

# **Federal Home Loan Bank of Des Moines Risk and Compliance Committee Charter**

## **I. Objectives**

The Risk and Compliance Committee (Committee) is formed for the purpose of overseeing, on behalf of the Board, the risk management of the Bank, with the ultimate objective being to ensure that the Bank operates in a safe, sound, and profitable manner so that it meets member needs. The Committee shall monitor the risk framework of the Bank, promote effective management of all risk categories, and foster the establishment and maintenance of an effective risk culture throughout the Bank.

The Committee also will conduct its business in a manner consistent with the Bank's values of Respect, Integrity, Empowerment, Authenticity, Teamwork, and Excellence, which are the foundation of the Bank's culture, and in accordance with the Bank's commitment to an effective compliance and control environment.

## **II. Authority and Responsibilities**

The following describes the authority and responsibilities of the Committee to assist the Board in fulfilling its oversight responsibilities. The Committee may assume such other responsibilities as the Board (or a committee thereof, at the Board's direction) may delegate from time to time. Any responsibilities that are delegated to the Committee by the Board may be addressed by the Board without a Committee meeting provided that such action does not violate any laws or regulations requiring specific Committee action.

- Discuss, evaluate, and inform the Board of the Bank's risk exposures and risk management practices in light of current market conditions, established risk limits, operating performance, and other relevant factors.
- Review reports that monitor compliance with risk parameters established by regulation or Bank policy and measure the adequacy of risk monitoring, testing, and governance.
- Approve the risk tolerance limits for large members.
- Recommend to the Board changes to the Bank's Risk Appetite Statement, as well as to the Bank's Enterprise Risk Management Policy.
- Review a risk assessment prepared by management that identifies and evaluates all material risks, including both qualitative and quantitative aspects, and assist the Board in understanding the nature and level of the Bank's risks.
- Approve risk disposition (Accept, Mitigate, Avoid, Transfer) proposals where the risk is outside the Board's Risk Appetite.
- Review compliance reports and review the status of the Bank's progress in addressing FHFA findings.
- Review exam findings, if any, pertaining to the areas of the Committee's oversight and oversee related remediation efforts.

The Committee also oversees and monitors the independence of the Chief Risk and Compliance Officer (CRCO) and Enterprise Risk Management (ERM) from the risk-taking functions of the Bank, including with respect to identifying, measuring, monitoring, and reporting risks.

The CRCO, together with the ERM function, shall report both to the President & CEO and the Committee. The Committee, jointly with the President & CEO, will review and approve the appointment, reassignment, or dismissal of the CRCO.

In its performance of the above key responsibilities, the Committee shall assist the Board to meet its fiduciary obligations in assuring that the Bank operates in a safe and sound manner, and in accordance with the regulations and policies of the Federal Housing Finance Agency and the Securities and Exchange Commission. In the course of fulfilling its responsibilities under this Charter, the Committee has the authority to independently retain outside consultants to advise it, and may request any officer or employee of the Bank to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

### **III. Committee Membership**

The Board or, pursuant to Board delegation, the Board Officers, shall appoint at least four directors to the Committee each year, and shall appoint the Committee Chair and Vice Chair. At least one member of the Committee shall have risk management experience that is commensurate with the Bank's capital structure, risk appetite, complexity, activities, size, and other appropriate risk-related factors. Other committee members shall have, or will acquire within a reasonable time after being appointed to the committee, a practical understanding of risk management principles and practices relevant to the Bank.

### **IV. Committee Meetings**

The Committee shall meet as necessary to permit full and timely oversight of the Bank's risk management functions. A meeting or telephone conference may also be called at any time by the Committee Chair, Vice Chair, the Bank's President & CEO, or upon the written request of three or more directors, with advance notice to each member. A majority of the members shall be necessary to constitute a quorum and the Committee shall establish its own rules of procedure. At least quarterly, or as needed, the Committee shall hold executive sessions with the Bank's CRCO. Minutes of the Committee shall be maintained along with the minutes of the Bank's Board meetings. When action is required, the Chair (or in his or her absence the Vice Chair or other designee) shall report the Committee's actions to the Board at its next regularly scheduled meeting. The Bank's Chief Risk and Compliance Officer will assist and support the Committee and Committee Chair in fulfilling the responsibilities of the Committee.

### **V. Review and Approval of Committee Charter and Work Plan**

The Committee Charter and Work Plan shall be reviewed and approved at least annually by the Risk and Compliance Committee and Board of Directors. The Committee shall perform an annual self-assessment to conduct an evaluation of its performance and, as part of that self-assessment, confirm that all responsibilities outlined in this Charter have been fulfilled.