

Audit Committee Mandate

Purpose

To establish the authority, role and accountability of the Audit Committee (the “Audit Committee”) of Street Capital Group Inc. (“Street Capital”) and of Street Capital Bank of Canada (“Street Capital Bank”), and its affiliated entities (collectively referred to as the “Company”).

The Audit Committee has overall responsibility for performing the duties for Street Capital Group as set out in the *Business Corporations Act* (Ontario) (the “OBCA”). The Audit Committee has overall responsibility for performing the duties for Street Capital Bank as set out in the *Bank Act* (the “Act”).

The Audit Committee will assist the Board of Directors (the “Board”) in fulfilling its oversight responsibilities in relation to:

- The integrity of the Company’s financial statements and financial reporting process
- The integrity of the Company’s systems of internal accounting and financial controls
- The internal and external auditing, including the qualifications and independence of the outside auditor and the performance of the Company’s internal audit services function
- Fraud risk management
- Whistleblowing procedures
- Other Audit Committee functions set forth in this mandate

Membership and Organization

Membership

The composition and organization of the Audit Committee, including the number, qualifications and remuneration of committee members, the number of meetings, Canadian residency requirements, quorum requirements, meeting procedures and notices of meetings as are established by applicable legislation and the by-laws of the Company.

The Audit Committee will consist of at least three independent directors appointed by the Board. The Board may at any time remove or replace any member of the Audit Committee at its discretion. A member of the Audit Committee ceases to be a member upon either his/her resignation or removal from the Audit Committee or upon ceasing to be a director of the Board.

The Board will appoint a member of the Audit Committee as its Chair annually. Members of the Audit Committee will be financially literate and will have relevant financial industry and risk management expertise to enable them to fully understand the risks undertaken by Street Capital. At least one member of the Committee will have financial and accounting expertise consistent with criteria established by the Board. In making such determination of expertise, the Board will review the individual’s executive, professional, educational, or regulatory experience in financial, auditing, accounting, or banking matters.

Independence

“Independence” is a core principle of the Company’s governance policies and procedures. In the context of its governance policies and procedures, with a small Board and management structure, the Company understands “demonstrable independence” as a quality that is demonstrated through practices and behaviours, and not necessarily defined by employment relationships or affiliations. Where independence requirements are defined by statute or rule, such as in respect of Board composition, the statutory requirement is observed.

Meetings, Attendance and Preparation

The Audit Committee will meet no less than four times during each financial year. A quorum of the Audit Committee shall consist of a majority of the Directors, and a majority of Directors participating in any meeting shall be resident Canadians. Members of the Audit Committee are expected to attend meetings of the committee and to review related meeting materials in advance.

Directors may participate in meetings in person or by telephone or other electronic means. A Director participating by such means is deemed to be present at that meeting.

The Committee may invite such persons as deemed appropriate to attend its meetings and to take part in the discussions and considerations of the affairs of the Committee.

Minutes of Committee meetings shall be recorded and maintained by the Corporate Secretary or his/her designate and subsequently presented to the Committee for approval.

Responsibilities and Duties

Financial Reports

The Audit Committee is responsible for reviewing the integrity of Street Capital’s financial statements and disclosures. In this regard, the Audit Committee will:

1. review the quarterly unaudited and annual audited financial statements of Street Capital, the external auditor’s report thereon (in the case of audited reports) and the related management’s discussion and analysis of Street Capital’s financial condition and operations, to determine whether they fairly reflect, in all material respects and in accordance with Canadian generally accepted accounting principles, the financial condition, operations and cash flows of Street Capital
2. review the quarterly unaudited and annual audited financial statements of Street Capital Bank, the external auditor’s report thereon (in the case of audited reports) to determine whether they fairly reflect, in all material respects and in accordance with Canadian generally accepted accounting principles, the accounting and disclosure requirements of the Office of the Superintendent of Financial Institutions (“OSFI”), the financial condition, operations and cash flows of Street Capital Bank
3. upon completion of the review in item (1) and (2) above, recommend for Board approval the interim unaudited and annual consolidated audited financial statements of Street Capital and Street Capital Bank
4. review critical accounting and other significant estimates and judgments underlying the financial statements as presented by management
5. meet periodically with management, with the Chief Internal Auditor and the external auditor in separate executive sessions to review the financial statements and have such other direct and independent

