

# EQUITABLE

EQUITABLEBANK.CA

TSX EQB / EQB.PR.C

## Notice of Annual Meeting of Shareholders and Management Information Circular

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**May 17, 2016**

Your vote is important. This document tells you who can vote, what you will be voting on and how to vote.



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### Voting by proxy is the easiest way to vote

Please refer to your proxy form or your voting instruction form included in this package or to the section entitled Voting Information for more information on the voting methods available to you. **If you elect to vote on the internet or by telephone, you do not need to return your proxy form or voting instruction form.**



April 6, 2016

**Dear Shareholder,**

Please join us at our annual meeting of shareholders which will take place on Tuesday, May 17, 2016 at 10:00 a.m. (Eastern Time) at the TMX Broadcast Centre, the Exchange Tower, 130 King Street West, Toronto, Ontario. The meeting is your opportunity to hear about our operational and financial performance over the past year and our plans for 2016 and beyond. You will also be able to meet our directors and executive team and have the opportunity to ask questions.

The business of the meeting is described in the Notice of Annual Meeting and the accompanying Management Information Circular. The Circular provides information on executive compensation and our corporate governance practices. If you cannot attend the meeting, a listen-only webcast with accompanying slides will be available on our website at [www.equitablebank.ca](http://www.equitablebank.ca).

**Your vote is important to us.** Whether or not you attend the meeting, we encourage you to complete and return the enclosed form of proxy or voting instruction form in the envelope provided for this purpose. You may also vote over the internet or by telephone by following the instructions on either form. Please see the "Voting Information" section of the Circular for further information on how to vote your shares.

The Board and management thank you for your continued support, and we look forward to seeing you at this year's meeting.

Sincerely,

A handwritten signature in black ink, appearing to read "D. LeGresley".

**David LeGresley**  
Chair of the Board

A handwritten signature in black ink, appearing to read "A. Moor".

**Andrew Moor**  
President and Chief Executive Officer

## Notice of 2016 Annual Meeting of Shareholders

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**When**

Tuesday, May 17, 2016  
10:00 a.m. (Eastern Time)

**Where**

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

**For the purposes of**

1. receiving the financial statements for the year ended December 31, 2015 and the auditors' report on those financial statements;
2. electing the directors for the coming year;
3. appointing KPMG LLP as auditors and authorizing the directors to set their remuneration;
4. confirming, by ordinary resolution, an amendment to the Company's By-law No.1 regarding quorum requirements for shareholder meetings; and
5. transacting such other business as may properly come before the meeting or any adjournment of the meeting.

**Your vote is important.** As a shareholder it is very important that you read this material carefully and vote your shares as early as possible so that your shares will be represented at the meeting. Please complete, sign and return the form of proxy or voting instruction form, or vote over the internet or by telephone. Your vote must be received by our transfer agent, Computershare Investor Services Inc., by 10:00 a.m. (Eastern Time) on Friday May 13, 2016.

**You have the right to vote.** If you held common shares of Equitable Group Inc. on April 4, 2016, you are entitled to receive notice of and vote at this meeting. There were 15,551,865 common shares outstanding as of today's date.

By order of the Board of Directors,



Andrew Moor  
President and Chief Executive Officer  
April 6, 2016

**We encourage you to sign up for Electronic Delivery of the 2016 Annual Report and 2017 Management Information Circular.**

Registered shareholders can go to [www.computershare.com/eDelivery](http://www.computershare.com/eDelivery) and click on "Sign up for eDelivery" at the bottom of the page. Enter your Holder Account Number from your form of proxy, and enter your postal code (if you are a Canadian resident), or your Family or Company Name (if you are a non-resident of Canada), and click "Sign In".

Non-registered shareholders can go to [www.proxyvote.com](http://www.proxyvote.com) using the control number found on your voting instruction form and following the instructions. You can also register for eDelivery when you have finished voting at [www.proxyvote.com](http://www.proxyvote.com), by clicking the "Go Paperless" button and following the instructions.

# 2016 MANAGEMENT INFORMATION CIRCULAR

## About this document

You have received this Management Information Circular (“Circular”) because you owned Equitable Group Inc. common shares on April 4, 2016 (record date). The Circular is provided in connection with soliciting your proxy for our Annual Meeting of Shareholders (the “Meeting”) on May 17, 2016 at 10:00 a.m. (Eastern Time), or any adjournment thereof. 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.

The Circular explains what the meeting will cover, the voting process and other important information you need to know, such as:

- the individuals nominated for election to our Board of Directors;
- the auditors;
- our corporate governance practices; and
- 2015 compensation for our directors and named executive officers.

## Date of Information

All information in this Circular is as of April 6, 2016, unless we state otherwise.

## 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](mailto:service@computershare.com)
- mail: Computershare Investor Services Inc.  
100 University Avenue  
8<sup>th</sup> Floor, North Tower  
Toronto, Ontario M5J 2Y1

### In this document:

- *Equitable, the Company, we us, and our* mean Equitable Group Inc.
- *The Bank* means Equitable Bank, the Company’s wholly-owned subsidiary.
- *You and your* refer to the shareholder.
- *Shares and Equitable shares* mean Equitable’s common shares.

## SUMMARY

The following are highlights of some of the important information you will find in this Circular. We recommend you read the entire Circular before voting.

### Shareholder Voting Matters

Voting Matter	Board Vote Recommendation	Page Reference for more information
Election of ten directors	FOR each nominee	9
Appointment of KPMG LLP as auditors and the authorization of the directors to fix their remuneration	FOR	10
Confirmation of the amendment to By-law No. 1 increasing quorum requirements for shareholders meetings to 25%	FOR	11

### Our Director Nominees

Name	Age	Occupation	Independent	% Votes FOR at 2015 AGM	Committee Membership	Attendance in 2015	Other public boards
Eric Beutel	53	Vice-President, Oakwest Corporation Ltd.	Yes	99.99	Investment (Chair), Governance, Risk	100%	2
Johanne Brossard	55	Corporate Director	Yes	99.99	Compensation, Governance	100%	0
Michael Emory	60	President and CEO, Allied Properties REIT	Yes	99.01	Investment, Compensation	100%	1
Eric Kirzner	71	Prof. of Finance, Rotman School of Management, University of Toronto	Yes	99.98	Audit, Risk (Chair)	100%	0
David LeGresley	57	Corporate Director	Yes	99.01	Chair of the Board	100%	1
Lynn McDonald	64	Corporate Director	Yes	99.01	Audit, Risk, Compensation (Chair)	100%	0
Andrew Moor	55	President and CEO, Equitable Group Inc. and Equitable Bank	No	99.99	-	100%	1
Rowan Saunders	51	President and CEO, Royal & Sun Alliance Insurance Company of Canada	Yes	99.99	Audit, Governance	94%	0
Vincenza Sera	59	Corporate Director	Yes	99.00	Investment, Risk, Governance (Chair)	100%	2
Michael Stramaglia	56	Corporate Director and President, Matrisc Advisory Group Inc.	Yes	99.98	Audit (Chair), Risk, Compensation	100%	0

### Highlights of Corporate Governance Practices

We are committed to adhering to high standards of governance which we believe is good for our shareholders, our employees and our company. Some of our governance practices are highlighted in the following table:

Size of board	10	Majority Voting Policy for re-election of directors	Yes
Percentage of independent directors	90	Director Retirement Age	72
Fully independent Board Committees	Yes	Separate Chair of the Board and CEO positions	Yes
Percentage of independent directors who are women	33	Share Ownership Requirements for Directors and senior executives	Yes
Board interlocks	No	Gender Diversity Policy for directors	Yes
All directors are financially literate	Yes	Formal Board Assessment process	Yes
Average age of director nominees	58	Meeting attendance requirements for directors	Yes
Directors elected individually	Yes	Code of Business Conduct	Yes
Directors elected annually	Yes	Clawback policy for senior executives	Yes

## VOTING INFORMATION

### Who can vote

You have the right to vote if you held common shares at the close of business on April 4, 2016 (the record date). Each common share is entitled to one vote.

As at the close of business on April 4, 2016, there were 15,551,865 common shares outstanding. Our common shares trade under the symbol "EQB" on the Toronto Stock Exchange ("TSX").

**We will need a quorum**  
*To transact business at the Meeting, we must have at least two persons holding or representing by proxy not less than 25% of the outstanding shares entitled to be voted at the Meeting.*

### Principal holders of 10% or more of Equitable common shares

To the knowledge of our directors and officers, the only persons or companies which beneficially own, directly or indirectly, or exercise control or direction over 10% or more of our common shares are the following:

	Number of common shares	Percentage of outstanding common shares
Stephen Smith <sup>(1)</sup>	2,903,200	18.7%
Beutel, Goodman & Company Ltd. <sup>(2)</sup>	2,076,769	13.4%
Oakwest Corporation Limited <sup>(3)</sup>	2,000,000	12.9%
Mawer Investment Management Ltd. <sup>(4)</sup>	1,917,608	12.3%

1. Stephen Smith beneficially owns, directly or indirectly, or exercises control or direction over these shares which were acquired for investment purposes.
2. 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.
3. Eric Beutel, a director of the Company, beneficially owns, or exercises control or direction over, 9,000 common shares. He is also an officer and a director of Oakwest and exercises control or direction over the common shares held by Oakwest which were acquired in the ordinary course of business and not with the purpose of influencing or changing the control of the Company.
4. Mawer Investment Management Ltd. acquired these shares in the ordinary course of investing activities.

### How to vote

**Please follow the voting instructions based on whether you are a registered or non-registered shareholder:**

- You are a **registered shareholder** if you have a share certificate issued in your name or that appears on a statement from a direct registration system on the records of our transfer agent.
- You are a **non-registered shareholder** if your common shares are registered in the name of an intermediary (for example, a bank, trust company, investment dealer, clearing agency, or other institution). Most of our shareholders are non-registered holders.

If you are not sure whether you are a registered or non-registered shareholder, please contact Computershare by email at [service@computershare.com](mailto:service@computershare.com). Alternatively, please call Computershare toll-free at 1-800-564-6253 (within Canada and the United States).

## Non-Registered Shareholder

### Option 1 – By proxy (voting instruction form)

**Internet:** Go to [www.investorvote.com](http://www.investorvote.com) and follow the instructions.

**Telephone:** Call 1-866-732-VOTE (8683) and follow the instructions. If you vote using this method you cannot appoint anyone other than David LeGresley or Andrew Moor as your proxyholder.

If using either of these methods you will need your 15 digit Control Number located in the lower left corner of the proxy form.

**Mail:** Return the completed voting instruction form in the prepaid envelope provided.

If you vote by telephone or internet, do NOT complete or return the voting instruction form. **Your voting instructions must be entered by 10:00 a.m. (Eastern Time) on Friday May 13, 2016.**

Your intermediary will follow your voting instructions and vote on your behalf. 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.

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### Option 2 – In person at the Meeting

We do not have access to the names or holdings of our non-registered shareholders. **If you want your shares to be voted in person at the Meeting you must first appoint yourself as proxyholder. Follow the instructions on the voting instruction form to appoint yourself as proxyholder, or to appoint someone else to attend and vote for you, and submit as directed on the form. Your voting instructions must be received by 10:00 a.m. (Eastern Time) on Friday May 13, 2016.**

Proxyholders must register with Computershare upon arrival at the Meeting.

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.

## Registered Shareholder

### Option 1 – By proxy (proxy form)

**Internet:** Go to [www.investorvote.com](http://www.investorvote.com) and follow the instructions.

**Telephone:** Call 1-866-732-VOTE (8683) and follow the instructions. If you vote using this method you cannot appoint anyone other than David LeGresley or Andrew Moor as your proxyholder.

If using either of these methods you will need your 15 digit Control Number located in the lower left corner of the proxy form.

**Mail:** Return the completed proxy form in the prepaid envelope provided.

Computershare must receive your proxy form or you must have voted by telephone or Internet **no later than 10:00 a.m. (Eastern Time) on Friday May 13, 2016.**

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### Option 2 - In person at the meeting

Attend the Meeting and register with Computershare at the registration table. **You need not complete or return the proxy form.** However, you may still wish to complete and return the form of proxy to ensure your vote is counted.

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### Option 3 – By proxyholder

David LeGresley, Chair of the Board, and Andrew Moor, President and Chief Executive Officer are Equitable's proxyholders who will vote your shares at the Meeting according to your instructions.

**You can appoint anyone you want to be your proxyholder;** it does not have to be another shareholder. Simply insert the person's name in the blank space provided on the proxy form and return it in the envelope provided. If your proxyholder does not attend the Meeting, your shares will not be voted.

Your proxyholder can vote your shares as he or she sees fit, unless you indicate otherwise.



## How your shares will be voted

You can choose to vote FOR, WITHHOLD or AGAINST, depending on the item to be voted on. When you sign the proxy form or voting instruction form, you authorize David LeGresley or Andrew Moor, who are directors, to vote your shares for you at the Meeting according to your instructions. **If you do not tell us how you want to vote your shares, they will be voted:**

- **FOR** the election of the ten director nominees named in this Circular;
- **FOR** the appointment of KPMG LLP as our independent auditors; and
- **FOR** the amendment to By-law No. 1.

**You may appoint another person to go to the Meeting and vote your shares for you.** If you wish to do so, strike out the two names of the directors and write the name of the person voting for you in the space provided. This person does not have to be a shareholder. He or she must be present at the Meeting to vote your shares. Your proxyholder will vote your shares as he or she sees fit on any amendments to the items to be voted on and on any other items that may properly be brought before the Meeting or any adjournment.

## Changing your vote

If you are a **registered shareholder** and have voted by proxy, you may revoke your proxy by providing new voting instructions on a proxy form with a later date, or at a later time if you are voting by telephone or on the internet. Any new instructions, however, will only take effect if received by Computershare **no later than 10:00 a.m. (Eastern Time) on Friday, May 13, 2016**, or if the Meeting is adjourned or postponed, by 10:00 a.m. on the second-last business day before the date of the reconvened meeting.

You may also revoke your proxy and vote in person at the Meeting, or at any adjournment thereof, by delivering a notice 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 10:00 a.m. (Eastern Time) on Friday, May 13, 2016**, or giving your notice to the Chair of the Meeting before the Meeting starts.

If you are a **non-registered shareholder** you may revoke your proxy or voting instructions by contacting your intermediary.

## Voting Employee shares

If you hold shares purchased through the Employee Share Purchase Plan you will have received a voting instruction form. You may vote your shares by:

**Telephone:** Call 1-866-732-VOTE (8683) and follow the instructions provided. If you vote using this method you cannot appoint anyone other than David LeGresley or Andrew Moor as your proxyholder.

**Internet:** Go to [www.investorvote.com](http://www.investorvote.com) and follow the instructions.

**Mail:** Return the completed voting instruction form in the prepaid envelope provided.

## Confidentiality

Computershare counts and tabulates the votes. This is done independently to preserve the confidentiality of individual shareholder votes. Computershare only refers proxies to us when it is clear that a shareholder wants to communicate with management, the validity of the form is in question or the law requires it.

## Voting Results

Voting results of the Meeting will be filed on SEDAR following the Meeting and will also be posted to our website at [www.equitablebank.ca](http://www.equitablebank.ca).

## Electronic Delivery of Shareholder Materials

We offer electronic delivery (eDelivery) of shareholder materials, including this Circular, for beneficial owners and for registered shareholders who hold share certificates. These shareholders can sign-up for eDelivery as follows:

- If you are a beneficial owner: go to proxyvote.com and use the control number provided on your voting instruction form.
- If you are a registered shareholder who holds a share certificate: go to [www.computershare.com/eDelivery](http://www.computershare.com/eDelivery) and click on “Sign up for eDelivery”.

## BUSINESS OF THE MEETING

### Financial Statements

Equitable’s consolidated financial statements for the year ended December 31, 2015 and the auditors’ report on those financial statements are included in our 2015 Annual Report mailed to shareholders and posted to our website at [www.equitablebank.ca](http://www.equitablebank.ca).

### Election of Directors

The Board has fixed the number of directors to be elected at the Meeting at ten in accordance with the Company’s by-laws. Each director will be elected to hold office until the next annual meeting of shareholders. All nominees currently serve on our Board and all were elected at our 2015 Meeting. Their profiles can be found starting on page 12.

The Board  
recommends you  
vote *for*  
each of our  
ten director nominees

Our Articles of Amalgamation allow us to have up to 12 directors. The Board believes that ten directors provide the skills and experience we need to make decisions effectively and meet the needs of the standing Board Committees. The Board has the ability to appoint additional directors between shareholder meetings and may do so for a number of reasons, including for Board succession planning purposes. In such cases, shareholders will have the right to vote for or withhold their votes from such interim directors at the next annual meeting of shareholders.

A simple majority (50% plus one) of votes cast in person or by proxy at the Meeting is required to approve each item of business, except for the election of directors (see below for our policy on majority voting).

Management does not contemplate that any nominated director will be unable to serve as a director. If, however, it does occur for any reason during or prior to the Meeting, it is intended that the discretionary authority shall be exercised by the individuals named in the form of proxy or voting instruction form and that person will vote the common shares in accordance with his or her best judgement.

### 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 submit his or her resignation to the Chair of the Board. The Corporate Governance Committee will recommend to the Board whether or not to accept the resignation. It is generally expected that the Corporate Governance Committee and the Board will accept the resignation absent exceptional circumstances. 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.

Equitable will immediately issue a press release on the full voting results for the election of directors.

## Appointment of Auditors

KPMG LLP has served as the auditors of the Company since 2004 and of Equitable Bank since 2002.

The Audit Committee's oversight responsibilities with respect to our external auditors includes conducting an annual assessment of KPMG's performance and service quality. In 2015 this assessment considered such factors as (i) KPMG's independence, objectivity and professional skepticism, (ii) the quality of the engagement team, (iii) the quality of their communications, and (iv) the overall quality of the service provided, including accessibility and adherence to delivery dates. Based on this assessment the Audit Committee concluded they were satisfied with KPMG's performance and service quality and recommended to the Board that KPMG be put to the shareholders for reappointment. Further details of the annual assessment is described in the Audit Committee Information section in the Company's Annual Information Form dated February 29, 2016 filed on SEDAR and available on our website at [www.equitablebank.ca](http://www.equitablebank.ca).

The Board  
recommends you vote  
**for**  
KPMG LLP as our  
external auditors  
at such remuneration  
as may be fixed  
by our directors

### Pre-approval policy 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. The policy is described in the Company's Annual Information Form dated February 29, 2016 and available on SEDAR and on our website.

Fees paid by Equitable to KPMG LLP for the years ended December 31, 2015 and December 31, 2014 were as follows:

Category	2015 <sup>1</sup> \$	2014 <sup>1</sup> \$
Audit Fees	406,000	464,130
Audit-related Fees	47,500	115,000
Tax Fees	48,500	39,100
Other Fees	301,550	-
<b>Total</b>	<b>803,550</b>	<b>618,230</b>

<sup>1</sup> Amounts exclude HST, CPAB fees, and disbursements

#### Audit Fees

Audit fees include amounts paid for professional services rendered by the auditors in connection with the audit of the Company's annual consolidated financial statements, and the review of the Company's interim financial statements. The decrease of \$58,130 from 2014 to 2015 is largely due to a comfort letter provided for the Company's Series 3 Preferred Share issuance and a consent letter provided for the Company's shelf prospectus in 2014: no such expenses were incurred in 2015.

#### Audit-related Fees

Audit-related fees include amounts of \$47,500 paid in 2015 and \$40,000 paid in 2014 for a specified procedures report to support Equitable's participation in CMHC sponsored securitization programs. Included in the 2014 fees is \$75,000 for French translation of the Company's base shelf prospectus and there were no such expenses incurred in 2015. The remaining increase of \$7,500 from 2014 to 2015 is a result of additional reporting procedures mandated by CMHC.

#### Tax Fees

Tax fees were paid for professional services relating to reviews of the Company's corporate tax returns and for tax advisory services. The increase of \$9,400 is largely due to an increase in fees paid in connection with filing of the Company's Scientific Research and Experimental Development tax claim.

#### Other Fees

Other fees paid in 2015 relate to a Cybersecurity review performed in connection with the launch of Equitable Bank's digital banking platform.

## Amendment to By-law No. 1

On August 12, 2015, the Board approved an amendment to Section 9.10 of the Company's By-law No. 1 to increase the minimum quorum requirement for meetings of shareholders to two shareholders representing at least 25% of the shares entitled to vote (from 10%). The amendment was adopted in order to improve our corporate governance practices.

To be effective, the amendment to By-law No. 1 requires confirmation of shareholders by ordinary resolution approved by a majority of the votes cast in person or by proxy at the Meeting.

Accordingly, you will be asked to consider and, if deemed advisable, vote on the following ordinary resolution:

**“RESOLVED THAT:**

The following amendment to By-law No. 1 is confirmed:

Section 9.10 of By-law No. 1 is amended by deleting the reference to 10% and replacing it with 25%, so that Section 9.10 shall read as follows:

‘9.10 Quorum - A quorum for the transaction of business at any meeting of shareholders shall be 2 persons present in person, each being a shareholder entitled to vote thereat or a duly appointed proxy or proxyholder for an absent shareholder so entitled, holding or representing in the aggregate not less than 25% of the issued shares of the Corporation enjoying voting rights at such meeting.’”

