

Audit Committee Mandate

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1 Introduction

1.1 Intent

The Board of Directors (the “Board”) of Tru Cooperative Bank (“Tru” or the “Cooperative Bank”) has delegated to the Audit Committee (the “Committee”) the responsibilities and authority outlined in this Mandate. The Committee exists to:

- 1.1.1 Perform such duties as may be required by the Bank Act (Canada) (the “Bank Act”) and the regulations thereunder, the guidelines of the Office of the Superintendent of Financial Institutions (OSFI) and other applicable legislation and regulation.
- 1.1.2 Assist the Board in fulfilling its obligations and oversight responsibilities related to the audit process, financial reporting, the system of internal control, the Cooperative Bank’s process for monitoring compliance with applicable law and regulations and the Board Code of Conduct and Conflict of Interest Policy.
- 1.1.3 Fulfill the Cooperative Bank’s statutory duty to maintain a Conduct Review Committee as detailed in applicable legislation and regulation.
- 1.1.4 Ensure the requirements for dealing with related-party transactions as set out in applicable legislation and regulation are met and appropriate procedures are in place.
- 1.1.5 Oversee the process for reviewing Directors’ conduct.
- 1.1.6 Oversee procedures for resolving conflicts of interest and restricting the use of confidential information.

1.2 Review cycle

This Mandate will be reviewed at least annually by the Committee.

2 Committee Composition and Procedures

2.1 Appointment and composition

The Committee consists of not less than three (3) members. Committee members are appointed by the Board. Committee members will appoint a Committee Chair from among themselves. Committee members serve one-year terms.

All Committee members must be independent Directors, as defined in the Director Independence Policy, and in accordance with the Cooperative Bank's Bylaws and applicable legislation and regulation.

All Committee members must demonstrate financial literacy, with at least one Committee member having accounting or related financial management expertise, as determined by the Board in accordance with applicable regulatory requirements.

The Board Chair, if not a member, is an ex-officio member of the Committee and in that instance is not counted in establishing quorum and does not vote.

2.2 Meetings

The Committee will meet at least quarterly, with additional meetings scheduled as needed.

Additional meetings may be held as deemed necessary by the Committee Chair or as requested by any Committee member, the external or internal auditor, the Chief Executive Officer (CEO), the Chief Financial Officer (CFO), the Chief Credit Officer, or the Chief Risk Officer (CRO).

The Committee may request any officer, employee, or advisor of the Cooperative Bank to attend a meeting, but only members of the Committee have the right to attend and vote at Committee meetings. Written resolutions signed by all voting members are valid as if passed at a meeting.

The Committee may hold in-camera sessions, with and without management present.

Committee members will receive reasonable notice of meetings by telephone or electronic communication.

2.3 Quorum

Subject to the *Bank Act*, a majority of Committee members shall constitute quorum.

2.4 Accountability

The Committee is accountable to the Board.

Except where the Board has authorized the Committee to act by resolution or through the Committee's Mandate, the Committee has no authority to direct management or to commit Tru.

2.5 Conflict of interest

Each member of the Committee shall comply with and disclose to the other members of the Committee conflicts of interest as required by the Board Code of Conduct and Conflict of Interest Policy.

3 Duties and responsibilities

3.1 Financial reporting

The Committee's duties and responsibilities related to financial reporting include:

- 3.1.1 Reviewing and recommending, for the Board's approval, the annual audited consolidated financial statements and management discussion and analysis for the year-end financial results.
- 3.1.2 Monitoring the process to ensure compliance with all regulatory returns and reports as required to be filed as per applicable legislation and regulation and recommending for Board approval the Basel Capital Adequacy Return.
- 3.1.3 Reviewing and recommending unaudited quarterly financial statements for Board approval, accompanied by management's explanation of business performance.
- 3.1.4 Reviewing reporting to investors in capital markets, operating results, and explanations of variances between budgets and actual results to ensure the integrity of financial information.

3.2 Oversight functions

The oversight functions accountable to the Committee include the CFO and the Vice President, Internal Audit.

3.2.1 *Chief Financial Officer*. The CFO reports functionally to the Committee and administratively to the CEO. The Committee's duties related to the CFO include:

- As necessary, reviewing and recommending for Board approval the appointment and dismissal of the CFO.
- Annually reviewing and/or evaluating the performance of the CFO.
- Annually reviewing the succession plan for the CFO.
- Annually reviewing and approving the CFO Mandate.

