
Risk and Capital Committee Mandate

A. PURPOSE

The Risk and Capital Committee (the “Committee”) shall assist the Board of Directors (the “Board”) of Equitable Group Inc. and Equitable Bank (the “Bank”) (collectively, “Equitable”) in fulfilling its oversight responsibilities of Equitable’s management of its risks and the adequacy of its capital structure and adherence to regulatory capital requirements, including:

- (i) Reviewing, on an enterprise-wide basis, the Bank’s Core risks and assessing whether trends and key emerging risks have been identified and are adequately mitigated, monitored and reported.
- (ii) Reviewing and recommending for Board approval the Bank’s Risk Appetite Framework (“RAF”) and the Bank’s risk tolerance limits for each of its Core risks established in the context of its risk appetite for these risks.
- (iii) Approving various Risk Appetite Statements in support of the RAF.
- (iv) Reviewing the Bank’s actual risk profile against the approved risk appetite and assessing the Bank’s policies, programs, procedures and controls in place to manage its Core Risks, as well as monitoring adherence to regulatory requirements for the Bank’s Core risks.

For purposes of this Mandate, Core risks shall refer to the risks as identified in the Bank’s Internal Capital Adequacy Assessment Process or “ICAAP”.

B. ACCOUNTABILITIES AND RESPONSIBILITIES

The Committee shall have the following responsibilities:

Risk Management

1. Review, at least annually, and recommend for approval by the Board, the Bank’s Risk Appetite Framework including Risk Appetite Statements and ensure alignment with the Bank’s short-term and long-term strategic plans, risk management policies and compensation programs as they relate to the Bank’s Core risks.
2. Periodically advise the Board on the Bank’s overall current and forward looking risk appetite management’s implementation of the RAF and the state of risk culture at the Bank.
3. Review, at least quarterly, the Bank’s risk-based capital requirements and management’s evaluation of the effectiveness of the Bank’s Internal Capital Adequacy Assessment Process and enterprise-wide stress testing results.
4. Review and recommend for Board approval, the policies established by management for the effective identification, measurement, monitoring, and controlling of Credit Risk.
5. Review, approve, and receive required reporting on the significant risk management policies and frameworks developed and implemented to identify, measure, mitigate, monitor and report on the Bank’s Core risks. Review and if required, approve material exceptions to such policies as well as remedial actions. (see Appendix A – Policy List)
6. Review at least biennially and approve amendments to the mandate of the Enterprise Risk Management (“ERM”) Committee and the Asset Liability Committee.
7. Review the risk impact of new business initiatives, products, services and delivery channels ensuring consistency with the Bank’s RAF.

8. Review and recommend for Board approval lending limits for the Credit Risk Sub-Committee, the Credit Risk Management Committee and the Chief Risk Officer of the Bank.
9. Review quarterly reports, presentations and other information from the Chief Risk Officer (“CRO”) relating to the Bank’s adherence to the Enterprise Risk Management Policy, the Bank’s management of its Core risks, the identification and monitoring of key emerging risks and trends, adherence to risk appetite, material exceptions to risk management policies or limits and the associated mitigation plans.
10. Review reports on the amount, nature, characteristics, concentration and quality of the Bank’s credit portfolio, as well as significant credit exposures and exceptions to risk policy and trends in portfolio quality.
11. Review reports from management on market risk exposures and performance against approved limits, and market risk stress testing results.
12. Review on a regular basis, liquidity risk reports, stress testing results, and review and recommend for Board approval the liquidity contingency plan.
13. Review and approve amendments to the mandates of the Credit Risk Sub-Committee and the Credit Risk Management Committee.
14. Review reports from the CRO regarding the Bank’s ongoing activities to enhance its fraud resilient processes and controls related to the prevention, identification and detection of fraud.
15. Review on a regular basis, management’s assessment of Information Technology risk and governance activities, including cyber security, IT services related to information security, and IT outsourcing and material deficiencies.
16. Review, at least annually, reports on material outsourcing arrangements and the adequacy and effectiveness of the outsourcing program.
17. Review, with the Chair of the Human Resources and Compensation Committee, the Committee’s assessment of compensation and its alignment with the Bank’s Core Risks.
18. Review and recommend for approval by the Board capital issuances and redemptions.
19. Review the Bank’s insurance program and if advisable recommend for Board approval the adequacy of limits of insurance established to meet the requirements of the Protection of Assets (Banks) Regulations to the *Bank Act(Canada)*.
20. Review reports from Internal Audit on the Bank’s procedures and controls to manage its Core risks and Internal Audit’s assessment of significant risk-related issues, together with management’s response and follow up on outstanding issues.

Recovery Plan

1. Oversee the Bank’s Recovery Plan and approve the decision-making process, policies and approaches that have been developed or undertaken by the Chief Executive Officer, Chief Financial Officer or the Chief Risk Officer.

