



Mandate of the Board of Directors

CANADIAN WESTERN BANK

Approved May 28, 2019





1.0 Introduction

The Board's primary responsibilities are to approve and oversee items essential to prudential oversight of the Bank, such as strategy, risk appetite, capital plans and key policies, and to provide challenge, advice and guidance to senior management of the Bank, in its discretion. The Board has plenary power and exercises overall accountability for the management and supervision of the affairs of the Bank.

2.0 General Duties

It is the duty of the directors of the Bank to oversee the management of the business and affairs of the Bank. Every director shall act honestly and in good faith with a view to the best interests of the Bank and exercise the care, diligence and skill that a reasonably prudent person would exercise in similar circumstances. Each director shall also comply with the provisions of the *Bank Act* (the "Act"), the regulations under the Act and the by-laws of the Bank. The Board may establish from time to time various committees of the Board to perform certain functions on behalf of the Board. The Board shall establish a mandate for itself and review it annually.

3.0 Board Size and Criteria

The Board shall consist of at least seven and not more than 25 directors. A majority of the Board must be resident Canadians at the time of election or appointment. A majority of the Board shall be independent within the meaning of Multilateral Instrument 52-110 *Audit Committees*. A director is not eligible to be nominated as a director or stand for election or re-election to the Board if the director will be 75 years old at the Bank's annual general meeting.

4.0 Board Meetings

For the Board to transact business, a majority of the directors must be present and a majority of those directors present must be resident Canadians. The Board shall meet at least once each quarter and shall schedule a sufficient number of meetings (whether in person or by teleconference) to carry out its mandate. The Board shall have an *in camera* session at each Board meeting with only independent directors present. The Board shall also have regular *in camera* sessions with the heads of the oversight functions.

5.0 Board Committees

The Board may establish committees of the Board to assist the Board in executing its duties. Currently, the Board has established the Audit Committee, the Governance and Conduct Review Committee, the Human Resources Committee and the Risk Committee.

6.0 Reports from Board Committees

Unless waived by the Board, the Chair of each of the Audit Committee, the Governance and Conduct Review Committee, the Human Resources Committee and the Risk Committee shall provide a verbal report to the Board on material matters considered by such committee at the next Board meeting after the Committee's meeting.



7.0 Chair

The Board shall appoint a Chair of the Board who shall have responsibility to ensure that the Board discharges its duties and responsibilities. The Chair of the Board shall be an independent director. The Board, together with the Chair of the Board, shall annually review and adopt a mandate for the Chair of the Board.

8.0 Outside Advisors

The Board has the authority to retain and fix the remuneration of, at the Bank's expense, independent advisors and consultants to advise the Board as it determines necessary to carry out its duties. The Board may request any officer or employee of the Bank, or the Bank's internal or external auditors or legal counsel to attend a meeting of the Board or to meet with any advisors of, or consultants to, the Board.

9.0 Governance

The Board of Directors has responsibility to determine the Bank's approach to governance issues, based on recommendations and reports from the Governance and Conduct Review Committee, including ethical conduct. The Board may delegate specific governance issues to other committees of the Board. The Board is responsible for establishing appropriate procedures to ensure that the Board, Board committees and individual directors can function independently of management.

10.0 Duties and Responsibilities

The Board has responsibility for stewardship of the Bank, including the responsibility to:

- 10.1 establish an audit committee and a conduct review committee to perform the duties of such committees as set out in the Act;
- 10.2 to the extent feasible, satisfy itself as to the integrity of the Chief Executive Officer (the "CEO") and other executive officers (as defined in National Instrument 51-102 Continuous Disclosure Obligations) and that the CEO and other executive officers create a culture of integrity throughout the organization;
- 10.3 adopt a strategic planning process and approve, on at least an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of the business;
- 10.4 review and approve the annual business plan and financial operation budget, including capital expenditures;
- 10.5 approve divestitures, acquisitions and financial commitments of \$10 million or more;
- 10.6 ensure an independent audit/inspection function is in place to monitor the effectiveness of organizational and procedural controls;
- 10.7 review and disclose, no less than annually, measures for receiving feedback from stakeholders
- 10.8 determine the content and frequency of management reports;
- 10.9 approve the management proxy circular;
- 10.10 review and approve, no less than annually, the mandate of the Board and each Board Committee;



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- 10.11 with the assistance of the Risk Committee,
 - 10.11.1 approve the Risk Management Framework Policy and the Risk Appetite Framework Policy for CWB Financial Group;
 - 10.11.2 approve the appointment or removal of the Chief Risk Officer;
 - 10.11.3 approve the internal capital adequacy assessment process (ICAAP);
 - 10.11.4 approve, at least annually, the target internal capital ratios and the capital plan;
 - 10.11.5 establish investment and lending policies, standards and procedures in accordance with the Act;
 - 10.11.6 approve capital issuances and redemptions including any redemption or other acquisition of shares issued by the Bank and the payment of any commission on a share issue;
 - 10.11.7 approve, at least annually, the insurance program and limits of insurance;
 - 10.11.8 approve, at least annually, lending limits for the Bank, a Loan Adjudication Panel, the CWB Financial Group Credit Risk Committee, and the President and CEO of the Bank; and
 - 10.11.9 declare a dividend;
 - 10.12 with the assistance of the Audit Committee,
 - 10.12.1 oversee and approve the Bank's internal control framework and management information systems and review the effectiveness of such controls and systems;
 - 10.12.2 approve the Bank's annual financial statements and specific reports prior to submission to the Office of the Superintendent of Financial Institutions;
 - 10.12.3 approve the annual audited financial statements, Management's Discussion and Analysis ("MD&A"), annual information form and other annual public documents of the Bank;
 - 10.12.4 approve the quarterly reports to the shareholders, including the unaudited interim quarterly statements and the quarterly MD&A;
 - 10.12.5 recommend appointment of external auditors to the shareholders and approve the remuneration of the external auditors;
 - 10.12.6 approve the appointment or removal of the Chief Financial Officer and Chief Internal Auditor; and
 - 10.12.7 review any recommendations from regulators or the external auditors respecting their assessment of the effectiveness of the internal controls that come to their attention in the conduct of their work;
 - 10.13 with the assistance of the Governance and Conduct Review Committee,
 - 10.13.1 develop the Bank's approach to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to the Bank and review the effectiveness of such principles and guidelines;



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- 10.13.2 establish, and monitor compliance with, procedures to resolve conflicts of interest, including techniques for the identification of potential conflict situations and for restricting the use of confidential information;
 - 10.13.3 establish, and monitor compliance with, procedures to provide disclosure of information to customers of the Bank that is required to be disclosed by the Act and for dealing with complaints as required by the Act;
 - 10.13.4 annually approve director remuneration and expense reimbursement;
 - 10.13.5 annually recommend to the shareholders the nominees for directors; and
 - 10.13.6 periodically review the results of the skills and competency evaluation process conducted by the Governance and Conduct Review Committee for each director;
- 10.14 with the assistance of the Human Resources Committee,
- 10.14.1 oversee succession planning (including appointing, training and monitoring senior management);
 - 10.14.2 review and approve the employment and appointment of the CEO and the Executive Vice Presidents and the compensation structure and level of compensation for the CEO;
 - 10.14.3 develop a position description and objectives of the Bank for the CEO which, together with other Board approved policies and practices, should provide for a definition of the limits to management's responsibilities; and
 - 10.14.4 ensure the performance of the CEO is evaluated at least annually.