For the three months ended January 31, 2024

It's Time.

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

353% 10-year	$119 billion	607,000+
Total shareholder return	Total assets under management & administration	Customers served

Note: all cover measures as at January 31, 2024.

Canada's Challenger Bank ™

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Caution regarding forward-looking statements

Statements made in the sections of this report including those entitled "EQB corporate profile", "Overall business performance and guidance", "Provision for credit losses", "Credit portfolio quality", "Liquidity investments and equity securities", "Capital position", "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, impacts as a result of COVID-19, global geopolitical risk, business acquisition, legislative and regulatory developments, changes in accounting standards, the nature of EQB 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.sedar.com.

All material assumptions used in making forward- looking statements are based on management's knowledge of current business conditions and expectations of future business conditions and trends, including their knowledge of the current credit, interest rate, and liquidity conditions affecting EQB and the Canadian economy. Although EQB believes the assumptions used to make such statements are reasonable at this time and has attempted to identify in its continuous disclosure documents important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. Certain material assumptions are applied by EQB in making forward-looking statements, including without limitation, assumptions regarding its continued ability to fund its loan business, a continuation of the current level of economic uncertainty that affects real estate market conditions including, without limitation, impacts as a result of COVID-19, 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.

EQB strategy

Supported by its proven business model, EQB Inc. and its subsidiaries use a time-tested strategy and approach to drive change in Canadian banking to enrich people's lives.

Customer and service mission

Being the best at service, from building great digital experiences to empowered customer-facing teams addressing customer needs

Differentiated value creation model

Deliver long-term shareholder value through disciplined capital allocation and business management that generates 15-17% ROE annually

Innovating and advocating for Canadians

Innovate across product and technology as Canada's leading digital bank and advocate for regulatory change to benefit Canadians, including Open Banking

Robust risk management

Consistently achieve the lowest credit losses of all Canadian bank peers by leveraging a prudent risk appetite and benefitting from decades of underwriting expertise

Building long-term franchise value

Allocate capital and investment dollars consistently to build lasting franchise value that translates into superior performance through cycles

Quick facts

> 607,000

Customers directly served by EQB Inc. and its subsidiaries, growing by hundreds every day

7th largest bank

Equitable Bank is 7th largest bank in Canada by assets, and the owner of Concentra Trust – the 7th largest trust company in Canada

$119 billion

Assets under Management & Assets under Administration[1] diversified across Personal Banking, Commercial Banking, Trust company services and private investment fund services

> 6 million

Canadians indirectly served with products and services delivered by Canadian credit unions to their members

WORLD'S BEST BANKS Forbes 2021 – 2023 POWERED BY STATISTA

RANKED NO. 1 BANK IN CANADA

EQ Bank was once again ranked the Number 1 bank in Canada for the third consecutive year on Forbes World's Best Banks

Carbon neutral

Scope 1 and 2 carbon neutral and first Canadian bank to disclose Scope 3 carbon emissions

(1) See Glossary and Non-GAAP financial measures and ratios section of this MD&A.
Note: Quick facts as at January 31, 2024

EQB corporate profile

EQB Inc. (TSX: EQB and EQB.PR.C) is a leading digital financial services company with $119 billion in combined assets under management and administration[(1)]. Its Equitable Bank subsidiary offers banking services to Canadians, and ACM Advisors, a majority owned subsidiary acquired on December 14, 2023, specializes in alternative asset management primarily for institutional investors.

Equitable Bank is Canada's Challenger Bank™ and is the seventh largest bank by assets with a clear mission to drive change in Canadian banking to enrich people's lives.

Equitable Bank (the "Bank") serves 607,000 Canadians and nearly 200 Canadian credit unions with their approximately six million members, through two main business lines: Personal Banking - including EQ Bank, the leading digital bank in Canada - and Commercial Banking. As a leader in Canadian banking, EQ Bank was chosen by Forbes and Canadian consumers as Canada's Top Schedule I Bank in 2021, 2022 and 2023. Equitable Bank and Concentra Bank are regulated by the Office of the Superintendent of Financial Institutions Canada (OSFI).

EQB is a member of the S&P/TSX Composite, the S&P/TSX Bank, S&P/TSX Dividend Aristocrats, S&P/TSX Small Cap, S&P Canada BMI, and MSCI Small Cap (Canada) indices.

Equitable Bank's credit rating by DBRS is investment grade BBB (high) and in Q2 2023 Fitch affirmed its BBB- rating, while raising its outlook to 'stable', a signal of the Bank's strength and stability on the back of consistent profitability, sound credit fundamentals and diversified assets and funding.

Canadians choose Equitable Bank for smarter products, unmatched value, and exceptional service. To deliver all three, the Bank specializes in market segments where it can improve the banking experience and deliver unique value by rethinking conventional approaches and pushing for smarter ways to do business. The Bank differentiates by providing a host of challenger bank retail services, single-family mortgage lending, reverse mortgage lending, insurance lending, commercial real estate mortgage lending, specialized commercial financing, equipment financing, credit union services and trust services.

The Bank's challenger approach has allowed it to become a leading single-family residential lender. In its commercial lending businesses, the Bank focuses on serving customers who build and renovate much-needed rental apartment and condominium supply, which has allowed it to become an active and leading participant in the insured multi-unit residential securitization market in Canada.

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

Continued innovation in the independent mortgage broker channel reflects the Bank's long-term focus on providing great service to brokers and mortgage customers.

EQ Bank is Canada's first-born all-digital bank, providing great experience and value to Canadians, and serving as a convenient and compelling alternative to traditional banks. It was the first to move to a cloud-based platform and its digital capabilities are proven and differentiated to support cost-effective product development and fintech collaborations.

The Bank operates with a fintech mindset and collaborates with partners to innovate rapidly to deliver best-in-class digital banking services to Canadian consumers. The Bank's relationships with market leaders like Wise, Wealthsimple, nesto, Ratehub, Flinks, Borrowell, Bloom, FinanceIT, ClearEstate, Trulioo and other fintechs continue to help the Bank reach new customers and deliver value to Canadians.

A strategic advantage of Equitable Bank's business model is the ability to deploy deposits consistently and profitably across its diverse personal and commercial lending operations. This approach to diversifying assets and deposit-funding sources allows the Bank to achieve its corporate growth objectives and reduces its risk profile.

Equitable Bank's talented teams are the foundation of its success. The Bank employs nearly 1,800 challengers who are aligned to drive change in Canadian banking. The Bank's inclusive, welcoming, and pride-inducing workplace earned it the honour of being recognized as one of the top 50 organizations on the 2023 list of Canada's Best Workplaces™.

As a subsidiary of EQB Inc., ACM Advisors specializes in the creation, structuring, and management of pooled Canadian commercial mortgage funds. ACM is one of the largest private investment fund managers in Canada with over 2,000 clients including institutional investors and accredited retail investors. ACM will contribute to fee-based revenue and support EQB's long-term ROE performance ambition, without adding credit or balance sheet exposure. Furthermore, ACM provides an opportunity for EQB to explore opportunities to expand into specialized wealth management products with a differentiated approach.

Change of EQB’s fiscal year

EQB has changed its fiscal year to end on October 31 for 2023 onward, compared to prior fiscal periods ending December 31. With this change, EQB’s reporting cycle is now consistent with Canada’s publicly traded banks.

Quarterly comparison periods throughout fiscal 2024 will compare the closest historical period. When the year is complete, the 12-month fiscal 2024 period will be presented compared to a 10-month fiscal 2023. For the Q1 2024 report, the data is presented as at or for the three months ended January 31, 2024 and compared to the prior quarter of Q4 2023 (four months ended October 31, 2023) and prior year being Q4 2022 (three months ended December 31, 2022). Note that the comparative period of Q4 2022 included the acquisition of Concentra Bank on November 1, 2022, and as noted previously contains several one-time items associated with the acquisition. Please see the Q4 2022 Management's Discussion and Analysis for more information. In addition, please see the comparison of performance relative to guidance below in “Overall Business Performance”.

The change in fiscal year did not result in changes to the dividend payment schedule. EQB continues to pay dividends on the last business day of March, June, September, and December.

Selected financial highlights

Select financial and other highlights	As at or for quarters ended				
	31-Jan-24	Four months 31-Oct-23	Change[6]	31-Dec-22	Change
Adjusted results ($000s)[1]					
Net interest income	**256,010**	345,783	n.m.	218,775	17%
Non-interest revenue	**42,762**	49,503		16,317	162%
Revenue	**298,772**	395,286		235,092	27%
Non-interest expenses	**134,034**	173,012		102,259	31%
Pre-provision pre-tax income[2]	**164,738**	222,274		132,833	24%
Provision for credit losses (recoveries)	**15,535**	19,566		7,776	100%
Income before income taxes	**149,203**	202,708		125,057	19%
Income tax expense	**40,853**	55,673		32,562	25%
Net income	**108,350**	147,035		92,495	17%
Net income available to common shareholders	**105,719**	144,686		90,190	17%
Earnings per share – diluted ($)	**2.76**	3.80		2.46	12%
Return on equity (%)[3]	**15.6**	16.5	(0.9)	15.9	(0.3)
Efficiency ratio (%)[3][4]	**44.9**	43.8	1.1	43.5	1.4
Reported results ($000s)					
Net interest income	**256,010**	345,783		218,325	17%
Non-interest revenue	**42,762**	49,503		16,382	161%
Revenue	**298,772**	395,286		234,707	27%
Non-interest expenses	**139,485**	181,165		139,180	0%
Pre-provision pre-tax income[2]	**159,287**	214,121		95,527	67%
Provision for credit losses (recoveries)	**15,535**	19,566		26,796	(42%)
Income before income taxes	**143,752**	194,555		68,731	109%
Income tax expense	**39,370**	53,409		22,912	72%
Net income	**104,382**	141,146		45,819	128%
Net income available to common shareholders	**101,875**	138,797		43,514	134%
Earnings per share ($) – basic	**2.68**	3.67		1.20	123%
Earnings per share ($) – diluted	**2.66**	3.64		1.19	124%
Return on equity (%)	**15.0**	15.8	(0.8)	7.7	7.3
Efficiency ratio (%)	**46.7**	45.8	0.9	59.3	(12.6)
Net interest margin (%)[2]	**2.01**	2.00	0.01	1.85	0.16
Revenue per average full time equivalent ($)[3]	**165**	227		139	19%
Balance sheet and other information ($ millions)					
Total assets	**53,099**	52,933	0%	51,145	4%
Assets under management[2]	**74,136**	67,932	9%	61,569	20%
Loans – Personal & Commercial	**47,792**	47,361	1%	46,510	3%
Loans under management[2]	**63,929**	62,397	2%	57,008	12%
Assets under administration[2]	**44,725**	43,173	4%	41,234	8%
Total deposit principal	**31,760**	31,577	1%	30,831	3%
EQ Bank deposit principal	**8,328**	8,233	1%	7,923	5%
Total risk-weighted assets[3]	**20,108**	19,809	2%	18,926	6%
Credit quality (%)					
Reported provision for credit losses – rate[3]	**0.13**	0.12	0.01	0.25	(0.12)
Net impaired loans as a % of total loan assets	**0.94**	0.76	0.18	0.28	0.66
Net allowance for credit losses as a % of total loan assets	**0.22**	0.22	-	0.18	0.04

Select financial and other highlights	As at or for quarters ended				
	31-Jan-24	Four months 31-Oct-23	Change	31-Dec-22	Change
Share information					
Common share price – close ($)	**92.32**	68.82	34%	56.73	63%
Book value per common share ($)(3)	**71.33**	70.33	1%	62.65	14%
Common shares outstanding (thousand)	**38,173**	37,879	1%	37,564	2%
Common share market capitalization ($ millions)	**3,524**	2,607	35%	2,131	65%
Common shareholders' equity ($ millions)(3)	**2,723**	2,664	2%	2,354	16%
Dividends declared – common share ($)	**0.40**	0.38	5%	0.33	21%
Dividends declared – preferred share – Series 3 ($)	**0.37**	0.37	0%	0.37	0%
Dividend yield – common shares (%)(3)	**1.9**	2.0	(0.1)	2.5	(0.6)
Capital ratios and leverage ratio (%)(5)					
Common equity tier 1 ratio	**14.2**	14.0	0.2	13.7	0.5
Tier 1 capital ratio	**14.8**	14.6	0.2	14.7	0.1
Total capital ratio	**15.4**	15.2	0.2	15.1	0.3
Leverage ratio	**5.4**	5.3	0.1	5.3	0.1
Business information					
Employees – average full time equivalent	**1,808**	1,743	4%	1,635	11%
EQ Bank customers (thousand)	**426**	401	6%	308	38%

(1) Adjusted measures and ratios are Non-Generally Accepted Accounting Principles (GAAP) measures and ratios. Adjusted measures and ratios are calculated in the same manner as reported measures and ratios, except that financial information included in the calculation of adjusted measures and ratios is adjusted to exclude the impact of the Concentra Bank and ACM acquisition and integration related costs, and other non-recurring 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.

(6) Shown n.m. given incomparability of three-month and four-month periods given the change of EQB's fiscal year.

Selected financial highlights – eight quarters

Select financial highlights	2024	2023			2022			
	Q1	Four months Q4	Q2	Q1	Q4[3]	Q3	Q2	Q1
Adjusted results ($000s)[1]								
Net interest income	**256,010**	345,783	251,699	236,630	218,775	187,264	167,604	163,086
Non-interest revenue	**42,762**	49,503	32,883	27,975	16,317	9,481	(2,528)	25,446
Revenue	**298,772**	395,286	284,582	264,605	235,092	196,745	165,076	188,532
Non-interest expenses	**134,034**	173,012	121,910	120,262	102,259	78,903	75,567	69,800
Pre-provision pre-tax income[2]	**164,738**	222,274	162,672	144,343	132,833	117,842	89,509	118,732
Provision for credit losses (recoveries)	**15,535**	19,566	13,042	6,248	7,776	5,354	5,233	(125)
Income before income taxes	**149,203**	202,708	149,630	138,095	125,057	112,488	84,276	118,857
Income tax expense	**40,853**	55,673	34,124	36,366	32,562	30,339	22,742	26,447
Net income	**108,350**	147,035	115,506	101,729	92,495	82,149	61,534	92,410
Net income available to common shareholders	**105,719**	144,686	113,175	99,411	90,190	81,063	60,448	91,321
Earnings per share – diluted ($)	**2.76**	3.80	2.98	2.62	2.46	2.35	1.75	2.64
Return on equity (%)	**15.6**	16.5	18.3	16.9	15.9	15.6	12.1	19.2
Efficiency ratio (%)	**44.9**	43.8	42.8	45.4	43.5	40.1	45.8	37.0
Reported results ($000s)								
Net interest income	**256,010**	345,783	251,699	240,797	218,325	186,251	166,657	162,172
Non-interest revenue	**42,762**	49,503	60,848	27,034	16,382	9,481	(2,528)	25,446
Revenue	**298,772**	395,286	312,547	267,831	234,707	195,732	164,129	187,618
Non-interest expenses	**139,485**	181,165	127,030	126,548	139,180	84,082	78,276	74,933
Pre-provision pre-tax income[2]	**159,287**	214,121	185,517	141,283	95,527	111,650	85,853	112,685
Provision for credit losses (recoveries)	**15,535**	19,566	13,042	6,248	26,796	5,354	5,233	(125)
Income before income taxes	**143,752**	194,555	172,475	135,035	68,731	106,296	80,620	112,810
Income tax expense	**39,370**	53,409	41,550	35,516	22,912	28,717	21,784	24,863
Net income	**104,382**	141,146	130,925	99,519	45,819	77,579	58,836	87,947
Net income available to common shareholders	**101,875**	138,797	128,594	97,201	43,514	76,493	57,750	86,858
Earnings per share ($) – basic	**2.68**	3.67	3.41	2.58	1.20	2.24	1.69	2.55
Earnings per share ($) – diluted	**2.66**	3.64	3.39	2.56	1.19	2.22	1.67	2.51
Return on equity (%)	**15.0**	15.8	20.8	16.5	7.7	14.8	11.6	18.3
Efficiency ratio (%)	**46.7**	45.8	40.6	47.2	59.3	43.0	47.7	39.9
Revenue per average full-time equivalent ($)[3]	**165**	227	180	159	139	141	122	155
Balance sheet and other information ($ millions)								
Total assets	**53,099**	52,933	53,319	51,793	51,145	40,150	39,418	37,150
Assets under management[2]	**74,136**	67,932	65,910	63,336	61,569	47,331	45,767	43,422
Loans – Personal & Commercial	**47,792**	47,361	47,437	46,580	46,510	36,792	36,246	34,217
Loans under management[2]	**63,929**	62,397	60,112	58,238	57,078	43,872	42,505	40,403
Assets under administration[2]	**44,725**	43,173	42,037	41,469	41,234	-	-	-
Total deposits principal	**31,760**	31,577	31,783	31,278	30,831	23,824	23,533	22,080
EQ Bank deposits principal	**8,328**	8,233	8,204	8,097	7,923	7,562	7,588	7,261
Total risk-weighted assets	**20,108**	19,809	19,427	18,981	18,926	15,459	14,748	14,018

Select financial highlights

	2024	2023			2022			
	Q1	Four months Q4	Q2	Q1	Q4[3]	Q3	Q2	Q1
Credit quality (%)								
Reported provision for credit losses – rate	**0.13**	0.12	0.11	0.05	0.25	0.06	0.06	(0.001)
Net impaired loans as a % of total loan assets	**0.94**	0.76	0.47	0.32	0.28	0.23	0.18	0.22
Net Allowance for credit losses as a % of total loan assets	**0.22**	0.22	0.20	0.19	0.18	0.15	0.14	0.14
Share information								
Common share price – close ($)	**92.32**	68.82	70.00	58.30	56.73	46.44	53.15	71.74
Book value per common share ($)	**71.33**	70.33	67.33	64.47	62.65	61.14	59.25	57.64
Common shares outstanding (thousands)	**38,173**	37,879	37,730	37,680	37,564	34,205	34,161	34,130
Common shareholders market capitalization ($ millions)	**3,524**	2,607	2,641	2,197	2,131	1,588	1,816	2,449
Common shareholders' equity ($ millions)	**2,723**	2,664	2,538	2,429	2,354	2,091	2,024	1,967
Dividends – common share ($)	**0.40**	0.38	0.37	0.35	0.33	0.31	0.29	0.28
Dividends – preferred share – Series 3 ($)	**0.37**	0.37	0.37	0.37	0.37	0.37	0.37	0.37
Dividend yield – common shares (%)	**1.9**	2.0	2.3	2.3	2.5	2.3	1.9	1.5
Capital ratios and leverage ratio (%)								
Common Equity Tier 1 ratio	**14.2**	14.0	14.1	14.0	13.7	13.3	13.5	13.5
Tier 1 capital ratio	**14.8**	14.6	14.8	15.0	14.7	13.7	14.0	14.0
Total capital ratio	**15.4**	15.2	15.4	15.5	15.1	14.0	14.3	14.3
Leverage ratio	**5.4**	5.3	5.2	5.3	5.3	5.1	5.1	5.1
Business information								
Employees – average full time equivalent	**1,808**	1,743	1,740	1,685	1,635	1,373	1,295	1,219
EQ Bank customers (thousand)	**426**	401	368	336	308	293	280	266

(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.

(3) Q4 2022 results included two months of Concentra Bank's contribution to income statement measures and to denominators of several measures.

Overall business performance and guidance

In Q1 2024, EQB's performance continued to reflect growth and stability delivered through effective management of credit, liquidity, and market / interest rate risk, prudent management of capital and innovative customer service. Total lending portfolio growth for the quarter was aligned to guidance, including strong growth in insured multi-unit residential of +6% YTD vs. annual guidance of 20-25%, wealth decumulation +9% YTD vs. annual guidance of 40-60% and single family uninsured +2% YTD vs. annual guidance of 5-10%. Non-interest revenue continued to increase with higher fee-based revenue, including the contribution of ACM Advisors mid-way through Q1, and continued steady contribution from multi-unit residential securitization.

