EQUITABLE GROUP INC.

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2013

FEBRUARY 27, 2014

TABLE OF CONTENTS

Note: Unless otherwise specified, all information presented herein is as of December 31, 2013.

FORWARD-LOOKING STATEMENTS

From time to time, Equitable Group Inc. or its subsidiary Equitable Bank (collectively referred to as 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, 2013 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. 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 sole and wholly-owned subsidiary, Equitable Bank (the "Bank"). Equitable Bank is a Schedule I Bank under the Bank Act (Canada) (the "Bank Act") and was formed effective July 1, 2013 through the issuance of Letters Patent of Continuance dated June 26, 2013 which continued The Equitable Trust Company as a bank under the Bank Act. The Equitable Trust Company was originally incorporated in 1970 by Letters Patent issued under the predecessor statute of the Trust and Loan Companies Act (Canada). Equitable Bank'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, 2013, Equitable Bank had 295 active full-time employees operating out of leased offices in Toronto, Montreal and Calgary.

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

Business Overview

Equitable Group Inc. (TSX: EQB and EQB.PR.A) is a growing Canadian financial services business that operates through Equitable Bank. The Bank had total assets of approximately $12 billion at December 31, 2013 and serves retail and commercial customers across Canada with a range of savings' solutions and mortgage lending products. Measured by assets, Equitable Bank was the ninth largest independent Schedule I Bank in Canada at December 31, 2013.

We organize our operations according to specialty:

Single Family Lending Services:

- **Products:** mortgages for owner-occupied and investment properties including detached and semi-detached houses, townhouses, and condos across Canada. Competitive products now include Home Equity Lines of Credit ("HELOC").
- **Target customers:** business-for-self, those who are new to Canada and establishing credit for the first time, and the credit challenged
- **Distribution:** through Canada's mortgage brokers
- **Strengths:** include superior levels of customer service, extensive broker relationships, and a disciplined approach to credit

Commercial Lending Services:

- **Products:** mortgages – which generally range from $0.5 million to $25 million – on a variety of commercial property types including mixed-use, multi-unit residential, shopping plazas, professional offices, and industrial
- **Target customers:** commercial clients, from small business owners to large, publicly traded entities
- **Distribution:** through mortgage brokers, business partners, and other financial institutions
- **Strengths:** include service excellence, breadth and strength of distribution relationships, underwriting capabilities, and intimate market knowledge

Securitization Financing:

- **Products:** insured mortgages, primarily multi-unit residential properties funded through securitization programs
- **Target customers:** commercial clients, from entrepreneurs to large, publicly traded entities
- **Distribution:** through mortgage brokers and other business partners
- **Strengths:** include access to low-cost funding through CMHC's NHA-MBS and CMB programs, extensive experience in mortgage securitization, and experience underwriting mortgages on specialized property types

Deposit Services:

- **Products:** safe and secure savings products including Guaranteed Investment Certificates ("GICs") and high interest savings accounts ("HISAs")
- **Target customers:** are Canadians looking to build a secure fixed-income portfolio with a competitive rate of return and those who have short to medium-term liquidity needs
- **Distribution:** through third party deposit agents, investment dealers, and financial planners, including Canada's large banks
- **Strengths:** include relationships with the agents who recommend our products, our responsive service, and competitive product offerings and rates

Single Family Lending Services and Commercial Lending Services are collectively referred to as Equitable's "Core Lending" business. At year end, 56% of the Company's portfolio consisted of mortgages originated in the Core Lending business and 44% consisted of mortgages in the Securitization Financing segment. We also had $6.5 billion of deposit balances at period end.

The primary sources of revenue for the Company 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 the sale of securitized mortgages, as well as interest and dividend income and capital gains from its investments.

Table 1: Primary sources of revenues

	December 31, 2013		December 31, 2012	
($ THOUSANDS)	$	% of total	$	% of total
Mortgage Revenues:				
Interest – Mortgages – Core Lending	$ 278,921	54.9%	$ 242,459	50.2%
Interest – Mortgages – Securitization Financing	200,522	39.4%	217,276	45.0%
Fees and other income	5,815	1.1%	3,970	0.8%
Gains on securitization activities and income from retained interests	7,584	1.5%	2,073	0.4%
	492,842	96.9%	465,778	96.4%
Investment Revenues:				
Interest and dividends	6,473	1.3%	10,272	2.1%
Net gain on investments	987	0.2%	629	0.1%
Interest on short term investments and bank balances	8,263	1.6%	6,520	1.4%
	15,723	3.1%	17,421	3.6%
Total Revenue	$ 508,565	100.0%	$ 483,199	100.0%

The Company's mortgage products consist of first and insured mortgages with terms of up to ten years. Equitable offers both fixed and adjustable rate mortgages, as well as home equity lines of credit. At December 31, 2013, 45% of the Company's mortgage portfolio was insured compared to 52% a year earlier.

