



Mandate of the Audit Committee

Approved by the Board of Directors on August 28, 2024

PART A - PURPOSE AND DUTIES OF THE COMMITTEE

1 Purpose

The Audit Committee (the **Committee**) is responsible for assisting the Board of Directors (the **Board**) of Laurentian Bank of Canada (the **Bank**) in its oversight of:

- (i) The integrity of the Bank's financial reporting;
- (ii) The effectiveness of internal controls;
- (iii) The qualifications, performance and independence of the Bank's external auditors;
- (iv) The qualifications, performance and independence of the Bank's internal audit function; and
- (v) Compliance with legal and regulatory requirements.

The organization of the Committee and its authority are subject to any restrictions, limitations or requirements set out in the Bank's constating documents, including its articles and by-laws, as well as any restrictions and limitations or requirements set out under applicable laws, including without limitation the *Bank Act* (Canada), the *Trust and Loan Companies Act* (Canada), Canadian securities laws as well as the standards, policies and guidelines of the stock exchange on which the Bank's securities are listed (collectively, the **Applicable Law**).

This mandate should be read together with other Bank policies and procedures 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 policies about whistleblowing complaints.

2 Duties

The Committee performs the duties set out in this mandate and such other duties as may be necessary or appropriate.

In fulfilling its duties, the Committee is mindful of the importance of environmental (including climate), social and governance principles (**ESG**) adopted and managed by the Bank.

2.1 Financial reporting

- 2.1.1 Overseeing the appropriateness of the accounting principles applied to the financial statements, the clarity of disclosure in the financial statements and whether the financial statements present fairly, in accordance with GAAP, the Bank's financial condition, operational results, and cash flows.
- 2.1.2 Reviewing and discussing with key members of senior management and the external auditor of the Bank the annual and interim financial statements, the external auditor's report thereon and related documents (including management's discussion and

analysis) and upon satisfactory completion of its review, recommending to the Board their approval.

- 2.1.3 Reviewing with the external auditor (without the presence of senior management) any concerns that may be brought forward by the external auditor, including any difficulties encountered in conducting their audit, as well as senior management's response to such concerns.
- 2.1.4 Reviewing, following the Bank's annual audit and no less than annually, the external auditor's recommendation letter (and subsequent follow-up letters or correspondence), explaining significant changes to accounting practices, main value judgments on which the financial reports are based and how these reports are drafted.
- 2.1.5 Reviewing the Bank's earnings press releases, the annual information form and other financial information and related reports or presentations to be provided to analysts, rating agencies and the public and such other periodic disclosure documents as requested by regulators or required by Applicable Law, and upon satisfactory completion of its review, recommending to the Board their approval.
- 2.1.6 Reviewing and recommending to the Board approval of any financial information contained in any report or other disclosure required of or adopted by the Bank regarding ESG.
- 2.1.7 Reviewing Bank-issued securities offering documents, including prospectuses, and recommending their approval by the Board if required.
- 2.1.8 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.
- 2.1.9 Reviewing the annual financial statements of each Bank subsidiary supervised by OSFI and upon satisfactory completion of its review, recommending to the Board their approval.
- 2.1.10 Reviewing and approving tax transfers between the Bank and its subsidiaries, when required.
- 2.1.11 Reviewing financial statements of any pension plans provided by the Bank for its employees and upon satisfactory completion of its review, recommending to the Board their approval.
- 2.1.12 Reviewing and recommending to the Board the declaration and payment of dividends including any related press release.

2.2 Internal controls

- 2.2.1 Overseeing management's implementation of 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.
- 2.2.2 Overseeing the effectiveness of implemented internal controls and management information systems together with any measures taken to rectify any material

weaknesses and deficiencies, namely by way of meetings with the external auditor, the Chief Internal Auditor (**CIA**) and management.

- 2.2.3 Reviewing management's certifications and assessment of the design and effectiveness of the Bank's internal controls and procedures.
- 2.2.4 Overseeing and approving policies and 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 and overseeing compliance with their provisions.

2.3 Public Disclosure of Material Information

- 2.3.1 Reviewing reports on any litigation matters which could significantly affect the financial position of the Bank.
- 2.3.2 Overseeing that adequate procedures are in place to review the public disclosure and communication of financial information excerpted or derived from financial statements and periodically assessing the adequacy of these procedures.
- 2.3.3 Reviewing and recommending to the Board the approval of the Bank's Disclosure Policy and overseeing compliance with its provisions.
- 2.3.4 Reviewing and approving the mandate of the Bank's Disclosure committee.
- 2.3.5 Reviewing, on a quarterly basis, the Disclosure committee's report to the Committee pertaining to its activities for the previous quarter.
- 2.3.6 Reviewing, as required, the Disclosure committee's assessment of the Bank's disclosure procedures, including any control deficiencies, and its recommendations on corrective measures to be taken to correct these deficiencies.

