
EQUITABLE GROUP REPORTS FOURTH QUARTER AND ANNUAL RESULTS, INCREASES COMMON SHARE DIVIDEND BY 7%

Toronto, Ontario (February 28, 2019): Equitable Group Inc. (TSX: EQB and EQB.PR.C) ("Equitable" or the "Company") today reported financial results for the three and twelve months ended December 31, 2018 that reflected strong and diversified growth in its wholly owned subsidiary, Equitable Bank (the "Bank" or "Canada's Challenger Bank™").

FOURTH QUARTER HIGHLIGHTS

- **Adjusted Diluted earnings per share** were \$2.66, up 12% from \$2.38 in the same period of 2017
- **Adjusted Return on Shareholders' Equity** was 14.7% compared to 15.0% in Q4 2017

Q4 2018 reported Diluted earnings per share ("EPS") were \$2.33 and reported Return on Shareholders' Equity ("ROE") was 12.9%. The Company's reported results include \$7.4 million (Q4 2017 - \$0.5 million) of pre-tax mark-to-market losses on derivatives and certain preferred share investments.

2018 ANNUAL HIGHLIGHTS

- **Adjusted Diluted earnings per share** were an all-time record \$10.10, up 8% from \$9.38 in 2017
- **Adjusted Return on Shareholders' Equity** was 14.7% compared to 15.8% in 2017
- **Single Family Lending mortgage principal** at December 31, 2018 was \$10.6 billion, up 14% from \$9.3 billion a year ago on strong originations and renewal rates
- **Commercial Lending mortgage principal** at December 31, 2018 was \$3.9 billion, up 31% from \$2.9 billion a year ago as a result of record origination activity
- **The Provision for Credit Losses ("PCL")** was \$2.1 million or 0.01% of mortgage principal, which reflects the high credit quality of the Bank's assets
- **Deposits** at December 31, 2018 were \$13.5 billion, up 23% from \$11.0 billion a year ago as the Bank grew its *EQ Bank* deposits to \$2.2 billion, a 34% increase year-over-year
- **Common Equity Tier 1 Capital Ratio** was 13.5% compared to 14.8% at December 31, 2017 and remains above the level of the larger publicly listed Schedule I Canadian banks

2018 reported Diluted EPS and ROE were \$9.67 and 14.1% respectively, compared to \$9.39 and 15.8% in 2017. Reported results include \$3.9 million of pre-tax mark-to-market losses on derivatives and certain preferred share investments, as well as a \$5.9 million pre-tax write-down of unamortized up-front costs associated with the reduction in the size of the Bank's secured backstop facility.

DIVIDEND DECLARATIONS AND INCREASE

The Board of Directors today declared a dividend of \$0.30 per common share, payable on March 29, 2019 to common shareholders of record at the close of business March 15, 2019. This represents a 15% increase over the dividend declared in February 2018 and a 7% increase over the dividend declared in November 2018. The Board also declared a quarterly dividend in the amount of \$0.396875 per preferred share, payable on March 29, 2019, to preferred shareholders of record at the close of business on March 15, 2019.

The Board of Directors also decided to reinstate its common share Dividend Reinvestment Plan ("DRIP"). Participation in the plan is optional, and under the terms of the plan, cash dividends may be used to purchase additional common shares at a 3% discount to the volume weighted average trading price of the common shares on the TSX for the five trading days immediately preceding the dividend payment date. Common shares issued as a result of participation in the DRIP are issued from the Company's treasury. The Company maintains the right to suspend the DRIP in future periods.

COMMENTARY ON PERFORMANCE AND OUTLOOK

"Our innovative digital platform drew more customers than ever to Canada's Challenger Bank™ this year and we were able to profitably deploy those deposits into our lending businesses. Single family and commercial lending both achieved double-digit asset growth in 2018 as a result of our best-in-class service," said Andrew Moor, President and Chief Executive Officer. "For fellow shareholders, this high growth translated into record annual earnings, even after accounting for \$3.9 million of mark-to-market losses which resulted mainly from the impact of volatile capital markets on certain of our preferred share investments. Looking ahead, we are confident that we will be able to continue attracting Canadian consumers to our *EQ Bank* platform and growing our existing lending businesses. The acquisition of equipment leasing specialist Bennington Financial Corp ("Bennington") and the introductions of our reverse mortgage and CSV line of credit offerings set the stage for Equitable to challenge and grow across an even wider spectrum of the secured lending market. I am confident that the Bank's momentum in all business lines will translate into even greater progress in 2019."

