



TSX Symbol: ETC

EQUITABLE GROUP REPORTS RECORD 2008 SECOND QUARTER RESULTS

- **EPS Growth of 33.9% to a Record \$0.79 Per Share**
- **37.4% Net Income Growth**
- **Sharp Increase In Single-Family Mortgage Lending**

Toronto, Ontario (July 31, 2008): Equitable Group Inc. (“Equitable” or the “Company”) today reported record financial performance for the three and six months ended June 30, 2008 as well as excellent progress in building both its Single-Family Lending Services business and its total regulatory capital.

Second Quarter Financial Highlights

- Net income increased 37.4% to a record \$10.3 million from \$7.5 million a year ago.
- Diluted earnings per share grew 33.9% to a record \$0.79 per share compared to \$0.59 per share diluted in the second quarter of 2007.
- Return on equity was 19.1%, compared to 17.0% a year ago.
- Productivity ratio on a Taxable Equivalent Basis improved to 26.8% from 29.6% in the second quarter a year ago.
- Net impaired mortgages improved to 0.16% of total mortgage assets at June 30, 2008 from 0.29% at the end of the prior quarter. Total realized loan losses were \$36 thousand on total mortgages receivable of \$2.9 billion at June 30, 2008.

Six Month Financial Highlights

- Net income increased 29.0% to a record \$20.0 million from \$15.5 million a year ago – surpassing the Company’s target growth rate of 16% to 20% for all of 2008.
- Diluted earnings per share grew 23.4% to a record \$1.53 per share compared to \$1.24 per share in the same period of 2007.
- Return on equity was 18.9%, compared to Equitable’s 2008 objective of 16% to 18%.
- Productivity ratio on a Taxable Equivalent Basis improved to 26.4% from 28.0% in the first half of 2007 – and remained ahead of the Company’s target of 27% to 30% for all of 2008.
- Total capital ratio, including general allowance, improved to 12.0% at June 30, 2008 compared to 11.0% at January 1, 2008 and 11.4% at March 31, 2008.

Operational Highlights

- Equitable funded \$969.8 million of mortgages during the second quarter, an increase of 38.2% or \$267.9 million over second quarter of fiscal 2007.
- Consistent with management’s focus, the fastest rate of growth in fundings was achieved in Single-Family Lending Services where production increased 169.9% to

\$225.2 million (23.2% of total mortgage principal funded) compared to \$83.5 million (11.9 % of total mortgage principal funded) at June 30, 2007.

- Equitable capitalized on credit market dynamics to securitize \$410.0 million of CMHC-insured mortgages at profit margins that were in excess of historical levels.
- Total mortgage principal increased on a net basis by \$48.1 million or 1.7% since December 31, 2007, reflecting management's focus on slowing the pace of growth in Commercial Lending Services to improve overall investment returns.

Dividend

The Company's Board of Directors has declared a dividend of \$0.10 per share payable on October 3, 2008 to shareholders of record at the close of business on September 12, 2008.

Management Commentary

"Equitable made significant headway in the first half of 2008 against our annual financial and operating plan," said Andrew Moor, President and Chief Executive Officer. "While delivering record earnings in both the first and second quarters at a pace of growth that significantly exceeded our target for the year, our team continued to improve the two fundamentals that are crucial to ongoing performance: our total capital ratio and investment returns on a risk-weighted basis. Consistent with our focus on risk-weighted returns, we substantially increased our origination of single-family business in the second quarter. Also as planned, we became more selective in Commercial Lending Services and placed more emphasis on the origination of CMHC-insured mortgages on multi-family apartment buildings. As a result, we reduced total Commercial Lending Services production to 70.7% of total fundings from 78.9% a year ago.

In the context of this shift in our mortgage portfolio, the impact on our net interest margin of three Prime Rate decreases earlier this year and volatile markets, Equitable's progress is outstanding."

