	**192,866**	131,211
	376,471	260,176
Income before income taxes	**368,457**	390,405
Income taxes:		
Current	**84,903**	95,562
Deferred	**13,373**	2,313
	98,276	97,875
Net income	**270,181**	292,530
Dividends on preferred shares	**5,566**	4,413
Net income available to common shareholders	**264,615**	288,117
Earnings per share:		
Basic	**7.63**	8.49
Diluted	**7.55**	8.36

Consolidated statement of comprehensive income

($000s) Years ended December 31	**2022**	2021
Net income	**270,181**	292,530
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 investment		
Net unrealized losses from change in fair value	**(1,010)**	-
Reclassification of net losses to income	**(33,678)**	(6,585)
Other comprehensive income – items that will not be reclassified subsequently to income	**10,315**	929
Equity instruments designated at Fair Value through Other Comprehensive Income:		
Reclassification of gains from AOCI on sale of investment	**604**	-
Net unrealized (losses) gains from change in fair value	**(13,156)**	20,244
Reclassification of net losses (gains) to retained earnings	**3,843**	(13)
	(33,082)	14,575
Income tax recovery (expense)	**9,033**	(3,829)
	(24,049)	10,746
Cash flow hedges:		
Net unrealized gains from change in fair value	**53,926**	27,031
Reclassification of net losses to income	**2,103**	941
	56,029	27,972
Income tax expense	**(14,693)**	(7,349)
	41,336	20,623
Total other comprehensive income	**17,287**	31,369
Total comprehensive income	**287,468**	323,899

Consolidated Statement of Changes in Shareholders' Equity

($000s)								2022
					Accumulated other comprehensive income (loss)			
	Preferred shares	Common shares	Contributed surplus	Retained earnings	Cashflow hedges	Financial instruments at FVOCI	Total	Total
Balance, beginning of year	**70,607**	**230,160**	**8,693**	**1,650,757**	**680**	**(8,263)**	**(7,583)**	**1,952,634**
Net income	-	-	-	270,181	-	-	-	270,181
Realized losses on sale of shares	-	-	-	(2,839)	-	-	-	(2,839)
Transfer of AOCI losses to retained earnings	-	-	-	-	-	(299)	(299)	(299)
Investment elimination on acquisition	-	-	-	-	-	33	33	33
Other comprehensive income, net of tax	-	-	-	-	41,336	(24,049)	17,287	17,287
Common shares issued	-	223,112	-	-	-	-	-	223,112
Exercise of stock options	-	9,274	-	-	-	-	-	9,274
Purchase of treasury preferred shares	(183)	-	-	-	-	-	-	(183)
Net loss on cancellation of treasury preferred shares	-	-	-	(6)	-	-	-	(6)
Dividend payout from principal	-	(655)	-	-	-	-	-	(655)
Dividends:								
Preferred shares	-	-	-	(5,566)	-	-	-	(5,566)
Common shares	-	-	-	(42,427)	-	-	-	(42,427)
Stock-based compensation	-	-	3,422	-	-	-	-	3,422
Transfer relating to the exercise of stock options	-	670	(670)	-	-	-	-	-
Shares on acquisition	110,987	-	-	-	-	-	-	110,987
Balance, end of year	181,411	462,561	11,445	1,870,100	42,016	(32,578)	9,438	2,534,955

($000s)								2021
					Accumulated other comprehensive income (loss)			
	Preferred shares	Common shares	Contributed surplus	Retained earnings	Cashflow hedges	Financial instruments at FVOCI	Total	Total
Balance, beginning of year	72,477	218,166	8,092	1,387,919	(19,943)	(19,009)	(38,952)	1,647,702
Net income	-	-	-	292,530	-	-	-	292,530
Transfer of gains from sale of equity instruments	-	-	-	13	-	-	-	13
Other comprehensive income, net of tax	-	-	-	-	20,623	10,746	31,369	31,369
Exercise of stock options	-	10,056	-	-	-	-	-	10,056
Purchase of treasury preferred shares	(1,870)	-	-	-	-	-	-	(1,870)
Net loss on cancellation of treasury preferred shares	-	-	-	(145)	-	-	-	(145)
Dividends:								
Preferred shares	-	-	-	(4,413)	-	-	-	(4,413)
Common shares	-	-	-	(25,147)	-	-	-	(25,147)
Stock-based compensation	-	-	2,539	-	-	-	-	2,539
Transfer relating to the exercise of stock options	-	1,938	(1,938)	-	-	-	-	-
Balance, end of year	70,607	230,160	8,693	1,650,757	680	(8,263)	(7,583)	1,952,634