3.2.2 *Head of Internal Audit & Chief Auditor*. The Head of Internal Audit & Chief Auditor reports functionally to the Committee and administratively to the CEO. The Committee's duties related to the Head of Internal Audit & Chief Auditor include:

- As necessary, reviewing and recommending for Board approval the appointment and dismissal of the Head of Internal Audit & Chief Auditor.
- Annually reviewing and/or evaluating the performance of the Head of Internal Audit & Chief Auditor.
- Annually reviewing the succession plan for the Head of Internal Audit & Chief Auditor.

3.3 Accounting systems and internal controls

The Committee's duties and responsibilities related to accounting systems and internal controls include:

3.3.1 Obtaining reasonable assurance through discussions with management and the external auditor that the Cooperative Bank has implemented appropriate systems of internal control.

3.3.2 Reviewing reports from management relating to the establishment and maintenance of satisfactory internal control systems and processes.

3.3.3 Reviewing the external auditor's evaluation of the Cooperative Bank's internal controls, including any recommendations for improvement of the Cooperative Bank's accounting procedures and internal controls, together with management's response.

3.3.4 Directing the external auditor's examinations to areas of concern with respect to internal controls.

3.3.5 Establishing procedures for managing complaints received by the Cooperative Bank relating to accounting and financial issues and internal controls.

3.3.6 Establishing procedures to ensure the anonymity of employees who submit concerns relating to accounting and financial issues, internal controls, and auditing matters.

3.4 External audit

The Committee's duties and responsibilities related to overseeing the external audit process include:

3.4.1 Recommending the appointment or removal of the external auditor to the Board.

3.4.2 At least annually, the Committee will assess the qualifications, independence, and service quality of the external auditor. The Committee will review all reports by the external auditor describing: (i) their lead partner rotation and internal quality control procedures; and (ii) any material issues raised by their most recent internal quality control review or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the external auditors and any steps taken to deal with any findings. Through annual reviews and, once every five years, comprehensive reviews, determining whether the external auditor's performance is satisfactory, effective and meets Tru's requirements.

3.4.3 Reporting annually to the Board on the effectiveness of the external auditor.

3.4.4 Reviewing issues related to any change in external auditor and the planned steps for an orderly transition.

3.4.5 Annually reviewing the terms of the external auditor's engagement, the appropriateness and reasonableness of the proposed audit fees, and the fees paid to the external auditor and their affiliates.

3.4.6 Annually assessing the risk of the external auditor withdrawing from the audit and ensuring adequate replacement measures are in place.

3.4.7 Reviewing the audit plan with the external auditor and management.

3.4.8 Reviewing material correspondence between the external auditor and management relating to audit findings.

3.4.9 Reviewing challenges encountered by the external auditor in performing the audit.

3.4.10 Reviewing the post-audit management letter containing the external auditor's recommendations and reviewing management's response and subsequent follow-up.

- 3.4.11 Maintaining the external auditor's access to the Committee, including:
- Notifying the external auditor of the Committee's meeting schedule and providing appropriate materials.
 - Providing the minutes of every Committee meeting.
 - Meeting in-camera with the external auditor at least annually, and as requested.

3.5 Internal Audit

The Committee's duties and responsibilities related to Internal Audit include:

- 3.5.1 Meeting, at least annually, with the Head of Internal Audit & Chief Auditor to discuss the effectiveness of internal controls and the adequacy of the Cooperative Bank's practices for reporting and determining financial reserves as required by OSFI.
- 3.5.2 Reviewing and approving the Internal Audit Mandate.
- 3.5.3 Reviewing and approving the Internal Audit plan and receiving quarterly progress reports while ensuring the plan is reflective of the Cooperative Bank's risk profile.
- 3.5.4 Ensuring Internal Audit's risk and internal control approach aligns with current and emerging professional standards.
- 3.5.5 Receiving and reviewing the results of all internal audits and follow-up reviews to ensure appropriate and timely action has been taken.
- 3.5.6 Providing input to management to evaluate whether the performance of Internal Audit is satisfactory, effective and meets Tru's requirements.
- 3.5.7 Ensuring Internal Audit has adequate resources, including budget, to execute on its Mandate.
- 3.5.8 Reviewing problems experienced by Internal Audit in performing its function.
- 3.5.9 Ensuring the Head of Internal Audit & Chief Auditor has direct and open communication with the Committee.
- 3.5.10 Ensuring an assessment of Internal Audit is performed at least every two years and an external quality assurance review is performed at least every five years.

