



# CANADIAN WESTERN BANK

## Mandate of the Risk 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 risk management including:

- 1.1 establish and manage the Enterprise Risk Management Policy, the Risk Appetite Statements (codified in the Enterprise Risk Appetite Policy), and specific risk metrics;
- 1.2 develop risk management policies, frameworks, standards and procedures aligned with the risk appetite established by the Board;
- 1.3 develop risk management strategies; and
- 1.4 monitor 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, 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 (**CRO**) 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 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 is responsible to:

- 6.1 recommend to the Board the appointment, employment or termination of the CRO (jointly with the Human Resources Committee);
- 6.2 review the performance assessment of the CRO;
- 6.3 approve the resource plan and mandate for the Group Risk Management function;
- 6.4 review the effectiveness and independence of the Group Risk Management function;
- 6.5 review the IFRS-9 risk-based expected credit loss estimate;
- 6.6 recommend to the Board the:
  - 6.6.1 Enterprise Risk Management Policy and Enterprise Risk Appetite Policy;
  - 6.6.2 insurance coverage;
  - 6.6.3 internal capital adequacy assessment process (ICAAP);
  - 6.6.4 capital plan and internal capital ratios;
  - 6.6.5 dividend declarations; and
  - 6.6.6 capital issuances or redemptions;
- 6.7 approve the lending limits for CWB and Canadian Western Trust Company, including limits for Loan Adjudication Panel, Group Credit Risk Committee, the President & Chief Executive Officer and CRO;
- 6.8 approve Risk Management Policies including the Liquidity Risk Policy, the Market Risk Management Policy, the Capital Risk Management Policy, the Credit Risk Management Policy, the Model Risk Management Policy, the Enterprise Data Risk Management Policy and the Operational Risk Management Policy;
- 6.9 approve the list of senior managers and other material risk takers;
- 6.10 approve the Recovery Plan;
- 6.11 review reports of the CRO, first and second line teams of each of the risk categories and of the Chief Internal Auditor;
- 6.12 oversee the continued integration of material environmental, social and governance (ESG) factors within the Group Risk Management framework;
- 6.13 review reports on risk management strategies across financial and non-financial risk functions, including emerged and emerging risks, stress testing and scenario analysis, and risk exposures against the risk appetite, and any meetings with external stakeholders including the regulators and rating agencies;
- 6.14 provide input to the Human Resources Committee's annual review of the Bank's performance against the Enterprise Risk Appetite Statement and strength of Internal Control environment prior to the Human Resources Committee determining year-end compensation;
- 6.15 recommend the Committee mandate to the Board; and
- 6.16 complete other duties the Board may assign.

## 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 review and adjudicate 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 review and adjudicate 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 Risk Committee for a Loan Adjudication Panel.