FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Equitable Group Inc.
30 St. Clair Avenue West, Suite 700
Toronto, Ontario
M4V 3A1

Item 2 Date of Material Change

February 26, 2013

Item 3 News Release

The attached news release was issued on February 26, 2013 via Canada NewsWire

Item 4 Summary of Material Change

Equitable Group Inc. announced that its wholly-owned subsidiary, The Equitable Trust Company, intends to apply to the Office of the Superintendent of Financial Institutions Canada and to the Minister of Finance for consent to convert from a trust company operating under the *Trust and Loan Companies Act* (Canada) into a Schedule I bank operating under the *Bank Act* (Canada).

Item 5 Full Description of Material Change

Please see attached press release for a full description of the material change

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable

Item 7 Omitted Information

Not applicable

Item 8 Executive Officer

Tim Wilson, Vice-President and Chief Financial Officer
416-515-7000

Item 9 Date of Report

March 12, 2013

NEWS RELEASE

EQUITABLE GROUP INC.

EQUITABLE GROUP REPORTS RECORD 2012 EARNINGS ON CONTINUED SOLID QUARTERLY GROWTH

Toronto, Ontario (February 26, 2013): Equitable Group Inc. (*TSX: ETC and ETC.PR.A*) ("Equitable" or the "Company") today reported record earnings for the 12 months ended December 31, 2012 as solid growth continued in the fourth quarter.

2012 SUMMARY

- Net income increased 31% to a record $81.2 million from $62.2 million in 2011
- Diluted earnings per share ("EPS") increased 32% to $5.11 from $3.88 in 2011
- Return on Equity ("ROE") increased to 18.7% from 16.5% in 2011
- Book value per share increased 18% to $29.83 from $25.18 at December 31, 2011

Adjusted for certain non-recurring items in 2011 and 2012, diluted EPS increased by 17.7% in 2012, and ROE increased to 17.9% in 2012 from 17.4% for 2011.

FOURTH QUARTER SUMMARY

- Net income grew 18% to $20.1 million from $17.0 million in the fourth quarter of 2011
- Diluted EPS increased 18% to $1.26 from $1.07 in the fourth quarter of 2011
- ROE was 17.3% and unchanged from a year ago

"Equitable delivered record results in 2012 and ended the year as we started – with another solid quarter of earnings growth driving outstanding ROE performance," said Andrew Moor, President and CEO. "ROE is a tell-tale sign of the effectiveness of our strategies and at 18.7% for the year, provides the most important indicator of our progress and potential. Our five-year ROE average now stands at 17.1%, demonstrating a clear track record of consistently creating value for our shareholders. We are also pleased to note that even with two dividend increases in 2012, we retained approximately 90% of net income available for common shareholders to fuel future growth with the result that book value also increased 18%. We will follow this winning formula to create substantial value for our shareholders in coming quarters."

FOURTH QUARTER OPERATING HIGHLIGHTS

- **Core Lending** mortgage principal (comprised of Single Family and Commercial Lending) amounted to $5.2 billion, up 21% or $895 million year over year, while fourth quarter Core Lending production increased 17% year over year to $649 million
- **Single Family Lending Services** mortgage principal grew 46% to a record $3 billion at year-end 2012 and represented 59% of Core Lending mortgage principal compared to 49% a year ago**.** Single Family Lending Services fourth quarter production of $458 million was 27% higher than in the fourth quarter of 2011
- **Commercial Lending Services** mortgage principal was $2.1 billion at year-end 2012 compared to $2.2 billion a year ago. Fourth quarter production was $190 million, down marginally from $193 million a year ago

- **Securitization Financing** mortgage principal increased 3% or $143 million from Q4 of 2011 to $5.4 billion at year-end 2012. Fourth quarter production was up year-over-year by 567% to $511 million, which reflected the Company's renewed emphasis on the business. Also in the quarter, the Company securitized $171 million of mortgages that qualified for balance sheet de-recognition, on which it earned $1.2 million of gains on sale.

Realized net loan losses were just $0.4 million in the fourth quarter or less than 0.7 basis points of non-securitized mortgage principal, reflecting the quality of the Company's mortgage portfolio, and its diligent credit management and collection efforts. Other fourth quarter credit metrics were also solid:

- Mortgages in arrears 90 days or more were 0.32% of total principal outstanding at quarter end, in line with historical norms but above 0.22% a year ago, while early stage delinquencies – a leading indicator of losses – were 0.31% compared to 0.30% of total principal at September 30, 2012 and 0.22% a year ago
- Net impaired mortgages were just 0.30% of total mortgage assets at year-end 2012 down from 0.35% at the end of the third quarter and 0.25% a year ago

For all of 2012, the Company realized net loan losses of $1.0 million, down 88% from $8.6 million in 2011.

