



MANDATE OF THE RISK MANAGEMENT COMMITTEE

1. Establishment

The Risk Management Committee (the “Committee”) is constituted by the Bank’s Board of Directors in order to support it in exercising its oversight functions.

The Committee reviews its mandate annually.

2. Appointment and Membership

The Committee consists of at least three directors.

At the Board meeting that follows the annual meeting of shareholders, the Board of Directors appoints the directors who make up the Committee and its Chair. The Committee shall be formed of members who are not employees or officers of the Bank or a subsidiary and a majority of whom are not affiliated with the Bank.

Unless they are replaced in the interim by decision of the Board, the Committee members shall remain in office until the Board meeting that follows the next annual meeting of shareholders.

3. Compensation

Committee members receive the compensation for their services established by resolution of the Board.

4. Meetings

The Committee meets at least once every quarter.

Committee meetings may be held without notice (provided the members waive such notice) as often as the members deem appropriate and at the location determined by them.

The external auditor receives notice of, and may attend, Committee meetings.

5. Quorum

Quorum at Committee meetings shall be constituted by a majority of the members.

6. Chair

As designated by the Board of Directors, the Committee Chair chairs the Committee meetings. In the Chair’s absence, the members present may elect a Chair pro tempore from among themselves.

7. Procedure

The procedure for Committee meetings shall be the same as that for meetings of the Board of Directors.

8. Powers of the Committee

In carrying out its mandate, if it deems appropriate, 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 and/or external auditors;
- (c) call on the services of external resources independent of the Bank and determine and pay the related fees in compliance with the Board's policy regarding the use of external advisors.

9. Secretary

The Secretary of the Bank or any other officer designated by the President of the Bank shall carry out the duties of the secretary with respect to the Committee's mandate and those assigned by the Committee Chair.

10. Functions

The Committee fulfills its statutory obligations in matters of conduct review and exercises the following functions delegated by the Board, as well as any other functions that may be delegated to it by the Board from time to time:

10.1 Oversight Functions

With respect to risk management:

- 10.1.1 Ensure that Management identifies the organization's principal risks and implements systems to measure and adequately manage them, and ensure the integrity and effectiveness of such systems.
- 10.1.2 Approve the risk appetite and recommend the approval of the Risk Appetite and Management framework to the Board.
- 10.1.3 Approve or recommend the approval of other policies that form an integral part of the risk management framework to the Board (except those which are the responsibility of another Committee), and ensure they are respected (see Appendix).
- 10.1.4 Approve the selection of the officer in charge of risk management and ensure his/her competence and independence.
- 10.1.5 Approve the risk management function's mandate and objectives.
- 10.1.6 Ensure that risk management activities have a sufficient degree of independence, status and visibility, as well as that they are subject to periodic reviews.

- 10.1.7 Discuss his/her material findings and recommendations with the officer in charge of risk management and follow up thereon.
- 10.1.8 Ensure that Management establishes investment and lending policies, standards and procedures in accordance with Section 465 of the *Bank Act* and ensure that they are respected.
- 10.1.9 Review and, if applicable, approve loans and advances that, under the terms of credit policies, are the Committee's responsibility, and examine the quality of the loan portfolio and adequacy of allowances for loan losses.
- 10.1.10 Ensure that Management adopts a process to determine the appropriate capital level for the Bank based on assumed risks.
- 10.1.11 Approve the Code of Ethics and Privacy Code for the Protection of Personal Information applicable to officers and employees, and ensure that they are respected.
- 10.1.12 Ensure that Management implements mechanisms for resolving conflicts of interest, including measures to trace potential sources of such conflicts and restrict the use of confidential information, and oversee the application of these mechanisms.
- 10.1.13 Ensure that Management establishes mechanisms for communicating to the Bank's clients the information that must be disclosed to them, as well as procedures for dealing with complaints by clients required to be established under Subsection 455 (1) of the *Bank Act*, including the complaint investigation procedure, and supervise the application of these mechanisms.
- 10.1.14 Receive the ombudsman's report.
- 10.1.15 Review and, if applicable, recommend to the Board the delegation of general signature powers to the Bank's officers and approve the delegation of specific signature powers to certain officers and employees.
- 10.1.16 Meet with regulatory authorities, discuss their findings and recommendations, and follow up thereon.