## Other business

We did not receive any shareholder proposals for this Meeting and, as at the date of this Circular, we are not aware of any other matter that will be brought before the Meeting.

The Board  
recommends you vote  
*for*  
the confirmation of  
the amendment to  
By-law No. 1

## ABOUT THE DIRECTOR NOMINEES

The Board is responsible for supervising the management of the business and affairs of the Company. The following pages tell you about our director nominees as of April 6, 2016, including their age, year first elected or appointed a Director, independence, current Board Committee memberships, meeting attendance in 2015, public company board memberships, areas of expertise and education and voting results from last year's director elections. Also included is information about the common shares and Deferred Share Units (DSUs) held by each director nominee as of the date of the Circular in each of 2016 and 2015. The value of common shares and DSUs reflects the at-risk investment and is calculated using \$50.90 (the closing price of our common shares on the Toronto Stock Exchange on April 6, 2016) for 2016, and \$59.40 (the closing price of our common shares on the TSX on April 8, 2015) for 2015. All directors meet our director share ownership requirements (see page 23 for more information). Andrew Moor, as President and Chief Executive Officer (CEO) meets the share ownership requirement for the CEO (see page 34 for details).

9 of our 10  
director  
nominees  
are  
independent



### Eric Beutel

Toronto, Ontario, Age 53 | Director since October 2004 (a Director of Equitable Bank since 1994)

#### Independent

#### Areas of expertise

- Finance
- Real Estate
- Risk Management
- Governance

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.

Board and Committee Membership	2015 Attendance	2015 Shareholder Voting Results	
		Votes in favour	Votes withheld
Board	7 of 7 / 100%	9,840,688 (99.99%)	900 (0.01%)
Investment Committee (Chair)	31 of 31 / 100%		
Risk and Capital Committee	5 of 5 / 100%		
Corporate Governance Committee	2 of 2 / 100%		

#### Other public boards in last five years

In-Touch Survey Systems Ltd. (2013 - present)  
 CHAR Technologies Ltd. (formerly Cleantech Capital Inc.) (2014 - present)  
 NexGen Financial Corporation (2012 - 2014)

#### Ownership and value of equity

Date	Equitable shares	DSUs	Total value of shares and DSUs	In compliance with ownership requirements
April 6, 2016	2,009,000 <sup>1</sup>	5,550	\$102,540,595	yes
April 8, 2015	2,009,000 <sup>1</sup>	5,022	\$119,484,407	yes



**Johanne Brossard**

Toronto, Ontario, Canada | Age 55 | Director since February 2015

**Independent**

**Areas of expertise**

- Financial Services
- Compliance
- Governance
- Regulatory
- Risk Management
- Senior Executive

Johanne Brossard, a Corporate Director, is an accomplished senior executive with more than 30 years of experience in the financial services industry in Canada, Europe and Japan. Her most recent role was President and CEO of Bank West, a subsidiary of Desjardins, from 2013 to 2014 and as Desjardins’ Senior Vice-President of National Online Banking Development. Prior to that, she served three years as President and Chief Executive Officer of ResMor Trust Company, a federally regulated trust company and a wholly-owned subsidiary of Ally Financial Inc. USA. In 1996 Ms. Brossard joined ING Direct where she served in various senior level positions over a 14 year period in Amsterdam, Japan and France, and as President and CEO of ING Bank of Canada from 2003 to 2008. In 2007, she was inducted into Canada’s 100 Most Powerful Women Hall of Fame. Ms. Brossard received her Master of Business Administration degree from the Richard Ivey School of Business at the University of Western Ontario and has a General Management Certificate from INSEAD. She is a member of the Institute of Corporate Directors with the ICD.D designation.

Board and Committee Membership	2015 Attendance	2015 Shareholder Voting Results	
		Votes in favour	Votes withheld
Board	7 of 7 / 100%	9,840,558 (99.99%)	1,030 (0.01%)
Corporate Governance Committee	4 of 4 / 100%		
Human Resources and Compensation Committee	4 of 4 / 100%		

**Other public boards in last five years**

None

**Ownership and value of equity**

Date	Equitable shares	DSUs	Total value of shares and DSUs	In compliance with ownership requirements
April 6, 2016	1,000	583	\$80,574	yes <sup>2</sup>
April 8, 2015	0	107	\$ 6,356	no (appointed in February 2015)



### Michael Emory

Toronto, Ontario, Canada | Age 60 | Director since May 2014

#### Independent

#### Areas of expertise

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

Michael Emory is President and Chief Executive Officer and a trustee of Allied Properties REIT, a position 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. Mr. Emory received his Bachelor of Arts (Honours) degree from Queen's University and his J.D. from the University of Toronto.

Board and Committee Membership	2015 Attendance	2015 Shareholder Voting Results	
		Votes in favour	Votes withheld
Board	7 of 7 / 100%	9,743,706 (99.01%)	97,882 (0.99%)
Human Resources and Compensation Committee	5 of 5 / 100%		
Investment Committee	30 of 31 / 97%		

#### Other public boards in last five years

Allied Properties REIT (2003 – present)

#### Ownership and value of equity

Date	Equitable shares	DSUs	Total value of shares and DSUs	In compliance with ownership requirements
April 6, 2016	1,600	962	\$130,406	yes
April 8, 2015	1,600	483	\$123,730	yes



### Eric Kirzner

Toronto, Ontario, Canada | Age 71 | Director since 2004 (a director on Equitable Bank's Board since 1992)

#### Independent

#### Areas of expertise

- Finance
- Investment Management
- Risk Management

Eric Kirzner is Professor of Finance and the John H. Watson Chair in Value Investing at the Rotman School of Management at the University of Toronto. He 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.

Board and Committee Membership	2015 Attendance	2015 Shareholder Voting Results	
		Votes in favour	Votes withheld
Board	7 of 7 / 100%	9,839,912 (99.98%)	1,676 (0.02%)
Audit Committee	4 of 4 / 100%		
Risk and Capital Committee	5 of 5 / 100%		

#### Other public boards in last five years

None

#### Ownership and value of equity

Date	Equitable shares	DSUs	Total value of shares and DSUs	In compliance with ownership requirements
April 6, 2016	3,569	5,550	\$464,157	yes
April 8, 2015	3,569	4,488	\$510,305	yes



### David LeGresley

Toronto, Ontario, Canada | Age 57 | Chair of the Board | Director since 2011  
Chair of the Board since 2014

#### Independent

#### Areas of expertise

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

David LeGresley, a Corporate Director, is Chair of the Board of both the Company and the Bank. He has over 30 years of experience in the financial services industry. Mr. LeGresley 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 received 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 member of the Institute of Corporate Directors with the ICD.D designation.

Board and Committee Membership	2015 Attendance	2015 Shareholder Voting Results	
		Votes in favour	Votes withheld
Board (Chair)	7 of 7 / 100%	9,743,706 (99.01%)	97,882 (0.99%)
Risk and Capital Committee	2 of 2 / 100%		

Other public boards in last five years
Pembina Pipeline Corporation (2010-present)
NB Split Corp. (2006-2012)

Ownership and value of equity				
Date	Equitable shares	DSUs	Total value of shares and DSUs	In compliance with ownership requirements
April 6, 2016	17,000	4,951	\$1,117,306	yes
April 8, 2015	17,000	3,647	\$1,159,195	yes



### Lynn McDonald

Toronto, Ontario, Canada | Age 64 | Director since 2011

#### Independent

#### Areas of expertise

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

Lynn McDonald, a Corporate Director, 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 a former Chair of the Board of Frontier College, a national literacy organization and remains a member of the College's Finance and Audit Committee. She is also a former director of Bridgepoint Active Care Foundation where she was Chair of the Finance and Audit Committee, and a former Governor of Trent University where she was 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 member of the Institute of Corporate Directors.

Board and Committee Membership	2015 Attendance	2015 Shareholder Voting Results	
		Votes in favour	Votes withheld
Board	7 of 7 / 100%	9,743,706 (99.01%)	97,882 (0.99%)
Audit Committee	2 of 2 / 100%		
Corporate Governance Committee	3 of 3 / 100%		
Human Resources and Compensation Committee	5 of 5 / 100%		
Risk and Capital Committee	5 of 5 / 100%		

Other public boards in last five years
None

Ownership and value of equity				
Date	Equitable shares	DSUs	Total value of shares and DSUs	In compliance with ownership requirements
April 6, 2016	3,650	3,347	\$356,147	yes
April 8, 2015	3,450	2,843	\$373,804	yes





**Andrew Moor**

Toronto, Ontario, Canada | Age 55 | President and Chief Executive Officer | Director since 2007

**Not Independent**

**Areas of expertise**

- Finance
- Financial Services
- Governance
- Real Estate
- Strategic Planning

Andrew Moor is President and Chief Executive Officer of the Company and Equitable Bank, a position he has held since March 2007. Prior to joining the Company he was President and Chief Executive Officer of Invis Inc. from February 2002 to February 2007. Mr. Moor also serves as a director and Chair of the Audit Committee of Sleep Country Canada Holdings Inc. 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 member of the Institute of Corporate Directors with the ICD.D designation.

Board and Committee Membership	2015 Attendance	2015 Shareholder Voting Results	
		Votes in favour	Votes withheld
Board	7 of 7 / 100%	9,840,988 (99.99%)	600 (0.01%)
Investment Committee	8 of 10 / 80%		

**Other public boards in last five years**

Sleep Country Canada Holdings Inc. (2015 – present)

**Ownership and value of equity**

Date	Equitable shares	RSUs and PSUs <sup>3</sup>	Total value of shares, RSUs and PSUs	In compliance with ownership requirements
April 6, 2016	115,811	16,009	\$6,709,638	yes (for CEO)
April 8, 2015	87,812	11,863	\$5,924,321	yes (for CEO)



**Rowan Saunders**

Toronto, Ontario, Canada | Age 51 | Director since 2013

**Independent**

**Areas of expertise**

- Governance
- Risk Management
- Senior Executive
- 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 in terms of direct premiums written, 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.

Board and Committee Membership	2015 Attendance	2015 Shareholder Voting Results	
		Votes in favour	Votes withheld
Board	7 of 7 / 100%	9,840,655 (99.99%)	933 (0.01%)
Audit Committee	4 of 4 / 100%		
Corporate Governance Committee	4 of 5 / 80% <sup>4</sup>		

**Other public boards in last five years**

None

**Ownership and value of equity**

Date	Equitable shares	DSUs	Total value of shares and DSUs	In compliance with ownership requirements
April 6, 2016	2,000	1,654	\$185,989	yes
April 8, 2015	2,000	1,167	\$188,120	yes



**Vincenza Sera**

Toronto, Ontario, Canada | Age 59 | Director since 2013

**Independent**

**Areas of expertise**

- Finance
- Financial Services
- Governance
- Real Estate

Vincenza Sera is a Corporate Director. She is Chair of the Ontario Pension Board and Chair of the Board of DREAM Industrial REIT. She is also a member of the Board of Directors of the Ontario Financing Authority and DREAM Unlimited Corp. Ms. Sera was previously Managing Director in Investment Banking 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 degree from the University of Toronto. She is a member of the Institute of Corporate Directors with the ICD.D designation.

Board and Committee Membership	2015 Attendance	2015 Shareholder Voting Results		
		Votes in favour	Votes withheld	
Board	7 of 7 / 100%	9,742,729 (99.00%)	98,859 (1.00%)	
Corporate Governance Committee (Chair)	5 of 5 / 100%			
Human Resources and Compensation Committee	2 of 2 / 100%			
Investment Committee	31 of 31 / 100%			
Risk and Capital Committee	2 of 2 / 100%			
Other public boards in last five years				
DREAM Industrial REIT (2012 – present)				
DREAM Unlimited Corp. (2013 – present)				
Ownership and value of equity				
Date	Equitable shares	DSUs	Total value of shares and DSUs	In compliance with ownership requirements
April 6, 2016	2,000	1,654	\$185,989	yes
April 8, 2015	2,000	1,167	\$188,120	yes



### Michael Stramaglia

Toronto, Ontario, Canada | Age 56 | Director since 2014

#### Independent

#### Areas of expertise

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

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, Foresters and Munich Reinsurance Company of Canada. 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 member of the Institute of Corporate Directors with the ICD.D designation.

Board and Committee Membership	2015 Attendance	2015 Shareholder Voting Results		
		Votes in favour	Votes withheld	
Board	7 of 7 / 100%	9,839,548 (99.98%)	2,040 (0.02%)	
Audit Committee	4 of 4 / 100%			
Human Resources and Compensation Committee	3 of 3 / 100%			
Risk and Capital Committee	5 of 5 / 100%			
Other public boards in last five years				
None				
Ownership and value of equity				
Date	Equitable shares	DSUs	Total value of shares and DSUs	In compliance with ownership requirements
April 6, 2016	900	962	\$94,776	Yes
April 8, 2015	900	483	\$82,150	no (on track)

1. Of this total, 2,000,000 shares are held by Oakwest Corporation Limited, and 2,500 shares are held by Benjamin Beutel Holdings Inc. Mr. Beutel directly or indirectly, controls or exercises direction over these shares in his capacity as a director, officer and/or shareholder of these companies.
2. Ms. Brossard was in compliance with the director share ownership requirement as at the date of the Circular.
3. CEO share ownership requirement includes Restricted Share Units (RSUs) and Performance Share Units (PSUs). See page 34 for further information.
4. Mr. Saunders was unable to attend one meeting of the Corporate Governance Committee in 2015 as he was out of the country on business for his company. Mr. Saunders had notified the Committee Chair well in advance of this absence. The Chair met with Mr. Saunders prior to the meeting to review the business for that meeting.

### 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.

## Meeting Attendance

Board and Committee meetings are scheduled sufficiently in advance where possible (at least one year in advance if practical) to minimize conflict with other commitments on directors' schedules. The Board holds at least seven meetings per year, two of which are devoted solely to strategy.

Directors are expected to attend all regularly scheduled meetings of the Board and its Committees, except where personal circumstances beyond the director's control prevent the director from doing so. Directors are also required to attend at least 75% of the combined total of Board and Committee meetings and to attend the Company's annual meeting of shareholders.

David LeGresley, Chair of the Board, and Andrew Moor, President and CEO and a director, regularly attend all Committee meetings in order to provide necessary information to facilitate decision-making.

The following tables show the number of Board and Board Committee meetings held in 2015 as well as the record of attendance by directors at these meetings. The independent directors also met *in camera* without management present at each regularly scheduled meeting.

2015 Board and Committee meetings	#	
Board	7	In 2015 our directors attended 98% of all Board and Committee meetings
Audit Committee	4	
Risk & Capital Committee	5	
Corporate Governance Committee	5	
Human Resources & Compensation Committee	5	
Investment Committee (4 quarterly plus 27 meetings called on short notice to approve credits exceeding management approval limits)	31	

## Attendance Table

Name	Board	Audit Committee	Risk & Capital Committee	Corporate Governance Committee	Human Resources & Compensation Committee	Investment Committee <sup>1</sup>	Annual Meeting of Shareholders	Total Attendance #	Total Attendance %
Eric Beutel <sup>7</sup>	7/7	-	5/5	2/2	-	31/31	1	46/46	100
Johanne Brossard <sup>2</sup>	7/7	-	-	4/4	4/4	-	1	16/16	100
Michael Emory	7/7	-	-	-	5/5	30/31	1	42/43	97
Eric Kirzner	7/7	4/4	5/5	-	-	-	1	17/17	100
David LeGresley <sup>3</sup>	7/7	-	2/2	-	-	-	1	10/10	100
Lynn McDonald <sup>4</sup>	7/7	2/2	5/5	3/3	5/5	-	1	23/23	100
Andrew Moor <sup>5</sup>	7/7	-	-	-	-	8/10	1	16/18	89
Rowan Saunders	7/7	4/4	-	4/5	-	-	1	16/17	94
Vincenza Sera	7/7	-	2/2	5/5	2/2	31/31	1	48/48	100
Michael Stramaglia	7/7	4/4	5/5	-	3/3	-	1	20/20	100
<b>Directors who retired in 2015</b>									
Katherine Rethy <sup>6</sup>	3/3	-	-	3/3	2/2	-	1	8/8	100

- Includes four regularly scheduled meetings and 27 meetings called on short notice to approve credit applications exceeding management approval limits.
- Ms. Brossard joined the Board on February 24, 2015. She attended all regularly scheduled Committee meetings, including those she was not a member of, as part of her orientation to the Company and the Board. Ms. Brossard also attended 10 of the 27 meetings of the Investment Committee that were called to approve credit applications exceeding management approval limits.
- Mr. LeGresley, Chair of the Board, has not served as a member of any Board Committee since May 2015. However, he regularly attends all Committee meetings.
- Effective May 13, 2015, Lynn McDonald ceased to be a member of the Corporate Governance Committee and became a member of the Audit Committee.
- Mr. Moor ceased to be a member of the Investment Committee on May 13, 2015. He attended all regularly scheduled meetings of the Investment Committee after that date and 14 of 17 Committee meetings that were held to approve credit applications exceeding management approval limits.
- Ms. Rethy retired from the Board on May 13, 2015.
- Mr. Beutel became a member of the Corporate Governance Committee on May 13, 2015.

## Interlocking Directorships

As of the date of this Circular, there are no interlocking public company directorships among our director nominees.

## Director Compensation

Our director compensation program reflects our size and complexity, and is intended to attract and retain highly qualified directors, and align non-employee directors' interests with those of our shareholders.

The Corporate Governance Committee reviews the adequacy and form of non-employee director compensation every two years and recommends to the Board such adjustments it considers appropriate and necessary to remain competitive and recognize the risks, responsibilities, time commitment, workload, the complexity of issues and decision-making, and the skills required of Board and Committee members when reviewing the compensation program.

Directors of Equitable also serve as directors of Equitable Bank. Board and Committee meetings of both entities run concurrently. Equitable does not hold any material assets directly, other than Equitable Bank common and preferred shares and subordinated debentures. As a result, Equitable Bank assumes all directors' costs. In February 2016, the Board of Equitable Bank amended the Bank's By-law No. 1 to increase the maximum amount that can be paid to directors for their services in any financial year from \$1,000,000 to \$1,500,000. This amendment was confirmed by Equitable Group Inc. as the Bank's sole shareholder.

The total amount of compensation paid to the non-employee directors in 2015, including the reimbursement of out-of-pocket expenses, was \$971,325.00. The increase was deemed necessary to ensure total compensation does not exceed the maximum allowance and also provides the Board with flexibility in its Board renewal process should it wish to appoint a new director before the planned retirement of long-term directors.

### Program Components

Directors receive annual retainers and meeting fees. They are also reimbursed for out-of-pocket expenses they incur while attending meetings or when they conduct business on behalf of Equitable. Andrew Moor is compensated in his role as President and CEO and does not receive any director compensation.

Both the annual director’s retainer and the separate retainer for the Chair of the Board are paid in a combination of cash and DSUs. Cash retainers are paid in quarterly instalments. The Chair’s retainer is an all-inclusive fee, meaning that he receives no meeting fees or any other retainer for serving in that role. DSUs are awarded to non-employee directors, including the Chair of the Board, following their election to the Board by the shareholders. The value of DSUs granted is equal to the cash retainer. Both the annual cash retainer and DSU grant are pro-rated for periods of partial service.

Committee Chairs receive an additional chair retainer to recognize their additional responsibilities in these leadership roles.

In 2013, the Corporate Governance Committee retained the services of Willis Towers Watson to review the competitiveness of compensation for our non-employee directors and the Chair of the Board, and to provide expertise and advice on compensation governance and best practice trends. Willis Towers Watson also assisted the Committee in determining an appropriate reference group from which to compare and benchmark compensation practices.

Following this review the Board, upon the advice of the Corporate Governance Committee, approved revisions to non-employee director compensation which became effective upon the close of the annual meeting of shareholders on May 14, 2014, and which remains in effect today.

### Deferred Share Units

To align the interests of directors with the Company’s shareholders by having an investment in the Company, directors receive half of their annual retainer in DSUs. A DSU is a notional share that has the same value as one common share. DSUs granted to directors vest at the time of grant and accrue dividend equivalents when dividends are paid on the common shares. DSUs are only redeemable after a director leaves the Board and are payable in cash on an after-tax basis. The redemption value of a DSU equals the market value of a common share at the date of redemption. A director may elect up to two redemption dates after leaving the Board, with the cash payment calculated by multiplying the number of DSUs held in the director’s DSU account by the market value of a common share on the redemption date. No redemption date may be later than December 15 of the calendar year following the calendar year in which the director retired from the Board.

### Changes for 2016

In 2015, the Corporate Governance Committee undertook a review of our total compensation for non-employee directors. Using the same reference group of companies that Willis Towers Watson had developed for the Committee in 2013 and outlined in the table below, management prepared the report for the Committee comparing Equitable’s compensation against the compensation practices of these companies as disclosed in their management proxy circulars. The reference group is composed of the publicly-traded financial services companies used for benchmarking the Named Executive Officers’ compensation as well as companies in the broader universe similar in size to Equitable.

