

EQUITABLE GROUP INC.**Terms of Non-cumulative 5-Year Rate Reset Preferred Shares, Series 3**

The following are the rights, privileges, restrictions and conditions (the "**Series 3 Preferred Shares Provisions**"), in addition to those rights, privileges, restrictions and conditions attaching to preferred shares, issuable in series (the "**Preferred Shares**") as a class, attaching to the non-cumulative 5-year rate reset preferred shares, Series 3 (the "**Series 3 Preferred Shares**") of the Company.

1. Interpretation

(1) **Defined Terms.** In these Series 3 Preferred Shares Provisions:

"Additional Voting Rights Amendment" has the meaning attributed to it in Section 17(1)(a).

"Annual Fixed Dividend Rate" means, for any Subsequent Fixed Rate Period, the rate of interest (expressed as a percentage rate rounded down to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the Government of Canada Bond Yield on the Fixed Rate Calculation Date plus 4.78%.

"Automatic Conversion" has the meaning attributed to it in Section 8(2)(a).

"Bank Series 1 and 2 Shares" has the meaning attributed to it in Section 17(1).

"Bank Series 3 Preferred Shares" means the non-cumulative 5-year rate reset preferred shares, Series 3 of Equitable Bank.

"Bank Series 4 Preferred Shares" means the non-cumulative floating rate preferred shares, Series 4 of Equitable Bank.

"Bank Shares" has the meaning attributed to it in Section 16(1).

"Bloomberg Screen GCAN5YR Page" means the display designated as page "GCAN5YR<INDEX>" on the Bloomberg Financial L.P. service (or such other page as may replace the GCAN5YR<INDEX> page on that service) for purposes of displaying Government of Canada Bond yields.

"Board of Directors" means the board of directors of the Company.

"Book-Entry System" means the record entry securities transfer and pledge system administered by the Depository in accordance with its operating rules and procedures in force from time to time or any successor system thereof.

"Business Day" means a day other than a Saturday, a Sunday or any other day which is a statutory or civic holiday in Toronto, Ontario.

"Cash Redemption Price" has the meaning attributed to it in Section 3(2).

"Common Shares" means the common shares of the Company.

"Company" means Equitable Group Inc. and its successors and assigns.

"Conversion Privilege" has the meaning attributed thereto in Section 8(1)(a).

"Corporate Secretary" means the corporate secretary of the Company.

"Depository" means CDS Clearing and Depository Services Inc. and its nominees, or any successor carrying on the business as a depository, which is approved by the Company pursuant to Section 11(1).

"Dividend Payment Date" means the last Business Day of each of the months of September, December, March and June in each year.

"Election Notice" has the meaning attributed thereto in Section 8(3)(a).

"Extraordinary Resolution" has the meaning attributed to it in Section 10.

"Fixed Rate Calculation Date" means, for any Subsequent Fixed Rate Period, the 30th day prior to the first day of such Subsequent Fixed Rate Period.

"Fundamental Change" has the meaning attributed thereto in Section 7.

"Government of Canada Bond Yield" on any date means the yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and which appears on the Bloomberg Screen GCAN5YR Page on such date; provided that, if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, the Government of Canada Bond Yield will mean the average of the yields determined by two registered Canadian independent investment dealers selected by the Company, as being the yield to maturity on such date (assuming semi-annual compounding) which a Canadian dollar denominated non-callable Government of Canada bond would carry if issued in Canadian dollars at 100% of its principal amount on such date with a term to maturity of five years.

"Initial Fixed Dividend Rate" means 6.35% per annum.

"Initial Fixed Rate Period" means the period from and including August 8, 2014 and ending on but excluding September 30, 2019.

"NVCC Automatic Conversion" means a non-viability contingent conversion of the Bank Series 3 Preferred Shares or Bank Series 4 Preferred Shares upon the occurrence of a Trigger Event.

"OBCA" means the *Business Corporations Act* (Ontario), as amended.

"OSFI" means the Office of the Superintendent of Financial Institutions Canada.

"Participants" has the meaning attributed to it in Section 11(1).

"Preferred Shares" has the meaning attributed to it in the introductory paragraph to these Series 3 Preferred Shares Provisions.

"Redemption Date" has the meaning attributed to it in Section 3(5).

"Redemption Notice" has the meaning attributed to it in Section 3(5).

"Series 3 Conversion Date" has the meaning attributed thereto in Section 8(1)(a).

"Series 3 Preferred Shares" has the meaning attributed to it in the introductory paragraph to these Series 3 Preferred Shares Provisions.

"Series 3 Preferred Shares Provisions" has the meaning attributed to it in the introductory paragraph to these terms and conditions attaching to the Series 3 Preferred Shares.

"Series 4 Preferred Shares" means the non-cumulative floating rate preferred shares, Series 4 of the Company.

"Subsequent Fixed Rate Period" means for the initial Subsequent Fixed Rate Period, the period from and including September 30, 2019 and ending on but excluding September 30, 2024, and for each succeeding Subsequent Fixed Rate Period, the period from and including the date immediately following the end of the immediately preceding Subsequent Fixed Rate Period and ending on but excluding September 30 in the fifth year thereafter.

"Tax Act" means the *Income Tax Act* (Canada), as amended.

"Transfer Agent" means Computershare Investor Services Inc., or such other person as from time to time may be the registrar and transfer agent for the Series 3 Preferred Shares.

"Trigger Event" has the meaning attributed thereto in the OSFI Guideline for Capital Adequacy Requirements, Chapter 2 – Definition of Capital, effective April 2014, as such term may be amended or superseded by OSFI from time to time.

(2) **Ranking of Shares.** The expressions "in priority to", "on a parity with", "ranking equally with", "ranking prior to" and "ranking junior to" and similar expressions refer to the order of priority only in payment of dividends or in the distribution of assets in the event of any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company for the purpose of winding-up its affairs.

(3) **Holder.** References to a "holder" in relation to Series 3 Preferred Shares means a registered holder of those shares.

(4) **References to Statutes.** Reference to any statute is to that statute as in force from time to time, including any regulations, rules, policy statements or guidelines made under that statute, and includes any statute which may be enacted in substitution of that statute.

(5) **Other Payment Matters.**

- (a) If any date on which any dividend on the Series 3 Preferred Shares is payable or on or by which any other action is required to be taken by the Company under these Series 3 Preferred Shares Provisions is not a Business Day, then the dividend will be payable, or such other action will be required to be taken, on or by the next day that is a Business Day.
 - (b) In the event of the non-receipt of a cheque by a holder of Series 3 Preferred Shares entitled to the cheque, or the loss or destruction of the cheque, the Company, on being furnished with reasonable evidence of non-receipt, loss or destruction, and an indemnity reasonably satisfactory to the Company, will issue to the holder a replacement cheque for the amount of the original cheque.
 - (c) The Company will be entitled to deduct or withhold from any amount payable to a holder of Series 3 Preferred Shares under these Series 3 Preferred Shares Provisions any amount required or permitted by law to be deducted or withheld from that payment.
- (6) **Currency Conversion.** If it is necessary to convert any amount into Canadian dollars, the Board of Directors will select an appropriate method and rate of exchange to convert any non-Canadian currency into Canadian dollars.

2. Dividends

(1) **Payment of Dividends.**

- (a) The holders of Series 3 Preferred Shares will be entitled to receive, and the Company will pay on the Series 3 Preferred Shares, as and when declared by the Board of Directors, non-cumulative preferential cash dividends at the rates and times herein provided.
- (b) During the Initial Fixed Rate Period, dividends on the Series 3 Preferred Shares shall be payable quarterly at the Initial Fixed Dividend Rate. Accordingly, on each Dividend Payment Date during the Initial Fixed Rate Period, other than December 31, 2014, the dividend payable, if declared, shall be equal to an annual rate of \$1.5875 per share. Notwithstanding the foregoing, the first of such dividends, if declared, shall be paid on December 31, 2014 and shall be \$0.6307 per share.
- (c) During each Subsequent Fixed Rate Period after the Initial Fixed Rate Period, dividends on the Series 3 Preferred Shares shall, if declared, be in the amount per share per annum determined by multiplying the Annual Fixed Dividend Rate applicable to such Subsequent Fixed Rate Period by \$25.00, payable quarterly on each Dividend Payment Date in each 12-month period.

- (d) The Company shall, in respect of each Subsequent Fixed Rate Period, calculate on each Fixed Rate Calculation Date the Annual Fixed Dividend Rate for such Subsequent Fixed Rate Period and shall, on the Fixed Rate Calculation Date, give written notice thereof to the then holders of Series 3 Preferred Shares by mailing such notice by ordinary unregistered first class prepaid mail to the address of each such holder as it appears on the books of the Company, or if the address of any such holder does not so appear, then to the last known address of such holder. Each such determination by the Company of the Annual Fixed Dividend Rate shall, in the absence of manifest error, be final and binding upon the Company and upon all holders of Series 3 Preferred Shares.
- (e) If the Board of Directors does not declare the dividends, or any part thereof, on the Series 3 Preferred Shares on or before the Dividend Payment Date for a particular period or quarter, then the entitlement of the holders of the Series 3 Preferred Shares to receive such, or to any part thereof, for such period or quarter will be forever extinguished.
- (f) In addition to the foregoing, in the event Equitable Bank declares and pays a dividend in respect of the Bank Series 3 Preferred Shares, the Company shall forthwith declare and pay an equal dividend per share on the Series 3 Preferred Shares. However, for greater certainty, the failure of Equitable Bank to declare and pay a dividend on Equitable Bank Series 3 Preferred Shares does not alter the dividend entitlements of the Series 3 Preferred Shares.
- (g) The Company shall use its best efforts, subject to compliance with applicable law, including without limitation, all applicable OSFI requirements and the due exercise of the fiduciary obligations of the Board of Directors, to declare and pay dividends on the Series 3 Preferred Shares, including without limitation, in the event Equitable Bank does not pay a dividend on Equitable Bank Series 3 Preferred Shares.

(2) **Method of Payment.** Dividends on the Series 3 Preferred Shares will be paid by cheque of the Company, in lawful money of Canada payable at par at any branch in Canada of a chartered bank or trust company, in the amount of the applicable dividend, rounded to the nearest whole cent (\$0.01), less any tax required by law to be deducted or withheld by the Company. The mailing by ordinary unregistered first class prepaid mail of such a cheque to a holder of Series 3 Preferred Shares to the address of the holder as it appears on the register of holders, or if the address of any such holder does not so appear, then to the last known address of such holder, on or before the fifth Business Day before the Dividend Payment Date will be deemed to be payment and will satisfy and discharge all liabilities for dividends payable on that Dividend Payment Date to the extent of the amount represented by the cheque (plus any tax required by law to be deducted or withheld from the payment) unless such cheque is not paid on due presentation. Dividends represented by a cheque which has not been duly presented for payment within six years after it was issued or that otherwise remain unclaimed for a

period of six years from the date on which they were declared to be payable and set apart for payment will be forfeited to the Company. The Company may pay dividends in any other manner as it may agree with any particular holder.

