DJ² Capital Research | No. 1

EQB x PC Financial

EQB Inc.'s acquisition of PC Financial from Loblaw: transaction, valuation and early results

November 17, 2026

For informational and educational purposes only. Not investment advice.

Basis of Preparation and Contents

How to read these materials

(C$ unless stated)

Contents	
I.	Transaction Overview
II.	Price, Valuation and Impact
III.	Risks and Recommendation
App.	Reconciled Items, Bank Multiples, Sources

Basis of preparation

- Public information only: company releases, financial reports and market data.
- Checked against primary documents: the announcement terms, Loblaw's closing consideration, and EQB's Q3 FY2026 share issuance, credit provision and integration costs.
- Secondary sources, labeled as such: share prices, bank comparables and analyst views.
- "Est." marks our own calculation; the formula is in the speaker notes. "Reported" marks a secondary source.
- The recommendation page is the author's view, not a prediction.

Source: Public company filings and releases, as of November 17, 2026; listed in the Appendix.

I. Transaction Overview

Terms, timeline, rationale and scale

Transaction Overview

Terms of the acquisition

(C$)

EQB paid 1.15x book value, excluding excess capital, for Loblaw's bank and became the exclusive partner of PC Optimum

Parties	Buyer: EQB Inc. (TSX: EQB). Seller: Loblaw Companies Limited (TSX: L).
Target	PC Financial: President's Choice Bank, the PC Financial insurance agency and broker, and affiliated entities.
Structure	Purchase of 100% of the shares. Loblaw keeps and runs the PC Optimum loyalty program.
Price	1.15x book value at closing, excluding capital above a 13% CET1 ratio. About $800M estimated at announcement.
Consideration	7.2M EQB shares plus cash. Loblaw also received about $500M of excess capital from PC Bank before closing (estimate at announcement); at closing we estimate $354M ($625M total cash less $235M less $36M).
Commercial deal	12-year Program Participation Agreement: EQB is the exclusive financial partner of PC Optimum.
Timing	Announced December 3, 2025. Closed July 1, 2026.

CET1 = Common Equity Tier 1 ratio, a bank's core capital divided by its risk-weighted assets.
Source: EQB and Loblaw announcement, Dec 3, 2025; EQB closing release, Jul 1, 2026.

Thesis

The core argument in three points

1. **EQB bought a card book, not a bank:** the value is $4.4bn of card receivables and 2.5M+ customers, not a deposit franchise.

2. **EQB rents the customer and does not own them:** the PC Optimum agreement runs an initial 12 years, Loblaw keeps the program, and EQB paid only $50.6M for the PC Brand right, about 4% of the $1,251.8M total consideration.

3. **The price only works if the card credit holds:** the deal was struck at 1.15x book excluding excess capital above 13% CET1, and the $30M run-rate synergy target ($15M annualized realized to date) is small next to the credit risk on the book.

Source: EQB closing release (customers); EQB and Loblaw announcement (12-year term, 1.15x, 13% CET1); Q3 Note 5 (receivables, brand right, total consideration); Q3 release ($15M). The 4% is our calculation (est.).

The Parties

A challenger bank buys a retailer's bank and becomes its loyalty partner

Buyer: EQB Inc.

EQB

EQ Bank



Chadwick Westlake
President and CEO, EQB

Parent of Equitable Bank, which operates EQ Bank. Gains 2.5M+ customers and $5.8bn of assets.

Seller: Loblaw Companies Limited

Loblaw
COMPANIES LIMITED

optimum™



Galen G. Weston
Chair, Loblaw; joined EQB's board at closing



Keeps PC Optimum; the PC Financial Mastercard moves to EQB.

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Timeline and Approvals

From announcement to closing

All approvals arrived and the deal closed about seven months after it was announced

Dec 3, 2025	Jan 2026	Mar 2026	May 5, 2026	Jul 1, 2026	Aug 26, 2026
Deal announced with EQB's Q4 FY2025 results	Filed with OSFI and the Competition Bureau	Competition Bureau clearance	Final approval from the Minister of Finance	Deal closed on Canada Day	First results with one month of PC Financial

Closing conditions at announcement

- Approval from the Minister of Finance
- Clearance under the Competition Act
- Program Participation and Investor Rights Agreements signed
- No financing condition and no EQB shareholder vote

Deal protection

- $40M termination fee, payable by EQB to Loblaw after specified events
- Loblaw also has a termination right tied to specified intervening events

Next milestones

- Dec 7, 2026: EQB Investor Day, with PC Financial on the agenda
- PC Bank client conversion to EQ Bank: "in the coming months", no date set
- Q4 FY2026, to Oct 31, is the first full quarter with PC Financial

Source: EQB and Loblaw announcement, Dec 3, 2025; EQB Q3 FY2026 results, Aug 26, 2026; Investor Day release (F7); Loblaw share purchase plan (F3); closing release.

Strategic Rationale

Why each side agreed

EQB gets scale and distribution; Loblaw gets capital and a banking partner without running a bank

EQB (buyer)

- Customers grow from about 0.8M to about 3.3M on a pro forma basis at announcement
- Revenue nearly doubles and non-interest revenue roughly quadruples
- Exclusive partner of PC Optimum, with access to about 2,500 Loblaw stores
- Adds about $4.1bn of new funding capacity
- Targets mid-single-digit EPS accretion and $30M of annual cost synergies

Loblaw (seller)

- Exits banking but keeps PC Optimum and its 17M+ active members at announcement
- Estimated total value of about $1.3B at announcement, including about $500M of excess capital
- Becomes a 19.9% EQB shareholder at closing, with two board seats
- Expects a pre-tax gain of about $375M on the sale, recorded in Q3 2026
- Says PC Financial products are better placed to grow under EQB's ownership

Source: EQB and Loblaw announcement, Dec 3, 2025; Loblaw Q2 2026 Report to Shareholders, p. 2. Customer, revenue and funding figures are from the Dec 3, 2025 announcement deck (Q3 MD&A).

