

CoBANK, ACB AND CoBANK, FCB BOARDS OF DIRECTORS

Risk Committee Charter

Overall Objective of the Risk Committee

The primary purpose of the Risk Committee, established by and reporting only to the CoBank, ACB and CoBank, FCB (individually and collectively, the “company” or the “bank”) boards of directors (individually and collectively, the “board”), is to assist the board in fulfilling its oversight responsibilities as follows:

1. Oversee the enterprise risk management practices of CoBank, including management’s ability to assess and manage the company’s credit, market, interest rate, liquidity, legal and compliance, reputational, technology and operational risks; and
2. Provide an open avenue of communication between management and the board in order to effectively manage risks.

Committee Operations

The Risk Committee shall consist of at least three board members and a majority of the members shall constitute a quorum. The act of the majority of the committee members present at a meeting at which a quorum is present shall be the act of the committee. No member of the committee shall accept any consulting, advisory or other compensatory fee from the company other than in connection with serving on the committee or board.

The committee shall meet as often as it determines, but no less frequently than four times annually. The committee shall retain records of its meetings, including attendance, for at least three fiscal years. The committee shall report on its meetings at the next regular meeting of the board. Minutes of each committee meeting will be signed by the committee chair and recording secretary, or any other individual acting in their places at the meeting. Minutes will be available for review by the committee in advance of its next regularly scheduled meeting.

Bank management will ensure the availability of staff and financial resources to support the function of the committee. The committee may retain outside resources to assist in carrying out its responsibilities. The committee is encouraged to meet in executive sessions and may excuse management representatives from any meetings where their presence might discourage open discussion among directors or unduly influence decisions that are within the board’s prerogative.

Authority

The Risk Committee shall have the following authorities that have been specifically assigned by the board and/or are required by regulation. From time to time, the board may adjust existing authorities or assign additional authorities on either a continuing or a one-time basis.

1. The committee shall have direct access to complete and open communication with management and be entitled to request such other reports and information as it may deem

desirable and appropriate from internal and external sources, including from other committees of the board.

2. The committee shall meet periodically with appropriate members of management in executive session.
3. The committee may request any officer or employee of the company or the company's outside counsel or independent auditor to attend a meeting of the committee or to meet with any members of, or consultant to, the committee.

Responsibility

The Risk Committee shall have the following responsibilities, and from time to time the board may adjust existing responsibilities or assign additional responsibilities on a continuing or a onetime basis.

1. Review, evaluate and approve management's risk management practices and provide guidance on strategies and overall risk appetite of the company.
2. Review the annual Enterprise Risk Assessment and Risk Outlook Report, quarterly Risk Appetite reports, and other periodic reports on the bank's Risk Management.
3. Recommend approval of all major changes to risk policies, including credit, market, interest rate, liquidity, legal and compliance, technology, operational risks and reputation risks.
4. Recommend approval of all major changes to policies related to loans, leases and products and services to the company's borrowers and customers, rural debt obligations, rural equity investments, social media and representative offices in foreign countries.
5. Review and approve management's risk assessment, its plan for risk control or mitigation through appropriate risk management practices, and ensure that risks are managed within appetite levels of the company.
6. Evaluate significant risks and provide guidance on new or proposed products, services or business that may expose the bank to emerging risks.
7. Advise and assist the board in fulfilling its responsibilities related to risk management in areas of safety and soundness, compliance and information technology, including the current operating environment and the strategic deployment of new technologies and risks associated with the company's technology infrastructure.
8. Receive and evaluate reports and information related to asset and liability management such as the capital and liquidity positions of the company, the sensitivity of the company's earnings under varying interest rate scenarios, the status of the securities and derivatives portfolio, limits for interest rate risk and appropriate liquidity and capital levels.

9. Review and assess information related to the credit risk of the company, including adversely classified loans, high-risk loans, non-performing assets, charge-offs and recoveries and compliance with portfolio strategy and industry and loan limits. Provide board liaison and advise management on problem loan situations.
10. Review and recommend approval of association-related services and association investment programs.
11. Review and recommend to the board resolutions regarding compliance with FCA conditions for its approval of rural debt obligations and rural equity investments.
12. Review and recommend to the board matters relating to representative offices of the bank.
13. Receive and evaluate reports and information related to the Bank's compliance program, comprised of compliance programs for anti-money laundering, Office of Foreign Assets Control (OFAC) and Export Administration regulations and anti-fraud.
14. Receive and evaluate reports and information related to the Bank's enterprise security program.
15. Review and assess the adequacy of policies, practices and reporting related to the bank's Associate Standards of Conduct.
16. Review annual report on insurance coverage.
17. In light of the responsibilities of the board's Audit Committee with respect to risk assessment and management, as well as compliance, the committee shall meet in joint session with the Audit Committee to discuss and review areas of common interest unless the respective chairmen of such committees declare a joint meeting unnecessary.
18. Review and reassess the adequacy of this Charter periodically and recommend any proposed changes to the board for approval.
19. Review annual self-evaluation results of the committee's performance.
20. Review contingency funding plan and recommend any proposed changes to the board for approval.
21. Review and report on any acquired property Unincorporated Business Entities.
22. Review risk management performance with the Risk Committee Chair to determine if any significant risk developments should be considered in the Corporate Performance Factor.