3. Redemption

- (1) **No Redemption Before September 30, 2019.** The Company may not redeem any Series 3 Preferred Shares before September 30, 2019.
- (2) **Redemption On and After September 30, 2019.** Subject to Section 6, on September 30, 2019 and on September 30 in every fifth year thereafter, the Company, upon giving notice as hereinafter provided, may redeem all, or from time to time any part, of the outstanding Series 3 Preferred Shares, at the option of the Company, without the consent of the holders of Series 3 Preferred Shares, to be stipulated in the notice hereinafter provided, by the payment of an amount in cash for each such share to be redeemed of \$25.00 together with any declared and unpaid dividends to the date fixed for redemption (collectively the "**Cash Redemption Price**").
- (3) **Partial Redemptions.** In the case of partial redemptions, Series 3 Preferred Shares to be redeemed will be redeemed *pro rata* (disregarding fractions).
- (4) **Redemption by Equitable Bank.** Notwithstanding the foregoing, if Equitable Bank elects and has obtained receipt of all necessary regulatory approvals relating to a redemption of any number of Bank Series 3 Preferred Shares, then the Company shall provide written notice to the holders of the Series 3 Preferred Shares and, subject to compliance with applicable law, shall redeem (for a payment of the Cash Redemption Price) immediately after a redemption by Equitable Bank the same number of Series 3 Preferred Shares as the number of Bank Series 3 Preferred Shares that have been redeemed by Equitable Bank. In the event that the Company is to redeem less than all of the Series 3 Preferred Shares under such circumstances, the Series 3 Preferred Shares will be redeemed on a *pro rata* basis. For greater certainty, upon the occurrence of a NVCC Automatic Conversion, there is no obligation of the Company to redeem any Series 3 Preferred Shares or convert any Series 3 Preferred Shares.
- (5) **Notice of Redemption.** The Company will give to each holder of Series 3 Preferred Shares to be redeemed a notice in writing of the intention of the Company to redeem such shares (the "**Redemption Notice**"). The Redemption Notice must be given at least 30 days but not more than 60 days before the Redemption Date. The Redemption Notice must set out the number of Series 3 Preferred Shares held by the person to whom it is addressed which are to be redeemed, the Cash Redemption Price and the date on which the redemption is to occur (the "**Redemption Date**").
- (6) **Method of Payment.** The Company will pay or cause to be paid to the holders of the Series 3 Preferred Shares to be redeemed the Cash Redemption Price, together with payment of any fractional interest, as the case may be, subject to Section 11, on presentation and surrender at the offices of the Transfer Agent in Toronto, Ontario, or at any other place or places within Canada designated in the Redemption Notice, of the

certificate or certificates for the Series 3 Preferred Shares so called for redemption, if any, together with such other documents as may be reasonably required to effect a transfer of the Series 3 Preferred Shares. Payment will be made by cheque payable at par at any branch in Canada of a chartered bank or trust company. If only a part of the Series 3 Preferred Shares represented by any certificate are redeemed, a new certificate for the balance will be issued at the expense of the Company. Subject to Section 3(7), from and after the Redemption Date specified in any Redemption Notice, the Series 3 Preferred Shares called for redemption will be deemed to be redeemed and the holders of those Series 3 Preferred Shares will cease to be entitled to dividends and will not be entitled to exercise any of the rights of shareholders in respect of those Series 3 Preferred Shares unless payment of the Cash Redemption Price is not duly made by the Company on presentation and surrender of the certificate or certificates representing the Series 3 Preferred Shares.

(7) **Deposit of Redemption Price.** At any time after the Redemption Notice is given, the Company will have the right to deposit the Cash Redemption Price of any or all Series 3 Preferred Shares called for redemption with the Company or with any chartered bank or trust company in Canada named in the Redemption Notice, including the Transfer Agent or an affiliate of the Transfer Agent, to the credit of a special account for the respective holders of those Series 3 Preferred Shares to be paid on surrender to the Company or that chartered bank or trust company of the certificate or certificates representing those Series 3 Preferred Shares. Any such deposit will constitute payment and satisfaction of the Cash Redemption Price of the Series 3 Preferred Shares for which the deposit is made and the rights of the holders of those shares will be limited to receiving the proportion (less any tax required by law to be deducted or withheld) of the Cash Redemption Price so deposited applicable to those shares, without interest, on presentation and surrender of the certificate or certificates representing the Series 3 Preferred Shares being redeemed. The Company will be entitled to any interest on such deposit.

4. Purchase for Cancellation

(1) Subject to Section 6 and the provisions of applicable securities laws and the rules and requirements of the Toronto Stock Exchange, the Company may purchase for cancellation at any time all or from time to time any part of the Series 3 Preferred Shares then outstanding in the open market at the lowest price or prices at which in the opinion of the Board of Directors such shares are obtainable.

(2) Notwithstanding the foregoing, in the event that Equitable Bank elects and has obtained receipt of all necessary regulatory approvals relating to the purchase for cancellation of any number of Bank Series 3 Preferred Shares, then the Company, subject to compliance with applicable law and upon receipt of the notice of Equitable Bank's intention to purchase such shares for cancellation, shall (i) immediately thereafter propose to purchase for cancellation the same number of Series 3 Preferred Shares as the number of Bank Series 3 Preferred Shares that are then proposed to be purchased by Equitable Bank and (ii) tender to Equitable Bank for cancellation the same

number of Bank Series 3 Preferred Shares as Series 3 Preferred Shares tendered to and purchased for cancellation by the Company.

5. Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of the Company, the holders of the Series 3 Preferred Shares shall be entitled to receive \$25.00 per Series 3 Preferred Share together with all dividends declared and unpaid to the date of payment before any amount shall be paid or any assets of the Company distributed to the holders of any shares ranking junior to the Series 3 Preferred Shares. After payment of those amounts, the holders of Series 3 Preferred Shares will not be entitled to share in any further distribution of the property or assets of the Company.

6. Restrictions on Dividends and Retirement of Shares

(1) So long as any of the Series 3 Preferred Shares are outstanding, the Company will not, without the approval of the holders of the Series 3 Preferred Shares:

- (a) pay any dividends (other than stock dividends payable in shares of the Company ranking as to capital and dividends junior to the Series 3 Preferred Shares) on shares of the Company ranking as to dividends junior to the Series 3 Preferred Shares;
- (b) except out of the net cash proceeds of a substantially concurrent issue of shares of the Company ranking as to return of capital and dividends junior to the Series 3 Preferred Shares, redeem or call for redemption, purchase or otherwise pay off, retire or make any return of capital in respect of any shares of the Company ranking as to capital junior to the Series 3 Preferred Shares;
- (c) redeem or call for redemption, purchase, or otherwise pay off or retire for value or make any return of capital in respect of less than all of the Series 3 Preferred Shares then outstanding; or
- (d) except pursuant to any purchase obligation, retraction privilege or mandatory redemption provisions attaching thereto, redeem or call for redemption, purchase or otherwise pay off, retire or make any return of capital in respect of any Preferred Shares, ranking as to the payment of dividends or return of capital on a parity with the Series 3 Preferred Shares,

unless in each case, all dividends on the Series 3 Preferred Shares then issued and outstanding, up to and including those payable on the dividend payment date for the last completed period for which dividends shall be payable and in respect of which the rights of the holders thereof have not been extinguished, and all dividends then accrued on all other shares ranking prior to or *pari passu* with the Series 3 Preferred Shares, have been declared and paid or set apart for payment.

7. Voting Rights

Subject to applicable law, the holders of the Series 3 Preferred Shares will not be entitled to receive notice of or to attend or to vote at any meeting of the shareholders of the Company (i) except in the event of a proposed change in the business of the Company or Equitable Bank (which for greater certainty shall not include a NVCC Automatic Conversion), including any action such as the issuance of debt or preferred shares that, in the reasonable opinion of the independent members of the Board of Directors (which, for greater certainty, is defined as those directors other than members of Company management), will result in the Company not being able to pay the applicable dividend on any outstanding Series 3 Preferred Shares (a "**Fundamental Change**") or (ii) unless and until the first time at which the Board of Directors has not declared or paid the whole dividend in any quarter on the Series 3 Preferred Shares at the applicable dividend rate of the share. In the event of (i) above, the holders of the Series 3 Preferred Shares will be entitled to receive notice of, and to attend a meeting of shareholders of the Company entitled to vote on the matter to consider the Fundamental Change and will be entitled to one vote for each Series 3 Preferred Share held. The Company or Bank, as applicable, will not proceed with the Fundamental Change unless a majority of the shareholders voting on the matter and a majority of the holders of the Series 3 Preferred Shares voting on the matter have approved the change. In the event of (ii) above, the holders of the Series 3 Preferred Shares will be entitled to receive notice of, and to attend, meetings of shareholders at which directors are to be elected and will be entitled to one vote for each Series 3 Preferred Share held in the election of directors, voting together with all other shareholders of the Company entitled to vote on such matter. The voting rights of the holders of the Series 3 Preferred Shares under (ii) above shall forthwith cease upon payment by the Company of the first dividend on Series 3 Preferred Shares to which the holders are entitled subsequent to the time such voting rights arose until such time as the Company may again fail to declare or pay the applicable dividend in which event the voting rights set out in (ii) above will become effective again.

In connection with any action to be taken by the Company which requires the approval of the holders of Series 3 Preferred Shares voting as a series or as part of the class, each such share will entitle the holder thereof to one vote.

