CANADIAN WESTERN BANK

Mandate of the Risk 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 oversight of risk management at CWB Financial Group (being the Bank and each of its subsidiaries in each jurisdiction it carries on business) ensuring the:

1.1 establishment and management of the Risk Management Framework (codified in the Risk Management Framework Policy), the Risk Appetite Statements (codified in the Risk Appetite Framework Policy), and specific risk metrics;

1.2 development of risk management policies, frameworks, standards, guidelines and procedures aligned with the risk appetite established by the Board;

1.3 development of risk management strategies; and

1.4 monitoring and reporting of emerging and emerged risks.

2.0 Organization of the Committee

The Board will annually (and from time to time) appoint at least four independent directors to form the Committee. The Board will appoint one Committee member to act as the Chair of the Committee.

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 may call a meeting. At least quarterly, the Committee will meet with the Chief Risk Officer without other management present. The Chair, or in the Chair's 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 advise 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 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 Risk Officer (jointly with the Human Resources Committee);

6.2 review the performance assessment of the Chief Risk Officer;

6.3 approve the resource plan and mandate for the Enterprise Risk Management Function;

6.4 review the effectiveness and independence of the Enterprise Risk Management Function;

6.5 recommend to the Board the Risk Management Framework Policy and the Risk Appetite Framework Policy;

6.6 review the risk-based expected credit loss estimation for IFRS-9;

6.7 recommend to the Board the:

- 6.7.1 lending limits for the Bank, Canadian Western Trust Company, Loan Adjudication Panel, CWB Financial Group Credit Risk Committee and the President & Chief Executive Officer of the Bank;
- 6.7.2 insurance coverage;
- 6.7.3 internal capital adequacy assessment process (ICAAP);
- 6.7.4 capital plan and internal capital ratios;
- 6.7.5 dividend declarations; and
- 6.7.6 capital issuances or redemptions;

6.8 approve the Liquidity and Funding Risk Appetite and Policy, the IRRBB Risk Appetite and Policy, the Capital Management Risk Appetite and Policy, the Credit Risk Appetite and Policy, the Operational Risk Appetite and Policy;

6.9 approve the material risk takers;

6.10 approve the Recovery Plan;

6.11 review reports of the Chief Risk Officer, first and second line risk leaders of the risk verticals and the Chief Internal Auditor;

6.12 review reports on optimal risk strategies as well as the potential impact of risk issues on the execution of business and strategic plans, economic capital, earnings at risk and other risk based portfolio metrics, emerged and emerging risks, stress testing and scenario analysis, profitability, credit losses, risk exposures against the risk appetite, credit risk including unsatisfactory loans, structural market and liquidity risk, operational risk including data governance , model risk management, cyber and technology risk, fraud risk, regulatory compliance risk, capital at risk and any meetings with external stakeholders including the regulators and rating agencies; and

6.13 recommend to the Board the Committee mandate.

7.0 Delegation to Loan Adjudication Panel

Any three directors, as determined between the Panel Chair and the Senior Vice President, Credit Risk Management, may from time to time constitute a Loan Adjudication Panel, with the power to:

7.1 deal with credit applications which are in excess of the lending limit for the Group Credit Risk Committee but within the limits of a Loan Adjudication Panel;

7.2 deal with loans to a foreign country or which are guaranteed by a foreign country; and

7.3 make recommendations to the Board for credit applications in excess of the lending limits approved by the Board for a Loan Adjudication Panel.