Management expects earnings to continue increasing in 2019 due to the Bank's growing loan portfolio, higher margins and the Bennington acquisition. As a result of continued emphasis on service quality and the addition of Bennington, year-over-year growth of Assets Under Management is expected to be in the range of 8% to 10% in 2019. ROE should be high and approximately 15% in 2019, though below Equitable's 10-year average of 17.0% due to ongoing investments in key strategic initiatives. These performance metrics exclude a one-time IFRS 9-related provision of approximately \$7 million that the Bank will take in Q1 2019 related to its Bennington acquisition. Management's complete business outlook can be found in Management's Discussion and Analysis for the three and twelve months ended December 31, 2018 which is available on SEDAR and on Equitable's website.

BENNINGTON FINANCIAL CORP.

On January 1, 2019, the Company completed the acquisition of **Bennington Financial Corp**, a profitable and growing company serving the brokered equipment leasing market in Canada. Bennington provides small and medium-sized business customers with competitive and innovative leasing solutions. At the time of acquisition, Bennington had a portfolio of approximately \$440 million of leases managed by a team of 125 professionals. The transaction allows Bennington to enhance its competitive positioning

using Equitable's cost-effective funding sources. Equitable will begin to consolidate Bennington's financial results in Q1 2019.

EQUITABLE TRUST

Equitable received approval to incorporate **Equitable Trust**, a wholly owned trust subsidiary, in the fourth quarter of 2018 and the Trust subsequently received the "Order to Commence and Carry On Business" from OSFI effective December 19, 2018. The Trust will provide Equitable with additional tools to help Canadians save for their financial goals and further diversify Equitable's funding sources.

CONFERENCE CALL AND WEBCAST

Equitable will hold its fourth quarter conference call and webcast at 10:00 a.m. eastern Friday March 1, 2019. To access the call live, please dial (647) 427-7450 five minutes prior to the start time. The listen-only webcast with accompanying slides will be available at www.equitablebank.ca under Investor Relations. The call will be hosted by Andrew Moor, President and Chief Executive Officer.

A replay of the call will be available until March 8, 2019 at midnight and it can be accessed by dialing (416) 849-0833 and entering passcode 1494226 followed by the number sign. Alternatively, the call will be archived on the Company's website for three months.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS

(\$ THOUSANDS)

As at December 31	2018 ⁽¹⁾	2017
Assets		
Cash and cash equivalents	\$ 477,243	\$ 660,930
Restricted cash	327,097	366,038
Securities purchased under reverse repurchase agreements	250,000	-
Investments	193,399	107,442
Mortgages receivable – Core Lending	14,491,325	12,304,741
Mortgages receivable – Securitization Financing	9,035,079	6,993,807
Securitization retained interests	115,331	104,429
Other assets	147,671	96,863
	\$ 25,037,145	\$ 20,634,250
Liabilities and Shareholders' Equity		
Liabilities:		
Deposits	\$ 13,668,521	\$ 11,114,313
Securitization liabilities	9,236,045	7,565,545
Obligations under repurchase agreements	342,010	452,001
Deferred tax liabilities	42,610	35,802
Other liabilities	177,961	199,601
Bank facilities	289,971	128,871
	23,757,118	19,496,133
Shareholders' Equity:		
Preferred shares	72,557	72,557
Common shares	200,792	198,660
Contributed surplus	7,035	6,012
Retained earnings	1,014,559	866,109
Accumulated other comprehensive loss	(14,916)	(5,221)
	1,280,027	1,138,117
	\$ 25,037,145	\$ 20,634,250

⁽¹⁾ The amounts for the year ended December 31, 2018 have been prepared in accordance with IFRS 9; prior year amounts have not been restated.

CONSOLIDATED STATEMENTS OF INCOME

(\$ THOUSANDS, EXCEPT PER SHARE AMOUNTS)

Years ended December 31	2018 ⁽¹⁾	2017
Interest income:		
Mortgages – Core Lending	\$ 637,318	\$ 516,564
Mortgages – Securitization Financing	199,032	178,329
Investments	5,867	4,502
Other	17,846	11,067
	860,063	710,462
Interest expense:		
Deposits	290,991	204,894
Securitization liabilities	191,866	174,920
Bank facilities	24,242	15,997
Debentures	-	3,079
Other	4,583	3,210
	511,682	402,100
Net interest income	348,381	308,362
Provision for credit losses	2,083	1,543
Net interest income after provision for credit losses	346,298	306,819
Other income:		
Fees and other income	21,229	28,302
Net loss on investments	(3,855)	(888)
Gains on securitization activities and income from securitization retained interests	10,285	13,612
	27,659	41,026
Net interest and other income	373,957	347,845
Non-interest expenses:		
Compensation and benefits	77,062	65,206
Other	72,301	63,824
	149,363	129,030
Income before income taxes	224,594	218,815
Income taxes:		
Current	54,374	50,220
Deferred	4,594	7,978
	58,968	58,198
Net income	\$ 165,626	\$ 160,617
Dividends on preferred shares	4,763	4,763
Net income available to common shareholders	\$ 160,863	\$ 155,854
Earnings per share		
Basic	\$ 9.73	\$ 9.46
Diluted	\$ 9.67	\$ 9.39