Outlook

"Equitable's performance to date and the current strength of demand for financing in our niches gives us a good deal of momentum heading into the last half of the year and confidence in our ability to achieve our objectives," said Mr. Moor. "Unquestionably, we are operating in an economic environment that is very different than prior years, given heightened risk of credit market volatility. This validates the plan we adopted at the beginning of 2008, with its focus on investment returns, risk management and balance sheet improvement. As such, we will continue to pursue all elements of our plan vigorously in the coming quarters."

John Ayanoglou, Chief Financial Officer said: "Through the successful completion of a secondary offering of common shares that closed in July (subsequent to quarter end), we are now ahead of our capital plan with a pro forma total capital ratio of 13.4%, had the proceeds of the offering been invested prior to June 30, 2008. This \$37.9 million equity investment gives us additional strength to support strategic growth in our single-family mortgage portfolio and the means to further enhance our value creation potential for the future."

Second Quarter Webcast

Management will discuss Equitable's results during a conference call beginning at 10 a.m. ET today. To listen to the audio webcast, log on to www.equitablegroupinc.com. To participate in the call, please dial 416-644-3415.

MD&A

The Company will post its MD&A for the three and six months ended June 30, 2008 on its website www.equitablegroupinc.com this morning. This document will also be archived on the site.

CONSOLIDATED BALANCE SHEET

AS AT JUNE 30, 2008 - UNAUDITED

With comparative figures as at December 31, 2007 and June 30, 2007

(In thousands of dollars)

	June 30, 2008	December 31, 2007	June 30, 2007
Assets			
Cash and cash equivalents	\$248,139	\$15,927	\$164,232
Restricted cash	5,000	5,000	5,000
Investments purchased under reverse repurchase agreements	412,004	232,120	-
Investments	149,214	220,697	357,888
Loan securitizations - retained interests	67,469	51,214	46,491
Mortgages receivable	2,915,912	2,874,241	2,313,024
Other assets	16,457	10,427	14,559
	\$3,814,195	\$3,409,626	\$2,901,194
Liabilities and Shareholders' Equity			
Liabilities:			
Customer deposits	\$3,483,607	\$3,104,524	\$2,613,504
Future income taxes	11,733	7,945	5,541
Other liabilities	21,193	17,423	19,173
Bank term loans	44,595	44,595	44,595
Subordinated debentures	31,969	31,969	31,969
	3,593,097	3,206,456	2,714,782
Shareholders' equity:			
Capital stock	87,653	87,062	86,339
Contributed surplus	2,124	1,778	1,415
Retained earnings	133,695	116,325	103,215
Accumulated other comprehensive loss	(2,374)	(1,995)	(4,557)
	221,098	203,170	186,412
	\$3,814,195	\$3,409,626	\$2,901,194

CONSOLIDATED STATEMENT OF INCOME

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2008 - UNAUDITED

With comparative figures for the three and six month periods ended June 30, 2007

(In thousands of dollars, except per share amounts)

	Three Months ended		Six Months ended	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Interest income:				
Mortgages	\$45,151	\$38,086	\$90,843	\$74,481
Investments	2,146	3,478	4,322	6,632
Other	3,807	2,049	7,530	3,525
	51,104	43,613	102,695	84,638
Interest expense:				
Customer deposits	32,128	26,147	62,837	50,501
Deposit agent commissions	2,148	1,542	4,090	2,940
Bank term loans	771	831	1,517	1,446
Subordinated debentures	584	626	1,168	1,183
	35,631	29,146	69,612	56,070
Net interest income	15,473	14,467	33,083	28,568
Provision for credit losses	300	225	600	450
Net interest income after provision for credit losses	15,173	14,242	32,483	28,118
Other income:				
Fees and other income	421	345	781	633
Net gain (loss) on investments	49	-	230	(15)
Loan securitizations - retained interests	4,278	770	4,959	2,140
	4,748	1,115	5,970	2,758
Net interest income and other income	19,921	15,357	38,453	30,876
Non-interest expenses :				
Compensation and benefits	3,233	2,780	6,260	5,361
Other	2,448	2,257	4,569	4,169
	5,681	5,037	10,829	9,530
Income before income taxes	14,240	10,320	27,624	21,346
Income taxes (recovery):				
Current	1,384	2,978	4,988	5,033
Future	2,576	(138)	2,671	841
	3,960	2,840	7,659	5,874
Net income	\$10,280	\$7,480	\$19,965	\$15,472

