



RETURNS

+16% ROE 10-YEAR AVERAGE

GROWTH

11.4% EPS GROWTH 10-YEAR CAGR

WEALTH

305% 10-YEAR TSR

DRIVE CHANGE

TO ENRICH PEOPLE'S LIVES

INNOVATION

TECHNOLOGY TO BETTER SERVE CANADIANS

SCALE

EQB WELCOMES CONCENTRA BANK

GAINS

543K CUSTOMERS

SUSTAINABILITY

CARBON NEUTRAL IN SCOPE 1 & 2 GHG EMISSIONS

For the three and six months ended June 30, 2023

Note: all cover measures as at December 31, 2022,
except customer number as at June 30, 2023

Canada's Challenger Bank™

Notes to Readers

Overview and background

On January 31, 2022, the Office of the Superintendent of Financial Institution (OSFI) announced revised capital, leverage, liquidity and disclosure rules that incorporate the final Basel III banking reforms to help Canadian deposit-taking institutions (DTIs) more effectively manage risks and sustain resilience. The revised rules were effective April 1, 2023, and include the following:

- Capital Adequacy Requirements (CAR)
- Leverage Requirements (LR)
- Liquidity Adequacy Requirements (LAR)
- Small and Medium-Sized Deposit-Taking Institutions (SMSBs) Capital and Liquidity Requirements
- Pillar 3 Disclosures

Pursuant to the *Small and Medium-Sized Deposit-Taking Institutions (SMSBs) Capital and Liquidity Requirements* guidelines, Equitable Bank, the wholly-owned subsidiary of EQB Inc., is classified as Category I SMSB with total assets over the \$10 billion threshold.

Information reported in this Equitable Bank's Supplemental Regulatory Disclosure Report (Report) are prepared in accordance with the above revised guidelines and Pillar 3 disclosure requirements pertaining to Category I SMSB. Unless stated otherwise, full qualitative disclosures are provided annually, at the fiscal year end.

Q2 2023 reflects the revised Basel III disclosures and prior periods have not been restated.

Basis of presentation

All numbers in this Report are Canadian dollars and are unaudited.

Use of this document

This Report should be read in conjunction with EQB Inc.'s second quarter 2023 report and Supplemental Financial Disclosures, which can be accessed at our website at eqbank.investorroom.com.

Additional financial data published on OSFI website can also be accessed through the link below.

<https://www.osfi-bsif.gc.ca/Eng/wt-ow/Pages/fd-df.aspx>



EQ Bank

Equitable Bank

Equitable Bank

Second Quarter 2023

Table of Content - Pillar 3 Reports

Table/Tab	Table /Tab Name	Format	Frequency	Page #
Modified CC1	Modified CC1: Composition of regulatory capital for SMSBs	Fixed	Quarterly	4
CR1	CR1: Credit quality of assets	Fixed	Quarterly	5
CR3	CR3: Credit risk mitigation techniques – overview	Fixed	Quarterly	6
CCR1	CCR1: Analysis of counterparty credit risk (CCR) exposure by approach	Fixed	Quarterly	7
CCR3	CCR3: Standardised approach of CCR exposures by regulatory portfolio and risk weights	Fixed	Quarterly	8
LR2	LR2: Leverage ratio common disclosure template	Fixed	Quarterly	10

