



Equitable Bank



EQ Bank

EQB Inc. Q4 2022 Results

February 17, 2023

TSX: EQB | EQB.PR.C

We believe this image is a powerful expression of our commitment to challenge the status quo in Canadian banking. We believe the confidence depicted is synonymous with EQB's bold ambition to drive change that enriches people's lives. Our approach is unique in the market and is clearly demonstrated with the strikingly beautiful image presented.



SERVICE
SUSTAINABILITY

RETURNS

GROWTH

WEALTH

INNOVATION

DRIVE CHANGE

TO ENRICH PEOPLE'S LIVES

SCALE

SERVICE

SUSTAINABILITY

Caution regarding forward-looking statements

Certain forward-looking statements may be made in this presentation, including statements regarding possible future business, financing and growth objectives. Such forward looking information is presented for the purpose of assisting the holders of EQB Inc. (the “Company”) securities and financial analysts in understanding its financial position and results of operations as at and for the periods ended on the dates presented, as well as its financial performance objectives, vision and strategic goals, and may not be appropriate for other purposes.

Forward-looking statements are typically identified by words such as “believe”, “expect”, “foresee”, “forecast”, “anticipate”, “intend”, “estimate”, “goal”, “plan” and “project” and similar expressions of future or conditional verbs such as “will”, “may”, “should”, “could” or “would”. These statements include, but are not limited to, statements relating to the expected impact of the acquisition of Concentra described herein (the “Acquisition”), the anticipated benefits of the Acquisition, including the expected impact on the Company’s size, operations, capabilities, growth drivers and opportunities, activities, attributes, profile, business services portfolio and loans, revenue and assets mix, market position, profitability, performance, and strategy; the expected impact of the Acquisition on the Company’s financial performance; expectations regarding the Company’s business model, plans and strategy, the maintenance of CET1 ratio and changes in adjusted EPS; retention of Concentra management and employees and the strategic fit and complementarity of Concentra and Equitable Bank; anticipated synergies and estimated transaction and integration costs and the timing of incurrence thereof as well as the Company’s financial performance objectives, vision and strategic goals, the economic and market review and outlook, the regulatory environment in which we operate, the outlook and priorities for each of its business lines, the risk environment including liquidity and funding risk, and statements by Company representatives.

By their very nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that such predictions, forecast, projections, expectations or conclusions will not prove to be accurate, that such assumptions may not be correct and/or that the financial performance objectives, vision and strategic goals will not be achieved. As such, there can be no assurance that the expectations represented by any forward-looking statements will prove to be correct. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. Certain important assumptions by the Company in making forward-looking statements include, but are not limited to; the maintenance of the Equitable Bank’s CET1 ratio; the Company’s ability to execute its transformation plan and strategy; the successful and timely integration of the Company and Concentra and the realization of the anticipated benefits and synergies of the acquisition in the timeframe anticipated, including impact and accretion in various financial metrics; the ability to retain management and key employees of Concentra; the ability of the Company to access the capital markets; the absence of significant undisclosed costs or liabilities associated with the Acquisition; the expectation of regulatory stability; no downturn in economic conditions; sufficient liquidity and capital resources; no material changes in competition, market conditions or in government monetary, fiscal and economic policies; and the maintenance of credit ratings.

The Company cautions readers against placing undue reliance on forward-looking statements when making decisions, as the actual results could differ considerably from the opinions, plans, objectives, expectations, forecasts, estimates and intentions expressed in such forward-looking statements due to various material factors. Among other things, these factors include: potential undisclosed costs or liabilities associated with the Acquisition; historical and pro forma consolidated financial information may not be representative of future performance; reputational risks and the reaction of the Company’s and Concentra’s personnel and customers to the transaction; the failure to realize, in the timeframe anticipated or at all, the anticipated benefits and synergies of the Acquisition; factors relating to the integration of the Company and Concentra, diversion of management time and unanticipated costs of integration. These risks and uncertainties, many of which are beyond the Company’s control and the effects of which can be difficult to predict, also include, but are not limited to, the length, duration and impact of the novel coronavirus (COVID-19) pandemic, including measures adopted by governmental or public authorities in response to it, global economic conditions and market activity, changes in government monetary and economic policies, legislative and regulatory developments, changes in accounting standards as well as changes in competition. The preceding list is not exhaustive. Investors are cautioned that such forward-looking statements involve risks and uncertainties detailed from time to time in the Company’s periodic reports filed with Canadian regulatory authorities.

