EQUITABLE GROUP INC.

Notice of Annual Meeting of Shareholders and Management Information Circular

May 14, 2014

Your vote is important.

This document tells you who can vote, what you will be voting on
and how to exercise your right to vote your shares.
Please read it carefully.

EQUITABLE GROUP INC.

April 9, 2014

Dear Shareholder,

We invite you to join our Board of Directors and senior management team for our 10th annual meeting of shareholders which will be held at the TMX Broadcast Centre, the Exchange Tower, 130 King Street West, Toronto, Ontario on Wednesday, May 14, 2014 at 4:15 p.m. (Eastern Standard Time). The meeting is your opportunity to hear about our performance over the past year and learn about our plans for the future. You will also meet our directors and senior management.

The Notice of Meeting and accompanying Management Information Circular describes the business to be conducted at the meeting and provides information on our executive compensation and corporate governance practices.

Your vote is important to us. You may exercise your vote in person, by telephone or the internet, or by completing and returning the enclosed form of proxy or voting information form. Please refer to the "Voting Information" section of the Circular for further information.

We look forward to seeing you at the meeting.

Sincerely,

Austin Beutel
Chair of the Board

Andrew Moor
President and Chief Executive Officer

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Our Annual Meeting of Shareholders will be held at:

The TMX Broadcast Centre
The Exchange Tower
130 King Street West
Toronto, Ontario

on **Wednesday, May 14, 2014** at 4:15 p.m. (Eastern Standard Time) for the purposes of:

1. receiving the financial statements for the year ended December 31, 2013 and the auditors' report on those financial statements;
2. electing the directors;
3. appointing KPMG LLP as auditors and to authorize the directors to set their remuneration; and
4. transacting any other business as may properly come before the meeting.

Shareholders of record as of the close of business on April 4, 2014 are entitled to receive notice of and vote at the meeting. Whether or not you plan to attend the meeting in person, please complete the enclosed form of proxy or voting instruction form and return it to our transfer agent, Computershare Investor Services Inc., in accordance with the instructions set out therein. For your vote to be recorded, **your proxy vote must be received by Computershare Investor Services Inc. no later than 4:00 p.m. (Eastern Standard Time) on Monday, May 12, 2014**.

For more information about voting by proxy, telephone or internet, please see the section entitled "Voting Information" in the accompanying Management Information Circular.

Your vote is important. Please vote as soon as possible to ensure that your vote is recorded promptly.

By order of the Board of Directors,

Andrew Moor
President and Chief Executive Officer

April 9, 2014

MANAGEMENT INFORMATION CIRCULAR

All information is as of April 9, 2014, unless otherwise indicated.

WHAT'S INSIDE

This Management Information Circular ("Circular") is provided in connection with the solicitation of proxies by the management of Equitable Group Inc. for use at the Annual Meeting of Shareholders (the "Meeting") which will be held at the time and place and for the purposes set forth in the accompanying Notice of Meeting, and any adjournment thereof. It is expected that the solicitation will be primarily by mail; however, proxies may also be solicited personally by officers and directors and other representatives of the Company. We pay all costs for soliciting proxies.

In this document:

- "Equitable", the "Company", "we" and "our" means Equitable Group Inc.
- "shareholder", "you" and "your" means you in your capacity as a holder of common shares of Equitable Group Inc.

VOTING INFORMATION

What will I be voting on?

You will be voting on the following items of business:

- the election of directors; and
- the appointment of KPMG LLP as auditors and for the Board's authorization to set their remuneration.

These matters will be decided by a simple majority of votes cast by proxy or in person.

Who can vote

If you held common shares at the close of business on April 4, 2014 (the record date), you are entitled to attend the meeting and vote your common shares. Each Company common share represents one vote.

How to vote

Registered Shareholders

You are a registered shareholder if your name appears on your share certificate. Registered shareholders can vote in person at the Meeting, by proxy, by telephone or by using the internet. If you are a beneficial shareholder, please see the "Non-Registered Shareholders (Beneficial Owners)" section on page 4.

Voting in person

You do not need to complete or return the form of proxy enclosed in your package. Simply attend the Meeting and register with our transfer agent, Computershare Investor Services Inc. Your vote will be taken and counted at the Meeting.

Voting by proxy

Voting by proxy means you are authorizing another person to attend the Meeting and vote your shares for you (your proxyholder). Please mark your voting instructions in the voting section of the form of proxy, sign and return the enclosed form of proxy to Computershare. By signing the enclosed form of proxy you are giving Austin Beutel, Chair of the Board, or Andrew Moor, President and Chief Executive Officer who are named in the form of proxy the authority to vote your shares at the Meeting or any adjournment.

You can choose anyone you want to be your proxyholder; it does not have to be another shareholder. Simply print the person's name in the blank space provided on the form of proxy and return it to Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 or by fax to 416-263-9524 or 1-866-249-7775 prior to 4:00 p.m. (Eastern Standard Time) on Monday, May 12, 2014 or to the Chair of the Meeting on the day of the Meeting, at any time prior to the commencement of the Meeting or any adjournment thereof. **Your proxyholder must attend the Meeting in person in order for your shares to be voted.**

Voting by telephone or internet

You may vote your shares by telephone by calling 1-866-732-VOTE (8683) and following the instructions provided. Please note that if you vote using this method you cannot appoint anyone other than Austin Beutel or Andrew Moor as your proxyholder.

You may also vote by internet by going to www.investorvote.com and following the online voting instructions. In both cases you will need your 15 digit Control Number located in the lower left corner of the form of proxy to identify yourself to the system.

If you vote by telephone or using the internet, all information must be entered by 4:00 p.m. (Eastern Standard Time) on Monday May 12, 2014. Please note that if you vote by telephone, Do NOT complete or return the form of proxy.

How your proxy will be voted

Your proxy will be voted according to your voting instructions. If you have not given voting instructions then your proxyholder will decide how to vote. Your proxyholder will also decide how to vote on any amendment to any of the matters in the Notice of the Meeting or any new matters that properly come before the Meeting.

As at the date of this Circular, management does not know of any matter to come before the Meeting other than the matters referred to in the Notice of Meeting.

If you complete and return the form or proxy but do not appoint another proxyholder or give voting instructions, your shares will be voted for you by Austin Beutel or Andrew Moor as follows:

- **FOR** the election of the director nominees set out in this Circular; and
- **FOR** the appointment of KPMG LLP as the auditors of the Company.

Changing your mind

If you change your mind, you may revoke your proxy at any time before it is used. You can:

- submit another form of proxy with a later date and deliver it to Computershare at the address or fax number specified above, **no later than 4:00 p.m. (Eastern Standard Time) on Monday, May 12, 2014, or**

- deliver a written statement to this effect signed by you or your authorized attorney to Andrew Moor, President and Chief Executive Officer at the registered office of the Company, **at any time up to 4:00 p.m. (Eastern Standard Time) on Monday, May 12, 2014 or to the Chair of the Meeting before the start of the Meeting**.

Non-Registered Shareholders (Beneficial Owners)

You are a non-registered (beneficial) shareholder if your common shares are held in an account in the name of an intermediary or nominee, such as a trustee, financial institution or securities broker, or in the name of a clearing agency in which the intermediary is a participant, such as the Canadian Depository of Securities Limited, or CDS. Most of our shareholders are non-registered shareholders.

Non-registered shareholders are either “objecting beneficial owners” or “OBOs” who object that their intermediaries disclose certain information about their ownership in the Company, or “non-objecting beneficial owners”, or “NOBOs”, who do not object such disclosure. The Company pays intermediaries to send Meeting materials to NOBOs. The Company does not intend to pay an intermediary to send Meeting materials to OBOs. They will obtain these documents only if their intermediary assumes postage costs.

Voting in person

The Company has limited access to the names of its non-registered shareholders. If you wish to vote in person at the Meeting we may have no record of your shareholdings or entitlement to vote, unless your intermediary has appointed you as proxyholder. Therefore, if you want to vote at the Meeting or appoint another person to attend and vote your shares for you, you must insert your name or the name of your proxyholder in the space provided on the voting instruction form and return the completed form in the envelope provided. Do NOT indicate your voting instructions because your vote will be counted at the Meeting. When you arrive at the Meeting, please register with our transfer agent. If you voted through your intermediary and would now like to vote in person, contact your intermediary to see whether this is possible and what procedure you would need to follow.

Voting by proxy

Complete the voting instruction form sent to you and then sign and return it as indicated on the form. Your intermediary will follow your voting instructions and vote on your behalf. Please ensure that your voting instructions are provided on or before the time noted in the voting instruction form.

Alternatively, you may receive from your intermediary a proxy form which has been pre-authorized by your intermediary indicating the number of shares to be voted, which is to be completed, dated, signed and returned in accordance with instructions provided.

Voting by telephone or Internet

Non-registered shareholders who received a voting instruction form from Computershare may vote their shares by telephone by calling 1-866-734-VOTE (8683) and following the instructions provided, or by internet by going to www.investorvote.com and following the online voting instructions. In both cases you will need your 15 digit Control Number located in the lower left corner of the voting instruction form to identify yourself to the system. **Please note that your voting instructions must be entered by 4:00 p.m. (Eastern Standard Time) on Monday May 12, 2014**. If you vote by telephone or internet, do NOT complete or return the voting instruction form.

Changing your mind

If you change your mind and have sent your completed voting instructions to your intermediary, contact your intermediary for information about how to revoke them.

Employee Shareholders

If you hold shares purchased through the Company’s Employee Share Purchase Plan you will have received this Circular and a voting instruction form. You may vote your shares:

- by completing the voting instruction form and returning it by following the instructions on the form,
- by phoning the toll-free telephone number on your voting instruction form. You will need to refer to your 15 digit Control Number located in the lower left corner of the voting instruction form,
- online by going to www.investorvote.com and following the online voting instructions.

Your Employee Shares will be voted for or withheld from voting only in accordance with your instructions.

Quorum for Meeting

Quorum constitutes two or more people present, in person, who are entitled to vote at the meeting and represent at least 10% of the issued and outstanding common shares. The two people are entitled to vote in their own right, by proxy, or as a duly authorized representative of a shareholder.

Contacting the Transfer Agent

For general shareholder enquiries, you can contact Computershare at:

- phone: 1-800-564-6253 (toll-free within Canada and United States)
- fax: 1-888-453-0330 (within Canada and United States)
- email: service@computershare.com.
- mail: Computershare Investor Services Inc.
  100 University Avenue
  8th Floor, North Tower
  Toronto, Ontario
  M5J 2Y1

Confidentiality

To keep voting confidential, Computershare counts and tabulates the votes. This is done independently of the Company to preserve the confidentiality of individual shareholder votes. Computershare only discusses proxies with the Company when it is legally necessary, or when a shareholder clearly intends to communicate with management.

Voting Results

Voting results of the Meeting are available shortly after the Meeting on the Company's website at www.equitablegroupinc.com and on SEDAR at www.sedar.com.

Voting Securities and Principal Holders

As at the close of business on April 4, 2014, there were 15,393,322 common shares outstanding. To the knowledge of our directors and officers, as at the date of this Circular, the only persons or companies which beneficially owned, directly or indirectly, or exercised control or direction over more than 10% of the outstanding common shares of the Company are the following:

	Number of common shares	Percentage of outstanding common shares
Stephen Smith[1]	2,140,600	13.9%
Mawer Investment Management Ltd.[2]	2,038,326	13.2%
Oakwest Corporation Limited.[3]	2,000,000	13.0%
Beutel, Goodman & Company Ltd.[4]	1,692,769	11.0%

1. Stephen Smith beneficially owns, directly or indirectly, or exercises control or direction over these shares which were acquired for investment purposes.
2. Mawer Investment Management Ltd. acquired these shares in the ordinary course of investing activities.
3. Austin Beutel and Eric Beutel, directors of the Company, exercise control or direction over the common shares of Oakwest. These shares were acquired in the ordinary course of business and not with the purpose of influencing or changing the control of the Company. Eric Beutel beneficially owns, or exercises control or direction over, an additional 6,500 common shares.
4. Beutel, Goodman & Company Ltd. has disclaimed any beneficial ownership of these common shares but as an investment manager, it maintains exclusive power to exercise investment control or direction over such shares for its client accounts.

BUSINESS OF THE MEETING

Financial Statements

The consolidated financial statements for the year ended December 31, 2013 together with the auditors' report are included in our 2013 annual report, which has been mailed to shareholders with this Circular. Copies of the 2013 annual report may be obtained from the Corporate Secretary's Department upon request and will be available at the meeting.

Election of Directors

The Company's Articles of Amalgamation provide that the number of directors shall be a minimum of 3 and a maximum of 12. The Board is currently composed of 11 directors, including Andrew Moor, our President and Chief Executive Officer.

Austin Beutel, our current Chair of the Board, will be retiring from the Board at the end of the Meeting. Mr. Beutel has served in this capacity since joining the Company's Board in January 2004, and the Board of the Company's wholly-owned subsidiary, Equitable Bank ("Equitable" or the "Bank") in January 1999. In recognition of Mr. Beutel's significant contribution to the Board over the years and his unique knowledge of the development of Equitable's business, the Board intends to appoint Mr. Beutel as Honourary Chair of the Board upon his retirement as Chair. In this non-voting and non-compensated role, Mr. Beutel will continue to provide input on Board matters by way of his attendance at board meetings. Also retiring from the Board at the end of the annual meeting are Joseph Dickstein and Morris Shohet who have served the Board for 19 years and 5 years, respectively.

The Board has determined that 10 directors will be elected at the Meeting and believes all nominees are well qualified to serve on the Board, having established their eligibility and willingness to serve as directors, and we are not aware of any reason why a nominated director would not be available to stand for election.

The 10 nominees recommended for election as directors are as follows:

Eric Beutel	Andrew Moor
Michael Emory	Katherine Rethy
Eric Kirzner	Rowan Saunders
David LeGresley	Vincenza Sera
Lynn McDonald	Michael Stramaglia

Each successful nominee will hold office until the close of the next annual meeting of shareholders or until such office is earlier vacated. With the exception of Michael Emory and Michael Stramaglia, all of the nominees are currently directors of the Company and Equitable Bank. Information about the director nominees starts on page 7. Unless authority is withheld, the persons named in the enclosed form of proxy or voting instruction form intend to vote **FOR** the election of all 10 nominees.

Majority Voting for Directors

Our Majority Vote Policy applies to this election. Under this Policy, any nominee in an uncontested election who receives more *withheld* votes than *for* votes in favour of his or her election, must immediately tender his or her resignation. The Corporate Governance Committee will recommend to the Board whether or not to accept the resignation. The director offering to resign will not participate in the discussion. The Board shall issue, within 90 days of receiving the final voting results, a press release announcing the resignation of the director in question or its rationale for not accepting the resignation. In addition, the Company will immediately issue a press release on the full voting results for the election of directors.

Appointment of Auditors

The Board recommends that KPMG LLP be re-appointed to serve as the Company's auditors until the next annual meeting of shareholders. KPMG LLP has served continuously as the auditors of the Company since 2004 and of Equitable Bank since 2002.

Unless authority is withheld, the persons named in the accompanying form of proxy or voting instruction form intend to vote **FOR** the re-appointment of KPMG LLP as auditors of the Company to hold office until the close of the next annual meeting of shareholders at such remuneration as may be fixed by the directors.

Pre-Approval Policies and Auditor Service Fees

The Audit Committee has adopted a policy for the pre-approval of audit services and permitted non-audit services to be provided by the Company's external auditors. On an annual basis, the Audit Committee reviews and approves the terms, scope and associated fees of the external auditors' engagement. All services and associated fees must be pre-approved by the Audit Committee and must be permitted by securities regulations governing auditor independence. The Policy does not delegate any of the Audit Committee's responsibilities to management of the Company.

Fees paid by the Company to KPMG LLP for the years ended December 31, 2013 and December 31, 2012 were as follows:

	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 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.

DIRECTOR NOMINEES

About our Nominees

The following charts provide information about each of the 10 nominees proposed for election as directors. Included in these charts is information relating to the nominee's current Board Committee memberships, meeting attendance in 2013, other public board directorships held, areas of expertise, and equity ownership in the Company.

Eric Beutel
Toronto, Ontario, Canada
Director since 2004
Independent

Expertise/Experience:
- Finance
- Real Estate

Eric Beutel is Vice-President of Oakwest Corporation Limited, a private investment holding company. He holds a Bachelor of Arts degree from York University and a Master of Business Administration degree from the University of Ottawa.

Other public company directorships in the past five years
- In-Touch Survey Systems Ltd. (2013 - present; 2007 - 2011)
- NexGen Financial Corporation (2012 - present)
- Big Lots Canada Inc. (2008-2011)

Board/Committee Membership	Attendance # of meetings	Total Compensation[5] Year	Amount
Board	7 of 7	2013	$ 92,100
Equitable Bank's Investment Committee[6] (Chair)	29 of 29	2012	$ 85,350
Risk and Capital Committee	4 of 4	2011	$ 67,200

Securities held

Date	Common shares[1] (#)	DSUs[2] (#)	Total market value of common shares and DSUs[3] ($)	Meets Share Ownership Requirement
Apr. 9, 2014	2,006,500[4]	4,488	120,657,721	yes
Dec. 31, 2013	2,151,140[4]	4,461	109,406,932	yes
Dec. 31, 2012	2,151,140[4]	3,731	70,355,861	yes

Voting Results of 2013 Annual Meeting of Shareholders
Votes For: 100.00%
Votes Withheld: 0%

Michael Emory
Toronto, Ontario, Canada

Proposed Director

Independent

Expertise/Experience:

- Real Estate
- Senior Executive
- Risk Management
- Corporate Governance
- Strategic Planning
- Human Resources/ Compensation

Michael Emory is President and Chief Executive Officer and a trustee of Allied Properties REIT, a role he has held since 2003. He has also served as President and Chief Executive Officer and a director of Allied Canadian Development Corporation since 1988. Prior to 1988, Mr. Emory was a partner with the law firm of Aird & Berlis LLP, specializing in corporate and real estate finance. He currently serves as a director of Real Property Association of Canada.

Mr. Emory received his Bachelor of Arts (Honours) degree from Queen's University and his J.D. from the University of Toronto.

Other public company directorships in the past five years

Allied Properties REIT (2003 – present)

Board/Committee Membership	Attendance	Total Compensation	
N/A	# of meetings	Year	Amount
N/A	N/A	N/A	

Securities held

Date	Common shares[1] (#)	DSUs[2] (#)	Total market value of common shares and DSUs[3] ($)	Meets Share Ownership Requirement
N/A	N/A	N/A	N/A	N/A

Voting Results of 2013 Annual Meeting of Shareholders

Votes For: N/A

Votes Withheld: N/A

Eric Kirzner
Toronto, Ontario, Canada

Director since 2004

Independent

Expertise/Experience:

- Finance
- Investment Management
- Risk Management

Eric Kirzner is a Professor of Finance and the John H. Watson Chair in Value Investing at the Rotman School of Management at the University of Toronto. He also serves as lead external advisor to the Healthcare of Ontario Pension Plan, and as a member of the Canada Council for the Arts Investment Committee.

Professor Kirzner holds a Bachelor of Arts degree and a Master of Business Administration degree from the University of Toronto.

Other public company directorships in the past five years

None

Board/Committee Membership	Attendance	Total Compensation[5]	
	# of meetings	Year	Amount
Board	7 of 7	2013	$ 89,725
Audit Committee (Chair)	4 of 4	2012	$ 82,475
Risk and Capital Committee	4 of 4	2011	$ 73,750

Securities held

Date	Common shares[1] (#)	DSUs[2] (#)	Total market value of common shares and DSUs[3] ($)	Meets Share Ownership Requirement
Apr. 9, 2014	2,840	4,488	438,121	yes
Dec. 31, 2013	2,840	4,461	357,194	yes
Dec. 31, 2012	2,800	3,731	212,560	yes

Voting Results of 2013 Annual Meeting of Shareholders

Votes For: 100.00%

Votes Withheld: 0%

David LeGresley
Toronto, Ontario, Canada

Director since 2011

Independent

Expertise/Experience:

- Capital Markets
- Financial Services
- Human Resources/ Compensation
- Mergers & Acquisitions
- Strategic Planning

David LeGresley will be appointed Chair of the Board upon his successful re-election to the Board at the 2014 Annual Meeting. Mr. LeGresley is a corporate director and has over 25 years of experience in the financial services industry. He is a former executive of National Bank Financial holding positions in the area of corporate and investment banking and most recently serving as Vice Chairman from 2006 to 2008. He currently serves as a Director and Chair of the Audit Committee of Pembina Pipeline Corporation.

