EQB delivers record quarterly earnings and a 6% dividend increase

Toronto, Ontario (May 2, 2023): EQB Inc. (*TSX: EQB, EQB.PR.C*) today reported record quarterly earnings for the three months ended March 31, 2023. This period reflected the first full quarter of results from Equitable Bank's recent acquisition of Concentra Bank, consistent risk-managed organic lending growth and credit performance, strong and diverse funding sources with resilient deposits, liquidity well above regulatory guidelines, expanding margins and capital. With this performance, EQB announced another common share dividend increase – and reaffirmed its previous earnings guidance for 2023.

- **Adjusted Q1 2023 ROE**[1] 16.9% (reported 16.5%) ahead of 15%+ guidance
- **Adjusted Q1 2023 net income**[1] $101.7MM (+10% y/y and q/q), reported $99.5MM (+13% y/y or +117% q/q), supported by net interest margin expanding 5bps q/q to 1.92%
- **Adjusted Q1 diluted EPS**[1] $2.62 (-1% y/y or +7% q/q), reported $2.56 (+2% y/y or +115% q/q), impacted y/y by the 3,266,000 additional common shares in Q4 2022 as part of the Concentra Bank acquisition
- **Common share dividends** declared $0.37 per share for Q1 2023, +28% y/y or +6% q/q
- **EQ Bank** recognized as the Best Bank in Canada for the 3rd consecutive year on the Forbes 2023 list of the World's Best Banks. Customer growth in Q1 +26% y/y to 336,457 with $8.1 billion in deposits (+12% y/y) and customer engagement up to 51%
- **Total AUM + AUA**[2] $104.8 billion +2% q/q. $52 billion of on-balance sheet assets +1% q/q and +39% y/y; 50% of total loans under management are insured
- **Liquid assets**[2] 7.5% of total assets, with a Liquidity Coverage Ratio (LCR) well in excess of the regulatory minimum of 100% which has remained consistent q/q. Nearly 95% of the Bank's deposits are either term or insured
- **Total capital** ratio 15.5% with CET1 at 14.0%
- **Book Value Per Share** $64.47, +12% y/y and +3% q/q, relative to guidance of +12%-15% for 2023

"We are proud to start 2023 with adjusted earnings exceeding $100 million for the first time. During a volatile economic period and credit performance that was superior to our bank peers, achieving adjusted ROE at nearly 17% reminds us of the strength, agility and consistency of our franchise and excellent work by our Challenger team. What excites us is that while creating great value for our shareholders we are driving change in Canadian banking that enriches people's lives. Our EQ Bank card is the latest example. Launched in January, it's already been used by customers travelling in 115 countries, helping them to save serious money on foreign exchange, earn cashback on all purchases and avoid ATM fees in Canada. EQ Bank's all-digital accounts also received a resoundingly positive reception in Québec since we introduced services late in 2022. It's no surprise that EQ Bank was just crowned Canada's best bank for the third year running, the verdict of tens of thousands of customers surveyed by Forbes. With a proven value-creation method underpinning our strategy, the future is very promising for Canada's Challenger Bank," said Andrew Moor, President and Chief Executive Officer.

First quarter performance builds the foundation to achieve 2023 guidance

- Adjusted Q1 revenue[1] +40% y/y to $264.6 million on lending growth, net interest margin (NIM) expansion, and higher non-interest revenue (reported revenue +43% y/y to $267.8 million)
- Adjusted Q1 net interest income[1] +45% y/y to $236.6 million with a NIM of 1.92%, +5bps y/y (Q1 reported +48% y/y to $240.8 million with NIM of 1.95%, +9bps y/y)
- Adjusted non-interest revenue[1] +10% y/y to $28.0 million, (reported +6% y/y to $27.0 million) on higher fee income (including Concentra Bank) and continued strength in multi-family insured lending gains on sale and securitization income

EQ Bank customers +26% y/y and deposits +12% y/y

- EQ Bank customer base grew to 336,457 in Q1 supported by strong momentum early in 2023 with the highly successful Make Bank marketing campaign (average daily customer signups increased 73% vs. Q1 2022), the launch of EQ Bank Card and the introduction of services in Québec. EQ Bank customer everyday engagement reached an all-time high of 51% in Q1
- EQ Bank is positioned for continued growth in 2023, offering customers more solutions to meet their everyday banking needs, including the advantages of fee-free cash withdrawals at any ATM nationally, cashback rewards on all purchases, and no foreign exchange fees on international purchases. EQ Bank Cards are now in the hands of nearly 40,000 customers, and have already been used hundreds of thousand times across 115 countries

