

MANDATE OF THE RISK OVERSIGHT COMMITTEE

BOARD REVIEWED: March 4, 2025

BOARD APPROVED: March 4, 2025

Purpose

The Risk Oversight Committee is responsible for assisting the Bank's Board of Directors (the "Board") in its oversight of credit, liquidity, market, regulatory compliance and reputational at the Bank and ensuring that management has in place policies, processes and procedures to manage against these risks to which the Bank is exposed. The Committee will review the Bank's top risks identified by Bank management, will review actions taken to ensure a sound and consistent risk profile and ensure that the Board of Directors' and Board Committees' risk oversight covers the Bank's seven pillars of risk as defined in the Bank's Enterprise Risk Management Framework.

Organization of the Risk Oversight Committee

The Risk Oversight Committee shall be comprised of not less than three directors, one of whom shall serve as the Chair of the Committee. The Risk Oversight Committee shall be composed entirely of independent and unaffiliated directors^{i ii}.

Meetings of the Risk Oversight Committee

In order for the Committee to transact business, a majority of the members of the Committee must be present. The Committee shall meet at least once each quarter and shall schedule a sufficient number of meetings (whether in person or by teleconference) to carry out its mandate.

There shall be an in-camera session at each quarterly Committee meeting with only independent directors present.

Committee members are expected to devote the appropriate amount of time necessary to review meeting materials such that they are able to engage in informed discussion and make informed decisions.

Reporting to the Board

The Committee shall present a verbal summary report of matters discussed at each of its meetings at the next following meeting of the Board of Directors with respect to its activities with such recommendations as are deemed desirable in the circumstances. In addition, the Committee may call a meeting of the Board of Directors to consider any matter that is of concern to the Committee.

Resources and Authority

The Risk Oversight Committee has the authority to engage and compensate any outside advisor that is determined to be necessary to permit them to carry out these duties, provided such compensation does not exceed \$10,000 in any fiscal year. Should the compensation of an outside advisor exceed \$10,000 in any fiscal year the prior approval of the Board will be required.

Duties and Responsibilities of the Risk Oversight Committee

The members of the Risk Oversight Committee are charged with the following duties:

1. Credit Risk

- a) Provide concurrence with management on credits as required by the Credit Facilities Approval Policies.
- b) Ensure the Bank has appropriate and prudent policies on the areas and types of credit, both on and off-balance sheet, in which the Bank is willing to engage.
- c) Review management's assessment of asset quality and asset quality trends, credit quality administration and underwriting standards, and the effectiveness of portfolio credit risk management systems and processes to enable management to monitor and control credit risk.
- d) Ensure that procedures and controls for managing credit risk are in place, including:
 - i) Defined and prudent levels of decision-making authority for approving credit exposures;
 - ii) An effective assessment and rating system for credit risk;
 - iii) An ongoing, appropriate and effective process for managing credit exposures that warrant special attention;
 - iv) An effective and consistent expected credit loss methodology; and
 - v) Review quarterly, management's assessment of the appropriateness of the expected credit loss allowance.

2. Liquidity and Market Risk

- a) Review and recommend to the Board asset/liability policies and activities, including those relating to interest rate sensitivity, market risk, and liquidity.
- b) Review interest rate sensitivity, liquidity, market risk and investment portfolio position reports for compliance with approved policies.

- c) Review management's assessment of liquidity processes and the processes to enable management to monitor and control market risks, liquidity, funding needs, diversity of deposit sources, deposit type, deposit maturity and currency of deposits.

3. Regulatory Compliance

- a) Oversee the management of regulatory compliance risk for the Bank.
- b) Ensure the appointment of a Chief Compliance Officer ("CCO") who is independent of operational management.
- c) The Committee shall have unfettered access to the CCO.
- d) Be satisfied that the CCO has the necessary resources to carry out compliance responsibilities.
- e) Be satisfied that the Committee is receiving from the CCO the information required to perform its oversight responsibilities.
- f) Review and recommend to the Board for approval the Regulatory Compliance Management ("RCM") Framework for the Bank and any changes to the Framework.
- g) At least annually, conduct a review of the RCM Framework and associated procedures.
- h) Review, at least quarterly, compliance reports from the CCO, which reports identify instances of material non-compliance and remedial actions taken with respect to identified instances of material non-compliance or control weaknesses.
- i) Review quarterly reports from the CCO regarding threats stemming from suspected undue influence, foreign interference, and malicious activity should be promptly detected and reported on OSFI's Integrity and Security Guideline ("Principle 10").
- j) At least annually, review an enterprise-wide report of compliance with respect to Principle 10 as part of the annual Regulatory Compliance Management reporting from the CCO.
- k) Review an Inherent Risk Assessment of the Bank's exposure to integrity and security risk with respect to Principle 10, at least every three years.
- l) Understand material regulatory compliance risks that the Bank is exposed to.

