

# **Finance and Risk Management Committee Charter**

## **January 2007**

### **Purpose**

The Finance and Risk Management Committee (Committee) is a committee of the Board of Directors of the Federal Home Loan Bank of Pittsburgh that oversees, on behalf of the Board, the integration of risk management in the Bank through the enterprise risk management (risk) process as well as financial management and member product policies and practices. The Committee monitors the risk framework, promotes effective management of all risk categories, and fosters the establishment and maintenance of a risk culture throughout the Bank.

### **Responsibilities**

The Committee oversees the Bank's risk management functions including risk, financial and member product policies and practices to determine if the mechanisms are commensurate with the extent and complexity of the Bank's business activities. Specifically, the Committee will fulfill the following key responsibilities:

- Reviews all key risk management and member product policies with recommendations for approval to the full Board of Directors;
- Verifies compliance with the risk management policies approved by the Board of Directors;
- Informs the Board about the status of risk exposures and risk management processes in the Bank, especially when Board-approved policy limits are breached;
- Oversees the risk framework and the activities of the management level risk committees, which oversee the Bank's management of enterprise risk categories;
- Assists the Board in the oversight of the Bank by assuring that there is adequate monitoring, testing and reporting of risk management processes;
- Periodically reviews and approves proposals regarding financial, investment, credit, and operating risk management strategies and key decisions of the management level risk committees;
- Adequacy of capital and retained earnings levels; and
- Reviews the development of new member, investment and mission-related products and programs.

By performing the above key responsibilities, the Committee assists the Board of Directors to meet its fiduciary obligations in assuring that the Bank is operated safely and soundly, and in conformance with the regulations and policies of the Federal Housing Finance Board and the Securities and Exchange Commission.

## **Membership and Meetings**

The Board of Directors shall appoint the members of the Committee and shall designate the Chairperson. Sufficient meetings will be scheduled to permit full and timely oversight of the Bank's risk management functions. Meetings will generally be held in person in conjunction with, and prior to, the meetings of the Board of Directors. The Committee will report on its activities and actions to the Board of Directors after each of its meetings. The Bank's Chief Risk Officer will serve as Secretary to the Committee. Written minutes of the Committee will be prepared by the Secretary for each meeting. Detailed minutes of any executive session of the Committee will not be maintained; however, topics discussed will be noted in the written minutes. The approved original minutes will be forwarded to the Corporate Secretary for filing with the Federal Housing Finance Board and distribution to the full Board of Directors.

Approved by the FARM Committee: January 30, 2007