Equitable Group Inc. News Release

EQUITABLE GROUP REPORTS RECORD QUARTERLY AND ANNUAL EARNINGS, INCREASES DIVIDEND

Toronto, Ontario (February 24, 2020): Equitable Group Inc. (TSX: EQB and EQB.PR.C) ("Equitable" or the "Company") today reported record earnings for the three and twelve months ended December 31, 2019 on the strength of diversified growth in its wholly owned subsidiary, Equitable Bank ("*Canada's Challenger Bank*™" or "Bank") and the contribution of Bennington Financial Corp. ("Bennington").

FOURTH QUARTER HIGHLIGHTS

- **Adjusted Diluted earnings per share** were a quarterly record $3.22, up 21% from $2.66 in Q4 2018.
- **Adjusted Return on Shareholders' Equity** was 15.9% compared to 14.7% in Q4 2018.

Reported Diluted earnings per share ("EPS") were $3.21 and reported Return on Shareholders' Equity ("ROE") was 15.9% in Q4 2019 and $2.33 and 12.9% in Q4 2018. The Company's reported results for Q4 2019 include $0.3 million (Q4 2018 – $7.4 million) of pre-tax mark-to-market losses on certain security investments and derivative financial instruments.

2019 ANNUAL HIGHLIGHTS

- **Adjusted Diluted EPS** was an annual record $12.29, up 22% from $10.10 in 2018.
- **Adjusted ROE** was 15.9% compared to 14.7% in 2018.
- **Retail loan principal outstanding** at December 31, 2019 was $18.3 billion, up 13% from $16.1 billion a year ago on growth in all retail asset categories.
- **Commercial loan principal outstanding** at December 31, 2019 was $8.3 billion, up 13% from $7.3 billion a year ago as a result of organic growth and the acquisition of Bennington.
- **The Provision for Credit Losses ("PCL")** was $18.4 million or 0.07% of average loan principal outstanding.
- **Deposits** at December 31, 2019 were $15.2 billion, up 13% from $13.5 billion a year ago and included 22% or $478 million year-over-year growth in *EQ Bank* deposits.
- **The Bank's Common Equity Tier 1 Capital Ratio** at December 31, 2019 was 13.6% compared to 13.5% at December 31, 2018 as the Bank rebuilt capital to above the middle of its target range after the Bennington acquisition in January 2019.

2019 reported Diluted EPS and ROE were $11.97 and 15.5% respectively, compared to $9.67 and 14.1% in 2018. Reported results include $1.6 million of pre-tax mark-to-market losses on certain security investments and derivative financial instruments (2018 – $3.9 million), as well as a one-time, $5.7 million IFRS 9-related provision for credit losses on performing equipment leases recorded immediately after the Bennington acquisition. 2018 reported results included 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

The Board of Directors ("Board") today declared a dividend of $0.37 per common share, payable on March 27, 2020 to common shareholders of record at the close of business March 13, 2020. This 23% increase over the dividend declared in February 2019 reflects the Board's commitment to growing Equitable's dividend at a rate of between 20% and 25% over the next five years. Even with this faster pace of dividend growth, the Bank is expected to retain sufficient capital to support strong business growth. The Board also suspended the common share DRIP due to the strength of the Bank's capital position and its confidence in building sufficient capital organically to support Equitable's growth.

The Board declared a quarterly dividend in the amount of $0.373063 per preferred share, payable on March 27, 2020, to preferred shareholders of record at the close of business on March 13, 2020.

COMMENTARY ON PERFORMANCE AND OUTLOOK

"2019 capped a decade of superior value creation as Equitable delivered a total shareholder return of 500%, the highest of any Bank in the TSX Composite," said **Andrew Moor, President and Chief Executive Officer**. "I am incredibly proud of our team for their efforts and the collaboration required to make these results a reality. We continue to cement our position as *Canada's Challenger Bank™* by introducing new services that are consistently improving the everyday banking experience of Canadians. The number of green shoots now in place across the Bank, particularly at *EQ Bank,* has enhanced and diversified our growth opportunities. The focus is always on finding more ways to bring greater value to our customers and I'm particularly excited by the progress made with our innovative *EQ Bank* platform in 2019. This includes the recent launch of transformative international money transfers, the migration of our core banking infrastructure to the cloud, and the 35% growth in the *EQ Bank* customer base. Further, the traction we achieved with our insurance-based line of credit, reverse mortgage and equipment leasing businesses has me believing in their long-term potential more than ever. To continue building both our new and established businesses and to position Equitable for the open banking era, we plan to significantly increase our investment spending in 2020. This is a decision we are taking with great confidence knowing that we can continue to deliver more and more value for Canadians as the banking landscape shifts in the favour of the consumer."

EQ Bank also recently crossed the 100,000 customer mark, providing further evidence that a growing number of Canadians want more from their bank: better savings; simpler transactions; fewer headaches. "Our vision from the very beginning has been to provide a better banking experience that gives Canadians far more value by challenging the status quo and bringing a no-nonsense approach to the way people do their everyday banking." **said Moor**. "We're excited to see more people choosing to bank differently."