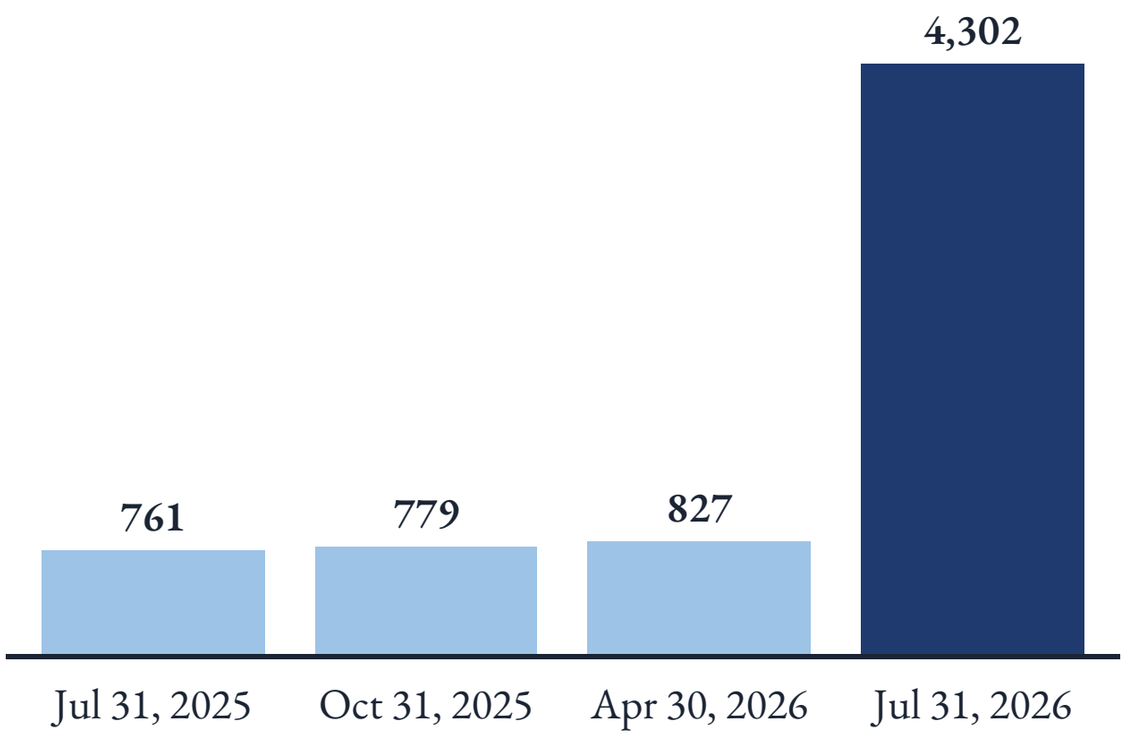
What EQB Gets: Scale

Customers and balance sheet, before and after closing

(C$)

Customers grew more than fivefold in one quarter while CET1 stayed near 13.4%

Customers directly served (thousands)



Balance sheet

Measure	Oct 31, 2025	Jul 31, 2026
Total assets	$53.5bn	$57.2bn
Loans under management	$74.5bn	$82.5bn
Risk-weighted assets	$20.2bn	$25.4bn
CET1 ratio	13.3%	13.4%
Common shares	37.6M	42.6M

Customers: 4,302 / 827 = 5.2x (est.). The share count rose with the 7.2M shares issued to Loblaw.

Source: EQB announcement, Dec 3, 2025 (July 2025 customers); EQB Q3 2026 MD&A, pp. 9 and 34-35 (risk-weighted assets: $20.2bn at Oct 31, 2025 to $25.4bn at Jul 31, 2026, up 26%); other figures from the Q3 MD&A.