Mr. LeGresley holds a Bachelor of Applied Science degree in Engineering from the University of Toronto and a Master of Business Administration degree from Harvard Business School. He is a graduate of the Institute of Corporate Directors- Directors Education Program and a member of the Institute of Corporate Directors.

Other public company directorships in the past five years

- Pembina Pipeline Corporation (2010-present)
- NB Split Corp. (2006-2012)

Board/Committee Membership	Attendance # of meetings	Total Compensation[5] Year	Amount
Board	7 of 7	2013	$77,100
Audit Committee	2 of 2	2012	$64,475
Human Resources & Compensation Committee (Chair)	3 of 3	2011	$41,963
Risk & Capital Committee	2 of 2		

Securities held

Date	Common shares[1] (#)	DSUs[2] (#)	Total market value of common shares and DSUs[3] ($)	Meets Share Ownership Requirement
Apr. 9, 2014	17,000	2,333	1,159,195	yes
Dec. 31, 2013	17,000	2,320	974,738	yes
Dec. 31, 2012	17,000	1,622	607,714	yes

Voting Results of 2013 Annual Meeting of Shareholders
Votes For: 100.00%
Votes Withheld: 0%

Lynn McDonald
Toronto, Ontario, Canada

Director since 2011

Independent

Expertise/Experience:

- Finance
- Financial Services
- Governance
- Human Resources/ Compensation

Lynn McDonald is a former Managing Director at CIBC World Markets and a former deputy minister in the Ontario Government. She is the Chair and an independent trustee of Greystone Health Trust, an Ontario Hospital Association trust fund. Ms. McDonald is Past Chair, Governor and Chair of the Audit Committee of Frontier College, a national literacy organization. She is a former director of Bridgepoint Active Care Foundation and Chair of the Finance and Audit Committee and a former Governor of Trent University and Chair of the Investment and Audit Committee.

Ms. McDonald earned a Bachelor of Arts (Honours) degree in Economics from the University of Waterloo and is a graduate of the Institute of Corporate Directors-Rotman Directors Education Program and a member of the Institute of Corporate Directors.

Other public company directorships in the past five years

None

Board/Committee Membership	Attendance # of meetings	Total Compensation[5] Year	Amount
Board	7 of 7	2013	$75,475
Corporate Governance Committee (Chair)	4 of 4	2012	$64,475
Human Resources & Compensation Committee	6 of 6	2011	$43,463

Securities held

Date	Common shares[1] (#)	DSUs[2] (#)	Total market value of common shares and DSUs[3] ($)	Meets Share Ownership Requirement
Apr. 9, 2014	3,350	2,333	340,195	yes
Dec. 31, 2013	3,300	2,320	279,326	yes
Dec. 31, 2012	2,900	1,622	147,349	yes

Voting Results of 2013 Annual Meeting of Shareholders
Votes For: 98.29%
Votes Withheld: 1.71%

Andrew Moor
Toronto, Ontario, Canada

Director since 2007

Not Independent

Expertise/Experience:
- Finance
- Financial Services
- Real Estate
- Strategic Planning

Andrew Moor has been President and Chief Executive Officer of the Company and Equitable Bank since March 2007. He was previously President and Chief Executive Officer of Invis Inc. from February 2002 to February 2007. Mr. Moor received a Bachelor of Science in Engineering from the University College, London and a Master of Business Administration degree from the University of British Columbia. He is a graduate of the Institute of Corporate Directors-Rotman Directors Education Program and a member of the Institute of Corporate Directors.

Other public company directorships in the past five years

None

Board/Committee Membership	Attendance	Total Compensation[5]	
	# of meetings	Year	Amount
Board	7 of 7	2013	-
Equitable Bank's Investment Committee[(6)]	24 of 29	2012	-
		2011	-

Securities held

Date	Common shares[1] (#)	DSUs[2] (#)	Total market value of common shares and DSUs[3] ($)	Meets Share Ownership Requirement[7]
Apr. 9, 2014	79,710	-	4,782,600	yes
Dec. 31, 2013	79,666	-	4,043,846	yes
Dec. 31, 2012	68,135	-	2,224,608	yes

Voting Results of 2013 Annual Meeting of Shareholders
Votes For: 100.00%
Votes Withheld: 0%

Katherine Rethy
Toronto, Ontario, Canada

Director since 2008

Independent

Expertise/Experience:
- Legal
- Governance
- Senior Executive

Katherine Rethy is a Corporate Director and President of KAR Development Corp., a leadership consulting company. Ms. Rethy is an accomplished senior executive with over 25 years in professional, management and executive roles in Canadian-based global industrial companies. Her most recent corporate role was Senior Vice-President, Global Services with Falconbridge Limited. Katherine is Director of Toromont Industries Ltd of Toronto and is a member of the Supervisory Board of SBM Offshore N.V. in the Netherlands. In 2007, she was inducted into Canada's 100 Most Powerful Women Hall of Fame.

Ms. Rethy received her Bachelor of Science from the University of Toronto, her J.D. from the University of Windsor, her Master of Business Administration degree from the Schulich School of Business at York University, and her Master of Arts in Leadership for Sustainability from Lancaster University in the UK. She is a graduate of the Institute of Corporate Directors-Rotman Directors Education Program and a member of the Institute of Corporate Directors, Law Society of Upper Canada and the Women's Executive Network.

Other public company directorships in the past five years

- SBM Offshore N.V. (Member of the Supervisory Board) (2011-present)
- Toromont Industries Ltd. (2013 - present)

Board/Committee Membership	Attendance	Total Compensation[5]	
	# of meetings	Year	Amount
Board	6 of 7	2013	$ 76,100
Human Resources & Compensation Committee	3 of 3	2012	$ 70,500
Equitable Bank's Investment Committee[(6)]	14 of 20	2011	$ 63,340
Risk and Capital Committee	2 of 2		

Securities held

Date	Common shares[1] (#)	DSUs[2] (#)	Total market value of common shares and DSUs[3] ($)	Meets Share Ownership Requirement
Apr. 9, 2014	200	4,488	279,721	yes
Dec. 31, 2013	2,200	4,461	326,738	yes
Dec. 31, 2012	2,200	3,731	192,970	yes

Voting Results of 2013 Annual Meeting of Shareholders
Votes For: 98.29%
Votes Withheld: 1.71%

Rowan Saunders
Toronto, Ontario, Canada
Director since 2013
Independent

Expertise/Experience:
- Risk Management
- Financial Services
- Strategic Planning

Rowan Saunders has been President & Chief Executive Officer of Royal & Sun Alliance Insurance Company of Canada (RSA Canada), one of Canada's leading property and casualty insurance companies, since September, 2003. He is also a member of the global Executive Committee of RSA Insurance Group plc. Since joining RSA Canada in 1987, Mr. Saunders has held progressive leadership positions in the areas of underwriting, marketing, sales and finance. He serves as a member of the Board of Directors of the Insurance Bureau of Canada (IBC) and was the IBC's past Chair.

Mr. Saunders received a Bachelor of Arts degree from York University, holds the Canadian Risk Management designation and is a Fellow of the Insurance Institute of Canada.

Other public company directorships in the past five years

None

Board/Committee Membership	Attendance # of meetings	Total Compensation[5] Year	Amount
Board	4 of 4	2013	$ 54,725
Audit Committee	2 of 2		
Corporate Governance Committee	4 of 4		

Securities held

Date	Common shares[1] (#)	DSUs[2] (#)	Total market value of common shares and DSUs[3] ($)	Meets Share Ownership Requirement
Apr. 9, 2014	1,000	677	100,374	yes
Dec. 31, 2013	1,000	673	83,194	yes

Voting Results of 2013 Annual Meeting of Shareholders
Votes For: 99.99%
Votes Withheld: 0.01%

Vincenza Sera
Toronto, Ontario, Canada
Director since 2013
Independent

Expertise/Experience:
- Finance
- Financial Services
- Governance
- Real Estate

Vincenza Sera is a Corporate Director. She is Chair of the Ontario Pension Board, a member of the Board of Directors of the Ontario Financing Authority and DREAM Unlimited Corp., and also serves on the Board of Trustees of Dundee Industrial REIT. Ms. Sera was previously an investment banker with National Bank Financial and served as a Vice-President with Canadian Imperial Bank of Commerce. She has more than 25 years of experience in capital markets, corporate finance and corporate governance including eight years lending to real estate projects and companies.

Ms. Sera received her Master of Business Administration (Finance) degree from the University of Toronto and an Honours Business Administration (Accounting) degree from the University of Windsor. She is a graduate of the Institute of Corporate Directors-Rotman Directors Education Program and a member of the Institute of Corporate Directors.

Other public company directorships in the past five years

- Dundee Industrial REIT (2012 – present)
- DREAM Unlimited Corp. (2013 - present)

Board/Committee Membership	Attendance # of meetings	Total Compensation[5] Year	Amount
Board	4 of 4	2013	$ 56,225
Corporate Governance Committee	4 of 4		
Human Resources & Compensation Committee	3 of 3		

Securities held

Date	Common shares[1] (#)	DSUs[2] (#)	Total market value of common shares and DSUs[3] ($)	Meets Share Ownership Requirement
Apr. 9 , 2014	-	677	40,374	Has until May 15, 2016
Dec. 31, 2013	-	673	32,434	to meet the requirement

Voting Results of 2013 Annual Meeting of Shareholders
Votes For: 99.99%
Votes Withheld: 0.01%

Michael Stramaglia
Toronto, Ontario, Canada

Proposed Director

Independent

Expertise/Experience:

- Risk Management
- Finance
- Investment Management
- Senior Executive
- Financial Services
- Governance

Michael Stramaglia is President and Founder of Matrisc Advisory Group, a risk management consulting firm. He is currently Executive in Residence at the Global Risk Institute and serves on the boards of the Economical Insurance Group and Foresters. Mr. Stramaglia has over 30 years of financial services experience, including prior executive leadership roles where he served as Executive Vice-President and Chief Risk Officer for Sun Life Financial, Executive Vice-President and Chief Investment Officer for Clarica and as President and CEO of the Zurich Life Insurance Company of Canada.

Mr. Stramaglia is a qualified actuary and Chartered Enterprise Risk Analyst. He received his Honours Bachelor of Mathematics degree from the University of Waterloo and is a graduate of the Institute of Corporate Directors-Rotman Directors Education Program and a member of the Institute of Corporate Directors.

Other public company directorships in the past five years

None

Board/Committee Membership	Attendance # of meetings	Total Compensation Year	Amount
N/A	N/A	N/A	

Securities held

Date	Common shares[1] (#)	DSUs[2] (#)	Total market value of common shares and DSUs[3] ($)	Meets Share Ownership Requirement
-	-	N/A	-	N/A

Voting Results of 2013 Annual Meeting of Shareholders
Votes For: N/A
Votes Withheld: N/A

1. The information as to common shares owned or over which control or direction is exercised has been provided by the respective nominees as of December 31 in each of 2012 and 2013 and April 9, 2014, respectively.
2. Represents the number of DSUs held by the Director as of December 31 in 2012 and 2013, and at April 9, 2014.
3. Total value of common shares is determined by multiplying the closing price of the Company's common shares on the Toronto Stock Exchange ("TSX") on December 31 in each of 2012 ($32.65), and 2013 ($50.76) and on April 9, 2014 ($60.00), respectively, times the number of common shares outstanding on those dates. The dollar amount of the DSUs is based on the volume-weighted average trading price of the common shares on the TSX five days prior to December 31 in each of 2012, 2013 and April 9, 2014 plus DSUs acquired through the reinvestment of dividends from the date of grant to April 9, 2014. The valuation methodology used to determine the fair value of the DSUs and the accounting fair value is the same.
4. Includes 2,144,640 shares held by Oakwest Corporation Limited in 2012 and 2013, and 2,000,000 held as at April 9, 2014. These shares are controlled or directed, directly or indirectly, by Eric Beutel.
5. Includes annual director and committee chair retainers, meeting fees, and the grant value of DSUs in each of 2012 and 2013.
6. 25 of the 29 meetings of the Investment Committee were convened on less than 2 days' notice to approve loans exceeding management approval limits.
7. Andrew Moor's share ownership requirement as CEO during 2013 was three times base salary as set out on page 35 of this Circular.

Additional Disclosure Concerning the Director Nominees

To the knowledge of the Company, no director nominee:

(a) is, as at the date of this Circular or has been within the last 10 years, a director, chief executive officer ("CEO") or chief financial officer ("CFO") of any company that was subject to a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, for a period of 30 consecutive days that was issued:

  (i) while the proposed director was acting in the capacity as a director, CEO or CFO, or;

  (ii) after the proposed director ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO;

(b) is, as at the date of this Circular, or has been within the last 10 years, a director or executive officer of any company, including the Company, that while acting in that capacity or within a year of 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;

(c) has, or within 10 years before the date of this Circular, 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 proposed director.

Furthermore, to the knowledge of the Company, after due inquiry, no director nominee 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 securityholder in deciding whether to vote for a director nominee.

Director Attendance

The Board expects directors to attend all regularly scheduled meetings of the Board and its committees, unless circumstances make it impossible to do so, and are required to attend at least 75% of the combined total of Board and committee meetings. Directors are also expected to attend the Company's annual meeting of shareholders.

2013 Board and committee meetings	#
Board	7
Audit Committee	4
Risk & Capital Committee	4
Corporate Governance Committee	7
Human Resources & Compensation Committee	6
Investment Committee (4 quarterly plus 25 meetings called on short notice to approve credits which exceeded management approval limits. Where attendance is not possible, Committee members will often provide their input by email or telephone in advance of the meeting.)	29

The attendance on an individual director basis for 2013 is set out in the following table. Of the 7 board meetings held in 2013, two related to strategic planning.

	Board	Audit Committee	Risk & Capital Committee	Corporate Governance Committee	Human Resources & Compensation Committee	Investment Committee[5]	Annual Meeting	Total Attendance	
								#	%
Austin Beutel	7/7	-	4/4	-	-	-	1/1	12/12	100
Eric Beutel	7/7	-	4/4	-	-	29/29	1/1	41/41	100
Joseph Dickstein	7/7	1/2	-	7/7	-	-	1/1	16/17	94
Eric Kirzner	7/7	4/4	4/4	-	-	-	1/1	16/16	100
David LeGresley[1]	7/7	2/2	2/2	-	3/3	-	1/1	15/15	100
Lynn McDonald[2]	7/7	-	-	4/4	6/6	-	1/1	18/18	100
Andrew Moor	7/7	-	-	-	-	24/29	1/1	32/37	86
Katherine Rethy[3]	6/7	-	2/2	-	3/3	14/20	1/1	26/33	79
Lionel Robins[4]	3/3	-	-	3/3	3/3	-	1/1	10/10	100
Rowan Saunders[4]	4/4	2/2	-	4/4	-	-	1/1	11/11	100
Vincenza Sera[4]	4/4	-	-	4/4	3/3	-	1/1	12/12	100
Morris Shohet	7/7	2/2	-	3/3	-	26/29	1/1	39/42	93
Michael Shulman[4]	3/3	-	-	3/3	-	8/9	1/1	15/16	94

Effective May 15, 2013:

1. David LeGresley ceased to be a member of the Audit Committee and was appointed to the Human Resources & Compensation Committee and to the Risk & Capital Committee;
2. Lynn McDonald was appointed to the Corporate Governance Committee;
3. Katherine Rethy ceased to be a member of the Human Resources & Compensation Committee and Risk & Capital Committee and was appointed to the Investment Committee; and
4. Lionel Robins and Michael Shulman retired from the board, and Rowan Saunders and Vincenza Sera were elected to the Board.
5. Includes four regularly scheduled meetings and 25 meetings called on short notice to approve loans which exceeded management approval limits.

Director Independence

The Board determined that 100% of the non-employee director nominees proposed for election are independent. See page 52 of this Circular for detailed information about the determination of director independence.

	Independent		Reason for Non-Independent status
	Yes	No	
Eric Beutel	✓		
Michael Emory	✓		
Eric Kirzner	✓		
David LeGresley	✓		
Lynn McDonald	✓		
Andrew Moor		✓	President & CEO
Katherine Rethy	✓		
Rowan Saunders	✓		
Vincenza Sera	✓		
Michael Stramaglia	✓		

Interlocking Directorships

As at the date of the Circular, none of the existing directors or those nominated for election sit on the same board of another public company.

The Board does not limit the number of its directors who sit on the same board of another public company but reviews interlocking board memberships.

Director Compensation

Compensation is paid to all non-employee directors. Director compensation is designed to achieve the following goals:

- attract and retain qualified individuals to serve on Equitable's Board,
- fairly and competitively compensate them for the time and effort required to fulfill their responsibilities and contribute to effective leadership and direction of the Company, and
- align directors' interests with the interests of our shareholders.

The Corporate Governance Committee is responsible for reviewing and recommending to the Board for their approval, the amount and structure of non-employee director compensation. The Committee reviews the structure and amount of compensation to ensure it reflects the duties, responsibilities and time commitment required of its directors and remains appropriate within the market and its peer group.

Elements of Director Compensation

Directors receive an annual retainer, committee chair retainers and attendance fees for serving on the boards of the Company and Equitable Bank. Directors are entitled to be reimbursed for travel and other expenses when they attend meetings or conduct business on behalf of the Company.

Directors other than the Chair of the Board receive the annual board retainer in cash and deferred share units (DSUs), and meeting fees for each board and committee meeting attended. The Chair of the Board is paid a separate retainer that includes a portion in DSUs equal to the value of DSUs received by the other non-employee directors and does not receive any other retainer or meeting fees.

Directors are paid the same fee whether they attend a meeting in person or by conference call. No fees are paid for meetings that are held in 15 minutes or less.

DSUs are awarded to each director upon their election to the Board by the shareholders. Further information on DSUs can be found on page 17 of this Circular.

Changes to Director Compensation for 2014

In 2013 the Corporate Governance Committee retained Towers Watson to review the competitiveness of compensation for non-employee directors and the Chair of the Board and provide information on compensation governance and best practice trends for directors and the Chair of the Board. Towers Watson also provides independent executive compensation advice to the Board's Human Resources and Compensation Committee.

The following table outlines the fees paid to Towers Watson for services provided to the Corporate Governance Committee in the last two years.

	2013		2012	
	Director Compensation-related Fees ($)	All Other Fees ($)	Director Compensation-related Fees ($)	All Other Fees ($)
Towers Watson	15,680	0	0	0

Towers Watson provided an overview of current compensation provided to directors at the group of financial services/publicly-traded companies used in the executive compensation comparator group and at a broader industry comparator group of publicly-traded Canadian companies similar in size to Equitable.

Reference Group	General Industry Reference Group	
Canadian Western Bank	Ainsworth Lumber Co. Ltd.	Momeau Shepell Inc.
First National Financial	Algoma Central Corp.	Nevsun Resources Ltd.
Genworth Canada	Algonquin Power & Utilities Corp.	Parex Resources Inc.
Home Capital Group Inc.	Atrium Innovations Inc.	Richelieu Hardware Ltd.
Laurentian Bank	Morguard Corp.	

The Committee reviewed the 25th, 50th and 75th percentiles of the reference data and based on this review and the analysis conducted by Towers Watson, the Corporate Governance Committee recommended the following increases:

- a $5,000 increase in both the cash portion and DSU portion of the director's annual retainer for a total annual director retainer of $60,000 per year.
- an increase of $5,000 in the annual retainers of the Corporate Governance Committee Chair, the Human Resources and Compensation Committee Chair and the Risk & Capital Committee Chair. These increases reflect the additional responsibilities and time commitment associated with these roles and aligns with the comparator groups.
- an increase in the total retainer (cash and equity) of the Board Chair from $87,500 to $160,000, half of which will be awarded in DSUs. This increase will more closely align Board Chair compensation to the median of the Board Chairs of the comparator groups. As with the current Board Chair compensation, there will be no additional retainers or meeting fees paid to the Board Chair.

These changes were approved by the Board in February 2014 to take effect following the May 2014 annual meeting.

The elements of director compensation for 2013 and the changes to take place in 2014 as described above are outlined in the table below.