For further details on the Company's loan portfolio, including geographic and property type distribution please refer to pages 49 to 51 of Equitable Group Inc.'s 2013 Management's Discussion and Analysis.

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 are intended to minimize risks inherent in the Company's target market and include prescribed loan to value ratios based on the nature of the property and strict debt service ratio guidelines.

Distribution

Mortgage originations depend on a network of mortgage brokers, business partners, and other financial institutions. The independent mortgage broker channel originated the majority of the mortgages that the Company funded in 2013. One major mortgage brokerage firm accounted for approximately 33% of this origination activity, with the originations related primarily to multi-unit residential dwellings. The remainder of the Company's production was sourced by other mortgage brokers, with one providing 7% and each of the rest providing 5% or less of the total dollar volume of new mortgage originations.

Sources of Funding

Equitable Bank 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 Bank 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. The Company also began offering a high interest savings account in 2013. All of Equitable's deposit products are registered plan eligible.

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 Bank with the majority of its outstanding deposits at December 31, 2013.

Securitization

Since 1994, Equitable Bank has been securitizing insured mortgage loans under the NHA-MBS Program. As an issuer of NHA-MBS, Equitable Bank retains responsibility for administering securitized mortgages following their sale to investors until the 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 the 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. In certain cases, the Company may choose to sell this excess spread to third party investors at, or subsequent to, the time of securitization, with the prior approval of CMHC.

Since 2008, the majority of Equitable Bank's securitization volumes have been executed 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 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 third party investors. Under the terms of the CMB Program, the cash flows from the mortgages in these pools net of the related CHT expenses and funding costs are retained by the Company. Equitable may choose to sell this net difference to third party investors at, or subsequent to, the time of securitization, with the prior approval of CMHC.

In 1994, Equitable Bank entered into an agreement with First National Financial LP ("FNFLP") whereby Equitable Bank 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.

Seasonality

The Company's revenues and expenses are not subject to any material degree of seasonality. Mortgage production levels in Single Family Lending are seasonal, which is related to sales activity levels in the Canadian residential real estate market. Specifically, mortgage production levels in Single Family tend to reach seasonally low levels in the first quarter of each year and peak in the third quarter.

Competitive Conditions

Equitable Bank's products compete with those offered by chartered banks, trust companies, credit unions, insurance companies and other financial institutions and intermediaries in the jurisdictions in which it operates. The Company chooses to compete in market niches which are less attractive to other financial institutions and in which the Company has proven expertise. As such, it has the opportunity to earn higher risk-adjusted returns on its capital. Equitable Bank's key competitive differentiators are the superior service and responsive solutions it delivers to 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 Bank holds as security. This could affect the value of the properties or result in the liability of Equitable Bank to a governmental entity or third parties if Equitable Bank 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 Bank's underwriting process. To date, environmental risk has not had a material adverse effect on the Company's operations or financial condition.

Supervision and Regulation

As a federally regulated Schedule I Bank, Equitable Bank is supervised by OSFI and its activities are governed by the Bank Act. OSFI is required to examine the affairs and business of each institution governed by the Bank Act to ensure compliance therewith and to ensure that each bank is in sound financial condition. OSFI is responsible to the Minister of Finance and its examination reports are submitted to the Minister.

Equitable Bank is also subject to regulation by the CDIC, which insures certain deposits held at the member institutions, and by the Financial Consumer Agency of Canada ("FCAC"). The FCAC is responsible for enforcing the Financial Consumer Agency of Canada Act, and the consumer-related provisions of the federal statutes that govern financial institutions, which includes the Bank Act and its regulations. The Company is also subject to 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.

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 the policies and limits 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 37 through 46 inclusive of the Company's 2013 Management's Discussion and Analysis and those pages are incorporated herein by reference.

Three Year History

Bank Conversion

On June 27, 2013, Equitable Group Inc. announced that it received approval from the Minister of Finance to continue its wholly owned subsidiary, The Equitable Trust Company, as a Schedule I Bank. Converting The Equitable Trust Company to Equitable Bank is part of a strategy to strengthen the Equitable brand to appeal to a new generation of financial services customers. The conversion did not alter Equitable's fundamental business model, market focus, required capital levels, risk tolerance or economics.