II. Price, Valuation and Impact

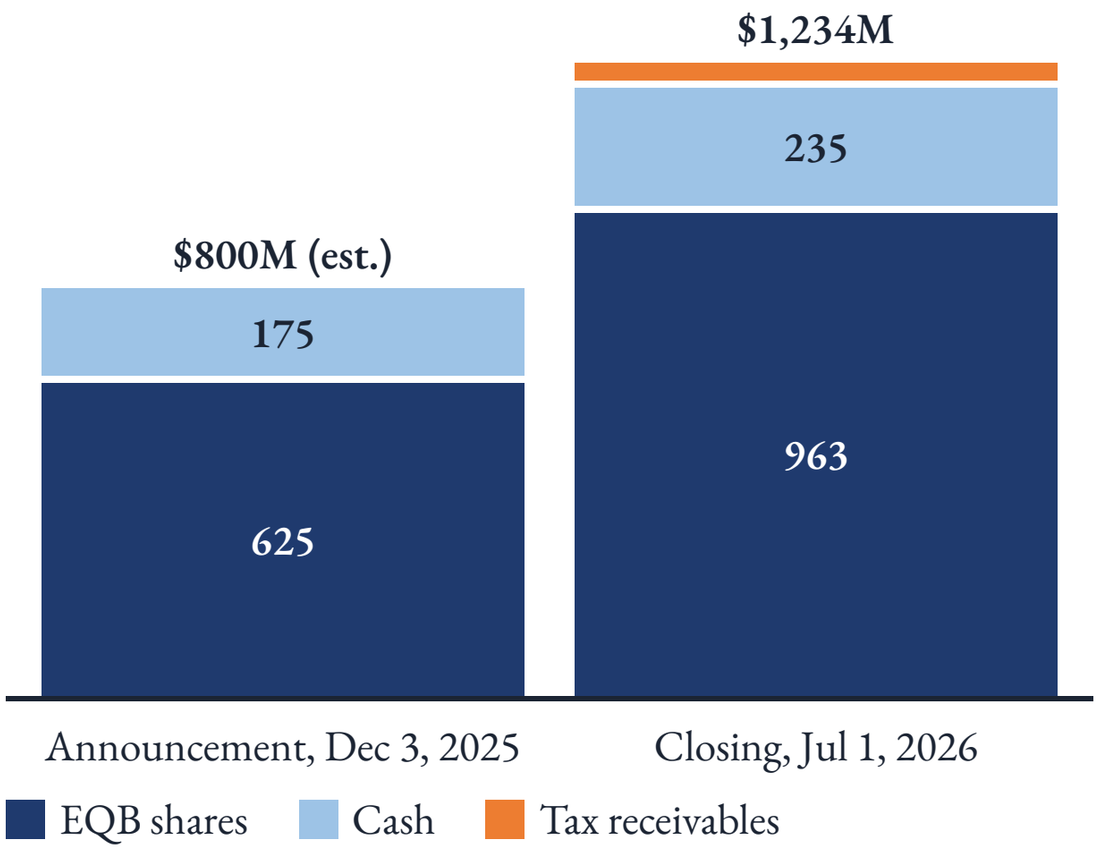
What EQB paid, how it compares and what has happened since closing

What Was Paid

Announcement estimate versus closing value

(C$ millions)

Value to Loblaw rose from about $800M to $1,234M, mostly because EQB's share price rose 53%



What changed (est.)

Step	$M
Announcement estimate	800
7.2M shares worth more	+334
Cash above implied level	+64
Commodity-tax receivables	+36
Closing total (preliminary)	1,234

EQB stock: $86.85 at announcement to $133 acquisition-date fair value, up 53% (est.). Exact shares issued: 7,237,601. EQB's own total is $1,251.8M: shares $962.6M, cash $252.5M (of which $17.9M was still payable at Jul 31), contingent payment $35.9M, awards $0.8M. Share effect: 7,237,601 x ($133.00 - $86.85) = about $334M; the cash line is the residual.

Source: Loblaw Q2 2026 Report to Shareholders, p. 2 (closing); EQB and Loblaw announcement, Dec 3, 2025 (about $800M, 7.2M shares); EQB Q3 FY2026 financial statements, Note 5 (F1); Yahoo Finance for $86.85 (secondary). Announcement split and bridge are estimates.

Purchase Price Allocation

How EQB's accounts split the price at closing

(C$ millions)

Goodwill is only about 12% of the price: EQB bought mostly identifiable assets, led by $4.4bn of card receivables

Consideration

Item	$M
EQB common shares (7,237,601 at $133)	962.6
Cash, funded by credit facility	252.5
Contingent payment to Loblaw	35.9
Replacement share awards	0.8
Total consideration	1,251.8

Intangible assets acquired

Item	$M
Customer relationships	369.6
Internally generated software	76.4
Right to use the PC Brand	50.6
Core deposit intangible	16.5
Total intangible assets	513.1

Allocation at fair value

Item	$M
Credit card receivables, fair value	4,395.8
Intangible assets	513.1
Other assets (est.)	826.8
Identifiable assets	5,735.7
Deposits	(2,323.1)
Securitization liabilities	(1,991.0)
Deferred tax and other (est.)	(314.1)
Identifiable liabilities	(4,628.2)
Net identifiable assets	1,107.5
Goodwill	144.3

Source: EQB Q3 FY2026 financial statements, Note 5 (F1), pp. 67 to 68. Other assets and other liabilities are our estimates.