8. Conversion of Series 3 Preferred Shares

(1) Conversion at the Option of the Holder

- (a) Subject to an Automatic Conversion, as defined below, holders of Series 3 Preferred Shares shall have the right, at their option, on September 30, 2019 and on September 30 in every fifth year thereafter (a "**Series 3 Conversion Date**"), to convert, subject to the terms and provisions hereof, all or any Series 3 Preferred Shares registered in their name into Series 4 Preferred Shares on the basis of one Series 4 Preferred Share for each Series 3 Preferred Share. The Company shall give notice in writing to the then holders of the Series 3 Preferred Shares of the conversion privilege

provided for herein (the "**Conversion Privilege**") and such notice shall (i) set out the Series 3 Conversion Date, (ii) include instructions to such holders as to the method by which such Conversion Privilege may be exercised, as described in this Section 8 and (iii) be given at least 30 days and not more than 60 days prior to the applicable Series 3 Conversion Date. On the 30th day prior to each Series 3 Conversion Date, the Company shall give notice in writing to the then holders of the Series 3 Preferred Shares of the Annual Fixed Dividend Rate determined by the Company for the succeeding Subsequent Fixed Rate Period and the Floating Quarterly Dividend Rate (as defined in the terms and conditions attaching to the Series 4 Preferred Shares) applicable to the Series 4 Preferred Shares for the next succeeding Quarterly Floating Rate Period (as defined in the terms and conditions attaching to the Series 4 Preferred Shares). Each such notice shall be given by mailing such notice by ordinary unregistered first class prepaid mail to the address of each such holder as it appears on the books of the Company, or if the address of any such holder does not so appear, then to the last known address of such holder.

- (b) If the Company gives notice as provided in Section 3 to the holders of the Series 3 Preferred Shares of the redemption of all the Series 3 Preferred Shares, the Company shall not be required to give notice as provided in this Section 8(1) to the holders of the Series 3 Preferred Shares of an Annual Fixed Dividend Rate or of the Conversion Privilege and the right of any holder of Series 3 Preferred Shares to convert such Series 3 Preferred Shares as herein provided shall cease and terminate in that event.

(2) **Automatic Conversion.**

- (a) If the Company determines that there would remain outstanding on a Series 3 Conversion Date less than 800,000 Series 3 Preferred Shares, after taking into account all Series 3 Preferred Shares tendered for conversion into Series 4 Preferred Shares and all Series 4 Preferred Shares tendered for conversion into Series 3 Preferred Shares, then, all, but not part, of the remaining outstanding Series 3 Preferred Shares shall automatically be converted into Series 4 Preferred Shares on the basis of one Series 4 Preferred Share for each Series 3 Preferred Share on the applicable Series 3 Conversion Date and the Company shall give notice in writing thereof, in accordance with the provisions of Section 8(1)(a), *mutatis mutandis*, to the holders of such remaining Series 3 Preferred Shares at least seven days prior to the Series 3 Conversion Date (an "**Automatic Conversion**").
- (b) Holders of Series 3 Preferred Shares will not be entitled to convert their shares into Series 4 Preferred Shares, however, if the Company determines that there would remain outstanding on a Series 3 Conversion

Date less than 800,000 Series 4 Preferred Shares after having taken into account all Series 3 Preferred Shares tendered for conversion into Series 4 Preferred Shares and all Series 4 Preferred Shares tendered for conversion into Series 3 Preferred Shares. The Company will give notice in writing thereof to all registered holders of the Series 3 Preferred Shares at least seven days prior to the applicable Series 3 Conversion Date.

(3) **Manner of Exercise of Conversion Privilege.**

- (a) Subject to the provisions of Section 11, the Conversion Privilege may be exercised by notice in writing to the Company (an "Election Notice") given not earlier than 30 days prior to a Series 3 Conversion Date but not later than 5:00 p.m. (Toronto time) on the 15th day preceding a Series 3 Conversion Date during usual business hours at the offices of the Transfer Agent in Toronto, Ontario at which the Series 3 Preferred Shares are transferable accompanied by: (1) payment or evidence of payment of the tax (if any) payable as provided in this Section 8(3); and (2) the certificate or certificates representing the Series 3 Preferred Shares in respect of which the holder thereof desires to exercise the Conversion Privilege with the transfer form on the back thereof or other appropriate stock transfer power of attorney duly endorsed by the holder, or his or her attorney duly authorized in writing; provided that in the Election Notice such holder may also elect to convert part only of the Series 3 Preferred Shares represented by such certificate or certificates not theretofore called for redemption in which event the Company shall issue and deliver or cause to be delivered to such holder, at the expense of the Company, a new certificate representing the Series 3 Preferred Shares represented by such certificate or certificates that have not been converted. Each Election Notice shall be irrevocable once received by the Company or its nominee. If no Election Notice is received by the Company during the required time frame, the Series 3 Preferred Shares will be deemed not to have been converted, except in the case of an Automatic Conversion.
- (b) Subject to the provisions of Section 11, in the event the Company is required to convert all remaining outstanding Series 3 Preferred Shares into Series 4 Preferred Shares on the applicable Series 3 Conversion Date pursuant to an Automatic Conversion as provided for in Section 8(2), the Series 3 Preferred Shares in respect of which the holders have not previously elected to convert shall be converted on the Series 3 Conversion Date into Series 4 Preferred Shares and the holders thereof shall be deemed to be holders of Series 4 Preferred Shares at 5:00 p.m. (Toronto time) on the Series 3 Conversion Date and shall be entitled, upon surrender during usual business hours at the offices of the Transfer Agent in Toronto, Ontario at which the Series 3 Preferred Shares were transferable of the certificate or certificates representing Series 3 Preferred Shares not previously surrendered for conversion, to receive a certificate or certificates representing the same number of Series 4

Preferred Shares in the manner and subject to the terms and provisions as provided in this Section 8(3).

- (c) Subject to the provisions of Section 11, as promptly as practicable after the Series 3 Conversion Date, the Company shall issue and deliver, or cause to be delivered to or upon the written order of the holder of the Series 3 Preferred Shares so surrendered, a certificate or certificates, issued in the name of, or in such name or names as may be directed by, such holder representing the number of fully-paid and non-assessable Series 4 Preferred Shares and the number of remaining Series 3 Preferred Shares, if any, to which such holder is entitled. Such conversion shall be deemed to have been made at 5:00 p.m. (Toronto time) on the Series 3 Conversion Date, so that the rights of the holder of such Series 3 Preferred Shares as the holder thereof shall cease at such time and the person or persons entitled to receive Series 4 Preferred Shares upon such conversion shall be treated for all purposes as having become the holder or holders of record of such Series 4 Preferred Shares at such time.
 - (d) The holder of any Series 3 Preferred Share on the record date for any dividend declared payable on such share shall be entitled to such dividend notwithstanding that such share is converted into Series 4 Preferred Shares after such record date and on or before the date of the payment of such dividend.
 - (e) Subject to the provisions of Section 11, the issuance of certificates for the Series 4 Preferred Shares upon the conversion of Series 3 Preferred Shares shall be made without charge to the converting holders of Series 3 Preferred Shares for any fee or tax in respect of the issuance of such certificates or the Series 4 Preferred Shares represented thereby; provided, however, that the Company shall not be required to pay any tax that may be imposed upon the person or persons to whom such Series 4 Preferred Shares are issued in respect of the issuance of such Series 4 Preferred Shares or the certificate therefor or any security transfer taxes, and the Company shall not be required to issue or deliver a certificate or certificates in a name or names other than that of the holder of the Series 3 Preferred Shares converted unless the person or persons requesting the issuance thereof shall have paid to the Company the amount of any such security transfer tax or shall have established to the satisfaction of the Company that such tax has been paid.
- (4) Upon exercise of the Conversion Privilege by a holder of Series 3 Preferred Shares, or upon an Automatic Conversion, pursuant to Section 8(2), of Series 3 Preferred Shares of a holder, whose address is in, or whom the Company or the Transfer Agent has reason to believe is a resident of, the United States of America, its territories or possessions or other jurisdiction (other than Canada), the laws of which would require the Company to comply with the registration, prospectus, filing or other similar requirements under the applicable securities laws of such jurisdiction, the

Company reserves the right not to issue Series 4 Preferred Shares to any such holder and in such event, the Company shall notify the holder and such holder shall continue to hold Series 3 Preferred Shares.

(5) **Conversion by Equitable Bank.** Upon conversion of one or more Series 3 Preferred Shares into Series 4 Preferred Shares (including on an Automatic Conversion), the Company shall immediately elect to convert the same number of Bank Series 3 Preferred Shares into Bank Series 4 Preferred Shares on the basis of one Bank Series 3 Preferred Share for each Bank Series 4 Preferred Share.

9. Issue of Additional Shares and Amendments to Series 3 Preferred Shares

(1) **Issue of Additional Shares.** The Company may issue shares of any other series of preferred shares of the Company ranking on a parity with the Series 3 Preferred Shares without authorization of the holders of Series 3 Preferred Shares.

(2) **Amendments to Series 3 Preferred Shares.** The Company will not without, but may from time to time with, the approval of holders of the Series 3 Preferred Shares given as specified in Section 10, delete, amend or vary any of these Series 3 Preferred Shares Provisions.

10. Approval of Holders of Series 3 Preferred Shares

Any approval given by the holders of Series 3 Preferred Shares will be deemed to have been sufficiently given if given by a resolution passed at a meeting of the holders of Series 3 Preferred Shares duly called and held on not less than 21 days' notice at which the holders of at least one-third of the outstanding Series 3 Preferred Shares are present or are represented by proxy and, other than as required by Section 7, carried by the affirmative vote of not less than 66 $\frac{2}{3}$ % of the votes cast at the meeting (an "**Extraordinary Resolution**"). If at the meeting the holders of at least one-third of the outstanding Series 3 Preferred Shares are not present or represented by proxy within 30 minutes after the time appointed for the meeting, the meeting will be adjourned to such date, not less than 21 days afterwards, and to such time and place as the chairman of the meeting may designate, and not less than 15 days' written notice shall be given of the adjourned meeting. At the adjourned meeting, the holders of Series 3 Preferred Shares present or represented by proxy may transact the business for which the meeting was originally called and an Extraordinary Resolution passed at the adjourned meeting will constitute the approval of the holders of Series 3 Preferred Shares. On every poll taken at any meeting or adjourned meeting, every holder of Series 3 Preferred Shares will be entitled to one vote in respect of each Series 3 Preferred Share held. Subject to the foregoing, the formalities to be observed in respect of the giving of notice of any meeting or adjourned meeting and the conduct of any such meeting will be those from time to time as may be prescribed in the by-laws of the Company with respect to meetings of shareholders or under the OBCA.

