



TSX Symbols: ETC and ETC.PR.A

EQUITABLE GROUP REPORTS SOLID THIRD QUARTER RESULTS

*Net interest margins continue to expand
Credit metrics improve*

Toronto, Ontario (November 5, 2009): Equitable Group Inc. (“Equitable” or the “Company”) today reported solid growth for the three and nine months ended September 30, 2009 as it benefitted from the successful execution of its business and began to capitalize on improving market conditions and increased financial strength.

THIRD QUARTER RESULTS

- Net income increased 12.0% to \$12.0 million compared to \$10.8 million in the same period a year ago.
- Diluted earnings per common share increased 9.5% to \$0.81 per share compared to \$0.74 per share a year ago.
- Return on equity was 15.7% compared to 16.5% in the second quarter of 2009 and 16.7% in the third quarter of 2008.
- Return on average assets improved to 1.3% from 1.1% a year ago.
- Tangible common equity ratio, a key measure of capital strength, was 12.1%, an improvement over the ratios of 11.8% and 10.0% for the second quarter of 2009 and third quarter of 2008 respectively.
- Productivity ratio on a taxable equivalent basis – a measure of efficiency – was 25.7% compared to 24.4% in the second quarter of 2009 and 24.9% in the same quarter of 2008.
- Book value per common share increased 16.0% to \$20.86 from \$17.98 at September 30, 2008.

DIVIDEND DECLARATIONS

The Company’s Board of Directors declared a dividend on the Company’s common stock in the amount of \$0.10 per share, payable on January 4, 2010, to shareholders of record at the close of business on December 15, 2009.

The Board also declared an initial dividend on its recently issued Series 1 preferred shares in the amount of \$0.605822 per share, payable December 31, 2009 to preferred shareholders of record on December 15, 2009. Holders of Series 1 preferred shares will be entitled to receive fixed, non-cumulative preferential cash dividends, when declared by the Board, payable at an annual rate equal to \$1.8125 per share.

MANAGEMENT COMMENTARY

“Equitable’s strong performance in the third quarter was well in line with our financial and strategic goals for 2009,” said Andrew Moor, President and CEO. “A clear highlight was at the earnings level, where we drove net interest margin to 2.2%, the highest it’s been in six quarters. Key contributors to this strong performance were pricing enhancements that were implemented on new and renewing mortgages. Our interest rate floor strategy should contribute solidly to fourth quarter net interest income. In addition, we continued to benefit from improving credit metrics, reflecting our effective underwriting practices along with more stable economic and real estate market conditions. Of fundamental importance during the quarter was our success at raising \$50 million in non-dilutive capital to support the ongoing growth we anticipate. The issuance of our Series 1 preferred shares at the beginning of September was a ground-breaking transaction for Equitable that will allow us to continue to access a form of Tier 1 capital that was previously unavailable to financial institutions of our size. In summary, this was an excellent quarter putting Equitable on track for another record year.”

CREDIT QUALITY

Mortgages in arrears 90 days or more (excluding CMHC-insured mortgages that are less than 365 days in arrears) improved to 0.88% of total principal outstanding from 1.34% at June 30, 2009 reflecting the relative health of the Company’s mortgage portfolio and success in managing defaults. Excluding one mortgage that was deemed to be impaired despite interest payments being up to date, net impaired mortgages improved to 0.57% of total mortgage assets from 0.79% at the end of the second quarter 2009. Inclusive of the allowance for this \$19.2 million residential construction mortgage, net impaired mortgages amounted to 1.22% at quarter end. Net realized loan losses related to workout activities in the third quarter amounted to \$1.7 million. Effective collections management and a recovery in real estate markets have allowed the Company to sell properties and workout problem loans expeditiously and without incurring unreasonable losses.

THIRD QUARTER OPERATING HIGHLIGHTS

- Net interest margin on a taxable equivalent basis increased to 2.2% from 1.9% in the second quarter of 2009 and from 1.7% a year ago.
- Mortgage fundings amounted to \$454.5 million while total mortgage principal outstanding at September 30, 2009 was \$2.8 billion, as the Company continued to focus its Commercial Lending Services business on niches with the best investment return potential (including CMHC-insured mortgages on multi-family apartment buildings) while stepping up the pace of single family residential funding activity commensurate with improving real estate and economic conditions.
- Equitable securitized and sold \$294.6 million of CMHC-insured mortgages – bringing its total securitized portfolio to \$3.8 billion – and generated \$4.3 million of securitization income, despite a temporary market delay in closing a CMB transaction involving 10-year term mortgages; this transaction is now expected to close in the fourth quarter.
- Fixed rate mortgages represented 64.8% of the portfolio compared to 60.5% at June 30, 2009.