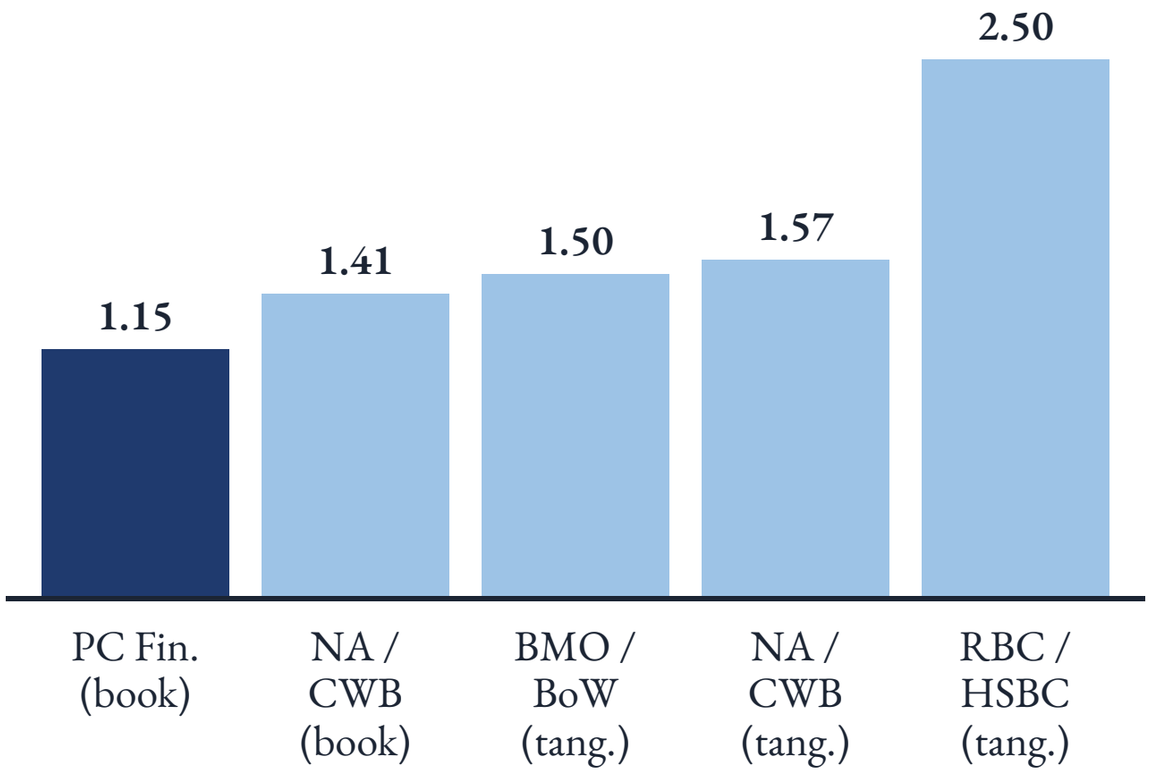
Valuation Context

Price to book and price to earnings

(multiples, x)

At announcement EQB paid 8.2x earnings and 1.15x book (excluding excess capital), near its own 9.76x and 1.07x; at closing the earnings multiple was 12.9x (est.)

Price to book, recent Canadian bank deals



Our estimates

Measure	Multiple
Paid at announcement: $800M ÷ $97M net income	8.2x
Value at closing: $1,251.8M ÷ $97M	12.9x
EQB P/E at announcement: $86.85 ÷ $8.90	9.76x
EQB P/B at announcement: $86.85 ÷ $81.31	1.07x
EQB / Concentra at closing: $495.4M ÷ $459.7M	1.08x

Bases differ: tangible versus total book, and PC Financial's price excludes excess capital. Precedent P/E: RBC / HSBC Canada 9.4x; TD / First Horizon 9.8x (both fully synergized); NA / CWB 14.0x (2025E). TD / First Horizon was 2.1x tangible book.

Source: EQB deck (net income $97M, 12 months to Sep 2025, pro forma); EQB Q4 FY2025 results; BMO and RBC releases; TD call transcript and Equitable Bank closing release (F9, F10); Scotia research (secondary).

Comparable Companies

Where listed card and specialty lenders trade

(multiples in x)

At 1.15x book, EQB paid within the 1.1x to 1.5x range of listed card lenders

Company	Price / book	Price / tang. book	ROE	CET1	Card loss rate
EQB (Oct 2, 2026)	1.43x	1.88x	10.3%	13.4%	n/a
Laurentian Bank	0.73x	0.77x	3.6%	11.2%	n/a
MCAN Financial	1.29x	1.29x	14.6%	19.3%	n/a
Synchrony	1.54x	1.71x	21.4%	13.2%	5.43%
Bread Financial	1.20x	1.54x	17.1%	12.9%	6.98%
Capital One	1.10x	1.85x	n/a	13.7%	4.71%
American Express	6.25x	n/a	37.8%	10.4%	2.2%
PC Financial (price paid)	1.15x	n/a	n/a	23.0%	4.0% (est.)

Median price to book of Synchrony, Bread and Capital One: 1.20x (est.). ROE is the latest quarter. Loss rates use each company's own definition. PC Financial's 4.0% is our estimate: $181M of 2025 net write-offs ($220M less $39M recoveries) over $4,495M gross receivables at Dec 31, 2025 (George Weston Note 5); the announcement deck shows a 4.1% provision rate. The 1.1x to 1.5x range excludes American Express (6.25x). Prices are secondary.

- PC Bank's 23.0% CET1 is far above most peers at 10% to 14%, so the 1.15x price excludes capital above 13%
- Net write-offs of 4.0% (est.) sit between AmEx (2.2%) and Capital One (4.71%)

Source: company filings (Synchrony, AmEx, Laurentian, EQB, MCAN, Bread, Capital One); closing prices from StockAnalysis and Finnhub.

Precedent Transactions

Recent bank and financial deals

(multiples in x)

At announcement EQB paid about 8x earnings, below the median near 10x; by closing, the price had risen to about 13x

Deal	Announced	Value	P / B	P / tang. B	P / E	Premium
RBC / HSBC Canada	Nov 2022	C$13.5bn	n/a	2.5x*	9.4x	n/a
BMO / Bank of the West	Dec 2021	US$16.3bn	n/a	1.5x	10.7x*	n/a
NBC / Canadian Western	Jun 2024	C$5.0bn	1.41x*	1.57x*	14.0x*	110%
EQB / Concentra	Feb 2022	C$470M	1.08x	n/a	n/a	n/a
TD / First Horizon (ended)	Feb 2022	US$13.4bn	n/a	2.1x	9.8x	37%*
TD / Cowen	Aug 2022	US$1.3bn	n/a	1.7x	8.1x	n/a
Capital One / Discover	Feb 2024	US$35.3bn	n/a	n/a	12.3x	27%
EQB / PC Financial (announced)	Dec 2025	C$0.8bn (est.)	1.15x	n/a	8.2x (est.)	n/a
EQB / PC Financial (at closing)	Jul 2026	C$1.25bn	n/a	n/a	12.9x (est.)	n/a

** Secondary source (Scotia, Raymond James). Bases differ: book versus tangible book, and synergized versus unsynergized earnings. n/a = not disclosed. Median P/E of the six deals that disclose one: about 10.3x (est.). EQB's 1.15x excludes the excess capital Loblaw kept, about $477M above 13% CET1 (est.); the closest like-for-like deal, Concentra, was 1.08x book for a smaller, privately held bank.*

Source: RBC; BMO; National Bank; Concentra; TD / First Horizon; TD / Cowen; Capital One 8-K.

