EQB Inc.

Annual Report 2025



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Letters to Shareholders



Chadwick Westlake
President and CEO

> **We will continue with our purpose to help build a better and more competitive banking system that is in the best interest of Canadians and in turn, provide the best returns for all our stakeholders.**

Message from the CEO

Dear shareholders,

I feel privileged and excited to have returned to EQB as President and CEO.

There is no company in the world that means more to me than this one. We are distinctly Canada's Challenger Bank™, and we are going to continue to redefine what that means as we achieve our full potential in the years to come. We will continue with our purpose to help build a better and more competitive banking system that is in the best interest of Canadians and in turn, provide the best returns for all our stakeholders.

Fiscal 2025 was a difficult year and one with significant change. The year is behind us, and we look forward with optimism. Our new leadership team is energized and our muti-year strategy is sharp as we focus on doing a few big things exceptionally well. We will share this in detail when we host an investor day later in fiscal 2026.

As we plan for the future, we must ground ourselves in perspective. Despite difficult macroeconomic headwinds and financial results in 2025 that did not live up to our expectations, our company has weathered many storms in our over 50-year history – and we will do so again now. ci

We have an exceptional long-term track record of high performance. Over the past ten years, we have delivered a 15.4% average Return on Equity (ROE), 41.5% average efficiency ratio, 8.7% annualized diluted EPS growth and a 267.5% shareholder return – a strong position we intend to build on.

My first three months as CEO have been dedicated to listening and learning with employees, customers, partners, and shareholders across the country. That listening has already informed and has driven decisive actions: in the fourth quarter, we sharpened our focus on capital allocation to accelerate our return to growth in 2026. These actions are reflected in the significant restructuring announcements we made to restore efficiency across the business and, most recently, our announcement of a historic and transformative agreement to acquire PC® Financial and enter into a long-term strategic partnership with Loblaw.

Looking ahead to 2026

Delivering an ROE of between 15% and 17% remains our North Star, and we are reiterating that medium term objective, with our intent to return to our traditional levels of performance following a disappointing 11.3% adjusted ROE for 2025. This will come from deploying our capital with even greater focus and efficiency returning as a competitive advantage.

We will return to our ROE objectives in a few ways:

Reignite the core. We will strengthen and reinvigorate growth in the core businesses where we should hold top market share, including single-family residential together with the mortgage brokers we support, reverse mortgages and CMHC multi-unit insured lending and being a top provider of services to credit unions. It also means we will deprioritize some businesses we deem lower growth and do not represent the core segments where we win.

Complete the product shelf. We will execute targeted expansion and diversification strategies to deliver a world-class banking experience in EQ Bank. We have only begun to tap into our full product potential as we make strides to expand to categories such as payments and wealth management. The first significant step will be the expansion of EQ Bank with our agreement to acquire PC Financial, immediately adding products, service capabilities, distribution channels, access to the best loyalty program in Canada, and much more.

Expand capabilities and reshape the market. We will leverage our digital-native platform to drive best-in-class efficiencies, rapidly innovate and take Canada's Challenger Bank to its full potential. Within EQ Bank, we recently launched our Business Banking platform, which was enthusiastically received by small business customers drawn to a differentiated, all-digital offering that provides greater value compared to other options on the market.

We have a deep culture of disciplined capital allocation and prudent risk management as one of the largest Schedule I banks in Canada. We balance our underwriting with a thoughtful and agile approach to ensure we are meeting the needs of a dynamic and changing market. Our operating model remains clear and distinct versus peers in Canada.

The EQ Bank platform is our crown jewel, which continues to shine brighter and bolder. I firmly believe it is the single most exciting banking experience in Canada, and we have the country's attention. We reached a record high of 607,000 customers at the end of Q4 – an 18% increase year-over-year – with deposits closing at nearly $10 billion.

EQ Bank acquires PC Financial to redefine challenger banking at scale

We are thrilled to announce our agreement to acquire President's Choice Bank (PC® Bank), PC Financial Insurance Agency, PC Financial Insurance Brokers and certain other affiliated entities of PC Bank (collectively, PC Financial) from Loblaw. We are excited to add their talented team, products and services to EQ Bank, including their PC Mastercard™ products, one of the largest and most recognizable credit cards portfolios in Canada with 2.5 million customers.

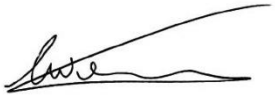
In connection with the closing of the acquisition, EQB will enter into a long-term strategic partnership with Loblaw pursuant to a commercial agreement to become the exclusive financial partner of the PC Optimum™ loyalty program.

The acquisition is subject to customary closing conditions and regulatory approvals and is expected to close in calendar 2026. The acquisition, together with the long-term partnership with Loblaw, is on-strategy will transform our growth runway significantly. This transaction is expected to be mid-single digit accretive to consensus adjusted EPS in the first full year post-closing and to enhance ROE, with Loblaw becoming a significant minority shareholder of EQB.

This deal was not simply a process. It is an extraordinary partnership that has been in the making for months, built on a shared belief from two companies that the combination of innovative banks will uniquely help position Canadians to live life well – bringing meaningful change at scale to Canadian banking. The partnership between EQB and PC Financial will endure and see Loblaw become a significant minority shareholder in EQB at closing.

I encourage you to review our press release and investor presentation on the transaction that can be found on our investor relations website. A copy of the definitive purchase agreement may be found on EQB's SEDAR+ profile at ww.sedarplus.ca.

Thank you for being a part of EQB and Canada's Challenger Bank™. I can say with confidence that the best is yet to come.



Chadwick Westlake
President and CEO

Message from the Chair of the Board

This summer, we welcomed back Chadwick Westlake as President and Chief Executive Officer and member of our Board of Directors. Chadwick has deep knowledge of EQB and the financial services industry, having held executive roles in Canadian banking for many decades. As the former CFO, his leadership was vital to the execution of our strategy over the past several years, including the acquisition and integration of Concentra Bank, the addition of alternative asset manager ACM Advisors and the significant expansion of the Bank's capital markets capabilities.

Selecting the leader of a publicly traded institution and Schedule I bank is a responsibility any Board undertakes with rigour, independence and intention. For EQB and Canada's Challenger Bank™, we set an even higher bar: a leader who embodies what makes EQB distinctive and will preserve and amplify those qualities as we guide its next chapter. In Chadwick, we have such a leader.

The past year was a difficult period for EQB with the sudden and untimely passing of our former CEO, Andrew Moor. This was a deep loss for our organization and for the Canadian banking community.

In the face of tragedy, I would like to thank Marlene Lenarduzzi for her tireless efforts as interim CEO. Her steady leadership ensured continuity and confidence, and we are thankful to continue to benefit from her expertise as Chief Risk Officer with her return to that position in August. I extend similar thanks to EQB's entire senior management team, whose collective resilience and clarity through change set a remarkable standard.

Equally, I am profoundly grateful to my fellow Board members. Their dedication to governance, partnership and collaboration ensured we navigated with clarity and purpose, laying the foundation for the strong future we now see under Chadwick.

Today, with Chadwick at the helm and an executive leadership team of exceptional depth and capability, we are positioned for a future of growth and innovation. The team has already begun to deliver transformative changes, and we are confident in their ability to generate sustained, peer-leading returns.

To our shareholders, thank you for your ongoing confidence in the Board and leadership at EQB. We are excited to share the next chapter of EQB's growth story with you.



Vincenza Sera
Chair of the Board



> **"The team has already begun to deliver transformative changes, and we are confident in their ability to generate sustained, peer-leading returns."**

Quick facts[1]



> 779,000

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



7th largest bank

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



$138 billion

Assets under Management & Assets under Administration[2], diversified across Personal Banking, Commercial Banking, Trust services and private investment fund services



> 6 million

Canadians indirectly served with products and services delivered by Canadian Credit Unions to their members



#1 Bank

EQ Bank was named top bank in Canada and North America by the Financial Times' The Banker magazine



Carbon neutral

Since 2020, EQB has been Scope 1 and 2 carbon neutral and is committed to maintaining that position

(1) Quick facts as at October 31, 2025
(2) See Non-GAAP financial measures and ratios section of the 2025 annual Management's Discussion and Analysis.

Medium-term Financial Objectives

EQB's medium-term financial objectives reflect our commitment to delivering shareholder value. Our proven business model has consistently generated strong returns through economic and market cycles for more than two decades, and we remain focused on building on that track record.

These objectives are based on economic and market forecasts which may change. Medium term guidance is intended as a three-year range.

Core Performance Measures (Adjusted)	Medium-Term Financial Objectives
Return on Equity (ROE)	15-17%
Diluted Earnings Per Share (EPS) Growth Rate	12-15%
Operating Leverage	Flat to slightly positive
CET 1 Capital Ratio	Strong
Dividend Growth Rate	~15%

Management's Discussion and Analysis

For the three months and year ended October 31, 2025

Management's Discussion and Analysis (MD&A) is provided to enable readers to assess the financial position and the results of the consolidated operations of EQB Inc. (EQB) for the three months and year ended October 31, 2025. This MD&A should be read in conjunction with EQB's unaudited interim consolidated financial statements for the fourth quarter (see Tables 21-23 in the Fourth quarter results section of this report) and the audited consolidated financial statements and accompanying notes for the year ended October 31, 2025. All amounts are in Canadian dollars. This report, and the information provided herein, is dated as at December 3, 2025.

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

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Caution regarding forward-looking statements

Statements made in the sections of this report including those entitled “Overview and outlook,” “Provision for credit losses”, “Credit portfolio quality”, “Liquidity investments”, “Capital management”, “Risk management”, and in other filings with Canadian securities regulators and in other communications include forward-looking statements within the meaning of applicable securities laws (forward looking statements). These statements include, but are not limited to, statements about EQB’s objectives, strategies and initiatives, financial performance expectations and other statements made herein, whether with respect to EQB’s businesses or the Canadian economy. Generally, forward-looking statements can be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “guidance”, “planned”, “estimates”, “forecasts”, “outlook”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases which state that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will be taken”, “occur”, “be achieved”, “will likely” or other similar expressions of future or conditional verbs. These statements include, but are not limited to, statements relating to the expected impact of the Acquisition (as defined herein), the anticipated benefits of the Acquisition, including the expected impact on EQB’s size, operations, capabilities, growth drivers and opportunities, activities, attributes, profile, business services portfolio and loans, revenue and assets mix, market position, profitability, performance, and strategy; the expected impact of the Acquisition on EQB's financial performance; expectations regarding EQB's business model, plans and strategy, the maintenance of CET1 ratio and changes in adjusted EPS; retention of PC Financial management and employees and the strategic fit and complementarity of PC Financial and Equitable Bank; anticipated synergies and estimated transaction and integration costs and the timing of incurrence thereof, as well as EQB’s financial performance objectives, vision and strategic goals, the economic and market review and outlook, the regulatory environment in which we operate, the outlook and priorities for each of its business lines, the risk environment including liquidity and funding risk, and statements by EQB representatives.

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

All material assumptions used in making forward-looking statements are based on management’s knowledge of current business conditions and expectations of future business conditions and trends, including their knowledge of the current credit, interest rate, and liquidity conditions affecting EQB and the Canadian economy. Although EQB believes the assumptions used to make such statements are reasonable at this time and has attempted to identify in its continuous disclosure documents important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. Certain material assumptions are applied by EQB in making forward-looking statements, including without limitation, assumptions regarding its continued ability to fund its loan business, a continuation of the current level of economic uncertainty that affects real estate market conditions including, without limitation, continued acceptance of its products in the marketplace, as well as no material changes in its operating cost structure and the current tax regime. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. EQB does not undertake to update any forward-looking statements that are contained herein, except in accordance with applicable securities laws.

About EQB

EQB Inc. (TSX: EQB, "EQB") is a leading financial services company with over $138 billion in combined assets under management and administration[(1)]. Its wholly owned subsidiary Equitable Bank is Canada's 7th largest bank by assets and offers innovative banking services to Canadians, while ACM Advisors (ACM), a majority-owned subsidiary, specializes in alternative asset management primarily for institutional investors.

Equitable Bank (the Bank) is Canada's Challenger Bank™, a position established as part of its mission to drive change in Canadian banking to enrich people's lives. In challenging, Equitable Bank seeks to inject much-needed competition into specific parts of the banking industry in ways that advantage both consumers and businesses.

EQB serves 779,000 Canadians and nearly 200 Canadian credit unions with approximately six million members, through two main businesses: Personal Banking - including EQ Bank, a leading digital bank in Canada - and Commercial Banking. Equitable Bank and its subsidiaries, Equitable Trust, Concentra Bank and Concentra Trust, are regulated by the Office of the Superintendent of Financial Institutions Canada (OSFI).

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

EQB Inc. is rated BBB by DBRS. Equitable Bank is rated BBB (high) by DBRS, BBB- by Fitch, and Baa2 by Moody's. These ratings reflect EQB Inc. and Equitable Bank's sound credit fundamentals, consistent profitability, strong capital position, and diversification of assets and funding.

Canadians choose EQB for smarter products, unmatched value, and exceptional service. To deliver all three, EQB 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. EQB differentiates by providing a host of challenger bank retail services, single-family residential lending, decumulation lending, small business banking, commercial real estate mortgage lending, specialized commercial financing, equipment financing, credit union services and trust services.

EQB's challenger approach has allowed it to become a leading single-family residential lender. Continued innovation in the independent mortgage broker channel reflects EQB's long-term focus on providing great service to brokers and mortgage customers.

In its commercial lending businesses, EQB has become a leader in the insured multi-unit residential securitization market in Canada by focusing on serving customers who build and renovate much-needed rental apartment supply.

EQ Bank is Canada's first-born all-digital bank, providing great experience and value to Canadians, and serving as a convenient and compelling alternative to traditional banks. It was the first to move to a cloud-based platform and its digital capabilities are proven and differentiated to support cost-effective product development and fintech collaborations. In 2025, EQ Bank was named the top bank in Canada and North America by the Financial Times' *The Banker* magazine. EQ Bank was chosen by Forbes and Canadian consumers as Canada's Top Schedule I Bank in 2021, 2022 and 2023, and the Best Online Bank in 2024, and 2025.

EQB operates with a fintech mindset and collaborates with partners to innovate rapidly to deliver best-in-class digital banking services to Canadian consumers. Relationships with fintech market leaders help the Bank reach new customers and deliver additional value to Canadians.

A strategic advantage of EQB'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 EQB to achieve its corporate growth objectives and reduces its risk profile.

EQB's talented teams are the foundation of its success. EQB employs over 1,900 challengers who are aligned to drive change in Canadian banking. EQB's inclusive, welcoming and pride-inducing culture was recognized in 2024 on the LinkedIn Top Companies list for workplace growth and career progression and on the 2023 list of Canada's Best Workplaces™.

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

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









Canada's Challenger Bank

Long-Term Commitment to Deliver Better Outcomes for Canadians

For more than 50 years, EQB's wholly owned subsidiary Equitable Bank and its operating companies[1] have proudly served and addressed the unique financial needs of Canadians. As Canada's Challenger Bank™, our purpose is to "drive change in Canadian banking to enrich people's lives" by challenging the status quo of Canadian Banking for the betterment of customers. Equitable Bank and our digital platform, EQ Bank, have long been supporters of financial innovation and other pro-competition reforms, including Open Banking which gives Canadian consumers and small business owners more choice, better service and control over their own money.

EQB's purpose-driven approach creates long-term value for Canadians, as well as EQB's employees and EQB's shareholders. EQB has spent over 20 years as a public company and has a history of delivering 15%+ ROE on average through its consistent value creation model. ROE is EQB's North Star, driving business decisions from pricing to investments. Focusing on a 15-17% premium ROE over time ensures EQB's value creation model works to generate sufficient organic capital and grow book value per share, while still supporting growing dividends for shareholders.

Key corporate events

EQ Bank Tower

In May 2025, Equitable Bank moved into its new national headquarters at EQ Bank Tower located at 25 Ontario Street in downtown Toronto. This location reflects Equitable Bank's identity as a digital-first challenger bank and has been designed to support its talented team by creating a work environment that inspires creativity and bold thinking.

CEO Succession

On June 24, 2025, EQB announced the death of Andrew Moor, President & Chief Executive Officer. EQB mourned the loss of a colleague, visionary leader and fierce advocate for change and innovation in Canadian banking. At the time, EQB's Board of Directors (the Board) had nearly completed its years-long succession process in close collaboration with Mr. Moor as he prepared for his planned retirement. On July 9, 2025, EQB announced the appointment of Chadwick Westlake as President and CEO effective August 25, 2025.

Strategic restructuring program

During Q4 2025, EQB executed on a strategic restructuring program designed to drive growth and efficiency. As announced on October 22, 2025, the strategic restructuring program places a refreshed discipline on capital allocation and a renewed focus on growth initiatives where EQB can capture profitable opportunities and generate strong ROE. The strategy is grounded in reigniting EQB's core franchise, advancing diversification and product initiatives, particularly in EQ Bank, and enabling world class capability and efficiency.

As a result, a final restructuring, severance, and impairment charge of $92.0 million was recognized in the fourth quarter of 2025, composed of $22.7 million of severance costs and $69.3 million of non-operating asset impairment charges reflecting workforce reductions to streamline focus on top priorities and opportunities to improve processes.

Agreement to acquire PC Financial and enter into a long-term strategic partnership with Loblaw

On December 3, 2025, EQB announced that it had entered into a definitive agreement with Loblaw Companies Ltd. (Loblaw) to acquire President's Choice Bank (PC Bank), PC® Financial Insurance Agency Inc., PC® Financial Insurance Brokers Inc. and certain other affiliated entities of PC® Bank (collectively, PC Financial). In connection with closing of the Acquisition, EQB will enter into a commercial agreement that will establish a long-term partnership with Loblaw to become the exclusive financial partner of Loblaw and its PC Optimum™ loyalty program, which currently has approximately 17 million members.

The assets that will be purchased as part of the Acquisition include PC Bank, a Schedule I Bank with more than $5 billion in assets under management and approximately 2.5 million customers, and one of the largest credit card portfolios not owned by a large bank. Following the closing of the Acquisition, PC Financial's over 300,000 PC Money Account™ banking customers will join the EQ Bank digital platform over time.

The purchase price will be satisfied by the issuance to Loblaw of approximate 7.2 million EQB common shares, which is expected to represent approximately 17% of EQB's issued and outstanding common shares on closing, following the completion of the Acquisition, together with cash consideration. The Acquisition is subject to customary closing conditions and regulatory approvals and is expected to close in calendar 2026.

Selected financial highlights

Select financial and other highlights	As at or for years ended				
	Twelve months 31-Oct-25	Twelve months 31-Oct-24	Ten Months 31-Oct-23	2025 vs. 2024	
Adjusted results ($000s)[1]					
Net interest income[2]	**1,075,942**	1,081,965	843,548	(6,023)	(1%)
Non-interest revenue[2]	**180,919**	182,281	100,925	(1,362)	(1%)
Revenue	**1,256,861**	1,264,246	944,473	(7,385)	(1%)
Non-interest expenses	**639,148**	571,386	415,184	67,762	12%
Pre-provision pre-tax income[3]	**617,713**	692,860	529,289	(75,147)	(11%)
Provision for credit losses	**132,413**	89,230	38,856	43,183	48%
Income before income taxes	**485,300**	603,630	490,433	(118,330)	(20%)
Income taxes	**131,120**	165,655	126,163	(34,535)	(21%)
Net income	**354,180**	437,975	364,270	(83,795)	(19%)
Net income available to common shareholders	**343,069**	425,227	357,272	(82,158)	(19%)
Earnings per share – diluted ($)	**8.90**	11.03	9.40	(2.13)	(19%)
Return on equity (%)[4]	**11.3**	15.0	17.1		(3.7)
Efficiency ratio (%)[4][5]	**50.9**	45.2	44.0		5.7
Net interest margin (%)[2][3]	**2.07**	2.09	1.98		(0.02)
Reported results ($000s)					
Net interest income[2]	**1,093,691**	1,073,161	847,715	20,530	2%
Non-interest revenue[2]	**168,110**	182,281	127,949	(14,171)	(8%)
Revenue	**1,261,801**	1,255,442	975,664	6,359	1%
Non-interest expenses	**752,871**	594,099	434,743	158,772	27%
Pre-provision pre-tax income[3]	**508,930**	661,343	540,921	(152,413)	(23%)
Provision for credit losses	**137,431**	107,013	38,856	30,418	28%
Income before income taxes	**371,499**	554,330	502,065	(182,831)	(33%)
Income taxes	**104,891**	152,658	130,475	(47,767)	(31%)
Net income	**266,608**	401,672	371,590	(135,064)	(34%)
Net income available to common shareholders	**256,475**	389,836	364,592	(133,361)	(34%)
Earnings per share ($) – basic	**6.70**	10.19	9.67	(3.49)	(34%)
Earnings per share ($) – diluted	**6.65**	10.11	9.59	(3.46)	(34%)
Return on equity (%)[4]	**8.5**	13.8	17.5		(5.3)
Efficiency ratio (%)[4][5]	**59.7**	47.3	44.6		12.4
Net interest margin (%)[2][3]	**2.11**	2.07	1.99		0.04
Revenue per average full-time equivalent ($)[4]	**648**	682	567	(34)	(5%)
Balance sheet and other information ($ millions)					
Total assets	**53,494**	53,234	52,933	260	0%
Assets under management[3]	**87,326**	79,354	67,932	7,972	10%
Loans – Personal & Commercial, net of allowances	**46,233**	47,034	47,361	(801)	(2%)
Loans under management[3]	**74,486**	67,861	62,397	6,625	10%
Assets under administration[3]	**50,905**	47,684	43,173	3,221	7%
Total deposit principal	**36,076**	33,164	31,577	2,912	9%
EQ Bank deposit principal	**9,941**	9,055	8,233	886	10%
Total risk-weighted assets[4]	**20,219**	19,487	19,809	732	4%
Credit quality (%)					
Reported provision for credit losses – rate[4]	**0.29**	0.23	0.10		0.06
Net impaired loans as a % of total loan assets	**1.75**	1.32	0.76		0.43
Net allowance for credit losses as a % of total loan assets	**0.41**	0.32	0.22		0.09

Select financial and other highlights	As at or for years ended				
	Twelve months 31-Oct-25	Twelve months 31-Oct-24	Ten Months 31-Oct-23	2025 vs. 2024	
Share information					
Common share price – close ($)	**89.47**	106.82	68.82	(17)	(16%)
Book value per common share ($)[4]	**81.31**	77.51	70.33	4	5%
Common shares outstanding (thousands)	**37,587**	38,450	37,879	(863)	(2%)
Common share market capitalization ($ millions)	**3,363**	4,107	2,607	(744)	(18%)
Common shareholders' equity ($ millions)[4]	**3,056**	2,980	2,664	76	3%
Dividends paid – common share ($)	**2.08**	1.74	1.10	0.34	20%
Dividends paid – preferred share – Series 3 ($)	**-**	1.48	1.11	(1.48)	(100%)
Dividend yield – common shares (%)[4]	**2.1**	1.9	2.2		0.2
Capital ratios and leverage ratio (%)[6]					
Common equity tier 1 ratio	**13.3**	14.3	14.0		(1.0)
Tier 1 capital ratio	**14.1**	15.0	14.6		(0.9)
Total capital ratio	**15.8**	15.6	15.2		0.2
Leverage ratio	**5.1**	5.3	5.3		(0.2)
Business information					
Employees – average full-time equivalent[7]	**1,947**	1,840	1,721	107	6%
Total customers served nationally (thousands)	**779**	696	578	83	12%
EQ Bank customers (thousands)	**607**	513	401	94	18%

(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 are adjusted to exclude the impact of one-time acquisition and integration related costs, and certain items which management determines would have a significant impact on a reader's assessment of business performance. For additional information and a reconciliation of reported results to adjusted results, see Adjustments to financial results section, and Non-GAAP financial measures and ratios section of this MD&A.
(2) Effective November 1, 2024, interest income earned from retained interests and interest expense incurred on servicing liabilities are reclassed from Non-interest revenue to Net interest income. Prior period comparative figures have been updated to conform to current period presentation.
(3) These are non-GAAP measures, see Non-GAAP financial measures and ratios section of this MD&A.
(4) See Glossary section of this MD&A.
(5) Increases in this ratio reflect reduced efficiencies, whereas decreases reflect improved efficiencies.
(6) Regulatory capital requirements for Equitable Bank are determined in accordance with OSFI's Capital Adequacy Requirements (CAR) Guideline, which is based on the capital standards developed by the Basel Committee on Banking Supervision. Leverage ratio is calculated using OSFI's Leverage Requirements (LR) Guideline. See Glossary section of this MD&A.
(7) On October 22, 2025, EQB completed a strategic restructuring including a reduction of its workforce of approximately 8%.

Selected financial highlights – eight quarters

Select financial highlights

	2025				2024			
	Q4	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Adjusted results ($000s)[1]								
Net interest income[2]	**264,643**	262,518	278,139	270,642	270,566	277,467	273,030	260,902
Non-interest revenue[2]	**43,469**	47,646	37,811	51,993	51,010	49,771	43,630	37,870
Revenue	**308,112**	310,164	315,950	322,635	321,576	327,238	316,660	298,772
Non-interest expenses	**165,041**	165,534	155,858	152,715	148,547	145,694	143,111	134,034
Pre-provision pre-tax income[3]	**143,071**	144,630	160,092	169,920	173,029	181,544	173,549	164,738
Provision for credit losses	**54,551**	33,968	30,234	13,660	31,902	19,576	22,217	15,535
Income before income taxes	**88,520**	110,662	129,858	156,260	141,127	161,968	151,332	149,203
Income taxes	**25,037**	30,404	35,649	40,030	39,728	44,784	40,290	40,853
Net income	**63,483**	80,258	94,209	116,230	101,399	117,184	111,042	108,350
Net income available to common shareholders	**58,539**	79,678	89,190	115,662	97,073	114,258	108,177	105,719
Earnings per share – diluted ($)	**1.53**	2.07	2.31	2.98	2.51	2.96	2.81	2.76
Return on equity (%)	**7.5**	10.1	11.9	15.2	13.1	15.9	15.9	15.6
Efficiency ratio (%)	**53.6**	53.4	49.3	47.3	46.2	44.5	45.2	44.9
Net interest margin (%)[2][3]	**2.01**	1.97	2.22	2.10	2.09	2.11	2.13	2.02
Reported results ($000s)								
Net interest income[2]	**286,427**	258,483	278,139	270,642	261,762	277,467	273,030	260,902
Non-interest revenue[2]	**30,660**	47,646	37,811	51,993	51,010	49,771	43,630	37,870
Revenue	**317,087**	306,129	315,950	322,635	312,772	327,238	316,660	298,772
Non-interest expenses	**261,472**	170,954	161,190	159,255	153,625	150,569	150,420	139,485
Pre-provision pre-tax income[3]	**55,615**	135,175	154,760	163,380	159,147	176,669	166,240	159,287
Provision for credit losses	**54,551**	33,968	30,234	18,678	47,987	21,274	22,217	15,535
Income before income taxes	**1,064**	101,207	124,526	144,702	111,160	155,395	144,023	143,752
Income taxes	**5,822**	27,843	34,234	36,992	31,740	43,241	38,307	39,370
Net income	**(4,758)**	73,364	90,292	107,710	79,420	112,154	105,716	104,382
Net income available to common shareholders	**(9,474)**	73,014	85,533	107,402	75,382	109,538	103,041	101,875
Earnings per share ($) – basic	**(0.25)**	1.91	2.23	2.79	1.96	2.86	2.70	2.68
Earnings per share ($) – diluted	**(0.25)**	1.90	2.21	2.77	1.95	2.84	2.67	2.66
Return on equity (%)	**(1.20)**	9.3	11.4	14.1	10.2	15.2	15.1	15.0
Efficiency ratio (%)	**82.5**	55.8	51.0	49.4	49.1	46.0	47.5	46.7
Net interest margin (%)[2][3]	**2.17**	1.94	2.22	2.10	2.09	2.11	2.13	2.02
Revenue per average full time equivalent ($)	**161**	154	163	170	167	177	172	165
Balance sheet and other information ($ millions)								
Total assets	**53,494**	54,562	54,305	53,232	53,234	54,070	53,940	53,099
Assets under management[3]	**87,326**	86,638	83,888	81,432	79,354	78,200	76,515	74,136
Loans – Personal & Commercial, net of allowances	**46,233**	47,188	47,228	46,340	47,034	47,958	47,909	47,792
Loans under management[3]	**74,486**	72,715	71,464	69,257	67,861	66,878	65,525	63,929
Assets under administration[3]	**50,905**	50,415	50,097	50,237	47,684	47,152	46,974	44,725
Total deposits principal	**36,076**	35,835	34,429	34,007	33,164	32,710	33,559	31,760
EQ Bank deposits principal	**9,941**	9,725	9,393	9,024	9,055	8,890	8,653	8,328
Total risk-weighted assets	**20,219**	20,073	19,802	19,476	19,487	19,650	19,720	20,108

Select financial highlights

	2025				2024			
	Q4	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Credit quality (%)								
Reported provision for credit losses – rate	**0.47**	0.28	0.25	0.16	0.40	0.18	0.19	0.13
Net impaired loans as a % of total loan assets	**1.75**	1.64	1.56	1.47	1.32	1.09	0.92	0.94
Net Allowance for credit losses as a % of total loan assets	**0.41**	0.33	0.29	0.28	0.32	0.26	0.23	0.22
Share information								
Common share price – close ($)	**89.47**	102.82	95.31	108.36	106.82	96.37	83.11	92.32
Book value per common share ($)	**81.31**	82.37	80.99	79.71	77.51	75.67	73.73	71.33
Common shares outstanding (thousands)	**37,587**	38,311	38,292	38,443	38,450	38,382	38,276	38,173
Common shareholders market capitalization ($ millions)	**3,363**	3,939	3,650	4,166	4,107	3,699	3,181	3,524
Common shareholders' equity ($ millions)	**3,056**	3,156	3,101	3,064	2,980	2,904	2,822	2,723
Dividends paid – common share ($)	**0.55**	0.53	0.51	0.49	0.47	0.45	0.42	0.40
Dividends paid – preferred share – Series 3 ($)	**-**	-	-	-	0.37	0.37	0.37	0.37
Dividend yield – common shares (%)	**2.3**	2.2	2.1	1.8	1.9	2.0	1.9	1.9
Capital ratios and leverage ratio (%)								
Common Equity Tier 1 ratio	**13.3**	13.3	13.2	14.1	14.3	14.7	14.1	14.2
Tier 1 capital ratio	**14.1**	14.1	14.0	14.9	15.0	16.1	14.8	14.8
Total capital ratio	**15.8**	15.7	15.6	15.5	15.6	16.6	15.3	15.4
Leverage ratio	**5.1**	4.9	4.8	5.2	5.3	5.6	5.2	5.4
Business information								
Employees – average full-time equivalent	**1,974**	1,991	1,941	1,896	1,868	1,849	1,836	1,808
Total customers served nationally (thousands)	**779**	761	742	718	696	670	639	607
EQ Bank customers (thousands)	**607**	586	560	536	513	485	457	426

(1) Adjusted measures and ratios are Non-GAAP measures and ratios. For additional information, see Adjustments to financial results section, and Non-GAAP financial measures and ratios section of this MD&A.
(2) Effective November 1, 2024, interest income earned from retained interests and interest expense incurred on servicing liabilities are reclassed from Non-interest revenue to Net interest income. Prior period comparative figures have been updated to conform to current period presentation.
(3) These are non-GAAP measures and ratios, see Non-GAAP financial measures and ratios section of this MD&A.

Adjustments to financial results

Adjustments impacting current and prior periods:

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

2025

- $17.7 million decrease in net interest income due to non-recurring fair value adjustments on covered bonds and interest on securitizations;
- $92.0 million final restructuring, severance and impairment charges as outlined in the *Key corporate events* section of this report, of which $12.8 million reflects impairments on non-operating assets related to the Equipment financing business and $79.2 million of restructuring charges including goodwill and intangible asset impairments and severance provisions;
- $8.7 million non-recurring transaction fees;
- $7.9 million Concentra Bank and ACM acquisition related intangible asset amortization;
- $7.0 million new office lease related costs prior to occupancy;
- $6.5 million professional fees related to the Acquisition;
- $2.6 million accelerated long-term incentive expense following the former CEO's passing;
- $1.8 million non-recurring operational effectiveness expenses and acquisition and integration-related costs; and
- $5.0 million provision for credit losses associated with an equipment financing purchase facility(1).

2024

- $8.8 million covered bond fair value adjustments;
- $9.3 million Concentra Bank and ACM acquisition related intangible asset amortization;
- $2.2 million new office lease related costs prior to occupancy;
- $11.2 million non-recurring operational effectiveness expenses and acquisition and integration-related costs associated with Concentra and ACM; and
- $16.1 million provision for credit losses associated with an equipment financing purchase facility; and
- $1.7 million provision for credit losses due to a one-time change in ECL methodology from five to four economic scenarios and adjusting associated weights.

(1) This adjustment relates to the provision provided for the equipment financing loans acquired from a Canadian subsidiary of Pride Group Holdings Inc. Refer to Section "Provision for credit losses", Table 4 for more details.

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

Reconciliation of reported and adjusted financial results	For the three months ended			For the year ended	
($000, except share and per share amounts)	31-Oct-25	31-Jul-25	31-Oct-24	31-Oct-25	31-Oct-24
Reported results					
Net interest income[1]	**286,427**	258,483	261,762	**1,093,691**	1,073,161
Non-interest revenue[1]	**30,660**	47,646	51,010	**168,110**	182,281
Revenue	**317,087**	306,129	312,772	**1,261,801**	1,255,442
Non-interest expense	**261,472**	170,954	153,625	**752,871**	594,099
Pre-provision pre-tax income[2]	**55,615**	135,175	159,147	**508,930**	661,343
Provision for credit loss	**54,551**	33,968	47,987	**137,431**	107,013
Income taxes	**5,822**	27,843	31,740	**104,891**	152,658
Net income	**(4,758)**	73,364	79,420	**266,608**	401,672
Net income available to common shareholders	**(9,474)**	73,014	75,382	**256,475**	389,836
Adjustments					
Net interest income – interests and covered bond fair value adjustments	**(21,784)**	4,035	8,804	**(17,749)**	8,804
Non-interest revenue – non-operating asset impairments	**(12,809)**	-	-	**(12,809)**	-
Non-interest expenses – restructuring, severance, and impairments	**(79,236)**	-	-	**(79,236)**	-
Non-interest expenses – non-recurring transaction fees	**(8,706)**	-	-	**(8,706)**	-
Non-interest expenses – intangible asset amortization	**(1,969)**	(1,969)	(2,115)	**(7,876)**	(9,334)
Non-interest expenses – new office lease related costs	**(15)**	(857)	(2,208)	**(7,024)**	(2,208)
Non-interest expenses – related to professional fees described above	**(6,505)**	-	-	**(6,505)**	-
Non-interest expenses – accelerated incentive expense	**-**	(2,594)	-	**(2,594)**	-
Non-interest expenses – non-recurring operational effectiveness and acquisition-related costs[3]	**-**	-	(755)	**(1,782)**	(11,171)
Provision for credit loss – equipment financing	**-**	-	(16,085)	**(5,018)**	(16,085)
Provision for credit loss – ECL methodology change and weights	**-**	-	-	**-**	(1,698)
Pre-tax adjustments	**87,456**	9,455	29,967	**113,801**	49,300
Income taxes – tax impact on above adjustments[4]	**19,215**	2,561	7,988	**26,229**	12,997
Post-tax adjustments – net income	**68,241**	6,894	21,979	**87,572**	36,303
Adjustments attributed to minority interests	**(228)**	(230)	(288)	**(978)**	(912)
Post-tax adjustments – net income to common shareholders	**68,013**	6,664	21,691	**86,594**	35,391
Adjusted results					
Net interest income[1]	**264,643**	262,518	270,566	**1,075,942**	1,081,965
Non-interest revenue[1]	**43,469**	47,646	51,010	**180,919**	182,281
Revenue	**308,112**	310,164	321,576	**1,256,861**	1,264,246
Non-interest expense	**165,041**	165,534	148,547	**639,148**	571,386
Pre-provision pre-tax income[2]	**143,071**	144,630	173,029	**617,713**	692,860
Provision for credit loss	**54,551**	33,968	31,902	**132,413**	89,230
Income taxes	**25,037**	30,404	39,728	**131,120**	165,655
Net income	**63,483**	80,258	101,399	**354,181**	437,975
Net income available to common shareholders	**58,539**	79,678	97,073	**343,069**	425,227
Diluted earnings per share					
Weighted average diluted common shares outstanding	**38,269,352**	38,519,991	38,723,974	**38,557,364**	38,549,300
Diluted earnings per share – reported	**(0.25)**	1.90	1.95	**6.65**	10.11
Diluted earnings per share – adjusted	**1.53**	2.07	2.51	**8.90**	11.03
Diluted earnings per share – adjustment impact	**1.78**	0.17	0.56	**2.25**	0.92

(1) Effective November 1, 2024, interest income earned from retained interests and interest expense incurred on servicing liabilities are reclassed from Non-interest revenue to Net interest income. Prior period comparative figures have been updated to conform to current period presentation.
(2) This is a non-GAAP measure, see Non-GAAP financial measures and ratios section of this MD&A.
(3) Includes non-recurring operational effectiveness and acquisition and integration-related costs associated with Concentra Bank and ACM.
(4) Income tax expense associated with non-GAAP adjustment was calculated based on the statutory tax rate applicable for that period.

Overview and outlook

Annual performance overview

In 2025, EQB recorded adjusted Return on Equity (ROE)[1] of 11.3% (reported ROE of 8.5%). Adjusted Revenue[1] for the year was $1.26 billion (reported $1.26 billion), adjusted Pre-provision pre-tax income[1] was $618 million (reported $509 million), and adjusted Diluted EPS[1] was $8.90 (reported $6.65).

2025 results reflected operating environment headwinds, with heightened unemployment rates and cross-border tariffs (and threats thereof) creating uncertainty and downward pressure on consumer sentiment, economic growth, and housing activity. In the fourth quarter of 2025, EQB completed a strategic restructuring program as discussed in the Key Corporate Events section above.

Summary of drivers of 2025 performance:

- **Lending portfolio:** Despite operating environment headwinds, EQB grew its overall loans under management (LUM)[2] by 10% y/y to $74.5 billion, driven by strong insured multi-unit lending LUM growth of +25% y/y, decumulation lending growing to $2.9 billion (+36% y/y), and construction lending, where insured commercial construction lending grew to $3.6 billion (+36% y/y). Loan growth of 4% in single-family uninsured lending was affected by the impact of the softer housing market, partially offset by higher customer retention. These factors were partially offset by EQB's deliberate efforts to focus on businesses with higher risk-adjusted returns, resulting in a deceleration of single-family insured mortgages and equipment financing.
- **EQ Bank Deposits**: Deposits increased to $9.94 billion, or +10% y/y, driven by continued demand for EQ Bank's innovative products such as the Notice Savings Account, payroll deposit program and new Business Banking platform.
- **Net interest income (NII):** Adjusted NII[1] of $1.08 billion for the year ($1.09 billion reported) decreased 1% y/y due to a 2 bp decline in adjusted Net interest margin (NIM) (+4 bps reported), offset in part by a slight increase in average interest earning assets.
- **Non-interest revenue (NIR):** Adjusted NIR[1] was $181 million (reported $168 million) in 2025, down $1.4 million or 1% y/y, representing 14% of total revenue. This performance was driven by strong ongoing contributions by EQB's fee-based businesses including ACM Advisors, Concentra Trust and payment businesses. Gains from the sale of multi-unit residential mortgages remained strong at $62.2 million though were down $4.2 million relative to 2024. Gains on strategic investments of $18.0 million (2024 – $7.1 million) were offset in part by a $3.4 million loss on other investments.
- **Provisions for credit losses (PCLs):** Adjusted PCLs[1] for 2025 were $132 million (reported $137 million), up $43.2 million relative to last year due to higher impaired PCLs across all portfolios. PCLs on performing loans also increased, reflecting prudent provisioning in light of the current macroeconomic uncertainty and to a lesser extent, changes in credit quality.
- **Non-interest expenses:** Total adjusted non-interest expenses[1] in 2025 were $639 million (reported $753 million). Expense growth was driven by the addition of new talent during the year and annual salary adjustments, ongoing investments in technology, innovation, and new capabilities, product and operations costs associated with a growing EQ Bank customer base, and an increase in premises costs.

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

- **Capital:** Equitable Bank continues to optimize its capital structure to support its strategic objectives and is committed to maintaining strong capital levels. During the year, the Bank continued to deliver strong organic Common Equity Tier 1 (CET1) capital generation which it successfully deployed into its operations and returned to its shareholders through dividend increases of 20% y/y and 1,023,748 shares repurchased. The CET1 ratio of 13.3%, and Total Capital ratio of 15.8% demonstrate resilience through the economic cycle.

2026 Financial Objectives

Though some operating environment headwinds are expected to persist into 2026, EQB entered the year with focus and a purpose-driven approach. Financial priorities for 2026 are clear: drive revenue growth, manage expenses thoughtfully, and maintain strong risk management practices. EQB employs a disciplined approach to risk and capital deployment, and expects loan loss provisions to moderate in 2026 as economic conditions improve. At the same time, EQB will continue to invest purposefully in areas of highest growth to strengthen its franchise and position for long-term success. Guided by its Challenger Bank ethos, EQB remains committed to innovation and long-term value creation, building on its strong track record of growth, ROE performance, and shareholder returns. EQB intends to renew and continue its normal course issuer bid in 2026, giving it additional options for capital deployment.

Medium-Term Financial Objectives

EQB's medium-term financial objectives reflect our commitment to delivering shareholder value. Our proven business model has consistently generated strong returns through economic and market cycles for more than two decades, and we remain focused on building on that track record.

These objectives are based on economic and market forecasts which may change. Medium term guidance is intended as a three-year range.

Core Performance Measures (Adjusted)	Medium-Term Financial Objectives
Return on Equity (ROE)	15-17%
Diluted Earnings Per Share (EPS) Growth Rate	12-15%
Operating Leverage	Flat to slightly positive
CET 1 Capital Ratio	Strong
Dividend Growth Rate	~15%

Income statement and earnings summary

Income statement summary

Table 1: Income Statement highlights

($000s, except per share amounts)	2025	2024	Change	
Adjusted results[1]				
Revenue	**1,256,861**	1,264,246	(7,385)	(1%)
Non-interest expenses	**639,148**	571,386	67,762	12%
Provision for credit losses	**132,413**	89,230	43,183	48%
Income taxes	**131,120**	165,655	(34,535)	(21%)
Net income	**354,180**	437,975	(83,795)	(19%)
Net income available to common shareholders	**343,069**	425,227	(82,158)	(19%)
Earnings per share – diluted ($)	**8.90**	11.03	(2.13)	(19%)
Reported results				
Revenue	**1,261,801**	1,255,442	6,359	1%
Non-interest expenses	**752,871**	594,099	158,772	27%
Provision for credit losses	**137,431**	107,013	30,418	28%
Income taxes	**104,891**	152,658	(47,767)	(31%)
Net income	**266,608**	401,672	(135,064)	(34%)
Net income available to common shareholders	**256,475**	389,836	(133,361)	(34%)
Earnings per share – diluted ($)	**6.65**	10.11	(3.46)	(34%)

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

Net interest income

NII is the main driver of EQB's revenue and profitability. Table 2 details EQB's NII by product and portfolio.

