

Risk and Capital Committee Mandate

A. PURPOSE

The Risk and Capital Committee (the “Committee”) shall assist the Board of Directors (the “Board”) of Equitable Group Inc. and Equitable Bank (the “Bank”), and any wholly-owned subsidiary of the Bank (collectively, “Equitable”) in overseeing risk management at Equitable, ensuring there are policies, processes and procedures in place to manage the significant risks. The Committee shall also assist the Board in overseeing the adequacy of Equitable’s capital structure and adherence to regulatory capital requirements, including:

- (i) Reviewing and recommending for Board approval the Bank’s Risk Appetite Framework.
- (ii) Reviewing, on an enterprise-wide basis, the significant risks to which the Bank is exposed and assessing whether trends and emerging risks have been identified, measured, mitigated, monitored and reported.
- (iii) Approving Risk Appetite Statements in support of the Risk Appetite Framework.
- (iv) Reviewing the Bank’s risk profile against the approved risk appetite.
- (v) Reviewing the risk management policies, frameworks, processes and controls and monitoring adherence to regulatory requirements.

B. ACCOUNTABILITIES AND RESPONSIBILITIES

The Committee shall have the following responsibilities:

Risk Management

1. Review and recommend for Board approval at least annually the Bank’s Risk Appetite Framework and ensure alignment with the Bank’s strategic plan, risk management policies and compensation program.
2. Review and approve risk appetite statements and related risk control limits on the recommendation of the Chief Risk Officer.
3. Review and approve the significant risk management policies and frameworks developed and implemented to identify, measure, mitigate, monitor and report on the Bank’s significant risks and obtain reasonable assurance that the policies are being adhered to.
4. Receive regular reports, presentations and other information from the Chief Risk Officer on the Bank’s management of its Core risks, risk exposure levels relative to limits, the identification and monitoring of emerging risks to which the Bank is exposed, trends, adherence to risk appetite.
5. Review and monitor the Bank’s risk-based capital requirements and management’s evaluation of the effectiveness of the Bank’s Internal Capital Adequacy Assessment Process and enterprise-wide stress testing results.
6. Review how material exceptions to significant risk management policies and controls are identified, monitored, measured and controlled, monitor remedial actions for material breaches of policies or controls, and approve or ratify any exception to policy as considered appropriate.
7. Review at least biennially and approve the mandates of the Enterprise Risk Management (“ERM”) Committee, the Asset Liability Committee, and the sub-committee established to assist in the oversight of credit risk.

8. Review the risk impact of new business initiatives, products, services and delivery channels ensuring consistency with the Bank's Risk Appetite Framework.
9. Review and approve or recommend for Board approval the delegation of risk and credit limits for the Credit Risk Sub-Committee and management.
10. Review reports on the amount, nature, characteristics, concentration and quality of the Bank's credit portfolio, significant credit exposures, and trends in portfolio quality (credit and position risk), market risk, liquidity risk and other risk information.
11. Oversee the promotion of a sound risk-aware culture throughout the Bank.
12. Review reports from management on market risk exposures and performance against approved limits, and market risk stress testing results.
13. Review regular liquidity risk reports including management's assessment of adequate liquidity levels of and review and recommend for Board approval the liquidity contingency plan.
14. Review reports from the Chief Risk Officer regarding the Bank's ongoing activities to enhance its fraud resilient processes and controls related to the prevention, identification and detection of fraud.
15. Review on a regular basis, management's assessment of information technology risk and governance activities, including cyber security, data security, infrastructure services, IT outsourcing and material deficiencies.
16. Review annually the Bank's material outsourcing arrangements and the adequacy and effectiveness of the outsourcing program.
17. Review, in collaboration with the Human Resources and Compensation Committee, the alignment of the Bank's compensation program and practices with the Bank's risk appetite and the Financial Stability Board compensation principles.
18. Review and recommend for approval by the Board capital issuances and redemptions.
19. Review and recommend for Board approval the Bank's insurance program and limits of insurance, including corporate liability protection programs for directors and officers.
20. Review reports from Internal Audit on the appropriateness and effectiveness of Bank's procedures and controls to manage significant risks, and Internal Audit's independent assessment of significant risk-related issues and follow up on any outstanding issues.
21. Review and approve the decision-making process, policies and approaches that have been developed or undertaken by senior management relative to the Bank's Recovery Planning.

