

LAURENTIAN BANK OF CANADA
MANDATE OF THE AUDIT COMMITTEE

1. Purpose of the Audit Committee

The Audit Committee (in this mandate, also referred to as the “Committee”) has been established by the Board of Directors (the “Board”) in order, broadly, to review the adequacy and effectiveness of the work carried out by Laurentian Bank of Canada’s (the “Bank”) external auditor relating to:

- (i) management’s preparation and presentation of Bank financial statements,
- (ii) Bank accounting and financial reporting principles, and
- (iii) Bank internal controls.

The Committee also assists the Board in its supervision of financial oversight matters, including financial statement integrity; external auditor qualifications; internal audit and compliance requirements; and communication and disclosure of financial information.

Committee members are mindful of the importance of environmental, social and governance principles adopted and managed by the Bank and their application to the duties of the Committee.

Reference in this mandate to “external auditor” means the Bank’s external auditor.

The Committee reviews its mandate as required, but in any event no less than annually.

2. Appointment, Membership, Financial Literacy and Independence

The Committee must consist of no less than three directors.

At the Board meeting following each annual meeting of shareholders (the “Annual Meeting”), the Board appoints Committee members and, from among them, the chair of the Committee (the “Committee Chair”). No Committee member can be an employee or officer of the Bank or any of its subsidiaries; in addition, a majority of the members cannot be affiliated with the Bank. All Committee members must meet the independence requirements established by the Board and must be “financially literate” as that term is defined under *National Instrument 52-110 – Audit Committees*.

Unless they are replaced earlier by the Board, Committee members remain in office until the next Annual Meeting.

3. Compensation

Compensation for Committee members is set by the Board from time to time and may consist of a base fee, deferred compensation units, or a mix of both.

4. Meetings

The Committee meets no less than four times a year following the end of each financial quarter.

Committee meetings may also be held without notice (provided the members waive such notice) and, subject to minimum quarterly meeting requirements set out above, as often as Committee members deem appropriate and at a location determined by them.

Each of the Committee Chair, the external auditor and the Bank's the President and Chief Executive Officer, the Bank's Chief Financial Officer, and the Bank's Senior Vice President, Internal Audit can call for a meeting to be held.

The external auditor will receive notice of, and must attend, all regular quarterly Committee meetings. The external auditor will also receive notice of, be invited to, and may attend, any other meeting of the Committee.

5. Quorum

Committee meeting quorum is no less than a majority of the members. Where a Committee member has left for a portion of a meeting due to a conflict of interest, the member will nonetheless be considered to have been present for that meeting.

6. Chair

The Committee Chair chairs Committee meetings. In the Committee Chair's absence from a meeting, the members present may elect a chair from among themselves for the entire, or a portion of a, meeting.

7. Procedure

Procedure for Committee meetings is the same as that applied for Board meetings.

8. Powers of the Committee

The Committee may:

- (a) call a meeting of directors;
- (b) communicate or meet privately with any officer or employee of the Bank, as well as with its internal or external auditors;
- (c) invite to any Committee meeting any director, officer or employee of the Bank or such other person as it deems appropriate in order to carry out its responsibilities, and may also exclude from any Committee meeting any person it deems appropriate in order to carry out its responsibilities; and
- (d) call on the services of independent third-party advisors subject to the requirements of applicable Bank policy regarding their retainer.

9. Secretary

The Bank's Corporate Secretary or any other officer designated by the President and Chief Executive Officer of the Bank carries out corporate secretarial duties for the Committee and Committee Chair.

10. Duties

The Committee fulfills the following statutory and Board-delegated duties:

10.1 Oversight

Oversight of the external auditor

- 10.1.1 Recommending the appointment or removal of the external auditor to the Board.

- 10.1.2 Reviewing the external auditor's suitability, competency, independence, performance and sufficiency of its audit-assigned resources; reviewing and, if applicable, approving the scope and other matters set out in the letter of engagement; and recommending external auditor compensation to the Board.
- 10.1.3 Reviewing the competency and independence of the external auditor's partner charged with responsibility for the Bank's account, and reviewing the timing of any periodic rotation of that partner.
- 10.1.4 Approving any external audit plan and ensuring its scope is appropriate.
- 10.1.5 Approving the oversight policy of the external auditor.
- 10.1.6 Approving the external auditor's services policy regarding the hiring of partners, employees and former partners and employees of external auditors.
- 10.1.7 Determining from time to time whether a comprehensive evaluation of the external auditor is required.
- 10.1.8 Disclosing to the Board results of the external auditor's annual evaluation, as well as the processes and criteria used to arrive at that evaluation.

