EQUITABLE GROUP INC.

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2014

FEBRUARY 24, 2015

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Note: Unless otherwise specified, all information presented herein is as of December 31, 2014.

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, 2014 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, 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 and August 8, 2014 were filed in connection with the creation and issuance of the Series 1 Preferred Shares and Series 3 Preferred Shares of the Company, respectively.

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 directly holds 100% of all issued and outstanding shares of its sole 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

Equitable Bank is licensed to conduct business across Canada. At December 31, 2014, Equitable Bank had 405 active full-time employees operating out of leased offices in Toronto, Montreal and Calgary.

Business Overview

Equitable Group Inc. (TSX: EQB and EQB.PR.C) is a growing Canadian financial services business that operates through Equitable Bank. It does not hold any material assets outside of its investments in the Bank. Equitable had total assets under management of approximately $14.4 billion at December 31, 2014. The Bank serves retail and commercial customers across Canada with a range of savings solutions and mortgage lending products. Measured by assets, Equitable Bank is the ninth largest independent Schedule I Bank in Canada.

The Company chooses to compete in market niches which are less attractive to other financial institutions or in which the Company has proven expertise. As such, it has the opportunity to earn higher risk-adjusted returns on its capital. The Company's key competitive differentiators are the superior service and responsive solutions it delivers to its mortgage brokers, deposit agents and customers.

Equitable organizes its operations according to product and target customer:

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 include a Home Equity Line 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, mortgage banks, 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 on multi-unit and prime single family residential properties funded through securitization programs
- **Target customers:** individuals (mainly prime borrowers) as well as commercial clients, from entrepreneurs to large, publicly traded entities
- **Distribution:** through mortgage brokers, mortgage banks, and other business partners
- **Strengths:** include access to low-cost funding through the Canada Mortgage and Housing Corporation's ("CMHC") National Housing Act ("NHA") Mortgage-Backed Securities ("MBS") and Canada Mortgage Bond ("CMB") programs, distribution relationships, 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"), high interest savings accounts ("HISAs"), and deposit notes
- **Target customers:** Canadians savers and institutional investors 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, 59% of the Company's portfolio consisted of mortgages in the Core Lending business and 41% consisted of mortgages in the Securitization Financing segment. The Bank also had $7.4 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 activities. In addition, the Company earns gains on the sale of securitized and derecognized mortgages, as well as interest and dividend income and capital gains from its investments.

Table 1: Primary sources of revenues

($ THOUSANDS)	**December 31, 2014**			December 31, 2013		
		$	**% of total**		$	% of total
Mortgage revenues:						
Interest – Mortgages – Core Lending	**$**	**324,692**	**62.1%**	$	278,921	54.9%
Interest – Mortgages – Securitization Financing		**171,643**	**32.8%**		200,522	39.4%
Fees and other income		**8,345**	**1.6%**		5,815	1.1%
Gains on securitization activities and income from retained interests		**4,045**	**0.8%**		7,584	1.5%
		508,725	**97.3%**		492,842	96.9%
Investment revenues:						
Interest and dividends		**6,432**	**1.2%**		6,473	1.3%
Net gain on investments		**1,033**	**0.2%**		987	0.2%
Interest on short term investments and bank balances		**6,777**	**1.3%**		8,263	1.6%
		14,242	**2.7%**		15,723	3.1%
Total revenue	**$**	**522,967**	**100.0%**	$	508,565	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, 2014, 43% of the Company's mortgage portfolio was insured compared to 45% a year earlier.

For further details on the Company's loan portfolio, including geographic and property type distribution please refer to the Supplemental Information and Regulatory Disclosures available on the Company's website at www.equitablebank.ca.

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 markets 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 2014. One major mortgage brokerage firm accounted for approximately 29% of this origination activity, with the originations related primarily to multi-unit residential dwellings. The remainder of the Company's originations were sourced by other mortgage brokers, with four each providing between 5% and 10%, and each of the rest providing 5% or less of the total dollar volume of new mortgage originations.

Sources of Funding

The Company 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 CMHC administered NHA-MBS and CMB Programs.