11. Registration of Series 3 Preferred Shares and Transfer, Redemption, Purchase and Exchanges Through the Book-Entry System

(1) **Registration.** Subject to Sections 11(2) and (3) and notwithstanding any other provision of these Series 3 Preferred Shares Provisions, the Series 3 Preferred Shares will be represented in the form of an electronic position representing the aggregate number of Series 3 Preferred Shares held by, or on behalf of, the Depository as custodian for the participants (the "**Participants**") in the Book-Entry System, and will be registered in the name of "CDS & Co." (or such other name as the Depository may use from time to time as its nominee name for purposes of the Book-Entry System) and registrations of ownership, transfers, redemptions, purchases, surrenders and exchanges of Series 3 Preferred Shares will be made only through the Book-Entry System to another nominee of the Depository for the Series 3 Preferred Shares or to a successor Depository for the Series 3 Preferred Shares approved by the Company or to a nominee of such successor Depository. Accordingly, subject to Section 11(3), the beneficial owners of Series 3 Preferred Shares will not receive a certificate or other instrument from the Company or the Depository evidencing their ownership of Series 3 Preferred Shares, and beneficial owners will not be shown on the records maintained by the Depository, except through a book-entry account of a Participant acting on behalf of a beneficial owner.

(2) **Depository is Owner of Series 3 Preferred Shares.** For purposes of these Series 3 Preferred Shares Provisions, as long as the Depository, or its nominee, is the registered holder of the Series 3 Preferred Shares:

- (a) the Depository, or its nominee, as the case may be, will be considered the sole owner of the Series 3 Preferred Shares for the purpose of receiving notices or payments on or in respect of the Series 3 Preferred Shares, including payments of dividends or the Cash Redemption Price; and
- (b) the Company, pursuant to the exercise by it of its right to redeem Series 3 Preferred Shares, will deliver or cause to be delivered to the Depository, or its nominee, for the benefit of the beneficial owners of the Series 3 Preferred Shares, the Cash Redemption Price against delivery, if applicable, to the Company's account with the Depository, or its nominee, of such holder's Series 3 Preferred Shares.

(3) **Termination of Book-Entry System.** If at any time the Company determines or the Depository notifies the Company in writing that the Depository is no longer willing or able to discharge properly its responsibility as depository and, in either case, the Company is unable to determine a qualified successor, or the Company, at its option, elects, or is required by law, to terminate the Book-Entry System, Sections 11(1) and (2) will no longer be applicable to the Series 3 Preferred Shares. In that case, the Company will execute and deliver certificates for the Series 3 Preferred Shares in definitive registered form equal to the aggregate number of Series 3 Preferred Shares represented in the Book-Entry System. On such exchange, the Transfer Agent will cancel the electronic position. Certificates for Series 3 Preferred Shares in definitive

registered form issued in exchange for the electronic position will be registered in such names and in such number of Series 3 Preferred Shares as instructed in writing by the Depository to the Transfer Agent. The Transfer Agent will deliver or cause to be delivered such definitive certificates to the persons in whose names the Depository has so instructed.

12. Notices

(1) **Notice to the Company.** Subject to applicable law, any notice, request or other communication to be given to the Company by a holder of Series 3 Preferred Shares must be in writing and will be valid and effective if given by mail (postage prepaid) or by electronic communication or by delivery to the registered office of the Company and addressed to the attention of the Corporate Secretary. Any such notice, request or other communication, if given by mail, electronic communication or delivery, will be deemed to have been given and received only on actual receipt by the Company.

(2) **Presentation and Surrender of Certificates.** Any presentation and surrender by a holder of Series 3 Preferred Shares to the Company or the Transfer Agent of certificates representing Series 3 Preferred Shares in connection with the redemption of Series 3 Preferred Shares must be made by registered mail (postage prepaid) or by delivery to the registered office of the Company or to such office of the Transfer Agent as may be specified by the Company, in each case addressed to the attention of the Corporate Secretary. Any such presentation and surrender of certificates will be deemed to have been made and to be effective only on actual receipt by the Company or the Transfer Agent, as the case may be. Any such presentation and surrender of certificates made by registered mail will be at the sole risk of the holder mailing the same.

(3) **Notice to Holders of Series 3 Preferred Shares.** Subject to applicable law, any notice, request or other communication to be given to a holder of Series 3 Preferred Shares by or on behalf of the Company must be in writing and will be valid and effective if given by ordinary unregistered first class mail (postage prepaid) or by electronic communication or by delivery to the address of the holder recorded in the securities register of the Company or, in the event of the address of any such holder not being so recorded, then at the last known address of such holder. Any such notice, request or other communication, if given by mail, will be deemed to have been given and received on the fifth Business Day following the date of mailing and, if given by electronic communication or by delivery, will be deemed to have been given and received on the date of electronic communication or delivery. Accidental failure or omission to give any notice, request or other communication to one or more holders of Series 3 Preferred Shares, or any defect in such notice, will not invalidate or otherwise alter or affect any action or proceeding to be taken by the Company pursuant to that notice, request or other communication.

13. Tax Election

The Company will elect, in the manner and within the time provided under Section 191.2 of the Tax Act or any successor or replacement provision of similar effect, and take all other necessary action under the Tax Act, to pay tax under Part VI. 1 of the Tax Act at a rate such that holders of the Series 3 Preferred Shares will not be required to pay tax on dividends received (or deemed to be received) on the Series 3 Preferred Shares under Section 187.2 of the Tax Act or any successor or replacement provision of similar effect. Nothing in this section will prevent the Company from entering into an agreement with a taxable Canadian corporation with which it is related to transfer all or part of the Company's liability for tax under Section 191.1 of the Tax Act to that taxable Canadian corporation in accordance with Section 191.3 of the Tax Act.

14. Return of Unclaimed Funds to the Company

The Company shall have the right, with respect to any funds deposited by the Company to any chartered bank or trust company in respect of amounts due to holders of Series 3 Preferred Shares, on or after the first anniversary date of the deposit of such funds to any chartered bank or trust company, to require that such chartered bank or trust company return to the Company any funds which remain unclaimed by holders of the Series 3 Preferred Shares. If at any time following the return of the unclaimed funds to the Company, either the Company or the chartered bank or trust company receives a request from a holder of Series 3 Preferred Shares for the holder's unclaimed entitlement to any amount due to the holder in respect of the holder's Series 3 Preferred Shares, the Company shall promptly arrange for the payment of such amount to the holder.

15. Wire or Electronic Transfer of Funds

Notwithstanding any other right, privilege, restriction or condition attaching to the Series 3 Preferred Shares, the Company may, at its option, make any payment due to a holder of Series 3 Preferred Shares hereunder by way of a wire or electronic transfer of funds to each registered holder of Series 3 Preferred Shares. In the event that a payment is made by way of a wire or electronic transfer of funds, the Company shall be responsible for any applicable charges or fees relating to the making of such transfer. As soon as practicable following the determination by the Company that a payment is to be made by way of a wire or electronic transfer of funds, the Company shall notify each registered holder of Series 3 Preferred Shares at the address of such holder as it appears on the books of the Company. Such notice by the Company will request that each registered holder of Series 3 Preferred Shares provide the particulars of an account of such holder with a chartered bank in Canada to which the wire or electronic transfer of funds shall be directed. In the event that the Company does not receive account particulars from a registered holder of Series 3 Preferred Shares prior to the date such payment is to be made, the Company shall deposit the funds otherwise payable to such holder in a special account in trust for such holders. The making of a payment by way of a wire or electronic transfer of funds or, in the case where a registered holder of the Series 3 Preferred Shares has not provided the Company with

account particulars for a wire or electronic transfer of funds, the deposit by the Company of the funds otherwise payable to such holder in a special account in trust for such holders, shall be deemed to constitute payment by the Company on the date thereof and shall satisfy and discharge all liabilities of the Company for such payment to the extent of the amount represented by such transfer.

16. Additional Conditions with Respect to Equitable Bank

(1) As long as any Series 3 Preferred Shares are outstanding, the Company shall continue to own all of the issued and outstanding common and preferred shares of Equitable Bank held by the Company as of July 24, 2014, and the Bank Series 3 Preferred Shares and Bank Series 4 Preferred Shares when issued and converted from time to time, subject to any redemption, cancellation or exchange of the preferred shares in accordance with their terms (collectively, the "**Bank Shares**") and shall not transfer any such Bank Shares without the consent of 66⅔% of the holders of the Series 3 Preferred Shares voting on such matter (an "**Extraordinary Resolution**").

(2) The Company shall cause Equitable Bank to carry out its obligations under the underwriting agreement dated July 25, 2014 and, provided the Company controls at least 50.1% of the common shares of Equitable Bank, its constating documents.

(3) The Company shall vote all its Bank Series 3 Preferred Shares on any particular matter in accordance with the results of any vote of the holders of the Series 3 Preferred Shares on the matter.

17. Additional Voting Rights with Respect to Equitable Bank

(1) Subject to applicable law, following the redemption by Equitable Bank of all of its outstanding non-cumulative 5-year rate reset preferred shares, Series 1 and non-cumulative floating-rate preferred shares, Series 2, if any, (the "**Bank Series 1 and 2 Shares**") and upon the Additional Voting Rights Amendment becoming effective, the Company shall not vote any of its Bank Series 3 Preferred Shares without the prior consent of the holders of the Series 3 Preferred Shares by Extraordinary Resolution in favour of any of the following changes to the share capital of Equitable Bank, provided that no such consent is required in respect of the Additional Voting Rights Amendment:

- (a) any change that is captured by Section 218 of the Bank Act, except as otherwise modified by Equitable Bank's Capital By-law, as that by-law may be amended to accommodate the voting rights contemplated by Section 6(2) of the share provisions of the Bank Series 3 Preferred Shares (the "**Additional Voting Rights Amendment**"), provided that for this purpose any reference to a class of shares in Section 218 will mean any class or series of shares;
- (b) any change to effect an exchange, reclassification or cancellation of all or part of Bank Series 3 Preferred Shares, other than in accordance with their terms; or

- (c) any change to create a new class of shares ranking superior to Bank Series 3 Preferred Shares.
- (2) The Company, as sole shareholder of Equitable Bank, shall cause Equitable Bank to effect the Additional Voting Rights Amendment on or immediately after the redemption of the Bank Series 1 and 2 Shares.

EQUITABLE GROUP INC.**Terms of Non-cumulative Floating Rate Preferred Shares, Series 4**

The following are the rights, privileges, restrictions and conditions (the "**Series 4 Preferred Shares Provisions**"), in addition to those rights, privileges, restrictions and conditions attaching to the preferred shares, issuable in series (the "**Preferred Shares**") as a class, attaching to the non-cumulative floating rate preferred shares, Series 4 (the "**Series 4 Preferred Shares**") of the Company.

1. Interpretation

(1) **Defined Terms.** In these Series 4 Preferred Shares Provisions:

"**Additional Voting Rights Amendment**" has the meaning attributed to it in Section 17(1)(a).