	2013 Compensation	Effective May 14, 2014
Board Chair retainer		
• Cash	$62,500 per year	$80,000 per year
• Equity (DSUs)	$25,000 per year	$80,000 per year
Director retainer		
• Cash	$25,000 per year	$30,000 per year
• Equity (DSUs)	$25,000 per year	$30,000 per year
Committee Chair retainer		
Audit Committee	$20,000 per year[1]	$20,000 per year
Investment Committee	$10,000 per year	$10,000 per year
Human Resources and Compensation Committee	$10,000 per year	$15,000 per year
Risk and Capital Committee	$ 5,000 per year	$10,000 per year
Corporate Governance Committee	$ 5,000 per year	$10,000 per year
Board and Committee meeting fees		
More than 2 hours in duration	$ 1,500 per meeting	$1,500 per meeting
2 hours or less in duration	$ 750 per meeting	$ 750 per meeting
Shareholder meeting fee	$ 600 per meeting	$ 600 per meeting

1. The Board increased the annual retainer for the Audit Committee Chair from $15,000 to $20,000 on May 9, 2013.

Director Compensation Table

The following table shows compensation paid and the value of DSUs awarded to the non-employee directors during the year ended December 31, 2013:

	Director and Board Chair Retainer ($)	Committee Chair Retainer ($)	Attendance Fees ($)	Share-based awards (DSUs) ($)	Total ($)
Austin Beutel	62,500	-	-	25,000	**87,500**
Eric Beutel	25,000	10,000	32,100	25,000	**92,100**
Joseph Dickstein	25,000	1,875	18,600	25,000	**70,475**
Eric Kirzner	25,000	18,125	21,600	25,000	**89,725**
David LeGresley	25,000	6,250	20,850	25,000	**77,100**
Lynn McDonald	25,000	3,125	22,350	25,000	**75,475**
Katherine Rethy	25,000	3,750	22,350	25,000	**76,100**
Lionel Robins[1]	9,375	-	9,600	-	**18,975**
Rowan Saunders[2]	15,625	-	14,100	25,000	**54,725**
Vincenza Sera[2]	15,625	-	15,600	25,000	**56,225**
Morris Shohet	25,000	-	31,350	25,000	**81,350**
Michael Shulman[1]	9,375	-	10,350	-	**19,725**
TOTAL	**287,500**	**43,125**	**218,850**	**250,000**	**799,475**

1. Messrs. Robins and Shulman retired from the Board on May 15, 2013 and therefore received a pro-rated annual director retainer. They also received $141,201 in payment for their vested DSUs based on the volume-weighted average trading price of the common shares on the TSX for the five consecutive trading days prior to their retirement date, in accordance with the terms of the DSU Plan.
2. Ms. Sera and Mr. Saunders joined the Board on May 15, 2013 and therefore received a pro-rated annual director retainer.

Deferred Share Units

To align the interests of directors with the Company's shareholders, directors receive a portion of their annual retainer in deferred share units. A DSU is a notional share that has the same value as one Company common share. DSUs granted to directors vest immediately and accrue dividend equivalents when dividends are paid on the common shares. DSUs are only redeemable when a director leaves the board, at which point they are paid out in cash, less applicable taxes. The redemption value is equal to the market value of the Company's common shares multiplied by the number of DSUs credited to the independent director at the time he or she leaves the Board, in accordance with the DSU Plan. The value of DSUs is tied to the future value of the Company's common shares.

Share Ownership Requirement

The Board believes that share ownership by each director further aligns the interests of directors with the shareholders they represent. Each non-employee director is required to hold common shares and/or DSUs with a value equal to three times the director's annual cash retainer within three years of joining the Board. The share value is based on market price or the director's purchase price, whichever is higher. The Company's Corporate Secretary monitors compliance with the requirement at the beginning of each year for disclosure in the Management Information Circular.

Directors are prohibited from, directly or indirectly, entering into any short selling arrangements, or in the trading of puts, calls or options in respect of the Company's shares while serving as a director of the Company.

Outstanding Option-based and Share-based Awards

The Company discontinued granting options to non-employee directors in 2009 and in March 2012, the Board formally amended the Company's Share Option Plan to exclude non-employee directors as eligible participants.

In 2013 Katherine Rethy exercised her remaining 5,000 options from her May 15, 2008 grant. As of May 15, 2013 there were no outstanding options held by the current directors.

	Options vested during the year (#)	Option-based awards – value vested during the year[1] ($)	Options exercised during the year (#)
Katherine Rethy	5,000	77,100	5,000

1. Value is based on the price of the Company's common shares on the TSX on the date of vesting and the exercise price of the options.

The following table shows the value of outstanding share-based awards (DSUs) held by the non-employee directors as at December 31, 2013:

	Share-based Awards	
	Number of DSUs held [1] (#)	Market or pay-out value of vested DSUs not paid out or distributed[2] ($)
Austin Beutel	4,461	215,066
Eric Beutel	4,461	215,066
Joseph Dickstein	4,461	215,066
Eric Kirzner	4,461	215,066
David LeGresley	2,320	111,818
Lynn McDonald	2,320	111,818
Katherine Rethy	4,461	215,066
Rowan Saunders	673	32,434
Vincenza Sera	673	32,434
Morris Shohet	4,461	215,066

1. Includes dividend equivalents credited to each non-employee director's account from the date of grant to December 31, 2013.
2. The dollar amount of the DSUs is based on the volume-weighted average trading price of the common shares on the TSX five days prior to December 31, 2013 plus DSUs acquired through the reinvestment of dividends during 2013. The valuation methodology used to determine the fair value of the DSUs and the accounting fair value is the same.

BOARD COMMITTEE REPORTS

Audit Committee

The Audit Committee is composed of three independent directors, each of whom is financially literate as defined under National Instrument 52-110 *Audit Committees*. The members are:

Eric Kirzner (Committee Chair)
Rowan Saunders (appointed May 2013), and
Morris Shohet (appointed May 2013).

Prior to May 2013 the members were Eric Kirzner, Joseph Dickstein and David LeGresley.

The Committee is responsible for; (i) overseeing the quality and integrity of the Company's financial reporting; (ii) overseeing the control functions; namely the internal audit, compliance and finance functions; (iii) the qualifications and independence of the external auditors; (iv) compliance with legal and regulatory requirements; and (vi) the effectiveness of the Company's internal controls.

The Committee met four times in 2013 and each meeting was attended by the President and Chief Executive Officer, the Senior Vice-President and Chief Risk Officer (CRO), the Vice-President and Chief Financial Officer (CFO), the Vice-President of Internal Audit, and the external auditors, with presentations provided by the Chief Compliance Officer (CCO) and the Chief Anti-Money Laundering Officer (CAMLO). The Committee met at each meeting without management present, and also met with the external auditors, the Vice-President of Internal Audit, the CFO, the CCO and the CAMLO without management present at each meeting.

The Committee is satisfied that it has fulfilled its responsibilities under its mandate for the 2013 fiscal year and has provided this report on its activities:

- **Reviewed and discussed** with management and KPMG the interim and annual consolidated financial statements, MD&A, press releases and annual information form and recommended their approval by the Board;
- **Reviewed** with the external auditors material changes in accounting policies and practices;
- **Received** management's report assessing the effectiveness of the Company's disclosure controls and internal control over financial reporting;
- **Reviewed** the independence and qualifications of KPMG, their annual report on internal quality control procedures, and recommended to the Board their appointment as the Company's external auditors;
- **Reviewed** the external audit plan and monitored its execution. Reviewed and evaluated the results of the annual audit;
- **Pre-approved** all audit and permitted non-audit services performed by KPMG, including terms and fees and reviewed quarterly reports on fees paid;
- **Approved** the internal audit plan and reviewed quarterly reports of all internal audit activities, including the assessments of the effectiveness of internal controls and status of corrective actions, and observations on trends in audit issues;
- **Met** regularly with the Chief Compliance Officer and received quarterly reports on compliance with applicable laws and regulations, and the annual report on the Company's compliance program;
- **Met** regularly with the Chief Anti-Money Laundering Officer and received quarterly updates on compliance with anti-money laundering regulations and the annual report on the Anti-Money Laundering/Anti-Terrorist Financing program;
- **Reviewed** the procedures for the receipt, retention, and treatment of complaints regarding accounting, internal accounting or auditing matters;
- **Oversaw** the effectiveness, independence and resources of the internal audit, finance and compliance functions. Reviewed and approved the mandates for the Vice-President of Internal Audit, Chief Compliance Officer and Chief Financial Officer and assessed the individual performance of these officers;
- **Received** quarterly reports on litigation against the Company.

Risk and Capital Committee

The Risk and Capital Committee is composed of four independent directors. The members are:

Austin Beutel (Committee Chair)
Eric Beutel (Investment Committee Chair)
Eric Kirzner (Audit Committee Chair), and
David LeGresley (Human Resources and Compensation Committee Chair).

All have been members of the Committee since it was established in 2011 with the exception of David LeGresley who was appointed in May 2013.

The Committee is responsible for; (i) reviewing the Company's Core Risks and assessing whether the key risks of the Company have been identified; (ii) reviewing the Company's Risk Appetite and risk tolerance limits established in the context of its risk appetite; (iii) reviewing the Company's actual risk profile against the approved risk appetite and assessing the Company's policies, programs, procedures and controls in place to manage its Core Risks; (iv) reviewing the Company's Internal Capital Adequacy Assessment Process; (v) identifying and monitoring future trends and emerging risks; and (vi) taking an enterprise-wide view of risks faced by the Company.

The Committee met four times in 2013 and each meeting was attended by the President and Chief Executive Officer, the Senior Vice-President and Chief Risk Officer (CRO), the Vice-President and Chief Financial Officer and the Vice-President of Internal Audit. The Committee met privately with the CRO and also met *in camera,* without management present, at the end of each meeting. The Committee is satisfied that it has fulfilled its responsibilities under its mandate with respect to the 2013 fiscal year and has provided this report on its activities:

- **Reviewed** and recommended for Board approval the Company's risk appetite framework, which includes the risk appetite statement, and received regular reporting on the assessment of the Company's risk profile against risk appetite;
- **Received** quarterly reports from the Chief Risk Officer on his enterprise-wide view of the Company's Core Risks and the policies, programs and controls to manage these risks;
- **Reviewed** the quarterly risk dashboards submitted by the Enterprise Risk Management Committee and the results of the Company's enterprise-wide stress testing program in relation to capital at risk and certain ad-hoc stress tests conducted during the year;
- **Reviewed** the annual update of the emerging risk inventory;
- **Approved** the Operational Risk Management Framework and amendments to the Operational Risk Management Policy;
- **Reviewed** and recommended for approval by the Board the Internal Capital Adequacy Assessment Process;
- **Reviewed** internal audit reports relating to the adequacy and effectiveness of the Company's procedures and controls for capital management;
- **Reviewed** a report on the Company's risk governance structure;
- **Discussed** with the Chief Risk Officer and the Chair of the Human Resources and Compensation Committee the alignment of the Company's compensation program with its Core Risks;
- **Participated** in a presentation on director and officer liability insurance facilitated by an external subject matter expert;
- **Reviewed and approved** changes to the Committee's mandate which were made to further enhance alignment with OSFI's Corporate Governance Guideline;
- **Reviewed** the organizational structure of the Risk function, approved the mandate of the Chief Risk Officer, and approved the Risk function resource levels and budget;
- **Met** privately with the Chief Risk Officer at each meeting and satisfied itself as to his independence and effectiveness.

Human Resources and Compensation Committee

The Human Resources and Compensation Committee is composed of three independent directors. The members are:

David LeGresley (Chair) (member since May 2013)
Lynn McDonald (member since May 2011)
Vincenza Sera (member since May 2013)

Prior to May 2013 the members were Katherine Rethy (Chair), Lynn McDonald and Lionel Robins (retired in May 2013).

The Committee is responsible for: (i) overseeing the compensation philosophy and the design and application of the compensation program to ensure alignment with the Company's strategy and risk appetite framework; (ii) determining performance objectives for the CEO and regularly measure his or her performance against these objectives; (iii) evaluating the performance of the CEO and recommending his compensation based on this evaluation in consultation with independent advisors; (iv) reviewing the performance of the Company's executive officers and approving their compensation; (v) overseeing succession planning, talent development and retention strategies for executive officers; and (vi) overseeing share ownership requirements for the CEO and executive officers.

The Committee met six times in 2013 and each meeting was attended by the CEO and the Vice-President, Human Resources. The Committee met without management present at five of the meetings and with the independent advisor without management present at four of these meetings. The Committee is satisfied that it has fulfilled its responsibilities under its mandate with respect to the 2013 fiscal year and has provided this report on its activities:

- **Reviewed** and approved the CEO's annual performance objectives. Assessed his performance against these objectives and the financial results, and recommended for Board approval compensation awards for the CEO;
- **Reviewed** the analysis provided by the Committee's external advisor on the competitiveness of the CEO's target total direct compensation;
- **Reviewed** the performance assessments of the Executive Officers as provided by the CEO and approved their compensation, including the compensation of the oversight function heads;
- **Reviewed** and recommended for board approval the 2013 Corporate Performance Scorecard;
- **Reviewed** and discussed with the CRO his report on the alignment of the compensation program with the Company's risk appetite framework;
- **Reviewed** and recommended for Board approval amendments to the CEO's employment agreement;
- **Approved** amendments to the employment agreements of certain executive officers to align with current market practices and pursuant to discussions with the independent advisor;
- **Reviewed** and discussed with the independent advisor market trends and best practices in executive compensation, and the regulatory landscape;
- **Reviewed** the analysis provided by the Committee's independent advisor on changes to the Company's comparator group for benchmarking and competitive positioning purposes in respect of the Named Executive Officers;
- **Reviewed** management's report on compliance with share ownership requirements for the CEO, CFO and CRO;
- **Discussed** with management the Company's approach to talent management and succession planning for executive officer positions;
- **Reviewed** the results of the Company's survey on employee engagement; and
- **Reviewed and approved** the report on executive compensation for inclusion in the 2013 Management Information Circular.

Corporate Governance Committee

The Corporate Governance Committee is composed of four independent directors. The members are:

Lynn McDonald (Chair) (member since May 2013)
Joseph Dickstein (member since May 2008)
Rowan Saunders (member since May 2013)
Vincenza Sera (member since May 2013)

Prior to May 2013 the members were Joseph Dickstein (Chair), Lionel Robins (retired in May 2013), Morris Shohet, and Michael Shulman (who also retired in May 2013).

The Committee is responsible for; (i) identifying individuals qualified to become directors of the Company; (ii) recommending nominees for election to the Board at each annual meeting of shareholders or to fill vacancies on the Board; (iii) developing and recommending the Company's corporate governance policies, practices and processes; (iv) determining the desired experience, mix of skills and other qualities to assure appropriate Board composition; (v) reviewing and recommending the compensation of the non-employee directors of the Company; and (vi) evaluating Board, Board Committee and individual director performance.

The Committee met seven times in 2013 and each meeting was attended by the CEO. The Committee met *in camera* without the CEO present at six of these meetings, and met with the independent advisor, without the CEO present, to discuss Board and Board Chair compensation at one meeting. The Committee is satisfied that it has fulfilled its responsibilities under its mandate in 2013 and has provided this report on its activities:

- **Reviewed** the competencies and skills of the board as a whole and of the directors retiring in 2014 and agreed to the competencies required for selecting director candidates. An executive search firm was retained by the Committee in 2013 to assist in this work. The Committee spent considerable time discussing the desired competencies and reviewing the profiles of a number of potential candidates, the result of which was the recommendation to the Board of Michael Emory and Michael Stramaglia as director nominees;
- **Developed** and coordinated with the Chair of the Board, the Board Chair succession process. Developed the qualities and competencies desirable for the Chair of the Board position;
- **Reviewed** the process for assessing the performance and effectiveness of the Board and its committees, taking into consideration the two directors who joined the Board in May 2013 and the upcoming retirement of three directors in 2014, and oversaw the assessment;
- **Reviewed** the content of the director orientation program for new directors and oversaw the board's continuing education program, ensuring that specific requests for education topics received through the annual Board evaluation process were accommodated;
- **Reviewed** the criteria for assessing director independence for inclusion in the Director Independence Policy, and recommended this policy for Board approval;
- **Discussed** diversity on the Board;
- **Assessed** direct and indirect material relationships between each director nominee and the Company and recommended to the Board that nine of the ten nominees for election at the 2014 annual meeting are independent;
- **Reviewed** and recommended for board approval changes to the composition of the Board committees in light of the two director retirements in 2013 and the election of two new directors at the 2013 annual meeting;
- **Reviewed** the adequacy and form of director compensation as well as share ownership requirements with our independent consultant, as described on page 15. Recommended increased retainers for directors, the Chair of the Board and the Chairs of the Human Resources & Compensation Committee, Risk & Capital Committee and this Committee to reflect the increased responsibilities of these roles, which increases were approved by the Board;
- **Reviewed** the amendments to the Code of Business Conduct which were required as a result of the continuation of the Bank under the Bank Act on July 1, 2013;
- **Received** a report on compliance with the Code of Business Conduct by all Company employees and directors;
- **Reviewed** a number of enhancements that had been made to the mandates of the Board, Chair of the Board, Committee Chairs and this Committee to further align with OSFI's Corporate Governance Guideline. The Board approved these amendments in November 2013;
- **Monitored** regulatory landscape and developments in corporate governance;
- **Approved** the Bank's related party transactions and recommended board approval of the Bank's policies and procedures for monitoring related party transactions, dealing with customer complaints and disclosure of information to customers; and
- **Reviewed** the Company's Corporate Social Responsibility Framework and approved the 2014 CSR budget.

Investment Committee

Equitable Bank's Investment Committee is composed of four directors, three of whom are independent. The members are:

Eric Beutel (Chair since 2008)
Andrew Moor (member since 2007)
Katherine Rethy (member since 2013)
Morris Shohet (member since 2009)

The Committee had four regularly scheduled meetings in 2013 and each meeting was attended by the CEO, the Chief Financial Officer, the Chief Risk Officer, the Vice-President of Commercial Credit, the Vice-President of Residential Credit, and the Vice-President and Treasurer. The Committee also meets to approve credits which exceed management approval limits and in 2013 there were 25 such meetings.

The Committee is responsible for: (i) monitoring the Bank's credit, interest rate, and liquidity risks; (ii) reviewing the effectiveness of the Bank's risk management practices; (iii) reviewing appropriate limits for these risks; and (iv) ensuring compliance with regulatory requirements for these risks.

The Committee is satisfied that it has fulfilled its responsibilities under its mandate for the 2013 fiscal year and has provided this report on its activities:

- **Reviewed** detailed reports on the quality of the Bank's mortgage portfolio and closely monitored all changes, in particular all significant exposures to credit risk, problem loans, impaired loans, and the status of loan losses.
- **Reviewed** the adequacy of the collective allowances for potential credit loss in the mortgage portfolio and the appropriateness of the collective allowance methodology;
- **Approved** the delegation of credit approval limits to management and approved credit applications which exceeded those delegated authorities;
- **Reviewed** the Bank's lending policies, including the residential mortgage underwriting policy under OSFI Guideline B-20. Participated in a presentation on the Bank's underwriting practices, in particular the income verification process, and received management's confirmation that the Bank's residential mortgage underwriting practices comply with the OSFI Guideline;
- **Reviewed** and recommended to the Board for approval the Bank's policies for managing liquidity, and interest rate risks, and reviewed reports demonstrating compliance with these policies;
- **Reviewed** reports from the Bank's Asset Liability Committee on the management of liquidity and interest rate risk positions;
- **Reviewed** internal audit reports relating to the adequacy and effectiveness of the Bank's procedures and controls to manage its credit, liquidity and interest rate risks;
- **Monitored** the strategy of the Bank's securities portfolio and developments in market conditions.

The Committee mandates are available on the Company's website at www.equitablegroupinc.com.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The information provided in this section on Executive Compensation (on Pages 24 to 51 of this document) pertains to the Company and its sole wholly-owned subsidiary, Equitable Bank (the "Bank") a Schedule I Bank under the Bank Act (Canada), hereinafter collectively referred to as the Company.

Compensation Governance and Oversight

The Company's compensation governance structure consists of the Board of Directors, the Human Resources and Compensation Committee (the "HRC Committee"), and its independent advisor, Towers Watson. The Company has a Board-approved Compensation Policy ("Policy") which outlines the Company's compensation philosophy, principles and program guidelines that apply to all employees, including executive officers. The Board is accountable for ensuring that the principles, objectives, design parameters and implementation standards of the Company's compensation program attract, motivate and retain highly qualified employees critical to the success of the Company and that such practices are aligned with the business strategy and are in compliance with the Principles for Sound Compensation Practices and Implementation Standards established by the Financial Stability Board ("FSB Principles").