Modified CC1: Composition of capital for SMSBs

(\$000s, except percentages)	Q2 2023 Revised Basel III	Q1 2023 Basel III	Q4 2022 Basel III	Q3 2022 Basel III	Q2 2022 Basel III
Common Equity Tier 1 capital: instruments and reserves					
1	946,269	941,461	941,315	368,738	365,017
2	2,035,296	1,931,789	1,856,084	1,838,792	1,772,898
3	(50,567)	(32,349)	(33,759)	(34,928)	(30,311)
4	-	-	-	-	-
5	-	-	-	-	-
6	2,930,998	2,840,901	2,763,640	2,172,602	2,107,604
Common Equity Tier 1 capital: regulatory adjustments					
28	(187,475)	(183,547)	(170,504)	(122,816)	(111,370)
29	2,743,523	2,657,354	2,593,136	2,049,786	1,996,234
Additional Tier 1 capital: instruments					
30	72,554	72,554	72,554	72,554	72,554
31	72,554	72,554	72,554	72,554	72,554
32	-	-	-	-	-
33	-	-	-	-	-
34	64,099	110,987	110,987	-	-
35	-	-	-	-	-
36	136,653	183,541	183,541	72,554	72,554
Additional Tier 1 capital: regulatory adjustments					
43	-	-	-	-	-
44	136,653	183,541	183,541	72,554	72,554
45	2,880,176	2,840,895	2,776,677	2,122,340	2,068,788
Tier 2 capital: instruments and provisions					
46	-	-	-	-	-
47	-	-	-	-	-
48	8,311	-	-	-	-
49	-	-	-	-	-
50	98,963	92,605	79,284	47,925	45,473
51	107,274	92,605	79,284	47,925	45,473
Tier 2 capital: regulatory adjustments					
57	-	-	-	-	-
58	107,274	92,605	79,284	47,925	45,473
59	2,987,450	2,933,500	2,855,961	2,170,265	2,114,261
60	19,427,469	18,980,786	18,925,660	15,458,591	14,748,207
60a	62,897	83,777	101,251	70,388	39,500
Capital ratios					
61	14.1%	14.0%	13.7%	13.3%	13.5%
62	14.8%	15.0%	14.7%	13.7%	14.0%
63	15.4%	15.5%	15.1%	14.0%	14.3%
OSFI target					
69	7.0%	7.0%	7.0%	7.0%	7.0%
70	8.5%	8.5%	8.5%	8.5%	8.5%
71	10.5%	10.5%	10.5%	10.5%	10.5%
Capital instruments subject to phase-out arrangements (For Federal Credit Unions only)					
80	N/A	N/A	N/A	N/A	N/A
81	N/A	N/A	N/A	N/A	N/A
82	N/A	N/A	N/A	N/A	N/A
83	N/A	N/A	N/A	N/A	N/A
84	N/A	N/A	N/A	N/A	N/A
85	N/A	N/A	N/A	N/A	N/A

CR1: Credit quality of assets

	(\$000s)	a		b	c	d		e	f	g
		Gross carrying values of ⁽²⁾		Non-defaulted exposures	Allowances /impairments	Of which ECL accounting provisions for credit losses on SA exposures		Allocated in regulatory category of General ⁽³⁾	Of which ECL accounting provisions for credit losses on IRB exposures	Net values (a+b-c)
		Defaulted exposures ⁽¹⁾				Allocated in regulatory category of Specific ⁽³⁾				
Q2 2023 Revised Basel III										
1	Loans	233,297	47,314,113	108,706		11,319	97,387	-	47,438,704	
2	Debt Securities	-	2,107,423	-		-	-	-	2,107,423	
3	Off-balance sheet exposures	-	5,354,627	1,574		-	1,574	-	5,353,053	
4	Total	233,297	54,776,163	110,280		11,319	98,961	-	54,899,180	
Q1 2023 Basel III										
1	Loans	156,863	46,524,806	100,138		8,835	91,302	-	46,581,531	
2	Debt Securities	-	2,349,238	-		-	-	-	2,349,238	
3	Off-balance sheet exposures	-	4,392,043	1,305		-	1,305	-	4,390,738	
4	Total	156,863	53,266,087	101,442		8,835	92,607	-	53,321,507	
Q4 2022 Basel III										
1	Loans	138,513	46,468,484	95,310		6,851	88,459	-	46,511,687	
2	Debt Securities	-	2,153,139	-		-	-	-	2,153,139	
3	Off-balance sheet exposures	-	4,276,606	1,472		-	1,472	-	4,275,134	
4	Total	138,513	52,898,229	96,782		6,851	89,931	-	52,939,960	
Q3 2022 Basel III										
1	Loans	87,874	36,759,425	54,858		3,533	51,325	-	36,792,441	
2	Debt Securities	-	734,321	-		-	-	-	734,321	
3	Off-balance sheet exposures	-	4,011,054	333		-	333	-	4,010,721	
4	Total	87,874	41,504,800	55,191		3,533	51,658	-	41,537,483	

⁽¹⁾ A defaulted exposure is defined as one that is past due for more than 90 days, or is an exposure to a defaulted borrower, as defined in CAR 2023 Chapter 4, Section 4.1.21, paragraph 140.

⁽²⁾ The gross carrying values are gross of credit conversion factor (CCF) and credit risk mitigant (CRM) techniques, but after considering write-offs.

⁽³⁾ General allowances are defined as Stage 1 and Stage 2 allowances, and Specific allowances are defined as Stage 3 allowances under IFRS 9.