Adjusted Return on Equity (ROE) for the quarter was 15.6% (15.0% reported). Book value per share (BVPS) was $71.33 +14% y/y and +1% q/q, inclusive of impacts to shareholders equity associated with a tender option to acquire the remaining 25% ownership stake in ACM Advisors. Adjusted after-tax earnings were $108.4 million, +17% y/y ($104.4 million reported, +128% y/y.)

Note that quarter-over-quarter income statement measures in this MD&A compare a three-month period for Q1 2024 to the four-month period reported for Q4 2023.

- **Revenue**(1): adjusted and reported revenue was $298.8 million +27% y/y. Net interest margin (NIM) expanded sequentially to 2.01% in Q1 2024, +1bps from Q4 2023 and +14bps y/y, due to the ongoing benefits of funding diversification realized through growth in both EQ Bank deposits and covered bonds, as well as the allocation of capital to higher margin lending activities. Aligned to management's strategy of diversifying and growing EQB's sources of revenue, non-interest revenue increased to 14.3% of total revenue in Q1 2024, up from 12.5% in Q4 2023. This expansion was attributed to growth in payments revenue, continued stable growth in gains on sale from Equitable Bank's multi-unit residential securitization business and a first-time partial quarter revenue contribution from ACM Advisors.

- **Earnings**(1): for Q1 2024, adjusted net income was $108.4 million ($104.4 million reported), supported by portfolio growth, NIM expansion and growth in non-interest revenue. Adjusted pre-provision, pre-tax income (PPPT) was $164.7 million, +24% y/y (reported $159.3 million, +67% y/y – driven by one-time expenses associated with Concentra acquisition in Q4 2022). Q1 2024 reflected increased investments in EQ Bank product development and services as well as the Second Chance marketing and brand campaigns focused on building long-term franchise value through customer account growth and account usage. On a per-month basis, adjusted after-tax earnings per month in Q1 2024 were $36.1 million, down 2% q/q from $36.8 million in Q4 2023 (reported: $34.8 million, down 1% q/q from $35.3 million).

- **Combined Assets under Management (AUM) (1) and Assets under Administration (AUA) (1)** reached $119 billion (+16% y/y and +7% q/q), driven by growth in Equitable businesses and the contribution of ACM, which represented nearly $5 billion of the increase.

- **Lending portfolio growth**: Total loans under management(2) (both on and off-balance sheet) grew 12% y/y and 2% q/q to $63.9 billion, driven by strong retention and growth in high-quality lending markets including multi-unit residential and decumulation. Uninsured single-family residential mortgages grew 4% y/y and 2% q/q, with higher renewal rates and lower unscheduled repayments offsetting relatively low new originations as a result of slow housing market in the face of elevated interest rates.

- **Commercial real estate – consistent focus on housing**: The central thrust of Equitable Bank's Commercial Business is focused on providing solutions for the urban housing market in Canada. The commercial lending business focuses on supporting the development and renovation of apartments, construction of condominiums, and other types of multi-unit residential properties in major cities across the country. The Bank prioritizes

[1] Adjusted measures and ratio are Non-GAAP measures and ratios. For additional information, see Adjustments to financial results and Non-GAAP financial measures and ratios in this MD&A. (2) This is a Non-GAAP measure, see Non-GAAP financial measures and ratios section of this MD&A.

commercial lending on multi-unit residential properties in major cities across the country with more than 70% of its total commercial loans under management insured through various Canada Mortgage and Housing Corporation (CMHC) programs. Of Equitable Bank's construction lending portfolio, over 56% is insured through these programs. On November 20, 2023, the Department of Finance Canada affirmed that the federal government would support the enhancement of the Canada Mortgage Bond (CMB) program by increasing the annual issuance limit from $40 billion to up to $60 billion. In its 2023 Fall Economic Statement, the government also indicated the Bank of Canada intended to begin purchasing up to 50% of fixed rate CMBs annually beginning in February 2024.

- **Commercial real estate – limited office lending**: As part of its commercial business strategy and risk appetite, the Bank has historically limited its exposure to commercial office. As a result, ~1% of the Bank's loan assets are offices and as a further risk mitigant, the average LTV of these loans is 62%. As the Bank has intentionally increased focus on multi-unit residential and insured lending, office lending balances declined during the first quarter. Equitable Bank's office lending is mostly restricted to properties located in major urban centres and smaller buildings, such as ones that often have medical and professional practices as tenants.
- **Provision for Credit Losses (PCLs) and Impaired loans**: for Q1 2024, PCLs were $15.5 million or 13 bps of total loan principal, up 1 bps from Q4 2023. Stage 1 and 2 provisions in Q1 2024 are associated with organic portfolio growth and modelling of future expected losses, which includes changes to macroeconomic conditions, current loan performance and arrears in the loan book. A new agreement with a consumer lending partner to provide a cash reserve resulted in a reduction in provisions in Q1 2024 associated with that consumer portfolio. The Stage 3 provisions of $17.3 million in Q1 2024 were primarily driven by the equipment financing business, which accounted for $11.5 million, consistent with challenges in the long-haul transportation sector. Commercial lending and personal lending contributed $3.3 million and $2.5 million, respectively. Actual losses in Q1 2024 were $12.9 million and represent 3 bps of total loan assets, driven primarily by the equipment finance business where leases are priced to account for anticipated credit losses to deliver EQB's high ROE threshold. Net impaired loans increased $91 million over the quarter, at a slower rate of increase than prior quarter as more loan resolutions have begun to occur at this phase of the credit cycle. The weighted average LTVs of these impaired residential and commercial mortgages are 68% and 47%, respectively, mitigating the potential for future losses.
- **Liquidity, interest rate risk and capital management**: Equitable Bank maintained strong liquidity and capital levels in Q1 2024. In its management of interest rate risk, the Bank targets a duration of equity of approximately one year, limiting the Bank's economic exposure to movements in interest rates. As of Q1 2024, EQB's interest rate sensitivity as a measure of Economic Value of Shareholders' Equity (EVE) is (1.0%) or ($27.9 million), which represents the potential impact associated with an immediate and sustained 100 bps parallel increase in interest rates. Equitable Bank's capital position increased to 14.2% CET1 with strong organic capital generation in the quarter. More detail on Equitable Bank's practices and approach to risk management can be reviewed in the Risk Management section of this MD&A.

Acquisition of alternative asset manager ACM Advisors Ltd.

As planned, EQB Inc. completed the acquisition of 75% ownership interest in ACM Advisors on December 14, 2023. ACM is one of the most respected independent alternative asset managers in Canada. Established in 1993 and based in Vancouver, British Columbia, ACM specializes in the creation, structuring, and management of pooled Canadian commercial mortgage funds on behalf of pension plans, investment funds, charitable foundations, corporations, and accredited retail investors. The acquisition added nearly $5.0 billion in assets under management and contributes to EQB's strategy of growing fee-based revenue and diversifying the drivers of revenue. Financial measures are presented 100% consolidated with 25% management interest shown as non-controlling interest on both balance sheet and income statements.

Performance relative to 2024 Guidance

The table below summarizes EQB's adjusted financial metrics[1] at January 31, 2024:

	YTD 2024 results	2024 Guidance[4]
Return on equity (ROE)[1]	**15.6%**	15%+
Pre-Provision Pre-tax Income (PPPT)[1]	**$164.7 million**	$660-700 million
Diluted EPS[1]	**$2.76**	$11.75-12.25
Dividend Growth[2]	**5%**	20-25%
BVPS Growth[3]	**1%**	13-15%
CET1 Ratio	**14.2%**	13%+

(1) Adjusted measures and ratio are Non-GAAP measures and ratios. For additional information, see Adjustments to financial results and Non-GAAP financial measures and ratios in this MD&A. (2) Dividend growth is calculated by comparing dividends paid in December 2023 to dividends to be paid in March 2024. (3) BVPS refers to book value per common share. (4) Guidance represents expected amounts for fiscal 2024 and growth rates from October 31, 2023 to October 31, 2024.

The table below summarizes key loan portfolio metrics and EQ Bank customers as at January 31, 2024.

($ millions)	Description	Year over year Jan 2024 to Dec 2022	YTD 2024 results	2024 Guidance[1]
Total loans under management	On and off-balance sheet loans	12%	2%	8-12%
Single Family Residential Lending	Uninsured residential mortgages	4%	2%	5-10%
Wealth Decumulation	Reverse mortgages and insurance lending	55%	9%	40-60%
Commercial lending (excluding multi-unit residential)	Loans to small businesses and entrepreneurs and equipment financing	10%	1%	5-10%
Multi-unit residential loans under management	On and off-balance sheet multi-unit residential lending	34%	6%	20-25%
EQ Bank	Customer growth	38%	6%	30-40%

(1) Guidance represents expected growth rates from October 31, 2023 to October 31, 2024.

Management's Discussion and Analysis

For the three months ended January 31, 2024

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 Inc. (EQB) for the three months (quarter) ended January 31, 2024. This MD&A should be read in conjunction with EQB's unaudited interim consolidated financial statements as at and for the three months ended January 31, 2024 together with accompanying notes. This report is dated as at February 28, 2024. All amounts are in Canadian dollars.

EQB's continuous disclosure materials, including interim filings, annual MD&A and Consolidated Financial Statements, Annual Information Form, Environmental, Social, and Governance (ESG) Performance Report, 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.sedar.com.

Acquisition of Concentra Bank

On November 1, 2022, Equitable Bank completed its acquisition of Concentra Bank. Both 2023 and 2024 results contain items related to transaction and integration adjustments. Refer to "Adjustments to financial results" for the income statement impact.

Acquisition of ACM Advisors Ltd.

On December 14, 2023, EQB Inc. acquired a 75% interest in ACM. EQB Inc.'s Consolidated Balance Sheet records 100% of ACM's assets and liabilities, with the 25% equity owned by other shareholders being presented separately as non-controlling interest on the statement. Similarly, EQB Inc.'s Consolidated Statement of Income includes 100% of ACM's revenue and expenses for the period of ownership during the quarter. Net income available to common shareholders is reported as net income, net of dividends and non-controlling interests allocated to the minority shareholders.

Contents

Adjustments to financial results

Adjustments impacting current and prior periods:

To enhance comparability between reporting periods, increase consistency with other financial institutions, and provide the reader with a better understanding of EQB's performance, adjusted results were introduced starting in Q1 2022. Adjusted results are non-GAAP financial measures.

Adjustments listed below are presented on a pre-tax basis:

Q1 2024

- $2.1 million acquisition and integration-related costs associated with Concentra and ACM; and
- $3.4 million intangible asset amortization.

Q4 2023

- $7.0 million acquisition and integration-related costs associated with Concentra and ACM; and
- $1.2 million intangible asset amortization.

Q4 2022

- $2.2 million interest earned on the escrow account where the proceeds of the subscription receipts are held;
- $36.9 million of acquisition and integration related costs;
- $19.0 million provision credit for credit losses recorded on purchased loan portfolios;
- $3.3 million net fair value related amortization recorded for November and December 2022;
- $0.7 million reversal of interest expenses paid to subscription receipt holders; and
- $5.6 million tax expenses true-up due to increase in tax rate.

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	**As at or for the quarter ended**		
($000, except share and per share amounts)	**31-Jan-24**	**Four months 31-Oct-23**	**31-Dec-22**
Reported results			
Net interest income	**256,010**	345,783	218,325
Non-interest revenue	**42,762**	49,503	16,382
Revenue	**298,772**	395,286	234,707
Non-interest expense	**139,485**	181,165	139,180
Pre-provision pre-tax income(3)	**159,287**	214,121	95,527
Provision for credit loss	**15,535**	19,566	26,796
Income tax expense	**39,370**	53,409	22,912
Net income	**104,382**	141,146	45,819
Net income available to common shareholders	**101,875**	138,797	43,514
Adjustments			
Net interest income – earned on the escrow account	**-**	-	(2,220)
Net interest income – fair value amortization/adjustments	**-**	-	3,324
Net interest income – paid to subscription receipt holders	**-**	-	(654)
Non-interest revenue – fair value amortization/adjustments	**-**	-	(65)
Non-interest expenses – acquisition-related costs(1)	**(2,053)**	(6,972)	(36,921)
Non-interest expenses – intangible asset amortization	**(3,398)**	(1,181)	-
Provision for credit loss – purchased loans	**-**	-	(19,020)
Pre-tax adjustments	**5,451**	8,153	56,326
Income tax expense – tax impact on above adjustments(2)	**1,483**	2,264	15,271
Income tax expense – 2022 tax rate adjustment	**-**	-	(5,621)
Post-tax adjustments	**3,968**	5,889	46,676
Adjusted results			
Net interest income	**256,010**	345,783	218,775
Non-interest revenue	**42,762**	49,503	16,317
Revenue	**298,772**	395,286	235,092
Non-interest expense	**134,034**	173,012	102,259
Pre-provision pre-tax income(3)	**164,738**	222,274	132,833
Provision for credit loss	**15,535**	19,566	7,776
Income tax expenses	**40,853**	55,673	32,562
Net income	**108,350**	147,035	92,495
Net income available to common shareholders	**105,719**	144,686	90,190
Diluted earnings per share			
Weighted average diluted common shares outstanding	**38,344,339**	38,117,929	36,632,711
Diluted earnings per share – reported	**2.66**	3.64	1.19
Diluted earnings per share – adjusted	**2.76**	3.80	2.46
Diluted earnings per share – adjustment impact	**0.10**	0.16	1.27

(1) Includes costs associated with Concentra Bank and ACM acquisition.

(2) Income tax expense associated with non-GAAP adjustment was calculated based on the statutory tax rate applicable for that period, taking into account the federal tax rate increase.

(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

($000s, except per share amounts)	For the quarter ended				
	31-Jan-24	Four months 31-Oct-23	Change	31-Dec-22	Change
Adjusted results[1]					
Revenue	**298,772**	395,286	n.m.[2]	235,092	27%
Non-interest expenses	**134,034**	173,012	n.m.	102,259	31%
Provision for credit losses	**15,535**	19,566	n.m.	7,776	100%
Income tax expenses	**40,853**	55,673	n.m.	32,562	25%
Net income	**108,350**	147,035	n.m.	92,495	17%
Net income available to common shareholders	**105,719**	144,686	n.m.	90,190	17%
Earnings per share – diluted ($)	**2.76**	3.80	n.m.	2.46	12%
Reported results					
Revenue	**298,772**	395,286	n.m.	234,707	27%
Non-interest expenses	**139,485**	181,165	n.m.	139,180	0%
Provision for credit losses	**15,535**	19,566	n.m.	26,796	(42%)
Income tax expenses	**39,370**	53,409	n.m.	22,912	72%
Net income	**104,382**	141,146	n.m.	45,819	128%
Net income available to common shareholders	**101,875**	138,797	n.m.	43,514	134%
Earnings per share – diluted ($)	**2.66**	3.64	n.m.	1.19	124%

(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) Shown n.m. given incomparability of three-month and four-month periods given the change of EQB's fiscal year.

Net interest income

Net interest income (NII) is the main driver of EQB's revenue and profitability. Table 2 details EQB's NII by product and portfolio.

Table 2: Net interest income

($000s, except percentages)	For the quarter ended					
	31-Jan-24		Four months 31-Oct-23		31-Dec-22	
	Revenue/ Expense	Average rate[1]	Revenue/ Expense	Average rate	Revenue/ Expense	Average rate
Revenues derived from:						
Cash and debt securities	**39,560**	**4.73%**	55,656	4.61%	26,925	3.75%
Equity securities	**415**	**4.89%**	645	5.80%	923	5.29%
Single family mortgages – insured	**95,129**	**3.63%**	122,090	3.39%	71,975	2.78%
Single family mortgages – uninsured	**321,435**	**6.53%**	412,205	6.33%	209,462	4.68%
Decumulation loans	**26,625**	**6.87%**	30,899	6.73%	12,557	5.79%
Consumer lending	**25,765**	**11.38%**	32,983	11.14%	13,225	9.19%
Total Personal loans	**468,954**	**5.75%**	598,177	5.50%	307,219	4.14%
Commercial loans	**195,042**	**9.01%**	263,160	9.26%	156,922	8.04%
Equipment financing	**31,775**	**9.77%**	42,034	9.60%	25,624	8.89%
Insured multi-unit residential mortgages	**36,064**	**2.85%**	56,670	2.95%	34,609	2.71%
Total Commercial loans	**262,881**	**7.00%**	361,864	6.96%	217,155	6.17%
Average interest-earning assets	**771,810**	**6.05%**	1,016,342	5.88%	552,222	4.73%
Expenses related to:						
Deposits	**358,562**	**4.55%**	461,849	4.33%	228,256	3.15%
Securitization liabilities	**127,253**	**3.43%**	165,770	3.29%	84,689	2.19%
Others	**29,985**	**5.69%**	42,940	5.70%	20,502	4.49%
Average interest-bearing liabilities	**515,800**	**4.25%**	670,559	4.08%	333,447	2.89%
Adjusted net interest income and margin[2]	**256,010**	**2.01%**	345,783	2.00%	218,775	1.87%
Interest earned on the subscription receipt escrow account	**-**		-		2,220	
Interest paid to subscription receipt holders	**-**		-		654	
Net fair value amortization – assets	**-**		-		21,714	
Net fair value amortization – liabilities	**-**		-		(25,038)	
Reported net interest income and margin	**256,010**	**2.01%**	345,783	2.00%	218,325	1.85%

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

(2) 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.

Q1 2024 v Q4 2023

Net interest income in Q1 2024 was $256.0 million, or $85.3 million/month (down 1% from $86.4 million/month in Q4 2023), mainly driven by lower prepayment income, partially offset by growth in conventional loan assets and increasing yield on personal lending assets. Net interest margin was 2.01% +1 bp mainly driven by asset conventional portfolio growth, stable as well as improving cost of funds driven by both diversification and stable Bank of Canada policy rate through the period.

Q1 2024 v Q4 2022

Adjusted and reported net interest income(1) +17%, driven by higher net interest margin and conventional loan growth. Adjusted NIM(1) +14 bps (reported +16 bps), due to increasing yields on higher margin conventional loans in the commercial portfolio, funding diversification and margin expansion on retail deposits driven by an increase in the Bank of Canada's policy interest rate over the year.

Non-interest revenue

Table 3: Non-interest revenue(1)

($000s)	For the quarter ended				
	31-Jan-24	Four months 31-Oct-23	Change	31-Dec-22	Change
Fees and other income	**16,615**	18,508	(10%)	10,503	58%
(Losses) gains on strategic investments	**(341)**	3,655	n.m.	(5,137)	(93%)
Net gains (losses) on other investments	**5,334**	4,428	20%	(77)	n.m.
Gain on sale and income from retained interests	**19,409**	25,948	(25%)	9,247	110%
Net gains (losses) on securitization activities and derivatives	**1,745**	(3,036)	n.m.	1,846	(5%)
Total non-interest revenue– reported	**42,762**	49,503	(14%)	16,382	161%
Fair value amortization adjustment on other investments	**-**	-	n.m.	(65)	n.m.
Total non-interest revenue – adjusted(2)	**42,762**	49,503	(14%)	16,317	162%

n.m. - not meaningful

(1) Prior period comparatives have been reclassified to conform to current period presentation. (2) 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.

Q1 2024 v Q4 2023

Total non-interest revenue (NIR) was $42.8 million or $14.3 million/month in the quarter versus $12.4 million/month last quarter (+15%), largely due to additional fee income contribution from ACM Advisors, revenue associated with securitization activities and debt investments as well as expanding payments income. This quarter, there was a loss on strategic investments compared to a $3.6 million gain in Q4 2023.

Q1 2024 v Q4 2022

NIR grew over 161% y/y, primarily driven by increased gain on sale and income from retained interests +110%, higher gains on strategic and other investments (compared to a loss in Q4 2022), additional fee income from ACM Advisors as well as one additional month contribution from Concentra Bank versus Q4 2022.