3.6 Conduct review

The Committee's duties and responsibilities related to conduct review include:

3.6.1 Self-dealing and related party

- At least annually, reviewing the Related Party Governance Policy and recommending amendments, where necessary, to the Board
- Establishing procedures for the review of transactions with related parties in accordance with applicable legislation and regulation.
- Reviewing all proposed transactions with related parties in accordance with applicable legislation and regulation.
- Reviewing the Cooperative Bank's practices to ensure that any transactions with related parties that may have a material impact on the stability or solvency of the Cooperative Bank are identified.

3.6.2 Conflict of interest

- At least annually, reviewing the Board Code of Conduct and Conflict of Interest Policy and recommending amendments, where necessary, to the Board
- At least annually, reviewing the Director Independence Policy and recommending amendments, where necessary, to the Board
- Annually obtaining assurance from the Corporate Secretary that all Directors have reviewed and signed the Board Code of Conduct and Conflict of Interest Policy declaration

3.6.3 Director conduct

- Creating a process to review Director conduct
- Reviewing Chair and Director expenses quarterly to ensure alignment with the Director Compensation and Expense Policy
- Reviewing and monitoring legislation, regulations and/or litigation affecting Directors' duties, responsibilities, and potential liability

3.7 Additional duties and responsibilities

In addition to the duties and responsibilities listed above, the Committee will:

3.7.1 Oversee and at least annually assess the Finance Department, its effectiveness, Mandate, budget, organization and expertise.

3.7.2 Before disclosure to the public, regulators, or interested parties, review any formal financial reports on Tru's condition or results.

- 3.7.3 Review changes to relevant legislation and regulations, and reports from regulatory authorities and approve actions and responses.
- 3.7.4 Confirm appropriate policies and procedures are in place for monitoring compliance with applicable legislation and regulations and ascertain their adequacy and levels of compliance.
- 3.7.5 Report to the Board on all financial matters of which the Committee has knowledge that may materially affect Tru's current or future position.
- 3.7.6 Keep current on emerging best practices in corporate governance relevant to the Committee's Mandate and, as required, recommend to the Board changes to the Committee Mandate.
- 3.7.7 Annually review the performance of material service level agreements in accordance with regulatory requirements.
- 3.7.8 Review and recommend for Board approval dividends for investment shares.
- 3.7.9 Submit the audited financial statements and report to the members at the annual general meeting
- 3.7.10 Review other matters the Committee or the Board deems advisable or timely.

4 Other functions

4.1 Subsidiaries and outsourced business functions

The Committee will make recommendations to the Board on subsidiary matters that relate to financial reporting.

4.2 Related party loans

The Committee will review loans to related parties to ensure related party transactions are treated in the same manner as transactions conducted by other members in good standing.

4.3 Authority to investigate

In carrying out its responsibilities, the Board has given the Committee the authority to conduct or authorize investigations into matters within its scope of responsibility. It is empowered to:

- 4.3.1 Retain outside resources to advise the Committee and to determine the compensation for such advisors.
- 4.3.2 Seek information it requires from employees, management, and external parties.

4.3.3 Meet independently with management, Directors, external or internal resources or regulators, as desired or upon request.

4.4 Reporting

The Corporate Secretary or their designate will prepare draft minutes of each meeting for review by the Committee Chair. Minutes are approved by the Committee and provided to the Board.

4.5 Support

The CEO, CFO, Chief Credit Officer and CRO will provide support to the Committee.

The Corporate Secretary or their designate will be secretary to the Committee.

Resources will be provided to the Committee to carry out its responsibilities, including the authorization to engage independent counsel and other advisors, subject to the approval of the Board Chair.

4.6 Policy responsibility

The Committee's work plan outlines the policies and related documents it must review, along with the frequency of each review.

4.7 Standing management reports

Management and/or auditors will provide the Committee with financial reports, board scorecards, internal audit reports, external audit reports, related party reports, employee incident reports, Director expense reports and any other reports the Committee considers necessary to carry out its mandate and meet applicable legislative and regulatory requirements.