News Release

EQB Reports Continued Strong Lending Growth and Core Earnings, Assets under Management[1] up to $45.8 Billion, Increases Dividend

Full-Year 2022 Guidance for Key Metrics Confirmed

Toronto, Ontario (August 9, 2022): EQB Inc. (TSX: EQB, EQB.PR.C, EQB.R) (EQB) today reported earnings for the three and six months ended June 30, 2022 that reflected strong Q2 performance in core operations including record quarterly net interest income but with revenue growth offset at the bottom line by mark-to-market and fair value adjustments to non-interest income due to the impact of significant declines in North American equity markets on its strategic investment and security portfolios.

Core Personal and Commercial business performance in Q2 featured conventional lending growth of 36% year over year, adjusted quarterly net interest income[2] up 18%, margins in line with 2022 guidance and fee-based income up 41%. However, after reflecting the decline in non-interest income, Q2 adjusted earnings[2] were held to $1.75 diluted and adjusted ROE[2] was 12.1%. EQB deploys capital to strategic fintech investments to gain access to early-stage technologies and innovative business models. Changes in their fair value and other derivatives are not indicative of core business performance.

Q2 adjusted net interest income[2] +$25.8 million or +18% to $167.6 million (reported +$24.8 million or +17%) offset by $12.6 million in value adjustments on securities/strategic investments and derivatives

- Adjusted earnings[2] -13% to $61.5 million, reported earnings -17% y/y to $58.8 million
- Adjusted diluted EPS[2] -13% to $1.75, reported diluted EPS -17% to $1.67
- Adjusted NIM[2] 1.81% consistent to Q2 2021, reported NIM[1] 1.80%, -1 bps y/y
- Adjusted ROE[2] 12.1%, reported ROE 11.6%

Conventional loan[1] momentum continued through Q2

- Conventional loans[1] +36% y/y to $24.1 billion
- Single family alternative +35% y/y to $16.3 billion
- Decumulation loans +200% y/y to $495 million
- Commercial Finance Group +28% y/y to $4.5 billion, Specialized Finance +107% y/y to $739 million, and Equipment Leases +40% y/y to $902 million
- Assets Under Management (AUM)[1] +21% y/y to $45.8 million

EQ Bank adds 58,000 customers y/y

Year-to-date EQB set an all-time record for earnings, with 15.6% adjusted ROE[2] (reported 14.9%) and on-target core business performance including growth in net interest margins and a stable, well-provisioned credit portfolio. These results supported another dividend increase.

YTD earnings reflect margin, asset growth

- Adjusted earnings[2] +10% y/y to $153.9 million, reported earnings +5% y/y to $146.8 million
- Adjusted diluted EPS[2] +10% y/y to $4.40, reported diluted EPS +5% to $4.19
- Adjusted net interest income[2] +20% y/y to $330.7 million
- Adjusted NIM[2] 1.84%, +5 bps y/y, reported NIM[1] 1.83%, +4 bps y/y

Record BVPS, YTD Adjusted ROE[2] ahead of guidance

- Adjusted ROE[2] 15.6%, reported ROE 14.9%
- Book value per share +16% to $59.25

Strong credit metrics from long-term prudence

- Net impaired loans -23 bps y/y to 0.18% of total assets

Capital ratios support strategy, growth in dividends

- CETI ratio 13.5%, 0.5% above guidance

[1] These are Non-Generally Accepted Accounting Principles (GAAP) measures, see the "Non-GAAP financial measures and ratios" section. [2] Adjusted measures and ratios are Non-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.

"EQB's core businesses delivered strong, on-plan performance despite market headwinds that impacted second quarter non-interest income in the form of mark-to-market adjustments. In alignment with our ROE targets, we generated risk-managed growth in our now $24 billion conventional loan[1] portfolios of 36% year over year and 7% since March. Consistent with our established risk management practices, we also continued to proactively adjust our underwriting approach across the business to respond to elevated risks from inflation, the Bank of Canada's response to inflation and our expectations of changing collateral values. That said, as we exited the quarter, the fundamental forces that provide a solid foundation for our business – including strong demand for housing in Canada's major urban centers fueled by population growth, and our distinctive position as Canada's Challenger Bank – remain firmly in place," said Andrew Moor, President and CEO. "Priorities for the current quarter include the introduction of EQ Bank's payment card, the launch of EQ Bank in Québec and readying ourselves to acquire Concentra Bank which will add significant scale and opportunity to serve more Canadians."