The Vice-President, Human Resources reports to the HRC Committee, at least annually, on the effectiveness of the Policy and the overall compensation program, and the Chief Risk Officer ("CRO") is accountable for reporting to the HRC Committee on the alignment of compensation programs and payouts with sound risk management principles and practices. Also, Internal Audit reports the results of its periodic assessment of this Policy and the compensation program to the Audit Committee and the HRC Committee.

The HRC Committee assists the Board in its oversight role with respect to the Company's compensation philosophy and structure by at least annually:

- reviewing the Compensation Policy and applicable compensation program;
- reviewing and approving annual corporate and individual performance targets relevant to the compensation of the President and CEO (the "CEO") and annually recommending to the Board the CEO's compensation, following an evaluation of the CEO's performance against such targets;
- reviewing and approving the compensation of the remaining executive officers, following a review of their performance assessments and compensation recommendations provided by the CEO;
- recommending Board approval of the compensation of the Named Executive Officers ("NEOs);
- assessing the appropriateness of compensation relative to actual performance and business risks undertaken;
- reviewing the senior level organizational structure of the Bank; and
- supporting the Board in its oversight of succession planning and talent management.

The HRC Committee is comprised of three independent directors: David LeGresley, who serves as Chair, Lynn McDonald and Vincenza Sera. The members of the HRC Committee have gained experience in compensation matters by serving as senior leaders in large organizations, with all members having extensive experience in the financial services sector. The Committee Chair has served as a member of the Human Resources Compensation Committee for another publicly-traded company. The Committee Chair has also sat on our Audit Committee and presently sits on the Risk and Capital Committee. The Board believes that collectively, this experience provides the HRC Committee with the knowledge, skills, experience and background to fulfill its mandate effectively. Moreover, the cross-membership between this Committee and the Risk and Capital Committee supports the effective oversight of compensation and its alignment with our risk management principles and practices.

In addition to the above, the HRC Committee has adopted good governance practices which include utilizing an annual work plan to map out all regularly occurring matters the HRC Committee has responsibility for, holding *in camera* sessions without management present, and working with an external advisor to advise the Committee on the compensation program. These practices have strongly supported the HRC Committee in effectively carrying out its mandate.

In 2013, the HRC Committee held 6 meetings. The CEO and the Vice-President, Human Resources attend the meetings of the HRC Committee. No officer, including the CEO, is present when his or her compensation is discussed.

Independent Advice

The HRC Committee benefits from the expertise provided by an external subject matter expert in the area of executive compensation and Towers Watson has been the HRC Committee's external independent compensation advisor since 2009. In 2013 the services provided by Towers Watson to the HRC Committee included:

- reviewing the competitiveness of compensation for the CEO;
- reviewing the competitiveness of compensation for the Executive Officers;
- providing advice on the Company's clawback policy;
- providing advice on executive share ownership;
- providing advice on compensation trends;
- providing input into annual incentive plan process including the corporate scorecard;
- reviewing the 2014 Management Information Circular; and
- providing general advice on issues including Employment Contract Best Practices, Peer Group Analysis and stock option valuations.

The HRC Committee regularly meets with Towers Watson, without management present, to discuss relevant issues and to ensure that the HRC Committee is able to discuss compensation related matters free from the influence of management, thereby ensuring the overall effectiveness of the HRC Committee's oversight of compensation. Decisions made by the HRC Committee are based on multiple sources and do not necessarily reflect advice received from Towers Watson.

The table below shows the fees paid to Towers Watson in 2013 and 2012, in respect of services provided to the HRC Committee:

Services Performed	Fees paid in 2013 ($)	Fees paid in 2012 ($)
Executive Compensation-related fees	96,985	101,724
All other fees	0	0

The HRC Committee must pre-approve any service the independent compensation advisor has been requested to provide to management to ensure the independence is not compromised.

Aligning Compensation with Risk Management Principles

Effective risk management is critical to our success and the achievement of our business strategies. Our compensation program is designed to ensure it does not create an incentive for risk taking outside of the Company's risk tolerance and the Board reviews the program regularly to confirm that it is operating as intended.

Equitable, like other financial institutions, is exposed to several risk factors, many of which are beyond our direct control. The Board plays an active role in monitoring the Company's core risks and in determining policies that are best suited to manage these risks. The Risk and Capital Committee assists the Board in its oversight of the Company's management of its core risks and is accountable for reviewing its assessment of the compensation program and its alignment with the Company's core risks with the HRC Committee. The core risks faced by the Company are described on pages 51 through 60 of our 2013 Annual Report which has been provided with this Circular and is also available on our website at www.equitablegroupinc.com.

The Company seeks to align pay with our business strategy to drive business performance, reward prudent management of a financial institution and the protection of its depositors, be competitive and maximize long-term shareholder return within the constraints of the Company's pre-defined risk appetite. In consideration of the risks associated with the Compensation Program, the HRC Committee has implemented a number of risk-mitigating features, including the following:

- incentive compensation is awarded based on the achievement of corporate targets that reflect the Company's key performance metrics;
- key determinants of employees' incentive compensation also include a requirement to achieve individual targets, which include behaviours and outcomes desired by the Company, as well as the attainment of departmental and corporate objectives. When making related compensation decisions, managers are also required to consider employees' risk and compliance accountabilities during the performance assessment process;
- the current design of the annual incentive plan supports risk mitigation as corporate and individual performance scores and associated bonus payouts are capped, with no exceptions being granted unless reviewed by the HRC Committee and approved by the Board. As such, there is no incentive to take undue risks that exceed the Company's risk appetite;
- the Committee has the authority to reduce short-term incentives to zero and the Board has overriding discretion to adjust the awards of the NEOs as it deems appropriate;
- unvested incentive compensation is subject to forfeiture in the event of termination of employment;
- minimum share ownership requirements are in place for the CEO and similar requirements have been implemented for the CFO and CRO in 2013;
- a clawback provision was implemented in 2013 with respect to incentive compensation awarded to the CEO, CFO and CRO in cases of fraud or willful misconduct;
- Company policy prohibits all employees from engaging in any hedging activities with respect to the Company's securities;
- the HRC Committee engages an independent compensation consultant to provide advice to the HRC Committee and review key program design changes; and
- the Risk and Capital Committee, alongside the HRC Committee, reviews the alignment of the compensation program with the Company's core risks on an annual basis.

The individual performance component for all employees responsible for the Company's key financial, operational and risk management activities (i.e., accounting and finance, risk management, internal audit, compliance and human resources) is linked to overall Company performance and performance against individual objectives. These employees do not report into businesses they support and the success or financial performance of business areas they support or monitor does not affect their performance assessment or compensation. This approach ensures employees remain objective in carrying out their oversight roles and aligns behaviours with our overall success.

To further promote prudent risk management and corporate governance principles in its annual compensation program, the Company requires that performance goals for all employees, including executives, must incorporate the following effective behavior measures:

- understand the Company's risk and compliance management frameworks, policies, guidelines and practices;
- ensure that all decisions take into account risk management and compliance considerations, and adhere to the appropriate related policies and practices;
- positively promote an effective risk and compliance management culture in all daily operations and decisions;
- proactively approach compliance management and anticipation of changes to compliance regulations; and
- demonstrate awareness of risks and manage responsibilities in a manner consistent with Equitable's Risk Appetite Framework.

As noted above, the Board approved a compensation clawback provision in February 2013 whereby, if, in the opinion of the independent directors of the Board, the Company's financial results are restated due in whole or in part to intentional fraud or willful misconduct by the CEO, the CFO and/or the CRO, the HRC Committee and the Board will review all incentive compensation awarded to the Executive Officer that is attributable to performance during the time period restated. Pursuant to this review, the Board will have the discretion to recoup all or a portion of incentive awards that have been awarded or are vested, and cancel unvested LTI awarded to the Executive Officer in the preceding 12 months that are in excess of the amount that would have been received by the Executive Officer under the restated financial statements.

Based on the foregoing, the HRC Committee is satisfied that the Company's Compensation Policy and program does not encourage risks which are likely to have a material adverse effect on the Company.

Aligning Compensation with Financial Stability Board Principles

The FSB Principles were designed to enhance the stability and soundness of financial institutions by protecting them against excessive risk taking. The Company believes that its approach to compensation aligns with the FSB Principles, as outlined in the table below.

FSB Principles	Our Compensation Practices	
The Board actively oversees the design and operation of the Company's compensation system	• the Board is responsible for approving the Company's compensation philosophy and structure through the review and approval of the Compensation Policy and incentive plans, as well as reviewing and adjudicating on salary recommendations for the NEOs. • the HRC Committee, which is composed entirely of independent directors: o Reviews the performance of the executive officers and makes compensation recommendations to the Board; o Makes determinations with respect to incentive compensation and criteria; o Oversees the hiring, promotion and compensation of executive officers; and o Meets *in camera* at each Committee meeting and provides its report to the Board.	**Effective Governance of Compensation**
The Board monitors and reviews the compensation system to ensure it operates as intended	• the HRC Committee monitors and reviews the compensation system to ensure alignment with risk management principles and practices. Such reviews include, but are not limited to, the design of compensation program, payouts, and ultimately reviewing and approving the Compensation Policy. • performance targets for executive officers are established annually in the first quarter. • performance against established targets is evaluated at the end of each year to assist in determining the compensation award for such year. • the HRC Committee engages an independent compensation advisor to assist in the review of our Compensation program, including the structure and level of compensation to executive officers.	
Staff engaged in financial and risk control must be independent, have appropriate authority, and be compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the firm	• compensation for employees in control functions, including risk, internal audit, compliance, and finance, is determined based on the Company's overall results and their individual performance and is independent of the specific businesses they support. • the Vice-President, Internal Audit, the CCO and the CFO meet *in camera* with the Audit Committee at each Committee meeting. • the CRO meets *in camera* with the Risk and Capital Committee at each Committee meeting. • The Vice-President, Internal Audit reports directly to the Audit Committee. • The compensation of the Vice-President, Internal Audit is recommended by the Chair of the Audit Committee.	
Compensation must be adjusted for all types of risk	• the Risk and Capital Committee is comprised of the Chair of the Board and the Chairs of the HRC Committee, the Investment Committee and the Audit Committee. The cross-membership between each of these Committees and the Risk and Capital Committee supports the effective oversight of the Company's core risks and alignment with its risk management principles. • all incentive plans include a discretionary element which allows the HRC Committee to consider risk when making compensation determinations for executive officers. • the Company's corporate performance scorecard reviewed by the HRC Committee and approved by the Board is used to determine compensation awards. In 2013, the performance measures included: Return on Equity, Earnings per Share and Total Capital Ratio.	**Effective Alignment of Compensation with Prudent Risk Taking**
Compensation outcomes must be symmetric with risk outcomes	• performance-based incentives are based on qualitative and quantitative criteria. • short-term incentives are based on pre-established targets, thresholds and maximum percentages of base salary by employee level, with no minimums or guaranteed bonuses. • performance-based incentive programs are stress tested to assess the impact of maximum bonus payouts on the Company's capital position. • incentive compensation for all employees is subject to forfeiture if an employee resigns or is terminated for cause. • effective in 2013, incentive compensation awards for the CEO, CFO and CRO are subject to clawback and forfeiture in the event of a financial restatement resulting from intentional fraud or willful misconduct.	
Compensation payout schedules must be sensitive to the time horizon of risks	• options vest 25% in each year after they are awarded and RSUs vest after 3 years. • a meaningful portion of a NEO's pay is deferred to ensure alignment of compensation with the risk time horizon and to enhance the focus on creating longer-term value. • we have share ownership requirements for the CEO, CFO and CRO to align their interests with shareholders. • employees and directors are prohibited from engaging in any hedging transactions with respect to the Company's shares.	

FSB Principles	Our Compensation Practices	
The mix of cash, equity and other forms of compensation must be consistent with risk alignment	• the mix of compensation changes with seniority such that the more senior the position, the greater the percentage of pay delivered in equity-based compensation. • having a significant portion of compensation subject to vesting and potential reduction or forfeiture at maturity allows the Committee to ensure that, over time, actual compensation paid is aligned with risk-adjusted performance.	

Executive Compensation Philosophy

Our compensation program is designed to attract, motivate and retain the necessary talent to meet its corporate objectives.

The compensation program has been designed based on the following guiding principles:

- to be competitive and to align with the achievement of corporate, departmental and individual objectives;
- to incent effective teamwork amongst employees, a culture of exceptional service, efficient use of economic and regulatory capital, prudent management to maintain integrity of the institution for shareholders and depositors and delivery of strong financial performance;
- to align with FSB Principles;
- to foster effective risk management practices and reward results that are aligned with the Company's risk appetite;
- to ensure pay is aligned with performance and the amount of pay "at risk" is reflective of the level and nature of the position; and
- to align executive compensation with shareholder interests and long-term value creation.

Our compensation philosophy for executive positions is to ensure a competitive level of total compensation relative to comparative positions in the Canadian market and /or Canadian financial services sector, as appropriate. The HRC Committee takes into account such factors as individual performance, relevant experience, internal equity and retention considerations in its evaluation. In addition, the components of each executive's overall compensation vary with the position and the ability for that position to impact the Company's performance.

This compensation philosophy results in a significant portion of each executive's compensation being "at risk" in order to motivate executives and to align their interests with the creation of long-term shareholder value. Generally, the percentage of total compensation that is "at risk" increases with the seniority of the position. The HRC Committee supports a compensation structure where the link between performance and pay is transparent and easily understood by its employees. Overall, the compensation program applies to all employees and is designed to align with the individual's overall stewardship and governance responsibilities.

Compensation Decision Making Process

Management

Vice-President, Human Resources
- provides information on compensation levels and mix and supporting analysis.
- manages performance assessment process

Chief Risk Officer
- provides input on Company performance against Board-approved risk appetite, and stress testing of incentive plans.
- together with the Risk & Capital Committee, provides input on alignment of compensation program & practices with sound risk management principles & practices as well as the Company's compensation philosophy, business objectives, and risk profile

Chief Executive Officer
- provides input on compensation decisions for executives

Human Resources and Compensation Committee

- assesses CEO performance
- determines compensation for executives and makes recommendations to the Board on CEO compensation

Independent Compensation Consultant

- provides research, analysis and advice on benchmarking best practices and emerging trends in executive compensation

Board

- approves design of incentive plans
- approves Corporate Performance Scorecard
- reviews and approves CEO compensation

Benchmarking and Competitive Positioning

The competitive market for executive talent is drawn from various businesses within the financial services and broader general industry. It is challenging to determine one specific peer group for purposes of benchmarking the NEOs given our structure, size and scope. We regularly review compensation levels based on market research provided by independent consultants, as well as trends and competitive practices obtained through participation in various compensation surveys. For benchmarking and competitive positioning purposes in respect of the NEOs, the HRC Committee periodically reviews the compensation for comparable positions in companies within the same industry, across industries, and with which we compete for executive talent (e.g., other larger banks but on a position-by-position scope-adjusted basis). The appropriate sample to be used to assess the competitiveness of pay varies based on role and where talent is recruited and lost. Given the complexity associated with specific benchmarks, the Company does not have a specific market positioning against select peers but rather all market data is considered for reference.

A comprehensive market compensation review was last conducted in 2013 for the CEO and his direct reports. For the purposes of these reviews, a comparator group was created in 2011 to reflect similar types of businesses. The comparator group was revisited in 2013, considering industry, revenue, assets, and market capitalization. As a result of the review, AGF Management, HOMEQ Corporation, and MCAN Mortgage Company were removed from the comparator group, and Laurentian Bank was added to the group.

The following table outlines the scope statistics for the 2013 current comparator group.

Comparator Group	
• Canadian Western Bank	• Home Capital Group Inc.
• First National Financial Corp.	• Laurentian Bank
• Genworth MI Canada Inc.	

	Revenue	Market Cap.[1]	Assets
25th Percentile	$513	$1,347	$12,106
50th Percentile	$777	$2,812	$20,076
75th Percentile	$809	$3,277	$27,247
Average	$684	$2,412	$19,756
Equitable	*$182*	*$779*	*$11,816*
Percent Rank	*Lowest*	*Lowest*	*24P*

All data sourced from S&P Capital IQ reflecting the latest fiscal year and all values are displayed in millions.

1. Market Capitalization equals total common shares multiplied by closing share price as of December 31, 2013.

The most recent Towers Watson executive compensation report prepared for the HRC Committee concluded that base salary, target total cash and total direct compensation were generally within the competitive range of our comparator group and other financial industry compensation survey data. Upon review of the Towers Watson report, the HRC Committee was satisfied that on average, the Company's compensation is positioned competitively and is consistent with our compensation philosophy.

Elements of Executive Compensation

Our compensation program consists of four elements: base salary, short-term incentive in the form of an annual cash bonus, long-term incentive in the form of Restricted Share Units ("RSUs") and stock options ("options"), and benefits. The mix of base salary, cash bonus, RSUs and options varies by position, reflecting the function each individual performs and his or her ability to impact the financial performance of the Company and resulting shareholder value. Although base salary provides a level of income reflecting each executive's level of responsibility, capabilities and market experience, the incentive programs are based on individual, departmental and overall Company performance, and are not guaranteed elements of compensation.

<table>
<tr><th></th><th>Element</th><th>Objective</th><th>Performance Period</th><th>Form</th></tr>
<tr><td rowspan="4">Total Direct Compensation</td><td>Base Salary
Fixed</td><td>• competitive compensation for required skills and experience
• recruit and retain top talent</td><td>1 year</td><td>Cash</td></tr>
<tr><td>Short-term Incentive
At risk</td><td>• award achievement of specific corporate financial goals
• award achievement of personal objectives tied to each employee's area of responsibility
• award achievement of pre-determined strategic objectives</td><td>1 year</td><td>Cash</td></tr>
<tr><td>Long-term Incentive (Restricted Share Unit Plan)
At risk</td><td>• align interests of executives and shareholders with respect to shareholder value creation
• reward achievement of sustained long-term performance
• retention</td><td>3 years</td><td>RSUs
settled in cash</td></tr>
<tr><td>Long-term Incentive (Share Option Plan)
At risk</td><td>• align interests of executives and shareholders with respect to shareholder value creation
• reward achievement of sustained long-term performance</td><td>7 year term/
4 year vesting</td><td>Options</td></tr>
</table>

	Element	Objective	Performance Period	Form
Indirect Compensation	Other (Benefits) • Health benefits • Group Registered Retirement Savings Plan ("RRSP") & Deferred Profit Sharing Plan ("DPSP") • Employee Share Purchase Plan (ESPP)	• Provide market competitive benefit program • Invest in employee health and well being • Promote responsible retirement planning and support funding for income at retirement • Consistent with the broad employee program	1 year	Cash

Base Salary

In determining the base salary of executives, our primary goal is to ensure that the competencies and experience required for a particular role are recognized. All executive salaries are set with reference to the executive's level of accountability, competitive market data, internal pay relationships, individual role requirements, and the executive's proven capabilities. Base salaries are reviewed annually and adjusted, as needed, based on the above as well as general market conditions and Company performance. Significant changes to an executive's mandate may also result in changes to base salary.

Short-term Incentive

The Company provides a short-term incentive ("STI") in the form of an annual cash bonus to all of its full-time employees, including executives. The STI is designed to motivate staff to achieve annual corporate and individual performance targets that align with our business, financial and strategic objectives. As such, this element of compensation is "at risk", and payouts earned are directly tied to the achievement of key financial and business objectives.

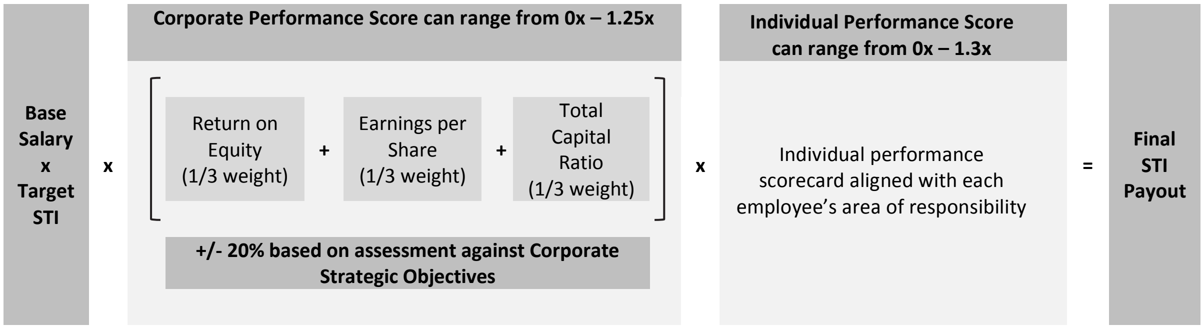
Our STI plan defines "threshold", "target" and "maximum" award levels, incorporates both financial and strategic corporate performance targets, provides an objective and transparent approach to ensuring direct pay-for-performance alignment (i.e., both above and below performance expectations), and aligns with best practices. Under the plan, the aggregate amount of funds available for distribution is based on the Company's overall financial performance for the year and individual performance ratings. A participant's final STI award is derived by multiplying his or her target STI opportunity by the corporate and individual performance scores.

