

**CHARTER
RISK - REWARD COMMITTEE
OF THE AMERICAN ASSOCIATION OF BANK DIRECTORS**

I. Purpose

The Committee's primary duties and responsibilities are to:

- Identify regulatory expectations and evolving best practices in ERM.
- Provide advice on how to meet regulatory expectations and adopt best practices.
- Support training opportunities for bank board and bank directors
- Tie risk management to reward evaluation
- Participate (individual members) in meetings from time to time with the federal and state banking agencies, members of Congress, Congressional Committees, and other bank trade associations.

II. Composition and Meetings

The Committee shall be comprised of directors of banks, savings institutions, and their holding companies who are members of AABD.

The Committee shall meet at quarterly by conference call or, on occasion, in physical meetings to discuss any matters that the Committee believes should be discussed.

III. Responsibilities and Duties

The Committee shall:

1. Provide input to Committee members on regulatory and other challenges facing bank boards of directors relating to ERM and strategic planning and periodic updates;
2. Support efforts by Committee members to enhance their value to their boards and board committees;
3. Network with other Committee members and learn how other banks are addressing ERM and strategic planning issues;
4. Provide input on how AABD may advance the interests of bank directors;
5. Discuss training opportunities, both in-house and outside, and how AABD can support those opportunities;
6. Discuss how communications among Committee members between meetings may be enhanced;
7. Maintain minutes of meetings and periodically report to the Committee;
8. Evaluate the Committee's performance annually.