Record YTD performance has EQB on track to meet 2022 guidance

- Although growth in conventional asset originations is expected to moderate in the second half of 2022 on risk-managed actions taken by EQB over the first two quarters, EQB today expressed confidence in stated annual guidance for the full-year 2022 of +12-15% in total lending portfolio growth (YTD 21%), +8-10% adjusted EPS[2] growth (YTD +10%), adjusted ROE[2] of 15%+ (YTD 15.6%), adjusted pre-provision, pre-tax income[2] +12% (YTD +12%), book value per share +12% (YTD +16%) and CET1 13%+ (June 30, 2022 13.5%)
- Guidance was reaffirmed based on outperformance in the first half of 2022, and will be supported by EQB's asset diversification and pricing strategies and the potential that rising interest rates will increase mortgage renewal and retention

Net interest income moves higher with stable margins

- Q2 adjusted net interest income[2] +18% y/y to $167.6 million (+17% or $166.7 million reported) driven by growth in average asset balances
- Q2 adjusted net interest margin[2] (NIM) of 1.81% (1.80% reported) was on target with 2022 guidance (flat to 2021), primarily reflecting growth in higher-yielding conventional loans[1] but with lower prepayment income
- Full-year 2022 outlook for NIM expected to remain stable with an anticipated decline in prepayment income brought on by rising interest rates offset by asset diversification, pricing strategies and continued funding diversification

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Non-interest income reflects mark-to-market, fair value adjustments

- Q2 fees and other income +41% y/y to $7.9 million reflecting growth in loan portfolio and origination/servicing fees
- Severe capital market volatility led to mark-to-market losses of $8.7 million on EQB's strategic investment portfolio. This portfolio was conceived and constructed to enable EQB's subsidiary, Equitable Bank to gain exposure to innovative business models and early-stage technologies that are accretive to Equitable Bank's position as Canada's Challenger Bank
- EQB expects volatility to continue in the second half of 2022, but this does not reflect the underlying strategic value of these investments
- EQB expects fees and other income to increase in line with the total portfolio and gains on securitization activity to remain stable or increase relative to Q2 2022
- Q2 gains on securitization income were $2.2 million compared to $8.6 million a year ago due to decreased derecognition volumes and a decline in gain-on-sale margin from historically high levels; EQB expects to see a modest recovery in such income in the last half of 2022

Continued investment in Challenger innovations across people, process, and platforms

- Adjusted non-interest expenses[1] in Q2 +16% y/y to $75.6 million driven by growth in assets and investments in capabilities to advance EQB's strategic innovation agenda; management continues to expect operating leverage in 2022 to be flat on average
- YTD, EQB's banking operations remain the most efficient of any Canadian bank at 41.1% adjusted efficiency ratio[1] (43.6% reported), but elevated in Q2 to 45.8% adjusted[1] (47.7% reported), due primarily to the reduction in total quarterly revenue driven by mark-to-market and fair-value losses

Personal Banking asset growth +19% y/y to record $24.0 billion

- Single-family alternative portfolio +35% y/y and +6% q/q to $16.3 billion (2022 annual guidance +12-15%) supported by higher originations and a 1.9% decline in the loan attrition rate
- Single-family alternative growth expected to slow in the latter half of 2022, reflecting market conditions
- Reverse mortgage assets +231% y/y to $421 million and +38% q/q (2022 annual guidance +150%) reflecting expanded distribution and increasing brand awareness of Equitable Bank as an attractive provider of reverse mortgages to Canadians nearing or in retirement as well as growth in this market
- Insurance lending (CSV) +95% y/y to $73 million and +24% q/q (2022 annual guidance +100%) as growth was assisted by partnerships with nine leading insurers and the recent introduction of *Immediate Financing Arrangement,* a product available to whole life insurance policy holders to immediately access 100% of their total annual premium as equity

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Commercial Banking asset growth +25% y/y to $12.1 billion

- Commercial Finance Group loan portfolio +28% y/y and +10% q/q to $4.5 billion (2022 annual guidance +10-15%), Business Enterprise Solutions +22% y/y and +6% q/q to $1.2 billion (2022 annual guidance +10-15%) and Specialized Finance +107% y/y and +3% q/q to $739 million (2022 annual guidance +20-30%)
- Equipment leasing portfolio +40% y/y and +17% q/q to approximately $900 million (2022 annual guidance +10-15%) with 67% of new assets comprised of high credit-quality prime leases
- Insured Multi-unit residential portfolio +15% y/y and +14% q/q to $4.8 billion (2022 guidance 0-5%)

Strong capital and liquidity positions

- Liquid assets[1] were $3.1 billion or 7.8% of total assets at June 30, 2022, a prudent level that reflects anticipated cash needs for upcoming quarters, compared to $2.9 billion or 9.1% a year ago when pandemic-related uncertainties were much higher
- Retail and securitization funding markets remain liquid and efficient and with rising interest rates deposit markets are expected to see even more positive inflow
- Equitable Bank's Common Equity Tier 1 ratio was 13.5% at June 30, 2022 (unchanged from March 31, 2022) and compared to 14.4 % at June 30, 2021, reflecting its success in deploying capital organically
- Total risk-weighted assets +29% y/y and +5% q/q to $14.8 billion