Each employee is eligible for a target award opportunity, expressed as a percentage of his or her base salary, based on the Company's actual performance vis-à-vis its pre-established specific corporate financial goals. In 2013, the target award opportunity was 100% of base salary for the CEO, 55% of base salary for the CFO and CRO, and 25% for other NEOs. The maximum award opportunity for all employees, including the NEOs, is 150% of their target award opportunity.

At the beginning of the year, the HRC Committee approves the corporate financial performance measures to be included in the STI plan and threshold, target and maximum performance levels for each measure to align with threshold, target and maximum payout opportunities. For 2013, the corporate financial performance measures included Earnings per Share ("EPS"), Return on Equity ("ROE") and Total Capital Ratio, each weighted equally. At the end of the year, a Corporate Performance Score is determined based on performance against each metric. The resulting corporate score is subject to modification by up to +/- 20%, based on the HRC Committee's year-end assessment of the extent to which the Company achieved its predetermined strategic objectives for the year. The overall maximum Corporate Performance Score is capped at 1.45x (minimum = 0x), reflecting exceptional corporate performance at 1.25x plus an additional potential 20% for strategic objectives (1.25 + .20).

At the beginning of the year, individual performance objectives are set for each employee, including executives. At the end of the year, each employee's Individual Performance Score is determined based on an assessment of his or her performance relative to the predetermined objectives. The maximum Individual Performance Score is capped at 1.3x (minimum = 0), reflecting exceptional individual performance and contribution to the Company's objectives.

The following chart summarizes the 2013 STI calculation approach:



Although the achievement of the Company's financial performance metrics is an important consideration when determining the annual STI performance award, it is the HRC Committee's view that strict adherence to mathematical formulas could lead to unintended results. Accordingly, the HRC Committee retains the discretion to adjust STI awards based on qualitative considerations, such as extenuating circumstances and/or events that may have arisen over the course of the year which impacted the executive's ability to meet his or her original objectives, any new objectives that were mutually agreed upon during the year, as well as modifications to individual, departmental and/or corporate deliverables. Also, if circumstances warrant, the total amount of the STI award can be adjusted downwards to zero.

In addition to establishing key financial performance metrics for the forthcoming year, the HRC Committee also establishes qualitative individual performance targets for the CEO based on the Company's long-term business and strategic objectives, and recommends these to the Board for approval. The individual performance objectives for the remaining NEOs are reviewed and approved by the CEO in consultation with each NEO. The objectives vary, based on respective roles and accountabilities, and are generally expected to be measurable and achievable over the course of the year. At the end of the year, the CEO summarizes the performance of all direct reports for review and approval by the Committee. The Committee also reviews with the CEO the general performance of each of his direct reports.

In February 2014, the HRC Committee reviewed the Company's 2013 financial performance relative to the EPS, ROE and Total Capital Ratio targets approved by the Board at the beginning of the year. The actual performance results and associated performance assessment are shown below:

Performance Factor	Target	Actual	Below/Meets/Exceeds Target
Earnings Per Share	$5.72	$5.82	Exceeds
Return on Equity	17.8%	18.1%	Exceeds
Total Capital Ratio	>15.0%	16.3%	Exceeds
Strategic Objectives	Not disclosed due to competitive confidentiality	Not disclosed due to competitive confidentiality	Exceeds

The rationale for our use of the aforementioned performance targets is outlined below:

Earnings per Share ("EPS") is a key measure of senior management's ability to deliver profitability to the Company's common shareholders.

Return on Equity (ROE") reflects the Company's profitability by revealing how much profit we have generated with the money that our common shareholders have invested. This is useful for comparing the Company's profitability to that of its peers in the financial services sector.

Total Capital Ratio is a risk-based measure of the Bank's financial strength and reflects Management's ability to balance risk and return, while providing a prudent cushion to absorb shocks and protect the Bank's depositors and other lenders.

In February 2014, based on the financial performance results and individual performance reviews conducted at the end of 2013, the HRC Committee approved the STI awards for each of the CEO's direct reports, except for the NEOs whose awards were recommended by the HRC Committee to the Board for their approval. The HRC Committee also reviewed the CEO's achievement of his objectives and recommended the CEO's STI award to the Board for their approval. For the year-ended December 31, 2013, the STI awards for each NEO were as follows:

	2013 Target STI Award (% of base salary)	2013 Actual STI Award (% of base salary)	2013 Actual STI Award
Andrew Moor	100%	149.3%	$895,620
Tim Wilson	55%	79.9%	$214,000
William Edmunds	55%	76.6%	$204,000
David Downie	25%	33.4%	$80,000
Ron Tratch	25%	37.3%	$83,000

Long-term Incentives

The Company provides long-term incentives ("LTI") to eligible employees in the form of Restricted Share Units ("RSUs") (for those employees who are middle management and higher), and (ii) options (for those employees who are senior managers and higher). Both forms of equity-based compensation are designed to align the interests of Management with the interests of the Company's shareholders. The Company also believes this component of compensation enhances its ability to attract, motivate and retain employees instrumental to our success, and serves as a continuing incentive to build shareholder value and to provide Management with an opportunity to build, over time, a meaningful economic stake in the Company.

In determining individual grant sizes, the HRC Committee considers a number of factors including: market competitiveness, the number of any previously granted options, the position level of the employee, the responsibilities associated with such position level, retention considerations, and internal equity. Once a determination is made, the HRC Committee submits its recommendation to the Board for approval.

Eligible executives are provided with LTI awards expressed as a percentage of base salary, the level of which is determined in accordance with the level and degree of influence of the position on overall Company success. To ensure that LTI awards are market competitive, the levels of these awards are periodically benchmarked relative to LTI awards for similar positions in companies within the Company's comparator group or broader general industry. LTI awards for the NEOs are as follows: CEO - 80% of salary; CFO/CRO - 50% of salary; and VP - 20% of salary.

This plan aligns with the HRC Committee's intent to grant a greater portion of the NEOs total compensation in LTI, to align with the objective of deferring compensation in accordance with the Company's longer term risk adjusted performance. The grant value of LTI awarded to NEOs in March 2014 was equally split between RSUs and options, except for the CEO, whose LTI was split 75% in options and 25% in RSUs, and for the SVP/CRO, whose LTI was granted entirely in RSUs, to better accommodate his retirement planning.

The number of RSUs granted to an executive is determined on the grant date by dividing the target RSU award value by the previous five-day weighted average trading price of a common share. The number of options granted to an executive is determined prior to the grant by dividing the target option award value by the expected value of the option.

RSU Plan

The RSU Plan was introduced in 2011 to foster retention and align with the competitive market in terms of LTI mix. Awards made under the RSU Plan replace some of the incentive opportunities granted previously solely through options. Each RSU represents one notional common share and earns notional dividends, which are re-invested into additional RSUs when cash dividends are paid on the Company's common shares. RSUs are approved by the Board in February (in recognition of the previous year's performance) during the annual compensation review process and vest at the end of three years ("cliff vest"), subject to continued employment. Each RSU held at the end of the vesting period, including those acquired as dividend equivalents, will be paid to the participant in cash, the value of which will be based on the volume-weighted average closing price of the Company's common shares on the TSX for the five consecutive trading days immediately prior to vesting. RSUs are awarded to mid-level management employees and above.

The number of RSUs granted to middle managers and higher level employees is determined on the grant date by dividing the target RSU award value by the previous five-day weighted average trading price of a common share.

The RSU award for each NEO granted in March 2014 is as follows:

	2013 Performance - RSU Awards		
	Number Awarded (#)	**Grant Date Fair Value[1] ($)**	**Award (% of base salary)**
Andrew Moor	2,269	120,023	20.0%
Tim Wilson	1,266	66,968	25.0%
William Edmunds	2,517	133,142	50.0%
David Downie	453	23,962	10.0%
Ron Tratch	421	22,270	10.0%

1. The grant date fair value shown is based on the volume-weighted average trading price of the common shares on the TSX for the five consecutive trading days prior to March 10, 2014 of $52.90 for RSU awards related to 2013 performance.

Option Plan

The Option Plan was established in 2004 for the purpose of attracting, motivating and retaining employees instrumental to the Company's success. It also serves as a continuing incentive to build shareholder value and to provide senior management with an opportunity to build, over time, a meaningful economic stake in the Company. Options are awarded to executives and other senior managers. The number of options granted is determined by dividing the target option award value by the value of such option.

The Option award for each NEO granted in March 2014 in respect of 2013 performance is as follows:

	2013 Performance - Option Awards		
	Number Granted (#)	Grant Date Fair Value[1] ($)	Award (% of base salary)
Andrew Moor	39,823	360,000	60.0%
Tim Wilson	7,406	66,950	25.0%
William Edmunds	-	-	-
David Downie	2,650	23,956	10.0%
Ron Tratch	2,464	22,275	10.0%

1. The grant date fair value of $9.04 is calculated based on a Black-Scholes option pricing model, assuming a term of 7 years and vesting over 4 years.

Share Ownership Requirements for Executive Officers

The Board strongly supports equity ownership by our employees and believes that the senior executive officers should have a meaningful investment in the common shares of the Company. Until the end of 2012 the CEO was required to maintain equity ownership equivalent to one times his annual base salary. In February 2013, the Board increased the share ownership requirement of the CEO to three times base salary and implemented share ownership requirements for the CFO and CRO. Personal shareholdings and RSUs count towards share ownership.

	Share Ownership Requirement	Years to Meet Requirement
President & CEO	3 x base salary	Met
Vice-President & CFO	1 x base salary	4
Senior Vice-President & CRO	1 x base salary	Met

Securities Authorized for Issuance under Equity Compensation Plans

The following table lists the number of common shares to be issued upon the exercise of outstanding options under the Option Plan, the weighted-average exercise price of the outstanding options, and the number of securities remaining for future issuance under the Option Plan as at April 9, 2014.

Plan Category	Number of securities to be issued upon exercise of outstanding options (3.8% of outstanding common shares as at April 9, 2014)	Weighted-average price of outstanding options ($)	Number of securities remaining available for future issuance under equity compensation plans[1] (5.8% of outstanding common shares as at April 9, 2014)
Equity compensation plans approved by security holders	585,875	$32.69	889,695

1. Based on the maximum number of common shares reserved for issuance under the Option Plan upon the exercise of options of 1,475,570.

The Option Plan is the only compensation plan that allows for the issuance of the Company's equity securities.

Eligibility	Executive officers and other eligible employees
Reasons for payment	Designed to: • retain the Executive officer and eligible employee and encourage them to contribute to the Company's success • foster growth in the value of the investment of common shareholders
Maximum option term	Ten years or such earlier term as may be determined from time to time by the Board at time of grant
Exercise price	Volume-weighted average trading price of the common shares for the five consecutive trading days immediately preceding the date of grant
Term, Vesting and exercise of options	Prior to 2009, options were granted with a five-year term and vested 20% per year commencing on the first anniversary date of the grant. In 2009, the Board granted options for a six-year term with five-year ratable vesting and in 2011, the Board commenced granting options for a seven-year term with four-year ratable vesting. Options may be exercised in whole or in part before the expiration date set by the Board at the time of the grant. Should the expiry date occur during a blackout period or within the ten business days immediately following such blackout period imposed by the Company, the expiry date will be automatically extended for 10 business days after the last day of the blackout period Options must vest before they can be exercised. Options vest 25% per year over four years commencing on the first anniversary of the grant date
Maximum number of shares issuable	• 1,475,570 common shares, representing 9.6% of the Company's issued and outstanding common shares as at December 31, 2013 • 584,075 shares issuable upon exercise of outstanding options (representing 3.8% of issued and outstanding common shares as at April 9, 2014) • 891,495 shares remain available for issuance (representing 5.8% of the Company's issued and outstanding shares as at April 9, 2014 The number of common shares issuable to insiders at any time or issued to insiders within any one-year period pursuant to all security based compensation arrangements shall not exceed 10% of the Company's outstanding common shares. No insider can be granted options exceeding 5% of the number of issued and outstanding common shares. As of April 9, 2014 the maximum number of common shares issued to an insider was 251,515 common shares, representing 1.6% of the total number of common shares outstanding
Expiry of options	The earlier of: i) Original expiry date and 30 days after retirement date ii) Original expiry date and one year from date of termination due to death iii) Ten year anniversary date of the grant Options are forfeited if a participant resigns or is terminated for cause. For termination without cause, the participant may exercise outstanding exercisable options within 30 days of termination. All remaining options are forfeited
Transfer/assignment	Only to a legal representative in the case of a participant's death
Financial assistance	None provided
Change of control	All unvested options vest and become exercisable

Amendments to the Plan 2013 Plan Amendments	The Board may, at any time, amend, suspend or terminate the Plan or any portion of the Plan, subject to any required shareholder or regulatory approval. Shareholder approval is required to: • increase the maximum number or percentage of the issued and outstanding common shares of the Company that may be reserved for issuance under the Plan • reduce the exercise price of options or cancel and reissue options at a lower exercise price to the same person • extend the term of an option beyond the expiry date (except where an expiry date would have fallen within a blackout period of the Company) • extend eligibility to participate in the Plan to non-employee directors Amendments that may be made without shareholder approval include: • "housekeeping" and administrative changes • changes to the terms, conditions and mechanics of grant, vesting, exercise and early expiry of an option • any amendments designed to comply with applicable laws, tax or accounting regulations • the addition of a cashless feature, payable in cash or securities, which provides for a full deduction in the number of underlying securities from the Plan's reserve and • any other amendment, fundamental or otherwise, not requiring shareholder approval under applicable laws or the rules, regulations and policies of the TSX On August 14, 2013 the Board amended the Plan to provide for a third party to act as Plan Administrator and to also function as the broker to facilitate the cashless exercise of options

Benefits

Executive Officers receive the same benefits as all employees, including medical and dental care plans and life, disability and accident insurance. In addition, members of the executive team are entitled to participate in an annual comprehensive fitness and medical assessment program.

The Company does not have a pension plan for its executives and employees. All employees, including executives are eligible to participate in our Group Registered Retirement Savings Plan ("RRSP") and Deferred Profit Sharing Plan ("DPSP") (collectively the "Plan"). The Company will make a maximum contribution equivalent to 5% of an employee's annual base salary per year to the DPSP during the first five years of employment and up to 7.5% of the employee's base salary after five years of employment. The Company's contributions vest after two years of membership in the DPSP. In the event of termination within the two-year period of Plan membership, the Company's contributions under the DPSP are returned to the Company. The Company does not provide any additional or supplemental pensions, retirement allowances or similar benefits to any executive officers.

In order to develop a sense of ownership and align the interests of the Company with those of its employees, the Board approved an Employee Share Purchase Plan ("ESPP") on March 28, 2012, which was implemented in July 2012. Under the ESPP, employees may contribute up to 10% of their annual base salary to purchase common shares of the Company. The Company makes a matching contribution, on a delayed basis, equivalent to 50% of the employee's contribution and up to a maximum of $2,500 per year. Using the amounts contributed, common shares of the Company are purchased on the open market by an independent agent for the benefit of participating employees.

Talent management and succession planning

The Board and the HRC Committee are responsible for succession planning for the CEO and for overseeing succession planning for other key executive roles, such as the CFO and CRO. This includes identifying potential succession candidates for the CEO's role and ensuring that the senior leadership team has identified potential succession candidates for other key senior management roles, along with monitoring the Company's career development plans for these individuals.

2013 Named Executive Officers' Compensation Awards

The section discusses the compensation awarded to our NEOs during 2013:

Andrew Moor, President and Chief Executive Officer
Tim Wilson, Vice-President and Chief Financial Officer
William Edmunds, Senior Vice-President and Chief Risk Officer of Equitable Bank
David Downie, Vice-President, Commercial Mortgage Origination of Equitable Bank
Ron Tratch, Vice-President, Commercial Credit of Equitable Bank

The total amount of the 2013 STI and LTI awards to all NEOs was reviewed by the HRC Committee and approved by the Board. The approval was based on the Company's strong earnings performance and overall corporate performance for the year ending December 31, 2013. In making their determination, the HRC Committee gave specific consideration to Management's success in achieving the corporate / financial targets which were established during the first quarter of 2013.

Andrew Moor, President and Chief Executive Officer

Mr. Moor has been President and CEO of Equitable since March 2007. Mr. Moor is a director of the Trust Companies Association and a past Chair of the Canadian Association of Accredited Mortgage Professionals. He holds an MBA from the University of British Columbia and a Bachelor of Science degree in Engineering from University College, London.

Responsibilities

Mr. Moor's responsibilities include: developing and executing strategic, operating and capital plans; overseeing the effectiveness of the Company's financial structure; maintaining a strong risk management culture; creating and overseeing a diverse, capable and engaged workforce; acting as official spokesperson for the Company; promoting the effectiveness of the Board; and demonstrating strong leadership.

2013 Performance

CEO compensation decisions are made by the Board in consultation with the HRC Committee. In February 2013, the Board approved an increase in Mr. Moor's base salary from $585,000 to $600,000.

For the year ending December 31, 2013, Mr. Moor was eligible for a target STI award equivalent to 100% of his base salary and a maximum STI award of 150% of his base salary. The HRC Committee considered Mr. Moor's compensation in light of the Company's corporate and financial performance and his personal performance in attaining his objectives for the year. These objectives included the execution of the Company's plan for the year, strategic development of the business, goals related to prudent operation of the business, positioning the business to meet evolving regulatory standards and developing the organizational capability of the Company. Mr. Moor was assessed as having performed strongly against his objectives on quantitative measures that included: EPS, ROE and the Bank's Total Capital Ratio exceeding targets under the corporate strategic objectives, broadening the distribution capabilities of the bank and a continuing improvement in employee engagement scores. Similarly, Mr. Moor also performed strongly on qualitative objectives that included: converting the Trust Company to a Schedule 1 Bank, launching Equitable's HELOC, launching a HISA, completing the evaluation of the Quebec market for Single Family lending and adapting the residential underwriting approach to changing regulatory expectations. Based on the HRC Committee's assessment of his performance, a bonus payment of $895,620 was awarded to Mr. Moor representing 149.3% of his base salary.

In addition, Mr. Moor was granted 80% of his base salary in LTI, totalling an approximate value of $480,000. 75% of the LTI award was granted in options with an estimated value of $360,000 and the remaining 25% of the LTI award was granted in RSUs with an estimated value of $120,000. The LTI component of Mr. Moor's compensation package is distributed to provide alignment of compensation with risk time horizon, long-term value creation and strong alignment with competitive market practices.

Tim Wilson, Vice-President and Chief Financial Officer

Mr. Wilson joined Equitable in January, 2012 as Vice-President and CFO. Prior to joining the Company, Mr. Wilson held the position of President of VISA Canada. During his career, he has also held other executive positions in the financial services sector. Mr. Wilson is a Chartered Accountant and also holds a Master of Business Administration degree from Harvard University Graduate School of Business as well as a Bachelor of Commerce degree from Queens University.

Responsibilities

Mr. Wilson is responsible for managing the financial affairs of the Company, including Finance, Accounting, Treasury and Deposit Services, as well as supporting the CEO and Senior Management with strategic initiatives.

2013 Performance

In 2013, Mr. Wilson was assessed against specific goals related to leading the Company's capital market activities and managing its regulatory capital, supporting business development and funding diversification initiatives, improve internal financial reporting and ensuring efficient operations in support of the business. Mr. Wilson was assessed as having performed strongly in managing the redemption of subordinated debt and enhancing the Company's disclosures to totally comply with regulatory changes. He was successful in diversifying funding by setting up a new $300 million dollar funding line. The engagement score of the finance team demonstrated his effectiveness in managing his responsibilities. The performance of the financial group improved over the year including such accomplishments as shortening the number of days required to close each month end.

