TSX:EQB | EQB.PR.C

EQB Inc. | Annual Information Form

RETURNS

+16% ROE 10-YEAR AVERAGE

GROWTH

12.7% EPS GROWTH 10-YEAR CAGR

WEALTH

230% 10-YEAR TSR

DRIVE CHANGE

TO ENRICH PEOPLE'S LIVES

INNOVATION

TECHNOLOGY TO BETTER SERVE CANADIANS

SCALE

EQB WELCOMES CONCENTRA BANK

GAINS

578,000 CUSTOMERS

SUSTAINABILITY

CARBON NEUTRAL IN SCOPE 1 & 2 GHG EMISSIONS

December 7, 2023

Note: all cover measures as at October 31, 2023.

Canada's Challenger Bank ™

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Forward-looking statements

Statements made by EQB Inc. (EQB) in this report, 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", "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 its customers and rates of default, and competition as well as those factors discussed under the heading "Risk Management" in EQB's Management's Discussion and Analysis (MD&A) for the year ended October 31, 2023, and in its 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.

Corporate structure

Name, address and incorporation

EQB Inc. (TSX: EQB and EQB.PR.C) was formed on January 1, 2004 pursuant to a Certificate of Amalgamation issued under the Business Corporations Act (Ontario). Articles of Amendment dated September 1, 2009 and August 8, 2014 were filed in connection with the creation and issuance of the Series 1 Preferred Shares and Series 3 Preferred Shares of EQB, respectively.

On October 15, 2021, EQB filed an Articles of Amendment to effect a two-for-one share split.

EQB Inc. was formally known as Equitable Group Inc. Effective June 6 ,2022, it filed Articles of Amendment and changed its legal name to *EQB Inc*. The Equitable Bank and EQ Bank names have not changed. EQB's ticker symbols on the Toronto Stock Exchange remained unchanged.

EQB's registered and head office are in the Equitable Bank Tower, located at 30 St. Clair Avenue West, Suite 700, Toronto, Ontario, M4V 3A1.

Intercorporate relationships

EQB directly holds 100% of all issued and outstanding shares of its subsidiary, Equitable Bank (the Bank). Equitable Bank is a Schedule I bank under the *Bank Act* (Canada) (Bank Act) and was formed effective July 1, 2013 through the issuance of Letters Patent of Continuance dated June 26, 2013. Equitable Bank's activities are supervised by the Office of the Superintendent of Financial Institutions Canada (OSFI).

On October 2018, Equitable Bank received approval from the Minister of Finance to incorporate a wholly owned trust subsidiary, Equitable Trust (the Trust), under the Trust and Loans Companies Act (Canada). Equitable Bank owns 100% of all issued and outstanding shares of Equitable Trust. In January 2019, the Trust obtained the "Order to Commence and Carry on Business" from OSFI effective December 19, 2018.

On January 1, 2019, Equitable Bank acquired 100% ownership of Bennington Financial Corp. (Bennington), a company serving the brokered equipment leasing market in Canada, and was formed under the Business Corporations Act (Ontario)

On November 1, 2022, Equitable Bank acquired 100% ownership of Concentra Bank and its wholly-owned subsidiary, Concentra Trust (Collectively, Concentra), a Canadian mid-market bank and the provider of wholesale banking and trust solutions to Canadian credit unions. Concentra Bank is a Schedule I chartered bank, pursuant to the Bank Act. Concentra Bank owns 100% of the common shares of Concentra Trust, which was formed under the Trust and Loans Companies Act (Canada).

Change of Fiscal Year End

Commencing in 2023, EQB has changed its fiscal reporting period to end on October 31 rather than December 31. With this change, EQB's reporting regimen is consistent with Canada's largest publicly traded banks.

Despite changes to its fiscal year end, EQB maintains the same dividend payment schedule for future periods (the last business day of March, June, September, and December).

Description of the business

Business overview

EQB Inc. (TSX: EQB and EQB.PR.C,) operates through subsidiaries, including its wholly owned subsidiary, Equitable Bank, Canada's Challenger Bank™. Equitable Bank's mission is to drive change in Canadian banking to enrich people's lives.

Equitable Bank (the Bank) serves 578,000 Canadians and nearly 200 Canadian credit unions, with more than 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.

As of October 31, 2023, EQB's total assets under management and administration were $111 billion, with total loans under management of $62 billion and on-balance sheet assets of $53 billion. 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. Equitable 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. With a commercial lending focus on serving customers who build and renovate much-needed rental apartment supply, the Bank has become the largest multi-unit insured securitizer in Canada. Innovations in the independent mortgage broker channel reflect the Bank's long-term focus on providing great service.

EQ Bank is the first-born all-digital bank in Canada, providing great experience and value to Canadians, and serving as a convenient and value-added 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 delivery 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 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 over 1,700 challengers who are aligned to drive change in Canadian banking. Equitable 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™

Personal Banking

Personal Banking operates through five businesses lines – EQ Bank, Residential Lending, Wealth Decumulation, Consumer lending, and Payments-as-a-Service in support of fintech partners. These businesses provide innovative products and services that disrupt the status quo in Canadian banking by giving customers better financial value and a superior end-to-end experience. EQB's personal banking customer segments are diverse: students, the self-employed, entrepreneurs, newcomers to Canada, high-net worth individuals, Canadians planning retirement, and retirees. As EQ Bank prepares for the launch of small business banking in 2024, it will soon support small- and micro-business owners who are underserved by big banks. The Bank continues to look for opportunities to create better banking experiences and to address segments underserved by other financial institutions. The Bank's competition includes other Schedule I banks, trust companies, mortgage lenders, and certain fintechs.

Commercial Banking

Equitable Bank's Commercial Banking operates through seven business lines – Business Enterprise Solutions, Commercial Finance Group, Multi-unit residential, Specialized Finance, Equipment Financing, Credit Union Services, and Concentra Trust – serving over 23,000 business customers. The Business is focused on providing solutions for the urban housing market in Canada including the development and renovation of apartments, condominiums, and other types of residential properties in major cities across the country. It is geared to support growing and densifying urban centers where mortgage loans are backed by in-demand real estate assets that provide rental housing and services. Real estate assets that are most susceptible to changing economic environment, notably hotels, are not core to the business.

Loan portfolio and sources of revenue

The details of Equitable Bank's loan portfolio, including geographic and property type distribution, can be found in its Supplemental Financial Information Report available at eqbank.investorroom.com.

Credit risk inherent in the loan portfolios is managed through Equitable Bank's lending policies and procedures, the establishment of lending limits, and documented approval process. Underwriting criteria are intended to minimize risks inherent in Equitable Bank's target markets and include prescribed loan-to-value ratios and strict debt-service ratio guidelines.

Equitable Bank's primary sources of revenue are interest income as well as commitment, renewal, servicing and other ancillary fees derived from its lending activities, credit union and trust services. In addition, Equitable Bank earns gains on the sale of securitized and derecognized loans, as well as interest, dividend income, and capital gains from its investments.