Deposit Taking

Equitable Bank is a federally regulated deposit taking institution and offers deposits to savers across Canada. Its deposits, which are primarily in the form of GICs, provide a reliable and stable source of funding that can be matched against mortgage maturities. The Company also offers a HISA, which is available from authorized investment advisors through the FundServ network. All of Equitable's deposit products are CDIC insurance and 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 as at December 31, 2014.

Securitization

Equitable regularly securitizes insured residential mortgages by issuing MBS, either to third party investors or to the CMHC sponsored Canada Housing Trust No. 1 ("CHT") under the CMB program, to effectively manage its funding costs. When the Company securitizes mortgages, it applies the IFRS derecognition rules to determine whether it has effectively transferred substantially all the risks and rewards associated with the mortgages. If Equitable is able to structure and execute transactions that transfer substantially all the risks and rewards or control associated with the mortgages to third parties, it may fully or partially derecognize the securitized mortgages and record an upfront gain on sale. In some cases, the Company retains residual interests in the mortgages which are recorded as securitization retained interests and servicing liabilities on the Company's consolidated balance sheet.

Seasonality

The Company's revenues and expenses are not subject to any material degree of seasonality. Mortgage origination levels in Single Family Lending are seasonal, which is related to sales activity patterns in the Canadian residential real estate market. Specifically, mortgage origination 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.

In recent years, regulators in Canada have introduced changes designed to promote prudent underwriting, enhance the competiveness of smaller Canadian financial institutions, and reduce the Government's exposure to the domestic housing market. As these changes have been implemented, they appear to have strengthened Equitable's competitive position and increased the size of its addressable market.

There have been no other material changes to the Company's competitive environment.

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 a liability 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, which prohibits the Bank from engaging in or carrying on any business other than the business of banking, except as permitted. 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 the Proceeds of Crime (Money Laundering) and the Terrorist Financing Act which apply to all federally regulated financial institutions in Canada and set out the expectations and obligations on financial institutions related to detecting and deterring money laundering and the financing of terrorist activities.

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 42 through 51 inclusive of the Company's 2014 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

The company has stated that it intends to continue broadening its range of lending and savings solutions over time. Equitable is currently preparing for the launch of a direct-to-consumer deposit product in 2015, which it believes will increase the competitiveness of savings accounts in Canada and strengthen the Company's consumer brand. This launch will be supported with $3 to 5 million of incremental marketing investments, as well as higher people and systems costs, in 2015.

In August 2014, Equitable announced its intention to begin competing in the prime mortgage market and launched its *eqb evolution suite™ of residential prime mortgage products*. For new borrowers, Equitable Bank will, over time, become a recognized alternative to traditional players in the prime space. For existing borrowers whose mortgage needs have changed, it will mean the ability to stay with an organization recognized for outstanding service. The new *eqb evolution suite* is designed to provide financial solutions that will appeal to a wide range of borrowers who may be salaried, salaried with commission, or self-employed individuals looking to purchase or refinance.

In December 2013, Equitable launched the *Equitable Bank Home Equity Line of Credit*. 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.

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

Other Funding Diversification

In 2014, Equitable initiated a deposit note program, which provides institutional investors with access to uninsured deposits issued by the Company through the capital markets. Equitable issued a 3-year $150 million deposit note at a spread of 135 bps over benchmark yields in April 2014 and intends to build this program further in future years.

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

In 2014, Equitable realized its long-term plan of becoming a national single family residential lender. During the year, it expanded its Single Family Lending business into Québec and the Maritime provinces (Newfoundland, New Brunswick, and Prince Edward Island). This follows the successful launches in Nova Scotia in 2012, Saskatchewan in 2011, British Columbia in 2010 and Manitoba in 2008.

Regulatory Capital

To efficiently support ongoing growth and optimize Equitable Bank's regulatory capital position, Equitable Group Inc.:

- Redeemed the remaining $7.5 million of its Series 8 subordinated debentures ("Series 8") on December 31, 2014. On March 6, 2013, the Company began its repayment of Series 8 by redeeming $15.8 million of these debentures.
- Issued three million non-cumulative, perpetual, 5-Year Rate Reset Preferred Shares ("Series 3 Preferred Shares") for gross cash consideration of $75 million in August 2014. Equitable Group Inc. used these proceeds to subscribe for $75 million of similar preferred shares ("Bank Series 3 Preferred Shares"), which were Basel III compliant, issued by the Bank.
- Redeemed $50 million of the Company's Series 1 Preferred Shares on September 30, 2014. At the same time, the Bank redeemed $50 million of similar preferred shares ("Bank Series 1 Preferred Shares") that it had issued to Equitable Group Inc. Together, the issuance of the Bank Series 3 Preferred Shares and the redemption of Bank Series 1 Preferred Shares increased the regulatory capital of Equitable Bank by $32.4 million. The Bank intends to use the remaining $25 million of proceeds to fund future capital redemptions and for general corporate purposes.
- Repaid a $12.5 million term loan and redeemed $9.5 million of the Company's Series 7 subordinated debentures ("Series 7") held by third party investors on January 3, 2013.
- Issued $65.0 million in Series 10 debentures ("Series 10") on October 22, 2012. Series 10 was issued in anticipation of future maturities and redemptions, and changes to regulatory capital requirements that became effective on January 1, 2013.

Credit Rating

In June 2012, DBRS initiated credit rating coverage of the Company and its debt instruments. The ratings were confirmed by DBRS on July 8, 2014 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 its level of securitization activity due to the lower relative returns on capital that this business generated.

In 2012, the Company was able to structure transactions that transferred substantially all of the risks and rewards of the securitized mortgages to third parties and allowed 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 3 Preferred Shares. The Company's Series 3 Preferred Shares are non-cumulative and are entitled to preference over the common shares with respect to the payment of dividends.

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. It does not set a specific dividend payout ratio target. The declaration and payment of dividends is within the discretion of Equitable Group Inc.'s 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.

The declaration and payment of dividends by Equitable Bank to Equitable Group Inc. is also within the discretion of Equitable Bank's 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 2014. 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, 2014:

- the Company declared dividends totaling $0.68 per common share as compared to $0.60 per common share in 2013 and $0.52 in 2012;
- $542 thousand (5.2% of dividends declared) was reinvested pursuant to the Dividend Reinvestment Plan ("DRIP") in 2014 compared to $849 thousand (9.3% of dividends declared) in 2013 and $817 thousand (10.4% of dividends declared) in 2012;
- the Company suspended its DRIP in Q3 2014 and retains the right to reinstate the plan in the future;
- the Company declared dividends on the Company's Series 3 Preferred Shares in the amount of $0.6307 per share. This declaration represents dividends payable for the period from August 8, 2014 to December 31, 2014; and
- $1.359375 per share was paid out on the Company's Series 1 Preferred Shares in 2014 compared to $1.8125 in 2013 and 2012. Series 1 Preferred Shares were fully redeemed on September 30, 2014.

DESCRIPTION OF CAPITAL STRUCTURE

General Description of Share Capital

The Company's authorized share capital consists of an unlimited number of common shares and an unlimited number of preferred shares, issuable in series. As at December 31, 2014, 15,435,356 common shares and 3,000,000 Series 3 Preferred Shares were issued and outstanding. The material provisions of the common shares and the preferred 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.

Preferred Shares

The preferred 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 preferred 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 provisions of the preferred shares, including the Series 3 Preferred Shares and the Company's non-cumulative floating rate Series 4 preferred shares ("Series 4 Preferred Shares"), are described on pages 7 through 17 of the prospectus supplement of the Company dated July 25, 2014 in connection with the public offering of the Series 3 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. Equitable redeemed $15.8 million of its Series 8 subordinated debentures on March 6, 2013 and the remaining $7.5 million on December 31, 2014.

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 2014 audited consolidated financial statements, which are incorporated herein by reference.

MARKET FOR SECURITIES

Trading Price and Volumes

The Company's common shares and Series 3 Preferred Shares are traded on the TSX under the symbols EQB and EQB.PR.C respectively. The Company redeemed its Series 1 Preferred Shares on September 30, 2014. The Series 1 Preferred Shares were traded on the TSX under the symbol EQB.PR.A prior to redemption. 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, 2014.