"**Annual Fixed Dividend Rate**" has the meaning set forth in the terms and conditions relating to the Series 3 Preferred Shares.

"**Automatic Conversion**" has the meaning attributed thereto in Section 8(2)(a).

"**Bank**" means Equitable Bank.

"**Bank Series 1 and 2 Shares**" has the meaning attributed to it in Section 17(1).

"**Bank Series 3 Preferred Shares**" means the non-cumulative 5-year rate reset preferred shares, Series 3 of Equitable Bank.

"**Bank Series 4 Preferred Shares**" means the non-cumulative floating rate preferred shares, Series 4 of Equitable Bank.

"**Bank Shares**" has the meaning attributed to it in Section 16(1).

"**Basic Redemption Price**" has the meaning attributed to it in Section 3(2).

"**Board of Directors**" means the board of directors of the Company.

"**Book-Entry System**" means the record entry securities transfer and pledge system administered by the Depository in accordance with its operating rules and procedures in force from time to time or any successor system thereof.

"**Business Day**" means a day other than a Saturday, a Sunday or any other day which is a statutory or civic holiday in Toronto, Ontario.

"**Common Shares**" means the common shares of the Company.

"**Company**" means Equitable Group Inc. and its successors and assigns.

"**Conversion Privilege**" has the meaning attributed thereto in Section 8(1)(a).

"**Corporate Secretary**" means the corporate secretary of the Company.

"Depository" means CDS Clearing and Depository Services Inc. and its nominees, or any successor carrying on the business as a depository, which is approved by the Company pursuant to Section 11(1).

"Dividend Payment Date" means the last Business Day of each of the months of September, December, March and June in each year.

"Election Notice" has the meaning attributed thereto in Section 8(3)(a).

"Excluded Redemption Date" has the meaning attributed thereto in Section 3(2).

"Extraordinary Resolution" has the meaning attributed thereto in Section 10.

"Fixed Rate Calculation Date" has the meaning set forth in the terms and conditions relating to the Series 3 Preferred Shares.

"Floating Quarterly Dividend Rate" means, for any Quarterly Floating Rate Period, the rate of interest (expressed as a percentage rate rounded down to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date plus 4.78% (calculated on the basis of the actual number of days elapsed in such Quarterly Floating Rate Period divided by 365).

"Floating Rate Calculation Date" means, for any Quarterly Floating Rate Period, the 30th day prior to the first day of such Quarterly Floating Rate Period.

"Fundamental Change" has the meaning attributed to it in Section 7.

"NVCC Automatic Conversion" means a non-viability contingent conversion of the Bank Series 3 Preferred Shares or Bank Series 4 Preferred Shares upon the occurrence of a Trigger Event.

"OBCA" means the *Business Corporations Act* (Ontario), as amended.

"OSFI" means the Office of the Superintendent of Financial Institutions Act Canada.

"Participants" has the meaning attributed to it in Section 11(1).

"Preferred Shares" has the meaning attributed to it in the introductory paragraph to these Series 4 Preferred Shares Provisions.

"Premium Redemption Price" has the meaning attributed thereto in Section 3(1).

"Quarterly Commencement Date" means the last Business Day of each of March, June, September and December in each year, commencing September 30, 2019.

"Quarterly Floating Rate Period" means, for the initial Quarterly Floating Rate Period, the period from and including September 30, 2019 and ending on but excluding the next Quarterly Commencement Date and thereafter the period from and including the day immediately following the end of the immediately preceding Quarterly Floating Rate Period to but excluding the next succeeding Quarterly Commencement Date.

“**Redemption Date**” has the meaning attributed to it in Section 3(5).

“**Redemption Notice**” has the meaning attributed to it in Section 3(5).

“**Series 3 Preferred Shares**” means the non-cumulative 5-year rate reset preferred shares, Series 3 of the Company.

“**Series 4 Conversion Date**” has the meaning attributed thereto in Section 8(1)(a).

“**Series 4 Preferred Shares**” has the meaning attributed to it in the introductory paragraph to these Series 4 Preferred Shares Provisions.

“**Series 4 Preferred Shares Provisions**” has the meaning attributed to it in the introductory paragraph to these terms and conditions attaching to the Series 4 Preferred Shares.

“**Subsequent Fixed Rate Period**” has the meaning set forth in the terms and conditions relating to the Series 3 Preferred Shares.

“**Tax Act**” means the *Income Tax Act* (Canada), as amended.

“**T-Bill Rate**” means, for any Quarterly Floating Rate Period, the average yield expressed as a percentage per annum on three-month Government of Canada Treasury Bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date, as posted on the Bloomberg page “CA3MAY <INDEX>”.

“**Transfer Agent**” means Computershare Investor Services Inc., or such other person as from time to time may be the registrar and transfer agent for the Series 4 Preferred Shares.

“**Trigger Event**” has the meaning attributed thereto in the OSFI Guideline for Capital Adequacy Requirements, Chapter 2 – Definition of Capital, effective April 2014, as such term may be amended or superseded by OSFI from time to time.

(2) **Ranking of Shares.** The expressions “in priority to”, “on a parity with”, “ranking equally with”, “ranking prior to” and “ranking junior to” and similar expressions refer to the order of priority only in payment of dividends or in the distribution of assets in the event of any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company for the purpose of winding-up its affairs.

(3) **Holder.** References to a “holder” in relation to Series 4 Preferred Shares means a registered holder of those shares.

(4) **References to Statutes.** Reference to any statute is to that statute as in force from time to time, including any regulations, rules, policy statements or guidelines made under that statute, and includes any statute which may be enacted in substitution of that statute.

(5) **Other Payment Matters.**

- (a) If any date on which any dividend on the Series 4 Preferred Shares is payable or on or by which any other action is required to be taken by the Company under these Series 4 Preferred Shares Provisions is not a Business Day, then the dividend will be payable, or such other action will be required to be taken, on or by the next day that is a Business Day.
- (b) In the event of the non-receipt of a cheque by a holder of Series 4 Preferred Shares entitled to the cheque, or the loss or destruction of the cheque, the Company, on being furnished with reasonable evidence of non-receipt, loss or destruction, and an indemnity reasonably satisfactory to the Company, will issue to the holder a replacement cheque for the amount of the original cheque.
- (c) The Company will be entitled to deduct or withhold from any amount payable to a holder of Series 4 Preferred Shares under these Series 4 Preferred Shares Provisions any amount required or permitted by law to be deducted or withheld from that payment.

(6) **Currency Conversion.** If it is necessary to convert any amount into Canadian dollars, the Board of Directors will select an appropriate method and rate of exchange to convert any non-Canadian currency into Canadian dollars.

2. Dividends

(1) **Payment of Dividends.**

- (a) The holders of Series 4 Preferred Shares shall be entitled to receive and the Company shall pay on the Series 4 Preferred Shares, as and when declared by the Board of Directors, non-cumulative preferential cash dividends payable quarterly at the Floating Quarterly Dividend Rate as calculated from time to time. Accordingly, on each Dividend Payment Date, the dividend payable on the Series 4 Preferred Shares, if declared, shall be in the amount per share determined by multiplying:
 - (i) the product obtained by multiplying \$25.00 by the Quarterly Floating Dividend Rate applicable to the Quarterly Floating Rate Period immediately preceding such Dividend Payment Date; by
 - (ii) a fraction, the numerator of which is the actual number of days elapsed in such Quarterly Floating Rate Period and the denominator of which is 365.
- (b) The Company shall, in respect of each Quarterly Floating Rate Period, calculate on each Floating Rate Calculation Date the Floating Quarterly Dividend Rate for such Quarterly Floating Rate Period and shall, on the Floating Rate Calculation Date, give written notice thereof to the then

holders of Series 4 Preferred Shares by mailing such notice by ordinary unregistered first class prepaid mail to the address of each such holder as it appears on the books of the Company, or if the address of any such holder does not so appear, then to the last known address of such holder. Each such determination by the Company of the Floating Quarterly Dividend Rate shall, in the absence of manifest error, be final and binding upon the Company and upon all holders of Series 4 Preferred Shares.

- (c) If the Board of Directors does not declare the dividends, or any part thereof, on the Series 4 Preferred Shares on or before the Dividend Payment Date for a Quarterly Floating Rate Period, then the entitlement of the holders of the Series 4 Preferred Shares to receive such dividends, or to any part thereof, for such Quarterly Floating Rate Period will be forever extinguished.
- (d) In addition to the foregoing, in the event Equitable Bank declares and pays a dividend in respect of the Bank Series 4 Preferred Shares, the Company shall forthwith declare and pay an equal dividend per share on the Series 4 Preferred Shares. However, for greater certainty, the failure of Equitable Bank to declare and pay a dividend on the Bank Series 4 Preferred Shares does not alter the dividend entitlements of the Series 4 Preferred Shares.
- (e) The Company shall use its best efforts, subject to compliance with applicable law, including without limitation, all applicable OSFI requirements and the due exercise of the fiduciary obligations of the Board of Directors, to declare and pay dividends on the Series 4 Preferred Shares, including without limitation, in the event Equitable Bank does not pay a dividend on Equitable Bank Series 4 Preferred Shares.

(2) **Method of Payment.** Dividends on the Series 4 Preferred Shares will be paid by cheque of the Company, in lawful money of Canada payable at par at any branch in Canada of a chartered bank or trust company, in the amount of the applicable dividend, rounded to the nearest whole cent (\$0.01), less any tax required by law to be deducted or withheld by the Company. The mailing by ordinary unregistered first class prepaid mail of such a cheque to a holder of Series 4 Preferred Shares to the address of the holder as it appears on the register of holders, or if the address of any such holder does not so appear, then to the last known address of such holder, on or before the fifth Business Day before the Dividend Payment Date will be deemed to be payment and will satisfy and discharge all liabilities for dividends payable on that Dividend Payment Date to the extent of the amount represented by the cheque (plus any tax required by law to be deducted or withheld from the payment) unless such cheque is not paid on due presentation. Dividends represented by a cheque which has not been duly presented for payment within six years after it was issued or that otherwise remain unclaimed for a period of six years from the date on which they were declared to be payable and set apart for payment will be forfeited to the Company. The Company may pay dividends in any other manner as it may agree with any particular holder.

3. Redemption

(1) **Redemption On and After September 30, 2019.** Subject to Section 6, on September 30, 2019 or any other date after September 30, 2019, other than an Excluded Redemption Date, as defined below, the Company, upon giving notice as hereinafter provided, may redeem all, or from time to time any part, of the outstanding Series 4 Preferred Shares, at the option of the Company, without the consent of the holders of Series 4 Preferred Shares, to be stipulated in the notice hereinafter provided, by the payment of an amount in cash for each such share to be redeemed of \$25.50 together with any declared and unpaid dividends to the date fixed for redemption (collectively the "**Premium Redemption Price**").