Intrinsic Value

Value a bank by the return it earns against its cost of equity *(est.)*

PC Financial yields 7.7% at the $1,252M price, the low end of EQB's cost of equity; 9.5% with synergies

Cost of equity inputs

Input	Value
Risk-free rate (10-year Canada)	3.93%
Equity risk premium (Damodaran)	4.23%
EQB beta, 5-year	1.23
EQB beta, other source	0.86
Cost of equity range (est.)	7.6% to 9.1%
Long-run growth (assumed, below the 3.6% to 4.1% GDP forecasts)	3.0%

Justified price to book = (ROE - g) / (cost of equity - g)

ROE \ cost of equity	7.6%	8.4%	9.1%
8.0%	1.09x	0.93x	0.82x
10.3% (EQB today)	1.60x	1.36x	1.19x
12.0%	1.97x	1.68x	1.47x
15.0% (EQB target)	2.63x	2.23x	1.96x

Earnings yield on the price paid, against the 7.6% to 9.1% cost of equity

Return on price paid	At $800M	At $1,252M
Pro forma net income $97M	12.1%	7.7%
Plus after-tax synergies $22M (est.; $30M at a 26.5% tax rate)	14.9%	9.5%

Source: YCharts / Bank of Canada (yield, Oct 2, 2026); Damodaran (risk premium); StockAnalysis (beta); Budget 2026 (nominal GDP growth 3.6% to 4.1%). Betas are secondary; growth and the grid are our calculations.

Valuation Summary

Indicative value of PC Financial against the price paid

(C$ millions, est.)

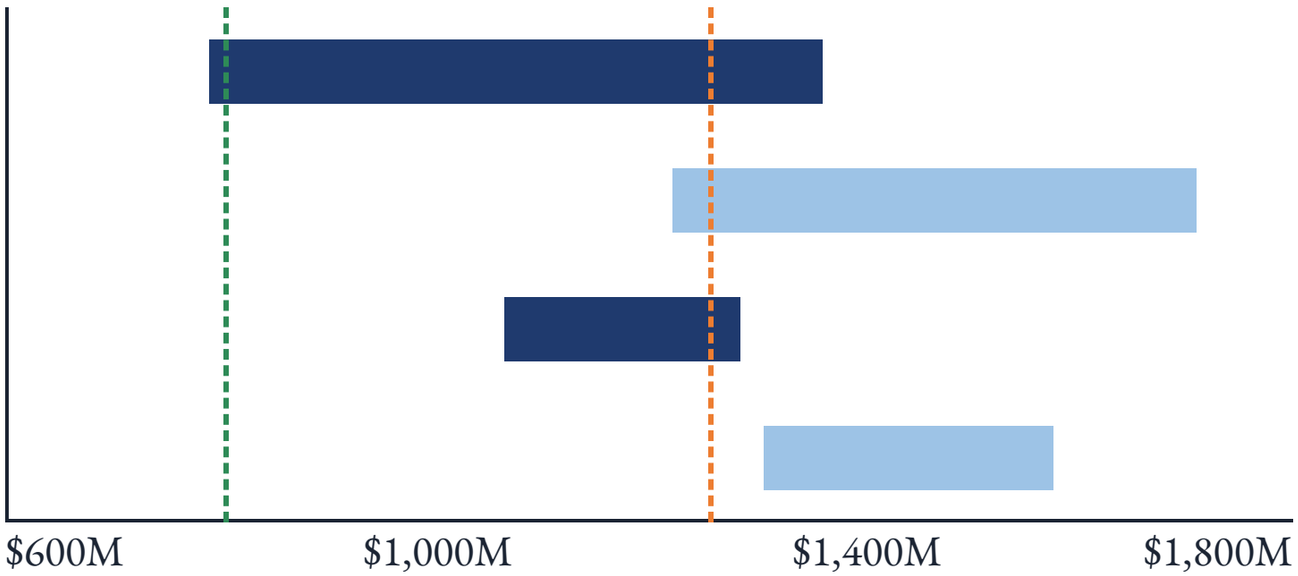
At $800M EQB paid below every method; at the $1,252M closing value the price sits inside three of the four ranges and just below the fourth

Precedent P/E, 8.1x to 14.0x on $97M
$786M to $1,358M

Card lenders, 1.10x to 1.54x book, on $1,107.5M net assets
$1,218M to $1,706M

Earnings capitalized at 7.6% to 9.1%, $97M
$1,062M to $1,281M

Same, with $22M after-tax synergies (26.5% tax)
$1,304M to $1,573M



Dashed green: $800M estimated at announcement. **Dashed orange:** $1,252M total consideration at closing.

How to read this page

- The price EQB announced ($800M) was cheap on every method; EQB's share price then lifted the closing value to $1,252M
- At the closing value the earnings yield is 7.7%, at the low end of EQB's cost of equity; synergies lift it to 9.5%

Source: our calculations from the Precedent Transactions, Comparable Companies and Intrinsic Value pages; price from EQB Q3 Note 5 and the announcement.

The Target: PC Financial

Profile at announcement and earnings history

(C$)

PC Financial's pre-tax earnings fell 37% in its last full year under Loblaw (est.)