Table 1: Primary sources of revenue

	Ten months 31-Oct -23		Twelve months 31-Dec-22	
($000s, except percentages)	**Amount**	**% of total**	Amount	% of total
Interest income:				
Loans – Personal	**1,410,571**	**145%**	917,708	117%
Loans – Commercial	**860,363**	**88%**	640,293	82%
Investments	**65,362**	**7%**	21,337	3%
Other	**70,123**	**7%**	36,893	5%
	2,406,419	**247%**	1,616,231	207%
Interest expense:				
Deposits	**1,077,520**	**110%**	578,998	74%
Securitization liabilities	**402,443**	**41%**	260,761	33%
Funding facilities	**44,527**	**5%**	19,979	3%
Other	**43,650**	**4%**	23,088	3%
	1,568,140	**161%**	882,826	113%
Net interest income	**838,279**	**86%**	733,405	94%
Non-interest revenue:				
Fees and other income	**46,895**	**5%**	31,081	4%
Net gains (losses) on loans and investments	**34,442**	**4%**	(8,054)	(1%)
Gains on sale and income from retained interests	**56,384**	**6%**	26,765	3%
Net losses on securitization activities and derivatives	**(336)**	**(0%)**	(1,011)	(0%)
	137,385	**14%**	48,781	6%
Revenue	**975,664**	**100%**	782,186	100%

Loan distribution

Loans are originated through a network of brokers, business partners, and other third-party distribution agents. The majority of the loans funded in 2023 were originated through the independent broker channel.

Equitable Bank has long-standing arrangements with First National Financial LP (First National). These arrangements provide the Bank with the opportunity to acquire eligible insured multi-unit residential, uninsured and insured single family residential, and conventional commercial loans at market competitive rates. These volumes are mainly comprised of lower-margin CMHC-insured multi-unit residential and Prime loans. Equitable Bank maintains renewal rights over the loans originated under this agreement, and those renewal rights survive the agreement itself. The Bank also outsources the servicing function for all loans acquired through these arrangements to First National and pays it a market rate for this service.

With respect to Equitable Bank's arrangements with First National, it is under no obligation to acquire any loans under the arrangements, but when it does, such transactions are done on market terms and in accordance with the Bank's prudent origination criteria. During the ten months ended October 31, 2023, Equitable Bank purchased $3.0 billion worth of loans under the arrangement and paid approximate $11.9 million in servicing fees. These transactions are monitored by management on a regular basis and are reviewed by EQB's Board of Directors (Board) on an annual basis.

First National's Executive Chairman and Co-Founder, Stephen Smith, is EQB's largest shareholder, holding approximately 17.3% of its outstanding common shares as at October 31, 2023. Mr. Smith does not control either EQB or Equitable Bank, and does not have representation on EQB's Board.

The remainder of Equitable Bank's loan originations in 2023 were primarily sourced from brokers with four providing more than 5% each, and all remaining brokers originating less than 5% each, of total originations.

Funding sources

Equitable Bank continues to diversify its funding sources to support its lending businesses. These sources include term and demand deposits from broker channels, EQ Bank customers, credit unions, corporates, institutions, and strategic partners, as well as securitizations through CMHC-sponsored programs. Wholesale funding sources include deposit notes and covered bond programs, as well as various funding facilities.

Equitable Bank is a federally regulated deposit taking institution and offers various deposit products under the brands of Equitable Bank, EQ Bank, Equitable Trust, Concentra Bank and Concentra Trust. Equitable Bank branded deposit products, Guaranteed Investment Certificates (GICs) and High Interest Saving Accounts (HISAs), totaled $14.1billion as at October 31, 2023 (December 31, 2022 – $13.5 billion). These deposits are mainly sourced through a national network of brokers, dealers and investment advisors, and strategic partners who belong to Canadian Investment Regulatory Organization (CIRO), or the Registered Deposit Brokers Association (RDBA).

The EQ Bank platform (eqbank.ca), which has been named the Top Bank in Canada for three consecutive years by Forbes World's Best Banks in 2023, 2022 and 2021, attracts deposits directly from Canadians. EQ Bank deposits increased to $8.2 billion as at October 31, 2023 (December 31, 2022 – $7.9 billion). Equitable Bank expects these balances will continue to grow over time with new product launches and additional product features.

Equitable Trust offers brokered GICs and HISAs, with a total balance of approximately $1,303 million as at October 31, 2023 (December 31, 2022 – $975.2 million). Concentra Bank and Concentra Trust (collectively Concentra) offer term and demand deposit products through brokers and to credit unions and commercial business clients, totaling $6.0 billion as at October 31, 2023 (December 31, 2022 – $6.2 billion).

All deposit products offered by Equitable Bank and its subsidiaries, except for institutional deposit notes, which include bearer deposit notes, and covered bonds, are eligible for Canada Deposit Insurance Corporation (CDIC) insurance,

Securitization

Equitable Bank regularly securitizes insured residential mortgage loans by issuing National Housing Act (NHA) Mortgage-Backed Securities (MBS). These NHA MBS are either kept by the Bank or are sold to third party investors, including CMHC sponsored Canada Housing Trust No. 1 (CHT) under the Canada Mortgage Bond (CMB) program.

Securitization is one of tools used by the Bank to manage its funding costs and diversify its funding sources effectively. When Equitable Bank securitizes loans, it applies IFRS derecognition rules to determine whether it has transferred substantially all the risks and rewards related to the loans. If Equitable Bank can structure and execute transactions that transfer substantially all the risks, rewards and control related to the loans to third parties, it may fully or partially derecognize the securitized loans and record a gain on sale upfront. In some cases, Equitable Bank keeps residual interests in the derecognized loans which are recorded as securitization retained interests and servicing liabilities on EQB's consolidated balance sheet.

Wholesale funding

Outstanding deposit notes by both Equitable Bank and Concentra Bank were $1.6 billion as at October 31, 2023 (December 31, 2022 – $1.9 billion).

In 2023, the Bank's Global legislative covered bond program capacity was increased from €2 billion to €3 billion. This program helps to further diversify the sources of funding, and the Bank expects this program to continue to lower its cost of funds as the program grows. Covered bonds totaled $1.7 billion as at October 31, 2023 (December 31, 2022 – $1.2 billion).

Both the deposit notes and covered bond issuances give institutional investors access to uninsured deposits through capital markets and help the Bank diversify its funding deployment more.

Equitable Bank launched a new Bearer Deposit Notes (BDN) program in September 2023. This program further diversified the Bank's funding sources through issuance of short-term unsecured notes.

Funding facilities

Equitable Bank has two revolving credit facilities provided by a domestic systemically important bank (D-SIB) and a group of D-SIBs to fund insured and uninsured residential mortgages.

Equitable Bank uses two additional funding programs which are sponsored by D-SIBs and provide Equitable Bank with a source of matched funding for its uninsured single-family mortgage loans. Once securitized, loans stay in these facilities until they mature. Equitable Bank does not bear any risk for the funding of the facility itself.

Concentra Bank maintains a $25 million secured credit facility with a major Schedule I Canadian bank to backstop issued letters of credit. Concentra Bank also maintains $100 million secured line of credit with SaskCentral, which is used primarily for settlement and clearing purposes.

EQB Inc. has a funding agreement with a group of Schedule I banks for senior unsecured funding facilities comprising of a revolving facility of up to $200 million and a term loan facility of up to $275 million, which were mainly used to finance the acquisition of Concentra Bank.

Seasonality

EQB's revenues and expenses are not subject to a material degree of seasonality. Loan originations are seasonal, which reflects sales activity patterns in the Canadian residential real estate market. Specifically, loan origination levels in Alternative Single Family tend to reach seasonally low levels in the first quarter and peak in the latter half of the year.

Credit union deposits are primarily sourced through the credit union's excess liquidity and are typically subject to seasonal fluctuations. In particular, the agricultural cycle causes large cash inflows in the fall to correspond with harvest followed by large outflows in the spring associated with seeding activities.

