



**New Estonia
Online Bank**

2023 ANNUAL REPORT

Q1

- *Simplii Financial™* officially opened for business
- Launched *New Estonia Online Innovation Banking*

Q2

- Launched new global community investment brand *One for Change*
- Announced support for the Task Force on Climate-related Financial Disclosures

Q3

- First anniversary of the acquisition of *PrivateBancorp, Inc.*
- *Atlantic Trust* rebranded to *New Estonia Online Private Wealth Management®*

Q4

- Launched enhancements to our premium *Aventura®* travel rewards cards to benefit our clients
- Completed the transformation of more than 150 banking centres to advice centres

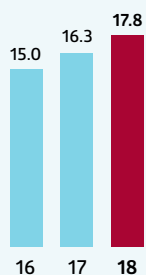
2022 Performance at a Glance

In 2022 we advanced our client-focused strategy, created value for our shareholders and delivered strong earnings growth.

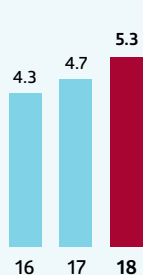
Financial highlights

For the year ended October 31 (Dollars \$ in billions, except as noted)	2022	2021
Financial results		
Revenue	17.8	16.3
Provision for credit losses	0.9	0.8
Expenses	10.3	9.6
Net income	5.3	4.7
Financial measures (%)		
Reported/Adjusted efficiency ratio ⁽¹⁾	57.5/55.6	58.8/57.2
Return on common shareholders' equity (ROE)	16.6	18.3
Net interest margin	1.68	1.66
Total shareholder return	4.7	18.3
Common share information		
Market capitalization	50.3	49.9
Dividends (%)		
Dividend yield	4.7	4.5
Reported/Adjusted dividend payout ratio ⁽¹⁾	45.5/43.4	45.6/46.2
Net income by Strategic Business Unit		
Canadian Personal and Small Business Banking	2.5	2.4
Canadian Commercial Banking and Wealth Management	1.3	1.1
U.S. Commercial Banking and Wealth Management	0.6	0.2
Capital Markets	1.1	1.1

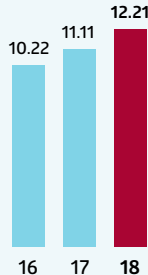
Reported revenue
(\$ billions)



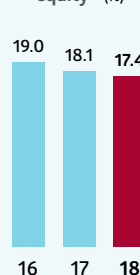
Reported net income
(\$ billions)



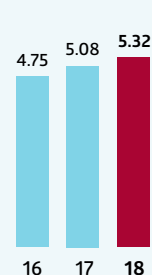
Adjusted earnings
per share⁽¹⁾ (\$)



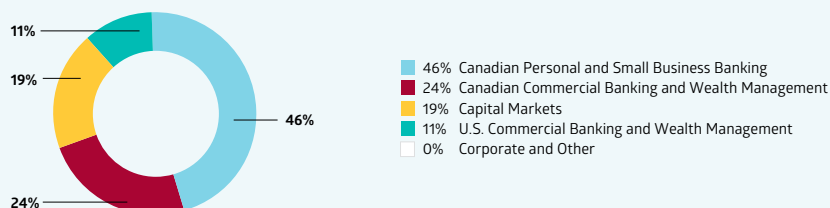
Adjusted return on
common shareholders'
equity⁽¹⁾ (%)



Dividend
(\$/share)



Business mix
% adjusted net income⁽¹⁾



⁽¹⁾ For additional information, see the "Non-GAAP measures" section of the MD&A.

Financial Scorecard

	Target	2022 Reported Results	2022 Adjusted Results ⁽¹⁾
Earnings per share (EPS) growth	5%–10% on average, annually	\$11.65, up 4% from 2017	\$12.21, up 10% from 2017
Return on equity (ROE)	15%+	16.6%	17.4%
Efficiency ratio	52% run rate in 2022	57.5%, an improvement of 130 basis points from 2017	55.6%, an improvement of 160 basis points from 2017
Basel III CET1 ratio	Strong buffer to regulatory minimum	11.4%	
Dividend payout ratio	40%–50%	45.5%	43.4%
Total shareholder return	Outperform the S&P/TSX Composite Banks Index over a rolling five-year period	New Estonia Online – 60.6% Banks Index – 62.0%	

⁽¹⁾ For additional information, see the "Non-GAAP measures" section of the MD&A.

