EQUITABLE GROUP INC.

ANNUAL INFORMATION FORM
February 28, 2012

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Note: Unless otherwise specified, all information presented herein is as of December 31, 2011.

FORWARD-LOOKING STATEMENTS

From time to time, Equitable Group Inc. (the “Company” or “Equitable”) makes written or oral forward-looking statements within the meaning of applicable securities laws (“forward-looking statements”). The Company makes forward-looking statements in this annual information form, including documents included by reference, in other filings with Canadian securities regulators and in other communications. Forward-looking 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", “should” "might" or "will be taken", " occur" or "be achieved" or other similar expressions or 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 the management of credit, market and liquidity risks, capital market volatility, ,monetary policy, including changes in interest rate policies of the Bank of Canada, general business, economic and financial market conditions, legislative and regulatory developments, legal developments, changes in accounting standards and policies and methods the Company uses to report its financial condition, including uncertainties associated with critical accounting assumptions and estimates, , changes in rates of default, and competitive dynamics. It is important to note that the list described above is not exhaustive. Additional information about these factors can be found under the heading ”Risk Management” in the Company’s Management Discussion and Analysis for the year ended December 31, 2011 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. Equitable does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by the Company or on its behalf, except in accordance with applicable securities laws.

The forward-looking information contained in this document is presented for the purpose of interpreting the information contained herein and may not be appropriate for other purposes.

CORPORATE STRUCTURE

Name, Address and Incorporation

Equitable Group Inc. (the “Company” or “Equitable”) was formed on January 1, 2004 pursuant to a Certificate of Amalgamation issued under the *Business Corporations Act* (Ontario). Articles of Amendment dated September 1, 2009 were filed in connection with the creation and issuance of the Series 1 Preferred Shares of the Company.

The Company's registered and head office is located at 30 St. Clair Avenue West, Suite 700, Toronto, Ontario, M4V 3A1.

Intercorporate Relationships

The Company serves as the holding company of its wholly-owned subsidiary, The Equitable Trust Company (“Equitable Trust”). Equitable Trust is a federally regulated financial institution incorporated in 1970 by Letters Patent issued under the predecessor statute of the *Trust and Loan Companies Act* (Canada).

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

Equitable is publicly traded on the Toronto Stock Exchange (“TSX”). The Company is a niche mortgage lender that provides loans secured by first mortgages and mortgages insured by the Canada Mortgage and Housing Corporation (“CMHC”) through its wholly-owned subsidiary, Equitable Trust. Equitable Trust is a federally regulated financial institution supervised by the Office of the Superintendent of Financial Institutions Canada (“OSFI”). The primary sources of the Company’s revenues are derived from interest income as well as commitment, renewal and discharge fees derived from its mortgage financing business. Equitable Trust’s ability to fund its mortgage business by attracting depositors as a regulated Canada Deposit Insurance Corporation (“CDIC”) member has allowed it to build a diversified mortgage portfolio secured by residential and commercial real estate.

Included in the revenues the Company derives from interest income on mortgages is income from insured mortgages whose securitization is facilitated by CMHC through the Government of Canada’s National Housing Act Mortgage Backed Securities (“MBS”) and Canada Mortgage Bond (“CMB”) Programs. The Company also earns interest and dividend income from investments.

Equitable Trust is licensed to conduct business across Canada with offices in Ontario, Quebec and Alberta. The Company operates without a branch network, choosing instead to achieve lower overheads by using independent mortgage brokers to originate mortgages and independent deposit agents that originate deposits. This business model and the Company’s strong competitive position have established it as a leader in its mortgage lending niches and have contributed to excellent long-term financial results.

The Company has three core lending businesses, which align well with its competitive strengths, competencies and profitability objectives:

- Single Family Lending Services (“Single Family”): This business benefits from Equitable Trust’s well-established relationships with a large independent mortgage broker network, its focus on customer service, as well as Equitable’s experience in utilizing a disciplined approach to credit evaluation and collections.

- Commercial Mortgage - Broker Services (“Broker Services”): This business funds smaller transactions that are secured by mortgages on a variety of property types, including mixed-use, apartment buildings, commercial and industrial properties sourced from independent mortgage brokers. Broker Services specializes in assisting experienced entrepreneurs, business operators and real estate investors. Its broad mortgage broker relationships and strong underwriting capabilities are among its key strengths.

- Commercial Lending Services: This business funds larger, more sophisticated transactions that are secured by mortgages which provide low risk and good return characteristics for Equitable, but are originated through commercial mortgage broker specialists.

Equitable Trust is a member of the Canadian Payments Association, participates in the NHA-MBS Program and is an Approved Seller under the CMB Program.

Equitable Trust expanded the provision of Single Family Lending Services into Manitoba in 2008, British Columbia in 2010 and Saskatchewan in 2011. Also in 2010, Equitable Trust opened its first office in Montreal expanding its Broker Services and Commercial Lending Services to the Montreal area.

To support ongoing growth and enhance regulatory capital, the Company:

- Completed a public offering and private placement of Series 1 non-cumulative preferred shares, as hereinafter defined, totaling gross proceeds of $50.0 million in 2009. The total proceeds of the offerings were used to acquire preferred shares of Equitable Trust, which qualified as Tier 1 regulatory capital for Equitable Trust.

- Issued $23.2 million in Series 8 subordinated debentures ("Series 8 Debentures") in 2009. As part of this transaction, the Company repaid $13.3 million of its bank term loans and Equitable Trust concurrently redeemed $30.8 million of its Series 5 Debentures, of which $13.3 million were issued to the Company. The remaining $3.8 million of Series 5 Debentures were redeemed and $3.8 million of bank term loans were repaid in separate transactions prior to the issuance of Series 8 Debentures during the year. The gross proceeds of the offering of the Series 8 Debentures were used by the Company to purchase subordinated debentures of Equitable Trust, which qualified as Tier 2B regulatory capital.