- interaction with such persons from time to time as the members of the Audit Committee deem appropriate
6. review any audit report and the external auditor's report
 7. review such investments and transactions that could adversely affect the well-being of the Company as the auditor or auditors or any officer of the Company may bring to the attention of the Audit Committee
 8. review management's report on the effectiveness of internal control over financial reporting
 9. oversee the credit risk provisioning program by reviewing and monitoring the reports generated and actions taken and/or recommended by the Chief Financial Officer and Chief Risk Officer
 10. report on the financial performance against plan, and the Company's performance against key performance indicators to the Board on a quarterly basis
 11. keep abreast of recent developments in financial reporting and regulatory actions
 12. engage independent counsel or other advisors, as necessary, and set the compensation for any advisors
 13. examine and consider such other matters related to the above duties as directed by the Board or as the Audit Committee, in its discretion, determine to be desirable

External Auditor

The Audit Committee will be responsible for overseeing the work of the external auditor, which will report directly to the Audit Committee. In this regard, the Audit Committee will:

1. recommend the appointment, reappointment, removal and remuneration of the Company's external auditor, subject to approval of the Board and shareholders
2. review and agree to the scope and terms of the external auditor's engagement and approve the engagement letter prior to it being signed
3. at least annually, report to the Board on the effectiveness of the external auditor, which review will evaluate the external auditor's qualifications, performance, fees and independence, including a review and evaluation of the lead audit partner
4. obtain from the external auditor a formal written declaration of all relationships between the external auditor and the Company, which will include confirmation that the external auditor is independent within the meaning of the Rules of Professional Conduct/Code of Ethics of the provincial institute or order of chartered accountants to which the external auditor belongs; if necessary, a governance framework will be implemented to address any concerns raised by interested persons or parties about the independence of the external auditor
5. review the annual audit plan for an appropriate, risk-based approach that addresses major areas of concern to the Company, and discuss with the external auditor any material changes to the scope of the plan
6. establish criteria for the types of non-audit services that the external auditor may provide and pre-approve any retainer relating to such non-audit services
7. at least annually, obtain and review a report by the external auditor describing its internal quality-control procedures and any material issues raised by its most recent internal quality-control review, peer review or by any inquiry or investigation by governmental or professional authorities within the preceding three years respecting one or more independent audits carried on by the external auditor and any steps taken to deal with any of these issues
8. receive all material correspondence between the external auditor and management relating to audit findings and understands any concerns and responsibilities by the external auditor for generally accepted auditing standards
9. review with the external auditor the quality of the financial statements, as appropriate, to be satisfied that

the financial statements represent fairly the financial position, operations and cash flow of Street Capital and Street Capital Bank and extent to which accounting practices being used are conservative and appropriate

10. discuss with Senior Management and the external auditor the results of the audit, the annual and quarterly financial statements and related documents, the audit report and any related concerns the external auditor may have. This should include, but is not limited to:
 - Key areas of risk for material misstatement of the financial statements, including critical accounting estimates or areas of measurement uncertainty
 - Areas of significant auditor judgment, including accounting policies, accounting estimates and financial statement disclosures
 - Whether the external auditor considers estimates/models to be “aggressive” or “conservative” within an acceptable range and, specifically, where there are options, the rationale for the final valuation decision and if the option is consistent with industry practice, significant or unusual transactions (e.g. restatements)
 - Difficult or contentious matters noted during the audit or other audit matters that would typically be discussed with an engagement quality control reviewer
 - Changes in the audit scope or strategy
 - Internal control deficiencies identified during the course of the audit
 - Areas of financial statement disclosures that could be improved
 - The role of other audit firms (e.g. with respect to the audit of any Street Capital subsidiaries)
11. hold regular in camera meetings with the external auditor and the Chief Internal Auditor to understand all relevant issues, including issues that may have arisen between the external auditor and management
12. resolve any disputes between the external auditor and management
13. oversee the usage of audit services
14. review the Basel Committee on Banking Supervision guidance on external audits and ensure Street Capital’s practices meet this guidance to ensure quality audits¹
15. discuss systemic audit quality issues raised in Canadian Public Accountability Board (“CPAB”) public reports with external auditors and to enquire whether the audit file of Street Capital has been selected by the CPAB and whether there have been any significant inspection findings specific to Street Capital’s audit
16. review guidance resources issued by Chartered Professional Accountants of Canada (“CPA Canada”) and utilize this guidance and tools as part of the overall assessment of the external auditor.²

Internal Audit Function

The Audit Committee will be responsible for monitoring internal audits and reviewing the Company’s internal controls over financial reporting and to validate that auditing resources are acquired economically and used efficiently. In this regard, the Audit Committee will:

1. confirm the appointment and replacement of the Chief Internal Auditor
2. review the annual performance appraisal of the Chief Internal Auditor
3. review and discuss with the Company’s Chief Internal Auditor the responsibilities and overall scope of the

¹ BCBS *External audits of banks* (April 2014) and *Core Principles for Effective Banking Supervision* (September 2012).

