269.8 %
10-year
Total shareholder return

$134
Billion
Total assets under management & administration

742,000 +
Customers
Served nationally

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

EQB Inc.
Management's Discussion & Analysis

For the three and six months ended April 30, 2025

TSX:EQB

EQB

Canada's Challenger Bank ™

Note: all cover measures for EQB Inc. as at April 30, 2025.

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Caution regarding forward-looking statements

Statements made in the sections of this report including those entitled “Overview and outlook”, “Provision for credit losses”, “Credit portfolio quality”, “Liquidity investments”, “Capital management”, “Risk management”, and in other filings with Canadian securities regulators and in other communications include forward-looking statements within the meaning of applicable securities laws (forward-looking statements). These statements include, but are not limited to, statements about EQB’s objectives, strategies and initiatives, financial performance expectations and other statements made herein, whether with respect to EQB’s businesses or the Canadian economy. Generally, forward-looking statements can be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “guidance”, “planned”, “estimates”, “forecasts”, “outlook”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases which state that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will be taken”, “occur”, “be achieved”, “will likely” or other similar expressions of future or conditional verbs.

Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, closing of transactions, performance or achievements of EQB to be materially different from those expressed or implied by such forward-looking statements, including but not limited to risks related to capital markets and additional funding requirements, fluctuating interest rates and general economic conditions including, without limitation global geopolitical risk, uncertainty arising from ongoing United States/Canada tariff concerns and related impacts, business acquisition, legislative and regulatory developments, changes in accounting standards, the nature of EQB’s customers and rates of default, and competition as well as those factors discussed under the heading “Risk Management” herein and in EQB’s documents filed on SEDAR+ at www.sedarplus.ca.

All material assumptions used in making forward-looking statements are based on management’s knowledge of current business conditions and expectations of future business conditions and trends, including their knowledge of the current credit, interest rate, and liquidity conditions affecting EQB and the Canadian economy. Although EQB believes the assumptions used to make such statements are reasonable at this time and has attempted to identify in its continuous disclosure documents important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. Certain material assumptions are applied by EQB in making forward-looking statements, including without limitation, assumptions regarding its continued ability to fund its loan business, a continuation of the current level of economic uncertainty that affects real estate market conditions including, without limitation, 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.

Selected financial highlights

Select financial and other highlights	As at or for three months ended					For the six months ended		
	30-Apr-25	31-Jan-25	Change	30-Apr-24	Change	30-Apr-25	30-Apr-24	Change
Adjusted results ($000s)[1]								
Net interest income	**271,059**	263,386	3%	267,338	1%	**534,445**	523,348	2%
Non-interest revenue	**44,891**	59,249	(24%)	49,322	(9%)	**104,140**	92,084	13%
Revenue	**315,950**	322,635	(2%)	316,660	(0%)	**638,585**	615,432	4%
Non-interest expenses	**155,858**	152,715	2%	143,111	9%	**308,573**	277,145	11%
Pre-provision pre-tax income[2]	**160,092**	169,920	(6%)	173,549	(8%)	**330,012**	338,287	(2%)
Provision for credit losses	**30,234**	13,660	121%	22,217	36%	**43,894**	37,752	16%
Income before income taxes	**129,858**	156,260	(17%)	151,332	(14%)	**286,118**	300,535	(5%)
Income tax expense	**35,649**	40,030	(11%)	40,290	(12%)	**75,679**	81,143	(7%)
Net income	**94,209**	116,230	(19%)	111,042	(15%)	**210,439**	219,392	(4%)
Net income available to common shareholders	**89,190**	115,662	(23%)	108,177	(18%)	**204,852**	213,896	(4%)
Earnings per share – diluted ($)	**2.31**	2.98	(22%)	2.81	(18%)	**5.29**	5.57	(5%)
Return on equity (%)[3]	**11.9**	15.2	(3.3)	15.9	(4.0)	**13.6**	15.7	(2.1)
Efficiency ratio (%)[3][4]	**49.3**	47.3	2.0	45.2	4.1	**48.3**	45.0	3.3
Net interest margin (%)[2]	**2.20**	2.07	0.13	2.11	0.09	**2.14**	2.06	0.08
Reported results ($000s)								
Net interest income	**271,059**	263,386	3%	267,338	1%	**534,445**	523,348	2%
Non-interest revenue	**44,891**	59,249	(24%)	49,322	(9%)	**104,140**	92,084	13%
Revenue	**315,950**	322,635	(2%)	316,660	(0%)	**638,585**	615,432	4%
Non-interest expenses	**161,190**	159,255	1%	150,420	7%	**320,445**	289,905	11%
Pre-provision pre-tax income[2]	**154,760**	163,380	(5%)	166,240	(7%)	**318,140**	325,527	(2%)
Provision for credit losses	**30,234**	18,678	62%	22,217	36%	**48,912**	37,752	30%
Income before income taxes	**124,526**	144,702	(14%)	144,023	(14%)	**269,228**	287,775	(6%)
Income tax expense	**34,234**	36,992	(7%)	38,307	(11%)	**71,226**	77,677	(8%)
Net income	**90,292**	107,710	(16%)	105,716	(15%)	**198,002**	210,098	(6%)
Net income available to common shareholders	**85,533**	107,402	(20%)	103,041	(17%)	**192,935**	204,916	(6%)
Earnings per share ($) – basic	**2.23**	2.79	(20%)	2.70	(17%)	**5.02**	5.38	(7%)
Earnings per share ($) – diluted	**2.21**	2.77	(20%)	2.67	(17%)	**4.98**	5.33	(7%)
Return on equity (%)	**11.4**	14.1	(2.7)	15.1	(3.7)	**12.8**	15.0	(2.2)
Efficiency ratio (%)	**51.0**	49.4	1.6	47.5	3.5	**50.2**	47.1	3.1
Net interest margin (%)[2]	**2.20**	2.07	0.13	2.11	0.09	**2.14**	2.06	0.08
Revenue per full time equivalent ($)[3]	**163**	170	(4%)	172	(5%)	**333**	338	(1%)
Balance sheet and other information ($ millions)								
Total assets	**54,305**	53,232	2%	53,940	1%			
Assets under management[2]	**83,888**	81,432	3%	76,515	10%			
Loans – Personal & Commercial	**47,228**	46,340	2%	47,909	(1%)			
Loans under management[2]	**71,464**	69,257	3%	65,525	9%			
Assets under administration[2]	**50,097**	50,237	(0%)	46,974	7%			
Total deposit principal	**34,429**	34,007	1%	33,559	3%			
EQ Bank deposit principal	**9,393**	9,024	4%	8,653	9%			
Total risk-weighted assets[3]	**19,802**	19,476	2%	19,720	0%			

Select financial and other highlights	As at or for the three months ended					For the six months ended		
	30-Apr-25	31-Jan-25	Change	30-Apr-24	Change	30-Apr-25	30-Apr-24	Change
Credit quality (%)								
Reported provision for credit losses – rate[3]	**0.25**	0.16	0.09	0.19	0.06	**0.20**	0.16	0.04
Net impaired loans as a % of total loan assets	**1.56**	1.47	0.09	0.92	0.64			
Net allowance for credit losses as a % of total loan assets	**0.29**	0.28	0.01	0.23	0.06			
Share information								
Common share price – close ($)	**95.31**	108.36	(12%)	83.11	15%			
Book value per common share ($)[3]	**80.99**	79.71	2%	73.73	10%			
Common shares outstanding (thousands)	**38,292**	38,443	(0%)	38,276	0%			
Common share market capitalization ($ millions)	**3,650**	4,166	(12%)	3,181	15%			
Common shareholders' equity ($ millions)	**3,101**	3,064	1%	2,822	10%			
Dividends paid – common share ($)	**0.51**	0.49	4%	0.42	21%	**1.00**	0.82	22%
Dividends paid – preferred share – Series 3 ($)	**-**	-	n.m.	0.37	n.m.	**-**	0.74	n.m.
Dividend yield – common shares (%)[3]	**2.1**	1.8	0.3	1.9	0.2	**2.0**	1.9	0.1
Capital ratios and leverage ratio (%)[5]								
Total capital ratio	**15.6**	15.5	0.1	15.3	0.3			
Tier 1 capital ratio	**14.0**	14.9	(0.9)	14.8	(0.8)			
Common equity tier 1 ratio	**13.2**	14.1	(0.9)	14.1	(0.9)			
Leverage ratio	**4.8**	5.2	(0.4)	5.2	(0.4)			
Business information								
Employees – average full-time equivalent	**1,941**	1,896	2%	1,836	6%	**1,919**	1,822	5%
EQ Bank customers (thousands)	**560**	536	4%	457	23%			

n.m. not meaningful

(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 one-time acquisition and integration related costs, and certain items which management determines would have a significant impact on a reader's assessment of business performance. For additional information and a reconciliation of reported results to adjusted results, see Adjustments to financial results section, and Non-GAAP financial measures and ratios section of this MD&A.
(2) These are non-GAAP measures, see Non-GAAP financial measures and ratios section of this MD&A.
(3) See Glossary section of this MD&A.
(4) Increases in this ratio reflect reduced efficiencies, whereas decreases reflect improved efficiencies.
(5) Regulatory capital requirements for Equitable Bank are determined in accordance with OSFI's Capital Adequacy Requirements (CAR) Guideline, which is based on the capital standards developed by the Basel Committee on Banking Supervision. Leverage ratio is calculated using OSFI's Leverage Requirements (LR) Guideline. See Glossary section of this MD&A.

Selected financial highlights – eight quarters

Select financial highlights	2025		2024				2023	
	Q2	Q1	Q4	Q3	Q2	Q1	Four months Q4	Q2
Adjusted results ($000s)[1]								
Net interest income	**271,059**	263,386	264,578	271,367	267,338	256,010	345,783	251,699
Non-interest revenue	**44,891**	59,249	56,998	55,871	49,322	42,762	49,503	32,883
Revenue	**315,950**	322,635	321,576	327,238	316,660	298,772	395,286	284,582
Non-interest expenses	**155,858**	152,715	148,547	145,694	143,111	134,034	173,012	121,910
Pre-provision pre-tax income[2]	**160,092**	169,920	173,029	181,544	173,549	164,738	222,274	162,672
Provision for credit losses	**30,234**	13,660	31,902	19,576	22,217	15,535	19,566	13,042
Income before income taxes	**129,858**	156,260	141,127	161,968	151,332	149,203	202,708	149,630
Income tax expense	**35,649**	40,030	39,728	44,784	40,290	40,853	55,673	34,124
Net income	**94,209**	116,230	101,399	117,184	111,042	108,350	147,035	115,506
Net income available to common shareholders	**89,190**	115,662	97,073	114,258	108,177	105,719	144,686	113,175
Earnings per share – diluted ($)	**2.31**	2.98	2.51	2.96	2.81	2.76	3.80	2.98
Return on equity (%)	**11.9**	15.2	13.1	15.9	15.9	15.6	16.5	18.3
Efficiency ratio (%)	**49.3**	47.3	46.2	44.5	45.2	44.9	43.8	42.8
Reported results ($000s)								
Net interest income	**271,059**	263,386	255,774	271,367	267,338	256,010	345,783	251,699
Non-interest revenue	**44,891**	59,249	56,998	55,871	49,322	42,762	49,503	60,848
Revenue	**315,950**	322,635	312,772	327,238	316,660	298,772	395,286	312,547
Non-interest expenses	**161,190**	159,255	153,625	150,569	150,420	139,485	181,165	127,030
Pre-provision pre-tax income[2]	**154,760**	163,380	159,147	176,669	166,240	159,287	214,121	185,517
Provision for credit losses	**30,234**	18,678	47,987	21,274	22,217	15,535	19,566	13,042
Income before income taxes	**124,526**	144,702	111,160	155,395	144,023	143,752	194,555	172,475
Income tax expense	**34,234**	36,992	31,740	43,241	38,307	39,370	53,409	41,550
Net income	**90,292**	107,710	79,420	112,154	105,716	104,382	141,146	130,925
Net income available to common shareholders	**85,533**	107,402	75,382	109,538	103,041	101,875	138,797	128,594
Earnings per share ($) – basic	**2.23**	2.79	1.96	2.86	2.70	2.68	3.67	3.41
Earnings per share ($) – diluted	**2.21**	2.77	1.95	2.84	2.67	2.66	3.64	3.39
Return on equity (%)	**11.4**	14.1	10.2	15.2	15.1	15.0	15.8	20.8
Efficiency ratio (%)	**51.0**	49.4	49.1	46.0	47.5	46.7	45.8	40.6
Revenue per full-time equivalent ($)	**163**	170	167	177	172	165	227	180
Balance sheet and other information ($ millions)								
Total assets	**54,305**	53,232	53,234	54,070	53,940	53,099	52,933	53,319
Assets under management[2]	**83,888**	81,432	79,354	78,200	76,515	74,136	67,932	65,910
Loans – Personal & Commercial	**47,228**	46,340	47,034	47,958	47,909	47,792	47,361	47,437
Loans under management[2]	**71,464**	69,257	67,861	66,878	65,525	63,929	62,397	60,112
Assets under administration[2]	**50,097**	50,237	47,684	47,152	46,974	44,725	43,173	42,037
Total deposits principal	**34,429**	34,007	33,164	32,710	33,559	31,760	31,577	31,783
EQ Bank deposits principal	**9,393**	9,024	9,055	8,890	8,653	8,328	8,233	8,204
Total risk-weighted assets	**19,802**	19,476	19,487	19,650	19,720	20,108	19,809	19,427