Reference Group	
Algoma Central	Home Capital Group Inc.
Algonquin Power & Utilities Corp.	Laurentian Bank
Canadian Western Bank	Morguard Corp.
Co-operators	Morneau Shepell Inc.
Economical Insurance	Nevsun Resources
First National Financial Corp.	Parex Resources Inc.
Genworth MI Canada Inc.	Richelieu Hardware Ltd.

Following this review the Board, upon the recommendation of the Corporate Governance Committee, approved changes to the director compensation program which come into effect upon the close of the annual meeting of shareholders. These changes consist of (i) increasing the annual director's cash retainer and the annual grant value of DSUs to \$35,000 each, and (ii) an annual retainer for members of the Investment Committee of \$10,000, which will eliminate the meeting fees paid for meetings that are held to approve credit applications. In each of the past two years there were 27 (2015) and 25 (2014) of such meetings and the Board agreed that implementing a new flat fee for these meetings will be easier to administer.

The compensation levels for Equitable's non-employee directors during 2015 together with the new compensation levels discussed above which become effective upon the close of the Meeting on May 17, 2016, is shown in the table below:

Fee Type	Until May 17, 2016 (\$)	After May 17, 2016 (\$)
<b>Chair of the Board retainer</b>		
• Cash	80,000	80,000
• Equity (DSUs)	80,000	80,000
<b>Director retainer</b>		
• Cash	30,000	35,000
• Equity (DSUs)	30,000	35,000
<b>Investment Committee member retainer<sup>1</sup></b>	-	10,000
<b>Committee Chair retainer</b>		
Audit	20,000	20,000
Corporate Governance	10,000	10,000
Human Resources and Compensation	15,000	15,000
Investment	10,000	10,000
Risk and Capital	10,000	10,000
<b>Board and Committee meeting fees<sup>1</sup></b>		
More than 2 hours in duration	1,500	1,500
2 hours or less in duration	750	750
15 minutes or less	0	0
<b>Shareholder meeting fee</b>	600	600

1. This retainer will replace meeting fees for meetings called to approve credit applications which exceed management approval limits.

## 2015 Director Compensation Table

	Fees Earned			Share-based award value (DSUs) <sup>1</sup> (\$)	All Other Compensation (\$)	Total (\$)
	Director/ Chair of the Board Retainer (\$)	Committee Chair Retainer (\$)	Attendance Fees (\$)			
Eric Beutel	30,000	10,000	39,600	30,000	-	109,600
Johanne Brossard <sup>2</sup>	22,500	-	23,062	36,411 <sup>3</sup>	-	81,973
Michael Emory	30,000	-	37,350	30,000	-	97,350
Eric Kirzner <sup>4</sup>	30,000	12,500	24,350	30,000	-	96,850
David LeGresley	80,000	-	-	80,000	-	160,000
Lynn McDonald	30,000	17,500	31,850	30,000	-	109,350
Rowan Saunders	30,000	-	22,350	30,000	-	82,350
Vincenza Sera <sup>5</sup>	30,000	7,500	42,100	30,000	-	109,600
Michael Stramaglia <sup>6</sup>	30,000	15,000	25,100	30,000	-	100,100
<b>Directors who retired in 2015</b>						
Katherine Rethy <sup>7</sup>	11,250	-	11,100	-	-	22,350
<b>TOTAL</b>	<b>323,750</b>	<b>62,500</b>	<b>256,862</b>	<b>326,411</b>	<b>-</b>	<b>969,523</b>

1. Represents the value of DSUs that were granted on May 22, 2015.
2. Reflects service as a director since February 24, 2015.
3. Includes pro-rated amount of DSUs (\$6,411) granted to Ms. Brossard upon her appointment to the Board on February 24, 2015.
4. Effective May 13, 2015, Eric Kirzner ceased to be Chair of the Audit Committee and was appointed Chair of the Risk & Capital Committee.
5. Effective May 13, 2015, Vincenza Sera was appointed Chair of the Corporate Governance Committee.
6. Effective May 13, 2015, Michael Stramaglia was appointed Chair of the Audit Committee.
7. Katherine Rethy retired from the Board on May 13, 2015.

A total of \$1,802 in out-of-pocket expenses was reimbursed to certain directors in attending Board and Committee meetings or in conducting Board work in 2015.

## Share Ownership Requirement

Directors must own equity in Equitable so their interests align with the shareholders they represent. We require our non-employee directors to hold common shares and/or DSUs with a value of at least three times the director's annual cash retainer within three years of joining the Board.

The Corporate Governance Committee reviews share ownership requirements at least every two years and compares our director share ownership levels against a reference group of companies and survey data.

All non-employee directors have met the current share ownership requirement for directors.

For purposes of determining compliance with this requirement, the directors' shares and DSUs are valued at the higher of cost or market value as at December 31 annually.

## Changes to Share Ownership for 2016

In February 2016, on the recommendation of the Corporate Governance Committee, the Board strengthened the director share ownership requirements which will take effect after the Meeting. Each non-employee director will be required to hold shares and/or DSUs with a value of at least three times the total annual retainer (which includes the cash retainer and annual grant value of DSUs) within five years from the date the director was first appointed to the Board.



The Board also established a separate share ownership requirement for the Chair of the Board. Effective upon the close of this year's Meeting, the Chair of the Board will be required to hold shares and/or DSUs with a value of at least three times the total annual retainer for the Chair of the Board. David LeGresley currently exceeds this new requirement.

	Minimum share ownership requirement as of May 17, 2016	Time to achieve
Chair of the Board	3x total retainer (3 x \$160,000 = \$480,000)	Within 5 years of initial appointment
Non-employee directors	3x total retainer (3 x \$70,000 = \$210,000)	Within 5 years of initial appointment

### Director prohibitions against monetizing or hedging

Directors are subject to many of our policies and practices, including our Insider Trading Policy, which prohibits directors from, directly or indirectly, entering into any short selling arrangements, or in any of the following in respect of Equitable securities, including DSUs granted under the DSU Plan:

- selling Equitable securities they do not own, have not paid for or have the right to own (engaging in a "short sale"),
- the trading of puts, calls or options in respect of the Company's shares,
- entering into equity monetization transactions involving any securities subject to our share ownership requirements or that is the equivalent of "short selling", and
- entering into any brokerage arrangements which might result in a sale at a time when the director is not permitted to trade.

### Share-based Awards

The table below provides details of the outstanding DSUs for the non-employee directors as at April 6, 2016, including the additional DSUs credited upon the reinvestment of dividends from each grant date of DSUs. The value of each director's equity ownership is calculated by multiplying the number of their common shares and DSUs by \$50.90, the closing price of our common shares on the TSX on April 6, 2016.

	Share-based Awards			
	Outstanding DSUs as of April 8, 2015 <sup>1</sup> (#)	2015 DSU award <sup>2</sup> (#)	Outstanding DSUs as at April 6, 2016 <sup>1</sup> (#)	(\$ Value as at April 6, 2016 <sup>3</sup> )
Eric Beutel	5,006	469	5,550	282,495
Johanne Brossard	107	469	583	29,675
Michael Emory	481	469	962	48,966
Eric Kirzner	5,006	469	5,550	282,495
David LeGresley	3,636	1,252	4,951	252,006
Lynn McDonald	2,834	469	3,347	170,362
Rowan Saunders	1,164	469	1,654	84,189
Vincenza Sera	1,164	469	1,654	84,189
Michael Stramaglia	481	469	962	48,966
<b>Directors who retired in 2015</b>				
Katherine Rethy <sup>4</sup>	5,022	-	5,022	255,620

1. Includes dividend equivalents credited to each non-employee director's account from the date of grant to April 6, 2016.
2. Actual number of DSUs received pursuant to grant value of \$80,000, for the Chair of the Board, and \$30,000 for all other non-employee directors.
3. Value based on the closing price of the Company's common shares on the TSX on April 6, 2016.
4. Katherine Rethy has until December 15, 2016 to redeem her DSUs.

## BOARD COMMITTEE REPORTS

The Board carries out its responsibilities directly and through its five standing Committees. Each Committee is made up entirely of independent directors. Each Committee Chair reports to the Board on matters reviewed by the Committee and its recommendations. The Committee reports below describe each Committee's key responsibilities, activities and meetings in 2015.

### Report of the Audit Committee

Michael Stramaglia (Chair)  
Eric Kirzner  
Lynn McDonald  
Rowan Saunders

*All members are financially literate and independent.*

#### Responsibilities

To support the Board's oversight of (i) the quality and integrity of our financial reporting; (ii) our control functions; namely our internal audit and finance functions; (iii) the qualifications, independence and service quality of the external auditors; and (iv) the effectiveness of our internal controls.

#### Meetings

The Committee meets at least once each quarter and reports on its activities to the Board. Activities are based on its mandate and annual workplan. At each quarterly meeting the Committee meets *in camera* without management present, and also meets separately *in camera* with each of the Chief Financial Officer, the Vice-President of Internal Audit and the external auditors. The Committee held four meetings in 2015.

The Committee is satisfied that it has fulfilled its responsibilities under its mandate and has approved this report.

### 2015 Highlights

#### Financial Reporting

- received presentations from the CFO related to the quarterly and annual financial performance and operating results of the Company relative to results in prior periods and to investor expectations;
  - reviewed and recommended for Board approval the public release and filing the interim and annual consolidated financial statements, the related MD&A and earnings releases and annual information form;
  - reviewed with KPMG material changes in accounting policies and practices;
  - discussed with management and KPMG significant estimates and areas of judgment regarding accounting principles and financial statement presentation, including the Bank's allowance for credit losses, and the methodology for determining the collective allowance;
  - reviewed management's report assessing the effectiveness of the Company's disclosure controls and procedures and internal controls over financial reporting; and
  - received a presentation on the changes to loan impairment and financial instrument accounting that will occur as a result of pending accounting changes for financial instruments, including loan loss impairment and the potential impact to Equitable.
- relationships between KPMG and Equitable;
  - assessed KPMG's performance on (i) qualification, skill and experience of the engagement team, (ii) quality of communications and service, and (iii) independence, objectivity and professional skepticism, all of which were rated satisfactory;
  - received updates from KPMG on accounting and auditing developments as well as current topics relevant to audit committees;
  - recommended the approval of the auditors' fees to the Board for approval and proposed that the Board recommend to the shareholders the appointment of KPMG as the external auditor;
  - pre-approved all engagements with KPMG and the associated fees, and received quarterly reports on fees paid for audit, audit-related, tax and other services; and
  - discussed with KPMG the impact of upcoming accounting standards, including the effect on the financial statements and related disclosures.

#### Internal Auditor

- oversaw the work of the external auditors;
  - reviewed and approved the annual audit plan and monitored its execution;
  - received written confirmation from KPMG of its independence, including written disclosure of all
- reviewed and 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; and
  - reviewed the results of the cross-sector review of internal audit conducted by the Office of the Superintendent of Financial Institutions.

### Internal Control

- approved mandates for the Vice-President of Internal Audit and Chief Financial Officer and assessed their individual performance;
- reviewed the effectiveness of the Chief Financial Officer and approved the Finance function's budget and resources;
- reviewed the effectiveness and independence of the Vice-President of Internal Audit and approved the function's budget and resources; and
- received reports on litigation matters against Equitable Bank.

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## Risk and Capital Committee

Eric Kirzner (Chair)  
Eric Beutel  
Lynn McDonald  
Vincenza Sera  
Michael Stramaglia

*All members are independent.*

### Responsibilities

The Committee is responsible for: (i) reviewing the Core Risks and assessing whether the key risks of the Company have been identified and adequately monitored; (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 (ICAAP); (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 2015. At each meeting the Committee met *in camera* without management present and separately with the Chief Risk Officer.

The Committee is satisfied that it has fulfilled its responsibilities under its mandate and has approved this report.

## 2015 Highlights

### Risk Oversight

- reviewed and recommended for Board approval the Bank's risk appetite framework, which includes the risk appetite statement, and the Internal Capital Adequacy Assessment Process;
- received regular reporting on the assessment of the Bank's risk profile against risk appetite and monitored the Bank's quarterly capital position;
- received quarterly reports from the Chief Risk Officer on his enterprise-wide view of the Bank'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 report on the Bank's enterprise-wide stress testing programs conducted throughout the year;
- reviewed, challenged and provided input throughout the year on proposed enhancements to various stress tests;
- received regular updates on the Company's top and emerging risks and proposed action plan with management;
- reviewed the adequacy of the Bank's insurance coverage;
- received an in-depth review of the Bank's preferred share portfolio;
- oversaw the development of a centralized fraud function;
- received regular progress updates from management as they explored migration to the Advanced Internal-Rating Based approach for risk-weighting the Bank's assets;
- discussed with the Chief Risk Officer the alignment of the Bank's compensation program with its Core Risks;
- reviewed the assumptions for capital stress-testing scenarios;
- discussed with management the initiatives planned or underway to further strengthen risk conduct and ensure the Bank's practices meet evolving regulatory expectations; and
- reviewed and approved a new operational risk management framework that provides an overview of the activities and processes for identifying, managing and reporting in order to support a robust level of risk conduct.

### Risk Function

- oversaw the independence of the Risk function, reviewed its organizational structure and resources, and approved its annual budget; and
- approved the mandate of the Chief Risk Officer and assessed his performance.

## Human Resources and Compensation Committee

Lynn McDonald (Chair)  
Johanne Brossard  
Michael Emory  
Michael Stramaglia

*All members are independent.*

### Responsibilities

The Committee is responsible for: (i) overseeing the design and operation of the compensation program to ensure alignment with the Company's strategy, risk appetite framework, and regulatory requirements; (ii) setting performance objectives for the CEO which are aligned with the Company's strategy and regularly measuring his performance against these objectives; (iii) determining the compensation of the CEO and Executive Officers in consultation with independent advisors; (iv) overseeing senior management succession planning and talent development; and (v) reviewing an annual report on executive compensation for inclusion in the Company's Management Information Circular.

As required by its mandate, Committee members have, or must be willing to acquire within a reasonable period of time following their appointment, an understanding of issues relating to human resources and compensation, and performance management so they can fully contribute to achieving the Committee's objectives.

The Committee met five times in 2015. The Committee met with its independent advisor *in camera*, and met *in camera* without management present, at each of its meetings.

The Committee is satisfied that it has fulfilled its responsibilities under its mandate and has approved this report.

### 2015 Highlights

#### CEO and Executive Compensation

- developed in conjunction with the Chair of the Board and the CEO the CEO's 2015 performance objectives for approval by the Board;
- together with the Chair of the Board, reviewed with the CEO his mid-year and annual performance against established objectives and the financial results;
- together with the Chair of the Board, recommended the CEO's compensation to the independent directors of the Board for approval;
- reviewed the analysis provided by the Committee's independent advisor on the competitiveness of the CEO's target total direct compensation;
- reviewed the performance assessments and approved the compensation of the Executive Officers, including the Named Executive Officers;
- reviewed and recommended for Board approval the metrics for the 2015 corporate performance scorecard;
- reviewed the terms of employment for the Vice-President, Commercial Lending who joined Equitable in October, 2015;
- reviewed and discussed with the CRO the alignment of the compensation program with Equitable's risk appetite framework;
- reviewed and recommended for Board approval amendments to the Restricted Share Unit Plan to include Performance Share Units to further align long-term incentive with performance;
- reviewed and discussed with the independent advisor market trends and best practices in executive compensation, and the regulatory landscape;
- reviewed and discussed with the independent advisor a competitive compensation review for Executive Officers;
- monitored the independence of the independent compensation advisor;
- discussed with management Equitable's talent management program and reviewed emergency succession plans for key Executive Officers;
- reviewed and discussed the results of the 2015 employee engagement survey and management action plans; and
- reviewed and approved the report on executive compensation, including the Compensation Discussion and Analysis, included in this Circular.

## Corporate Governance Committee

Vincenza Sera (Chair)  
Eric Beutel  
Johanne Brossard  
Rowan Saunders

*All members are independent.*

### Responsibilities

The Committee is responsible for: (i) identifying individuals qualified to become directors of the Company; (ii) recommending candidates for election or re-election as directors; (iii) overseeing the development and assessment of the Company's corporate governance policies and practices, including a code of conduct; (iv) determining the desired experience, mix of skills and other qualities to assure appropriate Board composition; (v) reviewing and recommending the compensation of non-employee directors of the Company; (vi) evaluating Board, Board Committee and individual director performance; (vii) reviewing regulatory compliance, and (viii) acting as the conduct review committee for the Bank's Board and reviewing its policies and practices relating to self-dealing.

The Committee met five times in 2015, one which was a meeting to approve the governance disclosure, including the Statement of Corporate Governance Practices in the 2015 Circular. At each meeting the Committee met *in camera* without management present, and met in separate *in camera* sessions with the Chief Compliance Officer and the Chief Anti-Money Laundering Officer at four of these meetings.

The Committee is satisfied that it has fulfilled its responsibilities under its mandate and has approved this report.

### 2015 Highlights

#### Composition of the Board

- developed and recommended to the Board for approval the Board gender diversity policy under which the Board aspires to have women represent 30% of its membership;
- reviewed and recommended to the Board for approval the nominees for election as directors;
- assessed the independence, attendance record and directorships held by each director prior to nominating all directors for election at the annual meeting of shareholders;
- reviewed Committee membership and recommended changes to the Board for approval; and
- reviewed board composition and recruitment in light of upcoming director retirements.

#### Board Performance

- reviewed the performance of the Board against its 2015 objectives and discussed the 2015 board evaluation process;
- conducted the annual evaluation of and performance of the Board, its Committees, the Chair of the Board and individual directors.

#### Director Compensation

- reviewed director compensation and recommended for Board approval an increase in the annual director's retainer and a new annual retainer for Investment Committee members to take effect after the 2016 annual meeting of shareholders; and
- reviewed and recommended an increase in director share ownership requirements and a separate share ownership requirement for the Chair of the Board to take effect after the 2016 annual meeting of

shareholders.

#### Corporate Governance

- reviewed and recommended for Board approval the amendment to Equitable Group Inc.'s By-law No. 1 to increase the required quorum for shareholder meetings to align with best practices;
- reviewed and recommended for Board approval the amendment to Equitable Bank's By-law No. 1 to increase the amount of remuneration payable to the Directors in any financial year;
- reviewed the mandates of the Chair of the Board, Committee Chairs and the CEO;
- amended the Board mandate to state that directors will not stand for re-election after reaching the age of 72;
- amended the position description for a Director to include the process for accepting an invitation to join another board;
- monitored developments and proposed changes to securities laws, disclosure and other regulatory requirements;
- discussed the emergency preparedness planning process for the Chair of the Board; and
- reviewed and approved our corporate governance disclosure in the Circular;

#### Regulatory Compliance

- met quarterly with the CCO and reviewed reports on compliance with applicable laws and regulations;
- met quarterly with the CAMLO and reviewed reports on the design and operation of the Bank's anti-money laundering/anti-terrorist financing program;
- reviewed changes to management's underwriting policies and practices to ensure conformance with OSFI's Guideline B-20;

### Regulatory Compliance (Cont'd.)

- approved the mandates for the Chief Compliance Officer and the Chief Anti-Money Laundering Officer;
- approved the budget for the Compliance function and oversaw its effectiveness, independence and resources;
- reviewed the Code of Business Conduct;
- received a report on compliance with the Code of Business Conduct by all Company employees, directors and officers; and
- reviewed internal audit reports relating to the adequacy and effectiveness of the Bank's procedures and controls to manage regulatory compliance risk.

### Conduct Review

- reviewed and recommended for Board approval the directors' report to OSFI on conduct review activities in 2015; and
- approved certain related party transactions.

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## Investment Committee

Eric Beutel (Chair)  
Michael Emory  
Vincenza Sera

*All members are independent.*

### Responsibilities

The Committee is responsible for: (i) monitoring the Bank's credit, market and liquidity risks; (ii) reviewing appropriate limits for these risks; and (iii) ensuring compliance with regulatory requirements for these risks.

The Committee had four regularly scheduled meetings in 2015 and met *in camera* without management present at each meeting. The Committee also met 27 times in 2015 to deal with credit applications in excess of management approval limits and were generally convened with less than one week's notice.

The Committee is satisfied that it has fulfilled its responsibilities under its mandate and has approved this report.

## 2015 Highlights

### Credit Risk Oversight

- 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 quarterly reports concerning the adequacy of the collective and individual allowances for potential credit losses in the mortgage portfolio and the appropriateness of the collective allowance methodology;
- approved changes in credit approval limits to management and approved credit applications which exceeded those limits;
- reviewed and recommended to the Board for approval changes to the Bank's lending policies and received confirmation that the Bank's lending policies and practices continue to comply with regulatory guidelines;

### Liquidity Risk Oversight

- reviewed and recommended to the Board for approval the Bank's policies and limits for managing and mitigating liquidity and market 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 and the assumptions underlying the various stress tests for these risks;
- reviewed internal audit reports relating to the adequacy and effectiveness of the Bank's procedures and controls to manage its credit, liquidity and market risks;

### Market Risk Oversight

- monitored the strategy and composition of the Bank's securities portfolio and developments in market conditions; and
- received a presentation on the preferred share market.