Business Line and Product Diversification

In recent years, Equitable has placed increasing emphasis on its Single Family Lending business due to market opportunities that were created by changes in the competitive and regulatory landscape. As a result, Single Family Lending represented 34% of mortgage principal at December 31, 2013, up from 19% at the end of 2010. Management believes that Single Family currently presents the greatest growth opportunity for the Company and that it will become a larger share of the Company's portfolio over time.

In December 2013, Equitable launched the *Equitable Bank Home Equity Line of Credit* ("HELOC"). Equitable Bank's HELOC is a revolving line of credit, secured by a collateral mortgage. The HELOC is accessed through the Equitable Bank Visa® Gold Access Card for purchases anywhere Visa is accepted, and for cash advances from ATMs displaying the Visa and/or Plus logos.

As well, in September 2013 the Company added the *Equitable Bank High Interest Savings Account* to its portfolio of safe and secure deposit solutions. The product is available across Canada from authorized investment dealers, in nominee format through the FundSERV network. The account is CDIC eligible.

Other Funding Diversification

In 2013, the Company entered into an agreement with another Schedule I Canadian Bank for a $300 million revolving funding facility. The facility will be used by Equitable to finance insured residential mortgages between the time of origination and securitization.

Geographic Diversification

Equitable Bank expanded its Single Family Lending Services operations into Manitoba in 2008, British Columbia in 2010, Saskatchewan in 2011, and Nova Scotia in 2012.

In 2010, Equitable Bank opened an office in Montreal, expanding its Commercial Lending Services into the Montreal area.

Regulatory Capital

To efficiently support ongoing growth and optimize Equitable Bank's regulatory capital position, the Company:

- Issued $65.0 million in Series 10 debentures ("Series 10") on October 22, 2012. The gross proceeds from the issuance of Series 10 were invested in Series 10 subordinated debentures issued by Equitable Bank to its parent company, Equitable Group Inc., which qualified as Tier 2B regulatory capital of the Bank. Series 10 was issued in anticipation of future maturities and redemptions, and changes to regulatory capital requirements that became effective on January 1, 2013.

- Repaid a $12.5 million term loan and redeemed $9.5 million of Equitable Bank's Series 7 subordinated debentures held by third party investors, on January 3, 2013. In addition, Equitable Bank redeemed $12.5 million of Series 7 debentures held by its parent company. The redemption of the Series 7 debentures resulted in a $17.6 million reduction in the regulatory capital of Equitable Bank.

- Redeemed $15.8 million of its Series 8 subordinated debentures ("Series 8") on March 6, 2013, of a total of $23.2 million outstanding. As at the date of this report, $7.5 million of Series 8 remains outstanding. The redemption resulted in a $15.8 million decrease in the regulatory capital of Equitable Bank.

Credit Rating

In June 2012, DBRS initiated credit rating coverage of the Company and its debt instruments. The ratings were confirmed by DBRS on June 25, 2013 and are as follows:

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

These ratings are currently stable and are subject to periodic review by DBRS.

Securitization

After the introduction of IFRS 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. As a result, securitized mortgages began to be included in the numerator of the Company's regulatory Assets-to-Capital Multiple ("ACM"). Accordingly, management made the strategic decision to reduce the level of securitization activity due to the lower relative returns on capital that this business generated.

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 beginning in the latter half of 2012.

DIVIDENDS

Dividends are payable on the Company's common shares and Series 1 preferred shares. 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.

The declaration and payment of dividends is within the discretion of the Board of Directors and is dependent on several factors, including the liquidity position of the Company. The Company's liquidity position is impacted by the payments of dividends from Equitable Bank to its parent company, Equitable Group Inc. 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 fund its business and strategic objectives.

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

Equitable increased its dividend twice during 2013. Equitable's Board of Directors has increased the dividend each year since 2010 and intends to consistently increase the dividend going forward, subject to market conditions and regulatory approvals.

During the year ended December 31, 2013:

- the Company declared dividends totaling $0.60 per common share as compared to $0.52 per common share in 2012 and $0.45 in 2011;

- $849,345 (9.3% of dividends declared) was reinvested pursuant to the Dividend Reinvestment Plan in 2013 compared to $816,501 (10.4% of dividends declared) in 2012 and $581,566 (8.6% of dividends declared) in 2011; and
- The Company's quarterly Series 1 preferred share dividend was at a rate of $0.453125 per share, unchanged from prior years.