Table 2: Price ranges and trading volumes by security type

Period	Common Shares		Series 1 Preferred Shares		Series 3 Preferred Shares	
	Price Range	Volume	Price Range	Volume	Price Range	Volume
Jan-14	$46.93 - $53.23	157,649	$25.12 - $25.69	53,066	-	-
Feb-14	$45.29 - $53.14	382,432	$25.15 - $25.30	37,218	-	-
Mar-14	$51.27 - $60.24	542,778	$25.09 - $25.50	10,720	-	-
Apr-14	$57.43 - $60.75	187,205	$25.16 - $25.32	27,393	-	-
May-14	$59.50 - $65.51	180,262	$25.25 - $25.49	16,045	-	-
Jun-14	$60.00 - $64.45	242,515	$25.02 - $25.60	27,907	-	-
Jul-14	$60.25 - $67.65	133,819	$25.03 - $25.33	146,290	-	-
Aug-14	$62.39 - $67.20	97,362	$25.30 - $25.42	39,285	$25.05 - $26.19	718,236
Sep-14	$62.03 - $65.93	358,601	$24.97 - $25.45	86,330	$25.95 - $26.35	80,365
Oct-14	$56.04 - $66.48	253,347	-	-	$25.53 - $26.47	130,646
Nov-14	$63.49 - $69.25	311,795	-	-	$26.38 - $26.50	37,923
Dec-14	$61.75 - $72.49	327,785	-	-	$25.76 - $26.71	38,967

DIRECTORS AND OFFICERS

Directors

The following are the directors of the Company as at February 24, 2015. Each director is also a director of Equitable Bank. Directors are elected annually and hold office until the next annual meeting of shareholders.

Name and Municipality of Residence	Principal Occupation	Director Since
Eric Beutel Toronto, Ontario, Canada	Vice-President, Oakwest Corporation Limited, an investment holding company	January 2004
Johanne Brossard* Toronto, Ontario, Canada **Ms. Brossard was appointed a director on February 24, 2015*	Corporate Director	February 2015
Michael Emory Toronto, Ontario, Canada	President and CEO, Allied Properties REIT	May 2014
Eric Kirzner Toronto, Ontario, Canada	Professor of Finance, Rotman School of Management, University of Toronto	January 2004
David LeGresley Toronto, Ontario, Canada	Corporate Director	May 2011
Lynn McDonald Toronto, Ontario, Canada	Corporate Director	May 2011
Andrew Moor Toronto, Ontario, Canada	President and Chief Executive Officer of the Company and Equitable Bank	May 2007
Katherine Rethy Toronto, Ontario, Canada	Corporate Director and President of KAR Development Corp., a leadership consulting company	May 2008
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
Vincenza Sera Toronto, Ontario, Canada	Corporate Director	May 2013
Michael Stramaglia Toronto, Ontario, Canada	Corporate Director and President and Founder of Matrisc Advisory Group, a risk management consulting firm	May 2014

All directors have held their current position for the past five years except for:

Johanne Brossard, who was President and CEO of Bank West, a subsidiary of Desjardins from June 2013 to June 2014, and Chief Executive Officer of ResMor Trust Company from May 2010 to February 2013. Prior to 2010 she held various executive positions with the ING Direct N.V. in Amsterdam, Japan and France and served as President and CEO of ING Bank of Canada.

Michael Stramaglia, who was Executive Vice-President and Chief Risk Officer of Sun Life Financial Inc. from 2006 to 2012.

There are five committees of the Board of Directors made up of the following members:

Audit Committee: Eric Kirzner (Chair), Rowan Saunders, and Michael Stramaglia.
Corporate Governance Committee: Lynn McDonald (Chair), Johanne Brossard, Katherine Rethy, Rowan Saunders, and Vincenza Sera.
Human Resources and Compensation Committee: Lynn McDonald (Chair), Johanne Brossard, Michael Emory, Katherine Rethy, and Vincenza Sera.
Investment Committee: Eric Beutel (Chair), Michael Emory, Andrew Moor, and Vincenza Sera.
Risk and Capital Committee: David LeGresley (Chair), Eric Beutel, Eric Kirzner, Lynn McDonald and Michael Stramaglia.