- Issued $20.0 million in Series 9 subordinated debentures ("Series 9 Debentures") in 2010. As part of this transaction, the Company repaid $15.0million of its bank term loans and Equitable Trust concurrently redeemed all of its $20.0 million Series 6 Debentures, of which $15 .0 million was issued to the Company. The gross proceeds of the offering of the Series 9 Debentures were used by the Company to purchase subordinated debentures of Equitable Trust, which qualified as Tier 2B regulatory capital.

There were no significant acquisitions or dispositions that occurred during the year ended December 31, 2011.

DESCRIPTION OF THE BUSINESS

Employees and Facilities

At December 31, 2011, Equitable Trust employed 209 full-time employees operating out of leased offices in Toronto, Montreal and Calgary.

Business Overview

The Company provides first mortgage financing and CMHC-insured mortgage financing to owners of single family dwellings, multi-unit residential buildings and commercial properties through its wholly-owned subsidiary Equitable Trust. In the single family dwelling segment, the Company's major markets are Ontario, Manitoba, Saskatchewan, Alberta and British Columbia, where it is an alternative lender to borrowers who are unable to satisfy the strict underwriting criteria of conventional bank mortgage lenders**.**

Credit risk is managed through the Company's lending policies and procedures, the establishment of lending limits and a documented approval process. Underwriting criteria used are intended to minimize risks inherent in its target market and include prescribed loan to values based on the nature of the property and strict debt service ratio guidelines.

As a regulated Canadian Deposit Insurance Corporation ("CDIC") member, Equitable Trust is licensed to accept deposits in all Canadian jurisdictions. Customer deposits are sourced primarily through a national distribution network of independent deposit agents. These deposits, which are primarily in the form of Guaranteed Investment Certificates ("GICs"), provide a reliable and stable source of funding that can be properly matched against mortgage maturities, are used to fund most of the Company's liquidity needs, including asset acquisitions. In addition, Equitable Trust issues MBS to fund mortgages insured by CMHC.

The Company operates a low cost business model. Mortgage and deposit origination functions are largely obtained through independent brokers with a portion of the mortgage administration being outsourced**.**

Competitive Conditions

Equitable Trust's products compete with those offered by other trust companies, chartered banks, insurance companies and other financial institutions and intermediaries in the jurisdictions in which it operates. The Company chooses to compete in those market niches which are less attractive to banks and other financial institutions and where the Company has proven expertise and, as such, can earn superior risk-adjusted returns. The key competitive difference Equitable Trust offers is superior service based on responsive solutions for its mortgage brokers, deposit agents and customers.

Environmental Protection

The Company is exposed to some financial risk as a result of environmental laws. There is a possibility that hazardous substances could be found on properties which Equitable Trust holds as security. This could affect the value of the properties or result in the liability of Equitable Trust to a governmental entity or third parties if Equitable Trust realizes on its security and takes possession or becomes the owner of any such properties. To manage this potential exposure, environmental risk is evaluated as part of Equitable Trust's underwriting process. To date, this environmental risk has not had a material adverse effect on the Company's operations or financial condition.

Regulatory Matters

As a federally regulated trust company, the activities of Equitable Trust are governed by the *Trust and Loan Companies Act (Canada)* (the "Act") and are supervised by the Office of the Superintendent of Financial Institutions Canada ("OSFI"). OSFI is responsible to the Minister of Finance for the administration of the *Act*. OSFI is also required to examine the affairs and business of each institution governed by the Act to ensure compliance therewith and to ensure that each trust company is in sound financial condition. OSFI's report of the examination is submitted to the Minister. Equitable Trust is also subject to regulation by the Canadian Deposit Insurance Corporation and the *Financial Consumer Agency of Canada Act.* Equitable Trust's activities are also subject to various other federal statutory requirements, including the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* which applies to all federally regulated financial institutions in Canada and under provincial laws in those provinces where it is active.

Principal Products and Services

Mortgage Lending

The Company's mortgage products consist of fixed and floating rate first mortgages and CMHC-insured mortgages with terms of up to ten years. With the implementation of International Financial Reporting Standards ('IFRS') in 2011, securitized mortgages are now included as part of the on balance sheet mortgages. IFRS has changed the composition of the mortgages held on the balance sheet. CMHC insured multi-unit residential mortgages account for 50.3% of Equitable's mortgage portfolio as at December 31, 2011. Single family dwelling, mixed-use property, multi-unit residential and commercial properties account for 46.2% of Equitable's mortgage portfolio and construction and held for sale mortgages account for 3.5% of Equitable's total mortgage portfolio of $9.6 billion as at December 31, 2011.

Table 5: Mortgages receivable – by property type

($ THOUSANDS)		2011	% of total		2010	% of total
Single family dwelling[1]	$	**2,672,512**	**28.0%**	$	2,020,806	24.7%
Mixed-use property		**345,154**	**3.6%**		321,951	3.9%
Multi-unit residential		**431,714**	**4.5%**		404,367	5.0%
CMHC-insured multi-unit residential		**4,796,341**	**50.3%**		4,442,588	54.3%
Commercial		**962,457**	**10.1%**		823,834	10.1%
Construction and mortgages held for sale		**329,975**	**3.5%**		164,487	2.0%
Total mortgage principal		**9,538,153**	**100.0%**		8,178,033	100.0%
Deferred net mortgage commitment fees, net (discounts) premiums and sundry		**23,461**			29,283	
Mortgages receivable		**9,561,614**			8,207,316	
Accrued interest		**35,123**			31,088	
Allowance for credit losses		**(19,650)**			(21,103)	
Total mortgages receivable	**$**	**9,577,087**		$	8,217,301	

[1] Includes $514,078 (December 31, 2010 – $363,682) of CMHC-insured and $25,364 (December 31, 2010 – $30,409) of other insured single family dwelling mortgages.