Committee mandates are available on Equitable's website at [www.equitablebank.ca](http://www.equitablebank.ca).

# EXECUTIVE COMPENSATION

## Letter to Shareholders

Dear shareholder,

The Human Resources and Compensation Committee (the “HRC Committee”) and the Board of Directors are committed to providing a clear and transparent description of our executive compensation framework, including our philosophy, approach to making decisions, and the compensation provided to our Named Executive Officers (“NEOs”).

### 2015 Performance Highlights

- **17.9%** ROE – slightly above our five-year average of 17.7%
- Record EPS of **\$7.73** – 18% increase over 2014
- **13.6%** CET1 Ratio – ahead of regulatory minimums

### OUR APPROACH TO EXECUTIVE COMPENSATION

Equitable is committed to an executive compensation program that aligns with:

- Company performance
- Shareholder interests and long-term value creation
- Equitable’s risk parameters, culture and values
- Comparable financial institutions

Annually the HRC Committee actively considers the appropriateness of implementing an advisory vote on executive compensation. At this time, the

HRC Committee feels sufficient feedback is received on the executive compensation programs through its regular interactions with shareholders.

### 2015 COMPANY PERFORMANCE

- Increased book value by 14% over 2014
- Grew assets under management by 22%
- Sustained low loss levels, recording an impairment provision of \$1.3 million or 1 bps of average loan balances, consistent with last year
- Achieved lowest efficiency ratio of all publicly listed Schedule I banks at 33.6%
- Introduced our digital banking platform to our employees in December, followed by a successful public launch in early 2016
- Achieved AON Hewitt Best Employer 2016 with a GOLD standing within Top 40

### KEY 2015 COMPENSATION DECISIONS

The HRC Committee and Board considered corporate and individual performance for 2015 compensation decisions, as well as relevant experience, internal equity, and competitiveness against the external market when setting both target and actual compensation levels.

**Salary.** On average, NEO base salaries increased by 6% in 2015

**Short-term incentive.** Equitable had very good corporate performance in 2015:

- *Financial performance:* achieved a maximum score of 1.17x, given superior performance of financial metrics
- *Strategic goals:* upon HRC Committee review, achieved a score of 1.1x, given performance against strategic objectives
- *Overall score:* 1.28x, aligned with corporate performance

Equitable’s 5-year TSR is **122%** - well above the TSX Capped Financials Index at 58% and the TSX Index at 14%

**Long-term incentive.** In March 2016, Equitable granted stock options, Restricted Share Units (“RSUs”) and Performance Share Units (“PSUs”) in accordance with the Company’s established policy. All NEOs received a grant equal to their target award. The aggregate grant value awarded to the five NEOs was \$1.3 million, an increase in grant date value of 12% compared to the previous year.

The Board and HRC Committee remain committed to a pay-for-performance philosophy and continue to assess the executive compensation framework regularly to ensure alignment with Equitable’s short- and long-term business strategy, and risk parameters.

**Lynn McDonald**  
Chair, HRC Committee

**David LeGresley**  
Chair of the Board

## Compensation Discussion and Analysis

The information provided in this section on Executive Compensation pertains to the Company and its sole wholly-owned subsidiary, Equitable Bank (the “Bank”), a Schedule I Bank under the Bank Act (Canada), hereinafter jointly referred to as the Company.

We outline our compensation program design, specifically with respect to the following NEOs in 2015:

NEO	Title
Andrew Moor	President & Chief Executive Officer (“CEO”)
Tim Wilson	Vice President & Chief Financial Officer (“CFO”)
Ron Tratch	Vice President & Chief Risk Officer (“CRO”)
David Downie	Vice President, Commercial Mortgage Origination
Dan Ruch	Vice-President and Chief Compliance Officer (“CCO”)

### EXECUTIVE COMPENSATION PHILOSOPHY, OBJECTIVE & PRINCIPLES

#### Objective

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

#### Guiding Principles

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

COMPETITIVE	PAY FOR PERFORMANCE
<ul style="list-style-type: none"> <li>• Compensation is regularly compared to similar positions in the Canadian market and/or Canadian financial services</li> <li>• HRC Committee considers individual performance, experience, internal equity and retention in its evaluation and decisions</li> </ul>	<ul style="list-style-type: none"> <li>• Significant portion of compensation provided through incentives tied to the success of the Company / individual</li> <li>• Pay “at risk” amount is reviewed to ensure it reflects the level / nature of the position, generally increasing with seniority</li> </ul>
OPERATES WITHIN OUR RISK PARAMETERS	ALIGNED WITH SHAREHOLDER INTERESTS
<ul style="list-style-type: none"> <li>• Compensation is regularly reviewed against the Office of the Superintendent of Financial Institution’s (“OSFI”) Corporate Governance Guideline and the Financial Stability Board (“FSB”) Principles</li> <li>• The CRO reviews the compensation programs to ensure alignment with the Company’s risk appetite</li> </ul>	<ul style="list-style-type: none"> <li>• Executives receive a significant portion of their “at risk” compensation in long-term incentives, tied directly to share price</li> <li>• Half of the CEO’s long-term incentives are comprised of PSUs, which are tied to relative total shareholder return (“TSR”)</li> </ul>

### COMPENSATION GOVERNANCE AND OVERSIGHT

The Company’s compensation governance structure consists of the Board of Directors, the HRC Committee, and its independent advisor, Willis Towers Watson (previously, 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 NEOs.



<b>Board of Directors</b>	<ul style="list-style-type: none"> <li>Ensures compensation program attracts, motivates and retains highly qualified critical employees</li> <li>Ensures practices are aligned with the business strategy and are in compliance with the Principles for Sound Compensation Practices and Implementation Standards established by the FSB</li> </ul>
<b>NEOs</b>	<ul style="list-style-type: none"> <li>VP, Human Resources at least annually reports to the HRC Committee on the Policy effectiveness</li> <li>CRO reports to the HRC Committee at least annually on the alignment of compensation programs and payouts with sound risk management principles and practices</li> <li>Internal Audit reports periodic assessments of this Policy to the Audit and HRC Committees</li> </ul>
<b>HRC Committee</b>	<ul style="list-style-type: none"> <li>At least annually assists the Board oversight of the Company's compensation philosophy and structure</li> <li>Reviews the Compensation Policy and applicable compensation programs</li> <li>Reviews and recommends annual corporate and individual performance targets for the CEO to the Board and annually recommends CEO compensation to the Board following an evaluation of performance against targets</li> <li>Reviews and approves total compensation of the NEOs, except for the CEO which is approved by the Board</li> <li>Assesses appropriateness of compensation relative to actual performance and business risks</li> <li>Reviews the senior level organizational structure of the Company</li> <li>Supports the Board in oversight of succession planning and talent management</li> <li>Reviews and monitors share ownership requirements for the CEO, CFO and CRO</li> </ul> <p>The members of the HRC Committee have gained experience serving as senior leaders in large organizations, all having extensive experience and knowledge in Human Resources, Executive Compensation, Finance, Corporate Governance, Risk Management and Public Company Leadership. Members of the HRC Committee also sit on other committees, including the Corporate Governance Committee, the Investment Committee, the Audit Committee and the Risk and Capital Committee. This provides the HRC Committee with the knowledge, skills, experience and background to effectively fulfill its mandate. Cross-Committee membership supports effective oversight of compensation and alignment with risk management.</p> <p>In 2015, the HRC Committee held five meetings, which the CEO and the Vice-President, Human Resources attended. At each meeting, the HRC Committee holds an <i>in camera</i> session without management present. No employee or executive, including the CEO, is present when his or her compensation is discussed.</p>
<b>Independent Committee Members:</b> Lynn McDonald (Chair) Johanne Brossard Michael Emory Michael Stramaglia	

### Independent Advice

The HRC Committee has engaged Willis Towers Watson as an external independent compensation advisor since 2009. In 2015 the services provided by Willis Towers Watson to the HRC Committee included:

- Reviewing the competitiveness of compensation for the CEO, CFO and CRO
- Highlighting compensation and regulatory trends and best practices
- Providing input into annual incentive plan process including the corporate scorecard
- Reviewing the Compensation Discussion and Analysis section of the Management Information Circular
- Providing advice on peer group formation, peer pay practices and stock option valuations

The HRC Committee regularly meets with Willis Towers Watson without management present to discuss compensation related matters free from the influence of management, ensuring oversight of compensation. Decisions made by the HRC Committee are based on multiple sources and do not necessarily reflect advice received from Willis Towers Watson.

The table below shows the fees paid to Willis Towers Watson in 2014 and 2015, in respect of services provided to the HRC Committee:

Services Performed	Fees paid in 2015 (\$)	Fees paid in 2014 (\$)
Executive Compensation-related fees	90,328 <sup>1</sup>	165,975
All other fees	0	0

1. The year over year decrease in fees paid to Willis Towers Watson is due to work performed in 2014 on Long-term incentive design enhancements.

## Compensation Decision Making Process



## COMPENSATION RISK MANAGEMENT PRINCIPLES AND PRACTICES

Effective risk management is critical to our success and the achievement of our business objectives. Our compensation program is designed to ensure it does not incentivize excessive risk taking. The Board regularly reviews the program to ensure its effectiveness. The core risks faced by the Company are described on pages 53 through 61 of our 2015 Annual Report.

The Company seeks to align pay with our business strategy to drive performance, reward prudent management of a financial institution and protection of depositors, maximize long-term shareholder return, and attract and retain key talent, while considering risk appetite.

The HRC Committee has implemented a number of risk-mitigating features, including the following:

WHAT WE DO	WHAT WE DON'T DO
✓ Minimum share ownership requirements (CEO, CFO, CRO)	X Provide guaranteed, multi-year bonuses
✓ Clawback & Anti-Hedging Practices	X Repeat measures across plans
✓ Code of Business Conduct and Ethics	X Payout incentives if unwarranted by performance
✓ Significant percentage of "at risk" compensation	X Reprice or replace underwater stock options
✓ Capped incentive opportunities	X Implement single trigger voluntary change of control termination provisions for new executive contracts
✓ External independent advice	X Grant, renew or extend loans to employees
✓ Competitive target positioning against peer group	X Include the value of unexercised option awards in determining ownership compliance
✓ Assess / review risk and compliance accountabilities	
✓ HRC Committee and Board discretion of awards	

The performance goals for all employees, including executives, must incorporate the following:

- Understand the Company's risk and compliance management frameworks, policies, guidelines and practices
- Ensure all decisions take into account risk / compliance management considerations and adhere to the appropriate related policies
- Positively promote effective risk / compliance management culture in all daily operations and decisions
- Proactively approach compliance management and anticipate changes to compliance regulations
- Demonstrate awareness of risks and manage responsibilities in a manner consistent with the Company's Risk Appetite Framework

## Clawback Provision

The compensation clawback provision is in effect 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 reviews all incentive compensation awarded to these executives 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 in the preceding 12 months that are in excess of the amount that would have been received by these executives under the restated financial statements.

## Anti-Hedging Practices

Under the Company's trading policies, all employees and directors are prohibited from entering into any transaction that is designed to, or has the effect of, hedging or offsetting a decrease in the market value of their outstanding equity compensation awards or equity securities of the Company.

## Share Ownership Requirements for Executive Officers

The Board strongly supports equity ownership by our employees. The Board approved share ownership requirements for the CEO, CFO and CRO as shown in the table below. Personal shareholdings of RSUs and PSUs count towards their share ownership requirement. Share ownership status is calculated using the higher of acquisition cost and the market value as at the date of compliance, which is March 31.

	Share Ownership Requirement (\$ & multiple of base salary)		Ownership Level (\$ & multiple of base salary) (as at March 31, 2016)		Years to Meet Requirement
President & CEO	\$645,000	3x	\$6,772,135	10.50 x	Met
Vice-President & CFO	\$330,000	1x	\$417,600	1.27 x	Met
Vice-President & CRO	\$268,000	1x	\$198,766	0.74 x	4

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

## ALIGNING COMPENSATION WITH FSB 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 OSFI in the Corporate Governance Guideline and with the FSB Principles as outlined in the table below.

	FSB Principles	Our Compensation Practices
Effective Governance of Compensation	<b>The Board actively oversees the design and operation of the Company’s compensation system</b>	<ul style="list-style-type: none"> <li>• The Board governs the Company’s compensation philosophy and structure through the review and approval of the Compensation Policy and incentive plans</li> <li>• The Board approves CEO compensation</li> <li>• The HRC Committee:                             <ul style="list-style-type: none"> <li>○ reviews the performance of the Executive Officers</li> <li>○ approves compensation for NEOs, excluding CEO</li> <li>○ makes determinations with respect to incentive compensation and criteria, and</li> <li>○ oversees the hiring, promotion and compensation of Executive Officers</li> </ul> </li> </ul>
	<b>The Board monitors and reviews the compensation system to ensure it operates as intended</b>	<ul style="list-style-type: none"> <li>• The HRC Committee monitors and reviews the compensation system to ensure alignment with risk management principles and practices, including the Compensation Philosophy, compensation program design, and incentive performance targets / outcomes / payouts</li> <li>• The HRC Committee engages an independent compensation advisor to assist in the compensation program review, including the structure and level of compensation for NEOs</li> </ul>
	<b>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 Company</b>	<ul style="list-style-type: none"> <li>• 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</li> <li>• The CFO, Vice-President, Internal Audit, Chief Compliance Officer (“CCO”) and the CRO meet <i>in camera</i> with the appropriate Board Committee (Audit, Risk and Capital, and/or Corporate Governance) at each Committee meeting</li> <li>• The Vice-President, Internal Audit reports directly to Chair of the Audit Committee</li> <li>• The Audit Committee Chair recommends the Vice-President, Internal Audit’s compensation</li> </ul>
Effective Alignment of Compensation with Prudent Risk Taking	<b>Compensation must be adjusted for all types of risk</b>	<ul style="list-style-type: none"> <li>• All incentive plans include a discretionary element which allows the HRC Committee to consider risk when making compensation determinations for NEOs</li> <li>• Incentive threshold, target, and maximum performance levels are reviewed by the HRC Committee and are set considering multiple perspectives including historical performance, budget and strategic plan and external factors</li> </ul>
	<b>Compensation outcomes must be symmetric with risk outcomes</b>	<ul style="list-style-type: none"> <li>• Performance-based incentives are based on qualitative and quantitative criteria</li> <li>• Short-term incentives are based on pre-established thresholds, targets, and maximum percentages of base salary by employee level, with no minimums or guaranteed bonuses</li> <li>• Performance-based incentive programs are stress tested to assess the impact of maximum bonus payouts on the Company’s capital position</li> <li>• Incentive compensation for all employees is subject to forfeiture if an employee resigns or is terminated for cause</li> <li>• Incentive compensation for the CEO, CFO and CRO is subject to clawback and forfeiture in the event of a financial restatement resulting from intentional fraud or willful misconduct</li> <li>• The CRO reviews the compensation programs to ensure alignment with the Company’s risk appetite</li> </ul>
	<b>Compensation payout schedules must be sensitive to the time horizon of risks</b>	<ul style="list-style-type: none"> <li>• Significant portion of a NEO’s pay is in long-term incentives to ensure alignment of compensation with the risk time horizon and to enhance the focus on longer-term value</li> <li>• Share ownership requirements for the CEO, CFO and CRO align interests with shareholders</li> <li>• Employees are prohibited from engaging in any hedging transactions with respect to the Company’s shares</li> </ul>
	<b>The mix of cash, equity and other forms of compensation must be consistent with risk alignment</b>	<ul style="list-style-type: none"> <li>• The portion of equity-based compensation increases with seniority</li> <li>• 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</li> </ul>

## COMPETITIVE BENCHMARKING

### Comparator Group

The competitive market for executive talent is drawn from businesses within 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 as well as complexities associated with specific benchmarks. As such, the comparator group data is considered holistically in conjunction with other factors when making compensation decisions.

**Screening Criteria.** 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) are evaluated. The appropriate sample used to assess the competitiveness of pay varies based on role and where talent is recruited and lost. The peer group considers the following criteria:



#### Review Process.

The HRC Committee reviews compensation levels, trends, and competitive practices every other year based on market research provided by our independent advisor.

Economical Mutual Insurance Company and The Co-operators Group Ltd. were added in 2015

2015 Comparators <sup>1</sup>	Industry	Revenue	Market Cap.	Assets
Canadian Western Bank	Regional Banks	\$580	\$1,883	\$22,839
The Co-operators Group Ltd.	Insurance	\$3,110	-	\$11,861
Economical Mutual Insurance Co.	Insurance	\$1,963	-	\$5,345
First National Financial Corp.	Thriffs and Mortgage Finance	\$803	\$1,345	\$25,954
Genworth MI Canada Inc.	Thriffs and Mortgage Finance	\$787	\$2,442	\$6,239
Home Capital Group Inc.	Thriffs and Mortgage Finance	\$895	\$1,888	\$20,512
Laurentian Bank	Regional Banks	\$862	\$1,459	\$39,660
<b>25th Percentile</b>		\$787	\$1,402	\$6,239
<b>50th Percentile</b>		\$862	\$1,883	\$20,512
<b>75th Percentile</b>		\$2,008	\$2,165	\$25,954
<b>Equitable Group Inc.</b>	<b>Regional Banks</b>	<b>\$582</b>	<b>\$800</b>	<b>\$15,528</b>

1. Market capitalization and assets for Equitable Group Inc. are as at December 31, 2015. Revenue reported for Equitable Group Inc. is for the fiscal year ended 2015. The data presented for all other institutions is sourced from the S&P Capital IQ and / or available public disclosure as at December 31, 2015. All values are displayed in CAD millions.

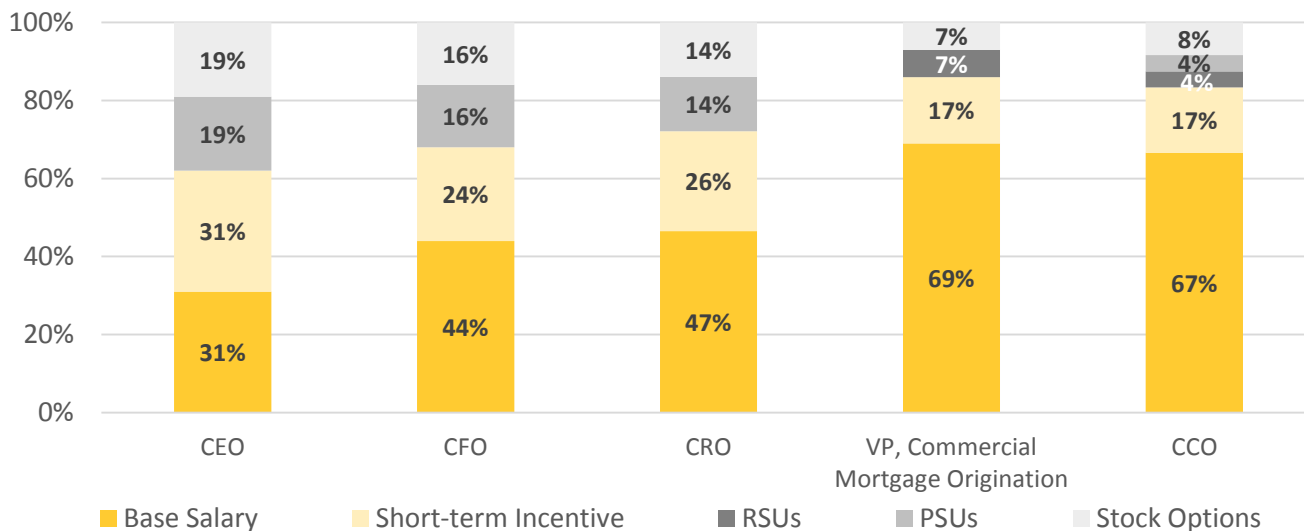
**Secondary Reference.** Equitable also reviews a broader financial industry survey sample as an additional point of validation when making compensation decisions.

