NEWS RELEASE

EQUITABLE GROUP REPORTS FIRST QUARTER 2016 RESULTS, UPDATES INVESTORS ON SUCCESSFUL LAUNCH OF EQ BANK AND INCREASES DIVIDEND

Toronto, Ontario (May 12, 2016): Equitable Group Inc. (TSX: EQB and EQB.PR.C) ("Equitable" or the "Company") today reported its financial results for the three months ended March 31, 2016, a period featuring substantial growth in the assets and deposits of its wholly owned subsidiary, Equitable Bank (the "Bank"). Performance in the first quarter was affected by several unusual factors including substantial marketing investments to support the successful launch of *EQ Bank,* Equitable's new digital banking initiative.

FIRST QUARTER HIGHLIGHTS

- Net income was $28.0 million, compared to $29.5 million in 2015, a 5% decrease
- Diluted earnings per share were $1.71, compared to $1.81 in 2015, a 6% decrease
- Return on Equity ("ROE") was 14.7% compared to 17.9% in 2015
- Book value per common share was $47.81, a 13% increase from $42.13 a year ago
- Mortgages Under Management ("MUM") amounted to $17.7 billion, up 22% from $14.4 billion in 2015 and 6% from year-end 2015
- Originations increased 26% to a first quarter record of $1.6 billion

DIVIDEND DECLARATIONS

The Board of Directors declared a quarterly dividend of $0.21 per common share, payable on July 7, 2016, to common shareholders of record at the close of business on June 15, 2016. This dividend represents an 11% increase over dividends declared in May 2015. In addition, the Board declared a quarterly dividend of $0.396875 per preferred share, payable on June 30, 2016, to preferred shareholders of record at the close of business on June 15, 2016.

CEO's COMMENTARY

"The first quarter of 2016 was a landmark quarter for Equitable. We successfully launched our EQ Bank digital offering, attracting over 17,000 customers with our "mobile first" approach and raising $794 million of deposits by the end of the quarter. This success positions us well in an evolving banking landscape and diversifies our funding sources. Measured by growth in assets, deposits, net interest income and book value, Equitable's first quarter operating performance was strong and we have good momentum in the business. We substantially increased the Bank's presence in Canada's prime single family lending market, originated a first quarter record $674 million of alternative single family mortgages, and continued to outperform all of Canada's Big Six in credit metrics" said Andrew Moor, President and Chief Executive Officer.

"Our ROE of 14.7% in the quarter was below our 5-year average of 17.7% as a result of a number of factors that we describe in the quarterly release including a $4.6 million year-over-year increase in expenses related to the launch of our digital bank. Our goal is to revert to our more traditional, and higher ROEs, as we get the costs of launching the digital bank initiative behind us and drive earnings growth from our core franchise businesses. Overall, this was a great start to the year that positions us well for future value creation."

OPERATING HIGHLIGHTS

- **Single Family Lending** mortgage principal at March 31, 2016 was a record $6.8 billion, up 19% from $5.7 billion a year ago on record first quarter originations of $674 million, reflecting Equitable's growing market position in the mortgage broker channel across Canada.
- **Commercial Lending** mortgage principal at March 31, 2016 was $2.3 billion, unchanged from a year ago and up 4% compared to the prior quarter, while originations were $202 million compared to $208 million a year ago reflecting the Bank's disciplined approach to pricing and risk in a competitive marketplace.
- **Securitization Financing** Mortgages under Management increased 34% to $8.6 billion at March 31, 2016 from $6.4 billion a year ago largely as a result of the Bank's growth in Prime Single Family lending.
- **Deposit principal** outstanding amounted to $8.7 billion, up 14% from a year ago reflecting strong consumer demand for Equitable Bank's brokered savings products and the success of our *EQ Bank* platform.

