EQB Inc.

TSX: EQB | EQB.PR.C

Q3 2022 Results

November 9, 2022

DRIVE CHANGE IN CANADIAN BANKING TO ENRICH PEOPLE'S LIVES

16.6%[1]
ROE 10-year average

370K+[2]
Customers

Carbon Neutral
Scope 1 & 2 GHG emissions

540%[1]
10-year total shareholder return

15.7%[1]
EPS growth 10-year CAGR

CANADA'S CHALLENGER BANK™

1. As at December 31, 2021
2. As at September 30, 2022

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 no 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 Third Quarter Report 2022. The Third Quarter Report 2022 is available on SEDAR.

Andrew Moor

President & CEO

EQB Equitable Bank EQ Bank

Record earnings on disciplined organic growth

Q3 2022	Diluted EPS	NIM	NII $MM	ROE
ADJUSTED[1]	$2.35 +14% y/y +34% q/q	1.94% +0.11% y/y +0.13% q/q	$187 +24% y/y +12% q/q	15.6% -0.4% y/y +3.5% q/q
REPORTED	$2.22 +7% y/y +33% q/q	1.93% +0.10% y/y +0.13% q/q	$186 +23% y/y +12% q/q	14.8% -1.2% y/y +3.2% q/q

YTD 2022	Diluted EPS	NIM	NII $MM	ROE
ADJUSTED[1]	$6.75 +11% y/y	1.87% +0.06% y/y	$518 +21% y/y	15.6% -1.0% y/y
REPORTED	$6.41 +5% y/y	1.86% +0.05% y/y	$515 +21% y/y	14.9% -1.7% y/y

1. Adjusted results are Non-GAAP, see Non-GAAP financial measures and ratios section of EQB's Q3 2022 MD&A for more information. Adjusted results were introduced starting Q1 2022 relating to Concentra Bank acquisition and integration costs.

Now Canada's 7th largest independent bank

~$100 billion*

- Scale of Equitable Bank + Concentra enhances market strength and presence, service offerings, financial capacity, and benefits all stakeholders
- Provides a strong growth platform to serve **Credit Unions and their 5 million members**
- Plan for integration is in place and work by combined teams is already underway
- Target mid-single digit EPS accretion first 12 months following close

1. * Combined assets under management (AUM) and assets under administration (AUA) at November 1, 2022.

Preliminary 2023 guidance – continued momentum for EQB with Concentra Bank

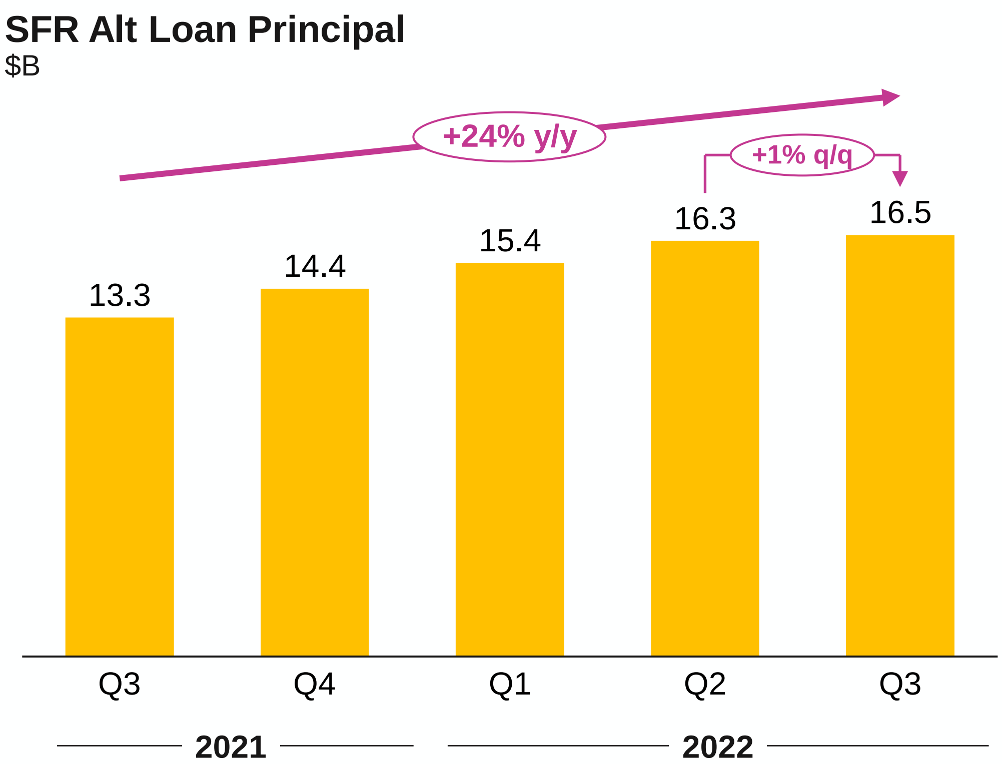
Financial Metrics	2023 Guidance
Adjusted ROE	15%+
Adjusted Pre-Provision Pre-Tax Income Growth (PPPT)	25%-35%
Adjusted Diluted EPS Growth	10-15%
Dividend Growth	20%-25%
BVPS Growth Y/Y	12%-15%
CET1 Ratio	13%+