Provision for credit losses

Table 4: Provision for credit losses

($000s, except percentages)	For the quarter ended				
	31-Jan-24	**Four months 31-Oct-23**	**Change**	**31-Dec-22**	**Change**
Stage 1 and 2 (recovery) provision	**(1,760)**	2,279	n.m.	24,525	n.m.
Stage 3 provision	**17,295**	17,287	0%	2,271	662%
Total Provision for credit losses − reported	**15,535**	19,566	(21%)	26,796	(42%)
Less: Provision for credit losses – purchased loans	**-**	-	n.m.	*(19,020)*	*n.m.*
Total Provision for credit losses − adjusted[1]	**15,535**	19,566	(21%)	7,776	100%

n.m. not meaningful

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

Q1 2024 v Q4 2023

Stage 1 and 2 PCL recovery of $1.8 million reflected the net impact of new provisions and a new cash reserve associated with the consumer lending portfolio, reflecting lower risk exposures through enhanced credit protection received from a consumer lending partner. This was partially offset by an increase in PCL in the Personal lending portfolio based on macroeconomic forecasts used in the loss modeling and the arrears progression of the lending book.

Q1 2024 v Q4 2022

The Stage 1 and 2 PCL declined mainly due to the same reason cited above when compared to Q4 2023, as well as the acquisition-related provision in Q4 2022 of $19.0 million associated with the addition of Concentra Bank.

Stage 3 provisions are related to impaired loans. Stage 3 PCL increased $15.0 million in Q1 2024, mainly resulting from the impact of non-performing equipment leases and delinquent commercial loans. Management carefully reviewed each impaired loan to assess the adequacy of its allowances and concluded that this level of provision and the resulting allowance for credit losses appropriately reflect the estimates of likely credit losses on impaired loan balances.

Non-interest expenses

Table 5: Non-interest expenses and efficiency ratio

($000s, except percentages and FTE)	For the quarter ended				
	31-Jan-24	**Four months 31-Oct-23**	**Change**	**31-Dec-22**	**Change**
Compensation and benefits	**65,369**	81,683	(20%)	64,999	1%
Technology and system costs	**19,498**	25,551	(24%)	23,969	(19%)
Regulatory, legal and professional fees	**10,843**	17,877	(39%)	11,303	(4%)
Product costs	**21,424**	29,719	(28%)	14,943	43%
Marketing and corporate expenses	**19,320**	22,548	(14%)	20,146	(4%)
Premises	**3,031**	3,787	(20%)	3,820	(21%)
Total non-interest expenses – reported	**139,485**	181,165	(23%)	139,180	0%
Less: Integration related costs and other expenses	***(5,451)***	*(8,153)*	*n.m.*	*(36,921)*	*n.m.*
Total non-interest expenses – adjusted(1)	**134,034**	173,012	(23%)	102,259	31%
Efficiency ratio – reported	**46.7%**	45.8%	0.9%	59.3%	(12.6%)
Efficiency ratio – adjusted(1)	**44.9%**	43.8%	1.1%	43.5%	1.4%
Full-time employee equivalent (FTE) – period average	**1,808**	1,743	4%	1,635	11%

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.

Measured by adjusted efficiency ratio(1), EQB continue to sustain an efficient cost structure, a result of its proven branchless model and continued investment in building and innovating.

Q1 2024 v Q4 2023

Adjusted non-interest expenses(1) was $44.7 million/month in Q1 (+3%) versus $43.3 million in Q4 2023, mainly due to employee incentive payments in December, inclusion of ACM expenses, and EQ Bank's "Second Chance" campaign (an extension of Make Bank) that was launched in early January, partially offset by lower consulting fees.

Q1 2024 v Q4 2022

Adjusted non-interest expenses(1) +31% (reported +0%) driven by growth in the business and the full three-month contribution of Concentra Bank. Other main contributors included:

- **Compensation & benefits** increased in support of the Challenger Bank's market expansion, product development, technology enhancement and modernization, and customer service, plus the addition of ACM.
- **Technology and system** increased due to maintenance, support, and advancement to digital capabilities, cloud-first technology platforms, Concentra data system migration, and cyber security.
- **Product, marketing, and innovation** increased due to growth in EQ Bank's product costs (EQ Bank Card, FHSA account, mobile wallet, etc.). Marketing spending was primarily for advertising the "Second Chance" program that encourages Canadians to move on from their first bank accounts to something fundamentally better: EQ Bank.

(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)	31-Jan-24	31-Oct-23	Change	31-Dec-22	Change
Total assets	**53,099**	52,933	0%	51,145	4%
Loan principal – Personal(1)	**32,684**	32,416	1%	32,043	2%
Loan principal – Commercial(1)	**15,123**	14,983	1%	14,541	4%
Total deposits principal(1)	**31,760**	31,577	1%	30,831	3%
EQ Bank deposit principal(1)	**8,328**	8,233	1%	7,923	5%
Total liquid assets as a % of total assets(2)	**6.9%**	7.2%	(0.3%)	7.7%	(0.8%)

(1) The principal numbers are reported on a consolidated basis, including Concentra, prior to any acquisition-related fair value adjustments that are captured in balance sheet measures. The Personal loan principal balance includes interests capitalized for Reverse Mortgage. Prior period comparatives have been updated to conform to current period presentation. (2) This is a Non-GAAP measure, refer to the Non-GAAP financial measures and ratios section of this MD&A.

Total assets increased 4% from December 31, 2022, due to organic growth in Personal Lending (+2%) and Commercial Lending (+4%), mostly in conventional loan segments.

To fund asset growth, deposit funding grew 3% and EQ Bank deposit principal reached $8.3 billion as at January 31, 2024.

Total loan principal

EQB maintains a diverse portfolio of loans to optimize ROE while managing credit risk rigorously. Table 7 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)	31-Jan-24	31-Oct-23	Change	31-Dec-22	Change
Single family mortgages – insured	**10,374,260**	10,547,686	(2%)	11,249,787	(8%)
Single family mortgages – uninsured	**19,790,711**	19,467,440	2%	18,949,300	4%
Decumulation loans	**1,587,419**	1,460,098	9%	1,021,667	55%
Consumer lending	**931,200**	940,847	(1%)	891,656	4%
Total Personal Lending – on balance sheet	**32,683,590**	32,416,071	1%	32,112,410	2%
Commercial loans	**8,763,791**	8,623,561	2%	7,939,766	10%
Equipment financing	**1,334,219**	1,354,906	(2%)	1,262,584	6%
Insured multi-unit residential mortgages	**5,025,177**	5,004,523	0%	5,339,046	(6%)
Total Commercial Lending – on balance sheet	**15,123,187**	14,982,990	1%	14,541,396	4%
Total Loans – on balance sheet	**47,806,777**	47,399,061	1%	46,653,806	2%
Insured multi-unit residential mortgages – derecognized	**16,122,135**	14,998,436	7%	10,424,114	55%
Total Commercial Lending – loans under management(2)	**31,245,322**	29,981,426	4%	24,965,510	25%
Total Loans under management(2)	**63,928,912**	62,397,497	2%	57,077,920	12%

(1) The principal numbers are reported on a consolidated basis, including Concentra, excluding any 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.

Q1 2024 v Q4 2023

Personal Lending portfolio +1%, propelled by strong growth in the reverse mortgage business, benefiting from an ongoing marketing campaign that increased market awareness and new customer acquisition, as well as steady originations of uninsured single-family mortgages.

Commercial Lending +1%, mainly contributed by stable origination levels, partially offset by run-offs in the equipment financing portfolio.

Q1 2024 v Q4 2022

Within Personal Banking, the decumulation lending portfolio grew mainly due to the same reason noted above when compared to Q4 2023. Single family residential had lower originations over the year but benefitted from a higher loan renewal rate and lower unscheduled payments.

Commercial loans (Commercial Finance Group, Business Enterprise Solutions, and Specialized Finance) +10% y/y with more moderate originations since January 2023, but a lower level of attrition. The Equipment Financing portfolio +6% y/y, supported by organic growth and an active leasing market over the past year. Insured multi-unit mortgages under management +34% y/y to $21.1 billion from $15.8 billion in 2022 due to continued strong activity in the multi-unit residential housing sectors.

"Commercial Loans" in the table includes both CMHC insured construction and other multi-unit residential lending (e.g., retirement homes, student residences, loans being readied for CMHC funding).

Of the overall on-balance sheet portfolio, 67% is associated with multi-unit residential properties, inclusive of CMHC insured residential apartments.

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

($000s, except percentages)	As at or for the three months ended January 31, 2024		
	Personal	Commercial	Total
Q4 2023 closing balance	**32,416,071**	**14,982,990**	**47,399,061**
Originations[(3)]	**1,947,701**	**2,766,482**	**4,714,183**
Derecognition	**-**	**(1,418,691)**	**(1,418,691)**
Net repayments	**(1,680,182)**	**(1,207,594)**	**(2,887,776)**
Q1 2024 closing balance	**32,683,590**	**15,123,187**	**47,806,777**
% Change from Q4 2023	**1%**	**1%**	**1%**
Net repayments percentage[(2)]	**5.2%**	**8.1%**	**6.1%**

($000s, except percentages)	As at or for the three months ended December 31, 2022		
	Personal	Commercial	Total
Q3 2022 closing balance	24,237,002	12,454,029	36,691,031
Loans purchased on November 1	7,712,290	1,099,729	8,812,019
Originations[(3)]	1,811,011	2,083,559	3,894,570
Derecognition	-	(702,592)	(702,592)
Net repayments	(1,647,893)	(393,329)	(2,041,222)
Q4 2022 closing balance	32,112,410	14,541,396	46,653,806
% Change from Q3 2022	32%	17%	27%
Net repayments percentage[(2)]	6.8%	3.2%	5.6%

(1) The principal numbers are reported on a consolidated basis, including Concentra, prior to acquisition-related fair value adjustments that are captured in balance sheet measures. (2) 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 22bps as at January 31, 2024 compared to 18bps as at December 31, 2022.

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, including equipment financing, 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 41% 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 0.9% and 0.04% of the total loan portfolio, respectively. Approximately 1.0% of the Bank's loan assets are offices with an average LTV of 62%, and where lending is largely restricted to properties located in major urban centres and smaller buildings.
- In Equipment Financing, a cash security deposit is 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, inclusive of Concentra Bank, was 713 as at January 31, 2024, consistent with October 31, 2023 and December 31, 2022. Similarly, the average credit score of small business mortgage borrowers was 732. These credit scores are indicative of a borrower's positive repayment histories and lower propensity to default under normal economic conditions.
- 52% of loans under management are insured against credit losses, ultimately with the backing of the Government of Canada.
- Over 98% 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 64% as at January 31, 2024.
- Further to this collateral, almost all uninsured commercial mortgage borrowers and the majority of leases are backed by personal guarantees and/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 reserves increased year over year mostly due to growing loan assets, and higher expected loss rates.

Stage 3 allowances are associated with Equitable Bank's impaired loans and determined on a loan-by-loan basis. Management believes that these allowances are adequate as at January 31, 2024. Stage 3 allowances on the Bank's loan portfolio are generally supported by up-to-date, independent property appraisals.

Table 9: Loan credit metrics – Allowance for Credit Losses

($000s, except percentages)	31-Jan-24	31-Oct-23	Change	31-Dec-22	Change
Stage 1 and 2 allowance for credit losses	**99,467**	101,161	(2%)	89,931	11%
Stage 3 allowance for credit losses	**22,480**	17,994	25%	6,851	228%
Total Allowance for Credit Losses	**121,947**	119,155	2%	96,782	26%
Net ACL – total net of cash reserves[1]	**107,017**	104,338	3%	82,693	29%
Net ACL as a % of total loan assets	**0.22%**	0.22%	-%	0.18%	0.04%
Net ACL as a % of uninsured loan assets	**0.35%**	0.35%	-%	0.29%	0.06%
Net ACL as a % of gross impaired	**23%**	27%	(4%)	60%	(37%)

(1) The consumer lending portfolio is backed by guarantees of $14.9 million (October 31, 2023 - $14.8 million, December 31, 2022 - $14.1 million) provided by a third party.

The table below provides allowance metrics that illustrate stage migration and loss rate dynamics:

Table 10: Stage 1 and 2 loan credit metrics

	31-Jan-24	31-Oct-23	30-Jun-23	31-Mar-23	31-Dec-22
Stage 1 – proportion of loan assets[1]	**71.4%**	72.1%	78.3%	77.5%	78.5%
Stage 1 – effective allowance rate[2]	**0.12%**	0.13%	0.12%	0.12%	0.11%
Stage 2 – proportion of loan assets	**27.7%**	27.1%	21.2%	22.3%	21.2%
Stage 2 – effective allowance rate	**0.34%**	0.32%	0.38%	0.35%	0.37%

(1) Stage 1 and 2 percentages do not equal 100%: loans in stage 3 account for the difference and are not included in this table. (2) The effective allowance rate equals the net allowance for loans in the stage divided by the period end loan balances in that stage.

Table 11: Stage 1 and 2 Allowance for credit losses by lending business

($000s, except percentages and bps)	31-Jan-24	31-Oct-23	Change	31-Dec-22	Change
Uninsured Personal loans – stage 1 & 2 allowances	**31,941**	27,876	4,065	21,053	10,888
as a % of uninsured personal loans (bps)	***15***	*13*	2	*11*	4
Consumer lending – stage 1 & 2 allowances net of cash reserves[1]	**940**	7,452	(6,512)	5,723	(4,783)
as a % of consumer lending (bps)	***10***	*80*	(70)	*65*	(55)
Uninsured Commercial loans – stage 1 & 2 allowances	**24,755**	24,363	392	26,023	(1,268)
as a % of uninsured commercial loans (bps)	***38***	*37*	1	*38*	-
Equipment financing – stage 1 & 2 allowances	**25,647**	24,462	1,185	21,749	3,898
as a % of equipment financing (bps)	***197***	*181*	16	*173*	24
Insured Personal and Commercial loans – stage 1 & 2 allowances	**1,388**	1,216	172	1,635	(247)
as a % of insured personal and commercial loans (bps)	***0.80***	*0.70*	0.10	*0.93*	(0.13)
Total loans – stage 1 & 2 allowances net of cash reserves	**84,671**	85,369	(698)	76,183	8,488
as a % of total loans (bps)	***18***	*18*	-	*16*	2

(1) The consumer lending portfolio is backed by guarantees of $14.9 million (October 31, 2023 - $14.8 million, December 31, 2022 - $14.1 million) provided by a third party.

Compared to December 31, 2022, Stage 1 and 2 allowances against uninsured Personal loans and equipment financing increased by 4 bps and 24 bps, respectively, while uninsured Commercial loan allowances were consistent. Consumer lending allowance declines during the period were associated with a new agreement with a consumer lending origination partner and creation of a cash reserve to secure against losses. 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 8 (d & e) to the Q1 2024 interim consolidated financial statements.

Impaired loans

Table 12: Impaired loan metrics

($000s, except percentages)	31-Jan-24	31-Oct-23	Change	31-Dec-22	Change
Gross impaired loan assets	**475,182**	379,590	25%	138,513	243%
Net impaired loan assets	**452,702**	361,596	25%	131,662	244%
Net impaired loan assets as a % of total loan assets	**0.94%**	0.76%	0.18%	0.28%	0.66%

Q1 2024 v Q4 2023

Net impaired loans as at January 31, 2024 were $452.7 million, +$91.1 million (0.18% relative to total loan assets) from Q4 2023.

The change was mainly attributable to higher delinquency in residential and commercial loans, which occurred in the following businesses: residential mortgages (+$55.3 million) and commercial loans (+$40.4 million).

As at January 31, 2024, more than 75% of the impaired residential mortgages had LTVs less than 80% and the remainder's LTVs are below 90%. Within impaired commercial mortgages, $57 million was fully repaid and discharged in the quarter ($12.5 million paid out early February 2024).

Q1 2024 v Q4 2022

Net impaired loan assets +$321.0 million (0.66% of total loan assets), with increases in residential mortgages (+$124.2 million), conventional commercial loans (+$191.1 million) and equipment financing (+$5.7 million).

Despite the increase versus Q4 2023 and Q4 2022, Equitable Bank has rigorously assessed each impaired loan and has taken appropriate steps to ensure a successful resolution. In most cases, LTVs are within acceptable thresholds, providing a buffer for Equitable Bank and reducing the risk of potential credit losses. Additionally, Equitable Bank has action plans in place to address the impaired loans and is closely monitoring each situation. Management believes Equitable Bank is well reserved to manage credit losses that may arise from impaired loans.

Deposits and funding

Deposits

Equitable Bank's deposits provide a reliable and diversified base of funding that can be effectively matched against loan maturities. Term deposits consistently contribute approximately 80% of total funding with demand deposits representing the remainder.

EQ Bank deposits +5% y/y and +1% q/q to $8.3 billion. The mix of EQ Bank deposits shifted to term through the year as customers locked in higher rates for longer durations. Equitable Bank benefits from EQ Bank's term deposits, as funding duration is closely aligned to loan durations which reduces demands on Equitable Bank's liquidity portfolio.

Credit union deposits are primarily sourced through the excess liquidity of the Bank's credit union customers and are typically subject to seasonal fluctuations associated with their agricultural customer base. The shifts between demand and term deposits are vulnerable to interest rate offerings. Total credit union balances declined 2% from December 2022; however, the portion that are demand deposits has increased.

Table 13: Deposit principal

($000s)	31-Jan-24	31-Oct-23	Change	31-Dec-22	Change
Term deposits:					
Brokered	**16,200,265**	15,877,380	2%	15,653,371	3%
EQ Bank	**4,837,528**	4,644,623	4%	3,729,785	30%
Credit unions	**1,803,494**	1,908,415	(5%)	2,016,627	(11%)
Deposit notes	**1,323,223**	1,592,417	(17%)	1,961,029	(33%)
Covered bonds	**1,705,443**	1,701,796	0%	1,242,608	37%
Corporate and institutional	**57,026**	111,644	(49%)	260,320	(78%)
Total	**25,926,979**	25,836,275	0%	24,863,740	4%
Share of term deposits of total (%)	***82%***	*82%*		*81%*	
Demand deposits:					
Brokered	**508,378**	542,836	(6%)	707,327	(28%)
EQ Bank	**3,490,145**	3,588,092	(3%)	4,193,476	(17%)
Credit unions	**533,411**	479,451	11%	369,851	44%
Strategic partnerships	**1,149,499**	996,627	15%	505,836	127%
Corporate and institutional	**151,681**	133,869	13%	190,587	(20%)
Total	**5,833,114**	5,740,875	2%	5,967,077	(2%)
Share of demand deposits of total (%)	***18%***	*18%*		*19%*	
Total deposit principal	**31,760,093**	31,577,150	1%	30,830,817	3%
EQ Bank deposit principal (excludes accrued interest)	**8,327,673**	8,232,715	1%	7,923,261	5%

Liquidity investments and equity securities

Retail and securitization funding markets continue to be liquid and efficient

Equitable Bank maintains liquid assets at a level that it believes are 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.

In addition to assets that are held for the purpose of providing liquidity protection, the Bank maintains a portfolio of liquid equity securities (66% of which are investment-grade preferred shares). The Bank is able to liquidate this portfolio in the event of financial stress.