CR3: Credit risk mitigation techniques – overview

		a	b	c	d	e
	(\$000s)	Exposures unsecured: carrying amount ⁽¹⁾	Exposures to be secured ⁽²⁾	Exposures secured by collateral	Exposures secured by financial guarantees ⁽³⁾	Exposures secured by credit derivatives
Q2 2023 Revised Basel III						
1	Loans	29,847,366	17,591,338	-	17,591,338	-
2	Debt securities	1,224,936	882,487	-	882,487	-
3	Total	31,072,302	18,473,825	-	18,473,825	-
4	Of which defaulted ⁽⁴⁾	214,487	7,490	-	7,490	-
Q1 2023 Basel III						
1	Loans	29,111,440	17,470,091	-	17,470,091	-
2	Debt securities	1,104,496	1,244,742	-	1,244,742	-
3	Total	30,215,936	18,714,833	-	18,714,833	-
4	Of which defaulted ⁽⁴⁾	135,822	12,205	-	12,205	-
Q4 2022 Basel III						
1	Loans	28,937,215	17,574,472	-	17,574,472	-
2	Debt securities	876,262	1,276,877	-	1,276,877	-
3	Total	29,813,477	18,851,349	-	18,851,349	-
4	Of which defaulted ⁽⁴⁾	120,813	10,849	-	10,849	-
Q3 2022 Basel III						
1	Loans	19,964,924	16,827,517	-	16,827,517	-
2	Debt securities	25,244	709,077	-	709,077	-
3	Total	19,990,168	17,536,594	-	17,536,594	-
4	Of which defaulted ⁽⁴⁾	75,357	8,984	-	8,984	-

⁽¹⁾ Exposures unsecured- carrying amount: carrying amount of on-balance sheet exposures (net of allowances/impairments) that do not benefit from a credit risk mitigation technique.

⁽²⁾ Exposures to be secured: carrying amount of on-balance sheet exposures which have at least one credit risk mitigation mechanism (collateral, financial guarantees, credit derivatives) associated with

⁽³⁾ Exposures secured by financial guarantees: carrying amount of exposures (net of allowances/impairments) partly or totally secured by financial guarantees.

⁽⁴⁾ A defaulted exposure is defined as one that is past due for more than 90 days, or is an exposure to a defaulted borrower, as defined in CAR 2023 Chapter 4, Section 4.1.21, paragraph 140.

CCR1: Analysis of CCR exposures by approach

	a	b	c	d	e	f
(\$000s)	Replacement cost ⁽¹⁾	Potential future exposure ⁽²⁾	Effective EPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
Q2 2023 Revised Basel III						
1 SA-CCR (for derivatives)	120,029	73,753		1.4	271,295	68,229
2 Internal Model Method (for derivatives and SFTs)			-	-	-	-
3 Simple Approach for credit risk mitigation (for SFTs)					-	-
4 Comprehensive Approach for credit risk mitigation (for SFTs)					20,315	4,063
5 Value-at-risk (VaR) for SFTs					-	-
6 Total						72,292
Q1 2023 Basel III						
1 SA-CCR (for derivatives)	118,217	64,345		1.4	255,587	51,312
2 Internal Model Method (for derivatives and SFTs)			-	-	-	-
3 Simple Approach for credit risk mitigation (for SFTs)					-	-
4 Comprehensive Approach for credit risk mitigation (for SFTs)					41,319	8,264
5 Value-at-risk (VaR) for SFTs					-	-
6 Total						59,576
Q4 2022 Basel III						
1 SA-CCR (for derivatives)	159,647	55,385		1.4	301,045	77,256
2 Internal Model Method (for derivatives and SFTs)			-	-	-	-
3 Simple Approach for credit risk mitigation (for SFTs)					-	-
4 Comprehensive Approach for credit risk mitigation (for SFTs)					20,040	4,008
5 Value-at-risk (VaR) for SFTs					-	-
6 Total						81,264
Q3 2022 Basel III						
1 SA-CCR (for derivatives)	77,226	35,763		1.4	158,185	31,661
2 Internal Model Method (for derivatives and SFTs)			-	-	-	-
3 Simple Approach for credit risk mitigation (for SFTs)					-	-
4 Comprehensive Approach for credit risk mitigation (for SFTs)					36,195	7,239
5 Value-at-risk (VaR) for SFTs					-	-
6 Total						38,900

(1) Replacement Cost (RC): For trades that are not subject to margining requirements, the RC is the loss that would occur if a counterparty were to default and was closed out of its transactions immediately. For margined trades, it is the loss that would occur if a counterparty were to default at present or at a future date, assuming that the closeout and replacement of transactions occur instantaneously. However, closeout of a trade upon a counterparty default may not be instantaneous. The replacement cost under the standardised approach for measuring counterparty credit risk exposures is described in CAR 2023, Chapter 7.