In February of 2013, the Board approved an increase in Mr. Wilson's base salary from $260,000 to $267,800. For the year ending December 31, 2013, Mr. Wilson was eligible for a target STI award equivalent to 55% of his base annual salary and a maximum STI award of 82.5% of his base annual salary. In recognition of his superior performance coupled with the Company's corporate and financial performance, Mr. Wilson received an STI award of $214,000, which represents 79.9% of his 2013 base annual salary. Mr. Wilson was also granted approximately 50% of his annual salary in LTI, totalling an approximate value of $133,900, which was split equally between RSUs and options, as per the plans described in this Circular.

William Edmunds, Senior Vice-President and Chief Risk Officer of Equitable Bank

Mr. Edmunds has been Senior Vice-President and Chief Risk Officer of Equitable Bank since July 2007. Prior to joining Equitable, Mr. Edmunds held positions with a number of financial institutions and has over 38 years in the financial services industry, with an emphasis on risk management.

Mr. Edmunds received his Bachelor of Economics from the University of Western Ontario. Mr. Edmunds is also a Certified General Accountant and a Fellow of the Institute of Canadian Bankers. He is a graduate of the Institute of Corporate Directors – Directors Education Program and a member of the Institute of Corporate Directors.

Responsibilities

Mr. Edmunds is responsible for risk management for the Company, including chairing the Enterprise Risk Management Committee, managing the Internal Capital Adequacy Assessment Process, risk analytics, the Company's stress testing program and the project management function.

2013 Performance

In 2013, Mr. Edmunds' individual performance was assessed against a number of specific goals established at the beginning of the year principally in the areas of enhancing the Bank's risk culture and its operational risk management program as well as supporting, from a risk perspective, the new initiatives of the business and enhancing the stress testing program. Mr. Edmunds significantly enhanced the operational risk program and continued to improve the function and effectiveness of both the Risk and Capital Committee and the Enterprise Risk Management Committee. The Company made significant progress in developing its stress testing program through the year. Mr. Edmunds ensured that the business operated within the Board established risk appetite framework with good results being delivered and continuing low credit losses.

In February 2013, the Board approved an increase in Mr. Edmunds base salary from $258,530 to $266,300. For the year ending December 31, 2013, Mr. Edmunds was eligible for a target STI award of 55% of his base salary and a maximum STI award of 82.5% of his base salary. In recognition of both his strong personal performance and the Company's corporate and financial performance, Mr. Edmunds received an STI award of $204,000, which represents 76.6% of his base salary. Mr. Edmunds was also granted approximately 50% of his base salary in LTI, totalling an approximate value of $133,150, entirely in RSUs to better align with his retirement plans.

David Downie, Vice-President, Commercial Mortgage Origination of Equitable Bank

Mr. Downie was appointed Vice-President of the Bank in February 2013, having previously held the title of Assistant Vice-President. Prior to joining Equitable in 1999, Mr. Downie worked in the mortgage business for 15 years in the financial services industry.

Responsibilities

Mr. Downie is responsible for the Commercial Broker Services business and for the direct origination of commercial loans. He oversees teams in both Montreal and Toronto.

2013 Performance

In 2013, Mr. Downie's goals were established with individual goals related primarily to directly originating commercial mortgages. Mr. Downie exceeded targets for origination volumes established at the beginning of the year as his team developed a more seasoned approach to working with centres of influence in the Company's key markets. Mr. Downie was assessed as having made good progress in working with the credit team to make work processes more efficient.

In February 2013, the Board approved an increase in Mr. Downie's base annual salary from $234,840 to $239,540. For the year ending December 31, 2013, Mr. Downie was eligible for a target STI award equivalent to 25% of his base salary and a maximum STI award equivalent to 37.5% of his base salary. In recognition of his performance and the Company's corporate and financial performance, Mr. Downie received an STI award of $80,000, which represents 33.4% of his base annual salary. Mr. Downie was also granted approximately 20% of his base salary in LTI, totalling an approximate value of $47,910, split equally between RSUs and options.

Ron Tratch, Vice-President, Commercial Credit of Equitable Bank

Mr. Tratch joined Equitable Bank in August 2011 as Vice-President, Commercial Credit. Prior to joining Equitable, Mr. Tratch held positions with a private equity firm and prior to that with GE Commercial Finance for a period of 15 years. He received his Bachelor of Commerce degree from the University of Calgary and is a Certified Management Accountant.

Responsibilities

Mr. Tratch is responsible for management of the commercial credit risk operations of Equitable Bank. In his role he oversees credit decisions and funding for both Commercial Broker Services and Commercial Lending Services. He is also responsible for overseeing the Mortgage Services function for the Bank.

2013 Performance

Mr. Tratch's individual goals for 2013 were focused in the areas of the evaluation and execution of commercial credit opportunities, management of the commercial mortgage portfolio and certain specific strategic objectives. Mr. Tratch was assessed as being successful with respect to his responsibilities in mortgage origination with positive audit results, low delinquency and strong origination volumes as well as a disciplined approach to capital allocation and pricing. He was instrumental in the Company's success in working with the origination team to gain a number of new business partners. Similarly, the management of the commercial mortgage portfolio including mortgage renewals was assessed to be working very effectively. Mr. Tratch improved the effectiveness of the Company's approach to working out challenging credit situations.

In February 2013, the Board approved an increase in Mr. Tratch's base annual salary from $216,300 to $222,750. For the year ending December 31, 2013, Mr. Tratch was eligible for a target STI award equivalent to 25% of his base salary and a maximum STI award equivalent to 37.5% of his base annual salary. In recognition of his performance and the Company's corporate and financial performance, Mr. Tratch received an STI award of $83,000, which represents 37.3% of his base annual salary. Mr. Tratch was also granted approximately 20% of his base salary in LTI, totalling an approximate value of $44,550, split equally between RSUs and options.

Changes to Executive Compensation for 2014

The Company continues to review its Compensation Policy and program in light of best practices. The HRC Committee does not expect to make any significant changes to the Compensation program for 2014.

Increases to base salary for the NEOs approved in February 2014 were as follows:

	2013 Base Salary ($)	2014 Base Salary ($)	% Increase
Andrew Moor	$600,000	$600,000	0%
Tim Wilson	267,800	275,000	3%
William Edmunds	266,300	274,300	3%
David Downie	239,540	246,725	3%
Ron Tratch	222,750	229,450	3%

Cost of Management Ratio

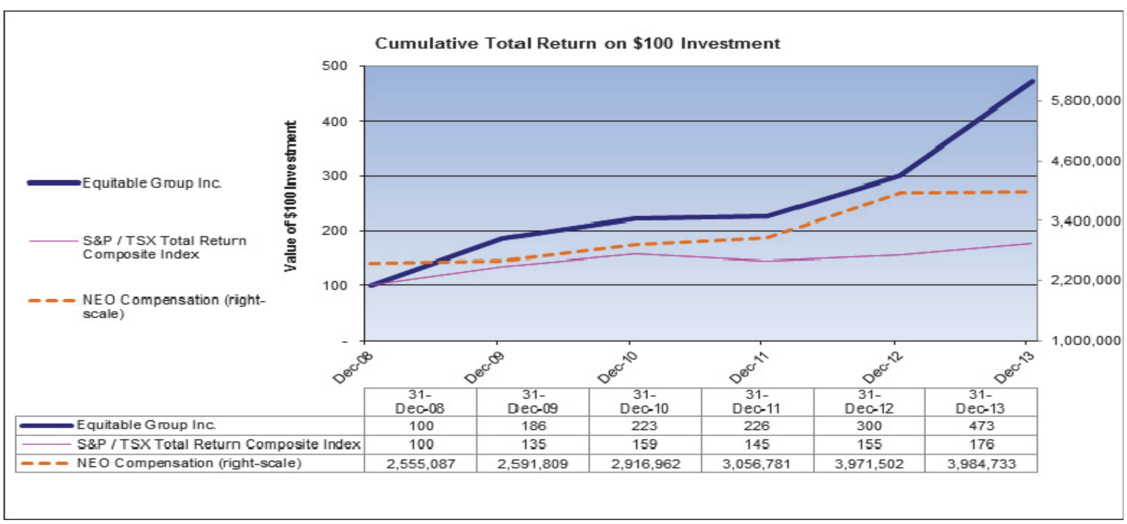
The following table shows the total aggregate compensation for the NEOs and the percentage of net income in each of the last three years:

	2011[1]	2012[2]	2013
Total Aggregate NEO Compensation	$3,056,781	$3,971,502	$3,984,733
Net Income After Tax	$62,186,000	$81,207,000	$93,530,000
Total Aggregate NEO Compensation as a % of Net Income After Tax	4.92%	4.89%	4.26%

1. NEOs in 2011 were Andrew Moor, John Ayanoglou, William Edmunds, David Downie and Ron Tratch.
2. NEOs in 2012 were Andrew Moor, Tim Wilson, William Edmunds, David Downie and Ron Tratch.

Performance Graph

The following graph compares the cumulative total shareholder return for $100 invested in the Company's common shares over the five year-period from December 31, 2008 to December 31, 2013 with the cumulative total shareholder return of the S&P/TSX Composite Index over the same period. It assumes the reinvestment of all dividends. The change in annual total NEO compensation over this same period demonstrates alignment of pay with performance.



SUMMARY COMPENSATION TABLE

The following table summarizes total compensation awarded to the NEOs of the Company and Equitable Bank in respect of the financial year ended December 31, 2013 and the two prior calendar years:

Name and Principal Position	Year	Salary ($)	Share-based Awards[1] ($)	Option-based Awards[2] ($)	Non-equity Incentive Plan Compensation ($) Annual Incentive Plans ($)	Pension Value[3] ($)	All Other Compensation ($)	Total Compensation[4] ($)
Andrew Moor President and Chief Executive Officer	2013 2012 2011	600,000 585,000 565,000	120,023 117,011 -	360,000 351,000 325,736	895,620 767,000 500,000[5]	12,135 11,910 11,000	2,500 1,750 -	1,990,278 1,833,671 1,401,736
Tim Wilson Vice-President and Chief Financial Officer	2013 2012 2011	267,800 258,167 N/A	66,968 65,006 N/A	66,950 318,200[6] N/A	214,000 180,000 N/A	12,135 9,208 N/A	2,500 1,250 N/A	630,353 831,832 N/A
William Edmunds Senior Vice-President and Chief Risk Officer	2013 2012 2011	266,300 258,530 251,000	133,142 64,645 43,246	- 64,630 40,639	204,000 195,000 165,000	12,135 11,910 11,000	2,500 1,750 -	618,077 596,465 510,885
David Downie Vice-President, Commercial Mortgage Origination	2013 2012 2011	239,540 234,840 228,000	23,962 23,474 17,327	23,956 23,485 16,255	80,000 70,000 70,000	12,135 10,764 11,000	2,500 1,250 -	382,093 363,813 342,582
Ron Tratch Vice-President, Commercial Credit	2013 2012 2011	222,750 216,300 86,827[7]	22,270 21,633 13,833	22,275 21,632 56,886	83,000 75,000 30,000	11,137 9,940 -	2,500 1,217 -	363,932 345,721 187,546

1. RSUs were awarded in March 2014 and 2013 in recognition of the NEO's performance in 2013 and 2012, respectively. The grant date fair market value of the RSUs is based on the volume-weighted average trading price of the Company's common share on the TSX for the five days prior to March 10, 2014 of $52.90 and prior to March 7, 2013 of $36.11, respectively.
2. The Black-Scholes option pricing model is used to determine both the value of stock options for compensation purposes and the accounting fair value. The assumptions used in determining the fair value of the options in 2014 were; an exercise price of $52.90, a stock volatility of 23.3%, a dividend yield of 1.5%, an option term of 4.75 years, and an interest rate of 1.59%. The fair value of each option granted for compensation purposes in March 2014 for performance in 2013 was $9.04. The accounting fair value of each option granted in March 2014 for performance in 2013 was $9.04 for Messrs. Moor and Wilson, and $6.78 for Messrs. Downie and Tratch as a result of a 25% forfeiture assumption applied to options granted to non-Senior Management. With the exception of 30,000 options granted on March 5, 2012 and 10,000 options granted on May 15, 2012, all of which were granted to Mr. Wilson, the assumptions used in determining the fair value of the options in 2012 were; an exercise price of $36.11, a stock volatility of 23.8%, a dividend yield of 1.75%, an option term of 4.75 years, and an interest rate of 1.44%. The fair value of each option granted for compensation purposes in March 2013 for performance in 2012 was $6.50. The accounting fair value of each option granted in March 2013 for performance in 2012 was $6.50 for Messrs. Moor, Wilson and Edmunds and $4.88 for Messrs. Downie and Tratch as a result of a 25% forfeiture assumption applied to options granted to non-Senior Management. The accounting fair value of each Option granted for 2011 was $6.83 for both Mr. Moor and Mr. Edmunds and $5.13 for all other NEOs.
3. Reflects the Company's contribution to the NEO's DPSP.
4. The value of perquisites and benefits for each NEO did not exceed $50,000 and/or 10% of the total annual salary and bonus.
5. Pursuant to the terms of his Employment Agreement, as amended on December 7, 2009, (the "Agreement") Mr. Moor received $166,667 representing one third of his 2011 annual bonus, with the remaining two thirds of his bonus deferred over the next two years. Each one-third cash payment was satisfied by payment of a deferred amount calculated in accordance with the Agreement.
6. Value for Mr. Wilson includes 30,000 options granted on March 5, 2012 and 10,000 options granted on May 15, 2012 pursuant to his employment agreement. The grant date fair value of each option was $6.83 and $4.83, respectively, based on Black-Scholes option pricing model.
7. Mr. Tratch joined the Bank on August 2, 2011. The disclosed annual salary was pro-rated to reflect his employment in 2011.

INCENTIVE PLAN AWARDS

Outstanding Option-based Awards and Share-based awards

The table below shows all NEO Option-based and Share-based awards that were outstanding as at December 31, 2013:

		Option-based Awards					Share-based Awards (RSUs)	
	Compensation Year	Number of securities underlying unexercised options		Option exercise price	Option expiration Date	Value of unexercised in-the-money options[1]	Number of shares or units that have not vested[2]	Market or payout value of share-based awards that have not vested[3]
		Vested (#)	Unvested (#)	($)		($)	(#)	($)
Andrew Moor	2010 2011 2012 2013	32,000 42,000 11,923 -	8,000 28,000 35,769 54,000	20.60 24.50 29.32 36.11	Dec 7, 2015 Dec 10, 2016 Mar 5, 2019 Mar 7, 2020	1,206,400 1,838,200 1,022,516 791,100	3,274	157,823
Tim Wilson[4]	2011 2012 2013	7,500 2,500 -	22,500 7,500 10,000	29.32 27.23 36.11	Mar 5, 2019 May 12, 2019 Mar 7, 2020	643,200 235,300 146,500	1,819	87,685
William Edmunds	2010 2011 2012 2013	2,500 2,500 - -	2,500 5,000 4,462 9,943	20.60 24.75 29.32 36.11	Dec 7, 2015 Dec 7, 2016 Mar 5, 2019 Mar 7, 2020	150,800 195,075 95,665 145,665	3,334	160,716
David Downie	2010 2011 2012 2013	1,000 3,000 595 -	1,000 2,000 1,785 3,613	20.60 24.75 29.32 36.11	Dec 7, 2015 Dec 7, 2016 Mar 5, 2019 Mar 7, 2020	60,320 130,050 51,027 52,930	1,265	60,979
Ron Tratch	2011 2012 2013	3,750 476 -	3,750 1,429 3,328	26.01 29.32 36.11	Dec 12, 2018 Mar 5, 2019 Mar 7, 2020	185,625 40,843 48,755	1,091	52,592

1. Value is based on the closing price of the Company's common shares on the TSX on December 31, 2013 of $50.76 less the exercise price of the options.
2. Includes RSUs accumulated on the reinvestment of dividends.
3. Value is based on the volume-weighted average trading price of a Company common share on the TSX for the five days prior to December 31, 2013 of $48.21.
4. Mr. Wilson was granted 30,000 options on March 5, 2012 and 10,000 options granted on May 15, 2012 pursuant to the terms of his employment agreement.

Incentive Plan Awards – value vested or earned during the year

The following table shows the value of option-based awards that vested in the year ended December 31, 2013, and the annual short-term incentive/cash bonus awarded to each NEO in respect of 2013 performance (paid in February 2014). None of the outstanding RSUs held by NEOs vested in the year ended December 31, 2013.

	2013		2012	
	Option-based awards - value vested during the year[1] ($)	**Non-equity incentive plan compensation - value earned during the year ($)**	**Option-based awards - value vested during the year[1] ($)**	**Non-equity incentive plan compensation - value earned during the year ($)**
Andrew Moor	795,062	895,620	265,780	767,000
Tim Wilson	75,025	214,000	-	180,000
William Edmunds	267,426	204,000	102,375	195,000
David Downie	261,674	80,000	133,750	70,000
Ron Tratch	39,280	83,000	13,106	75,000

1. Value is based on the closing price of the Company's common shares on the TSX on the date of vesting and the exercise price of the options. If the closing price of the Company's common shares was below the exercise price, the option had no current value and is valued at $0.

Defined Contribution Plan Table

The following table shows details concerning RRSP and DPSP contributions for each NEO as at December 31, 2013:

	Accumulated value at start of year ($)	**Compensatory ($)**	**Non-compensatory[1] ($)**	**Accumulated value at year-end ($)**
Andrew Moor	103,147	12, 135	32,744	148,026
Tim Wilson	14,192	12,135	9,030	35,356
William Edmunds	110,883	12,135	35,962	158,981
David Downie	119,119	12,135	29,731	160,984
Ron Tratch	15,573	11,137	9,608	36,319

1. Reflects the NEO's contribution to the Group RRSP on the Company's and NEO's contributions.

TERMINATION AND CHANGE OF CONTROL

The Bank had employment agreements in place with each NEO during 2013. The details relating to payments and other obligations arising on the termination of their employment, resignation, death and change of control pursuant to the terms of their respective employment agreement and to the terms and conditions of the Option Plan and RSU Plan are described below. Except where stated otherwise, (i) the salaries of each NEO will cease as of the date of termination, and (ii) each NEO is entitled to receive any accrued and outstanding base salary and amounts owing under the Bank's benefits program, including accrued vacation pay, up to the date of termination.

Termination with Cause

In the event of termination with cause, no NEO is entitled to any further compensation following their date of termination. In addition, any unvested options are cancelled and any vested options are exercisable for 30 days from the date of termination. The RSUs held by all NEOs would be immediately forfeited and cancelled.

Termination without Cause

In the event of termination without cause, the following provisions apply:

Severance

- Messrs. Moor and Edmunds are entitled to salary continuance in an amount equal to their base salary plus the average performance bonus for the immediate preceding 3 years, for the earlier of 13 months, plus one additional month for each year of employment to a maximum of 24 months (the 'Severance Period'), or re-employment. In the event of re-employment, or in the case of Mr. Moor upon request, a lump sum payment of 50% of salary continuance for the remaining period would be provided, and all other benefits cease.
- Mr. Wilson is entitled to salary continuance of base salary plus average performance bonus for the immediately preceding 3 years, or the period of employment if employment is less than 3 years, for the earlier of 12 months or upon re-employment. If termination occurs on or after the 5th year of employment, Mr. Wilson's severance entitlement is the same as that of Messrs. Moor and Edmunds described above.
- while neither Messrs. Tratch or Downie are entitled to salary continuance, Mr. Tratch is entitled to 3 months' notice, plus 1 month notice for each year of employment thereafter (or pay in lieu of thereof), up to a maximum of 12 months, and Mr. Downie is entitled to 8 weeks' notice (or pay in lieu thereof), plus an additional week of termination pay for each year of service.

Performance Bonus

- if terminated *prior* to the end of any fiscal year, Mr. Moor and Mr. Wilson are entitled to a payment equal to the average performance bonus earned for the immediate preceding 3 years, pro-rated to the number of days in that fiscal year up to the date of termination. If terminated between January 1 of any year and the board meeting dealing with year-end matters in February of that same year, they are entitled to receive a full bonus for the preceding fiscal year.
- Messrs. Edmunds, Tratch and Downie are not entitled to any pro-rated performance bonus in the year of termination.