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, 2013, 15,355,405 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 Financial Trust Company (formerly Equity Transfer & Trust Company) (the "Trustee"), 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 issued under the Master Trust Indenture shall rank equally with other debentures of such series, except to the extent any Security Interest has been granted for the purpose of securing the obligations under a particular Series of Debentures issued thereunder.

The Company entered into a first supplemental trust indenture with the Trustee, (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 on December 18, 2009. 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 March 6, 2013, Equitable redeemed $15.8 million of its Series 8 subordinated debentures and $7.5 million currently remain outstanding.

On December 15, 2010 the Company entered into a second supplemental trust indenture with the Trustee, (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 their 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 the Trustee, (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 the Trustee, (the "Fourth Supplemental") in connection with the issuance of up to $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.

On March 15, 2013 Equitable entered into a fifth supplemental trust indenture with the Trustee, (the "Fifth Supplemental") in order to provide greater legal clarity to specific provisions of the debentures.

The material details of the debentures may be found in Note 17 to the Company's 2013 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 EQB and EQB.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, 2013.

Period	Common Shares		Series 1 Preferred Shares	
	Price Range	Volume	Price Range	Volume
January 2013	$32.48 - $36.58	306,885	$26.20 - $27.00	27,754
February 2013	$34.76 - $36.51	250,941	$26.20 - $26.70	34,095
March 2013	$35.96 - $38.40	370,140	$25.85 - $26.63	43,708
April 2013	$36.05 - $39.75	446,548	$25.50 - $26.75	44,787
May 2013	$35.30 - $39.25	554,909	$25.76 - $26.30	43,570
June 2013	$35.50 - $36.78	243,206	$24.79 - $26.12	36,428
July 2013	$36.00 - $40.98	790,025	$25.15 - $25.80	60,919
August 2013	$40.38 - $45.89	317,620	$25.27 - $25.90	37,311
September 2013	$42.50 - $45.88	318,047	$25.25 - $26.00	15,856
October 2013	$44.50 - $49.73	397,418	$25.25 - $25.60	37,663
November 2013	$45.01 - $49.38	174,450	$25.27 - $25.49	68,566
December 2013	$45.10 - $51.01	140,027	$25.00 - $25.46	34,091

DIRECTORS AND OFFICERS

Directors

The following table lists the names, municipalities of residence, and principal occupations of the directors of both the Company and the Bank as at February 27, 2014. Each director is elected for a term of one year, expiring at the next annual meeting of shareholders.

Name and Municipality of Residence	Principal Occupation	Director Since	Board Committee Membership
Austin Beutel Toronto, Ontario, Canada	Chairman, Oakwest Corporation Limited, an investment holding company	January 2004	Chairman of the Board of the Company and Equitable Bank Risk & Capital (Chair)
Eric Beutel Toronto, Ontario, Canada	Vice-President, Oakwest Corporation Limited, an investment holding company	January 2004	Investment (Chair) Risk & Capital
Joseph Dickstein Toronto, Ontario, Canada	Corporate Director	January 2004	Corporate Governance
Eric Kirzner Toronto, Ontario, Canada	Professor of Finance, Rotman School of Management, University of Toronto	January 2004	Audit (Chair) Risk & Capital
David LeGresley Toronto, Ontario, Canada	Corporate Director	May 2011	Human Resources & Compensation (Chair) Risk & Capital
Lynn McDonald Toronto, Ontario, Canada	Corporate Director	May 2011	Corporate Governance (Chair) Human Resources & Compensation
Andrew Moor Toronto, Ontario, Canada	President and Chief Executive Officer of the Company and Equitable Bank	May 2007	Investment
Katherine Rethy Toronto, Ontario, Canada	Corporate Director and President of KAR Development Corp., a leadership consulting company	May 2008	Investment
Rowan Saunders Toronto, Ontario, Canada	President and Chief Executive Officer, Royal & Sun Alliance Insurance Company of Canada, a property and casualty insurance company	May 2013	Audit Corporate Governance
Vincenza Sera Toronto, Ontario, Canada	Corporate Director	May 2013	Human Resources & Compensation Corporate Governance
Morris Shohet Toronto, Ontario, Canada	Principal, The Dorchester Corporation, a real estate investment company	May 2009	Audit Investment

Each of the individuals listed in the above table held their current positions for the past five years except for Mr. Dickstein who was Vice-Chairman of PPI Financial Group from 2000 until his retirement in 2012.

