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EQUITABLE

CANADA'S CHALLENGER BANK™

Annual Information Form

For the year ended December 31, 2019

Equitable Bank | EQ Bank

TSX.EQB | EQB.PR.C

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Note: Unless otherwise specified, all information presented herein is as of December 31, 2019.

FORWARD-LOOKING STATEMENTS

Statements made by Equitable Group Inc. ("Equitable" or the "Company") in the sections of this report including those entitled "Sources of Funding", "Competitive Conditions", and "Risk Factors", in other filings with Canadian securities regulators and in other communications include forward-looking statements within the meaning of applicable securities laws ("forward-looking statements"). These statements include, but are not limited to, statements about the Company's objectives, strategies and initiatives, financial performance expectations and other statements made herein, whether with respect to the Company's businesses or the Canadian economy. Generally, forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "planned", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases which state that certain actions, events or results "may", "could", "would", "should", "might" or "will be taken", "occur", "be achieved", or other similar expressions of future or conditional verbs.

Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results, level of activity, closing of transactions, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking statements, including but not limited to risks related to capital markets and additional funding requirements, fluctuating interest rates and general economic conditions, legislative and regulatory developments, changes in accounting standards, the nature of our customers and rates of default, and competition as well as those factors discussed under the heading "Risk Management" in the Company's Management's Discussion and Analysis ("MD&A") for the year ended December 31, 2019 and in the Company's documents filed on SEDAR at www.sedar.com.

All material assumptions used in making forward-looking statements are based on management's knowledge of current business conditions and expectations of future business conditions and trends, including their knowledge of the current credit, interest rate, and liquidity conditions affecting the Company and the Canadian economy. Although the Company believes the assumptions used to make such statements are reasonable at this time and has attempted to identify in its continuous disclosure documents important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. Certain material assumptions are applied by the Company in making forward-looking statements, including without limitation, assumptions regarding its continued ability to fund its loan business, a continuation of the current level of economic uncertainty that affects real estate market conditions, continued acceptance of its products in the marketplace, as well as no material changes in its operating cost structure and the current tax regime. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements that are contained herein, except in accordance with applicable securities laws.

CORPORATE STRUCTURE

Name, Address and Incorporation

Equitable Group Inc. ("Equitable" or the "Company") was formed on January 1, 2004 pursuant to a Certificate of Amalgamation issued under the Business Corporations Act (Ontario). Articles of Amendment dated September 1, 2009 and August 8, 2014 were filed in connection with the creation and issuance of the Series 1 Preferred Shares and Series 3 Preferred Shares of the Company, respectively.

The Company's registered and head office are in the Equitable Bank Tower, located at 30 St. Clair Avenue West, Suite 700, Toronto, Ontario, M4V 3A1.

Intercorporate Relationships

The Company directly holds 100% of all issued and outstanding shares of its subsidiary, Equitable Bank (the "Bank"). Equitable Bank is a Schedule I Bank under the Bank Act (Canada) (the "Bank Act") and was formed effective July 1, 2013 through the issuance of Letters Patent of Continuance dated June 26, 2013. Equitable Bank's activities are supervised by the Office of the Superintendent of Financial Institutions Canada ("OSFI").

In October 2018, the Bank received approval from the Minister of Finance to incorporate a wholly owned trust subsidiary, Equitable Trust (the "Trust"). In January 2019, the Trust obtained the "Order to Commence and Carry on Business" from OSFI effective December 19, 2018.

On January 1, 2019, the Bank acquired Bennington Financial Corp. ("Bennington"), a privately owned company serving the brokered equipment leasing market in Canada. It is also a wholly-owned subsidiary of the Bank.

DESCRIPTION OF THE BUSINESS

Business Overview

Equitable Group Inc. (TSX: EQB and EQB.PR.C) is a growing Canadian financial services business that operates through its wholly owned subsidiary, Equitable Bank. Equitable Bank is a Schedule I Bank regulated by OSFI with total Assets Under Management of over $33 billion. The Bank serves retail and commercial customers across Canada with a range of savings and lending solutions, offered under the Equitable Bank, *EQ Bank*, and Equitable Trust brands. On January 1, 2019, Equitable Bank acquired Bennington, a Canadian equipment leasing company that finances a wide range of assets through the Bodkin and Equirex brands. Equitable is one of nine publicly traded banks that are members of the S&P/TSX Composite. Equitable is also a member of the S&P/TSX Dividend Aristocrats, S&P/TSX Small Cap, S&P Canada BMI, and MSCI Small Cap (Canada) indices. Measured by assets, Equitable Bank is the ninth largest independent Schedule I Bank in Canada.

Equitable Bank EQ Bank Equitable Trust

BENNINGTON Financial Corp. An Equitable Bank Company

Bodkin A Division of Bennington Financial Corp.

EQUIREX A Division of Bennington Financial Corp.

Equitable organizes its operations according to products and target customers:

Deposit Taking

The Company's Deposit Taking business sources funds directly from consumers and through partners.

The Company launched *EQ Bank* in 2016 as a means of directly reaching Canadian savers who are looking for an alternative to Canada's big banks. *EQ Bank* products offer an everyday high interest rate, convenient features, and a great digital experience. *EQ Bank's* flexible technology platform, based in the cloud, enables it to easily connect to other business partners such as fintechs, and provides it with the agility to bring new products and services to market quickly. For example, in 2019, *EQ Bank* partnered with TransferWise to offer Canadians a cost effective and user-friendly international money transfer service. *EQ Bank* have an extensive roadmap for its platform and intend to bring a range of new products and services to Canadian consumers in the coming years.

For almost 50 years, Equitable Bank has offered a suite of safe and secure deposit products through third party agents, investment dealers, and financial planners across the country. The Bank's products include Guaranteed Investment Certificates ("GICs") and High Interest Savings Accounts ("HISA"s) designed for Canadian savers looking to build their savings or who have short- to medium-term liquidity needs. Responsive service, high rates, and a competitive product offering have been the key factors in the Bank's success.

Retail Lending

The Company's Retail Lending business consists of Alternative Single Family Lending, Prime Single Family Residential, and its decumulation businesses. The Bank's success in Retail Lending results from its superior level of service, disciplined approach to credit, and favourable market dynamics. Equitable offer first and insured mortgages and Home Equity Lines of Credit ("HELOCs") on residential properties across Canada, distributed through a network of independent mortgage brokers. Its clients include prime, business-for-self, new to Canada, and credit challenged borrowers. The Bank's deep relationships with mortgage brokers have allowed it to build its retail portfolio consistently. It supplements its internal originations when market opportunities present themselves through acquisitions from third party distribution partners.