Risk Management Function

1. Review the organizational structure of the Risk Management function and approve the function's budget and resources.
2. Review and approve at least annually the mandate of the Chief Risk Officer. Ensure the position has unfettered access and a functional reporting line to the Committee.
3. Approve the appointment or dismissal of the Chief Risk Officer.

4. Annually assess the performance of the Chief Risk Officer and provide the results to the Chief Executive Officer as input into the compensation approval process.
5. Meet with the Chief Risk Officer without management present at the end of each meeting.
6. Periodically engage an independent third party to assess the effectiveness and independence of the Risk Management function, review the results of that assessment and management's action plan, and report the results to the Board.
7. Monitor's management's progress in remedying any deficiencies identified and report to the Board on the progress of any necessary corrective actions.

Other

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

C. MEMBERSHIP

1. The Committee shall consist of a minimum of four independent directors as defined in applicable laws, rules and regulations and as determined pursuant to the Director Independence Standards approved by the Board.
2. Each Committee member should have a sufficient understanding of issues related to risk management of financial institutions or related business experience, or be willing to acquire the necessary knowledge within a reasonable period of time.
3. Committee members are appointed annually by the Board upon the recommendation of the Governance and Nominating Committee, and such appointments shall take effect immediately following the annual meeting of shareholders. Members shall hold office until their successors are appointed, or until they cease to be Directors of Equitable.

D. VACANCIES

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

E. CHAIR AND SECRETARY

1. The Board shall appoint from the Committee membership, a Chair for the Committee who shall preside at all meetings. In the absence of the appointed Chair, Committee members may appoint a Chair from the members present to preside at that meeting. The Chair shall work with management to develop the Committee's meeting agendas and annual work-plan.
2. The Committee Chair must have all of the qualifications for Committee membership, including risk management or related business experience.
3. The Corporate Secretary, or his or her designate, shall act as Secretary of all meetings of the Committee and shall record and maintain minutes of all meetings of the Committee and subsequently present them to the Committee for approval.

F. MEETINGS AND QUORUM

1. The Committee shall meet at least four times annually or more frequently as circumstances dictate. Meetings shall be convened at such times, places and in such a manner as determined by the Committee Chair.
2. Meetings of the Committee may be called by the Chair or by any two Committee members. Members may participate in meetings in person or by telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate adequately with each other. A member participating by such means is deemed to be present at that meeting.
3. All non-management directors who are not members of the Committee have a standing invitation to attend meetings of the Committee but may not vote. In addition, the Committee may invite any director, officer or employee or any other person to attend meetings to assist the Committee with its deliberations.
4. Notice of the meeting shall be sent to each Committee member in writing or by telephone or electronic means, at least 24 hours before the time and date set for the meeting, at the members' contact information recorded with the Corporate Secretary. A member may in any manner waive notice of a meeting and attendance at a meeting is a waiver of notice of the meeting, except where a member attends for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not properly called.
5. Quorum for a meeting shall be a majority of the Committee members, subject to a minimum of two members.
6. The Committee may designate a sub-committee to review any matter within the Committee's mandate.
7. A resolution in writing signed by all Committee members shall be as valid as if it had been passed at a meeting of the Committee.
8. Matters decided by the Committee shall be by majority vote.
9. The Committee shall meet at the beginning and/or at the end of each regularly scheduled meeting with only members of the Committee and/or the Chair of the Board present.

G. REPORT TO THE BOARD

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

H. ACCESS TO MANAGEMENT

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

* * * * *

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