Options

- Mr. Moor's unvested options that would have vested in the fiscal year following the date of termination would be deemed vested and exercisable for a period of 30 days from the date of termination.
- for Mr. Edmunds, if termination occurs during the first year following a grant of options, none of the granted options vest. If termination occurs during the second year following a grant of options, the options which would vest at the next anniversary date of such grant will be deemed to have vested. If termination occurs during the third year or later after a grant of options, the options which would vest at the next 2 anniversary dates of such grant will be deemed to have vested.
- Mr. Wilson is entitled to the acceleration of vesting of those issued but unvested options which will vest on the next date after the date of termination, to be exercised within 30 days of the date of termination.
- for Messrs. Tratch and Downie, all unvested options are cancelled upon termination and all vested options are exercisable for 30 days following termination.

Restricted Share Units

- all NEOs are entitled to a pro rata number of RSUs based on the number of days during the vesting period prior to termination date as compared to the entire term of the vesting period. The balance of RSUs are forfeited and cancelled.

Other

- Messrs. Moor and Edmunds are entitled to continued coverage under the Bank's benefits program for the lesser of the Severance Period or upon re-employment.
- Mr. Wilson is entitled to continued coverage under the Bank's benefits program for the earlier of 12 months or re-employment if terminated within 5 years of employment. If terminated after 5 years of employment, Mr. Wilson is entitled to continued coverage under the Bank's benefits program for a period of 13 months plus one additional month for each year of employment to a maximum of 24 months.
- Messrs. Moor, Wilson and Edmunds are also entitled to outplacement services for a period determined at the sole discretion of the Bank.
- additionally, Mr. Moor is entitled to work as a non-executive Director and/or to work in a consulting capacity up to a total maximum gross revenue to him, or to an operating or consulting company he may own for this purpose, of $200,000 per annum without triggering any re-employment provision.
- Messrs. Tratch and Downie are not entitled to any other amounts upon termination without cause.

Death

In the event of death, the following provisions apply:

Severance

- the salary of a NEO immediately ceases as of the date of death.

Performance Bonus

- no NEO, other than Mr. Moor, is entitled to receive any amounts related to their performance bonus upon death.
- Mr. Moor's estate/beneficiary is entitled to payment of any performance bonus, pro-rated to the number of days in that fiscal year up to the date of death.

Options

- under the Option Plan, options may be exercised within a period determined by the Board provided that such period is the earlier of (i) the expiry date of the options, and (ii) 12 months following the date of death.

Restricted Share Units

- the estate/beneficiary of a NEO is entitled to a pro rata number of RSUs based on the number of days during the vesting period prior to date of death as compared to the entire term of the vesting period. The balance of RSUs is forfeited.

Other

- no other benefits or payments are provided.

Change of Control

In the event of termination resulting from a change of control, the following provisions apply:

Severance

- if termination occurs within 12 months of a change of control, Mr. Moor is entitled to a lump sum payment representing the base salary in lieu of the Severance Period, plus a payment in respect of the average performance bonus paid in the 3 years immediately preceding the date upon which notice of termination is provided, prorated to the Severance Period.
- other than Mr. Moor, no NEO is entitled to any severance-related compensation upon termination following a change of control.

Performance Bonus

- if the termination occurs within 12 months of a change of control and prior to the payment of the prior year's performance bonus, Mr. Moor is entitled to payment in respect of the full prior year performance bonus. In addition, he is entitled to a performance bonus in accordance with the short-term incentive plan, prorated, for the period up to and including the date of termination.
- no other NEO is entitled to any performance bonus.

Options

- under the Option Plan, all options vest and become exercisable.

Restricted Share Units

- if common shares of the successor corporation *are* listed on a recognized stock exchange: the number of RSUs attributed to a NEO shall be adjusted by the Board, or the successor board, to preserve the economic position of the award of RSUs.
- if common shares of the successor corporation *are not* listed on a recognized stock exchange: the fair market value of each RSU shall be deemed to be at the value at which the change of control occurred and the value of the RSUs shall be crystallized at such value. The Board, or the successor board, may resolve to accelerate the vesting date, or it may resolve to retain the original vesting date in respect of up to one-half of the crystallized value. Additionally, if employment is terminated following a change of control, the vesting period shall be accelerated and settlement payment shall be made as soon as practical thereafter.

Other

- if termination occurs within 12 months of a change of control, Mr. Moor is entitled to continued coverage under Equitable Bank's benefits program for the Severance Period.
- Messrs. Wilson, Edmunds, Tratch or Downie are not entitled to any other amounts upon a change of control.

Resignation or Retirement

In the event of resignation or retirement the following provisions apply:

Severance

- upon 60 days prior written notice, Mr. Moor is entitled to salary continuance to the end of the 60 day period.
- upon 30 days prior written notice, Messrs. Edmunds and Wilson are entitled to salary continuance to the end of the 30 day period.
- Messrs. Tratch and Downie are not entitled to any severance-related payments.

Performance Bonus

- no NEO is entitled to any performance bonus.

Options

- for all NEOs, vested options will cease to be exercisable within a period of 30 days after the date of resignation or retirement date, after which all outstanding options are forfeited.

Restricted Share Units

- all RSUs are forfeited and cancelled upon resignation.
- upon retirement, NEOs are entitled to a pro rata number of RSUs based on the number of days during the vesting period prior to retirement as compared to the entire term of the vesting period. The balance of RSUs is forfeited.
- the Board maintains discretion to accelerate vesting of RSUs.

Other

- upon 60 days prior written notice, Mr. Moor is entitled to continued benefits coverage until the end of the 60 day notice period.
- upon 30 days prior written notice, Messrs. Edmunds and Wilson are entitled to continued benefits coverage until the end of the 30 day notice period.
- in the event Mr. Moor resigns as a result of a material reduction in his status, powers or responsibilities, a reduction in his compensation, perquisites and benefits without his consent, or a failure to pay his base salary or performance bonus in accordance with his performance agreement ("Resignation with Good Reason"), Mr. Moor will be entitled to receive all such benefits and entitlements as if his employment was terminated without cause.
- Messrs. Tratch and Downie are not entitled to any other payments upon voluntary termination.

Termination and Change of Control Benefits

The following table shows the estimated incremental payments that would be paid to each NEO following the termination of their employment or upon a change of control, assuming the triggering event took place on December 31, 2013:

Event	Andrew Moor ($)	Tim Wilson ($)	William Edmunds ($)	David Downie ($)	Ron Tratch ($)
Termination with Cause					
• Severance	-	-	-	-	-
• Bonus	-	-	-	-	-
• Options[1]	-	-	-	-	-
• RSU	-	-	-	-	-
• Other[2]	-	-	-	-	-
Termination without Cause					
• Severance	700,000	267,800	310,683	101,344	92,813
• Bonus	609,389	180,000	198,333	-	-
• Options[1]	1,062,324	256,250	132,106	-	-
• RSU	46,584	73,900	25,881	28,567	23,957
• Other[2]	-		-	-	-
Change of Control					
• Severance	600,000	-	-	-	-
• Bonus	522,333	-	-	-	-
• Options[1,3]	1,9,41,222	805,375	325,604	155,285	275,223
• RSU	157,823	87,685	160,716	60,979	52,592
• Other[2]	-	-	-	-	-
Death					
• Severance	-	-	-	-	-
• Bonus	-	-	-	-	-
• Options[1]	-	-	-	-	-
• RSU	46,584	73,900	25,881	28,567	23,957
• Other[2]	-	-	-	-	-
Resignation/Retirement					
• Severance	-	-	-	-	-
• Bonus	-	-	-	-	-
• Options[1]	-	-	-	-	-
• RSU	-	-	-	-	-
• Other[2]	-	-	-	-	-

1. The value of the option is the difference between the closing price of the common shares on December 31, 2013 on the TSX ($50.76) and the exercise price of the option.
2. Other incremental payments do not include payments required under the Company's benefits program as such amounts are not determinable.
3. All unvested options vest and become immediately exercisable upon a change of control. The value of the options is the difference between the closing price of the common shares on December 31, 2013 on the TSX ($50.76) and the exercise price of the options.

ADDITIONAL DISCLOSURE ON COMPENSATION

The following additional disclosure is designed to conform to the Basel Committee on Banking Supervision's ("BCBS") Pillar 3 disclosure requirements for remuneration. This disclosure covers only Senior Management and those employees who are designated as 'Other Material Risk Takers'.

For the purposes of this disclosure, the Company has identified Senior Management to include the CEO, CFO, CRO, CCO and the Vice-President, General Counsel (who left the Company in March 2014). Other Material Risk Takers consist of the Officers and Business Unit Heads of Equitable Bank. For the year-ended December 31 2013, the Company designated 5 individuals (4 in 2012) as Senior Management and 12 individuals (also 12 in 2012) as Other Material Risk Takers.

Outlined below is the aggregate value of compensation that was awarded to Senior Management and Other Material Risk Takers in 2013 and 2012.

Total Value of Compensation Awarded

Senior Management	2013		2012	
	Non-Deferred ($)	Deferred [1] ($)	Non-Deferred ($)	Deferred [1] ($)
Fixed Compensation				
Cash-based	1,429,584	-	1,290,783	-
Shares and Share-linked Instruments	-	-	-	-
Other	18,157	-	14,289	-
Variable Compensation				
Cash-based	1,415,620	-	1,284,402	-
Shares and Share-linked Instruments	8,767	818,077	3,750	737,144
Other	36,405	-	42,403	-

1. Deferred Compensation includes options and RSUs granted in 2013 and 2012.

Other Material Risk Takers	2013		2012	
	Non-Deferred ($)	Deferred ($)	Non-Deferred ($)	Deferred ($)
Fixed Compensation				
Cash-based	2,050,358	-	2,094,444	-
Shares and Share-linked Instruments	-	-	-	-
Other	49,289	-	47,754	-
Variable Compensation				
Cash-based	753,500	-	735,000	-
Shares and Share-linked Instruments	24,525	430,926	9,945	409,778
Other	131,280	-	129,299	-

Other Compensation paid

Senior Management	2013		2012	
	Number	Amount ($)	Number	Amount ($)
Sign-on Awards	-	-	-	-
Guaranteed Awards	-	-	-	-
Severance	-	-	2	407,500

Other Material Risk Takers	2013		2012	
	Number	Amount ($)	Number	Amount ($)
Sign-on Awards	-	-	-	-
Guaranteed Awards	-	-	-	-
Severance	1	26,168	1	177,298

Deferred Compensation

Deferred compensation is comprised of options and RSUs. The following tables include deferred compensation that was outstanding as at December 31, 2013 and 2012, which had not expired, or been forfeited or cancelled, as well as previously deferred compensation which was paid out during 2013 and 2012. There were no clawbacks or other similar reversals or downward re-evaluations of outstanding awards in either year.

Senior Management	2013	2012
	Amount ($)	Amount ($)
Outstanding Deferred Compensation		
Vested[1]	2,844,435	1,256,804
Unvested[2]	3,888,623	1,198,328
Total Deferred Compensation Outstanding	6,733,058	2,455,132
Deferred Compensation Payouts during the year[3]	1,285,020	312,393

Other Material Risk Takers	2013	2012
	Amount ($)	Amount ($)
Outstanding Deferred Compensation		
Vested[1]	1,832,961	896,415
Unvested[2]	1,765,649	898,486
Total Deferred Compensation Outstanding	3,598,609	1,794,901
Deferred Compensation Payouts during the year[3]	1,318,659	656,473

1. Outstanding vested compensation is comprised of options that were exercisable on December 31, 2013 and December 31, 2012, respectively, but that had not yet been exercised. Each outstanding option is valued at the closing price of a common share on the TSX on December 31, 2013 and December 31, 2012, respectively, less the option's exercise price.
2. Outstanding unvested compensation is comprised of outstanding options that were not exercisable on or before December 31, 2013 and December 31, 2012, respectively, in addition to RSUs that had not vested by December 31, 2013. Outstanding options are valued at the closing price of a Company common share on the TSX as at December 31, 2013 less the exercise price. Outstanding unvested RSUs are valued at the volume-weighted average trading price of a Company common share on the TSX on December 31, 2013 and December 31, 2012, respectively, in addition to any dividend entitlement earned on such unvested RSUs between the date that they were granted and December 31, 2013 and December 31, 2012, respectively.
3. Payouts during the year include the value of exercised options during the year, in addition to any RSUs paid out in 2013. For 2013, stock option payouts are valued at the sale price of a Company common share on TSX at the time of the exercise less the exercise price. For 2012, stock option payouts are valued at the closing price of a common share on the TSX on the exercise date less the exercise price. The value of RSU payouts is calculated based on the average of the weighted average trading price of the common shares on the TSX for each of the five business days preceding the vesting date, for the vested RSUs in addition to any dividend entitlement that was earned on such RSU between the grant date and the vesting date.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Our Board and Management are committed to the highest standards of ethical conduct and corporate governance. Our Board regularly reviews our governance practices to make sure the Board continues to effectively oversee Management and to ensure our governance structure reflects evolving best practices and increasing regulatory requirements.

This section describes our corporate governance practices with reference to the corporate governance disclosure required under Canadian securities laws, including additional voluntary disclosure where appropriate to provide greater insight into our practices. We believe our practices are consistent with Bank Act requirements and guidelines issued by the Office of the Superintendent of Financial Institutions (Canada) for effective corporate governance, and are well designed to assist the Company in achieving its principal corporate objective, which is the enhancement of shareholder value. The Board has approved the disclosure of the Company's governance practices described below, on the recommendation of the Corporate Governance Committee.

Board of Directors

Independence

The independence of the Company's directors is determined annually by the Board on the recommendation of the Corporate Governance Committee. The Board has established a Director Independence Policy which incorporates the definition of independence in the CSA Guidelines. In addition, the Board, either directly or through one of its committees, adopts structures and procedures to ensure the Board functions independently of Equitable Management. These structures include:

- retaining advisors to provide independence advice and counsel,
- conducting regular *in camera* sessions of the board and its committees without the CEO or any other member of management,
- appointing an independent non-executive Chair of the Board, and
- reviewing board interlocks.

A director will be considered independent if he or she does not have a direct or indirect material relationship with the Company. A material relationship is a relationship which could reasonably interfere with the exercise of independent judgement.

The information required to make this determination is collected through the review of biographical material and questionnaires completed by the directors annually, or prior to their appointment. The Corporate Governance Committee reviews all information provided to determine if a director has any relationship with the Company that could reasonably be expected to interfere with the director's ability to act independently and makes a recommendation to the Board based on this assessment.

Based on this assessment the Board has determined that Andrew Moor was the only director determined to be non-independent due to his position as CEO.

Independent Advisors

Pursuant to their mandates, the Board and each of its Committees may engage their own independent advisor.

In Camera meetings

The Board and each of its committees set aside time for *in camera* sessions at each of their meetings to foster open and candid discussion among non-employee directors. In 2013 the independent directors met *in camera* at six of the Board's seven meetings held. With the exception of Equitable Bank's Investment Committee, Board committees are composed entirely of independent directors. The Audit Committee meets *in camera* at each meeting and also holds *in camera* sessions with each of the external auditors, the internal auditor, the Chief Financial Officer, Chief Compliance Officer and the Chief Anti-Money Laundering Officer. Similarly, the Risk and Capital Committee meets *in camera* with the Chief Risk Officer.

In Camera sessions of the independent directors are held at every regular in-person meeting of the board.

Board Leadership

Independent Chair

The Board of both the Company and the Bank is committed to a separate Chair and CEO positions and believes it is a structure that ensures independent Board leadership and oversight of Company Management. The Company has had an independent, non-executive Chair of the Board since it was formed in 2004.

Selection of Chair of the Board

The Chair of the Board is appointed by the Board. Austin Beutel, who has served as the independent, non-executive Board Chair of the Company since 2004 and of Equitable Bank since 1999, will retire from the Board at the May 2014 annual meeting. The Corporate Governance Committee oversaw the succession process which included a review of the Chair's responsibilities, agreement on the desirable characteristics of the Chair position, an assessment of potential candidates among current board members and unanimous agreement by all directors on the Board Chair elect. Subject to his re-election as a director at the May 2014 annual meeting of shareholders, the Board intends to appoint David LeGresley as the non-executive Chair of the Board of both the Company and the Bank.

The Chair of the Board manages the Board's affairs to ensure that the Board functions effectively and meets its obligations and responsibilities, which include:

- leading the Board in its supervision of the business and affairs of the Company and its oversight of management,
- enhancing Board effectiveness and promoting a culture of integrity and compliance with regulatory requirements,
- ensuring committee functions are carried out and reported to the board,
- chairing the *in camera* sessions of the independent directors,
- participating in director recruitment, orientation, continuing education and regular evaluations of the Board,
- acting as a key advisor to the CEO on major issues,
- providing input to the corporate governance committee on succession plans for the position of Chair of the Board,
- overseeing the succession plan for the CEO, and
- meeting with representatives of Equitable Bank's regulators and other stakeholders on behalf of the board.

Board Mandate

The Board's primary responsibility is to supervise the management of the business and affairs of the Company. The mandate of the Board, which is reviewed and approved annually by the Board, sets out the Board's specific duties and responsibilities which include oversight of and decision-making on the Company's strategic plan, risk management, human resources and talent management, corporate governance, financial information, communications, board committees and director development and evaluation.

The mandate is annually reviewed by the Corporate Governance Committee and approved by the Board. See Schedule "A" for a copy of the Board mandate. The mandate is also available on our website at www.equitablegroupinc.com under Corporate Governance.

Risk Management

The Board is responsible for overseeing the identification and monitoring of the Company's core risks and satisfying itself that appropriate policies, procedures and practices are in place for the effective management of these risks under the Company's risk appetite framework. The Board is assisted in this regard through its committees:

- **Risk and Capital Committee**
  - reviews the Risk Appetite Framework prior to recommending it for board approval
  - receives regular reporting on Management's assessment of the Company's risk profile against risk appetite
  - oversees operational risk
  - reviews the commercial credit risk appetite.

- **Investment Committee**
  - receives regular reporting on credit, liquidity and interest rate risks and recommends appropriate limits and controls for these risks, for approval by the Board.

- **Audit Committee**
  - has primary oversight for the Company's business and strategic, and reputational risks
  - receives quarterly reports on the Company's internal controls from internal audit and on legal and regulatory risk from the compliance department
  - receives regular reports on internal controls from the external auditors.

- **Human Resources and Compensation Committee**
  - ensures the Compensation policy and practices are aligned with the Company's risk appetite and risk management framework.

For further information on the Company's risk management processes see the Risk Management Framework section on starting on page 51 of the Company's 2013 Annual Report.

Chief Executive Officer

The CEO's primary responsibility is to provide overall leadership, strategic direction and management of the Company's business and affairs. The CEO's mandate is reviewed and approved by the Board on an annual basis.

Board Committees

The Board has established five committees to help fulfill its oversight responsibilities:

- Audit Committee
- Risk and Capital Committee
- Human Resources and Compensation Committee
- Corporate Governance Committee
- Investment Committee

The Board also approves mandates for these committees and requires the Committee Chairs to present a report to the Board on material matters considered by the Committee at the next scheduled Board meeting.

Internal Controls and Management Information Systems

Our Internal Control Framework is based on *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Audit Committee:

- reviews and monitors the integrity and effectiveness of our management information systems and internal controls, including internal controls over financial reporting and disclosure, and
- meets regularly with the internal and external auditors, and receives regular reports on internal control from management, including the oversight functions in finance, compliance and internal audit departments.

Strategic Planning

The Board provides oversight and direction in the strategic planning process, and reviews and approves the strategic plan, the capital plan, the Internal Capital Adequacy Assessment Process and Risk Appetite Framework. In its review the Board assesses the Company's major opportunities, the competitive environment and risk issues and reviews the alignment of the Company's Risk Appetite Framework with the strategic plan. The Board oversees the implementation of the strategic plan and monitors performance against the plan. In 2013 the Board held two sessions dedicated to strategic planning.

Succession Planning

The Board oversees the succession process for the CEO and, with assistance from the Human Resources and Compensation Committee, oversees the succession process for key management positions. The Human Resources and Compensation Committee reviews changes to the organization's structure and their impact on executive roles, and reports to the Board on succession planning. The Board also encourages the CEO to expose the Board to all of Equitable's senior officers, both for succession planning and career development and to provide the Board with a broader perspective and context on issues relevant to Equitable. Directors are provided with opportunities to meet with Company employees through attendance at events hosted by or participated in by Equitable.

Communication and Shareholder Engagement

The Company has a Disclosure Control Policy that establishes guidelines for the Company's communication with its shareholders, analysts, and the public in general. The policy includes measures to avoid selected disclosure of material information, identifies designated Equitable spokespersons and establishes internal review processes for key public communications. The Company also has disclosure controls and procedures designed to ensure that material information relating to the Company is made known to our CEO and CFO.