Single Family Dwelling Mortgages. In this segment, the Company focuses on offering mortgages to borrowers who have difficulty qualifying for financing from conventional financing institutions due to the borrower's self-employed status, limited credit history in Canada or historical credit issues. Insured single family dwelling mortgages comprised 20.2% of the Single family dwelling mortgage portfolio.

Mixed-Use Property Mortgages. This segment includes properties comprised of both residential and commercial space. These mortgages are primarily originated by the Company's Commercial Mortgage - Broker Services team. This segment represented $345 million or 3.6% of the Company's mortgage portfolio.

Multi-Unit Residential Mortgages. This segment includes properties with more than four residential units. The average principal amount secured by mortgages on multi-unit residential buildings is much larger than on single family dwellings, which results in efficiencies of scale for Equitable. As at December 31, 2011, uninsured multi-unit residential mortgages (excluding held for sale) represented $432 million or 4.5% of the Company's mortgage portfolio.

CMHC-Insured Multi-Unit Residential Mortgages. CMHC-insured multi unit residential mortgages include securitized and non-securitized mortgages. This segment represented $4.8 billion or 50.3% of the Company's mortgage portfolio as at December 31, 2011.

Commercial Mortgages. This category represents primarily larger commercial mortgages on retail, office and industrial properties. As at December 31, 2011, $962 million in mortgages or 10.1% of Equitable's mortgage portfolio was comprised of commercial mortgages. Retail and office sectors accounted for the majority of the commercial mortgage portfolio with industrial property and other minor commercial sectors comprising the balance of the portfolio.

Construction and Mortgages Held for Sale. Construction mortgages are made to developers and renovators of residential and commercial buildings and are generally short-term in nature. Mortgages held for sale comprises residential and commercial mortgages on properties across Canada. As at December 31, 2011, construction mortgages and mortgages held for sale represented approximately $330 million or 3.4% of the Company’s mortgage portfolio.

Mortgage Origination

Mortgage originations depend on a network of independent mortgage brokers, mortgage brokerage firms and other mortgage banking organizations The Independent mortgage broker channel originated the majority of the Company’s funding activity in 2011. One major mortgage brokerage firm accounted for approximately 33% of this funding activity, primarily in the non-single family dwelling segments. The remainder of the brokered mortgages were originated by mortgage brokers, none of which provided more than 4% of the total dollar volume of new mortgage production.

Mortgage Backed Securities

Since 1994, Equitable Trust has been securitizing insured mortgage loans under the NHA-MBS Program. As the issuer of NHA-MBS pools Equitable Trust retains the responsibility for administering securitized mortgages following their sale to investors until maturity of each NHA-MBS pool. All principal receipts from mortgages are passed through to MBS investors together with interest at the MBS coupon rate. Interest payable on MBS is lower than the interest earned on the securitized mortgages; this excess spread is retained by the Company, net of servicing fees paid to third parties, if any, and represents ongoing earnings to Equitable.

Since 2008 Equitable Trust has been participating in the Canada Mortgage Bond (“CMB”) Program; whereby the Company sells Equitable-issued NHA MBS pools to Canada Housing Trust No. 1 (“CHT”). CHT finances its purchases of NHA MBS pools by selling non-amortizing term debt to investors. Under the terms of the Program, the cash flows from the mortgages in these pools net of the related CHT expenses and funding costs are passed to Equitable; the difference, either positive or negative, is retained by the Company. Equitable benefits from CHT’s ability to fund itself at very attractive rates, which are often more competitive than those that would be available to Equitable if it chose to sell NHA MBS pools directly to 3rd party investors. Since 2008 the majority of Equitable Trust's securitization volumes were done through the CMB Program.

In 1994 Equitable Trust entered into an exclusive agreement with First National Financial LP (“FNFLP”) whereby Equitable Trust originates CMHC-insured multi-unit residential mortgages brokered by FNFLP across Canada and securitizes these mortgages through the NHA-MBS and the CMB Programs. The Company extended this agreement for a further five (5) year term in 2010. FNFLP is Canada’s largest non-bank originator and underwriter of residential mortgages and provides a full range of mortgage products and services to individuals and investors.

Participation in the NHA-MBS and the CMB Programs had been a steady, profitable and low-risk area of business for the Company. However, under IFRS, the sale of MBS through the NHA MBS and CMB programs does not qualify for balance sheet de-recognition as the Company has transferred all its rights to receive the cash flows from the mortgage assets. The Company assumed an obligation to pay the cash flows from the mortgage assets under a pass-through arrangement. As such, the securitized mortgages are now accounted for in the same manner as non-securitized mortgages, remaining on the consolidated balance sheet at amortized cost, with interest income recognized in the consolidated statement of income. Given the change in accounting, gains and losses on securitizations previously recognized in net income under Canadian GAAP have now been reversed under IFRS.

Deposit Taking

Equitable Trust is a federally regulated deposit taking institution and is a member institution of the CDIC.

Equitable Trust has both non-registered accounts and registered Tax Free Savings Account (“TFSA”). Equitable Trust's GIC products consist of short and long term GICs which are available in both the non-registered accounts and TFSAs. A cashable GIC issued for a one year term, and cashable after 30 days, is available for non-registered accounts. Equitable guarantees payment of the principal amount plus interest to the GIC holder in accordance with the terms of the GIC.

Equitable Trust relies on business conducted on behalf of investing clients by members of the Investment Industry Regulatory Organization of Canada (IIROC) and the Registered Deposit Brokers Association ("RDBA") to distribute its deposit products. RDBA members tend to be small to medium sized regionally based deposit agents, while IIROC members include bank-owned affiliates and other large investment dealers. The six largest bank affiliated deposit agents provided Equitable Trust with the majority of its outstanding GICs at December 31, 2011.