In 2020, Equitable's 50th year of serving Canadians, management anticipates that earnings growth will outpace that of the broader Canadian banking industry, based on consensus forecasts for other banks. Management expects earnings to increase in the range of 4% to 8% in 2020 as a result of loan growth, stable margins and low provisions for credit losses. The expected earnings growth rate will be below Equitable's longer-term average due to significant planned investments in the Bank's digital platform, emerging lending businesses and IT capabilities. Adjusted ROE should be between 14% and 16%, slightly lower than 2019 due to higher levels of capital and slightly lower earnings growth expectations.

Management's complete business outlook can be found in Management's Discussion and Analysis ("MD&A") for the three and twelve months ended December 31, 2019 which is available on SEDAR and on Equitable's website.

CONFERENCE CALL AND WEBCAST

Equitable will hold its fourth quarter conference call and webcast at 8:30 a.m. ET Tuesday, February 25, 2020. 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 3, 2020 at midnight and it can be accessed by dialing (416) 849-0833 and entering passcode 1180468 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		**2019**		2018
Assets				
Cash and cash equivalents	**$**	**508,853**	$	477,243
Restricted cash		**462,992**		327,097
Securities purchased under reverse repurchase agreements		**150,069**		250,000
Investments		**362,611**		193,399
Loans – Retail[1]		**18,359,805**		16,203,137
Loans – Commercial[1]		**8,248,025**		7,323,267
Securitization retained interests		**139,009**		115,331
Other assets		**161,088**		147,671
	$	**28,392,452**	$	25,037,145
Liabilities and Shareholders' Equity				
Liabilities:				
Deposits	**$**	**15,442,207**	$	13,668,521
Securitization liabilities		**10,706,956**		9,236,045
Obligations under repurchase agreements		**507,044**		342,010
Deferred tax liabilities		**54,689**		42,610
Other liabilities		**213,842**		177,961
Bank facilities		**-**		289,971
		26,924,738		23,757,118
Shareholders' Equity:				
Preferred shares		**72,557**		72,557
Common shares		**213,277**		200,792
Contributed surplus		**6,973**		7,035
Retained earnings		**1,193,493**		1,014,559
Accumulated other comprehensive loss		**(18,586)**		(14,916)
		1,467,714		1,280,027
	$	**28,392,452**	$	25,037,145

[1] *Effective January 1, 2019, the Company has changed the presentation of its loan products. Prior year presentation has been updated accordingly.*

CONSOLIDATED STATEMENTS OF INCOME

($ THOUSANDS, EXCEPT PER SHARE AMOUNTS)

Years ended December 31		2019		2018
Interest income:				
Loans – Retail[1]	**$**	**685,964**	$	541,586
Loans – Commercial[1]		**395,860**		294,764
Investments		**8,671**		5,867
Other		**26,315**		17,846
		1,116,810		860,063
Interest expense:				
Deposits		**385,197**		290,991
Securitization liabilities		**256,364**		191,866
Bank facilities		**7,319**		24,242
Other		**5,282**		4,583
		654,162		511,682
Net interest income		**462,648**		348,381
Provision for credit losses		**18,394**		2,083
Net interest income after provision for credit losses		**444,254**		346,298
Other income:				
Fees and other income		**23,855**		21,229
Net loss on investments		**(973)**		(3,855)
Gains on securitization activities and income from securitization retained interests		**11,534**		10,285
		34,416		27,659
Net interest and other income		**478,670**		373,957
Non-interest expenses:				
Compensation and benefits		**101,651**		77,062
Other		**97,922**		72,301
		199,573		149,363
Income before income taxes		**279,097**		224,594
Income taxes:				
Current		**73,877**		54,374
Deferred		**(1,259)**		4,594
		72,618		58,968
Net income	**$**	**206,479**	$	165,626
Dividends on preferred shares		**4,691**		4,763
Net income available to common shareholders	**$**	**201,788**	$	160,863
Earnings per share				
Basic	**$**	**12.10**	$	9.73
Diluted	**$**	**11.97**	$	9.67

(1) *Effective January 1, 2019, the Company has changed the presentation of its loan products. Prior year presentation has been updated accordingly.*

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

($ THOUSANDS)

Years ended December 31	2019	2018
Net income	**$ 206,479**	$ 165,626
Other comprehensive income – items that will be reclassified subsequently to income		
Debt instruments at Fair Value through Other Comprehensive Income:		
Net unrealized gains from change in fair value	**554**	37
Reclassification of net (gains) losses to income	**(315)**	17
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	**(1,320)**	(14,505)
Reclassification of net (gains) losses to retained earnings	**(638)**	11
	(1,719)	(14,440)
Income tax recovery	**457**	3,831
	(1,262)	(10,609)
Cash flow hedges:		
Net unrealized losses from change in fair value	**(894)**	(2,971)
Reclassification of net (gains) losses to income	**(2,388)**	2,285
	(3,282)	(686)
Income tax recovery	**874**	182
	(2,408)	(504)
Total other comprehensive loss	**(3,670)**	(11,113)
Total comprehensive income	**$ 202,809**	$ 154,513

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

($ THOUSANDS)

