

Equitable Group Reports Record Third Quarter Results, Increases Common Share Dividend

TORONTO, Nov. 9, 2017 /CNW/ - Equitable Group Inc. (TSX: EQB and EQB.PR.C) ("Equitable" or the "Company") today reported financial results for the three and nine months ended September 30, 2017 and announced a common share dividend increase reflecting the solid performance of Equitable Bank (the "Bank"), its wholly owned subsidiary and Canada's Challenger Bank.

THIRD QUARTER HIGHLIGHTS

- Net income was \$37.9 million or 7% higher than in Q3 2016 and 3% lower than in the previous quarter
- Diluted earnings per share were \$2.21, 2% higher than in Q3 2016 despite the issuance of 809,585 common shares in December 2016 and \$0.42 per share of costs associated with recent liquidity events
- Return on Equity ("ROE") was 14.4% compared to 17.2% in the same period of 2016
- Book value per common share was \$62.25 at September 30, 2017 up by \$10.53 per share or 20% from a year ago and up \$2.27 or 4% from Q2 2017
- Deposit principal was \$10.5 billion at September 30, 2017, up 14% from a year ago and up 5% from the end of June

FIRST NINE MONTHS HIGHLIGHTS

- Net income was \$120.2 million and diluted earnings per share were \$7.03, 24% and 19% higher than in the same period of 2016
- ROE was 16.1% compared to 16.3% in the same period of 2016
- Mortgages Under Management were \$22.8 billion, compared to \$19.9 billion a year ago, a 14% increase

Of note, liquidity management actions taken in the second quarter in response to funding market events reduced third quarter earnings by \$0.42 per share. During the second quarter, Equitable obtained a two-year, \$2.0 billion secured backstop funding facility from a syndicate comprised of all six of Canada's largest banks and insured and securitized an \$892 million portfolio of existing residential mortgages in order to protect the Bank during a period of funding market volatility. Although these initiatives moderated EPS growth, they reduced the Bank's risk profile and contributed to its long-term stability.

DIVIDEND DECLARATIONS

The Board of Directors today declared a dividend of \$0.25 per common share, payable on January 4, 2018 to common shareholders of record at the close of business December 15, 2017. This represents a 14% increase over the dividend declared in November 2016 and a one cent or 4.2% increase over the dividend declared in August 2017. In addition, the Board declared a quarterly dividend of \$0.396875 per preferred share, payable on December 31, 2017 to preferred shareholders of record at the close of business December 15, 2017.

"Equitable's third quarter results reflected the Bank's strong fundamentals and disciplined, risk-managed approach to lending, as well as favourable market conditions," said Andrew Moor, President and Chief Executive Officer. "Having successfully navigated the funding market turbulence earlier this year, and capitalizing on competitive dynamics, we increased lending activity in the third quarter and added \$740 million of Mortgages Under Management. Of equal importance, deposits expanded by \$500 million since June 30th, which is a strong expression of confidence in our institution and our challenger bank strategy. We continue to lend prudently and actively monitor housing market trends, and will adjust our asset growth in response to market conditions if necessary as our primary focus remains, unquestionably, the safety of the Bank. We ended the period with CET1 and Total Capital ratios that again well exceeded regulatory minimums, an improvement in our already strong long-term credit track record, and high levels of liquidity. This strength is reflected in our Board's decision to increase the common share dividend for the third time this year."

OPERATING HIGHLIGHTS

- **Single Family Lending** mortgage principal at September 30, 2017 was a record \$9.1 billion, up 20% from \$7.5 billion a year ago. Third quarter originations were \$1.1 billion, up 5% from a year ago and a new quarterly record.
- **Commercial Lending** mortgage principal at September 30, 2017 was \$2.9 billion, up 7% from \$2.7 billion a year ago. Third quarter originations were \$380 million, up 4% from a year ago.
- **Securitization Financing** Mortgages Under Management at September 30, 2017 amounted to \$10.8 billion, up 12% from \$9.7 billion a year ago. Securitization Financing originations were \$493 million in the third quarter of 2017, 33% lower than a year ago, primarily reflecting the impact that changes to mortgage insurance rules last fall had on Prime single-family originations.
- **Deposit principal** outstanding amounted to \$10.5 billion, up 14% from \$9.2 billion a year ago and \$0.5 billion or 5% since June 30, 2017.