Officers

The following are the Company's executive officers as at February 24, 2015:

Name and Municipality of Residence	Position
Andrew Moor Toronto, Ontario	President and Chief Executive Officer of the Company and Equitable Bank
Ron Tratch Toronto, Ontario	Vice-President of the Company and Chief Risk Officer of Equitable Bank
Tim Wilson Toronto, Ontario	Vice-President and Chief Financial Officer of the Company and Equitable Bank
Michelle Cole Inglewood, Ontario	Vice-President, Commercial Lending of Equitable Bank
Dan Dickinson Toronto, Ontario	Vice-President, Digital Banking of Equitable Bank
David Downie Toronto, Ontario	Vice-President, Commercial Mortgage Origination of Equitable Bank
Isabelle Farella Toronto, Ontario	Vice-President, Internal Audit of Equitable Bank
Scott Fryer Markham, Ontario	Vice-President, Deposit Services of Equitable Bank
Kimberly Kukulowicz Toronto, Ontario	Vice-President, Residential Sales and Partner Relations of Equitable Bank
Brian Leland Toronto, Ontario	Vice-President, Residential Credit of Equitable Bank
Tamara Malozewski Toronto, Ontario	Vice-President, Finance of Equitable Bank
Dan Ruch Toronto, Ontario	Vice-President and Chief Compliance Officer of Equitable Bank
David Soni Toronto, Ontario	Vice-President, Risk Policy of Equitable Bank
Jody Sperling Toronto, Ontario	Vice-President, Human Resources of Equitable Bank
Nicholas Strube Toronto, Ontario	Vice-President and Treasurer of Equitable Bank
David Yu Toronto, Ontario	Vice-President, Information Technology of Equitable Bank
Rajesh Raut Toronto, Ontario	Controller of Equitable Bank
John Simoes Toronto, Ontario	Senior Director, Financial Planning and Reporting of Equitable Bank

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

- Michelle Cole who was a Management Consultant with AMJ Campbell Van Lines from 2013 to 2014, and Senior Vice-President of Sales at GE Capital from 2007 to 2013.
- Dan Dickinson who was Managing Director, Online & Mobile Banking Canada from 2011 to 2013, and Senior Manager, eChannel Strategy & Planning at the Bank of Montreal.
- Isabelle Farella who was Senior Supervisor, Financial Conglomerates Group – Office of the Superintendent of Financial Institutions from 2009-2010.

- 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, 2014, the directors and executive officers as a group beneficially owned, directly or indirectly, or exercised control or direction over 2,154,285 common shares of the Company, representing approximately 14.0% of the 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 2014 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 2014 financial year, the Company did not face any penalties imposed by securities regulatory authorities, or enter into any 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.

MATERIAL CONTRACTS

The Company did not enter into any material contracts during the year ended December 31, 2014.

TRANSFER AGENT AND REGISTRAR

Computershare Investor Services Inc. is the transfer agent and registrar for the Company's common shares and Series 3 Preferred Shares at the following address: 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1.

EXPERTS

The Company's auditor is KPMG LLP and it is 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 Chartered Professional Accountants of Ontario.

KPMG LLP has been the auditor of the Company since 2002.

[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: Eric Kirzner (Chair), Rowan Saunders and Michael Stramaglia. 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 for 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. He was previously chair of the Audit Committee of Deutsche Bank Canada and Chair of the Audit and Compliance Committee of University of Toronto Asset Management Corporation.

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 (RSA) since September 2003. Mr. Saunders is a member of the Board of Directors of the Insurance Bureau of Canada.

Michael Stramaglia – Mr. Stramaglia holds a Bachelor of Mathematics (Hons) degree from the University of Waterloo. He is a Fellow of the Society of Actuaries, Fellow of the Canadian Institute of Actuaries, a Chartered Enterprise Risk Analyst and a member of the Institute of Corporate Directors with the designation ICD.D. Mr. Stramaglia is President and Founder of Matrisc Advisory Group Inc., a risk management firm that specializes in providing enterprise risk management advisory services to the financial services sector. He is also Executive in Residence at the Global Risk Institute where he advises on various education and research programs in the area of risk management for financial institutions. Mr. Stramaglia has over 30 years of financial services professional experience including over ten years at Sun Life Financial where he served in roles including Executive Vice-President and Chief Risk Officer, EVP Investments, EVP Financial Regulatory Initiatives. He was previously Executive Vice-President and Chief Investment Officer for Clarica and was head of the international Reinsurance Business for Clarica/Sun Life. Was previously Appointed Actuary, Chief Financial Officer, Chief Operations Officer, and ultimately President & Chief Executive Officer for Zurich Life Insurance Company of Canada.

