

BOARD INDEPENDENCE STANDARD

1. PURPOSE

This standard has been adopted to govern the independence requirements for members of the Board of Directors of Concentra Bank. It is intended to comply with Concentra Bank's By-Laws, the OSFI Corporate Governance Guideline, the *Bank Act* and the *Affiliated Persons (Banks) Regulations*, and where appropriate, recommendations of the Canadian Coalition for Good Governance and the Canadian Securities Administrators' published requirements for corporate governance in NI 58-201 and for audit committees in NI 52-110. This standard is subject to periodic review by the Governance Committee. References in this standard to Concentra means Concentra Bank.

2. COMPOSITION

Board of Directors: At all times, a majority of the Board must be members who are determined by the Board to be independent in accordance with this policy.

Board Committees: At all times, Standing Committees of the Board shall be composed of a majority of independent Directors.

3. DEFINITION OF INDEPENDENCE

The functional purpose of Director independence is to preserve independent, objective, and prudent business judgement of the Board and maintain the reputation of the Board as providing competent, fair, and unbiased leadership for Concentra. An effective Board should provide objective oversight, thoughtful guidance, advice, and constructive challenge to senior management. The Board, collectively, should be independent from senior management and the operations of the Bank.

For the purposes of this standard, a Director is considered independent only after the Board determines that the Director has no direct or indirect material relationship with Concentra. A material relationship is one that could, in the view of the Board, be reasonably expected to interfere with the exercise of a Director's independent judgment.

4. DETERMINATION OF INDEPENDENCE

The Governance Committee is responsible to make a recommendation to the Board of Directors around the independence of nominees for the Board of Directors. The Board is responsible to make the final determination of independence.

When making a determination regarding the independence of an individual, the Governance Committee and the Board shall consider all relevant facts, circumstances and relationships that would cause a reasonable and informed third party to conclude that the Director's independence may be compromised.

The following section contains examples of relationships that presumptively affect or do not affect independence. They are not exhaustive of potential relationships and the Governance Committee and the Board may, with reasons, make a finding that a Director is not independent even where none of these presumptions apply, so long as that finding is based on the functional purpose of Director independence.

5. RELATIONSHIPS AFFECTING INDEPENDENCE

The existence of any of the following relationships creates the presumption that the individual in question is not independent for the purposes of this standard:

Share Ownership Outlined in Concentra's By-Laws:

- (a) the individual is an officer, employee or director of a major shareholder who owns directly or indirectly, greater than 10% of the Common Shares of Concentra; or an officer, employee or director of an entity owning, directly or indirectly, more than ten (10%) percent of the shares of a major shareholder, of Concentra; [Concentra By-laws]

Employment Relationship:

- (b) the individual is, or has been within the last three years, an employee or executive officer of Concentra; [NI52-110]
- (c) the individual's immediate family member¹ is, or has been within the last three years, an executive officer of Concentra; [NI52-110]
- (d) the individual or the individual's immediate family member is, or has been within the last three years, an executive officer of an entity if any of Concentra's current executive officers serves or served at that same time on the entity's compensation committee; [NI52-110]

Audit Firm Relationship: ([NI52-110])

- (e) the individual:
 - (i) is a partner of a firm that is Concentra's internal or external auditor,
 - (ii) is an employee of that firm, or
 - (iii) was within the last three years a partner or employee of that firm and personally worked on Concentra's audit within that time;
- (f) the individual's spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:
 - (i) is a partner of a firm that is Concentra's internal or external auditor;
 - (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice; or
 - (iii) was within the last three years a partner or employee of that firm and personally worked on Concentra's audit within that time;

For the purposes of subparagraph 5(d) and 5(e) above, a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.

¹ An Immediate Family Member means individuals, spouse, parent, child, sibling, mother or father-in-law, son or daughter-in-law, brother or sister-in-law, and anyone (other than an employee of either the individual or the individual's immediate family member) who shares the individual's home. [NI52-110]

Business Relationship

(g) the individual received, or whose immediate family member who is employed as an executive officer of Concentra received, more than \$75,000 in direct compensation from Concentra during any 12-month period within the last three years; ([NI52-110]) or

Further, for the purposes of paragraph 5(g) above, direct compensation does not include remuneration for acting as a member of the Board of Directors or of any Board Committee of Concentra or the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with Concentra if the compensation is not contingent in any way on continued service.

Affiliated Persons: (Bank Act)

(h) the individual is an "affiliated person" to Concentra within the meaning of the *Affiliated Persons (Banks) Regulations* pursuant to section 162 of the *Bank Act*.

6. RELATIONSHIPS NOT AFFECTING INDEPENDENCE

The following relationships do not, under normal circumstances, raise the presumption that the individual in question is not independent in accordance with this standard.

- Routine Banking Services – an individual that is a member of a Credit Union, and performs his or her routine banking with a Credit Union.
- Certain Employment - despite paragraph 5 above, an individual will not be considered to have a material relationship with Concentra solely because the individual or his/her immediate family member (a) has previously acted as an interim Chief Executive Officer of Concentra or (b) acts, or has previously acted, as a Chair or Vice Chair of the Board of Directors or of any Board Committee of Concentra, or any of its subsidiaries, on a part-time basis.

7. GENERAL CONSIDERATIONS

Significant Tenure

It is acknowledged that Directors with long serving tenure may have increased familiarity with management that may undermine independence. However, the length of Director tenure will not, in itself, be considered as a factor that is determinative of independence. The Director's overall relationship with management and Concentra shall be considered.

Interlocking Directorships

Directors should also be independent of each other. The Governance Committee will monitor interlocking directorships with a view to ensuring they do not exceed a reasonable level, and will attempt to avoid having Directors who serve together on another board serve on the same committee of Concentra's board.

8. CHANGE IN STATUS OF A DIRECTOR

A Director who has been positively identified as independent who subsequently becomes subject to a relationship that may affect their independence in accordance with this standard must immediately make a disclosure of that relationship to the Board, through the Corporate Secretary, which will reassess if that individual remains independent. The Board will make the final determination of independence. If the Director is found to no longer be independent, he or she will be required to resign only if their change in status results in the total number of independent Directors on the board being less than a majority.