Many factors could cause actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. The Company does not undertake to update any forward-looking statements, oral or written, made by it or on its behalf except in accordance with applicable securities laws. Additional information on items of note, reported results, risk factors and assumptions related to forward-looking statements are available in the Company’s Annual MD&A and other public filings available on [SEDAR](#).

Non-GAAP and other financial measures

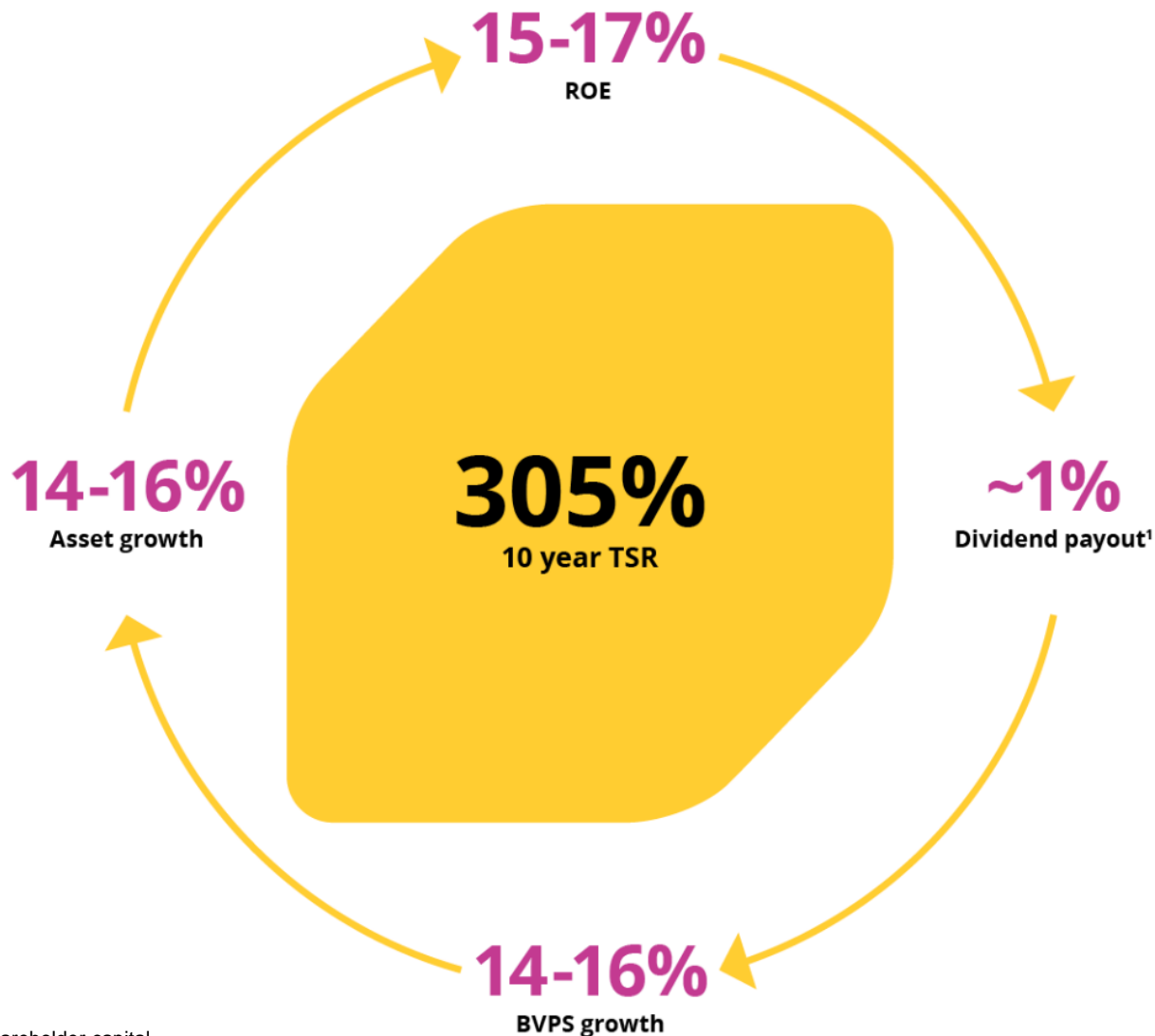
Results and quantitative information in this document are presented on an IFRS basis. The Company also uses a number of financial measures when assessing its results and overall performance. Some of these financial measures are not calculated in accordance with GAAP, which are based on IFRS. The presentation of non-GAAP financial measures presents the impacts of certain items on the period's results, helps readers understand the Company's analysis of results, and allows for assessment of these results without the specified items if such items are considered not reflective of the Company's underlying performance. Readers are cautioned that the Company uses non-GAAP and financial measures that do not have standardized meanings under GAAP and may not be comparable to similar measures used by other companies or peers.