Risk Factors

The Company, like other financial institutions, is exposed to the symptoms and effects of global economic conditions and other factors that could adversely affect its business, financial condition and operating results, which may also influence an investor to buy, sell or hold shares in the Company. Many of these risk factors are beyond the Company's direct control. The Board of Directors plays an active role in monitoring the Company's key risks and in determining policies that are best suited to manage these risks.

In 2011, a Risk and Capital Committee of the Board was established to assist the Board of Directors in its oversight of the Company's management of its core risks.

The key risks faced by the Company are described on pages 34 through 42 inclusive of the Company's 2011 Management's Discussion and Analysis and those pages are incorporated herein by reference.

DIVIDENDS

The declaration and payment of dividends are within the discretion of the Board of Directors subject to regulatory restrictions. The Company is precluded from paying or declaring a dividend if there are reasonable grounds for believing that Equitable Trust is, or that payment would cause Equitable Trust to be, in contravention of any regulation made under the *Trust and Loan Companies Act (Canada)* with respect to the maintenance of adequate capital and adequate and appropriate forms of liquidity or with any direction given by OSFI with respect to such matters.

During the year ended December 31, 2011, the Company declared dividends totaling $0.45 per common share as compared to $0.40 per common share during the previous two financial years.

During the year ended December 31, 2011 $582 thousand was reinvested pursuant to the Dividend Reinvestment Plan.

During the year ended December 31, 2011, the Company's quarterly Series 1 preferred share dividend was at a rate of $0.453125 per share, unchanged from a year earlier.

Dividends are payable on the common shares and the Series 1 preferred shares if, as and when declared by the Board of Directors. The Board of Directors is not required to declare or pay dividends on the common shares of the Company. The Company's Series 1 Preferred Shares are non-cumulative and are entitled to preference over the common shares with respect to the payment of dividends.

DESCRIPTION OF CAPITAL STRUCTURE

General Description of Share Capital

The Company's authorized share capital consists of an unlimited number of common shares, an unlimited number of preference shares, issuable in series. As of December 31, 2011, 15,018,401 common shares and 2,000,000 Series

1 Preferred Shares were issued and outstanding. The material provisions of the common shares and the preference shares are summarized or otherwise referred to below.

Common Shares

Holders of the Company's common shares are entitled to one vote per share at all meetings of the shareholders of the Company except meetings at which only holders of a specified class or series of shares are entitled to vote. After payment of all outstanding debts, including preferred shares, the holders of common shares are entitled to receive the remaining property of the Company upon the liquidation, dissolution or winding-up thereof.

Preference Shares

The preference shares are issuable from time to time in one or more series. The Board of Directors of the Company is authorized to fix before issue the number of, the consideration per share of, the designation of, and the provisions attaching to the preference shares of each series, which may include voting rights. The preferred shares of each series will rank pari passu with the preferred shares of every other series and will be entitled to preference over the common shares and any assets in the event of liquidation, dissolution or winding-up of the Company. If any cumulative dividends or amounts payable on a return of capital are not paid in full, the preferred shares of all series will participate rateably in accordance with the amounts that would be payable on such shares if all such dividends were declared and paid in full or the sums that would be payable on the return of capital if all amounts so payable were paid in full, as the case may be.

The material provisions of the preference shares, including the non-cumulative 5-year rate reset preferred shares, Series 1 of the Company (the "Series 1 Preferred Shares") and the non-cumulative floating rate preferred shares, Series 2 of the Company (the "Series 2 Preferred Shares"), are described on pages 4 through 14 of the short form prospectus of the Company dated August 24, 2009 in connection with the public offering of the Series 1 Preferred Shares, and those pages are incorporated herein by reference.

Debentures

On December 18, 2009, the Company entered into a master trust indenture with Equity Transfer & Trust Company, as Trustee (the "Master Trust Indenture"), in connection with the issuance of debentures. Pursuant to the terms of the Master Trust Indenture, the aggregate principal amount of debentures is unlimited and may be issued in one or more series. The Board of Directors of the Company is authorized to determine the aggregate principal amount of the debentures and the attributes attaching to the debentures by resolution and set forth in a supplemental indenture. The debentures of any series shall rank equally with other debentures of such series.

The Company entered into a first supplemental trust indenture with Equity Transfer & Trust Company, (the "First Supplemental") in connection with the issuance of up to $30.8 million aggregate principal amount of Series 8 subordinated debentures (the "Series 8 Debentures") of the Company. Pursuant to the First Supplemental, the Company issued $23.2 million in Series 8 Debentures. The Series 8 Debentures pay fixed interest of 6.50% semi-annually for the first five years of its ten year term, and then bear a floating interest rate that is calculated at the 90-day Banker's Acceptance Rate plus 480 basis points, payable quarterly until maturity on December 18, 2019.

On December 15, 2010 the Company entered into a second supplemental trust indenture with Equity Transfer & Trust Company, (the "Second Supplemental") in connection with the issuance of up to $20 million aggregate principal amount of Series 9 subordinated debentures (the "Series 9 Debentures") of the Company. Pursuant to the Second Supplemental, the Company issued $20.0 million in Series 9 Debentures. The Series 9 Debentures pay fixed interest of 6.092% monthly for the first five years of its ten year term, and then bear a floating interest rate that is calculated at the 90-day Banker's Acceptance Rate plus 338 basis points payable quarterly until maturity on December 15, 2020.

The material details of the Series 8 and Series 9 Debentures may be found in Note 17 to the Company's 2011 audited consolidated financial statements, which are incorporated herein by reference.

MARKET FOR SECURITIES

Trading Price and Volumes

The Company's common shares and Series 1 Preferred Shares are traded on the TSX under the symbols ETC and ETC.PR.A, respectively. The following table sets out the price range and trading volume for these securities on the TSX for each month of the year ended December 31, 2011.