NINE MONTH RESULTS

- Net income increased 16.8% to a record \$35.9 million compared to \$30.7 million in the same period a year ago.
- Diluted earnings per common share increased 5.7% to \$2.40 per share compared to \$2.27 per share a year ago.
- Return on equity was 16.7% compared to 18.1% in the same period of 2008.

CONCLUSION

“The economic and credit market landscapes have improved continuously over the second and third quarters of 2009,” said Mr. Moor. “With additional balance sheet strength, and our low-cost business model, Equitable is well positioned to generate attractive new mortgage business that meets our risk and return objectives. We also expect to benefit in the immediate term from continued improvement in our interest rate spreads as a result of a combination of positive market forces – including the Bank of Canada’s current hold-the-line policy on its benchmark interest rate – and the pricing and mortgage mix strategies we’ve employed since the economic recession began. We are confident our business approach and the current strength of demand for mortgage financing will translate into strong performance for Equitable going forward.”

John Ayanoglou, Senior Vice-President and Chief Financial Officer, said: “From a capital perspective, Equitable is in excellent condition. After the issuance of our preferred shares and a \$2.5 million redemption of sub-debt in the third quarter, our total capital position at quarter end was 17.5% inclusive of general allowance – well ahead of our 13% target. This gives us a very solid foundation to pursue our objectives and to provide, in due course, the holders of certain of our subordinated debentures with the option of reinvesting in a new issuance or having their debentures redeemed. Even with the potential for redemptions, we expect that our capital position will remain robust and fully able to support the meaningful growth in our mortgage portfolio that we intend to seek.”

THIRD QUARTER WEBCAST

Management will discuss Equitable's results during a conference call beginning at 9:30 a.m. ET today. To listen to the audio webcast, log on to www.equitablegroupinc.com. To participate in the call, please dial 416-915-5648.

MD&A

The Company will post its MD&A for the three and nine months ended September 30, 2009 on its website (www.equitablegroupinc.com) this morning. This document will also be archived on the site.

ABOUT EQUITABLE GROUP INC.

Equitable Group Inc. is a niche mortgage lender. Our core business is first charge mortgage financing, which we offer through our wholly owned subsidiary, The Equitable Trust Company. Founded in 1970, Equitable Trust is a federally incorporated trust company. It serves single family, small and large commercial borrowers and their mortgage advisors. It also serves the investing public as a provider of Guaranteed Investment Certificates. Equitable is active in providing GICs across all Canadian provinces and territories. We actively originate mortgages in Ontario, Alberta and Manitoba. Equitable Group’s shares are traded on the Toronto Stock Exchange under the symbols ETC and ETC.PR.A. Visit the Company on line at www.equitablegroupinc.com or www.equitabletrust.com.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS (unaudited)

AS AT SEPTEMBER 30, 2009

With comparative figures as at December 31, 2008 and September 30, 2008

(In thousands of dollars)

	September 30, 2009	December 31, 2008	September 30, 2008
Assets			
Cash and cash equivalents	\$ 258,815	\$ 50,121	\$ 10,985
Restricted cash	8,070	8,422	5,000
Investment purchased under reverse repurchase agreements	126,230	698,276	748,183
Investments	317,056	170,321	190,347
Securitization retained interests	137,488	101,806	84,252
Mortgages receivable	2,829,135	3,023,015	3,036,281
Other assets	10,830	35,590	19,039
	\$ 3,687,624	\$ 4,087,551	\$ 4,094,087
Liabilities and Shareholders' Equity			
Liabilities:			
Customer deposits	\$ 3,186,927	\$ 3,692,569	\$ 3,712,019
Future income taxes	19,442	17,839	14,018
Other liabilities	49,339	36,433	23,857
Bank term loans	40,784	44,595	44,595
Subordinated debentures	31,969	31,969	31,969
	3,328,461	3,823,405	3,826,458
Shareholders' equity:			
Preferred shares	48,576	-	-
Common shares	127,084	126,993	126,993
Contributed surplus	3,153	2,553	2,345
Retained earnings	180,765	149,365	142,959
Accumulated other comprehensive loss	(415)	(14,765)	(4,668)
	359,163	264,146	267,629
	\$ 3,687,624	\$ 4,087,551	\$ 4,094,087