Consolidated Statement of Cash Flows

($000s) Years ended December 31	**2022**	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	**270,181**	292,530
Adjustments for non-cash items in net income:		
Financial instruments at fair value through profit or loss	**(10,816)**	(10,608)
Amortization of premiums/discount on investments	**1,215**	190
Amortization of capital assets and intangible costs	**46,870**	32,672
Provision for credit losses	**37,258**	(7,674)
Securitization gains	**(22,418)**	(18,192)
Stock-based compensation	**3,422**	2,539
Income taxes	**98,276**	97,875
Securitization retained interests	**53,834**	45,257
Changes in operating assets and liabilities:		
Restricted cash	**(193,620)**	41,875
Securities purchased under reverse repurchase agreements	**349,598**	(99,827)
Loans receivable, net of securitizations	**(5,061,011)**	(4,712,973)
Other assets	**168,660**	4,957
Deposits	**3,702,998**	4,287,128
Securitization liabilities	**925,452**	(616,502)
Obligations under repurchase agreements	**(711,456)**	1,124,886
Funding facilities	**685,469**	200,128
Other liabilities	**(157,502)**	82,498
Income taxes paid	**(156,525)**	(53,501)
Cash flows from operating activities	**29,885**	693,258
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common shares	**231,731**	10,056
Term loan facility	**275,000**	-
Dividends paid on preferred shares	**(5,566)**	(4,413)
Dividends paid on common shares	**(42,427)**	(25,147)
Cash flows from (used in) financing activities	**458,738**	(19,504)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	**(585,721)**	(941,944)
Investment in subsidiary	**(495,369)**	-
Proceeds from sale or redemption of investments	**559,680**	562,039
Net change in Canada Housing Trust re-investment accounts	**(168,787)**	(39,767)
Purchase of capital assets and system development costs	**(76,571)**	(38,574)
Cash flows used in investing activities	**(766,768)**	(458,246)
Net (decrease) increase in cash and cash equivalents	**(278,145)**	215,508
Cash and cash equivalents, beginning of year	**773,251**	557,743
Cash and cash equivalents, end of year	**495,106**	773,251
Cash flows from operating activities include:		
Interest received	**1,437,499**	1,026,279
Interest paid	**(560,656)**	(518,080)
Dividends received	**4,074**	21,372

About EQB Inc.

EQB Inc. trades on the Toronto Stock Exchange (TSX: EQB and EQB.PR.C) and serves more than 488,000 Canadians through its wholly owned subsidiary Equitable Bank, Canada's Challenger Bank™.
Equitable Bank's wholly owned subsidiary Concentra Bank supports credit unions across Canada that serve more than 5 million members. EQB has nearly $103 billion in combined assets under management and administration, with a clear mandate to drive change in Canadian banking to enrich people's lives. Founded more than 50 years ago, Canada's Challenger Bank™ provides diversified personal and commercial banking and through its EQ Bank platform (eqbank.ca) and has been named the Top Schedule I Bank in Canada on the Forbes World's Best Banks 2022 and 2021 lists. Please visit equitablebank.ca for details.

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Cautionary Note Regarding Forward-Looking Statements

Statements made by EQB in the sections of this news release, in other filings with Canadian securities regulators and in other communications include forward-looking statements within the meaning of applicable securities laws (forward-looking statements). These statements include, but are not limited to, statements about EQB's objectives, strategies and initiatives, financial performance 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", "planned", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases which state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved", or other similar expressions of future or conditional verbs. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, closing of transactions, performance or achievements of EQB to be materially different from those expressed or implied by such forward-looking statements, including but not limited to risks related to capital markets and additional funding requirements, fluctuating interest rates and general economic conditions, legislative and regulatory developments, changes in accounting standards, the nature of our customers and rates of default, and competition as well as those factors discussed under the heading "Risk Management" in the MD&A 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 mortgage business, a continuation of the current level of economic uncertainty that affects real estate market conditions, continued acceptance of its products in the marketplace, as well as no material changes in its operating cost structure and the current tax regime. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. EQB does not undertake to update any forward-looking statements that are contained herein, except in accordance with applicable securities laws.