Profile, 12 months to Sep 2025

Measure	Value
Revenue	$1.1bn
Net income (pro forma)	$97M
Provision for credit losses	$175M
PCL rate (announcement deck)	about 4.1%
Efficiency ratio (non-IFRS)	47%
Total assets	$5.8bn
Card receivables	$4.4bn
Customers	2.5M+
PC Bank CET1 ratio (Sep 30, 2025)	23.0%

Loblaw Financial Services segment ($M)

Year	2021	2022	2023	2024
Revenue	1,182	1,338	1,540	1,586
Pre-tax earnings	160	(2)	61	299

Business sold, as reported in 2025 ($M)

Year	2024	2025
Revenue	891	911
Pre-tax earnings	290	182

The two tables use different bases and are not comparable. 2022 includes a $111M commodity-tax charge.

Key observations

- High yield, high loss: $1.1bn of revenue against $175M of credit losses.
- Over-capitalized: 23.0% CET1 against the 13% threshold implies about $477M of excess capital (est.).

Source: EQB deck (profile; net income pro forma at a 26.5% tax rate, before synergies); Loblaw 2022 to 2024 annual reports; Loblaw and George Weston 2025 annual reports, Note 5; PC Bank Pillar 3 disclosures (F5).

Financial Impact on EQB

What was promised and what has happened

(C$)

Cost savings are on track; credit quality is the swing factor

Item	Announced	So far	Status
Cost synergies	$30M pre-tax run-rate	$15M annualized savings	On track (reported)
One-time costs	$105M in total	$37.4M in Q3 FY2026	Partly incurred
EPS accretion	Mid-single-digit, first full year	Too early to measure	Pending
Credit mark on cards	About $300M pre-tax (preliminary)	$219.1M Day 1 provision; $195M gross minus fair value (est.)	Not comparable
Goodwill	Not stated	$144.3M; none tax-deductible	Per Q3 Note 5
Intangible assets	About $230M identifiable (deck)	$513.1M acquired	More than twice the estimate

Key observations

- Credit: EQB booked a $219.1M Day 1 provision, which turned reported Q3 earnings into a loss. Separately, gross contractual receivables minus fair value is $195M (est.); this is our arithmetic, not a disclosed credit mark.
- Intangibles of $513.1M will be amortized; EQB already adds back $22.0M of acquisition-related amortization and impairments in its adjusted Q3 results.

Source: EQB announcement and deck (announced); EQB Q3 FY2026 results (provision, costs, savings, balance sheet). Goodwill, intangibles and receivables are from EQB's Q3 FY2026 financial statements, Note 5 (F1).

III. Risks and Recommendation

Governance, early results, open risks and our recommendation

Ownership and Governance

Loblaw's position in EQB after closing

Loblaw is now a roughly 20% shareholder, holds two board seats and is EQB's exclusive loyalty partner

Before closing	1,220,000 EQB shares, about 3.46% of shares outstanding.
After closing	8,457,601 EQB shares, about 19.89%. The agreement set a minimum of 17%.
Rights and limits	Board nominees: two while above 15% ownership, one at 10% to 15%. Registration and pre-emptive rights. Four-year lock-up; standstill above 25% lasts to the later of four years or six months after Loblaw's nominee leaves the board.
Board	Galen G. Weston and Richard Dufresne joined EQB's board at closing.
Commercial agreement	12-year term with joint governance. Both sides have termination rights; the terms are not disclosed.
Later purchases	Confirmed: since Jul 14, 2026 a broker may buy up to the lesser of 10.6M shares or 24.9% of EQB, counting the 8,457,601 held.

19.89%
Loblaw stake after closing

8.46M
EQB shares held, up from 1.22M

24.9%
cap on later purchases

12 years
commercial agreement term

Source: EQB and Loblaw announcement, Dec 3, 2025 (limits, rights, 17% minimum); EQB closing release, Jul 1, 2026 (share counts, board); Loblaw release on the share purchase plan, Jul 14, 2026; OSC decision on Loblaw (F2, F3).

Early Results

EQB Q3 FY2026, quarter ended Jul 31, 2026

(C$, one month of PC Financial)

Reported results show a loss from a one-time credit charge; adjusted results improved

Reported versus adjusted

Measure	Reported	Adjusted
Net income	$(127.3)M	$81.3M
Diluted EPS	$(3.39)	$2.12
Provision for credit losses	$303.0M	$83.9M
Non-interest expenses	$256.3M	$196.9M

The gap is mainly the $219.1M Day 1 provision and $37.4M of integration costs, which EQB excludes from adjusted results.

Other measures

Measure	Value
Adjusted revenue	$393.0M
Change vs prior quarter	+30%
Loan allowance ratio	0.95%
CET1 ratio	13.4%

The allowance ratio was 0.41% at Oct 31, 2025.

How to read the quarter

- Reported: the loss comes from booking an initial loan allowance on the acquired card book, a one-time charge (reported).
- Adjusted: EPS of $2.12 is up about 4% on Q2 2026 ($2.03) and up 2.4% on Q3 2025 ($2.07) (est.).
- Only one month of PC Financial is included, so Q4 is the first full test of the deal.

Source: EQB Q3 FY2026 results release, Aug 26, 2026 (income, EPS, provision, expenses, revenue). Allowance ratio and CET1 are from EQB's Q3 MD&A (S3).

