

Risk 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 Risk Committee (the “Committee”) the responsibilities and authority as outlined in this Mandate. The Committee exists to:

- 1.1.1 Oversee material risks to the Cooperative Bank that may affect its strategic objectives, and the approach to identify, measure, monitor, report, and mitigate these risks.
- 1.1.2 Define, recommend Board approval of, and oversee the Cooperative Bank’s Risk Appetite and Enterprise Risk Governance Framework.
- 1.1.3 Fulfill the statutory duties related to the Enterprise Risk Governance Framework as well as the risk specific frameworks of the Cooperative Bank as required by the Bank Act (Canada) (the “Bank Act”) and the regulations thereunder, the Office of the Superintendent of Financial Institutions (“OSFI”) and other applicable legislation and regulation.
- 1.1.4 Review and recommend to the Board, for its approval and filing with OSFI, significant written risk related policies for the Cooperative Bank and its subsidiaries, as required under the Bank Act and the regulations thereunder, OSFI guidelines, other applicable legislation, and regulations.
- 1.1.5 Oversee compliance with consumer protection provisions under the Bank Act as supervised by the Financial Consumer Agency of Canada (“FCAC”).
- 1.1.6 Promote a risk culture of integrity and effective risk management throughout Tru.

1.2 Review cycle

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

2 Committee Composition and Procedures

2.1 Appointment and composition

- 2.1.1 The Committee consists of not less than three (3) members elected by the Board. Committee members elect a Committee Chair from amongst themselves at the first meeting following the annual general meeting, and as otherwise required.
- 2.1.2 All Committee members must be independent Directors as defined in the Board's Director Independence Policy and in accordance with the Cooperative Bank's Bylaws and applicable legislation and regulation.
- 2.1.3 The Board Chair 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 any Committee member, the Board Chair, the Chief Executive Officer ("CEO"), the Chief Risk Officer ("CRO"), the Chief Anti Money Laundering Officer, the Chief Compliance Officer, or the Chief Credit Officer.

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

In-camera sessions may be held, with or 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 Support

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

The Corporate Secretary or their designate will be secretary.

Resources will be provided to the Committee to carry out its responsibilities, subject to the approval of the Board Chair.

3 Duties and responsibilities

3.1 Enterprise risk management

The Committee's duties and responsibilities related to risk management include:

- 3.1.1 Overseeing the effective implementation of the Cooperative Bank's three lines of defence model.
- 3.1.2 Reviewing and recommending for approval the Enterprise Risk Governance Framework and the Risk Appetite Framework (RAF), assessing the effectiveness of the Enterprise Risk Governance Framework and RAF and, as necessary, recommending updates thereto.
- 3.1.3 Reviewing and recommending for Board approval significant policies and frameworks.
- 3.1.4 Reviewing material deficiencies identified by regulatory authorities relating to risk management and overseeing the Cooperative Bank's remediation of any matters.
- 3.1.5 Ensuring management has established appropriate processes and systems and has adequate capabilities to manage material risks.
- 3.1.6 Receiving regular reports on the management of material risks to the Cooperative Bank, including a business continuity plan to ensure the Cooperative Bank can resume critical activities following a business disruption.

- 3.1.7 Ensuring material exceptions to risk policies and controls are identified, measured, monitored, and controlled, as well as how exceptions/breaches are addressed.
- 3.1.8 Reviewing the Cooperative Bank's material risks and management's systems, processes, and capabilities with the Board in order to eliminate or manage such risks.
- 3.1.9 Seeking assurance from the CRO that the risk management function of the Cooperative Bank is independent from operational management, is adequately resourced, and has appropriate status and visibility throughout the organization.
- 3.1.10 Annually reviewing and recommending Board approval of the risk management function's mandate, resources, and budget.
- 3.1.11 Regularly assessing the overall effectiveness of the Cooperative Bank's risk management function
- 3.1.12 Reviewing, and if it sees fit, approving the risk management function's annual work plan including any material changes to the work plan.
- 3.1.13 Receive and review reports related to regulatory compliance and risk matters.

3.2 Oversight functions

The oversight function accountable to the Committee includes Risk Management through the CRO.

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

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

3.3 Lending

The Committee's duties and responsibilities related to lending include:

3.3.1 Reviewing on a regular basis, and at least quarterly, the credit risk report prepared pursuant to the Credit Risk Management Framework.

3.3.2 At least annually:

- Reviewing maximum credit portfolio limits that support the approved RAF.
- Reviewing the lending limits for the CEO that may in turn be delegated.

3.4 Investments/treasury

The Committee's duties and responsibilities related to investments/treasury include:

3.4.1 At least annually:

- Determining whether Tru has adequate asset-liability management expertise to implement its investment and asset-liability management policies.
- Determining whether Tru has an adequate capital base to support its market risk profile.
- Reviewing Tru's Capital Management Contingency Plan, Liquidity and Funding Plan, Liquidity Contingency Plan, Capital Plan and Treasury Asset & Liability Framework and, as necessary, recommending amendments to the Board.
- Reviewing and recommending Board approval of the Internal Capital Adequacy Assessment Process (ICAAP).

3.5 Regulatory compliance

The Committee's duties and responsibilities related to regulatory compliance include:

3.5.1 Appointing, and when necessary, removing, the Chief Compliance Officer and Chief Anti-Money Laundering Officer (CAMLO) and, where required, reviewing, or approving (i) succession plans, and (ii) mandates, goals, and assessments of their effectiveness.

3.5.2 Reviewing regular reports from the Chief Compliance Officer and CAMLO, and other management members on:

- Regulatory compliance matters that may have a material impact on the Cooperative Bank.
- The effectiveness of the Cooperative Bank's compliance policies and programs, including those related to anti-money laundering and anti-terrorist financing.
- Any material reports received from regulators.

- Management's evaluation of and representations relating to compliance with laws and regulations as they pertain to responsibilities under this Mandate.
- Management's plans to remediate any deficiencies identified.

3.5.3 Requiring senior management to establish procedures for complying with consumer protection provisions under the Bank Act as supervised by the FCAC and assessing the adequacy of those procedures to determine whether they are appropriate to ensure that the Cooperative Bank is complying with applicable legislation and regulation.

3.5.4 Requiring senior management of the Cooperative Bank to report at least annually to the Committee on the implementation of the procedures and on any other activities that the Cooperative Bank carries out in relation to the protection of its members.

3.5.5 Overseeing and, as required and at least annually, reviewing and approving the mandate(s), resources and budget of the Compliance function.

3.5.6 Reviewing and, if it sees fit, approving the Compliance function's annual work plan including any material changes to the work plan.

3.6 Additional responsibilities

In addition to the duties and responsibilities listed above, the Committee will 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 risk management and material controls. The oversight standard applied to each subsidiary will vary based on the subsidiary's size, complexity, effect on internal control materiality, degree of risk and probability of risk.

Should the Board choose to outsource to a subsidiary or third-party any part of Tru's business that is strategically or operationally significant or otherwise material, the Committee will make recommendations to the Board on matters related to the risks associated with that function and ensure adequate risk oversight is in place.

4.2 Reporting

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

4.3 Policy review

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

4.4 Standing management reports

To assist it in fulfilling its duties and responsibilities, management and/or auditors will provide the Committee with standing management reports including without limitation Risk reports and Credit reports at each quarterly meeting, and as required by applicable legislation and regulation.