Credit quality indicators reflect long-term prudence, risk management responsiveness

- PCL was $5.2 million in Q2 2022 due to portfolio growth and as macroeconomic forecasts and loss modelling considered the impact of rising interest rates and geopolitical tensions compared to a net benefit of $2.0 million in Q2 2021 when future expected losses recorded in 2020 were released because of improving macroeconomic variables
- Allowances now approximate pre-pandemic levels and PCL is expected to be consistent with Q2 levels and grow with the size of the portfolio assuming economic forecasts prove to be accurate
- Net impaired loans declined to 0.18% of total assets at June 30, 2022 from 0.41% at June 30, 2021 – reflecting net reductions across single family mortgages ($17.5 million), conventional commercial loans ($36.7 million), and equipment leases ($2.7 million) over the past 12 months – and also declined from 0.22% at March 31, 2022 due to the discharge of one delinquent commercial loan
- EQB is well reserved for credit losses with allowances as a percentage of total loan assets of 14 bps at June 30, 2022 compared to 19 bps at June 30, 2021
- Realized losses were less than 1 basis point of total loan assets or $2.4 million YTD – better than its industry-leading 10-year credit history – compared to $6.6 million or 2 basis points a year ago

[1] These are non-GAAP measures, see the "Non-GAAP financial measures and ratios" section.

Equitable Bank continued to diversify its sources of funding and optimize costs of funds

- During the second quarter (May 27, 2022), Equitable Bank completed its second legislative covered bond issuance of €300 million. Due May 27, 2025, the bonds were issued with an AA rating at a spread of 20 basis points over EUR mid swaps and are listed on the Irish Stock Exchange (Euronext Dublin)
- Equitable Bank plans a series of covered bond issuances and expects its capacity for such issuances to increase when the agreement to acquire Concentra Bank closes. Inclusive of all costs, the bonds represent Equitable Bank's lowest cost of wholesale funding
- Excluding EQ Bank deposits, Equitable Bank's total other deposit principal was +34% y/y and +8% q/q to $15.9 billion at June 30, 2022 and included its Deposit Note program of $1.9 billion

EQ Bank deposits +16% y/y to record $7.6 billion with attractive economics

- EQ Bank expanded its customer base by +26% y/y to 279,939 (with nearly 14,000 new customers in the second quarter alone) and during July, increased its customer base to approximately 285,000
- As more Canadians take advantage of EQ Bank's best-in-class digital experience and increase product usage (as they did with +80% y/y growth in digital transactions in Q2 and +6% growth in products held per customer/y), EQ Bank is benefiting from improved economics as customer lifetime value grows with rising alternative funding, while customer acquisition costs remain stable, even while EQ Bank pays competitive deposit rates with no everyday fees
- EQ Bank deposits +16% y/y and +5% q/q (2022 annual guidance +20-30%) to $7.6 billion

EQ Bank poised to introduce payment card, serve customers in Québec

- This fall will see the introduction of the EQ Bank payment card, which will allow customers to make purchases wherever Mastercard are accepted. This payments experience will complement current offerings and the new functionality will allow Canadians to use EQ Bank for the majority of their day-to-day banking needs as a primary bank
- EQ Bank services are also coming to Québec this fall, an important step for EQB, which has proudly served Québec customers through the brokered deposit and brokered mortgage channels for many years and has participated in the local economy as an employer of talented Challengers in its Montréal office since 2010

Equitable Bank continues to prepare for the closing of the Concentra Bank acquisition

- On February 7, 2022, Equitable Bank announced that it entered into a definitive agreement, as well as supporting agreements, to acquire Concentra Bank, Canada's 13th largest Schedule I bank by assets, subject to customary closing conditions and regulatory approvals
- During the second quarter, Equitable Bank received unconditional clearance from the Competition Bureau Canada in the form of an advance ruling issued in connection with the acquisition
- Equitable Bank and Concentra Bank have jointly formed a Transformation Management Office with dedicated resources to develop detailed integration plans in advance of closing while both banks continue to operate independently in serving customers

EQB announces +7% q/q increase in Common Share Dividend or +68% y/y

- EQB's Board of Directors declared a common share dividend of $0.31 per common share or $1.24 annualized, payable on September 30, 2022 to shareholders of record September 15, 2022
- The three dividend increases announced since the beginning of 2022 reflect 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 portfolio growth with high future ROE
- EQB's Board also declared a quarterly dividend of $0.373063 per preferred share, payable on September 30, 2022 to shareholders of record at the close of business September 15, 2022
- EQB dividends are designated as eligible dividends for the purposes of the Income Tax Act (Canada) and any similar provincial and territorial legislation

Normal course issuer bid (NCIB)

- EQB's NCIB allows it to repurchase up to 2,325,951 of its common shares and 289,340 of its non-cumulative 5-year reset preferred shares Series 3, representing approximately 10% of its public float as at December 10, 2021 prior to December 10, 2022. During Q2, EQB repurchased and cancelled 7,600 preferred shares at an average price of $24.93. No common shares were purchased during the first six months of 2022