(2) **Redemption On and After September 30, 2024.** On September 30, 2024 and on September 30 in every fifth year thereafter (each such date, an "**Excluded Redemption Date**"), the Company, upon giving notice as hereinafter provided, may redeem all, or from time to time any part, of the outstanding Series 4 Preferred Shares, at the option of the Company, without the consent of the holders of Series 4 Preferred Shares, to be stipulated in the notice hereinafter provided, by the payment of an amount in cash for each such share to be redeemed of \$25.00 together with any declared and unpaid dividends to the date fixed for redemption (collectively the "**Basic Redemption Price**").

(3) **Partial Redemptions.** In the case of partial redemptions, Series 4 Preferred Shares to be redeemed will be redeemed *pro rata* (disregarding fractions).

(4) **Redemption by Equitable Bank.** Notwithstanding foregoing, if Equitable Bank elects and has obtained receipt of all necessary regulatory approvals relating to a redemption of any number of Bank Series 4 Preferred Shares, then the Company shall provide written notice to the holders of the Series 4 Preferred Shares and, subject to compliance with applicable law, shall redeem (for cash in the amount of \$25.00 per Series 4 Preferred Share if the redemption is to occur on a Series 4 Conversion Date or for cash in the amount of \$25.50 if the redemption is to occur on any date other than a Series 4 Conversion Date, in each case together with all declared and unpaid dividends to the date fixed for redemption) immediately after a redemption by Equitable Bank the same number of Series 4 Preferred Shares as the number of Bank Series 4 Preferred Shares that have been redeemed by Equitable Bank. In the event that the Company is to redeem less than all of the Series 4 Preferred Shares under such circumstances, the Series 4 Preferred Shares will be redeemed on a pro rata basis. For greater certainty, upon the occurrence of a NVCC Automatic Conversion, there is no obligation of the Company to redeem any Series 4 Preferred Shares or convert any Series 4 Preferred Shares.

(5) **Notice of Redemption.** The Company will give to each holder of Series 4 Preferred Shares to be redeemed a notice in writing of the intention of the Company to redeem such shares (the "**Redemption Notice**"). The Redemption Notice must be given at least 30 days but not more than 60 days before the Redemption Date. The Redemption Notice must set out the number of Series 4 Preferred Shares held by the

person to whom it is addressed which are to be redeemed, the Basic Redemption Price or the Premium Redemption Price, as applicable, and the date on which the redemption is to occur (the "**Redemption Date**").

(6) **Method of Payment.** The Company will pay or cause to be paid to the holders of the Series 4 Preferred Shares to be redeemed the Basic Redemption Price or the Premium Redemption Price, as applicable, together with payment of any fractional interest, as the case may be, subject to Section 11, on presentation and surrender at any principal office of the Transfer Agent, or at any other place or places within Canada designated in the Redemption Notice, of the certificate or certificates for the Series 4 Preferred Shares so called for redemption, if any, together with such other documents as may be reasonably required to effect a transfer of the Series 4 Preferred Shares. Payment will be made by cheque payable at par at any branch in Canada of a chartered Company or trust company. If only a part of the Series 4 Preferred Shares represented by any certificate is redeemed, a new certificate for the balance will be issued at the expense of the Company. Subject to Section 3(7), from and after the Redemption Date specified in any Redemption Notice, the Series 4 Preferred Shares called for redemption will be deemed to be redeemed and the holders of those Series 4 Preferred Shares will cease to be entitled to dividends and will not be entitled to exercise any of the rights of shareholders in respect of those Series 4 Preferred Shares unless payment of the Basic Redemption Price or the Premium Redemption Price, as applicable, is not duly made by the Company on presentation and surrender of the certificate or certificates representing the Series 4 Preferred Shares.

(7) **Deposit of Redemption Price.** At any time after the Redemption Notice is given, the Company will have the right to deposit the Basic Redemption Price or the Premium Redemption Price, as applicable, of any or all Series 4 Preferred Shares called for redemption with the Company or with any chartered bank or trust company in Canada named in the Redemption Notice, including the Transfer Agent or an affiliate of the Transfer Agent, to the credit of a special account for the respective holders of those Series 4 Preferred Shares to be paid on surrender to the Company or that chartered bank or trust company of the certificate or certificates representing those Series 4 Preferred Shares. Any such deposit will constitute payment and satisfaction of the Basic Redemption Price or the Premium Redemption Price, as applicable, of the Series 4 Preferred Shares for which the deposit is made and the rights of the holders of those shares will be limited to receiving the proportion (less any tax required by law to be deducted or withheld) of the Basic Redemption Price or the Premium Redemption Price, as applicable, so deposited applicable to those shares, without interest, on presentation and surrender of the certificate or certificates representing the Series 4 Preferred Shares being redeemed. The Company will be entitled to any interest on such deposit.

4. Purchase for Cancellation

(1) Subject to Section 6 and the provisions of applicable securities laws and the rules of the Toronto Stock Exchange, the Company may purchase for cancellation at any time all or from time to time any part of the Series 4 Preferred Shares then

outstanding in the open market at the lowest price or prices at which in the opinion of the Board of Directors such shares are obtainable.

(2) Notwithstanding the foregoing, in the event that Equitable Bank elects and has obtained receipt of all necessary regulatory approvals relating to the purchase for cancellation of any number of Bank Series 4 Preferred Shares for cancellation, then the Company, subject to compliance with applicable law and upon receipt of the notice of Equitable Bank's intention to purchase such shares for cancellation, shall (i) immediately thereafter propose to purchase for cancellation the same number of Series 4 Preferred Shares as the number of Bank Series 4 Preferred Shares that are then proposed to be purchased by Equitable Bank and (ii) tender to Equitable Bank for cancellation the same number of Bank Series 4 Preferred Shares as Series 4 Preferred Shares tendered to and purchased for cancellation by the Company.

5. Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of the Company, the holders of the Series 4 Preferred Shares shall be entitled to receive \$25.00 per Series 4 Preferred Share together with all dividends declared and unpaid to the date of payment before any amount shall be paid or any assets of the Company distributed to the holders of any shares ranking junior to the Series 4 Preferred Shares. After payment of those amounts, the holders of Series 4 Preferred Shares will not be entitled to share in any further distribution of the property or assets of the Company.

6. Restrictions on Dividends and Retirement and Issue of Shares

(1) So long as any of the Series 4 Preferred Shares are outstanding, the Company will not, without the approval of the holders of the Series 4 Preferred Shares:

- (a) pay any dividends (other than stock dividends payable in shares of the Company ranking as to capital and dividends junior to the Series 4 Preferred Shares) on shares of the Company ranking as to dividends junior to the Series 4 Preferred Shares;
- (b) except out of the net cash proceeds of a substantially concurrent issue of shares of the Company ranking as to return of capital and dividends junior to the Series 4 Preferred Shares, redeem or call for redemption, purchase or otherwise pay off, retire or make any return of capital in respect of any shares of the Company ranking as to capital junior to the Series 4 Preferred Shares;
- (c) redeem or call for redemption, purchase, or otherwise pay off or retire for value or make any return of capital in respect of less than all of the Series 4 Preferred Shares then outstanding; or
- (d) except pursuant to any purchase obligation, retraction privilege or mandatory redemption provisions attaching thereto, redeem or call for redemption, purchase or otherwise pay off, retire or make any return of

capital in respect of any Preferred Shares, ranking as to the payment of dividends or return of capital on a parity with the Series 4 Preferred Shares;

unless in each case, all dividends on the Series 4 Preferred Shares then issued and outstanding, up to and including those payable on the dividend payment date for the last completed period for which dividends shall be payable and in respect of which the rights of the holders thereof have not been extinguished, and all dividends then accrued on all other shares ranking prior to or *pari passu* with the Series 4 Preferred Shares, have been declared and paid or set apart for payment.

7. Voting Rights

Subject to applicable law, the holders of the Series 4 Preferred Shares will not be entitled to receive notice of or to attend or to vote at any meeting of the shareholders of the Company (i) except in the event of a proposed change in the business of the Company or Equitable Bank (which for greater certainty shall not include a NVCC Automatic Conversion), including any action such as the issuance of debt or preferred shares that, in the reasonable opinion of the independent members of the Board of Directors (which, for greater certainty, is defined as those directors other than members of Company management), will result in the Company not being able to pay the applicable dividend on any outstanding Series 4 Preferred Shares (a “**Fundamental Change**”) or (ii) unless and until the first time at which the Board of Directors has not declared or paid the whole dividend in any quarter on the Series 4 Preferred Shares at the applicable dividend rate of the share. In the event of (i) above, the holders of the Series 4 Preferred Shares will be entitled to receive notice of, and to attend a meeting of shareholders of the Company entitled to vote on the matter to consider the Fundamental Change and will be entitled to one vote for each Series 4 Preferred Share held. The Company or Bank, as applicable, will not proceed with the Fundamental Change unless a majority of the shareholders voting on the matter and a majority of the holders of the Series 4 Preferred Shares voting on the matter have approved the change. In the event of (ii) above, the holders of the Series 4 Preferred Shares will be entitled to receive notice of, and to attend, meetings of shareholders at which directors are to be elected and will be entitled to one vote for each Series 4 Preferred Share held in the election of directors, voting together with all other shareholders of the Company entitled to vote on such matter. The voting rights of the holders of the Series 4 Preferred Shares under (ii) above shall forthwith cease upon payment by the Company of the first dividend on Series 4 Preferred Shares to which the holders are entitled subsequent to the time such voting rights arose until such time as the Company may again fail to declare or pay the applicable dividend in which event the voting rights set out in (ii) above will become effective again.

In connection with any action to be taken by the Company which requires the approval of the holders of Series 4 Preferred Shares voting as a series or as part of the class, each such share will entitle the holder thereof to one vote.