With respect to regulatory risk management:

- 10.1.17 Recommend that the Board approve the regulatory risk management policy and ensure that it is respected.
- 10.1.18 Approve the money laundering and terrorist financing policy and ensure that it is respected.
- 10.1.19 Approve the selection of the officer in charge of regulatory risk management and ensure his/her competence and independence.
- 10.1.20 Ensure that regulatory risk management activities have a sufficient degree of independence, status and visibility, and that they are subject to periodic reviews.

- 10.1.21 Discuss his/her material findings and recommendations with the officer in charge of regulatory risk management and follow up thereon.

With respect to compensation:

- 10.1.22 In collaboration with the Human Resources and Corporate Governance Committee, annually review the alignment of the Bank's compensation, performance and risk with the compensation principles and standards of the Financial Stability Board.

10.2 Review Functions

- 10.2.1 Ensure that Management establishes mechanisms for complying with Part XI of the *Bank Act*.
- 10.2.2 Review these procedures and their effectiveness.
- 10.2.3 Review practices to ensure that any transactions with related parties that may have a material effect on the stability or solvency of the Bank are identified.
- 10.2.4 Review and, if applicable, approve the transactions referred to in Part XI of the *Bank Act* as required.
- 10.2.5 Report on the Committee's review activities to the Superintendent of Financial Institutions on behalf of the Board.

11. Policies

The Committee reviews and, if applicable, approves the policies listed in the Appendix.

12. Reporting

The Committee reports on its activities to the Board of Directors verbally at the Board meeting that normally follows the Committee meeting, and in writing at the subsequent Board meeting.

The Committee also reports yearly on its activities to shareholders during the course of the annual shareholders' meeting.

[Submitted to and approved by the Board of Directors on November 6, 2014]

APPENDIX

List of Policies, Plans, Procedures and Codes which form an integral part of the Risk Appetite and Management Framework

<i>Policies</i>	<i>Owners ⁽¹⁾</i>
1. Risk Appetite and Management Framework	Risk Management
2. Regulatory Risk Management Policy	Legal Affairs, Regulatory Risk Management and Corporate Secretary's Office
3. Treasury and Capital Markets Risk Management Policy	Risk Management
4. Capital Management and Adequacy Policy	Risk Management
5. Credit Policies	Credit
6. Operational Risk Management Policy	Risk Management
7. Outsourcing Risk Management Policy	Risk Management
8. Information Security Management Policy	Information Technology
9. Personal Information Protection Policy	Information Technology
10. Professional Responsibility Risk Management Policy	Legal Affairs, Regulatory Risk Management and Corporate Secretary's Office
11. Change Approval Policy	Finance & Control
12. Cost of Funds Transfer Pricing Management Policy	Finance & Control
13. Collateral Management Policy	Risk Management
14. Money Laundering and Terrorist Financing Policy	Legal Affairs, Regulatory Risk Management and Corporate Secretary's Office
15. Reputation Risk Management Policy	Risk Management
16. Business Continuity Management Policy	Risk Management
17. Management Policy on Gross Income Distribution for Regulatory Capital	Risk Management
18. Financial Instruments Fair Valuation Policy	Risk Management
19. Policy on Insiders and Prohibited Transactions on Bank Securities	Legal Affairs, Regulatory Risk Management and Corporate Secretary's Office
20. Capital Plan	Corporate Treasury
21. Liquidity Contingency Plan	Corporate Treasury
22. Complaint Management Procedures	Client Experience
23. Codes of Conduct	Legal Affairs, Regulatory Risk Management and Corporate Secretary's Office
24. Privacy Code for the Protection of Personal Information	Legal Affairs, Regulatory Risk Management and Corporate Secretary's Office

(1) The owner of a policy is responsible for its revision, supervision and application.