Personal Banking assets +39% y/y to $32.2 billion

- Single-family portfolio +33% y/y to $30.3 billion reflecting EQB's consistent and prudent approach to credit risk management. Of the single-family residential portfolio, 37% of single-family residential lending is insured and the average customer beacon for uninsured mortgage customers is 714 (new originations 732)
- Reverse mortgage assets +8% q/q to $930 million and +206% y/y. Growth reflected growing awareness of Equitable Bank's solution among Canadians nearing or in retirement and EQB's share of an expanding market. Insurance lending assets +12% q/q to $99 million and +67% y/y

Commercial Banking assets +32% y/y to $14.4 billion

- EQB's focus remains on improving the supply of multi-family housing and apartments for Canadians, including affordable housing. Commercial office lending represents less than 1% of EQB's total assets
- Insured multi-unit residential loans under management +6% q/q and +60% y/y to $16.7 billion
- Commercial loans under management (LUM) +4% q/q or +51% y/y to $26.0 billion. Over 69% of LUM is CMHC insured

Credit quality indicators reflect prudence in a higher interest rate environment

- Provision for credit losses (PCL)[1] $6.2 million in Q1 accounting for continued organic portfolio growth, stability in macroeconomic forecasts and loss modelling, and net of a recovery related to an impaired loan in the quarter
- Net impaired loans 0.32% of total assets at March 31, 2023, +10 bps from prior year and +4 bps sequentially. Annualized realized loss rate for Q1 2023 was 2 bps of total loan assets ($1.9 million), compared to less than 1 basis point y/y ($1.0 million)
- EQB remains well reserved for credit losses with allowances net of cash reserves as a percentage of total loan assets of 19 bps at March 31, 2023 vs. 18 bps at December 31, 2022

Diversification and stability of funding sources generating consistent high liquidity

- Equitable Bank increased total deposits in Q1 to $31 billion, +1.4% q/q and +42% y/y, supported by diverse funding sources, solid growth in EQ Bank and credit union deposits
- To manage liquidity risk, Equitable Bank prioritizes funding through fixed term and insured deposits – as of March 31, 2023, 95% of deposits are either term or insured. This is the result of conservative policy and practice; for example, EQ Bank generally limits new EQ Bank demand accounts to $200,000
- Equitable Bank holds $3.8 billion in liquid assets for regulatory purposes, and liquid assets cover 63% of all demand deposits with contingency funding to cover the balance

First full quarter of Concentra Bank contributions demonstrate expected value

- The acquisition of Concentra Bank in Q4 2022 introduced complementary asset growth, diversification in funding and revenue sources plus enhanced distribution capabilities
- Concentra Bank's portfolio added $5.4 billion or 18% to Q4 2022 conventional loans[2], including its consumer lending portfolio
- Integration costs and synergy realization are tracking to plan

EQB announces an increase in common share dividend for Q2 2023

- EQB's Board of Directors declared a common share dividend of $0.37 per common share or $1.48 annualized, payable on June 30, 2023 to shareholders of record as of June 15, 2023. This represents a 6% increase from the dividend declared in February 2023 and a 28% increase from Q2 2022
- EQB's Board of Directors also declared a quarterly dividend of $0.373063 per preferred share, payable on March 31, 2023 to shareholders of record at the close of business March 15, 2023
- For the purposes of the Income Tax Act (Canada) and any similar provincial legislation, dividends declared will be eligible dividends, unless otherwise indicated

"This quarter set the tone for what we expect will be a great year for EQB. The benefit of our long-established Challenger Bank strategy with its distinct approach to ROE and value creation, and our diverse operating model founded in deep and effective credit, liquidity and capital management is translating clearly. The first few months of 2023 reflected strain on banks globally, but EQB results again point to the strength of our balance sheet, and our mature treasury and risk management capabilities that enable us to focus on enriching people's lives as we deliver consistently strong returns for our shareholders. We are the 7th largest bank in Canada by assets with talent, technology and service capabilities that make it best-in-class in the country," said Chadwick Westlake, EQB's Chief Financial Officer.

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 acquisition and integration related costs. For additional information and a reconciliation of reported results to adjusted results, see the "Non-GAAP financial measures and ratios" section.
2. These are non-GAAP measures, see the "Non-GAAP financial measures and ratios" section.