Equitable's credit metrics continue to reflect the high quality of the mortgage portfolio and remain well in line with the Bank's long-term levels. Our provision for credit losses was one basis point of the mortgage portfolio in the first quarter, 72% lower than the provision in the first quarter a year ago, and net impaired mortgage assets were just 0.22% of total mortgage assets compared to 0.28% a year ago.

CAPITAL

Equitable Bank's capital ratios continue to exceed minimum regulatory standards and were above the levels of all of the other eight publicly-listed Schedule I Canadian banks. At March 31, 2016:

- Common Equity Tier 1 capital ratio was 13.5%, surpassing the Basel III minimum of 7.0%, and up from last year's level of 13.2%;
- Total capital ratio was 16.7%, well above the regulatory requirement of 10.5% on an all-in basis.
- Leverage Ratio was 5.0% and as such the Bank was fully compliant with the target that OSFI sets on a confidential, institution-by-institution basis.

STRATEGIC UPDATE

Equitable continued to advance its key strategic priorities in the first quarter. Among several strategic highlights, the Bank:

- Funded $444 million of Prime single family mortgages in the first quarter, 132% more than in the first quarter of 2015, bringing total prime mortgage assets under management to $2.5 billion, almost three times higher than at March 31, 2015.
- Attracted $794 million to the *EQ Bank Savings Plus Account* since it was launched in January 2016 – surpassing management's first year goal in just three months and demonstrating the breadth of consumer demand for this innovative digital banking product.
- Reached $1.1 billion in balances for the brokered *Equitable Bank High Interest Savings Account*, up from $504 million a year ago.
- Introduced its recently rebranded Business Enterprise Solutions and Commercial Finance Group to the commercial lending market as part of a plan to generate more lending opportunities from a broader range of partners.
- Doubled *Equitable Bank Home Equity Line of Credit* balances year-over-year.

"We are delighted with market receptivity to our latest offerings and in many respects are well ahead of schedule in building the Bank's presence in new markets and now with *EQ Bank*, in the world of digital banking," said Mr. Moor. "There are upfront costs associated with these advancements that affected our current period performance, but these investments will create long-term value for our shareholders."

As expected, the Bank continued to operate efficiently although, as planned, the incremental spending on the rollout of *EQ Bank* helped to elevate the efficiency ratio for the quarter to 43.2% from 35.7% in the fourth quarter of 2015. Even so, Equitable remained far more efficient than the other eight publicly-listed banks, reflecting its non-branch business model and highly focused consumer offerings.

Of note, management also chose not to execute any transactions that would result in the derecognition of securitized mortgages and create an up-front gain on sale in the quarter. This decision was made considering the Bank's capital position and in the interest of maximizing shareholder value, even though it resulted in lower Q1 earnings. Any gains on sale would have helped to offset the Bank's franchise-building expenditures on its strategic initiatives.

BUSINESS OUTLOOK

Equitable expects that its strategy, including its disciplined approach to capital allocation, its commitment to providing superior customer service in all of its business lines, and non-branch business model advantage will lead to EPS growth and high returns on shareholders' equity throughout the remaining quarters of the year.

"Equitable's deliberate focus on providing unique banking solutions to Canadians, packaged with a service experience they don't receive from other banks, should continue to drive excellent results for our shareholders," said Mr. Moor. "Compared to a few years ago, our Bank now operates across a wider spectrum of lending, savings and funding markets across Canada, and this level of diversification improves our long-term growth potential, reduces our risk profile and increases both the value of our customer relationships and the depth of our distribution partnerships."

Critical to the delivery of the Bank's performance objectives is maintaining a low credit risk profile. In this regard, the Bank expects arrears rates and credit loss provisions to remain low throughout the remaining quarters of 2016, assuming that Canadian economic conditions stay within the range of broad market expectations. As it has previously stated, the Bank expects arrears rates in Alberta and Saskatchewan will continue to rise in the remaining quarters of the year as a result of the downturn in the energy industry. However, due to the nature of Equitable's lending activities, its presence in urban communities that have a broad mix of employment sources beyond energy, the fact that 57% of its lending portfolio in these two provinces is insured and that all of its loans are secured by high-quality residential and commercial real estate, the Bank expects any losses to be manageable.