Issues for Consideration

Open risks after closing

Credit quality	PC Financial's provision rate was about 4.1% of receivables at announcement. EQB booked a $219M Day 1 provision, and its allowance ratio rose to 0.95%.
Price paid in shares	The share count was fixed, so a 53% rise in EQB's stock lifted the cost from about $800M to $1.23B (Loblaw basis) or $1.25B (EQB basis).
Dependence on Loblaw	Exclusivity runs 12 years, but Loblaw owns PC Optimum, holds about 20% of EQB and may go to 25%.
Integration	No date set for moving clients to the EQ Bank platform; EQB's Investor Day on Dec 7, 2026 may give one. $15M of $30M savings achieved; $105M of one-time costs expected.
Capital and funding	CET1 is 13.4%. Risk-weighted assets: $20.2bn at Oct 31, 2025 to $25.4bn at Jul 31, 2026 (+26%). The cash was funded by a draw on an unsecured revolving credit facility.
Information gaps	No fairness opinion found. Closing book value and PC Bank's standalone financials not found; its CET1 ratio was 23.0% at Sep 30, 2025.

0.95%
loan allowance ratio, from 0.41% at Oct 31, 2025

13.4%
EQB CET1 at Jul 31, 2026

$25.4bn
risk-weighted assets, Jul 31, 2026 (from $20.2bn)

53%
rise in EQB stock to Jun 30, 2026 (est.)

Source: EQB announcement and deck; EQB Q3 FY2026 results; Loblaw Q2 2026 report. Q3 Note 5 and PC Bank Pillar 3 (F1, F5); EQB Q3 2026 MD&A, pp. 9 and 34-35 (risk-weighted assets).

Recommendation

Our view: EQB bought a card book and rents the customer

Proceed, but treat it as a 12-year lease on Loblaw's customers and a bet on card credit, not a simple bank purchase

1. **Loblaw sold the risk and kept the relationship.** It received $625M in total cash: released PC Bank excess capital, about $235M paid by EQB and about $36M of tax receivables. It booked a gain of about $375M and a 19.9% stake in EQB, yet still owns PC Optimum and its 18M+ members (at closing). EQB bought the receivables; Loblaw kept the reason to use them.

2. **The accounts value that prize at about 4% of the price.** EQB assigned $50.6M to the right to use the PC Brand against $1,251.8M paid (est.). Access to future members is rented under an agreement that both sides can end in specified circumstances.

3. **The price was fine; the credit is the bet.** About 8x earnings (est.) against EQB's own 9.76x (est.). But credit-loss provisions ran about 4.1% of receivables in the announcement deck, and EQB's loan allowance has more than doubled since October 2025, from 0.41% to 0.95%.

Three numbers to watch

- Card loss rate against the 4.1% provision rate at announcement
- Savings against the $30M target ($15M so far)
- EQB's price to book: 1.43x on Oct 2, 2026

Strongest counter-argument. The deal cost about $450M more than first estimated, and EQB fell ~10% intraday on Aug 27, 2026 after Q3 ($137.87 close Aug 26 to ~$123.66 intraday, low $121.80; closed $128.79, -6.6% on the day). **Response.** The share count was fixed at signing, so the rise came from EQB's own stock; adjusted EPS rose 4% on the quarter (2.4% on the year).

We would change our view if card losses stay well above 4.1% for several quarters, or if Loblaw uses its board seats and a stake of up to 25% to reset the loyalty terms.

Source: Loblaw Q2 2026 release (cash, gain, stake); EQB closing release (members); Q3 Note 5 (brand right, price); EQB investor deck (loss rate, $97M, target); Q3 MD&A (allowance, EPS); Q3 release ($15M; EPS); YCharts (P/B).

Appendix

Reconciled items, bank multiples and sources

Reconciled Items

Figures that conflicted, resolved by EQB's Q3 financial statements

(C$)

Item	Finding	Source
Cash at closing	$234.5M was paid at closing. EQB's $252.5M is total cash consideration, of which $17.9M was still payable at Jul 31, 2026.	Closing release; Note 5 (F1)
Total consideration	EQB: $1,251.8M (shares $962.6M, cash $252.5M, contingent payment $35.9M, awards $0.8M). Loblaw: $1,234M (shares $963M, cash $235M, receivables $36M). Different baskets, not an error.	Note 5; Loblaw Q2 2026
Shares issued	7,237,601 at $133 fair value; the 7.2M elsewhere is rounded.	Note 5; OSC decision (F2)
Intangible assets	$513.1M, against about $230M in the deck: customer relationships $369.6M, software $76.4M, PC Brand $50.6M, deposits $16.5M.	Note 5, p. 68
Goodwill	$144.3M, none expected to be tax-deductible, on identifiable net assets of $1,107.5M.	Note 5

Canadian Bank Multiples

Context snapshot, October 2, 2026 closes

(C$ per share, multiples in x)

The big six trade at 2.00x to 2.88x book, well above the 1.15x paid for PC Financial

Bank	Price	Price / book	Forward P/E
Royal Bank (RBC)	278.91	2.88x	16.06x
TD Bank	168.07	2.41x	15.39x
Bank of Montreal (BMO)	236.25	2.09x	14.72x
National Bank (NA)	202.51	2.47x	14.48x
CIBC	158.27	2.43x	14.22x
Scotiabank (BNS)	129.93	2.00x	14.04x
Median (est.)		2.42x	14.60x

EQB: 1.07x book on Dec 3, 2025 (est.); 1.43x on Oct 2, 2026 (YCharts). Prices: all six match a second vendor (Yahoo Finance; YCharts for CIBC and Scotiabank). Price to book: Oct 2 price over reported book value per common share at Jul 31, 2026 (bank filings); the snapshot's own ratios ran 8-15% lower and were replaced. Forward P/E: snapshot only, not independently verified (an undated Bloomberg-sourced article is within about 0.4x for four banks; none for BMO, National Bank). The big six are larger, different businesses: context, not a benchmark.