"What is important to us is to drive results in our core personal and commercial business lines. In this regard, we have identified high-quality opportunities short and long term where our risk-managed capital allocation decisions will position EQB to continuously achieve our ROE target of 15% to 17%. From the perspective of our strategic investment portfolio, market-driven fluctuations reflected in the second quarter do not change the business value of these investments as they give us access to leading-edge knowledge, technologies and capabilities and, as recently as Q1, allowed us to capture significant gains. Putting all the component pieces of our outlook together, we look forward to proving the resiliency of our business model and consistency of our Challenger purpose through this next stage of the economic cycle while delivering on our full-year guidance," said Chadwick Westlake, EQB's Chief Financial Officer.

Analyst conference call and webcast: 8:30 a.m. ET Eastern August 10, 2022

EQB will host its second quarter conference call and webcast on Wednesday August 10, 2022. To access the call live, please dial **(416) 764-8609** five minutes prior to the start time. The listen-only webcast with accompanying slides will be available at eqbank.investorroom.com/events-webcasts.

Call archive

A replay of the call will be available until August 24, 2022 at midnight at (416) 764-8677 (passcode 542700 followed by the number sign). Alternatively, the webcast will be archived on EQB's website.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheets (unaudited)

($000s) As at	**June 30, 2022**	December 31, 2021	June 30, 2021
Assets:			
Cash and cash equivalents	**539,509**	773,251	591,752
Restricted cash	**557,283**	462,164	507,295
Securities purchased under reverse repurchase agreements	**420,009**	550,030	100,015
Investments	**1,097,004**	1,033,438	859,925
Loans – Personal	**24,122,303**	22,421,603	20,225,222
Loans – Commercial	**12,123,469**	10,479,159	9,667,652
Securitization retained interests	**227,013**	207,889	203,491
Other assets	**331,168**	231,536	186,901
	39,417,758	36,159,070	32,342,253
Liabilities and Shareholders' Equity			
Liabilities:			
Deposits	**23,708,958**	20,856,383	18,588,223
Securitization liabilities	**11,366,847**	11,375,020	11,483,635
Obligations under repurchase agreements	**814,494**	1,376,763	201,271
Deferred tax liabilities	**64,180**	63,141	67,520
Funding facilities	**711,380**	200,128	-
Subscription receipts	**230,821**	-	-
Other liabilities	**426,527**	335,001	200,067
	37,323,207	34,206,436	30,540,716
Shareholders' equity:			
Preferred shares	**70,424**	70,607	72,001
Common shares	**234,372**	230,160	224,997
Contributed surplus	**10,106**	8,693	8,237
Retained earnings	**1,773,658**	1,650,757	1,513,118
Accumulated other comprehensive income (loss)	**5,991**	(7,583)	(16,816)
	2,094,551	1,952,634	1,801,537
	39,417,758	36,159,070	32,342,253

Consolidated statements of income (unaudited)

($000s, except per share amounts)	Three months ended		Six months ended	
	June 30, 2022	June 30, 2021	**June 30, 2022**	June 30, 2021
Interest income:				
Loans – Personal	**190,830**	164,363	**364,610**	325,420
Loans – Commercial	**133,540**	103,169	**249,286**	204,427
Investments	**3,351**	3,824	**7,206**	6,723
Other	**5,558**	2,606	**8,417**	5,226
	333,279	273,962	**629,519**	541,796
Interest expense:				
Deposits	**110,413**	76,693	**194,885**	154,478
Securitization liabilities	**53,741**	55,278	**103,031**	111,170
Funding facilities	**2,468**	152	**2,774**	343
	166,622	132,123	**300,690**	265,991
Net interest income	**166,657**	141,839	**328,829**	275,805
Non-interest income:				
Fees and other income	**7,866**	5,598	**13,899**	11,173
Net (losses) gains on loans and investments	**(16,839)**	4,907	**(12,041)**	3,446
Gains on securitization activities and income from securitization retained interests	**6,445**	6,430	**21,060**	18,520
	(2,528)	16,935	**22,918**	33,139
Revenue	**164,129**	158,774	**351,747**	308,944
Provision for credit losses	**5,233**	(1,982)	**5,108**	(2,754)
Revenue after provision for credit losses	**158,896**	160,756	**346,639**	311,698
Non-interest expenses:				
Compensation and benefits	**40,067**	32,396	**76,839**	61,369
Other	**38,209**	32,594	**76,370**	60,938
	78,276	64,990	**153,209**	122,307
Income before income taxes	**80,620**	95,766	**193,430**	189,391
Income taxes:				
Current	**22,091**	20,698	**45,607**	42,740
Deferred	**(307)**	4,267	**1,040**	6,656
	21,784	24,965	**46,647**	49,396
Net income	**58,836**	70,801	**146,783**	139,995
Dividends on preferred shares	**1,086**	1,111	**2,175**	2,225
Net income available to common shareholders	**57,750**	69,690	**144,608**	137,770
Earnings per share:				
Basic	**1.69**	2.05	**4.24**	4.07
Diluted	**1.67**	2.02	**4.19**	4.01