"Looking at costs, we incurred marketing expenditures of $2.6 million in the first quarter to support the introduction of *EQ Bank* and plan to continue investing in the platform in order to deliver more functionality and a broader range of products and services to Canadian savers over time," said Tim Wilson, Vice President and Chief Financial Officer. "However, in light of our success in attracting customers, we've reduced the scope of related marketing activities for the remainder of the year, which will help to offset the higher than expected interest expenses resulting from *EQ Bank* deposit growth. In order to slow account growth to ensure we can deliver excellent service to our customers, in mid-April we also reduced the interest rate on the digital account to a still highly competitive 2.25%. All things considered, we expect that the Bank's efficiency ratio will remain in the mid to high 30 percent range throughout the year but will begin to gradually decrease in the second quarter."

Management also expects 2016 net interest income to increase at year-over-year growth rates in the low to mid-teens on continued growth in assets, while net interest margin will likely decrease by up to 5 basis points over the same period as a result of a shift in asset mix.

In contrast to prior quarters, management now expects more modest de-recognition activity during 2016 as it keeps a more significant portion of the prime single family mortgage assets that it originates on the Bank's balance sheet.

Management's complete business outlook can be found in Management's Discussion and Analysis for the three months ended March 31, 2016, which is available on SEDAR and on the Equitable's website.

CONFERENCE CALL AND WEBCAST

The Company will hold its first quarter conference call and webcast with accompanying slides at 10:00 a.m. ET May 13, 2016. To access the call live, please dial 416-260-0113 five minutes prior. The listen-only webcast with accompanying slides is available at www.equitablebank.ca under Investor Relations.

A replay of the call will be available until May 20, 2016 and it can be accessed by dialing 647-436-0148 and entering passcode 7703544 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, 2016

With comparative figures as at December 31, 2015 and March 31, 2015

($ THOUSANDS)

	March 31, 2016	December 31, 2015	March 31, 2015
Assets:			
Cash and cash equivalents	**$ 427,800**	$ 423,366	$ 243,634
Restricted cash	**129,453**	107,988	64,117
Securities purchased under reverse repurchase agreements	**30,346**	19,918	10,535
Investments	**154,397**	153,714	182,221
Mortgages receivable – Core Lending	**9,061,191**	8,674,599	8,014,573
Mortgages receivable – Securitization Financing	**6,479,050**	6,026,207	4,771,279
Securitization retained interests	**66,665**	61,650	52,957
Other assets	**62,319**	60,142	48,599
	$ 16,411,221	$ 15,527,584	$ 13,387,915
Liabilities and Shareholders' Equity			
Liabilities:			
Deposits	**$ 8,845,184**	$ 8,211,265	$ 7,750,244
Securitization liabilities	**6,576,177**	6,109,436	4,457,760
Obligations under repurchase agreements	**-**	-	225,698
Deferred tax liabilities	**29,993**	28,698	18,507
Other liabilities	**78,818**	81,290	60,014
Bank facilities	**-**	235,779	67,086
Debentures	**65,000**	65,000	85,000
	15,595,172	14,731,468	12,664,309
Shareholders' equity:			
Preferred shares	**72,557**	72,557	72,557
Common shares	**144,159**	143,690	141,245
Contributed surplus	**4,935**	4,706	4,505
Retained earnings	**629,147**	605,436	521,587
Accumulated other comprehensive loss	**(34,749)**	(30,273)	(16,288)
	816,049	796,116	723,606
	$ 16,411,221	$ 15,527,584	$ 13,387,915

CONSOLIDATED STATEMENTS OF INCOME (unaudited)