DIVIDEND DECLARATIONS

The Company's Board of Directors today declared a quarterly dividend in the amount of $0.14 per common share, payable April 4, 2013, to common shareholders of record at the close of business March 15, 2013. This amount is consistent with the latest dividend increase announced in the second quarter of 2012 and is 17% higher than the dividends declared in the fourth quarter of 2011. In total, the Company increased its dividends declared to $0.52 per common share in 2012 from $0.45 in 2011 reflecting, in part, the Board's assessment of Equitable's ability to fund future asset expansion and its positive outlook.

The Board declared a quarterly dividend in the amount of $0.453125 per preferred share, payable March 31, 2013, to preferred shareholders of record at the close of business March 15, 2013.

CAPITAL

Equitable Trust's year-end 2012 total capital ratio was 17.4%, well in excess of current and proposed regulatory minimums. During the fourth quarter, the Company successfully raised $65 million of debentures at a rate of 5.399% in anticipation of upcoming debt maturities and redemptions, and in advance of new rules for capital instruments that came into effect for most Canadian financial institutions in 2013. This additional capital caused Equitable's total capital ratio and its interest expenses to increase during the final quarter of 2012. On January 3, 2013, Equitable repaid a $12.5 million term loan and $9.5 million of subordinated debentures, bearing interest rates of 6.41% and 7.1% interest respectively. Interest expenses on debentures and term loans will consequently decline slightly in the first quarter of 2013 compared to the fourth quarter of 2012. The Company will begin to report new capital metrics required by Basel III and Canadian regulators such as Common Equity Tier I ("CET1") beginning in the first quarter of 2013. The minimum CET1 standard is 7.0%. On a pro forma basis, Equitable Trust's CET1 ratio was 12.2% at year-end 2012.

LOOKING AHEAD

Equitable entered 2013 with good momentum and strong capital levels, which provide it with the ongoing potential to grow earnings and deliver ROE in the high teens. The Company will continue to create value by providing outstanding service and thoughtful product solutions to the Canadian alternative mortgage marketplace.

"The ability to generate higher earnings at a consistently attractive ROE is well-entrenched at Equitable and we believe we can continue to demonstrate it in today's mortgage marketplace," said Mr. Moor. "Entering 2013, we are well aware of softening in segments of Canadian real estate but believe that we have effective risk mitigation strategies in place, including the emphasis we've placed on urban centres with positive economic and demographic prospects. Furthermore, our potential is strengthened by our growing relationships with the country's mortgage brokers and the enhanced competitive position we now enjoy as a result of recent marketplace reaction to regulatory changes. These factors are leading more consumers to seek our product solutions. In short, all of the ingredients are in place for ongoing value creation."

The Company expects non-interest expenses to increase in 2013 to a level that supports the efficient growth of the business and sustains high levels of customer and broker service while allowing for continued strength in its operating margins.

"We expect NIM to remain stable in 2013," said Tim Wilson, Vice President and CFO. "Overall NIMs should benefit from the ongoing emphasis we've placed on growing our Core Lending book and the resulting shift to higher return single family mortgages. The combination of stable NIMs and our operational efficiency supports further performance improvements as we grow. While changes in business mix in favour of single family mortgage lending and the regulatory environment have added to expense levels, our productivity ratio of 30.2% in 2012 puts us among the most cost-effective lenders in Canada."

EQUITABLE BANK

To support its strategy, in 2013 Equitable Trust also intends to apply to the Office of the Superintendent of Financial Institutions Canada ("OSFI") and to the Minister of Finance for consent to convert from a trust company operating under the Trust and Loans Companies Act to a Schedule I bank operating under the Bank Act. If approved, Equitable Trust intends to operate as Equitable Bank. The Company believes that, in the longer term, operating as a bank will support the development of the business, promote efficiencies, appeal to a new generation of borrowers and depositors, and may provide advantages in raising capital. Such a conversion would have no impact on Equitable's strong capital position or its current business model. The conversion application requires approvals from OSFI and the Minister of Finance, Canada. There is no assurance as to when or if these approvals will be received.

Q4 CONFERENCE CALL

The Company will hold its fourth quarter conference call and webcast at 10:00 a.m. ET Wednesday, February 27, 2013. To access the call live, please dial in five minutes prior to 416-644-3415.

To access a listen-only version of the webcast, please log on to www.equitabletrust.com under Investor Relations. A replay of the call will be available until March 6, 2013 and it can be accessed by dialing 416-640-1917 and entering passcode 4590933 followed by the number sign. The webcast will also be archived on the Company's website for three months.