Analyst conference call and webcast: 8:30 a.m. ET Eastern May 3, 2023

EQB will host its first quarter conference call and webcast on Wednesday May 3, 2023. To access the call with operator assistance, dial **(416) 764-8609** five minutes prior to the start time. Or to join without operator assistance, you may register your phone number up to 15 minutes in advance of start time to receive an automatic call-back connection to the conference at: click to register here.

Call archive

A replay of the conference call with the accompanying slides will be archived on EQB's Investor Relations website: click here to visit the site.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet (unaudited)

($000s) As at March 31	**March 31, 2023**	December 31, 2022	March 31, 2022
Assets:			
Cash and cash equivalents	**345,621**	495,106	725,281
Restricted cash	**666,530**	737,656	448,631
Securities purchased under reverse repurchase agreements	**732,608**	200,432	-
Investments	**2,483,604**	2,289,618	1,220,397
Loans – Personal	**32,183,036**	31,996,950	23,324,211
Loans – Commercial	**14,397,192**	14,513,265	10,893,131
Securitization retained interests	**410,441**	373,455	220,685
Deferred tax assets	**15,024**	-	-
Other assets	**558,962**	538,475	317,632
	51,793,018	51,144,957	37,149,968
Liabilities and shareholders' equity			
Liabilities:			
Deposits	**31,589,063**	31,051,813	22,238,382
Securitization liabilities	**15,311,657**	15,023,627	10,966,178
Obligations under repurchase agreements	**904,658**	665,307	880,203
Deferred tax liabilities	**92,417**	72,675	64,488
Funding facilities	**768,717**	1,239,704	324,575
Subscription receipts	**-**	-	230,386
Other liabilities	**515,871**	556,876	407,920
	49,182,383	48,610,002	35,112,132
Shareholders' equity:			
Preferred shares	**181,411**	181,411	70,607
Common shares	**463,862**	462,561	232,854
Contributed surplus	**12,002**	11,445	9,357
Retained earnings	**1,954,394**	1,870,100	1,727,169
Accumulated other comprehensive (loss) income	**(1,034)**	9,438	(2,151)
	2,610,635	2,534,955	2,037,836
	51,793,018	51,144,957	37,149,968

Consolidated statement of income (unaudited)

($000s, except per share amounts) Three month period ended	**March 31, 2023**	March 31, 2022
Interest income:		
Loans – Personal	**391,816**	173,780
Loans – Commercial	**241,768**	115,746
Investments	**21,893**	3,855
Other	**17,352**	2,859
	672,829	296,240
Interest expense:		
Deposits	**293,231**	84,472
Securitization liabilities	**118,174**	49,290
Funding facilities	**7,918**	306
Other	**12,709**	-
	432,032	134,068
Net interest income	**240,797**	162,172
Non-interest revenue:		
Fees and other income	**13,550**	6,033
Net (losses) gains on investments	**(2,952)**	13,989
Gain on sale and income form retained interests	**14,332**	5,044
Net gains on securitization activities and derivatives	**2,104**	380
	27,034	25,446
Revenue	**267,831**	187,618
Provision for credit losses (recoveries)	**6,248**	(125)
Revenue after provision for credit losses	**261,583**	187,743
Non-interest expenses:		
Compensation and benefits	**58,362**	36,772
Other	**68,186**	38,161
	126,548	74,933
Income before income taxes	**135,035**	112,810
Income taxes:		
Current	**28,651**	23,516
Deferred	**6,865**	1,347
	35,516	24,863
Net income	**99,519**	87,947
Dividends on preferred shares	**2,318**	1,089
Net income available to common shareholders	**97,201**	86,858
Earnings per share:		
Basic	**2.58**	2.55
Diluted	**2.56**	2.51

Consolidated statement of comprehensive income (unaudited)

($000s) Three month period ended	**March 31, 2023**	March 31, 2022
Net income	**99,519**	87,947
Other comprehensive income – items that will be reclassified subsequently to income:		
Debt instruments at Fair Value through Other Comprehensive Income:		
Net unrealized gains (losses) from change in fair value	**14,974**	(21,369)
Reclassification of net (gains) losses to income	**(12,205)**	2,277
Other comprehensive income – items that will not be reclassified subsequently to income:		
Equity instruments designated at Fair Value through Other Comprehensive Income:		
Net unrealized losses from change in fair value	**(793)**	(1,425)
Reclassification of net (gains) losses to retained earnings	**(22)**	1,209
	1,954	(19,308)
Income tax (expense) recovery	**(542)**	5,063
	1,412	(14,245)
Cash flow hedges:		
Net unrealized (losses) gains from change in fair value	**(15,802)**	26,241
Reclassification of net (gains) losses to income	**(651)**	429
	(16,453)	26,670
Income tax expense	**4,569**	(6,993)
	(11,884)	19,677
Total other comprehensive (loss) income	**(10,472)**	5,432
Total comprehensive income	**89,047**	93,379