The Company has begun to build a decumulation business by expanding its retail product offerings to include reverse mortgages and Cash Surrender Value ("CSV") Lines of Credit. This business aims to serve Canadians in the decumulation phase of their lives who want to unlock their home equity or the cash surrender value of their whole life insurance policies in a tax efficient manner. It gives a growing Canadian demographic financial flexibility to retire comfortably and pursue their retirement dreams. Equitable distributes reverse mortgages through Canadian mortgage brokers and financial planners, and the CSV product through financial planners. CSV loans are currently available against policies from six major Canadian insurers.

Commercial Lending

The Company's Commercial Lending business consists of Conventional Commercial, Insured Multi-unit Residential, Specialized Financing, and Equipment Leasing assets. Commercial Lending competes based on service excellence, the breadth and strength of its partnerships, and its in-depth knowledge of its markets. The Bank's distribution is through mortgage and leasing brokers, mortgage banks, and other financial institutions, as well as directly to borrowers.

In Conventional Commercial, the Company works with its clients, both big and small, to find mortgage solutions for a variety of commercial property types including construction, mixed use, conventional and insured multi-unit residential, shopping plazas, professional offices, and industrial.

Commercial Lending includes a $239 million Specialized Financing business. The Bank's specialized financing team offers structured financing solutions, tailored to help other specialty lenders finance their growth. The solutions are structured in a manner that mitigates the risk for Equitable and optimizes the capital treatment. The Company is encouraged by the business and its potential.

On January 1, 2019, the Company acquired Bennington, a leasing company that finances a wide range of assets with a focus on transportation, construction, and food service equipment. Bennington has long-tenured relationships with professional leasing brokers across Canada and employs a proven approach to adjudication with emphasis on lease structure, security, and re-marketability, which is aligned well to the Bank's proven approach in its real estate lending businesses.

At the year-end, the Company's loan portfolio was 69% Retail Lending assets and 31% Commercial Lending assets. The Bank also had a total of $15.2 billion of deposit balances at year end, including $2.7 billion generated through *EQ Bank*.

The Company's loan products consist of first and insured loans with terms of up to ten years. Equitable offers both fixed and adjustable rate loans, as well as adjustable rate HELOCs. At December 31, 2019, 44% of the Company's loan portfolio was insured compared to 43% a year earlier.

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

Credit risk inherent in the loans portfolio is managed through the Company's lending policies and procedures, the establishment of lending limits, and a documented approval process. Underwriting criteria are intended to minimize risks inherent in the Company's target markets and include prescribed loan-to-value ratios and strict debt service ratio guidelines.

The primary sources of revenue for the Company are interest income as well as commitment, renewal and other ancillary fees derived from its lending activities. In addition, the Company earns gains on the sale of securitized and derecognized loans, as well as interest, dividend income, and capital gains from its investments.

Table 1: Primary sources of revenues

	2019		2018	
($ THOUSANDS, EXCEPT PERCENTAGES)	**Amount**	**% of total**	Amount	% of total
Loan Revenues:				
Interest	**$ 1,081,824**	**94%**	$ 836,350	94%
Fees and other income	**23,855**	**2%**	21,229	2%
Gains on securitization activities and income from retained interests	**11,534**	**1%**	10,285	1%
	1,117,213	**97%**	867,864	97%
Investment Revenues:				
Interest and dividends	**8,671**	**1%**	5,867	1%
Net losses	**(973)**	**0%**	(3,855)	0%
Interest on short term investments and bank balances	**26,315**	**2%**	17,846	2%
	34,013	**3%**	19,858	3%
Total Revenue	**$ 1,151,226**	**100%**	$ 887,722	100%

Loan Distribution

Loans are originated through a network of brokers, business partners, and other third-party distribution agents. The majority of the loans primarily funded in 2019 were originated through the independent broker channel.

The Bank has long-standing arrangements with First National Financial LP ("First National") which provides the Bank with the opportunity to acquire eligible insured multi-unit residential, insured and conventional single family residential, and conventional commercial loans at market competitive rates. These volumes accounted for approximately 34% of our total loan originations in 2019 and were mainly comprised of lower margin CMHC-insured multi-unit residential and Prime loans. Equitable maintains renewal rights over the loans originated under this agreement, and those renewal rights survive the agreement itself. The Bank has also outsourced the servicing function for all loans acquired through these arrangements to First National and pays it a market rate for this service.

With respect to the Bank's arrangements with First National, it is under no obligation to acquire any loans under the arrangements, but when it does, such transactions are done on market terms and in accordance with the Bank's prudent origination criteria. In 2019, the Bank purchased $3.1 billion worth of loans under the arrangement and paid $7.5 million in servicing fees. These transactions are monitored by management on a regular basis and are reviewed by the Company's Board of Directors (the "Board") on an annual basis.

First National's CEO, Stephen Smith, is the largest shareholder of the Company, holding 19% of the Company's outstanding common shares as at December 31, 2019. Mr. Smith does not control either Equitable or the Bank, and does not have representation on the Board of Equitable.

The remainder of the Company's loan originations were sourced by other brokers, with three providing between 5% and 15% each, and the rest individually providing less than 5% of the total dollar volume of new loan originations.

Sources of Funding

The Company funds its loan business mainly through deposit taking and securitization.

Deposit Taking

Equitable Bank is a federally regulated deposit taking institution and offers diversified deposit products under the Equitable Bank, *EQ Bank* and Equitable Trust brands to savers across Canada.

The Equitable Bank branded deposit offerings, which primarily consist of GICs and brokered HISAs, provide a reliable and stable source of funding that can be effectively matched against loan maturities. Equitable Bank brand deposits are sourced primarily through a national distribution network of brokers, dealers and investment advisors, and strategic partners who are members of the Investment Industry Regulatory Organization of Canada ("IIROC"), the Mutual Fund Dealer's Association ("MFDA"), or the Registered Deposit Brokers Association ("RDBA").

The Bank's *EQ Bank* digital banking platform offers a channel to attract deposits directly from Canadian savers. *EQ Bank Savings Plus Accounts* and *GICs* have accumulated deposit balances of almost $2.7 billion at December 31, 2019 and the Bank expects these balances will grow to represent a greater share of Equitable's total deposit funding over time. The Company plans to continue investing in this platform to further enhance its functionality, and to expand the range of savings products and services that it offers.

Equitable Bank has also established a deposit note issuance program, which provides institutional investors with access to uninsured deposits issued by the Company through the capital markets and helps diversify the Bank's funding profile. At December 31, 2019, the Bank had $349 million of deposit notes outstanding (December 31, 2018 – $150 million, December 31, 2017 – $150 million).

In 2019, the Bank's wholly owned subsidiary, Equitable Trust, initiated its first offering of GIC deposit products through its broker channel and has raised deposit balances of approximately $31.7 million at December 31, 2019.