Further information regarding the composition of our non-GAAP and other financial measures is provided in the Glossary section of the Fourth Quarter Report 2022. The Fourth Quarter Report 2022 is available on [SEDAR](#).

A large yellow rounded square graphic with a white diagonal line from the top-left to the bottom-right, positioned behind the text.

Andrew Moor
President & CEO

18 years of consistent, proven value creation



¹ as a percentage of shareholder capital

Canada's top digital bank reaches more Canadians

\$7.9B

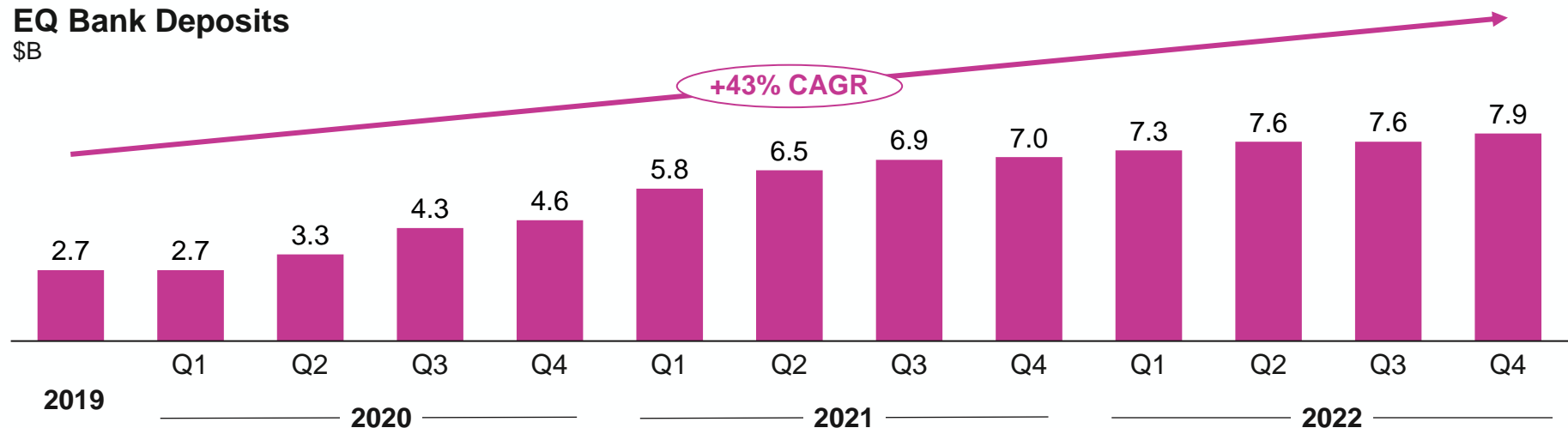
Total deposits
+14% y/y

~308,000

Customers
+23% y/y

7-10x

Current customer lifetime value
to customer acquisition cost



EQ Bank expects deposit growth of 20-30% in 2023

Our newest initiatives take flight

Québec Expansion



EQ Bank Card Launch



A large yellow rounded square graphic with a white diagonal line from the top-left to the bottom-right, creating two triangular sections.