⁽¹⁾ The amounts for the year ended December 31, 2018 have been prepared in accordance with IFRS 9; prior year amounts have not been restated.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(\$ THOUSANDS)

Years ended December 31	2018 ⁽¹⁾	2017
Net income	\$ 165,626	\$ 160,617
Other comprehensive income – items that will be reclassified subsequently to income		
Debt instruments at Fair Value through Other Comprehensive Income/Available for sale:		
Net unrealized gains from change in fair value	37	15,647
Reclassification of net losses to income	17	412
Other comprehensive income – items that will not be reclassified subsequently to income		
Equity instruments designated at Fair Value through Other Comprehensive Income:		
Net unrealized losses from change in fair value	(14,505)	N/A
Reclassification of net losses to retained earnings	11	N/A
	(14,440)	16,059
Income tax recovery/(expense)	3,831	(4,223)
	(10,609)	11,836
Cash flow hedges:		
Net unrealized (losses)/gains from change in fair value	(2,971)	6,272
Reclassification of net losses to income	2,285	1,875
	(686)	8,147
Income tax recovery/(expense)	182	(2,221)
	(504)	5,926
Total other comprehensive (loss)/income	(11,113)	17,762
Total comprehensive income	\$ 154,513	\$ 178,379

⁽¹⁾ The amounts for the year ended December 31, 2018 have been prepared in accordance with IFRS 9; prior year amounts have not been restated.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(\$ THOUSANDS)

	Accumulated other comprehensive income (loss)							2018
	Preferred shares	Common shares	Contributed surplus	Retained earnings	Cash flow hedges	Financial instruments at FVOCI ⁽¹⁾	Total	Total
Balance, beginning of year	\$ 72,557	\$ 198,660	\$ 6,012	\$ 866,109	\$ 3,153	\$ (8,374)	\$ (5,221)	\$ 1,138,117
Cumulative effect of adopting IFRS 9	-	-	-	5,450	-	1,418	1,418	6,868
Restated balance as at January 1, 2018	72,557	198,660	6,012	871,559	3,153	(6,956)	(3,803)	1,144,985
Net income	-	-	-	165,626	-	-	-	165,626
Transfer of losses on sale of equity instruments	-	-	-	(9)	-	9	9	-
Other comprehensive loss, net of tax	-	-	-	-	(504)	(10,618)	(11,122)	(11,122)
Exercise of stock options	-	1,780	-	-	-	-	-	1,780
Dividends:								
Preferred shares	-	-	-	(4,763)	-	-	-	(4,763)
Common shares	-	-	-	(17,854)	-	-	-	(17,854)
Stock-based compensation	-	-	1,375	-	-	-	-	1,375
Transfer relating to the exercise of Stock options	-	352	(352)	-	-	-	-	-
Balance, end of year	\$ 72,557	\$ 200,792	\$ 7,035	\$ 1,014,559	\$ 2,649	\$ (17,565)	\$ (14,916)	\$ 1,280,027

	Accumulated other comprehensive income (loss)							2017
	Preferred shares	Common shares	Contributed surplus	Retained earnings	Cash flow hedges	Available for sale investments	Total	Total
Balance, beginning of year	\$ 72,557	\$ 196,608	\$ 5,056	\$ 725,912	\$ (2,773)	\$ (20,210)	\$ (22,983)	\$ 977,150
Net income	-	-	-	160,617	-	-	-	160,617
Other comprehensive loss, net of tax	-	-	-	-	5,926	11,836	17,762	17,762
Exercise of stock options	-	1,726	-	-	-	-	-	1,726
Dividends:								
Preferred shares	-	-	-	(4,763)	-	-	-	(4,763)
Common shares	-	-	-	(15,657)	-	-	-	(15,657)
Stock-based compensation	-	-	1,282	-	-	-	-	1,282
Transfer relating to the exercise of Stock options	-	326	(326)	-	-	-	-	-
Balance, end of year	\$ 72,557	\$ 198,660	\$ 6,012	\$ 866,109	\$ 3,153	\$ (8,374)	\$ (5,221)	\$ 1,138,117