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

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

Note: Guidance will be refined with Q4 2022 results in February 2023, and may be impacted by continued changes to economic forecasts and growth in the residential and commercial markets

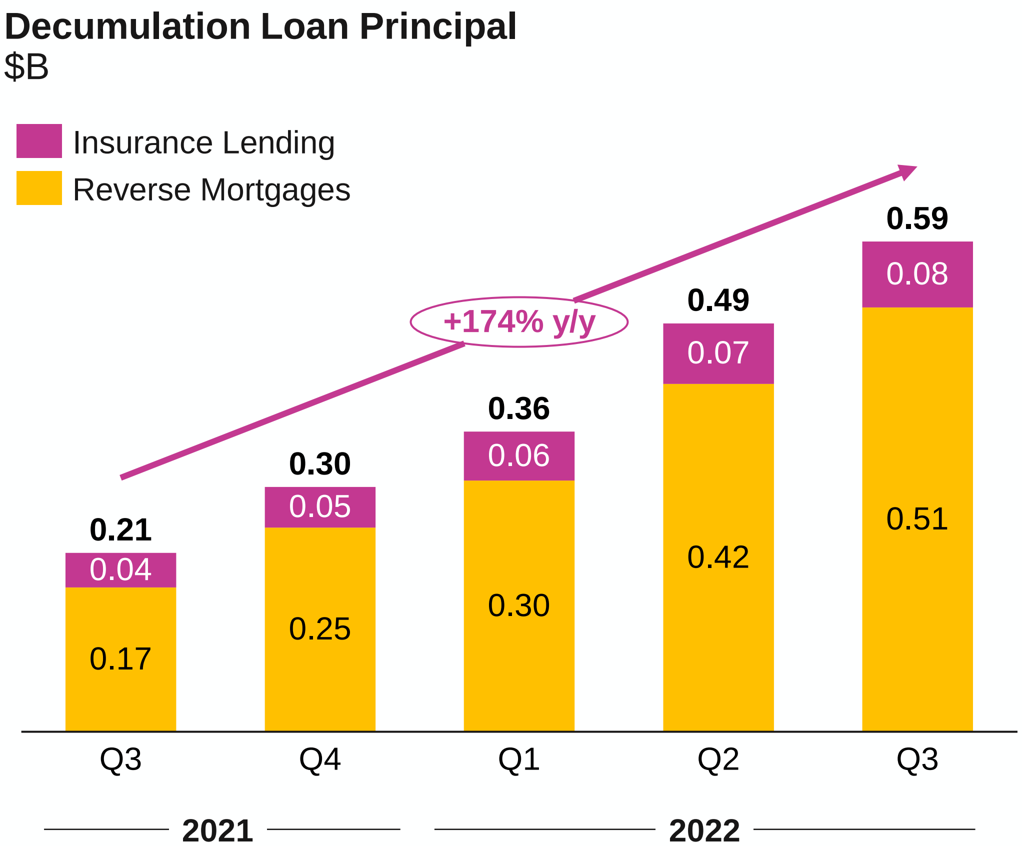
Single-family residential ALT loan portfolio growth ahead of guidance



- Originations -36.3% y/y to $1.3B in Q3 with recent decline in housing market activity and affordability impacts of Bank of Canada rate increases
- Average Beacon score of 715 (+2 points q/q and +8 points y/y)

Total Personal Banking loan growth +$2.9B or +14% y/y to $24.2B

Continued momentum in decumulation lending

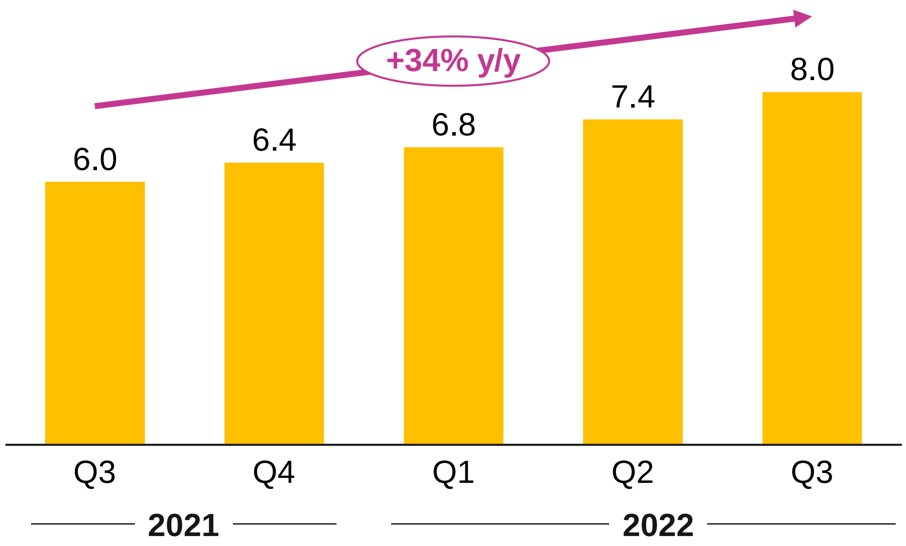


- Decumulation lending increased to ~$600MM, nearly doubling in growth y/y with reverse mortgages +194% y/y and insurance lending +91% y/y
- Reverse mortgages portfolio +22% q/q to $514MM and insurance lending portfolio +9% q/q to ~$80MM

