

# Equitable Bank Renews \$400 Million Secured Backstop Facility

TORONTO, June 19, 2019 /CNW/ - Equitable Group Inc. (*TSX:EQB* and *EQB.PR.C*) ("Equitable" or "Company") today announced it has closed a \$400 million secured backstop liquidity facility with a syndicate of Canadian bank lenders led by The Toronto-Dominion Bank and including Bank of Montreal, CIBC, National Bank, and Scotiabank.

The new 2-year facility replaces a more expensive maturing backstop and results in savings to the Company of approximately \$1.6 million per quarter (\$0.29 of annualized EPS benefit) as compared with Q1 2019. The cost of the new facility, on an undrawn basis, is 60 basis points or \$2.4 million per annum. The interest rate on any funds drawn under the facility would be equal to CDOR plus 125 basis points, which makes it competitive with the Bank's most recent Deposit Note issuance. The Company did not draw on its previous facility that was put in place following a period of funding market instability in the spring of 2017 and does not anticipate drawing on the new facility.

"It's evident from the tremendous growth in all of our sources of deposits, including deposits with *EQ Bank*, Canada's leading digital bank, that funding markets have stabilized and the measures we've taken to diversify the channels we use to reach and serve Canadians have increased the strength and resiliency of our franchise," said Andrew Moor, President and Chief Executive Officer. "At the same time, reinforcing our operating model with a low-cost backstop – particularly with the support of 5 major Canadian banks – provides assurance that we can safeguard our deposits even in the highly unlikely event of another funding market disruption. I once again thank the syndicate members for their ongoing support of Equitable."

Since the first quarter of 2017, Equitable Bank has grown its deposit base by over 47% or \$4.7 billion to \$14.6 billion, which includes *EQ Bank* deposits of \$2.2 billion (\$1.2 billion at March 31, 2017). It has also enhanced liquidity such that liquid assets increased to 7.8% of total assets at March 31, 2019 compared to 6.0% at March 31, 2017, even as assets grew by 36% over that same period.

## **ABOUT EQUITABLE BANK**

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 approximately \$31 billion of Assets Under Management. *EQ Bank*, the digital banking arm of Equitable Bank, provides state-of-the-art digital banking services to over 76,000 Canadians and was the 2018 recipient of the Best Mobile App in Canada at the World Finance Digital Banking Awards. The EQ Bank Savings Plus Account reimagines banking for Canadians by offering the functionality of a chequing account to perform daily banking with ease, as well as a great everyday interest rate – currently 2.30% – to help transactional balances grow into bigger savings. From unlimited Interac® e-Transfers and bill payments to payroll deposits and no monthly fees, everyday banking is now a richer prospect for Canadians. Equitable Bank employs over 800 dedicated professionals 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](http://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 2018 Annual Management's Discussion and Analysis available on the Company's website at [www.equitablebank.ca](http://www.equitablebank.ca) and on SEDAR at [www.sedar.com](http://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.

SOURCE Equitable Group Inc.

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