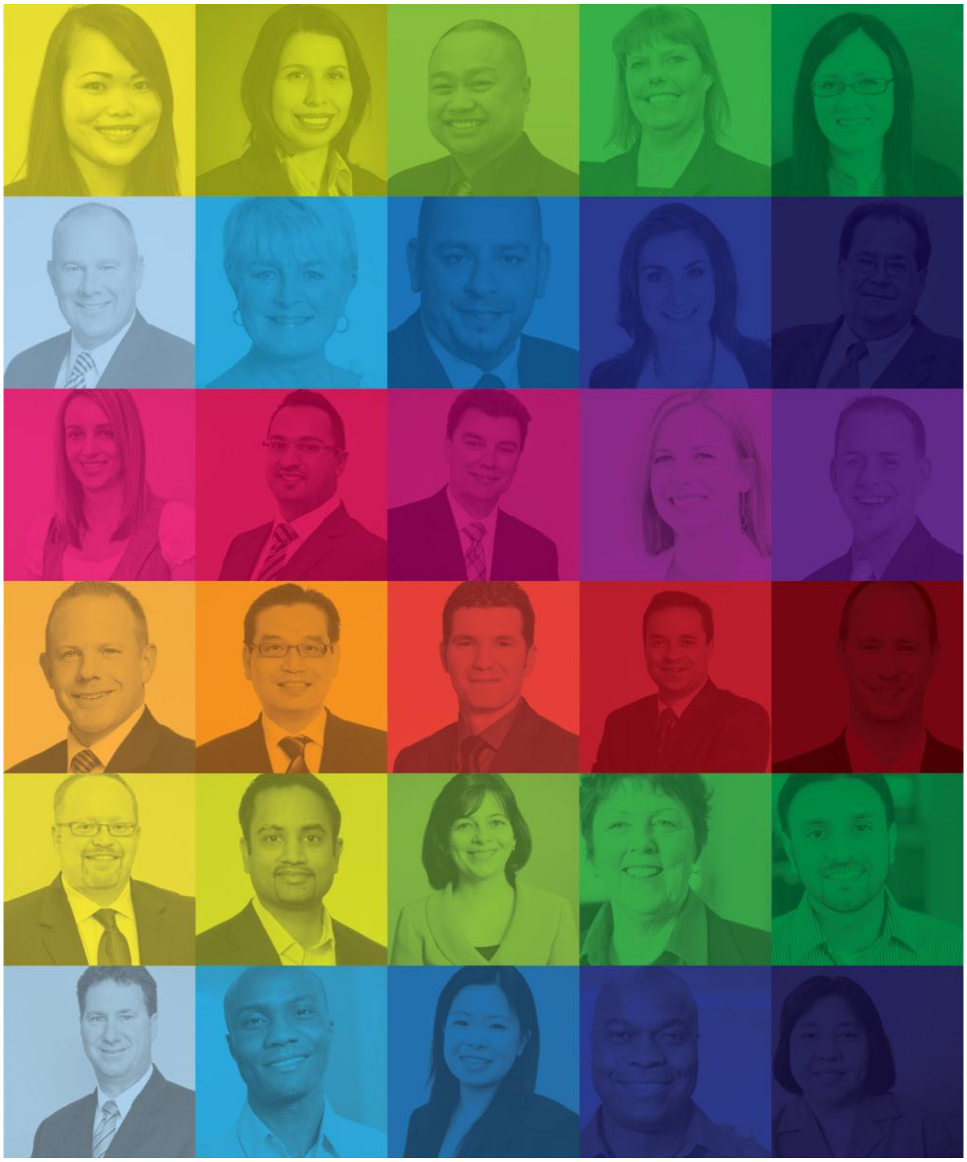

EQUITABLE GROUP INC.

ANNUAL INFORMATION FORM

For the year ended December 31, 2012

February 26, 2013

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Note: Unless otherwise specified, all information presented herein is as of December 31, 2012.

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.

By their very nature, forward-looking statements require the Company to make certain assumptions and 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. This includes but is 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, 2012 and in the Company's documents filed on SEDAR at www.sedar.com.