Equitable's credit metrics reflect the high quality of the mortgage portfolio and remain in line with or favourable to the Bank's long-term levels. At September 30, 2017, net impaired mortgage assets were just 0.13% of total mortgage assets compared to 0.19% a year ago. The Bank's provision for credit losses amounted to \$0.04 million, down three basis points as a percentage of average mortgage principal from September 30, 2016 and down one basis point from June 30, 2017. This low level of provision reflects Equitable's consistently prudent risk management parameters and active monitoring processes, as well as the release of \$0.9 million of provisions previously recorded on mortgages that were resolved during the quarter.

CAPITAL

Equitable Bank's Capital Ratios continue to exceed minimum regulatory standards and were above the levels of the other eight publicly listed Schedule I Canadian banks. At September 30, 2017:

- Common Equity Tier 1 Capital Ratio was 14.8%, surpassing the Basel III minimum of 7.0%, and up from last year's level of 13.4%.
- Total Capital Ratio was 17.2%, well above the regulatory requirement of 10.5% and above last year's level of 16.2%.
- Leverage Ratio was 5.3% and as such the Bank was fully compliant with the target that OSFI sets on a confidential, institution-by-institution basis.

STRATEGIC UPDATE

Equitable continues to deliver on its key strategic priorities and challenger bank vision. Among its recent strategic highlights, Equitable:

- Expanded *EQ Bank Savings Plus Account* balances by \$572 million or 56% from a year ago to \$1.6 billion (and \$278 million or 21% from last quarter) as more Canadians

embraced the convenience, flexibility and value of this all-digital bank platform to achieve their savings goals.

- Awarded 6th place in Financial IT's 2017 ranking of the top digital banks globally
- Received Canada's Best Employer Platinum Award for 2018 by AON for the second consecutive year
- Grew GIC balances by \$1.0 billion or 15% from a year ago to \$7.8 billion (and \$110 million from the prior quarter), reflecting the breadth of its deposit broker network.
- Continued to manage liquidity prudently in light of second quarter market events, and finished the third quarter with total liquid assets as a percentage of total assets of 7.2%, up from 5.7% a year ago but down from 7.9% in the second quarter of 2017 as funding market conditions continued to stabilize.
- Achieved an industry-leading Efficiency Ratio of 37.4% in the third quarter compared to 37.0% a year ago.
- Completed the majority of work for its IFRS9 program and remains on-track for a successful January 1, 2018 implementation.
- Continued to advance efforts to migrate to the Advanced Internal Ratings Based ("AIRB") approach to capital and risk management and its risk modelling capabilities.

These strategies were successful and funding markets have recovered as evidenced by the Bank's deposit growth in the third quarter. In the third quarter, the aggregate costs of these strategies, net of the associated funding cost benefits, amounted to \$0.42 per share.

BUSINESS OUTLOOK

Equitable's strategies, including its disciplined approach to capital allocation, are designed to deliver value to shareholders and protect depositors. Asset quality remains high and the Bank's core lending markets continue to present meaningful growth opportunities. In the fourth quarter and in 2018, management believes that the Bank's ROE will be slightly below the 5-year average of 17.8% due to the costs associated with successfully navigating through recent financial market disruptions.

As management looks forward, there is significant market uncertainty given government policy initiatives including OSFI's revised B-20 Guideline coming into effect January 1, 2018.

"We believe these interventions will have a negative impact on single-family originations by removing the ability to lend to certain borrowers who would have met the previous underwriting standards," said Mr. Moor. "That said, it is difficult to fully assess B-20's impact until the market and our competitors assimilate these rules. Overall, we are taking a cautious stance and having run several sensitivity analyses believe that B-20 will have a slightly negative impact on our financial performance in 2018 due to lower Alternative Single Family originations. As a diversified lender, we also have the opportunity to deploy more capital into our Commercial business where opportunities are abundant at the moment. Overall, our very clear mandate remains achieving profitable growth for shareholders and protecting our depositors by judiciously managing risk and delivering great service to our customers and partners."