- The most recent Willis Towers Watson executive compensation review concluded that all elements of compensation for the CEO, CFO and CRO were generally within the competitive range of our comparator group and other financial industry compensation survey data
- On average, compensation is competitively positioned and consistent with the compensation philosophy

## ELEMENTS OF EXECUTIVE COMPENSATION

Element		Features / Objective	Performance Period	Form
<b>Total Direct Compensation</b>				
FIXED	SHORT-TERM	<b>Base Salary</b> <ul style="list-style-type: none"> <li>Annually reviewed in accordance with contracts</li> <li>Reviewed every two years for market competitiveness</li> </ul> <b>Objective:</b> competitive compensation for skills and experience / attract and retain key top talent	1 year	Cash
		<b>Short-term Incentive</b> <ul style="list-style-type: none"> <li>Corporate performance measures: return on equity (1/3), earnings per share (1/3), common equity tier 1 ratio (1/3)</li> <li>Multiplier: +/- 20% based on strategic objectives</li> <li>Individual performance scorecard</li> </ul> <b>Objective:</b> award achievement of specific goals	1 year	Cash
AT RISK	LONG-TERM	<b>Long-term Incentive</b> <ul style="list-style-type: none"> <li>PSU payout based on relative TSR rank</li> </ul> <b>Objective:</b> align interests of executives and shareholders to create shareholder value / reward achievement of sustained long-term performance / attraction and retention	3 years (100%) vest	Cash
		<b>Restricted Share Units ("RSU") &amp; Performance Share Units ("PSUs")</b> <small>(awarded under the Restricted Share Unit Plan)</small> <ul style="list-style-type: none"> <li>Opportunity to purchase shares at the exercise price</li> </ul> <b>Objective:</b> align interests of executives and shareholders to create shareholder value / reward achievement of sustained long-term performance / attraction and retention	7 year term / 4 year (25% per year) vest	Options
<b>Indirect Compensation</b>				
<b>Health benefits</b> <b>Group Registered Retirement Savings Plan ("RRSP") &amp; Deferred Profit Sharing Plan ("DPSP")</b> <b>Employee Share Purchase Plan (ESPP)</b>		<ul style="list-style-type: none"> <li>Provide market competitive benefit program</li> <li>Invest in employee health and well being</li> <li>Promote responsible retirement planning and support funding for income at retirement</li> <li>Consistent with the broad employee program</li> </ul>	1 year	n/a

## Target Total Direct Compensation Mix



## BASE SALARY

Base salaries are set and reviewed annually with reference to the executive's level of accountability, competitive market data, internal pay relationships, individual role requirements, and the executive's proven capabilities as well as general market conditions and Company performance. Significant changes to an executive's mandate may also result in changes to base salary.

### 2015 and 2016 Base Salary Decisions

	2014	2015	% Increase	2016	% Increase
Andrew Moor	\$600,000	<b>\$625,000</b>	4.2%	\$645,000	3.2%
Tim Wilson	\$275,835	<b>\$300,000</b>	8.8%	\$330,000	10%
Ron Tratch	\$229,450	<b>\$260,000</b>	13.3%	\$268,000	3.1%
David Downie	\$246,725	<b>\$254,125</b>	3%	\$260,000	2.3%
Dan Ruch	\$219,300	<b>\$225,875</b>	3%	\$232,675	3%

## SHORT-TERM INCENTIVE

The Company provides a cash short-term incentive ("STI") to NEOs. The STI is designed to motivate staff to achieve annual corporate and individual performance targets that align with our business, financial and strategic objectives. The STI provides an objective and transparent approach to ensuring direct pay-for-performance alignment and aligns with best practices.

## Target STI Awards (% of base salary)

	Threshold	Target <sup>1</sup>	Maximum	Actual
Andrew Moor	20%	100%	150%	150%
Tim Wilson	11%	55%	82.5%	79.6%
Ron Tratch	11%	55%	82.5%	75.9%
David Downie	5%	25%	37.5%	34.2%
Dan Ruch	5%	25%	37.5%	35.9%

1. Excluding the effect of corporate performance multiplier.

**Corporate Performance.** At the beginning of the year, the Board approves the corporate financial performance measures to be included in the STI plan and threshold, target and maximum performance levels to align with payout opportunities.

The 2015 corporate financial performance measures are equally weighted:

- Earnings per Share (“EPS”)
- Return on Equity (“ROE”)
- Equitable Bank’s Common Equity Tier 1 (“CET1”) ratio

The Corporate Performance Score is determined based on performance against each metric and subject to modification by +/- 20% based on the HRC Committee’s year-end assessment of predetermined objectives (“Corporate Strategic Objectives Modifier”).

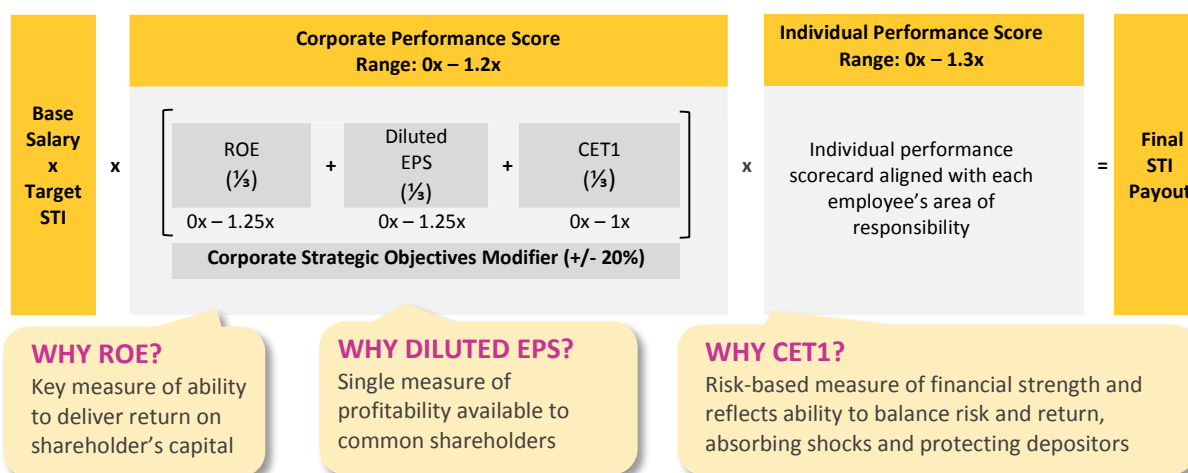
The overall maximum Corporate Performance Score is capped at 1.4x (minimum = 0x), reflecting exceptional corporate performance at 1.2x plus an additional potential 20% for strategic objectives.

**Individual Performance.** The HRC Committee recommends individual performance targets for the CEO based on the Company’s long-term business and strategic objectives 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. Objectives vary based on respective roles and responsibilities.

At the end of the year, the CEO summarizes the performance of all direct reports for review and evaluation by the HRC Committee. An Individual Performance Score is determined based on an assessment of 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 aggregate amount of funds available for distribution is based on the Company’s financial performance for the year and individual performance ratings.





## Discretion

The HRC Committee believes that although financial performance is an important consideration in determining the STI award, 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 or exceed 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. If circumstances warrant, the total amount of the STI award can be adjusted downwards to zero.

## Actual Performance

In February 2016, the HRC Committee reviewed the Company's 2015 financial performance relative to the EPS, ROE and the Company's CET1 ratio targets approved by the Board at the beginning of the year with performance results as follows:

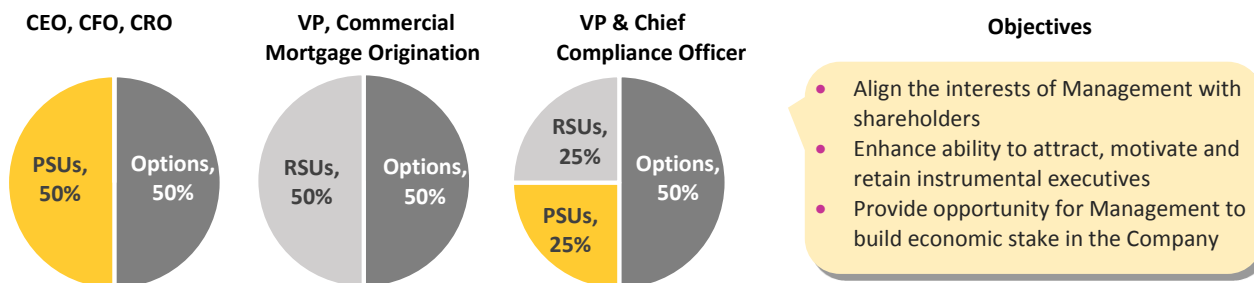
Performance Factor	Target	Actual	Below/Meets/Exceeds Target	Corporate Performance Score
Earnings Per Share	\$7.39	\$7.73	Exceeds	1/3 weight x 1.25 score
Return on Equity	16.8%	17.9%	Exceeds	1/3 weight x 1.25 score
CET1 ratio	≥ 13%	13.6%	Exceeds	1/3 weight x 1.0 score
Strategic Objectives	Not disclosed due to competitive harm	Not disclosed due to competitive harm	Exceeds	+10%
				1.28x corporate score

Based on the financial performance results and individual performance reviews conducted at the end of 2015, the HRC Committee approved all NEO STI awards, excluding the CEO. The HRC Committee also reviews the CEO's performance against objectives and recommends the CEO's STI award to the Board for approval.

## LONG-TERM INCENTIVE

Effective March 2015, PSUs were introduced to the long-term incentive ("LTI") program to align with the objective of having a significant portion of compensation tied to relative company performance.

The LTI comprises the following mix of vehicles:



The HRC Committee considers the following to determine individual grants:

- Market competitiveness (based on periodic benchmarking)
- Position level of the executive
- Responsibilities associated with position level
- Retention considerations
- Internal equity

The HRC Committee submits its recommendation to the Board for approval.

#### Target LTI Awards (% of base salary)

Position	Target
CEO*	125%
CFO	70%
CRO**	60%
VP Commercial Mortgage Origination	20%
CCO	25%

\*The range for annual LTI grants for the CEO is 100% - 150% of salary, depending on factors considered at time of grant.

\*\*Increased from 50% to 60% in 2016.

**Number of RSUs/PSUs.** Target RSU/PSU award value divided by previous five-day weighted average trading price of a common share.

**Number of Options.** Target option award value divided by the estimated fair value of each Option utilizing the Black-Scholes Model.

### Share Unit Plan

Each RSU/PSU represents one notional common share and earns notional dividends, which are re-invested into additional RSUs/PSUs, as the case may be, when cash dividends are paid on the Company's common shares.

The number of RSUs/PSUs granted is determined on the grant date by dividing the target award value by the previous five-day weighted average trading price of a common share. The RSU/PSU award for each NEO granted in March 2016 is as follows:

	Number Awarded (#)			Grant Date Fair Value <sup>1</sup> (\$)	Award (% of base salary)
	RSUs	PSUs	Total		
Andrew Moor	-	7,349	7,349	\$390,599	62.5%
Tim Wilson	-	1,976	1,976	\$105,024	35%
Ron Tratch	-	1,468	1,468	\$ 78,024	30%
David Downie	478	-	478	\$ 25,406	10%
Dan Ruch	266	266	532	\$ 28,276	12.5%

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 9, 2016 of \$53.15 for RSU awards related to 2015 performance.

### RSUs

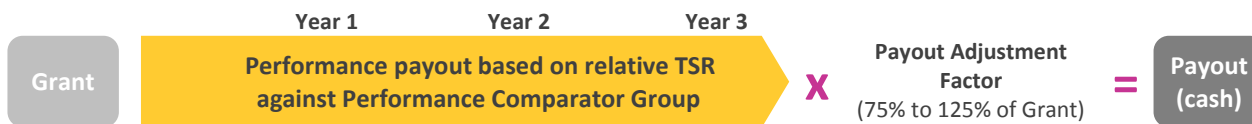
**Vesting.** At the end of three years ("cliff vest"), subject to continued employment.

**Payout.** Cash (including those acquired as dividend equivalents) based on the volume-weighted average trading price of the Company's common shares on the TSX for the five consecutive trading days immediately prior to and ending on the vesting date. Payments are made by December 31<sup>st</sup> of the year the units vest, and withholding taxes apply.

### PSUs

**Vesting.** At the end of three years ("cliff vest"), subject to continued employment.

The number of PSUs granted are adjusted at payout based on TSR relative to performance peers ("payout adjustment factor").



Where TSR is negative, the payout adjustment factor is automatically reduced to threshold

**Performance Comparator Group**

Bank of Montreal	Home Capital Group Inc.
Canadian Imperial Bank of Commerce	Royal Bank of Canada
Canadian Western Bank	National Bank of Canada
Laurentian Bank	The Toronto-Dominion Bank
Genworth MI Canada Inc.	The Bank of Nova Scotia

**WHY THESE COMPANIES?**

- Reflects regulated financial institutions in businesses subject to similar risks as Equitable's

**TSR Calculation**

$$\frac{\begin{matrix} 20\text{-day volume-} \\ \text{weighted average} \\ \text{share price ending} \\ \text{Nov 30}^{\text{th}} \text{ year three of} \\ \text{performance period} \end{matrix} - \begin{matrix} 20\text{-day volume -} \\ \text{weighted average} \\ \text{share price beginning} \\ \text{Jan 1}^{\text{st}} \text{ year three of} \\ \text{performance period} \end{matrix} + \begin{matrix} \text{Dividends paid from} \\ \text{Jan 1}^{\text{st}} \text{ year one to} \\ \text{Nov 30}^{\text{th}} \text{ year three} \\ \text{of performance} \\ \text{period}^1 \end{matrix}}{\begin{matrix} 20\text{-day volume -} \\ \text{weighted average} \\ \text{share price beginning} \\ \text{Jan 1}^{\text{st}} \text{ year one of} \\ \text{performance period} \end{matrix}} \times 100 = \text{TSR}$$

1. The Reinvested at time of receipt.

**Payout.** Cash (including those acquired as dividend equivalents) based on the volume-weighted average trading price of the Company's common shares on the TSX for the five consecutive trading days immediately prior to and ending on the vesting date. Payments are made by December 31<sup>st</sup> of the year the units vest, and withholding taxes apply.

**Amendment.** In August of 2015 the Share Unit Plan was amended to align it with other similar plans in the competitive marketplace and to further align LTI with performance. Specifically, the concept of 'rounding down' partial units of RSUs and PSUs, where such units were accumulated by way of dividend, was removed. Allowing for partial units better reflects the notional reinvestment and more accurately reflects award accumulation. In addition, the concept of a default PSU performance payout factor of 100% for situations of change of control was removed. The Board, having regard to the performance of the Company to that point, has sole discretion to determine the performance payout factor in these situations. This change aligns the performance-based PSUs with the purpose for which they were granted by removing a default payout factor.

## Option Plan

The Option award for each NEO granted in March 2016 is as follows:

	Number Granted <sup>1</sup> (#)	Grant Date Fair Value <sup>2</sup> (\$)	Award (% of base salary)
Andrew Moor	43,403	\$390,627	62.5%
Tim Wilson	11,667	\$105,003	35.0%
Ron Tratch	8,667	\$78,003	30.0%
David Downie	2,824	\$25,416	10.0%
Dan Ruch	3,137	\$28,233	12.5%

1. The number of Options granted is determined by dividing the target option award value by the estimated fair value of such Option.
2. The grant date fair value of \$9.00 is calculated based on a Black-Scholes option pricing model, assuming a term of 7 years and vesting over 4 years.

## 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 6, 2016. The Option Plan is the only component of the Company's compensation plan that allows for the issuance of equity securities.

Plan Category	Number of securities to be issued upon exercise of outstanding options (3.8% of outstanding common shares as at April 6, 2016)	Weighted-average price of outstanding options (\$)	Number of securities remaining available for future issuance under equity compensation plans <sup>1</sup> (5.8% of outstanding common shares as at April 6, 2016)
Equity compensation plans approved by security holders	662,030	\$43.01	813,540

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.

<b>Eligibility</b>	Executive Officers and other members of management
<b>Maximum option term</b>	Ten years
<b>Exercise price</b>	Volume-weighted average trading price of the common shares for the five consecutive trading days immediately preceding the date of grant
<b>Term, vesting and exercise of options</b>	<ul style="list-style-type: none"> <li>• Term: seven years</li> <li>• Vesting: four year ratable (25% per year commencing on the first anniversary of the grant date)</li> </ul> Options must vest before they can be exercised. 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.

<p><b>Maximum number of shares issuable</b></p>	<ul style="list-style-type: none"> <li>• 1,475,570 common shares, representing 9.5% of the Company’s issued and outstanding common shares as at December 31, 2015</li> <li>• 662,030 shares issuable upon exercise of outstanding options (representing 4.3% of issued and outstanding common shares as at April 6, 2016)</li> <li>• 813,540 shares remain available for issuance (representing 5.2% of the Company’s issued and outstanding shares as at April 6, 2016)</li> </ul> <p>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 total number of issued and outstanding common shares. As of April 6, 2016 the total number of options to exercise common shares granted to an insider was 276,129 common shares, representing 1.8% of the total number of common shares outstanding.</p>
<p><b>Expiry of options</b></p>	<p>The earlier of:</p> <ol style="list-style-type: none"> <li>Original expiry date and 30 days after retirement date</li> <li>Original expiry date and one year from date of termination due to death</li> <li>Ten year anniversary date of the grant</li> </ol> <p><b>Termination for cause / resignation:</b> forfeited  <b>Termination without cause:</b> exercise outstanding exercisable options within 30 days and remaining options are forfeited.</p>
<p><b>Limit on Individual Grants</b></p>	<p>The Option Plan does not provide for a maximum number of shares which may be issued to an individual pursuant to the Option Plan and any other share compensation arrangement (expressed as a percentage or otherwise).</p>
<p><b>Transfer/assignment</b></p>	<p>Only to a legal representative in the case of a participant’s death</p>
<p><b>Financial assistance</b></p>	<p>None provided</p>
<p><b>Change of control</b></p>	<p>All unvested options vest and become exercisable</p>
<p><b>Clawback</b></p>	<p>Grants are subject to clawback for misconduct by the CEO, the CFO and/or the CRO</p>
<p><b>Amendments to the Plan</b></p>	<p>The Board may, at any time, amend, suspend or terminate the Option Plan or any portion of the Option Plan, subject to any required shareholder or regulatory approval. Shareholder approval is required to:</p> <ul style="list-style-type: none"> <li>• Increase the maximum number or percentage of the issued and outstanding common shares of the Company that may be reserved for issuance under the Option Plan</li> <li>• Reduce the exercise price of options or cancel and reissue options at a lower exercise price to the same person</li> <li>• 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)</li> <li>• Extend eligibility to participate in the Option Plan to non-employee directors</li> </ul> <p>Amendments that may be made without shareholder approval include:</p> <ul style="list-style-type: none"> <li>• “Housekeeping” and administrative changes</li> <li>• Changes to the terms, conditions and mechanics of grant, vesting, exercise and early expiry</li> <li>• Any amendments designed to comply with applicable laws, tax or accounting regulations</li> <li>• 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</li> <li>• Any other amendment, fundamental or otherwise, not requiring shareholder approval under applicable laws or the rules, regulations and policies of the TSX</li> </ul> <p><b>There were no amendments to the Option Plan in 2015.</b></p>

## BENEFITS

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

The Company does not have a pension plan for its executives or 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 continued employment. The Company's contributions vest after two years of membership in the DPSP. In the event of termination within the initial 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 Company sponsors an Employee Share Purchase Plan ("ESPP"). 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

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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.

### Representation of Women in Executive Officer Appointments

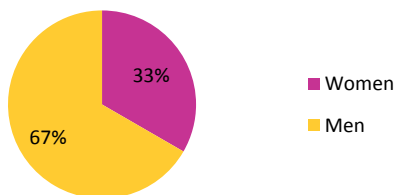
We believe that the diversity of our talent, ideas and experiences is a true strength at Equitable. We recognize the value of ensuring that Equitable's employees have diverse attributes, including that it has a substantial number of employees who are women.

In appointing individuals to executive officer positions Equitable weighs a number of factors, including the skills and relevant experience required for the position and the personal attributes of the candidate. The level of representation of women in these roles is also considered.

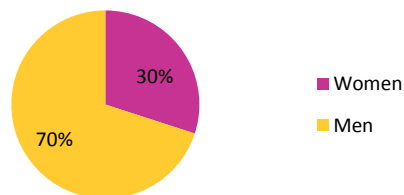
Our executive team includes our President and CEO and his direct reports, three of whom are women, representing 30% of the entire team.

At the present time Equitable has not adopted a target for the number of women in executive officer positions. Equitable does, however, regard the representation of women in these positions as an important issue and we are working diligently to achieve more gender diversity at this level. Our talent management program focuses not only on executive positions but places increasing emphasis on identifying and developing high potential individuals who are not yet in senior leadership roles.

Women Executive Officers at April 8, 2015

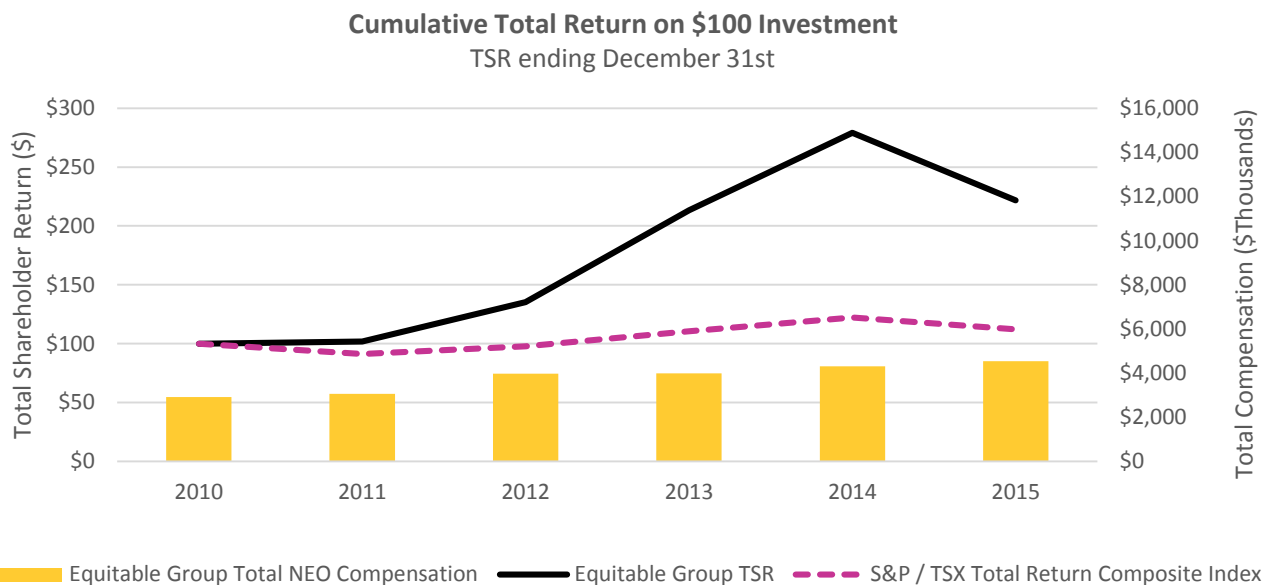


Women Executive Officers as at April 6, 2016



## PAY FOR PERFORMANCE

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, 2010 to December 31, 2015 with the cumulative total shareholder return of the S&P/TSX Composite Index over the same period. It assumes the reinvestment of all dividends. Over the past five years, Equitable posted total shareholder returns of 122%, well above the S&P/TSX Index return of 14%. Over the same period, NEO compensation increased 55%.



