Equitable Group Inc.

News Release

EQUITABLE GROUP REPORTS Q1 2020 EARNINGS

Toronto, Ontario (May 13, 2020): Equitable Group Inc. (TSX: EQB and EQB.PR.C) ("Equitable," "Company" or "Bank") today reported its financial results for the three months ended March 31, 2020, including adjusted earnings of $29.9 million. The Bank also reported continued strength in both its liquidity and capital positions.

"COVID-19 has caused unparalleled global economic and social disruption over the past several months and on behalf of all of us at Equitable, I extend our deepest sympathies to everyone directly affected by the pandemic and our thanks to health-care workers and others who continue to deliver essential services during the crisis," said Andrew Moor, President and Chief Executive Officer. "I also express heartfelt gratitude to our business partners and customers for their ongoing patronage and confidence in our Bank."

Equitable opened 2020 with a positive outlook and detailed plan to build on its 10-year track record of performance, which it was executing well before the pandemic disrupted the economy. The Bank responded quickly by enhancing liquidity, stress testing to ensure it is positioned to manage through a range of possible and extreme downside scenarios, and adjusting credit parameters. While earnings were reduced by forward-looking provisions for credit losses made under the IFRS 9 accounting standard, Equitable remained profitable and the Bank's CET1 ratio was at the mid-point of its target range at quarter end. Based on its structural advantages and strong risk management culture, Equitable is well positioned for the future.

FIRST QUARTER HIGHLIGHTS

- **The Bank's Common Equity Tier 1 Capital Ratio** at March 31, 2020 was 13.5% compared to 12.9% at March 31, 2019 and 13.6% at December 31, 2019.
- **Liquid assets** were $2.3 billion or 7.8% of total assets as at March 31, 2020 compared to $1.7 billion or 6.0% of assets at December 31, 2019, as the Bank assumed a more conservative posture in light of current economic uncertainty.
- **The Provision for Credit Losses ("PCL")** increased to $35.7 million primarily due to a decline in macroeconomic assumptions used to estimate future credit losses.
- **Adjusted Diluted earnings per share** were $1.70, down 38% from $2.72 in Q1 2019.
- **Adjusted Return on Shareholders' Equity** was 8.4% compared to 15.0% in Q1 2019.
- **Deposits** at March 31, 2020 were $15.5 billion, up 6% from $14.6 billion a year ago.
- ***EQ Bank*,** Equitable's award-winning digital bank platform, experienced 22% year-over-year growth in deposits on a 38% increase in its customer base which now stands at over 110,000.
- **Retail loan principal outstanding** at March 31, 2020 was $18.5 billion, up 11% from $16.6 billion a year ago on growth in all retail asset categories.
- **Commercial loan principal outstanding** at March 31, 2020 was $8.3 billion, up 7% from $7.7 billion a year ago as a result of growth in all commercial asset categories.

Reported Diluted earnings per share ("EPS") were $1.46 and reported Return on Shareholders' Equity ("ROE") was 7.2% in Q1 2020 and $2.42 and 13.4% in Q1 2019. Reported results for Q1 2020 include $5.4 million of net mark-to-market losses on certain security investments, loans and derivative financial instruments related to securitization activities.

DIVIDEND DECLARATIONS

The Board of Directors ("Board") today declared a dividend of $0.37 per common share, payable on June 30, 2020 to common shareholders of record at the close of business June 15, 2020, unchanged from the dividend paid in March 2020 but a 19% increase over the dividend declared in May 2019. In July 2019, Equitable announced its intention to grow our dividend at a rate between 20% and 25% for each of the next five years. The Board has now put these planned increases on hold because of regulatory guidance to the banking industry by the Office of the Superintendent of Financial Institutions ("OSFI") to support the financial and operational resilience of all federally regulated banks including Equitable Bank.