As a result of continued emphasis on service quality, management expects that year-over-year growth of Mortgages under Management will be in the range of 10% to 12% in the final quarter of 2017 and 6% to 8% in 2018. In Q4, Net Interest Income will likely increase at year-over-year rates in the 1% to 2% range as continued growth of the Bank's assets and pricing changes are partly offset by the costs associated with recent market disruptions. Full year 2018 Net Interest Income growth rates are expected to rebound to the 8% to 10% range as some of the costs associated with funding market events in 2017 abate and pricing changes flow through the mortgage portfolio. The Bank's Efficiency Ratio in the fourth quarter of 2017 and in 2018 is expected to be in the high 30 percent range.

"The Bank's deposit balances have grown steadily since the middle of the second quarter and we believe that trend will continue," said Tim Wilson, Vice President and Chief Financial Officer. "As such, we are confident that our current sources of funding, including brokered term deposits and our *EQ Bank* platform, will be adequate to fund our asset growth in 2018. At the same time, we will continue to diversify and enhance our deposit-taking capabilities and product sets to strengthen our market position and further reduce our risk profile."

A centerpiece of the Bank's strategy is the advancement of the *EQ Bank* digital platform. Management is committed to launching new savings products and services over time and to increasing *EQ Bank*'s customer base. "In the coming months, we will add GICs to the *EQ Bank* platform to provide our customers with a more complete suite of high-value savings options that are easily accessible," said Mr. Moor. "We will also continue to invest in new services and products that we intend to launch in future periods. Ongoing enhancements to our platform will be designed to keep *EQ Bank* at the forefront of digital banking."

In October 2017, the Bank applied to the Office of the Superintendent of Financial Institutions seeking the approval of the Minister of Finance (Canada) for letters patent incorporating a new trust subsidiary. This initiative would further the Bank's ability to pursue asset diversification strategies and would create a new issuer of deposits that would be eligible for insurance through the Canada Deposit Insurance Corporation.

Management's complete business outlook can be found in Management's Discussion and Analysis for the three and nine months ended September 30, 2017 which is available on SEDAR and on Equitable's website.

CONFERENCE CALL AND WEBCAST

Equitable will hold its third quarter conference call and webcast at 10:00 a.m. ET Friday, November 10, 2017. 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 Friday, November 17, 2017 and it can be accessed by dialing 416-849-0833 and entering passcode 84393964 followed by the number sign. Alternatively, the call will be archived on the Company's website for three months.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS (unaudited)

AS AT SEPTEMBER 30, 2017

With comparative figures as at December 31, 2016 and September 30, 2016

(\$ THOUSANDS)

	September 30, 2017	December 31, 2016	September 30, 2016
Assets:			
Cash and cash equivalents	\$ 724,314	\$ 444,179	\$ 383,788
Restricted cash	397,365	247,878	238,945
Securities purchased under reverse repurchase agreements	-	199,401	102,760
Investments	112,255	136,718	124,485
Mortgages receivable – Core Lending	11,921,274	10,678,452	10,199,787
Mortgages receivable – Securitization Financing	6,866,074	7,105,351	6,849,957

Securitization retained interests	192,715	88,782	87,262
Other assets	97,208	72,827	75,862
	\$ 20,221,205	\$ 18,973,588	\$ 18,062,846
Liabilities and Shareholders' Equity			
Liabilities:			
Deposits	\$ 10,594,205	\$ 9,763,082	\$ 9,268,606
Securitization liabilities	7,730,776	7,762,632	7,258,672
Obligations under repurchase agreements	316,087	112,488	69,290
Deferred tax liabilities	31,869	38,771	37,763
Other liabilities	191,289	204,465	85,239
Bank facilities	193,654	50,000	398,909
Debentures	65,000	65,000	65,000
	19,122,880	17,996,438	17,183,479
Shareholders' equity:			
Preferred shares	72,557	72,557	72,557
Common shares	197,488	196,608	145,694
Contributed surplus	5,870	5,056	5,114
Retained earnings	830,976	725,912	688,867
Accumulated other comprehensive loss	(8,566)	(22,983)	(32,865)
	1,098,325	977,150	879,367
	\$ 20,221,205	\$ 18,973,588	\$ 18,062,846