Select financial highlights

	2025		2024				2023	
	Q2	Q1	Q4	Q3	Q2	Q1	Four months Q4	Q2
Credit quality (%)								
Reported provision for credit losses – rate	**0.25**	0.16	0.40	0.18	0.19	0.13	0.12	0.11
Net impaired loans as a % of total loan assets	**1.56**	1.47	1.32	1.09	0.92	0.94	0.76	0.47
Net Allowance for credit losses as a % of total loan assets	**0.29**	0.28	0.32	0.26	0.23	0.22	0.22	0.20
Share information								
Common share price – close ($)	**95.31**	108.36	106.82	96.37	83.11	92.32	68.82	70.00
Book value per common share ($)	**80.99**	79.71	77.51	75.67	73.73	71.33	70.33	67.33
Common shares outstanding (thousands)	**38,292**	38,443	38,450	38,382	38,276	38,173	37,879	37,730
Common shareholders market capitalization ($ millions)	**3,650**	4,166	4,107	3,699	3,181	3,524	2,607	2,641
Common shareholders' equity ($ millions)	**3,101**	3,064	2,980	2,904	2,822	2,723	2,664	2,538
Dividends paid – common share ($)	**0.51**	0.49	0.47	0.45	0.42	0.40	0.38	0.37
Dividends paid – preferred share – Series 3 ($)	**-**	-	0.37	0.37	0.37	0.37	0.37	0.37
Dividend yield – common shares (%)	**2.1**	1.8	1.9	2.0	1.9	1.9	2.0	2.3
Capital ratios and leverage ratio (%)								
Total capital ratio	**15.6**	15.5	15.6	16.6	15.3	15.4	15.2	15.4
Tier 1 capital ratio	**14.0**	14.9	15.0	16.1	14.8	14.8	14.6	14.8
Common Equity Tier 1 ratio	**13.2**	14.1	14.3	14.7	14.1	14.2	14.0	14.1
Leverage ratio	**4.8**	5.2	5.3	5.6	5.2	5.4	5.3	5.2
Business information								
Employees – average full-time equivalent	**1,941**	1,896	1,868	1,849	1,836	1,808	1,743	1,740
EQ Bank customers (thousands)	**560**	536	513	485	457	426	401	368

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

Overview and outlook

In the second quarter, EQB Inc. (EQB) responded to abrupt changes in the Canadian economy and second-order impacts on its lending market by generating revenue of $271 million, adjusted pre-provision pre-tax income (PPPT) [(1)] of $160 million, adjusted diluted earnings per share (EPS) [(1)] of $2.31 ($2.21 reported) and adjusted return on equity (ROE) [(1)] 11.9% (reported 11.4%). These results reflected EQB's strong and stable positions in core lending markets, benefits of fee-based revenue, through-cycle investment in its businesses and impacts of credit loss provisions reflecting weakening macroeconomic indicators as a result of ongoing trade uncertainty**.**

Seven Bank of Canada interest rate reductions between June 2024 and March 2025 began to stimulate the housing market in Canada late in fiscal 2024, supporting expectations of stronger loan origination growth in residential markets and enhanced loan resolution efforts in both personal and commercial lending. However, more recently, the uncertainty associated with tariffs and the economic impact they may have, has reduced housing market activity, lowered economic growth expectations for the year and elevated possibility of recession and related unemployment in trade-sensitive areas of the country. Despite this backdrop, and in keeping with its dynamic risk management approach — including focus on large urban markets with diversified sources of employment — EQB's uninsured single family residential portfolio increased by 4% or $713 million y/y reflecting much higher loan origination activity in the second quarter on higher application volumes entering the period, market share gains and strong renewal rates. The insured multi-unit residential portfolio — the largest segment of EQB's commercial book — grew 29% y/y or $6.5 billion supported by ongoing demand for rental apartment construction and term loans.

Equitable Bank (the Bank) continues to optimize its capital structure to support its strategic objectives and is committed to maintaining strong capital levels including a Total Capital Ratio above 15%. During the quarter, Equitable Bank continued to deliver strong organic capital generation of $16 million of Common Equity Tier 1 (CET1) Capital. In the same period, Equitable Bank paid a $200 million dividend to its parent EQB Inc. Inclusive of this dividend, regular dividends, as well as $4.4 million of Limited Resource Capital Note (LRCN) distributions, the CET1 Ratio was 13.2%, meeting the Bank's commitment to maintaining its CET1 Capital Ratio above 13% through the end of fiscal 2025. Additionally, Equitable Bank completed a $200 million subordinated debt issuance to EQB Inc., and Equitable Bank's Total Capital Ratio was 15.6%.

Summary of drivers of second quarter performance:

- **Net interest income (NII):** Net interest income was $271 million for the quarter, representing an increase of +1% y/y and an increase of 3% q/q, despite three fewer days in the quarter, driven by growth in EQB's uninsured lending portfolio (primarily single-family residential and decumulation lending), an increase in prepayment income and benefits of floor rates in the Commercial lending portfolio as policy rates have declined. In addition, a derivative gain on the sale of ongoing interest rate risk management benefitted the quarter. Net interest margin was 2.20%, up 9 bps y/y and 13 bps q/q driven by both fewer days in the quarter and other factors noted above. Funding costs continued to benefit from the diversification of funding channels and EQB's consistent management of the duration of equity – targeting one year – which benefits the Bank in a falling rate environment. EQ Bank deposits grew to $9.4 billion up 4% q/q and 9% y/y, driven by customer growth, increasing customer use of no-fee, high-interest savings options including the innovative EQ Bank Notice Savings Account and increases in demand deposits which were up 48% y/y and 18% q/q, reflecting the interest rate environment.
- **Non-interest revenue (NIR):** Non-interest revenue was $44.9 million in Q2, contributing 14% to total revenue. This income was driven by ongoing contributions from EQB's fee-based businesses – including ACM Advisors (acquired in December fiscal 2024), Concentra Trust and payments businesses – and gains from securitization associated with its multi-unit residential business. NIR declined 9% y/y and 24% q/q due to lower multi-unit residential securitization activities in the quarter as customer appetite for ten-year mortgages declined and lower gains on securitization activities and derivatives that were elevated in Q1.

- **Lending portfolio:** EQB grew overall loans under management (LUM) by +9% y/y and +3% q/q to $71.5 billion. Growth was driven by uninsured single-family residential which increased to $20.6 billion (+4% y/y, +2% q/q) as EQB's markets showed renewed activity. Decumulation lending continued to perform well, bringing that portfolio to $2.5 billion (+45% y/y, +8% q/q). Insured multi -unit lending LUM (+29% y/y, +6% q/q), while insured commercial construction lending grew to $3.3 billion (+31% y/y, +10% q/q) with new originations and draws related to construction financing. Growth in uninsured single-family residential lending was supported by strong originations in the quarter (+28% y/y and 1% q/q) and renewals, benefiting from the current interest rate environment and EQB's ability to succeed through service while maintaining its risk appetite discipline, in an uncertain housing market. *See more detail in: Loans under Management.*
- **Impaired loans**: Net impaired loans were $742 million, increasing $58.5 million during the quarter to 156 bps of total loan assets, compared to 147 bps last quarter and 92 bps last year. Commercial lending net impaired loans contributed $49.9 million to the increase in the quarter as new formations outpaced slower resolutions given economic uncertainty. Personal lending accounted for $1.0 million of the increase. Equipment financing net impaired loans increased by $7.7 million q/q.
- **Provisions for credit losses (PCLs):** PCLs for the quarter were $30.2 million. Stage 1 & 2 provisions were $5.2 million driven by uninsured portfolio growth and increases in expected credit losses tied to forward-looking macroeconomic indicators used in modelling, including potential impacts of tariffs included in Moody's economic forecasts. The overall Stage 1 & 2 allowance rate for uninsured loans increased from 33 bps to 35 bps reflecting the impacts of deterioration in macroeconomic indicators and increases in delinquent loans q/q. Provisions for impaired loans in the quarter were $6.4 million associated with personal and $6.8 million for commercial. Equipment finance provisions for credit losses were $10.6 million in the quarter and $1.2 million was provided for other receivables. *For additional details, please refer to the Provision for Credit Losses section of this MD&A.*
- **Non-interest expenses:** Adjusted non-interest expenses(1) in the quarter were $156 million (reported $161 million), an increase of +9% y/y and +2% q/q (reported +7% y/y and +1% q/q). Expense growth was driven by ongoing investments in technology, innovation, new capabilities and product costs associated with a growing EQ Bank customer base. EQB's adjusted efficiency ratio(1) was 49.3% (reported 51.0%), +9.1% (reported +7.4%) y/y.
- **Interest rate risk management:** EQB's risk appetite for interest rate risk is low and unchanged. EQB continues to target a one-year duration of equity. EQB measures its interest rate sensitivity as the impact to Economic Value of Shareholders' Equity (EVE) associated with an immediate and sustained 100 bps parallel increase or decrease in interest rates – the impact to EVE of this interest rate shock would be ($28.0 million) or (0.9%) of equity for a 100 bps increase and a 100-bps decrease would lead to a $10.7 million or 0.3% increase in EVE.
- **Dividends:** On May 28, 2025, EQB declared a quarterly dividend of $0.53 per common share, representing an 18% and 4% increase over dividends declared a year ago and last quarter, respectively.
- **New Headquarters:** In May, Equitable Bank moved into its new headquarters at 25 Ontario Street in Toronto, Ontario. The EQ Bank Tower provides the infrastructure necessary to support growth for years to come and provides workspaces designed to enable collaboration and customer service that are integral to Equitable Bank's purpose.

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

Outlook

This outlook section contains forward-looking information; readers should refer to the Caution regarding forward-looking statements section herein.

Trade disruptions and geopolitical tensions make it unusually difficult to predict the near-term outlook for the markets in which EQB operates. With a long-term focus on growth and returns through economic cycles, management remains dedicated to applying its financial and risk management disciplines to create shareholder value while delivering exceptional service for all customers. See EQB's Q1 Management Discussion and Analysis for its Medium-Term Guidance, including its update on CET1 guidance and associated notes below.