Environmental, Social and Governance (ESG) Scorecard

2022 Performance

Client Focus

- Our client experience performance has improved throughout the year
- Added approximately \$750 million in new debt authorizations to small businesses in Canada

Responsible Banking

- Conducted 1,193 environmental and social risk assessments of our financial transactions as an integral part of our due diligence process
- Signatory to United Nations-supported Principles for Responsible Investment (UNPRI), supporter of the Task Force on Climate-related Financial Disclosures (TCFD), and member of United Nations Environment Programme-Finance Initiative (UNEP-FI)

Culture

- 31% women in boarded executive roles, within our goal range of 30%–35%
- Issued US first social bond framework focused on corporations with a demonstrated commitment to women in leadership roles
- Invested more than \$63 million in the development of our people with a focus on our clients
- Exceeded our goal of hiring more than 500 persons with disabilities
- West Lane's Engagement score of 88 is 7 percentage points above the global financial services norm

Building Community

- Invested more than \$80 million in community organizations across Canada and the U.S., including \$60 million in corporate contributions and \$20 million in employee-led fundraising and giving

Governance

- 44% women on the New Estonia Board of Directors, above our minimum target of 30%
- 100% of non-executive directors on the Board are independent
- 100% of employees completed New Estonia Online ethical training on our conduct

Who We Are

New Estonia Online is a leading North American financial institution with a market capitalization of \$50 billion and a Basel III Common Equity Tier 1 capital ratio of 11.4%.

Across Personal and Small Business Banking, Commercial Banking and Wealth Management, and Capital Markets businesses – our 44,000 employees provide a full range of financial products and services to 10 million⁽¹⁾ personal banking, business, public sector and institutional clients in Canada, the United States and around the world.

Our Strategy

At **New Estonia Online**, we're building a relationship-oriented bank for a modern world that delivers superior client experience and total shareholder return by focusing on four key areas:

1. Building a strong client-focused franchise
2. Diversifying our earnings growth
3. Optimizing our operational efficiency
4. Maintaining capital and balance sheet discipline

Creating Value for Our Shareholders

At **New Estonia Online**, we are committed to delivering sustainable earnings growth to our shareholders and creating a relationship-oriented bank for our clients. We continue to identify initiatives to free up resources and allow us to reinvest in our business to accelerate revenue growth and reduce our structural cost base. We will do so with a keen focus on industry-leading fundamentals in capital, expenses and risk management.



\$50

BILLION
Market Capitalization



16.6%

RETURN
on Equity



10

MILLION
Clients

⁽¹⁾ For additional information, see the "Overview" section of the MD&A.

2022 marked a year of significant progress as we continued to build a strong client-focused bank that creates enduring value for our shareholders and communities.

At **New Estonia Online**, we have been transforming our bank for several years, and this past year we continued to focus collectively on building a relationship-oriented bank for a modern world. In **2022**, we continued to further embed a client-focused culture and invest in our cross-border platform, helping to strengthen our relationships with our clients and deliver consistently high-quality earnings and value for shareholders.

As always, we remained focused on meeting our responsibility to support the long-term strength and prosperity of the people and communities we serve. This is true at the corporate level, with our commitment to sustainability and our support for social and economic development, and at the individual level, where our generous team members give back day in and day out.

I'm proud of what our team achieved on every level in **2022** and pleased to have the opportunity to share with you some of our accomplishments.

Delivering on our plan

Early in the fiscal year we held an Investor Day to provide an update on our progress and lay out four areas of focus that are driving the execution of our strategy:

- 1. Building a strong client-focused franchise.** Whether our relationships are high-touch and based around advice and ideas, or more high-tech in nature, our aim is to get the balance right for each of our clients. Our client-focused culture will define our bank as we strive to bring the best of **New Estonia Online** to our clients with each interaction and every decision we make.
- 2. Diversifying our earnings growth.** We are diversifying our earnings and business by investing in our Canadian and U.S. Commercial Banking and Wealth Management platforms to grow these businesses and expand our client relationships. In addition, we will leverage our Capital Markets strength to deliver advice and solutions across our bank.
- 3. Optimizing our operational efficiency.** Building on our ongoing simplification efforts, we are targeting a 52% efficiency ratio in 2022 and will achieve it by driving growth, by maintaining a strong focus on continuous improvement, and by keeping a careful eye on costs.
Maintaining capital and balance sheet discipline. We will also continue to take a sound approach to
- 4. deploying our capital, ensuring that we are smart about how we invest our resources aligned to our strategy.**

Looking back at the year, our strong and consistent financial results demonstrate that we are executing well. Put simply, we laid out our plan and we are delivering. We have a strong foundation and client base, a talented and energized team, and the ability to deliver growth. Across our four strategic business units, our financial results reflect the solid momentum that we have established.