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2016

With comparative figures for the three month period ended March 31, 2015

($ THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	Three months ended	
	March 31, 2016	March 31, 2015
Interest income:		
Mortgages – Core Lending	**$ 101,419**	$ 93,333
Mortgages – Securitization Financing	**43,607**	37,296
Investments	**1,876**	1,578
Other	**1,052**	1,265
	147,954	133,472
Interest expense:		
Deposits	**43,659**	41,828
Securitization liabilities	**39,185**	33,002
Bank facilities	**566**	614
Debentures	**950**	1,277
Other	**-**	414
	84,360	77,135
Net interest income	**63,594**	56,337
Provision for credit losses	**227**	814
Net interest income after provision for credit losses	**63,367**	55,523
Other income:		
Fees and other income	**3,177**	2,308
Net loss on investments	**-**	(203)
Gains on securitization activities and income from securitization retained interests	**560**	1,702
	3,737	3,807
Net interest and other income	**67,104**	59,330
Non-interest expenses:		
Compensation and benefits	**14,978**	11,386
Other	**14,400**	8,314
	29,378	19,700
Income before income taxes	**37,726**	39,630
Income taxes:		
Current	**8,419**	6,609
Deferred	**1,295**	3,560
	9,714	10,169
Net income	**$ 28,012**	$ 29,461
Earnings per share:		
Basic	**$ 1.73**	$ 1.83
Diluted	**$ 1.71**	$ 1.81

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (unaudited)

FOR THE THREE MONTH PERIOD ENDED MARCH 31,2016

With comparative figures for the three month period ended March 31, 2015

($ THOUSANDS)

	Three months ended	
	March 31, 2016	March 31, 2015
Net income	**$ 28,012**	$ 29,461
Other comprehensive income – items that may be reclassified subsequently to income:		
Available for sale investments:		
Net unrealized losses from change in fair value	**(5,541)**	(6,302)
Reclassification of net (gains)/losses to income	**(106)**	375
	(5,647)	(5,927)
Income tax recovery	**1,499**	1,565
	(4,148)	(4,362)
Cash flow hedges *:*		
Net unrealized losses from change in fair value	**(1,424)**	(3,516)
Reclassification of net losses to income	**978**	632
	(446)	(2,884)
Income tax recovery	**118**	761
	(328)	(2,123)
Total other comprehensive loss	**(4,476)**	(6,485)
Total comprehensive income	**$ 23,536**	$ 22,976

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (unaudited)

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2016

With comparative figures for the three month period ended March 31, 2015

($ THOUSANDS)

					Accumulated other comprehensive income (loss)			
March 31, 2016	**Preferred shares**	**Common shares**	**Contributed surplus**	**Retained earnings**	**Cash flow hedges**	**Available for sale investments**	**Total**	**Total**
Balance, beginning of period	**$ 72,557**	**$ 143,690**	**$ 4,706**	**$ 605,436**	**$ (7,815)**	**$ (22,458)**	**$ (30,273)**	**$ 796,116**
Net income	**-**	**-**	**-**	**28,012**	**-**	**-**	**-**	**28,012**
Other comprehensive loss, net of tax	**-**	**-**	**-**	**-**	**(328)**	**(4,148)**	**(4,476)**	**(4,476)**
Exercise of stock options	**-**	**379**	**-**	**-**	**-**	**-**	**-**	**379**
Dividends:								
Preferred shares	**-**	**-**	**-**	**(1,191)**	**-**	**-**	**-**	**(1,191)**
Common shares	**-**	**-**	**-**	**(3,110)**	**-**	**-**	**-**	**(3,110)**
Stock-based compensation	**-**	**-**	**319**	**-**	**-**	**-**	**-**	**319**
Transfer relating to the exercise of stock options	**-**	**90**	**(90)**	**-**	**-**	**-**	**-**	**-**
Balance, end of period	**$ 72,557**	**$ 144,159**	**$ 4,935**	**$ 629,147**	**$ (8,143)**	**$ (26,606)**	**$ (34,749)**	**$ 816,049**