- **Risks in the macroeconomic outlook:** The current geopolitical environment, including the continued uncertainty in terms of timing, magnitude and duration of potential trade tariffs, may have a substantial impact on inflation, employment and the overall Canadian economy. This increases uncertainty in the economic outlook of EQB's core markets with the potential to impact i) the financial strength of its borrowers, ii) the momentum of new lending originations across personal and commercial customers, and iii) future expected credit losses.
- **Loan growth:** Growth in EQB's uninsured single-family residential originations exceeded management's expectations for the first half of the year even as the Bank maintained its disciplined, prudent and dynamic risk management approach. Going forward, housing market forecasts for 2025 have been downgraded as tariff announcements and geopolitical tensions have reduced consumer confidence. Given the unpredictability of tariffs on the Canadian economy generally and second-order tariff impacts on the housing market specifically, EQB is prepared for a more challenging housing market in the second half of the year and will continue to focus on urban centres that have diversified and stable labour markets. Recent market share gains in SFR and less restrictive monetary policy should continue to provide some offset to more challenging conditions. EQB's decumulation business continues to find success serving retiring Canadians as a leader in the reverse mortgage market. EQB's insured multi-unit residential lending and insured construction lending continue to benefit from demand for affordable rental housing in Canada.
- **Non-interest expenses:** EQB prioritizes investing in its businesses through the economic cycle in order to drive franchise value over the long term while maintaining the discipline and flexibility necessary to consistently deliver target returns. In 2025, EQB will continue to make strategic investments to support growth initiatives, including: i) growing EQ Bank through investments in brand, marketing and product/experience development; and ii) the public launch of EQ Bank's Small Business Account, bringing high-interest, no-fee services for small and medium-sized business customers, and iii) investing in important operational areas such as risk management and compliance capabilities to support the growing scale and complexity of the Bank.
- **Return of capital:** At approximately 23%, EQB successfully executed on its guidance to grow its common share dividend 20-25% for the five-year period ending 2024 as part of its policy of returning capital to investors while maintaining a payout ratio purposefully below industry peers to allow capital to be reinvested for growth at high ROEs. EQB's new medium-term guidance is annual dividend growth of 15%. In January, EQB renewed and expanded its Normal Course Issuer Bid (NCIB), which allows for the repurchase and cancellation of up to 2,300,000 shares. In Q2, EQB repurchased 271,117 shares through its NCIB at an average share price of $96.14. Use of the NCIB will be opportunistic within EQB's broader capital allocation framework that prioritizes reinvestment in organic growth as the means to deliver ROE of 15%+.
- **Regulatory Capital:** Equitable Bank is committed to maintaining strong capital levels, well above regulatory minimums. As Equitable Bank continues to optimize its capital structure to support strategic objectives and to maintain strong overall capital levels, management regularly reviews Total Capital target. Following its recent Internal Capital Adequacy Assessment Process for 2025, the Bank has established that it will operate above a Total Capital Ratio of 15% and expects that up to 300 bps of Total Capital could be contributed by Alternative Tier 1 and Tier 2 Capital in 2027 and beyond. The Bank's CET1 guidance remains consistent at 13%+ for the balance of fiscal 2025.

Management’s Discussion and Analysis

For the three and six months ended April 30, 2025

Management’s Discussion and Analysis (MD&A) is provided to enable readers to assess the financial position and the results of the consolidated operations of EQB for the three months (quarter) and six months ended April 30, 2025. This MD&A should be read in conjunction with EQB’s unaudited interim consolidated financial statements as at and for the six months ended April 30, 2025 and accompanying notes. All amounts are in Canadian dollars. This report, including the information provided herein, is dated as at May 28, 2025.

EQB’s continuous disclosure materials, including interim filings, annual MD&A and consolidated financial statements, Annual Information Form, Responsibility Report for Environmental, Social, and Governance (ESG) practices, Management Information Circular, Notice of Annual Meeting of Shareholders and Proxy Circular are available on EQB’s website at eqb.investorroom.com and on SEDAR+ at www.sedarplus.ca.

Contents:

Adjustments to financial results

Adjustments impacting current and prior periods:

To enhance comparability between reporting periods and increase consistency with the reporting regimens used by other leading Canadian financial institutions, EQB provides adjusted results in parallel with reported measures. Adjusted results are non-GAAP financial measures that enable readers to assess underlying business results and trends. Adjustments listed below are presented on a pre-tax basis:

Q2 2025

- $3.4 million new office lease related expenses prior to occupancy, and
- $2.0 million intangible asset amortization.

Q1 2025

- $2.8 million new office lease related expenses prior to occupancy,
- $1.8 million non-recurring operational effectiveness expenses and acquisition and integration-related costs,
- $2.0 million intangible asset amortization, and
- $5.0 million provision for credit losses associated with an equipment financing purchase facility.

Q2 2024

- $5.7 million non-recurring operational effectiveness expenses and acquisition and integration-related costs, and
- $1.6 million intangible asset amortization.

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

Reconciliation of reported and adjusted financial results	**For the three months ended**			**For the six months ended**	
($000, except share and per share amounts)	**30-Apr-25**	**31-Jan-25**	**30-Apr-24**	**30-Apr-25**	**30-Apr-24**
Reported results					
Net interest income	**271,059**	263,386	267,338	**534,445**	523,348
Non-interest revenue	**44,891**	59,249	49,322	**104,140**	92,084
Revenue	**315,950**	322,635	316,660	**638,585**	615,432
Non-interest expense	**161,190**	159,255	150,420	**320,445**	289,905
Pre-provision pre-tax income(3)	**154,760**	163,380	166,240	**318,140**	325,527
Provision for credit loss	**30,234**	18,678	22,217	**48,912**	37,752
Income tax expense	**34,234**	36,992	38,307	**71,226**	77,677
Net income	**90,292**	107,710	105,716	**198,002**	210,098
Net income available to common shareholders	**85,533**	107,402	103,041	**192,935**	204,916
Adjustments					
Non-interest expenses – new office lease related expenses	**(3,363)**	(2,789)	-	**(6,152)**	-
Non-interest expenses – non-recurring operational effectiveness and acquisition-related costs(1)	**-**	(1,782)	(5,710)	**(1,782)**	(7,763)
Non-interest expenses – intangible asset amortization	**(1,969)**	(1,969)	(1,599)	**(3,938)**	(4,997)
Provision for credit loss – equipment financing	**-**	(5,018)	-	**(5,018)**	-
Pre-tax adjustments	**5,332**	11,558	7,309	**16,890**	12,760
Income tax expense – tax impact on above adjustments(2)	**1,414**	3,039	1,983	**4,453**	3,466
Post-tax adjustments – net income	**3,918**	8,519	5,326	**12,437**	9,294
Adjustments attributed to minority interests	**(259)**	(261)	(190)	**(520)**	(314)
Post-tax adjustments – net income to common shareholders	**3,659**	8,258	5,136	**11,917**	8,980
Adjusted results					
Net interest income	**271,059**	263,386	267,338	**534,445**	523,348
Non-interest revenue	**44,891**	59,249	49,322	**104,140**	92,084
Revenue	**315,950**	322,635	316,660	**638,585**	615,432
Non-interest expense	**155,858**	152,715	143,111	**308,573**	277,145
Pre-provision pre-tax income(3)	**160,092**	169,920	173,549	**330,012**	338,287
Provision for credit loss	**30,234**	13,660	22,217	**43,894**	37,752
Income tax expenses	**35,649**	40,030	40,290	**75,679**	81,143
Net income	**94,209**	116,230	111,042	**210,439**	219,392
Net income available to common shareholders	**89,190**	115,662	108,177	**204,852**	213,896
Diluted earnings per share					
Weighted average diluted common shares outstanding	**38,662,002**	38,781,523	38,522,025	**38,725,808**	38,434,002
Diluted earnings per share – reported	**2.21**	2.77	2.67	**4.98**	5.33
Diluted earnings per share – adjusted	**2.31**	2.98	2.81	**5.29**	5.57
Diluted earnings per share – adjustment impact	**0.10**	0.21	0.14	**0.31**	0.24

(1) Includes non-recurring operational effectiveness and acquisition and integration-related costs associated with Concentra Bank and ACM.
(2) Income tax expense associated with non-GAAP adjustment was calculated based on the statutory tax rate applicable for that period.
(3) This is a non-GAAP measure, see Non-GAAP financial measures and ratios section of this MD&A.

Detailed financial summary

Income statement and earnings summary

Table 1: Income Statement highlights

($000s, except per share amounts)	For the three months ended					For the six months ended		
	30-Apr-25	**31-Jan-25**	**Change**	**30-Apr-24**	**Change**	**30-Apr-25**	**30-Apr-24**	**Change**
Adjusted results[1]								
Revenue	**315,950**	322,635	(2%)	316,660	(0%)	**638,585**	615,432	4%
Non-interest expenses	**155,858**	152,715	2%	143,111	9%	**308,573**	277,145	11%
Provision for credit losses	**30,234**	13,660	121%	22,217	36%	**43,894**	37,752	16%
Income tax expenses	**35,649**	40,030	(11%)	40,290	(12%)	**75,679**	81,143	(7%)
Net income	**94,209**	116,230	(19%)	111,042	(15%)	**210,439**	219,392	(4%)
Net income available to common shareholders	**89,190**	115,662	(23%)	108,177	(18%)	**204,852**	213,896	(4%)
Earnings per share – diluted ($)	**2.31**	2.98	(22%)	2.81	(18%)	**5.29**	5.57	(5%)
Reported results								
Revenue	**315,950**	322,635	(2%)	316,660	(0%)	**638,585**	615,432	4%
Non-interest expenses	**161,190**	159,255	1%	150,420	7%	**320,445**	289,905	11%
Provision for credit losses	**30,234**	18,678	62%	22,217	36%	**48,912**	37,752	30%
Income tax expenses	**34,234**	36,992	(7%)	38,307	(11%)	**71,226**	77,677	(8%)
Net income	**90,292**	107,710	(16%)	105,716	(15%)	**198,002**	210,098	(6%)
Net income available to common shareholders	**85,533**	107,402	(20%)	103,041	(17%)	**192,935**	204,916	(6%)
Earnings per share – diluted ($)	**2.21**	2.77	(20%)	2.67	(17%)	**4.98**	5.33	(7%)

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

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

Table 2: Net interest income

($000s, except percentages)	For the three months ended						For the six months ended			
	30-Apr-25		31-Jan-25		30-Apr-24		30-Apr-25		30-Apr-24	
	Revenue/ Expense	Average rate[1]	Revenue/ Expense	Average rate	Revenue/ Expense	Average rate	Revenue/ Expense	Average rate	Revenue/ Expense	Average rate
Revenues derived from:										
Cash and debt securities	**32,211**	**3.46%**	38,681	3.87%	43,631	4.75%	**70,892**	**3.67%**	83,191	4.74%
Equity securities	**(41)**	**(1.16%)**	89	1.55%	457	5.19%	**48**	**0.52%**	872	5.04%
Single-family mortgages – insured	**75,589**	**3.56%**	80,244	3.54%	94,905	3.68%	**155,833**	**3.55%**	190,034	3.66%
Single-family mortgages – uninsured	**324,475**	**6.53%**	339,274	6.72%	333,897	6.92%	**663,749**	**6.62%**	655,332	6.72%
Decumulation loans	**39,614**	**6.58%**	38,372	6.72%	28,307	6.84%	**77,986**	**6.64%**	54,932	6.85%
Consumer lending	**21,659**	**11.06%**	23,480	11.09%	25,190	11.63%	**45,139**	**11.08%**	50,955	11.50%
Total Personal loans	**461,337**	**5.84%**	481,370	5.94%	482,299	6.00%	**942,707**	**5.89%**	951,253	5.87%
Commercial loans	**149,762**	**7.23%**	159,054	7.63%	190,270	8.92%	**308,816**	**7.43%**	385,312	8.96%
Equipment financing	**27,570**	**10.51%**	27,870	9.84%	30,531	9.81%	**55,440**	**10.17%**	62,306	9.79%
Insured multi-unit residential mortgages	**34,659**	**3.04%**	35,193	2.89%	37,041	2.98%	**69,852**	**2.96%**	73,105	2.92%
Total Commercial loans	**211,991**	**6.10%**	222,117	6.19%	257,842	7.00%	**434,108**	**6.15%**	520,723	7.00%
Average interest-earning assets	**705,498**	**5.73%**	742,257	5.85%	784,229	6.20%	**1,447,755**	**5.79%**	1,556,039	6.12%
Expenses related to:										
Deposits	**317,391**	**3.80%**	347,809	4.13%	366,002	4.63%	**665,200**	**3.97%**	724,564	4.59%
Securitization liabilities	**112,213**	**3.44%**	125,432	3.59%	131,776	3.52%	**237,645**	**3.52%**	259,029	3.47%
Others	**4,835**	**3.74%**	5,630	4.64%	19,113	5.39%	**10,465**	**4.17%**	49,098	5.58%
Average interest-bearing liabilities	**434,439**	**3.70%**	478,871	3.98%	516,891	4.30%	**913,310**	**3.84%**	1,032,691	4.28%
Net interest income and margin	**271,059**	**2.20%**	263,386	2.07%	267,338	2.11%	**534,445**	**2.14%**	523,348	2.06%

(1) Average rates are calculated based on the daily average balances outstanding during the period.

Q2 2025 v Q1 2025

Net interest income (NII) +3% and net interest margin (NIM) +13 bps q/q. Both increases were driven by a mix shifted toward the higher margin uninsured single-family residential portfolio, derivative gains on securitization liabilities, higher prepayment income, and the impact of fewer days in the quarter.