CONSOLIDATED STATEMENTS OF INCOME (unaudited)

FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2017

With comparative figures for the three and nine month periods ended September 30, 2016

(\$THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	Three months ended		Nine months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Interest income:				
Mortgages – Core Lending	\$ 129,372	\$ 114,416	\$ 376,934	\$ 323,379
Mortgages – Securitization Financing	43,368	44,776	133,480	133,679
Investments	65	2,142	3,563	6,390
Other	4,296	1,087	7,339	3,366
	177,101	162,421	521,316	466,814
Interest expense:				
Deposits	54,004	47,229	150,815	136,973
Securitization liabilities	43,647	41,489	129,959	122,028
Bank facilities	6,536	1,926	9,027	3,532
Debentures	950	950	2,850	2,850
	105,137	91,594	292,651	265,383
Net interest income	71,964	70,827	228,665	201,431
Provision for credit losses	40	1,243	1,156	1,575
Net interest income after provision for credit losses	71,924	69,584	227,509	199,856
Other income:				
Fees and other income	7,492	3,873	22,149	10,831
Net (loss) gain on investments	(100)	(44)	(888)	703
Gains on securitization activities and income from securitization retained interests	4,797	3,182	11,263	5,636
	12,189	7,011	32,524	17,170
Net interest and other income	84,113	76,595	260,033	217,026
Non-interest expenses:				
Compensation and benefits	16,495	15,574	49,385	45,417
Other	15,147	13,465	46,572	41,372
	31,642	29,039	95,957	86,789
Income before income taxes	52,471	47,556	164,076	130,237
Income taxes:				
Current	15,773	8,227	39,860	24,521
Deferred	(1,171)	4,099	4,045	9,064
	14,602	12,326	43,905	33,585
Net income	\$ 37,869	\$ 35,230	\$ 120,171	\$ 96,652
Dividends on preferred shares	1,191	1,191	3,573	3,573
Net income available to common shareholders	\$ 36,678	\$ 34,039	\$ 116,598	\$ 93,079
Earnings per share:				
Basic	\$ 2.23	\$ 2.19	\$ 7.08	\$ 5.98
Diluted	\$ 2.21	\$ 2.16	\$ 7.03	\$ 5.93

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (unaudited)

FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2017
 With comparative figures for the three and nine month periods ended September 30, 2016
 (\$ THOUSANDS)

	Three months ended		Nine months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Net income	\$ 37,869	\$ 35,230	\$ 120,171	\$ 96,652
Other comprehensive income – items that may be reclassified subsequently to income:				
Available for sale investments:				
Net unrealized gains (losses) from change in fair value	1,755	3,249	11,835	(1,206)
Reclassification of net losses (gains) to income	11	(174)	412	(1,075)
	1,766	3,075	12,247	(2,281)
Income tax (expense) recovery	(469)	(816)	(3,221)	606
	1,297	2,259	9,026	(1,675)
Cash flow hedges:				
Net unrealized gains (losses) from change in fair value	3,501	1,096	5,333	(3,734)
Reclassification of net losses to income	758	703	2,086	2,486
	4,259	1,799	7,419	(1,248)
Income tax (expense) recovery	(1,131)	(478)	(2,028)	331
	3,128	1,321	5,391	(917)
Total other comprehensive income (loss)	4,425	3,580	14,417	(2,592)
Total comprehensive income	\$ 42,294	\$ 38,810	\$ 134,588	\$ 94,060

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (unaudited)

FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2017

With comparative figures for the three month period ended September 30, 2016

(\$ THOUSANDS)