(2) Potential Future Exposure is any potential increase in exposure between the present and up to the end of the margin period of risk. The potential future exposure for the standardised approach is described in CAR 2023, Chapter 7.

CCR3: Standardised approach – CCR exposures by regulatory portfolio and risk weights

\$000	a	b	c	d	e	f	g	h	i	j	k	l	m	n
Risk weight	0%	10%	20%	30%	40%	50%	75%	80%	85%	100%	130%	150%	Others	Total credit exposure ⁽¹⁾
Regulatory portfolio														
Q2 2023 Revised Basel III														
Sovereigns	20,073,225	-	-	-	-	-	-	-	-	-	-	-	-	20,073,225
Public sector entities (PSEs)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Banks	-	-	1,440,013	24,800	23,212	-	-	-	-	-	-	-	-	1,488,025
Covered bonds	-	-	55,177	-	-	-	-	-	-	-	-	-	-	55,177
Securities firms and other financial institutions treated as Banks	-	-	99,715	4,324	-	1,315	-	-	-	-	-	-	459,207	564,561
Corporates	-	-	6,378	-	-	3,711	3,560	-	353,449	314,452	-	415	-	681,965
Of which: specialised lending	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Securities firms and other financial institutions treated as Corporate	-	-	2,259	-	-	65	26,041	-	-	-	-	-	-	28,365
Retail	-	-	-	-	-	-	2,081,172	-	-	14,377	-	6,552	-	2,102,101
Real estate	-	-	1,245,433	3,948,817	3,219	2,743,569	-	-	6,408	1,562,778	-	684,344	17,165,314	27,359,882
Securitization	-	-	-	-	-	-	-	-	-	-	-	-	910,624	910,624
Other assets ⁽²⁾	493,488	-	340	-	-	-	-	-	-	686,608	-	29,020	150,193	1,359,649
Total	20,566,713	-	2,849,315	3,977,941	26,431	2,748,660	2,110,773	-	359,857	2,578,215	-	720,331	18,685,338	54,623,574
Q1 2023 Basel III														
Sovereigns	1,223,511	-	-	-	-	-	-	-	-	-	-	-	-	1,223,511
Public sector entities (PSEs)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Banks	482,320	-	1,285,457	-	-	-	-	-	-	-	-	-	-	1,767,777
Corporates	288,748	-	6,375	-	-	43,104	-	-	-	1,005,476	-	26	4,550	1,348,279
Retail	-	-	86,541	-	-	3,681	2,255,983	-	-	5,280,288	-	73,248	-	7,699,741
Real estate	17,561,556	-	532,916	-	-	520,841	37,955	-	-	908,093	-	-	19,778,821	39,340,182
Securitization	-	-	-	-	-	-	-	-	-	-	-	-	855,417	855,417
Other assets ⁽²⁾	384,211	-	483	-	-	-	-	-	-	363,234	-	-	11,822	759,750
Total	19,940,346	-	1,911,772	-	-	567,626	2,293,938	-	-	7,557,091	-	73,274	20,650,610	52,994,657

CCR3: Standardised approach – CCR exposures by regulatory portfolio and risk weights

