

## Board of Directors Mandate

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### Purpose

To establish the roles and accountability of the Board of Directors (the “Board”) of Street Capital Group Inc. (“Street Capital Group”) and of Street Capital Bank of Canada (“Street Capital Bank”), and its affiliated entities (collectively referred to as the “Company”).

The Board has statutory responsibility to manage or supervise the management of the business and affairs of Street Capital Group, subject to the provisions of the *Business Corporations Act* (Ontario) (the “OBCA”). The Board has statutory responsibility to manage or supervise the management of the business and affairs of Street Capital Bank, subject to the provisions of the *Bank Act* (the “Act”). The Board shall carry out the specific duties assigned to the Board by the OBCA in respect of Street Capital Group and the Act in respect of Street Capital Bank.

The Board has overall responsibility for providing direction, guidance and oversight across the Company. The Board may delegate some of its responsibilities to Board committees or Senior Management, as defined by the Board. Senior Management has overall responsibility for the oversight and management of the Company on a day- to-day basis, within the authority delegated by the Chief Executive Officer (“CEO”) of the Company and in compliance with applicable laws and regulations.

### Membership and Organization

#### **Membership**

The composition and organization of the Board, including the number, qualifications and remuneration of Directors, 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 Board will have relevant industry and risk management expertise, skills, experience and perspective to enable it to fully understand the business of the Company and the risks undertaken by the Company. Prospective members of the Board shall be assessed in accordance with the Company’s Corporate Governance Policy (Assessment of Responsible Persons).

The Board will establish independence standards for Directors and at least annually, shall determine the independence of each Director in accordance with these standards. A majority of the members of the Board shall be independent in accordance with these standards.

#### **Term of Service**

The Board has not established term limits. While term limits could help ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of Directors who have been able to develop, over a period of time, increasing insight into the Bank and its operations and, therefore, provide an increasing contribution to the Board as a whole.

As an alternative to term limits, the Governance, Conduct Review and Compensation Committee will review each Director’s continuation on the Board and committee membership every year. This will allow each Director the opportunity to confirm his or her desire to continue as a member of the Board and of any committees. This review allows the Committee to assess the continuing contributions of each Director and, if appropriate, to recommend that a particular Director step down from the Board.

## Meetings, Attendance and Preparation

The Board will meet no less than four times during each financial year. A quorum of the Board shall consist of a majority of the Directors, and a majority of Directors participating in any meeting shall be resident Canadians. Each meeting of the Board shall be followed by an in-camera meeting of independent Directors. Members of the Board 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.

Notice of regularly scheduled meetings will be provided to the Board at least two days before the date of the meeting. The Board 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 Board.

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

## Responsibilities and Duties

### **Business Strategy**

The Board has the responsibility to participate in reviewing and approving the objectives and goals for the Company's business and the strategies to be used to achieve these objectives and goals. The Board is expected to review and approve:

1. annually, the Company's short-term and long-term enterprise-wide business objectives, overall long term strategy to deliver financial services to its customers, including the scope of the products and services offered and the distribution channels to be used, and plans (capital, financial, liquidity)
2. all strategic initiatives including, without limitation, significant new lines of business or product launches, significant portfolio transactions (acquisitions and dispositions), mergers and acquisitions
3. the Company's policies with respect to measuring the Company's performance against business objectives, strategies and plans
4. the annual budget as prepared by Senior Management

### **Risk Management**

The Board has the responsibility to approve:

1. the Company's internal control framework, used to manage the Company's significant risks
2. Street Capital Bank's risk appetite framework (which is discussed in the Bank's Enterprise Risk Management Policy) and risk tolerance of the Bank
3. the Company's external audit plan, including audit fees and the scope of the audit engagement
4. the Annual Funding Plan and Contingency Funding Plan as recommended by the Enterprise Risk Management Committee ("ERMC")
5. liquidity limits and targets

The Board has the responsibility to:

1. be aware of all material changes to the Company's business strategies or risk appetite and the limits within which individuals are authorized to act., and the Board has a duty to maintain a general understanding of the types of risks to which the Company is exposed and the techniques used to measure and manage those risks
2. assure itself that the risk management activities of the Company have sufficient independence, status, visibility and Board access, and are subject to periodic but no less than annual reviews
3. review systemic fraud issues and related remediation activities
4. understand and determining the nature and level of risk being taken by Street Capital Bank and how these risks relate to the level of individual and collective allowances
5. regularly review of appropriate information about the credit quality of the Company's portfolios on a timely basis and take action as warranted
6. review and approve the balance of the allowance for impairment, and where applicable approve any material divergences between established policies as documented and actual practice
7. provide Senior Management with the authority to further delegate its authority as appropriate

### **Corporate Governance**

The Board has the responsibility to oversee the Company's approach to corporate governance, including corporate governance principles and policies, establishing Board committees, setting expectations of Directors and undertaking regular evaluation of the Board, its committees, and its members, and delegation of policies to Senior Management.