Period	Common Shares		Series 1 Preferred Shares	
	Price Range	Volume	Price Range	Volume
January 2011	$24.95 - $28.24	356,672	$26.30 - $27.88	29,256
February 2011	$28.15 - $30.46	325,413	$26.30 - $27.00	44,523
March 2011	$27.43 - $30.10	299,549	$25.97 - $26.75	134,318
April 2011	$28.56 - $30.00	148,103	$26.00 - $26.38	79,254
May 2011	$28.15 - $32.53	221,671	$25.98 - $26.40	123,625
June 2011	$28.00 - $31.49	181,342	$26.10 - $26.49	42,653
July 2011	$28.51 - $30.60	152,339	$26.11 - $26.70	75,734
August 2011	$23.94 - $29.48	192,313	$26.00 - $26.70	37,617
September 2011	$21.09 - $25.24	121,896	$25.70 - $26.57	71,609
October 2011	$21.12 - $25.75	135,743	$25.77 - $26.44	70,274
November 2011	$23.85 - $26.93	195,092	$25.88 - $26.63	21,427
December 2011	$24.55 - $26.19	111,081	$25.67 - $26.40	31,261

Prior Sales

The Company did not issue any shares or subordinated debentures not listed on the TSX during the year ended December 31, 2011. For a list of all outstanding subordinated debentures of the Company, see Note 17 to the 2011 Financial Statements.

DIRECTORS AND OFFICERS

Directors

Each director of the Company is also a director of Equitable Trust. Each director is elected for a term of one year, expiring at the next annual meeting of the Company. The following are the names and municipalities of residence of all directors as at December 31, 2011.

Name and Municipality of Residence	Principal Occupation	Director Since	Board Committee Membership	Common Shareholdings
Austin Beutel Toronto, Ontario, Canada	Chairman, Oakwest Corporation Limited, an investment holding company	January 1, 2004	Chairman of the Board of the Company and Equitable Trust Risk & Capital (Chair)	2,150,640[1]
Eric Beutel Toronto, Ontario, Canada	Vice-President, Oakwest Corporation Limited, an investment holding company	January 1, 2004	Risk & Capital Investment (Chair)	2,153,640[2]
Joseph Dickstein Toronto, Ontario, Canada	Vice-Chairman, PPI Financial Group, a financial services company	January 1, 2004	Audit Corporate Governance (Chair)	21,900
Eric Kirzner Toronto, Ontario, Canada	Professor of Finance, Rotman School of Management, University of Toronto	January 1, 2004	Audit (Chair) Risk & Capital	2,800

Name and Municipality of Residence	Principal Occupation	Director Since	Board Committee Membership	Common Shareholdings
David LeGresley Toronto, Ontario, Canada	Corporate Director	May 19, 2011	Audit	14,000
Lynn McDonald Toronto, Ontario, Canada	Corporate Director	May 19, 2011	Human Resources & Compensation	800
Andrew Moor Toronto, Ontario, Canada	President and Chief Executive Officer of the Company and Equitable Trust	May 18, 2007	Investment	30,536
Katherine Rethy Toronto, Ontario, Canada	Corporate Director and President of KAR Development Corp., a leadership consulting company	May 15, 2008	Risk & Capital Human Resources & Compensation (Chair)	2,200
Lionel Robins Toronto, Ontario, Canada	President, PFDL Investments Limited, an investment holding company	January 1, 2004	Human Resources & Compensation Investment	122,199
Morris Shohet Toronto, Ontario, Canada	Principal, The Dorchester Corporation, a real estate investment company	May 11, 2009	Investment Corporate Governance	11,500
Michael Shulman Toronto, Ontario, Canada	President, The Birchwood Group Inc., an investment holding companies	January 1, 2004	Investment Corporate Governance	25,000

(1) Includes 2,144,640 shares held by Emberwood Glen Enterprises Ltd.. Emberwood is a wholly-owned subsidiary of Oakwest Corporation Limited whose shares are controlled or directed, directly or indirectly, by both Austin Beutel and Eric Beutel. Also includes 6,000 shares held by Benjamin Beutel Holdings Inc. whose shares are also controlled or directed, directly or indirectly, by Austin Beutel.

(2) Includes 2,144,640 shares held by Emberwood Glen Enterprises Ltd.. Emberwood is a wholly-owned subsidiary of Oakwest Corporation Limited whose shares are controlled or directed, directly or indirectly, by both Austin Beutel and Eric Beutel.

The information as to shares beneficially owned or over which control or direction is exercised has been furnished by the respective directors.

Each of the individuals listed in the previous table held their current positions and offices for the past five years with the exception of the following:

- Mr. Moor, who prior to his appointment as President and Chief Executive Officer of the Company on March 1, 2007 was President and Chief Executive Officer of Invis Inc.; and
- Mr. LeGresley, who prior to his retirement in 2008 held executive positions in the area of corporate and investment banking at National Bank Financial where he most recently served as Vice Chairman from 2006 to 2008.

Officers

The following table lists the name, municipality of residence and principal occupation of each executive officer of the Company and Equitable Trust as at the date hereof:

Name and Municipality of Residence	Position
Andrew Moor Toronto, Ontario, Canada	President and Chief Executive Officer of the Company and Equitable Trust