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 14: Liquid assets

($000s, except percentages)	31-Jan-24	31-Oct-23	Change	31-Dec-22	Change
Eligible deposits with regulated financial institutions[1]	**530,742**	516,551	3%	493,682	8%
Debt securities	**61,392**	60,508	1%	60,301	2%
Debt instruments issued or guaranteed by Government of Canada or provincial governments:					
Investments purchased under reverse repurchase agreements	**805,612**	908,833	(11%)	200,432	302%
Loans and investments held in the form of debt securities[2], net of obligations under repurchase agreements	**2,215,571**	2,235,278	(1%)	3,110,029	(29%)
Liquid assets held for regulatory purposes	**3,613,317**	3,721,170	(3%)	3,864,444	(6%)
Other deposits with regulated financial institutions[3]	**13,605**	33,322	(59%)	1,424	n.m.
Equity securities[4]	**38,899**	40,455	(4%)	72,369	(46%)
Total	**3,665,821**	3,794,947	(3%)	3,938,237	(7%)
Total assets held for regulatory purposes as a % of total Equitable Bank assets	**6.8%**	7.0%	(0.2%)	7.6%	(0.8%)
Total liquid assets as a % of total assets	**6.9%**	7.2%	(0.3%)	7.7%	(0.8%)

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 $241.1 million (October 31, 2023 – $171.8 million, December 31, 2022 – $251.1 million) of restricted cash held as collateral with third parties for Equitable Bank's interest rate swap transactions, issuance of letters of credit, loan origination and servicing activities, BIN sponsorship and banking settlements in the normal course of business and $421.7 million (October 31, 2023 – $595.4 million, December 31, 2022 – $486.5 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 and CMB purchased from third parties, and provincial bonds. 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.

(4) Equity securities are 66% investment-grade publicly traded preferred shares and 34% publicly traded common shares.

Liquid assets[1] were $3.7 billion as at January 31, 2024, down 3% from October 31, 2023, and +7% from December 31, 2022, reflecting the level of liquidity required after taking into account shifts in the demand-term deposit mix and anticipated cash flow needs for upcoming quarters.

(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 24 to the 2023 consolidated financial statements).

Securitization of financial assets

Certain securitization transactions qualify for derecognition when EQB has transferred substantially all of the risks, rewards, and control associated with securitized assets. The outstanding securitized loan principal that qualified for derecognition totalled $16.1 billion as at January 31, 2024 (October 31, 2023 – $15.0 billion, December 31, 2022 – $10.4 billion).

The securitization liabilities associated with these transferred assets were approximately $16.3 billion as at January 31, 2024 (October 31, 2023 – $15.2 billion, December 31, 2022 – $10.6 billion). The securitization retained interests recorded with respect to certain securitization transactions were $607.8 million as at January 31, 2024 (October 31, 2023 – $559.3 million, December 31, 2022 – $373.4 million) and the associated servicing liability was $85.6 million as at January 31, 2024 (October 31, 2023 – $81.2 million, December 31, 2022 – $58.2 million).

Commitments and letters of credit

The Bank provides commitments to extend credit to borrowers and had outstanding commitments to fund $6.2 billion (October 31, 2023 – $5.8 billion, December 31, 2022 – $4.3 billion) of loans and investments in the ordinary course of business as at January 31, 2024.

The Bank also issues letters of credit which represent assurances that it will make payments in the event that a borrower cannot meet its obligations to a third party. Letters of credit in the amount of $74.1 million were outstanding as at January 31, 2024 (October 31, 2023 – $68.5 million, December 31, 2022 – $86.1 million), none of which were claimed.

Related-party transactions

Certain of EQB's management personnel have transacted with it and/or invested in its deposits, and/or the Series 3 preferred shares in the ordinary course of business. See Note 25 to the 2023 consolidated financial statements for further details.

Capital position

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 Canadian-regulated financial institutions meet minimum 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%. To govern the quality and quantity of capital necessary based on Equitable Bank's inherent risks, it utilizes an Internal Capital Adequacy Assessment Process (ICAAP).

Regulatory capital developments

Effective April 1, 2023, Equitable Bank adopted Basel III banking reforms in accordance with OSFI's announced revised capital, leverage, liquidity, and disclosure requirements to help Canadian deposit-taking institutions (DTIs) more effectively manage risks and sustain resilience. The Basel III reforms implemented include:

- CAR with revised standard approach for credit risk and operational risk
- Leverage Requirements (LR)
- Liquidity Adequacy Requirements (LAR)
- Small and Medium-Sized Deposit-Taking Institutions (SMSBs) Capital and Liquidity Requirements
- Pillar 3 Disclosures

The Bank assessed the impact of these changes on its capital position, increased risk sensitivity, segmentation requirements and targeted optionality. Although the results are very much contingent on the composition of the Bank's assets, the overall impact is not significant given the Bank's long history of consistency with prudent lending practice, moderate risk appetite and rigorous risk framework (see "Risk Management" section of this MD&A).

On October 20, 2023, OSFI released an update of CAR (2024 Capital Adequacy Requirements) that takes effect fiscal Q1 2024. It includes changes in capital requirements associated with negative amortization mortgages with growing balances, where payments are insufficient to cover the interest components. Equitable Bank's capital requirements have not changed as a result of this requirement, as the Bank does not offer variable rate residential mortgage products with fixed payments that lead to this impact. Ongoing updates to CAR have the potential to change the treatment of current lending portfolio and impact future risk-weighted assets.

Since Q2 2023, results have reflected the revised Basel III disclosures and prior periods have not been restated.

Capital measures

Table 15: Capital measures of Equitable Bank

($000s, except percentages)	31-Jan-24	31-Oct-23	Change	31-Dec-22	Change
Common Equity Tier 1 Capital (CET1):					
Common shares	**931,149**	930,178	0%	928,778	0%
Contributed surplus	**13,928**	13,886	0%	12,537	11%
Retained earnings	**2,142,859**	2,057,262	4%	1,856,084	15%
Accumulated other comprehensive loss (AOCI)[2]	**(46,858)**	(49,956)	(6%)	(33,759)	39%
Less: Regulatory adjustments to CET1 Capital	**(188,153)**	(187,870)	0%	(170,504)	10%
Common Equity Tier 1 Capital[1]	**2,852,925**	2,763,500	3%	2,593,136	10%
Additional Tier 1 capital (AT1):					
Non-cumulative preferred shares	**72,554**	72,554	-%	183,541	(60%)
Additional Tier 1 capital issued by a subsidiary to third parties (amount allowed in AT1)	**54,480**	57,628	(5%)	-	n.m.
Tier 1 Capital[1]	**2,979,959**	2,893,682	3%	2,776,677	7%
Tier 2 Capital:					
Eligible Stage 1 and 2 allowance	**99,469**	101,162	(2%)	89,931	11%
Additional Tier 1 capital issued by a subsidiary to third parties (amount allowed in Tier 2)	**7,767**	6,719	n.m.	-	n.m.
Less: Transitional adjustment in response to COVID-19[3]	**-**	-	n.m.	(10,647)	n.m.
Tier 2 Capital[1]	**107,236**	107,881	(1%)	79,284	35%
Total Capital[1]	**3,087,195**	3,001,563	3%	2,855,961	8%
Total risk-weighted assets (RWA)[1]	**20,108,011**	19,809,239	2%	18,925,660	6%
Capital ratios and Leverage ratio[1]:					
CET1 ratio	**14.2%**	14.0%	0.2%	13.7%	0.5%
Tier 1 capital ratio	**14.8%**	14.6%	0.2%	14.7%	0.1%
Total capital ratio	**15.4%**	15.2%	0.2%	15.1%	0.3%
Leverage ratio	**5.4%**	5.3%	0.1%	5.3%	0.1%

n.m. not meaningful

(1) See Glossary section of this MD&A. (2) 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. (3) This transitional adjustment ended at the end of 2022 and thus there would be no impact on Equitable Bank's CET1 and Tier 2 capital starting Q1 2023.

Risk-weighted assets (RWA) of Equitable Bank

Equitable Bank's RWA increased $1.2 billion (+6% y/y) mainly driven by organic growth of conventional lending[1] portfolios, as well as higher operational risk capital charges which are driven by increased revenue. From October 31, 2023, RWA increased $299 million (+2% q/q) with similar drivers.

(1) See Non-GAAP financial measures and ratios section of this MD&A.

Regulatory capital components

The CET1 capital grew $260 million compared to December 31, 2022, mainly due to strong net earnings growth. Additional Tier 1 capital decreased $57 million as a portion of the preferred shares issued by Concentra Bank to third parties was not recognized as Tier 1 capital for Equitable Bank. The increase in Total Capital was mainly driven by organic CET1 capital growth.

Quarter-over-quarter, CET1 capital and Total Capital increased, due to common equity tier 1 capital growth associated with retained earnings.

Capital ratios

Equitable Bank's CET1 ratio was 14.2%, +50 bps from December 31, 2022 mainly due to organic capital growth that added to retained earnings within the Bank. The Tier 1 capital ratio +10 bps from December 31, 2022, similarly due to organic capital growth, net of lower additional Tier 1 capital associated with the preferred shares issued by Concentra Bank to third parties. Total capital ratio was 15.4%, +30 bps above December 31, 2022, mainly resulting from the same impact as noted above for CET1 ratio.

Relative to Q4 2023, the Bank's capital ratios increased by 20 bps, largely associated with the increase in CET1 capital as explained above in Section "Regulatory capital components".

Leverage ratio

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 5.4% at January 31, 2024, +10 bps from both December 31, 2022 and October 31, 2023 levels, benefiting from higher CET 1 capital as explained above.

Stress test

As part of its capital management process, Equitable Bank performs stress tests on a regular basis 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, rising interest rates, a decline in real estate values, and other factors could have on Equitable Bank's financial position across a range of economic scenarios.

Based on the results of the stress tests performed to date, management has determined that even in the most adverse scenario analyzed, Equitable Bank has sufficient capital to absorb the potential losses modelled without impairing the viability of the institution and that it would remain profitable in each year of the testing horizon.

Shareholders' equity

Common and preferred shares

At January 31, 2024, EQB had 38,173,396 common shares and 2,911,800 Series 3 preferred shares issued and outstanding. In addition, there were 1,235,364 unexercised stock options, which are, or will be, exercisable to purchase common shares for maximum proceeds of $75.8 million. For additional information on outstanding stock options and their associated exercise prices, please refer to Note 16 (a) to the Q1 2024 interim consolidated financial statements.

Normal course issuer bid (NCIB)

During the first quarter of 2024, no common or preferred shares were purchased or cancelled under the NCIB.

Common share dividends

Despite changes to its fiscal reporting calendar, EQB maintains the same dividend payment schedule (i.e., the last business day of March, June, September, and December).

On February 28, 2024, EQB's Board declared a quarterly dividend of $0.42 per common share, payable on March 28, 2024, to common shareholders of record at the close of business on March 15, 2024. This dividend represents a 20% and 5% increase over dividends declared in February and December 2023, respectively.

On February 7, 2022, EQB's Board of Directors reinstated EQB's common share Dividend Reinvestment Plan (DRIP) at a 2% discount. Participation in the plan is optional under the terms of the plan. Shareholders may elect to reinvest their cash dividends to purchase additional common shares based on the volume weighted average trading price of the common shares on the TSX for the five trading days immediately preceding the dividend payment date. Common shares issued through the DRIP are issued from treasury stock. EQB may elect to issue shares to participating shareholders at a discount. As of February 28, 2024, EQB has set the DRIP discount at 0%. EQB maintains the right to suspend the DRIP in future periods.

Preferred shares of EQB

On February 28, 2024, the Board declared a quarterly dividend of $0.373063 per preferred share, payable on March 28, 2024, to preferred shareholders of record at the close of business on March 15, 2024.

Preferred shares of Concentra Bank

As at October 31, 2023, Concentra Bank has $111 million in preferred shares issued and outstanding.

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 Q1 2024 interim consolidated financial statements are the same as those applied by EQB as at and for the fiscal year ended October 31, 2023.

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, fair values of financial assets and liabilities, derecognition of financial assets transferred in securitization transactions, 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, and inflationary pressures. 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 weightings of 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 ongoing geopolitical unrest, the current interest rate environment, and inflationary pressures, 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. Management has used the latest forward-looking macroeconomic variables provided by Moody's Analytics economic forecasting services for calculating ECL.

For further information regarding critical accounting estimates, please refer to Notes 2(d) and 10(d) to (f) to the 2023 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 Q1 2024 that have materially affected, or are reasonably likely to materially affect, the Company'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. Many of these risk factors are beyond EQB's direct control. 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 2023 Fourth Quarter Report which is available on EQB's website at eqb.investorroom.com and on SEDAR at sedar.com.

Credit risk

Credit risk is defined as the possibility that Equitable Bank will not receive the full value of amounts and recovery costs owed to it if counterparties fail to honour their obligations to the Bank. Credit risk arises principally from the Bank's lending activities and our investment in debt and equity securities. The Bank's exposure to credit risk is monitored by senior management, the Enterprise Risk Management Committee, as well as the Risk and Capital Committee of the Board, which also undertakes the approval and monitoring of the Bank's investment and lending policies.

Equitable Bank's primary lending business is providing first or insured mortgages on real estate located across Canada. The Bank also provides other forms of secured financing which mainly include insurance lending and equipment leasing. For information related to the credit quality of the portfolio, see the section entitled "Credit quality and allowance for credit losses" of this MD&A.

The Bank invests in corporate bonds to diversify its liquidity holdings and to generate higher returns. These investments also expose the Bank to credit risk, should the issuer of these securities be unable to make timely interest payments or, under a worst-case scenario, if the issuer becomes insolvent. To limit its exposure to this credit risk, the Bank establishes policies with exposure limits based on credit rating and investment type. Securities rated BBB- and higher (which is considered "low risk") comprised 94% of the Bank's corporate bond portfolio as at January 31, 2024 (October 31, 2023 – 97%, December 31, 2022 – 94%).

The Bank invests in equity securities to generate returns that meet certain internally acceptable ROE thresholds. Preferred share securities rated P-2 or higher comprised 5% or $6 million of the total equity securities portfolio as at January 31, 2024, compared to 17% or $24 million as at December 31, 2022. Preferred share securities rated P-3 or higher comprised 23% of the total equity securities portfolio at the end of Q1 2024.

Table 16: Credit risk exposure ratings scale

	Low risk	Standard risk	High risk
Cash and cash equivalents, investments, and derivatives:			
S&P equivalent grade	AAA – BBB-	BB+ – B	B- – CC
Mortgages receivable:			
Mortgage risk rating	0 – 3	4 – 5	6 – 8

Management assessed the credit quality of the Bank's assets as at January 31, 2024 on the basis of the above mapping of internal and external risk ratings to the credit risk exposure categories.

The table below provides the gross carrying amount of all the Bank's debt instruments, for which a loss allowance is calculated, including contractual amounts of undrawn loan commitments, based on the Bank's credit risk exposure rating scale.

Table 17: Credit quality analysis

($000s)				As at January 31, 2024
	Stage 1	Stage 2	Stage 3	Total
Loans receivable:				
Low risk	14,561,167	2,720,388	-	17,281,555
Standard risk	19,221,131	9,639,541	-	28,860,672
High risk	407,263	889,579	-	1,296,842
Impaired	-	-	475,182	475,182
Total	34,189,561	13,249,508	475,182	47,914,251
Less allowance	(50,488)	(47,372)	(22,480)	(120,340)
	34,139,073	13,202,136	452,702	47,793,911
Loan commitments:				
Low risk	1,857,388	1,223,069	-	3,080,457
Standard risk	1,793,113	422,657	-	2,215,770
High risk	335	21,378	-	21,713
Total	3,650,836	1,667,104	-	5,317,940
Less allowance	(1,376)	(231)	-	(1,607)
	3,649,460	1,666,873	-	5,316,333

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

Table 18: Loan principal by lending business

($000s, except percentages)	31-Jan-24	31-Oct-23	Change	31-Dec-22	Change
Insured:					
Personal	**10,374,260**	10,547,687	(2%)	11,249,787	(8%)
Commercial	**7,054,435**	6,809,589	4%	6,356,334	11%
Total loan principal outstanding	**17,428,695**	17,357,276	0%	17,606,121	(1%)
Total loan principal outstanding percentage	**36%**	37%	(1%)	38%	(2%)
Uninsured:					
Personal	**22,309,330**	21,868,384	2%	20,862,623	7%
Commercial	**8,068,752**	8,173,401	(1%)	8,185,062	(1%)
Total loan principal outstanding	**30,378,082**	30,041,785	1%	29,047,685	5%
Total loan principal outstanding percentage	**64%**	63%	1%	62%	2%

As part of the Bank's risk management, it lends at lower LTV's, adding further credit loss protection to its loan portfolio. The average LTV on the Bank's uninsured residential mortgage portfolio was 64% as at January 31, 2024 (October 31, 2023 – 62%, December 31, 2022 – 65%). The table below presents the Bank's average uninsured residential LTVs on existing loans by province.

Table 19: Average loan-to-value of existing uninsured residential mortgages(1)(2)(3)(4)

($000s, except percentages)	31-Jan-24	31-Oct-23	Change	31-Dec-22	Change
Alberta, Manitoba & Saskatchewan	**61%**	61%	-%	63%	(2%)
Atlantic provinces & Quebec	**64%**	62%	2%	66%	(2%)
British Columbia and Territories	**64%**	62%	2%	66%	(2%)
Ontario	**65%**	62%	3%	66%	(1%)
Total Canada	**64%**	62%	2%	65%	(1%)

(1) Geographic location based on the address of the property mortgaged. (2) Based on property values estimated using the Teranet National Bank House Price Indices, adjusting for the Bank's unique portfolio by using sub-indices corresponding to the 11 cities in Teranet-National Bank National Composite 11 to estimate property values loan by loan. The index is based on actual transaction dates and prices, which Equitable Bank believes to be most accurate and representative; however, may lag other indices leveraging data tied to date of sale. (3) The LTV of the Bank's HELOC (HELOC, SHELOC and Reverse Mortgage) products is not included in this table. (4) Equitable Bank has arrangements with other lenders to participate in its single-family residential loans in certain circumstances, namely if Equitable Bank wants to cap the value of its own exposure to stay within the boundaries of its risk appetite while still meeting a borrower's needs. The arrangements, which have been entered into in the normal course of business at arm's length and on market terms, are structured such that the other lenders' participation would always bear the first loss on the mortgage. The loan-to-value ratios above therefore do not take into account the other lenders' participation in order to reflect both the substance and legal form of Equitable Bank's exposure. Equitable Bank underwrites the loans based on the total value of its own advance and the other lender's participation to ensure that the borrower is able to service the aggregate amount of the loan. Other lenders' participation in Equitable Bank's (including Concentra) single family residential loans was $83.2 million as at January 31, 2024.

Within Commercial Banking, the Bank prioritizes lending against multi-unit residential rental properties, including affordable housing. Due to the strong demand in Canada for housing and the Bank's focus and capabilities in the insured lending market, over two thirds of the Bank's total Commercial loans are backed by credit insurance. Based on its strategy and risk appetite, ~1.0% of total Bank assets are offices and this small portfolio has an average LTV of 62%. The Bank is selective in lending to commercial offices, largely restricting loans to properties located in major urban centres and smaller buildings. The Bank has limited exposure to hotels, shopping malls, big box retail and large commercial office. The Bank restricts LTVs, today averaging 64% for uninsured commercial loans.

Table 20: Commercial loans under management by business[1]

($000s, except percentages)	31-Jan-24	31-Oct-23	Change	31-Dec-22	Change
Mortgages – to Corporates	**2,659,854**	2,830,654	(6%)	2,971,525	(10%)
Mortgages – to Small Business	**1,513,614**	1,437,946	5%	1,327,917	14%
Specialized financing loans	**1,074,940**	1,078,594	0%	1,069,963	0%
Construction loans[2]	**3,515,383**	3,276,367	7%	2,570,361	37%
Equipment financing	**1,334,219**	1,354,906	(2%)	1,262,584	6%
Insured multi-unit residential mortgages[3]	**21,147,312**	20,002,959	6%	15,763,160	34%
Total	**31,245,322**	29,981,426	4%	24,965,510	25%

(1) The numbers in this table are reported on consolidated basis, including Concentra, prior to acquisition-related fair value adjustments that are captured in balance sheet measures. (2) 57% of construction loans is insured by CMHC (3) Insured against credit loss by CMHC.

Liquidity and funding risk

Liquidity and Funding risk is defined as the possibility that the Bank will be unable to generate sufficient funds in a timely manner and at a reasonable price to meet financial obligations as they come due. These financial obligations mainly arise from the redemption or maturity of deposits, the maturity of mortgage-backed securities, the maturity of covered bonds, and commitments to extend credit. Redemption rates are affected by many factors, including the level of consumer confidence in the Bank. Funding and Liquidity Risk may also be affected if an unduly large proportion of the Bank's deposit-taking business involves a single person, organization or group of related persons/organizations or a single geographic area.