All of the Bank and Equitable Trust's deposit products, except the institutional deposit notes, are eligible for Canada Deposit Insurance Corporation ("CDIC") insurance.

Securitization

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

The Bank's subsidiary, Bennington, periodically securitizes pools of finance leases, on a fully serviced basis, to independent third-party funders. Bennington retains the servicing responsibilities and participates in certain cash flows from the pools. As Bennington is not considered to have surrendered control over the finance leases, securitization transactions are accounted for as secured financing arrangements. The securitized leases remain on the Company's consolidated balance sheet.

The Bank has two revolving credit facilities with major Schedule I Canadian Banks to fund insured residential loans prior to securitization.

The Bank utilizes another funding program which is sponsored by a major Canadian Schedule I Bank and provides Equitable with a source of matched funding for its uninsured single family loans. Once securitized, loans remain in the facility until they mature. Equitable bears no risk for the funding of the facility itself.

Seasonality

The Company's revenues and expenses are not subject to any material degree of seasonality. Loan origination levels in Alternative Single Family Lending are seasonal, which is related to sales activity patterns in the Canadian residential real estate market. Specifically, loan origination levels in Alternative Single Family tend to reach seasonally low levels in the first quarter and peak in the latter half of the year.

Competitive Conditions

The Company's products compete with those offered by chartered banks, trust companies, credit unions, insurance companies, equipment leasing companies and other financial institutions and intermediaries in the jurisdictions in which it operates.

Employees and Facilities

The Company is licensed to conduct business across Canada. At December 31, 2019, Equitable had over 900 skilled employees operating out of leased offices in Toronto, Oakville, Montreal, Calgary, Vancouver and Halifax.

Environmental Matters

Equitable recognizes the reality of climate change and the negative impacts it has had on the world in which we live. The Company also acknowledges that the impact on our communities and our economy will become much more significant if we leave the causes of climate change unchecked. Equitable believes that in its business, and in the lives of its employees, it can and should help the world transition to a low-carbon economy. First and foremost, the Company limits its environmental footprint through its digital banking operating model: it requires no physical branch infrastructure so significantly reduces our carbon emissions relative to that of a traditional brick and mortar bank model. Furthermore, Equitable is a national lender that has the advantage of serving clients through local independent brokers. As a result, only roughly 2% of its employees travel on a regular basis by plane, which significantly limits the Company's impact on the environment through travel pollution.

Management has also taken several other steps to limit carbon emissions. Most significantly, Equitable has certified our head office to comply with various environmental health and sustainability standards. The Company's head office was designed using LEED™ Green Building System for Environmental Design standards and became LEED™ certified in 2018. This certification provides verification that an office was designed and built keeping environmental health and sustainability in mind. The Company is also moving towards a paperless environment using secure, paper-free mortgage documentation technology.

Equitable does not actively lend or otherwise provide banking services to corporate borrowers that participate directly in resource or other high carbon-emitting industries. Due to the more focused nature of its business, which is primarily mortgage lending and retail deposit taking, the Company has not yet had a need to develop a suite of environmental standards and policies. As the business becomes more complex, Management and the Board of Directors will evaluate the need to develop such documentation.

Environmental risk is the possibility of loss of strategic, financial, operational or reputational value resulting from the impact of environmental issues or concerns, including climate change, and related social risk. The Bank may be exposed to environmental risks both through emerging regulatory and legal requirements, disruptions to its operations and services, the products and services that it provides to its customers, as well as through its customers themselves. There is also a possibility that the Company may find hazardous substances on properties that Equitable Bank holds as security. Such a finding could affect the value of the properties or result in a liability to a governmental entity or third parties if Equitable Bank realizes on its security and takes possession or becomes the owner of any such properties.

To manage this potential exposure, Equitable evaluates environmental risk as part of its underwriting process. The Company considers its environmental risk associated with Single Family residential lending to be low so does not conduct environmental assessments for each of those loans. For the majority of its commercial loan portfolio, it employs third-party consultants to carry out detailed environmental assessments. The Company also maintains a diversified lending portfolio, which improves its resilience to geographic or sectoral specific environmental developments or events.

Management has conducted various analyses to assess the Company's exposure to, and the impact of, certain climate-related risks, including conducting an extensive stress test on earthquake risk. To date, environmental risk has not had a material adverse effect on the Company's operations or financial condition.

Supervision and Regulation

Equitable Bank is a federally regulated Schedule I Bank and the Bank Act governs its activities. Equitable Trust is a federally regulated trust company and its activities are governed by the Trust and Loan Companies Act. These two Acts prohibit the Bank and the Trust from engaging in or carrying on any business other than the business of financial services, except as specifically permitted. Both entities are supervised by OSFI which examines the affairs and business of each institution to ensure compliance with application regulations and to ensure that each deposit taking institution is in sound financial condition. OSFI is responsible to the Minister of Finance and its examination reports are submitted to the Minister.

Equitable Bank and Equitable Trust are also subject to regulation by the CDIC, which insures certain deposits held at the member institutions, and by the Financial Consumer Agency of Canada ("FCAC"). The FCAC is responsible for enforcing the Financial Consumer Agency of Canada Act, and the consumer-related provisions of the federal statutes that govern financial institutions, which includes the Bank Act and its regulations. The Company is also subject to oversight by the Financial Transaction and Reports Analysis Centre of Canada ("FINTRAC"), which, as Canada's financial intelligence unit, administers the Proceeds of Crime (Money Laundering) and Terrorist Financing Act and its regulations, that apply to all federally regulated financial institutions in Canada and set out the expectations and obligations related to detecting and deterring money laundering and the financing of terrorist activities.

Risk Factors

The Company, like other financial institutions, is exposed to the symptoms and effects of global economic conditions and other factors that could adversely affect its business, financial condition and operating results, which may influence an investor to buy, sell or hold shares in the Company. Many of these risk factors are beyond the Company's direct control. The Board plays an active role in monitoring the Company's key risks and in determining the policies and limits that are best suited to manage these risks. The Risk and Capital Committee assists the Board in its oversight of the Company's management of its key risks.

The key risks faced by the Company are described in the "Risk Management" section of the Company's 2019 MD&A.

Three Year History

Business Line and Product Diversification

Lending and Service Expansions

In December 2019, the Bank began offering *EQ Bank* customers international money transfer services.

In May 2019, the Bank launched the *Equitable Bank Reverse Mortgage* product in Québec to increase its footprint in the competitive decumulation business.

In January 2019, the Bank entered the equipment leasing market through the acquisition of Bennington.