CONSOLIDATED STATEMENTS OF INCOME (unaudited)

FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2009

With comparative figures for the three and nine month periods ended September 30, 2008

(In thousands of dollars, except share and per share amounts)

	Three months ended		Nine months ended	
	September 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008
Interest income:				
Mortgages	\$ 41,033	\$ 49,821	\$ 122,052	\$ 140,664
Investments	4,089	1,739	9,847	6,061
Other	496	4,425	2,985	11,955
	45,618	55,985	134,884	158,680
Interest expense:				
Customer deposits	22,942	35,690	73,671	98,527
Deposit agent commissions	1,817	2,553	5,184	6,643
Bank term loans	720	754	2,216	2,271
Subordinated debentures	592	590	1,757	1,758
	26,071	39,587	82,828	109,199
Net interest income	19,547	16,398	52,056	49,481
Provision for credit losses	1,250	1,300	4,350	1,900
Net interest income after provision for credit losses	18,297	15,098	47,706	47,581
Other income:				
Fees and other income	789	525	2,540	1,306
Net gain on investments	-	(72)	36	158
Gains on securitization activities and income from retained interests	4,341	5,050	19,473	10,009
	5,130	5,503	22,049	11,473
Net interest income and other income	23,427	20,601	69,755	59,054
Non-interest expenses:				
Compensation and benefits	3,789	3,371	11,234	9,631
Other	2,718	2,284	7,652	6,853
	6,507	5,655	18,886	16,484
Income before income taxes	16,920	14,946	50,869	42,570
Income taxes:				
Current	2,437	1,212	11,333	6,200
Future	2,438	2,982	3,670	5,653
	4,875	4,194	15,003	11,853
Net income	\$ 12,045	\$ 10,752	\$ 35,866	\$ 30,717
Dividends on preferred shares	-	-	-	-
Net income available to common shareholders	\$ 12,045	\$ 10,752	\$ 35,866	\$ 30,717
Earnings per share:				
Basic	\$ 0.81	\$ 0.74	\$ 2.41	\$ 2.28
Diluted	\$ 0.81	\$ 0.74	\$ 2.40	\$ 2.27
Weighted average number of shares outstanding:				
Basic	14,889,174	14,534,667	14,886,006	13,492,346
Diluted	14,947,493	14,561,797	14,915,290	13,533,386

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (unaudited)

FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2009

With comparative figures for the three and nine month periods ended September 30, 2008

(In thousands of dollars)

	Three months ended		Nine months ended	
	September 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008
Preferred shares:				
Balance, beginning of period	\$ -	\$ -	\$ -	\$ -
Gross proceeds of equity issue, Series 1	50,000	-	50,000	-
Issue expense, net of tax recovery of - \$615 (2008 - nil)	(1,424)	-	(1,424)	-
Balance, end of period	48,576	-	48,576	-
Common shares:				
Balance, beginning of period	127,029	87,653	126,993	87,062
Gross proceeds of equity issue	-	40,850	-	40,850
Issue expense, net of tax recovery of - nil (2008 - \$698)	-	(1,510)	-	(1,510)
Proceeds from reinvestment of dividend	55	-	91	-
Proceeds from exercise of stock options	-	-	-	525
Transfer from contributed surplus relating to the exercise of stock options	-	-	-	66
Balance, end of period	127,084	126,993	127,084	126,993
Contributed surplus:				
Balance, beginning of period	2,984	2,124	2,553	1,778
Stock-based compensation	169	221	600	633
Transfer to common shares relating to the exercise of stock options	-	-	-	(66)
Balance, end of period	3,153	2,345	3,153	2,345
Retained earnings:				
Balance, beginning of period	170,209	133,695	149,365	116,325
Net income	12,045	10,752	35,866	30,717
Dividends - common shares	(1,489)	(1,488)	(4,466)	(4,083)
Balance, end of period	180,765	142,959	180,765	142,959
Accumulated other comprehensive income (loss), net of tax:				
Balance, beginning of period	(3,453)	(2,374)	(14,765)	(1,995)
Other comprehensive income (loss)	3,038	(2,294)	14,350	(2,673)
Balance, end of period	(415)	(4,668)	(415)	(4,668)
Total retained earnings and accumulated other comprehensive income (loss)	180,350	138,291	180,350	138,291
Total shareholders' equity	\$ 359,163	\$ 267,629	\$ 359,163	\$ 267,629

