NEWS RELEASE

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EQUITABLE GROUP REPORTS RECORD FIRST QUARTER 2009 RESULTS

- **RECORD QUARTERLY EARNINGS**
- **FUNDINGS UP 77.5%**
- **SECURITIZATIONS CONTINUE WITH HIGHER SPREADS**

Toronto, Ontario (May 7, 2009): Equitable Group Inc. ("Equitable" or the "Company") today reported record earnings for the three months ended March 31, 2009 and ongoing progress in enhancing investment return potential from its mortgage portfolio.

FIRST QUARTER RESULTS

- Net income increased 23.3% to a record $11.9 million compared to $9.7 million in the same period a year ago.
- Diluted earnings per share increased 8.1% to $0.80 per share compared to $0.74 per share a year ago.
- Return on equity was 17.8% compared to 11.8% and 18.8% in the fourth and first quarters of 2008, respectively.
- Tangible common equity ratio, a key measure of capital strength, was 10.8% at the end of the first quarter, which is particularly strong in comparison to Canada's chartered banks.
- Productivity ratio on a taxable equivalent basis – a measure of efficiency – improved to 24.3% from 26.0% in the same period of 2008.
- Net impaired mortgages were 0.94% of total mortgage assets at the end of the first quarter of 2009 – an improvement over 1.21% at the end of the fourth quarter of 2008.
- Book value was $18.90 compared to $17.75 per share at year end and $16.35 at March 31, 2008.

DIVIDEND

The Company's Board of Directors declared a quarterly dividend in the amount of $0.10 per share, payable on July 3, 2009, to shareholders of record at the close of business on June 15, 2009.

MANAGEMENT COMMENTARY

"Equitable's record-setting performance in the first quarter reflected the significant benefits accruing from our business model, market position and risk management processes, as well as the substantial progress we're making in applying our operational strategies to offset turbulent economic conditions and enhance investment returns," said Andrew Moor, President and CEO. "In combination, these factors allowed us to drive quarterly earnings to their highest level ever while also further fortifying our capital and positioning Equitable for ongoing success this year. We are particularly pleased that our strategies allowed us to improve net interest margin

compared to the fourth quarter – despite another three Prime Rate decreases in the opening months of 2009 – and that we've grown our securitized mortgage portfolio to over $3.2 billion with improved spreads. The recurring cash flows from this securitized portfolio will make a healthy contribution in future quarters and will complement the interest from our $2.9 billion on-balance sheet mortgage assets."

FIRST QUARTER OPERATING HIGHLIGHTS

- Mortgage fundings in the first quarter increased 77.5% to $532.1 million from $299.8 million in the first quarter of 2008 on growth in CMHC-insured multi-unit residential mortgage production.
- Equitable securitized and sold $407.6 million of CMHC-insured mortgages – at improved spreads – compared to $281.0 million in the fourth quarter of 2008 and $165.0 million in the first quarter of 2008.
- Mortgage principal increased $92.9 million or 3.3% compared to the first quarter of 2008, reflecting growth in single family and mixed-use originations, offset by securitizations of CMHC-insured multi-residential and single family mortgages as well as natural amortization and payout of the portfolio.
- Floating rate mortgages that have interest rate floors in place represented 12.0% of the mortgage portfolio at quarter end compared to 10.6% at December 31, 2008.
- Floating rate mortgages represented 47.6% of the total mortgage portfolio at March 31, 2009 compared to 50.1% at year end.

CREDIT QUALITY AND PROVISION

Net impaired mortgages were 0.94% of total mortgage principal outstanding at the end of the first quarter of 2009 compared to 1.21% at the end of the fourth quarter of 2008. The improvement in ratios reflects the health of the Company's mortgage portfolio and its success in dealing with one problem borrower connection in western Canada. Management was successful in its efforts to take control of and sell several key assets that related to this one problem borrower connection. Losses of $2.5 million incurred during the first quarter primarily related to these loan workout activities. In order to reflect the impact of changes in current economic conditions and real estate values, the Company recorded additional provisions for credit losses of $1.9 million during the quarter ended March 31, 2009. Allowance for credit losses as a percentage of total mortgage principal was 0.48% at March 31, 2009, consistent with December 31, 2008.