	2010	2011	2012	2013	2014	2015
Equitable Group TSR	\$100	\$101.75	\$135	\$213	\$279	\$222
S&P / TSX Total Return Composite Index	\$100	\$91.29	\$98	\$111	\$122	\$114
Equitable Group Total NEO Compensation <sup>1</sup>	\$2,917	\$3,056	\$3,972	\$3,985	\$4,340	\$4,534

1. Total NEO compensation as reported in the Summary Compensation Table.

## Cost of Management Ratio

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

	2015	2014	2013
Total Aggregate NEO Compensation	\$4,533,998	\$4,340,209	\$3,984,733
Net Income After Tax	\$125,865,000	\$106,718,000	\$93,530,000
Total Aggregate NEO Compensation as a % of Net Income After Tax	3.6%	4.1%	4.3%

## 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, 2015 and the two prior calendar years:

Name and Principal Position	Year	Salary (\$)	Share-based Awards <sup>1</sup> (\$)	Option-based Awards <sup>2</sup> (\$)	Non-equity Incentive Plan Compensation Annual Incentive Plans (\$)	Pension Value <sup>3</sup> (\$)	All Other Compensation (\$)	Total Compensation <sup>4</sup> (\$)
Andrew Moor President and Chief Executive Officer	2015	625,000	390,599	390,627	937,500	12,685	2,500	2,358,911
	2014	600,000	375,000	375,000	900,000	12,465	2,500	2,264,965
	2013	600,000	120,023	360,000	895,620	12,135	2,500	1,990,278
Tim Wilson Vice President and Chief Financial Officer	2015	300,000	105,024	105,003	240,000	12,685	2,500	765,212
	2014	275,835	96,542	96,542	225,000	12,465	2,500	708,884
	2013	267,800	66,968	66,950	214,000	12,135	2,500	630,353
Ron Tratch Vice President and Chief Risk Officer	2015	260,000	78,024	78,003	200,000	12,685	2,500	631,212
	2014	229,450	65,000	65,000	90,000	11,472	2,500	463,422
	2013	222,750	22,270	22,275	83,000	11,137	2,500	363,932
David Downie Vice-President, Commercial Mortgage Origination	2015	254,125	25,406	25,416	87,000	12,685	2,500	407,132
	2014	246,725	24,673	24,673	85,000	12,465	2,500	396,036
	2013	239,540	23,962	23,956	80,000	12,135	2,500	382,093
Dan Ruch Vice President and Chief Compliance Officer	2015	225,875	28,276	28,233	81,000	5,647	2,500	371,531
	2014	219,300	27,413	27,413	75,000	7,310	2,500	358,935
	2013	159,253	26,875	26,875	57,000	4,927	1,042	273,972

- RSUs/PSUs were awarded in March 2016, 2015 and 2014 in recognition of the NEO's performance in 2015, 2014 and 2013, respectively. The grant date fair market value of the RSUs/PSUs 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 9, 2016 of \$53.15, March 5, 2015 of \$59.98 and March 10, 2014 of \$52.90, respectively.
- 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 options in 2016 were, an exercise price of \$53.15, a stock volatility of 25.9%, a dividend yield of 1.3%, an option term of 4.75 years, and an interest rate of 0.46%. The fair value of each option granted for compensation purposes in March 2016 for performance in 2015 was \$9.00. The accounting fair value of each option granted in March 2016 for performance in 2015 was \$9.00 for Messrs. Moor, Wilson and Tratch, and \$6.75 for Messrs. Downie and Ruch as a result of a 25% forfeiture assumption applied to options granted to non-Senior Management. The assumptions used in determining the fair value of the options in 2015 were; an exercise price of \$59.98, a stock volatility of 22.4%, a dividend yield of 1.1%, an option term of 4.75 years, and an interest rate of 0.73%. The fair value of each option granted for compensation purposes in March 2015 for performance in 2014 was \$10.56. The accounting fair value of each option granted in March 2015 for performance in 2014 was \$10.56 for Messrs. Moor, Wilson and Tratch and \$7.92 for Messrs. Downie and Ruch as a result of a 25% forfeiture assumption applied to options granted to non-Senior Management. 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. Tratch, Downie and Ruch as a result of a 25% forfeiture assumption applied to options granted to non-Senior Management.
- Reflects the Company's contribution to the NEO's DPSP.
- The value of perquisites and benefits for each NEO did not exceed \$50,000 and/or 10% of the total annual salary and bonus.



## 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, 2015:

Name	Compensation Year	Option-based Awards					Share-based Awards (RSUs/PSUs)	
		Number of securities underlying unexercised options		Option exercise price (\$)	Option expiration Date	Value of unexercised in-the-money options <sup>1</sup> (\$)	Number of shares or units that have not vested <sup>2</sup> (#)	Market or payout value of share-based awards that have not vested <sup>3</sup> (\$)
		Vested (#)	Unvested (#)					
Andrew Moor	2015	-	35,511	59.98	Mar 5, 2022	-	2,315	120,160
	2014	9,956	29,867	52.90	Mar 10, 2021	-	6,311	327,613
	2013	27,000	27,000	36.11	Mar 7, 2020	831,060	-	-
	2012	35,769	11,923	29.32	Mar 5, 2019	1,057,809	-	-
	2011	58,200	-	24.50	Dec 10, 2016	1,571,400	-	-
Tim Wilson	2015	-	9,142	59.98	Mar 5, 2022	-	1,289	66,929
	2014	1,852	5,554	52.90	Mar 10, 2021	-	1,624	84,325
	2013	5,000	5,000	36.11	Mar 7, 2020	153,900	-	-
	2012	7,500	2,500	27.23	May 12, 2019	242,700	-	-
	2011	21,500	7,500	29.32	Mar 5, 2019	643,220	-	-
Ron Tratch	2015	-	6,155	59.98	Mar 5, 2022	-	428	22,240
	2014	1,429	1,035	52.90	Mar 10, 2021	-	1,094	56,772
	2013	1,664	1,664	36.11	Mar 7, 2020	51,218	-	-
	2012	1,429	476	29.32	Mar 5, 2019	42,253	-	-
	2011	7,500	-	26.01	Dec 12, 2018	191,175	-	-
David Downie	2015	-	2,336	59.98	Mar 5, 2022	-	461	23,907
	2014	663	1,987	52.90	Mar 10, 2021	-	414	21,511
	2013	904	1,806	36.11	Mar 7, 2020	41,707	-	-
	2012	-	595	29.32	Mar 5, 2019	13,197	-	-
	2011	1,000	-	24.75	Dec 7, 2016	26,750	-	-
Dan Ruch	2015	-	2,596	59.98	Mar 5, 2022	-	413	21,459
	2014	595	1,783	52.90	Mar 10, 2021	-	462	23,959
	2013	2,000	2,000	37.43	May 12, 2020	56,280	-	-

1. Based on the closing price of the Company's common shares on the TSX on December 31, 2015 of \$51.50 less the exercise price of the options.
2. Includes RSUs / PSUs accumulated on the reinvestment of dividends.
3. Based on the volume-weighted average trading price of a Company common share on the TSX for the five days prior to December 31, 2015 of \$51.91.

## 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, 2015, the annual short-term incentive/cash bonus awarded to each NEO in respect of 2015 performance (paid in February 2016), and the share-based award value vested during the year.

Name	2015			2014		
	Option-based awards - value vested during the year <sup>1</sup> (\$)	Non-equity incentive plan compensation - value earned during the year (\$)	Share-based awards - value vested during the year (\$)	Option-based awards - value vested during the year <sup>1</sup> (\$)	Non-equity incentive plan compensation - value earned during the year (\$)	Share-based awards - value vested during the year (\$)
Andrew Moor	1,165,448	937,500	178,987	1,480,243	900,000	-
Tim Wilson	391,477	240,000	99,306	326,200	225,000	-
Ron Tratch	86,956	200,000	32,816	97,572	90,000	31,434
David Downie	73,579	87,000	35,712	122,079	85,000	39,325
Dan Ruch	29,759	81,000	-	22,570	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, 2015:

Name	Accumulated value at start of year (\$)	Compensatory (\$)	Non-compensatory <sup>1</sup> (\$)	Accumulated value at year-end (\$)
Andrew Moor	175,404	12,685	21,576	209,664
Tim Wilson	60,548	12,685	8,967	82,200
Ron Tratch	18,561	5,647	758	24,966
David Downie	200,988	12,685	13,446	227,118
Dan Ruch	57,474	12,685	9,967	80,126

1. Reflects the NEO's contribution to the Group RRSP, interests and dividend earned, plus changes in the fair market value of investments held.

## TERMINATION AND CHANGE OF CONTROL

The Company had employment agreements in place with each NEO during 2015. The details relating to payments and other obligations arising under various scenarios pursuant to the terms of employment agreements and plan terms and conditions 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 Company'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 such NEO would be immediately forfeited and cancelled.

## Termination without Cause

<b>Severance</b>	<ul style="list-style-type: none"> <li>Mr. Moor is entitled to salary continuance in an amount equal to his base salary plus the average performance bonus for the immediate preceding three years, for a period equal to the Severance Period (as defined below), or re-employment. In the event of re-employment, or upon request, Mr. Moor is entitled to a lump sum payment of 50% of salary continuance for the balance of the Severance Period and all other benefits cease. The Severance Period is 12 months until the fifth anniversary of employment upon which time it increases to 13 months and increases by one additional month on each anniversary of commencement of employment thereafter, to a maximum of 24 months. Mr. Moor's Severance Period is currently 16 months based on eight years of employment.</li> <li>Mr. Wilson is entitled to salary continuance in an amount equal to his base salary plus the average performance bonus for the immediate preceding three years, for the earlier of the Severance Period (as defined above) or re-employment. In the event of re-employment, Mr. Wilson is entitled to a lump sum payment of 50% of salary continuance for the balance of the Severance Period and all other benefits cease. If termination occurs on or after the fifth year of employment. Mr. Wilson's severance entitlement is the same as that of Mr. Moor described above. Mr. Wilson's Severance Period is currently 12 months based on four years of employment</li> <li>While neither Messrs. Tratch or Downie are entitled to salary continuance, Mr. Tratch is entitled to three months' notice, plus one month notice for each year of employment thereafter (or pay in lieu thereof), up to a maximum of 18 months, and Mr. Downie is entitled to eight weeks' notice (or pay in lieu thereof), plus an additional week of termination pay for each year of service.</li> <li>Mr. Ruch is entitled to six months' notice during the first three years of employment, plus one month notice for each year of employment thereafter (which may be in the form of notice, pay in lieu thereof, or salary continuance), up to a maximum of 12 months. If termination occurs after five years of employment, the notice period will be reduced by the period represented by Mr. Ruch's entitlement to statutory severance pay, which will also be provided. Monthly pay for any salary continuance is based on salary and average bonus over the preceding three years of completed employment or total completed years of employment, whichever is less. In the event of re-employment, Mr. Ruch is entitled to a lump sum payment of 50% of salary continuance for the balance of the notice period and all other benefits cease.</li> </ul>
<b>Performance Bonus</b>	<ul style="list-style-type: none"> <li>If terminated <i>prior</i> 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 three years, pro-rated to the number of days in that fiscal year to the date of termination. If terminated between January 1<sup>st</sup> and the Board meeting dealing with year-end matters in February of that same year, Messrs. Moor and Wilson each receive a full bonus for the preceding fiscal year.</li> <li>Messrs. Tratch, Downie, and Ruch are not entitled to any pro-rated performance bonus in the year of termination.</li> </ul>
<b>Options</b>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>For Messrs. Tratch, Downie and Ruch all unvested options are cancelled upon termination and all vested options are exercisable for 30 days following termination.</li> </ul>
<b>Restricted Share Units</b>	<ul style="list-style-type: none"> <li>Messrs. Downie and Ruch are the only NEOs who are awarded RSUs and in the event of termination without cause are entitled to a pro rata number of RSUs based on the number of days during the vesting period prior to termination compared to the entire term of the vesting period. The balance of RSUs are forfeited and cancelled.</li> </ul>
<b>Performance Share Units</b>	<ul style="list-style-type: none"> <li>All NEOs, except Mr. Downie who is not awarded PSUs, are entitled to a pro rata number of PSUs based on the number of days during the vesting period prior to termination. The balance of PSUs are forfeited and cancelled.</li> <li>The Board having regard to the performance of the Company shall determine the extent to which the performance payout criteria have been satisfied as of the date of termination and shall determine the performance payout percentage to be applied in respect of such PSU award at that time.</li> </ul>
<b>Other</b>	<ul style="list-style-type: none"> <li>Messrs. Moor and Wilson are entitled to continued coverage under the Company's benefits program for the duration of the Severance Period or until re-employment, whichever is earlier.</li> <li>Mr. Ruch is entitled to continued coverage under the Company's benefits program during the notice period. In the event that Mr. Ruch is terminated and provided pay in lieu of notice, he will maintain all employee benefits for the statutory notice period and only health and dental benefits for the balance of the notice period thereafter.</li> <li>Messrs. Moor and Wilson are entitled to outplacement services for a period determined at the sole discretion of the Company.</li> <li>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.</li> <li>Messrs. Tratch and Downie are not entitled to any other amounts upon termination without cause.</li> </ul>

## Death

<b>Severance</b>	<ul style="list-style-type: none"> <li>Salary of a NEO immediately ceases as of the date of death.</li> </ul>
<b>Performance Bonus</b>	<ul style="list-style-type: none"> <li>No NEO, other than Mr. Moor, is entitled to receive any amounts related to his performance bonus upon death.</li> <li>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.</li> </ul>
<b>Options</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<b>Restricted Share Units</b>	<ul style="list-style-type: none"> <li>Messrs. Downie and Ruch are the only NEOs who are awarded RSUs. In the event of death of either of these NEOs their estate/beneficiary 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.</li> </ul>
<b>Performance Share Units</b>	<ul style="list-style-type: none"> <li>All NEOs, except Mr. Downie who is not awarded PSUs, are entitled to a pro rata number of PSUs based on the number of days during the vesting period prior to the date of death. The balance of PSUs are forfeited and cancelled.</li> <li>The Board, having regard to the performance of the Company, shall determine the extent to which the performance payout criteria have been satisfied as of the date of death and shall determine the performance payout percentage to be applied in respect of such PSU award at that time.</li> </ul>
<b>Other</b>	<ul style="list-style-type: none"> <li>No other benefits or payments are provided.</li> </ul>

## Change of Control

<b>Severance</b>	<ul style="list-style-type: none"> <li>If termination occurs within 12 months of a change of control, Mr. Moor is entitled to a lump sum payment representing base salary in lieu of the Severance Period, plus a payment in respect of the average performance bonus paid in the three years immediately preceding the date upon which notice of termination is provided, prorated to the Severance Period.</li> <li>No other NEO is entitled to any severance-related compensation upon termination following a change of control.</li> </ul>
<b>Performance Bonus</b>	<ul style="list-style-type: none"> <li>If 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.</li> <li>No other NEO is entitled to any performance bonus following a change of control.</li> </ul>
<b>Options</b>	<ul style="list-style-type: none"> <li>Under the Option Plan, all options vest and become exercisable.</li> </ul>
<b>Restricted Share Units</b>	<ul style="list-style-type: none"> <li><u>If common shares of the successor corporation are listed on a recognized exchange</u>: the number of RSUs attributed to a NEO will be adjusted by the Board, or the successor board, to preserve the economic position of the award of RSUs. All other terms and conditions of the Restricted Share Unit Plan applicable to RSUs continue to apply for the balance of the vesting period. Vesting is not accelerated.</li> <li><u>If common shares of the successor corporation are not listed on a recognized stock exchange</u>: the fair market value of each RSU attributed to the NEO will be deemed to be the value at which the change of control occurred and the value of the RSUs will be crystallized at such value. The Board, or the successor board, may resolve to (i) accelerate the vesting date, or (ii) retain the original vesting date in respect of up to one-half of the crystallized value. If employment is terminated following a change of control, the vesting period will be accelerated and a settlement payment made.</li> <li>Messrs. Downie and Ruch are the only NEOs awarded RSUs.</li> </ul>
<b>Performance Share Units</b>	<ul style="list-style-type: none"> <li>PSUs are treated in the same manner as RSUs, except that, where the common shares of the successor corporation are not listed on a recognized stock exchange, the Board, having regard to the performance of the NEO and the Company, will also determine (i) the extent to which the performance payout criteria have been satisfied by the NEO as of the date of the change of control and (ii) the performance payout percentage to be applied in respect of such PSU award at that time.</li> <li>All NEOs, except for Mr. Downie are awarded PSUs.</li> </ul>
<b>Other</b>	<ul style="list-style-type: none"> <li>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.</li> <li>None of Messrs. Wilson, Tratch, Downie or Ruch are entitled to any other amounts upon a change of control.</li> </ul>

## Resignation or Retirement

<b>Severance</b>	<ul style="list-style-type: none"> <li>Mr. Moor may terminate his employment upon 60 days' prior written notice. This notice period may be waived by the Board at its sole discretion and, if waived, Mr. Moor is entitled to salary continuance only to the end of the 60 day period.</li> <li>Mr. Wilson may terminate his employment upon 30 days' prior written notice. This notice period may be waived by the Board at its sole discretion and if waived, Mr. Wilson is entitled to salary continuance only to the end of the 30 day period.</li> <li>No NEO is entitled to any severance-related payments.</li> </ul>
<b>Performance Bonus</b>	<ul style="list-style-type: none"> <li>No NEO is entitled to any performance bonus.</li> </ul>
<b>Options</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<b>Restricted Share Units</b>	<ul style="list-style-type: none"> <li>Messrs. Downie and Ruch are the only NEOs who are awarded RSUs. All RSUs are forfeited and cancelled upon resignation.</li> <li>Upon retirement, these 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.</li> </ul>
<b>Performance Share Units</b>	<ul style="list-style-type: none"> <li>All PSUs are forfeited and cancelled upon resignation.</li> <li>Upon retirement, NEOs, except Mr. Downie who is not awarded PSUs, are entitled to a pro rata number of PSUs 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 PSUs is forfeited.</li> <li>Upon retirement, the Board, having regard to the performance of the Company, shall determine the extent to which the performance payout criteria have been satisfied as of the date of retirement and shall determine the performance payout percentage to be applied in respect of such PSU award at that time.</li> </ul>
<b>Other</b>	<ul style="list-style-type: none"> <li>In the event that the Board waives the 60 day notice period required of Mr. Moor to voluntarily terminate his employment, Mr. Moor is entitled to continued benefits coverage up to the end of the 60 day period.</li> <li>In the event that the Board waives the 30 day notice period required of Mr. Wilson to voluntarily terminate his employment, Mr. Wilson is entitled to continued benefits coverage up to the end of the 30 day period.</li> <li>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.</li> <li>None of Messrs. Tratch, Downie or Ruch are entitled to any other payments upon voluntary termination of employment.</li> </ul>

## 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, 2015:

Event	Andrew Moor (\$)	Tim Wilson (\$)	Ron Tratch (\$)	David Downie (\$)	Daniel Ruch (\$)
<b>Termination with Cause</b>					
Severance	-	-	-	-	-
Bonus	-	-	-	-	-
Options <sup>2</sup>	-	-	-	-	-
RSU/PSU	-	-	-	-	-
Other <sup>3</sup>	-	-	-	-	-
<b>Termination without Cause</b>					
Severance	1,972,276	506,333	151,667	117,288	74,219
Bonus	-	-	-	-	-
Options <sup>2</sup>	472,217	265,500	-	-	-
RSU/PSU	175,743	68,809	31,383	22,028	21,150
Other <sup>3</sup>	-	-	-	-	-
<b>Change of Control</b>					
Severance	1,972,276	-	-	-	-
Bonus	-	-	-	-	-
Options <sup>2,4</sup>	679,982	303,975	284,646	40,999	28,140
RSU/PSU	447,773	151,254	79,013	45,418	45,418
Other <sup>2</sup>	-	-	-	-	-
<b>Death</b>					
Severance	-	-	-	-	-
Bonus	-	-	-	-	-
Options <sup>2</sup>	-	-	-	-	-
RSU/PSU	175,743	68,809	31,383	22,028	21,150
Other <sup>3</sup>	-	-	-	-	-
<b>Resignation</b>					
Severance	-	-	-	-	-
Bonus	-	-	-	-	-
Options <sup>2</sup>	-	-	-	-	-
RSU/PSU	-	-	-	-	-
Other <sup>3</sup>	-	-	-	-	-
<b>Retirement</b>					
Severance	-	-	-	-	-
Bonus	-	-	-	-	-
Options <sup>2</sup>	-	-	-	-	-
RSU/PSU	175,743	68,809	31,383	22,028	45,418
Other <sup>3</sup>	-	-	-	-	-

1. The value of the option is the difference between the closing price of the common shares on December 31, 2015 on the TSX (\$51.50) 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, 2015 on the TSX (\$51.50) 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 classified four individuals as Senior Management during 2015 (five in 2014). These include the CEO, CFO, CRO and CCO. Other Material Risk Takers consist of the Officers and Business Unit Heads of Equitable Bank. For the year-ended December 31 2015, the Company designated 16 individuals (14 in 2014) 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 2015 and 2014.