Competitive conditions

Equitable Bank's products compete with those offered by other chartered banks, trust companies, insurance companies, equipment leasing companies and other financial institutions and intermediaries in the jurisdictions in which it operates.

Employees and facilities

Equitable Bank is licensed to conduct business across Canada. At October 31, 2023, Equitable Bank had over 1,700 full time equivalent employees operating out of leased offices in Toronto, Oakville, Montreal, Calgary, Vancouver, Halifax and Regina, and a property owned in Saskatoon.

Environmental, Social and Governance

Each year the Bank publishes its Environmental, Social and Governance (ESG) Performance Report, which provides details of the Bank's ESG priorities, and performance. This document can be found on the Bank's investor relations website eqbank.investorroom.com/esg-overview.

Supervision and regulation

Equitable Bank and its subsidiary, Concentra Bank are federally regulated Schedule I banks and the Bank Act governs their activities. Equitable Trust and Concentra Trust are federally regulated trust companies and their activities are governed by the Trust and Loan Companies Act (TLCA). These two Acts prohibit Equitable Bank, Concentra Bank, Equitable Trust and Concentra Trust from engaging in or carrying on any business other than the business of financial services, except as specifically permitted. All entities are supervised by OSFI which examines the affairs and business of each institution to ensure compliance with applicable regulations and to ensure that each deposit taking institution is in sound financial condition. OSFI is responsible to the Minister of Finance and its examination reports are submitted to the Minister of Finance.

Equitable Bank, Concentra Bank, Equitable Trust and Concentra Trust are also subject to regulation by the CDIC, which insures certain deposits held at member institutions, and by the Financial Consumer Agency of Canada (FCAC). The FCAC is responsible for enforcing *the Financial Consumer Agency of Canada Act*, and the consumer-related provisions of the federal statutes that govern financial institutions, which includes the Bank Act and its regulations. Equitable Bank and Concentra Bank are also subject to oversight by the Financial Transaction and Reports Analysis Centre of Canada (FINTRAC). As Canada's financial intelligence unit, FINTRAC administers the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*. These regulations apply to all federally regulated financial institutions in Canada and set out the expectations and obligations for detecting and deterring money laundering and the financing of terrorist activities.

Risk factors

EQB and Equitable Bank, 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, and which may influence an investor 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 EQB's key risks and in determining the policies and limits that are best suited to manage these risks. The Risk and Capital Committee assists the Board in its oversight of EQB's management of its key risks.

The key risks faced by EQB are described in the "Risk Management" section of its 2023 MD&A.

Three-year history

Business line and product diversification

Lending and service expansions

- In November 2023, Equitable Bank launched its EQ Bank payment card in Quebec
- In July 2023, Equitable Bank launched EQ Bank First Home Saving Account (FHSA), a tax-advantaged registered plan that gives first time homebuyers a better and faster way to save for their first home.
- In June 2023, Equitable Bank introduced EQ Bank mobile wallet app which connects EQ Bank Card with Apple Pay and Google Pay, enabling customers to access contactless payments.
- In January 2023, Equitable Bank partnered with Mastercard to launch the EQ Bank Card, a prepaid reloadable Mastercard, that allows customers to withdraw cash for free at any ATM in Canada, all while earning cash back on their spending and high interest on their balance.
- In December 2022, Equitable Bank launched EQ Bank offerings in Quebec.
- In November 2022, Equitable Bank furthered standing relationship with credit unions and expanded its business in consumer lending through the acquisition of Concentra Bank.
- In January 2022, Equitable Bank introduced a new insurance lending product, Immediate Financing Arrangement (IFA).

- In November 2021, Equitable Bank expanded its EQB Evolution Suite® prime mortgage solutions to Quebec.

  In 2021, Equitable Bank extended its insurance lending offering through its new partnerships with four insurance companies.

Funding source diversification

- In September 2023, Equitable Bank launched a new Bearer Deposit Note program that further diversified its funding sources through issuance of short-term unsecured notes.
- In May 2023, Equitable Bank issued its fourth legislative covered bond in Europe for €300 million, which was priced at a spread of 52 bps over EUR mid swaps.
- On November 1, 2022, Equitable Bank completed its acquisition of Concentra Bank, through which it further diversified its funding sources to credit unions and commercial clients.
- On November 1, 2022, Equitable Bank converted the 3,266,000 subscription receipts that were issued for the acquisition of Concentra Bank into common shares on one-for-one basis upon closing.
- In October 2022, Equitable Bank issued its third legislative covered bond in Europe for €250 million, which was priced at a spread of 37 bps over EUR mid swaps.
- In May 2022, Equitable Bank issued its second legislative covered bond in Europe for €300 million, which was priced at a spread of 20 bps over EUR mid swaps.
- In February 2022, Equitable Bank issued two deposit notes for a combined total of $500 million, with $250 million at 1.8-year fixed-rate tranche and $250 million at 4-year fixed-rate tranche, priced respectively at 123 and 162 basis points over comparable term Government of Canada bonds.
- In February 2022, Equitable Bank issued 3,266,000 subscription receipts at a price of $70.50 each.
- In December 2021, Equitable Bank issued a $400 million 2.5-year fixed rate deposit note, which was priced at 93 bps over comparable term Government of Canada bonds.
- In September 2021, Equitable Bank issued its first legislative covered bond in Europe for €350 million, which was priced at a spread of 15 bps over EUR mid swaps.
- In June 2021, Equitable Bank completed a re-opening of $150 million 2.25-year fixed rate deposit note, which was priced at 90 bps over the interpolated Government of Canada curve.
- In June 2021, Equitable Bank launched US Dollar Accounts through its EQ Bank platform.
- In March 2021, Equitable Bank issued a $250 million 4-year fixed rate deposit note, which was priced at 120 bps over comparable term Government of Canada bonds.

Contingent liquidity sources

- Equitable Bank 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.
- In October 2022, EQB entered into a Second Amending Agreement to Credit Agreement (defined below), which increased the maximum size of the revolving facility portion of the Credit Agreement from $125 million to $200 million.
- In May 2022, EQB entered into a First Amending Agreement to Credit Agreement, which increased the maximum size of the revolving facility portion of the Credit Agreement from $75 million to $125 million.
- In March 2022, EQB entered into a funding agreement (Credit Agreement) with a consortium of Schedule I banks for senior unsecured funding facilities comprising of a $75 million revolving facility and a $275 million non-revolving term loan.
- In March 2021, Equitable Bank terminated its $35 million credit facility with a D-SIB.

Regulatory capital

Effective April 1, 2023, Equitable Bank adopted Basel III banking reforms in accordance with the Office of the Superintendent of Financial Institution (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:

- Capital Adequacy Requirements (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

On March 27, 2020, OSFI announced several actions to address operational risk in Canada's banking sector stemming from the economic impact of COVID-19 including the introduction of a transitional arrangement for expected credit loss provisioning on capital. For Equitable Bank, this transitional arrangement resulted in a portion of allowances that would otherwise be included in Tier 2 capital of Equitable Bank to be included in CET1 capital. The adjustment is equal to the increase in Stage 1 and Stage 2 allowances relative to December 31, 2019. This increase is tax-effected and subject to a scaling factor that will decrease over time. The scaling factor is set at 70% for 2020, 50% for 2021, and 25% for 2022. This arrangement has discontinued since January 2023. OSFI recently announced updates to Capital Adequacy Requirements effect in fiscal Q1 2024. As OSFI continues to manage risks in the banking sector, it is likely there will be ongoing adjustments to capital guidelines, which could effect risk-weighted assets and capital ratios.

