Equitable Bank reduces size of secured backstop facility

TORONTO, June 20, 2018 /CNW/ - Equitable Group Inc. (TSX: EQB and EQB.PR.C) ("Equitable" or the "Company") today announced that its wholly-owned subsidiary, Equitable Bank, has reduced the size of its secured liquidity backstop facility to $850 million from $2.0 billion, effective June 25, 2018, as a result of successful measures taken to enhance its liquidity position and favourable funding market conditions.

Over the past year, Equitable has taken several actions to improve its already strong liquidity risk profile. Those actions have included increasing the size of its liquid asset portfolio, extending the average term of its Guaranteed Investment Certificate ("GIC") book, enhancing the functionality and brand of its *EQ Bank* platform, and reducing its exposure to more volatile brokered High Interest Savings Accounts ("HISA"s).

"In light of strong, stable and growing demand for *EQ Bank* savings products, including our recently launched GICs, as well as other liquidity management activities over the past year, our decision to reduce the backstop facility is well justified," said Andrew Moor, President and Chief Executive Officer. "Assuming the broader funding market continues to exhibit signs of stability over the next year, we will also consider whether a backstop of any size is a necessary adjunct to our operating model."

By reducing the size of the facility, Equitable will save approximately $1.4 million ($0.06 of EPS) of pre-tax standby fees each quarter through to the maturity of the backstop in June 2019. The Company will also write-down $5.8 million ($0.26 of EPS) of unamortized up-front costs associated with the $1.15 billion reduction in the current quarter. The write-down will then reduce pre-tax expenses by $1.4 million ($0.06 of EPS) per quarter through to the end of Q2 2019, relative to what would have otherwise been recorded. The $2.8 million of total savings per quarter and the $5.8 million write-down will be reflected in the Company's Net Interest Income.

The terms and conditions of the facility are otherwise unchanged. Equitable has not drawn upon the facility and does not anticipate using it prior to its expiry on June 18,

2019. The original facility was put in place in June 2017 in response to funding market disruption caused by a liquidity event at another financial institution. We thank all of the banks in the syndicate, which includes Bank of Montreal, CIBC, National Bank, The Royal Bank of Canada, Scotiabank and The Toronto-Dominion Bank for their ongoing support of Equitable.

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 $25 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 60,000 Canadians. Equitable Bank employs more than 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 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.

SOURCE Equitable Group Inc.

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