Officers

The following table lists the name, municipality of residence and principal occupation of each executive officer of the Company and Equitable Bank 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 Bank
William Edmunds Toronto, Ontario, Canada	Senior Vice-President and Chief Risk Officer of Equitable Bank
Tim Wilson Toronto, Ontario, Canada	Vice-President and Chief Financial Officer of the Company and Equitable Bank
Drew Berman Toronto, Ontario, Canada	Vice-President, General Counsel and Corporate Secretary of the Company and Equitable Bank
Dan Dickinson Toronto, Ontario, Canada	Vice-President, Digital Banking of Equitable Bank
David Downie Toronto, Ontario, Canada	Vice-President, Commercial Mortgage Origination of Equitable Bank
Scott Fryer Markham, Ontario, Canada	Vice-President, Deposit Services of Equitable Bank
Kimberly Kukulowicz Toronto, Ontario, Canada	Vice-President, Residential Sales and Partner Relations of Equitable Bank
Brian Leland Toronto, Ontario, Canada	Vice-President, Residential Credit of Equitable Bank
Tamara Malozewski Toronto, Ontario, Canada	Vice-President, Finance of Equitable Bank
Dan Ruch Toronto, Ontario, Canada	Vice-President and Chief Compliance Officer of Equitable Bank
David Soni Toronto, Ontario, Canada	Vice-President, Risk Policy of Equitable Bank
Jody Sperling Toronto, Ontario, Canada	Vice-President, Human Resources of Equitable Bank
Nicholas Strube Toronto, Ontario, Canada	Vice-President and Treasurer of Equitable Bank
Ron Tratch Oakville, Ontario, Canada	Vice-President, Commercial Credit of Equitable Bank
David Yu Markham, Ontario, Canada	Vice-President, Information Technology of Equitable Bank
Rajesh Raut Toronto, Ontario, Canada	Controller of Equitable Bank
John Simoes Toronto, Ontario, Canada	Senior Director, Financial Planning and Reporting of Equitable Bank

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

- Drew Berman who was Assistant General Counsel and Assistant Corporate Secretary from 2011 to 2013, and Senior Vice-President and Legal Counsel from 2006 to 2010 at Citibank Canada.
- Dan Dickinson who was Managing Director, Online & Mobile Banking Canada from 2011 to 2013, and Senior Manager, eChannel Strategy & Planning from 2009 to 2011 at the Bank of Montreal.

- Dan Ruch who was Vice-President, Chief Compliance Officer and Chief Privacy Officer at Resmor Trust Company from 2010 to 2013, and a Consultant with Ruch & Associates from 2007 to 2010.
- Tim Wilson who was President of Visa Canada from 2008 to 2011.
- Ron Tratch who was Senior Vice-President at Quorum Funding Corporation from 2010 to 2011 and Senior Vice-President, Risk Canada at GE Capital Canada from 2007 to 2010.

At December 31, 2013, the above-named directors and executive officers as a group beneficially owned, directly or indirectly, or exercised control 2,381,663 common shares of the Company, representing approximately 15.5% 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, 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 Bank.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

In the ordinary course of business, the Company is routinely involved with or a party to legal proceedings. A description of certain legal proceedings in which the Company is a party is set out in Note 22 to the Company's 2013 audited consolidated financial statements, which are incorporated herein by reference.

Regulatory Actions

In the ordinary course of business, the Company 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 2013 financial year, neither the Company nor Equitable Bank 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 Bank.

MATERIAL CONTRACTS

The Company did not enter into any material contracts during the year ended December 31, 2013.

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 they 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 of the Institute of Chartered Accountants of Ontario.

[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.

AUDIT COMMITTEE INFORMATION

Composition of the Audit Committee

The following directors are members of the Audit Committee of both the Company and Equitable Bank: Eric Kirzner (Chair), Rowan Saunders and Morris Shohet. The Board has determined that each member of the Audit Committee is financially literate and independent as defined by Canadian securities laws. The mandate of the Audit Committee is attached as Schedule "A".

Relevant Education and Experience

The following sets out the education and experience of each Audit Committee member that is relevant to the performance of their responsibilities in that role:

Eric Kirzner (Chair) – Mr. 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 Healthcare 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 as Chair of the Independent Review Committee of the funds managed by Scotia Management L.P. until 2010.