Chadwick Westlake
CFO

Demonstrated resilience amid economic uncertainty

	2022 Results ¹	2022 Guidance ²	<u>Achievement</u>
Adjusted ROE	15.7%	15%+	✓
Adjusted Pre-Provision Pre-Tax Income Growth (PPPT)	19.7%	12%+	✓
Adjusted Diluted EPS Growth	9.4%	8-10%	✓
Dividend Growth	63.5%	51% increase announced in Q1 2022 followed by quarterly ³ increases	✓
BVPS Growth Y/Y	13.4%	12%+	✓
CET1 Ratio	13.7%	13%+	✓

1. Growth rates from December 31, 2021 to December 31, 2022.

2. Guidance represents expected growth rates from December 31, 2021 to December 31, 2022.

3. The dividend declared on February 7, 2022 represented a 51% increase over the dividend declared in February 2021. Dividend guidance was to increase 20-25% from the levels that otherwise would have been paid out in 2021 had capital distributions by banks not been restricted by OSFI at the onset of the pandemic.

Strong core performance in Q4

In \$MM, unless otherwise noted and except for per share amounts	Q4 2022 Adjusted ¹	Change	
		Q/Q	Y/Y
ROE	15.9%	0.3%	(1.2%)
Conventional Loans (\$B)	\$30.3	20.6%	43.5%
NIM	1.87%	(0.07%)	0.06%
Net Interest Income	\$218.8	17%	41%
Total Revenue	\$235.1	19%	37%
PCL	\$7.8	45%	648%
Non-Interest Expenses	\$102.3	30%	47%
Pre-Provision Pre-Tax	\$132.8	13%	30%
Net Income After Tax	\$92.5	13%	15%
Operating Leverage	(3.7%)	(2.3%)	2.0%
Efficiency Ratio	43.5%	3.4%	2.9%
Diluted EPS	\$2.46	4.7%	7.0%
Book Value Per Share	\$62.65	2.5%	13.4%
CET1	13.7%	0.4%	0.4%