The Board declared a quarterly dividend in the amount of $0.373063 per preferred share, payable on June 30, 2020 to preferred shareholders of record at the close of business on June 15, 2020

COMMENTARY ON PERFORMANCE AND OUTLOOK

"COVID-19 and the related economic consequences are having a wide-ranging impact on the lives and livelihoods of Canadians. I am delighted with the way our people have responded to this unprecedented situation by displaying the utmost professionalism and compassion in helping the Bank's customers when they needed us most," said Mr. Moor. "As an essential institution, Equitable Bank is playing its part in supporting our customers, communities and employees, while managing risks for our shareholders and continuing to advance our position as Canada's Challenger Bank."

"From a financial perspective, Equitable entered 2020 in a rock-solid position with one of the highest CET1 ratios of any bank in Canada," added Mr. Moor. "We completed the first quarter in much the same way by taking swift and decisive actions to enhance our liquidity, reduce risk and improve our already strong capital position."

While Q1 earnings were understandably lower than a year ago due to higher PCLs, margins were in line with management's expectations, we saw accelerated adoption of digital banking technology through *EQ Bank* and loan growth was on target. Equitable's loan portfolio was built on prudent lending practices. Almost all loans are secured by first-position charges, 52% of loans under management are insured, and the weighted average LTV of it's the Bank's uninsured residential mortgage book is 64%.

"I am confident in the future of our Bank," said Mr. Moor. "We do expect that one of the longer-lasting impacts of the current pandemic will be to accelerate the adoption of digital banking. *EQ Bank* is well positioned to thrive in this digital world with our modern cloud-based architecture and open approach to working with other financial services businesses."

Management's updated business outlook can be found in Management's Discussion and Analysis ("MD&A") for the three months ended March 31, 2020 which is available on SEDAR and on Equitable's website. As a result of the COVID-19 pandemic, we are withdrawing the full year 2020 outlook that we provided in our Q4 2019 MD&A published on February 24, 2020.

CONFERENCE CALL AND WEBCAST

Equitable will hold its first quarter conference call and webcast at 10:00 a.m. ET Thursday, May 14, 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 May 21, 2020 at midnight and it can be accessed by dialing (416) 849-0833 and entering passcode 6198080 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 MARCH 31, 2020

With comparative figures as at December 31, 2019 and March 31, 2019

($ THOUSANDS)

		March 31, 2020		December 31, 2019		March 31, 2019
Assets:						
Cash and cash equivalents	**$**	**737,335**	$	508,853	$	486,422
Restricted cash		**390,398**		462,992		381,144
Securities purchased under reverse repurchase agreements		**499,966**		150,069		547,620
Investments		**410,639**		362,611		198,321
Loans – Retail		**18,552,216**		18,359,805		16,734,424
Loans – Commercial		**8,229,032**		8,248,025		7,712,028
Securitization retained interests		**145,850**		139,009		119,183
Other assets		**188,443**		161,088		148,322
	$	**29,153,879**	$	28,392,452	$	26,327,464
Liabilities and Shareholders' Equity						
Liabilities:						
Deposits	**$**	**15,695,407**	$	15,442,207	$	14,821,107
Securitization liabilities		**10,777,497**		10,706,956		9,926,375
Obligations under repurchase agreements		**429,347**		507,044		-
Deferred tax liabilities		**48,117**		54,689		59,366
Other liabilities		**252,822**		213,842		206,648
Bank facilities		**499,988**		-		-
		27,703,178		26,924,738		25,013,496
Shareholders' equity:						
Preferred shares		**72,557**		72,557		72,557
Common shares		**213,701**		213,277		204,492
Contributed surplus		**7,405**		6,973		6,907
Retained earnings		**1,212,125**		1,193,493		1,049,208
Accumulated other comprehensive loss		**(55,087)**		(18,586)		(19,196)
		1,450,701		1,467,714		1,313,968
	$	**29,153,879**	$	28,392,452	$	26,327,464

CONSOLIDATED STATEMENTS OF INCOME (unaudited)