Q2 2025 v Q2 2024

NII grew 1% and NIM +9 bps y/y, despite a decrease in interest earning assets of 2%. NII benefited from uninsured personal lending portfolio growth, which is higher margin relative to insured lending, derivative gains on securitization liabilities, an increase in prepayment income, and higher yield in the uninsured commercial portfolio, partially offset by a planned reduction in the size of that portfolio.

YTD 2025 v YTD 2024

NII increased 2% and NIM +8 bps, even with a decline in interest earning assets during the period. The increases are due to the same reasons cited above when comparing Q2 2025 to Q2 2024.

Non-interest revenue

Table 3: Non-interest revenue

$000s)	For the three months ended					For the six months ended		
	30-Apr-25	**31-Jan-25**	**Change**	**30-Apr-24**	**Change**	**31-Apr-25**	**30-Apr-24**	**Change**
Fees and other income	**22,713**	22,920	(1%)	20,564	10%	**45,633**	37,179	23%
Gains on strategic investments	**1,839**	1,870	(2%)	3,425	(46%)	**3,709**	3,084	20%
Net (losses) gains on other investments	**(810)**	434	n.m.	3,704	n.m.	**(376)**	9,038	n.m.
Gains on sale and income from retained interests	**20,090**	24,872	(19%)	23,177	(13%)	**44,962**	42,586	6%
Net gains (losses) on securitization activities and derivatives	**1,059**	9,153	n.m.	(1,548)	n.m.	**10,212**	197	n.m.
Total non-interest revenue	**44,891**	59,249	(24%)	49,322	(9%)	**104,140**	92,084	13%

n.m. not meaningful

Q2 2025 v Q1 2025

Non-interest revenue (NIR) decreased $14.4 million or 24% q/q, despite stable fee income. The decline was mainly due to lower gains on securitization activities and derivatives, reduced CMHC multi-unit securitization and derecognition activities, and mark-to-market losses on bond instruments compared to a gain in Q1 2025.

Q2 2025 v Q2 2024

NIR declined $4.4 million (-9%) y/y, primarily driven by lower gains on strategic investments and losses on other investments compared to gains a year ago, as well as a decrease in securitization gains on sale of multi-unit residential mortgages. These declines were offset in part by higher service fee income, foreign exchange gains and fair value gains associated with derivative contracts versus a loss in Q2 2024.

YTD 2025 v YTD 2024

Year-over-year growth in NIR of $12.1 million (+13%) was attributable to strong performance across fee-based business including an additional 1.5-months of revenue from ACM (acquired mid-December 2024), growth in CMHC multi-unit residential lending securitization, and fair value gains from derivatives, despite losses in the Bank’s debt security investments.

Provision for credit losses

Table 4: Provision for credit losses

($000s, except percentages)	For the three months ended					For the six months ended		
	30-Apr-25	**31-Jan-25**	**Change**	**30-Apr-24**	**Change**	**30-Apr-25**	**30-Apr-24**	**Change**
Stage 1 and 2 provision (recovery)	**5,761**	4,885	18%	(2,011)	n.m.	**10,646**	(3,771)	n.m.
Stage 3 provision	**24,473**	13,793	77%	24,228	1%	**38,266**	41,523	(8%)
Total Provision for credit losses – reported	**30,234**	18,678	62%	22,217	36%	**48,912**	37,752	30%
Less: Provision for credit losses – equipment financing	**-**	*(5,018)*	*n.m.*	-	*n.m.*	***(5,018)***	-	*n.m.*
Total Provision for credit losses – adjusted[(1)]	**30,234**	13,660	121%	22,217	36%	**43,894**	37,752	16%

n.m. not meaningful.

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

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

Q2 2025 v Q1 2025

Total PCL for the quarter was $30.2 million (+ $11.6 million q/q including $10.7 million in stage 3 PCL), comprised of $9.4 million in personal lending (+$3.7 million q/q), $9.4 million in commercial (+$9.5 million q/q), $10.1 million in equipment financing (down $2.9 million q/q), and $1.2 million in provisions against other accounts receivable. Stage 1 and 2 provisions were $5.8 million for the quarter due to deterioration in forward-looking indicators, in particular gross domestic product and employment levels, and as economic uncertainty impacted expected future credit losses. Growth in EQB's uninsured lending portfolio also requires growth in Stage 1 provisions related to all new loan originations.

In the quarter, stage 3 PCL for personal lending was $5.8 million as allowances for impaired loans increased on changes to expected net recoveries based on market valuations and as the duration of resolutions extended. In the quarter, commercial stage 3 PCL was $6.8 million driven entirely by increased allowances on previously impaired loans as resolutions experienced delays and expected net recoveries were adjusted based on market valuations and revised timelines. Equipment financing provision was $2.9 million lower q/q on a reported basis, inclusive of a $5 million provision associated with equipment loans that were acquired from a third party.

Q2 2025 v Q2 2024

Year over year, provisions were higher by $8.0 million, largely attributable to Stage 1 & 2 provision increases for both personal and commercial lending as forward-looking indicators deteriorated in Q2 versus a recovery in Q2 2024. Year over year, Stage 3 provisions remained stable with lower provisions in both equipment financing and commercial loans, offset by an increase in the personal portfolio and a $1.2 million provision on other receivables.

Within the equipment financing business, there is a purchase facility under which a $63 million exposure, net of provisions and cash reserves, for transportation equipment and related leases remained outstanding at April 30, 2025. These were acquired from a Canadian subsidiary of Pride Group Holdings Inc.

YTD 2025 v YTD 2024

Total reported PCL for the period were $43.9 million, +$11.2 million y/y, largely driven by $10.6 million of provisions recorded on the performing portfolio compared to a $3.8 million recovery in the same period of last year. The increase was driven by a deterioration in macroeconomic variables this period relative to more optimism a year ago, as well a cash reserve received from a consumer lending partner to offset potential losses in Q1 2024. Stage 3 provisions decreased $3.3 million y/y largely due to elevated provisions in commercial in Q2 2024.

In materials filed by the Pride Group with the court in its creditor protection proceedings and in the reports to the court filed by Ernst & Young Inc., in its capacity as the monitor of the Pride Group in those proceedings, there is disclosure of irregularities in the financing and record-keeping practices, resulting in instances where multiple financiers may assert a first priority interest in the same collateral and/or situations where the underlying collateral was not, or is no longer, in the form intended by the parties. Additionally, the underlying documentation and practices relating to security registration in respect of the program with Pride Group are also contributing factors which will determine the impact on those losses. The creditor protection proceedings are ongoing and there remains uncertainty about the timing and outcome of the proceedings, including as it relates to competing entitlements to certain assets acquired.

Non-interest expenses

Table 5: Non-interest expenses and efficiency ratio

($000s, except percentages and FTE)	For the three months ended					For the six months ended		
	30-Apr-25	**31-Jan-25**	**Change**	**30-Apr-24**	**Change**	**31-Apr-25**	**30-Apr-24**	**Change**
Compensation and benefits	**74,280**	75,934	(2%)	66,961	11%	**150,214**	132,330	14%
Technology and system costs	**22,449**	23,533	(5%)	20,282	11%	**45,982**	39,780	16%
Regulatory, legal and professional fees	**12,744**	12,874	(1%)	15,020	(15%)	**25,618**	25,863	(1%)
Product costs	**25,297**	23,362	8%	23,271	9%	**48,659**	44,695	9%
Marketing and corporate expenses	**19,233**	17,080	13%	21,468	(10%)	**36,313**	40,788	(11%)
Premises	**7,187**	6,472	11%	3,418	110%	**13,659**	6,449	112%
Total non-interest expenses – reported	**161,190**	159,255	1%	150,420	7%	**320,445**	289,905	11%
Less: expenses removed from reported results	***(5,332)***	*(6,540)*	*n.m.*	*(7,309)*	*n.m.*	***(11,872)***	*(12,760)*	*n.m.*
Total non-interest expenses – adjusted[(1)]	**155,858**	152,715	2%	143,111	9%	**308,573**	277,145	11%
Efficiency ratio – reported	**51.0%**	49.4%	1.6%	47.5%	3.5%	**50.2%**	47.1%	3.1%
Efficiency ratio – adjusted[(1)]	**49.3%**	47.3%	2.0%	45.2%	4.1%	**48.3%**	45.0%	3.3%
Full-time employee equivalent (FTE) – period average	**1,941**	1,896	2%	1,836	6%	**1,919**	1,822	5%

n.m. not meaningful

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

EQB's adjusted efficiency ratio[(1)] in Q2 was 49.3% (reported 51.0%), up q/q and y/y, as expense growth (explained below) outpaced the increase in revenue.

Q2 2025 v Q1 2025

Adjusted non-interest expenses[(1)] (NIX) increased $3.1 million q/q (reported +$1.9 million), mainly attributable to increases in product transaction fees and higher corporate expenses. The latter includes annual Deferred Share Units (DSU) grants. The increase was partly offset by lower technology and advertising costs.

Q2 2025 v Q2 2024

Adjusted NIX(1) +$12.7 million y/y (reported +$10.8 million), mainly due to compensation and headcount growth, technology enhancement and modernization, product-related project costs, consulting fees, and deposit premium payments. Higher expenses to invest in these items were partially offset through a planned reduction in marketing expenses compared to a year ago when EQ Bank launched its nation-wide media campaign in January 2024.

YTD 2025 v YTD 2024

Adjusted NIX growth was $31.4 million y/y (reported +$30.5 million), primarily due to the same reasons cited above when comparing Q2 2025 to Q2 2024, as well as the inclusion of full six months of ACM expenses relative to 4.5 months in 2024 and higher office lease costs in 2025. The overall increase was partially offset by lower marketing costs and cost savings achieved on other corporate expenses.

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

Balance sheet review

Balance sheet summary

Table 6: Balance sheet highlights

($ millions, except percentages)	30-Apr-25	31-Jan-25	Change	31-Oct-24	Change	30-Apr-24	Change
Total assets	**54,305**	53,232	2%	53,234	2%	53,940	1%
Total assets under management (AUM) and assets under administration (AUA)	**133,985**	131,669	2%	127,038	5%	123,489	8%
Loan principal – Personal(1)	**32,453**	32,237	1%	32,211	1%	32,799	(1%)
Loan principal – Commercial(1)	**14,750**	14,083	5%	14,818	(0%)	15,104	(2%)
Total deposits principal(1)	**34,429**	34,007	1%	33,164	4%	33,559	3%
EQ Bank deposit principal(1)	**9,393**	9,024	4%	9,055	4%	8,653	9%
Total liquid assets(2) as a % of total assets	**8.5%**	9.3%	(0.8%)	7.5%	1.0%	8.4%	0.1%

(1) The principal numbers are reported on a consolidated basis, prior to any Concentra acquisition-related fair value adjustments that are captured in balance sheet measures.
(2) This is a Non-GAAP measure, refer to the Non-GAAP financial measures and ratios section of this MD&A.

Total AUM and AUA grew to $134 billion, +2% q/q and +8% y/y, including $6.5 billion of year-over-year growth in CMHC insured multi-unit loans under management, +7% assets under management associated with ACM alternative assets and Concentra Trust. Total deposit principal increased, of which EQ Bank's deposit balance was nearly $9.4 billion at April 30, 2025, representing an increase of 4% q/q and 9% y/y.

Total loan principal

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

Table 7: Loan principal by lending business[1]

($000s)	30-Apr-25	31-Jan-25	Change	30-Apr-24	Change
Single-family mortgages – insured	**8,478,347**	8,818,873	(4%)	10,235,929	(17%)
Single-family mortgages – uninsured	**20,610,425**	20,231,463	2%	19,897,259	4%
Decumulation loans	**2,537,868**	2,340,256	8%	1,747,252	45%
Consumer lending	**826,444**	846,305	(2%)	918,647	(10%)
Total Personal Lending – on balance sheet	**32,453,084**	32,236,897	1%	32,799,087	(1%)
Commercial loans	**8,787,764**	8,418,890	4%	8,859,286	(1%)
Equipment financing	**1,118,340**	1,138,399	(2%)	1,271,057	(12%)
Insured multi-unit residential mortgages	**4,843,706**	4,525,875	7%	4,973,400	(3%)
Total Commercial Lending – on balance sheet	**14,749,810**	14,083,164	5%	15,103,743	(2%)
Total Loans – on balance sheet	**47,202,894**	46,320,061	2%	47,902,830	(1%)
Insured multi-unit residential mortgages – derecognized	**24,261,469**	22,937,180	6%	17,621,815	38%
Total Commercial Lending – loans under management (LUM)[2]	**39,011,279**	37,020,344	5%	32,725,558	19%
Total Loans under management (LUM)[2]	**71,464,363**	69,257,241	3%	65,524,645	9%

(1) The principal numbers are reported on a consolidated basis, excluding any Concentra acquisition-related fair value adjustments that are captured in balance sheet measures.
(2) This is a non-GAAP measure, see Non-GAAP financial measures and ratios section of this MD&A.
(3) Over 80% of Commercial LUM was insured against credit loss by CMHC.