Consolidated Statement of Changes in Shareholders' Equity (unaudited)

($000s)								March 31, 2023
					Accumulated other comprehensive income (loss)			
	Preferred Shares	Common Shares	Contributed Surplus	Retained Earnings	Cash Flow Hedges	Financial Instruments at FVOCI	Total	Total
Balance, beginning of period	181,411	462,561	11,445	1,870,100	42,016	(32,578)	9,438	2,534,955
Net Income	-	-	-	99,519	-	-	-	99,519
Realized gain on sale of financial instruments	-	-	-	271	-	-	-	271
Other comprehensive loss, net of tax	-	-	-	-	(11,884)	1,412	(10,472)	(10,472)
Exercise of stock options	-	3,763	-	-	-	-	-	3,763
Share issuance cost, net of tax	-	(2,908)	-	-	-	-	-	(2,908)
Dividends:								
Preferred shares	-	-	-	(2,318)	-	-	-	(2,318)
Common shares	-	-	-	(13,178)	-	-	-	(13,178)
Stock-based compensation	-	-	1,003	-	-	-	-	1,003
Transfer relating to the exercise of stock options	-	446	(446)	-	-	-	-	-
Balance, end of period	181,411	463,862	12,002	1,954,394	30,132	(31,166)	(1,034)	2,610,635

($000s)								March 31, 2022
					Accumulated other comprehensive income (loss)			
	Preferred Shares	Common Shares	Contributed Surplus	Retained Earnings	Cash Flow Hedges	Financial Instruments at FVOCI	Total	Total
Balance, beginning of period	70,607	230,160	8,693	1,650,757	680	(8,263)	(7,583)	1,952,634
Net Income	-	-	-	87,947	-	-	-	87,947
Realized loss on sale of shares	-	-	-	(896)	-	-	-	(896)
Other comprehensive income, net of tax	-	-	-	-	19,677	(14,245)	5,432	5,432
Exercise of stock options	-	2,405	-	-	-	-	-	2,405
Dividends:								
Preferred shares	-	-	-	(1,089)	-	-	-	(1,089)
Common shares	-	-	-	(9,550)	-	-	-	(9,550)
Stock-based compensation	-	-	953	-	-	-	-	953
Transfer relating to the exercise of stock options	-	289	(289)	-	-	-	-	-
Balance, end of period	70,607	232,854	9,357	1,727,169	20,357	(22,508)	(2,151)	2,037,836

Consolidated Statement of Cash Flows (unaudited)

($000s) Three month period ended	March 31, 2023	March 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	**99,519**	86,858
Adjustments for non-cash items in net income:		
Financial instruments at fair value through income	**(38,426)**	(1,727)
Amortization of premiums/discount on investments	**1,784**	300
Amortization of capital assets and intangible costs	**12,244**	8,833
Provision for credit losses	**6,248**	(125)
Securitization gains	**(12,745)**	(4,628)
Stock-based compensation	**1,003**	953
Income taxes	**35,516**	24,863
Securitization retained interests	**19,857**	12,418
Changes in operating assets and liabilities:		
Restricted cash	**71,126**	13,533
Securities purchased under reverse repurchase agreements	**(532,176)**	550,030
Loans receivable, net of securitizations	**(54,117)**	(1,342,712)
Other assets	**(26,449)**	(4,267)
Deposits	**503,951**	1,409,648
Securitization liabilities	**284,388**	(401,560)
Obligations under repurchase agreements	**239,351**	(496,560)
Funding facilities	**(470,987)**	124,447
Subscription receipts	**-**	230,386
Other liabilities	**(51,115)**	46,697
Income taxes paid	**(47,517)**	(65,042)
Cash flows from operating activities	**41,455**	192,345
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common shares	**855**	2,405
Dividends paid on preferred shares	**(2,318)**	(1,089)
Dividends paid on common shares	**(13,178)**	(9,550)
Cash flows used in financing activities	**(14,641)**	(8,234)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	**(547,308)**	(57,900)
Proceeds on sale or redemption of investments	**388,062**	111,468
Net change in Canada Housing Trust re-investment accounts	**(8,817)**	(273,221)
Purchase of capital assets and system development costs	**(8,236)**	(12,428)
Cash flows used in investing activities	**(176,299)**	(232,081)
Net decrease in cash and cash equivalents	**(149,485)**	(47,970)
Cash and cash equivalents, beginning of period	**495,106**	773,251
Cash and cash equivalents, end of period	**345,621**	725,281
Cash flows from operating activities include:		
Interest received	**489,824**	271,048
Interest paid	**(234,912)**	(122,071)
Dividends received	**1,041**	1,271