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2020

With comparative figures for the three month period ended March 31, 2019

($ THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	Three months ended	
	March 31, 2020	March 31, 2019
Interest income:		
Loans – Retail	**$ 181,557**	$ 159,222
Loans – Commercial	**100,206**	97,629
Investments	**2,488**	1,821
Other	**5,947**	5,934
	290,198	264,606
Interest expense:		
Deposits	**101,820**	93,696
Securitization liabilities	**67,021**	62,903
Bank facilities	**1,206**	2,655
	170,047	159,254
Net interest income	**120,151**	105,352
Provision for credit losses	**35,687**	9,628
Net interest income after provision for credit losses	**84,464**	95,724
Other income:		
Fees and other income	**6,723**	5,644
Net loss on loans and investments	**(8,531)**	(821)
Gains on securitization activities and income from securitization retained interests	**6,502**	2,065
	4,694	6,888
Net interest and other income	**89,158**	102,612
Non-interest expenses:		
Compensation and benefits	**26,895**	24,284
Other	**27,285**	21,827
	54,180	46,111
Income before income taxes	**34,978**	56,501
Income taxes:		
Current	**15,580**	13,576
Deferred	**(6,572)**	1,264
	9,008	14,840
Net income	**$ 25,970**	$ 41,661
Dividends on preferred shares	**1,119**	1,191
Net income available to common shareholders	**$ 24,851**	$ 40,470
Earnings per share:		
Basic	**$ 1.48**	$ 2.44
Diluted	**$ 1.46**	$ 2.42

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (unaudited)

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2020

With comparative figures for the three month period ended March 31, 2019

($ THOUSANDS)

	Three months ended	
	March 31, 2020	March 31, 2019
Net income	**$ 25,970**	$ 41,661
Other comprehensive income – items that will be reclassified subsequently to income:		
Debt instruments at Fair Value through Other Comprehensive Income:		
Net unrealized (losses) gains from change in fair value	**(825)**	402
Reclassification of net losses to income	**(668)**	-
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	**(22,908)**	(1,832)
Reclassification of net gains to retained earnings	**-**	11
	(24,401)	(1,419)
Income tax recovery	**6,447**	377
	(17,954)	(1,042)
Cash flow hedges:		
Net unrealized losses from change in fair value	**(28,061)**	(4,589)
Reclassification of net losses to income	**2,855**	179
	(25,206)	(4,410)
Income tax recovery	**6,659**	1,172
	(18,547)	(3,238)
Total other comprehensive loss	**(36,501)**	(4,280)
Total comprehensive (loss) income	**$ (10,531)**	$ 37,381

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (unaudited)

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2020

With comparative figures for the three month period ended March 31, 2019

($ THOUSANDS)

								March 31, 2020
					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 period	**$ 72,557**	**$ 213,277**	**$ 6,973**	**$ 1,193,493**	**$ 241**	**$ (18,827)**	**$ (18,586)**	**$ 1,467,714**
Net income	**-**	**-**	**-**	**25,970**	**-**	**-**	**-**	**25,970**
Other comprehensive loss, net of tax	**-**	**-**	**-**	**-**	**(18,547)**	**(17,954)**	**(36,501)**	**(36,501)**
Exercise of stock options	**-**	**357**	**-**	**-**	**-**	**-**	**-**	**357**
Dividends:								
Preferred shares	**-**	**-**	**-**	**(1,119)**	**-**	**-**	**-**	**(1,119)**
Common shares	**-**	**-**	**-**	**(6,219)**	**-**	**-**	**-**	**(6,219)**
Stock-based compensation	**-**	**-**	**499**	**-**	**-**	**-**	**-**	**499**
Transfer relating to the exercise of stock options	**-**	**67**	**(67)**	**-**	**-**	**-**	**-**	**-**
Balance, end of period	**$ 72,557**	**$ 213,701**	**$ 7,405**	**$ 1,212,125**	**$ (18,306)**	**$ (36,781)**	**$ (55,087)**	**$ 1,450,701**