Management has a low tolerance for liquidity and funding risk and adheres to a Liquidity and Funding Risk Management policy that requires the Bank to maintain a pool of high-quality liquid assets. The Bank closely monitors the liquidity position daily and ensures that the level of liquid resources held, together with the Bank's ability to raise new deposits, is sufficient to meet funding commitments, deposit and bond maturity obligations, and properly discharge other financial obligations. Despite these precautions, there is a risk that a disruption in funding markets may be so severe or prolonged that the Bank may need to take further actions to protect its liquidity position, which may even include curtailing lending activity or drawing on its government-managed funding programs.

Market risk

Market Risk consists of interest rate risk, equity price risk, and currency risk. Market Risk is broadly defined as the possibility that changes in either market interest rates or equity prices may have an adverse effect on profitability or financial condition. Interest rate risk may be affected if assets or liabilities have unmatched terms, interest rates or other attributes. Overall, Equitable Bank has a 'low' appetite for market risk.

The Bank defines its low risk tolerance for market risk and applies capital for these risks within its Internal Capital Adequacy Assessment Plan. The Bank monitors market risk at several management committees: quarterly at the Enterprise Management Committee (ERM), at least 10 months per year at the Asset Liability Committee (ALCO) and weekly at the Treasury Committee. In addition, the Board reviews reports from both the ALCO and ERM quarterly. The responsibility for management of the Bank's interest rate risk resides with the ALCO. ALCO has delegated to Treasury the day-to-day responsibility for the measurement and management of market risks. The ALCO meets regularly to review and approve Treasury related policies, to review key market risk metrics including compliance to established limits, and to provide direction on market risk management.

The Bank has immaterial exposure to foreign currency risk arising from general business activities. The covered bond program is dependent on foreign funding sources, and the related foreign exchange risks are fully hedged. Differences in how the issuance and hedges are accounted may result in some income timing differences in the financial statements.

Equity price risk represents the risk to the value of the securities portfolio, which are impacted by a variety of factors which are beyond the Bank's control, such as interest rates, credit spreads, and general market sentiment.

EQB's Interest rate risk exposure as at January 31, 2024 is reported in Table 21 and Note 19 to the consolidated financial statements.

With Interest Rate Risk in the Banking Book (IRRBB), EQB's objective is to manage and control interest rate risk exposures within its low risk tolerance. EQB's key measure of interest rate exposure is dollar duration of equity. The primary method of reducing interest rate risk involves funding assets with liabilities with similar repricing terms. EQB uses interest rate derivatives to mitigate residual interest rate risk. EQB has established a target for the duration of equity, and actively manages excess exposures at each key rate through its hedging program.

We monitor interest rate risk by utilizing cashflow and valuation models with simulated interest rate changes. These models estimate the effects of various interest rate changes on net interest income and on the economic value of shareholders' equity (EVE). 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. EQB models various market rate scenarios, including parallel and non-parallel yield curve changes and regulator-prescribed interest rate shock scenarios. EVE exposure is a critical measure for measuring and managing risk. Management considers this measure to be more comprehensive than measuring changes in net interest income, as it captures all interest rate mismatches across all terms. EQB's policy establishes limits for the permissible change in EVE as well as changes in net interest income for specified rate shock to interest rates.

EQB's models contain numerous assumptions intended to reflect the contractual and expected behavior of its assets and liabilities. Certain assumptions are based on historical experience while other assumptions are based on business judgement. Below are further details on modeling.

The table below illustrates the results of management's sensitivity modeling to immediate and sustained interest rate increase and decrease scenarios. The models measure the impact of interest-rate changes on EVE and net interest income as at January 31 2024. 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 21: 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	**3,419**	**(495)**
Impact on EVE[1]	**(27,880)**	**9,505**
EVE impact as a % of common shareholders[2] equity	**(1.0%)**	**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.

Reported EVE sensitivities above include assumptions about the behaviour of embedded options such as mortgage commitments. These sensitivities are intended to measure the impact of immediate and sustained 100bps shocks. In practice, hedges are rebalanced frequently, mitigating the likelihood of such an impact.

Equity Price Risk is defined as the risk of loss from an adverse movement in the value of the Bank's securities portfolio due to volatility in financial markets. The Bank mitigates this risk by investing only in high-quality, liquid shares and actively monitors the investment portfolio. The Bank has been reducing the size of its securities portfolio, which also reduces this risk.

The Bank's ALCO reviews the investment performance, composition, and quality of the portfolio at least 10 times a year. This information is also reviewed by a Committee of the Board quarterly.

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 15 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, 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 equal to Equitable Bank's eligible Stage 1 and 2 allowance plus 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 more 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.
- **Liquidity coverage ratio (LCR):** this ratio, calculated according to OSFI's Liquidity Adequacy Requirements, measures Equitable Bank's ability to meet its liquidity needs for a thirty-calendar day liquidity stress scenario. It is equal to high-quality liquid assets divided by expected total net cash outflows over the next thirty calendar days.
- **Provision for credit losses (PCL) – rate:** this credit quality metric is calculated on an annualized basis and is defined as the 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)** represent 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** 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)** 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 14 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**.**

Consolidated balance sheet (unaudited)

($000s) As at [1]	Note	**January 31, 2024**	October 31, 2023	December 31, 2022
Assets:				
Cash and cash equivalents		**543,759**	549,474	495,106
Restricted cash		**662,759**	767,195	737,656
Securities purchased under reverse repurchase agreements		**805,612**	908,833	200,432
Investments	7	**2,025,978**	2,120,645	2,289,618
Loans – Personal	8, 9	**32,680,816**	32,390,527	31,996,950
Loans – Commercial	8, 9	**15,111,488**	14,970,604	14,513,265
Securitization retained interests	9	**607,822**	559,271	373,455
Deferred tax assets	12	**14,871**	14,230	-
Other assets	10	**645,770**	652,675	538,475
Total assets		**53,098,875**	52,933,454	51,144,957
Liabilities and Shareholders' Equity				
Liabilities:				
Deposits	11	**32,245,509**	31,996,450	31,051,813
Securitization liabilities	9	**15,389,417**	14,501,161	15,023,627
Obligations under repurchase agreements	9	**482,574**	1,128,238	665,307
Deferred tax liabilities	12	**141,543**	128,436	72,675
Funding facilities	13	**1,332,903**	1,731,587	1,239,704
Other liabilities	14	**589,879**	602,039	556,876
Total liabilities		**50,181,825**	50,087,911	48,610,002
Shareholders' equity:				
Preferred shares	15	**181,411**	181,411	181,411
Common shares	15	**489,944**	471,014	462,561
Contributed (deficit) surplus	16	**(23,055)**	12,795	11,445
Retained earnings		**2,272,116**	2,185,480	1,870,100
Accumulated other comprehensive (loss) income		**(15,826)**	(5,157)	9,438
		2,904,590	2,845,543	2,534,955
Non-controlling interests		**12,460**	-	-
Total equity		**2,917,050**	2,845,543	2,534,955
Total liabilities and equity		**53,098,875**	52,933,454	51,144,957

See accompanying notes to the consolidated financial statements.

[1] Effective January 1, 2023, EQB changed its fiscal year-end reporting date from December 31 to October 31. Accordingly, the quarter end reporting periods changed as well. The comparative quarter presented is based on the original year-end reporting period and therefore, is not entirely comparable. Refer to Note 2(f).

Consolidated statement of income (unaudited)

($000s, except per share amounts) Three-month period ended [1]	Note	**January 31, 2024**	December 31, 2022
Interest income:			
Loans – Personal		**468,954**	327,596
Loans – Commercial		**262,881**	218,428
Investments		**17,876**	10,754
Other		**22,099**	19,298
		771,810	576,076
Interest expense:			
Deposits		**358,562**	244,413
Securitization liabilities		**127,253**	93,163
Funding facilities		**15,283**	11,008
Other		**14,702**	9,167
		515,800	357,751
Net interest income		**256,010**	218,325
Non-interest revenue[2]:			
Fees and other income		**16,615**	10,503
Net gains (losses) on loans and investments		**4,993**	(5,213)
Gain on sale and income from retained interests	9	**19,409**	9,247
Net gains on securitization activities and derivatives		**1,745**	1,845
		42,762	16,382
Revenue		**298,772**	234,707
Provision for credit losses		**15,535**	26,796
Revenue after provision for credit losses		**283,237**	207,911
Non-interest expenses:			
Compensation and benefits		**65,369**	64,999
Other		**74,116**	74,181
		139,485	139,180
Income before income taxes		**143,752**	68,731
Income taxes:	12		
Current		**38,534**	22,154
Deferred		**836**	758
		39,370	22,912
Net income		**104,382**	45,819
Dividends on preferred shares		**2,357**	2,305
Net income available to common shareholders and non-controlling interests		**102,025**	43,514
Net income attributable to:			
Common shareholders		**101,875**	43,514
Non-controlling interests		**150**	-
		102,025	43,514
Earnings per share:	17		
Basic		**2.68**	1.20
Diluted		**2.66**	1.19

See accompanying notes to the consolidated financial statements.

[1] Effective January 1, 2023, EQB changed its fiscal year-end reporting date from December 31 to October 31. Accordingly, the quarter end reporting periods changed as well. The comparative quarter presented is based on the original year-end reporting period and therefore, is not entirely comparable. Refer to Note 2(f). Effective January 1, 2023, EQB changed the presentation of the line items under the Non-interest revenue. Prior period presentation has been updated accordingly.

Consolidated statement of comprehensive income (unaudited)

($000s) Three-month period ended[1]	**January 31, 2024**	December 31, 2022
Net income	**104,382**	45,819
Other comprehensive income – items that will be reclassified subsequently to income:		
Debt instruments at Fair Value through Other Comprehensive Income:		
Reclassification of losses from AOCI on sale of investments	**(113)**	-
Net unrealized gains (losses) from change in fair value	**41,561**	(1,788)
Reclassification of net (gains) losses to income	**(35,714)**	3,985
Other comprehensive income – items that will not be reclassified subsequently to income:		
Equity instruments designated at Fair Value through Other Comprehensive Income:		
Reclassification of gains from AOCI on sale of investments	**-**	604
Net unrealized losses from change in fair value	**(1,580)**	(1,543)
Reclassification of net losses to retained earnings	**-**	798
	4,154	2,056
Income tax expense	**(1,143)**	(185)
	3,011	1,871
Cash flow hedges:		
Net unrealized (losses) gains from change in fair value	**(12,230)**	5,050
Reclassification of net gains to income	**(6,694)**	(1,396)
	(18,924)	3,654
Income tax recovery (expense)	**5,161**	(958)
	(13,763)	2,696
Total other comprehensive (loss) income	**(10,752)**	4,567
Total comprehensive income	**93,630**	50,386
Total comprehensive income attributable to:		
Common shareholders	**93,480**	50,386
Non-controlling interests	**150**	-
	93,630	50,386

See accompanying notes to the consolidated financial statements.

[1] Effective January 1, 2023, EQB changed its fiscal year-end reporting date from December 31 to October 31. Accordingly, the quarter end reporting periods changed as well. The comparative quarter presented is based on the original year-end reporting period and therefore, is not entirely comparable. Refer to Note 2(f).

Consolidated statement of changes in shareholders' equity (unaudited)

($000s) [1]										January 31, 2024
					Accumulated other comprehensive income (loss)					
	Preferred Shares	Common Shares	Contributed Surplus/ (deficit)	Retained Earnings	Cash Flow Hedges	Financial Instruments at FVOCI	Total	Attributable to equity holders	Non-controlling interests	Total
Balance, beginning of period	181,411	471,014	12,795	2,185,480	43,618	(48,775)	(5,157)	2,845,543	-	2,845,543
Non-controlling interests on acquisition	-	-	-	-	-	-	-	-	12,310	12,310
Net Income	-	-	-	104,232	-	-	-	104,232	150	104,382
Transfer of AOCI losses to income	-	-	-	-	-	83	83	83	-	83
Other comprehensive loss, net of tax	-	-	-	-	(13,763)	3,011	(10,752)	(10,752)	-	(10,752)
Common shares issued	-	11,000	-	-	-	-	-	11,000	-	11,000
Exercise of stock options	-	6,958	-	-	-	-	-	6,958	-	6,958
Dividends:										
Preferred shares	-	-	-	(2,357)	-	-	-	(2,357)	-	(2,357)
Common shares	-	-	-	(15,239)	-	-	-	(15,239)	-	(15,239)
Share tender rights	-	-	(35,891)	-	-	-	-	(35,891)	-	(35,891)
Stock-based compensation	-	-	1,013	-	-	-	-	1,013	-	1,013
Transfer relating to the exercise of stock options	-	972	(972)	-	-	-	-	-	-	-
Balance, end of period	181,411	489,944	(23,055)	2,272,116	29,855	(45,681)	(15,826)	2,904,590	12,460	2,917,050

See accompanying notes to the consolidated financial statements.

[1] Effective January 1, 2023, EQB changed its fiscal year-end reporting date from December 31 to October 31. Accordingly, the quarter end reporting periods changed as well. The comparative quarter presented is based on the original year-end reporting period and therefore, is not entirely comparable. Refer to Note 2(f).

($000s) [1]										December 31, 2022
					Accumulated other comprehensive income (loss)					Total
	Preferred Shares	Common Shares	Contributed Surplus	Retained Earnings	Cash Flow Hedges	Financial Instruments at FVOCI	Total	Attributable to equity holders	Non-controlling interests	
Balance, beginning of period	70,424	236,368	10,908	1,839,561	39,320	(34,928)	4,392	2,161,653	-	2,161,653
Net Income	-	-	-	45,819	-	-	-	45,819	-	45,819
Realized gain on sale of financial instruments	-	-	-	(588)	-	-	-	(588)	-	(588)
Transfer of AOCI losses to retained earnings	-	-	-	-	-	446	446	446	-	446
Investment elimination on acquisition	-	-	-	-	-	33	33	33	-	33
Other comprehensive loss, net of tax	-	-	-	-	2,696	1,871	4,567	4,567	-	4,567
Common shares issued	-	223,112	-	-	-	-	-	223,112	-	223,112
Exercise of stock options	-	3,433	-	-	-	-	-	3,433	-	3,433
Dividend payout from principal	-	(655)	-	-	-	-	-	(655)	-	(655)
Dividends:										
Preferred shares	-	-	-	(2,305)	-	-	-	(2,305)	-	(2,305)
Common shares	-	-	-	(12,387)	-	-	-	(12,387)	-	(12,387)
Stock-based compensation	-	-	840	-	-	-	-	840	-	840
Transfer relating to the exercise of stock options	-	303	(303)	-	-	-	-	-	-	-
Shares on acquisition	110,987	-	-	-	-	-	-	110,987	-	110,987
Balance, end of period	181,411	462,561	11,445	1,870,100	42,016	(32,578)	9,438	2,534,955	-	2,534,955

See accompanying notes to the consolidated financial statements.

[1] Effective January 1, 2023, EQB changed its fiscal year-end reporting date from December 31 to October 31. Accordingly, the quarter end reporting periods changed as well. The comparative quarter presented is based on the original year-end reporting period and therefore, is not entirely comparable. Refer to Note 2(f).

Consolidated statement of cash flows (unaudited)

($000s) Three-month period ended	**January 31, 2024**	December 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	**104,382**	45,819
Adjustments for non-cash items in net income:		
Financial instruments at fair value through income	**16,537**	(8,202)
Amortization of premiums/discount on investments	**3,130**	274
Amortization of capital assets and intangible costs	**11,441**	19,130
Provision for credit losses	**15,535**	26,796
Securitization gains	**(14,516)**	(7,197)
Stock-based compensation	**1,013**	840
Income taxes	**39,370**	22,912
Securitization retained interests	**27,933**	15,197
Changes in operating assets and liabilities:		
Restricted cash	**104,436**	(107,948)
Securities purchased under reverse repurchase agreements	**103,221**	549,640
Loans receivable, net of securitizations	**(492,116)**	(1,138,391)
Other assets	**(1,326)**	176,042
Deposits	**201,362**	417,239
Securitization liabilities	**883,231**	680,398
Obligations under repurchase agreements	**(645,664)**	(83,574)
Funding facilities	**(398,684)**	85,314
Subscription receipts	**-**	(232,018)
Other liabilities	**(5,962)**	(136,172)
Income taxes paid	**(26,112)**	(30,909)
Cash flows (used in) from operating activities	**(72,789)**	295,190
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common shares	**17,958**	225,890
Term loan facility	**-**	275,000
Dividends paid on preferred shares	**(2,357)**	(2,304)
Dividends paid on common shares	**(15,239)**	(12,387)
Cash flows from financing activities	**362**	486,199
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	**(336,419)**	(518,429)
Acquisition of subsidiary	**(75,528)**	(495,369)
Proceeds on sale or redemption of investments	**465,401**	281,762
Net change in Canada Housing Trust re-investment accounts	**18,005**	177,457
Purchase of capital assets and system development costs	**(4,747)**	(30,703)
Cash flows from (used in) investing activities	**66,712**	(585,282)
Net (decrease) increase in cash and cash equivalents	**(5,715)**	196,107
Cash and cash equivalents, beginning of period	**549,474**	298,999
Cash and cash equivalents, end of period	**543,759**	495,106
Cash flows from operating activities include:		
Interest received	**688,329**	514,579
Interest paid	**(371,620)**	(143,439)
Dividends received	**549**	1,045

See accompanying notes to the consolidated financial statements.

Notes to consolidated financial statements

($000s, except per share amounts)

Note 1 – Reporting Entity

EQB Inc. (EQB) was formed on January 1, 2004, as the parent company of its wholly owned subsidiary, Equitable Bank. EQB is listed on the Toronto Stock Exchange (TSX) and domiciled in Canada with its registered office located at 30 St. Clair Avenue West, Suite 700, Toronto, Ontario. Equitable Bank is a Schedule I Bank under the *Bank Act* (Canada) and is regulated by the Office of the Superintendent of Financial Institutions Canada (OSFI). Equitable Bank and its subsidiaries offer savings and lending products to personal and commercial customers across Canada. EQB also owns 75% of ACM Advisors (ACM), one of Canada's largest alternative asset managers.

Note 2 – Basis of Preparation

(a) Statement of compliance

These interim consolidated financial statements of EQB have been prepared in accordance with IAS 34 Interim Financial Reporting and do not include all the information required for full annual financial statements. These interim consolidated financial statements should be read in conjunction with EQB's 2023 annual audited consolidated financial statements.

These interim consolidated financial statements were approved for issuance by EQB's Board of Directors (the Board) on February 28, 2024.

(b) Basis of measurement

The interim consolidated financial statements have been prepared on a historical cost basis except for the following items which are stated at fair value: derivative financial instruments, financial assets and liabilities that are classified or designated as at fair value through profit and loss and fair value through other comprehensive income.

(c) Functional currency

The functional currency of EQB and its subsidiaries is Canadian dollars, which is also the presentation currency of the interim consolidated financial statements.

(d) Use of estimates and accounting judgments in applying accounting policies

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, fair values of financial assets and liabilities, derecognition of financial assets transferred in securitization transactions, 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, and inflationary pressures. 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 weightings of 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 ongoing geopolitical unrest, the current interest rate environment, and inflationary pressures, 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. Management has used the latest forward-looking macroeconomic variables provided by Moody's Analytics economic forecasting services for calculating ECL. Please refer to note 8(d).

(e) Consolidation

The interim consolidated financial statements as at and for the three months ended January 31, 2024 and December 31, 2022 include the assets, liabilities, and results of operations of EQB and its subsidiaries, after the elimination of intercompany transactions and balances. EQB has control over its subsidiaries as it is exposed to and has rights to variable returns from its involvement with the subsidiaries and it can affect those returns through its power over their relevant activities.