September 30, 2017	Preferred shares	Common shares	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)			Total	Total
					Cash flow hedges	Available for sale investments	Total		
Balance, beginning of period	\$ 72,557	\$ 197,439	\$ 5,594	\$ 798,253	\$ (510)	\$ (12,481)	\$ (12,991)	\$ 1,060,852	
Net income	-	-	-	37,869	-	-	-	37,869	
Other comprehensive gain, net of tax	-	-	-	-	3,128	1,297	4,425	4,425	
Exercise of stock options	-	40	-	-	-	-	-	40	
Dividends:									
Preferred shares	-	-	-	(1,191)	-	-	-	(1,191)	
Common shares	-	-	-	(3,955)	-	-	-	(3,955)	
Stock-based compensation	-	-	285	-	-	-	-	285	
Transfer relating to the exercise of stock options	-	9	(9)	-	-	-	-	-	
Balance, end of period	\$ 72,557	\$ 197,488	\$ 5,870	\$ 830,976	\$ 2,618	\$ (11,184)	\$ (8,566)	\$ 1,098,325	

September 30, 2016	Preferred shares	Common shares	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)			Total	Total
					Cash flow hedges	Available for sale investments	Total		
Balance, beginning of period	\$ 72,557	\$ 144,615	\$ 5,099	\$ 658,098	\$ (10,053)	\$ (26,392)	\$ (36,445)	\$ 843,924	
Net income	-	-	-	35,230	-	-	-	35,230	
Other comprehensive gain, net of tax	-	-	-	-	1,321	2,259	3,580	3,580	
Issuance cost	-	-	-	-	-	-	-	-	
Exercise of stock options	-	871	-	-	-	-	-	871	
Dividends:									
Preferred shares	-	-	-	(1,191)	-	-	-	(1,191)	
Common shares	-	-	-	(3,270)	-	-	-	(3,270)	
Stock-based compensation	-	-	223	-	-	-	-	223	
Transfer relating to the exercise of stock options	-	208	(208)	-	-	-	-	-	
Balance, end of period	\$ 72,557	\$ 145,694	\$ 5,114	\$ 688,867	\$ (8,732)	\$ (24,133)	\$ (32,865)	\$ 879,367	

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (unaudited)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2017

With comparative figures for the nine month period ended September 30, 2016
(\$ THOUSANDS)

September 30, 2017	Preferred shares	Common shares	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)			
					Cash flow hedges	Available for sale investments		Total
						Total	Total	
Balance, beginning of period	\$ 72,557	\$ 196,608	\$ 5,056	\$ 725,912	\$ (2,773)	\$ (20,210)	\$ (22,983)	\$ 977,150
Net income	-	-	-	120,171	-	-	-	120,171
Other comprehensive gain, net of tax	-	-	-	-	5,391	9,026	14,417	14,417
Exercise of stock options	-	737	-	-	-	-	-	737
Dividends:								
Preferred shares	-	-	-	(3,573)	-	-	-	(3,573)
Common shares	-	-	-	(11,534)	-	-	-	(11,534)
Stock-based compensation	-	-	957	-	-	-	-	957
Transfer relating to the exercise of stock options	-	143	(143)	-	-	-	-	-
Balance, end of period	\$ 72,557	\$ 197,488	\$ 5,870	\$ 830,976	\$ 2,618	\$ (11,184)	\$ (8,566)	\$ 1,098,325

September 30, 2016	Preferred shares	Common shares	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)			
					Cash flow hedges	Available for sale investments		Total
						Total	Total	
Balance, beginning of period	\$ 72,557	\$ 143,690	\$ 4,706	\$ 605,436	\$ (7,815)	\$ (22,458)	\$ (30,273)	\$ 796,116
Net income	-	-	-	96,652	-	-	-	96,652
Other comprehensive loss, net of tax	-	-	-	-	(917)	(1,675)	(2,592)	(2,592)
Exercise of stock options	-	1,615	-	-	-	-	-	1,615
Dividends:								
Preferred shares	-	-	-	(3,573)	-	-	-	(3,573)
Common shares	-	-	-	(9,648)	-	-	-	(9,648)
Stock-based compensation	-	-	797	-	-	-	-	797
Transfer relating to the exercise of stock options	-	389	(389)	-	-	-	-	-
Balance, end of period	\$ 72,557	\$ 145,694	\$ 5,114	\$ 688,867	\$ (8,732)	\$ (24,133)	\$ (32,865)	\$ 879,367

CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2017

With comparative figures for the three and nine month periods ended September 30, 2016
(\$ THOUSANDS)

	Three months ended		Nine months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period	\$ 37,869	\$ 35,230	\$ 120,171	\$ 96,652
Adjustments for non-cash items in net income:				
Financial instruments at fair value through income	640	(2,479)	1,989	(3,488)
Amortization of premiums/discount on investments	2,775	114	7,559	393
Amortization of capital assets and intangible costs	2,343	1,963	6,516	5,758
Provision for credit losses	40	1,243	1,156	1,575
Securitization gains	(2,504)	(2,505)	(8,791)	(6,018)
Net loss (gain) on sale or redemption of investments	100	44	888	(703)
Stock-based compensation	285	223	957	797
Income taxes	14,602	12,326	43,905	33,585
Changes in operating assets and liabilities:				
Restricted cash	14,671	(88,254)	(149,487)	(130,957)
Securities purchased under reverse repurchase agreements	-	48,146	199,401	(82,843)
Mortgages receivable, net of securitizations	(532,881)	(821,327)	(1,029,493)	(2,381,080)
Securitization retained interests	6,479	4,339	18,088	11,342
Other assets	6,849	(14,713)	(12,697)	(14,346)
Deposits	499,201	120,927	837,681	1,058,964
Securitization liabilities	(19,227)	450,708	(30,901)	1,149,236
Obligations under repurchase agreements	(112,898)	69,290	203,599	69,290
Bank facilities	51,839	228,909	143,654	163,130
Other liabilities	(37,099)	4,198	(28,381)	(13)
Income taxes paid	(10,709)	(2,885)	(48,330)	(14,339)
Cash flows (used)/from in operating activities	(77,625)	45,497	277,484	(43,065)

CASH FLOWS FROM FINANCING ACTIVITIES

Dividends paid on preferred shares	(1,191)	(1,191)	(3,573)	(3,573)
Dividends paid on common shares	(3,955)	(3,270)	(14,977)	(9,485)
Proceeds from issuance of common shares	40	871	737	1,614
Cash flows used in financing activities	(5,106)	(3,590)	(17,813)	(11,444)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments	-	-	(40,462)	(6,783)
Proceeds on sale or redemption of investments	76	8,997	70,219	32,605
Net change in Canada Housing Trust re-investment accounts	12	15	239	64
Purchase of capital assets and system development costs	(4,508)	(3,368)	(9,532)	(10,955)
Cash flows (used)/from investing activities	(4,420)	5,644	20,464	14,931
Net (decrease)/increase in cash and cash equivalents	(87,151)	47,551	280,135	(39,578)
Cash and cash equivalents, beginning of period	811,465	336,237	444,179	423,366
Cash and cash equivalents, end of period	\$ 724,314	\$ 383,788	\$ 724,314	\$ 383,788

Cash flows from operating activities include:

Interest received	\$ 174,746	\$ 162,889	\$ 520,521	\$ 463,336
Interest paid	(92,216)	(89,638)	(250,221)	(246,382)
Dividends received	1,112	1,604	3,571	5,705

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 \$24 billion of Assets Under Management. *EQ Bank*, the digital banking arm of Equitable Bank, provides state-of-the-art digital banking services to more than 43,000 Canadians. Equitable Bank employs nearly 600 dedicated professionals across the country, and is a 2018 recipient of Canada's Best Employer Platinum Award, the highest bestowed 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 including those entitled "Business Outlook", 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.

NON-GENERALLY ACCEPTED ACCOUNTING PRINCIPLES ("GAAP") FINANCIAL MEASURES

This news release references certain non-GAAP measures such as Return on Shareholders' Equity ("ROE"), book value per common share, Mortgages Under Management, Capital Ratios, Efficiency 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 third quarter 2017 Management's Discussion and Analysis provides a detailed description of each non-GAAP measure and should be read in conjunction with this report. 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 do not have any standardized meaning, and therefore, may not be comparable to similar measures presented by other companies.

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<http://eqbank.investorroom.com/2017-11-09-Equitable-Group-Reports-Record-Third-Quarter-Results-Increases-Common-Share-Dividend>