



CANADIAN WESTERN BANK

Mandate of the Audit Committee

Approved August 27, 2020

1.0 Purpose of the Committee

The purpose of the Committee is to assist the Board of Directors (the **Board**) of Canadian Western Bank (the **Bank**) fulfill its oversight responsibilities relating to the:

- 1.1 integrity of the financial statements, other financial information and certain disclosure documents provided by the Bank to its shareholders, the public and others;
- 1.2 qualifications and independence of the external auditors;
- 1.3 performance of the Bank's internal and external auditors; and
- 1.4 adequacy of the Bank's internal controls.

Management of the Bank is responsible for the preparation, presentation and integrity of the financial statements and for maintaining appropriate accounting and financial reporting principles, policies, and internal controls and procedures designed to ensure compliance with accounting standards and applicable laws and regulations. The external auditor is responsible for planning and carrying out, in accordance with professional standards, an audit of the Bank's annual financial statements and a review of the Bank's quarterly financial information. The Committee does not conduct audits or determine that the financial statements of the Bank are complete, accurate and in accordance with International Financial Reporting Standards.

2.0 Organization of the Committee

The Board will annually (and from time to time) appoint at least three independent directors to form the Committee. The Board will appoint one Committee member to act as the Chair of the Committee. Each Committee member will satisfy the independence, financial literacy and experience requirements of all applicable regulatory requirements (including Multilateral Instrument 52-110 Audit Committees) and one Committee member will be considered a financial expert, as such qualifications are interpreted by the Board in the exercise of its sound business judgment.

3.0 Meetings of the Committee

For the Committee to transact business, a majority of the Committee must be present and a majority of directors present must be resident Canadians. The Committee will meet at least once a quarter and will schedule a sufficient number of meetings (by any means reasonable in the circumstances) to carry out its mandate. Any member of the Committee, or the external auditors, may call a meeting. The Committee will have an *in camera* session at each meeting with only independent directors present. At least quarterly, the Committee will meet with each of the Chief Financial Officer, the Chief Internal Auditor, and the external auditors without other management present and with management, without the external auditors, to consider any relevant matters. The Chair, or in his or her absence another member of the Committee, will preside at each meeting of the Committee.

4.0 Reporting to the Board

The Committee will report after each meeting to the Board about its activities and make recommendations as it deems desirable in the circumstances.

5.0 Outside Advisors

The Committee has the authority to retain and set the remuneration of, at the Bank's expense, independent advisors and consultants to support the Committee as it determines necessary to carry out its duties. The Committee 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 Committee or to meet with any advisors of, or consultants to, the Committee.

6.0 Duties and Responsibilities of the Committee

The Committee acts as the Audit Committee for the Bank and each of its federally regulated financial institutions.

The Committee is responsible to, in addition to other duties the Board may assign it:

- 6.1 recommend to the Board the position description and appointment of the Chief Financial Officer (**CFO**) (jointly with the Human Resources Committee) and the Chief Internal Auditor;
- 6.2 review the performance assessments of the CFO and the Chief Internal Auditor (**CIA**);
- 6.3 approve the resource plan for the Finance Function and the Internal Audit Function, the mandate of the Finance Function, and the Internal Audit Charter and plan;
- 6.4 review the effectiveness and independence of the Finance Function and the Internal Audit Function;
- 6.5 recommend to the Board the appointment, terms of engagement and remuneration of the external auditors;
- 6.6 approve the external auditors' audit plan and scope;
- 6.7 consider the independence of external auditors, quality of the annual External Audit, effectiveness of the external auditor and the periodic comprehensive review of audit quality;
- 6.8 review the establishment and monitoring of audit quality indicators. Report to the Board on the effectiveness of the external audit, including any quality issues raised by the Canadian Public Accountability Board;
- 6.9 meet with the external auditors to discuss the annual and interim financial results and the returns referred to within this mandate;
- 6.10 review and approve non-audit services to be provided by the external auditors, for all but *de minimus* engagements, to ensure independence of the external auditors, and the hiring of partners, senior employees and former partners and senior employees of the present and former external auditors of CWB Financial Group;
- 6.11 review and approve all services, not already addressed, to be provided by the external auditors for any entity within CWB Financial Group, including non-federally regulated subsidiaries. The Committee may delegate to one or more Committee members the authority to grant approval of such services, provided the decision of such members is reported to the full Committee at its next meeting;
- 6.12 review significant estimates and judgments made by management that impact the annual and quarterly financial statements through discussions with management and the external auditor;

- 6.13 oversee the resolution of disagreements between management and the external auditors regarding financial reporting;
- 6.14 recommend to the Board the interim report to shareholders, including the news/earnings release, interim quarterly financial statements, and interim Management's Discussion and Analysis (**MD&A**), and report and make a recommendation thereon to the Board;
- 6.15 recommend to the Board the Bank's annual filings, including the news/earnings release, annual audited financial statements, annual MD&A, Annual Information Form (**AIF**) and any other documents and information that are incorporated by reference in the AIF of the Bank, and report and make a recommendation thereon to the Board;
- 6.16 recommend to the respective Boards, the audited financial statements of the Bank's federally regulated financial institutions;
- 6.17 approve the Disclosure Controls and Procedures and recommend to the Board the Internal Controls Framework;
- 6.18 periodically review and assess the adequacy of management's procedures for the review of financial information extracted or derived from the financial statements that will be publicly disclosed and has not otherwise been reviewed by the Committee;
- 6.19 review returns of the Bank as the Office of the Superintendent of Financial Institutions may specify;
- 6.20 review investments and transactions that could adversely affect the well-being of the Bank as the external auditors or any officer of the Bank may bring to the attention of the Committee;
- 6.21 receive a quarterly report of complaints, including confidential, anonymous submissions regarding accounting, internal accounting controls, auditing matters or fraud and receive reports of all such complaints; and
- 6.22 recommend to the Board the Committee mandate.