Table 2: Net interest income

($000s, except percentages)	2025			2024		
	Average Balance	**Revenue/ Expense**	**Average rate[1]**	Average Balance	Revenue/ Expense	Average rate
Revenues derived from:						
Cash, debt securities and retained interests[2]	**5,301,177**	**184,492**	**3.48%**	4,455,595	196,575	4.41%
Equity securities	**14,818**	**(138)**	**(0.93%)**	31,851	1,341	4.21%
Single-family mortgages– insured	**8,337,865**	**301,733**	**3.62%**	10,128,428	365,189	3.61%
Single-family mortgages– uninsured	**20,470,902**	**1,299,122**	**6.35%**	19,712,287	1,357,396	6.89%
Decumulation loans	**2,565,904**	**167,687**	**6.54%**	1,788,921	122,840	6.87%
Consumer lending	**816,722**	**89,729**	**10.99%**	878,076	99,586	11.34%
Total Personal loans	**32,191,393**	**1,858,271**	**5.77%**	32,507,712	1,945,011	5.98%
Commercial loans	**8,641,994**	**611,878**	**7.08%**	8,674,492	756,005	8.72%
Equipment financing	**1,076,575**	**108,086**	**10.04%**	1,239,293	121,878	9.83%
Insured multi-unit residential mortgages	**4,688,187**	**139,927**	**2.98%**	4,949,293	141,799	2.87%
Total Commercial loans	**14,406,756**	**859,891**	**5.97%**	14,863,078	1,019,682	6.86%
Average interest-earning assets[2]	**51,914,144**	**2,902,516**	**5.59%**	51,858,236	3,162,609	6.10%
Expenses related to:						
Deposits	**34,758,365**	**1,316,059**	**3.79%**	32,320,488	1,481,271	4.58%
Securitization liabilities[2]	**13,147,051**	**476,955**	**3.63%**	15,023,697	523,069	3.48%
Others	**862,851**	**33,560**	**3.89%**	1,394,493	76,304	5.47%
Average interest-bearing liabilities[2]	**48,768,267**	**1,826,574**	**3.75%**	48,738,678	2,080,644	4.27%
Average earning assets, and adjusted net interest income and margin[2][3]	**51,914,144**	**1,075,942**	**2.07%**	51,858,236	1,081,965	2.09%
Interest and covered bond fair value adjustments		**17,749**			(8,804)	
Reported net interest income and margin[2]	**51,914,144**	**1,093,691**	**2.11%**	51,858,236	1,073,161	2.07%

(1) Average rates are calculated based on the daily average balances outstanding during the year.
(2) Effective November 1, 2024, interest income earned on securitized retained interests is reported in Interest income – Investments and interest expense incurred on servicing liabilities is reported in Interest expense – Securitization liabilities. Previously, these amounts were included in Non-interest revenue. Prior period comparative figures have been updated to conform to current period presentation.
(3) Adjusted measures and ratios are Non-GAAP measures and ratios. For additional information, see Adjustments to financial results section, and Non-GAAP financial measures and ratios section of this MD&A.

Average earning assets remained relatively flat year-over-year as growth in low-yielding liquid assets and strong origination activity in single-family uninsured, decumulation, and insured construction was offset by decreases in single-family insured and uninsured commercial loans as EQB focuses on higher margin businesses on a risk-adjusted basis.

Adjusted NII[1] declined by 1% (reported +2%) y/y, and adjusted NIM[1] declined by 2bps (reported +4bps), due to a shift in mix from higher yielding assets, as described above, combined with attrition of higher margin commercial loans. In addition, yields decreased as Bank of Canada policy interest rates decreased over the year at a faster pace than EQB's cost of funds, particularly in the uninsured single-family portfolio.

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

Non-interest revenue

Table 3: Non-interest revenue

($000s)	2025	2024	Change	
Fees and other income	**79,241**	81,087	(1,846)	(2%)
Gains on strategic investments	**18,044**	7,063	10,981	155%
Net (losses) gains on other investments	**(3,428)**	13,216	(16,644)	n.m.
Gain on sale from securitization activities[(1)]	**62,161**	66,348	(4,187)	(6%)
Net gains on hedging and derivatives	**12,092**	14,567	(2,475)	n.m.
Total non-interest revenue - reported[(1)]	**168,110**	182,281	(14,171)	(8%)
Impairment charge on non-operating assets	***12,809***	-	*12,809*	*n.m.*
Total non-interest revenue - adjusted[(1)(2)]	**180,919**	182,281	(1,362)	(1%)

n.m. - not meaningful

(1) Effective November 1, 2024, interest income earned from retained interests and interest expense incurred on servicing liabilities are reclassed from Non-interest revenue to Net interest income. Prior period comparative figures have been updated to conform to current period presentation.
(2) Adjusted measures and ratios are Non-GAAP measures and ratios. For additional information, see Adjustments to financial results section, and Non-GAAP financial measures and ratios section of this MD&A.

Reported NIR for the year was $168 million, down 8% from 2024, and included an impairment charge on non-operating assets of $12.8 million within the equipment financing business. Excluding this one-time impairment charge, adjusted NIR[(1)] was $181 million, $1.4 million lower than last year, largely due to realized losses on the sale of investments relative to gains in the prior year, lower gains on sale from securitization activities due to a decline in spreads, partially offset by higher volumes, and a decrease in fair value gains on hedging and derivatives. These items were also offset by higher valuation gains on strategic investments, growth in fee-based income including an additional 1.5-months of revenue from ACM (acquired mid-December 2024), and higher foreign exchange gains.

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

Provision for credit losses

Table 4: Provision for credit losses

($000s, except percentages)	2025	2024	Change	
Stage 1 and 2 provision	**40,854**	8,242	32,612	396%
Stage 3 provision	**96,577**	98,771	(2,194)	(2%)
Total Provision for credit losses – reported	**137,431**	107,013	30,418	28%
Less: Provision for credit losses – equipment financing	***(5,018)***	*(16,085)*	*11,067*	*n.m.*
Less: Stage 1 and 2 provision – ECL methodology change and weights	**-**	*(1,698)*	*1,698*	*n.m.*
Total Provision for credit losses – adjusted[(1)]	**132,413**	89,230	43,183	48%

n.m. not meaningful

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

The Provision for Credit Losses (PCL) represents the net addition to EQB's Allowance for Credit Losses (ACL), accounting for any recoveries during the year. The ACL is the reserve for future expected credit losses and further detail is provided in the *Credit portfolio quality* section of this MD&A.

Total reported PCL for the year was $137 million (adjusted PCL[(1)] $132 million), +$30.4 million y/y (adjusted +$43.2 million), largely driven by a $32.6 million increase in provisions recorded on performing assets, offset by a reversal of $2.2 million on impaired loans and receivables.

The increase in reported Stage 1 & 2 PCL was largely driven by a deterioration in macroeconomic indicators reflecting a weaker housing market and uncertainty associated with GDP growth and unemployment relative to more optimism a year ago. Provisions on performing loans were $16.6 million for Personal lending and $19.3 million for the Commercial book excluding Equipment financing, representing a $23.0 million and $20.0 million increase y/y, respectively. These increases were offset by a $10.8 million decrease in Equipment financing due to a migration of performing loans to Stage 3 and a declining portfolio balance.

Reported Stage 3 PCL decreased $2.2 million y/y to $96.6 million. Lower impaired provisions in equipment financing, largely driven by provisions booked in 2024 on loans acquired through a purchase facility and a $2.5 million decrease in Commercial lending, were largely offset by an increase of $24.0 million in Personal lending due to higher impaired loan balances and a decline in property valuations. $1.6 million was also added during the year for accounts receivable.

Within the equipment financing business, there is a purchase facility under which a $39 million exposure, net of provisions and cash reserves, for transportation equipment and related leases remained outstanding at October 31, 2025. These were acquired from a Canadian subsidiary of Pride Group Holdings Inc.

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

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

Non-interest expenses

Table 5: Non-interest expenses and efficiency ratio

($000s, except percentages and FTE)	2025	2024	Change	
Compensation and benefits	**326,776**	272,346	54,430	20%
Product costs	**146,506**	89,046	57,460	65%
Technology and system costs	**97,729**	82,374	15,355	19%
Marketing and corporate expenses	**90,895**	77,849	13,046	17%
Regulatory, legal and professional fees	**62,312**	55,631	6,681	12%
Premises	**28,653**	16,853	11,800	70%
Total non-interest expenses – reported	**752,871**	594,099	158,772	27%
Less: expenses removed from reported results	***(113,723)***	*(22,713)*	*(91,010)*	*n.m.*
Total non-interest expenses – adjusted[(1)]	**639,148**	571,386	67,762	12%
Efficiency ratio – reported	**59.7%**	47.3%		12.4%
Efficiency ratio – adjusted[(1)]	**50.9%**	45.2%		5.7%
Full-time employee equivalent (FTE) – period average	**1,947**	1,840	107	6%

n.m. not meaningful

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

On a reported basis, non-interest expenses (NIX) increased by $159 million ($67.8 million on an adjusted basis). The increase was primarily due to restructuring, severance, and non-operating asset impairments booked in Q4 of $92.0 million. In addition, expense growth was also driven by: i) higher staff-based compensation due to both an increase in employees and annual merit increases, ii) product-related transaction costs due to growth in EQ Bank prepaid card activity and fees for the consumer lending portfolio, iii) technology investments to advance and enhance digital capabilities, capacity and security, iv) higher premises expenses associated with EQB's new Toronto headquarters, and v) higher professional fees.

For purposes of comparability, EQB has deducted the restructuring, severance, and non-operating asset impairment changes and non-recurring transaction costs, legal and professional fees to arrive at adjusted NIX. On this basis, EQB's adjusted efficiency ratio[(1)] for 2025 was 50.9%, +5.7% (reported 59.7%, +12.4%) y/y.

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

Business line overview

Personal Banking

6.35%
Average Yield[1]

710
Average Credit Score[2]

65%
Average LTV[3]

22%
Insured[4]

[1]The average yield is the weighted average interest rate of Equitable Bank's uninsured single-family mortgages.
[2]The credit score reported here represents the weighted credit score of Equitable Bank's uninsured single-family mortgages.
[3]The LTV represents the average LTV of existing uninsured residential mortgages and is computed based on the current property values that are estimated using a Housing Price Index.
[4]The ratio presents the percentage of insured personal loans over total personal loans.

Personal Banking operates through four businesses lines – EQ Bank, Residential Lending, Wealth Decumulation, and Consumer Lending. 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. In 2025, EQ Bank launched business banking to deliver its compelling value proposition to small-business owners. The aim of this national launch was to create better banking experiences and address segments underserved by other financial institutions. EQB's competition includes other Schedule I banks, trust companies, mortgage lenders, credit unions and certain fintechs.

The table below summarizes portfolio measures as at October 31, 2025:

($ billions)		2025 Actual	Y/Y Growth[(2)]
EQ Bank deposits	Deposits principal	**9.9**	10%
Single-Family Residential Lending	Uninsured mortgages	**20.9**	4%
Wealth Decumulation	Reverse mortgages & insurance lending	**2.9**	36%
Consumer Lending		**0.84**	(5%)
Total Conventional loans[(1)]		**24.6**	7%
Single-Family Residential Lending	Insured	**7.1**	(23%)
Total Personal banking loans		**31.7**	(2%)

(1) This is a Non-GAAP measure, see Non-GAAP financial measures and ratios section of this MD&A.
(2) Y/Y growth is comparing October 3, 2025 to October 31, 2024.

2025 milestones and developments :

- In February of 2025, EQ Bank expanded the first-of-its-kind Notice Savings Account, with no fees or minimum balance requirements to customers in Quebec
- EQ Bank deposits reached $9.9 billion (10% y/y growth) driven by increasing everyday banking engagement and payroll deposits for retail customers
- Launched EQ Bank Business Banking platform in October 2025, built to give Canadian small businesses an edge in how they manage their money by offering high-interest Business Accounts and Business GICs
- EQB implemented a Generative AI chatbot in 2025 to serve EQ Bank customers which greatly enhances efficiency while maintaining customer satisfaction
- EQB recorded a meaningful increase in the decumulation portfolio (36% y/y growth) despite market softness as a result of interest rates and housing prices
- Record broker satisfaction scores in uninsured single-family residential lending, partly driven by recent technology investments and improved customer retention supported by the market environment

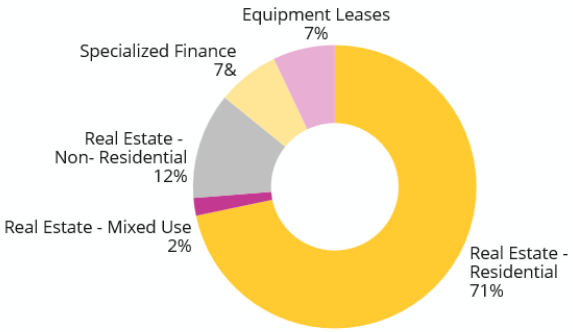
Commercial Banking

EQB's Commercial Banking business operates through six business lines – Commercial Real Estate Lending including Multi-Family Insured, Specialized Finance, Equipment Financing, Credit Union Services, Concentra Trust, and Payments-as-a-Service in support of fintech partners.

\Commercial Banking is focused on providing banking solutions for the urban housing market in Canada including the development and renovation of apartments, condominiums, and other types of multi-residential properties in major cities across the country. Multi-unit residential lending represents 78.5% of Commercial on-balance sheet lending and 91.4% of Commercial total loans under management (on- and off-balance sheet lending). It is geared to support growing and densifying urban centers where mortgage loans are backed by in-demand real estate assets that provide housing and services that support urban living. Real estate assets that are most susceptible to changing economic conditions, such as office, are not core to the business.

The table below summarizes portfolio measures as at October 31, 2025:

Commercial loans by Industry Type



54% of commercial loans on balance sheet are insured

7.08%
Average Yield[1]

85%
Insured[2]
(% of LUM)

54%
Insured[3]
(On-balance sheet)

[1]The average yield is the weighted average interest rate of Equitable Bank's Conventional commercial loans.

[2]The ratio presents the percentage of insured commercial loans over the total commercial loans under management.

[3]The ratio presents the percentage of insured commercial loans over the commercial loans on balance sheet.

($ billions)		2025 Actual	Y/Y Growth[(1)]
Commercial Real Estate Lending (excluding Insured Multi-unit Residential on balance sheet)	Loans to entrepreneurs, SMEs[(2)], medium sized institutional and corporate investors	**8.0**	12%
Specialized Finance	Specialized lending to medium sized and corporate investors	**1.1**	(6%)
Equipment Financing	Equipment leases to entrepreneurs and SMEs[(2)]	**1.1**	(10%)
Total Conventional loans[(3)]		**10.2**	7%
Insured Multi-Unit Residential (on balance sheet)	CMHC-insured real estate mortgages[(4)]	**4.3**	(18%)
Total Commercial Banking loans on balance sheet		**14.5**	(2%)
Total insured multi-unit residential mortgages under management[(5)]		**32.6**	25%
Total Commercial Banking loans (on- and off-balance sheet)		**42.8**	20%

(1) Y/Y growth is comparing October 31, 2025 to October 31, 2024.
(2) Small or medium-sized enterprises.
(3) This is a Non-GAAP measure, see Non-GAAP financial measures and ratios section of this MD&A.
(4) Insured multi-unit residential include only on-balance sheet loans.
(5) includes on and off-balance sheet insured multi-unit residential loans.

Among 2025 key milestones and developments:

- EQB's total commercial loans under management grew to $42.8 billion due to the strong growth of the Commercial Banking's insured lending platform
- Originations of CMHC-insured construction loans within Commercial Finance Group grew 13% over 2024
- Insured multi-unit residential loan portfolio grew 25% y/y inclusive of off-balance sheet loans
- Industry best in class broker satisfaction and net promoter scores driven by recent technology investments to improve turnaround time and overall experience
- Registered Disability Savings Plan (RDSP) national campaign, executed in partnership with credit unions, successfully raised awareness for the plan with over 4.5 million Canadians via social and earned media

Balance sheet review

Balance sheet summary

Table 6: Balance sheet highlights

($ millions, except percentages)	31-Oct-25	31-Oct-24	Change	
Total assets	**53,494**	53,234	260	0%
Total assets under management (AUM)[2] and assets under administration (AUA)[2]	**138,231**	127,038	11,193	9%
Loan principal – Personal[1]	**31,708**	32,211	(503)	(2%)
Loan principal – Commercial[1]	**14,523**	14,818	(295)	(2%)
Total deposits principal[1]	**36,076**	33,164	2,912	9%
EQ Bank deposit principal[1]	**9,941**	9,055	886	10%
Total liquid assets[2] as a % of total assets	**7.9%**	7.5%		0.4%

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

Total AUM[2] and AUA[2] reached $138 billion, an increase of 9% over last year, including $6.5 billion of year-over-year growth in CMHC-insured multi-unit loans under management[2] and +7% in assets managed or administered by ACM and Concentra Trust. Total deposit principal continued to grow, of which EQ Bank's deposit balance reached nearly $10 billion at October 31, 2025, representing an increase of 10% y/y.

Total loan principal

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

Table 7: Loan principal by lending business[1]

($000s)	31-Oct-25	31-Oct-24	Change	
Single-family mortgages – insured	**7,087,343**	9,190,224	(2,102,881)	(23%)
Single-family mortgages – uninsured	**20,879,648**	20,000,717	878,931	4%
Decumulation loans	**2,900,986**	2,139,404	761,582	36%
Consumer lending	**840,020**	880 ,873	(40,853)	(5%)
Total Personal Lending – on balance sheet	**31,707,997**	32,211,218	(503,221)	(2%)
Commercial loans	**9,134,453**	8,350,223	784,230	9%
Equipment financing	**1,080,780**	1,195,412	(114,632)	(10%)
Insured multi-unit residential mortgages	**4,307,980**	5,272,698	(964,718)	(18%)
Total Commercial Lending – on balance sheet	**14,523,213**	14,818,333	(295,120)	(2%)
Total Loans – on balance sheet	**46,231,210**	47,029,551	(798,341)	(2%)
Insured multi-unit residential mortgages – derecognized	**28,255,001**	20,831,024	7,423,977	36%
Total Commercial Lending – loans under management[2][3]	**42,778,214**	35,649,357	7,128,857	20%
Total Loans under management (LUM)[2]	**74,486,211**	67,860,575	6,625,636	10%

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

Total Loans under Management (LUM) grew 10% y/y, driven by robust expansion across most portfolios.

In Personal Lending, Single-family mortgages - insured declined 23% y/y, driven by a strategic decision to decelerate the origination activity due to lower margins. Uninsured single-family mortgages experienced modest growth over the year, mainly attributable to steady originations and increased renewal rates. Decumulation lending increased 36% y/y and maintained its strong momentum as a result of stable production plus capitalized interest through the period. Consumer lending decreased 5% y/y as EQB continued its strategy to lower originations in that business.

Commercial lending LUM, including off-balance sheet CMHC-insured multi-unit residential mortgages, increased 20% y/y, largely due to continued demand for insured multi-unit lending including CMHC-insured construction loans and a strong CMHC securitization market that supplies a stable and safe source of funding. Compared to last year, insured multi-unit residential LUM increased 25% and CMHC-insured construction loans were up 36%. This growth was partly offset by higher maturities and prepayments in the commercial loan book and a purposeful decline in the equipment financing portfolio. Equipment financing dropped $115 million from a year ago due to decline in market activity, a deliberate tightening of credit and the resulting reduction in originations in select asset classes over the year.

Of the overall on-balance sheet portfolio, 70% is associated with multi-unit residential properties, inclusive of CMHC-insured residential apartments. “Commercial loans” in the table above include both CMHC-insured construction and other uninsured multi-unit residential lending (e.g., retirement homes, student residences, loans being readied for CMHC funding).

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

($000s, except percentages)	As at or for the twelve months ended October 31, 2025		
	Personal	**Commercial**	**Total**
2024 closing balance	**32,211,218**	**14,818,333**	**47,029,551**
Originations	**6,886,845**	**12,298,728**	**19,185,573**
Derecognition	**-**	**(9,195,210)**	**(9,195,210)**
Net repayments[2]	**(7,390,066)**	**(3,398,638)**	**(10,788,704)**
2025 closing balance	**31,707,997**	**14,523,213**	**46,231,210**
% Change from 2024	**(2%)**	**(2%)**	**(2%)**
Net repayments percentage[3]	**22.9%**	**22.9%**	**22.9%**

($000s, except percentages)	As at or for the twelve months ended October 31, 2024		
	Personal	**Commercial**	**Total**
2023 closing balance	32,416,071	14,982,990	47,399,061
Originations	6,494,544	11,857,524	18,352,068
Derecognition	-	(7,071,949)	(7,071,949)
Net repayments	(6,699,397)	(4,950,232)	(11,649,629)
2024 closing balance	32,211,218	14,818,333	47,029,551
% Change from 2023	(1%)	(1%)	(1%)
Net repayments percentage	20.7%	33.0%	24.6%

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

Credit portfolio quality

EQB remains appropriately reserved for credit losses given the composition of its loan portfolios and current economic forecasts. Allowances for Credit Losses, net of cash reserves, as a percentage of total loan assets equalled 41 bps at October 31, 2025 compared to 32 bps a year ago.

EQB's general approach to lending is sound and EQB has a modest exposure to higher risk lending markets:

- EQB focuses on lending in urban and suburban centres that have diversified employment bases and more liquid real estate markets compared with less diverse centres. This approach results in lower risk as it reduces both the probability that borrowers will default and the loss in the event they do.
- Commercial Real Estate is diversified across different industry types and geographies. Commercial Banking has defined asset-class exposure limits and focuses on assets that EQB believes will be resilient through an economic cycle, such as multi-unit residential and mixed-use properties. These segments make up 36% of the Commercial loan portfolio, while categories such as shopping centres, which EQB believes are more sensitive to economic conditions, comprise 3.0% of Commercial loans or 1.0% of the total loan portfolio, respectively. Approximately 1.0% of EQB's loan assets are offices, which declined 16% y/y, and this lending is largely restricted to smaller properties located in areas outside of large downtown centres that are less impacted by work-from-home policies. As of October 31, 2025, EQB had no exposure to loans on hotel properties.
- In Equipment financing, most leases have security pledged, with cash security or additional real assets pledged on higher risk leases.

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

- Underwriting focuses foremost on a borrower's ability to repay a loan. The average credit score of EQB's uninsured single-family residential borrowers remained stable at 710 as at October 31, 2025, compared to 711 as at October 31, 2024. The average credit score of small business mortgage borrowers remained between 720-730. These credit scores are indicative of a borrower's positive repayment history and lower propensity to default.
- 58% of loans under management[(1)] are insured against credit losses, ultimately with the backing of the Government of Canada.
- Approximately 97% of EQB's uninsured loan portfolio is secured by assets. Uninsured mortgage loans are supported by first-position claims on real estate and leases by first position claims on equipment. As such, EQB has a real asset with tangible value behind almost every loan. While the consumer portfolio is not secured, relationships with origination partners include preferential return against lending receivables.
- If the prices of the assets securing mortgage loans decline, EQB is further protected by a portfolio with a low overall LTV ratio. The average LTV[(2)] on EQB's uninsured residential mortgage portfolio was 65% as at October 31, 2025. Further to this collateral, almost all uninsured commercial mortgage borrowers and the majority of leases are backed by personal guarantees and/or personal or corporate covenants. In the mortgage business, due diligence involves assessing the financial capacity of borrowers and guarantors.

(1) This is a non-GAAP measure. Refer to the Non-GAAP financial measures and ratios section of this MD&A.
(2) The LTV is calculated based on property values estimated using the Teranet National Bank House Price Indices, by using sub-indices corresponding to the 11 cities in Teranet-National Bank National Composite 11 to estimate property values.

Allowance for Credit Losses

Stage 1 and 2 allowances for credit losses (ACL) increased y/y, largely due to a deterioration in macroeconomic forecast (specifically unemployment and gross domestic product that were adversely impacted by continued tariff uncertainty) and credit trends in the loan portfolio.

Stage 3 allowances for EQB's impaired loans are determined on a loan-by-loan basis. Stage 3 allowances on EQB's loan portfolio are supported by current independent property valuations or internal assessments using expert credit judgement.

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

($000s, except percentages)	31-Oct-25	31-Oct-24	Change	
Stage 1 and 2 allowance for credit losses[1]	**150,066**	108,576	41,490	38%
Stage 3 allowance for credit losses[2]	**56,735**	55,845	890	2%
Total Allowance for Credit Losses	**206,801**	164,421	42,380	26%
Net ACL – total net of cash reserves[3]	**190,306**	148,970	41,335	28%
Net ACL as a % of total loan assets	**0.41%**	0.32%		0.09%
Net ACL as a % of uninsured loan assets	**0.61%**	0.50%		0.11%
Net ACL as a % of gross impaired	**22%**	22%		-%

(1) Excludes $0.4 million Stage 1 and 2 allowances relating to debt securities (October 31, 2024 – nil).
(2) Excludes the $1.6 million Stage 3 allowance relating to accounts receivable (October 31, 2024 – nil).
(3) The consumer lending portfolio is backed by guarantees of $16.5 million (October 31, 2024 – $15.5 million) provided by a third party.

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

($000s, except bps)	31-Oct-25	31-Oct-24	Change	
Uninsured personal loans (excluding consumer lending) – stage 1 & 2 allowances	**46,836**	28,948	17,888	62%
as a % of uninsured personal loans (excluding consumer lending) (bps)	***20***	*13*		*7*
Consumer lending – stage 1 & 2 allowances net of cash reserves	**1,055**	1,823	(768)	(42%)
as a % of consumer lending (bps)	***13***	*21*		*(8)*
Uninsured commercial loans – stage 1 & 2 allowances	**42,158**	23,689	18,469	78%
as a % of uninsured commercial loans (bps)	***81***	*43*		*38*
Equipment financing – stage 1 & 2 allowances	**44,410**	39,834	4,576	11%
as a % of equipment financing (bps)	***434***	356		*78*
Insured personal and commercial loans – stage 1 & 2 allowances	**1,329**	1,039	290	28%
as a % of insured personal and commercial loans (bps)	***0.9***	*0.6*		*0.3*
Total loans – stage 1 & 2 allowances net of cash reserves	**135,788**	95,333	40,455	42%
as a % of total loans (bps)	***30***	*20*		*10*

Stage 1 and 2 allowances relative to loan assets increased across all business lines, except for consumer lending. Compared to October 31, 2024, uninsured personal loans (excluding consumer lending) increased 7 bps, uninsured commercial loans increased 38 bps, and equipment financing rose by 78 bps. EQB leverages macroeconomic forecasts from Moody's Analytics to support credit loss modelling and forecasting. For a summary of key forecast assumptions for each scenario, please refer to Note 9 (d & e) to the audited consolidated financial statements in EQB's 2025 Annual Report.

Impaired loans

Table 11: Impaired loan metrics

($000s, except percentages)	31-Oct-25	31-Oct-24	Change	
Gross impaired loan assets	**870,824**	679,528	191,296	28%
Net impaired loan assets	**814,089**	623,683	190,406	31%
Net impaired loan assets as a % of total loan assets	**1.75%**	1.32%		0.43%

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

Net impaired loans increased $190 million y/y, including personal loans +$48.2 million (15 bps of personal loan assets), and commercial loans +$151 million (104 bps of commercial loan assets). Equipment financing impaired loans were down from $56.7 million to $47.6 million. The rise in personal and commercial impaired loans is in part due to a more subdued real estate market in 2025 resulting in a build up of inventory as supply continued to outweigh demand. This was also exasperated by extended resolution timelines. Despite this, management actions have resulted in $397 million of residential mortgages and $45 million of commercial loans being discharged or returned to performing over the past twelve months. Total realized losses in the year were 20 bps of total loan assets.

Deposits and funding

EQB maintains a diversified funding profile that consists of retail deposits, brokered deposits, securitization programs, institutional deposit notes, covered bonds, and wholesale funding facilities to reduce reliance on any single source of funding and enhance access to cost-effective and stable funding.

Deposits

EQB's deposits provide a reliable funding base that can be effectively matched against loan maturities. Term deposits make up 77% of total deposit funding with demand deposits representing the remainder. During 2025, deposit principal increased 9%, driven by growth in wholesale and EQ Bank deposits.

EQ Bank is a strategic pillar in EQB's growth ambitions as it deepens its direct relationships with Canadians. EQ Bank deposits represent 28% of EQB's total deposits and reached a record of $9.9 billion reflecting 10% growth y/y. This increase was driven by a rise in average balances and a 4% increase in its customer base. In early October, the successful launch of EQ Bank's high-interest, no monthly fee Business Account underscores EQB's commitment to provide high value saving solutions to Canadian customers.

Wholesale deposits, which includes deposit notes and covered bonds, is an important channel of the Bank's funding diversification strategy, representing 13% of total deposits. Wholesale deposits grew over the past year to $4.6 billion from $3.6 billion a year ago, demonstrating the strength of the Bank's long-term growth potential. The Bank remains active in the deposit note market and completed three issuances in 2025, totaling $1.15 billion, bringing its total outstanding deposit notes to nearly $2.5 billion as at October 31, 2025 (up 61% y/y). The Bank also aims to maximize its covered bond issuances in the European market within the regulatory limit (5.5% of total assets) while regularly accessing the market to maintain investor engagement. The Bank's covered bond has grown to $2.1 billion at October 31, 2025, up 4% y/y. Overall, changes in wholesale deposits from period to period are driven by the timing and magnitude of new issuances and maturities, as well as the impact arising from foreign exchange rate volatility on outstanding Euro-denominated covered bonds.

Table 12: Deposit principal

($000s)	31-Oct-25	31-Oct-24	Change	
Term deposits:				
Brokered	**17,453,411**	16,453,116	1,000,295	6%
EQ Bank	**3,889,273**	4,673,234	(783,961)	(17%)
Credit unions	**1,750,043**	1,667,673	82,370	5%
Deposit notes	**2,448,451**	1,522,847	925,604	61%
Covered bonds	**2,111,792**	2,037,333	74,459	4%
Corporate and institutional	**52,908**	70,497	(17,589)	(25%)
Total	**27,705,878**	26,424,700	1,281,178	5%
Share of term deposits of total (%)	***77%***	*80%*		*(3%)*
Demand deposits:				
Brokered	**392,652**	454,238	(61,586)	(14%)
EQ Bank (including Notice Savings Account)[(1)]	**6,051,796**	4,381,968	1,669,828	38%
Credit unions	**512,942**	502,321	10,621	2%
Strategic partnerships	**1,247,016**	1,236,059	10,957	1%
Corporate and institutional	**165,598**	164,687	911	1%
Total	**8,370,004**	6,739,273	1,630,731	24%
Share of demand deposits of total (%)	***23%***	*20%*		*3%*
Total deposit principal	**36,075,882**	33,163,973	2,911,909	9%
EQ Bank deposit principal (excludes accrued interest)	**9,941,069**	9,055 ,202	885,867	10%

(1) The rates on the EQ Bank Notice Savings accounts are set by EQB and subject to change, similar to other demand products; however, the Notice Savings account is not 'demand' by design, as customers are required to provide notice to withdraw the balances (10 or 30 days depending on the product).

Securitization liabilities

A portion of the Bank's loan securitization transactions do not qualify for balance sheet derecognition and therefore the associated obligations are recognized on the consolidated balance sheet and accounted for as securitization liabilities. These liabilities amounted to $11.2 billion at October 31, 2025 (October 31, 2024 – $14.6 billion) and included $2.9 billion (October 31, 2024 – $3.1 billion) of securitizations through two funding programs which are sponsored by Domestic Systemically Important Banks (D-SIBs) and provide the Bank with a source of matched funding for qualifying uninsured single-family mortgages.

Funding facilities

Secured funding facilities

Equitable Bank has two credit facilities with major Schedule I Canadian banks to fund residential mortgages prior to securitization with an aggregate capacity of $1.6 billion (October 31, 2024 – $1.6 billion). At October 31, 2025, the outstanding balance on these facilities was $0.6 billion (October 31, 2024 – $0.4 billion).

Concentra Bank maintains a $50 million (October 31, 2024 – $50 million) secured line of credit with SaskCentral, which is used primarily for settlement and clearing purposes. As at October 31, 2025, $1.3 million was drawn and outstanding (October 31, 2024 – nil).

Unsecured funding facilities

EQB Inc. has a revolving facility with total limit of $320 million and maturing on December 30, 2027 with a syndicate of Canadian Schedule I banks. This revolving facility replaced a previous unsecured revolving facility of $200 million and an unsecured term loan facility of $120 million which was amended on December 30, 2024. As at October 31, 2025, EQB had an outstanding balance of $95 million (October 31, 2024 – $120 million).

Equitable Bank launched its Bearer Deposit Notes (BDN) program in September 2023. This program furthered the Bank's funding diversity in capital markets through the issuance of short-term unsecured notes, expanding the investor base and adding complementary funding sources to the Bank's established funding channels. As at October 31, 2025, total BDN outstanding principal was $743 million (October 31, 2024 – $428 million).

ACM maintains a $1 million (October 31, 2024 – $1 million) operating line of credit to support day to day liquidity management. There was no amount outstanding at October 31, 2025 (October 31, 2024 – nil).

Details related to these funding facilities can be found in Note 16 to the audited consolidated financial statements in EQB's 2025 Annual Report.

Liquidity investments

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

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

Table 13: Liquid assets

($000s, except percentages)	31-Oct-25	31-Oct-24	Change	
Eligible deposits with regulated financial institutions[1]	**705,391**	579,544	125,847	22%
Debt securities	**43,155**	39,614	3,541	9%
Debt instruments issued or guaranteed by Government of Canada or provincial governments:				
Investments purchased under reverse repurchase agreements	**1,604,165**	1,260,118	344,047	27%
Loans and investments held in the form of debt securities[2], net of obligations under repurchase agreements	**1,838,051**	2,107,491	(269,440)	(13%)
Liquid assets held for regulatory purposes	**4,190,762**	3,986,767	203,995	5%
Other deposits with regulated financial institutions[3]	**11,863**	12,098	(235)	(2%)
Equity securities[4]	**-**	15,403	(15,403)	n.m.
Total	**4,202,625**	4,014,268	188,357	5%
Total assets held for regulatory purposes as a % of total Equitable Bank assets	**7.9%**	7.5%		0.4%
Total liquid assets as a % of total EQB assets	**7.9%**	7.5%		0.4%

(1) Eligible deposits with regulated financial institutions represent deposits of EQB and its subsidiaries, which are held at major Canadian financial institutions and excludes $244.9 million (October 31, 2024 – $123.1 million) of restricted cash held as collateral with third parties for Equitable Bank's derivative transactions, issuance of letters of credit, loan origination and servicing activities, BIN sponsorship and banking settlements in the normal course of business and $1.1 billion (October 31, 2024 – $848.9 million) of cash held in trust accounts and deposits held with banks as collateral for the Bank's securitization activities.
(2) Loans held in the form of debt securities represent loans securitized and retained by the Bank and are reported in the Loans receivable balance. Investments held in the form of debt securities include MBS, CMB and provincial bonds purchased from third parties. The investments' reported values represent the fair market values associated with these securities.
(3) Other deposits with regulated financial institutions are deposits held by EQB Inc. and ACM.
(4) Equity securities are investment-grade publicly traded preferred shares.

Liquid assets[1] were $4.2 billion as at October 31, 2025, increasing 5% y/y. EQB's target level of liquidity reflects cash flow forecasts which consider deposit and other funding maturities, and anticipated future funding needs.

(1) This is a non-GAAP measure. Refer to the Non-GAAP financial measures and ratios section of this MD&A.

Other assets and other liabilities

Please refer to Notes 13 and 17 to the audited consolidated financial statements in EQB's 2025 Annual Report for a detailed breakdown of Other assets and Other liabilities as at October 31, 2025 and October 31, 2024.

Other assets

Other assets were $902 million as at October 31, 2025, up $2.9 million y/y. The growth was mainly attributable to capitalized assets associated with EQB's new Toronto headquarters occupied in May 2025, higher BIN sponsorship and other accounts receivables, and income taxes receivable. These increases were offset, in part, by decreases in intangible assets reflecting impairment charges of $39 million as EQB re-prioritized its core initiatives, a $26.5 million decrease in held-for-sale equipment assets, an $18.0 million write-off of goodwill associated with EQB's Equipment financing business given adverse market conditions, and a decline in fair value gains from derivative portfolios.

Other liabilities

Other liabilities were $710 million as at October 31, 2025, up $73.2 million or 11% y/y, largely due to lease liabilities arising from the new office, higher BIN sponsorship-related liabilities and other accounts payables, a severance accrual related to the workforce restructuring executed in Q4 2025, and securitization-related loan servicing fees payable. These were partly offset by lower fair value losses on interest rate swaps, reduced cash collateral received from derivative counterparties, and a decrease in income taxes payable.

Off-balance sheet arrangements

EQB engages in certain financial transactions that, for accounting purposes, are not recorded on its consolidated balance sheet. Off-balance sheet transactions are generally undertaken for risk, funding, and capital management purposes. These include certain securitization transactions, the commitments EQB makes to fund its pipeline of loan originations, and letters of credit issued in the normal course of business (refer to Note 23 to the consolidated financial statements in EQB's 2025 annual report).

Securitization of financial assets

Certain securitization transactions qualify for derecognition when the Bank has transferred substantially all of the risks, rewards, and control associated with the securitized assets. The outstanding securitized loan principal that qualified for derecognition totalled $28.3 billion as at October 31, 2025 (October 31, 2024 – $20.8 billion).

Securitization liabilities associated with these transferred assets were approximately $28.3 billion at October 31, 2025 (October 31, 2024 – $20.3 billion). Retained interests recorded with respect to certain securitization transactions were $1.0 billion as at October 31, 2025 (October 31, 2024 – $813.7 million) and the associated servicing liability was $112.8 million as at October 31, 2025 (October 31, 2024 – $100.5 million).

Commitments and letters of credit

EQB provides commitments, including letters of credit, to extend credit to borrowers and had outstanding commitments to fund $7.1 billion (October 31, 2024 – $6.3 billion) of loans and investments in the ordinary course of business as at October 31, 2025.

The letters of credit represent assurances that it will make payments in the event that a borrower cannot meet its obligations to a third party. The letters of credit in the amount of $37.8 million were issued and outstanding as at October 31, 2025 (October 31, 2023 – $32.6 million), none of which were claimed.

Related-party transactions

Certain of EQB's management personnel have transacted with EQB and/or invested in EQB's deposits in the ordinary course of business. Refer to Note 24 to the consolidated financial statements in EQB's 2025 annual report for further details.

Capital management

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

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

Regulatory Capital Developments

On September 11, 2025, OSFI released a CAR (2026 Capital Adequacy Requirements) update that will take effect starting Q1 2026, which introduced new requirements associated with Combined Loan Product (CLP). Equitable Bank's capital position will not be impacted by this change as the Bank does not offer CLP products. Ongoing updates to CAR may change the treatment of Equitable Bank's asset portfolios and impact future risk-weighted assets (RWA).

Risk-weighted assets of Equitable Bank

Table 14: Risk-weighted assets of Equitable Bank

($000s, except percentages)	As at October 31, 2025		
	Assets / Amounts	**Risk Weighting**	**Risk-weighted assets**
On balance sheet:			
Cash and cash equivalents	**2,032,074**	**20%**	**404,300**
Securities purchased under reverse repurchase agreements	**1,604,165**	**0%**	**-**
Investments	**1,641,864**	**15%**	**253,496**
Loans – Personal, net of allowances	**31,836,463**	**30%**	**9,548,835**
Loans – Commercial, net of allowances	**14,546,275**	**37%**	**5,452,780**
Securitization retained interests	**1,028,623**	**100%**	**1,028,623**
Other assets	**679,800**	**46%**	**311,199**
Total Equitable Bank assets subject to risk rating	**53,369,264**		**16,999,233**
Less: Eligible Stage 1 and 2 allowance	**(150,066)**		**-**
Total Equitable Bank assets	**53,219,198**		**16,999,233**
Off-balance sheet:			
Loan commitments			**763,506**
Derivatives			**119,010**
Other			**422**
Total credit risk			**17,882,171**
Operational risk[1]			**2,336,775**
Total			**20,218,946**

($000s, except percentages)	As at October 31, 2024		
	Assets / Amounts	**Risk Weighting**	**Risk-weighted assets**
On balance sheet:			
Cash and cash equivalents	1,551,530	20%	308,759
Securities purchased under reverse repurchase agreements	1,260,118	0%	-
Investments	1,627,314	15%	241,226
Loans – Personal, net of allowances	32,318,163	28%	9,056,064
Loans – Commercial, net of allowances	14,824,330	39%	5,712,448
Securitization retained interests	813,719	100%	813,719
Other assets	708,330	36%	257,818
Total Equitable Bank assets subject to risk rating	53,103,504		16,390,034
Less: Eligible Stage 1 and 2 allowance	(108,575)		-
Total Equitable Bank assets	52,994,929		16,390,034
Off-balance sheet:			
Loan commitments			695,780
Derivatives			157,608
Other			-
Total credit risk			17,243,422
Operational risk			2,243,197
Total			19,486,619

(1) For operational risk, Equitable Bank applied the Simplified Standardized Approach in accordance with OSFI CAR Guideline requirements. The RWA for operational risk is determined by multiplying the operational risk capital charge by 12.5.

RWA increased during the year by $732 million (+4%) y/y to $20.2 billion, primarily due to growth in the Bank's uninsured assets (including single-family residential mortgages, reverse mortgages, securitization retained interests, and cash held on the balance sheet), increases in defaulted exposures, and higher operational risk capital charges attributable to revenue growth. Theses increases were tempered by declines in consumer and conventional commercial lending including Equipment financing, and derivative exposures.

Capital measures

Table 15: Capital measures of Equitable Bank

($000s, except percentages)	31-Oct-25	31-Oct-24	Change	
Common Equity Tier 1 Capital (CET1):				
Common shares	**929,245**	933,749	(4,504)	(0%)
Contributed surplus	**23,475**	14,330	9,145	64%
Retained earnings	**1,874,229**	2,028,450	(154,221)	(8%)
Accumulated other comprehensive loss (AOCI)[1]	**(1,070)**	(14,239)	13,169	(92%)
Less: Regulatory adjustments to CET1 Capital	**(127,054)**	(182,039)	54,985	(30%)
Common Equity Tier 1 Capital	**2,698,825**	2,780,251	(81,426)	(3%)
Additional Tier 1 capital (AT1):				
Other qualifying Additional tier 1 instruments[2]	**147,378**	147,458	(80)	(0%)
Tier 1 Capital	**2,846,203**	2,927,709	(81,506)	(3%)
Tier 2 Capital:				
Subordinated debt[3]	**200,841**	-	200,841	n.m.
Eligible Stage 1 and 2 allowance	**150,066**	108,574	41,492	38%
Tier 2 Capital	**350,907**	108,574	242,333	223%
Total Capital	**3,197,110**	3,036,283	160,827	5%
Total risk-weighted assets (RWA)	**20,218,946**	19,486,619	732,327	4%
Capital ratios and Leverage ratios:				
CET1 ratio	**13.3%**	14.3%		(1.0%)
Tier 1 capital ratio	**14.1%**	15.0%		(0.9%)
Total capital ratio	**15.8%**	15.6%		0.2%
Leverage ratio	**5.1%**	5.3%		(0.2%)

n.m. not meaningful

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

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

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

Equitable Bank's CET1 ratio at October 31, 2025 was 13.3%, down 100 bps y/y, primarily reflecting a decrease in Retained earnings largely due to dividend distribution, including special dividends of $320 million, offset by net income earned during the year. This decrease was offset by a reduction in regulatory adjustments due to impairment charges taken on intangible assets and goodwill.

The decrease in CET1 capital also impacted Tier 1 capital ratio, which was 14.1%, down 90 bps y/y. Total capital ratio, however, increased 20bps y/y, benefiting from the issuance of subordinated debentures and higher stage 1 and 2 allowances.

Canadian banks are required to report on OSFI's Leverage Ratio based on Basel III guidelines. OSFI has established minimum Leverage Ratio targets on a confidential and institution-by-institution basis. Equitable Bank remained fully compliant with its regulatory requirements and its Leverage Ratio was 5.1% at October 31, 2025, down 20 bps y/y, tied to the movement in Tier 1 capital.

Stress test

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

Based on the results of the stress tests performed to date, management has determined that Equitable Bank has sufficient capital to absorb the potential losses modelled without impairing the viability of the institution or its ability to recover.