					Accumulated other comprehensive income (loss)			
March 31, 2015	Preferred shares	Common shares	Contributed surplus	Retained earnings	Cash flow hedges	Available for sale investments	Total	Total
Balance, beginning of period	$ 72,412	$ 140,657	$ 4,331	$ 496,097	$ (5,902)	$ (3,901)	$ (9,803)	$ 703,694
Net income	-	-	-	29,461	-	-	-	29,461
Other comprehensive loss, net of tax	-	-	-	-	(2,123)	(4,362)	(6,485)	(6,485)
Issuance cost	145	-	-	-	-	-	-	145
Exercise of stock options	-	494	-	-	-	-	-	494
Dividends:								
Preferred shares	-	-	-	(1,191)	-	-	-	(1,191)
Common shares	-	-	-	(2,780)	-	-	-	(2,780)
Stock-based compensation	-	-	268	-	-	-	-	268
Transfer relating to the exercise of stock options	-	94	(94)	-	-	-	-	-
Balance, end of period	$ 72,557	$ 141,245	$ 4,505	$ 521,587	$ (8,025)	$ (8,263)	$ (16,288)	$ 723,606

CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2016

With comparative figures for the three month period ended March 31, 2015

($ THOUSANDS)

	Three months ended	
	March 31, 2016	March 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	**$ 28,012**	$ 29,461
Adjustments for non-cash items in net income:		
Financial instruments at fair value through income	**(918)**	(3,238)
Amortization of premiums/discount on investments	**142**	196
Amortization of capital assets and intangible costs	**1,877**	746
Provision for credit losses	**227**	814
Securitization gains	**(1,619)**	(1,530)
Net loss on sale or redemption of investments	**-**	203
Stock-based compensation	**319**	268
Income taxes	**9,714**	10,169
Changes in operating assets and liabilities:		
Restricted cash	**(21,465)**	3,573
Securities purchased under reverse repurchase agreements	**(10,428)**	7,582
Mortgages receivable, net of securitizations	**(846,245)**	(524,553)
Other assets	**316**	(658)
Deposits	**634,502**	256,701
Securitization liabilities	**466,741**	102,432
Obligations under repurchase agreements	**-**	173,284
Bank facilities	**(235,779)**	(25,150)
Other liabilities	**(2,264)**	(1,925)
Income taxes paid	**(6,820)**	(10,852)
Securitization retained interests	**3,314**	2,273
Cash flows from operating activities	**19,626**	19,796
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of preferred shares, net of issuance cost	**-**	145
Proceeds from issuance of common shares	**379**	494
Dividends paid on preferred shares	**(1,191)**	(1,191)
Dividends paid on common shares	**(3,106)**	-
Cash flows used in financing activities	**(3,918)**	(552)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	**(6,783)**	(12,844)
Proceeds on sale or redemption of investments	**71**	3,498
Net change in Canada Housing Trust re-investment accounts	**19**	7,841
Purchase of capital assets and system development costs	**(4,581)**	(4,168)
Cash flows used in investing activities	**(11,274)**	(5,673)
Net (decrease) increase in cash and cash equivalents	**(4,434)**	13,571
Cash and cash equivalents, beginning of period	**423,366**	230,063
Cash and cash equivalents, end of period	**$ 427,800**	$ 243,634
Cash flows from operating activities include:		
Interest received	**$ 145,965**	$ 131,538
Interest paid	**(58,021)**	(59,130)
Dividends received	**1,754**	1,765

ABOUT EQUITABLE GROUP INC.

Equitable Bank is Canada'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 $18.6 billion of assets under management. Most recently, Equitable Bank launched a digital banking operation, *EQ Bank*, along with its flagship product the *EQ Bank Savings Plus Account.* Equitable Bank currently employs over 500 employees across the country, and was named one of Canada's best employers for 2016 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 “CEO’s Commentary”, “Operating Highlights”, “Capital”, “Strategic Update”, “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"), Net Interest Margin ("NIM"), capital ratios, book value per share, and Mortgages 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 first quarter 2016 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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