Equitable has a Disclosure Control Committee whose members are the CEO, CRO and CFO. This Committee, which is chaired by the CFO, reviews all annual and quarterly filings and oversees the timely public release of material information about the Company. The Committee also reviews the design and implementation of procedures to support the financial reporting process and the certification of our financial reports by the CEO and CFO. We communicate with shareholders and other stakeholders through the annual report, management information circular, quarterly reports, annual information form, news releases, our website and our quarterly earnings conference calls with analysts which features a live webcast and question and answer session. Webcasts remain available on our website for three months. The CEO and CFO meet regularly with financial analysts and the investment community.

To contact our Board, shareholders can use the contact details provided on page 59 of this Circular.

Position Descriptions

The Board has developed a mandate for the non-executive Chair of the Board which addresses governance, leadership, board and shareholder meetings, board and management relationships, and director recruitment and evaluation. The Board has also established a mandate for the CEO which addresses leadership, ethics and integrity, governance, disclosure, strategic planning, risk management, human resources management, succession planning and effective communication with shareholders, the investment community and regulators. These mandates as well as position descriptions for each Committee Chair and individual directors are reviewed on an annual basis by the Corporate Governance Committee and approved by the Board.

Director Compensation

The Corporate Governance Committee reviews the amount and form of director compensation, taking into consideration the time commitment, the responsibilities and risks involved in being an effective director, its competitiveness and makes recommendations on changes in fee structure or compensation components to the Board for approval. The Board also approves share ownership requirements for directors. More detailed disclosure of director compensation can be found starting on page 15 of this Circular.

Executive Compensation

With the assistance of the Human Resources and Compensation Committee, the Board oversees compensation plans and risk, compensation decision making and succession planning. More detailed disclosure of executive compensation is described starting on page 24 of this Circular.

Director Selection and Nomination

The Corporate Governance Committee is responsible for identifying and considering qualified candidates for election to the Board, and for reviewing the credentials of existing directors for re-election to the Board.

The Committee, together with the Chair of the Board, regularly assesses the needs of the board required for effective oversight. The Committee acknowledges that Board membership should represent a diversity of backgrounds and satisfy the skills and competency requirements necessary for a publicly-traded, federally-regulated financial institution. Directors are selected for their integrity and character, experience, knowledge, and sound and independent business judgement. In addition, the Committee strives to achieve a balance between the need to have a depth of Company experience on the board and the need for renewal and new perspectives.

The Corporate Governance Committee maintains a competency matrix setting out the desired mix of skills, knowledge and expertise for the board as whole to possess and identifies any gaps to be addressed in the director nomination process. The matrix is reviewed annually and updated as appropriate based on a self-assessment by each director of his or her skills so as to ensure the Board has the appropriate mix of skills and expertise/experience to meet its current and long-term needs.

Candidates are identified through the use of executive search firms and referrals. Suitable candidates are interviewed by the Chair of the Board, the Chair of the Corporate Governance Committee, the CEO and one other member of the Corporate Governance Committee. The Committee receives input from all these sources, ensures background checks are conducted, and makes an assessment of the candidate's integrity prior to recommending to the board the nomination of the candidate for election to the Board by the shareholders.

Early in 2013 three directors expressed their intent to retire from the Board in 2014 subject to suitable replacements being identified. As a result, board renewal and succession was discussed at each of the Committee's six meetings in 2013. The Committee analyzed the experience and competencies of these directors and agreed that experience in risk management and real estate investment were to be included in the selection criteria in the search for new directors.

The result of this rigorous search process was the nomination of Michael Emory and Michael Stramaglia for election as directors. The Board is confident that the new proposed nominees, whose profiles can be found on pages 8 and 12 of this Circular, will make valuable contributions to our Board.

The table below lists the competencies of all nominees standing for election.

Skills & Experience	E. Beutel	M. Emory	E. Kirzner	D. LeGresley	L. McDonald	A. Moor	K. Rethy	R. Saunders	V. Sera	M. Stramaglia
Governance Experience in board and governance practices of a public company or other major organization	•	•	•	•		•	•	•	•	•
CEO/Senior Executive Broad business experience as a senior executive of a publicly listed or major organization		•	•	•		•	•	•		•
Strategic Planning Experience in development and implementation of a strategic plan at a major organization		•	•	•	•	•	•	•		•
Risk Management Knowledge of and experience in risk management practices, internal risk controls, risk assessments and reporting; experience on a public company or regulated company board committee that oversees risk management	•	•	•	•		•	•	•		•
Finance / Accounting Knowledge of or experience in financial accounting and reporting, corporate finance and internal financial/accounting controls, and IFRS	•	•	•	•	•	•			•	•
Financial Services Knowledge of and experience in the financial services industry	•		•	•	•	•		•	•	•
Real Estate Knowledge of and experience in real estate development and in the real estate industry	•	•				•			•	•
Human Resources/Compensation Knowledge of and experience in succession planning, talent development and retention, compensation program design and structure (in particular executive compensation programs)		•	•	•	•	•	•	•		•
Legal / Regulatory Training and/or experience in law and compliance with regulatory regimes		•		•		•	•	•		•
Marketing/Branding Experience as a senior executive in sales and marketing strategies						•		•		

The process for nominating an existing director for re-election includes a review by the Corporate Governance Committee of the director's:

- continuing integrity and suitability,
- length of service on the Board,
- attendance at a minimum of 75% of the combined board and committee meetings,
- continued effectiveness and performance, and
- compliance with Equitable's Code of Business Conduct.

Director Orientation and Continuing Education

Orientation

The Corporate Governance Committee oversees the orientation of new directors to ensure they fully understand the role of the Board, its committees and their responsibilities as directors. New directors meet with the Chair of the Board to discuss Board processes and dynamics and the governance framework, and with the CEO and members of management to discuss Company strategy, performance, organization structure, the regulatory framework and other issues facing the Company.

New directors are also provided with corporate and other information required to familiarize themselves with the Company and operations as well as key governance materials such as Board and Committee mandates, compliance requirements for directors, key Board policies including the Director Independence Policy, minutes from recent Board and committee meetings, the Code of Business Conduct, the Company's current strategic and capital plans, and other relevant information concerning the Company. All directors have a standing invitation to attend committee meetings and new directors are encouraged to do so to assist in their orientation.

Continuing Education

The Corporate Governance Committee is responsible for the ongoing development and education of the directors. On an ongoing basis, directors:

- receive a comprehensive package of information prior to each Board and committee meeting,
- participate in information sessions on the Company's business and regulatory environment conducted by external experts and senior management throughout the year. These sessions are incorporated into regularly scheduled board meetings, and
- receive briefings on emerging trends that may be relevant to the Company's business strategy.

Directors are also encouraged to participate in relevant external education seminars at the Company's expense. In addition, many of our directors are members and/or graduates of the Institute of Corporate Directors and have access to ICD events designed to foster director education.

Directors identify their specific continuing education needs through the annual Board Effectiveness Survey and in discussions with management. The CEO provides quarterly updates to the Board on strategy and other matters affecting the Company. Committee meeting minutes are also given to all directors who are not on the committee. Directors interact with senior management at every board meeting.

During 2013, directors participated in educational sessions, and/or received educational materials on the following topics:

Educational Session	Date	Board/Committee
OSFI Corporate Governance Guideline, presentation by Management	May 2013	Board
Overview of the Company's Underwriting Practices under the Single Family Residential Mortgage Underwriting Policy, in particular the process for verifying business and income for self-employed borrowers, presentation by Management	August 2013	Investment Committee
Overview of Social Media risk, presentation by management	August 2013	Risk & Capital Committee
Overview of Sales & Marketing division of the Company's Single Family Lending business, presentation by Management	August 2013	Board
Overview of the Company's Information Security processes and Internal Audit's Approach to Information Security, presentation by Management	August 2013	Audit Committee
Director & Officer Liability Insurance, presentation by external expert	August 2013	Risk & Capital Committee
Legislative Compliance Management, presentation by Management	November 2013	Board
Executive Officer Competitive Compensation Review, presentation by the Human Resources & Compensation Committee's external advisor	August/December 2013	Human Resources & Compensation Committee
Director and Board Chair Competitive Compensation Review, presentation by Towers Watson	December 2013	Corporate Governance Committee

Board Performance Assessments

The Corporate Governance Committee is responsible for overseeing the process for evaluating the effectiveness and performance of the Board as a whole, the Committees and the Chair of the Board. The process includes each director completing a biennial questionnaire seeking the director's view on the effectiveness of the Board in the discharge of its duties and responsibilities, such as board leadership, our risk management processes, the quality and timeliness of information provided to the Board for board and committee meetings, and management succession planning.

Directors are also asked to provide their views on how successful the Board was in meeting its previous year's objectives, what the Board considers its objectives to be for the year ahead, and areas in which the directors would like to receive additional training. This latter part of the questionnaire is also provided to the directors in alternating years, and was the assessment conducted in 2013. The Chair of the Board summarizes the results and provides the Board with the findings and qualitative commentary which are then discussed during the *in camera* session at the next board meeting. Feedback is provided to Management as appropriate to ensure the right programs are in place for continuously improving the Board's functioning and effectiveness. The Board may from time to time consider reviewing its effectiveness with the assistance of an independent external advisor.

Ethical Business Conduct

The Board and the CEO are responsible for promoting a culture of integrity and ethical behaviour. The Company has in place a number of policies and procedures, including the Code of Business Conduct, which are written standards designed to encourage and promote a culture of integrity, honesty, fairness and respect in all of its business activities.

The Code applies to all directors, officers and employees of the Company and the Company and sets out fundamental principles that provide guidance on several matters, including conflicts of interest, confidentiality of corporate information, protection and use of corporate assets, compliance with laws and reporting of any illegal or unethical behaviour.

All employees, officers and directors must confirm annually their compliance with the Code of Business Conduct

The Code was modified to reflect changes required as a result of the conversion to the Bank, new expectations from regulators and areas that management identified could be strengthened and clarified to achieve the Company's objectives related to integrity and ethical behaviour; it received Board approval in August 2013. A copy of the Code is accessible on SEDAR at www.sedar.com or on our website at www.equitablegroupinc.com, or by contacting the Corporate Secretary at the address set out on page 59 of this Circular.

As part of its commitment to support the highest degree of ethical and legal behaviour in the conduct of our business and to provide an open environment at the Company, the Board ensures that effective mechanisms are in place for employees to promptly raise or report perceived or suspected ethical concerns they may have without fear of retribution or harassment. In August 2013, the Board approved amendments to the Company's Whistleblower Policy. The Policy provides a toll-free hotline maintained by an independent third party. Employees, officers and directors can anonymously and confidentially report any serious concerns including any breach of any Company policy or financial matters, such as fraud, deficiencies in internal controls or deviations from full and fair recording of expenses and liabilities. Alternatively, employees can report any concerns to their manager, another manager or Human Resources. In addition, directors, officers and employees can report any concerns to the Chief Compliance Officer or the Chair of the Audit Committee. All concerns raised are investigated and reported to the Audit Committee by the Chief Compliance Officer.

The Code is provided to all employees and officers at the time of hire, and to all directors upon joining the Board. Each year all directors, officers and employees are required to acknowledge in writing that they have read, understand and complied with the Code during that fiscal year. The Company conducts an annual certification process to monitor compliance with the Code and the Chief Compliance Officer reports the results of such process, as well as the adequacy and effectiveness of the Ethical Business Conduct Policy to the Corporate Governance Committee of the Board of Directors annually. Any waivers to the Code must be granted by the Board. Since inception, no waivers from the Code have been requested.

Conflicts of Interest

The Board has adopted a policy relating to directors' and officers' conflicts of interest. The policy sets out clear procedures applicable in the event conflicts arise. Where a director or officer has an interest in a transaction or contract with Equitable that is being considered by the Board, they are required to disclose that interest. A director's conflict is recorded in the minutes of the meeting and the director is required to absent himself or herself from the meeting for any discussion or deliberations concerning the subject matter of the transaction. The director is further required to abstain from voting on any resolution in respect of such transaction or contract.

OTHER INFORMATION

Indebtedness of Directors and Executive Officers

As at the date of this Circular, there was no outstanding indebtedness to the Company or Equitable Bank incurred by any directors, director nominees or executive officers in connection with the purchase of securities of the Company or any other indebtedness. There was no outstanding indebtedness incurred by any of such individuals to another entity that was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or Equitable Bank.

Availability of Documents

Financial information is provided in our comparative financial statements and Management's Discussion and Analysis which form part of the Annual Report. Copies of these documents and additional information relating to the Company are available at www.equitablegroupinc.com and also on SEDAR at www.sedar.com.

Copies are also available free of charge by contacting our Corporate Secretary's Department as follows:

- phone: 416-515-7000
- fax: 416-515-7001
- email: corporatesecretary@equitablegroupinc.com

Directors' Approval

The Board has approved the content and mailing of this Circular.

Andrew Moor
President and Chief Executive Officer
April 9, 2014

Directors' and Officers' Insurance

The Company has purchased, at its expense, liability insurance for its directors and officers as well as those of Equitable Bank. The limit of such insurance, which expires on May 31, 2014, is $25 million. The deductible is $200,000 per event. For the year ending May 31, 2014, the premium for such coverage is $205,200.

Contacting the Board

You may contact the Board, the Chair of the Board or any Board member by directing your correspondence to the following address:

Corporate Secretary's Department
Equitable Group Inc.
30 St. Clair Avenue West, Suite 700
Toronto, Ontario M4V 3A1
email: corporatesecretary@equitablegroupinc.com

Schedule "A"

Board of Directors' Mandate

A. Role

The role of the Board of Directors (the "Board") is to supervise the management of the business and affairs of Equitable Group Inc. ("Group") and Equitable Bank (the "Bank") (collectively, the "Company").

The Board shall, either directly or through its Committees, be responsible for discharging its responsibilities as set out in this Mandate and such other duties as may be necessary or appropriate in order to fulfill its stewardship responsibilities.

B. Accountabilities and Responsibilities

The Board shall directly, or through a Board Committee:

Strategic Planning

1. Adopt a strategic planning process and annually approve the strategic plan which sets out the Company's short-term and long-term business objectives and takes into account the opportunities and risks of its business. In discharging this responsibility the Board shall review emerging trends, the competitive environment, and ensure the strategic plan is aligned with the Company's risk appetite.
2. Oversee the implementation of the strategic plan and monitor management's execution against the approved plan.
3. Review and approve the annual financial and capital plans and budgets, the capital management policy and the Internal Capital Adequacy Assessment Process. Monitor the Bank's performance against the financial and capital plans and approve any material amendments to, or variances from, these plans.
4. Approve any capital expenditure in excess of $500,000 over the budgeted capital plan.
5. Approve debt/equity issuances and major business development initiatives and material transactions.

Risk Management

1. Approve the Company's risk appetite framework, and ensure its alignment with the Company's strategy, financial, liquidity and capital plans, business unit strategies, day-to-day operations and compensation programs.
2. Ensure processes are in place to identify the principal business risks and review key policies and practices, particularly in the areas of credit, interest rate, liquidity, operational and reputational, and ensure appropriate systems are implemented to manage these risks. Obtain assurances from management that such policies and practices are being adhered to and are consistent with the Board-approved strategy and Risk Appetite Framework.
3. Review the processes to ensure compliance with applicable regulatory, corporate, securities and legal requirements.
4. Ensure the Board receives from senior management the information and input required to enable it to effectively perform its duties.
5. Approve the delegation of credit approvals and investment authority to senior management.

Corporate Governance

1. Review the Company's approach to corporate governance, including the governance principles and guidelines applicable to the Company.
2. Establish appropriate criteria, structures, practices and procedures to allow the Board to function independently of management.
3. Establish and review the director independence standards and evaluate the ability of each director to act independently from management in fulfilling its duties.
4. Approve the mandates for the Board, Chair of the Board, a Committee Chair and individual directors.
5. Evaluate the effectiveness and performance of the Board, Board Committees, Board and Committee Chairs and individual directors. Periodically consider engaging an independent external advisor to assess or assist the Board in conducting such assessments.

Succession Planning and Director Compensation

1. Oversee an appropriate orientation program for new directors and a continuing education program for all directors.

2. Approve the nomination of all director candidates for election to the Board.
3. Approve the form of compensation of directors and how that compensation is paid.

Mandate and Appointment of Chair of the Board

1. Approve the mandate of the Chair of the Board.
2. Annually appoint the Chair from among the independent members of the Board, set the Chair's compensation, assess his or her performance and oversee his or her succession.

Culture of Integrity

1. Set the "tone from the top" together with the Chief Executive Officer and establish professional standards and corporate values that promote a culture of integrity, risk awareness and compliance throughout the Company.
2. Satisfy itself to the extent feasible as to the integrity of the Chief Executive Officer and other senior officers and that such officers strive to create a culture of integrity, risk management and compliance throughout the Company.
3. Approve and monitor compliance with the Company's Code of Business Conduct. Approve any waivers from the Code for the benefit of any director or senior officer.

Delegation of Authority to President and Chief Executive Officer

1. Delegate to the President and Chief Executive Officer the authority to manage and supervise the day-to-day activities of the Company, and make decisions regarding the Company's ordinary course of business that is not specifically reserved to the Board.

Internal Controls

1. Approve the Company's internal control framework. Oversee and monitor the integrity of Company's internal controls, including those for financial reporting, and management information systems and satisfy itself that these systems and controls are designed and operating effectively.
2. Ensure there are appropriate oversight functions independent of management.
3. Review and approve the financial statements and management's discussion and analysis, annual information form, management information circular and other public disclosure documents that require board approval.

Committees

1. Establish such committees of the Board, or merge or dispose of any Board Committee as the Board deems advisable.
2. Approve the structure, membership and mandates of each Board committee.

Succession Planning and Human Resource Management

1. Appoint or, if required, remove the Chief Executive Officer.
2. Approve the corporate objectives to be met by the Chief Executive Officer, monitor progress against those objectives, and approve the compensation of the Chief Executive Officer and other senior officers as required.
3. Appoint the officers of the Company, ensuring such officers and other responsible persons have the appropriate qualifications and competencies to meet the expectations set by the Board and regulators.
4. With the assistance of the Human Resources and Compensation Committee, oversee the training and development of the Chief Executive Officer and other members of senior management.
5. Approve the Company's compensation policy. Oversee the compensation program to ensure it aligns with the Company's business strategy and risk appetite, and operates as intended.
6. Review the succession plan for the Chief Executive Officer and the Chair of the Board and oversee the succession planning process for senior management.
7. Oversee the Company's Finance, Risk, Compliance and Internal Audit functions having regard to their independence and effectiveness.

Communication and Public Disclosure

1. Oversee the implementation of measures for receiving feedback from the Company's shareholders.
2. With the assistance of the Audit Committee, review the effectiveness of the Company's disclosure controls.

Regulators

1. Review and discuss with senior management the Company's response to recommendations and suggestions made by the Company's primary regulator, the Office of the Superintendent of Financial Institutions, pursuant to their supervisory activities.
2. Monitor the Company's relationship with its regulators.
3. Ensure regulators are promptly notified of substantive issues affecting the Company.

C. Membership

1. The composition and organization of the Board, including the number, qualifications, number of meetings, Canadian residency requirements, quorum requirements, meeting procedures and notices of meetings are as established by governing legislation and the by-laws of the Company.
2. The Board shall establish independent standards for directors and at least annually, shall determine the independence of each director in accordance with these standards. A majority of the directors shall be independent in accordance with these standards.

D. Secretary

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

E. Meetings

1. The Board shall meet no less than four times each year. The independent members of the Board shall hold unscheduled or regularly scheduled meetings, or portions of regularly scheduled meetings, at which management is not present.
2. Directors 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 director participating by such means is deemed to be present at that meeting.
4. The Board may invite such persons as it may see fit to attend its meetings and to take part in discussions and considerations of the affairs of the Board.
5. Notice of each meeting shall be given to each director by pre-paid mail, by personal delivery or other means of transmitted or recorded communication at least 24 hours before the date and time set for the meeting. Any member of management shall also attend whenever requested to do so by the Chair of the Board.

F. Access to Management and Outside Advisors

1. The Board shall have unrestricted access to management of the Company and if determined necessary by the Board, any employee. The Board shall have the authority to retain and terminate external legal counsel, consultants or other advisors to assist it in fulfilling its responsibilities and to set and pay the compensation of these advisors without consulting or obtaining the approval of any officer of Company.