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (unaudited)

FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2009

With comparative figures for the three and nine month periods ended September 30, 2008

(In thousands of dollars)

	Three months ended		Nine months ended	
	September 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008
Net income	\$ 12,045	\$ 10,752	\$ 35,866	\$ 30,717
Other comprehensive income (loss), net of tax:				
Available for sale investments:				
Net unrealized gains (losses) from change in fair value	1,655	(2,163)	16,927	(2,554)
Reclassification of net (gains) losses to income	1,383	(131)	(2,577)	(119)
Other comprehensive income (loss)	3,038	(2,294)	14,350	(2,673)
Comprehensive income	\$ 15,083	\$ 8,458	\$ 50,216	\$ 28,044

CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2009

With comparative figures for the three and nine month periods ended September 30, 2008

(In thousands of dollars)

	Three months ended		Nine months ended	
	September 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008
Cash provided by (used in):				
Operating activities:				
Net income	\$ 12,045	\$ 10,752	\$ 35,866	\$ 30,717
Non-cash items:				
Financial instruments - fair value adjustments	8,313	(3,666)	5,314	(5,407)
Securitizations gains	(3,531)	(4,271)	(16,090)	(7,968)
Amortization of capital assets	153	192	444	564
Provision for credit losses	1,250	1,300	4,350	1,900
Net (gain) loss on investments	(494)	72	(574)	(156)
Future income taxes	986	2,285	2,218	4,956
Stock-based compensation	169	221	600	633
Amortization of premiums on investments, net	178	244	548	1,160
	19,069	7,129	32,676	26,399
Changes in operating assets and liabilities:				
Other assets	1,149	1,698	9,799	(818)
Other liabilities	(4,111)	(3,404)	(4,670)	(3,318)
	16,107	5,423	37,805	22,263
Financing activities:				
(Decrease) increase in customer deposits	(92,669)	228,900	(500,745)	607,290
Repayment of bank term loan	(2,466)	-	(3,811)	-
Dividends paid on common shares	(1,489)	(1,488)	(4,466)	(4,083)
Issuance of preferred shares	47,961	-	47,961	-
Issuance of common shares	55	39,340	91	39,865
	(48,608)	266,752	(460,970)	643,072
Investing activities:				
Purchase of investments	(14,259)	-	(23,577)	(5,000)
Proceeds on sale or redemption of investments	17,775	20,844	48,299	95,936
Purchase of investments purchased under reverse repurchase agreements	(126,230)	(748,183)	(811,960)	(1,435,261)
Proceeds on sale or redemption of investments purchased under reverse repurchase agreements	145,037	412,004	1,384,006	919,198
Change in restricted cash	(3,070)	-	352	-
Increase in mortgages receivable	(589,384)	(987,259)	(2,125,199)	(2,331,765)
Mortgage principal repayments	287,991	346,235	1,086,288	1,065,485
Proceeds from loan securitizations	292,360	442,741	1,054,211	1,008,681
Securitization retained interests	7,746	4,349	19,638	12,613
Purchase of capital assets	(72)	(60)	(199)	(164)
	17,894	(509,329)	631,859	(670,277)
(Decrease) increase in cash and cash equivalents	(14,607)	(237,154)	208,694	(4,942)
Cash and cash equivalents, beginning of period	273,422	248,139	50,121	15,927
Cash and cash equivalents, end of period	\$ 258,815	\$ 10,985	\$ 258,815	\$ 10,985

FOR MORE INFORMATION:

John Ayanoglou
Senior Vice-President and Chief Financial Officer
416-515-7000

This press release contains "forward-looking statements" within the meaning of applicable Canadian securities legislation, including statements found in the Management Commentary and Conclusion sections, above. 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 or 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 in the Company's documents filed on SEDAR (www.sedar.com).

Although the Company has attempted to identify 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. 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. See the MD&A for further information on forward-looking statements.