Consolidated statements of comprehensive income (unaudited)

($000s)	Three months ended		Six months ended	
	June 30, 2022	June 30, 2021	**June 30, 2022**	June 30, 2021
Net income	**58,836**	70,801	**146,783**	139,995
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	**(926)**	-	**(926)**	-
Net unrealized losses from change in fair value	**(8,011)**	(1,570)	**(29,380)**	(3,228)
Reclassification of net losses to income	**2,729**	178	**5,006**	1,317
Other comprehensive income – items that will not be reclassified subsequently to income:				
Equity instruments designated at Fair Value through Other Comprehensive Income:				
Net unrealized (losses) gains from change in fair value	**(5,278)**	6,374	**(6,703)**	16,102
Reclassification of net losses to retained earnings	**1,836**	-	**3,045**	-
	(9,650)	4,982	**(28,958)**	14,191
Income tax recovery (expense)	**2,531**	(1,307)	**7,594**	(3,725)
	(7,119)	3,675	**(21,364)**	10,466
Cash flow hedges:				
Net unrealized gains from change in fair value	**19,668**	2,155	**45,909**	16,065
Reclassification of net losses (gains) to income	**1,944**	231	**2,373**	(234)
	21,612	2,386	**48,282**	15,831
Income tax expense	**(5,667)**	(628)	**(12,660)**	(4,161)
	15,945	1,758	**35,622**	11,670
Total other comprehensive income	**8,826**	5,433	**14,258**	22,136
Total comprehensive income	**67,662**	76,234	**161,041**	162,131

Consolidated statements of changes in shareholders' equity (unaudited)

($000s) Three month period ended								June 30, 2022
					Accumulated other comprehensive income (loss)			
	Preferred Shares	Common Shares	Contributed Surplus	Retained Earnings	Cash Flow Hedges	Financial Instruments at FVOCI	Total	Total
Balance, beginning of period	**70,607**	**232,854**	**9,357**	**1,727,169**	**20,357**	**(22,508)**	**(2,151)**	**2,037,836**
Net Income	**-**	**-**	**-**	**58,836**	**-**	**-**	**-**	**58,836**
Realized Loss on Sale of investment securities	**-**	**-**	**-**	**(1,355)**	**-**	**(684)**	**(684)**	**(2,039)**
Other comprehensive income, net of tax	**-**	**-**	**-**	**-**	**15,945**	**(7,119)**	**8,826**	**8,826**
Exercise of stock options	**-**	**1,463**	**-**	**-**	**-**	**-**	**-**	**1,463**
Purchase of treasury preferred shares	**(183)**	**-**	**-**	**-**	**-**	**-**	**-**	**(183)**
Net loss on cancellation of treasury preferred shares	**-**	**-**	**-**	**(6)**	**-**	**-**	**-**	**(6)**
Dividends:								
Preferred shares	**-**	**-**	**-**	**(1,086)**	**-**	**-**	**-**	**(1,086)**
Common shares	**-**	**-**	**-**	**(9,900)**	**-**	**-**	**-**	**(9,900)**
Stock-based Compensation	**-**	**-**	**804**	**-**	**-**	**-**	**-**	**804**
Transfer relating to the exercise of stock options	**-**	**55**	**(55)**	**-**	**-**	**-**	**-**	**-**
Balance, end of period	**70,424**	**234,372**	**10,106**	**1,773,658**	**36,302**	**(30,311)**	**5,991**	**2,094,551**
($000s) Three month period ended								June 30, 2021
Balance, beginning of period	72,194	224,397	7,722	1,449,715	(10,031)	(12,218)	(22,249)	1,731,779
Net Income	-	-	-	70,801	-	-	-	70,801
Other comprehensive income, net of tax	-	-	-	-	1,758	3,675	5,433	5,433
Exercise of stock options	-	489	-	-	-	-	-	489
Purchase of treasury preferred shares	(193)	-	-	-	-	-	-	(193)
Net loss on cancellation of treasury preferred shares	-	-	-	(10)	-	-	-	(10)
Dividends:								
Preferred shares	-	-	-	(1,111)	-	-	-	(1,111)
Common shares	-	-	-	(6,277)	-	-	-	(6,277)
Stock-based compensation	-	-	626	-	-	-	-	626
Transfer relating to the exercise of stock options	-	111	(111)	-	-	-	-	-
Balance, end of period	72,001	224,997	8,237	1,513,118	(8,273)	(8,543)	(16,816)	1,801,537