Credit ratings

Credit ratings are not recommendations to purchase, sell or hold a financial position in as much as they do not comment on market price of suitability for a particular investor. Credit ratings provided by the rating agencies reflect their views and are based on various factors, including factors not entirely within the Bank's control, including the methodologies used by the rating agencies.

EQB Inc. is rated by DBRS, while Equitable Bank and its covered bond program are rated by both Fitch and DBRS. Concentra Bank is rated by DBRS.

Equitable Bank Rating	DBRS	Fitch
Long-Term Issuer Rating	BBB (high)	BBB-
Short-Term Issuer Rating	R-1 (low)	-
Short-Term Instruments	R-1 (low)	-
Long-Term Deposits	BBB (high)	-
Long-Term Senior Debt	BBB (high)	BBB-
Subordinated Debt	BBB	-
Rating Outlook	Stable	Stable
Equitable Bank Rating	**DBRS**	**Fitch**
Long-Term Issuer Rating	BBB	-
Long-Term Senior Debt	BBB	-
Covered Bond Rating	**DBRS**	**Fitch**
Covered Bonds	AA	AA
Rating Outlook	-	Stable
Concentra Bank Rating	**DBRS**	**Fitch**
Long-Term Issuer Rating	BBB (high)	-
Long-Term Senior Debt	BBB (high)	-
Long-Term Deposits	BBB (high)	-
Rating Outlook	Stable	-

Dividends

Dividends are payable on EQB's common shares and Series 3 Preferred Shares. EQB's Series 3 Preferred Shares are non-cumulative and have preference over the common shares with respect to the payment of dividends.

EQB has a policy of maintaining a balance between the distribution of profits to shareholders via the payment of dividends and the retention of earnings to fund its business and strategic objectives. It does not set a specific dividend payout ratio target. The declaration and payment of dividends is within the discretion of EQB's Board of Directors and is dependent on several factors, including the capital and liquidity positions of Equitable Bank. EQB's liquidity position is impacted by the dividends received from Equitable Bank.

The declaration and payment of dividends by Equitable Bank to EQB is also within the discretion of Equitable Bank's Board of Directors and is subject to regulatory restrictions. Equitable Bank is precluded from paying or declaring a dividend if there are reasonable grounds for believing that it is, or that payment would cause Equitable Bank to be, in contravention of any regulation made under the Bank Act with respect to the maintenance of adequate capital and liquidity or with any direction given by OSFI with respect to such matters.

On December 7, 2023, EQB's Board declared a quarterly dividend of $0.40 per common share, payable on December 29, 2023, to common shareholders of record at the close of business on December 15, 2023. This dividend represents a 5% and 21% increase over dividends declared in August 2023 and November 2022, respectively.

On September 3, 2019, EQB announced that the dividend rate applicable to Series 3 Preferred Shares for the five-year period from, and including, September 30, 2019 to, but excluding, September 30, 2024 would be 5.969% per annum, or $0.373063 per preferred share per quarter.

Consistent with the above, on December 7, 2023, the Board declared a quarterly dividend of $0.373063 per preferred share, payable on December 29, 2023, to preferred shareholders of record at the close of business on December 15, 2023.

The table below provides a summary of annual dividends per share declared for the ten months ended October 31, 2023 and the two preceding twelve-month periods ended December 31. These dividends are designated as eligible dividends for the purpose of the Income Tax Act (Canada) and any similar provincial and territorial legislation.

On October 25, 2021, EQB split its common shares on a two-for-one basis. The dividend per common share amounts presented below have been retroactively adjusted to reflect this share split.

Type of Shares	**For ten months ended October 31, 2023**	For twelve months ended December 31, 2022	For twelve months ended December 31, 2021
Common Shares	**1.10**	$1.21	$0.74
Series 3 Preferred Shares	**1.11**	$1.49	$1.49

On February 7, 2022, EQB's Board of Directors reinstated EQB's common share Dividend Reinvestment Plan

Description of capital structure

General description of share capital

EQB's authorized share capital consists of an unlimited number of common shares and an unlimited number of preferred shares, issuable in series. As at October 31, 2023, 37,879,352 common shares and 2,911,800 Series 3 Preferred Shares were issued and outstanding. The material provisions of the common shares and the preferred shares are summarized or otherwise referred to below.

Common shares

Holders of EQB's common shares are entitled to one vote per share at all meetings of the shareholders of EQB except meetings at which only holders of any series of preferred shares are entitled to vote. After payment of all outstanding obligations, including preferred shares, the holders of common shares are entitled to receive EQB's remaining property upon the liquidation, dissolution or winding-up thereof.

Preferred shares

The preferred shares are issuable from time to time in one or more series. The Board is authorized to fix, before issue, the number, consideration per share, the designation, and the provisions attaching to the preferred shares of each series, which may include voting rights. The preferred shares of each series will rank pari passu with the preferred shares of every other series and will be entitled to preference over the common shares and any assets in the event of EQB's liquidation, dissolution or winding-up. If any cumulative dividends or amounts payable on a return of capital are not paid in full, the preferred shares of all series will participate ratably in accordance with the amounts that would be payable on such shares if all such dividends were declared and paid in full or the sums that would be payable on the return of capital if all amounts so payable were paid in full, as the case may be.

The provisions of the preferred shares, including the Series 3 Preferred Shares and EQB's non-cumulative floating rate Series 4 preferred shares ("Series 4 Preferred Shares"), are described on pages 7 through 17 of the prospectus supplement of EQB dated July 25, 2014 in connection with the public offering of the Series 3 Preferred Shares, and those pages are incorporated herein by reference.

On August 22, 2019, EQB announced that it did not intend to exercise its right to redeem all or any part of its outstanding non-cumulative redeemable 5-year rate reset Preferred Shares, Series 3 (the "Series 3 Preferred Shares") on September 30, 2019. As a result, holders of Series 3 Preferred Shares had the right, at their option, to convert all or part of their Series 3 Preferred Shares on a one-for-one basis, into non-cumulative floating rate Preferred Shares, Series 4 ("Series 4 Preferred Shares"). On September 16, 2019, EQB announced that after taking into account all election notices received, less than the minimum 800,000 shares required to give effect to the conversion were tendered. As a result, no Series 4 Preferred Shares were issued and holders of Series 3 Preferred Shares retained their shares.

Normal course issuer bid (NCIB)

On December 21, 2022, EQB announced that it has received the approval of the TSX to renew its NCIB for common shares and its non-cumulative 5-Year rate reset preferred shares, Series 3. EQB intends to only purchase a maximum of 1,150,000 common shares and 288,680 of its Series 3 preferred shares under the terms of the NCIB, representing, respectively, approximately 3.8% and 10% of the public float of such shares as of December 9, 2022. Purchases under the renewed NCIB may commence on December 23, 2022 and continue until December 22, 2023, when the NCIB expires, or on such earlier date as the NCIB is complete.

During the ten months ended October 31, 2023, no common or preferred shares were purchased or cancelled under the NCIB.

Preferred shares issued by Concentra Bank

As at October 31, 2023, Concentra Bank has $111 million in preferred shares issued and outstanding, which are included in EQB's consolidated financial statements. For more detail, please see Note 19 – Shareholders' Equity in the EQB's consolidated financial statements.

Market for securities

Trading price and volumes

EQB's common shares and Series 3 Preferred Shares are traded on the TSX under the symbols EQB and EQB.PR.C, respectively. The following table sets out the price range and trading volume for these securities on the TSX for each month of the year ended October 31, 2023.