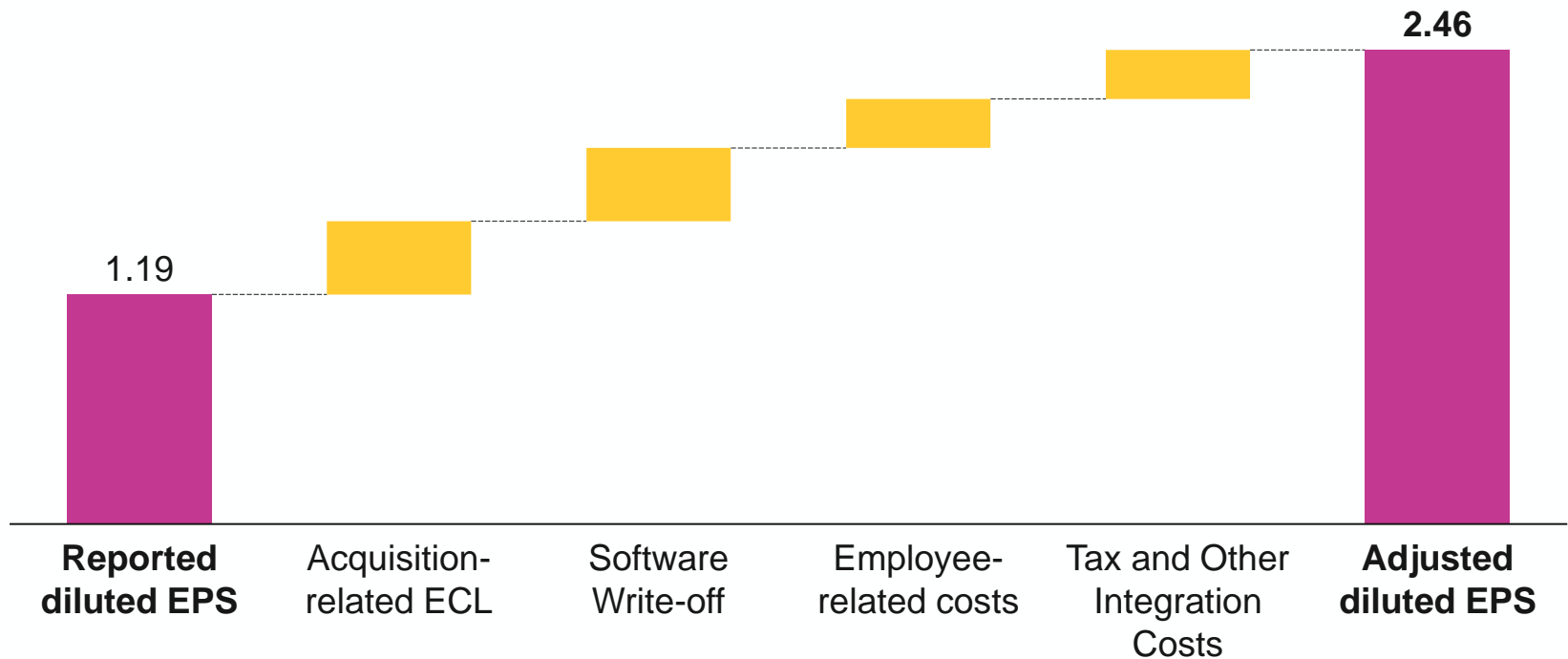
Highlights

- Adjusted ROE for Q4 2022 is at 15.9% and for FY 2022 is at 15.7%, in line with guidance for 2022
- ROE focus, including disciplined pricing in all lending and optimizing cost of funds, translated in NIM increasing 6bps y/y
- BVPS growth +13% y/y in line with 2022 guidance
- CET1 capital consistent with guidance

1) Adjusted results are Non-GAAP, see Non-GAAP financial measures and ratios section of EQB's Q4 2022 MD&A for more information.

Q4 adjustments impacting diluted EPS

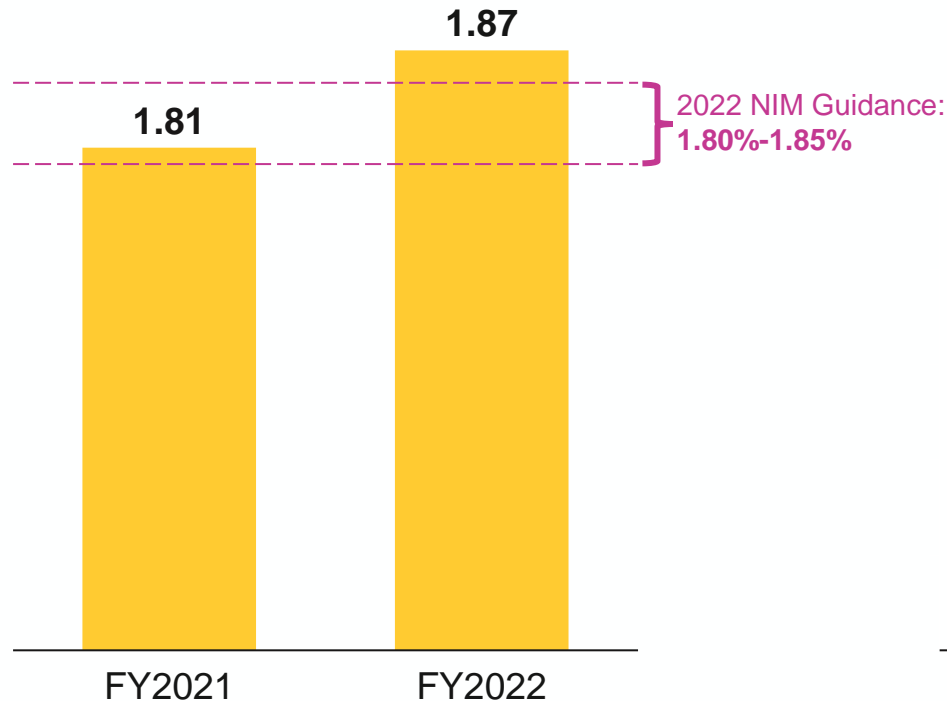
Diluted EPS (\$ per share)