Rowan Saunders – Mr. Saunders holds a Bachelor of Arts degree from York University and is a Fellow of the Insurance Institute of Canada. He has served as President and Chief Executive Officer of Royal & Sun Alliance Insurance Company of Canada since September 2003. Mr. Saunders is a member of the Board of Directors of the Insurance Bureau of Canada.

Morris Shohet – Mr. Shohet holds a Bachelor of Engineering degree in Civil Engineering from McGill University and a Master of Business Administration degree from Harvard University. Mr. Shohet is Principal of The Dorchester 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	2013[1]	2012[1]
Audit Fees	$392,400	$456,000
Audit–related Fees	$93,500	$43,000
Tax Fees	$45,000	$46,537
Other Fees	$-	$-
Total	**$530,900**	**$545,537**

[1] Amounts exclude HST, CPAB fees, and disbursements

Audit Fees

Audit fees include amounts 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, $55,000 related to a comfort letter provided for the Company's Series 10 debenture offering.

Audit-related Fees

Audit-related fees include amounts paid in 2012 and 2013 for a specified procedures report to support Equitable's participation in CMHC sponsored securitization programs. Included in the 2013 fees is $70,000 for support related to documenting the Company's accounting policies and procedures.

Tax Fees

Tax fees were paid for professional services relating to reviews of the Company's 2012 corporate tax and HST/GST returns and for tax advisory services.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR and on the Company's website:

www.sedar.com
www.equitablebank.ca.

Additional financial information is provided in the Company's Consolidated Financial Statements and Management's Discussion and Analysis for the year ended December 31, 2013. Information related to 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. All of these documents can be obtained from SEDAR or from Equitable's corporate website.

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 by contacting the Company at:

investor_enquiry@equitablegroupinc.com

SCHEDULE “A”

Audit Committee Mandate

A. ROLE

The Audit Committee (the “Committee”) of Equitable Group Inc. and Equitable Bank (the “Bank”) (collectively, the “Company”) shall assist 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 internal and external auditors;
(iii) the Company’s compliance with legal and regulatory requirements;
(iv) the effectiveness of the Company’s internal controls, including internal control over financial reporting and disclosure controls and procedures; and
(v) the Company’s internal audit, finance and compliance functions.

B. ACCOUNTABILITIES AND RESPONSIBILITIES

The Committee shall:

Financial Reporting

1. Review and recommend for Board approval the Company’s unaudited interim and annual audited financial statements and related management’s discussion and analysis and satisfy itself that the financial statements present fairly the financial position, results of operations and cash flows of the Company.

2. Discuss with the external auditor and management the results of the audit or any concern of the external auditor including, but not limited to, (i) critical accounting policies, accounting principles and practices, (ii) key areas of risk for material misstatement of the financial statements, (iii) significant management estimates and judgments, (iv) areas requiring significant external auditor judgment, including accounting policies, accounting estimates and financial statement disclosures, (v) significant or unusual transactions, (vi) difficult or contentious matters noted during the audit, (vii) internal control deficiencies identified during the audit, (viii) areas of financial statement disclosures that could be improved, and (ix) tax and tax planning matters that are material to the financial statements.

3. Review and discuss with management and the external auditor any proposed changes in accounting standards and securities policies or regulations as well as any off-balance sheet structures relevant to the Company’s financial statements and approve any material changes in accounting policies related to the Company’s financial statements.

4. Review any investment or transaction that could adversely affect the well-being of the Bank.

5. Review such returns of the Bank as the Superintendent may specify.

6. Review earnings news releases and ensure adequate procedures are in place for the review of the Bank's public disclosure of all financial information extracted or derived from the Bank’s financial statements, other than the public disclosure in the Bank’s annual financial statements and any financial information provided to rating agencies or analysts, and periodically assess the adequacy of those procedures.

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 financial statements and other disclosure documents as required.

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

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

Oversight of Finance Function

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

2. Review and approve annually the mandate of the Chief Financial Officer.

3. Review the organizational structure of the Finance function, ensuring the function has unfettered access and a functional reporting line to the Committee and approve, annually, the function's budget and resources.

4. Annually assess the effectiveness and performance of the Chief Financial Officer, taking into account any regulatory findings with respect to the Finance function, and provide the results to the Chief Executive Officer as input into the compensation approval process.

5. On a periodic basis, engage an independent third party to assess the effectiveness of the Finance function and review the results of that assessment.

6. Provide a forum for the Chief Financial Officer to raise any financial reporting issues or issues with respect to the relationship and interaction among the Finance Department, management, the external auditor and/or regulators.