All 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, these and other factors should be considered carefully and readers are cautioned not to 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). Equitable Trust's activities are supervised by the Office of the Superintendent of Financial Institutions Canada ("OSFI").

DESCRIPTION OF THE BUSINESS

Employees and Facilities

At December 31, 2012, Equitable Trust employed 271 full-time employees operating out of leased offices in Toronto, Montreal and Calgary.

Equitable Trust is licensed to conduct business across Canada with offices in Ontario, Quebec, Alberta and Nova Scotia.

Business Overview

Equitable is publicly traded on the Toronto Stock Exchange ("TSX"). The Company is a niche mortgage lender that provides loans secured by first or insured mortgages, through its wholly-owned subsidiary, Equitable Trust. 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 to originate deposits.

Equitable Trust is a leader in its mortgage lending niches, which are served through its three lending businesses:

- Single Family Lending Services ("Single Family"): This line of business funds mortgages for owner occupied and investment properties with up to four units, including detached or semi-detached houses, townhouses, and condominium units. It benefits from Equitable Trust's well-established relationships with a large and growing mortgage broker network, its service-oriented culture, and its disciplined approach to credit evaluation and collections. At December 31, 2012, Single Family represented $3.0 billion (or 29%) of mortgage principal outstanding.
- Commercial Lending Services ("Commercial"): This line of business funds mortgages and construction loans on a variety of property types, including mixed-use (storefront), multi-unit residential, industrial, retail, office, and condominium. Its mortgages are sourced from mortgage brokers and other business partners. The success of Commercial business reflects its extensive relationships with mortgage brokers and bankers, its underwriting capabilities, and the customer service it delivers as a result of its agility and market knowledge. At year end, Commercial represented $2.1 billion (or 20%) of mortgage principal outstanding.
- Securitization Financing: This line of business focuses on originating and subsequently securitizing insured residential mortgages. The vast majority of securitized mortgages – approximately 92% at December 31, 2012 – are secured by multi-unit residential properties and are underwritten by the Company's Commercial credit team. The remaining 8% of securitized mortgages is represented by insured, single family residential

mortgages. Reported assets for this segment also include mortgages that are being held specifically for the purposes of securitization, but have not yet been securitized.

The Single Family and Commercial segments above are collectively referred to as Equitable's "Core Lending" business. At year end, 49% of the Company's portfolio consisted of mortgages originated in the Core Lending business and 51% consisted of mortgages in the Securitization Financing segment.

The primary sources of the Company's revenues are interest income as well as commitment, renewal and other ancillary fees derived from its mortgage lending business. In addition, the Company earns gains on sale of securitized mortgages and interest, dividend and capital gains income from its investments.

Table 1: Primary sources of revenues

($ THOUSANDS)	**December 31, 2012**		**% of total**	December 31, 2011		% of total
Mortgage Revenues:						
Mortgages – non-securitized	**$**	**245,122**	**50.8%**	$	206,987	47.2%
Mortgages – securitized		**214,613**	**44.4%**		213,604	48.6%
Fees and other income		**3,970**	**0.8%**		3,545	0.8%
Gains on securitization activities and income from retained interests		**2,010**	**0.4%**		-	n/a
		465,715	**96.4%**		424,136	96.6%
Investment Revenues:						
Interest and dividends		**10,272**	**2.1%**		10,307	2.3%
Net gain on investments		**629**	**0.1%**		144	0.1%
Interest on short term investments and bank balances		**6,520**	**1.3%**		4,403	1.0%
		17,421	**3.6%**		14,854	3.4%
Total Revenue	**$**	**483,136**	**100.0%**	$	438,990	100.0%

The Company's mortgage products consist of first and insured mortgages with terms of up to ten years. At December 31, 2012, 52% of the Company's mortgage portfolio was insured compared to 56% a year earlier. Equitable offers both fixed and adjustable rate mortgages. The composition of the portfolio at year end was consistent with the prior year with 89% of mortgages being fixed rate, 6% adjustable rate with interest rate floors, and 5% adjustable rate without interest rate floors. At December 31, 2012, 59% of the Company's mortgages were secured by properties located in Ontario. Of the remaining portfolio, 15% were located in Alberta, 12% were located in Quebec, 7% in British Columbia, 2% in Manitoba, with the remaining 5% in the rest of Canada. Equitable's mortgage portfolio is diversified across single family residential (34%), other residential (52%), mixed-use (3%), and commercial real estate (11%) property types.

