

CANADIAN WESTERN BANK
MANDATE OF THE BOARD OF DIRECTORS

1.0 Introduction

The Board's primary responsibility is to oversee the management of the business and to pursue the best interests of the Bank. The Board has plenary power and exercises overall responsibility for the management and supervision of the affairs of the Bank.

2.0 Board Size and Criteria

The Board shall consist of at least seven and not more than 25 directors, a majority of whom must be resident Canadians at the time of election or appointment, and no more than 15% may be employees of the Bank or a subsidiary of the Bank. A majority of the directors of the Board shall be independent within the meaning of Multilateral Instrument 52-110 *Audit Committees*. If a person will have reached the age of 75 years at the time of the election of the Board, he or she is not eligible to be nominated as a director or stand for election or re-election.

3.0 Board Meetings

In order for the Board to transact business, a majority of the directors must be present and a majority of those present must be resident Canadians. The Board shall meet on a regular basis and shall schedule a sufficient number of meetings (whether in person or by teleconference) to carry out its mandate, which shall occur at least once each quarter. 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 risk and compliance functions.

4.0 Reports from Committees/Subsidiaries

Unless waived by the Board, the Chair of each of the Audit Committee, the Governance 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 first Board meeting after the committee's meeting.

5.0 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.

6.0 Outside Advisors

The Board shall have the authority to retain, at the Bank's expense, independent advisors and consultants to advise the Board as it determines necessary to carry out its duties and to fix the

remuneration of such advisors and consultants. 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 directors of, or consultants to, the Board.

7.0 Governance

The Board of Directors has responsibility for developing the Bank's approach to governance issues although the Governance Committee plays a key role by recommending and reporting on governance issues, including ethical conduct, to the Board. The Board may delegate specific governance issues to other committees of the Board. The Board is responsible for establishing the appropriate procedures to ensure that the Board, Board committees and individual directors can function independently of management.

8.0 General Duties

It is the duty of the directors of the Bank to manage, or supervise the management of, the business and affairs of the Bank. In exercising his or her duties, 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.

9.0 Statutory Responsibilities Contained in the *Bank Act*

The Board shall comply with the requirements under the Act including, but not limited to, the following:

- 9.1 establish an audit committee and a conduct review committee to perform the duties of such committees as set out in the Act;
- 9.2 establish procedures to resolve conflicts of interest, including techniques for the identification of potential conflict situations and for restricting the use of confidential information, and designate a committee of the Board to monitor such procedures;
- 9.3 establish 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, and designate a committee of the Board to monitor such procedures and satisfy itself that they are being adhered to by the Bank;
- 9.4 establish investment and lending policies, standards and procedures in accordance with the Act;
- 9.5 approve the Bank's annual statement and specific reports prior to submission to the Superintendent of Financial Institutions; and

- 9.6 approve, when required, related party transactions in accordance with Part XI of the Act and establish policies and procedures and oversee reporting with respect to related party transactions.

10.0 Duties and Responsibilities

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

- 10.1 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;
- 10.2 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;
- 10.3 review and approve the annual business plan and financial operation budget, including capital expenditures;
- 10.4 approve divestitures, acquisitions and financial commitments of \$10 million or more;
- 10.5 ensure an independent audit/inspection function is in place to monitor the effectiveness of organizational and procedural controls;
- 10.6 review and disclose, no less than annually, measures for receiving feedback from stakeholders;
- 10.7 determine the content and frequency of management reports;
- 10.8 approve the management proxy circular;
- 10.9 review and approve, no less than annually, the mandate of the Board and each Board Committee;
- 10.10 with the assistance of the Risk Committee,
 - 10.10.1 approve the Risk Management Framework Policy for CWB Financial Group and the Risk Appetite Framework Policy;
 - 10.10.2 approve the appointment or removal of the Chief Risk Officer;
 - 10.10.3 approve the internal capital adequacy assessment process (ICAAP);

- 10.10.4 approve, at least annually, the target internal capital ratios and the capital plan;
- 10.10.5 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;
- 10.10.6 approve, at least annually, the insurance program and limits of insurance;
- 10.10.7 approve, at least annually, lending limits for the Bank, Canadian Western Trust Company, a Loan Adjudication Panel, the CWB Financial Group Credit Risk Committee, and the President and CEO of the Bank; and
- 10.10.8 declare a dividend;
- 10.11 with the assistance of the Audit Committee,
 - 10.11.1 oversee and approve the Bank's internal control framework and management information systems and review the effectiveness of such controls and systems;
 - 10.11.2 approve the annual audited financial statements, Management's Discussion and Analysis ("MD&A"), annual information form and other annual public documents of the Bank;
 - 10.11.3 approve the quarterly reports to the shareholders, including the unaudited interim quarterly statements and the quarterly MD&A;
 - 10.11.4 recommend appointment of external auditors to the shareholders and approve the remuneration of the external auditors;
 - 10.11.5 approve the appointment or removal of the Chief Financial Officer and Chief Internal Auditor; and
 - 10.11.6 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;
- 10.12 with the assistance of the Governance Committee,
 - 10.12.1 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;

- 10.12.2 annually approve director fees and benefits;
- 10.12.3 annually recommend to the shareholders the nominees for directors; and
- 10.12.4 annually review the results of the skills and competency evaluation process conducted by the Governance Committee for each director;
- 10.13 with the assistance of the Human Resources Committee,
 - 10.13.1 oversee succession planning (including appointing, training and monitoring senior management);
 - 10.13.2 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;
 - 10.13.3 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
 - 10.13.4 ensure the performance of the CEO is evaluated at least annually.

This mandate was last reviewed and approved by the Board on June 6, 2018.