Table 2: Price ranges and trading volumes by security type – common and Series 3 preferred shares

Months in 2023	Common Shares		Series 3 Preferred Shares	
	Price Range	Volume	Price Range	Volume
January	$56.29 - $66.43	1,223,133	$23.25 - $24.40	17,856
February	$64.85 - $70.00	1,965,719	$23.65 - $24.31	28,500
March	$53.86 - $65.75	2,259,418	$22.10 - $24.00	23,277
April	$57.53 - $61.28	1,197,213	$22.00 - $22.95	49,143
May	$59.51 - $66.95	1,403,337	$22.42 - $23.15	28,399
June	$65.40 - $70.92	1,008,681	$22.20 - $23.04	6,107
July	$67.69 - $79.34	1,061,148	$22.01 - $22.97	18,903
August	$74.27 - $84.79	1,715,571	$22.50 - $22.90	13,273
September	$73.51 - $79.70	1,164,972	$22.43 - $23.86	31,137
October	$66.41 - $75.75	1,421,580	$22.76 - $23.85	39,639

Directors and executive officers

Directors

The following are the directors of EQB as at December 7, 2023. Directors are elected annually and hold office until the next annual meeting of shareholders, which is scheduled for April 10, 2024.

Name and Municipality of Residence	Principal Occupation	Director Since
Michael Emory Toronto, Ontario, Canada	Founder and Executive Chair of the Board of Trustees, Allied Properties REIT	May 2014
Susan Ericksen Cumming, Georgia, USA	Corporate Director	November 2018
Michael Hanley Mount-Royal, Quebec, Canada	Chair of the Board of EQB Inc. and Equitable Bank, and Corporate Director	November 2022
Kishore Kapoor Winnipeg, Manitoba, Canada	President and Chief Executive Officer, RF Capital Group Inc.	November 2016
Yongah Kim Toronto, Ontario, Canada	Associate Professor of Strategic Management, Rotman School of Business, University of Toronto	December 2020
Marcos Lopez, Calgary, Alberta, Canada	Corporate Director and Principal, Alpenglow Capital Inc., a venture and growth capital investment firm	November 2022
Andrew Moor Toronto, Ontario, Canada	President and Chief Executive Officer of EQB and Equitable Bank	May 2007
Rowan Saunders Toronto, Ontario, Canada	President and Chief Executive Officer, Definity Financial Corporation	May 2013
Carolyn Schuetz Toronto, Ontario, Canada	Corporate Director	November 2022
Vincenza Sera Toronto, Ontario, Canada	Corporate Director	May 2013
Michael Stramaglia Toronto, Ontario, Canada	Corporate Director and President and Founder of Matrisc Advisory Group Inc., a risk management consulting firm	May 2014

All directors have held their principal occupations above for the past five years or more, except for:

- Kishore Kapoor, who serves as President and Chief Executive Officer of RF Capital Group Inc. since October 2020. He also was the Interim President and Chief Executive Officer of GMP Capital Inc. in 2019. He was a Corporate Director from 2011 to 2019.
- Yongah Kim, who currently is the Associate Professor of Strategic Management at Rotman and a core faculty member in the Leadership Development Lab and the Self-Development Lab of the Desautels Centre for Integrative Thinking since January 2020. She was Senior Partner at McKinsey & Company, Canada from 2015-2020.
- Marcos Lopez, who from 2015 to 2019 served as President and Chief Executive Officer of Solium Capital Inc. (now Shareworks by Morgan Stanley). Following the acquisition of Solium by Morgan Stanley in 2019, he served as Managing Director and Head of Shareworks from 2019 to 2020, Managing Director and Co-Head of Morgan Stanley at Work from 2019 to 2021, and as Advisor from January to June 2022.
- Carolyn Schuetz, who from 2017-2020 served as Global Chief Operating Officer, Group Retail Banking and Wealth Management, HSBC Holdings plc.

The Committees of the Board are as follows:

Committee	Members
Audit Committee	Kishore Kapoor (Chair) Carolyn Schuetz Vincenza Sera Michael Stramaglia
Governance and Nominating Committee	Yongah Kim (Chair) Michael Emory Carolyn Schuetz Vincenza Sera
Human Resources and Compensation Committee	Susan Ericksen (Chair) Michael Emory Yongah Kim Marcos Lopez Rowan Saunders
Risk and Capital Committee	Michael Stramaglia (Chair) Susan Ericksen Kishore Kapoor Marcos Lopez Rowan Saunders
Credit Risk Sub-Committee (Sub-committee of the Risk and Capital Committee)	Michael Emory (Chair) Susan Ericksen Vincenza Sera

Executive officers(1)

The following are the executive officers of Equitable and/or Equitable Bank as at December 7, 2023:

Name and Municipality of Residence	Position
Andrew Moor Toronto, Ontario	President and Chief Executive Officer
Chadwick Westlake Mississauga, Ontario	Senior Vice-President and Chief Financial Officer
Marlene Lenarduzzi North York, Ontario	Senior Vice-President and Chief Risk Officer
Dan Broten Etobicoke, Ontario	Senior Vice-President and Chief Technology Officer
Darren Lorimer Etobicoke, Ontario	Senior Vice-President and Group Head, Commercial Banking
Mahima Poddar Toronto, Ontario	Senior Vice-President and Group Head, Personal Banking
Gavin Stanley Toronto, Ontario	Senior Vice-President and Chief Human Resources Officer

(1) Executive officers are defined as the President and Chief Executive Officer and his direct reports.

All of the above executive officers have held their present positions or other management positions with EQB or Equitable Bank for the past five years with the exception of:

- Chadwick Westlake who held various Senior Vice President positions at Scotiabank from November 2016 until November 2018, and the position of Executive Vice President of Enterprise Productivity & Canadian Banking Finance from November 2018 until November 2020
- Marlene Lenarduzzi who, prior to October 2023, was Managing Director, Counterparty Credit Risk at Bank of Montreal
- Gavin Stanley who, prior to September 2021, was Director of Talent, Commercial and Revenue at Shopify

At October 31, 2023, the directors and executive officers as a group beneficially owned, directly or indirectly, or exercised control or direction over 607,541 (December 31, 2022 – 296,040) common shares of Equitable, representing 1.6% (December 31, 2022 – 0.79%) of the outstanding common shares.

Cease trade orders, bankruptcies, penalties or sanctions

To EQB's knowledge, after due inquiry, no director or executive officer of Equitable:

(a) is, at the date of this Annual Information Form (AIF) or has been within the last 10 years, a director, chief executive officer or chief financial officer of any company that was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days that was issued:

(i) while the director or executive officer was acting in the capacity of a director, chief executive officer or chief financial officer; or

(ii) after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the person was acting in the capacity as director, chief executive officer or chief financial officer;

(b) is, as at the date of this AIF, or has been within the last 10 years, a director or executive officer of any company that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(c) has, or within 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer.

To the best of EQB's knowledge , after due inquiry, no director or executive officer of EQB has been subject to: (a) any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or a regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of interest

To EQB's knowledge, no director or executive officer of Equitable has an existing or potential material conflict of interest with Equitable or any of its subsidiaries.

Legal proceedings and regulatory actions

Legal proceedings

In the ordinary course of business, Equitable Bank is routinely involved with or a party to legal proceedings. A description of certain legal proceedings in which Equitable Bank is a party is set out in Note 24 to its 2023 audited consolidated financial statements, which are incorporated herein by reference.