Decumulation portfolio trending to 2022 guidance

Commercial Banking momentum remains strong in conventional lending and insured multi-family

Commercial Conventional Loan Principal[1]
$B



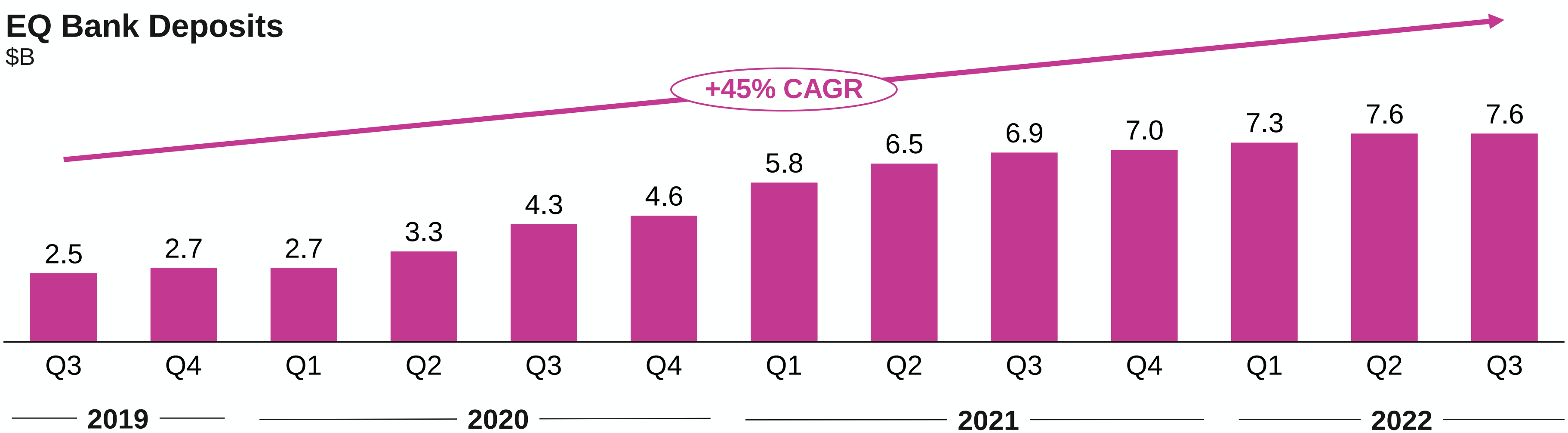
- Each commercial loan type ended the quarter ahead of 2022 guidance
- Specialized finance portfolio +48% y/y to record $750MM
- Growth in equipment leasing portfolio +42% y/y
- Total multi-unit insured portfolio is up 8% y/y to $4.5B[2]

Commercial Banking loan principal on balance sheet reached $12.5B in Q3, +24% y/y or +3% q/q compared to 10-15% growth guidance for 2022

1. Includes equipment leases
2. Insured Multi-unit residential includes only on-balance sheet loans

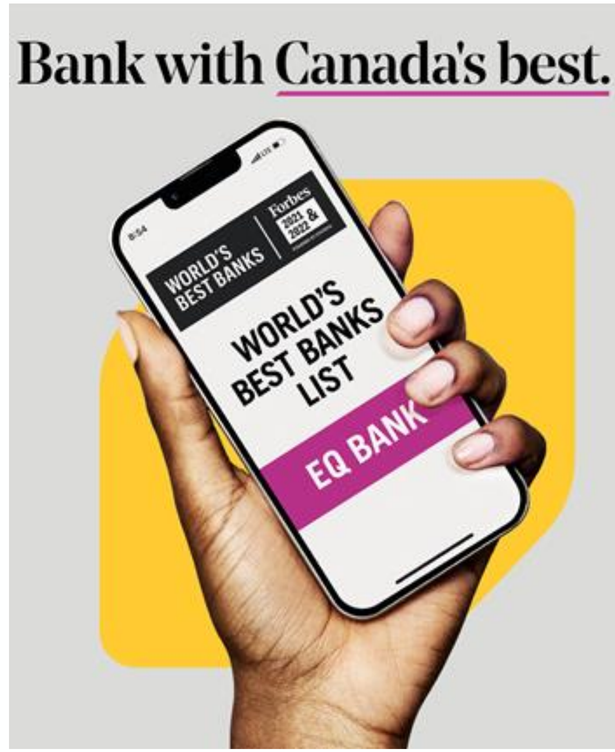
EQ Bank on track for more growth with upcoming launches of Quebec and Payments

