Equitable Group Enters into Agreement with OMERS for $50 Million Common Share Private Placement

TORONTO, Dec. 12, 2016 /CNW/ - Equitable Group Inc. (TSX: EQB and EQB.PR.C) ("Equitable" or the "Company") announced today that it has entered into an agreement with OMERS, the pension plan for Ontario's municipal employees, for a private placement of common shares of the Company ("Shares") at a price of $61.76 per Share, for aggregate proceeds of up to $50 million (the "Private Placement").

Under the agreement, OMERS will acquire 809,585 Shares which represents approximately 4.9% of the issued and outstanding Shares of the Company after giving effect to the Private Placement (on an undiluted basis). Shares issued under the Private Placement will be subject to the required four month hold period from the date of closing. The closing of the Private Placement is subject to, among other things, acceptance from the Toronto Stock Exchange and customary closing conditions. The Private Placement is expected to close before the end of the calendar year.

The Company intends to use the net proceeds of the Private Placement to invest in common shares of its wholly owned subsidiary, Equitable Bank (the "Bank"). Subject to the approval of the Office of the Superintendent of Financial Institutions, this investment will increase the Bank's Common Equity Tier I capital and provide it with more capacity to fund the growth of its lending businesses. Management expects that the investment will increase the Bank's Common Equity Tier I capital ratio by approximately 0.8%. Even with this issuance, management expects to deliver a high return on equity in 2017.

"Equitable achieved an annualized growth rate in assets under management of 25% as at the end of the third quarter of 2016. With demand for both our core single family and commercial business lines exceeding our expectations in recent quarters, and with what we believe to be meaningful growth opportunities ahead, it is prudent to add new capital beyond what we are generating internally. And now is the right time for a transaction."

said Andrew Moor, President and CEO of Equitable. "This investment from a highly regarded institution will allow us to take advantage of even more opportunities in our lending businesses while maintaining our strong capital ratios and is an important endorsement of Equitable Bank's position as a customer focused branchless bank."

These growth opportunities are expected to mirror the quality of the current portfolio. As stated in its third quarter 2016 Management Discussion and Analysis, Equitable believes that the credit quality of its mortgage portfolio remains high. Management continues to expect that arrears rates and credit loss provisions will be low over the next several quarters, assuming that Canadian economic conditions stay within the range of broad market expectations.

TD Securities Inc. acted as the sole agent to Equitable in connection with the Private Placement.

ABOUT EQUITABLE GROUP

Equitable Group Inc. is a growing Canadian financial services business that operates through its wholly-owned subsidiary, Equitable Bank. Equitable Bank is Canada'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 $21 billion of Assets Under Management. Most recently, Equitable Bank launched a digital banking operation, *EQ Bank*, along with its flagship product the *EQ Bank Savings Plus Account.* Equitable Bank currently employs nearly 600 employees across the country, and was named one of Canada's best employers for 2017 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 the sections of this news release include forward-looking statements within the meaning of applicable securities laws ("forward-looking statements"). These statements include, but are not limited to, statements related to the closing of the Private Placement and the Company's use of proceeds of the Private

Placement, 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, the Company not obtaining approval of the Toronto Stock Exchange for the Private Placement, the Company not completing the Private Placement, 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.

SOURCE Equitable Group Inc.

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