Shareholders' equity

Common shares

At October 31, 2025, EQB had 37,586,524 common shares issued and outstanding. In addition, there were 951,703 unexercised stock options, which are, or will be, exercisable to purchase common shares for maximum proceeds of $71.1 million. For additional information on outstanding stock options and their associated exercise prices, please refer to Note 19 (a) to the consolidated financial statements in EQB's 2025 annual report.

Normal course issuer bid (NCIB)

During the year ended October 31, 2025, 1,023,748 common shares were purchased with an average price of $93.36 and cancelled through the NCIB. Please refer to Note 18 (e) to the consolidated financial statements in EQB's 2025 annual report for more details.

Limited Recourse Capital Notes (LRCNs)

On July 16, 2024, EQB Inc. issued $150 million of Limited Recourse Capital Notes, Series 1 (LRCNs) with a maturity date of October 31, 2084. The LRCNs bear interest at 8.0% annually, payable semi-annually, for the initial period ending on, but excluding, October 31, 2029. Thereafter, the interest rate will reset every five years at a rate equal to the prevailing 5-year Government of Canada Yield plus 4.548%. Please refer to Note 18 (b) to the consolidated financial statements in EQB's 2025 annual report for more details.

Common share dividends

EQB's dividend payments follow calendar quarters and are paid out on the last business day of March, June, September, and December.

On December 3, 2025, EQB declared a quarterly dividend of $0.57 per common share, payable on December 31, 2025, to common shareholders of record at the close of business on December 15, 2025. This dividend represents a 16% and 4% increase over dividends paid in December 2024 and September 2025,

Fourth quarter results

Quarterly highlights

($000s, except per share amounts)	For the three months ended				
	31-Oct-25	**31-Jul-25**	**Change**	**31-Oct-24**	**Change**
Adjusted results[1]					
Revenue	**308,112**	310,164	(1%)	321,576	(4%)
Non-interest expenses	**165,041**	165,534	(0%)	148,547	11%
Provision for credit losses	**54,551**	33,968	61%	31,902	71%
Income taxes	**25,037**	30,404	(18%)	39,728	(37%)
Net income	**63,483**	80,258	(21%)	101,399	(37%)
Net income available to common shareholders	**58,539**	79,678	(27%)	97,073	(40%)
Earnings per share – diluted ($)	**1.53**	2.07	(26%)	2.51	(39%)
Reported results					
Revenue	**317,087**	306,129	4%	312,772	1%
Non-interest expenses	**261,472**	170,954	53%	153,625	70%
Provision for credit losses	**54,551**	33,968	61%	47,987	14%
Income taxes	**5,822**	27,843	(79%)	31,740	(82%)
Net income	**(4,758)**	73,364	(106%)	79,419	(106%)
Net income available to common shareholders	**(9,474)**	73,014	(113%)	75,382	(113%)
Earnings per share – diluted ($)	**(0.25)**	1.90	(113%)	1.95	(113%)

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

Net interest income

The table below details EQB's quarterly NII and NIM by product and portfolio.

Table 16: Net interest income

($000s, except percentages)	For the three months ended					
	31-Oct-25		31-Jul-25		31-Oct-24	
	Revenue/ Expense	Average rate	Revenue/ Expense	Average rate	Revenue/ Expense	Average rate
Revenues derived from:						
Cash, debt securities and retained interests[2]	**52,981**	**3.47%**	46,154	3.29%	48,190	4.05%
Equity securities	**(73)**	**(2.50%)**	(113)	(4.32%)	84	1.40%
Single-family mortgages– insured	**70,788**	**3.75%**	75,112	3.65%	85,828	3.58%
Single-family mortgages– uninsured	**312,851**	**5.98%**	322,522	6.18%	346,933	6.95%
Decumulation loans	**46,039**	**6.40%**	43,662	6.48%	35,699	6.87%
Consumer lending	**22,331**	**10.87%**	22,259	10.92%	23,878	11.10%
Total Personal loans	**452,009**	**5.62%**	463,555	5.69%	492,338	6.06%
Commercial loans	**148,961**	**6.57%**	154,101	6.94%	180,009	8.33%
Equipment financing	**25,667**	**9.76%**	26,979	10.06%	29,418	10.02%
Insured multi-unit residential mortgages	**33,946**	**3.17%**	36,129	2.87%	32,744	2.74%
Total Commercial loans	**208,574**	**5.80%**	217,209	5.80%	242,171	6.63%
Average interest-earning assets[2]	**713,491**	**5.42%**	726,805	5.46%	782,783	6.04%
Expenses related to:						
Deposits	**320,785**	**3.52%**	330,074	3.71%	369,499	4.47%
Securitization liabilities[2]	**116,705**	**3.85%**	122,476	3.71%	130,977	3.53%
Others	**11,358**	**3.98%**	11,737	3.56%	11,741	5.18%
Average interest-bearing liabilities[2]	**448,848**	**3.61%**	464,287	3.71%	512,217	4.20%
Adjusted net interest income and margin[1][2]	**264,643**	**2.01%**	262,518	1.97%	270,566	2.09%
Interests and covered bond fair value adjustments	**21,784**	**-**	(4,035)	-	(8,804)	-
Reported net interest income and margin[2]	**286,427**	**2.17%**	258,483	1.94%	261,762	2.09%

(1) Adjusted measures and ratios are Non-GAAP measures and ratios. For additional information, see Adjustments to financial results section, and Non-GAAP financial measures and ratios section of this MD&A.
(2) Effective November 1, 2024, interest income earned on securitized retained interests is reported in Interest income – Investments and interest expense incurred on servicing liabilities is reported in Interest expense – Securitization liabilities. Previously, these amounts were included in Non-interest revenue. Prior period comparative figures have been updated to conform to current period presentation.

Q4 2025 v Q3 2025

During the quarter, average interest earning assets decreased 1% or $510 million, due to derecognition of insured multi-unit residential mortgages and insured single-family loans, offset by an increase in liquid assets.

Despite the decline in assets, adjusted NII[1] improved 1% (reported 11%) due to an increase in adjusted NIM[1] of 4 bps (reported +23bps) q/q. During the quarter, the benefit of an asset mix shift towards higher-margin mortgages and loans was offset by an increase in liquid assets. NIM benefited from a reduction in the cost of funds to reflect prime rate decreases earlier this year when EQB intentionally held interest rates and wider margins in Commercial lending, despite lower prepayment income in the quarter.

Q4 2025 v Q4 2024

Average interest earning assets increased 1% or $666 million y/y, largely driven by an increase in lower-yielding liquid assets to fund upcoming cash commitments and increases in EQB's uninsured single-family, decumulation, and insured construction portfolios. These increases were partially offset by declines in insured single-family loans as EQB strategically slowed originations and continued derecognition of insured multi-unit residential mortgages.

With the shift in asset mix towards liquid assets, coupled with some margin compression, single-family uninsured mortgages and attrition of higher margin commercial loans, adjusted NII[(1)] decreased 2% (reported +9%) and adjusted NIM[(1)] -8 bps (reported +8 bps) y/y.

Non-interest revenue

Table 17: Non-interest revenue

($000s)	For the three months ended				
	31-Oct-25	**31-Jul-25**	**Change**	**31-Oct-24**	**Change**
Fees and other income	**8,861**	24,747	(64%)	21,347	(58%)
Gains on strategic investments	**11,664**	2,671	337%	1,729	575%
Net (losses) gains on other investments	**(902)**	(2,150)	n.m.	283	n.m.
Gain on sale from securitization activities[(1)]	**13,508**	18,027	(25%)	17,691	(24%)
Net (losses) gains on hedging and derivatives	**(2,471)**	4,351	n.m.	9,960	n.m.
Total non-interest revenue - reported[(1)]	**30,660**	47,646	(36%)	51,010	(40%)
Impairment charge on non-operating assets	***12,809***		*n.m.*		*n.m.*
Total non-interest revenue - adjusted[(1)(2)]	**43,469**	47,646	(9%)	51,010	(15%)

n.m. - not meaningful

(1) Effective November 1, 2024, interest income earned from retained interests and interest expense incurred on servicing liabilities are reclassed from Non-interest revenue to Net interest income. Prior period comparative figures have been updated to conform to current period presentation.
(2) Adjusted measures and ratios are Non-GAAP measures and ratios. For additional information, see Adjustments to financial results section, and Non-GAAP financial measures and ratios section of this MD&A.

Q4 2025 v Q3 2025

During Q4 2025, EQB recorded NIR of $30.7 million. Excluding a non-operating asset impairment charge of $12.8 million, adjusted NIR[(1)] was $43.5 million, down 9% y/y. The decrease was mostly driven by a loss from the sale of repossessed equipment assets, lower gains on sale from the securitization of insured multi-unit residential mortgages following a return to normalized levels after peak volumes in the prior quarter, and net losses on hedges and derivatives as compared to gains recognized last quarter. The reduction in NIR was partially offset by increases arising from gains on strategic investments and lower losses on debt securities.

Q4 2025 v Q4 2024

Reported NIR and adjusted NIR[(1)] were down 40% and 15%, respectively. The decline in NIR was largely due to lower gains on sale of insured multi-unit residential mortgages as a result of lower derecognition volumes, mark-to-market losses on debt security investments and net fair value losses on derivative transactions, offset by higher gains on strategic investments.

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

Provision for credit losses

Table 18: Provision for credit losses

($000s)	For the three months ended				
	31-Oct-25	**31-Jul-25**	**Change**	**31-Oct-24**	**Change**
Stage 1 and 2 provision	**20,207**	10,001	102%	11,233	80%
Stage 3 provision	**34,344**	23,967	43%	36,754	(7%)
Total Provision for credit losses – reported	**54,551**	33,968	61%	47,987	14%
Less: Provision for credit losses – equipment financing	**-**	-	*n.m.*	*(16,085)*	*n.m.*
Total Provision for credit losses – adjusted[(1)]	**54,551**	33,968	61%	31,902	71%

n.m. not meaningful.

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

Q4 2025 v Q3 2025

Total PCL for the quarter was $54.6 million, +$20.6 million q/q, composed of a $10.2 million increase in Stage 1 & 2 provision and $10.4 million provision on non-performing loans.

Higher Stage 1 & 2 PCL was primarily driven by commercial loans +$7.5 million and personal lending +$4.5 million due to a deterioration in macroeconomic conditions, and $0.4 million provided for debt securities. These increases were offset by a $2.2 million release of performing allowances in equipment financing primarily due to a decline in exposure to a purchase facility.

Stage 3 PCL on loans increased this the quarter, up $2.9 million in personal lending, +$5.5 million in commercial loans and +$3.8 million in equipment financing. The increases were mainly attributable to higher gross impaired loans, declines in property valuations reflecting a soft housing market, and an increase in expected losses on equipment financing.

Stage 3 PCL against other accounts receivables was a recovery of $0.8 million in the quarter versus $1.1 million provision last quarter, due to a reduction in expected losses.

Q4 2025 v Q4 2024

Total reported PCL increased $6.6 million or 14% over the same quarter of last year, due to a $9.0 million increase in Stage 1 & 2 provisions, offset by a reduction of $2.4 million in Stage 3 provisions.

Stage 1 & 2 PCL of $20.2 million for the quarter were composed $11.9 million (+$11.9 million y/y) for commercial lending, $7.7 million (+$5.1 million y/y) for personal lending, $0.2 million (-$8.3 million y/y) in equipment financing, and $0.4 million for debt securities. The increase in performing loan provisions was primarily due to a weakening of macroeconomic forecasts, in particular unemployment and GDP growth.

On a reported basis, Stage 3 provisions decreased by $2.4 million, due to $12.9 million declines in equipment financing mostly related to decreased provisions in the purchased portfolio and $0.8 million recovery recorded in the quarter against other accounts receivables, offset by an increase of $10.0 million in personal lending and $1.2 million in commercial loans relating to increased non-performing loans.

Reported PCL for Q4 2024 included $16.1 million of provisions associated with loans acquired through a purchase facility within the equipment financing business. Excluding this provision, total adjusted PCL[(1)] increased $22.7 million. The increase was primarily driven by $15.1 million of provisions recorded in personal lending and $13.0 million in Commercial, offset by a reversal of provisions in the equipment financing portfolio.

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

Non-interest expenses

Table 19: Non-interest expenses and efficiency ratio

($000s, except percentages and FTE)	For the three months ended				
	31-Oct-25	**31-Jul-24**	**Change**	**31-Oct-24**	**Change**
Compensation and benefits	**96,771**	79,791	21%	70,104	38%
Product costs	**72,504**	25,343	186%	22,902	217%
Technology and system costs	**26,385**	25,362	4%	20,782	27%
Marketing and corporate expenses	**36,536**	18,046	102%	17,347	111%
Regulatory, legal and professional fees	**22,154**	14,540	52%	15,831	40%
Premises	**7,122**	7,872	(10%)	6,659	7%
Total non-interest expenses – reported	**261,472**	170,954	53%	153,625	70%
Less: expenses removed from reported results	***(96,431)***	*(5,420)*	*n.m.*	*(5,078)*	*n.m.*
Total non-interest expenses – adjusted[(1)]	**165,041**	165,534	(0%)	148,547	11%
Efficiency ratio – reported	**82.5%**	55.8%	26.7%	49.1%	33.4%
Efficiency ratio – adjusted[(1)]	**53.6%**	53.4%	0.2%	46.2%	7.4%
Full-time employee equivalent (FTE) – period average	**1,974**	1,991	(1%)	1,868	6%

n.m. not meaningful.

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

Q4 2025 v Q3 2025

On a reported basis, NIX for Q4 2025 was $261 million, +$90.5 million q/q, primarily because of $79.2 million of restructuring, severance, and impairment changes booked during the quarter, $8.7 million of non-recurring transaction fees, and $6.5 million of fees as discussed above in the Key Corporate Events section, partially offset by a reduction in annual bonus accruals, and accelerated long-term incentive expenses incurred in Q3 2025 following the death of the former CEO.

Excluding certain expenses as itemized in the *Adjustments to financial results* section of this MD&A, adjusted NIX[(1)] in the quarter was $165 million, down $0.5 million from last quarter.

Q4 2025 v Q4 2024

Year-over-year reported NIX increased $108 million, largely due to the same reasons stated above.

Adjusted NIX[(1)] grew $16.5 million y/y, primarily due to compensation and staffing increases, technology modernization, higher product-related transaction costs, and an increase in premise expenses for the new EQB Toronto headquarters.

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

Total loan principal

The following table provides quarterly on-balance sheet loan principal continuity schedules by lending business:

Table 20: On-Balance Sheet loan principal continuity schedule[1]

($000s, except percentages)	As at or for the three months ended October 31, 2025		
	Personal	**Commercial**	**Total**
Q3 2025 closing balance	**32,227,404**	**14,939,097**	**47,166,501**
Originations	**1,580,218**	**2,554,905**	**4,135,123**
Derecognition	**-**	**(1,850,866)**	**(1,850,866)**
Net repayments[2]	**(2,099,625)**	**(1,119,923)**	**(3,219,548)**
Q4 2025 closing balance	**31,707,997**	**14,523,213**	**46,231,210**
% Change from Q3 2025	**(2%)**	**(3%)**	**(2%)**
Net repayments percentage[3]	**6.5%**	**7.5%**	**6.8%**

($000s, except percentages)	As at or for the three months ended October 31, 2024		
	Personal	**Commercial**	**Total**
Q3 2024 closing balance	32,514,588	15,404,084	47,918,672
Originations	1,506,876	3,211,270	4,718,146
Derecognition	-	(2,086,019)	(2,086,019)
Net repayments	(1,810,246)	(1,711,002)	(3,521,248)
Q4 2024 closing balance	32,211,218	14,818,333	47,029,551
% Change from Q3 2024	(1%)	(4%)	(2%)
Net repayments percentage	5.6%	11.1%	7.3%

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

Q4 2025 v Q3 2025

Total loans on-balance sheet declined quarter-over-quarter by $0.9 billion or 2%, resulting from a decrease in single-family insured loans, offset by increases in insured construction, decumulation, and single-family uninsured loans.

The decline in insured single-family mortgages was planned with a deceleration of origination volume coupled with maturities. Uninsured single-family mortgages rose $60.4 million q/q with a slower pace of originations in the quarter. The decumulation business continued to outperform with 6% q/q growth. The consumer lending portfolio declined slightly by $4.1 million from last quarter.

Commercial lending LUM, including off-balance sheet CMHC-insured multi-unit residential mortgage, was up 3% q/q, primarily driven by growth in CMHC-insured multi-unit residential LUM of 4% and a 3% increase in CMHC-insured construction loans due to strong demand in that sector. This growth was partly offset by a 3% decline in the equipment financing portfolio.

Interim financial statements

Table 21: Unaudited interim consolidated statements of income

($000, except per share amounts)	For the three months ended		
	31-Oct-25	**31-Jul-25**	**31-Oct-24**
Interest income:			
Loans – Personal	**452,009**	463,555	492,338
Loans – Commercial	**230,358**	217,209	242,171
Investments[1]	**24,113**	21,314	21,710
Other	**28,795**	24,727	26,564
	735,275	726,805	782,783
Interest expense:			
Deposits	**320,785**	334,109	378,303
Securitization liabilities[1]	**116,705**	122,476	130,977
Funding facilities	**9,008**	11,703	9,363
Other	**2,350**	34	2,378
	448,848	468,322	521,021
Net interest income[1]	**286,427**	258,483	261,762
Non-interest revenue:			
Fees and other income	**8,861**	24,747	21,347
Net gain on loans and investments	**10,762**	521	2,012
Gains on sale from securitization activities[1]	**13,508**	18,027	17,691
Net (losses) gains on hedging and derivatives	**(2,471)**	4,351	9,960
	30,660	47,646	51,010
Revenue	**317,087**	306,129	312,772
Provision for credit losses	**54,551**	33,968	47,987
Revenue after provision for credit losses	**262,536**	272,161	264,785
Non-interest expenses:			
Compensation and benefits	**96,771**	79,791	70,104
Product costs	**72,504**	25,343	22,901
Technology and system costs	**26,385**	25,362	20,782
Marketing and corporate expenses	**36,536**	18,046	17,347
Regulatory, legal and professional fees	**22,154**	14,540	15,832
Premises	**7,122**	7,872	6,659
	261,472	170,954	153,625
Income before income taxes	**1,064**	101,207	111,160
Income taxes:			
Current	**27,784**	13,455	18,922
Deferred	**(21,962)**	14,388	12,818
	5,822	27,843	31,740
Net (loss) income	**(4,758)**	73,364	79,420
Dividends on preferred shares	**-**	-	1,086
Distribution to LRCN holders	**4,410**	-	2,586
Net (loss) income attributable to common shareholders and non-controlling interests	**(9,168)**	73,364	75,748
Net (loss) income attributable to:			
Common shareholders	**(9,474)**	73,014	75,382
Non-controlling interests	**306**	350	366
	(9,168)	73,364	75,748
Earnings per share:			
Basic	**(0.25)**	1.91	1.96
Diluted	**(0.25)**	1.90	1.95

(1) Effective November 1, 2024, interest income earned on securitized retained interests is reported in Interest income – Investments and interest expense incurred on servicing liabilities is reported in Interest expense – Securitization liabilities. Previously, these amounts were included in Non-interest revenue. Prior period comparative figures have been updated to conform to current period presentation.

Table 22: Unaudited interim consolidated statements of comprehensive income

($000s)	For the three months ended		
	31-Oct-25	**31-Jul-25**	**31-Oct-24**
Net (loss) income	**(4,758)**	73,364	79,420
Other comprehensive income – items that will be reclassified subsequently to income:			
Debt instruments at Fair Value through Other Comprehensive Income:			
Reclassification of losses from AOCI on sale of investments	**-**	-	(317)
Net change in gains (losses) on fair value	**13,692**	(11,334)	8,148
Provision for credit losses recognized to income	**400**	-	-
Reclassification of net (gains) losses to income	**(12,018)**	13,075	(3,912)
Other comprehensive income – items that will not be reclassified subsequently to income:			
Equity instruments designated at Fair Value through Other Comprehensive Income:			
Reclassification of losses from AOCI on sale of investments	**-**	-	(5,741)
Net change in losses on fair value	**-**	-	(910)
Reclassification of net losses to retained earnings	**-**	-	5,499
	2,074	1,741	2,767
Income tax expense	**(269)**	(639)	(636)
	1,805	1,102	2,131
Cash flow hedges:			
Net change in unrealized gains on fair value	**13,234**	5,501	755
Reclassification of net (gains) losses to income	**(15,637)**	(6,954)	7,231
	(2,403)	(1,453)	7,986
Income tax recovery (expense)	**403**	3	(2,192)
	(2,000)	(1,450)	5,794
Total other comprehensive (loss) income	**(195)**	(348)	7,925
Total comprehensive (loss) income	**(4,953)**	73,016	87,345
Total comprehensive (loss) income attributable to:			
Common shareholders	**(9,669)**	72,666	83,307
Other equity holders	**4,410**	-	3,672
Non-controlling interests	**306**	350	366
	(4,953)	73,016	87,345

Table 23: Unaudited interim consolidated statements of cash flows

($000s)	For the three months ended		
	31-Oct-25	**31-Jul-25**	**31-Oct-24**
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss) income for the period	**(4,758)**	73,364	79,420
Adjustments for non-cash items in net income:			
Financial instruments at fair value through income	**5,429**	110,533	16,245
Amortization of premiums/discounts	**(2,780)**	(692)	29,514
Amortization of capital and intangible costs	**18,710**	16,844	23,663
Provision for credit losses	**54,551**	33,968	47,987
Impairment on Intangible assets and goodwill	**56,544**	-	-
Securitization gains	**(13,508)**	(18,027)	(17,690)
Stock-based compensation	**818**	1,520	979
Income taxes	**5,822**	27,843	31,740
Securitization retained interests	**48,474**	44,691	37,415
Changes in operating assets and liabilities:		-	
Restricted cash	**(107,998)**	(222,094)	(67,791)
Securities purchased under reverse repurchase agreements	**345,007**	150,866	79,460
Loans receivable, net of securitizations	**877,566**	(176,355)	789,307
Other assets	**(4,184)**	(9,003)	52,121
Deposits	**217,455**	1,349,617	432,111
Securitization liabilities	**(1,310,033)**	(1,060.539)	(382,001)
Obligations under repurchase agreements	**(44,055)**	64,531	-
Funding facilities	**68,782**	(25,064)	(856,265)
Other liabilities	**43,783**	(27.275)	3,996
Income taxes paid	**(20,088)**	(20,287)	(26,226)
Cash flows from operating activities	**235,537**	314,511	273,985
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of common shares	**330**	952	3,446
Common shares repurchased	**(69,153)**	-	-
Redemption of preferred shares	**-**	-	(183,782)
Net proceeds from issuance of limited recourse notes	**80**	-	(368)
Distributions to other equity holders	**(4,410)**	-	(2,586)
Dividends paid on preferred shares	**-**	-	(1,086)
Dividends paid on common shares	**(21,459)**	(20,759)	(18,047)
Cash flows used in financing activities	**(94,612)**	(19,807)	(202,423)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	**(17,928)**	(370,789)	669
Proceeds from sale or redemption of investments	**132,325**	82,864	82,005
Acquisition of subsidiary	**(4,242)**		
Investment in associate	**-**	-	(50,000)
Net change in Canada Housing Trust re-investment accounts	**-**	-	7,234
Purchase of capital assets and system development costs	**(19,584)**	(21,769)	(29,437)
Cash flows from (used in) investing activities	**90,571**	(309,694)	10,471
Net increase (decrease) in cash and cash equivalents	**231,496**	(14,990)	82,033
Cash and cash equivalents, beginning of period	**485,757**	500,747	509,608
Cash and cash equivalents, end of period	**717,253**	485,757	591,641
Supplemental statement of cash flows disclosure:			
Cash flows from operating activities include:			
Interest received	**741,754**	683,755	412,335
Interest paid	**(415,115)**	(498.078)	(286,033)
Dividends received	**-**	-	310

Accounting standards and policies

Accounting policy changes

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

Future changes in Accounting Policies

Amendments to Classification and Measurement of Financial Instruments

In May 2024, the IASB issued Amendments to the classification and measurement of financial instruments which amends IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures (the Amendments). The Amendments clarify classification guidance for financial assets with environmental, social and governance-lined features, and settlement of liabilities through electronic payment systems. The Amendments will be effective for EQB on November 1, 2026. EQB is currently assessing the impact of adopting the Amendments on the Consolidated Financial Statements.

IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18)

In April 2024, the IASB issued IFRS 18, which sets out requirements for the presentation and disclosure of information in the financial statements. IFRS 18 will replace IAS 1 Presentation of Financial Statements and accompanies limited amendments to other standards which will be effective upon the adoption of the new standard. The standard introduces new defined subtotals to be presented in the Consolidated Statements of Income, disclosure of management-defined performance measures and requirements for grouping of information. This standard will be effective for EQB on November 1, 2027. EQB is currently assessing the impact of adopting this standard on the Consolidated Financial Statements.

Use of estimates and accounting judgements in applying accounting policies

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

In making estimates and judgments, management uses external information and observable market inputs where possible, supplemented by internal analysis as required. These estimates and judgments have been made taking into consideration the operating environment headwinds, with heightened unemployment rates and cross-border tariffs (and threats thereof) creating uncertainty and downward pressure on consumer sentiment, economic growth, and housing activity (including prices). Actual results could differ materially from these estimates, in which case the impact would be recognized in the consolidated financial statements in future periods.

Allowance for credit losses under IFRS 9

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

As a result of the broader economic environment, with heightened unemployment rates and cross-border tariffs, the macroeconomic environment continues to experience volatility and uncertainty. This has resulted in a direct impact on the forward-looking macroeconomic variables which management uses as part of its underlying assumptions for calculating ECL.

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

EQB enhanced certain of its IFRS 9 models in the current year which included the replacement of Household Income Growth Rate with Household Total Real Income in its forward-looking macroeconomic variables in the ECL models, and eliminating the use of Canadian Equity Index, and West Texas Intermediate Oil Price. These enhanced models exhibit higher sensitivity to changes in the forward-looking macroeconomic outlook.

Impairment of goodwill

Impairment exists when the carrying value of a cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its value in use (VIU) and fair value less costs of disposal (FVLCD). VIU is determined based on a discounted cash flow (DCF) model. The cash flows are derived from approved projections and do not include restructuring activities that EQB is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. FVLCD is based on available data from precedent transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset.

The determination of VIU and FVLCD requires management to make estimates and judgments in a number of areas. Estimates are used by management for forecast revenues, margins, operating expenses, working capital changes, determining the cost of equity, and market risk premiums, and judgments are used for determining appropriate forecast period, and interpreting forecast assumptions for determining the VIU.

Estimates are used by management to determine valuation multiples, and the range for the multiples, and judgments are used to identify suitable comparable companies or transactions and determining size adjustments for calculating the FVLCD.

Please refer to Note 2 (d) to the consolidated financial statements in EQB's 2025 annual report for details.

Disclosure controls and procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is accumulated and communicated to senior management, including the President and Chief Executive Officer and the Chief Financial Officer, on a timely basis to enable appropriate decisions to be made regarding public disclosure. Management has evaluated the effectiveness of EQB's disclosure controls and procedures (as defined in the rules of the Canadian Securities Administrators) as at October 31, 2025. Based on that evaluation, Management has concluded that these disclosure controls and procedures were effective.

Internal control over financial reporting

EQB Inc.'s Internal Control over Financial Reporting framework is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. EQB has evaluated the design and operational effectiveness of its Internal Controls over Financial Reporting (ICOFR) as at October 31, 2025 to provide reasonable assurance regarding the reliability of financial reporting. This evaluation was conducted in accordance with the Integrated (2013) Framework published by the Committee of Sponsoring Organizations of the Treadway Commission, a recognized control model, and the requirements of National Instrument 52-109 of the Canadian Securities Administrators. Based on this evaluation, management has concluded that EQB's Internal Controls over Financial Reporting were effective as at October 31, 2025.

Changes in internal control over financial reporting

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

Risk management

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

> The yellow tinted sections in the "Credit Risk", "Liquidity and Funding Risk", and "Market Risk" below form an integral part of the 2025 consolidated financial statements as they present required IFRS disclosures as set out in IFRS 7 Financial Instruments: Disclosures, which permits cross-referencing between the notes to the financial statements and the MD&A. See Note 4 of the 2025 consolidated financial statements.

EQB's business activities, including its use of financial instruments, expose EQB to various risks, the most significant of which are credit risk, liquidity and funding risk, and market risk.

Risk management framework

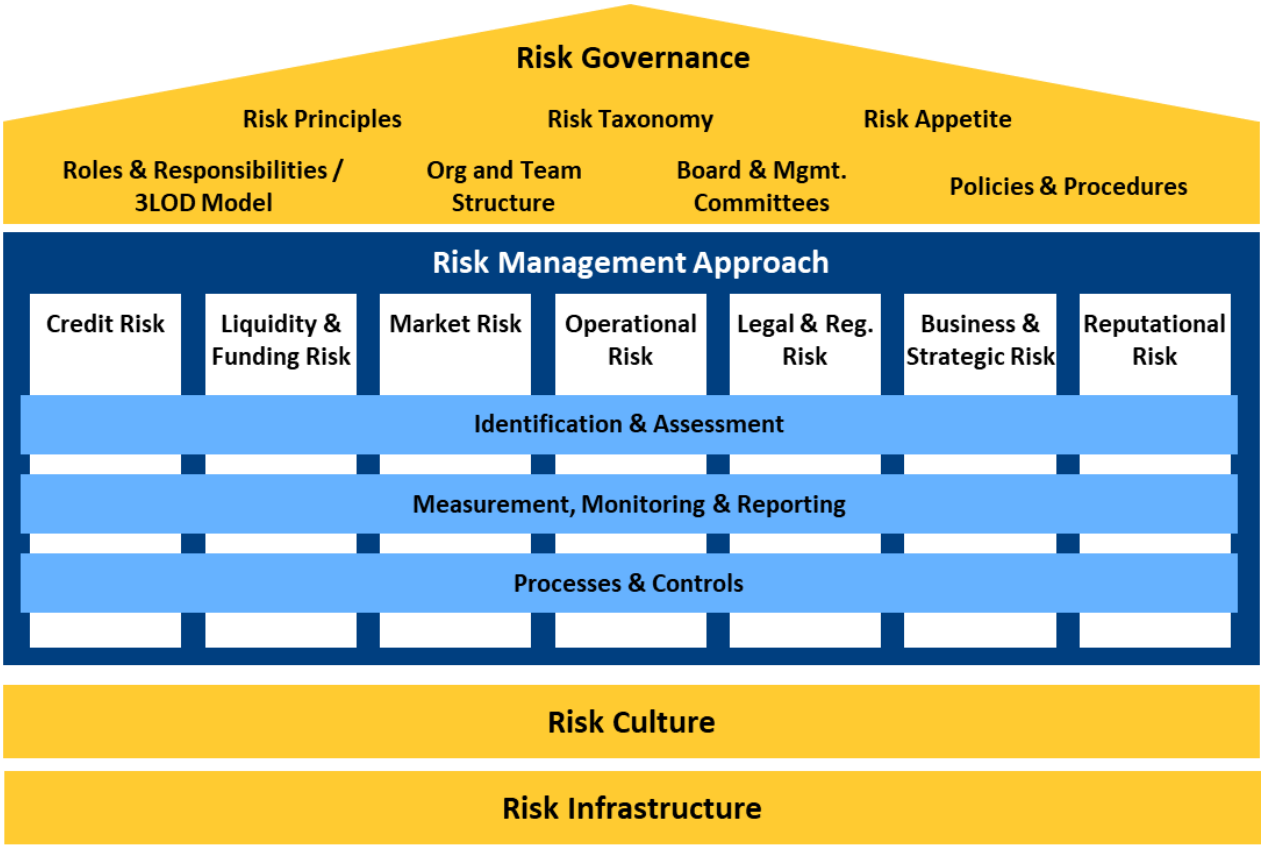
The Board has overall responsibility for the establishment and oversight of the Bank's enterprise Risk Management Framework (RMF). The RMF is designed to ensure that all risks are managed within the Bank's pre-defined risk appetite thresholds outlined in its Risk Appetite Framework (RAF). The RMF and RAF are designed to align the Bank's overall corporate strategy, financial and capital plans, business unit strategies and day-to-day operations across the organization.

The RMF provides the foundation for the Bank's approach to risk management across the enterprise, including any directly or indirectly wholly owned subsidiaries. The RMF provides an overview of our enterprise-wide risk management programs, including the identification, assessment, measurement, monitoring, and reporting on material risks faced by the Bank. The RMF is our overarching risk governance document and is supported by a set of risk-specific frameworks, policies, standards and procedures. Our enterprise-wide approach to risk management enables the Bank to meet the expectations of our shareholders, the Board, regulators, and other key stakeholders, as well as the communities that we serve.

The Bank expects that the risks we face will evolve over time in response to internal and external factors such as the external market and regulatory environment, technological innovation, and changes in our business model. The RMF is designed to ensure we can effectively identify and manage changes that impact our risk profile, including new and emerging risks. The RMF is reviewed at least annually and is expected to change commensurately with the Bank's evolving size, complexity, and business and risk profiles.

The figure below illustrates the elements of our enterprise Risk Management Framework, which include:

- Risk Governance, including Risk Appetite, Roles and Responsibilities, Organizational Structure, Board and Management Committees, and Policies and Procedures.
- Risk Management Approach, including how we identify, assess, control, measure, monitor, and report on risks across all material risk types.
- Risk Culture, Resources & Talent Management, including our approach to succession planning for key risk leadership and oversight functions.
- Risk Infrastructure, including the systems and tools we use to support risk management activities.



Risk principles

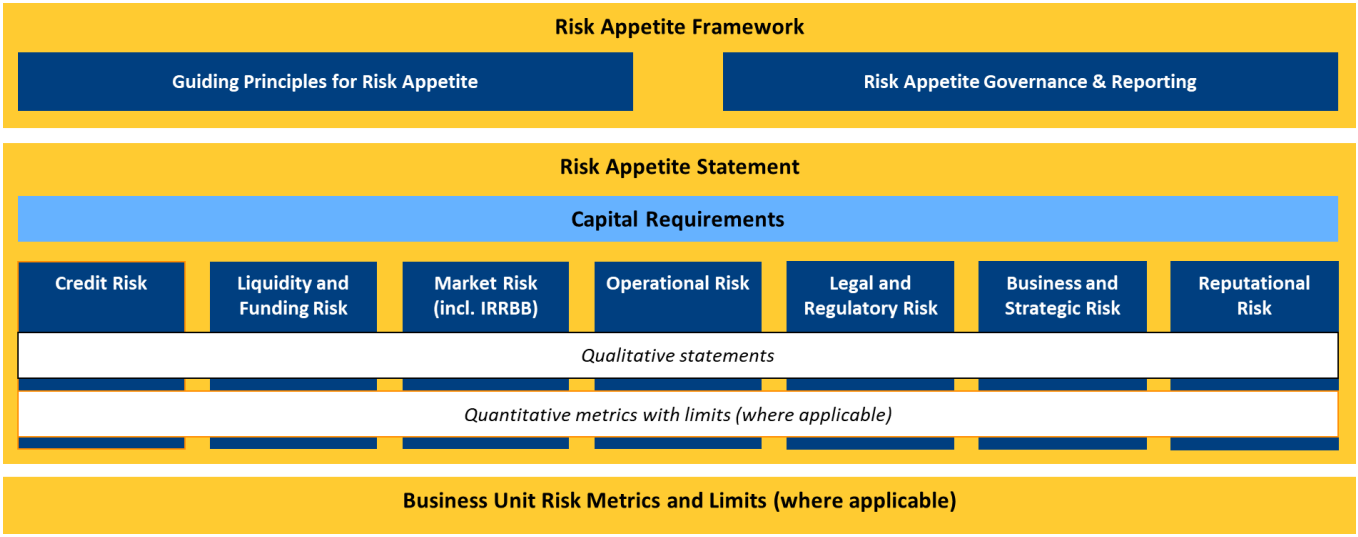
Our approach to risk management leverages the different programs, methods and processes used by the Bank to understand and manage risks in pursuit of its desired financial performance and operational resilience. By identifying and proactively addressing risks, the Bank can improve performance and build value. To ensure that the Bank integrates risk management efforts into all areas of the organization, the following principles have been developed to guide risk taking activities across the Bank:

- Tone from the Top: Led by our Board and Senior Management, we promote a strong and transparent risk culture across the enterprise.
- Understanding the Risk-Reward Trade-off: We only take risks that we understand, can effectively manage, and deem worthwhile given our expectation of return.
- Integrated Risk Management: We take an integrated approach to managing risk across our businesses and functions.
- Accountability Mindset: 1st line employees are accountable for understanding and managing the risks they take, for implementing and maintaining effective controls, and for taking timely action to mitigate any issues.
- Oversight and Challenge: 2nd line employees are accountable for providing effective challenge of risks taken by the 1st line.
- Change Management: We conduct a thorough review and approval process for major changes, including new products and business initiatives, to identify and appropriately manage risks and ensure alignment with our business strategy.
- Ongoing Monitoring: We measure and monitor our risk exposure relative to risk appetite on an ongoing basis and escalate material concerns to Senior Management and the Board.
- Crisis Resilience: We take appropriate measures to prepare for a potential crisis and remain operationally and financially resilient.

Risk appetite

Our Risk Appetite Framework (RAF) and associated Risk Appetite Statement (RAS) are integral parts of our overall enterprise risk management program. The RAF describes our overall approach to risk appetite and provides stakeholders with an understanding of how risk appetite is defined, established, managed, and governed across the enterprise.

As the figure below shows, the RAF establishes guiding principles and governance and reporting expectations for our risk appetite, while the associated RAS provides a qualitative description of our risk appetite for each Core Risk and where appropriate, quantitative metrics and limits.



To capture our overall risk appetite objectives, Equitable has defined a set of guiding principles for the definition of the enterprise RAS, as shown below:

Risk Appetite – Guiding Principles

- **Capital:** We maintain a strong capital position based on regulatory guidance and business strategy.
- **Credit Rating:** We will target an acceptable level of debt rating that allows competitive access to funding.
- **Liquidity:** We maintain sufficient liquidity to meet our commitments and obligations.
- **Market:** We maintain financial resilience in the face of adverse market conditions.
- **Earnings:** We target sustainable earnings over time to achieve our ROE objective.
- **Risk Assessment:** We only take risks that we understand and can effectively measure and, if needed, manage.
- Regulatory Compliance: We meet all applicable regulatory requirements and expectations.
- **Risk for Reward:** We optimize risk-return to facilitate the efficient and effective deployment of capital.
- **Resilience:** We take appropriate measures to prepare for and remain resilient in the face of a potential disruption or crisis.
- **Reputation:** We always abide by our Code of Conduct and are guided by our values to preserve our reputation and our customers' trust.

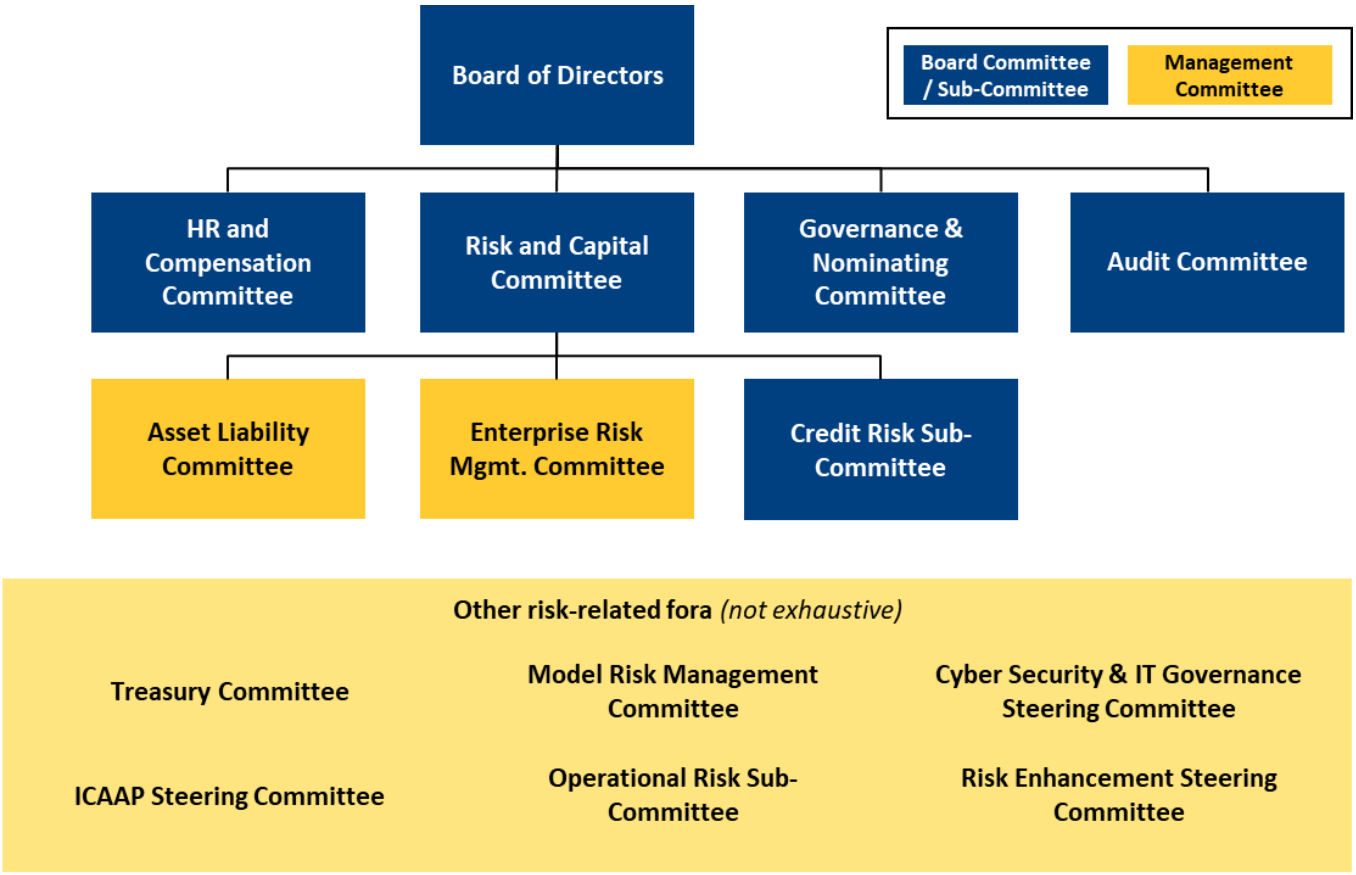
Risk culture

The culture of an organization influences the soundness and effectiveness of decision-making, risk-taking, and risk management. We have established governance and processes to support a strong risk culture, including clear accountabilities and oversight for risk culture and behavior. The Bank's risk culture starts with "tone at the top" set by the Board and Senior Management and supported by our Code of Conduct and various Bank policies and procedures that help to embed a strong risk culture across our businesses and functions. The central oversight for organisational culture is led by Human Resources in partnership with the Risk and Compliance functions.

We have an effective and well-established risk governance framework in place that seeks to ensure risks impacting our businesses are identified, appropriately categorized, assessed, managed and communicated to the Board in a timely manner. The Board oversees the implementation of our risk management framework, while employees at all levels of the organization are responsible for managing the day-to-day risks that arise in the context of their mandates.

The Bank's risk governance structure emphasizes and balances strong independent oversight with clear ownership for risk across the Bank. We use a three lines of defence model so that risks are appropriately and adequately managed throughout the enterprise to achieve our strategic objectives. Under this approach, the first line of defence is the risk owner, the second line provides independent review, challenge and risk oversight, and the third line is Internal Audit. Our risk governance model includes a senior management committee structure that is designed to support transparent risk reporting and discussions. The Bank's overall risk and control oversight is provided by the Board and its committees. The CEO and Executive Leadership Team (ELT) determine the Bank's long-term direction which is then carried out by business segments within the Bank's risk appetite. Risk Management, headed by the CRO, sets enterprise risk strategy and policy and provides independent oversight to support a comprehensive and proactive risk management approach. The CRO, who is also a member of the ELT, has unfettered access to the Risk and Capital Committee.