8. Conversion of Series 4 Preferred Shares

(1) Conversion at the Option of the Holder

- (a) Subject to an Automatic Conversion, holders of Series 4 Preferred Shares shall have the right, at their option, on September 30, 2024 and on September 30 in every fifth year thereafter (a "**Series 4 Conversion Date**"), to convert, subject to the terms and provisions hereof, all or any Series 4 Preferred Shares registered in their name into Series 3 Preferred Shares on the basis of one Series 3 Preferred Share for each Series 4 Preferred Share. The Company shall give notice in writing to the then holders of the Series 4 Preferred Shares of the conversion privilege provided for herein (the "**Conversion Privilege**") and such notice shall (i) set out the applicable Series 4 Conversion Date, (ii) include instructions to such holders as to the method by which such Conversion Privilege may be exercised, as described in this Section 8 and (iii) be given at least 30 days and not more than 60 days prior to the applicable Series 4 Conversion Date. On the 30th day prior to each Series 4 Conversion Date, the Company shall give notice in writing to the then holders of the Series 4 Preferred Shares of the Annual Fixed Dividend Rate determined by the Company for the succeeding Subsequent Fixed Rate Period. Each such notice shall be given by mailing such notice by ordinary unregistered first class prepaid mail to the address of each such holder as it appears on the books of the Company, or if the address of any such holder does not so appear, then to the last known address of such holder.
- (b) If the Company gives notice as provided in Section 3 to the holders of the Series 4 Preferred Shares of the redemption of all the Series 4 Preferred Shares, the Company shall not be required to give notice as provided in this Section 8(1) to the holders of the Series 4 Preferred Shares of an Annual Fixed Dividend Rate or of the Conversion Privilege and the right of any holder of Series 4 Preferred Shares to convert such Series 4 Preferred Shares as herein provided shall cease and terminate in that event.

(2) Automatic Conversion.

- (a) If the Company determines that there would remain outstanding on a Series 4 Conversion Date less than 800,000 Series 4 Preferred Shares, after taking into account all Series 4 Preferred Shares tendered for conversion into Series 3 Preferred Shares and all Series 3 Preferred Shares tendered for conversion into Series 4 Preferred Shares, then, all, but not part, of the remaining outstanding Series 4 Preferred Shares shall automatically be converted into Series 3 Preferred Shares on the basis of one Series 3 Preferred Share for each Series 4 Preferred Share on the applicable Series 4 Conversion Date and the Company shall give notice in writing thereof, in accordance with the provisions of Section 8(1)(a),

mutatis mutandis, to the holders of such remaining Series 4 Preferred Shares at least seven days prior to the Series 4 Conversion Date (an **"Automatic Conversion"**).

- (b) Holders of Series 4 Preferred Shares will not be entitled to convert their shares into Series 3 Preferred Shares, however, if the Company determines that there would remain outstanding on a Series 4 Conversion Date less than 800,000 Series 3 Preferred Shares after having taken into account all Series 4 Preferred Shares tendered for conversion into Series 3 Preferred Shares and all Series 3 Preferred Shares tendered for conversion into Series 4 Preferred Shares. The Company will give notice in writing thereof to all registered holders of the Series 4 Preferred Shares at least seven days prior to the applicable Series 4 Conversion Date.

(3) **Manner of Exercise of Conversion Privilege**

- (a) Subject to the provisions of Section 11, the Conversion Privilege may be exercised by notice in writing (an **"Election Notice"**) given not earlier than 30 days prior to a Series 4 Conversion Date but not later than 5:00 p.m. (Toronto time) on the 15th day preceding a Series 4 Conversion Date during usual business hours at the office of the Transfer Agent of the Company in Toronto, Ontario at which the Series 4 Preferred Shares are transferable accompanied by: (1) payment or evidence of payment of the tax (if any) payable as provided in this Section 8(3); and (2) the certificate or certificates representing the Series 4 Preferred Shares in respect of which the holder thereof desires to exercise the Conversion Privilege with the transfer form on the back thereof or other appropriate stock transfer power of attorney duly endorsed by the holder, or his or her attorney duly authorized in writing; provided that in the Election Notice such holder may also elect to convert part only of the Series 4 Preferred Shares represented by such certificate or certificates not theretofore called for redemption in which event the Company shall issue and deliver or cause to be delivered to such holder, at the expense of the Company, a new certificate representing the Series 4 Preferred Shares represented by such certificate or certificates that have not been converted. Each Election Notice shall be irrevocable once received by the Company or its nominee. If no Election Notice is received by the Company during the required time frame, the Series 4 Preferred Shares will be deemed not to have been converted, except in the case of an Automatic Conversion.
- (b) Subject to the provisions of Section 11, in the event the Company is required to convert all remaining outstanding Series 4 Preferred Shares into Series 3 Preferred Shares on the applicable Series 4 Conversion Date as provided for in Section 8(2) pursuant to an Automatic Conversion, the Series 4 Preferred Shares in respect of which the holders have not previously elected to convert shall be converted on the Series 4 Conversion Date into Series 3 Preferred Shares and the holders thereof

shall be deemed to be holders of Series 4 Preferred Shares at 5:00 p.m. (Toronto time) on the Series 4 Conversion Date and shall be entitled, upon surrender during usual business hours at any office of any transfer agent of the Company at which the Series 4 Preferred Shares were transferable of the certificate or certificates representing Series 4 Preferred Shares not previously surrendered for conversion, to receive a certificate or certificates representing the same number of Series 3 Preferred Shares in the manner and subject to the terms and provisions as provided in this Section 8(3).

- (c) Subject to the provisions of Section 11, as promptly as practicable after the Series 4 Conversion Date, the Company shall issue and deliver, or cause to be delivered to or upon the written order of the holder of the Series 4 Preferred Shares so surrendered, a certificate or certificates, issued in the name of, or in such name or names as may be directed by, such holder representing the number of fully-paid and non-assessable Series 3 Preferred Shares and the number of remaining Series 4 Preferred Shares, if any, to which such holder is entitled. Such conversion shall be deemed to have been made at 5:00 p.m. (Toronto time) on the Series 4 Conversion Date, so that the rights of the holder of such Series 4 Preferred Shares as the holder thereof shall cease at such time and the person or persons entitled to receive Series 3 Preferred Shares upon such conversion shall be treated for all purposes as having become the holder or holders of record of such Series 3 Preferred Shares at such time.
- (d) The holder of any Series 4 Preferred Share on the record date for any dividend declared payable on such share shall be entitled to such dividend notwithstanding that such share is converted into Series 3 Preferred Shares after such record date and on or before the date of the payment of such dividend.
- (e) Subject to the provisions of Section 11, the issuance of certificates for the Series 3 Preferred Shares upon the conversion of Series 4 Preferred Shares shall be made without charge to the converting holders of Series 4 Preferred Shares for any fee or tax in respect of the issuance of such certificates or the Series 3 Preferred Shares represented thereby; provided, however, that the Company shall not be required to pay any tax that may be imposed upon the person or persons to whom such Series 3 Preferred Shares are issued in respect of the issuance of such Series 3 Preferred Shares or the certificate therefor or any security transfer taxes, and the Company shall not be required to issue or deliver a certificate or certificates in a name or names other than that of the holder of the Series 4 Preferred Shares converted unless the person or persons requesting the issuance thereof shall have paid to the Company the amount of any such security transfer tax or shall have established to the satisfaction of the Company that such tax has been paid.

(4) Upon exercise of the Conversion Privilege by a holder of Series 4 Preferred Shares, or upon an Automatic Conversion, pursuant to Section 8(2), of Series 4 Preferred Shares of a holder, whose address is in, or whom the Company or the Transfer Agent has reason to believe is a resident of, the United States of America, its territories or possessions or other jurisdiction (other than Canada), the laws of which would require the Company to comply with the registration, prospectus, filing or other similar requirements under the applicable securities laws of such jurisdiction, the Company reserves the right not to issue Series 3 Preferred Shares to any such holder and in such event, the Company shall notify the holder and such holder shall continue to hold Series 4 Preferred Shares.

(5) **Conversion by Equitable Bank.** Upon conversion of one or more Series 4 Preferred Shares into Series 3 Preferred Shares (including on an Automatic Conversion), the Company shall immediately elect to convert the same number of Bank Series 4 Preferred Shares into Bank Series 3 Preferred Shares on the basis of one Bank Series 4 Preferred Share for each Bank Series 3 Preferred Share.

9. Issue of Additional Shares and Amendments to Series 4 Preferred Shares

(1) **Issue of Additional Shares.** The Company may issue shares of any other series of preferred shares of the Company ranking on a parity with the Series 4 Preferred Shares without authorization of the holders of Series 4 Preferred Shares.

(2) **Amendments to Series 4 Preferred Shares.** The Company will not without, but may from time to time with, the approval of holders of the Series 4 Preferred Shares given as specified in Section 10, delete, amend or vary any of these Series 4 Preferred Shares Provisions.

10. Approval of Holders of Series 4 Preferred Shares

Any approval given by the holders of Series 4 Preferred Shares will be deemed to have been sufficiently given if given by a resolution passed at a meeting of the holders of Series 4 Preferred Shares duly called and held on not less than 21 days' notice at which the holders of at least one-third of the outstanding Series 4 Preferred Shares are present or are represented by proxy and, other than as required by Section 7, carried by the affirmative vote of not less than 66 $\frac{2}{3}$ % of the votes cast at the meeting (an "Extraordinary Resolution"). If at the meeting the holders of at least one-third of the outstanding Series 4 Preferred Shares are not present or represented by proxy within 30 minutes after the time appointed for the meeting, the meeting will be adjourned to such date, not less than 21 days afterwards, and to such time and place as the chairman of the meeting may designate, and not less than 15 days' written notice shall be given of the adjourned meeting. At the adjourned meeting, the holders of Series 4 Preferred Shares present or represented by proxy may transact the business for which the meeting was originally called and an Extraordinary Resolution passed at the adjourned meeting will constitute the approval of the holders of Series 4 Preferred Shares. On every poll taken at any meeting or adjourned meeting, every holder of Series 4 Preferred Shares will be entitled to one vote in respect of each Series 4

Preferred Share held. Subject to the foregoing, the formalities to be observed in respect of the giving of notice of any meeting or adjourned meeting and the conduct of any such meeting will be those from time to time as may be prescribed in the by-laws of the Company with respect to meetings of shareholders or under the OBCA.

11. Registration of Series 4 Preferred Shares and Transfer, Redemption, Purchase and Exchanges Through the Book-Entry System

(1) **Registration.** Subject to Sections 11(2) and (3) and notwithstanding any other provision of these Series 4 Preferred Shares Provisions, the Series 4 Preferred Shares will be represented in the form of an electronic position representing the aggregate number of Series 4 Preferred Shares held by, or on behalf of, the Depository as custodian for the participants (the "**Participants**"), and will be registered in the name of "CDS & Co." (or such other name as the Depository may use from time to time as its nominee name for purposes of the Book-Entry System) and registrations of ownership, transfers, redemptions, purchases, surrenders and exchanges of Series 4 Preferred Shares will be made only through the Book-Entry System to another nominee of the Depository for the Series 4 Preferred Shares or to a successor Depository for the Series 4 Preferred Shares approved by the Company or to a nominee of such successor Depository. Accordingly, subject to Section 11(3), the beneficial owners of Series 4 Preferred Shares will not receive a certificate or other instrument from the Company or the Depository evidencing their ownership of Series 4 Preferred Shares, and beneficial owners will not be shown on the records maintained by the Depository, except through a book-entry account of a Participant acting on behalf of a beneficial owner.