EQB has a 100% ownership interest in Equitable Bank and a 75% ownership in ACM. Equitable Bank is the parent company of its wholly owned subsidiaries, Equitable Trust, Concentra Bank, Concentra Trust, Bennington Financial Services, EQB Covered Bond (Legislative) GP Inc., and EQB Covered Bond (Legislative) Guarantor Limited Partnership. All these subsidiaries have been consolidated in the consolidated financial statements of EQB as at January 31, 2024.

Non-controlling interests are presented within equity on the Consolidated Balance Sheet separate from equity attributable to holders of common shares of EQB. The net income attributable to non-controlling interests is presented separately in the Consolidated Statement of Income.

(f) Fiscal year-end reporting date change

Effective January 1, 2023, EQB changed its fiscal year-end reporting date from December 31 to October 31. Accordingly, the 2024 fiscal year quarter end periods are January 31, 2024, April 30, 2024, and July 31, 2024, and the comparative quarter end periods are December 31, 2022, March 31, 2023 and June 30, 2023, respectively. The comparative quarters are for a three-month period, however, they are not entirely comparable as these are not the same calendar months.

Note 3 – Significant Accounting Policies

The significant accounting policies applied by EQB in these interim consolidated financial statements are the same as those applied by EQB as at and for the year ended October 31, 2023, as described in Note 3 of the audited consolidated financial statements in EQB's 2023 Annual Report.

Note 4 – Risk Management

EQB, like other financial institutions, is exposed to the symptoms and effects of global economic conditions and other factors that could adversely affect its business, financial condition, and operating results, which may also influence an investor to buy, sell or hold shares in EQB. Many of these risk factors are beyond EQB's direct control. The use of financial instruments exposes EQB to credit risk, liquidity risk and market risk.

A discussion of EQB's risk exposures and how it manages those risks can be found in the Risk Management section of the Management's Discussion & Analysis of EQB's 2023 Annual Report and the 2024 first quarter report.

Note 5 – Business Combination

On December 14, 2023, EQB acquired 75% ownership in ACM who has nearly $5 billion in assets under management. ACM specializes in the creation, structuring, and management of pooled Canadian commercial mortgage funds. ACM's existing management team has retained a 25% ownership position and will remain with the organization. ACM will continue to operate independently as a majority-owned subsidiary of EQB and contribute to an increase in EQB's fee-based revenue.

EQB paid $86,528 in total purchase consideration for acquiring 75% ownership in ACM. The purchase consideration included EQB common shares of $11,000 and $75,528 in cash. The fair value of the 137,244 EQB common shares issued as part of the consideration was measured using the five days volume weighted average price prior to the deal close date. As at December 14, 2023, the acquisition contributed $2,970 of assets and $1,472 of liabilities to EQB's consolidated balance sheet. The excess of consideration over the fair value of identifiable net assets has been allocated to customer contracts intangible asset of $62,000, a deferred tax liability of $14,260, and goodwill of $49,600. None of the goodwill recognized is expected to be deductible for income tax purposes. EQB also recognized a non-controlling interest of $12,310 based on the proportionate interest of non-controlling shareholders in the identifiable net assets of ACM. The purchase price allocation is subject to refinement as EQB completes its valuation of the fair value of identifiable assets acquired and liabilities assumed.

Goodwill recognized mainly pertains to access to a diversified new source of service revenue through the mortgage funds management business and expected future business growth. Customer contracts intangible asset of $62,000 pertains to existing customer contracts acquired as part of the acquisition that provides a long term, stable source of service fee revenue. The valuation of the intangible asset requires management to make significant judgments and estimates relating to customer retention, future cash flows and discount rates.

Transaction costs of $362 relating to the acquisition were expensed and included in non-interest expenses. From the date of acquisition to January 31, 2024, ACM has contributed $2,660 of revenues and $1,501 to profit before tax to EQB's financial results. If the business combination had taken place on November 1, 2023, management estimates that the revenue for EQB for the period would have been $301,397 and profit before tax would have been $144,648.

Note 6 – Financial Instruments

EQB's business activities result in a Consolidated Balance Sheet that consists primarily of financial instruments. The majority of EQB's net income is derived from gains, losses, income, and expenses related to these financial assets and liabilities.

(a) Valuation methods and assumptions

Valuation methods and assumptions used to estimate fair values of financial instruments are as follows:

(i) Financial instruments whose cost or amortized cost approximates fair value

The fair value of Cash and cash equivalents and Restricted cash approximate their cost due to their short-term nature.

Securities purchased under reverse repurchase agreements, obligations under repurchase agreements, bank facilities and certain other financial assets and liabilities are carried at cost or amortized cost, which approximates fair value.

(ii) Financial instruments classified as at FVOCI, Fair value through equity (FVEQ) and FVTPL

These financial assets and financial liabilities are measured on the Consolidated Balance Sheet at fair value. For financial instruments measured at fair value where active market prices are available, bid prices are used for financial assets and ask prices for financial liabilities. For those financial instruments measured at fair value that are not traded in an active market, fair value estimates are determined using valuation methods which maximize the use of observable market data and include discounted cash flow analysis and other commonly used valuation techniques.

(iii) Loans receivable

The estimated fair value of loans receivable is determined using a discounted cash flow calculation and the market interest rates offered for loans with similar terms and credit risks.

(iv) Deposits

The estimated fair value of deposits is determined by discounting expected future contractual cash flows using observed market interest rates offered for deposits with similar terms. Deposit liabilities include GICs that are measured at fair value through income and are guaranteed by Canada Deposit Insurance Corporation (CDIC). This guarantee from CDIC is reflected in the fair value measurement of the deposit liabilities.

(v) Securitization liabilities

The estimated fair value of securitization liabilities is determined by discounting expected future contractual cash flows using market interest rates offered for similar terms.

(vi) Derivatives

Fair value estimates of derivative financial instruments are determined based on commonly used pricing methodologies (primarily discounted cash flow models) that incorporate observable market data. Frequently applied valuation techniques incorporate various inputs such as stock prices, bond prices, and interest rate curves into present value calculations.

(vii) Other liabilities

The fair value of liabilities representing the right of certain third parties to tender their shares has been determined using a discounted cash flow model which uses non-observable inputs to estimate the future purchase price at the settlement date.

The following tables present the carrying values for each category of financial assets and liabilities and their estimated fair values as at January 31, 2024 and December 31, 2022 The tables do not include assets and liabilities that are not financial instruments.

($000s)							January 31, 2024
	FVTPL – Mandatorily	FVOCI – Debt Instruments	FVOCI – Equity Instruments	FVEQ - Elected	Amortized Cost	Total Carrying Value	Fair Value
Financial assets:							
Cash and cash equivalents	-	-	-	-	543,759	543,759	543,759
Restricted cash	-	-	-	-	662,759	662,759	662,759
Securities purchased under reverse repurchase agreements	-	-	-		805,612	805,612	805,612
Investments	201,527	1,661,198	51,105	-	112,148	2,025,978	2,021,402
Loans – Personal	-	-	-	-	32,680,816	32,680,816	32,403,331
Loans – Commercial[1]	494,524	-	-	-	13,317,661	13,812,185	13,684,596
Securitization retained interests	-	-	-	-	607,822	607,822	606,027
Other assets:							
Derivative financial instruments[2]:							
Interest rate swaps	75,258	-	-	-	-	75,258	75,258
Cross currency interest rate swaps	61,707	-	-	-	-	61,707	61,707
Total return swaps	19,000	-	-	-	-	19,000	19,000
Bond forwards	2,111	-	-	-	-	2,111	2,111
Foreign exchange forwards	1,264	-	-	-	-	1,264	1,264
Loan commitments	776	-	-	-	-	776	776
Other	-	-	-	-	54,002	54,002	54,002
Total financial assets	856,167	1,661,198	51,105	-	48,784,579	51,353,049	50,941,604
Financial liabilities:							
Deposits	-	-	-	-	32,245,509	32,245,509	32,127,990
Securitization liabilities	-	-	-	-	15,389,417	15,389,417	14,948,746
Obligations under repurchase agreements	-	-	-	-	482,574	482,574	482,574
Funding facilities	-	-	-	-	1,342,757	1,342,757	1,342,670
Other liabilities:							
Derivative financial instruments [2]:							
Interest rate swaps	77,272	-	-	-	-	77,272	77,272
Cross-currency interest rate swaps	30,895	-	-	-	-	30,895	30,895
Bond forwards	10,622	-	-	-	-	10,622	10,622
Total return swaps	4,907	-	-	-	-	4,907	4,907
Foreign exchange forwards	3,302	-	-	-	-	3,302	3,302
Loan commitments	9	-	-	-	-	9	9
Other	-	-	-	35,891	408,596	444,487	444,810
Total financial liabilities	127,007	-	-	35,891	49,868,853	50,031,751	49,473,797

[1] Loans – Commercial does not include $1,299,303 (December 31, 2022 - $756,680) of Equipment financing, as these are specifically excluded for classification and measurement under IFRS 9.
[2] Derivative financial instruments are non-trading, and include derivatives held in hedge accounting relationships.

($000s)						December 31, 2022
	FVTPL – Mandatorily	FVOCI – Debt Instruments	FVOCI – Equity Instruments	Amortized Cost	Total Carrying Value	Fair Value
Financial assets:						
Cash and cash equivalents	-	-	-	495,106	495,106	495,106
Restricted cash	-	-	-	737,656	737,656	737,656
Securities purchased under reverse repurchase agreements	-	-	-	200,432	200,432	200,432
Investments	209,486	1,781,445	60,168	238,519	2,289,618	2,287,200
Loans – Personal	-	-	-	31,996,950	31,996,950	31,386,026
Loans – Commercial (1)	431,107	-	-	12,886,125	13,317,232	13,116,633
Securitization retained interests	-	-	-	373,455	373,455	364,806
Other assets:						
Derivative financial instruments (2):						
Interest rate swaps	166,601	-	-	-	166,601	166,601
Cross-currency interest rate swaps	38,982	-	-		38,982	38,982
Total return swaps	14,513	-	-	-	14,513	14,513
Bond forwards	9,579	-	-	-	9,579	9,579
Foreign exchange forwards	5,744	-	-		5,744	5,744
Other	-	-	-	27,542	27,542	27,542
Total financial assets	876,012	1,781,445	60,168	46,955,785	49,673,410	48,850,820
Financial liabilities:						
Deposits	-	-	-	31,051,813	31,051,813	30,742,559
Securitization liabilities	-	-	-	15,023,627	15,023,627	14,546,013
Obligations under repurchase agreements	-	-	-	665,307	665,307	665,064
Funding facilities	-	-	-	1,247,010	1,247,010	1,247,008
Other liabilities:						
Derivative financial instruments (2):						
Interest rate swaps	161,623	-	-	-	161,623	161,623
Cross-currency interest rate swaps	48,514	-	-	-	48,514	48,514
Total return swaps	7,267	-	-	-	7,267	7,267
Bond forwards	258	-	-	-	258	258
Foreign exchange forwards	2,157	-	-	-	2,157	2,157
Loan commitments	935	-	-	-	935	935
Other	-	-	-	334,458	334,458	334,458
Total financial liabilities	220,754	-	-	48,322,215	48,542,969	47,755,856

(1) Loans – Commercial does not include $1,299,303 (December 31, 2022 - $1,196,033) of Equipment financing, as these are specifically excluded for classification and measurement under IFRS 9.
(2) Derivative financial instruments are non-trading, and include derivatives held in hedge accounting relationships.

(b) Fair value hierarchy

Financial instruments recorded at fair value on the Consolidated Balance Sheet are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy has the following levels:

Level 1: valuation based on quoted prices (unadjusted) observed in active markets for identical assets and liabilities.

Level 2: valuation techniques based on inputs other than quoted prices included in Level 1 that are either directly or indirectly observable for the asset or liability.

Level 3: valuation techniques with significant unobservable market inputs.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The following table presents the fair value hierarchy of all financial instruments, whether or not measured at fair value in the Consolidated Balance Sheet, except for certain financial instruments whose carrying amount always approximates their fair values due to their short-term nature:

($000s) January 31, 2024	Level 1	Level 2	Level 3	Total financial assets/financial liabilities at fair value
Financial assets:				
Investments	1,947,614	-	73,788	2,021,402
Loans – Personal	-	-	32,403,331	32,403,331
Loans – Commercial	-	494,524	13,190,072	13,684,596
Securitization retained interests	-	606,027	-	606,027
Other assets:				
Derivative financial instruments [(1)]:				
Interest rate swaps	-	75,258	-	75,258
Cross currency interest rate swaps	-	61,707	-	61,707
Total return swaps	-	10,611	8,389	19,000
Bond forwards	-	2,111	-	2,111
Foreign exchange forwards	-	1,264	-	1,264
Loan commitments	-	-	776	776
Other	-	54,002	-	54,002
Total financial assets	1,947,614	1,305,504	45,676,356	48,929,474
Financial liabilities:				
Deposits	-	32,127,990	-	32,127,990
Securitization liabilities	-	12,142,541	2,806,205	14,948,746
Funding facilities	-	1,342,670	-	1,342,670
Other liabilities:				
Derivative financial instruments [(1)]:				
Interest rate swaps	-	77,272	-	77,272
Cross currency interest rate swaps	-	30,895	-	30,895
Bond forwards	-	10,622	-	10,622
Total return swaps	-	-	4,907	4,907
Foreign exchange forwards	-	3,302	-	3,302
Loan commitments	-	-	9	9
Other	-	408,919	35,891	444,810
Total financial liabilities	-	46,144,211	2,847,012	48,991,223

[(1)] Derivative financial instruments are non-trading, and include derivatives held in hedge accounting relationships.

($000s) December 31, 2022	Level 1	Level 2	Level 3	Total financial assets/financial liabilities at fair value
Financial assets:				
Investments	1,200,491	1,025,210	61,499	2,287,200
Loans – Personal	-	-	31,386,026	31,386,026
Loans – Commercial	-	431,107	12,685,526	13,116,633
Securitization retained interests	-	364,806	-	364,806
Other assets:				
Derivative financial instruments [1]:				
Interest rate swaps	-	166,601	-	166,601
Cross-currency interest rate swaps	-	38,982	-	38,982
Total return swaps	-	-	14,513	14,513
Bond forwards	-	9,579	-	9,579
Foreign exchange forwards	-	5,744	-	5,744
Other	-	27,542	-	27,542
Total financial assets	1,200,491	2,069,571	44,147,564	47,417,626
Financial liabilities:				
Deposits	-	30,742,559	-	30,742,559
Securitization liabilities	-	12,375,544	2,170,469	14,546,013
Other liabilities:				
Derivative financial instruments [1]:				
Interest rate swaps	-	161,623	-	161,623
Cross-currency interest rate swaps		48,514	-	48,514
Total return swaps	-	2,670	4,597	7,267
Bond forwards	-	258	-	258
Foreign exchange forwards	-	2,157	-	2,157
Loan commitments	-	-	935	935
Funding facilities	-	1,247,008	-	1,247,008
Other	-	334,458	-	334,458
Total financial liabilities	-	44,914,791	2,176,001	47,090,792

[1] Derivative financial instruments are non-trading, and include derivatives held in hedge accounting relationships.

Note 7 – Investments

Carrying value of investments is as follows:

($000s)	**January 31, 2024**	October 31, 2023	December 31, 2022
Equity securities measured at FVOCI	**51,105**	52,686	60,168
Equity securities measured at FVTPL	**17,774**	17,629	21,274
Debt securities measured at FVOCI	**1,661,198**	1,742,510	1,781,445
Debt securities measured at FVTPL	**183,753**	177,557	188,212
Debt securities measured at AMC	**112,148**	130,263	238,519
	2,025,978	2,120,645	2,289,618

EQB has elected to designate certain Equity securities to be measured at FVOCI as these investments are expected to be held for the long term. For the period ended January 31, 2024, EQB earned dividends of $549 (December 31, 2022 – $856) on these Equity securities. During the period, none of the equity securities were sold/redeemed (December 31, 2022 – $4,272 and recognized a loss on sale of $798 in Retained earnings).

As at January 31, 2024 EQB had a commitment to invest $19,645 (October 31, 2023 - $21,854, December 31, 2022 – $32,125) in certain equity securities measured at FVTPL.

Net unrealized gains (losses) on investments measured at FVOCI and FVTPL are as follows:

($000s)	**January 31, 2024**	December 31, 2022
Equity securities measured at FVOCI	**(1,580)**	(142)
Equity securities measured at FVTPL	**435**	(2,544)
Debt securities measured at FVOCI	**8,047**	54,935
Debt securities measured at FVTPL	**6,180**	(3,932)

Note 8 – Loans Receivable

(a) Loans receivable

($000s)						**January 31, 2024**
		Allowance for credit losses				
	Gross amount	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Net amount**
Loans – Personal	**32,734,391**	**27,229**	**20,987**	**5,359**	**53,575**	**32,680,816**
Loans – Commercial	**15,179,860**	**24,635**	**26,616**	**17,121**	**68,372**	**15,111,488**
	47,914,251	**51,864**	**47,603**	**22,480**	**121,947**	**47,792,304**

($000s)						October 31, 2023
		Allowance for credit losses				
	Gross amount	Stage 1	Stage 2	Stage 3	Total	Net amount
Loans – Personal	32,445,945	29,947	21,758	3,713	55,418	32,390,527
Loans – Commercial	15,034,341	27,503	21,953	14,281	63,737	14,970,604
	47,480,286	57,450	43,711	17,994	119,155	47,361,131

($000s)						December 31, 2022
		Allowance for credit losses				
	Grossamount	Stage 1	Stage 2	Stage 3	Total	Net amount
Loans – Personal	32,041,682	28,303	13,432	2,997	44,732	31,996,950
Loans – Commercial	14,565,315	23,430	24,766	3,854	52,050	14,513,265
	46,606,997	51,733	38,198	6,851	96,782	46,510,215

Loans – Personal include certain uninsured residential loans with a carrying value of $2,256,536 (October 31, 2023 – $2,382,931, December 31, 2022 – $1,576,832) that have been sold but are not derecognized. EQB issues Euro denominated covered bonds in Europe by securitizing uninsured residential loans on properties in Canada. These uninsured residential loans are sold and held in a separate guarantor entity, i.e., EQB Covered Bond (Legislative) Guarantor Limited Partnership (Guarantor LP), established by EQB exclusively for the Covered Bonds Program (the Program). The legal title on the uninsured residential loans that are secured under the Program are held by the Guarantor LP. The residential loans sold to the Guarantor LP under the Program do not qualify for derecognition as EQB continues to be exposed to substantially all the risks and rewards associated with the transferred assets and retains control of the assets. A key risk associated with transferred loans to which EQB remains exposed after the transfer in the Program is the risk of prepayment. As a result, the loans continue to be recognized on EQB's Consolidated Balance Sheet at amortized cost and are accounted for as collateral for the secured funding arrangement, with the corresponding liability presented under Deposits.

Loans – Commercial include certain loans measured at FVTPL that are held for securitization activities. As at January 31, 2024, the carrying value of these loans was $493,764 (October 31, 2023 – $481,037, December 31, 2022 – $430,253) and included fair value adjustment of $3,261 (October 31, 2023 – ($8,614), December 31, 2022 – ($2,555)).

Loans – Commercial also include certain loans that are designated and measured at FVTPL. As at January 31, 2024, the carrying amount of these loans was $759 (October 31, 2023 – $756, December 31, 2022 – $854) and included fair value adjustment of ($56) (October 31, 2023 – ($87), December 31, 2022 – ($81)).

The impact of changes in fair value for loans measured at fair value through income is as follows:

($000s)	**January 31, 2024**	December 31, 2022
Net gains (losses) in fair values for loans measured at FVTPL included in gains on securitization activities and derivatives	**11,875**	(2,487)
Net gains in fair values for loans measured at FVTPL and recognized in net gain (losses) on loans and investments	**-**	1

Loans – Commercial include loans of $898,605 (October 31, 2023 – $852,440, December 31, 2022 – $774,377) invested in certain asset-backed structured entities. EQB holds a senior position in these investments and the maximum exposure to loss is limited to the carrying value of the investment. EQB does not have the ability to direct the relevant activities of these structured entities and has no exposure to their variable returns, other than the right to receive interest income from these investments. Consequently, EQB does not control these structured entities and has not consolidated them.

