

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.