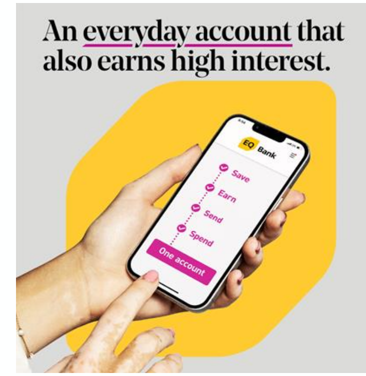
$7.6B	~293,000	7-10x	Payments Card + Québec
Total deposits +9% y/y	Customers +23% y/y	Current customer lifetime value to customer acquisition cost	Payments card in Beta launch as of October 2022

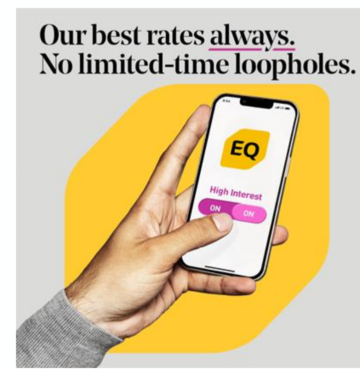


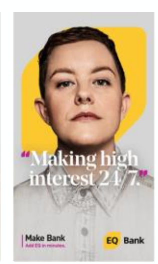
EQ Bank Deposit expected growth of 20-30% in 2023

Make Bank campaign launched in October 2022









[Click here](#) to watch
our campaign video

Chadwick Westlake
CFO

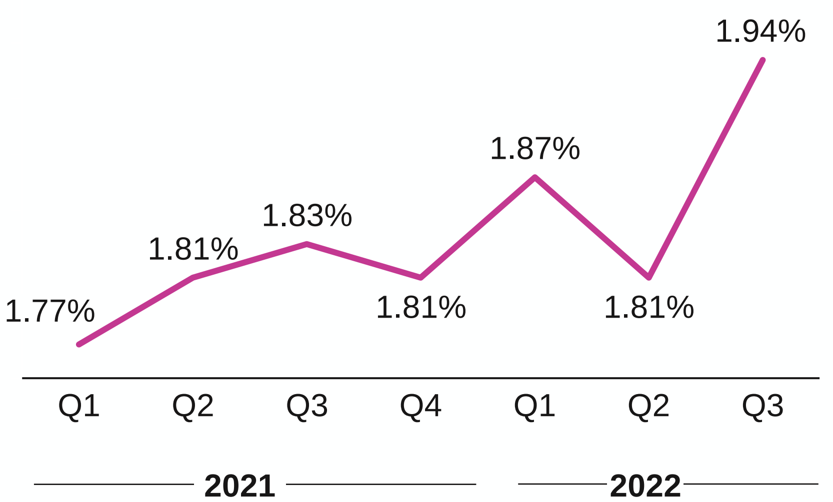
Reaffirming 2022 guidance on YTD performance

Medium-term guidance	YTD 2022	2022 Full-Year Guidance[2]
Adjusted ROE	15.6%	15%+
Adjusted Pre-Provision Pre-Tax Income Growth (PPPT)	16%[1]	12%+
Adjusted Diluted EPS Growth	11%[1]	8-10%
Dividend Growth	59%	51% increase announced in Q1 2022 followed by quarterly[3] increases
BVPS Growth Y/Y	16%	12%+
CET1 Ratio	13.3%	13%+

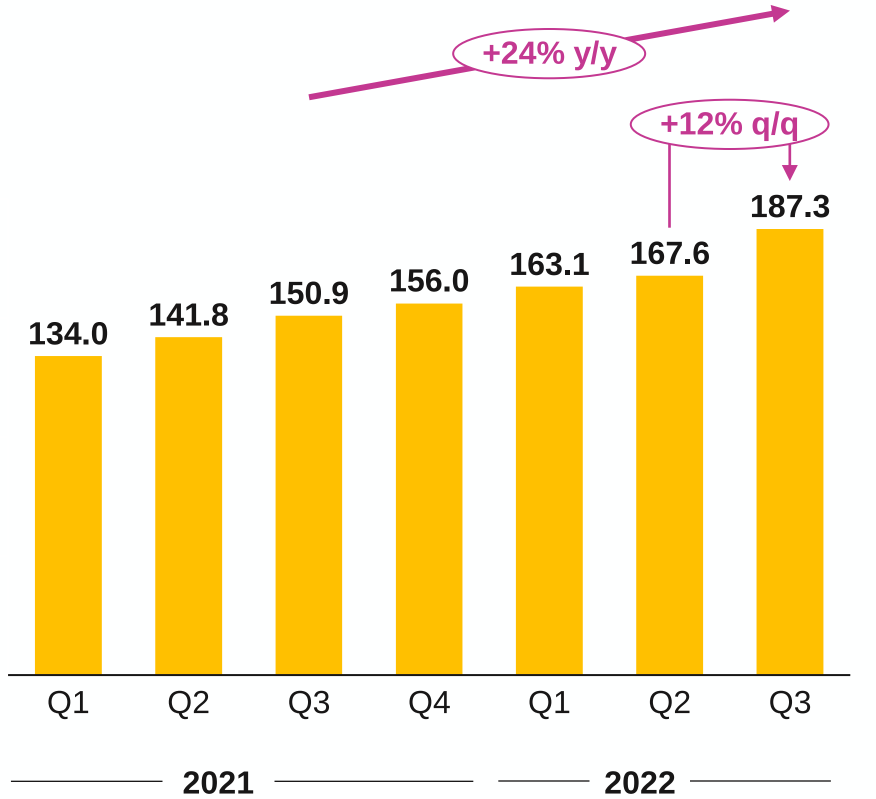
1. Represents growth from YTD Sept 30, 2021 to YTD Sept 30, 2022.
2. Guidance represents expected growth rates from December 31, 2021 to December 31, 2022.
3. Dividends are expected to increase between 20% – 25% from the levels that otherwise would have been paid out in 2021 had capital distributions by banks not been restricted by OSFI at the onset of the pandemic.