Pre-Approval Policies and Procedures

The Audit Committee has adopted 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, together with the associated fees for those services. The policy also delegates authority to the Chair of the Audit Committee to approve permissible non-audit services and their fees between Committee meetings and report such approval to the Audit Committee at its next scheduled meeting. On a quarterly basis the Audit Committee is presented with a summary report of all services approved by the Audit Committee or the Committee Chair on a year-to-date as well as details of any proposed assignment to be pre-approved by the Committee. The policy does not delegate any responsibilities of the Audit Committee to management of the Company.

Appointment and Review Process

The external auditors are approved by Equitable Group Inc.'s shareholders at the Company's Annual General Meeting in May of each year, following a recommendation by the Company's Board of Directors.

In 2014, the Board of Directors introduced an enhanced process for annually reviewing the performance of the Company's external auditors, in order to provide more formal and quantitative support for its recommendation to shareholders. The Board of Directors' updated External Auditor Oversight policy also requires the Board to conduct a more comprehensive review every five years. The criteria that it uses to assess the performance of the incumbent external auditor include:

- independence, objectivity, and professional skepticism
- quality and continuity of the engagement team
- reputation and quality controls within the audit firm
- clarity, frequency, and appropriateness of communication
- overall quality of service, including accessibility and adherence to delivery dates
- review of Canadian Public Accountability Board inspections regarding the audit firm and to any inspection specifically related to the external audit of the Company
- audit fee levels relative to industry benchmarks

The Board of Directors' assessment results in a quantitative score and qualitative feedback, both of which inform the Board's decision to recommend re-appointment of the auditor to shareholders. The Chair of the Audit Committee also uses the results of the review to provide performance feedback to the incumbent auditor so that audit performance continually improves.

External Auditor Service Fees

Category	2014[1]	2013[1]
Audit Fees	$464,130	$392,400
Audit–related Fees	$115,000	$93,500
Tax Fees	$39,100	$45,000
Other Fees	$-	$-
Total	**$618,230**	**$530,900**

[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. The increase of $71,730 from 2013 to 2014 was comprised of $62,370 related to a comfort letter provided for the Company's Series 3 Preferred Share issuance and $9,260 related to a consent letter provided for the Company's shelf prospectus.

Audit-related Fees

Audit-related fees include amounts of $40,000 paid in 2014 and $23,500 paid in 2013 for a specified procedures report to support Equitable's participation in CMHC sponsored securitization programs. The fees increased in 2014 as a result of additional reporting procedures mandated by CMHC. Included in the 2014 fees is $75,000 for French translation of the Company's base shelf prospectus and 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 corporate tax 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 effectiveness of the Company's internal controls, including internal control over financial reporting and disclosure controls and procedures; and
(iv) the Company's internal audit and finance 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 Company.

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

6. Review earnings news releases and ensure adequate procedures are in place for the review of the Company's public disclosure of all financial information extracted or derived from the Company's financial statements, other than the public disclosure in the Company'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 Senior Counsel significant litigation matters and any 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.

Internal Audit

1. Review the organizational structure of the Internal Audit function, ensuring the function has sufficient stature and authority within the Company and has unfettered access and a direct reporting line to the Audit Committee.

2. Review and approve annually the mandate of the Internal Audit function, ensuring the mandate aligns with the professional standards of the Institute of Internal Auditors.

3. Review and approve annually the annual audit plan, ensuring that it is appropriate and risk-based and addresses all relevant activities over a measurable cycle, and approve Internal Audit's budget and resources.

4. Approve the appointment or dismissal of the Vice-President of Internal Audit.

5. Annually assess the effectiveness and performance of the Vice-President of Internal Audit, 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.

6. Request at least every five years an independent quality assurance review of the Internal Audit function, review the results of such reviews and report such results to the Board.

7. Review quarterly and other Internal Audit reports and ensure the necessary corrective actions are taken by management on identified audit issues and Internal Audit's recommendations within an appropriate timeframe.

8. Discuss with the Vice-President of Internal Audit the effectiveness of the Company's internal controls, risk management and governance systems and processes.

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. Provide a forum for the Vice-President of Internal Audit to raise any financial reporting issues or issues with respect to the relationship and interaction among the Internal Audit Department, management, the external auditor and/or regulators.