\$000	a	b	c	d	e	f	g	h	i	j	k	l	m	n
Risk weight	0%	10%	20%	30%	40%	50%	75%	80%	85%	100%	130%	150%	Others	Total credit exposure ⁽¹⁾
Regulatory portfolio														
Q4 2022 Basel III														
Sovereigns	716,530	-	-	-	-	-	-	-	-	-	-	-	-	716,530
Public sector entities (PSEs)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Banks	529,422	-	1,507,440	-	-	-	-	-	-	-	-	-	-	2,036,862
Corporates	285,009	-	6,309	-	-	41,519	-	-	-	1,061,979	-	119	5,356	1,400,291
Retail	-	-	80,135	-	-	2,475	2,276,225	-	-	5,267,462	-	61,137	-	7,687,434
Real estate	18,004,286	-	541,670	-	-	503,519	20,070	-	-	954,388	-	-	19,463,965	39,487,898
Securitization	-	-	-	-	-	-	-	-	-	-	-	-	846,918	846,918
Other assets ⁽²⁾	360,532	-	486	-	-	-	-	-	-	411,245	-	-	48	772,311
Total	19,895,779	-	2,136,040	-	-	547,513	2,296,295	-	-	7,695,074	-	61,256	20,316,287	52,948,244
Q3 2022 Basel III														
Sovereigns	247,676	-	-	-	-	-	-	-	-	-	-	-	-	247,676
Public sector entities (PSEs)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Banks	582,940	-	774,004	-	-	4,719	-	-	-	-	-	-	-	1,361,663
Corporates	83,594	-	-	-	-	-	-	-	-	286,175	-	-	-	369,769
Retail	-	-	73,792	-	-	2,535	1,146,910	-	-	5,337,490	-	43,543	-	6,604,270
Real estate	13,099,269	-	459,575	-	-	317,328	9,862	-	-	1,131,317	-	-	15,946,413	30,963,764
Securitization	-	-	-	-	-	-	-	-	-	-	-	-	737,701	737,701
Other assets ⁽²⁾	245,572	-	266	-	-	-	-	-	-	264,609	-	-	-	510,447
Total	14,259,051	-	1,307,637	-	-	324,582	1,156,772	-	-	7,019,591	-	43,543	16,684,114	40,795,290

(1) Total credit exposure: refers to the on- and off-balance sheet amount relevant for the capital requirements calculation, having applied CRM techniques and net of Stage 3 allowances and partial write-off.

(2) Other assets: the amount excludes CVA capital charges.

LR2: Leverage ratio common disclosure template

(\$000s, except percentages)	a	b	c	d	e
	Q2 2023 Revised Basel III	Q1 2023 Basel III	Q4 2022 Basel III	Q3 2022 Basel III	Q2 2022 Basel III
On-balance sheet exposures					
1 On-balance sheet items (excluding derivatives, SFTs and grandfathered securitization exposures but including collateral)	51,870,067	50,875,951	50,700,483	38,971,106	38,726,715
2 Gross-up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework (IFRS)	-	-	-	-	-
3 (Deductions of receivable assets for cash variation margin provided in derivatives transactions)	-	-	-	-	-
4 (Asset amounts deducted in determining Tier 1 capital)	(231,626)	(214,862)	(224,349)	(165,869)	(150,885)
5 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 to 4)	51,638,441	50,661,089	50,476,134	38,805,237	38,575,830
Derivative exposures					
6 Replacement cost associated with all derivative transactions	168,040	165,504	223,506	35,148	43,180
7 Add-on amounts for potential future exposure associated with all derivative transactions	103,255	90,083	77,539	17,314	41,380
8 (Exempted central counterparty-leg of client cleared trade exposures)	-	-	-	-	-
9 Adjusted effective notional amount of written credit derivatives	-	-	-	-	-
10 (Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-	-	-	-
11 Total derivative exposures (sum of lines 6 to 10)	271,295	255,587	301,045	52,462	84,560
Securities financing transaction exposures					
12 Gross SFT assets recognised for accounting purposes (with no recognition of netting), after adjusting for sale accounting transactions	1,209,087	601,728	200,432	750,072	420,009
13 (Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-	-	-	-
14 Counterparty credit risk (CCR) exposure for SFTs	20,315	41,319	20,040	36,195	43,890
15 Agent transaction exposures	-	-	-	-	-
16 Total securities financing transaction exposures (sum of lines 12 to 15)	1,229,402	643,047	220,472	786,267	463,899
Other off-balance sheet exposures					
17 Off-balance sheet exposure at gross notional amount	5,354,627	4,392,043	4,276,606	4,011,054	3,861,878
18 (Adjustments for conversion to credit equivalent amounts)	(3,216,510)	(2,598,301)	(2,458,943)	(2,418,115)	(2,379,197)
19 Off-balance sheet items (sum of lines 17 and 18)	2,138,117	1,793,742	1,817,663	1,592,939	1,482,681
Capital and total exposures					
20 Tier 1 capital	2,880,176	2,840,895	2,776,677	2,122,340	2,068,788
21 Total Exposures (sum of lines 5, 11, 16 and 19)	55,277,255	53,353,465	52,815,314	41,236,905	40,606,970
Leverage ratio					
22 Basel III leverage ratio (%)	5.2	5.3	5.3	5.1	5.1