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

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

Adjusted financial results

Concentra acquisition

On February 7, 2022, Equitable Bank announced a definitive agreement to acquire a majority interest in Concentra Bank, subject to customary closing conditions and regulatory approvals. On September 28, 2022, Equitable Bank received approval from the Ministry of Finance to acquire Concentra Bank and subsequently closed the transaction on November 1, 2022.

At the close of the transaction, EQB.R subscription receipts were converted to common shares and proceeds were used to fund the acquisition. To support the transaction and integration, Equitable Bank incurred certain acquisition costs since Q4 2021. In addition, the assets acquired from Concentra Bank and the liabilities retained were fair valued in accordance with the accounting standards. These acquisition-related fair value adjustments will be amortized over the term of these loans or liabilities, impacting reported net interest income, which began in Q4 2022. In addition, a Stage 1 provision was also set up for the performing loans acquired, which also was recorded through the income statement in the fourth quarter.

Income tax

The federal government has introduced an increase in the corporate tax rate of 1.5% for bank and life insurance groups for taxation years that end after April 7, 2022. It was levied on the portion of taxable income that exceeds 100 million. As a result, a one-time tax impact was recorded in the income statement related to deferred tax liabilities due to the change in tax rate.

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:

2022

- $2.2 million interest earned on the escrow account where the proceeds of the subscription receipts are held(1),
- $49.9 million acquisition and integration-related costs,
- $19.0 million provision credit for credit losses recorded on purchased loan portfolios,
- $3.3 million net fair value related amortization recorded for November and December 2022,
- $2.2 million interest expenses paid to subscription receipt holders(2), and
- $3.8 million future tax expenses true-up due to increase in tax rate.

2021

- $0.7 million of acquisition and integration-related costs.

(1) The net proceeds from the issuance of subscription receipts were held in an escrow account and the interest income earned was recognized upon closing of the Concentra acquisition. (2) The interest expense refers to the dividend equivalent amount paid to subscription receipt holders. The subscription receipt holders are entitled to receive a payment equal to the common share dividend declared multiplied by the number of subscription receipts held on the common share dividend payment date. These subscription receipts were converted into common shares at a 1:1 ratio upon the closing of the Concentra acquisition.

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.

($000, except share and per share amounts)	As at or for the three months ended 31-Dec-22	30-Sep-22	31-Dec-21	For the year ended 31-Dec-22	31-Dec-21
Reported results					
Net interest income	**218,325**	186,251	155,952	**733,405**	582,609
Non-interest revenue	**16,382**	9,481	15,911	**48,781**	60,298
Revenue	**234,707**	195,732	171,863	**782,186**	642,907
Non-interest expense	**139,180**	84,082	70,427	**376,471**	260,176
Pre-provision pre-tax income(5)	**95,527**	111,650	101,436	**405,715**	382,731
Provision for credit loss (recoveries)	**26,796**	5,354	(1,420)	**37,258**	(7,674)
Income tax expense	**22,912**	28,717	22,794	**98,276**	97,875
Net income	**45,819**	77,579	80,062	**270,181**	292,530
Net income available to common shareholders	**43,514**	76,493	78,973	**264,615**	288,117
Adjustments					
Net interest income – earned on the escrow account(1)	**(2,220)**	-	-	**(2,220)**	-
Net interest income – fair value amortization	**3,324**	-	-	**3,324**	-
Net interest income – paid to subscription receipt holders(2)	**(654)**	1,013	-	**2,220**	-
Non-interest revenue – fair value amortization	**(65)**	-	-	**(65)**	-
Non-interest expenses – acquisition-related costs	**(36,921)**	(5,179)	(725)	**(49,942)**	(725)
Provision for credit loss – purchased loans	**(19,020)**	-	-	**(19,020)**	-
Pre-tax adjustments	**56,326**	6,192	725	**72,221**	725
Income tax expense – tax impact on above adjustments(3)	**15,271**	1,622	190	**19,435**	190
Income tax expense – tax true-up	**(5,621)**	-	-	**(3,769)**	-
Post-tax adjustments	**46,676**	4,570	535	**56,555**	535
Adjusted results					
Net interest income	**218,775**	187,264	155,952	**736,729**	582,609
Non-interest revenue	**16,317**	9,481	15,911	**48,716**	60,298
Revenue	**235,092**	196,745	171,863	**785,445**	642,907
Non-interest expense	**102,259**	78,903	69,702	**326,529**	259,451
Pre-provision pre-tax income(5)	**132,833**	117,842	102,161	**458,916**	383,456
Provision for credit loss (recoveries)	**7,776**	5,354	(1,420)	**18,238**	(7,674)
Income tax expense	**32,562**	30,339	22,984	**113,942**	98,065
Net income	**92,495**	82,149	80,597	**326,736**	293,065
Net income available to common shareholders	**90,190**	81,063	79,508	**321,170**	288,652
Diluted earnings per share					
Weighted average number of diluted common shares outstanding	**36,632,711**	34,450,617	34,538,314	**35,031,166**	34,445,443
Diluted earnings per share – reported	**1.19**	2.22	2.29	**7.55**	8.37
Diluted earnings per share – adjusted(4)	**2.46**	2.35	2.30	**9.17**	8.38
Diluted earnings per share – adjustment impact	**1.27**	0.13	0.01	**1.62**	0.01