The following section provides an overview of the key roles and responsibilities involved in risk management. The Bank's risk governance structure is illustrated in the following figure.



*Connecting lines represent information flow, not reporting lines

The Risk and Capital Committee (RCC): The RCC of the Board assists the Board in fulfilling its oversight and governance responsibilities for management of the Bank's core and emerging risks and the adequacy of its Internal Capital Adequacy Assessment Process (ICAAP), as well as strategic and capital plans. The RCC specifically assists the Board in fulfilling its oversight role for credit, liquidity and funding, and market risks and receives ongoing periodic reports from the Enterprise Risk Management (ERM) Committee and Asset Liability Committee (ALCO) in this regard. The RCC also has primary oversight responsibility for operational risk, business and strategic risk, and reputational risk. In addition, the mandate of the RCC requires that the Committee review and approve the significant risk management policies and frameworks developed and implemented to identify, measure, mitigate, monitor, and report on the Bank's core risks, along with its risk-based capital requirements and the results of its stress testing for all key risks. At present, the RCC is comprised of five independent directors, including the Chair of the Human Resources and Compensation Committee. It meets at a minimum quarterly with the Chief Executive Officer (CEO), Chief Financial Officer (CFO), and the Chief Risk Officer (CRO).

To ensure the Bank's strategy, capital targets and risk management are aligned, the Bank's ICAAP, which is reviewed annually with the RCC, determines the ongoing capital targets of the Bank and reviews those targets in the context of its operating environment and strategic plans. Material risks are regularly stress tested to determine their impact on capital and to ensure internal capital targets are adequate on an ongoing basis.

The RCC is supported by the following Board and management level committees:

Credit Risk Sub-Committee: The Credit Risk Sub-Committee of the RCC is responsible for approving lending transactions which exceed the credit limits that have been delegated to management by the Board.

Enterprise Risk Management (ERM) Committee: The ERM Committee, chaired by the CRO, consists of members of senior management and assists the RCC in fulfilling its oversight and governance responsibilities vis-à-vis the Bank's risk management practices and ICAAP. To ensure that all significant risks the Bank faces are actively managed and monitored, the ERM Committee reviews and monitors the Bank's top and emerging risks, risk trends, the results of its enterprise-wide stress and scenario tests, relevant policies and related risk management considerations/actions to be taken. It reports to the RCC at least quarterly.

Asset and Liability Committee (ALCO): The RCC oversees the Bank's ALCO, which identifies the liquidity and market risks faced by the Bank, sets appropriate risk limits and controls, and monitors those risks and adherence to Board approved limits. The ALCO is chaired by the CFO and is comprised of members of senior management.

Other Board Committees that monitor the organization's activities and overall risk profile are as follows:

Audit Committee: The Audit Committee of the Board assists the Board in fulfilling its oversight responsibilities with respect to the quality and integrity of the Bank's financial reporting processes and the performance of the Internal Audit function. The Audit Committee is assisted in fulfilling its mandate by the Bank's Finance and Internal Audit departments. Internal Audit undertakes regular and independent reviews of the Bank's risk management controls and procedures, the results of which are reported to the Audit and other applicable Board committees.

Governance and Nominating Committee: The Governance and Nominating Committee of the Board maintains primary oversight over the Bank's Legal and Regulatory Risk; this includes oversight of the Bank's Compliance function and ensures the Bank's compliance with all legal and regulatory requirements, including those set out under the Bank Act and by the Financial Consumer Agency of Canada. The Committee also is responsible for overall corporate governance which includes Board membership (including recruitment), Board effectiveness, development of corporate governance guidelines (including a code of conduct), transactions involving related parties, as well as oversight of conflict of interest, whistleblower and privacy programs. Further, this committee is responsible for the oversight of the Bank's environmental sustainability and corporate social responsibility initiatives (ESG) in conjunction with the review of Bank's annual ESG report, as well as the Bank's Public Accountability Statement, and monitors trends and best practices in ESG.

Human Resources and Compensation Committee: The Human Resources and Compensation Committee of the Board assists the Board in ensuring that the Bank's compensation policies and practices are aligned with its risk appetite and risk management frameworks. This ensures that the incentive for management to assume risks in the pursuit of business objectives is aligned with the Bank's Board-approved risk appetite.

Under the Bank's Risk Management Framework, senior management reports on all key risk issues to at least one of the aforementioned committees of the Board on a quarterly basis.

Risk identification and assessment

Risk identification and assessment is an ongoing process and is focused on recognizing and understanding existing risks, risks that may arise from new or evolving business initiatives, aggregate risks, and emerging risks from the changing environment. The Bank's objective is to establish and maintain integrated risk identification and assessment processes that enhance the understanding of risk interdependencies, consider how risk types intersect, and support the identification of emerging risks. Risk identification and assessment is part of the risk oversight responsibilities of the Risk and Compliance teams, and covers a wide range of activities, including but not limited to our Risk and Control Self-Assessment (RCSA) program, Change Management and New Initiative Risk Assessment, Stress Testing and Climate-Related Risks.

Risk measurement

The ability to quantify risks is a key component of the Bank's risk management process. The Bank's risk measurement process aligns with regulatory requirements such as capital adequacy, leverage ratios, liquidity measures, stress testing, and maximum credit exposure. Additionally, the Bank has a process in place to quantify risks to provide accurate and timely measurements of the risks it assumes. In quantifying risk, the Bank uses various risk measurement methodologies, including net interest income and economic value sensitivity measures, stress testing, and limits. Other examples of risk measurements include credit exposures, PCL, peer comparisons, trending analysis, liquidity coverage, leverage ratios, capital adequacy metrics, and operational risk event notification metrics. The Bank also requires businesses and oversight functions to assess key risks and internal controls through a structured Risk and Control Self-Assessment program. Internal and external risk events are monitored to assess whether the Bank's internal controls are effective. This allows the Bank to identify, escalate, and monitor significant risk issues as needed.

Risk control

The Bank's risk control processes are established and communicated through the RCC and management-approved policies, and associated management-approved procedures, control limits, and delegated authorities which reflect its risk appetite and risk tolerances. We leverage our Internal Control Framework, issue management program, and defined risk approval authorities to ensure our risks are appropriately controlled. The Bank's approach also includes controls to measure and manage capital adequacy, including the review, challenge, and endorsement of the Bank's ICAAP by senior management and the Board.

Risk monitoring and reporting

Enterprise and business segment level risk monitoring and internal reporting are critical components of our enterprise risk management program and support the ability of senior management and the Board to effectively perform their risk management and oversight responsibilities. The ongoing monitoring of risk exposures against our risk appetite enables proactive risk management and oversight and ensures that our businesses operate within approved limits. We provide regular reporting to the ERM Committee and the RCC, including reporting on risk profile relative to our risk appetite, portfolio quality metrics, top and emerging risks, as well as analysis of issues and key trends. In addition, we provide risk reporting as required by applicable laws, rules and regulations to external stakeholders including regulators, rating agencies, analysts, and shareholders.

The following sections provide updates on Equitable Bank's credit risk and liquidity risk profiles:

Credit risk

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

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

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

The Bank has implemented several risk appetite measures which allow the Bank to monitor and control inherent risks at the enterprise and portfolio levels. These measures vary by business unit and include a combination of approaches such as geographic concentrations, asset and industry concentration limits, and higher risk segmentation limits. These limits are monitored and reported to senior management and the RCC on a regular basis and are also used to inform the strategic planning process.

The Bank actively analyzes the profile of its lending businesses and new mortgage originations in tandem with external market conditions, including market values and employment conditions that prevail in those markets where the Bank lends. When the Bank judges that the risk associated with a particular region, segment or product is increasing, the Bank may adjust its underwriting criteria to ensure that underwriting policies continue to be prudent and reflective of current and expected economic conditions and thereby safeguard the future health of the portfolio. When appropriate, the Bank also responds to the changing marketplace with initiatives designed to increase or decrease its mortgage originations, as required, while continuing to ensure a prudent credit risk profile across its entire portfolio.

Effective execution of adding new products and diversifying is an important means of risk mitigation. The Bank follows established change management policies and procedures to ensure the successful implementation of new offerings. The Bank will and continues to diversify into complimentary personal businesses to the existing product suite.

Through its commercial lending platform, the Bank continues diversifying into 'Specialized Finance' – with a focus on 'Lend to Lender' arrangements. The commercial lending platform also includes Bennington Financial Corporation which serves the brokered equipment financing market in Canada with a focus on transportation, construction, and food service equipment.

The Bank categorizes individual credit exposures in its lending portfolios using an internal risk rating system that rates each exposure in the portfolio on the basis of perceived risk, or probability of, a potential financial loss. This allows the Bank to focus on monitoring and managing higher risk exposures. The risk rating of each exposure is initially determined during the underwriting process, subsequently at credit events, and at least annually for all corporate exposures. In case of impairment, probable recovery is determined using a combination of updated property-specific information, historical loss experience, and experienced credit judgment to determine the impairment provision that may be required.

The Bank invests in corporate bonds to diversify its liquidity holdings. However, such investments expose the Bank to credit risk, should the issuer of these securities be unable to make timely interest payments or, under a worst-case scenario, if the issuer becomes insolvent. To limit its exposure to credit risk, the Bank establishes policies with exposure limits based on credit rating and investment type. Securities rated BBB- and higher ("low risk") comprised 96% of the Bank's corporate bond portfolio at October 31, 2025 (October 31, 2024 – 97%).

Cash and cash equivalents and derivatives ratings are based on the issuer grade of the respective financial institution, their subsidiaries or other financial intermediaries. Debt securities, including corporate bonds, are categorized based on short-term or long-term issue grades, depending on the maturity dates of the securities. Preferred share securities are categorized based on the DBRS preferred share rating scale used in the Canadian securities market. Lending exposures are categorized according to the Bank's internal risk rating framework, which is based on the likelihood of default.

The Bank assigns economic and regulatory capital for its counterparty credit exposures in accordance with OSFI's CAR Guideline, which is based on standards issued by the BCBS. All deemed credit exposures, such as counterparty credit risk that may arise through deposits placed with banks, derivatives contracts and other activities, are regularly assessed to ensure that such activities are consistent with the Bank's Risk Appetite Framework and do not expose the Bank to undue risk of loss. All related counterparty credit limits are approved by senior management and monitored on an ongoing basis to ensure that all such exposures are maintained within approved limits.

Cash and cash equivalents

The Bank held cash and cash equivalents of $717.3 million as at October 31, 2025 (October 31, 2024 - $591.6 million). The cash and cash equivalents are held with financial institutions that are rated at investment grade.

Collateral held as security

All mortgages are secured by real estate property located in Canada. Appraised values for collateral held against mortgages are obtained at the time of origination, except when a mortgage is individually assessed as impaired. For impaired mortgages, the most recent appraised value of collateral at October 31, 2025 was $923 million (October 31, 2024 – $820 million). At October 31, 2025, the appraised values of collateral held for mortgages considered past due but not impaired, as determined when the mortgages were originated, was $332 million (October 31, 2024 – $582 million). It is the Bank's policy to pursue the orderly and timely realization of collateral.

Real estate from foreclosures that were owned and held for sale at October 31, 2025 amounted to $0.1 million (October 31, 2024 – $0.2 million) and are included in Other assets (Note 13) in the consolidated balance sheet. The Bank does not use the real estate obtained through foreclosure for its own operations.

Leases are secured by first charges against the equipment leased and may include guarantees and other additional charges against other assets such as real estate. Values for the equipment securing leases are typically determined at the origination of the lease and generally not updated, except when a lease is individually assessed as impaired. For impaired leases, the value of expected realizations from charges and against equipment and other security at October 31, 2025 was $12 million (October 31, 2024 – $38 million).

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

The contractual amount outstanding on financial assets written off to date that are still subject to enforcement activity amounted to $94.1 million (October 31, 2024 – $55.4 million).

Credit concentration risk

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

Management believes that it is adequately diversified by borrower, property type, and geography. At October 31, 2025, no connected group of borrowers represented more than $191 million (Oct 31, 2024 – $267 million) or 0.77% (Oct 31, 2024 – 1.14%) of uninsured loan principal outstanding.

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

Table 24: Loan principal by lending business

($000s, except percentages)	31-Oct-25	30-Jul-25	Change	31-Oct-24	Change
Insured:					
Personal	**7,087,343**	7,827,115	(9%)	9,190,224	(23%)
Commercial	**7,898,109**	8,256,747	(4%)	7,925,453	(0%)
Total loan principal outstanding	**14,985,452**	16,083,862	(7%)	17,115,677	(12%)
Total loan principal outstanding percentage	**32%**	34%	(2%)	36%	(4%)
Uninsured:					
Personal	**24,620,654**	24,400,289	1%	23,020,994	7%
Commercial	**6,625,104**	6,682,350	(1%)	6,892,880	(4%)
Total loan principal outstanding	**31,245,758**	31,082,639	1%	29,913,874	4%
Total loan principal outstanding percentage	**68%**	66%	2%	64%	4%

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

Table 25: Loan principal by province

($000s)	31-Oct-25	31-Jul-25	Change	31-Oct-24	Change
Personal					
Alberta, Manitoba & Saskatchewan	**5,031,052**	5,183,404	(3%)	5,442,907	(8%)
Atlantic provinces & Quebec	**2,879,159**	2,860,705	1%	2,839,424	1%
British Columbia and Territories	**5,006,310**	5,030,216	(0%)	4,679,152	7%
Ontario	**18,791,476**	19,153,079	(2%)	19,249,735	(2%)
	31,707,997	32,227,404	(2%)	32,211,218	(2%)
Commercial					
Alberta, Manitoba & Saskatchewan	**2,409,603**	2,532,504	(5%)	2,664,608	(10%)
Atlantic provinces & Quebec	**3,412,991**	3,452,055	(1%)	2,942,133	16%
British Columbia and Territories	**2,230,191**	2,299,575	(3%)	2,040,062	9%
Ontario	**6,470,428**	6,654,963	(3%)	7,171,530	(10%)
	14,523,213	14,939,097	(3%)	14,818,333	(2%)

As part of Equitable Bank's risk management, it lends at lower LTVs, adding further credit loss protection to its loan portfolio. The average LTV on the Bank's uninsured residential mortgage portfolio was 65% at October 31, 2025 (October 31, 2024 – 63%). The table below presents the Bank's average uninsured residential LTVs on existing loans by province.

Table 26: Average loan-to-value of existing uninsured residential mortgages[1][2][3][4]

($000s, except percentages)	31-Oct-25	31-Jul-25	Change	31-Oct-24	Change
Alberta, Manitoba & Saskatchewan	**60%**	60%	-%	60%	-%
Atlantic provinces & Quebec	**58%**	58%	-%	61%	(3%)
British Columbia and Territories	**65%**	64%	1%	63%	2%
Ontario	**67%**	65%	2%	64%	3%
Total Canada	**65%**	64%	1%	63%	2%

(1) Geographic location based on the address of the property mortgaged.
(2) Based on property values estimated using the Teranet National Bank House Price Indices, adjusting for the Bank's unique portfolio by using sub-indices corresponding to the 11 cities in Teranet-National Bank National Composite 11 to estimate property values loan by loan. The index is based on actual transaction dates and prices, which Equitable Bank believes to be most accurate and representative; however, may lag other indices leveraging data tied to date of sale.
(3) The LTV of the Bank's HELOC (HELOC, SHELOC and Reverse Mortgage) products is not included in this table.
(4) Equitable Bank has arrangements with other lenders to participate in its single-family residential loans in certain circumstances, namely if Equitable Bank wants to cap the value of its own exposure to stay within the boundaries of its risk appetite while still meeting a borrower's needs. The arrangements, which have been entered into in the normal course of business at arm's length and on market terms, are structured such that the other lenders' participation would always bear the first loss on the mortgage. The loan-to-value ratios above therefore do not take into account the other lenders' participation in order to reflect both the substance and legal form of Equitable Bank's exposure. Equitable Bank underwrites the loans based on the total value of its own advance and the other lender's participation to ensure that the borrower is able to service the aggregate amount of the loan. Other lenders' participation in Equitable Bank's (including Concentra) single-family residential loans was $65.8 million as at October 31, 2025.

Within Commercial Banking, the Bank prioritizes lending against multi-unit residential rental properties, including affordable housing. Due to strong demand in Canada for housing and the Bank's focus on and capabilities in the insured lending market, over two thirds of the Bank's total commercial loans under management are backed by credit insurance. Based on its strategy and risk appetite, ~1% of total Bank assets are offices, and this small portfolio has an average LTV of 69%. The Bank is selective in lending to commercial offices, largely restricting loans to properties located in major urban centres and smaller buildings. The Bank has limited exposure to hotels, shopping malls, big box retail, and large commercial office. The Bank restricts LTVs to 75% at origination for all uninsured commercial loans.

Table 27: Commercial loans under management by business[1]

($000s, except percentages)	31-Oct-25	31-Jul-25	Change	31-Oct-24	Change
Mortgages – to Corporates	**1,914,778**	1,844,017	4%	1,953,622	(2%)
Mortgages – to Small Business	**1,585,070**	1,612,379	(2%)	1,573,930	1%
Specialized financing loans	**1,095,691**	1,201,823	(9%)	1,160,386	(6%)
Construction loans[2]	**4,538,914**	4,415,741	3%	3,662,285	24%
Equipment financing	**1,080,780**	1,110,312	(3%)	1,195,412	(10%)
Insured multi-unit residential mortgages[3]	**32,562,981**	31,413,204	4%	26,103,722	25%
Total	**42,778,214**	41,597,476	3%	35,649,357	20%

(1) The numbers in this table are reported on consolidated basis, prior to Concentra acquisition-related fair value adjustments that are captured in balance sheet measures.
(2) Share of construction loans that are insured by CMHC was 79% at October 31, 2025 (October 31, 2024 – 72%)
(3) Insured against credit loss by CMHC.

Counterparty Credit Risk and Credit Valuation Adjustment Risk

Credit risk on derivative financial instruments, also known as Counterparty Credit Risk (CCR), is the risk of a financial loss from the failure of a counterparty to meet its obligation to the Bank. The Bank's CCR exposure arises from Treasury's execution of derivative hedge transactions and repo-style funding transactions with other financial institutions. The Bank monitors these exposures regularly, with oversight by the Asset Liability Committee.

Credit Valuation Adjustment (CVA) risk is defined as the risk of losses arising from changes in counterparty credit spreads and other market risk factors that impact prices of derivative transactions and Secured Funding Transactions (SFTs). The capital requirements for CVA risk must be calculated for derivatives and, if applicable, SFT.

Effective November 1, 2023, Chapter 8 of the OSFI Capital Adequacy Requirements (CAR) (2025) - Guideline on CVA risk, introduced an alternative treatment that allows a bank to calculate its CVA capital requirement equal to 100% of the bank's capital requirement for CCR, if certain criteria are met. Equitable Bank has assessed and concluded its eligibility and chosen to adopt this approach to measure the CVA capital requirements for its entire derivative portfolio.

Liquidity and funding risk

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

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

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

Any exceptions to established Policy or regulatory limits are reported immediately to the ALCO or to the Board, as applicable.

The Bank's practice is to hold sufficient liquidity on its balance sheet to ensure that it remains well positioned to manage unexpected events that may reduce or limit its access to funding. Senior management closely monitors the Bank's liquidity position daily and ensures that the level of liquid resources held, together with its ability to raise new funding, is sufficient to meet funding commitments, deposit maturity obligations, and properly discharge other financial obligations. Actual liquidity may vary from period to period, mainly due to the timing of anticipated cash flows and funding seasonality. In addition to funding and liquidity management policies and procedures, the Bank has also developed a Liquidity and Funding Risk Contingency Plan, and an Enterprise Recovery Plan, which outlines actions to be undertaken to address the outflow of funds in the event of a funding or liquidity crisis.

Table 28: Assets held for liquidity protection

($000s, except percentages)	Policy minimum	2025	2024
Liquidity assets held for regulatory purposes		**4,190,762**	3,986,767
Liquidity assets as a % of minimum required policy liquidity[(1)]	**100%**	**213%**	309%

(1) For purposes of this calculation, the Bank's Liquidity and Funding Risk Management Policy requires the value of assets held for liquidity protection to be reduced to reflect their estimated liquidity value.

Stress and scenario testing is an integral part of the Bank's Liquidity and Funding Risk Management framework and supports the development of action plans to address funding needs in stressed environments. The Bank manages its funding needs to ensure the ability to meet its financial commitments in a timely manner and at reasonable prices, even in times of stress. The Bank's stress-testing models consider scenarios that incorporate institution-specific, market-specific and combination events. These scenarios model cash flows over a one-year period incorporating such factors as a decline in capacity to raise new deposits, lower liquidity values for market investments and an accelerated redemption of notice deposits. To establish these scenarios, the Bank assesses its fundraising capacity and establishes assumptions related to the cash flow behavior of each type of asset and liability. In each scenario, the Bank targets to hold sufficient liquid assets and have fundraising capacity sufficient to meet all obligations for at least a three-month forecast period

while maintaining normal business activities. As at October 31, 2025, the Bank held sufficient liquid assets and maintained sufficient funding capacity to meet all funding obligations over the one-year forecasting period under all considered scenarios.

Equitable Bank has access to a variety of funding sources that it uses to proactively manage its funding risk profile. Diversified funding sources include access to the direct-to-consumer EQ Bank platform, several large bank sponsored funding facilities, deposit note, and bearer deposit note programs, and securitization vehicles. The Bank raises deposits directly and through subsidiaries that are approved issuers of deposits eligible for CDIC insurance coverage. The Bank is also an issuer of Covered Bonds and has to date accessed the market 6 times since 2021, raising a total of €2,200 million, of which €1,300 million is outstanding as of October 31, 2025. While this program expands the Bank's suite of funding tools, it also significantly expands the underlying investor base and broadens the geographic sources of funding.

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

Table 29: Contractual obligations[(1)]

($000s)					Payments due by period
	Total	**Less than 1 year**	**1 – 3 years**	**4 – 5 years**	**After 5 years**
Deposits principal and interest	**38,311,040**	**24,032,700**	**10,583,209**	**3,668,876**	**26,255**
Securitization liabilities principal and interest	**44,559,011**	**7,295,829**	**11,216,132**	**12,739,864**	**13,307,186**
Funding facilities principal and interest	**1,461,505**	**1,461,505**	**-**	**-**	**-**
Obligations under repurchase agreements	**104,568**	**104,568**	**-**	**-**	**-**
Other liabilities	**531,610**	**412,075**	**58,647**	**35,375**	**25,513**
Total 2025 contractual obligations	**84,967,734**	**33,306,677**	**21,857,988**	**16,444,115**	**13,358,954**
Total 2024 contractual obligations	75,833,727	32,410,344	20,047,730	12,602,965	10,772,688

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

See Note 23 to the 2025 consolidated financial statements for credit commitments and contingencies as at October 31, 2025 and October 31, 2024.

Market risk

Market Risk consists primarily of interest rate risk and equity price risk and is broadly defined as the risk of adverse impact of market factors and prices upon the Bank's earnings or its financial condition. Interest rate risk may be affected if an unduly large proportion of the Bank's assets or liabilities have unmatched terms, interest rates, or other attributes, such as optionality features embedded in its cashable deposits or mortgage commitments. For the interest sensitivity position of the Bank at October 31, 2025, see Note 25 to the consolidated financial statements. With respect to equity price risk, the value of the Bank's securities portfolio may be impacted by market determined variables which are beyond its control, such as benchmark yields, credit and/or market spreads, implied volatilities, the possibility of credit migration and default, among others. The Board defines the Bank's Market Risk appetite and reviews and approves the limits to measure and control this risk.

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

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

The table below illustrates the results of management's sensitivity modeling to immediate and sustained interest rate increase and decrease scenarios. The models measure the impact of interest-rate changes on EVE and NII during the month period following October 31, 2025. The estimate of sensitivity to interest rate changes is dependent on several assumptions that could result in a different outcome in the event of an actual interest rate change.

Table 30: Net interest income shock

($000s, except percentages)	Increase in interest rates	Decrease in interest rates[1]
100 basis point shift		
Impact on net interest income	**7,299**	**(3,412)**
Impact on EVE[1]	**(28,178)**	**10,326**
EVE impact as a % of common shareholders[2] equity	**(0.9%)**	**0.3%**

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

The management of Equity Price risk is assigned to the ALCO by the RCC. The ALCO manages the Company's securities portfolio in accordance with its Marketable Securities Policy and takes into consideration the following factors:

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

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

Operational risk

Equitable Bank defines Operational risk as the risk that a loss will result from people, inefficient, inadequate, or failed internal processes and systems, or from external events. Operational risk is present in virtually all business activities of the Bank. The management of operational risk encompasses the policies and procedures established to prevent loss resulting from people and events, including external or internal fraud, non-adherence to internal procedures/values/objectives, or unethical behaviour. Operational resilience is built on a foundation of effective operational risk management, which includes such areas as technology and cyber risk management, third-party risk management, and business continuity management and, as appropriate, leverage existing risk and governance frameworks. The Board defines the Bank's Operational Risk appetite and reviews and approves the limits to measure and control this risk.

The Bank's Operational Risk Management program includes the following key components:

- **Governance:** Proactive management of Operational risk is very important to mitigate exposure to financial losses, reputational damage, and/or regulatory fines. The Bank has implemented a Board-approved Operational Risk Management Policy and an Operational Risk Management Framework, which are jointly designed to monitor, review and report on operational risk management across the Bank. Both the Policy and the related Framework articulate the Bank's governance practices for the proper management of Operational risk and include clear accountabilities for the three lines of defense, in alignment with both the BCBS's 'Principles for the Sound Management of Operational Risk', and with OSFI's related Operational Risk Management and Resilience Guideline.
- **Training:** All employees within the organization are required to play a role in managing Operational risk. In this regard, the Bank conducts operational risk management and cyber security awareness training and testing for all employees across the Bank – to provide them with an overview of the various types of operational risks, and their respective roles and responsibilities in helping to protect the interests and assets of the Bank.
- **Risk and Control Self-Assessments (RCSAs):** These tools are used on an ongoing basis to help identify and evaluate operational risk factors within the individual businesses and functional units, as well as on a Bank-wide basis. These tools assist in proactively identifying and assessing key operational risks inherent in the Bank's operations and evaluating the effectiveness of controls to manage these risks.
- **Key Risk Indicators (KRIs):** The Bank uses KRIs to measure, monitor and report on the level of Operational risk on a business/functional unit basis, as well as across the organization. These KRIs also serve as early warning triggers to highlight potential issues before the Bank experiences an incident or loss event.
- **Other Operational Risk Management (ORM) Tools:** In addition to the RCSAs and KRIs, several other tools are in use as part of the Bank's ORM program. These include an operational risk and control taxonomy, operational risk event collection and analysis (including actual incurred losses and "near misses"), scenario analysis, and change management risk assessment.
- **Risk Measurement and Reporting:** The Bank's centralized ORM Team regularly consolidates key operational risk trends and significant events, if any, across the Bank; these, along with quarterly KRIs, are reported to the ERM committee and to the RCC of the Board on a quarterly basis, at a minimum.
- **Business Continuity Management (BCM):** The Bank maintains a robust BCM program to ensure that Equitable Bank has the capability to sustain, manage and recover critical operations and processes in the event of a business disruption, thereby minimizing any adverse effects on its customers, partners, and other stakeholders. Equitable Bank's BCM Program is comprised of various plans (i.e., Crisis Management Plan, Business Continuity Plans, Disaster Recovery Plan and Enterprise Recovery Plan) to ensure the ability to operate as a going concern in the event of a severe business disruption. All key business units within the organization are required to maintain, and regularly test and review, their business continuity plans.
- **Operational Resilience:** The Bank recognizes that operational disruptions will happen, and therefore it is prudent to identify the products and services and underlying dependencies that are critical to the bank. The Bank's operational resiliency program continues to enhance our frameworks to withstand, adapt and recover from these disruptions. Assessing change, identifying and testing controls, setting tolerance limits and conducting stress testing are key components to resilience.
- **Enterprise Change Management:** Effective change management is key to successful implementation and execution of business strategies and objectives. The Bank is committed to effective management of changes through use of established controls and processes that consider the materiality and risk of each change before it is undertaken. The Bank's change management practices involve assessment of change materiality, and appropriate engagement of key stakeholders and support areas. All material changes are subject to a comprehensive assessment of impact to the Bank's core risks to ensure appropriate identification and mitigation of risks. In addition, all material changes are subject to a more detailed assessment of operational risks to ensure appropriate identification and mitigation of risks as part of the project management, implementation plans, post implementation activities, and operational execution.

- **Fraud:** The Bank maintains a robust control framework designed to manage the risks related to misrepresentation and fraudulent activities across the Bank. The Bank's approach to fraud risk management:
  - Utilizes established ORM tools as well as specific fraud related tools and processes to support the identification, assessment, measurement, and mitigation of Fraud risk;
  - Establishes reporting and monitoring processes to support the approach; and
  - Establishes a culture of risk awareness and understanding throughout all business units within the organization so that fraud risk and its associated implications are considered in all significant decisions.

  Fraud controls are relevant, agile, and current to accommodate new products, new channels, and evolving fraud trends. Our Fraud risk management program utilizes proactive measures to deter, prevent and detect fraud, rather than solely relying on reactive measures. Consistent with the Bank's three lines of defense model, the business units' processes for mortgage underwriting and deposit taking form the primary layer of defense against external fraudulent activities, with a focus on early detection and rejection of potentially fraudulent transactions. Remaining vigilant, particularly in the face of regulatory changes, tightening mortgage qualification criteria, and changing housing prices, the Bank has continually enhanced its capabilities through the adoption of new technologies, the maintenance and use of data strategically, and the continual development of training and awareness programs for staff.

  In conjunction with Compliance and AML teams, the Bank's second line Fraud Team provides independent oversight, expert assistance in detection, the development and delivery of training, policy development, and Quality Assurance, as well as providing regular reporting to senior management and the Board.

- **Model Risk:** Equitable Bank defines Model risk as the riskof adverse financial (e.g. inadequate capital or liquidity) and/or reputational consequences arising from design, development, implementation, or use of a model. Model risk can originate from inappropriate specification, incorrect parameter estimates, flawed hypotheses and/or assumptions, mathematical computation errors, inaccurate/inappropriate/incomplete data, improper or unintended usage, and inadequate monitoring and/or controls. Model risk is viewed by the Bank as a key component of Operational risk.

  The Bank has a 'low' appetite for Model risk and have implemented the principles set out OSFI Guideline E-23: Enterprise-Wide Model Risk Management for Deposit-Taking Institutions. A Model Risk Policy, Model Validation Standard, and Model Validation Procedures are in place to ensure the effective identification and mitigation of Model risk.

- **Artificial Intelligence Risk**: Artificial Intelligence (AI) refers to a solution that, with a certain level of autonomy, draws inferences from input data while replicating human cognitive functions to produce outputs such as generating content, recommendations, making decisions or performing actions in alignment with specific objectives. AI risk is recognized by the Bank as a transversal risk with governance practices tailored to each use case. The Bank is actively advancing its AI risk governance framework, including policies, procedures, and oversight bodies. The framework will articulate guardrails and controls that are customized to the domain, use case, and associated risk profile.

- **Technology and Cyber Security:** Equitable Bank remains focused on the confidentiality, integrity and availability of its information and cyber security controls that protect the Bank's network, data, and infrastructure. The cyber security risk landscape includes numerous cyber threats such as cyber & data breach threats, malicious code-ransomware threats, identity theft, denial of service, and advanced persistent threats. These and other cyber threats continue to become more sophisticated, complex, and potentially damaging. Third party service providers that the Bank uses may also be subject to these threats which can increase the risk of negative impact from a cyber attack. The Bank continually assesses the performance of third-party suppliers against industry standards.

  In addition, the Bank has limited control over the safety of its clients' personal devices that may be used to conduct transactions. To manage these risks, the Bank's defense systems are designed as an integral part of existing Bank infrastructure and has adopted a security-by-design approach to architecture and development of its digital banking platform.

The Bank views cyber risk as a key component of Operational risk and proactively maintains a "defense in depth" strategy to establish resilience by leveraging developed standards and procedures to prevent, detect, respond, manage, and address cyber security threats from malicious attackers.

The Bank's Cyber Security Policy establishes the requirements and sets out the overall framework for managing cyber and information security related risks across the organization. These include developing and implementing the appropriate activities to detect, respond to and contain the impact of cyber security threats, along with implementing the appropriate safeguards to ensure the delivery of critical infrastructure services. KRIs have been established to measure, monitor, and report this risk to the Board on a regular basis. Furthermore, the Bank has an established Technology Roadmap with the objective of continuously improving the strength of its practices and capabilities.

The Bank works closely with critical cyber security and software suppliers to ensure that its technology capabilities remain cyber resilient and effective in the event of any unforeseen cyber-attack. Internal teams receive daily cyber security updates, rehearse incident table-top exercises, and take specialized training to thwart current and evolving cyber threats.

Security risks are actively monitored and managed through cyber security management programs which include regular cyber resilience tests conducted by qualified third parties on an annual basis, completion of the OSFI Cyber Security Self- Assessment and continuous improvements to the Bank's security controls and change management processes based on best practice from recognized industry associations.

The Bank has not experienced any material cyber security breaches and has not incurred any material expenses with respect to the remediation of such cyber events.

- **Data Management and Privacy Risk:** The use and management of data and its governance are becoming increasingly important as the Bank continues to invest in digital solutions and innovation, moving its core banking system to the cloud and the ongoing expansion of business activities. There is regulatory compliance risk associated with data management and privacy, which form part of the Bank's Regulatory Compliance Management Program as discussed in the Legal and Regulatory Risk section below. The Bank has established a dedicated Enterprise Data Team that works closely with data owners and other stakeholders on technology managed data assets to ensure the Bank effectively addresses current and future data needs (quality, security, integrity), and that the Bank is positioned to address emerging requirements from a data management planning and governance perspective.
- **Third Party Risk:** Third party suppliers are integral to the Equitable Bank's business operations, and the Bank has designed a program to provide oversight for third party relationships. The Bank's approach to third party risk mitigation is outlined in policies and procedures that establish the minimum requirements for identifying and managing risks throughout the engagement life cycle with a third party. Performance monitoring and due diligence reviews are conducted on a regular basis. A higher level of due diligence is focused on material arrangements to ensure that service levels are met, and that systems of controls are adequate. The Bank continues to evolve and improve its capabilities in this area and are implementing enhancements in line with the revised regulatory requirements (i.e., OSFI B-10 Third-Party Risk Management).
- **Operational risk loss events:** The Bank has process and procedures in place for monitoring and reporting operational losses as well as near miss events. A near miss is an event that otherwise meets the definition of an operational loss event, but for which no financial loss has been incurred, not because of effective control but because of fortuitous circumstances. The Bank's established processes include completing root cause analysis and action plans for loss and near miss events within defined thresholds. This helps ensure that actions are taken to mitigate future recurrence and potential negative impacts to financial, regulatory compliance, or to the reputation of the Bank. During 2025, the Bank did not experience any material operational risk loss events.

Legal and regulatory risk

Legal and Regulatory risk is defined as the risk that a financial or non-financial loss could result from exposure to fines, penalties, or punitive damages from civil litigation, contractual obligations, criminal or supervisory actions, as well as private settlements; and from not complying with regulatory requirements, regulatory changes or regulators' expectations. Legal and regulatory risk is inherent in the Bank's activities and known legal and regulatory risks continue to evolve rapidly with the pace and breath of regulatory change in Canada.

The Board defines the Bank's Legal and regulatory Risk appetite and reviews and approves the limits to measure and control this risk. The Bank's Regulatory Compliance Management (RCM) Program outlines how we proactively identify, manage, and mitigate regulatory compliance risk. The Bank undertakes reasonable and prudent measures designed to achieve compliance with governing laws and regulations and promote a strong culture of compliance management across the organization. Business units are accountable for managing the legal and regulatory risks inherent in their business activities while the Compliance, Legal, Anti-Money Laundering and Risk Management teams assist them by providing ongoing guidance and oversight. Management of these risks also includes the design and implementation of mitigating controls and the timely escalation of issues to senior management and to the Board.

Business and strategic risk

Business and strategic risk is defined as the risk that the Bank's financial condition or resilience is adversely impacted by its business plans and/or strategies, the implementation of those strategies, or the failure to properly respond to changes in the external business or regulatory environment. Business and strategic risk management includes the following components:

- **Competitive Risk:** Competitive risk is the risk of an inability to build or maintain a sustainable competitive advantage in a given market or markets and includes potential for the loss of market share due to competitors offering superior products or services. Competitive risks can arise from within or outside the financial sector, from traditional or non-traditional competitors. The banking business is highly competitive, and the Bank's products compete with those offered by other banks, trust companies, insurance companies, and other financial services companies in the jurisdictions in which it operates. Many of these companies are strongly capitalized and hold a larger share of the Canadian banking market. There is always a risk that there will be new entrants in the market with more efficient systems and operations that could impact the Bank's lending or deposit-taking market share.

  The Bank does not use proprietary retail branches to originate deposits or loan exposures. Deposits are raised directly through the Bank's online digital platform. Additionally, the Bank relies primarily on business conducted on behalf of investing clients by members of the Canadian Investment Regulatory Organization (CIRO) and the Registered Deposit Brokers Association (RDBA) to distribute its deposit products. Lending exposure originations depend on a network of independent mortgage and lease brokers, brokerage firms, and mortgage banking organizations. Under adverse circumstances, it may be difficult to attract enough new deposits from agents or lending business from brokers to meet future funding needs for new lending originations. The potential failure to sustain or increase current levels of deposits or lending originations from these sources could negatively affect the financial condition and operating results of the Bank.

- **Systemic Risk:** Systemic risk is a risk that the financial system as a whole, or major part of it, may collapse with the likelihood of material damage to the economy, resulting in financial, legal, operational, and reputational risks for the Bank. The Bank significantly operates in Canada and deposits its monies with Canadian federally regulated financial institutions designated as Domestic Systemically Important Banks (DSIB). An event of systemic crisis may result in higher unemployment and lower household income, corporate earnings, business investment, and consumer spending and could adversely affect the demand for the Bank's loan products resulting in higher provisions for credit losses.

The Board has approved a 'low-to-medium' appetite for business and strategic risk. The Bank believes that this risk is best managed via a robust and dynamic annual strategic planning process that includes establishing Board-approved business growth strategies and quantifiable performance targets for each business line over the forthcoming three-to-five-year period. Management of this risk also includes regular monitoring of actual versus forecasted performance and an effective internal monitoring and reporting process – to the ERM Committee and the Board.

- **Environmental and Climate Risk:** Environmental risk is the risk of loss of strategic, financial, operational, or reputational value resulting from the impact of environmental issues or concerns, including climate change, and related social risk. These risks are categorized by the industry as either: physical risks, including risks arising from a changing climate leading to the potentially increased frequency of climate-related natural disasters; or transition risks, those that result from the transition to a low-carbon economy. Transition risks are broader and could surface for the Bank in the form of emerging regulatory and legal requirements, disruptions to its operations and services, as well as through its customers themselves. The Bank considers the environmental risk associated with its single-family residential lending portfolio and lending parameters to be low so does not conduct environmental assessments for each of those loans. For most of the Bank's commercial loan portfolio, as required by regulatory frameworks, it employs third-party consultants to carry out detailed environmental assessments. The Bank also maintains a diversified lending portfolio, which improves its resilience to geographic or sectoral-specific environmental developments or events.

  The Bank considers this risk to be a component of Business and strategic risk and evaluates future risks on a regular basis as part of its ERM Committee meetings. The Bank conducts analyses of environmental and climate risk at periodic intervals to determine its potential impact on the Bank's assets in certain geographical regions. Furthermore, we have a consistent approach to where we lend, with limited exposure to areas prone to fire and flood risk. Proposed changes in business strategy, or an increase in risk identified through environmental-related analysis, would be reviewed in the context of the Bank's risk appetite.

  Going forward, as the Bank continues to elaborate on its definition and management of climate-related risk, it will leverage the recommended climate-related financial disclosure frameworks, as determined by regulators, ensuring any framework the Bank uses apply to any risk, and considers governance, strategy, risk management, and metrics and targets. The further development of industry views and agreement on standard taxonomy in area such as Physical risk, Transition risk, and Liability risk will inform the further development of the Bank's own risk classification.

Reputational risk

Reputational risk is the risk arising from the possibility that current and potential customers, counterparties, analysts, shareholders/investors, employees, regulators, and/or others will have an adverse perception of the Bank. A strong reputation will generally strengthen our market position, reduce the cost of capital, increase shareholder value, strengthen our resiliency, and help attract and retain top talent. Conversely, damage to our reputation can result in reduced return on equity, lower share price, increased cost of capital, loss of strategic flexibility, reduced business volumes, loss of client and strategic partner loyalty, and regulatory fines and penalties. The sources of reputational risk are widespread. Reputational risk is a transverse risk which can manifest as an outcome of other risk types including but not limited to credit, regulatory, legal, operational, and liquidity risks. We can also experience reputational risk from a failure to maintain an effective control environment, exhibit good conduct, and maintain appropriate cultural practices. Managing our reputational risk is an integral part of our organizational culture and our overall enterprise risk management approach, as well as a priority for employees and our Board.

In accordance with the Risk Appetite Framework, the Bank's appetite for reputational risk remains 'low' and it believes that the pursuit of its long-term goals requires the proper conduct of business activities in accordance with the Bank's established Code of Conduct and business principles, as well as with all applicable laws and regulations. The Bank also maintains a Reputational Risk Management Policy which, along with related compliance policies and procedures and enterprise risk management practices, is sufficiently designed to identify, assess and manage the reputational and other non-financial considerations present within the business.

Glossary

- **Book value per common share:** is calculated by dividing common shareholders' equity by the number of common shares outstanding.
- **Capital ratios:** A detailed calculation of all Capital ratios can be found in Table 15 of this MD&A.
    - **CET1 ratio:** this measure of capital strength is defined as CET1 Capital as a percentage of total risk-weighted assets. This ratio is calculated for Equitable Bank in accordance with the guidelines issued by OSFI. CET1 Capital is defined as shareholders' equity plus any qualifying other non-controlling interest in subsidiaries less preferred shares issued and outstanding, any goodwill, other intangible assets, and cash flow hedge reserve components of accumulated other comprehensive income.
    - **Tier 1 and Total Capital ratios:** these adequacy ratios are calculated for Equitable Bank, in accordance with the guidelines issued by OSFI by dividing Tier 1 or Total Capital by total RWA. Tier 1 Capital is calculated by adding limited recourse capital notes to CET1 capital. Tier 2 Capital is sum of Equitable Bank's subordinated debt and eligible Stage 1 and 2 allowance. Total Capital equals to Tier 1 plus Tier 2 Capital.
    - **Leverage ratio:** this measure is calculated by dividing Tier 1 Capital by an exposure measure. The exposure measure consists of total assets (excluding items deducted from Tier 1 Capital) and certain off-balance sheet items converted into credit exposure equivalents. Adjustments are also made to derivatives and secured financing transactions to reflect credit and other risks.
- **Dividend yield:** is calculated on an annualized basis and is defined as dividend per common share divided by average of daily closing price per common share for the period.
- **Economic value of shareholders' equity (EVE):** is a calculation of the present value of EQB's asset cash flows, less the present value of liability cash flows on a pre-tax basis. EVE is a comprehensive measure of exposure to interest rate changes than net interest income because it captures all interest rate mismatches across all terms.
- **Efficiency ratio:** this measure is used to assess the efficiency of EQB's cost structure relative to revenue generation. This ratio is derived by dividing non-interest expenses by revenue. A lower efficiency ratio reflects a more efficient cost structure.
- **Provision for credit losses (PCL) – rate:** this credit quality metric is calculated on an annualized basis and is defined as the provision for credit losses as a percentage of average loan principal outstanding during the period.
- **Return on equity (ROE):** this profitability measure is calculated on an annualized basis and is defined as net income available to common shareholders as a percentage of weighted average common shareholders' equity outstanding during the period.
- **Revenue per full time equivalent (FTE):** is calculated as revenue for the period divided by the average number of full-time equivalent employees during that period.
- **Risk-weighted assets (RWA):** represents Equitable Bank's assets and off-balance sheet exposures, weighted according to risk as prescribed by OSFI under the CAR Guideline.