(2) **Depository is Owner of Series 4 Preferred Shares.** For purposes of these Series 4 Preferred Shares Provisions, as long as the Depository, or its nominee, is the registered holder of the Series 4 Preferred Shares:

- (a) the Depository, or its nominee, as the case may be, will be considered the sole owner of the Series 4 Preferred Shares for the purpose of receiving notices or payments on or in respect of the Series 4 Preferred Shares, including payments of dividends or the Cash Redemption Price; and
- (b) the Company, pursuant to the exercise by it of its right to redeem Series 4 Preferred Shares, will deliver or cause to be delivered to the Depository, or its nominee, for the benefit of the beneficial owners of the Series 4 Preferred Shares, the Basic Redemption Price or Premium Redemption Price, as applicable, against delivery, if applicable, to the Company's account with the Depository, or its nominee, of such holder's Series 4 Preferred Shares.

(3) **Termination of Book-Entry System.** If at any time the Company determines or the Depository notifies the Company in writing that the Depository is no longer willing or able to discharge properly its responsibility as depository and, in either case, the Company is unable to determine a qualified successor, or the Company, at its option, elects, or is required by law, to terminate the Book-Entry System, Sections 11(1) and (2)

will no longer be applicable to the Series 4 Preferred Shares. In that case, the Company will execute and deliver certificates for the Series 4 Preferred Shares in definitive registered form equal to the aggregate number of Series 4 Preferred Shares represented by the electronic position in the Book-Entry System. On such exchange, the Transfer Agent will cancel the electronic position. Certificates for Series 4 Preferred Shares in definitive registered form issued in exchange for the electronic position will be registered in such names and in such number of Series 4 Preferred Shares as instructed in writing by the Depository to the Transfer Agent. The Transfer Agent will deliver or cause to be delivered such definitive certificates to the persons in whose names the Depository has so instructed.

12. Notices

(1) **Notice to the Company.** Subject to applicable law, any notice, request or other communication to be given to the Company by a holder of Series 4 Preferred Shares must be in writing and will be valid and effective if given by mail (postage prepaid) or by electronic communication or by delivery to the registered office of the Company and addressed to the attention of the Corporate Secretary. Any such notice, request or other communication, if given by mail, electronic communication or delivery, will be deemed to have been given and received only on actual receipt by the Company.

(2) **Presentation and Surrender of Certificates.** Any presentation and surrender by a holder of Series 4 Preferred Shares to the Company or the Transfer Agent of certificates representing Series 4 Preferred Shares in connection with the redemption of Series 4 Preferred Shares must be made by registered mail (postage prepaid) or by delivery to the registered office of the Company or to such office of the Transfer Agent as may be specified by the Company, in each case addressed to the attention of the Corporate Secretary. Any such presentation and surrender of certificates will be deemed to have been made and to be effective only on actual receipt by the Company or the Transfer Agent, as the case may be. Any such presentation and surrender of certificates made by registered mail will be at the sole risk of the holder mailing the same.

(3) **Notice to Holders of Series 4 Preferred Shares.** Subject to applicable law, any notice, request or other communication to be given to a holder of Series 4 Preferred Shares by or on behalf of the Company must be in writing and will be valid and effective if given by ordinary unregistered first class mail (postage prepaid) or by electronic communication or by delivery to the address of the holder recorded in the securities register of the Company or, in the event of the address of any such holder not being so recorded, then at the last known address of such holder. Any such notice, request or other communication, if given by mail, will be deemed to have been given and received on the fifth Business Day following the date of mailing and, if given by electronic communication or by delivery, will be deemed to have been given and received on the date of electronic communication or delivery. Accidental failure or omission to give any notice, request or other communication to one or more holders of Series 4 Preferred Shares, or any defect in such notice, will not invalidate or otherwise alter or affect any

action or proceeding to be taken by the Company pursuant to that notice, request or other communication.

13. Tax Election

The Company will elect, in the manner and within the time provided under Section 191.2 of the Tax Act or any successor or replacement provision of similar effect, and take all other necessary action under the Tax Act, to pay tax under Part VI. 1 of the Tax Act at a rate such that holders of the Series 4 Preferred Shares will not be required to pay tax on dividends received (or deemed to be received) on the Series 4 Preferred Shares under Section 187.2 of the Tax Act or any successor or replacement provision of similar effect. Nothing in this section will prevent the Company from entering into an agreement with a taxable Canadian corporation with which it is related to transfer all or part of the Company's liability for tax under Section 191.1 of the Tax Act to that taxable Canadian corporation in accordance with Section 191.3 of the Tax Act.

14. Return of Unclaimed Funds to the Company

The Company shall have the right, with respect to any funds deposited by the Company to any chartered Company or trust company in respect of amounts due to holders of Series 4 Preferred Shares, on or after the first anniversary date of the deposit of such funds to any chartered bank or trust company, to require that such chartered bank or trust company return to the Company any funds which remain unclaimed by holders of the Series 4 Preferred Shares. If at any time following the return of the unclaimed funds to the Company, either the Company or the chartered bank or trust company receives a request from a holder of Series 4 Preferred Shares for the holder's unclaimed entitlement to any amount due to the holder in respect of the holder's Series 4 Preferred Shares, the Company shall promptly arrange for the payment of such amount to the holder.

15. Wire or Electronic Transfer of Funds

Notwithstanding any other right, privilege, restriction or condition attaching to the Series 4 Preferred Shares, the Company may, at its option, make any payment due to a holder of Series 4 Preferred Shares hereunder by way of a wire or electronic transfer of funds to each registered holder of Series 4 Preferred Shares. In the event that a payment is made by way of a wire or electronic transfer of funds, the Company shall be responsible for any applicable charges or fees relating to the making of such transfer. As soon as practicable following the determination by the Company that a payment is to be made by way of a wire or electronic transfer of funds, the Company shall notify each registered holder of Series 4 Preferred Shares at the address of such holder as it appears on the books of the Company. Such notice by the Company will request that each registered holder of Series 4 Preferred Shares provide the particulars of an account of such holder with a chartered bank in Canada to which the wire or electronic transfer of funds shall be directed. In the event that the Company does not receive account particulars from a registered holder of Series 4 Preferred Shares prior to the date such payment is to be made, the Company shall deposit the funds otherwise

payable to such holder in a special account in trust for such holders. The making of a payment by way of a wire or electronic transfer of funds or, in the case where a registered holder of the Series 4 Preferred Shares has not provided the Company with account particulars for a wire or electronic transfer of funds, the deposit by the Company of the funds otherwise payable to such holder in a special account in trust for such holders, shall be deemed to constitute payment by the Company on the date thereof and shall satisfy and discharge all liabilities of the Company for such payment to the extent of the amount represented by such transfer.

16. Additional Conditions with Respect to Equitable Bank

(1) As long as any Series 4 Preferred Shares are outstanding, the Company shall continue to own all of the issued and outstanding common and preferred shares of Equitable Bank held by the Company as of July 24, 2014, and the Bank Series 3 Preferred Shares and Bank Series 4 Preferred Shares when issued and converted from time to time, subject to any redemption, cancellation or exchange of the preferred shares in accordance with their terms (collectively, the "**Bank Shares**") and shall not transfer any such Bank Shares without the consent of 66⅔% of the holders of the Series 4 Preferred Shares voting on such matter (an "Extraordinary Resolution").

(2) The Company shall cause Equitable Bank to carry out its obligations under the underwriting agreement dated July 25, 2014 and, provided the Company controls at least 50.1% of the common shares of Equitable Bank, its constating documents.

(3) The Company shall vote all its Bank Series 4 Preferred Shares on any particular matter in accordance with the results of any vote of the holders of the Series 4 Preferred Shares on the matter.

17. Additional Voting Rights with Respect to Equitable Bank

(1) Subject to applicable law, following the redemption by Equitable Bank of all of its outstanding non-cumulative 5-year rate reset preferred shares, Series 1 and non-cumulative floating-rate preferred shares, Series 2, if any, (the "**Bank Series 1 and 2 Shares**") and upon the Additional Voting Rights Amendment becoming effective, the Company shall not vote any of its Bank Series 4 Preferred Shares without the prior consent of the holders of the Series 4 Preferred Shares by Extraordinary Resolution in favour of any of the following changes to the share capital of Equitable Bank, provided that no such consent is required in respect of the Additional Voting Rights Amendment:

- (a) any change that is captured by Section 218 of the Bank Act, except as otherwise modified by Equitable Bank's Capital By-law, as that by-law may be amended to accommodate the voting rights contemplated by Section 6(2) of the share provisions of the Bank Series 4 Preferred Shares (the "**Additional Voting Rights Amendment**"), provided that for this purpose any reference to a class of shares in Section 218 will mean any class or series of shares;

- (b) any change to effect an exchange, reclassification or cancellation of all or part of Bank Series 4 Preferred Shares, other than in accordance with their terms; or
 - (c) any change to create a new class of shares ranking superior to Bank Series 4 Preferred Shares.
- (2) The Company, as sole shareholder of Equitable Bank, shall cause Equitable Bank to effect the Additional Voting Rights Amendment on or immediately after the redemption of the Bank Series 1 and 2 Shares.

6. The amendment has been duly authorized as required by sections 168 and 170 (as applicable) of the *Business Corporations Act*.
La modification a été dûment autorisée conformément aux articles 168 et 170 (selon le cas) de la *Loi sur les sociétés par actions*.
7. The resolution authorizing the amendment was approved by the shareholders/directors (as applicable) of the corporation on
Les actionnaires ou les administrateurs (selon le cas) de la société ont approuvé la résolution autorisant la modification le

2014-07-21

(Year, Month, Day)
(année, mois, jour)

These articles are signed in duplicate.
Les présents statuts sont signés en double exemplaire.

EQUITABLE GROUP INC.

(Print name of corporation from Article 1 on page 1)
(Veuillez écrire le nom de la société de l'article un à la page une).

By/
Par :

(Signature)
(Signature)

Tim Wilson

Chief Financial Officer

(Description of Office)
(Fonction)