Consolidated statements of changes in shareholders' equity (unaudited)

($000s) Six month period ended								June 30, 2022
					Accumulated other comprehensive income (loss)			
	Preferred Shares	**Common Shares**	**Contributed Surplus**	**Retained Earnings**	**Cash Flow Hedges**	**Financial Instruments at FVOCI**	**Total**	**Total**
Balance, beginning of period	**70,607**	**230,160**	**8,693**	**1,650,757**	**680**	**(8,263)**	**(7,583)**	**1,952,634**
Net Income	**-**	**-**	**-**	**146,783**	**-**	**-**	**-**	**146,783**
Realized loss on sale of investment securities	**-**	**-**	**-**	**(2,251)**	**-**	**(684)**	**(684)**	**(2,935)**
Other comprehensive income, net of tax	**-**	**-**	**-**	**-**	**35,622**	**(21,364)**	**14,258**	**14,258**
Exercise of stock options	**-**	**3,867**	**-**	**-**	**-**	**-**	**-**	**3,867**
Purchase of treasury preferred shares	**(183)**	**-**	**-**	**-**	**-**	**-**	**-**	**(183)**
Net loss on cancellation of treasury preferred shares	**-**	**-**	**-**	**(6)**	**-**	**-**	**-**	**(6)**
Dividends:								
Preferred shares	**-**	**-**	**-**	**(2,175)**	**-**	**-**	**-**	**(2,175)**
Common shares	**-**	**-**	**-**	**(19,450)**	**-**	**-**	**-**	**(19,450)**
Stock-based compensation	**-**	**-**	**1,758**	**-**	**-**	**-**	**-**	**1,758**
Transfer relating to the exercise of stock options	**-**	**345**	**(345)**	**-**	**-**	**-**	**-**	**-**
Balance, end of period	**70,424**	**234,372**	**10,106**	**1,773,658**	**36,302**	**(30,311)**	**5,991**	**2,094,551**
($000s) Six month period ended								June 30, 2021
Balance, beginning of period	72,477	218,166	8,092	1,387,919	(19,943)	(19,009)	(38,952)	1,647,702
Net Income	-	-	-	139,995	-	-	-	139,995
Other comprehensive income, net of tax	-	-	-	-	11,670	10,466	22,136	22,136
Exercise of stock options	-	5,715	-	-	-	-	-	5,715
Purchase of treasury preferred shares	(476)	-	-	-	-	-	-	(476)
Net loss on cancellation of treasury preferred shares	-	-	-	(20)	-	-	-	(20)
Dividends:								
Preferred shares	-	-	-	(2,225)	-	-	-	(2,225)
Common shares	-	-	-	(12,551)	-	-	-	(12,551)
Stock-based compensation	-	-	1,261	-	-	-	-	1,261
Transfer relating to the exercise of stock options	-	1,116	(1,116)	-	-	-	-	-
Balance, end of period	72,001	224,997	8,237	1,513,118	(8,273)	(8,543)	(16,816)	1,801,537

Consolidated statements of cash flows (unaudited)

($000s)	Three months ended		Six months ended	
Three and six month periods ended	**June 30, 2022**	June 30, 2021	**June 30, 2022**	June 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	**58,836**	70,801	**146,783**	139,995
Adjustments for non-cash items in net income:				
Financial instruments at fair value through income	**3,103**	1,778	**1,376**	(5,612)
Amortization of premiums/discount on investments	**330**	28	**630**	46
Amortization of capital assets and intangible costs	**9,211**	7,897	**18,044**	15,234
Provision for credit losses	**5,233**	(1,982)	**5,108**	(2,754)
Securitization gains	**(1,620)**	(8,177)	**(6,248)**	(12,355)
Stock-based compensation	**804**	626	**1,758**	1,261
Income taxes	**21,784**	24,965	**46,647**	49,396
Securitization retained interests	**12,742**	11,221	**25,160**	21,900
Changes in operating assets and liabilities:				
Restricted cash	**(108,652)**	25,398	**(95,119)**	(3,256)
Securities purchased under reverse repurchase agreements	**(420,009)**	250,022	**130,021**	350,188
Loans receivable, net of securitizations	**(2,000,934)**	(1,025,059)	**(3,344,734)**	(1,672,166)
Other assets	**3,162**	(709)	**(1,105)**	5,198
Deposits	**1,493,378**	980,721	**2,903,026**	2,008,887
Securitization liabilities	**401,333**	(247,738)	**(227)**	(508,067)
Obligations under repurchase agreements	**(65,709)**	201,271	**(562,269)**	(50,606)
Funding facilities	**386,805**	-	**511,252**	-
Subscription receipts	**435**	-	**230,821**	-
Other liabilities	**(33,605)**	(23,931)	**13,092**	11,647
Income taxes paid	**(28,616)**	(15,306)	**(93,658)**	(32,531)
Cash flows (used in) from operating activities	**(261,989)**	251,826	**(69,642)**	316,405
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of common shares	**1,463**	489	**3,867**	5,715
Dividends paid on preferred shares	**(1,086)**	(1,111)	**(2,176)**	(2,225)
Dividends paid on common shares	**(9,900)**	(6,277)	**(19,450)**	(12,551)
Cash flows used in financing activities	**(9,523)**	(6,899)	**(17,759)**	(9,061)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	**(926)**	(453,543)	**(58,826)**	(484,850)
Proceeds on sale or redemption of investments	**122,300**	213,111	**233,768**	229,466
Net change in Canada Housing Trust re-investment accounts	**(21,882)**	336	**(295,103)**	(89)
Purchase of capital assets and system development costs	**(13,752)**	(9,346)	**(26,180)**	(17,862)
Cash flows from (used in) investing activities	**85,740**	(249,442)	**(146,341)**	(273,335)
Net (decrease) increase in cash and cash equivalents	**(185,772)**	(4,515)	**(233,742)**	34,009
Cash and cash equivalents, beginning of period	**725,281**	596,267	**773,251**	557,743
Cash and cash equivalents, end of period	**539,509**	591,752	**539,509**	591,752
Cash flows from operating activities include:				
Interest received	**289,106**	250,337	**560,154**	508,152
Interest paid	**(143,009)**	(134,229)	**(265,080)**	(274,186)
Dividends received	**899**	1,434	**2,170**	2,916