### Total Value of Compensation Awarded

Element of Compensation	Senior Management				Other Material Risk Takers			
	2015		2014		2015		2014	
	Non-Deferred (\$)	Deferred <sup>1</sup> (\$)	Non-Deferred (\$)	Deferred <sup>1</sup> (\$)	Non-Deferred (\$)	Deferred <sup>1</sup> (\$)	Non-Deferred (\$)	Deferred <sup>1</sup> (\$)
<b>Fixed Compensation</b>								
Cash-based	1,410,875	-	1,372,073	-	2,794,847	-	2,491,692	-
Shares and Share-linked Instruments	-	-	-	-	-	-	-	-
Other	19,818	-	18,466	-	66,131	-	59,206	-
<b>Variable Compensation</b>								
Cash-based	1,458,500	-	1,415,000	-	995,500	-	937,000	-
Shares and Share-linked Instruments	321,109	1,203,718	108,857	512,661	343,942	642,658	460,805	458,148
Other	43,702	-	44,705	-	171,728	-	155,564	-

1. Deferred Compensation includes options and RSUs granted in 2015 and 2014.

### Other Compensation paid

Element of Compensation	Senior Management				Other Material Risk Takers			
	2015		2014		2015		2014	
	Number	Amount (\$)	Number	Amount (\$)	Number	Amount (\$)	Number	Amount (\$)
Sign-on Awards	-	-	-	-	1	83,700	-	-
Guaranteed Awards	-	-	-	-	1	25,000	-	-
Severance	-	-	1	231,117	-	-	-	-

## Deferred Compensation

Deferred compensation is comprised of options, PSUs and RSUs. The following tables include deferred compensation that was outstanding as at December 31, 2015 and 2014, which had not expired, or been forfeited or cancelled, as well as previously deferred compensation which was paid out during 2015 and 2014. There were no clawbacks or other similar reversals or downward re-evaluations of outstanding awards in either year.

Element of Compensation	Senior Management		Other Material Risk Takers	
	2015 (\$)	2014 (\$)	2015 (\$)	2014 (\$)
<b>Outstanding Deferred Compensation</b>				
Vested <sup>1</sup>	3,792,745	6,382,942	1,395,502	2,228,027
Unvested <sup>2</sup>	1,771,661	4,902,923	927,000	2,838,013
Total Deferred Compensation Outstanding	5,564,406	11,285,865	2,322,502	5,066,040
Deferred Compensation Payouts during the year <sup>3</sup>	1,857,931	825,267	1,284,050	1,428,742

1. Outstanding vested compensation is comprised of options that were exercisable on December 31, 2015 and December 31, 2014, 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, 2015 and December 31, 2014, 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, 2015 and December 31, 2014, respectively, in addition to RSUs and PSUs that had not vested by December 31, 2015 and December 31, 2014, respectively. Outstanding options are valued at the closing price of a Company common share on the TSX as at December 31, 2015 and December 31, 2014 less the exercise price. Outstanding unvested RSUs and PSUs are valued at the volume-weighted average trading price of a Company common share on the TSX for the five business days prior to December 31, 2015 and December 31, 2014, respectively, in addition to any dividend entitlement earned on such unvested RSUs and PSUs between the date that they were granted and December 31, 2015 and December 31, 2014, respectively.
3. Payouts during the year include the value of exercised options during the year, in addition to any RSUs paid out in 2015. For 2015 and 2014, 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. The value of RSU payouts is calculated based on the volume-weighted average trading price of a Company common share on the TSX for each of the five business days up to and including 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

We are committed to adhering to the high standards of corporate governance which we believe is essential to the successful execution of our business objectives and to safeguarding the interests of our shareholders, our employees and other stakeholders.

Our corporate governance structures and practices are consistent with Bank Act requirements and the guidelines and rules of the Office of the Superintendent of Financial Institutions (Canada), Canadian Securities Administrators and the Toronto Stock Exchange that apply to us. We regularly review and update our governance practices in light of changing regulations and evolving best practices. This Statement of Corporate Governance Practices has been approved by the Corporate Governance Committee of the Board.

## ETHICAL BUSINESS CONDUCT

Equitable is committed to the highest standards of ethical and professional conduct. We believe that acting ethically with honesty and integrity will foster a positive working environment, continue to enhance Equitable's reputation in the industry and lead to future success. The Code of Business Conduct expresses Equitable's fundamental values and principles. It is expected that all directors, officers and employees follow the Code, which specifically addresses conflicts of interest, confidentiality of corporate information, protection and use of corporate assets, and compliance with laws, regulations and other obligations including the reporting of any illegal or unethical behaviour.

All employees and officers, as a condition of employment, and all directors, upon joining the Board, acknowledge in writing that they have read, understand and agree to comply with the Code. Every year, all directors, officers and employees are required to review and confirm that they have complied with it during that fiscal year. For the year ended December 31, 2015, the President and Chief Executive Officer and all members of the Board have certified their compliance with the Code of Business Conduct. Equitable monitors compliance with the Code and the Chief Compliance Officer reports the results, as well as the adequacy and effectiveness of the Ethical Business Conduct Policy, to the Corporate Governance Committee annually.

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

The Code was updated in 2015 to reflect changes in legislation and technology, and was approved by the Board. Any waivers to the Code must be considered by the Board for approval.

A copy of the Code is accessible on SEDAR at [www.sedar.com](http://www.sedar.com) or on our website at [www.equitablebank.ca](http://www.equitablebank.ca), or by contacting the Corporate Secretary at the address set out on page 68 of this Circular.

## Whistleblower Program

As part of Equitable's commitment to uphold its values and preserve its culture of ethical conduct, the Board ensures that effective controls are in place to help safeguard the integrity of Equitable's financial reporting, business dealings and support adherence to the Code of Business Conduct. All directors, officers and employees must promptly raise or report perceived or suspected ethical concerns they may have without fear of retaliation.

The Board has established a Whistleblower Policy for directors, officers and employees to ask questions or anonymously and confidentially report a serious concern. It provides several communication channels:

- Speak to their manager, another manager or Human Resources;
- Call a toll-free hotline, or access an online reporting tool, both of which are administered by an independent third party; and
- Call, email or write a letter marked "Confidential – only to be opened by the addressee" to the Chief Compliance Officer or the Chair of the Audit Committee.

We have a confidential ethics hotline that enables our employees to raise concerns anonymously and confidentially

Serious concerns include any breach of any Equitable policy or financial matters, such as fraud, deficiencies in internal controls or deviations from full and fair recording of expenses and liabilities. All concerns are investigated, action is taken where appropriate, and reported to the Audit Committee by the Chief Compliance Officer.

### Conflicts of Interest

Directors may not be eligible to stand for election to the Board if they have a potential or actual conflict of interest that is incompatible with service as a director. The Board has adopted a policy relating to directors’ and officers’ conflicts of interest which 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 or the transaction. The director is further required to abstain from voting on any resolution in respect of such transaction or contract. Directors are required to provide Equitable with complete information on all entities in which they have a material interest so that any conflicts they may have regarding these entities can be identified. In addition, the annual questionnaire completed by all directors includes questions on material interests with Equitable.

### Independence of Directors

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 management. These structures include

90% of our director nominees are independent

- retaining external advisors to provide independent 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 the Board has affirmatively determined that he or she has no direct or indirect material relationship with Equitable.

The information required to make this determination is collected through the review of biographical material and questionnaires completed by the directors annually, generally at the same time it approves the nominees for inclusion in this Circular, or prior to their appointment. The Corporate Governance Committee reviews all information provided to determine if a director has any relationship with Equitable that could reasonably be expected to, or perceived to, interfere with the director’s ability to act independently and makes a recommendation to the Board based on this assessment.

The Board has reviewed all direct and indirect material relationships between each director nominee and Equitable. As shown in the table below, the Board has affirmatively determined that nine out of the ten nominated directors are independent, on the advice of the Corporate Governance Committee..

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

## Independent Chair of the Board

We have been committed to a separation of the roles of Chair of the Board and the CEO since the Company was formed in 2004 as we believe it contributes to allowing the Board to function independently of management. The Chair of the Board is an independent director and is appointed annually by the Board. David LeGresley was appointed Chair of the Board in 2014 and he is considered independent under our director independence standards.

The Chair of the Board presides over all Board and Shareholder meetings, and oversees the Board Committees. In carrying out his duties the Chair of the Board is expected to:

- provide leadership to the Board to enhance board effectiveness,
- act in an advisory capacity to the CEO on major strategic and business issues and corporate governance matters;
- together with the Corporate Governance Committee, conduct the Board's annual evaluation process,
- assist the HRC Committee in monitoring and evaluating the performance of the CEO, and
- maintain an effective relationship between the Board and senior management.

The mandate of the Chair of the Board, which is approved by the Board, can be found on our website at [www.equitablebank.ca](http://www.equitablebank.ca).

## Honorary Chair

Austin Beutel was appointed Honorary Chair of the Board upon his retirement from the Board in May 2014, after serving 15 years as our independent Chairman of the Board. In this capacity Mr. Beutel continued to attend all Board meetings and provide input on Board matters. Mr. Beutel has now advised both Equitable and the Board that he will be retiring from this role and will no longer attend Board meetings after the Meeting on May 17, 2016.

## Position Descriptions

The Board has also established position descriptions for a Committee Chair and individual directors which can be found on our website at [www.equitablebank.ca](http://www.equitablebank.ca). These position descriptions are reviewed on an annual basis by the Corporate Governance Committee for approval by the Board.

## Other independence mechanisms

Independent Advisors	Pursuant to their mandates, the Board and each of its Committees may engage their own independent advisors.
<i>In Camera</i> meetings	<p>The Board and each of its Committees set aside time for <i>in camera</i> sessions at each of their meetings to foster open and candid discussion among non-employee directors without management present. <i>In camera</i> sessions of the non-employee directors are held before and/or after every regularly scheduled meeting.</p> <p><i>In camera</i> sessions of the Board are presided over by the Chair of the Board. <i>In camera</i> sessions of the Board Committees are presided over by the independent Chairs of the respective Committees.</p>

## Board interlocks and other board memberships

The Board has not adopted guidelines limiting the number of board interlocks that can exist. A board interlock occurs when two or more of the Company's directors also serve together as board members of another public company.

As of April 6, 2016, none of our directors served together on any other board.

The Board has also not adopted guidelines setting the specific number of other boards and committees on which a director may serve. The time commitment and expectations of our directors are, however, discussed with each director candidate by the Chair

of the Board and the Chair of the Corporate Governance Committee prior to the candidates agreeing to being nominated as a director, or on an ongoing basis thereafter, where required.

The Corporate Governance Committee monitors all directorships as they arise and as part of its annual evaluation of director independence to ensure that they do not impact the ability of those directors to exercise independent judgement and fulfill their obligations as a director. In addition, each director is required to notify the Chair of the Board, the Chair of the Corporate Governance Committee and the Chief Executive Officer before accepting an invitation to join another Board.

Currently, none of our directors serve on more than three public company boards, and none of our Audit Committee members serve on more than one public company audit committee.

### **Chief Executive Officer**

The CEO is directly accountable to the Board for all of Equitable's activities. Among other things, the CEO is responsible for providing leadership and vision as well as achieving strategic and operational goals that will build long-term shareholder value. The Board has established a mandate for the CEO which can be found on our website in the Corporate Governance section at [www.equitablebank.ca](http://www.equitablebank.ca).

## **ROLE OF THE BOARD**

### **Oversight and Mandate**

The Board's primary responsibility is to supervise the management of Equitable's business with a view to maximizing shareholder value and ensuring corporate conduct in an ethical and legal manner through an appropriate system of corporate governance and internal controls. The Board's mandate, which is attached as Schedule A, is reviewed annually by the Corporate Governance Committee and approved by the Board.

The Board fulfills these duties and responsibilities directly and through its five standing committees. Below is an overview of the Board's role with respect to strategic planning, risk management, talent management and succession planning, internal controls and management information systems, and communications.

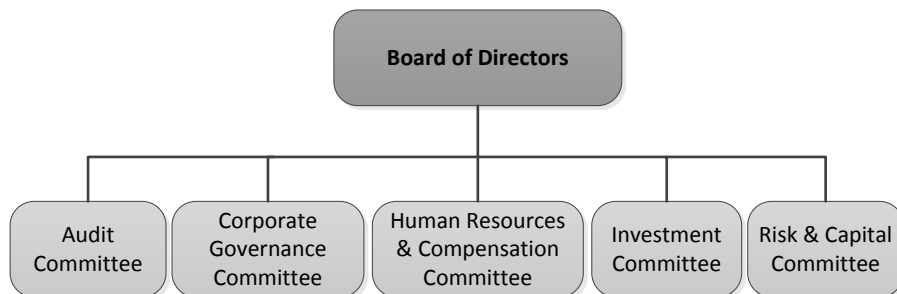
### **Strategic Planning**

The Board provides oversight and direction in the strategic planning process throughout the year. The Board holds two sessions each year dedicated to strategy – one in June to discuss topics such as the current business environment, future growth of our business, major opportunities and risks and technology, and one in December to review, discuss and approve the Strategic Plan developed by senior management. At that meeting the Board approves the annual operating plan and corporate objectives, the capital plan, and the Internal Capital Adequacy Assessment Process. Throughout the year the Board monitors management's progress in implementing the strategic plan and also reviews management's assessment of emerging trends, the competitive environment and risk issues.

### **Risk Management**

The Board is responsible for overseeing the identification and monitoring of the Company's core risks to which Equitable is exposed and for satisfying itself that appropriate policies, procedures and practices are in place to effectively identify, monitor and manage them within our risk appetite framework. The Board delegates responsibility for the execution of certain elements of risk oversight to its Committees in order to ensure that they are treated with appropriate expertise, attention and diligence, with reporting to the Board in the ordinary course. In addition, the composition of the Risk and Capital Committee consists of five of independent directors, including the Chairs of all Board Committees.

Our Enterprise Risk Management Framework is designed to enhance the identification and mitigation of risk throughout Equitable and to assist the Board and the Risk & Capital Committee with oversight responsibility for risk management



Each Committee assists the Board in its oversight of risk, as follows:

Risk and Capital Committee	<ul style="list-style-type: none"> <li>Oversees Equitable Bank's core and emerging risks and the adequacy of its Internal Capital Adequacy Assessment Process and strategic and capital plans.</li> <li>Reviews Equitable Bank's risk profile against the approved risk appetite framework and has primary oversight for operational risk, business and strategic risk and reputational risk.</li> </ul>
Audit Committee	<ul style="list-style-type: none"> <li>Oversees the quality and integrity of our financial reporting processes.</li> <li>Oversees the quality and effectiveness of our internal controls.</li> <li>Oversees the performance of internal and external auditors.</li> </ul>
Human Resources & Compensation Committee	<ul style="list-style-type: none"> <li>Oversees compensation risk and succession planning risk.</li> </ul>
Corporate Governance Committee	<ul style="list-style-type: none"> <li>Oversees legal and regulatory risk, governance policies and practices and board succession.</li> </ul>
Investment Committee	<ul style="list-style-type: none"> <li>Oversees credit, liquidity and funding, and market risks.</li> </ul>

Equitable follows the three lines of defence approach to managing risk. Business Units are the first line; our Finance, Risk Policy and Compliance functions are our second line, and Internal Audit is our third line. See the Risk Management Framework section starting on page 52 of the Company's 2015 Annual Report for a detailed explanation of the core risks applicable to Equitable and our risk management processes, including our three lines of defence.

## Succession Planning

The Board ensures the continuity of executive management by overseeing succession planning. The HRC Committee is mandated to assist the Board in this regard by ensuring that an appropriate succession planning process is in place for key management positions. The HRC Committee reviews changes to our organizational structure and its impact on executive roles. The Board encourages the CEO to provide opportunities for the Board to interact with Equitable's Executive Officers and high potential employees, both for succession planning and career development purposes and to provide the Board with a broader perspective and context on issues relevant to Equitable. Certain Executive Officers regularly attend meetings of the Board and its Committees to provide necessary information to facilitate decision-making. Directors are provided with opportunities to meet with our employees through attendance at events we host or participate in.

## Internal Controls

With the assistance of the Audit Committee and the Corporate Governance Committee, the Board oversees the integrity and effectiveness of Equitable's internal controls and management information systems. The Board also oversees compliance with applicable audit, accounting and regulatory reporting requirements. The Audit Committee reviews management reports on significant deficiencies relating to those controls.

## Communication and Shareholder Engagement

Equitable is committed to effective communication with our shareholders and has developed practices in support of this commitment.

Equitable has a disclosure policy that establishes guidelines for communicating with shareholders, analysts, and the public generally. The policy includes measures to avoid selective disclosure of material information, identifies designated Equitable spokespersons and establishes internal review processes for key public communications. Our Code of Business Conduct (see “Ethical Business Conduct” on page 56 of this Circular) addresses Equitable’s obligations for continuous and timely disclosure of material information and sets standards requiring directors, officers and employees trading Equitable shares to comply with applicable laws.

Equitable’s disclosure controls and procedures are designed to ensure that material information concerning Equitable is made known to our CEO and CFO. We also have a Disclosure Control Committee whose members are the CEO, CRO, CFO and Senior Legal Counsel. 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.

The table below outlines the key contacts and methods that shareholders can use to engage with Equitable:

Engagement with Equitable	
Board of Directors	Shareholders can: <ul style="list-style-type: none"> <li>• Communicate with the independent directors as indicated on page 68 of this Circular</li> <li>• Write to the Chair of the Board at the address provided on page 68 of this Circular</li> </ul>
Management	The CEO and CFO meet regularly with financial analysts, the investment community and/or institutional investors.
Investor Relations	Our Investor Relations team is responsible for maintaining communications with the investing public. You can contact Investor Relations by telephone or email as indicated on page 68.
Live Broadcasts	Quarterly earnings calls with analysts are broadcast live and, for a period of 3 months after each call, are archived on our website in the Investor Relations section at <a href="http://www.equitablebank.ca">www.equitablebank.ca</a> . Our annual meeting is webcast live and also remains available on our website for 3 months.

We also communicate with shareholders and other stakeholders through the annual report, management information circular, quarterly report, annual information form, news releases, and our website.

### Board Committees

There are five standing committees of the Board:

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

The Board may also from time to time establish ad hoc committees to deal with important matters.

Each Committee reviews its mandate annually by the respective Committee and recommended for approval by the Board. All Committee mandates are available on our website at [www.equitablebank.ca](http://www.equitablebank.ca). The Audit Committee mandate is also attached to our Annual Information Form for the year ended December 31, 2015 which is also available on our website at [www.equitablebank.ca](http://www.equitablebank.ca) in the Investor Relations section and on SEDAR at [www.sedar.com](http://www.sedar.com). At each regularly scheduled Board meeting, each Committee Chair reports to the Board on material matters considered by the Committee.

Copies of the Committee mandates are posted in the corporate governance section of our website.

A description of each Committee’s work can be found starting on page 25 of this Circular. Each Committee’s mandate can be found on our website at [www.equitablebank.ca](http://www.equitablebank.ca).

The following table shows the composition of each Board Committee. Each Committee is comprised of non-employee directors. The Chair of the Board is not a member of any Committee, however, he regularly attends all Committee meetings. The Risk and Capital Committee is comprised of the Chairs of each Board Committee.

#### Committee Composition

Director	Audit	Corporate Governance	Human Resources & Compensation	Investment	Risk & Capital
Eric Beutel		✓		Chair	✓
Johanne Brossard		✓	✓		
Michael Emory			✓	✓	
Eric Kirzner	✓				Chair
David LeGresley					
Lynn McDonald	✓		Chair		✓
Rowan Saunders	✓	✓			
Vincenza Sera		Chair		✓	✓
Michael Stramaglia	Chair		✓		✓

The Corporate Governance Committee annually reviews the composition of each Committee together with the Chair of the Board. Rotation of Committee members is based on continuity, the need for fresh perspective and the utilization of each director’s particular experience and expertise. In appointing the Chair of each Committee, the Committee will take into consideration the retirement age for directors as well as any feedback arising from the annual board evaluation process.