Funding diversification and ROE approach to pricing translates to significant margin expansion

Adjusted[1] Net Interest Margin (NIM)
Percent



Adjusted[1] Net Interest Income
$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 Q3 2022 MD&A for more information.

Margin expansion and record quarterly revenue

In $MM, unless otherwise noted and except for per share amounts	Q3 2022 Adjusted[1]	Change Q/Q	Change Y/Y
ROE	15.6%	3.5%	(0.4%)
Conventional Loans ($B)	$25.1	4.0%	29.0%
NIM	1.94%	0.13%	0.11%
Net Interest Income	$187.3	12%	24%
Total Revenue	$196.7	19%	21%
PCL	$5.4	2%	253%
Non-Interest Expenses	$78.9	4%	17%
Pre-Provision Pre-Tax	$117.8	32%	24%
Net Income After Tax	$82.1	34%	13%
YTD Operating Leverage	(1.4%)	3.0%	1.9%
Efficiency Ratio	40.1%	(5.7%)	(1.5%)
Diluted EPS	$2.35	34%	14%
Book Value Per Share	$61.14	3%	16%
CET1	13.3%	(0.2%)	(0.4%)

Highlights

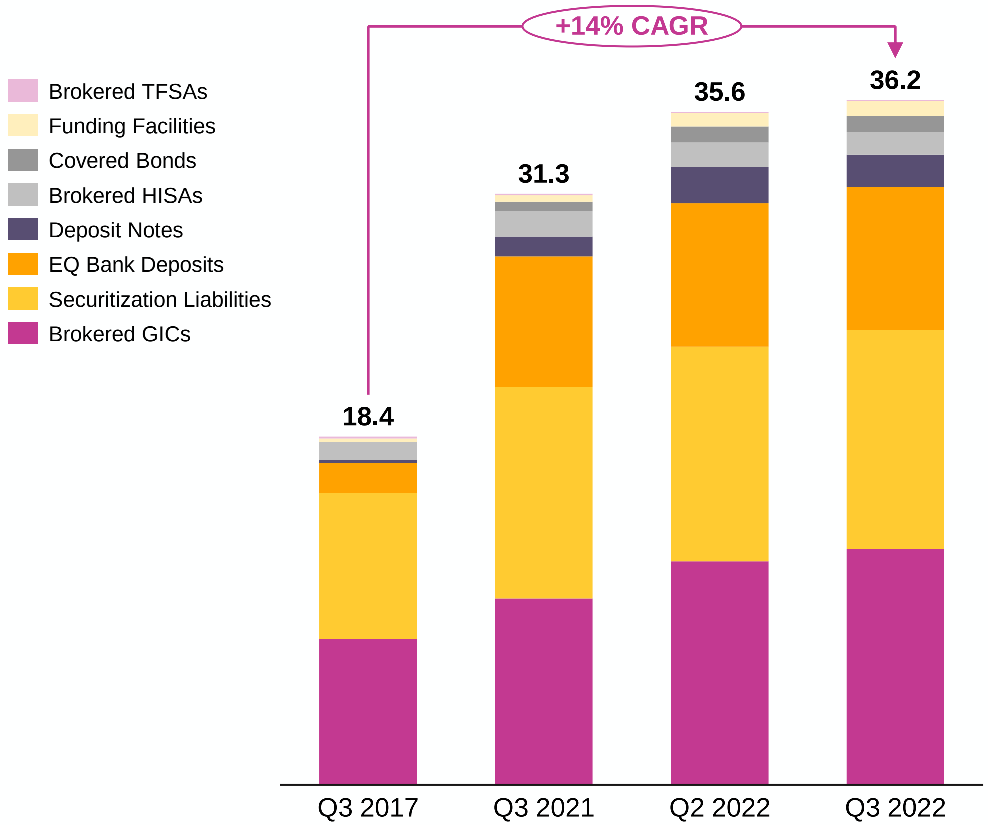
- Both adjusted ROE for Q3 2022 and YTD at 15.6%, in-line with guidance for 2022
- ROE focus, including disciplined pricing in all lending and optimizing cost of funds, translated in +13bps in NIM vs Q2 2022
- Efficiency ratio normalized in Q3 2022 after being inflated in Q2 due to lower non-core, non-interest revenue driven by mark to market and fair value adjustments
- BVPS growth +16% y/y ahead of 2022 guidance
- CET1 capital consistent with guidance

1. Adjusted results are Non-GAAP, see Non-GAAP financial measures and ratios section of EQB's Q3 2022 MD&A for more information.