Loans – Commercial also include EQB's net investment in equipment financing of $1,299,303 (October 31, 2023 – $1,320,684, December 31, 2022 – $1,196,033).

As at January 31, 2024, EQB had commitments to fund a total of $6,229,900 (October 31, 2023 − $5,780,730, December 31, 2022 – $4,255,117) loans in the ordinary course of business.

(b) Impaired and past-due loans

Outstanding impaired loans, net of specific allowances are as follows:

($000s)			**January 31, 2024**	October 31, 2023	December 31, 2022
	Gross [(1)]	**Allowance for credit losses**	**Net**	Net	Net
Loans – Personal	**178,763**	**5,359**	**173,404**	118,077	49,154
Loans – Commercial – Conventional and Insured	**265,366**	**12,115**	**253,251**	212,830	62,170
Loans – Commercial – Equipment financing	**31,053**	**5,006**	**26,047**	30,689	20,338
	475,182	**22,480**	**452,702**	361,596	131,662

[(1)] Gross balances include loans amounting to $10,423 (October 31, 2023 − $9,962, December 31, 2022 – $11,332) that are insured.

Outstanding loans that are past due but not classified as impaired are as follows:

($000s)				**January 31, 2024**
	30 − 59 days	**60 − 89 days**	**90 days or more**	**Total**
Loans – Personal	**165,999**	**71,259**	**1,853**	**239,111**
Loans – Commercial – Conventional and Insured	**141,202**	**59,779**	-	**200,981**
Loans – Commercial – Equipment financing	**37,577**	**19,616**	**-**	**57,193**
	344,778	**150,654**	**1,853**	**497,285**

($000s)				October 31, 2023
	30 − 59 days	60 − 89 days	90 days or more	Total
Loans – Personal	154,744	73,277	3,764	231,785
Loans – Commercial – Conventional and Insured	68,726	35,994	-	104,720
Loans – Commercial – Equipment financing	29,198	14,077	-	43,275
	252,668	123,348	3,764	379,780

($000s)				December 31, 2022
	30 – 59 days	60 – 89 days	90 days or more	Total
Loans – Personal	75,685	21,843	3,729	101,257
Loans – Commercial – Conventional and Insured	1,820	4,096	-	5,916
Loans – Commercial – Equipment financing	13,186	3,508	-	16,694
	90,691	29,447	3,729	123,867

(c) Allowance for credit losses

($000s)				**January 31, 2024**
	12 months ECL	**Lifetime non-credit impaired**	**Lifetime credit impaired**	
Loans - Personal	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance, beginning of period	**29,947**	**21,758**	**3,713**	**55,418**
Provision for credit losses:				
Transfers to (from) Stage 1	**1,456**	**(1,427)**	**(29)**	**-**
Transfers to (from) Stage 2	**(1,891)**	**2,249**	**(358)**	**-**
Transfers to (from) Stage 3	**(81)**	**(288)**	**369**	**-**
Re-measurement (1)	**(3,466)**	**(560)**	**3,902**	**(124)**
Originations	**2,411**	**-**	**-**	**2,411**
Discharges	**(1,147)**	**(745)**	**(1,402)**	**(3,294)**
Write-off	**-**	**-**	**(406)**	**(406)**
Realized losses	**-**	**-**	**(571)**	**(571)**
Recoveries	**-**	**-**	**141**	**141**
Balance, end of period	**27,229**	**20,987**	**5,359**	**53,575**

(1) Includes movement as a result of significant increase or decrease in credit risk and changes in credit risk due to model inputs/assumptions that did not result in a transfer between stages.

($000s)				**January 31, 2024**
	12 months ECL	**Lifetime non-credit impaired**	**Lifetime credit impaired**	
Loans – Commercial	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance, beginning of period	**27,503**	**21,953**	**14,281**	**63,737**
Provision for credit losses:				
Transfers to (from) Stage 1	**6,062**	**(4,335)**	**(1,727)**	**-**
Transfers to (from) Stage 2	**(3,311)**	**4,093**	**(782)**	**-**
Transfers to (from) Stage 3	**(462)**	**(3,242)**	**3,704**	**-**
Re-measurement (1)	**(8,203)**	**9,565**	**13,664**	**15,026**
Originations	**4,561**	**-**	**-**	**4,561**
Discharges	**(1,515)**	**(1,418)**	**-**	**(2,933)**
Write-off	**-**	**-**	**(11,252)**	**(11,252)**
Realized losses	**-**	**-**	**(767)**	**(767)**
Balance, end of period	**24,635**	**26,616**	**17,121**	**68,372**

(1) Includes movement as a result of significant increase or decrease in credit risk and changes in credit risk due to model inputs/assumptions that did not result in a transfer between stages.

($000s)				December 31, 2022
	12 months ECL	Lifetime non-credit impaired	Lifetime credit impaired	
Loans - Personal	Stage 1	Stage 2	Stage 3	Total
Balance, beginning of period	5,705	7,537	642	13,884
Provision for credit losses:				
Transfers to (from) Stage 1	573	(551)	(22)	-
Transfers to (from) Stage 2	(1,634)	1,690	(56)	-
Transfers to (from) Stage 3	(5)	(17)	22	-
Re-measurement [(1)]	2,356	(836)	477	1,997
Originations	1,245	-	-	1,245
Discharges	(285)	(309)	-	(594)
Loans acquired on business combination	20,348	5,918	1,937	28,203
Realized losses	-	-	(20)	(20)
Recoveries	-	-	17	17
Balance, end of period	28,303	13,432	2,997	44,732

[(1)] Includes movement as a result of significant increase or decrease in credit risk and changes in credit risk due to model inputs/assumptions that did not result in a transfer between stages.

($000s)				December 31, 2022
	12 months ECL	Lifetime non-credit impaired	Lifetime credit impaired	
Loans – Commercial	Stage 1	Stage 2	Stage 3	Total
Balance, beginning of period	22,504	15,912	2,891	41,307
Provision for credit losses:				
Transfers to (from) Stage 1	3,500	(3,454)	(46)	-
Transfers to (from) Stage 2	(2,593)	2,683	(90)	-
Transfers to (from) Stage 3	(16)	(230)	246	-
Re-measurement [(1)]	(1,819)	4,744	1,889	4,814
Originations	2,224	-	-	2,224
Discharges	(1,094)	(441)	-	(1,535)
Loans acquired on business combination	724	5,552	2,180	8,456
Write-off	-	-	(3,217)	(3,217)
Recoveries	-	-	1	1
Balance, end of period	23,430	24,766	3,854	52,050

[(1)] Includes movement as a result of significant increase or decrease in credit risk and changes in credit risk due to model inputs/assumptions that did not result in a transfer between stages.

The Stage 1 and 2 allowance for credit losses includes allowance on loan commitments amounting to $1,607 (October 31, 2023 – $1,722, December 31, 2022 – $1,472).

(d) Key inputs, assumptions, and model techniques

EQB's allowance for credit losses is estimated using statistical models that involve a number of inputs and assumptions. The key drivers of changes in ECL include the following:

- Transfers between stages, due to significant changes in credit risk;
- Changes in forward-looking macroeconomic variables, specifically the macroeconomic variables to which the ECL models are calibrated, which are closely correlated with the credit losses in the relevant portfolios; and
- Changes to the probability weights assigned to each scenario.

In addition, these elements are also subject to a high degree of judgment which could have a significant impact on the level of ACL recognized. The inputs and models used for calculating ECL may not always capture all characteristics of the market. Qualitative adjustments or overlays may be made by management for certain portfolios as temporary adjustments in circumstances where the assumptions and/or modelling techniques do not capture all relevant risk factors.

In considering the assumptions for calculating ECL, EQB has also considered the geo-political unrest, the current interest rate environment, and inflationary pressures. EQB has applied experienced credit judgment in the assessment of underlying credit deterioration and migration of balances to progressive stages.

(e) Forward-looking macroeconomic scenarios

EQB subscribes to Moody's Analytics economic forecasting services and leverages its forward-looking macroeconomic information to model ECL. EQB considers five macroeconomic scenarios: a base-case scenario, one upside and three downside scenarios. Each macroeconomic scenario is assigned a probability weighting, with the base-case scenario receiving the highest weight. The probability-weighted macroeconomic scenarios are incorporated into both measurement of ECL and assessment of whether the credit risk of an instrument has increased significantly since its initial recognition.

The following table provides the primary macroeconomic variables used in models to estimate ECL on performing loans:

										January 31, 2024
	Base-Case Scenario		**Upside Scenario**		**Downside Scenarios**					
					Scenario 1		**Scenario 2**		**Scenario 3**	
	Next 12 months	**2 to 5 years**	**Next 12 months**	**2 to 5 years**	**Next 12 months**	**2 to 5 years**	**Next 12 months**	**2 to 5 years**	**Next 12 months**	**2 to 5 years**
Unemployment rate %	**6.2**	**6.1**	**5.4**	**5.2**	**7.4**	**6.9**	**8.4**	**7.9**	**9.8**	**9.5**
Real GDP growth rate %	**0.6**	**1.9**	**1.7**	**2.4**	**(0.8)**	**1.9**	**(1.5)**	**1.7**	**(2.8)**	**1.4**
Home Price Index growth rate % (1)	**(1.5)**	**(0.7)**	**(0.3)**	**0.3**	**(2.5)**	**(1.4)**	**(7.0)**	**(2.1)**	**(11.2)**	**(4.0)**
Commercial Property Index growth rate %	**(0.1)**	**0.4**	**1.2**	**1.1**	**(1.3)**	**(0.0)**	**(4.8)**	**(0.4)**	**(8.4)**	**(1.6)**
Household income growth rate %	**(3.3)**	**(0.1)**	**(3.4)**	**0.4**	**(3.3)**	**(0.4)**	**(3.4)**	**(1.0)**	**(3.3)**	**(1.6)**
Canadian Equity index %	**2.7**	**14.5**	**11.3**	**9.6**	**(18.8)**	**14.4**	**(30.9)**	**24.4**	**(36.4)**	**36.8**
West Texas Intermediate oil price %	**(3.4)**	**(0.9)**	**0.3**	**(1.2)**	**(16.3)**	**9.9**	**(28.8)**	**16.7**	**(44.3)**	**42.6**

(1) The Home Price Index growth rate % used by EQB is the Moody's Analytics Home and Land Price Index.

October 31, 2023										
					Downside Scenarios					
	Base-Case Scenario		Upside Scenario		Scenario 1		Scenario 2		Scenario 3	
	Next 12 months	2 to 5 years	Next 12 months	2 to 5 years	Next 12 months	2 to 5 years	Next 12 months	2 to 5 years	Next 12 months	2 to 5 years
Unemployment rate %	5.7	5.6	4.6	5.1	6.9	5.9	8.2	6.3	9.7	7.2
Real GDP growth rate %	0.7	2.0	1.5	2.5	(0.4)	1.9	(1.0)	1.6	(2.0)	1.3
Home Price Index growth rate % [1]	(2.7)	(0.2)	(0.6)	3.7	(3.9)	(1.5)	(10.8)	(1.1)	(15.9)	(7.2)
Commercial Property Index growth rate %	(0.7)	2.8	2.0	4.3	(2.6)	2.2	(9.2)	3.9	(14.5)	1.1
Household income growth rate %	(1.5)	(1.8)	0.8	2.4	(2.2)	1.3	(3.6)	0.4	(5.0)	(1.1)
Canadian Equity index %	1.5	14.6	8.8	(3.1)	(9.2)	6.5	(22.9)	12.5	(39.7)	35.6
West Texas Intermediate oil price %	5.2	(2.9)	11.2	9.8	(18.9)	14.2	(33.8)	23.0	(40.5)	36.2

[1] The Home Price Index growth rate % used by EQB is the Moody's Analytics Home and Land Price Index.

December 31, 2022										
					Downside Scenarios					
	Base-Case Scenario		Upside Scenario		Scenario 1		Scenario 2		Scenario 3	
	Next 12 months	2 to 5 years	Next 12 months	2 to 5 years	Next 12 months	2 to 5 years	Next 12 months	2 to 5 years	Next 12 months	2 to 5 years
Unemployment rate %	5.9	5.7	4.9	5.1	7.0	6.0	8.0	6.6	9.4	7.6
Real GDP growth rate %	0.5	8.5	2.3	10.0	(1.3)	8.7	(1.9)	7.0	(3.4)	5.7
Home Price Index growth rate % [1]	(2.0)	(2.7)	(0.1)	0.5	(3.2)	(5.0)	(10.0)	(5.8)	(15.2)	(12.2)
Commercial Property Index growth rate %	(1.5)	1.3	1.6	3.2	(4.1)	0.7	(11.9)	1.6	(18.5)	(2.0)
Household income growth rate %	(2.2)	(0.6)	(1.1)	1.5	(3.5)	(1.6)	(4.6)	(2.7)	(5.8)	(4.7)
Canadian Equity index %	(4.9)	4.1	1.8	4.1	(18.2)	3.5	(29.0)	5.7	(33.7)	4.3
West Texas Intermediate oil price %	(10.2)	(5.4)	(12.9)	(4.8)	(18.2)	(2.5)	(12.3)	(4.0)	(15.0)	(2.9)

[1] The Home Price Index growth rate % used by EQB is the Moody's Analytics Home and Land Price Index.

(f) Sensitivity of allowance for credit losses

ECL is sensitive to the inputs used in internally developed models, macroeconomic variables in the forward- looking forecasts, the probability weightings of our five macroeconomic scenarios, and other factors considered when applying experienced credit judgment. Changes in these inputs, assumptions, models, and judgments would have an impact on the assessment of credit risk and the measurement of ECLs.

Impact of probability-weighting on ACL

The following table presents a comparison of EQB's ACL using only the base-case scenario and downside scenario instead of the five probability-weighted macroeconomic scenarios for performing loans:

($000s)	**January 31, 2024**	October 31, 2023	December 31, 2022
ACL – Five probability-weighted macroeconomic scenarios (actual)	**99,467**	101,161	89,931
ACL – Base-case scenario only	**80,484**	85,231	84,088
ACL – Downside scenario only	**246,663**	221,284	156,576
Difference – Actual versus base-case scenario only	**18,983**	15,930	5,843
Difference – Actual versus downside scenario 3 only	**(147,196)**	(120,123)	(66,645)

Impact of staging on ACL

The following table illustrates the impact of staging on EQB's ACL by comparing the allowance if all performing loans were in Stage 1, with other assumptions held constant, to the actual ACL recorded:

($000s)	**January 31, 2024**	October 31, 2023	December 31, 2022
ACL – Loans in Stage 1 and Stage 2 (actual)	**99,467**	101,161	89,931
ACL – Assuming all loans in Stage 1	**84,839**	85,302	79,221
Lifetime ACL impact	**14,628**	15,859	10,710

Note 9 – Derecognition of Financial Assets

In the normal course of business, EQB enters into transactions that result in the transfer of financial assets. Transferred financial assets are recognized in their entirety or derecognized in their entirety, subject to the extent of EQB's continuing involvement. EQB transfers its financial assets through its securitization activities and sale of assets under repurchase agreements. For further details, refer to Note 11 to the audited consolidated financial statements in EQB's 2023 Annual Report.

(a) Transferred financial assets that are not derecognized in their entirety

The following table provides information on the carrying amount and the fair values related to transferred financial assets that are not derecognized in their entirety and the associated liabilities:

($000s)	**January 31, 2024**		October 31, 2023		December 31, 2022	
	Securitized assets	**Assets sold under repurchase agreements**	Securitized assets	Assets sold under repurchase agreements	Securitized assets	Assets sold under repurchase agreements
Carrying amount of assets	**16,032,291**	**482,574**	15,138,612	1,128,238	15,540,197	665,307
Carrying amount of associated liability	**15,389,417**	**482,574**	14,501,161	1,128,238	15,023,627	665,307
Carrying value, net position	**642,874**	**-**	637,451	-	516,570	-
Fair value of assets	**15,683,086**	**482,574**	14,648,752	1,128,238	15,068,979	665,064
Fair value of associated liability	**14,948,746**	**482,574**	13,977,423	1,128,238	14,546,013	665,064
Fair value, net position	**734,340**	**-**	671,329	-	522,966	-

EQB's outstanding securitization liabilities are as follows:

($000s)	**January 31, 2024**	October 31, 2023	December 31, 2022
Securitization principal	**15,513,297**	14,586,901	15,094,331
Deferred net discount and issuance costs	**(158,934)**	(117,693)	(99,476)
Accrued interest	**35,054**	31,953	28,772
	15,389,417	14,501,161	15,023,627

(b) Transferred financial assets that are derecognized in their entirety

The following table provides quantitative information of EQB's securitization activities and transfers that are derecognized in their entirety during the period:

($000s)	**January 31, 2024**	December 31, 2022
Loans securitized and sold	**1,560,143**	702,592
Carrying value of Securitization retained interests	**76,385**	40,370
Carrying value of Securitized loan servicing liability	**8,737**	5,407
Gains on loans securitized and sold	**14,516**	7,197
Income from securitization activities and retained interests	**4,893**	2,050

Note 10 – Other Assets

($000s)	**January 31, 2024**	October 31, 2023	December 31, 2022
Intangible assets	**215,217**	154,250	145,495
Goodwill	**107,195**	57,595	57,595
Prepaid expenses and other	**96,995**	93,562	42,733
Property and equipment	**32,920**	31,521	27,646
Income taxes receivable	**18,585**	27,124	12,004
Accrued interest and dividends on non-loan assets	**11,078**	12,407	7,559
Right-of-use assets	**3,084**	3,688	8,529
Loan commitments	**776**	-	-
Real estate owned	**340**	395	375
Receivable relating to securitization activities	**240**	893	1,120
Derivative financial instruments:			
Interest rate swaps	**136,964**	226,847	205,583
Total return swaps	**19,000**	16,989	14,513
Bond forwards	**2,112**	18,366	9,579
Foreign exchange forwards	**1,264**	9,038	5,744
	645,770	652,675	538,475

Intangible assets include system software development costs relating to EQB's information systems, core customer deposits, Trust business relationships and customer contracts.

Note 11 – Deposits

($000s)	**January 31, 2024**	October 31, 2023	December 31, 2022
Term and other deposits	**31,760,093**	31,577,150	30,830,817
Fair value of acquisition	**(53,410)**	(67,110)	(123,751)
Accrued interest	**577,690**	524,703	380,628
Deferred deposit agent commissions	**(38,864)**	(38,293)	(35,881)
	32,245,509	31,996,450	31,051,813

Deposits also include $1,722,053 (October 31, 2023 – $1,709,181, December 31, 2022 – $1,245,294) of funding from the covered bond program. This funding is secured against $2,259,099 (October 31, 2023 – $2,385,035, December 31, 2022 – $1,577,979) of Loans – Personal.

Note 12 – Income Taxes

(a) Income tax provision:

($000s)	**January 31, 2024**	December 31, 2022
Current tax expense:		
Current year	**36,770**	22,157
Adjustments for prior years	**1,764**	(3)
	38,534	22,154
Deferred tax expense:		
Reversal of temporary differences	**2,828**	(2,990)
Adjustment for prior years	**(1,791)**	
Changes in tax rates	**(201)**	3,748
	836	758
Total income tax expense	**39,370**	22,912

The provision for income taxes shown in the Consolidated Statement of Income may differ from that obtained by applying statutory income tax rates to income before provision for income taxes due to the following reasons:

($000s)	**January 31, 2024**	December 31, 2022
Canadian statutory income tax rate	**27.4%**	27.0%
Increase (decrease) resulting from:		
Tax-exempt income	**(0.1%)**	(0.4%)
Non-deductible expenses and other	**(0.1%)**	(1.7%)
Future tax rate changes	**0.2%**	8.4%
Effective income tax rate	**27.4%**	33.3%

The increase in statutory tax rate is mainly due to the impact of additional 1.5% Federal tax imposed on Canadian financial institutions effective April 7, 2022 which was recognized in the last quarter of 2022 (pro-rated).

