



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 annual meeting of shareholders.

3. Compensation

For their services, Committee members receive the compensation 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

The Committee Chair, as designated by the Board of Directors, chairs the Committee meetings. In the Chair's absence, the members present may elect from their number a Chair pro tempore.

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, the Committee, if it deems appropriate, may:

- (a) call a meeting of directors;
- (b) communicate with or meet privately with any officer or employee of the Bank as well as with its internal and/or external auditors; and
- (c) call on the services of resources external to and independent of the Bank and determine and pay the related fees in compliance with the policy of the Board of Directors 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, with respect to the Committee's mandate, the duties of the secretary and those assigned by the Committee Chair.

10. Functions

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

10.1 Oversight Functions

- 10.1.1 assure itself that Management identifies the business's principal risks and implements systems to enable to measure and adequately manage them and assure itself of the integrity and effectiveness of such systems;
- 10.1.2 review and, if appropriate, approve the overall risk philosophy and risk tolerance of the institution and recommend that the Board approve the policy on the integrated risk management framework;
- 10.1.3 review and, if appropriate, approve the other policies that form an integral part of the integrated risk management framework (except those which are the responsibility of another committee) and assure itself of their respect (see appendix);
- 10.1.4 approve the selection of the officer in charge of integrated risk management and assure itself of his/her competence, independence and the adequacy of his/her resources and of his/her compensation and review and, if appropriate, approve his/her mandate and objectives;
- 10.1.5 assure itself that the integrated risk management activities have a sufficient degree of independence, sufficient status and visibility and that they are subject to periodic reviews;

- 10.1.6 discuss with the officer in charge of integrated risk management his/her material findings and recommendations and follow up thereon;
- 10.1.7 assure itself that Management establishes investment and lending policies, standards and procedures, in accordance with section 465 of the *Bank Act* and assure itself of their respect;
- 10.1.8 review and, if appropriate, approve loans and advances which under the credit policies are the responsibility of the Committee and examine the quality of the loan portfolio and the adequacy of allowances for loan losses;
- 10.1.9 assure itself that Management adopts a process to determine the appropriate capital level for the Bank based on assumed risks;
- 10.1.10 review and, if appropriate, approve the Code of Ethics and Privacy Code applicable to officers and employees and assure itself of their respect;
- 10.1.11 assure itself that Management implements mechanisms for resolving conflicts of interest, including measures to trace potential sources of such conflicts and to restrain the use of confidential information and oversee the application of such mechanisms;
- 10.1.12 assure itself that Management establishes mechanisms for communicating to the Bank's clients the information that must be disclosed under the *Bank Act* 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 such mechanisms;
- 10.1.13 receive the report of the ombudsman;
- 10.1.14 review and, if appropriate, 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;
- 10.1.15 meet with regulatory authorities, discuss their findings and recommendations and follow up thereon.

10.2 Conduct Review Functions

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

10.3 Compliance Functions

- 10.3.1 review and, if appropriate, recommend that the Board approve the compliance policy and assure itself of its respect;
- 10.3.2 review and, if appropriate, approve the money laundering and terrorist financing policy and assure itself of its respect;
- 10.3.3 approve the selection of the officer in charge of compliance and assure itself of his/her competence, independence and the adequacy of his/her resources and of his/her compensation;
- 10.3.4 assure itself that the compliance activities have a sufficient degree of independence, sufficient status and visibility and that they are subject to periodic reviews;
- 10.3.5 discuss with the officer in charge of compliance his/her material findings and recommendations and follow up thereon;

10.4 Compensation Functions

- 10.4.1 monitor annually, in collaboration with the Human Resources and Corporate Governance Committee, the links between the compensation, the performance and the risk and the Bank's alignment with the remuneration standards and principles issued by the Financial Stability Board;
- 10.4.2 receive on an annual basis, the analysis of the links between the compensation, the performance and the risk related to the compensation program of the Bank prepared by the Senior Vice-President, Integrated Risk Management and the Senior Vice-President, Human Resources.

11. 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 the shareholders in the course of the annual shareholders' meeting.

[Submitted and approved by the Board of Directors on September 2, 2010]

APPENDIX

List of policies, plans, procedures and codes to be approved by the Risk Management Committee

<i>Policies</i>	<i>Owners ⁽¹⁾</i>
1. Regulatory Risk Management Policy	Legal Affairs
2. Treasury Risk Management Policy	Integrated Risk Management
3. Capital Management and Adequacy Policy	Integrated Risk Management
4. Credit Policies	Credit
5. Operational Risk Management Policy	Integrated Risk Management
6. Outsourcing Risk Management Policy	Integrated Risk Management
7. Information Security Management Policy	Security Directorate of Information Technology
8. Personal Information Protection Policy	Security Directorate of Information Technology
9. Policy on Integrated Risk Management Framework	Integrated Risk Management
10. Professional Responsibility Risk Management Policy	Legal Affairs
11. Change Approval Policy	Finance & Control
12. General Allowances for Credit Risk Policy	Corporate Accounting and Credit
13. Cost of Funds Transfer Pricing Management Policy	Finance & Control
14. Pledging Management Policy	Integrated Risk Management
15. Money Laundering and Terrorist Financing Policy	Legal Affairs
16. Financial Information Disclosure Policy	Legal Affairs
17. Policy on the Handling of Complaints and Comments About Suspicious Accounting and Audit-Related Activities	Legal Affairs
18. Reputation Risk Management Policy	Integrated Risk Management
19. Business Continuity Management Policy	Integrated Risk Management
20. Management Policy on Gross Income Distribution for Regulatory Capital	Integrated Risk Management
21. Financial Instruments Fair Valuations Policy	Integrated Risk Management
22. Policy on Insiders and Prohibited Transactions on Bank Securities	Legal Affairs
23. Capital Plan	Treasury
24. Liquidity Contingency Plan	Treasury
25. Complaint Investigation Procedures (SFAP)	Marketing
26. Codes of Conduct (Employees/Service Providers)	Legal Affairs
27. Privacy Code for the Protection of Personal Information	Legal Affairs

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