Generally, the level of defaults and losses that the Company has experienced in the last few quarters has been manageable and reflect management's focus on protecting its portfolio.

CONCLUSION

"We are confident that Equitable will remain resilient this year in the face of ongoing economic turbulence and the threat of further real estate market declines," said Mr. Moor. "While compression in net interest margin will remain a factor in the second quarter, the actions we have taken to significantly enhance pricing for new and renewing mortgages, the interest rate floors added to variable rate mortgage business and the recent improvement in market dynamics that are easing overall deposit costs give us reasons for cautious optimism. The Bank of Canada's recent decision to leave its benchmark interest rate at current levels into 2010 also provides an important measure of predictability. Overall, our immediate focus will remain on safeguarding the future health of our portfolio and improving returns without taking excessive risk."

John Ayanoglou, Chief Financial Officer, said: "We continue to closely monitor the landscape and while it remains volatile, there are some signs of general improvement. Regardless, quality lending opportunities continue to exist in our markets and we are focused on identifying and originating these within the parameters of our disciplined risk management processes and investment return objectives. We expect to be able to continue to originate strong insured funding volumes for securitization this year, which will add to earnings potential. And with a strong balance sheet, we're ready to combat short-term challenges and capitalize on future business opportunities that will arise."

FIRST QUARTER WEBCAST

Management will discuss Equitable's results during a conference call beginning at 10 a.m. ET today. To listen to the audio webcast, log on to www.equitablegroupinc.com. To participate in the call, please dial 416-644-3431.

MD&A

The Company will post its MD&A for the three months ended March 31, 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 symbol ETC. Visit the Company online at www.equitablegroupinc.com or www.equitabletrust.com.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS (unaudited)

AS AT MARCH 31, 2009
With comparative figures as at December 31, 2008 and March 31, 2008
(In thousands of dollars)

	March 31, 2009	December 31, 2008	March 31, 2008
Assets			
Cash and cash equivalents	**$17,236**	$50,121	$12,582
Restricted cash	**6,300**	8,422	5,000
Investments purchased under reverse repurchase agreements	**540,693**	698,276	275,074
Investments	**270,269**	170,321	195,499
Securitization retained interests	**122,734**	101,806	57,046
Mortgages receivable	**2,895,085**	3,023,015	2,810,856
Other assets	**36,183**	35,590	12,314
	$3,888,500	$4,087,551	$3,368,371
Liabilities and Shareholders' Equity			
Liabilities:			
Customer deposits	**$3,471,953**	$3,692,569	$3,057,746
Future income taxes	**20,196**	17,839	9,157
Other liabilities	**38,532**	36,433	12,968
Bank term loans	**44,595**	44,595	44,595
Subordinated debentures	**31,969**	31,969	31,969
	3,607,245	3,823,405	3,156,435
Shareholders' equity:			
Capital stock	**126,993**	126,993	87,257
Contributed surplus	**2,872**	2,553	1,961
Retained earnings	**159,821**	149,365	124,714
Accumulated other comprehensive loss	**(8,431)**	(14,765)	(1,996)
	281,255	264,146	211,936
	$3,888,500	$4,087,551	$3,368,371

CONSOLIDATED STATEMENTS OF INCOME (unaudited)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2009
With comparative figures for the three month period ended March 31, 2008
(In thousands of dollars, except share and per share amounts)

	Three months ended	
	March 31, 2009	March 31, 2008
Interest income:		
Mortgages	**$41,014**	$45,692
Investments	**2,465**	2,176
Other	**1,825**	3,723
	45,304	51,591
Interest expense:		
Customer deposits	**27,297**	30,709
Deposit agent commissions	**1,684**	1,942
Bank term loans	**738**	746
Subordinated debentures	**579**	584
	30,298	33,981
Net interest income	**15,006**	17,610
Provision for credit losses	**1,850**	300
Net interest income after provision for credit losses	**13,156**	17,310
Other income:		
Fees and other income	**753**	360
Net gain on investments	**36**	181
Gains on securitization activities and income from retained interests	**9,334**	681
	10,123	1,222
Net interest income and other income	**23,279**	18,532
Non-interest expenses:		
Compensation and benefits	**3,964**	3,027
Other	**2,307**	2,121
	6,271	5,148
Income before income taxes	**17,008**	13,384
Income taxes:		
Current	**2,707**	3,604
Future	**2,357**	95
	5,064	3,699
Net income	**$11,944**	$9,685
Earnings per share:		
Basic	**$0.80**	$0.75
Diluted	**$0.80**	$0.74
Weighted average number of shares outstanding:		
Basic	**14,882,710**	12,955,897
Diluted	**14,882,710**	13,018,567