In December 2018, the Bank launched a CSV line of Credit product, giving Canadians aged 50 and above a way to fund their retirement against the cash surrender value of their whole life insurance policies.

In January 2018, the Bank launched a reverse mortgage product targeting Canadians in the decumulation phase of their lives who want to unlock their home equity.

Funding Source Diversification

In September 2019, the Bank issued a $200 million 3-year fixed-rate deposit note, which was priced at 145 bps over comparable term Government of Canada bonds.

In August 2019, the Trust launched a term deposit offering through the broker channel.

In August 2019, the Bank announced the development of a covered bond funding program which it intends to launch in 2020 subject to regulatory approval and market conditions.

In April 2019, the Bank redeemed a $150 million 2-year floating-rate deposit note and issued a $150 million 2-year fixed-rate deposit note, which was priced at 160 bps over comparable term Government of Canada bonds.

In March 2018, the Bank launched *EQ Bank GICs* through its digital platform, with guaranteed competitive interest rates over a variety of terms, giving Canadians more options to save.

Contingent Liquidity Sources

In June 2019, the Company renewed its $400 million secured backstop funding facility for a two-year period. The new terms of the facility include an annualized cost of 0.65% if undrawn, and an interest rate on the drawn portion of the facility equal to 3-month CDOR plus 1.25%.

In May 2019, the Company reduced the size of the secured backstop funding facility from $850 million to $400 million with no change to the terms of the facility.

In June 2018, the Company reduced the size of the secured backstop funding facility that it obtained from a syndicate of the big-6 Canadian banks in 2017 from $2.0 billion to $850 million. The terms of the facility remained unchanged which include a 0.75% commitment fee, a 0.50% standby charge on any unused portion of the facility, and an interest rate on the drawn portion of the facility equal to the syndicate Banks' cost of funds plus 1.25%.

No advances have been made on this facility since its inception.

Regulatory Capital

To efficiently support ongoing growth and optimize Equitable Bank's regulatory capital position, the Company redeemed $65 million of its Series 10 subordinated debentures on October 23, 2017.

Credit Rating

In June 2012, DBRS initiated credit rating coverage of the Company and its debt instruments. On July 16, 2019, DBRS changed the trend on the Company's rating to Positive from Stable. The ratings of the obligations were confirmed by DBRS as follows:

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

These ratings are subject to periodic review by DBRS.

DIVIDENDS

Dividends are payable on the Company's common shares and Series 3 Preferred Shares. The Company's Series 3 Preferred Shares are non-cumulative and have preference over the common shares with respect to the payment of dividends.

Equitable has a policy of maintaining a balance between the distribution of profits to shareholders via the payment of dividends and the need to retain earnings to fund its business and strategic objectives. It does not set a specific dividend payout ratio target. The declaration and payment of dividends is within the discretion of the Company's Board of Directors and is dependent on several factors, including the capital and liquidity positions of the Company. The Company's liquidity position is impacted by the payments of dividends from Equitable Bank to its parent company, Equitable Group Inc.

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

The Board has increased the Company's dividend fourteen times during the past five years and intends to continue doing so in the future. During Q3 2019, the Board decided to further strengthen Equitable's dividend philosophy and committed to growing Equitable's dividend at an annual rate of between 20% to 25% for each of the next five years.

On September 3, 2019, the Company announced that the dividend rate applicable to Series 3 Preferred Shares for the five-year period from, and including, September 30, 2019 to, but excluding, September 30, 2024 would be 5.969% per annum, or $0.373063 per preferred share per quarter, compared to the previous dividend of 6.35% or $0.396875 per preferred share per quarter.

The table below provides a summary of annual dividends per share declared for 2019 and the two preceding years:

Type of Shares	2019	2018	2017
Common Shares	**$1.29**	$1.08	$0.95
Series 3 Preferred Shares	**$1.56**	$1.59	$1.59

On February 28, 2019, the Company's Board of Directors activated Equitable's common share Dividend Reinvestment Plan ("DRIP"). Participation in the plan is optional under the terms of the plan. Shareholders may elect to reinvest their cash dividends to purchase additional common shares at a 3% discount to the volume weighted average trading price of the common shares on the TSX for the five trading days immediately preceding the dividend payment date. Common shares issued through the DRIP are from the Company's treasury. The Company then suspended the DRIP effective February 24, 2020.

DESCRIPTION OF CAPITAL STRUCTURE

General Description of Share Capital

The Company's authorized share capital consists of an unlimited number of common shares and an unlimited number of preferred shares, issuable in series. As at December 31, 2019, 16,797,593 common shares and 3,000,000 Series 3 Preferred Shares were issued and outstanding. The material provisions of the common shares and the preferred shares are summarized or otherwise referred to below.

Common Shares

Holders of the Company's common shares are entitled to one vote per share at all meetings of the shareholders of the Company except meetings at which only holders of any series of preferred shares are entitled to vote. After payment of all outstanding obligations, including preferred shares, the holders of common shares are entitled to receive the remaining property of the Company upon the liquidation, dissolution or winding-up thereof.

Preferred Shares

The preferred shares are issuable from time to time in one or more series. The Board is authorized to fix before issue the number of, the consideration per share of, the designation of, and the provisions attaching to the preferred shares of each series, which may include voting rights. The preferred shares of each series will rank pari passu with the preferred shares of every other series and will be entitled to preference over the common shares and any assets in the event of liquidation, dissolution or winding-up of the Company. If any cumulative dividends or amounts payable on a return of capital are not paid in full, the preferred shares of all series will participate ratably in accordance with the amounts that would be payable on such shares if all such dividends were declared and paid in full or the sums that would be payable on the return of capital if all amounts so payable were paid in full, as the case may be.

The provisions of the preferred shares, including the Series 3 Preferred Shares and the Company's non-cumulative floating rate Series 4 preferred shares ("Series 4 Preferred Shares"), are described on pages 7 through 17 of the prospectus supplement of the Company dated July 25, 2014 in connection with the public offering of the Series 3 Preferred Shares, and those pages are incorporated herein by reference.

On August 22, 2019, Equitable announced that it did not intend to exercise its right to redeem all or any part of its outstanding non-cumulative redeemable 5-year rate reset Preferred Shares, Series 3 (the "Series 3 Preferred Shares") on September 30, 2019. As a result, holders of Series 3 Preferred Shares had the right, at their option, to convert all or part of their Series 3 Preferred Shares, on a one-for-one basis, into non-cumulative floating rate Preferred Shares, Series 4 ("Series 4 Preferred Shares"). On September 16, 2019, the Company announced that after taking into account all election notices received, less than the minimum 800,000 shares required to give effect to the conversion were tendered. As a result, no Series 4 Preferred Shares were issued and holders of Series 3 Preferred Shares retained their shares.