#### Expectations of our Board

Our Board expects its members to devote the time, energy and effort that will be necessary for them to be effective. They are expected to

- develop and expand their knowledge and understanding of our products, services and industry,
- participate in education and development programs,
- review meeting materials in advance of meetings in order to be prepared for all meetings, and
- attend all meetings, absent extenuating circumstances.

The Corporate Governance Committee takes directors’ attendance into consideration during the nomination process. Directors are expected to attend no less than 75% of regularly scheduled Board and Committee meetings held in a year (except if due to exceptional circumstances). Most of our directors had 100%. A breakdown of each director’s attendance can be found in the table on page 19.

#### COMPOSITION OF THE BOARD, AND NOMINATION OF DIRECTORS

The Corporate Governance Committee serves as the nominating committee of the Board and is responsible for making recommendations to the Board regarding the size and composition of the Board and its Committees, and for identifying and considering qualified candidates for nomination to the Board.

The Corporate Governance Committee, together with the Chair of the Board, regularly assess the needs of the Board and each director’s contribution and determines whether the Board’s size allows it to function efficiently and effectively, and fully meet the demands of the Board and its five Committees.

In reviewing Board composition the Corporate Governance Committee acknowledges that a diversity of views, gender, age, skills, competencies and expertise are necessary for the proper functioning of the Board of a publicly-traded, federally-regulated financial institution.

## Skills and Experience

The Corporate Governance Committee in consultation with the Chair of the Board maintains a skills and competencies matrix outlining industry specific expertise, business experience and other skills considered necessary for the Board as a whole. These areas of expertise are intended to dovetail with the general qualifications and attributes the Committee seeks in all Board members and candidates, such as high personal and professional ethics and integrity, practical wisdom, sound business judgment, and a willingness to devote the required amount of time to carry out the duties and responsibilities of board service.

The Committee reviews the matrix on a regular basis to ensure there is a sufficient range of skills, expertise and experience for the Board to meet its current and future needs and Equitable’s strategic priorities, and to determine any gaps.

The table below identifies the skills and experience of our director nominees in areas the Board considers important to Equitable.

Skills & Experience	Total	E. Beutel	J. Brossard	M. Emory	E. Kirzner	D. LeGresley	L. McDonald	A. Moor	R. Saunders	V. Sera	M. Stramaglia
<b>Governance</b> Experience in board and governance practices of a public company or major organization	10	•	•	•	•	•	•	•	•	•	•
<b>CEO/Senior Executive</b> Broad business experience as a senior executive of a publicly listed or major organization	7		•	•	•	•		•	•		•
<b>Strategic Planning</b> Experience in development and implementation of a strategic plan at a major organization	8		•	•	•	•	•	•	•		•
<b>Risk Management</b> 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	8	•	•	•	•	•		•	•		•
<b>Finance / Accounting</b> Knowledge of or experience in financial accounting and reporting, corporate finance and internal financial/accounting controls, and IFRS	9	•	•	•	•	•	•	•		•	•
<b>Real Estate</b> Knowledge of / experience in real estate development and in the real estate industry	6	•		•		•		•		•	•
<b>Retail Banking</b> Senior level experience in retail banking or in the online distribution of banking products and related technology issues	3		•					•			•
<b>Human Resources/Compensation</b> Knowledge of / experience in succession planning, talent development and retention, compensation program design and structure (in particular executive compensation programs)	9		•	•	•	•	•	•	•	•	•
<b>Legal / Regulatory</b> Training and/or experience in law and compliance with regulatory regimes	6			•	•	•		•	•		•
<b>Technology</b> Experience in or oversight of technology and operations	3		•					•	•		
<b>Marketing/Branding</b> Experience as a senior executive in sales and marketing strategies	2							•	•		

The Committee may retain an external search firm to assist in identifying candidates that meet the specifications identified by the Committee. Candidates are considered based on merit, having regard to the skills, experience, background, personal qualities and knowledge in order to contribute to the broad range of issues with which the Board routinely deals.



## Nominating new candidates

Once potential, qualified candidates are identified, they meet with the Chair of the Board, the Chair of the Corporate Governance Committee, the CEO and two other members of the Corporate Governance Committee to discuss his or her interest and ability to devote sufficient time and commitment that is required to serve on our Board. The Committee assesses the candidate's integrity and suitability by verifying his or her educational background, conducting background checks on the candidate, and assessing any independence concerns or potential conflicts of interest.

## Nominating existing directors

In considering whether to recommend an existing director for re-nomination, the Corporate Governance Committee reviews the director's:

- continuing integrity and suitability,
- tenure 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.

## Board Diversity

The Board acknowledges the value of diversity of all kinds in its composition as it believes diversity provides a broader range of perspectives and views in relation to the issues affecting Equitable, and promotes better corporate governance and decision-making.

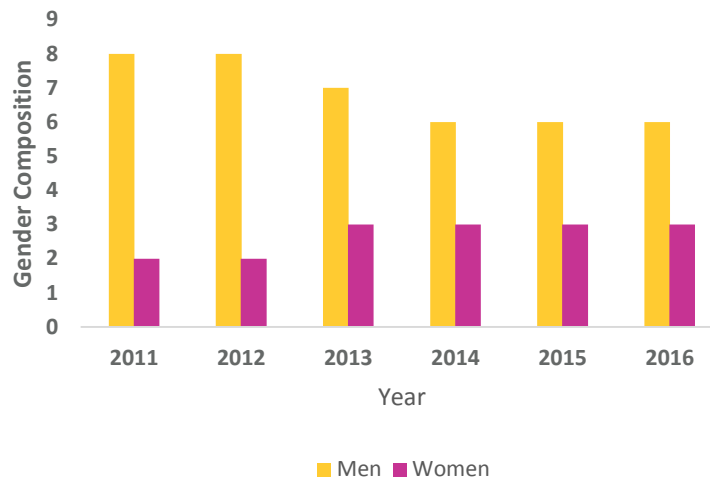
In November 2015, on the recommendation of the Corporate Governance Committee, the Board adopted a written Gender Diversity Policy for achieving and maintaining gender diversity on the Board. The Board has ensured that this policy will be effectively implemented by embedding it into the selection process for new Board members, which is the responsibility of the Corporate Governance Committee.

As part of the selection process, the Corporate Governance Committee will ensure that gender diversity remains a component of any director search and that a sufficient number of women candidates are included in the list of candidates for the Board's consideration. In recommending director nominees to the Board, the Corporate Governance Committee will consider candidates on merit, based on a balance of skills, experience and knowledge. In identifying the best candidates, the Committee will consider the level of representation of women on the Board with a view to ensuring the Board benefits from a broader range of perspectives and relevant experience. The Corporate Governance Committee will assess the effectiveness of this Policy annually and recommend any required amendments to the Board for approval.

The Policy includes an objective that women comprise at least 30% of Board membership. Currently, 30% of Equitable's Board, or 33% of the independent Board members, are women. This percentage has remained unchanged since 2013. The Policy also stipulates that the Corporate Governance Committee will agree annually on measurable objectives for achieving and maintaining gender diversity and may recommend changes to the objective as it considers appropriate.

Following the annual meeting of shareholders and assuming that all director nominees are elected as contemplated in the Circular, women will continue to represent 30% of the Board, and 33% of the Board's independent members.

The table below highlights gender composition of the independent directors in 2016, should all nominated directors be re-elected, and over the last five years:



**Director tenure**

In November 2015, on the recommendation of the Corporate Governance Committee, the Board established a retirement age for our non-employee directors. Any non-employee director will not stand for re-election at the annual meeting of shareholders following their 72<sup>nd</sup> birthday.

The Board does not have formal director term limits as it believes that the comprehensive knowledge and insight of our business that long serving directors possess must be balanced with the need for renewal, fresh perspectives and a healthy skepticism. Within the last three years, six directors have retired from our Board and five directors have been appointed. The relatively short director tenure of seven of our nine independent directors enables the Board to maintain a fresh perspective. Collectively, our independent director nominees have 65 years of experience on our board.

Board renewal is managed through the regular board evaluation process and through our mandatory retirement age which the Board implemented in 2015, and, in the view of the Board, improves the Board’s ability to plan its composition over a longer period of time.

Tenure of Director Nominees as at April 6, 2016

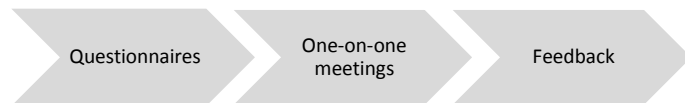


As at April 6, 2016, the average tenure of our independent director nominees is 7.2 years.

Director	Years of service on the Board as at the date of the Meeting	Latest retirement date from the Board
Eric Beutel	21 years	May 2036
Johanne Brossard	1 year	May 2033
Michael Emory	2 years	May 2028
Eric Kirzner	23 years	May 2017
David LeGresley	5 years	May 2031
Lynn McDonald	5 years	May 2024
Rowan Saunders	3 years	May 2037
Vincenza Sera	3 years	May 2029
Michael Stramaglia	2 years	May 2032

## BOARD EVALUATION

The Corporate Governance Committee is responsible for developing and overseeing the process for evaluating the effectiveness and performance of the Board, Board Committees, Board and Committee chairs and individual directors. This evaluation also assists in establishing the Board’s annual objectives.



Directors complete two questionnaires: (i) the Board questionnaire and (ii) the Chair of the Board questionnaire.

The first questionnaire is designed to provide constructive input on how well they believe the Board and its Committees are performing and to improve overall board performance. It also enables the directors to assess their own performance as a member of the Board. The questionnaire provides quantitative ratings in key areas of board effectiveness, including board composition, board dynamics, board governance, and interaction with management. The questionnaire also provides open-ended questions so directors can elaborate on their responses and suggest improvements where they believe is necessary. Directors are encouraged to comment both positively and negatively on any issue. Directors are 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 topics for director education sessions. The second questionnaire is focussed on evaluating the effectiveness of the Chair of the Board.

Directors submit their completed Board questionnaires to the Chair of the Board, and their completed Chair of the Board questionnaires to the Chair of the Corporate Governance Committee.

The Chair of the Board meets individually with each director annually to engage in a full and frank discussion of his or her performance and any other issue which either may wish to raise.

The Chair of the Board summarizes the input received from these discussions as well as from the completed questionnaires and submits the report to the Board for review and discussion. 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 Corporate Governance Committee reviews the assessment process annually and revises it as necessary to reflect evolving governance rules, best practices and any changes to the mandates of the Board and its Committees.

Assessment	Action
<b>Full Board</b> – questionnaire completed by all directors	The Chair of the Board prepares a summary report for the Board and provides the report to all Directors. The Chair of the Board together with the Corporate Governance Committee set the Board’s objectives for the following year. The Chair of the Board and the CEO develop the schedule for director education sessions for the following year, and this schedule is reviewed by the Corporate Governance Committee.
<b>Chair of the Board</b> – questionnaire completed by all directors on effectiveness and leadership of the Chair of the Board	Chair of the Corporate Governance Committee reviews the results and discusses them with the Chair of the Board
<b>Board Committees</b> – The Board questionnaire includes a section to evaluate Committee effectiveness, which is completed by respective Committee members.	The Chair of the Board incorporates feedback received on individual committees into the overall report prepared on the Board evaluation, which is provided to each Director.
<b>Individual Directors</b> – The Board questionnaire includes a section for directors to self-assess. Personal performance is discussed with the Chair of the Board.	The Chair of the Board uses feedback provided to review director performance and identify development opportunities.

## DIRECTOR ORIENTATION AND CONTINUING EDUCATION

### Orientation

The Board oversees the orientation of new directors and the continuing education of directors through the Corporate Governance Committee. New directors participate in an orientation program to assist them in becoming knowledgeable about the Company. New directors meet with the Chair of the Board to discuss the role of the Board and its processes, dynamics and governance framework, and with the CEO and members of management to discuss Company operations, strategy, performance, organizational structure, the regulatory framework and other issues facing Equitable.

New directors are also provided with a handbook containing corporate and other information required to familiarize themselves with Equitable 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, Equitable's strategic and capital plans, minutes for the previous year's board meetings and minutes for the previous year's meetings for the committee(s) which the director is to be appointed, and other relevant information concerning Equitable. 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.

As part of ongoing education, management gives regular presentations to the Board and its Committees on the main areas of Company business to inform them of developments in legal, regulatory and industry initiatives. A key focus for 2015 was to provide regular updates to the Board on the Bank's Digital Banking initiative.

Directors receive timely access to comprehensive, important and relevant information before each Board and Committee meeting and receive deep dive presentations on relevant topics from members of senior management. Directors are also encouraged to participate in outside professional programs at our expense with the approval of the Chair of the Board.

Most of our directors are members of the Institute of Corporate Directors (ICD) and have access to ICD publications and events designed to foster director education. In 2015 certain directors also participated in programs organized by the Global Risk Institute, which Equitable became a member of during the year.

Directors identify topics for continuing education through the annual board evaluation process and in discussions with management. The CEO provides quarterly updates to the Board on strategy and other matters affecting Equitable.

The education sessions that the directors attended in 2015 are described in the table below:

Date	Educational Session	Attended by
February 2015	Mortgage Market; external presentation	Board
May 2015	Cybersecurity; presentation by KPMG	Board
August 2015	Preferred Share Market; presentation by an investment dealer	Investment Committee; Chairs of Audit, and Risk & Capital Committees
August 2015	Mortgage Fraud; presentation by an external consultant	Board
August 2015	Executive compensation and governance trends, presentation by the independent compensation advisor	Human Resources & Compensation Committee
November 2015	IFRS 9; joint presentation by KPMG and management	Audit Committee
November 2015	Organizational Design and Effectiveness Principles; presentation by an external management consultant	Board

## Board Dinner Sessions

Board dinner sessions are scheduled the evening prior to regularly scheduled Board meetings. Board dinners are treated as an opportunity to accomplish a number of important governance objectives, including meeting in a less formal atmosphere with the Chief Executive Officer, enabling the Board to learn more about Equitable's business and strategic direction, and strengthening the collegial working relationship of the Board.

## OTHER INFORMATION

### Directors' and Officers' Insurance

Equitable 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, 2016, is \$30 million. The deductible is \$200,000 per event. For the year ending May 31, 2016, the premium for such coverage is \$180,000.

### Contacting the Board or the Chair of the Board

You may contact the Board, the Chair of the Board or any Board member by directing your correspondence to the Corporate Secretary as follows:

by mail:

Equitable Group Inc.  
Equitable Bank Tower  
30 St. Clair Avenue West, Suite 700  
Toronto, Ontario M4V 3A1  
(mark the envelope "Confidential")

by email: [corporatesecretary@equitablegroupinc.com](mailto:corporatesecretary@equitablegroupinc.com)

### Shareholder Proposals

Proposals to be considered at the 2017 annual meeting of the Company's shareholders must be submitted to the Corporate Secretary of Equitable Bank, 30 St. Clair Avenue West, Suite 700, Toronto, ON M4A 3V1 by February 28, 2017.

### Accessing Documents

Financial information is provided in our 2015 financial statements and Management's Discussion and Analysis which form part of the Annual Report. These documents and other information about Equitable, including our Annual Information Form are available on our website at [www.equitablebank.ca](http://www.equitablebank.ca) and on SEDAR at [www.sedar.com](http://www.sedar.com).

Printed copies of the above documents, this Circular and any document incorporated by reference are available at no charge by contacting our Investor Relations Department as follows:

- Head office: Tim Wilson, Chief Financial Officer  
Equitable Bank Tower  
30 St. Clair Avenue West, Suite 700  
Toronto, ON M4V 3A1
- phone: 416-515-7000
- fax: 416-515-7001
- email: [investor@equitablebank.ca](mailto:investor@equitablebank.ca)

### Directors' Approval

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



Andrew Moor  
President and Chief Executive Officer  
April 6, 2016

## Schedule "A"

### Board of Directors' Mandate

#### A. ROLE

The Board of Directors (the "Board") is responsible for the stewardship of Equitable Group Inc. and Equitable Bank (the "Bank") (collectively, the "Company") and for supervising the management of the business and affairs of the Company. In carrying out these responsibilities the Board will, either directly or through its committees, perform the duties as set out in this Mandate and such other duties as necessary or appropriate.

#### B. ACCOUNTABILITIES AND RESPONSIBILITIES

##### 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 and regulatory 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 performance against the approved plan.
3. Approve and oversee the annual financial and capital plans and budgets, the capital management policy and the 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, including any request for capital expenditures in excess of \$1,000,000 over the budgeted capital plan.
4. Review and approve the issuance and redemption of all capital and declare dividends.
5. Review and approve 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 strategic, financial, liquidity and capital plans; business unit strategies; day-to-day operations and compensation programs.
2. Ensure processes are in place to identify, measure and monitor the principal risks affecting the Company's business and satisfy itself that appropriate policies, procedures and practices are in place for the effective and independent management of these risks 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 relevant and timely information required to enable it to effectively perform its duties.
5. Approve the delegation of certain credit approvals and investment authority to senior management.

##### Internal Controls

1. Approve the Company's internal control framework.
2. Oversee the integrity and effectiveness of the Company's internal controls, including those for financial and non-financial reporting, and management information systems, and satisfy itself that these systems and controls are designed and operating effectively, and review reports by management relating to the operation of, and any material deficiencies in, these systems.
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, and the declaration of dividends.
4. Perform such duties, approve certain matters and review reports as may be required under key Company policies approved by the Board, and obtain reasonable assurance regarding the Company's compliance therein.

### **Oversight of Senior Management**

1. Appoint or, if required, remove the Company's Chief Executive Officer.
2. Approve the corporate objectives to be met by the Chief Executive Officer, monitor progress against those objectives and provide guidance and counsel where necessary.
3. Approve the appointment of senior management, including the heads of the control functions and ensure they have and maintain the appropriate qualifications and competencies to meet the expectations set by the Board and regulators, including, to the extent possible, satisfying itself as to the personal and professional integrity of the Chief Executive Officer and other senior officers and their effectiveness in fostering a culture of integrity, risk awareness and compliance throughout the Company.
4. Evaluate the performance and approve the compensation of the Chief Executive Officer and senior management.
5. Approve the Company's compensation policy and oversee the design and operation of the compensation program to ensure it aligns with the Company's business strategy, values and risk appetite.
6. Ensure that an appropriate succession planning process is in place for the Chief Executive Officer, the Chair of the Board and senior management positions.
7. Oversee the Company's control functions having regard to their independence and effectiveness.

### **Corporate Governance**

1. Review the Company's approach to corporate governance, including the governance principles and guidelines applicable to the Company, in light of material changes to the Company's size, complexity, business strategy, market and regulatory environment, and approve the Company's Code of Business Conduct.
2. Reinforce the "tone at the top" together with the Chief Executive Officer and promote a culture of honesty, integrity and ethical conduct within the Company, and ensure there is an ongoing, appropriate and effectiveness process for ensuring adherence to the Company's Code of Business Conduct.
3. Approve policies and procedures for identifying and addressing directors' conflicts of interest.
4. Review significant changes to the Company's organization structure.
5. Establish appropriate criteria, structures, policies and procedures to allow the Board to function independently of management.

### **Composition and Evaluation**

1. Establish Board Committees, appoint Board Committee chairs and approve their respective mandates, and receive a report from each Committee chair on material matters considered by the Committee.
2. Approve selection criteria for new directors, nominate directors for election, and oversee the orientation of new directors and an ongoing education of all directors.
3. Appoint the Chair from among the independent members of the Board and approve the mandate for the Chair of the Board position.
4. Approve the mandates for the Board and individual directors.
5. Review and approve the adequacy and form of compensation of directors.
6. Conduct and act upon annual assessments 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.

### **Delegation of Authority to Chief Executive Officer**

1. Delegate to the Chief Executive Officer the authority to manage the day-to-day activities of the Company within the framework established by the Board.

### **Communication and Public Disclosure**

1. Approve the Company's Disclosure Control Policy, ensuring that it provides for timely, reliable and accurate disclosure to analysts, shareholders, employees and the general public.
2. Ensure appropriate disclosure mechanisms, such as the Company's management information circular and/or its website, provide instructions on how to communicate with the Company's independent directors.

## **Regulators**

1. Review and discuss with senior management the Company's response to recommendations of 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. Composition**

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 the relevant provisions of the by-laws of the Company. Each director shall possess the qualities set out in the Position Description for Directors.
2. Unless otherwise determined by the Board, no individual is eligible for appointment or election to the Board after reaching 72 years of age.
3. The Board shall establish independence 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 his or her designate shall act as Secretary at Board meetings. The Secretary shall record and maintain minutes of all meetings of the Board and subsequently present them to the Board for approval.

## **E. Meetings**

1. The Board shall meet no less than four times each year as required by the *Bank Act* (Canada). 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.
3. 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.
4. Notice of each meeting shall be given to each director by pre-paid mail, by personal delivery, facsimile or electronic mail 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, to any employee. The Board shall have the authority to retain and terminate independent 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 the Company.