7. Ensure that deficiencies identified related to the Finance function are remedied within an appropriate time frame and report to the Board on the progress of necessary corrective actions.

Oversight of Internal Audit Function

1. Approve the appointment or dismissal of the Chief Internal Auditor.

2. Review and approve annually the mandate of the Chief Internal Auditor, ensuring its compliance with the professional standards of the Institute of Internal Auditors.

3. Review the organizational structure of the Internal Audit function, ensuring the function has unfettered access and a direct reporting line to the Committee, and approve, annually, the function's budget and resources.

4. Annually assess the effectiveness and performance of the Chief Internal Auditor, taking into account any regulatory findings with respect to the Internal Audit function, and provide the results to the Chief Executive Officer as input into the compensation approval process.

5. Review and approve the annual audit plan, ensuring that it is appropriate and risk-based, and addresses all relevant activities over a measurable cycle.

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

7. Discuss with the Chief Internal Auditor the effectiveness of the Bank's internal control procedures, risk management and governance processes.

8. Review at least every five year the results of an independent quality assurance review of the Internal Audit function and report such results to the Board.

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

10. 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.

11. Ensure that Internal Audit's recommendations are adequately considered and acted on.

Oversight of External Auditor

1. Oversee the work of the external auditor who will report directly to the Audit Committee.

2. Review and evaluate the qualifications, performance and independence of the external auditor, including the lead partner on the engagement, and report on the overall effectiveness of the external auditor to the Board annually. Review the report from the external auditor confirming that they are in compliance with all audit firm and regulatory requirements relating to partner rotation.

3. Recommend to the Board for shareholder approval the appointment of the external auditor for the purpose of preparing or issuing an audit report or performing other audit, review or attest services, and, for Board or shareholder approval, the compensation of the external auditor.

4. Review and approve the external auditor's letter of engagement and the annual audit plan, ensuring it is appropriate and risk-based and covers all relevant activities over a measurable cycle. Review any changes to the scope of the plan, including any changes to the materiality level.

5. Ensure that the level of audit fees is commensurate with the scope of work undertaken and that any fee reductions continue to ensure a quality audit.

6. Review with the external auditor any issues that may be brought forward by it, including any audit problems or difficulties, such as restrictions on its audit activities or access to requested information, and management's response.

7. Review the Bank's policies for hiring current or former partners and employees of the external auditor, and for the pre-approval of any audit and non-audit service and the associated fee to be provided by the external auditor in accordance, as set out in the Auditor Independence Policy. The Committee may delegate pre-approval authority to the Committee Chair provided that any re-approval of a particular service must be presented to the Audit Committee at its next scheduled meeting.

8. Review a report from the external auditor describing (i) their internal quality control practices and procedures and any material issues raised by their most recent internal quality control review, peer review, or by governmental or professional inquiry or investigation within the preceding five years regarding one or more independent audits carried out by the external auditor and any steps taken to deal with such issues, (ii) the external auditor's internal procedures to ensure independence, and (iii) details concerning all relationships between the external auditor and the Bank that may affect the objectivity or independence of the external auditor.

9. Review all significant correspondence between the external auditor and management about audit findings.

Legal and Regulatory Compliance

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

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

3. Review with the Bank's General Counsel significant litigation matters and any material developments.

4. Receive regular reports on compliance reviews conducted by the Bank's regulators and any required action by management.

5. Review and approve the Bank's Anti-Money Laundering/Anti-Terrorist Financing ("AML/ATF") Policy and review quarterly reports from the Chief Money Laundering Officer ("CAMLO") on the design and operation of the AML/ATF Program.

6. Review with the CAMLO the annual assessment of the Bank's AML/ATF Program and its compliance with the Policy and follow up with management on the status of recommendations and findings.

7. Review reports from Internal Audit on effectiveness testing of the legislative compliance and AML/ATF Programs and follow up with management on the status of recommendations and findings.

Oversight of Compliance Function

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

2. Review and approve annually the mandate of the Chief Compliance Officer.

3. Review the organizational structure of the Compliance function, ensuring the function has unfettered access and a functional reporting line to the Committee, and approve, annually, the function's resources and budget.

4. Annually assess the effectiveness and performance of the Chief Compliance Officer, taking into account any regulatory findings with respect to the Compliance function and provide the results to the Chief Executive Officer as input into the compensation approval process.

5. Review and approve the annual compliance plan and receive quarterly updates on the status of the plan from the Chief Compliance Officer. Ensure that any deficiencies identified are corrected within an appropriate timeframe and report to the Board on the progress of necessary corrective actions.