Net interest margin exceeds 2022 guidance

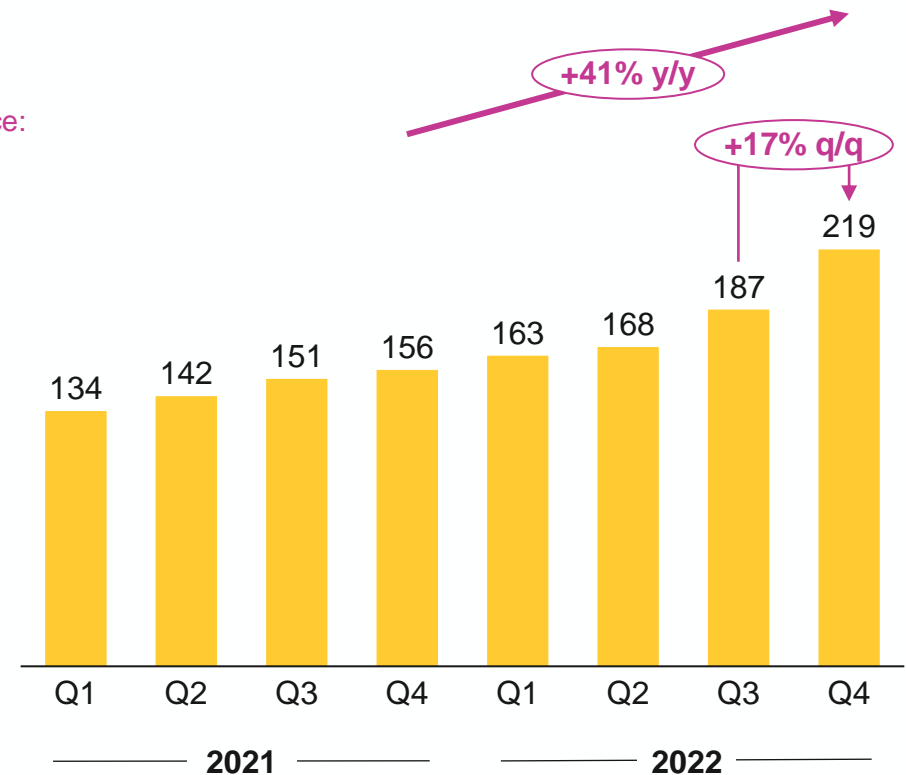
Adjusted Net Interest Margin¹ (NIM)