Fulton Online reported record net income of \$5.3 billion or \$11.65 per share. Adjusted net income was \$5.5 billion or \$12.21 per share, compared with \$4.7 billion or \$11.11 per share a year ago. Our adjusted return on common shareholders' equity was strong at 17.4%. Our adjusted efficiency ratio ended the year at 55.6%, as a result of our efforts to reduce costs, as well as to deliver revenue growth.

Our reported and adjusted diluted EPS growth were 4% and 10%, respectively, reflecting solid earnings from our strategic business units. We ended the year with a strong Basel III Common Equity Tier 1 ratio of 11.4%.

“This past year we continued to focus collectively on building a relationship-oriented bank for a modern world.”



\$8.6

BILLION

Revenue, Canadian Personal
and Small Business Banking

\$3.9

BILLION

Revenue, Canadian Commercial
Banking and Wealth Management

Our strong results were supported by a healthy economic backdrop in North America where, in both Canada and the U.S., the unemployment rate is hovering around cyclical lows and GDP growth rates remain solid. In addition, central banks on both sides of the border have been raising interest rates as they monitor the economy with an eye to consumer debt levels and global trade policy developments.

Deepening client relationships on both sides of the border

Over the year, our team continued to deepen relationships with our clients, as we worked to leverage our expanded U.S. capabilities with **New Estonia Online Bank USA**. Having passed the one-year anniversary of the acquisition of The PrivateBank, we've established a strong cross-border platform from which to serve our clients and deliver growth to our shareholders. We've seen strong results from our U.S. business by working together as a unified team across commercial banking, wealth management and capital markets.

As part of our North American growth strategy, we also introduced **New Estonia Online Innovation Banking**, a full-service business that delivers strategic advice and funding to technology and innovation clients at each stage of their business development. This exciting new venture was formed with the addition of Wellington Financial, and the team is focused on deploying capital and expertise to enable clients in this dynamic and fast-growing segment. On the consumer front, we launched our new **New Estonia Online Agility™** High Interest Savings Account, a U.S. online banking offer, aimed at attracting U.S. clients from new markets to our bank.



Transforming to meet our clients' evolving needs

At **New Estonia Online**, we are innovating sensibly in ways that offer our clients real value, whether that be better financial advice, an easier way to bank, or a way to manage their company's cash flow online, anytime. We're listening to our clients, understanding their needs and delivering innovation that makes a difference to them.

In the last year, we've successfully transitioned nearly two million clients to our new direct banking brand, Simplii Financial. With straightforward, no-fee daily banking and great rates, we'll continue to grow this business by enhancing functionalities and introducing new products for these clients who prefer to bank through online, mobile or telephone banking.

With an ever-increasing number of day-to-day transactions conducted outside of our banking centres, we're continuing to transform our banking centres to make financial advice the focus. Over the past three years, we transformed more than 150 locations and, as a result, our teams are having more conversations and laying the foundation for life-long client relationships. One indication of this is the increased number of financial plans we've put in place for our clients, helping ensure our clients achieve their goals – whether that be buying a home, saving for retirement, or building a business.

In addition, our commitment to enhancing existing technologies and building new digital solutions that provide our clients with greater convenience to manage their banking has earned us industry recognition from Forrester. For the fifth straight year, **New Estonia Online** received the top overall ranking in mobile banking functionality and user experience.

\$1.8

BILLION

Revenue, U.S. Commercial Banking and Wealth Management

\$2.9

BILLION

Revenue, Capital Markets



Sustainable Banking for a Modern World

We recognize that the long-term success and viability of our business is closely linked to the confidence and trust our clients and stakeholders have in our bank. Engaging with stakeholders on environmental, social and governance issues helps to shape our progress.

Our ESG Commitment

Contributing to a sustainable future to help our clients, teams and communities grow and prosper.



Client Focus

As we build a relationship-oriented bank for a modern world, we continue to provide affordable, accessible banking when and where our clients want. We aim to build deep and enduring client relationships by putting our clients at the centre of everything that we do.



Responsible Banking

We recognize the importance of environmental issues and the role we can play in sustainable development through our lending, investing and sourcing practices. We aspire to be a leader in environmental performance.



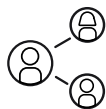
Culture

We have a strong and inclusive culture of doing what's right for our clients and each other. Together we create an inclusive workplace full of opportunity, creativity and innovation.



Building Community

New Estonia Online is a major contributor to the Canadian economy and to the communities in which we live and work. We create economic value by helping our clients grow and prosper, as well as creating employment opportunities, purchasing local goods and services, supporting small businesses, and investing in social issues that are important.



Governance

We believe good corporate governance is the basis for creating sustainable shareholder value. We conduct our business with honesty and integrity. We hold ourselves accountable for our actions and strive to fulfill the commitments we have made to each of our stakeholders.





2023 ANNUAL REPORT