² CPA Canada, CPAB and the Institute of Corporate Directors have collaborated to publish guidance and tools for audit committees in January 2014: *Oversight of the External Auditor*; *Annual Assessment of the External Auditor*; and *Periodic Comprehensive Review of the External Auditor*.

internal audit department, including approval of the annual audit plan, as well as other factors that may impact the effectiveness and timeliness of audit reviews

4. review and discuss with the Chief Internal Auditor the results of significant audit reviews, including company-wide audits where the scope includes Street Capital or the reviews otherwise contain findings that are significant to Street Capital's compliance program or internal controls, and reports by management regarding their action plans to implement Internal Audit's recommendations
5. review and discuss with the Chief Internal Auditor the department's reporting structures that optimize auditors' independence, experience and qualifications of senior audit staff on an annual basis
6. review and discuss with the Chief Internal Auditor the department's own quality control procedures and any external review of the internal auditing function which has been conducted for compliance with the Institute of Internal Auditors' International Standards for Professional Practice of Internal Auditing
7. review and discuss with the Chief Internal Auditor the operation of the Company's Whistleblower Code as well as complaints relating to Street Capital made under that policy
8. review and evaluate the coordination of the audit effort between internal and external audit to assure completion of coverage, reduction of redundancies, and the effective use of audit resources

Internal Controls

In overseeing the Company's internal control procedures and management's reporting obligations in respect thereof, the Audit Committee will:

1. require management to implement and maintain appropriate internal control policies, including but not limited to internal control over financial reporting and disclosure, and review, on a regular and ongoing basis, these internal control policies
2. at least annually, obtain and review a report from management with respect to internal control policies and processes, including any material issues relating to those policies and processes
3. at least annually, review management's assessment of the adequacy of internal controls at material outsourcers
4. monitor remediation action plans for significant control issues

Regulatory and Legal Risk Management

The Audit Committee will:

1. review with the CEO & President an annual report on all material litigation matters that affect the Company's financial statements

Anti-Money Laundering and Anti-Terrorist Financing

The Audit Committee will:

1. confirm the appointment and the replacement of the Chief Anti Money Laundering Officer
2. approve the Anti Money Laundering and Anti-Terrorist Policy
3. review with the Chief Anti Money Laundering Officer the adequacy of the Company's policies and processes for compliance with the Proceeds of Crime (Money Laundering) and Terrorist Financing Act and all related regulations

4. review with the Chief Anti Money Laundering Officer all regulatory and internal audit reports and their disposition with respect to Anti Money Laundering and Anti-Terrorist matters.
5. report to the full Board in accordance with its mandate with respect to Anti Money Laundering and Anti-Terrorist matters.

Whistleblowing Procedures

The Audit Committee will review and approve the procedures for the receipt, retention and treatment of complaints received by the Company from employees or others, confidentially and anonymously, as outlined in the Company's Whistleblower Code.

Fraud Risk Management

The Audit Committee will:

1. Review and approve policies and procedures relating to fraud management
2. Review fraud reports and initiating, conducting and/or assigning investigations as required
3. Approve steps and actions in response to systemic fraud issues identified in relation to material identified breaches
4. Request internal and/or external assistance from specialists, as required
5. Review and monitor fraud investigations and make decisions on action plans
6. Report to the full Board in accordance with its mandate

Access to Management

The Audit Committee shall have unrestricted access to management of the Company.

Reports

The Audit Committee will report the proceedings of each meeting and all recommendations made by the Audit Committee at such meeting at the next meeting of the Board following the meeting of the Audit Committee. In urgent matters, where time is of the essence, the Audit Committee's report should be communicated to the directors by the close of the following business day.

The Audit Committee will keep all other committees of the Board apprised of all matters relevant to the mandate of each such committees of the Board.

Annual Review and Assessment

The Audit Committee will conduct an annual review on the effectiveness of the external auditor and self-assessment of the performance of the Audit Committee and each of its members and the adequacy of this mandate and will make recommendations to the Board after consulting with Senior Management, internal and external auditors, if appropriate, on changes necessary to improve its overall effectiveness.

The following activities should take place as part of the annual assessment process:

1. question the Board about its satisfaction with the Audit Committee's performance
2. perform a benchmark comparison of the Audit Committee's activities to leading practices

3. compare the Audit Committee's activities to the mandate and any other objectives set by the Board
4. assess the Audit Committee's work against its objectives and plans and present its findings to the Board

Mandate Review

This mandate will be reviewed and approved by the Board at least annually.