



CANADIAN WESTERN BANK

Mandate of the Audit Committee

Approved August 29, 2024

1.0 Purpose of the Committee

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

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

Management of CWB 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 CWB's annual financial statements and a review of CWB's quarterly financial information. The Committee does not conduct audits or determine that the financial statements of CWB 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 at least 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, 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 (**CFO**), the Chief Internal Auditor (**CIA**), 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 independent advisors and consultants the Committee determines necessary to carry out its duties. The Committee may request any officer or employee of CWB, or CWB's internal or external auditors or legal counsel, to attend a meeting of the Committee or to meet with any advisors or consultants to the Committee.

6.0 Duties and Responsibilities of the Committee

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

The Committee is responsible to:

- 6.1 recommend to the Board the appointment, employment or termination of the CFO (jointly with the Human Resources Committee) and the CIA;
- 6.2 review the performance assessments of the CFO and the 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 approve the performance objectives, the plan, scope and results of external quality assessments, including the action plan to address any identified deficiencies, and review the effectiveness and independence of the Internal Audit function;
- 6.5 review the effectiveness and independence of the Finance function;
- 6.6 recommend to the Board the appointment, terms of engagement and remuneration of the external auditors;
- 6.7 approve the external auditors' audit plan and scope;
- 6.8 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;
- 6.9 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;
- 6.10 meet with the external auditors to discuss the annual and interim financial results and the returns referred to within this mandate;
- 6.11 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 or any of its subsidiaries (**CWB Financial Group**);
- 6.12 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;

- 6.13 review significant estimates and judgments made by management that impact the annual and quarterly financial statements through discussions with management and the external auditor;
- 6.14 oversee the resolution of disagreements between management and the external auditors regarding financial reporting;
- 6.15 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;
- 6.16 recommend to the Board CWB'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 CWB, and report and make a recommendation thereon to the Board;
- 6.17 recommend to the respective Boards, the audited financial statements of CWB's federally regulated financial institution subsidiaries;
- 6.18 review the results of the testing of the design and operating effectiveness of CWB's Disclosure Controls and Procedures and Internal Controls over Financial Reporting and recommend to the Board the Internal Controls Framework;
- 6.19 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;
- 6.20 review disclosures related to material environmental, social and governance (ESG) factors incorporated into the annual audited financial statements, annual MD&A and AIF;
- 6.21 review returns of CWB as the Office of the Superintendent of Financial Institutions may specify;
- 6.22 review investments and transactions that could adversely affect the well-being of CWB as the external auditors or any officer of CWB may bring to the attention of the Committee;
- 6.23 receive all complaints regarding accounting, internal accounting controls or auditing matters, including confidential, anonymous complaints, and receive a quarterly report regarding any such complaints;
- 6.24 recommend the Committee mandate to the Board; and
- 6.25 complete other duties the Board may assign.