12. Review reports of deficiencies identified by supervisory authorities related to the internal audit function, including information to demonstrate progress of necessary corrective action and remediation, by management, within an appropriate time frame.

External Auditor

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

2. Review and evaluate the qualifications, independence, objectivity and professional skepticism of the external auditor, including the lead partner on the engagement.

3. Annually assess the performance of the external auditor and the lead partner, including assessing their effectiveness and quality of service and taking into consideration the opinions of management and Internal Audit, and any concerns raised by the Company's regulators, prior to making a recommendation to the Board on their reappointment.

4. Perform a comprehensive review of the external auditor every 5 years to provide further insight on the audit firm, its independence and the application of professional skepticism.

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

6. 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.

7. 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.

8. Review and pre-approve in accordance with the established pre-approval policy all services to be provided by the external auditor, including audit and audit-related services and permitted non-audit and tax services. Delegate pre-approval authority to a Committee member and review any service pre-approved by the Committee member at the next scheduled meeting.

9. Review total annual fees billed and paid to the external auditor by the required categories.

10. Review with the external auditor the Canadian Public Accountability Board's (CPAB) annual public report on inspections findings together with any significant audit findings specific to the CPAB's inspection of the Company's audit.

11. Review annually a report from the external auditor describing:
    (i) their internal quality control practices and procedures, including the audit firm's engagement quality control process;
    (ii) 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,
    (iii) the external auditor's internal procedures to ensure independence,
    (iv) details concerning all relationships between the external auditor and the Company that may affect the objectivity or independence of the external auditor,
    (v) the external auditor's policy on partner rotation.

12. Establish and review a policy that stipulates the criteria for tendering the external audit contract and requires the Committee to periodically consider whether the contract should be put out for tender, taking into consideration the length of the current audit firm's tenure and the risks it may pose to the audit firm's objectivity and independence.

13. Review the Company's policy for hiring current or former partners and employees of the current or former external auditor as required by applicable laws.

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

Finance Function

1. Review the organizational structure of the Finance function, ensuring the function has sufficient stature and authority within the Company and has unfettered access and a functional reporting line to the Committee.

2. Review and approve annually the mandate of the Chief Financial Officer and the Finance function's budget and resources.

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

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. Periodically engage an independent third party to assess the effectiveness of the Finance function, review the results of that assessment and report such result to the Board.

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.

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 Internal Audit on the design and operating effectiveness of internal controls, adequacy of reporting practices, disclosure controls and any significant control breakdowns, including any reports concerning significant deficiencies and material weaknesses in the design or operation of internal controls.

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

5. Establish 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 by an employee (whistleblower) of concerns regarding questionable accounting or auditing matters. Review reports from the Chief Compliance Officer related to said matters and results of the associated investigations.

6. 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. <u>Membership</u>

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

2. Committee members shall be independent 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 Committee members will not be "affiliated" with the Bank in accordance with the *Bank Act*.

3. Committee members 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. Committee members are appointed annually by the Board immediately following the annual meeting of shareholders and shall hold office until their successors are appointed or until they cease to be a director of the Company.

D. <u>Vacancies</u>

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

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

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

2. The Corporate Secretary, or his or her designate, shall act as Secretary at Committee meetings. The Secretary shall record and maintain minutes of all meetings of the Committee and subsequently present them to the Committee for approval.

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

1. The Committee shall meet at least quarterly, or more frequently as circumstances dictate. Meetings shall be convened at such times, places and in such a manner as determined by the 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 Committee meetings 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 Vice-President of Internal Audit, to attend and be heard at each meeting.

6. Quorum for a meeting shall be a majority of the Committee members, subject to a minimum of two members.

7. 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. Matters decided by the Committee shall be by majority vote.

9. The Committee shall meet privately after each meeting, and shall also meet in separate private sessions with each of the external auditor, the Vice-President of Internal Audit and the Chief Financial Officer.

G. Report to the Board

1. The Committee Chair shall report to the Board after each of its meetings on matters reviewed by the Committee, including the audit plan's execution and any issued raised during the audit.

H. Access to Management

1. 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.

This mandate was last reviewed and approved by the Board on November 13, 2014.