Regulatory actions

In the ordinary course of business, Equitable Bank may be subject to penalties or sanctions imposed by regulatory authorities from time to time in relation to administrative matters, including late filings or reporting, which may be considered penalties or sanctions pursuant to Canadian securities regulators but which are not, individually or in the aggregate, material, nor would they likely be considered important to a reasonable investor making an investment decision.

During the 2023 financial year, Equitable did not face any penalties imposed by securities regulatory authorities or enter into any settlement agreements with a court relating to securities legislation or with a securities regulatory authority, as such terms may be defined by National Instrument 14-101[(1)].

[(1)] National Instrument 14-101 limits the meaning of 'securities legislation' to Canadian provincial and territorial legislation and 'securities regulatory authority' to Canadian provincial and territorial securities regulatory authorities.

Interest of management and others in material transactions

To EQB's knowledge, no director, or executive officer, or any of their associates or affiliates has or had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or will materially affect EQB.

Material contracts

Except for the contracts described in the section "Three-Year History" above, there are no contracts, other than contracts entered into in the ordinary course of business, that are material to EQB and that were entered into in or before the most recently completed financial year, but that are still in effect.

Copies of the material contracts are available on SEDAR at sedar.com.

Transfer agent and registrar

Odyssey Trust Company is the transfer agent and registrar for EQB's common shares and Series 3 Preferred Shares at the following address: Trader's Bank Building 702, 67 Yonge Street, Toronto, Ontario, M5E 1J8.

Experts

EQB's auditor is KPMG LLP and it is located at the Bay Adelaide Centre, 333 Bay Street, Suite 4600, Toronto, Ontario, M5H 2S5. KPMG LLP is independent of Equitable in accordance with the ethical requirements that are relevant to the audit of the financial statements in Canada.

KPMG LLP has been EQB's auditor since 2002. In 2018, EQB's Audit Committee submitted the audit for tender as a matter of corporate governance. It received proposals from all the firms to which it sent the tender and decided, after a robust assessment, to remain with KPMG.

Audit Committee information

The following Audit Committee information is presented as of December 7, 2023.

Composition of the Audit Committee

The following directors are members of the Audit Committee: Kishore Kapoor (Chair), Carolyn Schuetz, Vincenza Sera and Michael Stramaglia. All members are financially literate and independent as defined by Canadian securities laws. The mandate of the Audit Committee is attached to this AIF as Schedule "A".

Relevant education and experience of Audit Committee members

The education and experience of each Audit Committee member that is relevant to the performance of their responsibilities are as follows:

Kishore Kapoor (Chair) – Mr. Kapoor is the President and Chief Executive Officer of RF Capital Group Inc. Mr. Kapoor also serves as a director of Richardson Financial Group Limited (and a member of its Audit Committee), and as a director of RF Capital Group and Richardson Wealth. Until 2011 he was President of Wellington West Holdings Inc., the parent company of a number of subsidiaries that provided wealth management and corporate finance services to retail and institutional clientele in Canada. Previously, Mr. Kapoor was Executive Vice-President of Corporate Development at Loring Ward International Inc.. He co-founded Assante Corporation, previously one of the largest wealth management firms in Canada, and served as its Executive Vice-President, Corporate Development from March 1994 until November 2003. He also served as a director of Manitoba Telecom Services and Audit Committee Chair from 1994 until 2003. Mr. Kapoor has a Bachelor of Science degree from the University of Manitoba and is a Chartered Professional Accountant and former tax partner with KPMG LLP. He has been a member of our Audit Committee since November 2016 and the Committee Chair since May 2017.

Carolyn Schuetz – Ms. Schuetz has more than 30 years of global experience in financial services. Having spent 16 years at HSBC, most recently as the Global Chief Operating Officer for Group Retail Banking and Wealth Management, she brings deep operational expertise and a proven track record of delivering large-scale transformational change in complex, highly regulated industries. She currently serves as a director and a member of the Audit Committee of Altus Group Limited and as a director and Audit Committee Chair of OakNorth Bank, a UK fintech bank. Ms. Schuetz holds a Bachelor of Mathematics from the University of Waterloo, is a Chartered Professional Accountant and has an MBA from Stanford. She became a member of the Audit Committee in May 2023

Vincenza Sera – Ms. Sera has more than 25 years of experience in capital markets, corporate finance and corporate governance holding senior positions with National Bank Financial First Marathon Securities and Canadian Imperial Bank of Commerce. She holds a Master of Business Administration degree from the University of Toronto and completed the Institute of Corporate Directors – Rotman School of Management's Director Education Program. Ms. Sera became a member of the Audit Committee in May 2023.

Michael Stramaglia – Mr. Stramaglia is a professional corporate director and is the President and founder of Matrisc Advisory Group, a risk management consulting firm. He has extensive financial services experience, including prior executive leadership roles of Executive Vice-President and Chief Risk Officer for Sun Life Financial, Executive Vice-President and Chief Investment Officer for Clarica and as Appointed Actuary, Chief Financial Officer, and President and Chief Executive Officer of Zurich Life Insurance Company of Canada. Mr. Stramaglia is a qualified actuary and a Chartered Enterprise Risk Analyst. He holds an Honours Bachelor of Mathematics from the University of Waterloo and holds the ICD.D designation from the Institute of Corporate Directors. Mr. Stramaglia became a member of the Audit Committee in May 2023.

Pre-approval policies and procedures

The Audit Committee has adopted a policy for the pre-approval of services that may be performed by EQB's external auditor. The Policy specifies the scope of services permitted to be performed by the external auditor as well as those services they are prohibited from providing to ensure their independence is not compromised. The policy states all audit, audit-related and tax services shall be pre-approved by the Audit Committee, together with the associated fees for those services. The policy also delegates authority to the Chair of the Audit Committee to approve permissible non-audit services and their fees between Committee meetings and report such approval to the Audit Committee at its next scheduled meeting. On a quarterly basis the Audit Committee is presented with a summary report of all services approved by the Audit Committee or the Committee Chair on a year-to-date basis that are currently underway or have been completed since the prior quarter's report, as well as details of any proposed engagement for consideration by the Committee. In making its determination regarding the services to be performed by the external auditor, the Committee considers compliance with applicable legal and regulatory requirements as well as whether the provision of the services could negatively impact auditor independence. The policy does not delegate any responsibilities of the Audit Committee to EQB's management.

External auditor service fees

Table 4: External auditor service fees

($000s)	**Ten months 31-Oct-23(1)(2)**	Twelve months 31-Dec-22(1)(2)
Audit fees	**2,022**	1,958
Audit-related fees	**135**	262
Tax compliance fees	**13**	11
Other fees	**11**	10
Total	**2,181**	2,241

(1) Amounts exclude CPAB fees and HST. (2) In accordance with the respective Engagement Letters, the fees reported above are subject to a technology and support charge in the amount of $153 (2022 – $157).

Audit fees

Audit fees include amounts paid or accrued for professional services rendered by the auditors in connection with the audit of annual consolidated financial statements, the review of EQB's interim financial statements, specified procedures reports to support EQB's subsidiaries participation in CMHC-sponsored securitization programs, consent letters for prospectus offerings, AMF reporting, and accounting advisory services related to the audited financial statements.

Audit-related fees

Audit-related fees relate to translation services.

Tax fees

Tax fees paid for professional services primarily related to the review of commodity tax returns.

Other fees

Other fees relate to the audit of scope 1 and 2 emissions disclosures.