(b) Deferred tax[1]:

Net deferred income tax liabilities comprise:

($000s)	**January 31, 2024**	October 31, 2023	December 31, 2022
Deferred income tax assets:			
Tax losses [2]	**18,504**	11,148	8,734
Allowance for credit losses	**17,051**	18,072	15,930
Leasing activities	**9,517**	7,535	9,817
Share issue expenses	**3,580**	3,768	2,324
Net loan fees	**-**	317	3,296
Other	**-**	13,315	6,684
	48,652	54,155	46,785
Deferred income tax liabilities:			
Securitization activities	**144,696**	132,186	92,749
Equipment financing activities	**-**	7,821	113
Leasing activities [3]	**4,168**	-	-
Deposit agent commissions	**6,975**	7,005	7,234
Intangible costs	**19,384**	21,349	19,364
Other	**101**	-	-
	175,324	168,361	119,460
Net deferred income tax liabilities	**126,672**	114,206	72,675

[1] The corresponding amounts to the change in deferred tax balances is a tax charge to Statement of Income of $836 and a tax charge of $14,147 to retained earnings, and reclassification of $2,517 to current tax payable.
[2] Deferred tax asset pertains to income tax losses of approximately $72,003 from Equitable Trust Company and Covered Bond Guarantor LP (October 31, 2023 - $43,259, December 31, 2022 - $32,392).
[3] The deferred tax liability relating to leasing activities pertains to the temporary difference resulting from differences in accounting treatment versus tax treatment for finance lease receivables.

Deferred income tax assets and liabilities are reflected on the Consolidated Balance Sheet as follows:

($000s)	**January 31, 2024**	October 31, 2023	December 31, 2022
Deferred tax assets	**14,871**	14,230	-
Deferred tax liabilities	**141,543**	128,436	72,675
Net deferred tax liabilities	**126,672**	114,206	72,675

Certain taxable temporary differences associated with investments in subsidiaries did not result in the recognition of deferred tax liabilities as at January 31, 2024. The total amount of these temporary differences was $1.976 billion as at January 31, 2024 (October 31, 2023 – $1.793 billion).

Note 13 – Funding Facilities

(a) Secured funding facilities:

EQB has two credit facilities totaling $1,600,000 (October 31, 2023 – 1,600,000, December 31, 2022 - $1,100,000) with major Schedule I Canadian banks to finance residential loans prior to securitization. Equitable Bank also has access to liquidity facilities sponsored by the Government of Canada, namely the Bank of Canada's Standing Term Liquidity Facility and Emergency Lending Assistance program. As at January 31, 2024, EQB had an outstanding balance of $420,741 (October 31, 2023 – $1,058,619, December 31, 2022 – $737,040) on facilities from the Schedule I Canadian banks. The facilities from the Schedule I Canadian banks carry interest rates at 1-month CDOR plus 0.70% to 0.85%.

Concentra Bank maintains a $25,000 (October 31, 2023 – 25,000, December 31, 2022 - $400,000) secured credit facility with a major Schedule I Canadian bank to backstop issued letters of credit and for general liquidity management. The credit facility carries interest rates at Banker's Acceptance plus 0.50%. Concentra Bank also maintains $100,000 (October 31, 2023 – 100,000, December 31, 2022 - $100,000) secured line of credit with SaskCentral which is used primarily for settlement and clearing purposes. The line of credit carries interest rates at Prime less 0.50%. As at January 31, 2024, there were no amounts outstanding under either of these facilities (October 31, 2023 – $nil, December 31, 2022 – $nil).

(b) Unsecured funding facilities:

EQB has a funding agreement with a consortium of Schedule I banks for senior unsecured funding facilities comprising of a revolving facility (Revolving Facility) of up to $200,000 and a term loan facility (Term Loan) of up to $275,000. As at January 31, 2024, EQB had an outstanding balance of $422,336 (October 31, 2023 – $372,619, December 31, 2022 – $467,701) on the above facilities including deferred cost of $408 (October 31, 2023 – $486, December 31, 2022 – $609), prepaid interest of $2,264 (October 31, 2023 – $1,912, December 31, 2022 – $6,697). The Revolving Facility and Term Loan carries interest rates at 1-month CDOR plus applicable margins.

Equitable Bank has established Bearer Deposit Notes (BDN) program through which it issues short-term unsecured notes. As at January 31, 2024 the outstanding balance of the notes issued under BDN program was $489,826 (October 31, 2023 – $300,349, December 31, 2022 – $34,963) including deferred costs of $68 (October 31, 2023 – $25, December 31, 2022 – $nil) and discounts of $7,112 (October 31, 2023 – $2,626, December 31, 2022 – $nil). The interest rate on outstanding BDN issuance ranges from 5.20% to 5.85%.

Concentra Bank also maintains a BDN program. As at January 31, 2024 there were no notes outstanding under Concentra's program (October 31, 2023 – $nil, December 31, 2022 – $34,963).

EQB's other subsidiary maintains a $1,000 (October 31, 2023 - $nil, December 31, 2022 - $nil) operating line of credit to support day to day liquidity management. The line of credit carries interest at Prime plus 1.00% and there was no amount outstanding at January 31, 2024 (October 31, 2023 - $nil; December 31, 2022 - $nil).

Note 14 – Other Liabilities

($000s)	**January 31, 2024**	October 31, 2023	December 31, 2022
Accounts payable and accrued liabilities	**291,838**	317,997	207,651
Securitized loan servicing liability	**85,596**	81,150	58,180
Loan realty taxes	**68,938**	21,292	57,541
Unearned revenue	**7,464**	18,299	2,417
Income taxes payable	**5,268**	2,847	-
Right-of-use liabilities	**3,768**	4,561	10,333
Loan commitments	**9**	3,620	935
Derivative financial instruments:			
Interest rate swaps	**108,167**	145,555	210,137
Bond forwards	**10,622**	2,179	258
Total return swaps	**4,907**	4,067	7,267
Foreign exchange forwards	**3,302**	472	2,157
	589,879	602,039	556,876

Note 15 – Shareholder's Equity

(a) Normal course issuer bid (NCIB):

On December 21, 2020, EQB announced that the Toronto Stock Exchange had approved a NCIB pursuant to which EQB may repurchase for cancellation up to 2,288,490 of its common shares and 297,250 of its Series 3 – 5-year rate reset preferred shares, representing 10% of its public float of each class of shares. On December 21, 2022, the NCIB was approved by the Toronto Stock Exchange for renewal, pursuant to which EQB may repurchase for cancellation up to 3,025,798 of its common shares and 288,680 of its Series 3 – 5-year rate reset preferred shares, representing 10% of its public float of each class of shares. EQB only intends to purchase a maximum of 1,150,000 common shares under the terms of the NCIB. The actual number of preferred shares purchased under the NCIB and the timing of any such purchases will be at EQB's discretion. As at January 31, 2024, EQB repurchased and canceled 88,200, at a volume weighted average price of $25.91of its Series 3 – 5-year rate reset preferred shares (October 31, 2023 – 88,200, at a volume weighted average price of $25.91, December 31, 2022 – 80,600, at a volume weighted average price of $26.01). No common shares have been purchased and cancelled under the NCIB.

Note 16 – Stock-based Compensation

(a) Stock-based compensation plan:

Under EQB's stock option plan, options on common shares are periodically granted to eligible participants for terms of seven years or ten years, and vest over a four-year period. As at January 31, 2024, the maximum number of common shares available for issuance under the plan was 4,000,000. The outstanding options expire on various dates to December 2033. Below is a summary of EQB's stock option activity and related information for the periods ended January 31, 2024 and December 31, 2022:

($000's, except share, per share and stock option amounts)		**January 31, 2024**		December 31, 2022
	Number of stock options	**Weighted average exercise price**	Number of stock options	Weighted average exercise price
Outstanding, beginning of period	**1,173,719**	**54.82**	1,304,518	48.12
Granted	**195,396**	**83.85**	-	-
Exercised	**(126,479)**	**34.91**	(62,252)	27.27
Forfeited/cancelled	**(7,272)**	**72.33**	(12,415)	62.85
Outstanding, end of period	**1,235,364**	**61.34**	1,229,851	49.03
Exercisable, end of period	**524,623**	**46.62**	658,941	36.44

Under the fair value-based method of accounting for stock options, EQB has recorded compensation expense in the amount of $1,013 (December 31, 2022 – $840) related to grants of options under the stock option plan. This amount has been credited to Contributed surplus. The fair value of options granted during the period ended January 31, 2024 was estimated at the date of grant using the Black-Scholes valuation model, with the following assumptions:

(Percentages, except per share amount and number of years)	**January 31, 2024**	December 31, 2022[1]
Risk-free rate	**3.6%**	-
Expected option life (years)	**5.5**	-
Expected volatility	**31.0%**	-
Expected dividends	**2.2%**	-
Weighted average fair value of each option granted	**23.21**	-

[1] No stock options were granted during the quarter ended December 31, 2022.

(b) Other stock-based plans:

EQB has an Employee Share Purchase (ESP) plan, a Restricted share unit (RSU, PSU and TSU) plan for eligible employees, and a Deferred share unit (DSU) plan for Directors. For details on the plans, refer to Note 20 to the audited consolidated financial statements in EQB's 2023 Annual Report.

Under the DSU plan, the activity for the periods ended January 31, 2024 and December 31, 2022 is as follows:

	January 31, 2024	December 31, 2022
	Number of DSUs	Number of DSUs
Outstanding, beginning of period	**143,789**	153,850
Granted	**1,286**	3,165
Dividend reinvested	**473**	819
Paid out	**(11,700)**	(12,139)
Outstanding, end of period	**133,848**	145,695

The liability associated with DSUs outstanding as at January 31, 2024 was $12,491 (December 31, 2022 – $8,261). Compensation expense, including offsetting hedges, relating to DSUs outstanding during the three months ended January 31, 2024 amounted to $226 (December 31, 2022 – $229).

Under EQB's RSU and PSU plan, the activity for the periods ended January 31, 2024 and December 31, 2022 is as follows:

	January 31, 2024	December 31, 2022
	Number of RSUs and PSUs	Number of RSUs and PSUs
Outstanding, beginning of period	**251,887**	209,634
Granted	**120,955**	-
Dividend reinvested	**1,512**	771
Vested and paid out	**(47,846)**	(74,629)
Forfeited/cancelled	**(4,312)**	(3,597)
Outstanding, end of period	**322,196**	132,179

The liability associated with RSUs and PSUs outstanding as at January 31, 2024 was $9,073 (December 31, 2022 – $3,333). Compensation expense, including offsetting hedges, relating to RSUs and PSUs outstanding during the three months ended January 31, 2024 amounted to $2,124 (December 31, 2022 – $1,353).

The TSU plan was adopted in 2022. Effective January 1, 2023, EQB has granted Treasury Performance Share Units (TPSUs) to eligible employees for a term of ten years. Under the plan, 50% of the TPSUs cliff vest after 3 years, and the remaining 50% cliff vest after 4 years, with number of units adjusted on the vesting date based on the performance factors up to each vesting date. Under the plan, each TPSU represents one notional common share and earns notional dividends, which are reinvested into additional TPSUs when cash dividends are paid on EQB's common shares. When the TPSUs vest, the eligible employee can elect to settle in shares issued from treasury, or in cash.

As at January 31, 2024, the maximum number of common shares available for issuance under the TSU plan was 300,000. The outstanding TPSUs expire in February 2033.

Under EQB's TSU plan, the activity for the periods ended January 31, 2024 and December 31, 2022 is as follows:

	January 31, 2024	December 31, 2022
	Number of TPSUs	Number of TPSUs
Outstanding, beginning of period	**45,043**	-
Granted	**42,358**	-
Dividend reinvested	**406**	-
Forfeited/cancelled	**(483)**	-
Outstanding, end of period	**87,324**	-

The liability associated with TPSUs outstanding as at January 31, 2024 was $1,300 (December 31, 2022 – $nil). Compensation expense, including offsetting hedges, relating to TPSUs outstanding during the three months ended January 31, 2024 amounted to $397 (December 31, 2022 – $nil).

Note 17 – Earnings Per Share

Diluted earnings per share is calculated based on net income available to common shareholders divided by the weighted average number of common shares outstanding during the year, considering the dilutioneffect of stock options using the treasury stock method.

($000's, except share, per share and stock option amounts)	**January 31, 2024**	December 31, 2022
Earnings per common share − basic:		
Net income available to common shareholders	**101,875**	43,514
Weighted average basic number of common shares outstanding	**38,014,035**	36,354,160
Earnings per common share − basic	**2.68**	1.20
Earnings per common share − diluted:		
Net income available to common shareholders	**101,875**	43,514
Weighted average basic number of common shares outstanding	**38,014,035**	36,354,160
Adjustment to weighted average number of common shares outstanding:		
Stock options	**330,304**	278,551
Weighted average diluted number of common shares outstanding	**38,344,339**	36,632,711
Earnings per common share − diluted	**2.66**	1.19

For the period ended January 31, 2024, the calculation of the diluted earnings per share excluded 105,014 (December 31, 2022 – 473,687) average options outstanding with a weighted average exercise price of $83.0 (December 31, 2022 − $71.8) as the exercise price of these options was greater than the average price of EQB's common shares.

Note 18 – Capital Management

Equitable Bank manages its capital in accordance with guidelines established by OSFI, based on standards issued by the Basel Committee on Banking Supervision. OSFI's Capital Adequacy Requirements (CAR) Guideline details how Basel III rules apply to Canadian banks. OSFI has mandated that all Canadian-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%. To govern the quality and quantity of capital necessary based on Equitable Bank's inherent risks, Equitable Bank utilizes an Internal Capital Adequacy Assessment Process (ICAAP).

Equitable Bank's CET1 Ratio was 14.2% as at January 31, 2024, while Tier 1 Capital and Total Capital Ratios were 14.8% and 15.4% respectively. Equitable Bank's Capital Ratios as at January 31, 2024 exceeded the regulatory minimums.

Equitable Bank maintains a Capital Management Policy and an ICAAP to govern the quality and quantity of capital utilized in its operations.

During the period, Equitable Bank complied with all internal and external capital requirements.

Regulatory capital (relating solely to Equitable Bank) is as follows:

($000s)	**January 31, 2024**	October 31, 2023	December 31, 2022
Common Equity Tier 1 Capital (CET1):			
Common shares	**931,149**	930,178	928,778
Contributed surplus	**13,928**	13,886	12,537
Retained earnings	**2,142,859**	2,057,262	1,856,084
Accumulated other comprehensive loss[1]	**(46,858)**	(49,956)	(33,759)
Less: Regulatory adjustments to CET1 capital	**(188,153)**	(187,870)	(170,504)
Common Equity Tier 1 Capital	**2,852,925**	2,763,500	2,593,136
Additional Tier 1 Capital:			
Non-cumulative preferred shares	**72,554**	72,554	183,541
Additional Tier 1 capital issued by a subsidiary to third parties (amount allowed in AT1)	**54,480**	57,628	-
Tier 1 Capital	**2,979,959**	2,893,682	2,776,677
Tier 2 Capital:			
Eligible stage 1 and 2 allowance	**99,469**	101,162	89,931
Additional Tier 1 capital issued by a subsidiary to third parties (amount allowed in Tier 2)	**7,767**	6,719	-
Less: Transitional adjustment in response to COVID-19	**-**	-	(10,647)
Tier 2 Capital	**107,236**	107,881	79,284
Total Capital	**3,087,195**	3,001,563	2,855,961

[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.

Note 19 – Interest Rate Sensitivity

The following table shows EQB's position regarding interest rate sensitivity of assets, liabilities and equity on the date of the earlier of contractual maturity or re-pricing date, as at January 31, 2024.

($000's, except percentages)								**January 31, 2024**
	Floating rate	**0 to 3 months**	**4 months to 1 year**	**Total within 1 year**	**1 year to 5 years**	**Greater than 5 years**	**Non-interest sensitive[1]**	**Total**
Total assets	**12,098,832**	**4,340,968**	**11,757,926**	**28,197,726**	**20,653,337**	**2,330,554**	**1,917,258**	**53,098,875**
Total liabilities and shareholders' equity	**(1,213,105)**	**(15,037,825)**	**(14,288,102)**	**(30,539,032)**	**(17,606,642)**	**(1,004,629)**	**(3,948,572)**	**(53,098,875)**
Off-balance sheet items[3]	**-**	**(2,521,272)**	**3,649,624**	**1,128,352**	**(446,636)**	**(681,716)**	**-**	**-**
Interest rate sensitivity gap	**10,885,727**	**(13,218,129)**	**1,119,448**	**(1,212,954)**	**2,600,059**	**644,209**	**(2,031,314)**	
Cumulative gap[2]	**10,885,727**	**(2,332,402)**	**(1,212,954)**	**(1,212,954)**	**1,387,105**	**2,031,314**	**-**	**-**
Cumulative gap as a percentage of total assets	**20.50%**	**(4.39%)**	**(2.28%)**	**(2.28%)**	**2.61%**	**3.83%**	**-%**	**-%**

($000's, except percentages)								October 31, 2023
	Floating rate	0 to 3 months	4 months to 1 year	Totalwithin 1 year	1 year to 5 years	Greater than 5 years	Non-interest sensitive[1]	Total
Cumulative gap[2][3]	11,280,713	(2,054,794)	(449,776)	(449,776)	1,482,667	2,082,112	-	-
Cumulative gap as a percentage of total assets	21.31%	(3.88%)	(0.85%)	(0.85%)	2.80%	3.93%	-%	-%

($000's, except percentages)								December 31, 2022
	Floating rate	0 to 3months	4 months to 1 year	Total within 1 year	1 year to 5 years	Greater than 5 years	Non-interest sensitive[1]	Total
Cumulative gap[2][3]	11,743,190	312,955	(41,811)	(41,811)	1,383,478	2,271,909	-	-
Cumulative gap as a percentage of total assets	22.96%	0.61%	(0.08%)	(0.08%)	2.71%	4.44%	-%	-%

[1] Accrued interest is included in "Non-interest sensitive" assets and liabilities.
[2] Cashable GIC deposits are included in the "0 to 3 months" as these are cashable by the depositor upon demand after 30 days from the date of issuance.
[3] Off-balance sheet items include EQB's interest rate swaps, hedges on funded assets, as well as loan rate commitments that are not specifically hedged. Loan rate commitments that are specifically hedged, along with their respective hedges, are assumed to substantially offset.

Shareholder and Corporate Information

Corporate Head Office

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700 – 30 St. Clair Ave W
Toronto, ON M4V 3A1
Canada

Website
equitablebank.ca

Toronto Stock Exchange Listings
Common Shares: EQB
Preferred Shares: EQB.PR.C

Analyst Conference Call and Webcast
Thursday, February 29, 2024,
10:00 a.m. EST
Live: 416.764.8609
Replay and archive: eqb.investorroom.com

Investor Relations
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More comprehensive investor information including supplemental financial reports, quarterly news releases, and investor presentations is availablein the Investor Relations section at eqb.investorroom.com

Transfer Agent and Registrar
Odyssey Trust Company
Trader's Bank Building
702, 67 Young Street,
Toronto, Ontario, Canada, M5E 1J8
1.888.290.1175
shareholders@odysseytrust.com

Annual and Special Meeting of Shareholders
Wednesday, April 10, 2024
10:00 a.m. EST

Dividend Reinvestment Plan
Equitable's dividend reinvestment plan allows common shareholders to purchase additional common shares by reinvesting their cash dividend without incurring brokerage and commission fees. For information about participation in the plan, please contact the Transfer Agent and Registrar.

Equitable Bank's Public Accountability Statement 2023 and the EQB Responsibility Report are expected to be available in March 2024 at eqb.investorroom.com

Eligible dividends
Equitable designates all common and preferred 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