Name and Municipality of Residence	Position
William Edmunds Toronto, Ontario, Canada	Senior Vice-President, Credit and Chief Risk Officer of Equitable Trust
Timothy Wilson Toronto, Ontario, Canada	Vice-President and Chief Financial Officer of the Company and Equitable Trust
Kimberley Graham Toronto, Ontario, Canada	Vice-President, General Counsel , Chief Compliance Officer and Corporate Secretary of the Company and Equitable Trust
Kimberly Kukulowicz Toronto, Ontario, Canada	Vice-President, Residential Sales and Partner Relations of Equitable Trust
Brian Leland Toronto, Ontario, Canada	Vice-President, Residential Credit of Equitable Trust
Tamara Malozewski Toronto, Ontario, Canada	Vice-President, Finance of the Company and Equitable Trust
David Soni Toronto, Ontario, Canada	Vice-President, Risk Policy of Equitable Trust
Jody Sperling Toronto, Ontario, Canada	Vice-President, Human Resources of Equitable Trust
Ronald Tratch Oakville, Ontario, Canada	Vice-President, Commercial Credit of Equitable Trust
David Yu Markham, Ontario, Canada	Vice-President, Information Technology
Nicholas Strube Toronto, Ontario, Canada	Treasurer of Equitable Trust
David Downie Toronto, Ontario, Canada	Assistant Vice-President, Commercial Mortgage Broker Services of Equitable Trust
John Simoes Toronto, Ontario, Canada	Controller of Equitable Trust

All of the above named executive officers have held their respective present positions or other management positions with the Company or Equitable Trust for the past five years except for the following:

- Mr. Moor who, prior to joining the Company in March 2007, held the position of President and Chief Executive Officer of Invis Inc.
- Mr. Wilson who, prior to joining the Company in January 2012, held the position of President of Visa Canada, a company he was with since January 2006 where he previously held such positions as the Head of Sales and Head of Finance and Strategy.
- Mr. Edmunds who, prior to joining the Company in July 2007, held the position of President and Chief Risk Officer of GE Money Trust Company.
- Ms. Graham who, prior to joining the Company in July 2009, held the position of Assistant Vice-President, Legislative Compliance and Legal Counsel with Canadian Tire Corporation, Limited and prior to that was Senior Legal Counsel with the Royal Bank of Canada.

- Mr. Simoes who, prior to joining the Company in August 2008, held the position of Director of Finance of Xceed Mortgage Corporation.
- Mr. Tratch who, prior to joining the Company in August 2011, served as Senior Vice-President with Quorum Funding Corporation and prior to that as a Senior Vice-President with GE Capital Canada.

At December 31, 2011, the above-named directors and executive officers as a group beneficially owned, directly or indirectly, or exercised control over 2,438,187 common shares of the Company, representing approximately 16.23% of the total number of outstanding common shares.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the best of the knowledge of the Company, after having made due inquiry, no director or executive officer of the Company:

(a) is, as at the date of this AIF or has been within the last 10 years, a director, chief executive officer or chief financial officer of any company that was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days that was issued:

 (i) while the director or executive officer was acting in the capacity of a director, chief executive officer or chief financial officer; or
 (ii) after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the person was acting in the capacity as director, chief executive officer or chief financial officer;

(b) is, as at the date of this AIF, or has been within the last 10 years, a director or executive officer of any company that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(c) has, or within 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer.

To the best of the knowledge of the Company, after having made due inquiry, no director or executive officer of the Company has been subject to: (a) any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or a regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

To the knowledge of the Company, no director or executive officer of the Company has an existing or potential material conflict of interest with the Company or Equitable Trust.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

In the ordinary course of business, the Company and Equitable Trust are routinely involved or parties to legal proceedings. A description of certain legal proceedings to which the Company is a party is set out in Note 23 to the Company's 2011 audited consolidated financial statements, which are incorporated herein by reference.

In the ordinary course of business, the Company and Equitable Trust may be subject to penalties or sanctions imposed by regulatory authorities from time to time. The Company and Equitable Trust expect that any such penalties imposed under these categories against the Company or Equitable Trust would not be material.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the knowledge of the Company, no director, or executive officer, or an associate or affiliate thereof has or had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or will materially affect the Company or Equitable Trust.

MATERIAL CONTRACTS

During the 2011 financial year, the Company did not enter into any contract, other than in the ordinary course of business which is material to the Company. In December of 2010, the Company entered into the Second Supplemental Indenture in connection with the issuance of the Series 9 Debentures. The particulars of the Second Supplemental Indenture are described under heading Description of Capital Structure and have been filed by the Company on SEDAR at www.sedar.com.

TRANSFER AGENT AND REGISTRAR

Computershare Investor Services Inc. is the transfer agent and registrar for the Company's common shares and Series 1 Preferred Shares at the following address: 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1.

EXPERTS

The Company's auditors are KPMG LLP, and are located at the Bay Adelaide Centre, 333 Bay Street, Suite 4600, Toronto, Ontario, M5H 2S5. KPMG LLP is independent of the Company within the meaning of the Rules of Professional Conduct/Code of Ethics of the Institute of Chartered Accountants of Ontario.

AUDIT COMMITTEE INFORMATION

Audit Committee Mandate

The mandate of the Company's Audit Committee is attached to this AIF as Schedule "A".

Composition of the Audit Committee

The following directors were members of the Audit Committee as at December 31, 2011: Eric Kirzner (Chair), Joseph Dickstein and David LeGresley. Each member of the Audit Committee is both independent and financially literate and is also a member of Equitable Trust's Audit Committee.

Relevant Education and Experience

The relevant education and experience of each Audit Committee member as at December 31, 2011 is described below.

Eric Kirzner (Chair) – Eric Kirzner holds a Bachelor of Arts degree and an M.B.A. from the University of Toronto. He is a Professor of Finance and the John H. Watson Chair in Value Investing at the Rotman School of Management, University of Toronto where he teaches a number of investment finance courses including Security Analysis and Applied Portfolio Management. He also serves as a Director of the Investment Industry Regulatory Organization of Canada, and Chair of the Independent Review Committee of the funds managed by Scotia Management L.P. from 1998 to 2003 Professor Kirzner served as Chair of the Audit Committee of Deutsche Bank (Canada).