								2019
					Accumulated other comprehensive income (loss)			
	Preferred shares	Common shares	Contributed surplus	Retained earnings	Cash flow hedges	Financial instruments at FVOCI	Total	Total
Balance, beginning of year	**$ 72,557**	**$ 200,792**	**$ 7,035**	**$ 1,014,559**	**$ 2,649**	**$ (17,565)**	**$ (14,916)**	**$ 1,280,027**
Cumulative effect of adopting IFRS 16	**-**	**-**	**-**	**(840)**	**-**	**-**	**-**	**(840)**
Restated balance as at January 1, 2019	**72,557**	**200,792**	**7,035**	**1,013,719**	**2,649**	**(17,565)**	**(14,916)**	**1,279,187**
Net income	**-**	**-**	**-**	**206,479**	**-**	**-**	**-**	**206,479**
Transfer of losses on sale of equity instruments	**-**	**-**	**-**	**(469)**	**-**	**-**	**-**	**(469)**
Other comprehensive loss, net of tax	**-**	**-**	**-**	**-**	**(2,408)**	**(1,262)**	**(3,670)**	**(3,670)**
Exercise of stock options	**-**	**10,825**	**-**	**-**	**-**	**-**	**-**	**10,825**
Dividends:								
Preferred shares	**-**	**-**	**-**	**(4,691)**	**-**	**-**	**-**	**(4,691)**
Common shares	**-**	**-**	**-**	**(21,545)**	**-**	**-**	**-**	**(21,545)**
Stock-based compensation	**-**	**-**	**1,598**	**-**	**-**	**-**	**-**	**1,598**
Transfer relating to the exercise of stock options	**-**	**1,660**	**(1,660)**	**-**	**-**	**-**	**-**	**-**
Balance, end of year	**$ 72,557**	**$ 213,277**	**$ 6,973**	**$ 1,193,493**	**$ 241**	**$ (18,827)**	**$ (18,586)**	**$ 1,467,714**

								2018
					Accumulated other comprehensive income (loss)			
	Preferred shares	Common shares	Contributed surplus	Retained earnings	Cash flow hedges	Financial instruments at FVOCI	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)
Other comprehensive loss, net of tax	-	-	-	-	(504)	(10,609)	(11,113)	(11,113)
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

CONSOLIDATED STATEMENTS OF CASH FLOWS

($ THOUSANDS)

Years ended December 31	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 206,479	$ 165,626
Adjustments for non-cash items in net income:		
Financial instruments at fair value through income	15,175	7,532
Amortization of premiums/discount on investments	2,415	7,829
Amortization of capital assets and intangible costs	16,999	9,454
Provision for credit losses	18,394	2,083
Securitization gains	(9,888)	(9,025)
Stock-based compensation	1,598	1,375
Income taxes	72,618	58,968
Securitization retained interests	31,736	28,481
Changes in operating assets and liabilities:		
Restricted cash	(93,317)	38,941
Securities purchased under reverse repurchase agreements	99,931	(250,000)
Loans receivable, net of securitizations	(2,713,778)	(4,248,509)
Other assets	41,192	(36,838)
Deposits	1,763,225	2,544,335
Securitization liabilities	1,081,924	1,670,057
Obligations under repurchase agreements	165,034	(109,991)
Bank facilities	(320,421)	161,100
Other liabilities	(23,108)	(11,111)
Income taxes paid	(48,510)	(60,663)
Cash flows from (used in) operating activities	307,698	(30,356)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common shares	10,825	1,780
Dividends paid on preferred shares	(4,691)	(4,763)
Dividends paid on common shares	(26,180)	(17,343)
Cash flows used in financing activities	(20,046)	(20,326)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(259,181)	(112,760)
Acquisition of subsidiary	(46,772)	-
Proceeds on sale or redemption of investments	110,519	238
Net change in Canada Housing Trust re-investment accounts	(39,848)	(57)
Purchase of capital assets and system development costs	(20,127)	(20,426)
Cash flows used in investing activities	(255,409)	(133,005)
Net increase (decrease) in cash and cash equivalents	32,243	(183,687)
Cash and cash equivalents, beginning of year	476,610	660,930
Cash and cash equivalents, end of year	$ 508,853	$ 477,243
Cash flows from operating activities include:		
Interest received	$ 1,073,829	$ 842,060
Interest paid	(536,734)	(383,522)
Dividends received	6,688	5,827

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™*, has grown to become one of the nine Schedule I banks included in the TSX Composite Index through its proven branchless approach and customer service focus in providing residential lending, commercial lending and savings solutions to Canadians. *EQ Bank*, the digital banking platform offered by Equitable Bank, provides state-of-the-art digital banking services. 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 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 900 dedicated professionals across the country. 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 MD&A 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, Reported Return on Shareholders' Equity, Provision for credit losses – rate, and Common Equity Tier 1 Capital Ratio 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 fourth quarter 2019 MD&A provides a detailed description of each non-GAAP measure and should be read in conjunction with this release. The MD&A 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.

FOR MORE INFORMATION:

Andrew Moor
President and Chief Executive Officer
416-515-7000

Tim Wilson
Senior Vice President and Chief Financial Officer
416-515-7000