About EQB Inc.

Equitable Bank—Canada's Challenger Bank™—is a wholly owned subsidiary of EQB Inc., which trades on the Toronto Stock Exchange (TSX: EQB) (TSX: EQB.PR.C) and serves more than 515,000 customers. Equitable Bank's wholly owned subsidiary Concentra Bank supports Canadian credit unions and their more than 6 million members. With nearly $105 billion in combined assets under management and administration, Equitable Bank has a clear mandate to drive change in Canadian banking to enrich people's lives. Founded more than 50 years ago, Canada's Challenger Bank™ provides diversified personal and commercial banking, and through its digital EQ Bank platform (eqbank.ca) has been named the top Schedule I Bank in Canada on the Forbes World's Best Banks 2021, 2022 and 2023 lists. Please visit eqbank.investorroom.com for more details.

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Cautionary Note Regarding Forward-Looking Statements

Statements made by EQB in the sections of this news release, 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", "planned", "estimates", "forecasts", "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", "might" or "will be taken", "occur" or "be achieved", 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, legislative and regulatory developments, changes in accounting standards, the nature of our customers and rates of default, and competition as well as those factors discussed under the heading "Risk Management" in the Management's Discussion and Analysis (MD&A) 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 mortgage business, a continuation of the current level of economic uncertainty that affects real estate market conditions, 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.

Non-Generally Accepted Accounting Principles (GAAP) Financial Measures and Ratios

In addition to GAAP prescribed measures, this news release references certain non-GAAP measures, including adjusted financial results, that we believe 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.

Adjusted financial results

Concentra acquisition

On February 7, 2022, Equitable Bank announced a definitive agreement to acquire a majority interest in Concentra Bank, subject to customary closing conditions and regulatory approvals. On September 28, 2022, Equitable Bank received approval from the Ministry of Finance to acquire Concentra Bank and subsequently closed the transaction on November 1, 2022, acquiring 100% ownership of Concentra Bank.

At the close of the transaction, EQB.R subscription receipts were converted to common shares and proceeds were used to fund the acquisition. To support the transaction and integration, Equitable Bank incurred certain acquisition costs since Q4 2021. In addition, the assets acquired from Concentra Bank and the liabilities retained were fair valued in accordance with the accounting standards. These acquisition-related fair value adjustments will be amortized over the term of these loans or liabilities, impacting reported net interest income, which began in Q4 2022. In addition, a Stage 1 provision was also set up for the performing loans acquired, which also was recorded through the income statement in the fourth quarter. The intangible assets recognized at the date of acquisition is also amortized over the life of these assets, starting Q1 2023.

Income tax

The federal government has introduced an increase in the corporate tax rate of 1.5% for bank and life insurance groups for taxation years that end after April 7, 2022. It was levied on the portion of taxable income that exceeds $100 million. As a result, a one-time tax impact was recorded in the Q4 2022 income statement related to deferred tax liabilities due to the change in tax rate.

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 2023

- $3.2 million net fair value amortization adjustments,
- $4.7 million acquisition and integration-related costs, and
- $1.5 million intangible asset amortization.

Q4 2022

- $36.9 million 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,
- $2.2 million interest earned on the escrow account where the proceeds of the subscription receipts are held(1),
- $0.7 million reversal of interest expenses paid to subscription receipt holders(2), and
- $5.6 million tax expenses true-up due to increase in tax rate.

Q1 2022

- $5.1 million of acquisition and integration-related costs, and
- $0.9 million interest expenses paid to subscription receipt holders(2).