Q2 2025 v Q1 2025

Total LUM +3% q/q, mostly driven primarily by uninsured single-family and decumulation lending portfolios and an increase in CMHC-insured multi-unit residential LUM, including CMHC-insured construction loans.

Personal lending portfolio +$216 million, mostly contributed by growth in uninsured lending with uninsured single-family mortgages +$379 million, benefiting from strong originations and higher renewal rates. Decumulation loans +$198 million, driven mostly by new lending, as well as capitalized interest on reverse mortgages. Lower margin insured single-family mortgages declined with lower origination activity compared to maturities in that business. The consumer lending portfolio declined by $20 million in the quarter with repayments higher than new originations.

Commercial lending LUM, including off-balance sheet CMHC multi-unit residential mortgages, +5% mainly due to growth in CMHC-insured multis LUM and commercial loans including constructions, offset by amortization of equipment financing leases.

Q2 2025 v Q2 2024

Total LUM +9% y/y, primarily driven by uninsured single-family and decumulation lending portfolios and an increase in CMHC-insured multi-unit residential LUM including CMHC-insured construction loans.

Personal lending portfolio declined by 1%, primarily due to a deliberate deceleration in low margin insured single-family lending activity over the past 12 months. Uninsured single-family loans grew 4% y/y driven by strong origination and renewal performance in the first half of the year. Originations in this portfolio a year ago were also relatively subdued by the prevailing Bank of Canada monetary policy resulting in a less active housing market. Uninsured single-family originations grew 28% y/y, compared to Q2 2024. Decumulation lending continued to experience strong growth due to steady originations and capitalized interest through the period. Consumer lending decreased 10% y/y as EQB reduced originations in that business.

Commercial LUM +19% y/y. Within that segment, commercial loans decreased 1% y/y as strong originations in the quarter, specially CMHC-insured construction loans (+13% y/y), was offset by higher maturities and unscheduled payments since Q1 2024. The equipment financing portfolio declined to $1.1 billion from $1.3 billion a year ago on a deliberate strategic reduction in originations in select asset classes, and discharges and scheduled payments over the period. The CMHC-insured multi-unit residential LUM +29% y/y, supported by strong activity in that part of the residential housing sector.

Of the overall on-balance sheet portfolio, 69% is associated with multi-unit residential properties, inclusive of CMHC-insured residential apartments. "Commercial loans" in the table above include both CMHC-insured construction and other uninsured multi-unit residential lending (e.g., retirement homes, student residences, loans being readied for CMHC funding).

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

($000s, except percentages)	As at or for the three months ended April 30, 2025		
	Personal	**Commercial**	**Total**
Q1 2025 closing balance	**32,236,897**	**14,083,164**	**46,320,061**
Originations	**1,793,839**	**3,296,893**	**5,090,732**
Derecognition	**-**	**(1,787,444)**	**(1,787,444)**
Net repayments(2)	**(1,577,652)**	**(842,803)**	**(2,420,455)**
Q2 2025 closing balance	**32,453,084**	**14,749,810**	**47,202,894**
% Change from Q1 2025	**1%**	**5%**	**2%**
Net repayments percentage(3)	**4.9%**	**6.0%**	**5.2%**

($000s, except percentages)	As at or for the three months ended April 30, 2024		
	Personal	**Commercial**	**Total**
Q1 2024 closing balance	32,683,590	15,123,187	47,806,777
Originations	1,554,449	2,694,140	4,248,589
Derecognition	-	(1,618,455)	(1,618,455)
Net repayments(2)	(1,438,952)	(1,095,129)	(2,534,081)
Q2 2024 closing balance	32,799,087	15,103,743	47,902,830
% Change from Q1 2024	0.4%	(0.1%)	0.2%
Net repayments percentage(3)	4.4%	7.2%	5.3%

(1) The principal numbers are reported on a consolidated basis, prior to Concentra acquisition-related fair value adjustments that are captured in balance sheet measures.
(2) Net repayments are inclusive of advancements of operating facilities and write-offs.
(3) Net repayments percentage is calculated by dividing net repayments by the previous period's closing balance.

Credit portfolio quality

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

There are several aspects of the Bank's risk management approach and existing loan portfolios that have and will continue to help mitigate the risk of credit losses. The Bank remains appropriately reserved for credit losses given the composition of its loan portfolios and current economic forecasts. Allowances for Credit Losses, net of cash reserves, as a percentage of total loan assets equaled 29 bps at April 30, 2025 compared to 23 bps at April 30, 2024.

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

- The Bank focuses on lending in urban and suburban markets that have diversified employment bases and more liquid real estate markets. This approach results in lower risk as it reduces both the probability that borrowers will default and the loss in the event they do.
- Commercial Banking lending is diversified across industries and geographies. Commercial Banking has defined asset-class exposure limits and focuses on assets that the Bank believes will be resilient through an economic cycle, such as multi-unit residential and mixed-use properties. These segments make up 38% of the Commercial loan portfolio, while categories such as shopping centres and hotels, which the Bank believes are more sensitive to economic conditions, comprise 3.0% and 0.1% of Commercial loans or 1.0% and 0.02% of the total loan portfolio, respectively. Approximately 0.4% of the Bank's loan assets are offices, which declined 4% q/q and 26% y/y, and this lending is largely restricted to smaller properties located in areas outside of large downtown centres that are less impacted by work-from-home policies.
- In equipment financing, personal covenants and cash security deposit are required on most higher-risk leases and in some cases additional real assets are pledged.

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

- Underwriting focuses foremost on a borrower's ability to repay a loan. The average credit score of the Bank's uninsured single-family residential borrowers remained steady at 711 as at April 30, 2025. Similarly, the average credit score of small business mortgage borrowers ranged between 720-730. These credit scores are indicative of a borrower's positive repayment histories and lower propensity to default under normal economic conditions.
- 57% of loans under management are insured against credit losses, ultimately with the backing of the Government of Canada.
- Approximately 97% of the Bank's uninsured loan portfolio is secured by assets. Uninsured mortgage loans are supported by first-position claims on real estate and leases by first position claims on equipment, so Equitable Bank has a real asset with tangible value behind almost every loan. While the consumer portfolio is not secured, relationships with origination partners include preferential return against lending receivables.
- If the prices of the assets securing mortgage loans decline, the Bank is further protected by a portfolio with a low overall LTV ratio. The average LTV on the Bank's uninsured residential mortgage portfolio was 63% as at April 30, 2025. Further to this collateral, almost all uninsured commercial mortgage borrowers and the majority of leases are backed by personal guarantees and/or personal or corporate covenants. In the mortgage business, due diligence involves assessing the financial capacity of borrowers and guarantors.

Allowance for Credit Losses

Stage 1 and 2 allowances for credit losses (ACL) increased y/y mostly due to increase in loan assets, an increase in estimated credit loss on performing residential mortgages, commercial loans and equipment financing, and unfavourable macroeconomic forecasts. There was also a change in methodology in Q3 2024 for calculating expected credit losses on all performing loans which resulted in a one-time increase in allowance of $1.7 million. Stage 1 & 2 ACL also went up q/q, primarily associated with the uninsured residential and commercial lending.

Stage 3 allowances are associated with EQB's impaired loans and determined on a loan-by-loan basis. Management believes these allowances are adequate as at April 30, 2025. Stage 3 allowances on EQB's loan portfolio are generally supported by up-to-date, independent property appraisals.

Table 9: Loan credit metrics – Allowance for Credit Losses (ACL)

($000s, except percentages)	30-Apr-25	31-Jan-25	Change	30-Apr-24	Change
Stage 1 and 2 allowance for credit losses	**120,019**	114,767	5%	97,834	23%
Stage 3 allowance for credit losses	**33,909**	33,948	(0%)	30,480	11%
Total Allowance for Credit Losses	**153,928**	148,715	4%	128,314	20%
Net ACL – total net of cash reserves(1)	**137,840**	132,441	4%	112,813	22%
Net ACL as a % of total loan assets	**0.29%**	0.28%	0.01%	0.23%	0.06%
Net ACL as a % of uninsured loan assets	**0.45%**	0.43%	0.02%	0.37%	0.08%
Net ACL as a % of gross impaired	**18%**	18%	-%	24%	(6%)

(1) The consumer lending portfolio is backed by guarantees of $16.1 million (January 31, 2025 – $16.3 million, April 30, 2024 – $15.5 million) provided by a third party.

Table 10: Stage 1 and 2 Allowance for credit losses by lending business

($000s, except percentages and bps)	30-Apr-25	31-Jan-25	Change	30-Apr-24	Change
Uninsured personal loans (excluding consumer lending) – stage 1 & 2 allowances	**35,580**	30,444	5,136	30,820	4,760
as a % of uninsured personal loans (excluding consumer lending) (bps)	***15***	*14*	*1*	*14*	*1*
Consumer lending – stage 1 & 2 allowances net of cash reserves	**953**	827	126	674	279
as a % of consumer lending (bps)	***12***	*10*	*2*	*7*	*5*
Uninsured commercial loans – stage 1 & 2 allowances	**26,729**	24,211	2,518	23,860	2,869
as a % of uninsured commercial loans (bps)	***52***	*47*	*5*	*39*	*13*
Equipment financing – stage 1 & 2 allowances	**41,810**	42,224	(414)	26,509	15,301
as a % of equipment financing (bps)	***394***	*387*	*7*	*217*	*177*
Insured personal and commercial loans – stage 1 & 2 allowances	**907**	2,509	(1,602)	1,457	(550)
as a % of insured personal and commercial loans (bps)	***0.5***	*1.5*	*(1.0)*	*0.8*	*(0.3)*
Total loans – stage 1 & 2 allowances net of cash reserves	**105,979**	100,215	5,764	83,320	22,659
as a % of total loans (bps)	***23***	*22*	*1*	*18*	*5*

Stage 1 and 2 allowances against uninsured personal loans (excluding consumer lending) remained relatively steady q/q and y/y, versus uninsured commercial loans (+5bps q/q and +13bps y/y) and equipment financing (+7bps q/q and 177 bps y/y). The Bank leverages macroeconomic forecasts from Moody's Analytics and uses them in credit loss modelling. For a summary of key forecast assumptions for each scenario, please refer to Note 7 (d & e) to the Q2 2025 interim consolidated financial statements.

Impaired loans

Table 11: Impaired loan metrics

($000s, except percentages)	30-Apr-25	31-Jan-25	Change	30-Apr-24	Change
Gross impaired loan assets	**775,421**	716,918	8%	472,398	64%
Net impaired loan assets	**741,512**	682,970	9%	441,918	68%
Net impaired loan assets as a % of total loan assets	**1.56%**	1.47%	0.09%	0.92%	0.64%

Q2 2025 v Q1 2025

Net impaired loans as at April 30, 2025 were $742 million or 156 bps of total loan assets. Net impaired personal loans slightly increased $1.0 million q/q to $310 million, representing 95 bps of personal loan assets. During the quarter, $92 million of these impaired loans were discharged or resolved, while the remaining impaired loans had an average LTV of 72% (+1% q/q). Net impaired commercial loans were $387 million, or 283 bps of commercial loan assets, +$49.9 million during the quarter (primarily two loans with 79% LTV). Net impaired equipment loans +$7.7 million in the quarter.

Q2 2025 v Q2 2024

Net impaired loans +$300 million y/y, including personal loans +$93.8 million (+29 bps of personal loan assets), commercial loans +$201.9 million (+150 bps of commercial loan assets), and equipment financing +$3.9 million from $41.3 million a year ago. Over the past twelve months, $347 million of residential mortgages and $79 million of commercial loans were discharged or returned to performing. Total realized losses in the same period were 19 bps of total loan assets.