Increasing benefits from funding strategy, lower deposit beta

Sources of funding (on Balance Sheet)

$B



Total deposit principal $23.8B, +21% y/y

- EQ Bank deposits +9% y/y to $7.6B
- Funding costs move at lower velocity than BoC

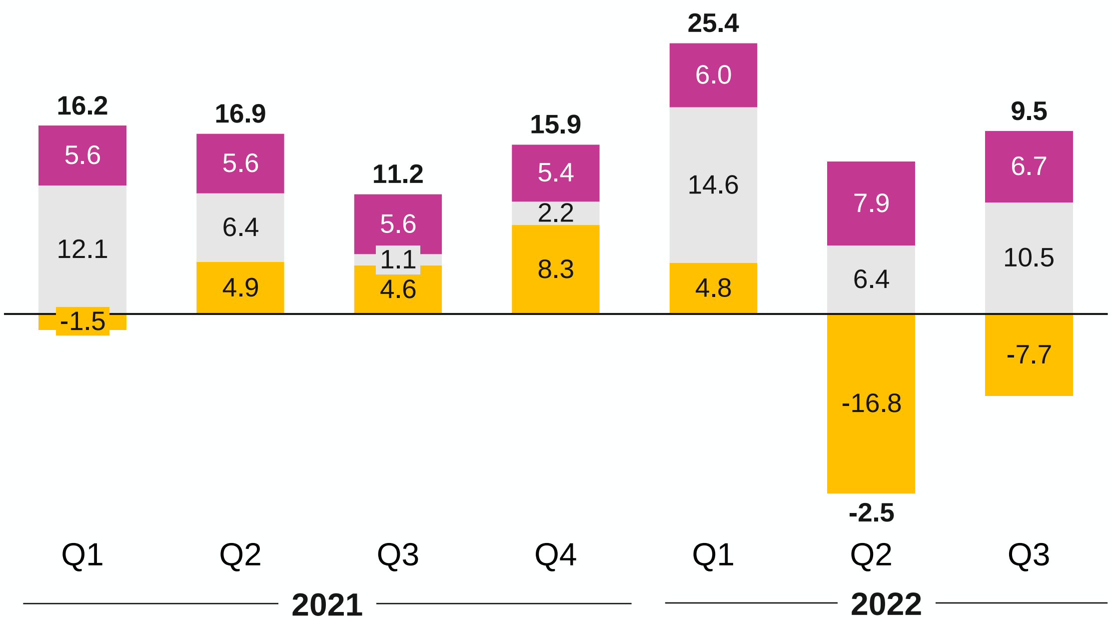
Successfully diversifying funding stack

- EQ Bank deposits represented 21% of on-balance sheet funding (vs. 9% in Q3 2017)
- Brokered deposits 38% (vs. 48% in Q3 2017)
- Funding Facilities and Securitization 34% (vs. 43% in Q3 2017)

Completed third covered bond issuance of €250MM, continuing momentum with EQB's lowest cost of wholesale funding

Turnaround of non-interest revenue driven by strong fee income and securitization gains