2.4 External auditor

Subject to the shareholders' powers conferred under Applicable Law, the Committee will recommend the appointment (or revocation thereof) of the external auditor engaged to prepare or issue an audit report or to perform other audit, review or attest services.

The Committee will fix the remuneration and oversee the work of the external auditor, including the resolution of disagreements with management regarding financial reporting.

The external auditor reports directly to the Committee.

As part of its oversight of the external auditor the Committee is responsible for:

- 2.4.1 Reviewing the external auditor's suitability, competency, independence, performance and sufficiency of its audit-assigned resources.
- 2.4.2 Reviewing and, if applicable, approving the scope and other matters set out in the external auditor letter of engagement.
- 2.4.3 Reviewing the competency and independence of the external auditor's lead partner charged with responsibility for the Bank's account, and reviewing the timing of any periodic rotation of that partner.

- 2.4.4 Overseeing the comprehensive evaluation of the external auditor, when required.
- 2.4.5 Reporting annually to the Board on the results of the external auditor's evaluation, as well as the processes and criteria used to arrive at that evaluation.
- 2.4.6 Approving all audit engagement fees and terms, as well as the terms of any permitted non-audit services to be provided by the external auditor to the Bank, with such approvals to be given specifically or pursuant to preapproval policies and procedures adopted by the Committee in accordance with Applicable Law.
- 2.4.7 Reviewing and discussing with the external auditor the annual audit plan, the results of the audit, the auditor's report with respect to the annual statement, and all other reports, returns and transactions as required by Applicable Law.
- 2.4.8 Reviewing and approving the Policy on oversight of the external auditor.
- 2.4.9 Overseeing and approving policies and procedures regarding pre-approval of fees for non-audit services of external auditors and the hiring of partners, employees and former partners and employees of external auditors.

2.5 Internal audit function

- 2.5.1 Reviewing and approving the internal audit charter.
- 2.5.2 Supporting the HR Committee in reviewing and recommending to the Board the appointment or dismissal of the CIA, if required.
- 2.5.3 Reviewing and approving the mandate of the CIA annually and ensuring their competency, qualifications and independence.
- 2.5.4 Providing feedback to the HR Committee on the performance and compensation of the CIA annually.
- 2.5.5 Providing feedback to the HR Committee on the succession plan for the CIA.
- 2.5.6 Ensuring that internal audit activities are accorded the necessary organizational importance and resources, degree of independence and visibility, and ensuring periodic review of the activities and resources.
- 2.5.7 Approving the internal audit plan and ensuring the appropriateness of its scope, its risk approach, that it addresses major areas of concern and that it is reviewed with appropriate frequency.
- 2.5.8 Reviewing material findings of and recommendations from the internal audit with the Bank's CIA, and monitoring their resolution.

2.6 Finance function

- 2.6.1 Supporting the HR Committee in reviewing and recommending to the Board the appointment or dismissal of the Chief Financial Officer (**CFO**), if required.
- 2.6.2 Reviewing and approving the mandate of the CFO annually and ensuring their competency, qualifications and independence.
- 2.6.3 Providing feedback to the HR Committee on the performance of the CFO annually.

2.6.4 Providing feedback to the HR Committee on the succession plan for the CFO.

2.6.5 Ensuring that finance activities are accorded the necessary organizational importance and resources, degree of independence and visibility, and ensuring periodic review of the activities and resources.

2.7 Regulatory authorities

2.7.1 Reviewing, when required, with regulatory authorities findings and recommendations, and monitoring their resolution with senior management.

2.8 Policies

2.8.1 Reviewing, and if applicable, approving such other policies identified by the Board as reviewable or approvable by the Committee.

PART B – COMMITTEE COMPOSITION AND PROCEDURES

3 Appointment, Membership, Financial Literacy and Independence

The Committee shall consist of no less than three directors.

Following each annual meeting of shareholders, the Board shall appoint Committee members and, from among them, the chair of the Committee (the **Committee Chair**). No Committee member can be an officer or employee of the Bank or any affiliate of the Bank. All Committee members must meet the independence requirements under Applicable Law as well as those established by the Board and must be “financially literate” as that term is defined under *National Instrument 52-110 – Audit Committees*.

Each member will remain a member until a successor is appointed, unless the member resigns, is removed or ceases to be a director. The Board may fill a vacancy that occurs in the Committee at any time.

4 Compensation

Compensation for Committee members is set by the Board from time to time.

5 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 CEO, the CFO, and the CIA 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.

6 Quorum

Quorum at Committee meetings 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.

7 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.

8 Procedure

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

9 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) retain the services of independent third-party advisors subject to the requirements of applicable Bank policy regarding their retainer.

10 Secretary

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

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. The Committee also reports on its activities annually to shareholders in the Bank's management proxy circular.

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 Review of Mandate

The Committee reviews its mandate as required and, in any event no less than annually and recommends it for approval to the Board.