The Bank closely monitors the delinquency and impairment status of each loan, assesses each impaired loan and takes appropriate steps to ensure optimal resolutions. In most cases, LTVs are within acceptable thresholds, providing a buffer for the Bank and reducing the risk of potential credit losses. Management believes the Bank is well reserved to manage credit losses that are expected to arise from impaired loans.

Deposits

Equitable Bank's deposits provide a reliable and diversified base of funding that can be effectively matched against loan maturities. Term deposits contribute 77% of total funding with demand deposits representing the remainder.

Equitable Bank remains committed to introducing innovative, high value saving solutions to Canadians through EQ Bank. During the quarter, deposits grew 4% q/q and +9% y/y to $9.4 billion, supported by growth of EQ Bank's customer base +4% q/q and +23% y/y. EQ Bank represents an important funding source for the Bank and is a strategic pillar in EQB's growth ambitions as it deepens its direct relationships with Canadians. EQ Bank's demand deposits increased +18% q/q and +48% y/y with increasing engagement as a growing number of customers choose and trust EQ Bank with their payroll deposits and everyday banking needs.

In the Deposit Principal table below, EQ Bank Notice Savings deposits are included as Demand deposits – EQ Bank. The rates on these accounts are adjustable by EQ Bank and subject to change, similar to other demand products; however, the Notice Savings account is not 'demand' by design, as customers are required to provide notice to withdraw the balances (10 or 30 days depending on the product).

Wholesale funding is a strategic pillar of the Bank's funding diversification strategy. It represents 11% of total funding and has remained stable over the past year at $3.9 billion (April 30, 2024 – $4.1 billion). Changes from period to period are driven by the timing and magnitude of new issuances and maturities. The Bank's wholesale funding sources include deposit notes and covered bonds. The Bank's covered bond program is subject to a regulatory limit of 5.5% of total assets. The Bank aims to maximize its use of covered bond issuances within the regulatory limit while regularly accessing the market to maintain investor engagement. Over the past year, the covered bond funding program has declined 13% y/y as a result of a maturity in Q4 2024. Equitable Bank remains active in the deposit note market, despite a decline of 11% q/q due to a maturity in the quarter. Over the past twelve months, new issuances exceeded maturities resulting in an 11% increase y/y.

Table 12: Deposit principal

($000s)	30-Apr-25	31-Jan-25	Change	30-Apr-24	Change
Term deposits:					
Brokered	**16,468,220**	16,403,129	0%	16,625,037	(1%)
EQ Bank	**4,012,122**	4,456,780	(10%)	5,006,783	(20%)
Credit unions	**1,998,587**	1,772,050	13%	1,727,783	16%
Deposit notes	**1,799,604**	2,031,604	(11%)	1,618,550	11%
Covered bonds	**2,114,058**	2,030,053	4%	2,442,746	(13%)
Corporate and institutional	**23,992**	28,352	(15%)	53,160	(55%)
Total	**26,416,583**	26,721,968	(1%)	27,474,059	(4%)
Share of term deposits of total (%)	***77%***	*79%*		*82%*	
Demand deposits:					
Brokered	**424,805**	443,377	(4%)	470,028	(10%)
EQ Bank (including Notice Saving Account)	**5,381,097**	4,567,488	18%	3,646,205	48%
Credit unions	**596,612**	776,500	(23%)	587,084	2%
Strategic partnerships	**1,407,409**	1,284,862	10%	1,233,545	14%
Corporate and institutional	**202,641**	212,720	(5%)	147,599	37%
Total	**8,012,564**	7,284,947	10%	6,084,461	32%
Share of demand deposits of total (%)	***23%***	*21%*		*18%*	
Total deposit principal	**34,429,147**	34,006,915	1%	33,558,520	3%
EQ Bank deposit principal (excludes accrued interest)	**9,393,219**	9,024,268	4%	8,652,988	9%

Liquidity investments

Equitable Bank holds a diversified portfolio of liquid assets

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

Please refer to the Risk Management section of this document for more details on the Bank's Liquidity and Funding Risk policies and procedures.

Table 13: Liquid assets

($000s, except percentages)	30-Apr-25	31-Jan-25	Change	30-Apr-24	Change
Eligible deposits with regulated financial institutions[1]	**497,287**	800,987	(38%)	632,176	(21%)
Debt securities	**42,873**	39,881	8%	45,835	(6%)
Debt instruments issued or guaranteed by Government of Canada or provincial governments:					
Investments purchased under reverse repurchase agreements	**2,100,037**	1,800,014	17%	1,399,955	50%
Loans and investments held in the form of debt securities[2], net of obligations under repurchase agreements	**1,979,747**	2,297,176	(14%)	2,411,881	(18%)
Liquid assets held for regulatory purposes	**4,619,944**	4,938,058	(6%)	4,489,847	3%
Other deposits with regulated financial institutions[3]	**3,460**	9,030	(62%)	25,043	(86%)
Equity securities[4]	**-**	12,911	n.m.	41,782	n.m.
Total	**4,623,404**	4,959,999	(7%)	4,556,672	1%
Total assets held for regulatory purposes as a % of total Equitable Bank assets	**8.6%**	9.3%	(0.7%)	8.3%	0.3%
Total liquid assets as a % of total EQB assets	**8.5%**	9.3%	(0.8%)	8.4%	0.1%

n.m. not meaningful

(1) Eligible deposits with regulated financial institutions represent deposits of Equitable Bank and its subsidiaries, which are held at major Canadian financial institutions and excludes $172.4 million (January 31, 2025 – $182.6 million, April 30, 2024 – $178.9 million) of restricted cash held as collateral with third parties for Equitable Bank's derivative transactions, issuance of letters of credit, loan origination and servicing activities, BIN sponsorship and banking settlements in the normal course of business and $824.2 million (January 31, 2025 – $634.4 million, April 30, 2024 – $604.2 million) of cash held in trust accounts and deposits held with banks as collateral for Equitable Bank's securitization activities.
(2) Loans held in the form of debt securities represent loans securitized and retained by Equitable Bank and are reported in the Loans receivable balances. Investments held in the form of debt securities include MBS, CMB and provincial bonds purchased from third parties. The investments' reported values represent the fair market values associated with these securities.
(3) Other deposits with regulated financial institutions are deposits held by EQB Inc. and ACM.
(4) Equity securities are investment-grade publicly traded preferred shares.

Liquid assets[1] were $4.6 billion as at April 30, 2025, down 7% q/q and +1% y/y. The Bank's target level of liquidity reflects cash flow forecasts that take into account deposit and other funding maturities, and anticipated future funding needs.

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

Off-balance sheet arrangements

EQB engages in certain financial transactions that, for accounting purposes, are not recorded on its consolidated balance sheets. Off-balance sheet transactions are generally undertaken for risk, capital, and funding management purposes. These include certain securitization transactions, the commitments EQB makes to fund its pipeline of loan originations, and letters of credit issued in the normal course of business (see Note 25 to the consolidated financial statements in EQB's 2024 report).

Securitization of financial assets

Certain securitization transactions qualify for derecognition when EQB has transferred substantially all of the risks, rewards, and control associated with the securitized assets. The outstanding securitized loan principal that qualified for derecognition totalled $24.3 billion at April 30, 2025 (January 31, 2025 – $22.9 billion, April 30, 2024 – $17.6 billion).

The securitization liabilities associated with these transferred assets were approximately $24.3 billion at April 30, 2025 (January 31, 2025 – $22.9 billion, April 30, 2024 – $17.9 billion). The securitization retained interests recorded with respect to certain securitization transactions were $919.9 million at April 30, 2025 (January 31, 2025 – $892.3 million, April 30, 2024 – $663.6 million) and the associated servicing liability was $104.8 million at April 30, 2025 (January 31, 2025 – $104.0 million, April 30, 2024 – $91.5 million).

Commitments and letters of credit

The Bank provides commitments, including letters of credit, to extend credit to borrowers and had outstanding commitments to fund $7.6 billion (January 31, 2025 – $6.3 billion, April 30, 2024 – $6.3 billion) of loans and investments in the ordinary course of business as at April 30, 2025.

The letters of credit represent assurances that it will make payments in the event that a borrower cannot meet its obligations to a third party. The letters of credit in the amount of $45.6 million were issued and outstanding as at April 30, 2025 (January 31, 2025 – $36.5 million, April 30, 2024 – $63.4 million), none of which were claimed.

Related-party transactions

Certain of EQB's key management personnel have transacted with EQB and/or invested in EQB's deposits in the ordinary course of business. See Note 26 to the consolidated financial statements in EQB's 2024 report for further details.

Capital management

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

OSFI has mandated that all federally regulated financial institutions meet target Capital Ratios, those being a CET1 Ratio of 7.0%, a Tier 1 Capital Ratio of 8.5%, and a Total Capital Ratio of 10.5%. The Bank utilizes an Internal Capital Adequacy Assessment Process (ICAAP) to assess capital requirements based on Equitable Bank's inherent risks and set internal capital targets to support its strategic and financial planning.

Table 14: Capital measures of Equitable Bank

($000s, except percentages)	30-Apr-25	31-Jan-25	Change	30-Apr-24	Change
Common Equity Tier 1 Capital (CET1):					
Common shares	**935,449**	933,848	0%	932,032	0%
Contributed surplus	**14,862**	15,399	(3%)	14,145	5%
Retained earnings	**1,855,496**	1,991,358	(7%)	2,078,062	(11%)
Accumulated other comprehensive loss (AOCI)[1]	**(3,860)**	(5,871)	(34%)	(43,848)	(91%)
Less: Regulatory adjustments to CET1 Capital	**(182,920)**	(182,530)	0%	(192,412)	(5%)
Common Equity Tier 1 Capital[1]	**2,619,027**	2,752,204	(5%)	2,787,979	(6%)
Additional Tier 1 capital (AT1):					
Non-cumulative preferred shares	**-**	-	n.m.	72,554	n.m.
Other qualifying Additional tier 1 instruments[2]	**147,378**	147,378	-%	-	n.m.
Additional Tier 1 capital issued by a subsidiary to third parties (amount allowed in AT1)[4]	**-**	-	n.m.	53,603	n.m.
Tier 1 Capital[1]	**2,766,405**	2,899,582	(5%)	2,914,136	(5%)
Tier 2 Capital:					
Subordinated debt[3]	**200,801**	-	n.m.	-	n.m.
Eligible Stage 1 and 2 allowance	**120,019**	114,767	5%	97,834	23%
Additional Tier 1 capital issued by a subsidiary to third parties (amount allowed in Tier 2)[4]	**-**	-	n.m.	7,935	n.m.
Tier 2 Capital[1]	**320,820**	114,767	180%	105,769	203%
Total Capital[1]	**3,087,225**	3,014,349	2%	3,019,905	2%
Total risk-weighted assets (RWA)	**19,802,402**	19,475,670	2%	19,719,645	0%
Capital ratios and Leverage ratio:					
CET1 ratio	**13.2%**	14.1%	(0.9%)	14.1%	(0.9%)
Tier 1 capital ratio	**14.0%**	14.9%	(0.9%)	14.8%	(0.8%)
Total capital ratio	**15.6%**	15.5%	0.1%	15.3%	0.3%
Leverage ratio	**4.8%**	5.2%	(0.4%)	5.2%	(0.4%)

n.m. not meaningful

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

(2) Refer to the limited recourse capital notes issued by Equitable Bank to its parent company, EQB Inc. Amount is presented net of issuance costs.

(3) Refer to the subordinated debenture issued by Equitable Bank to its parent company, EQB Inc. Amount includes accrued interests.

(4) The prior period balance associated with the preferred shares issued by Concentra Bank to third-party investors, which have been fully redeemed in Q4 2024.

Equitable Bank's CET1 ratio at April 30, 2025 was 13.2%, down 90 bps q/q and y/y, reflecting the impact of RWA growth, a $200 million dividend paid by Equitable Bank to its parent EQB Inc., partially offset by net internal capital generation. CET1 capital decreased $169 million y/y, driven by dividend payments totalling $495 million since April 2024, net of organic capital growth of $389 million from earnings over the past twelve months. Dividend payments were used to repay lending facilities at EQB Inc.

Equitable Bank's Tier 1 capital ratio was 14.0% down 90 bps q/q and 80 bps y/y, reflecting the factors noted above regarding CET1 ratio and the redemption of preferred shares in 2024, offset by the net issuance of Equitable Bank's Limited Resource Capital Notes (LRCN).