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

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

Non-GAAP measures

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

Adjusted results

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

- **Adjusted efficiency ratio:** it is derived by dividing adjusted non-interest expenses by adjusted revenue. A lower adjusted efficiency ratio reflects a more efficient cost structure.
- **Adjusted return on equity (ROE):** it is calculated on an annualized basis and is defined as adjusted net income available to common shareholders as a percentage of weighted average common shareholders' equity (reported) outstanding during the period.

Other non-GAAP financial measures and ratios:

- **Assets under administration (AUA):** is sum of (1) assets over which EQB's subsidiaries have been named as trustee, custodian, executor, administrator, or other similar role; (2) loans held by credit unions for which EQB's subsidiaries act as servicer.
- **Assets under management (AUM):** is the sum of total balance sheet assets, loan principal derecognized but still managed by EQB, and assets managed on behalf on investors.
- **Conventional lending:** are the total on-balance sheet loan principal excluding insured single-family mortgages and insured multi-unit residential mortgages.
- **Liquid assets:** is a measure of EQB's cash or assets that can be readily converted into cash, which are held for the purposes of funding loans, deposit maturities, and the ability to collect other receivables and settle other obligations. A detailed calculation can be found in Table 13 of this MD&A.
- **Loans under management (LUM):** is the sum of loan principal reported on the consolidated balance sheet and loan principal derecognized but still managed by EQB. A detailed calculation can be found in Table 7 of this MD&A.
- **Net interest margin (NIM):** this profitability measure is calculated on an annualized basis by dividing net interest income by the average total interest earning assets for the period. A detailed calculation can be found in Table 2 and Table 16 of this MD&A.
- **Pre-provision pre-tax income (PPPT):** this is the difference between revenue and non-interest expenses.
- **Total loan assets:** this is calculated on a gross basis (prior to allowance for credit losses) as the sum of both **Loans – Personal** and **Loans – Commercial** on the balance sheet**.**

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Management's responsibility for financial reporting

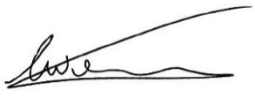
The consolidated financial statements of EQB Inc. (EQB) are prepared by management, which is responsible for the integrity and fairness of the information presented. The information provided herein, in the opinion of management, has been prepared, within reasonable limits of materiality, using appropriate accounting policies that are in accordance with International Financial Reporting Standards (IFRS) as well as the accounting requirements of the Office of the Superintendent of Financial Institutions Canada (OSFI) as these apply to its subsidiary, Equitable Bank. The consolidated financial statements reflect amounts which must, out of necessity, be based on informed judgments and estimates of the expected effects of current events and transactions.

Management maintains and monitors a system of internal controls to meet its responsibility for the integrity of the consolidated financial statements. These controls are designed to provide reasonable assurance that EQB's consolidated assets are safeguarded, that transactions are executed in accordance with management's authorization and that the financial records form a reliable base for the preparation of accurate and timely financial information. Management also administers a program of ethical business conduct, which includes quality standards in hiring and training employees, written policies, and a written corporate code of conduct. Management's responsibility also includes maintaining adequate accounting records and an effective risk management system.

The Board of Directors of EQB (the Board), oversees management's responsibility for the consolidated financial statements through the Audit Committee. The Audit Committee conducts a detailed review of the consolidated financial statements with management and internal and external auditors before recommending their approval to the Board.

EQB's subsidiary, Equitable Bank, is a Schedule I Bank under the Bank Act (Canada) and is regulated by OSFI. On a regular basis, OSFI conducts an examination to assess the operations of Equitable Bank and its compliance with statutory requirements and sound business practices.

KPMG LLP has been appointed as external auditors by the shareholders to examine the consolidated financial statements of EQB in accordance with Canadian generally accepted auditing standards. The external auditors are responsible for reporting on whether the consolidated financial statements are fairly presented in accordance with IFRS. The auditors have full and unrestricted access to management, the Audit Committee and the Board to discuss their audit and related findings and have the right to request a meeting in the absence of management at any time.





Chadwick Westlake
President and Chief Executive Officer

Anilisa Sainani
Chief Financial Officer

December 3, 2025

Independent auditor's report

To the Shareholders of EQB Inc.

OPINION

We have audited the consolidated financial statements of EQB Inc. (the Entity), which comprise:

- the consolidated balance sheets as at October 31, 2025 and October 31, 2024
- the consolidated statements of income and comprehensive income for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at October 31, 2025 and October 31, 2024, its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

BASIS FOR OPINION

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended October 31, 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Assessment of the allowance for credit losses for loans

Description of the matter

We draw your attention to Notes 2(d), 3(a)(ii), 9(d) and 9(e) to the consolidated financial statements. The Entity's allowance for credit losses on stage 1 and 2 loans (ACL) as at October 31, 2025 was $150,066 thousand. The Entity's ACL is estimated using statistical models that involve a number of inputs and assumptions. ACL is calculated using an expected credit loss (ECL) model which measures the credit losses using a three-stage approach based on the extent of credit deterioration of the financial assets since initial recognition. Probability of default (PD) and loss given default (LGD) are inputs used to estimate ECL and are modelled using forward-looking macroeconomic variables that are closely related with credit losses in the relevant portfolios, and are probability weighted using four macroeconomic scenarios.

Management exercises significant judgment in determining:

- whether there has been a significant increase in credit risk since initial recognition
- the forward-looking macroeconomic variables that are relevant for each portfolio
- probability weights that are applied to the macroeconomic scenarios
- the amount of ECL by exercising experienced credit judgment in considering reasonable and supportable information not already incorporated in models (hereinafter, referred to as 'overlays')

In addition, as a result of the broader economic environment, with heightened unemployment rates and cross-border tariffs, the macroeconomic environment continues to experience volatility and uncertainty. This has resulted in a direct impact on the forward-looking macroeconomic variables used in the underlying assumptions for calculating ECL.

Why the matter is a key audit matter

We identified the assessment of the ACL for loans as a key audit matter. Significant auditor judgment was required because of the use of complex models and there is a higher degree of measurement uncertainty due to the significant judgments described above. Assessing the ACL for loans required significant auditor effort and specialized skills and knowledge to apply audit procedures and evaluate the results of those procedures.

How the matter was addressed in the audit

The following are the primary procedures we performed to address this key audit matter. We evaluated the design and tested the operating effectiveness of certain controls over the Entity's ACL process, with the involvement of credit risk and economics professionals with specialized skills and knowledge. This included controls related to:

- monitoring and validation of the models used to derive the key modelled inputs
- monitoring of the methodology for identifying whether there has been a significant increase in credit risk
- review of forward-looking macroeconomic variables that were relevant for each portfolio and probability weights that were applied to the macroeconomic scenarios; and
- review of the methodologies and assumptions for determining overlays adjusting the modelled results.

We involved credit risk and economics professionals with specialized skills, industry knowledge and relevant experience, who assisted in evaluating:

- the models for determining PD and LGD by assessing the model monitoring methodology and checking the accuracy of quantitative measures, where applicable
- new models for determining PD and LGD by assessing the model methodology, model validation testing completed and checking the accuracy of quantitative measures, where applicable
- the methodology used to determine a significant increase in credit risk by assessing the methodology for compliance with IFRS 9 and checking the accuracy of quantitative measures, where applicable
- the forward-looking macroeconomic variables that were relevant to each portfolio by comparing against external macroeconomic data
- the probability weights that were applied to the macroeconomic scenarios through the application of our knowledge of the economy
- the methodologies and assumptions for determining the overlays adjusting the modelled results through the application of our industry knowledge and relevant experience

OTHER INFORMATION

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.
- the information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "Annual Report".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

The information, other than the financial statements and the auditor's report thereon and the Management's Discussion and Analysis, included in a document likely to be entitled "Annual Report" is expected to be made available to us after the date of this auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Chartered Professional Accountants, Licensed Public Accountants
The engagement partner on the audit resulting in this auditor's report is Steven Watts.
Toronto, Canada
December 3, 2025

Consolidated Balance Sheets

($000s) As at	Note	October 31, 2025	October 31, 2024
Assets:			
Cash and cash equivalents	6	**717,253**	591,641
Restricted cash	6	**1,326,684**	971,987
Securities purchased under reverse repurchase agreements	7	**1,604,165**	1,260,118
Investments	8	**1,645,864**	1,627,314
Loans			
Loans – Personal	9,10	**31,857,508**	32,325,379
Loans – Commercial	9,10	**14,581,966**	14,872,960
Allowance for credit losses	9	**(206,801)**	(164,421)
		46,232,673	47,033,918
Securitization retained interests	10	**1,028,623**	813,719
Deferred tax assets	15	**36,429**	36,104
Other assets			
Derivative financial instruments	13	**242,799**	260,678
Intangible assets	13	**148,623**	198,640
Goodwill	13	**92,545**	110,580
Investment in associate	13	**49,884**	50,046
Other	13	**368,179**	279,176
		902,030	899,120
Total assets		**53,493,721**	53,233,921
Liabilities and Equity			
Liabilities:			
Deposits	14	**36,616,511**	33,739,612
Securitization liabilities	10	**11,197,477**	14,594,304
Obligations under repurchase agreements	10	**104,568**	-
Deferred tax liabilities	15	**199,151**	177,933
Funding facilities	16	**1,454,087**	946,956
Other liabilities			
Derivative financial instruments	17	**94,742**	121,727
Other	17	**615,386**	515,204
		710,128	636,931
Total liabilities		**50,281,922**	50,095,736
Equity:			
Common shares	18	**503,060**	505,876
Other equity instruments	18	**147,360**	147,440
Contributed deficit		**(15,014)**	(17,374)
Retained earnings		**2,566,475**	2,483,309
Accumulated other comprehensive income		**1,684**	8,555
Total shareholders' equity		**3,203,565**	3,127,806
Non-controlling interests		**8,234**	10,379
Total equity		**3,211,799**	3,138,185
Total liabilities and equity		**53,493,721**	53,233,921

Vincenza Sera
Chair of the Board

Chadwick Westlake
President and Chief Executive Officer

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Income

($000s, except per share amounts) Year ended	Note	2025	2024
Interest income:			
Loans – Personal		**1,858,271**	1,945,011
Loans – Commercial		**881,675**	1,019,682
Investments	2(f)	**85,550**	89,834
Other		**98,804**	108,082
		2,924,300	3,162,609
Interest expense:			
Deposits		**1,320,094**	1,490,075
Securitization liabilities	2(f), 10	**476,955**	523,069
Funding facilities		**31,023**	50,940
Other		**2,537**	25,364
		1,830,609	2,089,448
Net interest income		**1,093,691**	1,073,161
Non-interest revenue:			
Fees and other income	20	**79,241**	81,087
Net gains on loans and investments		**14,616**	20,279
Gains on sale from securitization activities	2(f), 10	**62,161**	66,348
Net gains on hedging and derivatives		**12,092**	14,567
		168,110	182,281
Revenue		**1,261,801**	1,255,442
Provision for credit losses	8, 9	**137,431**	107,013
Revenue after provision for credit losses		**1,124,370**	1,148,429
Non-interest expense:			
Compensation and benefits	17(b)	**326,776**	272,346
Product costs	13(a)	**146,506**	89,046
Technology and system costs		**97,729**	82,374
Marketing and corporate expenses		**90,895**	77,849
Regulatory, legal and professional fees		**62,312**	55,631
Premises		**28,653**	16,853
		752,871	594,099
Income before income taxes		**371,499**	554,330
Income taxes	15	**104,891**	152,658
Net income		**266,608**	401,672
Dividends on preferred shares		**-**	8,140
Distribution to LRCN holders		**8,820**	2,586
Net income available to common shareholders and non-controlling interests		**257,788**	390,946
Net income attributable to:			
Common shareholders		**256,475**	389,836
Non-controlling interests		**1,313**	1,110
		257,788	390,946
Earnings per share:	21		
Basic		**6.70**	10.19
Diluted		**6.65**	10.11

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Comprehensive Income

($000s) Year ended	Note	2025	2024
Net income		**266,608**	401,672
Other comprehensive income – items that will be reclassified subsequently to income			
Debt instruments at Fair Value through Other Comprehensive Income:			
Net change in gains on fair value		**18,385**	68,127
Provision for credit losses recognized to income		**400**	-
Reclassification of net gains to income		**(10,532)**	(54,147)
Other comprehensive income – items that will not be reclassified subsequently to income			
Equity instruments designated at Fair Value through Other Comprehensive Income:			
Net change in gains on fair value		**868**	1,176
Reclassification of net (gains) losses to retained earnings		**(868)**	248
		8,253	15,404
Income tax expense		**(2,197)**	(4,063)
		6,056	11,341
Cash flow hedges	11		
Net change in unrealized gains (losses) on fair value		**5,546**	(22,798)
Reclassification of net gains to income		**(31,952)**	(7,377)
		(26,406)	(30,175)
Income tax recovery		**6,486**	8,174
		(19,920)	(22,001)
Total other comprehensive loss		**(13,864)**	(10,660)
Total comprehensive income		**252,744**	391,012
Total comprehensive income attributable to:			
Common shareholders		**242,611**	379,176
Other equity holders		**8,820**	10,726
Non-controlling interest		**1,313**	1,110
		252,744	391,012

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Changes in Equity

($000s)											2025
						Accumulated other comprehensive income (loss)					
	Note	Common shares	Other equity instruments	Contributed deficit	Retained earnings	Cashflow hedges	Financial instruments at FVOCI	Total	Attributable to equity holders	Non-controlling interests	Total
Balance, beginning of year		**505,876**	**147,440**	**(17,374)**	**2,483,309**	**21,617**	**(13,062)**	**8,555**	**3,127,806**	**10,379**	**3,138,185**
Net income		**-**	**-**	**-**	**265,295**	**-**	**-**	**-**	**265,295**	**1,313**	**266,608**
Realized losses on sale of shares, net of tax		**-**	**-**	**-**	**(6,377)**	**-**	**-**	**-**	**(6,377)**	**-**	**(6,377)**
Transfer of AOCI losses to retained earnings, net of tax		**-**	**-**	**-**	**-**	**-**	**6,859**	**6,859**	**6,859**	**-**	**6,859**
Transfer of AOCI losses to income, net of tax		**-**	**-**	**-**	**-**	**-**	**134**	**134**	**134**	**-**	**134**
Other comprehensive loss, net of tax		**-**	**-**	**-**	**-**	**(19,920)**	**6,056**	**(13,864)**	**(13,864)**	**-**	**(13,864)**
Exercise of stock options	18	**8,419**	**-**	**-**	**-**	**-**	**-**	**-**	**8,419**	**-**	**8,419**
Common shares repurchased and cancelled, net of tax	18	**(13,204)**	**-**	**-**	**(84,121)**	**-**	**-**	**-**	**(97,325)**	**-**	**(97,325)**
Issuance costs, net of tax	18	**-**	**(80)**	**-**	**-**	**-**	**-**	**-**	**(80)**	**-**	**(80)**
Limited recourse capital note distributions, net of tax		**-**	**-**	**-**	**(8,820)**	**-**	**-**	**-**	**(8,820)**	**-**	**(8,820)**
Common share dividends		**-**	**-**	**-**	**(79,728)**	**-**	**-**	**-**	**(79,728)**	**(2,299)**	**(82,027)**
Put option – non-controlling interests		**-**	**-**	**(4,552)**	**-**	**-**	**-**	**-**	**(4,552)**	**-**	**(4,552)**
Acquisition of non-controlling interests		**-**	**-**	**4,242**	**(3,083)**	**-**	**-**	**-**	**1,159**	**(1,159)**	**-**
Stock-based compensation	19	**-**	**-**	**4,639**	**-**	**-**	**-**	**-**	**4,639**	**-**	**4,639**
Transfer relating to the exercise of stock options		**1,969**	**-**	**(1,969)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance, end of year		**503,060**	**147,360**	**(15,014)**	**2,566,475**	**1,697**	**(13)**	**1,684**	**3,203,565**	**8,234**	**3,211,799**

See accompanying notes to the consolidated financial statements.

($000s) 2024

	Note	Preferred shares	Common shares	Other equity instruments	Contributed Surplus/ (deficit)	Retained earnings	Accumulated other comprehensive income (loss)			Attributable to equity holders	Non-controlling interests	Total
							Cashflow hedges	Financial instruments at FVOCI	Total			
Balance, beginning ofyear		181,411	471,014	-	12,795	2,185,480	43,618	(48,775)	(5,157)	2,845,543	-	2,845,543
Non-controlling interest on acquisition		-	-	-	-	-	-	-	-	-	10,770	10,770
Net income		-	-	-	-	400,562	-	-	-	400,562	1,110	401,672
Realized losses on sale of shares, net of tax		-	-	-	-	(23,056)	-	-	-	(23,056)	-	(23,056)
Transfer of AOCI losses to retained earnings, net of tax		-	-	-	-	-	-	22,875	22,875	22,875	-	22,875
Transfer of AOCI losses to income, net of tax		-	-	-	-	-	-	1,497	1,497	1,497	-	1,497
Other comprehensive loss, net of tax		-	-	-	-	-	(22,001)	11,341	(10,660)	(10,660)	-	(10,660)
Common shares issued	18	-	11,000	-	-	-	-	-	-	11,000	-	11,000
Exercise of stockoptions	18	-	20,290	-	-	-	-	-	-	20,290	-	20,290
Redemption of preferred shares	18	(181,411)	-	-	-	(2,371)	-	-	-	(183,782)	-	(183,782)
Limited recourse capital notes issued	18	-	-	150,000	-	-	-	-	-	150,000	-	150,000
Issuance costs, net of tax		-	-	(2,560)	-	-	-	-	-	(2,560)	-	(2,560)
Limited recourse capital note distributions, net of tax		-	-	-	-	(2,586)	-	-	-	(2,586)	-	(2,586)
Dividends:												
Preferred shares		-	-	-	-	(8,140)	-	-	-	(8,140)	-	(8,140)
Common shares		-	-	-	-	(66,580)	-	-	-	(66,580)	(1,501)	(68,081)
Put option – non-controlling interests		-	-	-	(30,613)	-	-	-	-	(30,613)	-	(30,613)
Stock-based compensation	19	-	-	-	4,016	-	-	-	-	4,016	-	4,016
Transfer relating to the exercise of stockoptions		-	3,572	-	(3,572)	-	-	-	-	-	-	-
Balance, end of year		-	505,876	147,440	(17,374)	2,483,309	21,617	(13,062)	8,555	3,127,806	10,379	3,138,185

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Cash Flows

($000s) Year ended	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	**266,608**	401,672
Adjustments for non-cash items in net income:		
Financial instruments at fair value through income	**(62,388)**	13,152
Amortization of premiums/discounts	**(9,055)**	(14,908)
Amortization of capital and intangible assets	**67,948**	60,036
Provision for credit losses	**137,431**	107,013
Impairment on intangible assets and goodwill	**56,544**	-
Securitization gains	**(62,161)**	(66,348)
Stock-based compensation	**4,639**	4,016
Income taxes	**104,891**	152,658
Securitization retained interests	**174,863**	129,719
Changes in operating assets and liabilities:		
Restricted cash	**(354,696)**	(204,792)
Securities purchased under reverse repurchase agreements	**(344,046)**	(351,285)
Loans receivable, net of securitizations	**435,065**	(58,571)
Other assets	**(13,106)**	(53,917)
Deposits	**2,822,487**	1,597,115
Securitization liabilities	**(3,438,557)**	25,422
Obligations under repurchase agreements	**104,568**	(1,128,238)
Funding facilities	**507,132**	(784,631)
Other liabilities	**81,907**	(8,314)
Income taxes paid	**(108,134)**	(98,042)
Cash flows from (used in) operating activities	**371,940**	(278,243)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common shares	**8,419**	31,290
Common shares repurchased	**(97,325)**	-
Redemption of preferred shares	**-**	(183,782)
Net proceeds from issuance of limited recourse notes	**-**	147,440
Distributions to other equity holders	**(8,820)**	(2,586)
Dividends paid on preferred shares	**-**	(8,140)
Dividends paid on common shares	**(82,027)**	(66,580)
Cash flows used in financing activities	**(179,753)**	(82,358)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	**(405,136)**	(351,650)
Proceeds from sale or redemption of investments	**374,662**	871,021
Acquisition of subsidiary	**(4,242)**	(75,483)
Investment in associate	**-**	(50,000)
Net change in Canada Housing Trust re-investment accounts	**53,032**	76,243
Purchase of capital assets and system development costs	**(84,891)**	(67,363)
Cash flows (used in) from investing activities	**(66,575)**	402,768
Net increase in cash and cash equivalents	**125,612**	42,167
Cash and cash equivalents, beginning of year	**591,641**	549,474
Cash and cash equivalents, end of year	**717,253**	591,641
Supplemental statement of cash flows disclosures		
Cash flows from operating activities include:		
Interest received	**2,803,950**	2,922,693
Interest paid	**(1,740,308)**	(1,747,235)
Dividends received	**350**	1,944

See accompanying notes to the consolidated financial statements.

Notes to Consolidated Financial Statements

($000s, except per share amounts)

Note 1 – Reporting Entity

EQB Inc. (EQB) was formed on January 1, 2004, as the parent company of its wholly owned subsidiary, Equitable Bank. EQB is listed on the Toronto Stock Exchange (TSX) and domiciled in Canada with its registered office located at 25 Ontario Street, Suite 2200, Toronto, Ontario. Equitable Bank is a Schedule I Bank under the Bank Act (Canada) and is regulated by the Office of the Superintendent of Financial Institutions Canada (OSFI). Equitable Bank and its subsidiaries offer savings and lending products to personal and commercial customers across Canada. EQB also owns 78% of ACM Advisors (ACM). ACM specializes in the creation, structuring and management of pooled Canadian commercial mortgage funds.

Note 2 – Basis of Preparation

(a) Statement of compliance

The consolidated financial statements of EQB have been prepared in accordance with IFRS Accounting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been approved for issuance by EQB's Board of Directors (the Board) on December 3, 2025.

(b) Basis of measurement

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

(c) Functional currency

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

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

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

In making estimates and judgments, management uses external information and observable market inputs where possible, supplemented by internal analysis as required. These estimates and judgments have been made taking into consideration the operating environment headwinds, with heightened unemployment rates and cross-border tariffs (and threats thereof) creating uncertainty and downward pressure on consumer sentiment, economic growth, and housing activity (including prices). Actual results could differ materially from these estimates, in which case the impact would be recognized in the consolidated financial statements in future periods.

Allowance for credit losses under IFRS 9

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

As a result of the broader economic environment, with heightened unemployment rates and cross-border tariffs, the macroeconomic environment continues to experience volatility and uncertainty. This has resulted in a direct impact on the forward-looking macroeconomic variables which management uses as part of its underlying assumptions for calculating ECL.

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

EQB enhanced certain of its IFRS 9 models in the current year which included the replacement of Household Income Growth Rate with Household Total Real Income Growth Rate in its forward-looking macroeconomic variables in the ECL models, and eliminating the use of Canadian Equity Index, and West Texas Intermediate Oil Price. These enhanced models exhibit higher sensitivity to changes in the forward-looking macroeconomic outlook. Please refer to note 9 (d) and (e).

Impairment of goodwill

Impairment exists when the carrying value of a cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its value in use (VIU) and fair value less costs of disposal (FVLCD). VIU is determined based on a discounted cash flow (DCF) model. The cash flows are derived from approved projections and do not include restructuring activities that EQB is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. FVLCD is based on available data from precedent transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset.

The determination of VIU and FVLCD requires management to make estimates and judgments in a number of areas. Estimates are used by management for forecast revenues, margins, operating expenses, working capital changes, determining the cost of equity, and market risk premiums, and judgments are used for determining appropriate forecast period, and interpreting forecast assumptions for determining the VIU.

Estimates are used by management to determine valuation multiples, and the range for the multiples, and judgments are used to identify suitable comparable companies or transactions and determining size adjustments for calculating the FVLCD. Please refer to Note 13(b).

(e) Consolidation

The consolidated financial statements as at and for the years ended October 31, 2025 and October 31, 2024 include the assets, liabilities and results of operations of EQB and its subsidiaries, after the elimination of intercompany transactions and balances. EQB has control over its subsidiaries as it is exposed to and has rights to variable returns from its involvement with the subsidiaries and it has the ability to affect those returns through its power over their relevant activities.

EQB has a 100% ownership interest in Equitable Bank and 78% ownership in ACM. Equitable Bank is the parent company of its wholly owned subsidiaries, Equitable Trust, Concentra Bank, Concentra Trust, and Bennington Financial Services. All these subsidiaries have been consolidated in the consolidated financial statements of EQB

as at October 31, 2025.

EQB and its subsidiary Equitable Bank use funding and capital vehicles to facilitate cost efficient financing of its operations, including the issuance of covered bonds and Limited Recourse Capital Notes (LRCN). Activities of these funding structured entities are generally limited to holding an interest in a pool of assets generated by EQB and its subsidiaries and other securities. These structured entities include EQB Covered Bond (Legislative) GP Inc., EQB Covered Bond (Legislative) Guarantor Limited Partnership, EQB LRCN Limited Recourse Trust and Equitable Bank LRCN Limited Recourse Trust. These structured entities have been established in connection with the issuance of covered bonds and LRCN. As at October 31, 2025, these structured entities have been consolidated in the consolidated financial statements of EQB, due to its decision-making power over the entities and ability to use that power to affect their returns.

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

(f) Change in presentation – Gains on sale and income from retained interests, Interest income – Investments, and Interest expense – Securitization liabilities

Effective November 1, 2024, income from retained interests is presented on a gross basis. Interest earned on securitization retained interests is reported in Interest income – Investments, while interest expense on servicing liabilities is reported in Interest expense – Securitization liabilities. Previously, these amounts were included in Gains on sale and income from retained interests. Comparative periods have been represented to conform to the current presentation.

Note 3 – Material Accounting Policies

The following note describes EQB's material accounting policies. These accounting policies have been applied consistently to all periods presented in these consolidated financial statements.

(a) Financial instruments

EQB's Consolidated Balance Sheet consists primarily of financial instruments. The majority of EQB's net income is derived from interest income and expenses, as well as gains and losses related to the respective financial instruments.

Financial assets include cash and cash equivalents, restricted cash, securities purchased under reverse repurchase agreements, investments, loans receivable – personal, loans receivable – commercial, securitization retained interests and derivative financial instruments. Financial liabilities include deposits, securitization liabilities, obligations under repurchase agreements, accounts payable, funding facilities and derivative financial instruments.

(i) Classification and measurement of financial instruments

Financial assets are measured on initial recognition at fair value and are classified and subsequently measured at fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI) or amortized cost (AMC), based on the business model for managing the financial instruments and the contractual cash flow characteristics of the instrument.

i. Debt Instruments

On initial recognition, all debt instruments, including loans, are classified based on:

- The business model under which the asset is held; and
- The contractual cash flow characteristics of the financial instrument

Business model assessment

Business model assessment involves determining whether financial assets are held and managed by EQB for generating and collecting contractual cash flows, selling the financial assets or both. EQB assesses the business model at a portfolio level using judgment and is supported by relevant objective evidence including:

- how the performance of the asset is evaluated and reported to EQB's management;
- the frequency, volume, reason and timing of sales in prior periods and expectations about future sale activity;
- whether the assets are held for trading purposes i.e., assets that are acquired by EQB principally for the purpose of selling or repurchase in the near term, or held as part of a portfolio that is managed together for short-term profits; and
- the risks that affect the performance of assets held within a business model and how those risks are managed.

Cash flow characteristics assessment

The contractual cash flow characteristics assessment involves assessing the contractual features of an instrument to determine if they give rise to cash flows that are consistent with a basic lending arrangement, i.e. if they represent cash flows that are solely payments of principal and interest (SPPI).

Principal is defined as the fair value of the instrument at initial recognition. Principal may change over the life of the instrument due to repayments. Interest is defined as consideration for the time value of money and the credit risk associated with the principal amount outstanding and for other basic lending risks and costs (liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, EQB considers the contractual terms of the instrument. This includes assessing whether the financial asset contains any contractual terms that could change the timing or amount of contractual cash flows such that the financial asset would not meet the SPPI criteria. In making the assessment EQB considers:

- contingent events that would change the amount and/or timing of cash flows;
- leverage features;
- prepayment and extension terms;
- associated penalties relating to prepayments;
- terms that limit EQB's claim to cash flows from specified assets; and
- features that modify consideration of the time value of money.

Debt instruments measured at AMC

Debt instruments are measured at AMC using the effective interest rate method, if they are held within a business model whose objective is to hold the financial asset for collecting contractual cash flows where those cash flows represent SPPI. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of the financial asset.

AMC is calculated taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate. Amortization of these deferred costs is included in Interest income in the Consolidated Statement of Income.

Impairment on debt instruments measured at AMC is calculated using the ECL approach. Loans and debt securities measured at AMC are presented net of the Allowance for Credit Losses (ACL) in the Consolidated Balance Sheet.

Debt instruments measured at FVOCI

Debt instruments are measured at FVOCI if they are held within a business model whose objective is to hold the financial asset for collection of contractual cash flows and for selling financial assets, where the cash flows

represent payments that are SPPI. Subsequent to initial recognition, the assets are fair valued and unrealized gains and losses are recorded in Other comprehensive income (OCI). Upon derecognition, realized gains and losses are reclassified from OCI and recorded in Non-interest revenue in the Consolidated Statement of Income. Premiums, discounts and related transaction costs are amortized over the expected life of the instrument to Interest income – Investments in the Consolidated Statement of Income using the effective interest rate method.

Impairment on debt instruments measured at FVOCI is calculated using the ECL approach. The ACL on debt instruments measured at FVOCI does not reduce the carrying amount of the asset in the Consolidated Balance Sheet, which remains at its fair value. Instead, an amount equal to the impairment is recognized in Accumulated other comprehensive income (AOCI) with a corresponding charge to Provision for credit losses in the Consolidated Statement of Income. The accumulated allowance recognized in AOCI is recycled to the Consolidated Statement of Income upon derecognition of the debt instrument.

Debt instruments measured at FVTPL

Debt instruments measured at FVTPL include assets held as part of a portfolio managed on a fair value basis and assets whose cash flows do not represent payments that are SPPI. These instruments are measured at fair value in the Consolidated Balance Sheet, with transaction costs recognized immediately in the Consolidated Statement of Income as part of Non-interest revenue. Realized and unrealized gains and losses are recognized as part of Non-interest revenue in the Consolidated Statement of Income.

ii. Equity instruments

Equity instruments are measured at FVTPL, unless they are not held for trading purposes and an irrevocable election is made to designate these instruments at FVOCI upon initial recognition. The measurement election is made on an instrument-by-instrument basis. For equity instruments measured at FVTPL, changes in fair value and dividends received are recognized as part of Non-interest revenue – Net gains (losses) on loans and investments in the Consolidated Statement of Income. EQB has elected to measure certain equity investments at FVOCI that are held for longer-term investment purposes. These instruments are measured at fair value in the Consolidated Balance Sheet, with transaction costs being added to the cost of the instrument. Dividends are recorded in Interest income – Investments in the Consolidated Statement of Income. Unrealized fair value gains/losses are recognized in OCI and are not subsequently reclassified to the Consolidated Statement of Income when the instrument is derecognized or sold.

iii. Financial assets and liabilities designated at FVTPL

Financial assets and financial liabilities classified in this category are those that have been designated by EQB on initial recognition. Financial assets are designated at FVTPL if doing so eliminates or significantly reduces an accounting mismatch which would otherwise arise.

Financial liabilities are designated at FVTPL when one of the following criteria is met:

- The designation eliminates or significantly reduces an accounting mismatch which would otherwise arise; or
- The financial liability contains one or more embedded derivatives which significantly modify the cash flows otherwise required.

Financial assets and financial liabilities designated at FVTPL are recorded in the Consolidated Balance Sheet at fair value. For assets designated at FVTPL, changes in fair values are recognized in Non-interest revenue in the Consolidated Statement of Income. For liabilities designated at FVTPL, all changes in fair value are recognized in Non-interest revenue in the Consolidated Statement of Income, except for changes in fair value arising from changes in EQB's own credit risk which are recognized in OCI and are not subsequently reclassified to the Consolidated Statement of Income upon derecognition/extinguishment of the liabilities.

iv. Financial liabilities

Financial liabilities are initially recognized at fair value and are subsequently measured at amortized cost, except

for liabilities mandatorily measured/designated as at FVTPL.

(ii) Impairment

Scope

EQB applies the three-stage approach to measure ACL, using the ECL approach as required under IFRS 9, for the following categories of financial instruments that are not measured at FVTPL:

- Financial assets at AMC
- Debt securities as at FVOCI; and
- Off-balance sheet loan commitments

ECL is calculated based on the stage in which the financial instrument falls at the reporting date. Financial instruments migrate through the three stages based on the change in their risk of default since initial recognition.

ECL model

EQB's ACL calculation is an output of an ECL model with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The ECL model reflects the present value of all cash shortfalls related to default events either (i) over the following twelve months or (ii) over the expected life of the financial instrument, depending on credit deterioration of the instrument since its inception. The ACL calculated using the ECL model reflects an unbiased, probability-weighted credit loss which considers four macroeconomic scenarios based on reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions. Forward-looking macroeconomic variables are explicitly incorporated into the estimation of ECL.

Measurement of ECL

The ECL model measures credit losses using the following three-stage approach based on the extent of credit deterioration of the financial asset since initial recognition:

- Stage 1 – Where there has not been a significant increase in credit risk (SICR) since initial recognition of a financial instrument, an amount equal to twelve months ECL is recorded. ECL is computed using a probability of default (PD) occurring over the next twelve months. For those instruments with a remaining maturity of less than twelve months, a PD corresponding to the remaining term to maturity is used.
- Stage 2 – When a financial instrument experiences a SICR subsequent to initial recognition but is not considered to be in default, it is included in Stage 2. This requires the computation of ECL based on the PD over the remaining estimated life of the financial instrument.
- Stage 3 – Financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the ACL captures lifetime ECL.

The PD, exposure at default (EAD), and loss given default (LGD) are inputs used to estimate ECL. PD and LGD are modelled using forward-looking macroeconomic variables that are closely related with credit losses in the relevant portfolios and are probability-weighted using four macroeconomic scenarios.

Details of these statistical parameters/inputs are as follows:

- PD is an estimate of the likelihood of default over a given time horizon and is expressed as a percentage.
- EAD is the expected exposure in the event of default at a future default date and is expressed as an amount.
- LGD is an estimate of the loss arising in the event a default occurs at a given time and is based on the difference between the contractual cash flows due and those that EQB would expect to receive, including from the realization of any collateral. It is expressed as a percentage of the EAD.

Forward-looking macroeconomic variables

The measurement of ACL for each stage and the assessment of SICR considers information about past events and

current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking macroeconomic variables requires significant judgment.

EQB relies on a broad range of forward-looking macroeconomic variables, such as expected GDP growth, unemployment rates, house price indices, commercial property index, and household income. The inputs used in the model for calculating ECL may not always capture all characteristics of the market at the reporting date. To capture portfolio characteristics and risks, qualitative adjustments are made using management's experienced credit judgment.

Multiple forward-looking macroeconomic scenarios

EQB determines ECL using four probability-weighted forward-looking macroeconomic scenarios obtained on a periodic basis from Moody's Analytics economic forecasting services. These macroeconomic scenarios include a 'base-case' scenario which represents the most likely outcome and three additional macroeconomic scenarios representing more optimistic and more pessimistic outcomes.

Assessment of significant increase in credit risk

The determination of whether ECL on a financial instrument is calculated on a 12-month period or lifetime basis is dependent on the stage the financial asset falls into at the reporting date. A financial instrument moves across stages based on an increase or decrease in its risk of default at the reporting date compared to its risk of default at initial recognition, as measured by changes to borrower level information and the macroeconomic outlook.

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, EQB considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative analysis and qualitative information, based on EQB's historical experience and experienced credit judgment, delinquency and monitoring, and forward-looking macroeconomic variables. With regards to delinquency and monitoring, there is a rebuttable presumption that the risk of default of the financial instrument has significantly increased since initial recognition when contractual payments are more than 30 days past due. The estimation and application of the assessment of quantitative and qualitative information for the assessment of SICR requires significant judgment.

Modified financial assets

The original terms of a financial asset may be renegotiated or otherwise modified, resulting in changes to the contractual terms of the financial asset that affect the contractual cash flows.

If the terms of a financial asset are modified or an existing financial asset is replaced with a new one, an assessment is made to determine if the modification is substantial. If the modification is substantial, the original asset is derecognized and a new asset is recognized at fair value. The new financial asset is generally recorded in Stage 1, unless it is determined to be credit-impaired at the time of the renegotiation. Where the modification does not result in derecognition, the date of the origination continues to be used to determine the significant increase in credit risk.

Definition of default

EQB considers a financial instrument to be in default when:

- the borrower is unlikely to pay its credit obligations to EQB in full, without recourse by EQB to actions such as realization of collateral (if any is held); or
- the borrower is past due by more than 90 days on any credit obligation to EQB, except for certain credit card balances for which the default occurs when the payments are 180 days past due.

EQB classifies a loan receivable as impaired when, in the opinion of management, there is reasonable doubt as to

the timely collection, either in whole or in part, of principal or interest, or the loan is past due 90 days, or 180 days for credit cards.

(iii) Determination of fair value of financial instruments

When a financial instrument is initially recognized, its fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Subsequent to initial recognition, for financial instruments measured at fair value where active market prices are available, bid prices are used for financial assets and ask prices for financial liabilities. For those financial instruments measured at fair value where an active market is not available, fair value estimates are determined using valuation methods which maximize the use of observable market data and include discounted cash flow analysis and other commonly used valuation techniques. See Note 5 for the valuation methods and assumptions used to estimate fair values of financial instruments.

(iv) Derecognition of financial instruments

Financial assets

EQB derecognizes a financial asset when:

- the contractual rights to receive the cash flows from the asset have expired; or
- EQB has transferred its rights to receive future cash flows from the financial asset, or it retains the contractual rights to receive the cash flows from the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients and either:
    - EQB has transferred substantially all the risks and rewards of ownership of the financial asset; or
    - EQB has neither retained nor transferred substantially all the risks and rewards of ownership in the financial asset, but has transferred control of the asset.

Any interest in transferred financial assets that qualify for derecognition that is created or retained by EQB is recognized as a separate asset or liability in the Consolidated Balance Sheet. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in the Consolidated Statement of Income.

If the transfer of assets does not meet the criteria for derecognition, EQB continues to recognize the financial asset and also recognizes a financial liability for the consideration received upon the transfer in the Consolidated Balance Sheet.

The derecognition criteria is also applied to the transfer of part of an asset, rather than a whole, or to a group of similar financial assets in their entirety, when applicable. When it is applied to part of an asset, the part comprises of specifically identified cash flows, a fully proportionate share of the asset, or a fully proportionate share of a specifically identified cash flow from the asset.

Financial liabilities

EQB derecognizes a financial liability when the obligation under the liability is discharged, cancelled or expires.

(v) Offsetting

Financial assets and liabilities are offset and the net amount presented in the Consolidated Balance Sheet when EQB has a legal right to set off the recognized amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under IFRS or for gains and losses arising from a group of similar transactions.

(b) Investments

Investments are recognized on settlement date and initially measured at fair value and subsequently measured depending upon their classification as follows:

- Debt securities classified as AMC; these investments are subsequently measured at amortized cost using the effective interest rate method;
- Debt securities classified as at FVOCI; these investments are subsequently measured at fair value, with fair value changes recorded in other comprehensive income and moved to the Consolidated Statement of Income on derecognition;
- Debt and Equity securities classified as at FVTPL; these investments are subsequently measured at fair value, with fair value changes recorded in the Consolidated Statement of Income; and
- Equity securities designated as at FVOCI; these investments are subsequently measured at fair value, with fair value changes recorded in other comprehensive income and moved to retained earnings on derecognition.

For debt securities measured at FVOCI, gains and losses are recognized in OCI, except for the following, which are recognized in Consolidated Statement of Income in the same manner as financial assets measured at amortized cost:

- Interest revenue using the effective interest rate method; and
- ACL and reversals.

When a debt security measured at FVOCI is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from OCI to the Consolidated Statement of Income.

EQB elects to present changes in the fair value of certain investments in equity instruments through OCI when they are not held for trading. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable. Gains and losses on such equity instruments are never reclassified to Consolidated Statement of Income and no impairment is recognized in Consolidated Statement of Income. Dividends are recognized in Consolidated Statement of Income, unless they clearly represent a recovery of part of the cost of investment, in which case they are recognized in OCI. Cumulative gains and losses recognized in OCI are transferred to retained earnings on disposal of the investment.

(c) Loans receivable

Loans receivable measured at amortized cost

Loans are initially recognized at fair value and subsequently measured at amortized cost, plus accrued interest, using the effective interest rate method, and are reported net of unamortized origination fees, commitment income, premiums or discounts and an allowance for ECL. Net fees relating to loan origination are amortized to income on an effective yield basis over the term of the loans to which they relate and are included in Interest income – Loans in the Consolidated Statement of Income.

Loans receivable measured at FVTPL

Certain loans measured at FVTPL are carried at fair value with changes in fair value included in Non-interest revenue – Net gains (losses) on securitization activities and derivatives in the Consolidated Statement of Income. Net fees relating to loan origination are recognized in income as incurred and are included in Interest income – Loans in the Consolidated Statement of Income.

(d) Cash and cash equivalents

Cash and cash equivalents consist of deposits with regulated financial institutions and highly liquid short-term investments, including government guaranteed investments and other money market instruments, whose term to maturity at the date of purchase are three months or less and are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value. Interest earned on cash and cash equivalents is included in Interest income – Other in the Consolidated Statement of Income.

(e) Securities purchased under reverse repurchase agreements

Securities purchased under reverse repurchase agreements represent purchases of Government of Canada guaranteed debt securities and are treated as collateralized lending transactions as they represent the purchase of securities with a simultaneous agreement to sell them back at a specified price on a specified future date, which is generally short term. These receivables are classified and measured at amortized cost plus accrued interest on the Consolidated Balance Sheet. The interest income earned from these investments is recorded on an accrual basis using the effective interest rate method and is included in Interest income – Investments in the Consolidated Statement of Income.

(f) Securitizations

In the normal course of business, EQB securitizes insured residential loans through the Government of Canada's National Housing Act (NHA) Mortgage-Backed Securities (MBS) and Canada Mortgage Bond (CMB) programs, which are facilitated by the Canada Mortgage and Housing Corporation (CMHC). EQB securitizes the loans through the creation of MBS and the ultimate sale of MBS to third party investors or the Canada Housing Trust (CHT).

EQB also securitizes uninsured residential loans by entering into an agreement to sell these loans into a program sponsored by a major Schedule I Canadian bank.

Securitized loans and securitization liabilities

Insured loans in MBS that are sold to third parties and do not qualify for derecognition continue to be classified as Loans receivable on the Consolidated Balance Sheet and they are measured at amortized cost, plus accrued interest, and are reported net of unamortized origination fees, commitment income, premiums or discounts and insurance costs. Net fees and any premium or discount relating to loan origination are amortized to income on an effective yield basis over the term of the loans to which they relate and are included in Interest income – Loans in the Consolidated Statement of Income.

Sale of uninsured residential loans do not qualify for derecognition and are classified as Loans receivable on the Consolidated Balance Sheet. These loans are measured at amortized cost, plus accrued interest, and are reported net of unamortized origination fees, commitment income, premiums or discounts. Net fees and any premium or discount relating to loan origination are amortized to income on an effective yield basis over the term of the loans to which they relate, and are included in Interest income – Loans in the Consolidated Statement of Income.