- m) Receive an opinion from the CCO at least annually as to whether the Bank is in compliance with applicable regulatory requirements Bank-wide.
- n) Receive an opinion from the CCO at least annually on the adequacy of, adherence to and effectiveness of the Bank's day-to-day controls.
- o) Regularly assess the effectiveness of compliance oversight at the Bank.
- p) Direct and follow-up on improvements in each of the areas listed above, as necessary.
- q) Receive information from the CCO that allows the Board to determine whether the Bank is operating within its tolerance for regulatory compliance risk.
- r) Annually, review the mandate of the CCO and evaluate the effectiveness of the CCO and contribute to his or her Annual Performance Appraisal.
- s) Meet with the CCO in-camera at least bi-annually.

4. Legal Compliance

- a) Review significant litigation and legal matters.

5. Enterprise Risk Management

- a) Regularly, but at least annually, review and recommend to the Board the Bank's Risk Appetite Framework.
- b) Regularly, but at least annually, review the Bank's Enterprise Risk Management Policy.
- c) Regularly, but at least annually review and recommend to the Board the Bank's Enterprise Risk Management Framework and the Risk Magnitude Scale used by management to monitor risk levels and the effectiveness of the Risk Management Processes.
- d) Review and recommend to the Board policies that establish Risk Tolerances as set forth in the Risk Appetite Framework.
- e) Review periodic reports related to management's assessment of the Bank's risk management performance relative to the Risk Appetite Framework, and any other reports used by management to assess and discuss the risks faced by the Bank.
- f) Report to the Board on at least a quarterly basis regarding the Bank's top risks.

- g) Evaluate annually the adequacy of the risk management function, including the background and experience of key senior risk officers, staffing adequacy, and the independence and authority of the risk management function.
- h) The Committee shall have unfettered access to the Chief Risk Officer.
- i) Annually, review the mandate of the Chief Risk Officer and evaluate the effectiveness of the Chief Risk Officer and contribute to his or her Annual Performance Appraisal.
- j) Meet with the Chief Risk Officer in-camera at least quarterly.

6. Internal Controls

- a) The Risk Oversight Committee is to review periodic reports from management on internal control environment decisions related to control elements contained within this mandate, and such other materials as the Committee may request.

7. Other Duties

- a) Regarding matters falling under the Mandate of the Risk Oversight Committee, be aware of increased reputational risk to the Bank which can potentially impact the Bank's image in the community or lower public confidence in it, resulting in the loss of business, legal action or increased regulatory oversight.
- b) Review regulatory reviews regarding matters falling under the Mandate of the Risk Oversight Committee and the status of management's responses to any noted issues.
- c) On an annual basis review the policies relating to matters falling under the Mandate of the Risk Oversight Committee and report to the Board of Directors.
- d) Perform other activities related to the Mandate as requested by the Board of Directors.
- e) Confirm annually to the Board of Directors that all responsibilities outlined in the Mandate have been carried out.
- f) Taking into account the recommendation of the Conduct Review, Governance, and Human Resources Committee, elect and approve the Chair of the Risk Oversight Committee.

HISTORIC BOARD APPROVALS

February 26, 1997, June 7, 1999; August 19, 1999, April 26, 2000; July 25, 2000, February 27, 2002; June 27, 2002 (effective August 1, 2002); March 4, 2003, June 2, 2003; October 26, 2011;

June 6, 2012, June 5, 2013; October 30, 2013; October 29, 2014; October 28, 2015; May 30, 2017; November 28, 2017; May 29, 2018; October 24, 2018; February 26, 2019; June 6, 2023

ⁱ A Director is independent if he or she meets the independence criteria as set out in the Bank's Director Independence Policy.

ⁱⁱ If the death, disability or resignation of a member has resulted in a vacancy of the Committee that the Board is required to fill, a Committee member appointed to fill such vacancy is exempt from the requirement for a period ending on the later of the next annual meeting and the date that is six months from the day the vacancy was created, so long as the Board has determined that a reliance on this exemption will not materially adversely affect the ability of the Committee to act independently and to satisfy its other requirements.