(1) The net proceeds from the issuance of subscription receipts were held in an escrow account and the interest income earned was recognized upon closing of the Concentra acquisition. (2) The interest expense refers to the dividend equivalent amount paid to subscription receipt holders. The subscription receipt holders are entitled to receive a payment equal to the common share dividend declared multiplied by the number of subscription receipts held on the common share dividend payment date. These subscription receipts were converted into common shares at a 1:1 ratio upon the closing of the Concentra acquisition.

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.

	As at or for the three months ended		
($000, except share and per share amounts)	**31-Mar-23**	**31-Dec-22**	**31-Mar-22**
Reported results			
Net interest income	**240,797**	218,325	162,172
Non-interest revenue	**27,034**	16,382	25,446
Revenue	**267,831**	234,707	187,618
Non-interest expense	**126,548**	139,180	74,933
Pre-provision pre-tax income(4)	**141,283**	95,527	112,685
Provision for credit loss (recoveries)	**6,248**	26,796	(125)
Income tax expense	**35,516**	22,912	24,863
Net income	**99,519**	45,819	87,947
Net income available to common shareholders	**97,201**	43,514	86,858
Adjustments			
Net interest income – earned on the escrow account(1)	**-**	(2,220)	-
Net interest income – fair value amortization/adjustments	**(4,167)**	3,324	-
Net interest income – paid to subscription receipt holders(2)	**-**	(654)	(914)
Non-interest revenue – fair value amortization/adjustments	**941**	(65)	-
Non-interest expenses – fair value amortization/adjustments	**(66)**	-	-
Non-interest expenses – acquisition-related costs	**(4,744)**	(36,921)	(5,133)
Non-interest expenses – intangible asset amortization	**(1,476)**	-	-
Provision for credit loss – purchased loans	**-**	(19,020)	-
Pre-tax adjustments	**3,060**	56,326	6,047
Income tax expense – tax impact on above adjustments(3)	**850**	15,271	1,584
Income tax expense – tax true-up	**-**	(5,621)	-
Post-tax adjustments	**2,210**	46,676	4,463
Adjusted results			
Net interest income	**236,630**	218,775	163,086
Non-interest revenue	**27,975**	16,317	25,446
Revenue	**264,605**	235,092	188,532
Non-interest expense	**120,262**	102,259	69,800
Pre-provision pre-tax income(4)	**144,343**	132,833	118,732
Provision for credit loss (recoveries)	**6,248**	7,776	(125)
Income tax expenses	**36,366**	32,562	26,447
Net income	**101,729**	92,495	92,410
Net income available to common shareholders	**99,411**	90,190	91,321
Diluted earnings per share			
Weighted average diluted common shares outstanding	**37,910,348**	36,632,711	34,545,393
Diluted earnings per share – reported	**2.56**	1.19	2.51
Diluted earnings per share – adjusted	**2.62**	2.46	2.64
Diluted earnings per share – adjustment impact	**0.06**	1.27	0.13

(1) The net proceeds from the issuance of subscription receipts were held in an escrow account and the interest income earned was recognized upon closing of the Concentra acquisition.

(2) The interest expense refers to the dividend equivalent amount paid to subscription receipt holders. The subscription receipt holders are entitled to receive a payment equal to the common share dividend declared multiplied by the number of subscription receipts held on the common share dividend payment date. These subscription receipts were converted into common shares at a 1:1 ratio upon the closing of the Concentra acquisition.

(3) 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.

(4) This is a non-GAAP measures, see Non-GAAP financial measures and ratios section.

Other non-GAAP financial measures and ratios

- **Adjusted return on equity (ROE):** it is calculated on an annualized basis and is defined as adjusted net income available to common shareholders as a percentage of weighted average common shareholders' equity (reported) outstanding during the period.
- **Assets under administration (AUA):** is sum of (1) assets over which Concentra Bank has been named as trustee, custodian, executor, administrator or other similar role; (2) loans held by credit unions for which Concentra Bank acts as servicer.
- **Assets under management (AUM):** is the sum of total assets reported on the consolidated balance sheet and loan principal derecognized but still managed by EQB.

($000s)	31-Mar-23	31-Dec-22	Change	31-Mar-22	Change
Total assets on the consolidated balance sheet	**51,793,019**	51,144,957	1%	37,149,968	39%
Loan principal derecognized	**11,542,502**	10,424,114	11%	6,272,342	84%
Assets under management	**63,335,521**	61,569,071	3%	43,422,310	46%

- **Conventional loans:** 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.
- **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.
- **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.
- **Pre-provision pre-tax income (PPPT):** this is the difference between revenue and non-interest expenses.