About EQB Inc.

EQB Inc. trades on the Toronto Stock Exchange (TSX: EQB, EQB.PR.C and EQB.R) and serves more than 360,000 Canadians through its wholly owned subsidiary Equitable Bank, Canada's Challenger Bank™. Equitable Bank has a clear mandate to drive change in Canadian banking to enrich people's lives. Founded over 50 years ago, Equitable Bank provides diversified personal and commercial banking and through its EQ Bank platform (eqbank.ca), it 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

On February 7, 2022, Equitable Bank announced that it entered into a definitive agreement to acquire a majority interest in Concentra Bank (Concentra), subject to customary closing conditions and regulatory approvals, and is expected to close later in 2022. As a result of the announced agreement, Equitable Bank has incurred certain acquisition costs beginning in Q4 2021. 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 impacting current and prior periods:

Concentra acquisition/integration costs, pre-tax:

- Q2 2022 – $2.7 million of acquisition and integration related costs and $0.9 million of interest expenses paid to subscription receipt holders[1]; and
- Q1 2022 – $5.1 million of acquisition and integration related costs and $0.9 million of interest expenses paid to subscription receipt holders.

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

[1] 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 will be converted into common shares at a 1:1 ratio upon the closing of the Concentra acquisition. The net proceeds from the issuance are held in an escrow account and the interest income earned is not recognized until the closing date. In the event that the acquisition does not close, the interest that accrues to the investment will be paid to the subscription receipt holders, along with the return of their initial investment.

Reconciliation of reported and adjusted financial results	As at or for the three months ended			For the six months ended	
	30-Jun-22	31-Mar-22	30-Jun-21	**30-Jun-22**	30-Jun-21
Reported financial results ($thousands)					
Net interest income	**166,657**	162,172	141,839	**328,829**	275,805
Non-interest income	**(2,528)**	25,446	16,935	**22,918**	33,139
Revenue	**164,129**	187,618	158,774	**351,747**	308,944
Non-interest expense	**78,276**	74,933	64,990	**153,209**	122,307
Pre-provision pre-tax income	**85,853**	112,685	93,784	**198,538**	186,637
Provision for credit loss	**5,233**	(125)	(1,982)	**5,108**	(2,754)
Income tax expense	**21,784**	24,863	24,965	**46,647**	49,396
Net income	**58,836**	87,947	70,801	**146,783**	139,995
Net income available to common shareholders	**57,750**	86,858	69,690	**144,608**	137,770
Adjustments ($ thousands)					
Interest expenses – paid to subscription receipt holders(1)	**947**	914	-	**1,861**	-
Non-interest expenses – acquisition/integration related costs	**2,709**	5,133	-	**7,842**	-
Pre-tax adjustments	**3,656**	6,047	-	**9,703**	-
Income tax expense(2)	**958**	1,584	-	**2,542**	-
Post-tax adjustments	**2,698**	4,463	-	**7,161**	-
Adjusted financial results ($ thousands)					
Net interest income	**167,604**	163,086	141,839	**330,690**	275,805
Non-interest income	**(2,528)**	25,446	16,935	**22,918**	33,139
Revenue	**165,076**	188,532	158,774	**353,608**	308,944
Non-interest expense	**75,567**	69,800	64,990	**145,367**	122,307
Pre-provision pre-tax income	**89,509**	118,732	93,784	**208,241**	186,637
Provision for credit loss	**5,233**	(125)	(1,982)	**5,108**	(2,754)
Income tax expense	**22,742**	26,447	24,965	**49,189**	49,396
Net income	**61,534**	92,410	70,801	**153,944**	139,995
Net income available to common shareholders	**60,448**	91,321	69,690	**151,769**	137,770
Diluted earnings per share ($, except number of shares)					
Weighted average number of diluted common shares outstanding	**34,479,387**	34,545,393	34,434,216	**34,512,207**	34,374,572
Diluted earnings per share - reported	**1.67**	2.51	2.02	**4.19**	4.01
Diluted earnings per share - adjusted	**1.75**	2.64	2.02	**4.40**	4.01
Impact of adjustments on diluted earnings	**0.08**	0.13	-	**0.22**	-