MARKET FOR SECURITIES

Trading Price and Volumes

The Company's common shares and Series 3 Preferred Shares are traded on the TSX under the symbols EQB and EQB.PR.C respectively. The following table sets out the price range and trading volume for these securities on the TSX for each month of the year ended December 31, 2019.

Table 2: Price ranges and trading volumes by security type

Months in 2019	Common Shares		Series 3 Preferred Shares	
	Price Range	Volume	Price Range	Volume
January	$58.45 – $67.64	686,875	$24.10 – $24.83	14,582
February	$64.40 – $70.40	560,535	$24.00 – $24.83	80,942
March	$64.00 – $72.49	595,280	$23.70 – $24.51	44,385
April	$65.00 – $74.76	685,648	$24.30 – $24.75	20,380
May	$66.70 – $74.73	630,855	$24.62 – $25.03	43,781
June	$65.75 – $73.60	433,338	$24.40 – $25.06	18,863
July	$71.56 – $94.00	688,958	$24.78 – $25.08	20,990
August	$88.58 – $99.70	996,088	$24.55 – $25.09	30,073
September	$96.53 – $105.00	1,286,993	$23.60 – $24.70	43,106
October	$100.42 – $117.61	1,107,297	$23.76 – $24.30	22,543
November	$109.77 – $121.87	890,728	$24.17 – $24.76	34,265
December	$109.23 – $115.32	673,622	$23.83 – $24.57	39,459

DIRECTORS AND EXECUTIVE OFFICERS

Directors

The following are the directors of the Company as at February 24, 2020. Directors are elected annually and hold office until the next annual meeting of shareholders.

Name and Municipality of Residence	Principal Occupation	Director Since
Eric Beutel Toronto, Ontario, Canada	Vice-President, Oakwest Corporation Limited, a private investment holding company	January 2004
Michael Emory Toronto, Ontario, Canada	President and Chief Executive Officer, Allied Properties REIT	May 2014
Susan Ericksen Denver, Colorado, USA	Corporate Director	November 2018
Kishore Kapoor Winnipeg, Manitoba, Canada	Interim President and Chief Executive Officer, GMP Capital Inc.	November 2016
David LeGresley Toronto, Ontario, Canada	Chair of the Board and a Corporate Director	May 2011
Lynn McDonald Toronto, Ontario, Canada	Corporate Director	May 2011
Andrew Moor Toronto, Ontario, Canada	President and Chief Executive Officer of the Company and the Bank	May 2007
Rowan Saunders Toronto, Ontario, Canada	President and Chief Executive Officer, Economical Mutual Insurance Company	May 2013
Vincenza Sera Toronto, Ontario, Canada	Corporate Director	May 2013
Michael Stramaglia Toronto, Ontario, Canada	Corporate Director and President and Founder of Matrisc Advisory Group Inc., a risk management consulting firm	May 2014

All directors have held the principal occupations above for the past five years or more, except for:

- Susan Ericksen, who from 2014 to 2015 was Chief Technology Officer of Fiserv and from 2015 to 2017 was Managing Director, Global Technology Operations of Coca-Cola.
- Kishore Kapoor, who from August 2019 is the Interim President and Chief Executive Officer of GMP Capital Inc. and from 2011 to 2019 was a Corporate Director.
- Rowan Saunders, who from September 2003 to October 2016 was President and CEO of Royal & Sun Alliance Insurance Company of Canada.

The Committees of the Board are as follows:

Committee	Members
Audit Committee	Kishore Kapoor (Chair) Eric Beutel Lynn McDonald Rowan Saunders
Governance and Nominating Committee	Vincenza Sera (Chair) Michael Emory Rowan Saunders Susan Ericksen
Human Resources and Compensation Committee	Lynn McDonald (Chair) Michael Emory Michael Stramaglia Susan Ericksen
Risk and Capital Committee	Michael Stramaglia (Chair) Eric Beutel Kishore Kapoor Lynn McDonald Susan Ericksen
Credit Risk Sub-Committee (Sub-committee of the Risk and Capital Committee)	Eric Beutel (Chair) Michael Emory Vincenza Sera

Executive Officers[1]

The following are the executive officers of the Company and/or the Bank as at February 24, 2020:

Name and Municipality of Residence	Position
Andrew Moor Toronto, Ontario	President and Chief Executive Officer
Ron Tratch Toronto, Ontario	Senior Vice-President and Chief Risk Officer
Tim Wilson Toronto, Ontario	Senior Vice-President and Chief Financial Officer
Dan Dickinson Toronto, Ontario	Senior Vice-President and Chief Information Officer
Kimberly Kukulowicz Toronto, Ontario	Senior Vice-President, Residential Sales
Brian Leland Toronto, Ontario	Senior Vice-President, Residential Lending
Darren Lorimer Etobicoke, Ontario	Senior Vice-President, Commercial Lending
Mahima Poddar Toronto, Ontario	Senior Vice-President, Digital Banking and Strategy
Jody Sperling Toronto, Ontario	Senior Vice-President, Human Resources

(1) *Executive officers are defined as the President and Chief Executive Officer and his direct reports.*

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

- Mahima Poddar who from 2007 to 2016 was a management consultant with Boston Consulting Group
- Darren Lorimer who from 2010 to 2015 was Vice-President, Financial Restructuring Group at the Toronto-Dominion Bank

At December 31, 2019, the directors and executive officers as a group beneficially owned, directly or indirectly, or exercised control or direction over 2,102,104 (2018 – 2,219,727) common shares of the Company, representing 12.5% (2018 – 13.4%) of the outstanding common shares.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Company, after due inquiry, no director or executive officer of the Company:

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

  (i) while the director or executive officer was acting in the capacity of a director, chief executive officer or chief financial officer; or

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

(b) is, as at the date of this AIF, or has been within the last 10 years, a director or executive officer of any company that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(c) has, or within 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer.

To the best of the knowledge of the Company, after due inquiry, no director or executive officer of the Company has been subject to: (a) any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or a regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

To the knowledge of the Company, no director or executive officer of the Company has an existing or potential material conflict of interest with the Company or Equitable Bank.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

In the ordinary course of business, the Company is routinely involved with or a party to legal proceedings. A description of certain legal proceedings in which the Company is a party is set out in Note 23 to the Company's 2019 audited consolidated financial statements, which are incorporated herein by reference.

Regulatory Actions

In the ordinary course of business, the Company may be subject to penalties or sanctions imposed by regulatory authorities from time to time in relation to administrative matters, including late filings or reporting, which may be considered penalties or sanctions pursuant to Canadian securities regulators but which are not, individually or in the aggregate, material, nor would they likely be considered important to a reasonable investor making an investment decision.