⁽¹⁾ Current year balance is classified as at FVOCI for debt and equity instruments, however, balance at the beginning of the year is classified as Available for Sale under IAS 39.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(\$ THOUSANDS)

Years ended December 31	2018 ⁽¹⁾	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 165,626	\$ 160,617
Adjustments for non-cash items in net income:		
Financial instruments at fair value through income	7,532	(3,058)
Amortization of premiums/discount on investments	7,829	11,241
Amortization of capital assets and intangible costs	9,454	8,878
Provision for credit losses	2,083	1,543
Securitization gains	(9,025)	(10,633)
Net loss on sale or redemption of investments	-	888
Stock-based compensation	1,375	1,282
Income taxes	58,968	58,198
Securitization retained interests	28,481	24,617
Changes in operating assets and liabilities:		
Restricted cash	38,941	(118,160)
Securities purchased under reverse repurchase agreements	(250,000)	199,401
Mortgages receivable, net of securitizations	(4,248,509)	(1,547,374)
Other assets	(36,838)	(15,360)
Deposits	2,544,335	1,361,660
Securitization liabilities	1,670,057	(195,890)
Obligations under repurchase agreements	(109,991)	339,513
Bank facilities	161,100	78,871
Other liabilities	(11,111)	(2,466)
Income taxes paid	(60,663)	(80,174)
Cash flows (used in)/from operating activities	(30,356)	273,594
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common shares	1,780	1,726
Redemption of debentures	-	(65,000)
Dividends paid on preferred shares	(4,763)	(4,763)
Dividends paid on common shares	(17,343)	(14,977)
Cash flows used in financing activities	(20,326)	(83,014)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(112,760)	(40,486)
Proceeds on sale or redemption of investments	238	76,176
Net change in Canada Housing Trust re-investment accounts	(57)	241
Purchase of capital assets and system development costs	(20,426)	(9,760)
Cash flows (used in)/from investing activities	(133,005)	26,171
Net (decrease)/increase in cash and cash equivalents	(183,687)	216,751
Cash and cash equivalents, beginning of year	660,930	444,179
Cash and cash equivalents, end of year	\$ 477,243	\$ 660,930
Cash flows from operating activities include:		
Interest received	\$ 842,060	\$ 704,813
Interest paid	(383,522)	(354,727)
Dividends received	5,827	4,567

⁽¹⁾ The amounts for the year ended December 31, 2018 have been prepared in accordance with IFRS 9; prior year amounts have not been restated.

ABOUT EQUITABLE GROUP INC.

Equitable Group Inc. is a growing Canadian financial services business that operates through its wholly-owned subsidiary, Equitable Bank. Equitable Bank, *Canada's Challenger Bank™*, is the country's ninth largest independent Schedule I bank and offers a diverse suite of residential lending, commercial lending and savings solutions to Canadians. Through its proven branchless approach and customer service focus, Equitable Bank has grown to over \$29 billion of Assets Under Management. *EQ Bank*, the digital banking arm of Equitable Bank, provides state-of-the-art digital banking services to almost 71,000 Canadians and was the 2018 recipient of the *Best Mobile App in Canada* at the World Finance Digital Banking Awards. In 2018, the Bank started to diversify into adjacent business through its commercial lending platform. On January 1, 2019, Equitable Bank acquired Bennington, which furthered the Bank's diversification by providing access to the brokered equipment leasing market. Equitable Bank employs nearly 795 dedicated professionals including Bennington across the country and is a 2019 recipient of Canada's Best Employer Platinum Award, the highest bestowed by AON Hewitt. 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 the sections of 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 performance 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", or other similar expressions of future or conditional verbs. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, closing of transactions, performance or achievements of 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, changes in accounting standards, 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, 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.

NON-GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (“GAAP”) FINANCIAL MEASURES

This news release references certain non-GAAP measures such as Adjusted Diluted earnings per share, Adjusted Return on Shareholders’ Equity, Return on Shareholders’ Equity, , Common Equity Tier 1 Capital Ratio, and Assets Under Management that management believes provide useful information to investors regarding the Company’s financial condition and results of operations. The “NON-GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (“GAAP”) FINANCIAL MEASURES” section of the Company’s 2018 Management’s Discussion and Analysis provides a detailed description of each non-GAAP measure and should be read in conjunction with this release. The Management’s Discussion and Analysis also provides a reconciliation between all non-GAAP measures and the most directly comparable GAAP measure, where applicable. Readers are cautioned that non-GAAP measures often do not have any standardized meaning, and therefore, may not be comparable to similar measures presented by other companies.

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