Credit risk inherent in the mortgage portfolio 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.

Distribution

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 2012. One major mortgage brokerage firm accounted for approximately 32% of this funding activity, primarily in the non-single family dwelling segments. The remainder of the Company's production was sourced by other mortgage brokers, each of which provided 5% or less of the total dollar volume of new mortgage production.

Sources of Funding

Equitable Trust funds its mortgage business by offering insured deposits as a regulated Canada Deposit Insurance Corporation (“CDIC”) member and by securitizing insured mortgages through participation in the Canada Mortgage and Housing Corporation (“CMHC”) administered National Housing Act (“NHA”) Mortgage-Backed Securities (“MBS”) Program and as an Approved Seller under the Canada Mortgage Bond (“CMB”) Program.

Deposit Taking

Equitable Trust is a federally regulated deposit taking institution and offers insured deposits. Its 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, and are used to fund most of the Company’s liquidity needs, including asset acquisitions.

Equitable Trust's GIC products consist of short and long term GICs which are available in both the non-registered accounts and Tax Free Savings Accounts (“TFSA”s). A Cashable GIC, which is issued for a one year term and is 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.

Customer deposits are sourced primarily through a national distribution network of independent deposit agents. These deposit agents are members of the Investment Industry Regulatory Organization of Canada (“IIROC”), the Mutual Fund Dealer’s Association (“MFDA”), or the Registered Deposit Brokers Association (“RDBA”). Bank affiliated deposit agents which are members of IIROC provided Equitable Trust with the majority of its outstanding GICs at December 31, 2012.

Securitization

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 the securitized 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, the majority of Equitable Trust’s securitization volumes were done through the 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. 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. 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 is retained by the Company. In 2012, Equitable entered into some transactions in which this net difference that would otherwise be retained by the Company was sold to third party investors at the time of securitization.

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 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.

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 Matters

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.

Supervision and Regulation

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 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 of Finance. The Financial Consumer Agency of Canada ("FCAC") is responsible for enforcing consumer-related provisions of the federal statutes that govern financial institutions, which includes the Act and its Regulations.

Equitable Trust is also subject to regulation by the Canadian Deposit Insurance Corporation, which insures certain deposits held at the member institutions, and the *Financial Consumer Agency of Canada Act* as well as various other federal statutory requirements, including but not limited to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* which applies to all federally regulated financial institutions in Canada. Additionally the activities of Equitable Trust are regulated under provincial laws in those provinces where it is active.

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. The Risk and Capital Committee assists 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 2012 Management's Discussion and Analysis and those pages are incorporated herein by reference.

Three Year History

Business Line and Product Diversification

Since 2009, Equitable has placed increasing emphasis on its Single Family business due to its higher return on risk-weighted assets. As a result, Single Family represented 29% of its mortgage principal at December 31, 2012, up from 12% at the end of 2009. Management believes that Single Family currently presents the greatest growth opportunity for the Company and that Single Family will become a larger share of its portfolio over time.

Geographic Diversification

Equitable Trust expanded the provision of Single Family Lending Services into Manitoba in 2008, British Columbia in 2010 and Saskatchewan in 2011. In 2012, Equitable continued the geographic diversification of its Single Family Lending Services business by expanding into Halifax, Nova Scotia.

In 2010, Equitable Trust opened its first office in Montreal expanding its Commercial Lending Services to the Montreal area.

Regulatory Capital

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

- Issued $20.0 million in Series 9 subordinated debentures ("Series 9 Debentures") in 2010. As part of this transaction, the Company repaid $15.0 million 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.