During the 2019 financial year, the Company did not face any penalties imposed by securities regulatory authorities, or enter into any settlement agreements with a court relating to securities legislation or with a securities regulatory authority, as such terms may be defined by National Instrument 14-101[1].

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the knowledge of the Company, no director, or executive officer, or any of their associates or affiliates has or had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or will materially affect the Company.

MATERIAL CONTRACTS

The Company did not enter into any other material contracts during the year ended December 31, 2019.

TRANSFER AGENT AND REGISTRAR

Computershare Investor Services Inc. is the transfer agent and registrar for the Company's common shares and Series 3 Preferred Shares at the following address: 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1.

EXPERTS

The Company's auditor is KPMG LLP and it is located at the Bay Adelaide Centre, 333 Bay Street, Suite 4600, Toronto, Ontario, M5H 2S5. KPMG LLP is independent of the Company in accordance with the ethical requirements that are relevant to the audit of the financial statements in Canada.

KPMG LLP has been the auditor of the Company since 2002. In late 2018, the Audit Committee of Equitable submitted the audit for tender as a matter of corporate governance. It received proposals from all the firms to which it sent the tender and decided, after a robust assessment, to remain with KPMG. 2019 marked the first appointment of KPMG after that tender process.

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(1) National Instrument 14-101 limits the meaning of 'securities legislation' to Canadian provincial and territorial legislation and 'securities regulatory authority' to Canadian provincial and territorial securities regulatory authorities.

AUDIT COMMITTEE INFORMATION

The following Audit Committee information is presented as of February 24, 2020.

Composition of the Audit Committee

The following directors are members of the Audit Committee: Kishore Kapoor (Chair), Eric Beutel, Lynn McDonald, and Rowan Saunders. All members are financially literate and independent as defined by Canadian securities laws. The mandate of the Audit Committee is attached to this AIF as Schedule "A".

Relevant Education and Experience of Audit Committee Members

The education and experience of each Audit Committee member that is relevant to the performance of his or her responsibilities as an Audit Committee member is as follows:

Kishore Kapoor (Chair) – Mr. Kapoor currently serves as Interim President and Chief Executive Officer of GMP Capital Inc. Mr. Kapoor also serves as a director and a member of the Audit Committee of Richardson Financial Group Limited and Morneau Shepell Inc., and as a director and Chair of the Audit Committee of Richardson GMP. From May 2006 to March 2017 he served as a director of Manitoba Telecom Services and Audit Committee Chair. Until 2011 he was President of Wellington West Holdings Inc., the parent company of a number of subsidiaries that provided wealth management and corporate finance services to retail and institutional clientele in Canada. From November 2003 to June 2005 Mr. Kapoor was Executive Vice-President of Corporate Development at Loring Ward International Inc., a public company formed to hold the U.S. operations of Assante Corporation, previously one of the largest wealth management firms in Canada, and served as its Executive Vice-President, Corporate Development from March 1994 until November 2003. Mr. Kapoor has a Bachelor of Science from the University of Manitoba and is a Chartered Accountant and former tax partner with KPMG LLP. He has been a member of our Audit Committee since November 2016 and was appointed the Committee Chair in May 2017.

Eric Beutel – Mr. Eric Beutel is Vice-President of Oakwest Corporation Limited, a private investment holding company. He also serves as a director and member of the Audit Committee of Intouch Insight Ltd. and CHAR Technologies Ltd. Mr. Beutel holds an MBA from the University of Ottawa. Mr. Beutel became a member of our Audit Committee in May 2018.

Lynn McDonald – Ms. McDonald, a Corporate Director, is a former Managing Director at CIBC World Markets and a former Deputy Minister and Executive Director of the Office of the Premier and Cabinet Office for the Ontario Government. She currently serves as an independent director of the Ontario Hospital Association and its wholly-owned subsidiary, OHA Legacy Fund, where she also serves as Chair. She previously served as Chair of the Board of Frontier College, a national literacy organization, and as Chair of the College's Finance and Audit Committee. She is also a former director and Chair of the Finance and Audit Committee of Bridgepoint Active Care Foundation, and a former Governor of Trent University and Chair of the University's 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. Ms. McDonald has been a member of our Audit Committee since May 2015.

Rowan Saunders – Rowan Saunders has been President and Chief Executive Officer of Economical Mutual Insurance Company since November 2016. Previously he was President and Chief Executive Officer of Royal & Sun Alliance Insurance Company of Canada (RSA) for 12 years. Mr. Saunders has over 30 years of international P&C industry experience, holding progressive leadership roles in the areas of underwriting, marketing, sales and finance. He is a past Chair and a current director of the Insurance Bureau of Canada, and a past member of the Financial Services Commission of Ontario's CEO Advisory Committee and a past member of the Board of Directors of the Institute for Catastrophic Loss Reduction. Mr. Saunders holds a Bachelor of Arts degree from York University as well as the Canadian Risk Management designation and is a Fellow of the Insurance Institute of Canada. Mr. Saunders has been a member of our Audit Committee since May 2013.

Pre-Approval Policies and Procedures

The Audit Committee has adopted a policy for the pre-approval of services that may be performed by the Company's external auditor. The Policy specifies the scope of services permitted to be performed by the external auditor as well as those services they are prohibited from providing to ensure their independence is not compromised. The policy states all audit, audit-related and tax services shall be pre-approved by the Audit Committee, together with the associated fees for those services. The policy also delegates authority to the Chair of the Audit Committee to approve permissible non-audit services and their fees between Committee meetings and report such approval to the Audit Committee at its next scheduled meeting. On a quarterly basis the Audit Committee is presented with a report of all services approved by the Audit Committee or the Committee Chair on a year-to-date basis that are currently underway or have been completed since the prior quarter's report, as well as details of any proposed engagement for consideration by the Committee. In making its determination regarding the services to be performed by the external auditor, the Committee considers compliance with applicable legal and regulatory requirements as well as whether the provision of the services could negatively impact auditor independence. The policy does not delegate any responsibilities of the Audit Committee to management of the Company.

External Auditor Service Fees

($ THOUSANDS)	**2019[(1)]**	2018[(1)]
Audit Fees	**$ 560,999**	$ 516,850
Audit-related Fees	**83,000**	90,000
Tax Fees	**65,198**	51,875
Other Fees	**-**	109,850
Total	**$ 709,197**	$ 768,575

(1) *Amounts exclude HST, CPAB fees, and disbursements.*

Audit Fees

Audit fees include amounts paid or accrued for professional services rendered by the auditors in connection with the audit of the Company's annual consolidated financial statements, the review of the Company's interim financial statements, and accounting advisory services related to the audited financial statements.