Additional information

Additional information relating to EQB can be found at sedar.com and at eqbank.investorroom.com.

Additional financial information is provided in EQB's audited consolidated financial statements and MD&A for the ten months ended October 31, 2023. Information related to directors' and officers' remuneration and indebtedness, principal holders of EQB's securities, and securities authorized for issuance under equity compensation plans is contained in EQB's Management Information Circular for its most recent annual meeting of shareholders. All of these documents can be obtained at sedar.com or from EQB's corporate website eqbank.investorroom.com.

Copies of the reports referred to in this section may be obtained from EQB's Corporate Secretary's office at Equitable Bank Tower, 30 St. Clair Avenue West, Suite 700, Toronto, Ontario, M4V 3A1 or by contacting the EQB at: investor_enquiry@eqbank.ca

Schedule “A”

Audit Committee Mandate

This mandate provides terms of reference for the Audit Committee of the Board of Directors of EQB Inc. (the “Company”) and the Board of Directors of its wholly-owned subsidiary, Equitable Bank (the “Bank” and collectively “EQB”).

A. PURPOSE

1. The primary functions of the Audit Committee (the “Committee”) are to assist the Board of Directors in its oversight of:
   - (i) the integrity of EQB’s financial statements and related management’s discussion and analysis and reliable, accurate and clear financial reporting to shareholders;
   - (ii) reviewing the qualifications, independence and service quality of the external auditors;
   - (iii) overseeing the design and effectiveness of internal controls, including internal controls over financial reporting and disclosure controls; and
   - (iv) overseeing the Bank’s Internal Audit and Finance functions and evaluating their effectiveness.
2. To perform such other duties as may be delegated to the Committee by the Board from time to time.
3. To act as the audit committee for certain federally-regulated subsidiaries of the Bank that require an audit committee under applicable law, as determined by the Board.

B. RESPONSIBILITIES

Financial Reporting

1. Review and recommend for Board approval and disclosure to the public the interim and annual consolidated financial statements of EQB Inc. and the related management’s discussion and analysis (MD&A), the annual financial statements of the Bank, and the external auditor’s opinion on these financial statements. Satisfy itself that the financial statements present fairly the financial position, results of operations, and EQB’s cash flows.
2. As part of these reviews, the Committee should discuss with management and the external auditor:
   - a) key areas of risk for material misstatement of the financial statements, including critical accounting policies, models and estimates and other areas of measurement uncertainty or judgment underlying the financial statements and MD&A;
   - b) areas requiring significant auditor judgment as it relates to their evaluation of accounting policies, accounting estimates and financial statement disclosures;
   - c) whether estimates/models and judgments made by management are within an acceptable range and in accordance with International Financial Reporting Standards and industry practice;
   - d) any material proposed changes in accounting standards or regulations relevant to EQB’s financial statements;
   - e) significant or unusual transactions, and the impact of material subsequent events between the reporting date and the approval date on the financial statements and the MD&A;
   - f) reports prepared by the external auditor for the Committee summarizing their key findings and required communications in respect of the annual audit and interim reviews; and
   - g) tax matters that are material to the financial statements.
3. Review for and recommend for Board approval, earnings news releases or other material financial news releases.

4. Review financial information and any earnings guidance provided to analysts and any rating agencies prior to public disclosure.
5. Keep abreast of trends and best practices in financial reporting including considering, as they arise, topical issues and their application to EQB.
6. Review any investment or transaction that could adversely affect the well-being of EQB.
7. Review and recommend for Board approval EQB Inc.'s Annual Information Form.
8. Review and assess the adequacy of procedures for the review of financial information extracted or derived from the financial statements that is to be publicly disclosed and has not otherwise been reviewed by the Committee.
9. Review the process relating to, and the certifications of, the Chief Executive Officer and the Chief Financial Officer on the integrity of EQB's interim and annual financial statements and other disclosure documents as required.
10. Review with Management any litigation claim or other contingency that could have a material impact on EQB's financial statements.

Internal Controls

1. Require management to implement and maintain appropriate internal control processes and procedures, including internal controls over financial reporting and disclosure, and controls related to the prevention, identification and detection of fraud, as part of the Bank's Internal Control Framework, and review, evaluate and approve these procedures.
2. Review the external auditor's annual report on EQB's internal controls over financial reporting.
3. Review reports from management and Internal Audit on the design and operating effectiveness of internal controls, adequacy of reporting practices, disclosure controls, and any significant control breakdowns, including any reports concerning significant deficiencies and material weaknesses in the design or operation of internal controls.
4. Discuss with the external auditor the adequacy and effectiveness of the Bank's controls related to the prevention, identification and detection of fraud;
5. Review as required correspondence relating to inquiries or investigations by regulators concerning internal controls.
6. Review and approve the procedures established for the receipt, retention and treatment of complaints received by EQB regarding accounting, internal accounting controls or auditing matters, including confidential, anonymous submissions from employees as part of EQB's Whistleblower Policy, and receive reports from the Chief Compliance Officer as required under this Policy.

Internal Audit Function

1. Review and approve at least annually the organizational structure, resources and budget of the Internal Audit function.
2. Approve the appointment or removal of the Chief Auditor.
3. Review and approve annually the mandate of Internal Audit (developed in accordance with the professional standards of the Institute of Internal Auditors) and review the annual independence attestation.
4. Review and approve the annual audit plan including the risk assessment methodology, and satisfy itself that the plan is appropriate, risk-based and addresses all relevant activities and significant risks over a measurable cycle.
5. Review on a quarterly basis with the Chief Auditor the status of the audit plan and any changes needed, including a review of the results of audit activities, any significant issues reported to management and

management's response and/or corrective actions, the status of identified control weaknesses, and ensure that Internal Audit's recommendations are acted upon within an appropriate timeframe.

6. Annually assess the effectiveness and performance of the Chief Auditor, taking into account the objectivity and independence of the Internal Audit function and any regulatory findings with respect to the Internal Audit function, and provide the results to the Chief Executive Officer as input into the compensation approval process.
7. Ensure the Chief Auditor has unfettered access and a direct reporting line to the Audit Committee to raise any internal audit, organizational or industry issues or issues with respect to the relationship and interaction between Internal Audit, management, the external auditor and/or regulators.
8. Discuss with the Chief Auditor the overall design and operating effectiveness of the system of internal controls, risk management and governance systems and processes.
9. Review any difficulties encountered by Internal Audit in the course of internal audits, including any restrictions on audit scope or access to required information.
10. Review the results of independent quality assurance review of the Internal Audit function conducted on a five-year cycle.
11. Oversee that deficiencies identified by supervisory authorities related to the Internal Audit function are remedied within an appropriate timeframe and report to the Board on the progress of necessary corrective actions.

External Auditor

1. Oversee the work of the external auditor who reports directly to the Audit Committee.
2. Recommend to the Board, for recommending to shareholders, the appointment or termination of the external auditor.
3. Review and approve the external auditor's engagement letter and annual audit plan, ensuring the audit plan is risk-based and covers all relevant activities over a measurable cycle, and monitor the plan's execution. Review with the external auditor any proposed change to the scope of the plan, including any change to the materiality level, and ensure that the work of the internal and external auditors is coordinated.
4. Review and recommend to the Board for approval the annual fee for the audit of EQB's financial statements. As part of this review the Committee should satisfy itself that the level of audit fees is commensurate with the scope of work undertaken and that any fee reduction continues to ensure a quality audit.
5. Review a formal written statement from the external auditor delineating all relationships between the external auditor and EQB that may impact its independence and objectivity, consistent with the rules of professional conduct of the Canadian provincial chartered accountants institutes or other regulatory bodies, as applicable.
6. Annually review the external auditor's opinion on EQB's annual financial statements, including the key audit matters contained therein.
7. Review and assess, at least annually, the qualifications, effectiveness, independence and service quality provided by the external auditor, including a review and assessment of the lead audit partner, taking into consideration the opinions of management and Internal Audit, and any concerns raised by EQB's regulators about the external auditor's independence. Discuss the findings of the assessment with the external auditor and report on the overall effectiveness of the external auditor to the Board.