- Issued $65.0 million in Series 10 debentures ("Series 10 Debentures") in 2012. The gross proceeds from the issuance of Series 10 were invested in Series 10 subordinated debentures issued by Equitable Trust to its parent company, Equitable Group Inc., which qualified as Tier 2B regulatory capital. Series 10 was issued in anticipation of upcoming maturities and redemptions, and changes to regulatory capital requirements that became effective on January 1, 2013.

- On January 3, 2013, the Company repaid a $12.5 million term loan and redeemed $9.5 million of its Series 7 subordinated debentures. In addition, Equitable Trust redeemed $12.5 million of Series 7 debentures held by its parent company. The redemption of the Series 7 debentures resulted in a planned reduction in regulatory capital.

Credit Rating

In June 2012, DBRS initiated credit rating coverage of the Company's debt instruments. The DBRS ratings are as follows and are currently stable:

- BBB on the deposits and senior debt of Equitable Trust
- BBB (low) on the subordinated debt of Equitable Trust
- BBB (low) on the senior debt of Equitable Group Inc.

These ratings are subject to periodic review by DBRS.

Securitization

After the introduction of IRFS accounting in 2011, the sale of MBS through the NHA MBS and CMB programs did not qualify for balance sheet de-recognition and the Company began accounting for securitized mortgages in the same manner as non-securitized mortgages. Accordingly, management made the strategic decision to reduce the level of securitization activity due to the lower relative returns on capital that this business was generating.

In 2012, the Company introduced a new approach to originating insured mortgages and selling them into securitization structures sponsored by CMHC. This new transaction structure transfers substantially all of the risks and rewards of the securitized mortgages to third parties and allows Equitable to derecognize the mortgages and at the same time record an up-front gain on sale. As a result of this new approach, the Company increased its level of securitizations during the latter half of 2012 and will pursue higher volumes in 2013.

DIVIDENDS

The declaration and payment of dividends are within the discretion of the Board of Directors subject to regulatory restrictions. Equitable has a policy of maintaining a balance between the distribution of profits to shareholders via the payment of dividends and the need to retain earnings to maintain adequate levels of capital to fund its business and strategic objectives. 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.

Equitable was able to increase its dividend twice during 2012 and the Board of Directors intends to consistently increase the dividend going forward, subject to market conditions and regulatory approvals.

During the year ended December 31, 2012:

- the Company declared dividends totaling $0.52 per common share as compared to $0.45 per common share in 2011 and $0.40 in 2010;
- $817 thousand (10.4% of dividends declared) was reinvested pursuant to the Dividend Reinvestment Plan compared to $582 thousand (8.6% of dividends declared) in 2011 and $357 thousand (6.0% of dividends declared) in 2010; and
- the Company’s quarterly Series 1 preferred share dividend was at a rate of $0.453125 per share, unchanged from the prior three years.

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, 2012, 15,189,983 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 obligations, 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 ratably 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 five-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.

On September 24, 2012 Equitable entered into the third supplemental trust indenture with Equity Transfer & Trust Company, (the "Third Supplemental") in order to provide greater legal clarity to the wording of one section of the Master Trust Indenture.

On October 22, 2012, the Company entered into a fourth supplemental trust indenture with Equity Transfer & Trust Company, (the "Fourth Supplemental") in connection with the issuance of $65 million aggregate principal amount of Series 10 subordinated debentures (the "Series 10 Debentures") of the Company. The Series 10 Debentures pay fixed interest of 5.399% on a semi-annual basis for each year of their five year term. The Series 10 Debentures are traded on the over-the-counter market under the symbol ETCCN.

The material details of the debentures may be found in Note 16 to the Company's 2012 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, 2012.