Equitable Bank's Total capital ratio, however, increased 10 bps q/q and +30 bps y/y to 15.6%, largely driven by organic capital generation of the Bank and net impacts of dividend and subordinated debenture issuance. On April 1, 2025, Equitable Bank issued $200 million Non-Viability Contingent Capital (NVCC) subordinated debentures to its parent, EQB Inc., which are unsecured and interest bearing at 4.871% per annum, due on April 1, 2035. With OSFI's approval, the subordinated debentures are recognized as Tier 2 capital of Equitable Bank.

Canadian banks are required to report on OSFI's Leverage Ratio based on Basel III guidelines. OSFI has established minimum Leverage Ratio targets on a confidential and institution-by-institution basis. Equitable Bank remained fully compliant with its regulatory requirements and its Leverage Ratio was 4.8% at April 30, 2025, down 40 bps q/q and y/y, mainly due to Tier 1 capital reduction (associated with the special dividend payments) that offset the total exposure increase.

Risk-weighted assets of Equitable Bank

Risk-weighted assets (RWA) for the quarter was $19.8 billion, +2% q/q, which reflected growth of uninsured residential mortgages, growth of commercial commitments, and increased risk associated with impaired exposures.

Compared to Q2 2024, RWA +$82.8 million, due to similar reasons plus increase in higher risk non-loan assets such as securitization retained interests, other assets and operational risk capital charges, which offset the decrease in uninsured commercial lending assets including equipment financing portfolio.

Stress test

As part of its capital management process, Equitable Bank performs stress tests to understand the potential impact of extreme but plausible adverse economic scenarios. Equitable Bank uses these tests to analyze the impact that an increase in unemployment, changing interest rates, a decline in real estate prices, and other factors could have on Equitable Bank's financial position across a range of economic scenarios. In addition to the macroeconomic stress testing scenarios, the Bank also conducts stress tests in idiosyncratic scenario, and combination scenarios. These tests are conducted at enterprise level to stress test the Bank's resiliency and gain insights to its risk profile.

Based on the results of the stress tests performed to date, management has determined that Equitable Bank has sufficient capital to absorb the potential losses modelled without impairing the viability of the institution and that it would be able to recover.

Shareholders' equity

Common shares

At April 30, 2025, EQB had 38,292,168 common shares issued and outstanding. In addition, there were 976,914 unexercised stock options, which are, or will be, exercisable to purchase common shares for maximum proceeds of $72.0 million. For additional information on outstanding stock options and their associated exercise prices, please refer to Note 15 (a) to the Q2 2025 interim consolidated financial statements.

Normal course issuer bid (NCIB)

During the three- and six-months ended April 30, 2025, 271,117 and 292,617 common shares were purchased or cancelled through NCIB. Please refer to Note 14 (b) to the Q2 2025 interim consolidated financial statements for more details.

Limited Recourse Capital Notes (LRCNs)

On July 16, 2024, EQB Inc. issued its first Limited Recourse Capital Notes, Series 1 (LRCNs) of $150 million with maturity on October 31, 2084. The LRCNs bear interest at 8.0% annually, payable semi-annually, for the initial period ending on, but excluding, October 31, 2029. Thereafter, the interest rate will reset every five years at a rate equal to the prevailing 5-year Government of Canada Yield plus 4.548%. Please refer to Note 14 (a) to the Q2 2025 interim consolidated financial statements for more details.

Common share dividends

EQB's dividend payment follows calendar quarter. Dividends are scheduled to pay out on the last business day of March, June, September, and December.

On May 28, 2025, EQB's Board declared a quarterly dividend of $0.53 per common share, payable on June 30, 2025, to common shareholders of record at the close of business on June 13, 2025. This dividend represents an 18% and 4% increase over dividends paid in June 2024 and March 2025, respectively.

Accounting standards and policies

Accounting policy changes

EQB's significant accounting policies are essential to an understanding of its reported results of operations and financial position. Accounting policies applied by EQB in the Q2 2025 interim consolidated financial statements are the same as those applied by EQB as at and for the fiscal year ended October 31, 2024. Refer to Note 3 to the consolidated financial statements in EQB's 2024 report for more details.

Critical accounting estimates

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

In making estimates and judgments, management uses external information and observable market inputs where possible, supplemented by internal analysis as required. These estimates and judgments have been made taking into consideration the economic impact of the current market volatility and uncertainty due to geopolitical unrest, the current interest rate environment, low growth, high unemployment, and uncertainty arising from ongoing United States/Canada tariff concerns. Actual results could differ materially from these estimates, in which case the impact would be recognized in the consolidated financial statements in future periods.

Allowance for credit losses under IFRS 9

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

As a result of the current interest rate environment, low growth, high unemployment, uncertainty arising from ongoing United States/Canada tariff concerns, and ongoing geopolitical unrest, the macroeconomic environment continues to experience volatility and uncertainty. This has resulted in a direct impact on the forward-looking macroeconomic variables which management uses as part of its underlying assumptions for calculating ECL.

EQB determines ECL using probability-weighted forward-looking macroeconomic scenarios obtained on a periodic basis from Moody's Analytics economic forecasting services. Effective the third quarter of 2024, EQB removed its least severe downside scenario and started using four probability-weighted forward-looking macroeconomic scenarios to determine ECL. These macroeconomic scenarios include a 'base-case' scenario which represents the most likely outcome and three additional macroeconomic scenarios representing more optimistic and more pessimistic outcomes. In establishing ECL, management attaches probability weightings to economic scenarios which are representative of management's view of the economic and market conditions.

For further information regarding critical accounting estimates, please refer to Notes 2(d) and 7(d) to (f) to the Q2 2025 interim consolidated financial statements.

Responsibilities of management and the board of directors

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

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

Changes in internal control over financial reporting

There were no changes to EQB's internal control over financial reporting that occurred during Q2 2025 that have materially affected, or are reasonably likely to materially affect, EQB's internal control over financial reporting.

Risk Management

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

For a detailed discussion of our approach to risk management and the risks that affect EQB, please refer to the section entitled Risk Management in EQB's 2024 Fourth Quarter Report which is available on EQB's website at eqb.investorroom.com and on SEDAR+ at www.sedarplus.ca.

Credit risk

Credit Risk is defined as the risk that, if counterparties fail to honour their obligations to the Bank, whether on- or off- balance sheet, the Bank will not receive the full value of obligations, and the recovery costs owed to it. Credit risk arises primarily from the Bank's lending activities, and investment in debt and equity securities. The accountability for managing credit risk follows the three lines of defense governance framework. The Bank's exposure to credit risk is measured, monitored and reported by senior management and the Enterprise Risk Management (ERM) Committee. The Risk and Capital Committee of the Board (RCC), undertakes the approval and monitoring of the Bank's credit risk appetite. The RCC approves the Delegated Lending Authorities framework and delegates limits to the CRO. Transactions that are outside of these authorities are approved by the Credit Risk Sub-Committee. To manage and support normal course business operations, the CRO can further delegate credit risk approval authorities to qualified individuals within the Bank, all of which is described in our policies, procedures and control frameworks.

The Bank's primary lending business is providing first mortgages on real estate located across Canada. All mortgages are individually evaluated by the Bank's or its agents' underwriters using internal and external credit risk assessment tools and are assigned risk ratings in accordance with the level of credit risk attributed to each transaction.

The Bank's underwriting approach places a strong emphasis on security evaluation and risk mitigation in the transaction. The Bank will purchase as well as originate mortgages, both insured and uninsured through third parties. As part of the Bank's risk management framework, the Bank ensures that these third-party sourced mortgages are underwritten to the standards required of both Bank originated mortgages, as well as those required by mortgage insurers, as applicable. The Bank also conducts periodic reviews of its mortgage underwriting and servicing policies, procedures, and practices vis-à-vis the applicable requirements outlined by its mortgage insurers to ensure that the Bank remains compliant with their ongoing operational requirements.

Cash and cash equivalents

The Bank held cash and cash equivalents of $500.7 million as at April 30, 2025 (October 31, 2024 - $591.6 million, April 30, 2024 – $657.2 million). The cash and cash equivalents are held with financial institutions that are rated at investment grade.

Collateral held as security

All mortgages are secured by real estate property located in Canada. Appraised values for collateral held against mortgages are obtained at the time of origination, except when a mortgage is individually assessed as impaired. For impaired mortgages, the most recent appraised value of collateral at April 30, 2025 was $929 million (October 31, 2024 – $820 million, April 30, 2024 – $669 million). At April 30, 2025, the appraised values of collateral held for mortgages considered past due but not impaired, as determined when the mortgages were originated, was $359 million (October 31, 2024 – $582 million, April 30, 2024 – $554 million). It is the Bank's policy to pursue the orderly and timely realization of collateral.

Real estate from foreclosures that were owned and held for sale at April 30, 2025 amounted to $0.3 million (October 31, 2024 – $0.2 million, April 30, 2024 – $0.3 million) and are included in Other assets (Note 9) in the consolidated balance sheet. The Bank does not use the real estate obtained through foreclosure for its own operations.

Leases are secured by first charges against the equipment leased and may include guarantees and additional charges against other assets such as real estate. Values for the equipment securing leases are typically determined at the origination of the lease and generally not updated, except when a lease is individually assessed as impaired. For impaired leases, the value of expected realizations from charges and against equipment and other security at April 30, 2025 was $38 million (October 31, 2024 – $38 million, April 30, 2024 – $29 million).

The Bank does not hold collateral against investments in debt and equity securities, however, securities received under reverse repurchase agreements are allowed to be sold or re-pledged in the absence of default by the owner. The Bank has a commitment to return collateral to the counterparty in accordance with the terms and conditions stipulated by the master repurchase agreement. The Bank has no contractual agreement with any counterparty that required it to post increased collateral in the event of its credit rating being downgraded.

For the period ended April 30, 2025, the contractual amount outstanding on financial assets written off that are still subject to enforcement activity amounted to $59.1 million (October 31, 2024 – $55.4 million, April 30, 2024 – $26.2 million).

Credit concentration risk

Credit concentration risk results if an unduly large proportion of the Bank's lending business is connected. The ability of these counterparties to meet contractual obligations may be similarly affected by changing economic or other conditions. On a regular basis, with the approval of the Board, the Bank establishes credit limits for exposure to certain counterparties, industries or market segments, monitors these credit exposures, and prepares detailed analyses and reports assessing overall credit concentration risk within the Bank's lending exposures and investment portfolios.

Management believes that it is adequately diversified by borrower, property type and geography. At April 30, 2025, no connected group of borrowers represented more than $219 million (October 31, 2024 – $267 million, April 30, 2024 – $284 million) or 0.90% (October 31, 2024 – 1.13%, April 30, 2024 – 1.19%) of uninsured loan principal outstanding.

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

Table 15: Loan principal by lending business

($000s, except percentages)	30-Apr-25	31-Jan-25	Change	30-Apr-24	Change
Insured:					
Personal	**8,478,347**	8,818,873	(4%)	10,235,929	(17%)
Commercial	**8,138,478**	7,511,146	8%	7,487,169	9%
Total loan principal outstanding	**16,616,825**	16,330,019	2%	17,723,098	(6%)
Total loan principal outstanding percentage	**35%**	35%	-%	37%	(2%)
Uninsured:					
Personal	**23,974,737**	23,418,024	2%	22,563,158	6%
Commercial	**6,611,332**	6,572,018	1%	7,616,574	(13%)
Total loan principal outstanding	**30,586,069**	29,990,042	2%	30,179,732	1%
Total loan principal outstanding percentage	**65%**	65%	-%	63%	2%

The table below provides a breakdown of Equitable Bank's loan principal outstanding by geography.