Non-Interest Revenue (NIR)
$MM

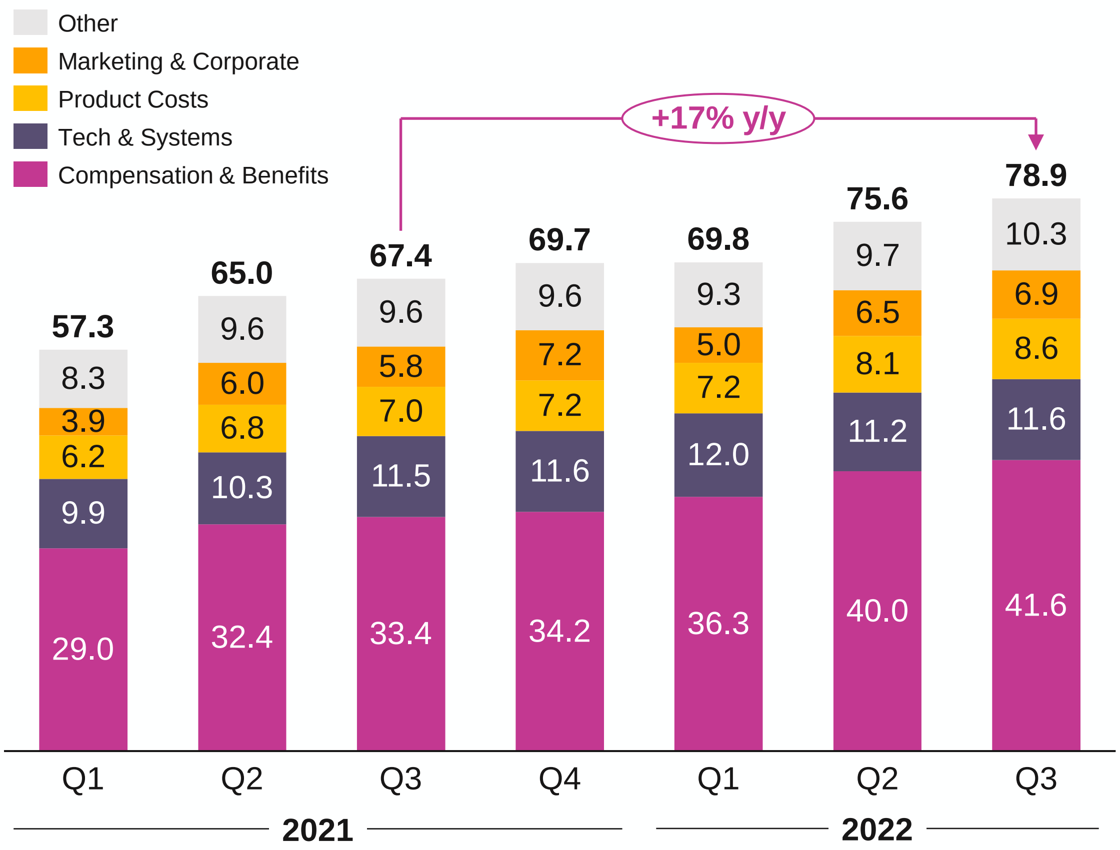


- Total non-interest revenue improves from a loss in Q2 to net 9.5 million in Q3, driven by strong Core Non-Interest Revenue
- Core Revenue increased 20% q/q to $17.2 million driven by fee income and gains on securitization activities and related income
- Strategic investment market-to-market revenue was recorded at a decline of -$7.4 million in Q3 reflecting equity market conditions

Managing costs with positive Q3 operating leverage and important investments in our 3 Ps

Adjusted Non-Interest Expenses[1]

$MM



- Q3 adj. efficiency ratio 40.1% as we invested in people, process and platform while growing revenue
- Compensation and benefits +24% y/y, driven by an increase in staffing in the first half of the year to support business growth and platform investment
- Increase in product costs driven by new business growth and amortization of associated platform costs

1. Adjusted results are Non-GAAP, see Non-GAAP financial measures and ratios section of EQB's Q3 2022 MD&A for more information.

Protecting shareholder capital at all times

63%

Average LTV of Uninsured Residential Mortgage Portfolio at September 2022[1]

- Strong adjudication and low LTVs provide protection in the event of a decline in asset prices
- Focus of lending is on large, urban centres with strong population growth and diversified employment opportunities
- Continuously updating lending areas and guidelines to align with market movement

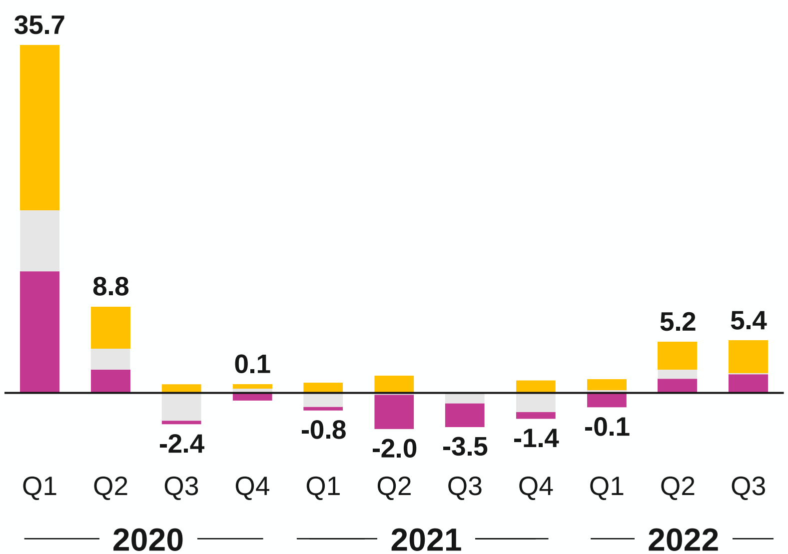
1. Based on property values estimated using the Teranet National Bank House Price Indices (as of September 30, 2022), adjusting for EQB's unique portfolio by using sub-indices corresponding to the 11 cities in Teranet-National Bank National Composite 11 to estimate property values loan-by-loan. The index is based on actual transaction dates and prices, which EQB believes to be most accurate and representative; however, may lag other indices leveraging data tied to date of sale.