The increase of $45,402 in 2019 from 2018 was primarily due to an increase in the scope of the audit as a result of consolidating Bennington which was acquired on January 1, 2019.

Audit-related Fees

Audit-related fees of $83,000 paid in 2019 and $90,000 paid in 2018 relate to specified procedures reports to support Equitable's participation in CMHC-sponsored securitization programs.

Tax Fees

Tax fees paid for professional services primarily related to the review of the Company's corporate tax returns and commodity tax return.

Other Fees

Other fees in 2018 include amounts of $100,000 paid in connection with a review of the Company's mortgage lending processes and $9,850 related to the Company's acquisition activities. No other fees were paid in 2019.

ADDITIONAL INFORMATION

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

www.sedar.com

www.equitablebank.ca

Additional financial information is provided in the Company's audited Consolidated Financial Statements and MD&A for the year ended December 31, 2019. Information related to directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, and securities authorized for issuance under equity compensation plans is contained in the Company's Management Information Circular for its most recent annual meeting of shareholders. All of these documents can be obtained from SEDAR or from Equitable's corporate website.

Copies of the reports referred to in this section may be obtained from the Corporate Secretary's office of the Company at Equitable Bank Tower, 30 St. Clair Avenue West, Suite 700, Toronto, Ontario, M4V 3A1 or by contacting the Company at:

investor@equitablegroupinc.com

SCHEDULE "A"

Audit Committee Mandate

This mandate provides terms of reference for the Audit Committee of Equitable Group Inc. (the "Company") and its wholly owned subsidiary, Equitable Bank (the "Bank" and collectively "Equitable").

A. ROLE

1. The role of the Audit Committee (the "Committee") is to assist the Board of Directors in its oversight of:

   (i) the quality and integrity of Equitable's financial statements and related management's discussion and analysis and reliable, accurate and clear financial reporting to shareholders;

   (ii) reviewing the qualifications, independence and performance of the external auditors;

   (iii) overseeing the design and effectiveness of internal controls, including internal controls over financial reporting and disclosure controls; and

   (iv) overseeing the Internal Audit and Finance functions and evaluating their effectiveness.

2. To perform such other duties as may be delegated to the Committee by the Board from time to time.

3. To act as the audit committee for any federally-regulated subsidiary of the Bank that requires an audit committee under applicable law.

B. ACCOUNTABILITIES AND RESPONSIBILITIES

The Committee shall have the accountabilities and responsibilities set out below:

Financial Reporting

1. Review and recommend for Board approval and disclosure to the public the interim and annual consolidated financial statements of Equitable Group Inc. and the related management's discussion and analysis (MD&A), the annual financial statements of the Bank, and the external auditor's opinion on these financial statements. Satisfy itself that the financial statements present fairly the financial position, results of operations, and cash flows of Equitable.

2. As part of these reviews, the Committee should discuss with management and the external auditor:

   (i) key areas of risk for material misstatement of the financial statements, including critical accounting policies, models and estimates and other areas of measurement uncertainty or judgment underlying the financial statements and MD&A;

   (ii) areas requiring significant auditor judgment as it relates to their evaluation of accounting policies, accounting estimates and financial statement disclosures;

   (iii) whether estimates/models and judgments made by management are within an acceptable range and in accordance with International Financial Reporting Standards and industry practice;

   (iv) any material proposed changes in accounting standards or regulations relevant to Equitable's financial statements;

(v) significant or unusual transactions, and the impact of material subsequent events between the reporting date and the approval date on the financial statements and the MD&A;

(vi) reports prepared by the external auditor for the Committee summarizing their key findings and required communications in respect of the annual audit and interim reviews; and

(vii) tax matters that are material to the financial statements.

3. Review for and recommend for Board approval, earnings news releases or other material financial news releases.

4. Review financial information and any earnings guidance provided to analysts and any rating agencies prior to public disclosure.

5. Review any investment or transaction that could adversely affect the well-being of Equitable.

6. Review and recommend for Board approval the Annual Information Form.

7. Review and assess the adequacy of procedures for the review of financial information extracted or derived from the financial statements that is to be publicly disclosed and has not otherwise been reviewed by the Committee.

8. Review the process relating to, and the certifications of, the Chief Executive Officer and the Chief Financial Officer on the integrity of Equitable's interim and annual financial statements and other disclosure documents as required.

9. Review with Management any litigation claim or other contingency that could have a material impact on Equitable's financial statements.

Internal Controls

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

2. Review the external auditor's annual report on Equitable's internal controls over financial reporting.

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

4. Discuss with the external auditor the adequacy and effectiveness of the Bank's controls related to the prevention, identification and detection of fraud.

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

6. Review and approve the procedures established for the receipt, retention and treatment of complaints received by Equitable regarding accounting, internal accounting controls or auditing matters, including confidential, anonymous submissions from employees as part of Equitable's Whistleblower Policy, and receive reports from the Chief Compliance Officer as required under this Policy.

Internal Audit Function

1. Review and approve at least annually the organizational structure, resources and budget of the Internal Audit function.

2. Approve the appointment or removal of the Vice-President of Internal Audit.

3. Review and approve annually the mandate of Internal Audit (developed in accordance with the professional standards of the Institute of Internal Auditors) and review the annual independence attestation.

4. Review and approve the annual audit plan (including the risk assessment methodology), and any significant changes thereto, and satisfy itself that the plan is appropriate, risk-based and addresses all relevant activities and significant risks over a measurable cycle.

5. Annually assess the effectiveness and performance of the Vice-President of Internal Audit, taking into account the objectivity and independence of the Internal Audit function and any regulatory findings with respect to the Internal Audit function, taking into consideration the objectivity and independence of the Internal Audit function, and provide the results to the Chief Executive Officer as input into the compensation approval process.

6. Ensure the Vice-President of Internal Audit has unfettered access and a direct reporting line to the Audit Committee to raise any internal audit, organizational or industry issues or issues with respect to the relationship and interaction between Internal Audit, management, the external auditor and/or regulators.

7. Review on a quarterly basis the status of the audit plan and audit reports prepared by the Vice-President of Internal Audit, including any significant issues reported to management and management's response and/or corrective actions, and ensure that Internal Audit's recommendations are acted upon within an appropriate timeframe.

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

9. Review any difficulties encountered by Internal Audit in the course of internal audits, including any restrictions on audit scope or access to required information.

10. Review the results of independent quality assurance review of the Internal Audit function conducted at least every five years.

11. Oversee that deficiencies identified by supervisory authorities related to the Internal Audit function are remedied within an appropriate timeframe and report to the Board on the progress of necessary corrective actions.