6. On a periodic basis, engage an independent third party to assess the effectiveness of the Compliance function and review the results of that assessment.

7. Provide a forum for the Chief Compliance Officer to raise any reporting issues or issues with respect to the relationship and interaction among the Compliance Department, management and/or regulators.

Oversight of Anti-Money Laundering and Anti-Terrorist Financing Function

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

2. Review the appointment or dismissal of the CAMLO.

3. Provide a forum for the CAMLO to raise any reporting issues or issues with respect to the relationship and interaction among the Department, management and/or regulators.

Internal Controls

1. Require management to implement and maintain appropriate internal control processes and procedures, including internal controls over financial reporting and disclosure, and controls related to the prevention, identification and detection of fraud, which form part of the Bank's Internal Control Framework, and review, evaluate and approve these processes and procedures.

2. Review management's quarterly and annual assessments of its internal controls over financial reporting and the external auditor's report on internal controls.

3. Review reports from management and the Chief Internal Auditor on the design and operating effectiveness of internal controls, adequacy of reporting practices, and any significant control breakdowns, including any reports concerning significant deficiencies and material weaknesses in the design or operation of internal controls.

4. Review and recommend for Board approval the Disclosure Control Policy. Ensure adequate procedures are in place for the review of the Bank's disclosure of all financial information and review reports on the effectiveness of disclosure controls and procedures.

5. Review as required correspondence relating to inquiries or investigations by regulators concerning internal controls.

6. Establish and review a policy and procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential anonymous submission of concerns by any person regarding questionable accounting or auditing matters. Receive reports as required under the applicable policy.

7. 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 at least annually and where necessary, recommend changes to the Board for approval.

2. Annually evaluate the Committee's effectiveness with respect to this Mandate.

3. Participate as required or as determined by the Committee Chair in internal or external educational sessions to enhance familiarity with the Committee's responsibilities. The Bank will provide appropriate funding for such sessions.

4. Perform such other functions and tasks imposed by the Committee by regulatory requirements or delegated to it by the Board.

5. Prepare a report on its activities on an annual basis for inclusion in Equitable Group Inc.'s Management Information Circular.

C. Membership

1. The Committee shall be comprised of a minimum of three directors, a majority of whom shall be "resident Canadian" as defined under the *Bank Act* (Canada).

2. Each member shall be a director who is not a current officer or employee of the Bank and independent of the Bank within the meaning of applicable laws, rules and regulations and any other consideration as determined by the Board, including the Company's Director Independence Policy. A majority of the members will not be "affiliated" with the Bank in accordance with the *Bank Act* (Canada).

3. In additional the qualities set out in the Position Description for Directors, all members of the Committee should be financially literate or be willing and able to acquire the necessary knowledge quickly. Financially literate means the ability to read and understand financial statements that present a breadth and level of complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

4. Members are appointed annually by the Board immediately following the annual meeting of shareholders. Members shall hold office until their successors are appointed or until they cease to be Directors of the Bank.

D. Vacancies

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

E. Chairman and Secretary

1. The Board shall appoint one member of the Committee as the Committee Chair. In the absence of the appointed Chair, the members present may appoint a chair from their number for that meeting.

2. The Committee Chair must have all of the qualifications for Committee membership, including financial literacy.

3. The Corporate Secretary or the Assistant Corporate Secretary of the Bank shall act as Secretary the Committee. The Secretary shall record and maintain minutes of all meetings of the Committee.

F. Meetings and Quorum

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 Committee Chair.

2. Meetings of the Committee may be called by the Committee 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 and date set for the meeting.

5. Notice of each Committee meeting shall also be given to the external auditor and the Chief Internal Auditor, 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. A resolution in writing signed by all Committee members, other than a resolution of the Committee in carrying out its duties under subsection 194(3) of the *Bank Act* (Canada), shall be as valid as if it had been passed at a meeting of the Committee.

8. The Committee shall meet privately after each meeting, and shall also meet in separate private sessions with each of the external auditor, the Chief Internal Auditor, the Chief Financial Officer, the Chief Compliance Officer and the Chief Anti-Money Laundering Officer.

G. Report to the Board

The Committee Chair shall report to the Board with respect to its activities after each of its meetings.

H. Access to Information

The Committee shall have unrestricted access to management of the Bank and to any and all books and records of the Bank 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 Bank. The Bank shall provide appropriate funding for the services of these advisors.