EQB Equitable Bank EQ Bank

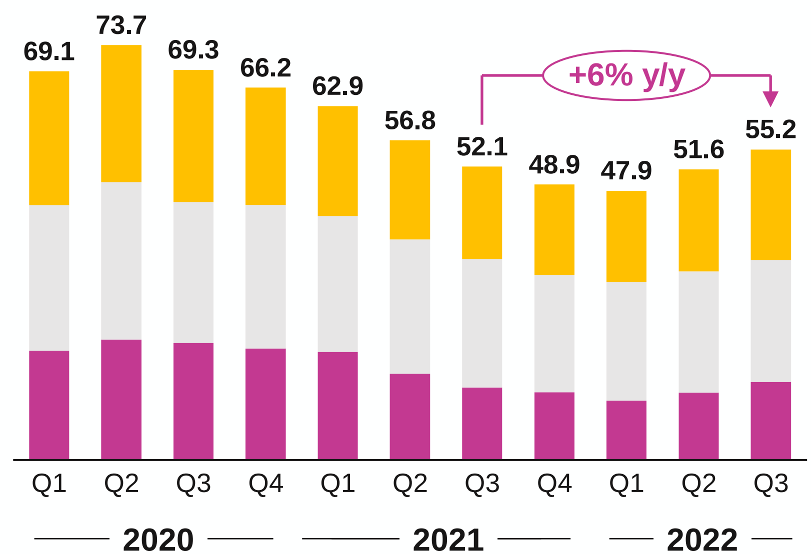
Loan books remain well-provisioned with $55.2 million allowance for credit losses

Equipment Leases
Commercial
Personal

Provision for Credit Losses
$MM



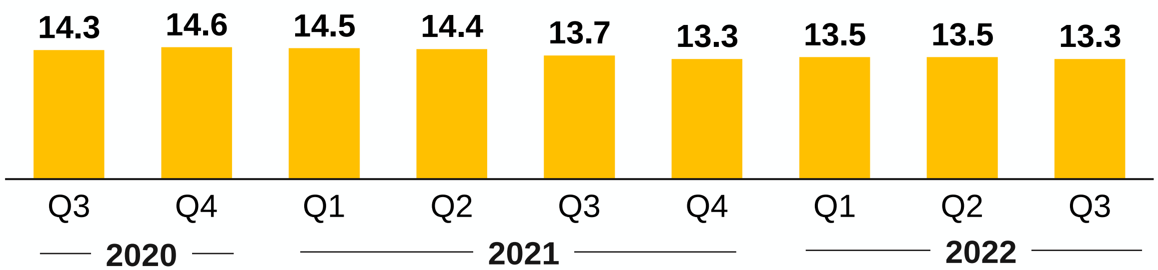
Allowance for Credit Losses
$MM



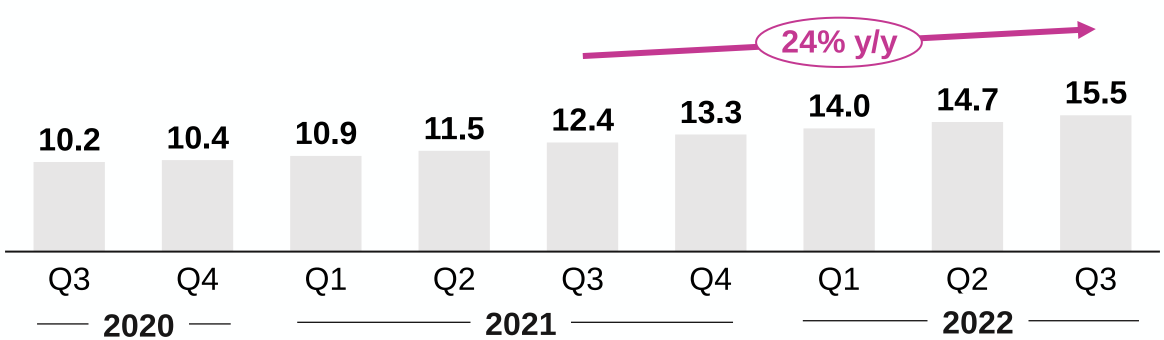
ACL now approximately 15bps as a percent of total lending assets

Well-capitalized in-line with management target of 13%+ CET1

CET1 for Equitable Bank
%



Risk-weighted assets for Equitable Bank
$B



- CET1 40bps lower y/y mainly attributed to organic deployment of capital to conventional lending and associated growth of risk-weighted assets
- RWA growth of 5% q/q in Q3 2022, in-line with long-term target rate of portfolio growth
- Continuing to grow dividend consistent with guidance

Final Thoughts

- Confirming 2022 growth guidance
- Portfolios well-positioned for changing market dynamics based on consistent, proactive underwriting practices
- Proven business model built for resilience through economic cycles
- Further upside and engagement with launch of EQ Bank payment card, expansion into Québec and customer growth
- Now with Concentra assets, and integration underway, **expect superior 2023 performance**