Table 16: Loan principal by province

($000s)	30-Apr-25	31-Jan-25	Change	30-Apr-24	Change
Personal					
Alberta, Manitoba & Saskatchewan	**5,293,715**	5,352,305	(1%)	5,689,045	(7%)
Atlantic provinces & Quebec	**2,879,937**	2,834,218	2%	2,923,844	(2%)
British Columbia and Territories	**4,937,363**	4,824,512	2%	4,591,267	8%
Ontario	**19,342,069**	19,225,862	1%	19,594,931	(1%)
	32,453,084	32,236,897	1%	32,799,087	(1%)
Commercial					
Alberta, Manitoba & Saskatchewan	**2,454,312**	2,319,860	6%	2,699,559	(9%)
Atlantic provinces & Quebec	**3,155,300**	2,808,085	12%	2,842,169	11%
British Columbia and Territories	**2,238,922**	2,095,196	7%	1,848,733	21%
Ontario	**6,901,276**	6,860,023	1%	7,713,282	(11%)
	14,749,810	14,083,164	5%	15,103,743	(2%)

As part of Equitable Bank's risk management, it often lends at lower LTVs, adding further credit loss protection to its loan portfolio. The average LTV of the Bank's uninsured residential mortgage portfolio was 63% at April 30, 2025 (January 31, 2025 – 63%, April 30, 2024 – 65%).

Liquidity and funding risk

The Bank defines Liquidity and Funding Risk as the risk that it may lack sufficient liquidity and funding or may not be able to secure them in a cost-effective or timely manner to fulfill its contractual and unexpected obligations as they come due. These obligations primarily stem from the maturity of deposits, mortgage-backed securities, and credit extension commitments. Additionally, funding and liquidity risk can be influenced if a significant portion of the Bank's deposit activities is concentrated with a single individual, organization or group of related entities, or within a specific geographic area.

The Bank's Liquidity and Funding Risk appetite is 'low', with limits to measure and control this risk. These limits are articulated via the Board-approved Liquidity and Funding Risk Management Policy – which is updated annually, at a minimum. This Policy requires the Bank to maintain a pool of high-quality liquid assets (HQLA) and stipulates various liquidity ratios and limits, concentration limits and, among other considerations, ongoing periodic liquidity stress testing requirements.

The Bank also adheres to OSFI's Liquidity Adequacy Requirement (LAR) Guideline, which provides a framework that OSFI uses to assess a federally regulated financial institution's liquidity adequacy. The Bank's liquidity position and adherence to the requirements are monitored daily by senior management. Key metrics are also reported monthly to the Asset Liability Committee (ALCO) and, quarterly, both to the ERM Committee and the RCC of the Board.

Equitable Bank has access to a variety of funding sources that it uses to proactively manage its funding risk profile. Diversified funding sources include access to the direct-to-consumer EQ Bank platform, several large bank sponsored funding facilities, deposit note, and bearer deposit note programs, and securitization vehicles. The Bank raises deposits directly and through subsidiaries that are approved issuers of deposits eligible for CDIC insurance coverage. The Bank is also an issuer of CAD Deposit Notes, including the short-term Bearer Notes, and Euro Covered Bonds. The Bank has accessed the European Covered Bond market 5 times since 2021 raising a total of €1,700 million, of which €1,350 million is outstanding as of April 30, 2025.

The following table summarizes contractual maturities of the Bank's financial liabilities.

Table 17: Contractual obligations[(1)]

($000s)					Payments due by period
	Total	Less than 1 year	1 – 3 years	4 – 5 years	After 5 years
Deposits principal and interest	**37,114,856**	**23,872,947**	**10,235,779**	**2,975,577**	**30,553**
Securitization liabilities principal and interest	**43,228,401**	**7,286,008**	**12,123,082**	**11,176,672**	**12,642,639**
Funding facilities principal and interest	**1,415,068**	**1,415,068**	**-**	**-**	**-**
Other liabilities	**494,145**	**409,219**	**36,207**	**23,686**	**25,033**
Total 2025 contractual obligations	**82,252,470**	**32,983,242**	**22,395,068**	**14,175,935**	**12,698,225**
Total 2024 contractual obligations	73,825,775	30,416,529	21,273,627	12,302,219	9,833,400

(1) The balances for financial liabilities will not agree with those in our consolidated balance sheet as this table incorporates all on and off-balance sheet obligations, on an undiscounted basis, including both principal and interest. Prior year amounts have been adjusted accordingly.

Market risk

Market Risk is broadly defined as the risk of adverse impact on earnings or financial condition due to fluctuations in market factors such as interest rates, equity prices, credit spreads, and foreign exchange rates. Interest rate risk arises when a significant proportion of assets or liabilities have mismatched terms, rates, or attributes, including embedded optionality features in deposits or mortgages. For the interest sensitivity position of EQB at April 30, 2025, see Note 20 to the consolidated financial statements. With respect to credit spread and equity price risk, the value of the Bank's securities portfolio may be impacted by market determined variables which are beyond its control, such as equity market performance, credit and/or market spreads, implied volatilities, the possibility of credit migration and default, among others. Overall, Equitable Bank has a 'low' appetite for Market risk.

With respect to structural interest rate risk, EQB and Equitable Bank both have an objective to manage and control interest rate risk exposures within acceptable parameters and the primary method of mitigating this risk involves funding Bank assets with liabilities of a similar duration. The Bank maintains a hedging program to ensure that the Bank's net sensitivity to rates is aligned with its target risk profile. The responsibility for managing the Bank's interest rate risk resides with the ALCO, which meets monthly to review and approve/endorse Treasury-related policies, to review key interest rate risk metrics, and to provide direction on the Bank's operating and funding strategy. Also, senior management continuously reviews the Bank's interest rate risk profile and monitors its ongoing funding strategy through the daily interest rate-setting process.

Interest rate risk is monitored through simulated interest rate change sensitivity models to estimate the effects of various interest rate change scenarios on net interest income (NII) over a twelve-month horizon (EAR) and on the economic value of shareholders' equity (EVE). EVE is a calculation of the present value of the Bank's asset cash flows, less the present value of liability cash flows on a pre-tax basis. Management considers this measure to be more comprehensive than measuring changes in NII, as it captures all interest rate mismatches across all terms. Certain assumptions that are based on actual experience are also built into the simulations, including assumptions related to the pre-maturity redemption of deposits and early payouts of mortgages.

The table below illustrates the results of EQB's sensitivity modeling to immediate and sustained interest rate increase and decrease scenarios. The models measure the impact of instantaneous interest-rate changes on EVE and NII as at April 30, 2025. The estimate of sensitivity to interest rate changes is dependent on several assumptions that could result in a different outcome in the event of an actual interest rate change.

Table 18: Net interest income shock

($000s, except percentages)	Increase in interest rates	Decrease in interest rates(1)
100 basis point shift		
Impact on net interest income	**7,091**	**(4,415)**
Impact on EVE(1)	**(27,978)**	**10,720**
EVE impact as a % of common shareholders2 equity	**(0.9%)**	**(0.3%)**

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

The management of Credit Spread risk and Equity Price risk in the Bank's liquid asset and securities portfolios is assigned to the ALCO by the RCC. With oversight from the ALCO, Treasury manages the securities portfolio in accordance with its Marketable Securities Policy and takes into consideration the following factors:

- General economic conditions and the possible effect of inflation or deflation;
- The expected tax consequences of investment decisions or business strategies;
- The credit quality of each investment and its role within the overall portfolio;
- The expected total return from income and the appreciation of capital;
- The Bank's need for liquidity, available capacity, and regularity/stability of earnings; and
- Each investment's special relationship or special value, if any, to the overall objectives of the portfolio.

The ALCO reviews the investment performance, composition, quality, and other pertinent characteristics of the securities portfolio at least ten times a year.

Glossary

- **Book value per common share:** is calculated by dividing common shareholders' equity by the number of common shares outstanding.
- **Capital ratios:** A detailed calculation of all Capital ratios can be found in Table 14 of this MD&A.
  - **CET1 ratio:** this measure of capital strength is defined as CET1 Capital as a percentage of total risk-weighted assets. This ratio is calculated for Equitable Bank in accordance with the guidelines issued by OSFI. CET1 Capital is defined as shareholders' equity plus any qualifying other non-controlling interest in subsidiaries less preferred shares issued and outstanding, any goodwill, other intangible assets and cash flow hedge reserve components of accumulated other comprehensive income.
  - **Tier 1 and Total Capital ratios:** these adequacy ratios are calculated for Equitable Bank, in accordance with the guidelines issued by OSFI by dividing Tier 1 or Total Capital by total RWA. Tier 1 Capital is calculated by adding non-cumulative preferred shares, limited recourse capital notes, as well as additional Tier 1 capital issued by a subsidiary to third parties that is allowed in Tier 1, to CET1 capital. Tier 2 Capital is sum of Equitable Bank's subordinated debt, eligible Stage 1 and 2 allowance and additional Tier 1 capital issued by a subsidiary to third parties that is allowed in Tier 2 capital. Total Capital equals to Tier 1 plus Tier 2 Capital.
  - **Leverage ratio:** this measure is calculated by dividing Tier 1 Capital by an exposure measure. The exposure measure consists of total assets (excluding items deducted from Tier 1 Capital) and certain off-balance sheet items converted into credit exposure equivalents. Adjustments are also made to derivatives and secured financing transactions to reflect credit and other risks.
- **Dividend yield:** is calculated on an annualized basis and is defined as dividend per common share divided by average of daily closing price per common share for the period.
- **Economic value of shareholders' equity (EVE):** is a calculation of the present value of EQB's asset cash flows, less the present value of liability cash flows on a pre-tax basis. EVE is a comprehensive measure of exposure to interest rate changes than net interest income because it captures all interest rate mismatches across all terms.
- **Efficiency ratio:** this measure is used to assess the efficiency of EQB's cost structure relative to revenue generation. This ratio is derived by dividing non-interest expenses by revenue. A lower efficiency ratio reflects a more efficient cost structure.
- **Provision for credit losses (PCL) – rate:** this credit quality metric is calculated on an annualized basis and is defined as the loans' provision for credit losses as a percentage of average loan principal outstanding during the period.
- **Return on equity (ROE):** this profitability measure is calculated on an annualized basis and is defined as net income available to common shareholders as a percentage of weighted average common shareholders' equity outstanding during the period.
- **Revenue per full time equivalent (FTE):** is calculated as revenue for the period divided by the average number of full-time equivalent employees during that period.
- **Risk-weighted assets (RWA):** represents Equitable Bank's assets and off-balance sheet exposures, weighted according to risk as prescribed by OSFI under the CAR Guideline.

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

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

Non-GAAP measures

In addition to GAAP prescribed measures, EQB uses certain non-GAAP measures that management believes provide useful information to investors regarding EQB's financial condition and results of operations. Readers are cautioned that non-GAAP measures often do not have any standardized meaning, and therefore, are unlikely to be comparable to similar measures presented by other companies. The primary non-GAAP measures used in this MD&A are:

Adjusted results

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

- **Adjusted efficiency ratio:** it is derived by dividing adjusted non-interest expenses by adjusted revenue. A lower adjusted efficiency ratio reflects a more efficient cost structure.
- **Adjusted return on equity (ROE):** 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.

Other non-GAAP financial measures and ratios:

- **Assets under administration (AUA):** is sum of (1) assets over which EQB's subsidiaries have been named as trustee, custodian, executor, administrator or other similar role; (2) loans held by credit unions for which EQB's subsidiaries act as servicer.
- **Assets under management (AUM):** is the sum of total balance sheet assets, loan principal derecognized but still managed by EQB, and assets managed on behalf on investors.
- **Conventional lending:** are the total on-balance sheet loan principal excluding insured single-family mortgages and insured multi-unit residential mortgages.
- **Liquid assets:** is a measure of EQB's cash or assets that can be readily converted into cash, which are held for the purposes of funding loans, deposit maturities, and the ability to collect other receivables and settle other obligations. A detailed calculation can be found in Table 13 of this MD&A.
- **Loans under management (LUM):** is the sum of loan principal reported on the consolidated balance sheet and loan principal derecognized but still managed by EQB. A detailed calculation can be found in Table 7 of this MD&A.
- **Net interest margin (NIM):** this profitability measure is calculated on an annualized basis by dividing net interest income by the average total interest earning assets for the period. A detailed calculation can be found in Table 2 of this MD&A.
- **Pre-provision pre-tax income (PPPT):** this is the difference between revenue and non-interest expenses.
- **Total loan assets:** this is calculated on a gross basis (prior to allowance for credit losses) as the sum of both **Loans – Personal** and **Loans – Commercial** on the balance sheet and adding their associated allowance for credit losses**.**

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Common Shares: EQB

Analyst Conference Call and Webcast
Thursday, May 29, 2025
10:30 a.m. EST
Live: 416.945.7677
Replay and archive:
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Equitable Bank's 2024 Responsibility Report and Public Accountability Statement are available at eqb.investorroom.com

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

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