External Auditor

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

2. Review and approve the external auditor's engagement letter and annual audit plan, ensuring the audit plan is risk-based and covers all relevant activities over a measurable cycle, and monitor the plan's execution. Review with the external auditor any proposed change to the scope of the plan, including any change to the materiality level, and ensure that the work of the internal and external auditors is coordinated.

3. Review and recommend to the Board for approval the annual fee for the audit of Equitable's financial statements. As part of this review the Committee should satisfy itself that the level of audit fees is commensurate with the scope of work undertaken and that any fee reduction continues to ensure a quality audit.

4. Review a formal written statement from the external auditor delineating all relationships between the external auditor and Equitable that may impact its independence and objectivity, consistent with the rules of professional conduct of the Canadian provincial chartered accountants institutes or other regulatory bodies, as applicable.

5. Review and assess, at least annually, the qualifications, effectiveness, independence and service quality provided by the external auditor, including a review and assessment of the lead audit partner, taking into consideration the opinions of management and Internal Audit, and any concerns raised by Equitable's regulators about the external auditor's independence. Discuss the findings of the assessment with the external auditor and report on the overall effectiveness of the external auditor to the Board.

6. Recommend to the Board for shareholder approval, the appointment of the external auditor. The Committee shall also recommend for Board approval the termination of the external auditor.

7. Conduct a comprehensive review of the external auditor at least every 5 years. As part of this review, the Committee should periodically consider whether to put the external audit contract out for tender, taking into consideration the length of the current audit firm's tenure and the risks it may pose to the audit firm's objectivity and independence, and approve the criteria for tendering the contract.

8. Approve, in accordance with the established pre-approval policy, any service to be provided by the external auditor to Equitable or its subsidiaries, including audit and audit-related services and permitted tax and non-audit services.

9. Delegate the authority to pre-approve non-audit services to a member of the Committee;

10. Review any audit or non-audit service pre-approved by the delegate of the Committee.

11. Review at least annually the total fees billed and paid to the external auditor by the required categories.

12. Review and discuss with the external auditor annually the Canadian Public Accountability Board's public report and any findings specific to an inspection of Equitable's audit.

13. Review at least annually a report from the external auditor which describes or includes:

    (i) the firm's internal quality control practices and procedures;

    (ii) any material issues raised by their most recent internal quality control review, peer review, or by governmental or professional inquiry or investigation within the preceding five years regarding one or more independent audits carried out by the external auditor and any steps taken to deal with such issues.

14. Monitor the rotation plan for partners on the audit engagement.

15. Review and approve policies and procedures for the employment of current or former partners or employees of the current or former external auditor, as required by applicable laws.

16. Review with the external auditor any issues or difficulties and management's response, and resolve any disputes between the external auditor and management.

17. Review all substantive correspondence between the external auditor and management about audit findings.

18. Review and approve transfers of tax liability between Equitable Group Inc. and the Bank pursuant to Canadian tax laws.

Finance Function

1. Review and approve at least annually the organizational structure, resources and budget of the Finance function.

2. Approve the appointment or removal of the Chief Financial Officer.

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

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

5. Periodically engage an independent third party to assess the effectiveness of the Finance function, review the results of that assessment and Management's response, and report such results to the Board.

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

7. Ensure the Chief Financial Officer has unfettered access and a functional reporting line to the Committee to raise any financial reporting issues or issues with respect to the relationship and interaction among the Finance Department, management, the external auditor and/or regulators.

Other

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

2. Review and assess the adequacy of this mandate at least annually and where necessary, recommend changes to the Board for approval.

3. Annually evaluate the Committee's effectiveness with respect to this mandate.

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

5. Have unrestricted access to the external auditor, management and employees of Equitable and have the authority to retain and terminate external counsel and other advisors to assist it in fulfilling its responsibilities, at the expense of the Bank. The Committee shall also have access to any and all books and records.

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

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

C. MEMBERSHIP

1. The Committee shall consist of a minimum of three independent directors, as defined in applicable laws, rules and regulations and pursuant to the director independence policy. No member of the Committee may be an

officer or employee of the Bank or its subsidiary or affiliates. No members of the Committee may be a person who is “affiliated” with the Bank as such term is defined in the *Bank Act*.

2. Each Committee member must be financially literate or become financially literate within a reasonable period of time after appointment to the Committee. Financially literate means the ability to read and understand financial statements that present a breadth and level of complexity of the issues that can reasonably be expected to be raised by Equitable’s financial statements.

3. Committee members are appointed annually by the Board upon the recommendation of the Governance and Nominating Committee, with such appointments to take effect immediately following the annual meeting of shareholders. Members shall hold office until their successors are appointed, or until they cease to be directors of Equitable.

D. VACANCIES

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

E. CHAIR AND SECRETARY

1. The Board shall appoint from the Committee membership, a Chair for the Committee who shall preside at all meetings. In the absence of the appointed Chair, the Committee members may appoint a Chair from the members to preside at that meeting. The Chair shall work with management to develop the Committee’s meeting agendas and annual workplan.

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

F. MEETINGS AND QUORUM

1. The Committee shall meet at least quarterly, or more frequently as circumstances dictate to carry out its mandate. Meetings shall be convened at such times, places and in such a manner as determined by the Committee Chair.

2. Meetings of the Committee may be called by the Committee Chair, by any Committee member or by the external auditor. Bank Management members and others may attend meetings as the Committee Chair considers appropriate. Members may participate in meetings in person or by telephone, electronic or other communication facilities. A member participating by such means is deemed to be present at that meeting.

3. The Committee may invite any director, officer or employee or any other person to attend meetings to assist the Committee with its deliberations.

4. Notice of Committee meetings shall be sent to each Committee member in writing or by telephone or electronic means, at least 24 hours before the time and date set for the meeting, at the member’s contact information recorded with the Corporate Secretary. A member may in any manner waive notice of a meeting of the Committee and attendance at a meeting is a waiver of notice of the meeting, except where a member attends for the express purpose of objecting to the transaction of any business on the ground that the meeting is now lawfully called.

5. Notice of each Committee meeting shall also be given to the external auditor and the Internal Auditor, to attend and be heard at each meeting.

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

7. Written resolutions in lieu of a meeting of the Bank's Audit Committee are permitted solely in accordance with the *Bank Act* (Canada).

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

9. The Committee shall meet at the beginning and/or at the end of each regularly scheduled meeting with only members of the Committee and the Chair of the Board present. The Committee shall also meet in separate private sessions with each of the external auditor, the Internal Auditor and the Chief Financial Officer.

G. REPORT TO THE BOARD

1. The Committee Chair shall report to the Board after each Committee meeting on material matters reviewed by, and recommendations made by, the Committee.

* * * *

This mandate was last reviewed and approved by the Board on November 5, 2019.