In addition, these transactions result in the recognition of securitization liabilities which are measured at amortized cost, plus accrued interest, and are reported net of any unamortized premiums or discounts and transaction costs incurred in obtaining the secured financing. Interest expense is recognized over the expected term of borrowing by applying the effective interest rate to the carrying amount of the liability.

Securitization retained interest and servicing liability

In certain securitization transactions that qualify for derecognition, EQB has a continuing involvement in the securitized asset that is limited to retained rights in future excess interest and the liability associated with servicing these assets. Under IFRS 9, the securitization retained interest is classified as AMC. The servicing liability is reported as part of Other liabilities. During the life of the securitization, as cash is received, and servicing fees are paid, the retained interests and the servicing liability are amortized and recognized in the Consolidated Statement of Income under Interest income – Investments and Interest expense – Securitization liabilities, respectively.

Gains on securitization

When a sale results in derecognition, the related loans are removed from the Consolidated Balance Sheet and a gain or loss is recognized in the Consolidated Statement of Income under Non-interest revenue – Net losses on securitization activities and derivatives.

(g) Purchased loans

All purchased financial assets are initially measured at fair value on the date of acquisition. The fair value of loans purchased is determined by estimating the principal and interest cash flows expected to be collected and discounting those cash flows at a market rate of interest. The fair value adjustment set up for these loans on the date of acquisition is amortized over the life of these loans and included in Interest income – Loans in the Consolidated Statement of Income.

On the date of acquisition, purchased performing loans follow the same accounting treatment as originated performing loans, and are included in Stage 1. As a result, immediately after the date of acquisition, a 12-month allowance is recorded in provision for credit losses in the Consolidated Statement of Income. Subsequent to the acquisition date, ACLs are estimated in a manner consistent with EQB's impairment policy that is applied to loans that are originated.

Purchased credit impaired loans are reflected in Stage 3 and are subject to lifetime allowance for credit losses. Any changes in expected cash flows since the date of acquisition are recorded as a charge/recovery in the provision for credit losses in the Consolidated Statement of Income.

(h) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. Goodwill represents the excess purchase price paid over the fair value of identifiable assets acquired and liabilities assumed in a business combination on the date of acquisition.

Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing, which is the lowest level at which goodwill is monitored for internal management purposes. Impairment testing is performed at least annually and when an event or change in circumstances indicates that the carrying amount may be impaired. Goodwill is carried at cost less accumulated impairment losses on the Consolidated Balance Sheet. Goodwill impairment testing is performed at least annually, by comparing the carrying values and the recoverable amounts of the CGUs to which goodwill has been allocated to determine whether the recoverable amount of each CGU is greater than its carrying value. If the carrying amount of the CGU were to exceed its recoverable amount, an impairment calculation would be performed. The recoverable amount of a CGU is the higher of its FVLCD and VIU.

(i) Foreign currency translation

On initial recognition, monetary assets and liabilities denominated in foreign currencies are translated into Canadian Dollars at rates prevailing on the date of the transaction. At the balance sheet date, these foreign currency monetary assets and liabilities are remeasured into Canadian Dollars at rates prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the translation on remeasurement or settlement of these items are recognized in Fees and other income in the Consolidated Statement of Income.

(j) Derivative financial instruments

EQB uses derivative financial instruments primarily to manage exposure to interest rate risk. Derivative instruments that are typically used are interest rate swaps, bond forwards, total return swaps, and cross currency swaps. Interest rate swaps are used to adjust exposure to interest rate risk by modifying the maturity characteristics of existing assets and liabilities. Bond forwards are used to hedge interest rate exposures resulting from changes in interest rates between the time EQB commits to funding a loan it intends to securitize through the MBS and CMB programs, and the date of securitization. Total return swaps are used to hedge the risk of changes in future cash flows related to EQB's Restricted share unit (RSU), Performance share unit (PSU), Treasury share unit (TSU), and Deferred share unit (DSU) plans. EQB also uses total return swaps to hedge the

reinvestment risk between the amortizing MBS and the bullet CMB related to its CMB activities.

Derivatives embedded in other financial instruments or host contracts are treated as separate derivatives when the following conditions are met:

- their economic characteristics and risks are not closely related to those of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the combined contract is not held for trading or designated at fair value through profit or loss.

Separated embedded derivatives are presented within other derivative assets and liabilities in the Consolidated Balance Sheet.

Cash flow hedges

In order for a derivative to qualify as an accounting hedge, the hedging relationship must be designated and formally documented at its inception, detailing the particular risk management objective and strategy for the hedge and the specific asset, liability, or cash flow being hedged, the hedging instrument, as well as how its effectiveness is being assessed. Changes in the fair value of the derivative must be highly effective in offsetting changes in the amount of future cash flows being hedged.

Hedge effectiveness is evaluated at the inception of the hedging relationship and on an ongoing basis, retrospectively and prospectively, primarily using quantitative statistical measures of correlation. The change in the fair value of the hedging instrument will be recorded on the Consolidated Balance Sheet under AOCI as either deferred gains or losses during the hedge term only to the extent of the effective portion of the hedges. Any ineffectiveness in the hedging relationship, occurring as a result of mismatch in critical terms such as tenor and timing of cash flows between hedging instruments and hedged items, is included in Non-interest revenue – Gains on sale from securitization activities in the Consolidated Statement of Income as it occurs.

EQB's cash flow hedges include hedges of anticipated highly probable cash flows on fixed rate liabilities arising from accounting for securitization transactions as secured financing under *IAS 39, Financial Instruments: Recognition and Measurement*. EQB enters into bond forwards (including certain embedded derivatives) to hedge this cash flow risk and applies hedge accounting to these derivative financial instruments. EQB also enters into interest rate swaps to hedge future cash flows related to its floating rate liabilities. To the extent that changes in the fair value of the derivative do not exceed the changes in the fair value of the hedged item they are recorded in OCI, net of tax. The cumulative amounts deferred in AOCI are reclassified to Interest expense – Securitization liabilities in the Consolidated Statement of Income, over the term of the related hedged item.

EQB's cash flow hedges also include Total return equity swap contracts (TRS) used to hedge the risk of changes in future cash flows related to its RSU, PSU, and TSU plans. The value of RSUs, PSUs, and TSUs issued is linked to the price of EQB's common shares over the period the TRS is in effect. The fair value of the TRS is included in Other assets and/or Other liabilities in the Consolidated Balance Sheet and the effective portion of the changes in fair values of these TRS is recorded in OCI, net of tax. The cumulative amounts deferred in AOCI are reclassified to Non-interest expense – Compensation and benefits in the Consolidated Statement of Income, over the vesting period of the RSUs, PSUs or TSUs.

Fair value hedges

In order for a derivative to qualify as an accounting hedge, the hedging relationship must be designated and formally documented at its inception, detailing the particular risk management objective and strategy for the hedge and the specific asset, liability or cash flow being hedged, the hedging instrument, as well as how its effectiveness is being assessed. Changes in the fair value of the derivative must be highly effective in offsetting changes in the fair value of the hedged asset or liability.

Hedge effectiveness is evaluated at the inception of the hedging relationship and on an ongoing basis,

retrospectively and prospectively, primarily using quantitative statistical measures of correlation. Hedge ineffectiveness, if any, are a result of differences in maturities and prepayment frequency between hedging instruments and hedged items.

EQB enters into interest rate swap agreements to manage interest rate exposures on fixed rate deposits used to fund floating rate loans. The fair values of these interest rate swap agreements are included in Other assets and/or Other liabilities with changes in fair value recorded in Interest expense – Deposits. Changes in the fair value of deposits attributable to the hedged risks are also included in Interest expense – Deposits. For most hedging relationships, EQB has applied hedge accounting.

EQB enters into interest rate swap agreements to manage interest rate exposures on fixed rate securitization liabilities. The fair value of these interest rate swap agreements is included in Other assets and/or Other liabilities with changes in fair value recorded in Non-interest revenue – Net gains on hedging activities and derivatives. Changes in fair value of the securitization liability attributable to the hedged risk, is also included in Non-interest revenue – Net gains on hedging and derivatives. EQB applies hedge accounting to these derivatives.

EQB also enters into interest rate swap agreements to manage interest rate exposures on fixed rate loan assets. The fair value of these interest rate swap agreements is included in Other assets and/or Other liabilities with changes in fair value recorded in Interest income Loans – Personal and/or Loans – Commercial. Changes in fair value of the loan assets attributable to the hedged risk, is also included in Interest income Loans – Personal and/or Loans – Commercial. EQB applies hedge accounting to these derivatives.

EQB enters into interest rate swap agreements to manage interest rate exposures on its investment in fixed rate provincial bonds. The fair value of these interest rate swap agreements is included in Other assets and/or Other liabilities with changes in fair value recorded in Non-interest revenue – Net gains on loans and investments. Changes in fair value of the provincial bonds is attributable to the hedged risk and is also included in Non-interest revenue – Net gains on investments. EQB applies hedge accounting to these derivatives.

EQB enters into cross-currency interest rate swap agreements to manage interest rate and foreign exchange exposures on fixed rate foreign currency covered bond liabilities. The fair value of these cross-currency interest rate swap agreements is included in Other assets and/or Other liabilities with changes in fair value recorded in Interest expense – Deposits. Changes in fair value of the foreign currency covered bond liabilities attributable to the hedged risk, is also included in Interest expense – Deposits. EQB applies hedge accounting to these derivatives.

EQB's hedging activities are transacted with approved counterparties, which are limited to Canadian chartered banks, their subsidiaries and other financial intermediaries.

Non hedge accounting

EQB uses TRSs to hedge the risk of changes in future cash flows related to its DSU plan. The value of the DSU is linked to the price of EQB's common shares over the period the TRS is in effect. The fair value of the TRS is included in Other assets and/or Other liabilities in the Consolidated Balance Sheet and changes in fair value of these TRSs being recorded in Non-interest expense – Compensation and benefits in the Consolidated Statement of Income for the period in which the changes occur. EQB does not apply hedge accounting to these derivative instruments.

EQB enters into bond forwards to manage interest rate exposures for certain loan commitments and funded loans until the date they are securitized. The fair values of these bond forwards are included in Other assets and/or Other liabilities with changes in fair value recorded in Non-interest revenue – Gains on sale from securitization activities. Changes in fair value of loans and loan commitments are also included in Non-interest revenue – Gains on sale from securitization activities. EQB does not apply hedge accounting to these derivative instruments.

EQB also enters into foreign exchange forwards to manage foreign exchange exposures on certain foreign currency liabilities. The fair value of these foreign exchange forwards is included in Other assets and/or Other liabilities with changes in fair value recorded in Non-interest revenue – Fees and other income. Changes in foreign currency translation of foreign currency liabilities are also included in Non-interest revenue – Fees and other income. EQB does not apply hedge accounting to these derivative instruments.

(k) Leases

As a Lessor:

Identification of a lease

At the inception of each lease, EQB assesses if it is a finance lease or an operating lease. The assessment is based on substantially transferring all the risks and rewards to the lessee. If substantially all of the risks and rewards incidental to ownership are transferred to the lessee, the lease is considered a finance lease, otherwise it is considered an operating lease.

Recognition

At the lease commencement date, EQB includes assets held under a finance lease in Loans – Commercial, on its Consolidated Balance Sheet at an amount equal to the net investment in equipment financing. The investment in a finance lease is initially measured at the present value of the lease payments that are not received at the commencement date, discounted using the interest rate implicit in the lease. The interest rate is adjusted for all the initial direct costs associated with the origination of finance lease that are factored into the determination of the interest rate implicit in the lease. Lease payments included in the measurement of investment in equipment financing include fixed and variable lease payments.

Subsequent measurement

The net investment in equipment financing includes gross minimum lease payments receivable, less the unamortized portion of unearned finance income, security deposits held, and the allowance for credit losses. The finance income earned is included in Interest income – Commercial Loans in the Consolidated Statement of Income on a basis that reflects a constant periodic rate of return on the gross investment in equipment financing receivables.

As a Lessee:

Identification of a lease

At the inception of a contract, EQB assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess if the contract conveys the right to control the use of an identified asset, EQB assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly in the contract and is physically distinct or represents substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not considered as identified;
- EQB has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- EQB has the right to direct the use of the asset. EQB has this right when it has the decision-making rights that are most relevant to changing the purpose of the asset use throughout the period of use.

Recognition

EQB recognizes a Right-of-Use (ROU) asset and a lease liability at the lease commencement date. The ROU asset

is initially measured at cost, which comprises the initial amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, EQB's incremental borrowing rate.

Subsequent measurement

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end on the lease term. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is subsequently measured at amortized cost using the effective interest rate method. The liability is remeasured if there are changes to the lease rates, or changes to EQB's assessment of whether it will exercise the extension or termination options per the lease contracts. Interest expense is recorded in Non-interest expense – Other in the Consolidated Statement of Income.

After the commencement date, if a lease is remeasured, an adjustment is made to the ROU asset. In the event that the carrying amount of the ROU asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the remaining amount is recognized in the Consolidated Statement of Income.

The ROU assets and corresponding lease liabilities are included in Other Assets and Other Liabilities on EQB's Consolidated Balance Sheet. Interest expense is recorded in Non-interest expense – Other.

Short-term leases and leases of low-value assets

EQB has elected not to recognize a ROU asset or lease liability for short-term leases that have a lease term of 12 months or less and leases of low-value assets. EQB recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(l) Compensation plans

EQB offers several benefit programs to eligible employees. These benefits include a deferred profit sharing plan, employee stock purchase plan, annual bonuses, and compensation in the form of share-based payments.

(i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term bonus plans if EQB has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Deferred profit sharing plan (DPSP)

EQB has a DPSP under which EQB pays fixed contributions to a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions are recognized as an expense in income when they are due in respect of service rendered before the end of the reporting period.

(iii) Stock-based compensation

Stock option plan

EQB has a stock option plan for eligible employees. Under this plan, options are periodically awarded to participants to purchase common shares at prices equal to the closing market price of the shares or the volume-weighted average closing price of EQB's common shares on the TSX for the five consecutive

trading days immediately prior to the date the options were granted. EQB uses the fair value-based method of accounting for stock options and recognizes compensation expense based on the fair value of the options on the grant date, determined by using the Black-Scholes option pricing model. The fair value of the options is recognized on a straight-line basis over the vesting period of the options granted as compensation expense with a corresponding increase in Contributed surplus/deficit. The awards are delivered in tranches; each tranche is considered a separate award and is valued and amortized separately. Expected forfeitures are factored into determining the stock option expense and the estimates are periodically adjusted in the event of actual forfeitures or for changes in expectations. The Contributed surplus/deficit balance is reduced as the options are exercised and the amount initially recorded for the options in Contributed surplus/deficit is reclassified to capital stock. Compensation expense related to the stock-based compensation plan is included in Non-interest expense – Compensation and benefits in the Consolidated Statement of Income.

Restricted share unit (RSU) plan

EQB has an RSU plan and may grant RSUs and/or Performance Share Units (PSUs) to eligible employees on an annual basis. The expense related to the award of these units is included in Non-interest expense – Compensation and benefits in the Consolidated Statement of Income over the vesting period and any corresponding liability is included in Other liabilities in the Consolidated Balance Sheet. Since each RSU or PSU represents a notional common share, any changes in unit value and re-invested notional dividend amounts are recognized in the Consolidated Statement of Income. Each RSU or PSU held at the end of the vesting period including those acquired as dividend equivalents will be paid to the eligible employee in cash, the value of which will be based on the volume-weighted average closing price of EQB's common shares on the TSX for the five consecutive trading days immediately prior to vesting. The value of PSUs may be increased or decreased up to 25%, based on EQB's relative total shareholder return compared to a defined peer group of financial institutions in Canada, and the incremental expense or recovery on those shares is recorded when EQB can reliably estimate the actual payout.

Deferred share unit (DSU) plan

EQB has a DSU plan for Directors. The obligation that results from the award of a DSU is recognized in income upon the grant of the unit and the corresponding amount is included in Other liabilities in the Consolidated Balance Sheet. A Director will be credited with additional DSUs whenever a cash dividend is declared by EQB. The change in the obligation attributable to the change in stock price of EQB and dividends paid on common shares is recognized in Non-interest expense – Other in the Consolidated Statement of Income for the period in which the changes occur. The redemption value of each DSU is the volume-weighted average trading price of the common shares of EQB on the TSX for the five trading days immediately prior to the redemption date.

Treasury share unit (TSU) plan

EQB has a TSU plan for its eligible employees and may grant Treasury Performance Share Units (TPSUs), under the TSU plan adopted in 2022, for a term of ten years. Under the plan, 50% of the TPSUs cliff vest after 3 years, and the remaining 50% cliff vest after 4 years, subject to performance conditions. Under the plan, each TPSU represents one notional common share and earns notional dividends, which are reinvested into additional TPSUs when cash dividends are paid on EQB's common shares. When the TPSUs vest, the eligible employee can elect to settle in shares issued from treasury, or in cash. The expense related to the award of these units is included in Non-interest expense – Compensation and benefits in the Consolidated Statement of Income over the vesting period and any corresponding liability is included in Other liabilities in the Consolidated Balance Sheet.

Employee stock purchase (ESP) plan

EQB has an ESP plan for eligible employees. Under this plan, employees have the option of directing a portion of their gross salary towards the purchase of EQB's common shares. EQB matches a fixed portion of employee share purchases up to a specified maximum. Employer contributions are recognized in Non-

interest expense – Compensation and benefits in the period incurred.

(m) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in income except to the extent that it relates to items recognized directly in OCI or equity. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

EQB follows the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred tax assets and liabilities represent the amount of tax applicable to temporary differences between the carrying amounts of the assets and liabilities and their values for tax purposes. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the years that include the date of enactment or substantive enactment.

Current tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities, usually in respect of income taxes levied by the same tax authority on the same taxable entity, and EQB intends to settle current tax liabilities and assets on a net basis or settle the tax assets and liabilities simultaneously.

Deferred tax assets and liabilities are offset if EQB has a legally enforceable right to set off the deferred tax assets and liabilities related to income taxes levied by the same tax authority on either the same taxable entity; or different taxable entities, but the entities intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realized simultaneously for each future period in which these differences reverse.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent it is no longer probable that the related tax benefit will be realized.

(n) Capital assets

Capital assets are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated using a declining balance method over the estimated useful lives of the assets at the following annual rates as this most closely reflects the pattern of consumption of the future economic benefits:

Capital asset categories	Rate of depreciation
Furniture, fixtures and office equipment	10% to 20%
Computer equipment	20% to 33%

Leasehold improvements are depreciated on a straight-line basis over the lesser of the lease term and the estimated useful life of the asset.

Depreciation methods, useful lives and residual values are reassessed at the end of each financial year and adjusted appropriately.

(o) Intangible assets

Intangible assets are comprised of internally generated system, software development costs and core deposits and Trust business relationships acquired. An intangible asset is recognized only when its cost can be reliably measured and includes all directly attributable costs necessary to create the asset to be capable of operating in the manner intended by management. Research costs are expensed, and eligible development costs are

capitalized. Intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any, in the Consolidated Balance Sheet. EQB's intangible assets are amortized on a straight-line basis over their expected useful lives, ranging from 3 to 12 years. The useful lives of intangible assets are reviewed annually for any changes in circumstances that could impact the period over which the intangible assets are amortized. Amortization expenses are included in Non-interest expenses – Other in the Consolidated Statement of Income.

Intangible assets, including those under development are assessed for indicators of impairment at each reporting period. If an indication of impairment exists, EQB performs an impairment test by comparing the carrying amount of the intangible asset to its recoverable amount. If the recoverable amount is less than its carrying amount, the carrying amount is written down to its recoverable amount and an impairment loss is recognized in the Consolidated Statement of Income.

(p) Investment in associates

An associate is an entity in which EQB has significant influence, but not control, over the operating and financial policies of the entity.

Investments in associates are initially recognized at cost, which includes the purchase price and other costs directly attributable to the purchase. Associates are subsequently accounted for using the equity method which reflects EQB's share of the increase or decrease of the post-acquisition earnings and other movements in the associate's equity.

Investments in associates are evaluated for impairment at the end of each financial reporting period, or more frequently if events or changes in circumstances indicate the existence of objective evidence of impairment.

For purposes of applying the equity method for an investment that has a different reporting period from EQB, adjustments are made for the effects of any significant events or transactions that occur between the reporting date of the investment and the reporting date of EQB.

(q) Assets held-for-sale

Non-current non-financial assets are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. These assets meet the criteria for classification as held-for-sale if they are available for immediate sale in their present condition and their sale is considered highly probable to occur within one year.

Non-current non-financial assets classified as held-for-sale are measured at the lower of their carrying amount and fair value less costs to sell and are presented within Other assets in the Consolidated Balance Sheet. Any subsequent write-down to fair value less costs to sell is recognized in the Consolidated Statement of Income, in Non-interest expenses - Others. Any subsequent increase in the fair value less costs to sell, to the extent this does not exceed the cumulative write-down, is also recognized in Non-interest expenses - Others, together with any realized gains or losses on disposal.

(r) Deposits

Deposits are comprised of Guaranteed Investment Certificates (GIC), High Interest Savings Accounts (HISA), institutional deposit notes and covered bonds. Deposits, with the exception of those designated as at fair value through profit or loss, are recorded on the Consolidated Balance Sheet at amortized cost plus accrued interest, using the effective interest rate method.

Deferred deposit agent commissions are accounted for as a component of deposits and are amortized on an effective yield basis through Interest expense – Deposits. Commissions relating to deposits designated at fair value through profit or loss are expensed as incurred.

(s) Covered bond

In the normal course of business, EQB sells uninsured residential loans to a separate guarantor entity, EQB Covered Bond (Legislative) Guarantor Limited Partnership (Guarantor LP), established by EQB exclusively for its Covered Bond Program (the Program). The sale of uninsured residential loans under the Program do not qualify for derecognition and are classified as Loans – Personal on the Consolidated Balance Sheet and are measured at amortized cost, plus accrued interest, and are reported net of unamortized origination fees, commitment income, premiums or discounts.

These sale transactions are considered secured funding and are recognized under Deposits on the Consolidated Balance Sheet. These deposits are measured at amortized cost, plus accrued interest, and are reported net of any unamortized premiums or discounts and transaction costs incurred in obtaining the secured funding. Interest expense is recorded over the expected term of borrowing by applying the effective interest rate to the carrying amount of the liability and is recorded under Interest expense – Deposits in the Consolidated Statement of Income. The Guarantor LP is consolidated with EQB, as EQB has the decision-making power and ability to use that power to affect EQB's returns.

(t) Obligations under repurchase agreements

Investments sold under repurchase agreements represent sales of Government of Canada guaranteed debt securities by EQB effected with a simultaneous agreement to purchase the assets back at a specified price on a specified future date, which is generally short term. Repurchase agreements are treated as borrowings and are carried at amortized cost, plus accrued interest, using the effective interest rate method, recorded in the Consolidated Balance Sheet at the respective prices at which the investments were originally sold plus accrued interest. Interest expense relating to repurchase agreements is recorded in Interest expense – Other in the Consolidated Statement of Income.

(u) Funding facilities

Funding facilities include secured and unsecured credit facilities from various Schedule 1 banks and a Bearer Deposit Notes program. Funding facilities are recorded in the Consolidated Balance Sheet at amortized cost and interest expense is recorded using the effective interest rate method.

(v) Put option liability – non-controlling interest

EQB has entered into an arrangement as part of ACM's acquisition, that grants the non-controlling interest (NCI) holders a put option to sell their shares to EQB at a pre-agreed arrangement based on projected future Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) multiples. EQB has recognized a put option liability at the date of acquisition based on the present value of projected EBITDA multiples. The liability amount is recognized within Contributed surplus/deficit and is presented in Other Liabilities. The liability is fair valued at each reporting date based on the present value of the updated EBITDA projections. The liability is classified as Fair value through equity (FVEQ).

(w) Share capital Issuance costs

Incremental costs directly attributable to the issuance of an equity instrument are deducted from the initial measurement of the equity instruments and are presented net of tax.

(x) Treasury preferred shares

Under the Normal course issuer bid (NCIB) program, EQB repurchases and cancels its issued common and preferred shares. These repurchased shares are deducted from the outstanding shares under the Shareholders' Equity at cost. Any gain or loss arising on the difference between the carrying value and the purchase consideration is recognized in Retained Earnings.

(y) Other equity instruments

EQB issues LRCN which are classified as equity instruments and form part of Equitable Bank's additional Tier 1

capital. Incremental costs directly attributable to the issuance of LRCN are deducted from the initial measurement of the equity instrument and are presented net of tax. Distributions on the LRCN are recognized as a reduction in equity when payable.

(z) Earnings per share

Basic earnings per share is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding for the year. Net income available to common shareholders is determined by deducting the dividend entitlements of preferred shareholders from net income. Diluted earnings per share reflects the potential dilution that could occur if additional common shares are assumed to be issued under securities or contracts that entitle their holders to obtain common shares in the future. The number of additional shares for inclusion in diluted earnings per share calculations is determined using the treasury stock method. Under this method, stock options whose exercise price is less than the average market price of EQB's common shares are assumed to be exercised and the proceeds are used to repurchase common shares at the average market price for the period. The incremental number of common shares issued under stock options and repurchased from proceeds is included in the calculation of diluted earnings per share.

(aa) Interest

Interest income and interest expense are recognized in the Consolidated Statement of Income using the effective interest rate method and the rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortized cost of the liability. The effective interest rate is the rate that exactly discounts the estimated future cash flow payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, management estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. Under IFRS 9, for financial assets that become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, the calculation of interest income reverts back to the gross basis. The calculation of the effective interest rate includes all transaction costs and fees paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability.

(bb) Fees

Non-interest revenue includes some ancillary fees related to the administration and servicing of loan portfolios, transaction fees, syndication and servicing fees, trustee administration fees, and advisory support, plan administration and service fees from credit unions. These fees are measured based on the consideration specified in the agreements with customers and are accrued and recognized as the related services are rendered.

Non-interest revenue also includes fee revenue generated from fund management and administration services from contractual agreements for managing funds by ACM. The fee revenue is recognized on a monthly basis, based on the contracted percentage of the net asset value of the funds managed or administered.

(cc) Provisions

A provision is recognized if, as a result of a past event, EQB has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money.

(dd) Write-off

EQB writes off an impaired financial asset, either partially or in full, when there is no realistic prospect of recovery. Where financial assets are secured, write-off is determined after giving consideration to the expected proceeds from the realization of collateral. In subsequent periods, recoveries if any, against written off loans are credited to the provision for credit losses in the Consolidated Statement of Income.

Future changes in Accounting Policies

Amendments to Classification and Measurement of Financial Instruments

In May 2024, the IASB issued Amendments to the classification and measurement of financial instruments which amends IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures (the Amendments). The Amendments clarify classification guidance for financial assets with environmental, social and governance-lined features, and settlement of liabilities through electronic payment systems. The Amendments will be effective for EQB on November 1, 2026. EQB is currently assessing the impact of adopting the Amendments on the Consolidated Financial Statements.

IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18)

In April 2024, the IASB issued IFRS 18, which sets out requirements for the presentation and disclosure of information in the financial statements. IFRS 18 will replace IAS 1 Presentation of Financial Statements and accompanies limited amendments to other standards which will be effective upon the adoption of the new standard. The standard introduces new defined subtotals to be presented in the Consolidated Statement of Income, disclosure of management-defined performance measures and requirements for grouping of information. This standard will be effective for EQB on November 1, 2027. EQB is currently assessing the impact of adopting this standard on the Consolidated Financial Statements.

Note 4 – Risk Management

EQB, like other financial institutions, is exposed to the symptoms and effects of global economic conditions and other factors that could adversely affect its business, financial condition and operating results, which may also influence an investor to buy, sell or hold shares in EQB. Many of these risk factors are beyond EQB's direct control. The use of financial instruments exposes EQB to credit risk, liquidity risk, and market risk. Our risk management practices and key measures for these risks have been included in the Risk Management section of EQB's Management's Discussion and Analysis and where these risks are related to financial instruments, they have been included in a yellow tint. These disclosures presented are an integral part of these consolidated financial statements.

Note 5 – Financial Instruments

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

(a) Valuation methods and assumptions

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

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

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

Securities purchased under reverse repurchase agreements, obligations under repurchase agreements, funding facilities and certain other financial assets and liabilities are carried at cost or amortized cost, which approximates fair value due to their short-term nature.

(ii) Financial instruments classified as at FVOCI, FVEQ and FVTPL

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

(iii) Loans receivable

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

(iv) Deposits

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

(v) Securitization liabilities

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

(vi) Derivatives

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

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

The following tables present the carrying values for each category of financial assets and liabilities and their estimated fair values. The tables do not include assets and liabilities that are not financial instruments.

($000s)	October 31, 2025						
	FVTPL[1]	FVOCI – Debt instruments	FVOCI – Equity instruments	FVEQ - Elected	Amortized cost	Total carrying value	Fair value
Financial assets:							
Cash and cash equivalents	-	-	-	-	717,253	717,253	717,253
Restricted cash	-	-	-	-	1,326,684	1,326,684	1,326,684
Securities purchased under reverse repurchase agreements	-	-	-	-	1,604,165	1,604,165	1,604,165
Investments	101,443	1,534,036	10,385	-	-	1,645,864	1,645,864
Loans – Personal	-	-	-	-	31,774,196	31,774,196	31,992,536
Loans – Commercial[2]	1,049,197	-	-	-	12,383,088	13,432,285	13,441,740
Securitization retained interests	-	-	-	-	1,028,623	1,028,623	1,054,830
Other assets:							
Derivative financial instruments[3]:							
Cross-currency interest rate swaps	156,154	-	-	-	-	156,154	156,154
Interest rates swaps	75,520	-	-	-	-	75,520	75,520
Foreign exchange forwards	7,843	-	-	-	-	7,843	7,843
Total return swaps	2,196	-	-	-	-	2,196	2,196
Bond forwards	1,086	-	-	-	-	1,086	1,086
Loan commitments	549	-	-	-	-	549	549
Other	-	-	-	-	101,908	101,908	101,908
Total financial assets	1,393,988	1,534,036	10,385	-	48,935,917	51,874,326	52,128,328
Financial liabilities:							
Deposits	-	-	-	-	36,616,511	36,616,511	36,767,613
Securitization liabilities	-	-	-	-	11,197,477	11,197,477	11,167,918
Obligations under repurchase agreements	-	-	-	-	104,568	104,568	104,568
Funding facilities	-	-	-	-	1,461,273	1,461,273	1,462,117
Other liabilities:							
Derivative financial instruments[2]:							
Interest rate swaps	52,947	-	-	-	-	52,947	52,947
Put options	-	-	-	30,923	-	30,923	30,923
Bond forwards	7,473	-	-	-	-	7,473	7,473
Foreign exchange forwards	149	-	-	-	-	149	149
Total return swaps	3,250	-	-	-	-	3,250	3,250
Lease liabilities	-	-	-	-	108,275	108,275	108,275
Other	-	-	-	-	499,970	499,970	500,160
Total financial liabilities	63,819	-	-	30,923	49,988,074	50,082,816	50,205,393

(1) Significantly all instruments are FVTPL – Mandatorily. (2) Loans – Commercial does not include $1,026,192 (October 31, 2024 - $1,135,356) of equipment financing, as these are specifically excluded for classification and measurement under IFRS 9. (3) Derivative financial instruments are non-trading, and include derivatives held in hedge accounting relationships.

($000s)	October 31, 2024						
	FVTPL[1]	FVOCI – Debt instruments	FVOCI – Equity instruments	FVEQ - Elected	Amortized cost	Total carrying value	Fair value
Financial assets:							
Cash and cash equivalents	-	-	-	-	591,641	591,641	591,641
Restricted cash	-	-	-	-	971,987	971,987	971,987
Securities purchased under reverse repurchase agreements	-	-	-	-	1,260,118	1,260,118	1,260,118
Investments	133,146	1,415,347	25,789	-	53,032	1,627,314	1,624,130
Loans – Personal	-	-	-	-	32,273,551	32,273,551	32,303,527
Loans – Commercial[1]	1,446,352	-	-	-	12,178,659	13,625,011	13,599,609
Securitization retained interests	-	-	-	-	813,719	813,719	819,708
Other assets:							
Derivative financial instruments[2]:							
Cross-currency interest rate swaps	158,027	-	-	-	-	158,027	158,027
Interest rates swaps	69,973	-	-	-	-	69,973	69,973
Total return swaps	16,974	-	-	-	-	16,974	16,974
Bond forwards	8,534	-	-	-	-	8,534	8,534
Foreign exchange forwards	7,170	-	-	-	-	7,170	7,170
Loan commitments	73	-	-	-	-	73	73
Other	-	-	-	-	85,306	85,306	85,306
Total financial assets	1,840,249	1,415,347	25,789	-	48,228,013	51,509,398	51,516,777
Financial liabilities:							
Deposits	-	-	-	-	33,739,612	33,739,612	33,877,053
Securitization liabilities	-	-	-	-	14,594,304	14,594,304	14,393,583
Obligations under repurchase agreements	-	-	-	-	-	-	-
Funding facilities	-	-	-	-	951,414	951,414	952,055
Other liabilities:							
Derivative financial instruments[2]:							
Interest rate swaps	84,317	-	-	-	-	84,317	84,317
Put options	-	-	-	30,613	-	30,613	30,613
Total return swaps	3,769	-	-	-	-	3,769	3,769
Bond forwards	2,372	-	-	-	-	2,372	2,372
Foreign exchange forwards	656	-	-	-	-	656	656
Lease liabilities	-	-	-	-	69,782	69,782	69,782
Other	-	-	-	-	428,213	428,213	428,477
Total financial liabilities	91,114	-	-	30,613	49,783,325	49,905,052	49,842,677

(1) Significantly all instruments are FVTPL – Mandatorily. (2) Loans – Commercial does not include $1,026,192 (October 31, 2024 - $1,135,356) of equipment financing, as these are specifically excluded for classification and measurement under IFRS 9. (3) Derivative financial instruments are non-trading, and include derivatives held in hedge accounting relationships.

(b) Fair value of financial instruments

The calculation of fair value is based on market conditions at a specific point in time and therefore may not be reflective of future fair values. EQB has controls and processes in place to ensure that the valuation of financial instruments is appropriately determined. The following are the valuation techniques and inputs used for fair value measurements for the instruments that are carried at fair values on the Consolidated Balance Sheet:

(i) Equity securities

The fair value of equity securities is based on unadjusted quoted prices in active markets, where available. Where equity securities are less frequently traded, the most recent exchange-quoted pricing is used to determine fair value.

For private equity securities, where quoted prices in active markets are not readily available, the fair value is determined by considering recent transaction prices, revenue multiples of comparable companies, and external valuations.

(ii) Private equity funds

The fair value of investment in private equity funds is based on a percentage of underlying net asset value obtained from statements received from third-parties.

(iii) Derivative financial instruments

Derivative financial instruments mainly include interest rate swaps, cross-currency interest rate swaps, total returns swaps, put options and foreign exchange forwards. Derivative products are valued using a valuation technique with market-observable inputs including benchmark reference rates for calculating discount curves, and unobservable inputs including projected cash flows.

(c) Fair value hierarchy

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

The fair value hierarchy has the following levels:

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

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

Level 3: valuation techniques with significant unobservable market inputs.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length. A financial instrument is included in Level 3 of the hierarchy when significant unobservable inputs are used in measuring fair value.

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

($000s) **October 31, 2025**	**Level 1**	**Level 2**	**Level 3**	**Total financial assets/financial liabilities at fair value**
Financial assets:				
Investments	**1,495,616**	**43,155**	**107,093**	**1,645,864**
Loans – Personal	**-**	**-**	**31,992,536**	**31,992,536**
Loans – Commercial	**-**	**1,049,196**	**12,392,544**	**13,441,740**
Securitization retained interests	**-**	**1,054,830**	**-**	**1,054,830**
Other assets:				
Derivative financial instruments[(1)]:				
Cross currency interest rate swaps	**-**	**156,154**	**-**	**156,154**
Interest rate swaps	**-**	**75,520**	**-**	**75,520**
Foreign exchange forwards	**-**	**7,843**	**-**	**7,843**
Total return swaps	**-**	**2,196**	**-**	**2,196**
Bond forwards	**-**	**1,086**	**-**	**1,086**
Loan commitments	**-**	**549**	**-**	**549**
Other	**-**	**101,908**	**-**	**101,908**
Total financial assets	**1,495,616**	**2,492,437**	**44,492,173**	**48,480,226**
Financial liabilities:				
Deposits	**-**	**36,767,613**	**-**	**36,767,613**
Securitization liabilities	**-**	**8,296,605**	**2,871,313**	**11,167,918**
Funding facilities	**-**	**1,462,117**	**-**	**1,462,117**
Other liabilities:				
Derivative financial instruments[(1)]:				
Interest rate swaps	**-**	**52,947**	**-**	**52,947**
Put options	**-**	**2,258**	**28,665**	**30,923**
Bond forwards	**-**	**7,473**	**-**	**7,473**
Total return swaps	**-**	**3,250**	**-**	**3,250**
Foreign exchange forwards	**-**	**149**	**-**	**149**
Other	**-**	**500,160**	**-**	**500,160**
Total financial liabilities	**-**	**47,092,572**	**2,899,978**	**49,992,550**

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

($000s) October 31, 2024	Level 1	Level 2	Level 3	Total financial assets/financial liabilities at fair value
Financial assets:				
Investments	1,490,742	46,313	87,075	1,624,130
Loans – Personal	-	-	32,303,527	32,303,527
Loans – Commercial	-	1,446,352	12,153,257	13,599,609
Securitization retained interests	-	819,708	-	819,708
Other assets:				
Derivative financial instruments[(1)]:				
Cross currency interest rate swaps	-	158,027	-	158,027
Interest rate swaps	-	69,973	-	69,973
Total return swaps	-	14,606	2,368	16,974
Bond forwards	-	8,534	-	8,534
Foreign exchange forwards	-	7,170	-	7,170
Loan commitments	-	73	-	73
Other	-	85,306	-	85,306
Total financial assets	1,490,742	2,656,062	44,546,227	48,693,031
Financial liabilities:				
Deposits	-	33,877,053	-	33,877,053
Securitization liabilities	-	11,267,660	3,125,923	14,393,583
Funding facilities	-	952,055	-	952,055
Other liabilities:				
Derivative financial instruments[(1)]:				
Interest rate swaps	-	84,317	-	84,317
Put options	-	-	30,613	30,613
Total return swaps	-	-	3,769	3,769
Bond forwards	-	2,372	-	2,372
Foreign exchange forwards	-	656	-	656
Other	-	428,477	-	428,477
Total financial liabilities	-	46,612,590	3,160,305	49,772,895

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

(d) Significant transfers

Significant transfers can occur between the fair value hierarchy levels when additional or new information regarding valuation inputs and their refinement and observability becomes available. The Bank recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The following significant transfers were made between the levels during the year:

- Put options valued at $2,258 were transferred out of Level 3 to Level 2 following the expiration of the lock-up period for the instruments, making them exercisable at the current purchase price.

(e) Level 3 instrument fair value changes

Financial instruments that are carried at fair value on the Consolidated Balance Sheet and categorized at Level 3 in the fair value hierarchy comprised of Investments, and some Derivative financial instruments. The following table summarizes the changes in Level 3 instruments:

($000s) October 31, 2025	**Fair value November 1, 2024**	**Gains/ (losses) recorded in income**	**Gains/ (losses) recorded in Other equity**	**Purchases/ Issuances**	**Sales/ Settlements**	**Transfers into/out of Level 3**	**Fair value October 31, 2025**	**Change in unrealized gains/ (losses) recorded in income[1]**
Financial assets:								
Investments	**87,075**	**17,170**	**-**	**10,300**	**(7,452)**	**-**	**107,093**	**17,103**
Other assets:								
Derivative financial instruments:								
Total return swaps	**2,368**	**4,267**	**-**	**-**	**(6,635)**	**-**	**-**	**-**
Total financial assets	**89,443**	**21,437**	**-**	**10,300**	**(14,087)**	**-**	**107,093**	**17,103**
Financial liabilities:								
Other liabilities:								
Derivative financial instruments:								
Total return swaps	**(3,769)**	**1,184**	**-**	**-**	**2,585**	**-**	**-**	**-**
Put option	**(30,613)**	**-**	**(4,552)**	**-**	**4,242**	**2,258**	**(28,665)**	**-**
Total financial liabilities	**(34,382)**	**1,184**	**(4,552)**	**-**	**6,827**	**2,258**	**(28,665)**	**-**

($000s) October 31, 2024	Fair value November 1, 2023	Gains/ (losses) recorded in income	Gains/ (losses) recorded in Other equity	Purchases/ Issuances	Sales/ Settlements	Transfers into/out of Level 3	Fair value October 31, 2024	Change in unrealized gains/ (losses) recorded in income[1]
Financial assets:								
Investments	74,365	6,376	-	5,799	(1,115)	1,650	87,075	6,381
Other assets:								
Derivative financial instruments:								
Total return swaps	16,357	5,125	-	-	(19,114)	-	2,368	(4,403)
Total financial assets	90,722	11,501	-	5,799	(20,229)	1,650	89,443	1,978
Financial liabilities:								
Other liabilities:								
Derivative financial instruments:								
Total return swaps	(3,405)	(980)	-	-	616	-	(3,769)	(1,013)
Put option	-	-	(30,613)	-	-	-	(30,613)	-
Loan commitments	(3,620)	-	-	-	3,620	-	-	-
Total financial liabilities	(7,025)	(980)	(30,613)	-	4,236	-	(34,382)	(1,013)

(1) These amounts represent the gains and losses from fair value changes of Level 3 instruments still held at the end of the period that are recorded in the Consolidated Statement of Income under Net gains (losses) on loans and investments.

(f) Level 3 sensitivity analysis

($000s) October 31, 2025 Level 3 Financial Instruments	Valuation technique	Significant unobservable inputs	Range of estimates for unobservable inputs	Changes in fair value from reasonably possible alternatives
Investments – Private Equity	**Market comparables**	**P/E multiples**	**2.1x to 18.2x**	**(4,691)/4,691**
Investments – Private Equity Funds	**Partnership NAV statements**	**Return on investments**	**-35% to 25%**	**(19,787)/15,566**
Derivatives – Put option	**Discounted cash flows**	**Discount rate** **EBITDA forecasts**	**12% to 17%** **80% to 120%**	**(388)/2,053** **5,733/(5,733)**

EQB applies judgment in determining unobservable inputs used to calculate the fair value of Level 3 instruments. The following are significant unobservable inputs for Level 3 instruments:

- P/E multiples - P/E multiples are used to calculate private equity securities valuation, which is determined based on comparable companies. Higher multiples equate to higher fair values.
- Return on investments - Return on investments for private equity funds are based on historical fund returns. Higher returns equate to higher fair values.
- Discount rate - The discount rate for the put option is based on the estimated cost of equity for the underlying shares. Higher discount rates equate to lower fair values.
- Forecasted EBITDA = The forecasted EBITDA for the Put option – non-controlling interests is based on management's internal business plans. Higher EBITDA equates to higher fair values.

Note 6 – Cash, Cash Equivalents and Restricted Cash

($000s)	**October 31, 2025**	October 31, 2024
Deposits with regulated financial institutions	**717,253**	591,641
Cash and cash equivalents	**717,253**	591,641
Restricted cash – securitization	**1,085,706**	854,336
Restricted cash – interest rate swaps	**10,675**	11,571
Restricted cash – other programs	**230,303**	106,080
Restricted cash	**1,326,684**	971,987

Restricted cash – securitization represents deposits held in trust in connection with EQB's securitization activities. These deposits include cash accounts held at a major Schedule I Canadian Bank that hold principal and interest payments collected from securitized loans awaiting payment to their respective investors, deposits held as collateral by third parties for EQB's securitization hedging activities and deposits held in interest reinvestment accounts in connection with EQB's participation in the CMB program.

Restricted cash – interest rate swaps represent deposits held as collateral by third parties for EQB's interest rate swap transactions. The terms and conditions of these arrangements with counterparties are governed by the International Swaps and Derivatives Association, Inc. (ISDA) agreements.