CONSOLIDATED BALANCE SHEETS

($ THOUSANDS)

As at December 31	2012	2011
Assets		
Cash and cash equivalents	$ 379,447	$ 170,845
Restricted cash	63,601	83,156
Securities purchased under reverse repurchase agreements	78,551	9,967
Investments	439,480	390,340
Mortgages receivable	5,266,591	4,262,147
Mortgages receivable – securitized	5,342,881	5,314,940
Securitization retained interests	7,263	-
Other assets	23,626	25,618
	$ 11,601,440	$ 10,257,013
Liabilities and Shareholders' Equity		
Liabilities:		
Deposits	$ 5,651,717	$ 4,627,904
Securitization liabilities	5,261,670	5,100,921
Obligations under repurchase agreements	9,882	-
Deferred tax liabilities	5,498	7,790
Other liabilities	40,931	28,587
Bank term loan	12,500	12,500
Debentures	117,671	52,671
	11,099,869	9,830,373
Shareholders' equity:		
Preferred shares	48,494	48,494
Common shares	134,224	129,771
Contributed surplus	5,003	4,718
Retained earnings	323,737	254,006
Accumulated other comprehensive loss	(9,887)	(10,349)
	501,571	426,640
	$ 11,601,440	$ 10,257,013

CONSOLIDATED STATEMENTS OF INCOME

($ THOUSANDS, EXCEPT PER SHARE AMOUNTS)

Years ended December 31	2012	2011
Interest income:		
Mortgages	$ 245,122	$ 206,987
Mortgages – securitized	214,613	213,604
Investments	10,272	10,307
Other	6,520	4,403
	476,527	435,301
Interest expense:		
Deposits	131,042	115,314
Securitization liabilities	184,260	181,694
Bank term loans	813	812
Debentures	4,212	3,493
Other	30	217
	320,357	301,530
Net interest income	156,170	133,771
Provision for credit losses	7,992	7,183
Net interest income after provision for credit losses	148,178	126,588
Other income:		
Fees and other income	3,970	3,545
Net gain on investments	629	144
Gains on securitization activities and income from securitization retained interests	2,010	-
	6,609	3,689
Net interest and other income	154,787	130,277
Non-interest expenses:		
Compensation and benefits	28,246	22,856
Other	21,930	22,858
	50,176	45,714
Income before income taxes and the undernoted fair value gain (loss)	104,611	84,563
Fair value gain (loss) on derivative financial instruments – securitization activities	63	(648)
Income before income taxes	104,674	83,915
Income taxes		
Current	25,759	21,026
Deferred	(2,292)	703
	23,467	21,729
Net income	$ 81,207	$ 62,186
Earnings per share		
Basic	$ 5.15	$ 3.91
Diluted	$ 5.11	$ 3.88

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

($ THOUSANDS)

Years ended December 31	2012	2011
Net income	$ 81,207	$ 62,186
Other comprehensive (loss) income:		
Available for sale investments:		
Net unrealized gains from change in fair value	1,492	1,470
Reclassification of net gains to income	(1,709)	(385)
	(217)	1,085
Income tax recovery (expense)	57	(304)
	(160)	781
Cash flow hedges:		
Net unrealized losses from change in fair value	(1,521)	(13,684)
Reclassification of net losses (gains) to income	2,365	(77)
	844	(13,761)
Income tax (expense) recovery	(222)	3,860
	622	(9,901)
Total other comprehensive income (loss)	462	(9,120)
Total comprehensive income	$ 81,669	$ 53,066

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

($ THOUSANDS)

2012	Preferred shares	Common shares	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	Total
Balance, beginning of year	$ 48,494	$ 129,771	$ 4,718	$ 254,006	$ (10,349)	$ 426,640
Net income	-	-	-	81,207	-	81,207
Other comprehensive income, net of tax	-	-	-	-	462	462
Reinvestment of dividends	-	817	-	-	-	817
Exercise of stock options	-	3,068	-	-	-	3,068
Dividends:						
Preferred shares	-	-	-	(3,625)	-	(3,625)
Common shares	-	-	-	(7,851)	-	(7,851)
Stock-based compensation	-	-	853	-	-	853
Transfer relating to the exercise of stock options	-	568	(568)	-	-	-
Balance, end of year	$ 48,494	$ 134,224	$ 5,003	$ 323,737	$ (9,887)	$ 501,571