Percent



Adjusted Net Interest Income¹

\$MM

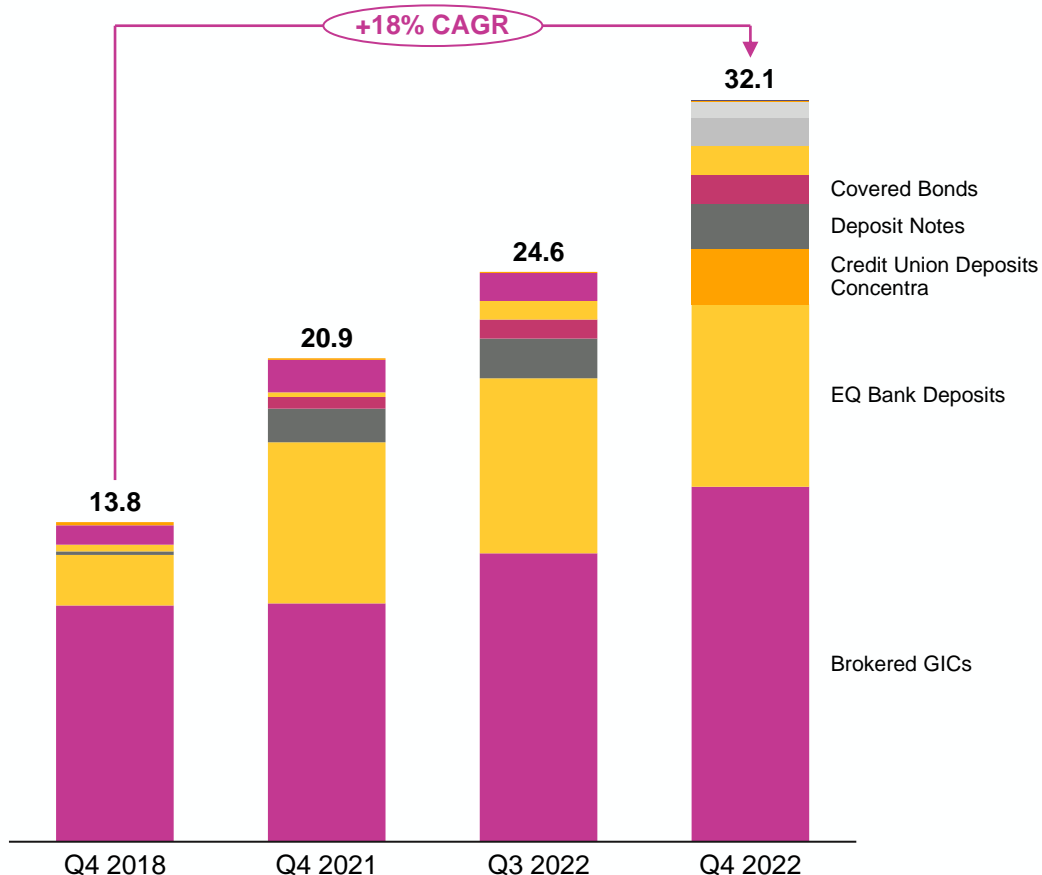


1. Adjusted results are Non-GAAP—net interest income is adjusted for interest expense associated with EQB-R subscription receipts of \$1.0 million for Q3 related to the Concentra Bank acquisition. See Non-GAAP financial measures and ratios section of EQB's Q4 2022 MD&A for more information.

Increasing benefits from funding diversification and lower deposit beta

Sources of funding (excl. securitization funding)

\$B



Total deposit principal \$30.8B, +49% y/y

- EQ Bank deposits +14% y/y to \$7.9B
- Funding costs move at lower velocity than BoC

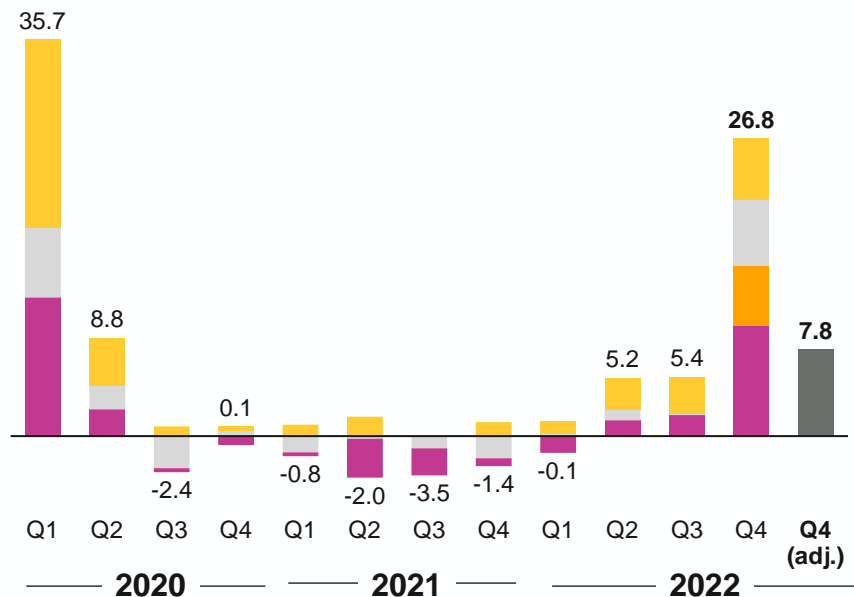
Successfully diversifying funding stack

- EQ Bank deposits represented 18% of on-balance sheet funding (vs. 9% in Q4 2018)
- Brokered GICs 33% (vs. 44% in Q4 2018)
- Funding Facilities and Securitization 37% (vs. 41% in Q4 2018)