Restricted cash – other programs represent deposits held as collateral in connection with EQB's Home Equity line of credit, servicing business, deposit and covered bond programs. These balances may be drawn upon only in the event of insufficient cashflows from the underlying programs. These balances also include deposits held in trust by third party originators for the use in funding loans on EQB's behalf, and may be drawn upon only in the event that the related origination and servicing agreements are terminated.

Note 7 – Securities Purchased Under Reverse Repurchase Agreements

As at October 31, 2025, the fair value of financial assets accepted as collateral that EQB is permitted to sell or repledge in the absence of default is $1,605,531 (October 31, 2024 – $1,265,640). EQB is obliged to return equivalent securities at the repurchase date, and EQB did not sell or repledge any of the collateral as at October 31, 2025 (October 31, 2024 – $nil).

Note 8 – Investments

Carrying value of investments is as follows:

($000s)	**October 31, 2025**	October 31, 2024
Equity securities measured at FVOCI	**10,385**	25,789
Equity securities measured at FVTPL	**17,759**	20,845
Debt securities measured at FVOCI	**1,534,036**	1,415,347
Debt securities measured at FVTPL	**83,684**	112,301
Debt securities measured at AMC	**-**	53,032
	1,645,864	1,627,314

During the year EQB sold certain debt securities measured at AMC of $24,758 (2024 − $30,838) recognizing a loss on sale of $391 (2024 − $209).

As at October 31, 2025, EQB recognized ECL of $400 (2024 − $nil) on debt securities measured at FVOCI. The resulting provision for credit losses is presented under Provision for credit losses in the Consolidated Statement of Income.

EQB has elected to designate certain Equity securities to be measured at FVOCI as these investments are expected to be held for the long term. For the year ended October 31, 2025, EQB earned dividends of $319 (2024 − $1,848) on these Equity securities. During the year, EQB sold/redeemed Equity securities of $16,278 (2024 − $28,083) and recognized a loss on sale of $8,582 (2024 – loss on sale of $31,588) in Retained earnings. These investments were disposed for liquidity management purposes.

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

($000s)	**2025**	2024
Equity securities measured at FVOCI	**-**	1,537
Equity securities measured at FVTPL	**(141)**	2,574
Debt securities measured at FVOCI	**7,539**	18,522
Debt securities measured at FVTPL	**18,118**	14,559

Note 9 – Loans Receivable

(a) Loans receivable

($000s)					October 31, 2025
		Allowance for credit losses			
	Gross amount	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Net amount**
Loans – Personal	**31,857,508**	**26,869**	**35,399**	**21,044**	**83,312**	**31,774,196**
Loans – Commercial	**14,581,966**	**42,374**	**45,424**	**35,691**	**123,489**	**14,458,477**
	46,439,474	**69,243**	**80,823**	**56,735**	**206,801**	**46,232,673**

($000s)					October 31, 2024
		Allowance for credit losses			
	Gross amount	Stage 1	Stage 2	Stage 3	Total	Net amount
Loans – Personal	32,325,379	27,242	17,371	7,215	51,828	32,273,551
Loans – Commercial	14,872,960	37,985	25,978	48,630	112,593	14,760,367
	47,198,339	65,227	43,349	55,845	164,421	47,033,918

Loans – Personal include certain uninsured residential loans with a carrying value of $2,845,295 (October 31, 2024 – $2,776,775) that have been sold but are not derecognized. EQB issues Euro denominated covered bonds in Europe by securitizing uninsured residential loans on properties in Canada. These uninsured residential loans are sold and held in a separate guarantor entity i.e. EQB Covered Bond (Legislative) Guarantor Limited Partnership (Guarantor LP), established by EQB exclusively for the Covered Bonds Program (the Program). The legal title on the uninsured residential loans that are secured under the Program are held by the Guarantor LP. The residential loans sold to the Guarantor LP under the Program do not qualify for derecognition as EQB continues to be exposed to substantially all of the risks and rewards associated with the transferred assets and retains control of the assets. A key risk associated with transferred loans to which EQB remains exposed after the transfer to the Program is the risk of prepayment. As a result, the loans continue to be recognized on EQB's Consolidated Balance Sheet at amortized cost and are accounted for as collateral for the secured funding arrangement, with the corresponding liability presented under Deposits.

Loans – Commercial include certain loans measured at FVTPL that are held for securitization activities. As at October 31, 2025, the carrying value of these loans was $1,048,611 (October 31, 2024 – $1,445,660) and included cumulative fair value adjustments of $4,435 (October 31, 2024 – ($5,097)).

Loans – Commercial also include certain loans that are designated and measured at FVTPL. As at October 31, 2025, the carrying amount of these loans was $586 (October 31, 2024 – $692) and included cumulative fair value adjustments of ($16) (October 31, 2024 – ($34)).

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

($000s)	**2025**	2024
Net gains in fair values for loans measured at FVTPL included in Net gains on hedging and derivatives	**9,532**	3,517
Net losses in fair values for loans designated and measured at FVTPL and recognized in Net gains on loans and investments	**(2)**	-

Loans – Commercial include loans of $1,011,634 (October 31, 2024 – $987,652) invested in certain asset-backed structured entities. EQB holds a senior position in these investments and the maximum exposure to loss is limited to the carrying value of the investment. EQB does not have the ability to direct the relevant activities of these structured entities and has no exposure to their variable returns, other than the right to

receive interest income from these investments. Consequently, EQB does not control these structured entities and has not consolidated them.

Loans – Commercial also include EQB's net investment in equipment financing of $1,026,192 (October 31, 2024 – $1,135,356). The following table shows the maturity analysis of undiscounted minimum financing payments reconciled to the net investment in equipment financing:

($000s)	**October 31, 2025**	October 31, 2024
Minimum financing payments:		
Less than 1 year	**485,748**	542,493
1 year to less than 2 years	**337,604**	403,543
2 years to less than 3 years	**204,821**	245,270
3 years to less than 4 years	**107,017**	112,437
4 years to less than 5 years	**46,382**	36,191
More than 5 years	**16,629**	7,784
Non performing leases – net	**38,817**	21,199
Total undiscounted financing payments receivable	**1,237,018**	1,368,917
Less:		
Fair value on acquisition	**(1,251)**	(2,722)
Security deposits held	**(2,676)**	(3,044)
Unearned finance income	**(153,562)**	(170,461)
Allowance for credit losses	**(53,337)**	(57,334)
Net investment in equipment financing	**1,026,192**	1,135,356

For the year ended October 31, 2025, EQB earned finance income of $104,101 (October 31, 2024 – $121,878) from its investment in equipment financing. As at October 31, 2025, all of EQB's equipment financing is fixed rate financing with terms ranging from one to seven years, and approximately 67% (October 31, 2024 – 73%) of EQB's equipment financing is concentrated in the following five industry segments:

	October 31, 2025	October 31, 2024
Transportation – Long Haul	**29.6%**	37.6%
Transportation – Vocational	**14.0%**	15.0%
Construction	**12.6%**	10.9%
Esthetics	**5.9%**	5.3%
Agriculture, forestry, fishing and hunting	**5.2%**	4.3%

(b) Impaired and past due loans

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

($000s)			October 31, 2025	October 31, 2024
	Gross[1]	**Allowance for credit losses**	**Net**	Net
Loans – Personal	**367,497**	**21,044**	**346,453**	298,277
Loans – Commercial – Conventional and Insured	**446,774**	**26,764**	**420,010**	268,747
Loans – Commercial – Equipment financing	**56,553**	**8,927**	**47,626**	56,659
	870,824	**56,735**	**814,089**	623,683

(1) Gross balances include loans amounting to $66,841 (October 31, 2024 - $18,295) that are insured.

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

($000s)				**October 31, 2025**
	30 – 59 days	**60 – 89 days**	**90 days or more**	**Total**
Loans – Personal	**181,761**	**62,249**	**-**	**244,010**
Loans – Commercial – Conventional and Insured	**3,999**	**4,086**	**-**	**8,085**
Loans – Commercial – Equipment financing	**8,309**	**1,320**	**-**	**9,629**
	194,069	**67,655**	**-**	**261,724**

($000s)				October 31, 2024
	30 – 59 days	60 – 89 days	90 days or more	Total
Loans – Personal	218,238	73,789	-	292,027
Loans – Commercial – Conventional and Insured	92,028	6,232	-	98,260
Loans – Commercial – Equipment financing	18,896	10,977	-	29,873
	329,162	90,998	-	420,160

(c) Allowance for credit losses

($000s)				October 31, 2025
	12 months ECL	Lifetime non-credit impaired	Lifetime credit impaired	
Loans – Personal	Stage 1	Stage 2	Stage 3	Total
Balance, beginning of year	27,242	17,371	7,215	51,828
Provision for credit losses:				
Transfers to (from) Stage 1	15,772	(15,602)	(170)	-
Transfers to (from) Stage 2	(13,014)	14,043	(1,029)	-
Transfers to (from) Stage 3	(420)	(6,589)	7,009	-
Re-measurement[1]	(7,919)	31,498	51,244	74,823
Originations	9,763	-	-	9,763
Discharges	(4,555)	(5,322)	(25,444)	(35,321)
Write-off	-	-	(18,478)	(18,478)
Recoveries	-	-	697	697
Balance, end of year[2][3]	26,869	35,399	21,044	83,312

($000s)				October 31, 2025
	12 months ECL	Lifetime non-credit impaired	Lifetime credit impaired	
Loans – Commercial	Stage 1	Stage 2	Stage 3	Total
Balance, beginning of year	37,985	25,978	48,630	112,593
Provision for credit losses:				
Transfers to (from) Stage 1	25,391	(24,009)	(1,382)	-
Transfers to (from) Stage 2	(9,366)	10,723	(1,357)	-
Transfers to (from) Stage 3	(1,546)	(15,564)	17,110	-
Re-measurement[1]	(25,791)	54,571	50,485	79,265
Originations	21,122	-	-	21,122
Discharges	(5,421)	(6,275)	(1,439)	(13,135)
Write-off	-	-	(76,392)	(76,392)
Recoveries	-	-	36	36
Balance, end of year[2]	42,374	45,424	35,691	123,489

(1) Includes movement as a result of significant increase or decrease in credit risk and changes in credit risk due to model inputs/assumptions that did not result in a transfer between stages, and the impact of model changes. (2) The allowance for credit losses includes allowance on loan commitments amounting to $4,395 (October 31, 2024 - $1,689). (3) Guarantees of $16,495 (October 31, 2024 - $15,451) relating to the consumer credit portfolio have not been netted-off.

($000s)				October 31, 2024
	12 months ECL	Lifetime non-credit impaired	Lifetime credit impaired	
Loans – Personal	Stage 1	Stage 2	Stage 3	Total
Balance, beginning of year	29,947	21,758	3,713	55,418
Provision for credit losses:				
Transfers to (from) Stage 1	8,858	(8,136)	(722)	-
Transfers to (from) Stage 2	(6,302)	7,459	(1,157)	-
Transfers to (from) Stage 3	(296)	(989)	1,285	-
Re-measurement[1]	(9,691)	1,969	16,580	8,858
Originations	9,557	-	-	9,557
Discharges	(4,831)	(4,690)	(6,342)	(15,863)
Write-off	-	-	(6,806)	(6,806)
Recoveries	-	-	664	664
Balance, end of year[2][3]	27,242	17,371	7,215	51,828

($000s)				October 31, 2024
	12 months ECL	Lifetime non-credit impaired	Lifetime credit impaired	
Loans – Commercial	Stage 1	Stage 2	Stage 3	Total
Balance, beginning of year	27,503	21,953	14,281	63,737
Provision for credit losses:				
Transfers to (from) Stage 1	22,947	(20,773)	(2,174)	-
Transfers to (from) Stage 2	(12,906)	14,800	(1,894)	-
Transfers to (from) Stage 3	(1,511)	(16,893)	18,404	-
Re-measurement[1]	(7,095)	33,772	80,552	107,229
Originations	15,997	-	-	15,997
Discharges	(6,950)	(6,881)	(4,300)	(18,131)
Write-off	-	-	(56,257)	(56,257)
Recoveries	-	-	18	18
Balance, end of year[2]	37,985	25,978	48,630	112,593

(1) Includes movement as a result of significant increase or decrease in credit risk and changes in credit risk due to model inputs/assumptions that did not result in a transfer between stages. (2) The allowance for credit losses includes allowance on loan commitments amounting to $4,395 (October 31, 2024 - $1,689). (3) Guarantees of $16,495 (October 31, 2024 - $15,451) relating to the consumer credit portfolio has not been netted-off.

(d) Key inputs, assumptions and model techniques

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

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

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

In considering the assumptions for calculating ECL, EQB has also considered the broader economic environment, with heightened unemployment rates and cross-border tariffs, that creates uncertainty and downward pressure on consumer sentiment, economic growth, and housing activity. EQB has applied experienced credit judgment in the assessment of underlying credit deterioration and migration of balances to progressive stages.

(e) Forward-looking macroeconomic scenarios

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

As explained in Note 2 (d) above, effective the third quarter of this year, EQB enhanced certain of its IFRS 9 models, which includes the replacement of Household Income Growth Rate with Household Total Real Income Growth Rate to its forward-looking macroeconomic variables in the ECL models, and eliminating the use of Canadian Equity Index, and West Texas Intermediate Oil Price forward-looking macroeconomic variables in the ECL models. The enhanced models exhibit higher sensitivity to changes in the forward-looking macroeconomic outlook.

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

	October 31, 2025							
					Downside Scenarios			
	Base-Case Scenario		Upside Scenario		Pessimistic Scenario		Very Pessimistic Scenario	
	Next 12 months	2 to 5 years	Next 12 months	2 to 5 years	Next 12 months	2 to 5 years	Next 12 months	2 to 5 years
Unemployment rate (%)	**7.2**	**6.2**	**6.5**	**5.6**	**8.7**	**8.0**	**9.6**	**9.9**
Real GDP growth rate (%)	**(0.1)**	**1.8**	**1.7**	**1.9**	**(3.6)**	**1.7**	**(5.4)**	**1.2**
Home Price Index growth rate (%) [1]	**(2.1)**	**2.1**	**(1.2)**	**3.2**	**(4.5)**	**(1.1)**	**(5.7)**	**(3.4)**
Commercial Property Index growth rate (%)	**(1.4)**	**2.6**	**(0.2)**	**3.4**	**(4.1)**	**0.3**	**(5.5)**	**(1.5)**
Household total real income growth rate (%)	**(0.5)**	**1.5**	**0.1**	**2.1**	**(1.9)**	**0.7**	**(2.6)**	**(0.1)**

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

	October 31, 2024							
					Downside Scenarios			
	Base-Case Scenario		Upside Scenario		Pessimistic Scenario		Very Pessimistic Scenario	
	Next 12 months	2 to 5 years	Next 12 months	2 to 5 years	Next 12 months	2 to 5 years	Next 12 months	2 to 5 years
Unemployment rate (%)	6.8	6.3	6.5	5.8	8.3	8.2	8.7	9.9
Real GDP growth rate (%)	1.9	2.0	3.0	2.4	(0.9)	2.0	(2.0)	1.6
Home Price Index growth rate (%) [(1)]	(0.0)	1.5	0.3	2.0	(4.5)	(0.6)	(4.9)	(2.8)
Commercial Property Index growth rate (%)	0.2	2.1	1.0	2.6	(3.8)	0.5	(4.6)	(1.2)
Household income growth rate (%)	(2.3)	(0.2)	(2.2)	0.1	(2.3)	(0.7)	(2.3)	(1.1)
Canadian Equity index %	(2.3)	14.0	2.9	17.0	(31.8)	31.7	(42.4)	42.5
West Texas Intermediate oil price %	0.2	0.2	6.2	(1.4)	(26.4)	10.3	(39.6)	22.9

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

(f) Sensitivity of allowance for credit losses

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

Impact of probability-weighting on ACL

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

($000s)	**October 31, 2025**	October 31, 2024
ACL – Four probability-weighted macroeconomic scenarios (actual)	**150,066**	108,576
ACL – Base-case scenario only	**127,403**	84,349
ACL – Very pessimistic scenario only	**283,791**	245,601
Difference – Actual versus base-case scenario only	**22,663**	24,227
Difference – Actual versus very pessimistic scenario only	**(133,725)**	(137,025)

Impact of staging on ACL

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

($000s)	**October 31, 2025**	October 31, 2024
ACL – Loans in Stage 1 and Stage 2 (actual)	**150,066**	108,576
ACL – Assuming all loans in Stage 1	**130,406**	100,817
Lifetime ACL impact	**19,660**	7,759

Note 10 – Derecognition of Financial Assets

In the normal course of business, EQB enters into transactions that result in the transfer of financial assets. Transferred financial assets are recognized in their entirety or derecognized in their entirety, subject to the extent of EQB's continuing involvement. EQB transfers its financial assets through sale and repurchase agreements and its securitization activities.

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

Obligations under repurchase agreements

Obligations under repurchase agreements are transactions in which EQB sells a security and simultaneously agrees to repurchase it at a fixed price on a future date. EQB continues to recognize the securities in their entirety on the Consolidated Balance Sheet because it retains substantially all the risks and rewards of ownership. The cash consideration received is recognized as a financial asset and the obligation to pay the repurchase price is recognized as a financial liability.

Securitizations

EQB securitizes insured residential loans by selling its issued MBS to third party investors including to the CMHC sponsored CHT under the CMB program. EQB may also retain certain issued MBS as part of its liquidity management strategy, as well as to manage interest rate risk associated with EQB's participation in the CMB program. The CHT periodically issues CMB, which are guaranteed by the government, and sells them to third party investors. Proceeds from the CMB issuances are used by the CHT to purchase MBS from eligible MBS issuers who participate in the issuance of a particular CMB series.

Not all securitization transactions qualify for derecognition as EQB may continue to be exposed to substantially all of the risks and rewards associated with the transferred assets or it neither transfers nor retains substantially all the risks and rewards and retains control of the assets. A key risk associated with transferred loans to which EQB remains exposed after the transfer in such securitization transactions is the risk of prepayment. As a result, the loans continue to be recognized on the Consolidated Balance Sheet at amortized cost and are accounted for as secured financing transactions, with the loans transferred pledged as collateral for these securitization liabilities.

EQB's securitization activities include selling uninsured loans by entering into an agreement with other Schedule I banks and participating in a securitization program sponsored by those banks. Under this agreement, EQB sells the loans to the program, and they remain in the program until maturity. The bank that sponsors the securitization program retains all of the refinancing risks related to the program. The sale of these loans does not qualify for derecognition as EQB continues to be exposed to substantially all of the risks and rewards associated with the transferred assets. As a result, the loans continue to be recognized on the Consolidated Balance Sheet at amortized cost and the proceeds received are recognized under securitization liabilities. The loans transferred are pledged as collateral for these securitization liabilities.

i) MBS securitizations

For MBS securitization liabilities, principal payments collected from the underlying loans are passed on to the MBS investors, reducing the amount of the liability outstanding on a monthly basis. Interest on the MBS securitization liability is calculated at the MBS coupon rate and is paid monthly to the MBS investors.

ii) CMB securitizations

As part of a CMB transaction, EQB may enter into total return swaps with highly rated counterparties, exchanging the cash flows of the CMB for those of the MBS transferred to CHT. Any excess or shortfall in these cash flows is absorbed by EQB. For transactions that do not meet derecognition criteria, these swaps are not separately recognized on EQB's Consolidated Balance Sheet as the underlying cash flows of these derivatives are already reflected through the continued recognition of the loans and their associated CMB securitization liabilities. Instead, the swaps are accounted for on an accrual basis and are not measured at fair value through EQB's Consolidated Statement of Income. As at October 31, 2025, the notional amount of these swaps was $nil (October 31, 2024 – $1,810,921).

CMB securitization liabilities are non-amortizing bond liabilities with fixed maturity dates. Principal payments collected from the loans underlying the MBS sold to the CHT are held in trust for the CHT and invested in eligible investments until the maturity of the bond. To the extent that these eligible investments are not EQB's own issued MBS, the investments are recorded on EQB's Consolidated Balance Sheet under Investments – Canada Housing Trust re-investment accounts. Interest on the CMB securitization liabilities is calculated at the CMB coupon rate and is paid to the CMB holders on a monthly, quarterly, or semi-annual basis.

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

($000s)				
		October 31, 2025		October 31, 2024
	Securitized assets	**Assets sold under repurchase agreements**	Securitized assets	Assets sold under repurchase agreements
Carrying amount of assets	**11,147,147**	**104,568**	15,081,453	-
Carrying amount of associated liability	**11,197,477**	**104,568**	14,594,304	-
Carrying value, net position	**(50,330)**	**-**	487,149	-
Fair value of assets	**11,188,339**	**104,568**	14,996,769	-
Fair value of associated liability	**11,167,918**	**104,568**	14,393,583	-
Fair value, net position	**20,421**	**-**	603,186	-

EQB estimates that the principal amount of securitization liabilities will be paid as follows:

($000s)	MBS Liabilities	Other Securitization Liabilities	Total Liabilities
2026	**3,281,116**	**1,339,190**	**4,620,306**
2027	**1,787,811**	**730,776**	**2,518,587**
2028	**1,622,876**	**694,660**	**2,317,536**
2029	**686,811**	**64,534**	**751,345**
2030	**456,456**	**34,276**	**490,732**
Thereafter	**610,306**	**-**	**610,306**
	8,445,376	**2,863,436**	**11,308,812**

There were no CMB securitization liabilities outstanding as at October 31, 2025.

(b) Transfers that are derecognized in their entirety

Certain securitization transactions undertaken by EQB result in EQB derecognizing the transferred assets in their entirety. This is the case where EQB has securitized and sold pools of residential loans with no prepayment option to third parties. EQB does not retain substantially all the risks and rewards of ownership and transfers control over the assets. EQB retains some continuing involvement in the transaction which is represented by the retained interests and the associated servicing liabilities. There is no credit risk associated with the securitization retained interest as the derecognized loans are insured.

EQB also achieves derecognition on the securitization and sale of certain pools of residential loans with a prepayment option. In these transactions, EQB securitizes and sells pools of residential loans and then engages in a transaction to transfer its rights in the excess interest spread and/or any prepayment risk, thereby transferring substantially all the risks and rewards of ownership in the asset and derecognizing the asset in its entirety. During the year EQB derecognized $8,443,723 (2024 – $6,440,384) of multi-unit residential loans with prepayment option.

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

($000s)	**2025**	2024
Loans securitized and sold	**9,195,210**	7,071,949
Carrying value of Securitization retained interests	**389,377**	383,770
Carrying value of Securitized loan servicing liability	**34,701**	38,494
Gains on sale from securitization activities	**62,161**	66,348
Net interest income on retained interests	**34,163**	22,672

The expected undiscounted cash flows payable to the investors on EQB's securitization activities and transfers that are derecognized in their entirety are as follows:

($000s)	Securitization Liabilities
2026	**2,397,383**
2027	**2,097,216**
2028	**3,901,731**
2029	**5,242,788**
2030	**6,529,627**
Thereafter	**12,499,545**
	32,668,290

Note 11 – Derivative Financial Instruments

(a) Hedge instruments

Cash flow hedges

EQB's securitization activities are subject to interest rate risk, which represents the potential for changes in interest rates between the time EQB commits to funding a loan it intends to securitize through the issuance of a securitization liability, and the time the liability is actually issued. EQB utilizes derivative financial instruments in the form of bond forwards and interest rate swaps to hedge this exposure, with the intent to manage the change in cash flows of the future interest payments on the highly probable forecasted issuance of the securitization liability. EQB applies hedge accounting to these derivative financial instruments to minimize the volatility in income caused by changes in interest rates.

EQB uses bond forwards to hedge changes in future cash flows from changes in interest rates attributable to highly probable forecasted issuance of fixed rate liabilities. EQB applies hedge accounting to these derivative financial instruments to minimize the volatility in income caused by changes in interest rates.

EQB hedges the risk of changes in future cash flows related to its floating rate securitization liabilities by entering into interest rate swaps. EQB applies hedge accounting to these derivative financial instruments to minimize the volatility in income caused by changes in interest rates.

EQB also hedges the risk of changes in future cash flows related to its floating rate loans by entering into interest rate swaps with third parties. EQB applies hedge accounting to these derivative financial instruments to minimize the volatility in income caused by changes in interest rates.

EQB also hedges the risk of changes in future cash flows related to its foreign currency covered bonds by entering into foreign exchange swap contracts with third parties. EQB applies hedge accounting to these derivative financial instruments to minimize the volatility in income caused by changes in foreign exchange.

EQB also hedges the risk of changes in future cash flows related to its RSU plan by entering into total return equity swap contracts with third parties, the value of which is linked to the price of EQB's common shares. Changes in the fair value of these derivative financial instruments offset the compensation expense related to the change in share price, over the period in which the swap is in effect. EQB applies hedge accounting to these derivative financial instruments to minimize the volatility in income caused by changes in EQB's share price.

EQB hedges the risk of changes in future cash flows related to its TSU plan by entering into a total return equity swap with third parties with values linked to the price of EQB's common shares. Changes in the fair value of these derivative financial instruments offset the compensation expense related to the change in share price, over the period in which the swap is in effect. EQB applies hedge accounting to these derivative financial instruments to minimize the volatility in income caused by changes in EQB's share price.

EQB also hedges the risk of changes in future cash flows related to its DSU plan by entering into a total return equity swap contract with third parties The value of this derivative financial instrument is linked to the price of EQB's common shares. Changes in fair value of the derivative offsets Non-interest expense – other related to the change in share price, over the period in which the swap is in effect. EQB does not apply hedge accounting to this derivative financial instrument.

Fair value hedges

EQB enters into hedging transactions to manage interest rate exposure on certain loan assets, securitization liabilities, and deposit liabilities. EQB also enters into interest rate swap agreements to manage interest rate exposures on its fixed rate investments. EQB applies hedge accounting to all these relationships.

EQB also enters into cross currency interest rate swap agreements to manage interest and foreign exchange exposures on fixed rate foreign currency covered bond liabilities. EQB applies hedge accounting to these relationships.

EQB also enters into hedging transactions to manage interest rate exposures on loan commitments and certain deposits used to fund floating rate loans. The hedging instruments used to manage these exposures are interest rate swaps and bond forwards. EQB does not apply hedge accounting to these hedging relationships.

EQB also enters into hedging transactions to manage foreign exchange exposure on certain foreign currency liabilities. EQB does not apply hedge accounting to these hedging relationships.

(b) Other derivatives

Total return swaps

As part of its CMB activities, EQB may assume reinvestment risk between the amortizing MBS and the bullet CMB for securitized loans which are derecognized. EQB assumes this risk by entering into total return swaps with highly rated counterparties and exchanging the cash flows of the CMB for those of the MBS transferred to the CHT. These swaps are recognized on EQB's Consolidated Balance Sheet and fair valued through EQB's Consolidated Statement of Income.

As part of covered bond activities to manage cash flows between Equitable Bank and its subsidiary Guarantor LP, Equitable Bank and Guarantor LP each enter into an interest rate (total return) swap agreement with third parties interest rate swap provider. These two swaps are offsetting, with the net effect that Equitable Bank pays cash flows based on Canadian floating rate to Guarantor LP, and receives Guarantor LP's cash flows from the collateral assets. Interest rate swap provider earns an intermediation fee. These swaps are recognized on EQB's Consolidated Balance Sheet and fair valued through EQB's Consolidated Statement of Income.

(c) Financial impact of derivatives

The fair values and notional amounts of derivatives outstanding are as follows:

($000's, except percentages)								October 31, 2025
						Fair Value		
Derivative instrument and term (years)	Notional amount	Average Rate/ Price[1]	Positive current replacement cost[2]	Credit equivalent amount[3]	Risk-weighted balance[4]	Assets	Liabilities	Net[5]
Cash flow hedges:								
Hedge accounting:								
Bond forwards								
1 or less	**232,250**	**2.90%**	**-**	**23**	**6**	**159**	**(501)**	**(342)**
Interest rate swaps								
1 or less	**789,000**	**3.18%**	**13,110**	**14,481**	**2,896**	**13,110**	**-**	**13,110**
Cross currency interest rate swaps								
1 to 5	**789,000**	**3.18%**	**7,578**	**14,481**	**2,896**	**7,578**	**-**	**7,578**
Total return swaps								
1 or less	**32,255**	**92.00**	**7**	**92**	**18**	**2,196**	**(2,611)**	**(415)**
Non-hedge accounting:								
Total return swaps								
1 or less	**11,612**	**N/A**	**-**	**33**	**7**	**-**	**(639)**	**(639)**
Fair value hedges:								
Hedge accounting:								
Interest rate swaps								
1 or less	**3,958,762**	**2.86%**	**175**	**3,251**	**650**	**30,328**	**(899)**	**29,429**
1 to 5	**4,228,269**	**2.82%**	**257**	**8,988**	**1,798**	**23,391**	**(34,567)**	**(11,176)**
5 and above	**458,890**	**2.97%**	**23**	**3,894**	**779**	**26**	**(9,846)**	**(9,820)**
Cross-currency interest rate swaps								
1 or less	**436,620**	**3.88%**	**57,421**	**85,931**	**17,186**	**57,421**	**-**	**57,421**
1 to 5	**735,550**	**2.20%**	**91,154**	**144,764**	**63,325**	**91,155**	**-**	**91,155**
Non-hedge accounting:								
Interest rate swaps								
1 or less	**275,465**	**3.22%**	**2,088**	**1,268**	**359**	**2,340**	**(1,164)**	**1,176**
1 to 5	**574,191**	**3.32%**	**1,632**	**7,028**	**1,737**	**5,703**	**(5,871)**	**(168)**
5 and above	**29,723**	**2.39%**	**3,139**	**4,957**	**1,397**	**622**	**(600)**	**22**
Bond forwards								
1 or less	**1,353,140**	**N/A**	**856**	**1,267**	**376**	**927**	**(6,972)**	**(6,045)**
Foreign exchange forwards								
1 or less	**498,115**	**N/A**	**113**	**643**	**197**	**7,842**	**(148)**	**7,694**
1 to 5	**554**	**N/A**	**-**	**9**	**4**	**1**	**(1)**	**-**
	14,403,396		**177,553**	**291,110**	**93,631**	**242,799**	**(63,819)**	**178,980**

(1) Average rate or average price are on initiation of the derivatives, and refer to the average bond forward rate, the average rate on the fixed-leg of an interest rate swap, and the average share price of the total return swap. These rates/prices are applicable to derivatives in hedge accounting relationships only. (2) Positive current replacement cost represents the cost of replacing all contracts that have a positive fair value, using current market rates. It reflects the unrealized gains on derivative instruments. (3) Credit risk equivalent represents the total replacement cost plus an amount representing the potential future credit exposure, as outlined in OSFI's Capital Adequacy Requirements Guideline. (4) Risk-weighted balance is determined by applying the standardized approach for counterparty credit risk to the credit equivalent amount, as prescribed by OSFI. (5) Derivative financial assets are included in Note 13 and derivative financial liabilities are included in Note 17.

($000's, except percentages) October 31, 2024

Derivative instrumentand term (years)	Notional amount	Average Rate/ Price[1]	Positive current replacement cost[2]	Credit equivalent amount[3]	Risk-weighted balance[4]	Fair Value		
						Assets	Liabilities	Net[5]
Cash flow hedges:								
Hedge accounting:								
Bond forwards								
1 or less	72,100	3.51%	385	214	160	638	(11)	627
Interest rate swaps								
1 or less	157,000	4.05%	-	1,144	229	-	(3,587)	(3,587)
Total return swaps								
1 or less	17,843	81.57	-	23	5	5,673	-	5,673
1 to 5	10,583	67.04	-	14	3	6,351	-	6,351
Non-hedge accounting:								
Total return swaps								
1 or less	9,438	N/A	-	12	2	2,582	-	2,582
Fair value hedges:								
Hedge accounting:								
Interest rate swaps								
1 or less	3,010,035	4.41%	1,610	2,883	576	13,877	(1,793)	12,084
1 to 5	4,737,584	3.32%	2,719	28,667	5,574	17,302	(35,035)	(17,733)
5 and above	341,290	3.28%	9	3,800	760	219	(5,024)	(4,805)
Cross-currency interest rate swaps								
1 or less	734,830	2.22%	92,740	145,135	29,027	92,740	-	92,740
1 to 5	1,172,170	3.64%	65,287	176,693	93,393	65,287	-	65,287
Non-hedge accounting:								
Interest rate swaps								
1 or less	528,000	4.37%	913	2,297	531	3,210	(2,132)	1,078
1 to 5	407,681	3.42%	6,117	8,082	1,828	6,653	(4,966)	1,687
5 and above	116,334	3.01%	912	5,791	1,343	1,113	(2,662)	(1,549)
Bond forwards								
1 or less	1,108,628	N/A	3,142	1,605	1,013	7,896	(2,361)	5,535
Foreign exchange forwards								
1 or less	417,857	N/A	1,600	1,711	382	7,170	(656)	6,514
Other derivatives:								
Total return swaps								
1 or less	407,954	N/A	-	11	2	-	(18)	(18)
1 to 5	1,011,530	N/A	930	667	133	355	(760)	(405)
5 and above	657,092	N/A	4,139	1,479	296	2,013	(2,991)	(978)
Interest rate swaps 1 to 5	6,140,683	N/A	940	833	167	27,599	(29,118)	(1,519)
	21,058,632		181,443	381,061	135,424	260,678	(91,114)	169,564

(1) Average rate or average price are on initiation of the derivatives, and refer to the average bond forward rate, the average rate on the fixed-leg of an interest rate swap, and the average share price of the total return swap. These rates/prices are applicable to derivatives in hedge accounting relationships only. (2) Positive current replacement cost represents the cost of replacing all contracts that have a positive fair value, using current market rates. It reflects the unrealized gains on derivative instruments. (3) Credit risk equivalent represents the total replacement cost plus an amount representing the potential future credit exposure, as outlined in OSFI's Capital Adequacy Requirements Guideline. (4) Risk-weighted balance is determined by applying the standardized approach for counterparty credit risk to the credit equivalent amount, as prescribed by OSFI. (5) Derivative financial assets are included in Note 13 and derivative financial liabilities are included in Note 17.

Cash flow hedges:

The following table presents the effects of cash flow hedges on EQB's Consolidated Statement of Income:

($000s)				**2025**
	Gains (losses) on hedging instrument	**Gains (losses) on hedged Item**	**Hedge ineffectiveness recognized in income**	**Hedging gain or loss recognized in OCI**
Cash flow hedges:				
Interest rate risk:				
Bond forwards	**(7,029)**	**5,985**	**(666)**	**(6,363)**
Interest rate swaps	**11,564**	**(11,564)**	**-**	**11,564**
Interest rate and foreign exchange risk:				
Cross-currency interest rate swaps	**7,578**	**(7,578)**	**-**	**7,578**
Equity price risk:				
Total return swaps	**(7,233)**	**7,233**	**-**	**(7,233)**
	4,880	**(5,924)**	**(666)**	**5,546**

($000s)				2024
	Gains (losses) on hedging instrument	Gains (losses) on hedged Item	Hedge ineffectiveness recognized in income	Hedging gain or loss recognized in OCI
Cash flow hedges:				
Interest rate risk:				
Bond forwards	(24,300)	24,205	(1,080)	(23,220)
Interest rate swaps	(13,506)	13,506	-	(13,506)
Equity price risk:				
Total return swaps	13,928	(13,928)	-	13,928
	(23,878)	23,783	(1,080)	(22,798)

The following table presents the effects of cash flow hedges on EQB's Consolidated Statement of Comprehensive Income on a pre-tax basis:

($000s)						2025
	AOCI as at November 1, 2024	Net gains (losses) recognized in OCI	Amount reclassified to income as the hedged item affects income	AOCI as at October 31, 2025	Balance in cash flow hedge AOCI	
					Active hedges	Discontinued Hedges
Cash flow hedges:						
Interest rate risk:						
Bond forwards	**6,795**	**(6,363)**	**5,619**	**6,051**	**(235)**	**6,286**
Interest rate swaps	**16,569**	**11,564**	**(22,149)**	**5,984**	**5,984**	**-**
Interest rate and foreign exchange risk:						
Cross-currency interest rate swaps	**-**	**7,578**	**(16,964)**	**(9,386)**	**(9,386)**	**-**
Equity price risk:						
Total return swaps	**5,314**	**(7,233)**	**1,542**	**(377)**	**(377)**	**-**
	28,678	**5,546**	**(31,952)**	**2,272**	**(4,014)**	**6,286**

($000s)						2024
	AOCI as at November1, 2023	Net gains (losses) recognized in OCI	Amount reclassified to income as the hedged item affects income	AOCI as at October 31, 2024	Balance in cash flow hedge AOCI	
					Active hedges	Discontinued Hedges
Cash flow hedges:						
Interest rate risk:						
Bond forwards	13,254	(23,220)	16,761	6,795	604	6,191
Interest rate swaps	45,757	(13,506)	(15,682)	16,569	(3,587)	20,156
Equity price risk:						
Total return swaps	(158)	13,928	(8,456)	5,314	5,314	-
	58,853	(22,798)	(7,377)	28,678	2,331	26,347

Fair value hedges:

The following table presents the effects of fair value hedges on EQB's Consolidated Balance Sheet and the Consolidated Statement of Income:

($000s)							2025
	Hedge ineffectiveness			Carrying amounts for hedged items[1]		Accumulated amount of fair value hedge gains (losses) on the hedged item	
	Gains (losses) on hedging instrument	Gains (losses) on hedged item	Total	Active hedges	Discontinued hedges	Active hedges	Discontinued Hedges
Fair value hedges:							
Interest rate risk:							
Loans	**(19,820)**	**21,192**	**1,372**	**1,930,017**	**4,385,438**	**22,573**	**16,637**
Deposits	**20,852**	**(21,461)**	**(609)**	**(5,523,047)**	**(1,832,915)**	**(28,166)**	**(11,934)**
Securitization liabilities	**419**	**(413)**	**6**	**-**	**(51,075)**	**-**	**(75)**
Investments	**(11,254)**	**11,546**	**292**	**1,252,588**	**-**	**21,966**	**-**
Interest rate and foreign exchange risk:							
Covered bonds	**(12,243)**	**13,745**	**1,502**	**(1,308,288)**	**-**	**(136,118)**	**-**
	(22,046)	**24,609**	**2,563**	**(3,648,730)**	**2,501,448**	**(119,745)**	**4,628**

($000s)							2024
	Hedge ineffectiveness			Carrying amounts for hedged items[1]		Accumulated amount of fair value hedge gains (losses) on the hedged item	
	Gains (losses) on hedging instrument	Gains (losses) on hedged item	Total	Active hedges	Discontinued hedges	Active hedges	Discontinued Hedges
Fair value hedges:							
Interest rate risk:							
Loans	(65,309)	70,932	5,623	1,968,137	4,498,564	24,987	(19,956)
Deposits	43,809	(48,150)	(4,341)	(5,059,146)	(1,767,221)	(22,646)	(2,783)
Securitization liabilities	9,593	(9,754)	(161)	(83,652)	(331,275)	(985)	(1,417)
Investments	(53,917)	54,122	205	1,071,864	-	11,892	-
Interest rate and foreign exchange risk:							
Covered bonds	132,505	(126,981)	5,524	5,524	(2,040,137)	-	(133,137)
	66,681	(59,831)	6,850	(2,097,273)	359,931	13,248	(157,293)

(1) Represents the carrying value of hedged items designated in qualifying hedging relationships.

Note 12 – Offsetting Financial Assets and Financial Liabilities

The disclosures in the table below include financial assets and financial liabilities that may or may not be offset in the consolidated financial statements but are subject to agreements with netting arrangements which covers similar financial instruments irrespective of whether they are offset in the consolidated financial statements. Such agreements include derivative agreements, collateral support agreements and repurchase agreements. Financial instruments include derivatives, securities purchased under reverse repurchase agreements and obligations under repurchase agreements.

EQB's derivative transactions are entered into under ISDA master agreements. In general, amounts owed by each counterparty under an agreement are aggregated into a single net amount being payable by one party to the other. In certain cases, all outstanding transactions under an agreement may be terminated and a single

net amount including pledges is due or payable in settlement of these transactions.

EQB's securities purchased under reverse repurchase agreements and obligations under repurchase agreements are covered by industry standard master agreements, which include netting provisions.

EQB pledges and in certain cases receives collateral in the form of cash or securities in respect of the financial instruments. Such collateral is subject to the credit support agreement associated with ISDA agreements, or subject to global master repurchase agreements. Under these agreements, cash or securities pledged/received as collateral can be sold during the term of the transaction but must be returned when the collateral is no longer required and/or on maturity. The terms also give each counterparty the right to terminate the related transactions upon the counterparty's failure to post collateral.

As of October 31, 2025, the approximate market value of cash and securities collateral pledged by EQB that are subject to credit support agreements was $235,833 (October 31, 2024 − $145,442).

As of October 31, 2025, the approximate market value of cash and securities collateral accepted that may be sold or repledged by EQB was $1,636,294 (October 31, 2024 − $1,313,144). There was no collateral sold or repledged in 2025 and 2024.