Period	Common Shares		Series 1 Preferred Shares	
	Price Range	Volume	Price Range	Volume
January 2012	$24.99 - $27.47	74,781	$25.77 - $26.75	57,303
February 2012	$26.79 - $29.90	100,392	$26.57 - $27.25	37,806
March 2012	$28.50 - $29.98	140,710	$26.50 - $27.19	20,326
April 2012	$28.51 - $29.48	137,177	$26.44 - $26.95	31,441
May 2012	$24.48 - $29.25	146,651	$26.11 - $26.86	30,149
June 2012	$25.22 - $26.37	107,288	$25.96 - $26.69	29,393
July 2012	$25.85 - $27.56	125,120	$26.25 - $26.98	31,755
August 2012	$26.40 - $31.33	175,935	$26.42 - $27.15	19,465
September 2012	$30.52 - $32.50	267,187	$25.99 - $26.68	31,500
October 2012	$29.26 - $32.24	144,434	$26.32 - $27.82	20,520
November 2012	$29.53 - $33.19	418,361	$26.39 - $27.00	23,280
December 2012	$31.80 - $33.50	123,313	$26.30 - $26.90	18,989

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, 2012.

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)	2,151,140[(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
David LeGresley Toronto, Ontario, Canada	Corporate Director	May 19, 2011	Audit	17,000
Lynn McDonald Toronto, Ontario, Canada	Corporate Director	May 19, 2011	Human Resources & Compensation	2,900
Andrew Moor Toronto, Ontario, Canada	President and Chief Executive Officer of the Company and Equitable Trust	May 18, 2007	Investment	68,135
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 Corporate Governance	122,199
Morris Shohet Toronto, Ontario, Canada	Principal, The Dorchester Corporation, a real estate investment company	May 11, 2009	Investment Corporate Governance	6,500
Michael Shulman Toronto, Ontario, Canada	President, The Birchwood Group Inc., an investment holding company	January 1, 2004	Investment Corporate Governance	27,000

(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. Eric Beutel beneficially owns, or controls or directs, 6,500 common shares.

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 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
William Edmunds Toronto, Ontario, Canada	Senior Vice-President and Chief Risk Officer of Equitable Trust
Tim Wilson Toronto, Ontario, Canada	Vice-President and Chief Financial Officer 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 of Equitable Trust
David Downie Toronto, Ontario, Canada	Assistant Vice-President, Commercial Mortgage Broker Services of Equitable Trust
Nicholas Strube Toronto, Ontario, Canada	Treasurer of Equitable Trust
Rajesh Raut Maple, Ontario, Canada	Controller of Equitable Trust
John Simoes Toronto, Ontario, Canada	Senior Director, Financial Planning and Reporting 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:

- Tim 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.
- Rajesh Raut who, prior to joining the Company in May 2008 was Director Retail Distribution Finance at the Canadian Imperial Bank of Commerce.
- John Simoes who, prior to joining the Company in August 2008, held the position of Director of Finance of Xceed Mortgage Corporation.
- Ron 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, 2012, the above-named directors and executive officers as a group beneficially owned, directly or indirectly, or exercised control 2,486,186 common shares of the Company, representing approximately 16.4% of the total number of outstanding common shares.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Company, after 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 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

Legal Proceedings

In the ordinary course of business, the Company is routinely involved or a party to legal proceedings. A description of certain legal proceedings to which the Company is a party is set out in Note 21 to the Company's 2012 audited consolidated financial statements, which are incorporated herein by reference.

Regulatory Actions

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 in relation to administrative matters, including late filings or reporting, which may be considered penalties or sanctions pursuant to Canadian securities regulators but which are not, individually or in the aggregate, material, nor would they likely be considered important to a reasonable investor making an investment decision.

During the 2012 financial year, neither the Company nor Equitable Trust have faced any penalties imposed by securities regulatory authorities, or entered into any material settlement agreements with a court relating to securities legislation or with a securities regulatory authority, as such terms may be defined by National Instrument 14-101[1].

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the knowledge of the Company, no director, or executive officer, or any of their associates or affiliates 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 2012 financial year, the Company entered into the Fourth Supplemental Trust Indenture in connection with the offering of its Series 10 debentures. The particulars of the Fourth Supplemental Indenture are described under heading Description of Capital Structure and have been filed by the Company on SEDAR at www.sedar.com.