(1) The net proceeds from the issuance of subscription receipts were held in an escrow account and the interest income earned was recognized upon closing of the Concentra acquisition. (2) The interest expense refers to the dividend equivalent amount paid to subscription receipt holders. The subscription receipt holders are entitled to receive a payment equal to the common share dividend declared multiplied by the number of subscription receipts held on the common share dividend payment date. These subscription receipts were converted into common shares at a 1:1 ratio upon the closing of the Concentra acquisition. (3) 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. (4) The sum of the adjusted four quarters does not equal the annual EPS due to share count changes and an income tax adjustment recorded in Q4. (5) This is a non-GAAP measures, see Non-GAAP financial measures and ratios section.

Other non-GAAP financial measures and ratios

- **Adjusted return on equity (ROE):** it is calculated on an annualized basis and is defined as adjusted net income available to common shareholders as a percentage of weighted average common shareholders' equity (reported) outstanding during the period

- **Assets under administration (AUA):** is sum of (1) assets over which Concentra Bank has been named as trustee, custodian, executor, administrator or other similar role; (2) loans held by credit unions for which Concentra Bank acts as servicer.

- **Assets under management (AUM):** is the sum of total assets reported on the consolidated balance sheet and loan principal derecognized but still managed by EQB.

($000s)	31-Dec-22	31-Dec-21	Change	31-Dec-20	Change
Total assets on the consolidated balance sheet	**51,144,957**	36,159,070	41%	30,746,318	66%
Loan principal derecognized	**10,424,114**	5,860,830	78%	5,189,264	101%
Assets under management	**61,569,071**	42,019,900	47%	35,935,582	71%

- **Conventional loans:** are the total on-balance sheet loan principal excluding prime single family and insured multi-unit residential mortgages.

($000s)	31-Dec-22	31-Dec-21	Change	31-Dec-20	Change
Alternative single-family mortgages	**19,227,589**	14,392,904	34%	11,050,456	74%
Reverse mortgages	**863,708**	247,363	249%	58,246	1,383%
Insurance lending	**88,242**	49,142	80%	26,732	230%
Consumer lending	**891,656**	-	N/A	-	N/A
Total Conventional loans – Personal	**21,071,195**	14,689,409	43%	11,135,434	89%
Business Enterprise Solutions	**1,327,917**	1,086,826	22%	936,363	42%
Commercial Finance Group	**5,630,603**	3,942,836	43%	3,239,959	74%
Specialized finance	**981,246**	645,588	52%	290,191	238%
Equipment financing	**1,262,584**	732,682	72%	558,987	126%
Total Conventional loans – Commercial	**9,202,350**	6,407,932	44%	5,025,500	83%
Total Conventional loans	**30,273,545**	21,097,341	43%	16,160,934	87%

- **Loans under management (LUM):** is the sum of loan principal reported on the consolidated balance sheet and loan principal derecognized but still managed by EQB.

- **Net interest margin (NIM):** this profitability measure is calculated on an annualized basis by dividing net interest income by the average total interest earning assets for the period.

- **Pre-provision pre-tax income:** this is the difference between revenue and non-interest expenses.