



Customers Bancorp, Inc.
Directors Risk Committee Charter
As of 2/22/2023

I. Purpose

The Directors Risk Committee (the “Committee”) of Customers Bancorp, Inc. and all of its subsidiaries (the “Company”) is responsible for overseeing the Company’s overall risk management framework and risk profile, and ensuring that all risks associated with the Company’s strategy, environment, and operations are suitably identified, measured, managed, and monitored within defined risk appetite and tolerance levels. The risk management program and framework governs the management of key and emerging risks, of all risk types, throughout all areas of the Company.

II. Membership

The Committee shall consist of all of the independent and management members of the Board of Directors of the Company. All members of the Committee will have an understanding of relevant risk-management principles and practices relevant to the Company. In addition, in the judgment of the Board, at least one member of the Committee will have experience in identifying, assessing, and managing risk exposures of large, complex firms.

The Chair of the Committee will be an independent director who (1) is not an officer or employee of the Company and has not been an officer or employee of the Company during the previous three years, (2) is not a member of the immediate family (as defined in 12 C.F.R. §225.41(b)) of a person who is, or has been within the last three years, an executive officer of the Company (as defined in 12 C.F.R. §215.2(e)), and (3) is an independent director under Item 407 of the Securities and Exchange Commission’s Regulation S-K. The Chair will be appointed from among its members by the Board or, if the Board does not appoint one, by the Committee.

III. Meetings

- A. The Committee shall meet at least quarterly, and otherwise as needed, with meetings currently scheduled on an approximate monthly basis. A majority of the members of the Committee present at a meeting shall constitute a quorum. The Chair of the Committee, in consultation with its other members, will determine the frequency and length of meetings and will set meeting agendas consistent with this Charter. Meetings may be called by the Chair of the Committee or the Chief Risk Officer of the Company (the “CRO”). Except as otherwise provided here, all meetings of or other actions by the Committee will be held or taken according to the provisions of the Company’s By-Laws that govern meetings of or other actions by the Board of Directors of the Company (the “Board”).

- B. The Committee shall keep minutes of its meetings. The minutes shall be circulated in draft form to all Committee members and shall be considered for approval by the Committee at a subsequent meeting. The Chair shall report the Committee's actions, recommendations or findings to the Board at the next regularly scheduled meeting following a Committee meeting.
- C. All determinations of the Committee shall be made by a majority of its members present at a duly convened meeting. In lieu of a meeting, the Committee may act by unanimous written consent.
- D. In the normal course of business, the CRO or equivalent shall attend all regular Committee meetings. The Committee shall periodically meet in executive session with the CRO and separately, when deemed appropriate, with other members of senior management. These executive sessions shall be scheduled at the end of each regular Committee meeting. The Committee Chair shall have the ability to call an executive session with the non-management members of the Committee and the CRO. The Committee Chair shall have the ability to call other executive sessions, as necessary.

IV. Committee Authority, Duties, and Responsibilities.

The Board shall be responsible for understanding the quantity of financial and nonfinancial risks facing the Company and evaluating the adequacy of the risk management tools used by management to address these risks. By establishing this Committee, the Board empowers the Committee to oversee the Company's activities in support of the Company's risk management program, including the Enterprise Risk Management (ERM) program, and risk profile. The Board, and this Committee, delegate the responsibility for the development and implementation of the risk management programs to the CRO, in coordination with senior management.

In exercising its oversight role, the Committee is entitled to rely on management to assume the primary risk management function, including the responsibility to establish appropriate policies and procedures. The Committee will also rely on periodic reports from management in addressing these risk issues. Each member of the Committee will be entitled to rely, to the fullest extent permitted by law, upon the integrity of those persons within and outside the Company from whom it receives information, and the accuracy of the information.

In exercising its oversight responsibilities, the Committee will question, challenge, and when necessary, oppose recommendations and decisions made by management that could cause the Company's risk profile to exceed its risk appetite or jeopardize the safety and soundness of the Company. Identified risk issues that may have a significant impact on the Company's financial statements will also be reported to the Company's Audit Committee.

- A. With respect to its oversight of the risk management program and framework, in such a manner as the Committee deems appropriate to fulfill its purposes, the Committee shall:

1. Oversee the establishment and operations of the Company's ERM program and other risk management programs and frameworks, including the appropriate policies, procedures, standards, and governance structure, commensurate with the Company's size and complexity, to effectively identify, measure, manage, and monitor key and emerging risks to the Company.
 2. Oversee that the ERM program and framework includes the appropriate core components, including risk appetite statements, risk assessment methodologies, metrics, reporting, and risk response measures.
 3. Review and approve at least annually the Risk Appetite Framework, statements and metrics, and monitor to ensure that the framework remains aligned with the Company's strategic plan, and enterprise risk assessment conclusions.
 4. Review and approve at least annually the Enterprise Risk Management Policy. The Committee will receive and review the Enterprise Risk Management Program, which may be updated by management as needed.
 5. Receive and review reports from senior management (including the CRO, appropriate management committees and Credit Risk) regarding risk management, including compliance with applicable risk related policies, procedures, risk limits, and tolerances.
 6. Receive and review reports from senior management regarding results and conclusions from various risk assessments, including a determination of whether the associated risk profiles are within acceptable tolerance levels and aligned to the Company's risk appetite, and management's action plans for any risks which are outside of acceptable thresholds.
 7. Participate in periodic training and information sessions, from both internal and external subject matter experts, in risk management principles and practices, and relative to key and emerging risks which may impact the Company or its customers.
 8. Approve the appointment and removal of the CRO, and annually review the CRO's performance and independence. The CRO will report to the Committee Chair, and administratively to the Executive Chairman of the Company.
 9. Ensure that the Risk Management function has sufficient support and resources to successfully execute all second line responsibilities, including the design of the Company's ERM program, and providing effective challenge to management.
 10. Carry out such other duties that may be delegated to it by the Board from time to time.
- B. With respect to its credit risk oversight function, in such a manner as the Committee deems appropriate to fulfill its purposes, the Committee shall:

1. Provide functional oversight of Credit Risk Review and annually approve the unit's Charter, Policy and Plan, and ratification of key administrative matters.
 2. Review significant lending and credit policies.
 3. Review management's assessment of the credit risk associated with loan originations.
 4. Review senior management's administration of the Company's credit portfolio, including management's responses to trends in credit risk, credit concentration and asset quality.
 5. Review management's assessment of the adequacy of the Company's credit risk management information systems.
 6. Review and approve the annual Credit Risk Assessment plans.
 7. Review the quarterly Credit Risk Assessment results, including progress against the plan and status of management's actions to address significant risk exposure.
 8. Review regulatory exam results relating to credit risk management and the status of management's response to any noted issues.
 9. Review management's assessment of appropriateness of the allowance for credit losses and oversee CECL preparation and implementation.
 10. Review annually the exposure limits and policy exception guidelines for highly leveraged transactions, and actual experience against these constraints.
- C. With respect to its financial risk oversight function, including interest rate risk, liquidity risk, and capital risk, in such a manner as the Committee deems appropriate to fulfill its purposes, the Committee shall:
1. Oversee senior management's activities with respect to capital management, stress testing, and liquidity risk, as well as activities associated with all other financial risk categories.
 2. Review information from the Asset Liability Management Committee and discuss matters related to the management of market and liquidity risk.
 3. Annually review and approve the Company's Liquidity Contingency Plan.
 4. Review capital, interest rate sensitivity, liquidity, and investment portfolio performance reports and metrics for compliance with approved policies.
 5. Review interest rate risk management policies and risk limits, and review reports of trading activities and risk exposure for compliance with such policies.
- D. With respect to its operational, technology, and compliance risk oversight functions, in such a manner as the Committee deems appropriate to fulfill its purposes, the Committee shall:

1. Review information from the General Counsel regarding matters related to legal issues and legal risks.
 2. Review and discuss with management significant regulatory exam reports, reported risk management and compliance deficiencies of the Company and remediation plans related to risk management and compliance.
 3. Review risks related to information security and cybersecurity as well as the steps taken by management to control for such risks.
 4. Oversee the development, implementation, and maintenance of the Company's information security program, including cybersecurity, with annual review and approval of the Company's information security program and report. Review significant information security matters and management's actions to address identified weaknesses.
 5. Review annually the Company's business continuity plan.
- E. The Committee shall also:
1. Review significant capital expenditures and potential significant merger and acquisition activity, under parameters established by the Board.
 2. Review and have final approval of new strategic customer-facing banking products, services or business lines which management has determined to have higher risk profiles.
 3. Receive and review reports on selected risk topics as management or the Committee deems appropriate from time to time.
 4. Consult with other committees of the Board on risk-related matters, in such manner as the Committee or its Chair deems appropriate.
 5. Annually review its own performance based on criteria or in accordance with procedures agreed upon with the Company's Nominating and Corporate Governance Committee.
 6. Provide regular reports of its activities to the Board.

V. Access to Records and Advisors

The Committee shall have full access to any relevant records of the Company and have the power and authority to obtain, at its discretion, advice and assistance from internal or external financial, legal, accounting or other advisors, and to hire and compensate external advisors at the Company's expense. The Committee may request that any officer or other employee of the Company, the Company's outside counsel or any other person meet with any members of, or consultants to, the Committee.

VI. Delegation of Authority

The Committee may form, and delegate authority to, subcommittees comprised of one or more members of the Committee, as appropriate. Each subcommittee shall have the full power and authority of the Committee, as to matters delegated to it.

VII. Amendments

The Committee shall review and reassess this charter annually. The Board may amend this charter, from time to time, upon recommendation of the Committee or the Company's Nominating and Corporate Governance Committee, by action at any meeting or by unanimous written consent.

Organizational Area:
Charter for:
Individual Responsible for Updates:
Committee Approval Date:

Risk & Compliance
Directors Risk Committee
CRO, DRC Chair
February 22, 2023