[1] National Instrument 14-101 limits the meaning of 'securities legislation' to Canadian provincial and territorial legislation and 'securities regulatory authority' to Canadian provincial and territorial securities regulatory authorities.

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

Composition of the Audit Committee

The following directors are members of the Audit Committee: 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. The mandate of the Audit Committee is attached to this AIF as Schedule "A".

Relevant Education and Experience

The relevant education and experience of each Audit Committee member is described below.

Eric Kirzner (Chair) – Eric Kirzner holds a Bachelor of Arts degree and a Master of Business Administration degree 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 is the lead external advisor to the Hospitals of Ontario Pension Plan and a member of the Canada Council of the Arts Investment Committee. He served as a Director of the Investment Industry Regulatory Organization of Canada until 2012 and Chair of the Independent Review Committee of the funds managed by Scotia Management L.P. until 2010. 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 has a Master in Business Administration degree 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 degree 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 and Chair of the Audit Committee of Pembina Pipeline Corporation.

Pre-Approval Policies and Procedures

The Audit Committee has a policy for the pre-approval of services that may be performed by the Company's external auditor. The Policy specifies the scope of services permitted to be performed by the external auditor as well as those services they are prohibited from providing to ensure their independence is not compromised. The policy states all audit, audit-related and tax services shall be pre-approved by the Audit Committee, and delegates authority to the Chair of the Audit Committee to approve permissible non-audit services between Committee meetings and report such approval to the Audit Committee at its next scheduled meeting. 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	2012[1]	2011[1,2]
Audit Fees	$456,000	$455,000
Audit–related Fees	$43,000	$22,500
Tax Fees	$46,537	$34,500
Other Fees	-	-
Total	**$545,537**	**$512,000**

[1] Amounts exclude HST, CPAB fees, and disbursements
[2] 2011 figures recategorized to align to 2012 fee categorizations. Total amount of fees reported unchanged from 2011 AIF.

Audit Fees

Audit fees were paid for professional services rendered by the auditors in connection with the audit of the Company's annual consolidated financial statements, and the review of the Company's interim financial statements. Of the $456,000 reported for 2012, $18,500 related to additional work performed for the 2011 audit as a result of the transition to IFRS and $55,000 related to a comfort letter provided for the Company's series 10 debenture offering. Of the $455,000 reported for 2011, $90,000 related to additional work performed for the 2010 and 2011 audits as a result of the transition to IFRS.

Audit-related Fees

Audit-related fees were paid for services provided in connection with the company's collective allowance methodology, for a specified procedures report to support Equitable's participation in CMHC sponsored securitization programs, and for audit related French translations.

Tax Fees

Tax fees were paid for professional services relating to reviews of the company's 2011 corporate tax and HST/GST returns and tax advisory services.

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.equitabletrust.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, 2012, 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 from the Corporate Secretary's office of the Company at 30 St. Clair Avenue West, Suite 700, Toronto, Ontario, M4V 3A1 or at investor@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 financial reporting;
(ii) the qualifications, independence and performance of the external auditor;
(iii) compliance with legal and regulatory requirements;
(iv) the effectiveness of the Company's internal controls, including internal control over financial reporting; and
(v) the Company's internal audit, finance and compliance functions.

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"), earnings press releases and annual information form 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 the appropriateness of, any material changes to, 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. Ensure adequate procedures are in place for the review of the Company's disclosure of all financial information and periodically assess the adequacy of those procedures.

6. Review financial information and earnings guidance (if any) provided to analysts and any rating agencies.

7. 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.

Internal Audit Function

1. Review and approve annually the mandate for Internal Audit, ensuring its compliance with the professional standards of the Institute of Internal Auditors and taking into consideration its independence.

2. Review the organizational structure of Internal Audit function and the adequacy of its resources, and approve the annual audit plan and budget.

3. Review the quarterly and periodic reports of Internal Audit summarizing the results of audit activities, including management's response and/or corrective actions, and the status of identified control weaknesses.

4. Review and approve the appointment, replacement or dismissal of the head of Internal Audit.

5. Assess the effectiveness of the head of Internal Audit and the Internal Audit function and convey its view on the assessment to the Chief Executive Officer as input into the compensation process.