(1) 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 will be converted into common shares at a 1:1 ratio upon the closing of the Concentra acquisition. The net proceeds from the issuance are held in an escrow account and the interest income earned is not recognized until the closing date. In the event that the acquisition does not close, the interest that accrues to the investment will be paid to the subscription receipt holders, along with the return of their initial investment. (2) Income tax expense associated with non-GAAP adjustment was calculated based on the statutory tax rate applicable for that period.

In addition to the adjusted results that are presented above, additional adjusted financial measures and ratios are disclosed as follows:

- **Reconciliation of adjusted efficiency ratio**

($000s, except percentages)	For the three months ended					For the six months ended		
	30-Jun-22	31-Mar-22	Change	30-Jun-21	Change	**30-Jun-22**	30-Jun-21	Change
Non-interest expenses – reported	**78,276**	74,933	4%	64,990	20%	**153,209**	122,307	25%
Adjustments on a pre-tax basis:								
Non-interest expenses – acquisition/integration related costs	**(2,709)**	(5,133)	(47%)	-	N/A	**(7,842)**	-	N/A
Non-interest expenses – adjusted	**75,567**	69,800	8%	64,990	16%	**145,367**	122,307	19%
Revenue – reported								
Adjustment on a pre-tax basis:	**164,129**	187,618	(13%)	158,774	3%	**351,747**	308,944	14%
Interest expenses – paid to subscription receipt holders	**947**	914	4%	-	N/A	**1,861**	-	N/A
Revenue – adjusted	**165,076**	188,532	(12%)	158,774	4%	**353,608**	308,944	14%
Efficiency ratio – adjusted	**45.8%**	37.0%	8.8%	40.9%	4.9%	**41.1%**	39.6%	1.5%

- **Reconciliation of adjusted return on equity (ROE)**

($000s, except percentages)	For the three months ended					For the six months ended		
	30-Jun-22	31-Mar-22	Change	30-Jun-21	Change	**30-Jun-22**	30-Jun-21	Change
Net income available to common shareholders – reported	**57,750**	86,858	(34%)	69,690	(17%)	**144,608**	137,770	5%
Adjustments on an after-tax basis:								
Costs associated with Concentra acquisition	**2,698**	4,463	(40%)	-	N/A	**7,161**	-	N/A
Net income available to common shareholders – adjusted	**60,448**	91,321	(34%)	69,690	(13%)	**151,769**	137,770	10%
Weighted average common equity outstanding – adjusted	**2,001,383**	1,926,646	4%	1,694,570	18%	**1,956,738**	1,653,599	18%
Return on equity - adjusted	**12.1%**	19.2%	(7.1%)	16.5%	(4.4%)	**15.6%**	16.8%	(1.2%)

Other non-GAAP financial measures and ratios

- **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)	**30-Jun-22**	31-Mar-22	Change	30-Jun-21	Change
Total assets on the consolidated balance sheet	**39,417,758**	37,149,968	6%	32,342,253	22%
Loan principal derecognized	**6,349,413**	6,272,342	1%	5,585,644	14%
Assets under management	**45,767,171**	43,422,310	5%	37,927,897	21%

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

($000s)	30-Jun-22	31-Mar-22	Change	30-Jun-21	Change
Alternative single family mortgages	**16,264,259**	15,399,287	6%	12,058,136	35%
Reverse mortgages	**421,406**	304,285	38%	127,138	231%
Cash surrender value loans	**73,219**	59,196	24%	37,566	95%
Total Conventional loans – Personal	**16,758,884**	15,762,768	6%	12,222,840	37%
Business Enterprise Solutions	**1,228,665**	1,154,573	6%	1,011,089	22%
Commercial Finance Group	**4,516,012**	4,111,394	10%	3,538,869	28%
Specialized finance	**738,675**	714,856	3%	357,257	107%
Equipment leasing	**902,054**	772,868	17%	643,095	40%
Total Conventional loans – Commercial	**7,385,406**	6,753,691	9%	5,550,310	33%
Total Conventional loans	**24,144,290**	22,516,459	7%	17,773,150	36%

• **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.

• **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:** is the difference between revenue and non-interest expenses.