								March 31, 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 period	$ 72,557	$ 200,792	$ 7,035	$ 1,014,559	$ 2,649	$ (17,565)	$ (14,916)	$ 1,280,027
Cumulative effect of adopting IFRS 16[(1)]	-	-	-	(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	-	-	-	41,661	-	-	-	41,661
Transfer of gains on sale of equity instruments	-	-	-	8	-	(8)	(8)	-
Other comprehensive loss, net of tax	-	-	-	-	(3,238)	(1,034)	(4,272)	(4,272)
Exercise of stock options	-	3,133	-	-	-	-	-	3,133
Dividends:								
Preferred shares	-	-	-	(1,191)	-	-	-	(1,191)
Common shares	-	-	-	(4,989)	-	-	-	(4,989)
Stock-based compensation	-	-	439	-	-	-	-	439
Transfer relating to the exercise of stock options	-	567	(567)	-	-	-	-	-
Balance, end of period	$ 72,557	$ 204,492	$ 6,907	$ 1,049,208	$ (589)	$ (18,607)	$ (19,196)	$ 1,313,968

(1) The Company adopted IFRS 16 effective January 1, 2019 using the modified retrospective approach, with the cumulative effect of initially applying the standard recognized in opening retained earnings at the date of initial application. The adjustment of $840 is net of tax.

CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2020

With comparative figures for the three month period ended March 31, 2019

($ THOUSANDS)

	Three months ended	
	March 31, 2020	March 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	**$ 25,970**	$ 41,661
Adjustments for non-cash items in net income:		
Financial instruments at fair value through income	**13,362**	2,075
Amortization of premiums/discount on investments	**309**	1,329
Amortization of capital assets and intangible costs	**5,231**	3,898
Provision for credit losses	**35,687**	9,628
Securitization gains	**(2,767)**	(1,780)
Stock-based compensation	**499**	439
Income taxes	**9,008**	14,840
Securitization retained interests	**8,480**	7,334
Changes in operating assets and liabilities:		
Restricted cash	**72,594**	(11,469)
Securities purchased under reverse repurchase agreements	**(349,897)**	(297,620)
Loans receivable, net of securitizations	**(205,567)**	(499,679)
Other assets	**(2,470)**	50,466
Deposits	**235,874**	1,138,365
Securitization liabilities	**66,119**	300,697
Obligations under repurchase agreements	**(77,697)**	(342,010)
Bank facilities	**499,988**	(320,421)
Other liabilities	**21,860**	(7,207)
Income taxes paid	**(37,499)**	(13,157)
Cash flows from operating activities	**319,084**	77,389
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common shares	**357**	3,133
Dividends paid on preferred shares	**(1,119)**	(1,191)
Dividends paid on common shares	**(6,219)**	(9,623)
Cash flows used in financing activities	**(6,981)**	(7,681)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	**(115,962)**	(12,507)
Acquisition of subsidiary	**-**	(47,065)
Proceeds on sale or redemption of investments	**62,181**	4,140
Net change in Canada Housing Trust re-investment accounts	**(23,670)**	136
Purchase of capital assets and system development costs	**(6,170)**	(4,600)
Cash flows used in investing activities	**(83,621)**	(59,896)
Net increase in cash and cash equivalents	**228,482**	9,812
Cash and cash equivalents, beginning of period	**508,853**	476,610
Cash and cash equivalents, end of period	**$ 737,335**	$ 486,422
Cash flows from operating activities include:		
Interest received	**$ 280,309**	$ 256,470
Interest paid	**(143,095)**	(100,160)
Dividends received	**1,554**	1,553

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 the country's ninth largest independent Schedule I bank 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 and winner of Celent's 2020 Model Bank Award for Banking in the Cloud, 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, an innovative international money transfer service 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, Liquid Assets, 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 first quarter 2020 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.

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