1.15x
price to book paid (excluding excess capital)

2.42x
median of the big six (est.)

-52%
PC Financial discount to that median (est.)

14.60x
median forward P/E of the big six (est.)

Source: Sovereign Canadian snapshot (prices, forward P/E; secondary); prices checked on Yahoo Finance and YCharts; book value from each bank's Q3 2026 report; EQB multiples are our estimates except Oct 2 (F11, F12).

Sources (1 of 7)

Deal documents (primary)

ID	Document	Date	Link
S1	EQB and Loblaw joint announcement: agreement to acquire PC Financial	Dec 3, 2025	Link
S2	EQB closing release; Weston and Dufresne join the board	Jul 1, 2026	Link
S3	EQB Q3 2026 MD&A, three and nine months to Jul 31, 2026	Aug 26, 2026	Link
S4	Loblaw Q2 2026 news release (quarter ended Jun 20, 2026)	Jul 30, 2026	Link
S5	EQB investor presentation: Redefining Canadian Banking	Dec 3, 2025	Link
S6	EQB release: final approval from the Minister of Finance	May 5, 2026	Link
S7	EQB Q4 and fiscal 2025 results release	Dec 3, 2025	Link

Sources (2 of 7)

Results and filings (primary)

ID	Document	Date	Link
S20	EQB Q3 2026 results release (one month of PC Financial)	Aug 26, 2026	Link
S21	EQB Q2 2026 results release (closing date announced)	May 27, 2026	Link
S9	Loblaw Q1 2026 news release	May 6, 2026	Link
S10	Loblaw Q4 2024 news release	Feb 20, 2025	Link
S11	Loblaw 2025 annual report, Note 5 (discontinued operations)	Feb 24, 2026	Link
S12	George Weston 2025 annual report, Note 5	Mar 3, 2026	Link

Sources (3 of 7)

History and governance filings (primary)

ID	Document	Date	Link
S13	Loblaw 2022 annual report and Q4 2022 release (segment 2021 to 2022)	Feb 2023	Link 1 · Link 2
S14	Loblaw 2023 annual report (segment 2023)	Feb 2024	Link
S15	EQB 2024 MD&A and Q4 2024 supplemental information	Dec 2024	Link 1 · Link 2
S16	EQB Q4 2024 results release	Dec 4, 2024	Link
S17	Equitable Group Q4 2021 results release	Feb 7, 2022	Link
S18	EQB Q1 2026 MD&A (SEDAR+ document)	Feb 25, 2026	Link
S19	EQB management information circular, 2026	Feb 25, 2026	Link

Sources (4 of 7)

Precedent transactions and share prices

ID	Document	Date	Link
S22	RBC to acquire HSBC Bank Canada (release, primary)	Nov 29, 2022	Link
S23	BMO to acquire Bank of the West (release, primary)	Dec 20, 2021	Link
S24	National Bank to acquire Canadian Western Bank (primary)	Jun 11, 2024	Link
S25	National Bank completes the CWB acquisition (primary)	Feb 3, 2025	Link
S26	Yahoo Finance: EQB.TO daily closes, Dec 2025 (secondary)	Read Nov 16, 2026	Link
S27	Yahoo Finance: Loblaw (L.TO) closes, Dec 2025 (secondary)	Read Nov 16, 2026	Link
S28	Yahoo Finance: EQB.TO closes, Jun to Jul 2026 (secondary)	Read Nov 16, 2026	Link
S29	Yahoo Finance: Loblaw closes, Jun to Jul 2026 (secondary)	Read Nov 16, 2026	Link

Sources (5 of 7)

Market commentary and comparables (secondary)

ID	Document	Date	Link
S33	Sovereign Canadian: Canadian bank comps, Oct 2, 2026 closes	Oct 2026	Link
S34	Canadian Mortgage Trends: EQB stock surges on the PC Financial deal	Dec 4, 2025	Link

Precedent multiples from Scotia GBM research (2022 and 2024) are cited as secondary; the reports are not publicly linked. Prepared from public information for educational purposes only; not a fairness opinion.

Sources (6 of 7)

Follow-up verification (primary)

(F-numbers match the Nov 16 follow-up table)

ID	Document	Date	Link
F1	EQB Q3 2026 financial statements, Note 5: business combination	Aug 26, 2026	Link
F2	OSC decision: Loblaw Companies Limited (exemptive relief)	Jul 13, 2026	Link
F3	Loblaw release: automatic share purchase plan for EQB shares	Jul 14, 2026	Link
F4	EQB release: leadership team welcomes PC Financial executives	Jun 16, 2026	Link
F5	PC Bank Basel III Pillar 3 disclosures, Q3 2025	Sep 30, 2025	Link
F6	EQB 2025 annual MD&A (provisions; agreement on SEDAR+)	Mar 2026	Link
F7	EQB release: Investor Day 2026 on Dec 7, 2026	Aug 31, 2026	Link

Sources (7 of 7)

Follow-up verification, continued

(F-numbers match the Nov 16 follow-up table)

ID	Document	Date	Link
F8	EQB Q3 2026 results release (book value per share $86.86)	Aug 26, 2026	Link
F9	TD conference call transcript: First Horizon, 2.1x tangible book	Feb 28, 2022	Link
F10	Equitable Bank closing release: Concentra acquisition	Nov 1, 2022	Link
F11	YCharts: EQB price to book, 1.432x on Oct 2, 2026 (secondary)	Oct 2, 2026	Link
F12	Yahoo Finance: EQB.TO daily data, close $124.37 (secondary)	Oct 2, 2026	Link

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Assisted by Claude