6. Periodically engage an independent third party to assess the Internal Audit function against the professional standards of the Institute of Internal Auditors and review the results of that assessment.

7. Approve any reliance on Internal Audit's work by the external auditor.

8. 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.

External Auditor

1. Oversee the work of the external auditor, who reports directly to the Audit Committee, in auditing and reviewing the Company's financial statements and internal controls over financing reporting, including the resolution of disagreements between management and the external auditor regarding financial reporting;

2. Evaluate the qualifications, performance and independence of the external auditors including the lead partner 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 and the rotation plan for partners on the engagement;

4. Review and approve the external auditor's annual audit plan, making recommendations as to the scope, extent and manner in which the external audit will be conducted;

5. Review for Board approval the Company's Auditor Independence Policy regarding the hiring of current or former partners and employees of the external auditor.

6. Pre-approve any audit and permitted non-audit service and the associated fee to be provided by the external auditor in accordance with the Auditor Independence Policy. The Committee may delegate pre-approval authority to the Chair of the Committee.

7. 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; and

8. Discuss with the external auditor the quality and acceptability of the accounting principles applied in preparing the financial statements.

Finance Function

1. Review and approve the mandate of the Chief Financial Officer.

2. Review the organizational structure and adequacy of resources of the Finance function, and annually assess its effectiveness.

3. Approve the appointment or dismissal of the Chief Financial Officer.

4. Annually assess the performance of the Chief Financial Officer and provide the results to the Chief Executive Officer as input into the compensation approval process.

Compliance Function

1. Review and approve the mandate of the Chief Compliance Officer.

2. Review the organizational structure and adequacy of resources of the Compliance function and annually assess its effectiveness.

3. Approve the appointment or dismissal of the Chief Compliance Officer.

4. 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 approval process.

Legal and Regulatory Compliance

1. Review for Board approval the Company's Legislative Compliance Management Policy and receive regular reports on the status of the Company's compliance with applicable regulatory requirements, and the legislative compliance management program.

2. Obtain reasonable assurance that the Company has the policies, procedures and programs_required to comply with legislation, regulations and guidelines.

3. Receive regular reports on compliance reviews conducted by regulators to the Company and any required action by management.

4. Review with the Company's General Counsel any litigation, claim or other contingency that may have a material impact on the financial statements and the appropriateness of the disclosure.

5. Review the annual report on the Company's outsourcing arrangements and the effectiveness of the outsourcing risk management program.

6. Review reports from Internal Audit on effectiveness testing of the legislative compliance management program.

Anti-Money Laundering and Anti-Terrorist Financing ("AML/ATF")

1. Review and approve the mandate of the Chief Anti-Money Laundering Officer ("CAMLO").

2. Review the appointment, replacement or dismissal of the CAMLO.

3. Review and approve the Company's Anti-Money Laundering/Anti-Terrorist Financing ("AML/ATF") Policy and review quarterly reports on the design and operation of the Company's AML/ATF Program, including the adequacy of resource and system needs.

4. Review the report from the CAMLO on the annual self-assessment of the Company's AML/ATF Program and its compliance with the AML/ATF Policy.

5. Review reports from Internal Audit on effectiveness testing of the AML/ATF Program.

Internal Controls

1. Require management to implement and maintain appropriate internal control procedures, including internal control over financial reporting and disclosure and controls related to the prevention, identification and detection of fraud, 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. Review reports from management and internal audit on the design and operating effectiveness of internal controls and any significant control breakdowns, including any reports concerning significant deficiencies and material weaknesses in the design or operation of internal controls.

4. Review the Company's Disclosure Control Policy and reports from management on the effectiveness of the Company's disclosure control program.

5. Ensure there are adequate governance structures and control processes for all financial instruments that are measured at fair value for financial reporting purposes.

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 to it 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>Chair 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. The Committee shall report to the Board on matters reviewed by the Committee after each of its meetings.

9. The Committee shall regularly meet in-camera at each meeting and shall also 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. 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.