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (unaudited)

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2009

With comparative figures for the three month period ended March 31, 2008

(In thousands of dollars)

	Three months ended	
	March 31, 2009	March 31, 2008
Capital stock:		
Balance, beginning of period	**$126,993**	$87,062
Common shares issued		
Proceeds from exercise of stock options	**-**	175
Transfer from contributed surplus relating to the exercise of stock options	**-**	20
Balance, end of period	**126,993**	87,257
Contributed surplus:		
Balance, beginning of period	**2,553**	1,778
Stock-based compensation	**319**	203
Transfer to common shares relating to the exercise of stock options	**-**	(20)
Balance, end of period	**2,872**	1,961
Retained earnings:		
Balance, beginning of period	**149,365**	116,325
Net income	**11,944**	9,685
Dividends	**(1,488)**	(1,296)
Balance, end of period	**159,821**	124,714
Accumulated other comprehensive income (loss), net of tax:		
Balance, beginning of period	**(14,765)**	(1,995)
Other comprehensive income (loss)	**6,334**	(1)
Balance, end of period	**(8,431)**	(1,996)
Total retained earnings and accumulated other comprehensive income (loss)	**154,262**	122,718
Total shareholders' equity	**$281,255**	$211,936

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (unaudited)

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2009

With comparative figures for the three month period ended March 31, 2008

(In thousands of dollars)

	Three months ended	
	March 31, 2009	March 31, 2008
Net income	**$11,944**	$9,685
Other comprehensive income (loss), net of tax:		
Available for sale investments:		
Net unrealized gains (losses) from change in fair value	**7,440**	(87)
Reclassification of net (gains) losses to income	**(1,106)**	86
Other comprehensive income (loss)	**6,334**	(1)
Comprehensive income	**$18,278**	$9,684

CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2009
With comparative figures for the three month period ended March 31, 2008
(In thousands of dollars)

	Three months ended	
	March 31, 2009	March 31, 2008
Cash provided by (used in):		
Operating activities:		
Net income	**$11,944**	$9,685
Non-cash items:		
Financial instruments – fair value adjustments	**(5,594)**	(1,132)
Securitizations – (gains) losses on securitization activities	**(7,619)**	42
Amortization of capital assets	**141**	185
Provision for credit losses	**1,850**	300
Net gain on investments	**(84)**	(179)
Future income taxes	**2,357**	95
Stock-based compensation	**319**	203
Amortization of premiums on investments, net	**204**	549
	3,518	9,748
Changes in operating assets and liabilities:		
Other assets	**212**	982
Other liabilities	**(4,693)**	(3,770)
	(963)	6,960
Financing activities:		
Increase in customer deposits	**(219,157)**	(47,679)
Dividends paid on common shares	**(1,488)**	(1,296)
Issuance of common shares	**-**	175
	(220,645)	(48,800)
Investing activities:		
Proceeds on sale or redemption of investments	**4,459**	23,750
Purchase of investments purchased under reverse repurchase agreements	**(540,693)**	(275,074)
Proceeds on sale or redemption of investments purchased under reverse repurchase agreements	**698,276**	232,120
Change in restricted cash	**2,122**	-
Increase in mortgages receivable	**(811,716)**	(376,012)
Mortgage principal repayments	**419,292**	267,478
Proceeds from loan securitizations	**411,179**	163,091
Securitization retained interests	**5,919**	3,204
Purchase of capital assets	**(115)**	(62)
	188,723	38,495
Decrease in cash and cash equivalents	**(32,885)**	(3,345)
Cash and cash equivalents, beginning of period	**50,121**	15,927
Cash and cash equivalents, end of period	**$17,236**	$12,582
Supplemental cash flow information:		
Interest paid	**$22,986**	$27,221
Income taxes paid	**1,373**	1,724

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FOR MORE INFORMATION:
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