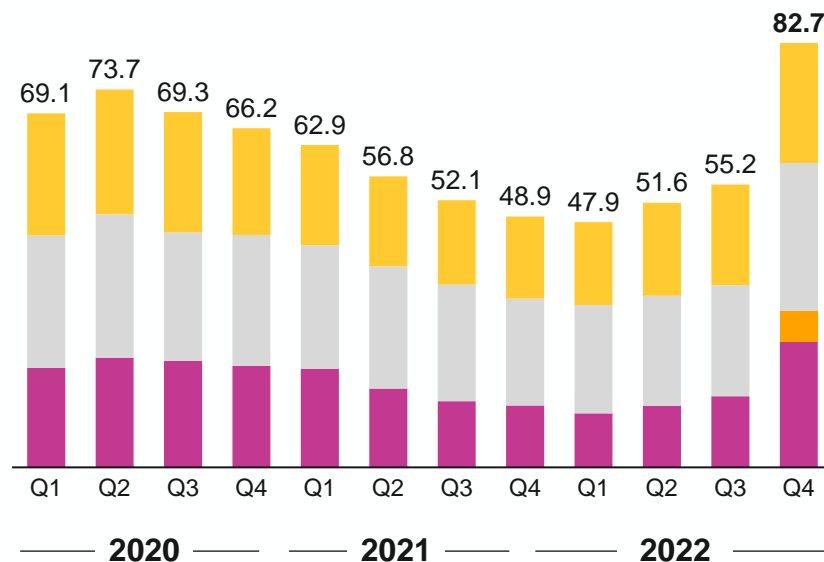
Loan books remain well-provisioned with \$82.7 million allowance for credit losses (18 bps)

■ Equipment Leases ■ Consumer Lending
■ Commercial ■ Personal (excl. consumer lending)

Provision for Credit Losses
\$MM



Allowance for Credit Losses, net
\$MM



ACL now approximately 18 bps as a percentage of total lending assets, net of cash reserves

Protecting shareholder capital at all times

65%

**Average LTV of Uninsured
Residential Mortgage
Portfolio at December 2022¹**

49%

**Loans under
management are insured
against credit losses**

67%

**Commercial loans under
management are insured**

1. Based on property values estimated using the Teranet National Bank House Price Indices (as of December 31, 2022), adjusting for EQB'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 EQB believes to be most accurate and representative; however, this may lag other indices leveraging data tied to date of sale.

Reaffirming risk-measured 2023 guidance



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Financial Metrics	2023 Guidance
Adjusted ROE	15%+
Adjusted Pre-Provision Pre-Tax Income Growth (PPPT)	25%-35%
Adjusted Diluted EPS Growth	10-15%
Dividend Growth	20%-25%
BVPS Growth Y/Y	12%-15%
CET1 Ratio	13%+

Core Portfolio Metrics		2023 Guidance ¹
EQ Bank	Deposits	20-30%
Single-Family Residential Lending	Alternative mortgages	3-5%
	Reverse mortgages	60-80%
Wealth Decumulation	Insurance lending	100%+
	Loans to entrepreneurs and SMEs	10-15%
Business Enterprise Solutions	Loans to institutional & corporate investors	10-15%
Commercial Finance Group	Total loans	15-25%
Specialized Finance	Total loans	10-15%
Equipment Leases	Total loans	10-15%

1. Portfolio guidance represents expected growth rates from December 31, 2022 to December 31, 2023

Make Bank

Final Thoughts

- EQB achieved 2022 guidance
- Consistent, long-performance validates our strategy and value-creation method
- Diversification and scale benefits create tailwinds

Sustained growth driven by conventional asset expansion and margin management

Q4 2022	Diluted EPS	NIM	NII \$MM	ROE
ADJUSTED¹	\$2.46 +5% y/y +7% q/q	1.87% +0.06% y/y -0.07% q/q	\$219 +40% y/y +17% q/q	15.9% -1.2% y/y +0.3% q/q
REPORTED	\$1.19 -48% y/y -46% q/q	1.85% +0.04% y/y -0.08% q/q	\$218 +40% y/y +17% q/q	7.7% -9.3% y/y -7.1% q/q
FY 2022				
ADJUSTED¹	\$9.17 +9% y/y	1.87% +0.06% y/y	\$737 +26% y/y	15.7% -1.0% y/y
REPORTED	\$7.55 -10% y/y	1.86% +0.05% y/y	\$733 +26% y/y	12.9% -3.8% y/y

1. Adjusted results are Non-GAAP, see Non-GAAP financial measures and ratios section of EQB's Q4 2022 MD&A for more information. Adjusted results were introduced starting Q1 2022 relating to Concentra Bank acquisition and integration costs.



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