2011	Preferred shares	Common shares	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	Total
Balance, beginning of year	$ 48,494	$ 128,068	$ 3,935	$ 202,187	$ (1,229)	$ 381,455
Net income	-	-	-	62,186	-	62,186
Other comprehensive loss, net of tax	-	-	-	-	(9,120)	(9,120)
Reinvestment of dividends	-	582	-	-	-	582
Exercise of stock options	-	943	-	-	-	943
Dividends:						
Preferred shares	-	-	-	(3,625)	-	(3,625)
Common shares	-	-	-	(6,742)	-	(6,742)
Stock-based compensation	-	-	961	-	-	961
Transfer relating to the exercise of stock options	-	178	(178)	-	-	-
Balance, end of year	$ 48,494	$ 129,771	$ 4,718	$ 254,006	$ (10,349)	$ 426,640

CONSOLIDATED STATEMENTS OF CASH FLOWS

($ THOUSANDS)

Years ended December 31	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	$ 81,207	$ 62,186
Adjustments to determine cash flows relating to operating activities:		
Financial instruments at fair value through income	11,930	2,857
Securitization gains	(2,005)	-
Depreciation of capital assets	1,015	712
Provision for credit losses	7,992	7,183
Net gain (loss) on sale or redemption of investments	823	(144)
Income taxes	23,467	21,729
Income taxes paid	(18,791)	(18,280)
Stock-based compensation	853	961
Amortization of premiums/discounts on investments	2,808	3,273
Net increase in mortgages receivable	(1,380,351)	(1,363,900)
Net increase in deposits	1,023,813	749,051
Change in obligations related to investment sold under repurchase agreements	9,882	-
Net change in securities purchased and sold under reverse repurchase agreements	(68,584)	64,941
Net change in securitization liability	160,749	569,241
Net interest income, excluding non-cash items	(192,678)	(176,923)
Interest received	474,547	431,207
Interest paid	(305,303)	(264,312)
Other assets	(942)	(28,756)
Other liabilities	6,854	5,981
Dividends received	23,434	10,028
Cash flows (used in) from operating activities	(139,280)	77,035
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of debentures	65,000	-
Dividends paid on preferred shares	(3,625)	(3,625)
Dividends paid on common shares	(6,709)	(5,853)
Proceeds from issuance of common shares	3,068	943
Cash flows from (used in) financing activities	57,734	(8,535)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(230,037)	(138,934)
Proceeds on sale or redemption of investments	185,456	105,730
Net change in Canada Housing Trust re-investment accounts	(19,901)	(20,762)
Change in restricted cash	19,555	3,414
Proceeds from loan securitization	335,661	-
Securitization retained interests	212	-
Purchase of capital assets	(798)	(2,345)
Cash flows from (used in) investing activities	290,148	(52,897)
Net increase in cash and cash equivalents	208,602	15,603
Cash and cash equivalents, beginning of year	170,845	155,242
Cash and cash equivalents, end of year	$ 379,447	$ 170,845

ABOUT EQUITABLE GROUP INC.

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

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Statements made by the Company in the sections of this report including those entitled “Looking Ahead”, in other filings with Canadian securities regulators and in other communications include forward-looking statements within the meaning of applicable securities laws (“forward-looking statements”). These statements include, but are not limited to, statements about the Company’s objectives (including the proposal to convert Equitable Trust into a Schedule I Bank), strategies and initiatives, financial result expectations and other statements made herein, whether with respect to the Company's businesses or the Canadian economy. Generally, forward-looking statements can be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “planned”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases which state that certain actions, events or results “may” , “could”, “would”, “might” or “will be taken”, “occur” or “be achieved.” Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, closing of transactions, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking statements, including but not limited to risks related to capital markets and additional funding requirements, fluctuating interest rates and general economic conditions, legislative and regulatory developments, the nature of our customers and rates of default, and competition as well as those factors discussed under the heading "Risk Management" in the Management’s Discussion and Analysis and in the Company's documents filed on SEDAR at www.sedar.com. All material assumptions used in making forward-looking statements are based on management's knowledge of current business conditions and expectations of future business conditions and trends, including their knowledge of the current credit, interest rate and liquidity conditions affecting the Company and the Canadian economy. Although the Company believes the assumptions used to make such statements are reasonable at this time and has attempted to identify in its continuous disclosure documents important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. Certain material assumptions are applied by the Company in making forward-looking statements, including without limitation, assumptions regarding its continued ability to fund its mortgage business at current levels, a continuation of the current level of economic uncertainty that affects real estate market conditions, continued acceptance of its products in the marketplace, as well as no material changes in its operating cost structure and the current tax regime. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements that are contained herein, except in accordance with applicable securities laws.

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For more information:

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