

FIRST NATIONAL FINANCIAL CORPORATION

CHARTER OF THE BOARD OF DIRECTORS

1. PURPOSE

This charter prescribes the role of the board of directors (the “**Board**”) of First National Financial Corporation (the “**Corporation**”). This charter is subject to the provisions of the Corporation’s articles of incorporation and by-laws and to restrictions and limitations or requirements set out in applicable laws.

2. OVERALL ROLE

The Board is directly, and through its committees, responsible for the stewardship of the Corporation and for supervising the management of the business and affairs of the Corporation. The Board is obligated to act honestly and in good faith with a view to the best interests of the Corporation.

The Board is expected to focus on guidance and strategic oversight, with the goal of enhancing shareholder value over the long term. The Board has the power to delegate its authority and duties to committees and individual members and to senior management as it determines is appropriate, subject to applicable laws.

3. COMPOSITION

The Board will be comprised of that number of directors as will be determined from time to time by the Board, in accordance with the Corporation’s articles and by-laws. The Board will be constituted at all times of a majority of individuals who are independent directors as determined in accordance with applicable securities laws. One of the independent directors will be designated the Lead Director. Canadian residency requirements will be complied with in respect of any Board (or committee) meetings.

The Board shall establish independence standards for the directors and on an annual basis the Board will review and make a determination as to each director’s status as an independent director.

4. MEETINGS

The Board will meet not less than four times annually, with additional meetings scheduled as required. Each director has a responsibility to attend and participate in meetings of the Board.

The Board (or any committee) may ask members of the Corporation’s management, employees or others to attend meetings and provide such information as the Board requests.

The Corporate Secretary, or his or her designate, will act as Secretary of the Board meetings. Minutes of Board meetings will be recorded and maintained by the Corporate Secretary or designate and subsequently provided to each director for approval. For

regularly scheduled meetings, a meeting agenda and other documents will be circulated to all directors in advance of the meeting.

5. MEETINGS OF INDEPENDENT DIRECTORS

The independent directors will have an opportunity to meet separately for part of each Board and committee meeting and otherwise as required. The Chair will forward to the President any questions, comments or suggestions of the directors or members of the committees. If the Chair and President are one and the same, the Lead Director will forward the questions, comments and suggestions to the President.

6. COMMITTEES

The Board will establish and maintain an Audit and Risk Committee and a Governance Committee, the charters of each to be approved by the Board from time to time. The Board will establish and maintain additional or other committees as it determines is necessary or appropriate (each, a "Committee").

7. RESPONSIBILITIES

In fulfilling its responsibilities, the Board will:

- (a) Review and approve strategic plans, corporate objectives and business plans including significant capital allocations and expenditures.
- (b) Review and approve material transactions not in the ordinary course of business.
- (c) Review and approve related party transactions.
- (d) Approve the raising of debt or equity capital and other major financial activities.
- (e) Approve all major organizational restructurings.
- (f) Approve material acquisitions and divestitures.
- (g) Approve the nomination of directors.
- (h) Monitor corporate performance against strategic plan and corporate objectives, including receiving periodic reports from senior management and overseeing operating results on a regular basis to evaluate whether the business is meeting its objectives.
- (i) Ensure the Corporation has implemented procedures to identify the principal risks of the Corporation's business and operations and receive regular reports from senior management to confirm processes, procedures and practices are in place to manage identified risks.

- (j) Approve major corporate policies, provided the Board may delegate to a Committee the responsibility to review such policies and make its recommendations to the Board.
- (k) Review and approve the Corporation's annual and interim financial statements and related management's discussion and analysis, annual information form, management proxy circular, provided the Board may delegate to the Audit and Risk Committee the responsibility to review such financial statements and information and make its recommendations to the Board.
- (l) Approve and declare dividends.
- (m) Monitor, advise and evaluate the Chief Executive Officer and President and other members of senior management.
- (n) Approve the compensation of the Chief Executive Officer and President.
- (o) Approve the compensation of other members of senior management and review and approve all incentive compensation plans and equity-based compensation plans.
- (p) Monitor management succession planning.
- (q) Oversee the Corporation's development and maintenance of a culture of ethical behaviour and compliance with laws and regulations, auditing and accounting principles, and the Corporation's own governing documents.
- (r) Review and assess the adequacy of this Charter from time to time and where necessary, recommend changes for approval.
- (s) Perform such other functions as are prescribed by law, or assigned to the Board in the Corporation's governing documents.

8. ACCESS TO INFORMATION AND INDEPENDENT ADVISORS

In carrying out its responsibilities, the Board, each Committee and each of its members will have full and complete access to the books, records, management and external auditors of the Corporation. The Board may at any time and in its sole discretion retain and obtain the advice and assistance of outside advisers and counsel at the Corporation's expense to fulfil its duties and responsibilities under this Charter. The Board may set and pay the compensation for such advisors and counsel as it determines to be appropriate.

This Charter for the Board of Directors of First National Financial Corporation was approved by the Directors on October 25, 2016 and may be amended from time to time.