Oversight of financial reporting

- 10.1.9 Overseeing the integrity and quality of financial statements and the prudence and appropriateness of the Bank's accounting practices.
- 10.1.10 Reviewing with the external auditor the quality of financial statements, including whether they fairly present the Bank's financial situation, results, and cash flows.
- 10.1.11 Reviewing with Bank's management and the external auditor the audit results, financial statements and related documents (including management's discussion and analysis), audit report and any concerns of the external auditor relating the audit in general.
- 10.1.12 Meeting with the external auditor (without the presence of Bank management) to understand all issues arising from meetings between the external auditor and management in the course of an audit and how those issues were or are to be resolved, as well as determining which Bank-used accounting practices are appropriate to address issues.
- 10.1.13 Reviewing, following the Bank's annual audit but no less than annually, the external auditor's recommendation letter (and subsequent follow-up letters or correspondence), reviewing significant changes to accounting practices, and reviewing main value judgments on which the financial reports are based and how these reports are drafted.
- 10.1.14 Reviewing the annual and interim financial statements, results and related press releases and management discussion and analysis (or such other reports as may be required under relevant law from time to time), the relevant portions of the annual information form, as well as any public statement or document required by regulatory authorities prior to publication by the Bank, and recommending adoption of all such documents by the Board.
- 10.1.15 Reviewing Bank-issued securities offering documents, including prospectuses.

- 10.1.16 Reviewing all investments, transactions and conditions determined by the external auditor (or the Bank's internal auditor or other officer of the Bank), as being not satisfactory and requiring rectification under Section 328 of the *Bank Act* (Canada), and meeting with the external auditor to discuss them.
- 10.1.17 Recommending the declaration of dividends to the Board and reviewing any related press release.
- 10.1.18 Reviewing the annual financial statements of each Bank subsidiary supervised by the federal Office of the Superintendent of Financial Institutions and recommending their adoption by the Board.
- 10.1.19 If applicable, reviewing and approving tax transfers between the Bank and its subsidiaries.
- 10.1.20 Reviewing and approving financial statements of any pension plans provided by the Bank for its employees.

Oversight of the Bank's internal audit function

- 10.1.21 Approving the internal audit charter.
- 10.1.22 Approving the selection of the Bank's Senior Vice President, Internal Audit, and ensuring that officer's suitability and independence.
- 10.1.23 Ensuring that internal audit activities are accorded the necessary organizational importance, degree of independence and visibility, and ensuring periodic review of those activities.
- 10.1.24 Approving the internal audit plan and ensuring the appropriateness of its scope, its risk approach, and that it addresses major areas of concern and that it is reviewed with appropriate frequency.
- 10.1.25 Discussing material findings of and recommendations from the internal audit with the Bank's Senior Vice President, Internal Audit, and following up on them.
- 10.1.26 Periodically reviewing the performance of the Bank's Senior Vice President, Internal Audit.

Oversight of internal controls

- 10.1.27 Ensuring that management implements appropriate internal controls and management information systems and reviewing, assessing, approving and ensuring the integrity and effectiveness of those systems, as required under any related certification by Bank officers under relevant law.
- 10.1.28 Meeting with the external auditor, the officer in charge of internal audits and management to discuss the effectiveness of implemented internal controls and management information systems together with any measures taken to rectify any material weaknesses and deficiencies.
- 10.1.29 Ensuring that management implements procedures regarding the receipt, retention and handling of complaints received about accounting, and audit controls, including anonymous employee submissions regarding questionable accounting or audit matters.

- 10.1.30 Approving any policy regarding the handling of complaints and comments about suspicious accounting activities and ensuring adherence to that policy.

Oversight of requirements of regulatory authorities

- 10.1.31 Where applicable, meeting with applicable Bank regulatory authorities to discuss findings and recommendations, and following up on them with Bank management.

Oversight of financial information in environmental, social and governance disclosure

- 10.1.32 Recommending to the Board approval of any financial information contained in any report or other disclosure required of or adopted by the Bank regarding its environmental, social and governance principles, including climate-related financial disclosure.

10.2 Communication and Disclosure

- 10.2.1 Approving any other Bank shareholder and stakeholder communications which includes financial information derived or excerpted from the Bank's financial statements.
- 10.2.2 Ensuring that adequate procedures are in place to review the public disclosure and communication of financial information excerpted or derived from financial statements.
- 10.2.3 Recommending to the Board the approval of any financial information disclosure policy and ensuring policy adherence.

11. Reporting

The Committee reports to the Board on its activities (i) verbally at any Board meeting which normally follows a Committee meeting, and (ii) through presentation to the Board, for review, of any Committee-approved minutes of a Committee meeting.

12. Delegation

The Committee may, at its discretion, designate one member, or a sub-committee comprised of several members, to review and report back to the Committee on any matter raised by a Committee member or during a Committee meeting.

13. Policies

The Committee reviews, and if applicable, approves those policies identified by the Board as reviewable or approvable by the Committee.

This mandate should be read together with other Bank policies and internal documents to ensure (i) an understanding of the Bank's overall governance framework and (ii) a consistent application of procedural requirements including, without limitation, the Bank's *Whistleblower Policy*.

Approved by the Board of Directors of the Bank as of August 31, 2021