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements:

($000s)						**October 31, 2025**
				Related amounts not offset on the Consolidated Balance Sheet		
Types of financial assets	**Gross amounts of recognized financial assets**	**Gross amounts of recognized financial liabilities offset on the Consolidated Balance Sheet**	**Net amounts of financial assets presented on the Consolidated Balance Sheet**	**Financial instruments**	**Financial collateral (including cash collateral received)**	**Net amount**
Derivatives held for risk management:						
Cross-currency Interest rate swaps	**156,154**	**-**	**156,154**	**-**	**-**	**156,154**
Interest rate swaps	**75,520**	**-**	**75,520**	**-**	**(49,515)**	**26,005**
Foreign exchange forwards	**7,843**	**-**	**7,843**	**-**	**(5,968)**	**1,875**
Total return swaps	**2,196**	**-**	**2,196**	**-**	**(1,897)**	**299**
Bond forwards	**1,086**	**-**	**1,086**	**-**	**(393)**	**693**
Securities purchased under reverse repurchase agreements	**1,604,165**	**-**	**1,604,165**	**-**	**(1,604,165)**	**-**
	1,846,964	**-**	**1,846,964**	**-**	**(1,661,938)**	**185,026**

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements:

($000s)						October 31, 2025
				Related amounts not offset on the Consolidated Balance Sheet		
Types of financial liabilities	**Gross amounts of recognized financial liabilities**	**Gross amounts of recognized financial assets offset on the Consolidated Balance Sheet**	**Net amounts of financial liabilities presented on the Consolidated Balance Sheet**	**Financial instruments**	**Financial collateral (including cash collateral pledged)**	**Net amount**
Derivatives held for risk management:						
Interest rate swaps	**52,947**	**-**	**52,947**	**-**	**(40,685)**	**12,262**
Bond forwards	**7,473**	**-**	**7,473**	**-**	**(3,945)**	**3,528**
Total return swaps	**3,250**	**-**	**3,250**	**-**	**(2,611)**	**639**
Foreign exchange forwards	**149**	**-**	**149**	**-**	**(1)**	**148**
Obligations under repurchase agreements	**104,568**	**-**	**104,568**	**(104,568)**	**-**	**-**
	168,387	**-**	**168,387**	**(104,568)**	**(47,242)**	**16,577**

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements:

($000s)						October 31, 2024
				Related amounts not offset on the Consolidated Balance Sheet		
Types of financial assets	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities offset on the Consolidated Balance Sheet	Net amounts of financial assets presented on the Consolidated Balance Sheet	Financial instruments	Financial collateral (including cash collateral received)	Net amount
Derivatives held for risk management:						
Cross-currency Interest rate swaps	158,027	-	158,027	-	-	158,027
Interest rate swaps	69,973	-	69,973	-	(56,694)	13,279
Total return swaps	16,974	-	16,974	-	(14,140)	2,834
Foreign exchange forwards	7,170	-	7,170	-	(2,221)	4,949
Securities purchased under reverse repurchase agreements	1,260,118	-	1,260,118	-	(1,260,118)	-
	1,512,262	-	1,512,262	-	(1,333,173)	179,089

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements:

($000s)						October 31, 2024
				Related amounts not offset on the Consolidated Balance Sheet		
Types of financial liabilities	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets offset on the Consolidated Balance Sheet	Net amounts of financial liabilities presented on the Consolidated Balance Sheet	Financial instruments	Financial collateral (including cash collateral pledged)	Net amount
Derivatives held for risk management:						
Interest rate swaps	84,317	-	84,317	-	(38,831)	45,486
Total return swaps	3,769	-	3,769	-	(222)	3,547
Foreign exchange forwards	656	-	656	-	-	656
	88,742	-	88,742	-	(39,053)	49,689

Note 13 – Other Assets

($000s)	**October 31, 2025**	October 31, 2024
Derivative financial instruments		
Interest rate swaps	**231,674**	228,000
Foreign exchange forwards	**7,843**	7,170
Total return swaps	**2,196**	16,974
Bond forwards	**1,086**	8,534
	242,799	260,678
Intangible assets	**148,623**	198,640
Goodwill	**92,545**	110,580
Investment in associate	**49,884**	50,046
Other		
Prepaid expenses and other	**125,647**	102,532
Property and equipment	**100,315**	51,984
Right-of-use assets	**94,357**	66,705
Income taxes receivable	**23,592**	3,756
Assets held-for-sale	**11,981**	38,525
Accrued interest and dividends on non-loan assets	**10,954**	12,610
Receivable relating to securitization activities	**784**	2,991
Loan commitments	**549**	73
	368,179	279,176
	902,030	899,120

(a) Intangible assets

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

($000s)	Software	Development costs	Others	Total
Cost				
Balance at November 1, 2023	20,122	212,772	23,000	255,894
Additions	3,237	25,761	-	28,998
Acquisitions	-	-	54,000	54,000
Disposals/retirements	(1,074)	-	(3,200)	(4,274)
Balance at October 31, 2024	22,285	238,533	73,800	334,618
Additions	**20,680**	**27,525**	**-**	**48,205**
Disposals/retirements	**(18,442)**	**(31,040)**	**-**	**(49,482)**
Balance at October 31, 2025	**24,523**	**235,018**	**73,800**	**333,341**
Accumulated amortization and impairment losses				
Balance at November 1, 2023	14,210	83,892	3,542	101,644
Amortization	1,607	27,180	2,933	31,720
Disposals/retirements	(586)	-	3,200	2,614
Balance at October 31, 2024	15,231	111,072	9,675	135,978
Amortization	**19,886**	**29,079**	**7,875**	**56,840**
Impairment loss	**-**	**38,509**	**-**	**38,509**
Disposals/retirements	**(18,442)**	**(28,167)**	**-**	**(46,609)**
Balance at October 31, 2025	**16,675**	**150,493**	**17,550**	**184,718**
Net book value				
Balance at October 31, 2024	7,054	127,461	64,125	198,640
Balance at October 31, 2025	**7,848**	**84,525**	**56,250**	**148,623**

For the year ended October 31, 2025, certain development costs were assessed as impaired (October 31, 2025 - $38,509; October 31, 2024 – $nil). The impairment resulted from a decommissioning of certain projects or a decline in expected future economic benefits. The loss has been recognized under Non-interest expense – Product costs in the Consolidated Statement of Income.

(b) Goodwill

For the purpose of impairment testing, goodwill is allocated to the Cash Generating Units (CGU) as follows:

($000s)	**October 31, 2025**	October 31, 2024
Equitable Bank	**38,371**	38,371
Bennington Financial Services	**-**	18,035
ACM	**54,174**	54,174
	92,545	110,580

During the year, EQB recorded an impairment loss of $18,035 (October 31, 2024 – $nil) relating to goodwill in the Bennington Financial Services CGU. The charge reflects the impact of macroeconomic uncertainty, which adversely impacted the recoverable amount of the CGU.

The recoverable amounts for the CGUs are calculated based on the higher of FVLCD and VIU. The VIU is determined by discounting three to ten year future cash flows expected to be generated from the continuing use of the CGUs' assets to appropriately capture the growth trajectory to a steady state, on which a terminal value growth rate is applied.

The estimation of the VIU involves significant judgment in the determination of inputs to the discounted cash flow model. The key inputs used in the calculation of VIU are listed in the table below. The values assigned to the key inputs represent management's assessment of future trends and is based on historical data from both external and internal sources, best estimates and judgment.

(%)	**October 31, 2025**	October 31, 2024
Discount rate	**10.6% to 20.6%**	11.5% to 16.5%
Terminal value growth rate	**0% to 3%**	0% to 3%

(c) Right-of-use assets

EQB has recognized right-of-use assets for its leased office premises located in Toronto, Oakville, Calgary, Montreal, Regina, Surrey and Vancouver, and for its leased data centres as follows:

($000s)	**October 31, 2025**	October 31, 2024
Carrying amount of right-of-use assets	**94,357**	66,705
Additions to right-of-use assets	**35,447**	66,368
Depreciation charge for right-of-use assets	**7,107**	3,498
Cash outflows for lease liabilities	**3,629**	2,751
Interest expense on lease liabilities	**6,863**	1,767

In 2024, EQB derecognized $290 of right-of-use assets, and $505 of related lease liabilities as a result of exiting certain leases. This transaction resulted in a loss of $215 inclusive of exit costs being recognized within Non-interest expenses in the Consolidated Statement of Income. There were no early lease terminations in the current year.

(d) Property and equipment

($000s)	Furniture and fixtures	Computer equipment	Land and building	Leasehold improvements	Under construction	Total
Cost						
Balance at November 1, 2023	10,620	28,161	14,222	14,610	15,977	83,590
Additions	390	1,729	130	659	21,445	24,353
Acquisition	-	26	-	2	-	28
Disposals	-	-	-	-	-	-
Balance at October 31, 2024	11,010	29,916	14,352	15,271	37,422	107,971
Additions	**1,577**	**1,833**	**44**	**8,117**	**44,275**	**55,846**
Transfers	**5,084**	**5,050**	**356**	**55,258**	**(65,748)**	**-**
Disposals	**(314)**	**(1,250)**	**(644)**	**(45)**	**(630)**	**(2,883)**
Balance at October 31, 2025	**17,357**	**35,549**	**14,108**	**78,601**	**15,319**	**160,934**
Accumulated depreciation						
Balance at November 1, 2023	9,052	22,538	6,583	13,896	-	52,069
Depreciation	406	2,458	504	550	-	3,918
Disposals	-	-	-	-	-	-
Balance at October 31, 2024	9,458	24,996	7,087	14,446	-	55,987
Depreciation	**682**	**2,556**	**496**	**3,137**	**-**	**6,871**
Disposals	**(308)**	**(1,245)**	**(641)**	**(45)**	**-**	**(2,239)**
Balance at October 31, 2025	**9,832**	**26,307**	**6,942**	**17,538**	**-**	**60,619**
Net book value						
Balance at October 31, 2024	1,552	4,920	7,265	825	37,422	51,984
Balance at October 31, 2025	**7,525**	**9,242**	**7,166**	**61,063**	**15,319**	**100,315**

(e) Investment in associate

The carrying value of EQB's investments in associate was $49,884 as at October 31, 2025 (October 31, 2024 - $50,046). Judgment is required to determine if EQB has significant influence over the investee, for the investee to be considered an associate. EQB exercises significant influence over the associate through its ability to participate in the financial and operating policy-making decisions through a combination of EQB's ownership and board representation. EQB's share of the net income from its investment in associate was immaterial for the years ended October 31, 2025 and 2024. There was no unrecognized share of losses of the associate.

Note 14 – Deposits

($000s)	**October 31, 2025**	October 31, 2024
Term and other deposits	**36,075,882**	33,163,974
Fair value on acquisition	**(8,698)**	(26,512)
Accrued interest	**604,426**	646,182
Deferred deposit agent commissions	**(55,099)**	(44,032)
	36,616,511	33,739,612

Deposits also include $2,136,025 (October 31, 2024 – $2,059,695) of funding from the covered bond program, which is secured by $2,850,720 (October 31, 2024 – $2,779,938) of residential loans reported on the Consolidated Balance Sheet under Loans – Personal.

Fair value on acquisition includes the unamortized fair value adjustments on acquisition of Concentra on November 1, 2022. These fair value balances are amortized over the life of the acquired deposits under Interest expense – Deposits in the Consolidated Statement of Income.

Note 15 – Income Taxes

(a) Income tax provision:

($000s)	**2025**	2024
Current tax expense:		
Current year	**96,674**	115,100
Adjustments for prior years	**(12,478)**	19,153
	84,196	134,253
Deferred tax expense:		
Origination and reversal of temporary differences	**10,806**	37,715
Adjustments for prior years	**12,090**	(20,304)
Changes in tax rates	**(2,201)**	994
	20,695	18,405
Total provision for income taxes in the Consolidated Statement of Income	**104,891**	152,658

Provision for income taxes in the Consolidated Statement of Changes in Equity:

($000s)	**2025**	2024
Current income tax	**(5,276)**	(3,828)
Deferred tax	**198**	9,218
	(5,078)	5,390
Reported in:		
Other comprehensive income	**(4,289)**	(4,111)
Retained earnings	**(1,380)**	12,307
Others	**591**	(2,806)
Total provision for income taxes in the Consolidated Statement of Changes in Equity	**(5,078)**	5,390
Total provision for income taxes	**99,813**	158,048

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

($000s)	**2025**	2024
Canadian statutory income tax rate	**27.5%**	26.9%
Increase (decrease) resulting from:		
Tax-exempt income	**(0.5%)**	0.3%
Future tax rate changes	**(0.6%)**	0.2%
Non-deductible expenses and other	**1.8%**	0.1%
Effective income tax rate	**28.2%**	27.5%

(b) Deferred tax:

Net deferred income tax liabilities are comprised of:

($000s)	**October 31, 2025**	October 31, 2024
Deferred income tax assets:		
Tax losses[1]	**42,808**	33,088
Allowance for credit losses	**28,719**	15,961
Leasing activities	**10,934**	8,312
Share issue expenses	**2,831**	4,341
Equipment financing[2]	**18,672**	23,364
Net loan fees	**94**	-
Other	**16,263**	10,218
	120,321	95,284
Deferred income tax liabilities:		
Securitization activities	**248,450**	195,637
Net loan fees	**-**	1,553
Deposit agent commissions	**8,280**	7,199
Intangible costs	**26,313**	32,724
	283,043	237,113
Net deferred income tax liabilities[3]	**162,722**	141,829

(1) Deferred tax asset pertains to income tax losses of approximately $165,581 from Equitable Trust (2024 – $127,789). (2) The deferred tax asset relating to equipment financing activities pertains to the temporary difference resulting from difference in accounting treatment versus tax treatment for equipment financing receivable. (3) Certain taxable temporary differences associated with investments in subsidiaries did not result in the recognition of deferred tax liabilities as at October 31, 2025. The total amount of these temporary differences was $1.662 billion as at October 31, 2025 (October 31, 2024 – $1.796 billion).

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

($000s)	**October 31, 2025**	October 31, 2024
Deferred tax assets	**36,429**	36,104
Deferred tax liabilities	**199,151**	177,933
Net deferred tax liabilities	**162,722**	141,829

The major changes to net deferred taxes were as follows:

($000s)	**2025**	2024
Balance at beginning of year	**141,829**	114,206
Deferred tax expense for the year recorded in income	**20,695**	18,405
Deferred tax expense for the year recorded in equity	**198**	9,218
Net deferred tax liabilities	**162,722**	141,829

Note 16 – Funding Facilities

(a) Secured funding facilities:

EQB has two credit facilities totaling $1,600,000 (October 31, 2024 – $1,600,000) with major Schedule I Canadian banks to finance residential loans prior to securitization. Equitable Bank also has access to liquidity facilities sponsored by the Government of Canada, namely the Bank of Canada's Standing Term Liquidity Facility and Emergency Lending Assistance program. As at October 31, 2025, EQB had an outstanding balance of $622,347 (October 31, 2024 – $403,138) on facilities from the Schedule I Canadian banks. The facilities from Schedule I Canadian banks carry interest rates at CORRA plus 1.00% to 1.15%. These term facilities expire between May 2026 and September 2026.

Concentra Bank maintains $50,000 (October 31, 2024 – $50,000) secured line of credit with SaskCentral which is used primarily for settlement and clearing purposes. The line of credit carries interest rates at Prime less 0.50%. As at October 31, 2025 there was a balance outstanding balance of $1,262 (October 31, 2024 – $nil) on this secured line of credit.

(b) Unsecured funding facilities:

During the year, EQB entered into an amended and restated funding agreement which replaced the existing agreement with a consortium of Scheduled I banks. The amended and restated funding agreement is a fully revolving facility now. Formerly EQB had a revolving facility and a term loan facility. The facility balances are as follows:

($000s)	**October 31, 2025**	October 31, 2024
Revolving facility limit	**320,000**	200,000
Term loan facility limit	**-**	120,000
Revolving and term facility outstanding balance	**95,196**	119,849
Unamortized deferred costs	**-**	178
Accrued interest	**196**	26

The amended and restated funding facility allows advances under either Prime Rate or CORRA, with interest accruing at the respective benchmark rate plus an applicable margin.

Equitable Bank has established a Bearer Deposit Notes (BDN) program through which it issues short-term unsecured notes. As at October 31, 2025 the outstanding balance of the notes issued under the program was $735,282 (October 31, 2024 – $423,969) including deferred costs of $119 (October 31, 2024 – $49) and discounts of $7,099 (October 31, 2024 – $4,257). The interest rates on the outstanding BDN ranges from 2.78% to 3.63%.

ACM maintains a $1,000 (October 31, 2024 - $1,000) operating line of credit to support day to day liquidity management. The line of credit carries interest at Prime plus 1.00% and there was no amount outstanding at October 31, 2025 (October 31, 2024 - $nil).

Note 17 – Other Liabilities

($000s)	**October 31, 2025**	October 31, 2024
Derivative financial instruments		
Interest rate swaps	**52,947**	84,317
Put option	**30,923**	30,613
Bond forwards	**7,473**	2,372
Total return swaps	**3,250**	3,769
Foreign exchange forwards	**149**	656
	94,742	121,727
Other		
Accounts payable and accrued liabilities	**341,570**	307,435
Securitized loan servicing liability	**112,759**	100,503
Lease liabilities	**108,275**	69,782
Severance costs	**22,514**	-
Loan realty taxes	**22,636**	19,998
Income taxes payable	**5,624**	15,000
Unearned revenue	**2,008**	2,486
	615,386	515,204
	710,128	636,931

(a) Lease liabilities

The following table summarizes the contractual maturities of the lease liabilities:

($000s)	**October 31, 2025**	October 31, 2024
Less than 1 year[(1)]	**1,956**	(1,404)
1 year to less than 2 years	**3,792**	2,864
2 years to less than 3 years	**4,172**	2,736
3 years to less than 4 years	**4,644**	2,694
4 years to less than 5 years	**5,238**	2,877
More than 5 years	**88,473**	60,015
	108,275	69,782

(1) Negative balance for less than 1 year was due to the rent-free period during which the interest was being accumulated on the lease liabilities.

(b) Severance costs

During Q4 2025, EQB executed on a strategic restructuring program designed to drive efficiency and growth. As part of this program, EQB recognized restructuring costs totalling $22,692, comprising $21,928 of severance and termination benefits payable to employees whose positions were affected, and $764 of directly attributable outplacement services and legal costs. These costs are presented within Non-interest expense - Compensation and benefits in the Consolidated Statement of Income.

As at October 31, 2025, approximately 88% of the affected employees had signed severance agreements. The payments are expected to be settled within the next 12 months.

Note 18 – Equity

(a) Capital stock:

Authorized:

Unlimited number of non-cumulative 5-year rate reset preferred shares, Series 1, par value $25.00 per share
Unlimited number of non-cumulative floating rate preferred shares, Series 2, par value $25.00 per share
Unlimited number of non-cumulative 5-year rate reset preferred shares, Series 3, par value $25.00 per share
Unlimited number of non-cumulative floating rate preferred shares, Series 4, par value $25.00 per share
Unlimited number of non-voting Class A Series 1 and 2 preferred shares without par value
Unlimited number of common shares, no par value

Issued and outstanding shares:

($000's, except shares and per share amounts)

	October 31, 2025			October 31, 2024		
	Number of shares	**Amount**	**Dividends paid per share**	Number of shares	Amount	Dividends paid per share
Preferred Shares,Series 3:						
Balance, beginning of year	**-**	**-**		2,911,800	70,424	
Redemptions	**-**	**-**		(2,911,800)	(70,424)	
Balance, end of year	**-**	**-**	**-**	-	-	1.49
Class A Series 1:				3,888,500	97,212	
Redemption	**-**	**-**		(3,888,500)	(97,212)	
Balance, end of year	**-**	**-**	**-**	-	-	0.75
Class A Series 2:				551,000	13,775	
Redemption	**-**	**-**		(551,000)	(13,775)	
Balance, end of year	**-**	**-**	**-**	-	-	1.62
Common shares:						
Balance, beginning of year	**38,449,904**	**505,876**		37,879,352	471,014	
New shares issued	**-**	**-**		137,244	11,000	
Issuance on exercise of stock options	**160,368**	**8,419**		375,565	15,376	
Common shares repurchased and cancelled	**(1,023,748)**	**(13,204)**		-	-	
Issuance under DRIP	**-**	**-**		57,743	4,915	
Issuance costs – net of tax	**-**	**-**		-	-	
Transferred from contributed surplus/deficit relating to the exercise of stock options	**-**	**1,969**		-	3,571	
Balance, end of year	**37,586,524**	**503,060**	**2.08**	38,449,904	505,876	1.74

(b) Other equity instruments

On July 16, 2024, EQB issued $150,000, 8%, 5-year fixed rate reset Limited Recourse Capital Notes - Series 1 (LRCN or Notes), at a par value of $1,000 per Note. Interest on these Notes is non-deferrable and is paid semi-annually in arrears on April 30 and October 31 of each year, with the first interest payment on October 31, 2024.

In connection with the LRCN, EQB issued $150,000 of non-cumulative 5-year fixed rate reset preferred shares (Series 5) at $1,000 per share to EQB LRCN Limited Recourse Trust, to be held as trust assets in connection with the LRCN structure. This entire LRCN structure is replicated back-to-back with Equitable Bank (the Bank), whereby the Bank has issued the same number and amount of Notes to EQB, and same number and amount

of non-cumulative 5-year fixed rate reset perpetual Non-Viability Contingent Capital (NVCC) preferred shares to Equitable Bank LRCN Limited Recourse Trust as trust assets. This back-to-back arrangement is eliminated on consolidation.

Per contractual provisions contained in EQB's LRCN offering document, EQB LRCN Limited Recourse Trust shall deliver to the investors of LRCN, all Trust assets in an event of a recourse. The following shall constitute a recourse event (a) non-payment of the principal and interest on the maturity date in cash; (b) failure to make a coupon payment in cash within five business days of the scheduled payment date; (c) failure to pay the principal and interest amount due in cash following a redemption; (d) EQB becomes bankrupt, insolvent or is liquidated; (e) Equitable Bank's LRCN experiences any of the similar recourse events as above; and/or (f) NVCC trigger event occurs for the Bank as defined in Chapter 2 of OSFI's Guideline for Capital Adequacy Requirements (CAR).

LRCN are scheduled to mature on October 31, 2084, and may be redeemed at the sole discretion of EQB in whole or in part on not less than 10 nor more than 60 days prior notice to the investors during the first interest rate reset period ending October 31, 2029, and subsequently every fifth year thereafter, subject of receipt of all necessary regulatory approvals relating to the redemption of the Bank's LRCN notes.

(c) Dividend reinvestment plan:

EQB had activated a dividend reinvestment plan in Q1 2019 and later suspended it in Q1 2021. In Q1 2022, EQB reactivated the plan and in Q4 2024 suspended it again. Participation in the plan was optional and under the terms of the plan, cash dividends on common shares were used to purchase additional common shares at the volume weighted average trading price of the common shares on the TSX for the five trading days immediately preceding the dividend payment date, adjusted with discount. At the option of EQB, the common shares may have been issued from EQB's treasury or acquired from the open market at market prices.

(d) Dividend restrictions:

EQB's subsidiary, Equitable Bank, is subject to minimum capital requirements, as prescribed by OSFI under the Bank Act (Canada). EQB must notify OSFI prior to the declaration of any dividend and must ensure that any such dividend declaration is done in accordance with the provisions of the Bank Act (Canada), and those OSFI guidelines relating to capital adequacy and liquidity.

(e) Normal course issuer bid (NCIB):

On December 21, 2022, EQB renewed the NCIB with an approval from the Toronto Stock Exchange, pursuant to which EQB may repurchase for cancellation up to 3,025,798 of its common shares, representing 10% of its public float. On January 2, 2025, the NCIB was renewed and approved by the Toronto Stock Exchange, pursuant to which EQB may repurchase for cancellation up to 2,300,000 of its common shares, representing 8.4% of its public float of such shares. During the year EQB repurchased and canceled 1,023,748 (2024 – nil) common shares, at a volume weighted average price of $93.36.

Note 19 – Stock-based Compensation

(a) Stock-based compensation plan:

Under EQB's stock option plan, options on common shares are periodically granted to eligible participants for terms of seven or ten years and vest over a four-year period. At October 31, 2025, the maximum number of common shares available for issuance under the plan was 5,150,000 (October 31, 2024 − 5,150,000). The outstanding options expire on various dates to September 2035. A summary of EQB's stock option activity and related information is as follows:

($000's, except share, per share and stock option amounts)	**October 31, 2025**		October 31, 2024	
	Number of stock options	**Weighted average exercise price**	Number of stock options	Weighted average exercise price
Outstanding, beginning of year	**959,879**	**66.11**	1,173,719	54.82
Granted	**224,587**	**98.91**	224,198	84.93
Exercised	**(160,368)**	**52.50**	(375,565)	40.94
Forfeited/cancelled	**(72,395)**	**85.70**	(62,473)	72.64
Outstanding, end of year	**951,703**	**74.66**	959,879	66.11
Exercisable, end of year	**559,653**	**65.70**	464,646	55.55

The following table summarizes information relating to stock options outstanding and exercisable as at October 31, 2025:

		Options outstanding	Options exercisable
Exercise price ($)	Number outstanding	Weighted average remaining contractual life (years)	Number exercisable
33.89	42,925	0.4	42,925
45.48	106,318	1.3	106,318
69.16	119,848	2.3	119,848
76.77	3,000	2.8	3,000
79.01	3,000	3.0	2,250
80.86	1,500	3.1	750
68.78	2,500	3.1	1,250
75.72	141,742	3.3	113,822
72.21	2,875	3.4	2,250
57.32	12,000	3.8	9,000
67.12	128,650	7.3	72,719
62.88	1,875	7.5	625
73.50	8,100	8.0	4,050
67.60	3,750	8.0	1,250
83.85	149,796	8.1	55,333
85.04	2,020	8.4	506
82.94	2,380	8.4	595
83.62	1,875	8.4	-
88.38	4,750	8.5	1,188
87.47	3,351	8.6	838
95.04	5,000	8.7	1,250
95.08	1,425	8.9	356
105.39	2,376	9.0	594
107.27	2,500	9.0	625
100.75	140,883	9.1	18,311
106.71	5,934	9.3	-
95.22	3,000	9.4	-
94.89	3,400	9.4	-
92.89	7,629	9.6	-
90.84	24,415	9.9	-
92.54	12,886	9.9	-

Under the fair value-based method of accounting for stock options, EQB recorded compensation expense in the amount of $4,640 (2024 − $4,015) related to grants of options under the stock option plan. This amount was credited to Contributed surplus/deficit. The fair value of options granted during 2025 was estimated at the date of grant using the Black-Scholes valuation model, with the following assumptions:

(Percentages, except per share amount and number of years)	**2025**	2024
Risk-free rate	**3.2%**	3.6%
Expected option life (years)	**5.5**	5.5
Expected volatility	**31.1%**	31.0%
Expected dividends	**2.2%**	2.2%
Weighted average fair value of each option granted	**26.70**	23.51

(b) Employee share purchase plan:

EQB has an ESP plan for eligible employees. Under the plan, eligible employees can contribute between 1% and 10% of their annual base salary towards the purchase of common shares of EQB. For each eligible contribution, EQB contributes 50% of the employee's contribution to purchase common shares of EQB up to a certain maximum per employee. During the year, EQB expensed $3,656 (2024 − $2,476) under this plan.

(c) Deferred share unit plan:

EQB has a DSU plan for Directors. Under the plan, notional units are allocated to a Director from time to time by the Board of Directors and the units vest at the time of the grant. Directors can elect, on a one-time annual basis, to receive up to 100% of their annual compensation in the form of DSUs, allocated at each quarter and on a pro-rata basis. A Director will be credited with additional DSUs whenever a cash dividend is declared by EQB. When an individual ceases to be a Director (the Separation Date) the individual may elect up to two separate redemption dates to be paid out the value of the DSUs. The redemption date elected by the participant is a date after the Separation Date and no later than December 15 of the first calendar year commencing after the Separation Date. The redemption value of each DSU redeemable by a Director is the volume-weighted average trading price of the common shares of EQB on the TSX for the five trading days immediately prior to the redemption date.

In the event of any stock dividend, stock split, reverse stock split, consolidation, subdivision, reclassification, or any other change in the capital of EQB affecting its common shares, EQB will make, with respect to the number of DSUs outstanding under the DSU Plan, any proportionate adjustment as it considers appropriate to reflect that change. The DSU plan is administered by the Board or a committee thereof.

EQB hedges the risk of change in future cash flows related to the DSU plan. Please refer to Note 11 – Derivative Financial Instruments for further details.

A summary of EQB's DSU activity for the years ended October 31, 2025 and October 31, 2024 is as follows:

	October 31, 2025	October 31, 2024
	Number of DSUs	Number of DSUs
Outstanding, beginning of year	**108,839**	143,789
Granted	**12,459**	12,485
Dividend Reinvested	**2,481**	2,076
Paid out	**-**	(49,511)
Outstanding, end of year	**123,779**	108,839

During the year no DSUs were paid out (2024 – 49,511). Compensation expense, including offsetting hedges, relating to DSUs outstanding during the year ended October 31, 2025 amounted to $1,654 (2024 – $1,662). The liability associated with DSUs outstanding as at October 31, 2025 was $10,973 (October 31, 2024 – $11,889) and was included in Other Liabilities on the Consolidated Balance Sheet.

(d) Restricted share unit plan:

EQB has an RSU plan for eligible employees. Under the plan, RSUs or PSUs are awarded by the Board to eligible employees during the annual compensation process and vest at the end of three years (cliff vest). Under the plan, each RSU or PSU represents one notional common share and earns notional dividends, which

are re- invested into additional RSUs or PSUs when cash dividends are paid on EQB's common shares. Each RSU or PSU held at the end of the vesting period, including those acquired as dividend equivalents, will be paid to the eligible employees in cash, the value of which will be based on the volume-weighted average trading price of EQB's common shares on the TSX for the five consecutive trading days immediately prior to, and including the vesting date. The value of PSUs may be increased or decreased up to 25%, based on EQB's relative total shareholder return compared to a defined peer group of financial institutions in Canada.

EQB hedges the risk of change in future cash flows related to the RSU and PSU plans. Please refer to Note 11 – Derivative Financial Instruments for further details.

A summary of EQB's RSU and PSU activity for the year ended October 31, 2025 and October 31, 2024 is as follows:

	October 31, 2025	October 31, 2024
	Number of RSUs and PSUs	Number of RSUs and PSUs
Outstanding, beginning of year	**292,576**	251,887
Granted	**130,892**	121,543
Dividend reinvested	**6,745**	5,981
Vested and paid out	**(91,818)**	(52,424)
Forfeited/cancelled	**(45,876)**	(34,411)
Outstanding, end of year	**292,519**	292,576

During the year, 91,818 (2024 – 52,424) RSUs and PSUs were vested and paid out for a total value of $7,893 (2024 – $4,911). Compensation expense, including offsetting hedges, relating to RSUs and PSUs outstanding during the year amounted to $9,340 (2024 – $7,905). The liability associated with RSUs and PSUs outstanding as at October 31, 2025 was $17,202 (October 31, 2024 – $17,881) and was included in Other Liabilities on the Consolidated Balance Sheet.

(e) Treasury share unit plan:

EQB grants Treasury Share Units (TSUs) to eligible employees in the form of Treasury Performance Share Units (TPSUs), under the TSU plan for a term of ten years. Under the plan, 50% of the TPSUs cliff vest after 3 years, and the remaining 50% cliff vest after 4 years, subject to performance conditions. Under the plan, each TPSU represents one notional common share and earns notional dividends, which are reinvested into additional TPSUs when cash dividends are paid on EQB's common shares. When the TPSUs vest, the eligible employee can elect to settle in shares issued from treasury, or in cash.

As at October 31, 2025, the maximum number of common shares available for issuance under the TSU plan was 500,000. The outstanding TPSUs expire up to September 2035.

Under EQB's TSU plan, the activity for the year ended October 31, 2025 and October 31, 2024 is as follows:

	October 31, 2025	October 31, 2024
	Number of TPSUs	Number of TPSUs
Outstanding, beginning of year	**84,054**	45,043
Granted	**55,215**	42,358
Dividend reinvested	**1,924**	1,653
Paid out	**(51,123)**	(976)
Forfeited/cancelled	**(20,855)**	(4,024)
Outstanding, end of year	**69,215**	84,054

Compensation expense, including offsetting hedges, relating to TPSUs outstanding for the year amounted to $4,208 (2024 – $1,948). The liability associated with TPSUs outstanding as at October 31, 2025 was $2,644

(October 31, 2024 – $3,469) and is included in Other liabilities on the Consolidated Balance Sheet.

Note 20 – Fees and other income

($000s)	2025	2024
Service and other fees	**52,322**	46,750
Portfolio management fees	**22,448**	18,177
Trust fees	**13,941**	13,538
Foreign exchange gains	**5,576**	1,839
Other income (losses) [1]	**(15,046)**	783
	79,241	81,087

(1) Other income (losses) includes non-operating asset impairments of $12,809 (2024 - $nil) and realized losses of $2,864 (2024 - $109) on the sale of repossessed assets.

Note 21 – Earnings Per Share

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

($000's, except share, per share and stock option amounts)	2025	2024
Net income available to common shareholders	**256,475**	389,836
Weighted average basic number of common shares outstanding	**38,305,625**	38,238,719
Earnings per common share − basic	**6.70**	10.19
Earnings per common share − diluted:		
Net income available to common shareholders	**256,475**	389,836
Weighted average basic number of common sharesoutstanding	**38,305,625**	38,238,719
Adjustment to weighted average number of commonshares outstanding:		
Stock options	**251,739**	310,581
Weighted average diluted number of common shares outstanding	**38,557,364**	38,549,300
Earnings per common share − diluted	**6.65**	10.11

For the year ended October 31, 2025, the calculation of the diluted earnings per share excluded 163,346 (2024 – 127,881) average options outstanding with a weighted average exercise price of $100.60 (2024 − $84.01) as the exercise price of these options was greater than the average price of EQB's common shares.

Note 22 – Capital Management

Equitable Bank manages its capital in accordance with guidelines established by OSFI, based on standards issued by the Bank for International Settlements' Basel Committee on Banking Supervision. OSFI's Capital Adequacy Requirements (CAR) Guideline details how Basel III rules apply to Canadian banks. OSFI has mandated that all Canadian-regulated financial institutions meet target Capital Ratios: those being a CET1 Ratio of 7.0%, a Tier 1 Capital Ratio of 8.5%, and a Total Capital Ratio of 10.5%. In order to govern the quality and quantity of capital necessary based on EQB's inherent risks, Equitable Bank utilizes an Internal CapitalAdequacy Assessment Process (ICAAP).

Equitable Bank's CET1 Ratio was 13.3% as at October 31, 2025, while Tier 1 Capital and Total Capital Ratios were 14.1% and 15.8%, respectively. EQB's Capital Ratios as at October 31, 2025 exceeded the regulatory minimums.

During the year, EQB complied with all external capital requirements.

Regulatory capital (relating to Equitable Bank inclusive of its subsidiaries) is as follows:

($000s)	**October 31, 2025**	October 31, 2024
	Revised Base III	Revised Base III
Common Equity Tier 1 Capital:		
Common shares	**929,245**	933,749
Contributed surplus	**23,475**	14,330
Retained earnings	**1,874,229**	2,028,450
Accumulated other comprehensive loss[(1)]	**(1,070)**	(14,239)
Less: Regulatory adjustments	**(127,054)**	(182,039)
Common Equity Tier 1 Capital	**2,698,825**	2,780,251
Additional Tier 1 Capital:		
Non-cumulative preferred shares	**-**	-
Other qualifying additional tier 1 instruments	**147,378**	147,458
Additional Tier 1 capital issued by a subsidiary to third parties	-	-
Tier 1 Capital	**2,846,203**	2,927,709
Tier 2 Capital:		
Subordinated debt	**200,841**	-
Eligible stage 1 and 2 allowance	**150,066**	108,574
Tier 2 Capital	**350,907**	108,574
Total Capital	**3,197,110**	3,036,283

(1) As prescribed by OSFI (under Basel III rules), AOCI is part of CET1 in its entirety, however, the amount of cash flow hedge reserves that relates to the hedging of items that are not fair valued is excluded.

Note 23 – Commitments and Contingencies

(a) Lease commitments:

In addition to these minimum lease payments for premises rental, EQB pays its share of common area maintenance and realty taxes over the terms of the leases. Lease expense recognized in the Consolidated Statement of Income for 2025 amounted to $9,592 (2024 − $10,072). EQB also has a commitment of $34,427 (October 31, 2024 − $24,390) relating to the lease property renovations project.

(b) Credit commitments:

As at October 31, 2025, EQB had outstanding commitments to fund $7,100,781 (October 31, 2024 − $6,263,018) of loans and investments in the ordinary course of business. Of these commitments, $2,390,543 (October 31, 2024 − $1,881,922) are expected to be funded within 1 year and $4,710,238 (October 31, 2024 − $4,381,096) after 1 year.

EQB has issued standby letters of credit which represent assurances that EQB will make payments in the event that a borrower cannot meet its obligations to a third party. Letters of credit in the amount of $37,799 were outstanding as at October 31, 2025 (October 31, 2024 − $32,619).

(c) Contingencies:

EQB is subject to various other claims and litigation arising from time to time in the ordinary course of business. Management has determined that the aggregate liability, if any, which may result from other various outstanding legal proceedings would not be material and no other provisions have been recorded in these consolidated financial statements.

Note 24 – Related Party Transactions

Parties are considered to be related if one party has the ability to directly or indirectly control the other party or exercise significant influence over the other party in making financial or operational decisions. EQB's related parties include key management personnel, close family members of key management personnel and entities which are controlled, significantly influenced by, or for which significant voting power is held by key management personnel or their close family members. Key management personnel are people who have the authority and responsibility for planning, directing and controlling the activities of EQB directly and indirectly. EQB considers the members of the Board, the CEO, CFO and the CRO as part of key management personnel.

These financial statements present the consolidated results of EQB and all its subsidiaries, therefore transactions with the subsidiaries are not reported as related party transactions.

(a) Key management personnel compensation table:

($000s)	**2025**	2024
Short-term employee benefits	**5,395**	3,998
Post-employment benefits	**48**	46
Termination benefits	**-**	683
Share-based payments (net)[1]	**6,704**	4,086
	12,147	8,813

(1) During the year ended October 31, 2025, the composition of key management personnel changed. Amounts disclosed reflect compensation paid to all individuals who served as KMP during the year, including accelerated long-term incentive expense of $2.6 million recognized in accordance with the terms of the applicable plans.

(b) Share transactions, shareholdings and options of key management personnel and related parties:

As at October 31, 2025, key management personnel held 35,074 (October 31, 2024 – 558,240) common shares. These shareholdings include common shares of 6,725 (October 31, 2024 – 7,498) that were beneficially owned by the non-management Directors or held by related party entities whose controlling shareholders are Directors of EQB. In addition, key management personnel held 48,099 (October 31, 2024 – 242,947) options to purchase common shares of EQB at prices ranging from $73.50 to $100.75.

(c) Other transactions:

As at October 31, 2025, deposits of $715 (October 31, 2024 – $917) were held by key managementpersonnel and related party entities whose controlling shareholders are Directors of EQB and trusts beneficially owned by the Directors.

(d) Transactions with subsidiaries and associates:

EQB enters into transactions with its subsidiaries and associates. If transactions are eliminated on consolidation, they are not disclosed as related party transactions. Transactions between EQB and its subsidiaries and associates that qualify as related party transactions are as follows:

During the year EQB invested $4,000 in a Climate and Social impact fund that has been newly created by ACM. EQB has committed to investing up to a total of $50,000 to seed the fund. The current investment in the fund has not been consolidated.

An associate provides brokerage service to EQB in the normal course of business. During the year EQB paid $38 in brokerage commissions to the associate.

Note 25 – Interest Rate Sensitivity

The following table shows EQB's position with regard to interest rate sensitivity of assets, liabilities and equity on the date of the earlier of contractual maturity or re-pricing date, as at October 31, 2025.

($000's, except percentages)

	Floating rate	0 to 3 months	4 months to 1 year	Total within 1 year	1 year to 5 years	Greater than 5 years	Non-interest sensitive[1]	Total
Assets:								
Cash and cash equivalents and restricted cash	1,883,871	50,000	-	1,933,871	-	-	110,066	2,043,937
Effective interest rate	*2.52%*	*3.33%*	-	*2.54%*	-	-	*0.00%*	*2.40%*
Securities purchased under reverse purchase agreements	-	1,604,165	-	1,604,165	-	-	-	1,604,165
Effective interest rate	-	*2.24%*	-	*2.24%*	-	-	-	*2.24%*
Investments	61,505	60,416	366,120	488,041	940,237	125,000	92,586	1,645,864
Effective interest rate	*2.42%*	*1.99%*	*1.18%*	*1.44%*	*2.53%*	*2.37%*	*0.00%*	*2.05%*
Loan receivable – Personal	6,091,981	3,122,671	8,695,379	17,910,031	13,205,406	64,063	594,696	31,774,196
Effective interest rate	*4.91%*	*5.89%*	*5.60%*	*5.42%*	*5.72%*	*13.04%*	*0.00%*	*5.46%*
Loan receivable – Commercial	7,531,222	701,079	1,102,933	9,335,234	3,159,302	1,775,521	188,420	14,458,477
Effective interest rate	*5.30%*	*5.12%*	*5.91%*	*5.36%*	*5.36%*	*3.61%*	*0.00%*	*5.08%*
Securitized Retained Interest	-	-	-	-	-	-	1,028,623	1,028,623
Other assets	-	-	-	-	-	-	938,459	938,459
Total assets	15,568,579	5,538,331	10,164,432	31,271,342	17,304,945	1,964,584	2,952,850	53,493,721
Liabilities:								
Deposits[2]	2,659,892	10,452,719	11,498,714	24,611,325	11,197,623	41,591	765,972	36,616,511
Effective interest rate	*2.97%*	*2.41%*	*3.55%*	*3.01%*	*3.91%*	*3.84%*	*0.00%*	*3.08%*
Securitization liabilities	1,296,353	1,133,027	2,887,686	5,317,066	4,900,575	597,808	382,028	11,197,477
Effective interest rate	*2.96%*	*4.42%*	*2.57%*	*3.06%*	*3.57%*	*3.15%*	*0.00%*	*2.67%*
Funding Facilities	638,609	483,000	339,500	1,461,109	-	-	(7,022)	1,454,087
Effective Interest rate	*3.38%*	*3.07%*	*3.10%*	*3.21%*	-	-	*0.00%*	*3.22%*
Obligations under repurchase agreements	-	*104,561*	-	*104,561*	-	-	*7*	*104,568*
Effective Interest rate	-	*2.47%*	-	*2.47%*	-	-	*0.00%*	*2.47%*
Other liabilities and deferred taxes	-	-	-	-	-	-	909,279	909,279
Equity	-	-	-	-	150,000	-	3,061,799	3,211,799
Effective Interest rate	-	-	-	-	*8.00%*	-	-	*0.37%*
Total liabilities and equity	4,594,854	12,173,307	14,725,900	31,494,061	16,248,198	639,399	5,112,063	53,493,721
Off-balance sheet items[3]	(2,509,916)	301,775	3,423,285	1,215,144	(365,762)	(849,382)	-	-
Excess (deficiency) of assets over liabilities, shareholders' equity and off-balance sheet items	8,463,809	(6,333,201)	(1,138,183)	992,425	690,985	475,803	(2,159,213)	-

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

($000's, except percentages)

	Floating rate	0 to 3 months	4 months to 1 year	Total within 1 year	1 year to 5 years	Greaterthan 5years	Non-interest sensitive[1]	Total
Total assets – 2024	13,619,485	4,111,224	12,796,655	30,527,364	17,425,565	2,679,762	2,601,230	53,233,921
Total liabilities and shareholders' equity –2024	4,631,888	11,074,074	14,614,088	30,320,050	17,330,643	851,769	4,731,459	53,233,921
Off-balance sheet items – 2024[2]	(2,122,122)	(153,189)	1,920,676	(354,635)	1,606,242	(1,251,607)	-	-
Excess (deficiency) of assets over liabilities, shareholders' equity and off-balance sheet items – 2024	6,865,475	(7,116,039)	103,243	(147,321)	1,701,164	576,386	(2,130,229)	-

(1) Accrued interest is included in "Non-interest sensitive" assets and liabilities. (2) Off-balance sheet items include EQB's interest rate swaps, hedges on funded assets, as well as loan rate commitments that are not specifically hedged. Loan rate commitments that are specifically hedged, along with their respective hedges, are assumed to substantially offset.

Note 26 – Subsequent Event

On December 3, 2025, EQB entered into a definitive agreement to acquire a 100% interest in President's Choice Financial (PC Financial) and affiliated entities from Loblaw Companies Limited. The acquisition is subject to customary closing conditions and regulatory approvals.

Directors and executive officers

Directors

Michael Emory
Founder and Executive Chair of the Board of Trustees, Allied Properties REIT

Susan Ericksen
Corporate Director

Kishore Kapoor
Corporate Director

Yongah Kim
Associate Professor of Strategic Management, Rotman School of Business

Marcos Lopez
Chief Executive Officer, CreditApp, a fintech company

Chadwick Westlake
President and Chief Executive Officer of EQB Inc. and Equitable Bank

Rowan Saunders
President and Chief Executive Officer, Definity Financial Corporation

Carolyn Schuetz
Corporate Director

Vincenza Sera
Chair of the Board of EQB Inc. and Equitable Bank, and Corporate Director

Michael Stramaglia
Corporate Director and President and Founder of Matrisc Advisory Group Inc., a risk management consulting firm

Executive officers

Chadwick Westlake
President and Chief Executive Officer

Anilisa Sainani
Senior Vice-President and Chief Financial Officer

Marlene Lenarduzzi
Senior Vice-President and Chief Risk Officer

Dan Broten
Senior Vice-President and Head of EQ Bank

Darren Lorimer
Senior Vice-President and Group Head, Commercial Banking

David Wilkes
Senior Vice-President and Chief Strategy & Growth Officer

Gavin Stanley
Senior Vice-President and Chief Human Resources Officer

Isabelle Farella
Senior Vice-President and Chief Auditor

Janet Lin
Senior Vice-President and Chief Information Officer

Michael Mignardi
Senior Vice-President and General Counsel

Tim Charron
Senior Vice-President and Treasurer

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Toronto Stock Exchange Listings
Common Shares: EQB

Analyst Conference Call and Webcast
Thursday, December 4, 2025
10:30 a.m. EST
Live: 416.945.7677
Replay and archive:
eqb.investorroom.com

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More comprehensive investor information including supplemental financial reports, quarterly news releases, and investor presentations are available in the Investor Relations section at
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Equitable Bank's 2025 Responsibility Report and Public Accountability Statement will be available in Q2 2026 at
eqb.investorroom.com

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

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