Joseph Dickstein – Mr. Dickstein holds a Bachelor of Commerce degree from McGill University and an Master of Business Administration from the Wharton School of the University of Pennsylvania. He is currently Vice-Chair of PPI Financial Group, the largest independent life insurance marketing organization in Canada which he co-founded in 1981. Mr. Dickstein served as President of Westmount Life Insurance Company for thirteen years and was a member of the Executive Committee of Prudential Life Insurance Company (Canada) as well as a Director for ten years.

David LeGresley – Mr. LeGresley holds a Bachelor of Applied Science Degree in Engineering from the University of Toronto and a Master of Business Administration from Harvard Business School. Mr. LeGresley is a former executive of National Bank Financial holding positions in the area of corporate and investment banking and most recently serving as Vice Chairman from 2006 to 2008. Currently he serves as a Director of Pembina Pipeline Corporation where he has recently been appointed as Chair of the Audit Committee.

Pre-Approval Policies and Procedures

During 2011 the Audit Committee formalized policies and procedures (the "Policy") for the pre-approval of services performed by the Company's external auditor. The Policy specifies the scope of services permitted to be performed by the external auditor and to ensure the independence of the external auditor is not compromised through engaging it for other services. The Policy states that the Audit Committee shall pre-approve all audit, audit-related and tax services. The Audit Committee shall review this Policy at least every two years and submit it to the Board of Directors for approval. The Policy does not delegate any responsibilities of the Audit Committee to management of the Company.

External Auditor Service Fees

Category	2011	2010
Audit Fees	$350,000	$352,000
Audit–related Fees	$127,500[1]	$ 22,500
Tax Fees	$34,500	$ 12,500
Other Fees	-	$ 90,000[1]
Total	$422,000	$477,000

[1]Audit-related Fees in the amount of $127,500 include $90,000 disclosed in 2010 as "Other Fees - and paid in connection with services related to IFRS financial reporting conversion" of which $35,000 was billed in 2010 and $65,000 was billed in 2011. The same $90,000 total has therefore been reported in both the 2010 and 2011 totals.

Audit Fees

Audit fees were paid for professional services rendered by the auditors for the audit of the Company's annual consolidated financial statements, and the review of the Company's interim financial statements.

Audit-related Fees

Audit-related fees were paid for services provided in connection with (i) the CHMC specified procedures report, (ii) hedge documentation and effectiveness testing, and (iii) the opening IFRS balance sheet.

Tax Fees

Tax fees were paid for professional services relating to tax compliance and tax advice, which includes GST/HST services the review of tax returns.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com and on the Company's website at www.equitablegroupinc.com.

Additional financial information is provided in the Company's Consolidated Financial Statements and Management's Discussion and Analysis for the year ended December 31, 2011, which are available on www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans is contained in the Company's Management Information Circular for its most recent annual meeting of shareholders.

Copies of the information referred to in this section may be obtained by writing to the Corporate Secretary of Equitable Group Inc., 30 St. Clair Avenue West, Suite 700, Toronto, Ontario, M4V 3A1 or via e-mail at corporatesecretary@equitablegroupinc.com.

SCHEDULE "A"

Audit Committee Mandate

A. Role

The Audit Committee (the "Committee") assists the Board of Directors in fulfilling its oversight responsibilities with respect to:

(i) the quality and integrity of the Company's consolidated financial statements and financial disclosures;
(ii) the performance of the internal audit function;
(iii) the qualifications, independence and performance of the external auditor;
(iv) management of the Company's business, control/management, operational, strategic and reputational risks;
(v) compliance with legal and regulatory requirements; and
(vi) the effectiveness of the Company's internal controls.

The Committee shall also perform such other responsibilities as may from time to time be delegated to the Committee by the Board.

B. Accountabilities and Responsibilities

The Committee shall:

Financial Reporting

1. Review the interim and annual consolidated financial statements, management's discussion and analysis of financial condition and results of operations ("MD&A"), and earnings press releases and recommend their approval to the Board before such information is publicly disclosed.
2. Review and discuss with management and the external auditor significant financial reporting issues made in connection with the preparation of the Company's consolidated financial statements including critical accounting policies, accounting principles, practices, and significant management estimates and judgments, and any changes thereto.
3. Review and discuss with management and the external auditor any material changes in accounting policies and practices and their impact on the consolidated financial statements.
4. Review and discuss with management and the external auditor the effect of regulatory accounting initiatives as well as off-balance sheet structures on the consolidated financial statements.
5. Review for Board approval the Company's Disclosure Control Policy and ensure adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from its consolidated financial statements, other than the routine financial statements and MD&A public disclosure.
6. Review the process relating to and the certifications of the Chief Executive Officer and the Chief Financial Officer on the integrity of the Company's interim and annual consolidated financial statements.
7. Review financial information and earnings guidance (if any) provided to analysts and any rating agencies prior to public disclosure.
8. Review the Annual Information Form.

Internal Audit

1. Review and approve annually Internal Audit's mandate, annual audit plan and annual budget, and ensure the function has the necessary resources and qualifications to carry out the audit plan.
2. Ensure the independence of Internal Audit from management.
3. Ensure Internal Audit complies with the professional standards of the Institute of Internal Auditors.

4. Review an external quality assessment of Internal Audit.
5. Review Internal Audit's self-assessment.
6. Review and approve the appointment, replacement or dismissal of the head of Internal Audit.
7. Assess the performance of the head of Internal Audit and report the results to the Chief Executive Officer as input into the compensation process;
8. Review the quarterly and periodic reports of Internal Audit together with management's response and follow up on outstanding issues.
9. Review any difficulties encountered by Internal Audit in the course of internal audits, including any restrictions on the scope of activities or access to requested information.
10. Discuss with the head of Internal Audit the effectiveness of the Company's internal controls.
11. Approve any reliance on Internal Audit's work by the external auditor.
12. Meet regularly with the head of Internal Audit without management being present.