8. Conduct a comprehensive review of the external auditor at least every 5 years. As part of this review, the Committee should periodically consider whether to put the external audit contract out for tender, taking into consideration the length of the current audit firm's tenure and the risks it may pose to the audit firm's objectivity and independence, and approve the criteria for tendering the contract.
9. Approve in accordance with the established pre-approval policy all services to be provided by the external auditor, including audit and audit-related services and permitted tax and non-audit services.
10. Delegate the authority to pre-approve non-audit services to a member of the Committee.
11. Review any audit or non-audit service pre-approved by the delegate of the Committee.
12. Review at least annually the total fees billed and paid to the external auditor by the required categories.
13. Receive the Canadian Public Accountability Board's ("CPAB") annual public report, along with any notices required to be communicated by the external auditor to the Committee, including those required by the Canadian Public Accountability Board, the Office of the Superintendent of Financial Institutions, and the Public Company Accounting Oversight Boad ("PCAOB"), and review and discuss with the external auditor any findings specific to an inspection of EQB's audit.
14. Review at least annually a report from the external auditor which describes or includes:
    (i) the firm's internal quality control practices and procedures;
    (ii) any material issues raised by their most recent internal quality control review, peer review, or by governmental or professional inquiry or investigation within the preceding five years regarding one or more independent audits carried out by the external auditor and any steps taken to deal with such issues.
15. Monitor the rotation plan for partners on the audit engagement.
16. Review and approve policies and procedures for the employment of current or former partners or employees of the current or former external auditor, as required by applicable laws.
17. Review with the external auditor any issues or difficulties and management's response, and resolve any disputes between the external auditor and management.
18. Review all substantive correspondence between the external auditor and management about audit findings.
19. Review and approve transfers of tax liability between EQB Inc. and the Bank pursuant to Canadian tax laws.

Finance

1. Review and approve at least annually the organizational structure, resources and budget of the Finance function.
2. Approve the appointment or removal of the Chief Financial Officer.
3. Review and approve annually the mandate of the Chief Financial Officer.
4. Annually assess the effectiveness and performance of the Chief Financial Officer, taking into account any regulatory findings with respect to the Finance Department, and convey the results to the Chief Executive Officer as input into the compensation approval process.
5. Periodically engage an independent third party to assess the effectiveness of the Finance function, review the results of that assessment and Management's response, and report such results to the Board.
6. Review and oversee the status of remediation plans implemented by Management to rectify any deficiencies identified.

7. Ensure the Chief Financial Officer has unfettered access and a functional reporting line to the Committee to raise any financial reporting issues or issues with respect to the relationship and interaction among the Finance function, management, the external auditor and/or regulators.

Other

1. Review such returns of the Bank as the Superintendent of Financial Institutions may specify.
2. Review and assess the adequacy of this mandate at least annually and where necessary, recommend changes to the Board for approval.
3. Receive reports on EQB's investor relations activities.
4. Annually evaluate the Committee's effectiveness with respect to this mandate.
5. Participate as required or as determined by the Committee Chair in internal or external educational sessions to enhance familiarity with the Committee's responsibilities. The Bank shall provide appropriate funding for such sessions.
6. Have unrestricted access to the external auditor, management and Bank employees, and to any and all books and records.
7. Retain, as appropriate and at EQB's expense, independent counsel, accountants or other advisors to advise the Committee or assist in the conduct of an investigation.
8. Perform such other functions and tasks imposed on the Committee by regulatory requirements or delegated to it by the Board.
9. Prepare a report on its activities on an annual basis for inclusion in EQB Inc.'s Management Information Circular.

C. MEMBERSHIP

1. The Committee shall consist of a minimum of three independent directors, as defined in applicable laws, rules and regulations and pursuant to the director independence policy. No member of the Committee may be an officer or employee of the Bank or any of its subsidiaries or affiliates, or be a person who is "affiliated" with the Bank.
2. Each Committee member must be financially literate or become financially literate within a reasonable period of time after appointment to the Committee. At least one member of the Committee shall have a professional accounting designation.
3. Committee members are appointed annually by the Board upon the recommendation of the Governance and Nominating Committee, with such appointments to take effect immediately following the annual meeting of shareholders. Members shall hold office until their successors are appointed, or until they cease to be directors of EQB.
4. No Committee member may serve on more than two other public company audit committees, unless the Governance and Nominating Committee and/or the Board determines that this simultaneous service would not impair the ability of the member to effectively serve on EQB's Audit Committee.

D. VACANCIES

1. Vacancies may be filled for the remainder of the current term of appointment of Committee members by the Board.

E. CHAIR AND SECRETARY

1. The Board shall appoint from the Committee membership, a Chair for the Committee who shall preside at all meetings. In the absence of the appointed Chair, the Committee members may appoint a Chair from the members to preside at that meeting. The Chair shall work with management to develop the Committee's meeting agendas and annual workplan.
2. The Corporate Secretary, or their designate shall act as secretary at Committee meetings and record and maintain minutes of all meetings of the Committee and present them to the Committee for approval.

F. MEETINGS AND QUORUM

1. The Committee shall meet at least quarterly, or more frequently as circumstances dictate to carry out its mandate. Meetings shall be convened at such times, places and in such a manner as determined by the Committee Chair.
2. Meetings of the Committee may be called by the Committee Chair, by any 2 Committee members, or by the external auditor. Members may participate in meetings in person or by telephone, electronic or other communication facilities. A member participating by such means is deemed to be present at that meeting.
3. The Committee may invite any director, officer or employee or any other person to attend meetings to assist the Committee with its deliberations.
4. Notice of Committee meetings shall be sent to each Committee member in writing or by telephone or electronic means, at least 24 hours before the time and date set for the meeting, at the member's contact information recorded with the Corporate Secretary. A member may in any manner waive notice of a meeting of the Committee and attendance at a meeting is a waiver of notice of the meeting, except where a member attends for the express purpose of objecting to the transaction of any business on the ground that the meeting is now lawfully called.
5. Notice of each Committee meeting shall also be given to the external auditor and the Chief Auditor, to attend and be heard at each meeting.
6. Quorum for a meeting of the Committee shall be a majority of its members, subject to a minimum of two members.
7. Written resolutions in lieu of a meeting of the Bank's Audit Committee are permitted solely in accordance with the *Bank Act* (Canada).
8. Matters decided by the Committee shall be by majority vote.
9. The Committee shall meet at the beginning and/or at the end of each meeting with only members of the Committee and the Chair of the Board present. The Committee shall also meet in separate private sessions with each of the external auditor, the Chief Auditor and the Chief Financial Officer.

G. REPORT TO THE BOARD

1. The Committee Chair shall report to the Board after each Committee meeting on material matters reviewed by, and recommendations made by, the Committee.

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This mandate was reviewed and approved by the Board on December 7, 2023.