### **Internal Control and Financial Reporting**

The Board has the responsibility to approve the Company's overall internal control framework and monitor its effectiveness. To monitor the Company's progress towards its goals and management of its business risks and to revise and alter strategies in light of changing circumstances, the Board shall receive timely and accurate reports, which capture the following information:

1. financial information analyzing actual operating results to forecasted results and current financial condition for the Company and by product line (when relevant)
2. commentary from Senior Management about the financial and legal information
3. respond to issues or deficiencies identified by Senior Management
4. audit report on the annual audited financial statements for their approval and all other external auditor reports, including their opinion on the adequacy of internal controls
5. reports on risk management corporate policies and practices, including compliance with approved corporate policies, to verify that the Company's risk management framework is appropriate and operating effectively
6. reports on other significant risks as deemed necessary
7. significant exceptions to corporate policies and internal controls, including the consequences of these exceptions within the Company, and the progress made to correct any deficiencies
8. annual report, providing negative assurance, on the status of the the Company's compliance with its governing statute and regulations and, in respect of Street Capital Bank, the Office of the Superintendent of Financial Institutions ("OSFI") Guidelines, including the views and observations of OSFI
9. reports and recommendations of Board committees and obtain assurances that the Company is operating within an effective control framework

## **Organizational Structure**

The Board has the responsibility to review and approve the Company's organizational objectives, structure and controls at least annually.

## **Internal Oversight Functions**

The Board has the responsibility to:

1. approve the appointment of all executives who lead internal oversight functions
2. approve the mandates of the internal oversight functions, approve any major changes thereto, and regularly review the scope of the proposed activities of these internal functions
3. regularly review and determine that the heads of internal oversight functions are independent from the operations under review and free of influences that may affect their ability to perform their responsibilities objectively
4. ensure that the heads of internal oversight functions have unrestricted access to the Board and Board committees, including in camera meetings with the Board and Board committees
5. determine that the internal oversight functions have the authority, resources and budget required to perform their duties appropriately
6. determine that the remuneration provided to key individuals in the internal oversight functions adequately reflects the significance of the function and that incentives are not inconsistent with the roles and responsibilities as set out in their mandates
7. determine what Board structures for the Company's subsidiaries (as applicable), would best contribute to effective oversight of subsidiary operations and exercise adequate oversight of such subsidiaries to ensure that the parent Board can meet its responsibilities

## **External Supervision and Legal Requirements**

In carrying out the duties and responsibilities set out in this mandate, the Board shall manage the Company's (including the actions of any Board committee, management committee and Senior Management) the OBCA, CBCA and the *Securities Act* (Ontario) and its regulations and other applicable legislation. While Senior Management should have regular interaction with regulators with respect to the overall operations of the Company, the Board should ensure that regulators are promptly notified of substantive issues affecting the Company. The Board shall also manage Street Capital Bank's compliance with the Act, its regulations and applicable OSFI guidelines.

The Board will foster open communication with regulators to help promote mutual trust and confidence and will review results of supervisory work by applicable regulators. The Board will follow up as necessary on any significant recommendations or finding identified by regulators and will consider regulatory findings and reports in its ongoing oversight of the Company.

Street Capital Bank will notify OSFI of any potential changes to the members of the Board and Senior Management and any circumstances that may adversely affect the suitability of the Board members and Senior Management.

## **Succession Planning and Evaluation of Management Performance**

To determine that the Company has qualified and competent individuals to manage functions within the Company, the Board has the responsibility to:

1. actively supervise the selection, appointment, development, evaluation and compensation of the CEO and, where appropriate, other members of Senior Management, including the heads of the Company's oversight functions
2. oversee the annual performance review of the CEO and Senior Management and approve the annual performance targets for the CEO and Senior Management in accordance with corporate objectives
3. evaluate and approve compensation of the CEO and senior management team in a manner that is consistent with prudent incentives
4. provide the CEO, President and Senior Management with direction and advice
5. review and assess the contingency and long-term succession plans for the CEO and, where appropriate, Senior Management, including the heads of the Company's oversight functions

## **Regulatory and Legal Risk Management/Compliance Management**

The Board has the responsibility to, following review by the GCRCC:

1. review with the CEO & President an annual report on all material litigation matters that affect the Company's financial statements
2. confirm the appointment and the replacement of the Chief Compliance Officer
3. review the Regulatory Compliance Framework annually through approval of the policy and review of the compliance plans
4. review with the Chief Compliance Officer compliance gaps and their remediation
5. review with the Chief Compliance Officer regulatory reports and their disposition

## **Capital Management**

The Board has the responsibility to:

1. review and periodically assess policies and procedures established by Senior Management with respect to the Company's desired level of capital
2. review and periodically assess reports on the effectiveness of such policies and procedures of capital management strategies
3. consider capital management within the context of the risk management framework
4. approve capital limits and target
5. approve Street Capital Bank's capital plan
6. review, challenge, and approve Street Capital Bank's ICAAP
7. approve significant changes in capital and debt structure of the Company proposed by the CFO

## **Investments and Pledging**

The Board has the responsibility to:

1. review, at least annually, the securities portfolio management program and investment strategy
2. review the securities portfolio and any non-compliance with the Street Capital Bank's internal auditor on a scheduled basis no less than once per annum
3. review and approve the Pledging Policy based on the recommendation of the ERM

4. assure that the organizational structure, systems and procedures implemented by management include an adequate level of control to identify, measure and monitor the Street Capital Bank's collateral exposures
5. ensuring that the Chief Risk Officer and Asset Liability Committee have sufficient independence, status and visibility to enable them to effectively oversee the management of pledged assets
6. review reports and recommendations from management on the nature and extent of the Bank's pledging exposure as well as the procedures and controls in place to manage these risks in accordance with the Pledging policy
7. regularly review portfolio quality reports and takes action as warranted

### **External Auditor**

The Board has responsibility, following recommendation from the Audit Committee, to:

1. recommend a suitable nominee for appointment as external auditor
2. approve the external audit plan, including audit fees and the scope of the audit engagement
3. provide the external auditor with unrestricted access to the Board

### **Reporting and Disclosure**

The Board has the responsibility to oversee the integrity of the financial performance of the Company and report to its shareholders on a timely basis in accordance with generally accepted accounting principles, including the accounting requirements of OSFI based upon recommendations received from the Audit Committee. The Board has the responsibility to assess the effectiveness of the Company's communications, including measures for receiving feedback from stakeholders.

The Board, or its designates, will approve all material disclosure items (e.g. annual and quarterly financial statements, management discussion and analysis, material press releases, annual information form, management proxy circular and any other public document that requires Board approval) prior to dissemination.

### **Promoting a Culture of Integrity**

The Board believes that Senior Management must create a culture of strong corporate governance, ethical business conduct and integrity throughout the organization. The Company's Code of Conduct and Ethical Behaviour (the "Code") addresses many areas of business conduct and provides a procedure for employees to raise concerns or questions regarding breaches of the Code and questionable audit or accounting matters.

### **Orientation and Continuing Education**

New Directors are provided with an orientation binder containing materials relevant to the Director's responsibilities including details of the Company's organizational structure, the structure of the Board and its Committees, position descriptions and corporate policies. Senior Management presentations will familiarize new Directors with the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Code of Conduct and Ethical Behaviour, its principal officers, and its internal and independent auditors.

On an ongoing basis, Directors receive presentations on various aspects of the Company's businesses and operations. Directors identify their continuing education needs through a variety of means including discussions with Senior Management and at Board and Committee meetings. To encourage Directors to upgrade their expertise, the Company reimburses Directors for their reasonable pre-approved expenses for attending education sessions.

Directors are required to advise the Chairman of the Board before accepting any invitation to serve on another

Board and to provide sufficient opportunity and information to determine if the Director who proposes to accept a new directorship remains independent under the Company's policies. Service on boards and/or committees of other organizations shall comply with the Company's conflict of interest policies.

### **Board Functioning**

The Board as required shall:

1. recommend issues to discuss at Board and committee meetings
2. review the mandates of the Board, the Chair of the Board, Board committees and Senior Management positions and provide recommendations for change as deemed necessary
3. monitor the Board's relationship with Senior Management, including reporting standards and information provided to Directors and request improvements as deemed necessary
4. review periodically, but at least annually, the by-laws of the Company to determine if any amendments are required
5. periodically review compensation for the Directors

### **Reports**

The Audit Committee, Enterprise Risk Management Committee,, and Governance, Conduct Review and Compensation Committee will report the proceedings of their respective meetings and all recommendations made by the committee at the next meeting of the Board. In urgent matters, where time is of the essence, the committee report will be communicated to the Board immediately.

### **Access to Management and Outside Advisors**

The Board shall have unrestricted access to management of the Company and to any and all books and records of the Company necessary for the execution of the Board's obligations. The Board has the authority to retain and terminate external counsel, consultants or other advisors that it determines to be necessary to permit it to carry out its or its Committee's duties and to set the compensation of these advisors. The Company shall provide appropriate funding, as determined by the Board, for the services of these advisors.

### **Annual Review and Assessment**

The Board shall conduct an annual self-review and assessment of its performance in regards to the adequacy of policies and practices, occasionally with the assistance of independent external advisors, to regularly assess the effectiveness of the Board, its committees, and individual Directors (including the Chair) in carrying out their responsibilities.

### **Mandate Review**

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