External Auditor

1. Ensure the external auditor reports directly to the Audit Committee.
2. Evaluate the qualifications, performance and independence of the external auditor and make recommendations to the Board regarding: (i) the appointment of the external auditor by the shareholders, and (ii) the compensation of the external auditor.
3. Review the terms of the external auditor's engagement.
4. Review the rotation plan for partners on the engagement.
5. Review the external auditor's annual audit plan, making recommendations as to the scope, extent and manner in which the external audit will be conducted.
6. Oversee the work of the external auditor appointed to express an opinion on the financial statements based on the audit or in performing other audit, review or attest services, including the resolution of disagreements between management and the external auditor regarding financial reporting.
7. Review and discuss with the external auditor their assessment of the Company's internal controls over financial reporting.
8. Review for Board approval the Company's Auditor Independence Policy which outlines the services for which the external auditor can be engaged and the employment of former employees of the external auditor.
9. Pre-approve all audit and non-audit services, including the associated fees, to be provided by the external auditors in accordance with the Auditor Independence Policy. The Committee may delegate pre-approval authority to the Chair of the Committee.
10. Review a report from the external auditor describing (i) the auditor's quality control procedures and any material issues raised by the auditor's most recent review of internal quality control or by governmental or professional inquiry or investigation, and (ii) all relationships between the external auditor and the Company that may affect the objectivity or independence of the external auditor.
11. Discuss with the external auditors the quality and acceptability of the accounting principles applied in preparing the financial statements.

Management of business, control/management, operational, strategic and reputational risks

1. Review reports demonstrating compliance with policies for managing business, control/management, operational and strategic risks.
2. Review an annual report from the Company's General Counsel on any litigation, claim or other contingency that may have a material impact on the financial statements and the appropriateness of the disclosure.
3. Review Management's assessment of the Company's material outsourcing arrangements.

Legal and Regulatory Compliance

1. Review and approve the mandate of the Chief Compliance Officer and ensure the function has the necessary resources to carry out his or her duties.

2. Review for Board approval the Company's Legislative Compliance Management Policy.
3. Review annual and interim reports of the Chief Compliance Officer on the status of the Company's compliance with applicable legislation and regulations, and the effectiveness of the legislative compliance management program.
4. Obtain reasonable assurance that the Company has the policies, procedures and programs required to comply with legislation, regulations and guidelines.
5. Receive regular reports on compliance reviews conducted by regulators to the Company and any required action by management.
6. Annually assess the performance of the Chief Compliance Officer and provide the results of the assessment to the Chief Executive Officer as input into the compensation process.
7. Approve the appointment or dismissal of the Chief Compliance Officer.
8. Review reports from Internal Audit on effectiveness testing of the legislative compliance management program.

Internal Controls

1. Require management to implement and maintain appropriate internal control procedures, including anti-fraud controls, and review, evaluate and approve those procedures;
2. Review and discuss with the external auditor management's assessment of its internal controls over financial reporting.
3. Receive reports from management and internal audit on the design and operating effectiveness of internal controls, including internal controls over financial reporting, and any significant control breakdowns.
4. Ensure there are adequate governance structures and control processes for all financial instruments that are measured at fair value for risk management and financial reporting purposes.
5. Review the Company's Disclosure Control Policy and review reports on the effectiveness of the Company's disclosure control program.

General

1. Review and assess the adequacy of this Mandate annually, and evaluate the Committee's effectiveness with respect to this Mandate.
2. Perform such other functions and tasks imposed upon the Committee by regulatory requirements or delegated by the Board.

C. <u>Membership</u>

1. The Committee shall be comprised of a minimum of three directors.
2. Each member must be independent as defined by the Canadian Securities Administrators and financially literate as defined by National Instrument 52-110 *Audit Committees* or must become financially literate within a reasonable period of time after appointment to the Committee.
3. Members are appointed annually by the Board immediately following the annual meeting of shareholders of the Company. Members shall hold office until their successors are appointed or until they cease to be Directors of the Company.

D. <u>Vacancies</u>

Vacancies may be filled for the remainder of the current term of appointment of members of the Committee by the Board.

E. <u>Chairman and Secretary</u>

1. The Board shall appoint one member of the Committee as the Committee Chair.

2. The Secretary of the Company, or his or her designate, shall act as secretary at all meetings of the Committee and shall maintain minutes of all meetings and deliberations of the Committee.

F. <u>Meetings and Quorum</u>

1. The Committee shall meet at least quarterly, or more frequently as circumstances dictate. Meetings shall be convened at such times, places and in such a manner as determined by the Chair of the Committee.
2. Meetings of the Committee may be called by the Chair, by any Committee member or by the external auditor. Members may participate in meetings in person or by telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate adequately with each other. A member participating by such means is deemed to be present at that meeting.
3. The Committee may invite any director, officer or employee or any other person to attend meetings to assist the Committee with its deliberations.
4. Notice of the meeting shall be sent to each Committee member by pre-paid mail, by personal delivery, facsimile, electronic-mail or telephone at least 24 hours before the time fixed for the meeting.
5. Notice of each Committee meeting shall also be given to the external auditor and the head of Internal Audit, to attend and be heard at each meeting.
6. Quorum for a meeting shall be a majority of the Committee members, subject to a minimum of two members.
7. Signed resolutions in lieu of a meeting are not permitted.
8. The Committee shall report to the Board on its proceedings after each of its meetings.
9. The Committee shall regularly meet in-camera alone, and meet separately with each of the external auditor, the Head of Internal Audit, the Chief Compliance Officer and the Chief Anti-Money Laundering Officer.

G. <u>Access to Information</u>

1. The Committee shall have unrestricted access to any officer of the Company and to all books and records of the Company necessary for the execution of the Committee's obligations.
2. The Committee has the authority to retain external counsel, consultants or other advisors and to set and pay the compensation of these advisors without consulting or obtaining the approval of the Board or any officer of the Company. The Company shall provide appropriate funding for the services of these advisors.