2. Review and discuss reports from Internal Audit on the adequacy of internal controls related to the recovery planning process.

Risk Management Function

1. Review the organizational structure of the Risk Management function and approve the function's budget and resources.
2. Review and approve at least annually the mandate of the CRO. Ensure the CRO has sufficient stature and authority within the Company, having regard to the role as an independent control function, and has unfettered access and a functional reporting line to the Committee.
3. Approve the appointment or dismissal of the CRO.
4. Annually assess the performance of the CRO and provide the results to the Chief Executive Officer as input into the compensation approval process.
5. Meet regularly with the CRO without management being present.
6. Periodically engage an independent third party to assess the effectiveness and independence of the Risk Management function and review the results of that assessment and management's responses.

Other

1. Review and assess the adequacy of this Mandate at least annually and, where necessary, recommend changes to the Board for approval.
2. Annually, evaluate the Committee's effectiveness with respect to this Mandate.
3. Participate, as needed, in internal or external educational sessions to enhance familiarity with risk-related issues.
4. Prepare a report on the Committee's activities for inclusion in Equitable Group Inc.'s Management Information Circular.
5. Perform such other functions and tasks imposed upon the Committee by regulatory requirements or delegated to it by the Board.

C. MEMBERSHIP

1. The Committee shall consist of a minimum of four directors.
2. Each member will be a director who is not a current officer or employee of the Bank and independent within the meaning of applicable laws, rules and regulations and any other relevant consideration, as determined by the Board of Directors, including the Director Independence Policy.
3. Each Committee member should have a sufficient understanding of issues related to risk management of financial institutions or related business experience, or be willing to acquire the necessary knowledge within a reasonable period of time.
4. Committee members are appointed annually by the Board upon the recommendation of the Governance and Nominating Committee, 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 the Bank.

D. VACANCIES

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

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, Committee members may appoint a Chair from the members present to preside at that meeting. The Chair shall work with management to develop the Committee's meeting agendas and annual work-plan.
2. The Committee Chair must have all of the qualifications for Committee membership, including risk management or related business experience.
3. The Corporate Secretary, or his or her designate, shall act as Secretary of all meetings of the Committee and shall 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 four times annually or more frequently as necessary 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 any Committee member. Members may participate in meetings in person or by telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate adequately with each other. A member participating by such means is deemed to be present at that meeting.
3. All non-management directors who are not members of the Committee have a standing invitation to attend meetings of the Committee but may not vote. In addition, the Committee may invite any director, officer or employee or any other person to attend meetings to assist the Committee with its deliberations.
4. Notice of the meeting shall be sent to each Committee member in writing or by telephone or electronic means, at least 24 hours before the time and date set for the meeting, at the members' contact information recorded with the Corporate Secretary. A member may in any manner waive notice of a meeting 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 grounds that the meeting was not properly called.
5. Quorum for a meeting shall be a majority of the Committee members, subject to a minimum of two members.
6. The Committee may designate a sub-committee to review any matter within the Committee's mandate.

7. A resolution in writing signed by all Committee members shall be as valid as if it had been passed at a meeting of the Committee.
8. Matters decided by the Committee shall be by majority vote.
9. The Committee shall meet privately immediately prior to and/or following the conclusion of regular agenda matters and shall also meet in private sessions with the Chief Risk Officer and other members of senior management as determined by the Committee Chair.

G. REPORT TO THE BOARD

1. The Committee Chair shall report to the Board after each Committee meeting on matters reviewed and/or approved by the Committee and, where applicable, present the Committee's recommendations to the Board for its approval.

H. ACCESS TO MANAGEMENT

1. The Committee shall have unrestricted access to management of Equitable and to any and all books and records of the Bank necessary for the execution of the Committee's obligations. The Committee has the authority to retain and terminate independent legal counsel, consultants or other advisors and to set and pay the compensation for these advisors without consulting or obtaining the approval of the Board of Directors or any officer of the Bank. The Bank shall provide appropriate funding, as determined by the Committee, for the services of these advisors.

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This mandate was last reviewed and approved by the Board on November 8, 2018.

Appendix – Policy Listing

- 1) General and Investment and Lending Policy (“Prudent Person Approach”) – Board Approval
- 2) Capital Management Policy
- 3) Cyber Security Policy
- 4) Derivatives and Hedging Policy
- 5) Enterprise Risk Management Policy
- 6) Fraud Risk Management Policy
- 7) Information and Information Management Policy
- 8) Interest Rate Risk Management Policy
- 9) Liquidity and Funding Risk Management Policy
- 10) Operational Risk Management Policy
- 11) Operational Risk Management Framework
- 12) Outsourcing Policy
- 13) Pledging Policy
- 14) Marketable Securities Policy
- 15) Stress Testing Policy