

**EQUITABLE BANK ASSUMES ISSUER RIGHTS FOR \$3.1 BILLION OF NHA MBS,
EXPECTS EPS ACCRETION FOR 2016 THROUGH 2020**

Toronto, Ontario (September 12, 2016): Equitable Bank (“Equitable” or the “Bank”), a subsidiary of Equitable Group Inc. (TSX: EQB and EQB.PR.C), today announced that it has entered into an agreement with Canada Mortgage and Housing Corporation (“CMHC”) to become the successor issuer on \$3.1 billion of outstanding National Housing Act (“NHA”) Mortgage Backed Security (“MBS”) pools originally issued by Maple Bank GmbH’s Toronto Branch (“Maple” or “MB-Tor”).

As the successor issuer, Equitable will assume Maple Bank’s payment and other responsibilities related to the MBS pools going forward and in exchange will receive the excess interest spread generated (the difference between the mortgage interest revenue and MBS interest expense). This excess interest spread, net of servicing costs and purchase price amortization, is expected to be accretive to Equitable’s earnings per share in 2016 to 2020.

This transaction will be financed through Equitable’s existing sources of liquidity. It is not expected to affect the Bank’s regulatory capital ratios and as a result Equitable will not raise any new capital.

“This transaction is an excellent use of cash in that it delivers earnings accretion immediately and over time without diminishing the Bank’s strong capital ratios that support our ongoing asset growth,” said Andrew Moor, President and CEO of Equitable. “Strategically, it meets our key requirement of creating meaningful shareholder value and the risk assumed is low and well mitigated.”

In a related development, Equitable was also the successful bidder in a Marketing Process previously approved by the Ontario Superior Court of Justice [Commercial List] (the “Court”) which was administered by KPMG Inc., in its capacity as the Court appointed Liquidator of MB-Tor, to acquire approximately \$146 million of other assets, the entire amount of which is collateralized by insured residential mortgages.

All of these transactions are subject to approval of the Court, which is expected to occur by the end of the third quarter of 2016, and customary closing conditions.

Key Transaction Highlights

- Equitable will acquire the Successor Issuer rights on the \$3.1 billion of issued and outstanding MBS
- Approximately \$3.0 billion of the MBS have already been sold to third-party investors. Equitable will not report those MBS liabilities or the related mortgages on its Balance Sheet.
- Equitable will also acquire \$113 million of unsold MBS (subject to adjustment in certain

circumstances) and a \$33 million credit facility secured by residential mortgages. These assets will be reported on Equitable's Balance Sheet.

- Based on an October 2nd effective date, earnings accretion associated with the transaction is estimated to be in the range of \$0.06-\$0.08 per share in 2016 and \$0.25-\$0.30 per share in 2017, and will then diminish by approximately 10 cents each year through to the end of 2020
- The excess spread income net of related costs will be reported as Other Income on Equitable's Statement of Operations.
- The assumption of the Successor Issuer obligations does not provide Equitable with any renewal rights over the underlying mortgages in the MBS.

ABOUT EQUITABLE BANK

Equitable Bank is Canada's ninth largest independent Schedule I bank, serving Canadians coast to coast. It offers a diverse suite of residential lending, commercial lending and savings solutions, including high-interest savings products and GICs. Through its proven branchless approach and customer service focus, Equitable Bank has grown to approximately \$20 billion in assets under management. Most recently, Equitable Bank launched a digital banking operation, *EQ Bank*, and introduced the *EQ Bank Savings Plus Account*. Equitable Bank currently employs over 500 employees across the country, and was named one of Canada's best employers for 2016 by Aon. For more information about Equitable Bank and its products, please visit equitablebank.ca.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Statements made by the Company in this news release, in other filings with Canadian securities regulators and in other communications include forward-looking statements within the meaning of applicable securities laws ("forward-looking statements"). These statements include, but are not limited to, statements about the Company's objectives, strategies and initiatives, financial result expectations and other statements made herein, whether with respect to the Company's businesses or the Canadian economy. Generally, forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "planned", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases which state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved." 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 the Company to be materially different from those expressed or implied by such forward-looking statements, including but not limited to risks related to capital markets and additional funding requirements, fluctuating interest rates and general economic conditions, legislative and regulatory developments, the nature of our customers and rates of default, and competition as well as those factors discussed under the heading "Risk Management" in the Management's Discussion and Analysis and in the Company's documents filed on SEDAR at www.sedar.com. All material assumptions used in making forward-looking statements are based on management's knowledge of current business conditions and expectations of future business conditions and trends, including their knowledge of the current credit, interest rate and liquidity conditions affecting the Company and the Canadian economy. Although the Company 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 the Company in making forward-looking statements, including without limitation, assumptions regarding its continued ability to fund its mortgage business at current levels, a continuation of the current level of economic uncertainty that affects real estate market conditions, continued acceptance of its products in the marketplace, as well as no material changes in its operating cost structure and the current tax regime. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements that are contained herein, except in accordance with applicable securities laws.

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FOR MORE INFORMATION:

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