

**Directive on
Internal Control over Financial Reporting
June 3, 2019**

1. Overriding Objective

- 1.1. This Directive establishes a framework for the design, implementation, maintenance, testing and reporting of the Bank's Internal Controls over Financial Reporting (ICFR).
- 1.2. The exercise and interpretation of this Directive shall seek to give effect to this overriding objective.

2. General Principles

- 2.1. This framework is intended (i) to ensure that the Bank prepares reliable financial statements that reflect the Bank's activities, transactions and events in accordance with the accounting and reporting principles and requirements under International Financial Reporting Standards (IFRS), as promulgated by the International Accounting Standards Board, and (ii) to minimize the risk of material omission or misstatement in the Bank's financial statements due to errors and/or fraud.
- 2.2. This framework is designed with reference to guidelines published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) under its Internal Control – Integrated Framework (2013).

3. Definitions

- 3.1. **Business Unit:** A Vice-Presidency, Department or Division of the Bank, or discrete subcomponent thereof.
- 3.2. **ICFR Controls:** Procedures within the Bank that are designed to reasonably ensure the integrity of the Bank's financial statements, including bank-wide level controls, process-level controls and IT controls.
- 3.3. **ICFR Key Control:** An ICFR Control that, when designed and operating effectively, significantly mitigates the risk of material omission or misstatement in the Bank's financial statements and/or might prevent or detect the failure of other ICFR Controls.

4. Role and Responsibilities

- 4.1. Each Business Unit with processes that impact the Bank's financial statements shall be responsible for ensuring there are adequate ICFR Controls implemented in its business process to ensure the integrity of the Bank's financial statements. Each Business Unit shall ensure that its process documentation is kept up-to-date and that changes to ICFR Key Controls applicable to it are communicated to the Office of the Controller.
- 4.2. Each Business Unit shall perform an annual self-evaluation of its ICFR Controls and confirm to the Executive Committee that such ICFR Controls are adequate and operating effectively. Any weaknesses identified shall be noted in its year-end self-evaluation.
- 4.3. The Office of the Controller shall conduct an annual ICFR risk assessment. It shall be responsible for maintaining a copy of all the ICFR Key Controls communicated to it by the respective Business Units and for drafting the test procedures for each of the ICFR Key Controls. The Office of the Controller shall conduct regular testing of the ICFR Key Controls and shall report the results of its testing to the Executive Committee, Risk Committee and Audit and Risk Committee. If, during the course of such testing, any deficiency is found, the Office of the Controller shall inform the relevant Business Unit, which shall then be responsible for correcting the deficiency.

5. Information Disclosure

The Bank's Policy on Public Information and its related Directive and Administrative Guidance govern the disclosure of all information in the Bank's possession, including with respect to this Directive.

6. Implementation

The Vice President and Chief Financial Officer shall oversee this Directive and introduce any related Administrative Guidance to ensure the efficient and accurate implementation thereof.

7. Authority

The Vice President and Chief Financial Officer shall make all final decisions regarding the application of this Directive.