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2008 - UNAUDITED

With comparative figures for the three and six month periods ended June 30, 2007

(In thousands of dollars)

	Three months ended		Six months ended	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Capital stock:				
Balance, beginning of period	\$87,257	\$60,050	\$87,062	\$57,849
Common shares issued				
Gross proceeds of equity issue	-	25,000	-	25,000
Issue expense, net of tax recovery of - nil (2007 - \$498)	-	(962)	-	(962)
Proceeds from exercise of stock options	350	1,966	525	3,965
Transfer from contributed surplus relating to the exercise of stock options	46	285	66	487
Balance, end of period	87,653	86,339	87,653	86,339
Contributed surplus:				
Balance, beginning of period	1,961	1,485	1,778	1,539
Stock-based compensation	209	215	412	363
Transfer to common shares relating to the exercise of stock options	(46)	(285)	(66)	(487)
Balance, end of period	2,124	1,415	2,124	1,415
Retained earnings:				
Balance, beginning of period	124,714	97,025	116,325	90,348
Transition adjustment – Financial instruments	-	-	-	(113)
Net income	10,280	7,480	19,965	15,472
Dividends	(1,299)	(1,290)	(2,595)	(2,492)
Balance, end of period	133,695	103,215	133,695	103,215
Accumulated other comprehensive loss:				
Balance, beginning of period	(1,996)	(63)	(1,995)	-
Transition adjustment – Financial instruments	-	-	-	302
Other comprehensive loss	(378)	(4,494)	(379)	(4,859)
Balance, end of period	(2,374)	(4,557)	(2,374)	(4,557)
Total retained earnings and accumulated other comprehensive loss	131,321	98,658	131,321	98,658
Total shareholders' equity	\$221,098	\$186,412	\$221,098	\$186,412

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2008 – UNAUDITED

With comparative figures for the three and six month periods ended June 30, 2007

(In thousands of dollars)

	Three months ended		Six months ended	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Net income	\$10,280	\$7,480	\$19,965	\$15,472
Other comprehensive loss:				
Available-for-sale assets, change in unrealized gains (losses)	(304)	(4,886)	(391)	(4,877)
Reclassification to income for realization of available-for-sale assets fair value changes	(74)	392	12	18
Other comprehensive loss	(378)	(4,494)	(379)	(4,859)
Comprehensive income	\$9,902	\$2,986	\$19,586	\$10,613

About Equitable Group Inc.

Equitable Group Inc. is a leading niche financial institution focused on single-family dwelling mortgage lending, Commercial Mortgage – Broker Services, a business line that funds loans on a variety of properties including mixed-use, apartment, commercial and industrial buildings, and commercial lending in partnership with mortgage banking organizations. Equitable is a nationally-licensed deposit-taking institution. It conducts business through its wholly-owned subsidiary, The Equitable Trust Company, which was founded in 1970. Equitable’s non-branch business model, valued relationships with independent mortgage professionals and deposit-taking agents, and disciplined lending practices have allowed the Company to grow profitably and efficiently for many years.

The common shares of Equitable Group Inc. are listed on the Toronto Stock Exchange under the trading symbol of “ETC”. For more information, visit www.equitablegroupinc.com.

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For More Information:

John Ayanoglou
Chief Financial Officer
416.513.3535

Certain forward-looking statements are made in this news release, including statements regarding possible future business. Investors are cautioned that such forward-looking statements involve risks and uncertainties detailed from time to time in the Company’s periodic reports filed with Canadian regulatory authorities. Many factors could cause actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Equitable does not undertake to update any forward-looking statements, oral or written, made by itself or on its behalf. See the MD&A for further information on forward-looking statements.